Update on gambling

Katherine Marshall

The gambling industry grew steadily throughout the 1990s. Both those in favour of and those opposed to this provincially controlled and regulated industry continue to express the need for further information on the subject. This note updates national and provincial data for most charts and tables published in two previous *Perspectives* articles on gambling (Marshall, 1996 and 1998a). (See *Data sources and definitions*.)

Data sources and definitions

Family Expenditure Survey (FAMEX): collected, for various years since 1969, national information on expenditures, incomes and other characteristics of families and individuals living in private households. In 1997, this survey was replaced by the Survey of Household Spending.

Labour Force Survey (LFS): a monthly household survey that collects information on labour market activity from all persons 15 years and over, including detailed occupational and industrial classifications.

National Accounts: the quarterly Income and Expenditure Accounts (IEA) is one of several programs constituting the System of National Accounts. The IEA produces detailed annual and quarterly income and expenditure accounts for all sectors of the Canadian economy, namely households, businesses, governments and non-residents.

Survey of Household Spending (SHS): an annual survey that began in 1997 and replaced FAMEX and the Household Facilities and Equipment Survey. It collects data on expenditures, income, household facilities and equipment and other characteristics of families and individuals living in private households.

Gambling industries: This industry group covers establishments primarily engaged in operating gambling facilities, such as casinos, bingo halls and video gaming terminals; or providing gambling services, such as lotteries and off-track betting. It excludes horse race tracks and hotels, bars and restaurants that have casinos or gambling machines on the premises.

Gambling profit: net income from provincial and territorial government-run lotteries, casinos and VLTs, after deducting prizes and winnings, operating expenses (including wages and salaries), payments to the federal government and other overhead costs.

Gambling revenue: consists of all money wagered on provincial and territorial government-run lotteries, casinos and VLTs, less prizes and winnings. Gambling revenue generated by and for charities, and on Indian reserves is excluded.

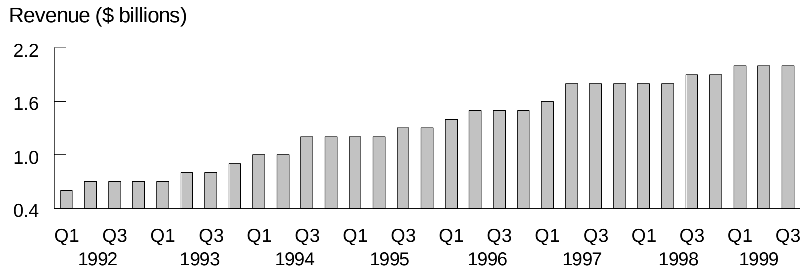
Government casino: a government-regulated commercial casino. Permits, licences and regulations for casinos, both charity and government, vary by province. Government casinos, now permitted in several provinces, also vary by the degree of public and private involvement in their operations and management. Some government casinos are run entirely as crown corporations, while others contract some operations—for example, maintenance, management and/or services—to the private sector.[1]

Video lottery terminal (VLT): a coin-operated, free-standing electronic game of chance. Winnings are paid out through receipts that are turned in for cash, as opposed to cash payments from slot machines. Such terminals are regulated by provincial lottery corporations.

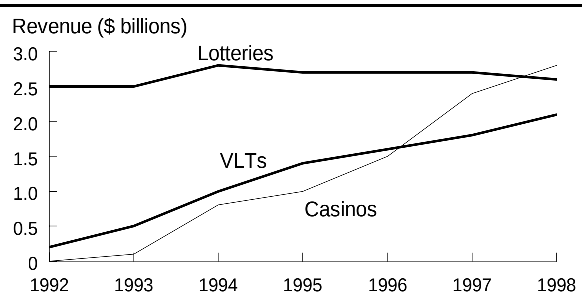
Katherine Marshall is with the Labour and Household Surveys Analysis Division. She can be reached at (613) 951-6890 or marskat@statcan.ca.

Gambling's role in the economy continues to grow

Revenues from non-charity gambling rose from $2.7 billion in 1992 to $7.4 billion in 1998, a 170% increase. Since 1995, quarterly revenue[2] from gambling has increased steadily; in the third quarter of 1999, it surpassed $2 billion for the first time.



Source: National Accounts



Source: National Accounts

Revenues from government lotteries peaked at $2.8 billion in 1994, and then declined slightly over the next four years. Although lottery revenue represented 90% of all gambling returns in 1992, the proportion dropped to 35% in 1998 as a result of steep increases from VLTs and casinos in the late 1990s. Casinos have become the largest generator of gambling revenue, having exceeded VLTs in 1997 and lotteries in 1998.

Overall, the gambling industry is a relatively small facet of the Canadian economy, but its rate of growth is noteworthy. While employment and GDP[3] in the gambling industry made up just 0.1% in 1992, employment increased to 0.3% by 1999, and GDP to 0.2% by 1998. Furthermore, the increase in the former (27,400) between 1992 and 1999 accounted for 1.5% of the total increase in employment, and the increase in the latter ($900 million) between 1992 and 1998 represented 0.8% of the total increase in GDP.

	All industries	Gambling	Non-gambling
Employment			
1992	12,842,000	11,900	12,830,100
% distribution	100	0.1	99.9
1999	14,710,800	39,200	14,671,600
% distribution	100	0.3	99.7
Increase	*1,868,800*	*27,400*	*1,841,500*
% of total	*100*	*1.5*	*98.5*
GDP* ($ millions)			
1992	604,300	400	603,900
% distribution	100	0.1	99.9
1998	721,000	1,300	719,700
% distribution	100	0.2	99.8
Increase	*116,700*	*900*	*115,800*
% of total	*100*	*0.8*	*99.2*

Sources: Labour Force Survey; National Accounts

* *The price, at factor cost, of the goods and services produced.*

Alberta and Saskatchewan had the largest percentage of revenue and profit gain

Total money wagered on non-charity lotteries, casinos and VLTs increased in all regions of Canada. Saskatchewan showed the largest proportional increase, from $62 million in 1992 to $289 million in 1998, and British Columbia the smallest, from $403 million to $430 million. Alberta had the second highest proportional increase in gambling revenue, and the highest proportional increase in profit (from $125 million to $751 million). Average adult expenditure on gambling also rose in every province and territory (except British Columbia), reaching well over $250 per capita in most provinces by 1998, with a high of $445 in Manitoba. British Columbia and the Territories had relatively low expenditures of $140 and $90, respectively, largely because these jurisdictions did not permit government casinos or VLTs in 1998.

	Gambling revenue*			Gambling profit**			Annual gambling expenditure per capita†	
	1992	1998	Increase	1992	1998	Increase	1992	1998
	$ millions (current)		%	$ millions (current)		%	$ (current)	
Canada	**2,734**	**7,406**	***171***	**1,680**	**4,490**	***167***	**130**	**320**
Newfoundland	80	141	*76*	42	88	*110*	190	335
Prince Edward Island	20	28	*45*	7	15	*114*	205	280
Nova Scotia	125	275	*120*	72	136	*89*	180	380
New Brunswick	117	179	*54*	49	86	*76*	210	310
Quebec	693	2,019	*191*	472	1,145	*143*	130	355
Ontario	853	2,849	*234*	529	1,431	*171*	105	330
Manitoba	153	378	*148*	105	240	*129*	185	445
Saskatchewan	62	289	*366*	39	200	*413*	85	385
Alberta	225	813	*261*	125	751	*501*	120	380
British Columbia	403	430	*7*	239	395	*65*	155	140
Yukon and Northwest Territories	5	6	*20*	1	3	*200*	80	90

Sources: National Accounts, Public Institutions (Financial management statistics) and post-censal population estimates

* *Total money wagered on non-charity lotteries, casinos and VLTs, minus prizes and winnings.*

** *Net income of provincial and territorial governments from total gambling revenue, less operating and other expenses (see* Data sources and definitions*).*

† *Persons 18 and over, as this is the legal age for gambling in most provinces.*

Number of men, full-time work and earnings increased in gambling

Some of the characteristics of workers and jobs in the gambling industry have changed since 1992. Although the proportion of men employed in the industry in 1999 was still below the average in other industries—44%, compared with 54%—it had increased from 35% in 1992. The percentage of younger workers (under age 35) had increased slightly, from 57% to 60%, compared with a drop to 39% in non-gambling industries. Full-time employment jumped from 59% to 82%—a rate matching that of other industries. In 1992, most gambling-related jobs were found in Western Canada (55%), but by 1999 the bulk of gambling employment had shifted to Quebec (19%) and Ontario (48%).

Between 1997 and 1999, unionization increased among employees[4] in the gambling industry, from 30% to 33%, while it dropped from 34% to 32% among other workers. Full-time hourly earnings in the industry rose considerably, from $13.58 to $16.19 for men (up 19%) and from $13.06 to $14.66 for women (up 12%). Even so, while workers in non-gambling industries saw only a 4% increase in hourly earnings, they still earned more than those in gambling: $18.58 for men and $15.32 for women.

	Gambling		Non-gambling	
Worker characteristics	**1992**	**1999**	**1992**	**1999**
Total employed	**11,900**	**39,200**	**12,830,100**	**14,671,600**
Sex			%	
Men	35	44	55	54
Women	65	56	45	46
Age				
15 to 34	57	60	45	39
35 years and over	43	40	55	61
Education				
High school graduation or less*	66	56	57	48
Postsecondary certificate or diploma	21	33	27	33
University degree	13	12	16	19
Work status				
Full-time	59	82	82	82
Part-time	41	18	18	18
Province				
Atlantic provinces	8	5	7	7
Quebec	9	19	24	23
Ontario	28	48	39	39
Prairie provinces	30	19	17	18
British Columbia	25	10	13	13
Class of worker				
Employee	98	97	85	82
Self-employed	--	--	15	17
Job characteristics	**1997**	**1999**	**1997**	**1999**
Employees	**33,800**	**38,200**	**11,418,900**	**12,101,100**
Union status			%	
Unionized**	30	33	34	32
Non-unionized	70	67	66	68
Job status				
Permanent	91	93	89	88
Temporary, term or casual	9	7	11	12
Usually receive tips				
Yes	27	27	7	7
No	73	73	93	93
Paid by the hour				
Yes	80	77	61	61
No	20	23	39	39
Average hourly earnings†			$	
Men: full-time	13.58	16.19	17.83	18.58
Women: full-time	13.06	14.66	14.77	15.32

Source: Labour Force Survey
* *May include some postsecondary education that was not completed.*
** *Includes both union members and persons who are not union members, but whose jobs are covered by collective agreements.*
† *Includes tips and commissions.*

Three-quarters of households reported gambling in 1998

The percentage of households in Canada that spent some money on at least one gambling activity dropped from 82% in 1996 to 77% in 1998. This reflects the decreased participation in government lotteries (down from 74% to 68%), non-government lotteries, raffles and other games of chance (down from 39% to 34%) and bingos (down from 12% to 10%). Only participation in casino, slot machine and VLT[5] activity increased (17% to 20%). In spite of the drop in reporting rates, average expenditure by participating households increased from $425 to $460[6] on all types of gambling.

Although two-thirds of both men and women living alone reported gambling in 1998, men spent on average twice as much as women ($550, compared with $275). Men's and women's participation rates were similar for all types of gambling except bingo: 12% of women living alone played bingo in 1998, compared with only 3% of men.

Provincial household reporting rates for at least one gambling activity ranged from 73% in New Brunswick to 82% in Quebec, with some variation by type of gambling activity. Household spending varied as well. Manitoba had the highest household expenditure for all gambling activities ($590), while Quebec, despite the highest participation rate, had the lowest household expenditure ($360).[7]

Household expenditures on gambling activities

	At least one gambling activity		Government lotteries		Other lotteries/raffles etc.		Casinos, slot machines and VLTs*		Bingos	
	$	%	$	%	$	%	$	%	$	%
All households										
1996	425	82	240	74	70	39	360	17	675	12
1998	460	77	250	68	80	34	430	20	700	10
One-person households**	395	67	225	56	74	24	459	16	563	8
Men	550	67	330	58	100	22	790	17	730	3
18 to 44	295	66	185	56	60	26	385	18	--	--
45 to 64	910	74	545	67	105	22	1,445	18	--	--
65 and over	535	60	270	52	245	16	665	13	--	--
Women	275	66	140	54	55	25	200	16	530	12
18 to 44	175	69	105	57	60	28	155	23	130	6
45 to 64	275	75	130	66	65	29	225	20	515	11
65 and over	330	61	160	47	45	21	220	11	610	15
All households										
Newfoundland	490	75	260	60	85	46	285	12	630	21
Prince Edward Island	445	76	220	59	90	49	335	11	870	15
Nova Scotia	480	78	220	66	75	50	330	25	750	15
New Brunswick	440	73	190	64	45	38	435	10	820	17
Quebec	360	82	245	78	55	21	240	19	480	10
Ontario	520	75	280	65	95	34	455	23	805	10
Manitoba	590	75	205	58	60	50	630	28	835	14
Saskatchewan	550	79	200	62	100	55	590	31	620	12
Alberta	520	74	190	63	110	40	685	21	750	11
British Columbia	405	74	265	65	70	36	455	13	720	6

Sources: Family Expenditure Survey, 1996; Survey of Household Spending, 1998
Note: Expenditures are per spending household. Unless otherwise indicated, figures are for 1998.
* *VLTs were included starting in 1998.*
** *Using one-person households allows examination of individual characteristics. Persons 18 and over were selected as this is the legal age for gambling in most provinces.*

Gambling increases with income

Participation in gambling increases with household income, a trend that holds for most types of gambling. For example, while 11% of households with an average after-tax income of less than $20,000 in 1998 spent money on casinos, slot machines and VLTs, 29% of households with incomes of $80,000 or more did so. Expenditure also increased until the $80,000 or more level, when it dropped. However, even though higher income households generally spent more on gambling, their expenditures represented a smaller proportion of their total income. For example, among gambling households, those with incomes of less than $20,000 spent $315 on gambling—2.3% of total after-tax household income—while those with $80,000 or more spent $590, or 0.6% of total after-tax income.

		After-tax income				
	Total	<$20,000	$20,000-39,999	$40,000-59,999	$60,000-79,999	$80,000+
				’000		
Total households	**11,290**	**2,460**	**3,860**	**2,740**	**1,310**	**920**
				%		
% reporting expenditure on at least one gambling activity	77	63	79	81	84	84
Government lotteries	68	53	70	72	76	72
Non-government lotteries, raffles, other	34	18	31	41	45	51
Casinos, slot machines, VLTs	20	11	19	24	27	29
Bingos	10	12	10	10	10	8
				$		
Average expenditure per household	355	200	320	385	600	495
Average expenditure per spending household	460	315	405	470	715	590
				%		
Gambling as % of total income (all households)	0.7	1.5	1.1	0.8	0.9	0.5
Gambling as % of total income (spending households)	0.8	2.3	1.4	1.0	1.0	0.6

Source: Survey of Household Spending, 1998

Perspectives

■ Notes

1 For more information on the ownership and operation of casinos, see Eadington (1994).

2 Refers to total money wagered on non-charity lotteries, casinos and VLTs, minus prizes and winnings.

3 The GDP figures for the gambling industry refer strictly to wagering activities, such as lottery ticket sales, VLT receipt sales and bets at casinos. Other economic spinoffs, such as hotel and restaurant business, security services, or building and equipment maintenance, are not included.

4 More detailed questions on employees were introduced with the 1997 revision of the Labour Force Survey.

5 VLTs were included in the casino and slot machine question starting in 1998. Although not on the questionnaire in 1996, VLTs were included in the above category when respondents volunteered the information.

6 The expenditure figures in this section are not adjusted for any winnings. As well, households consistently under-report the amount of money they spend on gambling. Comparisons with Lottery Corporation figures, for example, have shown that households under-report their government lottery purchases by more than 50%.

7 Survey of Household Spending (SHS) and National Accounts rankings of provincial expenditures differ, mainly because the SHS includes both charity and non-charity gambling activity.

■ References

Eadington, W.R. "Casinos in Canada: Policy challenges in the 1990s." In *Gambling in Canada: The Bottom Line,* edited by C.S. Campbell, 3-17. Burnaby, B.C.: Criminology Research Centre, Simon Fraser University, 1994.

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