RESEARCH QUESTIONS
How are gambling expenditures related to the level and source of household income, other demographic characteristics (e.g., age, level of education, geographic location of residence), and entertainment and necessity expenditures? How do expenditure patterns differ by intensity of gambling, as measured by the proportion of household income, or total amount, spent on gambling?

PURPOSE
To offer new evidence concerning the distribution of gambling dollars across households and the impacts of this spending. The analysis was unique in that it compiled information on the reported gambling expenditure habits of Canadian households at one point in time.

PARTICIPANTS
821 households in Nova Scotia, 898 households in Saskatchewan, and 10,406 households in the rest of Canada were examined.

PROCEDURE
Survey data from Statistics Canada’s 1996 Family Expenditure Survey and from the 1997 Survey of Household Spending were used. Demographic information was collected in face-to-face interviews, and data was collected via questionnaires (one per household). The surveys asked about winnings from games of chance, and expenditures on government run lotteries, casinos and slot machines, bingo, and non-government lotteries and raffles. They provided quantitative information about both the positive effects of gambling as entertainment/recreation, and the costs in terms of income displacement from other discretionary spending or from basic necessities.

MAIN OUTCOME MEASURES
The Problem Gambling Severity Index (PGSI) assessed the frequency of participation in various gambling activities (e.g., instant win/scratch tickets and daily lotteries, bingo, coin slots and VLTs at casinos) and annual expenditures. A PGSI score of zero was classified as non-problem gambler, 1 or 2 as low risk gambler, 3 to 7 as moderate risk gambler, and greater than 7 as high risk gambler. The World Mental Health Survey Initiative version of the Composite International Diagnostic Interview (WMH-CIDI) assessed alcohol/drug use and psychological disorders (e.g., mood and anxiety disorder).

KEY RESULTS
Gambling and Income: The majority of households in Nova Scotia (83%), Saskatchewan (82%), and Canada (81%) spent money on games of chance. While household income was positively associated with the likelihood of gambling, it was not a predictor of the amount spent on gambling. Households were categorized into Low, Medium or High groups on the basis of the proportion of household income spent on gambling. Households in the Low group were in the bottom quartile (bottom 25%) of the distribution in terms of percent of income spent on gambling, while those in the High group were in the top quartile. Thus, while the top quintile group consisted of the 20% of households who spent the most money on gambling, the High group consisted of the 25% of households who spent the highest share of their incomes gambling. Households in the Low, Medium and High gambling groups in Nova Scotia spent an average of $15, $141, and $773 on gambling, compared with $19, $171, and $791 in Saskatchewan and $23, $176, and $893 in Canada. Low income households were over-represented in the top gambling expenditure quintiles and spent a larger percentage of their income on gambling products than did other household income groups.

Gambling and Age: Gambling was also distributed across the age structure. Higher gambling rates were generally found in middle age household groups but both the youngest and oldest age groups had a strong likelihood of being in the High intensity group, especially in Nova Scotia and Saskatchewan.

Gambling and Geographic Location: Gambling was diffuse and dispersed geographically, but gambling rates were significantly higher in households in urban areas and provinces where casinos and VLTs were available. Households in urban communities were more likely to be in the top gambling quintile and in the High gambling group.
Gambling and Education: Gambling was also distributed widely across the educational structure. There was little correlation between educational levels and gambling rates, except that university-educated households gambled less and were less likely to be in the top quintile or High intensity household gambling group. However, gamblers in the lowest educational household group gambled more intensely, especially in Nova Scotia and Canada. In Nova Scotia, six out of ten households in the High intensity gambling group were households where the education of the reference person was less than 9 years.

Gambling Expenditures: Gambling rates and expenditures varied by: type of household, and jurisdiction. Lone parent households who gambled had the lowest expenditure levels in both Nova Scotia and Canada. Households with children present tended to have lower expenditure levels for Canada, but not for Nova Scotia or Saskatchewan. The presence of children in households was also associated with a lower probability of being in the top spending quintile in Canada. In Nova Scotia, the absence of a spouse was associated with lower average spending on gambling. In Canada, a lower percentage of households without a spouse were in the top spending quintile compared to those households with one. Households with no spouses were more likely to be in the High gambling group in Saskatchewan and Canada, but not in Nova Scotia.

Gambling Expenditure Sources: All types of sources of household income were used to gamble. Households whose mainstay was wages and salaries were more likely to report gambling expenditures but not to gamble more money or more intensely than households with other income sources (i.e., self-employment, investments, government transfers, and other sources). Households with social assistance income sources were less likely to gamble, except in Nova Scotia where households with employment insurance income had a higher probability of gambling. There was no evidence that households who depended on government transfer payments gambled more intensely than other households. They actually spent a lower percentage of their income on gambling and were less likely to be in the top gambling quintile.

Gambling and Financial Well-Being: Gambling expenditures were affecting the financial well being of households in Canada. Spending on basic necessities such as food and shelter was not negatively impacted to date. However, in every jurisdiction, the net change in assets minus liabilities, in RRSPs, and in savings in households decreased as gambling expenditures increased.

Gambling and Other Discretionary and Leisure Spending: Average recreation expenditures were slightly lower for non-gambling than gambling households. Higher spending on all items was related to higher household income, and to younger age. Spending was also generally higher in households without a spouse and without children. Overall, gambling expenditures were found to be compliments rather than substitutes for spending on recreation, alcohol, food from restaurants, and home entertainment. With respect to charitable donations, in Canada, such donations were lower for households with gambling expenditures compared to those without.

LIMITATIONS

The data set did not distinguish between frequent and infrequent gambling activities. Someone who purchased a lottery ticket only once was considered a gambler just as someone who regularly frequented casinos was. The results may thus underestimate the differences between gamblers and non-gamblers. Further, only one person from each household completed the questionnaire. This person may not have had an accurate picture of the frequency with which the members of their household gambled, nor their gambling expenditures.

CONCLUSIONS

There were considerable differences in the likelihood and the quantity of gambling as they related to both consumer characteristics and the gambling marketplace. Several real-world implications may be inferred. For example, it was found that low income households spent a larger percentage of their income on gambling products than did other household income groups. Thus, the economic costs of gambling were largely borne by those who could least afford the financial costs and related social problems. Gambling preventions and interventions should thus be targeted towards the individuals in these (low income) households.

KEYWORDS: gambling expenditures, economic costs, consumer spending, Canada, gambling, prevalence, substance use, psychological disorder, mental health, comorbidity

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