

BRIEFING

ASSESSMENT OF THE KENO TICKET LOTTERY PRODUCT

August 2009

Background

- As part of its mandate, the Nova Scotia Gaming Corporation (NSGC) manages the provincial gaming industry for Government to ensure it is optimizing the financial benefits in a socially responsible manner. Carrying out this role includes looking at products offered in other jurisdictions to determine if they would be appropriate for introduction in Nova Scotia.
- In 2004, Atlantic Lottery Corporation (ALC) recommended the introduction of a multi-draw Keno game in all four Atlantic Provinces. After significant analysis, NSGC advised that it would not proceed with the game as it did not meet its social responsibility standards, but would continue to monitor the situation should it fit some time in the future.
- In 2007-08, as part of its normal business planning process, NSGC explored new product options and determined that it should revisit the Keno game to see if the circumstances had changed so as to now support its introduction. NSGC retained three social responsibility experts who recommended the inclusion of a number of fundamental changes in the game's mechanics and structure.
- The revised game proceeded through NSGC's Social Responsibility Assessment process (attached), which included review of the game by experts in the field of social responsibility and / or problem gambling. The experts concluded that the Nova Scotia product was the most socially responsible Keno game in the world and that it was reasonable to introduce the product in the Province, incorporating a rigorous evaluation component to the implementation.
- On that basis, on March 2, 2009, the game was introduced at approximately 180 sites in Nova Scotia, most of which were existing video lottery sites that met the required standards. The launch was accompanied by a research study that will be conducted over the first year of operation to assess the social and economic impact of the game.
- Financial performance of the product has not met budget expectations. In the first four months of operation (March - June 2009), revenue was \$0.7 million, 70% below budget. This is a material variance from the original estimates of the game's expected performance. During this same period, \$0.4 million in prizes were paid to players and \$0.04 million in commissions were paid to retailers.

- In developing the 2009-10 revenue estimate, there were a number of unknown factors that could materially affect performance, the most significant of which were as follows:
 1. the size of the ticket lottery market within the social gaming environment;
 2. the impact of the responsible gaming elements incorporated into the design and structure of the game, the first of their kind in the world; and,
 3. the impact of limited point of sale support, which exists with Keno games in other jurisdictions but not pursued in Nova Scotia during the initial launch.
- In response to the results, ALC embarked on an education and marketing program to create greater awareness and interest in the Keno Ticket Lottery game at the participating sites. This is taking place between June and the fall 2009.
- Following completion of this program, NSGC intends to conduct a formal review of this product, the timing of which would align with NSGC's annual business planning process. This review will result in one of three outcomes:
 1. eliminate the product in the marketplace due to it not being financially viable or appropriate for the market;
 2. modify the product; or,
 3. continue with status quo.
- The purpose of this briefing is to provide a current assessment of the relevant criteria required for a decision on this matter. While the timing of this information is earlier than the planned review referenced above, it provides important context for consideration at this time.

Assessment

- The following criteria have been identified for this assessment:
 1. Financial;
 2. Future gaming products;
 3. Participating retailers; and,
 4. Social analysis.
- 1. *Financial*
 - As noted above, the Keno Ticket Lottery game has not met expectations to date. Actual revenue since March 2009 is \$0.7 million, \$1.6 million less than the budget of \$2.3 million.
 - Given these results, ALC is executing an education and marketing program to create greater awareness and interest in the game. With increased focus and marketing effort, ALC has estimated that the product will improve and break even in the September 2009 to March 2010 period, resulting in an overall net loss of \$0.2 million for the 2009-10 fiscal year.

- With regards to the write-off of the capital assets and other related costs, a total of \$3.5 million would have to be expensed in 2009-10, assuming an exit date of September 1, 2009.
- The assets include draw equipment, computer hardware and software, installation costs, lottery retail terminals and other equipment used at retail (e.g., televisions).
- Further, if the game is discontinued, the benefits of any future annual profits will not be realized.

2. *Future Gaming Products*

- The current Keno Ticket Lottery product infrastructure is the foundation for potential future products in social gaming sites.
- Once a site is equipped with the necessary telecommunications equipment, wiring, lottery terminal and television monitor, and staff training, it becomes very cost efficient to introduce additional ticket lottery products that are suited to this environment.
- From a strategic perspective, introducing more responsible gaming products will help to reduce the reliance on video lottery revenue. This was a very important commitment contained in the Province's Gaming Strategy. In addition, social products project a more entertaining image in these sites and create a stronger and more sustainable business model for the owners.
- In addition, the gaming industry in Nova Scotia is in decline as products mature, and demographics and social behaviours are changing. In order to mitigate this decline, new innovative socially responsible products and distribution channels will be required in order to maintain the existing revenue base.

3. *Participating Retailers*

- All Keno Ticket Lottery retailers signed a Retailer Agreement with ALC. Under the terms of this agreement, ALC can terminate the agreement at any time on providing 10-days notice to the retailer.
- On termination, the agreement provides that ALC shall be entitled to immediately remove all its equipment from the retailer's premises. There is no legal reason why this game cannot be discontinued.

- It is possible that retailers may need more notice so that they can make necessary adjustments to their business practices. It is estimated that a minimum of 30-days notice would be provided to retailers based on past business practices.

4. Social Analysis

- As noted above, Keno has not met its financial targets to date. It is possible that one of the reasons for the current performance relates to the design changes made in order to meet the high standards of social responsibility. The Research Plan will assess this variable and will entail player focus group sessions and surveys in order to determine if the responsible gaming elements, such as the mandatory breaks or the wager limit, may in fact be causing a positive impact on behaviour.
- If the game is exited at this time, the opportunity to assess this type of hypothesis will not take place and further, the application of this product as a test pilot for social responsibility in the social gaming environment will be lost.

Conclusion

- Based upon the assessment above, exiting the Keno Ticket Lottery game at this time would result in the following:
 - ▶ An additional expense of \$3.5 million in 2009-10, the majority of which relates to the cost of writing-off the Keno Ticket Lottery assets.
 - ▶ Lost future annual profits related to Keno as well as any other socially responsible products that could align with the established infrastructure.
 - ▶ No legal impediment to discontinuing the game.
 - ▶ No information on the social impact as the research requires one year of data to be reliable in determining the impact on players.



NOVA SCOTIA GAMING CORPORATION

SOCIAL RESPONSIBILITY ASSESSMENT: NOVA SCOTIA KENO TICKET LOTTERY PRODUCT

January 2009

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NOVA SCOTIA GAMING CORPORATION

SOCIAL RESPONSIBILITY ASSESSMENT

TEMPLATE

Updated: August 2008

NOVA SCOTIA GAMING CORPORATION
SOCIAL RESPONSIBILITY ASSESSMENT TEMPLATE

Introduction

- Inherent in the concept of social responsibility, regardless of the business or industry, is one fundamental principle: companies should contribute to the communities where they do business in a way that delivers net positive benefits.
- This requires conducting business with sensitivity to all and understanding how what we do impacts others. Every aspect of business and every new program must ensure the principle of net positive benefits will be met. This may often require innovative solutions to challenges inherent in the gaming industry. And, it will involve the collaboration and commitment of key industry stakeholders.
- This social responsibility assessment template is designed to serve as a guide to aid the recommendation / decision-making process about whether or not a new product should be introduced, a new marketing approach undertaken or a new project initiated.
- It is to be used by Nova Scotia Gaming Corporation (NSGC) and its two operators, the Atlantic Lottery Corporation (ALC) and Casino Nova Scotia (CNS), in order to standardize Nova Scotia's approach to social responsibility within the Province's gambling industry.

Process

- All analysis that includes a social responsibility assessment should be completed during the initial development stages of any new project. In addition, the social responsibility component may need to be completed at more than one juncture of the project (i.e., during product development stage and again at the marketing phase). These assessments should be a critical component of the "go / no-go" decision-making process.
- The requirement for a social responsibility assessment is not intended to be so onerous that normal day-to-day business operations are hampered. For this reason, three levels of assessment have been established in order to ease the process and ensure delays caused by assessments are avoided.
- Therefore, prior to beginning a social responsibility assessment, the project lead (either from NSGC, ALC or GCGC / CNS) should contact either NSGC's Manager, Social Responsibility (NSGC), GCGC / CNS's Vice President, Media and Entertainment, or ALC's Vice-President, Social Responsibility and Communications

in person or by email to determine which level the project falls under if there is a level of uncertainty. This decision will be made based on the following guidelines:

Level 1 Assessment

- A Level 1 assessment is expected to account for 60-70% of all assessments completed, and will include the following categories of projects / initiatives:
 - ▶ Slot tournaments and poker tournaments;
 - ▶ Regional in-store promotions that do not cover a specific Province;
 - ▶ Change in theme to Scratch' n Win tickets, Breakopen tickets;
 - ▶ Point of sale materials that do not have a broadcast element;
 - ▶ Small, routine sponsorships;
 - ▶ Casino contests and promotions that do not have mass media / broadcast elements (i.e., Player's Club onsite promotions, table game promotions) (include creative); and,
 - ▶ New responsible gambling programs or changes to existing responsible gambling programs that are led by NSGC.

- If it is unclear whether the project falls under this level, NSGC's Vice-President, Prevention Programming and Public Affairs, will assess and consult with its counterpart in the operator's organization and conclude on the appropriate level.

- If a project falls under a Level 1 assessment, the following questions must be completed:

| QUESTION | REPLY | |
|---|-------|----|
| 1. Does this initiative align with the principles of the Social Responsibility Charter (<i>Attachment A</i>)? | Yes | No |
| 2. Does this initiative align with the principles of the Advertising Code of Standards (<i>Attachment B</i>)? | Yes | No |
| 3. Will this initiative avoid targeting youth or problem players in an inappropriate manner? | Yes | No |
| 4. Will this initiative support or have a neutral impact on existing responsible gambling programs or messages (<i>Attachment C</i>)? | Yes | No |
| 5. Will this initiative enhance the entertainment value of the industry? | Yes | No |

- In order to pass the Level 1 Assessment, the answer to all five questions must be "Yes."

- Once the checklist has been completed, it is forwarded to NSGC's Manager, Social Responsibility for review and sign off and a copy is retained with the project file.
- If the project fails a Level 1 assessment, it does not proceed.

Level 2 Assessment

- A Level 2 assessment is expected to account for 20-30% of all assessments completed and will include the following categories of projects / initiatives:
 - ▶ All new VLT games;
 - ▶ All new slot machine games;
 - ▶ All new table games;
 - ▶ New concepts for Breakopen and Scratch'n Win tickets that have not been introduced before or if the theme is purchased from a third party;
 - ▶ Mass media advertising campaigns that have broadcast elements (include all creative that will be publicly used, as well as the media buy);
 - ▶ Direct mail campaigns; and,
 - ▶ Revised or updated responsible gambling initiatives that are developed by NSGC.
- If a project falls under this level, the following two steps (Step 1 and Step 2) must be completed and submitted to NSGC's project lead and Manager, Social Responsibility.

Step 1: Detailed Information Assessment

- The project lead gathers information from other Canadian jurisdictions and internationally about the social responsibility and social impact of similar products / initiatives / projects. This may include: briefings, research reports, market assessments, expert opinions, etc. The information provided as a result of this step should include every reference available that directly relates to the new initiative being undertaken.
- The findings are to be summarized into a concise briefing note. The format of this should be similar to an executive summary and should include an explanation of the project, a synopsis of the findings of the jurisdictional review and an informed hypothesis of what is believed to be the social impact of the project / initiative / program.

Step 2: Internal Situational Analysis

- The following questions are to be answered based on the analysis from the information gathered in Step 1 and documented accordingly.

- ▶ How does this initiative align with the pillars / principles of NSGC's Social Responsibility Charter (*Attachment A*)? Does it align 100% or less than 100%? If there are alignment gaps, a full explanation and rationale for proceeding should be included.
 - ▶ How does this initiative align with NSGC's Advertising Code of Standards (*Attachment B*)?
 - ▶ What is the demographic profile and risk profile of the target audience / customer (as per the 2003 Nova Scotia Prevalence Study and any other applicable / pertinent research)?
 - ▶ Will this inappropriately entice play by or negatively impact youth, high-risk or problem gamblers? Why or why not?
 - ▶ How will this enhance the entertainment value of the product and / or industry?
 - ▶ Is this initiative likely to increase incremental revenue to government?
 - ▶ Will this product / project / initiative interfere with or undermine existing responsible gambling programs or messages?
 - ▶ What is the approval process for this project (i.e., which stakeholders need to be consulted / engaged? How and when)?
 - ▶ What are the top three social responsibility and top three communications risks? How will they be managed?
 - ▶ If challenged with respect to the social responsibility of this initiative, what are the three key messages that will be communicated?
- The following provides five sample scenarios in order to assist in determining when each question should be answered. This is not intended to be a comprehensive guide, but rather for general reference.

| Introduce a New Product | Add on to an existing Product | Add a new theme or game | Introduce a player management tool | Introduce new marketing, advertising or POS material |
|---|-------------------------------|-------------------------|------------------------------------|--|
| <i>Does initiative align with Charter?</i> | | | | |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| <i>Does initiative align with Advertising Standards?</i> | | | | |

| Introduce a New Product | Add on to an existing Product | Add a new theme or game | Introduce a player management tool | Introduce new marketing, advertising or POS material |
|---|-------------------------------|-------------------------|------------------------------------|--|
| ✓ | | ✓ | ✓ | ✓ |
| Demographic and risk profile of target audience / customer | | | | |
| ✓ | | ✓ | | ✓ |
| Will this inappropriately entice play or negatively impact youth or high-risk / problem gamblers? | | | | |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| How will this enhance the entertainment value of the product and / or industry? | | | | |
| ✓ | | ✓ | | |
| Is this initiative likely to increase incremental revenue to government? | | | | |
| ✓ | ✓ | ✓ | | ✓ |
| Will this project interfere with or undermine existing RG programs or messages? (Attachment C) | | | | |
| ✓ | ✓ | ✓ | ✓ | ✓ |
| Which stakeholders need to be consulted / engaged? How and when? | | | | |
| ✓ | | ✓ | ✓ | ✓ |
| Top 3 social responsibility and top 3 communications risks? | | | | |
| ✓ | | ✓ | ✓ | ✓ |
| If challenged with respect to the social responsibility of this initiative, what are the three key messages that will be communicated? | | | | |
| ✓ | ✓ | ✓ | ✓ | ✓ |

- In order to determine how much investment of time and resources should be undertaken to gather information to respond to each of these questions, a discussion should ensue with the accountable Vice-President at NSGC.
- For Level 2 assessments, the materials compiled in Steps 1 and 2 are to be provided to NSGC's project lead or appropriate contact.
- Response to all Level 2 assessments will be forwarded to the operator within three working days of receipt from the NSGC.
- Submissions for a Level 2 assessment may be elevated to a Level 3 assessment based on NSGC's analysis of the item.

Level 3 Assessment

- All remaining assessments fall under this level and will include:
 - ▶ All new products;
 - ▶ All new distribution channels;
 - ▶ Other forms of casino gaming not currently being offered (e.g., sports betting);
 - ▶ All new responsible gambling campaigns and point of sale materials developed by NSGC; and,
 - ▶ Large-scale projects that are new innovations to the gaming industry in Nova Scotia.

- If a project requires a Level 3 assessment, Steps 1 and 2 in the Level 2 Assessment must be completed in addition to Step 3, which is obtaining an external expert review, and in some instances, Step 4.

Step 3: Expert Review

- This step should be taken if a new product or program is being introduced or a new distribution channel being launched. If it is uncertain whether expert review is required, the project lead at NSGC should be contacted.
- Two to six responsible gambling and / or problem gambling independent experts are selected. In determining how many to consult, consideration should be given to the complexity of the item, the availability of existing research and the uncertainty around the social responsibility of the initiative. The experts can be selected from the list of experts who have successfully completed the standing offer procurement process and are provided in *Attachment E*.
- The *Intention to Engage Expert (Attachment D)* form must be completed and forwarded to NSGC's Manager, Social Responsibility in order to ensure that the selected individuals are available for consultation. Confirmation / suggested changes will be returned within two days of submitting this form.
- Once experts are confirmed, briefly document, in bullet-format to explain the rationale of who and how many experts were selected.
- An information briefing will be prepared, providing a top-line summary of the product / concept / issue to provide to the engaged experts.
- The expert will be contacted via their preferred method of communication (will be provided by NSGC's Manager, Social Responsibility) and a briefing will be provided to each expert asking for their advice, expert opinion and feedback in writing (either via email or, if necessary, a more formal report) on the following questions:
 1. Are you aware of any research that has been conducted in other jurisdictions examining the impact of the product / concept / issue on player behavior / awareness / attitudes? If you are familiar with such research, what were the results?
 2. Based on your knowledge and understanding of the product / concept / issue, do you believe the product / concept / issue will have an effect on problem gamblers either positive or negative and does the product / concept / issue correlate to problem gambling?

3. Do you have any suggestions on responsible gambling features, initiatives or components that could be incorporated into the product / concept / issue that would make it more socially responsible?
 4. What is your opinion on whether or not this is a socially responsible product / concept / project / approach to undertake in Nova Scotia?
 5. What are your recommendation(s) for next steps?
- After all steps have been completed, the information collected should be synthesized into a report that reaches clear conclusions about the social impacts and net positive benefits, and makes recommendations about whether or not to proceed.
 - The submitted report will be reviewed by the accountable NSGC Vice-President and the Vice-President, Prevention Programming and Public Affairs and / or Manager, Social Responsibility. For ease of distribution, the report will be submitted to NSGC's Manager, Social Responsibility.
 - Feedback on the report will be provided by NSGC within seven working days of receipt.

Step 4: Primary Research (as required)

- If there are any issues of significance raised by Steps 1 through 3, a decision should then be made to conduct primary research in Nova Scotia (or other provinces) to fully explore the social impacts of the product / initiative in question. Operators should consult NSGC prior to the commencement of research of this nature.
 - This would involve a full research plan with clear outcome measures, an evaluation strategy and expert review of the approach.
 - Once complete, the assessment should be submitted to NSGC's Manager, Social Responsibility and NSGC's project lead for review.
 - Response to all Level 3 assessments will be received within seven working days of receipt from NSGC.
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Attachments:

A – Pillars of NSGC Social Responsibility Charter

- B – NSGC Advertising Code of Standards
- C – Overview of NSGC Responsible Gambling and Prevention Programs
- D – Intention To Engage Experts Form
- E – Listing of Qualified Social Responsibility Experts

FIVE PILLARS OF NSGC'S SOCIAL RESPONSIBILITY CHARTER

1. *Responsible Gambling* – NSGC will continue to focus unwavering attention on ensuring the highest standards and industry-best practices around responsible gambling are in place.
2. *Integrity and Security* – If someone gambles, they should know that the odds of winning always favor the house. And if they decide to take that chance, they have a right to expect the game to be fair and honest and that it will pay out what they are owed.
3. *Citizens and Communities* – Balancing the economic benefits of gaming and the long-term well-being of our communities and our citizens is a key priority for NSGC and its operators. We cannot do that without the input of our citizens, employees, customers and business partners. We get involved and we listen, and we always consider the best interests of Nova Scotians.
4. *Corporate Governance* – As a crown corporation, we are responsible and accountable to our shareholders for all of our actions. The way we conduct business is held to the highest ethical standards and we are responsible to the government and the people of Nova Scotia.
5. *Stakeholder Relationships* – Our business is conducted with the help and involvement of a large number of operational partners. We respect and learn from their experiences and viewpoints. We build relationships and two-way learning opportunities. We seek collaborative solutions to common concerns. And we welcome feedback and value our stakeholders' opinions.



NOVA SCOTIA GAMING CORPORATION
ADVERTISING CODE OF STANDARDS

Formalized: August 2008

NOVA SCOTIA GAMING CORPORATION

ADVERTISING CODE OF STANDARDS

Introduction

The *Criminal Code of Canada* gives provincial governments the authority to manage and conduct gambling within the Provinces. The Nova Scotia Gaming Corporation (NSGC) is the Crown Corporation charged with that responsibility in Nova Scotia. Revenue from gaming in Nova Scotia provides funding which supports initiatives that are important to our citizens. Finding the right balance between the economic benefits of gaming and the long term well-being of our communities and our citizens, is NSGC's most important priority.

As a public corporation, NSGC holds the responsibility to manage legalized gambling in a manner that earns the trust and respect of the citizens of Nova Scotia. To earn and maintain their trust and respect, we must practice due diligence as the stewards of the gaming industry. Nova Scotians have the right to expect the highest standards, unwavering integrity, and social and fiscal accountability from NSGC, as well as from our Operators, Atlantic Lottery Corporation (ALC) and Great Canadian Gaming Corporation (Casino Nova Scotia).

To solidify its commitment to social responsibility, in October 2006, NSGC adopted a Social Responsibility (SR) Charter that sets out the social responsibility commitments to the industry, to the operators and retailers, and to the citizens of Nova Scotia. NSGC's operators played an important part in developing this Charter. Their participation in programs associated with the Charter is essential. A companion document, called the SR Action Plan, was developed in association with the Charter. In it, the 2006-07 initiatives were outlined in support of the social responsibility commitments under the SR Charter.

Every year, NSGC reports to the public on its progress in each of the Five Pillars of its SR Charter through a Social Responsibility Report. As NSGC moves in this positive direction, it continues to build on its commitments with new programs and initiatives.

In the inaugural SR Action Plan, NSGC committed to developing a means to objectively assess the social responsibility of new business initiatives to ensure they align with its corporate values. Working with external experts, NSGC created a Social Responsibility Assessment Template that requires NSGC and its operators to ensure that social responsibility is integrated into every product and initiative offered in the marketplace. The Template provides objective guidelines to measure the social responsibility of all initiatives including advertising and marketing programs. This SR Assessment Template process was piloted and independently evaluated, and is now an ongoing program for NSGC and its operators.

As well, in the 2006-07 SR Action Plan, NSGC committed to developing standards and supporting policies that will guide both the gaming industry and gaming retailers in the area of advertising and marketing. So, to fulfill this commitment, NSGC is introducing this Code of Advertising Standards.

Purpose and Rationale for the Code of Advertising Standards

The Canadian Marketing Association (CMA) defines marketing as a “set of business practices designed to plan for and present an organization’s products or services in ways that build effective customer relationships.”

Advertising Standards Canada, in its *Canadian Code of Advertising Standards*, defines advertising as “any message (the content of which is controlled directly or indirectly by the advertiser) expressed in any language and communicated in any medium ... to Canadians with the intent to influence their choice, opinion or behaviour.”

These two Canadian organizations have well-thought-out standards, created and published to provide solid ethical guidance to businesses who advertise their products and / or services. NSGC believes these standards are comprehensive and routinely adheres to these principles. However, products offered by the gaming industry are unique in many ways, and deserve extra consideration when it comes to advertising and marketing. Gaming products may be considered entertainment, leisure activity and / or a chance to win money. Gaming products include lottery games, casino and bingo games, electronic gaming machines (VLTs) and horse racing. Some lottery tickets could be considered a “take-home” type commodity (you buy a ticket, take it with you and wait for the results). Casino and bingo games, VLT play and horse racing do not involve taking home a “product.” These could be better characterized as a gaming entertainment experience.

Another unique aspect of gambling in Canada is that the gaming industry is managed by provincial government agencies, and operated through contracted public and / or private businesses. And, here in Nova Scotia, 100% of the net revenue from gambling goes to the Province to support important public programs.

However, regardless of the uniqueness of gaming products, there is no doubt that this industry produces a commodity that the majority of adults participate in (Canadian research suggests that four in five adult Canadians participate in some form of gaming at least yearly).

So, the question is: how does a crown corporation with a mandate to generate revenue for the public good, manage the provision and advertising of products that are popular with many adults, and ensure that social responsibility remains the top priority?

NSGC believes that as effective business managers, advertising is an important key to fulfilling its economic and social mandate, providing high standards are maintained. And, NSGC agrees, as is set out in the Canadian Marketing Association’s definition of

marketing, that advertising is one of the best ways to “build effective customer relationships.”

To ensure this is the case, the following Code of Advertising Standards will apply to all gaming industry advertising and marketing. This includes advertising and marketing initiated by NSGC, our operators, Atlantic Lottery Corporation (ALC), Great Canadian Gaming Corporation (Casino Nova Scotia), as well as retailers who are licensed to provide lottery tickets to the public.

Code of Advertising Standards

Nova Scotians have a right to expect gambling-related advertising and marketing to be truthful, respectful and sensitive to the potential for harm that may result from excessive gambling.

The following elements of this Code of Advertising Standards relate to any and all advertising and marketing campaigns and / or materials where gambling products and / or services are being promoted by NSGC, Atlantic Lottery Corporation, Casino Nova Scotia and / or lottery and VLT retailers.

Throughout this Code, use of the word "must" indicates that compliance is required. The word “should” indicates that the clause is not compulsory, but is a recommended best practice.

Compliant

NSGC manages the Nova Scotia gambling industry in a well-regulated environment. To ensure compliance with all the elements of this Code, NSGC and its operators must make certain that employees working in their advertising and marketing departments are fully conversant with its contents.

- Advertising and marketing campaigns must comply with any and all applicable sections of the *Criminal Code of Canada*, the *Gaming Control Act* and provincial laws and regulations.
- NSGC and its operators will continue to employ the Social Responsibility Assessment Template process as a mandatory screening tool for all advertising and marketing campaigns, as set out in the guidelines for this ongoing NSGC program.
- In addition to the standards set out in this Code of Advertising Standards, gaming industry advertising should comply with the comprehensive standards developed by Advertising Standards Canada in its *Canadian Code of Advertising Standards*.

Honest, Fair and Open

NSGC is accountable to our shareholders for all of our actions. We conduct business in an open and transparent way. Likewise, product advertising must deliver on our promise to be honest, fair and open with the public.

- Advertising and marketing materials and campaigns must:
 - ▶ Provide factual information that is not deceptive and contains no false statements related to the product being advertised;
 - ▶ Not omit important and relevant information about the product that may be essential for the public to make informed choices;
 - ▶ Describe the prize amounts accurately; and,
 - ▶ Not be presented in any way that is intended to conceal its commercial intent.
- All claims associated with products must be supportable by facts.
- Information on the odds of winning must be available to the public through accessible means, and should state the facts in a clear and simple way. Where it is reasonable and appropriate to do so, odds of winning should be included in the advertising message.

Responsible Gambling

NSGC's commitment to the people of Nova Scotia is to ensure our Province has the most progressive and responsible gaming industry in the world.

- Advertising and marketing campaigns must not:
 - ▶ Imply exaggerated chances of winning;
 - ▶ Encourage gambling beyond one's means;
 - ▶ Explicitly imply that financial rewards are a likely outcome of gambling;
 - ▶ Portray gambling as an alternative to employment or as a financial investment;
 - ▶ Suggest that gambling longer will increase the chances to win;
 - ▶ Suggest that skill can influence the outcome of purely random games of chance;
 - ▶ Suggest that using playing systems or "lucky" icons can influence the outcome of games;
 - ▶ Focus unduly on the possibility of benefits accrued to players based on their volume of gambling activity; and,
 - ▶ Perpetrate myths that are commonly associated with gambling.
- Product advertising and marketing materials must include a visual responsible play message, as approved by NSGC, particularly in print and television advertising (due to the nature of radio advertising, some exceptions may be made for advertising on radio).

Protect Minors

NSGC recognizes that gambling is not child's play. That is why as a corporation it invests a significant amount of time and money each year in more than a dozen

prevention and responsible gambling programs. The advertising and marketing of gambling products must be carefully developed with extra care given to content and placement to ensure the target for advertising is adult audiences.

- Advertising and marketing of gambling products must never be targeted towards children and must not:
 - ▶ Appear in any media where the primary target audience is under the age of majority;
 - ▶ Appear at venues where the primary audience is reasonably expected to be minors;
 - ▶ Be based on themes, or use language intended to appeal to minors;
 - ▶ Appear during television and/or radio programming where the primary audience is expected to be minors; and,
 - ▶ Contain child-focused cartoon figures or themes, or use celebrity endorsements whose primary appeal is to minors.
- Where it is reasonable and appropriate to do so, product advertising and marketing (print and television) should carry a visual message regarding the legal age of play.
- Product promotion material at point-of-sale must carry a message regarding the legal age of play.
- Billboard advertising must not be placed at sites that are adjacent to primary or secondary schools.
- Minors or persons who appear to be minors must not be used to promote gambling in advertising or marketing materials.
- Actors appearing in advertising and marketing materials must appear to be 25 years of age or older.

Reflect Nova Scotia Values

Advertising and marketing must be consistent with NSGC's social responsibility values, respect and reflect the values known to be important to Nova Scotians, and must not offend prevailing community standards.

- Whether through content or placement, advertising and marketing campaigns and materials must not:
 - ▶ Promote nor depict discrimination based on race, national origin, religion, sex or age;
 - ▶ Demean, disrespect nor denigrate any identifiable person or segment of society;
 - ▶ Contain themes nor language that are deemed unsuitable for a mass media audience;
 - ▶ Disparage nor denigrate a person who chooses not to gamble;
 - ▶ Imply nor portray any illegal activity;

- ▶ Promote gambling as a way to enhance social standing or sexual prospects;
 - ▶ Glamorize inappropriate or irresponsible gambling; and,
 - ▶ Depict nor promote the consumption of alcohol while gambling.
- Advertising of gambling should emphasize the entertainment aspect of gambling, while not focusing on winning as a probable outcome of play.

This Code will be reviewed on an annual basis to ensure it continues to reflect best practices and remains aligned with the stated objectives.

Research References:

Canadian Marketing Association

www.the-cma.org/

Advertising Standards Canada

www.adstandards.com/en/Standards/canCodeOfAdStandards.asp#definitions

Committee of Advertising Practice - UK

<http://www.cap.org.uk/cap/>

<http://www.gamblingcommission.gov.uk/UploadDocs/publications/Document/Advertising%20codes.pdf>

<http://www.ladbrokes.com/pdfs/en/CodeOnSRInAdvertising.pdf>

Advertising Standards Authority – New Zealand

http://www.asa.co.nz/code_gaming.php

New Mexico Lottery, Advertising Standards

http://www.nmlottery.com/news/Ad_Standards.htm

Advertising and Marketing Standards for the B.C. Gambling Industry

<http://www.pssg.gov.bc.ca/gaming/legislation-policies/docs/stds-advertising-marketing.pdf>

Industry Code of Conduct to Promote Responsible Gambling in the Western Cape – South Africa

<http://www.wcgrb.co.za/Downloads/ProblemGambling/CodeofConduct-05-2002.pdf>

Lotteries – Advertising Code – Adelaide Central Mission, Australia

<http://www.ucwesleyadelaide.org.au/publications/submissions/Lotteriesadvertisingcode.pdf>

State Lotteries Advertising Code of Practice – South Australia

http://www.salotteries.com.au/library/Adv_Code_of_Practice.pdf

NSGC RESPONSIBLE GAMBLING AND PREVENTION PROGRAMS

1. *Know the Score* – an interactive, peer-led program that is offered on community college and university campuses, through an interactive booth model located in a high-traffic area of the campus. It is designed to give people between the ages of 19 and 24 the facts about games of chance and to provide them with information on local resources to help them prevent or address gambling problems.
2. *Caught in the Game* – a drama created by the Responsible Gambling Council (Ontario) and performed for high-school students to convey messages about the risks of gambling, as well as information about problem gambling.
3. *Responsible Gambling Awareness Week* – a week-long event dedicated to raising awareness about responsible gambling. The week includes a variety of events and initiatives to achieve this goal, including a two-day Responsible Gambling Conference, interactive community education displays and player information program that busts gambling-related myths
4. *Informed Player Choice System (IPCS)* – Nova Scotia is the first jurisdiction in the world to create a player information tool, a card based player management tool on VLT's. IPCS is about empowering players and preventing problem gambling by facilitating personal choice and provides the highest level of information to the player to make informed decisions. It allows players to access personalized information about how much time and money they are spending.
5. *Don't Bet On It* – a youth gambling prevention program created for youth in grades 10, 11 and 12 that is intended to raise awareness of the risks associated with gambling, signs of a problem and where to get help. *Don't Bet On It* is a two-part program consisting of informative youth gambling prevention materials and an interactive presentation plan to be used by educators to discuss problem gambling issues.
6. *Retailer training program* – educates retailers and their staff about problem gambling issues and responsible gambling.
7. *BetStopper* – a content-blocking program that parents can install on their home computers in order to help prevent their underage children from visiting gambling websites.
8. *Responsible Gambling Resource Centres (Casino Nova Scotia)* – the centres provide relevant and useful information about responsible gambling and problem gambling, as well as links to treatment and services in the community. It is staffed by professionals trained in addiction counseling.
9. *Play by Play program* – the program consists of four brochures and a poster distributed to all video lottery sites in Nova Scotia. The brochures are intended to

dispel myths, provide factual information and offer tools and tips to facilitate responsible gambling choices.

10. *GamTalk* – NSGC is sponsoring the development of Canada’s first online forum for gamblers. It is an online discussion board, or community, where people can discuss their gambling concerns or issues.
11. *Player’s Edge* – is an information tool that NSGC is planning to adopt in the two Casino Nova Scotia sites in Winter, 2008. It consists of a DVD, *A Player’s edge*, explaining the concepts of randomness and house edge as it pertains to various games offered in the casino. Also in the tool kit is a CD-ROM containing an interactive program called, *Follow the Money*, based on statistical information and mathematical probabilities that illustrates the possible outcome of plays.
12. *Yourbestbet.ca* – in March 2008, NSGC Launched a responsible gambling website: *yourbestbet.ca*. The website was created to facilitate informed player choice and provide comprehensive, first class resources to build player awareness. The website encourages responsible gambling behavior through interactive self assessment tools (i.e., responsible gambling “IQ” quiz, and a player log) facts about games, odds and randomness, as well as links to resources.

INTENTION TO ENGAGE EXPERT

Please fill out this form for every expert intended to be engaged during the assessment process. Each form should be submitted to NSGC for review. The purpose of this is to provide one central point of contact for all experts. A response will be provided within two days of submitting this form.

Name of requestor: _____

Phone number: _____

Email: _____

Date request submitted: _____

Name of requested expert: _____

Est. dates expert will be required: _____

Est. number of hours of work required: _____

Description of work: _____

Est. budget: _____

Special requests: _____

SOCIAL RESPONSIBILITY EXPERTS

| | |
|---|--|
| <p>Wynne Resources Dr. Harold J. Wynne RR #4 Calmar, AB T0C 0V0 T: 780.985.3333 F: 780.401.3251 C: 780.903-7788 cellular E: hwynne@wynne.com</p> | <p>Focal Research Consultants Tracy Schrans 7071 Bayers Raod, Suite 326 Halifax, NS B3L 2C2 T: 902-454-8856 E : tschrans@focalresearch.com</p> |
| <p>Shepell-fgi Attn: JP Girard 1505 Barrington Street, Suite 1201 Halifax, NS B3J 3K5 T: 422-0612 E : jpgirard@shepelfgi.com</p> | <p>Dr. John McMullan Department of Sociology & Criminology Saint Mary's University McNally South 403 923 Robie Street Halifax, NS B3H 3C3 T: 902.420.5885 E: john.mcmullan@smu.ca</p> |
| <p>Responsible Gambling Council of Canada Dr. Monica White 411 Richmond Street East, Suite 205 Toronto, Ontario M5A 3S5 T: 416-499-9800 E: monicaw@rgco.org Contact : Jon Kelly, Ph.d President & CEO</p> | <p>Factz Research Dr. Jamie Wiebe 1179 King Street West, Suite 205 Toronto, ON M6K 3C5 T: 416.516.0040 F: 647-477-2715 E: jwiebe@factz.ca</p> |
| <p>Dr. Jeff Derevensky McGill University 156 Montevista Dollard-Des-Ormeaux, Quebec H9B 3A3 T : 514-683-9562 E : jeffrey.derevensky@mcgill.ca</p> | <p>Gail White 4641 Falaise Drive Victoria, BC V8Y 1B4 T: 250.744.2041 E: Gail.white@shaw.ca</p> |
| <p>Keith Whyte Executive Director National Council on Problem Gambling 216 G Street NE, Suite 200 Washington, DC 20002 T: 202-547-9204 E: KeithW@ncpgambling.org</p> | <p>Dr. Stan Sadinsky 315 Kings Street West, Kingston, ON K7L 2W9 T : 613-54-3307 E : sadindkd@queensu.ca</p> |

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|---|--|
| <p>Ian Plumley Unpackaged Lightbulbs 291 River Road Sault Ste Marie, ON P6A 5K9 T: 705-759-2901 E : plumview@unpackagedlightbulbs.com</p> | <p>GamRes Dr. Richard Wood 3044 A Montee D'Alstonvale Vaudreuil-Doiron, Quebec J7V 0K2 T : 514- 516-6929 E : info@gamres.org</p> |
| <p>RG Source 11206 Edwards Road Vanderhoof, BC V0J 3A1 T: 250-567-9505 E: rgconsult@hwy16.com</p> | <p>Revolve Attention : Colette Everett 200 Waterfront Drive, Suite 200 Bedford, NS B4A 4J4 T: 902-835-3559 E: Colette.Everett@revolve.ca</p> |
| <p>Thinkwell Research Len Preeper PO Box 28122 Dartmouth, Nova Scotia B2W 6E2 T: 902 830-2119 E: len@thinkwellresearch.ca</p> | <p>Compass Point Management Group Inc Alan Blyth Partner Halifax, NS T: 902-434-5643</p> |
| <p>Impact Communications Contact: Bruce Thompson 1801 Hollis Street, Suite 410 Halifax, NS B3J 3N4 T: 902-442-5028 E : mlewis@impactcommunications.ca</p> | <p>Bristol Contact: Jennifer MacIsaac Cogswell Tower 200 Barrington Street, Suite 800 Halifax, NS B3J 3K1 T: 902-491-2548 E: jmacisaac@bristolgroup.ca</p> |
| <p>Deloitte Contact : Paula Gallagher, Principal, Consulting 1969 Upper Water, Suite 1500 Halifax, NS B3J 3R7 T : 902-422-8547</p> | <p>Ernst & Young LLP Contact: Claude Francoeur 1959 Upper Water Street, 13th Floor Halifax, NS B3J 3N2 T: 902-420-1060</p> |

SOCIAL RESPONSIBILITY ASSESSMENT – NOVA SCOTIA KENO TICKET LOTTERY PRODUCT

STEP 1: DETAILED INFORMATION ASSESSMENT

November 2007

Introduction

- The Nova Scotia Gaming Corporation (NSGC) is conducting a Social Responsibility Assessment on the Nova Scotia Keno ticket lottery product, a game being proposed for introduction at approximately 200 licensed social establishments across the Province.
- In 2006, NSGC introduced a world-first Social Responsibility Assessment to serve as a guide to aid in the recommendation and decision-making process about whether or not a new product should be introduced, a new marketing approach undertaken or a new project initiated.
- Assessments are conducted at one of three levels, depending on the extent of the initiative and its potential impact on the public and the gaming environment. Pursuant to the Social Responsibility Assessment, all new products or distribution channels are required to be assessed and passed at a Level 3, which is considered to be the most extensive assessment level, before being approved for implementation.
- The purpose of this document is to summarize the information NSGC has collected to fulfill the requirements of Step 1, pursuant to the Social Responsibility Assessment.

Overview of Product

- The Nova Scotia Keno ticket lottery product is a draw game that allows players to select the price of their ticket, how many numbers (or “spots”) they would like to play, and how many consecutive draws they would like to buy at one time. As with all other lottery draw games, winning numbers or spots are selected by a random number generator.
- The Nova Scotia Keno ticket lottery product is a game that was developed specifically with harm minimization and the fostering of responsible play in mind. Although there are some elements similar to traditional ticket lottery draw games, the product will be distinctly different from others. It will incorporate breaks in play, spending and consecutive draw purchases will be limited, and it will only be offered

in environments that are tailored to Nova Scotians who are above the age of majority.

Jurisdictional Review

- The Nova Scotia Keno ticket lottery product is unique, as supported by a review of similar games offered in other jurisdictions that was conducted by NSGC. The main distinguishing features are highlighted in the table below:

| Specification | In Select North American Jurisdictions | In Nova Scotia |
|---------------------------|---|---|
| Hours of Operation | <ul style="list-style-type: none"> • Game typically operates for 18-24 hours a day, seven days a week, 365 days a year. | <ul style="list-style-type: none"> • Game will operate between noon and midnight, seven days a week, 365 days a year. • An hour-long enforced break will take place daily, meaning the game will only be available for 11 hours each day. Tickets for upcoming draws will not be sold during this time. |
| Frequency | <ul style="list-style-type: none"> • Draws take place every four or five minutes during all hours of operation. • Between 240 and 300 draws/day (12 to 15 draws per hour for an average of 20 hours). | <ul style="list-style-type: none"> • Draws will take place every five minutes for <i>50 minutes</i> at a time, with an imposed 10-minute break every hour. • A total of 121 draws/day (11 draws per hour for 11 hours). |
| Availability | <ul style="list-style-type: none"> • Typically offered in a variety of retail locations, including non-licensed establishments, as well as casinos, bingo halls, and gaming complexes. | <ul style="list-style-type: none"> • Offered at 200 licensed, age-controlled environments only. • Only at locations that meet all Video Lottery Site Standards. |
| Wager Options | <ul style="list-style-type: none"> • \$1 minimum wager per draw. • Wagers of \$2, \$5, \$10, or \$20 are also offered. • \$20 wager per draw is the maximum. | <ul style="list-style-type: none"> • \$1 minimum wager per draw. • Wagers of \$2, \$3, \$4, \$5, or \$10 are also offered. • \$10 wager per draw is the maximum. |
| Consecutive Game Purchase | <ul style="list-style-type: none"> • Tickets for up to 99 consecutive games can be purchased at once. | <ul style="list-style-type: none"> • Tickets for up to 49 consecutive games can be purchased at once. |
| Maximum Ticket Price | <ul style="list-style-type: none"> • Typically anywhere between \$100 and \$250 for regular Keno tickets, and as much as double that amount if bonus options are played. | <ul style="list-style-type: none"> • Enforced maximum of \$50 per ticket (e.g., up to 49 advance draws at the minimum \$1 wager, up to 5 advance draws at the maximum \$10 wager). |
| Bonus Play | <ul style="list-style-type: none"> • The offering of optional bonus play is typical, allowing players to double their wager for a <i>chance</i> to multiply their winnings (by 2, 3, 4, 5 or 10). | <ul style="list-style-type: none"> • Nova Scotia's Keno will not have any TAG, bonus or multiplier option. |

- In addition:
 - ▶ Keno monitors will be located outside the designated video lottery gaming area of the establishment.
 - ▶ Between draws, relevant player information such as the odds of winning and tips for gambling responsibly will appear on the Keno monitors.
 - ▶ Responsible gambling materials will be available at all sites that will offer the game.
 - ▶ As with all gaming products in Nova Scotia, participation by anyone under 19 years of age will be prohibited.

- Based upon the jurisdictional review, it has been concluded that this product is new and unique and does not exist in other jurisdictions because of the responsible gaming elements and responsible game specifications described on the previous page. These elements could have a material and positive impact on player attitudes, perceptions and / or behaviours and therefore, their inclusion fundamentally changes the way the product is played as well as how the player interacts with the product.

Game Environment

- Keno Lottery would be offered in licensed environments, the majority of which are current video lottery retail locations. In assessing a new potential product, it is important to consider not only the game specifications but also the environment in which it would be offered.

- As such, the following sections provide context about the video lottery environment in Nova Scotia, with particular emphasis on the advancements in social responsibility and policy that have been made over the last few years. These changes demonstrate how evolution of this retail environment is focused on sustainability and increased responsibility, including harm minimization and the fostering of responsible play behaviour.

Background

- In April 2005, the Government of Nova Scotia introduced “A Better Balance: Nova Scotia’s First Gaming Strategy,” a comprehensive and integrated strategy designed to set a new course for gaming in Nova Scotia over a five-year period.

- One of the numerous commitments outlined in the Strategy was reducing accessibility to VLTs, which was to be achieved by implementing four VLT-related initiatives that NSGC was accountable for completing.

- The first initiative was the reduction in the hours of VLT operation by shutting off all machines at midnight, regardless of what time the establishment closed. This took place on July 1, 2005.
- The second initiative was the removal of 800 machines on November 1, 2005. An additional 200 were removed through attrition, reducing the number of VLTs by approximately 30%, from 3,234 to 2,234.
- In January 2006, the third and fourth initiatives were complete with the disabling of the “stop button” feature on all machines and a 30% reduction in the speed of games.
- A study conducted by Corporate Research Associates assessed the impact of these changes and the findings were outlined in a report publicly released in July 2006. Results suggest that the changes are collectively achieving the desired effect on Nova Scotia’s video lottery player base in terms of their impact on spending, time played, play patterns and public opinion.
- The highlights of the impacts are as follows:
 - ▶ Almost one in three players reduced their spending as a direct result of the changes. Specifically, 14% of players have dropped their spending due to the removal of the stop feature and slower speed of play, 12% due to terminal reductions and 5% due to the change in hours of operation.
 - ▶ Those most likely to have reduced their video lottery spending, and by the largest amounts, were current problem gamblers.
 - ▶ Among those decreasing their play time as a result of the changes, the drops varied, but averaged around one to three hours a week.
 - ▶ All CPGI categories reduced their play to some degree; however, the higher-risk players were affected the most.
 - ▶ Both the general public and video lottery players were supportive of the changes.
- The implementation of these changes resulted in an estimated \$40 million annual decrease in video lottery profits in Nova Scotia.

Video Lottery Informed Player Choice System

- In November 2007, NSGC announced that Techlink Entertainment, a company based in Sydney, Nova Scotia, was awarded a contract to develop a Video Lottery Informed Player Choice System (IPCS) for the Province.
- The announcement came after two years of groundbreaking research on the impact of offering interactive responsible gaming features to VLT players, which was a key commitment in the provincial Gaming Strategy released in April 2005.

- The research involved the collection of data from live field tests in the communities of Windsor and Mount Uniacke, Nova Scotia. A device attached to every VLT in these two communities required all players to use a player card, which gave them access to personalized, interactive features that provided real-time information about their gambling behaviour. Nova Scotia was the first jurisdiction in the world to test and implement these kinds of interactive, personalized player information tools.
- Research on these responsible gaming features found the features helped players spend less, lose less, exercise more control and make more informed decisions. The most positive impacts were on players at the lower end of the risk scale, the primary target audience for effective prevention and for the IPCS.
- An RFP will be issued in December 2007 for the development and implementation of an accompanying research plan. The field test is expected to take place in summer 2009, with full implementation of the IPCS in 2009-10.

Other Information

- **As of December 1, 2006, the provincial *Smoke-free Places Act*** required all indoor workplaces and public places to be smoke-free, including all outdoor licensed areas and patios of all restaurants, lounges, beverage rooms and cabarets.
- As a result of the Act, a shift in video lottery play to First Nations Reserves occurred, as the Reserves are governed under different legislation and still permit smoking in their facilities.
- NSGC also recently revised the *Video Lottery Retailer Policies* to incorporate social responsibility considerations and site standards into the operation of the video lottery program and placement of VLTs.
- The new Policies provide:
 - ▶ an open and transparent terminal placement process;
 - ▶ an increased level of responsible gambling training for retailers and their staff;
 - ▶ consideration of the condition of the retailer's site in the placement decision process; and,
 - ▶ a retailer monitoring and compliance process.

Conclusions

- Based on the information that has been gathered thus far, the Nova Scotia Keno ticket lottery product is unlike other games offered elsewhere.
- Because of this uniqueness, there is insufficient evidence available to determine with any level of certainty whether the Nova Scotia Keno ticket lottery product would pose

a risk to Nova Scotians. It is hypothesized, however, that the unique features of the product, highlighted on page 2, will reduce the risk of the game.

SOCIAL RESPONSIBILITY ASSESSMENT – NOVA SCOTIA KENO TICKET LOTTERY PRODUCT

STEP 2: INTERNAL SITUATIONAL ANALYSIS

December 2007

Introduction

- Pursuant to the Social Responsibility Assessment, Step 2 entails responding to 10 specific questions in order to assess whether to proceed further with an initiative, program or product concept. The purpose of this document is to provide the response to each of these questions.

Questions / Responses

1. *How does this initiative align with the principles of NSGC's Social Responsibility Charter?*

- The principles of the Charter are as follows:
 - ▶ *Responsible Gambling* – NSGC will continue to ensure the highest standards and industry-best practices are followed in responsible gambling.
 - ▶ *Integrity and Security* – NSGC will ensure that players have available to them information to help them make informed choices about their gambling activity. Further, NSGC will ensure high standards in the security and integrity of its games and related systems so that players can be confident about the fairness of the offerings.
 - ▶ *Citizens and Communities* – NSGC commits to balancing the economic sustainability objective with its social responsibility mandate. It will also strive to consider the perspectives of those who live in this Province on the issue of gaming.
 - ▶ *Corporate Governance* – NSGC conducts its business with strong ethical standards and due consideration of its role with Government, the Shareholder of NSGC, and with the public.
 - ▶ *Stakeholder Relationships* – NSGC learns from those who have a vested interest in the gaming industry. NSGC respects diverse views and recognizes that there will not always be agreement on the industry's business mandate.
- The Nova Scotia Keno ticket lottery product aligns with the principles outlined. Extensive analysis has been conducted to design this product, resulting in a materially different product than what is offered in other jurisdictions. The expert input has assisted in the development of game specifications that ensure industry-best practices in responsible gambling have been upheld. In addition, the technology and operational systems supporting the Nova Scotia product will

be developed, tested, and confirmed to meet the high standard of integrity and security. This ensures players can have confidence that the draws are random, the results are accurate, and prizes to which they are entitled will be provided.

- The process being undertaken to assess the social responsibility of Nova Scotia's Keno ticket lottery product strongly aligns with NSGC's Social Responsibility Charter. The process is rigorous and if the product passes the Assessment, it will result in an entertaining and responsible game that encompasses world-first responsible gaming elements designed to positively impact on players' attitudes, perceptions and behaviours.

2. *What is the demographic profile and risk profile of the target audience / customer?*

- The Nova Scotia Keno ticket lottery product will be offered in 200 social gaming sites. This number of sites represents having one Keno lottery site for every 4,389 adults in the Province. This physical access is therefore the most limited of any product offered by NSGC. In contrast, other ticket lottery products in Nova Scotia have the per capita access of one ticket lottery site for every 658 adults. In British Columbia, where a multi-draw Keno game has been offered for a number of years, its per capita access is one site for every 950 adults. The Nova Scotia Keno will have 30% less access than the BC multi-draw Keno product and 95% less access than video lottery terminals in Nova Scotia.
- The demographic profile of target customers for the Nova Scotia Keno ticket lottery product will be current site patrons (i.e., adults who already frequent the sites where Nova Scotia Keno will be offered) who already enjoy an existing ticket lottery product that is in the market through the ticket lottery retail channel. These customers are interested in engaging in social activities while at a bar, such as playing pool, engaging in trivia games and watching sporting events with a group of friends.
- Given the similarities of the game design and mechanics, this product is likely more appealing to a weekly lottery player, which includes the Lotto 6/49 draw game. This correlation between Lotto 6/49 and a keno lottery game has proven to exist in the BC market, where 90% of their keno players also play the Lotto 6/49 product.
- Due to the slow speed of the game and the longer wait time for results, this game is designed to not appeal to video lottery players.
- Existing research has found that approximately 38% of adult Nova Scotians, or 300,000 people, frequent a bar on a monthly basis. Of these individuals, analysis indicates that 18%, or approximately 54,000, are likely to play the Nova Scotia Keno ticket lottery product. The profile of these players is as follows:

- ▶ *Gender* – gender is slightly skewed towards females, with 60% female and 40% male.
 - ▶ *Age* – the majority, 54%, will be in the 19-34 age group, with 42% in the 35-54 age group and 4% in the 55 and over group.
 - ▶ *Income* – 56% will have incomes less than \$40,000, 36% between \$40,000 and \$80,000 and 7% over \$80,000.
 - ▶ *Education* – 77% will have some university / community college or higher.
- Pursuant to the Province’s 2003 Gambling Prevalence Study, the profile of weekly ticket lottery players are as follows:
 - ▶ *Gender* – the male / female breakdown is 83.2% male and 77.1% females.
 - ▶ *Age* – adults above the age of 35 are more inclined to play weekly lottery than younger adults. Of those 19 – 24 years of age, 64.9% had played ticket lottery versus 83% of those 35 or older.
 - ▶ *Household income* – from a household income profile, there is no significant difference among participation rates in weekly lottery for those with household income under \$30,000, between \$30,000 - \$59,999 and \$60,000 and above.
 - ▶ *Average spend* – the average spend of a regular ticket lottery player is \$422 annually on ticket lottery products. It is estimated that the Nova Scotia Keno ticket lottery product spend will also be small, with an average expected annual spend of \$260 per player, which represents about \$5 per week.
 - The Province’s Prevalence Study does not segment its risk profile categories (eg. no risk, low risk, moderate risk and problem gamblers) by product and therefore, there is no data on the prevalence rate in each of these categories for any gaming product.
 - As a result, NSGC has relied on the self-reporting information obtained through that process. For weekly ticket lottery products, only 0.3% of the adult population reported ever having a problem with this type of product, while 0.2% reported currently having a problem. Although the term “problem” is not defined, it provides a proxy of the order of magnitude of possible issues, which is a very small segment of the population.
 - In addition, the game mechanics associated with this product have also created even greater harm minimization compared to the existing ticket lottery product, including the following provisions:
 - ▶ Spending limit: Nova Scotia Keno – \$10 maximum bet per draw vs. no limit for other ticket lottery products;
 - ▶ Break in play: 10-minute break every hour and 1-hour break from 4 – 5 pm daily vs. no breaks in play;
 - ▶ Hours of operation: 11 hours vs. 24 hours; and,
 - ▶ Advertising: limited to internal in each individual site vs. national, mass advertising.

3. *Will this inappropriately entice play by or negatively impact youth, high-risk or problem gamblers? Why or why not?*

- As with all gaming products offered in Nova Scotia, anyone under the age of 19 would not be permitted to play the Nova Scotia Keno ticket lottery product.
- Given the game mechanics and structure, the Nova Scotia Keno ticket lottery product does not have the characteristics that typically are appealing to high-risk or problem gamblers. For example, breaks in play are not an attractive element to this group. In addition, many experts reference the significantly slower speed of play as another factor that reduces the overall appeal when comparing to a video lottery terminal where a new game is played every 5-7 seconds. The five minutes between draws and the fact that the results of each draw takes approximately 45 seconds to be displayed is also unappealing to those players who are attracted to continuous play electronic machines. This question will also be considered as part of Step 3 of the Social Responsibility Assessment process.

4. *How will this enhance the entertainment value of the product and / or industry?*

- The Nova Scotia Keno ticket lottery product is intended to offer a socially responsible game within selected social gaming sites in the Province. While the responsible gaming elements have reduced some of the entertainment value that casual players may enjoy, the integration of these elements is critical in order to meet the social responsibility standards. This game is designed to be played by groups of people sitting together in social environments, providing an entertaining addition to the establishment.

5. *Is this initiative likely to increase incremental revenue to Government?*

- The Nova Scotia Keno ticket lottery product is expected to generate a small amount of revenue to Government, likely in the \$1 - \$3 million range annually. While this is considerably smaller than what is achieved with other products, the primary objective of this initiative is to offer a socially responsible product in this environment in order to ultimately reduce the reliance on video lottery revenue, pursuant to the Province's Gaming Strategy released in 2005.

6. *Will this product / project / initiative interfere with or undermine existing responsible gambling programs or messages?*

- Because the Nova Scotia Keno ticket lottery product will not be widely advertised, the process undertaken to assess and develop the game remains focused on social responsibility, and since appropriate responsible gambling information will be made available to Keno players in a variety of ways, introduction of the game will not undermine or interfere with any of NSGC's current responsible gambling efforts.

7. *What is the approval process for this project (i.e., what stakeholders need to be consulted / engaged)? How and when?*

- The development and introduction of the Nova Scotia Keno ticket lottery product will require frequent interaction between NSGC and its Operator, with NSGC providing overall guidance and approval throughout the process.
- Independent expertise will be obtained as part of completing the Social Responsibility Assessment in early 2008. Once this work is completed, a Stakeholder Session will be held to present this information. Organizations such as the Lounge and Beverage Room Association of Nova Scotia, the Department of Health Promotion and Protection, the Department of Environment and Labour (gaming regulator) and the Nova Scotia Gaming Foundation will be included in this session.
- It is anticipated that if the Nova Scotia Keno ticket lottery product passes the Social Responsibility Assessment, it will be introduced in the latter part of 2008-09, likely in the third or fourth quarter.

8. *What are the top three social responsibility risks and top three communications risks? How will they be managed?*

14 (1)

9. *If challenged with respect to the social responsibility of this initiative, what are the three key messages that will be communicated?*

14(1)

14(1)

Conclusion

- Based upon the information presented in Step 2, as well as the information contained in Step 1, it is recommended that the Nova Scotia Keno ticket lottery product proceed to the review process.

SOCIAL RESPONSIBILITY ASSESSMENT – NOVA SCOTIA KENO TICKET LOTTERY PRODUCT

STEP 3: EXPERT REVIEW

January 2008

Introduction

- Pursuant to the Social Responsibility Assessment, Step 3 involves selecting experts in the field of social responsibility and / or problem gambling to conduct a review of the new Nova Scotia Keno ticket lottery product. The purpose of this document is to provide an overview of the experts selected, the conclusions that were reached on the social impacts and net positive benefits, and a recommendation on whether or not to proceed with introducing the new product.

Assessment of Expert Qualifications

- The selected researchers were chosen to provide expert opinion on the Nova Scotia Keno ticket lottery product for the following three key reasons:
 - ▶ All researchers have familiarity with the concept as well as the Social Responsibility Assessment process.
 - ▶ These researchers are considered pre-eminent experts in responsible gaming and problem gambling and have conducted similar reviews for other products and / or jurisdictions.
 - ▶ All three experts have proven capability in offering independent analysis and credible advice.
- Below are synopses of the qualifications of each expert.
 - ▶ **Dr. Richard Wood – Lead Researcher**
 - Dr. Richard Wood is a Chartered Psychologist and has been studying gaming behaviour for over 12 years, during which time he has worked for both The International Gaming Research Unit at Nottingham Trent University (UK) and The International Centre for Youth Gambling Problems and High-Risk Behaviours at McGill University in Montreal (Canada).
 - As a consequence of his research, Dr. Wood has published numerous gambling-related articles, has presented his findings at conferences and seminars around the world, and undertaken many responsible gaming consultations for both the gaming industry and regulatory sectors, including work for Svenska Spel (Sweden), Camelot Group (UK), Atlantic Lottery Corporation, Norsk Tipping (Norway), and the National Lottery Commission (UK).

- His research focuses on both the individual causes of problem gambling, as well as the structural characteristics of games that can influence the gambling behaviour of vulnerable players. He has collaborated with a number of other world-renowned researchers to numerous public research papers and book chapters, including Dr. Jeffrey Derevensky, Dr. Mark Griffiths, Dr. Rina Gupta, Dr. Jonathan Parke, Dr. Adrian Parke, and others.
- Dr. Wood is the Director of GamRes Limited, an independent international research and consultancy business, and Co-Director of The International Responsible Gaming Organisation (IRGO).

► **Dr. Mark Griffiths**

- Dr. Mark Griffiths is a chartered psychologist, freelance journalist, Europe's only professor of Gambling Studies (Nottingham Trent University), and director of the International Gaming Research Unit.
- Dr. Griffiths has won many awards for his work, including the John Rosecrance Research Prize (1994), International Excellence Award for Gambling Research (2003), Joseph Lister Prize (2004) and the Lifetime Achievement Award for Contributions to the Field of Youth Gambling (2006).
- He has published more papers and articles on gaming than any other academic in the United Kingdom, including more than 200 reviewed research papers, numerous books, more than 50 book chapters and over 550 other non-reviewed publications. As a freelance journalist, Dr. Griffiths has published over 120 articles and has appeared on over 1,800 radio and television programs, mainly to discuss gambling and gaming issues.
- Dr. Griffiths has served as a member of numerous national and international committees, including the European Association for the Study of Gambling, Society for the Study of Gambling, Gamblers Anonymous General Services Board, and the National Council on Gambling.
- Dr. Griffiths holds a bachelor of science, a chartered psychology degree, postgraduate diploma in higher education and is a member of the Fellow of the British Psychological Society and the Fellow of the Royal Society of Arts.

► **Dr. Harold Wynne**

- A leading international authority in gambling research, Dr. Wynne is head of Wynne Resources, a research and consulting firm in Edmonton, Alberta.
- He is a social and community development practitioner, adult educator, academic, and researcher with degrees in three disciplines. He is also an experienced CEO, having developed two social services organizations and one adult education organization, and has been successfully running his consulting firm, Wynne Resources, for more than 20 years.

- Dr. Wynne has conducted numerous research projects in areas that include gambling and harm minimization (an extensive list since 1993), social and economic impact, policy analysis, program effectiveness and needs assessments. He has consulted for various gaming-related organizations, including the Responsible Gambling Council, the Canadian Partnership for Responsible Gaming, Manitoba Lottery Corporation and Atlantic Lottery Corporation.
- He is currently a co-investigator on two socio-economic impact studies for the gaming industry (in Alberta and Nova Scotia). Dr. Wynne's CV also includes five pages of presentations he has delivered and articles and book chapters he has authored on various gambling topics.

Expert Reviews

A. Dr. Wood Review

- In summary, Dr. Wood concluded that the Nova Scotia Keno ticket lottery product, with the socially responsible enhancements made by NSGC, would have minimal impact for vulnerable players.
- This conclusion was reached using the GAM-GaRD tool. GAM-GaRD was originally commissioned by Camelot Group plc, the operators of the UK National Lottery, and currently forms an important part of their overall responsible gaming program. It was developed in the UK by Dr. Richard Wood, Dr. Mark Griffiths and Dr. Jonathan Parke, with input from an international advisory team of five expert responsible gaming researchers and clinicians from the US, Canada, Australia and Germany.
- After running the proposed game specifications through GAM-GaRD, it received a score of 24, which is categorized as medium risk for vulnerable players, meaning that the majority of these players would be unlikely to develop a problem with this game. Dr. Wood also notes that based upon this risk level and if no other risk mitigation tactics are introduced, it is likely that a small number of such players could sometimes play the game excessively.
- For comparative purposes, a score of 24 would also apply to the instant ticket lottery product (e.g., Scratch'N Win Crossword).
- Dr. Wood, however, notes that the identified risk level determined by GAM-GaRD can be reduced by employing risk mitigation tactics such as restricting hours of play, responsible gambling tools and messaging and trained on-site staff.

- NSGC has employed all of these mitigation tactics. First, the hours in which the Nova Scotia Keno ticket lottery product could be played are materially less than with traditional ticket lottery games, which are typically between 18-24 hours per day. In contrast, the Nova Scotia Keno ticket lottery product will only be available a total of 9 hours per day, representing a 50% – 62% reduction. Second, responsible gambling messages have been incorporated on the monitor and ticket collateral, including the brochures available at every venue where this game is offered. Further, the Video Lottery Informed Player Choice System (IPCS), once introduced, will be focused on this business line but consideration will be given to expanding this concept to the Nova Scotia Keno ticket lottery product if technologically, operationally and economically feasible. Third, retailers receive a comprehensive responsible gambling training program. This program, which has been offered since 1998, provides retailers and their staff information on the warning signs and causes of problem gambling, resources available, and ways in which staff can help.
- Lastly, Dr. Wood concluded that the Nova Scotia Keno ticket lottery product would be considered to be socially responsible if the following minimum requirements were met:
 - ▶ Draws take place no more than every five minutes. *(Done)*
 - ▶ Introduce a break pattern in order to reduce the continuous nature of the game. *(Done)*
 - ▶ Limit the times the game is available to coincide with the availability of video lottery terminals. *(Done – the product is even less available than the video lottery terminals due to the breaks in play)*
 - ▶ Ensure monitors cannot be observed while engaged in VLT play. *(Done)*
 - ▶ Establish a maximum wager price of \$50 per draw. *(Done – maximum is \$10 per draw)*
 - ▶ Limit payment options to cash and / or debit only for gambling. *(Partially done – customers can use their credit card for food & beverage purchases at the establishments, but cannot “run a tab” or establish a credit account with the retailer for any lottery purchases)*
 - ▶ Offer Multi-draw Keno in dedicated centralized gaming centres to minimize impulsive play. *(Not done – the only dedicated sites are two casinos – it is not possible to offer the game in so few sites)*
 - ▶ Consider introducing player loyalty cards and / or behavioural tracking. *(Outstanding – will be reviewed once IPCS is operational)*
 - ▶ Implement a voluntary self-exclusion policy, which may only be possible through the use of loyalty cards. *(Outstanding – will be reviewed once IPCS is operational)*

B. Dr. Griffiths Review

- Dr. Mark Griffiths indicates that the Nova Scotia Keno ticket lottery product will help minimize the harm to vulnerable and susceptible players. He notes that NSGC has worked hard on this new game to balance out maximizing the fun for the majority and minimizing the harm for the minority of the vulnerable.

- It was also clear to Dr. Griffiths that the Nova Scotia Keno ticket lottery product is more socially responsible than versions of the game in other jurisdictions, particularly because of specific measures NSGC put in place, specifically the enforced breaks at the end of each hour, age enforcement, the lack of bonus plays, and the use of cash and debit cards.
- Dr. Griffiths' specific comments were as follows:
 - ▶ The hours that players can access Keno should be restricted to daily set periods. *(Done)*
 - ▶ Reduce the overall number of venues where the game can be played. *(Done – limited to 200 sites that have met the required site standards)*
 - ▶ The maximum wager per game should not be greater than \$100. *(Done – maximum wager per draw is \$10 and maximum wager per ticket is \$50)*
 - ▶ Reduce the number of hourly draws to 12 - 15 draws per hour. *(Done – there are 11 draws per hour)*
 - ▶ Prohibit or severely restrict incentive bonuses to gamble, such as the use of bonuses to double wagers, potential winnings and coupons for free play. *(Done – there are no bonus play or multiplier options available)*
 - ▶ Only allow the game to be played in offline environments, not via remote environments such as Internet websites. *(Done)*
 - ▶ Consider only offering the game in dedicated gambling environments. *(Done)*
- In addition to these structural characteristics, Dr. Griffiths advised that the following should also be considered:
 - ▶ Advertising for Keno should be limited and only on-site at the venue where the game is available. *(Done)*
 - ▶ Potential players should be given all the information they are likely to need to make an informed choice about playing. *(Done – information about playing responsibly and where to get help if needed will be provided on the Keno monitors and in brochures available at every venue offering the game)*
 - ▶ While playing, players should be reminded of the need to exercise control, and responsible gambling information should be prominently displayed where it will be seen. *(Done – information about playing responsibly and where to get help if needed will be provided on the Keno monitors and in brochures available at every venue offering the game)*

C. Dr. Wynne Review

- Dr. Wynne advised that the following specific aspects of the product that will mitigate potential harmful effects of the game:
 - ▶ The frequency of the games should be limited, somewhere between every five minutes and once a day. *(Done – at 5-minute frequency but in addition, numerous breaks in play exist)*

- ▶ In the interest of not fostering erroneous perceptions about the odds of winning, players should not select their own numbers. *(Not done – it was determined that not allowing players the ability to select their own numbers would detract significantly from their enjoyment of the game. The Nova Scotia Keno ticket lottery product, like all lottery games, is a game of chance and all outcomes are random; information available at retailer includes this reminder and it will be emphasized.)*
 - ▶ The number of consecutive draws should be kept less than \$99, and the wager per draw between \$5 and \$10. *(Done – the maximum wager per draw is \$10 and the number of consecutive draws a player is allowed to participate in at one time is 49)*
 - ▶ The prize structure should reflect a fewer number of winning combinations and / or the maximum prizes available. *(Not done – the prize structure was not altered as it would significantly and negatively impact the player value. Further, the proposed prize structure is typical of other ticket lottery products)*
 - ▶ A public awareness campaign should be implemented with the launch of the game. *(Done – to be included in the actual sites).*
- Dr. Wynne concluded it was reasonable to introduce Keno on a trial basis provided that research is undertaken and, based on findings, changes to the product and delivery system are made if needed.

Conclusions

- Following a review of the current product specifications, all three experts concluded that the product specifications mitigate the potential harmful effects.
- Features that have an impact on the overall assessment have been included in the Nova Scotia Keno ticket lottery product, including: training of retail staff in responsible gambling; warning signs and causes of problem gambling; resources available and ways they can help; positioning the game away from video lottery terminal areas; limiting the hours during which the game is available; reducing wager maximums; not offering bonus play options; and, imposing a 10-minute break every hour.
- Based on the independent review conducted by Drs. Wood, Griffiths and Wynne, and the implementation of recommendations that make the game more socially responsible and reduce risks, it is recommended that NSGC proceed with introducing the Nova Scotia Keno ticket lottery product in 200 establishments in the Province, including a comprehensive evaluation effort to assess the social and economic impacts of the product.
- It is estimated that a timeframe of 8-10 months will be required to acquire appropriate approvals and properly conduct the game development process, testing, and implementation.

- The Nova Scotia Keno ticket lottery product should now proceed to Step 4 of the Social Responsibility Assessment, an assessment of primary research.

The GAM-GaRD Report referenced in the Social
Responsibility Assessment (SRA) is exempt under
FOIPOP 21 (1)(a)(ii)

Laura Melanson
Manager, Innovation
Nova Scotia Gaming Corporation

14th May 2008

Laura

This letter is to confirm that I participated in the Social Responsibility Assessment of Multi-draw Keno for the *Nova Scotia Gaming Corporation* in December 2007 as one of your three independent assessments. I would also like to add that I have acted as a gaming consultant for many years to many different gaming organizations* and have come to the opinion that the *NSGC* is one of the most socially responsible corporations in the field of gaming and that their use of independent experts and social responsibility protocols are some of the best that I have seen and encountered in my 21 years as a gaming researcher and consultant.

I have also examined your proposed Keno specifications that you are planning to implement in 200 sites later this year. I was very pleased to see that you had taken on board almost all of the recommendations that I made in my original report and expect that many of the measures you plan to put in place will help minimize the harm to vulnerable and susceptible players. I suspect you have worked hard on this new game to balance out maximizing the fun for the majority and minimizing the harm for the minority of the vulnerable.

It is also clear from the specifications that I was sent that in comparison to other types of keno in other jurisdictions that the product you are proposing to introduce is more socially responsible. I particularly welcome the enforced breaks at the end of each hour, the dedicated VLT gaming areas, the age enforcement, the lack of bonus plays, and the use of cash and debit cards. Overall, I am very impressed with the game's social responsibility infrastructure.

Yours sincerely



Professor Mark Griffiths, BSc, PhD, CPsychol, FBPsS, FRSA
Director, International Gaming Research Unit

* Previous clients have included the *Atlantic Lottery Corporation* (Canada), *Norsk Tipping* (Norway), *Veikkaus* (Finland), *Danske Spil* (Denmark), *Camelot* (UK), *Svenska Spel* (Sweden), *InterLotto* (UK), *888.com* (Israel), *Imagineventure* (Switzerland), *Ultimate Poker* (UK), *Paddy Power* (Eire), *Association of European Lotteries*, *Metrobet* (UK), *Casino Cosmopol* (Sweden), *Better* (UK), and *Irish National Lottery* (Eire).

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May 2nd 2008

To Whom It May Concern:

This letter outlines my involvement with the Nova Scotia Gaming Corporation's (NSGC) social responsibility assessment of a proposed multi-draw keno game. I will discuss my specific role in this process and comment upon the way that the overall assessment was carried out.

I was contacted by NSGC in November 2007 and asked to take part in a social responsibility assessment process by reviewing a proposed multi-draw keno game, and considering it in relation to three other versions of the game that were currently operating in other jurisdictions. In addition, I was provided with information detailing a previous version of the game from 2004 that was at the time rejected as too potentially risky to introduce. From what I understood, I was one of three independent experts from the field of responsible gaming that were asked to undertake this process.

Whilst undertaking this report I was able to provide further background on the impacts of this type of game internationally, and make some suggestions on how potential harms to vulnerable players could be minimised. I also examined the proposed game using GAM-GaRD an objective responsible game design guide that was developed in order to objectively deconstruct proposed games. GAM-GaRD examines the potential risks of a game by examining the structural and situational characteristics inherent in the game and by utilising the latest scientific and clinical evidence of their relative impacts for vulnerable players. Based upon this analysis, I was able to make a number of suggestions as to how the proposed game could be modified. NSGC subsequently contacted me on a number of further occasions in order to discuss in more detail how the suggested modifications could be implemented into the game design. From what I have been told, every suggestion that I made about minimising potential impacts was taken on board and used to modify the proposed game. Consequently, I am satisfied that the proposed multi-draw keno game would have minimal impact for vulnerable players.

As a an academic, researcher, and consultant who has worked internationally in the field of responsible gaming for more than 12 years, I would have to say that the process employed by NSGC in assessing the impact of proposed games is amongst the most rigorous that I have come across. What is particularly refreshing from my perspective is the willingness of the NSGC to utilise evidence based findings and integrate up-to-date research into their evaluation processes. Putting research into practice is a cornerstone of responsible gaming and helps to ensure that decisions are both well informed and objectively delivered.

Yours sincerely



Dr Richard TA Wood

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May 16, 2008

Laura Melanson
Manager, Innovation
Nova Scotia Gaming Corporation
5151 George Street, Suite 800
Halifax, NS B3J1M5

Dear Ms. Melanson,

I recently had an opportunity to review the Social Responsibility Assessment (SRA) for the new Multi-Draw Keno game that Nova Scotia Gaming Corporation (NSGC) plans to introduce in the near future. NSGC was the first jurisdiction in the world to implement a formal “social responsibility assessment” as a requirement before a new gambling game or product is introduced into the marketplace and I believe such a forward-looking approach to fostering responsible gambling should be adopted by all gambling providers.

The social responsibility assessment process in Nova Scotia has been well thought out, with specific assessment criteria being applied to Level I (e.g., slot and poker tournaments; small routine sponsorships), Level II (e.g. new VLT/slot machine games; new break-open and scratch tickets; media marketing campaigns), and Level III (e.g., all new products; all new distribution channels; all new table games) gambling initiatives. This approach ensures there is scrutiny for literally every change to existing gambling offerings and marketing approaches in Nova Scotia, as well as an analysis of the impacts of all new gambling offerings before these are implemented.

In my view, the SRA process is rigorous, as the assessment at each level requires information gathering, internal situational analysis, and an independent expert review for all proposed Level III new initiatives or large-scale gambling projects. Furthermore, should the SRA process at any level discover any significant issues related to the gambling initiative being proposed, there is a requirement that primary research be undertaken to address this concern. To ensure any such primary research is rigorous and independent, a research plan must also be submitted for expert review. In my opinion, this is a comprehensive and rigorous approach to conducting gambling social responsibility assessments and I do not see any gaps in this process.

Notwithstanding the Nova Scotia Gaming Corporation Social Responsibility Assessment process is the current benchmark for gathering the information needed to make gambling-related decisions, it remains to be seen to what extent NSGC will act on this information and modify or even remove gambling opportunities should this be warranted.

Based on my experience over the past 10 years as an expert reviewer of various NSGC gambling initiatives, I am optimistic that the organization will continue to scrutinize their gambling offerings and use information gathered through internal assessments, gambling research findings, and expert opinion to make these difficult decisions.

As an example of the Nova Scotia Gaming Corporation commitment to utilizing the findings from social responsibility assessments, I refer to my recent experience as an expert reviewer of the Multi-Draw Keno game that will be introduced in the near future in Nova Scotia.

I note that the NSGC plans to implement my main recommendations to mitigate the potential harmful effects of this new game, including (a) reducing the frequency of draws and requiring forced breaks; (b) confining keno to VLT establishments only and outside the machine area; (c) limiting the wager and maximum amount of ticket purchases; and (d) providing odds-of-winning at keno on the display screens. While I still remained concerned about the 5-minute frequency of draws and potential for losing substantial amounts of money/hour, I trust the NSGC will undertake the evaluation research I recommended to monitor the effects of keno on at-risk and problem gamblers and that changes to draw frequency and wager/prize structure will be made should evidence suggest this is warranted.

The Nova Scotia Gaming Corporation is clearly leading the way with their application of social responsibility assessments to all gambling-related initiatives in the province and I strongly encourage the organization to not only continue on this conscientious path, but to share details of their social responsibility assessment process and experiences with other gambling providers in Canada and abroad.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Wynne". The signature is fluid and cursive, with a large initial "H" and a long, sweeping underline.

Harold J. Wynne, Ph.D.
Partner

**SOCIAL RESPONSIBILITY ASSESSMENT –
NOVA SCOTIA KENO TICKET LOTTERY PRODUCT**

STEP 4: ASSESSMENT OF PRIMARY RESEARCH

February 2008

Issue

- NSGC's Social Responsibility Assessment process for Level 3 assessments contains guidance that if there are any issues raised by Steps 1 and / or 2, a decision should be made as to whether primary research should be conducted.
- This briefing summarizes the analysis of this issue for the Nova Scotia Keno ticket lottery product.

Assessment

- Keno, like most lottery products, requires a certain critical mass of retail locations, players and play volume to actually undertake a pilot. Attempting a pilot of 10 to 25 locations would not generate sufficient play volume to support the prize structure, and therefore, would not create the necessary conditions in which to operate the product and to conduct primary research.
- Further, as the Nova Scotia Keno ticket lottery product is not available anywhere in the world, the option of conducting primary research in another jurisdiction is not possible.
- Because of the inability to pilot this product in a smaller area of the Province, it is proposed that a comprehensive research effort be undertaken in the first year of operations in order to assess the social and economic impacts of the product.
- A detailed Research Plan will be developed prior to the implementation of the product and will include the following components:
 - ▶ Changes in the Canadian Problem Gambling Index (CPGI) risk profile as a result of this product;
 - ▶ Amount of time and money spent by Nova Scotia Keno players;
 - ▶ Effectiveness of responsible gaming elements and information;
 - ▶ Customer and retailer satisfaction; and,
 - ▶ Economic results, such as revenue, operating costs, sales volume and capital investments.

Conclusion

- Given the inability to pursue a smaller pilot model for the Nova Scotia Keno ticket lottery product, it is recommended that a full evaluation be conducted during the first year of introduction, in order to assess the social and economic impacts.
- The 12-month evaluation represents a form of pilot, as the results achieved will determine if and how this product will proceed in the future.

NOVA SCOTIA KENO LOTTERY TICKET LOTTERY PRODUCT

RESEARCH PLAN

January 2009

Introduction

- The Nova Scotia Gaming Corporation (NSGC) will be introducing the Nova Scotia ticket lottery product in 200 licensed establishments across Nova Scotia in March 2009.
- As part of the Social Responsibility Assessment, the product will be comprehensively evaluated in Year 1 in order to measure the impact it has on players, retailers and the entertainment experience in the Keno sites across the Province.
- This document provides an overview of the research focus areas, outcome measures and methodology to be used in conducting this research.

Context

- In 2005, the Government of Nova Scotia introduced its first Gaming Strategy. One of the strategic goals of the Gaming Strategy was to significantly reduce the reliance on video lottery revenue and reduce the amount of revenue coming from high risk and problem gamblers.
- As such, the Nova Scotia Keno ticket lottery product was recommended for implementation in an effort to diversify the player experience and create a more responsible, fun and entertaining environment. This product works toward the achievement of these goals by providing a new form of entertainment gaming options and will act as a foundation for future gaming development in order to further reduce the reliance on video lottery revenue.

Background

- The Nova Scotia Keno ticket lottery product is a world-first innovation due to the incorporation of responsible gaming elements into the design, structure, distribution and promotion of the game. These elements do not exist in any other jurisdiction and therefore, Nova Scotia's version of Keno Lottery incorporates characteristics that make the game unique and the most socially responsible in the world.

- The game mechanics involve the following characteristics:
 - ▶ Players choose up to ten numbers from a possible 80.
 - ▶ Twenty numbers are drawn and prizes are paid based on the number of matches the player has.
 - ▶ Each draw is performed electronically through the use of a computer-driven Random Number Generator.
 - ▶ Players can wager from \$1 to a maximum of \$10 per game and have the option of selecting their own numbers or via Insta Pik, an option that automatically chooses random numbers for players.
 - ▶ The top prize is \$100,000.

- Key responsible gaming elements on the Nova Scotia Keno ticket lottery product, making it unique from any other ticket lottery offering, include the following:
 - ▶ no bonus, TAG, or multiplier option.
 - ▶ opportunity for consecutive purchases is low (49 consecutive draws is the maximum compared to the industry average of 100).
 - ▶ the access to the game is in a limited number of age-controlled environments.
 - ▶ The product is available to play for 11 hours per day (compared to 18-24 hours, which is common in other jurisdictions).
 - ▶ players are not permitted to purchase tickets with credit.
 - ▶ consecutive draws only take place for 50 minutes at a time.
 - ▶ wager maximums are enforced, both per draw and per ticket purchase.
 - ▶ a one-hour break in play and ticket sales is enforced daily.
 - ▶ event frequency is limited to 121 draws per day versus 260 common in other jurisdictions.
 - ▶ monitors displaying draw results will be located outside the VLT gaming area, to further help prevent simultaneous game play.
 - ▶ low wager options are available (\$1), so players are not required to spend a significant amount of money in order to participate.

Research Focus Areas

- The goal of the Nova Scotia Keno ticket lottery product evaluation will be to examine any potential impacts in the first year of operation. The research will investigate whether or not the Nova Scotia Keno is associated with any significant social influences, generates revenue as projected, is being enjoyed by both regular and casual players, and retailers are satisfied with the game.

- Based on this definition, NSGC believes evaluation will encompass three focus areas. It should provide insight into each of the questions listed below:

| <i>Player Impact</i> | <i>Retailer Impact</i> | <i>Corporate Impact</i> |
|---|---|---|
| <ul style="list-style-type: none"> • Has Keno Lottery players' Canadian Problem Gambling Index (CPGI) risk profile changed over time due to the game and why? • Is there a correlation between CPGI scores (after Keno is introduced) and patterns of Keno playing? • When & how much money is being spent per player (number of consecutive draws, frequency of play, etc.)? • When & how much time is being spent per player (times of day, alone or with friends, etc.)? • What other gambling products do Keno players play and in what spend and frequency? Has Keno resulted in a change in play of other gambling products? • Are responsible gambling messages being noticed? • Are there specific areas of concern that should be closely monitored or acted on? • What is the impact on player's family and quality of life? • What is motivating players to play Keno Lottery? • What is their overall satisfaction with the game? | <ul style="list-style-type: none"> • How many retailers are selling the product 12 months after launch? • Do retailers plan to continue to sell the product and what are their motivations for doing so? • Is the product meeting their expectations? • What do retailers like/dislike about the product? • Did introducing the product impact food and beverage sales? • Have retailers had any experiences of Keno customers showing distress or otherwise exhibiting behavior that appeared to be related to problem gambling? | <ul style="list-style-type: none"> • Has Keno Lottery met financial targets? • Has the introduction of Keno Lottery impacted other gaming products? |

- It is important to note that it may not be possible to statistically link a change in CPGI scores to the introduction of the Nova Scotia Keno ticket lottery product. As the CPGI looks at gaming activity over the period of a year, a number of factors could impact players desire to gamble, including economic factors, changes in social patterns and in personal circumstances.
- Also, an increase in players' CPGI scores may not necessarily be a negative social or economic outcome. Further analysis should be undertaken to understand if players are shifting spend from higher risk games to games where total expenditure is less.

Outcome Measures

- Although the evaluation will not be completed until the Nova Scotia Keno ticket lottery product has been in the field for at least one year, in order to allow for play behavior and financial performance to stabilize, it is important that evaluation targets are established objectively, prior to indications of performance being received.
- Proposed outcome measures are provided in the table below:

| Player Impact | Retailer Impact |
|--|---|
| <ul style="list-style-type: none"> • Players' risk profiles do not significantly change as a result of playing the Nova Scotia Keno ticket lottery product. • Players can recall seeing responsible gambling messages on the Nova Scotia Keno ticket lottery product monitors. • Players agree that Nova Scotia Keno is social, fun and entertaining. | <ul style="list-style-type: none"> • Retailers agree the addition of Nova Scotia Keno has added to the experience and service offered in their establishment. • Retailers plan to continue selling the game for another year. • Retailers state there has been a positive impact on food and beverage sales since Nova Scotia Keno was introduced. |

- Following the completion of the baseline analysis, the inclusion of targets to each of the outcome measures will be assessed.

Proposed Methodology

- In developing the methodology for the research, four experts in the field of gambling research provided their recommendations (Dr. J. Wiebe, Dr. H. Wynne, Dr. R. Wood and Dr. M. Griffiths). Their recommendations have been incorporated into this Plan, with all of these experts recommending a player panel and focus groups as the primary sources of data.

- The methodology will also be subject to a complete ethics review to ensure that it complies with the guidelines established in *Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans* by the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council of Canada, and the Social Sciences and Humanities Research Council of Canada (Tri-Council).

- The Methodology is as follows:
 1. *Quantitative Analysis (Research Panel)*
 - ▶ A player panel of general bar patrons to be recruited from establishments offering the Nova Scotia Keno Lottery game, within 2 to 3 months of the introduction of the game. The panel will be made up of general bar patrons and include a mix of non-Keno Lottery players, VLT players and Keno Lottery players.

 - ▶ A Nova Scotia Keno lottery player is defined as anyone who has played the game in a licensed establishment in Nova Scotia 1 or more times. The incidence of Nova Scotia Keno lottery players is unknown at this time, due to the fact that the recruitment will take place shortly after the introduction of the game (see above). Therefore, no quotas or targets for this segment, including any based on frequency of play, will be set for the initial recruitment.

 - ▶ Recruitment will take place through onsite interaction at establishment that offer Nova Scotia Keno Lottery across Nova Scotia. The first survey will be administered at the time of initial recruitment and participants will be provided with a \$10 gift card for completing the first survey.
 - A representative sample of establishments across the Province will be chosen for the recruitment process. Individuals will be selected at random within each establishment and asked to participate in the study. The screening questionnaire will be administered by on-site, supervised interviewers. If the individual qualifies to participate in the study, they will be asked to complete survey #1 (see below) on-site in a self-administered fashion.

 - ▶ Using a large player panel to provide a baseline will allow NSGC to evaluate the likelihood of play as well as identify barriers and motivations for playing once the game is actually launched.

 - ▶ The initial player panel can then be broken into two segments:
 1. Nova Scotia Keno Lottery Players; and,
 2. Non-Nova Scotia Keno Lottery Players.

- ▶ The Nova Scotia Keno Lottery panel will participate in three surveys over the year providing information relevant to the measures noted above. The surveys will be administered at the time of recruitment, shortly after launch (which will represent a baseline point), and at the six month and one year period. An initial panel of 1,500 bar patrons will be recruited to allow for a buffer so that data collection is not jeopardized in the event some players do not participate in all of the surveys, as follows:

Number of Bar Patrons

| | |
|---|------------------|
| Initial recruitment & survey #1 (50% attrition) | 1,500 (625 Keno) |
| Completes survey #2 (25% attrition) | 940 (470 Keno) |
| Completes survey #3 (25% attrition) | 700 (350 Keno) |

- ▶ All panel participants will be administered the Canadian Problem Gambling Index (Problem Gambling Severity Index) as part of each of the three surveys to identify general risk for problem gambling. The Problem Gambling Severity Index asks respondents to consider for the previous year nine questions:

1. *Have you bet more than you really could afford to lose?*
2. *Have you needed to gamble with larger amounts of money to get the same feeling of excitement?*
3. *When you gambled, did you go back another day to try and win back the money you lost?*
4. *Have you borrowed money or sold anything to get money to gamble?*
5. *Have you felt that you might have a problem with gambling?*
6. *Have people criticized your betting or told you that you had a gambling problem, regardless of whether or not you thought it was true?*
7. *Have you ever felt guilty about the way you gamble, or what happens when you gamble?*
8. *Has gambling caused you any health problems, including stress or anxiety?*
9. *Has your gambling caused any financial problems for you or your household?*

- ▶ Panel participants will be recruited through the use of professional recruiters to sign up bar patrons through an intercept method at participating establishments across the province. The locations for recruitment will be selected in a manner that provides the best chances for success (high volume establishments) while respecting the need to ensure that the sample is as random and representative

as possible geographically and in terms of other demographic variables (age, gender, etc.).

- ▶ Survey participants will receive an incentive in return for their participation in the research. The size and nature of the incentive must in no way encourage participants to continue gambling and further, is consistent with incentives provided in other similar research, deemed acceptable by problem gambling experts.
- ▶ Player Focus Group participants will receive a \$75 gift certificate (not redeemable for cash) to a local retailer (e.g. Wal-Mart, Home Depot). Retailer Focus Group participants will receive \$100. Retailers receive a slightly higher incentive to participate than players as past experience has shown that it takes an incentive of this amount to ensure adequate participation in retailer focus groups.
- ▶ Panel participants will be allowed to choose their preferred method of participation in the survey research (i.e. on line or telephone). Regardless of the methodology chosen, phone numbers and e-mail addresses will be collected for all participants.
- ▶ A Nova Scotia Keno Lottery retailer panel of approximately 75 retailers will also be formed to provide relevant retailer data. This data will also be collected through three surveys administered at the same time as the player surveys are issued.

3. *Qualitative Analysis (Focus Groups)*

- ▶ Player and retailer focus groups, consisting of approximately ten participants in both Nova Scotia Keno Lottery player and retailer groups, will be conducted in order to gain qualitative insights into Keno Lottery. The objective of the Nova Scotia Keno Lottery focus groups is to gain a better understanding of play habits, issues, likes and dislikes, potential areas of improvement and the impact Nova Scotia Keno Lottery is having on the establishments that offer the game (e.g. increased / decreased food and beverage sales).
- ▶ Several focus groups for each phase will be conducted to ensure a balanced selection of views is examined. The first focus group will be conducted prior to the first survey to assist in the development of the survey questionnaire. Thematic Analysis, a process where data collection and analysis take place simultaneously and emerging themes are identified as the research is executed, will be used to analyze focus group results.

- ▶ Focus groups will be transcribed to ensure accurate details have been documented and analyzed.
- In addition to the firm who will be carrying out the actual research components, one of the four experts noted above will be asked to play an advisory role as the Plan is executed to ensure any issues are addressed immediately and to confirm that the high standards in player research are being met.

Timelines

- It is suggested this research consist of three surveys and three focus group sessions (for both players and retailers) taking place at the present, six month and one year interval of the Nova Scotia Keno Lottery being offered.
- The table below provides an overview of the suggested survey and focus group dates:

| Item | Date |
|---|------------------------------|
| Phase I – Baseline Data Collection | |
| <i>Research Panels Recruitment</i> | <i>March 2009</i> |
| <i>Research Panel Surveys #1</i> | <i>April / May 2009</i> |
| <i>Player Focus Groups #1</i> | |
| <i>Retailer Focus Groups #1</i> | |
| <i>Phase I Data Compiled</i> | <i>June 2009</i> |
| Phase II – Six Month Data Collection Point | |
| <i>Research Panel Surveys #2</i> | <i>October 2009</i> |
| <i>Player Focus Groups #2</i> | |
| <i>Retailer Focus Groups #2</i> | |
| <i>Phase II Data Compiled</i> | <i>November 2009</i> |
| Phase III – One Year Data Collection Point | |
| <i>Research Panel Surveys #3</i> | <i>March 2010</i> |
| <i>Player Focus Groups #3</i> | |
| <i>Player Focus Groups #3</i> | |
| <i>Phase III Data Compiled</i> | <i>April 2010</i> |
| <i>Report Completed</i> | <i>June – September 2010</i> |