



# **Repatriating billions of dollars in illegal and grey market activity: The economic benefits of legalizing single-event sports betting**

Submission by Rogers Communications Inc. to the House of Commons Standing Committee on Justice and Human Rights

Bill C-218: An Act to amend the Criminal Code (sports betting)

March 2021

## **Supporting a strong economic recovery**

Achieving a strong, sustainable economic recovery requires smart government action that spurs innovation and growth across sectors. The post-pandemic rebuilding of the economy is an opportunity to modernize our legislative and regulatory frameworks with new public policy approaches that balance maximum economic impact with social responsibility. The passage of Bill C-218 should be viewed through this lens.

### **We cannot ignore the fact that sports betting is already here**

Sports betting is already legal at casinos and lottery ticket kiosks across Canada, and on some provincial lottery corporation websites. Right now, Canadians can place parlay sports bets online or at lottery kiosks using products such as Pro-Line. However, Canada's rules currently limit sports wagering to multiple-game parlay bets – a throwback to times when it was thought single-event betting could encourage illegal match fixing.

The reality is Canadians are currently placing billions of dollars annually in single-event sports bets using unregulated, offshore “grey market” websites such as Bet365, Betway or William Hill, among many others. The 20 most popular sports betting websites currently capture 69 percent of Canada's online sports betting traffic, according to PwC.<sup>1</sup> The closure of land based casinos and broader accelerated adoption of all digital commerce and entertainment platforms during the pandemic has increased player participation in global gambling websites – creating a sense of urgency for modernizing the regulation of Canada's online betting activity. Canadian online players deserve the protections that come with a legalized system. Amending the Criminal Code will permit the provinces to allow safe, responsible and regulated sports betting while driving economic benefits for Canadians.

## **C-218: Driving regional jobs and economic impacts**

There are significant, broad economic benefits from the legalization of single-event sports wagering. This bill will boost the economy with billions of dollars in economic activity in sports betting and related sectors, creating thousands of direct and indirect jobs across Canada. Canadian border communities that are suffering under our current, outdated regulatory approach will significantly benefit by increasing their competitiveness. Casinos in border communities currently lose traffic and revenues to American states where single-event betting is legal. Bill C-218 is also important because it directly addresses Canada's \$10-

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<sup>1</sup> PwC, “[Economic analysis of single-event sports betting legalization](#),” February 2021; see Appendix C.

billion black market for sports betting, as estimated by the Canadian Gaming Association, in addition to billions of dollars wagered on grey market betting online.

Lifting the prohibition will repatriate billions of dollars for the sector annually, create jobs across Canada and generate significant new tax revenues. In the recovery, these economic impacts will be important to Canada's hard-hit tourism and hospitality sectors and the more than 100 communities across the country with casinos. In Windsor, Ontario, for example, Unifor Local 444 estimates that legalization will increase the cross-border competitiveness of Caesars Windsor and create up to 150 local jobs.<sup>2</sup>

### **Modelling the economic impacts of legalization**

PwC concluded a study in February 2021 that modelled economic scenarios for Canada based on the experience of legalizing single-event sports betting in jurisdictions in the United States and western Europe. The analysis assumed legalization federally with implementation of single-event sports betting regulation at the provincial and territorial level. PwC's economic model assumed liberalized licensing and regulatory regimes across Canada, with private operators able to obtain licenses and offer innovative sports betting products.

PwC projected economic impacts two years after legalization under low- and high-growth scenarios. The high-growth scenario anticipates the legalized system would capture a large portion of offshore, grey market gaming revenue, with sports betting gross gaming revenues increasing by **900 per cent**, from \$241.7 million pre-legalization to **\$2.42 billion** within two years. Canada's total annual tax revenue associated with this increase would rise by **\$509.5 million**. It also found a total of **2,678 jobs** would be created across the country, approximately 1,000 of them directly related to the legalization of single-event sports betting.<sup>3</sup> Additionally, a higher share of revenues would be collected to address responsible gambling and player protection initiatives. (To read the full PwC study, [click here](#).)

The model assumed that liberalized market frameworks will drive innovation and choice for consumers and more effectively pull sports fans from the unregulated, international grey

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<sup>2</sup> Anne Jarvis, Taylor Campbell, "[Government will finally introduce single-game sports betting Thursday](#)," Windsor Star, Nov. 26, 2020.

<sup>3</sup> PwC forecasted 2,678 direct, indirect and induced jobs, approximately 1,000 of them direct. Direct impacts result from companies' spending on suppliers and employees. Indirect impacts arise from the activities of the firms providing inputs to a company's suppliers (in other words, the suppliers of its suppliers). Induced impacts are the result of consumer spending by employees of the businesses stimulated by direct and indirect expenditures.

market websites to a regulated system in Canada. The study's liberalized framework model included the following assumptions:

- A competitive licensing regime with private operators offering products and no restrictions on the number of licenses;
- A 15-25 per cent tax on gross gaming revenues;
- No limits on betting stakes or deposits;
- The broader availability of in-game or "live" betting;
- Permission for operators to advertise on multiple channels prior to and following the launch of their products (and requisite licensing).

## **Broad stakeholder support**

Stakeholder support for lifting the prohibition is broad. Bill C-218's simple amendment to the Criminal Code has support from parliamentarians across party lines, numerous provinces including Ontario, British Columbia and Alberta, mayors, unions and Canada's border communities. Major professional sports leagues are also key supporters of legalization, including the National Hockey League and Major League Baseball.<sup>4</sup> Advocates for responsible gaming also support C-218 as a path to stronger consumer protection measures and comprehensive responsible gambling strategies within a regulated industry. Scores of stakeholders agree that we must not lose this opportunity to legalize single-event sports wagering and create jobs and economic activity in gaming and related sectors. Parliament must prioritize this legislation to ensure it passes swiftly amid the uncertain parliamentary environment.

## **Increasing consumer protection**

Consumer protections around sports wagering are designed to ensure Canadians approach gaming and betting as a source of fun and entertainment. Right now, the problem is that Canadians are currently betting in unregulated grey markets, outside the scope of consumer protection programs and Canada's anti-money laundering rules. Legalization will ensure single-event sports betting happens in safe, regulated environments supported by responsible gaming programs. Rogers supports provincial lottery corporations' responsible gambling principles and initiatives to help consumers make informed decisions for gambling products. Each year, millions of dollars in gambling proceeds are directed towards

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<sup>4</sup> "Joint Statement from the Commissioners of the National Basketball Association, National Hockey League, Major League Baseball, Major League Soccer and Canadian Football League," June 8, 2020.

responsible gambling resources within Canada – an important function of a regulated industry. A regulated system will increase the portion of funds directed towards responsible gambling and consumer protection initiatives in Canada. Tools, resources and educational programs, in tandem with effective regulation, will reduce the harms associated with gambling.

## **Recommendations**

Rogers recommends that the House of Commons:

1. Recognize that Canadians are already engaging in online single-event sports betting, without consumer protections or the benefits to Canada’s economy.
2. Vote for the passage of Bill C-218 to support jobs and the recovery and enable safe, regulated single event sports betting with greater player protections.
3. Expedite Bill C-218 in recognition of the uncertainty surrounding the current parliamentary environment.

## **Rogers and single-event sports wagering**

Rogers is a leading diversified Canadian communications and media company that’s working to deliver a great experience to our customers every day. We are Canada’s largest provider of wireless communications services and one of Canada’s leading providers of cable television, high-speed Internet, information technology, and telephony services to consumers and businesses.

Through Rogers Sports & Media, we are engaged in radio and television broadcasting, sports, televised and online shopping, and digital media. Connecting with more than 30 million Canadians each week, Rogers Sports & Media has an interest in the legalization of single-event sports betting from a fan engagement perspective. Rogers Sports & Media delivers unique storytelling through its range of powerful brands, including Sportsnet – Canada’s #1 sports network; the Blue Jays – Canada’s only Major League Baseball team; and Sportsnet 590 The FAN, Sportsnet 650 Vancouver, and Sportsnet 960 The FAN – dynamic sports radio for the Toronto, Vancouver and Calgary markets, respectively.

Sports betting has existed for many years and is now enjoyed by many Canadians. The legalization of single event betting allows new experiences and increased entertainment value for sports fans in a safe, regulated manner – which are not available in the same way today. Increased use of digital media and mobile devices allows greater personalization of

these experiences for fans who want to bet on a game, with the requisite consumer protections available from a regulated market. Revenues from sports betting as a result of C-218, generated for Rogers through advertising or other experiences, will support jobs and further enhance entertainment options for all Canadians.

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