



RMA
RURAL MUNICIPALITIES
of ALBERTA

RMA Charitable Gaming Committee

Final Report

December 2018



RMA Charitable Gaming Committee: Final Report

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Executive Summary

At the Fall 2017 Rural Municipalities of Alberta (RMA) convention, members passed a resolution calling on RMA to form a member committee to research Alberta's charitable gaming model and recommend how the model could be changed to treat all eligible organizations in the province equally.

Through several meetings and extensive research, the committee became familiar with all aspects of the current model, including eligibility, volunteer requirements, casino regions, and how revenues are distributed. The committee learned that Alberta's charitable gaming model is unique in North America, and places high expectations on volunteers to participate in the operation of casinos on behalf of the organization they are representing.

The committee also learned that proceeds are not distributed equally within the current model. The revenues generated by specific casinos within a given region of the province, as well as the number of charitable organizations within that region dramatically impacts the proceeds received by a charitable organization based only on where in the province they are located. For example, in 2017, a charitable organization in the Edmonton region would earn \$75,777 from a single two-day casino event, while a charitable organization in the Red Deer region would earn \$22,026. Additionally, Edmonton-region organizations would wait 22.8 months between events, while Red Deer organizations would wait 35.4 months. This difference in revenue and wait times has no link to the organization's size or mandate but is dependent entirely on where in the province they happen to be located.

While the committee was concerned with this inequality, they also learned that the regional model was important in minimizing travel times and reducing uncertainty related to where and when an organization would be required to volunteer. This is critical to small, rural charitable organizations which may struggle to recruit volunteers and are able to incur limited travel costs.

After considering both the inequality of the regional model, as well as its importance to reducing travel and volunteer challenges for small rural organizations, the committee developed a series of five principles and four recommendations intended to support the initial steps of gradually transitioning the model towards equality for all organizations in the province.

The five principles are summarized as follows:

Principle 1: Stability

Any changes made to the model should limit short-term "shocks" to organizations that rely on gaming revenues to support their operations.

Principle 2: Equitable Value

All organizations eligible to derive funding from charitable gaming events in Alberta should be treated as having similar value and importance to society.

Principle 3: Equitable Access

All charities in Alberta should have equitable access to fundraising opportunities through charitable gaming volunteerism.

Principle 4: Flexibility

Charities of all sizes and capacities should have the ability to generate revenue through charitable gaming volunteerism. The system should reduce barriers to participation as much as possible.

Principle 5: Volunteer-Driven

Volunteers play a critical role in raising proceeds for their own organizations, and in supporting the sustainability of Alberta's casinos. Barriers to volunteering should be mitigated for organizations in all areas of the province.

The four recommendations, all of which support initial steps towards an equalized model, are summarized as follows:

Recommendation 1: Pool a portion of the revenues generated in each region and distribute equally to all regions

Pooling 20% of revenues generated in each casino region and sharing them equally among all regions is a first step towards equality. This approach will not require fundamental changes to the current model and will significantly reduce the current revenue gap among regions.

Recommendation 2: Address inequities associated with the model

Revising the current travel and expense policies will reduce unfair costs that rural organizations incur to volunteer at casinos in comparison to organizations located near casinos. This and other minor changes will not disrupt the model but will help address inequities associated with it.

Recommendation 3: Stakeholders, including the AGLC, RMA and AUMA, should take a collaborative approach to improving the current gaming model

An inequitable structure disadvantages some organizations and advantages others. Previous consultations have resulted in entrenched positions in which those disadvantaged by the current model call for change and those advantaged call for the status quo. For meaningful improvements to be made, all stakeholders must acknowledge that the current system is not equal, and the model can be improved to better support organizations in all areas of the province.

Recommendation 4: Regularly Review the Model and Proceed Towards Equality

Over the past several decades, review of the model has been inconsistent, as has government willingness to adopt changes recommended through the review process. The Government of Alberta must commit to regularly reviewing the model (preferably every five years) and striving to move the system closer to complete equality each time until it is achieved.

Introduction

At the Fall 2017 Rural Municipalities of Alberta (RMA) Convention, RMA members passed the following resolution:

13-17F: AAMDC Advisory Committee to Support the Alberta Gaming and Liquor Commission in Reviewing Charitable Gaming in Alberta

THEREFORE, BE IT RESOLVED that the Alberta Association of Municipal Districts and Counties establish an advisory committee with a mandate to provide a rural perspective in support of the efforts of the Alberta Gaming and Liquor Commission’s commitment in moving forward with changes in the charitable gaming funding to treat all organizations equally across the province.¹

This report is the culmination of the RMA Charitable Gaming Committee’s efforts to research Alberta’s charitable gaming model and to provide a rural perspective on how the model could be changed to better meet the needs of organizations across the province.

This report features several sections:

- The **Committee Membership, Mandate and Process** section describes who was on the committee, what they were tasked with, and how they went about developing the information found in this report.
- The **Charitable Casino Gaming Background** section provides an overview of Alberta’s charitable gaming model.
- The **Current Model** section critically examines Alberta’s charitable gaming structure and how organizations in different areas of the province interact with it.
- The **Principles** section includes several principles identified by the committee as being central to an equitable gaming system, as well as how the current model does and does not support the principles.
- The **Recommendations** section proposes several potential adjustments to the current model to improve equitability.

The committee’s recommendations, outlined in detail on page 29 are as follows:

- Recommendation 1: Pool a portion of revenues generated in each region and distribute equally to all regions
- Recommendation 2: Address inequities associated with the model
- Recommendation 3: Stakeholders, including AGLC and RMA, should take a collaborative approach to improving the current gaming model.
- Recommendation 4: Regularly review the model and proceed towards equality.

¹ Please note that at the time of the resolution being endorsed, RMA was known as the Alberta Association of Municipal Districts and Counties (AAMDC). Any references to AAMDC in this report should be equated to RMA.

Committee Membership, Mandate and Process

Mandate

Resolution and Terms of Reference

As a member-directed organization, much of RMA's advocacy efforts are based on resolutions endorsed by RMA members. In many cases, resolutions are directed toward other levels of government, but periodically they call for RMA to form a committee to research and develop positions on specific issues. The committee was formed based on member direction in the following resolution:

13-17F: AAMDC Advisory Committee to Support the Alberta Gaming and Liquor Commission in Reviewing Charitable Gaming in Alberta

THEREFORE, BE IT RESOLVED that the Alberta Association of Municipal Districts and Counties establish an advisory committee with a mandate to provide a rural perspective in support of the efforts of the Alberta Gaming and Liquor Commission's commitment in moving forward with changes in the charitable gaming funding to treat all organizations equally across the province.

Building on the resolution, the RMA Board of Directors developed a terms of reference intended to guide the committee's work in pursuit of better understanding the current model, and recommending improvements to support increased equality. The terms of reference stated that:

The committee's role will focus on recommendations and improvements to the charitable gaming model to ensure the model is equitable to rural based organizations that are reliant, at least in part, on the revenues of charitable gaming. The Committee may also address other items as identified by the AAMDC Board of Directors. Defining "Equal"

Upon its formation, the committee framed its work around meeting the intent of the resolution and the committee terms of reference. In particular, the committee began with a focus on developing recommendations that would lead to equal treatment of all organizations in the province. While the term "equal" is not specifically defined in the resolution, the committee took it to mean that all organizations, regardless of their size, mandate, capacity, or location in the province, should receive the same financial value from their volunteer engagement with Alberta's charitable casino gaming system.

While on the surface, creating an equal model would appear as simple as pooling the revenues generated in casinos across the province and sharing them equally among participating organizations, upon investigating the current model in more detail, the committee concluded that equalization would be much more complex and significantly impact travel times and distances and volunteer requirements. It would also require a major modification (or complete overhaul) of the current system, a step that may have significant political opposition as well as short-term consequences for small organizations that rely on funding from the current model.

With this in mind, the committee followed a strategic approach towards its mandate of recommending an equal system. Rather than recommending a single overhaul of the system, this report fulfils the

committee's mandate by recommending several gradual changes that represent a "first step" towards equality. The recommendations in the report are reasonable, will not cause excessive disruptions to the ability of charitable organizations to access gaming revenues in the short-term, and as will be shown in the report, make a very real difference in closing the gap between areas of the province that currently receive a high level of gaming revenues and those that do not. Additionally, the committee recommends additional reviews and continued gradual measures to further close the gap every five years until equality is achieved (see recommendation 4 later in the report).

Membership

To gather a province-wide perspective, the RMA Charitable Gaming Committee included an elected official representative from each of RMA's five districts, one of which is also an RMA board member. In addition, RMA invited participation on the committee from the Alberta Urban Municipalities Association (AUMA), as the distribution of charitable gaming proceeds impacts all communities in the province, both rural and urban. With the exception of AUMA representatives, who were selected by the AUMA Board of Directors, all committee participants applied independently with support from their municipalities and were selected by the RMA Board of Directors based on their knowledge of the issue and perspectives they bring to the committee.

Committee members included:

- Randy Taylor, Committee Chair – RMA District 1 Director
- Doreen Blumhagen, District 2 Representative – County of Paintearth
- Doug Drozd, District 3 Representative – County of Barrhead
- Dan Boisvert, District 4 Representative – Northern Sunrise County
- Craig Lukinuk, District 5 Representative – Smoky Lake County
- Charlene Smylie, AUMA Representative – Village of Wabamun
- Michelle Kane, AUMA Policy Analyst

The inclusion of AUMA representatives on the committee was invaluable to providing a broad perspective and ensuring the voice of all communities impacted by the gaming structure was considered. As participants, AUMA contributed to the committee and the findings will be shared with the AUMA Board for information. The AUMA Board has not sponsored the report and is taking an alternative approach to a similar resolution adopted by AUMA members in September 2018.

Process

To meet their mandate, the committee started with a broad goal: understand the details of the current model. From there, the committee compared the model to those in other jurisdictions, invited delegations to learn more about the history of the current model and how other stakeholders perceived it, and critically reviewed how the system distributed funds from casinos to charitable organizations. Following this intensive information-gathering phase, the committee developed principles to characterize an "equitable" charitable casino gaming system, as well as specific recommendations for how the current system could be improved to better reflect at least some of those principles.

The committee relied on a collaborative approach and a consensus-based decision-making model; ideas were discussed as a group and common positions were established. The committee structured its meeting process with the understanding that there is likely no single “right” model for Alberta, but that both adjustments to the current model and completely new models should be considered.

Through this process, the committee was able to develop a series of principles and recommendations which were presented to the RMA Board of Directors for approval and are summarized in this report. The RMA will share the recommendations with the Government of Alberta and use the report to support participation in the AGLC’s ongoing consultations related to the charitable gaming model.

RMA Charitable Gaming Committee Workflow Process



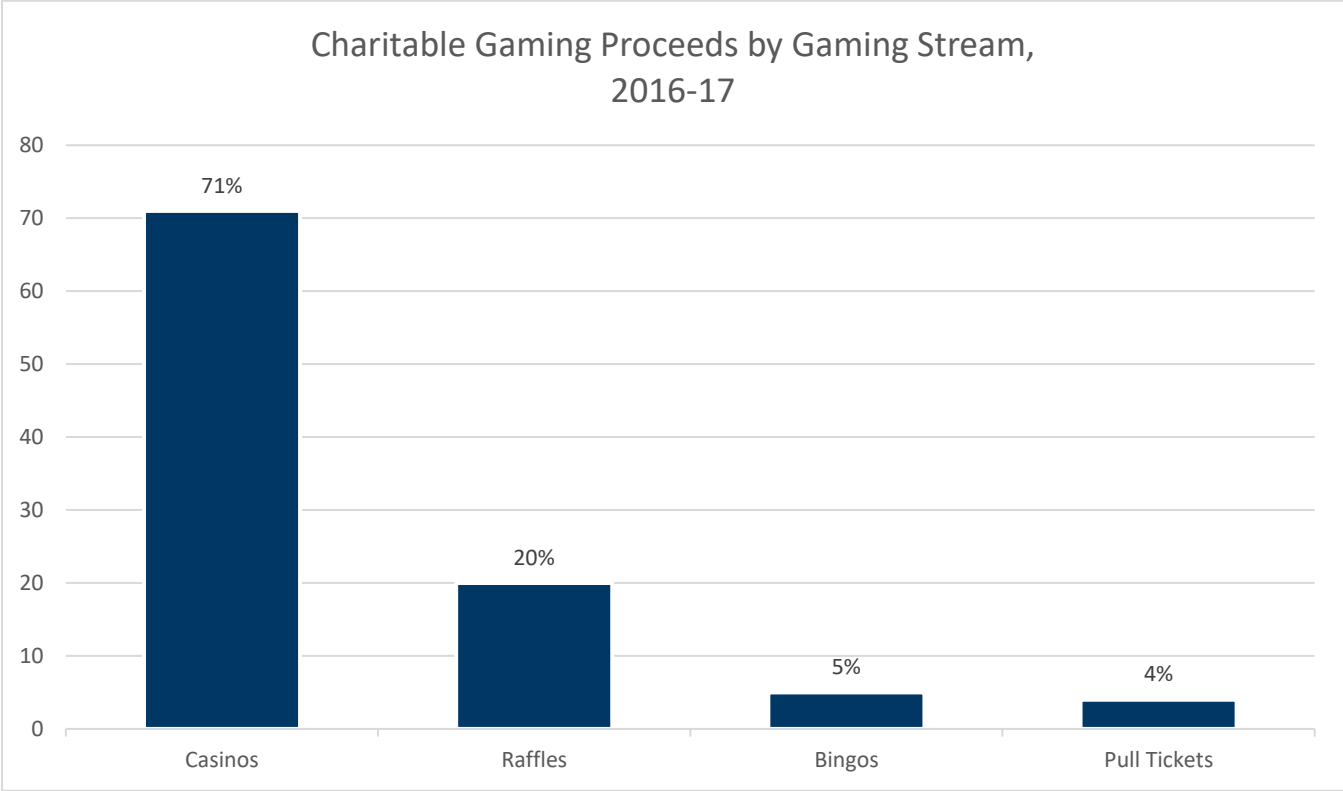
To gather a wholesome perspective of the issue, the committee invited three external delegations to engage in a discussion on the issue. The delegations included representatives from:

- Alberta Gaming and Liquor Commission
- City of St. Albert
- Edmonton Chamber of Voluntary Organizations

Charitable Casino Gaming Background

Charitable and voluntary organizations play a critical role in supporting communities across Alberta. Such organizations provide a wide range of services, from supporting vulnerable populations to providing sports and leisure opportunities to operating social spaces for community gatherings. These organizations are present in Alberta’s largest cities, most isolated rural communities, and everywhere in between. While organizations vary significantly in size, capacity, and mandate, they have two attributes in common: they rely on volunteer support to operate, and they are critically important to at least some residents of the community in which they are located.

Because organizations often rely on volunteer support, many face significant challenges in generating the revenue necessary to operate sustainably. Charitable gaming is a common revenue-generating approach used by many charitable and voluntary organizations in the province. Charitable gaming in Alberta takes several forms (casinos, bingos, raffles and pull-tickets). Organizations provide volunteer support to casinos or bingos and are then entitled to a share of revenues from the event. Additionally, charitable organizations may operate raffles, pull-tickets, and small-scale bingo events to raise funds. While all these charitable gaming options are used to varying degrees in Alberta, casino volunteering is the most significant in terms of the revenue it provides to charitable organizations. In fact, in 2016-17, casino volunteering comprised 71% of the charitable gaming proceeds raised in Alberta.²



² Alberta Gaming and Liquor Commission 2016-17 Annual Report, p. 63.

Although charitable gaming technically includes the four methods mentioned above, the focus of this report will be on charitable casino gaming, as this is the method identified by RMA members as inequitable, and it is the most financially significant method in Alberta.

Charitable Organizations in Alberta

Charitable gaming in Alberta is regulated by the federal *Criminal Code*, the provincial *Gaming and Liquor Act*, the *Gaming and Liquor Regulation* and relevant Alberta Gaming and Liquor Commission (AGLC) policies. The federal *Criminal Code* requires that only eligible groups may have gaming activities, and such activities must be for a charitable purpose. The four criteria defining “charitable purpose” include:

- Relief of poverty
- Advancement of education
- Advancement of religion
- Other purposes beneficial to the community

At the provincial level, the *Gaming and Liquor Act* empowers the AGLC to issue gaming licenses as they see fit, as per the terms of the *Gaming and Liquor Regulation* and AGLC policies. The *Gaming and Liquor Regulation* references the requirement that applicants for a gaming license must meet the charitable definition from the federal *Criminal Code* outlined above.

The AGLC’s *Charitable and Religious Groups – Basic Eligibility* policy outlines the criteria beyond that in the *Criminal Code* that organizations must meet to be eligible for a gaming license. The policy requires that to receive a gaming license, an organization must meet the following standards:

- Alberta residents must establish, maintain control of, and deliver the group’s programs;
- 75% or more of the group’s executive must be democratically elected by its member base;
- No paid members, directors or officers;
- Programs delivered must benefit a significant segment of the community, and not only serve the self-interests of members or officers;
- Applicants must have a not-for-profit objective;
- Applicants must be incorporated under one of several provincial or federal acts;
- Applicants must provide proof of ongoing program delivery; and
- Applicants must identify their charitable community benefit. Examples include:
 - Relief of the aged or disadvantaged;
 - Advancing education and learning; and
 - Provide “help” to the community (medical research, sports programming, etc.).

The AGLC assesses each organization’s eligibility upon its initial application but may reassess it at any time. Currently, there are over 7000 eligible charitable organizations in Alberta.

Organizations may use the proceeds derived from charitable gaming for a variety of approved purposes. In 2015-16, most proceeds were used for facility costs (30%), equipment, uniforms and vehicles (16%), donations within Alberta (12%), and wages, salaries, fees for service and honorariums (12%).

Alberta’s Charitable Casino Gaming Model

Alberta’s current charitable casino gaming model features includes 19 privately-owned casino facilities. For the purposes of charitable gaming, the casinos are divided into the following ten regions:

Region	# of Casinos
Edmonton	5
Calgary	5
Calgary Rural	1
Fort McMurray	1
Grande Prairie	1
Lethbridge	1
Red Deer	2
Medicine Hat	1
St. Albert	1
Camrose	1

For a visual breakdown of the ten regions, please see figure 1 on page 11.³

Charities approved for gaming licenses may only access casinos within their regions. Regions are determined in such a way as to limit travel distances for charitable organizations as much as possible. Regions are not divided equally based on population for several reasons, including the facts that the population served by a given charity is not a direct indicator of funding support needed and that the actual community served by a given charity is difficult or sometimes impossible to determine.

The distribution of charitable gaming proceeds is intended to maximize equity within regions. Prior to 1996, if charities were assigned a casino event⁴ which happened to be “slow,” with limited revenue generated, they could lose money when volunteer travel costs and expenses were factored in. Currently, revenue generated in a casino region is distributed to ensure revenues within that region are shared as equitably as possible and that the risk of charities having unsuccessful events due to circumstances beyond their control is minimized. This is accomplished by pooling proceeds raised within a region using the following approach:

- All charities with an event in the same region over a three-month period receive the same “pool payout” based on the total eligible charitable revenues raised over the three-month period divided by the number of events held.
 - This occurs in all regions, regardless of the number of casinos; for example, in the Edmonton region, total revenue is divided among all charities working at the five casinos in the region, while in Red Deer, total revenue is divided for the two casinos in the region.

³ Please note that the map in figure 1 is taken from the 2010 *MLA Advisory Committee to Review Eligible Organizations’ Access to and Distribution of Proceeds from Licensed Casino Events*. The groupings of charities depicted in the map have changed slightly since 2010, but the regional boundaries have not changed significantly.

⁴ Each casino event lasts for two days.

Although charities exchange their volunteer labour for a share of casino revenues, both the private casino operator and the Government of Alberta receive a share of revenue from each casino event. The portion that is considered eligible charitable revenue is determined based on the following:

- Charities are specifically licensed to manage table games such as roulette, blackjack and poker. Volunteers operate these games, and the charity receives the revenue from them after a fixed fee is paid to the casino operator.
- Electronic gaming, such as slot machines, is managed by the casino operator, as the federal *Criminal Code* does not allow anyone other than the province or its agent to manage electronic gaming. However, charities receive a 15 percent commission from slot machine net sales.

To be “assigned” to a casino, charitable organizations must commit to providing a certain number of volunteers to casino events. For events in “major casinos” with more than 15 tables (those in Edmonton and Calgary), organizations must provide at least 25 volunteers. For events in “minor casinos” with fewer than 15 tables (those outside Edmonton and Calgary), organizations must provide at least 15 volunteers.

Charitable organizations are generally assigned to the casino closest to the community in which they are located. As charitable organizations are not distributed evenly throughout the province, this results in an uneven distribution of charitable organizations among the casino regions (this is addressed in greater detail in the “Current Model” section of the report). The AGLC’s process for assigning organizations to a casino is found in the *Charitable and Religious Groups – Basic Eligibility* policy, which states the following:

- Groups located within the boundary of Edmonton must conduct casinos within that city. Groups located outside of Edmonton may not access casinos within that city.
- Groups located within the boundary of Calgary must conduct casinos within that city. Groups located in close proximity to Calgary may conduct casinos at Century Casino Calgary. This area includes Banff to the west, Crossfield to the north, Strathmore to the East, and High River to the south.⁵
- Outside of Edmonton and Calgary (with the exception of the above point) groups shall normally conduct their casino events at licensed casino facilities situated outside of Edmonton and Calgary which are either in their location or at the casino facility in closest proximity to their location.
- Provincial groups are eligible to conduct gaming events in any community in the province subject to compliance with “Section 3.19 – Related Groups – Eligibility” policy. To establish “provincial group status” for gaming licences, groups must establish with the AGLC that:
 - a) the registered charitable objectives of the group have a provincial focus;
 - b) the by-laws of the group provide for the establishment of offices in other Alberta communities;
 - c) the executive and membership lists of the group indicate that membership is drawn from communities throughout Alberta; and
 - d) the group has a record of program or service delivery and plans to continue to deliver its programs or services to communities throughout Alberta.

⁵ This exception for the Century Casino Calgary is referred to as “Calgary Rural” throughout the report.

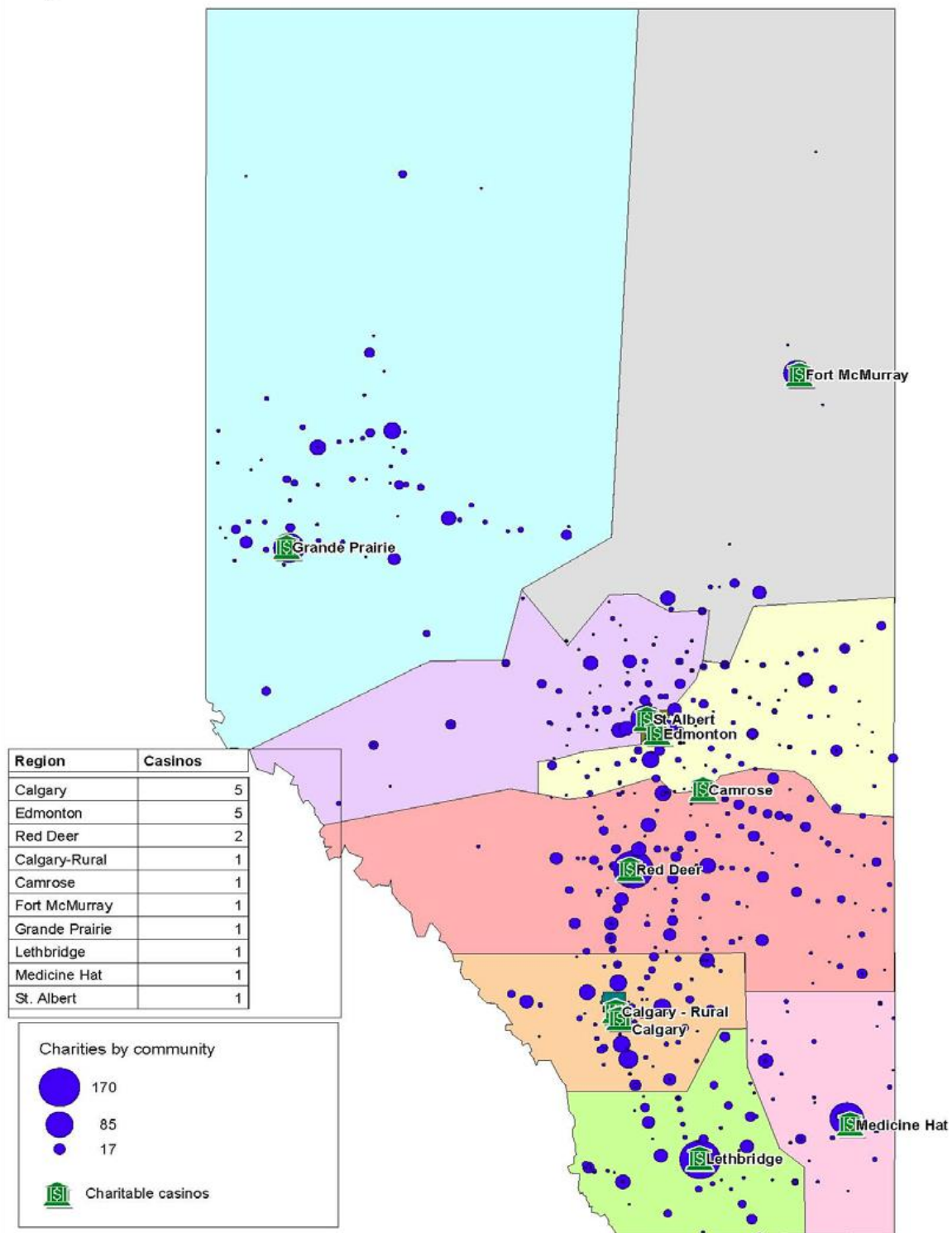


Figure 1: Charitable casino boundaries in Alberta – 2010. Originally appearing in MLA Advisory Committee to Review Eligible Organizations’ Access to and Distribution of Proceeds from Licensed Casino Events.

Charitable Gaming in Other Jurisdictions

Nearly all jurisdictions in Canada and the United States have charitable gaming in some form. However, Alberta's gaming model, and its expectation that charitable organizations directly engage in operating casinos, appears to be unique in North America. Despite this uniqueness, there are still comparisons to be made with other jurisdictions to consider the extent to which organizations are engaged in the charitable gaming process, and how revenues are distributed among charitable organizations.

Many jurisdictions allow charitable organizations to operate local gaming events such as raffles, poker nights, bingos, and mock casino events. In most American jurisdictions, charitable organizations keep the entirety of the proceeds raised at such events except for a nominal licensing fee paid to the state regulator. The approach to revenue distribution varies in Canadian jurisdictions. For example, in British Columbia charitable organizations keep the revenues they earn through gaming events that they administer, while also being eligible to apply for a Community Gaming Grant, which is a program directly funded by gaming revenues and specifically designed to be accessed by charitable organizations.

In Saskatchewan, charitable organizations are eligible to hold similar types of local events as those in Alberta and British Columbia. However, in Saskatchewan the funds generated by these events are submitted to the provincial government, who later redistributes a grant to the organization equal to 25% of the net proceeds earned by the organization at its charitable gaming events over the course of the year, to a maximum of \$100,000. Organizations do not have to apply for the grant, but instead receive the grant automatically based on receiving the relevant charitable gaming licenses.

The approach to distributing casino revenues to charitable organizations is the most unique aspect of Alberta's charitable gaming model. In most American jurisdictions, casinos are not included in the sphere of charitable gaming, and revenues are typically split between casino operators and other levels of government in the form of license fees and taxes.

Casino revenues are included in the charitable gaming systems of British Columbia, Saskatchewan and Ontario (among others) although their approach differs significantly from that of Alberta. Charitable organizations do not have a direct role in operating casinos in any of the above jurisdictions, but rather are eligible to access funding through grants based on revenue raised at casinos. For example, in Saskatchewan SaskGaming owns the two non-First Nation casinos located in the province. Net profits from these casinos are divided, with 50% of the revenue retained by the Government of Saskatchewan's general revenue fund, 25% distributed to the First Nations Trust, and 25% distributed to the Community Initiatives Fund (CIF), which distributes grants to community-based organizations throughout the province.

In British Columbia, a portion of casino revenue is redistributed to charitable organizations through the Community Gaming Grant. Casinos in Ontario are operated similarly to those in Saskatchewan, as the Ontario Lottery and Gaming Corporation is responsible for operating thirty-one charitable gaming centres (bingo), as well as several resort casinos, slot machine facilities, and other casino facilities (though some of these are operated by private companies through service agreements with the Government of Ontario). Funding from these facilities is indirectly shared with charitable organizations

through the distribution of some revenue to the Ontario Trillium Foundation (OTF), which disperses grants to charitable organizations. In 2016-17, gaming revenues contributed \$115 million to the OTF.

A scan of select North American and international jurisdictions shows that Alberta is unique in its use of casinos as the primary means of charitable gaming, and its expectation that charitable volunteers serve a direct role in operating casinos. Casinos are absent from charitable gaming systems in most jurisdictions, and in (mainly Canadian) jurisdictions in which casinos do have a role, it is typically an indirect role in which charitable organizations are eligible to apply for grant programs funded through casino revenues, but have no role in the actual operation of casinos. In other jurisdictions, charitable gaming is local and small-scale, and takes the form of bingo, raffles, non-monetary casino nights, etc.

The other takeaway from the jurisdictional scan is that unlike Alberta, other jurisdictions do not distribute charitable gaming funding regionally. Charitable gaming funds raised either remain with the organization that actually raised them through holding a local gaming event or are distributed through application-based grants.

Current Model

A high-level overview of Alberta’s charitable gaming model is provided in the introduction to this report, including the various types of charitable gaming in Alberta, the criteria an organization must meet to receive a gaming license, and a summary of Alberta’s charitable casino gaming model.

This section of the report will examine the charitable casino model in more detail, as it generates most of the charitable gaming proceeds and is identified in resolution 13-17F as the inequitable component of the current charitable gaming structure.

Wait Times and Revenues⁶

Alberta’s nineteen casinos are divided into ten regions for the purposes of charitable gaming. Organizations across the province are assigned to a casino in closest proximity to their location. Because charitable organizations are not distributed equally across the province, some regions host many more charitable organizations than others. For charitable organizations, this results in an unequal wait times between casino events among charitable organizations in different regions.

Region	# of Casinos	Waiting Period (Months)
Edmonton	5	22.8
Calgary	5	19.9
Calgary Rural	1	35.7
Fort McMurray	1	16.5
Grande Prairie	1	32.8
Lethbridge	1	34
Red Deer	2	35.4
Medicine Hat	1	18.8
St. Albert	1	31.3
Camrose	1	39.8

As charitable organizations only receive revenue when they “work” a casino, an inequity exists related to how often charitable organizations in various areas of the province have this revenue-generating opportunity. Organizations in the Fort McMurray, Medicine Hat and Calgary regions work a casino approximately every one-and-a-half years, while organizations in regions such as Red Deer and Camrose are required to wait three or more years between casinos. While wait times are inequitable, designing a system in which wait times are equal throughout the province would be difficult and result in major travel challenges. The 2010 *MLA Advisory Committee to Review Eligible Organizations’ Access to and Distribution of Proceeds from Licensed Casino Events* report identified this challenge as well, stating that

⁶ All figures below are from the 2017 fiscal year unless otherwise indicated.

in the interest of all charities throughout Alberta, the Committee believes that the waiting period to hold a casino event should be equitable throughout the province. In an ideal situation, all charities would have access to a casino event at equal intervals. The Committee is also aware that considerations such as transportation routes, casino placement and the uneven geographic distribution of charities throughout the province makes developing equal waiting periods between casino events impossible.⁷

In other words, there is no way to equalize how often organizations access casinos without re-drawing casino regions to include a completely equal number of charities in each or eliminating regions altogether. While these changes would address wait times inequities, they would also result in the sudden upheaval of the current system, major travel challenges for many organizations, and issues related to volunteer recruitment as “major” casinos (twenty-five volunteer requirement) would no longer be limited to Edmonton and Calgary organizations only.

While waiting period is a critical aspect of equitability in the casino gaming system, it tells only half the story. The per-event revenue generated varies widely among regions as well. Some casinos are more popular than others, and this is reflected in how much money is raised at casino events in various regions.

Region	Total Proceeds Per Event (\$)
Calgary	66,524
Edmonton	75,777
Calgary Rural	45,623
Fort McMurray	40,724
Grande Prairie	34,352
Lethbridge	30,236
Red Deer	22,026
Medicine Hat	14,638
St. Albert	20,197
Camrose	20,197 ⁸

Casinos within Edmonton and Calgary generate significantly more revenue on a per event basis than those elsewhere in the province.

Both waiting period and per event proceeds tell a partial story of how casino proceeds vary by region. However, to understand the full scope of how regions compare to one another, these measures must be combined. To do this, the AGLC uses “annualized proceeds,” which are a calculation of the estimated proceeds per year that an organization within a region would receive. This measure is effective as it combines the waiting period and the proceeds per event into a single factor. It is important to note that

⁷ Elniki, Doug, Doug Griffiths, and Dave Rodney. *MLA Advisory Committee to Review Eligible Organizations’ Access to and Distribution of Proceeds from Licensed Casino Events* (2010). 19.

⁸ Note that organizations within the St. Albert and Camrose regions may be assigned to either casino, and revenues are pooled among the two casinos, which is why each casino has an identical proceeds per event figure.

annualized proceeds is a hypothetical measure. It looks at how much money a charity would receive in a single year within their region if proceeds were distributed in this manner. It is important to note that proceeds are not actually distributed in this way. In reality, organizations receive the average per event proceeds from the quarter in which they volunteered at a casino event.

Region	Waiting Period (Months)	Total Proceeds Per Event (\$)	Annualized Proceeds (\$)
Calgary	19.9	66,524	40,122
Edmonton	22.8	75,777	39,969
Calgary Rural	35.7	45,623	15,354
Fort McMurray	16.5	40,724	29,704
Grande Prairie	32.8	34,452	12,634
Lethbridge	34	30,236	10,681
Red Deer	35.4	22,026	7462
Medicine Hat	18.8	14,638	9371
St. Albert	31.3	20,197	7749
Camrose	39.8	20,197	6087

Using annualized proceeds, there is a significant gap between the high-revenue Edmonton and Calgary regions, and the other regions in the province.

Trends in Revenue Distribution

The last time the charitable gaming model was significantly changed was in 1996, when quarterly pooling within casino regions was introduced. Prior to this, organizations received a portion of revenues from the specific two-day casino event to which they were assigned. If the event fell during a “slow” period, such as a holiday or a major inclement weather event, the organization would receive lower proceeds than an organization that was assigned an event during a more advantageous time. In 1996, AGLC implemented a system in which the revenues from all casino events within a region over a three-month span would be averaged, and each organization that worked a casino in that region within that span would receive the same amount, regardless of how much revenue was generated during the specific event that they worked.

This change demonstrates that AGLC has a history of adapting the model to address inequities and reduce risk. However, it has been over twenty years since the last significant change to the model, while inequity across regions continues to grow. Part of this growing inequity is due to a decline in the popularity of casino gaming, likely due in part to Alberta’s economic downturn in recent years, as well as a worldwide decline in interest in casino gaming linked to the rising popularity of online gaming, and changing consumer expectations that replace standalone casinos with broader “entertainment

destinations” linked to the hospitality sector.⁹ The overall decline in gaming revenues and the growing inequity among regions can be seen by comparing annualized proceeds in 2010 to those in 2017.

Region	Annualized proceeds 2010 (\$)	Annualized proceeds 2017 (\$)	Change (\$)	Change (%)
Calgary	46,971	40,122	-6849	-14.6
Edmonton	41,884	39,969	-1915	-4.6
Calgary Rural	17,041	15,354	-1687	-9.9
Fort McMurray	44,599	29,704	-14,895	-33.4
Grande Prairie	13,509	12,634	-875	-6.5
Medicine Hat	14,782	9371	-5411	-36.6
Lethbridge	12,334	10,681	-1653	-13.4
Red Deer	9685	7462	-2223	-23.0
St. Albert	7803	7749	-54	-0.7
Camrose	6972	6087	-885	-12.7

This chart reflects the struggles that the model has faced in recent years, as annualized proceeds have fallen in every region. This is caused by a combination of reduced per event revenues and an increase in the number of eligible organizations, which increases wait times. For example, per event proceeds have decreased from 2010 to 2017 in all but two regions, while wait times have increased in all but two regions. Basically, these trends indicate a larger pool of organizations sharing a smaller pool of proceeds, which is reflected in the reduction in annualized proceeds in every region.

While the percentage decline in annualized proceeds varies from 0.7% to 36.6%, the high-revenue Calgary and Edmonton regions are not overly impacted. Although the Calgary region loses the second-highest dollar amount from 2010 to 2017, its 2017 annualized proceed rate is still the highest among all regions. Edmonton, on the other hand, is among one of the most stable regions, with only a 4.6% decrease in annualized proceeds, second lowest of all regions. Aside from the Fort McMurray region, those regions with already low annualized proceeds see the largest proportional reduction.

Travel Costs

Alberta’s charitable casino gaming model requires that volunteers travel to casino events. However, travel requirements vary depending on where an organization and its volunteers are located. Organizations within Edmonton and Calgary may be required to travel across town to volunteer, but will never be required to drive a significant distance or incur hotel costs. Some organizations in other regions will face those challenges, as the distance to travel from communities in rural areas can be several hours.

The AGLC’s *Volunteer Expenses – Use of Proceeds* policy partially addresses the different types of expenses that may be incurred by volunteers travelling long distances to casino events. The policy

⁹ “Top 4 Trends Impacting the Global Casino Gaming Market through 2021,” *Technavio*, 2016. <https://www.businesswire.com/news/home/20161219005506/en/Top-4-Trends-Impacting-Global-Casino-Gaming>

provides two different sets of eligible travel expenses, one for volunteers travelling less than 100 kilometres and one for volunteers travelling more than 100 kilometres. Those travelling less than 100 kilometres can claim the following:

- transportation to and from the gaming event via taxi or bus;
- parking where free parking is not provided;
- babysitting; and
- adult respite care if the volunteer is normally responsible for the care of a medically dependent person within his or her home.

Those travelling more than 100 kilometres can claim the following, in addition to those above:

- transportation (gasoline, van rental);
- overnight accommodation for a maximum of two nights, unless the event operates table games prior to noon on the first day of the event, in which overnight accommodation for the night prior to the event is also permitted; and
- breakfast meals following each night of overnight accommodation as per Standard 2b).

The expanded scope of eligible costs for those travelling more than 100 kilometres is a positive. The issue, however, is that travel costs are not paid from a centralized fund contributed to equally by all regions, but rather by the charitable organizations themselves from the proceeds collected from a casino event. Because organizations in Edmonton and Calgary are assigned casinos only within city boundaries, those receiving the highest proceeds on a per event basis are also those paying among the lowest travel costs. Organizations within other cities (such as the cities of Red Deer, Lethbridge, etc.) hosting a casino would also pay similarly low travel costs.

The travel cost structure becomes an issue when applied to organizations from rural communities far from the casino in their region. Through anecdotal conversations with rural casino volunteers, the committee learned that many volunteers do not claim mileage expenses associated with travelling several hours to a casino event, and use strategies such as car-pooling and sharing hotel rooms to reduce travel costs. While this is noble on the part of volunteers, it may create a culture where volunteers are not fairly supported and could have the unintended consequence of limiting an already shallow volunteer pool in rural Alberta, as some people may be unable or unwilling to follow an “unwritten rule” of covering their own expenses.

Although exact expenses would vary by organization and region, a few examples help illustrate the impact that expenses may have on charitable organizations, and the differences between expenses in the Edmonton/Calgary regions and other regions. The table below compares possible costs for an organization within the City of Edmonton, an organization in the Town of Pincher Creek, and an organization in the Town of High Level. Please see below the table for an explanation of the assumptions made for each cost estimate. **Please note that all figures are hypothetical.**

	Transportation	Parking	Babysitting	Respite Care	Overnight Accommodation	Breakfast meals	Total
Edmonton org.	\$400	\$400	\$400	\$250	--	--	\$1450

Pincher Creek org. at Lethbridge casino	\$150	\$0	\$600	\$500	\$2400	\$300	\$3950
High Level org. at Grande Prairie casino	\$630	\$0	\$600	\$500	\$2400	\$300	\$4430

For the Edmonton casino event estimate, there would be 25 volunteers and travel distance will be minimal in comparison to casinos outside of Edmonton. It is assumed that a subset of those volunteers would take a bus or taxi. Most likely, those volunteers will not pay for parking at most casinos, although this is included in the estimate. Babysitting and respite estimations are for a subset of volunteers. Overnight accommodation and breakfast meals do not apply as volunteers live in relatively close proximity to the casino location.

For the Pincher Creek organization working at a Lethbridge casino estimate, there would be 15 volunteers. The volunteers would drive 100 kilometres one-way. The transportation estimate is for approximate gas costs, assuming carpooling occurs, and eight vehicles make the trip. Babysitting and respite estimations are for a subset of volunteers. The accommodation estimate assumes shared rooms for two nights at \$150/night, and breakfast meals at \$10/person for two meals/casino.

For High Level organization working at Grande Prairie casino estimate, there would be 15 volunteers. The volunteers would drive 452 kilometres one-way. The transportation estimate is for approximate gas costs, assuming carpooling occurs, and eight vehicles make the trip. Babysitting and respite estimations are for a subset of volunteers. The accommodation estimate assumes shared rooms for two nights at \$150/night, and breakfast meals at \$10/person for two meals/casino.

All three examples make assumptions related to carpooling, parking, gas costs, and the need for babysitting and respite care which would vary among organizations. However, the estimates provide a starting point for comparisons. Charities with volunteers travelling over 100km incur costs roughly twice that of those with volunteers within 100km. This disparity increases when proceeds per event by region are considered:

Region	Expense per event	Proceeds per event	% of proceeds spent on expenses
Ex. 1 (Edmonton)	\$1450	\$75,555.01	1.9%
Ex. 2 (Lethbridge)	\$3950	\$30,236.24	13.1%
Ex. 3 (Gr. Prairie)	\$4430	\$34,452.43	12.9%

Clearly, expenses further widen the gap between exclusively urban regions and the other eight regions in the province. Even for a charity located within the City of Red Deer, which would incur a similar volunteer cost to an organization in Edmonton, paying \$1450 in expenses from a per event revenue of

roughly \$22,000 is much more significant than the Edmonton organization paying \$1450 in expenses from a per event revenue of approximately \$76,000.

Principles

Alberta's charitable casino model is unique in North America. It places high expectations on volunteers to dedicate their time to raise proceeds for the organizations they represent. However, it is not without its flaws. This section of the report describes several principles that the committee has identified as central to an effective and equitable gaming model. These principles will inform the following section, which consists of recommendations to improve the equitability of the system.

Principle 1: Stability

Any changes made to the model should limit short-term "shocks" to organizations that rely on gaming revenues to support their operations.

The figures presented in the section above are quite clear: charitable organizations located outside of Edmonton and Calgary receive significantly less benefit from charitable gaming, and those in rural areas incur far greater costs associated with volunteering. This is not debatable; it is clear in the data and has been the case for many years.

Despite this, calling for an immediate and complete overhaul of the current system may have unforeseen negative impacts on both large charitable organizations with a province-wide mandate and small charitable organizations that are highly dependent on casino revenues for operational funding. For large charitable organizations, the abrupt reduction in revenue available from the Edmonton and Calgary regions may compromise short-term service delivery linked to that level of revenue. For small organizations, sudden changes in the model may result in drastically different travel and volunteer requirements that may not be realistic. For example, the redevelopment of the current waiting list to accommodate new regions or a "region-less" model could result in small organizations losing certainty in terms of when their next casino event will be, as waiting lists will be redeveloped to accommodate a new model. This would impact both volunteer recruitment efforts and certainty as to when an organization would next receive casino revenue.

With this in mind, any change to the model must gradually proceed towards equality and strive to minimize disruptions to charitable gaming revenues. An equal gaming model should be an end-goal, but not necessarily a short-term expectation, as the current system is much too entrenched to allow for complete dismantling, as opposed to a gradual transition.

Principle 2: Equitable Value

All organizations eligible to derive funding from charitable gaming events in Alberta should be treated as having similar value and importance to society.

There is no question that the current gaming system provides very different benefits to charitable organizations depending on where they are located within the province. On the surface, these differences are arbitrary, and defined by the popularity of a casino within a given region and the local economic climate which helps to determine whether residents have disposable income needed to participate in casino gaming. Using a charity's proximity to a casino to determine access makes sense, as less travel equates to lower costs and a more efficient system. However, also using that as the sole determiner of the proceeds an organization receives from their volunteer efforts suggests that an organization's value or importance is tied to the region in which it is located, particularly when the differences in the amount of revenue generated by casinos is so consistent.

When organizations are expected to make a similar volunteer commitment in casinos across the province, but the highest revenue region generates more than five times the proceeds of the lowest revenue region, this suggests that the inequity among regions is more than an aberration, but rather something that is accepted as a characteristic of the system. In fairness, organizations in Edmonton and Calgary are required to supply 10 more volunteers per event than organizations in other regions, but that is unlikely to justify the \$60,000 per event disparity between Edmonton and Medicine Hat, or even the \$20,000 disparity between Calgary and Fort McMurray. If these gaps are persistent over time, this may suggest an implicit assumption that they are warranted based on the value of the organizations in various regions.

If there is no official reason as to why an organization in one area of the province should receive greater value from their volunteer commitment than an organization in another area of the province, then the current model is clearly inequitable, and not meeting the needs of all organizations. The committee accepts that by its regional nature and its reliance on local casino popularity, the model as structured is unlikely to treat all regions completely equally. However, the consistently large gaps in proceeds among regions, and the lack of policy action on the part of the Government of Alberta to address it, implies that organizations in different areas of the province are indeed being assigned different levels of importance, and that providing a similar level of effort in one region for one-fifth of the value received in another region is an acceptable characteristic of the current system.

Principle 3: Equitable Access

All charities in Alberta should have equitable access to fundraising opportunities through charitable gaming volunteerism.

Alberta's current charitable gaming system does not differentiate among eligible organizations. Whether an organization provides temporary housing for victims of domestic violence, operates a cultural festival, or is a youth travel hockey team, all have the same opportunity to access casino funding should they meet the basic criteria outlined earlier in the report. Where access varies, however, is based on where in the province an organization is located. An organization located in Fort McMurray could have an identical mandate to one in Red Deer, but the Red Deer organization has to wait approximately twice as long between casino events. That this inequity is strictly due to the volume of eligible organizations in one region as opposed to another is problematic, particularly as waiting lists continue to increase more rapidly in regions where they are already highest. For example, Red Deer's waiting list has increased by 2.4 months between 2010 and 2017, while St. Albert's grew by 3.6 months and Camrose's by 8.8 months. On the other end of the spectrum, Calgary and Edmonton's have increased by 0.6 months in the same time span, and Fort McMurray's has increased by 0.4 months. It is important to note that Grande Prairie and Lethbridge have actually had their wait lists decrease slightly, so changes vary throughout the province. What is important to note is that several regions with the highest waiting lists have seen significant increases in recent years.

Alberta's system assumes that all eligible organizations are equal; there is no criteria ranking organizations based on their mandate, who they serve, or the societal "good" their service provides. Despite this, there is a blatant inequity in access to revenue-generating opportunities that is arbitrary in nature. The committee acknowledges that creating regions with a completely even number of charities may be impractical, or at the very least require a long-term transition process. However, shorter-term changes can be made to the model to close the access gap, or at least mitigate its impacts.

Principle 4: Flexibility

Charities of all sizes and capacities should have the ability to generate revenue through charitable gaming volunteerism. The system should reduce barriers to participation as much as possible.

A challenge for many charitable organizations is working within the strict structure of the charitable gaming system. With over 7000 charities and 19 casinos involved in the system, a high degree of structure is needed, but greater flexibility would improve the ability of organizations to garner maximum value from their participation. For example, the current practice of randomly assigning casino dates to organizations can present challenges, particularly for smaller organizations. AGLC could play a role in mitigating this by making available an opportunity for organizations within a region to swap casino dates and share volunteers. AGLC could also consider “rewarding” organizations that volunteer to staff casinos on less desirable dates (e.g. holidays etc.) with a travel stipend or other small benefit. There are many small ways that the system could be tweaked to reduce the burden placed on charitable organizations.

Principle 5: Volunteer-Driven

Volunteers play a critical role in raising proceeds for their own organizations, and in supporting the sustainability of Alberta's casinos. Barriers to volunteering should be mitigated for organizations in all areas of the province.

Volunteers are the lifeblood of Alberta's charitable gaming system. Their efforts benefit their own organizations and the casino industry. As such, the charitable casino gaming system should prioritize the recruitment and retention of volunteers. Currently, volunteers face a significant two-day time commitment, not including travel time, which may be several hours in rural areas. While most incurred costs are reimbursable, this reimbursement comes from the individual charity's event revenue, so volunteer comfort and convenience is likely often sacrificed for frugality.

Although volunteers and their time are respected, their ultimate goal is to raise as much money as possible for their organization, regardless of where in the province they are located. For this reason, the most effective means of respecting volunteers is to design an equitable system that values the time of a volunteer from the City of Edmonton equal to that of a volunteer from a village or municipal district. This may mean that the Government of Alberta and AGLC acknowledge that both volunteers and the organizations that they represent are impacted differently depending on where in the province they are located, and design policies that reflect this.

Recommendations

The committee approached the issue of how to improve the equitability of Alberta’s charitable casino gaming structure with an open mind. Everything from minor tweaks to casino regions to a completely new model built from the ground up was considered. Ultimately, the committee developed recommendations that would better align the system with the principles listed in the previous section. The recommendations are also based on the following consensus positions:

- The current charitable casino gaming model is effective in engaging volunteers in playing an active role in supporting their organizations, and should not be replaced with a model such as those in Saskatchewan and British Columbia which eliminate direct volunteer activities in casinos.
- Although the overall model is effective, its current structure is inequitable.
- Although it may be impossible to immediately develop a structure in which every organization in the province receives equal value from casinos, there are reasonable short-term “tweaks” that could be made to the system to close the gap between organizations in regions with high annualized revenues and low annualized revenues.
- Unless the Government of Alberta increases the overall proportion of casino revenues that charitable organizations receive, it will be impossible to reduce inequity across regions without reducing the proceeds that organizations in the highest-revenue regions currently receive.
- Any changes made to the model must take into consideration possible unintended consequences on charitable organizations and proceed gradually as to minimize those impacts.
- There is an implicit assumption built into the structure that inequity is justified because organizations in large cities address more severe and complex social issues and require greater funding support. Although this is not formally referenced by the AGLC, it has been mentioned by several stakeholders as justification for the inequity. In actuality, the range of organizations eligible for charitable gaming is so broad, that it is overly simplistic to identify urban organizations as addressing more complex or important issues than rural organizations. Additionally, many services are limited in rural areas and voluntary or charitable organizations often fill such gaps. Although issues such as homelessness or addiction may be less visible in rural areas, they are very much present, and the efforts of organizations to address these and other community challenges in rural areas should not be valued at a lower rate than those doing the same in an urban or province-wide setting. If this were the case, charitable gaming proceeds could simply be distributed to organizations based on the size of the community they serve. However, quantifying the benefit of organizations that provide different services in different areas of the province is much more complex.

Recommendation 1: Pool a portion of the revenues generated in each region and distribute equally to all regions

Summary

Early in the process, the committee members reached consensus that the current regional distribution of funding was the primary contributor to the gaming system's inequity. The committee examined several possible alternate models that amended the existing boundaries in various ways. These included the following:

- North/south model – two regions, with ten casinos in one and nine casinos in another.
- North/central/south model – three regions with several variations.
- Quadrant model – four regions, each region receives an equal portion of revenue from either Edmonton or Calgary.
- Quadrant modified model – four regions, each region receives a portion of revenue from either Edmonton or Calgary, but the portion received is not equal, but instead modified to support greater equitability in revenue among the regions.
- Urban/rural combined model – One-fifth of the organizations from either Calgary or Edmonton (one-fifth is used because there are five casinos in each city) is paired with one casino from another region, and revenues are shared among those groups.

While each of these models would close the revenue gap among the current regions, all had flaws. Many would increase travel requirements by creating larger regions. Another challenge incurred in the alternate models was the complications that would be incurred by combining regions to include both major casinos (located in Edmonton and Calgary and requiring 25 volunteers) and minor casinos (located in all other regions and requiring 15 volunteers).

Due to these challenges, the committee preferred a model in which the status quo regional alignment remained in place, but 20% of revenues from each region were pooled and distributed equally among all the regions. This approach has the effect of closing the gap between regions without creating completely equal revenue distribution, and is therefore an effective first step towards equalization. The impacts of this approach are demonstrated below using data from Q1 of 2017. Note that this approach treats all regions the same regardless of the number of casinos in the region.

Region	Total revenue generated (\$)	20% of revenue generated (\$)
Calgary	15,472,089	3,094,418
Edmonton	16,418,608	3,283,722
Calgary Rural	1,981,073	396,215
Fort McMurray	1,925,973	385,195
Grande Prairie	1,499,681	374,920
Medicine Hat	626,027	125,205
Lethbridge	1,318,600	263,720
Red Deer	1,887,435	377,487
St. Albert	871,782	174,356
Camrose	871,782	174,356
Total	42,873,050	8,574,610

Based on these calculations, the 20% “equalization pool” would be \$8,574,610, to be shared equally among the ten regions. This would result in each region receiving \$857,461 from the pool, while sacrificing 20% of their in-region revenues. This would result in the following scenario.

Region	Total revenue generated (\$)	Total revenue generated, minus 20% (\$)	Equalized revenue (including share of 20% pool) (\$)	Difference from initial revenue
Calgary	15,472,089	12,377,671	13,235,132	- 14.5%
Edmonton	16,418,608	13,134,886	13,992,347	- 14.8%
Calgary Rural	1,981,073	1,584,858	2,442,319	+23.2%
Fort McMurray	1,925,973	1,540,778	2,398,239	+24.5%
Grande Prairie	1,499,681	1,124,761	1,982,222	+32.2%
Medicine Hat	626,027	500,822	1,358,283	+117%
Lethbridge	1,318,600	1,054,880	1,912,341	+45%
Red Deer	1,887,435	1,509,948	2,367,409	+25.4%
St. Albert	871,782	697,426	1,554,887	+78.4%
Camrose	871,782	697,426	1,554,887	+78.4%

The equalization process is most beneficial to regions with low per event revenues, as is its intent. While Calgary and Edmonton incur a net loss by contributing approximately \$3 million each into the “equalization pool” and receiving \$857,461, all other regions benefit from the pool. The next step is to consider how this would impact individual charities in each region on a per event basis.

Region	Per event revenue (un-equalized) (\$)	Per event revenue (equalized with 20% pool) (\$)
Calgary	68,460.57	58,562.53
Edmonton	72,648.71	61,913.04
Calgary Rural	44,023.85	54,273.76
Fort McMurray	42,799.41	53,294.20
Grande Prairie	33,326.25	44,049.38
Medicine Hat	13,911.70	30,184.07
Lethbridge	29,302.22	42,496.47
Red Deer	20,971.50	26,304.54
St. Albert	19,372.93	34,553.04
Camrose	19,372.93	34,553.04

Per event calculations further illuminate the equalizing effect that a 20% pool has on revenues by region. However, the most important comparative figure in evaluating the equity of the gaming system is annualized revenues, which take into consideration both per event revenues and the waiting period between events in each region. As this recommendation **only impacts per event revenues, and leaves the overall model untouched**, waiting periods remain inequitable across regions. The table below shows how the 20% pooling impacts annualized proceeds by region.

Region	Waiting period (months)	Annualized proceeds (\$) (un-equalized)	Annualized proceeds (\$) (including share of 20% pool)	Difference
Calgary	19.8	41,491.25	35,278.63	- 15.0%
Edmonton	22.7	38,404.60	32,585.81	- 15.2%
Calgary Rural	35.1	15,050.89	18,212.67	+ 21.0%
Fort McMurray	16.5	31,126.84	38,618.99	+ 24.1%
Grande Prairie	33.9	11,796.90	16,135.30	+ 36.8%
Medicine Hat	18.8	8879.81	19,225.52	+116.5%
Lethbridge	34.4	10,221.70	15,016.42	+ 46.9%
Red Deer	35.5	7088.96	8916.79	+ 25.8%
St. Albert	31.1	7475.09	13,238.71	+77.1%
Camrose	39	5960.90	10,407.54	+74.6%

When considering annualized proceeds, the equalization approach is effective in closing the gap between Edmonton/Calgary and other regions. In fact, in this scenario, Fort McMurray surpasses Calgary as having the highest annualized proceeds. However, although all other regions increase significantly in relation to their previous annualized proceeds, they are still below Edmonton, Calgary and Fort McMurray. It should also be noted that this approach provides the greatest benefit to regions with short

waiting periods and low per event revenues. For example, Medicine Hat's annualized proceeds increase significantly more than Red Deer's despite a similar starting point. Medicine Hat has low revenues and a short waiting period, while Red Deer has high revenues and a long waiting period, so the revenue pooling had less of a relative impact on Red Deer, and their waiting list remains long.

One other factor to consider in this model is that it does not take into consideration the number of casinos in a region when redistributing revenues. This has the largest impact on the Red Deer region, which contributes 20% of revenues from its two casinos, but receives the same equalization share from the pool as all other regions. Edmonton and Calgary (with five casinos each) are even more impacted by this, but their annualized and per event revenues are so much greater than that of other regions that returning them an equalization share for each casino would defeat the purpose of the pooling system. However, as Red Deer is certainly among the lower-revenue regions, a modified version of this recommendation in which that region receives a pool share for each of its casinos should be considered.

Analysis

Although the pooling approach is not perfect, it has several appealing aspects. Most importantly, it does not radically re-shift the gaming system from the perspective of charitable organizations. An organization will continue to be assigned to the same casino within their region. It also does not shift regional revenue distributions to an extreme extent. Although Fort McMurray ranks first in annualized revenue under the 20% pooling model, Calgary and Edmonton are still well above other regions in annualized revenues, but the gap has been reduced. The committee believes that a model in which every rural region receives a minimum 21% increase in its share of annualized proceeds is a significant first step towards addressing the inequity identified in resolution 13-17F. While it does not immediately lead to complete equality, it is minimally disruptive to charitable organizations, closes the current gap significantly, and sets a precedent for additional adjustments to further close the gap in the future (see recommendation 4). For example, if the model is reviewed again in five years, an additional percentage could be added to the pool, or the model could be adjusted to require the highest-revenue regions to contribute a higher portion to further close the revenue gap.

Recommendation 2: Address inequities associated with the model

While the model itself is inequitable in that it relies on localized casino revenues that are consistently larger in some regions than others, a complete, one-time overhaul of the system may have significant impacts on charitable organizations, and may be politically difficult to accomplish. Regardless of whether the model itself changes, either through the pooling approach recommended above or other means, there are aspects associated with the model that should be critically reviewed as well.

An obvious candidate is the current travel costs model that requires charitable organizations to cover the expenses of their own volunteers from their gaming proceeds. As demonstrated earlier in the report, this disproportionately impacts organizations in rural areas farther from casino facilities. If the AGLC developed a centralized fund to reimburse volunteer costs by taking an equal proportion of revenues from each event, regardless of region, a scenario in which charities in some regions are required to use as much as 14% of their revenues for volunteer expenses could be avoided. According to research conducted by the committee, a centralized fund consisting of 7% of the per event revenues from each region would be adequate to cover travel expenses and would eliminate the current inequity in travel costs caused by the arbitrary location of an organization and its volunteers in relation to a casino.

Other options to improve the value that rural organizations derive from volunteering under the current model include allowing organizations greater flexibility in selecting casino dates, allowing organizations with the option to be assigned to a casino in a neighbouring region with shorter waiting periods, allowing organizations in regions with long waiting periods to fill cancellations in regions with shorter waiting periods, and other minor changes to support organizations in better utilizing either the existing structure or a modified version. In isolation, these changes may not have significant impacts on proceeds or wait times but will support “Principle 3: Flexibility” and “Principle 4: Volunteer-Driven.”

Recommendation 3: Stakeholders, including the AGLC, RMA and AUMA, should take a collaborative approach to improving the current gaming model

One consistent theme throughout the committee’s research on Alberta’s charitable casino gaming model is that the status quo is not equitable. This has arisen in formal government reports, media articles, and has been expressed by every delegation that has presented to the committee. For example, the 2010 *MLA Advisory Committee to Review Eligible Organizations’ Access to and Distribution of Proceeds from Licensed Casino Events* report states that “there does appear to be some concern with the distribution of proceeds to charities and the access that charities have to the various casino regions. The Committee finds that the concerns are a direct result of the variability in the proceeds earned throughout the province, both in terms of the proceeds per event and the annualized proceeds.”¹⁰

More recently in 2018, the Alberta Government’s *Taking Action Against Racism* plan identified charitable gaming proceeds as difficult to access for some cultural groups in the province and committed to “work[ing] with the Alberta Gaming and Liquor Commission to distribute these funds more equitably.”¹¹

In addition to acknowledgements of the system’s inequity by the Government of Alberta, the Committee is aware of several other organizations who have acknowledged the inequity in the current system, including RMA members, some urban municipalities, and several individual organizations and umbrella groups in the non-profit/charitable sector.¹²

Although there seems to be consensus among stakeholders that the system is not currently equitable, it does not mean that changing it will be simple or universally supported. While organizations outside of Edmonton and Calgary are generally disadvantaged by the current system, organizations within Edmonton and Calgary, as well as those with a province-wide mandate, are generally supportive of the current system and the relative advantage it provides them. This “us versus them” mentality was evident during consultations for the 2010 MLA report, which were summarized as follows:

Generally, charities in the current casino regions with low annualized proceeds support changes to the access of distribution policies that have the potential to increase proceeds from casino events. This is primarily the case for the St. Albert, Camrose and Red Deer casino regions. Generally, charities in the current casino regions with high annualized proceeds do not support changes that have the potential to decrease proceeds from casino events. This is primarily the case for the Edmonton, Calgary and Fort McMurray casino regions.¹³

The 2010 consultation process demonstrated that although an inequity in how proceeds were distributed across the province existed, the appetite for change (or lack thereof) aligned with where in the province a stakeholder was located, and whether they benefited from the current structure.

¹⁰ Elniki, Griffiths, and Rodney, 18.

¹¹ Government of Alberta. *Taking Action Against Racism: What Albertans Told Us and What to do Next* (2018), p. 21.

¹² These acknowledgements were made by some delegations to the committee, as well as identified through other research.

¹³ Elniki, Griffiths and Rodney, 18.

Assuming these location-based divisions still exist, it may be impractical for the committee to expect the Government of Alberta to accept a single recommendation as to how the model could change, as roughly half of the stakeholders directly involved in the system would likely be opposed to a shift that diverts proceeds from their organization, even if it is correcting an obvious inequity in the current system. Instead, RMA, the AGLC, and all other stakeholders should acknowledge that the current system is inherently inequitable and should be critically reviewed for improvements.

For the model to better meet the needs of organizations across the province, a collaborative approach that engages both large cities and rural and remote areas is necessary. This will also require a common acknowledgement that the current structure is inequitable.

Instead of clinging to the unintended consequences of the current system, or calling for its immediate dismantling, stakeholders should work together to develop approaches to modifying the system to better meet the four principles in all areas of the province, and gradually transitioning the system towards equitability.

Recommendation 4: Regularly review the model and proceed towards equality

Over the last several decades, Alberta's charitable gaming model has been reviewed infrequently and inconsistently. In 2010, the model was reviewed by an MLA committee, but that review was not supported by a broader government commitment to act on addressing inequality. A review in the early 2000s focused on eligibility criteria, while the last major shift in how revenues are distributed (quarterly in-region pooling) occurred in the mid-1990s. As the charitable gaming system is crucial to thousands of charities across Alberta, and supports a very dynamic and ever-changing sector, regular review of the system to ensure it fairly meets the needs of all organizations involved is crucial.

The recommendations above, which take a gradual approach towards equality, are dependent on this recommendation being adopted so that further gradual steps towards equality will continue to be made each time the model is reviewed. As mentioned throughout the report, a one-time transition to complete equality may be so disruptive to organizations that currently participate in the system that it may cause more short-term harm than long-term benefit. For this reason, consistent reviews and gradual steps towards equality are the ideal balance to protect both the short- and long-term interests of organizations that rely on the system.

An example of a very important source of inequality that is not recommended by the committee to be immediately addressed but should be a focus of a future review is the wide variation in waiting periods across regions. A revision of regional boundaries is necessary, as even extreme pooling or shifting of revenues will not support a completely equal system if organizations in one region are required to wait nearly three times longer than those in another region. However, the impacts on travel, volunteer recruitment, and cost certainty that redrawing regional boundaries may have on many organizations means that this must be approached cautiously, and only following an initial reduction in inequality that can be achieved through the other recommendations in the report. However, this should not be forgotten when the model is reviewed again.

The committee recommends that a formal review occur every five years. This review should provide all eligible organizations with an opportunity to provide input into the model, and should be developed to support reaching (or maintaining) equality among all eligible organizations as the primary purpose of the review process.

Conclusion

Alberta's charitable casino gaming model brings with it both opportunities and challenges. It provides volunteers an opportunity to directly participating in generating proceeds for their charitable organizations, but its reliance on revenues generated at specific casinos results in an unequal distribution of those proceeds.

This report has provided an overview of how Alberta's model works, its strengths and weaknesses, principles that should characterize an effective model, and recommendations for how the current model could be improved. It also included a recommendation related to the need for stakeholders throughout the province to put aside their individual relationship with the current model and acknowledge that "the numbers don't lie"; the current system distributes proceeds inequitably across the province. There is an opportunity for stakeholders to work together to adjust the model to reduce the gap among regions in a way that causes minimal negative outcomes for those regions currently benefitting, and there is an opportunity for the Government of Alberta to acknowledge that this complex and important model requires consistent review and adjustment to move towards equality in a way that minimizes short-term challenges for involved organizations.

This is not a simple issue with a simple solution, but it is one in which collaboration and a willingness to make adjustments on the part of the Government of Alberta could lead to an even stronger model that better supports organizations across Alberta.