

## Keynote Address: Gambling in Canada

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### Introduction

Gambling in Canada, similar to many other countries throughout the world, has undergone marked social policy changes. Some have argued that the radical changes have taken place predominantly as a result of socio-political changes while others contend that the economics associated with gambling (gaming) have driven policy changes (Morton, 2003). During the past century, gambling has gone from an activity associated with sin and vice to a popular form of entertainment and a highly reputable business operated by provincial governments attempting to facilitate economic development and growth, promote stable employment opportunities, help fund charitable groups, provide a source of entertainment opportunities, and furnish a growing source of non-taxed revenue for the provinces. Gambling in Canada remains big business. Revenues of legal, regulated gambling are in excess of \$11.3 billion resulting in net profits of \$6 billion in 2002, with increased revenues expected in subsequent years (Marshall & Wynne, 2003). Campbell and Smith (1998) aptly noted two distinct historical trends with respect to gambling in Canada: (a) a clear, definable transition from prohibition to legalization, and (b) a consistent pattern of reduced federal responsibility with a concomitant increase in greater provincial authority. We would add several further observations, that is, there continues to be a significant increase in the number of gambling venues, a growing variety of games of chance offered, and increased revenues across the country.

A historical review indicates that early forms of

gambling in Canada included card games, cockfights, and horse racing, all of which were typical of frontier life (Morton, 2003). Today, depending upon the jurisdiction, one can easily legally wager on casino-type games (e.g., card games, dice, baccarat, and roulette), slots, video-lottery terminals (VLTs), bingo, cards, sports betting, horse racing, lottery draws, and instant scratch lotteries. If one adds Internet gambling into this mix, while not regulated in Canada, the list appears to be almost limitless.

The modernization and subsequent regulation of gambling within Canada continues to be under federal legislation (the Criminal Code of Canada) that was originally adopted in 1892. Since its inception, there have been a number of significant changes and amendments to the Criminal Code's sections concerning gambling; these were primarily designed to accommodate provincial requests (see Table 1). It should also

Table 1  
*Major Changes to Canadian Gambling Laws*

Year	Amendment
1900	Small raffles not exceeding \$50 were permitted if conducted at religious and charitable bazaars for the purposes of fundraising.
1906	The term "lottery scheme" was introduced; in recent years it has been interpreted to encompass a wide range of diverse gambling formats.
1910	On-track betting at incorporated race tracks was allowed.
1925	An exemption was granted to agricultural fairs to authorize games of chance during annual fairs and exhibitions.
1969	Governments could "manage and conduct" lottery schemes and authorize charitable and religious groups to do so as well under license.
1985	Provinces were given exclusive control of gambling. Computer, video or slot devices were legalized.

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be noted that provincial interpretations of the laws pertaining to gambling have varied widely between jurisdictions, with the most recent example being that of Woodbine Raceway in Ontario, operating on-line wagering (currently prohibited). This matter is presently under investigation as to its legality.

Prior to 1969, only a few types of gambling (e.g., charitable gambling, bingo, raffles, pari-mutuel wagering, and gambling at agricultural fairs and exhibitions) were permitted. Nevertheless, these games grew in popularity. In 1954, a joint committee of the House of Commons and the Senate held public hearings concerning the use of lotteries. In spite of the public popularity toward gambling, several private members' bills seeking to legalize lotteries were unsuccessfully introduced in the House of Commons during the 1960s. It was not until the Province of Quebec and the city of Montreal, faced with the enormous debt resulting from the 1967 World's Fair and the 1976 Olympic Games, began lobbying for the introduction of provincial lotteries did the movement gain momentum (Canada West Foundation, 1999). In 1969 the Criminal Code was amended and provincial governments used the opportunity to initiate provincial lotteries and sweepstakes. This move was viewed by many as significantly altering the landscape and future of gambling in Canada as provincial governments were now recipients of large annual revenues from gambling. Lobbying by the provincial governments solidified their position within the gambling industry and the federal government reduced its involvement in both the regulation of gambling and in running any federally sponsored gambling (Canada West Foundation, 1999).

The Criminal Code of Canada currently requires that provincial governments be actively involved in all forms of gambling either through its operation or management. Provincial governments maintain the right to either operate or delegate to designated bodies to perform daily operations of alternate forms of gambling including casinos, bingo, lotteries and electronic forms of gambling (slots, VLTs). Campbell and Smith (1998) have noted that these amendments to the Canadian Criminal Code have been made in the absence of recent public debate at the federal level (the last public debate concerning gambling at the federal level having taken place in 1954-1955), with a limited number of public debates having been organized at the provincial level (see Azmier, 2001 for a listing of provincially held public debates concerning gambling policy).

## Regulatory Approaches

Similar to other countries, Canada's modernization of gambling opportunities is relatively new and was

accompanied by a number of regulatory practices. Today, four approaches toward regulating and operating gambling can generally be found in Canada. These include: (a) provincial government ownership and operation, (b) joint venture agreements (public and private partnerships), (c) charitable gaming, and (d) Native/First Nations gambling. Many provincial governments, but not all, have formally separated the departments or agencies responsible for operating the gambling activities from those that license and regulate it (Canada West Foundation, 1999). However, in a number of instances, the arms-length test has been suspect. Provincial Ministers responsible for gambling often inform their regulatory bodies and directors of gaming of the need for increased revenues.

### *Provincial Ownership and Operation*

Several provincial governments have established their own casino and lottery operations, totally owned and operated by provincial crown corporations, with all revenues generated going directly to the province. In other jurisdictions, in particular with respect to the lottery, several provinces have joined together to operate certain gaming operations. For example, the Western Canada Lottery Corporation coordinates the lotteries of Manitoba, Saskatchewan and Alberta while the Atlantic Lottery Corporation coordinates the lotteries for Prince Edward Island, New Brunswick, Nova Scotia and Newfoundland/Labrador. The provinces of Quebec, Ontario and British Columbia operate their own provincial lottery corporations independently while national lottery draws (e.g., *Lotto 6/49* and *Lotto Super 7*) are jointly owned by the Inter-Provincial Lottery Corporation, a partnership of all provinces and territories.

### *Joint Venture Operations*

A number of provincial governments have entered into joint public-private ownership/operation arrangements for specific forms of gambling. For example, several casino operations located in Ontario (Casino Windsor, Casino Niagara, and Casino Rama) are owned by the provincial crown corporation but managed by private consortiums. These private consortiums receive an annual management fee plus percentage of profits with the construction costs, capital investments, and all overhead costs assumed by the consortium. A similar model has been used for the casino operations in Nova Scotia. Other provinces have employed a variety of consultation firms on a limited basis to help establish their casino operations. Still further, another form of agreement concerns the use of Video Lottery Terminals (electronic gambling machines) in non-casino environments. These machines are owned and regulated by the provincial governments with the

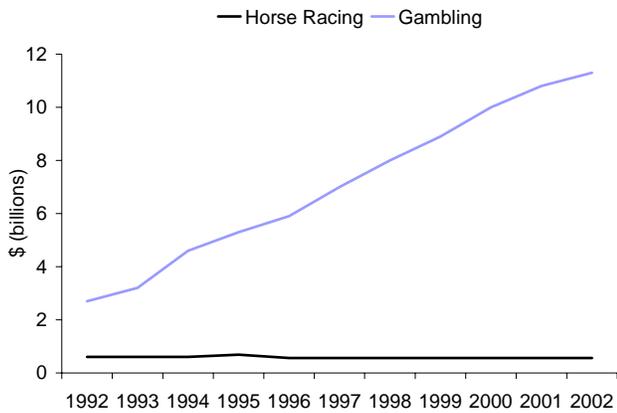


Figure 1. Overall growth of gambling revenues (adapted from Marshall, 2003).

owner of the establishment where these machines are housed realizing a percentage of profits in lieu of a rental fee.

### Charitable Gaming

The demands by non-profit community organizations have not gone unnoticed in Canada. Although charitable casinos were once the only form of casino gambling in Canada, their overall place within the gambling mosaic has been gradually reduced since 1989. Many of the provinces with government-run casinos have removed or reduced charitable involvement in table games. In several provinces, most nota-

bly Alberta, British Columbia, and Ontario ententes have been reached with local community charitable organizations or city governments to receive some of the proceeds directly from gambling revenues in exchange for their support. For example, there are 16 charitable casinos in Alberta and 6 charitable casinos in Ontario in operation. Other provinces have provided special license agreements for the operation of short-term forms of gambling (e.g., casino nights by charitable organizations under the licensure of provincial governments).

### Native/First Nations Gaming

Unlike their counterparts in the United States, First Nations groups are not able to independently operate gambling institutions, which are regulated by provincial authorities. Agreements between provincial regulatory

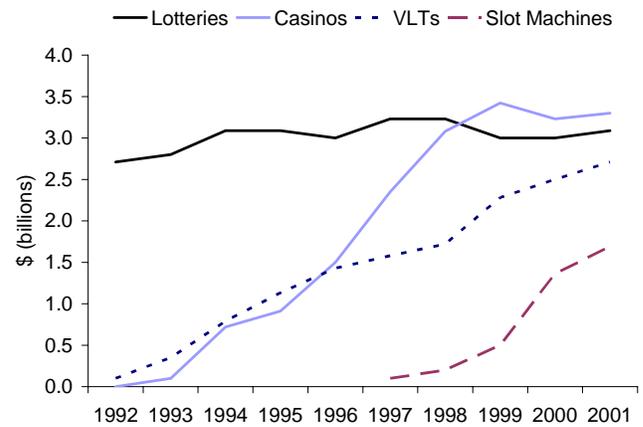


Figure 2. Comparison of revenue growth by type of gambling activity (adapted from Marshall, 2003).

Table 2  
Provincial Gaming Revenues by Activity 2002  
(\$ Millions)

Province	Casino/Racinos	Lottery Products	VLTs
Newfoundland	—	101.3	110.2
PEI	—	25.8	14.4
Nova Scotia	93.3	180.6	161.5
New Brunswick	—	134.0	113.3
Québec	721.2	1,793.2	1,067.5
Ontario	3,384.7	2,111.7	—
Manitoba	136.1	156.5	214.1
Saskatchewan	138.0	124.3	226.6
Alberta	600.4	407.1	736.7
British Columbia	552.3	849.6	—
<b>Total</b>	<b>5,656.3</b>	<b>5,884.6</b>	<b>2,644.6</b>

(KPMG, 2003).

bodies and the First Nations groups have been reached in several provinces including Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia. However, these ententes differ widely (Campbell & Smith, 1998). Direct operations of gambling institutions by First Nations groups have been hotly debated. Taken together, First Nations groups appear to have benefited in excess of \$174 million of revenue from gambling (Canada West Foundation, 2001). In Quebec, several First Nations groups have invested heavily into gambling-related industries including the development of Internet gaming software which has been sold to off-shore companies. While not directly involved in running these operations, their success in this area is notable.

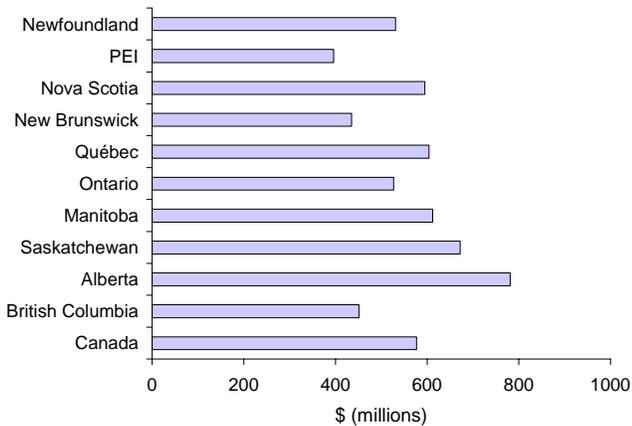


Figure 3. Per capita spending on gambling activities by province in 2002.

### Nature and Extent of Gambling in Canada

Despite the fact that there are over 100,000 gambling venues in Canada, the types of gambling activities and their availability varies widely from province to province (Azmier, 2001). Accordingly, the revenues generated by the many forms of gambling offered in Canada differ considerably (see Figures 1 and 2 for the overall growth of gambling revenues and comparison of revenues by type of activity). Nevertheless, the revenues reaped by provincial governments continue to increase dramatically. Similarly, the average amount spent per capita on gambling activities ranges significantly, from a low of \$396 in Prince Edward Island (PEI) to a high of \$781 in Alberta (see Figure 3). Net revenue from government-run lotteries, video lottery terminal (VLTs) and casinos has increased substantially over the past decade, from \$2.7 billion in 1992 to \$11.3 billion in 2002 (Marshall & Wynne, 2003). Ontario generates the greatest revenues, accounting for approximately 40% of the country's total gambling revenue from casinos and lotteries, with Quebec accounting for 25% and Alberta accounting for 12% of the national revenues (see Table 2). It is also important to note that both directly and indirectly gambling represents one of the fastest growing industries in Canada in terms of both revenue and employment (see Figure 4).

While lottery sales and horse racing revenues have generally been flat since 1992, casino, slot machine and VLT revenue have risen considerably. In an effort to help support the horse racing industry, provincial governments have often turned the race tracks into mini casinos by adding large numbers of slot machines or VLTs. In Ontario, the term *racinos* (horse racetrack

plus casino) was coined. Of the 20,195 slot machines currently operating in the province, 9,068 (45%) are located at racinos.

### Popular Forms of Gambling

#### Lotteries

Lottery gaming clearly is the most popular form of gambling in Canada, with lottery draws (e.g., 6/49, Super 7) having the highest participation rates (65%), along with instant win tickets (scratch cards) (36%) (Marshall & Wynne, 2003). Lottery games also boast the most regular participants: 37% of lottery ticket purchasers and 23% of instant win players participate weekly (Marshall & Wynne, 2003). There are currently over 39,000 lottery outlets across Canada, with lottery tickets being sold in designated lottery booths, convenience stores, banks, and grocery stores (depending upon the Province). Provincial lotteries generally include a number of different types of tickets: *Lottery Draws* (Jackpot Draws, e.g., Super 7, 6/49; Daily Draws, e.g., Pick-3, Daily Keno), *Sports Wagering* (online wagering on sports events-must be at least two games), and instant *Scratch Tickets* (a wide variety of tickets, on a rotational basis, are generally available at any given time with the purchase value ranging between \$0.50 and \$20.00 CDN). Lottery draws can result in astronomically high prizes (a couple recently won \$30 million) accounting for their popularity (Lot-

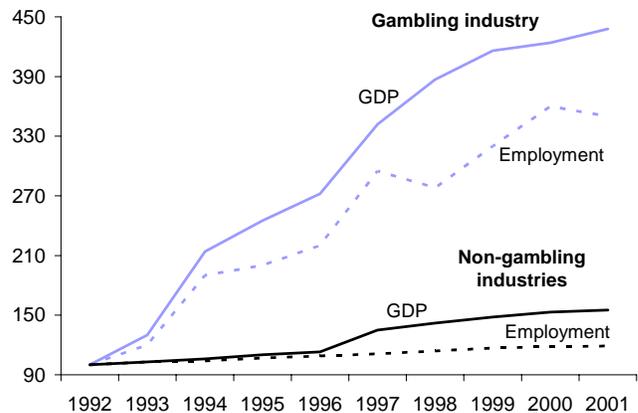


Figure 4. Growth of the Canadian gambling industry (adapted from Marshall, 2003). The vertical axis represents the price (at basic prices, with 1992 set to 100) of the goods and services produced. The GDP figures for the gambling industry refer strictly to wagering activities, such as lottery ticket sales, VLT receipt sales and bets at casinos. Other economic spin-offs, such as hotel and restaurant business, security services, or building and equipment maintenance, are not included.

**Table 3**  
*Canadian Casino Industry Facts and Figures for 2002*

Province	Casino/ Racinos	Revenue (\$ Millions)	Per Capita Spending (\$)
Newfoundland	—	—	—
PEI	—	—	—
Nova Scotia	2	93.3	112
New Brunswick	—	—	—
Québec	3	721.2	97
Ontario	24	3,384.7	290
Manitoba	3	136.1	165
Saskatchewan	7	138	182
Alberta	18	600.4	269
British Columbia	19	552.3	178
<i>Canada</i>	76	5,656.3	209

(KPMG, 2003).

tery prizes in Canada are paid immediately upon claiming the prize compared with the lottery in the U.S.). It is also important to note that winnings from all forms of gambling in Canada are currently not taxable although several provinces are examining this issue closely. In 2002, provincial governments yielded over \$5.88 billion in gaming revenue from lotteries (including on-line draws, sports betting and instant/scratch tickets). On average, Canadians spent \$254 per capita on lottery products in 2002.

### *Casino Gambling*

Permanent casinos exist in every province except for New Brunswick, PEI and Newfoundland (see Table 3). In 2002, over \$5.626 billion dollars in net revenue was generated by casinos/racinos in the seven Canadian provinces where such establishments exist. On average, Canadians spent \$209 per capita in 2002 at casino/racinos across the country. Ontario, the largest province, leads the country with the most casino/racinos, representing approximately 60% of the total Canadian casino revenue yielding in excess of \$3.38 billion dollars in net revenue in 2002. Ontario casinos boast over 20,000 slot machines and over 500 tables games province-wide. Ontario residents spent \$290 per capita on casino/racinos, the largest amount of all provinces on this form of gambling. (It is important to note that government-regulated VLTs do not exist in Ontario which may account for the higher expenditure.) There is also serious concern that casino gambling revenues may decrease as more casinos are adopting a no-smoking ban.

Although the province of Quebec yielded the second highest casino/racino revenues in 2002 (\$727 million), it only has 3 casinos in operation, encompassing

over 5000 slot machines and 212 tables. Its revenues account for 13% of the overall Canadian casino total. Yet per capita, Quebecers wager the least (\$97) on casinos/racinos of all provincial residents across Canada. Alberta, with its 18 gambling facilities of which 16 are charity-based and 2 are racing entertainment casinos, yielded the third highest provincial revenues in 2002 (\$600 million). Its provincial per capita spending was the second highest across all of the Canadian provinces in 2002, with an average of \$269 per resident.

### *Charitable Gaming*

Historically, legalized gambling in Canada was first introduced as a means to generate revenue for charitable causes. Tens of thousands of licenses have been issued by provinces to charities to operate some form of gambling. With these licenses, charitable organizations can sponsor gambling activities and keep all or most of the net proceeds from these events. Charitable gambling activities may include Bingo (51%), Raffles (19%), Break-open tickets (17%) and charity casinos (12%) (see Table 4). In 1999-2000, charities across Canada recorded \$712 million in net revenue. Policy changes in recent years, especially in Ontario and Brit-

**Table 4**  
*Provincial Charitable Gaming Revenues (1999-2000)*

Province	Revenue (\$ Millions)
Newfoundland	9.0
PEI	4.2
Nova Scotia	23.2
New Brunswick	14.5
Québec	65.4
Ontario	296.6
Manitoba	18.8
Saskatchewan	38.2
Alberta	162.8
British Columbia	79.5
<i>Canada</i>	712.1

(Azmier, 2001).

ish Columbia, have led to charitable casinos being replaced by government-run casinos, thus reducing the proportion of direct revenue generated by charities through gambling activities (Azmier, 2001). Charities across Canada are reported to have generated approximately 11% of all national gambling revenues, with governments earning 89% (Azmier, 2001). In comparison to other provinces, Alberta charities oper-

ate the largest number of casinos in Canada with 16 of their province’s 18 casino/racinos.

As charities have been forced out of casino gambling as governments expand their involvement, bingo is the most common and most profitable form of charitable gaming, accounting for over half of all charitable revenues in Canada (\$362 million in 1999-2000). Charitable bingo is conducted in all provinces and territories, in over 1,800 bingo halls across Canada. Charities from Ontario, Alberta and British Columbia earned the most proceeds from Bingo in 1999-2000. Once an assured source of revenue, present-day charitable bingo now has to compete for patrons with a wide array of alternate gambling venues including private sector bingo halls (Canada West Foundation, 1999). Certain provinces have introduced Linked-Bingo, bingo games that are linked by satellite or computer with the incentive of larger prizes, in an effort to increase revenue. However, the nature of electronic gambling requires that such activities be conducted and managed by provincial governments, a situation that complicates matters for charitable organizations attempting to resist increasing government involvement.

*Horse Racing*

One of the oldest legal gambling activities in Canada, horse racing takes place at 68 race tracks across the country. Provincial government revenues from horse racing are in the form of taxes, while its net revenues are distributed within the industry itself for breeding programs and purse supplements (National Council of Welfare, 1996). Net revenue from parimutuel betting has decreased over the past decade,

from \$530 million in 1992, to \$440 million in 2002 (Marshall, 2003). Much of this decline is due to the widespread proliferation of alternate gambling activities, specifically casinos and VLTs. In an effort to halt its decline, racino facilities have been established in a number of provinces. Teletheatre and simulcast betting have also been introduced as a means to support the industry by allowing participants to wager on races without actually being present at the track.

*Video Lottery Terminals (VLTs)*

Video Lottery Terminals (VLTs)—electronic gaming machines—are generally located in age-restricted and liquor-licensed establishments, including hotels, bars, lounges and restaurants. In provincial gambling policy, these machines are distinct from slot machines in casinos/racinos. The first legal VLT was introduced in New Brunswick in 1990. Within three years, every province except Ontario and British Columbia had either open or restricted access to these machines (Responsible Gambling Council, 2004). Today, Canadians can gamble on over 38,000 VLTs in over 8,000 pubs, restaurants and clubs across Canada (Responsible Gaming Council, 2004; see Table 5). On average, a single VLT machine in Canada yields \$68,000 per year (KPMG, 2003). Newfoundland has the highest number of VLTs per capita (1:154) and Quebec has the fewest (1:384). Despite their proliferation, VLTs still remain illegal in two Canadian provinces, Ontario and British Columbia. Both provincial governments have been reluctant to permit and regulate VLTs largely due to public pressure and the reported social and personal costs associated with excessive playing.

Table 5  
*Video-Lottery Terminals (VLTs) in Canada (Facts and Figures for 2002)*

Province	Number of VLTs	Number of Locations	Number of VLTs per Adult	Revenue (\$ Millions)	Per Capita Spending (\$)
Newfoundland	2,592	559	1:154	110.2	276
PEI	403	90	1:252	14.4	142
Nova Scotia	3,205	536	1:221	161.5	228
New Brunswick	2,811	762	1:202	113.3	199
Québec	14,713	3,828	1:384	1,067.5	189
Ontario	—	—	—	—	—
Manitoba	5,261	580	1:157	214.1	259
Saskatchewan	3,700	682	1:194	226.6	316
Alberta	5,967	1,272	1:373	736.7	330
British Columbia	—	—	—	—	—
<i>Canada</i>	38,652	8,309	1:290	2,644.6	236

(KPMG, 2003).

VLTs yielded a staggering \$2.4 billion in net revenue for the provinces during the period 2002-2003 (Responsible Gambling Council, 2004). Quebec generated the most money from VLTs of all the provinces in Canada, accounting for 40% of the national total. There are more VLTs (14,301) and VLT locations (3,663) in Quebec than in any other province. Alberta accounted for second highest percentage of national revenues (28%; \$736 million), yet its residents spent more per capita on VLTs than any other province in 2002 (\$330). In keeping with this finding, VLTs are particularly popular across the prairie provinces, as residents of Saskatchewan (\$316) and Manitoba (\$259) spent considerably more than the average Canadian (\$230) on VLTs in 2002. Similarly, VLTs in these western provinces garnered more revenue for their province than did their respective casinos or lottery products.

Despite their enormous capacity in generating revenue for the provinces, VLTs are considerably problematic from a mental health perspective. Similar to slot machines, they require no skill to operate, yet are highly addictive (often referred to as the “crack cocaine” of gambling). Their structural characteristics and features, rapid rate of play, low cost, coupled with their intermittent reinforcement schedules have been shown to be highly attractive (Azmier, 2001) and potentially addictive. However, VLTs, unlike slot machines, are not solely located in large-scale gambling facilities such as casino/racinos. They exist in diverse regions of the country, offering greater and easier access to gambling. VLT policy is a highly controversial topic and has become the most debated gambling issue over the past decade (Canada West Foundation, 1999). As a result of this controversy, six provinces (PEI, Nova Scotia, Saskatchewan, Quebec, Manitoba and Alberta) have currently restricted future VLT expansion (subject to review and policy change).

### **Gambling Participation and Problem Gambling**

Participation in some form of gambling on a national level remains high amongst both males (78%) and females (73%), with those over the age of 24 gambling more often (70% and above; Marshall & Wynne, 2003). While the legal age for gambling varies between jurisdictions, with some differences depending upon the type of activity, despite the legal age required to gamble one-half of adolescent males and one-third of adolescent females (age 15-17) reported having gambled in 2002 (Marshall & Wynne, 2003). Here again, there are regional differences based upon ease of accessibility, types of games available, cultural differences and enforcement of statutes prohibiting underage gambling. Derevensky and Gupta (2004), in

summarizing our current knowledge of adolescent gambling noted that approximately 80% of underage youth between 12-17 report having gambled in the past year, with between 4-8% exhibiting significant gambling problems. Adult problem gambling rates were also found to differ considerably between the provinces, with .5% reported by Marshall and Wynne (2003) based upon data collected using the Canadian Problem Gambling Index (CPGI) and 2.27% using other instruments (Azmier, 2001). It should be noted that these percentages do not reflect those individuals at-risk for a gambling problem or who score in the moderate problem range. When one combines problem gamblers with those at moderate risk for gambling problems the numbers rise to 2-4.1% of the adult population.

Males have been consistently shown to be at greater risk for developing gambling problems than females. In the most recent Canadian Community Health Survey (CCHS, 2002, as cited in Marshall & Wynne, 2003), using the CPGI, 8% of males versus 5% of females were found to exhibit some form of gambling problem. Differences have been attributed to the types of games typically played by males (VLTs, casino type games) and cultural differences. Nevertheless, the negative familial, financial, personal, social, legal, and health consequences associated with gambling problems are of significant concern. Problem gamblers were twice as likely (22% versus 11%) to report fair or poor health when compared with non-problem gamblers, they reported greater substance abuse problems, experienced disrupted familial and peer relationships, noted more employment-related difficulties, exhibited increased stress and anxiety, reported greater depression and suicide ideation, and committed more suicide attempts. Overall they exhibited greater health, interpersonal, mental health, social and legal difficulties (Kidman, 2002; Lesieur, 1998; Marshall & Wynne, 2003; Newman & Thompson, 2003; Nower, Gupta, Blaszczyński, & Derevensky, in press; Potenza, Fiellin, Heninger, Rounsaville, & Mazure, 2002). The results of the CCHS (2002, as cited in Marshall & Wynne, 2003) study suggest that 5% of the population and 6% of gamblers exhibit some gambling-related problems. Those significantly more at-risk for a gambling problem were men, Aboriginal/First Nations persons, individuals with lower levels of education, VLT and very frequent players.

Concomitant with the expansion of gambling and the realization that government engagement in these activities is not without some social and personal costs there has been a significant investment in the areas of research, treatment and prevention. Within Canada, total gambling treatment expenditures in 1999/2000 was reported to be \$28 million (Azmier, 2001). The amount allocated for research, treatment, training and

prevention of gambling problems in Canada currently exceeds \$73 million (Table 6 displays the amounts provided by provincial governments). It is important to note that other non-provincial funding agencies also provide funds specifically for research (e.g., Social Science Humanities Research of Canada [SSHRC], Canadian Institutes for Health Research [CIHR], and the Trillium Foundation). The distribution of these funds varies considerably, with some provinces establishing specific research centres that solicit, review and fund research proposals (e.g., Alberta Gaming Research Institute, Ontario Problem Gambling Research Centre). In Quebec, funding has helped to establish two major research centres; the International Centre for Youth Gambling Problems and High-Risk Behaviours at McGill University, and the Centre for Excellence at Laval University. It is equally important to note that while these funds have been designated for problem gambling they have not always been entirely dispersed. Provincial lottery corporations, which generally oversee all gambling within each province, have in the most part, named an individual as coordinator for their responsible gambling initiatives.

### Social Policy Implications

While gambling in general remains a popular pursuit, the negative effects associated with excessive problem gambling have been well documented. The history of gambling on an international level has passed through a number of cycles from prohibition to widespread proliferation (Rose, 2003). Gambling in Canada has gone from being associated with sin, criminal behaviour, and corruption to its current position as a popular form of entertainment. Gambling revenues have emerged as an important source of funds for governments, charities, and businesses. The changing landscape of gambling suggests that the pendulum between abstinence and widespread acceptance may not swing back to prohibition or to a more restrictive position (a recent referendum in New Brunswick to remove VLTs was defeated, albeit narrowly). In an attempt to appease the public, several provinces have mandated *responsible gambling features* be installed on their VLT machines. This can take the form of posting the time played, automatic cash outs after a certain period of time, credits are shown in real dollars remaining thus limiting the amount of money initially accepted by the bill acceptors, responsible gambling messages are scrolled across the screen, and so forth (these differ between provinces). However, while there are several studies currently underway in Canada and Australia concerning these features, there is no empirical support that these features help promote responsible gambling or discourage problem gamblers from playing.

As early as 1997, Harold Wynne suggested that gambling would become the number one public policy issue in Canada. However, it was not until relatively recently that gambling problems have been accepted as a public health problem or public policy issue (Korn & Shaffer, 1999) rather than as a personal or individual problem (Whyte, 2003). A new surge of research has expanded our knowledge of gambling problems and its societal impact, with provincial governments being forced to carefully examine the social and financial costs associated with gambling expansion and regulation as well as assessing the accrued financial benefits.

The prevailing attitudes of provincial governments and the public at large appears to suggest that new gaming venues, new forms of gambling (e.g., new technologies in the form of interactive lotteries, Internet gambling and telephone wagering), and the proliferation of current forms of gambling (e.g., casinos, electronic gambling machines, lotteries) will likely continue to expand and take on new forms, albeit at a slower rate in certain jurisdictions due to public pressure. Prince Edward Island and other provinces are contemplating entering the lucrative Internet gambling market should the current Criminal Code of Canada be modified. There is also clear evidence that the pressures placed upon the federal government by the provinces have been successful in modifications of the gambling sections of the Criminal Code. Several provincial legislators have succumbed to their constituents' pressure to hold provincial information meetings and hearings concerning gambling expansion in an attempt to diffuse the anti-gambling lobby. They remain astutely aware of the potential for a huge popular backlash concerning increased revenues and heightened awareness as to the social and personal costs resulting from compulsive and pathological gambling.

Currently, gambling is not viewed negatively but rather as a legitimate, socially acceptable form of entertainment in Canada with a large percentage of adults and adolescents reporting having wagered during the past year. Similar results have been reported in the U.S. (National Research Council, 1999), Australia (Productivity Commission, 1999), and New Zealand (Abbott, 2001). Nevertheless, gambling remains a highly contentious social policy issue in Canada and other countries (see the reports from the U.S. National Gambling Study Impact Commission, National Opinion Research Center, 1999; Canada West Foundation, Azmier, 2001; Canadian Tax Foundation Report, Vaillancourt & Roy, 2000; the U.K. Gambling Review Report, 2001; the Australian Productivity Commission Report, Productivity Commission, 1999; the National Centre for the Study of Gambling, South Africa Report, Collins & Barr, 2001; and those from New Zealand, Abbott, 2001). While the perspective is slowly changing that gambling is not necessarily a harmless,

Table 6  
*Amount of Money Allocated to Research and Treatment Efforts (2003-2004)*

Province	Amount	Description
Newfoundland	\$300,000*	Provincial treatment expenditure.
PEI	\$150,000*	Provincial treatment expenditure.
Nova Scotia	\$2.9 million	Nova Scotia Gaming Corporation contributions toward responsible gaming programs.
New Brunswick	\$560,000*	Provincial treatment expenditure.
Québec	\$20 million	The Québec government funds measures dealing with: scientific research, prevention and the treatment of compulsive gambling In addition, Loto-Québec created an internal budget of \$4.3 million to support its own initiatives in this area.
Ontario	\$36 million (2% of annual gross revenue with a minimum of \$10 million)	Allocated to Ministry of Health and Long-Term Care for problem gambling research, treatment, prevention and awareness. As of 2000, Ontario Problem Gambling Research Centre provides treatment, prevention and research.
Manitoba	\$2.25 million (2002-2003)	The Manitoba Lottery Corporation provides funding for problem gambling initiatives administered by Addictions Foundation of Manitoba and partners with the Foundation in the provision of awareness, education, staff training and customer intervention programs.
Saskatchewan	\$2.75 million (2002-2003)	Saskatchewan Health is the provincial government department mandated to co-ordinate the efforts of Regional Health Authorities, government departments, community groups and agencies, and the gaming industry to provide services related to the prevention, education and treatment of gambling problems.
Alberta	\$4.3 million	Problem gambling prevention, education and treatment programs are funded by the Alberta Lottery Fund, through Alberta Health and Wellness: A 24-hour gambling help line; Outpatient counselling, available in more than 40 locations; Non-residential intensive treatment; Residential gambling treatment; Public awareness programs; Community prevention initiatives. The Alberta Lottery Fund to facilitates research through the Alberta Gaming Research Institute.
British Columbia	\$4.0 million	Problem gambling program managed by Gaming Policy and Enforcement Branch; Services include public awareness and prevention activities, treatment and counselling services, the provincial toll-free telephone Help Line, and problem gambling research.

\* Estimates from 2000-2001 (Azmier, 2001).

innocuous behaviour with few negative consequences, most adults support their continued opportunity to gamble and perceive it to be considerably less harmful than other potentially additive behaviours and harmful social activities (Azmier, 2000).

Gambling remains somewhat unique from other public policy issues as it cuts across a number of other policy domains including social, economic, public health, criminal and justice policy (Wynne, 1998). As a public health policy issue, gambling has been growing in importance. Korn and Shaffer (1999) have made a very strong argument for viewing gambling within a public health framework by examining it from a population health and human ecology perspective.

Gambling, typically viewed as an adult activity, has also become a popular form of entertainment for adolescents (Derevensky & Gupta, 2004; Jacobs, in press; National Research Council, 1999). While in most jurisdictions legislative statutes prohibit children and

adolescents from participating in legalized forms of gambling due to age restrictions, their resourcefulness enables many youth to engage in both regulated legal forms of gambling and those non-regulated gambling activities. Research has revealed that upwards of 80% of adolescents have engaged in some form of gambling (see the reviews by Jacobs, in press; National Research Council, 1999; and the meta-analysis by Shaffer & Hall, 1996), with most best described as social gamblers having few gambling-related problems. Yet, there remains ample evidence that between 4 and 8% of adolescents have a very serious gambling problem with another 10-15% at-risk for the development of a gambling.

The prevailing social policies have often been established by default, and appear predicated upon a harm minimization model (see Dickson, Derevensky, & Gupta, 2004 for a more comprehensive discussion). Yet the development of effective social policy needs to

be both reflective and directive of the social context from which it is derived. As such, effective social policies should reflect the current status of gambling while simultaneously projecting its future; it must be sensitive to its historical context, yet must exist within the prevailing ideological, social, economic and political values (Hall, Kagan, & Zigler, 1996); and such policies must also be considerate of the broader Canadian cultural and religious diversity. The escalation of government supported and owned gambling in Canada is a social experiment for which we currently do not have sufficient and reliable data to predict the long-term social costs (Derevensky, Gupta, Hardoon, Dickson, & Deguire, 2003). However, given the positive attitudes of Canadians toward gambling and huge government deficits the need for revenues remain, with gambling expansion not likely to be curtailed. The continued increase in gambling revenues must be associated with some decrease in other forms of expenditures as expendable incomes have not risen. The social and economic costs and benefits have not been adequately assessed and remain unknown.

## Emerging Issues

### *Regulatory Bodies*

The regulatory agencies providing the oversight for gambling are sometimes intricately linked to the beneficiaries of gaming revenue. Such government bodies are charged with the responsibilities associated with a duty-of-care while simultaneously being directly or indirectly responsible for maintaining or increasing revenues. This may reflect a conflict of interest where governments are the recipients of the proceeds of gambling revenues, own the gambling venues, and those individuals responsible reporting directly to the Ministers of Finance. Regulatory bodies need an arms-length approach to monitor gambling, set and establish rules and guidelines, develop responsible social policies, and establish strict enforcement of statutes and policies. Such regulatory bodies need to work closely with the gaming industry, researchers and the public in developing sound principles and policies. Periodic commissions to review national policies on gambling while beneficial are not entirely sufficient. Policies need to be implemented that promote responsible gambling, adopt harm minimization approaches, govern advertising, facilitate the dissemination of pertinent material, and have input in the establishment of funds for research, treatment facilities and prevention activities. Applicants for a gambling license, including governmental agencies, must adopt a clear mission statement concerning their policy on pathological gambling and the allocation of funds for dealing with problem gamblers and their families. The creation of a

dedicated fund for the development and ongoing support of problem gambling research, public awareness, prevention, education and treatment programs needs to be established by those governmental bodies and or private entities profiting from gambling revenues. Regulatory bodies need to be active and sensitive to emerging social issues related to problem gambling. Such social issues may result from technological advances, changing patterns of behaviour, and advances in our knowledge. Regulatory bodies must maintain their primary responsibility to protect the public.

### *Advertising*

The advertising and glamorization of gambling in the media, movies and television is of significant concern. The use of highly visible, branded products or personalities endorsing gambling is problematic. Large advertising budgets have recently come under legislative scrutiny and in some cases have specific limits. Government regulatory bodies need to establish strict advertising guidelines to discourage extravagant or misleading claims about gambling, opportunities to win, and promoting “winning the dream.”

### *Age Restrictions*

In most provinces age restrictions have been established prohibiting minors from engaging in government regulated gambling. These age restrictions may vary depending upon the type of activity (e.g., in most provinces the age requirement for purchasing a lottery ticket is less than casino or VLT playing). Yet the enforcement of these restrictions is limited at best. With the exception of casinos, many underage youth have very little difficulty accessing gambling venues and with Internet gambling in Canada on the horizon, this will become even more problematic.

### *Social Cost-Benefit Studies*

The necessity to engage in a well-designed social cost-benefit study is crucial as a way to inform legislators as to the development of responsible social policies. There is a need to develop social policies that balance public health interests with the economic gains of governments and industry, and the entertainment value received by the consumer. Public policy development may be a cost-effective and socially responsible way of reducing the burden of gambling disorders and related problems while simultaneously protecting the public. Through public education, research, and policy advocacy, governments can establish sensible public policies on the regulation, growth and expansion of gambling products, activities and venues.

## Concluding Remarks

Gambling venues and revenues across Canada continue to grow. The surge in gambling begun in the 1990s, when provincial governments entered the casino and electronic gaming market has not abated. In an effort to continue revenue growth new forms of gambling will likely emerge with some costs associated with this growth. While the vast majority of individuals gamble in a responsible manner, 76% of Canadians reported gambling in 2002 with 40% gambling on a weekly basis (Marshall & Wynne, 2003), a small but identifiable minority experience significant gambling-related problems. These problems not only affect the individuals but his/her family, peers, employers, and society. Problem gambling is governed by a complex set of interrelating factors, causes, and determinants. It is the interplay of the multiple factors and causes that likely determine one's propensity to develop a gambling-related problem (Blaszczynski, 1999; Derevensky et al., 2003; Jacobs, 1986). As the provincial governments continue to reap enormous profits from gambling some have argued that it is our provincial governments that are most addicted to gambling; they are addicted to the revenues being generated.

It is noteworthy that most provinces have supported research, treatment, training and prevention related to gambling problems, at least to some degree. Provincial governments have an obligation to help those in need through treatment and counselling programs, to develop and implement effective prevention programs to minimize the potential harm associated with excessive gambling, and to support research initiatives. Most provincial governments have taken this role seriously. Canadian researchers continue to play an important international role in developing paradigms toward an understanding of pathological gamblers, the development of screening tools, and the development of scientifically validated treatment and prevention programs. Yet, viewing gambling from an ecological, public health policy perspective necessitates moving beyond merely offering problem gamblers treatment and counselling (Messerlian, Derevensky, & Gupta, 2003).

With the widespread acceptance of gambling as a socially acceptable form of entertainment, the social impact and potential negative consequences appear to have been largely ignored or discounted. Unlike other countries, no comprehensive examination of gambling policy or practice in Canada has taken place. This may well be the result of the limitations of federal versus provincial mandates. While Senator Lapointe (member of the Senate of Canada) has recently held national hearings concerning the modification of the Criminal Code to restrict VLTs to be housed solely in gambling establishments, his proposal has not received widespread support. A federal commission examining all

aspects of gambling is warranted. Gambling in Canada remains an important social and public policy issue that will continue to grow.

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