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### EXECUTIVE SUMMARY

Gambling in Canada is big business. Statistics Canada reports that gambling brought in over \$13 billion in revenue in 2008.<sup>1</sup> The decisions of British Columbia, Ontario, Quebec and the Atlantic provinces to allow government-sanctioned online gambling are a sign that governments still want more.

Those in favour of this progression argue that “problem gamblers” are just a trifle in the context of the expected profits. A 2009 report found that 3.2 per cent of Canadian adults are either moderate or severe problem gamblers.<sup>2</sup> According to Statistics Canada, this represents approximately 828,000 individuals 19 and over.<sup>3</sup> When we acknowledge that each one of those problem gamblers has a family we begin to see the social costs associated with problem gambling. In short, government sanctioned gambling in Canada is causing problems as governments chase after increasing revenue.

The purpose of this paper is to bring to light the negative effects of gambling on the families of Canadian problem gamblers. One province-wide study in Nova Scotia attempting to track social and economic costs of gambling was shelved by the government for unclear reasons.<sup>4</sup> Further research is required to conduct a comprehensive analysis of gambling in Canada.

#### Recommendations

- **Government should remove itself from the gambling business**  
Gambling in Canada causes damage to a large number of people, such that government provision of gambling for non-problem gamblers is not worth the financial and social cost to our country. In particular, those living in poverty cannot afford the “gambling tax” government takes from them.
- **Separate profit maximization and responsible gambling initiatives**  
Wherever provincial gambling authorities mandated to increase revenue are involved in promoting “responsible gambling,” there is a strong conflict of interest. Where profit maximization and responsible gambling initiatives are united under the provincial gambling authority, they must be operated independently. Responsible gambling initiatives should be funded through gambling profits, but operated independently of the gambling industry’s influence.
- **Halt gambling expansion**  
Governments know that the main way to increase profits is to create more, new ways to gamble. Governments considering legalization of online gambling and those operating online gambling sites should stop.

# GOVERNMENT GAMBLING AND BROKEN FAMILIES

## INTRODUCTION

Gambling in Canada is a lucrative business. Statistics Canada notes that gambling net revenues have increased from \$2.73 billion in 1992 to roughly \$13.7 billion in 2007. Revenues were \$13.75 billion in 2009.<sup>5</sup> Because revenue growth has leveled off since 2005, lottery corporations across Canada are currently seeking to expand their operations into areas previously illegal in Canada. In fact, as of September 2010, British Columbia, Ontario and P.E.I. have reversed their positions on allowing government-run gambling over the internet within their borders, all in an effort to cash in on money leaving their provinces.

In Ontario, which has a \$19.7 billion deficit, the “government estimates online gaming could net the province \$100 million or more in profit annually within five years of being set up.” While \$100 million is not a lot of money in the context of such a large government deficit, the Ontario Finance Minister Dwight Duncan has said that this move is “more about the competitiveness of OLG (Ontario Lottery and Gaming Corporation) going forward and ensuring that it continues to be a reliable source of revenue for the province.”<sup>6</sup>

The problem, as the Ontario government sees it, is that Ontarians are spending up to \$400 million per year on private online gambling sites. The government wants a share of that money. Said the chair of the OLG: “In its current form, internet gaming in Ontario does not return proceeds to this province.”<sup>7</sup>

Statistics Canada found that in 2008, 51 per cent of households with incomes of less than \$20,000 gambled, and 78 per cent of households with incomes more than \$80,000 gambled.<sup>8</sup>

“Just under half of women and men living alone reported spending money on at least one gambling activity; however, the men spent 50 per cent more than women—\$814 compared with \$516.”<sup>9</sup>

Governments gained an average of \$528 revenue per person 18 and over in 2008, ranging from \$114 in the three territories to \$825 in Saskatchewan.<sup>10</sup>

## WHERE ARE THEY GAMBLING?

As of September 2010, there were 70 casinos, 28 racinos (casinos at racetracks) and two ludoplex (digital gambling machine) facilities in Canada. The newest casino was opened in New Brunswick in 2010. Twelve casinos across the country are operating in cooperation with or exclusively by First Nations communities.<sup>11</sup>

The vast majority of casinos, racinos and ludoplex facilities in Canada were built throughout the 1990s; 25 casinos have been opened since January 2005, 12 since January 2008.<sup>12</sup>

Every province except British Columbia and Ontario also allows Video Lottery Terminals (digital gambling machines) to exist outside of casinos, racinos and ludoplex’s.<sup>13</sup>

As governments seek to expand the reach of and revenue from their gambling operations, the question is how does gambling affect gamblers and their families?

The first and most obvious answer is family finances:

Households with incomes of less than \$20,000 who gambled spent an average of \$395 in 2008. Households with incomes of \$80,000 or more, who gambled in 2008, spent an average of \$555.<sup>14</sup>

In other words, on average, low income households spend more than twice as much as the high income

households as a percentage of their income. Gambling profits are disproportionately drawn from the poor, which lends credence to the idea that government run gambling is, in effect, a tax on the poor.

Even more disproportionate is the percent of revenue taken from problem gamblers.

The Canadian Association for Mental Health defines problem gambling this way:

Gambling is a problem when it:

- gets in the way of work, school or other activities
- harms your mental or physical health
- hurts you financially
- damages your reputation
- causes problems with your family or friends<sup>15</sup>

The authors of a report for the Ontario Problem Gambling Research Centre estimate that problem gamblers, at 3.2 per cent of the adult population of Canada, contribute 23.1 per cent of gambling revenues.<sup>16</sup> This is even more striking, given that only 45 per cent of adult Canadians gambled at all in 2007.<sup>17</sup> Problem gamblers and their families are contributing proportionally more gambling revenue than anyone else in Canada.

Yet it is provincial gambling authorities themselves that attempt to discourage problem gamblers through “responsible gaming.” Since governments get into the gambling business for revenue, government efforts to curb gambling of any kind will have little incentive to be successful. In Ontario, for example, the Ontario Lottery and Gaming Corporation (OLG) is a partner in a responsible gambling initiative seeking to treat problem gamblers and keep regular gamblers from becoming addicted. They seek to do this through information about how slot machines and lotteries work, as well as showing common gambling myths to be untrue. Their slogan is “know your limit, play within it,” but they offer bank machines in casinos for easy access to bank accounts and/or lines of credit. They invite problem gamblers to put themselves on a list of people to be barred from ever returning to a casino or racino. But a lawsuit filed in 2009 argues that this “self-exclusion” program isn’t

working the way problem gamblers thought it would. One of those problem gamblers is Peter Dennis, the plaintiff in the lawsuit. According to the *Toronto Star*, Mr. Dennis “argues gaming staff allowed him to keep gambling even though he had authorized them to stop him from entering casinos or throw him out if he went in anyway.”<sup>18</sup> How can a government agency mandated to increased revenues actively seek to decrease revenue through treatment and discouragement of problem gambling?

This level of spending on gambling understandably has effects on the finances of problem gamblers. As with other addictions such as alcoholism, money spent to feed their habit is not available to pay for normal costs of living. Spending on staples such as food and clothing shrink as gambling expenditures bite into their budget line. School trips can’t be taken because the money required to go has been eaten by the gambling habit. At worst, mortgage or rent payments can no longer be made, resulting in eviction.

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## SOCIO-ECONOMIC IMPACT OF GAMBLING


A 2008 study outlines the socio-economic impact of gambling, stating that:

In terms of impact, there are many tangible and intangible costs on health and wellness, including poor health or morbidity, stress, depression and anxiety, suicide or other premature mortality, substance abuse (alcohol, tobacco and illicit drugs related to gambling), and ...loss of value of time with family and friends.<sup>19</sup>

In these impacts, we see that gambling is not only an issue for the 828,000 moderate and problem gamblers in Canada. Problem gambling is also a very real issue for their families. In fact, the Australian Productivity commission found that

5 to 10 other people can be directly affected to varying degrees by the behaviour of a problem gambler. In addition, there are demands on the resources of community and public services.<sup>20</sup>

At this rate in Canada problem gambling alone would affect 4.1 to 8.28 million Canadians. By 2009 figures, that represents between 12 and 25 per cent of the population of Canada.<sup>21</sup>



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## HOW DOES PROBLEM GAMBLING AFFECT THE FAMILY?

- Problem gambling separates families. A study of children of problem gamblers heard three siblings describe “a particularly poignant and distressing episode when their mother was trying to leave as one of her younger children struggled to wrest the suitcase from her grasp to make her stay...”<sup>22</sup> Children of problem gamblers spoke of the experience of pervasive loss which included “the loss of the gambling parent, in both a physical and an existential sense; the loss of the child’s relationship with extended family...”<sup>23</sup>
- Problem gambling creates conflict. According to a study in Norway, family members of problem gamblers reported experiencing family conflict at a percentage rate more than 50 times higher than the general population.<sup>24</sup>
- Problem gambling destroys families. Gamblers themselves speak of losing relationships with their family.<sup>25</sup>
- Problem gambling creates crises. A 2008 study found that violence between spouses was significantly higher in their sample of problem gamblers and their spouses than in the general population. Sixty-three per cent of participants were either the perpetrator or victim of intimate partner violence (physical assault, injury, and/or sexual coercion) in the past year.<sup>26</sup> Seventy-four per cent of participants reported themselves as perpetrators of psychological aggression.<sup>27</sup>

When governments are involved in gambling, and furthermore, aim to expand their presence, they are responsible for perpetuating the social ills caused by gambling.

When we can quantify the number of divorces, bankruptcies and suicides directly linked to gambling, perhaps governments will change their tune. Until then, we will have to rely on the testimony of spouses

and children and gamblers themselves. They paint a clear picture of hurt, isolation and damage which results when gambling addiction enters the family. As governments across the country expand gambling opportunities, they put even more families at risk of damage and breakdown in order to bring in more profits for provincial treasuries.

## RECOMMENDATIONS

- **Government should remove itself from the gambling business**  
Gambling in Canada causes damage to a large number of people, such that government provision of gambling for non-problem gamblers is not worth the financial and social cost to our country. In particular, those living in poverty cannot afford the “gambling tax” government takes from them.
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## Endnotes

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