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Director of Addiction Services
District Health Authorities 1, 2 and 3

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September 17, 2004

Heather de Berdt Romilly
Co-ordinator, Province of Nova Scotia Gaming Strategy
P.O. Box 483
Halifax, Nova Scotia
B3J 2R7

Re: Invitation to Provide Feedback regarding *New Directions for Gaming in Nova Scotia*

Dear Ms. De Berdt Romilly:

Thank you for providing the above-noted document to us, along with the invitation to provide a response - and to meet with you.

We have reviewed *New Directions for Gaming in Nova Scotia*, have engaged relevant discussion and have found our views sufficiently aligned to warrant a single, collective response. Please note, then, the following comments:

Principles and Balance

The intent to balance social responsibility with economic return from gambling, expressed in *New Directions*, is logical and necessary - particularly from a public health and social policy perspective. The concept of Responsible Gaming is predicated on the need for government to engage in ongoing collaborative partnerships with communities, stakeholders and consumers. This type of engagement is necessary to achieve the socially responsible balance in question, and is both reasonable and supportable. Also, the underlying principles of transparency, accountability, informed consumer participation and objective research and analysis - as the basis for making important gaming decisions - are commendable. As stated in *New Directions*, each of these key elements "*is essential to the other.*"

Contrast Between Principles and Content

The concepts, principles and policy objective are compelling, and the initial reaction to *New Directions* is positive. It creates high expectations, and holds considerable promise for success in moving toward an ethically-based balance between responsible health and social policy on one side, and revenue generation from gambling on the other. Unfortunately, as one reads on, and studies the content, it becomes clear that *New Directions* is seriously lacking in substance. To be frank, it presents primarily as a public relations piece prepared by the gaming industry and spun vigorously to present gambling in the most positive light. The desired balance is immediately 'out of balance' in *New Directions*

New Directions provides some interesting - although one-sided - information about the industry, but identifies strategies that seem primarily designed to energize and expand an already highly successful business. Apart from passing allusions to risks and adverse consequences, far too little information is provided about the nature, extent and social consequences of problem gambling in Nova Scotia. We would submit that both informed readers and the general public will be challenged to interpret this document, and process proposed, as part of a serious attempt to balance "*social responsibility with economic return.*" The tone, content and positioning of *New Directions* contradicts the laudable principles highlighted within it. The Directors of Addiction Services see very little within the paper, or in the consultation process - as we understand it - that will "*increase our ability to prevent and mitigate high-risk and problem gambling.*"

New Directions for Gaming in Nova Scotia - Context For Public Consultation

New Directions is presented as a viable context for a province-wide consultation process with stakeholders and the public. It is apparently intended to stimulate informed public debate, and result in innovative ideas for the creation of an objective, socially responsible balance between health and gambling.

Over the past 10 years the Nova Scotia Gaming Corporation (NSGC) has realized a 44% increase in net profitability. During this same period, average annual losses by VLT problem gamblers have reached over \$14,000 per year in after-tax income, and the number of at-risk gamblers has increased by almost 50%. Despite these facts, *New Directions for Gaming in Nova Scotia* presents the gaming industry as a socially responsible business that is struggling to maintain profitability, and working in the best interests of all Nova Scotians.

New Directions is to enlighten stakeholders and the public so that they can contribute to a better balance between public health interest and revenue generation from gambling. But it suffers from serious gaps in health-related content, and is unlikely achieve its intended purpose. The Department of Health, and the Office of Health Promotion (OHP), have conducted three major studies related to problem gambling, as well as numerous focus groups, over the past several years. Despite the best collective efforts of health care organizations, within the limits of available resources, the level of knowledge about the nature, extent and consequences of problem gambling among stakeholders and the public in Nova Scotia is very low. Similarly, It has been shown to be very low in all other jurisdictions. *New Directions* highlights some of the specific social and economic benefits of gaming, but avoids mention of any key examples of health, social and economic damage.

Issue of "Balance"

The primary objective of *New Directions*, and for the public consultation process, appears to be contained in the following statement on page 6: ***"It is clearly recognized that, within the gaming industry, it is critical to balance social responsibility with economic return. Each is essential to the other."***

From a public health and social policy perspective this is indeed the most critical objective. It confronts, and presents a challenge for, all government-sponsored gambling nationally and internationally. However, it is illogical to frame the issue of balance *"...within the gaming industry..."* Currently, there is an overwhelming public demand for access to comprehensive health care services. Health care has been identified as the preeminent social and political priority by the Federal Government and all Provincial Governments. It is therefore difficult to understand the rationale, in this Government paper, for presenting a health care issue - including a commitment to responsible social policy - as if it somehow falls under a narrower rubric of gaming, or responsible gaming or, indeed, the gaming industry itself. Government's primary responsibility is (and if it is not ought to be) the quality of life, well-being and health of its citizens, not the generation of gambling revenues.

Further, the issue of 'balance' between public health and gambling raises the critical question as to **how** balance will be determined, now and for the future. In *New Directions* there is no mention whatsoever of the need to establish criteria or strategies that will help to determine an appropriate balance. Without criteria, or the expressed intention to conduct a cost-benefit analysis of the health and social costs of gambling, relative to the benefits of gaming, the issue of 'balance' has only face value and is a hollow concept.

A comprehensive cost-benefit analysis is required. Such an undertaking may appear too complex, ambitious or expensive. Minimally, however, if this is determined to be the case, the task should be broken down into manageable parts, and a series of linked and coordinated studies should be conducted to establish costs and benefits. Extensive data and findings from the Office of Health Promotion's three most recent problem gambling studies (1997/1998, 2000, and 2003) will be valuable in identifying the key areas of concentration for such studies. **There can be no meaningful dialogue about, let alone progress toward, 'balance' without a commitment to develop criteria for measuring balance, and to carry out cost-benefit studies.**

History of Gaming in Canada and Nova Scotia

This first section of the *New Directions* refers to 'gaming' in a manner that reads as if purposefully contrived to present the history of gambling, and the gaming industry in Nova Scotia, in the most positive and complimentary terms. *"Lotteries, conducted throughout Canada and the United States in the 1800s were generally very favorably perceived by all sectors of society. They were associated with the public good and were conducted to raise large sums of money for the construction of hospitals, churches, schools, universities, court houses, bridges and roads."* This is all true, but the failure to acknowledge the well-known, historical association of gambling with organized crime, and with numerous other undesirable societal dynamics, is an obvious and misleading omission. This and other positive biases relative to the gaming industry are so evident throughout *New Directions* that several media reports and letters from academics and members of the public have already ridiculed *New*

Directions, even in advance of the formal consultation, as self-serving gaming industry propaganda.

VLTs on Native Reserves

On page 7 of *New Directions*, it is stated, in relation to product maturity, that “...*the video lottery product is experiencing both social and economic dynamics that require attention, including the significant growth in First Nations video lottery revenue.*” What *New Directions* fails to state is that 500 new VLTs have recently been provided to our Native People for use on their reserves. This is an increase of 60% in the overall number of VLTs on the Reserves, for a total of 1,100 machines. Prior to the introduction of the 500 new machines, approximately 30% of all revenue for Native people in Nova Scotia was already being derived from VLTs. In Australia, world-renowned scientists in the field of problem gambling, such as Dr. Mark Dickerson, have stated that the 17% level of government dependency upon gambling revenues in some areas of Australia is ‘*irreversible*’. The prospect that 40% to 50% of all revenue for our Native People in Nova Scotia is likely to be derived from the most addictive form of gambling yet devised is a daunting prospect that must inform government policy and gaming industry decisions.

The health and social implications for both Native and non-Native People, who now have access to an additional 500 machines, should be a matter of great concern for the government of Nova Scotia and all its citizens. One of the key principles in *New Directions* is that “*Gaming decisions will be supported by well-founded, objective analysis and/or research, including experience from other jurisdictions.*” Despite this principle, the 500 new VLTs were recently provided to our Native citizens on Reserves over a very short time frame. *New Directions* is designed to “*gather valuable perspectives and insights from stakeholders and the general public,*” and to “*prevent and mitigate high-risk and problem gambling.*” However, there is no mention of the 500 new VLTs, and nothing said about the very serious, and predictable, health and social consequences of this decision. We know that, as far back as 2001, Problem Gambling Services of the Office of Health Promotion, provided documentation to the Nova Scotia Gaming Corporation (NSGC) about the serious risks and consequences associated with any increase in the number of VLTs in Nova Scotia. This alert to the NSGC in 2001 was based upon the results of Nova Scotia’s own comprehensive and internationally respected VLT gambling studies. The decision to introduce 500 new VLTs on the Reserves stands in stark contrast to the advice provided in 2001, and violates the key principle highlighted in paper that gaming decisions will be “*supported by objective analysis and/or research*” and “*experience from other jurisdictions.*”

Economic and Social Factors

The introductory paragraph of this section immediately presents recent net, annual gambling profits of \$170,000,000 in a manner that is likely to receive the greatest amount of public acceptance and support. It is noted that “*In the last decade, direct gaming revenue to the Province from ticket lottery, casinos and video lottery alone has increased to more than \$170 million annually or approximately 3% of the Provincial budget.*”

Many obvious and objective conclusions may be drawn from these facts - chief among them that the Province of Nova Scotia has developed, and is apparently prepared to further embrace, a troublesome and growing dependence on gambling as a significant source of its revenue. Rather than drawing this

conclusion, or related conclusions, however, and wanting to explore and illuminate the appropriateness and implications of a public policy direction that is hugely important for all Nova Scotians, *New Directions*, proceeds on the positive **assumption** that such reliance on gambling revenue is desirable, and, if not desirable, at least necessary. A much more salutary conclusion (identified as 'context') is then drawn, namely that, "...\$170 million will fund salaries for about 3,500 nurses, the construction of 18 elementary schools or about 150 kilometres of new twinned highway." Reference is also made to contributions to the economy through income tax, and the employment of 2,000 people by the gaming industry.

New Directions is conspicuously silent, however, about the fact that 35,000 Nova Scotians are at-risk of becoming problem gamblers. The consultation process has been publicized as "*transparent*" and "*objective*." But the health-related information in the paper is clearly insufficient to counter-balance references to 3,500 nurses, 18 schools, 2,000 industry employees, tax benefits and 150 kilometres of twinned highway. For example, a fully supportable (low) estimate of the number of men, women and children, who suffer moderate to severe financial, health and social problems - as a direct result of problem gambling in Nova Scotia - is 120,000.

Continuous Electronic Gambling (CEG)

We have reviewed the 2003 Nova Scotia Gambling Prevalence Study recently released by the Office of Health Promotion. We are obviously concerned about the 44% increase in gambling revenues - with no increase in funding for Addiction Services (for the provision of problem gambling services) since 1995, the (almost) 50% increase in the number consumers at-risk of becoming problem gamblers, and increasing levels of risk for the 25 to 34 age group. However, a critical part of the role of Addiction Services includes prevention, early intervention and community-based social policy initiatives. Accordingly, of great concern, is Continuous Electronic Gambling (CEG). One of the most important findings of the 2003 Prevalence Study is that continuous, electronic modes of gambling, such as VLTs, electronic Keno, electronic Bingo and Internet gambling, present the greatest risks and addiction liability.

We understand that these findings, supplemented by research from other jurisdictions, were made available to the authors of *New Directions* well before the final copy was publicly distributed. Despite this fact, and irrespective of compelling collateral evidence from other jurisdictions about risks, only one very brief reference to CEG appears in *New Directions*. That reference is oblique and inadequate as a means of increasing the awareness of stakeholders and members of the public. This is a serious omission which is totally at odds with the first Guiding Principle in *New Directions*: "*Gaming opportunities ...will be offered in a manner that ensures that citizens can make informed play decisions.*"

Researchers and others in the field, including clinicians, and health and social policy analysts, have concluded that modest responsible gaming features (RGFs) such as pop-up messages and clocks have no impact upon high-risk and problem gamblers who engage in CEG. Dr. Mark Dickerson, and Focal Research Consultants of Halifax (who have conducted landmark VLT studies in Nova Scotia) strongly recommend card technology similar to regular credit cards for VLTs and other forms of CEG. This is the same recommendation that Problem Gambling Services of the OHP has advocated for the past five years.

Our inquiries suggest that such technology is available and that it could be in use, much sooner than later, if the gaming industry were willing to give it high priority. In this regard, we strongly recommend the following: *That an Action Group, comprising the main stakeholders, be established as soon as possible, to fully and urgently examine and the feasibility of card technology to help manage and prevent high-risk and problem CEG among vulnerable target groups.* The fact that approximately 7,000 Nova Scotians now lose over \$14,000 per year in after tax income to VLT's, and create great hardship for their families, friends and employers, is unacceptable. This level of addiction to VLTs, and the prospect of additional addiction to other forms of CEG, is particularly troubling within the context of a Government discussion paper which commits Nova Scotia to a socially responsible stance on gaming and problem gambling.

Creation of an Independent Gambling Authority

In a new gaming strategy, Nova Scotia is in a position to ensure that the regulatory function of the gambling industry be transferred to an independent gambling authority to ensure the gaming industry principles such as integrity, social responsibility, accountability and transparency are of the highest standard. This authority would have the responsibility to ensure that the NSGC is adhering to the In view of these principles, and due to the yet publicly unacknowledged violations of the 1994 Gaming Control Act, we consider the lack of reference to regulation and compliance not merely an oversight, but a serious omission.

Role of the Office of Health Promotion in the Consultation Process

We understand that some staff from Addiction Services and Problem Gambling Services will be permitted to attend the consultation meetings with stakeholders, but will not be permitted to answer questions, or even to speak. This is reportedly due to a disagreement between the NSGC and the OHP about the content of *New Directions*, and the manner in which the Consultation Process is being conducted. If this information is correct, it seriously undermines the central purpose of the consultation process and violates almost all of the Guiding Principles on page 12 of *New Directions*.

An extensive bank of critical information about the nature, extent and consequences of problem gambling resides within Problem Gambling Services and Addiction Services. This includes information from gambling studies conducted here in Nova Scotia and internationally, knowledge of prevention and treatment services throughout the province and information about the programs and strategies that are most likely to result in the socially responsible "balance" that is being sought. We do not understand how, when and where stakeholders, or members of the public, are supposed to access this information, knowledge and expertise. It is difficult to view this baffling decision as anything other than either a purposeful, or inadvertent, subversion of the consultation process.

The level of awareness and knowledge among stakeholders and members of the public, about the nature and extent, and consequences of problem gambling is very low. Increasing levels of awareness
New Directions
Addiction Services Directors' Response (Contd.)

about gaming and problem gambling is a national and international challenge, not one that only faces

Nova Scotia. Problem Gambling Services was specifically established by government to gather such information and to disseminate it as broadly as possible. Preventing stakeholders and the public from accessing this information makes no sense to us. We consider this both baffling and counter-productive. We are particularly concerned in view of Guiding Principles 1, 2 and 5 on page 12 of *New Directions*.

“1. Gaming opportunities will be available in Nova Scotia and will be offered in a manner that ensures that citizens can make informed play decisions.”

“2. Gaming will be conducted in an open, transparent and accountable manner.”

“5. Gaming decisions will be supported by well-founded, objective analysis and/or research, including experience from other jurisdictions.”

In conclusion, and for the reasons outlined in the foregoing commentary, we would submit with respect, the following key points:

- *New Directions* is transparently biased in favour of representing gambling and the gaming industry in a positive light. It appears more as industry propaganda than as a sincere attempt at securing ‘balance’.
- The tone and content of *New Directions* overstates the value and validity of government-sponsored gambling, as assumptions, and understates health and social costs.
- *New Directions* promotes continued expansion and diversification of gambling opportunities (again as an evolutionary development assumed to be a good thing), but is silent regarding the negative implications, consequences and resource needs to mitigate those consequences.
- *New Directions* appears predicated on the fallacious thinking that public health and social policy objectives are to be construed as taking their place within a larger, somehow more compelling, ‘gaming sector’ vision and policy framework.
- *New Directions* ignores significant research and experiential findings, reflecting a practice the gaming industry has developed into an art form.
- The content, focus and tone of *New Directions* encourage cynicism towards the document and fuels stakeholder and public sentiment that the process is implicitly tainted.

Respectfully submitted on behalf of the Directors of Addiction Services:

Hubert Devine
Director
Addiction Services, DHA’s 1, 2 and 3

cc. Minister MacDonald
Minister MaCisaac
Minister Christie

