

PULL TICKETS

Contents

- A. Introduction
- B. Background
- C. Current Pull Ticket Policies
- D. Current Situation Assessment
- E. Landscape of Other Provinces
- F. Summary of Findings – Public Views and Stakeholder Consultations
- G. Primary Issues and Recommendations

A. Introduction

Pull tickets are cardboard tickets that have several perforated covers which conceal symbols. Players pull or break open the perforated covers to reveal the game outcome. Pull tickets are sometimes referred to as break-open or Nevada tickets. The seal card, a variation of the regular pull ticket game where players do not win instantly, is also available in Alberta (see under “Current Situation Assessment” of this section for details).

Pull ticket sales are an activity falling within the province’s charitable gaming model. They may only be conducted and managed by charitable or religious organizations licensed by the Alberta Gaming and Liquor Commission.

This section discusses the background to pull tickets in the province. It provides key information related to current pull ticket policies and an assessment of the current situation regarding pull ticket sales in the province. The section provides an overview of pull ticket programs in other provinces.

Also provided are highlights of some key views and perspectives of adult Albertans regarding pull tickets, as obtained through public opinion research. The perspectives of stakeholders, obtained through consultations with them during the Gaming Licensing Policy Review, are also provided.

This section concludes with recommendations to address primary issues identified during the Gaming Licensing Policy Review.

B. Background

Pull Tickets in Alberta

Pull tickets are cardboard tickets that have several perforated covers which conceal symbols. Players pull or break open the perforated covers to reveal the game outcome. Pull tickets are sometimes referred to as break-open or Nevada tickets.

The seal card, a variation of the regular pull ticket game in which the player does not win instantly, is also available in Alberta (see under “Current Situation Assessment” of this section).

Pull ticket sales are an activity falling within the province’s charitable gaming model. They may only be conducted and managed by charitable or religious organizations licensed by the Alberta Gaming and Liquor Commission.

Pull tickets are purchased by eligible charitable or religious organizations in units ranging from several hundred to 10,000 tickets. Those units contain a fixed number of winning tickets and prizes are randomly dispersed within those units.

Generally, groups that are licensed to sell pull tickets are required to sell them from the fixed premises where their services are provided to the community. Various veteran, fraternal, sport and community associations have been eligible for pull ticket licences because they meet this requirement. The requirement is primarily aimed at ensuring a licensed group strictly controls the sales of pull tickets and the security of pull ticket sales is protected.

In addition, while licensed charitable groups holding bingo in community halls have been allowed to sell pull ticket for some time, bingo associations more recently became eligible to sell pull tickets in their bingo halls to raise proceeds for the licensed charities holding bingos at the hall. On a limited basis the Commission has also permitted certain charities to sell pull tickets from their program kiosks in a few malls throughout Alberta.

Pull tickets are typically sold in the price range of 25 cents to \$2 per ticket.

In 2000-01, the estimated gross sales from pull tickets in the province were \$41.4 million. Charities earned an estimated \$8.4 million in proceeds from pull tickets or about 20% of gross sales. The balance of the revenue was used to cover prizes and expenses.

Historical - Alberta

The illegal sale of pull tickets (for example, Lucky 7 “jar tickets”) was occurring across Alberta from the 1950s through to the 1970s. The sale of pull tickets was not formally legalized in the province until the 1970s when the province authorized it as a licensed charitable gaming activity.

In 1974, the Attorney General department began to issue pull ticket licences in the province.

In 1979, charitable organizations were selling pull tickets at their bingo events.

In the early 1980s, pull tickets generated more proceeds than any other charitable gaming activity. This occurred despite the fact fewer licences were issued for pull tickets during the early 1980s than for bingo, casinos or raffles, the three other charitable gaming activities being conducted in the province.

For a brief period in the mid-1980s, more licences were issued for pull tickets than for casino events.

Since 1993-94, pull ticket sales and the number of licences issued have generally continued to decline. Charitable organizations have attributed the decline to the availability of video lottery terminals (VLTs) which they believe had drawn away pull tickets customers who otherwise would be buying pull tickets.

In 1995, the Lotteries Review Committee recommended bingo regulations be reviewed to consider allowing bingo halls to sell pull tickets, providing the halls with another activity to raise proceeds for charities holding bingo events.

Pull ticket sales were permitted in association bingo halls in 1998.

Over the years, the maximum prizes for individual winning pull tickets have steadily increased. The current maximum is \$1,000. The maximum prize pay out percentage per unit is not regulated. Even so, the provincial average percentage payout is 75%, the highest average prize pay out percentage among all jurisdictions in Canada that permit pull ticket sales.

C. Current Pull Ticket Policies

Criminal Code Requirements

In Canada, the *Criminal Code* (Canada) establishes the legal foundation for gaming activities. All gambling that occurs in any province or territory must meet the requirements of *the Criminal Code*.

Pull tickets are considered a “lottery scheme.” Pull ticket sales by charitable organizations would be illegal if it were not for provisions of Section 207(1)(b) of the *Criminal Code* which state it is lawful

...for a charitable or religious organization, pursuant to a licence issued by the Lieutenant Governor in Council of a province or by such other person or authority in the province as may be specified by the Lieutenant Governor in Council thereof, to conduct and manage a lottery scheme in that province if the proceeds from the lottery scheme are used for a charitable or religious object or purpose;...

Section 207(2) of the *Criminal Code* allows a provincial authority to prescribe terms and conditions relating to the conduct, management and operation of licensed lottery schemes.

Gaming and Liquor Act (Alberta)

The *Gaming and Liquor Act* grants authority to the Commission to issue pull ticket licences and to impose conditions on those licences subject to the authorization of the Lieutenant Governor in Council (s. 35). The Act also authorizes the Lieutenant Governor in Council to make regulations respecting conditions and eligibility requirements that must be met before a licence is issued or a person is registered (s. 126).

Gaming and Liquor Regulation (Alberta)

The *Gaming and Liquor Regulation* establishes the pull ticket licence, which “authorizes a lottery scheme in which a participant pulls open a ticket to determine if a prize has been won;...” (s. 19(c)).

Under section 20 of the regulation, only charitable or religious organizations are eligible for a pull ticket licence and must satisfy the Board of the Commission the proceeds from the gaming activity will be used for a charitable or religious object or purpose approved by the Board.

The regulation also establishes the following class of registration of gaming worker:

“pull ticket manager: authorizes the person to manage the sale of pull tickets.” (s. 25(d)).

A “gaming worker” is a person paid to assist a gaming licensee to conduct or manage a gaming activity (s. 24).

The regulation also requires anyone who deals in gaming supplies, which includes pull tickets, must be registered with the Commission (s. 27).

The regulation sets the pull ticket licence fee as \$10 per set of sealed boxes or bagged pull tickets (each set is commonly referred to as a “unit” of pull tickets).

Pull Ticket Terms & Conditions

The eligibility criteria for charitable gaming licences, including pull ticket licences, are described in the appendix “Revenue Disbursements, Net Revenues and Proceeds.”

The requirements for the conduct and management of pull tickets by licensed organizations are contained in *Pull Ticket Terms & Conditions*. Following are some highlights from that document.

Winning Tickets

Licensees must pay all winning tickets from the units sold by the licensee and presented for payment.

Tickets may only be sold for cash. Cashing cheques or extending credit is prohibited. Sellers may not buy tickets from units they have sold or from any other unit where they may know how many winning tickets have been sold.

The number of major winners remaining in or sold from a unit in play shall not be disclosed to anyone. This is to prevent players from having any advantage from knowing when to buy a ticket.

Ticket Standards and Approval

The maximum value of a pull ticket prize is \$1,000 for those groups selling pull tickets six or seven days a week and \$500 for those groups selling pull tickets fewer than six days per week.

Manufacturers and/or registered suppliers of pull tickets must submit a sealed unit of all new pull-ticket products to the Commission for approval prior to distributing them in Alberta.

Sales

Pull ticket sales are restricted to the licensee’s premises unless the Commission approves otherwise.

Groups may sell pull tickets at special events such as a sports event or an arts or cultural festival under the following conditions:

- sales are restricted to premises or areas specified on the pull-ticket licence;
- hours of sale must conform to the hours of the special event;
- group has a written agreement with the event operators, a copy of which must be submitted to the Commission upon request;
- no new units are to be opened unless there is reasonable expectation they will be sold before the event ends; and
- all other terms and conditions are met.

Patrons may draw their own tickets from the approved pull-ticket container (sellers must observe and verify the number of tickets drawn by the patron equals the number of tickets actually purchased).

Except for seal card units, the licensee may co-mingle all units (any additional unit may be added to a unit that is approximately half sold and thoroughly mixed).

Up to 10% of the net revenue may be used for administrative costs of pull ticket sales, including wages for sellers.

Proceeds and Expenses

A separate pull-ticket account must be established by the licensed charity and net revenue (gross revenue less prizes) placed in that account.

Sale in Bingo Association Halls

Bingo associations may be licensed to sell pull tickets. If they are issued a pull ticket licence they must comply with section 5 of the *Bingo Terms & Conditions and Operating Guidelines*. Some of the key terms and conditions from that document include the following:

- the bingo association may be licensed to sell pull tickets as an agent on behalf of all its members for a two-year period;
- the association must appoint a Commission-approved pull ticket sale manager;
- no individual winning ticket will have a prize value exceeding \$1,000;
- a maximum of four types of units may be sold at any time;
- each seller may only sell up to two types of pull tickets;
- sellers must distribute tickets to patrons (patrons may not pick their own tickets from the pull ticket container or apron);
- a seller may only be a paid pull ticket seller or a volunteer who is a bona fide member of the organization conducting the bingo event;
- tickets may be co-mingled (a new unit may be added to a unit that is approximately half sold);
- sellers must permanently deface winning tickets of a value of \$5 and over, once the prize has been paid;
- tickets with a value of \$5 or more must be retained until the unit types are reconciled;
- the bingo association may retain up to 20% of the net revenue to offset administrative costs of selling pull tickets; and
- proceeds must be pooled quarterly for all members within the association.

D. Current Situation Assessment

Alberta - General

Among all gaming activities in the province, pull tickets have experienced the greatest decline in player participation rates, down 12% since 1993.

There is no minimum or maximum payout percentage established for pull ticket sales. Although payout percentages currently are not regulated the average percentage payout in Alberta is about 75%, which is higher than the average payout percentage of other jurisdictions which range from 62% to 72%.

Pull Ticket Revenue and Licensing

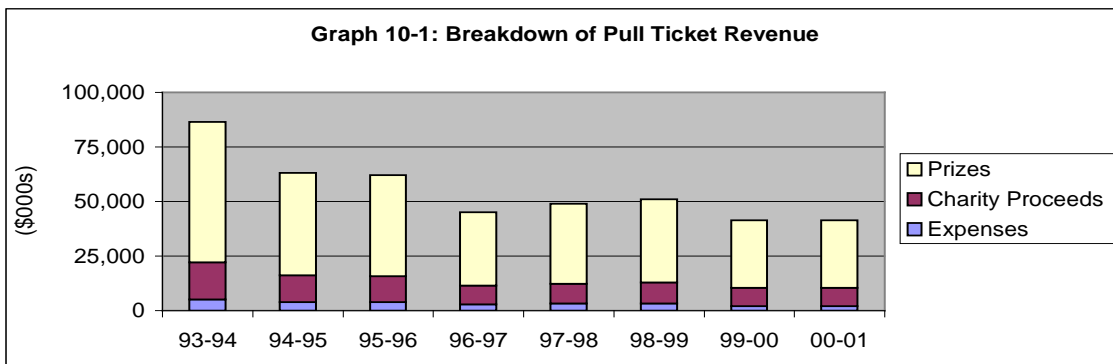
In 2000-01, pull tickets generated \$41.4 million in gross revenue, a decrease in gross revenue of 52% since 1993-94.

Chart 10-1: Pull Ticket Revenues, Licences and Units Sold - 1993 to 1999-2001

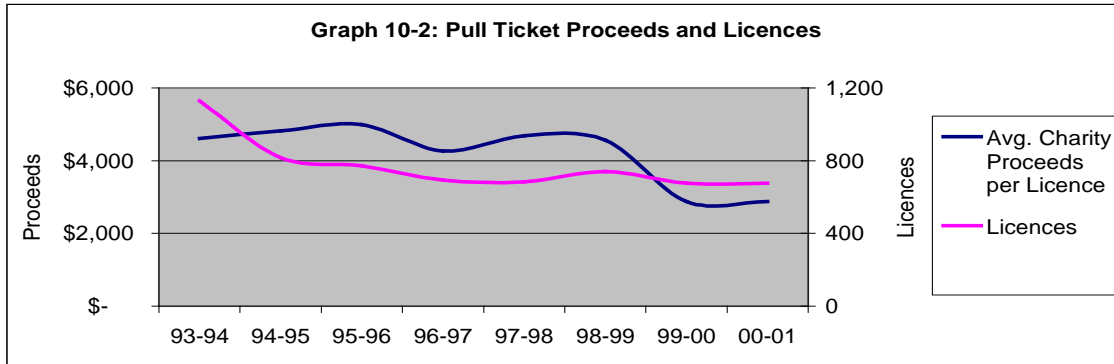
Year	Gross Pull Ticket Revenue (\$000)	Prizes (\$000)	Expenses (\$000)	Charity Proceeds (\$000)	Licences Issued	Avg. Proceeds per Licence (\$000)	Units Sold	Avg. Proceeds per Unit Sold
00-01 ¹	41,355	30,964	1,951	8,440	677	12.5	26,414	\$ 320
99-00	41,355	30,964	1,951	8,440	677	12.5	26,414	\$ 320
98-99	51,072	38,159	3,380	9,533	740	12.9	33,432	\$ 285
97-98	48,912	36,624	3,203	9,085	683	13.3	32,261	\$ 282
96-97	45,116	33,664	2,958	8,494	694	12.2	30,611	\$ 277
95-96	62,192	46,409	3,858	11,925	772	15.4	28,352	\$ 421
94-95	63,161	46,973	3,928	12,260	816	15.0	43,095	\$ 284
93-94	86,480	64,284	5,212	16,984	1,129	15	61,042	\$ 278

¹Estimated at time of publication

There has been a general decline in gross revenue, yet over the same period the average proceeds per unit sold has increased.



The average charitable proceeds from pull ticket sales and the number of licences issued has also steadily decreased.



Charities Benefiting from Pull Ticket Sales

Pull Ticket Proceeds by Commission Category: 1999-2000

The largest number of pull ticket licences were issued to services clubs (30.4% of the total) in 1999-2000, followed by sports groups (30.0%) and community groups (14.0%). All other categories were each issued fewer than 10% of the licences.

Chart 10-2: Charities Benefiting from Pull Tickets by Commission Category: 1999-2000

<i>Charitable Category</i>	<i>Gross Pull Ticket Revenue (\$000)</i>	<i>Licences</i>	<i>% Licences</i>	<i>Charity Proceeds (\$000)</i>	<i>% Total Proceeds</i>	<i>Avg. Proceeds per Licence</i>
Service	28,476	206	30.4%	5,529	65.5%	\$26,840
Medicine/Health	3,225	24	3.5%	778	9.2%	\$32,417
Community	3,130	95	14.0%	671	8.0%	\$7,063
Sports	2,357	203	30.0%	535	6.3%	\$2,635
Agriculture	925	38	5.6%	210	2.5%	\$5,526
Multiculturalism	826	18	2.7%	170	2.0%	\$9,444
Senior Citizens	607	39	5.8%	136	1.6%	\$3,487
Arts	435	2	0.3%	112	1.3%	\$56,000
Education	290	2	0.3%	65	0.8%	\$32,500
Social Action	288	10	1.5%	64	0.8%	\$6,400
Recreation	297	22	3.2%	56	0.7%	\$2,545
Religious	213	14	2.1%	49	0.6%	\$3,500
Foundation	151	2	0.3%	36	0.4%	\$18,000
Youth	125	1	0.1%	27	0.3%	\$27,000
Other	10	1	0.1%	2	0.0%	\$2,000
TOTAL	41,355	677	100.0%	8,440	100.0%	\$12,467

Service groups earned 65.5% of all proceeds, followed by medicine/health charities (9.2%) and community groups (8.0%). The other categories each earned less than 7%.

The categories that earned more proceeds per licence than the provincial average of \$12,500 were the following: arts (\$56,000), education (\$32,500), youth (\$27,000), service (\$26,800) and foundations (\$18,000). Groups in the other categories earned less than the provincial average.

While the average proceeds per pull ticket licence across Alberta amounted to \$12,500 in 1999-2000, the proceeds per licence across the province ranged from a low of \$167 to a high of \$435,036.

Rules for Pull Tickets Sales

The rules for pull ticket sales vary between bingo association halls and those occurring elsewhere. For example, players may not draw pull tickets from a container within bingo association halls, but may do so in other locations where sales are permitted.

Despite being a relatively straightforward product, pull tickets are complex to administer. For example, to reconcile sales and for security (in case of shortages) the Commission highly recommends once a unit has been assigned to a seller only the assigned seller continues to sell from that unit. Licensed groups sometimes find it difficult or impractical to follow this recommendation.

Sales from Kiosks in Malls

Three charitable groups have been licensed to sell pull tickets from nine kiosks in shopping malls across Alberta. The groups include the Canadian National Institute for the Blind (C.N.I.B.) (Alberta), the Alberta Lung Association (Alberta) and the Red Deer Regional Hospital Centre Voluntary Association. In these cases the charity is required to provide its services from the kiosk, for example, disseminate information about the charity's work in the community. Two of the three groups licensed to do so wish to expand their kiosk locations. Pending the outcome of the Gaming Licensing Policy Review, the Board will not issue pull ticket licences to any other groups to sell pull tickets from shopping mall kiosks. Little interest has been expressed by other charities to sell pull tickets from kiosks.

Licence Fees

The pull ticket licence fee is \$10 per unit of pull tickets. Eligible groups obtain a two-year pull-ticket licence from the Commission. Most of those groups, when they purchase each unit of pull tickets from the supplier, pay the licence fee to their supplier. The supplier in turn remits the licence fee to the Commission. Other groups will pay the full licence fee upon approval of the application based on the number of units they plan to sell. The Commission refunds any "unused" part of that licence fee. On behalf of member charities, bingo associations submit a monthly pull ticket sales report with a cheque to cover the licence fee for the units sold.

Seal Card Pull Tickets

Pull tickets are cardboard tickets that have several perforated covers which conceal symbols that determine the game outcome. Players pull or break open the perforated covers to reveal the game outcome.

Seal Card pull tickets are a variation of the regular pull ticket game where not all prizes are won instantly. They involve three key elements or steps as follows:

- (1) *The seal card pull ticket purchased by the player* - It contains tabs which the player opens after buying the pull ticket. Various combinations of special symbols (e.g., horses, saddles, covered wagons, etc.) or numbers (e.g., 9421, 523, 105, etc.) appearing under the tabs qualifies the purchaser to participate in a bonus game.
- (2) *The seal card administered by the licensee* - It is a large individual card that contains the following:
 - (i) Spaces for the names of players who bought pull tickets with the special symbols or numbers. The player writes his or her name beside the symbols or numbers combinations that are on his individual pull ticket.
 - (ii) A number of concealed tabs under which are various combinations of special symbols or numbers.
- (3) *The opening of the seal card tabs* - After all seal card pull tickets are sold the concealed tabs of the large seal card are opened by the pull ticket licensee. Under those tabs are shown the winning combinations of special symbols or numbers and respective prizes.

Vending and Dispensing Machines

Individual Alberta Legion branches have asked for electronic pull-ticket vending machines. Bingo associations have requested both pull-ticket vending machines as well as pull ticket dispensing machines.

Pull ticket vending machines accept coins from players who activate the machines to dispense pull tickets. Pull ticket vending machines are considered slot machines as defined under the *Criminal Code* (Canada); as such they would have to be conducted and managed by the Commission, thus falling outside the charitable gaming model (see the appendix “Legislative Requirements and Considerations”).

Dispensing machines which are not accessed by players and do not accept coins, but are used only to dispense pull tickets to sellers for inventory control purposes would not be considered slot machines as defined under the *Criminal Code*. Sellers must receive pull tickets in batches from the dispenser and then allow players to purchase tickets from the batch of pull tickets.

However, if tickets are dispensed by a seller from a pull ticket dispensing machine and then given directly to a player, the device would be interpreted to be operating as a slot machine. In this case, the seller is interpreted as simply operating the slot machine on behalf of the player. The device would have to be conducted and managed by the Commission. Those authorized to conduct and manage a gaming activity are required to be the primary beneficiaries of the activity.

Market Potential in Alberta

There is no available market research that indicates the potential for pull ticket sales in the province.

A constraint to sales is the general requirement that licensed charitable groups sell pull tickets in a specific facility where they deliver their services, unless otherwise approved by the Commission. Not all charities have their own facility, which limits the opportunities charities have to participate in pull ticket sales.

E. Landscape of Other Provinces

Table 10-1: Landscape of Pull Tickets in Other Provinces – at March 31, 2000

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
<p>British Columbia</p> <p><u>Conducted & Managed by:</u> British Columbia Lottery Corporation.</p> <p><u>Regulated by:</u> Gaming Policy Secretariat</p>	<p><u>Licences:</u> No charitable licences offered.</p> <p><u>Locations:</u> Sold at social retail site, e.g. bowling alleys, pubs, legions.</p> <p><u>Vending machines:</u> 1,186</p>	<p>Unconfirmed.</p> <p><u>Revenue:</u> \$108.6 million</p>	<p><u>Minimum age:</u> 19</p>
<p>Alberta</p> <p><u>Conducted & Managed by:</u> Licensed charitable groups.</p> <p><u>Regulated & Licensed by:</u> Alberta Gaming and Liquor Commission.</p>	<p><u>Licences:</u> 677 licences issued.</p> <p><u>Locations:</u> Fixed premises where licensed charity provides services. Includes veteran, fraternal, sport, community and bingo associations.</p> <p><u>Vending machines:</u> Not permitted.</p>	<p><u>Gross Proceeds:</u> \$41.3 million</p> <p><u>Prizes Paid:</u> \$30.9 million</p> <p><u>Expenses:</u> \$2.0 million</p> <p><u>Charity Profit:</u> \$8.4 million</p> <p>Commission / Net Revenue to Sellers:</p>	<p><u>Minimum age:</u> 18</p> <p>Charities permitted to sell from their program kiosks in a few malls throughout Alberta.</p>
<p>Saskatchewan</p> <p><u>Conducted & Managed by:</u> Licensed charitable organizations.</p> <p><u>Regulated & Licensed by:</u> Saskatchewan Liquor and Gaming Authority.</p>	<p><u>Licences:</u> 1,406 licensed sellers</p> <p><u>Vending machines:</u> 285</p> <p><u>Sellers:</u> legions, charities.</p>	<p>Return to charity</p> <p>100% of proceeds – after prizes and expenses.</p> <p>Net Revenue to Sellers</p> <p><u>Manual sales:</u> 34.24% of net income to site contractor.</p> <p><u>Vending Machine Sales:</u> 25% of net income to site contractor and 20% of net income to SLGA for machine + maintenance costs.</p>	<p><u>Minimum age:</u> 18</p>

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
<p>Manitoba</p> <p><u>Conducted & Managed by:</u> Licensed charitable organizations and Manitoba Lottery Corporation.</p> <p><u>Regulated & Licensed by:</u> Manitoba Gaming Control Commission.</p>	<p><u>Licences:</u> 461 licenses issued.</p> <p><u>Locations:</u> Sold at lottery ticket retailer locations</p> <p><u>Vending machines:</u> None. Tested, but removed in 1990s.</p>	<p><u>Gross Rev:</u> \$12.6 million</p> <p><u>Prizes Paid:</u> \$8.8 million</p> <p><u>Expenses:</u> \$1.3 million</p> <p><u>Charity Profit:</u> \$2.5 million</p> <p><u>Commission / Net Revenue to Sellers:</u> Retail sellers 7.5% First Nations sellers 23.3% Charitable groups 18.6%</p>	<p><u>Minimum age:</u> 18</p> <p>All breakopen tickets shall be purchased from the Manitoba Lottery Corporation.</p>
<p>Ontario</p> <p><u>Conducted & managed by:</u> Licensed charitable and non-profit organizations.</p> <p><u>Regulated and licensed by:</u> Alcohol and Gaming Commission of Ontario.</p>	<p><u>Licences:</u> 920 Licenses issued:</p> <ul style="list-style-type: none"> • 831 Breakopen ticket • 89 Provincial BOT <p><u>Vending machines:</u> None. Removed in 1998 after test period.</p> <p><u>Provincial BOT licence:</u> Issued to an organization with a demonstrated provincial mandate authorizing the sale of break open tickets at one location within each municipality across the province.</p>	<p><u>Net Revenue:</u> \$225 million</p> <p><u>Charity Profit:</u> \$105 million</p> <p><u>Expenses:</u> not available</p> <p><u>Prize Payout:</u> not available</p> <p><u>Commission / Net Revenue to Sellers:</u> Maximum 6.5% of gross receipts.</p>	<p><u>Minimum age:</u> 18</p> <p>Licensee may lease or rent break open ticket dispensers based on approval by the Registrar.</p> <p><u>Provincial BOT:</u> must open separate designated BOT trust account; must file quarterly financial reports.</p>
<p>Quebec</p> <p><u>Conducted & Managed by:</u></p> <p><u>Regulated & Licensed by:</u></p>	<p>Unconfirmed.</p>		

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
<p>Nova Scotia</p> <p><u>Conducted & Managed by:</u> Licensed charitable organizations.</p> <p><u>Regulated & Licensed by:</u> Nova Scotia Alcohol and Gaming Authority.</p>	<p><u>Licences:</u> 99 licenses issued.</p> <p><u>Vending machines:</u> None.</p>	<p><u>Gross Rev:</u> Not available.</p> <p><u>Prizes Paid:</u> Not available.</p> <p><u>Expenses:</u> Not available.</p> <p><u>Charity Profit:</u> \$28k</p>	<p><u>Minimum age:</u> 19</p> <p><u>Commercial Breakopen</u> Conducted & managed by Atlantic Lottery Corporation; 1999-2000 Sales were \$20.0 million.</p> <p>Retailers = 34 Commission=12.7%.</p>
<p>New Brunswick</p> <p><u>Conducted & Managed by:</u> Licensed charitable organizations.</p> <p><u>Regulated by:</u> Lotteries Commission of NB</p>	<p><u>Licences:</u> 45 licenses issued.</p> <p><u>Vending machines:</u> None.</p> <p><u>Fee:</u> \$10 per licence.</p>	<p><u>Gross Rev:</u> \$236.1k</p> <p><u>Prizes Paid:</u> \$154k</p> <p><u>Expenses:</u> \$34k</p> <p><u>Charity Profit:</u> \$48k</p>	<p><u>Minimum age:</u> 19</p> <p>Tickets can only be obtained from an approved supplier.</p> <p><u>Commercial Breakopen</u> Conducted & managed by Atlantic Lottery Corporation; 1999-2000 Sales were \$11.8 million.</p> <p>Retailer = 33 Commission = 12.7%.</p>
<p>Newfoundland & Lab</p> <p><u>Conducted & Managed by:</u> Licensed charitable organizations.</p> <p><u>Regulated by:</u> Lotteries Licensing Branch Department of Justice</p>	<p><u>Licences:</u> 489 licenses issued.</p> <p><u>Vending machines:</u> None.</p> <p><u>Fee:</u> 1% of total cash prize value.</p> <p>Commercial outlets are not considered suitable premises for a breakopen licence.</p> <p>No licence period shall exceed 12 months.</p>	<p><u>Gross Rev:</u> \$17.5 million</p> <p><u>Prizes Paid:</u> \$12.8 million</p> <p><u>Expenses:</u> \$1.2 million</p> <p><u>Charity Profit:</u> \$3.5 million</p> <p>Administration fees of the Licensee may not exceed 7.5% of gross receipts.</p>	<p><u>Minimum age:</u> 19</p> <p>'Nevada' is specified as the only type of breakopen ticket permitted.</p> <p>Illegal to dispense of 'Nevada' tickets by means of slot machine.</p> <p><u>Commercial Breakopen</u> Conducted & managed by Atlantic Lottery Corporation; 1999-2000 sales were \$73.1 million.</p> <p>Retailers = 114 Commission = 12.7%.</p>

JURISDICTION	NUMBER OF LOCATIONS/LICENSES	DIVISION OF REVENUE	COMMENTS
Prince Edward Island	<u>Licences:</u> No charitable licences. Sold at retail. <u>Vending machines:</u> None.	Retailer Commission: Approximately 12.7%	<u>Commercial Breakopen</u> Conducted & managed by Atlantic Lottery Corporation; 1999-2000 sales were \$5.31 million. Retailers = 12 Commission = 12.7%
Yukon	No breakopen offered.	N/A	N/A
Northwest Territories <u>Conducted & Managed by:</u> Licensed charitable organizations. <u>Regulated & Licensed by:</u> Licensing Branch Municipal and Community Affairs.	<u>Licences:</u> 95 Licences issued <u>Vending machines:</u> None.	<u>Net Revenue:</u> <u>Charity Profit:</u> <u>Expenses:</u> <u>Commission / Net Revenue to Sellers:</u> No commission to sellers.	<u>Minimum age:</u> 18 <u>Return to charity:</u> Minimum 20%. No requirement on behalf of the ticket manufacturers.
Nunavut <u>Conducted & Managed by:</u> <u>Regulated & Licensed by:</u> Consumer Affairs.	Not available.	Not available.	Not available.

F. Summary of Findings – Public Views and Stakeholder Consultations

Stakeholder Consultations

The Gaming Licensing Policy Review process included obtaining the views and perspectives of the Alberta public, both players and non-players, and stakeholders. This summary of findings presents a snapshot of those views and perspectives focusing on pull tickets.

The findings are divided as follows:

- *Public* - The views and attitudes of adult Albertans about gaming activities in the province.
- *Stakeholders* - The views and perspectives of stakeholders. Stakeholders are either directly involved in the gaming industry, or indirectly involved through the services they provide or through some related experience or interest. Most stakeholders have knowledge of at least some of the gaming licensing policies currently in effect. Others will be fully aware of those licensing policies, in particular as they may apply to the gaming activity with which they are directly involved.

Public

In May 2000, during the Gaming Licensing Policy Review, the views and perspectives of adult Albertans were sought through public opinion research.

The research indicates most adult Albertans view pull tickets as a relatively harmless gaming activity. Most (77%) also feel the availability of pull tickets in the province should remain the same, while a number called for a decrease (19%) and some an increase (4%).

Respondents indicated they would like gaming proceeds in general (without any specific reference to pull tickets) to go to charities (34.9%), health care (29.1%), education and schools (23.2%) and community organizations (20.9%). Each of the other areas mentioned received less than 15% support, including, among others, community facility enhancement, sports and recreation, government, children's or youth help programs, gambling addiction and the homeless.

About 9% of adult Albertans said they spent money on pull tickets over the past year and spent an average of about \$16.60 on pull tickets in the previous month. That compares to 21% of adult Albertans who reported playing in 1993 and spending an average of \$9.87 in the previous month. While the number playing decreased over the seven year period, the reported average amount spent increased.

Forty-six percent of Albertans said they were not at all informed about where to buy pull tickets and about 17% said they were not very well informed. About 14% indicated they knew where to buy them and 23.2% indicated they were somewhat informed.

About 9% of respondents said they would play pull tickets from a dispensing machine in the next year if that option were to be made available.

Most pull ticket players (66.8%) would buy pull tickets at a lottery ticket centre if they were to be made available there. A smaller percentage also said they would buy pull tickets at bars and lounges (58.8%), and bingo halls (56.9% - note: pull tickets are currently sold in many bingo association halls). Other types of locations drew a response from less than half of pull ticket players.

Players said they would buy pull tickets from a dispensing/vending machine if they were made available at bars and lounges (84.8%), gaming room in a hotel (68.8%), bingo halls (55.8%), location devoted to VLTs (55.4%), local casinos (52.4%), resort casino (50.4%), race track (45.0%) and First Nations casino on reserve land (42.3%).

About 87.6% of players indicated the introduction of VLTs has not affected the amount of money they spend on pull tickets, while 10% indicated their spending on pull tickets has decreased and 2.5% indicated they increased their spending. Similar percentages were reported following the introduction of slot machines.

Stakeholders

Stakeholders were consulted in September and October, 2000, during the Gaming Licensing Policy Review. The consultations included interviews with representatives of stakeholder groups. A representative survey of charities in the province and gaming workers was also conducted.

Industry Stakeholders

During the consultations, most gaming workers and charities viewed pull tickets as being a harmless form of entertainment. The number of gaming workers and charities who felt this way was slightly higher than the percentage of Albertans, the majority of whom also felt pull tickets were a harmless form of entertainment.

Stakeholders generally did not express any concerns or significant issues about pull tickets.

Some interest has been expressed by stakeholder groups currently licensed to sell pull tickets to introduce pull ticket vending machines in their authorized venues.

Charities that currently sell pull tickets from their kiosks in shopping malls would like to expand the number of kiosk locations from which they may sell pull tickets.

Municipalities

Representatives of a municipal association indicated a concern to them was in ensuring charities in outlying areas continue to obtain revenue from gaming activities such as pull tickets, so the rural service groups, for example, will have less need to turn to local municipal councils for support.

Advocacy Foundation

A public policy advocacy foundation held the province's charitable model in high regard, believing it reinforces the integrity of the entire gaming industry in the province. This view about the charitable gaming model echoes the perspective of many other stakeholders.

G. Primary Issues and Recommendations

Assessing Proposed Pull Ticket Recommendations

The first step was to arrive at an initial assessment of current pull ticket licensing policies within the gaming licensing policy framework. Are pull ticket licensing policies clear, comprehensive and up to date?

The next step was to obtain the perspectives of stakeholders about those licensing policies and gaming in Alberta generally. That step was followed by a review of stakeholder perspectives and assessing options to address pull tickets in Alberta over at least the next five years.

As policy options or strategies took shape, the following question was asked: How well do the policies measure up to the key elements of the province's licensing policy framework? For example, questions asked included:

- Do proposed pull ticket licensing policies meet the requirements of the *Criminal Code* (Canada), the *Gaming and Liquor Act* (Alberta), and *Gaming and Liquor Regulation* (Alberta)?
- Are they consistent with government's broad policies for gaming?
- Do they fit within the objectives and goals of the Ministry's three-year business plan?

Only policies that met the basic elements of the policy framework would be considered further, and recommendations were developed accordingly.

Primary Issues and Recommendations

The Gaming Licensing Policy Review, in consultation with stakeholders, identified a few primary issues regarding pull tickets. The primary issues and the respective recommendations appear under the following topic.

A. AVAILABILITY, REVENUE DIVISION, ENFORCEMENT

Albertans generally feel the availability of pull tickets is satisfactory and do not call for more availability of pull tickets in the province. Even so, most Albertans also indicated they were unaware as to where pull tickets were available for sale. This may reflect part of a larger issue facing pull ticket sales.

Among charitable gaming activities, pull ticket sales have experienced the greatest decline in player participation rates over the past decade. Charitable groups involved with the sale of pull tickets expect the Commission will assist them to revitalize pull ticket sales. Some charitable groups have asked that pull ticket vending machines be permitted in their venues. Others have been authorized to sell pull tickets from mall kiosks.

POLICY POSITION:

- 1. Through the appropriate policies, assist charities to maximize the return they obtain from charitable gaming activities.**

One of the Commission's main policy directions is, through the appropriate gaming policies, and terms and conditions, to assist charities to maximize the financial return from charitable gaming activities.

PULL TICKET RECOMMENDATION - 1

- Permit eligible charities licensed by the Commission to sell pull tickets from mall kiosks located in the same community where their charitable programs are delivered.**

Comment – Licensed charitable groups have traditionally sold pull tickets in facilities from which the licensed charity delivers its services to the community. A few charities have been permitted by the Commission to sell pull tickets from mall kiosks located in the community where their programs are delivered, providing them greater exposure for their fundraising effort. In those cases, dedicated volunteers or staff are required to manage the pull ticket sales from the mall kiosk and ensure pull tickets are only sold to adults. The charity must also provide the public with information about its services and activities at the kiosk, consistent with a similar requirement in the traditional venues. Authorized or licensed charities would be responsible to make the appropriate arrangements with the mall operator to allow for the sales to occur.

PULL TICKET RECOMMENDATION - 2

- Evaluate the benefits and costs of permitting eligible charities to use pull ticket vending machines for the sale of pull tickets.**

Comment - A number of charities have asked to sell pull tickets through the use of pull ticket vending machines. Such machines would enable the charity to reduce or eliminate the requirement for staff or volunteers to sell them. It also eliminates any issues related to different volunteers selling from the same unit, if discrepancies arise between the number of pull tickets issued and revenue earned.

Pull ticket vending machines are considered electronic gaming devices under the provisions of the *Criminal Code*. As such, they must be conducted and managed by the provincial government, in Alberta, by the Commission as an agent of the government. Such devices would be serviced and maintained by the Commission.

As well, the primary beneficiary of pull ticket vending machines must be the Alberta Lottery Fund. Given this requirement, would the financial expectations of the charity be met by the introduction of pull ticket vending machines in their premises?

As part of the process to evaluate pull ticket vending machines, consideration could be given to a pilot test of pull ticket vending machines in a few venues in which charities are licensed to sell pull tickets. A key requirement would be the venue is age-controlled, to eliminate the possibility of sales to minors, who are prohibited from buying pull tickets.

PULL TICKET RECOMMENDATION - 3

- **If pull ticket vending machines are determined to be viable, following an evaluation as recommended, determine how the revenue from them may be divided in a fair and reasonable manner.**

Comment - As stated earlier, pull ticket vending machines, being electronic gaming devices, must be conducted and managed by the provincial government. As such the primary beneficiary of the proceeds from those vending machines would be the Alberta Lottery Fund. Given this requirement, that the primary share of the proceeds be placed in the Alberta Lottery Fund, there is some question as to whether the financial expectations of the charity could be met by the introduction of pull ticket vending machines.

If pull ticket vending machines were found to be feasible, how should the proceeds be divided? The provincial government may give consideration to returning a portion of the proceeds deposited in the Alberta Lottery Fund from pull ticket vending machines to the licensed charities that introduce them to their facilities.