

GAMING POLICY FRAMEWORK

Legislative Authority

The Minister of Gaming is responsible for the Alberta Gaming and Liquor Commission and its Board.

The Commission is governed by the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta), the *Gaming and Liquor Regulation* (Alberta) and policies established by the Minister of Gaming and those of the Board of the Commission under the provisions of the *Gaming and Liquor Act* (Alberta).

All gaming in Canada is illegal except for those gaming activities the *Criminal Code* allows.

The *Criminal Code* gives the provinces the authority to administer and regulate gaming activities. That provincial authority includes, but is not limited to: issuing gaming licences to charitable or religious organizations, if those organizations use the proceeds for charitable or religious purposes; and to conducting and managing ticket lotteries and electronic gaming activities such as slot machines and video lottery terminals (VLTs).

The Commission assumes those obligations in the province under the provisions of the *Gaming and Liquor Act* and is responsible for maintaining the integrity of gaming activities and collecting revenue for the province. The Commission licenses, regulates and monitors all licensed gaming in the province except for horse racing, which is administered and regulated separately by the Alberta Racing Corporation. Horse racing is not covered by this review.

The Commission's vision, mission, goals and strategies related to gaming activities are provided in the appendix "Business Plan." More detailed explanations of the the legislative and regulatory requirements for gaming activities appear in the appendix "Legislative Requirements and Considerations."

Existing Licensing Policies

The policies for each gaming activity in the province are listed in the following table. Also listed in the table are the agreements with retailers; those agreements reflect policy requirements in many of their respective terms and conditions.

Table 3-1: Current Gaming Licensing Policies and Contractual Agreements

GAMING ACTIVITY	LICENSING POLICIES/CONTRACTUAL AGREEMENTS
Ticket Lotteries	<ul style="list-style-type: none">• Ticket Lottery Retailer Agreements• Lottery Services Retailer Policies
Video Lottery Terminals (VLTs)	<ul style="list-style-type: none">• Licensee Handbook (Liquor)• Licensing Policies and Procedures• Video Lottery Retailer Agreement• Lottery Services Retail Policies

GAMING ACTIVITY	LICENSING POLICIES/CONTRACTUAL AGREEMENTS
Slot Machines	<ul style="list-style-type: none"> • Casino Terms & Conditions and Operating Guidelines • Licensing Policies and Procedures • Casino Gaming Retailer Agreement
Bingo	<ul style="list-style-type: none"> • Bingo Terms & Conditions and Operating Guidelines • Bingo Licensee Terms & Conditions • Licensing Policies and Procedures
Casino Table Games	<ul style="list-style-type: none"> • Casino Terms & Conditions and Operating Guidelines • Casino Licensee Terms & Conditions • Licensing Policies and Procedures
Raffles	<ul style="list-style-type: none"> • Raffle Terms and Conditions: Total Ticket Value \$10,000 and Less • Raffle Terms and Conditions: Total Ticket Value More Than \$10,000 • Sports Draft Terms & Conditions • Licensing Policies and Procedures
Pull Tickets	<ul style="list-style-type: none"> • Pull-Ticket Terms & Conditions • Licensing Policies and Procedures • Policies also contained in Bingo Terms & Conditions and Operating Guidelines, as related to pull ticket sales in bingo association facilities.
Internet Gaming & New Games	<ul style="list-style-type: none"> • No specific policies (requirements as set forth in the <i>Criminal Code</i> (Canada)).

Alberta's Current Gaming Environment

The Gaming Licensing Policy Review takes into account the current environment of the gaming industry in Alberta. Following were key considerations in arriving at the recommendations.

Regulation and Control

The gaming industry of the province is regulated and controlled. The shape of the industry is determined by the legislation, regulation and policies governing gaming activities or the “gaming policy framework” of the province.

As the entity responsible for gaming licensing policies, the Commission is expected to provide recommendations to the Minister of Gaming regarding the procedures, processes and licensing of gaming in the province to ensure key policy objectives are being met according to legislative and regulatory requirements.

Gaming Policy Requirements

Gaming policies must meet basic requirements or standards. They must ensure the integrity of gaming activities. Players who participate in gaming activities must have a fair chance to win.

Albertans and stakeholders expect gaming licensing policies are transparent. The public has a right to know how gaming activities are managed in the province. Stakeholders expect clear direction respecting gaming policy so they may plan or respond accordingly.

All those who obtain proceeds from gaming are held accountable for the amount they receive and how they use or disburse those proceeds. That includes both the government, through the Alberta Lottery Fund, and charitable organizations that earn proceeds from charitable gaming activities.

Stakeholders expect to be treated fairly and impartially and expect the rules are applied and enforced consistently.

Achieving a Balance

The government is expected to achieve an appropriate balance between the social and fiscal capacities for gaming activities in the province. This is a balance between the public acceptance and social impacts of gaming activities and the consumer demand and economic impacts of gaming activities in the province.

Demand for Gaming Proceeds

There is ongoing pressure for proceeds from charitable gaming and provincial lotteries (the Alberta Lotteries Fund) to help support charitable, non-profit, public and community-based initiatives.

There are more than 8,000 charitable organizations that have gaming licences to raise funds for their community projects. Up to 14,000 groups have been registered by the Commission at one time or another as being eligible to hold a gaming licence—that translates to one eligible charitable or non-profit organization for every 215 Albertans.

Alberta Lottery Fund revenues are allocated to public initiatives, programs and foundations that are identified in the government's business planning process and approved by the provincial legislature. The lottery fund supports more than 8,000 charitable, non-profit, public and community-based initiatives throughout the province each year.

Charitable Gaming Model

The provincial government made a commitment to maintain the province's charitable gaming model in response to a recommendation of the Lotteries and Gaming Summit '98. Under this model, bingo, casinos, raffles and pull ticket sales may only occur in the province when eligible organizations receive licences to conduct the gaming activities. Eligible charitable groups receive proceeds from their direct involvement in those activities. This model is highly regarded by stakeholders. It is distinct in Canada as to the relatively high involvement by charitable organizations. In other jurisdictions, the government typically plays a more prominent role in conducting and managing gaming activities and distributes the proceeds from them as it deems appropriate.

Social Responsibility

Albertans expect that gaming activities are delivered in a socially responsible manner. As an example, it is recognized that while gaming has become an acceptable form of entertainment for many Albertans, there also are Albertans who experience serious problems with their gambling.

Social and Economic Costs and Benefits

The public and stakeholders want a full analysis of the social and economic costs of gaming activities in the province. Currently, the Alberta Gaming Research Institute and the Alberta Gaming Research Council are in place to examine the social and economic issues related to gaming.

Partnership

The provincial government, charitable organizations, private operators and retailers and those employed in the gaming industry are all stakeholders in the province’s gaming industry. The integrity and socially responsible delivery of gaming activities is a shared responsibility among them.

Complexity and Diversity

Each gaming activity is administered and regulated under a distinct set of licensing policies and guidelines. This reflects the diversity within the industry and is reinforced by charitable organizations, gaming operators or private retailers who refer to their specific gaming activities as being part of industry, for example, “casino industry” and “bingo industry.” Each gaming activity has its own history or traditions, market and manner in which it is delivered to players.

Gaming Infrastructure

The gaming infrastructure refers to the base or structure on which gaming activities and services are provided to players. A key element of the infrastructure are the organizations or individuals who deliver gaming activities to players. They are as noted in the following table:

Table 3-2: Gaming Activity Delivery

GAMING ACTIVITIES	DELIVERED TO CONSUMERS BY:
Charitable gaming activities or events: <ul style="list-style-type: none"> • casino table games • association bingo • larger scale community bingo • larger raffles • pull ticket sales • smaller raffles • community bingo events 	<ul style="list-style-type: none"> • Volunteers of licensed charitable organizations; Or • Volunteers of licensed charitable organizations and private businesses or paid managers and their gaming staff, all of whom must be registered by the Commission.
Government run gaming activities (provincial lotteries): <ul style="list-style-type: none"> • ticket lotteries • VLT gaming • slot machines (casino facilities, racing entertainment centres) 	<ul style="list-style-type: none"> • Private businesses or retailers under agreement with the Commission. • The Western Canada Lottery Corporation markets ticket lotteries in Alberta on behalf of the Commission.

Eligible charitable groups that are licensed by the Commission are required to conduct and manage charitable gaming events. They do so through their volunteers and, as shown in the table, are assisted in some gaming activities by service providers that include private companies and hired employees. Service providers naturally have an interest in the gaming activities in which they are involved, including their expansion or growth.

Casino and association bingo events are held in licensed gaming facilities. Casino events are held in licensed casino facilities that are owned or leased by private casino operators registered with the Commission. Association bingo events are held in licensed facilities that typically are leased by the association.

Private service providers assist the Commission in its responsibilities to conduct and manage video lotteries, ticket lotteries, and slot machines. These service providers, typically operating from facilities or venues they own or lease, naturally have an interest in the continuation, expansion or growth of the gaming activities in which they are involved.

Market Competition

Those who operate or conduct gaming activities are free to compete for the gaming dollar within the bounds of legislation, regulation and policies.

Typically, operators of similar games within the same vicinity or region will compete for the same consumers (that is, casinos within the same geographical region, bingo halls within the same geographical region, regional or provincial raffles, etc.). Competition also exists for Albertans' gaming dollars in other jurisdictions, for example, Casino Regina, which advertises its facility in Alberta, and international destinations such as the casinos of Las Vegas.

Generally, the gaming industry in the province has over the past few years focused on improving the quality of gaming entertainment in order to maintain or increase the customer base, for example, by improving the environment within gaming facilities through expansion or renovation and by introducing new games or activities. As a result, the standards for the delivery of gaming activities in the province are generally higher than before.

Product Life Cycles

Gaming activities, as with any products or services in the marketplace, have their own life cycles based in part on their customer base, changing demographics and the introduction of new technologies.

Traditional games, which at one time dominated gaming in the province, such as paper bingo and horse racing, have seen declining or marginally increasing sales or wagering over the past ten years.

Similar to the experience in other Canadian jurisdictions, newer electronic games such as slot machines and VLTs were introduced to the province within the past decade. They have become popular and subsequently enlarged the entire gaming market in the province.

Effect of Technology

Those involved with the traditional, mature gaming activities in the province have been compelled to consider new technologies to retain market share and deliver acceptable products. Satellite bingo and off-track betting are examples of this trend. Various jurisdictions around the world have introduced or are contemplating offering gaming activities using the Internet.

Members of the bingo industry and horse race industry feel electronic games, in particular VLTs, have eroded their customer base and contributed to declining sales or wagering since VLTs were introduced in 1992. The extent of the effect of electronic games on reducing sales in mature, traditional gaming activities has yet to be clearly determined. Much of the evidence provided has been anecdotal and lacked methodical, statistical or qualitative study.

Gaming operators want a level playing field regarding introducing new technologies. For example, some bingo industry members argue if electronic keno were to be introduced into casinos, bingo halls should be permitted to introduce it as well, since the game is similar to bingo and would contribute to the viability of bingo in the province.

The horse racing industry has benefited to some extent from slot machines in racing entertainment centres as well as off-track betting and simulcast wagering. However, those do not appear to have reversed—and may have even contributed to accelerating—the downward trend in pari-mutuel wagering on live horse racing.

Pressures for Growth or Expansion

The areas in which most demand or pressure exists toward growth of gaming in the province is with new casinos, including First Nations casinos; electronic games; new gaming activities; and introducing new technologies to traditional gaming activities such as bingo.

In the past, the growth or expansion of gaming activities has been managed based on various criteria or policies which have taken into consideration such factors as: level of proceeds to charitable, non-profit, public and community-based initiatives; consumer demand; industry demands; policy limits on growth or expansion (for example, the maximum limit of VLTs in the province) and community objections or concerns.

The concern is that such licensing policies are not in all respects current, comprehensive or specific enough to address the demands and issues for growth being faced today. Moreover, the public has expressed its own concerns about uncontrolled expansion of gaming activities. The public places responsibility upon each adult person for his or her own behaviour, but also places responsibility upon the government to protect the public interest or welfare of citizens.

These pressing concerns and demands have necessitated a thorough review of the province's gaming licensing policies.