

**COMMUNITY ECONOMIC DEVELOPMENT PLANNING
AND
LARGE-SCALE CASINO VENTURES**

By

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**A Masters Degree Project
Submitted to the Faculty of Environmental Design
in partial fulfillment of the requirements for the degree of
Master of Environmental Design
(Planning)**

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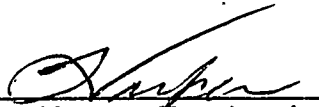
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THE UNIVERSITY OF CALGARY
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The undersigned certify that they have read, and recommend to the Faculty of Environmental Design for acceptance, a Master's Degree Project entitled ***Community Economic Development Planning and Commercial Casinos*** submitted by ***Darlene Kozub*** in partial fulfillment of the requirements for the Master of Environmental Design.



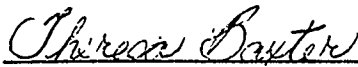
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"Commercial gaming has become—almost suddenly—an industry that should be added to the list of modern activities and products that is having profound impacts on society at large."

Eadington, 1994, pg. 3

ABSTRACT

COMMUNITY ECONOMIC DEVELOPMENT PLANNING AND LARGE-SCALE CASINO VENTURES

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Community Economic Development Planning (CEDP) is proposed as a means of evaluating large-scale casinos as a form of local economic development. Like many traditional economic development projects, large-scale casino proposals tend to be associated with top-down control, a lack of local participation in development planning and decision-making, and a lack of understanding about the long-term goals of individual communities. Without considering community-established goals and priorities, economic development initiatives are likely to fall short of developing and serving sustainable communities. The potential social costs and moral ambiguities surrounding legalized gambling further highlight the need to implement a process that is based on local needs and values. CEDP is seen as a proactive opportunity to integrate local-level planning into the casino venture decision-making process. With local involvement as a basic premise, a CEDP approach seeks to incorporate the unique values and long-term goals of the community into all economic development decisions.

Reflecting a spirit of pragmatism and a commitment to grassroots decision-making, this MDP avoids drawing definitive conclusions about the appropriateness of casino projects. If implemented diligently, a CEDP approach to development should lead to decisions that reflect the long-term interests of a community's present and future generations.

Key Words: community economic development (CED), community economic development planning (CEDP), large-scale casinos, decision-making processes, impacts, evaluation, goals, values

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1. CASINOS AS A TOOL FOR COMMUNITY ECONOMIC DEVELOPMENT

1.1 INTRODUCTION

Various forms of recreational gaming are gaining popularity throughout North America. In fact, the prevalence of commercial gambling ventures is greater than ever before in our history (Eadington, 1995). Large-scale casinos, in particular, are being embraced as a form of economic development that promises jobs, local diversification, and incremental revenues.

Many stakeholders, including provincial and local governments, developers, and community groups and organizations, view casinos as a potential economic development opportunity that is accessible to urban and rural communities alike. Governments, in search of an expanded revenue base, see casinos as an attractive option for improving their tax base and maintaining public programs. Communities see casinos as a way to stimulate the local economy and create jobs. Casino developers and corporations see these ventures, quite simply, as a means to make a profit. Despite the opportunistic agendas of various stakeholders, research indicates that casino projects can bring both enormous economic benefits and the risk of significant public costs (City of Vancouver Casino Review - A Discussion Paper, 1994).

The casino industry is unique in comparison to industries that have traditionally been supported by government. Specifically, this industry involves highly cash-intensive ventures and is surrounded by controversy and moral dilemmas. Success is based on the sale of a product (i.e., legalized gambling) which, like alcohol, is associated with many significant negative social effects such as addiction, crime, and corruption (Jones, 1993; Eadington, 1995). These negative impacts, whether real or perceived, have made many people very

skeptical and concerned about the effectiveness of casinos as a tool for local economic development.

As more communities look towards casinos as a potential option for economic development, the need to understand the issues and consequences, and to plan carefully for development in a local context is emphasized. The potential for large-scale casinos to significantly alter the social, economic, and cultural environment of a community; the tendency toward an outside-initiated, top-down approach to development; and the importance of community involvement in planning processes all highlight the need for a more holistic and coordinated approach. Community Economic Development Planning is proposed as a proactive means of meeting this need. It provides communities with a framework for assuming greater responsibility in economic development decisions that affect all members of society.

1.2 PURPOSE OF THE MDP

This study was undertaken in response to two key issues:

- the increasing interest of Canadian communities in large-scale casinos as a means of local economic development, and
- the concern that traditional top-down approaches to economic development tend to fall short of developing sustainable communities.

Two purposes have been established in consideration of these issues. The primary purpose is to propose Community Economic Development Planning (CEDP) as the foundation for evaluating and potentially planning for casino projects at the local level. As a comprehensive approach, it provides communities with the information necessary to: accept or reject a casino project

as a potential development option; undertake issue-focused socio-economic impact assessments, and other detailed project evaluations; and implement and ultimately monitor developments to ensure local goals are being met.

Proposing a proactive, community-initiated approach to development pressures and economic trends encourages communities to take the opportunity and time to consider their long-term vision and goals prior to making specific development decisions. Such a process would enable communities to make difficult decisions and undertake project negotiations with a heightened awareness of potential project impacts on present and future generations.

The secondary purpose of this MDP is to provide a general overview of the casino industry and its potential impact on local communities, in order to identify key areas of interest or concern that may require further research and analysis in the planning process.

1.3 FRAMEWORK AND OBJECTIVES OF THE MDP

A hypothetical assignment was developed to provide a practical framework for undertaking the research for this MDP. It is outlined below:

If I were asked, as a planner or a practitioner in the area of community development, to develop a strategy to help communities respond to the growing interest in large-scale casino projects as a form of local economic development, what would I do?

With this assignment in mind, four main objectives were identified to meet the purposes of the MDP. They are as follows:

- develop a basic understanding of the casino industry (i.e., historical significance, industry trends, Canadian developments, potential impacts, etc.);
- establish the need for a grassroots planning approach to help communities respond to the growth of the casinos as a form of economic development (i.e., CEDP);
- provide a framework for implementing community economic development planning; and
- identify the potential limitations and benefits of CEDP through critical analysis and, from this analysis, develop recommendations for implementation.

1.4 METHODOLOGY

In order to meet the objectives of the MDP project, a number of research methods were employed.

Literature Review

The first involved a review of the literature on casino developments, including newspaper articles, subject journals, conference materials, research studies, and economic impact assessments and reviews. A significant portion of the information available is from secondary versus primary research sources, particularly from a Canadian perspective. For example, 36% of the casino references identified in the bibliography are articles from newspapers (i.e., Calgary Herald, Globe and Mail, etc.) or business magazines (i.e., Business Week, The Economist, Western Wire, etc.). Another 26% are from conference

presentations (i.e., The Canadian Casino and Gaming Industry Summit 1995, Ninth International Conference on Gambling and Risk-Taking, etc.) or impact assessments conducted by consultants. Government publications, such as annual gaming reviews and discussion papers, represent about 13% of the references. Research studies summarized in academic journals and books make up the remaining 25%.

While all of the information reviewed contributed to the development of this project either directly or indirectly, several documents or sets of papers served as primary references. These included the following:

- The City of Vancouver Casino Review - A Discussion Paper (August, 1994): This document provides an overview of the potential impacts associated with large-scale casino developments as well as key references for additional information on specific impacts. It served as a valuable and concise reference in the development of this report.
- Robert Goodman's paper entitled, Legalized Gambling as a Strategy for Economic Development: Robert Goodman is a professor at Hampshire College in Massachusetts and served as the director of the United States Gambling Study. In this paper, he summarizes his findings regarding the review of fourteen economic impact assessments conducted for casino developments, mostly in the U.S. In his view, only one of these assessments presented a balanced analysis of both the potential economic and social costs of commercial gambling. This is the "The Impact of Casino Gambling in New Orleans" study completed by the University of New Orleans (Ryan et al., 1990). Goodman's review, as well as the New Orleans' study, provided a valuable source of information for this MDP project. The biases identified by Goodman in his analysis

cautioned the author to the pro-casino biases which may exist in the economic impact assessments undertaken for casinos in Canada.

- The proceedings from the Canadian Casino and Gaming Industry Summit - April 24-25, 1995: These proceedings provided current information on industry trends, potential public involvement in future casino decisions, local government requirements, and key issues of concern. As much of the information available on legalized gambling comes from the U.S., these proceedings provided a valuable and current Canadian perspective on the casino industry.
- A study undertaken by OSMR (Rovelstad and Pavalko) - Centre for Survey and Marketing Research at the University of Wisconsin entitled, "The Impacts of Casino Gaming on the Local Community: A Review of the Literature" (1993): Like the City of Vancouver Casino Review mentioned above, OSMR's provided a general overview of the probable impact of casinos on communities on the basis of a comprehensive review of the casino literature.
- Several papers by Eadington (1981, 1984, 1994, 1995): William Eadington is a professor of Economics, and Director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada, Reno. His work is widely referenced throughout the literature on casinos. As one of seemingly few academics who has studied the general trends and socio-economic effects of casinos and legalized gambling over time, his papers provided solid background information for the project. A quote by Eadington highlights the current status of academic gambling research:

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"Gambling studies is a field which is being discovered, but one that is—as with the activity itself—viewed with skepticism by most mainstream researchers. In academia, one is often met with the reaction that to want to study gambling, one must be sheltering hidden perversities. . . . It is interesting to note that a century ago, most of the social sciences—economics, political science, sociology were viewed with a similar skepticism by the then protectors of academic purity (1995, pg. 5)."

The literature review provided the basis for the information presented in Chapters 2 and 3.

Field Trips

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Two field trips to different casinos/casino areas were made in order to gain a better appreciation of the potential impacts of casinos frequently discussed in the literature. Specific visits included the 'casino communities' of Central City and Black Hawk in Colorado (August, 1995) as well as the charity-based Elbow River Inn and Casino in Calgary (December, 1995). These visits provided only a sample of the types of facilities, impacts, and characteristics of communities involved in casino gambling. However, informal observations and casual discussions with casino patrons emphasized the unique nature of the industry and its powerful presence, both as a stand-alone entertainment facility and a community industry.

Critical Analysis

A critical analysis of the MDP was undertaken, in lieu of an opportunity to work directly with a community interested in community-based planning and large-scale casino development. The analysis considered three key elements: the

conditions necessary to maximize the effectiveness of CEDP in a community, the underlying assumptions of the MDP which support the relevance of the chosen topic, and the recommendations for the potential implementation of CEDP. These elements were analyzed to obtain a better understanding of the potential limitations and benefits of implementing CEDP as a framework for evaluating large-scale casinos. The critical analysis reflects the views of the author and incorporates feedback from the MDP committee. Information gained from informal discussions with government officials from the City of Vancouver Planning Department, the Province of Manitoba Tourism Department, and the City of Calgary was also incorporated into the report where possible.

1.5 LIMITATIONS TO THE STUDY

Given that the study of legalized gambling is relatively new, particularly from a Canadian perspective, there are a number of limitations to the research undertaken for this MDP. They are as follows:

- The information presented in this MDP is based primarily on the literature review conducted. Due to budget and time constraints no primary research of large-scale casinos in Canada (i.e. Winnipeg, Windsor, Montreal and Quebec City) was undertaken. However, a summary of the City of Vancouver staff site visits to the Windsor and Montreal casinos provided an important 'inside' view of these Canadian casinos that was not found elsewhere in the literature (City of Vancouver Casino Review - Final Resolutions, December 1994, pg. 17-19);
- A significant portion of the information available on the local impacts of casinos tends to be pro-casino. This is particularly true of impact assessments and reports generated by gaming consultants. The primary

references noted in Section 1.4 and their associated bibliographies, however, were considered to provide a balanced overview of the industry;

- As large-scale casinos are relatively new in Canada in comparison to the U.S., most of the data regarding potential impacts is based on the U.S. experience. It should be noted that the actual impacts in Canadian communities may be different due to a number of reasons including the size of the Canadian gambling market, the level of competition in the casino industry, and a strict regulatory environment. The overview of impacts is provided only to increase a community's awareness of the kinds of impacts that could potentially occur;
- Comprehensive research on the actual social and economic impacts associated with the introduction of large-scale casino ventures is limited, particularly from a Canadian perspective. As a result, the overview of impacts presented in the MDP draws on a broad range of sources; and
- The Community Economic Development Planning process discussed in the MDP has not been applied (i.e. tested) in a real community context. It is, therefore, general in nature and would have to be adapted to meet the unique needs of individual communities.

1.6 ORGANIZATION OF THE STUDY

Chapter 1 introduces the MDP topic (namely casino development), outlines the purpose and goals of the study, establishes the central objectives, defines the key terms, and sets the scope of the project.

Chapter 2 provides a brief overview of the history of gaming in society, as well as an indication of current industry growth trends and the status of Canada's

large-scale casino industry. An introduction to some of the moral and ethical issues associated with casino development is also provided.

Chapter 3 highlights the key impacts most commonly associated with casino developments at the local level. The selection of these impacts is based primarily on reviews (i.e., literature reviews) and assessments conducted for various casino projects in Canada and the U.S.

Chapter 4 discusses the reasons for proposing community economic development planning as an approach for understanding and assessing large-scale casino developments. This chapter also establishes the foundation for CEDP and identifies an approach for implementation.

Chapter 5 details the CEDP implementation framework and outlines its importance to casino project consideration and assessment at the local level. The potential outcome of the various steps in the CEDP process is presented in order to provide an indication of how community economic development goals can be introduced into development planning.

Chapter 6 presents a critical analysis of the key elements associated with the implementation of CEDP as a framework for reviewing large-scale casino ventures at the local level. Recommendations and conclusions regarding the effectiveness of CEDP in the realm of large-scale casino developments complete the MDP.

1.7 SCOPE OF THE STUDY

The scope of this MDP is limited to proposing an approach to introduce Community Economic Development principles (see Chapter 4) into economic development planning agendas, with particular reference to large-scale casino

developments. Given that the approach proposed in this study is intended to be grassroots-initiated, it can only provide a framework of the process to be implemented. Its ultimate implementation will depend on the specific needs, issues, and long-term goals of individual communities.

The impacts associated with large-scale casino developments are discussed in broad terms as the actual impact of casinos on communities will vary depending on the organizational structure of the casino operation and the unique characteristics of specific communities. This MDP is not intended as a comprehensive or conclusive assessment of the casino industry, as this requires extensive research and experience in the area. The background information provided in the report is intended only to raise awareness regarding some of the key issues associated with casinos.

1.8 DEFINING THE TERMS

The scope of the study is also defined by the definitions established for the key terms. Key terms include the following.

- **Casino Development:** Casino development, for the purposes of this project, focuses on large-scale public corporation casinos in Canada and for-profit casino developments in the U.S. It does not include charity-based casinos, as these are driven forward by very different players and motives than the large-scale casinos being referred to in this MDP. Casino development in this report also does not directly cover the issues associated with other forms of gambling such as stand-alone video lottery terminals (VLTs), bingo, state/provincial lotteries, horse racing, or any other forms of betting.

- **Community:** Community refers to a complex social system which consists of two or more members who interact personally over time and whose behavior and activities are guided by collectively evolved norms (Boothroyd, 1991, pg. 105). All segments of the community are assumed to be fairly represented in the planning process by an umbrella 'group' (i.e. a community-based working group) which enables and encourages the participation of the general public, representatives from local government (e.g., local planners), economic development agencies, educational institutions, non-governmental agencies, and other civil society organizations. This group should adequately reflect the dynamics of the community and represent a channel for public involvement.
- **Community Economic Development (CED):** The definition of community economic development utilized by practitioners in the field varies somewhat, but the general theme is the same. The definition used in this report is as follows:

Community-based economic development is a group of strategies directed toward environmental sustainability and economic, social, and cultural change at the community or regional level. CED places equal emphasis on the process of development and the product or output of development. It is development that is concerned with the best use of the community's limited resources in a long-run process aimed at preserving the good and improving the less good in community life. It is intended to bring about lasting changes in the local economy that will better serve social goals rather than develop measures to solve immediate problems (Bendavid-Val, 1980; Wismer and Pell, 1984; Ninacs, 1991).

- **Traditional Economic Development:** Traditional economic development refers to development that has been initiated from outside the community (i.e. top-down initiated) with little knowledge or sensitivity to individual community needs and resources, and established on the basis of narrowly defined objectives. Project implementation tends to occur with little or no local-level involvement or control over development decisions.¹
- **Community Economic Development Planning (CEDP):** CEDP refers to a community-based planning approach which espouses the key principles of community economic development: local control, local empowerment and capacity building, and endogenous and sustainable development.
- **Evaluation:** Evaluation, for the purposes of this MDP, refers to a comprehensive review of local economic development initiatives which incorporates input from the community planning process in all aspects of project evaluation. It is a comprehensive process for assessing the suitability of large-scale casinos as a form of community economic development.

¹ Bendavid-Val (1980), Lotz (1987), Perry (1987), Kinsley, (1990), as well as other community development practitioners discuss traditional or typical economic development as development that is initiated and controlled from outside of the community. These initiatives have tended to divide communities and undermine patterns of self-help and cooperation.

2. AN OVERVIEW OF THE CASINO INDUSTRY

2.1 INTRODUCTION

A brief overview of the history of gambling and current industry trends provides a contextual background for understanding the proliferation of casinos as a form of community economic development. While a comprehensive explanation regarding the prevalence of casinos is very complex, an initial review of the literature indicates that this phenomenon can be explained, in large part, by its historical significance in society, economic recessions and restructuring, fiscal pressure on governments, industry growth trends, and consumer demand.

This chapter discusses these issues in terms of their relevance to local development and CEDP.

2.2 HISTORICAL SIGNIFICANCE

Information on the history of gambling is both extensive and varied. There are, however, a number of distinct trends that provide some insight into the current prevalence and interest in casinos, and gaming in general.

Firstly, gambling is a deep-rooted phenomenon that has spanned many eras and diverse cultures as a religious tool, past-time, social activity, and an addiction (Brenner and Brenner, 1990; Ryan et al., 1990; Jones, 1993; Promus Companies Incorporated, 1994; Eadington, 1995). Brenner and Brenner (1990), in an extensive review of the 'roots' of gambling behavior, highlight several specific examples which provide some evidence of the historical significance of gambling, including:

- the drawing of lots to discover God's will, as indicated in the Bible;
- the use of games of chance in Pre-Islamic Arabia as a means of determining guilt; and
- gambling as a past time and leisure activity in Roman and Greek societies.²

The second noteworthy trend is that gambling, at least as a leisure activity, has never been wholly accepted. Efforts to control and prohibit gambling activities have been as persistent and prevalent as the activity itself. Past views and reactions to gambling activity, as we are experiencing today, ranged from conditional acceptance to outright rejection (i.e., prohibition, intense opposition). It is clear from the literature that the propriety of gambling is not a simple issue. According to Eadington (1994, pg. 4; 1995, pg. 9), arguments against gambling have centered around its potential to create social problems, which can be broken down into three broad categories:

- the erosion of societal values (i.e., those associated with hard work and providing for and taking care of the family unit) which subtly challenges the legitimacy of the distribution of wealth;
- corruption and criminal activity; and
- problems associated with pathological gambling.

Despite the fact that gambling has been part of North American society since the coming of the first settlers, it was often associated, in reality and perception, with

² Brenner and Brenner (1990), in their book entitled The Roots of Gambling Behavior, provide a detailed review of the history of gambling, including a discussion on society's perception of gambling over time.

corruption, crime, and moral dilemmas. Gambling in the assembly of lower Canada was officially outlawed in the early 1800s, with the exception of raffles for charitable purposes (Brenner and Brenner, 1990). It was condemned as an unproductive activity to which poor and lower class people were thought to be particularly susceptible.

The third trend is that gambling has thrived and grown in popularity despite years of moral condemnation and prohibition. Today it is a generally acceptable activity (Eadington, 1994). This tolerance of legal gambling in the public realm was fueled to a great extent by three main factors: recognition that prohibition is not an effective deterrent to gambling activity, fiscal pressure on governments, and the need to stimulate economic growth (Eadington, 1981; Brenner and Brenner, 1990; Ryan et al., 1990). These initial reasons for accepting gambling, in general, are still some of the most important factors underlying the current pace of legalization in casino development (Eadington, 1995, pg. 1).

Negative perceptions toward gambling in Canada, for example, began to change after World War II, when governments faced large debts and insufficient revenues (Brenner and Brenner, 1990). Encouraged by the successes of government-run U.S. lotteries, the Government of Canada followed suit and introduced similar initiatives. In 1969, official changes were made to the Canadian Criminal Code which reflected a major philosophical shift in Canada's position on gaming (i.e. shift from prohibition to regulation) (Jones, 1993). The Criminal Code (i.e. Section 190) gave provincial governments the authority to license gaming with respective provincial jurisdiction, provided that the financial gains from the activities were to be distributed to bona fide charities (Jones, 1993, pg. 42).

Casino gaming appears to have followed a pattern of rejection, acceptance, and legalization similar to other forms of gambling. In North America, casino

gambling began in 1931 in the state of Nevada, and until 1990 Nevada and Atlantic City were the only two areas which allowed casinos (Tottenham and Nielson-Jones, 1995).³ In the last five years, seven more states have introduced legalized commercial casinos, contributing to the total of nine 'participating' states. While legalized gambling, in the form of charitable casinos, first appeared in Alberta in 1967, Canada's first large-scale public corporation casino was not approved until 1989, in the province of Manitoba (Campbell and Ponting, 1983; Faludi and Rutsey, 1994).

In general, there has been a significant increase in the public acceptance of gambling over the last 20 or 30 years (Ryan et al., 1990; Jones, 1993; Eadington, 1994). The moral barriers that may have kept gambling-related development at bay have given way to far more tolerant attitudes (Eadington, 1981, 1995). Today, almost every country in the world allows some form of legal gambling activity. This holds true for the casino industry as well. In fact, a recent presentation at the Canadian Casino and Gaming Industry Summit (1995) indicated that 86% of U.S. adults considered casino entertainment acceptable for themselves and others (Tottenham and Nielson-Jones, 1995). In short, public perceptions and policies have evolved from viewing gaming as a vice to perceiving it as an opportunity (Eadington, 1981, 1995; Jones, 1993).

2.3 THE STATUS OF GAMBLING IN CANADA

The legal framework for gaming in Canada is outlined in Sections 206 and 207 of the Criminal Code (see Appendix A). According to the Code, the responsibility for gambling is divided between the federal and provincial governments. The Criminal Code sets the parameters for the range of gambling

³ Tottenham and Nielson-Jones are gaming consultants who represent Tottenham and Co., UK, and Rank Canada Inc., respectively. Their presentation at the Canadian Casino and Gaming Industry Summit was entitled "Setting the Scene - An Overview of the Changing Gaming Industry: A Canadian and US perspective".

activities, while the Province is responsible for licensing and regulation. The Provinces were also given exclusive jurisdiction over lotteries, video machines, and slot games in 1985 (Jones, 1993). The right to manage and conduct gambling ventures, as per the legislation, has given the provinces and territories a great deal of control over the future evolution of gaming in Canada (Jones, 1993; City of Vancouver Discussion Paper, 1994; Chalmers, 1995).

Pressure to further adjust aspects of our legislative and regulatory framework to accommodate new forms of gaming, including large-scale casinos, has been increasing steadily over the last several years. Until recently, gaming in Canada was characterized by small-scale charitable casinos, bingos, horse racing, and lotteries (Eadington, 1995). However, since the late 1980s and early 1990s, Canada has seen large-scale public corporation casino developments in Ontario, Manitoba, Quebec, and Nova Scotia. For example:

- the Windsor Casino is owned by the Ontario Casino Corporation which is a crown corporation responsible for all casino operations in the province. Revenue is shared by the provincial and federal governments and a consortium of private companies. No portion of the gaming revenue is paid to the city (City of Vancouver Casino Review - Final Resolutions, 1994, pg. 17);
- the Casino de Montreal is managed by a government-owned subsidiary called Societe des casinos du Quebec Inc.. Loto Quebec is a crown corporation responsible for all gaming in Quebec except racing. There is no revenue sharing with local government (City of Vancouver Casino Review - Final Resolutions, 1994. pg. 18); and
- the Crystal Casino in Winnipeg is managed and operated by the Manitoba Lotteries Corporation, which is a crown corporation responsible for

gaming in the province. The City of Winnipeg, after public protest, now receives a share of casino revenues (Kuhl, 1995).

Many other provinces, cities, and communities are also facing pressure to consider large-scale casino projects as a form of local economic development. For example:

- Vancouver recently turned down a proposal for a large-scale casino at its seaport (City of Vancouver Casino Review - A Discussion Paper, 1994);
- downtown Calgary is currently being considered as the site for a multi-amenity casino complex (City of Calgary - Commissioner's Report to Council, 1994); and
- Saskatchewan has approved a large-scale public corporation casino in Regina which is scheduled to open on January 26, 1996 (Tottenham and Nielson-Jones; 1995; Saskatchewan Gaming Corporation, 1995).

A number of provinces, including Alberta and B.C., have also initiated extensive public reviews in an attempt to set a direction for gambling in the future (Kuhl, 1995).

Table 2.1 provides a summary of the status of commercial casino development in Canada by province, excluding First Nations casino proposals, as of 1995. In the last five years, the legalized casino industry in Canada has made some major leaps forward and changes are continuing to occur at a rapid rate (Jones, 1993). The economic success of Manitoba's Crystal Casino, Ontario's Windsor Casino, and Quebec's Casino de Montreal has captured the attention of international casino corporations, provincial governments, and Canadian

communities. Figure 2.1 highlights the location of existing and recently approved large-scale public corporation casinos in Canada.

It is unlikely that Canada's gambling industry will ever expand to the level which exists in the U.S. due to a number of significant differences, including: the relatively small size of Canada's potential casino market, stricter requirements for government involvement in casino operations, and a less prominent gambling history. Unlike the U.S., the Federal Criminal Code does not allow for a *laissez-faire*, private sector commercial gambling industry except in support of charities and religious organizations. There are basically three models for casino development in Canada: government owned and operated (i.e. Winnipeg's Crystal Casino), government owned and private sector financed and operated (i.e. Windsor Casino), and First Nations' reserve land casinos (City of Vancouver Casino Review - Discussion Paper, 1994). Never-the-less the growth of large-scale casinos is a North American trend and industry growth in a Canadian context is still expected to be significant and rapid (Jones, 1993; Eadington, 1994; Wynne Resources, 1994).

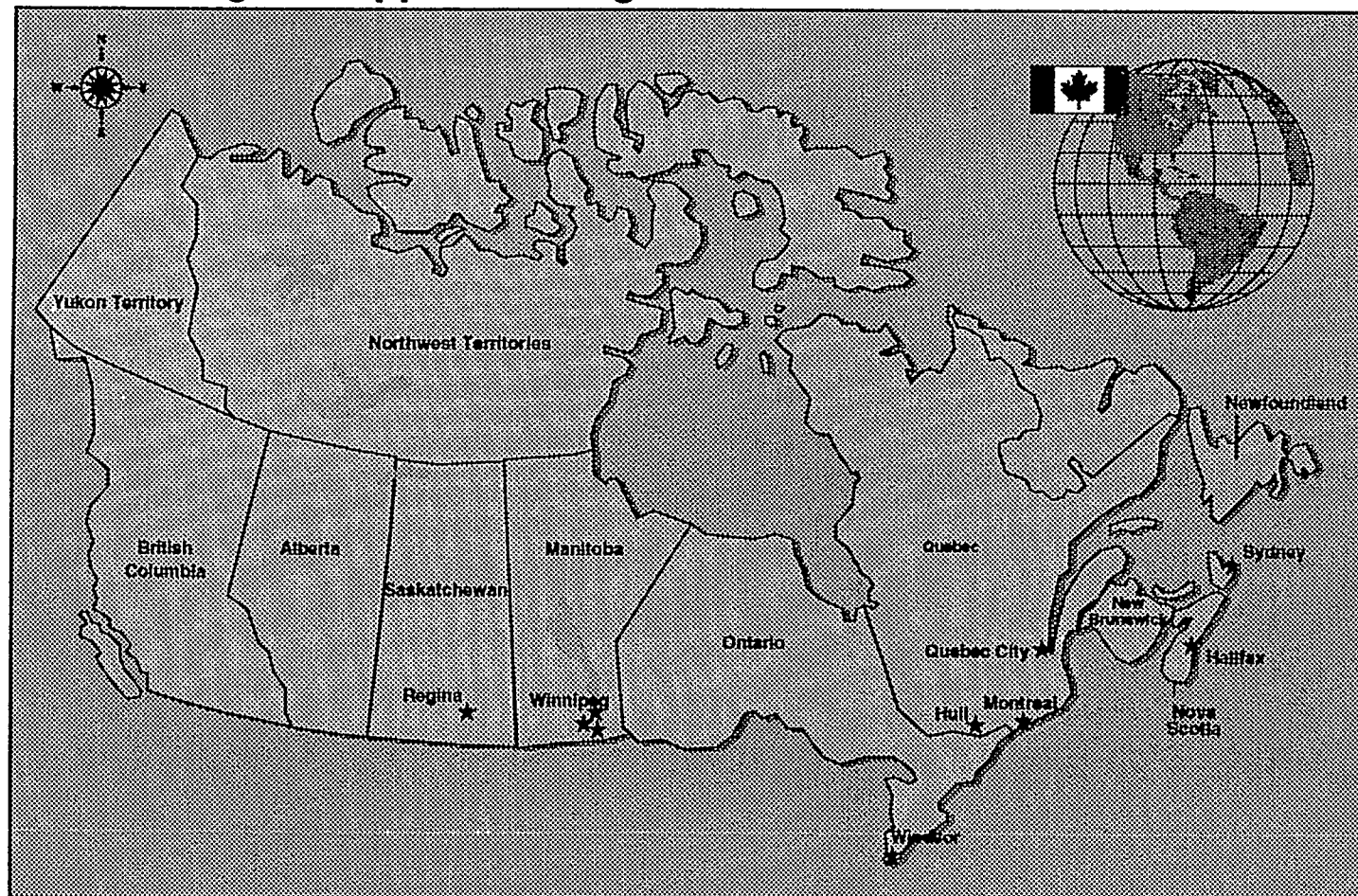
While this MDP focuses on the efforts that can be taken at the local level to ensure appropriate economic development, the increase in casino ventures throughout the country emphasizes the need for a coordinated and comprehensive approach to legalization at the provincial and national levels. Canada still has the opportunity to manage and control the growth of major casinos in a manner that is consistent with our long-term goals and values. Communities, as the foundation of society, must have an integral role in this process.

Table 2.1
Status of Casino Development in Canada in 1995

PROVINCES	1995
BRITISH COLUMBIA	<ul style="list-style-type: none"> • no large-scale public corporation casino operations, only charitable casinos • turned down a proposal for a major casino on Vancouver's central waterfront
ALBERTA	<ul style="list-style-type: none"> • no large-scale public corporation casino operations • extensive public review on gaming is underway, and will help determine the fate of casinos in Alberta • City of Calgary under consideration for a large-scale casino complex
SASKATCHEWAN	<ul style="list-style-type: none"> • large-scale public corporation casino expected to open in 1996 (January 26, 1996)
MANITOBA	<ul style="list-style-type: none"> • first large-scale public corporation casino opened in 1989 in Winnipeg • two casino related facilities opened in 1993 in Winnipeg
ONTARIO	<ul style="list-style-type: none"> • first large-scale public corporation casino opened in 1994 in Windsor • several more large-scale public corporation casinos expected to open in the next few years
QUEBEC	<ul style="list-style-type: none"> • first large-scale public corporation casino opened in 1993 in Montreal • second large-scale public corporation casino opened in 1994 in Quebec • third large-scale public corporation casino to open in March, 1996 in Hull
NEW BRUNSWICK	<ul style="list-style-type: none"> • no large-scale public corporation casino operations
NEWFOUNDLAND	<ul style="list-style-type: none"> • no large-scale public corporation casino operations
NOVA SCOTIA	<ul style="list-style-type: none"> • two large-scale public corporation casinos approved and opened in the summer of 1995: Sheraton Sydney and Sheraton Halifax.
PRINCE EDWARD ISL.	<ul style="list-style-type: none"> • no large-scale public corporation casino operations
YUKON	<ul style="list-style-type: none"> • no large-scale public corporation casino operations
NWT	<ul style="list-style-type: none"> • no large-scale public corporation casino operations

Source: The Coopers and Lybrand Consulting Groups, 1993; Eadington, 1995; Tottenham and Nielson-Jones, 1995; Doubilet et al, 1995; Saskatchewan Gaming Corporation, 1996; Societe des Casino du Quebec, 1996.

Figure 2.1
Existing and Approved Large-Scale Casinos in Canada - 1995



2.4 INDUSTRY TRENDS

The potential for growth in the industry is also an important driving force behind the expanding interest in large-scale casinos. In the past three decades, legal gaming has become a significant economic, social, and political force in many countries, particularly Canada, the U.S., Australia, and New Zealand (Jones, 1993; Eadington, 1994). The casino gaming sector, in particular, is being recognized as one of the fastest growing and rapidly changing of these industries (Eadington, 1995). As an industry dominated by multi-nationals and crown corporations, it is both economically powerful and controversial.

From a business perspective, gambling is part of the entertainment industry and casinos are entertainment centers that attract tourists. At the most basic level, industry growth implies opportunities for significant public revenues, economic development, and employment. These issues alone provide some insight into the present interest and acceptance of casinos among Canadian provinces and communities.

While most of the information presented on the casino industry in this chapter is based on the U.S. experience, the literature suggests that it is indicative of a much more global trend in the growth of commercial gaming, including casinos (Jones, 1993; Eadington, 1994; Tottenham and Nielson-Jones, 1995).

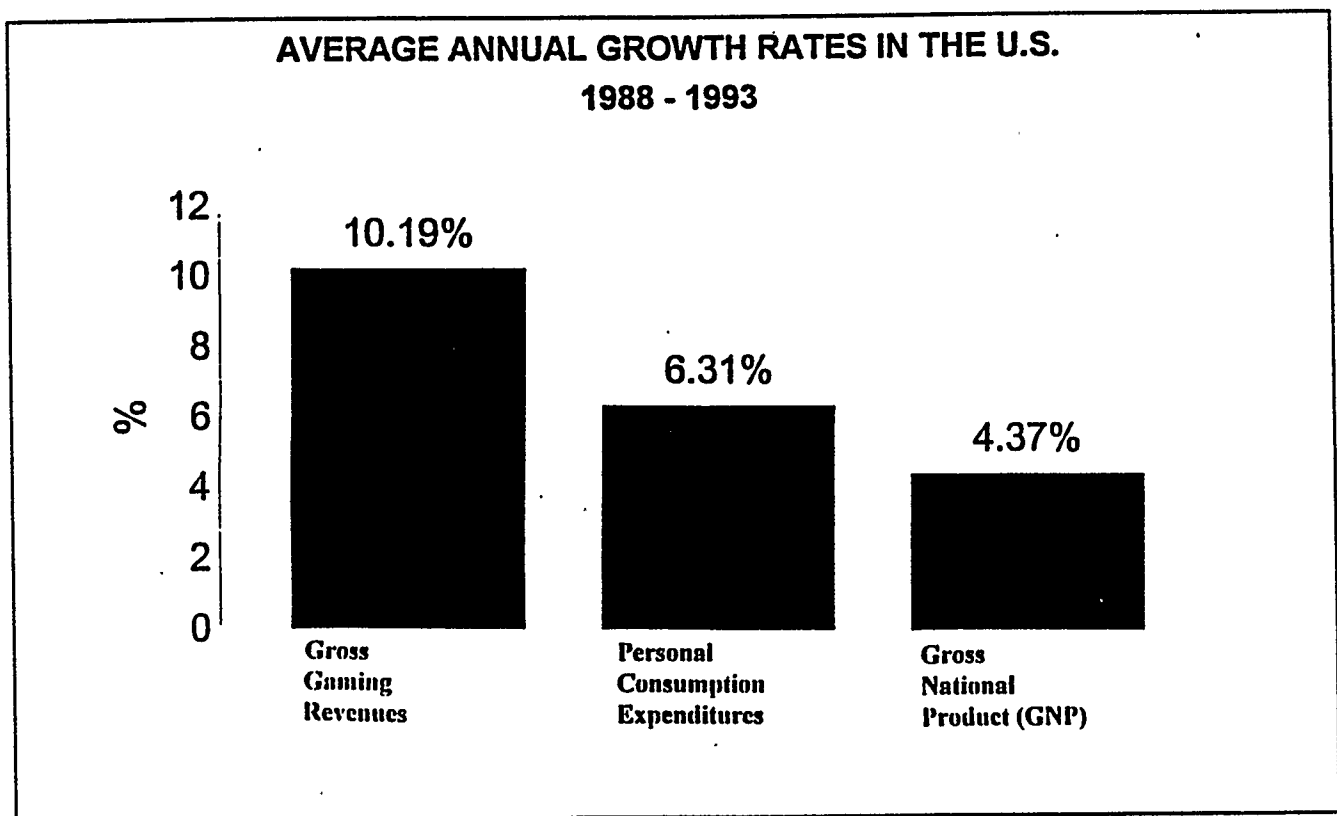
2.4.1 Recent Growth Trends

A recent review conducted by Business Week magazine (March, 1994, pg. 59) identified the entertainment industry as one of the fastest growing sectors in the United States. For example, spending on recreation and entertainment has increased by 13% since 1991 and accounted for about 12% of all new employment in the U.S. in 1993. Gambling is the fastest growing sector of the

entertainment industry. In 1993, Americans spent \$27 billion on gambling (or 8% of all their entertainment dollars). Almost half of this, or about \$13 billion, was spent in casinos.

Figure 2.2 below shows the average annual growth rates of gross gaming revenues (i.e. total wagering less payouts, prizes or winnings) in the U.S. relative to personal expenditures and gross national product. Canadian gross gaming revenue (i.e. total amount bet before payouts) had an annual growth rate approaching 12% between 1988 and 1993 (Tottenham and Nielson-Jones, 1995). Casino revenues in North America, according to their presentation, tripled between 1982 and 1993.

Figure 2.2
Gross Gaming Revenues in the U.S.



Source: Tottenham and Nielson-Jones, 1995 (conference overheads).

Predictions provided by Business Week (March, 1995), Eadington (1995), Tottenham and Nielson-Jones (1995), and others suggest that revenues in the gaming sector will continue to grow at a substantial rate, at least for the next several years, largely as a result of the current pace of legalization and growth in consumer demand. Consumer expenditures in the casino industry are expected to double by the year 2000 (Business Week, March, 1994, pg. 63). Tottenham and Nielson-Jones (1995), looking at casino growth from another angle, have predicted that, by the year 2000, 90% of North Americans will live within a two-hour drive of at least one casino operation. Optimism in the U.S. casino industry is reflected by the large investments being made in places like Las Vegas and New Orleans.⁴ Clearly, this type of growth, along with the potential for employment creation, attracts attention.

While current levels of investment and the rate of legalization indicate that developers and governments are optimistic about the potential opportunities associated with casino development, concern about market saturation is also increasing (Business Week, March, 1994; Gaming Consultants Groups, 1994; Goodman, 1994; Eadington, 1995;). As the proliferation of casinos and other gambling products continues to increase, so will industry competition. Goodman (1994) suggests that the drop in the performance of older smaller casinos is a result of competition from mega-casinos and an indication of market saturation. Other indicators are the new 'types' of casino developments coming on the scene in order to capture a greater share of the market. Some examples of this include the new theme park casinos in Las Vegas and family-oriented casino facilities.

In addition to the proliferation of casinos, the number of other 'gambling products' coming onto the market is astounding. Video Lottery Terminals (VLTs)

⁴ A number of sources, including Tottenham and Nielson-Jones (1995), Business Week magazine (March, 1994), The Coopers and Lybrand Group (1994), as well as others suggest that large-scale investments are continuing to take place in the U.S.

are perhaps the most noteworthy example, as they are expected to present the toughest and largest competition for casino expenditures (Fox Consulting, 1993). As the availability and accessibility of these 'gambling products' increases, the casino market share will inevitably be eroded.

2.4.2 Native Casinos

One of the most rapidly expanding and contentious areas of development in the casino industry is "on-reserve" casinos. While the arguments for and against Native-based casinos are complicated, controversy appears to be centered around issues of power, control, and revenue sharing (Dafoe, 1993; Alexie, 1994).

Native-based casinos have proliferated in recent years. They are now operating in 16 American states (Tottenham and Nielson-Jones, 1995). First Nations groups in Canada, not unlike many other non-Native communities in the country, are also anxious to capture a share of the casino gaming market. A number of significant events have occurred in the last few years which highlight the rapid rate of change in the area of First Nations casino development in Canada. For example:

- the Rama reserve in Ontario was the first First Nations casino to be approved in Canada in 1994 (Platiel, 1994);
- Saskatchewan recently approved a public corporation casino in conjunction with the Federation of Saskatchewan Indian Nations (Tottenham and Nielson-Jones, 1995);

- interest in developing on-reserve casinos is mounting in Alberta, with nearly a dozen First Nations groups considering casino development (Thomas, 1995); and
- Native gaming is also being explored between BC's First Nations and the provincial government (Tottenham and Nielson-Jones, 1995).

According to Eadington, Native casinos have received political support because of their ability to provide economic development opportunities and wealth for otherwise impoverished areas (Eadington, 1995, pg. 8). From a community development perspective, efforts need to be directed toward ensuring that the long-term goals and objectives of these distinct and vulnerable communities will be met by the proposed casino developments. While the specific issues, and regulatory and legislative framework for casinos on reserve land are unique and beyond the scope of this MDP, the basic elements of CEDP remain relevant.

2.5 THE MORALS AND ETHICS OF LARGE-SCALE CASINOS AS A FORM OF ECONOMIC DEVELOPMENT

A study of casinos would not be complete without a brief discussion of morals and values, as this industry is surrounded by controversy and moral dilemmas. In fact, the act of gambling is often compared to the consumption of alcohol, tobacco, and illicit drug use (Jones, 1993; Alexie, 1994; Eadington, 1994; Hewitt, 1994). Each of these activities is characterized by wide-ranging public tolerance and acceptance, varying degrees of restriction, persistent consumer demand, and negative social impacts. However, according to Eadington (1995, pg. 10), "gambling is the only one of these activities that has been given broader public acceptance in the 20th century; all others are being more restricted in one way or another."

As the acceptance and number of casinos grow, many politicians, academics, bureaucrats, and interested citizens are asking some difficult questions, such as: how much gambling is socially acceptable, who really benefits from casinos, and who should pay for the social costs of gambling? (Brenner and Brenner, 1990; Borg et al., 1991; Goodman, 1994; Eadington, 1995). As of yet, there are no concrete answers to these critical questions.

A presentation by Chalmers (1995) at the Canadian Casino and Gaming Industry Summit suggested that the most likely winners of large-scale casino projects are developers, operators, and governments, while the benefits to community organizations and industries are less certain. Gaming proponents (i.e., developers, operators, and governments), in an effort to justify casinos, emphasize that there has been a significant amount of money raised for good causes through casino gambling. Two recent examples include the Casino Reinvestment Development Authority which built about 1,600 new housing units in Atlantic City, and Manitoba's Health Services Innovation Fund which receives approximately \$10 million per year from the Crystal Casino in Winnipeg (Coopers and Lybrand, 1993; Business Week, March, 1994; The Promus Companies Inc., 1994). While this may be true, the "net social good" arising from casino developments is, at best, unclear.

For example, there tends to be general agreement in the literature that extensive government reliance on casino revenues is not desirable (Brenner and Brenner, 1990; Jones, 1993; Goodman, 1994). The key issue here is related to the government's role in promoting and condoning an activity that can lead to significant negative social impacts, many of which have not been quantified and yet have real financial and social costs to society. According to Eadington (1995, pg. 10), the social costs and issues with respect to problem/pathological gambling represent some of the most important unanswered questions.

There is also a need to understand who benefits from the government revenue (i.e., taxes) earned from casinos. A study conducted by Borg et al. (1991, pg. 323), entitled "The Incidence of Taxes on Casino Gambling", concluded that taxes on casinos are regressive and place a proportionately heavier burden on low income groups who travel to or live near the casinos.⁵ If this is true, it contradicts one of the fundamental reasons for taxation in our society, namely the redistribution of resources to those who are worse off.

While increasing casino legalization is being fueled by the agendas of ambitious politicians and developers, growth in the industry is also being driven forward by high consumer demand. A study conducted by Smith et al. (1985) suggests that the rapid growth of gambling is a reflection of our capitalistic society—a society shaped by material wealth and less motivated by spiritual and domestic rewards. Smith et al. believe that the recent growth in gambling, as part of our contemporary culture, both reflects and stimulates this change in values. In their view, gambling as a leisure activity is not really at odds with our societal values (Smith et al., 1985).

All of the above issues raise the question of whether casinos are a sustainable form of development or merely a short-term solution to current economic problems. Communities need to carefully identify how large-scale casino developments can contribute to economically, socially, and environmentally sustainable local development.

⁵ Borg et al. (1991) conducted an earlier study which showed that lottery taxes were regressive. Because of this conclusion, they questioned the results of a study undertaken by Daniel Suits (1977) which indicated that casino taxes were not regressive. Borg et al. conducted their own study on casino taxes which was based on a sample of people who had given themselves access (i.e., either traveled to or lived near gambling centers) to casino gambling in Las Vegas. They concluded that casino taxes were at worst regressive. Daniel Suits (1977) utilized a random national survey for his study which included a large number of poor people who did not have access to casinos.

2.6 RELEVANCE TO COMMUNITY ECONOMIC DEVELOPMENT PLANNING

As the general acceptance of casinos grows, pressure on communities to follow suit will continue to mount. Each of the issues discussed in this chapter is important to understanding the potential value of major casinos as a means of community economic development. The continuum of acceptance that characterizes societal views emphasizes the importance of an approach which is based on consensus-seeking, grassroots dialogue. Working towards local-level goals through a planning process that recognizes the variety of interests and values in society is critical to maintaining a responsible and strong community.

The current proliferation of casinos and the inevitable increase in competition also has a number of important consequences for communities. For example, intense competition in the industry will tend to erode the bargaining position of interested communities.

Casino proponents and corporations skilled in the art of negotiation will use the competitive environment to eliminate any community-imposed demands that may affect the profitability of their operation. This could significantly reduce anticipated local economic benefits and support for any social agendas communities may have. Communities that already possess a casino may be pressured into relaxing or eliminating previously agreed upon social agendas in order to maintain industry profitability and the associated economic benefits. Social agendas, for example, could include such things as the reinvestment of profits into community projects and infrastructure(i.e., housing developments, special training initiatives, community revitalization, etc.).

Finally, a community with a non-competitive venture that is driven out of business may leave behind an over-built and under-funded infrastructure base, a

loss of jobs, and unfulfilled economic promises (Faludi and Rutsey, 1994; Eadington, 1995). The need to understand the potential implications of being involved in a powerful and increasingly competitive industry highlights the importance of a thorough review on the part of the community. Clearly, communities must consider casino ventures with awareness, caution, and a well-established local economic development plan.

Perhaps one of the most important points to recognize is that the decisions regarding the development of a casino are not out of a community's reach. While individual communities may not be able to change the prevalence of gambling activity or the broader industry trends, they can influence the way in which local development unfolds in their community. The history and nature of the industry emphasizes the importance of a community-based position on large-scale casino ventures which can guide the development decision-making process.

Having provided an overview of the history of gambling activity and the current industry trends, Chapter 3 outlines some of the potential impacts associated with casino developments. While this discussion is not comprehensive or definitive, it does provide a brief introduction to the socio-economic and fiscal impacts that are likely to occur in a community. The relevance and significance of these effects will depend on the social and economic characteristics and objectives of individual communities. Those issues of particular interest or concern to a community should serve as an indicator of areas requiring further examination.

3. AN OVERVIEW OF THE IMPACTS ASSOCIATED WITH CASINO DEVELOPMENTS

3.1 INTRODUCTION

In order for a community to begin the evaluation process, it must have at least a general idea of the types of impacts that could occur as a result of development. All major developments have economic, social, fiscal and environmental impacts on the area in which they are geographically located. What is unique about casino projects, however, is the nature of the industry and the level and intensity at which casino development can affect a community. The success of the casino industry is based on the sale of a demerit good which, like alcohol, can create many societal problems (Jones, 1993; Eadington, 1995). Demerit goods, or those goods associated with negative externalities, are often surrounded by controversy regarding their appropriate role in society. Economic reliance on a this type of industry therefore requires careful scrutiny of key potential impacts prior to project implementation.

Available information indicates that the potential local-level impacts on communities as a result of a major casino development are both positive and negative. They tend to fall into three broad categories: economic, social, and fiscal.

- Economic impacts and issues include:
 - local economic development,
 - employment creation, and
 - changes in property values.

- Social impacts and issues include:
 - problem/compulsive gambling issues,
 - crime,
 - quality of life effects (i.e., character of the community, cultural implications, etc.), and
 - affordable housing issues.
- Public/government fiscal impacts include:
 - increased local government/community revenues,
 - property taxes, and
 - project-related public expenditures for new or expanded infrastructure and social programs.

It should be noted that the extent and nature of local-level impacts will vary depending on the type and scale of casino developed, its operational structure, and the characteristics and location of the community.

There are several trends worth noting as one considers the impacts of casinos. These are as follows.

- Information on economic benefits is much more readily available than information on potential costs (i.e., social costs) and it is often overstated (Jones, 1993; Goodman, 1994; Eadington, 1995; Phillips, 1995). Robert Goodman, in a study entitled "Legalized Gambling as a Strategy for Economic Development", concluded that economic benefits were overstated and costs understated in 10 out of the 14 economic impact studies that he reviewed (Goodman, 1994).⁶ The key problems include:

⁶ Robert Goodman (1994), in his report entitled "Legalized Gambling as a Strategy for Economic Development", judged the impact documents by how objective they were in examining all the costs as well as the benefits of legalized gambling ventures. The reports were divided into four categories: unbalanced, mostly unbalanced, mostly balanced, and balanced.

over-estimating economic benefits; focusing on tax revenue and employment; underestimating costs such as those associated with an increase in the criminal justice system, regulatory activities, or problem gambling; and no consideration of the substitution effect (i.e. casinos attracting spending away from local businesses) (Goodman, 1994; Phillips, 1995). This may be partly due to the fact that economic impacts tend to be more quantitative in nature and therefore easier to measure, while social impacts are usually qualitative and difficult to evaluate but often have public/government fiscal implications. More importantly, casino proponents tend to provide less than conservative estimates of the potential economic benefits of casino developments as a means of gaining public support (Phillips, 1995, pg. 9).

- According to the author's initial review of the literature, research on the actual economic and social impacts, particularly at the Canadian community-level, tends to be quite limited. Eadington's (1994) work indicates that the definitive study of the social and economic impacts of specific forms of gambling, such as casinos, remains unwritten and represents an important area of future research.
- The next few years are likely to see a marked improvement in the objectivity and availability of information on the actual effects of casino projects. This is a result of the increase in gambling research being undertaken in response to the sudden and widespread growth of legal gaming in the world (Eadington, 1994, pg. 6).

The overview of potential impacts presented in this chapter is intended primarily to alert the reader to the kinds of issues which are considered to be particularly relevant from a local-level or community perspective. As a general overview, many specific examples, either supporting or opposing casino projects, are not

included. In this sense, the discussion of casino impacts is not comprehensive. The information contained in this section represents the general perceptions of the author, based on literature reviews, personal communications with planners and professionals, and field trip observations. A more thorough examination of issues of particular interest and concern to communities should be undertaken.

3.2 ECONOMIC IMPACTS

3.2.1 Local Economic Development

Casino developments can have a significant impact on local economies as major generators of gaming and non-gaming expenditures by both visitors and local residents (Rovelstad and Pavalko, 1993). The Economic Planning Group of Canada, in a conference presentation entitled "How Will the Canadian Tourism Industry Benefit from the Latest Developments in Casino Gaming" (1995, pg. 6), summarized four basic effects that may occur when a casino is introduced into a local economy. They are as follows:

- the generation of new economic activity based on expenditures which are truly incremental to the level of overall spending,
- the redistribution of expenditures within the economy,
- the economy of the community having the casino will benefit at the expense of the region beyond the casino community, and

- the new need to deal with social costs and infrastructure needs created by the casino (which in this chapter is considered a public/government fiscal impact).⁷

The extent of actual benefits realized by communities, however, depends on many factors. One of the most important, from an economic perspective, is the ability of the casino to generate a net increase in the level of economic activity in a community. This is directly related to the level of incremental revenue that the casino is able to draw into the area.

There are two basic sources of incremental local expenditure: "foreign" income (i.e., income earned outside the community) spent in the community, and local income spent within the community rather than spent elsewhere (i.e., import replacement). The latter source is extremely important from a Canadian perspective, as the casino revenue being lost to the U.S. market is one of the most common arguments for the development of casinos in Canadian communities and cities.

There is often a failure to calculate the true increment in local economic activity in the economic evaluations of casinos (Phillips, 1995). For example, expenditures of residents and tourists in the casino are credited as being new economic activity when, in fact, these expenditures may have been contributing to the local economy prior to casino development. If the casino does not attract new dollars into the community, the economic impact is likely to be minimal. In other words, the more a casino project draws on the existing expenditure base, the less the economic benefit to the community.

⁷ Based on a presentation made by Phillips (Economic Planning Group of Canada) at the Canadian Casino and Gaming Industry Summit (April, 1995), Toronto, Canada. The Economic Planning Group of Canada is a tourism and management consulting company.

Indeed, the redistribution of income out of local businesses and into the casino may result in a negative impact on the community. This is sometimes referred to as the substitution or redistribution effect, whereby the casino, as an attractive new product, draws consumer spending away from other community industries. Many valued non-casino related industries may suffer, or in extreme cases be forced out of business as a result. For the most part, casinos tend to draw on people living within a reasonable driving distance (Phillips, 1995). According to Canadian casino consultant, Vicki Kuhl (1995, pg. 3), "unless a casino project can demonstrate that more than 50% of its patrons will be non-residents, the small business community faces a loss of income as existing disposable income is merely recycled."

The "physical structure or style" of a casino can also have a significant impact on the number of spin-off opportunities created for local entrepreneurs in the area (i.e., a stand-alone vs. a "mega" self-contained complex). The more self-contained a casino complex, the less likely there is to be spin-off benefits in the community. Physical linkages with existing businesses and the location of parking facilities also influence potential local business opportunities (City of Vancouver Casinos Review, 1995, pg. 20). Many of the casinos in the U.S. and Australia are self-contained, with specific incentives to discourage spending outside the facility. Goodman (1994, pg. 44) noted that casino developers or operators do not have an inherent interest in increasing dollars to other local businesses unless there is a direct benefit to them. Public corporation casinos in Canada, particularly those operated by multinational casino companies or a consortium of private companies, may have a similar investment philosophy. However, since there is an element of public accountability in the Canadian context, local communities may have a window of opportunity to negotiate (as well as a responsibility) to try ensure local businesses indirectly benefit from, and are not negatively affected by, the presence of large-scale casinos.

Finally, the nature of the community and the type of entertainment and shopping amenities it has to offer in the first place may also influence the extent to which incremental tourists spend money outside of the casino facility.

Stokowski (1992), in a study of casino communities in Colorado (i.e., Black Hawk and Central City) indicated that, for the most part, the local economic development benefits of casinos have not met the expectations of their "hosting" communities. These communities have experienced very little local development other than the proliferation of casino venues. Atlantic City's efforts to redevelop inner city areas through casino development have also fallen short of expectations as a result of land speculation, and ineffective government intervention and planning (Rubinstein, 1985).

Like many traditional economic development initiatives involving large public corporations and multi-nationals, casino projects tend to be initiated from outside the community, evaluated with little knowledge of individual community needs, implemented with minimal local-level planning, and linked to competition among communities. Together, these factors can erode the goals of community economic development, namely self-reliance, capacity building, sustainability, empowerment, and an improved quality of life.⁸ In Canada, community involvement in public corporation casinos has been primarily limited to the distribution of the casino proceeds to local charities and religious organizations. Local communities have to take advantage of the opportunity for more pro-active planning in dealing with large-scale public corporation casinos.

Even if the casino development is expected to generate incremental economic activity in a community, there is a limit at which casino gaming can be absorbed into a community and result in positive local economic benefits (Rovelstad and

⁸ Lotz (1987, pg.43) states that for the last four decades attempts at community development in Canada have been top down in nature and generally unsuccessful. These types of initiatives have tended to divide communities and undermine patterns of self-help and cooperation.

Pavalko, 1993). In Rovelstad and Pavalko's view, the key to local development success appears to depend on the existence of comprehensive, well thought through plans for using government gains and enhancing local business opportunities (Rovelstad and Pavalko, 1993, pg. 12). Communities must determine, after a careful analysis of the industry, if the kind of local development created by casinos fits into their vision of a sustainable community.

3.2.2 Employment Creation

The creation of jobs and the potential for local development are perhaps the most promoted and publicized economic benefits associated with large-scale casino development. Developers and promoters (i.e., casino corporations) have long used the promise of new jobs as a means to gain local support. For communities facing extremely high levels of unemployment, such as many First Nations' settlements, employment creation is one of the most enticing potential outcomes of a large-scale casino operation. Governments, in pursuit of achieving political agendas, see the potential for increasing local employment as being attractive from a public interest perspective.

Experiences in Canada and the U.S. suggest that large-scale casinos generate substantial net increases in local employment (Rovelstad and Pavalko, 1993, pg. 9). According to The Promus Companies Incorporated (1994, pg. 3), "nothing besides casino development can create so many jobs so quickly and generate so much revenue with so little investment required by government."

However, the actual number of new jobs created in the community depends on the degree to which casino revenue is incremental. The more new tourist dollars spent in the area, the greater the potential ability of a community to create and support "new" jobs. Conversely, money that has shifted from one local business

to another (i.e., the casino) is likely to create a shift in employment rather than an absolute increase.

The type of jobs created by casinos also has an influence on a community. Jobs in the casino industry tend to be in the service sector, require less than post-secondary education, and are relatively low paying with few benefits (Rovelstad and Pavalko, 1993; City of Vancouver Casino Review - Discussion Paper, 1994). While the number of staff depends on the size of the casino, a large casino typically employs:

- dealers,
- gaming area clerks (to handle paper work generated at and by the gaming tables),
- floor persons or first-level game supervisors,
- pit bosses or higher-level supervisors,
- slot machine attendants and coin sellers,
- slot machine department supervisors,
- slot machine mechanics,
- cage cashiers,
- count room personnel,
- security guards and supervisors,
- surveillance technicians,
- supervisors,
- credit department supervisors, and
- sales and clerical personnel (Faludi and Rutsey, 1994, pg. 13).

The commitment and ability of a casino to provide training to local laborers can significantly enhance the potential employment benefits. One the key issues with respect to potential employment opportunities is the extent to which the jobs fit the labor pool skills of the local economy and if local personnel can be trained

for various positions. This will also influence the ability of the casino to offer opportunities to those on public assistance (i.e., unemployment or welfare) (Faludi and Rutsey, 1994). A preliminary assessment of the first six months of operation of the Windsor Casino indicates that, of its 2,100 employees, 99% are Canadian and only a few had any gaming experience (O'Brien, 1995, pg. 14).

Depending on the supply and demand for labor, higher salaries or wages in the casino industry could set a precedence for salary expectations in other community industries. This can have both positive and negative implications for a community. From a positive perspective, the increased demand for labor could create upward pressure on wages in lower-paying sectors wishing to maintain their employees. The negative side of this is that high salaries in the casino may draw people out of valued community industries that are unable to compete with large corporate casino companies (Stokowski, 1992).

3.2.3 Property Values

Evidence indicates that a casino tends to drive up the value of properties in its proximity as a result of speculation (Stokowski, 1992; Faludi and Rutsey, 1994; City of Vancouver Casino Review, 1995, pg. 23). For example, property values may be pushed up because a site appears suitable for a casino. This is a particularly important issue for areas that have approved more than one casino development. Soaring land prices, and the associated increase in property assessments and taxes can also lead to unanticipated changes in local land use. Smaller retailers or nearby residents, unable to afford the increase in taxes or rent, may be forced out of business or displaced.

There are a number of areas where this phenomenon is particularly noticeable. In the communities of Black Hawk and Central City in Colorado, traditional community businesses such as food and clothing retailers, restaurants, and

cafes are conspicuously absent (Stokowski, 1992). The main streets of these historic mining towns, which approved casino development in 1989, are characterized by either casinos or abandoned buildings (currently up for sale). A field trip to these communities confirmed and emphasized the extent of this overwhelming phenomenon in multi-casino communities.

3.3 SOCIAL IMPACTS

Casinos can provide many economic benefits, but they can also create many unforeseen problems (Ryan et al., 1990; Stokowski, 1992; Rovelstad and Pavalko, 1993; Goodman, 1994; Jones, 1993). While the potential economic benefits of casino development are easier to assess and document, information on the potential cost to society, in terms of dollars, is more limited. The importance of the social impacts and associated costs of casinos, while difficult to isolate and quantify, should not be overlooked or underestimated. These social costs can have significant economic implications for a community.

The key negative social effects often associated with casinos include increased crime rates, greater transient population, increased prostitution and pathological gambling problems, alcoholism, increased traffic volume, and a general change in the human environment of the community (Stokowski, 1992; Ryan et al., 1990; Eadington, 1984). According to Eadington (1984), any community where casino gambling is a major economic force is going to be affected by some of these negative attributes. Faludi and Rutsey (1994, pg. 15), state that early information from small communities indicates that the costs associated with casino gaming (i.e., additional policing requirements and problem gambling) are greater than in metropolis areas where a high level of public infrastructure and support services are already available.

Depending on the level of activity generated by a casino, housing availability and affordability could also be affected as a result of staff housing requirements and the new demand for tourist accommodations. This may result in the displacement of residents who can not afford the increase in rent or taxes (City of Vancouver Casino Review - A Discussion Paper, 1994).

3.3.1 Problem and Pathological Gambling

One of the most important public issues regarding the legalization of major casinos is the potential increase in problem and pathological gambling and its disruptive effect on families and society (Eadington, 1995, pg. 10). The literature review conducted by Rovelstad and Pavalko (OSMR, 1993, pg. 13) indicated that the risk of problem gambling increases with the availability, accessibility, and length of existence of legal gaming opportunities. Unfortunately, there are very few studies which provide actual data on the increase in problem gambling that occurs when specific forms of gambling, such as casinos, are introduced (Ryan et al., 1990; Ernst and Young, 1993; Eadington, 1994).

While the majority of people are not at risk of becoming problem gamblers, studies indicate that compulsive gamblers make up 3-6% of the adult population (Rovelstad and Pavalko, 1993; Wynne Resources, 1994; The City of Vancouver Casino Review - A Discussion Paper, 1994).

Problem gambling is a lay term often used to describe people whose out-of-control gambling activity has adverse effects on their personal and vocational lives (Wynne Resources, 1994, pg. 2). Pathological gambling is a term preferred by psychiatrists to describe chronic and progressive failure to resist the impulse to gamble, characterized by a preoccupation with gambling and obtaining money

for gambling, and a continuation of this behavior despite negative consequences for both the individual and society (Wynne Resources, 1994, pg. 2).

The potential for adolescent or teenage gambling problems is also relevant, given that gambling can be a powerful lure for this age group (Ryan et al., 1990). In addition, children of compulsive gamblers are more likely to exhibit a multitude of problems such as other addictions and depression (City of Vancouver Casino Review - A Discussion Paper, 1994, pg. 16). What little is known about the impact of wide-spread gambling on youths seems to suggest that there is evidence of problems and current concerns are worthy of further examination (Wynne Resources, 1994). The issue emphasizes the importance of future generations in the overall evaluation of casinos as a form of local economic development.

Problem gambling, in addition to raising serious ethical questions for a community and its future generations, can result in significant public health costs. Rovelstad and Pavalko (OSMR, 1993, pg. 13), in their review of the literature with respect to local-level impacts, provided information on some of the estimated costs of compulsive gambling. In particular, they reference a study undertaken in 1993 by Rachel Voberg, who estimated the cost of a compulsive gambler to be \$13,592 (US) per compulsive gambler. This figure was derived by refining an earlier study conducted by Politzer (1985) and was based on the costs associated with income lost through job loss, bailouts from prison, prosecution, and incarceration.⁹ Rovelstad and Pavalko's literature review also highlighted a number of other behaviors of compulsive gamblers that could represent costs to society, including attempted suicide, treatment for depression, marital/family conflict and disruption, illegal acts, and lower job productivity (1993, pg. 14). This estimate (i.e., \$13,592/compulsive gambler), when applied

⁹ According to Rovelstad and Pavalko (1993, pg. 13), Politzer's earlier study, which included a number of other poorly defined costs, estimated the cost of a compulsive gambler during the year, prior to entering treatment, to be \$92,000 (U.S.)!

to the rate of pathological gamblers in Connecticut (i.e., 2.7 %), suggested an annual cost of compulsive gambling to the state of \$554,554,000 US—one and one-half times the total revenues collected (Rovelstad and Pavalko, 1993, pg. 13).

3.3.2 Crime

The casino industry has a long history of association, real and perceived, with criminal activity. According to Rovelstad and Pavalko (1993, pg. 16), "both scholarly studies and news media reports show that crime rates tend to increase with the introduction of legal gambling." The criminal activity associated with large-scale casinos fall into two broad categories:

- the presence of organized crime, and
- an increase in community crime incidences.

Large-scale casino operations are attractive for organized crime because of the potential opportunities for money laundering, profit skimming, illegal hidden ownership, and loan sharking (City of Vancouver Casino Review - A Discussion Paper, 1994). As a result, this highly cash-intensive industry requires significant government regulation and close public scrutiny to limit opportunities for infiltration by organized crime. While the risk of organized crime and corruption is likely to be lower in Canada because of the nature of government involvement in casino operations, it still represents an area that requires consideration. For example, well-trained casino staff, sophisticated electronic surveillance equipment, highly coordinated policing services, close cooperation between casino management and provincial authorities and comprehensive government regulation that covers all casino-related activities are essential to controlling the illegal activities associated with gambling (Jones, 1993; City of

Vancouver Casino Review, 1995). These requirements are costly and likely to require significant public expenditures.

The incidence of community crime is also a significant issue because of the increase in the transient population being drawn to the casino venue and the number of visitors holding potentially large amounts of cash. Examples of community crime incidences include robbery, burglary, drug trafficking, alcohol-induced crimes, and prostitution (Ryan et al., 1990, pg. 38). A large-scale casino venture, therefore, could significantly increase demands on the local police services. The Windsor Casino in Ontario, for example, resulted in the addition of 25 police officers to respond to the anticipated increase in criminal activity associated with the casino (Ernst and Young, 1994, pg. 2-4).

Communities interested in legalized gambling need to consider both the added cost of regulatory bodies and enforcement mechanisms to guard against corruption and criminal influence (Jones, 1993).

3.3.3 Quality of Life

The literature on casinos consistently indicates that the development of a casino has a substantial effect on the life and culture of a community (Rovelstad and Pavalko, 1993). However, the actual impact on a community's human environment is not well understood and is often underestimated.

Each of the effects discussed above will have spin-off implications on the quality of life in a community, some positive and some negative. Potential positive effects are those related to economic benefits, improved employment opportunities and options, and incremental income circulating through the local economy. These benefits could potentially contribute to the improvement of a community's current level of self-reliance, empowerment, and diversification,

depending on how they are integrated into the local social, economic, and physical environments.

Potential negative effects on a community's quality of life include increased traffic volume, crime, alcohol-related incidences, loss of local control to powerful corporations, a less diversified (i.e., one industry) economy, a rise in the cost of living, and a loss of community-oriented businesses. The cumulative impact of these negative effects has the potential to significantly alter the character and environment of a community.

Casino venues also have the potential to negatively affect the cultural and leisure environment of a community, as casinos compete directly with other leisure activities for discretionary income. While the ways in which leisure dollars are spent can change quickly, the level of spending tends to be relatively stable. For example, major casinos can reduce the revenue-earning potential of non-profit and charitable organizations in a community that relies on casino events for funding (Fox Consulting, 1993). This was an important and pervasive factor in B.C.'s decisions to establish a policy against major public corporation casinos in the province (Province of B.C. - Report of the Gaming Policy Review, 1994, pg. 14). A reduced funding base for charities which provide special social services to a community could increase the burden on local-level governments .

There have also been concerns raised about the "moral deterioration of residents" of a casino community that focuses on money and the hope of a "big win" (Ryan et al., 1990; Eadington, 1984, 1985; Jones, 1993). According to Eadington (1984, pg. 29), a community's sense of values and priorities could be influenced by the display and emphasis on luck, wealth, and hedonism. For example, family and social values linked to productivity and hard work are indirectly in conflict with gambling activities. Related to this is the concern about

the quality of the local environment for the community's youth and future generations.

While the economic gains of casino development can be substantial, some communities believe they have come at the expense of the community's quality of life (Stokowski, 1992). In short, communities considering casinos must be prepared to address the consequences of the change in community life arising from the introduction of a large-scale casino project; for example, who in the community will be better off and who will be worse off. It is also important to consider how the change will affect present as well as future generations.

3.4 PUBLIC/GOVERNMENT FISCAL IMPACTS

The ability of casinos to generate taxes, increase tourism and stimulate the economy has made recreational gaming an extremely attractive policy option for governments (The Coopers and Lybrand Consulting Group, 1993). Despite the benefits most often promoted by developers and government (i.e., local development and jobs), enhanced government coffers are one of the most important catalysts behind the growth of large-scale casinos. This is particularly true in Canada, where provincial and federal governments are intimately involved in the ownership, operation and regulation of casino venues.

The significance of casino contributions to provincial governments is highlighted in Manitoba, where "casino-generated" revenues help support provincial health care (i.e. Health Services Innovation Fund). In 1994/1995 the fund received \$10 million from profits generated at the Crystal Casino.¹⁰ Ernst and Young (1994, pg. 3-9), estimated that the Windsor Casino, in its first year of operation, would generate incremental revenue for the three levels of government as

¹⁰ This figure is based on information provided in a brochure entitled, "Total Lottery Funded Programs 1994/1995," prepared by the Manitoba Lotteries Corporation.

follows: \$100 million in provincial gaming taxes, \$66 million in provincial sales taxes and employer health tax, \$26 million in municipal taxes (\$16 million of which would go to the city of Windsor), and \$148 million in federal taxes, for a total of \$340 million. Research conducted by the City of Vancouver also indicated that most of the government revenue that has been generated by casinos in Canada has gone to the provincial government (City of Vancouver Casino Review - Discussion Paper, 1994). This is likely a reflection of the fact that none of the existing gaming legislation guarantees local governments a share of gaming revenues.

An understanding of the fiscal effect of a large-scale casino project on the local government programs is, therefore, very important from a community planning perspective. Major developments, such as a large-scale casino project, often require project-related public expenditures for new or expanded infrastructure and social programs. Local government expenditures need to be considered in relation to project-related revenues to municipal governments.

Typical infrastructure requirements include: road development to accommodate new traffic levels, parking lots, and enhanced public utilities to satisfy new levels of demand. From a positive perspective, the casino project may facilitate much needed infrastructure developments and improvements in a community. However, infrastructure development is costly and may strain municipal government budgets, particularly if it is not supported by an increase in the community's permanent population. In this case, a greater tax burden is likely to fall on community residents unless a share of the gaming revenues can be negotiated from the beginning to off-set these costs.

The social problems and the attendant costs associated with increased access to gambling venues can also put a strain on local government budgets. Local programs to minimize the potential negative social impacts of gambling may

include public education initiatives, prevention initiatives, addiction counseling, and training for professionals involved in the treatment of problem gamblers and their families. The implementation of such programs requires public expenditures.

Another potential public/government fiscal impact related to the introduction of a large-scale public corporation casino is the negative effect on local charities and religious organizations (The Coopers and Lybrand Consulting Group, 1993; The City of Vancouver Casino Review - A Discussion Paper, 1994). Even though public corporation casinos support various charities and religious organizations, the distribution of profits is much more restrictive than if these organizations were licensed directly to hold casinos for fund raising purposes. In addition, the limited selection of games and overall atmosphere of small-scale charity-based casinos will not be competitive with the variety, environment and amenities offered in large-scale public corporation casinos (The Coopers and Lybrand Consulting Group, 1993, pg. vii). A reduction of gaming funds to civil society organizations that contribute to the social environment of the community may require local governments expenditures to be made to fill the gap.

Municipal governments, without a legislated guarantee to share in casino revenues, may be faced with significant public costs as a result of infrastructure development and an increased need for social programs (Kuhl, 1995). Communities need to carefully identify all the potential sources of municipal revenues and costs arising from the introduction of a large-scale public corporation casino early in the planning process to ensure local budgets are balanced. Municipal revenues could include property taxes from the casino, business license fees, and a revenue sharing agreement with the provincial government and the casino proponent. Given the state of current legislation, it is important for communities to negotiate a revenue-sharing formula for recovering all anticipated local project-related costs.

3.5 LOCAL IMPACTS AND THE IMPORTANCE OF CEDP

The broad-ranging impacts presented in this chapter highlight the need for communities to evaluate large-scale casino development as part of a comprehensive community-based process that acknowledges the long-term vision of the community. A summary of the impacts discussed in this chapter is outlined in Table 3.1.

Table 3.1
A Summary of Potential Impacts

TYPE OF IMPACT	COSTS	BENEFITS
ECONOMIC	<ul style="list-style-type: none"> • less diversified local economy • increase in property values and taxes • create low paying service sector jobs • rise in the cost of living • redistribution of spending away from local businesses 	<ul style="list-style-type: none"> • potential local economic development opportunities • increased local business activity • increased tourism visitation • increased demand for tourism accommodation • increased employment opportunities • local employment training opportunities • improved local infrastructure
SOCIAL	<ul style="list-style-type: none"> • increase in negative attributes associated with casinos: crime, alcoholism, prostitution, addictions • disrupted quality of life • increased demand on the physical environment • potential increase in land value and the potential displacement of residents • increase in transient population • staff housing demands • housing availability/affordability problems • increased traffic and parking problems 	<ul style="list-style-type: none"> • an enhanced quality of life in terms of job opportunities, potential infrastructure improvements, etc. • improved entertainment amenities • potential opportunities for socializing
PUBLIC/ GOVERNMENT FISCAL	<ul style="list-style-type: none"> • increased demand on local infrastructure and utilities • project-related public expenditure for new or expanded local infrastructure • increased policing requirements • public health costs, such as addiction prevention initiatives and counseling • increased financial reliance by local charitable organizations 	<ul style="list-style-type: none"> • increase in municipal revenue (i.e. project related) • potential revenue-sharing among three levels of government

This overview indicates the range of possible impacts and stresses the importance of establishing whether the potential economic benefits outweigh the potential costs to the community. In doing so, communities need to define their specific needs and determine:

- the total cost of casino implementation (i.e., infrastructure, potential social service costs, policing and regulatory costs, etc.);
- how or if local economic opportunities can be enhanced; and
- how or if negative impacts can be mitigated to an acceptable level.

Chapter 4 introduces a means of addressing these questions by providing an ideological foundation for community-based economic development planning. This approach encourages communities to strive toward the more fundamental goals of development while considering the potential impacts and issues of specific concern to unique communities.

4. COMMUNITY ECONOMIC DEVELOPMENT AND CASINOS

4.1 INTRODUCTION

Despite the wide range of views regarding the appropriateness of large-scale casinos in society, the growing interest in these ventures is a reality that cannot be ignored. The increase in legalized gambling ventures in recent years clearly suggests that governments, many communities, and the general public are attracted by the potential of casinos as a form of local economic development.

Communities that are considering a casino venture for their areas face some difficult decisions, as indicated by the broad-ranging potential impacts identified in Chapter 3. There is a great deal of information available on the general benefits and costs of casinos, but the positions are often so polarized for or against this type of development it can be very confusing. In addition, the general lack of comprehensive objective information on the positive and negative impacts associated specifically with large-scale casinos further complicates the task of understanding and evaluating this type of development (Eadington, 1994; Goodman, 1994). This MDP suggests a framework for organizing "casino information" in a way that can be utilized by communities and local government officials.

From a very broad perspective, the comprehensive evaluation of casinos requires "answers" to, or an understanding of, two types of questions:

- ethical questions, which consider how the development impacts the overall quality of life and social environment of community residents, in the short- and long-term; and

- technical questions, which address the specific economic, public/government fiscal and environmental (i.e., physical) impacts of the development.

To date, most of the evaluations, decisions, and policies regarding casino projects have focused on the technical aspects of casino development (Caneday and Zeiger, 1991; Goodman, 1994; Eadington, 1995). For example: how much government revenue will be generated by the casino; how many jobs will be created; and what new services/infrastructure will be required? While this information plays an important role in the final and detailed assessment of casinos, it must be considered in light of the overall vision of a community.

The process of community development is not simply a technical one; it is technical, social, economic, ethical, and political. Advocates of CED suggest that social and ethical concerns must be integrated into the development planning process from project conception and on through to implementation (Dykeman, 1992; Nozick, 1990; Shaffer, 1990; Ninacs, 1991). For example, issues such as the empowerment of marginal populations, the types of local jobs and opportunities created, the target market, the impact on future generations, and the overall social implications should be considered in the development decision-making process. This is particularly important for casino developments as they have the potential to generate both economic benefits and significant social costs (i.e., negative externalities), as well as create moral dilemmas.

Technical assessments provide communities with detailed information on the specific impacts of a development. They do not, nor should they be expected to, provide a direction or vision for community development. This is the role of the community and the purpose of comprehensive community-based planning, of which assessments are only one integral part. By building on local knowledge and perceptions, CEDP provides an opportunity to integrate ethical, as well as

technical, considerations into the development decision-making process. The parameters for local development efforts are defined through an appreciation of community values, rather than technical criteria (Shaffer, 1990).

4.2 TRADITIONAL ECONOMIC DEVELOPMENT

Traditional or conventional economic development, for the purposes of this MDP, refers to development that has been initiated from the top down (i.e., outside of a community) and driven forward by narrowly defined economic objectives (i.e., income and number of jobs) with little involvement of the community or understanding of their unique needs (Bendavid-Val, 1980; Lotz, 1987; Perry, 1987; Kinsley, 1990). For many communities, traditional economic development initiatives meant competing with other communities in order to be selected as the location of a major new industry (i.e., a manufacturing plant, corporate or government head offices, etc.). This type of community development is often referred to as smokestack-chasing.

In many senses, casino developments can be viewed as the modern equivalent of smokestack-chasing (i.e., casino-chasing) as they share many of the same characteristics; they tend to be initiated from the top-down with minimum local control (Kuhl, 1995; Chalmers, 1995; Christiansen, 1994). This method of development tends to be based on the "unquestioned" assumption that new, large-scale, "industrial" development is the best, or only, solution to local economic problems (Kinsley, 1990, pg. 8). However, the work of community development practitioners suggests that such initiatives have fallen short of developing and maintaining sustainable communities (Maliza, 1985; Perry, 1987; Shaffer, 1990; Cossey, 1990; Kinsley, 1990; Lewis, 1994). These initiatives often left communities vulnerable and dependent on major employer companies/agencies owned and controlled by outsiders. In addition, development initiatives that focused solely on jobs and income tended to do little

or nothing to develop an environment that fostered local entrepreneurship in communities (Maliza, 1985; Shaffer, 1990; Lewis, 1994). Instead, the closure of major industries during times of economic difficulty left many communities with non-diversified economies, limited local capacity, and no long-range community plan.

The implementation of a comprehensive, community-based plan is seen as a proactive means of addressing some of the problems that have been associated with traditional economic development. Community economic development recognizes that economic change is community change and, therefore, must be dealt with at the local level. The intent of community-based planning is not to provide solutions, but to engage local resources and capabilities in the determination and implementation of development options that are responsive to community needs.

4.3 A FOUNDATION FOR COMMUNITY ECONOMIC DEVELOPMENT PLANNING

4.3.1 Community Economic Development

This MDP is advocating that CED principles be used as the foundation for a community-based planning approach that can guide communities through the casino venture evaluation process.

CED, as defined in Chapter 1, is:

A group of strategies directed toward economic, social, and cultural change and environmental sustainability at the community or regional level. It is development that is concerned with the best use of the community's limited resources in a long-run process aimed at preserving

the good and improving the less good in community life. It is intended to bring about lasting changes in the local economy that will better serve social goals, rather than develop measures to solve immediate problems (Bendavid-Val, 1980; Wismer and Pell, 1984; Ninacs, 1991).

There are several elements of this definition of CED worth highlighting and expanding on. They are as follows.

- CED is based on the need to integrate and balance economic, social, ethical, and political factors into the development decision-making process. It is a means of reconciling economic imperatives with social and political interests (Ninacs, 1991, pg. 1).
- CED strives to manage economic development in a manner that benefits the entire community. Profit, which is only one of the goals of CED, is invested back into the community to improve the local quality of life (Wismer and Pell, 1984).
- CED is a means to an end; an evolving, bottom-up process that continually reaffirms the community's role in economic development initiatives (Dykeman, 1990; Ninacs, 1991). The basic premise of CED is community participation and involvement in the development process.
- CED addresses both the short- and long-term concerns and objectives of a community. In this sense, it encourages sustainability and reduces the vulnerability of a community (Dykeman, 1990).
- CED is about self-reliance and local leadership, initiative and capacity building.

Each of the elements identified above is critical to the establishment of a local-level planning process which can help communities increase their capacity to deal with the difficult decisions related to casinos as a form of local economic development.

4.3.2 The Guiding Principles of CED

The concept of CED, like all planning theories, is based on a number of normative principles (Harper and Stein, 1992). These principles, in addition to the key elements of CED identified above, provide the ideological framework for community-based planning and decision-making. The identification of such a framework is important to the development of a process that serves all, rather than a few, powerful members of the community (Harper and Stein, 1992; Coyne, 1993). The approach being proposed is similar to the social-learning planning theory, in that focuses is on 'learning by doing' and a continuous process of action and change (Friedman, 1987, pg.81).

The specific principles outlined in this chapter are adapted from the work of CED practitioners, primarily Wismer and Pell (1984), Nozick (1990), and Lewis (1994). They are as follows:

- empowerment and capacity building,
- self-reliance,
- local control,
- sustainable and endogenous development, and
- human needs.

Each of these principles are defined below; their importance to the planning and casino decision-making process is highlighted in Chapter 5.

4.3.2.1 Empowerment and Capacity Building

Building organizational capacity is often at the centre of community-based planning (Perry, 1987; Shaffer, 1990; Lewis, 1994). It refers to developing the local talent, skill, knowledge, and experience that exists within a community. According to Lewis (1994, pg. 11), it is both the key product and the driving force behind successful community economic development. Businesses should be a tool for creating and strengthening community-based institutions in the local business environment, and for empowering individuals (Ninacs, 1991).

Local capacity building and empowerment is achieved through processes that maximize grassroots participation and involvement. From a political perspective, broad-based community participation is based on the belief that people have the potential capacity and the right to manage their own affairs (Nozick, 1990, pg. 19). Taking responsibility for economic development decisions ensures that the community, as well as senior level governments and project developers, remain accountable for the outcome of development.

Communities should determine how a casino venture will help build local capacity, recognizing that involving people in community and project development planning is itself a form of empowerment.

4.3.2.2 Self-Reliance

Self-reliance means maximizing a community's reliance on local resources to meet the needs of the community. This implies a process of continually increasing a community's reliance on local resources and abilities to the maximum extent possible through ongoing development, resource reallocation, and discovery (Cossey, 1990; Dykeman, 1990; Ninacs, 1991). As the

enterprises and organizations necessary for supporting a self-reliant community are wide-ranging, the notion of economic diversification is implicit. The development of a viable self-reliant community, therefore, is key to improving economic security and stability. In this sense, the ability to meet one's own needs reduces vulnerability and the possibility of exploitation of one group by another (Nozick, 1990).

From a CED perspective, the path to greater self-reliance is intricately linked to a process that empowers people and builds organizational capacity. The principle of self-reliance must, therefore, be part of a comprehensive planning approach that is intended to guide the evaluation of business developments such as casinos.

4.3.2.3 Local Control

As with self-reliance, local control has to do with reducing the vulnerability of a community to outside decisions and processes. Local control grows out of local initiative, involvement, and leadership. According to Dykeman, community-based management and control requires a planning and decision-making process that is initiated from within. It is a process that effectively uses local knowledge and knowledge systems to direct change and determine appropriate courses of action (Dykeman, 1990, pg. 7).

Communities need to be aware of those aspects of development, such as lack of local involvement and long-term planning, that can cause a loss of local control. They must consider the importance of choosing development options that can contribute to the development of local management capabilities (Lewis, 1994). At the very least, it is important to ensure that the venture remains responsible and accountable to the community. In terms of large-scale casino developments owned and operated by public corporations and private companies, communities

must be aggressive in pursuing local goals and negotiating a role for the community in project decision-making. From a CED perspective, the community is not simply a host for the casino development. They are equal stakeholders in the process. Taking a stand on the importance of local control can help eliminate the notion of the community as a host.

4.3.2.4 Sustainable Development

Implicit in the definition of CED is the concept of sustainable development. According to the World Commission on Environment and Development (also referred to as the Brundtland Commission), sustainable development is: "Development which ensures the needs of the present are met, without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987 - WCED). This definition implies that there is a need to manage and control development in a manner that is consistent with the notion of a healthy community for present and future generations.¹¹ Development must take place within the natural limits of both the human and physical environments. In this sense, ecological and economic sustainability emphasizes diversity, quality, and stability over quantity and long-term versus short-term gains (Nozick, 1990).

Sustainable development also emphasizes the need for endogenous development, or development that stems from and reflects, the unique natural, cultural, and historical parameters of a community. This type of development is likely to be more developmental and empowering from a local-level perspective than that which is based on rigid, predetermined corporate standards.

¹¹ For the purposes of this MDP, a healthy community is a sustainable community, as defined by Dykeman (1990, pg. 18), is one that is economically, socially, and environmentally viable for the short- and long-term.

Given the potentially significant economic impact of casinos in the short term, there is a need to understand the long-term implications, and the capacity of the community to absorb and manage the impacts of a large-scale casino venture. If the casino development does not complement and build on existing capacities and unique resources, it likely to overwhelm the community and reduce the opportunities for genuine local development.

4.3.2.5 Human Needs

The ultimate goal of community development, regardless of what approach is taken, is an improved quality of life for the people who live there. The satisfaction of human needs is based on physical needs for survival, social needs for integration, and individual needs for autonomy (Nozick, 1990). From a broad perspective, the needs of individual communities will vary depending on their level of development. For example, a community that is struggling to overcome barriers to development such as lack of education, a depressed economy, poverty or psychological problems may be concerned with meeting the basic needs of survival. CEDP provides a way of considering the needs of a community in light of its unique socio-economic, cultural, and historic background.

There is often the implicit assumption in the business community that more or high profits automatically translate into a better quality of life. However, this is not necessarily so. The link between profits and benefit to the community is dependent on many factors, including the type of development, community involvement, profit reinvestment and distribution, the match between job requirements and the local workforce skills, initial beneficiaries, and many others. While profitability is important, the central concern should be the welfare of individuals in the community (Ninacs, 1991).

This is particularly relevant in the casino industry, where the potential economic and fiscal benefits (i.e. potential government revenue, jobs, and local business development) of a large-scale casino venture may be overwhelming. It is important for communities to look beyond the promise of benefits and assess how the project contributes to the overall needs of individuals and the community. Economic decisions regarding the "what, where, when, and how" of development should be made in conjunction with the consideration of the human consequences. This can be accomplished through the implementation of holistic, community-based planning.

4.4 A COMMUNITY-BASED PLANNING FRAMEWORK

CED is a means to an end, therefore the key is how it is implemented or operationalized. (Dykeman, 1991). One of the objectives of this MDP was to develop a better understanding of how CEDP could be implemented to help communities make better decisions regarding large-scale casinos.

The planning approach presented in this report is based primarily of the works of the following:

- Westcoast Development Group (1994): The Development Wheel - A Workbook Guide to Community Analysis and Development Planning;
- Rocky Mountain Institute (Kinsley, 1990): Economic Renewal Program;
- Perks and Kawun (1986): Strategic Planning for Small-Town Community Development; and
- Wismer and Pell (1984): Community Economic Development.

Many community-based planning approaches draw on the methodology of strategic planning, and provide the structure and framework for applying the principles of CED (Perks and Kawun, 1986; Dykeman, 1990). These specific approaches were selected as references because of their emphasis on maximizing community involvement.

While the actual steps of community-based planning vary among organizations, the general process is similar. The common elements in each of the approaches noted above are that the planning process comes before detailed analytical assessments (i.e., project assessment, feasibility studies, impact assessments, social cost-benefit analysis, etc.), and that the community itself is the key implementor and beneficiary of the plan (Perks and Kawun, 1986).

The model presented in this MDP, based on the sources noted above, contains seven key steps: visioning, environmental scanning and situation analysis, goal setting, generating development strategies, evaluating development options, assessing a specific project proposal, and implementing and monitoring. Each of these steps is outlined below. Their applicability to casino development consideration is discussed in more detail in Chapter 5.

- **STEP 1: Visioning**

Visioning is at the heart of CEDP. It provides the socio-economic, cultural, and historical contexts for community economic development plans. The visioning process seeks to clarify the present concerns and future hopes of the community, thereby creating a foundation for genuine community-based planning.

- **STEP 2: Environmental Scan and Situation Analysis**

By continually scanning the internal and external environments, communities come to understand their current strengths, weaknesses,

opportunities, and threats on the basis of their own perceptions and images. Communities become aware of their potential and the need to minimize negative impacts associated with their weaknesses and threats (Dykeman, 1990).

- **STEP 3: Goal Setting**

Community goals evolve from the process and represent, in essence, a more detailed interpretation of the community vision.¹² The identification of strategic goals is a means of integrating the specific socio-economic needs of the community into the development planning process.

- **STEP 4: Generating Development Strategies**

Development strategies and project ideas are generated on the basis of the unique characteristics of the community, local knowledge, and the overall community vision. This step involves the exploration of creative approaches to achieving the community vision and goals. It is a linking of community vision/goals with the realities of the world beyond the community.

- **STEP 5: Evaluating Economic Development Options**

Strategic development options are evaluated and compared to determine the extent to which they can meet the specific needs of the community. Through this process the community determines whether or not negative impacts can be mitigated to an acceptable level.

¹² Goal setting is not part of the strategic planning process presented by Perks and Kawun (1986) or the economic renewal program established by the Rocky Mountain Institute (Kinsley, 1990). It was introduced into this model to provide clarity and reinforce the community's understanding of its vision.

- **STEP 6: Specific Project Evaluation**

Specific projects are selected for detailed analysis based on the evaluation of development options conducted in Step 5. Specific project analysis includes detailed impact assessments, feasibility studies, marketing analysis, and other specific studies of importance to the community. The information from this step enables the community to undertake detailed project negotiations regarding the extent of local involvement, the reinvestment of profits, revenue-sharing agreements and other local issues.

- **STEP 7: Implementation and Monitoring**

Projects are recommended for development if they satisfactorily meet the needs of the community as identified in the subsequent stages of the process. A process for ensuring accountability is established and adjustments are made to the project as required. Communities also make provisions for the decommissioning of a project at the end of its scheduled life or in the event of closure or bankruptcy.

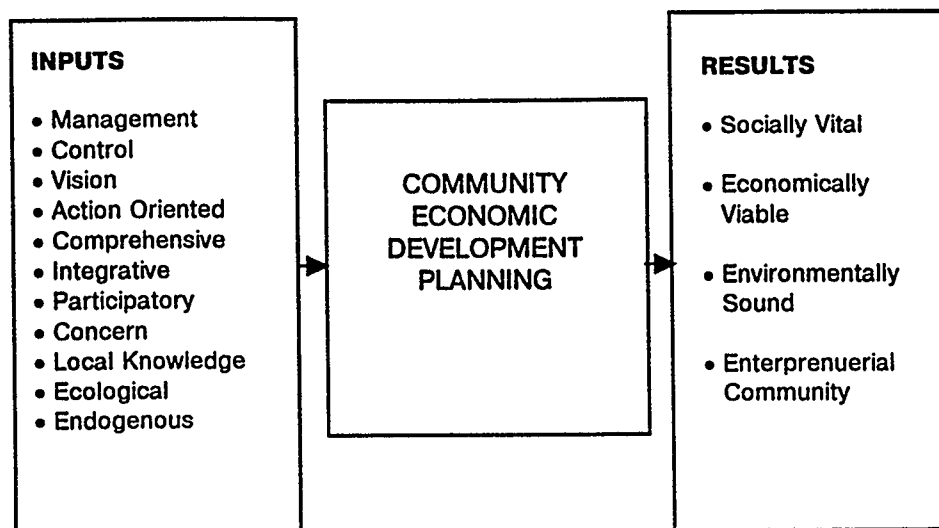
The CEDP model, through a strategic planning process, is designed to help communities decide whether or not a large-scale casino is a suitable development option relative to other opportunities being considered. If, after establishing a clear understanding of the community vision and goals, the community decides in favor of a casino, then specific project evaluation and ultimately implementation and monitoring would follow.

This model provides communities with an opportunity to consider casino developments from a general perspective through key stages of the community planning process (i.e. visioning, goals setting, etc.). The general goal of CEDP is to implement "a comprehensive approach that addresses social, economic, physical, and environmental concerns in an integrated fashion, while maintaining

central concern for the present and future welfare of individuals and the community" (Dykeman, 1990, pg. 7).

With strategic planning as a base, CEDP provides communities with a means to review economic development options with an understanding of where the community currently is and where it would like to go. The CEDP process is shown graphically in Figure 4.1.

Figure 4.1
Community Economic Development Planning Model



Source: Adapted from Dykeman (1990, pg. 7).

As illustrated in Figure 4.1, the primary objective of CEDP is the development of a community that is socially vital, economically viable, environmentally sound and entrepreneurial.

Chapter 5 discusses the specific steps of CEDP in greater detail and emphasizes its relevance to communities that are interested in large-scale casinos as a form of local economic development.

5. IMPLEMENTING COMMUNITY ECONOMIC DEVELOPMENT PLANNING

5.1 INTRODUCTION

Having established a theoretical framework and structure for CEDP in Chapter 4, this chapter examines its applicability to the local-level consideration of large-scale casino developments as a viable option for economic development. The need for a well-defined local plan with respect to casino development was consistently identified as important by consultants and academics alike (Mace and Garity, 1981; Rubinstein, 1985; Caneday and Zeiger, 1991; Rovelstad and Pavalko, 1993; Gaming Consultants Groups, 1994; Goodman, 1994; Ernst and Young, 1994; Christiansen, 1994). Indeed, the need for local-level planning may be even more pressing for casinos than for other types of economic development projects because of their potential to significantly alter local environments and create negative effects.

CEDP requires communities to be proactive stakeholders in the development process rather than reactionary by-standers and potential victims of "mis-development". Other stakeholder groups in the casino venture development process, such as the provincial government and potential casino operators, have unique agendas which they will aggressively pursue. These agendas may or may not match the specific needs of the community. In order to ensure that local needs are met, communities must enter the development process with their own agendas (i.e. plan) which they themselves must aggressively pursue.

The process presented in this MDP is comprehensive in that it describes the community economic process from the initial planning stages (i.e. Steps 1 to 5) through to specific project evaluation, implementation and monitoring (i.e.

Steps 6 and 7). It is intended primarily for communities that are interested in the possibility of a large-scale casino project as an option for development but are not involved in the evaluation of a specific proposal at the time of initiating CEDP. Communities in this situation have the opportunity to establish a clear position on casino development on the basis of community needs and the evaluation of other strategic development options prior to accepting a specific proposal for development. If after careful planning a community accepts a casino venture as a suitable form of economic development, they can proceed to specific project evaluation and potentially implementation and monitoring (i.e. Steps 6 and 7) with an understanding of the community vision and goals.

This chapter discusses the potential outcome of the various steps in the process from a very general perspective to indicate how a community might actually use CEDP to gain a better understanding of whether a large-scale casino is a suitable form of economic development. If the process is diligently implemented, the appropriateness of alternative forms of development should become increasingly clearer to the community as it progresses through the CEDP process.

5.2 INITIATING CEDP

CEDP is both a challenging and rewarding process for communities. Community development practitioners point out that there are certain community characteristics or conditions that are often associated with successful CED. These include:

- a certain degree of dissatisfaction, or concern for the survival of a community;

- a positive, aggressive, entrepreneurial community attitude about development;
- a high level of community discussion;
- a history of project implementation;
- the ability to organize or overcome organizational problems;
- capable, competent, and committed individuals willing to provide momentum to the process; and
- available local resources (Wisner and Pell, 1984; Perks and Kawun, 1986; Shaffer, 1987; Dykeman, 1990; Kinsley, 1990).

It is also very important for those who are initiating and facilitating CEDP (e.g., local planners) to be aware of barriers to participation and communication distortions that occur in planning processes. The facilitator(s) will need to create an environment in which diverse interests can be heard. For example, proxies for participation may have to be used to ensure that those who feel alienated from the CEDP process are adequately represented. This requires both interpersonal and analytical skills in participatory planning and decision-making processes.

A community may need to utilize some outside resources to initiate CEDP, depending on the level of development or the extent to which the above characteristics exist. This does not contradict the principle of self-reliance, so long as outside resources are used appropriately. These resources should encourage the transference of skills to local citizens; support, rather than

control, the planning process; and become less necessary as a community develops its own capacity.

Various methods are available to assist communities with different capacity levels. The key is to choose a strategy that fits with the economic and social structure of the community. Participatory Action Research (PAR), for example, could be used to support marginalized communities in the CEDP process (Ryan and Robinson, 1990). This may be relevant for many First Nations' communities that are currently considering casinos as a form of local economic development. Other less intensive methods include CEDP workshops (e.g., The Westcoast Development Group, 1994) and self-help manuals (e.g., The Rocky Mountain Institute - Economic Renewal Program, Kinsley, 1990).

As provincial and federal governments continue to cut back support and download responsibility to local-level governments, civil society organizations in communities are being faced with increasing responsibility in the area of public program and service delivery. With this responsibility has come the need to make sound economic development decisions that contribute to or maintain a good quality of life in the community. In a sense, communities are being forced to institute development processes that improve community self-reliance. This trend is not likely to change; therefore, the sooner communities embrace a comprehensive community-based planning approach the better. As challenging as it may be, CEDP is a process that strives to increase a community's potential to help itself.

5.3 LINKING THE CEDP PROCESS AND CASINOS

As outlined in Chapter 4, the CEDP process presented in this MDP draws on the methods of strategic planning and includes the following steps:

- STEP 1: Visioning,
- STEP 2: Environmental Scanning and Situation Analysis,
- STEP 3: Goal Setting,
- STEP 4: Generating Development Strategies,
- STEP 5: Evaluating Economic Development Options,
- STEP 6: Specific Project Evaluation, and
- STEP 7: Implementing and Monitoring Project Operations.

Each of these steps are discussed below.

5.3.1 STEP 1: Visioning

The key to visioning is the development of a rough picture of what residents would like to see as their future (Kinsley, 1990). As a future image that sets out what should be preserved in a community and what should be improved, it provides a unique local context for the universal goal of a high quality of life (Bendavid-Val, 1980).

Visioning was one of the essential factors identified by Dykeman (1992) as necessary for a successful community economic renewal program.¹³ He suggests that it is important for communities to work from a vision for a number of reasons, including the need to:

- control its own destiny;
- constantly re-position itself in a dynamic socio-economic environment;
- work as a cohesive whole in order to make the best use of scarce resources;
- win more resources for itself;

¹³ Dykeman (1990, pg. 8) identifies four essential factors for a successful economic renewal program: visioning, strategic thought, creativity, and innovation.

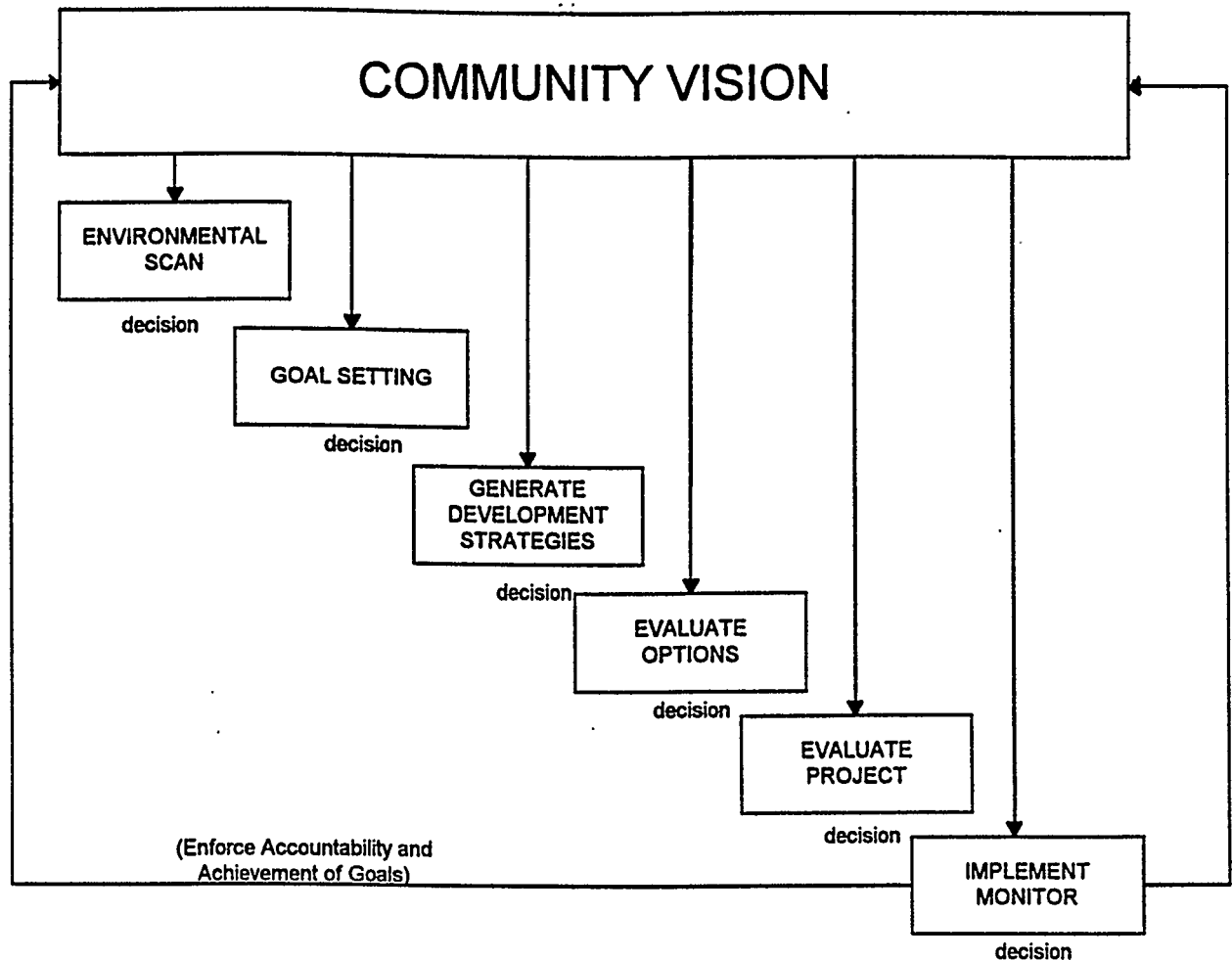
- respond to new opportunities or threats; and
- pass on leadership with some continuity of goals (Dykeman, 1990, pg. 8).

Figure 5.1 shows the importance of visioning in the CEDP process and indicates how decisions regarding alternative economic development options, including casino ventures, could be made at various stages in the process (i.e., rejected, accepted, or modified).

Compatibility with the community vision provides the first indication of whether or not a particular type of economic development option (i.e. a casino) is acceptable. As stakeholders in the development process, communities will assume a portion of the potential costs, risks, and benefits brought about by a development option. They must be proactive and establish very early on what they are ultimately striving to achieve by introducing a particular development (i.e. a large-scale casino) in the first place (Chalmers, 1995). In the case of a large-scale casino venture, it is very important for communities to understand what casinos can and cannot do and how the 'philosophy' of the casino industry fits with the vision of the community.

Vancouver's recent rejection of a large-scale public corporation casino on its waterfront, for example, was based primarily on the public view that the casino did not "fit" the city's image of itself as a clean, naturally beautiful city with a high quality of life (City of Vancouver Casino Review - A Discussion Paper, 1994). The citizens of Vancouver, who were part of the stakeholder consultations undertaken by the City, felt that the casino would compromise this vision. Today, new developments in Vancouver must demonstrate a knowledge and appreciation for the uniqueness of the city and build on these attributes to strengthen its economic and social fabric (Kuhl, 1995, pg. 4).

Figure 5.1
The Community Economic Development Planning Process



5.3.2 STEP 2: Environmental Scan and Situation Analysis

Communities need to look at both the external and internal environments that affect their potential for successful local economic development. By scanning the external environment, communities come to recognize the "outside driving

forces" or the threats and opportunities that may influence and shape future development (Perks and Kawun, 1986). For example, key driving forces that could affect casino development in a community include: the direction of federal and provincial gaming policy; the level and rate of casino proliferation and other gambling products; and the general level of public acceptance of casino development. The anticipated direction of events in these areas should be considered in the overall local development process. It is at this stage that the community will be able to begin to familiarize themselves with the casino industry (i.e., competitive environment, potential development impacts and mitigation/enhancement measures, etc.).

Through an analysis of the internal environment, a community begins to acknowledge its own strengths and weaknesses in light of the threats and opportunities in the external environment. According to Shaffer (1990), community viability has political, social, physical, and economic dimensions. He defines community economic viability as "the capacity of local socio-economic systems to generate the necessary employment and income to maintain, if not improve, a community's relative economic position" (Shaffer, 1990, pg. 75). An analysis of political, social, physical, and economic environments provides communities with an opportunity to develop a common understanding of:

- the problems they face, and
- their current ability to solve local problems with the use of local resources.

From a very general perspective, it can enable communities to recognize their ability or inability to establish a casino venture that creates more benefits than costs to the community in the long-run. For example, a remote and isolated community with a poor existing infrastructure base and inadequate entertainment facilities and tourist attractions, is unlikely to be a suitable location for a

successful large-scale casino venture. The specific criteria that the casino industry associates with 'success' are outlined in more detail in Step 5.

To a large-degree, a community-driven environmental scan and situation analysis can clarify a community's perception of its area as a potential casino locale. The broad understanding of the community gained at this stage may result in the rejection or acceptance of large-scale casinos as an option for development.

5.3.3 STEP 3: Goal Setting

Taken together, community economic development goals indicate a community's future image or vision of itself. These goals evolve from the process and provide further guidance on the selection of potential local economic development options. They are intended to reflect those issues which are of primary concern and importance to a community. For example, a community may decide that one of its goals is to increase the number of locally-based businesses/industries which are not associated with significant or non-mitigable negative externalities (i.e. addictions, environmental degradation, etc.). As a result, an initial guideline for assessing the potential scope of development options and their general acceptability as a form of community economic development is established. In essence, the outcome of this step provides the foundation for the evaluation of development options (i.e. Step 5) and the framework for subsequent detailed assessments (i.e. Step 6).

It is important for community goals and objectives to reflect the needs and desires of a broad spectrum of the population, not only high profile influencers. This encourages a development process whereby economic imperatives are merged with social objectives. By integrating social and ethical concerns into the planning process as early as possible, communities reduce the risk of making

decisions based on narrowly defined, short-term economic objectives (Ninacs, 1990).

The early clarification of community needs and concerns, in the form of goals, is an aggressive attempt to reconcile business goals with the principles of community economic development. For example, the goal of a casino development is likely to be profits or the fastest rate of return in the shortest time possible. For CED, profits are only a means of achieving more primary goals such as worker empowerment, the eradication of poverty, and the expansion of economic democracy (Ninacs, 1991). The extent to which a casino development will be able to satisfy these primary objectives is a critical question communities must be prepared to address. The goals of a potential casino venture need to be reconciled with the broader public interest-oriented goals of a community. The only way a reconciliation can occur is if the goals of all the key stakeholders are explicitly expressed. According to Stokowski (1992), the compatibility between industry goals and community goals is especially critical when local populations are small and the industry powerful.

The suitability of a casino development at this stage should be based on the extent to which the industry can potentially address the specific concerns, issues, and goals of the community. If the community believes that this type of development satisfies its goals at a general level, then a more detailed assessment is a reasonable next step (Lichfield, 1994). If casino development does not have the potential to satisfy the needs of the community, then the need for further study is eliminated and large-scale casinos should not be considered as a development option.

Without an explicit vision and well-defined goals, it would be very difficult for communities to compare alternative development options (i.e., casinos and other

development options), develop implementation plans, or monitor the success of a project from a community perspective.

5.3.4 STEP 4: Generating Development Strategies

A significant aspect of viable communities is that they do not limit their economic development efforts to the latest fad or single effort (Shaffer, 1990, pg. 75). The goal of this step is to identify strategic development options so that the casino venture is considered in light of all other potential development opportunities. The detailed evaluation of specific projects is not undertaken at this stage.

There are various methods of generating development strategies. This could involve scenario building in terms of what the community perceives to be the most likely development outcomes for their community, or brainstorming options based on an understanding of strengths, weaknesses, and goals.

Local knowledge, resources and capabilities rather than those of experts are used as the foundation for outlining specific development strategies or project ideas which are responsive to community needs as well as the existing level of development. While the breadth of development options may not be readily apparent, there are usually a number of relevant project ideas to consider (Bendavid-Val, 1980). As mentioned, the generation of alternatives which reflect the unique context of the community should be based on brainstorming, local knowledge, and public participation. The process of visioning, environmental analysis, and goal setting may also highlight (or eliminate) potential development opportunities that were previously overlooked.

This step encourages communities to consider casino development as only one of many possible development options.

5.3.5 STEP 5: Evaluating Economic Development Options

The ongoing examination of community goals and objectives throughout the development process can simplify and provide clarity to the evaluation of development options. With a clear understanding of community goals, this evaluation can be prepared in a manner that is conducive to comparative analysis. Each development option should be evaluated for its consistency with the community vision and goals, sustainability, practicality, and potential for opposition (Kinsley, 1990).

A comparative evaluation process such as this helps ensure that each community development investment:

- represents the best among alternatives at the time, including no investment;
- will contribute to achieving CED goals, in terms of community time and money;
- will not preclude the possibility of future activities that make a greater contribution to goal achievement; and
- will not compromise the ability of future generations to develop and maintain a good quality of life (Bendavid-Val, 1980).

According to Ninacs (1990, pg. 2), business enterprises must be profitable but they must be guided by a social cost-benefit analysis that directs the use of profits in the context of the overall needs of the workplace and the community. This type of analysis attempts to include a consideration of community values in

the development selection process and, therefore, represents an important step prior to specific project analysis.

A specific evaluation technique developed by Lichfield (1994) for the review of projects from a public interest perspective is Community Impact Evaluation (CIE). He presents a generic model which aims to represent the totality of the implications for the community, whether or not these can be measured in numerical terms or valued in money terms (Lichfield 1994, pg. 65). Community values and issues are inputs into the process and the results of the evaluation are the outputs. As an analysis that focuses on the community interests, it reduces the risk of decision-making on the basis of narrowly defined economic objectives. Lichfield stresses that this process assumes that all options being considered for evaluation have already had "previous tests" in terms of their acceptability.¹⁴

The consideration of local preferences and objectives is particularly important in the casino industry where optimistic economic arguments tend to override the analysis of social issues and costs, and the potential for social disruption is significant (Jones, 1993; Goodman, 1994; Eadington, 1995; Christiansen, 1994). The literature indicates that these developments should not be viewed as panaceas for all the economic problems facing communities (Eadington, 1993; Goodman, 1994; Christiansen, 1994; Phillips, 1995). As Christiansen (1994, pg. 8) states, casinos are not instruments of social policy and cannot employ the unemployable, magically rebuild decayed local economies or solve existing social problems.

It is also important for communities to examine the extent to which their existing local resource base matches the casino industry's "criteria for success". In

¹⁴ Community Impact Evaluation is founded on utilitarianism and is therefore subject to the same criticisms, such as reductionism. Lichfield does, however, state that decision takers should be free to adjust the conclusions "with an eye to socially acceptable decisions" (1994, pg. 70).

general, the "criteria for success" outlined in the casino literature includes the following key characteristics:

- proximity to potential casino visitors and no difficulty crossing borders;
- a superior environment to any competitive facilities in neighboring provinces/states;
- an existing visitation base;
- a suitable site (i.e., an accommodating land use policy);
- proximity to other entertainment and lodging facilities;
- an employable labor force;
- adequate and convenient transportation infrastructure;
- an attractive tax environment; and
- adequate law enforcement (Mace and Garity, 1981; Faludi and Rutsey, 1994; Promus Companies Incorporated 1994; Christiansen, 1994; Phillips, 1995; O'Brien, 1995).

According to Faludi and Rutsey (1994, pg. 15), communities without these basic criteria for casino success run the risk of introducing an under-performing casino which provides little or no economic benefit to the community but creates potentially significant social problems and attendant costs. The attractiveness of a region, as defined by the success characteristics identified above, will also have a substantial impact on a community's ability to attract a reputable and responsible casino developer/operator. Unless potential casino operators view the area as a potentially successful casino destination in the long run, their investments are likely to focus on related facilities and their marketing efforts on the regional markets (Phillips, 1995). If this occurs, incremental local economic development will be minimal.

The consideration of community strengths, in the above mentioned areas, early in the planning process is critical, as it is very difficult to increase constraints

and demands on the casino industry once it has been established and generally accepted (Eadington 1995, pg. 12).

If communities remain aware of their own goals and the potential economic bias of proponent-initiated evaluations, they will be in a better position not only to guide the development evaluation process but to make sound decisions.

5.3.6 STEP 6: Specific Project Evaluation

Only those project ideas that have satisfied community criteria (i.e. compatible with community vision and goals) up to this stage are considered as candidates for detailed evaluation, as these processes are time consuming and expensive. The evaluation of development options undertaken in Step 5 should help ensure that the community has selected only the most appropriate development options for further consideration. Assuming that a specific proposal exists, a series of studies and analyses would be undertaken in conjunction with the casino proponent. In order to avoid the pro-casino biases discussed previously, the community should insist on their involvement and approval of all project-funded studies.

The goal of project analysis is to provide communities with detailed information regarding:

- specific project impacts (i.e., economic, fiscal, social, and environmental),
- the actual feasibility of the project (i.e., financial analysis),
- target markets and marketing strategies, and
- project-specific infrastructure requirements.

Issues identified during the goal setting stage can also indicate specific studies/analysis that the community may wish to undertake. For example, if a community is particularly interested in creating good jobs for the unemployed

people in the area, they may wish to undertake a detailed study on the types of positions that will be created by the project, the need for and potential availability of job training, and the opportunities for career advancement and job succession.

Should the community finally decide after specific project evaluation that it is certain it would like to implement the casino project, then the information obtained during this step enables it to undertake detailed project negotiations regarding the extent of local involvement, the reinvestment of profits, revenue-sharing agreements and other key issues. The negotiation process should reflect the goals of the community identified earlier in the planning process. If the community decides, because of the results of the detailed project evaluation, that the venture is not as suitable after all, then the CEDP process regarding this development is complete.

5.3.7 STEP 7: Implementation and Monitoring

Once the specific analysis and project negotiations between the community and the potential owner/operator are satisfactorily completed, the community can proceed to the implementation stage with greater confidence and awareness. This is because development decisions that have evolved from a CEDP approach, as opposed to a top-down approach, are more likely to reflect the true values and needs of the local people.

The goals identified early in the community planning process provide the key criteria for ongoing project review and monitoring subsequent to implementation. If clear community goals have not been established, it will be very difficult for communities to determine the extent to which their needs are being met. It would also be very difficult to identify specific problem areas and enforce corrective action without pre-established goals. CEDP is a means of maximizing community

initiative. According to Bendavid-Val (1980), most performance failures can be attributed to deficiencies in the planning process, including the technical support work.

The ongoing evaluation of the casino project according to local goals and previously negotiated agreements, reinforces the accountability of the casino and the responsibility it has to the community in which it is operating. Accountability is one means of increasing local control and involvement in development decisions.

Several concrete examples (primarily North American) that indicate how casino development has responded to the needs of specific communities are provided below.

- Many European casinos cater to high-income tourists and often forbid local residents to gamble, thereby minimizing the potential for local addiction problems (Ryan et al., 1990, pg. 24).
- Some "casino locations" (i.e., Germany), in addition to local gambling restrictions, apply a very high casino tax rate which is used to support cultural facilities and events. While this reduces the economic potential of casinos (i.e., bottom-line profitability), it also minimizes potential social problems and their attendant costs (Thompson and Coopers and Lybrand, 1994, pg. 8).
- The Windsor casino provided resources from the casino operation for policing (i.e. 25 police officers) and regulatory mitigation (Alfieri, 1993).

- Many non-US casino companies are creating development agreements whereby the casino property reverts back to the government entity after a certain period of time (Mills, 1994, pg. 12).
- The Casino Reinvestment Development Authority, established by the New Jersey Casino Statute, requires a portion of casino revenues to be invested in development projects (Promus Companies Incorporated, 1994, pg. 18).
- The mayor of Windsor established a committee to work with the local business community to ensure their concerns would be addressed. While this approach does not benefit the casino operator, it does promote general community support for the casino as a good corporate citizen (Kuhl, 1995).
- Local community colleges in Montreal and Windsor offer casino staff training (City of Vancouver - Final Resolutions, 1994).

The local reinvestment of casino profits, the mitigation of community concerns, the design of the facility, the creation of local employment and training opportunities, and participation of the "community" in project management will be dependent, to a large degree, on the community's own initiative in the development planning process.

This chapter provided a general outline of how a community-based planning process can aid the consideration and potential implementation of specific local development options, in this case, large-scale casino ventures. CEDP encourages communities to consider project development options in light of the unique needs and goals of the community. This is particularly important when

communities are interested in controversial and complicated projects, such as large-scale casino ventures.

While CEDP is a rigorous approach that requires broad-based participation from community residents it can bring many intrinsic benefits to a community, in addition to economic development (Dykeman, 1990; Shaffer, 1990). According to Dykeman (1990), instituting and maintaining such a process is difficult but it will help ensure that key issues are accurately identified and defined, appropriate information is made available, and community stakeholders are involved. The key to CEDP is that the community assumes greater responsibility in determining the appropriateness of local development proposals.

Chapter 6, through a critical analysis of the process, highlights the underlying assumptions and conditions for success in relation to the implementation to CEDP. In concluding, recommendations for maximizing the effectiveness of CEDP, with respect to large-scale casino projects, are made.

6. A CRITICAL ANALYSIS OF THE CEDP PROCESS FOR CASINO EVALUATION

6.1 INTRODUCTION

Chapters 4 and 5 provided an overview of the foundation and potential process for implementing CEDP. This chapter concludes the MDP by providing a critical analysis of CEDP as a comprehensive process for evaluating casinos as a form of local economic development.

The critical analysis is comprised of three elements: a brief examination of the underlying assumptions of the MDP, an identification of the conditions necessary to maximize the effectiveness of CEDP, and the development of general recommendations regarding the initiation and implementation of CEDP.

The assumptions examined tend to be related to events or issues that are beyond the immediate control of individual communities but which can have a significant impact on the relevance or success of CEDP as a means of reviewing casino projects. They include, for example, government policies/legislation, cultural factors, and issues related to the nature of the casino industry. The conditions identified to optimize or enable an effective CEDP process focus on those qualities, activities, and issues that are unique to individual communities. Some of the conditions are related specifically to the dynamics of the community, while others are related to the nature of the CEDP process itself. Finally, the recommendations provide some important and practical issues to be considered during the pre-planning and implementation stages.

In lieu of the opportunity to obtain feedback from a community actually involved in the process or a gaming expert knowledgeable about community economic development practices, this analysis represents the critical view of the author. It

is, therefore, influenced by the author's biases and exposure to community-based planning processes.

6.2 UNDERLYING CONTEXTUAL ASSUMPTIONS

6.2.1 Government Policies and Legislation

The assumptions associated with government policies and legislation can be narrowed down to two key areas: legislation/regulation on large-scale casino ventures, and policies/legislation on community-based planning.

The direction of federal legislation and provincial policy on gaming ultimately determines whether or not casinos are an acceptable form of local development. In Canada, as indicated in Chapter 2, the provincial government has primary control over regulating and licensing gaming. If provincial gaming policy does not allow for the development of large-scale public corporation casinos, then communities (i.e., non-First Nation communities) will not consider this type of project as a development option.

If, however, provincial gaming policy allows for the establishment of large-scale casinos (i.e. public corporation casinos in Ontario, Quebec, Manitoba, Nova Scotia and most recently Saskatchewan), then communities may decide to undertake the task of evaluating the suitability of casinos as a form of local economic development. The local-level input regarding the approval or rejection of a casino is critical, as it is the community that has to face and address the impacts on the local environment. At present, gaming legislation does not provide a guarantee for the involvement of municipal governments in gaming venture projects. The need to address these issues early in the planning process is, therefore, very important. This MDP assumes that communities can effectively

influence the decision to develop a casino in their areas despite provincial acceptance and pressure from developers (Kuhl, 1995).

It is also assumed that municipal government policies provide a supportive framework for undertaking participatory planning practices. While local planners can, and indeed are likely to, have an important role in the CEDP process, the role is assumed to be one that recognizes local knowledge and its relationship with economic, social, and environmental goals. An effective CEDP process is not merely an extension of the bureaucracy.

6.2.2 Cultural Issues

Cultural factors can also have an important influence on the effectiveness of the process. The process presented in this MDP assumes that CEDP can be customized to serve communities with differing cultural and historical backgrounds. Key aspects of the culture that would have to be addressed in the initiation and implementation of the process include language, explicit and implicit power structures, development history, and the local sense of time and place. Regardless of the specific number of steps in the process, the premise of public participation in decision-making processes is mandatory for genuine CEDP. If participatory processes, such as CEDP, are not culturally acceptable in a society (i.e. in a non-North American context), then the institution of CEDP as a means of evaluating large-scale casinos is unlikely.

The need to evaluate casinos also depends on the extent to which gambling is permitted and accepted in society. Gambling is assumed to be a generally accepted, broad-ranging, and influential activity that requires careful consideration. As indicated in previous chapters, legalized gambling is an influential force in most countries in the world, albeit to differing degrees. This is particularly true for Canada, North America, and Australia (Eadington, 1994). If

federal and provincial governments condone gambling ventures, individual communities must be prepared to get involved in determining appropriate forms of development for their regions.

6.2.3 The Casino Industry

Perhaps the most significant limitations of CEDP, in the context of large-scale casino development, stem from the nature of the industry. One of the key assumptions of this MDP is that communities will be permitted to be involved in project planning and decision-making processes. This assumption is questionable as large-scale casino developments tend to be the domain of large multi-national corporations in the U.S. (e.g., Mirage Resorts Incorporated, Harrahs, Caesuras, Circus Circus, The Hilton) and public corporations in Canada. A number of the public corporation casinos in Canada also involve a 'partnership' (i.e. a revenue-sharing agreement) with multi-national gaming companies in terms of the financing and operating of the casino. These types of companies operate on the basis of rigid corporate structures and are not likely to have an inherent interest in developing local capacity or enhancing local business environments unless it benefits their bottom-line directly (Goodman, 1994).

6.3 CONDITIONS FOR SUCCESS

6.3.1 The Community

The introduction, implementation, and maintenance of a CEDP process is difficult and challenging. Aside from the above assumptions, its effectiveness relies heavily on the unique characteristics and patterns of development in individual communities (Wismer and Pell, 1984; Perks and Kawun, 1986; Shaffer, 1990; Dykeman, 1990; Kinsley, 1990). The key conditions highlighted

below relate to the attitude, functionality, uniformity, cohesiveness, and level of development and prosperity within a community. Each of these conditions is discussed below in terms of how it influences the effectiveness of CEDP.

Attitude

The community's attitude about its own potential for local development is very important to the initiation of a CEDP process. The attitudes often associated with successful CED include, as identified in Section 5.1.1, concern for the survival of the community or a certain degree of satisfaction with the current situation. In addition, the community must also possess a positive, aggressive, and entrepreneurial attitude about development. Together, these attitudes create the desire and energy needed to initiate the process.

While these attitudes may not be prevalent throughout the community at the onset of CEDP, it is necessary that there be at least a few motivated and committed individuals within the community who are capable of initiating the process. These individuals must take on the responsibility of recruiting stakeholders to become actively involved. Some of the tools for recruiting stakeholders include community meetings, individual contacts, questionnaires, and invitations to kick-off workshops. This initial step should provide a good indication of whether or not the community is interested and willing to become involved in a community-based planning process. If the community is ready to undertake CEDP, the efforts of even a few motivated individuals can go a long way in getting the process underway.

Functionality

In addition to an aggressive and positive attitude, it is necessary for the community to be willing and able to function as a unit. There are many

indications of a community's ability to function as a unit, such as the presence of an active local government, a chamber of commerce, an economic development committee, school boards, civil society organizations, and other working committees.

Effective CEDP, as discussed in this MDP, requires the existence or establishment of an umbrella organization capable of organizing broad-based community involvement and providing a fair representation of all members of society. The individuals involved in the development of the umbrella organization must have the skills to overcome minor organizational problems and eliminate/reduce barriers to participation. This is critical to an effective CEDP process.

Local planners skilled in communication, facilitation, and participatory planning techniques can play an important role in initiating and organizing the establishment of a representative community organization to undertake CEDP. However, if there are no organizational structures or community characteristics which indicate that the community functions as a unit, then the CEDP process will be very difficult to introduce.

Uniformity

It is also important that the community not be severely divided on fundamental issues such as the direction of community economic development, sustainability, and the overall local vision. Relative uniformity enables communities to actually agree on a common vision, and direct energy into the general process of capacity building, etc. rather than to ongoing battles and disagreements.

A community that is capable of functioning as a unit (i.e., has generally effective organizational structures) but remains divided on issues related to local economic development will have to emphasize consensus-building techniques in

the CEDP process. This is particularly relevant for large-scale casinos, as this type of development option is likely to highlight a variety of strong and controversial views. However, without at least relative uniformity, a community is not likely to even initiate the process, let alone maintain it.

Cohesiveness

Cohesiveness is similar to uniformity but relates more to the ability of a community to approach problems and concerns in a cohesive manner. Implicit in the concept of cohesiveness is the assumption that community members and individuals believe in the potential ability and utilization of local resources to meet the needs of the community. If the community lacks faith in its members, it is more likely to be interested in "white knight" industries that arise from foreign investment and control. However, local development has to begin somewhere, and a successful history of implementation can be very empowering. If local residents are willing and committed to maintaining a viable community, CEDP may be an option.

Level of Community Development

The level of development within a community refers to the existing local capacities, resource availability, and extent of resource development. As indicated previously, development projects and processes should match the development level of the community. Participation itself is a learned skill. If the majority of community residents lack the basic skills necessary to participate, the CEDP process will take considerably more time and effort to initiate.

While a facilitator can help stimulate participation and facilitate the transference of skills, additional development processes will likely have to precede CEDP. This is particularly true if the community is dysfunctional with a history of severe

social and economic problems. Communities should possess, at a minimum, a positive attitude, the ability to function as part of a unit, and a genuine interest in participating and contributing to the process (i.e., a critical level of development).

Level of Prosperity

The level of prosperity has an impact on the amount of control the local community can exert on the process. The greater the level of prosperity and availability of resources (e.g. natural resources, a skilled labor force, etc.), the more likely the community is to consider all options for development. The possible rejection of a development option does not threaten the community's sense of survival. The community must also have access to financial resources that are not tied to specific project outcomes. This will enable the community to obtain the necessary resources to implement an effective and impartial CEDP process.

Impoverished areas or communities with depressed local economies may be less committed or unable to exert their influence on development plans for fear of scaring off much needed investment. For example, they may not be willing to make demands on casino operations for fear the casino will turn to other communities with less rigorous requirements. This "powerlessness" in the decision-making process will be exacerbated if the area is not a prime casino target and competition is intense.

Communities in this position, provided the above assumptions apply, can still utilize CEDP to reduce the risk of introducing economic development that feeds off the community rather than contributing to its well-being in both the short- and long-term.

6.3.2 The CEDP Process

In addition to the above conditions which relate to the unique characteristics of a community, there are also several specific conditions associated with the CEDP process itself. While these are closely related, the conditions discussed in this section highlight the intricate link between the CEDP process and the implementor (i.e., local planners, community organizers, the community umbrella group).

The specific conditions required for the effective implementation and maintenance of community-based planning are as follows:

- a basic understanding of community-initiated processes exists;
- there is general agreement on the fundamental principles of community economic development (See Section 4.1.2);
- people possess the skills necessary to participate in the process and undertake the required tasks;
- all members of the community, not just the most influential, are represented in community planning and decision-making processes. If necessary, "proxies" for participation can be utilized to ensure that those who feel alienated (i.e., marginal populations) from the process are fairly represented;
- people are interested and committed to a community-based planning process; and

- the community has access to appropriate and unbiased (i.e. not connected to casino proponents) outside support, should it be required.

In addition, process facilitators must have the interpersonal and analytic skills necessary to identify and deal with communication distortions that arise. Without these skills, it will be difficult to create an open and trusting work environment in which all interests can be expressed.

The CEDP process, regardless of the specific projects being considered, demands a wide variety of skills, a great deal of initiative, a desire to make life better in the community, perseverance, and a commitment to local involvement. To add to this challenge, casino projects are controversial and citizens' views are likely to be polarized either for or against the project. In short, communities must have the capacity, resources, and time to institute and maintain an effective community-based planning process.

6.4 RECOMMENDATIONS

Several key recommendations have been made with respect to CEDP as a process for evaluating casinos at the local level. They are as follows.

Recommendation 1: The primary recommendation of this MDP is that CEDP be utilized to the greatest extent possible to evaluate the appropriateness of large-scale casino ventures provided the community possesses certain attributes: functions as a cohesive unit and is not overwrought by insoluble disagreements and social problems, operates at a level of development which can support community-initiated process, and possesses the necessary skills, capability, and resources to implement the process. The key reasons for this recommendation are as follows.

- The potential for significant negative social problems and associated costs with casino projects make this type of development worthy of careful consideration at all levels: federal, provincial, municipal, and community and individual levels. It is particularly important at the community level where the negative social impacts, such as those associated with an increased transient population, addictive behavior, and a disrupted quality of life, are likely to be the most significant.
- The unique nature of the casino industry emphasizes the need for communities to make decisions based on a consideration of social, economic, political, and ethical issues. Neglecting any of these factors in the planning and decision-making process could lead to unanticipated and unwanted consequences.
- The basic premise of CEDP is community involvement, which is a means of integrating the goals and visions of the community into all stages of the casino development process.
- Views on the appropriateness of large-scale casino development in a community are likely to be strong and varied. While individual biases will exist, CEDP does not presuppose a right or wrong answer to the question of casino development. It institutes a process of participatory decision-making based on a common vision and the principles of local capacity development, self-reliance, local control, sustainable development, and human needs. Local knowledge is the basis for identifying community problems and concerns and developing achievable solutions.
- If communities acknowledge the importance of local control, capacity building, and ultimately self-reliance, they will be in a better position to understand the potential of the development to satisfy these goals.

Awareness of these issues may also improve their bargaining position with potential developers.

- CEDP, because of its comprehensive nature, discourages the implementation of short-term “solutions” to long-term problems. While this MDP focuses on casino ventures, one of the benefits of CEDP is the opportunity to evaluate all potential economic development opportunities with the long-term goals of the community in mind.
- CEDP can be embraced by a community at various levels of development, provided appropriate outside support is available. It is an ongoing process about people, and not solely driven by economic objectives. While it is a difficult process that requires local initiative and commitment, its success is based on the acknowledgment of where a community is in the process and where it would like to go. Communities begin from where they are today.

Recommendation 2: The first task to be undertaken in initiating the CEDP process should be the recruitment of key stakeholders. Organizers should attempt, as early as possible, to develop an umbrella organization which includes representation from the general public, local/municipal government (e.g., planners), economic development agencies, educational institutions, social-service organizations, recreation groups, non-governmental agencies, and other civil society organizations. This group should evolve as is necessary to maintain a fair representation of all members in the community and implement an effective process. The process should clearly recognize the diversity of values and interests within the community.

Recommendation 3: The CEDP process should contain checks and balances to ensure that all members of society are being fairly represented and that the

community goals are being adequately expressed and fulfilled. Potential methods for ensuring ongoing, community-based participation in the process include open houses, invitations to planning meetings, and an ongoing recruitment of interested people. Methods for enforcing accountability include monitoring programs and evaluation reports.

Recommendation 4: Those involved in planning and facilitating the CEDP process should have an understanding and appreciation of the potential power and communication distortions that are inherent in all planning processes and take steps to minimize them. This requires skills in communication and participatory planning practices, as well as a commitment to skill transference.

Recommendation 5: The financial resources available for the CEDP process should be secured early in the process. It is important that these financial resources be provided in a manner that does not bias the process in the direction of funding agency preferences. Possibilities include the establishment of an independent fund (e.g., an intervenor fund) that is managed and controlled by the CEDP umbrella organization.

Recommendation 6: The community umbrella group, once formed, should assess its ability to plan and take action. The need and extent of external support resources should be based on this assessment.

The selection of outside resources should be done with caution. Outside support should be committed to the eventual and complete transference of skills and duties to members of the community. Given Goodman's study (1994) on the biases of many economic impact assessments in favor of casino developments, the community should also make an extra effort to ensure that studies and analyses done on its behalf are objective and give adequate consideration to the social costs of gambling in the short and long-term, as well as the economic

benefits. One possibility for obtaining more objective support is to avoid utilizing people who are tied directly to the casino development (i.e., hired by the developer).

Recommendation 7: The CEDP process should include a discussion of the linkages with other economic regions, the province, and the country. This will determine whether, and the extent to which, the benefits of the proposed project come at the expense of other communities. For example, weakening the economic, social and environmental quality of life in the region as a whole may eventually weaken the community initiating the project. Communities need to think in terms of a "community of communities".

Recommendation 8: The community economic development plan should include provisions for decommissioning a project (i.e., a large-scale casino) according to its scheduled operating life, or in the event of bankruptcy or failure to meet previously agreed upon conditions.

Recommendation 9: It should be noted that the decision by a community to implement CEDP should not be based on the willingness of casino proponents to permit local involvement. While this may limit the effectiveness of CEDP with respect to the casino venture, the goal is to build local capacity via the CEDP process and implement suitable development strategies. If a casino project is being considered, it should be only one of several development options being evaluated. The decision to implement CEDP should be based more on the other conditions listed in this section rather than the attitude of the casino developer.

Recommendation 10: While this MDP focuses on the actions and efforts that could be taken at the local-level to ensure proposed projects represent genuine economic development (i.e., development that brings greater benefits than costs in the short- and long-term), it in no way implies that the position taken by senior

levels of government are not important. In fact, action taken at the senior level provides the framework within which communities must operate. The issues that have been raised regarding the potentially significant social costs of casinos represent critical issues that need to be addressed at the national and provincial levels in a coordinated and comprehensive manner. Senior governments, as representatives of the country, its provinces, and communities, should be responsible for undertaking objective analyses of the social and economic impacts of casinos.

Recommendation 11: Finally, the implementation of CEDP with respect to casino developments should be done only after a review of the process by someone experienced in the implementation of casino projects in communities. This will help ensure that the proposed process has the potential to deal with all aspects of casino development.

6.5 CONCLUSION

Governments continue to develop policies which allow for the establishment of large-scale casino ventures, despite the fact that little effort has been put into understanding the comprehensive impacts of these projects overtime. To date, analyses have focused primarily on the economic benefits (i.e., jobs and taxes) rather than the long-term social costs and implications. This puts a great deal of responsibility on individual communities. In the absence of a clear and coordinated approach to gambling for Canada as a whole, CEDP encourages communities to take responsibility for the types of developments they allow in their communities.

The extent and significance of the conditions for success highlight the difficult and challenging nature of CEDP. However, if an effective CEDP process can be implemented, it can provide communities with a number of benefits, including:

- greater assurance that the development option selected for implementation will meet the unique needs of the community and therefore represents genuine economic development;
- political affirmation of the project decision whether it is rejected or accepted;
- an ongoing holistic process of development that is concerned with local capacity building, creating more self-reliant communities, sustainable development, and improving the quality of life for the people who live there;
- an understanding of the strengths, opportunities, weakness, and threats that they face as a community;
- an improved capacity to identify suitable economic development opportunities on the bases of their vision and goals; and
- an opportunity to carefully consider the implications of the development for present as well as future generations.

The main limitation of utilizing CEDP as a framework for evaluating casino projects stems more from the nature of the industry and its suitability as a form of local economic development than from the CEDP approach itself. In the end, the introduction of community economic development goals is likely to be limited by the extent to which a community meets the casino industry's criteria for success, the level of prosperity and development within a community, and, to a lesser degree, the sophistication of community representatives.

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APPENDIX A

CRIMINAL CODE SECTIONS 206 AND 207

any person to carry on or play in a public place or a place to which the public have access, the game of three-card monte;

(i) receives bets of any kind on the outcome of a game of three-card monte; or

(j) being the owner of a place, permits any person to play the game of three-card monte therein.

(2) [Definition of "three-card monte"] In this section, "three-card monte" means the game commonly known as three-card monte and includes any other game that is similar to it, whether or not the game is played with cards and notwithstanding the number of cards or other things that are used for the purpose of playing.

(3) [Exemption for fairs] Paragraphs (1)(f) and (g), in so far as they do not relate to a dice game, three-card monte, punch board or coin table, do not apply to the board of an annual fair or exhibition, or to any operator of a concession leased by that board within its own grounds and operated during the fair or exhibition on those grounds.

(3.1) [Definition of "fair or exhibition"] For the purposes of this section, "fair or exhibition" means an event where agricultural or fishing products are presented or where activities relating to agriculture or fishing take place.

(4) [Offence] Every one who buys, takes or receives a lot, ticket or other device mentioned in subsection (1) is guilty of an offence punishable on summary conviction.

(5) [Lottery sale void] Every sale, loan, gift, barter or exchange of any property, by any lottery, ticket, card or other mode of chance depending on or to be determined by chance or lot, is void, and all property so sold, lent, given, bartered or exchanged is forfeited to Her Majesty.

(6) [Bona fide exception] Subsection (5) does not affect any right or title to property acquired by any bona fide purchaser for valuable consideration without notice.

(7) [Foreign lottery included] This section applies to the printing or publishing, or causing to be printed or published, of any advertisement, scheme, proposal or plan of any foreign lottery, and the sale or offer for sale of any ticket,

de bonneteau, d'une planchette à poinçonner, d'une table à monnaie, ou sur le fonctionnement d'une roue de fortune;

h) pour une contrepartie valable, pratique ou joue, ou offre de pratiquer ou de jouer, ou emploie quelqu'un pour pratiquer ou jouer, dans un endroit public ou un endroit où le public a accès, le jeu de bonneteau;

i) reçoit des paris de toute sorte sur le résultat d'une partie de bonneteau;

j) étant le propriétaire d'un local, permet à quelqu'un d'y jouer le jeu de bonneteau.

(2) [Définition de «bonneteau»] Au présent article, «bonneteau» s'entend du jeu communément appelé «three-card monte»; y est assimilé tout autre jeu analogue, qu'il soit joué avec des cartes ou non et nonobstant le nombre de cartes ou autres choses utilisées dans le dessein de jouer.

(3) [Exemption pour les foires] Les alinéas (1)f) et g), dans la mesure où ils n'ont aucun rapport avec un jeu de dés, un jeu de bonneteau, une planchette à poinçonner ou une table à monnaie, ne s'appliquent pas au conseil d'une foire ou d'une exposition annuelle ni à l'exploitant d'une concession louée auprès du conseil et située sur le terrain de la foire ou de l'exposition et exploitée à cet endroit durant la période de la foire ou de l'exposition.

(3.1) [Définition de «foire ou exposition»] Pour l'application du présent article, l'expression «foire ou exposition» s'entend d'une manifestation où l'on présente des produits de l'agriculture ou de la pêche ou exerce des activités qui se rapportent à l'agriculture ou à la pêche.

(4) [Infraction] Est coupable d'une infraction punissable sur déclaration de culpabilité par procédure sommaire quiconque achète, prend ou reçoit un lot, un billet ou un autre article mentionné au paragraphe (1).

(5) [La vente de loterie est nulle] Toute vente, tout prêt, don, troc ou échange d'un bien au moyen de quelque loterie, billet, carte ou autre mode de tirage qui doit être décidé par la chance ou par le hasard ou en dépend, est nul, et tout bien ainsi vendu, prêté, donné, troqué ou échangé est confisqué au profit de Sa Majesté.

(6) [Exception] Le paragraphe (5) ne porte pas atteinte aux droits ou titres à un bien acquis par un acquéreur de bonne foi à titre onéreux, et qui n'a reçu aucun avis.

(7) [Les loteries étrangères sont comprises] Le présent article s'applique à l'impression ou publication ou au fait d'occasionner l'impression ou la publication de quelque annonce, projet, proposition ou plan de loterie étrangère et à la vente

chance or share, in any such lottery, or the advertisement for sale of such ticket, chance or share, and the conducting or managing of any such scheme, contrivance or operation for determining the winners in any such lottery.

(8) [Saving] This section does not apply to

(a) the division by lot or chance of any property by joint tenants or tenants in common, or persons having joint interests in any such property;

(b) the distribution by lot of premiums given as rewards to promote thrift by punctuality in making periodical deposits of weekly savings in any chartered savings bank; or

(c) bonds, debentures, debenture stock or other securities recallable by drawing of lots and redeemable with interest and providing for payment of premiums on redemption or otherwise.

ou offre de vente de billets, chances ou parts dans une pareille loterie, ou à l'annonce de vente de ces billets, chances ou parts et à la conduite ou administration d'un plan, arrangement ou opération de cette nature pour déterminer quels sont les gagnants dans une telle loterie.

(8) [Réserve] Le présent article ne s'applique pas:

a) au partage, par le sort ou le hasard, de tous biens par les titulaires d'une tenure conjointe ou en commun, ou par des personnes qui ont des droits indivis dans ces biens;

b) à la distribution par lot de primes données en récompenses pour favoriser l'épargne par la ponctualité à faire des dépôts périodiques d'épargnes hebdomadaires dans une banque d'épargne à charte;

c) aux obligations, aux débetures, aux stock-obligations ou aux autres valeurs remboursables par tirage de lots et rachetables avec intérêt et pourvoyant au paiement de primes sur rachat ou autrement.

S.R., ch. C-34, art. 189; L.R., ch. 52 (1^{er} suppl.), art. 2.

207. (1) [Permitted lotteries] Notwithstanding any of the provisions of this Part relating to gaming and betting, it is lawful

(a) for the government of a province, either alone or in conjunction with the government of another province, to conduct and manage a lottery scheme in that province, or in that and the other province, in accordance with any law enacted by the legislature of that province;

(b) for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;

(c) for the board of a fair or of an exhibition, or an operator of a concession leased by that board, to conduct and manage a lottery scheme in a province where the Lieutenant Governor in Council of the province or such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof has

(i) designated that fair or exhibition as a fair or exhibition where a lottery scheme may be conducted and managed, and

(ii) issued a licence for the conduct and management of a lottery scheme to that board or operator;

(d) for any person, pursuant to a licence issued

207. (1) [Loteries autorisées] Par dérogation aux autres dispositions de la présente partie en matière de jeux et de paris, les règles qui suivent s'appliquent aux personnes et organismes mentionnés ci-après:

a) le gouvernement d'une province, seul ou de concert avec celui d'une autre province, peut mettre sur pied et exploiter une loterie dans la province, ou dans celle-ci et l'autre province, en conformité avec la législation de la province;

b) un organisme de charité ou un organisme religieux peut, en vertu d'une licence délivrée par le lieutenant-gouverneur en conseil d'une province ou par la personne ou l'autorité qu'il désigne, mettre sur pied et exploiter une loterie dans la province si le produit de la loterie est utilisé à des fins charitables ou religieuses;

c) le conseil d'une foire ou d'une exposition, ou l'exploitant d'une concession louée auprès du conseil peut mettre sur pied et exploiter une loterie dans une province si le lieutenant-gouverneur en conseil de la province ou la personne ou l'autorité qu'il désigne a, à la fois:

(i) désigné cette foire ou cette exposition comme l'une de celles où une loterie pouvait être mise sur pied et exploitée,

(ii) délivré une licence de mise sur pied et d'exploitation d'une loterie à ce conseil ou à cet exploitant;

d) toute personne peut, en vertu d'une licence délivrée par le lieutenant-gouverneur en conseil d'une province ou par la personne ou l'autorité qu'il désigne, mettre sur pied et exploi-

law enacted by the legislature of that province may prescribe.

(3) [Offence] Every one who, for the purposes of a lottery scheme, does anything that is not authorized by or pursuant to a provision of this section

(a) in the case of the conduct, management or operation of that lottery scheme,

(i) is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years, or

(ii) is guilty of an offence punishable on summary conviction; or

(b) in the case of participating in that lottery scheme, is guilty of an offence punishable on summary conviction.

(4) [Definition of "lottery scheme"] In this section, "lottery scheme" means a game or any proposal, scheme, plan, means, device, contrivance or operation described in any of paragraphs 206(1)(a) to (g), whether or not it involves betting, pool selling or a pool system of betting other than

(a) a dice game, three-card monte, punch board or coin table;

(b) bookmaking, pool selling or the making or recording of bets, including bets made through the agency of a pool or pari-mutuel system, on any race or fight, or on a single sport event or athletic contest; or

(c) for the purposes of paragraphs (1)(b) to (f), a game or proposal, scheme, plan, means, device, contrivance or operation described in any of paragraphs 206(1)(a) to (g) that is operated on or through a computer, video device or slot machine, within the meaning of subsection 198(3).

(5) [Exception re: pari-mutuel betting] For greater certainty, nothing in this section shall be construed as authorizing the making or recording of bets on horse-races through the agency of a pari-mutuel system other than in accordance with section 204.

(3) [Infraction] Quiconque, dans le cadre d'une loterie, commet un acte non autorisé par une autre disposition du présent article ou en vertu de laquelle est coupable:

a) dans le cas de la mise sur pied, de l'exploitation ou de la gestion de cette loterie:

(i) soit d'un acte criminel et est passible d'un emprisonnement maximal de deux ans,

(ii) soit d'une infraction punissable sur déclaration de culpabilité par procédure sommaire;

b) dans le cas de la participation à cette loterie, d'une infraction punissable sur déclaration de culpabilité par procédure sommaire.

(4) [Loterie] Pour l'application du présent article, «loterie» s'entend des jeux, moyens, systèmes, dispositifs ou opérations mentionnés aux alinéas 206(1)a) à g), qu'ils soient ou non associés au pari, à la vente d'une mise collective ou à des paris collectifs, à l'exception de ce qui suit:

a) un jeu de dés, un jeu de bonneteau, une planchette à poinçonner ou une table à monnaie;

b) le bookmaking, la vente d'une mise collective ou l'inscription ou la prise de paris, y compris les paris faits par mise collective ou par un système de paris collectifs ou de pari mutuel sur une course ou un combat, ou une épreuve ou manifestation sportive;

c) pour l'application des alinéas (1)b) à f), les jeux, moyens, systèmes, dispositifs ou opérations mentionnés aux alinéas 206(1)a) à g) qui sont exploités par un ordinateur, un dispositif électronique de visualisation, un appareil à sous, au sens du paragraphe 198(3), ou à l'aide de ceux-ci.

(5) [Exception à l'égard du pari mutuel] Il est entendu que le présent article n'a pas pour effet de permettre de faire ou d'inscrire des paris sur des courses de chevaux par l'intermédiaire d'un système de pari mutuel, sauf en conformité avec l'article 204.