

Re: GAMING REGULATIONS
(Item 19, Manager's Report No. 14, 1988 February 22)

ACTING MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Planning & Building Inspection be adopted.

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TO: MUNICIPAL MANAGER 1988 JULY 06

FROM: DIRECTOR PLANNING & BUILDING INSPECTION Our File: 17.812

SUBJECT: GAMING REGULATIONS

RECOMMENDATION:

1. THAT a copy of this report be forwarded to Commissioner Richard M. Macintosh, Chairman, B.C. Gaming Commission, 848 Courtney Street, Victoria, B.C. and the Municipal Council of the District of Saanich.

SUMMARY

Subsequent to our previous report to Council on this matter, staff have received additional information relating to the operation of casinos and bingo halls for charity purposes. The information was obtained from the recently released B.C. Gaming Commission report on the status of gaming, input from The Lower Mainland Municipal Association and Burnaby InterAgency Council members, and the Symposium on Lotteries and Gambling sponsored by Simon Fraser University.

The recommendations of the Gaming Commission report are aimed at improving the quality of the facilities and operation of casinos and bingo halls by commercial operators, and the 'fair and equitable access' to gaming revenues by non-profit agencies. The Commission has established limits on the number of operating companies and locations for a year, to enable the Commission to assess their operation.

The findings of staff indicate that the social costs associated with gaming are minimal in relation to charity based gaming. Organized crime, and the incidence of compulsive gamblers are attributed more to commercial profit oriented gaming establishments, in jurisdictions where gaming has been legalized, such as the United States. The Burnaby RCMP have indicated that existing charity based gaming has not required any increase in police coverage.

The Gaming Commission is not presently planning to increase the scope of gaming opportunities in the Province. The Commission will continue to review and refine gaming policy, and staff will continue to monitor their findings.

R E P O R T

1.0 BACKGROUND

At its regular meeting of 1987 December 14, Council received a brief submitted to the B.C. Gaming Commission by the District of Saanich. The brief outlined concern by the Saanich Council to increased gaming in the Province of B.C.

Staff submitted a preliminary report to Council on 1988 February 22, outlining whether or not the Union of B.C. Municipalities (UBCM), Lower Mainland Municipal Association (LMMA), Burnaby RCMP and Burnaby InterAgency Council had adopted positions on the issue of gaming.

Since that time, staff have acquired additional information, through review of the report of the Gaming Commission, attendance at the Symposium on Lotteries and Gambling sponsored by Simon Fraser University, and through meetings with local social service agencies.

2.0 ADDITIONAL INFORMATION RECEIVED

2.1 Lower Mainland Municipal Association

The LMMA considered the issue of gaming at their meeting of 1988 February 25, in response to our inquiry. The item was received for information, and no formal position was adopted.

2.2 B.C. Gaming Commission Report

The B.C. Gaming Commission was appointed in 1987 April, and is responsible for setting policy, licensing and hearing appeals respecting the operation of bingo, casinos and ticket raffles in the province. The philosophy of the Gaming Commission is to "develop policy which will ensure that charitable organizations earn the maximum revenue for their worthwhile endeavors, while acknowledging the fundamental principle of government not to encourage unregulated growth or expansion in gaming activities." (Report on the Status of Gaming in British Columbia, January 1, 1988)

The report of the Gaming Commission was released on 1988 March 11. The Government received the majority of the recommendations of the report, with the exception of three, the most significant of which is the establishment of sites for destination resort gambling on an experimental or any other basis. A summary of government response to the recommendations contained in the report is attached as Appendix I.

The Commission report was based on a consultation process, including submissions from 500 groups and individuals, and presentations from 60 individuals and organizations.

Some of the recommendations outlined in the report have already been put into effect including:

- a) A limitation on the number of casino locations in the Greater Vancouver region to 8;
- b) An increase in casino playing days from 36 days to 56 days, effective 1988 April 05;
- c) The licensing and regulation of casino and bingo operating companies by the Gaming Commission.

The intent of these changes is to ensure the development of a limited number of good quality casinos and bingo parlors which can be assessed over a year. The number of locations can then be increased, if deemed appropriate by the Commission. The impact of initiatives taken by the Commission has resulted in the following:

- a) A reduction in the number of casino operating companies and locations in the Province from 40 companies in 52 locations to 9 companies in 18 locations;
- b) A reduction in the number of commercial bingo halls in the Province from 90 to 56;
- c) An increase in the percentage of profits to charities through casinos from 28.6% to a required 50%;
- d) An increase in the average percentage of profits to charities through bingos from 21.1% to 25.7% (25% minimum);

One of main concerns of the Commission is that non-profit societies have equal access to gaming revenues, and that access to funding is dependent upon need. Non-profit agencies will be required to meet a set of criteria, based upon their budgetary requirements, the purpose of the charity, the intended purpose for the revenues from gaming, and the comparative worth of their charity, as determined by the Gaming Commission.

In summary, the Commission report proposes no expansion of gaming from the traditional charity base, with the exception of the operation of casinos on the ships operated by the Crown Corporation B.C. Steamship Company.

As indicated above, the implementation of the recommendations of the Commission has resulted in a decrease in the absolute number of casino and bingo operating companies, and the number of locations. The decrease has occurred as a result of tighter regulations and licensing controls by the Commission. The Commission proposes to retain the freeze on the number of casinos until such time that it has had an opportunity for further review.

In terms of social costs, the Commission believes that current gaming activities will not result in increased police responsibilities, based on the current betting limits, and overall cash involved. While acknowledging that increased availability of gaming encourages new gamblers, and introduces greater possibility of compulsive gamblers, the Commission reports that current terms and conditions, with respect to hours of operation and restrictions on extension of credit operate as preventive measures.

2.3 Symposium on Lotteries and Gambling

The Criminology Department of Simon Fraser University recently sponsored a symposium on lotteries and gambling, to examine issues including gaming trends in Canada and the world, regulations controlling gaming, law enforcement, gaming revenues and the non-profit sector, and ethical/moral issues of gambling.

A staff member of the Planning & Building Inspection Department attended the symposium. The significant number of speakers at the symposium felt that the Province should be cautious in the expansion of casinos and bingo parlors. The primary concern focused on the future development of commercial legalized gaming facilities, which presently are not permitted under Federal law.

There was a wide range of participants at the Symposium, including regulators, law enforcement personnel, social service agencies, municipal and provincial officials, social club and bingo/casino operators.

Participants discussed the issue of organized crime in connection with gaming, and it was generally felt that risk of organized crime is associated primarily with legal, commercial gambling establishments. It was speculated that some degree of theft and money laundering might occur in charity gaming operations. The Gaming Commission is attempting to reduce potential for crime of this sort through improved audit procedures and increased recording of transactions.

The issue of compulsive gambling was also discussed. The impact of charity gaming on compulsive gambling was not considered to be great. It was felt that compulsive gamblers would seek illegal forms of gambling if the charity operations were not available. Participants suggested that the Gaming Commission should consider focusing some licensing fees toward treatment of compulsive gamblers.

There was generally good reception to the B.C. Gaming Commission report by those in attendance. Many comments were made with respect to the industry being 'stabilized' by the recommendations of the Gaming Commission. Some concern was expressed by social service providers about the discretion permitted by the Commission in the determination of 'fair and equitable' access to gaming licenses.

2.4 Survey of Burnaby InterAgency Members

As discussed in the 1988 February report to Council, staff distributed a survey to all non-profit agencies of the Burnaby InterAgency Council. The survey enquired whether the agency used any form of gaming as a means of fundraising, the percentage of their annual budget that was comprised of revenue from gaming, and the position of the Board of Directors of the agency on the use of gaming as a source of revenue.

Seventeen questionnaires were distributed, and thirteen were returned. Nine of the thirteen agencies, or 69%, used revenues from bingo or casinos as part of their annual operating budget. Gaming revenues ranged from 1% to 65% of agencies' annual budgets.

The responses from the Burnaby agencies surveyed regarding the position of the Board of Directors on gaming as a source of revenue varied widely. The responses are summarized below:

- 4 agencies are opposed to gaming, and are not using it for fundraising;
- 2 agencies are opposed to gaming, but are using it for fundraising in the absence of other viable alternative methods of fundraising;
- 5 agencies are using gaming for fundraising, with no indicated opposition or reservations;
- 2 agencies are considering, or are using gaming for fundraising, but with some reservations.

The findings of the survey were consistent with the position expressed by the InterAgency Council, wherein the members recognize the possible social problems associated with gaming, however, by necessity are relying on gaming as a source of revenue to fund the provision of social services.

2.5 The Coalition of Social and Community Service Groups for Gaming Reform

A group of Lower Mainland agencies formed a coalition in February 1988 as a result of growing concern for the future of independent fund-raising through gaming in the Province. The Coalition of Social and Community Service Groups for Gaming Reform has prepared a brief, and outlined a number of concerns, in response to the report of the B.C. Gaming Commission.

Some of the issues raised by the Coalition include:

- a) The Commission has not established a long term comprehensive model of gaming for the Province, and changes are being made on an ad hoc basis;
- b) There is considerable discretion exercised by the Commission in determining the worth of a charity, and in ensuring 'fair and equitable' access to gaming revenues;

- c) Changes in gaming regulations should take into account the effort expended by bona fide charities using gaming for fundraising prior to 1987; many agencies have worked hard to establish and build revenues from gaming, and have become dependent on these revenues for core funding;
- d) The Commission should not limit the amount of revenue a charity can receive from gaming, based on their need for present operational funding; charities should be allowed to budget for programme expansion, improvement of premises, and increase in programming staff, to better meet the needs in the community.

Staff supports the concern of the Coalition that significant discretion rests with the Gaming Commission in determining the comparative need and worth of agencies. Staff feels that the development of a relatively objective set of criteria is necessary for the Gaming Commission to ensure 'fair and equitable' access to gaming revenues.

Staff recognizes the impact of the other points raised by the Coalition, and feels that they should be considered by the Gaming Commission in their ongoing review of gaming policy.

3.0 CURRENT STATUS OF GAMING IN BURNABY

The Municipality has control over the development of gaming establishments through zoning and licensing.

Casinos and commercial bingo halls are accommodated within the C3 and C4 commercial zoning districts. The parking regulations that relate to public assembly uses apply to casinos and bingo halls. To date, we have received a Preliminary Plan Approval application for one commercial bingo hall, which, since approval, has gone out of business. There is presently a hotel in Metrotown in which casinos are run for charities. There are no active commercially operated bingo parlors in Burnaby at this time.

The License division of the Finance Department issues business licenses to operators of commercial casinos and bingo halls. The procedure followed by the Chief License Inspector in the issuance of business licenses for such uses includes input from the RCMP and Planning. The operators must also now obtain a license from the Gaming Commission.

The Chief License Inspector is also responsible for issuing licenses for the operation of private social clubs, in which gambling is permitted. The business license regulates the hours of operation of the social club. Burnaby presently licenses one such club, and is processing an application for a second club. The RCMP have indicated that they have experienced minimal problems with the existing social club. The Gaming Commission report recommends tighter control of regulation of social clubs.

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ITEM 13
MANAGER'S REPORT NO. 47
COUNCIL MEETING 1988/07/11

4.0 DISCUSSION

The original brief received from the District of Saanich conveyed the concern of the Saanich Council regarding an expansion of gaming the Province. The research of staff has indicated an equally important concern on the part of social service agencies to maintain access to gaming revenues for operating funding.

Staff feel that the report of the Gaming Commission has addressed concerns relating to social impacts, potential crime and fraud resulting from gaming activities, and the needs of the non-profit sector in a fund-raising capacity.

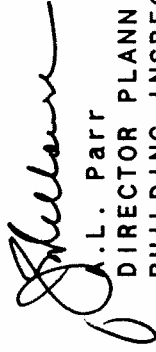
Staff recognize that the moral/ethical dilemma of promoting or supporting gaming as a means of providing revenue for social services is a difficult one to resolve. Given the current economic conditions in the Province and the Provincial government funding policies, however, gaming appears to be the primary source of revenue for many agencies.

The Gaming Commission has an ongoing mandate to review and improve gaming policy and regulations. Staff will continue to monitor the changes, and any potential impacts on the Municipality, and report back to Council as appropriate.

ALP
DLF/pja

ATTACH:

cc. Officer in Charge, RCMP
Director Finance


A.L. Parr
DIRECTOR PLANNING &
BUILDING INSPECTION

APPENDIX I

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B.C. GAMING COMMISSION REPORT ON
THE STATUS OF GAMING IN BRITISH COLUMBIA
JANUARY 1, 1988

SUMMARY OF GOVERNMENT RESPONSE
March 11, 1988

A. CASINOS

Agrees with:

- (1) no change in the terms and conditions relating to betting limits, hours of operation, prohibition of liquor, permitting gratuities, prohibiting extension of credit or cheque cashing;
- (2) increasing the playing days from 36 to 56 in the greater Vancouver region (eight 3-day licences and sixteen 2-day licences), effective April 5, 1988;
- (3) the elimination of the draw in the greater Vancouver region and the concurrent generation of an eligibility list based on application date;
- (4) limiting the number of playing locations in the greater Vancouver region to 8, and the existing number throughout the province - new locations, when introduced, to involve local consultation;
- (5) lifting the freeze on the granting of new casino gaming licences, effective April 5, 1988
- (6) the licencing and regulation of casino operating companies.

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B. BINGOS

Agrees with:

- (1) limiting the further development of commercial bingo halls where the demand does not warrant additional facilities;
- (2) introducing measures to prevent exorbitant or unreasonable rents being charged by commercial bingo halls;
- (3) the licencing and regulation of commercial bingo halls;
- (4) the regulation of the sale price of bingo paper or cards while ensuring that where there is sufficient demand lower cost bingo is available;
- (5) experimenting in conjunction with the British Columbia Lottery Corporation, the introduction of electronic bingo and breakopen tickets in commercial bingo halls, with the licencees consent.

C. DESTINATION RESORT GAMING

Does not agree with:

- (1) the establishment of sites for destination resort gaming on an experimental or any other basis.

D. BRITISH COLUMBIA STEAMSHIP COMPANY

Agrees:

- (1) that gaming on the ships be confirmed as a success;

- (2) that current conditions for control, accounting, and security be maintained;
- (3) that better utilization be considered including greater use of special cruises.

E. ELIGIBILITY AND ACCESS

Agrees with:

- (1) requiring more extensive information from applicants as to the background, objectives and other revenue sources of the organization in order to assess "need;"
- (2) the commission exercising a reasoned discretion as to the degree of access to gaming activity;
- (3) considering regional differences in the exercise of their discretion;
- (4) considering similar or closely related organizations collectively rather than individually.

The Commission is requested to continue to assess alternative models to determine eligibility and access.

F. TICKET LOTTERIES

Agrees with tighter control of ticket lotteries to ensure compliance with the terms and conditions of licence.

G. FAIRS AND EXHIBITIONS

Agrees with further study and review of gaming at these events and strict compliance with the terms and conditions relating to the gaming activity taking place thereat.

H. SOCIAL CLUBS

Agrees with tighter control and regulation of this type of activity.

I. ADVERTISING

Agrees with the development of regulations relating to the advertising of gaming events.

J. ADMINISTRATIVE AND PROCEDURAL

Agrees with:

- (1) the development of regulations relating to the licencing, registration, bonding and training of casino operating and commercial bingo hall companies and employees;
- (2) encouraging further development of charity of community associations;
- (3) the revised fee schedule.

Does not agree:

- (1) with the creation of a group of persons called "charity advisors" but the Commission should seek other alternatives to ensure charity volunteers are capable of complying with the terms and conditions of their licences;
- (2) that any change is desirable at this time in the licencing authority or reporting relationship of the Branch.

While there are a number of other observations, comments and minor recommendations in the report these, are the most significant.

