



September 10, 2009

Questions – Distribution of Casino Proceeds to Licensed Charities

Introduction

There are about 7,000 charitable organizations in Alberta eligible to conduct and manage a casino event. Each of the 19 traditional charitable casinos can accommodate 182 2-day events per year resulting in almost 3,500 casino events annually. Based on geographic constraints and current boundaries, the waitlists range from 16 to 33 months.

In 2008-09, licensed charities received \$252 million in proceeds from casino events, more than double the \$122 million received in 2002-03.

Licensed charities receive proceeds from table games as well as a commission from slot machines. In 2008-09, licensed charities received about \$77.9 million (31%) from table games and \$174.5 million (69%) from slot machines.

Casino proceeds to licensed charities support worthwhile community projects and services that are delivered by the Alberta voluntary sector.

Access and Distribution Principles

Over time, the Alberta Gaming and Liquor Commission (AGLC) has developed the following set of principles to help ensure equitable access to and distribution of proceeds to eligible organizations:

1. Revenue Pooling

This principle says that *charities holding casino events at a traditional casino within a city or region should receive the same proceeds from the events.*

To achieve this, regions with more than one casino combine proceeds from all traditional casinos in the region into one pool and distribute the pool equally to the charities that had a casino event. This is the case in Edmonton (five casinos), Calgary (five casinos), Red Deer (two casinos), Camrose/St. Albert (two casinos). This principle ensures that, within a city or region, a charity volunteering at a lower-performing casino receives the same proceeds as a charity with an event in a higher-performing facility.

2. Quarterly Pooling

This principle says that *charities within a pooling region should receive a similar amount of proceeds regardless of the day of the week they hold their event.*

Proceeds are typically higher on weekends than weekdays. Combining all proceeds from the casino in a quarter into one pool and distributing the pool equally ensures all charities receive an equal amount of proceeds.

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3. **Edmonton and Calgary Access**

This principle says that *only charities located within Edmonton and Calgary or those providing province-wide services are permitted to receive a licence for a casino event in Edmonton and Calgary casinos.*

In addition to ensuring that casino proceeds are distributed back to the communities from which they came, many charities in the larger urban centers of Edmonton and Calgary support a larger client-base. This includes the provincial charities which provide services throughout Alberta.

4. **Nearest Casino Access**

This principle says that *casino proceeds should be distributed back to the communities or regions from which they came.*

Typically, charities are licensed to conduct two day events at casinos in the community or region where they conduct their program delivery. Casino regions are defined so that licensed charities generally hold their event at the nearest casino.

5. **Volunteer Requirements**

This principle says that *pooling should only occur among similar size traditional casinos since minor and major casinos have different volunteer requirements.*

This is the case in Edmonton and Calgary (major casinos) and Red Deer and Camrose/St. Albert (minor casinos). Events in major casinos require more effort (minimum requirement is 25 volunteers) on part of the charity than events in minor casinos (minimum requirement is 15 volunteers).

Current Challenges

- **Wait times** - The number of charities within each region has significantly increased over time with some regions increasing faster than others. Since charitable organizations are not evenly distributed across the province, some regions have a higher number of organizations assigned to a casino than other regions resulting in longer waiting periods. The provincial average is currently 26 months, with a high of 33 months in Grande Prairie and Lethbridge to a low of 16 months in Fort McMurray and Medicine Hat.
- **Proceeds per event** - The level of gambling varies across the province, so charities holding their events outside Edmonton and Calgary generally earn lower proceeds per event compared to charities that hold events in the urban centers. For example, in the quarter ending June 30, 2009, casino proceeds ranged from a high of \$76,109 in Calgary to a low of \$18,325 in Camrose and St. Albert.
- **Volunteers** - Charities are required to provide volunteers to conduct and manage the casino event. More volunteers are required for a casino event in a major casino compared to an event in a minor casino. Some charities and casino operators believe the number of volunteers required should be reviewed.

Consultation questions

Having read the background information and considering your organization's circumstances, comment on the following questions about each of the issues described above, remembering that the underlying principles are intended to help ensure there is equitable access to and distribution of proceeds to eligible organizations:

Question #1 – Wait time

The wait time per region is a function of the number of eligible charitable organizations in the casino region applying for a casino event licence and the number of events per year in the region. The number of eligible organizations in a region can be adjusted by moving some regional boundaries periodically. Since there are no new casinos anticipated to open, the number of events per year is not likely to increase.

- a. Should some boundaries be moved to help equalize wait times across the province? Please explain.*
- b. Should casinos within Edmonton and Calgary be accessible only to charities within these regions as well as provincial charities? Please explain.*
- c. What are some factors that should be considered in the moving of boundaries?*
- d. Can you suggest a better alternative?*
- e. What would your alternative look like and why is it better?*

Question #2 – Proceeds per event

Proceeds from traditional casino events are pooled within a city or region for a three month period to ensure that:

- proceeds are distributed back to the communities or regions from which they came,*
 - charities holding casino events receive the same proceeds regardless of the day of week they hold their event in that quarter, and*
 - charities, having the same volunteer requirements, receive similar proceeds.*
- a. Should proceeds from casino events be distributed back to the communities or regions from which they came? Please explain.*
 - b. Should charities holding casino events within a quarter and having the same volunteer requirement receive the same proceeds within the region? Please explain.*
 - c. Can you suggest a better alternative?*
 - d. What would your alternative look like and why is it better?*

Question #3 – Volunteers

Charities are required to provide 25 volunteers for major casinos and 15 volunteers for minor casinos, in order to conduct and manage the casino event.

- a. Should the number of volunteers required to conduct and manage a casino event be decreased/remain the same? Please explain.*
- b. Can you suggest a better alternative?*
- c. What would your alternative look like and why is it better?*

Thank you for taking the time to complete the questionnaire.

We appreciate your input.