Controversial Topics in Gambling: Alberta Gambling Research Institute's 13th Annual Conference

Aitchison, Katherine J.; Castellani, Brian; Chapman, Craig S.; Christensen, Darren R.; Crawford, Sandy; Currie, Cheryl; Downs, Carolyn; Euston, David; Forrest, David; Goodyear, Bradley G....

http://hdl.handle.net/1880/49991
conference proceedings

Downloaded from PRISM: https://prism.ucalgary.ca
Modernizing Big Gaming in Ontario
The Legacy of Big Tobacco

• Need to retain revenues/neutralize inconvenient research
• Research slogan: “Doubt is our product”
• “Manufacturing Uncertainty” (Michaels, 2008)
• Consolidated strategies referred to as “playbook”
• Adopted by others whose products/activities cause harm
• Applied to Big Food by Brownell & Warner (2009)
• Begs application to Big Gaming
Strategy 1: Control Communications

• Impose definitions of key concepts and terminology
• Establish personal responsibility as cause of/solution to harm
• Champion personal freedom and choice vs government intervention
• Assert that self-regulation addresses ethical and public safety matters
Strategy 2: Manufacture uncertainty

• Vilify detractors as “anti-gambling” and “nanny state” advocates
• Dismiss inconvenient research as “junk science”
• Cultivate receptive researchers, academics, and other confounders
• Invest heavily in swaying politicians, bureaucrats, public
Goals of Big Gaming

a) Retain unimpeded operations;
b) Increase availability
OLG’s Modernization Plan

• Close 17 slots-at-race track venues
• Build 20 urban casinos; expand 9 existing casinos
• From 22,450 to 36,700 slots (64%); from 620 to 1,596 tables (157%)
• Private sector: capital costs ($3B) + all operations
• Expand the number of lottery outlets, add e-purchases
• Introduce Internet gambling; expand e-Bingo
• Increase turn-over to government from $1.7B to $3.0 B
• Create 2,300 gambling and 4,000 service sector jobs
## Projected Revenue Growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>Increase by</th>
<th>New Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turn-over</td>
<td>$1.7 B</td>
<td>$1.3 B</td>
<td>$3.0 B</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$4.8 B</td>
<td>$3.1 B</td>
<td>$7.9 B</td>
</tr>
<tr>
<td>Turn-over %</td>
<td>35.4%</td>
<td></td>
<td>42.0%</td>
</tr>
</tbody>
</table>
Justification 1: Future revenues will decrease

What OLG said:
• “do nothing” option = turn-over reduction up to $400 M (23.5%)
• Broaden the customer playing base, with more people playing a little

What OLG did not say:
• Participation rate down from 80% in 2001 to 63% in 2006
• Attaining 77% national average = base increase from 6.6 M to 8.1 M
What OLG says:

• Ontario “lagging in per capita profit”: $149 vs $220 average
• “Need to increase our contribution as the people of Ontario do not derive comparable benefit from lottery and gaming”

What OLG does not say:

• Current per gambler loss is $727/year
• $3.0 B turn-over would increase per gambler loss to $975/year (34%) ($7.9 billion in gambler losses ÷ 8.1 million gamblers)
Justification 3: Realize private sector benefits

What OLG said:
• Move “capital risk to private sector”, attain operating efficiencies
• Regulate operations, renew oversight role, discretionary standards

What OLG did not say:
• Repayment schedules, interest on investment, profits on operations
• Newly revised regulations do not address harm to gamblers
• Current oversight permits disinforming and exploiting
• Futility of discretionary application of standards vs profit attainment
Unexamined Impact: the Economy and Jobs

Economy
• Plan focuses exclusively on revenue *inflow* to OLG - $7.9 B
• Does not discuss where additional $3.1 B will come from
• Hospitality and Entertainment sector generates $32.9 B/year
• $3.1 B would be a 9.4% loss in revenue

Jobs
• Hospitality and Entertainment sector generates 17.6 jobs/$M revenue
• Casinos generate 8 jobs/$M revenue
OLG: “a small portion develop moderate-to-severe gambling problems”

- PG rates for slots: 5.5%, generate 31.2% of revenue
- PG rates for tables: 12.1%, generate 56.9% of revenue
- Each PG has 2.8 family members
- Current rates will apply to the 1.5 M new gamblers
- $248 increase in per gambler loss will exert upward pressure on rates
- Churn increases the number of “lifetime PGs”
We’ll select one host municipality from each of 29 Gaming Zones

• If you don’t take it, your neighbour could
• Generate new non-tax revenue (inflow)
• Create new well-paying jobs (inflow)
• Stimulate an influx of tourists
• Problem rates are low and containable
• Protected by Gold standard “Responsible Gambling Program”
Community Push-back

- Spontaneous formation of “no casino” community groups
- Emergence of local heroes
- Rallies by business/professional leaders
- Activation of key politicians
- Development of analyses and reports
- Letters, op-eds, print and broadcast articles, editorials
- Deputations from individuals and organizations
• OLG Chair, Paul Godfrey was fired
• The entire board of directors resigned
• CEO Rod Phillips resigned
• Substantial re-injection of funds into horse racing
• The Modernization Plan is on hold
• A provincial election is imminent
• The Ontario government has an opportunity to rebalance profit and harm to create a Culture of Moderation
ADDITIONAL READINGS


