

A sure bet industry

Katherine Marshall

Over the past 10 years government-regulated gambling operations have become commonplace in Canada. Since 1989, five provinces have established government-owned casinos. Lottery logos are commonly seen in convenience stores, with more than 35,000 retailers across the country selling government-sponsored lottery tickets. According to the provincial and regional lottery corporations, gross sales of lottery tickets in the 1994-95 fiscal year surpassed \$5 billion.

This burgeoning industry appears to be a good bet for government, creating new jobs, as well as generating profit. This article briefly traces the evolution of legal gambling in Canada and examines employment growth in the industry, as well as the characteristics of its workers and jobs. It also looks at who plays the lottery, and at how net revenue from government-run gambling has grown (see *Definitions*).

Legal gambling has existed for over 25 years

In 1969, the *Criminal Code* was revised to permit the federal and provincial governments to regulate and participate in a range of lottery schemes; charities were also allowed to conduct and profit from a similar, but narrower range of activities. Except for horse racing (see *Horse racing*) and the lottery schemes just mentioned, gambling is illegal in Canada.

The first national lottery helped finance the 1976 Olympic Games. In 1979, the federal government,

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Definitions

Full- and part-time work status: The Labour Force Survey assigns full-time status to all persons who usually work at least 30 hours a week at their main or sole job. Those who work less than 30 hours a week at their main or sole job are considered part-time. The Survey of Consumer Finances bases full- and part-time status on all jobs combined and on the respondents' report of whether the total work was mostly full- or part-time.

Gambling operation: Any establishment primarily engaged in legal gambling, such as casinos, lotteries and bingos. Horse racing is excluded because it is classified as a commercial spectator sport.

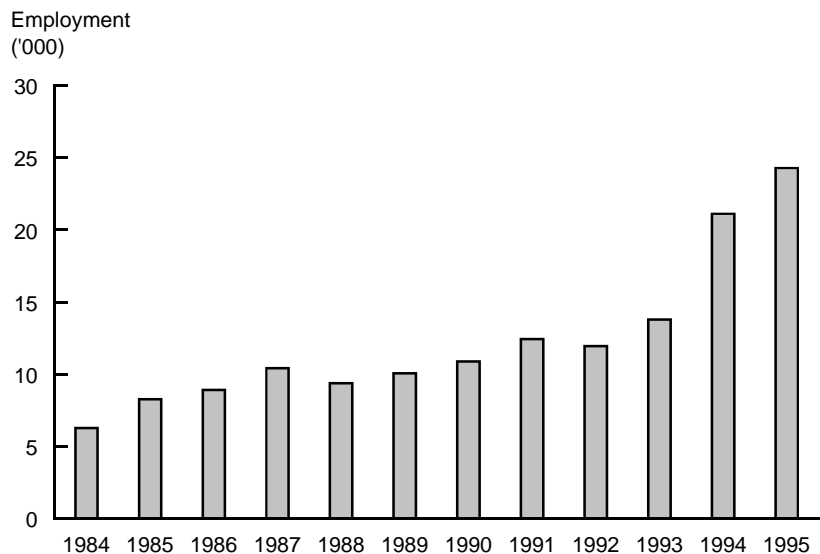
Gambling revenue: Consists of all net revenue generated from provincial and territorial government-run lotteries, casinos and video lottery terminals (VLTs); gambling revenue from charities and Indian reserves is excluded. Net revenue refers to total consumer expenditure on gambling, less prizes and winnings.

Video lottery terminal (VLT): A coin-operated, free-standing electronic game of chance. Winnings are paid out through a computer-receipt system (in contrast to the instant cash payment provided by slot machines located in casinos).

through its agent, Loto Canada Inc., withdrew from the sale of lottery tickets, granting sole control over public gambling to the provinces.

Since then, provinces have licensed and regulated this activity, within the confines of the *Criminal Code*.

Chart A
Employment in gambling * is rising.



Source: Labour Force Survey
* Excludes horse racing (see Definitions).

	Gambling	Non-gambling
	%	
Sex		
Men	44	55
Women	56	45
Age		
15 to 34	59	42
35 and over	41	58
Education		
High school graduation or less *	59	51
Postsecondary certificate, diploma or degree	41	49
Occupation		
Artistic, literary and recreational	38	2
Clerical	27	15
All other occupations	35	83
Work status		
Full-time **	69	81
Part-time **	31	19
		\$
Median earnings (1994)		
Full-time †	29,000	33,300
Part-time †	8,000	9,300

Sources: Labour Force Survey and Survey of Consumer Finances
 * May include some postsecondary education that was not completed.
 ** Status according to the Labour Force Survey (see Definitions).
 † Status according to the Survey of Consumer Finances (see Definitions).

Employment quadruples in a decade

In 1995, the gambling industry³ employed 24,000, up from just 6,000 in 1984 (Chart A). The big jumps in employment in 1994 and again in 1995 likely owe much to the trend toward more and larger government-run casino operations.⁴

The gambling industry indirectly bolsters employment in other industries as well; for example, casinos require goods and services such as food, game equipment and supplies, advertising and cleaning. Patrons contribute to the local economy through tourism: the largest casino in Canada, Casino Windsor, reports that 80% of its patrons are tourists, and of these 82% are

American. Furthermore, most provinces spend millions of dollars in lottery profits on hospitals, voluntary social service organizations, and sport, recreational and cultural projects, generating further employment.

Youths, women and part-time workers are prominent

Compared with other industries, there is an above average representation of women and youths employed in the gambling industry (Table 1). In 1995, 56% of those employed in gambling were women, who accounted for just 45% in other industries; and 6 out of 10 employees were under 35 years of age.

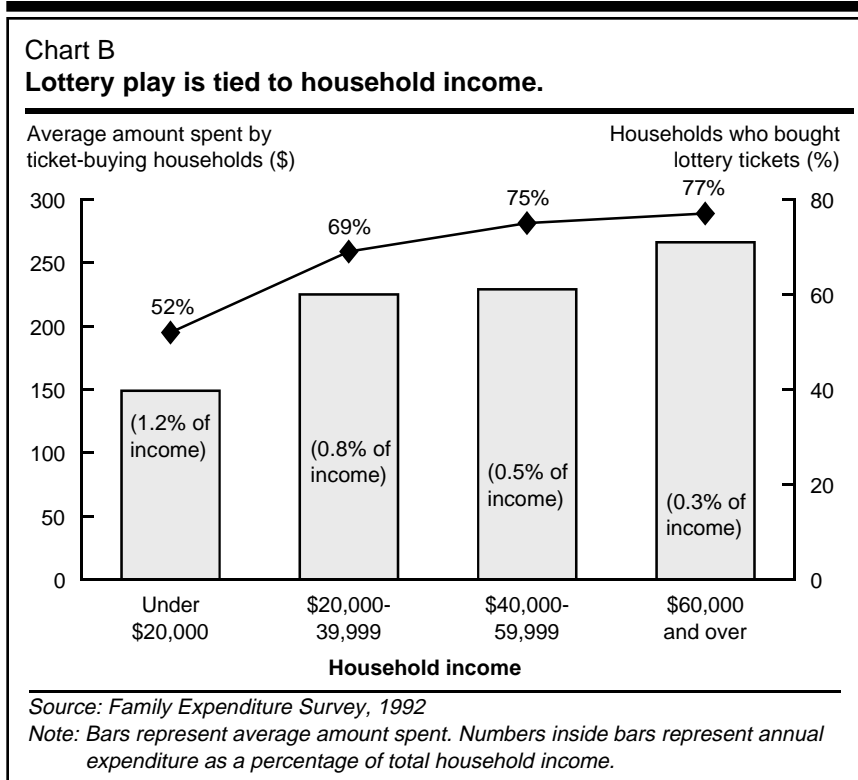
People employed in gambling were somewhat less likely to have obtained a postsecondary certificate, diploma or degree: 41% reached this level, compared with 49% of employees in non-gambling. Some schools are beginning to respond to the need for specially trained casino workers. For example, St. Clair College in Windsor, influenced by the employment needs of Casino Windsor, now offers certificate courses on card dealing and slot machine repair.

Most jobs in the gambling industry are concentrated in two major occupational groups – artistic, literary and recreational (38%), and clerical (27%). Within these two major groups, two specific jobs accounted for almost half of all employment in gambling: sports and recreation attendants (28%), and tellers and cashiers (16%).

Nearly one-third of those employed in the gambling industry work part time; just 19% of employees in other industries do so. On average, both full- and part-time employment in gambling pay less than in other industries. At \$29,000, the median earnings for full-time employment in gambling in 1994 were \$4,300 less than those for non-gambling employment (\$33,300). Part-time workers in the gambling industry earned an average of \$1,300 less than those in other industries: \$8,000 versus \$9,300. The earnings differential may be partly explained by the fact that those workers are younger and less educated than employees outside the industry.

Who plays the lottery?

In 1992, 69% of Canadian households bought government-run lottery tickets and spent an average of \$225.⁵ High income households spent more on lottery tickets than lower income households, although the amount represents less of their total income. In



1992, only a little over half (52%) of households with incomes below \$20,000 bought lottery tickets, spending an average of \$149 over the year – 1.2% of their average income (Chart B). In contrast, three-quarters (77%) of households with incomes of \$60,000 or more bought lottery tickets that year, and these buyers spent an average of \$266, or 0.3% of their income.

Gambling revenue more than triples in a decade

Although the provinces pay a set fee⁶ to the federal government for sole gambling rights, net revenue from lotteries, casinos and video lottery terminals (VLTs) has increased steadily since 1970, making substantial gains in the past decade. Net revenue reached \$1.3 billion in 1985, and had more than tripled by 1994. In 1995, net revenue was nearly four times that of 1985 (Chart C). In 1985, gambling revenue made up 1.7% of the total

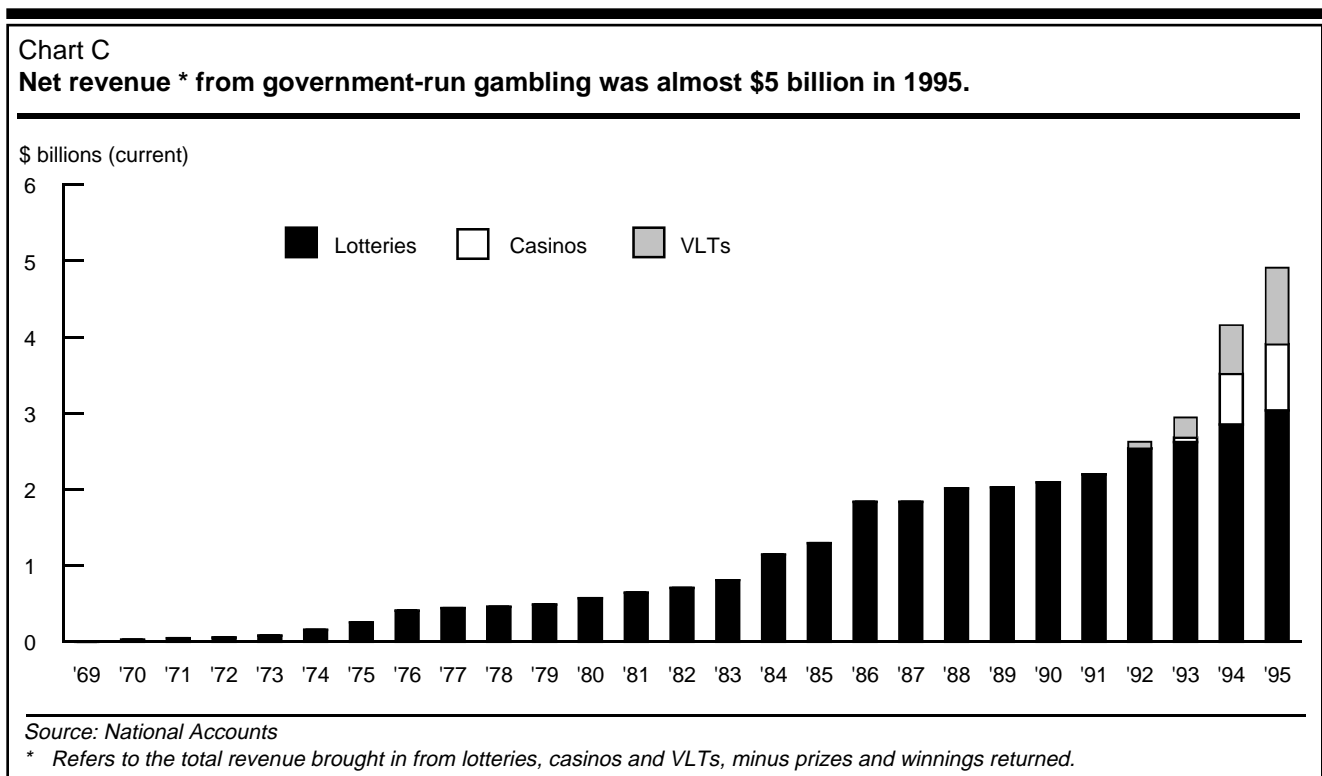


Table 2
Net gambling revenue – sources, and as a percentage of total revenue

	Gambling as % of total 1994 revenue*	Source of gambling revenue, 1993-94		
		Provincial lotteries	Casinos	Video lottery terminals (VLTs)
		%		
Newfoundland	4.1	55	Not permitted	45
Prince Edward Island	5.4	41	Not permitted	59
Nova Scotia	5.6	43	Introduced in 1995	57
New Brunswick	4.8	47	Not permitted	53
Quebec	3.1	88	12 **	Introduced in 1994
Ontario	3.1	100	Introduced in 1994	Introduced in 1996
Manitoba	4.2	24	32	43
Saskatchewan	2.9	38	Introduced in 1996	62
Alberta	3.8	41	Not permitted	59
British Columbia	2.1	100	Not permitted	Not permitted
Yukon and Northwest Territories	1.7	100	Not permitted	Not permitted

Sources: *National Accounts and Indian Affairs and Northern Development*

* Includes all taxes and investment income, but excludes transfers from other governments.

** This represents six months of the 1993-94 fiscal year.

received from taxes and investments for all provincial governments; by 1995 this proportion had increased to 3.8%.

Until 1991, all revenue from government-run gambling was derived from lotteries alone. In 1992, VLTs accounted for 3% of the total, and lotteries, 97%. Although revenue from lotteries continues to increase annually and still accounts for most of the revenue obtained from gambling, its share is dropping: by 1995, lotteries represented 62% of the total, casinos, 18% and VLTs, 20%.

Type of gambling revenue differs by province

By the early 1990s a number of provinces had begun operating casinos and VLTs (Table 2). In 1993, in Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan and Alberta, lotteries no longer accounted for most net gambling revenue. And Manitoba, the only province to offer all three types of gambling (lotteries, casinos and VLTs), drew only 24%

of its gambling revenue from lotteries. As of 1996, Nova Scotia, Quebec, Ontario and Saskatchewan permit all three types.

In 1994, revenue from gambling accounted for at least 4.1% of total government revenue in each of the Atlantic provinces. With the exception of Manitoba (4.2%) and Alberta (3.8%), the rest of the country reported considerably smaller figures, ranging from a low of 1.7% for the Yukon and Northwest Territories to a high of 3.1% for both Ontario and Quebec. Gambling provided a much smaller proportion of total government revenue in provinces with no VLTs.

Conclusion

Provincial and regional lottery corporations promote the notion that gambling or "gaming," particularly lottery play, is a relatively cheap form of fun and entertainment for Canadian adults. With net revenue from gambling almost \$5 billion, it is not surprising to find provincial governments increasing their investment in new gambling

schemes – namely, casinos and VLTs – because the chance for new jobs and more revenue appears to be a sure bet. □

Notes

1 In 1867, the new nation of Canada assumed existing British laws, including one that considered gambling a criminal activity. In 1886, parliament revised that law, to allow betting on horse races.

2 Since legalized in 1989, licensed off-site betting theatres have become increasingly popular; therefore, as of 1994 the pari-mutuel agency no longer records on-track attendance. Unless otherwise noted, all dates refer to calendar years.

3 This refers to employment within establishments primarily engaged in gambling. For example, a job bartending at a casino falls within the gambling industry. However, a job that involves selling lottery tickets at a kiosk or convenience store would fall within the retail or service industries. Some employment may be attributed to charity-run gambling, such as paid positions in a bingo hall.

Employment figures for gambling are underestimated because the Labour Force Survey does not cover Indian reserves. Many reserves, through provincial/territorial

Horse racing

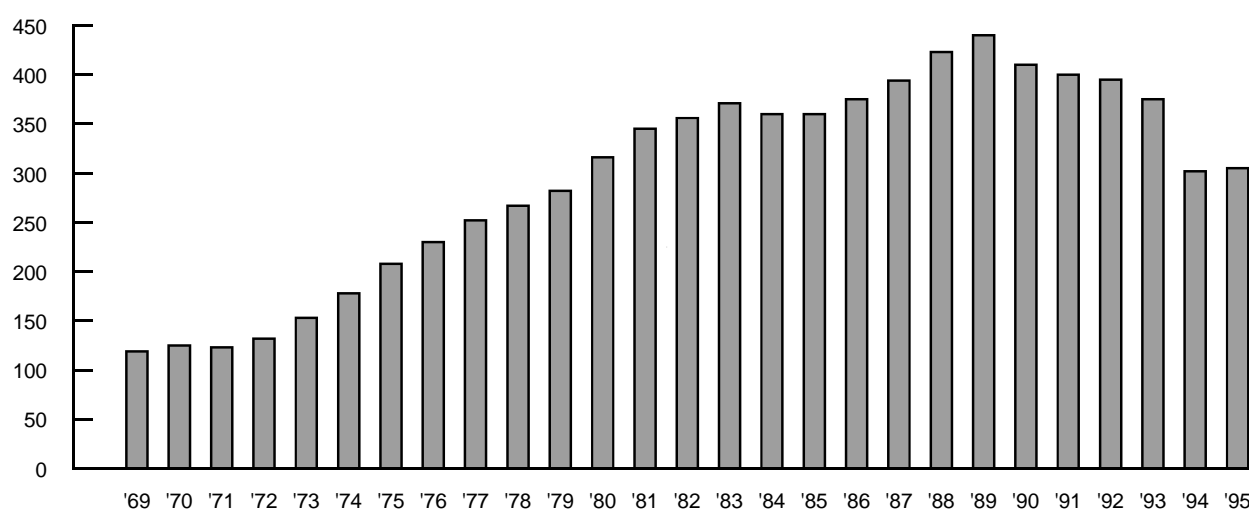
Other than government and charity-run lotteries and casinos, horse racing is the only legal¹ venue for gambling in Canada. However, this industry, also government-regulated, has been

declining for a number of years, some would argue, because of the ever increasing popularity of lottery and casino play. The net revenue generated from horse racing reflects the stagnation of

the industry: returns peaked in 1989 (\$440 million), and by 1995 had decreased to \$305 million. On-track annual attendance was 11.6 million in 1989; by 1993² it was 9.8 million.

Net revenue * from horse racing has fallen steadily since 1989.

\$ millions (current)



Source: *National Accounts*

* Refers to the total revenue brought in from on- and off-site horse racing, minus prizes and winnings returned.

agreements, control and run gambling activities such as lotteries, casinos and video lottery terminals (VLTs).

4 Casino de Montréal, which opened in October 1993, employs 1,860 workers; Casino Windsor, in operation since May 1994, employs 2,400.

5 Respondents consistently underreport their expenditures on government-run lotteries. Also, since cash casinos and VLTs are such recent phenomena, there were no categories for these expenditures on the 1992 Family Expenditure Survey.

6 The agreement stipulates that the provinces must jointly pay the federal government the equivalent of \$24 million, in 1979 dollars, each year.

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