



GAMBLING RESEARCH REVEALS

Socioeconomic impacts assessed in University of Alberta SEIGA report

On Wednesday, May 25, the second of two eagerly anticipated Institute-funded reports examining the socioeconomic impacts of gambling in Alberta was officially released. This second comprehensive report is entitled Final Report to the Alberta Gaming Research Institute on The Socio-Economic Impact of Gambling in Alberta. It was authored by a University of Alberta team of Dr. R. Brad Humphreys, Mr. Brian Soebbing, Dr. Harold Wynne, Dr. John Turvey, and Dr. Yang Seung Lee.

What were the objectives of this study?

This project examined the socioeconomic impact of gaming in Alberta using a modified SEIG framework. Based upon their original proposal, the team identified the following seven specific research questions to guide their inquiry (p. 33): 1. What are the nature, characteristics and magnitudes of the social and economic impacts of legalized gambling in Alberta? 2. Do geospatial patterns exist in these impacts? 3. Do the socioeconomic impacts differ as a function of type of gambling? 4. What, if any, relationship exists between gambling availability and gambling impacts? 5. Have the socioeconomic impacts of gambling changed over time? 6. Which specific individuals, groups, organizations and sectors benefit most and least from legalized gambling in Alberta? 7. What do the data suggest about potential future impacts of gambling expansion or contraction?

What were the findings of the study?

Rather than provide a formal cost-benefit accounting of gambling in Alberta, the authors indicated that the best course of action was to identify, describe, and evaluate the impacts associated with the activity.



“A decrease in the availability of legal gambling opportunities would reduce both benefits and costs.”

The Alberta Gaming Research Institute is a consortium of the Universities of Alberta, Calgary, and Lethbridge. Its primary purpose is to support and promote research into gaming and gambling in the province.*

OUR MISSION

To significantly improve Albertans' knowledge of how gambling affects society

“Gambling was associated with personal and business bankruptcy and financial distress...”

The following benefits¹ **associated with legal gambling** in Alberta were identified in the report:

- The gambling industry generated a significant number of jobs (as many as 10,000 positions) and payroll in the province (\$97-million in 2009). New hires into jobs came from the ranks of the unemployed.
- The Alberta government benefits from revenues generated by legal gambling. Remitted profits (\$1.7-billion in 2009) accounted for 4.7% of own source revenue in Alberta.
- Charitable organizations in communities across Alberta derived funds from the charitable gambling model and Alberta Lottery Fund grants. From 1998-2009, approximately \$6.6-billion was distributed from these sources.
- Five per cent of tourists to the province (2007-2008) reported visiting a casino during their trip.
- Casino and horse race track visits generated significant “consumer surplus” (i.e., satisfaction beyond the total economic cost of traveling to a venue) in the province.
- Gambling participation rates by Albertans were high and the majority derived consumption benefits from this participation. Participation, especially casino gambling, appeared to be associated with higher self-reported happiness and lower self-reported stress among Albertans.

There were also **costs² associated with legal gambling** identified in the report. They included:

- The greatest costs (e.g., emotional and psychological, job loss, impact on family, premature death, etc.) that were associated with gambling came from problem gamblers.
- Gambling was associated with personal and business bankruptcy and financial distress and there was some evidence (described as “weak” by authors) that past increases in legal gambling in Alberta had led to some additional financial distress in the province.
- Gambling may have contributed to incremental social services costs as well as incremental infrastructure costs (actual costs are difficult to estimate). Incremental policing and judicial costs were incurred as a result of problem gambling.
- The relationship between gambling and crime in the province found mixed evidence. Problem gamblers were more likely to commit crimes though the authors were unable to identify the effect of this in their secondary data analysis.
- Government funded the costs associated with the regulation and oversight of the industry.
- Casinos generated traffic and may have led to a loss of community aesthetics.

In addition, the report discussed potential implications of an expansion or a decrease in legal gambling opportunities within Alberta. Though difficult to determine with certainty, the authors state that costs and benefits do not necessarily increase or decrease in proportion with addition or subtraction of venues. For example, an expansion of the gambling industry could lead to lower employment and output in other industries, to the extent that gambling is a substitute for other consumer goods and services (though they acknowledge there was little evidence of substitution in their research findings). A decrease in the availability of legal gambling opportunities would reduce both benefits and costs. However, a hypothetical decrease in legal gambling opportunities entails two additional

¹ Some benefits included in the report were quantified monetarily while others were only characterized as intangible or indirect in nature.

² As with benefits, some costs are quantifiable while others are not.

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elements. First, the government revenues generated by gambling revenues have potentially large opportunity costs, as general taxes would have to be raised to offset the loss in revenue, or existing government services in areas unrelated to gambling would have to be reduced. In this case, the opportunity cost is asymmetric. Second, the incidence of problem gambling may not decline in response to a decline in the legal gambling opportunities.

About the relationship between research, the public interest and policy making

In their report, the authors noted that researchers are often poorly equipped to answer those big-picture questions (e.g., “will the overall effect of increasing the amount of legal gambling available in the province be positive or negative?”) often demanded by the general public and policy makers. This is because “success” for academic researchers is determined by their ability to incrementally extend the existing knowledge base in their discipline. While doing so, careful researchers also acknowledging any limitations of their data, methods, tools, and limits of their disciplinary insights.

Were there recommendations for additional research?

In their analysis of available data, the report authors were able to identify a number of significant research “gaps” that would provide fertile ground for future investigations (see **Additional Research** section pp. 290-292). A number of these research gaps are of interest from both academic and public policy perspectives.

Examples of additional research questions: What is the most appropriate fiscal response if gambling revenues diminish in the future? What is the effect of proximity to casinos on owner-occupied residential housing units? Does opening of new gambling venues have an effect on crime rates? Do First Nations casinos create different impacts from traditional casinos? What is the relationship between casino gambling and the reduction of stress and health? Is the amount and proportion of gambling revenues distributed through the Alberta Lottery Fund appropriate? Why has bingo declined and what has been the resulting impact?

What data was collected to be used for the study?

Both primary and secondary data sources were used to conduct this research investigation. Primary data came from two Alberta population surveys conducted in mid-2008 and mid-2009 using both online panels and traditional telephone survey methodologies. Data was also obtained from provincial agencies—including Horse Racing Alberta, Alberta Gaming and Liquor Commission, Alberta Lottery Fund, and Northlands Park. Statistics Canada datafiles (e.g., CanSim II database, Labour Force Survey) were principally used as secondary data sources.

“Even though our secondary and primary data sources are not ‘perfect,’ we believe they permit a strong and thorough analysis of the impacts of gambling on society, including impacts across games types, domains, and geographical areas.”

The complete report is available from the Institute web site. Funding to support this research investigation came from the Institute strategic research grant entitled “*Social & Economic Impacts of Gambling in Alberta (SEIGA)*”.



Maxine Tedesco has been appointed the Alberta Gaming Research Institute’s “Interim Librarian and Information Specialist” while Rhys Stevens is on Study Leave (July 1, 2011-June 30, 2012). Ms. Tedesco has worked at the University of Lethbridge Library for 20+ years, having had experience with various subject and service areas but whose main area of expertise is related to Data, Government Documents and Geography/GIS. Maxine is also currently involved with the Library’s Research Services, Digitization and Data Integrity teams.



Maxine worked as a Library Assistant at both the University of Alberta and University of Lethbridge libraries before obtaining her Master’s degree in Library and Information Science (Western Ontario). She then went on to hold positions at the Prince George Public Library, the Lethbridge Public Library and the Lindsay Thurber High School Library in Red Deer before winding up back in her hometown of Lethbridge. An absolute love of travel has taken her to many, many places over the years and golfing keeps her busy in the summer.

The opportunity to take on this yearlong assignment holds great interest for Maxine and she’s looking forward to the challenge of upholding the excellent reputation of service that Rhys has established.

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