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Court File No. COA-24-CV-0185

## COURT OF APPEAL FOR ONTARIO

IN THE MATTER OF A REFERENCE to the Court of Appeal pursuant to section 8 of the  
*Courts of Justice Act*, R.S.O. 1990, c. C.34, by Order in Council 210/2024 permitting  
international play in an online provincial lottery scheme

### **MOTION RECORD OF THE CANADIAN GAMING ASSOCIATION (for Leave to Intervene and Leave to File Evidence)**

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**MOTION RECORD**

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# Tab 1

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## **COURT OF APPEAL FOR ONTARIO**

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### **NOTICE OF MOTION OF THE CANADIAN GAMING ASSOCIATION (for Leave to Intervene and Leave to File Evidence)**

The Moving Party, the Canadian Gaming Association (the “CGA”) will make a Motion to a Judge on May 1, 2024 at 10:00 a.m.

**METHOD OF HEARING:** The Motion is to be heard in person or by video conference, as directed by the court, at Osgoode Hall, 130 Queen Street West, Toronto ON M5H 2N5.

#### **THE MOTION IS FOR:**

- (a) an order granting the CGA leave to intervene in the reference bearing Court File No. COA-24-CV-0185 (the “**Reference**”), including the right to make written submissions not exceeding 30 pages and oral submissions not exceeding one hour.
- (b) an order granting the CGA leave to file a record in the Reference.
- (c) such further and other relief as counsel may request and this Court may deem just.

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**THE GROUNDS FOR THE MOTION ARE:**

**Overview**

1. The Reference raises issues of fundamental importance to entities that operate online gaming in Ontario on behalf of the provincial government. It will determine whether, or to what extent, these operators will be permitted to offer online gaming in which individuals outside of Canada participate, as described in the Schedule attached to Order-in-Council 210/2024 (“**International Play**”). These operators thus have a direct interest in the Reference.
2. The members of the CGA represent entities that operate online gaming in Ontario. They have deep experience and practical knowledge of the gaming industry, and are therefore well positioned to assist the Court in deciding the question referred to it by the Lieutenant Governor in Council.
3. Specifically, the CGA will offer a frontline perspective on how online gaming works in Ontario: the platforms used and their functionality, the effect on the market from introducing International Play, and other matters that bear on the legal questions before the Court and the outcome of the Reference.
4. In brief, and as detailed below:
  - (a) The CGA would argue that the plain meaning of Section 207(1)(a) does not preclude International Play, and that if Ontario were not permitted to offer International Play, it would frustrate the objectives of the *Criminal Code* prohibition on gaming, and would frustrate Ontario’s goals of meaningfully regulating the market for gaming.

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(b) The CGA can also offer a useful overview of the gaming industry in Ontario. This perspective relates to an issue raised by the Attorney General of Ontario: namely, what the online, networked gaming industry is like today, and therefore how the facts at issue in the case of *Reference re Earth Future Lottery*, [2002 PESCAD 8](#), aff'd [2003 SCC 10](#), have changed since that case was decided more than twenty years ago.

5. Granting the CGA leave to intervene and to file evidence would not prejudice any party, nor would it result in any meaningful repetition of the arguments advanced by the attorneys general participating in the Reference.

### **The CGA**

6. The CGA is a not-for-profit corporation and a national trade association that works to advance the evolution of Canada's gaming industry. The CGA's mandate is to promote the economic value of gaming in Canada; to use research, innovation, and best practices to help the industry advance; and to create productive dialogue among stakeholders.

7. The membership and affiliate membership of the CGA includes Canada's leading gaming companies, their professional advisors, and organizations representing other industry participants and stakeholders.

8. The CGA engages in law reform activities at the provincial and federal levels. In doing so, it aims to shape public policy and expand access to gaming, by encouraging appropriate regulatory reform and modernization to meet the changing needs of Canada's gaming industry. The CGA's

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advocacy efforts are grounded in ongoing consultations with industry stakeholders to identify issues of common interest.

9. The CGA is a primary source of information and expertise on gaming in Canada, undertaking significant research activities, providing accurate industry data and assisting in the development of industry-wide programs and approaches for relevant and critical issues. These initiatives advance the CGA's advocacy priorities by promoting public awareness of the gaming sector and its economic impact on Canada. As well, the CGA's research is purposed to combat misinformation about gaming among legislators and the general public.

**The CGA has a Direct Interest and Useful Expertise**

10. The outcome of this Reference will have significant consequences on the gaming industry's operations and strategic planning. Unless the perspective of the gaming industry is adequately represented, the interests of industry stakeholders could be prejudiced.

11. The Reference would also benefit from the expertise and perspective of the CGA:

- (a) Due to its continuous involvement with law reform and advocacy in Canada, the CGA has an in-depth understanding of the regulatory reform and modernization that is required to meet the needs of Ontario's gaming industry. Further, as the primary source of information and expertise on gaming in Canada, the CGA has expertise in the economic impact of the gaming sector in Ontario.
- (b) The CGA's expertise will be useful in the determination of this Reference, which centers on International Play. The CGA can assist the Court in understanding the



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importance of International Play for achieving Ontario's regulatory and economic goals, within the framework of the *Criminal Code*.

### **Proposed Submissions**

12. If granted leave to intervene, the CGA will argue that a lottery scheme involving International Play is compliant with the *Criminal Code*, and that Parliament intended for provinces – not the criminal law – to decide whether or not to permit International Play. More specifically, the CGA intends to make three main submissions:

- (a) **The plain meaning of section 207(1)(a) permits Ontario to regulate International Play.** In the internet age, the words “conducted and managed in” a province do not imply that all its subscribers or customers must be physically located in the province. Recent Canadian jurisprudence has recognized the need to interpret and adapt the law to account for the reality that internet activity often has no meaningful fixed geolocation or has many such locations at the same time. Interpretations of s. 207(1)(a) of the *Criminal Code* should similarly evolve to recognize the unavoidable reality that Canadians, and Ontarians, live in a networked, technologically-enabled world;
- (b) **Parliament's intent in passing Section 207(1)(a) was to “totally withdraw” the application of criminal law from provincially conducted and managed lottery schemes,** and to leave provincial governments to decide questions of lottery conduct and management within their provinces. An interpretation of the *Criminal Code* that prohibits International Play would severely limit Ontario's ability to

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control lottery schemes within provincial boundaries, thereby frustrating the intention of Parliament; and

(c) **There is no evidence that Parliament was concerned about International Play.**

Parliament granted provincial governments control over lottery schemes via section 207(1)(a) because provincial governments were viewed as being accountable for the public interest within their provinces. The Ontario public has a valid interest in regulating participation of international players in lotteries within Ontario. Furthermore, the question of International Play affects the market for gaming *within* Ontario. Among other reasons, restricted offerings in the Ontario market would drive players away from iGaming Ontario and back to sites that are not under Ontario's regulatory umbrella;

**Proposed Evidence**

13. The CGA intends to rely on the Affidavit of Paul Burns, sworn April 8, 2024. This Affidavit sets out background on the CGA, including the CGA's advocacy experience. It sets out background on the gaming industry in Canada, the regulated iGaming regime, and the importance of International Play to the gaming market in Ontario.

**Other Grounds**

14. Rules 1.04, 13.01, 13.03, and 37.10 of the *Rules of Civil Procedure*, R.R.O. 1990, O. Reg. 194 and section 8(5) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

15. Such further and other grounds as counsel may advise.

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**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the Motion:

- (a) The Affidavit of Paul Burns, sworn April 8, 2024; and
- (b) An anticipated further Affidavit of Paul Burns, to be sworn prior to the deadline for filing the CGA's record; and
- (c) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

Estimated time for oral argument of the Motion: 20 minutes

April 8, 2024

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PURSUANT TO SECTION 8 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990,  
C. C.34, BY ORDER IN COUNCIL 210/2024 PERMITTING INTERNATIONAL  
PLAY IN AN ONLINE PROVINCIAL LOTTERY SCHEME

Court File No. COA-24-CV-0185

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**COURT OF APPEAL FOR ONTARIO**  
(Motion for leave to intervene and leave to file evidence)

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**NOTICE OF MOTION OF  
THE CANADIAN GAMING ASSOCIATION**

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# Tab 2

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## **COURT OF APPEAL FOR ONTARIO**

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### **AFFIDAVIT OF PAUL BURNS (SWORN APRIL 8, 2024)**

I, Paul Burns, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am President and Chief Executive Officer of the Canadian Gaming Association (the “CGA”). I have held these positions since March 2018. As President and CEO, I lead the CGA’s efforts to evolve Canada’s gaming industry. My focus is on critical areas such as responsible gaming, addressing legislative and regulatory challenges, and providing leadership on emerging issues. Before my appointment as President and CEO, I served as Vice President of the CGA. I have been part of the CGA’s management team since the CGA’s establishment in 2005.
2. As such, I have knowledge of the matters contained in this Affidavit, except where I have relied on information from others, in which case I have stated the source of my information and believe it to be true.
3. The CGA is a not-for-profit corporation and a national trade association. The CGA’s mandate is to promote the economic value of gaming in Canada; to use research, innovation, and

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best practices to help the industry advance; and to create productive dialogue among stakeholders. The CGA also serves as the gaming industry's main resource in undertaking sector-wide advocacy.

4. Members of the CGA include Canada's leading gaming companies, their professional advisors, and organizations representing other industry participants and stakeholders.

#### **A. BACKGROUND ON THE CGA**

##### ***(i) The CGA's Advocacy Experience***

5. The CGA engages in law reform activities at both the provincial and federal levels. In doing so, it aims to shape public policy and expand access to gaming, by encouraging appropriate regulatory reform and modernization to meet the changing needs of Canada's gaming industry. The CGA's advocacy efforts are grounded in ongoing consultations with industry stakeholders to identify issues of common interest.

6. To advance its members' interests as well as those of the public, the CGA invests in and disseminates topical research on the economic and human impacts of the gaming industry in communities across Canada. The CGA determines its policy positions based on discussions with industry stakeholders, and seeks to advance issues that will benefit multiple provinces and/or lottery corporations.

7. The CGA draws on the shared experience and expertise of its members and its network of international industry connections to address legal issues affecting the Canadian gaming industry across jurisdictions. It is the industry's voice in legislative and regulatory processes, with a mandate to ensure that the development of the law embodies best practices and promotes the responsible expansion of the gaming sector.

8. Since its founding, the CGA has made a number of important contributions to the development of law and policy as it relates to the gaming sector. For example:

- (a) In 2020, the CGA intervened in the case of *Atlantic Lottery Corporation Inc. v. Babstock*, 2020 SCC 19.



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- (b) On behalf of the CGA's membership, and particularly gaming operators, the CGA campaigned successfully against proposed federal legislation that would have restricted gaming devices to facilities of at least a certain size.
- (c) When Parliament considered amendments to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17, as it relates to casinos, the CGA met with senior federal officials, made written submissions, and testified before a Senate committee on the subject.
- (d) The CGA led the gaming industry's advocacy efforts at the federal level on single-event sports wagering. The CGA has supported efforts to enact legislation that would empower provincial and territorial governments to allow such wagering within their own spheres of jurisdiction.
- (e) The CGA spearheaded the gaming industry's response to a potentially restrictive proposal from the Television Bureau of Canada (now ThinkTV) relating to gaming advertising guidelines.

9. The CGA is a primary source of information and expertise on gaming in Canada, undertaking significant research activities, providing accurate industry data and assisting in the development of industry-wide programs and approaches for relevant and critical issues. These initiatives advance the CGA's advocacy priorities by promoting public awareness of the gaming sector and its positive economic impact on Canada. As well, the CGA's research is used as the basis for combatting misinformation about gaming among legislators and the general public.

10. In 2019, the CGA released a landmark study, *The National Economic Benefits of the Canadian Gaming Industry*. The study quantifies gaming's contribution to Canada's economy, and highlights the industry's success in delivering increased access to gaming options in response to market demands, consumer tastes, and societal and technological change. A copy of the study's key findings is attached as **Exhibit "A"**. Among other things, the study reveals that, in 2017, the operation of all gaming activity in Canada:

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- (a) generated \$16.4 billion of total gross output, including purchases of goods and services needed to sustain gaming activity;
- (b) added \$8.7 billion to the country's GDP; and
- (c) supported more than 91,500 full-time equivalent jobs across Canada.

11. From the CGA's perspective, it is crucial that facts like these are documented reliably and in an unbiased manner, and made accessible to as many Canadians as possible. By harnessing the data, and its members' deep experience and expertise, the CGA believes that it can improve the public's understanding of the gaming industry and promote a more balanced dialogue about gaming in Canada.

## **B. THE CGA'S INTEREST AND POSITION IN THIS REFERENCE**

### ***(i) Leave to Intervene***

12. Granting the CGA leave to intervene will ensure that the Court has the benefit of a perspective from an organization whose members collectively possess decades of experience advocating in the gaming space. The CGA is well-placed to comment on crucial facts relating to the importance of international liquidity as it relates to the application of Section 207(1) of the *Criminal Code*, and also on the state of the gaming industry in Ontario.

13. An outline of the CGA's proposed submissions is contained in its Factum for Leave to Intervene. The CGA does not intend to repeat or duplicate the submissions of the Attorneys General.

### ***(ii) CGA's Ontario Online Gaming Membership***

14. All members of the CGA who operate online gaming websites in Ontario ("Gaming Sites") are registered as online gaming operators by the Alcohol and Gaming Commission of Ontario (the "AGCO") and are strictly regulated by that body. Registered operators of Gaming Sites provide gaming products and services such as online casino games and sports betting solely to individuals located in Ontario. In order to operate a Gaming Site in Ontario, the operator of the site in question must first enter into an operating agreement (the "Operating Agreement") with a Crown agency,

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namely iGaming Ontario or “**IGO**”. The Operating Agreement provides that the operator in question will at all times in the operation of their Gaming Site be acting as an agent of the Crown, namely IGO. The Operating Agreement provides the government with another level of close control over all of the activities of Ontario gaming operators. I will refer to the CGA’s Ontario-licensed members who offer online gaming as “**Ontario Online Gaming Operators.**”

***(iii) Liquidity Plays an Important Role in Online Gaming***

15. There are many kinds of online games. There is a broad category of games in which the player plays against the “house” (that is, the operator of the site). In these games, the player pays a fee to the house to participate in the game. If the player wins the game, he or she is paid a prize out of the house’s account. Examples of these games include online slots, blackjack, and roulette.

16. There is a conceptually different category of games in which the player plays against other players. These games are referred to generically as peer-to-peer games. In these games, the player pays an entry fee to enter into competitions of various sorts with other players. The fees paid may then be aggregated to form a prize pool, the total of which is comprised of the fees paid by all of the players who have entered the game. If the player wins or places in the game, he or she is paid a prize consisting of part or all of the total amount in the prize pool. The more players that enter the game, the bigger the prize pool, and so the bigger the prizes. Such games typically require the players to display a certain degree of skill with the most skilled player usually winning the game. Examples of these types of games include daily fantasy sports, poker, and some forms of bingo.

17. “Liquidity” is a central concept in peer-to-peer games. Liquidity is used by the industry to refer generally speaking to the aggregate amount of money paid into a prize pool by the players playing a game. The more liquidity, the bigger the potential prizes, and the more players are willing to participate in the games (and in turn, the more players paying entry fees and the more liquidity available – it is a self-reinforcing cycle). If the value of the prize pools is low, games dependent on liquidity tend to be less popular, and may even be commercially unviable, as I describe in greater detail below.

***(iv) Ontario Maintains a Restricted Liquidity Regulatory Regime***

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18. Some jurisdictions impose a regulatory regime which effectively sets up a fence around players located in a jurisdiction and prohibits them from accessing liquidity outside the jurisdiction. Such a regime is sometimes called a “ringfenced” regulatory regime. Ontario’s current regime (the “**iGaming Regime**”) is an example of a ringfenced regime.

19. The Alcohol and Gaming Commission of Ontario (the “**AGCO**”) requires Ontario Online Gaming Operators to provide games on gaming sites *only* within Ontario, subject to limited exceptions:

**3.02 Games on gaming sites shall be provided only within Ontario, unless they are conducted in conjunction with the government of another province.** (Also applicable to Gaming-Related Suppliers)

**Requirements** – At a minimum:

1. Operators must put in place mechanisms to detect and dynamically monitor the location of a player attempting to play a game and to block unverified attempts to play a game. Player location checks subsequent to the initial location check shall occur at reasonable intervals determined by the Operator that minimize the risk of play outside of Ontario. Depending on the location of the player/device, longer or shorter periods may be justified.
2. Operators must put in place mechanisms to detect software, programs, virtualization and other programs capable of circumventing player location detection.

20. I have over twenty years of experience in the gaming and online betting industry. Because of my position as President and CEO of the Canadian Gaming Association, as President and CEO of the CGA, I frequently speak to industry participants and regulators and have the opportunity to keep abreast of the current state of the market.

21. All Ontario Online Gaming Operators of which I am aware operate a gaming site offered only to persons located in Ontario (an “**Ontario Site**”). Those operators or companies related to those operators typically also operate gaming sites where games are offered to players in other jurisdictions where regulations permit such activity (“**Non-Ontario Sites**”).

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22. Ontario Online Gaming Operators use sophisticated forms of geo-tracking (a.k.a. geolocation technology) to detect the location of a player who attempts to access one of their Sites. When an Ontario-located player tries to access a Non-Ontario Site, he or she is blocked and redirected to the Ontario Site.

23. This model of geo-tracking and site compartmentalization ensures that Ontario-located players can only play games on the Ontario Site. If they play peer-to-peer games like poker or daily fantasy sports, they can only play with other players on the Ontario Site, i.e. other Ontario-located players.

24. Of course, there are minor differences in how Ontario Online Gaming Operators implement and monitor their compliance with the iGaming Regime, but to the best of my knowledge, the description above accurately represents the market standard for compliance, and represents the typical compliance strategy implemented by Ontario Online Gaming Operators.

*(v) The Consequences of Restricted Liquidity are Profound*

25. In a ringfenced regime, there are fewer players available to contribute to prize pools, and consequently, games that rely upon prize pools have lower prizes, become less attractive to players, and become less commercially viable for operators. A decision to ringfence liquidity has profound consequences on what games the industry can viably offer to players, and therefore on the overall structure of the market.

26. I am aware of at least two Ontario Online Gaming Operators – DraftKings, Inc. and FanDuel Inc. – that stopped offering daily fantasy sports competitions to Ontario-located players because of Ontario’s ringfenced regime.

27. Attached as **Exhibit “B”** is a statement from FanDuel indicating that Ontario’s restrictions on liquidity forced it to exit the Ontario market. FanDuel expressly cited the restriction on liquidity as their reason for exiting the market:

The launch of the newly regulated gaming market in Ontario on April 4 requires that any DFS contests only include participants within the province of Ontario. This would severely limit the size

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of future contests, and lead to significantly smaller prizes – a product we know will not be attractive to our players in Ontario. Therefore, FanDuel has made the decision to discontinue our DFS contests within the province of Ontario, effective April 1<sup>st</sup>.

28. Attached as **Exhibit “C”** is a statement from DraftKings indicating that their Fantasy Sports platform is no longer offered to those geolocating in Ontario. I know from discussions with my contacts in industry that the reason DraftKings does not offer their Fantasy Sports platform in Ontario is because of Ontario’s ringfenced regime.

29. I am informed by Peter Schoenke, member of the Board of Directors of the Fantasy Sports & Gaming Association, that at least five companies represented by the FSGA exited the Ontario market as well:

- (a) Yahoo!
- (b) SportsHub Game Network (National Fantasy Baseball Championship & National Fantasy Football Championship)
- (c) RTSports.com
- (d) Underdog Fantasy Sports
- (e) For Players, By Players LLC (Fantasy Football Players Championship)

30. There are many more operators in the United States who would likely offer paid fantasy sports contests in Ontario, but do not because of Ontario’s ringfenced regime.

31. Ringfenced liquidity also has serious impact on games focused on tournament play, like online poker. Global poker tournaments cannot involve Ontario players anymore, because their prize pools invariably include liquidity from players outside Ontario – and tournaments are not necessarily viable within a limited-liquidity market like Ontario. This is in addition to the many other impacts ringfenced liquidity has on poker, including difficulties attracting players.

32. Attached as **Exhibit “D”** is an article from Cover magazine in which I explain the importance of liquidity to products with prize pools, like poker and daily fantasy sports.

*(vi) Ringfenced Liquidity Creates Opportunities for Nefarious Actors*

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33. When liquidity is ringfenced, the game experience for players is changed. Players can only play against others within their fenced-in jurisdiction. Imagine Sidney Crosby being told he could only play hockey against players from Nova Scotia. It would fundamentally change his experience playing the game.

34. The simple reality is that a ringfenced liquidity regime removes opportunities for play with people outside the jurisdiction, which creates opportunities for nefarious actors to offer that service to Ontarians illegally. With well-regulated pooled games and competitions banned, some Ontarians will inevitably seek illegal play.

35. I am aware of at least one major poker and sports game provider that is not a licensed iGaming operator in Ontario, but that nevertheless offers those games to Ontario-located players.

***(vii) Additional Evidence***

36. In short, liquidity shapes the market for online gaming. A decision to prohibit liquidity, or regulate it, is a profoundly important one for the online gaming market and industry.

37. Should the CGA be granted leave to intervene, I anticipate being able to provide a further affidavit with additional evidence relevant to the matters I identify above, to the extent it would be helpful to the Court.

38. I swear this affidavit in support of CGA's motion for leave to intervene and file evidence, and also, should CGA's motion be granted, in support of CGA's intervention in the herein Reference.

SWORN remotely by Paul Burns before me at the City of Toronto, in the Province of Ontario, on April 8, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



---

Commissioner for Taking Affidavits

Gregory Ringkamp, LSO# 83479R

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*(Signature of deponent)*

Paul Burns



IN THE MATTER OF A REFERENCE TO THE COURT OF APPEAL  
PURSUANT TO SECTION 8 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990,  
C. C.34, BY ORDER IN COUNCIL 210/2024 PERMITTING INTERNATIONAL  
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**AFFIDAVIT OF PAUL BURNS**

(Sworn April 8, 2024)

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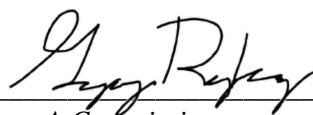
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Lawyers for the moving parties, Canadian Gaming  
Association

This is **Exhibit “A”** referred to in the Affidavit of Paul Burns, sworn remotely in accordance with O.Reg 431/20, this 8<sup>th</sup> day of April, 2024.

A handwritten signature in black ink, appearing to read "Gregory Ringkamp", written over a horizontal line.

*A Commissioner, etc.*

Gregory Ringkamp, LSO# 83479R

# THE NATIONAL ECONOMIC BENEFITS OF THE CANADIAN GAMING INDUSTRY

## KEY FINDINGS REPORT



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# The Canadian Gaming Association

The Canadian Gaming Association (CGA) is a national trade association that works to advance the evolution of Canada's gaming industry. The association's mandate is to promote the economic value of gaming in Canada; using research, innovation, and best practices to help the industry advance; and creating productive dialogue among stakeholders.

The association is committed to helping stimulate innovation in the gaming industry by creating opportunities to showcase, promote and advance new products and ideas, both in Canada and worldwide.

The CGA represents an inclusive and diverse membership and our goal is to create alliances with operators, manufacturers, lottery corporations, regulators, and other industry associations to encourage joint participation to advance issues of common cause.

## Foreword by the Canadian Gaming Association

The National Economic Benefits of the Canadian Gaming Industry (the "Study") was commissioned by the Canadian Gaming Association (CGA) to quantify the contributions that gaming makes in the Canadian economy.

The Study examines the size and growth of the industry, which is an indication of the advancement made by the Canadian gaming industry to deliver increased access to gaming options in response to market demands, consumer tastes, and societal and technological change.

The Study is a continuance of CGA's mandate to create a better understanding of the gaming industry by presenting facts related to the industry to the general public, elected officials, key decision makers and the media through education and advocacy.

## **A Large, Mature Industry and Major Contributor to the Canadian Economy**

The Canadian gaming industry is a large, mature industry that is present in every region of the country and generates significant benefits and activities across the broader Canadian economy. In 2017, the industry produced \$16.1 billion in gaming win and an additional \$1.0 billion in non-gaming revenue (food and beverage, entertainment, accommodations, retail, etc.) for a total of 17.1 billion.

The Study shows that legalized gaming, at \$16.1-billion, continues to:

- Be a pillar of the broader hospitality industry; and
- Raise significant non-tax revenues to fund key government and charitable programs and initiatives.

Gaming in Canada directly supports more than 182,500 full-time jobs and generates \$9.2 billion annually to fund government and community programs and services.

The size and scope of the industry have created a positive economic environment wherein the majority of goods and services needed to sustain operations are now produced and/or offered in Canada, and a number of Canadian companies export gaming-related products and services internationally. In 2017, the Canadian gaming industry spent \$14.6 billion on goods and service to sustain gaming operations.

## **Meaningful Economic Returns Balanced with Responsible Measures**

Gaming is an important employer and provider of meaningful economic returns to Canadians that are balanced with socially responsible measures. The industry invests approximately \$120-million annually on problem gaming treatment, research, awareness prevention initiatives and responsible gaming programs. Additionally, problem gambling rates have not risen since the mid-to-late 1990's and fall between 0.7 per cent and 1.4 per cent across the country, as more than 98 per cent of Canadians gamble for fun and entertainment.

The Canadian industry is at the forefront of responsible gaming programs, having adopted responsible gaming as a core operating philosophy, which includes education and awareness, prevention and treatment.

*Paul Burns*

*President & CEO, Canadian Gaming Association*

# 1. Introduction

HLT Advisory Inc. (“HLT”) has been retained by the Canadian Gaming Association (“CGA”) to identify and assess the economic contributions of the gaming industry to the Canadian economy based on 2017 industry data. The key findings report that follows represents an update of two previous reports that measured the economic impacts of the Canadian gaming industry in 2006 and 2010.

## 1.1. CGA Research Objectives

The CGA’s primary objective for commissioning this update research study is to determine in a recognized and established manner the contributions that gaming makes in the Canadian economy. The goals of the research exercise are to:

- Document in a reliable, factual and unbiased manner, the economic impacts of the Canadian gaming industry, with a focus on employment, revenues generated for governments/charities and total value added; and
- Provide more detailed analysis at the provincial level.

A fundamental goal of the CGA is to create balance in the public dialogue about gaming in Canada. To help achieve this, the association is attempting to create a better understanding of the gaming industry and this research study has been undertaken for this purpose.

## 1.2. Focus of National Economic Benefits Assessment

The benefits assessment contained in this report focuses on measuring the annual (2017) economic benefits generated by both:

- The operation of gaming activity (i.e. the purchase of goods and services, and labour needed to offer the gaming activity); and
- Government and charity spending of gaming profits (all levels of government including First Nations and charities are the main benefactors of gaming profits in Canada).

Other areas, such as capital expenditures on buildings and equipment, where the gaming industry generates economic benefits, are also identified. This assessment does not attempt to quantify social-related impacts.

## 1.3. Overview of Approach

To complete the assessment update, HLT undertook the following core work components:

- Reviewed the 2006 and 2010 Assessment.
- Assessed all gaming activity in Canada and identified changes since 2010.
- Collected and assembled all identified gaming activity revenue and expense data.
- Reviewed changes to Statistics Canada’s Input-Output Model (including base Input-Output tables).
- Used Statistics Canada’s Input-Output Model (closed version) to run assessment simulations.
- Analyzed the results of the various assessment simulations, made adjustments as required and completed the assessment.

The results of this update are summarized in the remainder of this report.

## 1.4. Organization of the Report

Following the **Introduction**, this key finding report is organized into two additional sections.

- **Section 2** summarizes the methodology used to estimate the economic impacts of the gaming industry.
- **Section 3** presents a summary of the economic impacts of the Canadian gaming industry by province.

The attached **Appendix** provides supporting documentation for the methodology used to complete the assessment.

# 2. Methodology and Approach

This section of the report summarizes the methodology adopted to complete the economic benefits assessment. The remainder of this section lays out the scope of the assessment, discusses measurements used and HLT's approach to complete the assessment.

## 2.1. Scope of Assessment

As with any economic benefits assessment, it is key for readers of the report to fully understand what is being measured. As stated earlier, this report focuses only on measuring the annual (2017) economic benefits generated by both:

- The operation of gaming activity (i.e. the purchase of goods and services, and labour needed to offer the gaming activity); and
- Government and charity spending of gaming profits (all levels of government including First Nations and charities are the main benefactors of gaming profits in Canada).

Benefits related to capital construction and capital maintenance projects (above and beyond typical repairs and maintenance) have not been measured. While benefits associated with these expenditures are real and significant, and do occur on a regular basis, the magnitude varies annually. The focus of the assessment is on annual impacts. The likely magnitude of capital expenditures is however discussed in the report.

As was the case in previous assessments, this updated assessment does not attempt to deal with social-related impacts.

## 2.2. Economic Measurements Used and Types of Benefits Measured

All economic benefits assessments employ the use of common economic measures and classifications of different impact types. For the purposes of this report, the following economic measures were used to summarize the economic benefits of the Canadian gaming industry:

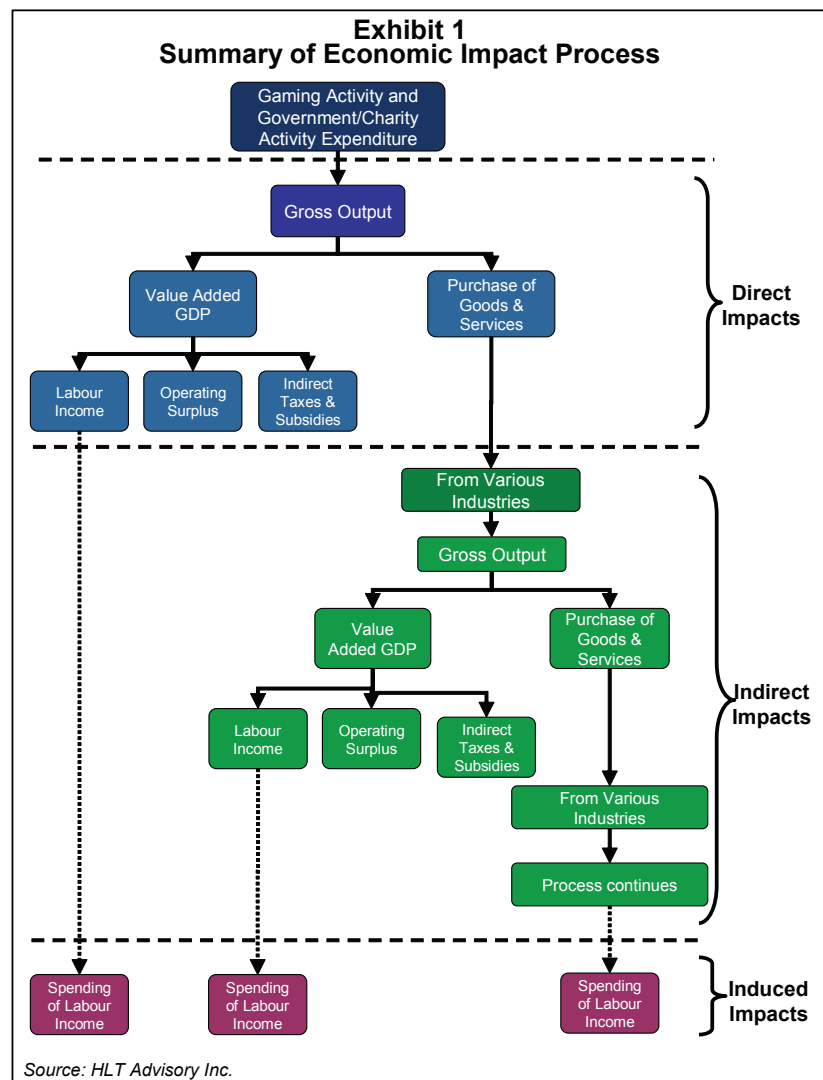
- **Gross Output** - The sum of sales generated in the economy, including the value of "purchases of goods and services" needed to sustain gaming activity and government/charity projects/programs, and "Value Added GDP".
- **Purchases of Goods and Services** – The cost of the various goods and services needed to sustain the operation of gaming activity and government/charity project/programs. In economic modeling terms, these purchases can be referred to as "intermediate inputs".



- **Value Added GDP** – Refers to the contribution of primary factors of production. Primary factors of production include labour income, indirect taxes and subsidies, and operating surplus (or profit). Under this report’s methodology, operating surplus (or profit) only refers to private sector profit as government/charity profit is removed and the spending of this profit is measured separately.
- **Labour Income** – The sum of money paid to employees (wages and salaries plus supplementary income and mixed income).
- **Employment** - The number equivalent to “full-time” jobs (can also be expressed in terms of person years of employment) that are supported by the amount of labour income paid.

All economic benefits assessments also incorporate the concept of different types of impacts. In simple terms, any type of consumer spending or industry production creates economic impacts within an economy. For example, the purchase of a commodity generates an impact in the industry that produces that commodity. In turn, the industry that produced that commodity had to purchase other commodities that were in turn produced by yet other industries. This process creates a chain reaction in the economy. From a measurement perspective, this chain reaction creates a total “impact” that is greater than the initial spending on (purchase of) the commodity. Throughout this chain reaction, labour income is generated. The spending of labour income generates additional impacts. Within this economic process (as summarized in Exhibit 1 following), it is common to distinguish or isolate three types of impacts.

- **Direct Impacts** – Impacts related to the initial change in the economy. In terms of the operation of gaming activities, direct impacts are produced by the purchase of/spending on goods and services, and labour needed to offer gaming activity to customers.
- **Indirect Impacts** – These impacts represent the “backwards linkages in the economy” – i.e., the production of a particular commodity or the offering of a particular service requires the purchase of other commodities or services produced by other industries



(or second, third and so on rounds of impacts). For example, the purchase of playing cards by casino operators represents a direct impact. The production of those playing cards as well as the production of the paper, ink and plastic needed to make the playing cards represent indirect impacts.

- **Induced Impacts** – These impacts are the result of spending of labour income that is generated from both direct and indirect impacts.

The operation of gaming activity and the spending of government/charity gaming related revenues generate direct, indirect and induced impacts in terms of Gross Output, Purchase of Goods and Services, Value Added GDP, Labour Income and Employment.

### 2.3. HLT Approach

To complete the assessment, HLT undertook the following work steps:

- Identified, assembled and analyzed revenue and operating expense data for all Canadian gaming activity (2017). Gaming activity includes all forms of legal gaming regardless of who operates the activity or who is the main financial beneficiary of the activity – government, private sector, charity. The main sources of revenue and expense data included published annual reports of various government gaming entities and private sector operators.

*Note: Gaming revenue or win that is generated by gaming activity that is conducted and managed by a province is reported on a March 31st fiscal year end and represents over 90 percent of the total gaming win in Canada. All other revenue is generally reported on a calendar basis. For presentation purposes, fiscal and calendar year end data have been combined. For instance, March 2017 data has been combined with December 2016 data and labelled “2017”.*

Where either revenue or expense data was not readily available, HLT estimated these numbers based on past work experience in the Canadian gaming industry. Industry contacts were utilized to verify certain assumptions and estimates. HLT maintains a large database of gaming activity (revenue) data in Canada. This database is updated annually based on published annual reports and periodically based on new information; the latter component is related to work assignments (HLT’s principals have continuously provided advisory services to the Canadian gaming industry since the early 1990s).

- HLT estimated the direct impacts of gaming operations (i.e., Gross Output, Purchase of Goods and Services, Value Added GDP, Labour Income and Employment). HLT also estimated expenditure areas of government profit (i.e., education, health, etc.). These estimates represent the model inputs or “shock values” use to run the various simulations of Statistics Canada’s Input-Output Model.
- Inquired if changes were made to Statistics Canada’s Input-Output Model since it was used to complete the 2010 Assessment. Besides the base Input-Output tables which were updated (2014 is the current base year Input-Output tables that Statistics Canada uses) and the fact that HLT used the “closed model” (estimated both indirect and induced impacts in one model run), the major change in the 2014 model is that the model conversion into Full-Time Equivalent (“FTE”) jobs is based on employee jobs only; self-employed jobs are not converted into FTE jobs. This produces lower indirect and induced jobs as compared to the model used to estimate the 2010 impacts.

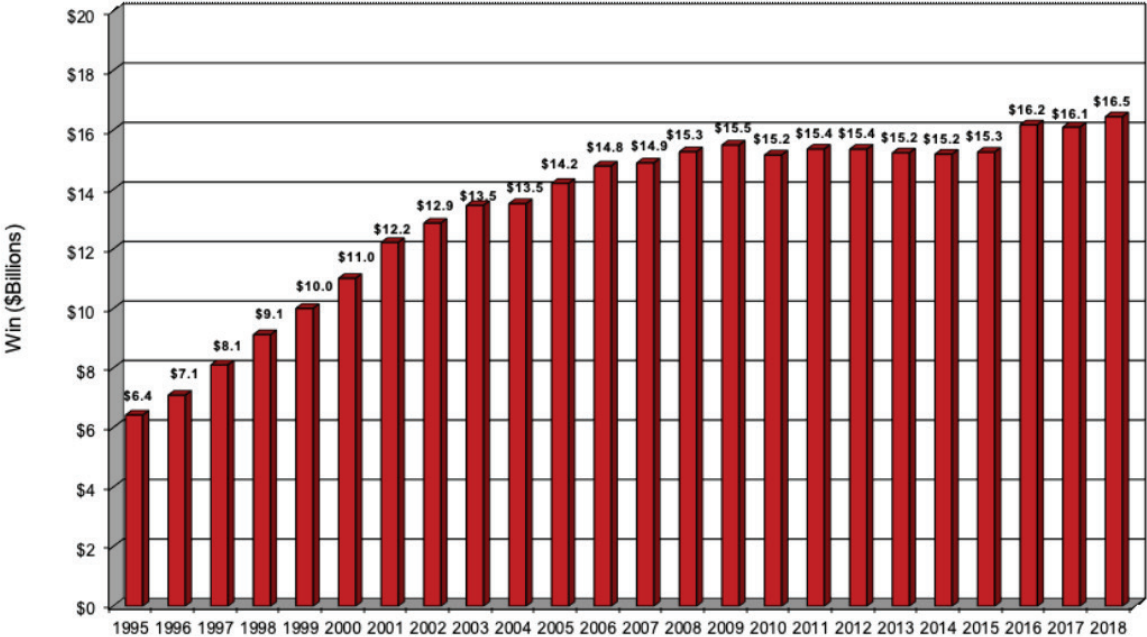
- Used Statistics Canada’s 2014 Input-Output (Closed) Model to run model simulations. Reviewed the results and adjusted (final impact numbers) where necessary. The main adjustment was that HLT estimated the direct employment associated with gaming operations as opposed to using the model output (see Appendix A for a more detailed discussion of Statistic Canada’s Input-Output Model and HLT adjustments).
- The economic benefits estimates contained in this report are presented in terms of the benefits generated from the operation of gaming activity and government/charity spending of gaming profits of each provincial gaming industry, regardless of which province receives the benefits. For example, the total economic benefits generated by the British Columbian gaming industry are not confined to British Columbia; other provinces also receive benefits. While Statistics Canada’s Input-Output Model did provide an estimate of impacts that were generated by one province on all others, these results (i.e. where the impacts were generated) are less reliable, especially for smaller provinces. For this reason, HLT decided to present the benefits on the basis of benefits generated by each provincial industry as opposed to benefits generated for each province. With this said, HLT believes that the majority of direct benefits are generated in the province where the expenditures were made.

This research project was undertaken between July and November 2018.

### 3. The Results

This section of the report presents the results of the National Economic Benefits assessment. First a brief overview of the Canadian gaming industry is provided.

**Exhibit 2  
Canadian Gaming Industry Win Trends**



Source: HLT Advisory Inc. based on most recent data available from various provincial government agency/corporation annual reports and HLT estimates, subject to update as further information becomes available.

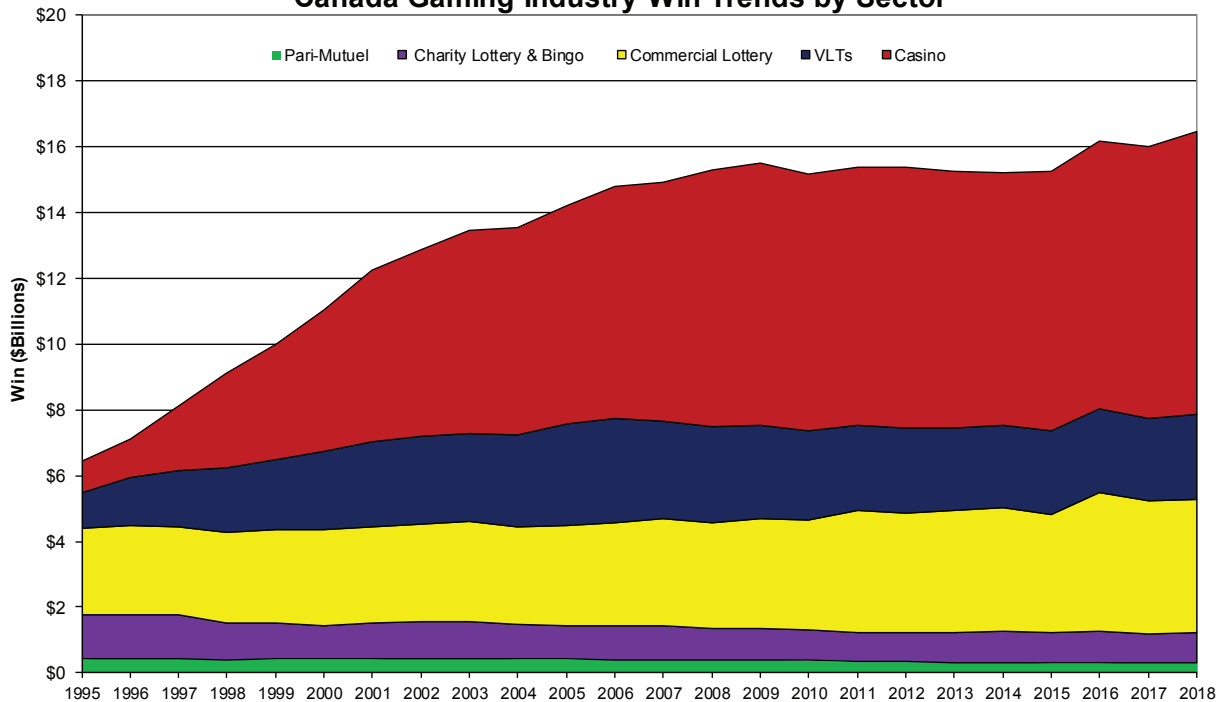
### 3.1. The Canadian Gaming Industry

The Canadian gaming industry is a large mature industry that is present in every region of the country. As shown in Exhibit 2 following, the industry generated \$16.1 billion of gaming win in 2017. An additional \$1.0 billion of non-gaming revenue (i.e., food and beverage, entertainment, accommodations, retail, etc.) was also generated for a total industry revenue base of \$17.1 billion.

Gaming activity or sectors available in virtually all regions of the country include:

- Casinos and casino “style” facilities – 114 facilities containing over 65,000 electronic gaming machines and 2,000 tables (all provinces except Newfoundland and Labrador).
- VLTs (Video Lottery Terminals) – 4,680 sites containing over 34,000 VLTs (all provinces except British Columbia and Ontario).
- Commercial lotteries – over 30,000 lottery ticket terminals (all provinces)
- Charity lotteries and bingo – over 52,000 charity gaming licenses issued (across all provinces) and almost 200 permanent bingo halls and numerous facilities where bingo events are regularly held. British Columbia, Manitoba and Ontario also contain over 12,000 electronic gaming machines for bingo games and break-open tickets in designated bingo halls/casinos.
- Pari-Mutuel or horse racing – 227 racetracks and tele-theatres locations (all provinces except Newfoundland and Labrador).
- Internet gaming, while not considered a gaming sector, is currently available in all provinces except Saskatchewan and Alberta.

**Exhibit 3  
Canada Gaming Industry Win Trends by Sector**



Source: HLT Advisory Inc. based on most recent data available from various government agency/corporation annual reports and HLT estimates, subject to update as further information becomes available.

As shown in Exhibit 3 following, casinos accounted for approximately 51 percent of total industry win in 2017. In addition, casinos also accounted for approximately 91 percent of the \$1.0 billion of non-gaming revenues that the industry generated. Commercial lotteries accounted for approximately 25 percent of total win followed by VLTs at approximately 16 percent and charity lotteries and bingo at approximately 6 percent.

### 3.2. Economic Benefits from Gaming Operation Expenditures

Exhibit 4 following summarize the economic benefits generated by operating gaming activity in Canada. As stated in Section 2.3, the economic impact estimates by province are presented in terms of the impacts generated from the operation of gaming activity in each province, regardless of which province receives the benefits.

<b>Exhibit 4</b>											
<b>Economic Impact of the Canadian Gaming Industry from Gaming Operations by Province</b>											
	<b>BC</b>	<b>AB</b>	<b>SK</b>	<b>MB</b>	<b>ON</b>	<b>QC</b>	<b>NB</b>	<b>PE</b>	<b>NS</b>	<b>NL</b>	<b>CND</b>
<b>Investment Base (\$000)</b>											
<b>Total</b>	<b>\$2,725,244</b>	<b>\$1,343,403</b>	<b>\$562,466</b>	<b>\$875,333</b>	<b>\$5,176,514</b>	<b>\$1,870,518</b>	<b>\$126,568</b>	<b>\$34,558</b>	<b>\$204,042</b>	<b>\$54,146</b>	<b>\$12,972,792</b>
<b>Revenue</b>											
Gaming Win	\$2,519,030	\$2,564,982	\$732,976	\$767,947	\$5,836,996	\$2,629,196	\$317,956	\$52,548	\$402,511	\$277,894	\$16,102,036
Non-Gaming	\$168,602	\$197,665	\$40,258	\$46,643	\$425,366	\$102,193	\$21,496	\$2,914	\$13,907	\$1,212	\$1,020,255
<b>Total</b>	<b>\$2,687,632</b>	<b>\$2,762,647</b>	<b>\$773,234</b>	<b>\$814,589</b>	<b>\$6,262,362</b>	<b>\$2,731,389</b>	<b>\$339,451</b>	<b>\$55,462</b>	<b>\$416,418</b>	<b>\$279,106</b>	<b>\$17,122,291</b>
<b>Gross Output (\$000)</b>											
Direct	\$1,314,831	\$1,005,158	\$373,590	\$387,872	\$3,394,593	\$1,400,703	\$157,707	\$36,848	\$189,385	\$123,919	\$8,384,606
Indirect	\$529,487	\$484,919	\$166,598	\$150,715	\$2,048,442	\$894,964	\$91,964	\$25,456	\$98,698	\$94,076	\$4,585,318
Induced	\$542,089	\$358,303	\$145,095	\$145,463	\$1,509,064	\$569,566	\$55,641	\$15,620	\$70,894	\$33,256	\$3,444,991
<b>Total</b>	<b>\$2,386,407</b>	<b>\$1,848,380</b>	<b>\$685,283</b>	<b>\$684,050</b>	<b>\$6,952,100</b>	<b>\$2,865,233</b>	<b>\$305,311</b>	<b>\$77,924</b>	<b>\$358,978</b>	<b>\$251,251</b>	<b>\$16,414,916</b>
<b>Purchase of Goods &amp; Services (\$000)</b>											
Direct	\$514,827	\$495,669	\$190,434	\$194,865	\$1,723,737	\$776,752	\$79,535	\$23,046	\$99,153	\$84,525	\$4,182,540
Indirect	\$238,757	\$237,702	\$81,050	\$70,544	\$930,072	\$408,087	\$39,897	\$12,247	\$43,493	\$46,398	\$2,108,249
Induced	\$215,572	\$148,416	\$59,724	\$58,757	\$642,120	\$244,648	\$23,989	\$6,757	\$30,542	\$14,202	\$1,444,726
<b>Total</b>	<b>\$969,155</b>	<b>\$881,787</b>	<b>\$331,208</b>	<b>\$324,165</b>	<b>\$3,295,930</b>	<b>\$1,429,486</b>	<b>\$143,421</b>	<b>\$42,051</b>	<b>\$173,187</b>	<b>\$145,125</b>	<b>\$7,735,516</b>
<b>Value Added GDP (\$000)</b>											
Direct	\$800,004	\$509,489	\$183,156	\$193,007	\$1,670,856	\$623,951	\$78,171	\$13,803	\$90,233	\$39,395	\$4,202,066
Indirect	\$290,730	\$247,217	\$85,548	\$80,171	\$1,118,370	\$486,877	\$52,067	\$13,208	\$55,205	\$47,678	\$2,477,070
Induced	\$326,517	\$209,887	\$85,371	\$86,706	\$866,944	\$324,919	\$31,652	\$8,862	\$40,353	\$19,054	\$2,000,265
<b>Total</b>	<b>\$1,417,251</b>	<b>\$966,593</b>	<b>\$354,075</b>	<b>\$359,885</b>	<b>\$3,656,170</b>	<b>\$1,435,746</b>	<b>\$161,890</b>	<b>\$35,873</b>	<b>\$185,790</b>	<b>\$106,127</b>	<b>\$8,679,400</b>
<b>Labour Income (\$000)</b>											
Direct	\$428,707	\$302,293	\$135,536	\$132,712	\$1,097,543	\$438,727	\$33,413	\$8,882	\$43,284	\$14,845	\$2,635,941
Indirect	\$178,205	\$156,693	\$52,116	\$49,554	\$738,441	\$314,054	\$35,074	\$8,505	\$39,227	\$31,075	\$1,602,944
Induced	\$141,719	\$95,410	\$37,741	\$38,066	\$408,145	\$157,775	\$14,428	\$3,994	\$18,625	\$8,994	\$924,895
<b>Total</b>	<b>\$748,631</b>	<b>\$554,396</b>	<b>\$225,393</b>	<b>\$220,332</b>	<b>\$2,244,129</b>	<b>\$910,556</b>	<b>\$82,915</b>	<b>\$21,382</b>	<b>\$101,135</b>	<b>\$54,914</b>	<b>\$5,163,781</b>
<b>Employment (FTE)</b>											
Direct	8,868	6,599	2,996	2,793	21,446	7,435	790	215	913	289	52,345
Indirect	2,603	1,995	725	730	11,029	4,894	728	171	830	479	24,183
Induced	2,297	1,386	596	624	6,546	2,742	262	75	341	150	15,019
<b>Total</b>	<b>13,768</b>	<b>9,980</b>	<b>4,316</b>	<b>4,147</b>	<b>39,021</b>	<b>15,071</b>	<b>1,780</b>	<b>461</b>	<b>2,084</b>	<b>917</b>	<b>91,547</b>
<b>Average Salaries</b>											
Direct	\$48,342	\$45,807	\$45,242	\$47,509	\$51,177	\$59,010	\$42,310	\$41,319	\$47,387	\$51,380	\$50,357
Indirect	\$68,461	\$78,527	\$71,911	\$67,920	\$66,955	\$64,172	\$48,173	\$49,697	\$47,276	\$64,922	\$66,283
Induced	\$61,693	\$68,852	\$63,371	\$61,005	\$62,349	\$57,534	\$54,974	\$53,413	\$54,587	\$60,107	\$61,582
<b>Total</b>	<b>\$54,373</b>	<b>\$55,548</b>	<b>\$52,222</b>	<b>\$53,131</b>	<b>\$57,511</b>	<b>\$60,417</b>	<b>\$46,575</b>	<b>\$46,392</b>	<b>\$48,521</b>	<b>\$59,871</b>	<b>\$56,406</b>

Source: HLT Advisory Inc. based on Statistics Canada Input-Output Model and HLT estimates.

The operation of all gaming activity in Canada generated:

- \$16.4 billion of total Gross Output
- \$7.7 billion of total Purchases of Goods and Services
- \$8.7 billion of total Value Added GDP (gross domestic product)
- \$5.2 billion of total Labour Income which supported over 91,500 total jobs (full-time equivalent).

In addition to the economic benefits generated from the operation of gaming activity, the industry also has generated substantial benefits from the construction of facilities and the purchase of capital equipment. Based on the initial cost of capitalized assets the industry had invested almost \$13.0 billion in capital assets by the end of 2017.

This total amount of capital investment continues to increase as new facilities are constructed and existing facilities are expanded and/or “refreshed”. Also, gaming and non-gaming equipment and furniture and fixtures are continually being replaced. While these capital expenditures have not been included in the operational expenditure numbers used to calculate the 2017 benefits, they are real and positively impact the construction industry and manufacturers of both gaming and non-gaming equipment such as table games, playing cards, electronic gaming machines, and furniture and fixtures.

### 3.3. Economic Benefits from Government/Charity Spending of Gaming Profits

Exhibit 5 following summarize the economic impacts generated by the spending of gaming profits by governments and charities in Canada. As stated in Section 2.3, the economic benefits estimates by province are presented in terms of the benefits generated from the spending of gaming profit by governments (all levels and including First Nations) and charities in each province, regardless of which province receives the benefits.

The spending of gaming profits by governments and charities in Canada generated:

- \$17.1 billion of total Gross Output
- \$6.9 billion of total Purchases of Goods and Services
- \$10.2 billion of total Value Added GDP (gross domestic product)
- \$6.7 billion of total Labour Income which supported almost 91,000 total jobs (full-time equivalent).

<b>Exhibit 5</b>											
<b>Economic Impact of the Canadian Gaming Industry from Government/Charity Spending of Gaming Profit by Province</b>											
	<b>BC</b>	<b>AB</b>	<b>SK</b>	<b>MB</b>	<b>ON</b>	<b>QC</b>	<b>NB</b>	<b>PE</b>	<b>NS</b>	<b>NL</b>	<b>CND</b>
<b>Revenue</b>											
Gaming Win	\$2,519,030	\$2,564,982	\$732,976	\$767,947	\$5,836,996	\$2,629,196	\$317,956	\$52,548	\$402,511	\$277,894	\$16,102,036
Non-Gaming	\$168,602	\$197,665	\$40,258	\$46,643	\$425,366	\$102,193	\$21,496	\$2,914	\$13,907	\$1,212	\$1,020,255
<b>Total</b>	<b>\$2,687,632</b>	<b>\$2,762,647</b>	<b>\$773,234</b>	<b>\$814,589</b>	<b>\$6,262,362</b>	<b>\$2,731,389</b>	<b>\$339,451</b>	<b>\$55,462</b>	<b>\$416,418</b>	<b>\$279,106</b>	<b>\$17,122,291</b>
<b>Gross Output (\$000)</b>											
Direct	\$1,372,801	\$1,757,489	\$399,644	\$426,718	\$2,867,769	\$1,330,686	\$181,745	\$18,614	\$227,033	\$155,187	\$8,737,685
Indirect	\$701,058	\$819,323	\$177,552	\$198,179	\$1,409,263	\$575,518	\$69,714	\$8,472	\$104,800	\$65,269	\$4,129,147
Induced	\$735,811	\$852,775	\$211,198	\$201,632	\$1,364,854	\$573,615	\$92,739	\$10,331	\$125,692	\$72,056	\$4,240,703
<b>Total</b>	<b>\$2,809,670</b>	<b>\$3,429,587</b>	<b>\$788,394</b>	<b>\$826,529</b>	<b>\$5,641,885</b>	<b>\$2,479,819</b>	<b>\$344,197</b>	<b>\$37,416</b>	<b>\$457,525</b>	<b>\$292,512</b>	<b>\$17,107,534</b>
<b>Purchase of Goods &amp; Services (\$000)</b>											
Direct	\$577,734	\$663,623	\$143,086	\$168,110	\$1,202,898	\$514,200	\$59,647	\$6,705	\$86,484	\$57,483	\$3,479,971
Indirect	\$284,687	\$320,568	\$74,779	\$82,451	\$565,687	\$217,598	\$29,721	\$3,620	\$44,871	\$27,652	\$1,651,633
Induced	\$291,307	\$352,825	\$86,812	\$81,433	\$581,042	\$246,801	\$40,075	\$4,486	\$54,189	\$30,821	\$1,769,789
<b>Total</b>	<b>\$1,153,728</b>	<b>\$1,337,016</b>	<b>\$304,678</b>	<b>\$331,994</b>	<b>\$2,349,628</b>	<b>\$978,598</b>	<b>\$129,442</b>	<b>\$14,810</b>	<b>\$185,544</b>	<b>\$115,956</b>	<b>\$6,901,394</b>
<b>Value Added GDP (\$000)</b>											
Direct	\$795,067	\$1,093,866	\$256,557	\$258,608	\$1,664,870	\$816,486	\$122,098	\$11,909	\$140,548	\$97,704	\$5,257,714
Indirect	\$416,370	\$498,755	\$102,773	\$115,729	\$843,576	\$357,920	\$39,993	\$4,852	\$59,929	\$37,617	\$2,477,513
Induced	\$444,504	\$499,950	\$124,386	\$120,199	\$783,812	\$326,814	\$52,664	\$5,845	\$71,503	\$41,236	\$2,470,913
<b>Total</b>	<b>\$1,655,942</b>	<b>\$2,092,571</b>	<b>\$483,717</b>	<b>\$494,536</b>	<b>\$3,292,258</b>	<b>\$1,501,220</b>	<b>\$214,755</b>	<b>\$22,606</b>	<b>\$271,980</b>	<b>\$176,556</b>	<b>\$10,206,140</b>
<b>Labour Income (\$000)</b>											
Direct	\$623,588	\$869,850	\$217,045	\$190,077	\$1,264,771	\$585,610	\$99,046	\$9,346	\$114,640	\$78,430	\$4,052,402
Indirect	\$254,851	\$308,928	\$57,824	\$67,922	\$526,503	\$205,092	\$23,912	\$2,926	\$37,042	\$24,132	\$1,509,132
Induced	\$192,049	\$226,683	\$54,519	\$52,522	\$368,730	\$159,262	\$23,925	\$2,617	\$32,932	\$19,521	\$1,132,760
<b>Total</b>	<b>\$1,070,488</b>	<b>\$1,405,461</b>	<b>\$329,387</b>	<b>\$310,521</b>	<b>\$2,160,004</b>	<b>\$949,964</b>	<b>\$146,883</b>	<b>\$14,888</b>	<b>\$184,613</b>	<b>\$122,083</b>	<b>\$6,694,294</b>
<b>Employment (FTE)</b>											
Direct	8,763	10,636	3,263	2,827	14,830	8,289	1,524	128	1,816	1,184	53,260
Indirect	3,399	3,614	745	940	6,714	2,767	376	52	594	330	19,531
Induced	3,110	3,244	858	860	5,891	2,781	440	50	603	323	18,160
<b>Total</b>	<b>15,272</b>	<b>17,494</b>	<b>4,865</b>	<b>4,628</b>	<b>27,435</b>	<b>13,837</b>	<b>2,340</b>	<b>230</b>	<b>3,014</b>	<b>1,836</b>	<b>90,952</b>
<b>Average Salaries</b>											
Direct	\$71,164	\$81,780	\$66,519	\$67,236	\$85,286	\$70,652	\$64,978	\$72,827	\$63,115	\$66,266	\$76,087
Indirect	\$74,975	\$85,483	\$77,632	\$72,253	\$78,414	\$74,110	\$63,655	\$56,146	\$62,361	\$73,211	\$77,268
Induced	\$61,746	\$69,885	\$63,578	\$61,038	\$62,589	\$57,274	\$54,359	\$52,481	\$54,576	\$60,408	\$62,375
<b>Total</b>	<b>\$70,094</b>	<b>\$80,339</b>	<b>\$67,702</b>	<b>\$67,103</b>	<b>\$78,730</b>	<b>\$68,655</b>	<b>\$62,768</b>	<b>\$64,648</b>	<b>\$61,257</b>	<b>\$66,482</b>	<b>\$73,603</b>

Source: HLT Advisory Inc. based on Statistics Canada Input-Output Model and HLT estimates.

### 3.4. Total Economic Benefits of the Canadian Gaming Industry

Exhibit 6 following summarize the total economic benefits generated by both the operating of gaming activity and the spending of gaming profits by governments and charities in Canada. As stated in Section 2.3, the economic benefits estimates by province are presented in terms of the benefits generated from the operation of gaming activity and spending of gaming profit by governments and charities in each province, regardless of which province receives the benefits.

The operation of all gaming activity and spending of gaming profits by governments and charities in Canada generated:

- \$33.5 billion of total Gross Output
- \$14.6 billion of total Purchases of Goods and Services
- \$18.9 billion of total Value Added GDP (gross domestic product)
- \$11.9 billion of total Labour Income which supported almost 182,500 total jobs (full-time equivalent).



<b>Exhibit 6</b>											
<b>Total Economic Impact of the Canadian Gaming Industry by Province</b>											
	<b>BC</b>	<b>AB</b>	<b>SK</b>	<b>MB</b>	<b>ON</b>	<b>QC</b>	<b>NB</b>	<b>PE</b>	<b>NS</b>	<b>NL</b>	<b>CND</b>
<b>Revenue</b>											
Gaming Win	\$2,519,030	\$2,564,982	\$732,976	\$767,947	\$5,836,996	\$2,629,196	\$317,956	\$52,548	\$402,511	\$277,894	\$16,102,036
Non-Gaming	\$168,602	\$197,665	\$40,258	\$46,643	\$425,366	\$102,193	\$21,496	\$2,914	\$13,907	\$1,212	\$1,020,255
<b>Total</b>	<b>\$2,687,632</b>	<b>\$2,762,647</b>	<b>\$773,234</b>	<b>\$814,589</b>	<b>\$6,262,362</b>	<b>\$2,731,389</b>	<b>\$339,451</b>	<b>\$55,462</b>	<b>\$416,418</b>	<b>\$279,106</b>	<b>\$17,122,291</b>
<b>Gross Output (\$000)</b>											
Direct	\$2,687,632	\$2,762,647	\$773,234	\$814,589	\$6,262,362	\$2,731,389	\$339,451	\$55,462	\$416,418	\$279,106	\$17,122,291
Indirect	\$1,230,545	\$1,304,242	\$344,151	\$348,894	\$3,457,705	\$1,470,481	\$161,677	\$33,928	\$203,498	\$159,345	\$8,714,465
Induced	\$1,277,900	\$1,211,078	\$356,293	\$347,096	\$2,873,918	\$1,143,181	\$148,380	\$25,950	\$196,587	\$105,312	\$7,685,694
<b>Total</b>	<b>\$5,196,076</b>	<b>\$5,277,967</b>	<b>\$1,473,677</b>	<b>\$1,510,579</b>	<b>\$12,593,985</b>	<b>\$5,345,051</b>	<b>\$649,509</b>	<b>\$115,340</b>	<b>\$816,502</b>	<b>\$543,763</b>	<b>\$33,522,450</b>
<b>Purchase of Goods &amp; Services (\$000)</b>											
Direct	\$1,092,561	\$1,159,292	\$333,520	\$362,974	\$2,926,635	\$1,290,952	\$139,182	\$29,751	\$185,637	\$142,008	\$7,662,512
Indirect	\$523,444	\$558,270	\$155,830	\$152,995	\$1,495,760	\$625,685	\$69,618	\$15,867	\$88,364	\$74,050	\$3,759,882
Induced	\$506,878	\$501,241	\$146,536	\$140,190	\$1,223,163	\$491,448	\$64,064	\$11,243	\$84,731	\$45,022	\$3,214,516
<b>Total</b>	<b>\$2,122,883</b>	<b>\$2,218,803</b>	<b>\$635,886</b>	<b>\$656,159</b>	<b>\$5,645,557</b>	<b>\$2,408,084</b>	<b>\$272,864</b>	<b>\$56,861</b>	<b>\$358,732</b>	<b>\$261,080</b>	<b>\$14,636,909</b>
<b>Value Added GDP (\$000)</b>											
Direct	\$1,595,071	\$1,603,355	\$439,714	\$451,615	\$3,335,727	\$1,440,437	\$200,269	\$25,711	\$230,781	\$137,098	\$9,459,779
Indirect	\$707,100	\$745,972	\$188,321	\$195,900	\$1,961,946	\$844,797	\$92,059	\$18,060	\$115,134	\$85,295	\$4,954,583
Induced	\$771,021	\$709,837	\$209,757	\$206,906	\$1,650,755	\$651,733	\$84,316	\$14,707	\$111,856	\$60,290	\$4,471,178
<b>Total</b>	<b>\$3,073,193</b>	<b>\$3,059,163</b>	<b>\$837,792</b>	<b>\$854,421</b>	<b>\$6,948,428</b>	<b>\$2,936,967</b>	<b>\$376,645</b>	<b>\$58,479</b>	<b>\$457,770</b>	<b>\$282,683</b>	<b>\$18,885,540</b>
<b>Labour Income (\$000)</b>											
Direct	\$1,052,295	\$1,172,143	\$352,580	\$322,789	\$2,362,314	\$1,024,336	\$132,459	\$18,228	\$157,923	\$93,275	\$6,688,343
Indirect	\$433,057	\$465,620	\$109,940	\$117,476	\$1,264,944	\$519,146	\$58,986	\$11,431	\$76,269	\$55,207	\$3,112,076
Induced	\$333,768	\$322,093	\$92,260	\$90,588	\$776,875	\$317,037	\$38,353	\$6,611	\$51,556	\$28,515	\$2,057,656
<b>Total</b>	<b>\$1,819,119</b>	<b>\$1,959,857</b>	<b>\$554,780</b>	<b>\$530,853</b>	<b>\$4,404,133</b>	<b>\$1,860,520</b>	<b>\$229,798</b>	<b>\$36,270</b>	<b>\$285,748</b>	<b>\$176,997</b>	<b>\$11,858,075</b>
<b>Employment (FTE)</b>											
Direct	17,631	17,236	6,259	5,620	36,276	15,724	2,314	343	2,730	1,472	105,605
Indirect	6,002	5,609	1,470	1,670	17,743	7,661	1,104	223	1,424	808	43,714
Induced	5,407	4,629	1,453	1,484	12,437	5,523	703	125	945	473	33,179
<b>Total</b>	<b>29,041</b>	<b>27,474</b>	<b>9,181</b>	<b>8,775</b>	<b>66,457</b>	<b>28,908</b>	<b>4,120</b>	<b>691</b>	<b>5,098</b>	<b>2,754</b>	<b>182,499</b>
<b>Average Salaries</b>											
Direct	\$59,684	\$68,006	\$56,335	\$57,432	\$65,121	\$65,147	\$57,242	\$53,096	\$57,853	\$63,345	\$63,334
Indirect	\$72,150	\$83,009	\$74,811	\$70,360	\$71,291	\$67,761	\$53,442	\$51,202	\$53,569	\$68,303	\$71,191
Induced	\$61,724	\$69,576	\$63,493	\$61,024	\$62,463	\$57,403	\$54,589	\$53,040	\$54,580	\$60,313	\$62,016
<b>Total</b>	<b>\$62,640</b>	<b>\$71,334</b>	<b>\$60,425</b>	<b>\$60,499</b>	<b>\$66,271</b>	<b>\$64,360</b>	<b>\$55,772</b>	<b>\$52,475</b>	<b>\$56,050</b>	<b>\$64,280</b>	<b>\$64,976</b>

Source: HLT Advisory Inc. based on Statistics Canada Input-Output Model and HLT estimates.



# Appendix A

## Methodology Background

Consistent with the 2006 and 2010 National Economic Benefits assessments, HLT used Statistics Canada's Input-Output Model ("Model"). It is a comprehensive model that measures economic impacts at both the national and provincial level. The Model (closed version) is capable of estimating direct, indirect and induced impacts.

The Model has been constructed based on the Canadian Input-Output Tables. The Input-Output Tables describe the actual flow of goods and services between industries and final demand sectors. They are created annually and at the most detailed level, show the relationship between industries, final demand sectors and commodities.

The Model is currently based on 2014 Input-Output Tables. While data is collected annually, it takes about 30 months to complete the national Input-Output Tables and 36 months to complete the provincial Input-Output Tables.

### Model Base Data

The Canadian System of National Accounts ("SNA"), a branch of Statistics Canada, is responsible for compiling the data for the Input-Output Tables. These data are collected annually from various sources including surveys, administrative sources (i.e., tax records), professional and industrial organizations, and non-government institutions. In the case of the "gambling industry" (SNA's term for the gaming industry), data are collected primarily from provincial lottery corporation annual reports.

The SNA's definition of the gaming industry is limited to "government-run" lotteries, video lottery terminals ("VLTs") and casinos. Revenues generated by or for charities and/or on First Nation lands are excluded from this definition. Hence, this definition excludes:

- First Nation casinos and VLTs;
- Table revenue from Alberta casinos (as tables are operated by/for charities);
- Charity-run bingo halls and lotteries; and
- Pari-mutuel revenue except from "off-track" betting facilities.

With regard to pari-mutuel activity at racetracks, this activity is included in the Spectator Sport Industry.

### Using the Model to Estimate Gaming Activity Operational Expenditure Impacts

Two main challenges of using the Model to estimate gaming activity operating expenditures were identified.

- Definition and structure of the gaming industry.
- Classification of certain gaming operating expenses into commodities.

The limited definition of the industry used by Statistics Canada affects the structure of the gaming industry as depicted in the Input-Output Tables. The inclusion or exclusion of certain gaming activities can impact the structure of the gaming industry as certain gaming activities have different operating expense structures than others.

In previous assessments, HLT used revenue data as model inputs and revised the results and adjusted the Model output multipliers where necessary. For this update assessment, HLT estimated direct impacts (Gross Output, Purchase of Goods and Services, Value Added GDP and Labour Income) and used these estimates as Model inputs. HLT reviewed the results and adjusted the number of direct FTE jobs (average salaries) based on detail information on the actual number of FTE jobs in the Gaming Industry (HLT was able to determine the number of jobs generated by approximately 80% of industry labour income and estimated the jobs supported by the remaining percent of labour income).

## Using the Model to Estimate Government/Charity Gaming Revenue

To complete the assessment of government/charity spending of gaming revenue (profit), HLT undertook the following steps:

1. Identified shares of gaming revenue by all levels of government (including First Nations) and charity.
2. Subtracted the federal government's share of revenue (GST, federal "lottery" payment and CPMA levy) and that portion of revenue not remitted to provincial governments from provincial gaming corporations/entities (i.e., used for capital expenditures, reserves, and repayment of principal on loans).
3. Allocated remaining revenue for both provincial governments and charities into broad service categories in the Input-Output Tables:
  - Services provided by non-profit (used as proxy for charity spending)
  - Government funding of hospitals
  - Government funding of education
  - Other provincial government services
  - Other municipal government services

Where details were available (e.g., portion of revenue allocated to municipalities), revenue was allocated to specific areas. The remaining distribution of revenue was estimated based on the general distribution of expenditures as contained in individual provincial government budgets.

4. Provided Statistics Canada with Model inputs (i.e., expenditures by service category) to run the Model.

HLT reviewed the Model results. No adjustments were made to model results.

## Data Sources and Collection

The primary source of data needed to complete the assessment was compiled from various publicly annual reports of provincial lottery/gaming corporations, regulators and like entities. Where further details were required to estimate expenditure areas, HLT relied on past work experience with industry operators and regulators.

While much of the data is in the public domain, certain detailed data is confidential to clients. This limits our ability to disclose actual expense breakdowns in this report. Hence the expense breakdowns used are only estimates and should be treated as such. With this said, HLT is confident that broad expenditure areas, namely labour income, total purchase of goods and services, GST and provincial/charity share of gaming revenue are reflective of actual totals.

This is **Exhibit “B”** referred to in the  
Affidavit of Paul Burns, sworn  
remotely in accordance with O.Reg 431/20,  
this 8<sup>th</sup> day of April, 2024.

  
\_\_\_\_\_  
*A Commissioner, etc.*  
Gregory Ringkamp, LSO# 83479R

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## WHY CAN'T I PLAY DFS IN ONTARIO?

The launch of the newly regulated gaming market in Ontario on April 4 requires that any DFS contests only include participants within the province of Ontario. This would severely limit the size of future contests, and lead to significantly smaller prizes - a product we know will not be attractive to our players in Ontario. Therefore, FanDuel has made the decision to discontinue our DFS contests within the province of Ontario, effective April 1st. FanDuel is hopeful that in the coming months regulations will change to allow larger contests, and should this change happen, FanDuel plans to bring our DFS product back to our players in Ontario.

Ontario residents can participate in daily fantasy contests while physically located in other provinces and within US states where daily fantasy is permitted. Additionally, Ontario residents will be able to utilize the FanDuel Sportsbook and Casino products launching in Ontario beginning April 4th.

All entries submitted prior to April 1st will run as normal and any winnings are fully eligible for withdrawal. Any tickets and Championship League entries won or entered on or prior to April 1st will also run as normal.

If you would like to withdraw your Fantasy account balance, you can do so here:

<https://www.fanduel.com/withdrawals> (<https://www.fanduel.com/withdrawals>)

(<https://www.fanduel.com/withdrawals>)

Additional questions? Feel free to chat with our support team using the chat button below.

### DID THIS ARTICLE ANSWER YOUR QUESTION?

Yes

No

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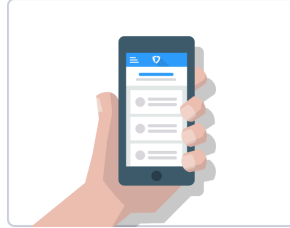
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**LIVE CHAT**

Can I create my own fantasy contest?

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FanDuel Inc

New York, NY



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If you or someone you know has a gambling problem and wants help, call 1-800-Gambler.

4/8/24, 11:08:18 AM

**LIVE CHAT**

This is **Exhibit “C”** referred to in the  
Affidavit of Paul Burns, sworn  
remotely in accordance with O.Reg 431/20,  
this 8<sup>th</sup> day of April, 2024.

  
\_\_\_\_\_  
*A Commissioner, etc.*  
Gregory Ringkamp, LSO# 83479R


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## Can I play Fantasy Sports in Ontario? (CA)

The DraftKings Fantasy Sports platform is no longer available to those geolocating in Ontario. Geolocating in any other Province aside from Ontario will permit you access.

[NEXT >](#)[How do I deposit for DraftKings Fantasy Sports? \(CA\)](#)

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Was this article helpful?

Yes 

No 

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### Support Hours

Our team is available 24 hours a day, 7 days a week.

### Privacy Notice



This is **Exhibit “D”** referred to in the Affidavit of Paul Burns, sworn remotely in accordance with O.Reg 431/20, this 8<sup>th</sup> day of April, 2024.

A handwritten signature in black ink, appearing to read "Gregory Ringkamp", written over a horizontal line.

*A Commissioner, etc.*

Gregory Ringkamp, LSO# 83479R

## DraftKings and FanDuel Shutting Down Daily Fantasy Contests in Ontario Ahead of Online Sports Betting Launch

Ontario's planned market for online sports betting could be causing some liquidity concerns for daily fantasy firms, with two major operators taking a pass on offering DFS within the province's regulatory framework.


 Geoff Zochodne (/writers/geoff-zochodne)  
Mar 28, 2022 • 18:38 ET • 4 min read



Photo By - USA TODAY Sports

Daily fantasy sports as Ontarians know it is about to be disrupted, as the province's new market for online wagering may be more hospitable for OSB than it is for DFS.

Bookmaker and daily fantasy sports (DFS) operator [FanDuel \(https://www.covers.com/betting/reviews/fanduel\)](https://www.covers.com/betting/reviews/fanduel) has said that "due to a change in government regulations," it will not be able to offer free or paid DFS contests in Ontario beginning on April 1. FanDuel added that entries submitted before April 1 will run as usual and that any winnings will be withdrawable.

The cutoff is just days before a new market for internet-based casino gambling and [online sports betting in Ontario \(https://www.covers.com/betting/canada/ontario\)](https://www.covers.com/betting/canada/ontario) will open on April 4. FanDuel was one of more than a dozen operators poised to participate in that market as of Monday morning.

"Ontario residents can participate in daily fantasy contests while physically located in other provinces and within US states where daily fantasy is permitted," a [FanDuel support article \(https://support.fanduel.com/s/article/whats-changing-about-daily-fantasy-in-ontario\)](https://support.fanduel.com/s/article/whats-changing-about-daily-fantasy-in-ontario) says. "Additionally, Ontario residents will be able to utilize the FanDuel Sportsbook and Casino products launching in Ontario beginning April 4th."

FanDuel's main rival, [DraftKings \(https://www.covers.com/betting/reviews/draft-kings\)](https://www.covers.com/betting/reviews/draft-kings), also plans to launch online sports betting (OSB) in Ontario next month. According to a message from DraftKings' customer support department, the company will shut down its DFS offerings in the province shortly before that happens.

"Upon our sports betting and iGaming launch, customers physically located in Ontario will not be eligible to play in paid or free Daily Fantasy Sports contests," the message said. "However, you can continue to play on DraftKings as permissible when located in other Canadian provinces or U.S. states."

DraftKings' [website \(https://help.draftkings.com/hc/en-ca/articles/4799423389331-Canada-Coming-Soon-\)](https://help.draftkings.com/hc/en-ca/articles/4799423389331-Canada-Coming-Soon-) says its online sportsbook and casino will be available in Ontario in April. Customers in the province will be able to keep playing in the company's DFS contests until shortly before then.

### An illiquid situation

Canadian Gaming Association President and CEO Paul Burns said there are two main issues regarding DFS in Ontario, Canada's most populous province.

One problem is that DFS was included as a gambling product in regulatory standards, forcing operators that want to offer daily fantasy contests to pony up a \$100,000 licensing fee every year and to hand over a 20% share of their revenue to the province. This could discourage smaller, "pure-play" DFS operators.

The other, larger issue is that there is no "liquidity" allowed in the province's new, regulated market, Burns said. This is a change from the current market that is not regulated by the province.

"So you can't 'mingle' players from other jurisdictions with players from Ontario," which affects both DFS and other pooled products, such as poker, Burns said in an email. "There are legal issues unresolved around having international liquidity in Ontario which we [hope] are resolved in the coming months. This is the most significant barrier to offering DFS."

Even so, the Alcohol and Gaming Commission of Ontario (AGCO) says a key objective of the province's new iGaming market is to bring sites already offering gambling to Ontarians under provincial regulation. In Ontario, the regulator told Covers, "pay-to-play" fantasy sports are considered a form of gambling and will be allowed by the AGCO's iGaming standards.


"At this time, Ontario players can only participate in games with other players located in Ontario," the AGCO's communications team said in an email. "Choosing whether or not to offer pay-to-play fantasy sports is an individual business decision that rests with registered operators. Free-to-play fantasy sports have been and will continue to be allowed to be offered after the new igaming market launches on April 4, 2022."


### A DFS loss, a sports-betting gain

The loss of DFS options in Ontario could come as new avenues for internet-based gambling open up.

Ontario's iGaming market scheduled to launch on April 4 will allow private-sector operators of [online sportsbooks \(https://www.covers.com/betting\)](https://www.covers.com/betting) and casinos to legally offer their games in the province. The only entity currently able to do so is the government-owned Ontario Lottery and Gaming Corp.

At least 30 operators have applied to join the new market, as Ontario's sizable population and its plans to allow both online sports betting and casino gambling have proven popular with bookmakers. Ontario is also the only province in Canada publicly planning such a move.

**Adam Chernoff**  [@adamchernoff](#) · [Follow](#)


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As of Monday morning, 15 non-OLG firms had received an iGaming operator registration from the Alcohol and Gaming Commission of Ontario, a key approval that's needed to take part in the province's framework.


Operators need to execute an operating agreement as well with iGaming Ontario, a government agency and AGCO subsidiary. If they do, and all their other regulatory conditions are met, new online gambling firms could legally go live in the province as early as April 4.

"To complete these steps, these organizations will have met rigorous standards of game integrity, fairness, player protections and social responsibility," iGaming Ontario's [website \(https://igamingontario.ca/en/player/regulated-igaming-market\)](https://igamingontario.ca/en/player/regulated-igaming-market) says. "Their sites will have controls preventing underage access and measures to enable more responsible gambling. They have entered legal agreements ensuring compliance with applicable laws, including anti-money laundering."







Are you in Ontario? Come join our Ontario Discord channel (<https://discord.com/invite/2itwB39hDD>) to chat with Covers personalities in real time to get all the information you need to know ahead of and during launch week.

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