The State of Gambling in Canada:

An Interprovincial Roadmap of Gambling and its Impact

Version 1.1

The following electronic version of Canada West Foundation's The State of Gambling in Canada report must be printed on legal size (8.5"x14") paper. The 8-page roadmap contains a 3-page centertable (pages 4-6) that may be difficult to read in this format. For easier reading, use the Page Setup function of Adobe Acrobat to increase the print size to 105%. A printed version of the roadmap is available from the Canada West Foundation for a charge of $3. Please contact the CWF at (403) 264-9535 (phone), (403) 269-4776 (fax) or cwf@calcna.ab.ca (e-mail) to order the report.

CANADA WEST FOUNDATION

THE STATE OF GAMBLING IN CANADA:

AN INTERPROVINCIAL ROADMAP OF GAMBLING AND ITS IMPACT

GAMBLING IN CANADA:

Triumph, Tragedy or Trade-off?

The *Criminal Code of Canada* permits provincial governments to regulate and control legalized games of chance. Because of this provincial autonomy, the Canadian gambling landscape is characterized by a patchwork of inconsistencies between the provinces. The types of gambling available, the disbursement of provincial revenues from gambling, the return to players, etc. differ from one jurisdiction to the next. This roadmap is a first attempt at sorting out Canadian gambling policy. A summary of the latest research and public consultations on the nature and impact of gambling is also provided.

The roadmap considers six factors: (1) what the latest gambling research tells us about the costs and impact of problem gambling; (2) the types of games available and net gambling revenues; (3) charitable and non-profit funding from gambling; (4) problem gambling and treatment subsidies; (5) new provincial gambling regulations and citizen consultations; and (6) government accountability in regard to gambling policy. In addition, a supplement to the roadmap examines the special case of Video Lottery Terminals (VLTs) and their role in Canada's public policy debates.

Current Research Findings

Since the Canada West Foundation’s November 1997 review of Canadian gambling issues, *Gambling and the Public Interest?* (Azmier and Smith, 1997), new research findings have broadened our understanding of gambling’s impact on society. This section highlights recent gambling research that has already influenced, or is likely to influence, public policy decisions and inform problem gambling treatment and prevention initiatives.

An important study completed in the past year is the meta-analysis of the prevalence of gambling disorders in the United States and Canada (Shaffer, Hall, and Vander Bilt, 1997). The purpose of the meta-analysis was to integrate the results of 120 previously conducted independent studies done in North America on the prevalence of gambling disorders. The authors were seeking to "establish precise estimates of the prevalence of disordered gambling and identify factors that may influence this rate."

The meta-analysis produced several noteworthy findings:

- Most North Americans who gamble do so in a controlled fashion (level 1 gamblers); however, a small percentage of gamblers experience moderate (level 2 gamblers or "problem gamblers") to serious (level 3 gamblers or "probable pathological gamblers") negative consequences because of an inability to control their gambling behavior. Level 3 gamblers are those who meet the diagnostic criteria for disordered gambling, while level 2 gamblers are a more varied group because they sporadically lose control of their gambling. Shaffer, *et al.* theorize that level 2 gamblers are in a state of flux, some leaning toward level 1 where they are demonstrating greater control over their gambling, and others who are exercising increasingly less control of their gambling and verging on level 3 gambling behavior.

- The estimated past-year level 3 prevalence rates for disordered gambling across North America are 1.1% for the adult population and 5.7% for the youth population. The counterpart figures for level 2 gamblers are 2.8% for the adult population and 14.8% for the youth population. Shaffer and his colleagues contend that scholars, policy makers, and treatment specialists have neglected level 2 gamblers. While level 2 gamblers are less distressed than level 3 gamblers, they far outnumber them and, taken together, constitute a significant drain on societal resources.

Other important findings from this meta-analysis on the nature and scope of disordered gambling include:

- The rate of gambling disorders has increased over the past two decades in conjunction with the expansion of legal gambling. It is almost to the point now where scholars can accurately predict disordered gambling prevalence rates if they know the amount and types of gambling offered and how long they have been available.

- Gambling disorders in the general population run significantly higher among youths than adults and are higher among males than females.

- Individuals with concurrent psychiatric problems are more vulnerable to a gambling addiction than individuals who do not have these problems.

A second major study released in 1998 was the *Alberta Gambling and Problem Gambling Replication Study* (Wynne Resources, 1998). Its importance derives from a lack of similar Canadian studies on prevalency rates. The Alberta study is the only province-wide prevalency work that has been published in Canada since 1996.

This roadmap, part of the Canada West Foundation's Gambling in Canada Project, was developed by CWF Research Analyst Jason Azmier and Gaming Research Specialist Garry Smith, Ph. D. (professor emeritus at the University of Alberta). The opinions expressed in this publication are those of the authors only and do not necessarily reflect the opinion of the Canada West Foundation, its members or its Council. *Permission is granted for any and all reproduction of this document for non-profit and educational purposes.*

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October 1998
ISBN#1-895992-70-2

The purpose of the report was to determine adult Albertans' gambling patterns and behaviors in 1998 and compare the findings with an earlier study on the same population (Wynne, Smith, and Volberg, 1994). The salient results of the Alberta study are as follows:

- Using a revised version of the South Oaks Gambling Screen in both studies to discriminate between non-problem, problem, and probable pathological gamblers, the combined percentage of problem and probable pathological gamblers decreased from 5.4% to 4.8% between 1994 and 1998. There was a *decline* in the percentage of problem gamblers from 4.0% in 1994 to 2.8% in 1998. By contrast, the percentage of probable pathological gamblers *increased* from 1.4% in 1994 to 2.0% in 1998.

- Participation in all but three gambling formats decreased between 1994 and 1998. The exceptions were gambling on stocks, options, and commodities (19% in 1994 versus 25% in 1998), gambling at casinos outside of Alberta (8% in 1994 versus 10% in 1998), and VLT play (17% in 1994 versus 21% in 1998).

- Probable pathological gamblers show considerably higher alcohol, tobacco, and drug use rates than do non-problem gamblers. In addition, compared to non-problem gamblers, probable pathological gamblers report being generally or very unhappy or dissatisfied with their lives and report feeling anxious, worried, upset or depressed almost always or most of the time during the past 12 months.

Two valuable sources of information for gambling scholars are *The Wager*, a weekly educational bulletin devoted to current gambling research trends, and the *Journal of Gambling Studies*, a quarterly compendium of the latest gambling-related research findings. Based on a review of the past 12 months of these and other scholarly publications, the following themes are prominent on the current gambling research agenda:

1. Comings' (1998) work on "The Molecular Genetics of Pathological Gambling" has demonstrated a connection between a person's genetic make-up and a propensity for disordered gambling. Comings' key findings include: (1) pathological gambling is classified as a disorder that has symptoms and genetic characteristics that are common to other neurological and psychiatric maladies; (2) there appears to be a correlation between pathological gambling and the presence of a specific dopamine-related genetic configuration; and (3) Comings' research lends credence to the classification of pathological gambling as a reward deficiency syndrome, involving an impairment of a particular neural pathway.

2. The "Gambling Decisions" program is an applied research project funded by the Alberta Alcohol and Drug Abuse Commission. The program, based on the work of Australian scholars Mark Dickerson and his colleagues (1990) and Michael Walker (1992), is designed as an intervention for early stage (level 2) problem gamblers. The program explores the option of controlling and moderating gambling rather than focusing on the single goal of abstinence. Community trials of this program are currently under way in Alberta.

3. In a study supported by the Alberta Heritage Foundation for Medical Research, David Hodgins (in Immen, 1998) found a "natural recovery" process at work, whereby the majority of disordered gamblers in the sample were able to quit gambling altogether or learn to temper their gambling behavior. The two most effective self-control strategies were limiting their exposure to temptation and finding other activities to occupy their time.

4. Recently, attempts have been made to assess the social and economic costs to society created by disordered gamblers. Lesieur (1998) analyzed the results of three surveys conducted in the United States with *Gamblers Anonymous* members and found: (1) the average debt was $95,000 per respondent; (2) the money to finance their gambling escapades came from loans via banks, credit cards, credit with casinos, friends and family members, loan sharks, and the sale of personal or family property; (3) 20% of the sample said they gambled with their unemployment cheques and 60% of the respondents reported stealing to finance their gambling habits; (4) in terms of personal costs, 18% had gambling-related divorces and another 10% had gambling-related separations. Various forms of suicidal ideation were also reported by this sample of pathological gamblers, including 77% who said they wanted to die; 66% had contemplated suicide; 47% had a definite plan to kill themselves; and 18% had made suicide attempts.

5. The work of Gupta and Derevensky (1996, 1997) has centered on child and adolescent gambling. Noteworthy findings from their most recent studies include a correlation between a high frequency of video game play and a juvenile's propensity to gamble. This is an indication that high frequency male video game players are the group most "at risk" for developing problematic gambling habits, and juvenile gambling is strongly influenced by familial gambling patterns and the availability of legal gambling opportunities.

6. Griffiths (1996) has written on the concept of technological addictions, that is, a behavioral addiction that involves human-machine interaction. The interaction may be passive (television) or active (video games, slot machines, VLTs, etc.). Griffiths hypothesizes that heavy Internet usage may also be addictive, particularly if the Internet is used to focus compulsive behaviors such as gambling. Based on the possibility of Internet use fuelling gambling addiction and concerns about regulating the activity, the United States Senate recently voted 90-10 in favor of a bill prohibiting gambling on the Internet.

Gambling Research: Future Prospects

The most comprehensive of gambling research projects currently under way is in the United States under the auspices of a Presidential Commission. The Commission has a $2.5 million research budget with which to produce a final report by mid-June of 1999. The overall purpose of the report is to conduct a sweeping study of the social and economic impacts of gambling in the United States. The lines of inquiry being followed include: (1) a national telephone survey featuring a sample size of 4,000 adults and 1,000 adolescents that will ascertain gambling behaviors and attitudes, the problem gambling prevalence rate, and the social and economic correlates associated with problem gambling; (2) patron exit interviews at gambling establishments which will elicit a snapshot of who is playing, what games they are playing, and the amounts being wagered; (3) an examination of a broad database of social and economic indicators from 100 communities for the purpose of comparing information from areas where there is no gambling, moderate gambling, and a plenitude of gambling; (4) a thorough analysis of the literature on the topic of pathological gambling; (5) a review and cataloging of all state gambling laws and regulations and an

examination of the differences in regulatory controls between industry and Native casinos; (6) a synthesis of information on the economic benefits of casinos; and (7) an analysis of the social and economic impact of lotteries and a review of each state's public policy pertaining to lotteries.

The American Presidential Commission will amass the most exhaustive database on the pros and cons of gambling yet available. While the findings from the American study will benefit Canadian scholars, there is a need for a complementary Canadian review of gambling issues. No such broadly based investigation of gambling has even been envisaged by the Canadian federal government. Canada West Foundation's 3-year Gambling in Canada Project endeavours to fill this knowledge gap.

Citizen Consultations

In addition to new research, public consultations provide an opportunity to gauge current public opinion of gambling policy. Over the past year, the Ontario, Manitoba, and Alberta governments each participated in public consultations on gambling policy with their citizens. The following results of these processes provide a measure of stakeholder attitudes toward government gambling policy.

1. Alberta's Gaming Summit. In April, a comprehensive three-day summit held by the Alberta Gaming and Liquor Commission involved a unique mix of stakeholders and randomly selected participants from across the province. Although severely restricted for time and somewhat limited in scope, the conference did derive a number of recommendations on how the provincial government could improve its regulation and operation of gambling. The summit participants recommended that the province: (1) dedicate more resources to research on issues such as the social impact of gambling and emerging gambling activities; (2) restrict gambling to those at least 18 years old; (3) continue the charitable model of bingos and casinos; (4) not direct gambling profits to the province's General Revenue Fund (GRF); (5) direct ***all*** gambling profits to non-profit community initiatives; (6) increase visibility of gambling treatment programs; (7) improve disclosure of gambling activity to better inform citizens; and (8) update and adhere to a set of guiding principles for gambling in Alberta.

Following the Summit Conference Report (July 1998), the province pledged to implement all eight citizen requests. Although at this point no formal policy has been stated with respect to any of these commitments, should the Alberta government carry out its promises, the gambling landscape in that province will dramatically alter. In particular, the redirection of gambling profits away from the GRF represents a fundamental change in the way provinces use lottery funds.

2. Manitoba's Municipal VLT Plebiscite Review. In July, Manitobans were given the opportunity to vote out Video Lottery Terminals from their communities following a consultation process with citizens. Public submissions were sought and considered by the Manitoba Gaming Commission on the feasibility of and interest in holding votes on VLT removal. As a result, a formal process has been accepted by the Manitoba government allowing for citizens to directly control whether VLTs will be available in their regions. To date, one community will vote on VLTs during the October 1998 municipal election.

3. Ontario's Charitable Organization Consultations. In August, Ontario met with representatives of 250 charitable organizations to receive advice on how gambling revenue should be allocated between project, capital and operating purposes, as well as how to achieve local input into decision-making. Half of these focus groups took place in those communities that will pilot Ontario's new charity casino initiative. The conclusions of this effort are pending.

Grading Public Accountability

*Canada West's **Gambling and the Public Interest?** paper contained a number of recommendations that address three areas of public accountability: (1) public consultation and review, (2) data dissemination and transparency, and (3) the need for research. Using these three criteria, all provincial organizations associated with gambling were contacted to determine their level of public accountability. The following report card was prepared in the development of this roadmap and is a look at how the provinces compare relative to each other with respect to consultation, transparency, and research. As a result, higher grades only reflect relatively further progress towards accountability, not its acheivement.*

Province	Grade	Consultations	Transparency	Research
BRITISH COLUMBIA	C-	Last citizen policy review took place in 1994. Extensive changes under way with minimal public input.	Good reporting of revenue figures. Minimal data on expenditure, impact or policy change.	No significant recent research studies.
ALBERTA	B	Recent public input through Gaming Summit. Implementation of the recommendations still pending.	Relatively available and accurate reporting of revenue, charitable revenue and grant numbers. Better reporting of policy changes needed. No independent review agency	Undertook a 1998 prevalency study. Impact studies needed.
SASKATCH-EWAN	C-	No recent formal public consultations. No proposed changes to policies.	Data reporting on revenue and expenditures limits provincial comparisons.	No recent prevalency or other impact study work.
MANITOBA	B-	Recent public consultation on VLT plebiscites. Allowed citizens opportunity to vote. Additional review planned for 1999.	Minimal reporting of the activities of Manitoba Lottery Corp.	Announced the launch of a major research initiative through Addictions Foundation Manitoba.
ONTARIO	D+	Direct communication with community through Charitable Allocation Working Group etc. that lead to changes in policy.	Difficult to locate consistent data on revenue and expenditures.	Some regional impact studies. Prevalency work does not allow for provincial comparability.
QUEBEC	B-	Minimal public consultation. Last formal review took place in 1993.	Very good distribution of timely, accurate data on nature and type of games available and revenue and expenses.	Recent prevalency study undertaken (1996).
NEW BRUNSWICK	B-	Comprehensive program review of VLTs in 1997 including public opinion survey. Recent changes to VLT program.	Limited data sets. Atlantic Lottery Corp provides only a few data sets by province.	Recent prevalency study (1996).
NOVA SCOTIA	B	Annual reviews of policy undertaken by NS Alcohol and Gaming Authority.	Very good review of provincial and Canadian gambling activities. Limited pre-1995 data.	Recent prevalency study (1996). Undertaking a socio-economic impact study of VLTs.
PRINCE EDWARD ISLAND	C	Solicited input regarding VLTs in 1997 prior to vote on removing from convenience stores.	Minimal data reporting. Relies primarily on Atlantic Lottery Corp. Introduced new charitable gaming regulation.	No regional studies.
NEWFOUND-LAND	D	No public input on decision making.	Minimal reporting of gambling data.	No provincial prevalency or impact studies.

FORMS OF GAMBLING AVAILABLE AND NET REVENUES

Amounts refer to net revenue (after prize payouts, commissions and expenses) generated by each type of gambling for the year indicated.

"Retailer/Expenses" refers to the compensation paid to the retailers for selling or operating the gambling product.

NOTE:

- *(e) signifies value has been estimated.*
- *except where indicated, totals do not include provincial licensing fees.*
- *latest year estimates were used whenever available.*
- *per adult estimates based on Statistics Canada data for July 1, 1992 and 1997.*
- *GRF=general revenue fund.*

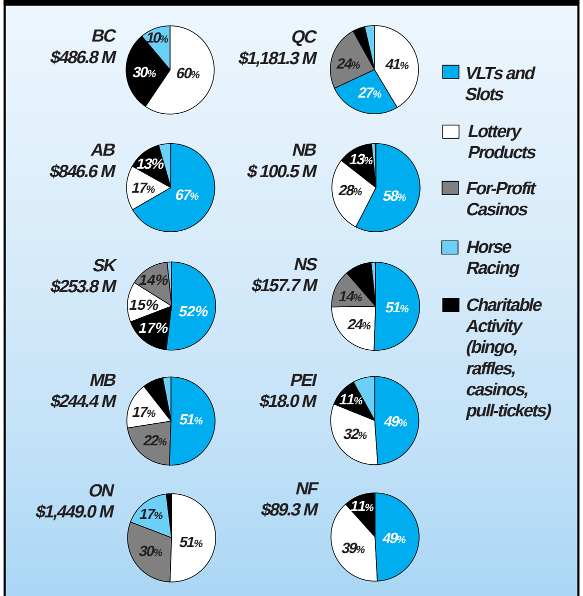
		BRITISH COLUMBIA	ALBERTA	SASKATCHEWAN	MANITOBA	ONTARIO
Net Gambling Revenues to Governments and Charities	VLTs & Slot Machines	*Slot machines program started in Oct. 1997 Revenue figures not available*	1992/93 $17.4 M 1997/98 $565 M Retailer: $122.5 M	1992/93 introduced July 1993 1996/97 $132 M Retailer: $28 M	1992/93 $42.9 M 1996/97 $124 M Retailer: $49.8 M	*Slot machines availa for-profit casinc*
	Lottery Products	1992/93 $233 M 1996/97 $290 M Retailer: $72 M	1992/93 $130 M 1997/98 $140 M Retailer: $22 M	1992/93 $38.9 M 1997/98 $37.9 M Retailer: $6.8 M *includes fees of $6 M (92/93) & $13 M (97/98) paid to the provincial GRF*	1992/93 $46.3 M 1996/97 $41.9 M Retailer: $7.4 M	1992/93 1997/98 Retailer:
	Casinos (non-charity)	*Revenue figures from non-charitable casinos not available*	***Not Available in Region***	1992/93 introduced Jan 1996 1997/98 $36.5 M *Casino Regina operates as a Crown corp. Includes Native-run casinos*	1992/93 $18.5 M 1996/97 $53.3 M Retailer: n/a	1995/96 1997/98 *($107 M direct reven $329 M in win ta*
	Casinos (charity)	1992/93 $34.1 M 1996/97 $57.2 M Expenses: $38.2 M	1992 (calendar) $20.9 M 1996/97 $27.9 M Retailer: 50% of revenue from urban casinos, 15% from slots	***Data Not Available*** *(there were no charity-run casinos in 1996/97)*	*Only 4 charitable casino events took place in 96/97 Revenues were negligible*	*Approx. $10 M yearly revenue from roving 3 day I Carlos events*
	Bingos	1992/93 $63.5 M 1996/97 $67.1 M Expenses: $33.2 M	includes Satellite Bingo 1992 (calendar) $49.8 M 1996/97 $54.7 M Expenses: about 50% of rev.	1992/93 $22 M(e) 1996/97 $ 23.8 M Expenses: n/a	*includes breakopen tickets* 1992/93 $9.2 M 1996/97 $12.8 M Expenses: about 40% of gross	*only includes Supersta* 1992/93 introducec 1997/98 Retailer:
	Raffles & Pull-Tickets	1992/93 $14.7 M 1996/97 $19.7 M Expenses: $9.0 M	1992 (calendar) $31.1 M 1996/97 $23.6 M Expenses: about 60% of rev.	1992/93 $27 M 1996/97 $19.8 M Expenses: n/a	1992/93 $3.5 M 1996/97 $5.3 M Expenses: about 20% of gross	*Licensed by municip Revenue are not tra*
	Horse Racing	1992 (calendar) $46.6 M(e) 1997 (calendar) $52.8 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $54.4 M(e) 1997 (calendar) $35.4 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $2.3 M(e) 1997 (calendar) $3.8 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $10.9 M(e) 1997 (calendar) $7.1 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $2 1997 (calendar) $2 *based on 24% of tota racing "handle" (gross*
		Est. Per Adult Net Revenue 1992/93 $147.85 Current $160.88 **8.8%** *(BC totals include provincial licensing fees)*	***Est. Per Adult Net Revenue 1992/93 $158.32 Current $404.09*** **155%** *(92/93 data incl. some calendar year 1992 figures)*	***Est. Per Adult Net Revenue 1992/93 $124.63 Current $340.36*** **173%** *(Does not include charity casinos revenues)*	***Est. Per Adult Net Revenue 1992/93 $159.08 Current $286.85*** **80%**	***Est. Per Adult Net Revenue 1992/93 $117.60 Current $166.64*** *(92/93 data incl. some 9 figures)*
Charitable Revenues	*Charitable Gambling Revenues 1992/93*	$104.6 million	$102 million	$53 million	$22.8 million	***Data Not Availa***
	Charitable Gambling Revenues 1996/97	$130.7 million	$106.1 million (97/98 estimated at $130 M)	$43.6 million	$18.2 million	$ 321 million (e)(1
	Lottery Grants to Non-Profits and Charities 1992/93	A one-time allocation of $5.1 million	$90 million	$34.3 million	None—$11 M of VLT rev. directed to rural and urban development	$13.2 million
	Lottery Grants to Non-Profits and Charities 1996/97	None—in 1998/99 Charities will receive at least $125 M	$106.7 million (97/98 estimated at $173 M)	$22.7 million	None—$31 M of VLT rev. directed to rural and urban development	$16.4 million ($40 M is set aside fo
	Total Charitable Funding (Revenues and Grants)	***Total Charitable Revenue/Grants 1992/93 $110 M 1996/97 $131 M*** **19%**	***Total Charitable Revenue/Grants 1992/93 $192 M 1996/97 $213 M*** **11%**	***Total Charitable Revenue/Grants 1992/93 $87.3 M 1996/97 $66.3 M*** **24%**	***Total Charitable Revenue/Grants 1992/93 $34 M 1996/97 $49 M*** **44%**	***Total Charitable Revenue/Grants 1992/93 n/a 1996/97 $337 M***
Problem Gambling	*Current Adult Pathological Gambling Rate (Source)*	1.8% (*Gemini Research Group & Angus Reid, 1993*)	2.0% (*Wynne Resources for AADAC, 1998*)	0.8% (*Tanka and Gemini Research, 1993*)	1.9% (*Gemini Research, 1995*)	2% have "3 to 4" problems wi (*Addictions Research Founda*
	Current Adult Problem Gambling Rate (Source)	2.4% (*Gemini Research Group & Angus Reid, 1993*)	2.8% (*Wynne Resources for AADAC, 1998*)	1.9% (*Tanka and Gemini Research, 1993*)	2.4% (*Gemini Research, 1995*)	2% have "5+" problems with (*Addictions Research Founda*
	Agency Treating Problem Gamblers	BC Ministry for Children and Families	Alberta Alcohol and Drug Abuse Commission (AADAC)	Department of Health	Addictions Foundation Manitoba	Ontario Substar Abuse Prograr
	Gambling Treatment Expenditures 1992/93	None	None	None	None	None
	Gambling Treatment Expenditures 1997/98	$1.7 M—additional allocations set at $2 M a year	$2.3 million	$1.4 million	$1 million in 1997/98 (98/99 expenditure—$1.5 M)	$3.5 million ($10 M fr will be transferred in
	Relative Treatment Expenditure Data	0.35% of net gambling rev. $13.38 per problem gambler	0.27% of net gambling rev. $22.87 per problem gambler	0.55% of net gambling rev. $69.53 per problem gambler	0.41% of net gambling rev. $27.30 per problem gambler	0.24% of net gamblii $10.06 per problem g
Regulation and Policy Changes	*Agencies Operating Gambling Activities*	BC Gaming Comm. (BCGC) BC Lottery Comm. (BCLC) Horse Track Associations	Alberta Gaming and Liquor Commission (AGLC) Alberta Racing Corporation	Sask. Liquor and Gaming Authority (SLGA) Sask Gaming Corp.	Manitoba Lotteries Corporation (MLC)	Ontario Lottery Corp Ontario Casino Corp
	Agencies Regulating Gambling Activities	Gaming Policy Secretariat BCGC, BCLC Gaming Audit & Investigation BC Racing Commission	Alberta Gaming and Liquor Commission (AGLC) Alberta Racing Corporation	SLGA and Sask. Liquor and Licensing Commission (investigations)	Manitoba Gaming Control Commission (MGCC)	Alcohol and Gam Commission of On Ministry of Consume Commercial Relat
	Most Recent Formal Public Consultation	Gaming Policy Review, October 1994	Lottery Review Comm., 1995 Lotteries and Gaming Summit,1998	None	Lottery Policy Review, 1995 VLT Plebiscite Hearings, 1998	Public Hearings on Bill 75 (VI Charity Allocations Consultat
	First Nations Gambling Activities	No Activities on First Nations Lands	Native non-profits can apply for casino licenses	Four native casinos opened in 1996	Participate in VLT program Licensed by MLC	Casino Rama revenue First Nations Fu
	Recent and Proposed Changes to Provincial Gambling Activities	• longer casino hours, higher bet limits & slot machines • electronic bingo introduced • approval-in-principal of proposals for 7 destination casinos • minimum gaming age of 19 established • charities to receive revenue from new direct charitable access program • gambling addiction program established • in the process of establishing BC's first Gaming Act	• longer casino hours, alcohol & slot machines expanded • satellite bingo introduced • all eight recommendations of the Gaming Summit have been agreed to • more resources dedicated to gambling research • visibility of treatment programs will be increased • more accountability and disclosure of gambling activities promised • introduction of community lottery boards to grant funds	***No upcoming or proposed changes***	• Municipalities granted the opportunity to petition their city councils for the opportunity to vote on keeping or removing VLTs • MGCC will carry out a review of gambling within the next year	• cancelled proposed VI program • cancelled the propose charitable casino initiati • operating 4 charitable pilot projects • introduced slot machir race tracks • new grant funding of $ for charities beginning i • new distribution frame charity casinos develop • $10 M will be made ava for public education and gambler identification

G IN CANADA ROADMAP

ONTARIO	QUEBEC	NEW BRUNSWICK	NOVA SCOTIA	PEI	NEWFOUNDLAND
Slot machines available at for-profit casinos	*not including slots machines* 1992/93 introduced in 1994 1997/98 $315 M Retailer: $176 M	1992/93 $21 M(e) 1997/98 $58 M Retailer: $53 M	1992/93 $29 M(e) 1997/98 $80 M Retailer: $31 M (30%)	1992/93 $4.0 M(e) 1997/98 $8.8 M Retailer: $6.9 M	1992/93 $7.4 M(e) 1997/98 $44 M Retailer: $16 M
1992/93 $567 M 1997/98 $736 M Retailer: $159 M	1992/93 $457 M 1997/98 $489 M Retailer: $108 M	1992/93 $26 M(e) 1997/98 $28 M Retailer: $9 M	1992/93 $46 M(e) 1997/98 $38 M Retailer: $14 M (5%)	1992/93 $4.5 M(e) 1997/98 $5.8 M Retailer: $1.8 M	1992/93 $36 M(e) 1997/98 $35 M Retailer: $11 M
1995/96 $116 M 1997/98 $ 436 M *($107 M direct revenue and $329 M in win tax)*	1993/94 (six months) $70 M 1997/98 $284 M Retailer: n/a	***Not Available in Region***	1993/94 opened in 1995 1997/98 $22 M Retailer: $17.5 M	***Not Available in Region***	***Not Available in Region***
Approx. $10 M in yearly revenue from roving 3 day Monte Carlos events	***Charitable casino data unavailable***	1992/93 $102,045 1997/98 $75,103 Retailer: n/a	***Not Available in Region***	*Only began licensing in July 1998; revenue figures unavailable prior to this date*	1992/93 $29,300 1997/98 $20,300 Retailer: n/a
only includes Superstar Bingo 1992/93 introduced in 1997 1997/98 $27 M Retailer: $9.5 M	*includes Network Bingo 97/98* 1993/94 $38.5 M 1997/98 $33.3 M Expenses: $22.3 M	1992/93 $12.5 M 1997/98 $9.4 M Retailer: n/a	1995/96 $4.6 M (e) 1996/97 $12.3 M Expenses: $9.4 M	1992/93 $1.7 M 1997/98 $2.0 M Retailer: $1.6 M	1992/93 $3.8 M 1997/98 $2.5 M Retailer: n/a
Licensed by municipalities Revenue are not tracked	1993/94 $24.1 M 1997/98 $19.0 M Expenses: $4.0 M	1992/93 $2.7 M 1997/98 $3.4 M Retailer: n/a	1995/96 $2.8 M (e) 1996/97 $3.2 M Retailer: $1.7 M	*Only began licensing in July 1998; revenue figures unavailable prior to this date*	1992/93 $8.7 M 1997/98 $7.6 M Retailer: n/a
1992 (calendar) $257 M(e) 1997 (calendar) $250 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $69.1 M(e) 1997 (calendar) $41 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $1.5 M(e) 1997 (calendar) $1.6 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $2.8 M(e) 1997 (calendar) $2.2 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $1.5 M(e) 1997 (calendar) $1.4 M(e) *based on 24% of total horse racing "handle" (gross wagers)*	1992 (calendar) $150,350 (e) 1997 (calendar) $206,200 (e) *based on 24% of total horse racing "handle" (gross wagers)*
Est. Per Adult Net Revenue ***1992/93 $117.60*** ***Current $166.64*** ***42%*** *(92/93 data incl. some 95/96 figures)*	***Est. Per Adult Net Revenue*** ***1992/93 $115.41*** ***Current $217.28*** ***88%*** *(does not include charity casino data)*	***Est. Per Adult Net Revenue*** ***1992/93 $112.90*** ***Current $171.20*** ***52%*** *(Based on all 97/98 data except 96/97 horse racing)*	***Est. Per Adult Net Revenue*** ***1992/93 $121.90*** ***Current $216.51*** ***78%*** *(92/93 data incl. some 95/96 figures)*	***Est. Per Adult Net Revenue*** ***1992/93 $121.59*** ***Current $173.39*** ***44%*** *(Based on all 97/98 data except 96/97 horse racing)*	***Est. Per Adult Net Revenue*** ***1992/93 $131.58*** ***Current $207.29*** ***58%*** *(Based on all 97/98 data except 96/97 horse racing)*
Data Not Available	$62.5 million (1993/94) (bingo and raffle tickets only)	$15.3 million	$7.4 million (1995/96)	$1.7 million	$12.5 million
$ 321 million (e)(1996)	$52.3 million (bingo, network bingo and raffle tickets only)	$12.9 million	$ 15.5 million	$2.0 million	$10.1 million
$13.2 million	All lottery funds directed to the province's general revenue fund	Lottery funds split between GRF and development funds ($11 M)	All lottery funds directed to the province's general revenue fund	All lottery funds directed to the province's general revenue fund	All lottery funds directed to the province's general revenue fund
$16.4 million ($40 M is set aside for 98/99)	All lottery funds directed to the province's general revenue fund	Lottery funds split between GRF and development funds ($11 M)	All lottery funds directed to the province's general revenue fund	All lottery funds directed to the province's general revenue fund	All lottery funds directed to the province's general revenue fund
Total Charitable Revenue/Grants ***1992/93 n/a*** ***1996/97 $337 M*** ***n/a***	***Total Charitable Revenue/Grants*** ***1992/93 $62.5 M*** ***1996/97 $52.3 M*** ***16%***	***Total Charitable Revenue/Grants*** ***1992/93 $15.3 M*** ***1996/97 $12.9 M*** ***16%***	***Total Charitable Revenue/Grants*** ***1995/96 $7.4 M*** ***1996/97 $15.5 M*** ***96%***	***Total Charitable Revenue/Grants*** ***1992/93 $ 1.7 M*** ***1996/97 $ 2.0 M*** ***18%***	***Total Charitable Revenue/Grants*** ***1992/93 $12.5 M*** ***1996/97 $10.1 M*** ***19%***
2% have "3 to 4" problems with gambling (*Addictions Research Foundation, 1995*)	2.1% (*Ladouceur, Laval University, 1996*)	2.2% (*Baseline Market Research Ltd., 1996*)	1.9% (*Baseline Market Research Ltd., 1996*)	***No Provincial Study***	***No Provincial Study***
2% have "5+" problems with gambling (*Addictions Research Foundation, 1995*)	2.4% (*Ladouceur, Laval University, 1996*)	1.9% (*Baseline Market Research Ltd., 1996*)	3.6% (*Baseline Market Research Ltd., 1996*)	***No Provincial Study***	***No Provincial Study***
Ontario Substance Abuse Program	Ministry of Health & Social Services Centre québécois d'excellence pour la prévention et le traitement du jeu	Department of Health and Community Services	Dept. of Health's Problem Gambling Services	Department of Health and Social Services' Addictions Services	Department of Health and Community Services
None	None	Financial allocations began in December 1993	None	None	None
$3.5 million ($10 M from slots will be transferred in 1999)	Loto-Québec Education and Prevention Program—$2.4 M	$530,000	$1.7 million	None—under Department of Health and Social Services	$300,000
0.24% of net gambling rev. $10.06 per problem gambler	0.20% of net gambling rev. $9.77 per problem gambler	0.53% of net gambling rev. $22.03 per problem gambler	1.08% of net gambling rev. $42.44 per problem gambler	***Data Not Available***	0.34% of net gambling rev.
Ontario Lottery Corporation Ontario Casino Corporation	Loto-Québec (a publicly-owned corporation with a single shareholder–the Minister of Finance)	Atlantic Lottery Corporation (owned by 4 Atlantic Provinces)	Nova Scotia Gaming Corporation (NSGC)	Atlantic Lottery Corporation (owned by the 4 Atlantic provinces)	Atlantic Lottery Corporation and Dept. of Government Services and Lands
Alcohol and Gaming Commission of Ontario Ministry of Consumer and Commercial Relations	La Regié des alcools, des courses et des jeux—It comes under the Ministry of Public Security.	New Brunswick Lotteries Commission	Nova Scotia Alcohol and Gaming Authority (NSAGA)	Prince Edward Island Lotteries Commission	Department of Government Services and Lands
Public Hearings on Bill 75 (VLTs), 1996 Charity Allocations Consultations 96-98	Parliamentary Commission on Video Lottery Terminals, 1993	Dept. of Finance's Video Lottery Program Review, 1997	Annual reviews by the NSAGA	Solicited input on VLTs in 1997	***No formalized public consultation***
Casino Rama revenue flows to First Nations Fund	Can operate under local bingo licenses	Revenue rebate from on- reserve VLTs; some on reserve agreements	Agreements allow for lotteries, bingos and VLTs	No specific agreements Charitable events permitted	***No specific arrangements***
• cancelled proposed VLT program • cancelled the proposed charitable casino initiative • operating 4 charitable casino pilot projects • introduced slot machines into race tracks • new grant funding of $100 M for charities beginning in 1999 • new distribution framework for charity casinos development • $10 M will be made available for public education and problem gambler identification	***No upcoming or proposed changes***	• Since the introduction of VLT in NB they have been available in non-age restricted locations. On December 31, 1998 one VLT at these locations will be removed. In September 1999, the remaining VLTs in non-age restricted locations will be removed	• Private Member's Bill was passed in Nova Scotia imposing a moratorium on additional video lottery terminals and to provide for a study of VLTs	• Video Lottery Terminals were removed from non-licensed premises (e.g., stores, service stations) effective April 1, 1998. Now only available in age-restricted premises. • Began licensing of charitable gaming activity July 1998	***No upcoming or proposed changes***

FIGURE 1

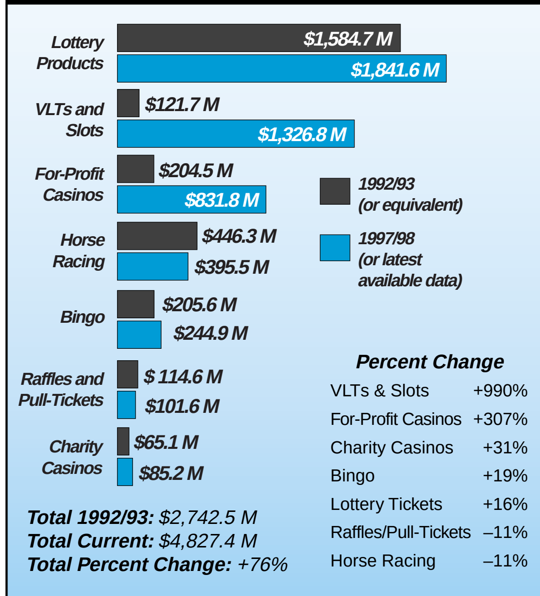
Current Provincial Gambling Revenues by Province and Type of Game



Source: Derived by CWF from Provincial Gaming Commissions.
Note: Revenue data include all forms of gambling (lottery, charitable gaming and horse revenues) after prizes and payouts. Because of provincial reporting inconsistencies, data are the best available estimate only.

FIGURE 3

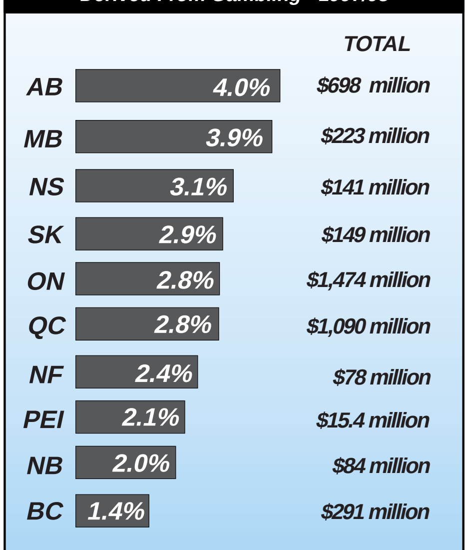
Change in Net Gambling Revenue 1992/93-Current by Type of Game



Source: Derived by CWF from Provincial Gaming Commissions.
Note: Revenue data include all forms of gambling (lottery, charitable gaming and horse revenues) after prizes and payouts. Because of provincial reporting inconsistencies, data are the best available estimate only.

FIGURE 2

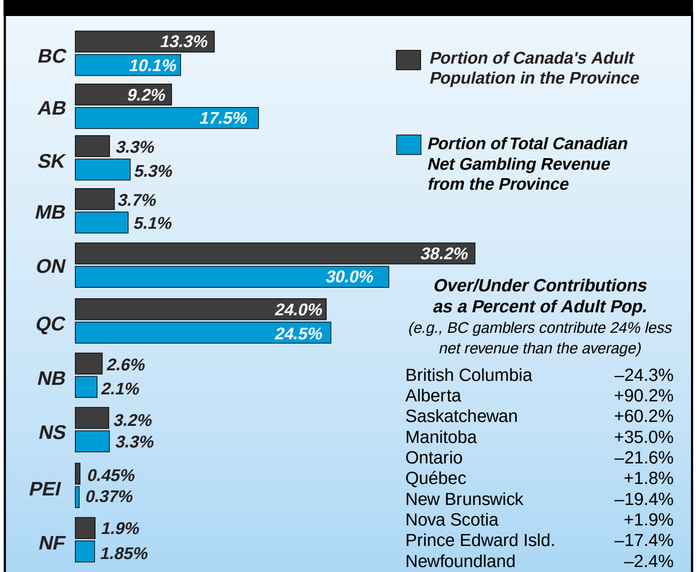
Percentage of Provincial Government Revenues Derived From Gambling - 1997/98



Source: Derived by CWF from Dominion Bond Rating Service Data and provincial budget projections of 1997/98.
Note: Includes only provincial government revenue (no horse racing or charitable gaming, or licensing fees). Ontario and Quebec data include their share of for-proft casino revenue.

FIGURE 4

Provincial Net Gambling Revenue vs. Adult Population



Source: Derived by CWF from Provincial Gaming Commissions.
Note: Revenue data include all forms of gambling (lottery, charitable gaming and horse revenues) after prizes and payouts. Because of provincial reporting inconsistencies, data are the best available estimate only.

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FOCUS ON VIDEO LOTTERY TERMINALS:

A SUPPLEMENT TO THE STATE OF GAMBLING IN CANADA ROADMAP

Citizens in many Canadian jurisdictions have been questioning the propriety of provincial governments sanctioning and profiting from VLT (video lottery terminal) gambling. As a result of many successful petitions in municipalities throughout Alberta, over 70% of Albertans will have the opportunity to vote in the fall civic elections on whether to retain or remove VLTs. Similar votes will also take place in at least one Manitoba community. It has been suggested by some analysts and those that have collected these petitions that the impressive revenues accruing from VLTs may not counter-balance the social damages created by those individuals who become addicted to the machines. What is the truth about VLTs? Are they the "crack cocaine" of gambling or just another game of chance?

Research on VLTs

Despite the commercial success of VLTs (see Figure 1), there is growing evidence to suggest that VLTs are the most addictive form of legal gambling. In support of this assertion, gambling addiction therapists in North America and abroad have reported sharp increases in problem gambling when VLTs are introduced in a jurisdiction. In Alberta, over 60% of the calls to the provincially funded problem gambling help-line are VLT-related. No other form of gambling registers as high as 10% of the help-line calls. On the surface, at least, this makes VLTs six times more hazardous than the next most problematic form of gambling. Data from Alberta Gamblers Anonymous chapters support this supposition, as over 80% of new members mention VLTs as their game of choice.

The misuse of VLT gambling has also been highlighted in two recently released studies authorized by the Alberta Alcohol and Drug Abuse Commission. In a small study of 84 AADAC clients in treatment for VLT addiction, Smoliak (1997) found that ready access to VLTs was a key contributing factor in the development of a gambling problem. VLT clients reported playing the machines an average of 18 days per month, for 6 hours per session, and 2/3 of the group had incurred serious gambling debts. Even though most clients agree that there is no skill component to VLT play, many of them engage in ritualistic or superstitious behaviors that they believe can influence game outcomes.

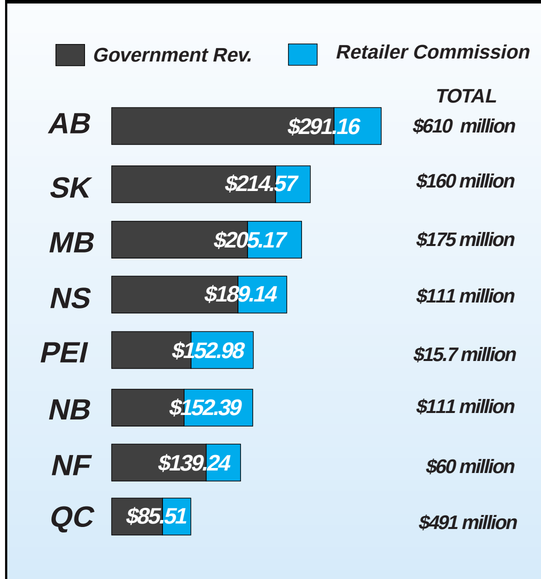
In the report on *Adult Gambling and Problem Gambling in Alberta* (Wynne Resources, 1998), several revealing statistics pertaining to VLT gambling are provided:

- Two-thirds (66.7%) of the probable pathological gamblers and over half (60.8%) of the problem gamblers had played VLTs in the previous year. This is in contrast to non-problem gamblers, where only 18.1% had done so.

- Probable pathological gamblers (36%) are much more likely than non-problem gamblers (1%) to report playing VLTs on a weekly basis.

FIGURE 1

Per Adult and Total Profits from VLTs 1997/98 by Province



Source: Provincial Gaming Commissions
Note: Ontario and British Columbia do not have VLTs. Figures represent profits after prize payouts and expenses. MB and SK data based on 1996/97 as 1997/98 data not yet available.

- Of the total dollar amount gambled on VLTs by the 1,821 randomly-selected study participants, an incredible 67% of the total money reportedly spent on VLTs came from the probable pathological gambler subgroup who comprised only 2% of the sample.

- There is a staggering difference between probable pathological gamblers ($381.50) and non-problem gamblers ($3.14) in terms of their average monthly expenditures on VLTs.

Unique Characteristics of VLTs

Problem gambling treatment specialists offer several reasons to explain the addictive potency of VLTs compared to other legal gambling formats.

Problem gamblers are attracted to continuous forms of gambling, that is, games where there is a brief interval between placing the bet, playing the game, and determining the outcome (Dickerson, 1993). VLTs are the prototype continuous form of gambling, because unlike most other gambling formats where the operator sets the pace, the VLT player controls the speed of play. Once a player becomes adept at operating the machine, a game cycle can be completed in two seconds. Action-craving players can maintain a constant tingle of excitement because there is virtually no down time.

Many VLT players have the mistaken impression that they are competing with the machine. They are convinced that

there is an optimal strategy that can be learned which will make them consistent winners. They fail to recognize that the machine is operated by a randomly programmed microchip that does not respond to their thoughts and manipulations. This flaw can be damaging because the greater one's determination to win and the longer one plays, the greater the likelihood of losing. Unlike some other forms of gambling, one cannot play a VLT well, only more.

"Escape gamblers" (those seeking to temporarily distance themselves from their unhappy life circumstances) gravitate to VLTs because of the abundant opportunities to reach a dissociative state. Through the continuous use of the addictive substance or activity (in this case VLT play), gamblers can "detach themselves psychologically from their ordinary reality and become so engrossed in fantasy that they assume an altered state of identity" (McGurrin, 1992). Those problem and pathological gamblers in the recent Alberta study (Wynne, 1998) were significantly more likely to have reached a dissociative state while gambling than were non-problem gamblers. Typical dissociative states mentioned by addicted gamblers are losing track of time, behaving as though in a trance, and experiencing memory blackouts.

With VLTs being restricted to licensed premises, the elements of alcohol and tobacco use become part of a volatile mix that increases the likelihood of combining several dependencies at once. Therapists note that about half of the problem gamblers they treat have one or more other addictions, usually to alcohol, drugs, or tobacco (Griffiths, 1994). The Alberta study (Wynne, 1998) on adult Albertans' gambling tendencies corroborates the link between uncontrolled gambling and substance use and abuse. In comparing problem and probable pathological gamblers with non-problem gamblers, the Alberta study notes that disordered gamblers are much more likely to be frequent and excessive drinkers, marijuana users, and consumers of tobacco products.

Many players miscalculate their chances of winning on VLTs. Government officials report that the machines are programmed to pay out at a 92% rate, which means that on an individual play, the house has an 8% advantage over the player. At first glance this appears to be a low takeout percentage when compared to other legal gambling formats. The fallacy lies in the fact that few, if any, players quit after only one try. This means that the 8% house advantage grinds against the player on every spin and ultimately gives the government a 30% profit per machine. Simply stated, over the long term, a VLT retains about 30% of the money played, and this makes the odds of winning on a regular basis insurmountable.

FIGURE 2

Availability and Access to VLTs

Province	*#*	*Per Adult*	*Restrictions*
British Columbia	*None*	*n/a*	*n/a*
Alberta	*5,900*	*1/355*	*#'s capped, licensed premises*
Saskatchewan	*3,340*	*1/223*	*#'s capped, licensed premises*
Manitoba	*4,800*	*1/177*	*#'s capped, age-restricted premises*
Ontario	*None*	*n/a*	*n/a*
Québec	*15,266*	*1/376*	*licensed premises*
New Brunswick	*3,719*	*1/158*	*in licensed areas only by year 2000*
Nova Scotia	*3,533*	*1/206*	*age-restricted premises*
Prince Edward Isld.	*339*	*1/302*	*#'s capped, licensed premises*
Newfoundland	*2,373*	*1/181*	*age-restricted premises*

Source: Provincial Lottery Commissions
Note: Number of machines based on March 31, 1998. Manitoba First Nations VLTs are available in non-age restricted locations

Finally, the credit system used on VLTs causes some players to lose sight of the fact that they are playing with real money. Once money has been deposited into the machine, wins and losses are displayed as credits on the monitor. A player wanting to cash out must press the pay-out button to get a receipt that is redeemable by the cashier. Because of this extra step involved in cashing out, players often decide to run out their credits on the machine.

It seems clear from this analysis that VLTs are, because of their design and impact on the player, different from other forms of gambling. Although the "crack cocaine" metaphor is likely inappropriate because it compares an illegal, unregulated substance to the controlled and legal VLTs, the research does suggest that VLTs are particularly harmful to the problem gambler. Through their actions, the provincial governments appear to recognize the unique character of VLTs. Recent steps taken by the provincial governments to reduce the problems associated with VLTs have included: experiments to slow down the machines (Alberta); the removal of machines from non-age restricted locations (New Brunswick and PEI); the abandonment of plans to introduce VLTs (Ontario); and allowing citizens to vote on removing VLTs from their communities (Manitoba and Alberta).

Citizen Action on VLTs

In the last year, citizen concerns about the potentially harmful impact of VLTs have resulted in opportunities to vote on the removal of VLTs from several areas. Alberta communities have led the way; citizens in at least 26 Alberta communities (including seven of the eight largest cities) have successfully earned the right to vote to retain or remove the machines. Altogether,more than 1.8 million Albertans (70%) will have an opportunity to vote on VLTs in conjunction with their municipal elections on October 19, 1998. The outcome of these votes will undoubtedly influence future VLT policy decisions across Canada.

The Alberta case provided an opportunity to examine public sentiment towards VLTs. Canada West's polling data suggests that many citizens are concerned about the impact that VLTs have on a community. But those concerns are focused on where the VLTs are found, not on the machines themselves. If given the option, the citizens would prefer by a 3 to 1 margin to move VLTs out of bars and lounges and into casinos. The right to play the machines is considered an important freedom that Albertans do not want to lose, but the access to VLTs should not be as close as the nearest lounge. Citizens would prefer that gambling be restricted to gambling designated locations (i.e., casinos, bingo halls, race tracks). Accessibility, not availability, would be the critical issue of concern for voters. As a result, the outcome of the votes asking for a ban will likely fail to satisfy public opinion. Neither the status quo nor abolishment position appears to have a significant number of supporters. For more information on the Alberta's VLT votes, see CWF's Sept. 1998 report entitled *Rolling the Dice: Alberta's Experience with Direct Democracy and Video Lottery Terminals* (Azmier, Jepson, and Pickup, 1998)

Because of Alberta's experiences with the right to vote, other jurisdictions are also considering their options. Citizen groups across Canada have lobbied their provincial governments for the right to vote on VLTs. In Manitoba, the government responded to citizen concerns and has provided a framework similar to Alberta by which citizens can hold a vote in conjunction with their October elections.