

# **Challenges of Assessing Social and Economic Impact: Profiling First Nations Casinos in Manitoba**

March 2011

## Vision

To regulate and control gaming activity in Manitoba by protecting the public interest, being proactive and responsive to Manitoba's evolving gaming environment and working in consultation with our clients, stakeholders and partners to establish fair, balanced and responsible gaming practices.

## Mission

To ensure that gaming activity is conducted honestly, with integrity and in the public interest. We achieve this by strengthening our knowledge base, implementing best practices, building strong communication channels, and using a balanced approach to deliver services and policy advice to effectively and responsively regulate and control gaming activities in our province for the benefit of all Manitobans.

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## Executive Summary

Researchers and policymakers have had a longstanding interest in measuring the social and economic impact of gambling. In Manitoba, there has been particular interest in understanding the impact of the development and operation of the two existing First Nations casinos: the Aseneskak Casino on the Opaskwayak Cree Nation and the South Beach Casino on the Brokenhead Ojibway Nation. The Manitoba Gaming Control Commission (MGCC) launched this study to profile the regions around these two casinos as a first step towards assessing the overall impact of casino development. The study was based on *The Social and Economic Impact of Gambling (SEIG) Framework* (2008)<sup>1</sup> and, in keeping with this framework, the study was not intended to lead to a cost-benefit bottom line.

More than anything, this study illustrates the complexities of analyzing gambling's social and economic impact and highlights some challenges of this kind of research. While it is normal to report on research limitations, the nature of this project and the magnitude of its challenges led the MGCC to include a detailed explanation of the challenges of attribution, regional definitions and data insufficiency.

Data for this study were collected and analyzed from many sources, including Aseneskak Casino, South Beach Casino, Statistics Canada, Indian and Northern Affairs Canada, the MGCC, Manitoba Lotteries Corporation, the Addictions Foundation of Manitoba and Manitoba Health, among others. Where possible, data from 2001 and 2006 were analyzed, to correspond with Canadian Census years, although in the case of casino data, the first and mostly recently available operating years' data were also examined. The impact regions defined for the study included the casino host communities (i.e., Opaskwayak Cree Nation and Brokenhead Ojibway Nation), the Aboriginal and non-Aboriginal communities in the immediate vicinity of the casinos and broader areas when specific regional information was unavailable.

The SEIG Framework identifies a general lack of good impact data as the key challenge facing SEIG researchers and this was certainly the case in this study. The scope of the study was limited to analyzing existing data, because of the lack of existing methodologies for collecting valid data on several indicators and the inability to make attributions about many indicators even if the data were collected. This was a challenge, because most existing data is financial or numerical, and many of the potential impacts of gambling cannot be measured numerically or in monetary terms, and so were not considered in this study. Also, because the existing data is

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<sup>1</sup> Anielski, M. & Braaten, A. (2008). *The Socio-Economic Impact of Gambling (SEIG) Framework*. Prepared for the Inter-Provincial Consortium for the Development of Methodology to Assess the Social and Economic Impact of Gambling (now called the Canadian Consortium for Gambling Research). The complete report is available on the MGCC's website at [www.mgcc.mb.ca](http://www.mgcc.mb.ca). Executive summaries in English and French are also available.

cross-sectional, it was impossible to draw conclusions about the extent to which the construction and operation of the casinos caused or contributed to changes in the given social and economic impacts.

Data storage and retrieval at the sources is not straightforward and, as a result, data requests were often challenging for the organizations being consulted. It was not possible to obtain data for several indicators, even when the information had already been collected in some form, because organizations did not have the resources to identify, source or collate the data needed for the study. Data collection was further complicated by differences in the way different organizations define regional boundaries, though this was less a challenge of SEIG research and more a challenge of analyzing community-level data. Table 1 summarizes the amount of effort required to collect data on the different indicators, and the quality of the resulting information.

**Table 1** Characterization of data collection efforts

Indicator	Required Effort	Quality of Data
<b>Theme 2: Economic and financial</b>		
Casino finances	Low	High
Regional economy	High	Medium
Public sector	Medium	Medium
Personal gambling expenditures	High	Medium
Bankruptcy	Low	Medium
<b>Theme 3: Employment and Education</b>		
Job creation	Medium	Medium
Regional employment	Low	High
<b>Theme 4: Recreation and tourism</b>		
Casino tourism	Low	Medium
Other gaming activities	Low	High
<b>Theme 5: Legal and justice</b>		
Regional crime rates	High	High
Casino crime	Low	High
<b>Theme 6: Culture</b>		
Regional population	Low	High
Community transfers from casino	Medium	Medium

Source: InterGroup Consultants

The impact profiles for the Aseneskak and South Beach Casinos cannot be summarized or meaningfully compared, and so data are simply presented for the time points that were available. Ultimately, it is left to the reader to classify impacts as positive or negative, and then to subjectively judge gambling's overall impact in the regions surrounding each casino. At this stage, no methodology allows for more objective calculations that would meaningfully compare monetary and non-monetary impacts.

This study had many limitations and is not meant to be a definitive work on the impact of First Nations casinos in Manitoba. Rather, it is the MGCC's hope that, as the landscape of

gambling continues to evolve in the province, these profiles and the explanations of challenges faced in compiling them will serve as a starting point for researchers interested in or contemplating gambling impact analyses and will help the public consider and better understand the complexity of this kind of analysis.

## Background

Gambling can be an important source of revenue and opportunity for operators and governments, including First Nations. It can stimulate local economies, generate employment and promote economic development. Gambling can also produce social and economic costs. The Manitoba Gaming Control Commission (MGCC) is committed to examining gambling through a balanced lens that considers its full spectrum of positive and negative impacts.

Within the context of its legislated mandate to conduct independent and collaborative research, the MGCC has developed a broad research agenda to guide its research activities. This agenda has long included projects related to the social and economic impact of gambling. More specifically, the MGCC is committed to ensuring that valid and reliable tools are available to assess gambling's full impact and to using these tools to gauge the effects of the construction and operation of First Nations casinos in Manitoba.

### The Social and Economic Impact of Gambling (SEIG) Framework

Assessing the impact of First Nations casinos is a major undertaking. The MGCC began this research in 2001 by benchmarking indicators for the Opaskwayak Cree Nation and the Brokenhead Ojibway Nation, the First Nations on which Manitoba's two existing First Nations casinos – the Aseneskak and South Beach casinos – are respectively located. The benchmarked profiles summarized information for each community from the 1996 Canadian Census; from municipal, provincial and First Nations data sources; and from Manitoba Lotteries Corporation and the MGCC.

The MGCC originally planned to conduct follow-up research to these profiles in 2005; however, by that time, the research community had begun to recognize that gambling's impact is far-reaching and multifaceted. It was also becoming clear that the problem of how to measure this impact was too tremendously complex for a single organization or independent researcher to tackle individually. As a result, the MGCC partnered in 2004 with an interprovincial consortium of gambling research, regulatory and treatment organizations from across the country, now called the Canadian Consortium for Gambling Research, to fund and oversee the development of a research framework for measuring gambling's impact. The early stages of this project confirmed that measuring the complete positive and negative impact of legalized gambling is a grueling task that brings up more research questions than answers. Knowing this, the MGCC chose to wait until this project had resolved some of these questions before continuing with research to assess the impact of First Nations casinos in Manitoba.

In 2008, the MGCC and its Canadian Consortium for Gambling Research partners released *The Socio-Economic Impact of Gambling (SEIG) Framework (2008)*<sup>2</sup>. Briefly, the SEIG Framework is designed to guide researchers and policymakers in measuring and reporting on the social and economic impact of gambling in Canada. For those interested in or contemplating this kind of work, the SEIG Framework recognizes that impacts can be positive or negative and can be evaluated at the individual, household or family, community, regional and provincial levels. It provides a map to measure and report on the quantitative (i.e., statistical), qualitative (i.e., perceptual, non-numeric) and monetary (i.e., losses and gains) impacts of gambling across six themes:

- health and wellbeing
- economic and financial
- employment and education
- recreation and tourism
- legal and judicial
- cultural

The impact themes and variables in the SEIG Framework were selected based on an extensive review of the research literature and on input from an expert panel of economists, epidemiologists and gambling researchers from around the world. The literature and experts agreed that many of the impact indicators cannot be meaningfully or reliably compared in monetary terms. Accordingly, the SEIG Framework does not lead to a cost-benefit bottom line, but rather is structured as a guide for those who study gambling's broad effects.

Researchers and policymakers have had a longstanding interest in placing a common value on gambling's impacts, and the SEIG Framework's structure is a challenge for those seeking to tally and compare impacts. However, SEIG Framework's approach ultimately leads to comprehensive and contextualized impact profiles, rather than inaccurate, and possibly unfair, comparisons of gambling's impact in different communities, regions or provinces. Profiles, though not simple like a theoretical bottom line, offer the advantage of benchmarking rich information to inform future research and policy.

## Purpose

Following the launch of the SEIG Framework, the MGCC developed this study to assemble and analyze existing data on the impacts of the construction and operation of the Aseneskak and South Beach casinos. The scope of the study was limited to analyzing existing

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<sup>2</sup> Anielski, M. & Braaten, A. (2008). *The Socio-Economic Impact of Gambling (SEIG) Framework*. Prepared for the Inter-Provincial Consortium for the Development of Methodology to Assess the Social and Economic Impact of Gambling (now called the Canadian Consortium for Gambling Research). The complete report is available on the MGCC's website at [www.mgcc.mb.ca](http://www.mgcc.mb.ca). Executive summaries in English and French are also available.

data, because of the costs of collecting new data and the lack of existing methodologies for collecting data on several indicators. As a result, the conceptual framework consisted mainly of quantitative (i.e., statistical) and monetary (i.e., losses and gains) indicators, as few suitable qualitative (i.e., perceptual, non-numeric) indicators were available in existing datasets.

Appendix A presents the conceptual framework used in this study. It is based on five impact themes from the SEIG Framework: economic and financial, employment and education, recreation and tourism, legal and judicial and cultural. The health and wellbeing theme was omitted because of the difficulties of collecting sensitive personal health data and because many of the indicators would require new data collection; this study was originally intended to be a first step in assessing overall impact and this theme was planned for inclusion in future steps. Several indicators from the included impact themes were also omitted, again because the scope of the study analyzed existing data. Consistent with the SEIG Framework, this study was not intended to develop a cost-benefit bottom line, but rather to begin to develop profiles of the social and economic impacts of Manitoba's First Nations casinos.

## Process

Following a rigorous request for proposals process in 2009, the MGCC selected a Manitoba research firm, InterGroup Consultants, to conduct this study. InterGroup Consultants undertook a two-staged data analysis process. The primary stage collected and analyzed existing data from Aseneskak Casino, South Beach Casino, Statistics Canada, Indian and Northern Affairs Canada (INAC), the MGCC, Manitoba Lotteries Corporation, the Addictions Foundation of Manitoba and Manitoba Health. Where feasible, data from 2001 and 2006 were analyzed to correspond with Canadian Census years. In the case of casino financial and operational data, InterGroup Consultants analyzed the first year of operations, as well as 2006 and 2008.

The follow-up stage of data analysis consisted of telephone inquiries and data collection trips to clarify information gaps and to seek existing data from additional sources that would increase the accuracy and breadth of the analysis. Additional sources included:

- Canadian Centre for Justice Statistics
- Chambers of Commerce (Selkirk, Beausejour, Lac du Bonnet, The Pas)
- Community Futures Offices (Manitoba, Cedar Lake, Southeast, Winnipeg River)
- Leading regional employers (Manitoba Hydro, Tembec, Tolko Industries, Hudson Bay Railway)
- Manitoba Employment and Income Insurance
- Manitoba Real Estate Association (through relevant regional realtors)
- Office of the Superintendent of Bankruptcy Canada
- Royal Canadian Mounted Police (Division D)
- Service Canada
- Winnipeg Real Estate Board (through regional realtors)

InterGroup also contacted all fourteen First Nations members of the Aseneskak and South Beach casino ownership consortiums; however, only three opted to provide information for this study.

## Challenges

As with all research initiatives, many challenges surfaced during this study's data collection and analysis processes. Some of these challenges echoed limitations and issues identified in the SEIG Framework itself, and are challenges that researchers would face in examining gambling's impacts in any population. Other challenges were unique to this project, because of its focus on specific regions within Manitoba. The study encountered three key challenges:

- attribution challenges
- regional definition challenges
- data insufficiency challenges

While it is normal to report on research limitations, the nature of this project and the magnitude of its challenges led the MGCC to provide the following detailed analysis of the key challenges. This analysis is meant to assist future research and to illustrate some of the complexities of social and economic impact assessment to those unfamiliar with this kind of research.

### Attribution Challenges

Attribution is the main challenge in implementing the SEIG Framework, and one that significantly limits the kinds of conclusions that can be drawn from gambling impact studies. For studies like this one, which are based on cross-sectional data collected at different points in time, there are no methods for accurately teasing out how much of the change in any given indicator is actually caused by (i.e., attributable to) the introduction of or change in gambling activities. Though the SEIG Framework helps researchers agree on which variables to examine, assessing the causality of change in these variables is a much thornier issue.

In this study, the use of cross-sectional data means that it is impossible to calculate to what extent the construction and operation of the Aseneskak and South Beach casinos caused or contributed to changes in the given social and economic indicators. At most, we can correlate change in indicators with the changing availability of gambling over time, but longitudinal data and matched control comparison studies would be required to draw conclusions about causality. There is an exception for the handful of indicators that can be linked directly to casino development. For example, if a casino purchases goods or services from companies in the surrounding communities (e.g., accounting or dry cleaning services), it is clear that casino operation directly caused this spending. These kinds of indicators are few and far between.

Researchers, the media and the general public have long speculated that SEIG Framework indicators are indirectly tied to gambling. For example, if property values change, either increasing or decreasing, in a community after a casino is built, we expect that some of this change is due to casino construction. However, we do not know how *much* change can be attributed accurately to the casino, and how much is caused by other community changes. Similarly, if the number of people receiving income assistance decreases, how much of this change is caused by casino employment opportunities, and how much is caused by the myriad of other factors that affect the need for income assistance? Even with indicators like employment creation, which at first appear directly linked to casino operation, causality is not always entirely clear. While casinos create jobs, an impact assessment needs to examine more deeply if people employed at the casino would have otherwise been employed or employable elsewhere. That is, to properly attribute job creation to casino development, it matters whether the casino is creating more jobs than were previously available or simply poaching local workers from other employers.

In general, attribution is even more problematic with qualitative (i.e., perceptual, non-numeric) indicators than with quantitative and monetary ones, because we cannot put a number on how much these indicators change over time. For example, since there are no agreed-upon methods for measuring quality of life, researchers are far indeed from being able to study to what extent quality of life changes as a result of changes in the availability of legalized gambling. The attribution of qualitative indicators was not a challenge in this study, only because most were outside the scope of the study, as discussed earlier; we recognize that this study's narrow scope is a significant limitation.

Because of these attribution challenges, this study simply presents profiles about the communities surrounding the Aseneskak and South Beach casinos at different time points, but does not draw conclusions about whether or to what extent the casino construction and operation caused these changes. Though these kinds of conclusions about gambling's impact would be ideal for informing policy, the current analytical methods are simply too limited. Nonetheless, these profiles assemble a wealth of information about these communities, and so provide benchmarks for future studies.

Gambling impact research continues to evolve and the MGCC and its Canadian Consortium for Gambling Research partners are actively contributing to addressing attribution challenges. Currently, the Canadian Consortium for Gambling Research is funding a detailed analysis of existing SEIG-related research<sup>3</sup>. This analysis is intended to simplify the SEIG Framework and provide researchers with principles for conducting meaningful and rigorous SEIG studies that are better able to make conclusions about causality. This analysis will also

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Williams, R.J., Rehm, J., and Stevens, R.M.G. (forthcoming). *The Social and Economic Impacts of Gambling*. Final report prepared for the Canadian Consortium for Gambling Research. Once released, the complete report will be available on the MGCC's website at [www.mgcc.mb.ca](http://www.mgcc.mb.ca).

recommend future research directions to advance the current understanding of social and economic impacts.

## Regional Definition Challenges

It was necessary to define impact regions before beginning to collect data. The study defined the following impact groups, based on criteria of geographic location relative to the casino, relative size of the community, and potential to be affected by casino operations:

- Owner First Nations: Included the First Nations with ownership stakes in the casinos:
  - South Beach Casino consortium**
    - Bloodvein First Nation
    - Brokenhead Ojibway Nation
    - Hollow Water First Nation
    - Little Black River First Nation
    - Little Grand Rapids First Nation
    - Pauingassi First Nation
    - Poplar River First Nation
  - Aseneskak Casino consortium**
    - Chemawawin Cree Nation
    - Misipawistik Cree Nation
    - Mosakahiken Cree Nation
    - Opaskwayak Cree Nation
    - Sapotaweyak Cree Nation
    - Wuskwi Siphik Cree Nation
- Communities in the immediate vicinity of the casinos: Both Aboriginal and non-Aboriginal communities were included:
  - South Beach region**
    - Beausejour
    - Brokenhead Ojibway Nation
    - Lac du Bonnet
    - Pine Falls-Powerview
    - Rural Municipality of St. Clements
    - Sagkeeng First Nation
    - Selkirk
  - Aseneskak region**
    - Opaskwayak Cree Nation
    - Rural Municipality of Kelsey
    - The Pas
- Others: Data were collected for the City of Winnipeg and Province of Manitoba for indicators for which specific regional information was unavailable.

Boundary changes and differences in regional definitions were a constant challenge for this study, though this was less a challenge of SEIG research and more a challenge of analyzing community-level data, and particularly data of sovereign First Nations. National and provincial boundaries are generally clear and fixed, while community and regional boundaries are adjusted more frequently. Also, a lot of gambling spending and behavioural data are available at the national and provincial levels, but it is complicated – and for some indicators, impossible – to

disaggregate the data to the regional or community levels, as this study required. For example, information on government expenditures allocated for problem gambling treatment, education and prevention was obtained from the Addictions Foundation of Manitoba, but data are not tracked in such a way as to provide community-level breakdowns for this indicator.

Data are also collected and stored based on different boundary definitions. Data for some indicators could be sorted by postal codes, while other datasets allowed for sorting by Statistics Canada divisions. The boundaries defined by these methods vary significantly, making it difficult to profile regions consistently. For example, First Nations demographic data for 2001 and 2006 were obtained from three different data sources: Statistics Canada, Manitoba Health and Indian and Northern Affairs Canada (INAC). Each of the data sources has inherent strengths and weaknesses; as a result, the data are not identical or even similar in some cases. A few of the primary reasons for this include:

- In the case of Manitoba Health, declaration of First Nation ethnicity is voluntary when registering with the provincial department. Therefore, the First Nations population in the regions of interest may be underreported and totals are generally lower than those reported federally by INAC. Also, individuals belonging to a First Nation that do not reside on reserve are classified as residents of the municipality in which they live, while individuals residing on reserve who do not identify as Aboriginal are allocated to the appropriate neighbouring municipality.
- In the case of INAC, annual counts for population derived from the Indian Register may be affected by the late reporting of vital events (births and deaths). This data source includes Registered Indians who live outside of Canada and those living in institutions, neither of which are counted by Statistics Canada.
- Statistics Canada's counts of Aboriginal peoples can be affected by issues of under coverage and incompletely enumerated reserves.

Given these complications related to regional definitions, InterGroup Consultants endeavored to match different data sources' boundaries to those defined for the study, though this often required assumptions and estimates.

## Data Insufficiency Challenges

The SEIG Framework identifies the lack of sufficiently robust data as a general challenge for gambling impact studies, and this study is no exception. The scope of the project was narrowly defined because data sources did not exist for many of the SEIG indicators, as discussed earlier. Even for the indicators that were included, data insufficiency was a major challenge. For example, the two casinos had different methods for collecting and presenting data. Also, except in the case of Statistics Canada, it was difficult or even impossible to obtain

information for 2001, because organizations have generally changed the way they track and store data as electronic records have become common.

Data storage and retrieval is not straightforward and, as a result, data requests were often challenging for the organizations being consulted. Providing data for this kind of study requires in-depth knowledge of the way an organization's information is gathered, stored and disseminated, and some sources did not have the resources to identify, source or collate the information that was sought. In several instances, the form and type of information required for the study had not been compiled before, and organizations declined to participate due to resource constraints.

The complexity of data assembly considerably stretched the study's original timelines, and one of the resulting limitations is that this study reports on data that is several years old. Past data cannot be used to predict future data, because of the cross-sectional nature of the information collected in this study, and so we cannot conclude that the current situation in the communities surrounding Manitoba's First Nations casinos is the same as it was when these data were collected. Information about some indicators is publicly available for more recent years. For example, casino financial data for more recent years can be obtained from Aseneskak Casino and South Beach Casino's respective annual reports.

Like all analyses of existing data, this study relied on the quality of data collected by others. There is an inherent risk to this approach, because the resulting information could contain inaccuracies beyond the control of the researchers. Given this risk, InterGroup Consultants omitted some data in their report due to poor quality or questionable data collection methods.

## Future Directions

Despite the longstanding interest in measuring the social and economic impact of gambling, what the following profiles of the South Beach and Aseneskak Casinos illustrate more than anything is the complexity of impact analysis. With cross-sectional data, we get snapshots of variables at particular points in time, but we cannot make causal attributions about gambling's role in these pictures. The understanding that we seek is more like a 3D video – a multifaceted and complete understanding of the subtleties of gambling's changing impact over time – but we are limited by data and methodologies that leave us with poor-quality still shots that only capture parts of the full image.

With cross-sectional data, we are limited to creating profiles, like these profiles of the communities surrounding Manitoba's two First Nations casinos, that quantify and qualify gambling's impact. Ultimately, it is left to the reader to classify impacts as positive or negative, and then to subjectively weight them and judge gambling's overall impact. Wherever the balance lies, this study illustrates that the overall impact is a complicated mix of positive and negative data, and that it depends on the time period and the jurisdiction being studied. In the case of First Nations gaming in Manitoba, introducing casinos in small communities is a significant change, and likely leads to greater overall impact than if these casinos were introduced in larger centres. Perhaps ambitiously, this study aimed to create comparable profiles of the province's two First Nations casinos. It is clear now that comparability is impossible, as gambling is too complex and affects each area differently depending on a multitude of mitigating factors.

This study has many limitations, in addition to those inherent in the challenges of attribution, regional definitions and data insufficiency discussed above. The reliance on existing data is the key limitation, as this significantly constrained the scope of the study. The MGCC recognizes that many of gambling's potential effects are non-monetary, and that examining mainly quantitative data may not result in a balanced presentation of gambling's full impact. The MGCC also recognizes that the complete impact of First Nations casinos extends beyond the impact regions defined in this study, and that gambling affects individuals, families, communities and regions. A more thorough study would analyze impact at these different levels, and on adjoining and distant regions, but this kind of analysis was beyond the scope of this project because of methodological limitations. Given these limitations, this study is not meant to be a definitive work on the impact of First Nations casinos in Manitoba. Rather, the following profiles of the South Beach and Aseneskak Casinos consolidate benchmarks for future researchers who study First Nations gaming in the province.

We are not the only ones who have struggled with these limitations. Impact studies in other jurisdictions have been delayed or abandoned because of the complexity of the research,

and in particular because of the challenge of comparing monetary and non-monetary impacts. Originally, the MGCC planned for this study to be a first phase that would be followed by a phase that would use qualitative research techniques to fill knowledge gaps and, in particular, gaps related to the SEIG Framework's health and wellbeing impact theme. The prohibitive costs of collecting new qualitative data and the frustration of not being able to make causal attributions about social and economic impacts has led the MGCC to postpone this project until the larger research community answers some of the big questions that will make this research more meaningful. In the meantime, the MGCC continues to focus on advancing the SEIG Framework at the national level, and remains committed to conducting smaller projects that contribute to the overall understanding of gambling's impact in Manitoba.

## Profiles

### South Beach Casino

The South Beach Casino opened on May 28, 2005, and is located on the Brokenhead Ojibway Nation reserve, approximately 75km from downtown Winnipeg. The facility consists of a 40,000 square foot gaming floor with gaming tables and 600 slot machines (expanded from 300 in 2008). The associated hotel, which opened in 2008, has over 90 guest rooms and a 7,000 square foot Grand Ballroom that can be divided into smaller spaces as required. Other amenities include Mango's Restaurant, the Blue Dolphin Lounge, South Beach Cafe, a swimming pool and the Coral Reef Gift Shop. As mentioned above, the ownership consortium includes:

- Brokenhead Ojibway Nation
- Bloodvein First Nation
- Hollow Water First Nation
- Little Black River First Nation
- Little Grand Rapids First Nation
- Pauingassi First Nation
- Poplar River First Nation

The impact region identified for this study consists of:

- Beausejour: relatively large community located in the vicinity of the casino
- Brokenhead Ojibway Nation: host First Nation and ownership consortium member
- Lac du Bonnet: relatively large community located in the vicinity of the casino
- Pine Falls – Powerview: relatively large community located in the vicinity of the casino
- Rural Municipality of St. Clements: rural municipality located in the vicinity of the casino
- Sagkeeng First Nation: relatively large community located in the vicinity of the casino
- Selkirk: relatively large community located in the vicinity of the casino

## Economy and Employment

Casinos generate revenues and incur expenses, and any surplus funds remaining after all expenses are paid become profit, or net revenue. Full details and more recent years of South Beach Casino's financial performance are available in its annual reports. Briefly, as Table 2 shows, South Beach Casino's profits increased by 57% in its first three years of operation. The casino's profit margin, a financial health indicator that provides some perspective on the long-term stability of revenues, was stable from 2006 to 2008.

**Table 2** South Beach Casino revenues<sup>1</sup>

Component	2006	2007	2008
Revenue	\$ 21,872,918	\$ 30,687,160	\$ 36,231,932
Expenses <sup>2</sup>	\$ 14,646,683	\$ 21,049,760	\$ 25,056,900
EBITDA <sup>3,4</sup>	\$ 7,226,235	\$ 9,637,400	\$ 11,175,032
Net Revenue <sup>5</sup>	\$ 5,585,321	\$ 7,139,404	\$ 8,750,607

Source: South Beach Casino

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Expenses include cost of goods sold, operating and administrative costs, but exclude amortization and interest.

<sup>3</sup> EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization

<sup>4</sup> As a First Nations business operated on First Nations territory, there are no taxes included in the EBITDA calculation.

<sup>5</sup> Net revenue before allocations but after interest, taxes, depreciation and amortization.

Table 3 shows the owners' equity, or the annual surpluses that were retained in the company over time after all expenses are paid. Owners' equity increased steadily in the casino's first three years of operations. South Beach Casino's return on equity and debt/equity ratio decreased as owners' equity grew; however, these financial health indicators are likely to stabilize over time once an optimal equity level is reached and fewer profits are retained each year.

**Table 3** South Beach Casino owners' equity<sup>1,2</sup>

Component	2006	2007	2008
Owners' Equity	\$ 5,882,822	\$ 10,371,522	\$ 16,671,759
Increase over previous year (dollars)	\$ 4,885,321	\$ 4,488,700	\$ 6,300,237
Increase over previous year (%) <sup>3</sup>	-	76.3%	60.7%

Source: South Beach Casino

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Calculated by InterGroup.

<sup>3</sup> Percentage increase is not calculated for 2006 because it was the first full year of operations.

In addition to being invested as retained earnings, profits can be distributed as payments to owners, in this case to the ownership consortium members. South Beach Casino's payments are generally made in a single distribution to each owner First Nation once per operating year and, once made, the related cash is no longer accounted for as part of the casino's ongoing operations. Table 4 shows each consortium member's ownership stake in the casino, and disbursements received in the first three years of operations. Equal distributions were made each year to each consortium member. These payments, which are unencumbered general revenue for the owner First Nations, represent the most tangible impact on these communities.

**Table 4** South Beach Casino impact on consortium members<sup>1</sup>

<b>Impact</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Equity</b>			
Equity of each First Nation <sup>2</sup>	\$ 840,403	\$ 1,481,646	\$ 2,381,680
<b>Disbursements</b>			
Brokenhead Ojibway Nation	\$ 100,000	\$ 378,571	\$ 350,000
Bloodvein First Nation	\$ 100,000	\$ 378,571	\$ 350,000
Hollow Water First Nation	\$ 100,000	\$ 378,571	\$ 350,000
Little Black River First Nation	\$ 100,000	\$ 378,571	\$ 350,000
Little Grand Rapids First Nation	\$ 100,000	\$ 378,571	\$ 350,000
Pauingassi First Nation	\$ 100,000	\$ 378,571	\$ 350,000
Poplar River First Nation	\$ 100,000	\$ 378,571	\$ 350,000

Source: South Beach Casino

<sup>1</sup>Data for fiscal year ending March 31.

<sup>2</sup>Equity holdings are currently equal among all owners. Multiplying these numbers by seven provides total owners' equity for each year.

Anecdotal information suggests that casino funds are typically used by communities for infrastructure improvements, some payouts directly to community members and other purposes. All ownership communities were contacted to inquire about the use of funds more specifically; however, only one South Beach consortium members, Little Black River First Nation, provided information for the study. In the case of Little Black River First Nation, equal thirds of casino distribution payments are allocated to each of the three following areas:

1. Assistance to community members during the holiday season (i.e., holiday gifts and food).
2. Community infrastructure and services, including:
  - a. An education subsidy for members who are university students;
  - b. A subsidy for elderly members to cover utility expenses and provide firewood;
  - c. Funding for road construction and maintenance; and
  - d. Additional funding for a recent school construction, which allowed the community to build a larger gymnasium than originally planned.
3. Future-use or rainy-day fund for use by the community.

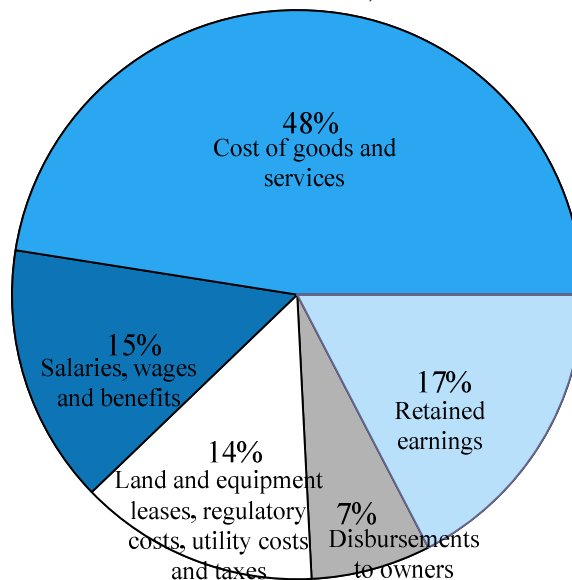
Some of South Beach Casino's net revenues are designated for payment to the First Nations Casino Trust, which was established to distribute funds to all First Nations for responsible gambling awareness and problem gambling education, prevention and treatment initiatives; and for a range of other prescribed purposes, including capital and housing, economic development, social programs, justice initiatives, education, recreation, health initiatives, infrastructure development, governance and charity. In 2000, the Assembly of Manitoba Chiefs established the trust's revenue distribution formula, which requires that 30% of South Beach Casino's net revenues be paid to the trust (27.5% for revenue-sharing with all First Nations and 2.5% for prevention, treatment and responsible gambling initiatives).

The Assembly of Manitoba Chiefs waived the revenue-sharing portion in South Beach Casino's early years of operation, and it was agreed that full contributions would resume as of

September 30, 2010. As of January 2010, a total of \$1,570,196 was being held in the trust from South Beach Casino, \$793,296 of it designated for prevention, treatment and responsible gambling initiatives<sup>4</sup>, and \$776,900 in the revenue-sharing component. As with payments to owners, once payments are made to the trust, the related cash is no longer accounted for as part of the casino's ongoing operations.

Figure 1 illustrates how South Beach Casino's revenues were distributed in 2008, the most recent year included in the study, though the figure does not include trust payments, because the revenue-sharing component was waived in 2008. It illustrates that salaries, wages and benefits are a major cost for the casino, so much so that employment income from casino operations is one of the casino's most substantial positive economic impacts. Salaries, wages and benefits provide the most immediate economic effect for the surrounding community, paying wages directly to area residents. Still, as mentioned earlier, it is impossible to attribute job creation fully to the casino, unless it can be shown that employees are not being poached from other workplaces. It was beyond the scope of this study to investigate whether the casino's workforce consists of people who primarily would be unemployed if they did not work at the casino.

**Figure 1** Distribution of South Beach Casino's revenues, 2008



Tables 5 provides more details about the casino's employment costs and composition. South Beach Casino's total salaries, wages and benefits increased 44% over its first three full years of operations, partly due to increases in benefits and training costs. In 2008, nearly half (45%) of South Beach Casino's employees were of First Nations ethnicity; knowing this, we can

<sup>4</sup> South Beach Casino's contributions for prevention, treatment and responsible gambling initiatives were never waived.

estimate that \$2.4 million in wages, salaries and benefits flowed from the casino to Aboriginal people<sup>5</sup>.

**Table 5** South Beach Casino employment costs and composition<sup>1</sup>

<b>Impact</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total salaries, wages and benefits	\$ 3,713,783	\$ 4,930,845	\$ 5,338,771
Benefits (total cost to company)	\$ 2,607	\$ 295,188	\$ 333,950
Employees on a company benefits plan	0%	65%	74%
Annual employee turnover	62%	68%	70%
Training costs	\$0	\$12,622	\$15,543
<b>Complement</b>			
Full time staff	125	143	135
Part time staff	23	26	47
<b>Salary Ranges</b>			
Minimum (hourly)	\$ 7.25	\$ 8.00	\$ 8.50
Maximum (hourly)	\$ 43.11	\$ 43.11	\$ 43.11
Mean (hourly)	\$ 12.06	\$ 14.03	\$ 14.51
<b>Employee Community of Origin</b>			
Brokenhead Ojibway Nation	11%	10%	9%
Ownership consortium First Nations	6%	4%	14%
Aboriginal (self-identified)	44%	43%	45%
Aboriginal managers/supervisors (self-identified)	3%	5%	7%

Source: South Beach Casino

<sup>1</sup> Data for fiscal year ending March 31.

Figure 1 also shows that a portion of South Beach Casino's revenues are used for fees to Manitoba Lotteries Corporation, the Manitoba Gaming Control Commission, Brokenhead First Nation and the federal government. Table 6, which breaks down these costs in more detail, shows that, in 2008, costs included over \$2.75million to Manitoba Lotteries Corporation for gaming supplies, support and leased equipment; \$129,000 to the Manitoba Gaming Control Commission for regulatory costs, \$230,000 to the Brokenhead First Nations in lease and utility costs; and \$1,281,000 in public sector costs. Among the public sector costs are income and sales taxes paid to the federal government; the Health and Post-Secondary Education Payroll Levy, which are paid into funds targeted for specific purposes; and Employment Insurance and Canada Pension Plan payments. The provincial government does receive any share of the profits from First Nations casinos.

<sup>5</sup> This estimate assumes that employment income is distributed evenly among all workers, which is not the case; however, the approximation is meant illustrate the general range of employment income to Aboriginal people.

**Table 6** South Beach Casino payments to MLC, MGCC, host First Nation and public sector<sup>1</sup>

<b>Impact</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Manitoba Lotteries Corporation</b>			
Lease of gaming equipment	\$ 956,000	\$ 1,051,000	\$ 1,018,000
Leased slot machine and table game costs	\$ 277,000	\$ 735,000	\$ 1,122,000
Gaming supplies, computer maintenance and contract services	\$ 309,000	\$ 624,000	\$ 612,000
<b>Manitoba Gaming Control Commission</b>			
Regulatory oversight costs	\$ 159,000	\$ 129,000	\$ 129,000
<b>Brokenhead First Nation</b>			
Land lease	\$ 98,000	\$ 120,000	\$ 120,000
Water/sewer contract	\$ 72,000	\$ 99,000	\$ 91,000
Service contract	\$ 20,000	\$ 28,000	\$ 19,000
<b>Public sector</b>			
Federal tax on business earnings	\$ 0	\$ 1,000	\$ 1,000
Goods and Services Tax (GST) <sup>2,3</sup>	\$ 189,000	\$ 278,000	\$ 272,000
Provincial tax on business earnings	\$ 0	\$ 0	\$ 0
Employment income taxes withheld <sup>4</sup>	\$ 125,000	\$ 196,000	\$ 148,000
Health and Post Secondary Education (Payroll) Tax Levy	\$ 76,000	\$ 110,000	\$ 143,000
Employment Insurance (EI)	\$ 122,000	\$ 184,000	\$ 233,000
Canada Pension Plan (CPP) <sup>5</sup>	\$ 140,000	\$ 213,000	\$ 484,000

Source: South Beach Casino

<sup>1</sup> Data for fiscal year ending March 31.<sup>2</sup> GST is recoverable. This figure represents total GST collected minus estimated total GST paid to suppliers.<sup>3</sup> GST is included in each bet. The GST portion of a \$10 bet is \$0.48 (i.e., [ $\$10 - (\$10 \times (100/105))$ ]). This formula is applied to the gross margin resulting from bets.<sup>4</sup> This figure provides an approximation based on the government withholding formula. Actual amounts of provincial and federal income tax will vary.<sup>5</sup> CPP benefits were extended to all First Nations employees January 1, 2008.

The most significant portion of South Beach Casino's revenues goes to good and services costs. A casino provides many opportunities for local businesses to increase sales; these opportunities commonly are referred to at the "spinoff" benefits of casino development. South Beach Casino offers goods for sale, such as food, beverages and souvenirs, and requires supplies to operate the office and facility. The casino also requires a large number of services, from professional services such as legal and accounting, to armoured car service, marketing and utilities. Although some specialized services must be provided by companies located outside of the South Beach region, many services are supplied locally, resulting in additional spinoff employment.

**Table 7** South Beach Casino goods and services purchased<sup>1</sup>

	<b>2006</b>	<b>2007</b>	<b>2008</b>
Goods and services purchased <sup>2</sup>	\$ 10,030,814	\$ 14,990,418	\$ 17,224,472
Increase over previous year (%) <sup>3</sup>	-	49.4%	14.9%

Source: South Beach Casino

<sup>1</sup> Data for fiscal year ending March 31.<sup>2</sup> Defined as [expenses – (public sector payments + salaries, wages and benefits)]. This definition was adopted because expenses figures were not provided according to these categories.<sup>3</sup> Percentage increase is not calculated for 2006 because it was the first full year of operations.

As Table 7 shows, South Beach Casino's goods and services purchases increased 72% over its first three years of operations; however, for the purpose of this study it was not possible to identify and separate local versus non-local upstream beneficiaries. Purchase categories included insurance, food and beverage, repairs and maintenance, utilities and services, armoured car service, consulting fees, postage, printing, travel, uniforms, advertising and promotion, professional fees, operating supplies, bank charges and telephone.

Several sources were consulted for anecdotal information regarding the regional economy around South Beach Casino, including regional Chambers of Commerce, Community Futures offices, and key personnel in industries closely linked to casino development and operation (e.g., leisure, hotel, restaurant, security, construction). It is expected that casino construction will stimulate the construction of complementary businesses (i.e., hotels, restaurants); however, InterGroup Consultants was unable to obtain reliable data on the number of annual new business starts in the region or on the revenues of industries closely linked to casino development. In terms of other regional indicators, there were five commercial bankruptcies in the region in 2001, and four in 2006. The number of occupied private dwellings remained relatively constant from 2001 to 2006, and average residential property values increased from \$112,762 to \$149,309 from 2006 to 2008. Inquiries regarding commercial sales and property values in the South Beach region, in the form of telephone calls to local realtors, were not successful. Characterizing the infrastructure value of the casino buildings and corresponding road and infrastructure upgrades was beyond the scope of the study, as was examining the incremental public costs of servicing upgraded infrastructure.

Workforce characteristics varied between different communities in the South Beach region, and Table 8 shows the region's workforce participation, employment, and unemployment rates in 2001 and 2006. The participation rate in Table 8 refers to the potential labour force in the

**Table 8** Workforce characteristics in the South Beach region<sup>1</sup>

Community	2001			2006		
	Participation Rate	Employment Rate	Unemployment Rate	Participation Rate	Employment Rate	Unemployment Rate
Beausejour	56.8%	53.8%	5.2%	55.0%	52.1%	5.2%
Brokenhead Ojibway Nation <sup>2</sup>	67.3%	53.1%	21.2%	59.7%	51.6%	13.5%
Lac du Bonnet	49.4%	46.6%	5.8%	55.4%	51.2%	7.6%
Pine Falls <sup>3</sup>	63.6%	57.9%	8.8%	-	-	-
Powerview	65.8%	56.8%	13.7%	70.0%	66.6%	5.6%
Rural Municipality of St. Clements	73.1%	68.8%	5.9%	72.6%	69.9%	3.7%
Sagkeeng First Nation <sup>4</sup>	53.7%	31.8%	40.9%	50.8%	39.5%	22.2%
Selkirk	64.8%	59.2%	8.6%	63.4%	59.1%	6.7%

Source: Statistics Canada (2001, 2006)

<sup>1</sup> Labour force characteristics – 20% sample data.

<sup>2</sup> Brokenhead Ojibway Nation corresponds to Brokenhead IR Statistics Canada designation.

<sup>3</sup> Pine Falls and Powerview combined in 2006.

<sup>4</sup> Sagkeeng First Nation corresponds to Fort Alexander Statistics Canada designation.

week prior to census day, and the employment rate to the number of persons employed in the week prior to census day, both expressed as percentages of the population 15 years and over, excluding institutional residents. The unemployment rate refers to the unemployed population, expressed as a percentage of the labour force in the week prior to census day. In general, the largest numbers of people in the region tended to be employed in two sectors: sales and services occupations, and trades, transport, heavy equipment and other related occupations.

## Community and Culture

The study collected demographic information about people in the South Beach region. Table 9 provides population counts for the region's communities from Statistics Canada and Manitoba Health for 2001 and 2006, and Table 10 provides counts from Indian and Northern Affairs Canada (INAC) for the two First Nations communities in the region for the same years. Though population counts vary significantly by source, which is a challenge discussed above, the charts show that, in general, the adult population in all communities remained stable from 2001 to 2006. Table 11 shows the median ages in all communities for 2001 and 2006. Again, there are discrepancies between sources, but they generally show that median ages increased slightly in all communities from 2001 to 2006. For both time periods, the lower median ages in Brokenhead Ojibway Nation and Sagkeeng First Nation show that the populations in these communities are relatively young. Young populations may partly explain why these two communities had relatively lower average education levels (i.e., higher percentages of people who had not completed high school) than other communities in the South Beach region, as shown in Table 12.

**Table 9** South Beach region population

Community	Statistics Canada		Manitoba Health	
	2001	2006	2001	2006
Beausejour	2,770	2,820	4,272	4,768
Brokenhead Ojibway Nation	370	470	211	202
Lac du Bonnet	1,090	1,005	1,568	2,223
Pine Falls-Powerview	1,400	1,295	1,394	2,142
Rural Municipality of St. Clements	9,115	9,705	6,052	6,314
Sagkeeng First Nation	2,000	2,120	1,754	1,897
Selkirk	9,755	9,515	9,874	9,714

Source: Statistics Canada (2001, 2006); Manitoba Health (2001, 2006).

**Table 10** South Beach region First Nations residency

Community	Total Population		Reserve and Crown Land		Off-Reserve	
	2001	2006	2001	2006	2001	2006
Brokenhead Ojibway Nation	1,426	1,592	343	549	1,083	1,043
Sagkeeng First Nation	6,022	6,640	2,902	3,191	3,120	3,449

Source: INAC (2001, 2006).

**Table 11** South Beach region median population age

Community	Statistics Canada		Manitoba Health	
	2001	2006	2001	2006
Beausejour	45.2	47.5	38.0	40.8
Brokenhead Ojibway Nation	27.7	24.8	27.7	32.9
Lac du Bonnet	47.3	49.6	43.6	49.1
Pine Falls-Powerview	36.6	39.8	31.1	32.0
Rural Municipality of St. Clements	39.1	42.5	41.7	43.2
Sagkeeng First Nation	23.4	23.0	23.6	24.8
Selkirk	39.7	42.2	38.7	41.4

Source: Statistics Canada (2001, 2006); Manitoba Health (2001, 2006).

**Table 12** South Beach region percentages of population aged 15 and older who have not completed high school<sup>1,2,3</sup> \*Please note that these statistics from 2001 and 2006 cannot be compared, due to significant methodological differences in the way the data were collected.

Community	2001	2006
Beausejour	46%	41%
Brokenhead Ojibway Nation <sup>3</sup>	44%	63%
Lac du Bonnet	48%	36%
Pine Falls – Powerview	38%	27%
Rural Municipality of St. Clements	35%	25%
Sagkeeng First Nation <sup>4</sup>	55%	57%
Selkirk	35%	33%

Source: Statistics Canada (2001, 2006).

<sup>1</sup> These statistics were calculated based on highest certificate, diploma or degree completed, which is based on a hierarchy generally related to the amount of time spent in-class.

<sup>2</sup> The figures used for the calculations were subjected to a confidentiality procedure known as random rounding, whereby values are rounded either up or down to a multiple of 5, or in some cases 10. As such, these statistics may not be exact.

<sup>3</sup> Brokenhead Ojibway Nation corresponds to Brokenhead IR Statistics Canada designation.

<sup>4</sup> Sagkeeng First Nation corresponds to Fort Alexander Statistics Canada designation.

The study also collected annual income statistics for all communities in the South Beach region. Table 13, which presents these statistics, shows that average annual gross individual income increased in all communities from 2001 to 2006.

**Table 13** South Beach region average annual gross income<sup>1</sup>

Community	2001	2006
Beausejour	\$ 22,424	\$ 27,886
Brokenhead Ojibway Nation	\$ 14,452	\$ 15,990
Lac du Bonnet	\$ 24,009	\$ 25,776
Pine Falls <sup>2</sup>	\$ 33,526	-
Powerview	\$ 24,402	\$ 33,293
Rural Municipality of St. Clements	\$ 29,426	\$ 33,897
Sagkeeng First Nation	\$ 13,813	\$ 14,040
Selkirk	\$ 25,153	\$ 29,870

Source: Statistics Canada (2001, 2006).

<sup>1</sup> Average income in population aged 15 years and older, based on 20% sample data for those that have an income. Income levels do not account for inflation.

<sup>2</sup> Pine Falls and Powerview combined in 2006.

There were 117 personal bankruptcies declared in the South Beach region in 2001 and 100 in 2006. Accurate income assistance numbers for the region were difficult to obtain for the

same time period, because of the implementation in 2004 of the Rural One-Tier Initiative that altered the income assistance administration structure. Though it appears in Table 14 that average and peak monthly income assistance cases rose from 2001 to 2006, Manitoba Employment and Income Assistance cautioned that this increase was primarily due to the administrative changes, and does not necessarily represent new income assistance cases.

**Table 14** Income assistance cases in the South Beach region<sup>3</sup>

Regional breakdown	Average Monthly Cases		Peak Monthly Cases	
	2001	2006	2001	2006
R0E postal codes <sup>1</sup>	342	423	360	430
R1A postal codes <sup>2</sup>	563	637	576	661

Source: Manitoba Employment and Income Assistance (2010).

<sup>1</sup> R0E intended to capture Lac du Bonnet, Pine Falls-Powerview, Beausejour, Sagkeeng First Nation and Brokenhead Ojibway Nation.

<sup>2</sup> R1A intended to capture Selkirk.

<sup>3</sup> The large increase in caseload from 2003/04 to 2004/05 is primarily due to implementation of the Rural One-Tier Initiative that involved provincial Employment and Income Assistance administering in all rural regions to all social assistance recipients for the first time. Prior to 2004, the responsibility for administering social assistance in rural regions was shared between Employment and Income Assistance and various Municipal Assistance Programs. Therefore, the increase in caseload does not necessarily reflect new social assistance cases.

InterGroup spoke with representatives from the region's two largest hotels to obtain anecdotal information about tourism in the South Beach region. The South Beach Hotel opened in September of 2008 and the occupancy rate from then until March was approximately 42%; the occupancy rate has since increased as the room rate has gone down. The Selkirk Inn and Conference Centre offers 35 rooms; occupancy rates range from 50% in the winter to approximately 75% during the summer months.

Gambling expenditures averaged 0.6% of household spending on games of chance (i.e., not including lotteries) in this region in 2001 and 2006, though local residents are not South Beach Casino's primary market. As Table 15 shows, about 93% of South Beach Casino's 459,590 annual visits in 2008 were by Manitoba residents; however, the bulk of the casino's revenues are generated by non-local players, and so represent an influx from other regions of the province. Few customers were from other provinces and international markets provided a negligible amount of South Beach Casino's total revenue. South Beach Casino received 224 bus tours in 2008, which brought 9,674 visitors. Casino patrons spent an average of nearly \$80 per visit, with the majority being spent on casino gaming.

Monetary or anecdotal data about other kinds of entertainment and recreation in the South Beach region were not available from the casino's competitors, and so it was not possible to examine changes in patterns of leisure behaviour. Information on other forms of gambling available in the region, including charitable gaming, VLTs and lottery tickets, was available from the MGCC and Manitoba Lotteries Corporation, and is presented in Tables 16 and 17. Charitable gaming profits in the region have declined since 2002, but VLT and lottery ticket profits have increased over the same period.

**Table 15** South Beach Casino gambling expenditure patterns, 2008

	Count	Percentage of total annual visits
<b>Casino visits, 2008</b>		
<b>Total annual visits</b>	<b>459,590</b>	<b>100.00%</b>
Canada	454,819	98.96%
Outside Manitoba	25,526	5.55%
Manitoba	429,293	93.41%
Winnipeg	344,692	75.00%
Within 100km <sup>1</sup> of casino	55,151	12.00%
Brokenhead Ojibway Nation	3,817	0.83%
Other consortium owners	5,128	1.12%
Other	20,505	4.46%
United States	4,533	0.99%
International	238	0.05%
<b>Casino spending, 2008</b>		
Average spend per visit	\$77.44	
Casino gaming	\$71.67	
Food and beverage	\$4.38	
Gift shop	\$1.40	

Source: South Beach Casino.

<sup>1</sup> Includes Selkirk, Pine Falls, Lac du Bonnet, Beausejour.**Table 16** Charitable gaming profits, licences and events in the South Beach region<sup>1,2</sup>

	2002	2003	2004	2005	2006	2007	2008	2009
Net profit	\$355,431	\$227,880	\$293,742	\$172,575	\$165,605	\$216,547	\$127,877	\$79,548
Licences	30	22	27	40	29	20	23	24
Events	57	30	32	55	48	36	78	40

Source: Manitoba Gaming Control Commission.

<sup>1</sup> Data for fiscal year ending March 31.<sup>2</sup> Data is for all charitable gaming licence holders who are required to submit financial reports. Charitable organizations generating revenue under the \$5,000 reporting threshold are not reflected in the above data.**Table 17** VLTs and lottery ticket terminals in the South Beach region<sup>1</sup>

	2002	2003	2004	2005	2006	2007	2008	2009
<b>VLTs</b>								
VLT sites	37	37	36	34	35	36	35	33
VLTs	358	368	369	362	368	377	393	386
Profits <sup>3</sup>	\$2,903,966	\$3,075,660	\$3,323,850	\$5,143,783	\$5,177,522	\$5,120,782	\$5,336,077	\$6,063,036
<b>Lottery Ticket Terminals</b>								
Terminals	23	24	24	24	24	22	22	23
Profits	\$154,474	\$177,579	\$170,310	\$155,183	\$173,381	\$193,435	\$193,523	\$212,489

Source: Manitoba Lotteries Corporation.

<sup>1</sup> Data for fiscal year ending March 31.

Regional information on problem gambling treatment, education and prevention costs were not available for this study. Although the Addictions Foundation of Manitoba provides problem gambling treatment services throughout the provinces, the organization does not break down the costs of providing services by region. South Beach Casino did provide statistics about

its voluntary self-exclusion program: between one and eight patrons excluded themselves each year from 2006 to 2008.

Regional crime rates for the South Beach region were compiled for 2006 and 2008, and are presented in Table 18. Though a thorough analysis of crime data trends and patterns was not possible within the scope of this study, theft under \$5,000, assaults and impaired driving tended to be the most common classifications. It is important to note that the crime data were obtained at one time point during the study; investigations may be ongoing and a similar search using the same criteria could vary on a different date. Also, the data were classified based on the most serious offence reported per incident and so may under-report lesser violations.

**Table 18** South Beach region crime counts

Offence	Beausejour		Brokenhead Ojibway Nation		Lac du Bonnet		Pine Falls - Powerview		R.M. of St. Clements		Sagkeeng First Nation		Selkirk	
	2006	2008	2006	2008	2006	2008	2006	2008	2006	2008	2006	2008	2006	2008
<b>Property</b>														
Arson <sup>1</sup>	-	1	1	-	4	2	15	22	9	1	2	4	18	12
Breaking and entering <sup>2</sup>	14	22	8	9	59	31	248	258	75	101	30	22	106	117
Theft over \$5000 <sup>3</sup>	7	5	2	-	21	7	72	57	40	30	13	8	62	34
Theft under \$5000 <sup>4</sup>	66	50	9	8	55	56	238	237	118	88	45	41	434	307
<b>Assault</b>														
Assault	27	32	18	13	19	24	235	227	44	41	3	74	150	198
Assault with a weapon <sup>5</sup>	2	13	4	9	6	11	82	70	13	11	14	14	32	45
Homicide	-	-	-	-	-	1	1	-	-	-	-	-	-	1
Sexual assault	2	2	2	2	3	6	28	15	4	5	3	8	11	14
Uttering threats	16	5	5	9	9	16	66	56	33	21	15	18	64	73
<b>Other</b>														
Fraud <sup>6</sup>	14	8	11	3	11	7	22	21	9	14	5	4	34	31
Impaired driving <sup>7</sup>	20	11	7	12	17	31	102	50	69	74	42	43	73	62

Source: Royal Canadian Mounted Police, Division D (January 26 and 27, 2010).

<sup>1</sup> Includes damage to property, excludes related deaths.

<sup>2</sup> Includes businesses, residences, cottage/seasonal, being unlawfully in a dwelling house.

<sup>3</sup> Includes theft of car, truck, motorcycle, other motor vehicle and taking motor vehicle/vessel over \$5,000 without consent of owner.

<sup>4</sup> Includes shoplifting, theft of bicycle, car, truck, motorcycle, other motor vehicle under or equal to \$5,000.

<sup>5</sup> Includes assaulting a police officer, with or without a weapon.

<sup>6</sup> Includes fraud greater than \$5000, less than or equal to \$5000, forgery and theft, forgery, and misuse of a credit card.

<sup>7</sup> Includes impaired operation of a motor vehicle by alcohol or drugs, and failure/refusal to cooperate with a screening device.

Finally, this study collected demographic data about the ownership consortium communities' median ages, average income levels and workforce characteristics. Tables 19, 20 and 21 present these data as benchmarks for the communities that draw the most direct economic benefit from the South Beach Casino.

**Table 19** South Beach Casino consortium members' median population age

Community	Statistics Canada		Manitoba Health	
	2001	2006	2001	2006
Bloodvein First Nation	18.0	21.6	17.1	18.8
Brokenhead Ojibway Nation	27.7	24.8	27.7	32.9
Hollow Water First Nation	18.8	20.0	21.3	21.0
Little Black River First Nation	17.4	18.6	23.5	21.5
Little Grand Rapids First Nation	20.1	21.5	18.6	21.9
Pauingassi First Nation <sup>1</sup>	19.2	23.8	-	-
Poplar River First Nation	21.3	21.4	22.3	22.6

Source: Statistics Canada (2001, 2006); Manitoba Health (2001, 2006).

<sup>1</sup> Data from Pauingassi First Nation not available from Manitoba Health.

**Table 20** South Beach Casino consortium members' average annual gross income<sup>1</sup>

Community	2001	2006
Bloodvein First Nation	\$ 13,376	\$ 12,960
Brokenhead Ojibway Nation	\$ 14,452	\$ 15,990
Hollow Water First Nation	\$ 13,993	\$ 14,978
Little Black River First Nation <sup>2</sup>	\$ 12,110	\$ 11,813
Little Grand Rapids First Nation	\$ 11,770	\$ 13,596
Pauingassi First Nation	\$ 9,193	\$ 12,261
Poplar River First Nation	\$ 13,232	\$ 14,732

Source: Statistics Canada (2001, 2006).

<sup>1</sup> Average income in population aged 15 years and older, based on 20% sample data for those that have an income. Income levels do not account for inflation.

<sup>2</sup> Little Black River First Nation corresponds to Black River Statistics Canada designation.

**Table 21** Workforce characteristics on the South Beach consortium members

Community	2001			2006		
	Participation Rate	Employment Rate	Unemployment Rate	Participation Rate	Employment Rate	Unemployment Rate
Bloodvein First Nation	32.4%	28.2%	17.4%	42.9%	31.4%	23.3%
Brokenhead Ojibway Nation <sup>1</sup>	67.3%	53.1%	21.2%	59.7%	51.6%	13.5%
Hollow Water First Nation	51.4%	40.3%	21.6%	51.3%	36.8%	25.6%
Little Black River First Nation	53.3%	40.0%	25.0%	47.2%	34.0%	28.0%
Little Grand Rapids First Nation	34.0%	28.7%	18.8%	45.5%	26.7%	39.1%
Pauingassi First Nation <sup>1</sup>	31.2%	29.2%	13.3%	37.5%	25.0%	33.3%
Poplar River First Nation	45.5%	36.4%	17.1%	50.6%	41.8%	17.5%

Source: Statistics Canada (2001, 2006)

<sup>1</sup> Brokenhead Ojibway Nation corresponds to Brokenhead IR Statistics Canada designation.

## Aseneskak Casino

The Aseneskak Casino opened on February 15, 2002, and is located on Opaskwayak Cree Nation reserve land, adjacent to the town of The Pas, approximately 630km northwest of Winnipeg. As of April 2008, the 20,000 square foot facility offered table games and 160 slot machines, although the casino is permitted to operate up to a maximum of 300 slot machines. The Eagle's Nest Restaurant and Lounge is also located in the casino. The ownership consortium includes six First Nations:

- Chemawawin Cree Nation
- Misipawistik Cree Nation
- Mosakahiken Cree Nation
- Opaskwayak Cree Nation
- Sapototaweyak Cree Nation
- Wuskwi Sipiik First Nation

The ownership consortium included a seventh member, Swampy Cree Tribal Council Incorporated, until February 2009 when it withdrew its equity and transferred its limited partnership interest in equal shares to the other owner First Nations.

The impact region identified for this study consists of:

- Opaskwayak Cree Nation: host First Nation and member of the ownership consortium
- The Pas: relatively large community located adjacent to Opaskwayak Cree Nation and in the immediate vicinity of the casino
- Rural Municipality of Kelsey: rural municipality located in the vicinity of the casino

## Economy and Employment

As mentioned earlier, casinos generate revenues and incur expenses, and surplus funds become profit. Briefly, as Table 22 shows, Aseneskak Casino lost money in 2003, its first full year of operations, but generated profits in 2007 and 2008. Past profits are not predictive of future profitability, as external factors can influence revenues and expenses in a given year. For example, residential school payouts in 2007 and the introduction of a casino smoking ban in 2008 may have affected revenues in those years, just as the current economic downturn may have affected more recent years' financial performance. Full details and more recent years of Aseneskak Casino's financial performance are available in its annual reports.

**Table 22** Aseneskak Casino revenues<sup>1</sup>

Component <sup>2</sup>	2003	2007	2008
Revenue	\$ 9,053,220	\$ 9,755,899	\$ 10,308,149
Expenses <sup>3</sup>	\$ 8,347,329	\$ 7,099,191	\$ 7,220,290
EBITDA <sup>4</sup>	\$ 705,891	\$ 2,656,708	\$ 3,087,859
Net Revenue <sup>5</sup>	(\$ 858,255)	\$ 1,634,433	\$ 2,165,672

Source: Aseneskak Casino

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Includes amount for related amenities.

<sup>3</sup> Expenses include cost of goods sold, operating and administrative costs, but exclude amortization and interest.

<sup>4</sup> EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortization

<sup>5</sup> As a First Nations business operated on First Nations territory, there are no taxes included in the EBITDA calculation.

<sup>6</sup> Net revenue before allocations but after interest, taxes, depreciation and amortization.

Aseneskak Casino's gross revenues have remained quite stable from 2003 to 2008, and so the increasing profits highlight that expenses have decreased over time. Financial health indicators, which provide some perspective on the long-term stability of the casino's operations, also show that Aseneskak Casino was in a much better position in 2008 than in 2003. The current ratio rose consistently from 2003 to 2008, indicating that the casino was increasingly capable of paying its expenses as they arose. The casino's debt/asset and debt/equity ratios decreased steadily over the same period, indicating that the casino was paying off long-term debt and consequently reducing its risk exposure over time.

Table 23 shows the owners' equity that was retained in the company in its first year of operations and in 2007 and 2008. Owners' equity was reduced by about one-third during the first full year of operations, but grew between then and 2008. In 2007 and 2008, owners increased the value of their equity stake by more than 40%. A large portion of this equity investment was put towards long-term debt, which was paid off in 2008.

**Table 23** Aseneskak Casino owners' equity<sup>1,2</sup>

Component	2003	2007	2008
Owners' Equity	\$ 1,650,329	\$ 3,587,201	\$ 5,141,804
Increase (dollars)	(\$ 858,255)	\$ 1,040,539	\$ 1,554,603
Increase (% over previous year)	(34.2%)	40.9%	43.3%

Source: Aseneskak Casino

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Calculated by InterGroup.

In addition to be invested as retained earnings, profits can be distributed to owners, in this case to the ownership consortium members. As Table 24 shows, disbursements to Aseneskak Casino's consortium members had been equal among all owner First Nations until 2008, when some of the consortium members withdrew larger amounts than others, thereby reducing their ownership stakes in the casino. Now that Aseneskak Casino has paid off its long-term debt, if revenues are stable in future years and no new capital expenditures are made, profits that were being retained to pay off long-term debt could be used to increase payments to consortium members.

**Table 24** Aseneskak Casino impact on consortium members<sup>1</sup>

Impact	Payments to owners			Remaining owner's equity		
	2003	2007	2008	2003	2007	2008
Chemawawin Cree Nation	\$0	\$72,000	\$220,000	\$235,770	\$512,457	\$657,346
Misipawistik Cree Nation	\$0	\$72,000	\$120,000	\$235,770	\$512,457	\$757,346
Mosakahiken Cree Nation	\$0	\$72,000	\$120,000	\$235,770	\$512,457	\$757,346
Opaskwayak Cree Nation	\$0	\$72,000	\$120,000	\$235,770	\$512,457	\$757,346
Sapototaweyak Cree Nation	\$0	\$72,000	\$140,000	\$235,770	\$512,457	\$737,346
Swampy Cree Tribal Council <sup>2</sup>	\$0	\$72,000	\$120,000	\$235,770	\$512,457	\$757,346
Wuskwi Sipiik First Nation	\$0	\$72,000	\$160,000	\$235,770	\$512,457	\$717,346

Source: Aseneskak Casino

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Swampy Cree Tribal Council was a member of the ownership consortium until 2009, when it withdrew its equity in the casino and transferred its limited partnership interest to the other owner First Nations in equal shares.

Aseneskak Casino's disbursements are unencumbered general revenue for consortium members and represent the most tangible impact for these owner First Nations. All ownership communities were contacted by telephone to inquire about the allocation of casino revenues. Representatives from two communities, Sapotaweyak Cree Nation and Opaskwayak Cree Nation, provided anecdotal accounts indicating that casino revenue is typically used for housing and economic development.

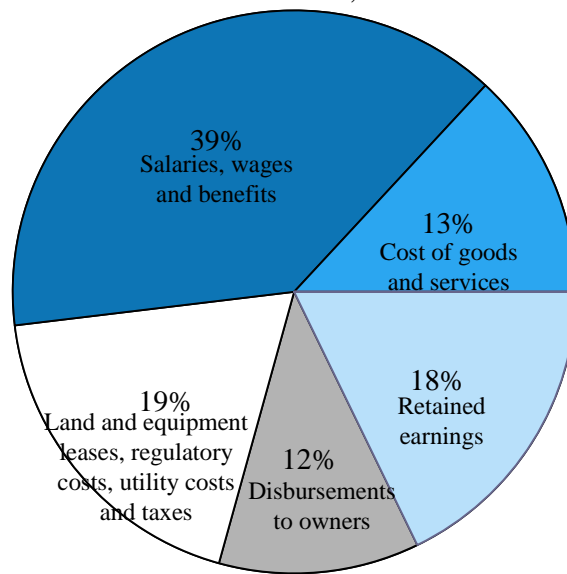
Some of Aseneskak Casino's profits are designated for payment to the First Nations Casino Trust, which, as explained earlier, was established to distribute funds to all First Nations for responsible gambling awareness and problem gambling education, prevention and treatment initiatives; and for a range of other prescribed purposes, including capital and housing, economic development, social programs, justice initiatives, education, recreation, health initiatives, infrastructure development, governance and charity. The trust's revenue distribution formula originally required that 30% of Aseneskak Casino's net revenues be paid to the trust (27.5% for revenue-sharing with all First Nations and 2.5% for prevention, treatment and responsible gambling initiatives).

The Assembly of Manitoba Chiefs waived the revenue-sharing portion of Aseneskak Casino's contributions until April 1, 2009. As of this date, contributions were partially waived and Aseneskak Casino was required to begin contributing 7.5% of profits to the trust's revenue-sharing component. As of January 2010, a total of \$208,108 was being held in the trust from

Aseneskak Casino, \$197,523 of it designated for prevention, treatment and responsible gambling initiatives<sup>6</sup>, and \$10,585 in the revenue-sharing component. As with payments to owners, once payments are made to the trust, the related cash is no longer accounted for as part of the casino's ongoing operations.

Figure 2 illustrates how Aseneskak Casino's revenues were distributed in 2008, the most recent year included in this study; the figure does not include trust payments, as the revenue-sharing component was waived in 2008. The figure shows that salaries, wages and benefits are the casino's largest cost. Salaries, wages and benefits also have the most direct effect of all casino spending on the surrounding community, although a full analysis of job creation was beyond the scope of the study. Table 25 provides more details about the casino's employment costs and composition. Aseneskak Casino's total salaries, wages and benefits cost decreased by over 20% from 2003 to 2008, due to a smaller staff size. In 2008, more than three quarters (78%) of Aseneskak Casino's employees were of First Nations ethnicity; with this, we can estimate that \$2.6 million in wages, salaries and benefits flowed from the casino to Aboriginal people.<sup>7</sup>

**Figure 2** Distribution of Aseneskak Casino's Revenues, 2008



<sup>6</sup> Aseneskak Casino's contributions for prevention, treatment and responsible gambling initiatives were never waived.

<sup>7</sup> This estimate assumes that employment income is distributed evenly among all workers, which is not the case; however, the approximation is meant illustrate the general range of employment income to Aboriginal people.

**Table 25** Aseneskak Casino employment costs and composition<sup>1</sup>

<b>Impact</b>	<b>2003</b>	<b>2007</b>	<b>2008</b>
Total salaries, wages and benefits	\$ 4,360,406	\$ 3,612,490	\$ 3,391,302
Benefits (total cost to company)	\$ 367,494	\$ 252,188	\$ 278,899
Employees on a company benefits plan	45%	59%	64%
Annual employee turnover	99%	74%	84%
Training costs	\$ 92,878	\$ 36,539	\$ 34,836
<b>Complement</b>			
Full time staff	117	80	74
Part time staff	12	33	12
Temporary/contract staff	90	23	29
<b>Salary Ranges</b>			
Minimum	\$ 14,560	\$16,640	\$16,640
Maximum	\$ 120,000	\$ 113,300	\$ 116,700
Median	not available	not available	\$ 66,670
<b>Employee Community of Origin</b>			
Opaskwayak Cree Nation	not available	36%	not available
Ownership consortium First Nations	42%	54%	50%
Aboriginal (self-identified)	67%	79%	78%
Aboriginal managers/supervisors (self-identified)	62%	55%	72%

Source: Aseneskak Casino

<sup>1</sup> Data for fiscal year ending March 31.

Figure 2 also shows that a portion of Aseneskak Casino's revenues are used for payments to Manitoba Lotteries Corporation, the Manitoba Gaming Control Commission, Opaskwayak Cree Nation and the federal government. Table 26 breaks down these costs in detail and shows that, in 2008, costs included \$928,853 to Manitoba Lotteries Corporation for leased gaming equipment and other supplies and support; and \$60,375 to the Manitoba Gaming Control Commission for regulatory costs.

In 2008, Aseneskak Casino also paid \$393,137 to Opaskwayak Cree Nation for lease, tax and utility costs; and \$259,786 in public sector costs. Among the public sector costs are sales taxes paid into the federal government's general revenues, and Employment Insurance and Canada Pension Plan payments. The provincial government does not receive any share of the profits from First Nations casinos.

**Table 26** Aseneskak Casino payments to MLC, MGCC, host First Nation and public sector<sup>1</sup>

Impact	2003	2007	2008
<b>Manitoba Lotteries Corporation</b>			
Lease of gaming equipment and other supply costs	\$ 1,261,509 <sup>2</sup>	\$ 699,500	\$ 928,853
<b>Manitoba Gaming Control Commission</b>			
Regulatory oversight costs	\$ 88,650	\$ 70,500	\$ 60,375
<b>Opaskwayak Cree Nation</b>			
Land and building lease	\$ 307,500	\$ 307,500	\$ 307,500
Land rent	\$ 5,491	\$ 7,250	\$ 8,330
Taxes	\$ 64,196	\$ 70,033	\$ 70,033
Utilities (water/sewer contract)	\$ 2,741	\$ 4,048	\$ 7,274
<b>Public sector</b>			
Federal tax on business earnings	\$ 0	\$ 0	\$ 0
Goods and Services Tax (GST) <sup>3,4</sup>	\$ 0	\$ 34,027	\$ 47,210
Provincial tax on business earnings	\$ 0	\$ 0	\$ 0
Employment Insurance (EI) <sup>5</sup>	\$ 125,151	\$ 81,237	\$ 78,236
Canada Pension Plan (CPP) <sup>5</sup>	\$ 214,703	\$ 131,905	\$ 134,340

Source: Aseneskak Casino

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Manitoba Lotteries Corporation has since waived a portion of this expense. The total amount of the waiver for 2003 and 2004 was \$537,611.

<sup>3</sup> GST is recoverable. This figure represents total GST collected minus estimated total GST paid to suppliers.

<sup>4</sup> Includes GST amounts for sales in the Restaurant and Trappers Club to non-aboriginals and for GST included in each bet. The GST portion of a \$10 bet is \$0.48 (i.e., [ $\$10 - (\$10 \times (100/105))$ ]). This formula is applied to the gross margin resulting from bets.

<sup>5</sup> Employer's portions only.

Aseneskak Casino requires many supplies and services, although, as Table 27 shows, the casino's cost of goods and services decreased 20% from 2003 to 2008. Opportunities for local businesses to sell to a casino are commonly referred to as the "spinoff" benefits of casino development. For the purposes of this study, it was not possible to separate local versus non-local goods and services purchases. Aseneskak Casino's purchase categories included advertising and promotion, armored car service, bank charges, cellular phone, communications, consulting fees, customer relations, dry cleaning, employee relations, equipment lease, freight and postage, information system support, insurance, merchandise and supplies, office and vehicle leases, printing, professional fees, repairs and maintenance, supplies, training, travel, uniforms and utilities.

**Table 27** Aseneskak Casino goods and services purchased<sup>1</sup>

	2003	2007	2008
Goods and services purchased <sup>2</sup>	\$ 1,432,896	\$ 1,211,142	\$ 1,144,105

Source: Aseneskak Casino

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Defined as [expenses – (public sector payments + salaries, wages and benefits)]. This definition was adopted because expenses figures were not provided according to these categories.

Several sources were consulted for anecdotal information regarding the regional economy around Aseneskak Casino, including regional Chambers of Commerce, regional Community Futures offices, and key personnel in industries closely linked to casino development and operation (e.g., leisure, hotel, restaurant, security, construction). Unfortunately, InterGroup was

unable to obtain reliable data on the number of annual new business starts in the region or on the revenues of industries closely linked to casino development. In terms of other regional indicators, numbers of commercial bankruptcies could only be roughly estimated for the Aseneskak region, because the Office of the Superintendent of Bankruptcy of Canada sorts these data by postal code. Roughly, there were six commercial bankruptcies in the region in 2001, and two in 2006. Average commercial and residential property values remained stable from 2006 to 2008. Commercial property values averaged \$108,636 in 2006, and \$107,400 in 2008, and residential property values averaged \$85,072 in 2006 and \$85,452 in 2008. The number of occupied private dwellings remained stable from 2001 to 2006.

Table 28 shows that workforce characteristics in 2001 and 2006 varied between different communities in the Aseneskak region. The participation rate refers to the potential labour force in the week prior to census day, and the employment rate to the number of persons employed in the week prior to census day, both expressed as percentages of the population 15 years and over, excluding institutional residents. The unemployment rate refers to the unemployed population, expressed as a percentage of the labour force in the week prior to census day. Participation, employment and unemployment rates were generally stable in each community, with the notable exception that Opaskwayak Cree Nation's unemployment rate dropped significantly from 2001 to 2006.

**Table 28** Workforce characteristics in the Aseneskak region<sup>1</sup>

Community	2001			2006		
	Participation Rate	Employment Rate	Unemployment Rate	Participation Rate	Employment Rate	Unemployment Rate
Opaskwayak Cree Nation	57.5%	43.5%	23.8%	55.1%	42.2%	12.3%
Rural Municipality of Kelsey	71.5%	62.4%	12.3%	74.3%	65.3%	12.1%
The Pas	71.0%	64.5%	9.0%	69.5%	64.5%	7.1%

Source: Statistics Canada (2001, 2006)

<sup>1</sup> Labour force characteristics – 20% sample data.

In general, people in the Aseneskak region tended to be employed in four sectors: sales and service occupations; trades, transport, heavy equipment and other related occupations; business, finance and administrative occupations; and social science, education, government and religious services. InterGroup was successful in contacting some leading employers in the vicinity of Aseneskak Casino, including Manitoba Hydro (Jenpeg and Grand Rapids operations), Tolko Industries and Hudson Bay Railway. Manitoba Hydro estimated that the total workforce at the Jenpeg and Grand Rapids operations was approximately 105 employees in January 2010. Tolko Industries and Hudson Bay Railway together employed 616 people in 2006 and 601 in 2008; numbers of contractors were not available.

## Community and Culture

The study collected demographic information about people in the Aseneskak region. Table 29 provides population counts for the region's communities from Statistics Canada and Manitoba Health for 2001 and 2006, and Table 30 provides a count for the Opaskwayak Cree Nation for the same years from Indian and Northern Affairs Canada (INAC). Population counts vary significantly between sources, as discussed earlier, but the charts still indicate that the region's population remained relatively unchanged from 2001 to 2006. Table 31 shows the median ages in the region's three communities in 2001 and 2006. Again, there are discrepancies between sources, but they generally show that median ages remained stable over this time period. Opaskwayak Cree Nation's median age at both time points indicates a much younger population, relative to the Rural Municipality of Kelsey and The Pas. The young age of its population may partly explain Opaskwayak Cree Nation's low rate of high school completion relative to other communities in the Aseneskak region, as shown in Table 32.

**Table 29** Aseneskak region population

Community	Statistics Canada		Manitoba Health	
	2001	2006	2001	2006
Opaskwayak Cree Nation	2,400	2,525	1,412	1,623
Rural Municipality of Kelsey	2,520	2,450	2,477	2,569
The Pas	5,795	5,585	7,809	7,285

Source: Statistics Canada (2001, 2006); Manitoba Health (2001, 2006).

**Table 30** Aseneskak region First Nations residency

Community	Total Population		Reserve and Crown Land		Off-Reserve	
	2001	2006	2001	2006	2001	2006
Opaskwayak Cree Nation	4,295	4,931	2,657	2,983	1,638	1,948

Source: INAC (2001, 2006).

**Table 31** Aseneskak region median population age

Community	Statistics Canada		Manitoba Health	
	2001	2006	2001	2006
Opaskwayak Cree Nation	22.5	22.5	24.2	23.5
Rural Municipality of Kelsey	34.7	39.1	36.9	34.8
The Pas	32.9	33.6	31.1	33.7

Source: Statistics Canada (2001, 2006); Manitoba Health (2001, 2006).

**Table 32** Aseneskak region percentages of population aged 15 and older who have not completed high school<sup>1,2</sup> \*Please note that these statistics from 2001 and 2006 cannot be compared, due to significant methodological differences in the way the data were collected.

Community	2001	2006
Opaskwayak Cree Nation <sup>3</sup>	45%	58%
Rural Municipality of Kelsey <sup>4</sup>	33%	30%
The Pas	27%	30%

Source: Statistics Canada (2001, 2006).

<sup>1</sup> These statistics were calculated based on highest certificate, diploma or degree completed, which is based on a hierarchy generally related to the amount of time spent in-class.

<sup>2</sup> The figures used for the calculations were subjected to a confidentiality procedure known as random rounding, whereby values are rounded either up or down to a multiple of 5, or in some cases 10. As such, these statistics may not be exact.

<sup>3</sup> Opaskwayak Cree Nation represents a summary of data from reserve parcels 21A, 21I and 21E.

<sup>4</sup> R.M. of Kelsey represents a summary of data from census subdivisions Kelsey (Carrot Valley), Kelsey (Wanless) and Kelsey (Cranberry Portage).

The study collected annual income statistics for the three communities in the Aseneskak region. Table 33 presents these statistics, showing that average annual gross income increased in all communities in the region from 2001 to 2006.

**Table 33** Aseneskak region average annual gross income<sup>1</sup>

Community	2001	2006
Opaskwayak Cree Nation	\$13,970	\$16,510
Rural Municipality of Kelsey <sup>4</sup>	\$26,477	\$33,948
The Pas	\$28,597	\$34,255

Source: Statistics Canada (2001, 2006).

<sup>1</sup> Average income in population aged 15 years and older, based on 20% sample data for those that have an income. Income levels do not account for inflation.

<sup>2</sup> R.M. of Kelsey for 2001 has been calculated as a simple average of Kelsey (Carrot Valley) and Kelsey (Cranberry Portage) Statistics Canada designation.

Approximately 16 personal bankruptcies were declared in the region in 2001, and 43 in 2006; however, as mentioned above for commercial bankruptcies, these numbers are not exact because the Office of the Superintendent of Bankruptcy of Canada sorts bankruptcies by postal codes, which only correspond roughly to the region defined in the study. Accurate income assistance numbers for the region were difficult to obtain for the same time period, because of the implementation in 2004 of the Rural One-Tier Initiative that altered the income assistance administration structure. Though it appears in Table 34 that income assistance cases rose slightly from 2001 to 2006, Manitoba Employment and Income Assistance cautioned that this increase was primarily due to the administrative changes, and does not necessarily represent new income assistance cases.

**Table 34** Income assistance cases in the Aseneskak region<sup>3</sup>

Regional breakdown	Average Monthly Cases		Peak Monthly Cases	
	2001	2006	2001	2006
R0B postal codes <sup>1</sup>	678	692	722	715
R9A postal codes <sup>2</sup>	273	323	286	336

Source: Manitoba Employment and Income Assistance (2010).

<sup>1</sup> R0B intended to capture Opaskwayak Cree Nation.

<sup>2</sup> R1A intended to capture the R.M. of Kelsey and The Pas.

<sup>3</sup> The large increase in caseload from 2003/04 to 2004/05 is primarily due to implementation of the Rural One-Tier Initiative that involved provincial Employment and Income Assistance administering in all rural regions to all social assistance recipients for the first time. Prior to 2004, the responsibility for administering social assistance in rural regions was shared between Employment and Income Assistance and various Municipal Assistance Programs. Therefore, the increase in caseload does not necessarily reflect new social assistance cases.

Gambling expenditures could not be calculated for the Aseneskak region specifically. Gambling spending averaged 0.9% of total household expenditures for the entire northern region of Manitoba in 2001, and 0.5% for the same region in 2006. In 2001, 77.4% of households in the same region reported participating in gambling activities, and the average gambling expenditure was \$664. Like the percentage of total household expenditures spent on gambling, the average gambling expenditure decreased in 2006, to an average of \$376, though slightly more households (79.5%) reported participating in gambling activities. Aseneskak Casino does not collect market data, and so specific information about average spending and clientele from different communities was unavailable. Because of this, it is impossible to tell if Aseneskak Casino's revenues represent local spending or an influx of funds from outside the region.

InterGroup spoke with representatives from the four hotels in the Aseneskak region to obtain anecdotal information about casino tourism. The Kikiwak Inn, located adjacent to the casino, has 60 guest rooms and reports that occupancy rates have increased 30% since the casino opened. The Wescana Hotel has 73 rooms, with an average occupancy rate of 55%, though its casino-related occupancy is not substantial. The Super 8 Hotel has 70 guest rooms and is near capacity from Monday to Wednesdays and on weekends; however, the hotel has never attempted to classify the proportion of visits that are driven by the casino. The Town Centre Hotel serves primarily as a boarding house, and has very few units available on a regular basis for rental.

Monetary or anecdotal data about other kinds of entertainment and recreation in the Aseneskak region were not available, as local competitors opted not to provide information for the study. Information on other forms of gambling available in the region, including charitable gaming, VLTs and lottery tickets, was available from the MGCC and MLC, and is presented in Tables 35 and 36. Although VLT profits dipped shortly after the Aseneskak Casino opened, profits have since rebounded and increased. Profits from lottery sales have risen moderately since 2002 and profits from charitable gaming have fluctuated.

**Table 35** Charitable gaming profits, licences and events in the Aseneskak region<sup>1,2,3</sup>

	2002	2003	2004	2005	2006	2007	2008	2009
Net profit	\$149,221	\$116,702	\$4,654	\$195,272	\$174,998	\$115,424	\$110,436	\$154,361
Licences	23	16	17	20	11	14	10	10
Events	169	125	32	53	44	40	18	20

Source: Manitoba Gaming Control Commission.

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Dollar figures were rounded to the nearest dollar.

<sup>3</sup> Data is for all charitable gaming licence holders who are required to submit financial reports. Charitable organizations generating revenue under the \$5,000 reporting threshold are not reflected in the above data.

**Table 36** VLTs and lottery ticket terminals in the Aseneskak region<sup>1,2</sup>

	2002	2003	2004	2005	2006	2007	2008	2009
<b>VLTs</b>								
VLT sites	13	12	12	12	12	12	12	12
VLTs	196	184	194	194	204	204	200	196
Profits	\$4,188,065	\$2,802,757	\$2,975,806	\$4,261,954	\$5,565,500	\$5,770,402	\$6,210,305	\$6,502,862
<b>Lottery Ticket Terminals</b>								
Terminals	18	18	16	16	16	16	20	20
Profits	\$168,157	\$169,584	\$153,061	\$143,983	\$161,048	\$179,669	\$199,561	\$211,865

Source: Manitoba Lotteries Corporation.

<sup>1</sup> Data for fiscal year ending March 31.

<sup>2</sup> Dollar figures were rounded to the nearest dollar.

Regional data on problem gambling treatment, education and prevention costs were not available for this study. Although the Addictions Foundation of Manitoba provides problem gambling services throughout the province, the organization does not break down the costs of providing services by region. Aseneskak Casino did provide annual counts for its voluntary self-exclusion program: from 2002 to 2009, between five and 17 people per year excluded themselves from the casino.

Regional crime rates for the Aseneskak region were compiled for 2006 and 2008 and are presented in Table 37. Though a comprehensive analysis of crime data trends and patterns was not possible within the scope of this study, assaults, theft under \$5000, breaking and entering and impaired driving tended to be the most common classifications. It is important to note that the crime data were obtained at one time during the study; investigations may be ongoing and a similar search using the same criteria could vary on a different date. Also, the data are classified based on the most serious offence reported per incident and so may under-report less serious offences.

**Table 37** Aseneskak region crime counts

Offence	Opaskwayak Cree Nation		The Pas	
	2006	2008	2006	2008
<b>Property</b>				
Arson <sup>1</sup>	4	15	5	5
Breaking and entering <sup>2</sup>	44	34	63	55
Theft over \$5000 <sup>3</sup>	6	17	18	22
Theft under \$5000 <sup>4</sup>	85	100	203	237
<b>Assault</b>				
Assault	118	102	198	173
Assault with a weapon <sup>5</sup>	26	27	37	50
Homicide	-	-	-	-
Sexual assault	11	9	16	20
Uttering threats	24	16	59	36
<b>Other</b>				
Fraud <sup>6</sup>	15	14	26	24
Impaired driving <sup>7</sup>	27	44	33	48

Source: Royal Canadian Mounted Police, Division D (January 26 and 27, 2010).

<sup>1</sup> Includes damage to property, excludes related deaths.

<sup>2</sup> Includes businesses, residences, cottage/seasonal, being unlawfully in a dwelling house.

<sup>3</sup> Includes theft of car, truck, motorcycle, other motor vehicle and taking motor vehicle/vessel over \$5,000 without consent of owner.

<sup>4</sup> Includes shoplifting, theft of bicycle, car, truck, motorcycle, other motor vehicle under or equal to \$5,000.

<sup>5</sup> Includes assaulting a police officer, with or without a weapon.

<sup>6</sup> Includes fraud greater than \$5000, less than or equal to \$5000, forgery and theft, forgery, and misuse of a credit card.

<sup>7</sup> Includes impaired operation of a motor vehicle by alcohol or drugs, and failure/refusal to cooperate with a screening device.

Finally, this study collected demographic data about the ownership consortium communities' median ages, average income levels and workforce characteristics. Tables 38, 39 and 40 present these data as benchmarks for the communities that draw the most direct economic benefit from the Aseneskak Casino.

**Table 38** Aseneskak Casino consortium members' median population age

Community	Statistics Canada		Manitoba Health	
	2001	2006	2001	2006
Chemawawin Cree Nation	18.8	18.0	18.5	18.2
Misipawistik Cree Nation <sup>1</sup>	21.5	21.1	19.9	21.4
Mosakahiken Cree Nation <sup>2</sup>	18.9	20.4	19.6	19.5
Opaskwayak Cree Nation	22.5	22.5	24.2	23.5
Sapototaweyak Cree Nation <sup>3</sup>	17.6	19.3	18.3	20.3
Wuskwi Sipiik First Nation <sup>4</sup>	19.3	17.2	25.9	27.3

Source: Statistics Canada (2001, 2006); Manitoba Health (2001, 2006).

<sup>1</sup> Misipawistik Cree Nation corresponds to Grand Rapids Statistics Canada designation.

<sup>2</sup> Mosakahikan Cree Nation corresponds to Moose Lake Statistics Canada designation.

<sup>3</sup> Sapotaweyak Cree Nation corresponds to Swan Lake 65C Statistics Canada designation.

<sup>4</sup> Wuskwi Sipiik First Nation corresponds to Shoal River Statistics Canada designation.

**Table 39** Aseneskak Casino consortium members' average annual gross income<sup>1</sup>

Community	2001	2006
Chemawawin Cree Nation	\$ 12,179	\$ 16,985
Misipawistik Cree Nation <sup>2</sup>	\$ 13,664	\$ 19,667
Mosakahiken Cree Nation <sup>3</sup>	\$ 11,146	\$ 14,732
Opaskwayak Cree Nation	\$ 13,970	\$ 16,510
Sapototaweyak Cree Nation <sup>4</sup>	\$ 12,412	\$ 14,825
Wuskwi Sipiik First Nation <sup>5</sup>	\$ 12,060	\$ 12,022

Source: Statistics Canada (2001, 2006).

<sup>1</sup> Average income in population aged 15 years and older, based on 20% sample data for those that have an income. Income levels do not account for inflation.

<sup>2</sup> Misipawistik Cree Nation corresponds to Grand Rapids Statistics Canada designation.

<sup>3</sup> Mosakahikan Cree Nation corresponds to Moose Lake Statistics Canada designation.

<sup>4</sup> Sapotaweyak Cree Nation corresponds to Swan Lake 65C Statistics Canada designation.

<sup>5</sup> Wuskwi Sipiik First Nation corresponds to Shoal River Statistics Canada designation.

**Table 40** Workforce characteristics on the Aseneskak consortium members

Community	2001			2006		
	Participation Rate	Employment Rate	Unemployment Rate	Participation Rate	Employment Rate	Unemployment Rate
Chemawawin Cree Nation	44.0%	26.6%	37.5%	57.1%	32.1%	42.2%
Misipawistik Cree Nation <sup>1</sup>	43.7%	29.6%	32.3%	67.1%	45.1%	32.7%
Mosakahiken Cree Nation <sup>2</sup>	41.2%	22.4%	45.7%	37.6%	27.1%	28.1%
Opaskwayak Cree Nation	57.5%	43.5%	23.8%	55.1%	42.2%	12.3%
Sapototaweyak Cree Nation <sup>3</sup>	36.5%	29.7%	25.9%	45.7%	25.7%	43.8%
Wuskwi Sipiik First Nation <sup>4</sup>	50.9%	25.5%	50.0%	39.6%	29.2%	31.6%

Source: Statistics Canada (2001, 2006)

<sup>1</sup> Misipawistik Cree Nation corresponds to Grand Rapids Statistics Canada designation.

<sup>2</sup> Mosakahikan Cree Nation corresponds to Moose Lake Statistics Canada designation.

<sup>3</sup> Sapotaweyak Cree Nation corresponds to Swan Lake 65C Statistics Canada designation.

<sup>4</sup> Wuskwi Sipiik First Nation corresponds to Shoal River Statistics Canada designation.

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## Appendix A: Conceptual Framework

The following is a list of variables and their proxy indicators, listed by theme in keeping with *The Socio-Economic Impact of Gambling (SEIG) Framework* (2008).

### Impact Theme One: Health and Wellbeing

The indicators for this theme were beyond the scope of this study.

### Impact Theme Two: Economic and Financial

Variable	Indicator
<b>Casino finances</b>	Producer surplus: casino gross and net revenues  Annual and one-time taxes and other disbursements paid by casino (e.g., property taxes, municipal services, percentage of revenues, etc.), or services development agreement grants in lieu of taxes  Annual fees paid to Manitoba Lotteries Corporation  Costs of casino land purchase or lease  Casino goods and services purchased, value of goods and services purchased, and number of locally-based suppliers
<b>Regional economy</b>	Number of annual new business starts  Revenues by industries closely linked to casino development and operation (e.g., leisure, hotel, restaurant, security, construction, transportation)  Average commercial and residential property values  Percentage of residents who are homeowners, who are renters, and who live in band housing
<b>Public sector</b>	Government revenue from casino, including incremental tax revenues (e.g., PST, corporate income tax)  Regulatory costs related to casino development and operation  Government expenditures allocated for problem gambling treatment, education and prevention  Public infrastructure costs related to casino  Cost for government of any direct or indirect subsidies to the casino
<b>Personal gambling expenditures</b>	Gambling expenditures and expenditure patterns per capita and as a percentage of household income
<b>Bankruptcy</b>	Personal and commercial bankruptcy rates

### Impact Theme Three: Employment and Education

Variable	Indicator
Job creation	<p>Direct casino employment, including number of employees (part-time, full-time, permanent and temporary); annual and hourly wages or salary ranges of employees; number of employees receiving benefits; number of positions held by local residents; and number of Aboriginal employees</p> <p>Training costs for casino staff</p> <p>Indirect employment related to casino development, including the number of employees of sectors that benefit from casino</p>
Regional employment levels	<p>Regional unemployment and workforce participation rates</p> <p>Average annual gross income of people reporting income</p> <p>Leading employers in the region and their numbers of employees</p> <p>Number of people employed in primary, secondary and tertiary industries</p>
Regional education levels	Highest level of schooling for the adult population
Regional social assistance levels	Number of recipients of social assistance and Employment Insurance benefits

### Impact Theme Four: Recreation and Tourism

Variable	Indicator
Casino tourism	<p>Average number of casino visits per year from local market, within the province and out-of-province</p> <p>Average spend per casino visit for local players, in-province players and out-of-province players</p> <p>Percentage of annual casino gross revenue from local market, in-province tourism and out-of-province tourism</p> <p>Number of bus tours to casino per year and average players per tour</p> <p>Local hotel occupancy rates</p>
Other gaming activities	<p>Annual charitable gaming for towns and First Nations surrounding casino, including the number of licences and events, gross revenue of events, prizes paid, total expenses, and net profits</p> <p>Annual VLT and lottery sales for towns and First Nations surrounding casino, including the number of VLT sites, VLTs, and lottery ticket terminals; VLT revenue and siteholder commissions; and lottery revenue and siteholder commissions</p>
Other recreational activities	Revenue of other kinds of entertainment and recreation available in the region

### Impact Theme Five: Legal and Justice

Variable	Indicator
Regional crime rates	Number of crimes investigated by the police, by type of crime (e.g., homicide, assault, robbery, theft, break and enter, fraud, driving under the influence, counterfeit) Number of policing staff, part-time and full-time
Casino crime	Number of offences investigated by casino security, by type

### Impact Theme Six: Culture

Variable	Indicator
Regional population	Population: on reserve, off-reserve registered, in adjacent towns Average age of the population and number of adults 18+ Basic statistics for any casino consortium members not in the immediate casino region, including average age, average annual gross income of people reporting income, and unemployment and workforce participation rates
Community transfers from casino	Total casino revenue and percentage of casino revenue used to fund community revitalization projects and/or charity projects