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Public Policy Implications of Gambling Research

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Proportion of Gaming Revenue Derived from Problem Gamblers

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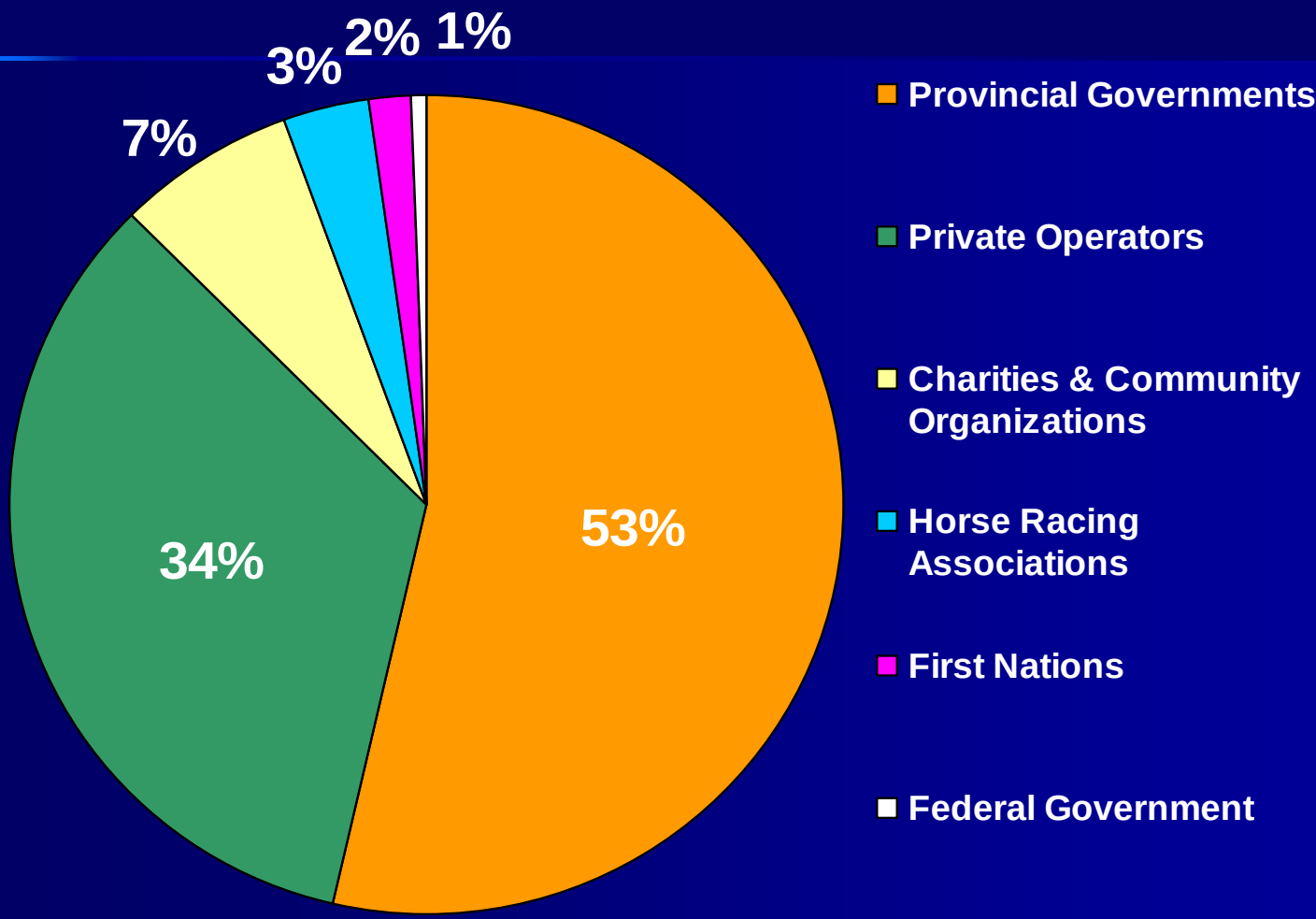
- The source of gaming revenue has important philosophical, sociological and government policy implications

Recipients of the $13 Billion in annual Canadian gambling revenue



Source of this gaming revenue relevant to:

- The legitimacy of government sponsored gambling and the continued expansion of gambling
- The amount of money devoted to prevention and treatment

- There have been several studies that have indirectly investigated this issue as part of jurisdiction-wide prevalence studies

- A consistent and important finding of these studies is that problem gamblers do in fact contribute a disproportionate amount of total gaming revenue

Proportion of Revenue from Problem Gamblers

Australia (Productivity Commission, 1999)	33%
4 U.S. states & 3 Canadian provinces (Lesieur, 1998)	30%
Canada (Williams & Wood, 2004)	23% (each province weighted equally) 32% (weighted by population)
New Zealand (Abbott & Volberg, 2000)	19%
United States (Gerstein et al., 1998)	15%

- However, these proportions are inconsistent between studies and inconsistent with actual gaming revenues

Reported Expenditure / Actual Revenue

6 U.S. States (Volberg et al., 2001)	4.5 pari-mutuel betting 2.4 lottery 4.1 casino table games 1.1 EGM 3.1 bingo
New Zealand (Abbott & Volberg, 1999)	Ratio much higher than actual for lotteries ~1.0 horse & dog betting Ratio much lower than actual for casinos & EGMs
Canada (Williams & Wood, 2004)	2.1 overall
Australia (Productivity Commission, 1999)	1.4 lotteries Ratio much lower than actual for wagering and EGMs
United States (Gerstein et al., 1999)	0.3 lotteries 0.0 casinos (reported winning $3 billion) 0.0 racetracks (reported winning $2 billion)

Reasons for inconsistencies

- Problems with determining the prevalence rate of problem gambling
  - ➔ False positives with SOGS
  - ➔ False negatives due to direct questioning
  - ➔ Under sampling of problem gamblers in telephone surveys
- Methodological problems in assessing self-reported expenditures
  - ➔ Ambiguous question wording
  - ➔ Question wording that biases the response
  - ➔ Fallible memory
  - ➔ Seasonality of gambling
- Difficulties in tabulating revenues from jurisdictional residents
  - ➔ Out of jurisdiction revenue and expenditures
  - ➔ Not reporting all the revenue

Using improved methodology to reinvestigate this issue in Alberta & Ontario

- Better methods to obtain self-reported expenditures
  - prospective 4 week diaries of gambling expenditures
  - clear, non-biasing questions explaining what is meant by ‘net expenditure’
- Better methods to establish true problem gambling prevalence rate
  - better instrument (CPGI)
  - more exhaustive RDD sampling to achieve a better response rate (ONT)
  - adjustments for populations not available for sampling (ONT)
- Exclusion of out-of-province expenditures as well as revenues from non-jurisdictional residents.

Both Studies

- $50 incentive to keep 1 month diary of gambling expenditures
- Each diary included detailed instructions and examples to clarify we are interested in NET expenditures
- Reliability and validity questions incorporated into the survey

Alberta Study (AGRI funding)

- Participants recruited though posters at casinos, racetracks, lounges, malls, and bingo halls throughout Alberta (March 2002 – October 2003)
- Total sample size of 211 (33 Non Problem; 64 Low Risk; 63 Moderate Problem; 51 Severe Problem)

Ontario Study (OPGRC funding)

- Participants recruited though random digit dialing of 6654 Ontario residents (March 2003 – November 2003)
- Total sample size of 364 (156 Non Problem; 116 Low Risk; 60 Moderate Problem; 32 Severe Problem)

Results

- Prospective diaries offer good estimates of gambling expenditures based on their fairly close match with actual provincial revenues.

- Alberta
  - Estimated **39%** of Alberta gaming revenue derived from moderate and severe problem gamblers

- Ontario
  - Estimated **35%** of Ontario gaming revenue derived from moderate and severe problem gamblers

Results

- Considerable variability in the proportion of revenue derived from problem gamblers as a function of gambling type.
  - Up to 60% of revenue from gaming machines may derive from problem gamblers
  - Lotteries, instant win tickets, bingo, and raffles may only derive 15-20% of their revenue from problem gamblers.

Conclusions

- Converging lines of evidence that a substantial portion of gambling revenue derives from problem gamblers
- The exact proportion depends on the specific jurisdiction and the specific time period studied
  - Jurisdictions differ in high roller revenue; availability of certain types of gambling (e.g., gaming machines); Preventative educational and policy initiatives
  - Gambling availability and government policies change fairly rapidly in any jurisdiction. Also, places that have had gambling available for a longer period of time may have different rates of problem gambling compared to places that have more recently introduced it.

Public Policy Implications

- The money spent on prevention/treatment/research is very small compared to the amount contributed by problem gamblers
  - Ontario derives $1,411 million per year from problem gamblers but only spends $36 million on prevention/treatment/research (it spends $457 million on advertising, marketing and promotion).

- It is questionable whether governments, whose mandate is to serve the people, should be in the business of owning and operating an enterprise where a substantial proportion of the revenue comes from problem gamblers

Public Policy Implications

- It is questionable why governments that do undertake the ownership and operation of gambling do not aggressively attempt to reduce both the prevalence of problem gambling and the amount of revenue derived from this population.

- Education/Awareness efforts are only one pillar of an effective harm minimization approach, and are never successful on their own. What is required are concomitant policy initiatives, many of which are easily implemented:
  - Requiring ID to enter a gaming facility (as is done in Europe to effectively bar self-excluders).
  - Making gaming facilities legally liable for not enforcing their own self-exclusion contracts.
  - Eliminating credit.
  - Eliminating ATMs from gaming facilities.
  - Eliminating or severely restricting the most dangerous forms of gambling (i.e., gaming machines).