

Economic Research and Planning Unit,
Government of Yukon

By:

M. T. McIntosh

Economic Research

Government of Yukon

November, 1977

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A
SOCIO-ECONOMIC IMPACT EVALUATION
OF
GAMBLING
IN
YUKON
(Updated Version)

By:

M. T. McIntosh

Economic Research & Planning Unit

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November, 1977

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FOREWORD

On March 24, 1977, during the 8th session of the 23 legislature, the Yukon Legislative Assembly passed the following motion:

"THAT WHEREAS a unique opportunity exists for the strengthening and stabilizing of Yukon's economic future, BE IT RESOLVED that this House recommends to the Yukon Territorial Government that the Socio-Economic Planning Unit examine in detail the feasibility and appraise the economic benefits of legalized gambling in Yukon, and in particular the question of full-time commercially-operated enterprises in the City of Dawson and seasonally-operated enterprises within other appropriate areas of Yukon, AND THAT the report prepared by the Socio-Economic Planning Unit be tabled in this House for the Fall Session."

In compliance with the legislature's wishes, this report was prepared and submitted to the fall session of 1977. We hope it meets the expectations of the Legislative Assembly.

ACKNOWLEDGEMENTS

The assistance received from the following organizations is gratefully acknowledged:

1. Klondike Visitors Association
2. Gold City Motor Inn
3. Government of Yukon, Tourism and Information Branch

The assistance of Alan Nordling is especially and gratefully acknowledged as are the critical comments and assistance of Kent Sproul.

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I SUMMARY

This study was conducted at the request of the Yukon Legislative Assembly. Its purpose was to determine if legalized casino gambling would strengthen and stabilize Yukon's economic future. We attempted to ascertain this through the use of socio-economic impact analysis.

Initially, we conducted a literature search to determine the extent of gambling in Canada and other parts of the world and to ascertain who gambled and why. Next, a Dawson City resident survey was conducted to determine how the local population interacted with the existing casino, Diamond Tooth Gertie's. In addition, a Dawson City Visitor survey was employed to determine the gambling characteristics of the average visitor. Our findings were as follows:

Gambling in Canada is not as extensive as in the U.S.A. but it is not too far behind. The average Canadian spends nearly \$200 annually. This amounts to about 80% of the average American expenditure. We found also, that the prime motivating factors which induce people to gamble are entertainment and economic. Non resident gamblers possess both motivations but residents, due to their degree of exposure, are entertained to a lesser extent. For residents, the prime motivation is economic.

Within the gambling community we found that those individuals who gamble for economic reasons come mainly from the lower income group. Higher income groups do not find gambling an attractive investment. They have the necessary funds to invest efficiently in a more orthodox manner. Thus, we arrive at the main reason why gambling is considered by many to be a social evil: within the gambling community, gambling appeals to those individuals who can least afford to spend money on such activities.

Next, we found that the resident survey results tend to support the above contention. From the survey we produced a profile of the resident gambler. The resident gambler may be either male or female, would be married, have children, be under 30 years of age, have a high school education and an income of less than \$15,000 annually. We noted, however, that in Dawson City a higher percentage of older and higher income individuals gambled compared to Nevada. This is due to the seasonal nature of gambling in Dawson City and was expected.

We found also, that a fairly high proportion of gamblers (43%) believed they gambled excessively at times but that few gamblers believed their gambling produced any adverse affects.

The economic evaluation indicated that year-round gambling in Dawson City was uneconomical. This, plus the fact that 70% of the adult population do not want year-round gambling, led us to conclude that no major expansion of gambling should occur in Dawson City.

Regarding a casino in Whitehorse, we stated that while it would be a financial success, relative to territorial or city revenues its contribution would be minimal. At the same time, it would have a substantial negative effect on the Dawson City operation. It would therefore not serve its intended purpose: to strengthen and stabilize Yukon's economy. Furthermore, the potential social costs offset much of the economic benefit resulting from such a development.

With the development of several casinos throughout Yukon, we indicated that, in addition, if there was to be any chance of success, a major change in tourist composition would be required. We suggested that such a move would produce enormous social problems and is not wanted by Yukon citizens.

Finally, we suggested that a single casino located west of Whitehorse would have a lesser negative affect on Dawson City, would produce substantial revenues for the gambling

community and keep to a minimum the overall social costs. Of course, the community in question would have to approve the development.

Our concluding note was that an economic crisis, the usual impetus for legalizing casino gambling, is not apparent in Yukon.

DAWSON CITY

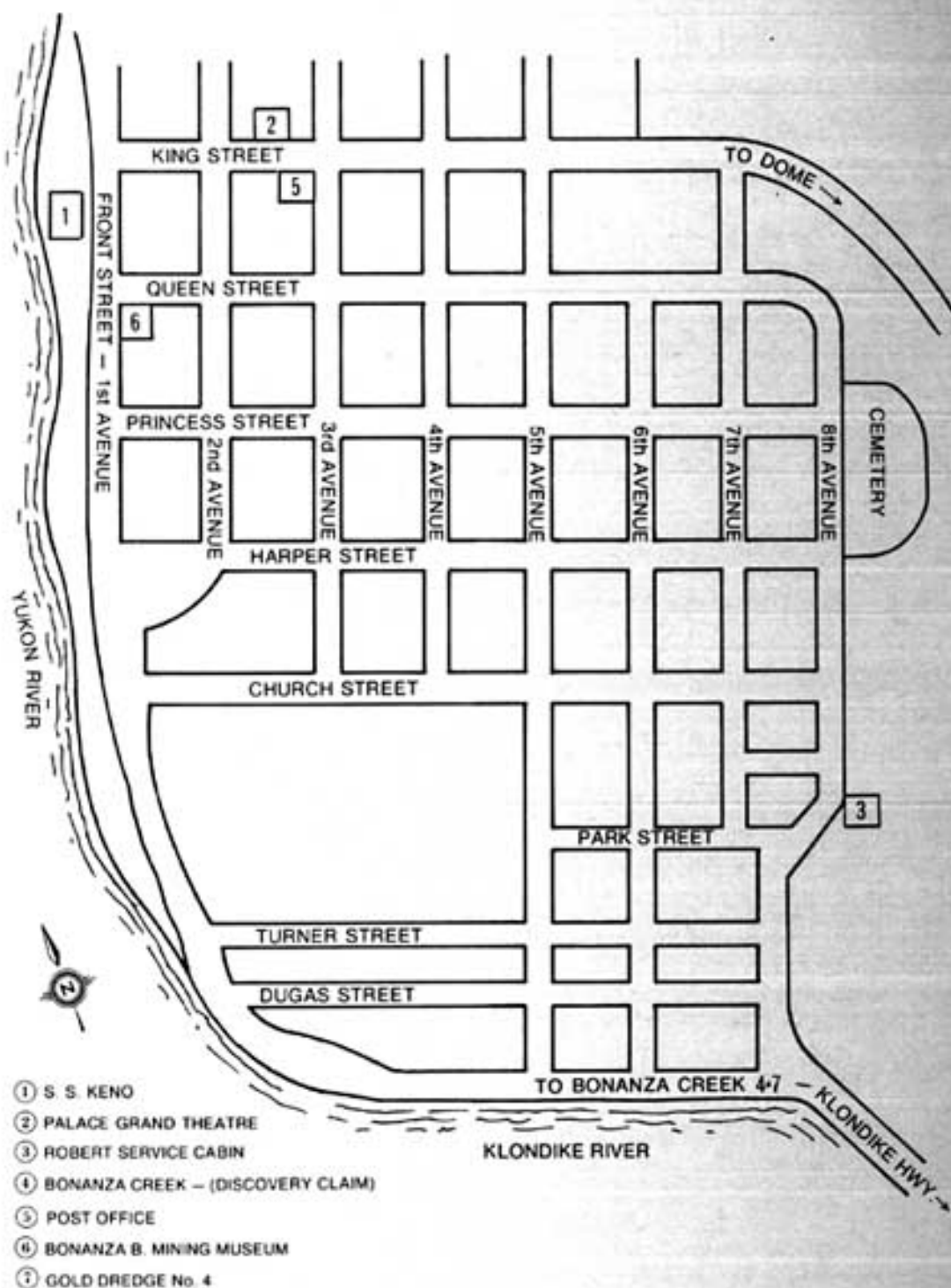


HEART of the KLONDIKE

Few episodes in Canadian history have so captured imaginations as the fabulous Klondike Gold Rush, 1897-8. Thousands of adventurers and fortune seekers faced the rigours of the trail to dig for gold along creeks feeding the Klondike River. Dawson, a trading post on a mud flat at the confluence of the Klondike and Yukon Rivers, mushroomed in a single season to a sprawling boom town, made up of log and frame buildings, and tents. Some 5,000 people from the four corners of the earth arrived at Dawson. At the height of the gold rush, 1898-9, the itinerant population of Dawson was estimated between 20,000 and 30,000, making it the largest Canadian community west of Winnipeg. The excitement quickly petered out after the turn of the century, with the formation of large corporations which bought up individual claims. The Klondike continued to produce gold in abundance for a number of years.

In a sense, the Dawson of the frantic two seasons just before the turn of the century, was Canada's last frontier. By the 1940's Dawson was a village with a permanent population of under 1,000. In 1953 the territorial capital was transferred to Whitehorse. But the picturesque ghost-town beneath the scarred and rounded hill known as the Dome, less than 200 miles below the Arctic Circle, is still very much a part of our historical heritage.

The gold rush provided a significant and colourful chapter in a Canadian history which some thought dull. Dawson City, the heart of the Klondike, was named for Dr. George Mercer Dawson, a Canadian government geologist. Parks Canada has been active in the restoration and preservation of what remains of the once lusty mining camp. Its development will continue over the next several years.



- ① S. S. KENO
- ② PALACE GRAND THEATRE
- ③ ROBERT SERVICE CABIN
- ④ BONAIZA CREEK - (DISCOVERY CLAIM)
- ⑤ POST OFFICE
- ⑥ BONAIZA B. MINING MUSEUM
- ⑦ GOLD DREDGE No. 4



Indian and
Northern Affairs

Affaires indiennes
et du Nord

Parks Canada

Parcs Canada

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Minister of Indian and Northern Affairs
Ottawa, 1977
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II INTRODUCTION

Although casino-type gambling is by no means unique to Dawson City, the city does possess the only "gambling casino" in Canada. Other Canadian cities may permit gambling activities from time to time but only in Dawson City will one find a structure being legally operated for the sole purpose of providing residents and tourists with the opportunity to win or lose money at the turn of a card or spin of the wheel.

The casino, Diamond Tooth Gertie's, commenced operation in June of 1972. It is operated by the Klondike Visitors Association, a non-profit organization whose purpose is to enhance the city's tourist appeal. This is accomplished not only by the presence of the casino itself but also by using the casino's profits to develop and maintain other tourist attractions within the city. Since tourism is Dawson City's major industry, the work of the Klondike Visitors Association is very important and commendable.

Apart from the money generated by gambling, however, the casino restores to the city an aspect of life not uncommon during its heyday of 1898. At that time, Dawson City was the largest city west of Winnipeg. Its residents, some 30,000 or more, often frequented establishments like Diamond Tooth Gertie's. Today the casino adds a measure of

authenticity which is appreciated by residents and tourists alike.

Throughout Canada and indeed much of the world, gambling has increased significantly during recent years. It began with horse racing and lotteries but grew to include casino-type gambling like poker, blackjack and roulette. The impetus has usually been the substantial financial returns characteristic of the industry. The unknown factor has always been the social costs which usually accompany such activities. It is hoped that this paper will shed some light on the subject.

In this regard, Section III sets out the methodology used to collect empirical data. Section IV examines the gambling motive of residents and tourists. Section V looks at the social aspect of gambling while Section VI examines the economic implications. Finally Section VII presents our conclusions regarding gambling in Yukon.

We believe this paper will prove useful to the government and citizens of Yukon in their deliberations regarding the possible expansion of legalized casino gambling in Yukon.

GOLD DREDGES



The first experiment with placer mining bucket elevator dredges was made in 1867 at Otago, New Zealand. This dredge was powered by current wheels. The first steam driven dredge for mining was constructed to operate on the Molyneux river, New Zealand in 1881.

Not long after gold was discovered in large quantities in the Klondike, the first dredge was brought into the Yukon. The first one built in the Yukon was at Cassiar Bar on the Yukon River, near the mouth of the Big Salmon River, in the fall of 1899. From this location it was moved to Bonanza Creek, working in the rich creek bed for several years.

Thirty-five dredges were subsequently built in the Yukon. The last dredge was brought into the area in the 1950's. Dredge size is measured by the cubic foot capacity of each bucket. Those built on the Klondike range in size from 2½ to 16 cubic feet.

No. 4 dredge with a 16 cubic foot capacity now rests on Claim No. 17, below Discovery on Bonanza and is the biggest wooden hull, bucket-line dredge in North America. Designed by the Marion Steam Shovel Company, it was built for the Canadian Klondike Mining Company on Claim 112 Below Discovery on Bonanza Creek.

Constructed during the summer and winter of 1912, it commenced operations in May of 1913, and dug its way upstream in the Klondike Valley into what was known as the "Boyle Concession", and sank there in 1924. In 1927, it was refloated and continued to operate from the Klondike Valley to Hunker Creek. The ground at the mouth of Hunker Creek was rich and the dredge produced as much as 800 ounces of gold in a single day. It was operated there until 1940. The dredge was rebuilt on Bonanza Creek by the Yukon Consolidated Gold Corporation and from 1941 to 1959 worked the Bonanza Creek valley to where it now rests on Claim No. 17 Below Discovery. The dredge is sitting in a man-made pond that over the years has become silted-in to a depth of about 16-18 feet.

It was electrically powered from the Company's hydro plant on the Klondike River about 30 miles away.

Power required during the digging operation was 920 continuous horsepower. Extra horsepower was needed occasionally for such things as hoisting the "spud", gangplank, etc.

The hull is 140 feet long, 65 feet 8 inches wide, and 12 feet 2 inches to 14 feet 6 inches deep. The total height of the dredge from the bottom of the hull to the top of the highest

roof is 76 feet. Displacement weight of the dredge is over 3,000 tons.

The dredge was able to dig 57 feet below water level and by using hydraulic monitors and washing the gravel banks down, more than 17 feet above water level.

The dredge moved along on a pond of its own making, digging gold bearing gravel from in front, recovering the gold through the revolving screen washing plant, then depositing the gravel out the stacker at the rear. A dredge pond could be 300 feet by as much as 500 feet wide, depending on the width of the valley, in which the dredge was working.

There were seventy-five 16-cubic-foot capacity buckets on an endless chain on No. 4 dredge, with a dumping capacity of 22 buckets per minute; theoretically, under ideal conditions, the dredge could dig and process 18,000 cubic yards in 24 hours. The average was actually between 8,000 and 10,000 cubic yards. Each bucket and pin weighed 4,600 pounds, the whole bucket line weighing 172 tons. The electric motor to drive the bucket line was 300 h.p.

The operating season was an average of about 200 days, starting in late April or early May and operating 24 hours a day until late November. In 1939, operating for 262 days on Hunker Creek, the dredge processed 2,000,000 cubic yards of gravel, recovering 35,000 ounces of gold valued at \$1,000,000 then. At the price of gold in July 1973, this would have been worth \$5,000,000.

The dredges were a very efficient means of mining for gold, recovering at least 90%. The very fine flour gold however was very hard to save; as were the nuggets too large to go through the $\frac{3}{4}$ inch holes in the revolving screen or be caught in the nugget catcher; and these also went on up the stacker and out to the tailing piles.



Parks Canada Parcs Canada

Published under the authority
of the Hon. John Roberts, P.C., M.P.,
Minister of the Environment
Ottawa, 1980
GS-R030-000-EE-A2

III METHODOLOGY

This study had one major objective: to determine the socio-economic impact of gambling in Yukon. Several steps were taken to achieve this goal.

The first step involved a literature search to determine the extent of gambling and the characteristics and motivations of gamblers in Canada and other parts of the world. The second and third steps were designed to acquire similar information for Dawson City.

The second step involved a Dawson City Visitor Profile survey. The survey, which appears as Appendix I, was conducted in Dawson City from July 11, 1977, to July 15, 1977, inclusive. Its purpose was to produce a profile of the average Dawson City visitor.

Two survey locations were established, one on each side of Dawson City. Warning and detour signs were erected and a flagman positioned to direct traffic off the road where surveyors were waiting. Local traffic (licence plates beginning with a "D") and commercial vehicles were not stopped. Four days were spent on the highway, two on each side of the city. A total of 168 questionnaires were compiled.

Concurrently, several bus tours were surveyed. Our technique, which proved to be very successful, was to place a surveyor on the bus just prior to its departure. The tour escort

announced the survey over the PA system while the surveyor passed out questionnaires and pencils. Upon completion and collection of the questionnaires, the surveyor was dropped off along the highway and picked up by a following car. The bus tours yielded a total of 90 questionnaires.

Scheduled bus and plane departures were not surveyed because of the small number of visitors using these modes of travel.¹ Thus the total number of questionnaires completed during the course of the study was 258.

To determine the total number of visitors in private vehicles during the study period, highway counters were set up on each side of the city. One of the major problems with these instruments is that they count axles and not vehicles. To overcome this problem, surveyors were required to keep track of the number of axles on all highway traffic during the interview sessions. This information allowed us to adjust the totals from the counter and arrive at an estimated total number of vehicles entering and exiting Dawson City. The total adjusted figure is 3255 vehicles during the study period or 651 vehicles per day. Approximately 40% of these proved to be local and commercial traffic. Thus two-way visitor

1. B.C. Research, Dawson City Tourist Exit Survey, Summer, 1976, Vancouver, B.C. November, 1976.

traffic amounts to 390 vehicles per day. Since in-traffic and out-traffic are approximately equal,² the fully adjusted, average daily highway visitor traffic count entering Dawson City is 195 vehicles for each day of the study period. The average number of passengers per vehicle was 2.9 yielding a total of 565 visitors per day. The proportion of highway visitors covered by this part of the survey was 17% which is very acceptable.

The total number of bus tour visitors was much easier to determine. A record of all arrivals and number of passengers was obtained from local lodging establishments. A total of 254 visitors arrived by bus during the study period. This averages out to 51 per day. The proportion of bus tour visitors covered by this part of the survey was 50% and is considered excellent.

Finally, it would be inaccurate to simply aggregate the highway and bus tour surveys. The sample is random within each category but not between the categories. This problem can be overcome by weighting the group response by their relative percentage of total visitors. The highway produced 565 daily visitors out of a total of 616 which is 92%. The bus tours produced 51 daily visitors or 8% of the total. These numbers will be used as weights for their respective categories.

2. B.C. Research, Ibid.

The third step involved a Dawson City Resident Survey. The survey, which appears as Appendix II, was done after the close of the 1977 gambling season. Its purpose was to determine local opinions regarding gambling and the relation between gambling and tourism from a community which has both. The Yukon health care records were used to select a random sample of 300 Dawsonites, 18 years of age or older, from a total eligible population of 767. Of the 300 selected, 28 had moved and left no forwarding address thus reducing the total possible response to 272. The actual number of completed questionnaires was 110 or 40% which is quite good for mail-out surveys. The response rate relative to the total eligible population was 15% which is also quite acceptable.

The final step involved an examination of the records and financial reports of the casino in Dawson City. This enabled us to determine the profitability of Diamond Tooth Gertie's at any point during the season. Additionally, specific details such as types and magnitudes of costs and equipment requirements were modified as required for use regarding a hypothetical gambling establishment in Whitehorse.

DISCOVERY CLAIM

Bonanza Creek



It was at this point on Bonanza Creek, marked by a National Historic Sites cairn, that gold was found in 1896, and set off the Klondike Stampede of 1898.

The event captured the imagination of the western world. More than \$500 million dollars worth of gold was ultimately taken from the frozen ground.

Tipped off by veteran prospector Bob Henderson, George Carmack and his fishing partners, Skookum Jim and Tagish Charlie, searched the creek gravels of this area. On August 17, 1896 they found gold and staked the first four claims. A few days later at Forty Mile, Carmack registered the Discovery Claim in his own name, and one each for Charlie and Jim. Skookum Jim was sent to guard the claims on what Carmack renamed Bonanza Creek. Within days Bonanza and Eldorado Creeks had been staked from end to end, and when the news reached the outside the Klondike Gold Rush was on.

Word reached the outside world in 1897 when the ships carrying the wealthy Klondikers docked at San Francisco and Seattle. May of 1898 saw 4,735 boats of one kind or another carrying 28,000 people past a North West Mounted Police check point at Tagish Post, heading for Dawson and the Klondike.

The valley became the scene of hundreds of excited men tearing up the creek beds. Each claim was 500 feet wide. Smoke filled the air as fires smoldered in the shafts to thaw frozen ground. Hand-turned windlasses creaked as the buckets of half frozen muck were dumped out on the tailing piles, ready to be sluiced.

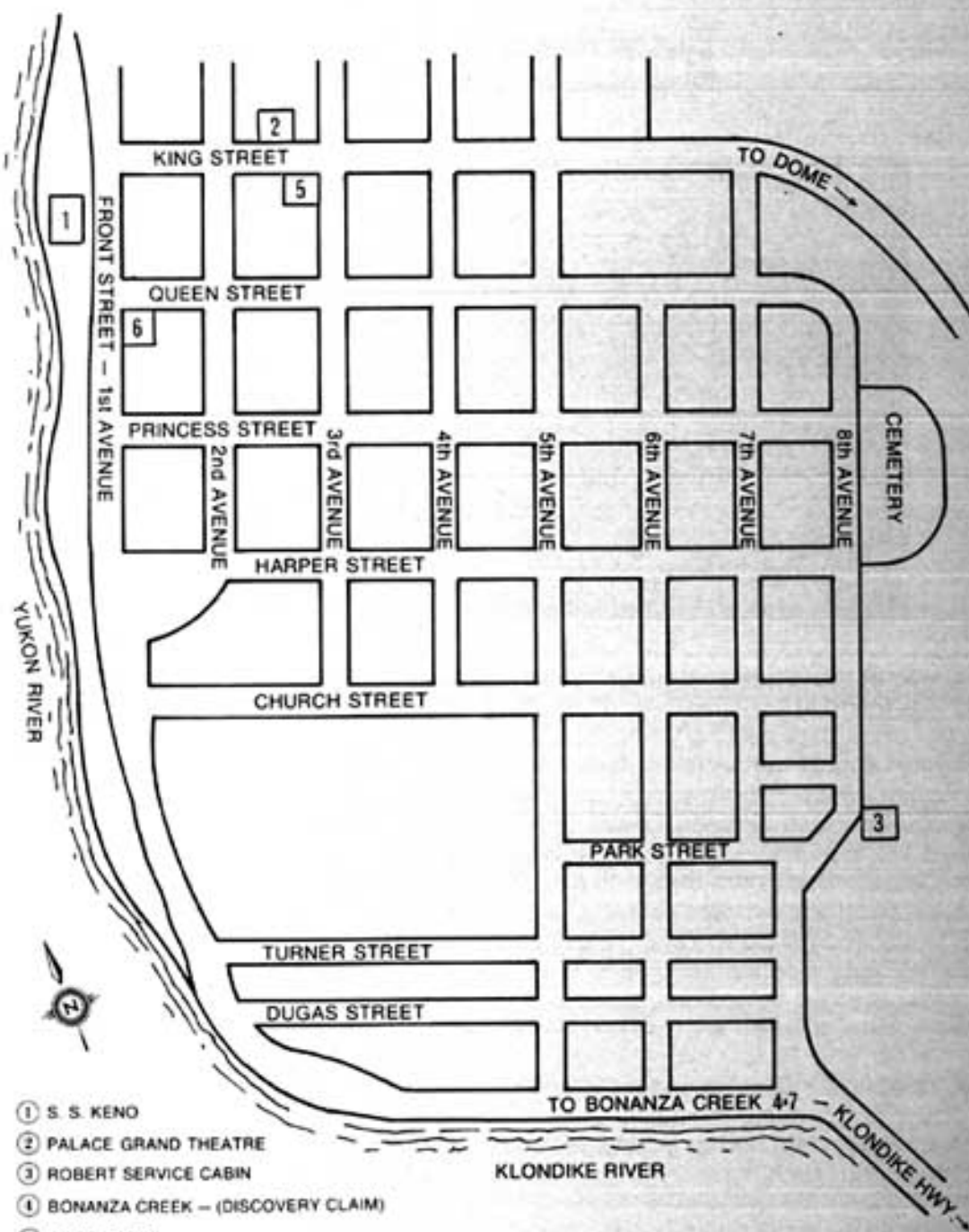
Soon every creek and hillside in the Klondike was being worked and the gold poured out in what appeared to be an endless stream.

The west coast cities, Victoria, Vancouver, Seattle, San Francisco reaped the benefits of outfitting miners, and loading the northbound ships with every conceivable necessity and luxury.

One by one the individual miners sold out to large companies who installed dredges on the creeks. The conveyor buckets dug to bedrock and turned the valleys into mounds of gravel. Massive tailing piles are reminders of the dredging operations. Eventually the gold ran out — over \$500 million dollars' worth is a conservative estimate.

Once again the valleys are quiet and the trees and shrubs are covering scars. There are small mining operations scattered here and there, and some gold is still to be found. There is a dwindling number who believe that somewhere in these ridges or valleys a mother lode is waiting to be discovered.

Meanwhile the Eldorado and Bonanza quietly murmur their way to join the Klondike River, as serenely as they did that summer of 1896 and only the stone cairn is left to mark the site where the Klondike Stampede began.



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Parks Canada Parcs Canada

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Minister of Indian and Northern Affairs
Ottawa, 1977
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IV THE GAMBLING MOTIVE

"Gambling is inevitable. No matter what is said or done by advocates or opponents of gambling in all its various forms, it is an activity that is practised or tacitly endorsed, by a substantial majority of Americans".

This was the opening statement of the report "Gambling in America: The Final Report of the Commission on the Review of National Policy Toward Gambling." A study conducted by the University of Michigan Survey Research Centre proves the point. Researchers found that more than 80% of American adults regard gambling as acceptable. Furthermore, 61% of all American adults have participated in some form of gambling. Of these, 11% have engaged in some form of illegal gambling. Although these statistics apply specifically to the United States, they are largely representative of Canadian characteristics as well. For instance, the average American adult currently spends about \$240 per year on gambling activities while Canadians spend close to \$200 per year. In comparison the British average \$125 annually while the average Swiss spends only \$20 per year. Thus, in relation to other nationalities, Canadian gambling habits are very similar to American gambling habits.

Why do all these people gamble? Although each gambler is unique in his reasons, gambling is dependent upon two basic motivations. Some gamblers participate with the intention

of increasing their wealth, others participate simply for the entertainment gambling provides. Specific individuals can be grouped according to their economic circumstances and, with reference to casino gambling, their proximity to a gambling establishment.

Consider first the lottery - type, long-shot, minimum-participation games. Even though promoters attempt to play-up the actual amount of player involvement by using T.V. game show tactics, there is really very little entertainment value associated with the playing of these games. Thus, the primary motivation must be wealth oriented. As an investment, lottery-type games offer, over the long run, a negative rate of return. Thus individuals with sufficient funds to pursue other efficient and more lucrative investments seldom participate in these games. On the other hand, lower and lower-middle income wage earners do not usually possess sufficient funds to invest efficiently in an orthodox manner. In this case the lottery ticket provides a low cost method of risking money in the hope of earning a short-term positive rate of return. In 1976 Canadians shelled out 1.2 billion dollars on, as one lottery official put it, "dreams and expectations".

The second category of gambling games includes all the interactive games normally conducted in a gambling hall. These games differ from the lottery games in that 1) the amount won or lost is known on a continuous basis, 2) they

require a substantial amount of player involvement and 3) the average expected loss is significantly reduced. All of these factors tend to increase the entertainment aspect of gambling. This is particularly true for the non-resident gambler. However, in those communities where casino gambling has been available on a year-round basis, the entertainment aspect is not nearly so prevalent. Having been exposed to gambling for some time, the resident finds that the novelty has worn off. Yet, residents still patronize local gambling halls. In Nevada, for example, 78% of the adult population gambles compared to 61% at the national level. Insofar as entertainment is not a major motive, resident gamblers must be motivated by economic considerations. But, even though the expected loss of most casino games is less than the expected loss of lottery games, the long term rate of return is still negative and therefore not attractive as an investment alternative to the higher income group. By and large, therefore, the resident gambler is once again a lower or lower-middle income individual who gambles in the hope of earning a short-term positive rate of return.

The non-resident gambler is motivated by both entertainment and economic factors. A limited exposure to gambling allows each gambling session to be considered unique. The thrill of participating and the occasional short-term win is enough to bring him back in spite of overall losses.



S.S. KENO



So quickly did word of the wealth of the Klondike affect the outside world that 57 registered steamboats, carrying more than 12,000 tons of supplies, docked at Dawson City between June and September 1898. A year later, 60 steamboats, 8 tugs and 20 barges were in service on the river.

The stern-wheeler with wood-fired boilers, resulted in an important new industry along the river, and wood camps were established along the waterway. A steamer, depending upon its size, consumed approximately 120 cords of 4 foot wood every trip. The wood contracts ran into thousands of dollars annually, and employed large numbers of men.

To handle the tonnage, barges were pushed ahead of the steamer. Freight was as varied as only a gold rich country could demand. Mining equipment, horse and dog feed was packed beside cut crystal, fine linens and first editions. Bacon, beans, flour, and dynamite shared cargo space with vintage wines, canned oysters, and evening gowns.

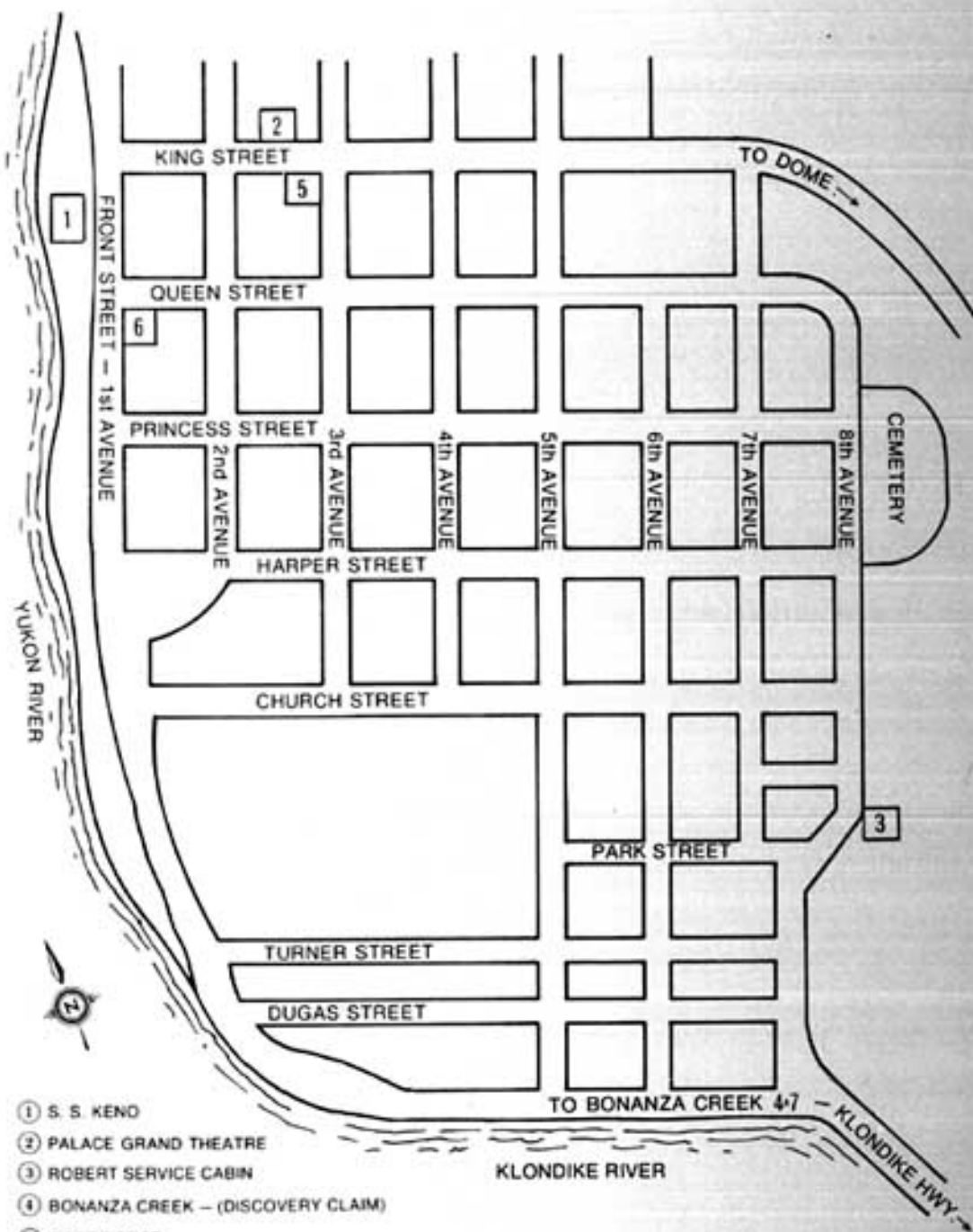
The officers who commanded these ships were a special breed. Resourceful, self-reliant, in constant combat with a river which could hide snags, rocks, sandbars, rapids or could suddenly fill with ice floes to crush the light wooden hulls. The captains had to know their river. Many had been Mississippi River men, others were deep-sea captains.

Unfortunately none of the steamers in service at the time of the gold rush have survived. The National and Historic Sites Branch has preserved a typical vessel dating from 1922, the *S.S. Keno*, built in Whitehorse. The *Keno* was in good condition, necessitating little restoration work. Built for the 180 mile Stewart City-Mayo Landing run to transport silver, lead, zinc ore from the mines in the Mayo district, the *Keno* is 130 feet long, 29.2 foot beam. The wood-burning boiler supplied steam to 2 1-cylinder engines. The ore was stockpiled on the bank of the river at Mayo Landing all winter, awaiting the arrival of the *Keno* in mid-May. In 1938 over 9,000 tons of ore were carried by the *Keno*, every sack of it man-handled.

With the construction of the White Pass Railway in 1900, the hazardous navigation from Lake Bennett to Whitehorse was eliminated. For half-a-century the steamboats plied between Whitehorse and Dawson City, and between St. Michael, Alaska and Dawson, 1,700 miles of waterway.

The *S.S. Keno* was part of the fleet which played a major part in the history of the Yukon Territory. Without the riverboats, the gold of the Klondike and the silver, lead and zinc of the Mayo district would have remained in the hills for at least another half century, and the development of the Canadian West and North would have suffered in consequence.

In 1960 the *Keno* was moved to her present berth, on Dawson's waterfront, beside the Canadian Bank of Commerce. Her shallow draught and low superstructure made transfer the easier. On her last trip to Dawson, she carried 21 passengers, mostly newspaper correspondents and camera men. The old river steamer has been preserved to commemorate an era now passed forever. Eventually she will be made into a museum.



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Minister of the Environment
Ottawa, 1980
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V SOCIAL EVALUATION

We stated earlier that gambling tends to attract the lower income groups. This is particularly true of the lottery-type games. Still, in Canada, the major lotteries are administered exclusively by governments. Their purpose is to generate tax-like revenues to finance public works projects. As it turns out, the "tax", though voluntary, is highly regressive. Yet, not only do these governments make lottery tickets freely available, they actually promote ticket sales with an eagerness not unlike their criminal predecessors. Ironically, consistent with this change in administration, the odds of winning have decreased.

Finally, the so-called "soft gambling" - lotteries, off-track betting (OTB), etc. - tend to increase the acceptance of, and participation in, illegal gambling activities. As one veteran bookie put it, "Off track betting runs a great kindergarten. When the kids graduate, I'm their finishing school".³

Unlike the lotteries, casino gambling offers more than "dreams and expectations". An evening in the casino is an evening out. The evening need not be overly expensive either. Consider, for example, a three hour session at the

3. Cover Story, "Gambling Goes Legit" Time Magazine, December 6, 1976.

\$5.00 blackjack table. If it takes an average of two minutes to deal one round, then the maximum number of rounds is 90 for the evening. If the gambler plays "mimic the dealer", his expected loss is 5.7% or on average, \$25.65 for an evening. This amount is not overly extravagant by today's standards.

There are other strategies a player can use to reduce his expected loss to near zero. Table 1 lists the statistical characteristics of some of the more common casino games.

Table 1

STATISTICAL CHARACTERISTICS OF CASINO GAMES
MOST COMMON WAGERS^a

<u>Game</u>	<u>Expected Loss</u>	<u>Standard Deviation</u>	<u>Variability</u> ^b	<u>Minimum Wager Per Play</u> ^c
'21'				
a) basic strategy ^d	0	1.02	1.5 to 1	\$1
b) mimic the dealer	5.7%	1.02	1.5 to 1	\$1
c) never bust	6.0%	1.02	1.5 to 1	\$1
Craps	1.4%	1.00	1 to 1	\$1
Roulette	5.3%	5.75	35 to 1	10¢ or 25¢
Keno	25.0%	8.45	35,700 to 1 ^e	70¢
Slots	5% to 20%	*	200 to 1	5¢
Bacarrat	1.2%	1.00	1 to 1	\$5. or \$20.

Source: Edward Thorp, Beat the Dealer, Vantage Books, New York, 1966, pp. 33-34.

- a Most games have a number of possible wagers available to the player. The ones used here are the most commonly made wagers at most of the games, the "pass line" bet at craps, a single number bet at roulette, and a "10 spot" Keno ticket. Also, rule and payout variations from casino to casino can affect these results slightly.
- b Variability is defined as the ratio of the maximum pay off to wager size.
- c Minimum wager limits often vary from game to game and machine to machine within a casino, and from casino to casino. For example, minimums at craps and '21' go from as low as 25¢ to as high as \$100, though most games have \$1, \$2, or \$5 minimums.
- d These strategies for the game of '21' are discussed in Thorp, Beat the Dealer, Chapter 3.
- e A 70¢ 12-spot Keno ticket offers a possible pay off of \$25,000. However, the probability of such a result occurring is about
- $$\frac{\binom{68}{8}}{\binom{80}{20}} = \frac{\frac{68!}{60! 8!}}{\frac{80!}{60! 20!}} = .000\ 000\ 000\ 002\ 6$$
- * The variance in pay-out for slot machines differ considerably from machine to machine. For example, "jackpot-only" machines have quite a bit higher variance than slot machines with frequent small pay-backs.

Another effect of casino gambling often regarded as a social benefit is that it tends to reduce illegal gambling. This does not necessarily contradict our earlier statement that lotteries and OTB, in fact, increase illegal gambling. Certain individuals may eventually find the casino limits too restrictive and engage in illegal activities with limits more to their liking. But others find that they prefer casino gambling because 1) the possibility of being cheated is greatly reduced, 2) there is a greater variety of games available, 3) other amenities are readily available, 4) the atmosphere is more like an evening on the town and 5) the operation is legal thus eliminating the act of breaking the law and the possibility of being caught.

Gambling may bring with it a number of social costs. With a small operation like Diamond Tooth Gertie's, these social costs result almost exclusively from the amount of time and money spent on gambling. The availability of gambling tends to increase participation rates in and around the gambling community. Participation in moderation is increasingly acceptable throughout the world. But, it has been shown that, in the United States, increased participation in gambling and increases in alcohol consumption, compulsive gambling and divorce rates occur simultaneously. For example, 0.77% of all Americans are compulsive gamblers. Nevada's rate is more than 3 times this amount. Divorce rates follow a similar pattern (11.8% vs. 6.6%). In fact, the tourist season in Dawson City is characterized by a

significant increase in social welfare problems, as indicated by the Department of Human Resources, Yukon Territorial Government. Similarly as Table 2 shows, crime increases drastically during the same period. Unfortunately it is not possible to isolate the extent to which these problems are attributable to the casino.

TABLE 2

DAWSON CITY CRIME STATISTICS (EXCLUDING TRAFFIC VIOLATIONS)

<u>Offence</u>	<u>Quarters</u>				<u>Totals</u>
1975	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	
Sex					0
Assault	3	11	8	12	34
Robbery			2		2
Break & Enter	1	7	10	4	22
Theft Motor Vehicle	2		2		4
Theft Over \$200	2	4	4	1	11
Theft Under \$200	3	12	37	3	55
Fraud	1	3	3		7
Offensive Weapons		1	1		2
Other Criminal Code	10	21	39	19	89
Drugs	1	7	2		10
Other Federal Statutes	1	4	3		8
Provincial Statutes	17	70	98	13	198
Municipal By-Laws	1	3	1	1	6
TOTALS	42	143	210	53	448
1976					
Sex	1				1
Assault	7	19	18	10	54
Robbery		1			1
Break & Enter	6	8	10	1	25
Theft Motor Vehicle	1		1		2
Theft Over \$200	2	3	3	3	11
Theft Under \$200	8	16	21	6	51
Fraud		1	3		4
Offensive Weapons			3	2	5
Other Criminal Code	12	42	26	8	88
Drugs		3	17		20
Other Federal Statutes		3	6	2	11
Provincial Statutes	33	34	32	21	120
Municipal By-Laws					
TOTALS	70	130	140	53	393

TABLE 2 (concluded)

1977

Sex		1		*	*
Assault	3	8	10	*	*
Robbery				*	*
Break & Enter	3	4	6	*	*
Theft Motor Vehicle		1		*	*
Theft Over \$200		4		*	*
Theft Under \$200	5	9	23	*	*
Fraud				*	*
Offensive Weapons	1		1	*	*
Other Criminal Code	6	14	28	*	*
Drugs		2	1	*	*
Other Federal Statutes	2	1	1	*	*
Provincial Statutes	15	44	64	*	*
Municipal By-Laws	1	1		*	*
TOTALS	36	89	134	*	*

Source: Royal Canadian Mounted Police Crime Statistics.

* Not available at this time.

The larger gambling operations not only magnify the social welfare problems just mentioned but encourage the development of a number of other criminal activities such as "loan sharking" and prostitution. A casino in Whitehorse of sufficient size to satisfy local and tourist demand and operating on a year-round basis would experience increased activity in these areas. It is highly unlikely, however, that organized crime would be interested in either the

casino or any peripheral activities. A casino of about 75,000 square feet is unmagnanimous when compared to those casinos in Nevada reputed to be connected with the underworld. Furthermore, the composition of Yukon tourists is not conducive to large scale vice operations.

On the other hand, a large scale development consisting of several casinos would require a shift in tourist composition from families primarily interested in history to singles or pairs primarily interested in gambling. This would have a profound effect on Yukon's citizens. Perhaps a couple of examples from Nevada will help to make the point:⁴

"...Teachers complain of all too many female students with dead-end ambitions of becoming cocktail waitresses or dancers
• ...Or worse, many high schoolers are already prostitutes...
the pimps drive right up (to school) in their big Cadillacs to pick them up."

"...The wife of a university professor tells of pre-teen girls coming to her door at Halloween garishly garbed like hookers. Her own eight year old son, she reports, recently announced a change in career ambitions from archeology to pimping. It's just another way to make a dollar to him..."

4. Lancaster, Hal "Women in a Male Fantasyland", Unknown Source

Let us now compare the foregoing discussion with the results of the 1977 resident survey to determine the correspondence between Dawson City and other gambling communities.

To begin with, 82% of the adult population in Dawson City indicated that they had money with which to gamble. 46% actually did engage in casino gambling. In the western United States, 31% of the adult population visited casinos. The figure for Nevada was not given but would undoubtedly be higher than 31%.

In Dawson City, 22% of casino gamblers or 10% of total adult population lost more than \$100. With an average expected loss for casino games of approximately 6%, these individuals would have had to wager over \$1,500. Annual wagers exceeding \$500 are considered excessive. In Dawson City, 43% of gamblers, or 19% of total adult population, believe they gambled excessively. However, many of these same people did not believe that gambling had an adverse effect on their lives. Only 8% of the total adult population believed that their social/family relationships had been adversely affected and only 1% believed that their financial circumstances had been altered for the worse.

Furthermore, 80% of gamblers indicated that the money they spent on gambling would have been spent on other forms of entertainment/recreation anyway. Only 6% regretted spending their money on gambling.

It would be useful, at this point, to determine the profile of the average resident gambler. We will do this with the aid of tables 3, 4 and 5. In reading these tables, note that the columns compare numbers and percentages between the categories listed at the left, eg. male-female. The rows compare numbers and percentages within each category listed at the left. Consider table 3. Part A/ indicates that of all those who have the funds to gamble, 53% are male and 47% are female. Furthermore, of all males 84% have funds to gamble with whereas, of all females, 82% have such funds. The difference between male and female is not great in this regard. A similar examination of part B/ reveals that a greater percentage (70% - 30%) of individuals with funds to gamble are married and that a greater percentage of marrieds (88%) as compared to singles (74%) have such funds. Finally Part C/ indicates that a greater percentage (65% - 35%) of individuals with funds to use for gambling have incomes of less than \$15,000 annually but that a greater percentage

(91% - 80%) of individuals with incomes exceeding \$15,000 as compared to individuals with incomes of less than \$15,000 have such funds. Thus, the average individual who has funds with which to gamble could be either male or female, would be married and would have an annual income of less than \$15,000.

TABLE 3

Do you have money of your own to gamble with?

		YES		NO		TOTAL		
		#	%	#	%	#	%	
A/ SEX	MALE	#	46	84	9	16	55	100
		%	53		50		52	
	FEMALE	#	41	82	9	18	50	100
		%	47		50		48	
	TOTAL	#	87	83	18	17	105	100
		%	100		100		100	

TABLE 3 (Concluded)

		YES		NO		TOTAL		
		#	%	#	%	#	%	
B/ STATUS	MARRIED	#	61	88	8	12	69	100
		%	70		47		66	
	SINGLE	#	26	74	9	26	35	100
		%	30		53		34	
	TOTAL	#	87	84	17	16	104	100
		%	100		100		100	

C/ INCOME	LESS THAN \$15,000	#	56	80	14	20	70	100
		%	65		82		68	
	\$15,000 or MORE	#	30	91	3	9	33	100
		%	35		18		32	
	TOTAL	#	86	83	17	17	103	100
		%	100		100		100	

In the same manner, Table 4 determines the characteristics of those who actually did gamble. On average, the Dawson City resident gambler could be either male or female, would be married, have children, be under 30, have high school education and an income of less than \$15,000 annually. The percentage differences between ages and incomes are not as pronounced as they are for Nevada gamblers. This was expected, however. The fact that the casino in Dawson City operates for only a short period each year tends to sustain a relatively higher level of interest among the older and higher income individuals than in other gambling communities.

TABLE 4

Did you gamble within the last year?

		YES		NO		TOTAL		
		#	%	#	%	#	%	
SEX	A/ MALE	#	28	53	25	47	53	100
		%	57		48		52	
	FEMALE	#	21	44	27	56	48	100
		%	43		52		48	
	TOTAL	#	49	49	52	51	101	100
		%	100		100		100	

TABLE 4 (Continued)

YES		NO		TOTAL	
#	%	#	%	#	%

B/ STATUS	MARRIED	#	36	51	34	49	70	100
		%	73		64		69	
	SINGLE	#	13	41	19	59	32	100
		%	27		36		31	
	TOTAL	#	49	48	53	52	102	100
		%	100		100		100	

C/ CHILDREN	YES	#	30	55	25	45	55	100
		%	65		56		60	
	NO	#	16	44	20	56	36	100
		%	35		44		40	
	TOTAL	#	46	51	45	49	91	100
		%	100		100		100	

TABLE 4 (Continued)

		YES		NO		TOTAL	
		#	%	#	%	#	%
D/ AGE	30 Years or less	30	56	24	44	54	100
		60		49		55	
	Over 30 Years	20	44	25	56	45	100
		40		51		45	
	TOTAL	50	51	49	49	99	100
		100		100		100	
E/ EDUCATION	High School or Less	37	51	36	49	73	100
		79		68		73	
	Post High School	10	37	17	63	27	100
		21		32		27	
	TOTAL	47	47	53	53	100	100
		100		100		100	

TABLE 4 (Concluded)

		YES		NO		TOTAL	
		#	%	#	%	#	%
F/ INCOME	Less than \$15,000	#					
		28	41	40	59	68	100
	\$15,000 or More	%					
		60		77		69	
	TOTAL	#					
		19	61	12	39	31	100
		%					
		40		23		31	
		#					
		47	47	52	53	99	100
	TOTAL	%					
		100		100		100	

We will now determine the characteristics of those who believed they gambled excessively. Table 5, when analysed, as above, reveals that the excessive gambler is male, married, over 30 years of age, has a high school education and an income in excess of \$15,000 per annum. His losses for the year were less than \$100. We should note, however, that the number of responses, sub-divided to the extent that they are in Table 5, render this part of the analysis somewhat suspect.

TABLE 5

Do you gamble excessively?

		YES		NO		TOTAL	
		#	%	#	%	#	%
MALE	#	14	54	12	46	26	100
	%	67		46		55	
FEMALE	#	7	50	14	50	21	100
	%	33		54		45	
TOTAL	#	21	45	26	55	47	100
	%	100		100		100	

B/
STATUS

STATUS	MARRIED	#	15	43	20	57	35	100
		%	71		77		74	
	SINGLE	#	6	50	6	50	12	100
		%	29		23		26	
	TOTAL	#	21	45	26	55	47	100
		%	100		100		100	

TABLE 5 (Continued)

		YES		NO		TOTAL	
		#	%	#	%	#	%
C/ AGE	30 Years or less	#					
		8	32	17	68	25	100
		%					
		38		65		53	
	Over 30 Years	#					
		13	59	9	41	22	100
		%					
		62		35		47	
	TOTAL	#					
		21	45	26	55	47	100
		%					
		100		100		100	

D/ EDUCATION	High School or less	#					
		16	44	20	56	36	100
		%					
		94		80		86	
	Post High School	#					
		1	17	5	83	6	100
		%					
		6		20		14	
	Total	#					
		17	40	25	60	42	100
		%					
		100		100		100	

TABLE 5 (Concluded)

		YES		NO		TOTAL	
		#	%	#	%	#	%
Less than \$15,000	#	7	28	18	72	25	100
	%	35		72		56	
\$15,000 or More	#	13	65	7	35	20	100
	%	65		28		44	
TOTAL	#	20	44	25	56	45	100
	%	100		100		100	

Less than \$100	#	14	38	23	62	37	100
	%	67		85		77	
\$100 or More	#	7	64	4	36	11	100
	%	33		15		23	
TOTAL	#	21	44	27	56	48	100
	%	100		100		100	

INCOME

F/

MONEY LOST
GAMBLING

The foregoing analysis tends to support the main contention of this part of the paper (and of most other papers on the social impact of gambling). That is, the incidence of social costs lies mainly with those who can least afford it. It so happens that in Dawson City, most of these people do not consider the impact as adverse. However, based on participation rates, Dawson City residents engage in gambling activities to a greater extent than do other Canadians. Perhaps, having lived in a gambling community for some time, residents have adjusted upward that point at which gambling adversely affects their lives. Another explanation might be that the perceived benefits from increased tourism negate any adverse effects which gambling may entail. Whatever the reasons, 88% of the total adult population wanted to see the casino continue operations. On the other hand, only 30% favoured a year-round operation and 85% thought the betting limits should not change. Thus, while the existing operation is regarded as desirable, any increase in activity would not be likewise received. Table 6 indicates that individuals who frequent the casino hold views similar to the total population.

TABLE 6

Did you gamble within the last year?

YES		NO		TOTAL	
#	%	#	%	#	%

A/
SHOULD THE
CASINO IN
DAWSON
CITY CON-
TINUE TO
OPERATE?

YES	#	49	54	42	46	91	100
	%	100		76		88	
NO	#	0	0	13	100	13	100
	%	0		24		12	
TOTAL	#	49	47	55	53	104	100
	%	100		100		100	

B/
SHOULD
THE CASINO
IN DAWSON
CITY
OPERATE
ON A YEAR-
ROUND
BASIS?

YES	#	18	69	8	31	26	100
	%	38		21		30	
NO	#	30	50	30	50	60	100
	%	62		79		70	
TOTAL	#	48	56	38	44	86	100
	%	100		100		100	

Finally, the resident survey reveals that, of the total adult population, 79% would like to see increased tourism, 56% think that gambling encourages tourists to stay longer and 36% believe that gambling is a major factor in attracting tourists. This may explain, in part, why Diamond Tooth Gertie's is received favourably by such a large majority of Dawsonites.

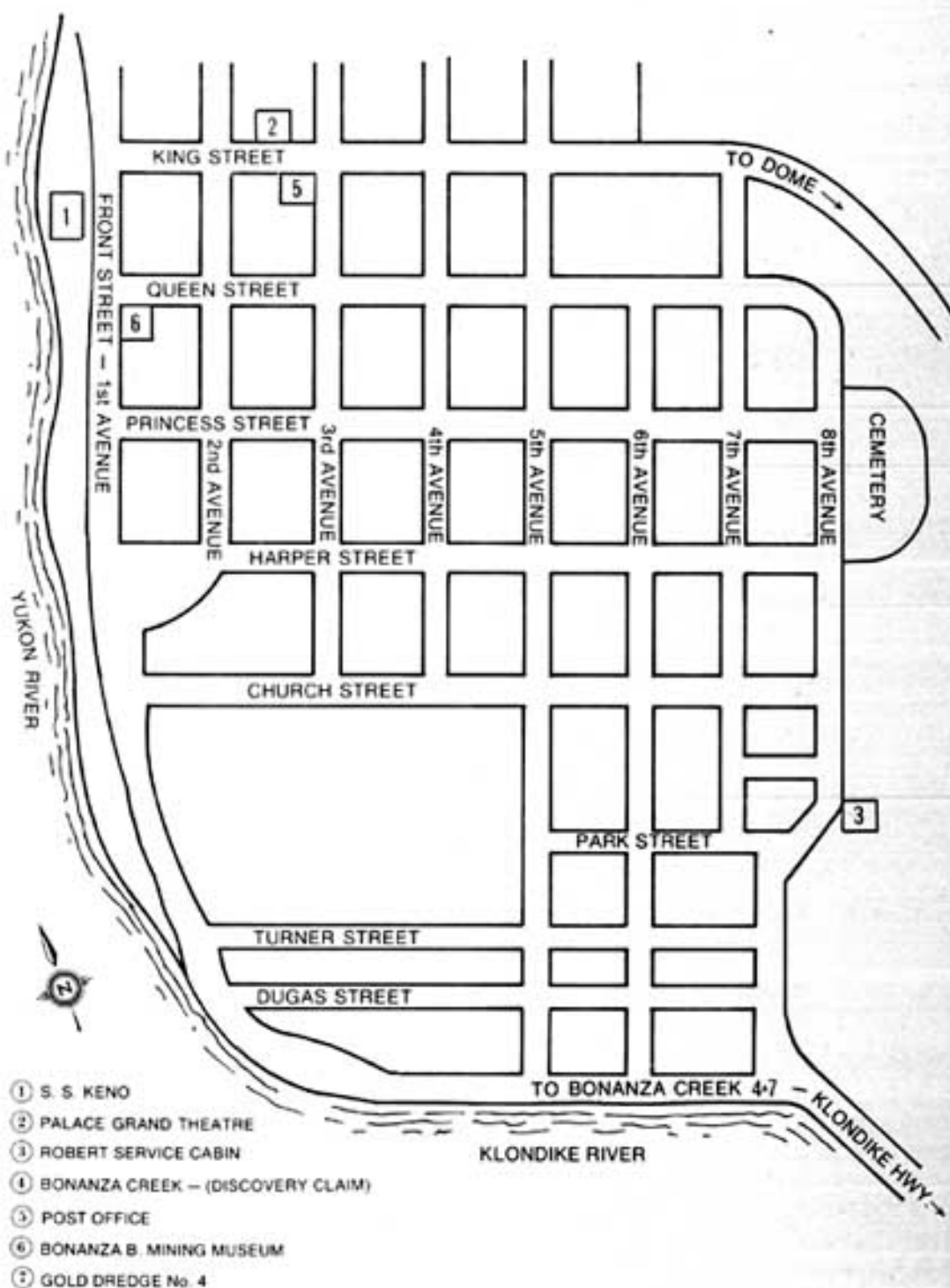
The PALACE GRAND THEATRE



A luxurious and flamboyant opera house, cum dance hall, the Palace Grand opened in gala style July 1899. It was built at the height of the gold rush by 'Arizona Charlie' Meadows, a colourful character who utilized the remnants of a couple of beached sternwheelers for the purpose. During the hey-day of the sprawling and roisterous mining camp, the Palace Grand played host to a variety of entertainment, from wild west shows to opera. It was known as the roomiest and best appointed opera house in the north. The Palace Grand, whose false front is reminiscent of a Hollywood movie set, changed hands a number of times from 1899 to 1902.

With the turn of the century the excitement of the gold rush died as quickly as it had arisen. Dawson took on the aspects of a settled residential community. Mining continued as the town's principal industry for many years, and indeed gold production continued into the early years of the twentieth century. In its staid middle age, the Palace Grand was used for community functions and visiting theatre troupes.

Saved from destruction by the Klondike Visitors Association and donated to the Canadian government, the National Historic Parks Branch undertook the re-construction of the Palace Grand Theatre in the 1960's. The old opera house is restored to its 1899 splendour. It is well patronized during the tourist season, when entertainment reminiscent of that charismatic era of three-quarters of a century ago echoes to the raftered roof.



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VI ECONOMIC EVALUATION

There are essentially two incentives to increase gambling in Yukon: 1) to increase general tax revenue and 2) to stimulate economic activity, particularly in the tourist industry. This section will attempt to evaluate the magnitude of such economic benefits resulting from a hypothetical gambling establishment in Whitehorse and the expansion of operations for the existing casino in Dawson City.

We will first concentrate on the expansion of operations in Dawson City. In 1976, Diamond Tooth Gertie's was open for business from June 5 through September 11. It operated five days a week for a total of 72 days. Gate receipts and winnings for the period ⁵ amounted to \$149,620. Another \$105,362 was earned from bar sales ⁵. Total receipts, therefore were \$254,982 for the season. Expenses and overhead allocations required to earn these receipts amounted to \$275,744. Thus, Diamond Tooth Gertie's experienced a net operating deficit of \$20,762 for 1976. These figures are detailed in Appendix III.

It is generally believed that the operation of Diamond Tooth Gertie's during the front and tail ends of the tourist season results in a significant reduction of its annual operating profit. If this is so, then expansion to a longer or year-

5. Source: Klondike Visitors Association, "Financial Statements for the year ended October 31, 1976".

round operation would not appear attractive at this time. Let us see how Diamond Tooth Gertie's receipts varied during the 1976 operating season. Table 7 depicts 14 weeks of operation. The reader will note that the receipts of the first three and last three weeks are substantially below the average for each source of income. It would appear, therefore, that the volume of tourist traffic during these periods was responsible for the operating deficit of 1976.

TABLE 7
Diamond Tooth Gertie's - Weekly Receipts *
1976

<u>Week</u>	<u>Winnings</u>	<u>Gate Receipts</u>	<u>Bar Receipts</u>	<u>Totals</u>
1	\$ 8208	\$ 1499	\$ 5927	\$ 15634
2	7869	1238	5621	14728
3	5885	1260	5364	12509
4	10005	1852	7586	19443
5	11713	1594	6675	19982
6	11414	1831	7565	20810
7	10362	1969	8868	21199
8	9068	1788	9493	20349
9	5551	1566	6845	13962
10	11344	2185	9658	23187
11	14901	1724	12426	29051
12	6988	1110	5284	13382
13	6940	721	4485	12146
14	2572	812	5351	8735
Sub Total	122820	21149	101148	245117
Average	8772	1511	7225	17508
Total **	128085	21535	105363	254983

*Source: Diamond Tooth Gertie's Casino Report - 1976

**Includes partial ending week.

Average weekly costs for the season are about \$19,150 (\$275,744/14.4). Comparing this number to the weekly revenues on Table 7, we note that, in fact, weekly revenues during the early and late parts of the season do not cover corresponding costs. To expand the gambling season would have increased the 1976 operating deficit and is therefore regarded as uneconomical.

The statement of receipts and expenses for 1977 is not yet available. However, we do have the casino report and a preliminary total cost figure. Table 8 summarizes the weekly receipts derived from the casino report.

TABLE 8
Diamond Tooth Gertie's - Weekly Receipts *

1977

<u>Week</u>	<u>Winnings</u>	<u>Gate Receipts</u>	<u>Bar Receipts</u>	<u>Totals</u>
1	\$ 13878	\$ 2611	\$ 8769	\$ 25258
2	14800	1569	6525	22894
3	14148	2086	6720	22954
4	10798	2305	10321	23424
5	14629	2865	10369	27863
6	14761	2286	9252	26299
7	15271	2030	8402	25703
8	11830	2070	8270	22170
9	10848	1804	9013	21665
10	16278	2417	11514	30209
11	20707	2302	14697	37706
12	14735	1489	8095	24319
13	9597	1195	6356	17148
14	15109	1252	8090	24451
Sub Total*	197389	28281	126393	352063
Average	14099	2020	9028	25147
Total**	204714	28949	131066	364729

*Source: Diamond Tooth Gertie's Casino Report - 1977

**Includes partial ending week.

We note once again that revenues for the first and last few weeks are below the seasonal average. This is not so readily apparent for winnings this time, however. But then, winnings are not a good proxy for number of tourists. Except for the first week, gate receipts are a much better indicator. The reason for this is that gate receipts are paid once for the entire season. The high receipts for week one indicates that most residents purchased their gate pass during the first week of operation. After that, gate receipts are derived mainly from tourists. Winnings, on the other hand, are derived largely from residents during the early and late parts of the season but more so from tourists during the height of tourist season. Thus compared to gate receipts and number of tourists, winnings would appear more stable over the season.

Comparing Table 7 with Table 8 we see that total receipts for 1977 have increased by 43%. This is largely due to an increase in the number of tourists from 43,000⁶ to 56,900⁷ or 32%. Expenses over the same period increased to about \$350,000⁸ or 27%. This leaves Diamond Tooth Gertie's with a profit of \$14,729 for 1977.

6. Source: B.C. Research, Ibid.

7. Source: Government of Yukon, Tourism and Information Branch

8. Preliminary supplied by the management of Diamond Tooth Gertie's.

If the casino had operated for a longer period, would its profit have increased or decreased? The average weekly cost amounts to about \$24,300 ($\$350,000/14.4$). We see from Table 8 that this amount exceeds the revenues of most of the leading and trailing weeks. To extend the season, therefore, is to incur more cost than revenue. Thus, we confirm our earlier observation: a longer gambling season in Dawson City is not economically feasible at the present time.

One of the objectives of increasing the duration of gambling in Dawson City is to generate additional tax revenue. This objective cannot be accomplished when lengthening of the season reduces casino profits. Of course, there are other revenues to be considered even though the casino may operate on a break even basis. For example, the revenues of other businesses whose sales increase due to the longer gambling season. This, in fact, is the second objective mentioned earlier. How much, in terms of additional revenue, a longer season will generate depends upon whether or not gambling entices visitors to stay longer and how well gambling attracts additional visitors. Both these questions will be answered by referring to the visitor profile survey conducted in Dawson City during the 1977 season.

We will determine first of all if gambling has any effect on the visitor's length of stay and on his expenditure pattern. In considering length of stay, we will not include bus tour responses. Their stay is booked in advance and cannot vary simply because some passengers would like to gamble a little longer.

From the survey results, we see that the length of stay of those who engage in gambling activities is 2.55 days. Those who did not gamble stayed only 1.88 days, a difference of 0.67 days. This would imply that gambling results in additional income to such businesses as hotels/motels, campgrounds and restaurants. In fact, average expenditure by gambling parties is \$16 higher than non-gamblers parties, as Table 9 indicates.

TABLE 9

Average Party Expenditure on Non Gambling Activities

Did You Gamble?

	YES		NO	
	Bus Tour	Private Veh.	Bus Tour	Private Veh.
Avg. Expenditure*	\$ 139	\$ 97	\$ 140	\$ 79
Weight	0.08	0.92	0.08	0.92
Weighted Average	\$100		\$84	

* Room accommodations for bus tour visitors is included in the tour price. We have therefore added \$50.00 to their average expenditure for two nights accommodation.

Let us now see if gambling is a major factor in attracting visitors to Dawson City. In answer to the question "What motivated you to come to Dawson City?", 3% of the private vehicle traffic and 1% of the bus tour traffic indicated gambling. The total weighted percentage of visitors indicating gambling is 2.84. We believe this to be insignificant.

To summarize thus far, the expansion of the gambling season would attract very few additional tourists. Of those who do visit before and after the gambling season, \$16.00 per gambling party will be lost because gambling was not available.

During the height of the tourist season, \$16.00 per gambling party is a significant addition to total tourist expenditures, but what about the off-season?

We will attempt to evaluate the addition to visitor expenditures resulting from the extension of the gambling season from May through September.⁹ Table 10 indicates that approximately 9,554 additional visitors would be exposed to gambling.¹⁰

9. We will use occupied room and site days for the Klondike Region as a proxy for distribution of visitors over time.

10. Calculated as follows: $2(3071) + 3412$
The current season is from June 4 to September 10.

TABLE 10

DISTRIBUTION OF DAWSON CITY VISITORS OVER TIME

<u>Month</u>	<u>Occupied Room & Site Days*</u>		<u>No. of Visitors</u>
	<u>#</u>	<u>%</u>	
May (half month)	2140	5.4	3071
June	8480	21.3	12114
July	14529	36.5	20758
August	12295	30.9	17573
September (half month)	2403	6.0	3412
TOTAL	39847	100.1**	56928**

* Source: Government of Yukon, Tourism and Information Branch
 "Tourism Expenditures in Yukon (1976)" Klondike
 Region.

** Small errors due to rounding.

Table 11 indicates the average party size, the proportion of parties that gamble and their average expenditure in doing so.

TABLE 11

AVERAGE PARTY SIZE, PROPORTION OF VISITORS WHO
GAMBLE, AND AVERAGE GAMBLING EXPENDITURES

	<u>Bus Tour</u>	<u>Weight</u>	<u>Private Vehicle</u>	<u>Weight</u>	<u>Total</u>
Average party size (persons)	1.2	0.08	2.9	0.92	2.8
% that gambled	42	0.08	30	0.92	31.0
Average party Expenditure (\$)	9	0.08	15	0.92	14.50

Perhaps, before proceeding further we should test the survey results against actual figures for Diamond Tooth Gertie's. We see from Table 8 that gate receipts for 1977 were \$28,949. It was discovered earlier that 46% of the 767 resident adults gamble. Thus, at \$2 per gate pass, \$706 of the \$28,949 is accounted for by residents. In addition there were 310 summer residents. 143 of these would have gambled accounting for another \$286. \$27,957 must, therefore, be attributable to visitors. This implies that 13,978 visitors patronized Diamond Tooth Gertie's during the 1977 season.

From Table 10 we discover that 53,857 visitors were exposed to gambling.¹¹ Table 11 indicates that the average party size is 2.8 persons.¹² Thus the number of parties that were exposed to gambling is 19,235. Of these 31% or 5,963 actually gambled.

By dividing the number of gambling parties, 5,963, into the number of gambling persons, 13,978, we determine that 2.3 persons from each gambling party patronize Diamond Tooth Gertie's.

In view of the fact that 75% of all gambling parties were married and 66% have children, is it unreasonable that such

11. Calculated as follows: $12114 + 20758 + 17573 + 3412$.

12. The average gambling party size is also 2.8.

a high proportion (2.3 of 2.8) of each gambling party actually gamble? We think not. The visitor survey indicates that the proportion of heads of visiting parties who are over 40 years of age is 58.5%. In addition, the proportion of heads of visiting parties who gamble and are over 40 years of age is 62.9%. Thus, it would appear that many of Dawson City's visitors, especially those that gamble, represent older families whose children no longer travel with the family. This presumption is supported by the fact that, whereas the average party size is 2.8 persons, the average family size is 3.35 persons (1.56 of which are children).

We see also from Table 11 that gambling parties spend \$14.50 on gambling activities. During the gambling season there were an estimated 53,857 visitors or about 5,963 gambling parties. At \$14.50 per party, \$86,464 would have been spent. With reference to resident gamblers, 67% spent less than \$100 (assume \$75), 12% spent between \$100 and \$300 (assume \$200) and 10% spent more than \$300 (assume \$500). This adds up to \$61,556 (average of \$125 per resident gambler). In total \$148,020 in gambling expenditures have been claimed. But we see from Table 8 that in fact, \$204,714 in gambling revenues were earned by Diamond Tooth Gertie's in 1977. We have therefore accounted for only 72% of actual gambling revenues. It is probably natural that human beings, not wanting to be losers, tend to underestimate their actual losses. In considering gambling expenditures henceforth, we will adjust the numbers upward by the appropriate factor.

Returning now to the evaluation of visitors expenditures resulting from the extension of the gambling season, the 9,554 off-season visitors amounts to 1,058 gambling parties. Each gambling party spends an additional \$16 on non-gambling items and \$20.15¹³ on gambling activities. Total expenditures therefore are about \$38,247. Compared to total visitor expenditures of \$1,920,187 for 1977¹⁴, additional revenues amount to only 2%. We believe the increase is insignificant.

We will now attempt to produce a similar analysis for a hypothetical gambling hall in Whitehorse. In doing so, we will attribute Whitehorse visitors with the same characteristics as Dawson City visitors. This is not too unrealistic since the vast majority of Dawson City visitors were previous Whitehorse visitors.

The first order of business should be to determine the appropriate casino size. The Dawson City casino is about 25,000 square feet in total. During the height of the

13. Calculated as follows: $14.50 / .72$

14. Calculated as follows: Total number of visitors was 53,857 or 19,235 parties. The 31% that gamble spend \$100 per party on non-gambling items and \$20.15 on gambling activities. This amounts to \$716,454. The 69% that do not gamble and the 1,058 off-season parties spend \$84 per party on non-gambling items or about \$1,203,733. Total expenditures for the season are therefore \$1,920,187.

tourist season, it is quite crowded but still able to cope. The summer visitor traffic peaked in July near 20,758 persons. This will produce 5,286 gamblers. The visitor traffic for Whitehorse during 1977 was 214,000 persons.¹⁵ There is, however, one major difference. Dawson City visitors pass through only once. Much of the Whitehorse traffic passes through twice, once up the highway and once down the highway. Since gambling is not a major attraction it is quite likely that, having gambled on the first pass, a visitor may not gamble on the second pass. Unfortunately, we have no way of knowing how many actually pass through twice and of these, how many would gamble twice. We will, therefore, arbitrarily assume the number of potential gambling visitors to be 75% of total visitors or 160,500. Table 12 shows the distribution of these visitors over time.¹⁶ The peak potential gambling visitor traffic is 24,557. This will produce about 6,253 gamblers which is almost the same as Dawson City.¹⁷

15. Source: Government of Yukon, Tourism and Information Branch.

16. Occupied room and site days in Whitehorse has been used as a proxy for distribution of visitors over time.

17. Note that we are not saying that tourist numbers are about equal. We have taken only 75% of Whitehorse visitor traffic in this analysis.
Calculated as follows: $24,577(\text{Visitors}) \div 2.8(\text{persons per party}) \times 0.31(\text{proportion of partys that gamble}) \times 2.3(\text{number of gamblers per party})$

TABLE 12

Distribution of Whitehorse Visitors Over Time

Month	Occupied Room and Site Days*	Number of	**
	#	Visitors	
January	8670	5.3	8507
February	9268	5.7	9149
March	10089	6.2	9951
April	9713	5.9	9470
May	14341	8.8	14124
June	19987	12.2	19581
July	25127	15.3	24557
August	22249	13.6	21828
September	14058	8.6	13803
October	11167	6.8	10914
November	10362	6.3	10112
December	8864	5.4	8667
Totals	163897	100.1***	160661***

*Source: Government of Yukon, Tourism and Information
Branch.

"Tourism Expenditures in Yukon (1976)"

**Includes 75% of total number of visitors

***Small errors are due to rounding.

We must also take into consideration the local population. The Whitehorse population of near 15,000 is about 14 times the population of Dawson City. We know that about 46% of the adult population, or 33% of the total population will gamble, but we do not know how often they will do so. However, we are informed by persons knowledgeable with the Dawson City operation that residents frequent Diamond Tooth Gertie's an average of 3 times each month. This would amount to a July total of 1,485. Adding this to the 5,286 visiting gamblers in July in Dawson City yields a total of 6,771 gambling nights. Resident gambling nights in Whitehorse would be about 13,414 for July.¹⁸ Therefore, total gambling nights would be about 19,667. It would appear that a casino in Whitehorse would have to be triple the size of Diamond Tooth Gertie's in Dawson City, or about 75,000 square feet.

Based on the model developed above, we will first determine the gambling revenues that would accrue to an adequate sized casino in Whitehorse. We have adjusted tourist gambling expenditures of \$20.15 per gambling party. During the period of May 1 through September 30, we have 93,893 tourists or 10,935 gambling parties. Thus, total visitor gambling expenditures should be \$209,459. Next we have adjusted

18. We estimated that when a gambling hall operates 3.3 months of the year, residents gamble 3.0 times per month. Because gambling loses its entertainment value for residents of the gambling community, a longer gambling season will reduce the monthly frequency of gambling sessions. We believe that year-round gambling would reduce the frequency to 1.5 sessions per month and have assumed a simple linear relationship to make the adjustment for other

resident gambling expenditures of \$238 per gambler. There are 4,950 likely gambling persons in Whitehorse, thus producing \$1,178,100 for the season. Total gambling revenues are, therefore, expected to be \$1,387,559.

Gate receipts amount to \$2 per gambler, or a total of \$57,717. Bar receipts per gambler night in Dawson City were \$7.04. We have no reason to assume that such receipts would be different in Whitehorse, thus total bar receipts would be \$640,506. Total receipts for the period May 1 to September 30 would, therefore, be \$2,085,782.

Finally, we will estimate costs for a casino of 75,000 square feet. The only basis we have to proceed on is, with one exception, the 1976 statement of operations for Diamond Tooth Gertie's. The exception is lease costs, including taxes, insurance, and utilities. The estimated annual cost for these items is \$8 - \$12 per square foot.¹⁹ We will use \$10 per square foot per year (\$4.17 per square foot for 5 months). These costs will, therefore, amount to \$312,500. Regarding other costs, prices in Dawson City rose by 14.3% from 1976 to 1977.²⁰ On the other hand, 1977 Dawson City prices were 8% higher than Whitehorse prices.²⁰ Rather than engaging in the nebulous exercise of adjusting for inflation (and also

19. Source: John Dumas, Investment Realesearch, Whitehorse Yukon.

20. Government of Yukon, Economic Research and Planning Unit "Yukon Spatial Price Survey/June 1977".

assuming wage increases equal price increases) and spatial price differentials (again assuming that wage differentials equal price differentials), we will simply take the 1976 Dawson City costs and apply them to a 1977 casino in Whitehorse. We will, of course, adjust where necessary to account for the larger size of the Whitehorse operation, including any economies of scale which it may have, and the longer gambling season.

Appendix IV contains the statements of operations and overhead costs for the hypothetical gambling hall in Whitehorse. We see that the casino earns a profit of \$1,111,643 for 5 months of operation. Table 13 shows the monthly revenues that would occur for 12 months operation.

TABLE 13

<u>Month</u>	<u>Gambling*</u> <u>Nights</u>	<u>Resident</u> <u>Expenditure</u>	<u>Visitor</u> <u>Expenditure</u>	<u>Total</u>
January	9591	192,704	38,559	231,263
February	9755	192,704	41,469	234,173
March	9959	192,704	45,104	237,808
April	9836	192,704	42,924	235,628
May	11,022	192,704	64,019	256,723
June	12,411	192,704	88,754	281,458
July	13,678	192,704	111,308	304,012
August	12,983	192,704	98,939	291,643
September	11,940	192,704	62,564	255,268
October	10,204	192,704	49,469	242,173
November	10,000	192,704	45,834	238,538
December	9632	192,704	39,284	231,988
TOTAL	130,011	2,312,448	728,227	3,040,675

*Gambling night is defined as one person gambling one night.

From Appendix IV, we derive average monthly costs of \$194,828. Comparing this to Table 13, we see that the casino is profitable on a year-round basis. The picture is not as rosy as it first appears, however. We notice from Table 13 that visitors account for only 24% of total revenues. Residents account for 76%, much of which would be spent within the community anyway. Thus, in considering the economic benefit to the community, we should consider only visitors' expenditures.

In Dawson City, visitors account for 67% of Diamond Tooth Gertie's revenues. This amounts to \$228 per resident. Adding the additional non-gambling expenditures yields an overall revenue of \$317 per resident.

In Whitehorse, visitors' gambling expenditures would amount to \$28 per resident for the 5 month operation. Adding non-gambling expenditures raises this to \$39 per resident. For a year-round Whitehorse operation, the figure would be \$49, or overall, \$68.

It is apparent that the relative benefits of gambling to Dawson City far exceed the benefits that would occur to a Whitehorse operation.

The ROBERT SERVICE CABIN

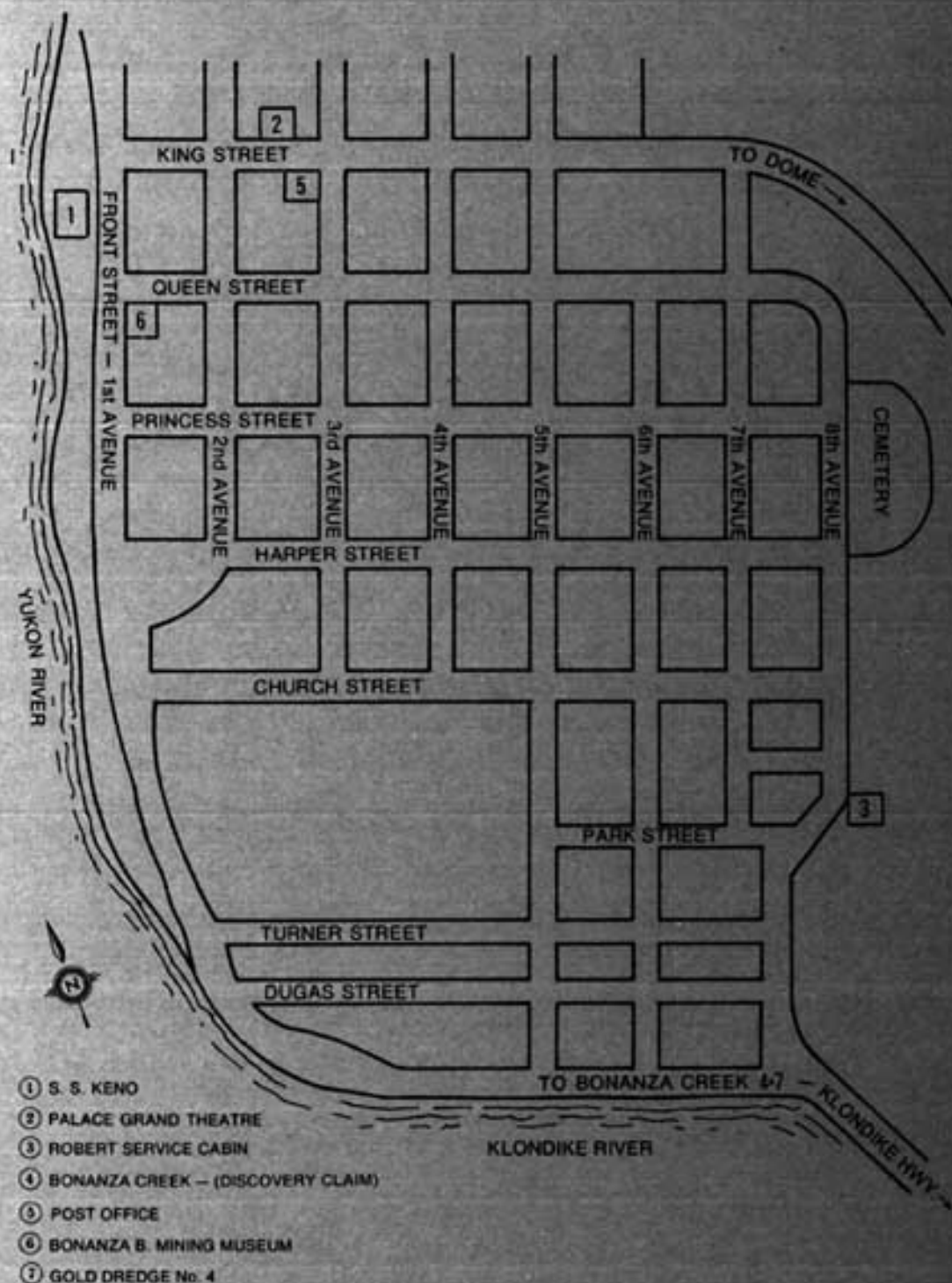


This two-room log cabin, set amidst the willows and the alders on the lower slopes at the eastern end of the town, has long been a tourist attraction. There, Robert W. Service, bard of the Klondike, lived from November 1909 to June 1912. During this time he wrote his melodramatic novel, *The Trail of Ninety-Eight*, and composed his third and final volume of Yukon verse, *Songs of a Rolling Stone*.

Service lived a spartan life. A remote figure, he was a good listener, absorbing, in his own words, "Yukon lore by every pore."

The cabin, which may have been built as early as 1897 or 1898, is typical of the time — logs well chinked with moss to keep out the sub-arctic cold, a double door, with front porch. It was heated by a wood stove, and probably illuminated by coal-oil lamps in Service's time, although downtown Dawson had had electricity since 1899-1900. A Mrs. Matilda Day held the original title to the property, dating from May, 1900, but it was later acquired by Mrs. Edna B. Clarke, from whom Service rented it during his later sojourn in Dawson.

The poet left Dawson for the last time on 29 June 1912, ostensibly on one of his periodic trips "outside" to consult with his publishers in Toronto and New York. *The Dawson Daily News* reported his departure in a few lines, without comment. By 1917 the Imperial Order of the Daughters of the Empire, with the owner's rather reluctant permission, were promoting the little cabin as a tourist attraction to raise money for soldiers' comforts overseas. After the war, the I.O.D.E. furnished the cabin in typical miner's style of the gold-rush period. Donated to the National Historic Sites Branch of Parks Canada by the City of Dawson, it has been restored to the period when Service lived in it.



Parks Canada
 Parcs Canada

Published under the authority
 of the Hon. John Roberts, P.C., M.P.,
 Minister of the Environment
 Ottawa, 1980
 Q5-R026-000-EE-A2

VII CONCLUSIONS

There are essentially five strategies that could be used to increase gambling in Yukon. They are:

- 1) extend the existing operation in Dawson City
- 2) develop a seasonal operation in Whitehorse
- 3) develop a year-round operation in Whitehorse
- 4) develop several gambling halls throughout Yukon
- 5) develop a seasonal or year-round operation in a small Yukon town.

The conclusions regarding strategy 1) are based on two considerations. First, there is not sufficient tourist traffic at the present time to extend the gambling season in Dawson City. Should the development of additional tourist attractions succeed in expanding the season, then Diamond Tooth Gertie's could expand to meet any increased demand. We contend, however, that, not within the foreseeable future will Dawson City experience sufficient tourist traffic to support year-round gambling.

We contend also that the promotion of Dawson City as a gambling community is undesirable. Any resulting change in tourist composition would have a detrimental effect on the community. As it is, the casino benefits the community directly through its production of employment and revenue and indirectly by inducing tourists to stay longer in Dawson City.

The second, and most important, consideration is that 70% of the adult population do not want year-round gambling.

Our conclusion, therefore, is that no major expansion of casino gambling should occur in Dawson City.

The conclusions regarding strategy 2 are based on two considerations as well. First, a seasonal casino in Whitehorse would compete directly with the casino in Dawson City. The vast majority of highway tourist traffic passes through Whitehorse before it gets to Dawson City. Since gambling is not the prime motive for visiting the north, it is likely that many tourists who gamble in Whitehorse will not gamble in Dawson City. The loss to Dawson City relative to its commercial base would greatly exceed the gain to Whitehorse relative to its commercial base.

Undoubtedly, a seasonal Whitehorse casino would be highly successful compared to other businesses. But, since any gambling developments are to benefit the territory as a whole and the gambling community specifically, one modest gambling hall in Whitehorse would be little more than a "drop in the bucket".

The second consideration relates to social costs. We have indicated that the incidence of social cost lies mainly with those who can least afford it. In a small town like Dawson City, the actual number of individuals adversely affected by gambling is likewise small. Whitehorse, on the other hand, has 15 times the population of Dawson City. Furthermore, the potential for Whitehorse to double its population within 10 years is generally acknowledged. We could look forward to corresponding increases in social welfare problems.

Therefore, our conclusions regarding seasonal gambling in Whitehorse, are that, given the adverse effect on Dawson City, the relative insignificance of resulting revenues and the potential social costs, a seasonal casino in Whitehorse will not strengthen and stabilize Yukon's economic future.

The casino that operates during Sourdough Rendezvous encompasses minute economic benefits and social costs. It is, however, wonderful medicine for the many Yukoners who, by February, have finally succumbed to the pertinaciousness of "cabin fever".

The considerations regarding strategy 3) are identical to those of strategy 2) with one addition. A year-round operation

in Whitehorse would foster considerable promotion during the off season. This would result in a shift in tourist composition during these times. We have already indicated that such a shift could be detrimental to the gambling community. Combined with the year-round aspect and the size of the local population, the above change in tourist composition could support a small but permanent criminal element.

Our conclusions regarding year-round gambling in Whitehorse are therefore similar to the conclusions of strategy 2), it will not serve its intended purpose.

Regarding strategy 4) the development of several gambling halls throughout Yukon, we must reiterate a previous observation. Due to the nature of Yukon tourists, it would be necessary to effect a major change in tourist composition. Currently, the northern visitor is just not interested in serious gambling. What gambling he does participate in, he does so out of curiosity. Having satisfied that curiosity, his interest drops off drastically. Thus, without a major change in tourist composition, more than one or two casino developments would be uneconomical. On the other hand, a major change in tourist composition will produce the

detrimental results discussed above. When considering several casino developments, however, we must also consider social welfare problems à la Nevada.

We conclude that Yukon citizens do not want to turn Yukon into the "Nevada of Canada", even if it were actually possible to pull-it-off.

Our final strategy is the only strategy that comes close to fulfilling its intended purpose. While it is true that the addition of one modest casino will do little at the territorial level, it could yield substantial economic benefit to the community within which it is located. Regarding location, there is but one general area that could be considered desirable. The factors to consider are: 1) location in relation to Dawson City, 2) size of local population, 3) recreational potential, 4) location in relation to major population areas and most importantly, 5) the degree of acceptability by local residents.

With reference to factor 1) the location must be west of Whitehorse. This permits Dawson City to introduce gambling to all those tourists making the counter-clockwise northern loop: Whitehorse - Dawson City - Alaska - Haines Junction - Whitehorse. Such a location will not eliminate the negative effect on Dawson City but will reduce it somewhat. Regarding factor 2), the community of location should possess a small

population thus keeping to a minimum the potential number of people who could be adversely affected. The community should also possess an abundance of potential recreational opportunities for all seasons. Factor 4) is one of the most important factors affecting the financial success of a year-round operation which can also accommodate the peak tourist traffic. The casino would have to be located on the Alaska Highway and as close as possible to Alaska. This would enable residents of Whitehorse, Fairbanks and Anchorage easy (but not too easy) access to the community. Such a location amounts to a duplication-in-miniature of the Nevada industry. It incorporates the main reason why gambling is so successful in Nevada: a relatively large but separated population base. The final factor goes without saying, it was included merely for the sake of completeness.

Our conclusions regarding strategy 5) are that, if the preceding factors are carefully considered, a single gambling operation could be developed which would provide substantial economic benefits to a prospective community while holding to a minimum the overall social costs.

One final note: Wherever legalized Nevada style gambling exists in North America it was developed during a period of crisis. While much of the world was recovering from the great depression, Nevada's outlook appeared bleak. Gambling was a way out. Likewise, Atlantic City, once the vacation capital of the northeastern United States, fell upon hard times. Rapid transportation turned far away places into practical vacation sites. Atlantic City, the old burg of Miss America and Monopoly, deteriorated. Again, gambling was a way out. We should note that no such crisis exists in Yukon.

APPENDIX I

VISITOR SURVEY

DAWSON CITY
VISITOR SURVEY--1977

THIS STUDY IS BEING CONDUCTED IN ORDER FOR US TO BETTER SERVE YOU--THE DAWSON CITY VISITOR.

1. Did you enjoy your visit to Dawson city? _____ Yes _____ No

a) If "Yes", what did you enjoy about your visit?

Gambling Gold Rush Entertainment Northern Wilderness Other (Specify)
 History (Shows) Hospitality Environment

b) If "No", what did you dislike about your visit?

Service Ground Employee Accommodations Other (Specify)
 Transportation Impoliteness

2. Was Dawson City the main destination of your trip? _____ Yes _____ No

a) If "No", what was your main destination? _____

b) If "No", what was your last destination prior to visiting Dawson City?
(If coming from home indicate "home".) _____

3. Was this your first visit to Dawson City? _____ Yes _____ No

4. How many times have you visited Dawson City including this trip? (Please check one box for each row.)

YEAR \ NUMBER	NO VISITS	1 VISIT	2 VISITS	3-4 VISITS	5-6 VISITS	MORE THAN 6 VISITS
1977	X					
1976						
1975						
1974						

5. What was your length of stay this trip? _____ overnight days.

6. Days of the week you stayed overnight during this last visit:

_____ Mon _____ Tues _____ Wed _____ Thurs _____ Fri _____ Sat _____ Sun _____ None

7. What source of information led to your trip to Dawson City?

Magazine T.V. Travel Agent Word of Mouth Other (Specify)

8. What motivated you to come to Dawson City?

Gambling Gold Rush History Entertainment (Shows) Wilderness Environment "Get away" Curiosity

Passing Through Business Vacation Visit Friends/ Relatives Other (Specify)

9. THIS QUESTION IS FOR AIRPLANE VISITORS ONLY: Who made your airline reservation this trip?

Travel Agent Yourself Other (Specify)

10. THIS QUESTION IS ONLY FOR VISITORS WHO TRAVELLED TO DAWSON CITY BY AIRPLANE ON ANY PREVIOUS VISIT: Did you ever use a travel agent for airline reservations?

Yes No

11. Are you part of a convention, or charter? Yes No

a) If "yes", please indicate: Convention Charter

12. Type of lodging while in Dawson City this trip:

Hotel Motel R.V. Park/Campground Friends/Relatives Other

13. THIS QUESTION IS ONLY FOR VISITORS WHO STAYED IN A HOTEL OR MOTEL THIS TRIP: Did you "book" your accommodations through a travel agent? Yes No

a) If "No", did you ever use a travel agent for hotel/motel accommodations on any previous visit? Yes No

14. How do you rate vacation expenses in Dawson City with other vacation sites?

	Higher	Comparable	Lower	No Opinion
Accommodations				
Food				
Entertainment (Shows)				
Ground Transportation				

15. Gaming activities you participated in:

"21" Roulette Crown & Anchor Poker Bingo None

16. How much did you spend on gaming activities?

(Please indicate, even if approximate, a specific dollar amount;
+ = won money; - = lost money) \$ _____

17. How much did you spend in Dawson City exclusive of gaming?

(Please indicate, even if approximate, a specific dollar amount.) \$ _____

a) This amount represents expenditures for _____ people (including yourself).

18. Should Dawson City develop additional tourist facilities?

_____ Yes _____ No _____ No Opinion

19. Sex: _____ Female _____ Male

20. Age: _____ 21-30 _____ 31-40 _____ 41-50 _____ 51-64 _____ Over 64

21. Marital Status: _____ Single (Includes divorced, separated, etc.) _____ Married

a) Number of Children: _____ None _____ 1 _____ 2 _____ 3 _____ More than 3

(1) If applicable, the age of your children: _____ Oldest _____ Youngest

22. Education:

Elementary and/or High School Some College Post Graduate
Some High School Graduate College Graduate Work

23. Total Family Income:

Less than \$10,000- \$15,000- \$25,000- More than
\$10,000 \$14,999 \$24,999 \$40,000 \$40,000

24. Primary Occupation:

_____ Self-Employed (Business)	_____ Tradesman (Plumber, Carpenter, etc.)
_____ Manager (Business, Government, etc.)	_____ Professional (Doctor, Lawyer, etc.)
_____ Clerical (Business, Government, etc.)	_____ Salesman
_____ Housewife	_____ Armed Services
_____ Teacher	_____ Retired
_____ Factory Employee	_____ Service (Nurse, Fireman, etc.)
_____ Student	_____ Other (_____)

25. Please suggest improvements that would increase your enjoyment of Dawson City:

1) _____ 2) _____
3) _____ 4) _____

26. Your Residence: _____

City

Province/State/Country

APPENDIX II

RESIDENT SURVEY

Government of the Yukon Territory

BOX 2703, WHITEHORSE, YUKON Y1A 2C6

TELEPHONE 403-667-7811

TELEX 036-8-260

64.



OUR FILE
YOUR FILE

September 14, 1977

Dear Dawsonite:

As you may be aware, the Yukon Territorial Government is investigating the socio-economic impact that would accompany increased gambling in Yukon.

In July of this year we conducted a Visitor Profile Study in Dawson City to determine, among other things, the gambling activities of the average Dawson City visitor. The purpose of the enclosed questionnaire is to determine how local residents feel about gambling in their community.

Whether you gamble or not, your input is vitally important to the accuracy of the final results. I, therefore, request that you complete and return the questionnaire at your earliest convenience.

A stamped, self-addressed envelope is enclosed to facilitate your early response.

Thank you in advance for your co-operation.

Sincerely,

A handwritten signature in dark ink, appearing to read "M. T. McIntosh".

M. T. McIntosh
Economic Research & Planning Officer

Encl.

DAWSON CITY RESIDENT SURVEY -- 1977

GAMBLING

IN THIS QUESTIONNAIRE, GAMBLING REFERS TO CASINO GAMBLING ONLY, BINGO AND ALL
FORMS OF LOTTERIES ARE EXCLUDED.

1. Do you have money of your own to gamble with?
☐ YES ☐ NO (GO TO QUESTION 7)
2. Do you gamble?
☐ YES ☐ NO (GO TO QUESTION 7)
3. How much money did you lose by gambling within the last year?
☐ LESS THAN \$100.00 ☐ MORE THAN \$300.00
☐ \$100.00 - \$300.00 ☐ NONE (GO TO QUESTION 7)
4. Do you gamble excessively?
☐ YES (FREQUENTLY) ☐ NO ☐ SOMETIMES
5. If gambling was not available in Dawson, would the money you lost have been spent on other forms of entertainment/recreation?
☐ MOST OF IT ☐ VERY LITTLE OF IT
6. Do you regret having spent your money on gambling?
☐ YES ☐ NO
7. Has the existence of a casino in Dawson adversely affected your social/family relationships?
☐ YES ☐ NO
8. Has the existence of a casino in Dawson altered your financial circumstances in any way?
☐ FOR THE BETTER ☐ FOR THE WORSE ☐ NOT AT ALL

9. Do you think the casino in Dawson should continue to operate?
_____ YES _____ NO (GO TO QUESTION 12)
10. What do you think of the betting limits employed?
_____ ALL RIGHT _____ TOO HIGH _____ TOO LOW
11. Are you in favour of year-round gambling in Dawson?
_____ YES _____ NO
12. Do you think that increased tourism would be good for Dawson?
_____ YES _____ NO
13. Do you think that gambling encourages tourists to stay longer in Dawson?
_____ YES _____ NO
14. Do you think that gambling is a major factor in attracting tourists to Dawson?
_____ YES _____ NO
15. Do you think that other forms of gambling, e.g. horse races, lotteries, bingo, etc., are harmful?
_____ YES _____ NO
16. Do you think that gambling in other Yukon communities would benefit Yukon?
_____ YES _____ NO _____ NO OPINION
17. Age: _____ UNDER 21 _____ 21 - 30 _____ 31 - 40
_____ 41 - 50 _____ 51 - 64 _____ OVER 64
18. Sex: _____ MALE _____ FEMALE
19. Marital Status: _____ MARRIED _____ SINGLE

20. Number of children: (If applicable)

_____ NONE _____ 1 _____ 2 _____ 3 _____ MORE THAN 3

21. Education:

_____ ELEMENTARY SCHOOL _____ HIGH SCHOOL _____ UNIVERSITY GRADUATE
_____ POST GRADUATE WORK

22. Your Annual Income:

_____ LESS THAN \$10,000 _____ \$10,000 - \$14,999 _____ \$15,000 - \$24,999
_____ \$25,000 - \$40,000 _____ MORE THAN \$40,000

APPENDIX III

DIAMOND TOOTH GERTIE'S
STATEMENT OF OPERATIONS AND OVERHEAD COSTS

SCHEDULE A

KLONDIKE VISITORS ASSOCIATION
 DIAMOND TOOTH GERTIE'S - OPERATIONS
 THIRTEEN MONTHS ENDING OCTOBER 31, 1976
 (UNAUDITED)

	1976			
	GAMES	BAR	OTHER	TOTAL
	\$	\$	\$	\$
Receipts	<u>128085</u>	<u>105362</u>	<u>21535</u>	<u>254982</u>
<u>Expenses</u>				
Salaries	95025	13005	11601	119631
Fringe Benefits	12121	1659	1480	15260
Living Allowance	1985			1985
Entertainment Contract			24555	24555
Liquor Purchases		28249		28249
Bar Supplies		2087		2087
Gaming Supplies	3542			3542
Furniture and Equipment Maintenance			810	810
Food Service Equipment			232	232
Building Maintenance			13453	13453
Laundry		545		545
Licences	5085	459		5544
Miscellaneous			3673	3673
	<u>117758</u>	<u>46004</u>	<u>55804</u>	<u>219566</u>
Excess of Receipts Over Expenses	<u>10327</u>	<u>59358</u>	<u>(34269)</u>	<u>35416</u>
Overhead Allocations (Schedule D)			56178	56178
Operating Surplus/ Deficit	<u>10327</u>	<u>59358</u>	<u>(90447)</u>	<u>(20762)</u>

SCHEDULE D

KLONDIKE VISITORS ASSOCIATION

TOTAL OVERHEAD - OPERATIONS

THIRTEEN MONTHS ENDING OCTOBER 31, 1976

(UNAUDITED)

<u>Administration & General Overhead Expenses</u>		<u>1976</u>
Advertizing		6486
Audit		266
Communications		1527
Conventions		1181
Insurance		790
Lease		4200
Legal Services		660
Miscellaneous		65
Office Supplies		1726
Rent		2225
Salaries		15187
Taxes		786
Travel		378
Utilities		7499
Misc. Supplies from Inventory		<u>1100</u>
		<u>44076</u>
<u>Non-revenue Programs</u>		
Gold Room		5756
Discovery Days		635
Bonanza Claim		
Misc.		
		<u>6391</u>
<u>Fiscal Expenses</u>		
Bank Charges		34
Depreciation		8178
Grants		8350
Contributions to Reserves		6761
U.S. Exchange		<u>2643</u>
		<u>25966</u>
Total Overhead		<u><u>76433</u></u>
Allocation Distribution		
Diamond Tooth Gerties	73.5%	56178
Palace Grand Theatre	20.0%	15287
Other	6.5%	<u>4968</u>
		<u><u>76433</u></u>

APPENDIX IV

HYPOTHETICAL GAMBLING HALL IN WHITEHORSE
STATEMENT OF OPERATIONS AND OVERHEAD COSTS

SCHEDULE A

HYPOTHETICAL GAMBLING HALL IN WHITEHORSE

OPERATIONS MAY 1 TO SEPTEMBER 30

1977

Receipts	2,085,782
<u>Expenses</u> *	
Salaries	200,727
Fringe Benefits	25,605
Living Allowance	2,978
Entertainment Contract	36,833
Liquor Purchases	129,164
Bar Supplies	9,542
Gaming Supplies	10,292
Furniture and Equipment Maintenance	3,645
Food Service Equipment	1,044
Building Maintenance	60,539
Laundry	2,453
Licences	24,948
Miscellaneous	16,529
	<hr/> 524,299
Excess of Receipts Over Expenses	1,561,503
Overhead Allocations (Schedule D)	449,840
Operating Surplus/Deficit	<hr/> <hr/> 1,111,643

* The hypothetical Whitehorse operation is 3 times the size of Diamond Tooth Gertie's and is assumed to operate 1.5 times longer. Those costs depending on duration of operation have been increased 1.5 times, those costs depending on size of operation have been increased 3 times and those costs depending on both have been increased 4.5 times. Other costs, because of economies of scale and/or the existence of cost estimates for the Whitehorse area, have been increased by different amounts.

SCHEDULE D

HYPOTHETICAL GAMBLING HALL IN WHITEHORSE

TOTAL OVERHEAD - OPERATIONS

MAY 1 TO SEPTEMBER 30

1977

Administration & General Overhead Expenses * 1977

Advertizing	29,187
Audit	1,197
Communications	6,872
Insurance (liability)	3,555
Lease	312,500
Legal Services	2,970
Miscellaneous	293
Office Supplies	7,767
Salaries	30,000
Travel	1,701
Misc. Supplies from Inventory	4,950
	<hr/>
	400,992
	<hr/>

Fiscal Expenses

Bank Charges	153
Depreciation	36,801
U.S. Exchange	11,894
	<hr/>
	48,848
	<hr/>

Total Overhead	449,840
	<hr/>
	<hr/>

* The hypothetical Whitehorse operation is 3 times the size of Diamond Tooth Gertie's and is assumed to operate 1.5 times longer. Those costs depending on duration of operation have been increased 1.5 times, those costs depending on size of operation have been increased 3 times and those costs depending on both have been increased 4.5 times. Other costs, because of economics of scale and/or the existence of cost estimates for the Whitehorse area, have been increased by different amounts.

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