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Wednesday 6 September 2006

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Mercredi 6 septembre 2006

**Standing committee on
government agencies**

Agency Review:
Ontario Lottery and Gaming Corp.

**Comité permanent des
organismes gouvernementaux**

Examen des organismes
gouvernementaux :
Société des loteries et des jeux
de l'Ontario

Chair: Tim Hudak
Clerk: Tonia Grannum

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON GOVERNMENT AGENCIES

COMITÉ PERMANENT DES ORGANISMES GOUVERNEMENTAUX

Wednesday 6 September 2006

Mercredi 6 septembre 2006

The committee met at 1003 in room 151.

AGENCY REVIEW

ONTARIO LOTTERY AND GAMING CORP.

The Chair (Mr. Tim Hudak): Good morning, folks. The standing committee on government agencies meeting of Wednesday, September 6, is now in session. Welcome back, folks. A special welcome to our friend Michael Gough for his third straight appearance at the standing committee on government agencies.

Mr. Michael Gough: It's a pleasure to be back, sir.

The Chair: And it's a pleasure to see Duncan Brown. I had a great opportunity to work with Duncan in a previous life, what I refer to as back in the day. It's nice to see you here as well, sir.

Members of the committee, we'll follow the same format as we did successfully yesterday. I'd invite Michael, as chair, to make some opening comments about the Ontario Lottery and Gaming Corp. I ask you to keep it brief, as we have the introductory letter. Then we'll open up into questions and comments from members. We follow a rotation basis. The OLG is at the call of the official opposition, so they'll begin the 15-minute cycles and we'll move through until noon. If there's any remaining time, it will go to the official opposition. The same thing happened yesterday in the cycle in favour of the government, and will for the third party tomorrow. Then we will reconvene at 1 p.m. with the Canadian Gaming Association, followed by Dr. Robert Williams by videoconference and then the Ontario Problem Gambling Research Centre. Then, Mr. Gough, if you're still available to make some final comments in response to the deputations we hear, we welcome you to do so. Welcome, sir, and the floor is yours.

Mr. Gough: Thank you, sir. I'm Michael Gough, chair of the OLG, and with me is Duncan Brown, chief executive officer. I'll start with a brief overview of OLG.

We've become one of the largest and most successful gaming companies in North America. We have over 20,000 employees at 33 locations and almost 11,000 lottery retailers. Our gaming and lottery activities generate more than \$6 billion in gross revenue annually, and from this we provide the province with approximately \$2 billion in non-tax revenues. The money, of course, goes to support the operation of Ontario hospitals and other health care programs, the Ontario Trillium Foundation charities and, importantly, responsible gaming initiatives.

In addition, the corporation creates welcome employment in host communities across Ontario, and we purchase many millions of dollars of goods and services from local vendors in those communities. The corporation shares its slot machine revenue with host municipalities and with the horse racing industry. Last year, we shared almost \$70 million in slot revenue with our municipal hosts, and we paid almost \$300 million to racetrack operators, horse owners and the agricultural community in Ontario that supports horse owners and the race operators. The corporation also pays commissions of more than \$165 million to its almost 11,000 lottery retailers, many of whom are small, corner store operators.

Finally, we sponsor and get involved and participate in activities within host communities. For example, last year we pledged, over three years, \$750,000 to the construction of a new hospital in Sault Ste. Marie. That's quite important to us because it's the head office of the corporation and it's home to I think more than 900 of our employees and their families.

I think, Mr. Chairman, you'll agree that we've come a very long way since we sold our first Wintario ticket in May 1975.

This was intended to be a two-part statement, but we realize we've got a five-minute time limit. Duncan Brown was going to speak to the current market conditions we face and some of the initiatives in problem gaming. We can abbreviate those or move right into questions, because I know we'll deal with both of those issues during the course of the morning.

The Chair: You've been very brief. I still have three minutes on the clock I've designated, if you want to use part of that. I'm sure problem gaming will come up as questions as well from the members, so your call.

Mr. Gough: Let's go right to the questions.

The Chair: Super.

Mr. Gilles Bisson (Timmins–James Bay): I wouldn't mind a few abbreviated comments, if he has the time and he's willing.

The Chair: I think the indication from our guests is that they would like to proceed with the questions from members. I suspect that some of these items are going to come up in questions.

Mr. Bisson: It was going to be my first question.

The Chair: With great suspense, I looked forward to my colleague from Timmins–James Bay's opening questions and now he's given it away. Why don't we

proceed with the questions and answers. I suspect those issues are going to come up.

Thanks for the presentation and its brevity. The official opposition has 15 minutes,

Mr. Joseph N. Tascona (Barrie–Simcoe–Bradford): Welcome to the hearings today. I just want to ask you, Mr. Gough, because I ask you this every time, are you feeling lucky today?

Mr. Gough: I do feel lucky most days, sir, but I want to tell you I haven't bought a lottery ticket on it.

The Chair: Wasn't it Clint Eastwood who used that line?

Mr. Tascona: I just want to ask you a few questions on the rebranding issue. Where did the idea for rebranding the name of the OLGC come from and how was this need identified, particularly since the OLGC has no competitors?

Mr. Gough: Let me make a preparatory comment before asking Duncan Brown to respond to that. As part of our governance, the decision was made some years ago to separate the position of chief executive officer from chair. I am a non-executive chair of the Ontario Lottery and Gaming Corp., which means, as chair of the board, we oversee all of those important issues, strategic plans and so on, but I do not become involved, nor do directors, in the day-to-day operations. But Duncan Brown becomes very much involved in those operations. I can deal with issues of policy, and there are a number of questions, I'm sure, that—

Mr. Tascona: Sure. You two can work together. Mr. Brown?

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Mr. Brown: Thank you. Actually, I appreciate the question to talk about rebranding. The research that we started conducting probably a year and a half ago, two years ago now, suggested that less than 10% of the population could actually identify all of our lines of business and knew what the Ontario Lottery and Gaming Corp. was.

The concern that starts to create for us is that in the absence of people knowing what we do and what we're responsible for and ownership of some of these facilities—for example, a great part of the public had no idea that the large destination casinos or the racetrack slot operations were run by us, by government—the concern starts to develop that if they don't know who is running it, then questions about potential integrity of operations start to appear. From our point of view, it was important that we begin to establish with the public exactly what we do and the fact that the government is standing behind the gaming enterprise in this province.

Interestingly enough, when told this, the research respondents had a much higher degree of confidence in the gaming operations, knowing that OLG, the same company that brings you 649 is also the operator of the casinos. That was the first consideration.

The second consideration was around our responsible gambling messaging. We've conducted three flights of advertising over the last year or year and a half, and all of

it identifies the message as coming from the Ontario Lottery and Gaming Corp., but again, because the public doesn't know who we are, doesn't know what we do, it doesn't necessarily have any particular significance or meaning or influence or power attached to the message that we're trying to deliver. Although those communications have been effective, over the long term they can only become more effective as the public becomes more comfortable and trusting in who we are and what we do.

Mr. Tascona: Well, how has dropping the "C" from the OLGC benefited taxpayers?

Mr. Brown: What I'd also like to say, Mr. Tascona, is that there is another element to this which is also very important to us, and that concerns our employees. It is imperative that we harness the capabilities, the skills and the intelligence of the thousands of employees we've got behind a single set of values and a commitment to a corporation, that they understand what it represents.

When we look at this, the rebranding initiative was around a need to fill an information gap, a risk to our gaming operation's integrity and reputation, the need to make our messaging more meaningful, an opportunity to bind the thousands of employees together behind a common cause and, frankly, an opportunity to get much more effective marketing expenditures. For example, we had 22 different gaming sites with 22 different names, 22 different looks, 22 different themes. That is not an effective use of marketing expenditures. By bringing all of these together under one common brand, there will be some efficiencies and some savings for us.

Mr. Tascona: So how has dropping the "C" from the OLGC benefited taxpayers?

Mr. Brown: The interesting thing about the logo is that it is one part of rebranding, but it is only one part. The logo is a visual symbol, an identification that sparks in the public who see it a particular reaction. So this is not about dropping a "C." This is about creating a brand that will represent trust, integrity and effective gaming operations.

Mr. Tascona: So that's how it benefits taxpayers? Is that your answer?

Mr. Brown: The taxpayers, I believe, will be benefiting from this in a number of ways. The fact that we will be better understood and there will be a higher level of confidence and trust in operations can only improve what we do and how we do it and the potential for increased revenues as people feel comfortable with the operator of these sites. As I mentioned, the opportunity to achieve cost efficiencies by going from over 20 different brands down to one is real and meaningful.

Mr. Tascona: We've submitted a freedom of information request for all the costs associated with the rebranding, including the cost of replacing all the existing promotional material that has the former OLGC name, but we haven't received the information yet. Can you tell us today how much this will cost?

Mr. Brown: When we look at the branding program and all that goes into it and the benefits, it was a very carefully considered priority for us. So what we've done

is we have reallocated marketing expenditures from other categories and other strategic initiatives to fund this. It's hard to say exactly what it will cost at the moment until the accountants get through with our books, but I would expect that somewhere between \$4 million and \$6 million will be expensed this year.

Mr. Tascona: Bensimon Byrne, which was the Liberals' 2003 election campaign ad agency, I understand, had a contract with the OLG from April 1, 2001, to March 31, 2004, on a retainer of \$38,000 per month. A new contract with the identical description of the work expectations commenced April 1, 2004, and runs to March 31, 2007. The only difference is that the pay has more than doubled, to \$78,500 a month. Can you explain the reason for this generous increase to Bensimon Byrne?

Mr. Brown: Our selection of advertising agencies is conducted under the guidance of the Advertising Review Board. We currently have more than six agencies that we utilize. All of the agencies are selected according to those ARB processes and procedures. Then we utilize the agencies in accordance with the skills that they can best bring to the particular assignments. Bensimon Byrne or any of the agencies would be compensated based on competitive rates for the work that they're doing.

Mr. Tascona: So why did you double it?

Mr. Brown: If there was an increase—and to be quite candid, Mr. Tascona, I'm not familiar with the intricacies of the contracts; we have a group of very skilled and very professional marketing folks who handle this—I would expect that the scope of work and competitive pressures led to an increase.

Mr. Tascona: Just so I'm clear, you are the CEO of the OLG?

Mr. Brown: Yes, sir, I am.

Mr. Tascona: What are your hours of work during the week at the OLG?

Mr. Brown: As long as the BlackBerry functions, Mr. Tascona, I'm working.

Mr. Tascona: I take it you meet with your management team. Who's the most senior person in charge of marketing?

Mr. Brown: Our chief marketing officer is a gentleman by the name of Alan Berdowski.

Mr. Tascona: I take it you meet with him?

Mr. Brown: Yes, sir, I do.

Mr. Tascona: How regularly?

Mr. Brown: Oh, a couple of times a week.

Mr. Tascona: You've never discussed this issue about Bensimon Byrne's contract?

Mr. Brown: The issue, as you describe it, of Bensimon Byrne has certainly come up within the context of political questions, and I much prefer to leave the politics to politicians. In this particular case—

Mr. Tascona: I'm just talking hard money here.

Mr. Brown: I understand that, but the nature of the contract is, in a substantial way, not a particularly large contract in terms of many of the others that we deal with. So I am quite confident that the chief marketing officer and his staff have the capability to contract and to ensure that the appropriate compensation is being paid.

Mr. Tascona: That's reassuring.

Now, the OLG has previously stated that Bensimon Byrne was not involved in the rebranding, yet the work described in the terms of the contract between the OLG and Bensimon includes "all planning, consulting, conceptual, creative, productive services, strategic development and administrative services contemplated hereunder with respect to the corporation's products." A list of services includes "brand extensions" and "brand improvements." Why would the OLG double their contract to more than \$2.8 million over three years and then contract with another firm to undertake the work described in the existing contract with Bensimon Byrne?

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Mr. Brown: I believe the references in the contract that you're referring to would have been for existing product lines. So, for example, we have a scratch-off ticket game called Cash for Life. We also have Cash for Life bonus. That would be a brand extension. This was not in reference to any corporate branding initiative.

Mr. Tascona: Okay.

The Inside Queen's Park publication says, "Don't Blame Bensimon Byrne." It says,

"The Libs' 2003 campaign ad agency has reaped a whirl of negative publicity for their \$219K contract to rejig Ontario's trillium logo ('Of Trivia and Trilliums,' July 5). But the agency is unfairly getting stick for the loopy and increasingly unpopular symbol, whacked this week by the Globe editorial board, for industry sources tell IQP," which is Inside Queen's Park, "that the provincial government picked the impugned logo after brushing aside Bensimon Byrne's recommendation to adopt a different logo design."

Is that true or false?

Mr. Brown: Mr. Tascona, I, as you alluded to earlier, have no trouble filling my day running OLG.

Mr. Tascona: Did the province make the decision, or did you?

Mr. Brown: With regard to the trillium logo?

Mr. Tascona: The logo, yes.

Mr. Brown: I have no idea.

The Chair: I'll interrupt you a second. The trillium logo is not part of the lottery and gaming corporation's— if you're asking about the OLG logo, that's fine, but the trillium logo is not part of the mandate of this agency.

Mr. Tascona: Okay. I think my friend here has some questions with respect to Mr. Warren.

Ms. Laurie Scott (Haliburton-Victoria-Brock): How much time is left?

The Chair: You have just two minutes left in this round of questions.

Ms. Scott: Okay. I'll save that for the second round of questioning.

When you said that a certain amount goes to Ontario hospitals, can you tell us the breakdown? You said Ontario hospitals when you said other—

Mr. Gough: We generate something less than—say \$1.9 billion of cash that's turned over to the province from our gross revenues, and \$100 million goes to the

Trillium Foundation this year. Two per cent of our slot machine revenue at the racetracks and charitable casinos will go to responsible gaming initiatives. The balance is paid into the consolidated revenue fund, where, in accordance with the statutory allocation of those funds, the money is earmarked for spending on hospitals. So it would be the balance. If one subtracts \$136 million from \$1.9 billion, the result would be hospital operations and other health care programs.

Ms. Scott: Okay. Is that it?

The Chair: You have one more question.

Ms. Scott: You said \$300 million goes to the agricultural community?

Mr. Gough: No. The arrangement with the racetracks and horse owners has 20% of the slot revenue being split equally, 10% apiece, to the 17 track owners and operators and to the owners of racehorses. The agricultural community is a significant beneficiary of that because of the work they do and the flow-through to the community of the operation of the industry.

Ms. Scott: Okay. Thank you for that clarification. I'll ask some questions later.

The Chair: Great. Thanks. You have a couple of more rotations to pursue that option if you so choose.

Monsieur Bisson, you have 15 minutes, sir.

Mr. Bisson: Thank you very much. Oh, where to start? There's so much.

Let's start with some numbers here. In regards to overall revenue, mostly the casinos have been dropping fairly substantially over the years. I'm just wondering: When I looked at your projections, I thought it was kind of interesting, because it was showing that the four-year plan projection for revenues would go from \$1.9 billion this year, then substantially would drop to \$1.6 billion, \$1.3 billion, \$1.4 billion. But then you show it back up at \$1.9 billion at the end. I'm just wondering how you get to that. If you see a drop where you're saying it's going to be \$1.4 billion in revenue by the end of 2008, how do you make up \$500 million in one year? I'm curious.

Mr. Brown: There are two principal locations that play into those commercial casino numbers or destination resort casinos: Niagara Falls and Windsor. In the case of Windsor, we are making a significant investment into the amenities in that property. We believe that when they come online we will be able to attract a different audience, a broader audience, with the amenities that are being introduced, including additional hotel rooms, a 5,000-seat entertainment centre, 100,000 square feet of convention and meeting space. We'll be able to return Casino Windsor back to a position in the market that it previously occupied.

During the next couple of years, or the next 18 months, we're also under construction on that property, which has a detrimental effect and makes the swing magnified that much more.

Mr. Bisson: So that \$500 million in additional revenue, you're saying, would come from Windsor?

Mr. Brown: No. I should have expanded on that. The other property, as I mentioned, is Niagara Falls, and we

believe that with the changes we are making in that property in terms of management, marketing and operations, we'll see a continuing improvement in that business as well. In both cases, of course, we're also looking at the impact of border issues, the change in the American currency and the impact of the smoke-free Ontario legislation.

Mr. Bisson: That was where I wanted to go with the second part. Can you elaborate on that as to what the trends are from both Niagara and Windsor as far as clients coming over the border from the States? What are the trends showing?

Mr. Brown: Over the last couple of years, we've seen a drop-off in our percentage in the Niagara properties. It used to be around 60%, 65%, and we're probably closer to 50% today. In the case of Windsor, 80% of our business has historically been American. That's still the case; we're just not getting the numbers that we were previously getting.

Mr. Bisson: The other thing that surprises me when I look at the numbers—and I noticed this last year in whatever estimates I was looking at—is the amount of revenue that we actually get from the charity casinos. How many more slots overall do we have in charity casinos compared to the three main casinos? I was just taking a look at that, and it was almost \$2 billion in revenue from the charity casinos versus \$1.1 billion in the main casinos.

Mr. Brown: That \$2 billion would also include the racetrack operations.

Mr. Bisson: That's right.

Mr. Brown: We have approximately 7,000 to 8,000 slots in our large casinos, and we probably have about another 10,000 to 11,000 in the racetrack slot operations and the charity casinos—not so many in the charity casinos; they tend to run about 400, 425 each.

Mr. Bisson: So it's a combination of there being more slots overall in the charity casinos and racetracks compared to the regular casinos, but also there are more patrons, by the looks of it, right?

Mr. Brown: There are more locations, so we have penetration in terms of smaller, local regional markets with the racetracks and with the charity casinos.

Mr. Bisson: What's the payback on slot machines? For every dollar put in, how much goes back in winnings? Is it a pre-set amount?

Mr. Brown: By regulation, we have to return a minimum of 85%. In practical terms, we average about 92%, and that percentage changes with the type of game and whether or not it's a progressive denomination. It can actually go as high as 99% on some machines.

Mr. Bisson: So you're saying that for every dollar put in a slot machine, 85 cents goes back as winnings?

Mr. Brown: That's the statutory minimum, but in fact, it's 92%.

Mr. Bisson: God, I've never seen that at any time I've gone to a casino. It's like a 92% loss for me. That's why I don't go. I always thought it was a lot lower than that. So

you're saying it's 85%. Is it the same for a charity casino as it is for—

Mr. Brown: Yes. We're averaging about 92% across the province.

Mr. Bisson: The amazing part is that whatever winnings they get, they put back in anyway, right?

Mr. Brown: We certainly hope that we're providing a great entertainment experience, sir, and the more the people like to play the machines and the longer they're there returning some of those winnings, that's great.

Mr. Bisson: I guess what I'm asking is, to what extent do casinos try to encourage the patron to—you know, you put in 20 bucks and you win 60. What kind of gimmicks do you have in order to attract the person to put the money back in? It seems to me that's what everybody does.

Mr. Brown: I wouldn't like to think that we're into gimmicks.

Mr. Bisson: Okay, what kinds of strategies do you have?

Mr. Brown: What we really are interested in doing is providing what I said a moment ago, which is a great entertainment experience and good value. Most people will come in and they will play for a few hours at the slot machines or table games. Most people will come in with a fixed amount in mind that they intend to spend. In many cases, that amount is probably no more than it costs you to go out to the movies these days, a babysitter and dinner, and it's a heck of a lot less than trying to get in to see the Leafs; I can tell you that.

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Mr. Bisson: I guess the part that concerns me is that, you know, I go in like everybody else to the casino a couple of times a year. My wife goes to the slot machines, I go to the tables, we play our \$100 and then we leave. What always strikes me—I get a kick out of watching people play slot machines, because you get some people who'll put a lot of money in those machines. I guess the question I have is, do you monitor problem gamblers to a certain degree when it comes to people who are prepared to put their life savings into these things? Because you see some people with just ridiculous amounts of money that they're putting into these, especially on the high-rolling machines—my God.

Mr. Brown: Responsible gambling, Mr. Bisson, is one of our fundamental corporate priorities. This is something that is real and substantial to the corporation and it is very, very important to the chairman and I. We developed a code of conduct a year ago and it sets out what we expect of ourselves and what the public can expect of us. It speaks to corporate commitment, it speaks to resourcing and information and it speaks to a gaming environment which supports responsible gambling. So we have done things in the last year and a half, like enter into MOUs with some of the best-known resource agencies out there, including CAMH and the problem gambling council.

Mr. Bisson: I'm aware of that, but my question is, if you see somebody on the floor who has got a problem, do you guys watch for that or do you wait until it's gone?

Mr. Brown: I'm happy to report that we have now concluded a training program for all 8,000 of our employees that was developed in concert with CAMH. There are different levels of programming and different levels of training, depending on what you do at a gaming site. By the way, this training also extended to all of the people who aren't at gaming sites. Our entire corporate force has been given some level of training.

Mr. Bisson: Including the charity casinos?

Mr. Brown: Yes.

Mr. Bisson: Because it's a problem and we all see from time to time some pretty tragic stories as far as problem gamblers. We know that as a public corporation, you guys have a lot of programs in place in order to assist the problem gambler, but the question is—and I guess you've answered it—how do we try to identify or try to pull them off if they're getting a little bit over the end?

On the gaming, I'm wondering, when you take a look at it on the slots side, does most of that revenue come from the lower-denomination machines or is it the larger, sort of high-rolling machines? Is it the quarter or 50-cent machines where most of that revenue comes from?

Mr. Brown: It's a good question and it's very difficult to answer because a lot of machines now are what are referred to as multi-line, so you can even have machines which are nickel-based, but depending on how you choose to play it, you could actually be playing \$2, \$3 or more. So the actual denomination of the machine isn't necessarily a good indicator of what's happening on the floor. What you will find is that most people still prefer to play dollar machines and lower.

Mr. Bisson: So that's where most of the money is generated, in the lower denomination.

Mr. Brown: Right.

Mr. Bisson: I noticed in the research paper there's a comment here in regard to the bingo industry, and it says, "The corporation is engaged with bingo industry partners in an effort to revitalize the industry." What exactly is that all about?

Mr. Brown: We've launched four pilot locations to bring in electronic bingo. These are into facilities which are owned by private sector bingo hall operators that charities rotate through in the same way that they do through traditional bingo halls. We partner with the local municipal government, which continues to assess charities and the use of proceeds if they're put into the rotation in one of these facilities. It's a commercial arrangement that we have with the hall operator, the charity association and the municipality and it brings a different style, different games, a higher service level and, frankly, in many cases a superior entertainment experience to what has been traditional bingo.

Mr. Bisson: You do the licensing for the charities and stuff in local communities.

Mr. Brown: No, we do not.

Mr. Bisson: It's not under you?

Mr. Brown: No.

Mr. Bisson: It used to be.

Mr. Brown: It's the Alcohol and Gaming Commission.

Mr. Bisson: That's right. It's because both of you are in Sault Ste. Marie, and I deal with the Sault Ste. Marie office. Sorry about that.

Mr. Brown: And that, Mr. Bisson, is why we're pushing ahead on our branding program. We want to be distinguished from the regulator.

Mr. Bisson: Yes, yes, I hear you. You notice I didn't ask any questions there. I'm okay with that.

Just a general comment, and I think all of us have the same problem: Community organizations—the Knights of Columbus, the Italian club or whoever it might be—are having one heck of a time trying to fundraise to keep their operations going because of the very constricted rules when it comes to raising money through various fundraising schemes such as bingo and stuff. It's something that at one point we need to take a look at, because it is a huge problem.

How much time, Mr. Chair?

The Chair: You still have three minutes.

Mr. Bisson: I thought Monique was telling me I was out of time.

Ms. Monique M. Smith (Nipissing): No, you were off topic.

Mr. Bisson: No, I'm just using the opportunity to tell the government—

Ms. Smith: To give a little speech. We know, Gilles. We're used to it.

Mr. Bisson: Not a speech, but to tell the government that there's a little bit of work that we can be doing there to help our organizations.

Why is it that you don't allow the Keno games in casinos in Ontario? I've wondered. You see that on the Quebec side, you see it on the American side; you don't see it here. Is there a reason?

Mr. Brown: Actually, it's a very good question, and it's more historical than anything else. Typically, a Keno lounge takes space, and it is not necessarily the most profitable way to use space. In the early days of the casino initiative, when space was at a premium, it was utilized for table games and slot machines. Frankly, as we look to expand the amenities at many of these locations, we would be looking at introducing something like a Keno game.

Mr. Bisson: I'm just kind of curious, because it has been raised a couple of times. On the Ottawa casino, a couple of people have raised that with me, and I've never understood why we don't do that.

Just back to the comments you made around the bingo industry, what you're trying to do, if I understand correctly, is to run electronic bingo games in the casinos?

Mr. Brown: No, these are in traditional bingo halls. The four pilot projects that we have in operation are actually conversions of the more traditional style of licensed charity gaming. The point that I should have made is that the reason we're doing this is not because we view it as a huge money-maker—in fact, it's basically cost-recoverable for us—but what we have is a unique monopoly on gaming technology under the Criminal Code. The Criminal Code prevents charities from being

licensed to run schemes on or through a computer, video device or slot machine. So as the public's appetite for different kinds of games and more electronic games continues to grow, charities are actually forbidden from getting into that type of business under the Criminal Code. Since we have that particular prerogative, we believe that it was important to bring that to the charity gaming sector, which has been, frankly, in trouble.

The Chair: Last question.

Mr. Bisson: I'll probably get back to this a little bit later, but the whole issue of the Internet stuff that we're seeing now: Where are you at in regards to particular policies around that? That's becoming a huge industry.

Mr. Brown: In the case of Internet gaming, the government announced in January 2005 that they would not be engaged in Internet gaming. We certainly respect and understand that decision. We have concerns about Internet gaming that's taking place where the public is, frankly, at risk and they don't know it.

Mr. Bisson: Is there any work that you've done—

The Chair: Gilles, sorry. We can come back to that. Thanks very much.

The government side.

Mr. Ernie Parsons (Prince Edward–Hastings): Thank you for joining us today. I will confess I hadn't realized that the percentage of money from slot machines returned was by law 85%. I would have guessed much, much lower.

Mr. Bisson: You and I are playing the same machines, Ernie.

Mr. Parsons: I don't gamble, but actually thinking about it, 85% return is probably better chances than of my getting re-elected.

Mr. John Milloy (Kitchener Centre): Withdraw that remark.

Mr. Tascona: Say it ain't so, Ernie.

Mr. Parsons: Time will tell.

You allocate 2% of your revenue to responsible gambling. How does that compare with other jurisdictions in North America and in Canada?

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Mr. Brown: The 2% translates to something in the order of \$34 million to \$36 million a year, which goes into the consolidated revenue fund, and from there out to the Ministry of Health and Long-Term Care. They put together a program which includes treatment centres across the province, funding of the Ontario Problem Gambling Research Centre in Guelph, a gambling hotline, a helpline, across the province. That \$34 million or \$36 million a year represents probably one of the best-funded programs in North America. Quebec certainly does a great deal as well, and I think over the last five years Ontario has probably spent twice what that province has spent. It's important.

On top of that, the corporation spends about another \$7 million a year on our own responsible gambling programs, whether it's awareness campaigns, staff training, staff resources to continue to be in touch with our partners in the field. It is, as I said earlier, a very real and

very significant priority for us. We believe in it quite strongly.

Mr. Parsons: Now, I suspect problem gambling is like any other addiction, where certain individuals realize themselves that they have the problem and approach someone for help. But from your viewpoint, how do you recognize or deal with or help or offer advice to people you believe are problem gamblers but who are not at that stage yet?

Mr. Brown: As was mentioned earlier, we've trained over 8,000 of our employees. All of them have now received some type of training. If you're an employee at a gaming site and you're in a management position, you've taken a more intensive training program to assist those people who might appear to be in distress. We make sure that information is available at our sites about where people can get help and how to get help, and we're also piloting, at the moment, in both Windsor and Niagara Falls, consumer information centres. These are facilities that are staffed by the Responsible Gambling Council, and we can direct people right into those centres on the property, where they will get specialized advice and support and be given guidance on where they can go for help. This isn't just for the players or the customers themselves, but also for their family members and the general public.

The Chair: Other questions? There's still lots of time.

Ms. Smith: Thank you, Mr. Gough and Mr. Brown. Mr. Gough, it's nice to see you again, for the third time. I just want to continue on that line of questioning on problem gaming and what we're doing about responsible gaming.

You mentioned briefly in your comments earlier about partnerships with the Centre for Addiction and Mental Health and other entities that have expertise in the area. You were kind of directed into another line of questioning and weren't able to, I think, give a fulsome answer on that. So if you could just outline for us some of those partnerships and how they play into your responsible gaming strategy.

Mr. Brown: We have signed formal MOUs with the Centre for Addiction and Mental Health, the Ontario Problem Gambling Research Centre, the Responsible Gambling Council and the Ontario gambling hotline, and in each case, those specialized organizations bring to the table an understanding of current research, current practices that are out there; frankly, beyond the boundaries of North America, in some cases, they're monitoring what's going on. They bring an ability and a skill to the table that we can use in very practical terms when it comes to things like training programs. So CAMH came in and designed our training program, worked very closely with our trainers to make sure that we were going to be delivering this in the appropriate way, and it was a great opportunity for us to lever that kind of skill and expertise, that provided us with a much better product than if we had tried to develop it in-house.

Similarly, with the Ontario Problem Gambling Research Centre—you'll be hearing from Rob Simpson

later today, and certainly Rob can speak to the relationship with our organization, but it facilitates research. We make great efforts to try to assist that organization and their researchers in activities that they're undertaking, and with a view to, long-term, finding the best practical applications of research and best practices that we can apply.

Ms. Smith: Great. You also referred briefly to the responsible gaming code of conduct that you've developed through the agency. Perhaps you could just elaborate a bit on what the code of conduct is and how it's implemented throughout your organization.

Mr. Brown: This particular document is made available right across the corporation, and it is far more than just a symbol. It is a very real statement of what this corporation believes when it comes to this particular issue. It speaks of corporate commitment and the resources that we'll dedicate to this. It speaks to information and education, the programs that we will implement and our commitment. It speaks to a responsible gaming environment, which is where things like the pilot programs in Windsor and Niagara Falls come into play. It speaks to ensuring that minors are not accessing our gaming sites. We have one of the most rigorous and diligent regulatory regimes and corporate commitments to keeping kids from playing our products.

We go so far as to do things which most people probably haven't even noticed. You cannot walk into one of our casinos and actually see any gaming activity unless you're over 19. So if you were to visit our new Fallsview Casino property in Niagara Falls, there is a retail arcade, there are shops and restaurants, but unlike Las Vegas, for example, no one walking down that retail arcade can ever see any gaming activity. We don't have people walking through a casino floor to get to a hotel. It's that type of commitment to the small things, as well as the big things, that we think makes a difference.

The Chair: Just to give you an update, we still have seven minutes left in this segment.

Mrs. Carol Mitchell (Huron-Bruce): Thank you, gentlemen, for coming forward today and talking about something that has directly affected the community that I live in and have the privilege to represent.

What I would like to talk about is the economic impact you have had on a number of communities throughout Ontario. I want to make direct reference to the impact on the rural communities as well, how the partnership that has been formed with the ag community has certainly turned around that sector for the horse racing industry. It has provided a tremendous boost.

The question I would like answered is, how much have host communities received dollar-wise, and how many jobs have been created indirectly and directly? But I want to recognize all the good work that has gone on certainly with the ag community. It has turned around the horse racing industry and directly in the host communities with the slots as well.

Mr. Brown: We are proud to be significant employers in many of our host communities. We are the number one

employer in three of the communities in which we have facilities. In another five facilities we rank in the top five employers in that community. If you look at 16 host communities, we're in the top 20 employers in every one of those communities. We have over 8,000 employees who are OLG members, and then there are about another 13,000 who are involved with the commercial casino operations, so over 20,000 people involved in direct gaming operations.

Then, on top of that, of course, we have some 10,000 retail locations generating another \$165 million in commissions. I think the last research I saw indicated that for the convenience store channel, lottery ticket commissions were probably the second source of income for those corner stores. We are a significant economic factor to small business right across the province, so whether it's employment or our retail commissions, our purchasing power, the \$70 million a year that goes into our host communities from the 5% slot commissions on racetrack operations and charity casinos.

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You mentioned our contribution to the racing and agricultural sector. Somewhere close to \$1 billion is being paid into racetracks and into purse structures since this program was initiated, so almost \$2 billion has gone into the racing industry, a lot of that finding its way back into grain, new truck sales—all of the items that go into supporting the maintenance of a horse, training horses, for the racing community.

I think it's safe to say that it would be difficult to find somebody in this province these days who is not in some way, shape or form touched by our operations. Either they earn an income from it, their neighbour does or their family member does, or they're the beneficiary of it.

We are a significant economic force, and if we were a private sector enterprise, we would probably rank around number 50 in size in Canada, and this from an operation which is legally confined only to the province of Ontario.

Mrs. Mitchell: Certainly a number of the host communities put the dollars they do receive into charity work as well.

The other question I have is on Quest for Gold. How did the program start, and how much money has been raised?

Before you answer the question, I just want to share a story from my riding. We have had four successful candidates for Quest for Gold, and of those four gentlemen, three were able to get off to the worlds. I can tell you that it has made a tremendous difference in their lives.

A number of us have successful candidates within our ridings, so if you could give us an update of the Quest for Gold: How did it start, and how much money has been raised to date? It's a wonderful program.

Mr. Brown: We were very pleased to be asked by government to develop a lottery product to support amateur sport in this province. The first edition of the ticket generated almost \$3 million in net profits, which was directed to local athletes and coaching programs.

We have our second edition on sale now, and I would urge all of you to find your local corner store. It's a \$20 buy and it's a great investment. You'll have a lot of fun playing it.

Mrs. Mitchell: Quest for Gold, for the athletes.

The Chair: There's just one minute left, if you have any final questions in this round.

Mrs. Mitchell: Yes. I don't think that you finished.

Mr. Brown: The second edition of the product, as I say, was just recently launched. We will probably have an opportunity to do a third edition later this year, and we're hopeful that we can generate significantly more than we were able to provide to the government in the last fiscal year.

Mr. Gough: I should add that 850 Ontario athletes have already benefited from the program—a fairly significant number.

Mrs. Mitchell: A very significant number.

Do I have time for another question?

The Chair: If you have a quick question, Mrs. Mitchell.

Mrs. Mitchell: Okay. Are there any other similar programs in Canada that support amateur sports like this program?

Mr. Brown: There is a program in British Columbia, which isn't surprising, given that they're going to be hosting the Vancouver games. But I think the program we have launched is unique in its application. We're very proud to be associated with it.

Mrs. Mitchell: It's certainly been a very strong uptake as well.

Mr. Brown: Yes.

The Chair: Thank you very much. We'll move to the official opposition's 15-minute segment.

Ms. Scott: Thank you for appearing before us here today, if I didn't say that earlier.

I wanted to ask some questions about Jim Warren. He was previously Premier McGuinty's executive director of communication. He joined the OLG in January 2006, in the newly created position of vice-president of strategic relationships. Under the provincial conflict-of-interest rules, he cannot deal with anyone in the Premier's office for one year after leaving but he is free to lobby ministers and their staff.

Can you describe the functions and duties of the vice-president of strategic relationships?

Mr. Brown: Mr. Warren assists me on a number of fronts. A number of them are also confidential business initiatives. He has a considerable background at municipal government, provincial government and in the business community, having worked with Magna. It is a great opportunity for me to have someone with Jim's capabilities to, frankly, give me a hand on some very difficult and thorny issues that emerge.

Ms. Scott: This was a new position that was created. Was it created just for him? It was newly created, is that correct?

Mr. Brown: It was created; it was not created for him. The fact was that the complexity of running our business

has grown significantly over the last number of years and I felt that it was important that I get some assistance so that I could focus on the strategic issues and have some of the day-to-day concerns and problems that I was being confronted with dealt with by Mr. Warren. As I said, he's been a great addition.

Ms. Scott: Is it a term contract that he is under?

Mr. Brown: No. He's an employee.

Ms. Scott: So he's a full-time employee with no set term?

Mr. Brown: Correct.

Ms. Scott: Okay. I'm assuming this position is among the 129 jobs that are earning over \$100,000 a year, which is up from, I guess, 86 jobs in 2003 that were earning over \$100,000 a year. How much does the position that he holds pay?

Mr. Brown: Typically, what we don't do, Ms. Scott, is talk about individual employees and their compensation. The annual compensation figures that go over \$100,000 will come out next spring.

Mr. Tascona: Public corporations.

Ms. Scott: Yes, but public corporations—I mean, that's how we find out how many are making over \$100,000 a year. You're just saying that's not available at this present time?

The Chair: The 2005 are in the binders and the 2006 won't come out until next year.

Ms. Scott: Okay. So he won't be covered in that. All right.

What's the level of involvement and interaction that the vice-president of strategic development has with the advertising branch of the OLG? Does the vice-president play a role in approving or recommending either advertising firms or contracts or suggesting candidates for subcontracts under existing ad contracts?

Mr. Brown: The responsibility for advertising, marketing, promotion and public relations rests with the chief marketing officer and the heads of the business units, lottery and gaming. Mr. Warren's role does not have any involvement with those agencies.

Ms. Scott: What kind of interaction does the vice-president of strategic relationships have with the Premier and his staff? Do you anticipate that level of interaction to change after this January, which would be a year since he was hired?

Mr. Brown: Mr. Warren, as I said, helps me on a number of projects. His responsibility is not to lobby the Premier's office or to liaise with the Premier's office. Certainly, he brings, as I said earlier, a wealth of knowledge of how things are done, both at the municipal level and the provincial level and within the broader corporate community.

Ms. Scott: So what kind of interaction does the vice-president of strategic relations have with government ministers and the ministers' office staff, then?

Mr. Brown: I have asked Mr. Warren on occasion to deal with the minister's office on some matters. Again, we have a director of public affairs and a manager of

government relations, which are part of the marketing officer's portfolio.

Ms. Scott: So there's some contact with the minister's office, but there's never been contact with the Premier or his staff?

Mr. Brown: I'm not aware that he is able, because of the restrictions, to unilaterally reach out to them.

Ms. Scott: Okay. Mr. Tascona, my colleague, has some more questions for you. Thank you very much.

The Chair: About 10 minutes left on the clock.

Mr. Tascona: Was the VP of strategic development involved in the rebranding of the OLG?

Mr. Brown: The rebranding initiative was led by the chief marketing officer, with support from the executive group and with the endorsement of the executive group. A great deal of the work was done prior to Mr. Warren joining us. So the answer is, Mr. Warren was not leading or materially involved in this initiative.

Mr. Tascona: But he was involved in the initiative, just not materially.

Mr. Brown: Mr. Warren is a member of the executive committee. So for me to sit here and say that he has not had any participation would be misleading, in the same way that our VP of human resources has had participation, our chief financial officer.

Mr. Tascona: So he was involved. What was his involvement?

Mr. Brown: When we had presentations to the executive committee, all of the executive committee members would have an opportunity to comment, to offer advice, suggestions, but this was an internal discussion of the executive group. It wasn't about directing the chief marketing officer to do something.

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Mr. Tascona: I want to just go into a couple of other areas. Casino Windsor had layoffs recently this summer. From what I've heard, they're going to be involved in sports betting. Is that correct?

Mr. Brown: We currently have about 10,000 retail locations that are involved in sports betting. It's called Pro-Line. We are putting a new restaurant with a sports theme into Casino Windsor that will have Pro-Line products available. It's the same thing that we introduced to Casino Niagara about 12 months ago.

Mr. Tascona: And that's not at Casino Rama?

Mr. Brown: It's not yet.

Mr. Tascona: The property that you're building, the new convention centre that is scheduled to open in 2009, was that property owned by the casino at the time the decision was made to go ahead with that type of project?

Mr. Brown: Yes, it was.

Mr. Tascona: So it was just an expansion of the existing property?

Mr. Brown: Yes.

Mr. Tascona: Do they have any more property that they haven't expanded on in downtown Windsor?

Mr. Brown: No, we don't.

Mr. Tascona: Do you have any concern with respect to the sight line of that building, which instead of looking

at the Detroit River is going to be looking into quite an old seniors' residence building about 20 to 30 storeys high?

Mr. Brown: The way that the building is being angled, most of the rooms will in fact end up with a view of the Detroit River and the skyline.

Mr. Tascona: What about the convention centre?

Mr. Brown: If you're familiar with the layout of the site, the hotel tower would be closest to the Detroit River and then, as you move away from the river, that's where you'll find the entertainment centre and the convention space.

Mr. Tascona: I was reading in the paper the other day, the *Barrie Examiner*, with respect to Georgian Downs. There was a spokesperson for the OLG speaking about how they're still looking at different gambling opportunities within the province. Are there plans at this point in time to expand the gambling facilities at Georgian Downs?

Mr. Brown: We're looking at all of our facilities. When the government said to us in January 2005 that there would be no new sites, they also encouraged us to look at our existing locations to see what could be done to further enhance and develop those. In the case of Georgian Downs, the track owner has purchased some additional land, or at least some conditions on a purchase have been cleared. The landowner is looking at a variety of non-gaming amenities to improve the track as a destination, in the same way, I assume—and I don't know—that Woodbine Entertainment is looking at a major development at their property.

Mr. Tascona: There was a spokesperson from Casino Rama—I believe it was Sherry Lawson—who was commenting that Casino Rama was looking at this closely. I'm sure it's from a competition factor. It strikes me, in terms of the decision-making, that's something that you would—obviously there's some competition between the two sites. What are your thoughts on that when you look at the two sites being close together? Obviously there are issues in terms of ownership and revenue stream with Casino Rama. How do you weigh those two competing interests?

Mr. Brown: We're very conscious of Casino Rama's unique dedication of profits. In fact, it's one of the interesting attributes of the current negotiations that are going on between the government and First Nations, which would see a different kind of revenue-sharing model as compared to the one that exists right now. We've always had concerns that by having the First Nations' revenues dependent on a single location, they were subject to any one of a variety of acts of God or vagaries that could occur at one given location. The proposed model, as you probably are aware, would provide for First Nations to replace that dedication of profits from Casino Rama with a percentage of total OLG sales. The beauty of that, from our point of view, is that it does simplify the kinds of cannibalization questions that you've raised, which are very difficult at the moment for us to manage. We're sensitive to where Casino Rama's

profits go, but we're also interested in optimizing the return from all of our sites.

Mr. Tascona: The Windsor location: You have got a major challenge down there with respect to no smoking and the gambling that's going on at the sites on the Detroit side, because they're expanding down there quite significantly. You also have the border issues in terms of access to the country and the tunnel versus the bridge there, and now the Canadian dollar, not at par but very close. How are you going to deal with that Windsor casino in terms of making it survive? I think they also have issues with their union, because they've had layoffs and they also had a strike last time. What are you going to do to ensure that that operation can make it? You've got a real battle on your hands.

Mr. Brown: The border communities are certainly challenged, not just Windsor but Niagara. We have an American Indian casino across the river in Niagara Falls, New York, and there is expansion of their properties in New York state.

In Windsor, we believe that with the amenities we're adding, we will be able to attract an expanded target audience. With passport concerns, we think it's important that we focus not just on people who might come over for a day trip or an afternoon, but people who will be coming for potential meetings and conventions, people who will have passports, people who will be willing to cross the border. That is one of the elements.

The other is the 5,000-seat entertainment facility. I can tell you that based on our considerable experience now with Casino Rama, with a first-class entertainment centre and first-class entertainment, you can pull people in. We have established that with Rama. I think most people who have been there would say it's a great facility. I think most people who have been there would also say that it's not terribly convenient. But the fact is that the amenities can bring people in. What we're bringing to Windsor will still distinguish us even from the new facilities that are being constructed in Detroit. But I don't want to underestimate the challenges that we face in all of our border communities.

Mr. Tascona: But those border communities are not—Windsor's unionized; Casino Rama's not unionized. It's a big factor in their success.

Mr. Brown: Local 444 of the CAW represents the casino workers, and the president of the union, Ken Lewenza, was certainly very encouraging of the investment that was being made at the facility. The union understands that in order for us to continue to be competitive, we need investment and we need their support.

Mr. Tascona: What's the term of your most recent collective agreement?

Mr. Brown: We signed a four-year agreement at the last contract negotiations, which was the spring of 2004.

The Chair: Thank you very much. Mr. Bisson, 15 minutes for you, sir.

Mr. Bisson: Just to pick up where we had left off, in regard to electronic gaming, as far as Texas hold 'em: That is having one huge impact, from what I can see, on the Internet. I'm just wondering what concerns you have

as a corporation and what you can tell us you think we should be doing in order to try to deal with that particular issue.

Mr. Brown: Part of my government career was spent in what was then the Ministry of Consumer and Commercial Relations, in consumer protection roles and regulatory roles. On the consumer protection front, I'm concerned that the public isn't necessarily aware of who is behind the site they're playing on, the risks that they run in terms of providing credit card information, whether or not the games are even operated with integrity, whether or not they will ever see winnings. What disturbs me in my current role is that as the public has no easy ability to identify the legitimacy of gaming operations, that will in fact spill over into how they perceive what we do, as I said earlier, particularly given that they don't necessarily understand who operates gaming in this province.

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There are other concerns with Internet gaming that have been expressed. An organization based out of Paris that does money laundering studies has expressed concern in the past about Internet gaming sites being used for that purpose. There are a host of public policy issues and criminal enforcement issues that I would hope that Ottawa and the enforcement community will take up with enthusiasm, frankly.

Mr. Bisson: Is there any jurisdiction that's actually done anything in this area? I haven't seen anything.

Mr. Brown: There's been a variety of approaches to this. It's been interesting to watch. There is the school of thought that says, "We can't regulate the Internet. We can't prohibit the Internet, so we're going to license and regulate." We see that in the UK. There is another school of thought that says, "This is just fundamentally an activity that we don't want to support as government." What we see in the United States is a concerted effort on the part of legislators there to bring in bills that will make this clearly illegal.

Recently, in the last few weeks, there was an arrest made of a senior executive of an Internet company. He just happened to be flying through an American city—Dallas, I think it was—and he was pulled off the plane and arrested. That certainly had an intimidating effect on the industry, which started cancelling conferences to be scheduled in the US and things like that.

So we see a complete range of activity from license and regulate, tax, to outright prohibition, try and kill it. But I think the beginning point that we all need to be aware of is the need for information. The public needs to have the knowledge of what they're doing and the fact that they don't know who they're doing it with.

Mr. Bisson: What impact is it having on the revenues of the Ontario Lottery Corp., or the Ontario Lottery and Gaming—whatever they're called now?

Mr. Brown: It's difficult to put a number to it. Part of the difficulty is that—

Mr. Bisson: I guess I should have been more clear in my question. Is the dip that you're seeing in revenue partially caused by that, as far as tables and stuff?

Mr. Brown: I suspect that we have seen a minor hit at this point. The best estimates are that, globally, Internet gaming would represent about 3% to 4% of traditional bricks-and-mortar-type gaming, legitimate legalized gaming. So if we extrapolated that, which is a dangerous thing for me to do, it wouldn't represent at this point a significant economic impact, but it does represent a significant reputational risk.

Mr. Bisson: On the question of Texas Hold 'em, I notice that you run that in a lot of casinos. Is that very popular in casinos?

Mr. Brown: Poker is very popular. It has been pushed into the mainstream with television programs. We've seen professional poker players become celebrities, just as sports figures and World Wrestling Entertainment figures are. It has been fascinating to watch the development.

Mr. Bisson: But is it becoming a bigger part of your business? I guess that's what I'm asking.

Mr. Brown: We consider it an amenity. It's not a particularly profitable line of business for us, but it is yet another attraction, and we try to make sure that we offer a full suite of casino games.

Mr. Bisson: Do you do tournaments as well? I think the Manitoba or Saskatchewan lottery people, the casino people, do tournaments. I've seen them on TV.

Mr. Brown: We do. We do them in concert with sponsors, and we do them as well under the auspices—we've just signed an agreement with the World Series of Poker.

Mr. Bisson: When does that take effect, and what are you doing?

Mr. Brown: We'll have a tournament, I believe it's either late this year or early next year, in Fallsview Casino. Typically, what we have done in the past is we've converted our 1,400-seat theatre to a flat floor. Just as you'd see on TV, there are 50 tables or more, and there are rounds of games and it's televised. It has all of the usual kinds of security and surveillance requirements that go with it.

Mr. Bisson: I guess one of the things the gaming industry has to thank is the NHL strike, because it really put poker on the television screen like you've never seen before. It's amazing.

Mr. Brown: Unfortunately, it also cost us a fair amount of money on our PRO-LINE product.

Mr. Bisson: Yes. I'm just saying, it's kind of one for the other.

There's a comment in here in regard to one of the documents we have. It talks about suppliers. It says, "The corporations' facilities and activities were responsible for an estimated \$600 million in the purchase of goods and services, including merchandise and prizes, from almost 5,000 suppliers." I'm not quite sure what you're getting at there. Maybe it's more of a question for Larry.

Mr. Larry Johnston: It's just part of the economic impact.

Mr. Bisson: That's a cost; that's not a revenue, right? If I read that correctly?

Mr. Johnston: It's a cost of the community.

Mr. Bisson: Okay.

How much of your sourcing is done locally, as far as—first of all, let's break it down as far as the casinos themselves. Is most of your sourcing for supplies done locally, or is it done sort of centrally?

Mr. Brown: About \$45 million to \$50 million is done locally. The rest would be done through central purchasing. One of the things that we have been diligent about doing in the last couple of years is actually more strategic sourcing, and that has generated some real savings for us.

I'll give you a very quick example. For example, in the past, property and liability insurance was purchased separately by each of our commercial casinos and the corporation.

Mr. Bisson: Repeat that, please.

Mr. Brown: In the past, property and liability insurance was purchased by individual properties. By combining them into one policy, we actually got better coverage and we save about \$3 million a year. We do the same thing with other types of procurement now, looking to leverage the kinds of buying power that we've got.

Mr. Bisson: Okay. The online games—I'm just taking a look at that. It shows here sales in millions as \$1.5 billion. Online games. It must be "million," right? What's the revenue on online games?

Mr. Brown: That would be about 1.5.

Mr. Bisson: Million?

Mr. Brown: Billion.

Mr. Bisson: Yes, okay. Just the way it was written, I was wondering. So it's not as big a thing as I thought it was. It's one of the minor revenue streams, I take it.

Mr. Brown: Any time we get to talk about billions, it matters to us.

Mr. Bisson: No, but it's million. Am I reading that wrong? Is it million?

Mr. Brown: Billion.

Mr. Bisson: Oh, it's billion. I was reading it wrong. That's why it struck me as kind of odd.

If I go back and take a look at sources of revenue, that's accounted for in all the lottery revenues that show for 2005, right, that's in that?

Mr. Brown: Yes.

Mr. Bisson: So it's about half.

Mr. Brown: About 1.5 is online. The balance would be our scratch-off instant tickets. That would take us up to roughly \$2 billion.

Mr. Bisson: So it's more than half. So online is everything from your pick numbers and the PRO-LINE and all that stuff.

Mr. Brown: Correct.

Mr. Bisson: Wow. I didn't realize it was that much. Okay. So that answers that question.

Okay. That's all I have for right now. That's fine.

The Chair: Thank you, Monsieur Bisson. I'll go to the government members for 15 minutes. Ms. Mitchell.

Mrs. Mitchell: I just wanted to give you the opportunity to expand—there have been a number of questions directed about the Windsor site—on how you will see the

local economy benefit in terms of jobs and tourism with the \$400-million investment that is a significant investment in the Windsor site.

Mr. Brown: I think that the benefits will come from a number of opportunities. Immediately on opening the new facility we'll create probably another 400 jobs, which will be certainly welcome in the community.

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There are about 7,000 person-years of construction jobs associated with this expansion. I also think that the nature of the expansion we're putting in, the meetings and convention space, will provide the community and the local tourist and convention bureau with another selling tool that will be important in bringing in folks whose first interest isn't necessarily gaming. I think that it positions the property and supports the community in some of the joint venture marketing that they would like to do with Detroit, for example. Detroit hosted the Super Bowl last year, and there was a fair amount of cross-border activity and cross-border planning. Having this kind of facility with this kind of convention space can only enhance that kind of cross-border marketing. I believe that as we add entertainment, we'll be able to attract an audience that isn't necessarily, first and foremost, focused on gaming, which can only support the tourism industry in the city of Windsor and the region of Essex.

I'm quite optimistic about what this will do for the community. I think that with the leadership we have at the casino, we can overcome the difficulties that we've been discussing earlier.

Mrs. Mitchell: Clearly, there have been a number of questions that have been specific for that site, but it's not only the Windsor site that has been affected by those factors. That is a significant investment and it will bring about tremendous change on that site as well.

Mr. Brown: It will. You're absolutely right. It's not just Windsor, for example, that is dealing with a smoke-free environment. The majority of our gaming sites were actually smoke-free prior to provincial legislation because of municipal bylaws. In most cases, what we've seen is that following an immediate dip in revenue, it started to come back. That has been the experience in other jurisdictions as well.

Mrs. Mitchell: Thank you.

The Chair: Ms. Smith?

Ms. Smith: I'll just jump a little bit all over the place. One of the areas on responsible gaming that we talked about earlier that I wanted to go back and touch on is the responsible gaming information centres that you're developing. Can you just outline for us what those centres are intended to do, where they're located and how that's moving forward?

Mr. Brown: We have two centres that are operational at the moment. We'll be evaluating the success and the benefits of those operations over the course of the next 12 to 24 months. We have opened facilities in Casino Windsor as well as Niagara Falls. In each case, they are staffed by employees of the Responsible Gambling

Council. We went out through RFP to look for a resourcing group that could provide us with the kind of expertise we needed. It didn't seem appropriate for us to try and staff them with our own employees. Our core competency is about operating gaming enterprises. It's not about counselling and referral services. But we recognize that that expertise exists.

The council was selected, and they now staff the facilities 24 hours a day. There is hard copy information available so that if customers or the general public walk in, they can access information on the types of services that are available in the province. It's also an opportunity for someone who may be in distress to find a facility on-site where they can be directed, guided to, where they will get the appropriate support and the right direction as to where counselling and treatment services could be helpful. For family members or friends wondering what to do, this becomes an easy access point to get information and guidance.

Ms. Smith: That's great.

You talked earlier about how all your employees are trained in some recognition of problem gambling. Does that tie in? Are your employees in those sites trained to recognize the symptoms and try and direct these people to the centres?

Mr. Brown: Our employees are trained about observing signs, about suggesting whether or not somebody wouldn't like to take a break and get some help. The type of training varies. For example, the type of training that I took is different than the type of training that the shift manager or general manager at a site would take. It is intended, as developed with the Centre for Addiction and Mental Health, to provide different levels of management and front-line service staff with the ability to provide either an escalation in service and response or direction to an appropriate outside treatment facility.

Ms. Smith: Is there any plan to broaden your responsible gaming information centres beyond those two sites?

Mr. Brown: If the early indications of the sites are sustained, I suspect that this will be an initiative that we will want to see expanded. We're still looking at staffing levels, we're still gathering information—I say "we" in partnership with the gambling council—on when people come, the type of information they need, what they're looking for, demographics. It's not just about providing what we think is a useful service right now. It's also about gathering data that will help us in terms of whether we should expand, how we should expand and what we need to do to make it a better and more responsive service.

Ms. Smith: You just answered my next question. I was going to ask you how you were evaluating the sites, so that's great.

I want to move on to something else that I found really interesting when I first saw it, and that's the involvement of the OLG with the Amber Alert system. I noticed in my local Demarco's on Algonquin in North Bay—anyone who has visited North Bay has been to Demarco's, I think. It's a local fruit stand and soda bar, just like the old

days, and they sell lottery tickets. On the kiosk, you now have information about Amber Alerts when they've been issued. How did that partnership come about, and what exactly is the OLG's involvement in that?

Mr. Brown: We are absolutely thrilled with our participation in this. Every year I do staff meetings in April and May, and in the most recent round we were able to talk about this. It is without question one of the corporate initiatives that gets the most enthusiastic support from all of our staff and I think the public too. It was an initiative that started in planning stages about two years ago. We approached the OPP, which managed the Amber Alert program. The best thing about this isn't what we can do right now, which is considerable; the best thing about this will be when we convert to a new high-speed digital network and all of those lottery terminal screens that are out there right now will actually be able to put up a picture of the missing child in almost real time. It won't just be a digital text message any longer. We'll be able to put actual pictures into 10,000 retail locations across the province. This will provide phenomenal coverage, instant coverage of the most important part of this, which is the image of the child who has been abducted. As I said, we are really proud of our involvement in this, and we think we can make a heck of a contribution.

Ms. Smith: That's great, and I really do want to congratulate you on that partnership because I think it's really important for the safety of our children, and it's great to see this entity getting involved in that.

I do want to talk to you a little bit about the charity involvement of the OLG and what you're doing through the Trillium Foundation. I think all of the members here have had the opportunity—a great, fun opportunity—to do Trillium announcements. In our riding, I know—well, I could be here the rest of the day listing the organizations in my riding that have benefited from Trillium funding. At our Trillium announcements, we normally have someone from the review committee attend, and they talk about where the funding comes from and how the OLG or gaming is involved in that funding. So maybe you could talk about your partnership with the Trillium Foundation.

Mr. Brown: The current government distribution of profits from OLG has \$100 million going into Trillium. Again, we're very pleased with our association. The Trillium Foundation clearly operates at arm's length from our organization in terms of considering and making grants, but the fact that we can be associated with an organization like that is great for us. Our involvement in charities, though, is not just through raising money which goes to Trillium and out to great causes, as I mentioned earlier. I think our pilot program with electronic bingo, and supporting grassroots organizations that depend on bingo, is a very important and potentially very positive initiative. I know from past experience that there are thousands of local grassroots groups that have come to depend on bingo and break-open tickets, and they have found it increasingly difficult over the last number of

years to compete in a marketplace which is challenging for them. I think that by virtue of our being able to bring to the table technology, management, marketing and investment, we potentially, if our pilot projects work out as well as I hope, can do a lot to support those kinds of grassroots groups that are even below the radar screen of the Trillium Foundation.

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Ms. Smith: I have no doubt that you'll have many people knocking on your door about that program.

The Chair: Still three minutes.

Ms. Smith: We have one more question from Mrs. Mitchell.

Mrs. Mitchell: You've made reference to other marketing initiatives. So what do you have? What is the OLG doing right now? I know that you strive to remain competitive and out at the forefront, but what other marketing initiatives are you working on right now, other than the rebrand?

Mr. Brown: Of course, the branding program is absolutely essential to all of our strategic directions. We have ongoing programs to develop new products, new games, to refine and refresh those lottery tickets. We are in partnership with the Interprovincial Lottery Corp., constantly looking at some of our flagship brands like 6/49 and Super 7. On the direct gaming side, it's a matter of ensuring that our programs, in terms of slot mix, table mix and amenities, are kept current and fresh and competitive.

I should mention this: A comment was made earlier that we don't have competition. We actually have a great deal of competition. We have gaming competition in New York state and Michigan, but we also are in competition with the consumers' discretionary time and entertainment dollar. This isn't just about gaming. This is about all of the choices that consumers have and players have as to where they spend their money and their time. So we actually have a great deal of competition. Ensuring that we deliver a quality gaming and entertainment experience that has value is important to us.

Mrs. Mitchell: Do I still have some time?

The Chair: Absolutely. There's still about two minutes. One minute and 45 seconds.

Mrs. Mitchell: Thank you. One of the other things that I wanted to touch on as well is, how do you ensure that accountability and good governance remain strong as part of your governance structure?

Mr. Gough: We have a board right now of four directors, and by October, about half of them will have completed the director education program at the Rotman School of Business. We routinely, with our governance committee, assess best practices. The chair of the governance committee is Beverly Topping, who is the chief executive officer of the Institute of Corporate Directors, the organization that has done so much to encourage—I was going to say “responsible gaming”—good governance within boards.

Last year, we actually hired an expert to come in and review our governance practices, Jalynn Bennett. She

spent considerable time with us, and there were very few changes we had to make. All of the directors are independent directors; the chair is independent; we have mandates for the board and each of the committees. I think there are differences from the Toronto Stock Exchange rules on governance, because we're a crown agency and don't have shareholders—the government is our proxy shareholder—so a lot of the reporting things that you'd normally expect to see in proxy circulars that come out from a business corporation simply don't apply to us. But I think, and I follow governance fairly carefully and so does the board, we're probably as good in terms of current practice—in terms of what the Dey committee might have recommended, in terms of what the TSE requires—and we've actually looked at the Sarbanes-Oxley Act to see if there was anything in there that might apply to us. We have a code of conduct for the board of directors that's clear in what's expected of them. So I think, and I base it on the review of Jalynn Bennett, that we rank high in terms of our governance standards.

The Chair: If it's a quick question.

Mrs. Mitchell: Okay. It's a very quick one.

I understand that you've also done a business optimization plan. I just wanted to give you the opportunity to quickly respond to that as well.

That's a quick question, right?

Mr. Brown: It's a quick question; the answer might be a little longer.

The business optimization initiative started over a year ago. We assembled a team of internal resources, assisted by outside experts, to look at all parts of our operation, our structure, our processes, with a view to how we could do things better, more effectively.

Coming out of that, we've seen, as I mentioned earlier, much more effective strategic procurements, which have reduced our costs. We had seen suggestions for how we operate some of our gaming sites around scheduling, food and beverage services, a whole range of opportunities for us to do things better and more efficiently, as I say. We would expect that the benefits of that initiative, which we've already started to reap, will continue this year and next year. We're quite pleased with the results, and I think the board has been supportive as well of what we've been able to achieve.

The Chair: Thank you very much. The official opposition will have 15 minutes in the remaining time. Before we recess at noon, we'll go to the third party. So, Ms. Scott, you have 15 minutes.

Ms. Scott: Great. Thank you very much again for the opportunity to ask some questions. As I've looked through more of your books when I've had the opportunity, the four-year plan, under the Niagara casinos, you've projected a significant loss this year and right through to 2009. There are two casinos in the Niagara region.

Mr. Brown: Yes, there are.

Ms. Scott: Are you going to be able to, in the plan, keep both the casinos open?

Mr. Brown: The original context for the casino initiative in Niagara was that what was described as the interim casino opened in December 1996. The request for proposal that was issued shortly after that anticipated that a new facility with full amenities would be constructed, and at that point the interim casino would close. A decision was made to keep both of them open.

We are still, as we do with all of our businesses, evaluating on an ongoing basis what that two-casino reality means for us. It may be that, while there is an economic price to be paid by the corporation, the broader economic benefits of sustaining two facilities in that community make it a reasonable choice. I'm hesitant to say what's going to happen, because we're still researching. We're still feeling the effects of the American dollar, the passport concerns, smoking legislation. So there is a landscape that is very much in play at the moment that makes a definitive answer difficult.

As I said, we're constantly evaluating it. It would be our preference, if we can sustain two, to keep two. We like the idea of having two different brands, two different marketing positionings. We like the idea of supporting the city with almost twin anchors so that we can keep both parts of the city vibrant.

Ms. Scott: How can we turn it around in Niagara? I mean, it's surprising when you go down there, and I've had the opportunity just a couple of times, to see both the casinos work, and they're very different. It's surprising, but it's working. I know there's a loss, but do you have any plans about potential turnaround? I know we've talked a lot about border issues, but in Niagara specifically, do you have any plans?

Mr. Brown: It's a combination of doing little things and doing big things. So we need to ensure that things like customer service, which are already very good, are absolutely outstanding. We need to make sure that whatever the Seneca Nation's properties are doing in New York state, we're doing better on the ground. So customer service, the amenities, the quality of amenities—it sounds perhaps trite, but it's not trite in our business. We need to make sure that the buffet at Fallsview Casino is absolutely fantastic and provides great value.

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We need to make sure that our busing programs and our busing partners are being as aggressive as they can be in bringing people from beyond a three-hour drive in New York state. We've launched a junket program with a series of about 25 or 30 representatives in the US to bring people into Fallsview. We need to be more aggressive at looking not just at the American market but, over the mid term and long term, some of the long-haul programs. We know that China is opening up, we know that they're sending more and more planes to Vancouver and into Toronto. It is difficult to imagine that a planeload of folks from halfway around the world wouldn't like to go to Niagara Falls and see it. We need to be thinking in terms of how we market not just the casinos but the Niagara region, and being very aggressive in making sure that people understand that it's about wineries, it's about golf,

it's about one of the great natural wonders—and by the way, yes, there is gaming there.

Ms. Scott: It's very aggressive planning, then. It's certainly attacking a global market and it's something we could work more at—more promotion. There's no question about it.

Do you think that any of the states that border us are looking at any anti-smoking bylaws?

Mr. Brown: It's funny; I've seen in the clippings that every now and then something pops up in Michigan, since Ontario announced its plans. I haven't seen any indication that we're going to get any relief out of Michigan. And in the case of New York state, I'm not sure whether or not any state legislation would apply to the Senecas' casinos, at any rate.

Ms. Scott: Wishful thinking, but anyway, I thought I'd ask if you'd heard anything.

Casino Rama borders one part of my riding of Haliburton–Victoria–Brock, and I know it employs a lot of people and gets a lot of customers from my riding. And they have fabulous entertainment shows. It's just incredible the people that go constantly to Casino Rama from my area. Are they all in a smoke-free environment? I'm just wondering, because they're all supposed to be smoke-free at the moment, but is there a big tent at Casino Rama where they can go and smoke right now?

Mr. Brown: No. The Mnjikaning First Nation, on whose land the casino is built, passed a bylaw which is very similar to the provincial legislation, and so there is a smoking shelter. As I recall the requirements of a smoking shelter, it's no more than two walls and a roof. So there is compliance with Mnjikaning's bylaw, just as there is compliance by all of our facilities across the province that are subject to the provincial legislation. I should mention that we have a facility at Scugog, the Great Blue Heron casino, which is also on First Nation land, and that First Nation also passed a bylaw which mirrors the provincial legislation. So at least within the province of Ontario we have consistency right across all of our gaming sites.

Ms. Scott: Thank you for that. I just heard that and I thought I'd have the opportunity to ask the question.

Also, Casino Rama and the province are in litigation as we speak. You're probably better to give the background of where that came from. Can you give us a little update on the outstanding issues with Casino Rama?

Mr. Brown: There are issues with the broader First Nations and then specific to Mnjikaning First Nation. The 133 First Nations have launched litigation across the province and the corporation regarding the 20% win contributions. On our commercial casinos, 20% off the top is collected. The First Nations believe that they should not be subject to that, and litigation has ensued.

There is also litigation over the distribution of net profits. There is a dispute between Mnjikaning First Nation and the other 130 First Nations about what percentage of the net profit goes to whom. It was clear that in the first five years of operation, the split was 65% to the 133 First Nations and 35% to Mnjikaning. After

that, there is a disagreement over whether or not that division was to be in perpetuity or to be renegotiated, and because of that, we're currently holding the equivalent of the 35% until such time as the dispute is resolved.

The third piece of litigation that is out there concerns the application of retail sales tax on purchases that are related to Casino Rama, and that litigation involves OLG and Mnjikaning.

Ms. Scott: Thank you for that update. I appreciate that.

You were talking about the change in the revenue formula with First Nations in 2011. So you're holding back—

Mr. Brown: The two items are separate. There is, under the current agreement, the dispute about what happens to the 35%, and then, separate and apart from that, there are the ongoing negotiations, chaired by David Peterson for the government, and the First Nations Limited Partnership, which represents the 133 First Nations, on an agreement that would be effective when the current arrangement expires in 2011. So post-2011, the proposal has been that the First Nations would share a percentage of our corporate revenues rather than being required to rely on the outcome of a particular facility—in this case, Rama.

Ms. Scott: What will that mean to Ontario Lottery and Gaming?

Mr. Brown: It will provide us with an opportunity to better manage the marketplace. As I said earlier, we're very sensitive to the fact that Rama is unique, that the net profits are going to a particular beneficiary. We almost tended to put a bubble around the Rama marketplace so as not to impact unduly what happens there, because we know where the money is going to go. When Rama becomes part of the total portfolio of OLG profits, then we'll be better able to look at opportunities. It may be that we'll expand a couple of locations, which might have a 5% impact on Rama, but which could generate an incremental 15% overall. Those are the kinds of trade-offs that will be easier for us to make if this arrangement proceeds.

Ms. Scott: I'll change topics there. I was fascinated by electronic bingo. Can you expand a bit more on what the success of the pilot projects has been, lessons learned and how the industry has reacted? Also, are you looking to expand electronic bingo to key bingo markets like Fort Erie, Windsor, the border ones?

Mr. Brown: Fort Erie is an excellent bingo market, I should add.

Ms. Scott: Is it?

Mr. Brown: Yes, absolutely.

As I mentioned, for us, the electronic bingo pilot is not a revenue generator; it's an opportunity for us to use a statutory monopoly on gaming technology that we've got. There are four locations: Peterborough, Kingston, Sudbury and Barrie. The first one opened about a year ago now and the other three have come on line over the last number of months. What we're seeing is an increase in revenue over the pre-conversion, if you will. All of

these facilities used to run traditional licensed bingo. The improvements have been anywhere from 10% to 20%, and we're still trying to measure exactly how much. It is a fascinating initiative for us. It's not that simple, because we are looking to convert with a minimum of difficulty for the charities and the municipality in a way that allows them to continue to operate the way they have, but instead of it being conducted under a regulatory regime with statutes and regulations and policies and terms and conditions of licence, it's now being done under commercial agreements.

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In the traditional format, the bingo hall owner is licensed by the Alcohol and Gaming Commission and is required to adhere to all the terms and conditions of the Gaming Control Act. Charities receive licences. Terms and conditions are binding per the Criminal Code, and this is where a lot of difficulty comes in, in terms of administering the program. Then you have municipalities, which are delegated authority to issue licences. In most cases, they issue the licence and then they administer the enforcement and compliance of the licence.

We want to retain partnerships that exist under the regulatory regime but, as I say, convert them to a commercial model. So the fact is that the municipalities will continue to assess eligibility of organizations and use of proceeds. The bingo hall owner will continue to provide a facility and staffing. The charities will continue to be the beneficiary, but now they no longer have the criminal law liability for operation, which is a huge distinction. It means that they're no longer in law required to "conduct and manage." In most cases small organizations have no idea of the risks they have put themselves under. So we're going to relieve them of that. The criminal law liability for "conduct and manage" becomes ours—the OLG's—and they become the beneficiary without having to be concerned about the operation of the business.

Ms. Scott: Do you have a lot of people wanting to have electronic bingo, then?

Mr. Brown: We've been working with the charity bingo association, the hall owners' group and the municipalities and everyone is anxiously awaiting the results of the pilot projects.

Ms. Scott: I'm sorry, I guess I'm out of time, so thank you very much for your information.

The Chair: That was 15 minutes. Mr. Bisson, we have 10 minutes left on my clock, so it's all yours.

Mr. Bisson: I've got a couple of questions. Just on the First Nations litigation issue, the agreement, as I understand it, is 1.6% on gross. What's your gross? Around \$5 billion, \$6 billion?

Mr. Brown: Six billion.

Mr. Bisson: That's more money than they're getting now under Rama. How much was Rama's win tax? We're not talking about the 35%, then; we're talking just what went to the other First Nations. How much was that representing?

Mr. Brown: Our win contribution from Rama averages about \$100 million, so since opening we have

collected probably \$800 million plus in win contribution from Rama.

Mr. Bisson: The original deal was 20%—you’re going to have to remind me here—and then it was changed to what, again?

Mr. Brown: The win contribution has been 20% ever since the casino opened.

Mr. Bisson: No, let me rephrase. Originally, when Casino Rama was created, it was supposed to be that the win tax, the 20% we normally collect on every casino, would go to First Nations. That was changed in 2006, I guess, 2005. What was the percentage that was actually given out?

Mr. Brown: Let me circle back for a minute. When Casino Rama opened in July 1996, from that day the government has collected a 20% win contribution. That has never changed.

Mr. Bisson: I understand that part. My question is, how much did we actually give as a percentage to First Nations from 2006?

Mr. Brown: The government collects the win contribution off the top. The net profit is what goes to the 133 First Nations. That number fluctuates year by year, depending on revenues and expenses. It has been anywhere from \$80 million to \$100 million over the last number of years. Then that number is what gets divided 65%-35%, and it’s in dispute.

Mr. Bisson: Yes, there are two different disputes, and we’re not going to get into that. What I’m trying to get at is, there is about \$800 million that was basically put in trust, money that the First Nations claim should have been theirs in the first place. Just to remind me of the agreement that was arrived at last spring, I guess it was, how much of that actually goes back to First Nations?

Mr. Brown: There is no connection between the win contribution and the proposed agreement-in-principle that was announced in March.

Mr. Bisson: So that’s still an outstanding issue?

Mr. Brown: The understanding would be that assuming definitive agreements are signed, the litigation concerning the win contribution would be dropped.

Mr. Bisson: Yes, the litigation. But I guess what I’m trying to figure out is, the win tax that was collected on Casino Rama—maybe I’m not understanding this correctly. My understanding of the original deal was that the 20% win tax that was collected from Casino Rama was going to be turned over to the First Nations. That was the original deal.

Mr. Brown: That’s actually what’s at the heart of the litigation.

Mr. Bisson: That’s right, but that was not turned over. What we turned over was the net profit, which is less than they would have got under the win tax.

Mr. Brown: It’s about the same, give or take.

Mr. Bisson: So what you’re saying is that the deal as it was agreed to, and yet to be ratified, in 2011 will revert to 1.6% of gross sales on the lottery corporation. Then the trade-off is that the win tax litigation would basically be dropped.

Mr. Brown: Correct.

Mr. Bisson: Okay. At the end, between now and 2011, is there any loss of revenue to First Nations as a result of that? You win in 2011, you end up on the plus side, but between now and then, does it equal out?

Mr. Brown: Sorry. I’m going to have to ask you to ask the question again.

Mr. Bisson: Right now there’s a 65%-35% split on the actual net profit of the casino, which is whatever it is every year, compared to what they were supposed to get. What I’m asking is, does what they will get in 2011 offset those losses?

Mr. Brown: I can’t answer that. I haven’t been at the negotiating table, so I don’t know what the background context is for the numbers.

Mr. Bisson: Could you tell me what the outstanding issues are from your understanding of finalizing the actual agreement that was made last spring? I understand there are still a couple of outstanding issues: future casinos and a few other issues. Maybe you can bring us up to date on that.

Mr. Brown: I would love to be able to but I’m really not the best one to do it. As I said, the negotiations are being conducted by government, not by the corporation.

Mr. Bisson: Okay. I noticed we don’t have translation machines for anybody. We’re in the Amethyst Room and there are no—

The Clerk of the Committee (Ms. Tonia Grannum): We do.

Mr. Bisson: Okay. Can you make sure he gets one, because I want to ask him something in French.

The Chair: Just on the clock, two minutes are left of your time.

Mr. Bisson: I’m running out of time here. I always thought we’d leave those things on the desk so you can revert to French. Parlez-vous français?

Mr. Brown: I might be able to understand the question.

Mr. Bisson: La question est simple. Dans votre nouveau logo que vous avez créé, pour quelle raison est-il seulement en anglais?

Mr. Brown: Why is it all in English?

Mr. Bisson: Yes, why is it only? Vous avez fait un nouveau logo pour être capable de démontrer une nouvelle identité pour la corporation. Je comprends. Ça fait du bon sens. Mais pour quelle raison est-ce qu’on a fait ça seulement en anglais ?

Mr. Brown: C’est une bonne question. I wish I had a “bonne” answer. I take your point and we will revisit this. Thank you.

Mr. Bisson: I would like to get an answer to the committee, if you could—not today. Get us something so that we could take a look at that.

The Chair: Sure. Monsieur Bisson asked a good question about the use of French in the OLGC documents. If you don’t mind, through the Chair—

Mr. Bisson: No, it’s on the logo. The logo itself is only in English.

The Chair: Sorry, on the logo. And if you don’t mind, through the clerk we’ll get the response to the committee

members. If possible, we're going to get information to members by a week from Friday.

Anything else, Mr. Bisson?

Mr. Bisson: No, that's it. That's fine.

The Chair: Okay. Folks, that will conclude the morning session of our interview with the Ontario Lottery and Gaming Corp. Mr. Gough and Mr. Brown, thank you very much for your presentations and your responses to our members' questions. We covered a lot of issues with respect to the OLGC this morning. I would ask you to maintain a presence this afternoon and I'll give you a chance at the end of the session to respond to the deputations, if you so choose. As to the other outstanding issues that Monsieur Bisson asked about, if you get those to the clerk's office, we'll distribute them to the members.

Folks, we are recessed until 1 o'clock this afternoon in the same committee room. Thank you very much.

The committee recessed from 1200 to 1304.

The Chair: Good afternoon, folks. The standing committee on government agencies, afternoon session, Wednesday, September 6, is back in session. I thank Bill Rutsey for his patience.

The committee had to do some negotiations. We've decided to pick up and leave and continue hearings at Casino Niagara, and that's at the Fallsview, if that's all right with you. We're renting a bus as we speak.

Folks, we're going to begin the afternoon session. We have—

Interjection: Is it warmer in Niagara?

The Chair: The Falls has a cooling effect, actually. It will bring down the temperature considerably.

We have three deputations this afternoon. We did have some cancellations, unfortunately. This will mean that our time, however, will end sooner than originally planned. We will have an opportunity, if they so choose, for the OLGC to respond at the end of this session.

CANADIAN GAMING ASSOCIATION

The Chair: We may as well move forward now with our first deputation of the afternoon, the Canadian Gaming Association. I'm pleased to see Bill Rutsey here this afternoon on behalf of the association, who is the president and chief executive officer. Mr. Rutsey, welcome. You're welcome to make opening comments of up to 15 minutes, and any time remaining in the half hour will be split evenly between the three caucuses, beginning with the official opposition. The floor is yours.

Mr. Bill Rutsey: Good afternoon, Mr. Chair and committee members. Thank you for inviting me to appear before you. I'm Bill Rutsey, the president of the Canadian Gaming Association.

The Canadian Gaming Association is a not-for-profit organization with the fundamental goal of creating balance in the public dialogue about gaming in Canada. Our mandate is to create a better understanding of the gaming industry by bringing facts to the general public, elected officials, key decision-makers and the media

through education and advocacy. The association is co-owner of Canada's premier gaming industry event, the Canadian Gaming Summit, and publication, Canadian Gaming Business. Our members include industry-leading suppliers, operators and others engaged in the industry nationwide.

The association speaks to important national and regional issues as the voice of the industry, including commissioning and publishing national studies and surveys, and has established relationships with government agencies and industry stakeholders on multiple issues, including responsible gaming policies and practices, codes of conduct and social responsibility.

Speaking of studies, I see that Dr. Williams is scheduled after me. He's the author of a very speculative report concerning the sources of casino revenues in Ontario, results based upon anecdotal information reported from a very small sample of problem gamblers, approximately 30, and another 70 or so with moderate problems. The findings, which are termed extremely tentative by Dr. Williams, are 20 times greater than those as determined by the University of Chicago in a statistically valid study of sources of Las Vegas casinos' revenues from problem gamblers, obviously calling into question those reported results.

I have been in the gaming industry for almost 20 years, both as a senior adviser to the private sector and governments, including assisting in the creation of gaming policy and casino development here in Ontario and in Nova Scotia, and as the CEO of operating gaming businesses in Nevada and Ontario. I've been licensed by gaming regulators in Nevada and Ontario, and have commented on gaming issues in various media and before government.

Of particular relevance to you may be that as the national leader of the Coopers and Lybrand gaming consulting practice, I was a principal consultant to the Ontario casino project from 1992 through 1994. This included authoring the 1993 Coopers and Lybrand report to the Ontario casino project, which set out the blueprint for casino development in Ontario, including locations and sizes of casinos, and the regulatory system required.

I assisted in the operator RFP and selection process for Casino Windsor, including negotiating the development, operating and financing agreements. I was a principal adviser to the Chippewas of Rama First Nation, assisting them in being selected as the host casino for Ontario's First Nation casino. As well, I assisted in the ensuing operator selection process and negotiating the development, operating and financing agreements.

I was also the CEO of a company awarded the rights by the government of Ontario to develop and operate six charity casinos in the province, including the currently operating casinos in Brantford and Point Edward, and the slots at the Fort Erie and Sarnia racetracks until the initiative was subsequently cancelled by the same government and the operations turned over to the newly created Ontario Lottery and Gaming Corp., combining the Ontario Casino Corp. with the Ontario Lottery Corp.

As you can see, I both advised government on policy and implementation as well as having been on the short end of policy change.

I've been advised by the Chair to keep my remarks brief so as to afford you the maximum time to ask me some questions, so I'll just finish with some brief comments about gaming in Canada generally.

Over the past decade, gaming in Canada is becoming an increasingly popular entertainment choice for adults. A public opinion survey undertaken by the Canadian Gaming Association this past spring found that over 80% of Canadians participate in one or more forms of gaming. When going to a gaming facility, almost 90% go with a budget and always, or almost always, stick to it. Most see gaming as an acceptable form of entertainment, no different from going to dinner and seeing a movie.

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With this acceptability has come growth, created by customer demand. The Canadian gaming industry has more than doubled in size since 1995 in terms of win to more than \$14 billion today, resulting in more than \$7 billion to fund government programs and charitable causes. That's a direct \$7-billion benefit to Canadians, over and above the 50,000 jobs provided and the goods and services purchased and the \$7 billion-plus spent into the economy to drive the business.

Interestingly, those \$14 billion of revenues generally mirror Canada's population distribution. What does vary between regions are the gaming offers. The games that gave birth to the industry are no longer its major revenue generators. The market share for lotteries, pari-mutuel and bingo have all fallen 50% over the past 10 years. This decreasing interest in older gaming products is mirrored worldwide. Picking up the slack, combined casino and electronic gaming device market share has gone up more than 100%, from 32% of overall gaming revenues to 67%, and with this growth has come increased competition, including, as you heard this morning, new casinos in Michigan and New York state. When you combine this with things like more relaxed attitudes to smoking there, the rising Canadian dollar and heightened border security, you can quickly see why the days of simply "Open the doors and the people will come" are long gone.

Gaming's growth areas are in social, entertainment-based activities. Consumers want more interactivity, more skill-based games and games they can play with groups of friends. Customers are looking for and demanding a more complete entertainment experience, and that demand for live, name entertainers, dining options and resort-like amenities is being delivered, including here in Ontario at casinos like Fallsview, Windsor and Rama.

In closing, I've been, as was put in your letter of invitation, affected directly or peripherally by Ontario Lottery and Gaming for many years and I've been a keen observer of OGLC's various formations and manifestations as it has conducted business while at the same time always adhering to government policy. OLG has grown

from a simple seller of lottery tickets to one of the largest, most multi-faceted gaming operations in the world, including being a leader and at the forefront of responsible gaming policies and practices. In my view, in today's highly competitive environment, the right team is in place at both the operational and senior management levels at OLG.

Those are my prepared remarks, and I'd be happy to try to answer any questions you may have of me.

The Chair: Terrific, Mr Rutsey. Thank you very much. That leaves about five and a half minutes per caucus for questions or comments, beginning with the official opposition.

Ms. Scott: Thank you for coming today and making your presentation to us. The government, in January 2005, announced the new gaming strategy, which was that no new commercial or charity casinos were part of that initiative; no new racetrack slot facilities; no video lottery terminals in neighbourhood bars and restaurants; no slots in bingo halls; and no provincial involvement in Internet gaming. Do you agree with that?

Mr. Rutsey: Our association supports government policy of the day, and I think the government of the day has taken a moderate and responsible course. We support the stated government policy.

Ms. Scott: When the Ontario Lottery and Gaming Corp. appeared this morning, there were quite a few casinos—Windsor, Niagara etc.—that were going to have a decrease in revenues coming up, and we were asking about what plans they might have to retain business. It's a very competitive market, as you said. Can you expand a little bit on that and some changes you'd like to see or what benefits could attract people from other countries?

Mr. Rutsey: I was here this morning and I heard Mr. Brown's pretty detailed response to that. I really can't add too much to that. OLG's mandate, in my view, is simply to implement stated government policy. I think they're doing it in a very responsible fashion. They have very aggressive programs in place to enhance their businesses and to market their businesses cross-border. Casino gaming in the border communities is affected by a lot of different things. Smoking has been a real issue, hopefully temporary. The tightened border is a much larger issue that needs to be dealt with on a government-to-government basis. There's not too much that OLG can do about that in terms of speeding up border crossing or documentation required by Americans to return to their own country. The strengthening of the Canadian dollar has made the appeal of seemingly having more money to gamble per your American dollar go away a little bit.

These are all issues they're dealing with, and the way they're dealing with them is excellent in terms of broadening the product, more hotel rooms, more entertainment, better food and beverages—a more complete entertainment experience. That's the way Las Vegas went and that's the future of gaming in a competitive world.

Ms. Scott: Do you have an estimated cost of the no-smoking law that's come in, of how much the casinos have lost in revenue?

Mr. Rutsey: No, we don't have calculations like that. I'm sure the Casino Windsor management team would probably have a pretty good estimate of that.

Ms. Scott: Thank you. Commercial casinos are operated by some private companies, through a contract with the OLG. Charity casinos are operated directly with the OLG and they're all OLG employees. Aside from the slot limits—the games are similar—why the discrepancy, and maybe you have some advice on the benefit of changing the model? I don't know if you can answer that question, but just roughly.

Mr. Rutsey: That's a delicate question to ask me. As I told you earlier, I was the president of a company that was awarded the rights to initially operate those casinos. They were going to follow more of the private sector model, the way large commercial casinos are operated, and then there was a government policy change, actually, under the Conservative government which reversed that and turned the operation of those facilities over to the Ontario Lottery and Gaming Corp. It was a policy decision made by the government of the day.

Ms. Scott: Okay.

The Chair: One quick question for you still.

Ms. Scott: That's fine. Thank you very much for appearing before us today.

The Chair: Thank you, Ms. Scott. To Mr. Bisson. You have five and a half minutes.

Mr. Bisson: Five and a half?

The Chair: About that, yes.

Mr. Rutsey: Six if you're nice.

Mr. Bisson: I was expecting a bit longer.

You were saying that 90% of gamblers go into casinos and gamble within their budgets.

Mr. Rutsey: I said that 90% go with a budget and the overwhelming majority, about 90% of those people, always or almost always stick to their budget.

Mr. Bisson: On what do you base that? I'm just curious.

Mr. Rutsey: We base that on a survey we had conducted by PMG Consulting from Waterloo. Just this past April they surveyed a representative sample of 1,000 Canadians across the country, and that was one of a number of questions they asked.

Mr. Bisson: My experience is that most people talk about winnings; they never talk about losses. I'm just wondering how accurate that is.

Mr. Rutsey: I think it's pretty accurate, because this is surveyed again and again in the U.S. by people like the Harris Institute and Roper research. The findings we've found when we've commissioned this kind of research in Canada are not much different, if not the same as you see over and over again.

There's been a lot of talk this morning about people with problems, some of the numbers. Approximately 1% of the population has a severe problem, depending on how you measure it, and another 2% to 4% have moderate problems, which leaves 95% of the people who have no problem at all. Most people see it as an ephemeral entertainment, just like going to a sporting event.

They go with a budget, and what they're really looking for is a period of time to entertain themselves. They would like to win but they're not planning on winning. They don't go there with the plan of changing their lives or the expectation of winning. It's simply something they like to do to enjoy themselves and it's a simple entertainment experience. It's the same if you're going out to dinner and you've got a budget, if you're going to a hockey game and you've got a budget, and if you're going to go to a casino you've got a budget; and really all you're buying is entertainment time. Winning is a bonus.

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Mr. Bisson: Don't get me wrong. I don't have a problem with the OLG running casinos or lotteries. Quite frankly, I'm a frequenter of both. But to my observation, when you said that number, that sort of skews what you see. I'll go there with somebody and they'll say, "I won \$500 at the casino." Well, they put in 600 bucks to win 500. They won one jackpot and spent far more money than they should have.

Mr. Rutsey: I think the way you look at this—I'll make up some numbers. You go and you say you've got a \$100 budget. You're up \$400, so you're playing with the house's money then. What we're saying is that for the person who intended to go with \$100 and spend no more than \$100, 90% of the time that's what happens. They may be up, they may be down some, but at the end of the day they walk away from the facility no more than \$100 down if that was their opening budget going in.

Mr. Bisson: The other thing you said, and I forgot the stats you quoted—what percentage of the revenue was based on problem gamblers? You're saying it's lower than what's reported?

Mr. Rutsey: I'm saying that in that one study, if you read the entire study—even the author is extremely tentative—he took the position that people were over-reporting and under-reporting their losses and that somehow or other all of these mistakes they were making would balance out in the end. He spoke to so few people as to make it, I would say, statistically not very reliable. When you take a look at what those numbers were—the numbers are out there in the public realm—I think he said that 1% of people with problems created 20% of the revenue, versus the Chicago study that said that the 2% of people they consider to have problems contributed 4% to casino gaming revenues.

Mr. Bisson: You're saying a far smaller amount of overall revenue comes from problem gamblers.

Mr. Rutsey: Exactly, because there are so few of them, relatively speaking. It's not to say that someone who gambles more often isn't going to give you more revenue than someone who gambles very infrequently. That's like saying a season's ticket holder gives you more money than someone who goes to the occasional game.

Mr. Bisson: I'm not sure I like the analogy, but that's another story.

In regard to what we're doing to deal with problem gamblers, is there anything we should be doing, in your

view, that you see in other jurisdictions that we're not doing?

Mr. Rutsey: Again, this morning the facts came out. I'll put it a little more directly: Ontario spends more money than any other jurisdiction in the world, on a per capita and a total dollar basis, on the study, research and treatment of problem gambling. So Ontario is a world leader and Canada is a world leader. Canada, by virtue of Ontario and Quebec and all the other provinces, spends about \$75 million to \$80 million a year on that subject. That's not even counting the amounts of money that organizations that are, say, our members, like the large manufacturing companies, spend.

Mr. Bisson: The amount of money is not the clear measurement of how effective it is. I'm just wondering: Is somebody doing something in another jurisdiction that we should be looking at, specific initiative programs etc.?

Mr. Rutsey: No. The short answer is no. I think the programs that Ontario is currently undertaking and has on the drawing board are kind of leading-edge in terms of identifying and assisting people with problems.

The Chair: Time for one more question if you'd like one more.

Mr. Bisson: No.

The Chair: Thank you very much. To the government members. Mr. Parsons.

Mr. Parsons: Thank you for being with us this afternoon. The Canadian Gaming News—I've suspect you've heard of the publication—

Mr. Rutsey: Yes.

Mr. Parsons: —suggested that your association is largely the invention of the OLG; it does not represent other Canadian and provincial gaming operators. Would you like to respond to that?

Mr. Rutsey: First of all, we're not an association that was founded by OLG, and our members primarily come from the private sector. We represent the leading manufacturers and operators and other companies like IGT, Progressive Gaming, TD Securities, CIBC World Markets, Sprott Securities, the Canadian hotel association, the Saskatchewan Indian Gaming Authority, Great Canadian Casinos, Gateway Casinos Income Fund—the entire list is available on our website.

We do a lot of work with each of the provincial organizations individually. I have spent a lot of time in the past year in Atlantic Canada working with Nova Scotia Gaming Corp. and Atlantic Lottery Corp. on a number of issues. We have very strong relationships with each and every provincial agency in this country.

With great respect to the author of that publication, I would disagree entirely. Hopefully that answers your question.

Mr. Parsons: I certainly have a sense that you have a good working relationship with OLG, and I applaud that. I think that's to everybody's benefit. But as you exist to benefit those who have a problem with gambling, how do you benefit OLG? What do you bring to the table with them?

Mr. Rutsey: We're a trade association similar to any other trade association. So what we represent are the overall interests of the industry. I think that one of the big issues that we deal with right now is just actually getting proper information and research on the table about the gaming industry, which is why, for example, we are commissioning that annual survey of Canadians' attitudes and opinions. We released the first one last April. The bête noire of gaming is VLTs, so we commissioned a national study of VLT gaming in Canada where we studied the reasons, the history, compiled the entire story with respect to how VLT gaming is conducted and managed across the country, to get the facts out on the table as opposed to just rhetoric and emotions.

We are about to release an RFP for a national economic impact analysis of the gaming industry in Canada. We will be initiating a philanthropy audit with respect to the gaming industry in Canada. So our goal is primarily to get accurate information out there about gaming so that people can make informed decisions and choices.

Mr. Parsons: Thank you.

The Chair: We still have two minutes, folks. Mr. Milloy?

Mr. Milloy: Thank you for the presentation. Just to get a bit of a perspective on your industry as an industry, what is the sort of overall economic impact that you estimate for this in the country or the province or—

Mr. Rutsey: Across the country, as I said, it's a \$14-billion top line. About half of that, \$7 billion, goes to government programs and services, and the other \$7 billion gets spent back into the economy. Stats Canada has estimated that there are more than 50,000 people directly employed by gaming in Canada, and then if you take the horse racing industry, the horse racing industry says that they alone employ more than 50,000 people. So probably 100,000 people are directly affected.

A little factoid around that: Notwithstanding the great strides that the government here in Ontario has made with respect to automotive manufacturing just lately, there are more people employed by the gaming industry than are directly employed in the manufacture of passenger automobiles in this country. So it's a big industry.

As Mr. Brown said this morning, communities right across the country are affected in a very positive fashion, either through jobs, giving back to the community through employees donating to charities, service organizations, direct support by the operating companies of community organizations and service organizations in the community. It's a very large, productive industry that raises significant revenues for government, directly non-tax revenues and indirectly through all of the money that's churned back through the economy.

Mr. Milloy: I think I have time for one quick question?

The Chair: One real quick question, yes.

Mr. Milloy: Turning to something very specific, Internet gambling, I'm just wondering if you're aware that our colleague Mr. Leal from Peterborough has a

private member's bill and if you have any thoughts on that.

Mr. Rutsey: Actually, yes. I wrote a letter of support to the Ottawa Citizen. They had an editorial where they, for God knows what reason, slammed the initiative, and I wrote a letter of support. We certainly believe that the law should be obeyed, and Internet gaming, unless it's conducted and managed by a crown agency in Canada, is illegal. The fact that these businesses are allowed to advertise I think is wrong. I think that law enforcement agencies should probably take a hard look at what's going on here and take some appropriate actions to curtail what, under the Canadian Criminal Code, is clearly illegal.

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The Chair: Folks, that does conclude our time.

Mr. Parsons: Do you want me to ask for unanimous consent for more time?

Mr. Rutsey: Well, I'm enjoying it.

The Chair: Mr. Rutsey, thank you.

Interjection.

The Chair: It was a pretty good response. Are you happy with the response?

Mr. Milloy: Yes.

The Chair: Mr. Rutsey, thank you very much for your presentation and your responses to my colleagues' questions. Good seeing you again.

Mr. Rutsey: Good seeing you.

The Chair: You're welcome to stick around, too.

Mr. Rutsey: Okay. Thank you.

ROBERT WILLIAMS

The Chair: Our next presenter is coming in via video-conference. This is Dr. Robert Williams. We'll be able to see Dr. Williams on our screens. For our growing audience, hopefully they can—can they come along the side?

Interjection.

The Chair: Oh, you can see the screen there. Terrific. Thank you. Dr. Williams will see the camera feed, so whatever goes through—you'll be on screen by looking up there, so you know to smile and pay rapt attention to Dr. Williams's comments. Dr. Williams, are you with us at this point in time?

Dr. Robert Williams: I am. Can people hear me?

The Chair: Super. Welcome to the standing committee on government agencies. We have half an hour slotted for your presentation. I'd ask you to make some opening comments about the viewpoints on the Ontario Lottery and Gaming Corp., your advice for this committee to consider as part of its review. You have up to 15 minutes to do so, and then any time that you leave in that 15 minutes and up to a half-hour for our session will be divided equally between members of all three caucuses. Can you see us okay?

Dr. Williams: I can see you quite well, thanks.

The Chair: Well, terrific. As the other members speak during the question-and-answer session, the camera will

then focus on them, so you should be able to see who is addressing you as well.

Dr. Williams: Is my audio coming through fine?

The Chair: Absolutely. There's a two-second delay, but otherwise it looks good. That's an attractive tie and suit you have on, by the way. Dr. Williams, you're welcome to begin your presentation. At the conclusion, I'll indicate who will be asking the next question. Sir, the floor is yours.

Dr. Williams: Okay. First of all, I'd like to thank the committee for this invitation to present my thoughts on the OLG. A little bit of background about myself first: I'm a professor in the school of health sciences, University of Lethbridge, as well as the coordinator for the Alberta Gaming Research Institute. I teach in the health, social and economic areas of gambling as well as conduct research in all areas of gambling. I have done and continue to do a fair amount of research in gambling in Ontario. In fact, I believe I receive more funding to do research in Ontario than anywhere else. So I'm quite familiar with the mandate of the OLG as well as the products it provides to its citizenry.

I'd like to start out by acknowledging some significant strengths, from my perspective, concerning OLG. First, I think OLG provides a very diverse and high-quality product to the citizens of Ontario. There's a very diverse array of gambling formats in terms of lottery tickets, scratch-and-win, slots at racetracks, casinos, linked bingo and sports betting. Furthermore, the quality of those products is very good. They're not stodgy; they're very cutting-edge. I would say some of the commercial casinos are close to world class.

Second, an acknowledged strength of the OLG is that the commercial operation of gaming in Ontario appears to be quite good. There are very effective procedures in place to ensure, first of all, the fairness of the games; secondly, the exclusion of criminal elements in the provision of gambling—historically, both of those things have been significant concerns—and finally, the orderly and fairly transparent flow of gambling revenues. I'm personally not aware of any significant problems in those areas. But there are weaknesses, and it's primarily the weaknesses that I want to talk about today.

The primary weakness in my mind is the only partial fulfillment of the mandate to provide gambling in a socially responsible way.

Let's look at a few facts. First of all, approximately 3% to 5% of the Ontario populace are currently problem gamblers. Now, you're always going to have problem gambling no matter what jurisdiction you're in, whether you provide gambling or not. But the significant thing to my mind is that this is a significantly higher rate than you find in most other jurisdictions in the world. Secondly, our best estimate is that perhaps 35% of Ontario gambling revenue comes from problem gamblers. This would be a problematic figure if it was just private industry, but I think it's especially problematic for a government-run operation. Thirdly, my contention would be that the large majority of responsible gaming initiatives of OLG are

actually ineffective. So what are those initiatives and why do I say that?

First of all, “responsible gaming” is a message incorporated into all OLG products. Scientifically, these sort of public service messages almost never have any impact, even when they’re direct, graphic and hard-hitting, sort of like the images you see on cigarette packages. But I’m not even sure that “responsible gaming” is a good message. OLG doesn’t deliver gaming; it delivers gambling. Whenever you wager money on games, it is by definition gambling. It seems to me that when you disguise the product as a more benign activity than it actually is, you undercut your efforts to alert people to their potential over-involvement in it. It’s sort of analogous to changing the “smoking kills” message on cigarette packages to “please monitor your consumption of this enjoyable plant product.”

The second thing that OLG does is voluntary self-exclusion contracts at casinos and slots and racetracks. These are largely ineffective. They’re ineffective due to OLG’s lack of enforcement. The penalties for breach of this contract are rarely imposed, and logistically it’s actually pretty near impossible for security guards to memorize the pictures of these thousands of people who signed up. So it just doesn’t work very well.

Hosting the problem gambling helpline provided with most OLG products: This indeed is probably helpful. There’s good research that the publicity of helplines, regardless of which province they’re in, actually does increase phone calls to the helplines and subsequent referrals to treatment. So that is a good one.

Providing clocks in restrooms: When I saw that being touted as a responsible gaming initiative, I wondered if that’s such a good idea. It obviously begs the question, why aren’t you putting clocks on the actual gambling floor? In any case, this initiative has never been empirically tested. It’s unlikely to be effective, though. Clocks on slot machines don’t fundamentally alter behaviour. In jurisdictions like Australia, where their clubs often have clocks, there’s not a whole lot of evidence that clocks really deter gambling behaviour or change it in any significant way.

Casino staff train on the signs and symptoms of problem gambling: First of all, these sessions are very short and usually just consist of one session. The other thing is that for a significant portion of gaming staff, you’re not teaching them anything they don’t already know. Research I’ve done suggests that up to a quarter of casino staff in Canada are problem gamblers themselves. Secondly, front-line casino staff are generally not permitted to directly approach clientele, only refer the issue to the supervisor. Many are disinclined to, either because they don’t see these behaviours as any different from their own or they see it as hypocritical, being problem gamblers themselves.

On-site treatment counsellors at casinos: The jury is still out on this one. I think it is potentially a good idea. It seems to make sense to go where the problem gamblers are. However, in Manitoba, which is the only jurisdiction

that’s done any sort of analysis of this initiative to date, it has not resulted, surprisingly, in a significant increase in treatment providers’ caseloads. As I said, the jury is still out on that one.

Lastly, the fact that 2% of gross gaming revenues from slots at charity casinos and racetracks are allocated to prevention, treatment and research: That’s about \$36 million. That’s not small change, but it is when you put it in the context of a couple of other facts. First, this only represents about 2% to 3% of the over \$1 billion in revenues estimated to derive from problem gamblers. So you’re taking over \$1 billion from them and redirecting 2% or 3% back to them in service. Second, the latest I’ve seen is that OLG spends 13 times as much money promoting its product as it does on prevention, treatment and research. So what could and should be done?

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First, I would contend that some of the top OLG administrators need to be people with backgrounds in social sciences. As far as I can see, everyone in top administration has a legal, accountancy, management, business or economics background. The lack of social sciences people and treatment providers on the board and within senior administration has several ramifications.

First of all, the responsible gambling initiatives they devise tend to be ineffectual. These people do not have a background in prevention research, so it’s not surprising that the ideas they come up with aren’t the same sort of ideas that prevention researchers would. It’s the same sort of idea as if you replaced the entire board with treatment providers and social sciences people. I think the commercial operation of OLG would suffer.

Secondly, OLG has developed an inherently commercial rather than a social responsibility orientation. For the most part, gambling in Ontario is treated as a business, much like any other business. We’ve adopted the Vegas model of casino operation, rather than a more socially conscientious European model. The Vegas model is the most commercially successful type of casino operation in the world, but it’s devoid of social responsibility elements. Nevada spends less on problem gambling than virtually any other jurisdiction in the world. It’s not really a good model for Canada, let alone a government-run operation.

There’s a general lack of knowledge about problem gambling. I was reading the Hansard concerning this committee’s interview with Mr. Gough in the context of his appointment as chair of OLG, and a couple of things struck me about that interview. First, when they asked, “What’s the prevalence of problem gambling in this province?”, he reported that the latest stats were from the 2004 Stats Canada survey. Well, first of all, the survey was done in 2002 rather than in 2004. Secondly, most gambling researchers don’t ever quote those figures because of serious methodological problems in that survey. Stats Canada also reports that the average Canadian spends \$100 a year on gambling, whereas revenues show it to be \$500. Thirdly, the most recent problem gambling prevalence stats are actually from studies that I

did in Ontario in 2003 and 2004. Mr. Gough seemed unaware of that study, despite its wide publicity, and generally gave the sense of not being that familiar with problem gambling issues.

As a follow-up to that question, someone asked, “Are problem gambling rates going up or down in this province?”, and he said he didn’t know. As a follow-up to that, he was asked, “Are you measuring the problem gambling status of your patrons at the casinos, because that would be the obvious place to do it?” He didn’t know the answer that either. I know the answer to that; the answer is no. OLG does extensive patron surveys concerning who their patrons are, what they spend their money on and where they’re from. They’ve never tried to establish the problem gambling status of their patronage. To me, that’s quite a pertinent question, because it provides one of the few concrete pieces of evidence concerning whether your responsible gaming initiatives are truly being effective or not: whether you’re affecting the problem gambling prevalence rate in your patronage. It’s an obvious thing that could be done and should be done and isn’t being done.

Structural independence between the regulation of gambling and the provision of gambling: Many people would argue that the appropriate role for government is actually regulation of problematic services and products, not their provision. There’s actually nowhere else in the world where the government plays such a major role in the provision of gambling. The Ontario government would never consider brewing beer or growing tobacco, yet it seems to have very few qualms about provision of gambling. Aside from that ethical issue, it creates a significant conflict of interest, in that the government is both the provider and the regulator. This lack of independence or perception thereof is reinforced by some of the appointments that are made. You have the head of the regulatory body, Mr. Duncan Brown, becoming the head of the operating body. You have the head of the operating body, Mr. Sadinsky, becoming the independent reviewer of Ontario’s responsible gambling initiatives, wherein OLG plays a large part.

The Chair: Dr. Williams, sorry to interrupt you at this point. There are about two minutes left in the allocated time for your presentation. How much time would you like to have?

Dr. Williams: Five minutes.

The Chair: Are any of the caucuses willing to give up some of their time? Otherwise, I’ll limit Dr. Williams to the last two minutes.

Mr. Bisson: Sure, no problem.

Interjection.

The Chair: You’re willing to give some up? Okay. Please proceed.

Dr. Williams: To my mind, this close relationship between the provider and the regulator prevents maximal scrutiny to ensure the product is delivered in a safe and socially responsible manner. A product that causes significant harm to around 25 people would typically violate Health Canada’s Food and Drugs Act if it was

food or drug. It would typically violate the Canadian Product Safety Laboratory’s Hazardous Products Act if it was a consumer product. I think it probably is.

There are consumer products whose legal provision does result in harm to segments of users: cars, firearms, alcohol, tobacco. However, in these cases there exist laws and procedures that are truly effective at minimizing the harm. I’ll skip that section, but the basic point is that we do provide some hazardous products, but there are effective procedures in place to minimize the harm there. I don’t believe the same can be said of gambling.

Third, eliminate or severely restrict the most dangerous forms of gambling: gambling machines. We make distinctions between substances: intrinsically more addicting or harmful ones—heroin, cocaine and methamphetamine are illegal—and the less intrinsically harmful ones—alcohol and tobacco are legal but provided in very restrictive circumstances. It’s the same thing with firearms. Hunting rifles are legal, but assault rifles and handguns are illegal.

The reality is that the majority of problem gamblers have difficulties primarily with one form of gambling, and it’s gambling machines. If we’re going to make a distinction—we haven’t made any distinctions in gambling; pretty much anything goes—that is where the distinction needs to occur. Gambling machines have been successfully eliminated in South Carolina, and Norway is now following suit.

Fourth: Implement effective casino self-exclusion policies, as is done in other countries. Require ID to enter gambling facilities, as done in Illinois as well as most European countries, to effectively bar self-excluders. Secondly, have OLG honour the contracts they sign with self-excluders in terms of enforcement. Now, courts are going to force OLG to do this through some recent successful lawsuits. Bars are legally liable if they serve intoxicated patrons. Courts are forcing OLG to accept that casinos are also legally liable if they continue to serve problem gamblers who have asked not to be served. Minimum five-year bans: There’s some addiction research that supports that particular length.

Lastly, potentially use the data from player reward programs to practically intervene with people with excessive expenditures. Consider eliminating the player’s reward program altogether.

Don’t allow problem gamblers to be employed as gambling service providers. They’re your ambassadors, and yet I can bet you that if a study was done in Ontario, you’d find that a significant proportion of your employees are, in fact, problem gamblers. It creates a very bad image.

Eliminate customer credit at casinos. This is the only province that permits this. The LCBO would never permit credit; why do the casinos approve credit?

Eliminate ATMs from gambling facilities.

Last slide: I would say that the Ontario public is looking for leadership in these types of initiatives. Currently, my research indicates that two thirds of Ontario residents believe the harm of gambling outweighs its

benefits. If for no other reason, Canadian provincial governments may be vulnerable to class-action suits because of these shortcomings.

The lessons of the tainted blood inquiry were that legal liability for industry and government starts once: (a) they're aware of the problem; and (b) they have the ability to rectify the problem. To my mind, those conditions have been met within the last couple of years.

The Chair: Terrific. Dr. Williams, thank you very much. Just slightly over. So we'll take one minute. Both the official opposition and the third party have volunteered to give up a minute of their time each. I would ask you for one last thing: to kindly send the slides to us. We've had a number of requests for those slides. If you don't mind e-mailing them to us, our clerk will distribute them to the members of the committee.

We will begin with Monsieur Bisson. First round of questions. You have four minutes.

Mr. Bisson: I've got a bunch of questions. One is, the previous presenter basically argued that the facts that you use around problem gamblers being a large part of the business of Ontario casinos are skewed. Do you want to respond to that? He's saying it's far less than what was reported in your report.

Dr. Williams: First of all, there have been several studies of this. I heard the previous presenter talk about this before. I think he's referring to the one American study that found 15% as opposed to 35%. Well, first of all, that study was done in 1999 as opposed to more recent years.

Secondly, it was done in the United States, which has considerably fewer gambling opportunities than Canada. A lot of states don't even have casinos; some don't even have lotteries.

Thirdly, there were serious methodological flaws of that particular study. A good measure of whether your study is good or not is how well the actual revenues of the jurisdiction match up with the reported expenditures. In that American study, Americans didn't lose any money to casinos; they actually won \$6 billion. There was no match.

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My studies, and I've done three studies in Canada—in Alberta, in Ontario and in all the provinces—consistently find about 30% to 40%. Australia has found a similar figure. This is by far the best evidence because it's Canadian context, it's recent stats and, most importantly, because we used prospective diaries, the reported expenditures matched up with the actual revenues. This is the best evidence.

Mr. Bisson: What would you actually estimate? What percentage of revenue in casinos comes from problem gamblers, and what do you base that on?

Dr. Williams: Well, 35% of all Ontario government revenue comes from problem gamblers. In casinos, it's probably 50%. If you look at how much problem gamblers versus non-problem gamblers report spending on various forms of gambling, you find that the proportion of the total pie accounted for by problem gam-

blers is considerably higher. Again, for casinos, roughly 50%; for slot machines specifically, roughly 60%.

These figures have been corroborated with independent studies in Nova Scotia, Australia and Alberta.

Mr. Bisson: Do I have a minute? You also gave a stat that I found kind of interesting, because you were saying that 25% of the staff who work at the casinos are problem gamblers themselves. I would think that for somebody who deals cards all day, the last thing they would want to do is go home and play cards. I just found that number high, and I'm wondering again, what do you base that on?

Dr. Williams: My graduate student's thesis. She's a blackjack dealer at the casino in Lethbridge. It was an observation of hers that a significant portion of her colleagues were gamblers. She established two things. We did a survey of Alberta casinos to determine what percentage of employees were problem gamblers and, secondly, is it a cause or effect?

The study shows that 25% of Alberta casino employees meet CPGI criteria for problem gambling. But secondly, most importantly, it's not the employment that causes problem gambling; rather, it's that gamblers are preferentially attracted to this sort of employment. They like the environment of being in a casino. Furthermore, it's a self-exclusion sort of thing, because you cannot gamble at the venue where you work.

I don't think it's causing problem gambling, but other studies in the United States suggest very similar figures.

The Chair: Thank you, Mr. Bisson. Government member.

Ms. Smith: I'm just going to pick up on that last statement. Twice now you've said, "Significant numbers who work in casinos in Ontario are problem gamblers." Now I understand you're basing that on your graduate student's thesis, through her observations at a casino in Lethbridge. Is that correct?

Dr. Williams: Let me flesh that out. First of all, there have been two or three major studies of the demographic characteristics of casino employees.

Ms. Smith: Where are those studies?

Dr. Williams: There have been two or three major research studies of the demographic characteristics of problem gambling status of casino employees. Major studies have been done in the United States, and my studies in Alberta have basically confirmed those findings.

Ms. Smith: What we heard this morning from representatives of the OLG is that it's one of the most highly regulated industries in North America—in Ontario. So you have no studies that prove this kind of finding in Ontario. Is that correct?

Dr. Williams: That's correct, although I'd be willing to bet that there would be a significant portion—

Ms. Smith: I think you mentioned that you'd be "willing to bet" a couple of times in your presentation.

I want to take up some of the information you also provided us on the methodology of your study, that 3% to 5% of problem gamblers provide 35% of the revenues.

You've said that was based on problem gamblers' diaries. How many people were part of that study?

Dr. Williams: The prospective diaries had several hundred people, but let me give a bit of context to that. We had done retrospective studies on every single province. Every single province has done prevalence studies of problem gamblers. We found that when you look at that percentage, it's roughly 25%. The fly in the ointment there was that reported expenditures were twice as high as actual revenues. That's what prompted us to do the prospective diaries.

The sample size for the prospective diaries was only a few hundred, but there was a perfect match between the projected revenues and actual expenditures. Furthermore, the most important thing from that was that the degree of exaggeration and minimization for each type of gambler was equivalent, meaning the two-to-one ratio found in our secondary analysis of all provincial studies means that the proportion of 35% is still accurate. That is based on about 30,000 people.

Ms. Smith: But the actual diaries you reviewed—your sample size was in the hundreds, not the thousands, and that's across Canada; is that correct?

Dr. Williams: It was in the hundreds for Ontario, but again, it corroborates a Nova Scotia finding, it corroborates an independent study in Alberta, it corroborates our secondary analysis of 30,000 gamblers. I'm not hanging my hat on 35%. What I am hanging my hat on is, it is the best estimate we have right now, and it adds to converging lines of evidence that a significant proportion of the gaming revenue in this province—

Ms. Smith: Okay. I have a number of other questions, so I just want to keep going. You mention that the problem gambling initiatives that have been undertaken in Ontario have been "largely ineffective," and that's your quote. Do you have any empirical data to support that?

Dr. Williams: I just gave you some.

Ms. Smith: No, but do you have any studies specifically on the problem gambling initiatives that have been introduced in Ontario?

Dr. Williams: First of all, there have been lots of studies of these gambling initiatives in other jurisdictions, using pretty much the exact same format. I think it's a real deficit there haven't been specific studies of these particular initiatives that have any empirical validity in this province, but because you have the exact same procedures being implemented in other jurisdictions and there have been scientific studies of this, it's a very easy inference that the same results apply here.

Ms. Smith: You have done some studies in Ontario. Who funded those studies?

Dr. Williams: The Ontario Problem Gambling Research Centre.

Ms. Smith: And the Ontario Problem Gambling Research Centre is funded by whom?

Dr. Williams: The Ontario government.

Ms. Smith: The Ministry of Health, but we heard this morning that much of that funding comes through the OLG.

You stated that it was difficult to monitor the thousands of people who have signed problem gambling contracts with casinos in Ontario. Do you have any empirical data as to how many of those contracts have actually been signed in Ontario?

Dr. Williams: Yes. I don't have it with me, but it's in the thousands.

Ms. Smith: Do you have any empirical data on how many of those have been turned away or have been identified through the screening that is done in the casinos in Ontario?

Dr. Williams: Yes, I do. I don't have it with me right now, but I've conducted a major review article, self-exclusion policies around the world, including Ontario stats.

Ms. Smith: Okay. You talked about the education of the staff. Are you aware that there are different levels of education for different levels of staff in the casinos in Ontario?

Dr. Williams: I'm very aware. I've been involved in some of the initiatives, not in Ontario but in other jurisdictions.

Ms. Smith: Sorry. "Not in Ontario but in other jurisdictions." Was that your answer?

Dr. Williams: Right, but—

Ms. Smith: Sorry. Were you aware that the Centre for Addiction and Mental Health was involved in the development and implementation of those training programs for the staff?

Dr. Williams: Yes, I was.

Ms. Smith: And still you believe that they were ineffective?

Dr. Williams: The research on this, and there's been some research, suggests that it does for a portion of the staff increase their knowledge and potential sensitivity to problem gambling issues. Again, it doesn't discount the fact that for a significant subgroup they already know this stuff. However, whether it results in an actual increased number of referrals to treatment agencies or interventions is much more equivocal. In fact, there's no evidence that it does.

The Chair: To the official opposition.

Ms. Scott: I'll try and follow up on that line of questioning.

The Chair: You have four minutes.

Ms. Scott: Okay. For the training sessions for staff, Ms. Smith pointed out in depth of how the staff is trained, and you're saying that 25% of the casino staff are problem gamblers themselves. Can you elaborate on maybe what changes you would like to see?

Dr. Williams: I believe most casino employees have to have a criminal records check and have to be bonded, but it would be a simple matter of screening for problem gambling status. I think it's just very bad. You wouldn't hire alcoholics to—you shouldn't be hiring problem gamblers. It's a simple matter of screening the problem-gambling status for your employees.

Ms. Scott: Can the screening for problem gamblers be done easily? How do you identify the problem gamblers,

and what research do you have that says that 25% of the casino staff are problem gamblers, just to clarify where your research came from?

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Dr. Williams: The best screen right now is the Canadian Problem Gambling Index. That would be the screen that I would suggest implementing to screen employees. Again, the research on problem gambling status of employees comes from Harvard University in the United States, as well as research we've done in Alberta. It was my graduate student's thesis to do a comprehensive study of the problem gambling status of casino employees in Ontario. The results corroborated what was found at Harvard University. Again, two main findings: A significant portion are problem gamblers, but secondly, they are attracted to the industry, as opposed to the industry causing the problem gambling status.

Ms. Scott: You said that you didn't think \$36 million—was it \$36 million that's in the fund?—was enough? How do you know what's enough, what's not enough?

Dr. Williams: I'm saying it's disproportionate to the amount that comes from problem gamblers. That's only 2% or 3% of what likely comes from problem gamblers and it's only perhaps one thirteenth of what's spent on promoting the product. So I'm not sure that putting more money in there is the solution. I think the solution is decreasing the financial draw for the problem gamblers and decreasing the percentage of the populace who are problem gamblers. We know that people aren't knocking down doors because there are long treatment lines. A lot of problem gamblers don't seek treatment. So more money is not necessarily the issue. It's decreasing the financial draw for problem gamblers.

Ms. Scott: One last question: You said that the term "responsible gaming" is kind of an oxymoron. What would you change that to?

Dr. Williams: The Responsible Gambling Council of Ontario calls it the Responsible Gambling Council of Ontario. I would call it responsible gambling.

The Chair: Dr. Williams, thank you very much for taking the time, making your presentation and responding to members' inquiries. We appreciate your coming to us from Lethbridge, if I followed correctly. I'll say one more time, if you would be so kind as to send the slide show, the PowerPoint presentation, through the clerk's office, we'll distribute it to the members.

Dr. Williams: I'd be happy to. Thanks for the invite again.

The Chair: Thanks for your time, sir. We'll now proceed to our next presentation, Robert—

Mr. Bob Delaney (Mississauga West): On a point of order, Chair: Is it possible for legislative research to ask the gentleman for some of the studies to which he referred?

The Chair: Is there anything that jumped out or do you want him to go back through?

Mr. Delaney: He referred continually to data that he didn't have on hand. With the benefit of the data to

which he referred, could we ask that legislative research request from him copies of the studies that he referenced?

Mr. Johnston: I'll go over the Hansard.

The Chair: The researcher will go through Hansard and see what the specifics were. Why not just ask Dr. Williams if there are items that he had referenced offhand that he wanted sent to committee? We'd be glad to distribute those to the committee members. So we'll approach it from both of those fronts.

ONTARIO PROBLEM GAMBLING RESEARCH CENTRE

The Chair: I just want to make sure, is Mr. Robert I. Simpson with us? Mr. Simpson, please come forward. I'm sorry I didn't see you there. Mr. Simpson, the chief executive officer of the Ontario Problem Gambling Research Centre, OPGRC. How do you pronounce that acronym?

Mr. Robert Simpson: It's the world's most difficult to remember and pronounce.

The Chair: Mr. Simpson, you've been kind enough to join us. We appreciate your attendance here today. You're welcome to make some opening comments—your advice to the committee as it considers the Ontario Lottery and Gaming Corp.—up to 15 minutes of time, and any time that is left within the half-hour block will be allocated to the three caucuses equally, this time beginning with the government members. Sir, the floor is yours.

Mr. Simpson: Thank you for inviting me. I have a prepared presentation and it will certainly be far less than 15 minutes, I think.

By way of beginning, I'd like to give you a little background about the centre. The Ontario Problem Gambling Research Centre was established in the year 2000 as an arm's-length agency of the government of Ontario. Its mandate is to fund research that has four outcomes: (1) It describes the nature and extent of gambling and problem gambling in Ontario; (2) it identifies the correlates and the causes of problem gambling; (3) it determines the most effective measures to prevent problem gambling; and (4) it assesses the efficacy of current and innovative treatment approaches.

The centre's arm's-length status acknowledges that government, as the major beneficiary of gambling revenue, may be perceived as inherently in conflict of interest. In order to maintain the credibility and integrity of gambling research, the centre operates independently, governed by a dedicated set of bylaws, and a board of directors that makes all decisions regarding priorities and funding. The centre's policies and procedures meet the highest standards of scientific research, as confirmed by two independent reviews to date, one by the federal Canadian Institutes of Health Research and one by an agency commissioned by the Ministry of Health and Long-Term Care.

The centre—and I need to say this at the beginning, because we've been portrayed as being potentially anti-

gambling—views gambling revenue as a public good. It recognizes the right of government to provide gambling opportunities and the right of individuals to participate. The centre's mandate addresses the harm arising from gambling participation and, through its investment in research, the reduction of such harm.

In terms of problem gambling, the most recent study of problem gambling prevalence found, first of all—and this is quite interesting, I thought—that gambling participation among adults—these are people 18 plus—dropped from 83% in 2001 to 63% in 2005. So the number of adult gamblers in Ontario has dropped over that period from 7.3 million people to just about six million Ontarians.

Second, the prevalence rate, among those who gamble, for moderate-to-severe gambling problems rose over that same period from 4.6% in 2001 to 5.5% in 2005. So we have fewer people gambling, but of those who do gamble, a higher proportion are experiencing moderate to severe problems.

Three, the prevalence rates translate to 340,000 people in Ontario who were moderate to severe problem gamblers in 2001, and with those two changes in 2005, we have 330,000 estimated moderate to severe problem gamblers.

We tend to think of gambling problems as something we brush off and don't think about too much, but gambling-related harm—and my background is in alcohol, tobacco and other drugs, and in relation to those, gambling-related harm is profound. It affects physical and mental health, work productivity and legal well-being. The associated financial harm to these individuals can liquidate savings, retirement funds, home equity, and involve tens of thousands of dollars in external debt. Financial harm is often long term and, for some, can permanently and significantly reduce the quality of life not only for the problem gamblers but for their families as well. Once debt has mounted to these significant levels, treatment is no longer a solution. No amount of treatment can fix that problem. All it can do is try to get you to gamble less or not gamble, but that financial burden will be with you, in some cases, forever. So treatment is not a solution in the sense that it is for alcohol problems or even for smoking.

Having said that as a preamble, the relationship between the centre and OLG has transitioned over the past six years through three stages:

Phase 1: Initially, the centre was viewed with disinterest, with the only communication occurring in the form of a single meeting at the request of the centre to make staff introductions.

Phase 2: Following the departure of the original CEO, a second meeting was held, again at the request of the centre, and this time with the acting CEO and the chair of the board. The centre's purpose in this meeting was to share concern that the OLG might be at risk of liability action from patrons who registered with the Winner's Circle loyalty program and subsequently lost substantial amounts of money. The centre's representatives brought

a list of suggested research-testable responses intended to reduce such exposure. Candidly, the reception could best be described as acrimonious on the part of the OLG chair, who essentially suggested that the centre should stick to research.

However, as a result of this feedback, the centre did fund a legal research study to examine the possible liability exposure of a gambling provider in Ontario. By the way, I am the only expert witness in Ontario on alcohol-related liability. I testify in cases against bar owners and what have you, having developed the server intervention program in a past life. Two major findings of this study were (1) that two potential areas of liability exposure do exist, and (2) that an individual plaintiff action is more feasible than a class action.

Phase 3: With the appointment of the current CEO—I'm tempted, as a joke, to say things went to hell, but they didn't—relations have become substantially more cordial, and beneficial collaboration has been established. Upon request, the centre has provided advice in a range of areas, including: theory-based justification for the new corporate tag line, "Know your limit, play within it"; an analysis of the weakness of the current self-exclusion program, along with possible solutions; conceptual and wording recommendations for OLG's responsible gaming strategy; conceptual orientation and text for current prevention brochures and radio ads; and a disinterested analysis of the impact of the provincial smoking ban—at the time, it was pending.

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Last year the centre joined other provincial agencies in signing a memorandum of understanding with OLG. In our case, the MOU spelled out areas of co-operation where OLG would facilitate research funded by the centre and the centre would standardize briefings and communication protocols with OLG. Equally as important, the two CEOs adopted a communications protocol for the resolution of any difficulties we experienced.

Finally, and this is perhaps the most significant of all, at present the OLG and the centre are about to launch a significant harm reduction initiative—I would be tempted to say the most significant initiative ever undertaken in the gaming world. This jointly funded research project will identify high-frequency gamblers and test an intervention intended to cause them to self-reflect and, as appropriate, to self-refer to a controlled gambling treatment program. If the evaluation of this initiative is positive, it will separate Ontario from most industry initiatives to date anywhere in the world, much to Dr. Williams's pleasure. Both organizations have indicated their intention to undertake additional substantive research initiatives in the immediate future.

A quick personal assessment: OLG, in my opinion, is making the transition toward taking effective action to reduce the unintended and regrettable harm that accompanies the provision of gambling. My observation is that OLG is motivated by a genuine desire on the part of key employees to reduce such harm. It's further motivated by corporate responsibility to identify and manage fore-

seeable risk to the revenue generated for government and the people of Ontario. Both types of motivation are commendable.

Finally, a policy recommendation, and this is my final word: To support OLG's efforts to reduce harm, government must consider a fundamental policy change. Currently—and we've had quite a bit of dispute about this, but I will defend to the hilt the Williams study—about 35% of gambling revenue is derived from the 5.5% of customers who are problem gamblers. By the way, that 5.5% sounds a little higher than what you've heard. We put that over the number of people who gamble; we don't include in that those who don't gamble. It would be like portraying pregnancy rates and including men in the denominator. We only put it over gamblers. There are six million gamblers, and of those, 5.5%, more than one in 20, are problem gamblers. There's no escaping the basic relationship: As revenue increases, so does harm. Conversely, effective prevention and early intervention types of treatment will necessarily reduce revenues.

To support the reduction of harm, government must reduce the pressures on OLG. It must move from a revenue maximization model to one of revenue optimization, where an appropriate balance between revenue and harm is achieved. I urge this committee to bring forth such a recommendation.

The Chair: Dr. Simpson—

Mr. Simpson: I'm sorry. It's "Mister."

The Chair: Sorry about that. You convinced me that you were, sir. Mr. Simpson, thank you very much for your presentation. That leaves about six minutes per caucus, beginning with the government side.

Mrs. Mitchell: I just want to thank you for your comments. "Commendable" was the word that you applied to the OLG. You talked about a lot of the good work that they have done, and you have recognized that. What I would like you to do for me is to describe your relationship with the OLG. This is in respect to the MOU that you signed. Could you further expand on that?

Mr. Simpson: Much research has to be done with the co-operation of the provider: getting access to facilities, being able to approach people leaving facilities, getting access to data sets—even getting access to the lab where they have slot machines that are being tested so that we can set up experiments outside of a casino. What we formally did was establish the procedures by which that will happen, which gives us a tremendous advantage over other jurisdictions in Canada. So on our side, that's what we got out of the MOU. On OLG's side, they can now ask for advice, either on record or off record—"Candidly, what do you think of this or that?"—and we're prepared to do both of those.

Secondly, when a report is about to be released that we anticipate OLG would like to know about so that it can manage the response, we have protocols to brief staff on the findings and to assist them in interpreting those and perhaps help with developing responses. We did have a problem around the release of one study before these protocols were in place where OLG felt that it was

blindsided. As a result of that, the two protocols between the CEOs were established, where Mr. Brown can call me directly and I can call him, and we solve those problems before they become serious.

Mrs. Mitchell: And you had input into the development of the code of conduct for the OLG?

Mr. Simpson: Yes. Very minor, but we made comment on it, and we commented favourably.

Mrs. Mitchell: So you did support moving forward with the code of conduct and you did have input into that?

Mr. Simpson: Yes. I recognize also that input is advice, not direction, and we don't get upset when our advice is not taken.

Mrs. Mitchell: No, but I think we also have to recognize that when input is provided, the decision is to be made, but it's also things that we weigh when we have input into that decision. So you were given the opportunity to provide input, which you did, and then they moved forward with the code of conduct. It would be fair to say that the OLG has made huge strides in creating a responsible gaming environment with the launch of the code of conduct?

Mr. Simpson: I think it kept them abreast of what's happening in the field, the standards of the field. The true great strides, the differentiating of OLG with potentially highly effective initiatives, will be the project that I alluded to. I haven't given you much detail because it's yet to be accepted by the board of OLG, but I think my excitement should suggest that I'm very bullish on it.

Mrs. Mitchell: Your excitement does and you also have talked about how their conduct has been commendable.

Mr. Simpson: Yes.

Mrs. Mitchell: And you did mention your harm reduction initiative. I see that as a very strong working relationship, and you have made many strides in developing a strong partnership. That's clearly what I hear.

I also wanted your response on jurisdictions within Canada and the US. Who is doing more in the area of responsible gambling than the province of Ontario?

Mr. Simpson: Nobody.

Mrs. Mitchell: I think that's part of the discussion that also needs to happen. If Ontario is leading the way, and we do it in partnerships and through input, I think there should be recognition for that as well.

Mr. Simpson: There is. You left out Australia, where a number of innovative programs are under way, such as looking at cards, as Dr. Williams suggested. I would put a small proviso in there: Nova Scotia is reducing the number of VLTs. Now, in Nova Scotia they're in bars, so it's a hard parallel to make, but the government has actually moved to the revenue optimization model by removing some of those, and Quebec is thinking about it. But by and large, the initiatives under way and under consideration in Ontario place Ontario as the world leader.

Mrs. Mitchell: I believe that when comments are made, that also should be recognized, all the hard work that has gone in to make Ontario lead the way.

Mr. Simpson: I agree.

Mrs. Mitchell: Do you think it's fair to say that the OLG has an open and very positive relationship with most of the provincial stakeholders of what you provide input on, I'm sure, to other provincial stakeholders?

Mr. Simpson: I think that's a fair statement, yes.

Mrs. Mitchell: Just so we give you a little opportunity—and I understand the restrictions that you have, but would you like to expand? You seem to be very enthusiastic about your reduction initiative. Could you expand for us? I realize the restrictions, but if you could expand somewhat.

Mr. Simpson: I alluded to the legal study where they identified two areas of liability. One is with the Winner's Circle loyalty program, where you track people's utilization and know how often they come and how much money they lose. That could be seen as a foreseeability capability the organization has. So we're looking at ways of contacting people who are frequent players and designing an intervention intended to cause them to self-reflect—very well designed, according to health theory and health motivation—and to make it very easy for them, if they reflect that “Maybe life is better if I gambled a bit less,” to confidentially hook up with a controlled gambling program as opposed to an abstinence program. If your problem is that you eat too much, the solution is to eat less, not to stop eating. So with these people we're not saying, “You're an out-of-control, crazy gambler”; we're saying, “If life would be better if you cut back a little, this program will help you to stay safe.”

The initiative that identifies, that motivates and then attaches to an appropriate form of treatment is the package that has never been done anywhere else.

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The Chair: Thank you, Mrs. Mitchell. The official opposition.

Ms. Scott: Thank you very much for appearing before us today and for your informative presentation. I'll just follow up a little bit on that. It's about identification of problem gamblers, and I asked the question of our previous presenter. Can you give us a test case of who would be identified as a problem gambler, and with the new program, what they would go through? Just pick one—I don't know, is it slot machines that are most identified with problem gambling?

Mr. Simpson: As Dr. Williams said, electronic gaming machines and Ontario slot machines are the most frequent type or sort that we would have. They seem to have a greater dependency-forming capability than other forms of gambling, so we have to be particularly worried about people developing impaired control with these machines.

The initiative we talked about will very much focus on those people. OLG is looking at a way of intervening with folks we know are the most vulnerable, with the potentially most dependency-forming type of gambling.

The average person would be anybody. It's my daughter's friend's mother on the soccer team who confides to my wife that she's really tired because last night

she sneaked out of her house to go to the Mohawk slot parlour to play until 3 a.m., unbeknownst to her husband, sneaked back in, and she's tired at the game. She's a normal, middle-class person living in Guelph.

There is no way to say that this person looks more like a problem gambler than that one, just as you can't say that about problem drinkers. We will, through this program, identify all those people who have that nagging thought, “I wish I could cut back a little. I wish I played a little less,” and give them an easy, effective solution with a little bit of prompt.

Ms. Scott: Would the treatment program be different, once they were identified, by whichever means they were identified, whether they came themselves or whatever? What type of treatment would they receive?

Mr. Simpson: The treatment program is state-of-the-art cognitive behavioural therapy. It helps people set goals as to how much they would like to spend. It develops new ways of thinking, cognitive therapy; and new ways of behaving, behavioural therapy. You learn the skills to stay within the goals you have set as the client—a very well-established way of helping people to get their behaviour to conform with their desires and their best interests. We're very confident they'll get what they need.

In the area of alcohol problems, where I designed a similar program, two-year success rates were in the vicinity of 70% of people learning to drink within guidelines or limits that they had set for themselves. We're very optimistic that if we can get people to go to this program, they will serve themselves well.

Ms. Scott: Where do you think the program would be delivered?

Mr. Simpson: The pilot site will be in Waterloo region and Wellington county. We chose an area. The program is available there.

Ms. Scott: How many people do you have capacity for in the initial pilot?

Mr. Simpson: It's a research project. The evaluation will look at anything from 100 to 200 people. That will give us a large enough sample for the statistical analyses we want to do.

Ms. Scott: You said there are 330,000 moderate-to-severe gamblers. That's who you're identifying, basically?

Mr. Simpson: Yes.

Ms. Scott: That's very fascinating. Did any other country do that, or is our state-of-the-art program the only one?

Mr. Simpson: No. I anticipate OLG will be invited around the world to talk about this.

The interesting thing is that when one jurisdiction does it, the others pretty much have to follow suit because they're not meeting a standard that has been set by one. I have a secret hope that Ontario will be the jurisdiction that's emulated around the world as a result of this project.

Ms. Scott: That's fascinating; that's great. We'll be waiting to see the results. Hopefully we'll be the pilot project for a lot of countries around the world.

You mentioned—was it Dr. Williams's study?

Mr. Simpson: Yes.

Ms. Scott: Dr. Williams, the previous one. When you were mentioning some initiatives from before—I know the government commissioned a report, the Sadinsky report. Are you familiar with the Sadinsky report and the recommendations?

Mr. Simpson: Yes, I am.

Ms. Scott: Do you feel that, as a government, they've given enough resources or been following the Sadinsky report enough according to the Ontario Problem Gambling Research Centre?

Mr. Simpson: The research centre asked for what we thought was an optimal amount of funding to disburse, which was \$4 million, and they awarded \$4 million. We are resourced adequately. There isn't the research capacity to invest more money per year, so this gives us high-quality research. We are the largest producer of research worldwide, the single source in Ontario, and we are the best-funded research agency worldwide. So yes, we're happy with that amount, and we're not asking for any more.

Ms. Scott: When you said one in 20 gamblers is a problem gambler, is that statistic—we've heard a lot of contradictory statistics today—a number that keeps coming up in different provinces, different countries, that one in 20 is a moderate-to-severe gambler?

Mr. Simpson: Yes, right across Canada, that's a fairly consistent number. Right across Canada, we use the same instrument, the Canadian Problem Gambling Index, CPGI, so we know we're measuring using the same criteria, and we administer it the same way, and that has been done in almost every province. The problem gambler rates are pretty close right across the country. Some variation might be accountable because they have VLTs when we don't in Ontario, but by and large, they're the same. You will hear lower numbers, and usually that's because the denominator is all adults or in some cases all people, including children, which, as I suggested before, is the wrong way to measure it.

Ms. Scott: Thank you very much.

The Chair: Mr. Bisson.

Mr. Bisson: I have a couple of questions. I was actually surprised by some of the numbers you were quoting, and I just want to elaborate on some of them. In the one, you're saying that 35% of revenue is derived from 5.5% of the customers. That's somewhat similar to what Dr. Williams was saying.

Mr. Simpson: That is Dr. Williams's result.

Mr. Bisson: Are you saying that is the actual number?

Mr. Simpson: I am saying that, and I'm saying that has been peer reviewed, and you can take it to the bank. By the way, that's no different than alcohol. If you look at the problem drinkers, they account for about the same proportion of alcohol revenue.

Mr. Bisson: Is this including lottery sales and casinos?

Mr. Simpson: All forms of gambling, yes. As Dr. Williams pointed out—I don't think he made the point as

clearly as he might have—when you survey a bunch of people that's a representative sample, the first question you ask, when they report their expenditures, is: What was the average expenditure they reported? Someone will say, "Oh, my wonderful survey got \$300 per person." Well, we know in Ontario the average expenditure per gambler is \$790. So they haven't accounted for more than half the money that is spent. In my opinion, that represents garbage into the survey, because you're not accounting for more than you did, whereas Dr. Williams's study was one of the two best that we have in Canada to align the average expenditure of the surveyed people with the actual average expenditure.

Mr. Bisson: You also say that we went from 4.6% with a severe gambling problem in 2001 to 5.5% in 2005. What accounts for the increase, in your view? Is it just the proliferation of casinos, or is there anything else?

Mr. Simpson: I mentioned before that there's an inextricable relationship between revenues, the average amount spent, and the number of heavy gamblers. That's the same with alcohol, it's the same with gambling. The more heavy gamblers you have, the more problem gamblers you have. So that is, in all likelihood, a result of the average expenditure going up, which has a ripple effect on the number of heavy gamblers, which predicts the number of problem gamblers. That's what it's all about. So when I suggest we have to lower our revenue expectations, that is the only way this jurisdiction—

Mr. Bisson: That wasn't my question.

Mr. Simpson: I'm sorry.

Mr. Bisson: My question was, since there are more problem gamblers today percentage-wise than there were in 2001, is that because we've made more casinos and more games available or is it for some other reason?

Mr. Simpson: It's because we have more gambling opportunities and because people, on average, are spending more.

Mr. Bisson: One of the recommendations that was made by Dr. Williams—and when I first heard it, I thought, "Boy, that's kind of impractical," but I want to hear your thoughts—is that for those people who put themselves on the black list, and I don't know what you call it—

Mr. Simpson: The self-exclusion list.

Mr. Bisson: —the self-exclusion list, he was suggesting that at the very least we should have picture ID for people to get into a casino. I know that would be very effective, but my question is, is that practical?

Mr. Simpson: I'll give you my personal opinion here. I don't think OLG or any gaming provider should be in the business of running a self-exclusion program. What it does is take someone who is a problem gambler, who is unable to control his or her behaviour, and asks someone else to control their behaviour for them or to participate in that.

Mr. Bisson: You're coming at it from the other perspective.

Mr. Simpson: I want to put that into treatment, where when you go to treatment, one of the skills you learn is to

stay away from high-risk situations. It's the same thing we do with alcohol; it's the same thing we do with smoking cessation. Give them that power internally rather than encouraging them to give someone else jurisdiction over their behaviour.

1430

Mr. Bisson: Because self-exclusion—I know a couple of people who have gone on that list voluntarily in the Sudbury racetrack one. It has worked for them. They've had to literally go and get themselves barred. Now, I imagine, because a casino is smaller, it's a lot easier to monitor. So it seems to me there's some worth in the self-exclusion list. I'm asking how you make sure somebody who goes on the list doesn't end up in a casino, and you just disagree with the premise.

Mr. Simpson: I think it's the wrong way of doing it. I think what you want to do is develop the strength and capability in the individual.

Mr. Bisson: Fair enough.

The Chair: Gilles.

Mr. Bisson: You kind of threw me off there.

The Chair: Sorry. I apologize.

Mr. Bisson: Hang on a second. I was just about to ask you something, and I diverted my attention to the Chair. That was—don't you hate when that happens? Oh, my God. I hate when I do that. I know I'm getting older. That's what's happening to me.

The Chair: I think it's just that the Chair is very distracting with this new tie on.

Mr. Bisson: It's that tie over there. That's what threw me off. I thought you were the WHMIS sign. Sorry, Tim. Just joking.

The Chair: All right. Thirty seconds now.

Mr. Bisson: Oh, God. If I remember, I'll go and talk to you afterwards. Thanks anyway.

The Chair: Sorry about that.

Mr. Simpson, thanks very much again for your presentation and being part of our committee process today. I'll say to you and the other members who are still with us that this will all form advice for the committee, which will be tabling a report to the Legislative Assembly on the three agencies that we are reviewing. That report will be publicly available.

Mr. Bisson: I remember the question.

The Chair: Go ahead. You take your two minutes.

Mr. Bisson: There was a case in Hamilton where a guy who was the manager of the Copps Coliseum—you know the story. I'm not going to tell it. It's too long. Where is that in litigation? That's what I wanted to know.

Mr. Simpson: I have no knowledge.

Mr. Bisson: No idea? Okay. Thanks.

The Chair: That was anti-climactic, wasn't it?

Mr. Bisson: It's just because you talked about the whole issue of liability and that individual lawsuits are more likely to be successful. So I was just wondering where that was at.

The Chair: Okay. Super. Glad we got that on the record.

Again, Mr. Simpson, thank you very much for the presentation and being part of our committee process.

Mr. Simpson: My pleasure.

The Chair: Folks, just as we did yesterday, we'll give Mr. Gough and Mr. Brown an opportunity, if they want to, to add any additional comments. This afternoon, we concentrated basically on problem gambling. We heard a few different viewpoints on that. Mr. Rutsey also brought some points forward on the challenges of the gaming business in the future and the administration side. So if you have any follow-up comments, please go ahead.

Mr. Gough: Mr. Chair, I don't think we have any additional comments or rebuttals. They were informative and useful presentations. There was information in each of them that will cause us to go back and see what we can usefully learn from them. I don't propose to rebut several of Dr. Williams's more contentious statements. I think that was adequately done by other presentations, by Mr. Rutsey and Mr. Simpson. As a result, we have no additional comments or rebuttals to make to the committee.

The Chair: I'll ask my colleagues. We heard some presentations. I'll limit time here, but if it's the pleasure of the committee, we could ask some follow-up questions.

Mr. Bisson: A very quick question.

The Chair: Seeing no objections, go ahead.

Mr. Bisson: The 35% number, 35% of revenue coming from 5%—

Mrs. Mitchell: Are we opening up for questions?

The Chair: Just a short period, if you want to.

Mr. Bisson: Can you comment on that? You guys know where your money comes from. Are you willing to comment on that?

The Chair: I was looking for any objections.

Mr. Bisson: He did ask.

The Chair: I did. I was trying to get the pleasure of the committee. I didn't see any response.

Mr. Gough: Without going into Mr. Simpson's presentation, the limitations on the findings that are contained in Dr. Williams's study say the proportion of revenue from severe gamblers is very tentative because of the small number of severe problem gamblers completing diaries. There were 32 diaries completed. There's some question as to whether gaming by people at moderate risk from gaming should even be included in the 35%, and that's not universally accepted. I don't think anybody is arguing at the 1%, 2% to 4% moderate risk, but there's serious question among those who study it as to whether moderate gamers should be included.

Mr. Bisson: Just one more very quick question on the self-exclusion issue. There was a suggestion by Dr. Williams that you would have to card people at the door. How practical is that?

Mr. Brown: Frankly, it's not very practical. We believe that the approach that Mr. Simpson is advocating is the one that's ultimately going to be most effective for the people who are at risk.

The Chair: Anybody else? Good, super.

Mr. Gough and Mr. Brown, thank you very much for the presentations. Also, you can relate back, unless you were both hard at work until midnight last night, a thank you for the binders that were put together by the OLGC. They thoroughly responded to the questions of the committee members. I know that's a lot of work to put those together, so thank you for that as well. We'll look forward to working together as we move forward on the report.

Mr. Bisson: There's other business. It's about tomorrow. One of our presenters is not able to make it and we want to switch somebody around.

The Chair: This is the 1 o'clock?

Mr. Bisson: Do you want a motion or are we just going to accommodate them?

The Chair: I'll let members of the committee be aware that we have a cancellation at 1:30 tomorrow. Robert Reid has cancelled, so we were planning on moving the Association of Major Power Consumers in Ontario from 1 p.m. to the 1:30 slot and that will give a longer break period between noon and 1:30 for committee members. We thought that was a lot better than interrupting the committee for half an hour or calling five different groups to move them all forward by half an hour.

Mr. Bisson: What I was going to ask is if we can have Mark Holmes from the Ontario Forestry Coalition present at 4, considering that was one of our—it's our hearing, right? It was our pick, and this particular person who was going to present can't make it.

The Chair: He was?

The Clerk of the Committee: Yes.

The Chair: I don't want to do it at 4 p.m. That takes us beyond the hours that we've set. What we would have to do is try to see if Mr. Holmes could fit into the 1:30 slot or the 1 p.m. slot.

Mr. Bisson: It's my understanding there's a problem with that.

The Clerk of the Committee: It would be 1 o'clock.

Mr. Bisson: My understanding is there's a problem with 1 o'clock. It's a question of scheduling. There are some things that are going on, and what we're asking is if we can accommodate him at 4. We were here yesterday till 5.

The Chair: The problem is that that throws us outside of the hours that the committee had agreed to, between 10 a.m. and 4 p.m. So unless Mr. Holmes can change his schedule and come in at an earlier slot or if somebody doesn't show up and he can fit it, but I'm not interested in keeping this committee beyond 4 p.m.

Mr. Bisson: Can I try a friendly motion that we accommodate him at 4 o'clock? I'll move it as a motion.

The Chair: You're welcome to put a motion forward, Mr. Bisson.

Ms. Smith: Could I ask a question?

The Chair: Sure.

Ms. Smith: Would he be available at noon? He could present at noon. We could do the lunch break from 12:30 to 1:30 and then start up.

Mr. Bisson: That's a good question.

Ms. Smith: I'm just trying to stay within our day.

Mr. Bisson: Well, we sat till 5 yesterday with extra business. We did our appointments review—

The Chair: Yes, but that was a special circumstance to get two long-standing interviews completed. We had agreed among the subcommittee for some time to end at 4. You're welcome, Mr. Bisson, to put a friendly motion on the floor. If the committee members feel differently than the Chair, they can extend past 4 o'clock, but I do want to remind you that we have agreed for some time that these would be the hearing hours, and members may have allocated their schedules accordingly.

Ms. Smith: Sorry. Do you know whether this group is even on the list for tomorrow?

The Chair: He's asking, since there's a cancellation of one of the NDP requests—

Ms. Smith: Oh, this is an add-in?

Mr. Bisson: Yes.

Ms. Smith: Somebody just needs to reschedule—

Mr. Bisson: It's because one of the ones we were going to present can't make it tomorrow. Something's come up. So we want to basically put somebody else in. That's what we're trying to do.

The Clerk of the Committee: Who again?

Mr. Bisson: Originally it was the—I've got to go through the e-mail here. The great thing about Black-Berries—hang on, it's all the way at the bottom. Robert Reid, yes.

Ms. Smith: Who's your new person?

Mr. Bisson: It's the forestry coalition. Mark Holmes from the forestry coalition.

The Chair: Again, we had a cancellation from one of the requests from the third party. Mr. Reid cancelled. He let us know that. So we have a slot open.

Mr. Bisson: The first thing is that we have no problem slotting him in. The question becomes, we may not be able to do it at 4, depending on what the committee wants to do. That's what I'm hearing right now.

The Chair: Right. The committee has agreed for some time to end these hearings at 4 p.m. and have probably made their scheduling decisions accordingly. So I was not, as Chair, willing to extend past 4 o'clock. If we could fit him in at 1 o'clock, terrific. Even as Ms. Smith said, if you want to put him at noon, that will still give us an hour break for lunch, but—

Interjections.

Mr. Parsons: I don't believe we ever agreed to substituting. There was a cut-off date for parties to put forward stakeholders.

The Chair: To be clear, we did have notice last week, I believe it was, that there were some groups who couldn't be here, and I had given direction to the clerk—I sent her an e-mail—that we would allow substitutions to take place. That was given to all three parties. So substitutions are well within order. However, what the issue gets down to is that Mr. Holmes sounds like he's only available at 4 p.m. As Chair, I'm not willing to extend the hearings past 4 p.m. Mr. Bisson, you're welcome to put a friendly motion on the floor.

Mr. Bisson: That's what I've just tried to do.

The Chair: Okay. Mr. Bisson has put a motion on the floor that the committee be extended past 4 p.m. to allow Mark Holmes to appear before the committee. He needs unanimous—no, a straight vote. Any debate on this?

Mr. Bisson: Recorded vote.

Ayes

Bisson.

Nays

Milloy, Mitchell, Parsons, Scott, Smith.

Mr. Bisson: That's pretty interesting. So you're saying that if he can make it before 4, not a problem.

The Clerk of the Committee: Correct.

Mr. Bisson: All right. We'll see what we can do.

The Chair: Let's be clear. The only current slot that's available is 1 p.m., because we had the cancellation. AMPCO is now at 1:30, so there's a 1 o'clock slot open. We can fit him in there, according to our rules, at 1 p.m. If he can't make it at 1 p.m., we have—

Mr. Bisson: Okay. We'll work with that.

Mrs. Mitchell: We're willing to fluctuate during the lunch hour.

Mr. Bisson: Yes, I know. I hear you.

The Chair: I'm just saying there's really no guarantee, right?

Interjection.

Mr. Bisson: Yes, he's going to go back and see if we can work all this out, then hopefully—

The Chair: I'm trying to be as accommodating as I can within the time frame we've been given.

Mrs. Mitchell: Our lunch is fairly fluid.

Interjections.

The Chair: Gilles, the advice from the Chair is there's an hour and a half between noon and 1:30. Hopefully he can be here at noon or he can be here at 1 o'clock.

Mr. Bisson: Yes, not a problem.

The Chair: Okay, folks, we are then adjourned until 10 a.m. tomorrow morning. We will be in committee room 1 for Hydro One.

The committee adjourned at 1441.

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