



# GAMBLING RESEARCH REVEALS

## Socioeconomic impacts of gambling in Alberta analyzed in comprehensive Institute-funded research report

The Institute recently released a highly anticipated research report entitled *Gambling in Alberta: History, Current Status, and Socioeconomic Impacts* (2011) on April 28th, 2011. Included within the peer-reviewed report is a wealth of background details, statistical data, and original research findings that meticulously detail how gambling has impacted the citizens of Alberta from 1970 to present. The investigation was undertaken by an interdisciplinary team of investigators from the University of Lethbridge led by Dr. Robert J. Williams, Dr. Yale D. Belanger and Ms. Jennifer N. Arthur. It is anticipated that these research findings will prove invaluable in the determination of how to best mitigate the negative socioeconomic impacts of gambling in Alberta in order to maximize its socioeconomic benefits.



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

### What was the purpose of this study?

The primary purpose of the investigation was to provide scientific results pertinent to the social and economic impacts of legalized gambling in Alberta. In order to accomplish this, the research collaborators formulated five specific research questions to guide their study (pp. 9-10). They were:

1. What is the magnitude of the social and economic impacts of legalized gambling in Alberta?
2. What is the nature of these social and economic impacts?
3. Which sectors, geographic areas, and demographic groups are most impacted and which are least impacted?
4. What are the main positive economic and social impacts and what are the main negative economic and social impacts?
5. What are the policy implications of these results?

## Report Structure & Highlights

The report is 300+ pages in length and organized into the following main sections:

- 1. Research Approach** (pp. 12-29) – The two main topics included in this section are: (a) methodology used to investigate the impacts of gambling, and; (b) discussion about the theoretical framework used by the research team to assess the socio-economic impacts of gambling in Alberta.
- 2. History of Gambling in Alberta** (pp. 30-74) – A detailed history of gambling in Alberta as well as event timelines documenting the introduction of different gambling formats to the province.
- 3. Empirical Results** (pp. 75-256) – The main body of report includes analyses of the social and economic impacts of gambling from 1970 to present. Included are background details concerning current regulation and provision of gambling (pp. 75-90) as well as a comprehensive accounting of Albertan gambling revenues (pp. 91-130).
- 4. Summary** (pp. 257-285) – Research findings, assessment of overall impacts, and policy recommendations deriving from results are included.
- 5. Appendices** (pp. 296-337) – Of special significance is Appendix A. 2008 and 2009 Alberta Population Surveys which contains details about two Albertan gambling prevalence studies undertaken for this project which utilized both the CPGI and PPGM instruments.

## What were the findings of the study?

The report's comprehensive analyses of impacts were distilled into the concise summary found in the 'Overall Impacts' section (p. 282). Economic and social impacts are presented separately.

The report's **economic-related findings** indicate that gambling provides a minor economic benefit to Alberta at the provincial level which is offset by some minor economic costs. The main economic benefits relate to the creation of additional economic activity as well as an incremental positive contribution to the value of built infrastructure. At a community level, significant economic benefits were found among First Nation (FN) communities hosting casinos. This is primarily because FN communities largely retain gambling-generated revenue principally derived from non-First Nations communities in Edmonton and Calgary. Economic costs of gambling include a small increase in monetary outflow to out-of-province jurisdictions because of the stimulation of market demand for gambling opportunities. It was also noted that Alberta's system of distributing provincial gambling proceeds to government and community groups ensures that gambling revenue stays within the province so that the benefits accrue to Albertans.

With respect to social or **"nonmonetary" findings**, there are important social benefits of gambling that are offset by some serious negative consequences. The major social benefit received from legalized gambling are enhancements to community and government services provided by agencies that receive these gambling-generated funds from the provincial government. Other important social benefits resulting from legalized gambling introduction include a decrease in illegal gambling, availability of legalized gambling as a popular leisure activity, and a minor increase in employment. Negative social impacts of gambling identified in the report are that gambling is slightly regressive<sup>1</sup> and that it creates some additional crime. The primary negative impact

of gambling is problem gambling. It was estimated to directly or indirectly affect between 8% and 10% of the population. There are serious consequences for a minority of these people (e.g., bankruptcy, divorce, unemployment, crime, suicide). A more directly attributable and ethically problematic aspect of legal gambling is that the majority of government gambling revenue is derived from a small proportion of the population that includes a disproportionate number of problem gamblers.

## What were the study's policy recommendations?

In the report's conclusion, the authors outline 'Recommendations' (pp. 283-285 based upon findings from the research initiative. These six recommendations are summarized as follows:

1. The legal framework for conducting gambling in Alberta is very complicated, archaic, and ambiguous. A fundamental revamp or update of the Canadian Criminal Code provisions concerning gambling is needed.
2. Provincial government control and delivery of gambling in Alberta has advantages from both an economic and social perspective and is probably best continued.
3. It is ethically problematic for charity groups and the provincial government to be directly involved in the delivery of a product where a substantial portion of the revenue derives from problem gamblers. There is an immediate need to reduce the financial draw from these gamblers.
4. Neither significant expansion nor significant retraction of gambling is advisable.
5. Direct First Nations involvement in the provision of casino gambling has generally been beneficial for the First Nations in Alberta. The revenue distribution model should, however, be re-examined.
6. Gambling is causing significant social harm in Alberta and its negative impacts need to be reduced.



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These recommendations specifically relate to the delivery of gambling in Alberta. They broadly indicate that policy decisions regarding changes in Alberta’s gambling landscape have the potential to result in beneficial outcomes for the citizens of Alberta from an overall socioeconomic perspective.

**What data was collected to be used for the study?**

Adding to the complexity of the investigation was a lack of any pre-existing comprehensive socioeconomic data available for Alberta that could be utilized to understand potential socioeconomic impacts. As such, the following data was collected for the study:

- **Two general population telephone/online surveys** of Albertans. During the summer of 2008, 3,001 individuals were interviewed and an additional 1,004 interviews took place the following summer. To supplement these results, an online general population sample was also collected via email solicitation using a database of Albertan online panelists.
- **Targeted population telephone surveys** conducted in 2008 (n= 4,512) and 2009 (n=3,624) which examined changes in attitudes, gambling behaviour, and problem gambling. Included in the studies were comparisons between four geographic areas that did not have casinos prior to their introduction in late 2007/early 2008 and four that had previously established venues.
- **Secondary data** from previous Albertan studies of gambling and gambling attitudes were compiled. Comparisons between secondary sources and data obtained specifically for this study assisted in understanding changes in population attitudes, behaviour, and problem gambling prevalence rates over time. They also provided an indirect way of gauging the impact of the introduction or expansion of the various forms of gambling. Details available in Appendix B. Alberta Population Surveys 1992 to 2009 (pp. 328-330).

- **Key informant interviews and focus groups** were conducted with municipal representatives to obtain qualitative information to supplement other quantitative data collection strategies. Participants were represented from 20 Alberta communities hosting casinos facilities. Included were mayors, municipal or band councilors, police officials and social services providers.

**How are socioeconomic impacts assessed in the study?**

As discussed in the report section, there has been no agreed-upon approach within the gambling studies discipline for assessing the socioeconomic impacts of gambling. Particularly contentious unresolved issues identified in the existing literature relate specifically to appropriately measuring and quantifying the social impacts of gambling.

The report indicates that there will always be subjectivity concerning the relative importance of the observed social impacts when juxtaposed with the observed economic impacts. To combat this subjectivity, twelve basic principles (pp. 21-29) were presented that recommend best practices for conducting socioeconomic impact studies. These principles ensure that results obtained are comprehensive, balanced, and scientifically rigorous. These principles were employed by the study team within report sections ‘Impacts of Legal Gambling’ (pp. 131-256), ‘Summary’ (pp. 257-274), and ‘Assessment of the Overall Impacts’ (pp. 275-282).

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)*”.

<sup>1</sup> Evidence indicates that the introduction of gambling has a differential financial impact on people of different socioeconomic levels. A regressive tax imposes a greater burden (relative to resources) on the poor than on the rich.