

Regulation

A Regulatory Outlier: Gambling in Ontario

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With support drawn from literature examining gambling regulation and specific examples relating to the push for gaming modernization in Ontario, this paper compares the assertions of regulatory theorists with the structure of gambling regulation in Ontario. By examining the interim results achieved in the case of Ontario's gaming modernization, it becomes apparent that gambling regulation in Ontario has been designed to increase monopoly power, reduce or eliminate regulatory independence, and ensure regulatory capture with the intent of furthering the financial and political interests of the government.¹

Introduction

Ontario is currently in the midst of a serious and contentious debate regarding the proper scope and operation of gambling activities in the province. Following the recommendations of the Ontario Lottery and Gaming Corporation (OLG), significant changes and additions have been proposed with respect to gaming venue locations and the allocation of funds generated by gambling operations. In this context, this paper examines the purpose of gambling regulation in Ontario, as well as the relationship between gambling regulators and the Ontario government, and between gambling regulators and the gambling industry. Regulatory theorists commonly assert that regulation can be justified on the basis of reducing monopoly power and externalities in the market, that regulators must be afforded an appropriate level of independence from government

¹ Author's Note: This article is an adaptation of a paper completed in April, 2013, and thus contemporaneous references are made to that time period. Since April, 2013, a number of events have occurred that may have made the regulation of gambling in Ontario less of a "regulatory outlier." With that acknowledgement, however, it remains the author's view that the regulatory approach to gambling in Ontario was, at least for the period chronicled in this article, extraordinary.

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in executing their purpose, and that proper controls must be put in place to protect the regulator from acting solely for the benefit of a single interest. In the context of gambling, however, a different picture is revealed.

With support drawn from literature examining gambling regulation in Ontario and specific examples relating to the renewed push for gaming modernization in Ontario, this paper compares the assertions of regulatory theorists with the current structure of gambling regulation in Ontario and, where possible, the (interim) results achieved in Ontario's gaming modernization. It becomes apparent that gambling regulation in Ontario has been designed to increase monopoly power, reduce or eliminate regulatory independence, and ensure regulatory capture with the intent of furthering the financial and political interests of the government.

Before addressing regulatory purpose, independence, and capture as they relate to the regulation of gambling in Ontario, it will be important to provide a brief outline of the context facing government decision makers, as well as an overview of the regulatory framework for gambling in the province.

Current Context and Overview:

The Regulatory Framework in Ontario

Gaming in Ontario is subject to a relatively complex web of federal and provincial jurisdiction, in addition to a division of responsibility for aspects of regulation at the provincial level. Since 1969, successive waves of change have transformed the gambling industry: “[f]rom a Canadian historical perspective, most forms of gambling were considered vices until the Criminal Code amendments of 1969 and 1985” that began the “transformation of gambling from federal prohibition to provincial regulation” (Campbell, Smith, Hartnagel, & Law Commission of Canada, 2005). The 1985 federal amendments completed the process of transferring responsibility for gambling from the federal government to the provincial government:

The central government, in return for 100 million dollars from the provinces, [changed] the Criminal Code to grant the provinces and their agencies the sole legal right to conduct or have conducted lotteries and games of chance (Labrosse, 1985).

As a result of this agreement and subsequent amendments to the Criminal Code, provinces have been granted exclusive authority to manage and conduct lottery schemes, with all Canadian provinces and territories currently permitting gambling to some extent (Campbell, Smith, Hartnagel, & Law Commission of Canada, 2005). The term “lottery scheme,” contained in the Criminal Code, has been interpreted broadly by the provinces

to include casino-style card games that form the backbone of casino ventures in Ontario and across the country (Ibid). Similarly, the provinces have interpreted the term “manage and conduct” broadly, such that four operational/regulatory models have emerged. Broadly speaking, these are: the Crown Corporation Model, where the Province regulates and operates gaming facilities directly; the Hybrid Model, where the Province regulates, owns, and controls casino properties, but operations are conducted by private sector operators; the Charity Model, where charities operate lottery schemes under a provincial licence; and the First Nations Model, where First Nations either own, or own and operate, gaming facilities under a licence (Ibid).

The government of Ontario regulates and operates gambling facilities under a Hybrid Model, engaging private operators to manage daily operations of the casino facilities that it owns. Importantly, Ontario divides regulatory oversight for casino gambling between three agencies: the Ontario Lottery and Gaming Corporation (OLG), the Ontario Racing Commission (ORC), and the Alcohol and Gaming Commission of Ontario (AGCO). The ORC is a Crown agency responsible for regulating horse racing in Ontario, and reports to the Ministry of Government Services ² (Canadian Partnership for Responsible Gaming, 2010). The AGCO regulates gaming in the province pursuant to the Gaming Control Act of Ontario (Ibid). The AGCO regulates rules of play for games of chance conducted and managed by OLG, and registers suppliers for those games (AGCO, 2013).

The third regulatory body with jurisdiction for the regulation of Ontario casino gambling is the OLG. The OLG’s enabling statute has four purposes: (i) to enhance the economic development of the Province; (ii) to generate revenues for the Province; (iii) to promote responsible gaming; and (iv) to ensure that anything done for the aforementioned purposes is also done for the “public good and in the best interests of the Province” (Ontario Lottery and Gaming Corporation Act, 1999, S.O. 1999, C 12, Sch L). The OLG is also assigned a short list of objects under its enabling statute, including to develop, undertake, organize, conduct, and manage lottery schemes, to provide for operation of gaming sites, and to ensure compliance with the Criminal Code and other applicable legislation (Ibid).

Ontario’s Fiscal Context

In March of 2010, the Ontario government presented a budget that forecasted a \$19.7 billion deficit for 2010-11, following a \$21.3-billion deficit in fiscal 2009-2010. The Ontario government predicted significant budget deficits until 2017-18 (CBC News, 2010). In July of 2010, the OLG was “asked to modernize commercial and charitable gaming” by the government of Ontario (Ontario Lottery and Gaming Corporation, 2012). As a result, it

² It was recently announced that ORC will be merged with OLG, but further details were not available at the time of submission.

conducted a comprehensive strategic review of the lottery distribution network and land-based gaming facilities, and released a report on gaming modernization in Ontario (Ibid).

Gaming Modernization

The OLG's 2012 report on gaming modernization set out three broad recommendations: (i) become more customer-focused; (ii) expand regulated private sector delivery of lottery and gaming; and (iii) renew the OLG's role in oversight of lottery and gaming (Ontario Lottery and Gaming Corporation, 2012). The OLG's recommendation to become more customer focused included the recognition that the "requirement to locate slots at racetracks limits site locations and impedes OLG's ability to serve customers closer to where they live and is therefore not responsive to customer interest" (Ibid). In addition, the recommendations to "expand regulated private sector delivery of lottery and gaming," included the recommendation to introduce new gaming locations "subject to the approval of host municipalities" (Ibid). The gaming modernization report, and the analysis following the report's delivery, suggested that roughly 40% of the \$1.3-billion to \$2-billion in projected additional provincial revenue that would be achieved through gaming modernization would be generated by a casino in the Greater Toronto Area (Moore, 2012). The potential for increased revenues from government-sanctioned gambling operations were welcomed by provincial politicians, including Ontario's Finance Minister, who was quoted as saying that "[t]his new revenue will help us balance the budget" (Ibid), and "modernizing OLG's operations and business model is an example of how we are ensuring our assets are delivering the greatest value to taxpayers" (Ministry of Finance, 2012).

Purpose of Gaming Regulation

U.S. Supreme Court Justice Stephen Breyer has suggested a short list of the justifications that are typically presented for economic regulation: the control of monopoly power, rent control/control of excess profits, compensating for spillovers/externalities, inadequate/imperfect information available in the market, and excessive competition (Breyer, 1982). While focusing on the economic regulation of public utilities in the United States, Alfred Kahn outlines four principal components of government regulation: "control of entry, price fixing, prescription of quality and conditions of service, and the imposition of an obligation to serve all applicants under reasonable conditions" (Kahn, 1998, p. 3). Kahn's conception represents the most recognized means of industry regulation, which has been applied (at least loosely) to a wide range of industries, including telecommunications and public utilities in Canada.

Ontario's Monopoly Power

While Breyer and others have suggested that regulation should be used as a means to "control" monopoly power, the regulation of gambling in Ontario appears to have had

the opposite effect. As outlined above, amendments were made in 1985 to the Criminal Code which ensured that the provinces had exclusive jurisdiction over gambling activities within their borders. These amendments have had recognizable effects: “The creation of provincial gambling monopolies has resulted in an overwhelming expansion of gambling, seemingly driven by a desire to maximize profits” (Brodeur & Ouellet, 2004). In particular: The gambling provisions of the modern Criminal Code and the operation and regulatory regimes that have been embraced are directed less at preventing participation in a harmful activity and more toward securing and justifying provincial monopolization of gambling as a revenue source” (Campbell, Smith, Hartnagel, & Law Commission of Canada, 2005). Ontario has not been a passive actor in this process. It has “eliminated competition from charitable and other groups for gambling venues, co-opted groups in society that resisted and opposed gambling expansion, and developed allies so that the expansion of gambling can proceed” (Klassen & Cosgrave, 2009). Eliminating competition from other “private, yet legal, forms of gambling” has involved, amongst other things, Ontario taking control of “charity” casinos and racetracks that were previously operated privately (Ibid).

Spillover Effects

A second rationale for regulation, as suggested by Breyer, is to compensate for the spillover effects caused by the regulated entity (1982). In the case of gambling, a number of unwanted social costs have been identified, including problem gambling and gambling-related crime (Campbell, Smith, Hartnagel, & Law Commission of Canada, 2005). Ontario has adopted a number of specific policies to address these issues. In the case of problem gambling, “2% of slot machine revenue from OLG casinos and slots-at-racetrack facilities goes to Ontario’s problem gambling strategy,” which is administered through the Ministry of Health and Long-Term Care for treatment and research initiatives, and the Ministry of Health Promotion for prevention initiatives (Canadian Partnership for Responsible Gaming, 2010).

While it is clear that the Ontario government and the OLG have both invested significant resources into their responsible gaming strategy, it is difficult to assert that these actions have been taken “for the public good and in the best interests of the Province,” rather than as a part of an overall public relations campaign to assist the OLG in mitigating the perceived negative impacts of gambling. Moreover, such a strategy has greatly expanded the OLG’s gambling monopoly. For instance, while the Ontario government funds research into problem gambling, the:

Research projects that receive funding tend to conceptualize problem gambling as primarily a personal, psychological, and medical condition, rather than a broader social issue, while research projects that might reflect

adversely on gambling, such as benefit-cost analyses, are typically not funded (Klassen & Cosgrave, 2009).

The provincial strategy to co-opt groups in society that resist and oppose gambling expansion is also revealed by the OLG's gaming modernization website, which was created following the announcement of the OLG's expansion strategy. The website is similar in style to other websites aimed at influencing public opinion,³ and pays specific attention to the "responsible gaming" portion of its mission with videos, fact-sheets, and frequently asked questions (FAQs).

At the core of the economic justifications for regulation is the idea that regulation should be imposed only if the market is, for some reason, unable to deliver efficient outcomes. This efficiency argument includes preventing a single market player from exerting monopoly power over individual consumers. In the case of the regulation of gambling, the opposite appears to be the case: regulation is used in order for the Province to expand its monopoly power over gambling revenues.

An additional justification for regulation is that in its absence, the regulated industry would externalize the true costs of the regulated activity, and the costs would be borne by society at large. While problem gambling, gambling-related crime, and other negative effects associated with gambling are certainly a concern, the Province and the OLG have taken significant efforts to mitigate their impact by directing research away from questions that might adversely reflect on gambling and engaging in marketing and public relations campaigns that tout the OLG's effectiveness at reducing the perceived negative impacts associated with gambling.

Regulatory Independence and Relationship with Government

A major question in regulatory literature relates to the level of independent decision-making authority an administrative body is given by government, and the degree to which the body can legitimately and freely exercise that power without government interference. As stated by Sossin:

All administrative bodies in Canada are, by definition, dependant for their existence on their legislative mandate, and the political will that mandate reflects. Further, these bodies are not free to adopt the mandate they believe is most appropriate, but must discharge the responsibilities provided to them (Sossin, 2009).

³ Contrast with www.porterplans.com, regarding the proposed expansion of Billy Bishop Airport in Toronto.

Independent bodies must, therefore, “act impartially and objectively and to advance only the legislative purposes for which they were created” (Sossin, 2009, 7). Within these constraints, administrative bodies are afforded different levels of authority and independence by government depending upon their statutory purpose. At least part of the rationale for delegating such authority to administrative bodies is the ability of the agency to make decisions without partisan political goals in order to advance the public interest:

These schemes typically [try] to balance independence from elected politicians in the executive and legislative branches of government with some form of direct accountability to the larger public and to the regulated companies and their consumers. In effect these schemes [replace] the normal process for political decision making in a democracy with alternative forms of accountability (Gomez-Ibanez, 2003, p. 48).

Broadly speaking, administrative agencies have been widely accepted in Canada as a legitimate means for governments to delegate differing levels of independent decision-making authority.

Independence and the OLG

This is not to say, however, that the OLG is a truly independent agency. To the contrary, the “OLG is a provincial agency responsible for province-wide lottery games and gaming facilities” (Ontario Lottery and Gaming Corporation, 2012). The OLG’s public function is clearly outlined in the OLG’s enacting statute: to enhance economic development; to generate revenues; to promote responsible gaming; and to ensure that these objects are pursued for the public good (Ontario Lottery and Gaming Corporation Act, 1999, S.O. 1999, C 12, Sch L). The OLG has, therefore, been delegated a public function with a relatively low level of independent decision-making authority, and remains accountable to the government in the exercise of that authority. What is clear from recent developments relating to the push to modernize gaming in Ontario, however, is just how low a level of independence the OLG has been afforded by government, such that even when its recommendations and actions fall squarely within its statutory purpose, as in the examples of the slots-at-racetracks and Toronto casino hosting fee debates, the government has seen fit to step in and alter the OLG’s approach.

Slots-at-Racetracks

As part of its report on gaming modernization in Ontario, the OLG identified the need to become increasingly customer focused, and stated that the “requirement to locate slots at racetracks limits site locations and impedes OLG’s ability to serve customers closer to where they live” (Ontario Lottery and Gaming Corporation, 2012). This was not, however,

the only reason the OLG identified as pushing its decision away from the status quo. In fact, the OLG reported that:

Based on the current Slots-at-Racetrack Program, the horseracing sector is projected to receive \$345 million (2011-12). Since the program was launched, horsepeople and racetrack owners have received over \$3.4 billion (Ontario Lottery and Gaming Corporation, 2012).

Called a \$345 million subsidy for the horseracing industry by some⁴ and a “successful revenue sharing partnership” by others,⁵ the Slots-at-Racetrack Program was identified by the OLG as restricting “OLG’s ability to maximize revenues for key government priorities” (Ontario Lottery and Gaming Corporation, 2012). As such, the OLG recommended that the program be eliminated.

Responding to the OLG’s recommendations, the government of Ontario directed the OLG to implement a number of proposals from its modernization report, including “ending the Slots-at-Racetracks Program on March 31, 2013, and allowing slot facilities to be located more strategically” (Ministry of Finance, 2012). The government directive generated significant opposition, especially from rural and municipal stakeholders who argued that eliminating the program would result in the loss of over 60,000 jobs, mostly relating to the horse racing industry in rural Ontario (Standardbred Canada, 2012; Ontario Horse Racing Industry Association).

As a result of this outcry, the government appointed a panel comprised of former cabinet ministers from the three major Ontario political parties to provide recommendations to the government on how to allocate transition funding and advise on the modernization of other industry revenue sources to assist the industry in becoming more self-sufficient (Government of Ontario, 2012). The panel’s report, released in October of 2012, called the Slots-at-Racetracks Program “poor public policy,” but recommended alternate funding to keep the horse racing system viable (Horse Racing Industry Transition Panel, 2012). This recommendation has led to the Ontario government negotiating “transition funding agreements” with Ontario racetracks, at an estimated cost of \$200-million—more than half of what they were already receiving (The Canadian Press, 2013). In addition, the horseracing sector will be integrated into a “provincial gambling strategy with Ontario Lottery and Gaming to find new revenue streams” (Ibid), a recommendation that was not

4 See, for example: “Horse farmers protest planned cuts to race track subsidy at Queen’s Park,” Erin Criger, *City News Toronto*, February 2, 2012

5 “OHRIA Responds To Slots-At-Racetracks Partnership Review” Standardbred Canada, February 13, 2013

included in the OLG modernization proposal, and is not consistent with the OLG's current purpose.

Toronto Casino Hosting Fee

The Toronto casino hosting fee debate has a similar origin to the Slots-at-Racetracks debate. As part of its report on gaming modernization in Ontario, the OLG identified the need to become increasingly customer focused, and stated that with respect to gaming, "particularly in the Greater Toronto Area, customer interest is not being met" (Ontario Lottery and Gaming Corporation, 2012). As a result, the OLG recommended that "a new facility in the Greater Toronto Area" be built subject to the receipt of municipal council approval (Ibid). Given the financial projections for a casino in the GTA, this proposal has received substantial attention from provincial and municipal stakeholders.

Shortly thereafter, Toronto initiated a fact-finding exercise to determine the economic impact a casino would have on the city, and in particular, the amount the casino would generate in hosting fees: money that would be generated to offset municipal expenses on an annual basis. The OLG, as the contractual partner of host municipalities, played an important role in this process as the body responsible for setting hosting fees. As reported by the *Toronto Star*, the OLG told Toronto "to expect a provincial hosting fee of \$50 million to \$100 million per year for a downtown casino-resort" (Rider, 2013). This figure was roughly double the share of revenue offered to other municipalities (Howlett, Church, & Morrow, 2013), and five times as much as the city would collect under the "standard formula" proposed by OLG for host municipalities (Howlett, 2013).

This revelation sparked outrage in other potential and firm casino host municipalities, some of which subsequently threatened to withdraw support for casino developments if the OLG failed to offer their municipality the "same deal as Toronto" (Howlett, Church, & Morrow, 2013). The Ontario government subsequently directed the OLG to ensure that the agency offered the same funding formula to all host municipalities, with the Premier quoted as saying: "The hosting formula for Toronto will be the same as the one for other communities. All municipalities will be treated fairly so they can all share in the benefits" (Maple Gambling, 2013).

The OLG's mandate includes enhancing the economic development of the Province and generating revenues for the Province, but does not include ensuring that hosting fees are determined on an equitable basis between different host municipalities. In that sense, the OLG acted within its mandate in discussing the possibility of a "sweetened deal" for Toronto. The hosting fee, it seems, was "designed to improve the OLG's chances of getting the green light from city councillors for the casino" (Howlett, Church, & Morrow, 2013).

Since being directed to ensure fair treatment of host municipalities, the OLG has yet to release a “revised” formula that can be relied on by the City of Toronto in its ongoing decision making process. However, the \$100 million figure appears to have struck a chord with prominent city figures, including the Mayor and City Manager, both of whom have suggested they will require at least \$100 million in hosting fees to support the casino project (Alamenciak, 2013). In that sense, the OLG’s approach worked, but was undermined by the actions of the provincial government.

Outcome

The Ontario government’s handling of the Slots-at-Racetracks Program and its approach to the OLG’s proposed Toronto casino hosting fee demonstrate that despite the OLG’s relatively low level of independence, and despite having acted within its statutory mandate, the Ontario government has consistently undermined the OLG’s independence in order to further its immediate political interests.

Regulatory Capture

George Stigler is widely credited with developing the theory of regulatory capture: “That, as a rule, regulation is acquired by the industry and is designed and operated primarily for its benefit” (Stigler, 1971). Stigler proposed his theory in contrast to two other views of regulation: that it is instituted for “the protection and benefit of the public at large or some large subclass,” or that the reasons for regulation defied “rational explanation” (Ibid). Essentially Stigler:

[...]Proposed that the creation and operation of regulatory agencies could be understood entirely as a device to transfer economic resources to various private interests in return for those interests providing votes or campaign contributions to politicians...every industry or occupation that had enough political power would seek to establish regulations that limited competition by controlling entry and fixing prices. Public interest goals, such as monopoly protection or promoting universal access, simply provided a plausible cloak to hide the real purposes of regulation (Gomez-Ibanez, 2003, p. 43).

Powerful opposing views have been presented as well, such as those of economist Richard Posner, who argued “that regulatory agencies were more likely to be captured by subsets of their consumers rather than by producers” (Gomez-Ibanez, 2003, p. 43).

In effect, Posner argued that cross-subsidies of rates by one group for the benefit of another (for example, subsidies on rail shipping for farmers, paid for by manufacturers) was “taxation by regulation,” and the dominant form of capture (Gomez-Ibanez, 2003, p. 43). However, it is a third view, one that combines Stigler’s and Posner’s theories, which

is most applicable to the regulation of gambling in Ontario. Economist Sam Peltzman viewed “the regulators (or the legislators who oversee regulatory agencies) as politicians in search of support from competing interest groups” (Ibid). In fact, according to Gomez-Ibanez, “Recent scholarship tends to support Peltzman’s argument that regulators often draw support from a variety of sources instead of being captured by a single interest, and that these patterns of support change over time” (Ibid).

Capture of Gambling Regulation by Ontario

In the case of gambling regulation, the Province of Ontario has successfully captured gambling regulation. Although most commonly applied to particular interest groups rather than a jurisdiction, three points emphasize Ontario’s successful efforts to capture gambling regulation under its jurisdiction. First, Ontario captured the legal power to regulate gambling within its borders in an unusual way. In capture theory, “law is a resource to be ‘captured’ and used by groups to protect and extend their material interests” (Campbell, Smith, Hartnagel, & Law Commission of Canada, 2005). Ontario successfully obtained monopoly power to regulate gambling within its borders in exchange for a monetary payment to the Government of Canada:

Essentially, the provinces purchased their monopolies with a \$100 million payment to the federal government. This is particularly remarkable, as it represents the purchasing of amendments to the Criminal Code of Canada. Despite the dubious morality of elected representatives decriminalizing otherwise criminal behaviour for cash payments, the permanency of the exemptions appears beyond doubt (Patrick, 2000:111).

Second, since most policymakers express concern that a given regulator will be captured by interest groups, significant efforts are put into ensuring transparency and openness in the regulatory process, while limiting the regulator’s conflict of interest. In the case of Ontario’s capture of gambling regulation, the regulatory bodies put in place have been presented with statutory mandates that are difficult, if not impossible, to reconcile. As stated above, the statutory purpose of the OLG includes both generating revenues for the Province and promoting “responsible gaming.” There is a deep conflict evident in the literature between the state’s desire to boost gambling revenues by capitalizing off their addictive nature, and the state’s responsibility to mitigate the social problems that come as a result of problem gambling (Klassen & Cosgrave, 2009). The difficulty for Ontario is that, unfortunately, “The properties that make games addictive can be the very same properties that make them exciting to play” (MacNeil, 2009).

Given this conflict, states wishing to minimize the resistance to gambling expansion have employed a number of common strategies, such as framing. Indeed, Ontario has

engaged in framing strategies to differentiate “gambling” and its negative connotations from the state sanctioned activity of “gaming.” According to Klassen & Cosgrave, “The term gambling is now used only when addressing problems associated with gambling, such as problem gambling,” indicating the objective of policymakers and government gaming officials to influence public discourse and shape gambling behavior (2009). A brief review of the OLG modernization website by the author confirms the use of framing in Ontario, since the term “gambling” and “gaming” have been adopted by the OLG in the way suggested by Klassen & Cosgrave as a means to frame OLG’s position and influence public opinion.

A third example of the Province’s capture of gaming regulation in Ontario relies on a rational choice theory of decision making. If we assume that the Province has captured the regulator and seeks to maximize the revenues generated by the regulated industry, then as a rational decision maker, it would appoint individuals to operate the regulator with industry experience, expertise, and connections in pursuit of its goal. In fact, according to a report from the *Globe and Mail*, the Chairman of the OLG, and at least two current or former directors, are individuals with significant ties to the gaming industry (Howlett, 2013). When questioned about this strategy, the Minister of Finance stated: “I could easily appoint somebody who doesn’t know the gaming industry, who has no possible conflict. But is that in the taxpayers’ interest? I don’t believe it is” (Howlett, 2013). The government’s actions in making these appointments are, therefore, perfectly consistent with a rational actor seeking to achieve the highest possible level of gambling revenue. It is clear that the Ontario government has been successful in capturing gambling regulation in order to promote its direct fiscal interests.

Conclusion

The regulation of gambling in Ontario presents an interesting and counterintuitive example of the kinds of regulatory regimes existing in Canada. While regulatory theory suggests that regulation can be used as an instrument to control monopoly power and reduce spillover effects, gambling regulation in Ontario has been used to increase the Province’s monopoly power and manage associated spillover effects to reduce public perceptions of gambling as a social harm. Similarly, while independence from government and avoidance of regulatory capture are considered to be legitimate goals for regulators, the Ontario government has sought to limit the amount of independence exercised by the regulator and ensure the regulator’s capture by the government’s fiscal interests. In this way, the regulation of gambling in Ontario is a regulatory outlier.

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