
EVIDENCE BRIEF: MARCH 2018

Research Highlight: Casino Social Contracts

WHY SOCIAL CONTRACTS?

Casino social contracts are agreements brokered between the host municipality and the gambling operator. These agreements establish expectations and outline the commitment between local and provincial government, the private sector, and the greater community towards clarifying how the benefits of the casino will be realized.

Importantly, the agreement also stipulates the measures that the gambling operator will take to mitigate the social and community health impacts of the casino after development.

Casino social contracts can be encompassed within or are also known as: Development Agreements; Community Benefits Agreements; Community Agreements; and Host Community Agreements.

IMPACTS OF CASINO DEVELOPMENT ON COMMUNITY WELLBEING

- *Negative Impacts*



Increase in problem gambling prevalence, and an increase in factors indicative of problem gambling (e.g., bankruptcy, substance misuse, mental health issues, suicide, healthcare costs, familial disruption)



Change in local crime and deviance (see below)



Increased burden on community infrastructure (including roadways, municipal water systems, traffic congestion, etc.)

- *Positive Impacts*



Increased employment, during and after casino development.



Funding of public service improvements

(Williams et al., 2011; Vasiliadis et al., 2013; Nichols and Tosun, 2017; Geisler and Nichols, 2017)

FACTORS THAT INFLUENCE THE IMPACT OF CASINO DEVELOPMENT ON COMMUNITY WELLBEING

There are a variety of determinants that influence the degree of impact a casino development could have on the surrounding community.

Among these are:

- The degree of change in gambling availability for the region
- The type of gambling outlet introduced
- Whether revenues are locally derived or derived from outside areas
- The type and extent of gambling opportunities in neighbouring areas
- The strength of existing harm-mitigation policies and programs
- Baseline levels of community poverty
- How gambling revenue is dispersed

GENERAL PRINCIPLES OF A CASINO SOCIAL CONTRACT

The casino social contract defines the role the gambling operator will have in working effectively with and contributing to the community, both during casino development and once the casino is operational. In the case of the casino social contract framework outlined during the proposed casino development for Toronto in 2012 (see Toronto's [Casino Social Contract](#)), several core themes and principles were outlined:

Partnership – Building and sustaining meaningful relationships that benefit community residents

Engaging in open and inclusive dialogue – Identifying priorities, developing solutions, and not marginalizing community residents

Community investment – Outlining within the agreement the responsibility of the casino operator for contributing to the social and economic wellbeing of the community, specifically in outcomes for vulnerable groups

Addressing regional societal impacts – Proactively addressing the negative impacts of problem gambling through prevention, intervention, treatment, and harm-mitigation measures based on what are considered best practices

Conducting independent monitoring and analysis – Supporting the ongoing monitoring of the social, health, employment, and economic impacts of casino operations on local communities and residents



PRINCIPLES OF THE SOCIAL CONTRACT:

- *Partnership*
- *Open and inclusive dialogue*
- *Community investment*
- *Addressing regional social impacts*
- *Independent monitoring and analysis*

KEY AREAS OF FOCUS UNDER A CASINO SOCIAL AGREEMENT

Casino social contracts identify areas of commitment from the gambling operator to contribute to improving the city's social and economic wellbeing, as well as outlining the harm-reduction measures that they would support to minimize the negative community impacts associated with the casino. Social contracts have not been explicitly outlined in the development process of any casinos in Canada. However, a report by the City of Toronto in Ontario outlined the areas of focus that would be included within this type of agreement in the event a casino development was permitted in the area. These specific areas included:

Social Procurement Opportunities - The casino social contract outlines the role of the gambling operator in contributing to increased societal and overall community benefit. Municipalities use social procurement strategies to advance local community priorities and responsible gambling both during the development and operation of a casino.

Community Use of Space and Community Promotion – The agreement provides a set of guidelines that stipulate how the gambling operator will provide the community with facilities to meet, host support services, and live entertainment.

Harm-Mitigation Strategy – Harm-reduction measures to address the negative societal impacts of gambling harm would be supported, and the gambling operator would work with the City and municipal health authorities to consider implementing these measures (see examples below) at the local level.

Monitoring and Assessment – Through an established harm-mitigation strategy, ongoing assessment of the social, economic, and health impacts of a casino in the community as well as regular assessment by an independent body would take place, to allow for the measurement and reporting of community impacts on residents.

JURISDICTIONS THAT HAVE EXPLORED THE USE OF SOCIAL CONTRACTS

In Ontario, no casino social contracts have been drafted to date. Toronto stipulated that in the event a new casino is developed in the region, the gambling operator would be required to draft a social agreement with the City to outline the measures they would take to mitigate the negative societal impacts and actively contribute to community benefits.

In the United States of America, Massachusetts has been active in ensuring that gambling operators meet with host cities to draft development agreements and specify how harms will be mitigated. In 2016, the state outlined a comprehensive [Strategic Plan](#) to ensure the provision of services to address problem gambling treatment and

prevention. This plan has been implemented primarily by the Massachusetts Department of Public Health and the Massachusetts Gaming Commission in partnership with other state agencies and community-based organizations.

As part of the Expanded Gaming Act, which allowed for three resort casinos and one slots-based venue statewide, a Public Health Trust Fund was established to allocate significant resources to research, prevention, intervention, treatment, and recovery services.

Development agreements are often drafted to meet requirements outlined in state legislation across the U.S. during casino development, between the host city and the operator. Often the emphasis is on economic impact and benefit, but language around gambling harm-mitigation is generally built into these agreements.

Detroit, Michigan casinos, during their development process, drafted a Development Agreement which included in its appendices an overview of the operator's obligations to establish responsible gambling programs to minimize the burden on community wellbeing from a local casino.

RELEVANT RESOURCES/LITERATURE

- [Surrounding Community Agreement: an agreement between Mohegan Sun Massachusetts, LLC, and the Town of Winthrop, MA](#)
- [Toronto Casino Social Contract: Defining the Relationship between the Casino Operator, the Province, the City and the Greater Community.](#)
- [Summary of 2013 Staff Analysis on Expanded Gaming and Development at Woodbine Racetrack](#)
- [The Health Impacts of Gambling Expansion in Toronto](#)
- [Social Contracts for Governing Industrial Risk in the Community](#)

Research Highlight: Geographic Determinants of Gambling Harm

WHAT YOU NEED TO KNOW

Gambling venue placement has been associated with significant impacts on population health and wellbeing, specifically for priority populations and disadvantaged members of the community. However, in the literature there are mixed findings related to the degree to which proximity impacts problem gambling incidence, and when this phenomenon is observed, whether any increase in prevalence continues to persist.

While proximity to a casino has been associated with increased rates of problem gambling immediately following a casino opening, longitudinal research has also suggested in some cases that such rates return to normal over time, as the local population adapts to the presence of gambling in their community.

WHAT THE RESEARCH SAYS

Problem gambling and casino development – Exposure Theory. Exposure theory suggests an increased risk of problem gambling severity with greater proximity to a gambling venue (Vasiliadis et al., 2013). Findings from several studies support this theory:

Welte et al (2004) found that living in a residential area that fell within 10 miles of a casino increased individual odds of being a problem gambler by 90%. A later study published by the same author in 2015 examined the relationship between gambling venue availability and problem gambling in the U.S., with data captured in a telephone survey conducted in 2011-13. Their findings indicated that respondents had a significantly greater chance of being a problem gambler if they lived within 30 miles of a casino (Welte et al., 2015)

In New Zealand, evidence suggests that living in a neighbourhood closer to a gambling venue significantly increases gambling participation and the likelihood of problem gambling, even after adjusting for individual and environmental confounders (Pearce et al., 2008).

Residential proximity to casinos and problem gambling prevalence were also found to be correlated in a study conducted in Alberta, however the magnitude of this relationship was relatively small (Williams et al., 2011).

A systematic review published by an Australian research group in 2013 demonstrated a positive relationship between gambling venue proximity and increased participation and expenditure on gambling;

however, they reported limited findings on any association with problem gambling rates (Vasiliadis et al., 2013).

Similarly, findings from a Quebec-based study indicated a positive relationship between casino proximity and gambling participation and expenditure, but no relationship with problem gambling prevalence was observed (Sevigny et al., 2008).

Problem gambling and gambling venue proximity – Adaptation Theory. Adaptation Theory as it relates to casino development suggests that any association between proximity to casino development and corresponding change in the prevalence of problem gambling will return to previous baseline rates as the community adjusts to having gambling available nearby (Vasiliadis et al., 2013).

A longitudinal study published in 2006 found no long-term association between problem gambling rates and the introduction of a casino in the community (as measured two and four years following the initial assessment), despite an initial impact on local problem gambling prevalence one year after casino development (Jacques and Ladouceur, 2006).

Urban vs. rural casino development – There are relatively few studies in the literature that examine the social and health impacts of urban vs. rural casino development; this represents an area for future research.

Criminality – There are mixed findings in the literature surrounding the impact of casino development on changes in local criminal activity and deviant behavior. Studies have found that casinos may stimulate crime (Grinols and Mustard, 2006; Botton et al., 2017), while others concluded that casino development resulted in little to no change in the incidence of local crime (Humphreys and Soebbing, 2014; Johnson and Ratcliffe, 2017).

There are a variety of factors that may influence whether a change in crime rate in response to casino development is observed. One study demonstrated that casinos had no impact on crime in the host county, but that crime in surrounding areas was found to be higher (Nichols and Tosun, 2017). Though casinos may be thought to constitute “hot spot” areas for criminal activity, it is often the case that, because these venues are viewed as significant entertainment and tourist attractions, greater protection through private security and public law enforcement is provided locally in the interest of community wellbeing.

Overall, multi-jurisdictional studies of this relationship indicate that crime is not an inevitable product of casino development and operation (Stitt et al., 2003; Walker, 2013). As with any major venue, this relationship is generally explained by the increase in the number of people (inflating the potential “population at risk”) that a casino can bring to a given area (Walker, 2013).

Local sociodemographic factors – Studies indicate that gambling venue density is generally thought to be highest in socially disadvantaged areas, as measured by variables that include

SUMMARY

- Proximity to a gambling venue may have an impact on the incidence of problem gambling in the community.
- More research is needed to clarify the long-term relationship between gambling venue development and subsequent increases in problem gambling, as well as the role of factors that shape the community impacts of casino development.
- The relationship between casinos and crime is unclear.

education, social class, proportion of the population who low-income assistance, employment rates, and income (Welte et al., 2004; Pearce et al., 2008). However, other factors, including the density of other services that are more frequently used by vulnerable, disadvantaged groups, are also important to consider when mapping patterns of gambling-related risk (Wardle et al., 2017).

GAMBLING HARM-REDUCTION MEASURES IN THE LITERATURE

During casino development, harm-reduction measures are typically suggested during municipal discussion (often by regional health authorities). In Ontario, these preventative strategies are usually made as recommendations by the Medical Officer of Health to City Council prior to development. As an example, Toronto Public Health published a [Position Statement](#) that outlined several harm-reduction measures, including:

- Limiting hours of casino operation
- Restricting the number of Electronic Gaming Machines (EGMs) and slowing machine speed of play
- Eliminating casino loyalty programs
- Prohibiting ATMs from being on the casino floor
- Prohibiting casino credit and holding accounts for patrons
- Reducing the maximum bet size
- Enforcing a daily loss maximum
- Implementing and evaluating casino self-exclusion programs
- Issuing monthly summary statements to patrons
- Designating areas for the purchase and consumption of alcohol

Generally, reviews that explore the effectiveness of preventative measures to address gambling harms have indicated that there is a lack of literature in this area. However, evidence suggests that many industry strategies, when enforced, do lead to reduced spending and time spent at the casino, including pop-up messaging, enforced maximum bets, ATM removal, reduced casino operating hours, and smoking bans (Tanner et al., 2017).

RELEVANT RESOURCES/LITERATURE

- [A Study of Differences in Canadian University Students' Gambling and Proximity to a Casino](#)
- [Greater Exposure to Legal Gambling is Associated with Higher Rates of Gambling Behaviours and Problems](#)

Please contact Jess Voll for more information on any of the content covered in this brief (jess@greo.ca).

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