

**GAMBLING ON CULTURE IN CANADA:
GAMING AS A SOURCE OF FUNDING FOR
CULTURE, THE ARTS AND HERITAGE**

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EXECUTIVE SUMMARY

This vice brings in 100 million francs a year. I will certainly forbid it at once – as soon as you can name a virtue that brings in as much revenue.

Napoleon Bonaparte

This study set out to examine the extent to which cultural activity in Canada is being funded through gaming revenues. It uncovered a tangled web of gaming activities and an even more tangled web of revenue allocations from those activities.

Gambling in Canada has been legal since 1969 when an amendment to the Criminal Code gave the provinces authority to operate lottery schemes and casinos and to license charitable and religious organizations to conduct lottery schemes. In 1979, a federal-provincial agreement was entered into whereby the federal government agreed to abstain from conducting and managing lottery schemes. In return, the provinces agreed to pay the federal government the equivalent of C\$24 million (in 1979 dollars) annually.

Gross revenues from government-sponsored gambling in Canada rose from C\$2.7 billion in 1992 to C\$7.4 billion in 1998, a 170% increase. More recent data collected by Statistics Canada indicate that in 2001 gross revenues grew to C\$10.7 billion or about 7 billion Euros. Net revenue in 1999/2000 amounted to approximately C\$5.6 billion or 3.65 billion Euros. On average, net gambling revenue amounted to 5.2% of all provincial revenues in 1999/2000.

Growth in gambling revenues to the provinces and territories was spectacular during the 1990s, largely as a result of the growth of casino and VLT (video lottery terminal) gambling. In 1992, casinos accounted for only 1% of gross gambling revenues and VLTs for 9%. By 1999/2000, casinos were bringing in 32% of provincial gambling revenues, and VLTs were bringing in 25%, although lotteries still accounted for 30% of total net revenues. By 1999/2000, there were permanent casinos in all provinces except New Brunswick, Prince Edward Island and Newfoundland, and all provinces except British Columbia and Ontario allowed electronic gambling machines (such as VLTs and slot machines) outside of the casinos.

Gambling revenues make a significant contribution to provincial treasuries. Since gambling is by far the most profitable of provincial and territorial business enterprises, most provinces have extensive administrative structures in place to regulate and manage the gambling industry and, in a few cases, to distribute the revenues derived from it.

This study focuses on the administration and allocation of gambling revenues in four provinces – British Columbia, Alberta, Saskatchewan and Ontario. Among the key findings are:

- In 1999-2000, 40% of gaming revenue, or C\$740 million was returned to the government of British Columbia. Of this amount, approximately C\$156 million (or 21%) went to over 4800 charitable organizations, including those supporting culture and arts. Overall, about 11% of the gaming revenues allocated to or generated by charities were used for cultural purposes. Put in the context of overall government gaming revenues of C\$740 million in 1999-2000, about 2.3% can be said to have directly benefited the cultural sector.

- About 73% of Alberta's gaming revenue, or over C\$1 billion goes to 12 government ministries for community initiatives. Approximately 8% of gaming revenues (or about C\$75 million in 2001-02) is dispensed as grants to community organizations and is allocated through seven programs and foundations. An estimated C\$1.2 billion in gaming revenues will be transferred to the province in 2002-03. About C\$21 million is earmarked for the Alberta Foundation for the Arts, C\$5.9 million for the Alberta Historical Resources Foundation and C\$1.4 million for "arts development". As well, an undetermined amount will be granted to cultural volunteer projects under the Community Initiatives Program. Therefore, it appears that about C\$28.3 million or roughly 2.4% of total estimated gaming revenues will be allocated for cultural purposes in 2002-03.
- Unlike the other three provinces profiled in this study, Saskatchewan has several separate administrations and revenue streams for lotteries, casinos and VLTs/slot machines. Net provincial revenue from these sources was C\$520.8 million in 2001. However, it would appear that while about 67% of net lottery revenues finds its way into the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation, only about 4.4% of net revenues from VLTs, slot machines and casinos is allocated to the First Nations and Community Initiatives Fund, the other two granting bodies. Official sources suggest that about C\$13.9 million of total gaming revenues were allocated for cultural purposes in 2000-2001. This would mean that about 2.7% of the net gaming revenues flowing into the Saskatchewan provincial treasury are directly allocated to culture.
- As in Saskatchewan, the allocation of revenues from gaming activity in Ontario follows several paths. However, of the approximately C\$1.9 billion in net revenues from various types of gaming in Ontario, about C\$100 million is allocated to the Ontario Trillium Foundation for charitable grants. The balance is used for provincial priorities in the fields of health and education. Approximately C\$23 million was allocated in 2000-2001 by the Ontario Trillium Foundation for over 400 projects in the Arts and Culture Sector. This represents slightly over 1% of total provincial revenues from gaming.

The data examined for this study suggest that only between 1 to 3% of provincial gaming revenues is finding its way into cultural organizations. In terms of total provincial cultural expenditures, gaming revenues are a much more important source of cultural funding in Alberta and Saskatchewan than they are in British Columbia and Ontario. Despite the small amounts involved, it should be noted that in three of the four provinces examined (Ontario, Saskatchewan and Alberta) the amount of gaming money available for charitable and non-profit grants appears to have increased over the past three years. However, provincial governments may face pressure to direct even larger portions of the gaming windfall to sectors such as health care and education, which are widely perceived by the Canadian public as being underfunded and approaching a crisis. Should this occur, cultural organizations are unlikely to see more than modest increases in the amount of gaming revenue allocated to cultural granting programs.

There is some evidence to suggest that greater access to casinos, slot machines and VLTs may be contributing to problem gambling. Certainly, participation in this category of gaming has grown rapidly in the past few years. The participation rate for men in casino, slot machine and VLT gambling was only 14% in 1996, but grew to 20% in 2000. For women, the comparable figures were 11% in 1996 and 18% in 2000. Many recipient organizations have had to compromise their ethical standards somewhat to accept gaming grants. Non-profit

organizations appear to be especially concerned about profiting from the participation of low-income people in gambling, which is considered by some recipient organizations as “regressive taxation” and “a tax on the poor”. This seems to be particularly problematic for non-profit organizations providing health, education or social services, but less so for cultural organizations.

Beyond the impacts on recipient organizations, there is some evidence to suggest that the organizations running provincial gaming activities and dispensing the funding may also face ethical dilemmas. The study’s findings suggest that governments tread a fine ethical line by encouraging activities that are viewed as vices by some segments of the population and must therefore invest considerable resources in managing and monitoring gaming operations to ensure that public standards of probity, accountability and transparency are being met.

Gaming activities contribute significantly to the economies and cultural life of many Canadian communities. These positive developments are, however, counterbalanced by growing unease about the social impacts of gaming on communities. The Canada West Foundation surveyed over 2200 Canadians in 1999 to provide empirical support for an emerging national debate on the appropriate level of gambling in communities. It found that 68% of Canadians felt that gambling had not improved the quality of life in their communities and 84% felt that governments should hold public consultations before introducing new forms of gambling. While 47% were satisfied with current restrictions on gaming, 43% indicated that they would like to see more stringent rules. Some community organizations are also beginning to worry about the impression that funding from gaming revenues is giving their supporters. However, despite ethical concerns about the source of gaming revenues, neither non-profit groups nor the Canadian public appear to be willing to give up this lucrative source of support for community-based initiatives.

There are no easy choices when decision makers are forced to weigh economic benefits against social and cultural costs. Ultimately, politicians and senior bureaucrats in the provincial governments may adopt policies in response to the interest groups with the loudest voice, but at this point in Canada, it is not at all clear whose voice that will be. In the absence of pressure for change, it seems unlikely that provinces will shut down their gaming operations or withdraw their support to cultural and other non-profit or charitable groups, although voters may force them to curtail or limit the more intrusive forms, such as casinos and VLTs.

1.0 INTRODUCTION

In preparation for a meeting of CIRCLE (Cultural Information and Research Centres Liaison in Europe), Canada was asked to contribute to a source book on the use of lotteries to finance culture. We were asked to answer a short and seemingly straightforward questionnaire, but in the Canadian context, this proved to be impossible, for a number of reasons.

The first of these reasons is that Canada does not have one national lottery, but *several* national lotteries, all of which are administered by the 13 provinces and territories (the sub-national governments that form part of the Canadian confederation). The second difficulty arises from the fact that each of these 13 jurisdictions supplements the national lotteries with a series of regional and provincial lotteries, and that the proceeds of all these lotteries are fed into a single provincial / territorial financial account in each of these jurisdictions. Another barrier is that lotteries are only one source of gambling revenues for Canadian provinces and territories; in some jurisdictions traditional lotteries are rapidly being overtaken by other forms of gaming, such as casinos and video lottery terminals¹, as revenue sources. Finally, most jurisdictions funnel gambling revenues directly into Consolidated Revenue Funds (general government revenues) and do not provide detailed information as to how these monies are distributed.

Despite these difficulties, an interesting, if incomplete, picture of gambling and culture in Canada can be drawn. This paper will begin with an overview of the growing role of state-sponsored gambling in Canada as both a source of entertainment for individuals and a source of revenue for government. It will then examine how four separate jurisdictions in Canada – British Columbia, Alberta, Saskatchewan and Ontario – administer and allocate gambling revenues. Finally, it will discuss the implications of trends in state-sponsored gambling on Canadian society and culture.

2.0 CONTEXT

2.1 History

Gambling in Canada has been legal since 1969 when an amendment to the *Criminal Code* gave the provinces authority to operate lottery schemes and casinos and to license charitable and religious organizations to conduct lottery schemes. In 1969, the province of Quebec created La Société d'exploitation des loteries et courses du Québec (commonly known as Loto-Québec) to operate lotteries and games of chance in the province. In 1973, the federal government launched the Olympic Lottery Corporation of Canada to sell tickets to finance the 1976 Olympics in Montreal. Shortly thereafter, the Interprovincial Lottery Corporation was formed to operate joint lottery games across Canada. Over the 1974 to 1979 period, the Ontario Lottery Corporation, the Western Canada Lottery Corporation (which included the provinces of Manitoba, Saskatchewan, Alberta, Manitoba and the Yukon Territory) and the Atlantic Lottery Corporation (which included the provinces of Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island) were established to participate in the national lotteries and to operate local lotteries. All of these lottery corporations act as agents for the

¹ Video lottery terminals (VLTs) are coin-operated, freestanding electronic games of chance. Winnings are paid out through receipts that are turned in for cash, as opposed to cash payments from slot machines.

“shareholder” provincial and territorial governments, paying out prize money to winners and remitting profits to those governments.²

Almost from the beginning, lottery administration and profits became a source of friction between the federal and provincial governments. In 1979, a federal-provincial agreement was entered into whereby the federal government agreed to abstain from conducting and managing lottery schemes. In return, the provinces agreed to pay the federal government the equivalent of C\$24 million (in 1979 dollars) annually.³

Notwithstanding this agreement, in the early 1980s, the federal government set up a sports betting pool, called SportsSelect, to finance the 1988 Olympic Games in Calgary. The provincial governments together launched a suit against the federal government on the grounds that this sports betting pool violated the 1979 agreement. The dispute was finally settled in 1985, when another amendment to the *Criminal Code* removed the legal right of the federal government to operate lottery schemes. In return for the federal government’s vacating the field, the provinces agreed to drop their litigation and to contribute C\$100 million towards the 1988 Calgary Winter Olympics.⁴ The 1985 *Criminal Code* amendments also allowed the provinces, for the first time, to operate mechanical gaming devices, such as VLTs.

2.2 Revenues from government-sponsored gambling

Gross revenues from government-sponsored gambling in Canada rose from C\$2.7 billion in 1992 to C\$7.4 billion in 1998, a 170% increase. The provinces of Alberta and Saskatchewan had particularly large increases -- 501% and 413% respectively – in net revenue from gambling during the 1992-98 period.⁵ More recent data collected by Statistics Canada indicate that in 2001 gross revenues grew to C\$10.7 billion or about 7 billion Euros.⁶ Net revenue in 1999/2000 amounted to approximately C\$5.6 billion or 3.65 billion Euros.⁷ On average, net gambling revenues amounted to 5.2% of all provincial revenues in 1999/2000, although some provinces were more reliant on such income than others. Those provinces relying most on gaming to supplement revenues in 1999/2000 were Alberta (6.3%), Nova Scotia (5.6%), Manitoba (5.5%) and Quebec (5.0%).⁸

² Historical information is drawn from a number of sources, including the websites of the Western Canada Lottery Corporation (<http://www.wclc.com>), the Alberta Lottery Fund (<http://www.gaming.gov.ab.ca>), Loto-Québec (<http://www.loto-quebec.com>), the Atlantic Lottery Corporation (<http://www.alc.ca>), the Manitoba Gaming Control Commission (<http://www.mgcc.mb.ca>), and the Ontario Lottery and Gaming Corporation (<http://www.olg.ca>).

³ For the fiscal year ending on March 31, 2002, this amount equalled C\$56.6 million in current dollars. (Loto-Québec, *Building Beyond Gaming – Annual Report 2002*, (Quebec, 2002), p. 54.)

⁴ J. Burke-Robertson, *Report to the Native Citizens Directorate, Department of Canadian Heritage, on the Establishment of Lottery Foundations* (Ottawa, 1994), pp. 2-3.

⁵ Katherine Marshall, “Update on gambling”, *Perspectives on Labour and Income*, (Statistics Canada – Catalogue no. 75-001-XPE), (Spring 2000), pp. 30-31. “Gross revenue” is the amount left after players’ prizes have been paid out but before expenses have been paid. “Net revenue” is the amount left after prizes, commissions and other expenses have been paid.

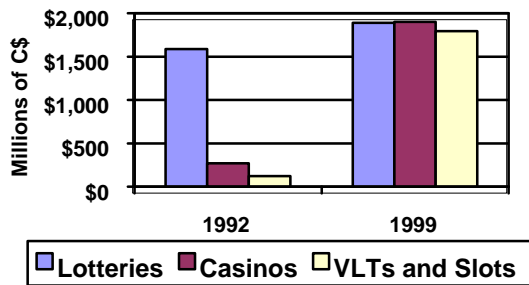
⁶ “Gambling: An update”, *The Daily*, (Statistics Canada, July 18, 2002) at [wysiwyg://www.statcan.ca:80/Daily/English/020718/d020718e](http://www.statcan.ca:80/Daily/English/020718/d020718e), accessed July 19, 2002.

⁷ The conversion rate used is 1 Euro=1.53 Canadian dollars, the prevailing rate in August 2002. Due to the many figures used in this study, conversions will not be provided for subsequent Canadian dollar amounts cited.

⁸ Statistics Canada, “Fact-sheet on gambling”, *Perspectives on Labour and Income*, (Statistics Canada – Catalogue no. 75-011-XIE), (July 2002), p.2.

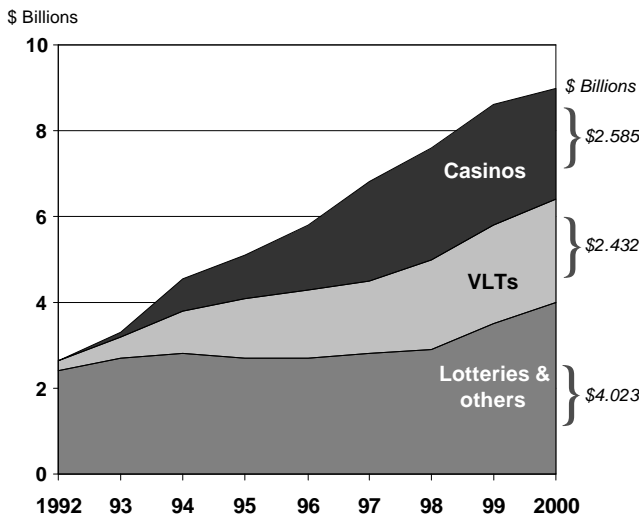
Growth in gambling revenues to the provinces and territories was spectacular during the 1990s, largely as a result of the growth of casino and VLT gambling. In 1992, casinos accounted for only 1% of gross gambling revenues and VLTs for 9%. By 1999/2000, casinos were bringing in 32% of provincial gambling revenues, and VLTs were bringing in 25%, although lotteries still accounted for 30% of total net revenues.⁹ By 1999/2000, there were permanent casinos in all provinces except New Brunswick, Prince Edward Island and Newfoundland, and all provinces except British Columbia and Ontario allowed electronic gambling machines (such as VLTs and slot machines) outside of the casinos.

Figure 1 - Provincial Net Gambling Revenue by Game, 1992-1999



As Figures 1 and 2 indicate, growth in the latter two categories over the 1990s far outpaced that of lotteries. Between 1992 and 1999, *net* lottery revenues grew by only 19%, compared to 573% for government-sponsored and government-licensed casinos and 1,369% for VLTs and slot machines (in bars and race tracks only – casino-based machines are excluded). Overall, as shown in Figure 2, while lotteries still brought in the largest *gross* revenues, casinos and VLTs grew rapidly as additional gambling revenue sources for the provinces during the 1990s.¹⁰

Figure 2 Provincial Gross Gambling Revenues 1992 - 2000



In addition to the “big three” (lotteries, casinos and VLTs), all provinces and territories allow the operation of bingos by charities, which generated over C\$360 million in net revenues for charities in 1999/2000. Charities made another C\$257 million in the same year from pull tickets (“break-open” or “instant win” tickets) and raffle tickets. The final source of significant gambling revenue is horse racing, which generated gross revenues (before operating expenses and purses) of C\$419 million in 1999/2000, shared by the provincial governments (C\$83 million), the federal government (C\$14 million) and the agricultural associations that operate the race tracks (C\$322 million).¹¹ Table 1 outlines the full array of games available in each of the provinces and territories.

⁹ Statistics Canada, “Fact-sheet on gambling”, p.1.

¹⁰ Figures 1 and 2 are derived from information in Jason J. Azmier, *Gambling in Canada 2001: An Overview*, (Calgary, August 2001), p.4 and Marshall, *op.cit.*, pp. 30-31.

¹¹ Azmier, *Gambling in Canada 2001: An Overview*, p. 6.

Table 1 – Games Available by Province – 1999-2000

Type of game	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NF	YK	NWT/ Nun
Lotteries	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Scratch tickets	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Raffles	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Break-open tickets	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sports tickets	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Charitable bingo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Satellite (linked) bingo	✓	✓	✓		✓	✓				✓		
Casinos	✓	✓	✓	✓	✓	✓		✓			*	
Slot machines	✓	✓	✓	✓	✓	✓		✓			*	
VLTs		✓	✓	✓	✓	✓	✓	✓	✓	✓		
Slots/VLTs in racetracks		✓	✓	✓	✓	✓						
Horse racing	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
First Nations gaming	✓	✓	✓	✓	✓	✓	✓					
Sports lotteries		✓								✓		✓

SOURCE: *Gambling in Canada 2001: An Overview*

* Seasonal casino, Dawson City

In 1999/2000, average provincial revenues per adult (over 19 years of age) were approximately C\$82 from lotteries, C\$78 from VLTs and slot machines (outside of casinos) and C\$73 from casino gaming.¹²

2.3 Gambling by Canadians – a common pastime

Data collected by Statistics Canada and the Canada West Foundation indicate that about three-quarters of Canadians participated in at least one gambling activity annually. Statistics Canada's 2000 Survey of Household Spending, which had a sample size of over 20,000 households, found an average expenditure of C\$492 by the 74% of Canadian households that reported gambling activity. Households in the province of Alberta spent the highest per capita amount on all forms of gambling in 2000 – an average of C\$610. Households in British Columbia spent the least per capita – only C\$385 on average. About 64% of Canadian households participated in government lotteries in 2000, spending an average of C\$245. Only about 21% of households reported spending on casinos or slot machines / VLTs outside of casinos, but each of those participating spent an average of C\$546.

Among individuals, Statistics Canada reported different gambling behaviour among men and women. Men spent an average of C\$567 on all forms of gambling, while women spent only an average of C\$388. Men between the ages of 45 and 64 were among the most active gamblers with a participation rate of 70% and an average per capita expenditure of C\$633. However, men 65 years of age and older spent the most per capita on casino, VLT and slot machine gambling (C\$1,649 each for the 13% who participated in this activity). Participation rates among women in the 45 to 64 year age group were similar to men's (73%), but their per capita expenditures were only \$482. However, the 18% of women who gambled in casinos or on

¹² Azmier., *Gambling in Canada 2001: An Overview*, p. 5.

VLTs and slot machines had by far the highest per capita gambling expenditures of all women at C\$1,059. The next highest per capita expenditure on gambling was among women in the over-65 age group -- C\$380 – but the majority of this expenditure was on bingo, on which the 15% of women over 65 who participated spent an average of C\$671 each.¹³

In 1999, the Canada West Foundation (CWF) conducted a much smaller survey of gambling behaviour and attitudes (involving just over 2200 respondents). It found participation rates roughly similar to those of Statistics Canada, with somewhat lower rates of participation in lotteries reported (50%) and somewhat higher rates for casino and VLT/slot machine gambling (about 25%). This survey also provides an interesting glimpse into the minds of those who are feeding the gambling machine in Canada. As Table 2 indicates, the chief motivation for gambling among participants was found to be “the thrill of winning”.

The thrill of winning	83%
Desire to donate to charities	49%
Entertainment	43%
Social reasons	25%
Other	27%

SOURCE: *Gambling in Canada 2001: An Overview*, p. 13

However, the CWF also found that motivations varied widely depending upon the type of gambling in which participants engaged. Those most likely to play for the thrill of winning were lottery players (86%). Those most motivated by entertainment went to horse races (58%) and casinos (56%). Those most motivated by social interaction were bingo players (42%). The only form of gambling that was clearly driven by a desire to donate to charity was raffles at 85%. On the other hand, fewer than 5% of those gambling at VLTs, bingos, casinos and horse races were motivated by charity.¹⁴ Given that many of these forms of gaming are “sold” to the public as a means of contributing to charitable causes, it would appear that such messages are having only a moderate impact.

3.0 PROVINCIAL ADMINISTRATION AND MANAGEMENT OF LEGAL GAMING

Gambling revenues make a significant contribution to provincial treasuries. The latest Statistics Canada figures for provincial and territorial government business enterprises indicate that the lottery, gaming and liquor enterprises together generated \$8.1 billion in net profits in 1999, with about \$5.6 billion of that amount coming from government-sponsored gambling.¹⁵ Since gambling is by far the most profitable of provincial and territorial business enterprises, it is not surprising that these governments have extensive administrative structures in place to regulate and manage the

¹³ Statistics Canada, “Fact-sheet on gambling”, (July 2002), p.4. Data on individuals were derived from an examination of one-person households.

¹⁴ Azmier, *Gambling in Canada 2001: An Overview*, p. 13.

¹⁵ “Provincial and territorial government enterprises finance – Fiscal year ended nearest to December 31, 1999”, *The Daily*, Monday, January 21, 2002, available at the Statistics Canada website: <http://www.statcan.ca/daily/English/020121/d02121b> - accessed July 11, 2002, and Azmier, *Gambling in Canada 2001: An Overview*, p. 3.

gambling industry and, in a few cases, to distribute the revenues derived from it. Table 3 outlines the main agencies involved in each of the provinces.

Table 3 - Provincial / Territorial Government Agencies Involved in the Gambling Industry			
Province/ Territory	Regulatory	Operating	Granting
British Columbia	Gaming Policy Enforcement Branch (Ministry of Public Safety and Solicitor General)	- British Columbia Lottery Corporation	Gaming Policy and Enforcement Branch (Direct Access Program)
Alberta	Ministry of Gaming	- Alberta Gaming and Liquor Commission (AGLC) - Western Canada Lottery Corporation (WCLC)	Community Facility Enhancement Program; Community Initiatives Program; Alberta Foundation for the Arts; Alberta Historical Resources Foundation; Alberta Sport, Recreation Parks and Wildlife Foundation; Human Rights, Citizenship and Multiculturalism Education Fund; Wild Rose Foundation
Saskatchewan	- Department of Municipal Government - Department of Youth, Culture and Recreation - Saskatchewan Liquor and Gaming Authority - Saskatchewan Indian Gaming Association	- Saskatchewan Lotteries (administered by Sask Sport Inc.) - Saskatchewan Gaming Corporation - Saskatchewan Indian Gaming Authority - WCLC	- Saskatchewan Lottery Trust Fund for Sport, Culture and Recreation (administered by Sask Sport, SaskCulture and the Saskatchewan Parks and Recreation Association) - Community Initiatives Fund
Manitoba	- Manitoba Gaming Control Commission - Manitoba Native Gaming Control Commission	- Manitoba Lotteries Corporation - WCLC	None (Gaming revenues are allocated by the government to priority programs in health care, education and social services.)
Ontario	- Alcohol and Gaming Commission of Ontario - Ontario Illegal Gaming Enforcement Unit - Ministry of Consumer and Business Services	- Ontario Lottery and Gaming Corporation	Ontario Trillium Foundation
Quebec	Régie des alcools, des courses et des jeux (Ministère de la Sécurité Publique)	- Loto-Québec - Société des loteries vidéo du Québec - Société des bingos du Québec	None (Gaming revenues are transferred to the Minister of State for the Economy and Finance, and to several Quebec government designated funds)
New Brunswick	New Brunswick Department of Public Safety	- Lotteries Commission of New Brunswick - Atlantic Lottery Corporation (ALC)	- Arts Development Trust Fund - Sports Development Trust Fund (administered by the Culture and Sport Secretariat and New Brunswick Arts Board)

Table 3 - Provincial / Territorial Government Agencies Involved in the Gambling Industry			
Province/ Territory	Regulatory	Operating	Granting
Nova Scotia	Nova Scotia Alcohol and Gaming Authority	- Nova Scotia Gaming Corporation - ALC	None (Gaming revenues are transferred to the province's consolidated revenue fund.) **
Prince Edward Island	- Office of the Attorney General for Charitable Gaming - PEI Lotteries Commission	ALC	None (Gaming revenues are transferred to the provincial consolidated revenue fund.)
Newfoundland	- Department of Government Services and Lands - Trades Practices and Licensing Division	ALC	None (Gaming revenues are transferred to the provincial consolidated revenue fund.)
Yukon Territory	Department of Community and Transportation Services	- Yukon Lotteries Commission (secretariat provided by the Yukon Liquor Corporation) - WCLC	Lotteries Yukon (a branch of the Yukon Liquor Commission) provides grants to not-for-profit organizations and local and First Nations governments for recreational and arts-related purposes.
Northwest Territories	Department of Municipal and Community Affairs	WCLC	Unclear from public documents
Nunavut Territory	Community Government and Transportation Dept.	WCLC	Unclear from public documents

SOURCES FOR TABLE 3:

Gambling in Canada 2001: An Overview, p.2
British Columbia Lottery Corporation Service Plan – Fiscal 2002/03 – 2004/05
Alberta Gaming Annual Report, 2000-2001
 Saskatchewan Lotteries website – <http://www.sasksport.sk.ca/>
 Saskatchewan Department of Culture, Youth and Recreation website – <http://www.cyr.gov.sk.ca/>
Manitoba Lotteries Corporation Annual Report 2000-2001
 Ontario Lottery and Gaming Corporation website: <http://www.olgc.ca>
Lottery Commission of New Brunswick Annual Report 2000-2001
 Government of New Brunswick legislative website: <http://www.gnb.ca/acts/>
New Brunswick Arts Board, Tenth Annual Report 1999-2000
Public Accounts of the Province of Prince Edward Island – Volume II, Details of Revenues and Expenditures
Financial Statements of Agencies and Crown Corporations For the Year Ended March 31st, 2001
Nova Scotia Gaming Corporation 2001-2002 Annual Report
Newfoundland and Labrador Estimates, 2002-03
Province of Newfoundland Public Accounts, Volumes II and III For the Year Ended 31 March 2001
 Government of the Yukon *Operations and Maintenance Estimates 2002-03*
 Yukon Liquor Corporation website: <http://www.ylc.yk.ca>
Government of the Northwest Territories 2002-2003 Main Estimates
 Government of Nunavut website <http://www.nu.ca>

NOTES FOR TABLE 3:

** Small payments (totalling C\$200,000 in 2001-02) are made to three special funds administered by the Department of Education and Culture (in support of the Cultural Federation of Nova Scotia), the Department of Agriculture and Fisheries (in support of the Exhibition Association of Nova Scotia) and the Sport and Recreation Commission (in support of Sport Nova Scotia).

As is evident from Table 3, the administration of the gambling industry varies from province to province. Most provinces and territories have a regulatory body in place (usually located within a government department), but these authorities tend to focus on overall policies for gambling (such as rules for charitable bingos and raffles or the regulation of VLTs) and do not generally have a direct role in either the operation of lotteries or the allocation of revenues from them.

While the biggest provinces (British Columbia, Ontario and Quebec) have their own lottery and casino operators, the smallest provinces and territories (Prince Edward Island, Newfoundland, the Yukon territory, the Northwest Territories and the Nunavut territory) have delegated their administrative role to either the Atlantic Lottery Corporation or the Western Canada Lottery Corporation. The mid-sized provinces (Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia), have established lottery or gaming corporations that take a more proactive role in developing lottery policies and regulations, operating casinos and VLTs (in a few cases) and acting as intermediaries between the interprovincial lottery operators, the provincial government and any granting agencies that exist. For example, the Manitoba Lotteries Corporation manages and operates two casinos and a VLT network and is the sole distributor of bingo paper, break-open tickets and tickets for lotteries operated by the Interprovincial Lottery Corporation and the Western Canada Lottery Corporation.¹⁶ Loto-Québec began as a lottery operator in 1969, but now also manages casinos and hotels, VLT networks and a charitable bingo network that distributes 70% of its profits to non-profit organizations. Loto-Québec is also actively involved in the development and marketing of interactive multi-media games.¹⁷

However, as this paper will focus on the administration and allocation of gambling revenues in four provinces – British Columbia, Alberta, Saskatchewan and Ontario – only the arrangements in place in those four provinces will be described in detail.

3.1 British Columbia (B.C.) – Administration and management of gaming

In September 2001, the provincial government announced significant changes in gaming regulation and administration in B.C. Five agencies responsible for gaming up to that time (the Gaming Policy Secretariat, the British Columbia Gaming Commission, the B.C. Racing Commission, the Gaming Audit and Investigation Office and the British Columbia Lottery Corporation (BCLC)) were consolidated into two organizations – the BCLC and the Gaming Policy and Enforcement Branch.

As noted in Table 3, the Gaming Policy and Enforcement Branch is responsible for the development of policy and the regulation and enforcement of gaming in B.C. The BCLC is the agent of government responsible for conducting, managing and operating all commercial gaming activities in the province, including lotteries, casinos, commercial bingo and horseracing. It employs over 600 people and is responsible to the Minister of Public Safety and Solicitor General through a Board of Directors appointed by the provincial government. It had sales of about C\$1.6 billion and net revenue of over C\$606 million in 2000-01. Net revenue from lotteries was C\$294 million, from casinos C\$300 million and from bingos C\$13 million. Most of this revenue was remitted to the provincial government for distribution.¹⁸

¹⁶ Manitoba Lotteries Corporation Annual Report 2000-2001 (available at <http://www.mlc.mb.ca>).

¹⁷ Loto-Québec, *Building Beyond Gaming – Annual Report 2002*, pp. 0, 25 and 30.

¹⁸ *British Columbia Lottery Corporation Service Plan, Fiscal 2002/03 – 2004/05*, pp. 3, 4, and 5 and *British Columbia Lottery Corporation Annual Report, 2001/02*, pp. 10 and 19. About C\$7.6 million was remitted to the federal government as compensation for vacating the lottery field.

In March 2002, the provincial government introduced the *Gaming Control Act*, which came into force on August 19, 2002. This legislation, which replaces the *Lottery Corporation Act* and the *Lottery Act*, is intended to “strengthen and streamline the management of gaming in British Columbia and ensure greater accountability for decisions”. The *Act* builds on the reorganization described above and provides a single legislative framework for gaming in the province to address what the Ministry of Public Safety and Solicitor General news release described as “duplication and inconsistency in gaming policy across the sector”.¹⁹

Under the new organizational and legal structure, the granting and licensing responsibilities of the former British Columbia Gaming Commission were transferred to the Licensing and Proceeds Distribution Division of the Gaming Policy and Enforcement Branch. This Division now determines the eligibility and licenses charitable organizations to receive gaming revenue through affiliation with a commercial bingo hall, independent bingos, social occasion casinos, charitable ticket raffles and gaming at fairs and exhibitions. It also distributes gaming revenues through a mechanism called “direct charitable access” (established in 1998) which makes contributions to community charitable organizations even if they do not conduct a gaming event.

Allocation of gaming revenues

According to the BCLC, in 2001-2002, the net revenues from its operations were distributed as follows:

Government of Canada		C\$7.6 million
Government of British Columbia		
Consolidated Revenue	C\$313.9 million	
Health Special Account	C\$144.5 million	
Charities	C \$ 97.4 million	
Host local governments (casinos)	C\$ 32.5 million	
Development Assistance	C\$ 6.1 million	
Problem Gambling Program	C\$ 2.5 million	
Gaming Policy Secretariat	C\$ 1.6 million	
TOTAL		<u>C\$598.5 million</u>
TOTAL NET REVENUES		C\$606.1 million²⁰

In April 1998, the Government of British Columbia announced that charities would be guaranteed a minimum of C\$125 million annually from gaming. A Direct Access Program, (administered then by the British Columbia Gaming Commission, but now by the Gaming Policy and Enforcement Branch) was established to distribute the granting portion of this money to charities. In 2000-2001, just over C\$96 million was granted to charities under the Direct Access Program. (The balance of the guaranteed amount was earned directly by the charities through bingos.)²¹

¹⁹ Ministry of Public Safety and Solicitor General, News Release, *New gaming law will strengthen accountability*, March 4, 2002.

²⁰ British Columbia Lottery Corporation, *Annual Report 2000/01*, (Kamloop 2001), p. 15.

²¹ British Columbia Lottery Corporation, *Annual Report 2000/01*, p 9.

The rules for accessing funding are the same for licensed gambling and direct charitable access. To be considered charitable, an organization must exist primarily for public service or community benefit. Organizations falling into the following groups qualify:

- Assistance to the Disadvantaged, Distressed and the Relief of Poverty
- Advancement of Education
- Advancement of Religion
- Culture and the Arts
- Amateur Athletic Sports
- Enhancement of Public Safety
- Enhancement of Public/Community Facilities
- Advancement of Public Health in the Community
- Conservation of the Environment
- Enhancement of Youth
- Community Service Organizations

Organizations receiving funding are required to have a separate bank account for gaming proceeds or direct access funding. Gaming funds in these accounts are held in trust for expenditure only on approved projects.²²

In 1999-2000, 40% of gaming revenue, or C\$740 million was returned to the government of British Columbia. Of this amount, approximately C\$156 million (or 21%) went to over 4800 charitable organizations, including those supporting culture and arts.²³ Table 4 indicates how this money was distributed. (Unfortunately, the web page where this information was lodged disappeared during summer 2002. No updated information on the distribution of gaming revenues to charities for years subsequent to 1999-2000 could be found.)

²² Gaming Policy and Enforcement Branch website: <http://www.bcg.gov.bc.ca/direct> , <http://bcgc.gov.bc.ca/terms/PART3> and <http://www.bcg.gov.bc.ca/application> accessed July 17, 2002.

²³ Gaming Policy and Enforcement Branch website, "Where Does the Money Go?" at <http://www.pssg.gov.bc.ca/gaming/where-does-the-money-go> accessed July 17, 2002.

Table 4 – Charitable Distribution of Gaming Revenues in British Columbia – 1999-2000		
Category of Applicant	Revenue Distributed (C\$)	Number of Charities
Advancement of Public Health in the Community	26,020,125	305
Assistance to the Disadvantaged	27,412,851	601
Advancement of Education	27,139,584	1,092
Amateur Athletic Sports	20,009,452	799
Community Service Organizations	17,538,859	771
Culture and the Arts	17,204,213	635
Enhancement of Public/Community Facilities	6,417,978	163
Enhancement of Religion	4,025,638	71
Advancement of Youth	3,981,467	156
Conservation of the Environment	3,272,828	101
Enhancement of Public Safety	2,864,594	128
Management of Bingo Association	3,175	1
Other	60,378	9
Total	155,951,143	4,832

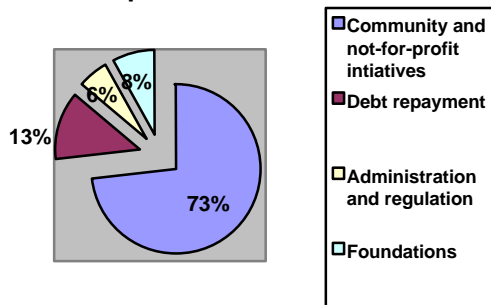
SOURCE: British Columbia Gaming Commission 1999/00 Report on Charitable Gaming and Access to Gaming Revenue at http://www.bcgbc.gov.bc.ca/afr/yr_9900/TOC , accessed July 17, 2002

3.2 Alberta - Administration and management of gaming

The Alberta Gaming and Liquor Commission (AGLC) administers the Alberta Lottery Fund, which manages and distributes the provincial government's portion of revenues derived from lotteries, video lottery terminals (VLTs) and slot machines. Before 1998, these revenues were transferred to the General Revenue Fund, but in response to recommendations made by the Alberta Lotteries and Gaming Summit in 1998, in that year revenues were redirected to support foundations and various community-based granting organizations and to community and not-for-profit initiatives funded through provincial ministries. A portion of this revenue is also used to repay the provincial debt.²⁴ Figure 3 indicates how the revenues were allocated in 1999-2000.

²⁴ Alberta Gaming, *Annual Report 1999-2000*, pp. 18-19.

Figure 3 - Alberta Lottery Fund Expenditures 1999-2000



More recent information from the Alberta Gaming *Annual Report 2000-2001* indicates that provincial proceeds from gaming were almost C\$988 million in fiscal 2000-2001. Video lottery terminals provided over C\$575 million of this revenue (or about 58%), while ticket lotteries accounted for about C\$161 million (or roughly 16%) and casino gaming terminals (including slots) for another C\$252 million (or about 26%).²⁵

SOURCE: Alberta Gaming *Annual Report 1999-2000*

Allocation of gaming revenues

As indicated above, about 73% of Alberta's gaming revenue goes to 12 government ministries for community initiatives. Table 5 outlines how this revenue is distributed.

Table 5 – Distribution of Gaming Revenues – Alberta 2001-02 and 2002-03 (Millions of Canadian dollars)		
Ministry	2002-03 (estimated)	2001-02
Agriculture, Food and Rural Development	16.6	11.6
Children's Services	25.0	1.2
Community Development	58.3	108.5
Economic Development	14.1	-----
Finance	319.8	44.0
Gaming	193.1	196.5
Health and Wellness	107.5	84.1
Infrastructure	105.0	345.0
Innovation and Science	182.6	90.8
Learning	84.1	52.2
Municipal Affairs	40.0	12.0
Transportation	65.0	70.0
TOTAL FUNDING	1.211 BILLION	1.016 BILLION

SOURCE: Government of Alberta News Release, *Gaming Minister confirms review of granting guidelines – Revenues continue to benefit Alberta's communities*, April 11, 2002.

The 8% of gaming revenues dispensed as grants to community organizations is allocated through seven programs and foundations. Five of these foundations (the Alberta Foundation for the Arts, the Alberta Historical Resources Foundation, the Alberta Sport, Recreation, Parks and Wildlife Foundation, the Human Rights, Citizenship and Multiculturalism Education Fund and the Wild Rose Foundation) receive allocations from the Community Development Ministry. The other two (the Community Facility Enhancement Program and the Community Initiatives

²⁵ Alberta Gaming, *Annual Report 2000-2001*, p. 86 (Note 4 to the Financial Statements, March 31, 2001).

Program) are managed by the Gaming Ministry. Table 6 shows the mandate and anticipated 2002-03 allocations for each of these grant-giving entities.

Table 6 – Foundation and Grant Programs – Alberta 2002-03		
Granting Body	Mandate	2002-03 Budget (Millions of C\$)
Community Initiatives Program	Project-based initiatives in community services, sport and recreation, libraries, culture and the arts, parks, health, education, social services and the environment	30.0
Community Facility Enhancement Program	Expansion and upgrading of community public-use facilities	25.0
Alberta Foundation for the Arts	Development of arts and film production sectors in Alberta	21.1
Alberta Historical Resources Foundation	Sponsorship of local heritage initiatives	5.9
Alberta Sport, Recreation, Parks and Wildlife Foundation	Support of recreation, sport, parks and wildlife protection in Alberta	15.1
Human Rights, Citizenship and Multiculturalism Education Fund	Reduction of discrimination and racism and promotion of equitable participation	1.1
Wild Rose Foundation	Support to increase the capacity of volunteer non-profit organizations	6.6
TOTAL		108.8

SOURCES: Government of Alberta News Release, *Gaming Minister confirms review of granting guidelines – Revenues continue to benefit Alberta’s communities*, April 11, 2002.
Government of Alberta News Release, *New \$30 million Community Initiatives Program to support thousands of volunteer initiatives*, June 24, 2002.

The Alberta government has indicated that funding for these six entities will continue to be over C\$100 million in 2003-4.²⁶

3.3 Saskatchewan – Administration and management of gaming

Unlike the other three provinces profiled in this study, Saskatchewan has several separate administrations and revenue streams for lotteries, casinos and VLTs/slot machines.

- **Saskatchewan Liquor and Gaming Authority (SLGA)** – The SLGA mandate is to distribute, control and regulate liquor and gaming products in Saskatchewan. It owns and operates video lottery terminals located in establishments licensed to serve alcohol. It also owns slot machines in casinos operated by the Saskatchewan Indian Gaming Authority (SIGA) and regulates charity gaming and casino activity in the province.²⁷ All

²⁶ Government of Alberta News Release, *Gaming Minister confirms review of granting guidelines – Revenues continue to benefit Alberta’s communities*, April 11, 2002.

²⁷ “Liquor and Gaming Authority Overview”, Government of Saskatchewan website at: <http://www.gov.sk.ca/deptsorgs/overviews> accessed August 16, 2002.

net profits from its VLT operations go into the provincial government's General Revenue Fund. Net profits from slot machines are divided as described in the bullet directly below.

- **Saskatchewan Indian Gaming Authority (SIGA)** – Under a Framework Agreement signed with the provincial government in 1995, the Federation of Saskatchewan Indian Nations established SIGA as a non-profit corporation to run four casinos on behalf of the government. Under this agreement, all profits from slot machines in **casinos on Indian reserves** are remitted to the Saskatchewan Liquor and Gaming Authority (SLGA) and are transferred to the provincial government's General Revenue Fund. These revenues are then divided as follows: 37.5% to the provincial government and 62.5% to the First Nations Fund (administered by the Ministry for Intergovernmental and Aboriginal Affairs). Profits from table games in on-reserve casinos go toward First Nations' charities. The provincial government retains 37.5% of net profits from slot machines in **off-reserve casinos**, 37.5% goes to the First Nations Fund and 25% goes to the Community Initiatives Fund (formerly the Associated Entities Fund, administered by the Ministry of Culture, Youth and Recreation).²⁸
- **Saskatchewan Gaming Corporation (SGC)** – Established in 1994, the SGC is a Crown corporation that administers and runs Casino Regina. The provincial government retains 50% of the profits from SGC's casino operations and pays 25% of net profits to the First Nations Fund and 25% to the Community Initiatives Fund.²⁹
- **Saskatchewan Lottery Trust Fund for Sport, Culture and Recreation** - The distribution and use of lottery profits in Saskatchewan is subject to an agreement between three organizations – Sask Sport Inc., SaskCulture and the Saskatchewan Parks and Recreation Association – and the Government of Saskatchewan. Sask Sport Inc. (a non-profit federation of provincial sports bodies) operates the Saskatchewan lotteries system on behalf of all three organizations. Net profits from lottery sales (after payments for prizes, ticket vendors, license fees, etc.) are distributed by the Trust Fund, which was established in 1974. The profits are distributed as follows: 50% to sport, 35% to culture and 15% to recreational groups.³⁰

Allocation of gaming revenues

As indicated above, there are several allocation paths for gaming revenues in Saskatchewan. Table 7 shows the source of these revenues.

²⁸ Provincial Auditor of Saskatchewan, *2000 Fall Report – Volume 2*, p.10.

²⁹ Provincial Auditor of Saskatchewan, *2000 Fall Report – Volume 2*, p.10.

³⁰ Provincial Auditor of Saskatchewan, *Auditor's Report – Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation*, (Regina, May 11, 2001), Note 1.

Table 7 – Gaming Revenues – Saskatchewan – 2001 (Millions C\$)		
Source	Gross Revenue	Net Revenue Transfer to Province
Saskatchewan Liquor and Gaming Authority:		
• VLTs	468.7*	424.1
• Slots in SIGA casinos	64.2	17.7
• Other gaming	18.5**	11.2
Saskatchewan Gaming Corporation	63.3	22.7
Saskatchewan Lotteries	128.5	45.1
TOTALS	743.2	520.8

SOURCES: Auditor's Report – *Liquor and Gaming Authority*, (Regina, June 15, 2001), Note 17.
Auditor's Report – *Saskatchewan Gaming Corporation*, (Regina, April 25, 2001), Statement 2 - Consolidated Statement of Operations and Retained Earnings for the Year Ended March 31
Auditor's Report – *Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation*, (Regina, May 11, 2001), Schedule 1 – Net Lottery Profits

* Includes C\$243.8 million in retained earnings from previous fiscal year.

** Includes C\$18.5 million in retained earnings from previous fiscal year. According to the Auditor's report, expenses for "Other gaming" in 2001 exceeded revenues by C\$7.3 million.

While allocation is as described in the four bullets above, it is difficult to match VLT, slot machine and casino revenues with the various granting bodies (although the trajectory of lottery revenues is somewhat more transparent). Table 8 shows the sources and the amounts of gaming money for each of the Funds mentioned above.

Table 8 – Allocation of Gaming Revenues to Granting Bodies Saskatchewan – 2000-2001 (C\$ millions)		
Granting Body	Budget	Sources
First Nations Fund	11.2	Saskatchewan Liquor and Gaming Authority Saskatchewan Gaming Corporation
Community Initiatives Fund (formerly the Associated Entities Fund)	9.6	Saskatchewan Liquor and Gaming Authority Saskatchewan Gaming Corporation
Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation	30.2	Saskatchewan Lotteries
TOTAL	51.0	

SOURCES: Government of Saskatchewan, *Annual Report 2000-2001 – Saskatchewan Culture, Youth and Recreation, and Saskatchewan Municipal Affairs and Housing for the fiscal year ending March 31, 2001*, Financial Statement, p. 47.
Auditor's Report, *Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation*, (Regina, May 11, 2001), Statement of Financial Activities

Comparing the figures in Table 8 to those in Table 7, it would appear that while about 67% of net lottery revenues finds its way into the Saskatchewan Lotteries Trust Fund for Sport, Culture

and Recreation, only about 4.4% of net revenues from VLTs, slot machines and casinos is allocated to the First Nations and Community Initiatives Fund. Of the three granting bodies included in Table 8, only the Community Initiatives Fund and the Saskatchewan Lotteries Trust Fund provide support for cultural projects.

3.4 Ontario – Administration and management of gaming

In Ontario, the Alcohol and Gaming Commission of Ontario (AGCO) is responsible for the regulation of casinos, charity casinos and slot machine facilities (operated in the province's racetracks). It is also responsible for the regulatory framework governing the issuance of lottery licences to religious and charitable organizations.³¹

The Ontario Lottery and Gaming Corporation (OLGC) was established in April 2000, when the Government of Ontario merged the mandates and operations of the Ontario Lottery Corporation and the Ontario Casino Corporation. It reports to the province's Attorney General. The OLGC is responsible for:

- The operation of fifteen lottery games (two interprovincial and 13 provincial lotteries)
- The operation of two province-wide electronic bingo games (in partnership with the Ontario Charitable Gaming Association and the Registered Gaming Suppliers of Ontario)
- The operation of five charity casinos in Brantford, Sault Ste-Marie, Point Edward, Thunder Bay and the Thousand Islands area
- The slot machine operations in the Great Blue Heron Charity Casino (an Aboriginal casino)
- The operation of slot machine facilities in 15 racetracks
- Ownership of three commercial casinos in Windsor, Niagara Falls and Rama (operated under licence by private operators).³²

Allocation of gaming revenues

As in Saskatchewan, the allocation of revenues from gaming activity in Ontario follows several paths.

Lotteries, bingos, charity casinos and slot machines in racetracks

- 100% of net revenues from electronic bingo games goes to local charities operating charity bingo halls;³³
- 20% of gross revenues from slot machines in racetracks goes to track owners and "horse people";³⁴

³¹ Alcohol and Gaming Commission of Ontario website at: <http://agco.on.ca:80/en/c.gaming/c.gaming> accessed on August 20, 2002.

³² "OLGC Fact Sheet" on the OLGC website at: http://www.olgc.ca/corp_media_fact.jsp accessed on August 20, 2002.

³³ "How do Charities Benefit?" on the Ontario Charitable Gaming Association website at: <http://www.pbcaa.com/superstar/benefit.asp> accessed on August 21, 2002.

³⁴ "Economic Benefits" on the OLGC website at: http://www.olgc.ca/econ_slot.jsp accessed on August 20, 2002. The term "horse people" is not defined.

- 20% of gross revenue from the slot machine facilities at the Great Blue Heron Charity Casino goes to the Province of Ontario (as part of the “Win Tax”);³⁵
- 5% of gross revenues from the first 450 slot machines in a racetrack goes to the local host municipality and 2% of gross revenues for the 451st and subsequent slots also goes to the local host municipality;³⁶
- 5% of gross slot machine revenues goes to communities hosting charity casinos;³⁷
- 100% of net revenues from lotteries, charity casinos and slot machines in racetracks is remitted to the Government of Ontario, with \$100 million annually (earmarked as coming from charity casinos) allocated to the Ontario Trillium Foundation for grants to charities, \$17 million annually allocated to the Ministry of Health and Long-Term care for research and treatment of problem gambling and the balance allocated for the operation of hospitals in the province.³⁸

Commercial Casinos

- 20% of gross gaming revenues from the three commercial casinos located in Windsor, Niagara Falls and Rama goes to the Province of Ontario (also as part of the “Win Tax”);
- 100% of net revenues from Casino Windsor and Casino Niagara goes to the Government of Ontario;
- 100% of net income from Casino Rama is directed to the First Nations Fund for distribution to Ontario First Nations.³⁹

Table 9 summarizes the sources of net revenues to the province from gaming for the fiscal year 2000-2001.

³⁵ Government of Ontario, *Public Accounts, 2000-2001*, “Ontario Lottery and Gaming Corporation”, Note 14 of the Consolidated Financial Statements, Volume 2, p. 1-114.

³⁶ “OLCG Fact Sheet” on the OLCG website at: http://www.olgc.ca/corp_media_fact.jsp accessed on August 20, 2002.

³⁷ “OLCG Fact Sheet” on the OLCG website at: http://www.olgc.ca/corp_media_fact.jsp accessed on August 20, 2002.

³⁸ Government of Ontario, *Public Accounts, 2000-2001*, Volume 1, “Details of Revenue”, p.1-10.

³⁹ Information in these three bullets from Government of Ontario, *Public Accounts, 2000-2001*, Volume 1, “Details of Revenue”, p.1-10.

Table 9 - Gaming Revenues – Province of Ontario – 2000-2001 (millions of C\$)					
Activity	Lotteries	Commercial Casinos	Charity Casinos	Racetrack Slot Operations	Total
Revenues:					
Lotteries	2,157.2				2,157.2
Slots		1,318.5	255.8	1,034.7	2,609.0
Tables		457.2	50.4		507.6
Non-gaming		159.5	12.4	.8	172.7
Less:					
Promotional allowances	n/a	102.4	4.7	n/a	107.1
Gross Revenues	2,157.2	1,832.8	313.9	1,035.5	5,339.4
Operating Expenses	1,450.0	1,382.5	188.7	509.8	3,531.0
Revenues less expenses	707.2	450.3	125.2	525.6	1,808.3
Plus:					
Interest and other income	16.1	54.7	3.7	10.0	84.5
NET REVENUE	723.3	505.0	128.9	535.6	1,892.8

SOURCE: Government of Ontario, *Public Accounts, 2000-2001*, "Ontario Lottery and Gaming Corporation", Note 12 on Segmented Information, p. 1-113. Figures may not add up due to rounding.

The revenue streams from the various sources outlined in Table 9 are allocated as follows:

- Net revenue from lotteries, charity casinos and slot machines at racetracks:

Ontario Trillium Foundation (for charitable grants)	C\$100 million
Ministry of Health and Long-Term Care (for problem gambling)	C\$ 17 million
Ministry of Health and Long-Term Care (for hospital operations)	C1,270.8 million

TOTAL **C\$1,387.8 million⁴⁰**

- Net revenue from commercial casinos (C\$505 million) goes toward provincial priorities in the areas of health care and education.⁴¹

⁴⁰ Government of Ontario, *Public Accounts 2000-2001*, Volume 1, "Details of Revenue", p. 1-10.

⁴¹ "OLCG Fact Sheet" on the OLGC website at: http://www.olgc.ca/corp_media_fact.jsp accessed on August 20, 2002.

4.0 PROVINCIAL ALLOCATION OF GAMING REVENUES FOR CULTURE

As with the administration and management of gaming revenues, provinces have a number of different mechanisms for allocating these revenues to the cultural sector. This section provides an overview of the granting agencies and programs in each of the four provinces profiled, outlining eligibility criteria for cultural organizations, the types of grants provided, the amount of funding provided and the percentage of gaming revenue flowing to the cultural sector in each jurisdiction.

4.1 *British Columbia (B.C.)*

As indicated in sub-section 3.1, in British Columbia cultural organizations are eligible to apply for funding through a mechanism called “direct charitable access” which can make contributions to community charitable organizations even if they do not conduct a gaming event.

Eligible “**cultural organizations**” are defined as those organizations providing programs and services to assist in the “preservation or enhancement of heritage, traditions and cultures and/or dissemination of knowledge within the community”. “**Arts organizations**” are defined as those organizations providing programs and services to assist in “individual fulfillment through scholastic training; advancement of a field of performing, visual or literary arts; or dissemination of knowledge within the community”.⁴²

Eligible uses for gaming funds include the following:

- Preservation or enhancement of traditions and culture;
- Training;
- Program development or enhancement of the performing, visual and literary arts;
- Publication and distribution of cultural or multicultural literature and materials;
- Competitions involving performing visual and literary arts or preservation of traditional art forms;
- Subsidization of cultural or performing arts public performances and festivals with clearly demonstrated community benefit;
- Costumes or uniforms;
- Trophies and awards;
- Administrative costs;
- Transportation and travel;
- Capital acquisitions and equipment.⁴³

In 1999-2000, of the C\$156 million that went to charitable organizations under **both** the direct access mechanism and charitable gaming licenses (for such games as bingo and “wheels of fortune”), just over C\$17.2 million was distributed to 635 culture and the arts organizations.

⁴² Gaming Policy and Enforcement Branch website: <http://www.bcg.gov.bc.ca/terms/PART4> accessed July 17, 2002.

⁴³ Gaming Policy and Enforcement Branch website: <http://www.bcg.gov.bc.ca/terms/PART4> accessed July 17, 2002.

This amounted to about C\$27,000 per cultural organization in that year.⁴⁴ Overall, about 11% of the gaming revenues allocated to or generated by charities were used for cultural purposes. Put in the context of overall government gaming revenues of C\$740 million in 1999-2000, about 2.3% can be said to have directly benefited the cultural sector.⁴⁵

4.2 Alberta

As indicated in section 3.2, the principal organizations distributing gambling revenues to arts and cultural organizations in Alberta are the Alberta Foundation for the Arts and the Alberta Historical Resources Foundation. In addition, the Ministry for Community and Municipal Development, which houses the arts and heritage policy units of the Alberta government appears to allocate a small portion of gaming revenues to arts activities, although the exact nature of this allocation is not completely clear from official government documents.

The **Alberta Foundation for the Arts (AFA)** is a Crown agency of the Government of Alberta, formed in 1991. Its budget in 2002-03 is C\$25 million. Its objectives, as stated in its Act, are to:

- Support and contribute to the development of literary, performing, visual and media arts in Alberta;
- Provide both individuals and organizations with opportunities to participate in the arts in Alberta;
- Promote the enjoyment of works of art by Alberta artists;
- Oversee the collection, preservation and display of works of art by Alberta artists;
- Encourage artists living in Alberta in their work.⁴⁶

The AFA provides the following types of support:

- Developmental support for individual artists;
- Funding for arts organizations and communities for specific events and festivals;
- Annual operating support for professional performing arts companies, public and institutional art galleries and major arts and cultural industries service organizations;
- Major facilities support for Citadel Theatre in Edmonton and the Calgary Centre for the Performing Arts in Calgary;
- Support for touring;
- Alberta Film Development Program;
- Book Publishers Program;
- Magazine Publishers Program;
- Operating funding for the Travelling Exhibition Program;

⁴⁴ *BCGC: 1999/00 Report on Charitable Gaming and Access to Gaming Revenue on Gaming and Policy Enforcement Branch website: http://www.bcg.gov.bc.ca/afr/yr_9900/TOC accessed July 17, 2002. (This web page has since disappeared.)*

⁴⁵ It should be noted that an unknown amount of the revenue that went to the Consolidated Revenue Fund in that year (about C\$325 million) may have been allocated for cultural purposes, but it has not been possible to determine how much.

⁴⁶ "All About Us", Alberta Foundation for the Arts website at: http://www.cd.gov.ab.ca/all_about_us/commissions/arts/act/index.asp accessed May 27, 2002.

- Annual funding for the Banff Centre for the Arts to provide scholarships for Albertans to attend programs;
- Annual funding for six arts summer schools;
- Alberta Heritage Scholarships, which provide support for mid-career development of artists;
- Visiting Artist Endowment and Graduate Scholarship Endowment for visual arts students at post-secondary institutions in the province;
- A visual arts promotion program;
- An art acquisition and art loan program.⁴⁷

In 2000-2001, the AFA provided over C\$14 million to more than 600 arts organizations. These organizations spent more than C\$174 million and organized over 33,000 events, attended by about 12 million people. Over 61,000 Albertans served as volunteers in these arts organizations in that year.⁴⁸ Like most funding organizations, the AFA has found it difficult to keep up with demand. In 1997, 70% of the applications it received were funded, but by 2000-2001 only 57% were awarded grants.⁴⁹

The **Alberta Historical Resources Foundation (AHRF)** is a Crown agency founded in 1976. Its budget in 2002-03 is C\$5.9 million. Although it is located within the Heritage Resource Management Branch of the Ministry of Community Development, it is governed by a board of directors consisting of volunteers from across the province. This board also adjudicates the applications received by the AHRF. The Foundation's mandate is to assist community heritage projects across the province using revenues from the Alberta Lottery Fund.⁵⁰ It provides financial, technical and professional support under the following programs:

- Heritage Preservation Partnership Program, which provides support for:
 - interpretative and educational initiatives that promote awareness of Alberta's history and pre-history;
 - the preservation and restoration of significant historic structures and historic, archaeological or paleontological sites in Alberta;
 - publications documenting Alberta's history and pre-history;
 - research to produce new understanding or add to the knowledge bases of Alberta's history and pre-history;
 - scholarships for graduate university students in disciplines related to the preservation of Alberta's history;
 - preservation and public display of transportation and industrial artifacts connected to Alberta's history.

⁴⁷ "All About Us", Alberta Foundation for the Arts website at: http://www.cd.gov.ab.ca/all_about_us/commissions/arts/press_releases/backgrounder/index.asp accessed May 27, 2002, and Alberta Foundation for the Arts, *Year in Review- April 1, 2000 – March 31, 2001*, pp. 4-7.

⁴⁸ "Message from the Chairman", *Year in Review – April 1, 2000 – March 31, 2001*, p. 2.

⁴⁹ "All About Us", Alberta Foundation for the Arts website at: http://www.cd.gov.ab.ca/all_about_us/commissions/arts/press_releases/backgrounder/index.asp accessed May 27, 2002.

⁵⁰ "All About Us", Alberta Historical Resources Foundation website at: http://www.cd.gov.ab.ca/all_about_us/commissions/historical_resources/index.asp accessed on July 3, 2002.

- Alberta Main Street Program, which offers assistance to municipalities for the preservation and revitalization of heritage streetscapes and districts;
- Annual funding for five provincial heritage organizations that provide funds to individuals and community groups for heritage purposes: Museums Alberta, the Archives Society of Alberta, the Historical Society of Alberta; the Alberta Genealogical Society and the Archaeological Society of Alberta;
- Provincial Heritage Markers Program, which maintains a network of 128 provincially owned point-of-interest signs.⁵¹

In 2001-02, the AHRF supported about 150 projects.

The **Ministry of Community Development's Cultural Facilities and Historical Resources Division** operates 18 provincial historical sites, museums and interpretive centres and the Provincial Archives. It also maintains provincial heritage collections, provides assistance to community-based preservation projects, provides historical designations to significant resources and operates the Northern and Southern Alberta Jubilee Auditoria.⁵² It appears that the Ministry will also be distributing C\$1.4 million in gaming revenues in 2002-03 for "arts development", although no details have been provided as to the nature of this allocation.⁵³

In addition, the new Community Initiatives Program, announced by the Government of Alberta in June 2002, will be open to proposals from community not-for-profit groups, municipalities, First Nations and Métis settlements that enhance or enrich culture, the arts or libraries. The maximum amount of funding available under this program will be C\$75,000 annually, and projects of C\$10,000 and over will require, in most cases, matching funding.⁵⁴

An estimated C\$1.2 billion in gaming revenues will be transferred to the province in 2002-03. About C\$21 million is earmarked for the Alberta Foundation for the Arts, C\$5.9 million for the Alberta Historical Resources Foundation and C\$1.4 million (identified above) for "arts development". As well, an undetermined amount will be granted to cultural volunteer projects under the Community Initiatives Program. In other words, it appears that about C\$28.3 million or roughly 2.4% of total estimated gaming revenues will be allocated for cultural purposes in 2002-03.

4.3 Saskatchewan

In Saskatchewan, as indicated in Section 3.3, gaming money for culture comes from two principal sources: the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation and the Community Initiatives Fund.

The **Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation** is governed by six volunteer committees from the sport, cultural and recreation communities, which are

⁵¹ "Preserving Alberta", Alberta Historical Resources Foundation website at: <http://www.cd.gov.ab.ca/preserving/heritage/ahrf/index.asp> accessed on July 3, 2002.

⁵² "All About Us", Alberta Community Development website at: http://www.cd.gov.ab.ca/all_about_us/ministry_overview/index.asp accessed on August 15, 2002.

⁵³ Government of Alberta, Table on "Lottery Fund – Summary of Payments", *2002-03 Estimates*, p. 212.

⁵⁴ Government of Alberta News Release, *New \$30 million Community Initiatives Program to support thousands of volunteer initiatives*, June 24, 2002.

accountable to the Minister of Culture, Youth and Recreation (since a government reorganization in February 2001).⁵⁵ Eligibility for lottery funding is limited to organizations that meet certain criteria, including being volunteer-based, being incorporated as a non-profit corporation under Saskatchewan law, being provincial in scope and having a membership structure and programming that promotes universal access and participation.⁵⁶

Of the approximately C\$45 million in net lottery revenues transferred to the Trust Fund, about C\$12.2 million is passed on to the province's General Revenue Fund and another \$3.4 million goes other organizations, including the federal government and the Saskatchewan Exhibition Association. This leaves about C\$30 million for sport, cultural and recreation grants.⁵⁷ In 2001, grant allocations were as follows:

Sport	C\$11.3 million
Culture	C\$9.0 million
Recreation	C\$3.8 million
Community Grant Program	C\$4.6 million
Canada Games Program	<u>C1.5 million</u>
TOTAL	C\$30.2 million⁵⁸

SaskCulture is a non-profit, community-driven, volunteer-based organization representing 100 member organizations and 28 individual members. In partnership with Sask Sport Inc. and Saskatchewan Parks and Recreation it operates the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation and serves as the trustee for the Culture Section of the Trust Fund.⁵⁹ The Trust Fund gives priority to projects that provide for:

- The economic and social health of communities;
- Equitable program opportunities for vulnerable children, youth and families; Aboriginal persons; residents of northern Saskatchewan; older adults; women; and persons with disabilities;
- Member involvement in the overall development of sport, culture and recreation;
- Sound governance and delivery mechanisms;
- Financial and program accountability.

SaskCulture has developed a cultural policy that provides further guidance for funding within the Culture Section of the Trust. It emphasizes:

- Cultural impact in terms of furthering the course of culture;

⁵⁵ "Saskatchewan Lotteries" on Sask Sport Inc. website at: <http://www.sasksport.sk.ca/lotto.html> accessed August 15, 2002 and *Annual Report 2000-2001 – Saskatchewan Culture, Youth and Recreation, and Saskatchewan Municipal Affairs and Housing*, p. 6. The Minister of Municipal Affairs and Housing was responsible for the Trust Fund prior to February 2001.

⁵⁶ "Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation" on Sask Sport Inc. website at: <http://www.sasksport.sk.ca/trustfund.html> accessed on August 15, 2002.

⁵⁷ Auditor's Report, *Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation*, (Regina, May 11, 2001), Statement of Financial Activities.

⁵⁸ Auditor's Report, *Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation*, (Regina, May 11, 2001), Statement of Restricted Fund Balances.

⁵⁹ "SaskCulture Inc. – An Organizational Overview", *SaskCulture Annual Report 2000-2001*, inside cover page.

- Participation and access;
- High standards of accountability;
- Organizational effectiveness.⁶⁰

In 2000-2001, SaskCulture distributed over C\$8 million through the Culture Section of the Trust. The funds were allocated as shown in Table 10.

Table 10 – Allocation of Funds by SaskCulture – 2002-2001 (thousands of C\$)			
Funding Block	Category	Amount	% of Total
Provincial Cultural Organizations (PCO)	Annual Global Funding to 30 Provincial Cultural Organizations	4,854.5	60.6
PCO Arts	Joint funding with Saskatchewan Arts Board	15	0.2
Administered Funds (grants administered for or by others)	• Artist in Residence	265	3.3
	• Festivals Grant Program	260	3.2
	• Gallery Grant Program	141.5	1.8
	• Museum Grant Program	457.5	5.7
	• Cultural Assistance Program	243	3.0
	• Multicultural Initiatives Fund	250	3.1
SaskCulture	Operations and partnerships	890	11.2
Tri-Partite (shared contributions with sport and recreation partners)	• Administration Centre	73.8	0.9
	• Federation of Saskatchewan Indian Nations	39.5	0.5
	• Métis Nation - Saskatchewan	24.5	0.3
Directed Grants (by Minister)	Mendel Gallery, Wanuskewin Heritage Park, Saskatchewan Express	491	6.1
TOTAL		8,003.5	100.0

SOURCE: “Culture Section of the Trust”, *SaskCulture Annual Report 2000-2001*, p. 10.

The Provincial Cultural Organizations (PCO) Block receives by far the largest portion of SaskCulture’s lottery funding, with the average grant being almost C\$162,000. The 30 organizations supported include groups such as Dance Saskatchewan, the Saskatchewan Motion Picture Association, the Museums Association of Saskatchewan and the Multicultural Council of Saskatchewan, 22 of which in turn allocate lottery funds to member organizations within their respective disciplines. Programs and services offered by the PCOs include touring exhibitions, performances, educational workshops, seminars and research projects. SaskCulture’s impact statistics indicate that together with their member organizations, the PCOs serve almost 172,000 members and offer over 7,000 programs in which more than 2.1 million people participated. In addition, almost 115,000 volunteers work in these organizations, donating over 8.9 million hours annually.⁶¹

⁶⁰ “Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation”, *SaskCulture Annual Report 2000-2001*, p. 9.

⁶¹ *SaskCulture Annual Report 2000-2001*, pp. 12-13.

In the Administered Grant Program, 231 grants totaling about C\$1.4 million were awarded in 2000-2001. Average grant size ranged from about C\$4500 in the Cultural Assistance Program (which provides training and travel grants and other project funding) to C\$25,000 in the Artist in Residence Program.⁶²

The \$4.6 million **Community Grant Program of the Trust Fund**, jointly administered by the sport, culture and recreation Trust partners, provides lottery funding to about 1200 communities in Saskatchewan to distribute to volunteer groups at the local level. The goal of the Program is to encourage involvement in sport, culture and recreational activities, and grants are determined by the size of the local population.⁶³ There are no statistics for 2000-2001 on the allocations from this fund, but SaskCulture estimates that in 1999 the Community Grant Program gave almost C\$539,000 to 932 community groups to carry out cultural activities. The average grant in that year was C\$578.⁶⁴

The Community Initiatives Fund (known as the Associated Entities Fund until June 2000) was created by the Government of Saskatchewan in 1994 to distribute a portion of casino profits to regional exhibition associations, Métis organizations for community-based business development, and non-profit groups providing programs and services to vulnerable children, youth and families. The Fund receives part of the profits from Casino Regina, the Golden Eagle Casino in North Battleford and the Northern Lights Casino in Prince Albert (as described in Section 3.3).⁶⁵ The Fund is managed by a Board of Trustees appointed by the government and is administered by Sask Sport on behalf of the Board. Under a revised distribution strategy approved in June 2000, the Program's mandate was extended to include support for hospital foundations, problem gambling prevention and treatment programs and construction or renovation of community cultural facilities.⁶⁶

The **Cultural Facilities Grant Program of the Community Initiatives Fund** provides funding to municipalities and non-profit organizations for the construction or renovation of cultural facilities that are important to the community. Eligible cultural facilities include community halls, museums, arts centres, libraries, theatres, art galleries or other facilities serving community cultural needs. The Program provides one-time funding, up to a maximum of 25% of the total project cost, for eligible expenses including:

- Professional and legal fees;
- Project design costs;
- Tendering costs;
- Construction costs;
- Purchase costs for a facility to be used as a cultural facility;

⁶² *SaskCulture Annual Report 2000-2001*, p. 13.

⁶³ "Saskatchewan Lotteries Community Grant Program" on Saskatchewan Sports Net website at: <http://www.sasksport.sk.ca/comgrant.html> accessed on August 15, 2002.

⁶⁴ *SaskCulture Annual Report 2000-2001*, p. 16.

⁶⁵ Government of Saskatchewan News Release, *Casino Profits Boost Cultural Projects*, (May 28, 2001) on Government of Saskatchewan web site at: <http://www.gov.sk.ca/newsrel/2001/05/28-372.html> accessed on August 15, 2002.

⁶⁶ "Community Initiatives Fund" on Ministry of Culture, Youth and Recreation website at: http://www.cyr.gov.sk.ca/programs_asso_entity.shtml accessed on August 15, 2002.

- Essential equipment needed to make the facility functional.⁶⁷

According to the audited financial statements of the Fund for the year ended March 31, 2001, grants in excess of C\$8.2 million were awarded by the Fund in that year. Of this amount, grants totaling about C\$5.4 million were approved under the Cultural Facilities Grant Program.⁶⁸

Adding up all the cultural funding described above, it would appear that about C\$13.9 million of total gaming revenues were allocated for cultural purposes in 2000-2001. (This assumes that the tri-partite Community Grant Fund of the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation continued to provide about C\$500,000 for volunteer cultural activities at the local level as it did in 1999.) This would mean that about 2.7% of the net gaming revenues flowing into the Saskatchewan provincial treasury are directly allocated to culture.

4.4 Ontario

The Ontario Trillium Foundation, established in 1982, is an arm's length agency of the Ministry of Culture. It distributes about C\$100 million annually from gaming revenues to charitable and non-profit community organizations in four activity areas:

- Arts and Culture
- Environment
- Sports and recreation
- Human and social services

The goals of the Trillium Foundation are to support projects that:

- **Create economic opportunities for communities** by building skills, creating work or developing income-generating activities (e.g. a dance festival that promotes tourism or revitalizes a neighbourhood);
- **Contribute to community vitality** by making a significant contribution quality of life (e.g. a video celebrating multicultural artists' contributions to the community);
- **Increase access** by removing financial, physical, social cultural and language barriers that prevent participation (e.g. American Sign Language interpreters during a theatrical performance to accommodate people with hearing impairments);
- **Enhance volunteerism** by recruiting and training volunteers, strengthening organizational capability to engage volunteers, and diversifying the volunteer base (e.g. training youth as tour guides at a local historical museum);
- **Foster community harmony and safety** (e.g. sharing of history and culture between First Nations and non-native communities);
- **Find community solutions** by preventing or addressing the underlying causes of problems (e.g. a play by and about teenage mothers that is toured to local schools);
- **Make better use of community facilities or land** (e.g. converting an unused space into a studio and conference centre for multi-disciplinary arts);

⁶⁷ "Community Initiatives Fund (CIF) Programs: A Guide to the Cultural Facilities Grant Program" on Ministry of Culture, Youth and Recreation website at: http://www.cyr.gov.sk.ca/pro_cultural_grants.shtml accessed on August 15, 2002.

⁶⁸ Auditor's Report, *Associated Entities Fund*, (Regina, May 11, 2001), Statement of Operations and Net Assets and Note 3 to the Financial Statements.

- **Increase the effectiveness of organizations** (e.g. assisting an orchestra and a theatre company to jointly buy a networked box office and fundraising computer system).⁶⁹

The Trillium Foundation operates several programs:

- The **Community Program**, with an overall budget of C\$80 million annually, funds activities that take place in one catchment area and have a local impact. The budget is divided among 16 catchment areas on a per capita basis, and grant applications are reviewed by a volunteer grant review team in each area, which recommends approval or rejection to the Board of Directors of the Foundation.⁷⁰ The Program provides single or multi-year grants of up to C\$75,000 per year for non-capital projects or grants of up to C\$75,000 over one year for renovations and repairs or for equipment purchases.⁷¹
- The **Province-Wide Program**, with an overall budget of C\$20 million annually, funds proposals with a province-wide impact, defined as taking place in at least three catchment areas (or two in the northern part of the province). Under this Program, eligible organizations can receive single or multi-year grants of up to C\$250,000 for up to five years or grants of up to C\$75,000 over one year for renovations and repairs or for equipment purchases.⁷²
- The **Partnership Programs**, which consist of the Community Connections Program, the Community Linkages Program and Access Fund. Prior to March 31, 2000, these programs were administered by the Trillium Foundation on behalf of the Government of Ontario. Since then, the Foundation has integrated the Community Connections and Access programs into the Community or Province-Wide Programs, and the Foundation has ceased to receive funding from the provincial government for these programs. However, deferred contributions from these programs continue to be reported in the Foundation's *Annual Report* and Financial Statements.⁷³

Within the Arts and Culture sector, the Trillium Foundation funds organizations and activities in all disciplines, whether professional or amateur. This includes performing, media and visual arts; literature; arts education; community arts; heritage; and "diverse cultures" (which presumably refers to multicultural forms of expression and heritage). Organizations must be either charities or incorporated as not-for-profits in a Canadian jurisdiction. Unincorporated branches of charities or non-profit organizations are also eligible, as are First Nations initiatives endorsed by the local Band Council and initiatives from Métis Charter communities. Collaborative projects between two or more organizations are also eligible, provided that at least one of the organizations is eligible under the criteria described above.⁷⁴

In 2000-2001, the Trillium Foundation approved 1,511 grants worth over C\$101.7 million. The allocations to the four sectors were as follows:

⁶⁹ The Ontario Trillium Foundation, *Program Guidelines, 2001-2002*, p. 3 and p. 6 on Trillium Foundation website at: <http://www.trilliumfoundation.org/guidelines> accessed August 15, 2002.

⁷⁰ The Ontario Trillium Foundation, *Annual Report 1999-2000*, p. 4.

⁷¹ The Ontario Trillium Foundation, *Program Guidelines, 2001-2002*, p. 12.

⁷² The Ontario Trillium Foundation, *Program Guidelines, 2001-2002*, p. 13.

⁷³ The Ontario Trillium Foundation, *Annual Report 2000-2001*, p. 9 and p. 56 and Note 5 to the *Financial Statements, Ontario Trillium Foundation*, March 31, 2001.

⁷⁴ The Ontario Trillium Foundation, *Program Guidelines, 2001-2002*, p. 5.

Arts and Culture	21%
Sport and Recreation	17%
Social and Human Services	52%
Environment	10%

Approximately C\$23 million was allocated to over 400 projects in the Arts and Culture Sector.⁷⁵ According to sources in the Ministry of Culture, 33% of the cultural grants were for projects, 42% were for ongoing operating support and 26% were for capital projects.⁷⁶ Within the sector, 40% of grants went to performing arts organizations, 28% went to heritage organizations, 12% to community arts organizations and 8% to visual arts organizations.⁷⁷

While an unknown amount of the C\$505 million in revenue from commercial casinos in Ontario may have found its way into the budget of the Ministry of Culture and from there into the cultural sector, attempts to trace these funds have been unsuccessful. Therefore, the only clearly identifiable cultural funding from provincial gaming revenues is the C\$23 million granted by the Trillium Foundation. This represents slightly over 1% of total provincial revenues from gaming.

5.0 GAMBLING ON CULTURE: IMPACTS AND IMPLICATIONS

There is no doubt that gaming revenues are an important source of income for cultural organizations. But how important? What impact have revenues from government-sponsored gambling had on charitable and non-profit cultural organizations? Has increased gambling had an impact on individuals in the communities in which these organizations are situated? What are the impacts on the organizations themselves? And what are their implications? This section of the report will examine each of these questions in turn.

5.1 *Gaming revenue as an income source for cultural organizations*

Table 11 outlines the percentage of gaming revenues going to cultural organizations in each of the provinces, as well as the percentage of total cultural funding in the province that this represents. The reader should keep in mind that these calculations are based only on the information that could be found on gaming grants and does not include the unknown amounts that may have been allocated from gaming proceeds paid into provincial general revenue funds. It should also be noted that the latest Statistics Canada figures on provincial cultural expenditures are from 1999-2000, while Table 11 focuses on gaming revenues in 2000-2001. Nevertheless, since neither the amount of gaming grants allocated to culture nor provincial cultural expenditures vary greatly from year to year, the percentages are still probably fairly accurate.

⁷⁵ "Ontario Trillium Foundation Granting Activities 2000-2001", *Annual Report 2000/2001*, (June 29, 2001), p. 11, and personal communications from Gayle Waxman, Director of Policies and Standards, Ontario Trillium Foundation, August 7, 2002, and Catherine Ciavarella, Senior Policy Advisor, Policy and Agency Partnerships Branch, Ontario Ministry of Culture, August 26, 2002. Slightly different percentages were quoted by each of these sources. As a result, the figures used in the *Annual Report 2000/2001* have been assumed to be authoritative and are the ones cited.

⁷⁶ Personal communications from Catherine Ciavarella, August 26 and 27, 2002.

⁷⁷ Personal communication from Catherine Ciavarella, August 26, 2002. The remaining 12% were not specified.

Table 11 – Allocations of Provincial Gaming Revenue to Culture – 2000-2001*

Province	Total Gaming Revenues (Millions of C\$)	Total Gaming Allocations to Culture (Millions of C\$)	% of Gaming Revenues Allocated to Culture	Total Provincial Cultural Expenditures (1999-2000)	Gaming Allocations to Culture as % of Total Cultural Expenditures
British Columbia	740**	17.2**	2.3	295.4	5.8
Alberta	988	27.0	2.7	142.4	19.0
Saskatchewan	521	13.9	2.7	69.2	20.0
Ontario	1,892	23.0	1.2	513.0	4.5

* Includes libraries; heritage resources; arts education; literary, performing and visual arts; film, video, sound recording and broadcasting; multiculturalism and multidisciplinary cultural activities. Includes all capital, operating and granting expenditures by the provincial government.

** 1999-2000

SOURCES: British Columbia Gaming Commission 1999/00 Report on Charitable Gaming and Access to Gaming Revenue and Government of Alberta News Release, *Gaming Minister confirms review of granting guidelines – Revenues continue to benefit Alberta’s communities*, April 11, 2002. Saskatchewan Auditor’s Reports for the *Liquor and Gaming Authority, Saskatchewan Gaming Corporation and Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation* Government of Saskatchewan, *Annual Report 2000-2001 – Saskatchewan Culture, Youth and Recreation and Saskatchewan Municipal Affairs and Housing for the fiscal year ending March 31, 2001* Government of Ontario, *Public Accounts 2000-2001*, “Ontario Lottery and Gaming Corporation” Statistics Canada, *Government expenditures on culture*, (Catalogue no. 87F0001XPE) (May 2002)

The information on Table 11 suggests that only between 1 to 3% of provincial gaming revenues is finding its way into cultural organizations. In terms of total provincial cultural expenditures, gaming revenues are a much more important source of cultural funding in Alberta and Saskatchewan than they are in British Columbia and Ontario. The former two provinces appear to have made a policy decision to draw a greater percentage of cultural financing than the other two provinces from non-tax revenue sources, such as gaming. Saskatchewan, in particular, has allocated about two-thirds of net lottery proceeds to sport, culture and recreation grants, of which culture receives about 30% or \$9 million. Since lotteries are considered a “mature” gaming market that has not fluctuated a great deal in the past decade, this may reflect an attempt to bring a degree of funding stability to the sector. Ontario’s decision in 1999 to guarantee the Trillium Foundation \$100 million annually from gaming revenues represents a similar commitment. On the other hand, the high percentage of cultural funding being drawn from gaming sources in Alberta and Saskatchewan also suggests that this type of support may be considered peripheral to the core provincial government functions funded from more traditional sources, such as taxation.

While one should use caution when generalizing from the results of this four-province survey to all of Canada, because the availability of funding varies widely from province-to-province, it would appear that gaming revenues are a small but important source of income for most cultural organizations. Despite the relatively small amounts involved, there is evidence to suggest that gaming grants are critical sources of funding for some cultural organizations.

In 1999, the Canada West Foundation surveyed a sample of non-profit agencies in Ontario, Saskatchewan and Alberta that had received gaming grants between 1995 and 1998. A total of 406 of the 1005 organizations surveyed responded to the questionnaire and 47 participated in

follow-up telephone interviews. Arts and culture groups accounted for 38% of the returned surveys. While this is not a representative sample, since it included only those organizations that received funding and had a lower than expected response rate from Ontario, the results do shed some light on the impact that this support is having on recipient organizations.

The survey found that gaming grants were rated as the top source of funding by 28% of the overall sample and as one of the top three sources of funding for 50% of the organizations that responded. Among the arts and culture organizations that responded, 17% indicated that over half of their revenues came from gaming grants.⁷⁸ A full 84% of the total sample of all organizations agreed with the statement that “Without lottery/gaming grants and charitable gaming, many non-profits would not have the funds necessary to run their programs”.⁷⁹ As one director of an Alberta cultural organization stated in a telephone interview, “Our percentage of total revenue [from gambling grants] is insignificant; however, every dollar is spent carefully. Every dollar lost places us in a more vulnerable position.” Another Alberta director of an arts and culture organization echoed these sentiments, stating that “We would prefer not to have to rely on lottery funding, but in today’s economic climate we have no choice. Funding from any source is difficult.”⁸⁰

Part of this unease may stem from a perception that gaming grants are an unstable source of funding. More non-profit organizations surveyed (36%) thought that gaming grants would decrease in the future than increase (31%) or stay the same (33%).⁸¹ The instability of gaming grants is often viewed as being exacerbated by their dependence on government policies. As one director of a Saskatchewan sports organization was quoted as saying:

You’re at their mercy. If the lotteries don’t go well, obviously the next year you’re going to cut your funding. (sic) If the government decides to tax it heavier [through the lottery license fee], obviously you are going to lose some funding ... The other disadvantage is that they don’t turn anyone away [from the grants]. Anyone who comes up to them, they aren’t really turned away. So there are more groups cutting into the pie every year.⁸²

Despite these sentiments, it should be noted that in three of the four provinces examined (Ontario, Saskatchewan and Alberta) the amount of gaming money available for charitable and non-profit grants appears to have increased over the past three years. This is particularly the case in Ontario, where the Trillium Foundation prior to April 1999 received only about C\$13 million annually for charitable granting activities. In April 1999, this amount increased to C\$100 million annually as a result of the provincial government’s decision to cancel so-called “roving” charitable casinos, establish permanent charity casinos and guarantee a minimum allocation to the Trillium Foundation.⁸³ In British Columbia in 1998, the provincial government guaranteed charities C\$125 million annually from gaming revenues, and this amount is protected from

⁷⁸ Lolene Youngman Berdahl and Jason Azmier, *Summary Report: The Impact of Gaming Upon Canadian Non-Profits: A 1999 Survey of Gaming Grant Recipients*, (Calgary, July 1999), p.6.

⁷⁹ Youngman Berdahl and Azmier, *ibid.*, p. 7.

⁸⁰ Youngman Berdahl and Azmier, *ibid.*, pp. 8-9.

⁸¹ Youngman Berdahl and Azmier, *ibid.*, p. 11.

⁸² Youngman Berdahl and Azmier. *Summary Report: The Impact of Gaming Upon Canadian Non-Profits: A 1999 Survey of Gaming Grant Recipients*, p. 12.

⁸³ Ontario Management Board Secretariat News Release, *Ontario Restricts Expansion of Gaming in Ontario*, June 19, 2000 and Ontario Trillium Foundation *Financial Statements*, March 31, 2000.

inflation by being tied to increases in the consumer price index.⁸⁴ Moreover, unlike *charitable gambling* (where organizations run games themselves), *gaming grants* are viewed as helping to leverage funding from other sources. As the Canada West Foundation found, 23% of the organizations responding to the survey felt that gaming grants made it easier to attract corporate funding, while 20% said that they made it easier to attract foundation funding.⁸⁵

While lotteries have been a relatively low-growth gambling sector, with revenues increasing by only 19% over the 1992-2000 period, casino profits during that eight-year period grew by 573% and VLT and slot machine revenues (outside of casinos) soared by 1,369%.⁸⁶ Given this increase, it seems unlikely that provincial governments will cut back on the amount of gaming grants allocated to culture. However, these governments may face pressure to direct even larger portions of the gaming windfall to sectors such as health care and education, which are widely perceived by the Canadian public as being under-funded and approaching a crisis. Should this occur, cultural organizations are unlikely to see more than modest increases in the amount of gaming revenue allocated to cultural granting programs.

5.2 *Gaming and ethical issues*

It could be argued that Canadians, by engaging in government-sponsored gambling, and cultural organizations, by accepting gaming grants, have few moral qualms about these activities. However, there appear to be a number of ethical issues lurking below the surface of this apparent acceptance that may have future implications for the cultural sector.

5.2.1 *Social impacts of gaming on individuals*

There have been no national surveys of problem gambling, but individual provincial surveys reviewed by the Canada West Foundation suggest that between 3% and 5% of the adult Canadian population exhibits the symptoms of problem gambling. This represents about 640,000 to 1,000,000 Canadians. A public opinion survey on gambling conducted in 2000 found that 32% of Canadians knew someone whom they considered a problem gambler.⁸⁷ In 1999, the provinces spent over C\$28 million on programs to prevent and treat problem gambling. This was more than twice the amount that was spent only two years earlier in 1997. For the 2001-2002 period, provincial governments will be increasing the amount of money allocated for treatment to C\$44 million.⁸⁸ Table 12 shows the amounts, percentages and per capita expenditures for problem gambling in each of the four provinces profiled in this study.

⁸⁴ British Columbia Lottery Corporation, *Annual Report 2000/01*, p. 9.

⁸⁵ Youngman Berdahl and Azmier, *ibid.*, p. 12.

⁸⁶ See section 2.2 of this study for details of gaming revenue increases.

⁸⁷ Canada West Foundation, "Executive Summary", *Canadian Gambling Behaviour and Attitudes* on CWF website at: <http://www.cwf.ca/abcalcwf/doc.nsf/publ> accessed August 27, 2002.

⁸⁸ Azmier, *Gambling in Canada 2001: An Overview*, p. 10.

Table 12 – Provincial Allocations for Treatment of Problem Gambling 1999-2000			
Province	Amount allocated (millions of C\$)	% of Net Gaming Revenue	Expenditure per Adult (C\$)
British Columbia	2.0	.38	.65
Alberta	3.4	.40	1.58
Saskatchewan	1.5	.59	2.03
Ontario	10.0	.51	1.16

SOURCE: *Gambling in Canada 2001: An Overview*, p. 10

There is some evidence to suggest that greater access to casinos, slot machines and VLTs may be contributing to problem gambling. Certainly, participation in this category of gaming has grown rapidly in the past few years. The participation rate for men in casino, slot machine and VLT gambling was only 14% in 1996, but grew to 20% in 2000. For women, the comparable figures were 11% in 1996 and 18% in 2000.⁸⁹

Table 13 shows a significant increase in spending on gambling over the latter part of the last decade, particularly among men. These data indicate that, among those persons living alone who participated in gambling activity, expenditures have steadily risen. While average per person expenditures on lotteries remained relatively stable over the last half of the nineties, there appears to have been a shift among single men from gambling on lotteries and bingos to gambling in casinos and on slot machines and VLTs. Expenditures by men between 45 and 64 years of age averaged C\$1,282 in 2000, but were even higher among men over 65 who spent an average of C\$1,649 per capita on casino, slot machine and VLT gaming. Among single women, average per person expenditures on bingos have risen moderately, but the most significant increase among women has been in the amount spent in casinos and on slot machines and VLTs. Expenditures on the latter forms of gambling increased sharply in 2000, reflecting perhaps the enhanced availability of these gambling outlets. However, the figures also tend to support concerns expressed by organizations such as the Canada West Foundation that problem gambling is on the rise, and that some individuals may be spending more than they can afford on these newer, more insidious, forms of gaming.

⁸⁹ Statistics Canada, “Fact-sheet on gambling”, *Perspectives on Labour and Income*, (July 2002), p.4.

**Table 13 – Average Expenditures Per One-Person Household on Gambling Activities
Canada – 1996-2000 (C\$)**

Year	At Least One Gambling Activity	Government Lotteries	Casinos / slot machines / VLTs	Bingos
1996	334	193	451	526
Men	416	264	710	464
Women	270	138	217	540
1998	395	225	459	563
Men	550	330	790	730
Women	275	140	200	530
2000	476	184	796	549
Men	567	224	1,120	179
Women	388	143	454	604

SOURCES: Katherine Marshall, *The gambling industry: Raising the Stakes*, p.4
Katherine Marshall, *Update on gambling*, p. 33
Statistics Canada, *Fact-sheet on gambling*, (July 2002), p.4

These data support the existence of what the Canada West Foundation refers to as “the continuum of gambling vice”. Lotteries, pull-tickets and raffles are viewed by most Canadians as relatively benign forms of gaming, since individuals tend to risk smaller amounts of money on them. Bingo is a little higher up on the continuum since many bingo players are low-income and can least afford the money spent. Casino gaming is still higher on the continuum, and VLTs and slot machines are at the top due to their addictive nature. Given the evidence above, it would appear that ethical concerns about the excessive amounts of money spent on these forms of gaming by some Canadians may be justified.

5.2.2 Ethical impacts on recipient organizations

Many recipient organizations have had to compromise their ethical standards somewhat to accept gaming grants. Like most ethical decisions, these choices appear to have been made relative to alternatives with varying levels of acceptability. In the case of sports, recreation and cultural organizations, the alternative to accepting gaming grants is to curtail or cease operations. As one respondent to the Canada West Foundation put it, “Ethically our staff and board are always debating the issue. Our need for operating money usually wins out however.”⁹⁰ Faced with that prospect, it is hardly surprising that most organizations put aside their ethical concerns and take the money.

Non-profit organizations appear to be especially concerned about profiting from the participation of low-income people in gambling, which was referred to by some respondents to the above survey as “regressive taxation” and “a tax on the poor”. This was particularly problematic for non-profit organizations providing health, education or social services. However, the Canada West Foundation found that such concerns were not enough to cause these organizations to decline gaming grants.⁹¹

⁹⁰ Youngman Berdahl and Azmier, *ibid.*, p. 15.

⁹¹ Youngman Berdahl and Azmier, *ibid.*, p. 14.

In general, the organizations surveyed by the Canada West Foundation tended to let their commitment to their cause override ethical concerns about accepting gaming revenues. This was especially true of sport, recreation, arts and cultural groups. While 23% of respondents from social, health and education organizations agreed that their boards and their clients would oppose the use of gaming-generated funds, only 4% of respondents from sports and recreation organizations and 9% of respondents from arts and culture organizations felt the same way.⁹² A caveat to be noted, however, is that the survey sample included only those organizations that had received gaming grants. Therefore, this would exclude organizations whose opposition to such forms of revenue prevents them from even applying for such grants.

On the other side of the ethical coin is the nature of the activities funded by gaming grants. In general, most non-profit organizations and their clients are supportive of the type of activities that are funded from gaming revenues. The literature published by granting organizations is replete with descriptions of worthy causes supported by gaming grants. In the cultural field, the following are examples of the types of projects supported:

- The Alberta Foundation for the Arts funded artist residencies in 80 Alberta schools in 2000-2001 in which over 21,000 children participated.⁹³
- The Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation supported the work of 83 museums throughout the province in 2000-2001, as well as funding 22 Saskatchewan festivals celebrating the arts, multiculturalism and youth.⁹⁴
- The Ontario Trillium Foundation provided funding for Ballet Jorgen over three years to tour ballet throughout the province and to build audiences for local dance activities.⁹⁵

Few citizens of these provinces would object to this type of funding, particularly in provinces like Saskatchewan, where most cultural funding is derived from the relatively benign gaming activity of lotteries. Of the four provinces profiled in this report, two – British Columbia and Ontario – do not permit the operation of VLTs, so their cultural grants are untainted by association with them. In Saskatchewan, VLT profits go into general revenues and are therefore not directly linked to the charitable granting process. Only in Alberta do the proceeds from VLTs contribute to charitable gaming grants, but this fact does not appear to rate highly among the concerns of Albertans. In fact, the only objections to the use of gaming revenues recently voiced by recipients of gaming grants occurred when Alberta curtailed the \$53 million Community Lottery Boards and replaced them with the \$30 million Community Initiatives Program.⁹⁶

5.2.3 Ethical impacts on gaming organizations

Beyond the impacts on recipient organizations, there is some evidence to suggest that the organizations running provincial gaming activities and dispensing the funding may also face ethical dilemmas.

⁹² Youngman Berdahl and Azmier, *ibid.*, p. 15.

⁹³ Alberta Foundation for the Arts, *Year in Review- April 1, 2000 – March 31, 2001*, p. 3.

⁹⁴ SaskCulture, *Annual Report 2000-2001*, p. 14.

⁹⁵ The Ontario Trillium Foundation, *Annual Report 2000/2001*, p. 16.

⁹⁶ A typical letter written by the President of the Alberta Recreation and Parks Association to the Premier of the province stated that "...our Association also has serious reservations with the continuing movement of lottery/gaming revenues away from the support of areas such as recreation, sport, culture, the arts and parks, and the use of these revenues for the ongoing direct operation of core government services." (Letter dated April 5, 2002.)

Gaming is big business, and sometimes this can conflict with the accountability requirements of provincial governments. One of the most prominent recent examples of this type of problem arose in Saskatchewan. In 2000, the Provincial Auditor released a report on the Saskatchewan Liquor and Gaming Authority and the Saskatchewan Indian Gaming Authority (SIGA), which operates four casinos on behalf of the provincial government. As the Provincial Auditor stated, he became concerned about the management of public money by SIGA for the following reasons:

- We became aware of the improper use of public money by the Chief Executive Officer of SIGA and the inappropriate action of the Board of Directors of SIGA regarding this improper use of money;
- Liquor and Gaming did not ensure that SIGA had proper expense policies setting out what SIGA could incur and deduct from slot machine revenues;
- Liquor and Gaming did not adequately review and act on the actual expenses that SIGA deducted from revenues.⁹⁷

The Provincial Auditor also complained that the SIGA refused to let him examine the minutes of the meetings of the Board of Directors, making it impossible for him to fully discharge his duties to the Crown.⁹⁸ As a result, the Chief Executive Officer of SIGA was removed from his position and the debit and credit cards issued to the executive staff of SIGA were cancelled.⁹⁹ The Auditor also chastised the Saskatchewan Liquor and Gaming Commission for failing to set proper expense policies for SIGA and for lax monitoring of actual expenses incurred.¹⁰⁰

In the following year, the Provincial Auditor of Saskatchewan criticized the financial management practices of the trustees of the First Nations Fund, which receives a large portion of gaming revenues from slot machines in provincial casinos. The Auditor found that “Trustees of the First Nations Fund did not spend public money with due care. Nor did they ensure that money they paid to First Nations Bands and to other organizations was used as required by law.”¹⁰¹ Again, the Provincial Auditor criticized the government department responsible for overseeing the operations of the Fund – the Department of Intergovernmental and Aboriginal Affairs – for lack of attention to the financial management practices at the agency.

These examples are not intended to suggest that such problems are confined to Saskatchewan. Indeed, since these incidents, the Provincial Auditor has noted that “both Liquor and Gaming and SIGA have made good progress in improving their management of public money” and that there has been “improvement in the management and accountability practices of the Department of Intergovernmental and Aboriginal Affairs, and those of the Trustees of the First Nations Fund”.¹⁰² The examples cited do suggest, however, that there is a moral hazard involved in participating in the gaming industry.

As the Auditor General of British Columbia noted in a 1997 report on government alcohol, tobacco and gaming operations, “... there is danger that promoting the benefits of such

⁹⁷ Provincial Auditor Saskatchewan, *2000 Fall Report – Volume 2*, (Regina, 2000), p. 11.

⁹⁸ Provincial Auditor Saskatchewan, *2000 Fall Report – Volume 2*, p. iv.

⁹⁹ Provincial Auditor Saskatchewan, *2000 Fall Report – Volume 2*, p. 12.

¹⁰⁰ Provincial Auditor Saskatchewan, *2000 Fall Report – Volume 2*, p. iv.

¹⁰¹ Provincial Auditor News Release, *Auditor Calls for Better Supervision of Public Money*, June 7, 2001.

¹⁰² Provincial Auditor News Release, *Report highlights Government need to manage key risks*, December 13, 2001.

revenue sources can lead to conflicts between the desire to maximize revenues and the need to protect the public from the problems arising from the use of alcohol or tobacco, and from gaming activities”.¹⁰³ He emphasized the need for “government programs to establish clear direction for managing alcohol and tobacco sales and gaming venues – a responsibility that involves setting program goals, controlling access and minimizing health and social costs.¹⁰⁴ This was no doubt a motivating factor behind the introduction of the province’s new *Gaming Control Act*, which came into force on August 19, 2002 and which established a comprehensive framework for regulating and managing gaming in British Columbia.¹⁰⁵

It is clear that governments tread a fine ethical line by encouraging activities that are viewed as vices by some segments of the population and must therefore invest considerable resources in managing and monitoring gaming operations to ensure that public standards of probity, accountability and transparency are being met.

5.3 *Gaming and communities*

Gaming activities contribute significantly to the economies of many Canadian communities. In British Columbia in 2001-02, over 10 million people visited one of the 18 casinos in the province, and the local municipalities where the community casinos are located received almost C\$33 million, or 10% of the net revenues generated by those casinos. In the same year, about 3,800 lottery ticket retailers received sales commissions totaling more than C\$65 million.¹⁰⁶ In Alberta in 2001-02, there were more than 11,000 people employed in the gaming industry, and community and charitable groups raised more than C\$190 million from charitable gaming activities such as bingos, casinos, raffles and pull tickets.¹⁰⁷ In Saskatchewan, almost 600 grants are given to community cultural organizations each year, and the Saskatchewan Indian Gaming Authority employs more than 1100 people (70% of whom are of Aboriginal ancestry) in the four communities where it operates casinos.¹⁰⁸ In Ontario, the Ontario Lottery and Gaming Corporation has issued more than C\$139 million to host communities of charity casinos and slot machines at racetracks since 1998, and 27,000 jobs have been created at the three commercial casinos.¹⁰⁹ More than 100 First Nations communities across Ontario benefit from

¹⁰³ Office of the Auditor General of British Columbia, *A Review of Government Revenue and Expenditure Programs Relating to Alcohol, Tobacco and Gaming*, (Victoria, 1997), p. 1.

¹⁰⁴ Office of the Auditor General of British Columbia, *A Review of Government Revenue and Expenditure Programs Relating to Alcohol, Tobacco and Gaming*, p. 2.

¹⁰⁵ British Columbia Lottery Corporation News Release, *New Law Improves Management and Accountability of Gaming*, July 19, 2002 on wysiwyg://26/http://bclc.com/Corporate/News/NewLaw.html, accessed on August 28, 2002.

¹⁰⁶ British Columbia Lottery Corporation, *Annual Report 2001/02*, pp. 4, 11 and 13.

¹⁰⁷ “Gaming in Alberta” on the Alberta gaming website at: <http://www.gaming.gov.ab.ca>, accessed July 16, 2002, and Government of Alberta News Release, *Gaming Minister confirms review of granting guidelines – Revenues continue to benefit Alberta’s communities*, April 11, 2002.

¹⁰⁸ Saskatchewan Indian Gaming Authority, “Sharing a Winning Future” on SIGA website at: http://siga.sk.ca/more_about_us.htm, accessed on August 29, 2002.

¹⁰⁹ Ontario Lottery and Gaming Corporation News Release, *Ontario Lottery and Gaming Corporation distributes \$16.6 million to 19 communities*, July 18, 2002 on OLG website at: http://www.olg.ca/press/cs_pr_07_18_02_002.jsp accessed on August 20, 2002, and “Economic benefits” on OLG website at: http://www.olg.ca/corp_economic.jsp accessed on August 29, 2002.

about C\$400 million annually in net revenues generated by Casino Rama, and it is estimated that tourists inject C42.4 billion annually into the communities where casinos are located.¹¹⁰

These positive developments on the economic front are, however, counterbalanced by growing unease about the social impacts of gaming on communities. In Alberta, concerns about the negative effects of VLTs prompted local plebiscites in several communities in 1997 and 1998. Of the five communities holding local plebiscites in 1997, three communities voted to remove the machines. In 1998, plebiscites were held in 36 municipalities, and six communities voted to have their VLTs removed. In response, VLT retailers took legal action, and the courts ruled that the Alberta government could not direct the Alberta Gaming and Liquor Commission (AGLC) to remove the VLTs unless it put specific legislation in place. In 1999, the provincial government passed the *Gaming and Liquor Amendment Act*, which gave the government the authority to give policy direction to the AGLC and to terminate VLT retailer agreements in municipalities that had voted for their removal.¹¹¹

Communities in Ontario have also forced their provincial government to adopt a “go slow” approach to the expansion of gaming facilities. In June 2000, the government announced a three-year pause in the expansion of new charity casinos, commercial casinos and charity casinos at race tracks. At the same time, the Government of Ontario indicated that there would be:

- No table games at slot facilities at race tracks;
- No video lottery terminals in neighbourhood bars and restaurants (reaffirming a 1998 commitment); and
- No new commercial or charity casinos in a new host community beyond existing commitments.

The Ontario government also has in place legislation that requires a positive referendum vote and the support of the local municipal council before introducing new charity casinos in a community.¹¹²

These policies appear to reflect community attitudes toward gaming. The Canada West Foundation surveyed over 2200 Canadians in 1999 to provide empirical support for an emerging national debate on the appropriate level of gambling in communities. It found that 68% of Canadians felt that gambling had not improved the quality of life in their communities and 84% felt that governments should hold public consultations before introducing new forms of gambling. While 47% were satisfied with current restrictions on gaming, 43% indicated that they would like to see more stringent rules.

Other attitudes, however, seem to be less supportive of provincial governments’ gaming policies and practices. Although VLTs are widely available in bars and restaurants in most

¹¹⁰ Ontario Native Affairs Secretariat News Release, *Agreement Promotes Economic Development in First Nations*, June 9, 2000 on Ontario Native Affairs Secretariat website at: <http://www.nativeaffairs.jus.gov.on.ca:80/english/firstnations> accessed on August 20, 2002, and “Economic benefits” on OLG website.

¹¹¹ “History of Gaming in Alberta” on the Alberta gaming website at: http://www.gaming.gov.ab.ca/who/gaming_history.asp?, accessed on July 15, 2002.

¹¹² Management Board Secretariat News Release, *Ontario Restricts Expansion of Gaming in Ontario*, June 19, 2000.

provinces, 70% of Canadians think that they should be available only in casinos and race tracks. And, while the provinces retain over 80% of gaming revenues to help finance their fiscal priorities, 43% of Canadians believed that charities should be the primary beneficiary of these revenues.¹¹³

Immediate concerns about problem gambling and the impact of gaming on the quality of life of communities may foreshadow a more long-term negative effect. There appears to be little research on the impact that gaming has on the donor base of charitable and non-profit organizations, but some community organizations are beginning to worry about the impression that funding from gaming revenues is giving their supporters. The director of a Saskatchewan arts agency surveyed by the Canada West Foundation felt that there was an opportunity cost to advertising lottery program support: "People say, 'Well, they're already funded by Sask Trust so why do we need to put money into that?'"¹¹⁴

A more subtle, but even more serious concern, was voiced by the director of an Ontario social services organization whose thoughts are worth quoting at length.

I have a concern about what that support does to the culture of the non-profit sector. Because it starts to alter the concept. Before, the charitable sector was supported by people who examine charitable works and make a decision on a personal level whether or not that activity deserves their support. Now that connection has been altered. People might have a sense that gambling is entertainment and as a byproduct some funds go to the community. But they may be less concerned with it, not as close to that activity. If we distance the sense that people have to do charitable works or the practice of social responsibility, we alter that fundamentally in cultural terms, then 10 years down the road if that gaming system starts to fail, then we will have altered people's perceptions at a cultural level about their roles and responsibilities. And that is a bit of a threat.¹¹⁵

Perhaps, like 92% of Canadians, charitable and non-profit organizations believe that gambling is inevitable¹¹⁶ and that they might as well reap whatever benefits they can from it. The remarks of the Ontario social services director, however, highlight the policy dilemma that faces provincial governments seeking to strengthen volunteer activity in communities.

Gaming revenues are becoming a primary source of support for charitable and non-profit groups in communities, and the continued survival of these groups is considered vital to the social cohesion and sustainability of these communities. Therefore, provincial governments are under a great deal of pressure to maintain and augment gaming revenues for the benefit of charities.

¹¹³ Canada West Foundation, "Executive Summary", *Canadian Gambling Behaviour and Attitudes* on Canada West Foundation website at: <http://www.cwf/abcalcwf/doc.nsf/> accessed on August 27, 2002.

¹¹⁴ Youngman Berdahl and Azmier. *Summary Report: The Impact of Gaming Upon Canadian Non-Profits: A 1999 Survey of Gaming Grant Recipients*, p. 12.

¹¹⁵ Youngman Berdahl and Azmier, *ibid.*, p. 9.

¹¹⁶ Canada West Foundation, "Executive Summary", *Canadian Gambling Behaviour and Attitudes*.

On the other hand, many of the people served by these organizations are spending too much of their time and resources on gaming activities and, in some cases, this comes at the expense of the donor and volunteer base that charities and non-profits rely upon to sustain themselves. Provincial governments may, therefore, face pressures to make gaming less accessible and attractive and to encourage instead less entertainment-oriented forms of social giving.

There are no easy choices when faced with such a dilemma, as decision makers are forced to weigh economic benefits against social and cultural costs. Ultimately, politicians and senior bureaucrats in the provincial governments may adopt policies in response to the interest groups with the loudest voice, but at this point in Canada, it is not at all clear whose voice that will be.

5.4 Conclusions

This study set out to examine the extent to which cultural activity in Canada is being funded through gaming revenues. It uncovered a tangled web of gaming activities and an even more tangled web of revenue allocations from those activities.

One overall conclusion that can be drawn from this review is that provincial gaming revenues have soared over the past decade and have become a significant portion of overall provincial budgets. At the beginning of the 1990s, lotteries were literally “the biggest game in town”, and provided the majority of provincial gaming profits. By the end of the 1990s, provincial gaming activities had diversified and expanded, with government-operated casinos, slot machines and video lottery terminals beginning to overtake lotteries as prime revenue sources.

A second conclusion is that, while many communities, including First Nations communities, are reaping huge economic benefits from casinos and race track slot machines and from the tourism associated with them, the chief beneficiaries appear to be the provincial treasuries. Only the four provinces profiled in this study – British Columbia, Alberta, Saskatchewan and Ontario – had mechanisms in place to allocate a significant proportion of gaming revenue through grants or contributions to cultural and other non-profit groups. In most cases, gaming revenues became part of provincial consolidated revenues, making it impossible to trace where they were allocated and to whom.

A third conclusion is that this expansion did not come without problems. After several incidents of mismanagement of funds by gaming organizations and inappropriate use of funds by recipient organizations, provinces found themselves under increased pressure to rationalize the management of these vast gaming empires and to make them more accountable and transparent. Alberta has established a government department to oversee all legal gaming activity in the province, and both British Columbia and Ontario have recently consolidated and streamlined the administrative and regulatory structures of their gaming industries. It would appear likely that this trend will continue, given public concerns about the sources and uses of gaming revenues.

In the four provinces that were profiled, a variety of mechanisms are used to provide support for culture through gaming revenues. In Alberta and Saskatchewan, this type of

funding comprises a significant proportion of the cultural support available from the province. The study concludes, however, based on available evidence, that only a small percentage of overall gaming revenues (probably only between 1% and 3%) is being allocated for cultural purposes. This funding, however, appears to be relatively stable, as several provinces have made commitments to disburse a fixed amount of gaming revenues to charities each year. In the case of cultural organizations, the only foreseeable threat might come from public pressure to allocate more of this revenue to social programs such as health and education.

The type and extent of cultural support programs varies from province to province, but in most cases both operating and capital projects are eligible. Cultural support from gaming revenues in Saskatchewan is oriented toward organizations that are provincial in scope, but in the other three provinces, community-based projects appear to be given priority. In all cases, however, the majority of funding appears to find its way to community-based groups, either directly or through provincial intermediaries.

The study also concludes that many cultural groups receiving support from gaming revenues are relying heavily on this type of funding to carry out their basic activities. These activities range from artist residencies to festival funding to heritage preservation and interpretation. They involve, in one way or another, a great number of citizens and visitors, and stimulate or support a significant amount of volunteer activity. There is no evidence to suggest that cultural support from gaming revenues is in any way a peripheral or supplementary source of funding, and most cultural organizations appear to consider it essential to maintain their core functions. On the other hand, some have ethical qualms about using revenues derived from low-income people or persons with gambling addictions.

The study also uncovered evidence of negative social impacts for both individuals and communities as a result of increased gaming activity. A growing number of Canadians are being diagnosed as “problem gamblers”, and many communities have taken measures to ban certain types of gaming (especially VLTs) due to their addictive nature and their negative impact on quality of life. A few individuals in the non-profit and charitable community are also beginning to worry about the impact that such support is having on donor and volunteer bases. However, despite ethical concerns about the source of gaming revenues, neither cultural groups nor the Canadian public appear to be willing to give up this lucrative source of support for community-based initiatives.

In the absence of pressure for change, it seems unlikely that provinces will shut down their gaming operations or withdraw their support to cultural and other non-profit or charitable groups, although voters may force them to curtail or limit the more intrusive forms, such as casinos and VLTs. The impact that this activity may have over the longer term on the social fabric of communities may constitute a looming ethical dilemma for both provincial governments and recipients of gaming grants. However, until there is evidence that cohesive and sustainable communities are at threat, the attitude of all concerned appears to be to “let the games continue”.

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