

# OPPOSING THE EXPANSION OF EDGEWATER CASINO

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THE CASE  
FOR

OPPOSING THE EXPANSION OF EDGEWATER  
CASINO

# OPPOSING THE EXPANSION OF EDGEWATER CASINO

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## **Civic & BC political leaders**

Jonathan Baker, Former City Councillor  
May Brown, Order of BC, Order of Canada  
Hon. Pat Carney  
Marguerite Ford, Order of BC, Former City Councillor  
Gordon Gibson, Order of BC  
Peter Ladner, Former City Councillor  
Dianne Ledingham, Former Vancouver Park Board Commissioner  
Tim Louis, Former City Councillor  
Stuart Mackinnon, Park Board Commissioner, Green Party of Vancouver  
Darlene Marzari, Former City Councillor/BC MLA for Point Grey  
Setty Pendakur, Former City Councillor  
George Puil, Former City Councillor

## **Community builders & Philanthropists**

Herb Barbolet, Sustainable development expert, Founder, Farm Folk/City Folk  
Bill Chu  
Michael Clague, Order of Canada  
Mo Dhaliwal, Chair, Van. Int'l Bhangra Celebration  
Jean Swanson, Award-winning anti-poverty activist  
Milton Wong, Chancellor Emeritus SFU, Order of Canada, Order of BC  
Fred Mah

## **Architects, planners, urbanists & city builders**

Richard Balfour, Architect  
Peter Busby, Order of Canada, Founder and Chair, Canada Green Building Council  
Penny Gurstain, UBC School of Community & Regional Planning  
Colleen Hardwick (Nystedt), Urban geographer, film producer  
Ned Jacobs, urbanist  
Nick Milkovich, Architect  
Cornelia Oberlander, Order of Canada  
Mark Osburn, Architect  
Anthony Perl, Dir. SFU Urban Studies Program  
Bing Thom, Order of Canada

## **Academics & policy**

Jack Blaney, Order of Canada, Pres. Emeritus SFU  
Ann Cowan, ED SFU Harbour Centre/Morris J. Wosk Centre  
Dominique Gross, School of Public Policy, SFU  
Doug McArthur, School of Public Policy, SFU  
Dr. Marlene Moretti, CIHR Sr Research Chair, SFU  
Seth Klein, BC Director, Canadian Centre for Policy Alternatives  
Michael Stevenson, President Emeritus, SFU  
Yosef Wosk, Order of BC

## **Medical, health & addictions:**

Dr. John Blatherwick, Order of Canada, Former Chief Medical Health Officer of Vancouver 1984 - 2007  
Dr. Stephen Drance, Order of Canada  
Virginia Giles, Order of BC  
Dr. Tom Perry, MD, Former cabinet minister  
Candace Plattor, Addiction therapist

## **Judges, lawyers, law enforcement, criminology**

Prof. Neil Boyd, SFU School of Criminology  
Dr. Colin Campbell, Criminologist  
Sgt. Bob Cooper, retired VPD, gang specialist  
Peter Ditchfield, former Deputy Chief of Organized Crime Agency of BC  
Jack Giles, QC  
S/Sgt Peter Montague (Ret'd) RCMP  
Earl Moulton, Retired Commander of Saskatchewan RCMP, Chair, Vision Quest Recovery Society  
Ian Pitfield, Retired judge  
Michael Walker, Lawyer (commercial real estate/hospitality)  
Cameron Ward  
Katherine Wellburn, insolvency lawyer, former Registrar in Bankruptcy

## **Retired policing officers**

Assistant Commissioner Earl Moulton – RCMP Commanding Officer Saskatchewan (Ret'd) Chair of Vision Quest Recovery Society (Addiction recovery services, BC)  
Detective Ian Pope, Organized Crime Agency of B.C., formerly VPD, (Ret'd)  
Sergeant Ivan Chu, New Westminster Police Service (Ret'd)  
Superintendent Glenn Woods, Officer in Charge of Behavioural Sciences, RCMP (Ret'd)  
Staff Sergeant Otto Bertagnolli, RCMP Drug Section (Ret'd)  
Staff Sergeant Scot Filer, RCMP Major Crime Section (Ret'd)  
Corporal Howard Parks, RCMP Money Laundering Expert (Ret'd)  
Corporal Chris Mathers, RCMP Money Laundering Expert (Ret'd)  
Sergeant Pat Powell, RCMP Threat Assessment Expert (Ret'd)  
Inspector Keith Davidson, RCMP Major Crime Section (Ret'd)  
Staff Sergeant Bob Hartl, RCMP Security Engineering Expert (Ret'd)  
Dr Teal Maedel, RCMP Operational Psychologist (Major Crime Section)  
Staff Sergeant Robert Stenhouse, RCMP Drug Section (Ret'd)  
Staff Sergeant Sid Slater, RCMP Major Crime Section (Ret'd)  
Staff Sergeant Tibi Roman, RCMP Border Integrity (serving)

## **Creative leaders**

Mani Amar, filmmaker  
George Bowering, former Poet Laureate of Canada, OC, OBC  
Hank Bull, artist/founder, Western Front  
Stan Douglas, Artist  
Rodney Graham, Artist  
Catriona Jeffries  
Brian Jungen  
Shane Koyezan, poet  
Alma Lee, Order of Canada  
Mark Leiren-Young  
Ken Lum, Artist  
Dan Mangan, musician  
Judith Marcuse  
Colin Miles, City Opera  
Alda Pereira, Designer

Ken Pickering  
Lynne Stopkewich, film director  
Michael Turner, Writer  
Ian Wallace

## **Economists, business & public leaders, businesses**

David Allison, Braun Allison  
Val and Richard Bradshaw; Mr. Bradshaw is former CEO of Phillips Hager & North Investment Management Ltd.  
Donna Bridgeman, CA, (ret'd) GrowthWorks Capital  
Alix Brown, past owner, Dexter Properties  
Karen Flavell, President and CEO, Purdy's Chocolates  
Richard Lipsey, Order of Canada, Prof. Emeritus of Economics, SFU, world-renowned economist  
Patrick Reid, Order of Canada  
Arran & Ratana Stephens, Nature's Path  
Lea Watson, Owner, Canterbury Tales, 4th Ave/Commercial Drive  
Bikes On The Drive  
Attic Treasures, Commercial Drive  
Bioethique

## **Commentators & press**

David Berner  
Alex G. Tsakumis

## **Clergy & religious leaders**

Rev. James Ip, Chair, Vancouver Chinese Evangelical Ministerial Fellowship (Assn of approx 120 Canadian Chinese churches in Metro Vancouver)  
Rev. Dr. Ted Ng, Lead Pastor, Faith Community Christian Church  
**Christ Church Cathedral:**  
The Very Reverend Dr. Peter Elliott, Dean,  
The Venerable Dr. Ellen Clark-King, Associate  
The Reverend Alisdair Smith, Deacon  
The Reverend Chris Dierkes, Curate,  
The Reverend Dixie Black, Deacon  
**St. Andrew's Wesley United Church:**  
Rev. Gary Paterson, Senior Minister  
Jennifer Cummings, Minister of Children, Families and Seniors  
Tim Scorer, Minister of Adult Formation  
Michael Dobbin, Director of Development  
**Central Presbyterian Church:**  
Rev. Jim Smith, Minister  
**First Baptist Church:**  
Rev. Darrell W. Johnson, Senior Minister  
Rev. Dr. John Cuddeford, Minister  
Andrea Tisher, Dir. of Music & Worship  
Rev. Bob Swann, Minister of Mission & Justice  
Judy Lang, Ass. Minister for Congregational Care  
Pastor Janet G. Porcino, Minister of Discipleship  
Luz Figueroa, Director of Children and Family Ministries  
Rev. Abraham Han, Minister of Urban & Community Life  
**St. Paul's Anglican Church:**  
The Rev. Markus Duenzkofer, Incumbent

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# OPPOSING THE EXPANSION OF EDGEWATER CASINO

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## EXECUTIVE SUMMARY

The Mayor and Council have a very difficult decision about whether or not to approve a significant expansion of a casino in downtown Vancouver. Those in favour of the proposal have focussed on the top-line revenue to the Province and the City of the expanded casino. Those in opposition have much broader concerns about the consequences of an expansion to the City.

We believe there are major financial and public policy issues that call into question the expansion of this downtown casino. In brief these are:

### **Financial**

The quantum of the top-line gambling revenues from expansion are controversial, even between the proponents' own experts. City staff are clearly uncomfortable providing an opinion of the financial benefits of the expansion. An April 5<sup>th</sup> memo to Council stated that *"Council are not in a position to evaluate the validity of the authors' assumptions. The BC Lottery Corporation has informed the City of Vancouver that they have not independently verified GMA's assumptions and projections for additional gaming revenue."*

### **City's Values**

Peter Busby and Dr. Penny Gurstein, both experts on urban planning oppose the casino expansion, stating that *"Council's ultimate decision on the project will test the fundamental values Vancouver has worked hard to achieve and will set forth a vision for the city's future. ... The presence of this megacasino in the downtown core threatens to undermine Vancouver's values while running contrary to the vision of a municipality that aspires to be the greenest city in the world in less than a decade."*

### **Crime**

Eighteen retired senior policing specialists oppose the expansion, stating that *"Without significant changes in the policing protocol, and the adoption of rigorous crime control standards for casinos such as those employed by the Ontario Provincial Police, we are in no position to deal with the increased criminal activity that will necessarily attend the development of a massive casino on the scale proposed here."*

### **Economic Development Strategy**

Dr. Richard Lipsey OC, Economics, opposes expansion for reasons that include an inadequate analysis of whether benefits outweigh the costs. *"In the typical study, the benefits of expansion are overstated, often by ignoring the diversion effect. In other cases, the social costs of expansion are understated or ignored altogether."*

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## **Public Health**

The proposed Edgewater Casino expansion is *unanimously opposed by all seven* Vancouver Medical Health Officers, the Provincial Health Officer and retired Chief Medical Health Officer Dr. John Blatherwick.

In light of the uncertainty of the financial benefits by the City's own staff, opposition by recognized experts across a broad range of policy issues, opposition by community leaders and the public at large, we believe the City of Vancouver should turn down this proposal.

## **INTRODUCTION**

Vancouver is consistently rated as one of the most liveable city in the world. This is not by accident. Throughout our brief history governments and citizens have influenced a number of important and at the time, very controversial decisions – decisions that have shaped our city: the creation of Stanley Park, our seawall, our decision to refuse a downtown freeway, Granville Island, the development of the Expo 86 lands and the 2010 Winter Olympics.

More recently in our history Vancouver has been plagued by two severe and intractable problems: addiction-related homelessness and an out-of-control gang and organized crime wave.

The Mayor and Council of Vancouver are faced with an important decision that will shape the future of our city. PavCo proposes to build a massive casino, with a gaming floor of 2.6 acres, attached to BC Place Stadium, which now finds itself nestled in a densely populated downtown neighbourhood, and adjacent to the Downtown Eastside, the most tragic urban landscape in the country.

The expansion and relocation of Edgewater Casino to the BC Place Stadium is opposed by all seven Vancouver Medical Health Officers, Dr. Perry Kendall, the Provincial Health Officer, and Dr. John Blatherwick, former Chief Medical Health Officer of Vancouver. They are joined by eighteen senior policing and organized crime experts, senior planning experts, including Dr. Penny Gurstein, the director of UBC's School of Community and Regional Planning, Bing Thom, and Peter Busby. The entire downtown Vancouver faith community and Canadian Chinese religious leaders representing 120 metro area Canadian Chinese churches join more than one hundred eminent Vancouverites with decades of public and community service in opposing this proposal.

It is the position of the Vancouver Not Vegas Coalition that expansion of gambling is an unsuitable project for our city, fraught with risk of increasing both addiction and crime, for an uncertain financial result.

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The purpose of this paper is to set out the position of the Coalition based on factual information and opinions of experts in areas in which gambling has an impact.

References are provided throughout the paper. Many references are linked to written or video reports. These links may be accessed by holding down the “control” key on the keyboard and clicking the reference.

## URBAN PLANNING

*Council’s ultimate decision on the project will test the fundamental values Vancouver has worked hard to achieve and will set forth a vision for the city’s future. ... The presence of this megacasino in the downtown core threatens to undermine Vancouver’s values while running contrary to the vision of a municipality that aspires to be the greenest city in the world in less than a decade.*

--Peter Busby & Dr. Penny Gurstein

The single greatest objection cited by citizens at the public hearing and in letters to Vancouver Council is that this casino on the scale proposed, and in the site chosen is not in keeping with Vancouver’s character as a city.

Peter Busby, OC; Bing Thom, OC, and Dr. Penny Gurstein, Director of the UBC School of Community and Regional Planning, [oppose](#) the proposal on urban planning grounds. They point to the following:

- The project does not align with Vancouver’s vision of pedestrian and cycle-oriented neighbourhoods that integrate and enhance surrounding communities. This will be the bulkiest building downtown, with a multi-storey blank wall running an entire city block dominating the urban landscape
- Casinos are intentionally inwardly focused and insular in design. As such they have limited benefits for surrounding neighbourhood restaurants and businesses.
- Only one of the nine eating and drinking venues is accessible from the sidewalk. The plan removes pedestrian access on the street, inhibiting movement.
- The proposal by 2015 will be 30% below Vancouver energy codes.
- The building and project itself is not environmentally sound. Operating 24/7/365, with 1500 slot machines and interior entertainment level lighting, casinos have

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extremely high electrical loads.

- The greater than minimal parking requirements suggest the anticipated market is local or within the Metro Vancouver area.

## PUBLIC HEALTH AND ADDICTIONS

*“While we tend to think of addiction in terms of illicit drugs, addiction to alcohol and gambling in BC are far more prevalent.”* [BCMA President Dr. Bill Mackie](#)

### 1. Broad public health concerns expressed *about this expansion* by senior medical authorities

The proposed Edgewater Casino expansion is unanimously opposed by all seven Vancouver Medical Health Officers, the Provincial Health Officer and retired Chief Medical Health Officer Dr. John Blatherwick.

### 2. Gambling addiction as a serious public health issue

In its 2009 report on addictions, the BCMA found that:

- The incidence of severe gambling addiction increased more than twofold in the 2002-2007 period.
- 128,000 British Columbians have a moderate gambling problem, and 31,000 have a severe gambling problem. This compares with 33,000 British Columbians with a serious dependence on illicit drugs.<sup>1</sup>

Further, revenues from BCLC are not sufficient to cover treatment needs: “The gambling winning percentage that goes into support and health is vastly inadequate for the scope of problems that we face.” [Dr. Shao Hua Lu, VGH Psychiatry](#) (pp 4).

### 3. Problem gambling among youth

- Youth are more than twice as likely to have gambling problems as adults.

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<sup>1</sup> Stepping Forward, BCMC 2009 Report on Addictions; pp.5 <http://www.tricityhomelessness.ca/NR/rdonlyres/BB4ACBC9-797F-4204-B80B-48F5F724F2F3/92341/AddictionSteppingForwardBCMA.pdf>

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- The Centre for Addiction and Mental Health studied Ontario students in grades 7-12, and found that 29,000 students reported behaviours linked with problem gambling.<sup>2</sup>
- Males are more likely than females to experience problem or addictive gambling.
- The problem gambling group was found to be 11 times more likely than their peers to be involved in gang fights and to carry a weapon. They are also 18 times more likely to have attempted suicide in the past year.

## **4. Link between elevated levels of suicide and legalized gambling**

- According to the Canada Safety Council, suicide attempts are more common with [pathological gambling](#) than with any other addiction.
- Las Vegas experiences the highest rate of suicide in the US, according to [research](#) at the University of California at San Diego.
- The same study found that Atlantic City experienced a rise to abnormally high suicide levels only after the introduction of gambling casinos.

## **5. Link between the availability of gambling venues and increased incidence of addiction**

“[H]igh concentrations of gambling availability in the community are associated with higher rates of gambling addiction.” [Canadian Journal of Psychiatry](#).

## **6. Dangers associated with slot machines/VLT’s**

- Electronic gaming machines may be the most addictive form of gambling ever invented.
- The Canada Safety Council calls them the [“crack cocaine of gambling.”](#)

## **7. The casino business model relies on addiction revenue, putting government in a conflict of interest with its weakest and most vulnerable citizens.**

- Scott Menke, President of Paragon Gaming to *The Vancouver Sun*...“ the casino doesn’t attract out-of-town visitors now, and almost all of its revenue is generated from locals who on average visit two to three times a week for a

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<sup>2</sup> Ontario Youth Gambling Report: Data from the 2009 Ontario Student Drug Use and Health Survey, Problem Gambling Institute of Ontario, November 2010  
[http://www.problemgambling.ca/EN/EventsNewsMediaRoom/Pages/PressRelease\\_OntarioYouthGamblingReport1110.aspx](http://www.problemgambling.ca/EN/EventsNewsMediaRoom/Pages/PressRelease_OntarioYouthGamblingReport1110.aspx)

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cumulative total of [25 hours a week](#).” This means that almost all Edgewater revenue comes from people who spend approximately 10 hours per visit, several times per week.

As Peter Busby says, clients like this are addicts.

- [The Ontario Problem Gambling Research Centre](#) estimates that 35% of Ontario gaming revenue is derived from moderate and severe problem gamblers, with higher percentages for gaming machines.

### **8. Weak or ineffective systemic checks and balances to protect the public**

BC casino industry has no measures equivalent to the BCLDB Serving It Right protocol for halting service to intoxicated customers. Members of the public may sustain catastrophic losses without staff noticing or acting to stop them. A client who appears to be a “high-roller” may in fact be losing all the equity in his or her family home.

- In 2002, Shyh-Shiang Tung lost \$250,000 in a 24 hour period at the Gateway Casino in Burnaby. He returned to his Vancouver Killarney home, [murdered his wife, doused the home in gasoline, and killed himself](#) in the resulting explosion. His two children and grandparents were fortunate to escape with their lives.
- A Richmond man [murdered his companion before killing himself](#) in a hotel room after sustaining a massive gambling debt of at least \$200,000 at the River Rock Casino in January, 2011.

While such cases are extreme, they highlight a gap in our system. Former River Rock floor manager Jason Feng [reports](#) that the severity of the Richmond victims’ gambling habit went unnoticed by staff at the time, and in any event staff would have had no means of stopping the couple from continuing to gamble.

## CASINO LOCATION AND PUBLIC HEALTH

*“Every study shows this: The closer you locate a casino to a population, the more problem gamblers you will have.”*

Dr. Robert Goodman

“Every study shows this: The closer you locate a casino to a population, the more problem gamblers you will have.” Dr. Robert Goodman, professor of Economic Development, Hampshire College, author of the Ford Foundation report [Legalized Gambling as a Strategy for Economic Development](#), gave testimony to this effect before Philadelphia City Council. Video [here](#) at 10:00:

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Locating a casino in a densely populated residential neighbourhood is a radical departure from established urban planning practice. Dr. Robert Goodman video, at [11:30](#). As at the time of this testimony in 2007, no municipality outside Nevada had located a casino within 200 feet of a residential community.

Approximately 40,000 Vancouver residents live in the downtown district, over 11,000 in the immediate Yaletown vicinity.

Given the worrying data concerning youth and susceptibility to gambling addiction, particularly among young males, attaching a casino next to the regional sports complex is a high risk choice.

## CASINOS AND CRIME

***“Without significant changes in the policing protocol, and the adoption of rigorous crime control standards for casinos such as those employed by the Ontario Provincial Police, we are in no position to deal with the increased criminal activity that will necessarily attend the development of a massive casino on the scale proposed here.”***

18 senior retired and active duty police veterans

The long-standing association of casinos and various forms of crime continues in the current British Columbia environment.

- In the period following the opening of River Rock Casino, [Richmond RCMP](#) struggled to keep up with a rash of crimes, including loan-sharking, extortion and kidnapping.
- On April 7, 2011, 18 senior retired and active duty police veterans, with expertise in organized crime, gangs, money laundering and other disciplines issued a [letter](#) opposing the expansion of Edgewater Casino, citing organized crime, money-laundering, loan-sharking, and addiction related issues.

### **Loan sharking**

- Two prominent loan sharks, both with links to Metro Vancouver casinos, have been murdered between 2006 and 2009. Lily Li was abducted as she left her “shift” as a loan shark at the River Rock Casino. Her body was found in 2006, buried on Jericho beach. Betty Yan, an associate with the Big Circle Boys, was [found](#) murdered in her vehicle in Richmond. Both were mothers with children in Metro Vancouver schools.
- Evidence at the murder trial of Li’s killer [revealed](#) that her employer staffed a loan shark business 24 hours a day, 7 days a week inside the River Rock Casino.
- Former Registrar in Bankruptcy, Katherine Wellburn, [described](#) at public hearings into the Paragon Casino expansion how she has seen multiple cases

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where forgery, fraud, theft and embezzlement are used to finance gambling addiction - spreading losses into the community. She outlined how the insolvency bar is aware that loan sharks threaten addicts, and also counsel them how to commit fraud to obtain money from innocent third parties.

- Loan sharks actively use extortion and kidnapping, or [force debtors](#) into drug-dealing, prostitution, and fraud to pay off gambling debts.
- Artist Ken Lum appeared at the public hearings to describe how, as a seven year old child, he witnessed his mother being severely beaten by a loan shark, in order to force his father to repay his gambling debt. He described how many women in the Canadian Chinese community work 2 shifts to earn enough money for the husband's gambling addiction.
- 168 individuals have been [identified by police](#) (p 21) as confirmed or suspected loan sharks in BC.

## Money Laundering/Other

- May, 2008: CBC [reports suspected money laundering](#) at BC casinos. BCLC [promises to beef up its procedures](#) to prevent future instances.
- January, 2009: The BC Integrated Illegal Gambling Enforcement Team (IIGET) issues a [report](#) to the Gaming Policy and Enforcement Branch advising that
  - a) casinos are “extremely vulnerable” to money laundering due to the extremely high volume of cash they handle (p 22);
  - b) organized crime is present at casinos at several levels;
  - c) although FINTRAC has advised policing agencies of suspicious transactions, due to lack of resources, nothing is being done to investigate these situations;
  - d) the perception of conflict of interest or corruption undermines the integrity of gaming in British Columbia (p. 19)
- February, 2009, Gaming Policy and Enforcement Branch disbands IIGET. Announcement made April 1, 2009.
- FINTRAC has identified the casino sector as particularly vulnerable to money-laundering and terrorist financing. Typical predicate offences for money laundering include drug offences (49%), fraud (15%) and other offenses such as theft, human trafficking, and corruption (47%). Casinos are involved in approximately 20% of cases of money laundering.
- October/November 2009, FINTRAC audits BC Lottery Corporation, subsequently fining the corporation for failure to monitor suspicious transactions.

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- May-August, 2010 [CBC reports](#) \$8 million in suspected money laundering transactions were not reported to FINTRAC by BCLC as required by legislation.
- Jan 6, 2011, [CBC reports](#) that the Edgewater Casino is a venue for suspected money laundering and loan shark activity.
- March 5, 2011, [CTV reports](#) that the River Rock Casino issued directives to staff to overlook suspicious behaviour on the part of valued customers.

## PUBLIC OPINION POLLING RESULTS

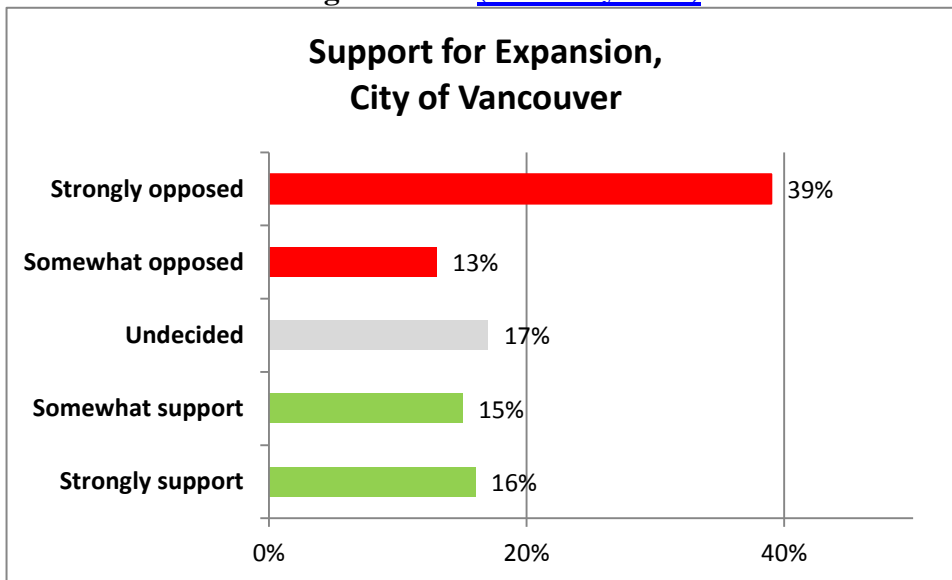
### Blue Thorn Research for Province of British Columbia Gaming Policy & Enforcement Branch (July 2007)

*“Socioeconomic Impacts of New Gaming Venues in Four British Columbia Lower Mainland Communities”*

#### **Harm of gambling (new casinos) outweighs benefits**

Vancouver has the most negative attitudes toward gambling of the four communities. Their negative general attitude toward gambling significantly increased. In 2004, 56.6% of people believed the harm of gambling outweighed benefits, increasing to 57.4% in 2005, and 63.9% in 2006.<sup>3</sup>

#### **Justason Market Intelligence Poll (February 2011)**



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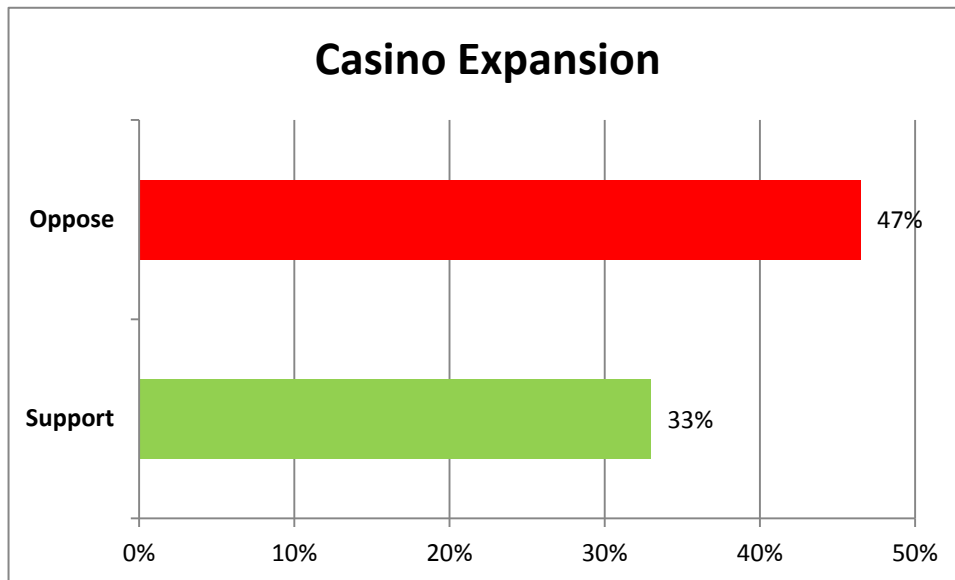
<sup>3</sup> City of Vancouver results (sample size 1154), page 7

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Sample size: 662 respondents  
Overall: 52% oppose; 31% support  
-21% negative rating

## Robbins Sce Research Poll ([March 14, 2011](#))



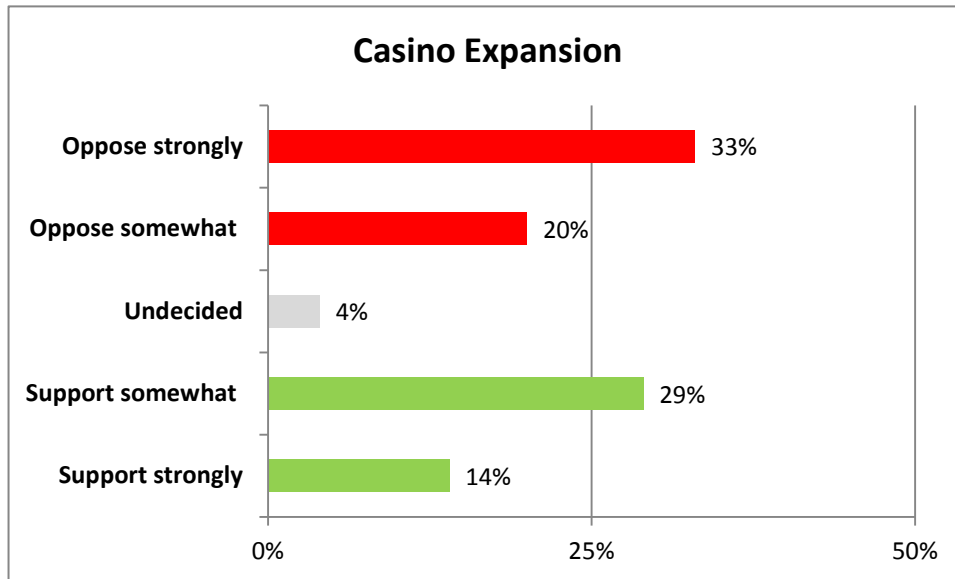
Sample size: 503 respondents  
Overall: 46.5% oppose; 33% support  
-13.5% negative rating

## Ipsos Reid Poll ([March 24, 2011](#))

This poll sampled 900 Metro Vancouver residents about the Edgewater expansion. Of that sample group, 250 were City of Vancouver residents. These are the Vancouver results

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Sample size: 250

Overall: 53% oppose; 43% support Support: 43%  
-10% negative rating

Of the three 2011 polls, one result stands out consistently. A clear majority of decided respondents consistently opposes the expansion of the Edgewater Casino, by double-digit margins in each case. The larger the sample size, the larger the margin of opposition.

## VIABILITY OF CASINO AS AN ECONOMIC DEVELOPMENT STRATEGY

The financial viability of gambling expansion is somewhat doubtful. Dr. Richard Lipsey OC, Economics, opposes expansion on the grounds that inadequate analysis of whether benefits outweigh the costs. Dr. Lipsey's comments:

### **On Economic Impact Studies**

In the typical study, the benefits of expansion are overstated, often by ignoring the diversion effect. In other cases, the social costs of expansion are understated or ignored altogether.

### **On Employment**

Most of the jobs created in gambling only substitute one for one (at best) for the jobs destroyed when expenditure switches from other activities. Although any new job is to be welcomed, these are not the sort of increments that justify accepting significant social costs to obtain.

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## FINANCIAL BENEFITS OF CASINO EXPANSION

In light of the wide-spread opposition to this mega casino by leading citizens, senior health and policing officials and a large portion of the public, the economic and financial argument in favour of expansion must be clear and compelling.

Expansion proponents PavCo, BCLC, and Paragon Gaming [state](#) that the proposed development will generate annual revenue of \$224 million annually to the Province and \$23 million annually to the City of Vancouver.

Yet a recent (April 5, 2011) [staff memo](#) to Vancouver City Council and the submission to Council by BC Lottery Corporation at the recent public hearings cast doubt on these estimates. Notably, BCLC adjusted its own total City revenue projection downward to \$11-14 million, stating that they chose not to rely on Paragon Gaming's ability to create an international destination that will draw substantial new tourism.

Further, in its memo, city staff reviewed data presented in two separate studies commissioned by Paragon Gaming LLC and the BC Lottery Corporation (BCLC) respectively, which set out starkly conflicting results:

- [September 2009 report](#), Review of Market Potential for the Redeveloped Edgewater Casino by HLT Advisory;
- 2010 report, Paragon BC Place Hotel and Casino Incremental Gaming Revenue Analysis by Gaming Market Advisors (GMA)

The projections put forward by expansion proponents appear to have their genesis in the GMA report. Although not publicly available, this report's conclusions closely parallel a broadly disseminated report by Deloitte, and replicate the oft-stated annual projections of \$224 million and \$23 million to the Province and City, respectively.

By contrast, HLT Advisory Inc examined the domestic gaming and existing tourism market conditions, and arrived at sharply divergent and sobering results. HLT projects new annual incremental provincial revenue at \$64 million. Based on historical averages, BCLC would retain less than \$35.5 million of that figure. Using the HLT data, city staff estimates that total revenue to CoV from expansion would be \$11 million, which equals incremental revenues of \$4.7 million annually. Further, given HLT's projection of Edgewater gross revenues of \$151 without relocation and expansion, the real incremental increase in revenue to the City might conceivably be as small as \$3.5 million.

Confronted with such starkly contrasting revenue scenarios, city staff have clearly struggled.

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After laying out the mandates, assumptions, and forecasts contained in the two studies, the April 5 report declines to make a recommendation, saying that

***“City staff are not in a position to evaluate the validity of the authors’ assumptions. The BC Lottery Corporation has informed the City of Vancouver that they have not independently verified GMA’s assumptions and projections for additional gaming revenue.”***

An additional finding highlighted in the staff report is noteworthy. In its recent study, the *2010 Survey of the Canadian Gaming Industry* (an independent report not commissioned by any of the parties), HLT Advisory “reported that only a small share of the industry representatives in British Columbia expressed the view that there was room in the local market for more casinos. Of the industry representatives surveyed, 86% of BC respondents indicated that casino supply was just right or exceeded demand, and only 14% said that the demand exceeds supply.

The staff report to Council made the following observation:

***“Staff notes that this collective view stands in contrast to the ambitious increases in market size assumed by HLT and GMA.”***

Consider the following:

- City staff is not in a position to evaluate the assumptions in the gaming reports;
- The reports were commissioned by interested parties;
- The results of the reports vary greatly even taking account of the increased scope of the second report;
- The GMA report does not appear to offer a true incremental analysis providing a comparison to a no redevelopment alternative in 2014 as well as adjustment for cannibalization of revenue from other Vancouver gaming facilities, and
- 86% of BC respondents (all heavily involved in the casino industry) to a 2010 Survey of the Canadian Gaming Industry conducted by HLT Advisory believe that casino supply was adequate or exceeded demand.

In all the circumstances, including the gravity of concerns expressed by senior community members, police and public health professionals, it is premature to relocate and expand the Edgewater Casino without obtaining an independent review of the reasonableness of the various forecasts and related assumptions.

## CONCLUSION

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Perhaps Dr. Lipsey summarized it best in his statement about the casino expansion.

*“All in all, the best gamblers are those in which one risks a relatively small sum in the hopes of winning a relatively large sum. The bet the public is being asked to make on extended gambling violates that basic principle. They risk a large economic and social loss that is uncertain and open-ended. No one knows how big it may be.*

*All in all, this is neither an efficient nor effective way of funding public policy goals.”*

The proposed relocation and expansion of the Edgewater Casino is opposed by a broad consensus of public policy leaders with backgrounds in urban planning, public health, policing and economics. Eminent citizens, from community activists to the faith community, to arts and culture, business, politics and academics, have stood up to oppose this expansion. The public has been polled repeatedly, and have repeatedly answered that we want no part of this proposal--that Vancouver can do better.

We ask the City of Vancouver to set the bar high for development of public lands in our city, and to meet it.