The Trials and Tribulations of Canadian Sports Gambling

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Preview

• Historical context

• Illegal sports gambling

• Sports lotteries

• The push for legal single event sports betting

• Pros and Cons
Historical Context

- First Nations peoples gambling on sports events pre-dated the arrival of Europeans in Canada.
- Indian Act of 18– disallowed many traditional First Nations’ practices including gambling.
- The first *Criminal Code of Canada* enacted in 1892 listed indictable offences such as “keeping a common betting house;” “bookmaking;” “gambling in public conveyances;” “keeping a cock pit;” and “cheating at play.” Betting on sports events was not a crime as long as there was no betting transaction fee.
- Horse racing—legalized in 1910, suspended 1917-2010, pari-mutuel system used from 1920 on, popular up to mid 1980s, now moribund.
- Irish Sweepstakes—illegal but popular from 1930 to mid 80s.
Sports Lotteries (early 1970s to the present)

- 1969 *Criminal Code* amendment—lotteries approved under provincial or federal license.
- Numerous sports lotteries tried between 1971 and 1990—all were short lived because of poor sales.
- What exists now—a workable formula devised in 1990—all parlay bets on a variety of pro and U.S. college sports as well as over/under and prop bets.
- Sports lottery system is consumer unfriendly
  --parlay bets are for suckers
  --poor odds, arbitrary payout limits, limited skill and inability to compete with bookmakers offerings and services (illegal and online).
Illegal Sports Betting

Extent
--the Canadian Gaming Association (an industry lobby group) estimates that $10 billion is bet annually on sports events by Canadians; of this total the CGA says that 5% is bet on the legal products offered by provincial governments, 45% is bet through online sports books and 50% through illegal bookmaking operations.

Competition with sports lotteries
--illegal and online providers offer better services and fairer odds; for example, 11 to 10 odds (4.5% profit margin versus 40% profit margin taken currently by the provinces), greater variety of betting options, higher betting limits, electronic or telephone betting).

Police offer benign prohibition
--not a high priority for police agencies (other more serious crimes, labor intensive to get a conviction, lenient judicial system).

Adverse side effects
--can sometimes be connected with organized crime—lay-offs

Does legalized sports gambling reduce illegal gambling?
--obviously not if the above statistics are accurate.
The Push for Single Event Sports Betting

• Impetus came from local politicians and the gambling industry
  --border casinos in Windsor and Niagara falls lobbied MPs to legalize single event sports betting to attract US players and stanch the loss of casino revenues.

• Bill C-290 passes in Parliament
  --third reading occurred on a Friday, debate shortened to 20 minutes and many MPs not on hand.

• Senate debates
  --the Bill goes to the Senate for approval, but hits a snag in the form of many senators opposed along with all four major North American Professional sports leagues. Pro sports have clout even though claims largely baseless—potential for match fixing, threat to league integrity, etc.

• Present situation
  --Bill is awaiting third reading in the Senate but its likelihood of passing is considered a long shot.
Pros and Cons of Single Event Sports Betting

**Pros**
- If done fairly; that is, Las Vegas odds and variety of betting options it would be more appealing than the predatory format that exists now.
- It would create some jobs (albeit, low paying) and increase gambling revenues somewhat.
- It could decrease illegal sports gambling if the same odds and services provided by illegal suppliers are matched (that is, fair odds, telephone or internet betting, offering credit).
- Some regulation better than what exists now for single event sports betting.
- It could attract more cross border gamblers if it is perceived to be a fair game.

**Cons**
- It is highly unlikely that provincial governments would or could provide what serious sports bettors view as reasonable (for example, the 11 to 10 odds would mean only a 4.5% profit margin).
- Not offering a fair game would expose provincial governments to ridicule for being greedy and end up sending savvy sports bettors to internet sites or illegal bookies.