



# research reveals...

an update on gambling research in ALBERTA

## About The Alberta Gaming Research Institute

The Alberta Gaming Research Institute is a consortium of the Universities of Alberta, Calgary, and Lethbridge. Its primary purpose is to support and promote research into gaming and gambling in the province. The Institute's identified research domains include bio-psychological and health care, socio-cultural, economic, and government and industry policy and practice. The Institute aims to achieve international recognition in gaming-related research. It is coordinated by a Board of Directors working in collaboration with the Alberta Gaming Research Council. The Institute is funded by the Alberta government through the Alberta Lottery Fund.

### OUR MISSION:

**To significantly improve Albertans' knowledge of how gambling affects society**

Your comments and queries are welcome either by e-mail [abgaming@ualberta.ca](mailto:abgaming@ualberta.ca) or phone 780.492.2856.

## First Nations Communities and Casino Gaming: Themes, trends and ideas

IT APPEARS LIKELY that by the end of 2006 at least four First Nations casinos will be operating, and a number of others approved in principle, in Alberta. The swiftness of reserve-based casino growth in the province is not entirely unexpected. Well-publicized and highly successful tribal casino properties like *Foxwoods* in the United States and *Casino Rama* in Ontario have raised expectations that their economic achievements can be replicated elsewhere. In fact, given that First Nations communities often struggle to develop viable economic opportunities for their people, it is perhaps surprising that similar casino initiatives have not already occurred in Alberta. Such developments are of particular interest to Yale Belanger, PhD (Trent) of the Department of Native American Studies at the University of Lethbridge. Belanger is currently authoring a book which will provide an in-depth examination of First Nations casino issues across Canada. It is expected to be available in early 2007 from Purich Publishing.

### Dr. Yale Belanger and his introduction to Aboriginal gambling

Belanger initially turned his attention to First Nations gaming during his first year as a doctoral student at Trent University in Peterborough, Ontario. He was approached by David Newhouse, his future doctoral supervisor, and asked to write a piece for a gaming-related issue of the *Journal of Aboriginal Economic Development* (2002). Belanger agreed and wrote an article examining the morality of Aboriginal gaming.

The article, he relates, "led to my conducting a brief literature review [also published in the *Journal*] and interviewing a Casino Rama executive about Aboriginal gaming in general."

Belanger's book, *Aboriginal Gaming in Canada: An Overview of the Issues Affecting an Industry in its Infancy*, has been partially funded through a research grant from the Alberta Gaming Research Institute and is an extension of the work he did for the *Journal's* special gaming issue.



Photo by Ian Martens, Lethbridge Herald.



## 2004-05 Annual Report Now Available

The Alberta Gaming Research Institute's Annual Report and Report Card are now available. They can

be accessed on our website

[www.abgaminginstitute.ualberta.ca/](http://www.abgaminginstitute.ualberta.ca/),

or you may request a hard copy by contacting the Institute office at 780-492-2856 or

by e-mail: [abgaming@ualberta.ca](mailto:abgaming@ualberta.ca)

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## 2006 Conference

The Institute is pleased to announce its 5th Annual Conference on gambling research.

**LOCATION** The Banff Centre, Banff, Alberta

**DATES** Friday, April 21 & Saturday, April 22, 2006 with an opening reception on Thursday evening, April 20, 2006

**TITLE** Social and economic costs and benefits of gambling



This international conference will feature presentations from prominent economists and social scientists who have studied the social and economic impacts of gambling. It has three themes. The first is concerned with the METHODOLOGICAL ISSUES associated with Cost/Benefit Analyses (e.g., difficulties in quantifying social costs; degree to which impacts are specific to the form of gambling, etc.). The second addresses JURISDICTIONAL STUDIES OF COSTS/BENEFITS that have been done from around the world (e.g., Canada, U.S., Australia, N.Z., etc.). The third presents research that has studied the IMPACTS ON SPECIFIC SECTORS (e.g., Aboriginals, Government, Societal Values, Individual Communities, Seniors, Non-Profit Sector, Crime, etc.). The conference will be of interest to government regulators, commercial gambling operators, economists, social scientists, and gambling researchers.

He explains that the academic literature is “missing an overview of the evolution of Aboriginal gaming in Canada and ... [the book] could assist researchers interested in entering the field by providing them with a solid foundation of ideas, themes, trends, and a review of the existing literature.”

## Economic bedrock required for Aboriginal self-government

Belanger suggests that First Nations became interested in casino gambling as a means of providing a strong local economy. The final report of the *Royal Commission on Aboriginal Peoples* (1996), he notes, concluded that strong economies on First Nations reserves are the foundation of strong self-government. In this respect, casinos could be seen to provide the economic foundation First Nations were seeking. Gaming profits in American tribal casinos looked so appealing, says Belanger, “that suddenly Canada’s Aboriginal leaders were of the opinion that they too could employ these same methods to generate the wealth they deemed necessary to become self-governing.”

Based on his research and analyses of casinos, Belanger suspects that First Nations have also embraced casino gaming because such ventures are relatively easy to initiate, with a good chance of becoming profitable without the need for significant overhead. He adds that, “because gaming happens to be an enterprise the provinces utilize to generate revenue, it makes sense for Aboriginal leaders to consider gaming when the province is involved in the same industry.”

Asked to provide an assessment of whether the casinos have met economic expectations, Belanger points out that with the exception of *Casino Rama*, which is relatively close to a market of several million people, “the Aboriginal gaming experience in Canada has failed to meet anticipated returns.” At the same time, however, he points out that all native-operated casinos are now profitable to varying degrees. He notes that smaller community casinos located near mid-sized cities have proven that they can generate sufficient profits to assist in creating community infrastructure while supporting internal economic growth. Belanger cautions, however, that self-governance can be a double-edged sword when it comes to casino operations, which bring with them such potentially difficult issues as problem gambling and the consequent need to develop community-based programs to deal with concerns resulting from the increased accessibility to gambling.

## Casino model and cautions

If Canadian Aboriginal casinos hope to emulate the economic success of the most profitable U.S. tribal casinos, they will have to do so within regulatory environments that vary widely from province to province. In the United States, tribal leaders who wish to operate a casino must forge working relationships with State officials in the form of a gaming compact before any gaming establishment can proceed. “This process is uniform in the U.S. in those states that allow [casino] gaming,” says Belanger. In Canada, however, each province is responsible for setting gaming regulations; each is also able to determine how Aboriginal leaders are to conduct gaming ventures. This has resulted in provincial regulators developing various models for Aboriginal casino gaming.

In Ontario, notes Belanger, the *Casino Rama* model focused on the construction of one large, centrally located casino with a revenue sharing agreement that sees the 132 provincial First Nations benefit from the casino revenues. In Manitoba, officials originally decided to permit construction of five mid-sized Aboriginal casinos with a revenue sharing agreement permitting all provincial First Nations to benefit.<sup>1</sup>

Several Alberta gambling researchers have voiced concerns about the wisdom of locating casinos in Aboriginal communities. They highlight findings from prevalence studies indicating that problem gambling in the Aboriginal population is significantly higher than that of the general populace. When asked to comment on this issue, Belanger expresses the view that “any additional casinos at this point have the potential to exacerbate problem gambling. The proximity of the Enoch Casino to Edmonton and the Tsuu T’ina and Stoney casinos to Calgary suggests that more people from both aboriginal and mainstream populations may be enticed to participate in gambling activities.” He adds that there is a dearth of Canadian research studies that could help determine whether or not problem gambling among reserve residents increases substantially with the construction of a casino on reserve.

Belanger points out that strategies have yet to be devised to mitigate any potential problems that might arise as a result of reserve-based casino gambling. At this point, he says, “neither the [provincial] government nor Aboriginal leaders and their casino operators have been proactive in establishing policies or working documents to tackle what will likely become a larger political issue.” The Alberta government, he suggests, “doesn’t appear to have a regulatory scheme in place concerning Aboriginal casinos ... most are passing through the eight-stage evaluation process with little difficulty. This could be problematic for those casinos in small markets that should not have been granted casinos to begin with.”

## The road ahead for First Nation casinos

Efforts to further the development of Aboriginal casino gaming in Canada have not been without their challenges. Pockets of strong opposition have emerged in some Canadian locales. Belanger relates, for example, that several years ago in Manitoba, a concept for developing urban reserves on which casinos would be located was particularly contentious and was soundly defeated. Belanger is both intrigued and puzzled by this issue, explaining that “an urban reserve is simply a parcel of land located in an urban centre that has been purchased by a band. It is then recognized as reserve territory for taxation purposes to help foster economic development. And only those people who live on reserve and work at the casino would fall under Indian Act provisions concerning taxation. Other than that a casino on an urban reserve would look and feel the same as any casino operating in that same urban setting.” Not unexpectedly, his research exposes the spectre of racism when the discussion turns to establishing urban reserves to house casinos, though Belanger believes that most arguments presented against establishing urban reserve casinos have been specious at best.

<sup>1</sup> Belanger indicates that “political machinations” resulted in only two of the five proposed casinos actually being built.

## First Nations casinos in Canada

### BRITISH COLUMBIA

Casino of the Rockies [Cranbrook]  
(Established 2002)

### ALBERTA

As of July 26, 2005, seven casino facility applications were under examination by the Alberta Gaming and Liquor Commission. Applications from the Enoch Cree (West of the City of Edmonton), Alexis Nakota Sioux Nation (Whitecourt), and Stoney Nakoda First Nations (between Calgary and Banff) have reached the eighth and final stage of the approval process.

### SASKATCHEWAN

Gold Eagle Casino, North Battleford (1996); Northern Lights Casino, Prince Albert (1996); Bear Claw Casino, Carlyle (1996); Painted Hand Casino, Yorkton (1996)

In 2004, the Federation of Saskatchewan Indian Nations (FSIN) was granted conditional approval for the Saskatchewan Indian Gaming Authority (SIGA) to build and operate a new casino in Swift Current. It was also granted conditional approval to construct a casino on the Whitecap Dakota First Nation south of Saskatoon.

### MANITOBA

Aseneskak Casino, The Pas (2002); South Beach Casino, Grand Beach (2005)

### ONTARIO

Casino Rama, Rama (1996); Golden Eagle Charity Casino, Kenora (1994); Great Blue Heron Charity Casino, Port Perry (1997)

### NOVA SCOTIA

Casino Nova Scotia, Sydney (1995): First Nations involvement includes a 50% share of the Cash Available for Distribution (CAD) from the Sydney casino.

Belanger's research has revealed that when confronted with these and other challenges, developers of Aboriginal casinos in Canada have, for the most part, adhered to the principles of due diligence to successfully navigate and overcome them. Opportunities for communities to improve services to their people have also proven to be substantial motivators in this process.

It is obviously too early to tell whether Aboriginal casino gaming will be the economic panacea that ultimately generates the prosperity that in turn leads to, and perhaps reflects, stronger self-government. Regardless of the outcome of individual casino projects, Belanger hopes that First Nations leaders in Canada will consider the reality that self-government means dealing with both the good and the bad. "When looking to [casino] gaming for an economic boost," he adds, "they may have to take into consideration issues like problem gambling that wouldn't arise when constructing a large mall or entertainment centre, for instance." Belanger cautions that a failed experience could further psychologically scar the very people who are seeking new economic initiatives to help their communities improve.

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## Related publications

- Belanger, Y. D. (2005). Building the Opaskwayak Cree Nation Economy: A Case Study in Resilience. *Journal of Aboriginal Economic Development* 4, (2), 69-82.
- Belanger, Y. D. (2002). Rama five years later: A discussion on the advantages and pitfalls of Aboriginal gaming in Ontario—An interview with Casino-Rama Director of First Nations Affairs, Kevin Wassegijig. *Journal of Aboriginal Economic Development* 2, (2), 18-24.
- Belanger, Y. D. (2002). The morality of Aboriginal gaming: A concept in the process of definition. *Journal of Aboriginal Economic Development* 2, (2), 25-36.
- Belanger, Y. D. (2002). Aboriginal gaming in Canada: A literature review and suggestions for research. *Journal of Aboriginal Economic Development* 2, (2), 87-95.

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