

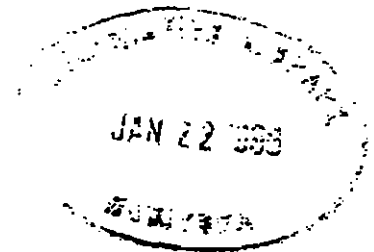
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MANITOBA LOTTERY POLICY REVIEW

Working Group Report

DECEMBER 1995



March 5/95

Honourable Eric Stefanson
Minister Responsible for Lotteries
Room 103 Legislative Building
Winnipeg, Manitoba R3C 0V8

Dear Mr. Minister:

On behalf of the members of the Manitoba Lottery Policy Review Working Group, I am pleased to submit this final report. The announcement of the review in March 1995 was a responsible reaction to the rapid growth that has occurred within the gaming industry over recent years.

When the Centennial Act was passed in 1970, authorizing the Centennial Committee to conduct and manage lotteries during the province's 100th anniversary, potential revenues were estimated to be two to three hundred thousand dollars. It was inconceivable then, that in 1995, net income from lotteries would reach \$226.5 million.

The challenges created by the gaming industry over the past twenty-five years have grown in proportion to the opportunities. It is appropriate to pause and review the social and economic impacts of this industry now, to ensure that the best interests of Manitobans are being served. It is our hope that the findings and recommendations contained herein will prove helpful in determining the direction of gaming in Manitoba for the next twenty-five years and beyond.

Respectfully submitted,

L. L. Desjardins
Chairman

LOTTERY POLICY REVIEW WORKING GROUP

Mr. Larry Desjardins Chair	Mr. Irv Kroeker
Chief Jim Bear	Ms Joan Lloyd
Reverend Monsignor Michael Buyachok	Mr. Ted Paterson
Ms Audrey Coulson	Ms Lorraine Polet
Ms Margaret Hodgson	Mr. John Read
Mr. Bradley Holman	Dr. Eric Sigurdson
Ms Serena Kraayeveld	Mr. Herb Thompson

Sub-Committees

L. Desjardins served as ex officio member to all committees.

Economic Impact	Chair S. Kraayeveld, A. Coulson, L. Polet. E. Sigurdson
Social Impact	Chair M. Buyachok, B. Holman, J. Lloyd, H. Thompson
All Aspects of Gaming	Chair J. Read, M. Hodgson, T. Paterson. H. Thompson
AFM Review	Chair E. Sigurdson, J. Bear, M. Buyachok, I. Kroeker. Associate: S. Kraayeveld
Public Meetings	Chair L. Desjardins, M. Buyachok, I. Kroeker, J. Read, S. Kraayeveld, Alternate: L. Polet

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Chairman

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TERMS OF REFERENCE

The Lottery Policy Review Working Group will be established to review lotteries and gaming policy and provide advice and recommendations to government aimed at improving the guidelines for lotteries and gaming regulation and operation in Manitoba.

The Working Group shall gather information from public and private sources and experts, from the public at large. Written submissions will be accepted. The Working Group will be encouraged to consult with interested individuals and organizations.

The Working Group shall begin its work immediately, and shall present its final report by October 1, 1995.

Goals

The Working Group shall:

- 1. Assess the social and economic impacts of the current level of gaming in the community, including the financial implications to all orders of government, community and volunteer organizations and other beneficiaries;*
- 2. Review all aspects of gaming in the province including the VLT program, the distribution of VLTs, and operational guidelines for gaming activities;*
- 3. Examine the current level of funding for, and the operational effectiveness of the AFM's Problem Gambling Program: as well as the record of treatments by the AFM for gambling addiction;*
- 4. Review and report on the problems and solutions encountered in other jurisdictions with respect to the establishment of gaming, and the economic and social impacts: and*
- 5. Provide advice and recommendations to the government on future directions on gaming in Manitoba.*

EXECUTIVE SUMMARY

Pursuant to the terms of reference, the Working Group gathered information concerning lotteries and gaming policy from public and private sources. To expedite research in a number of areas concurrently, sub-committees were struck to study the social impact of gaming, economic impact of gaming, all aspects of gaming operations and to review Addictions Foundation of Manitoba (AFM) program funding and operational effectiveness. Representatives of these groups and the Chairman formed the public hearings panel. Findings from each sub-committee's research were incorporated into the final document.

The close correlation of the issues led to overlap in some research and findings. For example, all sub-committees recognized the need to appoint an independent Gaming Commission to monitor the social and economic impacts of the industry on an ongoing basis, and to liaise with the AFM and other treatment, research and education providers. Similarly, recommendations concerning internal and external security and law enforcement were introduced by the All Aspects of Gaming, Social Impact and Economic Impact sub-committees. When duplication of recommendations occurred, elements from each were assimilated into one statement and presented in the most appropriate sub-section. For the purposes of the executive summary, recommendations have been arranged under topical headings rather than sub-committee designations.

Gaming Commission

1. An independent Gaming Commission, arms length from the Corporation, appointed immediately. The Manitoba Lotteries Corporation (MLC) will report to the Gaming Commission which, in turn, will report to the Minister Responsible for Lotteries.
2. The Gaming Commission have the authority to set policy, conduct ongoing research into the social and economic impacts of gaming, regulate gaming, ensure timely accounting of annual reports and ensure security and enforcement measures are in place.
3. The Gaming Commission to present an annual report to the Minister Responsible for Lotteries, preferably during the session and appear before the Committee of the House if requested. The report to include financial statements of MLC, and the Gaming Commission, Statements of Receipts and Disbursements from the Manitoba Lotteries Fund, and the results of research into the economic and social impacts of gaming in the province.
4. The Gaming Commission establish liaison with AFM, a primary provider of problem gambling treatment, research, education and prevention and any other groups within that discipline.
5. The Commission review and revise the Manitoba Lottery Corporation Act to protect the integrity and reflect the evolution of gaming in the province. In addition to this review, the Commission investigate the ramifications of giving provincially-run gaming facilities regulatory recourse to exclude from these facilities, known criminals who are deemed to be a risk. This will reduce the opportunities for organized crime and money laundering to occur.

Security & Law Enforcement

1. The following on-going practices be formalized through inclusion in the policy of provincially-run gaming facilities:
 - a) that they be provided the direction and technology required to share and exchange intelligence with casinos and other gaming facilities in other jurisdictions.
 - b) that they maintain a paper trail to assist in the detection and investigation of money laundering and that they report suspicious transactions to the appropriate law enforcement agencies.
 - c) that they provide law enforcement agencies with access to casino intelligence in cases where there is an on-going police investigation.
2. Law enforcement considerations be included in the policies and planning preceding new casino development.
3. Funding be offered to the Royal Canadian Mounted Police in Winnipeg, and the Winnipeg Police Service in order to create a gaming specialist position within each force. This funding to come from gaming revenues. Both organizations be encouraged to form a joint task force responsible for gaming intelligence, enforcement and prevention purposes.
4. Consideration be given to the creation of a bifurcated system of control as the magnitude of gaming operations increase.

Video Lottery Terminals (VLTs)

The Working Group was unanimous in determining that the number of gaming machines should be capped, and that some special arrangement be made for applicants who had been licensed but had not received machines prior to the imposition of the moratorium. Consensus could not be reached on how those licensees should be accommodated. Two options were put forward as follows:

- 1a. The number of gaming machines (VLT and slot machines) operating in the province be capped at the current number of 6,445. Siteholders whose applications had been approved and were being processed when the moratorium was announced, receive VLTs through a redistribution from within that number. The Gaming Commission to determine a formula for redistribution.

or

- 1b. On a transitional basis only, the number of gaming machines be increased by a number sufficient to complete allocations which were in process as of the date the moratorium was announced, with the total number to be reduced to the original figure of 6,445 by a time to be determined by the Gaming Commission.
2. The Commission to review all aspects of the VLT program including the cap at least every two years.
3. New VLT siteholder applications be accommodated by redistribution of gaming machines within the cap according to a formula determined by the Gaming Commission.
4. The Gaming Commission study the feasibility of having VLTs altered by mechanical or programming means to regulate or restrict length of play or amount wagered by any player.
5. Communities be able to decide by plebiscite to prohibit VLTs in their jurisdictions. Through the Municipal Act, citizens would petition the local council to hold a plebiscite on the issue. The Government of Manitoba to honour the outcome of such votes. Those communities choosing to prohibit VLTs would not share in VLT revenues.
6. VLTs be screened from view in facilities where minors have access.

Operations

1. The dress code at the Crystal Casino be removed. Although the theory behind the dress code may be rational, implementation has been problematic.
2. A feasibility study concerning the relocation of the Crystal Casino by 1999 be undertaken by the Gaming Commission to determine the optimum size and location, gaming options to be included, and to determine the advisability of offering liquor service, food and entertainment. Should the provision of entertainment and service of alcohol and food be recommended in the study, the Working Group strongly believes prices for these should not be subsidized with the proceeds of gaming.
3. Gaming advertising be restricted to facility locations, games available, jackpot amounts and winners' names and exclude all lifestyle advertising. The Beneficiary Awareness Program advertising to accredit the Province of Manitoba rather than Manitoba Lotteries Corporation for initiating distribution of lottery funds.
4. Hours of operation of provincially-run gaming facilities be deemed an operational issue to be decided by the MLC.
5. The MLC be authorized to provide promotional incentives to tour groups or convention delegations in order to compete with casino destinations marketing from other jurisdictions and support tourism initiatives.

Treatment, Prevention and Education

1. Direct funding from lottery revenues to the AFM be increased for:
 - education
 - prevention
 - research that is not marketing based and is readily accessible to the public
 - treatment as determined by an evaluation of the demonstrated need and demand for services. It is noted that Manitobans from special needs groups as determined by age, language and cultural backgrounds must have equal access to problem gambling treatment and support programs.
2. The AFM establish a relationship with the proposed Gaming Commission as the principal provider of problem gaming treatment, research, education and prevention. Primary prevention is acknowledged to be one of AFM's priorities.

3. The AFM continue collaborative intersectoral programs with other social services in the province, and extra-provincially with other addiction organizations.
4. The AFM continue to monitor the use of the "help line" to ensure it's effectiveness.
5. All AFM treatment and prevention programs be evaluated as to their effectiveness and outcome measures on a scheduled basis.
6. The AFM establish a certification program including studies and clinical supervision for all treatment staff in Manitoba.
7. The AFM study the feasibility of establishing a national training program for treatment of gambling addictions.
8. The linkage of AFM staff training with other programs such as the Rural Mental Health Program be expanded to social services where appropriate.
9. The AFM continue to study options in providing services to small communities throughout the province.
10. The Western Canada Lottery Corporation (WCLC) be encouraged to print both the AFM Gambling Help Line phone number and WCLC's own Gaming Information phone number on lottery tickets and clearly indicate the purpose of each service.

Future Expansion

1. Expansion of gaming facilities, such as casinos, outside Winnipeg be considered by the Gaming Commission only with community approval, a supportive feasibility study and necessary infrastructure either in existence or planned as part of the development.

CHAIRMAN'S REMARKS

As Chairman of the Lottery Policy Review Working Group, my name is bound to be closely associated with this document. I do not wish it to be assumed that I favor every recommendation included in this report.

I discussed my concerns with committee members who understood my dilemma and recognized my right to set the record straight. Therefore, I wish to present two recommendations with supporting material, that did not receive the necessary endorsement to be included in the list of recommendations appearing in the executive summary.

Recommendation #1

That a new Gaming Commission:

1. Cap the present number of VLTs while it develops a plan for redistribution of said machines.
2. Start a gradual but meaningful reduction of VLTs.
3. Initiate a study to analyze the net social and economic benefits derived from VLTs.

VLTs and Slots

When a reference is made to VLTs, it should be understood to mean both VLTs and slot machines.

I believe that VLTs are responsible for the majority of gambling problems in this province. They are referred to as the "crack cocaine of gambling."

These machines are designed to entice the public to gamble, often large amounts, as well as what meager winnings a player might have. No doubt VLTs bring in much revenue, but the benefits are exaggerated and few statistics exist for a true analysis of the net social and economic benefits from legalized gambling in Manitoba. Viewpoints Research was commissioned by the Lottery Policy Review Working Group to design, administer and analyze a survey of public perceptions of gambling in Manitoba.

The survey revealed that 86% of Manitobans believe that compulsive gambling is a sickness. Imagine encouraging the sale of cigarettes for the sake of high revenue, and if cancer results, well, it is OK - we will provide treatment.

Manitoba has 5,395 VLTs and 1,050 slots, for a total of 6,445 machines - more than Alberta, whose population is slightly more than double that of Manitoba.

Some of our communities with 95% of their population on Social Assistance have many VLTs. It should be noted that they will draw few players from neighbouring communities, who also have their share of machines. What a legacy for these people.

A recent Manitoba survey identified 830,000 gamblers in the province and 4.3%, or 35,700 of those, as being at risk of becoming problem or pathological gamblers. These people will subsequently affect another 4 persons each. Now you have 142,800 people affected.

Viewpoints Research also found that the only age group with less than 50% in favour of a reduction in the number of machines, was those 18 to 24 years, with 48% in favour of a decrease, 44% indicating numbers should stay the same, and 8% believing there should be an increase. Of the total population, 58% were in favour of a decrease, 33% thought the number should remain the same and 2% wanted an increase. Some of those suggesting an increase or no change candidly admitted that they did not gamble. However, if an individual wished to gamble, and they benefited from lower taxes, that would be fine.

Twenty-five percent of respondents were under the age of 18 when they started gambling (illegally) and another 30% were between 18 and 24 years old. In what direction is the next generation heading?

Recommendation #2

1. That all lottery revenue be placed in the consolidated fund of the province.
2. That all recipients of gaming revenue from the Lotteries Distribution System (LDS) or directly from the government be subjected to the same concerns, reviews, reforms and cuts as the most essential program such as health care, education and law enforcement.
3. That the monopoly enjoyed by for-profit groups such as hotels and restaurants be cancelled.
4. That consideration be given to the calling of tenders when contracting the placement of VLTs. That fees be paid, taking into consideration operating costs as well as any disbursements (facility upgrades) made by the present holders of contracts.
5. That all remaining profits be placed in a special fund to reduce and eliminate the present accumulated deficit of the province.

When lotteries and certain forms of gambling became legal in Manitoba in the early '70s, there was general agreement that all essential government programs should be funded by taxes. Lottery revenues would be earmarked for charitable organizations, sports and culture, to operate worthwhile programs. At the time, these programs were considered to be good but non-essential. Society has evolved, and many of these programs could now be considered as essential, and of course, should be protected.

The general public and all recipients should be given the same message, less expectancy, more creativity, sharing, cooperation in working together. A good example is the amalgamation of the government's Sports Directorate and Manitoba Sports Federation. No duplication should exist and every group should identify their priorities.

What I am suggesting is that these programs, and MLC's operating costs, should be subjected to the same concern and reform as government departments and their programs.

When the Criminal Code was amended, it was made very clear that the revenue was to go to non-profit causes, although salaries and costs incurred in running the lotteries needed to be paid. No one should be expected to work for nothing, except volunteers, of course. A fair profit should be made by businesses working in the gaming field. However, no for-profit industry should be "partners" with the government in dividing profits from lotteries. Furthermore, no private sector industry should have a monopoly.

The provincial debt (accumulated deficit) is \$7,364,000,000. Add the \$6,967,000,000 debt of the Crown Corporations and you have a \$14,331,000,000 debt. If you include all pension liabilities of \$1,924,000,000, Manitobans owe a grand total of \$16,255,000,000. Add Manitoba's share of the Federal debt, plus the municipal debt and you have a staggering amount, to say the least.

It should be noted that the following figures are estimates and subject to change. The cost for servicing the provincial debt in 1994 - 95 was \$597,000,000 or 11% of the provincial budget. For the current year, it is estimated that the cost will be \$648,000,000 or 12% of the provincial budget. Interest of \$597,000,000 on the accumulated deficit, plus \$563,000,000 re: Crown Corporations, totals \$1,160,000,000 owing this year. It should be obvious that the retirement of our debt should be one of the top, if not the number one priority. When the debt is paid in full, we will have at least \$600,000,000 available annually, without having to increase taxes.

I am grateful to the committee members and I wish to thank them for allowing me to state my beliefs for the record.

L. L. Desjardins

HISTORY OF GAMING POLICY IN MANITOBA

The following history traces the development of gaming policies and organizational infrastructure from its inception to the present day. This segment has been included, in part, to illustrate the rapid pace at which change has occurred within this industry. As well, this information lays the groundwork for future policy recommendations. It is important to understand the original intent and evolution of gaming policy, in order to recommend appropriate policies for the future.

1969 Amendments to the Criminal Code of Canada legalize gambling and give provinces authority to operate lottery schemes and casinos, and to license charitable or religious organizations to carry out specified lottery schemes.

1970-1973 The Centennial Act authorizes the Centennial Committee to conduct and manage lotteries during Manitoba's 100th anniversary year. The Manitoba Lotteries Act is passed in 1971, establishing the Manitoba Lotteries Commission to manage government lotteries and the Manitoba Lotteries Licensing Board to license religious and charitable organizations to operate specific lottery schemes.

1974-1976 In 1974 the Western Canada Lottery Foundation is established with membership from Manitoba, Saskatchewan, Alberta and British Columbia. The Inter-Provincial Lottery Corporation is created through an act of the Ontario Legislature, and shortly after, is federally incorporated with the western provinces. The Red River Exhibition and Festival du Voyageur receive approval to operate full-scale casinos for the duration of their events.

1978-1979 The province of Quebec joins the Inter-Provincial Lottery Corporation in 1978 with the Atlantic provinces joining in 1979. The federal government retires from the lottery field. Licensing policies in Manitoba broaden to include other charitable community organizations in Winnipeg and in rural Manitoba communities.

1980 The Lotteries and Gaming Control Act is passed by the Manitoba legislature, replacing The Manitoba Lotteries Act, as well as establishing the Manitoba Lotteries Gaming Control Commission and Manitoba Lotteries and Gaming Licensing Board. This alteration brings all provincial lotteries under one roof, uniting office resources for both the Commission and the Licensing Board.

1982-1983 The Manitoba Lotteries Foundation Act, passed in 1982, is proclaimed by the provincial government, replacing the Lotteries and Gaming Control Act and creating the Manitoba Lotteries Foundation (MLF). The new MLF replaces the Manitoba Lotteries and Gaming Control Commission and the Manitoba Lotteries and Gaming Licensing Board.

1984 The MLF changes its role from issuing casino licenses to assuming direct responsibility for operating all casinos and becoming sole distributor of lottery tickets in the province. The MLF acquires three full-time bingo facilities in Winnipeg, and becomes sole distributor of authorized breakopen tickets and bingo paper in Manitoba. A unique system of umbrella groups is created to promote fair and equitable distribution of funds raised from lottery and gaming activities.

1985 An agreement is signed between provincial and federal governments whereby the provinces pay the federal government \$100 million over a three-year period. The Criminal Code is amended, removing the legal right of federal government to operate lottery schemes.

1986 The Winnipeg Convention Centre becomes the permanent site for hosting Winnipeg-based casinos, known as Casino at the Centre. The Western Canada Lottery Foundation changes its name to the Western Canada Lottery Corporation.

1989 The provincial government announces changes to the style and operation of Manitoba casinos. North America's first continental-style casino and Canada's first year-round casino, the Crystal Casino, opens December 29 in the Hotel Fort Garry, replacing the Casino at the Centre. Proceeds from the Crystal Casino are used to support Manitoba's Health Services Innovations Fund.

1990 The Lotteries Distribution System is established to create a flexible, accountable and accessible funding system using lottery revenues. The MLF and Western Canada Lottery Corporation introduce sports wagering. The first Native Gaming Agreement is established with the Pas Indian Band, giving the band exclusive licensing authority to manage and conduct specified lottery schemes on the Reserve.

1991 MLF introduces video lottery terminals (VLTs) to rural Manitoba. Machines are placed in age-restricted (liquor licensed) facilities in select hotels and restaurants.

1993 MLF replaces the Bonanza Bingo and Pot O' Gold bingo halls with Club Regent and McPhillips Street Station. The facilities are open seven days a week year 'round and offer slot machines, high stakes bingo, paper bingo and breakopen tickets as well as video gaming. The VLT program is expanded to select liquor licensed hotels and restaurants in Winnipeg. MLF becomes a crown corporation, the Manitoba Lotteries Corporation. The Government of Manitoba places a moratorium on expansion of VLTs and casino sites in the province.

1994-1995 Twenty Native Gaming Agreements representing 23 First Nations groups are in place. Video Tote machines, combining electronic games and pari-mutuel horse race wagering are introduced at Assiniboia Downs.

1995 Manitoba Lottery Policy Review Working Group is appointed to examine current gaming guidelines and regulations and provide advice and recommendations to government based on their findings.

GLOSSARY OF TERMS

- AFM** Addictions Foundation of Manitoba, primary providers of gambling addiction treatment, research, education and prevention.
- KPMG** Management consulting division of Peat Marwick Thorne Chartered Accountants.
- LDS** Lotteries Distribution System, provides management and co-ordination of lottery disbursements through government departments and to community organizations.
- MBS** Manitoba Bureau of Statistics, provides statistical data for Manitoba government departments, crown agencies, the Federal government, business community and the general public.
- MLC** Manitoba Lotteries Corporation, manages all lottery and gaming activities in the province, with the exception of betting on horse races and raffles offering prizes under \$3,000.
- VLT** Video Lottery Terminal. is a machine or device that allows a person to play a video lottery game by the insertion of money and that falls within the meaning of "slot machine" under the Criminal Code of Canada.
- WCLC** Western Canada Lottery Corporation, is a non-profit Corporation responsible for the conduct and management of lottery schemes and related activities in the Member Provinces of Manitoba, Saskatchewan and Alberta. The Yukon Territory and Northwest Territories participate in the WCLC as associate members.

DEFINITIONS

Bifurcated system: A system or organizational structure where authorities are divided between two departments or bodies in order to provide greater accountability.

Gaming machines: Include video lottery terminals and slot machines.

Gaming Commission: An independent, arms-length regulatory body mandated to set policy, conduct ongoing research into the social and economic impacts of gaming, regulate gaming, ensure timely accounting of annual reports and ensure security and enforcement measures are in place. The Commission's appointment is recommended by the Manitoba Lottery Policy Review Working Group.

Pathological gambling: An impulse control disorder which is persistent and recurrent maladaptive gambling behaviour that disrupts personal, family or vocational pursuits.

Problem gambling: All patterns of gambling behaviour that compromise, disrupt or damage personal, family or vocational pursuits.

Site: Premises in which the MLC has authorized the placement of a video lottery terminal by an agreement under section 4: an age-controlled, Manitoba Liquor Control Commission-licensed beverage room or free-standing lounge approved by Manitoba Lotteries Corporation.

Social gambling: Gambling for recreation or excitement, betting on the occasional poker game, sports event or lottery, or taking a yearly trip to a casino destination (Las Vegas or Atlantic City for example). There is little investment of self-esteem. Losses are considered as the cost of entertainment and does not interfere with normal family, social or vocational interests, health or values.

WORKING GROUP ACTIVITIES

The working group was appointed in March, 1995 and first met April 5th with then Minister Responsible for Lotteries, the Honourable Jim Ernst. The Working Group's terms of reference were discussed and the first presentation was heard. It was decided that during subsequent monthly meetings, the Working Group would hear presentations from a number of industry professionals. These included:

- April** **Mr. Bill Funk, President & C.E.O., Manitoba Lotteries Corporation**
The history and operations of the organization. its products and relationship to other bodies (Western Canada Lottery Corporation and Inter-Provincial Lottery Corporation)
- May** **Mr. Herb Thompson, Executive Director, Addictions Foundation of Manitoba**
The history and operations of the organization. problem gambler profile data and treatment program information
- June** **Professor Phillipe Cyrenne, author of *Analysis of the Net Social Benefits from Legalized Gambling in the Province of Manitoba***
The methodology and scope of this interim report prepared for the *Winnipeg Free Press*
- August** **Mr. Jim Berry, Manager, Lotteries Distribution System**
The operations of the department responsible for distribution of lottery revenues provincially to social service. sport and arts groups
- September** **Mr. Jon Manship, President, Spielo Manufacturing International**
Comparisons between gaming in Manitoba and other jurisdictions. and the future of gaming as seen by a Canadian manufacturer of video lottery terminals
- November** **Sgt. Ron Pivovar, R.C.M.P.**
Criminal activities related to gaming and the policing resources required to monitor and prevent organized crime from infiltrating then industry within the province

Each spoke at length concerning a unique aspect or outgrowth of the gaming industry and provided insight as to its challenges and opportunities. The Working Group thanks these individuals for their participation and acknowledges their valuable contribution to this report.

Research

Given the timeframe and scope of the terms of reference, it was decided at the second meeting to form sub-committees and undertake research on several issues concurrently. Sub-committees met, planned and completed their research, reporting their findings to the Working Group for discussion and inclusion in this report.

Some sub-committees retained consultants to undertake specific research. Others met or corresponded with review committees, industry regulators and experts in other jurisdictions. All received volumes of information in the form of public submissions, reports, video presentations, books and articles.

The Group would also like to express appreciation to Ms Evelyn Shapiro for generously sharing her time and expertise concerning research techniques in support of their efforts.

Consultants

The following individuals and organizations were engaged to complete specific studies on behalf of the Working Group.

Dr. Margaret Beare, Department of Sociology, York University
▪ Law Enforcement Impact Analysis Relative to Gaming

Manitoba Bureau of Statistics - Wilf Falk, David Greenwood, Don Grant
▪ Economic and Tax Revenue Impact of Gaming Related Expenditures

Viewpoints Research Ltd. - Katherine Devine, Elana Schultz, Yoko Chapman
▪ Telephone survey of Manitobans' gaming perceptions and habits

Public Hearings

A representative from each sub-committee along with the Chairman and Executive Director attended all four meetings. Public hearings were held as follows:

PUBLIC HEARINGS

LOCATION	DATE	NUMBER OF PRESENTATIONS
Brandon	June 12	8
Dauphin	June 15	12
Thompson	June 19	3
Winnipeg	June 26	31

Table 1

Those unable or unwilling to present in person were encouraged to forward written submissions. Sixty-eight individuals or groups did so. Copies of all submissions were distributed to Working Group members. The Group heard from several special interest organizations who, while acknowledging the negative impact gaming has on some citizens, were determined their groups be able to access subsequent lottery revenues. Most recommended that more resources be directed towards treatment services but few suggested a reduction in the level of gaming in the province. The Working Group heard strong and often conflicting opinions. The following is a summary of the public submissions.

1. Submissions from a number of First Nations and Metis organizations urged the Working Group to address issues concerning self-government, changes to the Criminal Code to recognize self-control of Aboriginal gaming rights, support for specific casino development proposals and VLT applications, and intervention between band members and their councils concerning the awarding of bingo licenses. These matters exceeded the mandate of the Working Group, and as such, have not been dealt with in this report.
2. A large number of submissions were received from amateur sports organizations, including the Manitoba Sports Federation and the Manitoba Regional Sports Association Council. All contained similar information, identifying the significant value lottery-supported funding provided to their organizations. The promotion of healthy lifestyles, activities for youth, and increased tourism were listed as benefits to the community from this funding. It was noted that decreased funding would seriously hamper their continuing impact on sports.

3. A number of submissions from private citizens, addicted gamblers and organizations such as the Salvation Army, Canadian Mental Health, Manitoba Association of Social Workers and the United Church cited the negative impacts of problem gambling on individuals and families. In particular, concern was raised with respect to the level of services and lack of immediate short term funding sources available to families of problem gamblers who find themselves in financial crisis. Questions were posed or suggestions made concerning the desirability of reducing the access to gaming, particularly VLTs, and either including the negative aspects of gaming in advertising or banning all such advertising. Most indicated that more funding should be provided for treatment. Funding for women's shelters was also suggested, based on the assumption that most problem gamblers were men who would abuse or neglect their partners and children.
4. Some individuals expressed support for gaming as a means of funding community projects and as a voluntary alternative to increased taxation. In some cases, concerns were raised about whether the revenue-sharing among the various communities was appropriate.
5. The Manitoba Hotel Association presentation reflected the important role VLTs have played in reviving the hotels and beverage room trade, both in and outside of Winnipeg. Three hundred hotels throughout the province provide meeting places for rural communities, employment, and support tourism. Nine million dollars was spent renovating hotels and on capital and service purchases to facilitate the installation of VLTs.
6. The hospitality industry was not unanimous in its support for the expansion of VLTs. One submission argued for more control over the granting of additional machines and another indicated that the sharing of revenue was inequitable and should be increased to cover additional costs to the siteholder. It was noted that, where facilities had a large number of VLTs, mini casinos were created. This was seen as unfair competition within the industry.
7. Some charitable groups indicated that there had been a negative impact on their revenues since the proliferation of VLTs occurred, while others indicated that lottery funding had increased charities' resources. Several individuals commented that new revenues were not being attracted to gaming through tourism, therefore local revenues were being redirected away from charitable gaming. It was suggested that government should make up the losses suffered by some charities by awarding grants from lottery revenues.

8. The Union of Manitoba Municipalities called for an increase in the percentage of the VLT revenues allocated to the municipalities from 10% to 25%. In addition, they expressed concern about the effectiveness of the Rural Economic Development Initiative ("REDI") program. The Working Group understands that subsequently, a new rural economic grant program was announced. Some municipalities were displeased that they had not been consulted prior to the introduction of VLTs to their communities.
9. A few private clubs requested the right to have VLTs in order to compete with bars and Legions who were attracting their members away from club facilities. Most cited their long tradition and support for other non-profits as justification for special consideration.

The Working Group is grateful to all those who took the time to write or appear in person and share their concerns or suggestions. Members were particularly impressed by the willingness of a number of addicted gamblers and their partners, to come forward and share their personal stories. Their testimony provided valuable insight. The Working Group recognizes what a difficult undertaking it was for these citizens, and applauds their strength and commitment to help others.

SOCIAL AND ECONOMIC IMPACTS OF GAMING

The Working Group was directed to:

"Assess the social and economic impacts of the current level of gaming in the community, including the financial implications to all orders of government, community and volunteer organizations and other beneficiaries:"

Three recent studies related to the economic impact of the lotteries were forwarded to the Working Group. ***"An Analysis of the Net Social Benefits From Legalized Gambling in the Province of Manitoba"*** by Phillippe Cyrenne Ph.D. dated April 7, 1995, was commissioned by the *Winnipeg Free Press* and draws upon a variety of sources for its base data. As the title indicates, this report is an attempt to analyze net social benefits, not an economic impact study. The report and the newspaper articles based upon extracts of the report, question whether or not the social benefits exceed the social costs by a sufficient margin to support the policy decision to permit gaming in the province.

MLC commissioned and provided the Working Group with copies of two studies - the KPMG report entitled ***"An Assessment of The Benefits and Costs of the Manitoba Lotteries Corporation"*** dated September 1995, and the Ernst & Young report ***"A Report to the Manitoba Lotteries Corporation Reviewing: An Analysis of the Net Social Benefits from Legalized Gambling in the Province of Manitoba"*** dated June 30, 1995.

Included in the first analysis are the operations of MLC and WCLC, the beneficiaries of MLC, capital costs, and the prize winnings. This report covers a number of areas including economic impact, the effect of gaming on the economy and the social costs of problem gambling. However, it specifically states that it is not a technical economic benefit/cost study of gambling in Manitoba, and rather refers to economic benefits as being positive impacts and economic costs as being negative economic impacts.

The conclusions of this report are framed as consequences to Manitoba if legalized gambling did not exist and include loss of the above-noted economic benefits, reduced tourism, probable increase in charitable gaming revenue, short-term substitution of the entertainment dollar to small businesses, increased crime, and little impact on problem gambling. The report also contains an appendix entitled ***"A Critical Review of 'An Analysis Of The Net Social Benefits From Legalized Gambling In The Province of Manitoba.'"*** In this appendix, KPMG appears to have accepted Dr. Cyrenne's methodology but not necessarily his conclusions and in particular takes exception to judgements made with respect to the appropriate weighting of social costs.

The second study however, by Ernst & Young, alleges that there are a number of methodological deficiencies and errors in the data applied by Dr. Cyrenne. These reports were interesting to review, and illustrate a variety of approaches to the issue under study. However, given the Working Group's mandate and responsibility to present a balanced and unbiased study of the issue, it was deemed inappropriate to rely upon any one of these reports. As members of the Working Group are not experts in this area, they engaged the Manitoba Bureau of Statistics (MBS) to produce an economic impact study (Appendix A).

MBS was instructed to prepare economic impact statistics related to the operations of Manitoba Lotteries Corporation, the Western Canada Lottery Corporation, and the Lotteries Distribution System. These statistics do not include the impact of prize winnings as the Working Group felt that this was too speculative and that a more conservative approach was appropriate. MBS was not asked to arrive at conclusions or make judgements concerning the economic information they provided. A summary of the economic impact is outlined below:

IMPACT ASSESSMENT HIGHLIGHTS:

- (1) *Total Expenditures evaluated by MBS are \$525.1 million, consisting of MLC expenditures of \$116.1 million, WCLC expenditures of \$22.3 million and Manitoba Lottery Distribution System allocations of \$386.8 million.*

Of the \$116.1 million in MLC expenditures, \$115.5 million (99.5%) are estimated to be expended directly in Manitoba. Of the \$386.8 million in Lottery Distributions, \$376.0 million (97.2%) is estimated to be directly re-expended in Manitoba. The \$22.3 million in WCLC expenditures represent only the Manitoba portion of WCLC expenditures. In total, Direct Expenditures in Manitoba are estimated at \$513.8 million, or 97.8% of total expenditures of \$525.1 million.

- (2) *The \$513.8 million in direct Manitoba based expenditures are estimated to lever an additional \$539.4 million in Manitoba based expenditures, resulting in Gross Expenditures in Manitoba of \$1,053.2 million. This is the estimated gross benefit to the Manitoba economy. For each \$1.00 in direct Manitoba expenditures, an additional \$1.05 in Manitoba based expenditures is expected to result.*

Direct Lottery Program Expenditures (labour, goods and services) lead to this level of Gross Expenditures through the following process:

- (i) *Those firms "Directly Impacted" by Lottery Program Expenditures, in general, must increase production to satisfy the increased demand placed upon them.*

- (ii) *In so doing, "Directly Impacted" firms will require a greater volume of inputs from other firms, termed "Indirectly Impacted", placing demand upon them.*
 - (iii) *As the Directly and Indirectly Impacted firms increase production they will also require additional labour inputs, thus increasing the Labour Income going to households, which is also re-spent. The impact of consumer spending is captured in the "Induced Impacts".*
- (3) *As a result of the above spending of \$1,053.2 million, the impact to Manitoba Gross Domestic Product (GDP) at Market Prices is estimated at \$537.1 million. Contributions to Manitoba GDP by lottery component are: MLC \$128.5 million (23.9%), WCLC \$17.1 million (3.2%) and Lottery Distributions \$391.5 million (72.9%).*

In total, for each \$1.00 in Direct Lottery Program Expenditures in Manitoba (\$513.8 million), Manitoba GDP at Market Prices is estimated to increase by \$1.05. This is the net monetary benefit to the Manitoba economy. GDP at Market prices is a measure of the total value of goods and services produced in the Manitoba economy.

- (4) *The total impact to Manitoba Labour Income is estimated at \$385.9 million; \$78.2 million (20.3%) due to MLC operations, \$12.1 million (3.1%) due to WCLC operations and \$295.6 million (76.6%) due to Lottery Distribution programs. For each \$1.00 in Direct Manitoba Expenditures, an estimated \$0.75 is returned to the economy in terms of wages and salaries to Manitoba workers.*
- (5) *The Total Manitoba Employment impact is estimated at approximately 11,830 person-years (i.e., full-time equivalent jobs), which are further identified as 8,180 direct jobs (69.1%), 630 indirect jobs (5.3%) and 3,020 induced jobs (25.5%).*

MLC expenditures account for an estimated 3,110 person-years (26.3% of the total), WCLC expenditures account for 370 (3.1%) and Manitoba Lottery Distribution System allocations account for an estimated 8,350 person-years (70.6%). For each \$1.0 million in direct Manitoba expenditures, an estimated 23.0 jobs (on a full-time-equivalent basis) are made available for Manitobans.

- (6) *The three levels of government are estimated to receive \$170.6 million in Tax Revenue as a result of Manitoba based lottery program expenditures. It should be noted that these tax revenue estimates do not include the revenue received directly by governments due to gaming activities in Manitoba (e.g., revenue from VLT's; Lottery Products; Bingo/ Breakopen Tickets).*

The estimate for total tax revenue of \$170.6 million is composed of \$85.6 million in Federal Taxes, \$63.1 million in Manitoba Provincial Taxes and \$19.7 million in Manitoba Local Taxes. For each \$1.00 in direct Manitoba expenditures, Total Tax Collections are estimated at \$0.33; Manitoba Provincial Taxes are estimated at \$0.12.

Manitoba Provincial Taxes of \$63.1 million are estimated as \$22.1 million in Individual Income Taxes, \$3.3 million in Corporate Income Taxes, \$27.4 million in Other Direct Taxes (e.g., Retail Sales Tax) and \$10.3 million in Indirect Taxes (e.g., Payroll Tax).

Total Taxes of \$170.6 million are composed of MLC impacts of \$39.1 million (22.9%), WCLC impacts of \$5.0 million (3.0%) and Lottery Distribution impacts of \$126.5 million (74.1%).

As can be seen from the above numbers, the economic impact of gaming in Manitoba is significant. The amount of expenditure and employment in person years which are generated through gaming activities in this province are definitely positive impacts. Additionally, gaming provides an enjoyable entertainment option for a large portion of the population. The Working Group believes that the above is a conservative portrayal of the total activity as it does not extend to the additional impacts of the spending of prize dollars.

The more difficult determination is the assessment of the negative economic impact of gambling in areas such as:

- value of lost savings
- number of defaults on loans
- number of bankruptcies declared
- increased demand for social services
- increased demands on the judicial system
- reduction in charitable gaming net revenues

In these areas, only anecdotal evidence was found. For example, a number of bankruptcy trustees indicated they believed gambling was a more prevalent factor in bankruptcies now than in the past. Although trustees are required to report to the Superintendent of Bankruptcy the reasons given by personal bankrupts for their circumstances, no tabulation is made of this fact. Hence, at this time, it is impossible to determine whether or not there is a correlation between the incidence of bankruptcies and gambling. When gambling is cited as a cause of bankruptcy, counselling is recommended, however it is not mandatory for disposition of the case.

Similarly, there is no accurate means of assessing whether the incidence of depleted savings, loan defaults and social services applications are as a result of a downturn in the economy, the proliferation and accessibility of gaming options such as VLTs, or some combination of factors. According to a telephone survey of 1,000 Manitobans conducted on behalf of the Working Group, just over 2% admitted to having been unable to pay household bills in the past year because of their gambling.

Charitable Gaming

There is evidence that overall charitable gaming revenue has increased in recent years. However, net revenue has decreased. The need to offer larger prizes in order to compete with the other forms of gaming has been suggested as one factor in this decrease.

Another consideration is the increased competition for the charitable gaming dollar. More such organizations are using gaming as a major source of fund raising now than in the past. MLC records indicate that in 1990, 1,753 lottery licenses were issued for not-for-profit organizations. By 1994, that number had risen to 1,867. An MLC Licensing Services report indicates:

"A reduction in the number of licenses issued in the year ending March, 1995 was due primarily to the introduction of VLTs in Legions and Veterans Clubs as they were not permitted to have charitable Breakopen Ticket Licenses."

A six-month comparison between 1995 and 1994 reveals that licensing activity has increased slightly from 892 last year to 919 this year.

Not all charities report reductions in revenues due to gaming. It must be noted that a number of charities and not-for-profit organizations receive funding through the LDS. The Manitoba Lotteries Fund Statement of Receipts and Disbursements, for the year ended March 31, 1994, indicates that not-for-profit organizations received \$23,475,000 in lottery revenue. The issue of access to charitable gaming revenue is of growing concern and needs to be addressed throughout the province.

Security and Law Enforcement

Dr. Margaret E. Beare of York University was engaged to conduct a Law Enforcement (Policing) Impact Analysis of gaming in Manitoba (Appendix B). Her report stresses the importance of preventive measures in limiting potential criminal activities relative to gaming. Dr. Beare states:

"While no one must get complacent about the potential links between gaming and crime, we have concluded that there is no direct connection that cannot be mitigated by appropriate law enforcement policy, and regulatory controls. The difficulty arises that these "appropriate" measures involve advanced preventive strategies and policies and a political will to put law enforcement interests above strictly revenue considerations."

"The revenue becomes addictive but must not be allowed to dictate conditions for the operations, placement, or number of gaming opportunities."

It is understood that the Crystal Casino must move from its current location by the end of 1999. The Working Group recommends that a feasibility study be undertaken to determine the optimum new site. The periphery of the new site must be protected both by enforcement and by pre-development regulation and planning. This should involve attention to traffic flow, parking, lighting and signage, and careful monitoring of the number of bars, pawn shops and automated banking machines in the venue's vicinity.

Additionally, decisions regarding hours of operation and service of alcohol at gaming tables will impact the security and safe operation of a new casino. Dr. Beare recommends that law enforcement agencies be involved in the pre-development planning of gaming venue sites, facility design and policies, and ongoing security monitoring. These measures will help restrict, but not eliminate, criminal activity associated with gaming.

"The conclusion that is reached, and in some jurisdictions experienced, is that without adequate law enforcement and regulatory and structural mechanisms in place there will be additional forms of frauds, scams, thefts and organized crime involvement in illicit profit-making operations. However, there is no tidy, irrefutable, nor irreversible, relationship between forms of gaming and crime."

Although Dr. Beare includes the McPhillips Street Station and Club Regent in her study, her recommendations focus mainly on the Crystal Casino. She explains:

"The links between organized crime and gaming is drawn tightest to casino operations. However, this may be due in part to the historic circumstances of casinos in North America and may be less reflective of the corporate and government run operations."

This does not preclude organized crime from making use of services available through casino operations. For that reason, provincial gaming facilities should have regulatory recourse to exclude known criminals who are deemed to be a risk from their premises. Additionally it is important that information on gamblers who have been detected laundering criminal proceeds through casinos elsewhere be made available to law enforcement agencies locally. Montreal, Windsor and Winnipeg currently do so on an informal basis. A more formalized and structured mechanism to ensure this flow of information among casino officials and law enforcement agencies is recommended.

Detailed policies are required to deal with the overlapping and sometimes conflicting roles of the casino as a revenue-generating industry versus the wider role of law enforcement. For example, the casino environment is a potentially valuable source of intelligence during on-going police investigations. The Crystal Casino must not operate as a protected environment immune from the larger concerns of law enforcement.

In Ontario, gaming regulations state that law enforcement priorities are to be the gaming establishment's priorities (Bill 26 Chap. 24, Statutes of Ontario, 1992). Windsor police have the ability to override control on surveillance cameras in that city's casino. There is also the expectation that if the casino intelligence can help on-going police investigations, that information be passed along. Although informal sharing of information between MLC security staff and local law enforcement agencies currently occurs, access must be ensured and formalized in policy.

Similarly, the current informal intelligence sharing undertaken with other gaming venues and other jurisdictions, must be formalized through inclusion in policy. Facilities must receive both the direction and technology required to implement this procedure.

In order to reduce the opportunity for criminals to use the casino for money laundering purposes, the facility must maintain a paper trail of major cash transactions to assist in detection and investigation, and must report suspicious transactions to the appropriate law enforcement agencies.

Increased demands on the judicial system are another cost of gaming for which no empirical data was found. In a telephone survey of 1,000 Manitobans, 9.3%, or almost one in ten respondents, indicated they knew someone who had committed a crime to pay for their gambling. Just as the causes of bankruptcy applications are not tabulated, neither are the reasons for commission of crimes. Consequently, only anecdotal evidence of the impact of gambling on crime was provided. Dr. Beare states that:

"... studies have shown that two out of three pathological gamblers commit illegal acts in order to pay the debts relating to gambling (Gemini Research and Angus Reid 1994). The range of crimes committed is broad and includes armed robbery but most involved crimes against property such as embezzlement and fraud. Theft from employers and friends, various frauds and personal bankruptcy are the types of consequences that will result."

Based upon the Working Group's survey results and anecdotal evidence of law enforcement agencies, it is safe to assume that some incremental costs due to gaming have been experienced. Areas of potential cost increases include:

- medical treatment for personal injury and insurance claims for property loss or damage by victims
- investigation, prosecution and incarceration of perpetrators by the judicial system
- additional preventive measures including specialized training, intelligence gathering and sharing and surveillance by law enforcement agencies

The major financial and human cost involves problem gamblers. According to the 1995 Criterion Report released by MLC, approximately 4.2% of the population over the age of eighteen are problem or pathological gamblers. That number, 35,700 within a population segment of 830,000, may be relatively low, but it is this minority who bear a disproportionate share of the costs. Addictions literature estimates that each person with a problem will affect four others, which equates to 142,800 affected people. Based on these figures, it is estimated that in Manitoba 178,500 people, or 16% of the total population is affected by someone with a gambling problem. This is clearly unacceptable to Manitobans.

Eighty-six percent (86%) of respondents to the Working Group's telephone survey believe that compulsive gambling is an illness. Seventy-seven percent (77%) indicated that it is a problem that concerns everyone. The Working Group recommends that a meaningful portion of the proceeds of gaming be directed to programs to prevent, treat, and support afflicted individuals and their families.

Given the state of the record keeping with respect to loss of savings, defaults on loans, bankruptcies, reductions in charitable gaming net revenues and demands on the judicial system, it is felt that attempting to arrive at a dollar figure for the social costs of gaming would not produce any meaningful information. A survey of gambling regulators in the other provinces and territories found only Saskatchewan reported currently tracking these costs. The Working Group recommends the Gaming Commission be responsible for implementing policies and procedures to quantify and monitor these costs on an ongoing basis.

Industries are more frequently being asked to assume responsibility for the negative impacts of their actions on society. It is therefore consistent that MLC be required to provide funding for two officers, one each for the Royal Canadian Mounted Police and the Winnipeg Police Service, to develop the roles of gaming expert. The Working Group recommends that these two agencies form a joint gaming intelligence task force.

As the size of the gaming operations increase, the potential for infiltration by criminal elements increases. Security measures must not be compromised for any reason. In-depth background investigations of management, staff, suppliers and service workers within a gaming facility are time-consuming, sometimes requiring months to complete, but are critical to ensure the security and integrity of a facility. These are ongoing and must continue.

Consideration should be given to the creation of a bifurcated system of control as the industry expands. Dr. Beare notes:

“At present in Manitoba it is the responsibility of the Lotteries Corporation officials to run the games and to ensure the integrity of games. Some critics might argue that this one organization, responsible to one minister does not allow for the degree of bifurcated responsibility that is often recommended. At present these officials are responsible for investigating and prosecuting all gaming offences, such as cheating at play, etc. All other offences inside the casino, i.e. theft, assault, drunkenness, etc., would be responded to by the city Police.”

The Working Group believes that the appointment of a Gaming Commission will provide sufficient division of discretionary power to address this consideration. It will also confront concerns that MLC is self-regulating or self-auditing.

The Working Group recommends that one of the first undertakings for the Commission be to review and revise the Manitoba Lottery Corporation Act so as to protect the integrity, and reflect the evolution of gaming in the province. Through this review, the Commission should investigate the ramifications of providing provincially-run gaming facilities with regulatory recourse to exclude from those premises, known criminals who are deemed to be a risk. This will reduce the opportunities for organized crime and money laundering to occur.

ALL ASPECTS OF GAMING

The Working Group was directed to:

"Review all aspects of gaming in the province including the VLT program, the distribution of VLTs, and operational guidelines for gaming activities."

Video Lottery Terminals (VLTs)

Electronic gaming machines (video lottery terminals and slot machines) have been the fire point of criticism for gaming policy within the province. The majority of those contacted during the Working Group's telephone survey (58.1%), indicated that the number of VLTs in the province should be decreased. There are currently 5,395 VLTs and 1,050 slot machines operating in Manitoba. Revenues from VLTs in 1994 were reported to be \$115.49 million. The following table* indicates the distribution of VLTs across Canada.

VLT DISTRIBUTION

Jurisdiction	Population (in thousands)**	Number of VLTs	1994 Revenue (in millions)
British Columbia	2,829.9	0	0
Alberta	2,041.9	6,000	\$268.9
Saskatchewan	765.3	3,700	\$ 27.5
Ontario	8,551.1	0	0
Quebec	5,790.3	3,200	\$ 45.0
Nova Scotia	737.1	2,446	\$ 64.8
Prince Edward Island	102.3	536	\$ 13.4
New Brunswick	599.3	3,336	\$ 78.5
Newfoundland	456.5	1,785	\$ 37.5
Manitoba	870.3	5,345	\$115.4

Table 2

*Statistics provided by Manitoba Lotteries Corporation as of 06/14/95

**Statistics provided by Statistics Canada. Annual Demographic Statistics. 1993

Ontario and British Columbia are the only provinces not offering VLTs. According to a recent Alberta study, *New Directions for Lotteries and Gaming*:

"Although VLTs are illegal in both British Columbia and Ontario, estimates are that 10,000 illegal machines are operating in bars, pool halls, restaurants and laundromats in British Columbia and 30,000 to 40,000 illegal machines are operating in Ontario. In Quebec, there are 15,000 to 20,000 illegal machines; however, now that Quebec has decided to license VLTs, the number of illegal machines is expected to drop. Quebec has almost 8,000 legal VLTs in operation in over 3,000 locations."

Although similar games appear on both machines, there are subtle differences between slot machines and VLTs. Slot machines can only be found in the three provincially-run gaming facilities, the Crystal Casino, McPhillips Street Station and Club Regent. The machines are coin to coin, which means players deposit coins and winnings are paid in coins. There is no maximum jackpot. Each site has a "Fountain of Fortune" slot machine, all of which are linked electronically to provide a progressive jackpot. The jackpot in these machines grows from \$250,000.

VLTs can be found in Assiniboia Downs and selected beverage rooms, cocktail lounges, Royal Canadian Legions, and Reserves. The machines are coin to paper which means players deposit coins but machines generate a paper receipt for winnings. The receipt is redeemable for cash by staff of the facility. The maximum jackpot offered is \$1,000. VLTs are not linked with other machines within or between facilities.

A concern raised in a number of public submissions is the impact that the exposure to VLTs is having on youth and children. The Working Group's telephone survey indicated that 25% of respondents began gambling while under the age of eighteen. In other words, their first gambling experience was illegal. The survey also indicated that:

"When a respondent started gambling also correlates to the frequency with which they play VLTs - the younger a respondent was when they started gambling the higher the frequency of current VLT usage... There is a striking correlation between age and VLT usage. A significant majority of 18 to 24 year olds (66%) have played VLTs within the past year. The frequency with which Manitobans play VLTs decreases with age."

According to an article written by Drs. Robert Ladouceur, Dominique Dobe and Annie Bujold for *Journal of Gambling Studies* (Winter 1994) early exposure to gambling can enhance the likelihood of gambling problems later in life.

"Gambling behaviours develop very early in an individual's life. Dell, Ruzicka and Palisi (1981) reported that 37% of 35 pathological gamblers interviewed said they began to gamble before age ten, 47% between 11

and 18 years of age and only 14% at 19 years old or later. In this study, the average age for a first contact with gambling was 13 years of age...This confirms observations already made by Livingston (1974) who stated that most gamblers in Gamblers Anonymous were introduced to this practice by their parents or neighbors at a very early age."

VLTs located in age-restricted, licensed areas within restaurants or hotels are often fully visible to youth and children passing through or dining with family members. To a generation raised on computer games, VLTs are often assumed to be games of skill. That population segment must be made to understand that winners are determined by random choice, not by skill or frequency of play. AFM educational programs in the schools are addressing this issue and will continue to do so. In support of this, the Working Group recommends that VLTs be screened from view in facilities where minors have access.

A statistical profile entitled *Clients Of The AFM Gambling Program And Callers To The Provincial Problem Gambling Help-Line* dated May, 1995 analyzed assessment sheets completed by 313 of 461 clients involved in the Gambling Program between May 1, 1994 and April 25, 1995. Of that number, 305 clients indicated they played VLTs or slot machines, with 98 or 32.1% admitting they played daily. A further 156 or 51.1% reported playing several times a week. Frequency of play rates were higher for VLTs and slot machines than for any other form of gambling mentioned including bingo, cards, dice, horse racing, lottery tickets and sports betting.

Of the 1,153 callers to the AFM Gambling Help Line between April 1, 1994 and March 31, 1995, 851 responded to a question concerning their preferred game of choice. Multiple responses were allowed. Of 1,007 responses, 782 or 91.1% indicated VLTs/slot machines were their game of choice. Ranked second was bingo, which was mentioned by 56 or 6.6% of respondents.

The Working Group is unanimous in determining that the number of gaming machines operating in the province should be capped. It is also recognized that some special arrangements would be appropriate in seeking fair treatment for applicants who had been approved for VLT licensing but had not received machines prior to the imposition of the moratorium. Consensus could not be reached on whether the number of machines required to fulfill those outstanding agreements - approximately 270 VLTs - should come from within, or be in addition to, the existing allotment of 6,445. If a hard cap is chosen, and machines from existing sites are to be redistributed to new sites, the Group recommends that this occur according to a formula to be determined by the Gaming Commission.

A second option would be to increase VLTs by a number sufficient to complete allocations in process as of the date the moratorium was announced, on a transitional basis only, and reduce to the original figure of 6,445 by a time to be determined by the Gaming Commission. In either case, the Working Group recommends that the Commission review all aspects of the VLT cap at least every two years.

New VLT siteholder applications received subsequent to the moratorium, and approved for licensing, would be accommodated through redistribution of gaming machines within the cap, according to a formula determined by the Gaming Commission. This distribution may be linked to the seating capacity of the venue, with no further increase regardless of performance. This would be a change from the pre-moratorium policy of granting additional machines once existing VLTs in a site generated a predetermined level of play.

The Working Group learned from an international supplier of VLTs that each jurisdiction has a unique gaming culture and tolerance towards risk. The purchaser of the equipment, not the manufacturer, determines the specifications for design features such as type of game, speed of play and minimum pay out percentages. The Working Group recommends that the Gaming Commission study the feasibility of having VLTs designed so as to regulate or restrict length of play or maximum amount wagered by any player.

Although all Manitobans benefit from lottery revenues used to support medical research, social services, arts and sporting organizations, community development, infrastructure and deficit reduction programs, each community must have control over the level of gaming made available within its jurisdiction. The Working Group recommends that through the Municipal Act, citizens be able to petition their local council to hold a plebiscite on the issue of prohibiting VLTs in their communities. The Government of Manitoba must honour the outcome of such votes. Communities where VLTs are located currently receive 10% of total VLT revenues in unconditional grants. Those choosing to prohibit VLTs will forfeit that revenue.

Advertising and Marketing

The Group acknowledges concerns relative to the style and content of gaming advertising, but recognizes that advertising is an essential element of operating any enterprise successfully.

It must be noted that only MLC is affected by the current advertising ban imposed by the moratorium. The WCLC, gaming facilities in other jurisdictions, and private tour operators continue to expend substantial advertising budgets to promote the availability of gambling products or destinations outside Manitoba. It is unlikely that a blanket media ban on gaming could or should be implemented.

In jurisdictions where lottery advertising has been curtailed or eliminated there has been a substantial detrimental impact on revenues. According to an article in *Lottery World*, Connecticut legislators cut the state's advertising budget from \$5.5 million in 1992 to \$2.3 million in 1993. Despite the cut, a modest increase in sales occurred. Buoyed by this outcome, in fiscal 1994 they cut the advertising budget a further \$1.5 million to \$800,000. Six months into the year, lottery sales had dropped by 18% over the previous year.

The article notes:

"Since the lottery, on average, returns about 34% of sales back as profit to the state, this represented a \$15 million shortfall. In contrast, cutting the ad budget produced \$1.5 million in savings."

The lottery made a strong case for additional advertising funding and received \$500,000. Within a month of reinstating electronic media and point of sale advertising, sales began to show the effects. The 18% drop in sales was reduced to a 0.9% drop by year's end. In 1994, the Connecticut legislature increased the lottery's advertising budget to \$2 million from \$800,000 because it had been demonstrated that advertising expenditures produced a ten-fold increase in sales.

The Washington State Lottery, in a February 1994 memo concerning television advertising analysis states:

"During 1991 and 1992, the Western Canada Lottery Corporation (Manitoba and Alberta) compared the sales for \$5 million jackpots with advertising versus without. They found that an advertising expenditure of \$40,000 per draw increased sales by an average of \$567,000 per draw. A 14:1 ratio of sales to advertising."

These are only two examples of the impact of advertising bans on lottery sales. Similar experiences have been reported by a number of other jurisdictions where advertising budgets have been reduced or removed.

The Working Group recommends that advertising be restricted to facility locations and games offered, jackpot amounts and winners' names and more specifically, that no lifestyle advertising of gaming be undertaken. When promotion of the recipients of lottery revenues is undertaken, through the Beneficiary Awareness Program, the Province of Manitoba rather than the Manitoba Lotteries Corporation should be accredited with initiating distribution of those funds.

Promotional incentives are a key element of casino destination marketing. In the December 7th edition of the *Winnipeg Free Press*, Casino Regina advertised a promotional package including: "Deluxe Motorcoach Transportation...Luxurious Accommodation...Fully licensed facility...Live Entertainment...No Dress Code...2 Days/ 1 Night Sat. to Sun. \$99.00 plus GST...\$60 REBATE PACKAGE ... approx. cost \$39.00." The cost of a 4 day/3 night package, including the above and a \$100 rebate package, was advertised as costing approximately \$19.00 per person based on double occupancy. Similar promotional packages were offered by three gaming facilities in Minnesota in the same edition of the newspaper.

MLC is not permitted to provide similar discounts on travel, accommodation, meals and entertainment, placing them at a disadvantage. They currently make coupon packs of discounts on merchandise in their gift shops and limited play credits available to out-of-town tour members only. These are only distributed on site, and only to patrons who produce proof of out-of-town residency. Similarly with convention groups, only those delegates who reside outside Winnipeg are eligible to receive coupon packs. In order to be competitive with sites in other provinces and neighbouring states and support tourism initiatives, the Working Group recommends that MLC have the ability to offer a variety of promotional incentives to tour groups and convention delegations.

Casinos

The Crystal Casino currently operates under different policies than the two entertainment centres insofar as dress code, hours of operation and availability of certain gaming options. The Working Group recommends more uniformity in these practices where possible. Hours of operation should be deemed an operational issue to be decided by the MLC.

The dress code in effect at the Casino has been a contentious issue with some patrons, specifically tourists. The theory behind a dress code, according to Dr. Margaret Beare, is the "tuxedo mentality;" that is that the facility:

"...exudes an expectation of civility and sophistication and that this environment encourages law abiding behaviour."

Although the theory may be rational, implementation has been problematic. The Working Group recommends that the dress code be removed as soon as possible.

It is understood that the Crystal Casino must move from its present location by the end of 1999. The Working Group recommends that a feasibility study be undertaken by the Gaming Commission to determine the optimum size and location, gaming options to be included, and to determine the advisability of offering liquor service, food and entertainment. Should the study recommend the provision of entertainment and service of alcohol and food, the Working Group strongly recommends that prices for these not be subsidized with the proceeds of gaming.

ADDICTIONS FOUNDATION OF MANITOBA REVIEW

The Working Group was directed to:

“Examine the current level of funding for, and the operational effectiveness of the AFM’s Problem Gambling Program: as well as the record of treatments by the AFM for gambling addiction:”

Prior to 1991, the organization known as Gamblers Anonymous had difficulty establishing itself in Manitoba. Groups would meet for a few months then disband. Members of these early groups were mostly “horse players” or went to “Vegas” to play. A few belonged to local social clubs but due to the public knowledge of their inability to pay debts, they were not allowed to play.

In 1991 VLTs were introduced as a means of saving the rural hotel and lounge industry. Machines were allocated based on the number of seats in each location. The number of machines was increased based on the play. There was no criteria for population density or other competing entertainment industry in the area.

In 1991 the Addictions Foundation of Manitoba (formerly the Alcoholism Foundation of Manitoba) began receiving calls from people with gambling problems. In conjunction with the increase of VLTs in Winnipeg and the opening of two gaming houses in 1993, the AFM established its Problem Gambling Program with counsellor staff to address the problems of gamblers, and prevention staff to educate other caregivers and the general public.

The organization’s mandate is to provide prevention, education and treatment programs related to chemical misuse and dependency, and problem gambling, to individuals and communities. It is charged with the responsibility of conducting research into the negative effects of addiction and in doing so, promoting the health and well-being of all Manitoba citizens.

Unless specifically invited however, AFM does not enter or provide treatment in First Nation communities (Reserves). Most First Nation communities have some alcohol and drug abuse programming but no specific gambling treatment programs. AFM does provide a directory of Manitoba addiction services and programs, and can make referrals to any native Manitoba-based organization whether it be in a provincial or federal jurisdiction. The AFM has a strong working relationship with the Medical

Services Branch of Health Canada and the Native Alcohol and Drug Abuse Program, which provide referrals to culturally-appropriate centres like Pritchard House in Winnipeg, Peguis Health Centre, Nelson House Medicine Lodge and the Sagkeeng Alcohol and Drug Abuse Program.

Primary prevention is acknowledged to be one of AFM's priorities. The Working Group recommends that in accordance with its role as the principal provider of problem gaming treatment, research, education and prevention, AFM establish a relationship with the proposed Gaming Commission.

Problem Gambling Background

Gambling itself is not pathological. Rather, an individual's response to losing is the essence of the problem. The extent of difficulties experienced by gamblers range from moderate (problem gambling) to severe (pathological gambling). A Criterion Research report prepared for MLC, dated September, 1995, indicates that 4.3% of Manitobans are problem or pathological gamblers (2.4% problem, 1.9% pathological). This is a change over 1993 results of 2.9% problem and 1.3% pathological gamblers, a total of 4.2% of Manitobans. The Working Group's telephone survey found that 79.4% of respondents had gambled in the past year. Of those, 78% gambled for entertainment or fun.

Social gamblers gamble with friends, stop while losses are acceptable and do not tie personal self-value to winning or losing. They are in control of their gambling. At the other extreme, pathological gamblers are controlled by their gambling. They often gamble alone to escape interaction with others, bet more than they intended then continue gambling in an effort to recoup losses, experience family problems, are criticized for and suffer guilt over their gambling. Problem gamblers fall within these two categories.

Problem and pathological gamblers are sometimes dually addicted, that is, addicted to another behaviour such as smoking, drinking or drug use, as well as gambling. Unlike those activities, gambling addiction creates no obvious physical symptoms. This renders the illness invisible and easy to hide.

A large majority of AFM Problem Gambling clients (91.9%) and Help Line callers (67.5%) report VLTs to be their primary form of gambling.

Current Funding

As mentioned, the Problem Gambling Program began in 1993 with six treatment staff and \$300,000 in lottery funding. As the availability of gaming spread, so has the need for AFM services. By 1995, the Program treatment staff has increased to 17 and the budget has more than tripled to \$966,000. Net lottery revenues over the same period have risen from \$181,840,000 to \$226,573,000 according to MLC annual reports. The Working Group supports this expenditure of lottery funds, but recognizes that the demand for intervention, treatment and prevention continues to grow. The Group recommends that AFM funding be increased for education, prevention, research that is not marketing based and is made readily accessible to the public, and treatment as determined by an evaluation of the demonstrated need and demand for services. It is noted that Manitobans from special needs groups as determined by age, language and cultural backgrounds, must have equal access to problem gambling treatment and support programs. All treatment and prevention program outcome measures must be evaluated on a scheduled basis to ensure optimum effectiveness.

The need for research into the nature of gambling addiction and the best treatment for the wide variety of problems encountered, existed before the rapid expansion of gaming in Manitoba. The expansion, and the impact of VLTs on those susceptible to problem gambling, have enhanced this need. The AFM is currently active in both research and development of treatment programs.

Training offered by the Minnesota Council on Compulsive Gambling at the University of Minnesota at Minneapolis is recognized as valid certification for counselors to work with pathological and problem gamblers. Full-time staff members of the Problem Gambling Program at AFM complete two weeks training at the Institute in Minneapolis, and undertake a year of practical work in preparation for certification. Part-time workers in the field have received a minimum of two days of training within the AFM organization.

The 1993 Volberg report recommends a two-phase process to develop and improve treatment services for gambling problems. It consists of a 12-month interval to establish basic services and a further 12 months to enhance treatment, certification, evaluation and research.

The Group supports AFM initiatives to date in establishing a certification program including studies and clinical supervision for treatment counselors in Manitoba. The inclusion of ongoing professional development to keep counselors apprised of new treatment techniques and approaches would also be of value. As well, the linkage of AFM staff training with other programs such as the Rural Mental Health Program should be expanded to social services where appropriate. The Group encourages research into the feasibility of establishing a national training program in the province for treatment of gaming addictions.

Operational Effectiveness

In order to study the AFM's organizational effectiveness and record of treatments, virtually all full and part-time program staff in Winnipeg, Brandon, Dauphin and Thompson were interviewed. It became apparent that staff members are enthusiastic about their work, eager to learn more, hopeful for more reliable research and showing sincere concern for people with gambling difficulties. This last aspect was particularly evident in the counselors who work directly with clients throughout the province and in the treatment residences. AFM staff are responsible, concerned and committed to the improvement of services.

Recurring themes presented by staff included:

- More resources are required to service groups who are high users of gambling and who have special language and cultural needs.
- Innovative planning is needed to reach isolated communities.
- Educational efforts with the public and in schools to prevent the onset of problem or pathological gambling are necessary and effective.
- Crisis services such as the help-line could be serviced by AFM staff who work primarily in the gambling addictions area.
- AFM efforts to develop research and evaluation programs alone and with other groups are commended. More work in this area will be important and might include:
 - evaluation of assessment tools available to describe problem and pathological gambling
 - evaluation of treatment effectiveness measures
 - evaluation of the impact VLTs may have on gamblers, especially youth and seniors of Manitoba
 - development of research initiatives in critical areas of service such as the vulnerability of children to gambling advertising, the vulnerability of seniors to loss of life savings, and the severity of gambling difficulties for some family breadwinners

Record of Treatments

Between April 1, 1994 and March 31, 1995, 176 Community Education workshops were held throughout the province. Total attendance for these was 3,142.

The following tables indicate the level of services provided by AFM staff since the program's inception. The first indicates clients receiving treatment or support, and the second tracks callers to the "Help Line".

NEW CLIENT ACTIVITY TABLE

	1993-1994	1994-1995	April 1, 1995- Sept. 30, 1995
Gambler	194	423	316
Significant Other	21	132	132
Total	215	555	448

Table 3

The average monthly caseload of AFM clients during 1995/96 is as follows:

1995/96 AVERAGE MONTHLY CASELOAD

Month	April	May	June	July	August	September
Case Load	408	390	337	350	354	409

Table 4

The AFM has begun reviewing the record of treatment services and expects to report its findings in April of 1996. This will be a valuable step to provide a baseline statement on these issues.

GAMBLING HELP LINE ACTIVITY TABLE

Activity	1993-1994	1994-1995	April 1, 1995- Sept. 30, 1995
Help	588	1,554	777
Gaming Information	765	1,460	441
Hang Ups		576	187
Total	1,353	3,590	1,405

Table 5

'Help' calls are from persons wanting to discuss a gambling problem - theirs or someone else's.

'Gaming Info' calls are incorrectly addressed requests for the winning lottery numbers, etc. Steps have been taken to eliminate these calls.

'Hang Ups' are either pranks, or terminations by the caller.

The Gambling Help Line is available 24 hours a day, seven days a week. Staff provide crisis counseling and referrals for people who feel they, or someone they know, may have a gambling problem. As well, information on regional gambling services is made available.

The Gambling Help Line phone number is printed on the back of 6/49 and *Super 7* lottery tickets in order to promote the service. In 1995, the name of the service was changed from the Gambling Hot Line to the Gambling Help Line in order to eliminate misdirected calls concerning winning lottery numbers and so on. To further alleviate this problem, the Working Group recommends the WCLC be encouraged to print both the AFM Gambling Help Line phone number and their own Gaming Information phone number on the tickets and clearly identify the purpose of each. The AFM monitors the use of the Gambling Help Line on an ongoing basis to ensure its effectiveness.

OTHER JURISDICTIONS

The Working Group was directed to:

"Review and report on the problems and solutions encountered in other jurisdictions with respect to the establishment of gaming, and the economic and social impacts;"

The following questionnaire was sent to nine provinces and two territories. Of those, eight responded to some or all questions. Four sent recently-completed research into some aspects of gaming within their jurisdiction. The Working Group is indebted to these groups for their willingness to share resources and research in this area.

LOTTERY POLICY REVIEW COMMITTEE QUESTIONNAIRE

- 1A. Has a study or review of the social and/or economic impacts of gaming been undertaken in your jurisdiction? YES 4 NO 4
- B. If so, when? *November 1993 through September 1995*
- C. Are the results available for this committee's review? YES 4 NO 0
(Saskatchewan, Alberta, Quebec, Yukon)
- 2A. Have any of the following indicators been used to track the impact of gaming in your jurisdiction?
- | | |
|--|--------------------------|
| i) business/ personal bankruptcies | YES <u>0</u> NO <u>5</u> |
| ii) demand for social services (ie. food banks, welfare, calls to crisis help-lines) | YES <u>0</u> NO <u>5</u> |
| iii) demand for problem gambling counseling | YES <u>3</u> NO <u>3</u> |
| iv) criminal activity | YES <u>2</u> NO <u>3</u> |
| v) charitable fund raising | YES <u>2</u> NO <u>3</u> |
| vi) other (please explain) _____ | |
- B. If so, is that tracking ongoing? YES 1 NO 4
(Saskatchewan)

3A. What problems have been encountered relative to the establishment of gaming in your jurisdiction?

- *"opposition from anti-gambling groups, modest drop in charitable gaming revenues" (Saskatchewan)*
- *"more demand for problem gambling counseling" (Newfoundland/Labrador)*

B. What solutions were implemented?

- *"VLTs reduced by 10% and capped. 10% net provincial VLT revenue allocated to community level. all charitable gaming licensing fees eliminated and rebated back to April '94" (Saskatchewan)*
- *"program of treatment and prevention initiatives planned for January 1996. staff now in training" (Newfoundland/Labrador);*

C. Have they been successful?

- *"The government's overall gaming strategy attempts to provide for carefully controlled expansion of the gaming industry (through casinos and VLTs) ensuring the benefits are distributed fairly and evenly and any negative social impacts are monitored and addressed. The Saskatchewan Department of Health has developed one of the most comprehensive prevention, education and treatment programs for problem gambling in the country. These efforts to raise awareness and the continued monitoring and regulation of the gaming industry have resulted in improvement of public opinion and acceptance." (Saskatchewan)*

D. The introduction of VLTs in Manitoba has created impacts and opportunities of a unique magnitude. What has been your experience with VLTs?

- *VLTs were introduced to provide a struggling rural hospitality sector with increased entertainment options to offer to patrons. The program has been successful in supplementing the industry's popularity. Close monitoring and regulation of the program and its effects on the hospitality sector, other forms of charitable gaming and public health have resulted in initiatives designed to address those impacts. The increased public attention on gaming issues has provided the government with an opportunity to raise awareness of addictions programs and services available to the public. (Saskatchewan)*

FUTURE DIRECTIONS OF GAMING IN MANITOBA

The Working Group was directed to:

"Provide advice and recommendations to the government on future directions on gaming in Manitoba."

All recommendations listed in the Executive Summary speak to the future of gaming in this province. Consideration has been given to the social and economic impacts, operating practices, problem gambling research, prevention and treatment. Drawing upon the experiences of other jurisdictions, extensive research, and a regard for Manitoba's gaming tolerance, the Working Group formulated its recommendations.

They also sought Manitobans' opinions on the future of gaming through a telephone survey. The questions and findings are listed below with majority opinions highlighted:

Q54: *"Do you believe the level of gaming currently available in the province should increase, decrease or remain the same?"*

- *3.3% thought gaming should increase, **52.9% thought it should decrease**, 8.6% thought it should remain the same, 5.0% didn't know and 0.2% refused to answer.*

Q55: *"Do you believe the number of Video Lottery Terminals operating in the province should increase, decrease or remain the same?"*

- *2.2% thought the number of VLTs should increase, **58.1% thought it should decrease**, 33.0% thought it should remain the same, 6.6% didn't know and 0.1% refused to answer.*

Q56: *"Do you believe the number of casinos operating in the province should increase, decrease or remain the same?"*

- *6.2% thought the number of casinos should increase, 38.8% thought it should decrease, **47.8% thought it should remain the same**, 7.2% didn't know and no one refused to answer.*

Q57: *"I would like to see a casino in my own community."*

- *1.5% strongly agreed with the statement, 9.3% moderately agreed, **22.9% moderately disagreed, 62.9% strongly disagreed**, 3.2% didn't know and 0.2% refused to answer.*

Q58: *"I would like to see more casinos included in year-round recreational areas outside the City of Winnipeg."*

- *2.0% strongly agreed with the statement, 11.2% moderately agreed, **30.1% moderately disagreed, 50.2% strongly disagreed**, 6.5% didn't know and no one refused to answer.*

The Working Group recommends that proposals for future expansion of gaming facilities outside Winnipeg contain three vital components in order to be considered. The first is community approval. This requirement honours the opinion voiced in question 57 of the Group's survey, in which 85.8% of respondents stated they moderately or strongly disagreed with having a casino in their community. Not all municipalities were equally opposed to local casino development, however, such projects should not be undertaken in jurisdictions where strong opposition exists.

Where community approval is identified, a second requirement would be completion of a feasibility study to determine the long-term viability of such a facility. Terms of the study would be determined by the Gaming Commission, whose appointment is recommended by the Working Group. The results of the study must be supportive of the proposal.

The third requirement is that the necessary infrastructure elements are either in place or planned as part of the development. For example, roads, power and water, facilities, accommodations, staff and services to support the needs of venue patrons must exist or be included in the project, and timed so as to facilitate and not hinder the construction and operations. Proposals meeting these three requirements would be presented to the Gaming Commission for approval.

Most Canadian jurisdictions have a similar body with separation of responsibilities for gaming. Currently, MLC functions as the marketing, licensing and regulatory authority for gaming in the province. This has led to criticisms of self-auditing and lack of accountability on the Corporation's part. The Working Group has not attempted to determine the validity of those claims. Rather, the Group concurs with the recommendation of Dr. Margaret Beare, that a bifurcated system be considered in light of the enormous expansion gaming has undergone in recent years. The appointment of a Gaming Commission and subsequent division of Manitoba Lotteries Corporation responsibilities will address those concerns.

Despite the wishes of Manitobans, more gaming opportunities are becoming and will become available through developments such as offshore Internet gambling and other interactive home gaming options. Given the speed at which technological advancements are being made, the Working Group urges that the appointment of the Gaming Commission take place as quickly as possible. The necessary expertise must be put in place to begin monitoring and managing these changes and their social and economic impacts on Manitobans.

The Gaming Commission must also review and revise the Manitoba Lottery Corporation Act to reflect the evolution of gaming. Although amendments have been made subsequent to its passage in 1982, the entire Act has not been revisited since that time. In order to remain relevant, and to protect the integrity of the gaming industry in Manitoba, the Act must be updated.

As gaming evolves, so does public acceptance. Today's youth will be the first generation of Manitobans to grow up having widespread availability of gaming as an entertainment option. Careful consideration must be given to the legacy created by current and future policy.

According to the Working Group's survey, VLTs are the game of choice for young people, with 66% of respondents 18 to 24 years old having played in the past year. By comparison, only 23% of those 65 or over reported playing during that time. Because the full implications of this relatively new form of gaming are not yet known, it is critical that close monitoring of player profiles and impacts be undertaken and appropriate future policies put in place. For this reason, the Group recommends that all aspects of the VLT program, including number and location of machines, be reviewed at least every two years.

A number of young people have the misconception that VLTs, like computer games, can be "beaten". That population segment must be made to understand that winners are determined by random choice, not by skill or frequency of play. AFM educational programs in the schools and with the general public must continue to address these issues. Similarly, the AFM must continue to receive an appropriate level of funding from lottery revenues for research, prevention and treatment programs relative to problem gambling. Indications are that these requirements will continue to increase for the immediate future, as the gaming industry matures.

As previously mentioned, each jurisdiction has its own gaming culture. No one formula or per capita distribution of gaming options is appropriate for all communities. Manitobans must determine the balance of social and economic impacts they find acceptable.

APPENDIX A

MANITOBA BUREAU OF STATISTICS

ECONOMIC IMPACT ASSESSMENT WITH APPENDICES

**Economic Impact Assessment of:
Manitoba Lottery Programs**

a study prepared by:

The Manitoba Bureau of Statistics

**Wilf Falk
Director**

for:

**The Manitoba Lotteries
Policy Review Committee**



MANITOBA LOTTERY PROGRAMS ECONOMIC IMPACT ASSESSMENT

EXECUTIVE SUMMARY

The Manitoba Bureau of Statistics (MBS) has undertaken an economic impact assessment of several Manitoba Lottery Programs, for the Manitoba Lotteries Policy Review Committee. Included in the MBS study are Manitoba Lotteries Corporation (MLC) operations, Western Canada Lotteries Corporation (WCLC) operations and Manitoba Lotteries Distribution System disbursements.

It should be emphasized that this study does not measure the total impacts of all "gaming activities" on the Manitoba economy. Specifically, the MBS analysis does not include the Manitoba economic and tax impacts resulting from:

1. Horse Racing Industry (Assiniboia Downs; Great Western Harness Racing)
2. Charitable Gaming (1994/95 Expenditures/Net Profit: \$46.0 million)
3. Personal Expenditures of Lottery Prize Winnings (1994/95: \$143.3 million)
4. Gaming Related Tourism - To/From Manitoba
5. Influence of Gaming Activity on Personal Spending Patterns

This Manitoba Lottery Program study utilized:

- 1) 1994/95 MLC expenditures as reported in the Corporations 1994/95 Annual Report
- 2) 1994/95 WCLC expenditures in Manitoba obtained from the WCLC
- 3) 1995/96 fund allocations of the Manitoba Lotteries Distribution System

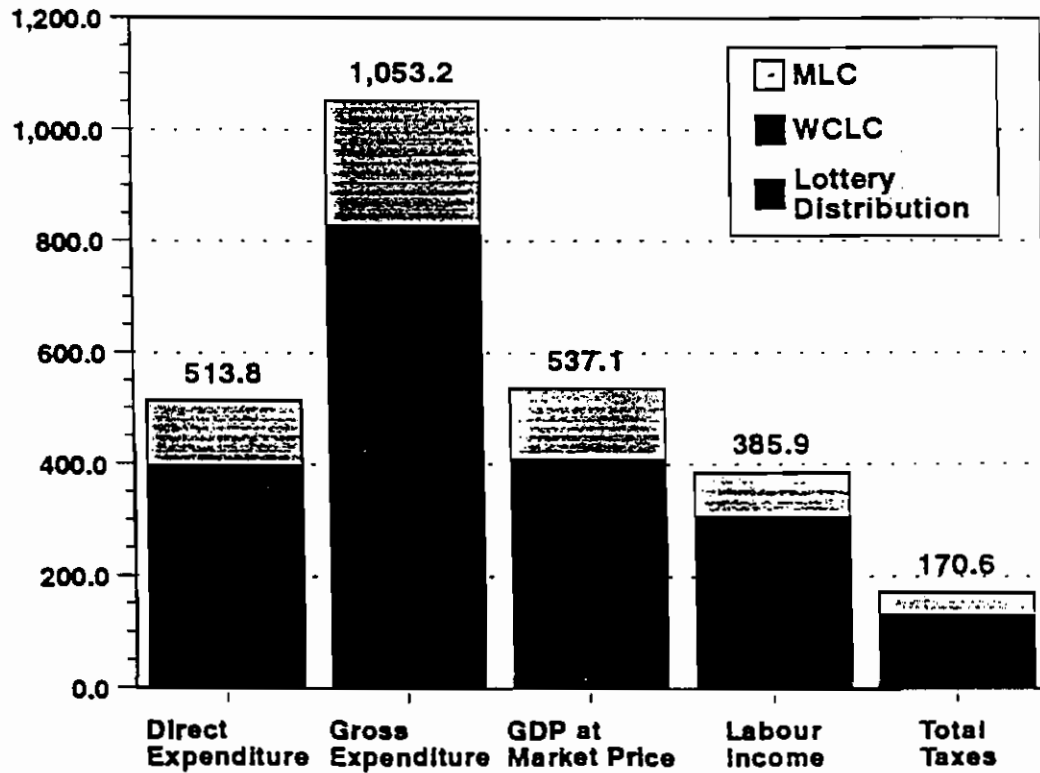
Economic impact estimates for the three lottery programs studied are derived from the MBS Economic Impact Assessment Model which produces estimates of the economic impacts (direct and spin-off) of an activity on the Manitoba economy, specifically Gross Domestic Product (GDP), Labour Income and Employment.

Tax impacts are estimated using the MBS Tax Revenue Impact Assessment Model. Tax Revenue impacts include Federal and Provincial Income Taxes, Other Direct Taxes and Indirect Taxes, as well as Local Manitoba Taxes. It is to be noted that the estimate for Local Manitoba Taxes is "softer" than the other tax impacts estimated by the model.

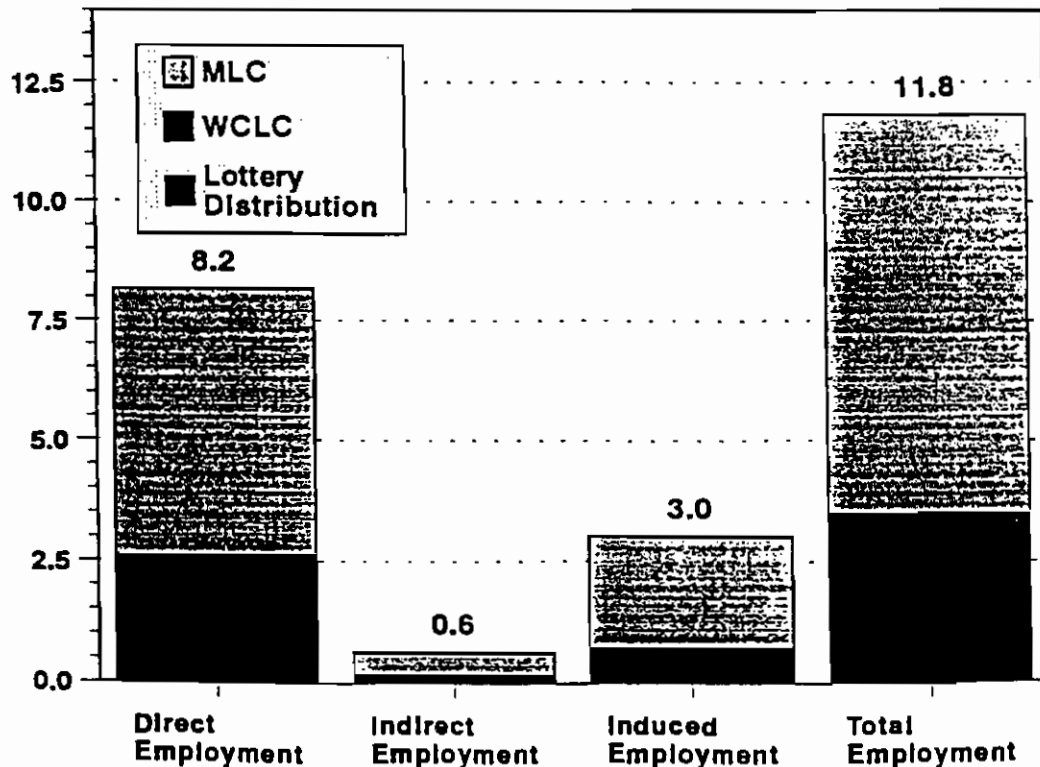
It should be noted that the economic impacts outlined in this report are to be used as general estimates only, not absolute values. Impact estimates are based on a number of key assumptions, modification of which could significantly alter results.

LOTTERY PROGRAMS/ACTIVITIES TOTAL MANITOBA IMPACTS (BY COMPONENT)

Economic/Tax Impacts (\$ Millions)



Employment Person-Years (Thousands)



IMPACT ASSESSMENT HIGHLIGHTS:

- (1) Total Expenditures evaluated by MBS are \$525.1 million, consisting of MLC expenditures of \$116.1 million, WCLC expenditures of \$22.3 million and Manitoba Lottery Distribution System allocations of \$386.8 million.

Of the \$116.1 million in MLC expenditures, \$115.5 million (99.5%) are estimated to be expended directly in Manitoba. Of the \$386.8 million in Lottery Distributions, \$376.0 million (97.2%) is estimated to be directly re-expended in Manitoba. The \$22.3 million in WCLC expenditures represent only the Manitoba portion of WCLC expenditures. In total, Direct Expenditures in Manitoba are estimated at \$513.8 million, or 97.8% of total expenditures of \$525.1 million.

- (2) The \$513.8 million in direct Manitoba based expenditures are estimated to lever an additional \$539.4 million in Manitoba based expenditures, resulting in Gross Expenditures in Manitoba of \$1,053.2 million. This is the estimated gross benefit to the Manitoba economy. For each \$1.00 in direct Manitoba expenditures, an additional \$1.05 in Manitoba based expenditures is expected to result.

Direct Lottery Program Expenditures (labour, goods and services) lead to this level of Gross Expenditures through the following process:

- (i) Those firms "Directly Impacted" by Lottery Program Expenditures, in general, must increase production to satisfy the increased demand placed upon them.
 - (ii) In so doing, "Directly Impacted" firms will require a greater volume of inputs from other firms, termed "Indirectly Impacted", placing demand upon them.
 - (iii) As the Directly and Indirectly Impacted firms increase production they will also require additional labour inputs, thus increasing the Labour Income going to households, which is also re-spent. The impact of consumer spending is captured in the "Induced Impacts".
- (3) As a result of the above spending of \$1,053.2 million, the impact to Manitoba Gross Domestic Product (GDP) at Market Prices is estimated at \$537.1 million. Contributions to Manitoba GDP by lottery component are: MLC \$128.5 million (23.9%), WCLC \$17.1 million (3.2%) and Lottery Distributions \$391.5 million (72.9%).

In total, for each \$1.00 in Direct Lottery Program Expenditures in Manitoba (\$513.8 million), Manitoba GDP at Market Prices is estimated to increase by \$1.05. This is the net monetary benefit to the Manitoba economy. GDP at Market prices is a measure of the total value of goods and services produced in the Manitoba economy.

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	525,100	
Direct Expenditure in Manitoba	513,800	1.00
Direct Manitoba Supply	438,500	0.85
Gross Expenditure	1,053,200	2.05
GDP at Market Price	537,100	1.05
GDP at Factor Cost	492,100	0.96
Labour Income	385,900	0.75
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	8,180	15.9
Indirect Employment	630	1.2
<u>Induced Employment</u>	3,020	5.9
<u>Total Employment</u>	11,830	23.0

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	22,110	0.04
Corporations	3,340	0.01
Other Direct Taxes	27,380	0.05
<u>Indirect Taxes</u>	10,290	0.02
Total Provincial Taxes	63,130	0.12
Local Taxes	19,690	0.04
<u>Federal Taxes</u>	85,590	0.17
Total Collected in Manitoba	170,600	0.33

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

- (4) The total impact to Manitoba Labour Income is estimated at \$385.9 million; \$78.2 million (20.3%) due to MLC operations, \$12.1 million (3.1%) due to WCLC operations and \$295.6 million (76.6%) due to Lottery Distribution programs. For each \$1.00 in Direct Manitoba Expenditures, an estimated \$0.75 is returned to the economy in terms of wages and salaries to Manitoba workers.
- (5) The Total Manitoba Employment impact is estimated at approximately 11,830 person-years (i.e., full-time equivalent jobs), which are further identified as 8,180 direct jobs (69.1%), 630 indirect jobs (5.3%) and 3,020 induced jobs (25.5%).

MLC expenditures account for an estimated 3,110 person-years (26.3% of the total), WCLC expenditures account for 370 (3.1%) and Manitoba Lottery Distribution System allocations account for an estimated 8,350 person-years (70.6%). For each \$1.0 million in direct Manitoba expenditures, an estimated 23.0 jobs (on a full-time-equivalent basis) are made available for Manitobans.

- (6) The three levels of government are estimated to receive \$170.6 million in Tax Revenue as a result of Manitoba based lottery program expenditures. It should be noted that these tax revenue estimates do not include the revenue received directly by governments due to gaming activities in Manitoba (e.g., revenue from VLT's; Lottery Products; Bingo/Breakopen Tickets).

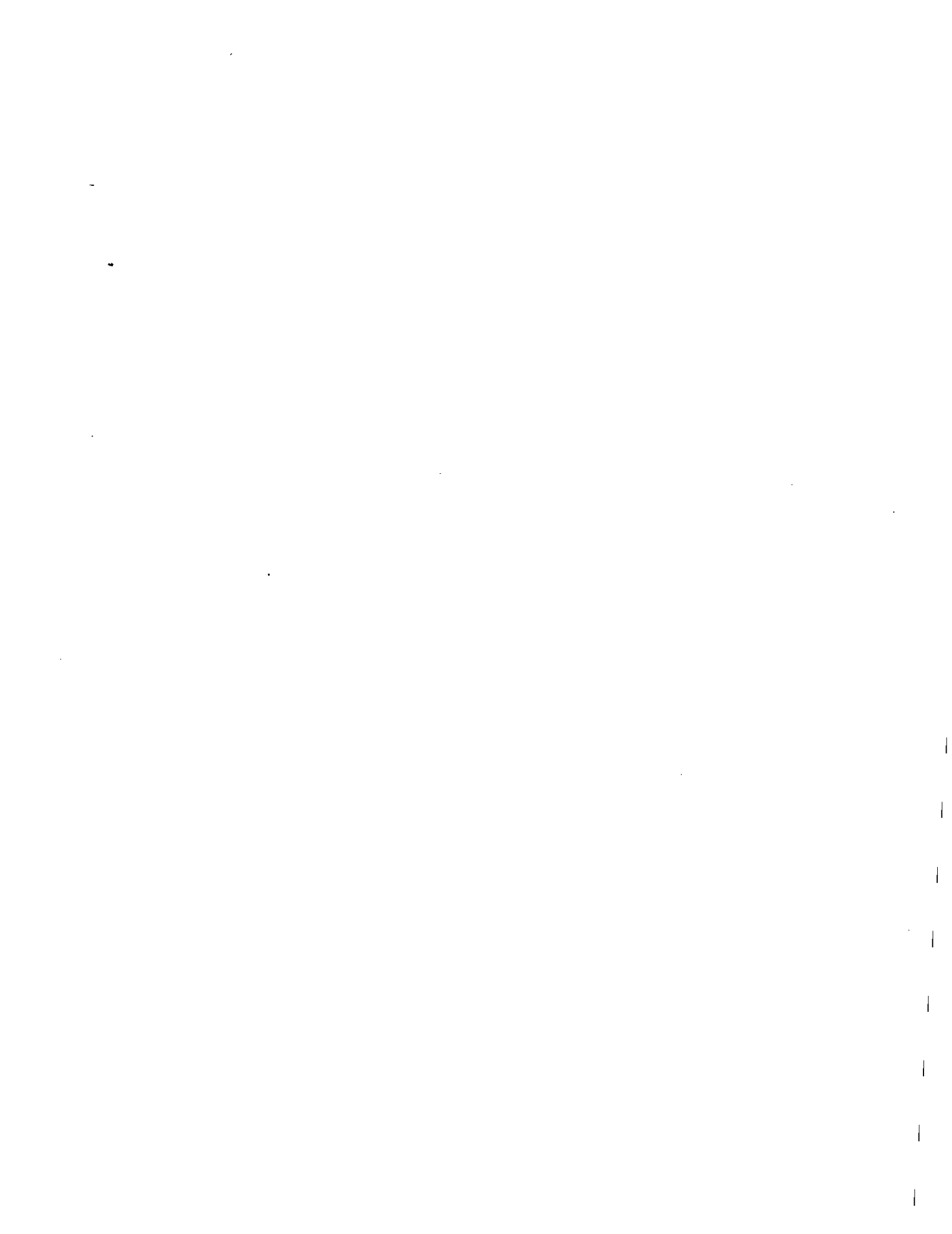
The estimate for total tax revenue of \$170.6 million is composed of \$85.6 million in Federal Taxes, \$63.1 million in Manitoba Provincial Taxes and \$19.7 million in Manitoba Local Taxes. For each \$1.00 in direct Manitoba expenditures, Total Tax Collections are estimated at \$0.33; Manitoba Provincial Taxes are estimated at \$0.12.

Manitoba Provincial Taxes of \$63.1 million are estimated as \$22.1 million in Individual Income Taxes, \$3.3 million in Corporate Income Taxes, \$27.4 million in Other Direct Taxes (e.g., Retail Sales Tax) and \$10.3 million in Indirect Taxes (e.g., Payroll Tax).

Total Taxes of \$170.6 million are composed of MLC impacts of \$39.1 million (22.9%), WCLC impacts of \$5.0 million (3.0%) and Lottery Distribution impacts of \$126.5 million (74.1%).

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MANITOBA LOTTERY PROGRAMS

ECONOMIC IMPACT ASSESSMENT

I. INTRODUCTION:

The Manitoba Bureau of Statistics (MBS) has undertaken an economic impact assessment of several Manitoba Lottery Programs, namely the operations of the Manitoba Lotteries Corporation (MLC); the Western Canada Lotteries Corporation (WCLC); the Manitoba Lotteries Distribution System. In the report tables, "Total Impacts" refers to the sum of the MBS impact estimates for these three components.

It should be emphasized that this study does not measure the total impacts of all "gaming activities" on the Manitoba economy. Specifically, the MBS analysis does not include the Manitoba economic and tax impacts resulting from:

1. Horse Racing Industry (Assiniboia Downs; Great Western Harness Racing)
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- 2) 1994/95 WCLC expenditures in Manitoba obtained from the WCLC
- 3) 1995/96 fund allocations of the Manitoba Lotteries Distribution System

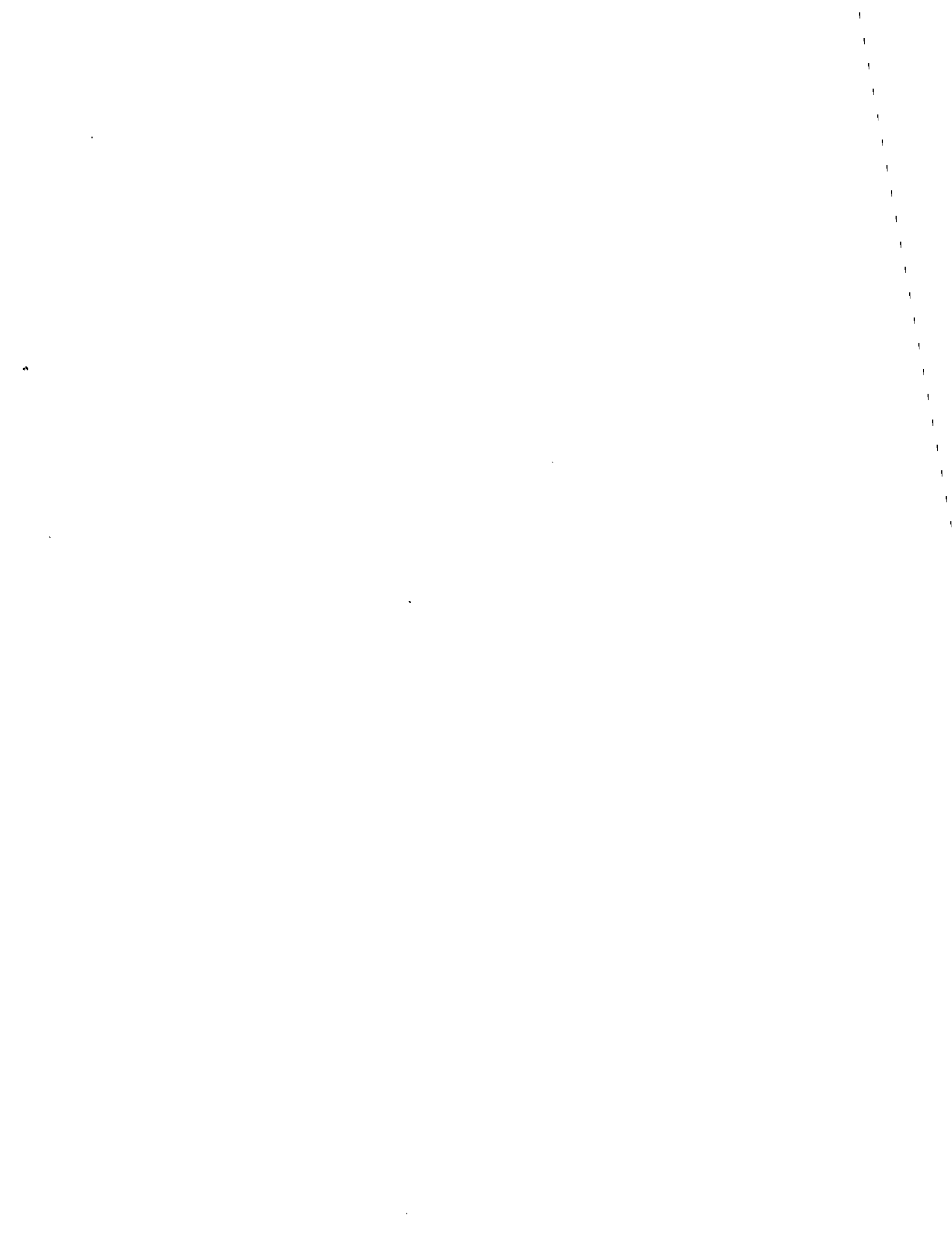
In the MBS analysis, the Cost of Sales of Lottery Products, including commissions paid to retailers, are imbedded in the MLC impacts.

Total expenditures examined in the MBS analysis total to \$525.1 million; \$116.1 million for MLC operations, \$22.3 million for WCLC operations and \$386.8 million for Lottery Distributions. This total does not include \$3.9 million in MLC payments to the Governments of Alberta and Saskatchewan and \$1.75 million to the Government of Canada. Also excluded are all WCLC expenditures outside of Manitoba.

Economic impact estimates for the three lottery programs studied are derived from the MBS Economic Impact Assessment Model which produces estimates of the economic impacts (direct and spin-off) of an activity on the Manitoba economy, specifically Gross Domestic Product (GDP), Labour Income and Employment.

Tax impacts are estimated using the MBS Tax Revenue Impact Assessment Model. Tax Revenue impacts include Federal and Provincial Income Taxes, Other Direct Taxes and Indirect Taxes, as well as Local Manitoba Taxes. It is to be noted that the estimate for Local Manitoba Taxes is "softer" than the other tax impacts estimated by the model.

It should be noted that the economic impacts outlined in this report are to be used as general estimates only, not absolute values. Impact estimates are based on a number of key assumptions, modification of which could significantly alter results. The major assumptions employed in the MBS analysis are summarized, by component, in Appendices A, B and C.



II. MBS ECONOMIC IMPACT ASSESSMENT MODEL:

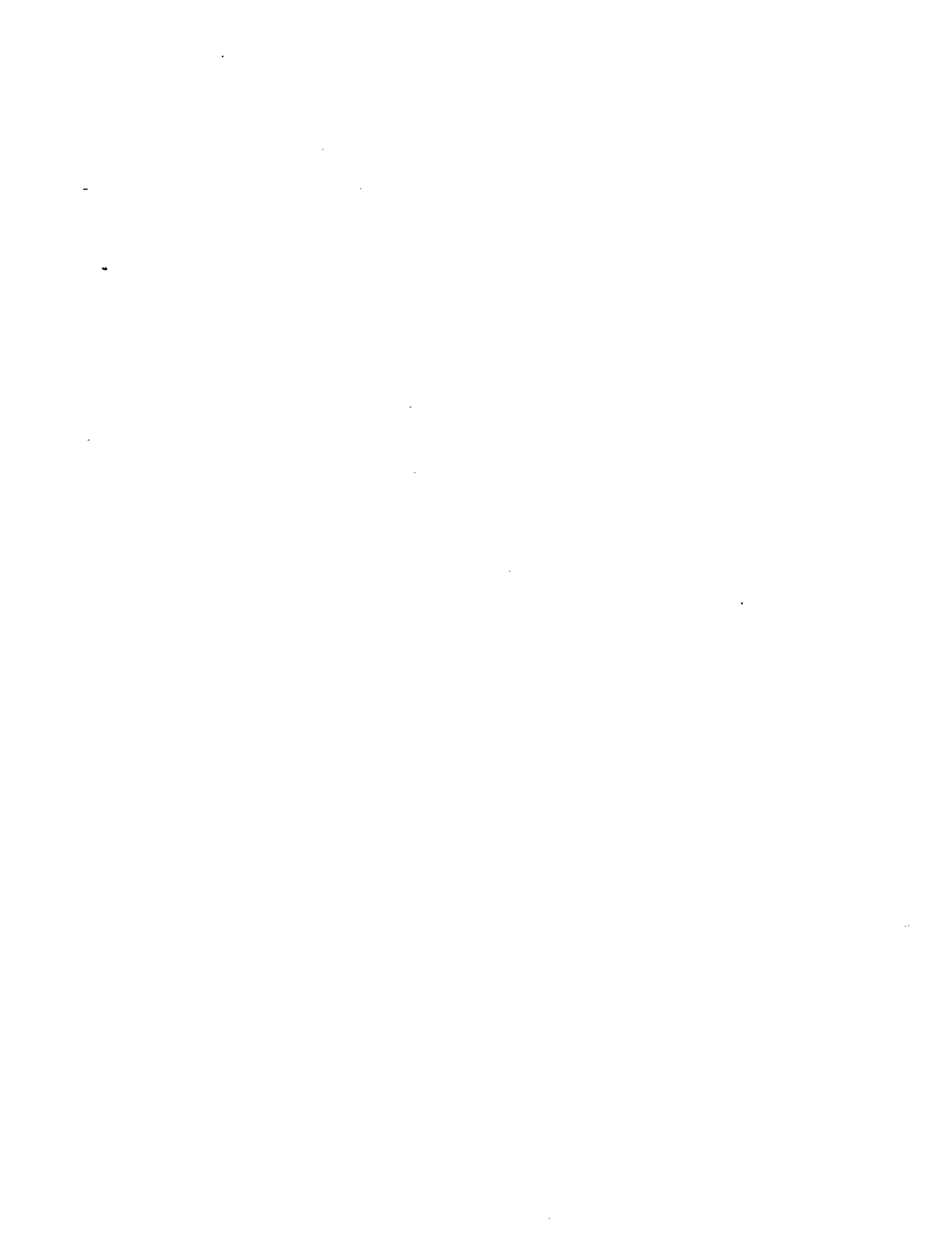
Impact estimates presented are derived from the MBS Economic Impact Assessment Model. This model is based on the Statistics Canada Input-Output Tables for Manitoba, which record the detailed inter-industry flow of goods and services in the Manitoba economy. Its structure consists of 217 industries, 602 commodities and 166 final demand categories (i.e., who buys a commodity for what purpose).

The MBS model provides estimates of the Direct, Indirect and Induced Impacts of a project or activity, on the Manitoba economy. **Direct Impacts** are the impacts on firms which expand production to satisfy an increase in demand for a particular commodity. There is then a "ripple effect" as these firms must obtain more inputs that are purchased from other firms. These are termed the **Indirect Impacts**.

As all firms expand production, they hire more staff and pay out wages that increases the income received by wage earners. After withholding a certain portion for taxes and savings, this income is spent, which in turn, increases the demand for other commodities. This "consumer effect" is termed the **Induced Impacts**.

While economic impact models are a very useful component in the decision making process, they do have limitations (i.e., model is static, based on average patterns for technology and costs for commodities/industries). As a result, the model cannot provide a complete or absolute measure of the impact of economic change. **Therefore, the results should be treated as general estimates only and never as absolutes.**

A further discussion of the MBS Economic Impact Assessment and Tax Revenue Impact Assessment Models is presented in Appendix D.



III. IMPACT ASSESSMENT DATA SUMMARY:

Total Lottery Program expenditures examined in the MBS analysis are \$525.1 million, \$116.1 million in the Manitoba Lotteries Corporation (MLC) component, \$22.3 million in the Western Canada Lotteries Corporation (WCLC) component and \$386.8 million in the Lottery Distribution component. Unless otherwise specified, all expenditures were assumed to be based in Manitoba. An estimated \$11.3 million was identified as direct non-Manitoba expenditures.

The MBS methodology requires identification of the commodities purchased for and by Lottery Programs. It is also necessary to obtain an average wage rate to associate with all direct labour expenditures.

For each commodity purchased in Manitoba, the MBS model specifies the portion (i.e., the supply ratio) that is likely to also be produced in Manitoba. Based on current trends as well as consultations with the MLC and WCLC, MBS has modified the supply ratios for a number of the commodities included in the analysis, to better reflect organizational purchase patterns. Increasing a particular supply ratio has the effect of increasing the estimated impact to specific Manitoba industries as well as the Manitoba economy in general.

Total MLC operations expenditures were derived from the MLC 1994/95 Annual Report. The \$116.1 million estimated for 1994/95 MLC operations include video lottery expenditures, lottery distribution expenditures (i.e., 649 tickets, scratch and win, etc.), McPhillips Street Station and Club Regent expenditures, casino expenditures, bingo and breakopen administration expenditures, license fee administration expenditures and general MLC administration expenditures. It should be noted that also included in this component are lottery commissions for ticket retailers and video lottery operations. However, excluded from this total are \$3.9 million in payments to the Provinces of Saskatchewan and Alberta, and \$1.75 million in payments to the Government of Canada.

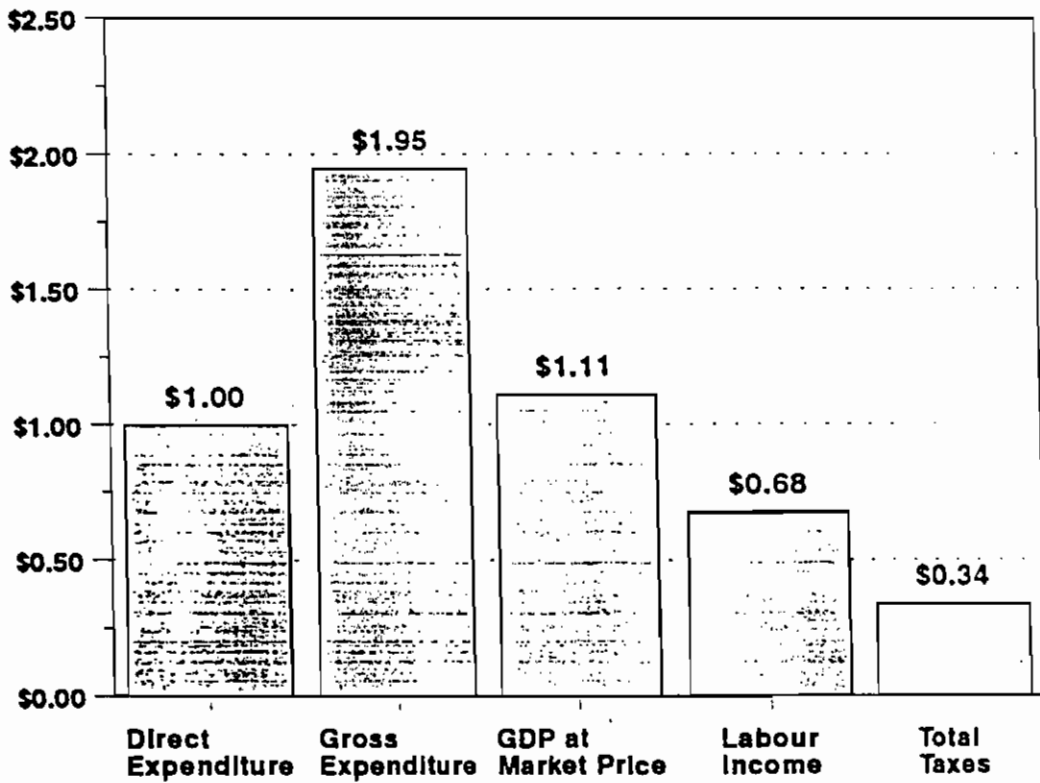
Total Manitoba based expenditures, by commodity, for the WCLC 1994/95 operations were provided to MBS by the corporation. These expenditures totalled \$22.3 million, with the largest expenditure categories being \$5.3 million for direct labour expenditures and \$7.0 million for ticket production expenditures.

The total Lottery Revenue Distribution System disbursements for 1995/96, estimated at \$386.8 million, include the \$235.0 million in transfers to the Provincial Government for deficit reduction purposes. The remaining \$151.8 million were distributed to a wide variety of programs throughout Manitoba. MBS was provided with the complete details of these disbursements.

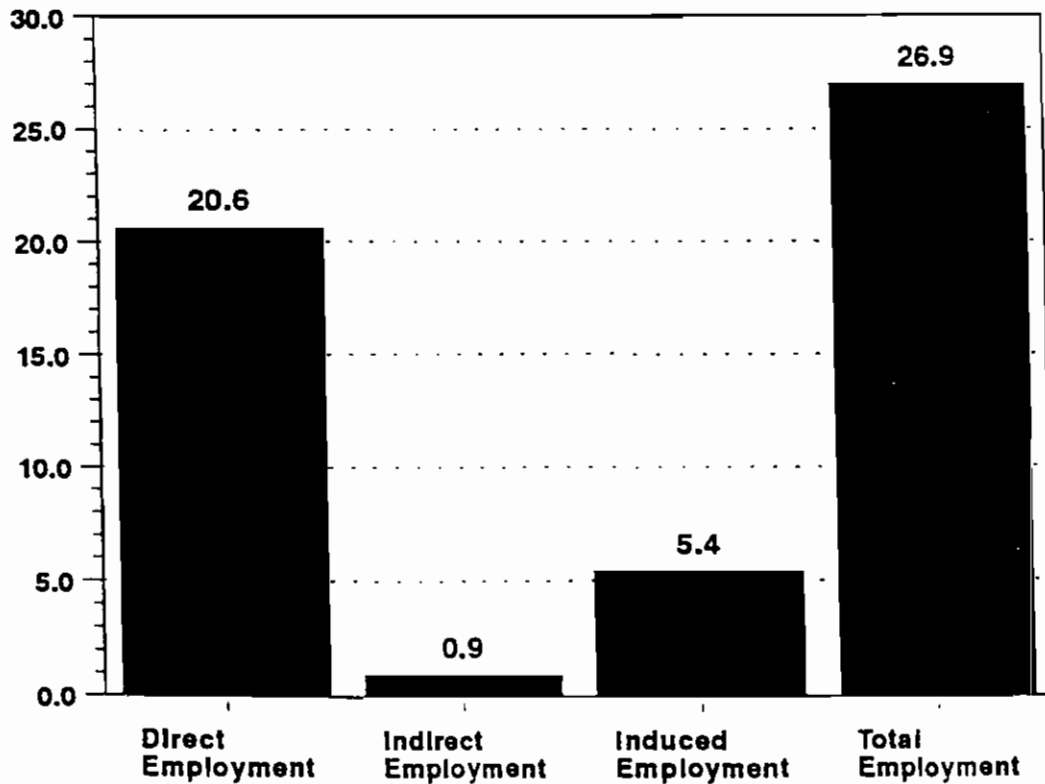
Appendices A, B and C present assumptions specific to each of the lottery components studied, as well as impact estimates of their respective sub-components.

MANITOBA LOTTERIES CORPORATION TOTAL MANITOBA IMPACTS (PER UNIT OF EXPENDITURE)

Economic Impact/\$1.00 of Direct Expenditure



Employment/\$1.0 Million Direct Expenditure



IV. IMPACT ASSESSMENT RESULTS:

i) Manitoba Lotteries Corporation:

Total MLC component expenditures evaluated by MBS are \$116.1 million. This total includes commissions paid to lottery ticket retailers and commissions paid to establishments with video lottery terminals, as well as direct MLC operations expenditures.

Of the \$116.1 million in MLC expenditures in 1994/95, \$115.5 million (99.5%) are estimated as direct Manitoba expenditures. Manitoba industry is estimated to directly supply \$106.5 million (92.2%) of this \$115.5 million direct demand on Manitoba industries.

The \$106.5 million in direct supply is estimated to lever \$118.4 million in additional Manitoba based expenditures, resulting in a gross expenditure level within Manitoba estimated at \$224.9 million. This is the estimated gross benefit to the Manitoba economy. For each \$1.00 in direct Manitoba expenditures (\$115.5 million), an additional \$0.95 in Manitoba based expenditures is expected to result.

As a result of the above economic activity, the impact to Manitoba Gross Domestic Product (GDP) at Market Prices is estimated at \$128.5 million. For each \$1.00 in direct MLC expenditures in Manitoba, GDP is estimated to increase by \$1.11. This is the net monetary benefit to the Manitoba economy. GDP at market prices is a measure of the total value of goods and services produced in the Manitoba economy.

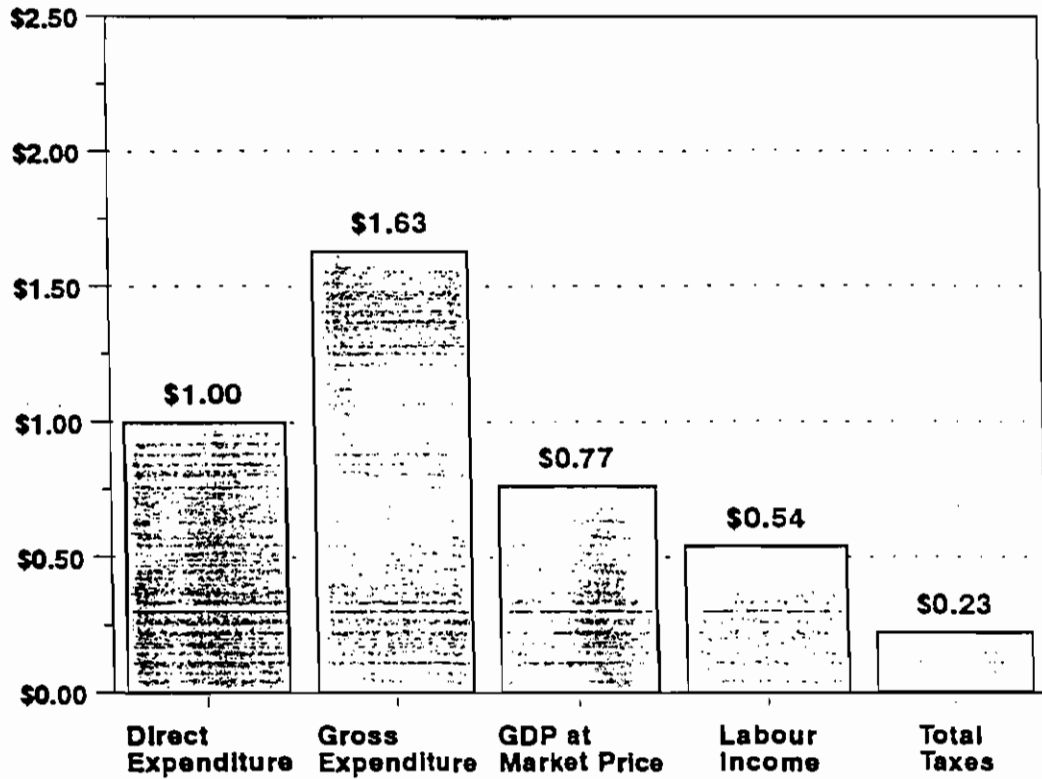
The corresponding impact to Manitoba Labour Income is estimated at \$78.2 million. Therefore, for each \$1.00 in direct Manitoba expenditures, an estimated \$0.68 is returned to the economy in terms of wages and salaries to Manitoba workers.

The Total Manitoba Employment impact is estimated at approximately 3,110 person-years (i.e., full-time equivalent jobs), which are further identified as 2,380 direct jobs (77%), 110 indirect jobs (3%) and 620 induced jobs (20%). For each \$1.0 million in direct Manitoba expenditures, an estimated 26.9 jobs (on a full-time-equivalent basis) are made available for Manitobans.

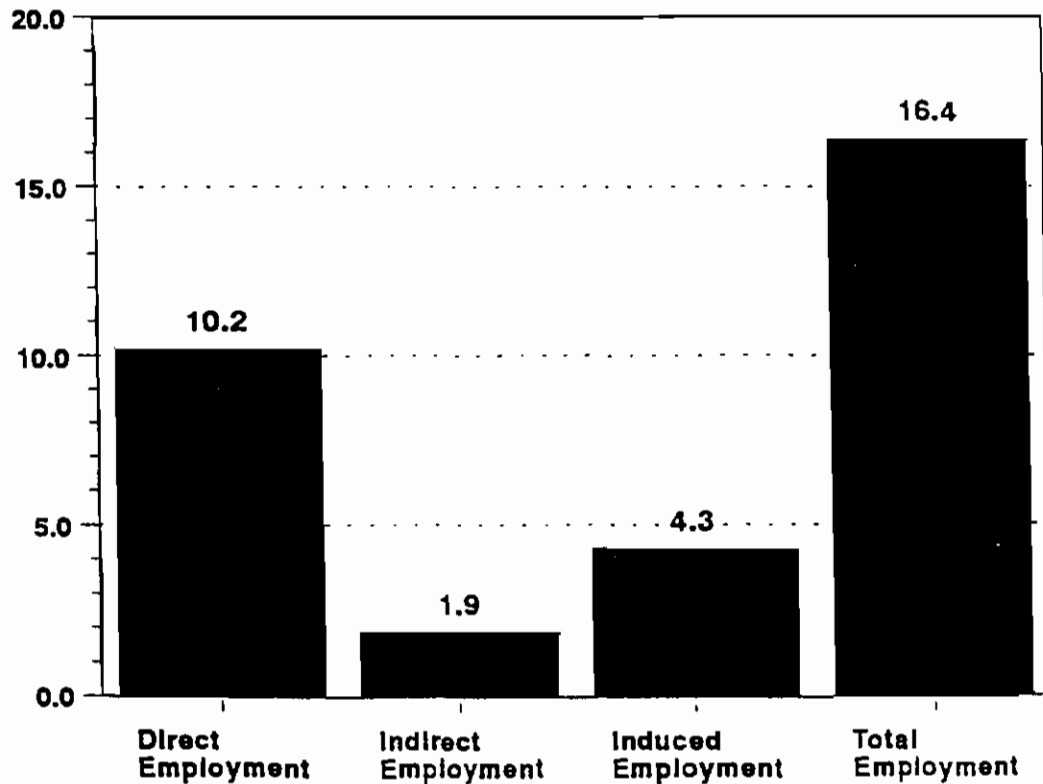
Total Tax Revenue impacts, estimated at \$39.1 million, is composed of an estimated \$21.9 million in Federal Taxes, \$13.1 million in Manitoba Provincial Taxes and \$4.1 million in Manitoba Local Taxes. Manitoba Provincial Taxes are further estimated at \$3.6 million in Individual Income Taxes, \$0.8 million in Corporate Income Taxes, \$6.5 million in Other Direct Taxes (e.g., Retail Sales Tax) and \$2.2 million in Indirect Taxes (e.g., Payroll Tax). It should be noted that these tax revenue estimates do not include the revenue received directly by governments due to gaming activities in Manitoba (e.g., revenue from VLT's; Lottery Products; Bingo/ Breakopen Tickets).

WESTERN CANADA LOTTERIES CORPORATION TOTAL MANITOBA IMPACTS (PER UNIT OF EXPENDITURE)

Economic Impact/\$1.00 of Direct Expenditure



Employment/\$1.0 Million Direct Expenditure



ii) Western Canada Lotteries Corporation:

Total WCLC operations expenditures for 1994/95 were not provided for this analysis. However, WCLC Manitoba based expenditures, totalling \$22.3 million, were provided. Of this total, Manitoba industry is estimated to directly supply \$15.1 million worth of goods and services; 67.6% of the direct demand.

The \$15.1 million in direct supply is estimated to lever an additional \$21.3 million in Manitoba based expenditures, resulting in a Manitoba gross expenditure level estimated at \$36.4 million. This is the estimated gross benefit to the Manitoba economy. For each \$1.00 in direct based Manitoba expenditures, an additional \$0.63 in Manitoba based expenditures is expected to result.

The impact of WCLC operations on Manitoba GDP at Market Prices is estimated at \$17.1 million. Therefore, for each \$1.00 in direct expenditures in Manitoba, GDP is estimated to increase by \$0.77. This is the net monetary benefit to the Manitoba economy.

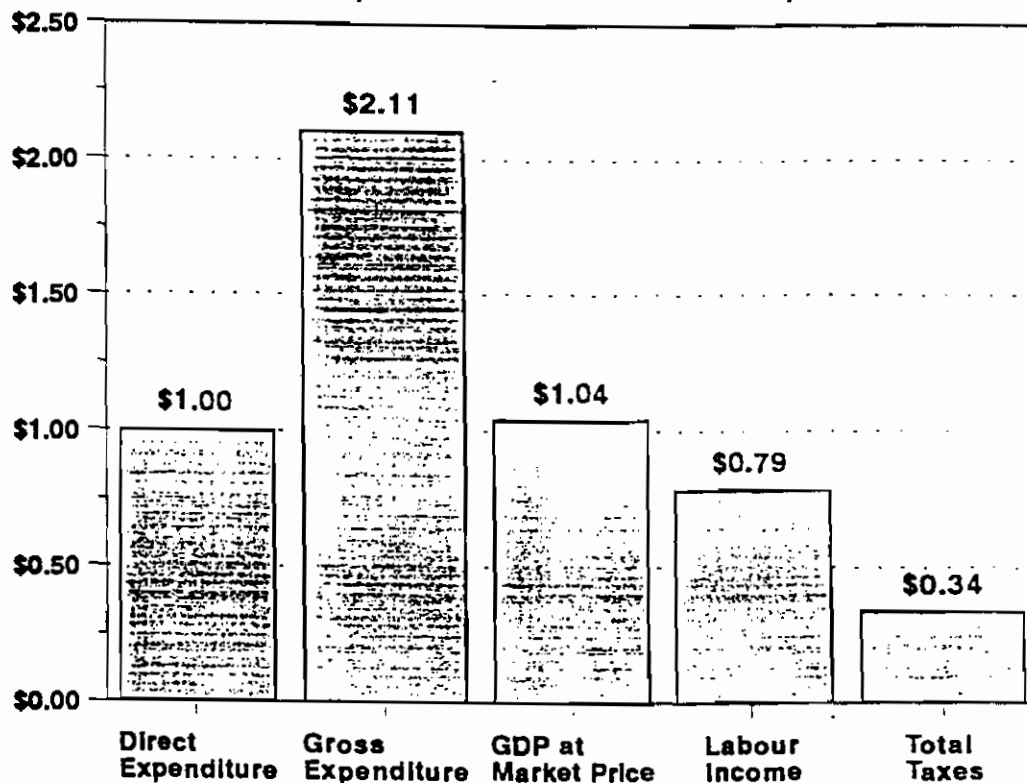
The corresponding impact to Manitoba Labour Income is estimated at \$12.1 million. For each \$1.00 in direct Manitoba expenditures, an estimated \$0.54 is returned to the Manitoba economy in the form of Labour Income.

The Total Manitoba Employment impact is estimated at approximately 370 person-years, which are further identified as 230 direct jobs (62%), 40 indirect jobs (11%) and 100 induced jobs (27%). For each \$1.0 million in direct Manitoba expenditures, an estimated 16.4 jobs (on a full-time-equivalent basis) are made available for Manitobans.

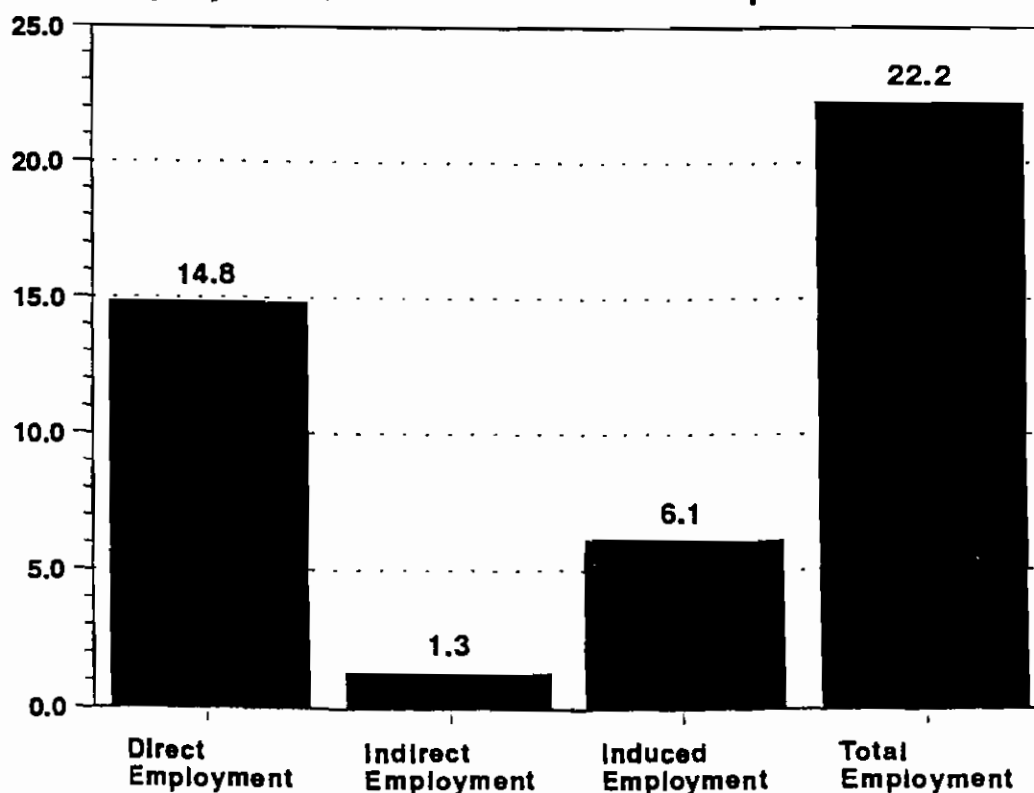
Total Tax Revenue impacts, estimated at \$5.0 million, is composed of an estimated \$2.5 million in Federal Taxes, \$1.9 million in Manitoba Provincial Taxes and \$0.6 million in Manitoba Local Taxes. Manitoba Provincial Taxes are further estimated at \$0.7 million in Individual Income Taxes, \$0.1 million in Corporate Income Taxes, \$0.9 million in Other Direct Taxes (e.g., Retail Sales Tax) and \$0.3 million in Indirect Taxes (e.g., Payroll Tax). It should be noted that these tax revenue estimates do not include the revenue received directly by governments due to gaming activities in Manitoba (e.g., Lottery Products).

LOTTERY REVENUE DISTRIBUTION TOTAL MANITOBA IMPACTS (PER UNIT OF EXPENDITURE)

Economic Impact/\$1.00 of Direct Expenditure



Employment/\$1.0 Million Direct Expenditure



iii) Manitoba Lotteries Distribution System:

Total revenues re-allocated by the Manitoba Lotteries Distribution System for 1995/96 are estimated at \$386.8 million. Through the analysis it was estimated that recipients may spend as much as \$376.0 million of this allotment (97.2%) within Manitoba. Manitoba industry is estimated to directly supply \$316.9 million worth of goods and services in response to this \$376.0 million direct demand.

The \$316.9 million in direct supply is estimated to lever an additional \$475.0 million in Manitoba based expenditures, resulting in a Manitoba gross expenditure level of \$792.0 million. Therefore, for each \$1.00 in direct based Manitoba expenditures (\$376.0 million), an additional \$1.11 in Manitoba based expenditures is estimated to result.

The estimated impact of these expenditures to Manitoba GDP at Market Prices is estimated at \$391.5 million. Therefore, for each \$1.00 in re-expended in Manitoba, GDP is estimated to increase by \$1.04. This is the net monetary benefit to the Manitoba economy.

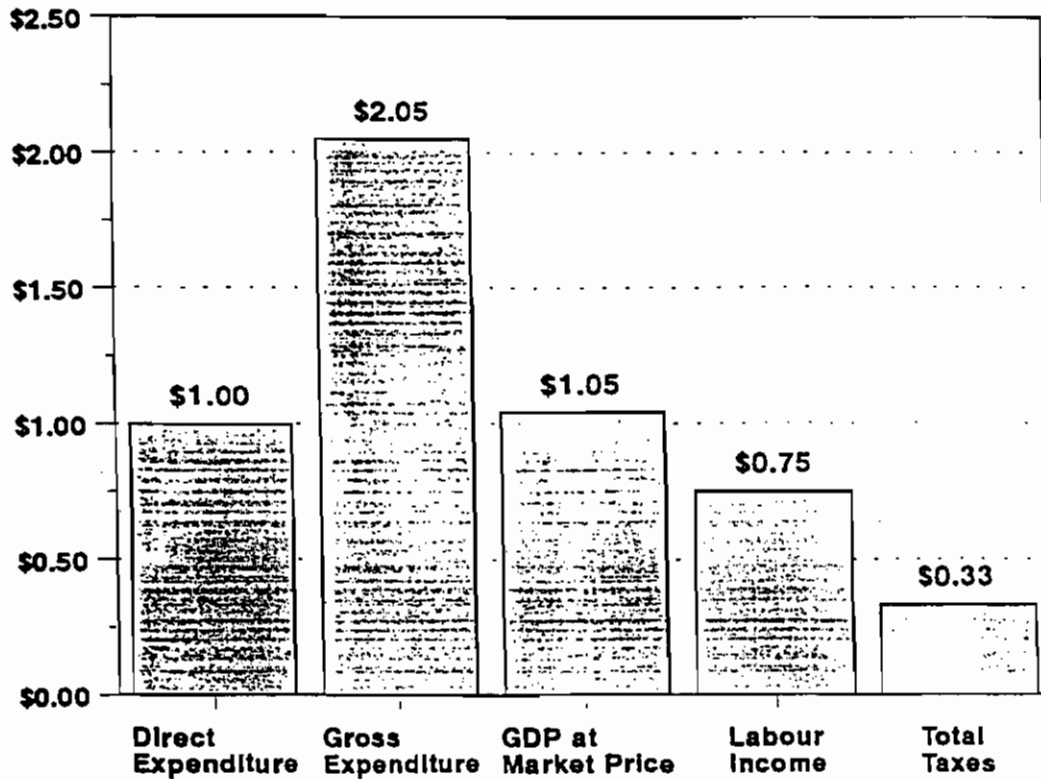
The total Manitoba Labour Income impact is estimated at \$295.6 million. For each \$1.00 in direct Manitoba expenditures, an estimated \$0.79 is returned to the Manitoba economy in the form of Labour Income.

The Total Manitoba Employment impact is estimated at 8,350 person-years: 5,570 direct jobs (67%), 480 indirect jobs (6%) and 2,300 induced jobs (28%). For each \$1.0 million in direct Manitoba expenditures, an estimated 22.2 jobs (on a full-time-equivalent basis) are made available for Manitobans.

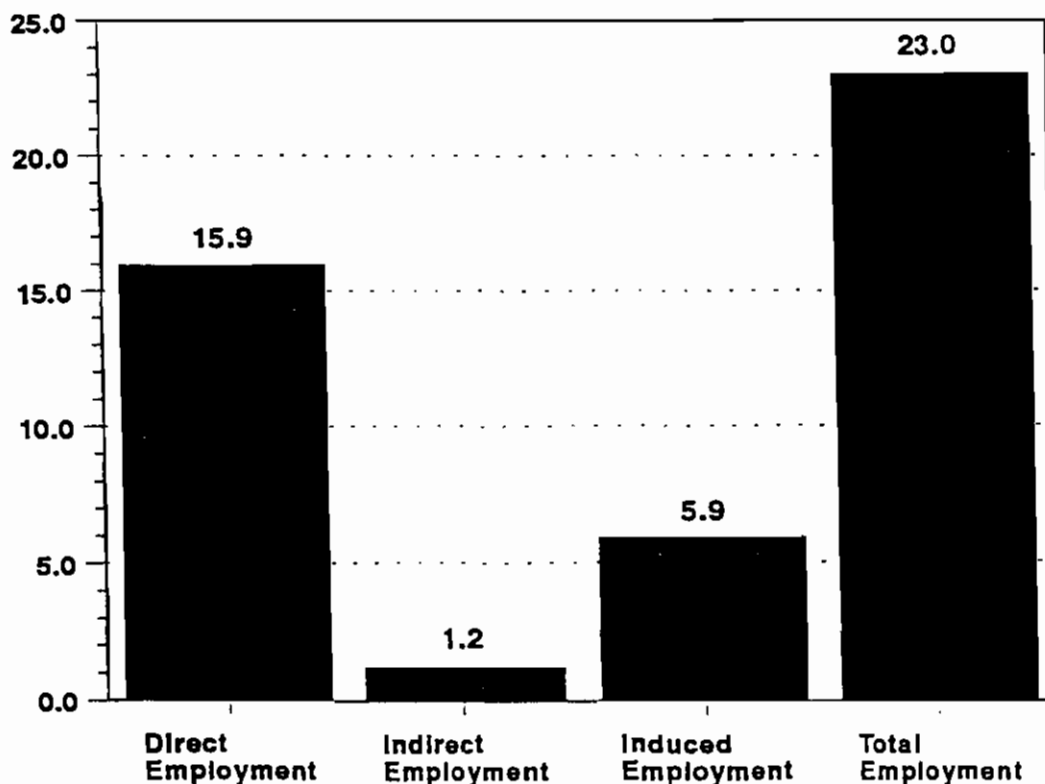
Total Tax Revenue impacts, estimated at \$126.5 million, is composed of an estimated \$61.2 million in Federal Taxes, \$48.1 million in Manitoba Provincial Taxes and \$15.0 million in Manitoba Local Taxes. Manitoba Provincial Taxes are further estimated at \$17.8 million in Individual Income Taxes, \$2.4 million in Corporate Income Taxes, \$20.0 million in Other Direct Taxes (e.g., Retail Sales Tax) and \$7.8 million in Indirect Taxes (e.g., Payroll Tax).

LOTTERY PROGRAMS/ACTIVITIES TOTAL MANITOBA IMPACTS (PER UNIT OF EXPENDITURE)

Economic Impact/\$1.00 of Direct Expenditure



Employment/\$1.0 Million Direct Expenditure



iv) Total Manitoba Lottery Programs:

Total Expenditures of the three lottery programs evaluated by MBS are \$525.1 million. Total direct Expenditures in Manitoba are estimated at \$513.8 million, or 97.8% of total expenditures.

The \$513.8 million in direct Manitoba based expenditures are estimated to lever an additional \$539.4 million in Manitoba based expenditures, resulting in Gross Expenditures in Manitoba of \$1,053.2 million. **This is the estimated gross benefit to the Manitoba economy. For each \$1.00 in direct Manitoba expenditures, an additional \$1.05 in Manitoba based expenditures is expected to result.**

As a result of the spending of \$1,053.2 million, the impact to Manitoba Gross Domestic Product (GDP) at Market Prices is estimated at \$537.1 million. **For each \$1.00 in Direct Lottery Program Expenditures in Manitoba (\$513.8 million), Manitoba GDP at Market Prices is estimated to increase by \$1.05. This is the net monetary benefit to the Manitoba economy. GDP at Market prices is a measure of the total value of goods and services produced in the Manitoba economy.**

The total impact to Manitoba Labour Income is estimated at \$385.9 million. **For each \$1.00 in Direct Manitoba Expenditures, an estimated \$0.75 is returned to the economy in terms of wages and salaries to Manitoba workers.**

The Total Manitoba Employment impact is estimated at 11,830 person-years (i.e., full-time equivalent jobs), which are further identified as 8,180 direct jobs (69.1%), 630 indirect jobs (5.3%) and 3,020 induced jobs (25.5%). **For each \$1.0 million in direct Manitoba expenditures, an estimated 23.0 jobs (on a full-time-equivalent basis) are made available for Manitobans.**

The three levels of government are estimated to receive \$170.6 million in Tax Revenue as a result of Manitoba based lottery program expenditures. It should be noted that these tax revenue estimates do not include the revenue received directly by governments due to gaming activities in Manitoba (e.g., revenue from VLT's; Lottery Products; Bingo/Breakopen Tickets).

The estimate for total tax revenue of \$170.6 million is composed of \$85.6 million in Federal Taxes, \$63.1 million in Manitoba Provincial Taxes and \$19.7 million in Manitoba Local Taxes. **For each \$1.00 in direct Manitoba expenditures, Total Tax Collections are estimated at \$0.33; Manitoba Provincial Taxes are estimated at \$0.12.**

Manitoba Provincial Taxes of \$63.1 million are estimated as \$22.1 million in Individual Income Taxes, \$3.3 million in Corporate Income Taxes, \$27.4 million in Other Direct Taxes (e.g., Retail Sales Tax) and \$10.3 million in Indirect Taxes (e.g., Payroll Tax).

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	MLC IMPACTS	WCLC IMPACTS	LOTTERY DISTRIBUTION	TOTAL IMPACTS
Total Direct Expenditure	116,100	22,300	386,800	525,100
Direct Expenditure in Manitoba	115,500	22,300	376,000	513,800
Direct Manitoba Supply	106,500	15,100	316,900	438,500
Gross Expenditure	224,900	36,400	792,000	1,053,200
GDP at Market Price	128,500	17,100	391,500	537,100
GDP at Factor Cost	115,300	15,600	361,200	492,100
Labour Income	78,200	12,100	295,600	385,900
<u>Employment (Person-Years)</u>				
Direct Employment	2,380	230	5,570	8,180
Indirect Employment	110	40	480	630
<u>Induced Employment</u>	620	100	2,300	3,020
<u>Total Employment</u>	3,110	370	8,350	11,830

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	MLC IMPACTS	WCLC IMPACTS	LOTTERY DISTRIBUTION	TOTAL IMPACTS
<u>Income Taxes</u>				
Individuals	3,600	660	17,850	22,110
Corporations	810	110	2,420	3,340
Other Direct Taxes	6,480	860	20,040	27,380
<u>Indirect Taxes</u>	2,210	320	7,760	10,290
Total Provincial Taxes	13,110	1,940	48,070	63,130
Local Taxes	4,050	610	15,030	19,690
<u>Federal Taxes</u>	21,920	2,480	61,190	85,590
<u>Total Collected in Manitoba</u>	39,080	5,030	126,480	170,600

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

APPENDIX - A:

MANITOBA LOTTERIES CORPORATION

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	116,100	
Direct Expenditure in Manitoba	115,500	1.00
Direct Manitoba Supply	106,500	0.92
Gross Expenditure	224,900	1.95
GDP at Market Price	128,500	1.11
GDP at Factor Cost	115,300	1.00
Labour Income	78,200	0.68
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	2,380	20.6
Indirect Employment	110	0.9
<u>Induced Employment</u>	620	5.4
<u>Total Employment</u>	3,110	26.9

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	3,600	0.03
Corporations	810	0.01
Other Direct Taxes	6,480	0.06
<u>Indirect Taxes</u>	2,210	0.02
Total Provincial Taxes	13,110	0.11
Local Taxes	4,050	0.04
<u>Federal Taxes</u>	21,920	0.19
<u>Total Collected in Manitoba</u>	39,080	0.34

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

The MLC 1994/95 annual report provided all the expenditures data required for this portion of the MBS analysis. From this report, MBS identified expenditures totaling \$116.1 million for inclusion in the impact analysis. Included in this total is all direct MLC operations expenditures (\$59.7 million), plus commissions for lottery product retailers (\$7.3 million), video lottery commissions (\$43.2 million), Grants to Organizations (\$3.9 million) and Payments to the Addictions Foundation of Manitoba (\$0.6 million). Not included in the \$116.1 million MBS assessment are payments to the Governments of Canada, Alberta and Saskatchewan, totalling \$5.65 million.

The MLC provided MBS with direct employment figures for their program operations in 1994/95, which were required for the analysis. They also assisted MBS in distributing MLC expenditures to the appropriate commodity codes contained in the MBS Economic Impact Assessment Model.

For the remaining components no concrete information was available to guide MBS in allocating total expenditures to commodities. The \$3.9 million in Grants to Organizations was coded to Other Services to Business & Persons (MBS Commodity 576), while Payments to the Addictions Foundation of Manitoba (AFM) were based on information available from AFM.

The impacts associated with Video Lottery Commissions and Lottery Retail Commissions were difficult to estimate, and considering their combined value of \$50.4 million, the assumptions used for these components greatly influence the "Total" MLC impact estimates.

Video Lottery Commissions are paid primarily to the Hotel/Restaurant industry in Manitoba, while Lottery Retail Commissions are paid to a broad range of retail operations (e.g., pharmacies, convenience stores, gas stations, etc.). In allocating these expenditures to commodities, MBS used the most current information available concerning the expenditure patterns of these industries; confidential input data for Manitoba industries in 1990. Based on this information, MBS allocated lottery commissions to wages, profits and overhead expenditures for these industries as follows: 50% wages; 20% profits; 30% other overhead expenditures. MBS assumed an average annual wage rate of \$20,000 for the resultant Hotel/Restaurant and Retail Employment.

It should be noted that the impacts produced by this method will be somewhat conservative in terms of Gross Expenditures, GDP and Employment. The reason for this "underestimation" is that the MBS model does not allow any spin-off impacts associated with profits. This is due to the wide variety of uses that profits may be put to (i.e., reinvest in business, start new business, purchase investments, purchase consumer goods and services).

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	SCENARIO USED	ALTERNATE SCENARIO-1	ALTERNATE SCENARIO-2
Total Direct Expenditure	116,100	116,100	116,100
Direct Expenditure in Manitoba	115,500	115,500	115,500
Direct Manitoba Supply	106,500	106,500	108,300
Gross Expenditure	224,900	206,000	232,300
GDP at Market Price	128,500	123,400	133,000
GDP at Factor Cost	115,300	111,300	119,500
Labour Income	78,200	65,400	82,800
<u>Employment (Person-Years)</u>			
Direct Employment	2,380	1,880	2,610
Indirect Employment	110	110	90
<u>Induced Employment</u>	620	520	660
Total Employment	3,110	2,510	3,360

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	SCENARIO USED	ALTERNATE SCENARIO-1	ALTERNATE SCENARIO-2
<u>Income Taxes</u>			
Individuals	3,600	3,090	3,760
Corporations	810	780	840
Other Direct Taxes	6,480	5,510	6,900
<u>Indirect Taxes</u>	2,210	2,000	2,310
Total Provincial Taxes	13,110	11,390	13,800
Local Taxes	4,050	3,510	4,270
<u>Federal Taxes</u>	21,920	19,720	22,800
Total Collected in Manitoba	39,080	34,620	40,870

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

MBS also conducted a "sensitivity" analysis of the assumptions concerning re-spending of lottery commissions. Two alternate scenarios were constructed:

- 1) 30% wages, 40% profits, 30% other overhead expenditures
- 2) 60% wages, 20% profits, 20% other overhead expenditures

The economic and tax revenue impact estimates produced by these alternate scenarios vary from the (50%, 20%, 30%) scenario utilized by MBS. As shown in the summary table, the largest differences occur in employment levels. Employment estimates range between 2,510 and 3,360 person-years. The utilized scenario estimates 3,110 person-years. The major reason for this difference results from the varying levels of wages and profits among the different scenarios, and the fact that profits are not permitted to yield spin-off impacts as discussed above.

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	14,809	
Direct Expenditure in Manitoba	14,800	1.00
Direct Manitoba Supply	14,700	0.99
Gross Expenditure	19,300	1.30
GDP at Market Price	15,100	1.02
GDP at Factor Cost	11,800	0.80
Labour Income	4,200	0.28
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	82	5.5
Indirect Employment	17	1.1
Induced Employment	33	2.2
Total Employment	132	8.9

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
- (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
- (3) All Economic impact estimates presented are in 1995 dollars.
- (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
- (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	220	0.01
Corporations	100	0.01
Other Direct Taxes	410	0.03
<u>Indirect Taxes</u>	180	0.01
Total Provincial Taxes	910	0.06
Local Taxes	140	0.01
<u>Federal Taxes</u>	4,080	0.28
Total Collected in Manitoba	5,140	0.35

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
- (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
- (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
- (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	43,181	
Direct Expenditure in Manitoba	43,200	1.00
Direct Manitoba Supply	38,800	0.90
Gross Expenditure	89,500	2.07
GDP at Market Price	49,500	1.15
GDP at Factor Cost	46,600	1.08
Labour Income	32,400	0.75
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	1,152	26.7
Indirect Employment	31	0.7
Induced Employment	257	5.9
<u>Total Employment</u>	1,441	33.4

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
- (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
- (3) All Economic impact estimates presented are in 1995 dollars.
- (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
- (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	1,360	0.03
Corporations	310	0.01
Other Direct Taxes	2,790	0.06
<u>Indirect Taxes</u>	820	0.02
Total Provincial Taxes	5,280	0.12
Local Taxes	1,660	0.04
<u>Federal Taxes</u>	6,740	0.16
<u>Total Collected in Manitoba</u>	13,690	0.32

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
- (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
- (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
- (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	2,948	
Direct Expenditure in Manitoba	2,900	1.00
Direct Manitoba Supply	2,700	0.93
Gross Expenditure	6,800	2.34
GDP at Market Price	3,500	1.21
GDP at Factor Cost	3,200	1.10
Labour Income	2,700	0.93
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	45	15.5
Indirect Employment	3	1.0
<u>Induced Employment</u>	22	7.6
<u>Total Employment</u>	69	23.8

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	160	0.06
Corporations	20	0.01
Other Direct Taxes	180	0.06
<u>Indirect Taxes</u>	70	0.02
Total Provincial Taxes	430	0.15
Local Taxes	70	0.02
<u>Federal Taxes</u>	610	0.21
Total Collected in Manitoba	1,110	0.38

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	8,600	
Direct Expenditure in Manitoba	8,600	1.00
Direct Manitoba Supply	7,500	0.87
Gross Expenditure	14,900	1.73
GDP at Market Price	9,300	1.08
GDP at Factor Cost	7,700	0.90
Labour Income	5,300	0.62
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	190	22.1
Indirect Employment	6	0.7
<u>Induced Employment</u>	42	4.9
<u>Total Employment</u>	238	27.7

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	220	0.03
Corporations	60	0.01
Other Direct Taxes	470	0.05
<u>Indirect Taxes</u>	140	0.02
Total Provincial Taxes	900	0.10
Local Taxes	280	0.03
<u>Federal Taxes</u>	2,230	0.26
<u>Total Collected in Manitoba</u>	3,400	0.40

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Above impacts do not include transfers to Canada of \$1.75 million and Alberta/Saskatchewan of \$3.9 million
 (5) Figures may not add to total, due to rounding

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	11,243	
Direct Expenditure in Manitoba	11,200	1.00
Direct Manitoba Supply	11,000	0.98
Gross Expenditure	22,000	1.96
GDP at Market Price	13,000	1.16
GDP at Factor Cost	11,400	1.02
Labour Income	7,600	0.68
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	245	21.9
Indirect Employment	11	1.0
<u>Induced Employment</u>	61	5.4
<u>Total Employment</u>	316	28.2

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	340	0.03
Corporations	80	0.01
Other Direct Taxes	650	0.06
<u>Indirect Taxes</u>	240	0.02
<u>Total Provincial Taxes</u>	1,310	0.12
Local Taxes	600	0.05
<u>Federal Taxes</u>	2,140	0.19
<u>Total Collected in Manitoba</u>	4,050	0.36

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	9,497	
Direct Expenditure in Manitoba	9,500	1.00
Direct Manitoba Supply	9,300	0.98
Gross Expenditure	19,100	2.01
GDP at Market Price	11,000	1.16
GDP at Factor Cost	9,800	1.03
Labour Income	6,600	0.69
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	202	21.3
Indirect Employment	11	1.2
<u>Induced Employment</u>	52	5.5
<u>Total Employment</u>	265	27.9

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	300	0.03
Corporations	70	0.01
Other Direct Taxes	550	0.06
<u>Indirect Taxes</u>	200	0.02
Total Provincial Taxes	1,120	0.12
Local Taxes	440	0.05
<u>Federal Taxes</u>	1,660	0.17
<u>Total Collected in Manitoba</u>	3,230	0.34

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	9,577	
Direct Expenditure in Manitoba	9,000	1.00
Direct Manitoba Supply	8,800	0.98
Gross Expenditure	22,000	2.44
GDP at Market Price	11,600	1.29
GDP at Factor Cost	10,700	1.19
Labour Income	8,600	0.96
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	247	27.4
Indirect Employment	9	1.0
Induced Employment	68	7.6
<u>Total Employment</u>	<u>325</u>	<u>36.1</u>

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
(2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
(3) All Economic impact estimates presented are in 1995 dollars.
(4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
(5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	420	0.05
Corporations	70	0.01
Other Direct Taxes	670	0.07
<u>Indirect Taxes</u>	<u>260</u>	<u>0.03</u>
Total Provincial Taxes	1,410	0.16
Local Taxes	450	0.05
<u>Federal Taxes</u>	<u>1,960</u>	<u>0.22</u>
Total Collected in Manitoba	3,820	0.42

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
(2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
(3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
(4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
Economic Impact Assessment Model
Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	4,347	
Direct Expenditure in Manitoba	4,300	1.00
Direct Manitoba Supply	4,300	1.00
Gross Expenditure	8,300	1.93
GDP at Market Price	3,600	0.84
GDP at Factor Cost	3,100	0.72
Labour Income	2,300	0.53
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	46	10.7
Indirect Employment	8	1.9
<u>Induced Employment</u>	18	4.2
<u>Total Employment</u>	72	16.7

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	120	0.03
Corporations	20	0.00
Other Direct Taxes	170	0.04
<u>Indirect Taxes</u>	60	0.01
Total Provincial Taxes	370	0.09
Local Taxes	120	0.03
<u>Federal Taxes</u>	730	0.17
<u>Total Collected in Manitoba</u>	1,230	0.29

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	1,576	
Direct Expenditure in Manitoba	1,600	1.00
Direct Manitoba Supply	1,500	0.94
Gross Expenditure	4,000	2.50
GDP at Market Price	2,100	1.31
GDP at Factor Cost	1,900	1.19
Labour Income	1,600	1.00
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	25	15.6
Indirect Employment	1	0.6
<u>Induced Employment</u>	13	8.1
<u>Total Employment</u>	39	24.4

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	100	0.06
Corporations	10	0.01
Other Direct Taxes	100	0.06
<u>Indirect Taxes</u>	40	0.03
Total Provincial Taxes	260	0.16
Local Taxes	30	0.02
<u>Federal Taxes</u>	330	0.21
Total Collected in Manitoba	610	0.38

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax Motive Fuel Tax and the Health and Education Levy
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(S000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	5,813	
Direct Expenditure in Manitoba	5,800	1.00
Direct Manitoba Supply	5,600	0.97
Gross Expenditure	13,200	2.28
GDP at Market Price	7,000	1.21
GDP at Factor Cost	6,400	1.10
Labour Income	4,900	0.64
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	95	16.4
Indirect Employment	6	1.0
<u>Induced Employment</u>	39	5.7
<u>Total Employment</u>	139	24.0

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(S000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	270	0.05
Corporations	40	0.01
Other Direct Taxes	340	0.06
<u>Indirect Taxes</u>	140	0.02
<u>Total Provincial Taxes</u>	800	0.14
Local Taxes	160	0.03
<u>Federal Taxes</u>	1,020	0.18
<u>Total Collected in Manitoba</u>	1,980	0.34

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1954 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	3,918	
Direct Expenditure in Manitoba	3,900	1.00
Direct Manitoba Supply	2,000	0.51
Gross Expenditure	4,400	1.13
GDP at Market Price	2,000	0.51
GDP at Factor Cost	1,900	0.49
Labour Income	1,300	0.33
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	44	11.3
Indirect Employment	4	1.0
<u>Induced Employment</u>	10	2.6
<u>Total Employment</u>	59	15.1

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	50	0.01
Corporations	10	0.00
Other Direct Taxes	110	0.03
<u>Indirect Taxes</u>	40	0.01
Total Provincial Taxes	210	0.05
Local Taxes	70	0.02
<u>Federal Taxes</u>	270	0.07
<u>Total Collected in Manitoba</u>	560	0.14

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	550	
Direct Expenditure in Manitoba	550	1.00
Direct Manitoba Supply	550	1.00
Gross Expenditure	1,550	2.82
GDP at Market Price	810	1.47
GDP at Factor Cost	750	1.36
Labour Income	670	1.22
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	10	18.2
Indirect Employment	0	0.0
<u>Induced Employment</u>	5	9.1
<u>Total Employment</u>	16	29.1

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

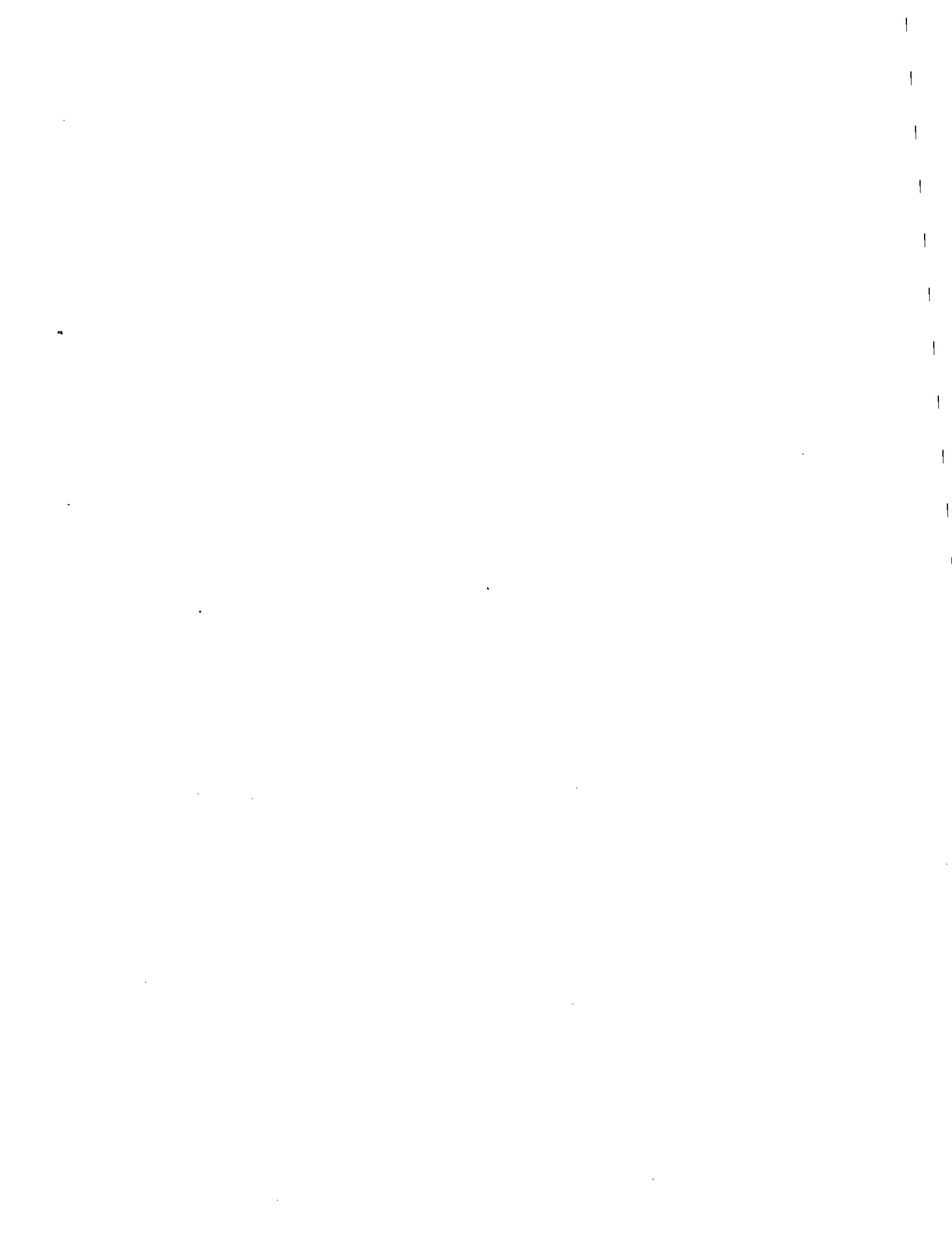
TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	40	0.07
Corporations	10	0.02
Other Direct Taxes	40	0.07
<u>Indirect Taxes</u>	20	0.04
<u>Total Provincial Taxes</u>	100	0.18
Local Taxes	30	0.05
<u>Federal Taxes</u>	130	0.24
<u>Total Collected in Manitoba</u>	270	0.49

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model



APPENDIX - B:

WESTERN CANADA LOTTERIES CORPORATION

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	22,300	
Direct Expenditure in Manitoba	22,300	1.00
Direct Manitoba Supply	15,100	0.68
Gross Expenditure	36,400	1.63
GDP at Market Price	17,100	0.77
GDP at Factor Cost	15,600	0.70
Labour Income	12,100	0.54
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	230	10.2
Indirect Employment	40	1.9
<u>Induced Employment</u>	100	4.3
<u>Total Employment</u>	370	16.4

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	660	0.03
Corporations	110	0.00
Other Direct Taxes	860	0.04
<u>Indirect Taxes</u>	320	0.01
<u>Total Provincial Taxes</u>	1,940	0.09
Local Taxes	610	0.03
<u>Federal Taxes</u>	2,480	0.11
<u>Total Collected in Manitoba</u>	5,030	0.23

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

Manitoba based expenditures by commodity were provided to MBS by WCLC, as were direct employment and average wage data for 1994/95. These expenditures totaled \$22.3 million, which included \$5.3 million (23.6%) for labour income and \$7.0 million (31.5%) for ticket printing.

MBS ensured that where WCLC activities interface with the MLC, such activities were not included in both components: such as Lottery Retail Commissions which MBS included in the MLC component of the study, and transfers to Alberta and Saskatchewan which were entirely excluded from the analysis.

APPENDIX - C:

MANITOBA LOTTERIES DISTRIBUTION SYSTEM

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Total Direct Expenditure	386,800	
Direct Manitoba Expenditure	376,000	1.00
Direct Manitoba Supply	316,900	0.84
Gross Expenditure	792,000	2.11
GDP at Market Price	391,500	1.04
GDP at Factor Cost	361,200	0.96
Labour Income	295,600	0.79
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	5,570	14.8
Indirect Employment	480	1.3
<u>Induced Employment</u>	<u>2,300</u>	<u>6.1</u>
<u>Total Employment</u>	<u>8,350</u>	<u>22.2</u>

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	17,850	0.05
Corporations	2,420	0.01
Other Direct Taxes	20,040	0.05
<u>Indirect Taxes</u>	<u>7,760</u>	<u>0.02</u>
Total Provincial Taxes	48,070	0.13
Local Taxes	15,030	0.04
<u>Federal Taxes</u>	<u>61,190</u>	<u>0.16</u>
Total Collected in Manitoba	126,480	0.34

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

The Manitoba Bureau of Statistics assessed the economic impacts resulting from the re-spending of Manitoba Lottery Distribution System funds of \$386.8 million in 1995/96. The specific programs and organizations funded by lotteries revenue were all examined separately in the MBS analysis. As a result there are approximately 50 separate pieces contained in this component. The methodologies employed for this large number of assessments are of two types:

1. For those organizations for which MBS had performed previous impact studies, impact estimates were derived from the economic multipliers produced by those previous studies. Multipliers from 10 previous MBS impact assessment studies were used in this manner.
2. The expenditure of each organization, made possible by lottery revenue distribution, was allocated to those commodities or industries assumed to be most in demand. In determining the "most likely" distribution of commodities, MBS used detailed information regarding specific programs as provided by the Lottery Distribution office.

For a number of sub-components, MBS was required to provide an average annual wage rate for use by the model. For direct university employment the average used was \$40,000, other education employment was \$38,000, other provincial government employment was \$37,000, City of Winnipeg employment was \$38,000 and other municipalities employment was \$26,000.

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	6,068	
Direct Manitoba Expenditure	6,000	1.00
Direct Manitoba Supply	3,200	0.53
Gross Expenditure	8,100	1.35
GDP at Market Price	3,400	0.57
GDP at Factor Cost	3,200	0.53
Labour Income	2,400	0.40
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	48	8.0
Indirect Employment	16	2.7
Induced Employment	19	3.2
<u>Total Employment</u>	82	13.7

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	120	0.02
Corporations	20	0.00
Other Direct Taxes	180	0.03
<u>Indirect Taxes</u>	60	0.01
Total Provincial Taxes	390	0.07
Local Taxes	120	0.02
Federal Taxes	490	0.08
<u>Total Collected in Manitoba</u>	1,000	0.17

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	34,230	
Direct Manitoba Expenditure	32,400	1.00
Direct Manitoba Supply	28,700	0.89
Gross Expenditure	70,900	2.19
GDP at Market Price	34,600	1.07
GDP at Factor Cost	31,800	0.98
Labour Income	26,500	0.82
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	694	21.4
Indirect Employment	45	1.4
<u>Induced Employment</u>	213	6.6
<u>Total Employment</u>	952	29.4

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	1,360	0.04
Corporations	200	0.01
Other Direct Taxes	2,010	0.06
<u>Indirect Taxes</u>	700	0.02
Total Provincial Taxes	4,280	0.13
Local Taxes	1,340	0.04
<u>Federal Taxes</u>	5,490	0.17
<u>Total Collected in Manitoba</u>	11,110	0.34

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	13,461	
Direct Manitoba Expenditure	12,600	1.00
Direct Manitoba Supply	7,700	0.61
Gross Expenditure	18,800	1.49
GDP at Market Price	9,200	0.73
GDP at Factor Cost	8,400	0.67
Labour Income	6,600	0.52
<u>Employment (Person-Years)</u>		
		<u>Employment/\$ Million</u>
Direct Employment	152	12.1
Indirect Employment	32	2.5
Induced Employment	65	5.2
<u>Total Employment</u>	248	19.7

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	310	0.02
Corporations	50	0.00
Other Direct Taxes	510	0.04
<u>Indirect Taxes</u>	180	0.01
<u>Total Provincial Taxes</u>	1,040	0.08
Local Taxes	320	0.03
<u>Federal Taxes</u>	1,340	0.11
<u>Total Collected in Manitoba</u>	2,700	0.21

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

Lottery Distribution: Health

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	20,878	
Direct Manitoba Expenditure	16,300	1.00
Direct Manitoba Supply	14,100	0.87
Gross Expenditure	37,500	2.30
GDP at Market Price	18,600	1.14
GDP at Factor Cost	17,300	1.06
Labour Income	15,100	0.93
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	305	18.7
Indirect Employment	10	0.6
<u>Induced Employment</u>	121	7.4
<u>Total Employment</u>	435	26.7

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	770	0.05
Corporations	80	0.00
Other Direct Taxes	940	0.06
<u>Indirect Taxes</u>	400	0.02
<u>Total Provincial Taxes</u>	2,190	0.13
Local Taxes	590	0.04
<u>Federal Taxes</u>	2,570	0.16
<u>Total Collected in Manitoba</u>	5,350	0.33

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	2,444	
Direct Manitoba Expenditure	2,400	1.00
Direct Manitoba Supply	1,300	0.54
Gross Expenditure	3,200	1.33
GDP at Market Price	1,600	0.67
GDP at Factor Cost	1,500	0.63
Labour Income	1,200	0.50
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	25	10.4
Indirect Employment	1	0.4
<u>Induced Employment</u>	10	4.2
Total Employment	36	15.0

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	70	0.03
Corporations	10	0.00
Other Direct Taxes	80	0.03
<u>Indirect Taxes</u>	30	0.01
Total Provincial Taxes	200	0.08
Local Taxes	60	0.03
<u>Federal Taxes</u>	250	0.10
Total Collected in Manitoba	2,700	1.13

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

Lottery Distribution: Natural Resources

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRCTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	450	
Direct Manitoba Expenditure	500	1.00
Direct Manitoba Supply	100	0.20
Gross Expenditure	300	0.60
GDP at Market Price	100	0.20
GDP at Factor Cost	100	0.20
Labour Income	100	0.20
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	3	6.0
Indirect Employment	0	0.0
<u>Induced Employment</u>	1	2.0
<u>Total Employment</u>	4	8.0

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRCTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	0	0.00
Corporations	0	0.00
Other Direct Taxes	10	0.02
<u>Indirect Taxes</u>	0	0.00
<u>Total Provincial Taxes</u>	10	0.02
Local Taxes	0	0.00
<u>Federal Taxes</u>	20	0.04
<u>Total Collected in Manitoba</u>	40	0.08

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES (\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	17,500	
Direct Manitoba Expenditure	17,500	1.00
Direct Manitoba Supply	15,200	0.87
Gross Expenditure	36,000	2.06
GDP at Market Price	17,900	1.02
GDP at Factor Cost	16,400	0.94
Labour Income	12,900	0.74
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	323	18.5
Indirect Employment	19	1.1
<u>Induced Employment</u>	103	5.9
<u>Total Employment</u>	444	25.4

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES (\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	660	0.04
Corporations	110	0.01
Other Direct Taxes	970	0.06
<u>Indirect Taxes</u>	340	0.02
<u>Total Provincial Taxes</u>	2,080	0.12
Local Taxes	650	0.04
<u>Federal Taxes</u>	2,650	0.15
<u>Total Collected in Manitoba</u>	5,380	0.31

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	524	
Direct Manitoba Expenditure	500	1.00
Direct Manitoba Supply	200	0.40
Gross Expenditure	300	0.60
GDP at Market Price	200	0.40
GDP at Factor Cost	100	0.20
Labour Income	100	0.20
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	3	6.0
Indirect Employment	0	0.0
<u>Induced Employment</u>	1	2.0
<u>Total Employment</u>	5	10.0

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	0	0.00
Corporations	0	0.00
Other Direct Taxes	10	0.02
<u>Indirect Taxes</u>	0	0.00
Total Provincial Taxes	20	0.04
Local Taxes	10	0.02
<u>Federal Taxes</u>	20	0.04
<u>Total Collected in Manitoba</u>	40	0.08

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRCTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	5,000	
Direct Manitoba Expenditure	5,000	1.00
Direct Manitoba Supply	4,500	0.90
Gross Expenditure	10,800	2.16
GDP at Market Price	5,900	1.18
GDP at Factor Cost	5,400	1.08
Labour Income	4,200	0.84
<u>Employment (Person-Years)</u>		
		<u>Employment/\$ Million</u>
Direct Employment	85	17.0
Indirect Employment	2	0.4
<u>Induced Employment</u>	33	6.6
<u>Total Employment</u>	121	24.2

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPAIRCTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	230	0.05
Corporations	40	0.01
Other Direct Taxes	290	0.06
<u>Indirect Taxes</u>	110	0.02
Total Provincial Taxes	670	0.13
Local Taxes	210	0.04
<u>Federal Taxes</u>	860	0.17
<u>Total Collected in Manitoba</u>	1,750	0.35

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	51,200	
Direct Manitoba Expenditure	47,700	1.00
Direct Manitoba Supply	43,600	0.91
Gross Expenditure	103,300	2.17
GDP at Market Price	45,100	0.95
GDP at Factor Cost	40,800	0.86
Labour Income	33,700	0.71
<u>Employment (Person-Years)</u>		<u>Employment/\$ Million</u>
Direct Employment	399	8.4
Indirect Employment	134	2.8
Induced Employment	208	4.4
<u>Total Employment</u>	740	15.5

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	3,390	0.07
Corporations	290	0.01
Other Direct Taxes	2,070	0.04
<u>Indirect Taxes</u>	910	0.02
<u>Total Provincial Taxes</u>	6,660	0.14
Local Taxes	2,100	0.04
<u>Federal Taxes</u>	8,500	0.18
<u>Total Collected in Manitoba</u>	17,250	0.36

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1964 (part 1), Tobacco Tax and MLCC Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES (\$000'S)

	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
Direct Lottery Distributions	235,000	
Direct Manitoba Expenditure	235,000	1.00
Direct Manitoba Supply	198,300	0.84
Gross Expenditure	502,800	2.14
GDP at Market Price	254,900	1.08
GDP at Factor Cost	236,100	1.00
Labour Income	192,800	0.82
<u>Employment (Person-Years)</u>		
		<u>Employment/\$ Million</u>
Direct Employment	3,532	15.0
Indirect Employment	223	0.9
Induced Employment	1,531	6.5
<u>Total Employment</u>	<u>5,285</u>	<u>22.5</u>

- Notes: (1) GDP at Market Price is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Factor Cost is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Price less indirect taxes plus subsidies).
 (3) All Economic impact estimates presented are in 1995 dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES (\$000'S)

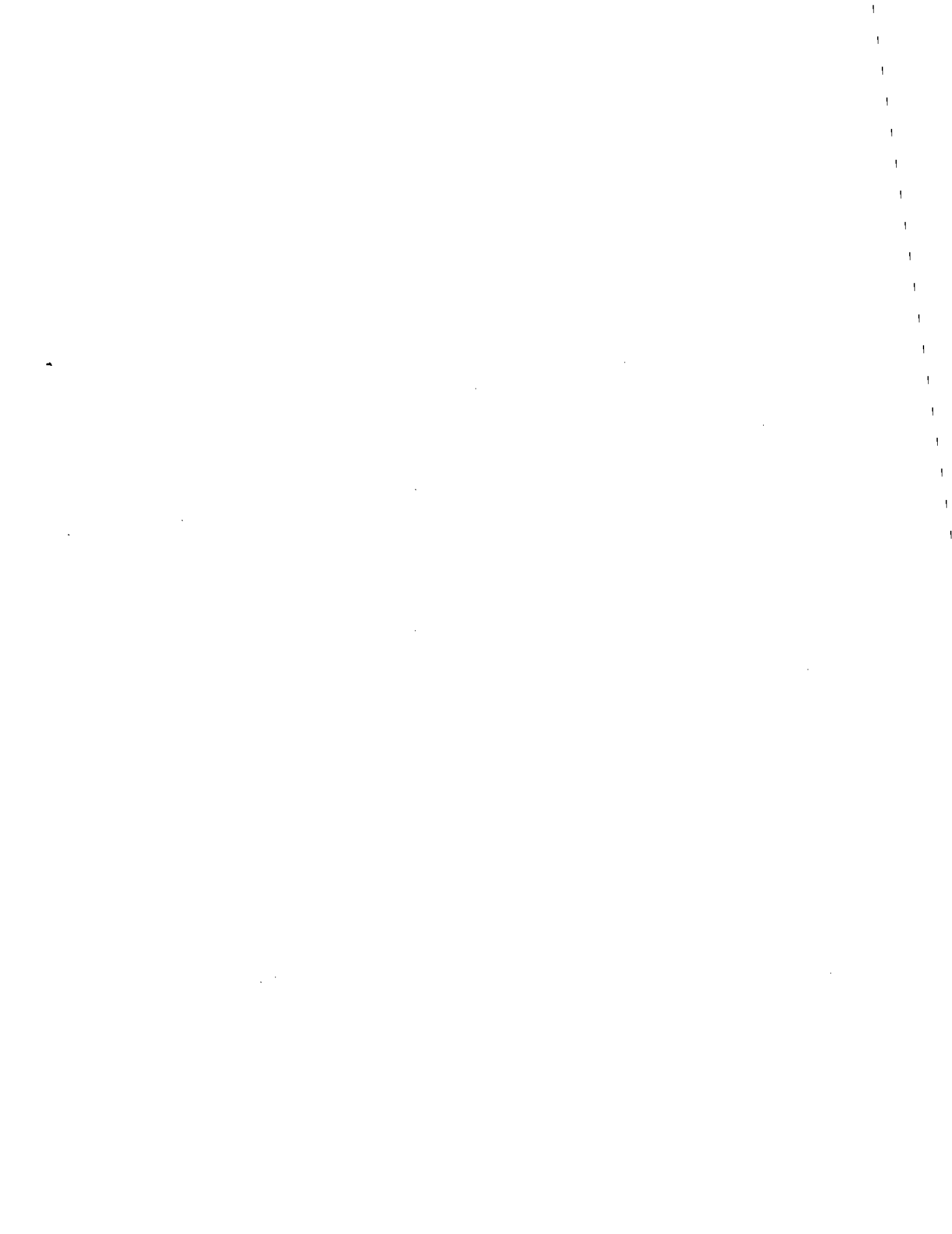
	TOTAL IMPACTS	DOLLAR IMPACT PER \$1.00 OF DIRECT EXPENDITURE
<u>Income Taxes</u>		
Individuals	10,930	0.05
Corporations	1,620	0.01
Other Direct Taxes	12,970	0.06
<u>Indirect Taxes</u>	<u>5,010</u>	<u>0.02</u>
Total Provincial Taxes	30,530	0.13
Local Taxes	9,620	0.04
<u>Federal Taxes</u>	<u>38,990</u>	<u>0.17</u>
<u>Total Collected in Manitoba</u>	<u>79,150</u>	<u>0.34</u>

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Gasoline Tax, Revenue Act 1994 (part 1), Tobacco Tax and Lottery Revenue.
 (2) Indirect Taxes includes Insurance Corporation Tax, Land Transfer Tax, Corporation Capital Tax, Motive Fuel Tax and the Health and Education Levy.
 (3) Tax revenue impact estimates are based on 1992 income tax data and 1995 Manitoba Budget.
 (4) Figures may not add to total, due to rounding.

Data Source: Manitoba Bureau of Statistics
 Economic Impact Assessment Model
 Tax Revenue Impact Assessment Model

APPENDIX - D:

MBS ECONOMIC & TAX REVENUE
IMPACT ASSESSMENT MODELS



MBS ECONOMIC & TAX REVENUE IMPACT ASSESSMENT MODELS:

Economic impact estimates have been derived from the MBS Economic Impact Assessment Model. This model, based on Statistics Canada's 1984 Input-Output Tables for Manitoba, records in detail the inter-industry flow of goods and services.

The MBS Model provides estimates of the Direct, Indirect and Induced Impacts of a project or activity on the Manitoba economy.

Direct Impacts are impacts on firms which expand production to satisfy an increase in demand for a particular commodity. The **Indirect Impacts** are the "ripple effect", as the firms directly impacted require more inputs from other firms in order to satisfy the increased demand.

As the directly and indirectly impacted firms expand production they require more staff thus increasing the income paid to wage earners. After withholding 28% of labour income for taxes and savings, the remainder of this income is spent, which increases the demand for other commodities. This "consumer effect" results in the **Induced Impacts**.

While economic impact models can be a useful component in the decision making process, they do have limitations (i.e., model is static, based on average patterns for technology and costs for commodities and industries, at a fixed point in time). And while data inputs, supply ratios and employment deflators can all be user specified for a particular project, there is never perfect knowledge. As a result, the model cannot provide a complete or absolute measure of the impact of economic change. The resultant impacts should be treated as general estimates only and never as absolutes.

Manitoba provincial taxation estimates, consisting of Personal and Corporate Income Taxes, Other Direct Taxes and Indirect Taxes, have been prepared using the MBS Tax Revenue Impact Assessment Model. The MBS tax model's structure is based on 1995 Manitoba Budget data, detailed unpublished 1992 Income Tax Data and MBS Manitoba Provincial Economic Accounts data.

As input, it utilizes output from the MBS Economic Impact Assessment Model, such as the estimated impacts on GDP at Market Prices, Labour Income and Employment, as well as information on average wage rates for direct and non-direct jobs. Federal and local taxes accruing in Manitoba are estimated by utilizing their past relationships to Manitoba provincial taxes. As with the economic impacts, tax revenue impacts should also be treated as general estimates only. Local Tax estimates should be considered to be the "softest" of the three tax revenue estimates.

GLOSSARY OF TERMS:

DIRECT EXOGENOUS IMPACTS

"Exogenous Impacts" refers to impacts determined outside of the model. Therefore, Direct Exogenous Impacts are values that have been directly input to the MBS Economic Impact Assessment Model, such as Direct Labour Income and Direct Employment for the project. Direct Exogenous Impacts may also be referred to as "Project Direct"

DIRECT ENDOGENOUS IMPACTS

"Endogenous Impacts" refers to impacts determined within the model. Direct Endogenous Impacts are the impacts to Direct Suppliers for the Project, for the various materials and services required. This is the first level of economic activity resulting from Project Expenditures (i.e., the simulated first round of purchases in the MBS Economic Impact Assessment Model). Direct Endogenous Impacts may also be referred to as "Other Direct", or "Project Related".

INDIRECT IMPACTS

Indirect Impacts are the second level of economic activity resulting from Project Expenditures; the simulated second round of purchases in the MBS Economic Impact Assessment Model. Indirect Impacts result when Directly Impacted firms require additional inputs from other firms in order to meet the demands of the Project, or simply to "restock shelves" in preparation for future projects.

INDUCED IMPACTS

Induced Impacts are the "Consumer" or "Household" effect which occurs as a result of wage re-spending. It is assumed that most of the Labour Income derived from Direct Exogenous, Direct Endogenous and Indirect Impacts is spent on consumable or household items by those employed as a direct or indirect result of the project. This is the third level of economic activity resulting from Direct Project Expenditures.

TOTAL DIRECT IMPACTS

Total Direct Impacts are the sum of Direct Exogenous Impacts and Direct Endogenous Impacts (i.e., Project Direct plus Other Direct).

TOTAL OPEN IMPACTS

Refers to the sum of Direct Impacts (Exogenous and Endogenous) and Indirect Impacts, but does not include Induced Impacts.

TOTAL CLOSED IMPACTS

Total Closed Impacts is "Closed to Households", and is generally referred to as "Total Impacts". It is the sum of Direct, Indirect and Induced Impacts as defined above.

TOTAL EXPENDITURES

Refers to the Total Expenditures specified for the project or activity being assessed (such as Operations or Construction). Total Expenditures are the initial expenditures from which all other economic impacts (be they in Manitoba, the Rest-of-Canada or the Rest-of-the-World) ultimately result.

DIRECT EXPENDITURES

That portion of the Total Expenditures determined to be expended Directly in Manitoba (Direct Expenditures in Manitoba). These Direct Expenditures ultimately result in the Total Impacts to economic measures (i.e., GDP, Labour Income, etc.) estimated for Manitoba.

DIRECT SUPPLY

The portion of Direct Manitoba Expenditures used for goods and services estimated to be produced in Manitoba, not just Manitoba purchased. The Manitoba supply ratios contained in the model, for each commodity, are based on 1984 statistics.

GROSS EXPENDITURES

Additional expenditures by businesses and persons are levered by the Direct Expenditures in Manitoba. Gross Expenditures, or Gross Production, are simply the sum of these additional expenditures and the Direct Expenditures, and represent the gross benefit to the economy.

GDP AT MARKET PRICES

A measure of the total value of goods and services produced in the Manitoba economy, as a result of the Gross Expenditures. GDP at Market Prices is the net monetary benefit to the economy.

GDP AT FACTOR COST

A measure of the total value of goods and services produced by industries, in Manitoba. GDP at Factor Cost is equal to GDP at Market Prices minus the effects of Indirect Taxes and Subsidies.

LABOUR INCOME

The sum of all Wages, Salaries, Supplementary Labour Income and Income of Unincorporated Businesses. Any or all of these may be present in the Direct Expenditures and resultant Direct, Indirect and Induced Impacts.

EMPLOYMENT

The Employment estimated to result from the above Labour Income. Jobs are presented as "full-time equivalent person-years" (i.e. one job indicates the equivalent of one person being employed on a full-time basis for a period of one-year).

FEDERAL TAXES

The sum of Federal Income Taxes (Corporate and Personal), Other Direct Federal Taxes and Indirect Federal Taxes, estimated to be collected in Manitoba.

PROVINCIAL TAXES

The sum of Provincial Income Taxes (Corporate and Personal), Other Direct Provincial Taxes and Indirect Provincial Taxes, estimated to be collected in Manitoba.

LOCAL MANITOBA TAXES

An estimate of the total taxes, of any description, accruing to all Manitoba Municipalities, as a result of the project or activity being assessed and its spin-off activities.

APPENDIX B

DR. MARGARET E. BEARE

LAW ENFORCEMENT IMPACT ANALYSIS WITH BIBLIOGRAPHY

LAW ENFORCEMENT (POLICING) IMPACT ANALYSIS

FOR THE

MANITOBA LOTTERY POLICY REVIEW COMMITTEE

BY

DR. MARGARET E. BEARE

OCTOBER 30, 1995

**(BASED IN PART ON EARLIER RESEARCH BY M.E. BEARE AND DON
SVENDSON)**

LAW ENFORCEMENT (POLICING) IMPACT ANALYSIS

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My task in this paper is to discuss the potential impact from a law enforcement perspective of a change in the nature or intensity of legalized gaming in Manitoba. Ironically, in the course of our previous research for other jurisdictions, the existing gaming operations in Manitoba were often argued to be one of the better models in terms of regulation and control. However, there are some indications that due to changes outside of the province--the uncertainty over the future of the Western Canada Lottery Corp plus increasing competition from the provinces and states surrounding Manitoba--changes may have to be made in Manitoba in order to retain the present amount of revenue. Therefore I shall set out in this report, the conclusions that we have reached regarding the potential risks and recommendations for prevention strategies to minimize the negative effects of an increase in gaming activities.

I have not been asked to address any one specific gaming proposal and therefore the recommendations must be general and cover an array of possible changes that might be introduced into the Province. The conclusions that are contained in this report are the result of previous research into the gaming experiences internationally and more specifically in Montreal, Windsor, Nova Scotia, British Columbia and Alberta.

While no one must get complacent about the potential links between gaming and crime, we have concluded that there is no direct connection that can not be mitigated by appropriate law enforcement, policy, and regulatory controls. The difficulty arises that these "appropriate" measures involve advanced preventive strategies and policies and a political will to put law enforcement interests above strictly revenue considerations.

The revenue becomes addictive but must not be allowed to dictate conditions for the operation, placement, or number of gaming opportunities.

The conclusion that is reached, and in some jurisdictions experienced, is that without adequate law enforcement and regulatory and structural mechanisms in place there will be additional forms of frauds, scams, thefts and organized crime involvement in illicit profit-making operations. However, there is no tidy, irrefutable, nor irreversible, relationship between forms of gaming and crime.

This report will address five categories of crimes and makes general and specific recommendations. The categories of crimes are i) Organized Crime and Money Laundering, ii) Crimes in General--i.e. including street crimes, iii) Crimes Relating to Compulsive Gambling, iv) Corruption of Officials, v) Crimes against the Gaming Operations. The report concludes with two sections: vi) Creating a Securable Casino Development, and vii) Policing the Gaming Environment.

i) ORGANIZED CRIME, MONEY LAUNDERING AND GAMING

The links between organized crime and gaming is drawn tightest to casino operations. However, this may be due in part to the historic circumstances of casinos in North America and may be less reflective of the corporate and government run operations that are presently in existence. This is not however to conclude that casinos operations do not provide attractive opportunities for criminals--organized and otherwise.

At present there is one main casino in Winnipeg, the Crystal Casino, operating in the Hotel Fort Garry. The newspapers have reported rumours that the casino may be leaving its present location--a location characterized by the limited size of the facilities, the hotel environment, and the dress-code. To date the casino has enjoyed a reputation as being a small scale, sophisticated, well-managed operation. If there is to be a new and a larger facility, different concerns must be addressed.

In Canada it will not likely be organized crime casino take-overs that are the risk, but rather the fact that organized criminals may want to make use of some of the services that are available through the casino operations. While casino management and law enforcement must be constantly alert to this possibility, there are ways to mitigate against the likelihood that criminals will avail themselves of the casino services. The Parliamentary Joint Committee in Australia stated at that:

"Thorough financial, gaming chip, cash handling and cheque issue procedures can virtually eliminate the problem of money laundering" (Grey, 1992, p. 5).

"...[it is] the discipline imposed upon the industry both by state regulation and by the federal reporting arrangement that makes the environment for systematic ongoing money laundering a pretty difficult process (Pinner, 1992, p.8).

In order to reduce the opportunities for organized crime the casino must have the legal recourse to exclude known criminals from the casino facilities. Currently, there is no uniform policy among the existing Canadian casinos on this. One casino takes the position that as long as the customers are not violating the integrity of the games within the casino and are not violating the criminal law during the time they spend in the casino then there is nothing that the casino management can or should do to interfere with their gambling.

In addition to the legal power to exclude these patrons there must also be the incentive to exclude customers who may well be the high-rollers and other wise the biggest spenders in the casino

Recommendation #1

. The casino must have the legal recourse to exclude known criminals from these facilities.

development. These high-roller customers will only be excluded if there is the policy in place that clearly prioritizes keeping a crime-free environment above the economic benefits from catering to criminally financed high-rollers. The decision will be whether law enforcement or revenue objectives have priority.

Information on customers who have been detected laundering criminal proceeds through the casinos is valuable intelligence for the police community. This may be one of the areas where the casinos in Canada and elsewhere can/should share their intelligence and experience. Apparently an Australian Casino Association has been started by the casinos in Australia in order to share this type of information among themselves (Grey, 1992, p.2).

Montreal, Windsor and Winnipeg do this informally at present but there may be a need for a more structured mechanism to ensure the flow of information. Various

purchaseable systems (i.e. Griffin) and less formal intelligence sharing systems are gradually operating among casino locations throughout North America and the world.

Recommendation # 2

Intelligence sharing among casinos must become a priority and the technology required for an exchange of information must be put into place.

The sharing of this intelligence recognizes the global movement of criminals who use casinos as their professional criminal arena. Investment into and involvement in these systems to share information should be given some priority.

Money Laundering

Law enforcement and casino security must be well trained in laundering strategies and be open to the fact that launderers come from all classes and do not always match the organized criminal profile. Paper trails are essential in order to prevent money laundering. One must not be allowed to walk up and buy \$200,000 worth of chips with dirty cash, wander around the casino for a period and then cash in the chips and receive a casino cheque. This casino cheque serves as a legitimate source for the income and is extremely valuable to the money launderer.

Record Keeping

The casino must be proactive in its prevention of organized crime and money laundering. In Canada we have given enforcement priority to tracking the proceeds of crime and have focused on the cleansing (money laundering) process. However we have not put into place at the federal level all of the legislative pieces that are required. Australia and the United States apply their record keeping and cash reporting legislation to casinos. In Canada our legislation is more narrow and does not at present apply to casinos. The federal government is currently in the process of reviewing this situation.

However, even without the federal legislation in place to cover the casino financial transactions, Windsor and Winnipeg have taken the view that they are performing "like a bank" with all of responsibilities as outlined in the record keeping Proceeds of Crime (Money laundering) Act. Montreal takes the position that since the federal legislation and regulations do not specify casinos they do not have to require the records to be maintained. This is not to suggest that no paper trail is generated in Montreal, but rather to indicate that there is a lack of uniformity across the country. The United States Treasury issued new casino rules in December 1994 that came into effect June 1995. The decision was made to introduce regulations in addition to these rules that would:

*"require casinos to report suspicious transactions and establish anti-money laundering measures including 'know your customer' policies and programs".
(Money Laundering Alert, December, 1994, p.4)*

The new rules include the requirement that casinos:

. In reporting cash transactions, casinos must include cash equivalents such as chips, tokens, front money deposits, cash bets, purchase of casino cheques and exchanges of currency, including foreign cash;

. The casino must keep records of customers who have purchased or redeemed slot machine tokens of more than \$3,000 in a single gaming day;

Multiple cash transactions must be treated as a single transaction, if the transactions are 'by or on behalf of any person';

If a customer's cash in or cash out transactions when aggregated exceed \$10,000 in a gaming day, the casino must obtain the identification of the customer if it is 'reasonably available'.

Manitoba must continue to ensure (either by regulations or by legislation) that any cash transaction in a casino over a certain amount must at least generate a piece of paper with the name, address, and identification of the person bringing the money into the casino. In addition to identification and the restrictions on customers who merely buy tokens for cash and then trade them in for a cheque, the casino might create a "cash-in/ cash-out" policy.

Related to this suggestion is the model that Australia has been working on that involves the notion of issuing cheques marked "winners cheques" and "non-winners cheques" (Grey, 1992, p. 7).

Recommendation #3

Either by legislation or regulations the casino must create a paper trail to assist in the detection and investigation of money laundering.

These strategies require some minimum amount of record keeping during the course of each evening. In a less formal

"Suspicious transaction" reporting to a law enforcement agency should be mandated by casino policy.

manner some casinos claim to catch the non-playing individual and in highly suspicious circumstances the casino may refuse to pay by cheque and instead return the cash to the customer. It is impossible to know whether the customer deemed to be "suspicious" is the exception or reflects a careful on-going surveillance of the patrons.

Laundering Through Slot Machines

While not an ideal method of laundering, the high stakes slots and tables provide an opportunity to launder cash and must be carefully monitored. For example, the \$500 slot machine has a pay-out of 97.4% (with 90 % confidence over 100,000

tries). With some risk involved, this machine might launder money at a cheaper rate than the going street laundering price. On the street it costs the sophisticated money launderer from 6% for the small operation to 30% for the large multi-million dollar operation. These machines themselves are not criminogenic but there must be a paper trail and surveillance created when the customer buys the tokens so that the final pay-out can not be seen to be a large win based on a lucky token or two.

Laundering By Legitimate Businesses

Cities that acquire large casinos with a high percentage of tourist customers may also enjoy a spin-off of increased revenue in the local restaurants and shops. One thing that we have learned is that the claim by businesses that they have not been positively affected by the casinos may in fact be an attempt to draw the attention of Revenue Canada away from their new found incomes. The casino may then not only contribute to their revenue but may also serve to launder relatively small amounts on a continual basis. Law enforcement and revenue officials may want to maintain a familiarity with businesses in the vicinity of gaming operations.

ii) PREVENTION OF CRIMES IN GENERAL

The periphery of the casino must be protected both by enforcement and by pre-casino regulation. This will involve the careful monitoring of the number and nature of bars in the vicinity of the casino, the intensity of traffic enforcement, and the street presence of police officers around the casino.

Traffic and Parking Whenever a large number of people arrive and leave an event there are built in traffic considerations. Traffic accidents and the need for traffic flow planning are reduced

Recommendation #4

Policies and planning must precede any large scale casino development. Decisions regarding parking, traffic flow plus policies regarding the serving of alcohol at the gaming tables/ equipment and the hours of casino operation will have a direct impact on the areas of the city surrounding the casino.

to the extent that the public can be convinced or coerced to take public transportation. Currently casinos in Canada handle their traffic in slightly different ways. In Montreal the public must take public transport to the casino or drive park and take the free casino shuttle. The location of the casino allows the management to dictate these options. Traffic in downtown Montreal is not affected by this traffic due to the casino location. On the other hand, Windsor has a down-town casino location and the additional problem that the U.S. drivers are not deterred from illegal parking by parking tickets received within Canada. For this reason there is a system of rapid towing that takes all offending vehicles away from the downtown area. Valet parking at the casino is relatively expensive at more than \$50 and there is limited parking in authorized lots in the district walkable to the casino. While the traffic and parking situation in Windsor might in fact be adequately solved, one does get the sense that it is not ideal from either the casino customers or from enforcement' perspective. In Winnipeg, at present no special accommodation was required for casino parking due to the limited size of the facility.

Parking and traffic flow must be a consideration for city planners during the early planning of the casino development and may in fact help to determine the location of the casino. Canadians

Recommendation # 5

. Lighting and clear signs plus a visibly street police presence will help to reduce crime around the gaming site.

apparently do not like the park-and-shuttle arrangement and yet there may be a need to reduce the number of cars in the downtown area. The implementation of a comprehensive long-range plan for the downtown area, plus clearly marked parking and traffic flow around the casino, plus a visible police presence will ameliorate many of the difficulties. In addition, professionally designed lighting, cameras and physical surveillance must be a carefully planned aspect of all parking arrangements.

Street offences

Street offences more generally should be controllable with two strategies. First, via careful zoning, licensing, and regulatory mechanisms in the periphery of the casino. Again, as mentioned above, this type of intelligence and surveillance must begin prior to any formal casino announcement. Second, via an increased street-level community-based policing presence with community input and involvement.

Recommendation # 6

. Traffic and street offences should be targeted by a combination of pre-casino planning, intelligence work to prevent the gradual transformation of the community, and an increased policing presence to limit traffic and street violations.

In the event that a large "world-class" casino is considered, in keeping with the community-based focus of the Winnipeg Police Department, the police may choose to set up a store-front police station in the vicinity of the casino and staff it with the additional police officers plus a combination of volunteer community representatives and civilian workers. This storefront could receive calls, serve as a start and stop point for the foot-patrols and operate as a less formal drop-in service for the public while ensuring the visible presence of the additional police. The store-front would not open into the casino as these officers would be street officers and therefore distinct from the inside operations of the casino.

Miscellaneous Offences

In addition to these concerns, panhandling, prostitution, and child abandonment have been associated with large-scale casino and bingo operations. The police presence should serve to mitigate against these crimes.

Economic Offences

In recently released 1994 statistics by the Windsor Police Service, crime in general had continued to decline in that community. While there was a slight increase in

motor vehicle thefts and frauds which may have been associated with the casino operation, no direct connection can be made. It would appear that the casino is not having a significant impact in terms of crime. Relative to economic crimes however, we must be concerned with the compulsive gambler who has to obtain an on-going supply of money to bet. Frauds and theft are the sources that some choose. The section below on compulsive gambling offences offers some recommendations.

iii) CRIMES RELATING TO COMPULSIVE GAMBLING

Gaming literature indicates that compulsive gambling can have a significant economic impact on the criminal justice system. While statistics and other forms of empirical data in this area are difficult to verify given the often hidden nature of some problem gambling, studies have shown that two out of three pathological gamblers commit illegal acts in order to pay the debts relating to gambling (Gemini Research and Angus Reid, 1994)¹. The range of crimes committed is broad and includes armed robbery but most involves crimes against property such as embezzlement and fraud. Theft from employers and friends, various frauds and personal bankruptcy are the types of consequences that will result. For example, in one survey 47% of Gambler Anonymous members surveyed admitted to having committed insurance fraud or thefts where insurance companies had to pay the victims. The compulsive gambling may become the client of the organized loan-shark operator. As the British Columbia study emphasizes, costs associated with arrest, prosecution, imprisonment and parole must all be considered as costs associated with gambling.

This B.C. study references R.I.F.Brown. 1987; H.R. Lesieur. 1984; R.J. Rosenthal and V.C. Lorenz. 1992.

However casinos are not the sole or likely even the most popular form of gambling available to the compulsive gambler. VLT gambling, bingos, horse-racing, true lotteries, and pull-tabs, are readily accessible and in addition to casinos are linked to compulsive gambling (Informal survey by the Addictions Foundations of Manitoba 1994; Wynne Resources for Alberta Lotteries and Gaming 1994, p.111; Gemini Research British Columbia Lottery Corporation, 1994, p.49).

As the Windsor Casino Complex selection Committee Panel was advised by Bill Eadington, the casino industry's achilles heel is how it attempts to deal with compulsive gamblers. Likewise, the

Gambling and Problem Gambling in

Alberta study recommends that the gambling industry (whoever oversees and operates the games) should be held more accountable for discouraging problem gambling. All casino companies do not have the same policies and approaches relative to minimizing the social ills from gaming. Cities may wish to build this consideration into the selection of the casino management company or into it's own policies if government managed.

While the topic of compulsive gambling is

to be covered by another group, we must acknowledge the potential crimes that relate to this form of compulsion. A number of crimes have been associated specifically with the gambler who must gamble to excess. Recommendations in this section will emphasize the accountability of the gambling industry to discourage (rather than to exploit or more neutrally to neglect) problem gambling. The problem gambler intent on "chasing his/her losses" should not be encouraged

Recommendation #7

. The casino management officials or company must be held responsible for the development and implementation of comprehensive programs to assist the compulsive gambler.

. A percentage of the revenue generated by the casino development might be used more broadly to assist the compulsive gambler who may be addicted to other forms of gaming.

. Self-exclusion (and casino initiated exclusion) policies must be in place to assist the compulsive gambler.

in any existing or any new gambling facilities. Self-exclusion of patrons who gamble in an out-of-control fashion is accepted strategy. In Montreal, Windsor and Winnipeg (as well as in the United States and Australia) there is a voluntary self-exclusion system that in some circumstances may in fact be triggered by the casino management. In Australian casinos make use of signs that warn "IF GAMBLING IS CREATING PROBLEMS IN YOUR LIFE- TELEPHONE LIFELINE" (New South Wales Casino Control Authority 1994, section 4.6.4.).

Casinos may want to limit the amount of ready cash available to the customer after he/she has arrived at the casino. We recommend against the granting of credit. There may be an additional policy decision made to limit the number and accessibility of automatic teller machines within the casino although this must be balanced with the benefits of not forcing customers to carry large amounts of cash. Loansharking remains a problem regardless (or because of) how tightly the casino regulates access to legitimate cash. Montreal has set up a unique loansharking (they use the term shylocking) unit in the MUC that attempts to limit the impact of the loanshark on the gambling clientele.

iv) CORRUPTION OF GOVERNMENT OFFICIALS

As acknowledged earlier, gaming is an extremely lucrative industry. The regulatory system must be sophisticated enough to detect corruption of the regulators themselves. For example, the video lottery terminal industry has recently been found guilty of criminal charges including bribery and corruption of officials in a number of different jurisdictions and much controversy in other sites (i.e. West Virginia, New York State, Maryland, Louisiana). The amount of money involved in the vendor contracts for this type of gaming equipment encourages intensive lobbying and/or corruption of officials. In some Provinces in Canada we still have the situation where one official has virtual signing authority for making the decision as to which company to buy from. Accountability structures must be put in place

to insure that any one official does not make independent decisions where so much money is at stake.

According to Garth Manness, former President, Western Canada Lottery Corporation, the nature of the interactions between the regulators and the vendors of gaming equipment should be such as to ensure that all companies have a fair and equal opportunity to compete for contracts (Campbell, 1994, p.72). The process must be highly visible and involve formal tendering and bidding processes. Likewise, the casino may choose to formulate a clear policy relating to the accepting of any form of personal benefit, i.e. free trips, luxurious accommodation, entertainment and meals, gifts, and the more blatant bribes.

V) CRIMES AGAINST THE GAMING OPERATIONS

We know from research elsewhere, internationally and domestically, that a well run casino relies on very specific and precise factors that begin with the architecture and security mechanisms that have been built in, or are otherwise accommodated in the building itself. In terms of casino operations, not only the management but the structure must be specific to the tasks of controlling corruption. There is a long list of key structural and operational features that have been shown to facilitate crime in their absence. A vast array of scams, frauds, and skimming will occur if these protections are not in place. The recommendations below address these vulnerable points in the running/ operation of gaming facilities.

Creating a Crime-free Ambience We believe that it is possible to create a setting that exudes an expectation of civility and sophistication and that this environment encourages law abiding behaviour. The necessary illusion is between the policing reality that criminal activity may occur if there is an opportunity, while at the same time giving the impression to the customers that crime is the furthest thing expected.

Recommendation #8

The "tuxedo mentality" presently in place in the Winnipeg casino, whereby customers are treated as special guests by well-trained courteous staff seems to create a reciprocal classy environment.

. The creation of a setting that exudes respect and courteous treatment of the customers, rather than a security-by-force image will tend to be seen and enjoyed as a crime-free environment.

Some dress restrictions appear to be desirable. For example, at the Winnipeg casino, the security staff are called "customer service representatives". These policies help to create the impression that the casino is a special place to go to have a sophisticated evening. The test will be to maintain this atmosphere if the casino becomes significantly larger.

Control via Policies

Perhaps the most important recommendation is for the government to develop clear policies that respond to every aspect of the gaming operation. Little should be left up to informal arrangements and negotiated case-specific responses. The fear is not that these informal interactions will be corrupt, but that they will result in a lack of visibility in decision making, a lack of uniformity, and a lack of specificity to ensure that government officials and the casino management can be held responsible for decisions that they have made.

There is no jurisdiction where the regulators and industry always agree on which regulations are essential. The objective for the City must be to create clear public policies that are translated into specific regulations so that the jurisdiction does not become saturated with meaningless or counterproductive rules. At the same time these policies and regulations must set out very clearly what the City expects from the casino and in what ways the City is prepared to allow the casino to change the existing environment. The City must have a master plan for the over-all development and the Casino must fit into this plan and provide the excitement, the draw, and then the revenue.

Growth vs Restraint One can only get larger NOT smaller. Rules can loosen up but seldom tighten. "Start small with an excess of control mechanisms" is a warning that is seldom heeded. As the Solicitor General report (Beare et al 1988, p.342) states :

"Arguments for growth within the gaming industry can be expressed in tangible, quantifiable, and economic terms.

...The constraint factors are by necessity more qualitative, descriptive, and consequently may be less convincing."

Politically and economically it may not be possible to "go back". The pressures for growth within and outside of the industry must be acknowledged when incremental stages are being planned.

Recommendation #9

. There must be clear policies that respond to every aspect of the gaming operation. Little should be left up to informal arrangements and negotiated case-specific responses.

. While the policies must be rigidly declared, the regulations must be flexible enough to allow the policy to be achieved in the most effective manner.

Casino Intelligence--Whose Property? The creation of detailed policies will serve to force the government and casino management to confront issues such as the wider role of law enforcement as it overlaps (or conflicts) with the role of the casino as a revenue generating industry. One specific

policy must address the role of the casino as a source of intelligence for wider law enforcement priorities. The casino environment can either be seen as "off-limits" or as a potentially valuable information source when there is a legitimate on-going police investigation.

Recommendation #10

. Law enforcement priorities must be seen also to be the casino's priorities. Police must have access to casino intelligence in cases where there is an on-going police investigation.

For example, Ontario has it written into the regulations (Bill 26 Chap. 24, Statutes of Ontario, 1992) that law enforcement priorities are to be the gaming establishment's priorities. In Windsor for example, the police have the override² on the surveillance cameras and there is the expectation that if casino intelligence can help an on-going investigation of the police than that information should be passed along. We do not believe that you can run a casino as a protected environment immune from the larger concerns of law enforcement and that in fact the casino can provide some extremely valuable information to on-going (non-fishing) police investigations.

In both Montreal and Windsor the police and the casino security people both have the cameras (approximately 400) available to them. In Montreal, the casino security people have priority in that the QPF can not cut in and refocus down or up on a particular customer if the surveillance room people are using that particular camera for their own surveillance (hence casino security has the "override". In Windsor, the police have override and can cut off the surveillance room people by focusing the cameras from their police office within the casino.

Alcohol

Inside the casino development, policies regarding the serving of alcohol may be important. Montreal, Windsor, and Winnipeg do not allow alcohol to be served at the gaming tables and the regulatory authorities would want to seriously consider the consequences prior to changing this policy. In addition to the potentially exploitive aspects of facilitating gambling patrons to drink while wagering, there may be an additional impact of drunk patrons exiting the casino when it closes.

Hours of Operation

Policies regarding closing time are also relevant. Windsor operates 24 hours per day and therefore eliminates a "closing time" that would have resulted in thousands of patrons leaving the facility simultaneously in the middle of the night. Manitoba may prefer to operate a fixed number of hours like Montreal which closes at 4am.

vi) CREATING A SECURABLE CASINO DEVELOPMENT

We know from research elsewhere, internationally and domestically, that a well run casino relies on very specific and precise factors that begin with the architecture and security mechanisms that have been built in, or are otherwise accommodated in the building itself. In terms of casino operations, not only the management but the structure must be specific to the tasks of controlling corruption. There is a vast list of key structural and operational features that have been shown to facilitate crime in their absence.

Simple "factual" things such as the height of ceilings to allow for the panning of cameras and a false floor for the computer wirings; the number and location of cameras; the need for separate loading doors for the supplies versus the money; location of cash machines and token wickets in relation to the exit doors; the need

for a bifurcation of responsibilities within the casino; decisions as to who to buy the equipment from when many foreign companies have varying reputations; who to train/ how extensively/ and where--all require a level of expertise that is gradually increasing in Canada. Our visits to the various casinos demonstrated to us that there is currently in Canada a body of people who are now expert in the running of casinos. Some of these people have gained their training in the United States during long careers in casino management in Las Vegas or Atlantic City and others have gained it in Canada with training courses in the United States and elsewhere.

Bifurcated Responsibilities

Added to these structural features must be carefully contrived bifurcated operational and overseer procedures that result in a "natural" on-going monitoring of the employees and customer activities within the casino.

As Domenic Alfieri, President of the Ontario Casino Corporation, stated:

"A distinctive organizational framework has been developed so that the regulatory activities related to casino gaming can be carried out by a gaming control commission while the operational and business/ management activities are carried out by a separate corporate agency. Thus two government bodies report to different ministries.

Recommendation #11

. New casino developments must capitalize on the wealth of experience regarding casino management, casino technology, and casino design that is available nationally and internationally.

As a result of the separation of functions (i.e. a bifurcated model), impartiality and independence of regulatory decision makers is assured. That is, the dual entities create checks and balances between the goal of revenue generation and other social and economic objectives." (Campbell, 1994, p.87)

Not only at the level of provincial government departments or branches of the same Ministry but also in terms of separate tasks within the casino, specific

responsibilities must not fall to the same person. It is essential that where ever there is an opportunity for an individual to prosper illegally, the activity must be divided between two separate individuals and/or positions.

Policies must anticipate and attempt to prevent collusion and corruption. Likewise, overlap and inconsistencies in the responsibilities of key people or key agencies/ branches may also facilitate criminal exploitation. Because Manitoba at present is government owned and managed, the arguments for bifurcated responsibilities do not always apply. However, if the casino operations change it may be essential to devote considerable effort to the selection of a professional casino management team whose priorities can to matched to Manitoba's concerns.

This section will not belabour the fine points in casino security but will merely list some of the key requirements. The list is not inclusive and is in no order of priority.

On-going Monitoring of Staff and Casino Personnel *Special attention must be given to the management practices and screening of casino personnel (owners, management staff, suppliers, service workers etc). These background in-depth investigations of the key employees take in some cases months to complete. Time must be allowed for these investigations. There will be pressure on the government to speed up the security checks in order to allow for the casino to open. The timing must allow for complete and thorough investigations into the backgrounds of all of the key personnel and appropriate and ongoing checks on the other staff.*

Security and Physical Controls *Security within the casino will be both "physical" and "investigative". Physical surveillance will consist of technology such as the surveillance cameras. These strategically located cameras must target inside to monitor every point of cash and gaming transactions but also in the entrance, exits,*

and parking garages. Cameras should be able to follow any player from the moment that he/she arrives on the premises to the point where he/she drives away.

The casino management will supply security people to serve throughout the complex. In addition there will be a separate team of casino security people who monitor the cameras and attempt to detect both violations to the integrity of the games as well as potential criminal violations. It was emphasized to us that the people trained to operate in this room must never be allowed to work in any other section of the casino due to the intelligence learned while in the camera surveillance room. This restriction is apparently made a condition of employment in the surveillance room in Windsor.

Surveillance of the "Money" *Surveillance cameras (and paper trails) must follow the flow of the money within the casino and maintain surveillance on all of the customers as they enter and leave the parking garages or lots. Likewise, a professional casino management group will know all of the rules regarding the separation of security doors, counting procedures, auditing processes, and separation of personnel responsibilities that are required for the safe handling of the cash.*

Money inside the casino is however not the sole consideration. Police checks must also focus upon the money that backs any development. The need for the casino developers to find and maintain funding must not overrule policies regarding the intensiveness of background checks.

Technology *State of the art casino technology is now available and must be used in any competitive casino. Each new casino that opens purports to have slightly superior equipment than the predecessor. Any new casino that might be built in Manitoba will be able to benefit from the advances that are constantly being made in this industry.*

vii) POLICING THE GAMING ENVIRONMENT

Enhanced Street Police Presence

Clearly "out on the street" remains the responsibility of the police of jurisdiction. If there is a large casino complex, we recommend an enhanced policing presence in the downtown casino area. In keeping with the community-based/ problem-solving focus of the Winnipeg Police they may choose to set up a store-front police station in the vicinity of the casino and staff it with the additional police officers plus a combination of volunteer community representatives and civilian workers.

Joint Force Casino Intelligence Unit

In the case of a large casino development (based perhaps on the Windsor model) we suggest the forming of a casino intelligence unit. This unit must be set up well in advance of the casino opening.

It would be responsible for monitoring the principals involved in all financial transactions during the acquisition, development and running of the casino. Also background checks of all principals, employees, service industries must be done on a continual basis. This must be an ongoing process to ensure the integrity of the casino owners, employees and suppliers of other necessary services. It would be wise to continually monitor land acquisitions in and around the casino. Also monitoring of the International Airport would be valuable to be alert to travelling criminals.

Recommendation # 12

. We recommend that the police be given resources to create:

. A joint force casino intelligence unit (in advance of the creation of the casino and development), and

. An enhanced policing presence on the street in the vicinity of the casino.

. We recommend that as the size of the gaming operations increase, consideration be given to the creation of a bifurcated system of control over the industry.

This may be best accomplished by forming a joint forces operation, including city police, the RCMP and possibly the Manitoba Lotteries Corporation or a specially created Gaming Commission to serve as a buffer. The proportion of members may need to be negotiated.

Inside Casino Unit

At present in Manitoba it is the responsibility of the Lotteries Corporation officials to run the games and to ensure the integrity of games. Some critics might argue that this one organization, responsible to one minister does not allow for the degree of bifurcated responsibility that is often recommended. At present these officials are responsible for investigating and prosecuting all gaming offences, such as cheating at play, etc. All other offences inside the casino, i.e. theft, assault, drunkenness, etc., would be responded to by the city Police. If Manitoba should decide to radically change and create a world-class/ corporation run casino, thought must be given to separating the responsibilities of running and licensing gaming in Manitoba. These enforcement and control responsibilities should be divided between agencies in order to work as a check on the discretionary power of any one organization.

CONCLUSIONS

One must not be complacent about the potential for crimes that may be associated with an increase in gaming opportunities--organized crime, corruption of officials, street crimes and gaming offences. However, we believe, based on current international as well as the existing casino experience within Canada, that crimes associated with gambling are in fact associated with the faulty management and regulation of these facilities rather than with anything inherent in the gaming activity itself. This is not to suggest that gaming is therefore "good for a community", but harm associated with crime can be anticipated and largely prevented.

SUMMARY OF RECOMMENDATIONS

RECOMMENDATION #1

The casino must have the legal recourse to exclude known criminals from these facilities.

RECOMMENDATION #2

Intelligence sharing among casinos must become a priority and the technology required for an exchange of information must be put into place.

RECOMMENDATION #3

Either by legislation or regulations the casino must create a paper trail to assist in the detection and investigation of money laundering.

"Suspicious transaction" reporting to a law enforcement agency should be mandated by casino policy.

RECOMMENDATION #4

Policies and planning must precede any large scale casino development. Decisions regarding parking, traffic flow plus policies regarding the serving of alcohol at the gaming tables/ equipment and the hours of casino operation will have a direct impact on the areas of the city surrounding the casino.

RECOMMENDATION #5

Lighting and clear signs plus a visibly street police presence will help to reduce crime around the gaming site.

RECOMMENDATION #6

Traffic and street offences should be targeted by a combination of pre-casino planning, intelligence work to prevent the gradual transformation of the community, and an increased policing presence to limit traffic and street violations.

RECOMMENDATION #7

The casino management officials or company must be held responsible for the development and implementation of comprehensive programs to assist the compulsive gambler.

A percentage of the revenue generated by the casino development might be used more broadly to assist the compulsive gambler who may be addicted to other forms of gaming.

Self-exclusion (and casino initiated exclusion) policies must be in place to assist the compulsive gambler.

RECOMMENDATION #8

The creation of a setting that exudes respect and courteous treatment of the customers, rather than a security-by-force image will tend to be seen and enjoyed as a crime-free environment.

RECOMMENDATION #9

- . *There must be clear policies that respond to every aspect of the gaming operation. Little should be left up to informal arrangements and negotiated case-specific responses.*

- . *While the policies must be rigidly declared, the regulations must be flexible enough to allow the policy to be achieved in the most effective manner.*

RECOMMENDATION #10

- . *Law enforcement priorities must be seen also to be the casino's priorities. Police must have access to casino intelligence in cases where there is an on-going police investigation.*

RECOMMENDATION #11

- . *New casino developments must capitalize on the wealth of experience regarding casino management, casino technology, and casino design that is available nationally and internationally.*

RECOMMENDATION # 12

- . *We recommend that the police be given resources to create:*
 - . *a joint force casino intelligence unit (in advance of the creation of the casino and development), and*
 - . *an enhanced policing presence on the street in the vicinity of the casino.*

- . *We recommend that as the size of the gaming operations increase, consideration be given to the creation of a bifurcated system of control over the industry.*

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APPENDIX C

VIEWPOINTS RESEARCH LTD. TELEPHONE SURVEY WITH ANALYSIS

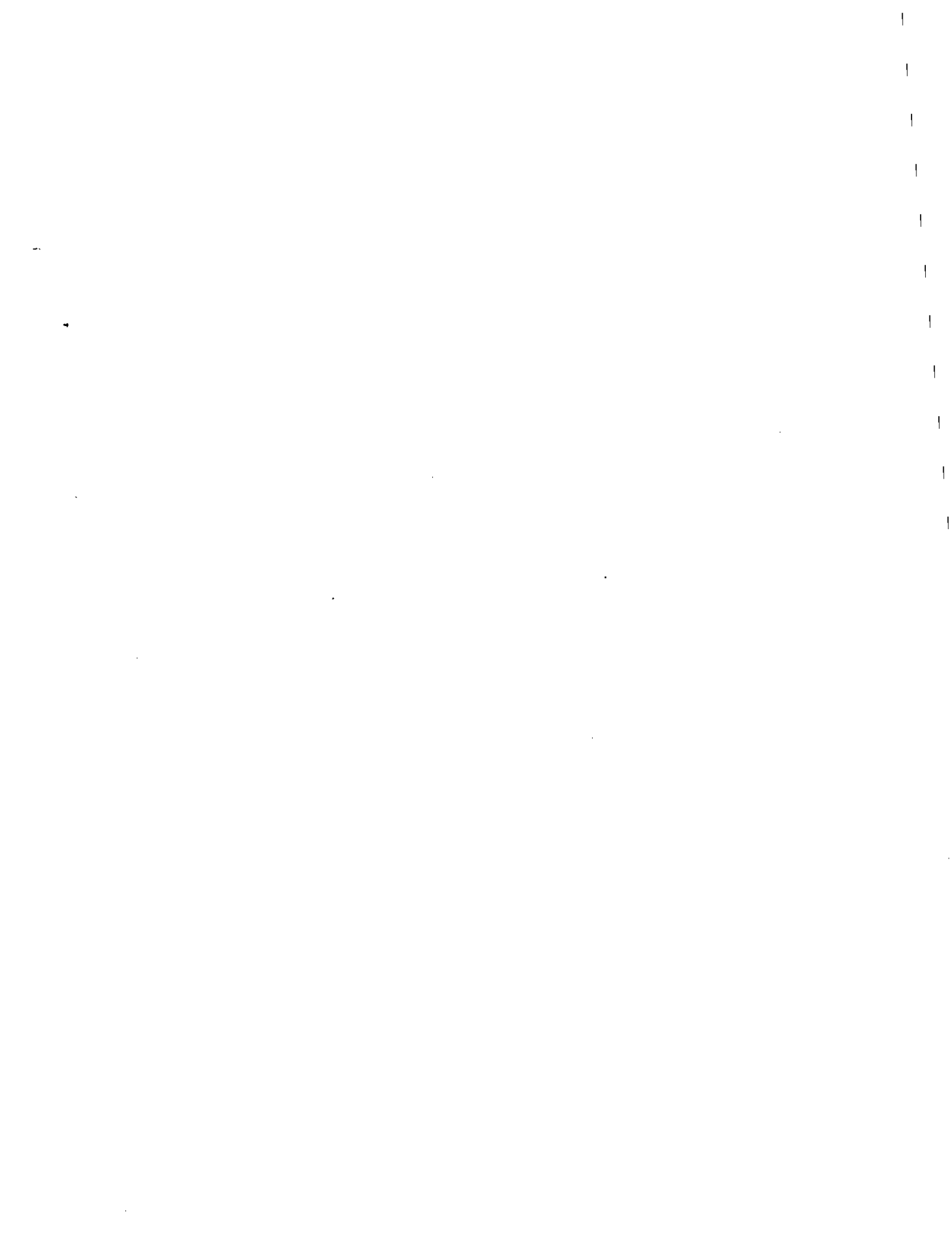


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CONCLUSIONS

The current Manitoba gambling picture

- ✓ Manitobans buy lottery tickets more than any other form of gambling activity. The vast majority of Manitobans have bought lottery tickets within the past twelve months. Less than a majority of Manitobans have played VLTs or slots, participated in casino betting, played bingo, or participated in sports betting within the past year.
- ✓ Women, northern Manitobans, Manitobans with lower household income and Manitobans with lower education levels are more likely to be bingo players than other Manitobans.
- ✓ Winnipeggers are more likely to have participated in casino betting than Manitobans outside the city.
- ✓ Men and Manitobans between the ages of 25 and 64 are more likely to have purchased lottery tickets than women or Manitobans under 25 or Manitobans over 65.
- ✓ Men are more likely to have played VLTs than women. As the age of Manitobans increases the frequency with which they play VLTs or slots decreases. The younger a respondent was when they started gambling the higher the frequency of current VLT usage. *Test determined and self-identified problem gamblers* are more likely to have played VLTs than *test determined and self-identified non-problem gamblers* (* see page 8 for a definition of test determined and self-determined gamblers).
- ✓ Men and younger Manitobans are more likely to have participated in sports betting than both women and Manitobans over the age of 50.

Manitobans' beliefs about gambling

- ✓ Overall, the majority of Manitobans demonstrate a certain level of awareness when it comes to understanding compulsive gambling behaviors and its harmful effects. The vast majority of Manitobans agree compulsive gambling is an illness. Somewhat fewer Manitobans agree this compulsive behaviour is a problem which concerns everyone.
- ✓ Women, Manitobans with a college education, older Manitobans (50 years or older) and problem gamblers are more likely to agree compulsive gambling is a problem which concerns everyone.
- ✓ Manitobans are divided on the notion gambling is a bad habit that anyone can get over if they really want to and on the idea even if people spend too much money on gambling it is still that person's own affair. Women and Winnipeggers are more likely to disagree gambling is a bad habit that anyone can get over if they really want to. Manitobans between the ages of 35 and 64 are more likely to disagree that if people spend too much money on gambling it is still that person's own affair than do both younger Manitobans and older Manitobans.

- ✓ The majority of Manitobans do not agree gambling is a harmless pastime and that a skillful gambler can beat the odds. Manitobans 65 years or older, Manitobans who are not high school graduates and *test determined problem gamblers* are more likely to agree a skillful gambler can beat the odds. Men, respondents who started gambling under the age of 18 and those who started after the age of 50 are most likely to agree gambling is a harmless pastime.

Manitobans' reasons for gambling

- ✓ While the majority of Manitobans gamble to have fun, win money and for excitement, there are small numbers of Manitobans who use gambling as a tool to distract themselves from everyday problems, to be alone and to succeed in something they believe they are good at. Less than a majority of Manitobans gamble to support worthy causes or to do things with their friends.
- ✓ Low and middle income Manitobans are more likely to use gambling as a distraction than other Manitobans. Approximately 1 in 10 Manitobans agree they gamble in order to distract themselves from everyday problems. As Manitobans' levels of income and education increase, the less likely they are to use gambling as a distraction.
- ✓ Manitobans with lower levels of education are also more likely to gamble because they think they are good at it or feel it is an activity which they can do in order to be alone.
- ✓ Younger Manitobans (between the age of 18 to 24) are more likely to gamble to have fun and to be entertained than Manitobans over the age of 25.

Attitudes toward the future of gambling in Manitoba

- ✓ A majority of Manitobans believe both the current level of gaming and the number of VLTs operating in the province should decrease. Although a sizable proportion of Manitobans would like to see the level of gaming and the number of VLTs operating in the province remain at the same level, there is virtually no support to increase the amount of gaming or the number of VLTs in the province.
- ✓ Just less than a majority of Manitobans believe the number of casinos operating in the province should remain the same while just under a majority believe the number of casinos should be decreased. As in the case of both gaming and VLTs, there is little support to increase the number of casinos in the province.
- ✓ Manitobans who are most likely to believe the current level of gaming should decrease are women, Manitobans with lower levels of household income, *test determined problem gamblers*, *self-identified problem gamblers* and Manitobans over the age of 24.
- ✓ Manitobans who are most likely to believe the number of VLTs currently operating in the province should decrease are women, Manitobans with lower levels of household income, *test determined and self-identified problem gamblers*, Manitobans over the age of 24 and Manitobans who started gambling at a young age.

- ✓ The vast majority of Manitobans do not want a casino in either their own community or in year-round recreation areas outside Winnipeg. Only 1 in 10 Manitobans would like to see a casino in their own community. Women and Manitobans from both the north and the south are more opposed to the idea of a casino in their own community than other Manitobans.

Social Impact

- ✓ A majority of Manitobans began gambling before the age of 25 while smaller proportions of respondents indicate they began in later years. Very few Manitobans began gambling over the age of 55.
- ✓ More than 1 in 4 gamblers say they have felt the need to cut down on their gambling. A further quarter of gamblers have had guilty feelings about their gambling. Somewhat fewer gamblers say they have felt annoyed by criticisms of their gambling from other people.
- ✓ One in 10 gamblers admit to having felt depressed because of their gambling. Very few gamblers admit to having had thoughts of causing themselves harm or have considered suicide because of their gambling.
- ✓ Fewer than 1 in 10 gamblers admit to having had problem with their family because of the impact of their own personal gambling however gamblers with children living at home are more likely to have had problems with family members than gamblers who do not have children living at home. Approximately 1 in 12 gamblers admit to having been unable to pay the household bills because of their gambling.
- ✓ Both *test determined* and *self-identified problem gamblers* are the only gamblers who have experienced problems at work or school because of their gambling.
- ✓ Although the majority of Manitobans said gambling has not had any affected their lives, 1 in 10 Manitobans said gambling has affected their lives negatively. Only 5% of Manitobans claimed gambling has had a positive affect on their lives.

Economic Impact

- ✓ The majority of Manitobnas have spent an average of less than \$10 per month on gambling within the past year. One in 4 respondents have spent less than \$50 per month within the same period.
- ✓ The vast majority of gamblers claimed they spent less than 10% of their total household income on their own personal gambling. However, a significant percentage of gamblers also estimated their personal gambling expenditures reflect somewhere between 10 and 20% of the total household income.
- ✓ Almost half of gamblers said they have at some time gambled more money than they initially intended upon spending. Manitobans who have problems with their gambling are more than 3 times as likely to have spent more money than they initially intended. Younger gamblers are also more likely to spend more money than they initially intended.

- ✓ Very few gamblers agreed they were in debt because of their gambling. The same small percentage further agreed they have borrowed money from their credit card to help pay for their gambling. All gamblers who admitted they were in debt or had borrowed money to pay for their gambling were *test determined problem gamblers*.
- ✓ Approximately 1 in 10 gamblers have borrowed money from friends, family members or from work to help pay for their gambling.
- ✓ Almost 1 in 10 Manitobans know someone who has committed a crime to pay for their gambling. Almost twice as many Manitobans who live outside Winnipeg compared to respondents who live in Winnipeg know someone who has committed such a crime.
- ✓ Approximately 1 in 20 Manitobans either have been or know someone who has been a victim of a crime at or near a gambling establishment. Manitobans under the age of 18 are significantly more likely to have been a victim of a gambling related crime or know someone who has been a victim of such a crime.
- ✓ Very few gamblers admitted to taking money that wasn't theirs to pay for their gambling. All respondents who admitted to having taken money to support their gambling were *test determined problem gamblers*.
- ✓ Only two gamblers admitted to having ever taken property that was not theirs to sell in order to pay for their gambling.

Treatment

- ✓ Almost 1 in 5 Manitobans know someone who has sought help for a gambling problem. When asked where somebody might go to seek help for a gambling problem the plurality of respondents did not know. However more than a quarter of Manitobans said Gamblers Anonymous and approximately 1 in 6 Manitobans said the Addictions Foundation of Manitoba. Considerably smaller proportions of Manitobans mentioned people could seek help from a gambling hotline, from a spiritual counselor or clergy member, from a family physician, from a mental health worker or from a private therapist.
- ✓ A third of all gamblers believe treatment sought by other gamblers for gambling problems was effective.
- ✓ Two of the eighteen *self-identified problem gamblers* have sought help for their gambling. One thought the help they received was effective while the other respondent did not know if their treatment had been effective. One of the *self-identified problem gambler's* family members also sought help at the same time while the other *self-identified problem gambler's* family members didn't.

CHAID analysis

- ✓ Overall, the two most important factors which influence the identification of problem gamblers are their feelings of depression about their gambling and the frequency with which they play VLTs / slots.

▼ INTRODUCTION

Viewpoints Research was commissioned by the Manitoba Lottery Policy Review Committee to design, administer and analyze a study relating to the public's perceptions of gambling in Manitoba.

Objectives

The specific objectives of this study are as follows:

- ✓ To determine the economic impact of gambling in Manitoba.
- ✓ To determine the social impact of gambling in Manitoba.
- ✓ To determine the public's attitudes toward current levels of gambling in the province.
- ✓ To identify frequency of participation in various types of gambling activities by Manitobans.
- ✓ To explore gamblers' beliefs about gambling and their reasons for their gambling behaviour.
- ✓ To determine the level of problem gambling within the province.
- ✓ To identify the public's awareness of available treatment for problem gambling.

Methodology

A total of 1000 surveys were completed with a random sample of adult Manitobans. The sample was proportional to the population. For purposes of analysis the sample was divided into the following regions: (Winnipeg 562, Southern Manitoba 190, Parkland / Interlake 84, Western Manitoba 94 and Northern Manitoba 70). The margin of error associated with a sample size of 1000 surveys is approximately $\pm 3.2\%$ nineteen times out of twenty. The margin of error on subsamples will be larger.

The survey instrument was designed by Viewpoints Research in consultation with the Manitoba Lottery Policy Review Committee.

All interviews were conducted by telephone between October 4 - 10, 1995. The fielding was conducted from Viewpoints' central phone bank in Winnipeg. Interviewers identified themselves to potential respondents as employees of Viewpoints Research and indicated they were calling a random sample of Manitoba residents to ask their opinions about current issues in Manitoba.

After each interview was completed, questionnaires were checked for completeness and accuracy. The questionnaires were then coded and keypunched by two operators who entered the data into separate computer files. The two files were compared at the end of each shift to detect and correct any data entry errors.

Reporting

The survey was designed so respondents who never gamble or who reported spending less than an average of \$10 per month over the past year on gambling were not asked specific questions on problem gambling. Therefore, for reporting purposes the following definitions are used to define different types of respondents.

Gamblers

- Respondents who spend more than \$10 per month on average over the past year on gambling.

Gamblers were also asked a series of questions relating to gambling activity. If respondents answered yes to two or more of five questions from this series they were considered *problem gamblers*. These questions are taken from the Seven Oaks Gambling Screen whose main purpose is to identify pathological gambling. Therefore, for reporting purposes these types of problem gamblers will be referred to as:

Test determined problem gamblers

- Gamblers who answered yes to two or more of the questions from the problem gambling question series.

and

Test determined non-problem gamblers

- Gamblers who answered yes to only one or none of the questions from the problem gambling question series.

Gamblers were also asked whether or not they thought they had a gambling problem. These types of gamblers will be referred to as:

Self-identified problem gamblers

- Gamblers who answered yes when asked if they thought they had a gambling problem.

and

Self-identified non-problem gamblers

- Gamblers who answered no when asked if they thought they had a gambling problem.

The table below lists the different respondent types and the number of surveys completed with each.

Respondent type	n size	% of total
Manitobans	1000	100%
Gamblers	288	29%
Test determined problem gamblers	88	9%
Self-identified problem gamblers	16	2%

▼ THE MANITOBA GAMBLING PICTURE

Frequency

Manitobans buy lottery tickets more than any other form of gambling activity. The vast majority of Manitobans (71%) have bought lottery tickets within the past twelve months. Considerably fewer Manitobans have played VLTs or slots (40%), participated in casino betting (19%), played bingo (16%) or participated in sports betting (10%) within the past year.

Table 1 illustrates level of frequency Manitobans participate in each gambling activity.

FREQUENCY OF GAMBLING ACTIVITY / Table 1

	Frequent (daily / several times a week / about once a week)	Regular (several times a month / about once a month)	Occasional (less than once a month)	Never
Bingo	4%	3%	10%	84%
Casino betting	1%	3%	16%	80%
Lottery tickets	25%	21%	26%	29%
VLTs / slots	6%	11%	23%	60%
Sports betting	1%	3%	6%	90%

In light of the significant majority of Manitobans who have purchased lottery tickets within the past year it is not surprising to note 1 in 4 Manitobans buy lottery tickets frequently. This number can be compared to only 4% of respondents who play bingo, 1% who participate in casino betting, 6% who play VLTs or slots and 1% who participate in sports betting with the same frequency.

Bingo

- Thirty-three percent of women compared to 9% of men played bingo within the past twelve months.
- A larger proportion of northern Manitobans (30%) than southern Manitobans (17%) played bingo within the past year.
- There is a strong correlation between bingo playing and household income – the lower a respondent's income the more likely they are to have played bingo in the last year. Twenty-eight percent of Manitobans whose total household income is less than \$20,000 played bingo compared to 18% of Manitobans in the less than \$30,000 income bracket. Ten percent of Manitobans whose income is more than \$40,000 a year also played bingo.

- Those with lower education levels are also more likely to be bingo players than Manitobans with a university education. Only 8% of university educated Manitobans have played bingo within the past year compared to 24% of Manitobans with less than a high school degree.

Casino betting

- Winnipeggers are more likely to have participated in casino betting (33%) than Manitobans outside the city (16%).

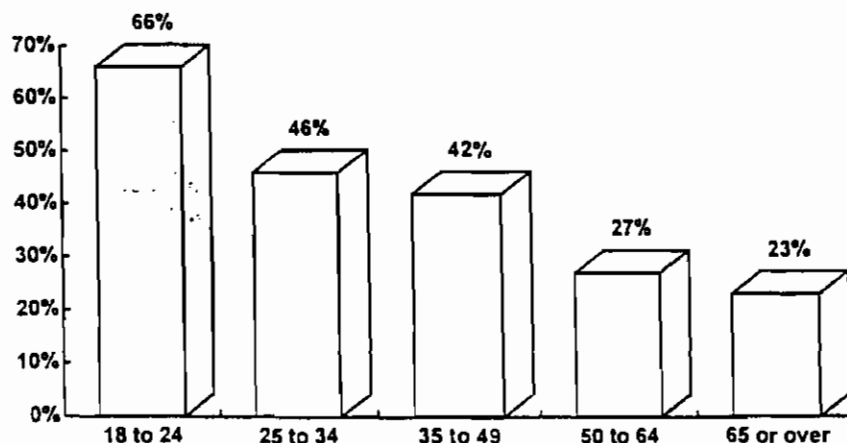
Lottery tickets

- More men (75%) than women (68%) are likely to have purchased lottery tickets.
- Manitobans between the ages of 25 and 64 are most likely to have purchased lottery tickets (approximately 75% have purchased) than Manitobans from both the youngest age cohort (58% have purchased) and oldest age cohort (66% of Manitobans 65 years and over have purchased lottery tickets).

VLTs / Slots

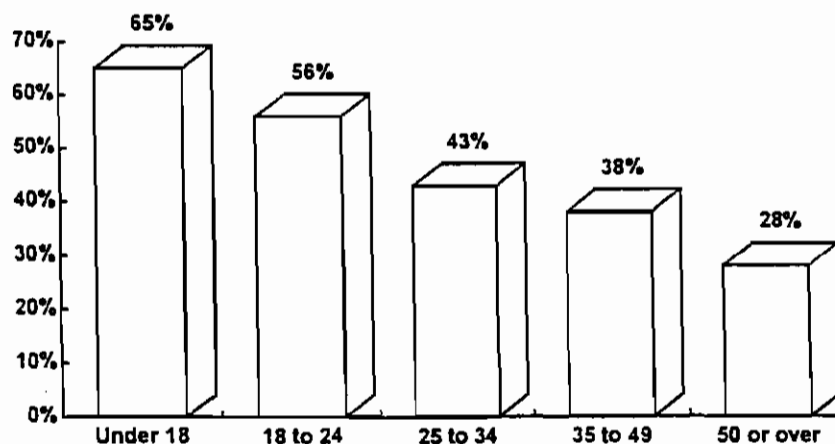
- Men are more likely to have played VLTs (44%) than women (35%).
- There is a striking correlation between age and VLT usage. A significant majority of 18 to 24 year olds (66%) have played VLTs within the past year. The frequency with which Manitobans play VLT decreases with age. Chart 1 illustrates this finding.

% OF MANITOBANS WHO HAVE PLAYED VLTs BY AGE / Chart 1



When a respondent started gambling also correlates to the frequency with which they play VLTs – the younger a respondent was when they started gambling the higher the frequency of current VLT usage. Chart 2 illustrates this finding.

% WHO PLAY VLTs BY WHEN THEY INITIALLY STARTED GAMBLING / Chart 2



- Manitobans who were identified as *test determined problem gamblers* are more likely to have played VLTs (85%) than *test determined non-problem gamblers* (64%).
- *Self-identified problem gamblers* were significantly more likely to have played VLTs (81%) than *self-identified non-problem gamblers* (70%).

Sports betting

- Men are more likely to have participated in sports betting (16%) than women (4%).
- Younger Manitobans (18 to 24 year olds particularly) are more likely to have participated in sports betting (20%) than Manitobans over the age of 50 (5% have participated in sports betting).

Beliefs about Gambling

A series of statements relating to gambling beliefs were included in the questionnaire. Table 2 illustrates the level of agreement or disagreement with each statement tested.

BELIEF STATEMENTS / Table 2

	Agree	Disagree	Mean score
Compulsive gambling is an illness.	86%	11%	3.12
Compulsive gambling is a problem that concerns everyone.	77%	21%	3.00
Gambling is a bad habit that anyone can get over if they really want to.	51%	46%	2.52
Even when a person spends too much money on gambling, it is still their own affair.	47%	51%	2.40
Gambling is a harmless pastime.	18%	80%	1.93
A skillful gambler can beat the odds.	13%	81%	1.91

Note: The mean score is based on a scale of 1 to 4 where 1 is strongly disagree and 4 is strongly agree.

The vast majority of Manitobans agree (86%) compulsive gambling is an illness. Although, somewhat fewer Manitobans agree (77%) this compulsive behaviour is a problem which concerns everyone.

- Women are more likely to agree (80%) than men (73%) compulsive gambling is a problem which concerns everyone.
- Manitobans with a college education are more likely to agree (93%) compulsive gambling is an illness than respondents with less than a high school education (80%) or high school graduates (85%).
- Older Manitobans (50 years or older) are more likely to agree (81%) compulsive gambling is a problem that concerns everyone than Manitobans between the ages of 18 to 24 (66%).
- Both *test determined* and *self-identified problem gamblers* are more likely to agree (77% and 94% respectively) compulsive gambling is a problem that concerns everyone than *non problem gamblers*.

Manitobans are divided on the notion gambling is a bad habit that anyone can get over if they really want to (51% agree, 46% disagree).

- Women (51%) are more likely than men (41%) to disagree gambling is a bad habit that anyone can get over if they really want to.
- Winnipeggers are more likely to disagree (50%) gambling is a bad habit that anyone can get over compared with western (31%) and northern (36%) Manitobans.

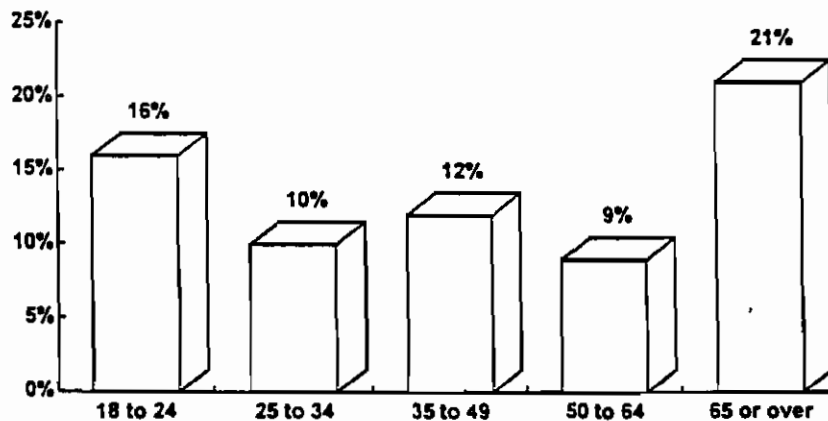
Manitobans are also split (47% agree / 51% disagree) on the idea that even if people spend too much money on gambling, it is still that person's own affair.

- Manitobans between the ages of 35 and 64 are more likely to disagree (56%) than are younger Manitobans (approximately 43%) and older Manitobans (46%).

Eight out of ten Manitobans disagree that gambling is a harmless pastime and that a skillful gambler can beat the odds.

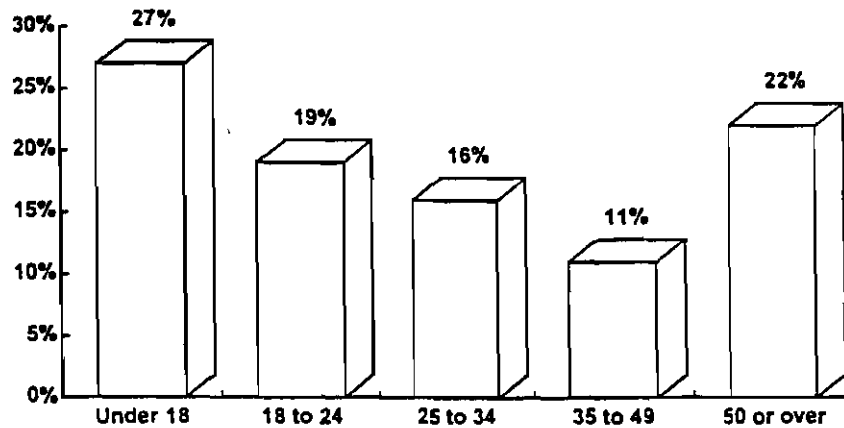
- Manitobans 65 years or older are significantly more likely to agree a skillful gambler can beat the odds than younger Manitobans (see Chart 3)

% WHO AGREE SKILLFUL GAMBLERS CAN BEAT THE ODDS BY AGE / Chart 3



- Manitobans who are not high school graduates are more likely to agree (21%) a skillful gambler can beat the odds than Manitobans with college (12%) or university (7%) education.
- Test determined problem gamblers* are more likely to agree (19%) a skillful gambler can beat the odds than *test determined non-problem gamblers* (14%).
- Men are more likely to agree (21%) gambling is a harmless pastime than women (15%).
- Respondents who started gambling under the age of 18 and those respondents who started gambling at the age of 50 or over are more likely to agree (27% and 22% respectively) gambling is a harmless pastime than Manitobans who started gambling in their middle years (see Chart 4)

% WHO AGREE GAMBLING IS A HARMLESS PASTIME BY AGE RESPONDENT STARTED GAMBLING/ Chart 4



Rationale for gambling

Respondents were presented with a series of reasons for gambling and asked how each corresponds to their own reasons for gambling. Respondent levels of agreement or disagreement for each rationale is listed in the table below.

GAMBLING RATIONALE STATEMENTS / Table 3

	Agree	Disagree	Mean score
For entertainment or fun.	78%	21%	2.88
To win money.	70%	29%	2.82
For excitement or as a challenge.	53%	46%	2.48
To support worthy causes.	44%	54%	2.40
In order to do things with my friends.	35%	64%	2.22
To distract myself from everyday problems.	11%	88%	1.85
Because I'm good at it.	5%	94%	1.78
To be alone.	4%	94%	1.76

Note: The mean score is based on a scale of 1 to 4 where 1 is strongly disagree and 4 is strongly agree.

A large majority of Manitobans agree they gamble to have fun (78%) and to win money (70%). Just over half gamble for excitement or as a challenge.

Somewhat less than a majority of Manitobans gamble in order to support worthy causes (44%) and just over a third of respondents (35%) say they gamble in order to do things with their friends.

There are small numbers of Manitobans who use gambling as a tool to distract themselves from everyday problems (11%), to be alone (4%) and to succeed in something they believe they are good at (5%).

- A significantly larger proportion of *self-identified problem gamblers* agree (mean score of 3.63) they gamble to win money than do *self identified non-problem gamblers* (mean score of 2.84).
- Younger Manitobans (between the ages of 18 to 24) are more likely to agree (mean score of 3.0) they gamble to have fun and to be entertained than do Manitobans in the older age cohort.
- Approximately 1 in 10 Manitobans agree (11%) they gamble in order to distract themselves from everyday problems.
- Lower income Manitobans are more likely to gamble as a distraction from their problems than more affluent Manitobans. For example, 21% of Manitobans with a household income less than \$20,000 agree they gamble to distract themselves from everyday problems compared to only 4% of Manitobans whose household income is \$60,000 or more.
- There is also an additional correlation between education levels and reasons for gambling. As the level of education increases the level of agreement with the statements *because I'm good at it, to be alone and to distract myself* also decreases. For example, 17% of Manitobans who are not high school graduates agree they gamble because they think they are good at it compared to only 10% of high school graduates and 9% of university and college educated Manitobans.

Problem gamblers

Eighty-eight out of 1000 respondents (or 9%) were identified as *test determined problem gamblers*. Respondents were asked a series of 5 questions relating to gambling practices and attitudes. If the respondent said "yes" to two or more of the questions they were considered a *test determined problem gambler* for the purposes of this study. The five questions utilized to identify these problem gamblers are listed below. These questions are taken from the Seven Oaks Gambling Screen study which was developed to identify pathological gamblers.

- ✓ Have you ever felt the need to cut down on your gambling?
- ✓ Have you ever felt annoyed by criticisms of your gambling practices?
- ✓ Have you ever had guilty feelings about your gambling?
- ✓ Have you ever borrowed money from friends, family members or from work to help pay for your gambling?
- ✓ Have you ever gambled more money than you initially intended to?

Gamblers were also asked whether they personally thought they had a gambling problem. Six percent thought they did (compared to 9% *test determined problem gamblers*) and 93% said they didn't.

Slightly more women (53%) than men (47%) were identified as *test determined problem gamblers*. However, when respondents were asked to indicate whether they thought they had a gambling problem significantly more men (63%) than women (38%) identified themselves as *problem gamblers*.

Both *self-identified* and *test determined problem gamblers* are significantly more likely to buy lottery tickets and play VLTs than they are to be bingo players, casino attendees or to participate in sports betting (see Table 4).

% OF PROBLEM GAMBLERS WHO HAVE PARTICIPATED IN EACH GAMBLING ACTIVITY
/ Table 4

	Test determined	Self-identified
Lottery tickets	92%	100%
VLTs / slots	85%	81%
Casino	47%	44%
Bingo	44%	31%
Sports betting	16%	12%

▼ ATTITUDES TOWARD THE FUTURE OF GAMBLING IN MANITOBA

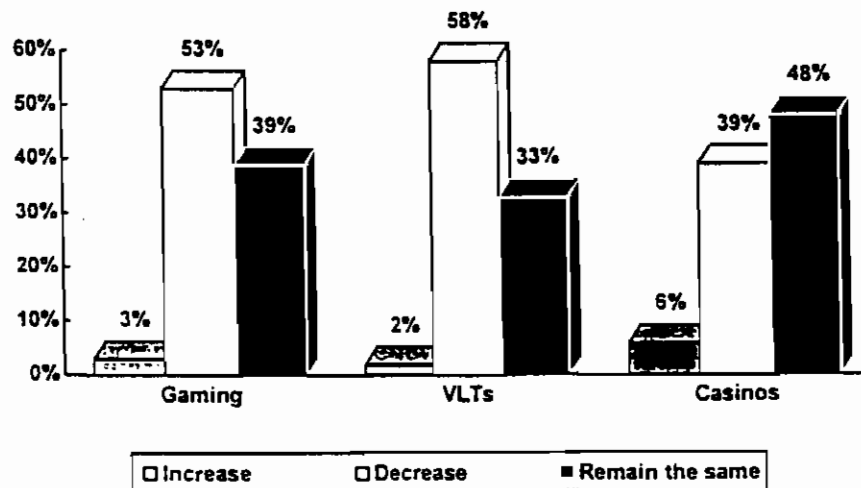
Overview

All respondents were asked whether they believe the level of gaming, the number of video lottery terminals and the number of casinos currently operating in the province of Manitoba should increase, decrease or remain the same.

A majority of Manitobans believe both the current level of gaming (53%) and the number of VLTs (58%) operating in the province should decrease. Although a sizable proportion of Manitobans would like to see the level of gaming (39%) and the number of VLTs (33%) operating in the province remain at the same level, there is virtually no support to increase the amount of gaming (3%) or the number of VLTs (2%) in the province.

Just less than a majority of Manitobans (48%) believe the number of casinos operating in the province should remain the same while 40% believe the number of casinos should be decreased. As in the case of both gaming and VLTs there is little support (6%) to increase the number of casinos in the province.

% WHO BELIEVE THE LEVEL OF GAMING AND NUMBER OF VLTs AND CASINOS SHOULD INCREASE, DECREASE OR REMAIN THE SAME / Chart 5



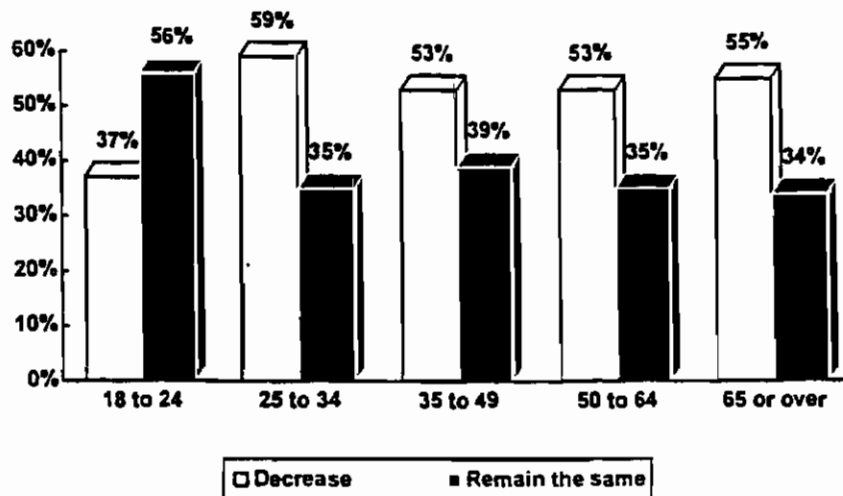
The following section highlights the noteworthy statistical differences among the various demographic groupings.

Current Gaming Levels

Manitobans who are most likely to believe the current level of gaming should decrease are women, Manitobans with lower levels of household income, *test determined problem gamblers*, *self-identified problem gamblers* and Manitobans over the age of 24.

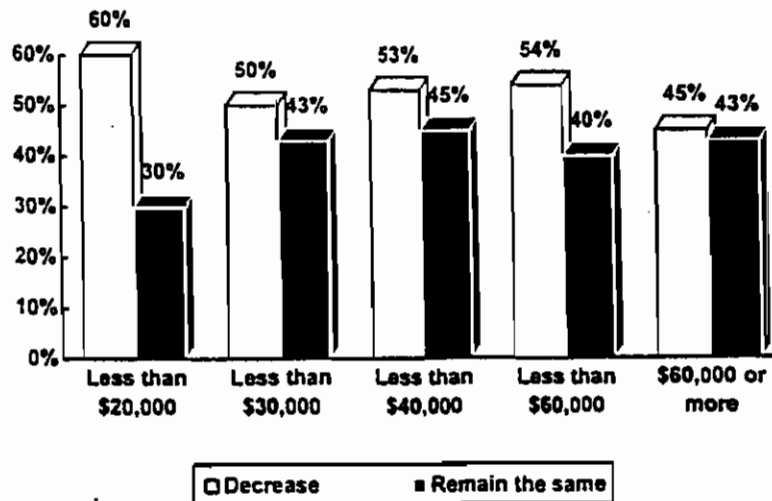
- A strong majority of women (61%) compared to a minority of men (45%) think the current level of gaming in Manitoba should decrease.
- Younger Manitobans are the only age group where less than a majority believe the level of gaming should decrease in the province. A majority of these respondents (56%) believe the level of gaming should remain the same.

% WHO BELIEVE CURRENT GAMING LEVELS SHOULD DECREASE OR REMAIN THE SAME BY AGE/ Chart 6



- Chart 7 illustrates the correlation between Manitobans' income levels and their beliefs about current gaming levels. Clearly, Manitobans from lower income brackets believe Manitoba should decrease the amount of available gaming in the province whereas respondents from higher income brackets are divided on whether the current levels should increase or remain the same.

% WHO BELIEVE CURRENT GAMING LEVELS SHOULD DECREASE OR REMAIN THE SAME BY INCOME / Chart 7



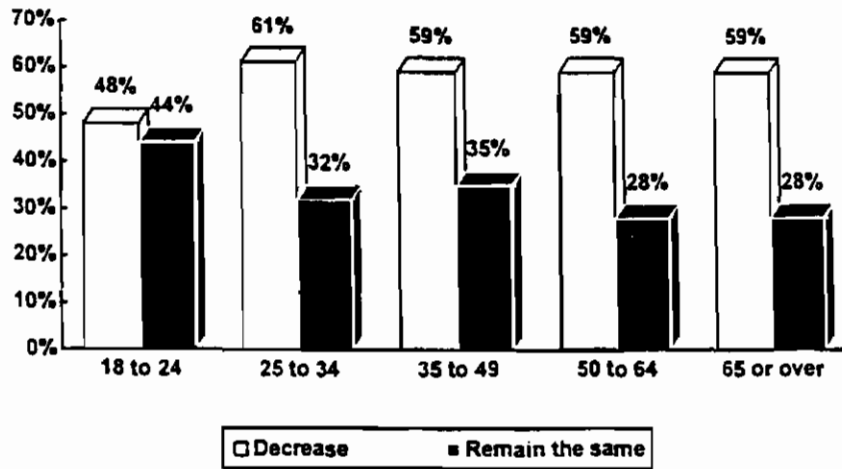
- *Test determined problem gamblers* (56%) are more likely to believe there needs to be a decrease in the current gaming levels than *test determined non-problem gamblers* (37%). Almost all (88%) *self identified problem gamblers* believe there needs to be a decrease in gaming activity compared to only 40% of *self-identified non-problem gamblers*.

Video Lottery Terminals

Manitobans who are most likely to believe the number of VLTs currently operating in the province should decrease are women, Manitobans with lower levels of household income, *test determined and self-identified problem gamblers*, Manitobans over the age of 24, and Manitobans who started gambling at a young age.

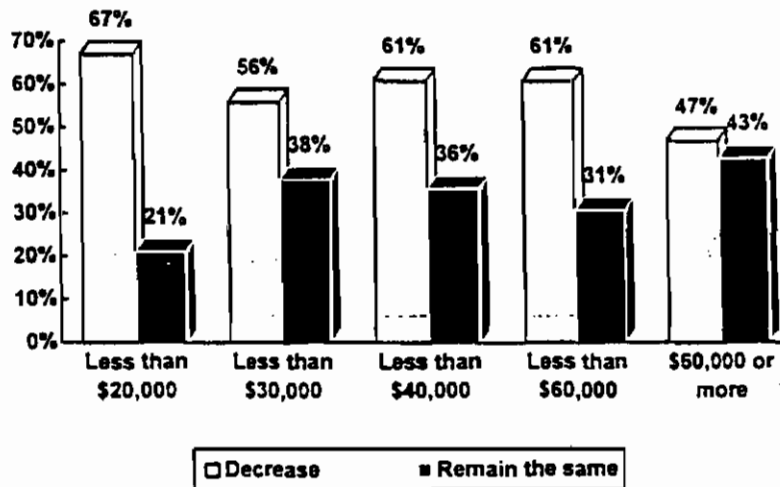
- A strong majority of women (65%) compared to only just half of men think the number of VLTs operating in Manitoba should decrease.
- Chart 8 illustrates just under half (48%) of younger Manitobans (18 to 24 year olds) believe the number of VLTs should decrease. Comparatively, a majority (59%+) of Manitobans 25 years of age and over would like to see a decrease in the number of VLTs.

% WHO BELIEVE THE CURRENT NUMBER OF VLTs OPERATING IN THE PROVINCE SHOULD DECREASE OR REMAIN THE SAME BY AGE/ Chart 8



- Chart 9 illustrates the correlation between Manitobans' income levels and their views on the number of VLTs operating in Manitoba. Clearly, Manitobans from lower income brackets believe Manitoba should decrease the number of VLTs operating in the province, while those from households of \$60,000 a year or more are fairly evenly divided on whether the number of VLTs should decrease or remain the same.

% WHO BELIEVE THE NUMBER OF VLTs SHOULD DECREASE OR REMAIN THE SAME BY INCOME/ Chart 9



- There is also a correlation between the age a respondent began gambling and their views on the number of VLTs operating in the province. Fifty percent of respondents who began gambling when they were younger than 18 years of age would like to see a decrease in the number of VLTs compared to 58% of respondents overall.

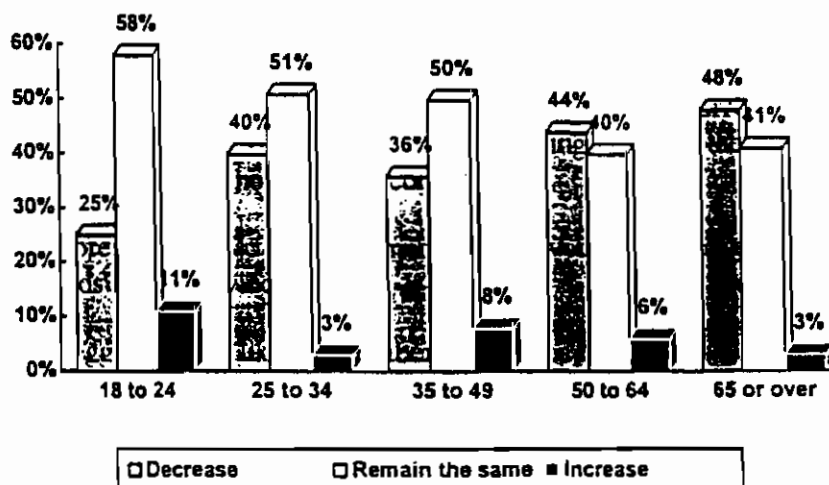
- A majority of *test determined problem gamblers* (60%) are more likely to believe there is a need to decrease the number of VLTs operating in the province than *test determined non-problem gamblers* (42%). Almost all (88%) *self-identified problem gamblers* believe there needs to be a decrease in the number of VLTs now currently operational compared to only 46% of *self-identified non-problem gamblers* who feel the same way.

Casinos

Manitobans who are most likely to believe the number of casinos currently operating in the province should decrease are women, Manitobans living outside the city of Winnipeg, Manitobans with lower levels of household income.

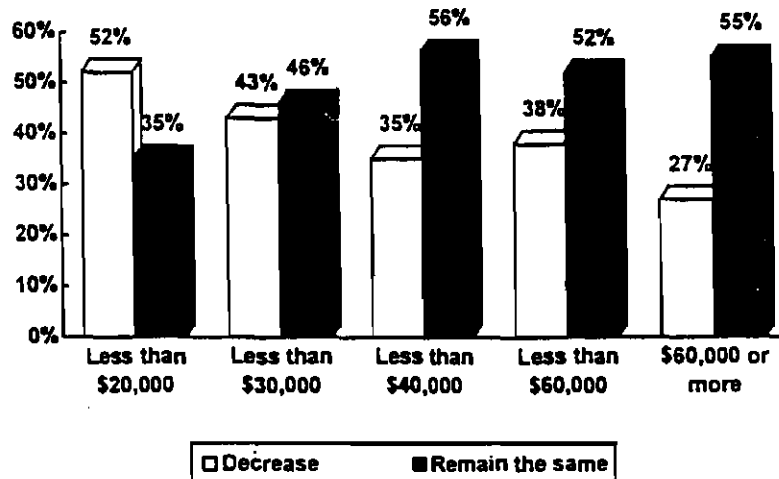
- Significantly more women (45%) than men (32%) would like to see a decrease in the number of casinos in the province.
- Half of Winnipeggers would like the number of casinos to remain the same, while 45% of Manitobans outside Winnipeg do. Similar percentages of Winnipeggers (38%) and other Manitobans (40%) would like to see a decrease in the number of casinos in the province.
- A larger proportion of younger Manitobans support maintaining or increasing the current number of casinos operating within the province compared to older respondents (see Chart 10).

% WHO BELIEVE THE CURRENT NUMBER OF CASINOS SHOULD INCREASE, DECREASE OR REMAIN THE SAME BY AGE / Chart 10



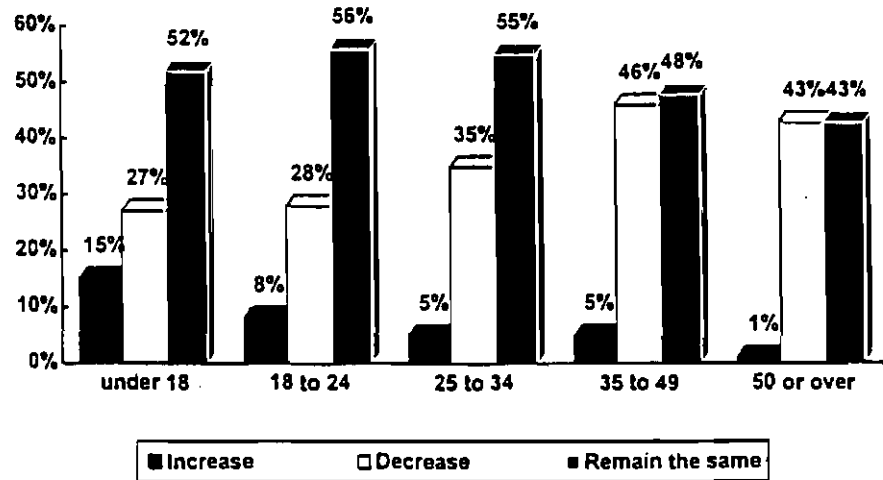
- Chart 11 illustrates the correlation between Manitobans' income levels and their opinions about the number of casinos in the province. Clearly, a higher proportion of Manitobans from lower income households than those from higher income households believe the number of casinos should decrease. For example, a majority (52%) of Manitobans who earn less than \$20,000 a year would like to see a decrease in the number of casinos whereas only 27% of Manitobans in the \$60,000 and over income bracket feel the same way.

% WHO BELIEVE THE NUMBER OF CASINOS SHOULD DECREASE OR REMAIN THE SAME BY INCOME / Chart 11



- There is also a noticeable correlation between the age a respondent began gambling and their views on the number of casinos operating in the province. While almost half of those who began gambling when they were 35 and over support a decrease just over a quarter of respondents (27%) who began gambling when they were younger than 18 do. In fact, Manitobans who started gambling at a young age also represent the group with the highest proportion of respondents (15%) who would like to see the number of casinos in the province actually increase (see Chart 12).

% WHO BELIEVE THE NUMBER OF CASINOS SHOULD DECREASE OR REMAIN THE SAME BY AGE THEY BEGAN GAMBLING / Chart 12



Casinos in own community

The vast majority of Manitobans do not want a casino in either their own community (86% disagreement) or in year-round recreation areas outside Winnipeg (80% disagreement). In fact, 63% of Manitobans *strongly* disagree with the idea of a casino in their own community. Only 1 in 10 Manitobans would like to see a casino in their own community.

CASINO STATEMENTS / Table 5

	Agree %	Disagree %	Mean score
I would like to see a casino in my own community.	11%	86%	1.48
I would like to see more casinos included in year-round recreational areas outside the City of Winnipeg.	13%	80%	1.63

Note: The mean score is based on a scale of 1 to 4 where 1 is strongly disagree and 4 is strongly agree.

- Women are far more likely to disagree (mean score of 1.4) than men (mean score of 1.6) to the idea of a casino in their own community or with the idea of including more casinos in year round recreation areas outside Winnipeg (women’s mean score of 1.5 compared to the men’s mean score of 1.8).
- Respondents from southern Manitoba and the north are more opposed to the idea of a casino in their own community than other Manitobans. Those residents least opposed to the idea of having a casino in their own community are from western Manitoba and from the Parkland / Interlake Regions. Chart 6 illustrates the level of opposition by region.

LEVEL OF OPPOSITION TO THE IDEA OF A CASINO IN OWN COMMUNITY BY REGION /
Table 6

	Agree	Disagree	Mean score
Western	11%	87%	1.59
Parkland / Interlake	10%	88%	1.52
Winnipeg	13%	83%	1.50
Northern	13%	83%	1.45
Southern	6%	83%	1.36

Note: The mean score is based on a scale of 1 to 4 where 1 is strongly disagree and 4 is strongly agree.

▼ SOCIAL IMPACT

The series of questions and responses covered in this section range from the age when Manitobans began gambling to whether gamblers (those Manitobans who have spent an average of \$10 or more on gambling per month over the past year) have had thoughts of suicide because of their gambling behaviour. Given the diversity of subject area this section is organized into three parts - Personal Impact, Family Impact and Work / School Impact.

Personal Impact

More than a quarter of gamblers (28%) say they have felt the need to cut down on their gambling. One quarter of gamblers have had guilty feelings about their gambling and 14% say they have felt annoyed by criticisms of their gambling from other people.

While 1 in 10 gamblers (10%) admit to having felt depressed because of their gambling considerably fewer admit to having had thoughts of causing themselves harm (2%) and still fewer have considered suicide because of their gambling (1.4%).

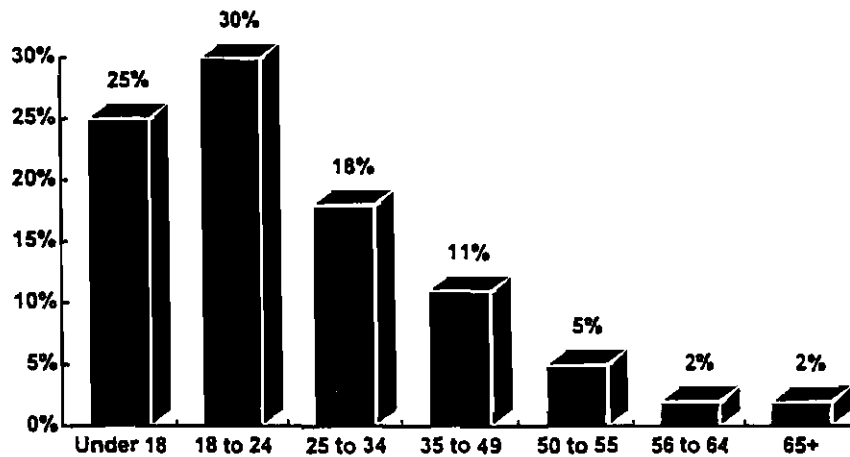
- None of the *test determined non-problem gamblers* have experienced any personal negative impacts from their gambling.

Although the majority of Manitobans (82%) said gambling has not affected their lives at all, 1 in 10 Manitobans said gambling has affected their lives negatively. Only 5% of Manitobans claimed gambling has had a positive affect on their lives.

- Both test determined and self-identified problem gamblers were more likely to say that gambling has affected their lives negatively than non-problem gamblers.

Age respondents began gambling

A majority of Manitobans (55%) began gambling before the age of 25 while smaller proportions of respondents indicate they began in later years. Very few Manitobans began gambling over the age of 55 (4%). Chart 13 illustrates the ages Manitobans first started gambling.

% OF MANITOBANS BY THE AGE THEY STARTED GAMBLING / Chart 13**Family Impact**

Seven percent of gamblers admit to having had problems with their family because of the impact of their own personal gambling.

- Gamblers with children living at home (11%) are more likely to have had problems with family members or their spouse because of their own personal gambling than gamblers who don't (4%) have children living at home.

Eight percent of gamblers also admit to having been unable to pay household bills because of their gambling.

Work Impact

Approximately the same proportion of gamblers admit to having had problems at work or school (2%) or missing work or school due to their gambling (2%).

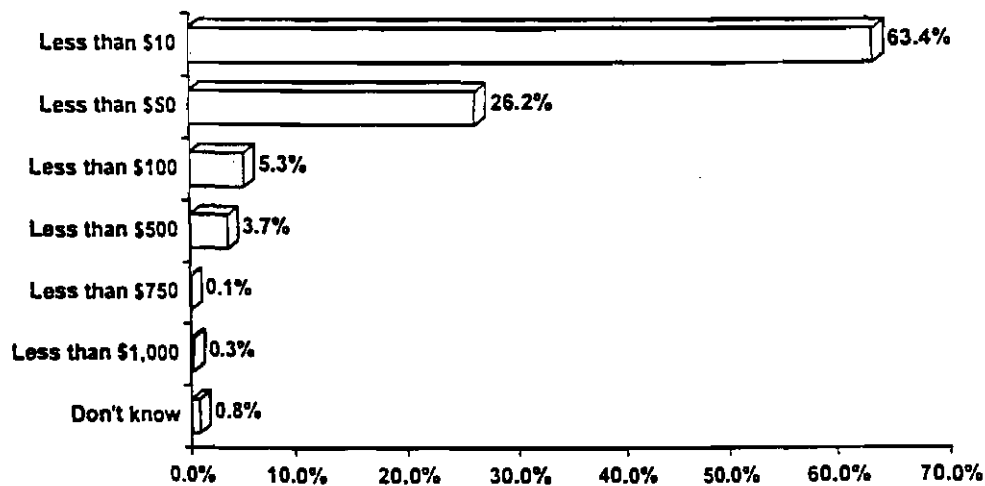
- *Test determined and self-determined problem gamblers* are the only gamblers who have experienced problems at work or school because of their gambling.

▼ ECONOMIC IMPACT

Personal and household income

The majority of Manitobans (63%) have spent an average of less than \$10 per month on gambling within the past year. One in 4 respondents (26%) have spent less than \$50 per month within the same period. Chart 14 illustrates the proportion of Manitobans and the average dollar amount they have spent on gambling per month within the last year.

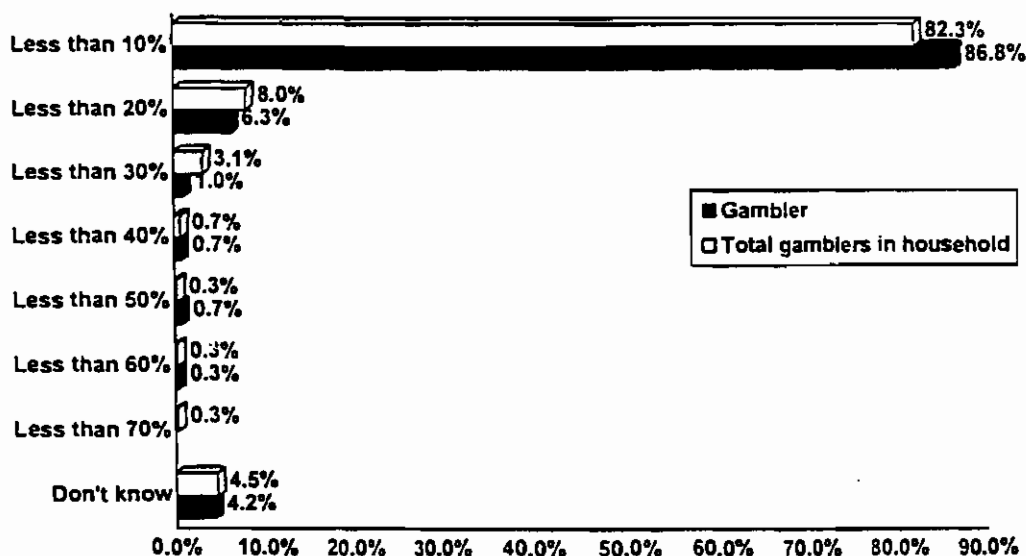
AVERAGE MONTHLY GAMBLING EXPENDITURE IN \$ / Chart 14



Gamblers were also asked what percentage of their household income they spent on gambling. The vast majority of gamblers (87%) claimed they spent less than 10% of their total household income on their own personal gambling. However, a significant percentage of gamblers (6%) also estimated their personal gambling expenditures reflect somewhere between 10 and 20% of the total household income. Five percent of gamblers did not seem to know what percentage of the household income they spent on their gambling.

Chart 15 illustrates the percent of total household income gamblers estimate they personally spent as well as their estimate for what percent was spent by all household members. The findings clearly indicate some households have more than one person in that household who is gambling.

AVERAGE MONTHLY GAMBLING EXPENDITURE REFLECTED AS A % OF TOTAL HOUSEHOLD INCOME / Chart 15



Almost half of Manitobans who gamble (44%) said they have gambled more money than they initially had intended upon spending.

- Manitobans who have problems with their gambling are more than 3 times as likely to have spent more money than they initially intended. Eighty eight percent of *test determined problem gamblers* admit to having spent more than they intended compared to only a quarter of *test determined non problem gamblers*.
- Younger gamblers are more likely to spend more money on their gambling than their original intentions compared to older gamblers. Eighty one percent of 18 to 24 year olds have spent more than they intended compared to only 22% of older gamblers (25+) who spent more than their original intentions.

Debt

While the vast majority of gamblers said they were not in debt because of their gambling, 3% did agree they were. The same number of gamblers agreed (3%) they have borrowed money from their credit card to help pay for their gambling.

- All who admitted they were in debt because of gambling or had borrowed money in order to pay for their gambling were *test determined problem gamblers*.

Nine percent of gamblers have borrowed money from friends, family members or from work to help pay for their gambling.

Crime

Almost 1 in 10 Manitobans (9.3%) know someone who has committed a crime to pay for their gambling.

- Almost twice as many Manitobans who live outside Winnipeg (13%) compared to respondents who live in Winnipeg (7%) know someone who has committed such a crime.

Approximately 1 in 20 Manitobans (5.1%) either have been or know someone who has been a victim of a crime at or near a gambling establishment.

- Manitobans under the age of 18 (12%) are significantly more likely to have been a victim of a gambling related crime or know someone who has been a victim of a gambling related crime.

Gamblers were asked whether they had personally been involved in criminal activity to support their gambling. Two percent of gamblers admitted to taking money that was not theirs to pay for their gambling.

- All respondents who admitted to having taken money to support their gambling were *test determined problem gamblers*.

Five of the seven respondents who admitted taking money did so from a family member. One of the remaining two took money from a friend and the other respondent took money from a stranger.

Only two gamblers admitted to having ever taken property that was not theirs to sell in order to pay for their gambling. Both respondents took the property from strangers.

▼ TREATMENT

Treatment awareness

Almost 1 in 5 Manitobans (18.1%) know someone who has sought help for a gambling problem.

When asked where somebody might go to seek help for a gambling problem the plurality of respondents (44%) did not know. However, 28% of Manitobans said Gamblers Anonymous and 15% said the Addictions Foundation of Manitoba. Considerably smaller proportions of Manitobans thought that people could seek help from a gambling hotline (6%), from a spiritual counselor or clergy member (6%), from a family physician (5%), from a mental health worker (3%) or from a private therapist (3%).

A third of all gamblers believe treatment sought by other gamblers for gambling problems was effective although almost half said it wasn't, while a further 21% said they did not know if the treatment had been effective.

Self-identified problem gamblers were asked a further series of questions regarding treatment.

Two of the eighteen *self-identified problem gamblers* have sought help for their gambling. One of the respondents thought the help they received was effective while the other respondent did not know if their treatment had been.

One of the *self-identified problem gambler's* family members also sought help at the same time while the other *self-identified problem gambler's* family members didn't.

▼ CHAID ANALYSIS

A CHAID analysis was utilized to determine the best predictor of a problem gambler. The CHAID analysis determined that the two factors most highly correlated to predicting problem gambling are:

1. **Gamblers feelings of depression about their gambling**
 2. **The frequency of playing VLTs / slots**
- Almost all those gamblers who admitted to feeling depressed because of their gambling (93%) were *test determined problem gamblers*.
 - Among those people who did not feel depressed because of their gambling and played VLT / slot frequently or regularly almost half (49%) were *test determined problem gamblers*.
 - Among those people who did not feel depressed because of their gambling and played VLT / slot only occasionally 16% were *test determined problem gamblers*.

Overall, the two most important factors which influence the identification of problem gamblers are their feelings of depression about their gambling and the frequency with which they play VLTs / slots.

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