

***Nova Scotia  
Annual  
Gaming Report  
2017 - 2018***

Dear Reader:

Presented herewith is the *Annual Gaming Report*, pursuant to Section 56 of the *Gaming Control Act*, for the year ending March 31, 2018.

The *Annual Gaming Report* covers the activities of the Alcohol, Gaming, Fuel and Tobacco Division relative to the gaming industry during the 2017/2018 fiscal year, and explains its working mandate received from my responsibility pursuant to Part II of the *Gaming Control Act* for "regulating casinos and other lottery schemes and for administering this Part in the public interest and in accordance with the principles of honesty and integrity."

Yours truly,

A handwritten signature in black ink, appearing to read "Geoff MacLellan". The signature is fluid and cursive, with a large initial "G" and "M".

Honourable Geoff MacLellan  
Minister,  
Service Nova Scotia

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## **ABOUT THE DIVISION**

### **Mandate**

Pursuant to Section 40 of the *Gaming Control Act*, the Minister of Service Nova Scotia is "responsible for regulating casinos and other lottery schemes and for administering this Part in the public interest and in accordance with the principles of honesty and integrity." On behalf of the Minister, the Alcohol, Gaming, Fuel and Tobacco Division (the "Division") licenses and monitors the conduct of casinos, bingos, lotteries and other games of chance (except harness racing), to ensure that these games are carried out in the best social and economic interests of Nova Scotians.

### **Workforce**

With its head office located in Dartmouth, and a regional office in Sydney, the Alcohol, Gaming, Fuel and Tobacco Division maintains a workforce around the province.

## **CORE FUNCTIONS**

### **Registration and Licensing**

Pursuant to the *Gaming Control Act*, the Nova Scotia Alcohol, Gaming, Fuel and Tobacco Division registers individuals and companies who supply goods and services to regulated gaming activities. During the 2017/2018 fiscal year, the Division's registry consisted of a total of 546 casino gaming, casino non-gaming, ALC lottery, charitable bingo, and charitable ticket lottery suppliers, compared to 231 in 2016/2017.

The Division also conducts security checks on personnel related to the gaming industry, including all casino staff, employees of the Nova Scotia Gaming Corporation, and the Alcohol, Gaming, Fuel and Tobacco Division. Different levels of security clearances are applied, depending on one's position in an organization or the type of service one provides (e.g., suppliers of actual gambling equipment are held to a higher degree of scrutiny than the suppliers of non-gaming related supplies such as restaurant equipment). In 2017/2018, the Division conducted security checks on 141 new and 104 renewal casino employees, compared to 105 new and 133 renewal casino employees in 2016/2017.

Furthermore, the Division conducted security checks on 7 lottery suppliers to the Atlantic Lottery Corporation (ALC) in 2017/2018, compared to 16 in 2016/2017.

The Alcohol, Gaming, Fuel and Tobacco Division issues gaming licenses to organizations that raise funds for charitable purposes, including bingos, ticket lotteries (prize value over \$500), and carnival games of chance. In addition, permits are issued for ticket lotteries with a prize value of less than \$500. Licenses are issued in accordance with the provisions of the applicable regulations and policies, as established by the Alcohol, Gaming, Fuel and Tobacco Division.

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<b>Gaming Registration Issuance</b>		
	2017/2018	2016/2017
<b>Casino Registrations</b>		
Gaming supplier	10	13
Non-gaming supplier - exemption	505	178
Non-gaming supplier	20	14
<b>ALC Registrations</b>		
ALC Lottery supplier	7	16
<b>Charitable Bingo Registrations</b>		
Charitable Bingo supplier	2	5
<b>Charitable Ticket Lottery Registrations</b>		
Charitable Ticket Lottery supplier	2	5
<b>TOTAL</b>	<b>546</b>	<b>231</b>

Series bingo and ticket lottery licenses are issued to organizations wishing to carry on a series of regular events. Single licenses are issued for individual events. Games of chance events include commercial carnivals, fun-night Monte Carlo events, and games conducted during annual fairs and exhibitions.

<b>Gaming License Active</b>		
	2017/2018	2016/2017
Bingo (Series + Single + Manor)	429	458
Ticket Lottery License	1,362	1,437
Ticket Lottery Permit	4,683	4,622
Break-open	66	85
Games of chance/carnival	93	83
<b>TOTAL</b>	<b>6,633</b>	<b>6,685</b>

### **Investigation and Enforcement**

Investigation and Enforcement regularly inspects licensed premises to ensure that gaming activities comply with applicable regulations. For example, video lottery play is checked for underage play and credit granting, and bingos are checked for such things as the proper use of bingo operating equipment. Furthermore, Investigation and Enforcement staff conduct inspections at the two casinos to ensure compliance with casino regulations and detailed internal control procedures. Investigation and Enforcement has a staff complement located throughout the province.

The gaming analyst section of Investigation and Enforcement conducts regular as well as random testing of casino slot machine software to ensure each machine is compliant with the legislated minimum payout percentage, as well as other requirements. The section also monitors payout percentages for video lottery terminals (VLTs) in liquor licensed premises in the province.

Investigation and Enforcement is also responsible for reviewing and making recommendations with respect to all approval requests from the casino operator pertaining to:

- ❖ casino surveillance and security systems,
- ❖ permitted games of chance played in casinos,
- ❖ rules of play, and
- ❖ slot machine installations, modifications, removals and relocations.

## **PROVINCIAL GAMING ACTIVITY**

### **Overview**

The Nova Scotia Alcohol, Gaming, Fuel and Tobacco Division is responsible for the regulation of legal gaming in the province of Nova Scotia. These gaming activities include video lottery terminals (VLTs), casinos, Atlantic Lottery Corporation (ALC) products, charitable bingo and charitable ticket lotteries.

For the purpose of measuring the volume of gaming activities on a consistent basis, the Alcohol, Gaming, Fuel and Tobacco Division uses the “wager” as a base unit. This figure represents the amount of money actually wagered on each gaming activity before prizes are awarded, operating expenses are deducted, and other assorted expenditures are accounted for. The wager for each type of gaming activity is defined in the following manner:

- ❖ cash deposited when referring to VLTs;
- ❖ cash deposited and value of tickets inserted into casino slot machines plus the chips purchased for table games when referring to casinos;
- ❖ cash paid for the purchase of bingo cards when referring to bingo; and
- ❖ cash paid for the purchase of tickets when referring to ticket lotteries.

**Fiscal Year 2017/2018**

Total gaming wager in the province increased by 2.5 per cent in 2017/2018 to \$1.390 billion, from \$1.356 billion in 2016/2017. Prizes of \$1.040 billion were up from \$1.008 billion in 2016/2017, and accounted for 74.8 per cent of the total wager. Net gaming revenue amounted to \$350.3 million in 2017/2018, up 0.7 per cent from \$347.9 million in 2016/2017.

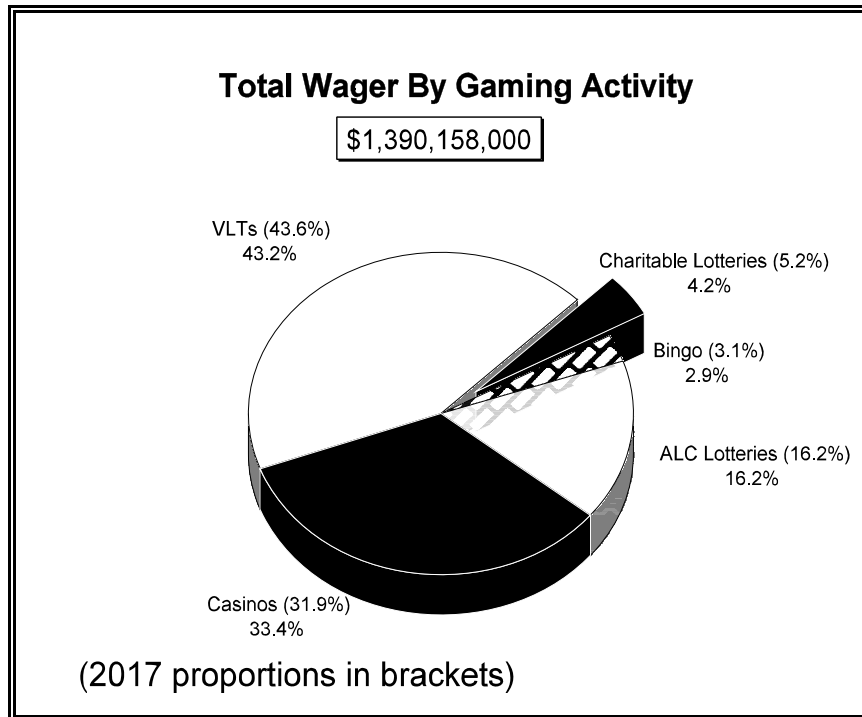
<b>Total Wager By Gaming Activity</b>			
(\$ thousands)			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
VLTs	\$600,687	\$591,074	1.6%
Casinos	464,751	432,502	7.5%
ALC Lotteries	225,333	220,307	2.3%
Bingo	40,613	42,139	-3.6%
Charitable Lotteries	58,774	69,872	-15.9%
<b>Total Wager</b>	<b>\$1,390,158</b>	<b>\$1,355,894</b>	<b>2.5%</b>
Prizes	1,039,831	1,007,961	3.2%
<b>Net Revenue</b>	<b>\$350,327</b>	<b>\$347,933</b>	<b>0.7%</b>

The VLT wager increased 1.6 per cent to \$600.7 million, from \$591.1 million in 2016/2017. Casino wager rose 7.5 per cent to \$464.7, from \$432.5 million last year. Wagers for ALC lotteries increased 2.3 per cent to \$225.3 million in 2017/2018, while wagers for charitable lotteries fell 15.9 per cent to \$58.8 million. Bingo wager dropped 3.6 per cent to \$40.6 million in 2017/2018, from \$42.1 million last year.

The proportion of total wager accounted for by VLTs was 43.2 per cent in 2017/2018, down from 43.6 per cent in 2016/2017. The proportion of total wager for casinos was 33.4 per cent, up from 31.9 per cent in 2016/2017. The proportion of total wager spent on

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ALC lotteries represented 16.2 per cent of total wager, while bingos and charitable lotteries accounted for 2.9 and 4.2 per cent respectively.



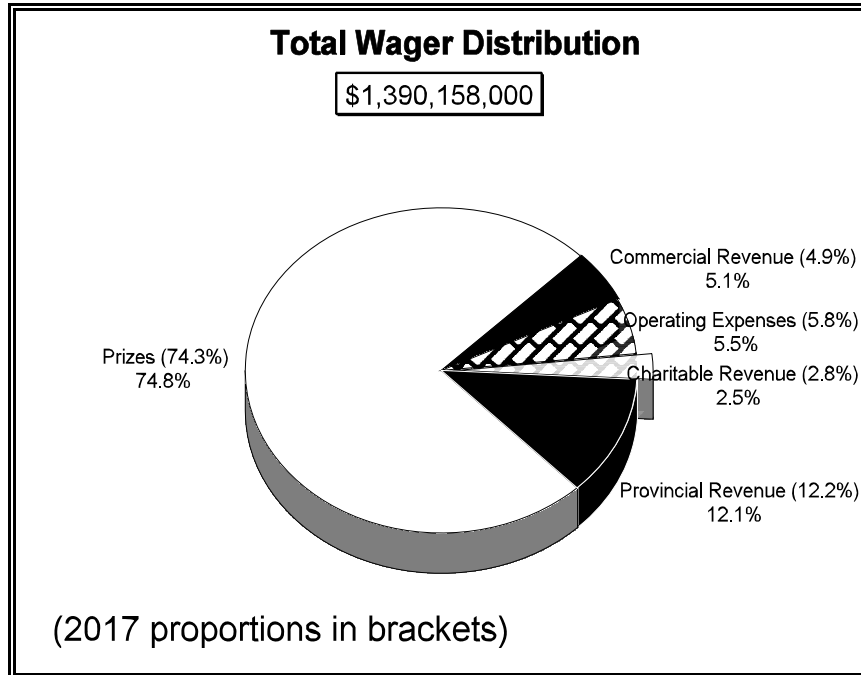
Provincial revenue from gaming increased 2.4 per cent on a year over year basis, to \$168.7 million in 2017/2018, compared to \$164.8 million last year, and accounted for 12.1 per cent of the total wager. Commercial revenue rose 7.5 per cent to \$71.3 million in 2017/2018, from \$66.3 million in 2016/2017. Operating expenses decreased 4.0 per cent to \$76.1 million, from \$79.3 million last year. At \$34.2 million, charitable revenue was down 8.9 per cent from \$37.5 million the year before.

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**Total Wager Distribution**

(\$ thousands)

	<b>2018</b>	<b>2017</b>	<b>Change</b>
Total Wager	\$1,390,158	\$1,355,894	2.5%
Prizes	1,039,831	1,007,961	3.2%
Net Revenue	\$350,327	\$347,933	0.7%
Operating Expenses	76,111	79,254	-4.0%
Commercial Revenue	71,273	66,318	7.5%
Charitable Revenue	34,190	37,539	-8.9%
<b>Provincial Revenue</b>	<b>\$168,753</b>	<b>\$164,822</b>	<b>2.4%</b>



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### **Video Lottery Terminals**

In 2017/2018, VLT wager rose 1.6 per cent to \$600.7 million, from \$591.1 million in 2016/2017. The VLT wager accounted for 43.2 per cent of the total provincial gaming wager in 2017/2018, down from 43.6 per cent in 2016/2017.

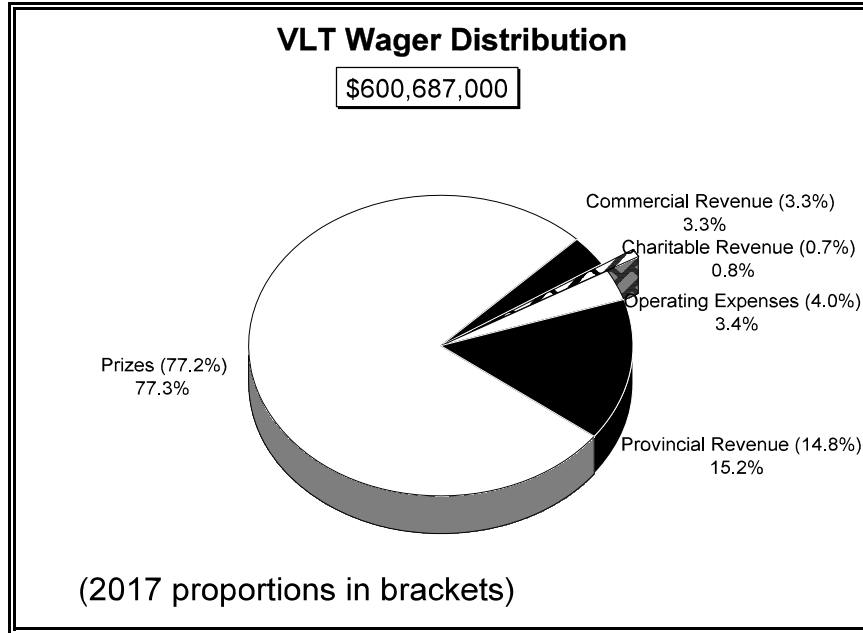
Prize payouts from VLTs totalled \$464.6 million in 2017/2018, an increase of 1.8 per cent from the previous year, and represented 77.3 per cent of the total VLT wager.

<b>VLT Wager Distribution</b>			
(\$ thousands)			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
Total Wager	\$600,687	\$591,074	1.6%
Prizes	464,588	456,228	1.8%
Net Revenue	\$136,099	\$134,846	0.9%
Operating Expenses	20,683	23,651	-12.5%
Commercial Revenue	19,619	19,305	1.6%
Charitable Revenue	4,572	4,460	2.5%
<b>Provincial Revenue</b>	<b>\$91,225</b>	<b>\$87,430</b>	<b>4.3%</b>

At \$4.6 million, charitable revenue from VLTs was up 2.5 per cent from the previous year. Similarly, commercial revenue increased 1.6 per cent to \$19.6 million, from \$19.3 million in 2016/2017. During the same period, operating expenses fell 12.5 per cent to \$20.7 million, from \$23.7 million in 2016/2017.

Provincial revenue from VLTs rose 4.3 per cent to \$91.2 million in 2017/2018, compared to \$87.4 million last year. Provincial revenue represented 15.2 per cent of total VLT wager in 2017/2018, compared to 14.8 per cent the year before.

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### Casinos

At \$464.7 million, the wager at Nova Scotia's Halifax and Sydney casinos this year was up 7.5 per cent from \$432.5 million in 2016/2017. Casino wager accounted for 33.4 per cent of the total provincial wager in 2017/2018, compared to 31.9 per cent the year before.

Prize payouts at the casinos increased 6.6 per cent to \$387.5 million this year, representing 83.4 per cent of the total casino wager. Provincial revenue from casino operations rose 11.6 per cent to \$29.5 million in 2017/2018, from \$26.4 million in 2016/2017.

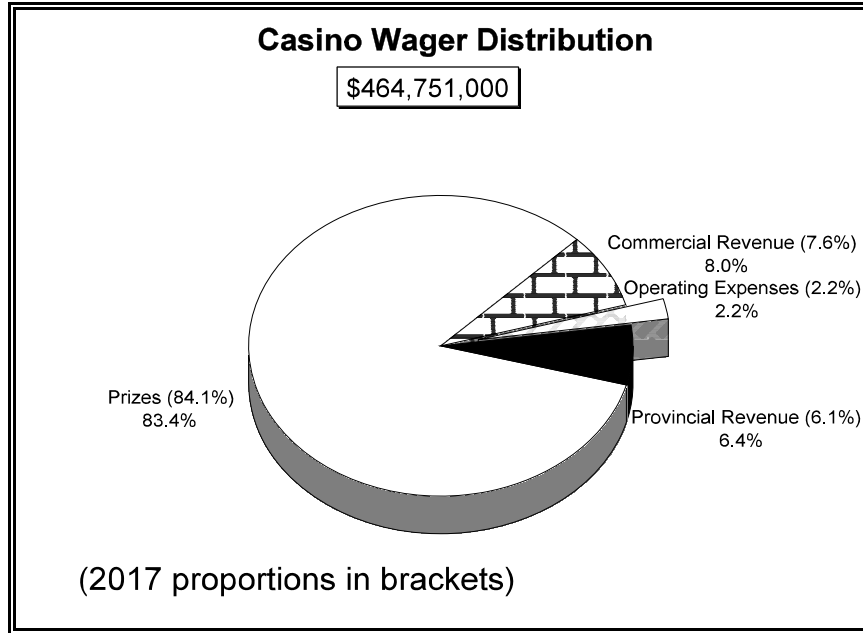
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<b>Casino Wager Distribution</b>			
(\$ thousands)			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
Total Wager	\$464,751	\$432,502	7.5%
Prizes	387,538	363,650	6.6%
Net Revenue	\$77,213	\$68,852	12.1%
Operating Expenses	10,502	9,748	7.7%
Commercial Revenue	37,185	32,655	13.9%
<b>Provincial Revenue</b>	<b>\$29,526</b>	<b>\$26,449</b>	<b>11.6%</b>

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Commercial revenue rose 13.9 per cent to \$37.2 million in 2017/2018, while operating expenses increased 7.7 per cent to \$10.5 million in 2017/2018.

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**Casino Nova Scotia**

	Halifax		Sydney	
	2018	2017	2018	2017
Wager (\$ millions)	\$355.7	\$330.9	\$109.1	\$101.6
Revenue to Province (\$ millions)	\$21.8	\$19.5	\$7.7	\$6.9
Gaming Floor Area (sq. ft.)	34,000	34,000	10,470	11,100
Employees	335	329	126	126
Visitors	877,350	790,989	418,610	330,546
Slot Machines	573	561	274	266
Table Games	29	32	7	7

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### ALC Lotteries

At \$225.3 million, total wager for ALC lotteries increased 2.3 per cent in 2017/2018, from \$220.3 million a year ago. ALC lotteries accounted for 16.2 per cent of the total provincial wager this year, the same as last year.

Prizes paid out for ALC lotteries in 2017/2018 increased to \$129.2 million, from \$122.0 million last year. Prizes represented 57.4 per cent of total ALC lotteries wager in 2017/2018.

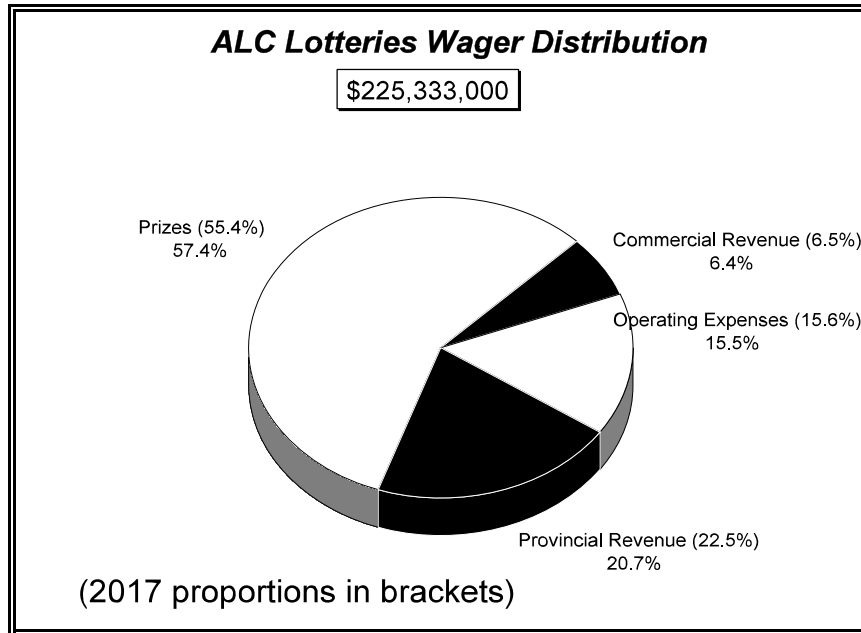
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<b>ALC Lotteries Wager Distribution</b>			
(\$ thousands)			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
Total Wager	\$225,333	\$220,307	2.3%
Prizes	129,226	121,964	6.0%
Net Revenue	\$96,107	\$98,343	-2.3%
Operating Expenses	34,839	34,392	1.3%
Commercial Revenue	14,469	14,358	0.8%
Charitable Revenue	43	59	-27.1%
<b>Provincial Revenue</b>	<b>\$46,756</b>	<b>\$49,534</b>	<b>-5.6%</b>

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Operating expenses for ALC lotteries in Nova Scotia were \$34.8 million in 2017/2018, and had increased 1.3 per cent from \$34.4 million in 2016/2017. Commercial revenue of \$14.5 million in 2017/2018 was up 0.8 per cent from \$14.4 million last year. At \$43.0 thousand in 2017/2018, revenue to charities was down from \$59.0 thousand in 2016/2017. Provincial revenue from ALC lotteries fell 5.6 per cent to \$46.8 million, from \$49.5 million last year.

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### Charitable Bingo

Total charitable bingo wager decreased 3.6 per cent to \$40.6 million in 2017/2018, from \$42.1 million last year. Charitable revenue rose 1.9 per cent to \$7.0 million, from \$6.9 million last year.

Bingo prizes amounted to \$29.6 million in 2017/2018, and accounted for 72.9 per cent of the total charitable bingo wager. The prize value awarded this year was down 4.4 per cent from \$31.0 million in 2016/2017.

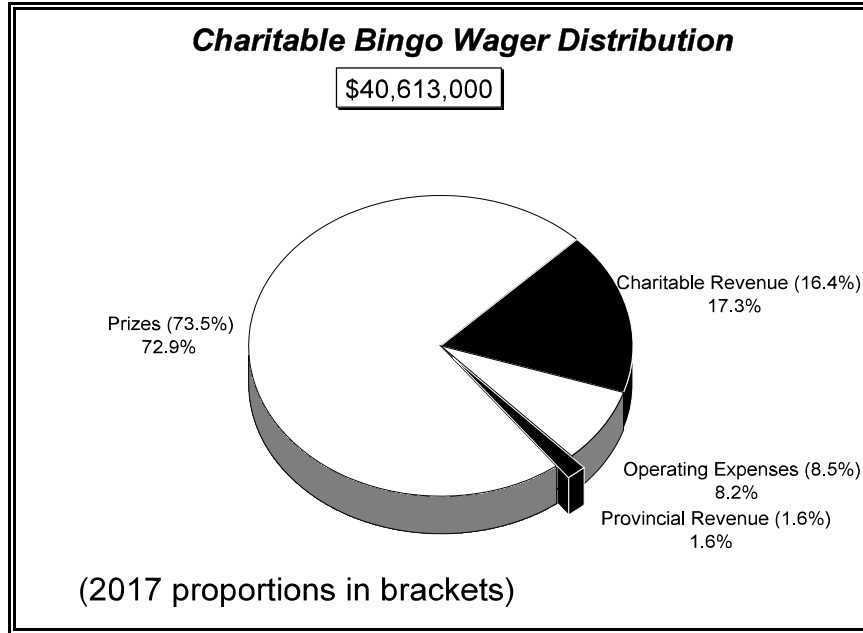
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<b>Charitable Bingo Wager Distribution</b>			
(\$ thousands)			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
Total Wager	\$40,613	\$42,139	-3.6%
Prizes	29,619	30,978	-4.4%
Net Revenue	\$10,994	\$11,161	-1.5%
Operating Expenses	3,320	3,586	-7.4%
Charitable Revenue	7,043	6,915	1.9%
<b>Provincial Revenue</b>	<b>\$631</b>	<b>\$660</b>	<b>-4.4%</b>

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In the 2017/2018 fiscal year, financial reports were received from 180 bingo licensees, compared to 185 licensees in 2016/2017. In 2017/2018, 46.7 per cent of the 180 bingo licensees had gross receipts under \$150,000, and generated 17.0 per cent of the total charitable bingo wager. Conversely, 18.9 per cent of charitable bingos had gross receipts exceeding \$300,000, and yielded 48.9 per cent of the total charitable bingo wager.

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In 2017/2018, there were 34 media bingos (TV or radio bingo) that generated \$6.8 million in wagers, compared to 35 last year with \$7.0 million in wagers. Charitable revenue from media bingos amounted to \$2.1 million this year, compared to \$2.2 million in 2016/2017.

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**Charitable Bingo Licensees Grouped By Wager**

Category	Licensees	%	Wager	
			(\$ thousands)	%
\$0-50,000	14	7.8%	\$353	0.9%
50,000-100,000	42	23.2%	3,064	7.5%
100,000-150,000	28	15.6%	3,472	8.5%
150,000-200,000	21	11.7%	3,635	9.0%
200,000-250,000	22	12.2%	5,000	12.3%
250,000-300,000	19	10.6%	5,226	12.9%
300,000-500,000	22	12.2%	8,397	20.7%
500,000-1,000,000	9	5.0%	5,872	14.5%
\$1,000,000+	3	1.6%	5,594	13.8%
<b>TOTALS</b>	<b>180</b>	<b>100.0%</b>	<b>\$40,613</b>	<b>100.0%</b>

**Charitable Bingo Licensees Grouped By Net Profits**

Category	Licensees	Licensees By Net Profit			Average Net Profit
		<0%	0-15%	>15%	
\$0-50,000	19	6	4	9	8.6%
50,000-100,000	36	2	19	15	15.8%
100,000-150,000	29	3	17	9	13.9%
150,000-200,000	27	0	10	17	17.2%
200,000-250,000	19	2	7	10	14.9%
250,000-300,000	22	2	8	12	16.4%
300,000-500,000	22	0	13	9	20.3%
500,000-1,000,000	8	0	2	6	18.0%
\$1,000,000+	3	0	2	1	12.8%
<b>TOTALS</b>	<b>185</b>	<b>15</b>	<b>82</b>	<b>88</b>	<b>16.4%</b>

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**Charitable Ticket Lotteries**

The wager on charitable ticket lotteries was \$58.8 million in 2017/2018, down 15.9 per cent from \$69.9 million last year. Charitable revenue fell 13.7 per cent to \$22.5 million this year, from \$26.1 million in 2016/2017.

Prizes awarded in charitable ticket lotteries decreased 17.9 per cent to \$28.9 million in 2017/2018, and accounted for 49.1 per cent of total charitable ticket lotteries wager.

Provincial revenue amounted to \$615 thousand this year, down 17.9 per cent from \$749 thousand last year. Charitable revenue represented 38.3 per cent of total charitable ticket lotteries wager, while the province realized 1.1 per cent.

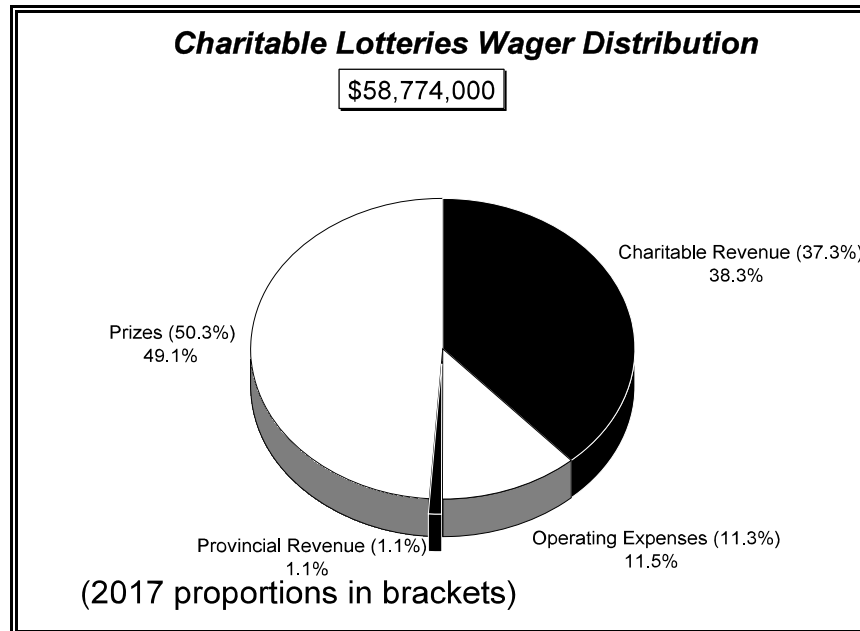
At \$6.8 million, operating expenses for charitable ticket lotteries this year decreased 14.1 per cent from \$7.9 million in 2016/2017. Operating expenses accounted for 11.5 per cent of the total charitable ticket lottery wager in 2017/2018.

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<b>Charitable Lotteries Wager Distribution</b>			
(\$ thousands)			
	<b>2018</b>	<b>2017</b>	<b>Change</b>
Total Wager	\$58,774	\$69,872	-15.9%
Prizes	28,860	35,141	-17.9%
Net Revenue	\$29,914	\$34,731	-13.9%
Operating Expenses	6,767	7,877	-14.1%
Charitable Revenue	22,532	26,105	-13.7%
<b>Provincial Revenue</b>	<b>\$615</b>	<b>\$749</b>	<b>-17.9%</b>

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In 2017/2018, financial reports were received from 1,270 charitable ticket lottery licensees, compared to 1,221 last year. Of the 1,270 charitable ticket lotteries, 1,115 (87.8 per cent) reported ticket sales of \$50 thousand or less. Conversely, 27 (2.1 per cent) charitable ticket lotteries reported sales of over \$300 thousand, totalling \$36.2 million (61.6 per cent) of the total charitable ticket lotteries wager.

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**Charitable Lotteries Licensees Grouped By Wager**

<b>Category</b>	<b>Licensees</b>	<b>%</b>	<b>Wager (\$ thousands)</b>	<b>%</b>
\$0-50,000	1,115	87.8%	\$9,258	15.8%
50,000-100,000	78	6.1%	5,428	9.2%
100,000-150,000	27	2.1%	3,295	5.6%
150,000-200,000	15	1.2%	2,607	4.4%
200,000-250,000	5	0.4%	1,121	1.9%
250,000-300,000	3	0.2%	839	1.4%
300,000-500,000	9	0.7%	3,486	5.9%
500,000-1,000,000	8	0.6%	6,285	10.7%
\$1,000,000+	10	0.8%	26,455	45.0%
<b>TOTALS</b>	<b>1,270</b>	<b>100.0%</b>	<b>\$58,774</b>	<b>100.0%</b>

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Province	<b>CANADIAN JURISDICTIONAL GAMING COMPARISON</b> Agencies Involved	Casinos	VLTs	Internet
NL	<b>Service Newfoundland, Consumer Affairs Division</b> Atlantic Lottery Corporation		✓	✓
PE	<b>PEI Lotteries Commission</b> Department of Environment, Labour and Justice, Consumer Services Division Atlantic Lottery Corporation	✓	✓	✓
NS	<b>NS Alcohol, Gaming, Fuel &amp; Tobacco Division</b> Nova Scotia Provincial Lotteries and Casino Corporation Atlantic Lottery Corporation	✓	✓	✓
NB	<b>New Brunswick Gaming Control Branch</b> NB Lotteries and Gaming Corporation Atlantic Lottery Corporation	✓	✓	✓
QC	<b>Régie des alcools, des courses et des jeux</b> Loto-Québec	✓	✓	✓
ON	<b>Alcohol and Gaming Commission of Ontario</b> Ontario Lottery and Gaming Corporation	✓		✓
MB	<b>Manitoba Gaming Control Commission</b> Manitoba Lotteries Corporation	✓	✓	
SK	<b>Saskatchewan Liquor and Gaming Authority</b> Saskatchewan Gaming Corporation Saskatchewan Indian Gaming Authority	✓	✓	
AB	<b>Alberta Gaming and Liquor Commission</b> Alberta Gaming Research Council	✓	✓	
BC	<b>BC Gaming Policy and Enforcement Branch</b> British Columbia Lottery Corporation	✓		✓
NT	<b>Consumer Services, Community Operations</b>			
YT	<b>Department of Consumer Services, Consumer Services Branch</b> Yukon Lottery Commission	✓		
NU	<b>Department of Community and Government Services, Consumer Affairs Section</b>			

**Service Nova Scotia  
Alcohol, Gaming, Fuel and Tobacco Division**

**Halifax Regional Municipality**

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<http://novascotia.ca/sns/access/alcohol-gaming.asp>

