

Alberta gaming revenue takes hit

Gambling earns \$1.3 billion less while alcohol sales rise to \$2B

BY JASON FEKETE, CALGARY HERALD NOVEMBER 25, 2009



The economic slump saw people gamble substantially less in Alberta last fiscal year while alcohol sales were "recession proof" and actually increased to about \$2 billion during the downturn.

Photograph by: Screen grab of a video by Gavin Young, Calgary Herald

EDMONTON - The economic slump saw people gamble substantially less in Alberta last fiscal year while alcohol sales were "recession proof" and actually increased to about \$2 billion during the downturn.

While gambling revenues fell, Albertans still spent a mind-boggling \$25 billion on VLTs, slots, and the like.

The eye-popping numbers from the 2008-09 year have opposition MLAs arguing the provincial government is addicted to gambling revenue, while sparking more questions about the number of gaming machines in Alberta and the proliferation of casinos.

On the booze front, wine and spirits continue to increase in popularity compared to beer, although suds sales in draught and bottle form continue to dwarf all other kinds of alcohol.

Wine sales, though, have increased more than one-third in the last four years.

While Albertans certainly like their liquor, they also enjoy rolling the dice.

But total gambling revenues dropped about five per cent last year to \$25 billion, down from \$26.3 billion the previous year, according to an Alberta Gaming and Liquor Commission report released Tuesday.

"It's a reflection of the downturn and also the age of our VLTs," said Solicitor General Fred Lindsay, noting many video lottery terminals are getting old and have outdated technology that's no longer appealing to regular gamblers.

Of the \$25 billion in total gaming revenues collected last fiscal year, about \$15.5 billion came from slot machines, \$8.9 billion from VLTs and the rest from electronic bingo and lottery ticket sales on such things as Lotto 6/49. About \$22.8 billion was paid back out in prizes.

The largest drop in gambling revenue came from the aging VLTs, which saw a 16 per cent drop in 2008-09 compared to the roughly \$10.5 billion the previous year.

Government policy dictates Alberta can have no more than 6,000 VLTs in the province. Last year, there were 5,964, a slight drop from previous years.

One-armed bandits -- slot machines-- gained at VLTs' expense. The number of slot machines grew about seven per cent to 12,680, while revenue increased by more than \$360 million.

The number of casinos grew to 24 last year -- a 50 per cent increase from just four years earlier.

"We gamble \$25 billion a year in Alberta?" said a gobsmacked Calgary-Buffalo Liberal MLA Kent Hehr.

"Albertans have more than enough places to gamble," he added. "The Alberta government is addicted to gaming revenues and is dependent on it more than most across Canada."

All told, gambling revenues in Alberta have soared nearly 70 per cent over the past eight years (up from nearly \$15 billion in 2001).

Indeed, Statistics Canada studies over the past few years found the average adult Albertan spent \$890 annually on gambling, far more than any other province and the national average of \$524.

Total liquor sales, meanwhile, increased both in volume and sales. More than \$2 billion was spent on booze last fiscal year, up more than \$50 million from the previous year. More than

343 million litres was consumed in total, including about 271 million litres of beer, 31 million litres of wine and 25 million litres of spirits.

"It seems like liquor is recession-proof," Lindsay said.

Gambling, however, seems to be a different story, although the numbers are still hard to fathom.

While the minister recognizes Albertans like trying lady luck, he said the total dollars spent on gaming are "not something to be worried about." Gambling revenues have traditionally reflected a young population and high wages in the province, he said.

The sliding revenue is impacting Alberta community and charitable organizations. The government's share of the gambling dollars--which is transferred to the Alberta Lottery Fund and disbursed to groups--sank more than \$100 million last year to about \$1.5 billion.

The effects of the downturn on gaming have been felt in Calgary. In August, Calgary West Hospitality Inc., operator of the Stampede Casino, placed itself into voluntary receivership. A few months earlier Evergreen Gaming Corp., owner of the Silver Dollar Casino, filed for creditor protection.

Frank Sisson, who sold the Silver Dollar in 2007, has also pointed to Alberta's smoking ban, introduced Jan. 1, 2008, as a major challenge.

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