

Overview Report: Gaming Policy and Enforcement Branch Annual Reports

I. Scope of Overview Report

1. This overview report attaches the annual reports of the British Columbia Gaming Policy and Enforcement Branch for the years 2004/05 – 2018/19.

II. Appendices

- a. Appendix A – 2004/05:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2004/05*, (Victoria: British Columbia, 2005).

- b. Appendix B – 2005/06:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2005/06*, (Victoria: British Columbia, 2006).

- c. Appendix C – 2006/07:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2006/07*, (Victoria: British Columbia, 2007).

- d. Appendix D – 2007/08:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2007/08*, (Victoria: British Columbia, 2008).

- e. Appendix E – 2008/09:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2008/09*, (Victoria: British Columbia, 2009).

- f. Appendix F – 2009/10:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2009/10*, (Victoria: British Columbia, 2010).

- g. Appendix G – 2010/11:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2010/11*, (Victoria: British Columbia, 2011).

h. Appendix H – 2011/12:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2011/12*, (Victoria: British Columbia, 2012).

i. Appendix I – 2012/13:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2012/13*, (Victoria: British Columbia, 2013).

j. Appendix J – 2013/14:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2013/14*, (Victoria: British Columbia, 2014).

k. Appendix K – 2014/15:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2014/15*, (Victoria: British Columbia, 2015).

l. Appendix L – 2015/16:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2015/16*, (Victoria: British Columbia, 2016).

m. Appendix M – 2016/17:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2016/17*, (Victoria: British Columbia, 2017).

n. Appendix N – 2017/18:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2017/18*, (Victoria: British Columbia, 2018).

o. Appendix O – 2018/19:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2018/19*, (Victoria: British Columbia, 2019).

Appendix A – 2004/05:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2004/05*, (Victoria: British Columbia, 2005).

GAMING POLICY & ENFORCEMENT BRANCH

Ministry of Public Safety and Solicitor General

ANNUAL REPORT

April 1, 2004 to March 31, 2005

TABLE OF CONTENTS

Letter of Transmittal	1
Accountability Statement.....	2
Gaming in British Columbia 2004/05 Key Facts	3
The Organization of Gaming in BC	4
Where is Gaming Permitted in BC?.....	6
Where the Money Goes.....	7
Gaming Policy & Enforcement Branch Responsibilities and 2004/05 Achievements.....	8
BC's Responsible Gambling Strategy	16
BC's Illegal Gambling Enforcement Strategy.....	18
Looking Ahead.....	20
Appendix A 2004/05 Financial Statements – Distribution of Gaming Revenues	22
Appendix B 2004/05 Financial Statements – GPEB Budget and Operating Expenditures.....	25

LETTER OF TRANSMITTAL

I am pleased to submit the Gaming Policy and Enforcement Branch annual report for fiscal year 2004/05 to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2005.

John Les
Minister of Public Safety and Solicitor General

ACCOUNTABILITY STATEMENT

Honourable John Les
Minister of Public Safety and Solicitor General
Province of British Columbia

Minister:

The 2004/05 Annual Report of the Gaming Policy and Enforcement Branch was prepared under my direction. I am responsible for the contents of the report, including the selection of accomplishments and how they are reported. The information presented in this report reflects the activities of the Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2005.

Derek Sturko
Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch

GAMING IN BRITISH COLUMBIA 2004/05 KEY FACTS

Gaming in BC is a \$2.3 billion per year industry. In 2004/05, the sector had:

- 13,350 direct employees and an estimated additional 5,000 indirect jobs;
- Provincial and Canada-wide lottery products;
- About 7,000 licensed gaming events annually;
- 1,000 different types of gaming equipment; and
- 250 companies directly or indirectly involved.

In 2004/05, gaming in BC took place at:

- 19 year-round casinos and 1 seasonal casino;
- 27 commercial bingo halls;
- 4 community gaming centres;
- 5 horse race tracks; and
- 19 horse racing teletheatres.

In 2004/05, the regulation of gaming in BC included:

- The registration of 3,921 gaming workers;
- The registration of 2,326 horse racing industry workers;
- The certification of 507 pieces of equipment;
- 516 audits of licensed gaming events and use of gaming grant proceeds;
- Audits of half the bingo halls in the province;
- Audits of every casino and community gaming centre in the province; and
- 2,839 investigations in response to allegations of wrongdoing.

THE ORGANIZATION OF GAMING IN BC

Gaming in the province is regulated under the Criminal Code of Canada and BC's Gaming Control Act. The responsibility for ensuring the effective regulation of gaming belongs to the Minister of Public Safety and Solicitor General.

Minister Responsible for Gaming

The Minister provides broad policy direction to ensure government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, or in the day-to-day management of gaming.

The Gaming Policy and Enforcement Branch

In 2002, five organizations were amalgamated to form the Gaming Policy and Enforcement Branch (GPEB), an organization that has 116 employees, an annual operating budget of approximately \$15 million, and responsibility for the administration of over \$200 million in annual gaming grants.

GPEB ensures the integrity of the gaming industry in BC by:

- Developing and managing gaming policy, legislation and standards;
- Regulating all aspects of the gaming industry;
- Managing the distribution of provincial grants to communities and community organizations;
- Managing the Responsible Gambling Strategy and Problem Gambling Program;
- Licensing all charitable gaming events;
- Licensing horse race tracks, teletheatres and employees;
- Overseeing horse racing events, determining the outcome of each race and adjudicating related matters;
- Registering gaming service providers and gaming workers;
- Approving and certifying gaming equipment and lottery schemes;
- Auditing charitable and commercial gaming activities to ensure compliance; and
- Investigating all alleged contraventions of the BC Gaming Control Act and, in cooperation with law enforcement, investigating all alleged contraventions of relevant sections of Canada's Criminal Code.

British Columbia Lottery Corporation

Most commercial gaming in BC is conducted and managed by the British Columbia Lottery Corporation (BCLC). Headed by a board of directors appointed by Cabinet, BCLC reports to the Minister of Public Safety and Solicitor General and is regulated by the Gaming Policy and Enforcement Branch.

BCLC responsibilities include:

- Conducting and managing provincial gaming (lotteries, casinos, commercial bingo halls and community gaming centres);
- Ensuring that provincial gaming is operated according to government public interest standards and BCLC operational standards;
- Establishing operational standards, including facility standards, operational policies and procedures, and customer service standards;
- Setting rules of play for lotteries, casinos, and commercial bingo halls;
- Managing all contracts and formal relationships with service providers;
- Operating “PlayNow” (Internet based delivery of lottery products).
- Managing lottery agreements with other provinces and the federal government;
- Subject to local government approval, determining the location or relocation of all gaming facilities, except horse race tracks and teletheatres; and
- Transferring net gaming proceeds to government.

Other Key Participants in BC’s Gaming Industry

There are several other important participants in British Columbia’s gaming industry, including:

- **Gaming Service Providers** – BCLC contracts private sector companies to provide day to day operational services at its gaming facilities and lottery outlets. These companies include casino and bingo operators and lottery retailers;
- **Horse Racing Service Providers** – GPEB licences private sector companies to conduct live horse racing and manage teletheatres; and
- **Licensed Charities** – GPEB licences eligible community organizations to conduct and manage gaming events (ticket raffles, independent bingos, wheels of fortune or social occasion casinos). Revenues from these events are used to fund programs and services in communities across British Columbia.

WHERE IS GAMING PERMITTED IN BC?

Commercial Gaming

	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Commercial Bingo		•	•					
Lottery Products	•	•	•	•	•	•		•
Slot Machines	•		•	•				
Table Games	•							
Live Horse Racing				•				
Horse Racing Teletheatres	•			•				•

Licensed Gaming Events

	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Raffles							•	•
Independent Bingo							•	•
Social Occasion Casinos							•	
Wheels of Fortune							•	

WHERE THE MONEY GOES

Gaming revenue provides significant benefits to people and communities throughout British Columbia. Social programs, community services and local economic development are all enhanced by gaming revenue.

Each year, BC Lottery Corporation's net income is directed to the Province's Consolidated Revenue Fund. In 2004/05, the total amount directed to government to support social programs, health care, and education was almost \$819 million.

In general, these funds were distributed to support communities and community organizations, regulate the industry, directly support health care programs and support government's delivery of social programs.

Appendix A of this document details how these funds were distributed. Appendix B summarizes GPEB's direct operating expenditures, including expenditures supporting responsible gambling.

Support for Communities and Community Organizations

In 2004/05, the Gaming Policy and Enforcement Branch distributed almost \$135 million in grants to over 5,900 community organizations. In addition to these gaming grants, licensed charities received \$27 million through licensed gaming activities such as ticket raffles, social occasion casinos, wheels of fortune and independent bingo and an estimated \$38 million through small licensed events. Gaming revenues support the work of thousands of community groups across the province.

Local governments that host casinos or community gaming centres receive a share of the revenue generated by casino gaming in their community and use the funds to benefit their communities. For instance, the funds have been used to enhance arts and cultural programs, upgrade parks, playgrounds and sports fields, and provide additional policing, road maintenance and recycling programs.

In 2004/05, local governments received \$53 million to provide programs and services that might not otherwise have received funding.

An additional \$3 million was distributed to communities throughout British Columbia for local economic development.

Further, GPEB distributed \$4.2 million to the horse racing industry to support the revitalization of that industry through a number of economic and business initiatives including increased purse pools.

GAMING POLICY & ENFORCEMENT BRANCH RESPONSIBILITIES AND 2004/05 ACHIEVEMENTS

Mission Statement

The Gaming Policy and Enforcement Branch regulates all gaming in British Columbia, ensures the integrity of people and equipment involved in the gaming industry and investigates allegations of wrongdoing. This includes regulatory oversight of the British Columbia Lottery Corporation, all gaming service providers and gaming workers, British Columbia's horse racing industry, and licensed gaming events. The Branch manages the Province's responsible gambling strategy and distributes gaming proceeds on behalf of government.

Responsibilities & Achievements

The Gaming Policy and Enforcement Branch's seven divisions work together to ensure gaming in BC is conducted and managed according to provincial and federal legislation and to ensure the integrity of the industry.

A summary of each division's responsibilities and key accomplishments in 2004/05 follows.

Further, on behalf of the Province, GPEB has implemented two important strategies:

1. **The Responsible Gambling Strategy**, developed to educate people about responsible play and assist those who may develop a gambling problem; and
2. **The Illegal Gambling Enforcement Strategy**, which helps ensure gaming is conducted fairly and honestly, and that illegal forms of gambling are addressed.

Both these strategies play an important role in ensuring gambling in the province operates in the best interest of British Columbians. Summaries of these strategies are in subsequent sections of this report.

POLICY, LEGISLATION AND STANDARDS DIVISION

GPEB's Legislation, Policy and Standards Division develops and maintains a rigorous and transparent policy and regulatory framework for gaming and horse racing in British Columbia. The division is also responsible for managing the Province's Responsible Gambling Strategy.

Responsibilities

- Advise the Minister on broad policy, standards and regulatory issues.
- Develop, manage and maintain government's gaming legislation, regulations, policies, standards and directives.
- Establish industry-wide public interest standards for gaming operations (e.g., security and surveillance, responsible gambling, advertising and conflict of interest).
- Manage the Responsible Gambling Strategy and related programs and services.
- Ensure clinical and prevention services are in place for problem gamblers.
- Manage communications, stakeholder relations and monitor public opinion.

2004/05 Achievements

- Industry wide advertising and marketing standards were fully implemented and are monitored on an ongoing basis.
- Streamlined the processes and approvals related to the location, relocation and substantial changes to gaming facilities.
- Reduced administrative obligations while maintaining the requirement for local government approval and the opportunity for community input.
- Continued to refine and standardize the policy framework for community organizations' access to gaming revenue through grants and gaming event licences.
- Regulatory requirements were simplified and redirected to matters such as responsible messaging and protection of minors.
- In certain circumstances, allowed licensed gaming proceeds to assist with relief efforts for disasters and emergencies that occurred outside of British Columbia.
- Revised guidelines for Class A and Class B gaming event licences to make them simpler to use and easier to understand.
- Developed and implemented standardized guidelines for Class C gaming event licences (conducted and managed by boards of eligible fairs and exhibitions).
- Developed and implemented a new revenue-sharing formula in which a portion of government's proceeds from slot machines at horse race tracks supports the revitalization of the horse racing industry.
- Streamlined and substantially improved the usefulness of GPEB's web site for users.

LICENSING AND GRANTS DIVISION

GPEB's Licensing and Grants Division distributes grants to community organizations through the direct access and bingo affiliation gaming programs. The division issues gaming event licences to eligible charitable and religious organizations.

Responsibilities

- Ensure gaming grants and gaming event licences are issued in a timely manner and in accordance with policies and regulations.
- Determine which community organizations are eligible for gaming event licences and/or gaming grants. Where appropriate, attach additional conditions or deny licence or grant requests.
- Enhance community awareness of requirements for licensed gaming events.
- Work with the other divisions to resolve any matters that could impact the integrity of gaming.

2004/05 Achievements

- Reduced average processing time for Direct Access applications from 6 months to a maximum of 12 weeks.
- Implemented an online application for class B gaming event licences to reduce processing time and improve public access. These applications represent over 95% of all applications for gaming event licences. Approximately 99% of such applications are now received on-line.
- Paid over 4,000 community organizations almost \$79 million in direct access program grants.
- Paid a further 2,000 community organizations almost \$55 million in bingo affiliation grants.
- Made 27 presentations and met with over 1,000 community organizations to assist their understanding of provincial grant and licensing requirements.

Licences and Grants Distributed	2004/05	2003/04
Direct Access Grants (grants for charitable community organizations)	4,010	3,987
Bingo Affiliation Grants (grants for organizations affiliated with local bingo halls)	1,937	2,009
A Licences (charity gaming events with over \$20,000 in revenues)	374	479
B Licences (charity gaming events with under \$20,000 in revenues)	6,599	5,672
C Licences (fair & exhibition gaming licences)	3	3

RACING DIVISION

GPEB's Racing Division regulates horse racing in British Columbia by developing fair and appropriate rules, effectively managing race events, and ensuring the suitability of employees and horses.

- Inspect and adjudicate matters arising from race meets and race tracks.
- Ensure the rules, regulations, and Gaming Control Act are adhered to by licensees.

Responsibilities

- Issue horse racing licences in conjunction with the Registration Division.
- Monitor and enforce the Rules of Thoroughbred and Standardbred Racing and BC's Gaming Control Act and Regulation with respect to horse racing.
- Oversee and review each race run, and ensure it is run honestly and fairly.
- Approve race dates for each race track in the province.
- Supervise and control horse race meets to determine race winners/finishers and adjudicate on any matter related to horse racing events.

2004/05 Achievements

- Regulated and oversaw 1,992 races at the three major tracks in the province.
- Regulated 12 race days at minor tracks including Sagebrush Downs in Kamloops and Kin Park in Vernon.
- Conducted 1,075 hearings and issued 420 rulings, including fines and suspensions.
- Processed and issued 1,212 licences to individuals involved in horse racing, such as owners, grooms, jockeys, and veterinarians.
- Revised several horse racing policies, covering issues such as the shipping of race horses, prohibited substances, breathalyzer testing, drug testing and whipping.
- Conducted compliance reviews of all race tracks and teletheatres in the province and directed track and teletheatre operators to make necessary improvements.

Horse racing statistics at major tracks by calendar year	Horses Programmed	Live Race Days	Live Races	Rulings Issued
Fraser Downs Racecourse (Surrey)				
2004	10,280	96	1,195	210
2003	10,096	100	1,230	187
Sandown Racecourse (Sydney)				
2004	746	10	106	24
2003	980	12	127	8
Hastings Racecourse (Vancouver)				
2004	5,607	71	691	186
2003	5,677	69	689	165

REGISTRATION DIVISION

GPEB's Registration Division registers gaming service providers and gaming workers. The division also approves and certifies gaming equipment and lottery schemes. These approvals are a condition of involvement in the industry.

Responsibilities

- Conduct thorough and timely background investigations of gaming services providers and gaming workers in an independent, fair and confidential manner.
- Conduct clearance investigations of designated appointees and employees of the BC Lottery Corporation responsible for the conduct, management or operation of gaming.
- Conduct clearance investigations of all GPEB employees.
- Review ownership, lease agreements and sources of proposed financing involving new locations and relocations of gaming venues.

- Certify and/or approve gaming equipment and lottery schemes, including Internet sites certified for the delivery of lottery products.
- Work with BCLC to ensure industry and public confidence in gaming through the approval and certification program for gaming equipment.
- Maintain a registry of gaming services providers and gaming workers.

2004/05 Achievements

- Conducted background investigations of 5,848 gaming workers and 1,216 horse racing personnel.
- Conducted background investigations of 77 gaming services providers.
- Provided regulatory oversight of 190 gaming service providers and 432 senior officials.
- Conducted reviews concerning the relocation of 9 gaming facilities.
- Developed standardized monitoring and reporting forms for corporate registrants.
- Issued 4 suspensions and cancelled or denied 100 registrations.

Number of Registrations and Equipment Certifications	2004/05	2003/04
Gaming operators and service providers	77	72
Gaming equipment suppliers	75	55
Gaming workers (cashiers, dealers, security, etc.)	5,848	3,255
Horse racing industry (jockeys, owners, trainers, etc.)	1,216	1,466
Key Persons (owners, board members, executives, etc.)	177	109
Non-gaming related contractors (janitors, landlords, concessionaires, etc.)	98	46
Equipment certifications	523	179
Branch and Corporation personnel	46	195

AUDIT AND COMPLIANCE DIVISION

GPEB's Audit and Compliance Division manages a comprehensive audit strategy for commercial gaming (including horse racing), licensed gaming events and community organizations' use of gaming proceeds. The division works closely with community organizations to improve compliance with all applicable legislation and policies.

Responsibilities

- Establish and maintain an audit framework, audit and inspection standards, policies and procedures for all gaming operations and the use of gaming funds (commercial gaming, horse racing, licensed gaming and gaming grants).
- Ensure licensees, grant recipients, service providers and the BC Lottery Corporation comply with regulatory requirements.
- Ensure commercial gaming, including horse racing, and licensed gaming events are conducted in compliance with gaming legislation, directives, policies and procedures.
- Audit all gaming sites, licensees and grant recipients as scheduled, or as circumstances require.
- Develop and deliver programs to interested groups to ensure recipients of gaming funds understand the conditions of their gaming license or grant, including accounting, reporting and use of proceeds.

- Provide compliance enhancement recommendations for solutions for non-compliant licensees and grant recipients.

2004/05 Achievements

- Implemented a Compliance Enhancement Program to ensure grant recipients are aware of requirements and improve their compliance rate.
- In support of that objective, made 20 presentations to groups of community organizations that receive gaming funds.
- Saw the overall level of charities' compliance with requirements rise from 70% to 76%.
- Completed and implemented an audit and compliance framework for the horse racing industry.
- Engaged the Office of the Comptroller General to review the effectiveness of GPEB's audit and compliance frameworks for commercial gaming, horse racing and community organizations.
- Implemented a process to monitor and improve BCLC's compliance with the audit and compliance framework, including BCLC's Play Now website.
- Adopted a risk based approach for the performance of audit assignments.

Audits of gaming activity in British Columbia	2004/05	2003/04
Compliance audits including all casinos and community gaming centres and 50% of commercial bingo halls.	43	35
Audits of all registered raffles, 50% of major ticket raffles, 25% of charities receiving more than \$50,000 in grants and a random selection of other organizations receiving grants.	516	597

INVESTIGATION DIVISION

GPEB's Investigation Division investigates all complaints or allegations of regulatory wrongdoing, and assists law enforcement agencies in criminal investigations in gaming and horse racing in British Columbia.

Responsibilities

- Coordinate the management of the Province's Illegal Gambling Enforcement Strategy.
- Investigate complaints and allegations of wrongdoing in gaming and horse racing by conducting investigations in a professional, thorough, timely and lawful manner consistent with the Criminal Code of Canada, the BC Gaming Control Act, the Charter of Rights and Freedoms and other lawful authorities.
- Conduct all post registration, licensing and clearance investigations in relation to allegations of wrongdoing.
- As part of the Integrated Illegal Gaming Enforcement Team (IIGET), participate in the investigation of illegal gambling activities.

- Ensure all complainants are advised of the outcome of complaints in a timely manner.

2004/05 Achievements

- Processed over 2,800 complaints (both illegal gaming and unlawful activity in legal gaming venues).
- Developed and implemented the Province's Illegal Gambling Enforcement Strategy in cooperation with other stakeholders.
- As part of that strategy, established the Integrated Illegal Gaming Enforcement Team (IIGET), a partnership where 12 RCMP officers work alongside GPEB investigators to target illegal gaming in the province.
- In conjunction with BCLC and service providers, improved the reporting of real and suspected infractions under section 86 of the Gaming Control Act.
- Implemented a program that allows the issuance of tickets for some offences under BC's Gaming Control Act as an option in pursuing charges.

Investigations Initiated in 2004/05		Investigations Closed in 2004/05	
Theft	276	Charges under Criminal Code	12
Fraud	23	Charges under Gaming Control Act	0
Money laundering & loan sharking	110	Total warnings (verbal and written)	9
Counterfeit	1,115	Administrative sanctions	120
Assaults & threats	149	Ticket Violation Notices (TVN)	1
Gaming Control Act violations	279	Intelligence	1,435
Cheating at play	43	Unfounded reports	48
Other	516	Other	910
Total	2,511	Total	2,535

Notes: 2004/05 is the first year that statistics are available. This table does not include 328 investigations conducted by IIGET. For these data, see page 20.

MANAGEMENT SERVICES DIVISION

GPEB's Management Services Division provides financial advice to the branch executive, administers the branch budget, makes grant and other payments on behalf of the branch, provides effective and efficient information and technology support and manages all branch facilities.

Responsibilities

- Develop and manage branch financial and administrative policies, standards, procedures, controls and systems.
- Develop and prepare the overall budget including annual budget estimates, forecasts and analysis of trends and variances.
- Ensure effective management of GPEB funds, assets and resources in accordance with all statutory, regulatory and policy requirements.
- Make all payments to community organizations, host local governments and others.
- Ensure compliance with human resource policies, collective agreements and central agency directives.
- Develop and manage the information technology requirements of the branch.

2004/05 Achievements

- Analyzed GPEB's existing business processes and functions to plan and implement improvements.
- Implemented all resulting improvements other than those related to information systems.
- Initiated the next phase to replace GPEB's existing technology systems with an integrated system designed to support branch business requirements and enhance public access to programs and services.
- Administered the payment of grants to community organizations, local governments that host casino gaming, local economic development and the horse racing industry. Ensured complete compliance with government's standard financial accounting practices in the payment of those grants.
- Implemented a new electronic records management system for GPEB employees.

BC's RESPONSIBLE GAMBLING STRATEGY

Over 95% of British Columbians who gamble do so responsibly. However, a small percentage of people develop problems related to excessive gambling.

The Province launched BC's Responsible Gambling Strategy in 2003. The strategy involves the Province, BC Lottery Corporation, local governments, gaming service providers and others to ensure that gambling in BC is delivered in a responsible manner.

Goals of BC's Responsible Gambling Strategy:

1. **Reduce the incidence of problem gambling** by creating greater awareness of: problem gambling issues, services and risk management strategies; and encouraging gamblers to know the risks, their limits and to play within their means.
2. **Reduce harmful impacts of excessive gambling** by: providing effective and efficient assistance to individuals experiencing problems with gambling and reducing the consequences of problems related to gambling.
3. **Ensure the delivery of gambling in a manner that encourages responsible gambling and healthy choices** by: informing government and the industry on issues related to problem gambling and responsible gambling; implementing policies and practices that reduce the harm related to excessive gambling; improving the knowledge and ability of the gambling industry to deal with gambling problems, providing responsible gambling opportunities through training; and promoting programs designed to encourage healthy choices and responsible play.

BC's Problem Gambling Program

GPEB's Problem Gambling Program is a key component of government's overall Responsible Gambling Strategy. In British Columbia, about 4.6% of the population demonstrate characteristics that could lead to a gambling problem. Approximately 4.2% of the population is at risk of developing, or has developed, moderate gambling problems. A further 0.4% of the population is at high risk of becoming, or has become, a problem gambler.

Problem gambling is a treatable condition that can impact a problem gambler's family, employer and community.

The Problem Gambling Program manages and delivers the Province's problem gambling services. In 2004/05, the budget for the Problem Gambling Program was \$4 million.

Problem Gambling Program Statistics	2004/05	2003/04
Total Help Line calls (includes erroneous calls and hang-ups)	6,178	5,168
Calls made to Help Line specific to problem gambling	3,127	3,353
Referrals to Problem Gambling Program	2,373	1,151
Counselling service admissions	961	625
Contracted service providers		
Clinical counsellors	28	27
Prevention service providers	19	17
Provincial coordinators	3	3
Number of prevention information sessions delivered	1,561	1,006

Responsible Gambling Strategy Programs and Services

Programs and services offered under the Responsible Gambling Strategy include:

- 24 hour toll free Help Line, for information and referral: 1-888-795-6111;
- Twenty-eight contracted professional clinicians who deliver counselling services. These services are provided to anyone experiencing difficulties with gambling free of charge and at each client's preferred location;
- Nineteen prevention service providers who work in cooperation with healthcare organizations, schools, First Nations communities, seniors and youth groups, and the gaming industry. Prevention information sessions raise awareness of the Problem Gambling Program, how to access help, and how to gamble responsibly;
- Three provincial program coordinators who provide subject area expertise and coordinate services for specialized populations;
- Development and distribution of awareness materials, including posters and brochures translated into Chinese, Punjabi, Spanish, and Vietnamese; and
- Providing information at all casinos, commercial bingo halls, community gaming centres, horse race tracks and lottery retail outlets and on a web site that provides information on gambling and problem gambling (including the odds of winning and myths about normal gambling behaviour).

2004/05 Achievements

- Fully implemented BC's Responsible Gambling Strategy.
- Developed a three-year plan in support of this strategy.
- Implemented Advertising and Marketing Standards for the BC Gambling Industry.
- Launched a regionally based, responsible gambling advertising campaign.
- Began a multi-year study on the impact of the relocation of casinos and the introduction of slot machines in four Lower Mainland communities.
- Helped establish the national research agenda for problem/responsible gambling.
- Received 3,100 Help Line calls related to problem gambling.
- Handled 2,400 counselling referrals.
- Admitted almost 1,000 clients to our contracted counselling services.
- Conducted a problem gambling client satisfaction survey, with over 98% of clients rating our counselling services as very good to excellent.
- Completed an industry wide implementation of the "Know your limit, play within it" responsible gambling message.
- Evaluated the effectiveness of a new, fee for service contract model with service providers and implemented necessary adjustments.
- Translated materials into four languages to better educate ethnic communities about problem gambling.

BC's ILLEGAL GAMBLING ENFORCEMENT STRATEGY

BC's Illegal Gambling Enforcement Strategy focuses on the elimination of illegal forms of gambling and addresses illegal activity occurring in legal gaming venues.

Illegal forms of gambling include all gaming not permitted by Canada's Criminal Code and authorized by the Province of British Columbia. For instance, this includes, but is not limited to: unsanctioned and illegal casinos, social clubs and bingo halls; unlicensed raffles or lotteries; common gaming houses; illegal slot machines or video lottery terminals; bookmaking; and illegal Internet gambling sites.

Illegal activity in legal gaming venues includes activity that could be a criminal offence under Canada's Criminal Code, or a regulatory offence under BC's Gaming Control Act. Examples of such offences include, but are not limited to: money laundering, counterfeiting, loan sharking, cheating at play and theft.

To address illegal gambling and illegal activity related to gambling, the Province has implemented an Illegal Gambling Enforcement Strategy.

Goals of BC's Illegal Gambling Enforcement Strategy:

1. **Reduce the incidence of illegal gambling** by investigating all allegations of illegal forms of gambling, either in cooperation with, or on behalf of, law enforcement agencies.
2. **Ensure the integrity of legal gambling** by investigating all complaints and allegations of wrongdoing in legal gaming venues.

Under this strategy, every allegation of wrongdoing is investigated either by GPEB personnel, or by GPEB personnel in cooperation and assistance with the appropriate police of jurisdiction. Through these investigations, GPEB enforces BC's Gaming Control Act and assists law enforcement agencies in enforcing the Criminal Code of Canada.

Illegal Gambling Enforcement Strategy Activities

A key element of this strategy was the creation of the Integrated Illegal Gaming Enforcement Team in 2004. The team consists of Branch investigators and 12 RCMP officers. Branch investigators and RCMP work together throughout the province to address illegal gaming issues and enforce gaming provisions of the Gaming Control Act and the Criminal Code.

Other key aspects of the strategy include various approaches to enforcement and sanctions intended to improve compliance rates and reduce demands on the court system. These include:

- Charges under Canada's Criminal Code or BC's Gaming Control Act;
- Violation ticket notices with penalties ranging from \$150 to \$500, allowing investigators to ticket offences under BC's Gaming Control Act;
- Administrative sanctions, allowing for the revocation of a licence or registration, placing additional conditions on a licensee or registrant, or imposing a fine; and
- Issuing written or verbal warnings where appropriate.

2004/05 Achievements

- The Integrated Illegal Gaming Enforcement Team (IIGET) became operational and initiated 328 investigations.
- Ticket violation notices began to be used by both GPEB and RCMP investigators.
- GPEB and the RCMP investigators used innovative approaches to better identify and prosecute offenders.

Files Generated in 2004/05		Files Cleared in 2004/05	
Video gambling machines	40	Charges under Criminal Code	0
Common gaming houses	57	Charges under Gaming Control Act	2
Illegal lotteries	187	Verbal or written warnings	43
Internet/on-line gambling	21	Ticket Violation Notices	3
Assisted other agencies/police	0	Intelligence	1
Other	23	Unfounded	27
		Other	8
Total	328	Total	84

Notes: IIGET became operational late in the 2004/05 fiscal year. As a result the number of investigations initiated and closed is relatively low. This table does not include 2,511 investigations conducted by GPEB. For these data, see page 15.

LOOKING AHEAD

Gaming is a popular form of entertainment in British Columbia. More than eight out of every ten British Columbians gamble routinely. This may involve purchasing a lottery ticket, visiting a commercial gaming facility to play bingo, casino games or horse race events, or participating in a licensed gaming event conducted by a charitable organization.

The gaming industry is becoming increasingly complex. This operating environment includes the development of multi-purpose gaming venues, the preference of customers for electronic games, the rising popularity of illegal poker and the increasing availability of illegal Internet gambling sites. All these emerging trends pose a challenge to maintaining current levels of integrity in the industry. In particular, illegal forms of gaming pose one of the greatest challenges at the provincial and national level. Such gaming is not regulated and is often conducted in a socially irresponsible manner, taking advantage of problem gamblers.

In the coming year GPEB will continue to enhance its efforts to ensure the integrity of gaming in BC.

In 2005/06, GPEB intends to strengthen the legal framework for the industry and develop a policy framework that addresses the challenges of illegal Internet sites where gaming opportunities are provided. This will involve discussions with other Canadian jurisdictions. Specifically, IIGET will increase its effort in enforcing provisions of the Criminal Code of Canada related to illegal Internet gambling.

Further, GPEB will develop, implement and enforce public interest standards applicable to the entire industry in order to enhance public safety. This will include responsible gambling standards, security and surveillance standards, and enhanced standards for the certification of electronic gaming equipment such as slot machines.

We will continue to streamline and clarify aspects of our registration program requirements and review the effectiveness of GPEB's audit and compliance frameworks for commercial gaming, horse racing and community organizations and make any necessary improvements.

In support of the Responsible Gambling Strategy, GPEB will:

- Implement the three year plan by involving local governments, service providers and other major stakeholders in the strategy;
- In partnership with BCLC, deliver training to gaming industry staff to help them identify and respond to patrons experiencing distress; and
- Increase awareness of available treatment services through a focused awareness campaign.

The Office of the Auditor General initiated a review of the integrity of casino gaming during the 2004/05 fiscal year. A key element of the review is to assess GPEB's efforts in maintaining integrity in the industry through its various functions (e.g., registration, audit, investigations). Responding to this review will be a key priority for 2005/06.

We will monitor and evaluate the performance of all our Divisions using the measures laid out in the Ministry Service Plan and Branch Business Plan.

In support of the Illegal Gambling Enforcement Strategy, GPEB will:

- Complete the implementation of the strategy;
- Ensure the joint operations team with the RCMP (IIGET) is fully operational;
- Work to get more accurate information on the extent of illegal gambling in BC through the efforts of that team; and
- Enhance communications to ensure the public and other enforcement agencies are aware of the circumstances under which gaming may legitimately be conducted.

Finally, we will work to implement a new, comprehensive technology system intended to improve clients' access to branch programs and services through on-line methods and better integrate the work of GPEB divisions.

APPENDIX A

2004/05 Financial Statements – Distribution of Gaming Revenues

The following statement provides an overview of the distribution of gaming revenues by the Branch. This statement presents fairly, in all material aspects, the financial statements and operations of the Gaming Policy and Enforcement Branch.

I. Source and Distribution of Government Gaming Revenue (in \$ millions)

Sources of revenue	2004/05	2003/04
Lotteries	\$282.8	\$288.9
Horse racing betting fees	1.9	N/A
Casinos	515.3	418.3
Bingo		
Paper and electronically linked bingo	15.8	20.3
Community gaming centre slots	3.0	N/A
Total Revenues	\$818.8	\$727.5
Distribution of revenues		
Distributed to Communities		
Community organizations	\$134.5	\$131.7
Local governments	53.3	44.9
Local economic development	2.9	8.0
Accounting Adjustment (DAC)	(11.3)	N/A
Horse racing purse enhancements	4.2	N/A
Gaming Policy and Enforcement Branch		
Branch operations (including salaries and business expenses)	11.4	11.7
Problem Gambling Program	3.1	3.1
BC Government Programs		
Health Special Account	147.3	147.0
Consolidated Revenue Fund	465.4	373.1
Government of Canada		
Federal/Provincial lottery agreement	8.0	8.0
Total amount distributed	\$818.8	\$727.5

II. Gaming Revenue Distributed to, or Earned by, Local Community Organizations (in \$ millions)

Government Grants and Payments	2004/05	2003/04
Direct access	\$78.6	\$74.2
Bingo affiliation	54.6	55.7
Independent linked bingo	0.2	0.3
Provincial trust (miscellaneous organizations)	0.2	N/A
One time payments	0.9	N/A
Top-up grants	N/A	1.5
<i>Total grants and payments</i>	<i>\$134.5</i>	<i>\$131.7</i>
Earned by Community Organizations (A and C licences only)†		
Ticket raffles	\$24.9	\$32.3
Independent bingo	1.7	4.1
Other (including social occasion casinos, wheels of fortune and the Pacific National Exhibition Casino)	0.4	0.3
<i>Total amount earned by community organizations</i>	<i>\$27.0</i>	<i>\$36.7</i>
Total revenues distributed to, and earned by, community organizations	\$161.5	\$168.4

† Operators of B license gaming events are not required to report revenues, in 2004/05 an estimated \$38 million was earned by community organizations through B license events.

III. Gaming Revenue Distributed to Local Governments

Community	2004/05	2003/04
Burnaby	\$7,550,107	\$7,523,012
Coquitlam	6,839,714	6,863,255
Dawson Creek	107,344	N/A
Kamloops	1,911,895	1,846,803
Kelowna	2,460,667	2,296,919
Ktunaxa/Kinbasket Tribal Council Society	1,111,632	1,008,667
Nanaimo	2,734,583	2,531,328
New Westminster	4,729,870	6,684,548
Penticton	2,166,128	2,047,244
Prince George	1,931,685	1,663,019
Quesnel	599,944	606,770
Richmond	9,891,217	2,793,041
Surrey	2,524,492	N/A
Vancouver	3,224,751	3,933,634
Vernon	1,513,781	1,476,976
Victoria	3,858,611	3,547,397
Wells	7,310	27,285
Williams Lake	155,161	N/A
Total funds to host local governments	\$53,318,892	\$44,849,898

IV. Gaming Revenue Distributed to Horse Racing Industry

Horse Racing Venue	2004/05	2003/04
Fraser Downs Racetrack & Casino	\$2,100,000	N/A
Hastings Racecourse	2,100,000	N/A
Total funds to Horse Racing Industry	\$4,200,000	—

APPENDIX B**2004/05 Financial Statements – GPEB Budget and Operating Expenditures****I. Gaming Policy and Enforcement Branch 2004/05 Financial Statement**

Gaming Policy and Enforcement Branch Budget	2004/05	2003/04
Branch Budget		
Branch Operations	\$11,141,000	\$11,392,000
Problem Gambling Program	4,000,000	4,000,000
Total Branch Budget	\$15,141,000	\$15,392,000
Branch Expenditures		
Branch Operations		
Salaries and benefits costs	\$7,410,653	\$7,762,678
Operating and business expenses	2,217,726	2,441,816
Legal and professional services	1,761,092	1,485,322
<i>Subtotal</i>	<i>\$11,389,471</i>	<i>\$11,689,816</i>
Problem Gambling Program		
Salaries and benefits costs	\$241,572	\$218,671
Operating and business expenses	257,283	466,977
Legal and professional services	226,372	145,450
Contracts	2,373,676	2,267,807
<i>Subtotal</i>	<i>\$3,098,903</i>	<i>\$3,098,905</i>
Total GPEB Expenditures	\$14,488,374	\$14,788,721
Surplus/(Deficit)	\$652,626	\$603,279

FOR MORE INFORMATION

Gaming Policy and Enforcement Branch Website:

<http://www.pssg.gov.bc.ca/gaming>

British Columbia Partnership for Responsible Gambling Website:

<http://www.bcreponsiblegambling.ca>

The Head Office for the Gaming Policy and Enforcement Branch is located in Victoria with regional offices in Burnaby, Kelowna and Prince George.

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Appendix B – 2005/06:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2005/06*, (Victoria: British Columbia, 2006).

GAMING POLICY AND ENFORCEMENT BRANCH
Ministry of Public Safety and Solicitor General

ANNUAL REPORT
April 1, 2005 to March 31, 2006



TABLE OF CONTENTS

Letter of Transmittal	2
Accountability Statement	3
Key Facts about Gaming in British Columbia	4
Responsibility for Gaming in British Columbia	5
Where is Gaming Permitted in British Columbia?	8
GPEB Achievements	
Policy, Legislation and Standards	9
Licensing and Grants	10
Racing	11
Registration	12
Audit and Compliance	13
Investigations	14
Management Services	15
Special Initiatives of the Branch	
Responsible Gambling Strategy	16
Illegal Gambling Enforcement Strategy	18
Auditor General's Report on Casino Gaming	20
Public Access to Information	21
Report on GPEB's Regulation of Horse Racing	22
Looking Ahead	23
Where the Money Goes	24
Appendix A – Source and Distribution of Gaming Revenues	25
Appendix B – Distribution of Revenues (Community Organizations, Local Governments and Racing Industry)	26
Appendix C – GPEB Operating Budget and Expenditures	28
Contact Information	29

LETTER OF TRANSMITTAL

I am pleased to submit the Gaming Policy and Enforcement Branch annual report for fiscal year 2005/06 to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2006.

Honourable John Les
Minister of Public Safety and
Solicitor General

ACCOUNTABILITY STATEMENT

Honourable John Les
Minister of Public Safety and Solicitor General
Province of British Columbia

Minister:

The 2005/06 Annual Report of the Gaming Policy and Enforcement Branch was prepared under my direction. I am responsible for the contents of the report, including the selection of accomplishments and how they are reported. The information presented in this report reflects the activities of the Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2006.

Derek Sturko
Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch

KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA

Gaming is a \$2.3 billion per year industry in B.C. In the past year the gaming sector had:

- 13,250 direct employees and an estimated additional 5,000 indirect jobs;
- Approximately 6,600 licensed gaming events; and
- 230 companies that were directly or indirectly involved in the industry.

In 2005/06, the gaming industry included:

- Provincial and national lottery games;
- 16 year-round casinos, 1 race track casino and 1 seasonal casino;
- 24 commercial bingo halls;
- 5 community gaming centres;
- 6 horse race tracks; and
- 19 horse racing teletheatres.

In 2005/06, the regulation of gaming in B.C. included:

- The issuing of more than 6,000 grants and 6,500 gaming events licenses to charitable and religious organizations;
- The registration of almost 4,800 gaming workers and 130 senior executives;
- The registration of more than 1,100 horse racing industry workers;
- The registration of more than 25 gaming services and gaming equipment providers;
- The certification of almost 350 pieces of equipment;
- More than 500 audits of licensed gaming events and use of gaming grant proceeds;
- Audits of all casinos, community gaming centres and horse race tracks and bi-annual audits of commercial bingo halls; and
- More than 3,900 investigations in response to allegations of wrongdoing.

RESPONSIBILITY FOR GAMING IN BRITISH COLUMBIA

THE MINISTER

Gaming in the province is regulated under the Criminal Code of Canada and B.C.'s Gaming Control Act. Responsibility for ensuring the effective regulation of gaming belongs to the Minister of Public Safety and Solicitor General. The Minister provides

broad policy direction to ensure government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, nor in the day-to-day management of gaming.

GAMING POLICY AND ENFORCEMENT BRANCH

The Gaming Policy and Enforcement Branch (GPEB) has 116 employees and an annual operating budget of approximately \$14.6 million. The duties and responsibilities of the Branch are divided among seven divisions.

POLICY, LEGISLATION AND STANDARDS

The Policy, Legislation and Standards Division develops and maintains a rigorous and transparent policy and regulatory framework for gaming and horse racing in British Columbia. The Division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs.

LICENSING AND GRANTS—The Licensing and Grants Division distributes grants to community organizations through the direct access and bingo affiliation grant programs and issues gaming event licences to eligible charitable and religious organizations.

RACING—The Racing Division regulates and manages horse racing in B.C. by monitoring and enforcing the rules of racing and B.C.'s Gaming Control Act.

REGISTRATION—The Registration Division conducts comprehensive financial and personal background checks on all gaming

services providers and gaming workers. The Division registers participants in gaming and horse racing and also approves and certifies that gaming equipment meets provincially developed technical standards.

AUDIT AND COMPLIANCE—The Audit and Compliance Division conducts audits of commercial gaming, licensed gaming events and community organizations' use of gaming proceeds. The division works closely with community organizations to improve compliance with all applicable legislation and policies.

INVESTIGATIONS—The Investigations Division investigates all complaints and allegations of regulatory wrongdoing, and assists law enforcement agencies in criminal investigations in gaming and horse racing in British Columbia.

MANAGEMENT SERVICES—The Management Services Division provides financial advice to the Branch executive, administers the Branch budget and makes grant and other payments on behalf of the Branch. In addition, the division provides information and technology support and manages all Branch facilities.

RESPONSIBILITY FOR GAMING IN B.C. (CONTINUED)

BRITISH COLUMBIA LOTTERY CORPORATION

The British Columbia Lottery Corporation (BCLC) conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors appointed by Cabinet, BCLC reports to the Minister of Public Safety and Solicitor General and is regulated by GPEB. BCLC ensures that commercial

gaming is operated according to government public interest standards. BCLC manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. In addition, BCLC sets the rules of play for lotteries, casinos, and commercial bingo halls.

GAMING SERVICES PROVIDERS

BCLC contracts with private sector companies to provide day to day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo and community gaming centre operators. Service providers must ensure all gaming employees have taken Appropriate Response Training and that no persons

under the age of 19 participate in gambling activity in gaming venues or are present where gaming activity occurs. These gaming services providers are monitored by the Registration Division to ensure they adhere to their conditions of registration and continuously demonstrate the highest level of integrity.

HORSE RACING SERVICES PROVIDERS

GPEB licences private sector companies to conduct and operate live horse racing events at horse racing tracks. These service providers are responsible for conducting horse racing in accordance with the rules and regulations set out by the Province. These rules and regulations are found in the

Gaming Control Act and Rules of Thoroughbred and Standardbred Horse Racing in British Columbia. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

KEY PERSONS

GPEB identifies individuals that hold critical security, operations or financial responsibilities in the gaming and horse racing industry as Key Persons. These include directors, officers, and senior employees of any business that is involved with gaming operations in the province. Currently there are approximately 590 key persons registered in B.C.

Key Persons are registered for up to five years and are required to undergo a rigorous vetting process to ensure the honesty, integrity and financial responsibility of gaming in BC. The division conducts a background check that includes, but is not limited to the following information, a criminal record check, a credit check, and verification of assets and liabilities.

RESPONSIBILITY FOR GAMING IN B.C. (CONTINUED)

GAMING EQUIPMENT SUPPLIERS

Gaming suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials such as: bingo cards, slot

machines and playing chips. Distributors include companies that market gaming equipment and materials. There are currently 49 suppliers registered in B.C.

ANCILLARY SERVICE PROVIDERS

Ancillary contractors include companies that provide services to gaming operators that are not directly related to the delivery of gaming.

These include janitorial services, landlords and concessionaires. There are currently 87 ancillary contractors registered in B.C.

GAMING AND HORSE RACE WORKERS

Gaming and horse race workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and racing operations. Gaming workers are individuals who are paid to conduct, manage, or present large-scale licensed raffles, casino games, commercial

bingos, or teletheatres. Horse race workers include individuals that work for, or conduct business with, race tracks. These include jockeys, trainers, race horse owners, and racing officials. There are currently approximately 9,000 gaming workers and 3,400 horse race workers registered in B.C.

HORSE RACING TELETHEATRE OPERATORS

GPEB licences teletheatre sites to present simulcast satellite broadcast of horse races run at local, national and international tracks. There are 19 teletheatre locations in B.C. Sixteen of these are operated by TBC

Teletheatre B.C. in venues across the province. The remaining three teletheatres are located at race tracks (Hastings Racecourse, Fraser Downs and Sandown Raceways).

LICENSED COMMUNITY ORGANIZATIONS

GPEB licences community organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the

Province. These rules include disclosing required financial information within two months of hosting a gaming event. The rules also require ensuring that no one under the age of 19 participates in gambling activity other than two modest exceptions.

WHERE IS GAMING PERMITTED IN BRITISH COLUMBIA?

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are continually being developed. Players' preferences are also continually changing. The Province of British Columbia has chosen to take a cautious and responsible approach to which forms of gaming it allows to be offered and in which

locations. Such opportunities must not jeopardize the integrity of the industry, and must be capable of being effectively regulated and socially responsible. The following table summarizes the forms of gaming the Province has authorized, and the locations where each may be offered.

COMMERCIAL GAMING								
	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Commercial Bingos		•	•					
Lottery Products	•	•	•	•	•	•		•
Slot Machines	•		•	•				
Table Games	•							
Live Horse Racing				•				
Horse Racing Teletheatres	•			•				•

LICENSED GAMING EVENTS								
	Casinos	Bingo Halls	Community Gaming Centres	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs and Bars
Ticket Raffles							•	•
Independent Bingo							•	•
Social Occasion Casinos							•	
Wheels of Fortune							•	

GPEB ACHIEVEMENTS IN 2005/06

The Gaming Policy and Enforcement Branch's seven divisions work together to ensure gaming in B.C. is conducted and managed according to provincial and federal

legislation and to ensure the integrity of the industry. This section summarizes each division's key accomplishments in 2005/06.

POLICY, LEGISLATION AND STANDARDS DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Streamlined processes, reduced administrative obligations and various governmental approvals related to the location, relocation and substantial changes to gaming facilities.
- Continued to refine and standardize the policy framework for community organizations' access to gaming revenue.
- In exceptional circumstances, allowed licensed gaming proceeds to assist with relief efforts for disasters and emergencies that occurred outside B.C.
- Revised guidelines for gaming event licences to make them simpler to use and easier to understand.
- Developed and implemented standardized guidelines for gaming event licences conducted and managed by boards of eligible fairs and exhibitions.
- Developed and implemented a new long-term, revenue sharing formula in which a portion of government's proceeds from slot machines at horse race tracks supports the revitalization of the horse racing industry.
- Developed guidelines and regulations for a new class of licensed gaming events which will come into effect in late 2006.
- Oversaw the implementation of recommendations made by B.C.'s former Privacy and Information Commissioner, David Flaherty, concerning the Branch's efforts to make information regarding the gaming industry publicly available. For more information regarding this report, see page 21.
- Initiated Branch wide reporting processes to improve public access to information on gaming in B.C.

LICENCING AND GRANTS DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Reduced the average processing time for Direct Access Grant applications from 12 to 11 weeks.
- Paid over \$83 million in direct access program grants to over 4,100 community organizations.
- Paid a further \$54 million in bingo affiliation grants to almost 1,900 community organizations.
- Increased awareness of licensing requirements in order to generate more on-line B licence applications.
- Made 30 presentations and met with over 1,500 community organizations to increase their understanding of provincial grant and licensing requirements.

2005/06 DIVISION STATISTICS

Licences and Grants Distributed	2005/06	2004/05
Direct Access Grants: Number of charitable community organizations that received grants.	4,148	4,010
Bingo Affiliation Grants: Number of charitable organizations affiliated with commercial bingo halls that received grants.	1,879	1,937
Bingo Association Grants: Each commercial bingo hall has a bingo association that organizes volunteers from affiliated charitable community organizations. GPEB provides grants to these associations to cover administrative costs.	31	28
A Licences: Charitable gaming events with over \$20,000 in revenues.	436	374
B Licences: Charitable gaming events with under \$20,000 in revenues.	6,152	6,599
C Licences: Fair & exhibition gaming event licences.	8	3

RACING DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Issued 1,167 new Registration/Horse Racing licences.
- Stewards and Judges conducted 2,646 interviews and 1,143 hearings which resulted in 427 rulings.
- Completed reviews of all race tracks and teletheatres in British Columbia; all concerns noted during these reviews were subsequently resolved.
- Revised the licensee drug and breathalyser policies, increasing penalties for violations.
- Issued and collected almost \$50,000 in fines.
- Performed 1,177 drug and breathalyser tests.
- Assisted in 155 financial disputes;
- Reported deficiencies of race track security to develop better backstretch security procedures.
- Held 18 reconsideration meetings and 1 administrative review.
- Implemented several new policies aimed at protecting the welfare of race horses and the integrity of gaming.
- Improved monitoring of paddock, drivers, jockey room and assistant starters through drug and alcohol testing.
- Oversaw the implementation of recommendations included in George Morfitt's report on the organization and operation of horse racing in B.C. For more information on this report, please see page 22.

2005/06 DIVISION STATISTICS

Horse Racing in B.C. (calendar year)	Horses Programmed	Live Race Days	Live Races	Rulings Issued
Fraser Downs Racecourse (Surrey)				
2005	8,735	84	1,049	208
2004	10,280	96	1,195	210
Hastings Racecourse (Vancouver)				
2005	6,008	82	758	177
2004	5,607	71	691	186
Sandown Racecourse (Sidney)				
2005	1,681	24	235	42
2004	746	10	106	24
Interior tracks: Sagebrush Downs (Kamloops), Sunflower Downs (Princeton), and Kin Park (Vernon)				
2005	397	10	64	0
2004 (no racing at Sunflowers Downs)	311	11	62	0

REGISTRATION DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Conducted background investigations of 4,796 gaming workers, 1,133 horse racing personnel, 14 gaming services providers, 12 gaming equipment suppliers and 129 key persons.
- Conducted integrity reviews of proposed gaming operations regarding the relocation of 3 gaming facilities.
- Developed and implemented technical standards for electronic gaming equipment.
- Issued 345 Certificates of Technical Integrity for electronic gaming equipment, including slot machines gaming management systems and lottery products provided over the Internet.
- Issued 7 suspensions, 7 warnings, 16 conditional registrations, 1 administrative fine and cancelled or refused 99 registrations.
- Held 12 Reconsiderations of Registration decisions and 1 Administrative Review Hearing.

2005/06 DIVISION STATISTICS

Number of Annual Registrations and Equipment Certifications	2005/06	2004/05
Gaming operators and service providers	14	18
Gaming equipment suppliers	12	14
Gaming workers (casino, commercial bingo hall & teletheatre employees)	4,796	5,848
Horse racing industry (jockeys, owners, trainers, veterinarians, etc.)	1,133	1,216
Key Persons (owners, company officers, board members, etc.)	129	177
Ancillary Service Contractors (janitors, landlords, building maintenance, concessionaires, etc.)	19	24
Certificates of Technical Integrity	345	523
GPEB and BC Lottery Corporation personnel	38	46

AUDIT AND COMPLIANCE DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Saw the overall level of charities' compliance with requirements rise to 80% (2004/05 - 76% and 2003/04 - 70%).
- Strengthened the overall audit and compliance framework by implementing recommendations arising from the Office of the Comptroller General's 2004/05 effectiveness review.
- Strengthened the audit coverage for commercial gaming by conducting an inaugural audit of BCLC's PlayNow website and increasing the depth and rigour around assessment of BCLC's audit procedures.
- Strengthened the audit approach for charitable gaming events through new audit procedures that better ensure conformity to generally accepted auditing standards for examinations of gaming funds recipients.
- Under the Charitable Gaming Compliance Enhancement Program, made 15 presentations to groups of community organizations that receive gaming funds.

2005/06 DIVISION STATISTICS

Audits of gaming activity in B.C.	2005/06	2004/05
Annual commercial gaming compliance audits, including all casinos, community gaming centres and horse race tracks (starting in 2005/06) and bi-annual audits of commercial bingo halls.	47	43
Audits of all registered raffles, major ticket raffles (every two years), charities receiving more than \$50,000 in grants (every four years) and a random selection of other organizations receiving gaming grants.	522	516

INVESTIGATIONS DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Processed over 3,400 reports of suspected wrongdoing in legal gaming venues.
- Pursued Criminal Code charges in 11 cases.
- Conducted 116 post-registration or post-licence investigations.
- Issued 29 verbal and written warnings.
- Continued to implement the Province's Illegal Gambling Enforcement Strategy in cooperation with other stakeholders.
- Improved reporting of suspected wrongdoing working in cooperation with BCLC and service providers.

2005/06 DIVISION STATISTICS

Files Initiated	2005/06	2004/05
Theft	372	276
Fraud	54	23
Money laundering and loan sharking	235	110
Counterfeit	1,155	1,115
Assaults and threats	187	149
Gaming Control Act violations	652	279
Cheating at play	55	43
Other	704	516
Total	3,414	2,511

Files Concluded		
Charges under Criminal Code	11	12
Charges under Gaming Control Act	0	0
Warnings (verbal and written)	29	9
Administrative sanctions	116	120
Ticket Violation Notices (TVN)	3	1
Intelligence	2,007	1,435
Unfounded reports	48	48
Other (e.g. files transferred to police of other jurisdictions and incidents that did not involve criminal wrongdoing)	1,073	910
Total	3,287	2,535

Note: This table does not include 492 IIGET investigations. For these data, see page 19.

MANAGEMENT SERVICES DIVISION

2005/06 DIVISION ACHIEVEMENTS

- Initiated an integrated technology project entitled Gaming B.C. This project will replace existing technology systems with an integrated system designed to support Branch business requirements and enhance public access to services.
- Administered the payment of grants to community organizations, local governments that host casino gaming, local economic development and the horse racing industry.
- Ensured compliance with government's standard financial accounting practices in the payment of those grants.
- Enhanced financial management reporting processes for budgeting and expenditure control.
- Produced gaming revenue reports for posting on the Branch web site on a quarterly basis.

SPECIAL INITIATIVES OF THE BRANCH

The gaming industry is becoming increasingly complex and sophisticated. Each year, GPEB develops initiatives to ensure that gaming is appropriately regulated and delivered in a socially responsible manner. Some of these initiatives, such as the Responsible Gambling Strategy, are ongoing programs. Others are short term projects designed to evaluate or review a specific aspect of gaming operations. These initiatives are products of the goals outlined in the Branch business plan.

The following section will address five GPEB initiatives.

- The Responsible Gambling Strategy
- The Illegal Gambling Enforcement Strategy
- The Auditor General's Report on Casino Gaming
- David Flaherty's review of Branch Freedom of Information Procedures
- George Morfitt's report on the organization and operation of horse racing

RESPONSIBLE GAMBLING STRATEGY

Over 95% of British Columbians who gamble do so responsibly. However, a small percentage of people do develop problems related to excessive gambling.

The Province launched the Responsible Gambling Strategy in 2003. The strategy involves the Province, BCLC, local governments, gaming services providers and others, to ensure that gaming is delivered in a responsible manner.

PROBLEM GAMBLING PROGRAM

GPEB's Problem Gambling Program is a key component of government's overall Responsible Gambling Strategy.

In British Columbia, prevalence studies show that about 4.6% of the population demonstrate characteristics that could lead to a gambling problem. Approximately 4.2% of the population is at risk of developing, or has developed, moderate gambling problems. A further 0.4% of the population is at high risk of becoming, or has become, a problem gambler.

Problem gambling is a treatable condition that can impact a problem gambler's family, employer and community. The Problem Gambling Program manages and delivers the Province's problem gambling services. These services include clinical treatment, responsible gambling education and ongoing research into preventing problem gambling.

Problem Gambling Services include:

- 24 hour toll free Help Line, for information and referral;
- Twenty-eight contracted professional clinicians who deliver counselling

The three goals of the Responsible Gambling Strategy are:

- Reduce the incidence of problem gambling;
- Reduce harmful impacts of excessive gambling; and
- Ensure the delivery of gambling in a manner that encourages responsible gambling and healthy choices.

services. These services are provided free of charge to anyone experiencing difficulties with gambling at the client's convenience;

- Nineteen prevention service providers who work around the province delivering information sessions that raise awareness of the Problem Gambling Program, how to access help, and how to gamble responsibly;
- Three provincial program coordinators who provide subject area expertise and coordinate services for specialized populations;
- Development and distribution of awareness materials, including posters and brochures translated into Chinese, Punjabi, Spanish, and Vietnamese;
- Provision of information at all casinos, commercial bingo halls, community gaming centres, horse race tracks and lottery retail outlets regarding gambling and problem gambling (including the odds of winning and myths about normal gambling behaviour); and
- Manage the responsible gambling/problem gambling web site at: www.bcresponsiblegambling.ca

RESPONSIBLE GAMBLING STRATEGY (CONTINUED)

2005/06 ACHIEVEMENTS

- Received 5,830 Help Line calls related to problem gambling.
- Handled 3,590 counselling referrals.
- Admitted over 1,100 clients to our contracted counselling services.
- Conducted a problem gambling client satisfaction survey, with over 98% of clients rating our counselling services as very good to excellent.
- Distributed thousands of responsible gambling brochures and posters across the province in four languages.
- Piloted Responsible Gaming Information Centres (RGIC) at River Rock and Edgewater casinos.
- Piloted a day-treatment program in conjunction with Richmond Addiction Services.
- Developed a school-based educational program for youth describing the risks involved with gambling. To be piloted in Richmond schools in Fall 2006.
- Released a baseline measure for a multi-year study on the impact of the relocation of casinos and the introduction of slot machines in four Lower Mainland communities.
- Continued to provide national and international leadership in establishing research agendas for problem/responsible gambling.
- Launched a responsible gambling advertising campaign aimed at youth and young adults.

2005/06 STATISTICS

Problem Gambling Program Statistics	2005/06	2004/05
Total Help Line calls (includes erroneous calls and hang-ups)	7,455	6,178
Calls made to Help Line specific to problem gambling	5,830	3,127
Referrals to Problem Gambling Program	3,590	2,373
Counselling service admissions	1,115	961
Contracted service providers		
Clinical counsellors	28	27
Prevention service providers	19	17
Provincial coordinators	3	3
Number of prevention information sessions delivered	1,700	1,561

ILLEGAL GAMBLING ENFORCEMENT STRATEGY

To address illegal gambling, the Province has implemented an Illegal Gambling Enforcement Strategy. Under this strategy, allegations of wrongdoing are investigated either by GPEB personnel or police of jurisdiction being assisted by GPEB personnel.

Illegal forms of gambling include all gaming not permitted by Canada's Criminal Code or not authorized by the Province of British Columbia. This includes, but is not limited to, illegal gaming houses, illegal bingo halls, unlicensed raffles or lotteries, illegal slot machines or video lottery terminals, bookmaking and illegal Internet gambling sites.

Unlawful activity in legal gaming venues includes activity that could be a criminal offence under Canada's Criminal Code, or a regulatory offence under B.C.'s Gaming Control Act. Examples of such offences include, but are not limited to money laundering, assaults, threats, frauds, counterfeiting, loan sharking, cheating at play and theft. For more information on GPEB's response to allegations of suspected wrongdoing, see page 14.

A key element of this strategy is the Integrated Illegal Gaming Enforcement

Team (IIGET). Team members include 15 Branch investigators and 12 RCMP officers. Branch investigators and the RCMP work together throughout the province to address illegal gaming issues and enforce gaming provisions of the Gaming Control Act and the Criminal Code.

IIGET improved enforcement activities around the province by developing and delivering educational programs to law enforcement agencies to raise the profile of the team amongst police of other jurisdictions, and to show other investigators how to recognize illegal gambling offences.

Also included in the strategy are various approaches to enforcement and sanctions intended to ensure compliance rates and reduce demands on the court system. These include: charges under Canada's Criminal Code or B.C.'s Gaming Control Act; violation ticket notices with penalties ranging from \$150 to \$500 (allowing investigators to ticket offences under B.C.'s Gaming Control Act); administrative sanctions which include allowing for the revocation of a licence or registration, placing additional conditions on a licensee or registrant, or imposing a fine; and issuing written or verbal warnings where appropriate.

ILLEGAL GAMBLING ENFORCEMENT STRATEGY (CONTINUED)

2005/06 ACHIEVEMENTS

- Initiated 492 investigations.
- Developed and delivered educational programs around the province to raise the profile of the team amongst other law enforcement agencies, and to show other investigators how to recognize illegal gambling offences.
- Forged several valuable partnerships with enforcement agencies such as:
 - Liquor Control and Licensing, Canada Customs and Revenue Agency, and Industry Canada, as well as non-enforcement agencies such as Provincial Crown Counsel.
 - Worked closely with other law enforcement and regulatory bodies in the course of investigations.

2005/06 IIGET STATISTICS

Files Generated in 2005/06	2005/06	2004/05
Video gambling machines	42	40
Common gaming houses	89	57
Illegal lotteries	307	187
Internet/on-line gambling	11	21
Other	43	23
Total	492	328

Files Cleared in 2005/06	2005/06	2004/05
Charges under Criminal Code	14	0
Charges under Gaming Control Act	1	2
Verbal warnings	153	43*
Written warnings	115	
Administrative	4	0
Ticket violation notices	8	3
Intelligence	58	1
Unfounded	98	27
Other	42	8
Total	493	84

*In 2004/05, no designation was made between verbal and written warnings

AUDITOR GENERAL'S REPORT ON CASINO GAMING

In July 2005, B.C.'s Auditor General released a report entitled "Keeping the Decks Clean: Managing Gaming Integrity Risks in Casinos". Gaming integrity includes the control processes used to help ensure that error, criminal exploitation and employee dishonesty in gaming operations are minimized.

The report examined all 19 casinos operating in the province between September 2004 and January 2005 and determined that government is adequately managing casino gaming integrity risks in each of four audit-focused themes:

- Casino industry participants, including those who work in or provide services to the casino industry, meet high standards of honesty. GPEB processes were found to be in place to assess gaming workers and corporate applicants to the industry. Ongoing monitoring ensures high standards of honesty are maintained;
- Gaming equipment operates fairly in casinos. Equipment is purchased only from approved suppliers and prior to use in casinos is subject to independent testing against approved technical standards;
- Gaming activities are conducted honestly. BCLC monitors the industry to ensure its policies and procedures are being followed. This is supported by GPEB's casino audits and the investigation of incidents that could pose a threat to gaming integrity; and
- Government adequately ensures it receives its correct share of casino revenue. BCLC records all casino gaming activities, safeguards cash at all times, records casino gaming revenue accurately and collects government's share of revenues.

The Auditor General's report confirms the Province is ensuring casino gaming in British Columbia is conducted responsibly and with integrity. These findings confirm the effectiveness of the regulatory oversight of the industry by GPEB and BCLC's operation of casinos in the province. The Province remains committed to ensuring and improving the overall integrity of gaming and the effective conduct and management of casinos.

The audit made 13 recommendations to further strengthen the control process and to mitigate risks to casino gaming integrity.

These recommendations included:

- Rechecking the backgrounds of key GPEB and BCLC employees every three to five years;
- Registering all BCLC employees who help to ensure gaming integrity in casinos;
- Produce more timely casino audit reports;
- Developing and adopting technical standards for gaming equipment used in casinos; and
- Reporting annually to the Legislative Assembly on the state of gaming integrity in casinos.

By March 31, 2006, GPEB had responded to all of the report's recommendations and implemented necessary changes.

PUBLIC ACCESS TO INFORMATION

In June 2005, David Flaherty, a former B.C. Information and Privacy Commissioner, produced a report reviewing GPEB's management of the Freedom of Information process. The report recognized that GPEB encourages full public access to certain types of gaming records as part of its regulatory and accountability framework. This is consistent with both the spirit and provisions of the Freedom of Information and Protection of Privacy Act (FOIPPA), decisions of the Information and Privacy Commissioner and advice to the Branch.

Dr. Flaherty's report made a series of recommendations which were implemented by GPEB.

A key factor in the disclosure of information is the need to ensure the privacy of workers, service providers and others involved in the gaming industry. In order to protect personal and corporate information, disclosed records may be severed as per FOIPPA.

The objectives of GPEB's Access to Information Policy are to ensure:

- Ease and certainty of access by making certain types of information routinely available to the public;
- A timely and cost-free alternative to formal information requests under the FOIPPA;
- The policy is applied in a manner that is considerate and protective of the personal privacy of individuals;
- Certain business interests of a third party or public body are protected from disclosure in accordance with FOIPPA; and
- The integrity of gaming in British Columbia is maintained.

GPEB routinely releases various documents and records to the public, including:

- Legislation and regulations, policies, standards and directives used to regulate gaming in the province;
- The Branch business plan;
- Audit reports on commercial gaming, licensed gaming events and community organizations' use of gaming proceeds;
- Horse racing rulings;
- Summaries of activities conducted by the Investigation and Registration Divisions;
- Full disclosure of where the money goes;
- The distribution of gaming revenue to community organizations and local governments;
- The status of gaming applications; and
- Summaries of business activities for various divisions.

By March 31, 2006, GPEB had responded to all of the report's recommendations and appropriate actions had been taken.

More information on routinely released records, and links to currently available records can be found at:

http://www.pssg.gov.bc.ca/gaming/access_to_information/index.htm

REPORT ON GPEB'S REGULATION OF HORSE RACING

In July 2005, George Morfitt, a former B.C. Auditor General, delivered a report on the organization and operation of horse racing in the province. The report focused on three areas of the industry:

- The authority and functions of GPEB employees at horse race tracks;
- Staff and industry perceptions regarding the authority and functions; and
- Issues and concerns raised by industry stakeholders and participants, and GPEB staff, in that regard.

The report reviewed the current framework of legislation, regulation and rules, as well as functions performed by GPEB employees. Information was collected through interviews of key participants in the horse race industry and individuals who are directly impacted by GPEB's regulation of the industry.

Mr. Morfitt's report recommended:

- Establishing a code of conduct and conflict of interest guidelines for stakeholders in the horse race industry;
- Publishing the basis for, and rationale behind, sanctioning decisions made by racing officials;
- Where possible, clearly defining penalties and sanctions for offences and repeat offences;
- Developing and implementing new reporting procedures giving Inspectors more authority to act on their own;
- Providing education, training, and information sessions to keep race track officials updated and maintain skill levels; and
- Developing regular reporting cycles to advise the General Manager of GPEB, other divisions and the public of sanctions.

By March 31, 2006, GPEB had responded to all of the report's recommendations and appropriate actions had been taken.

Further, the Racing Division has:

- Implemented changes to the processes and procedures for acquiring a Registration/Horse Racing Licence; and
- Reviewed and streamlined the Rules of Horse Racing to incorporate the changes between the Racing Division, Investigation Division and Registration Division.

In addition, GPEB has initiated, in cooperation with industry stakeholders, a three year strategy for backstretch personnel that includes developing a code of conduct and appropriate training programs.

LOOKING AHEAD

Gaming is a popular form of entertainment in British Columbia. More than eight out of every ten British Columbians gamble routinely. This may involve purchasing a lottery ticket, visiting a commercial gaming facility to play bingo, casino games or horse race events, or participating in a licensed gaming event.

The gaming industry is becoming increasingly complex. This operating environment includes the development of multi-purpose gaming venues, the increasing number and popularity of large-scale hospital lotteries, the rising popularity of illegal poker and the increasing availability of illegal Internet gambling sites.

All these emerging trends pose a challenge to maintaining current levels of integrity in the industry. In particular, illegal forms of gaming pose one of the greatest challenges at the provincial and national level. Such gaming is not regulated and is usually not conducted in a socially responsible manner, taking advantage of problem gamblers.

In the coming year, GPEB will continue to enhance its efforts to ensure the integrity of gaming in B.C.

In 2006/07, GPEB will implement Gaming B.C., an integrated information system that will improve overall business functions of the Branch and ensure a single point of access for clients.

In 2006/07, GPEB will continue to strengthen the legal framework for the industry and develop a policy framework that addresses the challenges of illegal Internet games. Specifically, IIGET will increase its effort in enforcing provisions of the Criminal Code of Canada related to illegal Internet gambling.

In 2006/07, GPEB will work with the horse racing industry to develop a three year strategy for backstretch personnel that includes developing a code of conduct and appropriate training programs.

In support of the Responsible Gambling Strategy, GPEB will:

- Fully develop the Partnership for Responsible Gambling by formalizing activities of local governments, service providers and major stakeholders;
- In partnership with horse racing service providers, deliver training to staff to help them identify and respond to patrons experiencing distress;
- Assess client satisfaction with gaming policies and programs;
- Increase awareness of available treatment services;
- Release first measures report from Determining Socio-Economic Impacts of New Gaming Venues in Four Lower Mainland Communities study; and
- Initiate a province-wide study into the prevalence of problem gambling.

In support of the Illegal Gambling Enforcement Strategy, GPEB will:

- Work collaboratively with the Liquor Control and Licensing Branch, and others, to identify illegal gambling activities in liquor establishments;
- Create a coordinated, strategic education campaign regarding the types of permitted gaming, licence requirements and consequences of illegal gambling;
- Get more accurate information on the extent of illegal gambling in B.C.; and
- Continue to work with other enforcement teams to increase awareness of circumstance under which gaming can legitimately be conducted.

WHERE THE MONEY GOES

Gaming revenue provides significant benefits to people and communities throughout British Columbia. Social programs, community services and local economic development are all enhanced by gaming revenue. Appendix A of this document shows the sources of government gaming revenue and how these funds were

distributed. Appendix B details gaming revenue distributed to, or earned by, community organizations, local governments and the horse racing industry. Appendix C summarizes GPEB's operating budget and expenditures, including expenditures supporting responsible gambling.

DISTRIBUTED TO COMMUNITIES

Gaming revenues support the work of thousands of community groups across the province. In 2005/06, community organizations in B.C. were granted, or earned, almost \$195 million.

GPEB distributed almost \$138 million in grants to over 6,100 community organizations. Large-scale licensed charitable gaming events, such as ticket raffles, social occasion casinos, wheels of fortune and independent bingos, earned \$27 million. An estimated \$28 million more was earned by community organizations through small-scale licensed gaming events.

In 2005/06, local governments received \$65 million to provide programs and services that might not otherwise have received funding. The funds have been used to enhance arts and cultural programs, upgrade parks, playgrounds and sports fields, and provide additional policing, road maintenance and recycling programs. To date, over \$280 million has been distributed to local governments since 1999.

To support the revitalization of the horse racing industry GPEB distributed \$4.6 million to the industry through a number of economic and business initiatives including increased purse pools.

DISTRIBUTED FOR REGULATION OF GAMING

In 2005/06, \$15.1 million was allocated for the regulation of gaming in B.C. Core branch operations, which includes the work done by

the seven divisions, was allocated \$10.6 million. The Problem Gambling Program was allocated a further \$4.5 million.

DISTRIBUTED TO SUPPORT PUBLIC PROGRAMS

In 2005/06, over \$540 million was directed to the Consolidated Revenue Fund which supports social programs, primarily health care and education. A further \$147 million in gaming revenue was directed to the B.C. government's Health Special Account to be used exclusively for the administration,

operation and delivery of health care, health research, health promotion and health education services. As part of a revenue sharing agreement between the federal and provincial governments \$8.2 million of lottery revenues was transferred to the federal government.

APPENDIX A—SOURCE AND DISTRIBUTION OF REVENUES

SOURCE AND DISTRIBUTION OF GOVERNMENT GAMING REVENUE

(all figures in \$ millions)

Sources of revenue	2005/06	2004/05
Lotteries	\$271.3	282.8
Horse racing betting fees	1.9	1.9
Casinos	621.6	515.3
Commercial bingos (includes paper bingo, electronically linked bingo and community gaming centre slot machine revenues)	27.9	18.8
Total Revenues	\$922.7	818.8

Distribution of revenues

Distributed to Communities

Community organizations	\$137.8	134.5
Local governments	65.0	53.3
Local economic development	3.4	2.9
Accounting Adjustment (DAC)	N/A	(11.3)
Horse racing purse enhancements	4.6	4.2

Gaming Policy and Enforcement Branch

Core operations (including salaries and business expenses)	10.6	11.4
Problem Gambling Program	4.5	3.1

B.C. Government Programs

Health Special Account	147.3	147.3
Consolidated Revenue Fund	541.3	465.4

Government of Canada

Federal/Provincial lottery agreement	8.2	8.0
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Total amount distributed	\$922.7	818.8
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APPENDIX B—DISTRIBUTION OF REVENUES

GAMING REVENUE DISTRIBUTED TO, OR EARNED BY, COMMUNITY ORGANIZATIONS

(all figures in \$ millions)

Government Grants and Payments	2005/06	2004/05
Direct access	\$83.1	78.6
Bingo affiliation	53.7	54.6
Independent linked bingo	0.1	0.2
Provincial trust (miscellaneous organizations)	N/A	0.2
Bingo Association Fees	0.4	N/A
One time payments	0.5	0.9
<i>Total grants and payments</i>	<i>\$137.8</i>	<i>134.5</i>
Earned by Community Organizations (A and C licences only)†		
Ticket raffles with over \$20,000 in revenues	\$23.9	24.9
Independent bingos	2.6	1.7
Other (including social occasion casinos, wheels of fortune and the Pacific National Exhibition Casino)	0.5	0.4
<i>Total amount earned by community organizations</i>	<i>27.0</i>	<i>27.0</i>
Total revenues distributed to, and earned by, community organizations	\$164.8	161.5

† Operators of Class B licence gaming events are not required to report revenues, if their proceeds from all gaming are less than \$20,000. In 2005/06, an estimated \$28.3 million was earned by community organizations through Class B licence events.

APPENDIX B—DISTRIBUTION OF REVENUES (CONTINUED)

GAMING REVENUE DISTRIBUTED TO LOCAL GOVERNMENTS

Community	2005/06	2004/05
Burnaby	\$8,687,067	7,550,107
Campbell River	37,035	N/A
Coquitlam	7,308,677	6,839,714
Dawson Creek	346,744	107,344
Kamloops	2,102,156	1,911,895
Kelowna	3,177,115	2,460,667
Ktunaxa/Kinbasket Tribal Council Society	1,312,956	1,111,632
Langley	5,001,607	N/A
Nanaimo	2,953,687	2,734,583
New Westminster	3,164,696	4,729,870
Penticton	2,359,976	2,166,128
Prince George	2,422,558	1,931,685
Quesnel	604,553	599,944
Richmond	11,194,669	9,891,217
Surrey	2,977,272	2,524,492
Vancouver	4,990,898	3,224,751
Vernon	1,515,276	1,513,781
View Royal	4,403,405	3,858,611
Wells	5,782	7,310
Williams Lake	447,536	155,161
Total funds to host local governments	\$65,013,695	53,318,892

GAMING REVENUE DISTRIBUTED TO THE HORSE RACE INDUSTRY

Horse Racing Industry	2005/06	2004/05
Thoroughbred Industry (via Hastings Entertainment Inc.)	\$2,311,387	2,100,000
Standardbred Industry (via Orangeville Raceway Ltd.)	2,311,387	2,100,000
Total funds to horse racing industry	\$4,622,774	4,200,000

APPENDIX C—GPEB OPERATING BUDGET AND EXPENDITURES

2005/06 OPERATING BUDGET AND EXPENDITURES

Branch Budget	2005/06	2004/05
Core Operations	\$10,605,000	11,141,000
Problem Gambling Program	4,000,000	4,000,000
Total Branch Budget	\$14,605,000	15,141,000
Branch Expenditures		
Core Operations		
Salaries and benefits costs	\$7,636,735	7,410,653
Operating and business expenses	2,422,052	2,217,726
Legal and professional services	564,334	1,761,092
<i>Subtotal</i>	<i>10,623,121</i>	<i>11,389,471</i>
Problem Gambling Program		
Salaries and benefits costs	\$176,335	\$241,572
Operating and business expenses	594,354	257,283
Legal and professional services	152,403	226,372
Contracts	3,600,587	2,373,676
<i>Subtotal</i>	<i>4,523,679</i>	<i>3,098,903</i>
Total GPEB Expenditures	\$15,146,800	14,488,374
Surplus/(Deficit)	\$(541,800)	652,626

HOW TO CONTACT US

Gaming Policy and Enforcement Branch Website:

<http://www.pssg.gov.bc.ca/gaming>

British Columbia Partnership for Responsible Gambling Website:

<http://www.bcreponsiblegambling.ca>

The Head Office for the Gaming Policy and Enforcement Branch is located in Victoria with regional offices in Burnaby, Kelowna and Prince George.

Gaming Policy and Enforcement Branch

MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL

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Appendix C – 2006/07:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2006/07*, (Victoria: British Columbia, 2007).

GAMING POLICY
AND ENFORCEMENT
BRANCH

Ministry of Public Safety and Solicitor General

Annual Report
2006/2007



BRITISH
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Appendix C



Table of Contents

2	Letter of Transmittal
3	Accountability Statement
4	Key Facts about Gaming in British Columbia
5	The Branch
6	Services to Citizens and Communities <ul style="list-style-type: none">• <i>Enhancing Customer Service</i>• <i>Supporting Community Organizations (Community Gaming Grants)</i>• <i>Benefiting Community Organizations (Licensed Gaming Events)</i>• <i>Ensuring Citizens are Protected from the Risks Related to Gambling</i>• <i>Research</i>
12	Protecting Citizens and Communities <ul style="list-style-type: none">• <i>Protecting Citizens through Laws and Regulations</i>• <i>Ensuring Suitable People and Companies are Involved in the Industry</i>• <i>Ensuring Gaming Equipment and Products are Fair</i>• <i>Ensuring Proper Conduct of Horse Racing</i>
16	Ensuring Compliance with Regulations and Standards <ul style="list-style-type: none">• <i>Auditing for Compliance</i>• <i>Enforcing the Rules and Regulations of Horse Racing</i>• <i>Addressing Unauthorized Activity Related to Gambling</i>• <i>Reducing the Incidence of Illegal Gambling</i>
21	Public Satisfaction with the Regulation of Gaming
22	Where the Money Goes <ul style="list-style-type: none">• <i>Supporting Communities</i>• <i>B.C. Government Programs</i>• <i>Gaming Policy and Enforcement Branch Operations</i>• <i>Government of Canada Transfer</i>
24	Enhancing B.C.'s Lottery Network <ul style="list-style-type: none">• <i>Independent Audit of B.C.'s Lottery Network</i>
28	Looking Ahead <ul style="list-style-type: none">• <i>Services to Citizens and Communities</i>• <i>Protecting Citizens and Communities</i>• <i>Ensuring Compliance with Standards and Regulations</i>• <i>Monitoring Public Perception</i>
30	Appendix A – <i>Gaming Industry Legal and Operating Framework</i>
33	Appendix B – <i>Gaming Permitted in British Columbia</i>
34	Appendix C – <i>Source and Distribution of Revenues</i>
36	Appendix D – <i>GPEB Operating Budget and Expenditures</i>
37	Contact Information

Letter of Transmittal

I am pleased to submit the Gaming Policy and Enforcement Branch 2006/07 Annual Report to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2007.

The Gaming Policy and Enforcement Branch regulates B.C.'s gaming industry in order to ensure it is operated with honesty and integrity and to protect the interests of the public and participants.

I would like to thank all Branch staff for their hard work and dedication during the past year. Staff can be proud of what has been accomplished.

Over the last many months, lottery retail networks and prize payout policies and procedures across Canada have been the subject of great scrutiny. This issue first surfaced in Ontario, but has been the subject of discussion and review across the country.

In fall 2006, I asked the Gaming Policy and Enforcement Branch to conduct a review of the British Columbia Lottery Corporation's systems and processes. In December, the Branch made several recommendations to strengthen those systems, but did not identify any systemic problems.

Also in December 2006, B.C.'s Ombudsman initiated an investigation into the Lottery Corporation's lottery retailer network and the Branch's oversight of that network. Her May 2007 report identified several gaps in the Corporation's lottery systems and processes and the Branch's regulation of those procedures. Twenty-seven recommendations were made, all of which have been accepted by the Province, Branch and Corporation.

Further, I ordered an independent and comprehensive audit of the roles of the BC Lottery Corporation and the Gaming Policy and Enforcement Branch in the lottery business. That report will be available this fall. In the meantime, the Branch is continuing to implement the Ombudsman's recommendations, and is working on a series of initiatives in 2007/08 to ensure British Columbia's lottery network is held to the highest standards of transparency, fairness and integrity.

As the Minister responsible, I look forward to continuing to work closely with Branch management and staff to ensure the effective regulation of B.C.'s gaming industry and strong protection for customers.

Honourable John Les

Minister of Public Safety and Solicitor General

Accountability Statement

Honourable John Les

*Minister of Public Safety and Solicitor General
Province of British Columbia*

Minister:

It is my pleasure to present the Annual Report of the Gaming Policy and Enforcement Branch for the fiscal year 2006/2007. The information in this report reflects the activities of the Branch for the 12 months ending March 31, 2007. I am responsible for the contents of the report, including the selection of accomplishments and how they are reported.

The past year has presented some interesting challenges. In October 2006, at your request, the Branch initiated a review of the British Columbia Lottery Corporation's lottery systems and processes. In December 2006, B.C.'s Ombudsman initiated a review of the Corporation's lottery retail network and the oversight provided by the Branch. Both reviews resulted in recommendations which have been accepted and are currently being implemented. The Branch is cooperating fully with a related independent audit currently being conducted by Deloitte and Touche and looks forward to their report.

Every effort will be made in the coming year to implement a comprehensive regulatory framework for B.C.'s lottery systems and to restore public confidence in the integrity and security of those systems.

In 2006/07, the Branch implemented several initiatives to better serve the interests of British Columbians. This included amending B.C.'s Gaming Control Act to provide effective mechanisms for seizing and destroying illegal gambling equipment, permitting enforcement personnel to handle minor offences through a ticket violation program, and enabling government to take action against businesses that teach minors to gamble.

To ensure gaming is delivered in a socially responsible manner, the Branch supported several projects to educate the public about responsible gambling practices and to increase awareness of problem gambling. Branch programs ensure that individuals who seek help with problem gambling get the assistance they need, wherever they are in the province.

In 2007/08, the Branch will increase its size for the first time since it was formed in 2002. The addition of new staff will help ensure that gaming remains safe, fair and beneficial for British Columbians.

My thanks to Branch staff for another year of dedicated and exemplary service.

Sincerely,

Derek Sturko

*Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch*

Key Facts about Gaming in British Columbia

Gaming is a \$2.49 billion per year industry in B.C.

In the past year, the gaming sector had:

- *13,250 direct employees and an estimated additional 5,000 indirect jobs;*
- *Approximately 6,670 licensed gaming events; and*
- *230 companies that were directly or indirectly involved in the industry.*

In 2006/07, the gaming industry included:

- *Provincial and national lottery games;*
- *16 casinos and 1 race track casino;*
- *23 commercial bingo halls;*
- *6 community gaming centres;*
- *6 horse race tracks; and*
- *19 horse racing teletheatres.*

In 2006/07, the regulation of gaming in B.C. included:

- *Issuing of 6,611 grants and 6,669 gaming event licences to charitable and religious organizations;*
- *Registering 5,267 gaming workers and 109 senior executives;*
- *Registering 1,172 horse racing industry workers;*
- *Registering 19 gaming services and gaming equipment providers;*
- *Certifying 329 pieces of equipment;*
- *Conducting 624 audits of licensed gaming events and use of gaming grant proceeds;*
- *Auditing all casinos, community gaming centres and horse race tracks and bi-annual audits of commercial bingo halls; and*
- *Investigating 4,530 notifications of suspicious activity and potential wrongdoing.*

The Branch

In 2006/07, the Gaming Policy and Enforcement Branch (GPEB) had 116 employees and an annual operating budget of \$14.5 million. The responsibilities of the Branch, divided among seven divisions, ensure the integrity of gaming in B.C. and that it is conducted and managed according to provincial and federal legislation.

A short description of each division is included in Appendix A.

For the purposes of this report, we have categorized the work of the Branch into three general categories:

- Services to citizens and communities, which includes distributing grants to non-profit community organizations, licensing charitable gaming events, and providing problem gambling services;
- Protecting citizens and communities, which includes setting and implementing standards, ensuring suitable companies, people and equipment are involved in the industry, and the administration of horse racing; and
- Ensuring compliance with standards and regulations, which includes auditing commercial and charitable gaming activities for compliance, ensuring the integrity of horse race events, and investigating illegal gambling activity and unlawful activity in legal gaming venues.

Since 2002, over \$670 million in gaming revenue has been distributed to charitable organizations through grant programs.

Services to Citizens and Communities

The Branch provides a range of services to citizens and communities. It distributes grants to non-profit community organizations, licenses charitable gaming events, provides programs and services

that foster a responsible approach to gaming in both industry participants and consumers, and provides problem gambling services to those who need them.

Enhancing Customer Service

A major project in 2006/07 focused on improving the Branch's service delivery to its clients, including gaming workers, charitable organizations applying for gaming event licenses, and community organizations seeking community gaming grants. As of April 17, 2007, British Columbians could access online grant and licence applications, as

well as a full range of gaming information, 24 hours a day, seven days a week. With the introduction of this new technology, the Branch established improved benchmarks in timeliness and efficiency. In the next several months, the Branch will add many of its other programs to the online service.

Supporting Community Organizations (Community Gaming Grants)

On behalf of the Province, the Branch distributes grants to community organizations through the Direct Access and Bingo Affiliation grant programs. These grants are provided from government gaming revenues. In 2006/07, a total of \$144.5 million was distributed to community organizations across B.C. Funding is based on the type of organization applying, the programs and services it delivers, and financial need.

There are four main sectors that are funded by gaming grants:

- **Arts, Culture and Sport** – programs that support performing arts, media arts, or visual arts, literature, heritage or culture in the community, and sports.
- **Environment** – programs that support B.C.'s environment or protect the welfare of animals and wildlife.

- **Human & Social Services** – programs that significantly contribute to the quality of life in a community. Service organizations and service clubs are included in this sector.
- **Public Safety** – programs that support public safety initiatives, disaster relief, and emergency preparedness within B.C.

In addition, the Branch administers the SportsFunder Lottery grant program. The Province has directed that all net revenues from the SportsFunder suite of lottery products provide financial assistance to athletes, support athletic development programs, assist athletes with travel costs and support coaching and leadership development.

Gaming grants are also available for Parent Advisory Councils (PACs) and Districts Parent Advisory Councils (DPACs).

Table 1 provides details of grant distribution.

In 1974, B.C. became a partner with the three other western provinces in the Western Lottery Foundation.

Table 1 – Grants Distributed

Direct Access Grants by Funding Sector	2006/07		2005/06	
	Amount paid	Number of grants	Amount paid	Number of grants
PACs and DPACs	\$12,342,280	1,646	\$12,111,280	1,561
Public Safety	4,904,876	144	3,908,245	129
Human and Social Services	33,472,518	1,203	32,214,315	1,080
Environment	2,156,910	85	2,117,981	77
Arts, Culture and Sport	32,560,303	1,416	29,619,394	1,272
SportsFunder	2,181,900	185	n/a	n/a
Major Capital Projects*	4,176,297	79	3,101,589	53
Total	\$91,795,084	4,758	\$83,072,804	4,172

Bingo Affiliation Grants by Funding Sector	2006/07		2005/06	
	Amount paid	Number of grants	Amount paid	Number of grants
PACs and DPACs	\$1,804,456	192	1,809,329	196
Public Safety	1,043,293	42	1,087,513	43
Human and Social Services	34,078,021	1,047	35,656,624	1,088
Environment	571,748	21	584,890	22
Arts, Culture and Sport	14,088,768	519	14,527,017	535
Bingo Association Grants†	298,900	27	378,350	31
Total	\$51,885,186	1,848	\$54,043,723	1,915

One-Time Payments	2006/07		2005/06	
	Amount paid	Number	Amount paid	Number
One-Time Payments	\$800,000	5	\$450,000	2
Grand Total	\$144,480,270	6,611	\$137,566,527	6,089

* Major Capital Project grants provide funding to organizations for projects where the total costs exceed \$20,000.

† Each commercial bingo hall has a bingo association that organizes volunteers from affiliated charitable community organizations. The Branch provides grants to these associations to cover administrative costs.

Services to Citizens and Communities

Benefiting Community Organizations (Licensed Gaming Events)

The Branch issues gaming event licences to eligible charitable and religious organizations. The gaming events available for licensing are ticket raffles, independent bingos (which are conducted in facilities other than commercial bingo halls),

wheels of fortune, and social occasion casinos (casino-style events without slot machines). The type of licence issued depends on the size and location of the gaming event.

Table 2 – Gaming Event Licences Issued

A Licences: Charitable gaming events over \$20,000	2006/07	2005/06
Minor Raffles (\$20,000 to \$100,000)	138	200
Major Raffles (\$100,000 to \$250,000)	32	40
Registered Raffles (over \$250,000)	17	25
Independent Bingos	110	171
Total Class A Licences	297	436
B Licences: Charitable gaming events under \$20,000	2006/07	2005/06
Raffles	6,091	5,818
Independent Bingos	206	212
Wheels of Fortune	38	27
Social Occasion Casinos	29	20
Total Class B Licences	6,364	6,152
C Licences: Gaming events at fairs & exhibitions	2006/07	2005/06
Raffles	3	3
Independent Bingos	1	2
Limited Casino	1	1
Wheels of Fortune	3	2
Total Class C Licences	8	8

Class A gaming events earned a total of \$18.5 million in 2006/07. The highest earning gaming events were raffles conducted by the British Columbia Children's Hospital (\$2.3 million), Variety Club of British Columbia (\$1.7 million), and the Surrey Memorial Hospital Foundation (\$1.5 million).

An estimated \$28.5 million was earned by Class B licence holders, at an average of nearly \$4,500 per event. A total of \$3.2 million was earned by Class C licence holders. The majority of this amount (\$2.5 million) was earned by the Pacific National Exhibition's raffle.

In 2006/07, community organizations in B.C. earned approximately \$50.2 million through licensed gaming.

In 2006/07, the Branch developed a new class of licence that was launched on April 17, 2007. The Class D licence is tailored to those groups or organizations wishing to conduct small-scale fundraising events. The licence costs \$10 and is restricted to ticket raffles and independent bingo events. Projected gross revenues must not exceed \$5,000.

Table 3 – Revenues Earned by Charitable Groups Through Licensed Gaming

Earned by Charities (licensed gaming events)	
Class A licences (over \$20,000)	\$18.5 million
Class B licences (\$20,000 or less)	\$28.5 million
Class C licences (exhibitions and fairs)	\$3.2 million
Total Earned by Community Organizations	\$50.2 million

Services to Citizens and Communities

Ensuring Citizens are Protected from the Risks Related to Gambling

The Province's Responsible Gambling Strategy, launched in 2003, has three goals: reducing the incidence of problem gambling, reducing the harmful impacts of excessive gambling, and ensuring that gambling is delivered in a manner that encourages responsible gambling and healthy choices.

The Branch manages the strategy and coordinates contributions from partner stakeholders. These partners include the BC Lottery Corporation (BCLC), gaming services providers and local governments that host casinos and/or community gaming centres.

Reducing the incidence of problem gambling

The Branch works to reduce the incidence of problem gambling by creating greater awareness of problem gambling issues and services, and by encouraging gamblers to understand the risks, know their limits and play within their means.

In 2006/07, 19 contracted service providers delivered problem gambling education and prevention programs on behalf of the Province. Service providers make presentations and distribute information that raises awareness of the Problem Gambling Program, educates people about gambling responsibly, and assists problem gamblers in accessing help.

In 2006, the Branch partnered with Richmond Addiction Services and the City of Richmond to develop a school-based educational program for youth. The program, which was well received by students and teachers, provides educators with an excellent tool for educating young people about the risks involved in gambling. The Branch will distribute this program to all elementary schools in B.C. in 2007/08.

Reducing the harmful impacts of excessive gambling

In 2006/07, the Branch contracted with 32 counsellors across B.C. to provide problem gambling counselling services. These services are provided free of charge to anyone who is experiencing a problem with gambling or is affected by someone else's gambling. Counsellors provide services at the client's convenience, which may include travelling to a location of the client's choosing and/or making themselves available during evenings and weekends.

The Branch also funds a dedicated, 24-hour, toll-free Problem Gambling Help Line. Help Line operators provide crisis counselling and refer individuals and their families to treatment and prevention services offered by the Branch. Since 1997, the Help Line has been a primary resource for health service providers, community service organizations, and people with gambling problems.

Table 4 shows a decline in the number of calls and referrals handled by the Help Line in 2006/07 compared to the previous year. A number of factors could explain this decline. There was a significant drop in the number of erroneous calls over the same period, which accounted for almost half the decrease. In addition, a province-wide public awareness campaign conducted in 2005/06 led to an increase in calls that year. Admissions to counselling remained constant, which shows that people are accessing this service by other means.

In 2002, five different gaming agencies were combined to form the Gaming Policy and Enforcement Branch.

Ensuring that gambling is delivered in a manner that encourages responsible gambling and healthy choices.

The Province is committed to increasing the knowledge, promotion and delivery of responsible gambling practices and policies within the gambling industry.

In 2006/07, a joint GPEB/BCLC pilot project resulted in the implementation of Responsible Gaming Information Centres at casinos in Richmond (River Rock), Vancouver (Edgewater), Langley (Cascades) and Coquitlam (Boulevard).

The purpose of the Responsible Gaming Information Centres is to provide on-site education and support to customers in distress and those seeking information. This highly successful program will be introduced to several more casinos across the province in 2007/08.

Since 2004, the Branch has supported the Appropriate Response Training program, an educational program for gaming workers run by BCLC. The program is intended to enhance the knowledge, awareness, attitudes and skills of gaming industry personnel so they can respond appropriately to patrons who may be experiencing distress in a gaming facility.

Table 4 – Problem Gambling Program Statistics

Problem Gambling Program Statistics	2006/07	2005/06
Total Help Line calls (includes erroneous calls and hang-ups)	5,696	7,455
Calls made to Help Line specific to problem gambling	4,769	5,830
Referrals to Problem Gambling Program	2,869	3,590
Counselling service admissions	1,100	1,115
Number of prevention information sessions delivered	1,750	1,700
<i>Contracted service providers:</i>		
Clinical counsellors	32	28
Prevention service providers	19	19
Provincial coordinators	3	3
Responsible Gambling Officers (RGIC Staff)	2	n/a

Research

The Branch has initiated and participated in several research projects over the past year. Some research projects, such as the Lower Mainland socio-economic impact study and periodic prevalence surveys, are contracted to independent research companies. Others, such as the development and evaluation of problem gambling measurement tools, are conducted in partnership with other provinces.

Examples of research the Branch is currently undertaking can be found on the responsible gambling website at:

<http://www.bcreponsiblegambling.ca/>

Protecting Citizens and Communities

The Branch regulates all gaming in B.C. to ensure the integrity of gaming industry companies, people and equipment. This mandate includes regulatory oversight of BCLC (which conducts and manages

lotteries, casinos and commercial bingo halls), all gaming services providers and gaming workers, B.C.'s horse racing industry and licensed gaming events.

Protecting Citizens through Laws and Regulations

The Branch fulfills its mandate under Canada's Criminal Code and the provincial Gaming Control Act and Regulation. In 2006/07, the Assistant Deputy Minister and General Manager of the Branch issued two new directives to enhance the regulatory structure of gaming.

- On October 30, 2006, a directive was issued to BCLC approving single-table Texas Hold'em tournaments at participating pubs and bars through BCLC's hospitality retailer network. This action allowed BCLC to pilot a sanctioned form of poker in those settings.
- On March 7, 2007, a directive was issued that enhances the technical integrity of lottery schemes conducted and managed by BCLC by requiring new or modified technology to be submitted to the Branch for approval.

In addition to the two directives, the Branch coordinated the implementation of several amendments to the Gaming Control Act and Gaming Control Regulation. These amendments strengthen the existing legal framework for gaming and ensure the Province has the necessary authority to protect the overall integrity of gaming and horse racing in British Columbia.

Examples of these amendments include:

- Clarifying the approval process for gaming facilities and teletheatres;
- Strengthening requirements for the reporting of changes in the ownership or control of companies involved in B.C.'s gaming industry;
- Improving the authority to seize and destroy illegal gambling equipment;
- Prohibiting the unauthorized promotion of gaming activities;
- Enabling the Province to take enforcement action against commercial efforts to train minors to gamble;
- Strengthening the registration requirements imposed on companies and people involved in B.C.'s gaming industry; and
- Requiring on-site managers of lottery retail outlets to be registered.

*The gaming industry
directly and indirectly
employs over
18,000 people.*

Ensuring Suitable People and Companies are Involved in the Industry

Through its registration process, the Branch certifies companies (gaming services providers) and individuals (gaming workers) who are directly or indirectly involved in B.C.'s gaming industry. This helps to ensure potential employees and service providers are suitable for participation in this industry. The registration process involves thorough background checks that include, but are not limited to, a criminal record check, a credit check and verification of information.

In October 2006, in response to allegations of fraudulent retailer activity in Ontario, the Branch initiated a review of the BC Lottery Corporation's lottery retailer network. As a result of this review, the Branch expanded its registration program to include managers of all lottery retail outlets in the province.

On April 1, 2007, the Branch implemented a new registration fee schedule. This schedule increased the application and registration fees for each class of gaming services provider and gaming worker. These changes will generate greater cost recovery from the industry and bring B.C.'s fee structure in line with similar jurisdictions.

Table 5 – Registrations of Companies and People

Number of Annual Registrations (companies)	2006/07	2005/06
Gaming service providers	11	14
Gaming equipment suppliers	8	12
Ancillary service contractors	29	19
Number of Annual Registrations (personnel)	2006/07	2005/06
Gaming workers	5,267	4,796
Horse race workers	1,172	1,133
Key Persons	109	129
Branch and BCLC personnel	552	38

Descriptions located in Appendix A

Protecting Citizens and Communities

Ensuring Gaming Equipment and Products are Fair

The Branch's certification process ensures that gaming equipment and products work the way they are supposed to and deliver the stated odds of winning. Every type of slot machine, lottery product, computer system (hardware and software), and gaming equipment (cards, chips, dice, etc.) must be certified by the Branch before it can be used in B.C. gaming venues.

As a result of its October 2006 review of the BC Lottery Corporation's lottery retailer network,

the Branch is now certifying all new and existing products related to the lottery network (e.g., scratch and win tickets and break open tickets).

In the past year, the Branch developed and implemented a coordinated strategy to oversee BCLC's Internet gaming system. This strategy included certifying both hardware and software, registering companies and developing audit and investigation protocols.

Table 6 – Certifications of Gaming Equipment

Number of Annual Equipment Certifications	2006/07	2005/06
Certificates of Technical Integrity	329	345

In horse racing, Judges and Stewards have the exact same duties and responsibilities. Stewards are associated with Thoroughbred racing and Judges are associated with Standardbred racing.

Ensuring Proper Conduct of Horse Racing

The Branch is responsible for the regulation and management of horse racing in B.C., including oversight of all horse races in the province and the licensing of all participants in the racing industry. Each year the Branch also revises and updates *The Rules of Thoroughbred and Standardbred Horse Racing in British Columbia*. In 2006/07, the Branch oversaw the running of almost 2,000 races on 200 race dates at tracks around the province.

In 2006/07, approximately \$208 million was wagered at race tracks and teletheatres in B.C. Of this amount, approximately 75 per cent was wagered on simulcast races, 25 per cent on live racing.

Table 7 – Overview of Live Horse Racing in B.C.

	Live Race Days		Live Races		Horse Programmed	
	2006	2005	2006	2005	2006	2005
THOROUGHBRED TRACKS						
Hastings Racecourse (Vancouver)	78	82	700	758	5,888	6,008
Sagebrush Downs (Kamloops)	5	7	33	43	207	264
Sunflower Downs (Princeton)	1	1	9	7	70	53
Kin Park (Vernon)	2	2	14	14	104	80
Total	86	92	756	822	6,269	6,405
STANDARDTBRED TRACKS						
Fraser Downs Racecourse (Surrey)	99	84	1,117	1,049	9,233	8,735
Sandown Racecourse (Sidney)	10	24	117	235	809	1,681
Total	109	108	1,234	1,284	10,042	10,416

Note: Horse racing statistics are based on the calendar year.

Ensuring Compliance with Regulations and Standards

The Branch ensures compliance with regulations and standards in several ways: by conducting audits of community organizations' licensed gaming events, commercial gaming facilities and operations, and BCLC's PlayNow site; by issuing

and enforcing rulings for infractions at horse race events; by participating in investigations concerning illegal gambling activity; and by conducting investigations of unlawful activity in legal gaming venues.

Auditing for Compliance

The Branch employs a comprehensive audit strategy to ensure compliance with all applicable legislation, regulations, policies and directives. The Branch audits commercial gaming, horse racing, licensed gaming, and community organizations' use of proceeds from licensed gaming events or gaming grants.

fell just short of this goal, the number of audited groups in full compliance increased by three percentage points over the previous year.

Every year, the Branch audits all commercial casinos in the province. The audit findings are accessible on the Branch website at:

<http://www.pssg.gov.bc.ca/gaming/access-to-information/audits.htm>

Over the past three years the Branch has made it a priority to improve compliance among organizations receiving gaming funds, focusing on ensuring proper use of gaming proceeds and financial accountability of the organizations benefiting from these proceeds. In 2006/07, the Branch's aim was to increase the compliance rate of audited gaming fund recipients to 85 per cent. While the Branch

In 2006/07, casino audits indicated a high level of gaming integrity. However, these audits also indicated that provincially mandated responsible gambling initiatives were not well supported in all casinos. In the coming year the Branch will focus on increasing compliance with responsible gambling policies.

Table 8 – Audit Activity by the Branch

Audits of gaming activity in B.C.	2006/07	2005/06
Commercial gaming compliance audits (annual audits of casinos, community gaming centres and horse race tracks and bi-annual audits of commercial bingo halls)	49	47
Audits of all registered raffles, major ticket raffles (every two years), charities receiving more than \$50,000 in grants (every four years) and a random selection of other organizations receiving gaming grants	568	522
Audits of all poker tournaments included in the Branch poker pilot project	7	n/a
Percentage of audited gaming funds recipients in compliance	83%	80%

There are two types of horse racing in B.C.: thoroughbred racing, which involves a horse and jockey, and standardbred racing, which involves horses pulling drivers on sulkies.

Enforcing the Rules and Regulations of Horse Racing

The regulation of horse racing includes enforcing rules and adjudicating matters that occur on the track or in the backstretch area that could have a negative impact on the integrity of gaming. Management of racing events also involves

determining the winners of each race and issuing rulings. The Branch has staff at all race meets held in the province. During the 2006 racing season, almost 300 rulings were issued by Stewards and Judges.

Table 9 – Horse Race Rulings

Horse Racing Rulings	Live Race Days		Rulings Issued	
	2006	2005	2006	2005
THOROUGHBRED RACING				
Hastings Racecourse (Vancouver)	78	82	127	177
Sagebrush Downs (Kamloops)	5	7	0	0
Sunflower Downs (Princeton)	1	1	0	0
Kin Park (Vernon)	2	2	0	0
Total	86	92	127	177
STANDARD BRED RACING				
Fraser Downs Racecourse (Surrey)	99	84	158	208
Sandown Racecourse (Sidney)	10	24	12	42
Total	109	108	170	250

Table 10 – Types of Rulings

Types of Rulings	Standardbred	Thoroughbred
Whipping violations (Standardbred only)	67	n/a
Racing or driving infractions committed during a race	62	33
Drug or alcohol infractions involving either horses or registered horse race workers	14	26
Entering an ineligible horse (Thoroughbred only)	n/a	18
Inappropriate behaviour in the backstretch area of a race track	8	8
Licensing or registration violations	5	10
Horses that bled during a race	2	10
Restoration of a horse or a horse race worker to good standing	3	7
Other	9	15
Total	170	127

Note: Horse racing statistics are based on the calendar year.

Ensuring Compliance with Regulations and Standards

Addressing Unauthorized Activity Related to Gambling

The Province implemented an Illegal Gambling Enforcement Strategy to ensure the integrity of legal gambling and to reduce the incidence of illegal gambling.

The Strategy provides a strong, comprehensive framework for addressing regulatory offences under B.C.'s Gaming Control Act and criminal offences under Canada's Criminal Code. This framework provides the Branch with a suite of enforcement actions and sanctions intended to accommodate a range of regulatory and criminal offences. The Strategy includes an integrated team of Branch and RCMP investigators who coordinate efforts with other law enforcement agencies as necessary. The Strategy also includes comprehensive reporting of summary investigation statistics and an educational component aimed at promoting public awareness of legal requirements.

The Branch supports this Strategy by investigating, or assisting law enforcement agencies in the investigation of, complaints and allegations of suspected criminal activity and regulatory infractions related to gaming and horse racing in B.C.

Ensuring the Integrity of Legal Gambling

Under the Strategy, Branch investigators lead investigations involving regulatory offences (which may also be criminal offences) where they occur in conjunction with legal forms of gambling. This includes, but is not limited to, money laundering, assaults, threats, frauds, counterfeiting, loan sharking, cheating at play, and theft.

Under the Gaming Control Act, the Branch has the power to issue either verbal or written warnings, administer sanctions, or issue fines. For more serious

violations, the Branch will recommend to Crown Counsel that charges be laid under the Act or the Criminal Code.

In 2006/07, the Branch revised how it reports its investigation activities in order to provide the public with a better understanding of the activities of Branch investigators. Table 11 provides an account of the types of notifications and complaints received by the Branch and how they were dealt with.

In total, the Branch received 4,530 notifications of suspicious activity or suspected wrongdoing. Over half of these notifications (53 per cent) were made available to, and could, or are, being used for larger, more substantial GPEB and police investigations. A further 35 per cent of notifications had insufficient information upon which to proceed. Approximately 2.5 per cent of the notifications were unfounded.

In sum, over 90 per cent of the notifications of unlawful activity were unfounded or incomplete, or they could not be fully addressed on their own but made useful additions to other evidence and information held by the Branch and/or law enforcement agencies. Many such notifications became part of more comprehensive investigations.

Approximately 52 per cent of the 4,530 notifications were related to alleged offences under the Criminal Code. Of these, the most common notification was for counterfeiting (1,033). Other notifications included thefts (570), assaults and threats (344), and money laundering/loan sharking (169). While these notifications pertained to alleged criminal offences that occurred at or near a gaming facility, none was related to the way gaming is conducted or managed in the province.

Our four offices communicate through an integrated video conference system which dramatically reduces travel time and expenses.

Of the 1,406 notifications or complaints concerning alleged violations of the Gaming Control Act, over 80 per cent (1,132) were notifications of barred or self-excluded individuals attempting to enter a gaming facility. A further 146 notifications led to administrative sanctions or warnings. Two hundred and thirty-seven files were still active at the end of fiscal year 2006/07.

Table 11 – Notifications or Complaints of Alleged Wrongdoing at or Near Legal Gaming Venues

Type of Notification and/or Complaint	Suspected wrongdoing notifications or complaints	Disposition of Files Concluded During Fiscal Year (Cleared)						Ongoing (Not cleared during fiscal year)	
		Criminal Code Charges	Gaming Control Act		Warnings Written & Verbal	Intelligence ²	Other ³		Unfounded
Charge	Administrative ¹								
CRIMINAL CODE									
Theft	570	13	n/a	n/a	2	16	478	35	26
Assault & Threats	344	13	n/a	n/a	1	26	288	6	10
Fraud	193	3	n/a	n/a	0	7	71	34	78
Money Laundering/Loan Sharking	169	1	n/a	n/a	0	143	14	7	5
Cheat at Play	43	1	n/a	n/a	0	3	36	2	1
Counterfeit	1,033	2	n/a	n/a	0	1,025	1	1	5
GAMING CONTROL ACT									
GCA prohibited, barred or self-excluded individuals attempting entry to gaming venues	1,132	n/a	5	n/a	n/a	1,132	n/a	n/a	n/a
All other GCA Violations	274	n/a	0	138	8	18	35	5	66
OTHER									
Notifications and/or complaints not categorized above	772	10	0	1	4	47	648	17	46
Total	4,530	43	5	139	15	2,417	1,571	107	237

1. Includes breaches of conditions of licences or registration.
2. Includes correlating data on suspect individuals and groups and forwarding to police of jurisdiction (RCMP Proceeds of Crime, Major Crime or Commercial Crime, FINTRAC) and maintaining data for future potential investigations (e.g. RCMP receive all compiled counterfeit bill and suspect data for inclusion on National Counterfeit Data Bank in Ottawa).
3. Includes insufficient evidence to lay charges, assist police of jurisdiction on unrelated criminal matters, unidentified suspects, and reports of non-reportable issues.

Ensuring Compliance with Regulations and Standards

Reducing the Incidence of Illegal Gambling

As part of the Illegal Gambling Enforcement Strategy, Branch investigators and 12 dedicated RCMP officers work together in a joint operations team called the Integrated Illegal Gaming Enforcement team (IIGET). Investigations are often conducted in cooperation with other law enforcement agencies. Illegal forms of gambling include common gaming houses, unlicensed lotteries, illegal sports betting, and illegal Internet gambling sites.

Fewer files were opened by IIGET in 2006/07 than in the previous year. Notably, there were decreases in the number of files relating to illegal video gambling machines (a 72 per cent decrease) and illegal lotteries (a 40 per cent decrease). These figures suggest that public education and enforcement programs initiated by the Branch and IIGET have been successful in reducing the amount of illegal gambling in the province.

Table 12 – IIGET Statistics

Files Generated	2006/07	2005/06
Video gambling machines	12	42
Common gaming houses	86	89
Illegal lotteries	186	307
Internet/on-line gambling	16	11
Other	30	43
Total	330	492

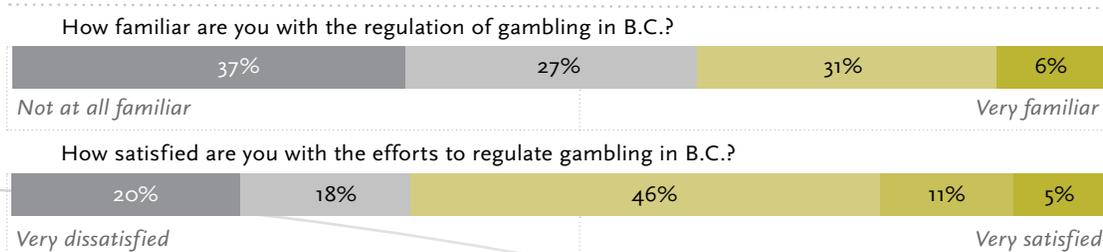
Files Cleared	2006/07	2005/06
Charges under Criminal Code	0	14
Charges under Gaming Control Act	0	1
Verbal warnings	83	153
Written warnings	50	115
Administrative	3	4
Ticket violation notices	0	8
Intelligence	42	58
Unfounded	51	98
Other	30	42
Total	259	493

Public Satisfaction with the Regulation of Gaming

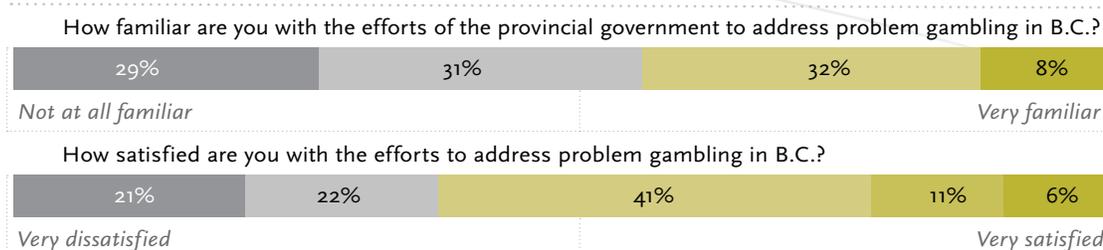
In 2006/07, the Branch surveyed British Columbians' perceptions of the government's efforts to regulate gaming, address problem gambling, and distribute gaming revenues. Respondents were asked to describe their familiarity and satisfaction level in each of these three areas.

Familiarity was measured as "not at all familiar," "not very familiar," "somewhat familiar," or "very familiar." Satisfaction was measured as "very dissatisfied," "somewhat dissatisfied," "neither satisfied nor dissatisfied," "somewhat satisfied," or "very satisfied." The findings are summarized in the graphs below.

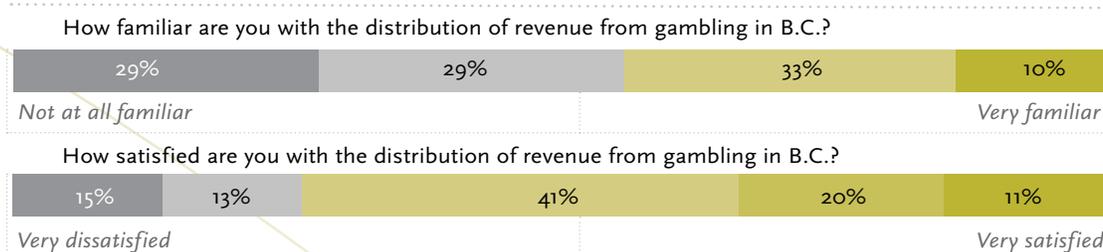
FAMILIARITY AND SATISFACTION WITH THE REGULATION OF GAMBLING IN B.C.



FAMILIARITY AND SATISFACTION WITH EFFORTS TO ADDRESS PROBLEM GAMBLING IN B.C.



FAMILIARITY AND SATISFACTION WITH THE DISTRIBUTION OF REVENUE FROM GAMING IN B.C.



Due to rounding not all figures total to 100%.

The overall lack of familiarity and satisfaction with the regulation and management of gambling in B.C. presents some significant challenges for the Branch. In particular, the Branch must address the low levels of satisfaction with respect to the way it addresses problem gambling and distributes gaming revenues.

These survey results indicate there is a statistically significant correlation between familiarity with gaming issues and satisfaction with how government deals with those issues. Simply put, the greater the awareness, the greater the satisfaction with the work of the Branch. In 2007/08, the Branch will look at ways to increase public knowledge of its activities.

The full report can be viewed on the Branch website at: www.pssg.gov.bc.ca/gaming/

Where the Money Goes

In 2006/07, total gross revenue from commercial gaming conducted and managed by BCLC was \$2.49 billion. After expenses and prize payouts,

total government revenues from gaming totalled \$1.03 billion. These revenues support local communities and government programs.

Supporting Communities

Approximately one out of every four dollars from gaming revenue is directed towards benefiting people and communities through grants and municipal programs. This is done through the Branch's grant programs, payments to municipalities that host casinos and/or community gaming centres, and grants to support the revitalization of B.C.'s horse racing industry.

Grants support social programs, community services and local economic development that might not otherwise receive funding. In 2006/07, the Branch distributed \$144.5 million in community gaming grants to over 6,600 community organizations.

In addition, the Branch paid \$76.1 million in gaming revenue to 20 local governments that host casinos or community gaming centres. Host local governments may use funds for any purpose within their legal authority that is of benefit to the community.

Since 1999, over \$350 million in gaming revenue has been distributed to local governments.

Gaming funds supported a wide variety of vital community grant programs, capital and other expenditures. For instance, in 2006/07, these included:

- \$3.5 million for RCMP municipal policing services in Kelowna;
- \$3.3 million toward the Vancouver Island Conference Centre in Nanaimo; and
- \$6.5 million to expand the Chimo public swimming pool complex in Coquitlam.

To support the revitalization of horse racing, the Branch distributed \$5.2 million to the industry through a number of economic and business initiatives, including increased purses.

The first horse race in British Columbia was a thoroughbred race held in 1889 on what is now Howe Street in Vancouver. A horse named Mayflower won the featured race, the Vancouver City Stakes.

B.C. Government Programs

Approximately three-quarters of gaming revenues are directed towards Government's Health Special Account and the Consolidated Revenue Fund to support provincial health care and education services.

The Health Special Account is used exclusively for the administration, operation and delivery of health care, research, and health promotion and education services. In 2006/07, approximately \$147.3 million

was paid into the account. Since its creation in 1992, over \$1.4 billion in gaming revenue has been directed to this account.

In 2006/07, over \$606 million was directed to the Consolidated Revenue Fund to support social programs, primarily health care and education. In the past ten years, over \$3.1 billion in gaming revenues has been directed to the Fund.

Gaming Policy and Enforcement Branch Operations

In 2006/07, the Branch spent \$14.7 million on the regulation of gaming in the province. Core Branch operations cost \$10.4 million. The Problem Gambling Program cost a further \$4.3 million.

Government of Canada Transfer

As part of a revenue sharing agreement between the federal and provincial governments, \$8.4 million of lottery revenues was transferred to the federal government.

Enhancing B.C.'s Lottery Network

The Branch takes a risk-based approach to regulating gaming in B.C. Historically, the highest priority has been placed on those sectors of the industry where the integrity of gaming is at the highest risk, specifically, B.C.'s commercial gaming facilities (casinos, community gaming centres, bingo halls, and horse race tracks). This is where most of the money is managed and where the biggest risk of criminal activity and regulatory infractions exists.

Further, the certification of all gaming equipment (including PlayNow, BCLC's online lottery system) received a high level of priority, as these are the systems through which the conduct and management of gaming, as well as the management of all related proceeds, are handled.

Prior to October 2006, there were very few public allegations of fraudulent lottery retailer activity. As a result, these operations did not appear to represent a significant risk. It was the Branch's intention to expand its regulatory authority to include lottery retailers by 2008. However, the Ombudsman's report released in May 2007 made it clear that enhanced oversight of the lottery retail network is a priority that must be addressed immediately.

The Ombudsman made four recommendations, which included implementing all of the recommendations made by the Branch in November 2006. The government and the Branch accepted all of these recommendations. The following table outlines the specific responsibilities and actions to which the Branch has committed in response to the Ombudsman's report, including those that have been initiated.

Table 13 – Ombudsman’s Recommendations to GPEB and GPEB’s Responses

Recommendation	GPEB Response
<p><i>Recommendation 1</i></p>	
<p>GPEB enhance its regulation of BCLC’s lottery prize payout procedures and complaints handling processes. This should include but not be limited to GPEB conducting regular, audits of BCLC’s lottery prize payout procedures and BCLC’s investigation of customer complaints, ensuring BCLC’s compliance with its Section 86 reporting requirement and independently conducting its own independent investigations into public complaints involving BCLC’s prize payout procedures. All of these activities should be reported on publicly in its annual report.</p>	<p>GPEB accepts this recommendation. In response, the Branch will enhance its regulation of BCLC’s lottery prize payout procedures and complaints handling processes. Specifically, GPEB will:</p> <ul style="list-style-type: none"> • Conduct regular and independent audits of BCLC’s lottery prize payout procedures and BCLC’s investigation of customer complaints; • Ensure BCLC complies with its Section 86 reporting requirement; • Confirm BCLC’s obligation to provide to the Branch, as soon as possible and with urgency, full and comprehensive files in support of each initial Section 86 notification; • Reconfirm to BCLC that, in response to any Section 86 notifications concerning potential fraud by a lottery retailer or a lottery retailer employee, the Branch will continue to make independent decisions about whether to conduct a full and separate investigation of the circumstances; • Audit and review BCLC’s policies and procedures for addressing public complaints involving BCLC’s prize payout procedures; and • If, and as necessary, conduct an investigation [under Section 27(3) of the Act] of any systemic or recurring problems. <p>All of these activities will be reported publicly in the Branch’s annual report.</p>
<p><i>Recommendation 2</i></p>	
<p>GPEB conduct independent systemic investigations into any recurring problems.</p>	<p>GPEB accepts this recommendation. In response to this recommendation, as well as the Branch’s findings in response to the previous recommendation, and GPEB’s ongoing role in regulating BCLC’s lottery policies and procedures, the Branch will:</p> <ul style="list-style-type: none"> • Establish a system to routinely monitor, review and audit BCLC’s lottery retailer policies, procedures and systems (including but not limited to: BCLC’s contract framework; retailer operating practices; retailer handling of lottery tickets and advising of customers; retailer information systems; ticket validation and prize payout processes; compliance and enforcement policies and procedures; and policies and procedures concerning reporting to the Branch, BCLC’s Board of Directors and the public); • Independently audit and review any identified systemic or recurring problems; and • If and as necessary, investigate [under Section 27(3) of the Act] any systemic or recurring problems.

Enhancing B.C.'s Lottery Network

Recommendation

GPEB Response

Recommendation 3

GPEB report publicly on BCLC compliance with its recommendations for change every six months until completed and clearly identify whether it is satisfied with the progress.

GPEB accepts this recommendation. In response, the Branch will:

- Continue to monitor and engage BCLC in the implementation of the Branch's recommendations for change;
- Report publicly on BCLC's compliance with the recommendations for change at least every six months (but more likely quarterly) until fully implemented;
- Clearly identify whether the Branch is satisfied with BCLC's progress; and
- Monitor BCLC's progress in implementing the Ombudsman's recommendations to BCLC concerning BCLC's lottery prize payout procedures and report publicly on BCLC's progress and the Branch's satisfaction with that progress.

Recommendation 4

GPEB conduct a thorough investigation of BCLC's investigation into all complaints of potential retailer impropriety since January 1, 2005 and report publicly on its findings.

GPEB accepts this recommendation. In response, the Branch will:

- Conduct a thorough and independent audit and review of BCLC's handling of all complaints of potential retailer impropriety since January 1, 2005 and report publicly on its findings;
- Continue to conduct reviews of the full files supporting those complaints and make independent decisions about which, if any, Section 86 notifications concerning potential fraud by a lottery retailer or a lottery retailer employee warrant a full and separate investigation [under Section 27(3) of the Act];
- If and as necessary, conduct an independent investigation [under Section 27(3) of the Act] of any systemic or recurring problems; and
- In order to satisfy the Branch that BCLC's current and ongoing complaint handling processes are proper and complete, conduct an independent investigation [under Section 27(3) of the Act] of at least 10 per cent of all notifications to the Branch. The files to be independently reviewed will include those noted above for which GPEB makes an independent determination that a separate investigation is warranted, as well as a random sample of other notifications.

Independent Audit of B.C.'s Lottery Network

While government has accepted and is implementing all 27 recommendations from the B.C. Ombudsman's report, the Solicitor General also ordered an independent and comprehensive audit of the BCLC lottery system and the Branch.

On June 8, 2007, the firm Deloitte & Touche LLP was appointed to review the retail lottery system in B.C. and make recommendations to enhance the overall integrity and transparency of gaming activities in B.C.

The terms of reference for the audit are:

British Columbia Lottery Corporation

- To review in detail the lottery prize validation and payout procedures of BCLC, including, but not limited to: retailer validation procedures, monitoring of retailer play and win rates and customer complaint tracking and investigation and resolution procedures;
- To review BCLC's action plan in response to the Ombudsman's report and provide an assessment of it;
- To provide recommendations on further actions that could be taken, including a recommended timeframe and expected outcomes;
- To review and make recommendations on the reporting of activities, including prize validation and security investigations, to GPEB;
- To provide recommendations that will serve to enhance the fairness, integrity, transparency, security and customer service of the lottery systems and prize validation procedures; and

- To review other business and program functions with respect to BCLC and make recommendations to enhance the integrity and transparency of all gaming activities conducted by BCLC and overseen by GPEB.

Gaming Policy and Enforcement Branch

- To review GPEB's regulation of BCLC's lottery prize validation and payout procedures, including detailed investigations, and make recommendations for areas of improvement;
- To review GPEB's action plan in response to the Ombudsman's report and provide an assessment of it;
- To provide recommendations on further actions that could be taken, including a recommended timeframe and expected outcomes;
- To provide recommendations that will serve to enhance the integrity and oversight of the lottery system in B.C.; and
- To review other business and program functions with respect to GPEB and make recommendations to enhance the integrity, accountability, transparency, and oversight of all gaming activities in B.C.

It is expected that Deloitte & Touche LLP will submit its report to government by the end of October, 2007.

Looking Ahead

Gaming is a popular form of entertainment in British Columbia. Surveys show that more than eight out of every ten British Columbians gamble routinely. The gaming industry is complex and continues to evolve. In the past few years, the industry has seen the emergence of multi-purpose gaming venues, legal poker alternatives and an increase in the popularity of illegal, and therefore unregulated, Internet gambling sites.

In addition to actions related to the Ombudsman's report, the Branch will continue to enhance the services it provides to citizens and communities, its protection of citizens and communities, and its efforts to ensure compliance with standards and regulations. The Branch will also continue to measure public perception of the Branch's efforts to regulate and manage gaming.

Services to Citizens and Communities

On April 17, 2007, the Branch implemented Online Service, an integrated Internet-based information system that has improved the overall business functions of the Branch and ensured a single point of access for clients. British Columbians can now go online to apply for gaming grants and licences, 24 hours a day, seven days a week.

In 2007/08, the Branch will develop and implement the second and third phases of its Online Service. These enhancements will add the Branch's audit, investigation and registration functions to online operations.

In the coming year, the Problem Gambling Program will work on several initiatives in addition to providing counselling and prevention services. These initiatives are aimed at reducing barriers to service for at-risk populations, increasing the level of responsible gambling information at the high school and post-secondary level, and improving the Program's capacity to address future needs.

In April 2007, the Branch issued a Request for Proposals to obtain up-to-date information on the prevalence of problem gambling in British Columbia. This survey follows similar studies undertaken in 1993, 1996 and 2003, and will help inform the development of effective policies and programs to address the problems associated with excessive gambling.

On April 17, 2007, the Branch launched a new class of licence that is tailored to those groups or organizations wishing to conduct small-scale fundraising events. These new, Class D licences, cost \$10 and are restricted to ticket raffles and independent bingo events with gross revenues under \$5,000. The new licence provides a broader range of citizens the opportunity to conduct and manage sanctioned gaming events to raise funds for community based purposes.

Since 2002, community organizations have earned over \$250 million dollars through charitable gaming events.

Protecting Citizens and Communities

In 2007/08, the Branch will continue to enhance and strengthen its regulatory oversight of gaming in the province. This will include issuing directives and developing legislation in response to the Ombudsman's recommendations and other issues.

The Branch's responsibilities with regard to registration will expand significantly. For instance, in response to the Ombudsman's report, the Branch will now register all lottery retail managers

and contract signatories. These registrations, of an estimated 8,000 individuals, will be completed in 2008.

The Branch will continue to support the horse racing industry, as well as regulate and manage all horse racing in B.C. In 2007/08, the Branch will oversee the running of over 2,000 races on almost 200 race dates at tracks around the province.

Ensuring Compliance with Standards and Regulations

The Branch plans to conduct over 600 audits in 2007/08, including commercial gaming facilities, registered raffles licensees, and audits of community organizations receiving gaming grants. Audits are selected using a risk-based approach to ensure that gaming proceeds are used for appropriate purposes and that organizations are financially accountable.

As a result of the Ombudsman's report, the Branch will implement a specific and comprehensive audit strategy aimed at ensuring the integrity of BCLC's lottery business. Further, the Branch will monitor, report and comment on BCLC's implementation of all of the Ombudsman's and GPEB's recommendations concerning the lottery business.

The Branch will continue to evaluate and enhance the effectiveness of the Illegal Gambling Enforcement Strategy and will continue to work cooperatively with law enforcement agencies on issues such as money laundering and loan sharking.

The Branch will also implement a series of initiatives to ensure comprehensive and independent investigations are undertaken of issues related to BCLC's lottery retail business. This will include ensuring BCLC is aware of its reporting requirements, conducting fully independent investigations of any alleged impropriety involving lottery retailers, and regularly reporting on the status of investigations.

Monitoring Public Perception

The Branch will continue to monitor British Columbians' perceptions of the Province's regulation of gaming, the Problem Gambling Program, and the distribution of gaming funds to community organizations. Current plans include replicating the survey on a yearly basis.

Appendix A – Gaming Industry Legal and Operating Framework

Gaming in the province is regulated under the Criminal Code of Canada and B.C.'s Gaming Control Act. Responsibility for ensuring the effective regulation of gaming belongs to the Minister of Public Safety and Solicitor General. The Minister provides broad policy direction to ensure

government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, or in the day-to-day management of gaming.

Regulating the British Columbia Gaming Industry

Gaming is regulated by the Gaming Policy and Enforcement Branch. The Branch is made up of seven divisions:

- **The Policy, Legislation and Standards Division** is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing in B.C. The Division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs.
- **The Licensing and Grants Division** is responsible for distributing grants to community organizations and issuing gaming event licences to eligible organizations.
- **The Racing Division** is responsible for regulating and managing horse racing in B.C.
- **The Registration Division** is responsible for conducting financial and personal background checks on all gaming services providers and gaming workers. The Division also approves and certifies all gaming equipment used in the province.
- **The Audit and Compliance Division** is responsible for conducting audits of commercial gaming, licensed gaming events and community organizations' use of gaming proceeds. The Division works with community organizations to improve compliance with legislation and policies.
- **The Investigation Division** is responsible for investigating all complaints and allegations of regulatory wrongdoing and assists law enforcement agencies in criminal investigations in gaming and horse racing in B.C.
- **The Management Services Division** is responsible for providing financial advice to the Branch executive, administering the Branch budget and making payments on behalf of the Branch. In addition, the Division provides information and technology support and manages all Branch facilities.

Since 1999, over \$350 million in gaming revenue has been distributed to local governments.

Conduct and Management of Gaming in British Columbia

British Columbia Lottery Corporation (BCLC)

BCLC conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors appointed by Cabinet, BCLC reports to the Minister of Public Safety and Solicitor General and is regulated by the Branch. BCLC ensures that commercial gaming is operated according to government public interest standards. BCLC manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. In addition, BCLC sets the rules of play for lotteries, casinos, and commercial bingo halls.

Horse Racing Service Providers

The Branch licences private sector companies to conduct and operate live horse racing events at horse racing tracks. These service providers are responsible for conducting horse racing in accordance with the rules and regulations set out by the Province. These rules and regulations are found in the Gaming Control Act and the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community and Other Organizations

The Branch licences community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province. These rules include disclosing required financial information within two months of hosting a gaming event. The rules also require that, except in two modest cases, licensees ensure no one under the age of 19 participates in gambling activity.

Appendix A – Gaming Industry Legal and Operating Framework

Supporting the Delivery of Gaming in British Columbia

Gaming Services Providers

BCLC contracts with private sector companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo and community gaming centre operators. Services providers must ensure all gaming employees have taken Appropriate Response Training and that no persons under the age of 19 participate in gambling activity in gaming venues or are present where gaming activity occurs. These gaming services providers are monitored by the Registration Division to ensure they adhere to their conditions of registration and continuously demonstrate the highest level of integrity.

Key Persons

GPEB identifies as key persons individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers, and senior employees of any business that is involved with gaming operations in the province. Key persons are registered for up to five years and are required to undergo a rigorous vetting process to ensure the honesty, integrity and financial responsibility of gaming in B.C. The division conducts a background check that includes, but is not limited to, a criminal record check, a credit check, and verification of assets and liabilities.

Gaming Equipment Suppliers

Gaming suppliers manufacture and/or distribute gaming equipment and materials to gaming venues.

Manufacturers include companies that produce gaming equipment and materials, such as bingo cards, slot machines and playing chips. Distributors include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services to gaming operators that are not directly related to the delivery of gaming. These include janitorial services, landlords and concessionaires.

Gaming and Horse Race Workers

Gaming and horse race workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and racing operations. Gaming workers are individuals who are paid to conduct, manage, or present large-scale licensed raffles, casino games, commercial bingos, or teletheatres. Horse race workers include individuals who work for, or conduct business with, race tracks. These include jockeys, trainers, race horse owners, and racing officials.

Horse Racing Teletheatre Operators

The Branch licences teletheatre sites to present simulcast satellite broadcast of horse races run at local, national and international tracks. There are 19 teletheatre locations in B.C. Sixteen are operated by TBC Teletheatre B.C. in venues across the province. The remaining three teletheatres are located at race tracks (Hastings Racecourse, Fraser Downs and Sandown Raceways).

Appendix B – Gaming Permitted in British Columbia

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are continually being developed. Players' preferences are also continually changing. The Province of British Columbia has chosen to take a cautious and responsible approach to determining the forms of games it will permit and where the games may take

place. Such opportunities must not jeopardize the integrity of the industry and must be capable of being effectively regulated and socially responsible. The following table summarizes the forms of gaming the Province has authorized and the locations where each may be offered.

	Casinos	Bingo Halls	CGCs*	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs & Bars
COMMERCIAL GAMING								
Commercial Bingo Games								
Lottery Products								
Slot Machines								
Table Games								
Poker Tables								
Electronic Table Games								
Live Horse Racing								
Teletheatres								
LICENSED CHARITABLE GAMING								
Ticket Raffles								
Independent Bingo								
Social Occasion Casinos								
Wheels of Fortune								

* CGCs – Community Gaming Centres

Appendix C – Source and Distribution of Revenues

Government Gaming Revenues and Disbursements

Revenue – In (all figures in \$ millions)	2006/07	2005/06
Lotteries	\$281.6	\$271.3
Horse Racing Betting Fee	1.9	1.9
Casinos	698.6	621.6
Bingo (includes community gaming centres)	36.7	27.9
Total Revenue	\$1,018.8	\$922.7
Disbursements - Out	2006/07	2005/06
SUPPORTING COMMUNITIES		
Community Organizations	\$144.5	\$137.8
Payment to Host Local Governments	76.1	65.0
Local Economic Development (DAC)	16.5	3.4
Horse Racing Purse Enhancements	5.2	4.6
GAMING POLICY AND ENFORCEMENT BRANCH OPERATIONS		
Core Programs to Regulate Gaming	10.4	10.6
Problem Gambling Program	4.3	4.5
B.C. GOVERNMENT PROGRAMS		
Health Special Account	147.3	147.3
Consolidated Revenue Fund	606.1	541.3
GOVERNMENT OF CANADA TRANSFER		
Under a federal/provincial lottery agreement	8.4	8.2
Total Disbursements	\$1,018.8	\$922.7

Gaming Revenue Distributed to Horse Racing Industry

Revenue to Horse Racing Industry	2006/07	2005/06
Thoroughbred Industry (via Fraser Downs Racetrack and Casino)	\$2,590,854	2,311,387
Standardbred Industry (via Hastings Racecourse)	2,590,854	2,311,387
Total Funds to Horse Racing Industry	\$5,181,708	4,622,774

Host Local Government Share of Casino and Community Gaming Centre Revenues

Host Government	Casino or Community Gaming Centre	2006/07	2005/06
Burnaby	Gateway Casino Burnaby	\$9,806,757	\$8,687,067
Campbell River	Campbell R. Bingo Palace† (opened 02/06)	432,574	37,035
Coquitlam	Boulevard Casino	9,186,194	7,308,677
Dawson Creek	Bear Mountain Bingo Hall†	691,606	346,774
Kamloops	Lake City Casino Kamloops	2,119,709	1,904,830
	Chances Kamloops† (opened 03/05)	215,655	197,326
Kelowna	Lake City Casino Kelowna	2,957,877	2,665,866
	Chances Kelowna† (opened 03/05)	635,199	511,249
Ktunaxa Tribal (Cranbrook)	Casino of the Rockies*	1,534,266	1,312,956
Langley	Cascades Casino (opened 05/05)	6,807,091	5,001,607
Nanaimo	Great Canadian Nanaimo	3,084,271	2,953,687
New Westminster	Royal City Star (Riverboat)*	3,411,003	2,437,736
	Gateway Royal Towers (closed 11/05)	n/a	726,960
Penticton	Lake City Casinos Penticton*	2,543,797	2,359,976
Prince George	Treasure Cove Casino	2,859,166	2,422,558
Quesnel	Billy Barker Casino	638,975	604,553
Richmond	River Rock Casino	12,698,623	11,194,669
Surrey	Fraser Downs	3,387,454	2,977,272
Vancouver	Great Canadian Vancouver (Holiday Inn)	1,253,621	1,145,799
	Edgewater Casino	4,717,207	3,799,992
	Mandarin Centre (closed 04/05)	n/a	45,107
Vernon	Lake City Casino Vernon	1,763,005	1,515,276
View Royal	Great Canadian View Royal	4,901,585	4,403,405
Wells	Jack o' Clubs Gaming Hall (closed 05/06)	150	5,782
Williams Lake	Chances Signal Point†	466,688	447,536
Total HLG Revenue		\$76,112,473	\$65,013,695

Does not include Chances Cowichan, a CGC in Duncan, which opened on March 2, 2007. This is because the first revenue sharing payment was not made until the 2007/08 fiscal year.

* denotes destination casino

† denotes community gaming centre

Appendix D – GPEB Operating Budget and Expenditures 2006/07

Branch Budget	2006/07	2005/06
CORE OPERATIONS	\$10,454,000	\$10,605,000
PROBLEM GAMBLING PROGRAM	4,003,000	4,000,000
Total Branch Budget	\$14,457,000	\$14,605,000

Branch Expenditures	2006/07	2005/06
CORE OPERATIONS		
Salaries and benefits costs	\$7,969,113	\$7,636,735
Operating and business expenses	1,931,248	2,422,052
Legal and professional services	480,116	564,334
Subtotal	10,380,477	10,623,121
PROBLEM GAMBLING PROGRAM		
Salaries and benefits costs	\$211,155	\$176,335
Operating and business expenses	260,179	594,354
Professional services	203,064	152,403
Contracts	3,600,058	3,600,587
Subtotal	4,274,456	4,523,679
Total GPEB Expenditures	\$14,654,933	\$15,146,800
SURPLUS/(DEFICIT)	\$(197,933)	\$(541,800)

Contact Information

For more information or to view this document and others from the Ministry of Public Safety and Solicitor General, please go to our website at:

www.pssg.gov.bc.ca/gaming

For more information on B.C.'s Responsible Gambling Strategy, please go to the B.C. Partnership for Responsible Gambling website at:

<http://www.bcreponsiblegambling.ca>

The Head Office for the Gaming Policy and Enforcement Branch is located in Victoria with regional offices in Burnaby, Kelowna and Prince George.

GAMING POLICY
AND ENFORCEMENT
BRANCH

Ministry of Public Safety and Solicitor General

Annual Report
2006/2007



BRITISH
COLUMBIA

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Appendix C

Appendix D – 2007/08:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2007/08*, (Victoria: British Columbia, 2008).

GAMING POLICY AND ENFORCEMENT BRANCH

Ministry of Housing and Social Development

Annual Report

*April 1, 2007 to
March 31, 2008*



**BRITISH
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TABLE OF CONTENTS

1	Table of Contents
2	Letter of Transmittal
3	Accountability Statement
4	Key Facts About Gaming in British Columbia
5	Ensuring the Integrity of Lottery Gaming in British Columbia
7	Services to Citizens and Communities <ul style="list-style-type: none">• Supporting community organizations• Benefiting community organizations• Ensuring citizens are protected from risks related to excessive gambling
18	Protecting Citizens and Communities <ul style="list-style-type: none">• Protecting citizens through laws and regulations• Ensuring suitable people and companies are involved with gaming• Ensuring gaming equipment and products are fair• Ensuring the proper conduct of horse racing
24	Ensuring Compliance with Regulations and Standards <ul style="list-style-type: none">• Auditing for compliance• Enforcing the rules and regulations of horse racing• Enforcing the rule and regulations of gaming• Reducing the incidence of illegal gambling
32	Public Satisfaction with the Regulation of Gaming
34	Where the Money Goes
36	Looking Ahead
38	Appendix A: Gaming industry legal and operating framework
41	Appendix B: Gaming permitted in British Columbia
42	Appendix C: Source and Distributions of Revenues
45	Appendix D: Gaming Policy and Enforcement Branch Operating Budget and Expenditures

LETTER OF TRANSMITTAL

I am pleased to submit the Gaming Policy and Enforcement Branch 2007/08 Annual Report to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Housing and Social Development's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2008.

The Gaming Policy and Enforcement Branch regulates British Columbia's gaming industry, to ensure it is operated with honesty and integrity and to protect the interests of the public and participants.

Over the past year, British Columbia's lottery retail network and prize payout policies and procedures have been reviewed. In fall 2006, the Branch reviewed the British Columbia Lottery Corporation's prize payout systems and processes. This review was followed in early 2007 by an investigation into allegations of potential retailer impropriety by the British Columbia Ombudsman. Both the Branch and the Ombudsman made recommendations to improve the integrity of lottery gaming in the province. All of the Ombudsman's recommendations were accepted by the Province, and extensive work has been done to implement them.

In addition, to ensure the integrity of lottery gaming in British Columbia the Province

contracted an independent firm, Deloitte and Touche, to conduct a comprehensive audit of the roles of the Branch and the Corporation in the lottery network. The Deloitte report was released in November 2007.

In general, the report found that the Branch and the Corporation had made significant progress to ensure public trust and confidence in British Columbia's lottery retailer system; that although fraud can never be completely eliminated, it can be effectively managed through proper safeguards and regulatory oversight; and that further work was required to improve communication between the Branch and the Corporation, and to enhance programs related to prize claims, detecting fraud and managing risk.

The Branch has reported quarterly on its progress in implementing all the recommendations included in the Branch and the Ombudsman's reports, as well as the recommendations made by Deloitte that were accepted by Government. The Branch will continue to report on its progress until the accepted recommendations have been addressed and implemented.

I look forward to continuing to work closely with Branch management and staff to ensure the effective regulation of British Columbia's gaming industry and strong protection for customers.

Honourable Richard Coleman
Minister of Housing and Social Development

ACCOUNTABILITY STATEMENT

Honourable Richard Coleman
Minister of Housing and Social Development
Province of British Columbia

Minister:

It is my pleasure to present the Annual Report of the Gaming Policy and Enforcement Branch for the fiscal year 2007/08. The information in this report reflects the activities of the Branch for the 12 months ending March 31, 2008. I am responsible for the contents of the report, including the selection of accomplishments and how they are reported.

The past year presented several challenges. Challenges that the Branch has responded to well. Over the past 18 months, B.C.'s lottery retail network has been reviewed by the Branch, the B.C. Ombudsman and an independent auditor. The Branch has worked hard to implement the recommendations made by each entity. This includes registering nearly 3,000 lottery retailers, conducting reviews of all retailer and retail employee wins between January 1, 2005 and December 31, 2006 and implementing a comprehensive audit plan that covers all of the British Columbia Lottery Corporation's operations.

Every effort will be made in the coming year to implement each of the recommendations.

In 2007/08, the Branch implemented several initiatives to better serve the interests of British Columbians. This included significantly enhancing customer service by allowing individuals and

organizations to apply for a range of licences, grants and registrations online. The Branch's online service is the single biggest improvement to customer service ever undertaken by the Branch, and has resulted in quicker processing times.

Addressing problem gambling is a priority of government. The Branch funds clinical counselling services for individuals affected by gambling issues across the province. The Branch ensures that any individual who needs help receives the assistance he or she needs, wherever they are in the province.

To ensure gaming is delivered in a socially responsible manner, the Branch supported several projects to educate the public about responsible gambling practices and to increase awareness of problem gambling. This included launching a problem gambling awareness program in several post-secondary institutions across the province.

In 2008/09, the Branch will continue to ensure that gaming remains safe, fair and beneficial for British Columbians.

My thanks to Branch staff for another year of dedicated and exemplary service.

Sincerely,

Derek Sturko
Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch

KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA

Gaming is a \$2.6 billion per year industry in B.C. In the past year the gaming sector had:

- 13,750 direct employees and an estimated additional 5,000 indirect jobs
- Over 6,000 licensed gaming events
- 250 companies that were directly or indirectly involved in the industry

As of March 31, 2008, the commercial gaming industry included:

- Provincial and national lottery games
- 17 casinos
- 15 commercial bingo halls
- 12 community gaming centres
- 6 horse race tracks
- 23 horse racing teletheatres

In 2007/08, the regulation of gaming in B.C. included:

- Issuing 6,663 grants and 7,097 gaming event licences to charitable and religious organizations
- Issuing and renewing registrations for 7,366 gaming workers
- Issuing new registrations for 2,923 lottery retailers
- Renewing registration for 171 senior gaming officials and issuing 117 new registrations
- Renewing registration for 1,009 horse race workers and issuing 168 new registrations
- Registering 22 new gaming services and gaming equipment providers and renewing registration for further 18
- Certifying 601 types of gaming equipment or gaming supplies
- Conducting 576 audits of licensed gaming events and organizations' use of gaming grant proceeds
- Auditing all casinos, community gaming centres and horse race tracks and conducting bi-annual audits of commercial bingo halls
- Reviewing the operations of every teletheatre in the province
- Investigating 4,547 notifications of suspicious activity and potential wrongdoing

ENSURING THE INTEGRITY OF GAMING

In October 2006, in response to allegations of lottery retailer fraud in Ontario, the Branch initiated a review of B.C.'s lottery retailer network. The Branch released its report in December 2006 with 10 recommendations to improve B.C.'s lottery retailer system. Later that month, the B.C. Ombudsman announced she would investigate B.C.'s lottery system.

The B.C. Ombudsman released her report in May 2007 with a total of 27 recommendations. Twenty-three of the recommendations related directly to the BC Lottery Corporation's lottery retailer winnings and prize validation procedures, while four of the recommendations called on the Branch to strengthen its oversight of the Corporation. Most of the recommendations made to the Corporation had implications for the Branch.

The Branch has implemented several changes to address the recommendations made by the B.C. Ombudsman. These include considerable enhancements to the Branch's registration, audit, investigation, and equipment certification operations.

The Branch's equipment certification program expanded significantly in 2007/08. The Branch has improved and formalized its scrutiny of lottery games and gaming equipment. The Branch also completed the certification of all existing lottery products, and implemented processes for monitoring and evaluating the Corporation's quality assurance testing.

Immediately after the Branch completed its review of B.C.'s lottery retailer network it began enhancing its registration work relative to the Corporation's lottery business. These

enhancements included a program to register all new and pre-existing lottery retailers in the province.

The B.C. Ombudsman's report clearly indicated that the Branch must significantly enhance its scrutiny of the Corporation. To address this, the Branch developed and implemented a comprehensive audit plan that covers all of the Corporation's gaming operations, including its lottery retailer network.

The B.C. Ombudsman was critical of the Corporation's prize payout procedures and of the Branch's reliance on BCLC's Corporate Security to identify real or suspected incidents of retailer fraud. To address this, the Branch has implemented new policies to ensure that all known retailer wins are reported to the Branch for independent verification. In addition, the Branch reviewed, and where appropriate, investigated all 191 known retailer win files from January 1, 2005 to December 31, 2006.

Immediately after the B.C. Ombudsman released her report in June 2007, the Solicitor General ordered an independent and comprehensive audit by Deloitte and Touche of the roles of the Corporation and the Branch in the lottery business. The goal was to ensure the Province was on the right track in enhancing the integrity of the lottery industry.

The Solicitor General released the Deloitte and Touche report in November 2007. Of the 44 recommendations resulting from the report, four impacted both the Branch and the Corporation, 16 were directed to the Branch and 24 were directed to the Corporation. As with the Ombudsman's

report, many of the recommendations made to the Corporation had implications for the Branch.

In response to a specific recommendation made by Deloitte and Touche, and in order to reflect its expanded mandate, the Branch has restructured its organization. This has allowed the Branch to enhance its focus on enforcement and compliance issues (particularly, but not only, as they relate to B.C.'s lottery systems), better balance components of the Branch, increase the emphasis on responsible gambling and enhance its public accountability and risk management practices.

Deloitte and Touche recommended that the various roles and responsibilities of the Branch, the Corporation and gaming service providers be clarified. The Branch has addressed this issue by formally affirming the Branch's regulatory oversight, responsibilities and authority relative to the integrity of gaming. The Branch has articulated the implications these have for the Corporation.

In addressing the recommendations made by the B.C. Ombudsman and Deloitte and Touche the Branch has reassigned some current staff, and hired additional staff, to ensure the successful implementation of all the recommendations. In addition, two of the Branch's divisions – Investigations and Regional Operations and Audit and Compliance – have added lottery units to their existing operations. The Lottery Investigations Unit handles all reports of real or suspected wrongdoing involving B.C.'s lottery retailer network. The Audit and Compliance Lottery Unit conducts all audits related to lottery gaming in British Columbia.

The work conducted by the Branch in addressing the recommendations made by the B.C. Ombudsman and Deloitte and Touche are reflected throughout this annual report. Details on how the Branch has addressed each recommendation, and the status of work done thus far, are available in quarterly reports that the Branch has published on its web site.

SERVICES TO CITIZENS AND COMMUNITIES

The Branch provides a range of services to citizens and communities. It distributes grants to non-profit community organizations, licenses charitable gaming events, provides programs and services that foster a responsible approach to gaming in both industry participants and consumers, and provides problem gambling services to those who need them.

Enhancing Customer Service

A major project for the Branch in 2007/08 focused on improving the Branch's service delivery to its clients, including gaming workers, charitable organizations applying for gaming event licences and seeking community gaming grants, and gaming services providers looking to do business in B.C. The centre piece to this project is Gaming Online Service (GOS), a suite of tools which allows clients to access Branch services via the internet. Gaming Online Service is being introduced in five phases. Three of these phases were implemented in 2007/08, the final phases will be completed in 2008/09.

The first phase of GOS was launched on April 17, 2007, enabling British Columbians to access a range of online services 24 hours a day, seven days a week. This included allowing charitable organizations to submit applications for gaming grants and gaming licences as well as enhancing access to a full range of gaming information for the general public. With the introduction of this service, the Branch significantly improved its processing efficiency and turn-around time.

The second phase was introduced on September 24, 2007 and significantly enhanced the Branch's internal operations. These enhancements included improving the administrative processes for the registration of gaming corporations and gaming workers, increasing the efficiency for equipment certifications, and automating the process for generating registration cards for racing and gaming workers as well as registration certificates for lottery retailers. Internal enhancements also included providing Branch management with new tools to track and monitor investigations and a variety of activities related to horse racing (i.e. drug testing, race day incidents, postings, rulings, etc.).

The third phase further enhanced public access to services. Launched on February 27, 2008 these enhancements allowed gaming service providers (i.e. casino, race track and community gaming centre operators) to submit online reports of real or suspected wrongdoing to Branch investigators. In addition, starting on this date members of the general public could submit notifications of real or suspected wrongdoing to the Investigations Division.

This phase also enhanced services for charitable organizations, allowing them to submit required financial reports electronically through a secure online connection to the Branch. Internally, the third phase significantly enhanced Branch operations related to its audit processes and operations.

In 2008/09, the Branch will implement the fourth and fifth phase of GOS.

Supporting Community Organizations (Community Gaming Grants)

On behalf of the Province, the Branch distributes grants to community organizations through the Direct Access and Bingo Affiliation grant programs. These grants are provided from government gaming revenues. In 2007/08, a total of \$147.3 million was distributed to community organizations across B.C. Funding is based on the type of organization applying, the programs and services the organization delivers and financial need.

There are five main sectors funded by gaming grants:

- Arts, Culture and Sport – programs that support performing arts, media arts, visual arts, literature, heritage, culture or sports in the community.
- Environment – programs that support B.C.'s environment or protect the welfare of animals and wildlife.
- Human and Social Services – programs that significantly contribute to the quality of life in a community. Service organizations and service clubs are included in this sector.
- Public Safety – programs that support public safety initiatives, disaster relief, and emergency preparedness within B.C.
- Major Capital Projects – the Branch provides funding to a limited number of organizations that require funds to build, renovate or repair facilities.

Outside these five main funding sectors, all Parent Advisory Councils (PACs) and District Parent Advisory Councils (DPACs) are automatically eligible for gaming grants. PACs receive \$20 per student annually, while DPACs receive grants of \$2,500 each year.

The Branch administered three additional grant programs in 2007/08: SportsFunder Lottery grants,

BC150 Years grants and PAC Playground grants. The latter two are short-term grant programs.

SportsFunder Lottery grants provide financial assistance to amateur athletes, support athletic development programs, assist athletes with travel costs and support coaching and leadership development. This program is funded by the net revenue from the SportsFunder suite of lottery products managed by the BC Lottery Corporation.

BC150 Years grants support community projects and events celebrating the 150th anniversary of the founding of the Crown Colony of B.C. From September 2007 to August 2008, non-profit community organizations have been able to apply for up to \$10,000 of funding to go towards their celebration projects and events.

The Playground Grant program provided up to \$20,000 to elementary school PACs in the province to replace old or non-existent playground equipment.

In 2007/08, the Branch began implementation of several enhancements to the Direct Access and Bingo Affiliation grant programs. The purpose of these enhancements is to provide charitable organizations with increased financial stability and to increase Branch efficiency. Starting in September 2007, the Branch moved from a one year funding model to a three year funding model for recipients of Direct Access grants. In 2008/09, the Branch will move all charitable organizations that receive Bingo Affiliation grants from a monthly to an annual payment cycle. These changes will give charitable organizations longer-term financial stability and provide greater flexibility.

Table 1: Community Gaming Grants

Direct Access grants by funding sector				
	2007/08		2006/07	
Core Direct Access grant sectors	Number	Funding	Number	Funding
Human & Social Services	1,192	\$34.6	1,203	\$33.4
Environment	101	2.9	85	2.2
Arts, Culture and Sport	1,474	35.1	1,416	32.6
Public Safety	141	5.1	144	4.9
Major Capital Projects*	73	3.8	79	4.2
PACs and District PACs	1,603	12.1	1,646	12.3
Other Direct Access grant programs				
PAC Playground	97	1.5	n/a	n/a
BC150 Years	30	0.3	n/a	n/a
SportsFunder	82	2.0	185	2.2
Total Direct Access	4,793	\$97.4	4,758	\$91.8

Bingo Affiliation grants by funding sector				
	2007/08		2006/07	
	Number	Funding	Number	Funding
Arts, Culture and Sport	516	\$13.8	519	\$14.1
Environment	21	0.6	21	0.6
Human & Social Services	997	32.6	1,047	34.1
PACs and District PACs	194	1.8	192	1.8
Public Safety	46	1.0	42	1.0
Bingo Associations†	17	0.2	27	0.3
Total Bingo Grants	1,791	\$49.9	1,848	\$51.9

Grand Total	6,663	\$147.3	6,611	\$144.5
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* Major Capital Project grants provide funding to organizations for projects where the total costs exceed \$20,000.

† Each commercial bingo hall has a bingo association that organizes volunteers from affiliated charitable community organizations. The Branch provides grants to these associations to cover administrative costs.

Supporting Provincial Organizations (One Time Payments)

The Branch also distributes a limited number of one-time grants to organizations for specific projects that have a significant, positive impact on British Columbians. In 2007/08, five organizations received one-time grants from the Branch.

Two of these organizations included the Vancouver Symphony Society, which was granted \$250,000 for the Vancouver Symphony Orchestra's tour of Asia in October 2008. The tour itinerary includes orchestral performances in Seoul, Macau, Guangzhou (Vancouver's Sister City in B.C.'s Sister Province), Beijing, Shanghai, and Suzhou (Victoria's Sister City).

Another organization that received funding in 2007/08 was the New Hope Recovery Society. New Hope is an addictions recovery program patterned after the successful San Patrignano program in Italy, where clients live in a self-contained community for three to four years. New Hope received a \$150,000 grant from the Branch to support the long-term, live-in treatment centre located outside Prince George.

Table 2: *One Time Payments*

One Time Payment	2007/08		2006/07	
	Number	Funding	Number	Funding
Total One Time Payments	5	\$820,000	5	\$800,000

Benefiting Community Organizations (Licenced Gaming Events)

The Branch issues gaming event licences to eligible charitable and religious organizations so they can raise money to support their projects and services. The gaming events available for licensing are ticket raffles, independent bingos (which are conducted in facilities other than commercial bingo halls), wheels of fortune and social occasion casinos (casino-style events without slot machines). The type of licence issued depends on the size and location of the gaming event.

Class A licences are issued for gaming events expected to generate \$20,000 or more in gross revenue. Organizations seeking Class A licences can apply to run ticket raffles, independent bingos, wheels of fortune or social occasion casinos.

Class B licences are issued for gaming events expected to generate up to \$20,000 in gross revenue. Organizations seeking Class B licences are limited to running ticket raffles, independent bingos and wheels of fortune.

Class C licences are issued to eligible fairs or exhibitions for the purpose of running ticket raffles, independent bingos, wheels of fortune or social occasion casinos.

On April 17, 2007, the Branch launched a new class of licence. This new Class D licence is tailored to those groups or organizations wishing to conduct small-scale fundraising events. The licence costs \$10 and is restricted to ticket raffles and independent bingo events. Projected gross revenues must not exceed \$5,000.

In total, almost 7,100 licences were issued to eligible organizations around British Columbia.

Table 3: Charitable Gaming Licences

A Licences: Charitable gaming events over \$20,000	2007/08	2006/07
Minor Raffles (\$20,000 to \$100,000)	197	138
Major Raffles (\$100,000 to \$250,000)	36	32
Registered Ticket Raffles (over \$250,000)	20	17
Independent Bingos	151	110
Total Class A Licences	404	297
B Licences: Charitable gaming events up to \$20,000	2007/08	2006/07
Ticket Raffles	4,223	6,091
Independent Bingos	162	206
Wheels of Fortune	33	38
Social Occasion Casinos	35	29
Total Class B Licences	4,453	6,364
C Licences: Gaming events at fairs and exhibitions	2007/08	2006/07
Ticket Raffles	5	3
Independent Bingos	1	1
Wheels of Fortune	2	1
Limited Casino	1	3
Total Class C Licences	9	8
D Licences: Charitable gaming events less than \$5,000	2007/08	2006/07
Ticket Raffles	2,199	n/a
Independent Bingos	32	n/a
Total Class D Licences	2,231	n/a

Class A gaming events earned a total of \$19 million in 2007/08. Several large scale raffles earned over \$100,000 for charitable organizations. These included the Vancouver General Hospital and University of British Columbia Hospital Foundations, the Knights of Columbus Charity Foundation, the Vancouver Opera Association, the United Chinese Community Enrichment Services Society and the Variety Club of British Columbia.

An estimated \$8.1 million was earned by Class B licence holders, at an average of nearly \$1,800 per event. Examples of charitable organizations that benefited from charitable gaming events include search and rescue societies, arts councils, galleries and theatre groups, SPCAs and Big Sisters and Big Brothers.

The amount reportedly earned by community organizations through Class B gaming events

declined significantly from the previous year. Prior to 2007/08 charitable organizations were not required to report on revenues earned.

Estimations of charitable earning were based on projections made by the organization. In addition, the introduction of Class D licences has seen a significant decrease in the overall number of Class B licences issued.

A total of \$2.9 million was earned by Class C licence holders. The majority of this amount was earned by the Pacific National Exhibition's raffle.

An estimated \$1.5 million was earned by Class D licence holders, at an average of nearly \$700 per event.

In 2007/08, community organizations in B.C. earned approximately \$31.7 million through licensed gaming.

Table 4: Charitable Gaming Revenues

Revenues Earned by Charitable Groups (all figures in millions)	2007/08	2006/07
Class A licences (over \$20,000)	\$19.0	\$18.5
Class B licences (up to \$20,000)	8.1	28.5
Class C licences (exhibitions and fairs)	2.9	3.2
Class D licences (up to \$5,000)	1.5	n/a
Total Revenues Earned by Charitable Groups through Licensed Gaming	\$31.7	\$50.2

Ensuring Citizens are Protected from the Risks Related to Excessive Gambling

The Province's Responsible Gambling Strategy, launched in 2003, has three goals: to reduce the incidence of problem gambling, to reduce the harmful impacts of excessive gambling and to ensure gambling is delivered in a manner that encourages responsible practices and healthy choices.

To achieve these goals, the Strategy guides work in three key areas: the British Columbia Problem Gambling Program; responsible gambling awareness; and problem and responsible gambling research.

Reducing the incidence of problem gambling

The Branch works to reduce the incidence of problem gambling by creating greater awareness of problem gambling issues and services, and by educating players to understand the risks, know their limits and to play within their means.

In 2007/08, 26 contracted service providers – an increase of 37 per cent over 2006/07 – delivered problem gambling education and prevention programs on behalf of the Province. Service providers make presentations and distribute information that both raise awareness of Problem Gambling services and educate people about responsible gambling practices. Presentations and information are delivered to a variety of audiences, including community organizations, senior's groups, elementary and secondary school classes, treatment centres and health care professionals.

Research shows that many problem gamblers start gambling at an early age, as the tendency for risk-

taking makes them more vulnerable at this age. In 2006/07, the Branch partnered with Richmond Addiction Services and the City of Richmond to successfully pilot a school-based problem gambling prevention teaching tool called Know Dice. This multimedia program teaches grade six students about the risks related to gambling by dispelling common myths, such as the concept of skill versus luck. Throughout 2007/08, the program continued to be delivered in Richmond, and the Branch is currently working toward offering the program in other communities in 2008/09.

Research also shows that young adults, particularly 18 – 24 year olds, are at an increased risk for developing gambling problems. In January 2008 the Branch partnered with the Responsible Gambling Council in Ontario to bring *Know the Score* to BC. *Know the Score* is an interactive problem gambling awareness program that engages post-secondary students in a dialogue with peers about responsible gambling practices and where to get help if needed.

Staffed by students from the host school, a *Know the Score* display is set up on a post-secondary campus for four days and students are encouraged to stop by and learn about problem and responsible gambling issues. During this pilot project, *Know the Score* visited four B.C. campuses – Capilano College, University College of the Fraser Valley, Simon Fraser University, and the University of Victoria – and reached over 4,000 people. The program was well received by students, faculty and staff, and will be delivered at more post-secondary campuses across the province in 2008/09.

Reducing the harmful impacts of excessive gambling

In 2007/08, the Branch contracted with 37 professional clinical counsellors across B.C. to provide problem gambling counselling services. These services are provided free of charge to anyone who is experiencing a problem with gambling or is affected by someone else’s gambling, and include individual and group therapy sessions. Counsellors provide services at the client’s convenience, which may include travelling to a location of the client’s choosing, making themselves available during evenings and weekends and/or providing counselling over the telephone or internet.

The Branch also funds a dedicated, 24-hour toll-free Problem Gambling Help Line. Help Line operators provide crisis counseling and refer

individuals and their families to treatment and prevention services provided by the Province in their community. The Help Line, along with the free counselling services, represent an immediate response network designed to ensure anyone experiencing difficulties as a result of excessive gambling receives professional clinical help.

The table on page 16 shows that the number of erroneous calls relative to the total number of calls received by the Help Line continues to decline. This suggests that the Branch’s efforts to educate the public about Problem Gambling Program services are working. While referrals to counselling from the Help Line declined over the period, the number of counselling admissions remained relatively constant. This shows people are accessing this service by varied means.

Table 5: Know the Score Participation

Post-Secondary Campus	Total Visitors
Capilano College	1,231
University College of the Fraser Valley	1,138
Simon Fraser University*	701
University of Victoria	941
Total Participation for the Pilot Project	4,011

*Due to snow storms, the *Know the Score* display was only open for three days at SFU.

Ensuring that gambling is delivered in a manner that encourages responsible gambling and healthy choices.

The Province is committed to ensuring problem gambling prevention and responsible gambling practices and policies are maintained within the gaming industry.

In 2006/07, the Branch and the BC Lottery Corporation piloted Responsible Gambling Information Centres (RGICs) at three casinos in Richmond (River Rock), Vancouver (Edgewater) and Langley (Cascades). Staffed by trained Responsible Gambling Officers, RGICs provide onsite education and referrals to casino patrons seeking information or anyone experiencing distress.

Following the success of the pilot project, the Branch expanded the RGIC program to four more casinos in 2007/08 in Prince George (Treasure Cove), Kelowna (Lake City), Coquitlam (Boulevard) and New Westminster (Royal City Star, now Starlight). In 2008/09 the Branch will further expand the RGIC program to include all casinos throughout the province.

The Branch continues to support Appropriate Response Training (ART), an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills so they can respond appropriately to patrons who may be experiencing distress in a gaming facility.

Table 6: *Problem Gambling Program*

Problem Gambling Program Statistics	2007/08	2006/07
Total Help Line calls (includes erroneous calls and hang-ups)	5,656	5,696
Calls made to Help Line specific to problem gambling	4,938	4,769
Referrals to the Problem Gambling Program	2,695	2,869
Counselling service admissions	1,054	1,100
Number of prevention information sessions delivered	1,855	1,750
Contracted service providers		
Clinical counsellors	36	32
Prevention service providers	24	19
Provincial coordinators	3	3
Responsible Gambling Officers (RGIC Staff)	9	2

Research

2007/08 saw the culmination of two significant research projects for the Province – the 2007 B.C. Problem Gambling Prevalence Study and the Final Report of the Lower Mainland Casino Impact Study. Both projects were funded by the Branch but contracted to independent research firms.

The Problem Gambling Prevalence Study consisted of telephone surveys of 3,000 individuals in English, Chinese and Punjabi in fall 2007. The survey investigated British Columbians' gambling behaviour, views on gambling, problem gambling rates and awareness of available problem gambling services. The 2007 study updates data obtained by similar studies in 1993, 1996 and 2002. This research informs the development of effective policies and programs, and ensures the right services are in place to address problem gambling issues and educate about responsible gambling practices.

In 2004 the Branch commissioned a multi-year study on the socioeconomic impacts of new gaming opportunities in four Lower Mainland communities – the Cities of Vancouver, Surrey and Langley and the Township of Langley. The

Final Report compares baseline data collected prior to the new venues opening in 2004 to data collected in 2005 and 2006; this allowed for scientific measurement of the socioeconomic impacts in each community. The Branch plans to replicate the study in 2009/10 to measure long term impacts.

In addition to external research projects commissioned by the Branch, the Problem Gambling Program routinely undertakes surveys of its clinical and prevention services. These entail surveys of client satisfaction and measurements of the impact of these services on clients.

The results of the research and additional summary information can be found in the B.C. Responsible Gambling Strategy 2007/08 Annual Report. Full copies of research undertaken by the Branch can be found on the responsible gambling website at: www.bcreponsiblegambling.ca

PROTECTING CITIZENS AND COMMUNITIES

The Branch regulates all gaming and gaming events in B.C. to ensure the integrity of gaming industry companies, people and equipment. This mandate includes regulatory oversight of the BC Lottery Corporation (which conducts and

manages lotteries, casinos, community gaming centres and commercial bingo halls), all gaming services providers and gaming workers, B.C.'s horse racing industry and licensed gaming events.

Protecting Citizens Through Laws and Regulations

The Branch fulfills its mandate under Canada's Criminal Code and the Province's Gaming Control Act and Regulations. In 2007/08, four amendments were made to the Gaming Control Regulation and the General Manager of the Branch issued two new directives to enhance the regulatory structure of gaming.

Gaming Control Regulation Amendments

The first two amendments to the Gaming Control Regulation were introduced to strengthen the Branch's oversight of the BC Lottery Corporation's lottery retail system. These amendments were consistent with recommendations made in the Ombudsman's report and the Deloitte and Touche review. Both amendments came into effect on November 22, 2007.

The first amendment confirmed the existing practice of registering the lottery contract manager for each lottery retailer, in addition to on site managers. The second amendment formalized the existing practice of registering all Lottery Corporation officials and employees of the Branch.

The third amendment was introduced to help streamline the gaming facility approval process

under the Gaming Control Act. Prior to this amendment, potential host local governments were required to consult with all local governments that shared its boundaries, regardless of distance from the gaming facility. The amendment narrowed consultations to local governments within five kilometers from the existing or proposed gaming facility. The new approval process was developed in consultation with both the Lottery Corporation and the Union of British Columbia Municipalities.

The fourth amendment confirmed in legislation restrictions on the duties that volunteer floor workers in commercial bingo halls could perform. Commercial bingo halls have longstanding policies that do not permit volunteers to provide gaming services, such as distributing bingo cards and collecting money from players. However, previous legislation listed those tasks as part of the role of volunteer bingo floor workers. This amendment ensured the role of volunteer bingo floor workers was consistent in both policy and legislation.

General Manager Directives

Under the Gaming Control Act, the General Manager may issue directives to the Lottery

Corporation, subject to Ministerial approval, and the Corporation must comply. In 2007/08, the General Manager issued two directives to the Corporation.

On April 16, 2007, a directive was issued indicating that all Corporation employees must immediately report to the Branch's Registration Division any real or potential conflicts of interest that could impact their roles and responsibilities as Corporation employees. This includes disclosing any outside employment or involvement in the gaming or horse racing industry, any financial interest in a registered gaming service provider

and/or any other activities that could result in real, potential or perceived conflicts of interest in their roles and responsibilities as Corporation employees.

On May 14, 2007, the General Manager issued a directive clarifying the internal review processes for specified types of decisions made by the Branch. This directive replaced and rescinded a previous directive dated August 19, 2002, entitled "Internal Review of Decisions under the Gaming Control Act".

Ensuring suitable people and companies are involved with gaming

The Branch's registration program ensures that existing and potential employees (individuals) and corporate service providers (companies) are suitable for participation in B.C.'s gaming industry. The registration process involves thorough background checks that include, but are not limited to, a criminal record check, a credit check and verification of information confirming personal and financial integrity. Registrants are also monitored to ensure ongoing compliance with the conditions of registration and the Gaming Control Act.

The Branch's registration program can be divided into three key areas: registration of lottery retailer personnel, registration of gaming workers and registration of gaming service providers (companies).

Registration of Lottery Retailers

In October 2006, in response to allegations of fraudulent lottery retailer activity in Ontario, the Branch initiated a review of the Lottery Corporation's lottery retailer network. Following this review, the Branch enhanced its registration program, and implemented a plan to register all new and existing lottery retailers. This registration process involves the same background checks detailed above, and helps ensure BC's lottery retail network continues to operate in a fair and secure manner.

In 2007/08 the Branch created two new positions, Director of Personnel Registration (Lotteries) and Manager of Regulatory Compliance, to oversee this enhanced registration program, and hired several new staff members to ensure its goals were met. As of March 31, 2008, all lottery retail

stores (kiosks) had been registered, while 90 per cent of corporate lottery retailers (chain stores) and 40 per cent of independent retailers had been registered. This represents the registration of 2,600 lottery retail sites.

The Branch registered the remaining 1,400 retail sites by August 2008.

Registration of Gaming Workers

All individuals directly or indirectly involved in B.C.'s commercial gaming industry must also undergo the Branch's registration process. This includes gaming workers (employees of casinos, bingo halls, community gaming centres, teletheatres, and managers of large-scale charitable licensed gaming events); facility managers, senior employees and security, surveillance and personnel managers; horse racing workers (race horse owners, veterinarians, jockeys, trainers, groomers, among others); key

Table 11: Registrations

Corporate Registrations	2007/08 (new)	2007/08 (renewal)	2006/07*
Gaming service providers	12	19	11
Gaming equipment suppliers	4	4	8
Ancillary service contractors	8	2	29

Personnel Registrations	2007/08 (new)	2007/08 (renewal)	2006/07*
Gaming workers	5,008	2,358	5,267
Lottery retailers	2,923	n/a	n/a
Horse race workers	168	1,009	1,172
Senior officials and senior employees	117	171	109
Branch and Corporation personnel	124	11	552

* In 2007/08, the Branch began reporting on the number of new and renewed registrations to better reflect the work done by the Registration and Certification Division.

persons in the industry (directors, company officers and senior officials); and all Corporation and Branch personnel.

Registration of Companies

In addition to individuals, the Branch registers companies directly or indirectly involved in gaming. This includes gaming services providers (commercial casinos, bingo halls, community

gaming centres, horse race tracks and gaming management companies); gaming equipment suppliers who manufacture and/or distribute gaming equipment and supplies, such as bingo paper, slot machines and playing chips; and ancillary services contractors who provide services not directly related to the delivery of gaming operations, such as janitorial, maintenance, and concession services. In 2007/08 the Branch registered 22 new gaming companies.

Ensuring the integrity of gaming equipment and supplies

The Branch's certification process ensures that gaming equipment and products work the way they are supposed to and deliver the stated odds of winning. All gaming equipment, such as slot machines, related computer systems, lottery products, and table game equipment (cards, chips, dice, etc.), must be certified by the Branch before it can be used in British Columbia's gaming venues.

All Branch decisions related to the certification of gaming equipment are supported and verified with test results from independent accredited testing facilities (ATFs). Gaming equipment is tested for compliance with British Columbia's published gaming equipment technical standards. All ATFs used for this purpose are also registered by the Branch.

In response to lottery retailer reviews conducted by the Branch and the B.C. Ombudsman, the Branch significantly enhanced its equipment certification program in 2007/08. A new position, Manager of Game Integrity, was created to oversee the enhanced scrutiny of gaming equipment and particularly lottery games.

In the past year, the Branch certified the technical integrity of all existing lottery products, including pull-tab and scratch and win games. Additionally, approximately 500 other gaming equipment technical certifications were issued. The Branch also completed a new set of certification standards for ensuring the technical integrity of pull-tab tickets and scratch and win tickets. Under the authority of the Gaming Control Act, the Branch investigates reports of gaming equipment malfunctions or errors from the

Corporation and the general public. In 2007/08, the Branch conducted nine technical investigations into real or suspected gaming equipment malfunctions or errors.

Interim certifications are issued when a new lottery tickets needs to be printed and subsequently tested in a lab or where a new lottery scheme needs to be tested in a live environment before the full certification process can be completed.

Certifications are revoked by the Branch for a variety of reasons. These include when a piece of equipment or software is deemed obsolete, is updated by the manufacturer or is deemed to

have the potential for error. It is important to note that it is very rare for the Branch to revoke a certification due to a malfunction that may impact the integrity of a game. Rather, more commonly, potential errors include display, sound or upgrade compatibility issues. In all instances, a new Certificate of Technical Integrity must be issued before the gaming equipment in question can be returned to service.

In 2007/08 the Branch also certified all equipment designed to allow lottery players to check their own lottery tickets at retail locations, such as self-checking machines and related hardware and software.

Table 8: *Equipment Certifications*

Number of Equipment Certifications	Certifications	Interim Certifications	Revocations
Lottery certifications (pull-tab tickets)	43	13	0
Lottery certifications (scratch and win tickets)	52	38	0
Internet Lottery (BCLC PlayNow e-lottery games)	17	10	0
Electronic gaming machines and materials	489	22	39

Ensuring Proper Conduct of Horse Racing

The Branch is responsible for the regulation and management of horse racing in B.C., including oversight of all horse races in the province and the licensing of all participants in the racing industry. Each year the Branch also revises and updates The Rules of Thoroughbred and Standardbred Horse Racing in British Columbia.

Horse racing statistics are reported by calendar year in keeping with the racing season. In 2007, the Branch oversaw the running of over 1,800 races on 183 race dates at tracks around the province.

In 2007, approximately \$216.6 million was wagered at race tracks and teletheatres in B.C. Of this amount, approximately 86 per cent was wagered on simulcast races and 14 per cent on live racing.

Table 9: *Horse Racing*

Thoroughbred Tracks	Live Race Days		Live Races		Horses Ran	
	2007	2006	2007	2006	2007	2006
Hastings Racecourse (Vancouver)	68	78	610	700	4,864	5,888
Sagebrush Downs (Kamloops)	6	5	38	33	283	207
Sunflower Downs (Princeton)	1	1	9	9	76	70
Kin Park (Vernon)	3	2	18	14	128	104
Total	78	86	675	756	5,351	6,269

Standardbred Tracks	Live Race Days		Live Races		Horses Ran	
	2007	2006	2007	2006	2007	2006
Fraser Downs Racecourse (Surrey)	102	99	1,123	1,117	9,029	9,233
Sandown Racecourse (Sidney)	3	10	29	117	206	809
Total	105	109	1,152	1,234	9,235	10,042

ENSURING COMPLIANCE WITH REGULATIONS AND STANDARDS

The Branch monitors compliance with regulations and standards in several ways: by conducting audits of licensed gaming events and individual charities' use of gaming grants, commercial gaming facilities and operations, and of lottery retail sites and the Corporation, including their PlayNow internet operations; and by issuing and enforcing rulings for infractions at horse race events. The Branch enforces compliance by

participating in investigations concerning illegal gambling activity and by conducting investigations of unlawful activity in legal gaming venues.

In 2007/08, several of the Branch's activities related to ensuring compliance with gaming regulations and standards were strengthened and enhanced.

Auditing for Compliance

The Branch employs a comprehensive audit strategy to monitor compliance with all applicable legislation, regulations, policies and directives. The Branch's authority is defined in the Gaming Control Act and Gaming Control Regulations, and is further guided by policy directives and Public Interest Standards.

Under this authority the Branch delivers a comprehensive risk-based audit strategy to assess regulatory compliance for commercial gaming including lottery gaming, licensed charitable gaming and community organizations' use of gaming proceeds. In addition, the Branch encourages enhanced compliance through public education programs and advisory services.

The Branch has three audit streams. The first stream focuses on commercial gaming, which includes all commercial casinos, community gaming centres, bingo halls and race tracks. Commercial audits involve conducting compliance audits of the conduct, management and operation of commercial gaming activities by the Lottery Corporation and its service providers. Every year,

the Branch audits all commercial casinos, community gaming centres and race tracks in the province. Commercial bingo halls are audited once every two years. The findings for casino audits are accessible on the Branch website at:

<http://www.hsd.gov.bc.ca/gaming/access-to-information/audits.htm>

In 2007/08, audits of commercial gaming venue compliance with responsible gambling standards indicated most casinos were compliant with provincially-mandated responsible gambling initiatives. However, these audits also showed that responsible gambling initiatives were not well supported in other types of gaming facilities. In the coming year, the Branch will focus on increasing compliance with responsible gambling policies.

The second audit stream focuses on charitable gaming. This includes auditing licensed gaming events for compliance with terms and conditions for both event conduct and use of proceeds, as well as confirmation of appropriate use of

proceeds by grant recipients. Each year, the Branch audits every large-scale registered raffle in the province. In addition, every year the Branch audits a sample of smaller-scale charitable gaming events to ensure compliance. The audit findings for large-scale registered raffles are also accessible on the Branch website.

The third audit stream focuses on B.C.'s lottery retailer network. This includes inspecting lottery retail sites and auditing the Corporation's processes and procedures related to its lottery business.

Ongoing work for the Branch has included improving compliance among organizations receiving gaming funds, focusing on ensuring proper use of gaming proceeds, and financial accountability from the organizations benefiting from these proceeds.

In 2007/08, the Branch enhanced its audit plan that examines the Corporation's conduct and

management of all forms of gaming, including casinos, community gaming centres, bingo halls, lotteries and the Corporation's PlayNow site. The audit plan has three core objectives:

- Verifying compliance with the Gaming Control Act, Gaming Control Regulation, Branch directives and Public Interest Standards;
- Confirming that the integrity, fairness, security and public safety of the gaming environment, gaming equipment, gaming assets and gaming supplies is maintained; and
- Confirming that a safe and supportive environment for the delivery of gaming products and services is in place and that responsible gambling is encouraged, gambling risks are minimized, and effective and timely information and assistance is provided for those experiencing distress.

The Branch will report annually on the results of these audits.

Table 10: Audit Compliance Activities

Types of Audits	2007/08	2006/07
Commercial gaming compliance audits	50	49
Commercial gaming compliance audits of BCLC	4	0
Inspections of lottery retailers	862	0
Audits of charitable organizations receiving grants and conducting licenced gaming events	576	568
Percentage of audited gaming funds recipients in compliance	77%	83%

Enforcing the Rules and Regulations of Horse Racing

The regulation of horse racing includes enforcing the Rules of Horse Racing and adjudicating matters that occur on the track or in the backstretch area that could have a negative impact on the integrity of gaming. Management of racing events also involves determining the winners of each race and issuing rulings. The Branch has staff at all race meets held in the province. During the 2007 racing season, 324 rulings were issued by stewards and judges.

Before each season, the Branch consults with the racing industry with regard to the regulation of

racing, including those violations that might require more attention. The Branch will enhance its enforcement, as needed.

Fluctuations in the types of rulings from 2006 to 2007 reflect the Branch's enhanced focus on certain types of violations. In 2007, the Branch significantly improved its scrutiny of driving infractions in standardbred races and increased the Branch's presence in backstretch areas, resulting in more rulings regarding inappropriate behaviour.

Table 11: *Horse Race Rulings by Track*

Thoroughbred Tracks	Live Race Days		Live Race Penalties	
	2007	2006	2007	2006
Hastings Racecourse (Vancouver)	68	78	103	127
Sagebrush Downs (Kamloops)	6	5	1	0
Sunflower Downs (Princeton)	1	1	0	0
Kin Park (Vernon)	3	2	0	0
Total	78	86	104	127

Standardbred Tracks	Live Race Days		Live Race Penalties	
	2007	2006	2007	2006
Fraser Downs Racecourse (Surrey)	102	99	218	158
Sandown Racecourse (Sidney)	3	10	2	12
Total	105	109	220	170

Table 12: Standardbred Rulings

Types of Rulings	2007	2006
Whipping violations	54	67
Racing or driving infractions committed during a race	112	62
Drug or alcohol infractions involving either horses or registered horse race workers	11	14
Inappropriate behaviour in the backstretch area of a race track	24	8
Licensing or registration violations	1	5
Horses that bled during a race	3	2
Restoration of a horse or a horse race worker to good standing	13	3
Other categories	2	9
Total	220	170

Table 13: Thoroughbred Rulings

Types of Rulings	2007	2006
Racing or riding infractions committed during a race	34	33
Drug or alcohol infractions involving either horses or registered horse race workers	7	26
Entering an ineligible horse	5	18
Inappropriate behaviour in the backstretch area of a race track	18	8
Licensing or registration violations	4	10
Horses that bled during a race	9	10
Restoration of a horse or a horse race worker to good standing	7	7
Other categories	20	15
Total	104	127

Enforcing the Rules and Regulations of Gaming

The Province maintains a comprehensive enforcement strategy to ensure the integrity of legal gambling and to combat illegal gambling. The strategy is supported by an integrated team of

Branch and RCMP investigators who coordinate efforts with other law enforcement agencies, as necessary.

Table 14: Real or Suspected Wrongdoing at or near Legal Gaming Venues

Type of Notification and/or Complaint	Number	Disposition of Files		
Criminal Code		CC Charge	GCA Charge	GCA Admin. ¹
Theft	695	12	n/a	n/a
Assault & Threats	313	8	n/a	n/a
Fraud	392	1	n/a	n/a
Money Laundering/ Loan Sharking	69	0	n/a	n/a
Cheat at Play	75	2	n/a	n/a
Counterfeit	359	0	n/a	n/a
Gaming Control Act		CC Charge	CGA Charge	GCA Admin. ¹
Individuals barred by BCLC attempting to enter gaming venues	1,005	n/a	27	0
All other GCA violations	257	n/a	2	157
Other		CC Charge	CGA Charge	GCA Admin. ¹
Notifications and/or complaints not categorized above	1,382	3	0	1
TOTAL	4,547	26	29	158

1. Includes breaches of conditions of licences or registration.
2. Includes insufficient evidence to lay charges, assist police of jurisdiction on unrelated criminal matters, unidentified suspects, reports of non-reportable issues.

This strategy is supported by a strong, comprehensive framework for addressing regulatory offences under B.C.'s Gaming Control Act and criminal offences under Canada's Criminal Code. Under this framework, the Branch has the ability to utilize a range of enforcement actions and sanctions.

The Branch supports its enforcement strategy by investigating, or assisting law enforcement agencies in investigating complaints and allegations of suspected criminal activity and regulatory infractions related to gaming and horse racing in B.C.

Disposition of Files (continued)				Ongoing
Warnings	Other ²	Intelligence ³	Unfounded	Ongoing
7	584	14	35	44
1	270	11	13	12
2	181	4	150	55
0	12	46	4	7
3	53	7	7	5
0	2	352	1	4
Warnings	Other ³	Intelligence ²	Unfounded	Ongoing
2	16	957	2	2
3	40	3	15	39
Warnings	Other ³	Intelligence ²	Unfounded	Ongoing
4	1,075	90	93	118
22	2,233	1,484	320	286

3. Includes correlating data on suspect individuals and groups and forwarding to police of jurisdiction, (RCMP Proceeds of Crime, Major Crime or Commercial Crime, FINTRAC) maintaining data for future potential investigations; e.g. RCMP receive all compiled counterfeit bills and suspect data for inclusion on National Counterfeit Data Bank in Ottawa.

In general, enforcement activities are classified in two broad categories. The first category relates to real or suspected regulatory offences that occur in conjunction with legal forms of gaming. The second category relates to real or suspected incidences of illegal gambling.

Ensuring the Integrity of Legal Gaming

Branch investigators conduct investigations involving regulatory offences (which may also be criminal offences) where they occur in conjunction with legal forms of gambling. This includes, but is not limited to, money laundering, assaults, threats, frauds, counterfeiting, loan sharking, cheating at play and theft.

Under the Gaming Control Act, the Branch has the authority to issue warnings, administer sanctions, or issue tickets. For more serious violations, the Branch will recommend to Crown Counsel that charges be laid under the Act or the Criminal Code.

In 2007/08, the Branch received 4,547 notifications of suspicious activity or suspected wrongdoing.

Approximately 42 per cent of the 4,530 notifications were related to alleged offences under the Criminal Code. Of these, the most common notification was for theft (695). Other notifications included fraud (392), assaults and threats (313) passing counterfeit materials (359), cheating at play (75) and money laundering/loan sharking (169).

Of the 1,262 notifications or complaints concerning alleged violations of the Gaming Control Act, approximately 80 per cent (1,005) were notifications of individuals barred by the BC Lottery Corporations attempting to enter a gaming facility.

To further ensure all allegations of wrongdoing are given full consideration, the Branch has extended and enhanced its investigation program. These enhancements include clarifying the Corporation's obligations to the Branch concerning investigations, extending the Branch's investigative activities, strengthening the focus on the Corporation's lottery business, and clarifying the obligations of lottery retailers in reporting incidents to the Branch. In addition, the Branch has created a Lottery Investigations Unit to handle all reports of real or suspected wrongdoing involving B.C.'s lottery retailer network.

In response to a specific recommendation from B.C.'s Ombudsman, the Branch completed a review of all retailer win files from January 1, 2005 to December 31, 2006. Branch investigators determined that 139 of the 191 files required no further consideration; however, Branch investigators determined 52 files required further, independent investigation.

Reducing the Incidence of Illegal Gambling

To address real or suspected incidents of illegal gambling, Branch investigators work in conjunction with 12 dedicated RCMP officers on the Integrated Illegal Gaming Enforcement Team (IIGET). A Consultative Board has administrative oversight over IIGET.

For the past three years, the Branch has provided summary statistics of IIGET activities. This information has been provided as part of the Branch's commitment to regulating gaming in a fair and transparent manner. Starting with this annual report, the Branch will report on IIGET activities in a different manner.

This year's annual report will report on the activities of IIGET, including the opening of new files in 2007/08, the results of some ongoing investigations, and the development and delivery of educational programs.

In 2007/08, IIGET opened 234 files related to incidents of illegal gambling. These incidents included common gaming houses, unlicensed lotteries, illegal sports betting, illegal video gaming machines, illegal Internet gambling sites and other types of illegal gaming.

Several files in 2007/08 resulted in Criminal Code charges. The majority of these files concerned the operation of common gaming houses in communities around the province. In total, 91 Criminal Code charges were approved against individuals for keeping common gaming houses, being found in common gaming houses and for keeping cock fighting pits. It should be noted that the British Columbia Society for the Prevention of Cruelty to Animals (BCSPCA) was an instrumental partner in investigations related to cockfighting.

IIGET cleared one file in 2007/08 for holding an unlicensed gaming event that resulted in the approving of charges under the Gaming Control Act.

IIGET also issued 87 verbal or written warning to individuals and organizations for a variety of offences, including, operating unlicensed lotteries or sports betting.

In 2007/08, IIGET initiated a province-wide educational outreach program to inform law enforcement agencies of issues related to illegal gambling. During the past year, over 100 presentations were made. Through this work IIGET has increased the strength of its partnerships with law enforcement agencies through British Columbia.

In 2008/09, IIGET will provide a complete an illegal gaming data collection plan and threat assessment to the IIGET Consultative Board. The information gathered will be used to develop and present a 5-year strategic plan for IIGET.

In 2008/09, IIGET will be consolidating its operations. Regional offices in Northern British Columbia, the Interior and Vancouver Island will be closed and staff will be transferred to the Lower Mainland offices. This organizational shift will allow IIGET to dedicate more resources to the data collection and threat assessment and to efficiently react to illegal gaming issues as they arise throughout the Province.

PUBLIC SATISFACTION WITH THE REGULATION OF GAMING

Since 2006/07, the Branch has annually surveyed British Columbians' perceptions of government's efforts to regulate gaming, address problem gambling and distribute gaming revenues. Tracking British Columbians' familiarity and confidence in the regulation of gaming is a performance measure in the Ministry's 2008/09 Service Plan.

The 2007/08 survey was part of B.C. STATS monthly omnibus service. The survey ran for three months (December 2007 to February 2008) and included a total of 1,627 respondents.

The survey queried respondents' familiarity and satisfaction on three gambling related topics: the regulation of legal gaming in BC, how the government is addressing problem gambling in BC, and the distribution of gaming revenue in British Columbia (e.g., municipal revenue sharing, economic development, charitable gaming, health care, etc.).

In general, the results of the 2007/08 survey reinforce the trends identified in the 2006/07 survey. There were slight increases in familiarity with respect to both the regulation of gambling and government's efforts to deal with problem gambling.

The overall lack of familiarity and satisfaction with the regulation and management of gambling in B.C. continues to present some significant challenges for the Branch. In 2008/09, the Branch will continue to address the low levels of satisfaction with respect to the way it addresses problem gambling and distributes gaming revenues.

The 2007/08 survey once again found positive relationships between familiarity and satisfaction for all three sets of questions. The more familiar British Columbians were with the regulation and management of gambling, the more likely they were to be satisfied with the regulation and management of gambling. Simply put, the greater the awareness, the greater the satisfaction with the work of the Branch. In 2008/09, the Branch will develop and implement a variety of public awareness initiatives to increase public knowledge of its activities.

The 2007/08 and 2006/07 reports can be viewed at the following link:

<http://www.hsd.gov.bc.ca/gaming/>

Table 16: *Familiarity with Gaming Management*

Familiarity with how government is ...	... regulating gambling		... addressing problem gambling		... distributing gaming revenues	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Very familiar	8.4%	9.7%	8.1%	7.6%	6.2%	6.0%
Somewhat familiar	39.0%	32.9%	35.4%	32.0%	30.6%	30.7%
Not very familiar	26.1%	28.7%	28.8%	31.0%	27.0%	26.5%
Not at all familiar	26.5%	28.7%	27.7%	29.4%	36.1%	36.9%

Table 17: *Satisfaction with Gaming Management*

Satisfactions with how government is ...	... regulating gambling		... addressing problem gambling		... distributing gaming revenues	
	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07
Very satisfied	10.8%	10.9%	6.7%	5.6%	4.6%	5.4%
Somewhat satisfied	17.7%	19.9%	10.7%	11.3%	14.0%	11.0%
Neither satisfied nor dissatisfied	41.3%	40.6%	40.0%	40.6%	41.2%	46.2%
Somewhat dissatisfied	14.1%	13.4%	21.3%	21.6%	19.9%	17.7%
Very dissatisfied	16.1%	15.2%	21.2%	20.9%	20.3%	19.7%

WHERE THE MONEY GOES

In 2007/08, total gross revenue from commercial gaming conducted and managed by the BC Lottery Corporation was \$2.6 billion. After expenses and prize payouts, government revenue from gaming totalled \$1,089 million. This revenue supports local communities and government programs.

Supporting Communities

Approximately one out of every four dollars from gaming revenue directly benefits people and communities through grants and municipal programs. This is distributed through the Branch's grant programs, payments to municipalities that host casinos and/or community gaming centres, and grants to support the revitalization of B.C.'s horse racing industry.

These grants support social programs, community services, and local economic development that might not otherwise receive funding. In 2007/08, the Branch distributed \$147.3 million in community gaming grants to approximately 5,800 community organizations.

In addition, the Branch paid \$83 million in gaming revenue to 25 local governments that host casinos or community gaming centres. Host local governments may use these funds for any purpose within their legal authority that is of benefit to the community. Since 1999, the Province has distributed over \$440 million in gaming revenue to local governments.

Gaming funds support a wide variety of vital community programs, capital projects and other expenditures. For instance, in 2007/08, these included:

- \$3.4 million for the Town Centre Tournament Facility in Coquitlam;

- \$3.9 million for RCMP municipal policing services in Kelowna;
- \$0.9 million for flood protection in New Westminster;
- \$0.1 million for the Nanaimo and District Museum Society; and
- \$0.7 million for Pine Beetle Control in Prince George.

To support the revitalization of horse racing, the Branch also distributed \$5.7 million to the industry through a number of economic and business initiatives, including increased purses.

B.C. Government Programs

Approximately three-quarters of all gaming revenues are directed towards government's Health Special Account and the Consolidated Revenue Fund to support provincial health care and education services.

The Health Special Account is used exclusively for the administration, operation and delivery of health care, health research, and health promotion and education services. In 2007/08, approximately \$147.3 million was paid into the account. Since its creation in 1992, over \$1.5 billion in gaming revenue has been directed to this account.

In 2007/08, over \$658.4 million was directed to the Consolidated Revenue Fund to support social programs, primarily health care and education. In the past ten years, over \$3.7 billion in gaming revenue has been directed to the Fund.

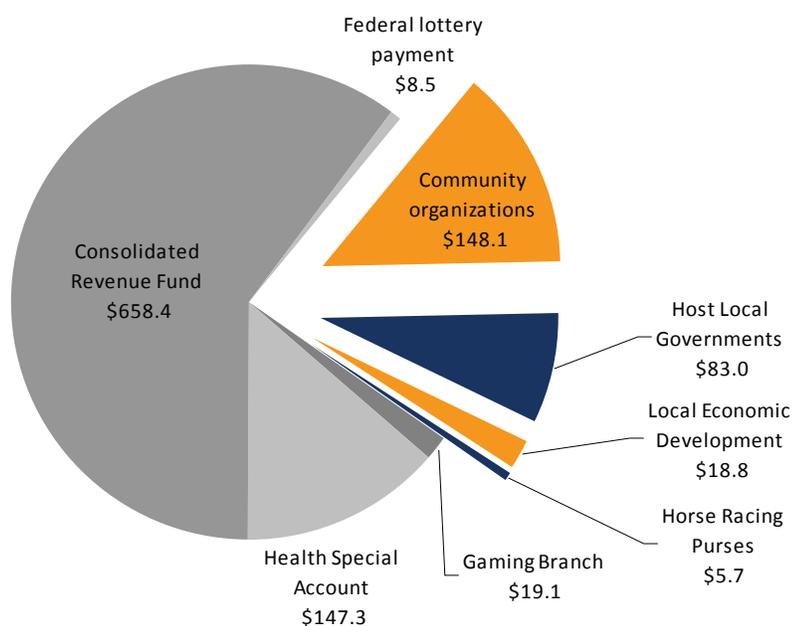
Gaming Policy and Enforcement Branch Operations

In 2007/08, the Branch spent \$19.1 million on the regulation of gaming in British Columbia. Core Branch operations cost \$13.7 million, an increase of \$3.3 million from 2006/07. This increase was required to address the initiatives and increased obligations brought about by reviews of the B.C. lottery retail network conducted by the Branch, the B.C. Ombudsman and Deloitte and Touche. The Problem Gambling Program cost a further \$5.4 million.

Government of Canada Transfer

As part of a revenue sharing agreement between the federal and provincial governments, \$8.5 million of lottery revenues was transferred to the federal government.

Figure 1: *Where the Money Goes*



LOOKING AHEAD

Gaming is a popular form of entertainment in British Columbia. Recent surveys indicate that approximately eight out of every ten British Columbians over the age of 19 gambled at least once in 2007/08. The gaming industry is complex and continues to evolve. In the past year, the industry has seen the emergence of more multi-purpose gaming venues, higher scrutiny of lottery gaming and an increase in the popularity of illegal and unregulated internet gambling sites.

In 2008/09, the Branch intends to complete implementation of all recommendations made by the British Columbia Ombudsman and Deloitte and Touche. In addition, the Branch will continue to enhance the services it provides to citizens and communities. This includes enhanced protection of citizens and communities and efforts to ensure compliance with standards and regulations. The Branch will also continue to measure public perception of the Branch's efforts to regulate and manage gaming.

Services to citizens and communities

In 2007/08, the Branch implemented Gaming Online Service, an integrated Internet-based information system that has improved the overall business functions of the Branch and ensured a single point of access for clients. British Columbians can now go online to apply for gaming grants and licences, 24 hours a day, seven days a week.

In 2008/09, the Branch will develop and implement the final phases of its online service. These enhancements will add the Branch's audit, investigation and registration functions to online operations. In particular, enhancements to

Gaming Online Service in the coming year will allow prospective gaming workers and companies to submit registration applications, as well as make any payments and receive confirmations online. These enhancements will make the registration process more efficient and client-centered, and further ensure the integrity of gaming operations.

In the coming year, the Problem Gambling Program will undertake several initiatives to increase services to at-risk populations and reduce barriers to access. These initiatives will include expanding the Know the Score program across the province; placing Responsible Gambling Information Centres in every casino in the province; and contracting with specialized service providers to identify at-risk populations and develop materials and programs to meet their specific needs.

The Problem Gambling Program will also enhance its overall service capacity by increasing the number of contracted prevention service providers and offering a more comprehensive continuum of clinical care by introducing day, evening and weekend retreat programs.

The Branch will be working towards the creation of an external panel of experts to consider and recommend problem and responsible gambling-related research to the Province. The panel will be responsible for identifying potential areas of research to inform effective policy making and program development, helping ensure that gambling continues to be delivered in a safe, healthy and responsible manner.

Protecting citizens and communities

In 2008/09, the Branch will continue to enhance and strengthen its regulatory oversight of gaming in the province. This will include issuing directives and developing legislation in response to the recommendations of the Ombudsman and Deloitte and Touche.

The Branch's responsibilities with regard to registration have expanded significantly in the past year. In 2008/09 the Branch will continue to register lottery retailers, with completion of the remaining 1,400 pre-existing retailers by August 2008. The Branch will also implement certification standards for ensuring the technical integrity of scratch and win tickets.

The Branch will continue to support the horse racing industry, as well as regulate and manage all horse racing in B.C. In 2008/09, the Branch will oversee the running of approximately 2,000 races on almost 200 race dates at tracks around the province.

Ensuring compliance with standards and regulations

The Branch plans to conduct over 600 audits in 2008/09, with a particular focus on commercial gaming facilities, registered raffle licensees and community organizations receiving gaming grants.

As a result of the Ombudsman's report, the Branch developed a comprehensive five-year audit plan that examines the BC Lottery

Corporation's conduct and management of all forms of gaming, including casinos, community gaming centres, bingo halls, lotteries and the Corporation's PlayNow web site. In 2008/09, the Branch will fully implement this plan. In addition, the Branch will continue to monitor, report and comment on the Corporation's implementation of all the recommendations made by the Ombudsman and Deloitte and Touche regarding B.C.'s lottery retail network.

The reports by the Ombudsman and Deloitte and Touche made recommendations to strengthen and widen the scope of the Branch's enforcement work. In 2008/09, the Branch will continue to implement initiatives to ensure comprehensive and independent investigations of issues related to all the Corporation's business areas are undertaken, including its lottery retail business. This will include ensuring the Corporation is aware of its reporting requirements, conducting fully independent investigations of any alleged impropriety involving lottery retailers, and regularly reporting on the status of investigations.

In the coming year, the Branch, through its partnership with the RCMP, will continue to investigate all reports of illegal gambling in the province. In addition, the Branch will be targeting individuals who have been prohibited from entering legal gaming venues. These efforts will help ensure undesirable individuals are prevented from profiting from illegal activity.

APPENDIX A: GAMING INDUSTRY LEGAL AND OPERATING FRAMEWORK

Gaming in the province is regulated under the Criminal Code of Canada and B.C.'s Gaming Control Act. Responsibility for ensuring the effective regulation of gaming belongs to the Minister of Housing and Social Development. The Minister provides broad policy direction to ensure

government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, or in the day-to-day management of gaming.

Regulating the British Columbia Gaming Industry

Gaming is regulated by the Gaming Policy and Enforcement Branch. The Branch is made up of six divisions:

- The Policy, Responsible Gambling and Management Services Division is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing in B.C. The Division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. In addition, the Division is responsible for providing financial advice to Branch executive, administering the Branch budget, making payments on behalf of the Branch, providing information and technology support and managing all Branch facilities.
- The Licensing and Grants Division is responsible for distributing grants to community organizations and issuing gaming event licences to eligible organizations.
- The Racing Division is responsible for regulating and managing horse racing in B.C.
- The Registration and Certification Division is responsible for conducting financial and personal background checks on all gaming services providers and gaming workers. The Division also approves and certifies all gaming equipment used in the province.
- The Audit and Compliance Division is responsible for conducting audits of commercial gaming, lottery gaming, licensed gaming events and community organizations' use of gaming proceeds. The Division works with community organizations to improve compliance with legislation and policies.
- The Investigations and Regional Operations Division fulfills the Branch's enforcement function and is responsible for investigating all complaints and allegations of regulatory wrongdoing and assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in B.C. In addition, the Division is responsible for the day to day management of regional offices in Kelowna, Prince George and Burnaby.

Conduct and Management of Gaming in British Columbia

British Columbia Lottery Corporation

The BC Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors appointed by Cabinet, the Corporation reports to the Minister of Public Safety and Solicitor General (Minster of Housing and Social Development since June 2008) and is regulated by the Branch. The Branch routinely audits Corporation operations to ensure that commercial gaming is operated according to government public interest standards. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. In addition, the Corporation sets the rules of play for lotteries, casinos and commercial bingo halls.

Horse Racing Service Providers

The Branch licenses private companies to conduct and operate live horse racing events at horse racing tracks. These service providers are responsible for conducting horse racing in accordance with rules and regulations as set by the Province in the Gaming Control Act and the *Rules of Thoroughbred and Standardbred Horse Racing* in British Columbia. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community and other Organizations

The Branch licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province. These rules include disclosing required financial information within two months of hosting a gaming event. The rules also require that, except in two modest cases, licensees ensure no one under the age of 19 participates in gambling activities.

Supporting the Delivery of Gaming in British Columbia

Gaming Services Providers

The BC Lottery Corporation contracts with private companies to provide day to day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo and community gaming centre operators. Services providers must ensure all gaming employees have taken Appropriate Response Training and that no persons under the age of 19 participate in gambling activities or are present where gambling activity occurs. These gaming services providers are monitored by the Registration Division to ensure they adhere to the conditions of their registration and continuously demonstrate the highest level of integrity.

Key Persons

The Branch identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province. Key persons are registered for up to five years and are required to undergo a rigorous vetting process to ensure the honesty, integrity and financial responsibility of gaming in B.C. The division conducts a background check that includes, but is not limited to, a criminal record check, a credit check and verification of assets and liabilities.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies

that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services to gaming operators that are not directly related to the delivery of gaming. These include janitorial services, landlords and concessionaires.

Gaming and Horse Race Workers

Gaming and horse racing workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to conduct, manage or present large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse race workers include individuals who work for, or conduct business with, race tracks. These include jockeys, trainers, race horse owners and racing officials.

Horse Racing Teletheatre Operators

The Branch licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 26 teletheatre locations in B.C. Twenty-three are operated by TBC Teletheatre BC in venues across the province. The remaining three teletheatres are located at race tracks (Hastings Racecourse, Fraser Downs Racetrack and Sandown Raceway) and are operated by the Great Canadian Gaming Corporation.

APPENDIX B: GAMING PERMITTED IN BRITISH COLUMBIA

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are continually being developed. Players' preferences are also continually changing. The Province of British Columbia has chosen to take a cautious and responsible approach to determining the forms of games it will permit and where the

games may take place. Such opportunities must not jeopardize the integrity of the industry and must be capable of being effectively regulated and socially responsible. The following table summarizes the forms of gaming the Province has authorized, and the locations where each may be offered.

Table 18: Gaming Permitted in B.C.

Commercial Gaming	Casinos	Bingo Halls	CGCs*	Co-Located Race Tracks/Casinos	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs & Bars
Commercial Bingo Games		Yes	Yes						
Lottery Products	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes
Slot Machines	Yes		Yes	Yes					
Table Games	Yes			Yes					
Poker Tables	Yes			Yes					
Electronic Table Games	Yes		Yes	Yes					
Live Horse Racing				Yes	Yes				
Teletheatres	Yes		Yes	Yes	Yes				Yes
Licensed Charitable Gaming									
Ticket Raffles								Yes	Yes
Independent Bingo								Yes	Yes
Social Occasion Casinos								Yes	Yes
Wheels of Fortune								Yes	

* Community Gaming Centres

APPENDIX C: SOURCE AND DISTRIBUTION OF REVENUES

Table 19: *Government Gaming Revenues and Disbursements*

Revenue – In (all figures in \$ millions)	2007/08	2006/07
Lotteries	\$262.0	\$281.6
Horse Racing Betting Fee	1.9	1.9
Casinos	761.8	698.6
Bingo (includes community gaming centres)	63.2	36.7
Total Revenue	\$1088.9	\$1,018.8
Disbursements – Out	2007/08	2006/07
Supporting Communities		
Community Organizations	\$148.1	\$144.5
Payment to Host Local Governments	83.0	76.1
Local Economic Development (DAC)	18.8	16.5
Horse Racing Purse Enhancements	5.7	5.2
Gaming Policy and Enforcement Branch Operations		
Core Programs to Regulate Gaming	13.7	10.4
Problem Gambling Program	5.4	4.3
B.C. Government Programs		
Health Special Account	147.3	147.3
Consolidated Revenue Fund	658.4	606.1
Government of Canada Transfer		
Under a federal/provincial lottery agreement	8.5	8.4
Total Disbursements	\$1088.9	\$1,018.8

Table 20: Host Local Government Share of Gaming Revenues

Host Government	Casino or Community Gaming Centre	2007/08	2006/07
Burnaby	Gateway Casino Burnaby	\$10,435,052	\$9,806,757
Campbell River	Campbell R. Bingo Palace* (closed 06/07)	122,951	432,574
	Campbell River Chances* (opened 07/07)	554,408	-
Coquitlam	Boulevard Casino	9,946,588	9,186,194
Courtenay	Chances Courtenay* (opened 02/08)	53,553	-
Dawson Creek	Bear Mountain Bingo Hall*	816,934	691,606
Cowichan	Chances Cowichan* (opened 03/07)	691,551	-
Fort St. John	Chances Fort. St. John* (opened 09/07)	424,771	-
Kamloops	Lake City Casino Kamloops	2,401,859	2,119,709
	Chances Kamloops*	306,720	215,655
Kelowna	Lake City Casino Kelowna	3,072,288	2,957,877
	Chances Kelowna*	970,691	635,199
Ktunaxa Tribal (Cranbrook)	Casino of the Rockies [†]	1,731,597	1,534,266
Langley	Cascades Casino	7,508,464	6,807,091
Mission	Chances Boardwalk* (opened 08/07)	265,244	-
Nanaimo	Great Canadian Nanaimo	3,054,116	3,084,271
New Westminster	Royal City Star (Riverboat) [†] (closed 12/07))	2,387,439	3,411,003
	Starlight Casino [†] (opened 12/07)	1,776,486	-
Penticton	Lake City Casinos Penticton [†]	1,853,805	2,543,797
Port Alberni	Chances Rim Rock* (opened 09/07)	227,557	-
Prince George	Treasure Cove Casino	3,039,251	2,859,166
	Chances Good Time Prince George (opened 03/08)	7,755	-
Prince Rupert	Chances Prince Rupert* (opened 10/07)	190,606	-
Quesnel	Billy Barker Casino	702,038	638,975
Richmond	River Rock Casino	12,583,081	12,698,623
Surrey	Fraser Downs	3,923,856	3,387,454
	Great Canadian Holiday Inn (closed 11/07)	773,996	1,253,621
Vancouver	Edgewater Casino	5,556,848	4,717,207
	Hastings Racecourse (slots commended 11/07)	131,842	-
Vernon	Lake City Casino Vernon	1,862,517	1,763,005
View Royal	Great Canadian View Royal	5,037,149	4,901,585
Wells	Jack o' Clubs Gaming Hall (closed 05/06)	-	150
Williams Lake	Chances Signal Point*	611,792	466,688
Total HLG Revenue		\$83,022,805	\$76,112,473

*denotes community gaming centre

[†] denotes destination casino

Table 21: *Gaming Revenue Distributed to Horse Racing Industry*

Revenue to Horse Racing Industry (all figures in \$ thousands)	2007/08	2006/07
Thoroughbred Industry (via Hastings Racecourse and Casino)	\$1,407	\$281.6
Standardbred Industry (via Fraser Downs Racetrack and Casino)	4,266	36.7
Total Revenue	\$5,673	\$5,182

APPENDIX D: BRANCH OPERATING BUDGET AND EXPENDITURES

Appendix D

Table 22: *Branch Budget and Expenditures*

Branch Budget	2007/08	2006/07
Core Operations	\$11,766,000	\$10,454,000
Problem Gambling Program	6,997,000	4,003,000
Total Branch Budget	\$18,763,000	\$14,457,000

Branch Expenditures	2007/08	2006/07
Core Operations		
Salaries and benefits costs	\$9,671,374	\$7,969,113
Operating and business expenses	3,545,678	1,931,248
Legal and professional services	501,413	480,116
Subtotal	13,718,465	10,380,477
Problem Gambling Program		
Salaries and benefits costs	233,488	211,155
Operating and business expenses	674,113	260,179
Legal and professional services	427,094	203,064
Contracts	4,032,565	3,600,058
Subtotal	5,367,260	4,274,456
Total Branch Expenditures	\$19,085,725	\$14,654,933
Surplus/(Deficit)	\$(322,725)	\$(197,933)

Contact information

For more information on the Gaming Policy and Enforcement Branch, or to view this document and others from the Ministry of Housing and Social Development, please go to our website at:

<http://www.hsd.gov.bc.ca/gaming/>

For more information on B.C.'s Responsible Gambling Strategy please go to:

<http://www.bcreponsiblegambling.ca>

The Head Office of the Gaming Policy and Enforcement Branch is located in Victoria, with regional offices located in Burnaby, Kelowna and Prince George.

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Appendix E – 2008/09:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2008/09*, (Victoria: British Columbia, 2009).

GAMING POLICY AND ENFORCEMENT BRANCH

*Ministry of Housing and
Social Development*

ANNUAL REPORT

*April 1, 2008 to
March 31, 2009*



**BRITISH
COLUMBIA**

The Best Place on Earth

TABLE OF CONTENTS

1	Table of Contents
2	Letter of Transmittal
3	Accountability Statement
4	Key Facts About Gaming in British Columbia
6	Service
	<ul style="list-style-type: none">• Supporting community organizations (community gaming grants)• Benefiting community organizations (licenced gaming events)• Ensuring citizens are protected from risks related to excessive gambling
18	Protection
	<ul style="list-style-type: none">• Protecting citizens through laws and regulations• Ensuring suitable people and companies are involved with gaming• Ensuring gaming equipment and products are fair• Ensuring the proper conduct of horse racing
24	Compliance
	<ul style="list-style-type: none">• Auditing for compliance• Enforcing the rules and regulations of horse racing• Enforcing the rules and regulations of gaming
30	Public Satisfaction with the Regulation of Gaming
32	Where the Money Goes
34	Looking Ahead
36	Appendices
	<ul style="list-style-type: none">• Appendix A: Gaming industry legal and operating framework• Appendix B: Gaming permitted in British Columbia• Appendix C: Source and distributions of revenues• Appendix D: Gaming Policy and Enforcement Branch operating budget and expenditures

LETTER OF TRANSMITTAL

I am pleased to submit the Gaming Policy and Enforcement Branch 2008/09 Annual Report to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Housing and Social Development's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2009.

The Gaming Policy and Enforcement Branch is responsible for the regulation of British Columbia's gaming industry. The Branch's mandate is to ensure that gaming is operated with honesty and integrity and that the interests of the public and participants are protected.

On June 23, 2008, the Gaming Policy and Enforcement Branch moved from the Ministry of Public Safety and Solicitor General to the Ministry of Housing and Social Development.

Over the past two years, British Columbia's lottery retail network has been reviewed by the Branch, the British Columbia Ombudsman and an independent auditor. Each of these reviews identified gaps in the regulation of lottery gaming. As a result, eighty-one recommendations were made to the Gaming Policy and Enforcement

Branch and the BC Lottery Corporation. The Branch implemented all of the recommendations made in its own report and by the Ombudsman. All of the recommendations made by the independent auditor, Deloitte and Touche, will be fully implemented in 2009.

The potential for fraud can never be completely eliminated: However, the work completed by the Branch in the past two years has ensured that the risk of fraud will be effectively managed through proper safeguards and regulatory oversight.

In 2009/10, the Branch will continue to employ innovative programs and practical new tools to address challenges. The Branch's goal is to have the best regulated gaming jurisdiction in North America. This goal requires strong relationships with industry stakeholders and effective enforcement of applicable laws and regulations.

I look forward to continuing to work closely with Branch management and staff to ensure the effective regulation of British Columbia's gaming industry and strong protection for customers.

Honourable Rich Coleman
Minister of Housing and Social Development

ACCOUNTABILITY STATEMENT

Honourable Rich Coleman
Minister of Housing and Social Development

Minister:

It is my pleasure to present the Annual Report of the Gaming Policy and Enforcement Branch for the fiscal year 2008/09. The information in this report reflects the activities of the Branch for the 12 months ending March 31, 2009. I am responsible for the contents of the report, including the selection of accomplishments and the manner in which they are reported.

British Columbians can be confident that gaming in this province is effectively regulated, offers a gratifying entertainment opportunity to those who play responsibly and provides valuable funding to community organizations across British Columbia.

The Branch's core mandate is to ensure that gaming in the province is conducted fairly and with integrity. More specifically, the Branch makes sure that trustworthy people and companies are involved in the industry, that gaming revenues are used appropriately, that all incidents of real or suspected wrongdoing are addressed and that anyone experiencing problems related to gambling receives help.

Currently, several jurisdictions are putting extra emphasis on safeguarding fairness in gaming. In British Columbia, this trend is reflected in the significant actions taken by the Branch. In 2008/09, these enhancements included the finalization of a comprehensive lottery retail manager registration process and the development of equipment certification programs and improved lottery and casino audit and investigation programs. Implementation of these initiatives satisfies recommendations made by the British Columbia Ombudsman in her May 2007 report.

In 2009/10, the Branch will conclude implementation of a coordinated formal risk-management strategy for the Branch and for the gaming industry as a whole.

When complete, the Branch will have satisfied all recommendations made by independent auditor Deloitte and Touche in its December 2007 report.

The Branch also is committed to ensuring gaming is conducted in a socially responsible manner. To encourage British Columbians to make healthy choices, the Branch funds responsible gambling programs in universities, community centres and public venues. In addition, the Branch provides free counselling services to anyone anywhere in the province who is affected by gambling issues.

Proceeds from gaming serve British Columbians in important ways. In 2008/09, \$156.3 million was distributed to 6,800 community organizations. These groups include children's ballet clubs, Little League baseball teams, environmental groups, social services organizations, among others. Other gaming proceeds support social programs in British Columbia, primarily health and education.

The Gaming Policy and Enforcement Branch strives daily to maintain British Columbia's position as a global leader in gaming regulation, ensuring that gaming in the province is conducted fairly and responsibly and that revenues are used for the betterment of the people of the province.

I am fortunate to work with talented and enthusiastic people who are committed to ensuring the integrity of this complex and growing industry. My thanks to Branch staff for another year of dedicated and exemplary service.

Derek Sturko
Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch

Ensuring the Integrity of Gaming

The core goal of the Gaming Policy and Enforcement Branch is to ensure the integrity of gaming in the province.

The Branch's work falls into three broad categories:

- Providing **service** to citizens and communities;
- Ensuring citizens and communities are **protected**; and
- Ensuring **compliance** with regulations and standards.

The Branch's activities related to these categories of work are described in the following pages.

KEY FACTS ABOUT GAMING

Gaming is a \$2.6 billion per year industry in British Columbia.

During the past year the gaming sector included over:

- 24,500 jobs directly related to gaming;
- 7,500 licensed gaming events; and
- 250 companies that were directly or indirectly involved in the industry.

As of March 31, 2009, the commercial gaming industry included:

- Provincial and national lottery games, including PlayNow, the BC Lottery Corporation's internet lottery website;
- 17 casinos;
- 14 community gaming centres;
- 12 commercial bingo halls;
- 6 horse race tracks; and
- 25 horse racing teletheatres.

In 2008/09, the regulation of gaming in British Columbia included:

- 6,685 grants and 7,540 gaming event licences issued to charitable and religious organizations;
- New and renewed registrations for:
 - 5,714 gaming workers;
 - 3,436 lottery retailers;
 - 111 senior gaming officials;
 - 1,033 horse racing workers; and
 - 10 gaming services and gaming equipment providers;
- Certification of 581 types of gaming equipment or gaming supplies;
- 474 audits of licensed gaming events and organizations' use of gaming grant proceeds;
- Audits of all casinos, community gaming centres and horse race tracks, and bi-annual audits of commercial bingo halls;
- Reviews of the operations of all 25 teletheatre in the province;
- Investigation of 5,716 notifications of suspicious activity and potential wrongdoing; and
- Audits of the BC Lottery Corporation's compliance with all applicable public interest standards, directives, laws and regulations in relation to the conduct and management of all aspects of commercial gaming.

SERVICE

The Branch provides a range of services to citizens and communities throughout British Columbia. This includes distributing grants to non-profit community organizations, issuing licenses for charitable gaming events, funding programs and services that foster a responsible approach to gaming in both industry participants and consumers, and ensuring problem gambling counselling services are made available to anyone who requests them.

Enhancing Customer Service

Accessing a number of these services is now easier, faster and more efficient for clients than ever before. This is in large part due to the continued expansion of *Gaming Online Services*, the Branch's e-business capacity, which includes the public and gaming service providers in a wide range of business processes.

These online services are available to anyone who has access to a computer and the internet at no cost to the client, 24 hours a day, seven days a week. Government Agents offer assistance, as needed, to those without internet access.

Gaming Online Services enables the public to access a full range of gaming information. For example, community organizations may now apply for various grants and licences, submit required

financial reports and pay fees by credit card – all online. This has resulted in reduced data entry and administrative tasks at the Branch end, significantly improving the Branch's processing efficiency and turn around time.

In addition, gaming service providers and the public may submit to Branch investigators online reports of real or suspected wrongdoing. *Gaming Online Services* also facilitates the creation of, and access to, registration reports for individuals and companies and certification reports for gaming equipment.

Online services also enhance internal operations by improving administrative processes for registration and certification, and by providing valuable tools to track and monitor investigations and a variety of activities related to horse racing. Online services also facilitate the sharing of information among the various divisions of the Branch.

Gaming Online Services is being introduced in five phases. The first three phases were implemented in 2007/08, the fourth in 2008/09, and it is anticipated that the final phase will be introduced in 2009/10. This final phase will further enhance registration services and processes and will allow a shared lottery retailer database between the Branch and the BC Lottery Corporation.

Supporting Community Organizations (Community Gaming Grants)

The Branch distributes government gaming revenues in the form of Community Gaming Grants to eligible community organizations to support a wide range of programs and services throughout British Columbia. In 2008/09, \$156.3 million was distributed to 6,685 charitable organizations on behalf of the Province. Funding to individual organizations is based on the type of organization, the programs and services it delivers and its financial need.

Eligible organizations may be funded to a maximum of \$100,000 through Community Gaming Grants for any combination of program costs and minor capital project costs. For province-wide programs, annual funding to a maximum of \$250,000 may be approved.

In 2008/09, the Branch completed its work harmonizing the Direct Access and Bingo Affiliation grant programs. As a result of this work several standards have been implemented for Community Gaming Grants.

One of these standards is moving all grant recipients to an annual payment model. Annual payments, as opposed to monthly payments, for all recipients of Community Gaming Grants. This shift increases flexibility for community organizations and reduces administrative costs for government.

There are six main sectors funded by Community Gaming Grants:

- Human and Social Services: programs that significantly contribute to the quality of life in a community, including eligible programs presented by service organizations and service clubs;
- Public Safety: programs that support public safety initiatives, disaster relief, and emergency preparedness in British Columbia;
- Environment: programs that support British Columbia's environment or protect the welfare of animals and wildlife;
- Arts, Culture and Sport: programs that support the performing arts, media arts, visual arts, literature, heritage, culture or sports in the community;
- Major Capital Projects: The Branch provides funding to a limited number of organizations that require funds to build, renovate or repair facilities, to a maximum of \$100,000. Organizations must make an equal contribution, and facilities must be open to the public; and
- Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC) grants: PACs and DPACs are automatically eligible for gaming grants under Direct Access and/or Bingo Affiliation grant programs. PACs receive \$20 per student annually, while DPACs receive grants of \$2,500 each year.

Community organizations may apply for these grants during annual application periods specific to the funding sector to which an organization's programs and services apply.

Table 1: Community Gaming Grants (\$ figures in millions)

Major Grant Funding Sectors	2008/09		2007/08	
	Number	Funding	Number	Funding
Human & Social Services	2,266	\$73.2	2,189	\$67.2
Environment	119	3.8	122	3.5
Arts, Culture and Sport	1,910	47.2	1,990	48.9
Public Safety	182	6.6	187	6.1
Major Capital Projects	74	4.3	73	3.8
PACs and District PACs	1,762	13.6	1,797	13.9
Subtotal Major Funding Sectors	6,313	\$148.7	6,358	\$143.4
One-time Special Grant Programs				
One-time grants	12	\$3.5	5	\$0.8
BC150 Volunteer Incentive Program	26	0.1	n/a	n/a
BC150 Years Celebrations	173	1.3	30	0.3
Playground Grants	146	2.5	97	1.5
Sportsfunder	0	0.0	82	2.0
Bingo Association Grants	15	0.2	17	0.2
Subtotal One-time Special Grants Program	372	\$7.6	231	\$4.8
Total Community Gaming Grants	6,685	\$156.3	6,589	\$148.2

One-Time Special Grant Programs

In addition to six main funding sectors the Branch also manages several one-time special grant programs. These targeted, short-term grant programs target priorities of government. In 2008/09, the Branch administered three one-time grant programs: PAC Playground; BC150 Celebration; and the BC150 Volunteer Incentive Program.

PAC Playground grants provide funding to PACs to build or replace playground equipment at schools around the province. In 2008/09, a total of 146 grants totalling \$2.5 million were distributed to PACs. Grants were distributed on the basis of demonstrated need. Priority was given to PACs where no playground equipment existed or where current equipment had been, or was scheduled to be removed.

To help British Columbians celebrate the 150th anniversary of the founding of the province, the Branch distributed BC150 Celebration grants to non-profit community organizations for celebration projects and events held in 2008. In 2008/09, \$1.3 million was distributed to 173 organizations.

The BC150 Volunteer Incentive Program grant program was developed to recognize volunteers' contributions to fundraising events in support of special purposes or projects. Organizations can apply for grants of up to \$5,000. In 2008/09, 26 grants were distributed, totalling \$80,850.

One-time Grants

To enhance the benefits of specific projects that have a significant, positive impact on British Columbians, the Branch distributes a limited

number of one-time grants to exceptional organizations. In 2008/09, 12 organizations received such grants, for a total of \$3.5 million.

Sportsfunder

In 2005/06, the BC Lottery Corporation introduced a new product line, SportsFunder, from which net revenues are allocated through the Community Gaming Grant program to benefit amateur athletes, in support of the Vancouver 2010 Olympic and Paralympic Winter Games. Funding is dependent on SportsFunder sales, which have been lower than anticipated. In 2008/09, no SportsFunder grants were distributed.

In 2009/10, the Corporation will work to develop new products to increase funding for the SportsFunder grant program.

Bingo Association Grants

Bingo Affiliation grants were introduced in 2002 when the Corporation assumed responsibility for the conduct and management of bingo halls. Each hall had a bingo association that was responsible for organizing volunteers from affiliated charitable community organizations. The Branch provided grants to these associations to cover administrative costs.

In 2008/09, the Branch eliminated the volunteer requirement for community organizations affiliated with bingo halls. The Branch is working with Bingo Associations to determine what roles and/or responsibilities these organizations could take on in the future.

Benefiting Community Organizations (Licensed Gaming Events)

In addition to distributing gaming grants, the Branch issues gaming event licences to eligible charitable and religious organizations throughout British Columbia that wish to raise funds to support their community programs and services.

More than 7,500 licences were issued in 2008/09. Collectively, community organizations raised \$35.6 million to support their projects and services, an increase of 12 per cent over 2007/08.

The Branch is responsible for ensuring that charitable gaming events are conducted in a fair and transparent manner. To this end, the Branch ensures that organizations that apply for a charitable gaming licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. In addition, the Branch regularly audits licensees to ensure they follow rules and guidelines designed to protect the public.

Gaming event categories available for licensing are: ticket raffles, independent bingos (which are conducted in facilities other than commercial bingo halls), wheels of fortune, and social occasion casinos (casino-style events without slot machines).

Based on public demand and the success of a pilot project held in 2007, Texas Hold'em style poker tournaments are now also considered a licensable gaming event.

Organizations wishing to conduct a gaming event must do so under one of four types of gaming event licences: Class A; B; C; or D. The class of licence issued depends on the organization's structure and operation, the amount of money it expects to raise, prize value and ticket price.

All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services that directly benefit the community. In addition, organizations conducting Class A, B or C gaming events must have their organizational structure approved by the Branch.

Class A

Class A licences are issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding \$20,000.

Class A gaming events earned a total of \$23.4 million in 2008/09. Several organizations earned more than \$500,000 for charitable causes. These included the British Columbia Children's Hospital Foundation (\$2.4 million), the Variety Club of British Columbia (\$1.9 million), the Vancouver General Hospital and University of British Columbia Hospital Foundation (\$1.6 million), the Canucks for Kids Fund (\$0.9 million) and the Peace Arch Hospital and Community Health Foundation (\$0.9 million).

Class B

Class B licences are issued to eligible charitable and religious organizations for gaming events expected to generate up to \$20,000 in gross revenue.

Class B gaming events earned a total of \$7.7 million in 2008/09, an average of \$1,900 per event.

Class C

Class C licences are issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune and limited casinos. These licences are issued to a select number of established fairs and exhibitions on a case by case basis.

Class C gaming events earned a total of \$2.3 million in 2008/09. The majority of this was earned by the Pacific National Exhibition. Class C licenced gaming events were also held at the Prince George Exhibition, the Alberni District Fall Fair and the Interior Provincial Exhibition and Stampede held in Armstrong.

Class D

Class D licences are issued to eligible groups or organizations wishing to conduct small-scale fundraising events expected to generate up to \$5,000 in gross revenue. This licence was introduced in 2007 in response to requests from a number of groups, individuals and organizations who could not meet the eligibility criteria in place for large-scale fundraisers, but who nonetheless wished to contribute to various programs and services within their respective communities.

Class D gaming events are restricted to ticket raffles and independent bingo events. Eligibility of Class D applications is based on how the funds generated will be spent, rather than the structure of the organization.

Class D gaming events earned a total of \$2.2 million in 2008/09, an average of \$700 per event.

Table 2: Charitable Gaming Events (all \$ figures in thousands)

Licence Class	Licence Type	2008/09		2007/08	
		Number	Earned	Number	Earned
Class A	Minor	172	\$3,560.2	197	\$3,327.7
	Major	36	2,032.6	36	2,275.9
	Registered	18	14,525.8	20	11,013.7
	Independent Bingos	147	3,282.6	151	2,431.9
	Total Class A Licences	373	\$23,401.2	404	\$19,049.2
Class B	Raffles	3,750	\$7,138.6	4,218	\$7,693.3
	Independent Bingo	149	368.0	162	360.2
	Wheels of Fortune	25	38.9	33	40.2
	Social Occasion Casino	28	32.3	35	41.8
	Poker	57	87.2	5	5.6
	Total Class B Licences	4,009	\$7,665.0	44,53	\$8,141.2
Class C	Raffles	4	\$2,013.3	5	\$2,430.2
	Independent Bingo	1	1.0	1	4.5
	Limited Casino	1	104.9	1	209.9
	Wheels of Fortune	2	201.0	2	294.6
	Total Class C Licences	8	\$2,320.3	9	\$2,939.2
Class D	Independent Bingo	72	\$51.1	32	\$19.8
	Raffles	3,077	2,142.0	2,199	1,519.7
	Total Class D Licences	3,149	\$2,193.1	2,231	\$1,539.4
Total—All Licence Classes		7,540	\$35,579.5	7,097	\$31,669.0

Ensuring Citizens are Protected from the Risks Related to Excessive Gambling

In 2003, Government launched the Province's Responsible Gambling Strategy. The Strategy's three core goals are to:

- Reduce the incidence of problem gambling;
- Reduce the harmful impacts of excessive gambling; and,
- Ensure gambling is delivered in a manner that encourages responsible practices and healthy choices.

These goals guide the delivery of service in two key areas: problem gambling counselling and responsible gambling awareness services. In addition, the Strategy guides the Province's problem gambling and responsible gambling research agenda.

Reducing the incidence of problem gambling

The Branch is addressing the first goal of the Strategy by creating greater awareness of problem gambling issues and services, and by educating players to understand the risks, know their limits and to play within their means.

In 2008/09, the Branch contracted 20 service providers to deliver problem gambling education and prevention programs. These service providers deliver community-based education presentations and training sessions that encourage people to make healthy choices and provide information on how to prevent gambling problems.

Topics include the identification of problem gambling behaviours, appropriate responses to a friend or family member experiencing problems, how to access counselling services, common myths related to gambling (such as the concept of skill versus luck), and responsible play practices for those who chooses to gamble.

Approximately 1,900 presentations were made in 2008/09 to a variety of audiences, including community organizations, seniors groups, elementary and secondary school classes, treatment centres, gaming industry workers and health care professionals.

Research indicates that problem gambling behaviour often starts at an early age. Reasons for this include low risk-aversion and belief in myths, including, for example, that if you play long enough, you will eventually win. Over the past three years, the Branch has sponsored a school-based problem gambling prevention tool called *Know Dice*. This multimedia program teaches Grade six students about the risks related to gambling and the facts that dispel the myths. Throughout 2008/09, the program was delivered in schools across the province.

As children grow up, they become better able to tell the difference between myth and fact. However, the tolerance for risk often remains high, and it can have devastating impacts on young people. Young adults, particularly 18 – 24 year-old males, are at an increased risk of developing gambling problems.

Since January 2008 the Branch has partnered with the Responsible Gambling Council in Ontario to bring an interactive problem gambling awareness program called *Know the Score* to British Columbia. The program:

- Dispels myths about winning and losing;
- Identifies signs of problem gambling;
- Informs students of local resources that help treat gambling-related problems; and
- Suggests ways to limit gambling risks.

Staffed by contracted prevention providers and students from the host school the *Know the Score* program was delivered to about 12,300 students on 13 campuses in British Columbia. The table below provides details.

The Branch is currently coordinating and standardizing its problem gambling prevention efforts across the province. This coordination will include posting educational materials on the British Columbia Responsible Gambling website so educators, public health officials and other individuals can have easy access to information and services.

In 2009/10, the Branch will enhance its problem gambling prevention service to include two more “at-risk” populations: seniors and Aboriginal peoples. These enhancements include the development of a theatre production that will be performed throughout British Columbia, primarily at seniors’ facilities. In addition, the Province will contract with professionals to provide problem gambling prevention services to Aboriginal peoples.

Table 3: Know the Score Presentations

Post-secondary Institution	Community	Number of Interactions
University of Northern British Columbia	Prince George	1,174
Kwantlen University College (Surrey campus)	Surrey	873
UBC-Okanagan	Kelowna	1,520
Okanagan University College	Kelowna	1,254
Northwest Community College	Terrace	350
Selkirk College	Castlegar	642
Camosun College	Victoria	1,182
University of Victoria	Victoria	816
British Columbia Institute of Technology	Burnaby	793
Kwantlen University College (Richmond campus)	Richmond	915
Thompson Rivers University	Kamloops	1,239
University of British Columbia	Vancouver	622
Vancouver Island University	Nanaimo	923
Total		12,303

Reducing the harmful impacts of excessive gambling

In 2008/09, the Branch contracted with 36 professional clinical counsellors across British Columbia to provide problem gambling counselling services. These services are provided free of charge to anyone experiencing a problem with gambling or affected by someone else's gambling. Group and/or individual therapy sessions are available at the client's convenience. If required, the counsellor will travel in the evening or on a weekend to a location of the client's choosing and/or provide counselling over the telephone or internet.

In 2008/09, the Branch sponsored a pilot of an innovative counselling program called Discovery. The Discovery program is a day, evening and

weekend treatment program that is designed to help individuals with gambling problems develop the knowledge and skills to effectively address gambling related issues. The Discovery program will continue to evolve and will expand in 2009/10.

The Branch also funds a dedicated, 24-hour toll-free Problem Gambling Help Line. Operators provide crisis counselling and refer individuals and/or their families to community treatment and prevention services provided by the Province. The Help Line and the free counselling services constitute an immediate response network designed to ensure that anyone experiencing difficulties as a result of excessive gambling receives professional clinical help.

Table 4: Responsible Gambling Program Statistics

Program Figures	2008/09	2007/08
Total Help Line calls (includes erroneous calls and hang-ups)	6,228	5,656
Calls made to Help Line specific to problem gambling	6,006	4,938
Referrals to the Problem Gambling Program	2,864	2,695
Counselling service admissions	1,280	1,054
Number of prevention information sessions delivered	1,373	1,855
Contracted service providers		
Clinical counsellors	36	36
Prevention service providers	22	24
Provincial coordinators	2	3
Responsible Gambling Officers (RGIC Staff)	25	9

Ensuring that gambling is delivered in a manner that encourages responsible gambling and healthy choices

Three key Branch programs ensure that problem gambling prevention and responsible gambling practices and policies are maintained within the gaming industry. The first two, the Responsible Gambling Information Centre and Appropriate Response Training program, are delivered in partnership with the BC Lottery Corporation. Through the third program, the Branch conducts comprehensive audits of all casinos, race tracks, community gaming centres and bingo halls for compliance with the Province's Responsible Gambling Standards.

Since 2006/07, the Branch and the BC Lottery Corporation have co-managed the Province's Responsible Gambling Information Centre program. Information Centres are located in every casino in the province. The centres are staffed by trained individuals who provide referrals and on-site education to casino patrons seeking information or anyone experiencing distress related to gambling. In 2009/10, the Branch and the Corporation will expand the Information Centre program to ensure trained personnel are available to provide educational and referral services at every casino and community gaming centre in the province.

Appropriate Response Training is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills, and enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. The Branch supports Appropriate Response Training by providing problem gambling treatment and prevention experts to conduct the training sessions.

In July 2005, the Province issued responsible gambling standards for the entire British Columbia gaming industry. The standards ensure:

- Minors are prevented from participating in gambling activities;
- Patrons are equipped to make informed decisions regarding gambling activities;
- Gambling related risks are minimized; and
- Persons affected by excessive gambling have access to timely and effective information and assistance.

These standards apply to the BC Lottery Corporation, all gaming service providers and all commercial gaming facilities.

Every year, the Branch audits every casino, race track and community gaming centre, as well as about half of the commercial bingo halls in the province. The Branch also inspects approximately 20% of the lottery retailers to ensure facilities comply with these standards. The results of these audits are summarized in the Responsible Gambling Strategy annual report found at:

www.bcresponsiblegambling.ca

Research

The Branch sponsors ongoing research into problem gambling and responsible gambling issues. Full copies and descriptions of the research undertaken by the Branch can also be found on the Responsible Gambling website at:

www.bcresponsiblegambling.ca/problem/research

PROTECTION

The Branch is responsible for ensuring the integrity of all gaming and gaming events in British Columbia. This means the Branch scrutinizes every company and individual involved in the gaming industry and every type of gaming equipment. It also means the Branch maintains regulatory oversight of the BC Lottery Corporation. The Corporation conducts and manages lotteries, casinos, community gaming centres and commercial bingo halls, while the Branch monitors all gaming services providers and gaming workers, British Columbia's horse racing industry and licensed gaming events.

Protecting citizens through laws and regulations

The Branch fulfills its mandate under Canada's Criminal Code and the Province's *Gaming Control Act* and *Gaming Control Regulation*.

In 2008/09, the Branch issued a Minister's directive to limit to 40 the number of teletheatre licences permitted in British Columbia. Teletheatres, which were previously limited to 26 under an Order-In-Council that had been in place since 1996, present simulcast satellite broadcasts of horse races run at local, national and international tracks.

Increasing the cap from 26 to 40 allows the horse racing industry to generate additional revenues to support the long-term viability of horse racing in British Columbia. The majority of new teletheatres are located in existing casinos and community gaming centres, rather than in pubs and bars. This serves to consolidate gaming within existing gaming facilities. The Branch does not issue a teletheatre licence unless the activity has been approved by the host local government.

Ensuring the right people and companies are involved with gaming

Each year thousands of individuals and dozens of companies apply to be registered with the Branch. The registration program is in place to ensure that only suitable candidates are involved in the gaming industry. A background investigation of each registrant includes, but is not limited to, a criminal record check and a credit check. In some cases interviews are conducted to confirm if the applicant meets standards of integrity for the gaming industry. If successfully registered with the Branch, registrants are monitored to ensure that they continue to adhere to the conditions of registration set by the *Gaming Control Act* and *Gaming Control Regulation*.

The Branch's registration program is divided into three sectors: corporate registration, gaming personnel registration, and lotteries registration.

Corporate Registration

The Corporate Registration unit scrutinizes businesses working in the gaming industry as well as the senior executive personnel attached to those businesses. Businesses registered with the Branch include many large public and privately owned companies, such as casino, bingo and horse racing operators and suppliers and manufacturers of gaming equipment, such as slot machines are also regulated. The Branch also registers other gaming service providers, such as gaming consultants and security and ancillary services, including food and janitorial services provided at gaming facilities.

In 2008/09, the Corporate Registration unit also monitored the regulatory compliance of 250 companies, and investigated and approved organizational changes, including changes in directors, ownership, shareholders, investors and lenders.

Personnel Registration

The Personnel Registration unit registers all individuals involved in the gaming industry (except lottery retailers; see below). This includes all individuals directly involved in the industry, such as casino, bingo and horse racing workers, as well as those indirectly involved, including employees of the Corporation or the Branch.

In 2008/09, the Personnel Registration unit observed a decrease in the number of new

registrations as the year progressed due to a slowing of turnover in the gaming industry. This reflects the current economic climate in the province. Some expansions within the gaming industry that were originally planned for the year were put on hold because of the economy. The number of personnel registration renewals in 2008/09 declined as well.

Registration of Lottery Retailers

In response to allegations of lottery retailer fraud in Ontario, the Branch began to register lottery retailer managers in 2007. This work included registering managers already working at the approximately 4,000 lottery retail outlets in the province. This enhanced the Branch's capacity to ensure the integrity of lottery operations and to mitigate the potential risks represented by

Table 5: Registration Figures

Corporate Registrations	2008/09		2007/08	
	New	Renewal	New	Renewal
Gaming service providers	5	10	12	19
Gaming equipment suppliers	5	6	4	4
Ancillary service contractors	10	7	8	2
Senior officials and senior employees	111	148	117	171

Personnel Registrations	2008/09		2007/08	
	New	Renewal	New	Renewal
Gaming workers	4,374	1,311	5,008	2,358
Lottery retail managers	3,436	n/a	2,923	n/a
Horse racing workers	412	621	168	1,009
Branch and Corporation personnel	323	13	124	11

Summary of Refusals, Revocations, and Cancellations

Each year, for a variety of reasons, the Branch refuses to register certain individuals. The most common reasons include inappropriate behaviour that calls into question the honesty and integrity of the applicant, including, but not limited to failure to pass a criminal record check; outstanding criminal charges; or the failure to fully disclose all information requested in the application or during any subsequent investigation. Having a criminal record does not automatically exclude an applicant from being registered. However, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry.

The process of making sure registrants are suitable for the gaming industry continues after registration. Registrants are continually monitored for compliance with the Terms and Conditions of

Registration through such methods as regulatory audits and investigations. If information is determined to be damaging to the integrity of the registrant or does not comply with the regulatory requirements of the *Gaming Control Act*, a progressive disciplinary process addresses the concerns. Based on the severity of the transgression, the registration program may issue a sanction, warning, suspension or may cancel registration.

The table below indicates the number of registrations that the Branch revoked due to non-compliance with registration requirements. The table also indicates the number of individuals who voluntarily left the gaming industry.

Table 6: Summary of Revocations and Cancellations

Type of Registration	2008/09			2007/08		
	Refused	Revoked	Ceased	Refused	Revoked	Ceased
Gaming workers	61	25	4,298	61	24	3,690
Horse racing workers ¹	4	2	n/a	6	2	n/a
Lottery retail managers ²	6	4	772	1	1	1

1. The horse racing workforce is highly fluid. As a result it is possible to accurately track the number of individuals departing the horse racing industry.
2. The lottery registration program was started in September 2007.

Ensuring Gaming Equipment and Product are Fair

The Branch's certification process provides the general public with confidence that gaming equipment and gaming supplies work the way they are intended to and deliver the stated odds of winning. Examples of gaming equipment include slot machines, related computer systems, lottery terminals, self-checking lottery machines and electronic table-game equipment. Gaming supplies include lottery products, bingo supplies, table game supplies, and software used for online gaming. Only equipment and supplies certified by the Branch may be used in British Columbia's gaming venues.

In the certification process, gaming equipment and gaming supplies, including pull-tab tickets and scratch and win tickets, are tested against technical standards maintained and published by the Branch. All equipment manufacturers and suppliers must ensure their products meet or exceed the standards. Accredited testing facilities verify compliance with these standards during their testing process.

Sometimes a new lottery scheme is best tested in a live environment. In that case, an interim certification is granted as a first phase in the certification process.

Under the authority of the *Gaming Control Act*, the Branch investigates reports of gaming equipment malfunctions and lottery product issues received from the BC Lottery Corporation and the general public. In 2008/09, the Branch conducted nine technical investigations into real or suspected gaming equipment malfunctions and lottery product complaints.

Certifications are revoked or suspended by the Branch when it is reported by a manufacturer or an accredited testing facility that a particular piece of gaming equipment no longer meets the technical standard under which it was approved. Gaming equipment is routinely upgraded and improved, resulting in certifications being revoked and older versions being abandoned by the manufacturer. Malfunctions in gaming equipment can also invoke a revocation or a suspension of a certification. It is important to note that revocations due to malfunctions affecting game integrity are rare. Software upgrades account for the majority of revocations.

In all instances, gaming equipment that is revoked or suspended must be removed from the gaming floor until it is either repaired or modified. A new Certificate of Technical Integrity is required before the equipment can be returned to service.

Table 7: Gaming Equipment Certifications

Type of Certification	2008/09		2007/08	
	Certifications	Revocations	Certifications	Revocations
Pull-tab lottery tickets	7	0	43	0
Scratch and Win lottery tickets	80	2	52	0
E-Lottery (PlayNow interactive games)	7	0	17	0
Electronic gaming devices and other supplies	559	33	489	39

Ensuring the Proper Conduct of Horse Racing

The Branch regulates and manages horse racing throughout British Columbia. As part of its regulatory framework, the Branch provides effective management of racing events, develops fair and appropriate rules, and licenses all participants in the horse racing industry. The Branch also seeks to enhance the viability of horse racing in British Columbia.

To perform these functions, Branch employees are present at all operating race tracks in British Columbia. In 2008, the Branch oversaw the running of 1,891 races on 186 race dates at the six provincial tracks. In keeping with the racing season, horse racing statistics are reported by calendar year.

In addition to regulating racing events, the Branch develops rules and policies ensure the horse racing industry is conducted and managed fairly and with integrity. As required, the Branch revises and updates the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia. The Branch also meets with key stakeholders in the racing industry on a regular basis to address issues as they arise.

British Columbia's racing industry employs approximately 5,000 licensed owners, jockeys, drivers, trainers, grooms and exercise riders. Everyone who works directly in or provides services to the horse racing industry must be licensed and registered with the Branch. In 2008, 1,033 of horse race workers were either licensed or had their licence renewed.

Table 8: British Columbia Horse Racing Summary

Thoroughbred Tracks	Race Days		Live Races		Horses Ran	
	2008	2007	2008	2007	2008	2007
Hastings Racecourse (Vancouver)	71	68	647	610	5,189	4,864
Sagebrush Downs (Kamloops)	6	6	37	38	283	283
Sunflower Downs (Princeton)	1	1	9	9	76	76
Kin Park (Vernon)	3	3	18	18	128	128
Total	81	78	711	675	5,676	5,351
Standardbred Tracks	2008	2007	2008	2007	2008	2007
Fraser Downs Racecourse (Surrey)	102	102	1,156	1,123	9,408	9,029
Sandown Racecourse (Sidney)	3	3	24	29	150	206
Total	105	105	1,180	1,152	9,558	9,235

Note: British Columbia's horse racing schedule is based on the calendar year. The figures included in this annual report reflect the racing figures for the period of January 1, 2008 to December 31, 2008.

All together, it is estimated that the province's horse racing industry provides British Columbians with 7,500 direct and indirect jobs. The overall economic impact of the industry is estimated to be \$350 million per year.

In the last decade, the British Columbia horse racing industry has faced increased competition from other jurisdictions, such as Alberta and Washington. As part of its commitment to stabilize and rejuvenate the horse racing industry, the Province enhances prize purses with revenue from slot machines at race tracks. In 2008/09, over \$6.5 million was shared by the thoroughbred and standardbred sectors.

In addition to this slot machine revenue, the revitalization of the horse racing industry depends upon funds generated from bets wagered at race tracks and teletheatres. Teletheatre sites across the province present simulcast satellite broadcasts of horse races run at local, national and international tracks. In 2008, approximately \$216 million was wagered at racetracks and teletheatres. These funds generated from these bets provide much needed assistance to the racing sector.

Table 9: Horse Race Wagering (\$ figures in thousands)

Standardbred Racing		2008	2007
	Fraser Downs	\$7,147.1	\$7,803.5
Live wagering	Sandown	97.6	163.1
	Total live wagering	7,244.7	7,966.6
Other wagering		49,330.8	84,554.8
Total Standardbred wagering		\$56,575.5	\$92,521.4
Thoroughbred Racing		2008	2007
	Hastings Racecourse	\$21,617.2	\$21,775.4
Live wagering	Sagebrush Downs	85.9	84.6
	Kin Park	79.1	78.5
	Princeton	36.9	42.4
	Total live wagering	21,819.1	21,980.9
Other wagering		138,243.9	102,076.3
Total Thoroughbred wagering		\$160,062.9	\$124,057.2
Total wagering		\$216,638.5	\$216,578.6

COMPLIANCE

The Branch has a number of responsibilities related to ensuring compliance with gaming regulations and standards.

The first is to maintain a comprehensive audit regime focused on commercial and charitable gaming in the province. This includes audits of commercial gaming facilities, horse race tracks, licensed charitable gaming events, the use of community gaming funds received by not-for-profit groups and inspections of lottery retail sites. In addition, the Branch conducts regular audits of all aspects of the BC Lottery Corporation's business, including their PlayNow Internet operations.

A second responsibility is to ensure compliance with the rules and regulations of horse racing. This includes issuing and enforcing rulings for infractions at horse race events.

A third responsibility is to ensure that any allegation of real or suspected wrongdoing related to gaming is investigated. This includes participating in investigations concerning illegal gambling activity and conducting investigations of unlawful activity in legal gaming venues.

Auditing for Compliance

The Branch employs a comprehensive audit strategy to monitor compliance with all applicable legislation, regulations, policies and directives. The Branch's authority is defined in the *Gaming Control Act* and *Gaming Control Regulation*, and is further guided by policy directives and public interest standards.

Under this authority, the Branch delivers a comprehensive risk-based audit strategy that assesses regulatory compliance by the commercial

gaming sector, including lottery gaming, the licensed charitable gaming sector and community organizations' use of gaming proceeds. In addition, the Branch works to improve compliance through public education programs.

The Branch audit unit is separated into two work units: the Commercial Gaming Audit unit and the Charitable Gaming Audit unit

Commercial Gaming Audit Activity

In 2008/09, the Branch managed a comprehensive commercial audit plan. The audit plan's three core objectives are to:

- Verify compliance with the Gaming Control Act, Gaming Control Regulation, Branch directives and public interest standards;
- Maintain the integrity, fairness, security and public safety of the gaming environment, gaming equipment, gaming assets and gaming supplies; and
- Confirm that a safe and supportive environment for the delivery of gaming products and services is in place and that responsible gambling is encouraged, gambling risks are minimized, and effective and timely information and assistance is provided for individuals experiencing distress.

The Commercial Gaming Audit unit is divided into three audit streams. The first stream focuses on commercial gaming facilities and involves conducting compliance audits of the conduct, management and operation of commercial gaming activities by service providers. Every year the Branch audits all commercial casinos, community gaming centres and race tracks in the province. Commercial bingo halls are audited once every two years.

The second audit stream focuses on the Corporation's conduct and management of lottery gaming including the Corporation's PlayNow Internet lottery games. In addition, the Branch conducts inspections of a number of the Corporation's lottery retail sites throughout the province.

The third audit stream focuses on the Corporation's compliance with gaming laws, regulations and public interest standards. Since 2007/08, the Branch has conducted annual audits of a number of the Corporation's internal processes and procedures.

Charitable Gaming Audit Activity

The Charitable Gaming Audit unit conducts audits of licensed gaming events for compliance with terms and conditions for both event conduct and

use of proceeds, and appropriate use of the gaming grant funds. Each year, the Branch audits every large-scale registered raffle in the province as well as a number of smaller-scale charitable licensed gaming events. The audit findings for large-scale registered raffles are accessible on the Branch website at:

www.hsd.gov.bc.ca/gaming/reports/audits

Ongoing work for the Branch includes improving compliance among organizations receiving gaming funds, ensuring proper use of gaming proceeds and enhancing financial accountability on the part of the organizations benefiting from these proceeds.

In 2009/10, the Branch will enhance its long term audit plan by adding in the charitable audit sector to formalize our comprehensive compliance audit plan.

Table 10: Charitable and Commercial Audit Activity

Type of Audit	2008/09	2007/08
Commercial gaming site compliance audits	43	39
Compliance audits of the BC Lottery Corporation's commercial gaming business, including PlayNow	18	11
Commercial gaming audits of the Corporation's lottery business (e.g. lottery prize payout)	8	4
Inspections of lottery retailers	798	862
Audits of charitable organizations receiving grants and conducting licenced gaming events	474	576
Percentage of audited gaming fund recipients in compliance	65%	77%

Enforcing the Rules and Regulations of Horse Racing

Regulating the horse racing industry includes enforcing the Rules of Horse Racing and adjudicating matters that occur on the track or in the backstretch area that could have a negative impact on the integrity of horse racing.

In 2008, 298 rulings were issued by the Branch's Stewards and Judges; 87 by stewards for infractions related to Thoroughbred racing and 211 by judges for infractions related to Standardbred racing. This was slightly less than 2007, when 104 rulings were issued related to Thoroughbred racing and 220 rulings were issued related to Standardbred racing.

Table 11: Horse Racing Ruling

Standardbred Rulings	2008	2007
Whipping violations	39	54
Racing or driving infractions committed during a race	127	112
Drug or alcohol infractions involving either horse or registered horse racing workers	5	11
Inappropriate behaviour in the backstretch area of a race track	20	24
Licensing or registration violations	1	1
Horses that bled during a race	4	3
Restoration of a horse or a horse racing worker to good standing	9	13
Other categories	6	2
Total Standardbred Rulings	211	220
Thoroughbred Rulings		
Racing or riding infractions committed during a race	24	34
Drug or alcohol infractions involving either horses or registered horse racing workers	14	7
Entering an ineligible horse	13	5
Inappropriate behaviour in the backstretch area of a race track	8	18
Licensing or registration violations	5	4
Horses that bled during a race	1	9
Restoration of a horse or a horse racing worker to good standing	10	7
Other categories	12	20
Total Thoroughbred Rulings	87	104

Enforcing the Rules and Regulations of Gaming

The Province is committed to ensuring the integrity of gaming in British Columbia. This includes enforcing the laws, regulations and standards related to gambling and ensuring all instances of real or suspected wrongdoing related to gaming and horse racing are thoroughly and independently investigated.

The Branch may use a range of enforcement actions and sanctions in the course of investigating regulatory offences. Under the *Gaming Control Act*, the Branch has the authority to issue warnings, administer sanctions or issue tickets. For more serious violations, the Branch will recommend to Crown Counsel that charges be laid under the *Gaming Control Act* or the Criminal Code.

The Branch's enforcement actions include investigating, or assisting law enforcement agencies in investigating, complaints and allegations of suspected criminal activity and regulatory infractions related to gaming and horse racing in British Columbia. The Corporation and all service providers, licensees and registrants (including lottery retailers) are required to notify the Branch without delay of any conduct, activity or incident occurring in connection with a lottery scheme or horse racing (including incidents at a gaming facility or in relation to any of the Corporation's lottery products) that may be

considered contrary to the Criminal Code of Canada, the *Gaming Control Act* or *Gaming Control Regulations* or that may affect the integrity of gaming or horse racing. This includes, but is not limited to cheating at play, thefts, fraud, money laundering, loan sharking, robberies, assaults and threats.

Other enforcement actions include conducting all post-registration and post-licensing investigations; investigating illegal gambling activity in conjunction with law enforcement agencies, such as unauthorized lottery schemes or common gaming houses; and providing gaming expertise, proceeds of crime assistance, and forensic audit support to law enforcement agencies throughout the province.

The Branch maintains strong relationships with the RCMP and other municipal police departments in to increase awareness of enforcement issues related to gaming and to identify potential suspects involved in unlawful activity in gaming. The Branch also uses these strong working relationships to identify trends in unlawful activity and to coordinate intelligence concerning unlawful activity in gaming and horse racing. A core focus for 2008/09 (and continuing into 2009/10) is addressing casino-related money laundering, suspicious currency transactions and loan sharking activity in conjunction with police of jurisdiction.

Since 2006, the Branch has publicly reported the number of files generated each year and the status of the files when they were closed. Files are generally divided into three categories: allegations of real or suspected Criminal Code violations (e.g., theft, fraud, cheating at play, etc.); allegations of real or suspected *Gaming Control Act* violations (e.g., barred individuals attempting to enter a gaming venue); or reports made to the Branch that are not related to violations of either the Criminal Code or the *Gaming Control Act* (e.g., inappropriate behaviour in a gaming venue, inaccurate or inconclusive reports, etc.).

In 2008/09, the Branch received 5,716 notifications from registrants, licensees and the Corporation of suspicious activity or suspected wrongdoing. Of these, 2,667 notifications were related to real or suspected Criminal Code violations, 1,266 were related to potential *Gaming Control Act* violations and 1,738 were unrelated to either Criminal Code or *Gaming Control Act* violations.

Of the 1,266 notifications or complaints concerning alleged violations of the *Gaming Control Act*, approximately 80 per cent (998) were notifications of individuals legally prohibited by the BC Lottery Corporation from attempting to enter a gaming facility. Over the past year, the Branch focused on enforcing prohibitions by issuing 100 ticket violation notices to prohibited individuals who attempted to enter a gaming venue. Through its actions, the Branch has observed a decrease in the number of notifications of this type of offence.

As a result of reviews of the Province's lottery retail system conducted by the British Columbia Ombudsman and an independent auditor in 2007, the Branch has significantly enhanced its enforcement activities related to lotteries. This included establishing a lottery investigation unit and enhancing scrutiny of lottery retail operations. In 2009/10, the Branch will continue to focus on investigations of complaints regarding lottery retailers.

Table 12: Investigation Activity Related to Real or Suspected Wrongdoing

Types of Notification and/or Complaints	Number opened	Cleared files							Ongoing	
		CC ¹ charge	GCA ² charge	GCA ³ admin.	Warning	Intelligence ⁴	Other ⁵	Unfounded ⁶		
Real or suspected Criminal Code violations										
Theft	1,003	12	n/a	n/a	0	9	875	29	78	
Assault or threats	406	3	n/a	n/a	0	4	370	13	16	
Fraud	283	2	n/a	n/a	0	3	168	49	61	
Money laundering or loan sharking	306	0	n/a	n/a	0	134	100	59	13	
Cheat at play	99	1	n/a	n/a	0	10	82	3	3	
Counterfeit	571	0	n/a	n/a	0	538	15	2	16	
Real or suspected Gaming Control Act violations										
GCA violations	267	n/a	0	191	3	3	45	7	18	
Prohibited ⁷	998	n/a	100	0	0	836	23	5	34	
Reports unrelated to either Criminal Code or Gaming Control Act violations										
Other	1,783	10	2	33	0	55	1,508	116	59	
Total	5,716	28	102	224	3	1,592	3,186	283	298	

1. Includes files where investigations by the Branch or police of jurisdiction with assistance from the Branch resulted in charges under the Criminal Code.
2. Includes files where investigations by the Branch resulted in charges under the Gaming Control Act which includes issuing Ticket Violation Notices.
3. Includes files where the Branch has investigated breaches of conditions of licenses or registration.
4. Includes files where data on suspect individuals and groups was correlated and filed for future potential investigations or forwarded to police of jurisdiction (RCMP Proceeds of Crime, Major Crime or Commercial Crime, FINTRAC, etc.).
5. Includes files where there was insufficient evidence to lay charges, files which the Branch assisted police of jurisdiction on unrelated criminal matters, files with unidentified suspects, and other non reportable issues.
6. Includes files where there was no substance to the allegation, notification or complaint.
7. This includes notifications of individuals legally prohibited by the BC Lottery Corporation attempting to enter a gaming facility.

PERFORMANCE

Public Satisfaction with the Regulation of Gaming

The Branch's business plan includes a goal to increase public confidence in the regulation and management of gaming. For the past three years, the Branch has surveyed British Columbians' familiarity and satisfaction with Government's efforts to regulate gaming, address problem gambling and distribute gaming revenues. The survey was conducted as part of the BC Stats Community Health Education and Social Services survey.

The 2008/09 survey was conducted in December 2008, and January and March 2009. Respondents were questioned about their familiarity with three key areas and their level of satisfaction regarding each:

- How Government regulates gambling in BC;
- How Government is addressing problem gambling in British Columbia; and
- How Government distributes gaming revenue in British Columbia (e.g., municipal revenue sharing, economic development, charitable gaming, health care, etc).

Previous surveys have established a baseline for overall familiarity and satisfaction with the regulation and management of gambling in BC. With the addition of the 2009 results, the data reinforces trends identified in previous years. The survey indicates there is a strong relationship between levels of familiarity and satisfaction with the government management of gambling in BC. That is to say, the more that individuals know about how the Branch regulates gambling, addresses problem gambling or distributes gaming revenues, the more likely the individual is to be satisfied with those activities. Individuals who knew the least about Branch activities were the most likely to be dissatisfied.

Rates of familiarity have increased with respect to both the regulation of gambling and the government's efforts to deal with problem gambling. There has been no change in rates of familiarity with respect to how government distributed gaming revenues.

The full report is on the Branch website at:

www.hsd.gov.bc.ca/gaming/

Table 13: Public familiarity with the regulation of gambling in the province

Familiarity with how government is ...	... regulating gambling		... addressing problem gambling		... distributing gaming revenues	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Very familiar	10%	8%	9%	8%	5%	6%
Somewhat familiar	37%	39%	36%	35%	31%	31%
Not very familiar	23%	26%	25%	29%	27%	27%
Not at all familiar	30%	27%	30%	29%	36%	36%

Divisional Client Satisfaction Surveys

In 2008/09, the Branch initiated a project to measure client satisfaction with staff performance and efficiency. The first phase of this project, the surveying of clients who apply for community gaming grants and/or charitable gaming licences, began in October 2008. Respondents were drawn from all applicants who applied for any type of licence or grant in the last fiscal year. They were questioned primarily about their level of satisfaction regarding accessibility and clarity of information, timeliness of response, ease in understanding the rules and usability of the website.

The survey results indicated that, in general, clients were quite satisfied with the level of service they received. In particular, clients indicated they were treated fairly and that explanations of decisions

were provided in a clear and understandable manner. The survey also indicated that first-time applicants were less satisfied with services than repeat applicants. In 2009/10 the Branch will work on improving the clarity of application processes to assist first time applicants.

The results of this survey are available on the Branch website at:

www.hsd.gov.bc.ca/gaming/

In 2009/10, the Branch will launch client satisfaction surveys for three additional divisions: Registration and Certification, Horse Racing, and Audit and Compliance.

Table 14: Public satisfaction with the regulation of gambling in the province

Satisfaction with how government is ...	... regulating gambling		... addressing problem gambling		... distributing gaming revenues	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Very satisfied	12%	11%	7%	7%	5%	5%
Somewhat satisfied	18%	18%	12%	11%	12%	14%
Neither satisfied nor dissatisfied	40%	41%	41%	40%	44%	41%
Somewhat dissatisfied	13%	14%	18%	21%	19%	20%
Very dissatisfied	17%	16%	21%	21%	21%	20%

WHERE THE MONEY GOES

In 2008/09, commercial gaming in British Columbia grossed \$2.61 billion, an increase of \$144 million (5.8 per cent) over 2007/08. Gaming revenue comes from casinos, community gaming centres, commercial bingo halls and lotteries. After prize payouts and expenses, net government revenue from gaming totalled \$1.1 billion.

Revenue from commercial gaming conducted and managed by the BC Lottery Corporation supports local communities, the horse racing industry, essential government programs and Branch operations. A small portion of net commercial gaming revenues is directed to the federal government.

Supporting Local Communities

Gaming revenue provides significant benefits to people throughout British Columbia. One of every four dollars goes to communities across the province through the Branch's grant program.

Social programs, community services and local economic development are all enhanced by gaming revenue.

In 2008/09, the Branch distributed \$156.3 million in community gaming grants to 6,800 community organizations.

Host local governments, defined as those that host casinos and/or community gaming centres, receive grants for any purpose within their legal authority that is of benefit to the community. In 2008/09, the Branch paid \$83.8 million in grants to 31 host local governments, an increase of \$0.9 million over 2007/08. A further \$9.1 million in gaming revenue was paid into communities that host destination casinos. Since 1999, the Province has distributed over \$450 million in gaming revenue to local governments.

Gaming funds support a wide variety of vital community programs, capital projects and other initiatives.

Several host local governments used gaming revenue in 2008/09 to enhance local infrastructure. Examples included replacing street lights in downtown Campbell River, upgrading dikes in Quesnel and improving water works in Langley. Recreation activities supported by gaming revenues included upgrading curling facilities in Kamloops, building a new tournament facility in Coquitlam and installing lights at the skate board park in Williams Lake.

To support the revitalization of horse racing, the Branch distributed \$6.5 million to the industry through a number of economic and business initiatives, including increased purses. This was a 14 per cent increase over 2007/08. In total, \$1.7 million was directed to the Thoroughbred racing industry and \$4.8 million was distributed to the Standardbred industry.

British Columbia Government Social Programs

Provincial health care and education services receive almost three-quarters of net gaming proceeds. In 2008/09, \$147.3 million in gaming revenue was directed to the British Columbia Government's Health Special Account to be used exclusively for the administration, operation and delivery of health care, health research, health promotion and health education services. Since its creation in 1992, more than \$1.7 billion has been paid directly to this account.

In 2008/09, \$657.7 million was allocated to the Consolidated Revenue Fund to support social programs, primarily health care and education. In the past ten years, more than \$4 billion in gaming revenue has been directed to the Fund.

Gaming Policy and Enforcement Branch Operations

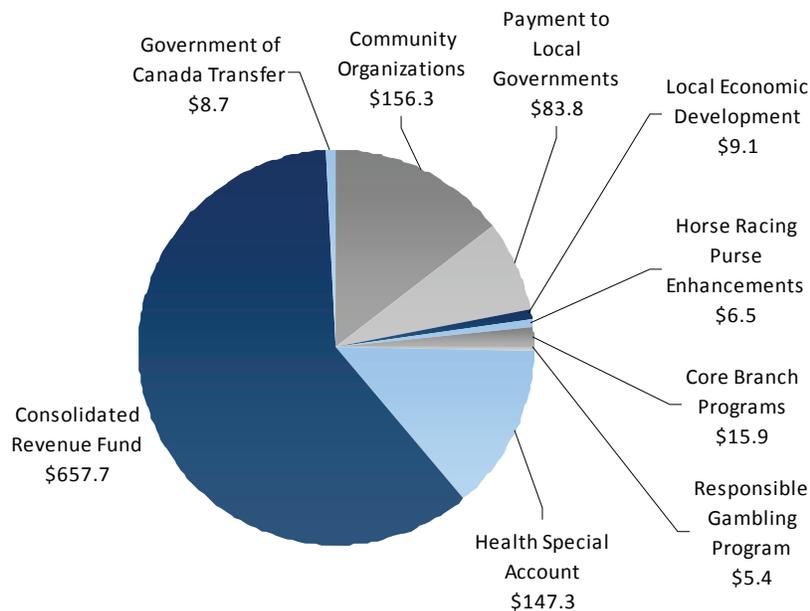
In 2008/09, the Branch spent \$21.3 million on the regulation of gaming, an increase of \$2.2 million over 2007/08. Core operating costs accounted for \$15.9 million, and the programs related to the Branch's Responsible Gambling Strategy accounted for the other \$5.4 million.

Core operating costs increased by \$2.2 million as a result of increased staffing levels needed to address recommendations by Deloitte and Touche. The Deloitte report recommended substantial enhancement of the Branch's work related to audit, investigations, registration, compliance and risk management. These recommendations required the hiring of 23 additional employees.

Government of Canada Transfer

As a part of a revenue sharing agreement between the federal and provincial governments, \$8.7 million of lottery revenues was transferred to the federal government.

Figure 1: Where the Money Goes (2008/09)



LOOKING AHEAD

The gaming industry is complex and continues to evolve. In the past several years, the industry has seen the emergence of more multi-purpose gaming venues, public demand for higher scrutiny of lottery gaming, and an increase in the popularity of illegal and unregulated gambling, including internet gambling sites. Globally, the economic climate is profoundly different from a year ago and this has had an effect on the gaming industry in the province. Mindful of these changes, the Branch will continue to enhance services provided to citizens and communities.

The Branch is responsible for ensuring British Columbia is served by a comprehensive and responsible gaming regulatory framework. To address this responsibility, the Branch's four primary goals in the coming year are to:

- Ensure that gaming and horse racing in the province are conducted with integrity;
- Ensure that problem gambling is effectively addressed and responsible gambling is promoted;
- Ensure that gaming revenues effectively support community initiatives and programs; and
- Ensure that British Columbians are confident in the regulation and management of gaming and horse racing.

Ensure the integrity of gaming and horse racing

In 2009/10, the Branch will continue to play an integral role in ensuring the gaming industry meets high standards of honesty, integrity and financial responsibility.

The Branch will ensure the integrity of gaming through its comprehensive audit plan. The 2009/10 audit plan will include the monitoring of licensed charitable gaming and community

organizations' use of gaming proceeds, and auditing all commercial gaming venues and the BC Lottery Corporation for compliance with legislation, regulations, policies and directives. Throughout the year, the Branch will assess and, where necessary, adjust its audit program or schedule based on its ongoing risk management processes.

The Branch will continue to ensure all real or suspected incidents of wrongdoing are addressed. This includes investigating or, where appropriate, assisting in the investigation of any real or suspected contraventions of either the Criminal Code or *Gaming Control Act*.

The Branch is responsible for developing fair and appropriate rules, and ensuring the horse racing industry is conducted and managed fairly and with integrity. In 2009/10, the Branch will take a lead role in the horse racing sector to fully implement an industry-wide business plan. In addition, the Branch will implement new steroid testing policies for race horses and develop a strategy to address security issues on the backstretch of Fraser Downs race course.

As a result of reviews of the province's lottery business by the Ombudsman and Deloitte and Touche, the Branch has established a new position: Executive Director, Internal Compliance and Risk Management. This position is responsible for formalizing risk management program for the Branch and for developing and implementing a more coordinated approach to risk management for the entire gaming industry. In 2009/10, the Branch will also lead the coordination of a comprehensive risk management strategy for British Columbia's gaming industry.

Effectively address problem gambling and promote responsible gambling

The Branch retains an ongoing commitment that any person who seeks help related to gambling problems is provided with professional and confidential help. The Branch will also continue to deliver problem gambling prevention and responsible gambling information programs, which increase awareness of problem gambling behaviour and encourage responsible gambling practices.

Specific projects that the Branch will undertake to enhance the Province's Responsible Gambling Strategy include establishing a panel of experts to advise the Province on research questions related to problem gambling, fully implementing province-wide youth gambling prevention programs and expanding responsible gambling service within gaming venues.

Ensure that gaming revenues effectively support community initiatives and programs

The Branch is committed to providing non-profit community organizations with a high level of service. To further enhance service levels, the Branch will initiate reviews of its grant and licence application processes. Where appropriate, the Branch will implement changes.

To ensure that its registration services are easily accessible, the Branch will conduct an evaluation of its registration processes through internal reviews and external client satisfaction surveys and, where appropriate, will implement policy and/or process changes. In addition, the Branch will continue to enhance the functionality of Gaming Online Service and thereby provide the public with increased access to current policies and programs.

On behalf of the Province, the Branch will continue to distribute grants to community organizations through its community grant program. The Branch will also continue to license all eligible charitable gaming events in the province.

Ensure British Columbians are confident in the regulation and management of gaming and horse racing

Over the past three years, there has been no statistical change in the percentage of British Columbians who are satisfied with the regulation and management of gaming in British Columbia.

Branch research indicates that there is strong tie between familiarity and satisfaction, that is to say, the more people know about the Branch's efforts the more likely they are to be satisfied with those efforts.

However, public opinion on the regulation of gaming is influenced by a multitude of factors, of which only a few are controlled by government. Those areas over which government has some control, such as increasing public familiarity with the regulation of gaming, strengthening the regulatory framework for gaming and completing work related to enhancing the integrity of the Province's lottery retail system, will continue to be areas of focus for 2009/10.

For further information regarding the work of the Branch in 2009/10 please see the Branch's Business Plan at:

www.hsd.gov.bc.ca/gaming/

APPENDIX A: GAMING INDUSTRY LEGAL AND OPERATING FRAMEWORK

Gaming in the province is regulated under the Criminal Code of Canada and British Columbia's *Gaming Control Act*. Responsibility for ensuring the effective regulation of gaming resides with the Minister of Housing and Social Development. The Minister provides broad policy direction to ensure government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, nor in the day-to-day management of gaming.

Regulating B.C.'s Gaming Industry

Gaming is regulated by the Gaming Policy and Enforcement Branch. The Branch is made up of seven divisions:

- The Policy, Responsible Gambling and Business Services Division is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing in B.C. The Division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. The Division also provides financial advice to the Branch executive, administers the Branch budget, makes payments on behalf of the Branch, and provides information and technology support.
- The Licensing and Grants Division is responsible for distributing grants to community organizations and for issuing gaming event licences to eligible organizations.
- The Racing Division is responsible for regulating and managing horse racing in B.C.
- The Registration and Certification Division is responsible for conducting financial and personal background checks on all gaming services providers and gaming workers. The Division also approves and certifies all gaming equipment used in the province.
- The Audit and Compliance Division is responsible for conducting compliance audits of the BC Lottery Corporation, commercial gaming, lottery

gaming, licensed gaming events and community organizations' use of gaming proceeds.

- The Internal Compliance and Risk Management Division is responsible for managing the Branch's internal compliance regime and for coordinating the Branch's and industry's risk management strategies.
- The Investigations and Regional Operations Division fulfills the Branch's enforcement function and is responsible for investigating all complaints and allegations of regulatory wrongdoing. The Division assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in B.C. In addition, the Division is responsible for the day to day management of regional offices in Kelowna, Prince George and Burnaby.

Note: On June 15, 2009, the investigative function of the Branch moved to the Ministry of Public Safety and Solicitor General. This move changed the reporting structure for the Division but has not change the work within the Division or the work that occurs within the Branch as a whole.

Conduct and Management of Gaming in B.C.

British Columbia Lottery Corporation

The BC Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors, appointed by Cabinet, the Corporation reports to the Minister of Housing and Social Development (Minister of Public Safety and Solicitor General prior to June 2008) and is regulated by the Branch. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. In addition, the Corporation sets the rules of play for lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

The Branch licenses private companies to conduct and operate live horse racing events at horse racing tracks in British Columbia. These service providers are responsible for conducting horse racing in accordance with rules and regulations as set by the Province in the Gaming Control Act and the *Rules of Thoroughbred and Standardbred Horse Racing*. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community and other Organizations

The Branch licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

Supporting the Delivery of Gaming in B.C.

Gaming Services Providers

The BC Lottery Corporation contracts with private companies that provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo and community gaming centre operators. Services providers must ensure all gaming employees have taken Appropriate Response Training and that no person under the age of 19 participates in gambling activities or is present where gambling activity occurs.

Key Persons

The Branch identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services to gaming operators that are not directly related to the delivery of gaming. These include landlords, janitorial services and concessionaires.

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to conduct, manage or present large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include individuals who work for or conduct business with race tracks. These include jockeys, trainers, race horse owners and racing officials.

Horse Racing Teletheatre Operators

The Branch licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 25 teletheatre locations in B.C. Twenty-two are operated by TBC Teletheatre BC in venues across the province. The remaining three teletheatres are located at race tracks (Hastings Racecourse, Fraser Downs Racetrack and Sandown Raceway) and are operated by the Great Canadian Gaming Corporation.

APPENDIX B: GAMING PERMITTED IN BRITISH COLUMBIA

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are continually being developed. Players' preferences are also continually changing. The Province of British Columbia has chosen to take a cautious and responsible approach in determining the forms of games it will permit and where the games may take place. Such

opportunities must not jeopardize the integrity of the industry, must be capable of being effectively regulated and must be socially responsible. The following table summarizes the forms of gaming the Province has authorized, and the locations where each may be offered.

Table A: Gaming Permitted in British Columbia

Commercial Gaming	Casinos	Bingo Halls	CGCs*	Co- Located Race Tracks/ Casinos	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs & Bars
Commercial Bingo Games		✓	✓						
Lottery Products	✓	✓	✓	✓	✓	✓	✓		✓
Slot Machines	✓		✓	✓					
Table Games	✓			✓					
Poker Tables	✓			✓					
Electronic Table Games	✓		✓	✓					
Live Horse Racing				✓	✓				
Teletheatres	✓		✓	✓	✓				✓
Licensed Charitable Gaming									
Ticket Raffles								✓	✓
Independent Bingo								✓	✓
Social Occasion Casinos								✓	✓
Wheels of Fortune								✓	✓

* Community Gaming Centres

APPENDIX C: SOURCE AND DISTRIBUTIONS OF REVENUES

Table B: Government Gaming Revenues and Disbursements

Revenue – In (all figures in \$ millions)	2008/09	2007/08
Lotteries	\$254.5	\$262.0
Horse Racing Betting Fee	1.9	1.9
Casinos	758.1	761.8
Bingo (includes community gaming centres)	76.2	63.2
Total Revenue	\$1,090.7	\$1,088.9
Disbursements – Out	2008/09	2007/08
Supporting Communities		
Community Organizations	\$156.3	\$148.1
Payment to Host Local Governments	83.8	83.0
Local Economic Development (DAC)	9.1	18.8
Horse Racing Purse Enhancements	6.5	5.7
Gaming Policy and Enforcement Branch Operations		
Core Programs to Regulate Gaming	15.9	13.7
Problem Gambling Program	5.4	5.4
British Columbia Government Programs		
Health Special Account	147.3	147.3
Consolidated Revenue Fund	657.7	658.4
Government of Canada Transfer		
Under a federal/provincial lottery agreement	8.7	8.5
Total Disbursements	\$1,090.7	\$1,088.9

Table C: Host Local Government Share of Gaming Revenues

Host Government	Casino or Community Gaming Centre	2008/09	2007/08
Burnaby	Gateway Casino Burnaby	\$9,894,191	\$10,435,052
Campbell River	Campbell R. Bingo Palace* (closed 06/07)	-	122,951
	Campbell River Chances* (opened 07/07)	636,530	554,408
Coquitlam	Boulevard Casino	9,677,331	9,946,588
Courtenay	Chances Courtenay* (opened 02/08)	658,252	53,553
Dawson Creek	Chances Dawson Creek*	699,544	816,934
Cowichan	Chances Cowichan*	752,920	691,551
Fort St. John	Chances Fort. St. John* (opened 09/07)	822,731	424,771
Kamloops	Lake City Casino Kamloops	2,147,795	2,401,859
	Chances Kamloops*	385,630	306,720
Kelowna	Lake City Casino Kelowna	2,754,686	3,072,288
	Chances Kelowna*	1,028,289	970,691
Ktunaxa Tribal (Cranbrook)	Casino of the Rockies [†]	1,681,240	1,731,597
Langley	Cascades Casino	6,745,290	7,508,464
	Playtime Gaming Langley* (opened 10/08)	37,058	-
Mission	Chances Boardwalk* (opened 10/07)	582,778	265,244
Nanaimo	Great Canadian Nanaimo	2,898,471	3,054,116
New Westminster	Royal City Star (Riverboat) [†] (closed 12/07)	-	2,387,439
	Starlight Casino [†] (opened 12/07)	6,346,230	1,776,486
Penticton	Lake City Casinos Penticton [†]	1,717,191	1,853,805
Port Alberni	Chances Rim Rock* (opened 09/07)	425,452	227,557
	Treasure Cove Casino	2,509,792	3,039,251
Prince George	Chances Good Time Prince George (opened 03/08)	204,473	7,755
Prince Rupert	Chances Prince Rupert* (opened 10/07)	520,981	190,606
Quesnel	Billy Barker Casino	633,093	702,038
Richmond	River Rock Casino	12,099,891	12,583,081
Surrey	Fraser Downs	3,209,360	3,923,856
Terrace	Chances Terrace* (opened 01/09)	80,111	-
	Great Canadian Holiday Inn (closed 11/07)	-	773,996
Vancouver	Edgewater Casino	6,463,316	5,556,848
	Hastings Racecourse (slots commenced 11/07)	1,077,132	131,842
Vernon	Lake City Casino Vernon	1,800,089	1,862,517
View Royal	Great Canadian View Royal	4,797,451	5,037,149
Williams Lake	Chances Signal Point*	572,115	611,792
Total HLG Revenue		\$83,859,413	\$83,022,805

* Community gaming centre

[†] Destination casino

APPENDIX D: BRANCH OPERATING BUDGET AND EXPENDITURES

Table D: Branch Budget and Expenditures

Branch Budget	2008/09	2007/08
Core Operations	\$14,142,000	\$11,766,000
Responsible Gambling Program	7,002,000	6,997,000
Total Branch Budget	\$21,144,000	\$18,763,000
Branch Expenditures		
Core Branch Operations	2008/09	2007/08
Salaries and benefits costs	\$11,302,378	\$9,671,374
Operating and business expenses	3,766,769	3,545,678
Legal and professional services	835,803	501,413
Subtotal	15,904,950	13,718,465
Responsible Gambling Program	2008/09	2007/08
Salaries and benefits costs	183,003	233,488
Operating and business expenses	958,053	674,113
Legal and professional services	52,413	427,094
Contracts	4,190,956	4,032,565
Subtotal	5,384,425	5,367,260
Total Branch Expenditures	\$21,289,375	\$19,085,725
Surplus/(Deficit)	\$(145,375)	\$(322,725)

Annual Report

*April 1, 2008 to
March 31, 2009*

Contact information

For more information on the Gaming Policy and Enforcement Branch, or to view this document and others from the Ministry of Housing and Social Development, please go to our website at:

<http://www.hsd.gov.bc.ca/gaming/>

For more information on British Columbia's Responsible Gambling Strategy please go to:

<http://www.bcreponsiblegambling.ca>

The Head Office of the Gaming Policy and Enforcement Branch is located in Victoria, with regional offices located in Burnaby, Kelowna and Prince George.

Publication number: HSD 09-001

Printing date: July 2009



Appendix F – 2009/10:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2009/10*, (Victoria: British Columbia, 2010).

GAMING POLICY AND ENFORCEMENT BRANCH
Ministry of Housing and Social Development

ANNUAL REPORT

April 1, 2009 to March 31, 2010



**BRITISH
COLUMBIA**

The Best Place on Earth

TABLE OF CONTENTS

2	Letter of Transmittal
3	Accountability Statement
4	Ensuring the Integrity of Gaming
5	Key Facts About Gaming in British Columbia
6	Service
	<ul style="list-style-type: none">• Customer Service Update• Supporting Community Organizations Through Community Gaming Grants• Supporting Community Organizations Through Licensed Gaming Events• Ensuring Citizens are Protected from the Risks Related to Excessive Gambling
15	Protection
	<ul style="list-style-type: none">• Ensuring the Right People and Companies are Involved in Gaming• Ensuring Gaming Supplies are Fair• Horse Racing Overview• Enforcing the Rules and Regulations of Horse Racing• Horse Racing Revitalization• Risk Management
24	Compliance
	<ul style="list-style-type: none">• Auditing for Compliance• Enforcement: Investigation of Wrongdoing within Gaming• Illegal Gaming
28	Public Satisfaction with the Regulation of Gaming
30	Where the Money Goes
32	Looking Ahead
	<ul style="list-style-type: none">• E-gaming: Its Challenges and Opportunities• Community Gaming Grants
36	Appendices
	<ul style="list-style-type: none">• Appendix A: Gaming Industry Legal and Operating Framework• Appendix B: Gaming Permitted in British Columbia• Appendix C: Sources and Distribution of Revenues• Appendix D: Gaming Policy and Enforcement Branch Operating Budget and Expenditures

LETTER OF TRANSMITTAL

I am pleased to submit the Gaming Policy and Enforcement Branch's 2009/10 Annual Report to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2010. (The branch was a part of the Ministry of Housing and Social Development during the period covered by this report.)

The Gaming Policy and Enforcement Branch is responsible for the regulation of British Columbia's gaming industry. The branch's mandate is to ensure that gaming is operated with honesty and integrity and that the interests of the public are protected.

In 2007, British Columbia's lottery retail network was reviewed by the branch, the B.C. Ombudsman and an independent auditor. As a result, 81 recommendations were made to the Gaming Policy and Enforcement Branch and the B.C. Lottery Corporation. The branch has implemented all recommendations made in its own report and in the report of the B.C. Ombudsman. Implementation of the recommendations by the independent auditor, Deloitte and Touche, are almost complete and will be finished in 2010/11.

Despite recent challenging economic conditions and the resulting pressure on the government budget, community gaming grants expenditures remained stable. The allocation of these expenditures changed from 2008/09, with \$47.5 million distributed as one time grants, including \$33.4 million to organizations supported by the Ministry of Education's CommunityLINK program, and \$10.9 million to organizations supported by the B.C. Arts Council. Recipients of grants from core programs received \$112.6 million in 2009/10. In total, the ministry distributed \$160.1 million in community gaming grants, an increase of \$3.8 million from 2008/09.

As of 2009/10, the Integrated Illegal Gambling Enforcement Team has been disbanded. Investigators in the Gaming Policy and Enforcement Branch continue to work with local police to increase awareness of gaming enforcement issues and identify suspects participating in illegal activities related to gaming.

I look forward to continuing to work closely with branch management and staff to ensure both the effective regulation of British Columbia's gaming industry and strong protection for consumers and partners.

Honourable Rich Coleman
Minister of Public Safety and Solicitor General
(Minister of Housing and Social Development during the period covered by this report)

ACCOUNTABILITY STATEMENT

Honourable Rich Coleman
Minister of Public Safety and Solicitor General
(Minister of Housing and Social Development
during the period covered by this report)

Minister:

It is my pleasure to present the Annual Report of the Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2010. I am responsible for the contents of the report, including the selection of accomplishments and the way in which they are reported.

The branch's core mandate is to ensure the integrity of gaming in British Columbia. This includes making sure the right people and companies are involved in the industry, that gaming revenues are used appropriately, that all incidents of real or suspected wrongdoing are addressed, and that anyone experiencing problems related to gambling receives help.

2009/10 highlighted the complex evolution of the gaming industry. The B.C. Lottery Corporation (BCLC) made significant steps towards enhancing its PlayNow.com website, which, as of the summer of 2010, will enable clients to play casino style games. This new gaming option from BCLC reflects the growing force of regulated online gaming within the industry. There is a demand for gaming opportunities that reach beyond the walls of a traditional casino and allow consumers to play when and where they want via the internet. Online gaming adds an additional layer of complexity to the task of regulating gaming in B.C. Our branch will have to use innovative approaches, particularly in investigations and in responsible gambling programs, as we continue to provide service, protect citizens and communities, and ensure compliance with regulations and standards.

The decline in the horse racing industry across North America is also taking effect here in B.C. In response to a request from the B.C. horse racing industry, you have asked me to assist in revitalizing the management of the industry by establishing the B.C. Horse Racing Industry Revitalization Initiative. The B.C. Horse Racing Industry Management Committee was created on November 17, 2009 to provide strategic direction, decision-making, and business leadership to the horse racing industry in B.C. The committee's work will continue for the foreseeable future, since the challenges facing the industry will take time to resolve.

In these and other endeavours, I am fortunate to work with a talented and enthusiastic group of people who are committed to ensuring the integrity of gaming in British Columbia. My thanks to branch staff for another year of dedicated and exemplary service.

Derek Sturko
Assistant Deputy Minister & General Manager
Gaming Policy and Enforcement Branch

ENSURING THE INTEGRITY OF GAMING

The core goal of the Gaming Policy and Enforcement Branch is to ensure the integrity of gaming in the province.

The branch's work falls into three broad categories:

- Providing **service** to citizens and communities;
- Ensuring citizens and communities are **protected**; and
- Ensuring **compliance** with regulations and standards.

The branch's activities related to these categories of work are described in the following pages.

KEY FACTS ABOUT GAMING

Gaming is a \$2.5 billion per year industry in British Columbia.

During the past year the gaming sector included over:

- 26,000 people employed directly and indirectly in gaming operations and support services, and
- Over 8,500 licensed gaming events.

As of March 31, 2009, the commercial gaming industry included:

- Provincial and national lottery games, including PlayNow.com, the BC Lottery Corporation's Internet lottery website;
- 17 casinos;
- 15 community gaming centres;
- 13 commercial bingo halls;
- 5 horse race tracks; and
- 25 horse racing teletheatres.

In 2009/10, the regulation of gaming in British Columbia included:

- New and renewed registrations for:
 - 4,574 gaming workers;
 - 820 lottery retailers;
 - 217 senior gaming officials;
 - 1,044 horse racing workers; and
 - 33 gaming services and gaming equipment providers;
- Certification of 495 types of gaming equipment or gaming supplies;
- 480 audits of licensed gaming events and organizations' use of gaming grant proceeds;
- Audits of all casinos, community gaming centres and horse race tracks, and bi-annual audits of commercial bingo halls;
- Operational reviews of every teletheatre in the province;
- 5,957 notifications of suspicious activity and potential wrongdoing; and
- Audits of the BC Lottery Corporation's and the industry's compliance with all applicable public interest standards, directives, laws and regulations in relation to the conduct and management of all aspects of commercial gaming.

SERVICE

Customer Service Update

Gaming Online Service (GOS) has been providing services to gaming staff, Government Agents and the general public for more than three years. The Gaming Policy and Enforcement Branch continues to enhance GOS to meet the changing needs of the public and the gaming industry. These online services are freely available to anyone who has access to a computer and the internet, 24 hours a day, seven days a week. Government Agents offer assistance, as needed, to those without internet access.

GOS enables the public to access a full range of gaming information. For example, community organizations apply for various grants and licences, submit required financial reports and pay fees by credit card – all online. This has resulted in reduced data entry and administrative tasks at the branch end, significantly improving the branch's processing efficiency and turn-around time.

In addition, gaming services providers and the public may submit online reports of real or suspected wrongdoing to the branch's Investigation Division. GOS also facilitates the creation of, and access to, registration reports for individuals and companies, and certification reports for gaming equipment.

GOS enhances internal operations by improving administrative processes for registration and certification, and by providing valuable tools to track and monitor investigations, as well as a variety of activities related to horse racing. It also facilitates the sharing of information among the various divisions of the branch.

Future enhancements to GOS include increased flexibility for the grants program, online registration services, robust reporting and improved data sharing with BCLC. These enhancements will continue GPEB's efforts to ensure that British Columbians have access to convenient and effective service.

Supporting Community Organizations Through Community Gaming Grants

One of the avenues through which government gaming revenues flow back into communities is the community gaming grants program. The branch distributes these grants to support a wide array of programs and services in British Columbia. In 2009/10, \$160.1 million was distributed to 6,239 non-profit organizations, including 60 school districts, on behalf of the Province. Funding to individual organizations is based on the type of organization, the programs and services it delivers, and its financial need.

Eligible organizations may be funded to a maximum of \$100,000 for any combination of program costs and minor capital project costs. For provincewide programs, annual funding to a maximum of \$250,000 may be approved.

In 2009/10, the branch moved all grant recipients to an annual payment model, rather than the previous model of monthly payments. This shift increases flexibility for community organizations and reduces administrative costs for government.

In 2009/10, there were five main sectors funded by community gaming grants:

- Human and Social Services: programs that significantly contribute to the quality of life in a community, including eligible programs presented by service organizations and service clubs;
- Public Safety: programs that support public safety initiatives, disaster relief, and emergency preparedness in British Columbia;
- Environment: programs that support British Columbia's environment or protect the welfare of animals and wildlife;
- Arts, Culture and Sport: programs that support the performing arts, media arts, visual arts, literature, heritage, culture or sports in the community; and
- Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC) grants: PACs and DPACs are automatically eligible for gaming grants under direct access and/or bingo affiliation grant programs. In 2009/10, PACs received \$10 per student annually, while DPACs received grants of \$1,250 each year.

In addition to the above, the BC150 Volunteer Incentive Program was developed to recognize volunteers' contributions to fundraising events in support of special purposes or projects. Organizations could apply for grants of up to \$5,000. In 2009/10, 395 such grants were distributed, totalling \$1.2 million.

Special One-Time Grants

The branch also managed several one-time special grant programs. In 2009/10, GPEB was responsible for supporting other ministry programs via gaming grant funding. Organizations funded through the Ministry of Education's Community LINK program received \$33.4 million, and organizations and individuals identified by the B.C. Arts Council received \$10.9 million. In total, \$47.5 million was issued for these and other ministries' priority programs.

Table 1: Community Gaming Grants (\$ figures in millions)

Grant Funding Sectors	2009/10		2008/09	
	Number	Funding	Number	Funding
Human & Social Services	2,001	\$65.4	2,266	\$73.2
Environment	44	1.5	119	3.7
Arts, Culture and Sport	1,432	31.4	1,910	47.2
Public Safety	173	5.8	182	6.6
Major Capital Projects	3	0.2	74	4.3
PACs and District PACs	1,565	6.8	1,762	13.6
BC150 Volunteer Incentive Program	395	1.2	26	0.1
BC150 Years Celebrations	0	0.0	173	1.3
Playground Grants	3	0.1	146	2.5
Bingo Association Grants	11	0.1	15	0.2
Subtotal Grant Funding Sectors	5,627	\$112.6	6,673	\$152.7
Special One-Time Grants (on behalf of)				
Ministry of Forests and Range	4	0.9	-	-
Ministry of Agriculture and Lands	1	0.1	-	-
Ministry of Public Safety and Solicitor General	7	0.1	-	-
Ministry of Tourism, Culture and the Arts	22	0.4	-	-
BC Arts Council	451	10.9	-	-
Ministry of Environment	1	0.1	-	-
Ministry of Healthy Living and Sport	63	1.7	-	-
Ministry of Education (CommunityLINK)	61	33.4	-	-
Other	-	-	12	\$3.5
Subtotal Special One-Time grants	610	\$47.5	12	\$3.5
Total Community Gaming Grants	6,237	\$160.1	6,685	\$156.3

Some numbers may not sum to totals due to rounding

Supporting Community Organizations Through Licensed Gaming Events

To facilitate community-based fundraising activities, the branch issues gaming event licences to eligible charitable and religious organizations throughout B.C. that wish to raise funds to support their local programs and services.

More than 8,500 licences were issued in 2009/10. Collectively, community organizations raised an estimated \$34.4 million to support their projects and services, an increase of 15 per cent over 2008/09.

The branch is responsible for ensuring that charitable gaming events are conducted in a fair and transparent manner. To this end, the branch ensures that organizations that apply for a gaming event licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. In addition, the branch regularly audits licensees using a risk-based approach to ensure they follow rules and guidelines designed to protect the public.

Gaming events available for licensing are ticket raffles, independent bingos (which are conducted in facilities other than commercial bingo halls), wheels of fortune, and social occasion casinos (casino-style events without slot machines). Based on public demand and the success of a pilot project held in 2007, Texas Hold'em poker tournaments are now also considered a licensable gaming event.

Organizations wishing to conduct a gaming event must do so under one of four types of licences: Class A, B, C or D. The class of licence issued depends on the organization's structure and

operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community. In addition, organizations conducting Class A, B, or C gaming events must have their organizational structure approved by the branch.

Class A

Class A licences are issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding \$20,000.

Class A gaming events earned an estimated \$19.9 million in 2009/10. Several organizations earned more than \$500,000 for charitable causes. These included the Vancouver General Hospital and University of British Columbia Hospital Foundation (\$4 million), the British Columbia Children's Hospital Foundation (\$2.5 million), the Variety Club of British Columbia (\$1.4 million), the Canucks for Kids Fund (\$1 million) and the Peace Arch Hospital and Community Health Foundation (\$0.9 million).

Class B

Class B licences are issued to eligible charitable and religious organizations for gaming events expected to generate up to \$20,000 in gross revenue.

Class B gaming events earned an estimated total of \$8.7 million in 2009/10, an average of \$2,000 per event.

Class C

Class C licences are issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to a select number of established fairs and exhibitions on a case-by-case basis.

Class C gaming events earned an estimated total of \$3.2 million in 2009/10. The majority of this was earned by the Pacific National Exhibition. Class C gaming events were also held at the Alberni District Fall Fair and the Interior Provincial Exhibition and Stampede held in Armstrong.

Class D

Class D licences are issued to eligible groups or organizations wishing to conduct small-scale fundraising events expected to generate up to \$5,000 in gross revenue. This licence was introduced in 2007 in response to requests from a number of groups, individuals, and organizations who could not meet the eligibility criteria in place for large-scale fundraisers, but who nonetheless wished to contribute to various programs and services within their respective communities.

Class D gaming events are restricted to ticket raffles and independent bingos. Eligibility of Class D applications is based on how the funds generated will be spent, rather than the structure of the organization.

Class D gaming events earned an estimated total of \$2.6 million in 2009/10, an average of \$690 per event.

Table 2: Charitable Gaming Events (all \$ figures in thousands)

License Class	License Type	2009/10		2008/09	
		Number	Earned ¹	Number	Earned ²
Class A	Minor	172	\$3,306.6	173	\$3,212.6
	Major	26	1,443.2	35	1,991.6
	Registered	21	12,857.1	18	9,453.5
	Independent Bingos	117	2,274.5	147	3,207.8
	Total Class A Licences	336	\$19,881.5	373	\$17,865.6
Class B	Raffles	4,069	\$7,987.7	3,747	\$7,174.8
	Independent Bingo	150	406.9	149	361.9
	Wheels of Fortune	25	34.9	25	34.9
	Social Occasion Casino	36	57.8	28	32.1
	Poker	114	249.5	56	87.1
	Total Class B Licences	4,395	\$8,736.8	4,005	\$7,690.8
Class C	Raffles	3	\$2,594.7	4	\$2,013.3
	Independent Bingo	1	0.8	1	1.0
	Limited Casino	1	364.0	1	104.9
	Wheels of Fortune	2	226.9	2	201.0
	Total Class C Licences	7	\$3,186.4	8	\$2,320.3
Class D	Independent Bingo	79	\$53.6	72	\$51.1
	Raffles	3,731	2,575.3	3,075	2,140.7
	Total Class D Licences	3,810	\$2,628.9	3,147	\$2,191.8
Total—All Licence Classes		8,548	\$34,443.7	7,533	\$30,068.5

¹ Based on reported and estimated earnings

² Based on reported and estimated earnings

Ensuring Citizens are Protected from the Risks Related to Excessive Gambling

Government launched the Province's Responsible Gambling Strategy in 2003. The three core goals of the strategy are to:

- Reduce the incidence of problem gambling;
- Reduce the harmful impacts of excessive gambling; and,
- Ensure gambling is delivered in a manner that encourages responsible practices and healthy choices.

These goals guide the delivery of service in two important areas: problem gambling counselling and responsible and problem gambling awareness and education.

Reducing the Incidence of Problem Gambling

To reduce the incidence of problem gambling, the branch informs the public of the risks inherent in gambling, encourages players to know their limit and play within their means, and creates awareness among British Columbians of problem gambling issues and services.

In 2009/10, the branch contracted 17 service providers to deliver problem gambling prevention and education programs. These community-based programs provide problem gambling prevention information and encourage people to make healthy choices.

Participants learn how to identify problem gambling behaviours, to respond appropriately to a friend or family member experiencing problems, and to access counselling services. In addition, gambling myths are exposed and responsible gambling practices are presented and discussed.

Almost 1,700 presentations were made in 2009/10 to a variety of audiences, including community organizations, seniors groups, elementary and secondary school classes, treatment centres, gaming industry workers and health care professionals.

Many such presentations were delivered to aboriginal peoples, including, for example, participants at the Sugar Cane Health Fair, the Gathering Our Voices youth conference, and the Elders' Conference, a multigenerational celebration of different First Nation cultures. Prevention specialists were able to interact with almost 6,000 aboriginal people during these events.

In 2009/10, the branch continued to coordinate and standardize its problem gambling prevention activities across the province, a process begun in 2008/09. A recent highlight is the upgrading of the B.C. Responsible Gambling website, at www.bcreponsiblegambling.ca, which will go live in 2010.

The website provides comprehensive information on a wide range of topics related to responsible gambling and problem gambling. Public health officials, educators, gamblers, journalists, students and the public at large will find the site useful.

Reducing the Harmful Impacts of Excessive Gambling

In 2009/10, the branch's 28 contracted professional clinical counsellors provided problem gambling counselling services across British Columbia. These services are provided free of charge to anyone directly or indirectly experiencing a gambling problem.

Individual, family and group therapy sessions are available, along with counselling over the telephone. If necessary, a counsellor will travel in the evening or on a weekend to meet with a client.

The Discovery program, launched in 2008/09, continues to help problem gamblers develop the knowledge and skills to address their related issues. Discovery is a day, evening and weekend intensive clinical treatment program that runs three times a year in selected locations. The program is constantly responding to the needs of professionals and clients. In the coming year, Discovery sessions will be more frequent and offered in more locations.

For more information on Discovery and other responsible gambling programs in B.C., please see the Responsible Gambling Strategy Annual Report 2009/10, which will be posted on the provincial government website, accessible from this page: www.pssg.gov.bc.ca/gaming/reports/.

1-888-795-6111 is the number to call to reach the dedicated, 24-hour toll-free Problem Gambling Help Line. The help line's operators provide crisis counselling and refer callers to various treatment and prevention services provided by the Province. The help line and the free counselling services, both of which are funded by the branch, constitute an immediate response network designed to ensure that anyone experiencing difficulties as a result of excessive gambling receives professional help and support.

Ensuring that Gambling is Delivered in a Manner that Encourages Responsible Gambling and Healthy Choices

The branch administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and prescribed practices.

GameSense Information Centres

Co-managed by the branch and BCLC since 2006/07, GameSense Information Centres (previously known as Responsible Gambling Information Centres) provide responsible gambling information at every casino and community gaming centre in B.C.

Centres located in casinos are staffed by 25 GameSense Advisors who share responsible gambling information and practices with interested patrons and assist anyone experiencing distress related to gambling to the Problem Gambling program and/or to BCLC's voluntary self-exclusion program.

Touch-screen interactive terminals are located in casinos and community gaming centres. The terminals provide engaging education modules at the push of a button.

Appropriate Response Training

The Appropriate Response Training program is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills, and to enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. The branch supports

Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Audits

In 2009/10, the branch audited every casino, race track and community gaming centre in B.C., as well as four commercial bingo halls for compliance with responsible gaming standards. The branch also inspected approximately 20 per cent of lottery retailers to ensure they complied with gaming legislation, directives, policies and procedures. Audit results are summarized in the Responsible Gambling Strategy annual report, which is available on the provincial website at: www.pssg.gov.bc.ca/gaming/reports/.

The branch's audits of compliance with the Responsible Gambling Standards focus on five key areas:

1. Informed Choice – includes proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging materials and availability of rules of play and information regarding the odds of winning;
2. Appropriate Response – includes ensuring gaming workers in the facility have received Appropriate Response Training;
3. Responsible Practices – includes placing clocks in highly visible areas, among other requirements;

4. Financial Transactions – includes prominently displaying information describing payout policies and stating that credit will not be extended; and
5. The Voluntary Self-Exclusion Program – means having a fully operational program, readily available information on the program and effective monitoring of gaming facilities for excluded individuals.

Responsible Gambling Standards

In July 2005, the Province issued responsible gambling standards for the British Columbia gaming industry. The standards ensure:

- Minors are prevented from participating in gambling activities;
- Patrons are equipped to make informed decisions regarding gambling activities;
- Gambling-related risks are minimized; and
- Persons affected by excessive gambling have access to timely and effective information and assistance.

These standards apply to the B.C. Lottery Corporation, all gaming service providers, all commercial gaming facilities, and all community organizations licensed to conduct charitable gaming events.

Table 3: Responsible Gambling Program Statistics

Program Figures	2009/10	2008/09
Total Help Line calls (includes erroneous calls and hang-ups)	5,926	6,228
Calls made to Help Line specific to problem gambling	3,669	6,006
Referrals to the Problem Gambling Program	2,693	2,864
Clients served	1,403	1,320
Number of prevention information sessions delivered	1,688	1,900
Contracted service providers		
Clinical counsellors	28	36
Prevention service providers	17	22
Provincial coordinators	2	2
Responsible Gambling Officers (RGIC Staff)	25	25

PROTECTION

Ensuring the Right People and Companies are Involved in Gaming

The branch fulfills its mandate under Canada's Criminal Code and the Province's Gaming Control Act and Gaming Control Regulation. Each year, thousands of individuals and dozens of companies apply to be registered with the branch. The registration program is in place to prevent unsuitable candidates from participating in the gaming industry. A background investigation of each registrant includes, but is not limited to, a criminal record check and a credit check. In some cases interviews are conducted to confirm whether the applicant meets standards of integrity for the gaming industry. If successfully registered with the branch, registrants are monitored to ensure they continue to adhere to the conditions of registration set out in the Gaming Control Act and Gaming Control Regulation.

The branch's registration program is divided into three sectors: corporate registration, gaming personnel registration and lotteries registration.

Corporate Registration

The Corporate Registration unit scrutinizes businesses working in the gaming industry, as well as the executive personnel attached to those businesses. Businesses registered with the branch include many large public and privately owned companies, such as casino, bingo and horse racing operators. The range of businesses includes suppliers and manufacturers of gaming equipment, such as slot machines. The branch also registers other gaming service providers, such as gaming consultants and security and ancillary services, which include food and janitorial services provided at gaming facilities.

In 2009/10, the Corporate Registration unit also monitored the regulatory compliance of 217 companies, and investigated and approved organizational changes, including changes in directors, ownership, shareholders, investors and lenders.

Personnel Registration

The Personnel Registration unit registers all individuals involved in the gaming industry (except lottery retailers; see below). This includes all individuals directly involved in the industry, such as casino, bingo and horse racing workers, as well as those indirectly involved, including employees of BCLC and the Gaming Policy and Enforcement Branch.

2009/10 marked a continuing trend of fewer new registrations compared to 2007/08. The uncertain economic climate over the past two years, lower employee turnover, and the resulting delay in expansions within the gaming industry are the likely contributors to this trend.

Registration of Lottery Retailers

In response to allegations of lottery retailer fraud in Ontario, the branch began to register lottery retailer managers in 2007. This work included registering managers who were already working at the approximately 4,000 lottery retail outlets in the province. The branch is currently reviewing its system of registration in order to achieve greater efficiencies while maintaining the integrity of lottery operations.

Table 4: Registration Figures

Corporate Registrations	2009/10		2008/09	
	New	Renewal	New	Renewal
Gaming service providers	6	17	5	10
Gaming equipment suppliers	2	9	5	6
Ancillary service contractors	5	1	10	7
Senior officials and senior employees	119	98	111	148

Personnel Registrations	2009/10		2008/09	
	New	Renewal	New	Renewal
Gaming workers	2912	1662	4,374	1,311
Lottery retail managers	826	n/a	3,436	n/a
Horse racing workers	400	644	412	621
Branch and Corporation personnel	211	26	323	13

Summary of Refusals, Revocations, and Cancellations

Each year, for a variety of reasons, the branch refuses to register certain individuals. The most common reasons include inappropriate behaviour that calls into question the honesty and integrity of the applicant. This can include, but is not limited to, failure to pass a criminal record check, outstanding criminal charges, or the failure to fully disclose all information requested in the application or during any subsequent background investigation. Having a criminal record does not automatically exclude an applicant from being registered. However, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry.

The process of making sure registrants are suitable for the gaming industry continues after registration. Registrants are monitored for compliance with the Terms and Conditions of Registration through such methods as regulatory audits and investigations. If information is determined to be damaging to the integrity of the registrant, or does not comply with the regulatory requirements of the Gaming Control Act, a progressive disciplinary process addresses the concerns. Based on the severity of the transgression, the Registration Division may issue a sanction, warning, or suspension, or may cancel registration.

The table below indicates the number of registrations that the branch revoked due to non-compliance with registration requirements. The table also indicates the number of individuals who voluntarily left the gaming industry under the category of “ceased.”

Table 5: Summary of Revocations and Cancellations

Type of Registration	2009/10			2008/09		
	Refused	Revoked	Ceased	Refused	Revoked	Ceased
Gaming workers	29	7	3,251	61	25	4,298
Horse racing workers	5	2	n/a	4	2	n/a
Lottery retail managers	3	5	1,190	6	4	772

Ensuring Gaming Supplies are Fair

The branch's certification process provides the general public with confidence that gaming supplies work the way they are intended to and deliver the stated odds of winning. Examples of gaming supplies include slot machines, related casino computer systems, lottery products, lottery terminals, self-checking lottery machines, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, and software used for Internet gaming. Only gaming supplies certified by the branch may be used in British Columbia's gaming venues.

In the certification process, gaming supplies, including pull-tab tickets and scratch and win tickets, are tested against technical standards maintained and published by the branch. All equipment manufacturers and suppliers must ensure their products meet or exceed the standards. Accredited testing facilities verify compliance with these standards during the testing process.

Sometimes a new lottery scheme is best tested in a live environment. In that case, an interim certification may be granted as a first phase in the full certification process.

The branch investigates reports of gaming supplies that malfunction and lottery product issues. In 2009/10, the branch conducted fifteen technical investigations of gaming equipment malfunctions and lottery product complaints.

Certifications are suspended or revoked by the branch when it is reported by a manufacturer or an accredited testing facility that a particular gaming supply no longer meets the technical standard under which it was approved. Gaming supplies are routinely upgraded and improved, which results in the certification for the original supply being revoked. Malfunctions in gaming supplies can also generate a suspension or revocation of a certification. It is important to note that revocations due to malfunctions affecting game integrity are rare. Software upgrades account for the majority of revocations.

In all instances, gaming supplies that are suspended or revoked must be removed from the gaming floor until they are repaired, modified or upgraded. A new Certificate of Technical Integrity is required before the equipment can be returned to service.

Table 6: Gaming Supplies Certifications

Type of Certification	2009/10		2008/09	
	Certifications	Revocations	Certifications	Revocations
Pull-tab lottery tickets	15	0	7	0
Scratch and Win lottery tickets	63	0	80	2
E-Lottery (PlayNow interactive games)	9	0	7	0
Electronic gaming devices and other supplies	408	34	559	33

Horse Racing Overview

The branch regulates and manages horse racing throughout British Columbia. As part of its regulatory framework, the branch provides effective management of racing events, develops fair and appropriate rules, and licenses all participants in the horse racing industry. The branch also seeks to enhance the viability of horse racing in British Columbia.

To perform these functions, branch employees are present at all operating race tracks in British Columbia. In 2009, the branch oversaw the running of 1,842 races on 182 race dates at the six provincial tracks. In keeping with the racing season, horse racing statistics are reported by calendar year.

In addition to regulating racing events, the branch develops rules and policies to ensure the horse racing industry is conducted and managed fairly and with integrity. As required, the branch revises and updates the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia. The branch also meets with key stakeholders in the racing industry on a regular basis to address issues as they arise.

British Columbia's racing industry employs approximately 3,100 licensed owners, jockeys, drivers, trainers, grooms and exercise riders. Everyone who works directly in or provides services to the horse racing industry must be licensed and registered with the branch. In 2009, 1,044 horse race workers were either licensed for the first time or had their licence renewed.

According to a 2008 report, "Size and Scope of Horse Racing in British Columbia," by IER Pty. Ltd., the province's horse racing industry provides British Columbians with approximately 3,600 full-time equivalent jobs. This equates to more than 7,400 individuals who derive an income from racing in full-time, part-time or casual employment. The report also estimated the overall economic impact of the industry was more than \$350 million.

Table 7: British Columbia Horse Racing Summary

Thoroughbred Tracks	Race Days		Live Races		Horses Ran	
	2009	2008	2009	2008	2009	2008
Hastings Racecourse (Vancouver)	74	71	643	647	5,267	5,189
Sagebrush Downs (Kamloops)	8	6	49	37	309	283
Sunflower Downs (Princeton)	1	1	9	9	57	76
Kin Park (Vernon)	3	3	19	18	136	128
Total	86	81	720	711	5,769	5,676
Standardbred Tracks	2009	2008	2009	2008	2009	2008
Fraser Downs Racecourse (Surrey)	96	102	1,122	1,156	9,401	9,408
Sandown Racecourse (Sidney)	0	3	0	24	0	150
Total	96	105	1,122	1,180	9,401	9,558

Table 8: Horse Race Wagering (\$ figures in thousands)

Wagers at Hastings Park (HP)	2009
HP Live Races	\$13,816.0
Thoroughbred Simulcast Wagers	41,260.6
Standardbred Simulcast Wagers	9,793.1
Total	\$64,869.6
Wagers at Fraser Downs (FD)	
FD Live Races	\$3,535.4
Thoroughbred Simulcast Wagers	19,425.1
Standardbred Simulcast Wagers	6,858.3
Total	\$29,818.8
Wagers through Teletheatre BC	
Thoroughbred Wagers	\$81,281.3
Standardbred Wagers	22,307.2
Total	\$103,588.5
Total	\$198,277.0

Enforcing the Rules and Regulations of Horse Racing

Regulating the horse racing industry includes enforcing all rules and regulations pertaining to horse racing and adjudicating matters that occur on the track or in the backstretch area that could have a negative impact on the integrity of horse racing.

In 2009, 270 rulings were issued by the branch's stewards and judges; 116 by stewards for infractions related to thoroughbred racing and 154 by judges for infractions related to standardbred racing.

Table 9: Horse Racing Rulings

Standardbred Rulings	2009	2008
Whipping violations	42	39
Racing or driving infractions committed during a race	62	127
Drug or alcohol infractions involving either horse or registered horse racing workers	10	5
Inappropriate behaviour in the backstretch area of a race track	21	20
Licensing or registration violations	1	1
Horses that bled during a race	4	4
Restoration of a horse or a horse racing worker to good standing	8	9
Other categories	6	6
Total Standardbred Rulings	154	211
Thoroughbred Rulings		
Racing or riding infractions committed during a race	21	24
Drug or alcohol infractions involving either horses or registered horse racing workers	33	14
Entering an ineligible horse	15	13
Inappropriate behaviour in the backstretch area of a race track	10	8
Licensing or registration violations	21	5
Horses that bled during a race	1	1
Restoration of a horse or a horse racing worker to good standing	7	10
Other categories	8	12
Total Thoroughbred Rulings	116	87

Horse Racing Revitalization

In recent years, the horse racing industry in British Columbia, as well as across North America, has been experiencing declining revenues and, at the same time, increasing costs of operation. This situation has resulted in financial difficulty for all aspects of the industry. As part of its commitment to stabilize and rejuvenate the horse racing industry, the Province enhances prize purses with revenue from slot machines at race tracks. In 2009/10, over \$6.9 million was shared by the thoroughbred and standardbred sectors.

In addition to this slot machine revenue, the horse racing industry generated revenue from bets wagered at race tracks and teletheatres. Teletheatre sites across the province present simulcast satellite broadcasts of horse races run at local, national and international tracks. In 2009, approximately \$198 million was wagered at race tracks and teletheatres. Funds generated from these bets provide much needed assistance to the racing sector.

In response to a request from the B.C. horse racing industry, the Minister asked the Assistant Deputy Minister/General Manager responsible for gaming to assist the industry by establishing the B.C. Horse Racing Industry Revitalization Initiative in spring 2009. The B.C. Horse Racing Industry Management Committee was created on November 17, 2009 to provide strategic direction, decision-making and business leadership to the horse racing industry in B.C. Horse racing operators, associations and participants will continue to make operational decisions consistent with their mandated responsibilities, but will do so within the broad business and fiscal framework established by the Committee. The regulation of horse racing events in B.C. remains the responsibility of the provincial government.

Since its inception, the B.C. Horse Racing Industry Management Committee has:

- Concluded a Memorandum of Agreement (MOA) with key industry participants that formally endorses the establishment of the Horse Racing Industry Management Committee, effective January 1, 2010. The MOA provides full authority to the management committee to provide strategic leadership for the business of horse racing in British Columbia and overall management of the industry, including the allocation of funding to industry sectors and making decisions that will help increase the viability of horse racing in the province.
- Developed and implemented an entirely new, simplified, transparent and accountable financial model that moves the management of industry revenues under the control of the committee.
- Allocated anticipated 2010 revenue to critical industry purposes and organizations.
- Drafted a new horse racing industry marketing plan which, once it is complete and implemented, is intended to grow the attendance at, and revenues generated from, horse racing in B.C.
- Set up monthly meetings with the principals of key industry organizations, to improve communications and transparency and facilitate the exchange and flow of information between the committee and industry participants.
- Established a link to a B.C. Horse Racing Industry Revitalization Initiative web page on the Gaming Policy and Enforcement branch website at www.pssg.gov.bc.ca/gaming/horse-racing/revitalization.htm to ensure that relevant information is available and accessible to everyone in the industry.

Risk Management

In response to recommendations in the 2007 Deloitte and Touche Report, GPEB created the Internal Compliance and Risk Management Division in 2008/09. The division is responsible for developing and implementing a formalized risk management program for the branch and leading the coordination of a comprehensive risk management strategy for British Columbia's gaming industry.

In 2009/10 the division established a whistleblower policy that allows and encourages staff to come forward with reports of alleged wrongdoing, in confidence and without fear of reprisal.

The division is currently working on a number of projects, which include, but are not limited to:

- Utilizing the integrated risk management framework to enhance the effectiveness of strategic initiatives for GPEB;
- Developing clear accountability guidelines, evaluation measurements and reporting mechanisms for both risk identification and treatment, and compliance mechanisms;
- Establishing and implementing an internal audit framework that is integrated with the branch's risk management process and risk tolerance framework; and
- Developing an approach that aligns collective risk management practices within the gaming industry.

COMPLIANCE

Auditing for Compliance

The branch employs a comprehensive audit strategy to monitor compliance with all applicable legislation, regulations, policies and directives. The branch's authority is defined in the Gaming Control Act and Gaming Control Regulation, and is further guided by policy directives and public interest standards.

Under this authority, the branch delivers a comprehensive risk-based audit strategy that assesses regulatory compliance by the commercial gaming sector, including BCLC and its lottery gaming, the licensed charitable gaming sector and community organizations' use of gaming proceeds. In addition, the branch works to improve compliance through public education programs.

The branch audit unit is separated into two work units: the Commercial Gaming Audit unit and the Charitable Gaming Audit unit.

Commercial Gaming Audit Activity

In 2009/10, the branch managed a comprehensive commercial gaming audit plan. The audit plan's three core objectives were to:

- Verify compliance with the Gaming Control Act, Gaming Control Regulation, branch directives and public interest standards;
- Maintain the integrity, fairness, security and public safety of the gaming environment, gaming equipment, gaming assets and gaming supplies; and

- Confirm that a safe and supportive environment for the delivery of gaming products and services is in place and that responsible gambling is encouraged, gambling risks are minimized, and effective and timely information and assistance is provided for individuals experiencing distress.

The Commercial Gaming Audit unit is divided into three audit streams. The first stream focuses on commercial gaming facilities and involves conducting compliance audits of the conduct, management and operation of commercial gaming activities by service providers. Every year, based on a thorough risk assessment process, the branch determines which commercial gaming sites will be audited in the province. The audit findings for commercial casinos are accessible on the branch website at:

www.pssg.gov.bc.ca/gaming/reports/audits.htm

The second audit stream focuses on BCLC's conduct and management of lottery gaming, including the Corporation's PlayNow.com Internet gaming. In addition, the branch conducts inspections of BCLC's lottery retail sites throughout the province.

The third audit stream focuses on BCLC's compliance with gaming laws, regulations and public interest standards in relation to their conduct of all forms of gaming in the province. Since 2007/08, the branch has conducted annual audits of BCLC's internal processes and procedures.

Charitable Gaming Audit Activity

The Charitable Gaming Audit unit conducts audits of licensed gaming events for compliance with terms and conditions for both event conduct and use of proceeds, and appropriate use of gaming grant funds. Each year, based on a thorough risk assessment process, the branch determines which licensed gaming events and which organizations in receipt of gaming grants will be audited. The audit findings for large-scale registered ticket raffles are accessible on the branch website at:

www.pssg.gov.bc.ca/gaming/reports/audits.htm

Ongoing work for the branch includes improving compliance among organizations receiving gaming funds and conducting gaming events. This work ensures proper use of gaming proceeds and enhances financial accountability on the part of the organizations benefiting from these proceeds.

Table 10: Charitable and Commercial Audit Activity

Type of Audit	2009/10	2008/09
Commercial gaming site compliance audits	38	41
Compliance audits of the B.C. Lottery Corporation's commercial gaming business, including PlayNow	18	18
Commercial gaming audits of the Corporation's lottery business (e.g. lottery prize payout)	10	8
Inspections of lottery retailers	801	798
Audits of charitable organizations receiving grants and conducting licensed gaming events	480	476
Percentage of audited gaming fund recipients in compliance	58%	65%

Enforcement: Investigation of Wrongdoing within Gaming

The Province is committed to ensuring the integrity of gaming in British Columbia. All instances of real or suspected wrongdoing related to legal gaming and horse racing are investigated.

The branch uses a range of enforcement actions and sanctions as a result of investigating criminal, provincial statutes, and regulatory offences. Under the Gaming Control Act, the branch has the authority to issue warnings, administer sanctions, or issue tickets. For more serious violations, the branch will recommend to Crown Counsel that charges be laid under the Gaming Control Act or the Criminal Code in appropriate circumstances.

Branch activities include investigating, or assisting law enforcement agencies in investigating, complaints and allegations of suspected criminal activity and regulatory infractions related to gaming and horse racing in British Columbia. BCLC, service providers, licensees and registrants (including lottery retailers) are legally required to notify the branch without delay of any conduct, activity or incident occurring in connection with a lottery scheme or horse racing (including incidents at a gaming facility or in relation to any of the Corporation's lottery products) that may be considered contrary to the Criminal Code of Canada, the Gaming Control Act or Gaming Control Act Regulations and/or any matters that may affect the integrity of gaming and horse racing. This includes, but is not limited to, cheating at play, thefts, fraud, money laundering, loan sharking, robberies, assaults and threats.

Other enforcement actions include conducting all post-registration and post-licensing investigations; investigating illegal gambling activities in conjunction with law enforcement agencies, such as unauthorized lottery schemes; and providing gaming expertise,

proceeds-of-crime assistance, and forensic investigation to law enforcement agencies throughout the province.

The branch maintains strong relationships with the RCMP and other municipal police departments across jurisdictions in order to increase awareness of enforcement issues related to gaming and to identify potential suspects involved in unlawful activity in gaming. The branch also uses these working relationships to help identify trends in unlawful activity and to assist with gathering and sharing intelligence concerning unlawful activity in gaming and horse racing. A core focus in recent years, and continuing at the present time, is addressing casino-related money laundering, suspicious currency transactions and loan sharking activity in conjunction with police of jurisdiction and/or other enforcement agencies.

In 2009/10, the branch opened 5,957 files based on notifications and/or complaints of suspicious activity or suspected wrongdoing in legal gaming venues. Of these files, 1,176 pertained to individuals entering a gaming facility after they had been legally prohibited from such facilities by BCLC. In response to these violations, the branch issued 41 ticket violation notices in 2009/10.

Many of the 5,957 files, while investigated, did not necessarily lead to sanctions either by the branch or the police of jurisdiction (see the category of "other" under "cleared files" in the table below). The most common reasons were insufficient evidence to lay charges, the incident lacked an identified suspect, or the matter was resolved to the satisfaction of all parties prior to the branch becoming involved.

Table 11: Investigation Activity Related to Real or Suspected Wrongdoing

Types of Notification	Number Opened	Cleared Files							Ongoing
		Unfounded ¹	Warning	GCA Admin ²	GCA Charge ³	CC Charge ⁴	Intelligence ⁵	Other ⁶	
Real or suspected Criminal Code violations									
Theft	1,131	25	0	0	0	15	4	977	109
Assault & Threats	307	2	0	0	0	6	0	274	25
Fraud ⁷	197	28	0	0	0	112	1	100	21
Money Laundering	54	2	0	0	0	0	10	38	4
Loansharking	63	6	0	0	0	0	21	32	4
Cheat at Play	92	11	0	0	0	0	2	72	7
Counterfeit	518	3	0	0	0	0	469	28	18
Real or suspected Gaming Control Act violations									
GCA Violations	263	11	6	136	5	0	8	61	41
Prohibited ⁸	1,176	5	0	0	41	1	1,036	38	55
Notifications not involving Criminal Code or Gaming Control Act gaming violations									
Unclassified (types not categorized above) ⁹	2,156	50	3	5	0	5	52	1,918	123
TOTAL	5,957	143	9	141	46	139	1,603	3,538	407

¹ No substance to the allegation, notification or complaint.

² Administrative are breaches of conditions of licenses or registration.

³ Gaming Control Act includes a charge by the Investigation Division requiring court appearance or Ticket Violation Notice with a voluntary penalty.

⁴ Criminal Code includes charges resulting from investigations conducted by the Investigation Division and/or assisting police of jurisdiction.

⁵ Intelligence includes correlating data on suspect individuals and groups and forwarding to police of jurisdiction (RCMP Proceeds of Crime, Major Crime or Commercial Crime, FINTRAC), maintaining data for future potential investigations. For example, the RCMP receives all compiled counterfeit bill and suspect data for inclusion on National Counterfeit Data Bank in Ottawa.

⁶ Other includes insufficient evidence to lay charges, assist police of jurisdiction on unrelated criminal matters, or unidentified suspects.

⁷ 103 of the 112 charges relate to one individual committing crimes throughout the Province (Spring / Summer 2009).

⁸ Includes notification of individuals legally prohibited by the BC Lottery Corporation who attempt to enter a gaming facility. It does not include individuals who were self-excluded because of their participation in the Voluntary Self Exclusion program.

⁹ Reported activities can include inappropriate behaviour on the gaming floor, i.e. spitting, large cash transactions (over \$10,000) which must be reported to FINTRAC, drug matters, liquor act offenses, mental health act offenses, found property, or anything that is reported to GPEB, but for which GPEB has no responsibility under either act.

Illegal Gaming

The mandate of the Investigations Division of GPEB is to investigate all instances of real or suspected wrongdoing related to legal gaming and horse racing in British Columbia. The branch does not have a primary mandate to investigate high-level illegal gambling activity: this is under the mandate of the police of jurisdiction. The branch does have a role, however, in providing information, intelligence, expertise and, when requested,

operational assistance to the police. The branch also maintains effective communication with the police and identifies opportunities for investigation of alleged illegal gambling where appropriate. For investigations related to illegal lotteries (e.g., an illegal lottery could be an event that was not licensed or cannot be legally licensed), the branch provided education, issued warnings and issued ticket violation notices. Of the 233 files opened by the branch related to suspected illegal gaming activities, 185 were related to illegal lottery issues.

PERFORMANCE

Public Satisfaction with the Regulation of Gaming

For the past three years, the branch has surveyed British Columbians' familiarity and satisfaction with government's efforts to regulate gaming, address problem gambling and distribute gaming revenues. The survey was conducted as part of the B.C. Stats Community Health Education and Social Services survey.

The 2009/10 survey was conducted in October 2009. Respondents were questioned about their familiarity with three key areas and their level of satisfaction regarding each:

- How Government regulates gambling in B.C.;
- How Government is addressing problem gambling in British Columbia; and
- How Government distributes gaming revenue in British Columbia (e.g., municipal revenue sharing, economic development, charitable gaming, health care, etc.).

Previous surveys have established a baseline for overall familiarity and satisfaction with the regulation and management of gambling in B.C. With the addition of the 2009 results, the data

reinforces trends identified in previous years. The survey indicates there is a strong relationship between levels of familiarity and satisfaction with the government management of gambling in B.C. That is to say, the more that individuals know about how the branch regulates gambling, addresses problem gambling, or distributes gaming revenues, the more likely the individual is to be satisfied with those activities. Individuals who knew the least about branch activities were the most likely to be dissatisfied.

Rates of familiarity have decreased slightly with respect to both the regulation of gambling and the government's efforts to deal with problem gambling. There has been no change in rates of familiarity with respect to how government distributed gaming revenues.

Rates of satisfaction have decreased with respect to the regulation of gambling, the government's efforts to deal with problem gambling, and the distribution of gaming revenues.

The full report is on the branch website at: www.pssg.gov.bc.ca/gaming/

Table 12: Public Familiarity with the Regulation of Gambling in the Province

Level of familiarity	Regulating gambling		Addressing problem gambling		Distributing gaming revenues	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Very familiar	8%	10%	7%	9%	7%	5%
Somewhat familiar	35%	37%	33%	36%	33%	31%
Not very familiar	25%	23%	29%	25%	27%	27%
Not at all familiar	32%	30%	32%	30%	33%	36%

Table 13: Public Satisfaction with the Regulation of Gambling in the Province

Level of satisfaction	Regulating gambling		Addressing problem gambling		Distributing gaming revenues	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Very satisfied	6%	12%	5%	7%	3%	5%
Somewhat satisfied	12%	18%	7%	12%	7%	12%
Neither satisfied nor dissatisfied	34%	40%	27%	41%	29%	44%
Somewhat dissatisfied	20%	13%	26%	18%	24%	19%
Very dissatisfied	28%	17%	34%	21%	38%	21%

WHERE THE MONEY GOES

In 2009/10, commercial gaming in British Columbia, excepting horse racing, grossed \$2.52 billion, a decrease of \$33 million over 2008/09. Gaming revenue comes from casinos, community gaming centres, commercial bingo halls and lotteries. After prize payouts and expenses, government revenue from gaming totalled \$1.08 billion.

Revenue from commercial gaming conducted and managed by the B.C. Lottery Corporation supports local communities, the horse racing industry, essential government programs and branch operations. A small portion of net commercial gaming revenues is directed to the federal government.

Supporting Local Communities

Gaming revenue provides significant benefits to people throughout British Columbia. One of every four dollars goes to communities across the province through the branch's community gaming grant program. Social programs, community services and local economic development are all enhanced by gaming revenue.

In 2009/10, the branch distributed \$160.1 million in community gaming grants to approximately 6,200 community organizations, including 60 school districts.

Local governments that host casinos and/or community gaming centres receive 10 per cent of net gaming income from provincial casino gaming for any purpose that would be of public benefit to the host communities. In 2009/10, the branch paid \$81.9 million in grants to 28 host local governments, a decrease of \$2 million from 2008/09. A further \$5.6 million in gaming revenue was paid to communities that host destination

casinos. Since 1999, the Province has distributed over \$600 million in gaming revenue to local governments.

Gaming funds support a wide variety of community programs, capital projects and other initiatives.

For example, in 2009/10, several host local governments used gaming revenue to enhance local infrastructure, including replacing street lights in downtown Campbell River, repairing roofs in Cowichan and repairing roads in New Westminster. Recreation activities supported by gaming revenues included upgrading park playgrounds in Quesnel and running the Entertainment and Sports Centre in Abbotsford.

To support the revitalization of horse racing, the branch distributed \$6.9 million through a grant to stabilize and revitalize the industry.

Essential Government Services

Provincial health care and education services receive almost three-quarters of net gaming proceeds. In 2009/10, \$147.3 million in gaming revenue was directed to the B.C. Government's Health Special Account to be used exclusively for the administration, operation and delivery of health care, health research, health promotion and health education services. Since the creation of this account in 1992, more than \$1.8 billion has been paid directly into it.

In 2009/10, \$648.8 million was allocated to the Consolidated Revenue Fund to support social programs, primarily health care and education. In the past 10 years, over \$4 billion in gaming revenue has been directed to the fund.

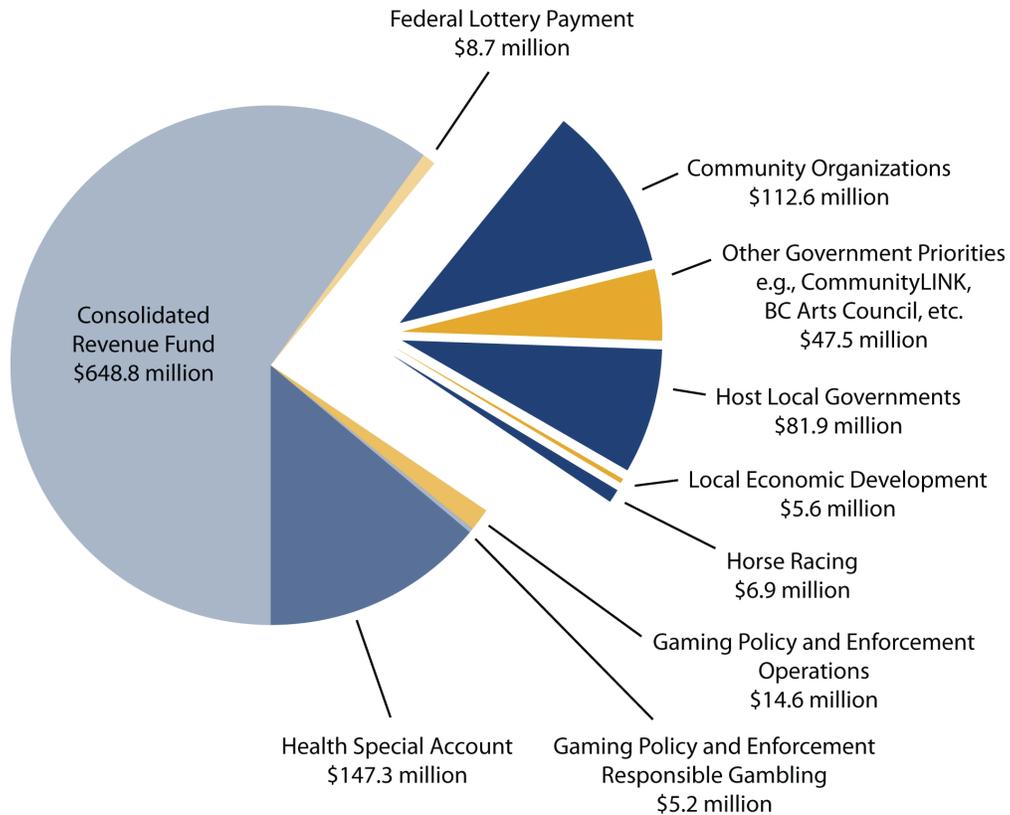
Gaming Policy and Enforcement Branch Operations

In 2009/10, the branch spent \$19.8 million on the regulation of gaming, a decrease of \$1.5 million from 2008/09. Core operating costs accounted for approximately \$14.6 million, and the programs related to the branch’s Responsible Gambling Strategy accounted for the other \$5.1 million.

Government of Canada Transfer

As a part of a revenue-sharing agreement between the federal and provincial governments, \$8.7 million of lottery revenues was remitted to the federal government.

Figure 1: Where the Money Goes (2009/10)



LOOKING AHEAD

E-gaming: Its Challenges and Opportunities

In 2010, BCLC will launch peer-to-peer poker and casino-style games on its secure online gambling website, PlayNow.com. This new gaming option marks a significant milestone in the evolution of the gaming industry in British Columbia. In the past, online gaming sites accessed by British Columbians have been run by unregulated offshore companies. PlayNow.com will become the first regulated interactive online interactive gaming site in North America.

The continued growth of online gaming presents both challenges and opportunities for GPEB as the provincial regulator. Challenges are particularly notable with regard to responsible gambling initiatives. Off-shore internet casinos allow continued access for customers with an internet connection, irrespective of location, and allow a level of anonymity that can increase problem gambling. To encourage responsible gambling, PlayNow.com features a number of responsible gambling features, including a display bar that tracks session spending, account balance, time, bets and tally of winnings, ensuring players do not lose track of this information. Because players are required to register for PlayNow.com, BCLC is able to block players who have signed a voluntary self-exclusion agreement. These features will form the building blocks for assisting the Province's efforts to encourage responsible gambling in the online environment.

Online gaming requires similar forms of certification to on-site facilities. The branch will assess proposed changes to the online platform, system upgrades, and new games and provide technical certification if these online components

meet required standards. The branch will also perform due diligence on companies providing software for online gaming in B.C.

Online venues have different processes for monitoring and evaluating fair play. The nature of internet games creates different forms of fraud and wrongdoing. Investigators will employ new methods to address these activities as part of maintaining the integrity of online gaming regulated by the Province.

GPEB will need to continue to adapt its regulatory practices as the gaming industry continues to evolve via the internet. The proliferation of mobile devices, such as BlackBerries and iPhones, social media platforms such as Facebook and Myspace, along with the increasing complexity and online multiplayer features of video games, herald further changes for the B.C. gaming industry as players move beyond the traditional venues of casinos and gaming centres.

Community Gaming Grants

The 2010/11 fiscal year brings key shifts to the community gaming grants program. Total funding has increased from approximately \$113 million in 2009/10 to \$120 million in 2010/11. To assist organizations with planning for grant applications, the Province announced upcoming changes to eligibility for 2010/11 grants. Eligibility for public safety, human and social services, and parent advisory councils remains unchanged. Environmental projects will not be funded in 2010/11, nor will playground projects. The previous category of arts, culture and sports has now been split into two. Arts and culture is focused

on youth activities, and a new subsector has been created for fairs, festivals and museums. Sports funding focuses on youth and people with a disability.

This shift in the eligibility criteria has obviously created challenges for organizations that are accustomed to applying for community gaming grants but do not meet the new eligibility criteria. In shifting the criteria, the ministry has chosen to focus on its core services: basic essential services used by all British Columbians, such as public safety and protection and opportunities for the vulnerable and disadvantaged in our province.

Effective April 1, 2010, the Province is consolidating the bingo affiliation and direct access grants into a single grant program called community gaming grants. Organizations formerly receiving a bingo affiliation grant will be seamlessly transitioned to a community gaming grant. The approximately 100 organizations whose total grant(s) amount exceeds

the Province's limits (\$100,000 for a local or regional organization, \$250,000 for a provincial organization) will be transitioned to the maximum limit as soon as possible. Most groups will be moved in 2010/11, but the transition could take up to three years in some situations.

In the 2010/11 fiscal year, the ministry has begun to take action on its commitment to restore funding to community gaming grants as the economy recovers. Assuming the provincial fiscal outlook continues to improve, we anticipate being able to make adjustments and re-establish grants.

APPENDIX A: GAMING INDUSTRY LEGAL AND OPERATING FRAMEWORK

Gaming in the province is regulated under the Criminal Code of Canada and British Columbia's Gaming Control Act. Responsibility for ensuring the effective regulation of gaming resides with the Minister of Public Safety and Solicitor General (Minister of Housing and Social Development during the period covered by this report). The Minister provides broad policy direction to ensure government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, nor in the day-to-day management of gaming.

Regulating B.C.'s Gaming Industry

Gaming is regulated by the Gaming Policy and Enforcement Branch. The branch is made up of seven divisions:

- The Policy, Responsible Gambling and Business Services Division is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing in B.C. The division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. The division also provides financial advice to the branch executive, administers the branch budget, makes payments on behalf of the branch, and provides information and technology support.
- The Licensing and Grants Division is responsible for distributing grants to community organizations and for issuing gaming event licences to eligible organizations.
- The Racing Division is responsible for regulating and managing horse racing in B.C.
- The Registration and Certification Division is responsible for conducting financial and personal background checks on all gaming services providers and gaming workers. The

division also approves and certifies all gaming equipment used in the province.

- The Audit and Compliance Division is responsible for conducting compliance audits of the BC Lottery Corporation, commercial gaming, lottery gaming, licensed gaming events and community organizations' use of gaming proceeds.
- The Internal Compliance and Risk Management Division is responsible for managing the branch's internal compliance regime and for coordinating the branch's and industry's risk management strategies.
- The Investigations and Regional Operations Division fulfills the branch's enforcement function and is responsible for investigating all complaints and allegations of regulatory wrongdoing. The division assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in B.C. In addition, the division is responsible for the day-to-day management of regional offices in Kelowna, Prince George and Burnaby.

Conduct and Management of Gaming in B.C.

British Columbia Lottery Corporation

The BC Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors, appointed by Cabinet, the Corporation reports to the Minister of Public Safety and Solicitor General (Minister of Housing and Social Development prior to October 2010) and is regulated by the branch. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. In addition, the Corporation sets the rules of play for

lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

The branch licenses private companies to conduct and operate live horse racing events at horse racing tracks in British Columbia. These service providers are responsible for conducting horse racing in accordance with rules and regulations as set by the Province in the Gaming Control Act and the Rules of Thoroughbred and Standardbred Horse Racing. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community and Other Organizations

The branch licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

Supporting the Delivery of Gaming in B.C.

Gaming Services Providers

The B.C. Lottery Corporation contracts with private companies that provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo and community gaming centre operators. Services providers must ensure all gaming employees have taken Appropriate Response Training and that no person under the age of 19 participates in gambling activities or is present where gambling activity occurs.

Key Persons

The branch identifies as key persons those individuals who hold critical security, operational

or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services to gaming operators that are not directly related to the delivery of gaming. These include landlords, janitorial services and concessionaires.

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to conduct, manage or present large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include individuals who work for or conduct business with race tracks. These include jockeys, trainers, race horse owners and racing officials.

Horse Racing Teletheatre Operators

The branch licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 25 teletheatre locations in B.C. Twenty-two are operated by Teletheatre BC (TBC) in venues across the province. The remaining three teletheatres are located at race tracks (Hastings Racecourse, Fraser

APPENDIX B: GAMING PERMITTED IN BRITISH COLUMBIA

Downs Racetrack and Sandown Raceway) and are operated by the Great Canadian Gaming Corporation.

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are continually being developed. Players' preferences are also continually changing. The Province of British Columbia has chosen to take a cautious and

responsible approach in determining the forms of games it will permit and where the games may take place. Such opportunities must not jeopardize the integrity of the industry, must be capable of being effectively regulated and must be socially responsible. The following table summarizes the forms of gaming the Province has authorized, and the locations where each may be offered.

Table A: Gaming Permitted in British Columbia

Commercial Gaming	Casinos	Bingo Halls	CGCs*	Co- Located Race Tracks/ Casinos	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs & Bars
Commercial Bingo Games		✓	✓						
Lottery Products	✓	✓	✓	✓	✓	✓	✓		✓
Slot Machines	✓		✓	✓					
Table Games	✓			✓					
Poker Tables	✓			✓					
Electronic Table Games	✓		✓	✓					
Live Horse Racing				✓	✓				
Teletheatres	✓		✓	✓	✓				✓
Licensed Charitable Gaming									
Ticket Raffles								✓	✓
Independent Bingo								✓	✓
Social Occasion Casinos								✓	✓
Wheels of Fortune								✓	✓

* Community Gaming Centres

APPENDIX C: SOURCES AND DISTRIBUTION OF REVENUES

Table B: Government Gaming Revenues and Disbursements

Revenue – In (all figures in \$ millions)	2009/10	2008/09
Lotteries	\$266.7	\$256.4
Horse Racing Betting Fee	1.9	1.9
Casinos	731.3	758.1
Bingo (includes community gaming centres)	81.1	76.2
Total Revenue	\$1,081.0	\$1,092.6
Disbursements – Out	2009/10	2008/09
Supporting Communities		
Community Organizations	\$160.1	\$156.3
Payment to Host Local Governments	81.9	83.8
Local Economic Development (DAC)	5.6	9.1
Horse Racing Purse Enhancements	6.9	6.5
Gaming Policy and Enforcement Branch Operations		
Core Programs to Regulate Gaming	14.6	15.9
Problem Gambling Program	5.2	5.4
British Columbia Government Programs		
Health Special Account	147.3	147.3
Consolidated Revenue Fund	650.7	659.6
Government of Canada Transfer		
Under a federal/provincial lottery agreement	8.7	8.7
Total Disbursements	\$1,081.0	\$1,092.6

Table C: Host Local Government Share of Gaming Revenues

Host Government	Casino or Community Gaming Centre	2009/10	2008/09
Abbotsford	Chances Abbotsford* (opened 06/09)	\$633,505	-
Burnaby	Gateway Casino Burnaby	10,274,029	\$9,894,191
Campbell River	Campbell R. Bingo Palace* (closed 06/07)	-	-
	Campbell River Chances* (opened 07/07)	593,696	636,530
Coquitlam	Boulevard Casino	8,810,888	9,677,331
Courtenay	Chances Courtenay* (opened 02/08)	672,675	658,252
Cowichan	Chances Cowichan*	770,978	752,920
Dawson Creek	Chances Dawson Creek*	656,090	699,544
Fort St. John	Chances Fort. St. John* (opened 09/07)	721,459	822,731
Kamloops	Lake City Casino Kamloops	2,006,945	2,147,795
	Chances Kamloops*	379,694	385,630
Kelowna	Lake City Casino Kelowna	2,262,278	2,754,686
	Chances Kelowna*	1,347,264	1,028,289
Ktunaxa Tribal (Cranbrook)	Casino of the Rockies [†]	1,425,510	1,681,240
Langley	Cascades Casino	6,727,795	6,745,290
	Playtime Gaming Langley* (opened 10/08)	107,275	37,058
Mission	Chances Boardwalk* (opened 10/07)	543,765	582,778
Nanaimo	Great Canadian Nanaimo	2,638,751	2,898,471
New Westminster	Royal City Star (Riverboat) [†] (closed 12/07)	-	-
	Starlight Casino [†] (opened 12/07)	6,057,681	6,346,230
Penticton	Lake City Casinos Penticton [†]	1,635,101	1,717,191
Port Alberni	Chances Rim Rock* (opened 09/07)	395,489	425,452
	Treasure Cove Casino	2,403,753	2,509,792
Prince George	Chances Good Time Prince George (opened 03/08)	42,157	204,473
Prince Rupert	Chances Prince Rupert* (opened 10/07)	400,581	520,981
Quesnel	Billy Barker Casino	575,899	633,093
Richmond	River Rock Casino	11,659,481	12,099,891
Squamish	Chances Boardwalk Squamish* (opened 02/10)	48,866	
Surrey	Fraser Downs	2,955,371	3,209,360
Terrace	Chances Terrace* (opened 01/09)	436,116	80,111
	Great Canadian Holiday Inn (closed 11/07)	-	-
Vancouver	Edgewater Casino	6,266,064	6,463,316
	Hastings Racecourse (slots commenced 11/07)	1,356,310	1,077,132
Vernon	Lake City Casino Vernon	2,079,229	1,800,089
View Royal	Great Canadian View Royal	4,596,081	4,797,451
Williams Lake	Chances Signal Point*	477,684	572,115
Total HLG Revenue		\$81,958,461	\$83,859,413

* Community gaming centre † Destination casino

APPENDIX D: BRANCH OPERATING BUDGET AND EXPENDITURES

Table D: Branch Budget and Expenditures

Branch Budget	2009/10	2008/09
Core Operations	\$14,689,000	\$14,142,000
Responsible Gambling Program	4,541,000	7,002,000
Total Branch Budget	\$19,230,000	\$21,144,000
Branch Expenditures		
Core Branch Operations	2009/10	2008/09
Salaries and benefits costs	\$11,185,441	\$11,302,378
Operating and business expenses	2,476,710	3,766,769
Legal and professional services	947,529	835,803
Subtotal	\$14,609,680	\$15,904,950
Responsible Gambling Program	2009/10	2008/09
Salaries and benefits costs	\$265,534	\$183,003
Operating and business expenses	310,415	958,053
Legal and professional services	9,321	52,413
Contracts	4,592,817	4,190,956
Subtotal	\$5,166,887	\$5,384,425
Total Branch Expenditures	\$19,776,567	\$21,289,375
Surplus/(Deficit)	\$(546,567)	\$(145,375)

ANNUAL REPORT

April 1, 2009 to March 31, 2010

Contact information

For more information on the Gaming Policy and Enforcement Branch, or to view this document and others from the Ministry of Public Safety and Solicitor, please go to our website at:

www.pssg.gov.bc.ca/gaming/

For more information on British Columbia's Responsible Gambling Strategy please go to:

www.bcresponsiblegambling.ca

The Head Office of the Gaming Policy and Enforcement Branch is located in Victoria, with regional offices located in Burnaby, Kelowna and Prince George.

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Appendix F

Appendix G – 2010/11:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2010/11*, (Victoria: British Columbia, 2011).

Gaming Policy and Enforcement Branch

Annual Report

April 1, 2010 - March 31, 2011



Contents

Letter of transmittal	1
Accountability statement	2
Mandate statement	3
Key facts about gaming in British Columbia	4
Strategic focus and special projects 2010/11	5
PlayNow.com and ePoker working group	5
Horse racing revitalization	6
Ensuring citizens and communities are protected	7
Ensuring the right people and companies are involved in gaming	7
Corporate Registration	8
Personnel Registration	8
Registration of Lottery Retailers	8
Summary of Refusals, Revocations and Cancellations	9
Ensuring gaming supplies are fair	10
Risk management and internal compliance	11
Ensuring compliance with regulations and standards	12
The audit program	12
Commercial Gaming Audit Unit	12
Charitable Gaming Audit Unit	13
Enforce the rules and regulations of horse racing	14
Investigate allegations of wrongdoing related to gaming	17
Illegal Gaming	18
Supporting citizens and communities	20
Problem gambling and responsible gambling programs	20
Reducing the Incidence of Problem Gambling	20
Reducing the Harmful Impacts of Excessive Gambling	21
Ensuring that Gambling is Delivered in a Way that Encourages Responsible Gambling and Healthy Choices	22
Community Gaming Grants	24
Gaming licences	26
Classes of gaming licences	27
Gaming Online Service	29
Where the money goes	30
Local communities	30
Essential government services	31
Gaming Policy and Enforcement Branch operations	31
Looking ahead	32
VSE Reinstatement Program	32
Anti-Money-laundering Review	33
atron Gaming Fund pilot	33
Appendices	34
Appendix A: Gaming industry legal and operating framework	36
Regulating B.C.'s Gaming Industry	36
Conduct and Management of Gaming in B.C.	37
Supporting the Delivery of Gaming in B.C.	37
Appendix B: Gaming permitted in British Columbia	39
Appendix C: Sources and distribution of revenues	40
Appendix D: Branch operating budget and expenditures	43

Letter of transmittal



I am pleased to submit the 2010/11 Annual Report for the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch (GPEB) to the British Columbia Legislature. The information in this report reflects the activities of the Branch between April 1, 2010 and March 31, 2011.

The Gaming Policy and Enforcement Branch regulates the gaming industry in British Columbia. Its mandate is to ensure that gaming in the province is conducted and managed with integrity, and that the interests of the public are protected.

The evolving nature of gaming poses ongoing challenges to regulation. Casinos and community gaming centres are bringing new technology into their venues. For example, the British Columbia Lottery Corporation (BCLC) now has casino-style games and poker available through its PlayNow.com website. To address these and other changes to the industry, the Branch must maintain flexible and creative approaches to make sure that the same standard of integrity applies to all forms of gaming.

The frequency of cash transactions at gaming facilities means that service providers, the British Columbia Lottery Corporation, the Gaming Policy and Enforcement Branch and police forces must continue to be vigilant to deter money laundering. To ensure the Province's current anti-money laundering policies, practices and strategies are appropriate and to find ways to improve these wherever possible, my predecessor commissioned an independent review of anti-money laundering measures in B.C. casinos.

Work is already underway to implement new measures to better manage cash and improve patron safety. The results of the Review will inform GPEB activity in 2011/12 as it continues to strengthen anti-money laundering measures in B.C. casinos.

Government continues to support the B.C. horse racing industry through the B.C. Horse Racing Industry Revitalization Initiative. For 2010/11, government increased its financial support to \$10 million. The government appointed B.C. Horse Racing Industry Management Committee continues to guide the industry in its effort to become financially stable and sustainable. Given the number of challenges facing the industry and the general decline of horse racing across North America, these efforts will continue through 2011/12.

I will continue to work closely with GPEB management and staff to address these ongoing challenges and ensure the effective regulation of British Columbia's gaming industry and the protection of consumers and partners.

Honourable Shirley Bond
Minister of Public Safety and Solicitor General

Accountability statement

Honourable Shirley Bond
Minister of Public Safety and Solicitor General

Minister:

I'm pleased to present the 2010/11 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). The report covers the period between April 1, 2010 and March 31, 2011. I am responsible for the contents of this document, including the selection of accomplishments and the way in which they are reported.

GPEB's core mandate is to ensure the integrity of gaming in British Columbia. This includes making sure the right people and companies are involved in the industry, that gaming revenues are used appropriately, that all incidents of real or suspected wrongdoing are addressed, and that help is available for anyone experiencing problems related to gambling.

This past year saw a significant milestone in the evolution of the gaming industry in British Columbia. The British Columbia Lottery Corporation (BCLC) expanded its PlayNow.com website by adding casino-style games and peer-to-peer, multi-jurisdictional poker. The challenges surrounding the launch of the casino-style games made it evident that GPEB needed to enhance its approach to technical certification. In response, the Branch devoted its planning session for 2011/12 to online gaming. This resulted in the creation of a cross-divisional working group to review BCLC's introduction of ePoker, and to ensure that in addition to the related technical certification, this new online offering was scrutinized from all regulatory perspectives.

I am fortunate to work with a group of talented and enthusiastic people committed to keeping gaming in British Columbia a sound, socially-responsible industry. My thanks to GPEB staff for another year of dedication and exemplary service.

Douglas Scott
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

Mandate statement

GPEB’s mandate is to ensure the integrity of gaming and horse racing in British Columbia.

To carry out this mandate, GPEB regulates all gaming in the province. This includes regulatory oversight of BCLC, which conducts, manages and operates most commercial gaming in B.C.—from lotteries, casinos and community gaming centres, to commercial bingo halls and the PlayNow.com website.

GPEB’s work is guided by the provincial Gaming Control Act, the Criminal Code of Canada and other applicable laws, regulations, and policies.

GPEB’s core objective is to ensure that a comprehensive and responsible gaming regulatory framework is in place.



Key facts about gaming in British Columbia

In British Columbia, gaming is a \$2.7 billion/year industry.

During the past year, the gaming sector included:

- ◇ Over 26,000 people employed directly and indirectly in gaming operations and support services
- ◇ Over 9,100 licensed gaming events

As of March 31, 2011, the commercial gaming industry included:

- ◇ Provincial and national lottery games
- ◇ PlayNow.com
- ◇ 17 casinos
- ◇ 16 community gaming centres
- ◇ 11 commercial bingo halls
- ◇ 5 horse racetracks
- ◇ 22 horse racing teletheatres

In 2010/11, the regulation of gaming in British Columbia included:

- ◇ New and renewed registrations for:
 - 5,176 gaming workers
 - 2,297 lottery retailers
 - 253 senior gaming officials
 - 741 horse racing workers
 - 54 gaming services and gaming equipment providers
- ◇ Certification of 550 types of gaming equipment and/or supplies
- ◇ 456 audits of licensed gaming events and organizations' use of gaming grant proceeds
- ◇ Audits of 14 casinos, 13 community gaming centres, two horse racetracks and seven commercial bingo halls
- ◇ 8,818 notifications of suspicious activity and potential wrongdoing
- ◇ Conducting compliance audits of BCLC and the gaming industry regarding all applicable public interest standards, directives, laws and regulations.
- ◇ Operational reviews of every teletheatre in the province

Strategic focus and special projects 2010/11

PlayNow.com and ePoker working group

On July 15, 2010, BCLC expanded PlayNow.com to include casino-style games. The site experienced technical problems upon launch, and had to be temporarily shut down. It was re-launched on August 20.

As the industry regulator, GPEB was responsible for approving technical certification of both launches. The re-launch process required extensive review and consultation of the technical issues involved in online gaming--particularly important, given that BCLC has included peer-to peer poker on PlayNow.com, which is shared across B.C. and other Canadian jurisdictions.

GPEB's planning session in the fall of 2010 was focussed on ePoker and the associated issues with this form of online gaming. It became clear that the Branch needed to increase focus on the technical certification process. It was also agreed that additional preparation would be needed to ensure that all relevant divisions within the Branch had fully planned how to integrate the regulation of ePoker into their ongoing operations. In response, the Branch initiated a cross-divisional working group to meet this goal. The Internal Compliance and Risk Management Division provided project management support and monitored divisional plans and activities up to BCLC's successful launch of ePoker.

It was determined that the cross divisional working group approach was effective in ensuring that all regulatory requirements were met in response to new BCLC initiatives and other emerging issues in the gaming industry. This approach will be used in the future, as appropriate.



Horse racing revitalization

According to the 2008 report, *Size and Scope of Horse Racing in British Columbia*¹, the B.C. horse racing industry provides approximately 3,600 full-time equivalent jobs. This means that more than 7,400 people hold full-time, part-time or casual jobs in the industry. The report also estimated the overall economic impact of the industry was more than \$350 million.

Horse racing industry revenues have been declining over the past decade. In response, B.C. horse racing industry organizations asked the provincial government to help stabilize and revitalize the industry.

This request led to the creation of the B.C. Horse Racing Industry Management Committee (HRIMC). Comprised of leading horse racing industry and business experts, the Committee has full authority to provide strategic direction, decision-making, and business leadership to revitalize the industry.

The HRIMC began its formal involvement with the horse racing industry in January 2010. To date, the Committee has put in place a number of changes that have strengthened the industry, and will continue to develop effective business practices.

Before the creation of the HRIMC, the horse racing industry lacked strong central management. This made it difficult for the industry to establish an effective business model that would enable it to compete with other forms of gaming and entertainment.

The Committee has taken steps to ensure that major decisions adhere to a sustainable, effective and transparent business model that benefits the whole industry.



The HRIMC identified four main for improvement:

1. Governance
2. Cost efficiencies in operations
3. New revenue initiatives
4. Improving player interest and participation in horse racing and wagering

The B.C. Horse Racing Industry Business Plan offers a detailed summary of accomplishments and next steps in these areas. This document can be viewed at: www.pssg.gov.bc.ca/gaming/horse-racing/revitalization.htm

¹ IER Pty. Ltd. (www.harnessbc.ca/pdf/newspdf/bc%20size%20and%20scope%20study_report%20official.pdf)

Ensuring citizens and communities are protected

Ensuring the right people and companies are involved in gaming

GPEB's registration program helps to prevent unsuitable candidates from entering the gaming industry. Every year thousands of individuals and dozens of companies apply for registration.

Registrants are subject to a background investigation, which includes, but is not limited to, a criminal record check and a credit check. In some cases, an interview is conducted to confirm an applicant meets the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the Gaming Control Act and regulations.

There are three different kinds of registration: Corporate, personnel and lottery retailers.



CORPORATE REGISTRATION

The Corporate Registration Unit scrutinizes businesses and their executive personnel. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gaming equipment (e.g., slot machines, automatic shufflers, etc). Corporate registration also registers other service providers, such as gaming consultants, as well as security and ancillary services, including food and janitorial services provided at gaming facilities.

PERSONNEL REGISTRATION

The Personnel Registration Unit registers all individuals involved in the gaming industry, except lottery retailers (see below). This includes all people directly involved in the industry (e.g., casino, bingo and horse racing workers), as well as those indirectly involved (e.g., BCLC and GPEB employees).

REGISTRATION OF LOTTERY RETAILERS

In response to allegations of lottery retailer fraud in Ontario in 2006/07, GPEB began registering lottery retailers in 2007. This included registering managers at the approximately 4,000 lottery retail outlets in the province. The Branch continues to look at ways to make the registration system more efficient, while maintaining the integrity of lottery operations.

Table 1: Registration figures

CORPORATE REGISTRATIONS	2010/11		2009/10	
	NEW	RENEWAL	NEW	RENEWAL
Gaming service providers	13	20	6	17
Gaming equipment suppliers	5	7	2	9
Ancillary service contractors	6	3	5	1
Senior officials and senior employees	136	117	119	98

PERSONNEL REGISTRATIONS	2010/11		2009/10	
	NEW	RENEWAL	NEW	RENEWAL
Gaming workers	2,659	2,517	2,912	1,662
Lottery retail managers	600	1697	826	n/a
Horse racing workers	240	501	400	644
GPEB and BCLC personnel	107	30	211	26

SUMMARY OF REFUSALS, REVOCATIONS AND CANCELLATIONS

Every year, GPEB refuses a number of registrations for a variety of reasons. The most common involves inappropriate behaviour that calls into question the honesty and integrity of the applicant. Examples include failure to pass a criminal record check, to disclose outstanding criminal charges, or to provide information requested in the application or subsequent background investigation. While having a criminal record does not automatically result in refusal, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry—a process that does not end when registration has been granted.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if he or she is found not in compliance with the regulatory requirements of the Gaming Control Act, GPEB’s progressive disciplinary process will address these concerns. Based on the severity of the transgression, the Registration Division may issue a sanction, warning or suspension, or it may cancel registration altogether.

The table below shows the number of registrations revoked due to non-compliance. Under the “ceased” category, the table also indicates the number of individuals who voluntarily left the gaming industry.

Table 2: Summary of revocations and cancellations

TYPE OF REGISTRATION	2010/ 11			2009/10		
	DENIED	REVOKED	CEASED	DENIED	REVOKED	CEASED
Gaming workers	19	10	2,574	29	7	3,251
Horse racing workers	10	1		5	2	n/a
Lottery retail managers	10	7	2,224	3	5	1,190
BCLC and GPEB personnel	0	0	235			

Ensuring gaming supplies are fair

GPEB's certification process ensures that gaming supplies work properly and deliver the stated odds of winning. Only GPEB-certified gaming supplies may be used in British Columbia's gaming venues.

Gaming supplies include slot machines and related casino computer systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery terminals, self-checking lottery machines, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, and Internet gambling software.

All gaming supplies are tested in registered testing facilities, which verify product compliance with technical standards published by GPEB. In cases where a new lottery scheme would be best tested in a live environment, an interim certification may be granted as a first step in the full certification process. All equipment manufacturers and suppliers must ensure their products meet or exceed GPEB's standards.

GPEB investigates reports of malfunctioning gaming supplies and issues with lottery products.

In 2010/11, the Branch conducted thirteen technical investigations of gaming equipment malfunctions and lottery product complaints.



Gaming supplies are routinely upgraded and improved.

This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or registered testing facility reports that a particular gaming product no longer meets the technical standard under which it was approved.

Gaming supply malfunctions can also lead to a certification suspension or revocation, but revocations due to malfunctions are rare.

Software upgrades account for the majority of revocations.

In all instances, gaming supplies whose certification has been suspended or revoked must be removed from the gaming floor or from the Playnow.com website until they are repaired, modified or upgraded. A new Certificate of Technical Integrity is required before the gaming supplies can be returned to service.

Table 3: Gaming supplies certifications

TYPE OF CERTIFICATION	2010/11		2009/10	
	CERTIFICATIONS	REVOCA-TIONS	CERTIFICATIONS	REVOCA-TIONS
Pull-tab lottery tickets	16	0	15	0
Scratch & Win lottery tickets	54	1	63	0
eLottery (PlayNow.com interactive games)	50	38 ¹	9	0
Electronic gaming devices and other supplies	430	51	408	34

¹ Games revoked as a result of technical issues with the initial launch of BCLC's casino-style games on PlayNow.com. These games were subsequently re-certified.

Risk management and internal compliance

In order to keep pace with the rapidly evolving gaming industry, the Branch has moved towards a governance, risk and compliance management (GRC) model that includes risk management, ethics-reporting through a whistleblower program, monitoring and reviewing internal compliance, and evaluating the effectiveness of the program.

GPEB's Internal Compliance and Risk Management Division is responsible for the GRC program. The division also manages compliance with the Freedom of Information and Protection of Privacy Act, business continuity planning and core policy, and legislative requirements.

A number of milestones were reached in 2010/11. The Control and Risk Management Committee met quarterly to identify vulnerabilities and solutions for GPEB and the gaming industry. A gaming risk forum held in early 2010 provided tools for GPEB and BCLC to jointly identify issues and corresponding solutions. As well, an effective cross-divisional approach was developed in response to new electronic games being added to the PlayNow.com website. GPEB will continue to use this approach to address future BCLC initiatives and emerging issues in the gaming industry. This process ensures that all regulatory requirements from each division have been met (the regulatory assurance process).



Ensuring compliance with regulations and standards

The audit program

Under the Gaming Control Act and regulation, GPEB has the authority to monitor compliance with all applicable gaming legislation, regulations, policies, directives and public interest standards.

To ensure compliance, GPEB monitors the commercial gaming sector (including BCLC), the licensed charitable gaming sector, and community organizations' use of gaming proceeds. The Branch also runs public education programs to help improve compliance.

The Audit Division has two distinct work units: Commercial Gaming and Charitable Gaming.

COMMERCIAL GAMING AUDIT UNIT

The Commercial Gaming Audit unit is divided into three streams:

- 
- ◇ The first stream focuses on commercial gaming facilities. It carries out compliance audits of gaming services providers' conduct, management and operation of commercial gaming activities. GPEB determines which commercial gaming sites in the province will be audited each year based on a thorough risk assessment. The audit findings for commercial casinos are available at: www.pssg.gov.bc.ca/gaming/reports/audits.htm
 - ◇ The second stream focuses on BCLC's conduct and management of lottery gaming, including the Corporation's PlayNow.com website. This includes inspections of BCLC's lottery retail sites throughout the province.
 - ◇ The third stream focuses on BCLC's compliance with gaming laws, regulations and public interest standards in relation to all forms of gaming in B.C. GPEB has conducted annual audits of BCLC's internal processes and procedures since 2007/08.

In 2010/11, GPEB managed a comprehensive commercial gaming audit plan with three core objectives:

- ◇ Verify compliance with the Gaming Control Act, Gaming Control Regulation, GPEB directives and public interest standards.
- ◇ Maintain the integrity, fairness, security and public safety of the gaming environment, gaming equipment, gaming assets and gaming supplies.
- ◇ Confirm that a safe and supportive environment for the delivery of gaming products and services is in place, gambling risks are minimized, and effective and timely information and help is provided to individuals experiencing distress.

CHARITABLE GAMING AUDIT UNIT

The Charitable Gaming Audit Unit carries out compliance audits of licensed gaming events. This includes checking for compliance with terms and conditions for both event conduct and use of proceeds, and ensuring the appropriate use of gaming grant funds. GPEB determines which licensed gaming events and gaming grant recipients will be audited each year based on a thorough risk assessment. The audit findings for large-scale registered ticket raffles are available at www.pssg.gov.bc.ca/gaming/reports/audits.htm.

This unit also works to improve the compliance of organizations receiving gaming funds and those conducting gaming events, ensuring the proper use of gaming proceeds and enhancing financial accountability on the part of these organizations.

The percentage of audited gaming fund recipients found in full compliance has gone up from 58 per cent in 2009/10, to 75 per cent in 2010/11.

Table 4: Charitable and commercial audit activity

TYPE OF AUDIT	2010/11	2009/10
Commercial gaming site compliance audits	36	38
Compliance audits of BCLC's commercial gaming business, including PlayNow.com	18	18
Commercial gaming audits of the corporation's lottery business (e.g. , lottery prize payout)	10	10
Inspections of lottery retailers	792	801
Audits of charitable organizations receiving grants and conducting licensed gaming events	456	480
Percentage of audited gaming fund recipients in compliance	75%	58%



Enforce the rules and regulations of horse racing

GPEB regulates horse racing events in B.C., develops rules of horse racing, and licenses all participants in the industry. Horse racing statistics are reported by calendar year.



Racing Division staff are present at all operating racetracks in the province. In 2010, GPEB oversaw 1,597 races on 168 race dates at five provincial tracks.

The Racing Division develops rules and policies to ensure the horse racing industry operates fairly and with integrity. The division also revises the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia and meets regularly with industry stakeholders to address issues.

British Columbia's horse racing industry employs approximately 2,900 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB (see page 10). In 2010, 741 horse race workers were either licensed for the first time or had their licence renewed.

Table 5: British Columbia horse racing summary

THOROUGHBRED TRACKS	RACE DAYS		LIVE RACES		HORSES RAN	
	2010	2009	2010	2009	2010	2009
Hastings Racecourse (Vancouver)	71	74	564	643	4,533	5,267
Sagebrush Downs (Kamloops)	5	8	24	49	127	309
Sunflower Downs (Princeton)	1	1	8	9	49	57
Kin Park (Vernon)	3	3	16	19	94	136
TOTAL	80	86	612	720	4,803	5,769
STANDARDTBRED TRACKS	2010	2009	2010	2009	2010	2009
Fraser Downs Racecourse (Surrey)	88	96	985	1,122	8,133	9,401
Sandown Racecourse (Sidney)	0	0	0	0	0	0
TOTAL	88	96	985	1,122	8,133	9,401

Table 6: Horse race wagering (\$ figures in thousands)

WAGERS AT HASTINGS PARK (HP)		2010
HP live races		\$10,528
HP simulcast wagers		\$40,276
TOTAL		\$50,804
WAGERS AT FRASER DOWNS (FD)¹		
FD live races		\$2,856
FD simulcast wagers		\$21,447
TOTAL		\$24,303
WAGERS THROUGH TELETHEATRE BC		
Wagers on HP races		\$3,717
Wagers on FD races		\$2,546
Wagers on other racetracks		\$101,539
TOTAL		\$107,802
TOTAL		\$182,908

1 Includes the \$1,557,978 in simulcast wagers from the Sandown Racetrack Teletheatre



Regulating the horse racing industry means that GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. The Branch looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.

In 2010, GPEB's stewards and judges issued a total of 240 rulings. Of these, 113 were for thoroughbred racing infractions (issued by stewards), and 127 were for standardbred racing infractions (issued by judges).

Table 7: Horse racing rulings

STANDARD BRED RULINGS	2010	2009
Whipping violations	23	42
Racing or driving infractions committed during a race	61	62
Drug or alcohol infractions involving either horses or registered horse racing workers	12	10
Inappropriate behaviour in the backstretch area of a racetrack	16	21
Licensing or registration violations	0	1
Horses that bled during a race	0	4
Restoration of a horse or a horse racing worker to good standing	12	8
Other categories	3	6
TOTAL STANDARD BRED RULINGS	127	154
THOROUGHBRED RULINGS	2010	2009
Racing or riding infractions committed during a race	35	21
Drug or alcohol infractions involving either horses or registered horse racing workers	23	33
Entering an ineligible horse	3	15
Inappropriate behaviour in the backstretch area of a racetrack	11	10
Licensing or registration violations	20	21
Horses that bled during a race	5	1
Restoration of a horse or a horse racing worker to good standing	13	7
Other categories	3	8
TOTAL THOROUGHBRED RULINGS	113	116

Investigate allegations of wrongdoing related to gaming

To ensure the integrity of gaming in British Columbia, GPEB investigates all reported instances of real or suspected wrongdoing in gambling and horse racing. The Branch investigates, or assists law enforcement agencies in investigating, reports of suspected criminal activity or regulatory infractions related to legal gaming and horse racing.

BCLC, service providers, licensees and registrants (including lottery retailers) are legally required to notify GPEB without delay of any conduct, activity or incident connected to a lottery scheme or horse racing that may be considered contrary to the Criminal Code of Canada, the Gaming Control Act or regulation. This includes incidents at a gaming facility and those connected to lottery products. Any other matters that may affect the integrity of gaming and horse racing must also be reported, including, but not limited to cheating at play, theft, fraud, money laundering, loan sharking, robberies, assaults and threats.

GPEB investigates regulatory offences and those related to the Criminal Code of Canada (CC). Under the Gaming Control Act (GCA), GPEB has the authority to issue warnings, administer sanctions or issue tickets.

Other activities include conducting postregistration and post-licensing investigations; working in conjunction with law enforcement agencies to investigate illegal gambling activities, such as unauthorized lottery schemes; and providing gaming expertise, proceeds-of-crime assistance and forensic investigation to law enforcement agencies throughout the province.

GPEB maintains strong relationships with the RCMP and municipal police departments across jurisdictions to increase awareness of gaming-related enforcement issues and to identify potential suspects involved in unlawful gaming activity. The Branch uses these working relationships to help identify trends in unlawful activity and to

help gather and share intelligence concerning unlawful activity in gaming and horse racing.

In 2010/11, GPEB opened 8,818 files based on notifications and/or complaints of suspicious activity or suspected wrongdoing in

legal gaming venues. Of these files, 1,920 involved reports of individuals that entered a gaming facility when they had been legally prohibited to do so.



While all 8,818 files were investigated, the majority of them did not lead to sanctions by GPEB or by the RCMP or local police (see “Other,” under “Cleared Files” in Table 8).

The most common reasons for an investigation not to lead to a sanction are:

- ◇ Lack of sufficient evidence to lay charges
- ◇ Lack of an identified suspect
- ◇ Cases where the matter was resolved to the satisfaction of all parties before GPEB got involved



ILLEGAL GAMING

The mandate of the Investigations Division is to investigate all instances of real or suspected wrongdoing related to legal gaming and horse racing in British Columbia. The Branch does not investigate high-level illegal gambling activity. This is the mandate of the RCMP and/or local police forces.

However, GPEB does provide information, intelligence, expertise and, when requested, operational assistance to the police. The Branch also maintains effective communication with the police and identifies opportunities for investigation of alleged illegal gambling where appropriate.

For investigations related to illegal lotteries (for example, an event that was not licensed or is not eligible to be licensed), GPEB provides education and issues warnings and ticket violation notices. Of the 194 files related to suspected illegal gaming activities, 143 were related to illegal lottery issues.

Table 8: Investigation activity related to real or suspected wrongdoing

TYPES OF NOTIFICATION	NUMBER OPENED	CLEARED FILES							ONGOING
		UNFOUNDED	WARNING	GCA ADMIN ¹	GCA CHARGE	CC CHARGE	INTELLIGENCE ²	OTHER ³	
Theft	1,545	66	0	0	0	40	0	1,325	114
Assault and threats	367	11	0	0	0	9	0	316	31
Fraud	308	25	0	0	0	176	0	98	9
Loan sharking	44	2	0	0	0	0	6	32	4
Suspicious currency transactions/ money-laundering	459	5	0	0	0	0	138	260	56
Cheat at play	84	7	0	0	0	11	0	64	2
Counterfeit	602	7	0	0	0	0	561	15	19
GCA violations	314	10	26	141	6	0	13	87	31
VSE ⁴ prohibited	725	14	4	0	1	0	622	57	27
Prohibited (other)	1,195	6	2	0	16	0	1,129	20	22
Unclassified (types not categorized above)	3,175	95	3	0	3	15	111	2,736	212
TOTAL	8,818	248	35	141	26	251	2,580	5,010	527

1 Includes breaches of licence or registration conditions.

2 Includes forwarding data on suspect individuals and groups to police of jurisdiction, RCMP Proceeds of Crime, Major/Commercial Crime, FINTRAC, etc., and maintaining data for future investigations.

3 Includes reports where there is insufficient evidence to lay charges, assisting police of jurisdiction on unrelated criminal matters, or unidentified suspects.

4 Voluntary Self-Exclusion.

Supporting citizens and communities

Problem gambling and responsible gambling programs

In 2003, the Province launched its Responsible Gambling Strategy, which has three core goals:

- ◇ To reduce the incidence of problem gambling
- ◇ To reduce the harmful impacts of excessive gambling
- ◇ To ensure gambling is delivered in a way that encourages responsible practices and healthy choices



These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

REDUCING THE INCIDENCE OF PROBLEM GAMBLING

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to know their limit and play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

The Branch contracts a number of service providers (14 in 2010/11) to deliver community-based programs that provide problem gambling prevention and education information and encourage people to make healthy choices. Participants learn to identify problem gambling behaviour, respond appropriately to a friend or family member experiencing problems with gambling, and access counselling and other support services.

The program also exposes gambling myths and discusses responsible gambling practices. Over 1,700 presentations took place in 2010/10 before a variety of audiences:

- ◇ Children, youth and young adults
- ◇ Higher risk adults
- ◇ General adult populations
- ◇ Allied professionals

In early 2010, GPEB developed a new resource for college and university students called Gam_iQ, an interactive education program using iPad technology. During the 2010/11 school year, prevention specialists piloted Gam_iQ on 23 college and university campuses around the province. Almost 6,500 students played the comic book-style trivia game, testing their knowledge about common gambling myths and facts, and about problem gambling risks and behaviours.

GPEB continued to coordinate and standardize its problem gambling prevention activities across the province, a process begun in 2008/09.

REDUCING THE HARMFUL IMPACTS OF EXCESSIVE GAMBLING

In 2010/11, GPEB's 30 contracted clinical counsellors provided problem gambling counselling across British Columbia.

Problem gambling counselling services are free of charge for anyone directly or indirectly experiencing a gambling problem. Individuals, couples, family and group counselling services are available. Outreach counselling and telephone counselling is available for clients in remote locations.

An intensive day-treatment program called Discovery is also offered for five consecutive days each month in Victoria or the Lower Mainland. Participants may enrol for all or part of this program.

The 24-hour toll-free Problem Gambling Help Line can be reached at 1-888-795-6111. Operators provide crisis counselling and refer callers to various treatment and support services provided by the Province and allied professionals.

Funded by GPEB, the Help Line and free counselling and support services comprise an immediate response network to ensure that professional help is readily available for anyone experiencing issues due to excessive gambling.

For more information on the services offered through the B.C. Responsible and Problem Gambling Program, please see the Responsible Gambling Strategy Annual Report, which is posted online at www.pssg.gov.bc.ca/gaming/reports/.

For information on the future direction of problem and responsible gambling initiatives in the province, refer to the Responsible Gambling Strategy Three-year Plan, available online at www.pssg.gov.bc.ca/gaming/reports/docs/plan-rg-three-yr-2011-2014.pdf



ENSURING THAT GAMBLING IS DELIVERED IN A WAY THAT ENCOURAGES RESPONSIBLE GAMBLING AND HEALTHY CHOICES

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

Co-managed by GPEB and BCLC since 2006, GameSense Information Centres (formerly Responsible Gambling Information Centres) provide responsible gambling information at every casino and community gaming centre in B.C.

Centres located in casinos are staffed by GameSense Advisors (26 advisors throughout the province). These advisors share responsible gambling information and practices with interested patrons, and direct anyone experiencing gambling-related distress to the Problem Gambling Program and/or to BCLC's Voluntary Self-Exclusion Program.

Casinos and community gaming centres feature touch-screen interactive terminals, which provide engaging education modules at the push of a button or the touch of a screen.



Appropriate Response Training

The Appropriate Response Training is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills, and to enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Responsible Gambling Standards

The Province issued responsible gambling standards for the British Columbia gaming industry in 2005 to ensure that:

- ◇ minors are prevented from participating in gambling activities,
- ◇ patrons are equipped to make informed decisions regarding gambling,
- ◇ gambling-related risks are minimized, and
- ◇ people affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, all gaming services providers, all commercial gaming facilities and all community organizations licensed to conduct charitable gaming events.

In 2010/11, GPEB and BCLC reviewed and updated responsible gambling standards pertaining to the advertising of gambling products and venues.

The updated framework for gambling-related advertising in B.C. outlines new responsible gambling messaging requirements across established mediums and social media platforms. This framework will help GPEB and BCLC better protect the public and, specifically, minors.

Responsible Gambling Standards Compliance Audits

The Province issued responsible gambling standards for the British Columbia gaming industry in 2005 to In 2010/11, GPEB audited 14 casinos, two racetracks, 13 community gaming centres and seven commercial bingo halls for compliance with responsible gambling standards. The Branch also inspected approximately 20 per cent of lottery retailers to ensure they complied with gaming legislation, directives, policies and procedures. Results are summarized in the Responsible Gambling Strategy annual report, available at: www.pssg.gov.bc.ca/gaming/reports/.

Compliance audits focus on five key areas:

1. *Informed choice* – includes proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and of information regarding the odds of winning
2. *Appropriate response* – includes ensuring gaming workers have received Appropriate Response Training
3. *Responsible practices* – includes practices such as placing clocks in highly visible areas and other requirements.
4. *Financial transactions* – includes prominently displaying information describing payout policies and stating that credit will not be extended
5. *Voluntary Self-exclusion Program* – means having a fully operational program, readily available information on the program and effective monitoring of gaming facilities for excluded individuals

Table 9: B.C. Responsible and Problem Gambling Program statistics

PROGRAM FIGURES	2010/11	2009/10
Total help line calls (includes erroneous calls and hang-ups)	5,932	5,926
Calls made to help line specific to problem gambling	3,856	3,699
Referrals to the Problem Gambling Program	2,737	2,693
Clients served	2,038	1,403
Number of prevention information sessions delivered	1,703	1,688
CONTRACTED SERVICE PROVIDERS		
Clinical counsellors	30	28
Prevention service providers	14	17
Provincial coordinators	2	2
GameSense Advisors	26	25

Community Gaming Grants

Through the community gaming grant program, GPEB distributes funding to community organizations to support a wide array of programs and services across the province. Organizations receive funding based on their sector, the programs and services they deliver, and their financial need. In 2010/11, the Branch distributed \$135 million to approximately 5,000 non-profit organizations.

This year, GPEB also continued to transition community organizations from two grant programs (Bingo Affiliation and Direct Access) to the consolidated community gaming grant program. This ensures that all community groups have fair and equitable access to gaming funds.

In 2010/11, community gaming grants funded five main sectors:

- ◇ *Human and social services* – programs that significantly contribute to the quality of life in a community, including eligible programs presented by service organizations and service clubs
- ◇ *Public safety* – programs that support public safety initiatives, disaster relief and emergency preparedness in British Columbia
- ◇ *Art and culture* – programs that enhance performing arts, media arts or visual arts, literature, heritage or culture for youth 18 and under in the broader community. Also fairs, festivals and museums, which include cultural or heritage programs and/or displays of broad community interest suitable for all ages.
- ◇ *Sport* – programs that enhance sports participation for youth 18 years and under and people of all ages with a disability
- ◇ *Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC)* – PACs and DPACs are automatically eligible for community gaming grants. In 2010/11, PACs received \$20 per student per year; DPACs received grants of \$2,500 each year.



Table 10: Distribution of Community Gaming Grants

SECTOR	SUB-SECTOR	2010/11 (\$ MILLIONS)	2009/10* (\$ MILLIONS)
Human and social services	Community service organization	\$10.8	\$12.4
	Disadvantage distress poverty	\$29.8	\$22.0
	Public community facilities	\$5.5	\$4.5
	Public health in the community	\$12.5	\$11.5
	Education community	\$11.0	\$5.9
	Enhancement of youth	\$6.5	\$5.0
	Not classified	\$0.5	\$3.0
	Education post-secondary alumni	\$0.07	\$0.1
Arts, culture and sports	Sports - youth/ people with disabilities	\$22.0	\$17.9
	Sports - general	\$1.1	-
	Arts	\$6.2	\$8.5
	Culture	\$2.5	\$3.8
	Sports - adult	\$0.3	\$1.2
	Fairs, festivals, museums	\$1.5	-
	Youth arts and culture	\$1.8	-
Enhancement of public safety		\$6.3	\$6.4
Environment	Protection of animals and conservation of the environment	\$1.4	\$1.5
Parent Advisory Councils and DPACs		\$14.8	\$7.6
BC150 VIP		-	\$1.3
Priority program one-time grants		\$0.8	-
TOTAL		\$135.0	\$112.6

* Core gaming grants only. Does not include grant payments made on behalf of other ministries in 2009/10.

Gaming licences

GPEB issues gaming event licences to eligible community organizations throughout B.C. that wish to raise funds to support their local programs and services.

In 2010/11, the Branch issued more than 9,100 licences. In all, community organizations raised an estimated \$33.8 million to support their projects and services—a slight decrease over 2009/10.

It is the Branch's responsibility to ensure that charitable gaming events are conducted fairly and transparently. That is why the Branch ensures that organizations applying for a gaming event licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. We also conduct regular audits of licensees to ensure they follow rules and guidelines designed to protect the public.

The gaming events that can be licensed are ticket raffles, independent bingos (conducted in facilities other than commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four different types of gaming licences—Class A, B, C or D—depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community. In addition, GPEB must approve the organizational structure of organizations conducting Class A, B, or C gaming events.



CLASSES OF GAMING LICENCES

Class A

Issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding \$20,000.

Class A gaming events earned an estimated \$19.5 million in 2010/11. Several organizations earned more than \$500,000 for charitable causes. These included the Vancouver General Hospital and University of British Columbia Hospital Foundation (\$3.4 million in net proceeds), the British Columbia Children's Hospital Foundation (\$5 million in net proceeds), and the Canucks for Kids Fund (\$1 million in net proceeds).

Class B

Issued to eligible charitable and religious organizations for gaming events expected to generate up to \$20,000 in gross revenue.

Class B gaming events earned an estimated total of \$8.9 million in 2010/11 (an average of \$2,000 per event).

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to a select number of established fairs and exhibitions on a case-by-case basis.

Class C gaming events earned an estimated total of \$2.6 million in 2010/11, most of which was earned by the Pacific National Exhibition. Class C gaming events were also held at the Alberni District Fall Fair and the Interior Provincial Exhibition and Stampede held in Armstrong.



Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events expected to generate up to \$5,000 in gross revenue. This licence category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

Class D gaming events are restricted to ticket raffles and independent bingos. Eligibility is based on how the money raised will be spent.

Class D gaming events earned an estimated total of \$2.8 million in 2010/11—an average of \$640 per event.



Table 11: Charitable gaming events (all \$ figures in thousands)*

LICENCE CLASS	LICENCE TYPE	2010/11		2009/10	
		NUMBER	EARNED	NUMBER	EARNED
Class A	Minor	175	\$2,934.0	172	\$3,306.6
	Major	29	\$1,916.3	26	\$1,443.2
	Registered	19	\$11,902.8	21	\$12,857.1
	Independent bingos	116	\$2,711.6	117	\$2,274.5
	Social occasion casino	1	\$22.5	-	-
	TOTAL CLASS A LICENCES	340	\$19,487.2	336	\$19,881.5
Class B	Raffles	4,105	\$8,356.9	4,069	\$7,987.7
	Independent bingo	119	\$288.9	150	\$406.9
	Wheels of fortune	26	\$31.8	25	\$34.9
	Social occasion casino	25	\$32.8	36	\$57.8
	Poker	125	\$208.9	114	\$249.5
	TOTAL CLASS B LICENCES	4,400	\$8,919.4	4,395	\$8,736.8
Class C	Raffles	4	\$2,242.0	3	\$2,594.7
	Independent bingo	1	\$0.2	1	\$0.8
	Limited casino	1	\$137.6	1	\$364.0
	Wheels of fortune	2	\$201.2	2	\$226.9
	TOTAL CLASS C LICENCES	8	\$2,583.0	7	\$3,186.4
Class D	Independent bingo	100	\$74.2	79	\$53.6
	Raffles	4,281	\$2,728.7	3731	\$2,575.3
	TOTAL CLASS D LICENCES	4,381	\$2,802.9	3,810	\$2,628.9
TOTAL—ALL LICENCE CLASSES		9,129	\$33,792.6	8,548	\$34,443.7

* Based on reported and estimated earnings

Gaming Online Service

Gaming Online Service (GOS) has been providing services to the general public, gaming staff and government agents for more than three years. The Branch continues to improve this online service to meet the changing needs of the public and of gaming industry. GOS is web-based and available 24 hours a day, seven days a week (there is help available to those without Internet access).

GOS provides access to a full range of gaming information and services. Features and benefits include:

- ◇ Community organizations can apply for grants and licences, submit required financial reports and pay fees by credit card—all online. This has reduced GPEB's data entry and administrative tasks, significantly improving efficiency and turnaround time.
- ◇ Gaming services providers and the public may submit online reports of real or suspected wrongdoing.
- ◇ GPEB staff can use the system to create and access certification reports for gaming equipment, and registration reports for individuals and companies.

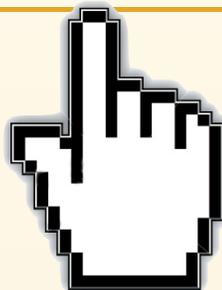
GOS improves Branch administrative processes for registration and certification by providing valuable tools to track and monitor investigations, and by issuing licences and reports related to horse racing. The system also facilitates cross-divisional information sharing.

Future enhancements to GOS include: increased flexibility for the grant program, online registration services, more robust reporting, and improved data sharing with BCLC.

These improvements will build on GPEB's efforts to give British Columbians access to convenient, effective service.



BRITISH
COLUMBIA



Where the money goes

Commercial gaming revenue comes from casinos, community gaming centres, commercial bingo halls, lotteries and PlayNow.com. In 2010/11, commercial gaming in British Columbia, excluding horse racing, grossed \$2.68 billion—an increase of \$161 million over 2009/10. After prize payouts and expenses, government revenue from gaming totalled \$1.10 billion.

This revenue supports local communities, the horse racing industry, GPEB operations, and essential government programs. As a part of a revenue-sharing agreement between the federal and provincial governments, \$8.9 million of lottery revenues was remitted to the federal government.

Local communities

In 2010/11, GPEB distributed \$135 million in community gaming grants to approximately 5,000 community organizations.

But community gaming grants are only one way in which local communities benefit from gaming revenues.

Local governments that host casinos and/or community gaming centres receive 10 per cent of net gaming income from casino gaming. This funding may be used for any purpose, as long as it's of public benefit to the host community. In 2010/11, GPEB paid \$82.3 million in grants to 29 host local governments (a \$0.4 million increase from 2009/10). A further \$10.9 million for local economic development funding was paid to communities that host destination casinos. Since 1999, the Province has distributed over \$680 million in gaming revenue to local governments.

Gaming funds support a wide variety of community programs, capital projects and other initiatives. For example, in 2010/11, several host local governments used gaming revenue to enhance local infrastructure, including expanding a fire hall in Coquitlam, rebuilding street lights in downtown Campbell River and repairing sidewalks and roads in Richmond. Recreation activities supported by gaming revenues included supporting the Comox Valley Art Gallery in Courtenay and renewing the sports centre in Coquitlam.

GPEB dedicated a \$10 million grant to help revitalize the horse racing industry in B.C.

Essential government services

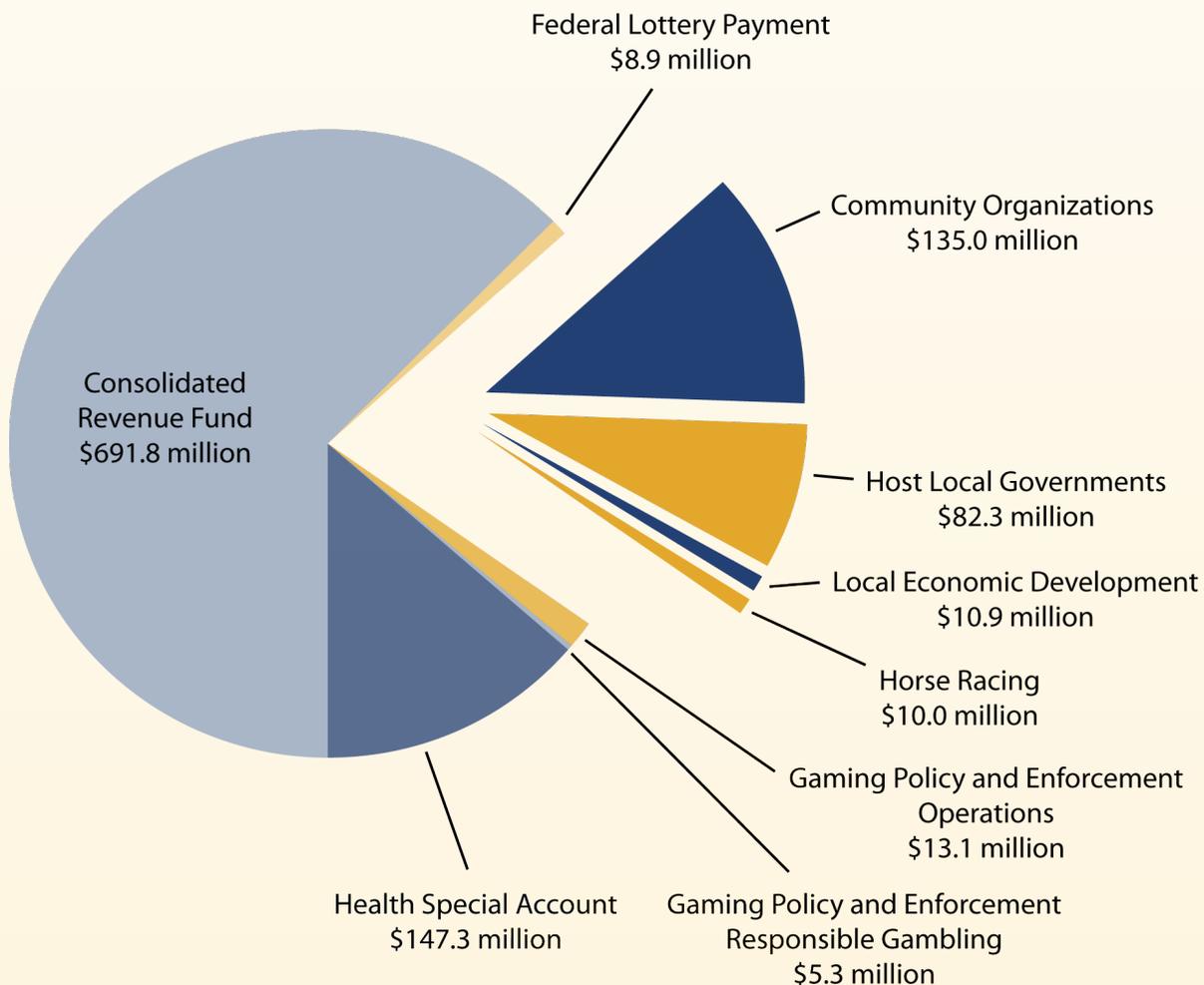
In 2010/11, \$147.3 million in gaming revenue was directed to the B.C. Government's Health Special Account to be used exclusively for health promotion and health education services. More than \$2 billion has been paid directly into this account since its creation in 1992.

In 2010/11, \$691.8 million was allocated to the Consolidated Revenue Fund to support social programs, primarily health care and education. In the past 10 years, over \$4.5 billion in gaming revenue has been directed to this fund.

Gaming Policy and Enforcement Branch operations

In 2010/11, GPEB spent \$18.4 million on the regulation of gaming, a decrease of \$1.4 million from 2009/10. Core operating costs accounted for approximately \$13.1 million; Responsible Gambling Strategy programs accounted for the other \$5.3 million.

Figure 1: Where the Money Goes 2010/11



Looking ahead

VSE Reinstatement Program

The B.C. Lottery Corporation's Voluntary Self-Exclusion program (VSE) allows people to prohibit themselves from entering casinos, community gaming centres and/or the PlayNow.com website. Individuals can sign up for a period of six months, or one, two or three years. Once chosen, this period can be extended, but not reduced. VSE registrants are offered a referral to problem gambling counselling and support services.

As part of ongoing efforts to improve the program and continue to align it with best practices, GPEB and BCLC will develop a reinstatement component to the program. The primary purpose of the VSE reinstatement program is to ensure that individuals who have struggled with a gambling problem (as acknowledged by the fact they signed up for VSE), receive support and education before being allowed to re-enter a gaming facility and/or access their online gaming account.

While all VSE participants are encouraged to receive free counselling through the Responsible and Problem Gambling Program at the time of sign-up and any time thereafter, acceptance of counselling support is voluntary. VSE participants will be required to complete the reinstatement program before they are able to re-enter gaming facilities. This will ensure that education and harm reduction information is provided to all participants reaching completion of their VSE term.

GPEB is currently working with BCLC on the early planning stages of a VSE Reinstatement Pilot Program. The pilot is expected to be launched before the end of the 2011/12 fiscal year.

Anti-Money-laundering Review

In January 2011, a review was ordered to examine anti-money-laundering (AML) strategies at B.C.'s gaming facilities. The review was intended to determine what policies, practices and strategies were in place, and identify any opportunities to strengthen the existing anti-money-laundering regime.

The report has been received by the Branch and an action plan is in development. Further information will be available in 2011/12.

Patron Gaming Fund pilot

The Patron Gaming Fund (PGF) gives casino customers the option to keep money in a controlled account for use in casino gaming. The purpose is to provide convenience for the high-dollar volume regular casino player in B.C. The PGF account was piloted in five Lower Mainland casinos through 2010.

Through their PGF account, patrons can deposit funds via electronic funds transfer (EFT) and wire transfers from bona fide Canadian financial institutions. Verified wins from the casino can also be deposited into the account.

A PGF account requires a minimum initial deposit of \$10,000. Unused PGF account money and verified wins can be deposited back into the account for future use. Funds can be returned to the patron through EFT back to their financial institution, or by issuing a casino cheque.

Properly managed, a PGF account helps patrons handle large sums of money safely and conveniently. Under certain conditions, it can also reinforce service providers' anti-money-laundering practices.

The program has successfully completed the pilot phase, having been audited twice in its first year with positive results. In 2011/12, GPEB will look at how to make the program more accessible to patrons who request it.

Appendices

Appendix A: Gaming industry legal and operating framework

In B.C., gaming is regulated under the Criminal Code of Canada and the provincial Gaming Control Act. Responsibility for the effective regulation of gaming resides with the Minister of Public Safety and Solicitor General, who provides broad policy direction so that the government's social and economic priorities for gaming are achieved.

The Minister is not involved in decisions regarding individuals or specific companies or organizations, nor in the day-to-day management of gaming.

REGULATING B.C.'S GAMING INDUSTRY

The Gaming Policy and Enforcement Branch, which regulates gaming in B.C., is made up of seven divisions:

- ◇ *Policy, Responsible Gambling and Business Services* – responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. This division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. In addition, it provides financial advice to GPEB's Executive, administers the Branch budget, makes payments on behalf of the Branch, and provides information and technology support.
- ◇ *Licensing and Grants* – distributes grants to community organizations and issues gaming event licences to eligible organizations.
- ◇ *Racing* – regulates and manages horse racing.
- ◇ *Registration and Certification* – conducts financial and personal background checks on all gaming services providers and gaming workers. This division also approves and certifies all gaming equipment used in the province.
- ◇ *Audit and Compliance* – conducts compliance audits of BCLC, commercial gaming, lottery gaming, licensed gaming events and community organizations' use of gaming proceeds.
- ◇ *Internal Compliance and Risk Management* – manages GPEB's internal compliance program and coordinates the Branch's and industry's risk management strategies.
- ◇ *Investigations and Regional Operations* – fulfills GPEB's enforcement function and is responsible for investigating all complaints and allegations of regulatory wrongdoing. This division assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in B.C.

CONDUCT AND MANAGEMENT OF GAMING IN B.C.

British Columbia Lottery Corporation

The B.C. Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors appointed by Cabinet, the Corporation reports to the Minister of Public Safety and Solicitor General and is regulated by GPEB. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. It also sets the rules of play for lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

GPEB licenses private companies to conduct and operate live horse racing events at 5 horse race tracks in British Columbia. These service providers are responsible for conducting horse racing in accordance with the Gaming Control Act and the Rules of Thoroughbred and Standardbred Horse Racing. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community Organizations

GPEB licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

SUPPORTING THE DELIVERY OF GAMING IN B.C.

Gaming Services Providers

The B.C. Lottery Corporation contracts with private companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo, community gaming centre operators and lottery retailers. Services providers at gaming facilities must ensure all gaming employees have taken Appropriate Response Training and that no one under 19 participates in gambling activities or is present where gambling activity occurs.

Key Persons

GPEB identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services to gaming operators that are not directly related to gaming itself (i.e., landlords, janitorial services and concessionaires).

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to operate large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include people who work for or conduct business with racetracks (i.e., jockeys, trainers, race horse owners and racing officials).

Horse Racing Teletheatre Operators

GPEB licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 22 teletheatre locations in B.C. Twenty are operated by Teletheatre BC (TBC) in venues across the province. The remaining two teletheatres are located at racetracks (Hastings Racecourse and Fraser Downs Racetrack) and are operated by the Great Canadian Gaming Corporation.

Authorized Forms of Gaming

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are constantly being developed. Players' preferences are also constantly changing. The Province takes a cautious and responsible approach when determining the types of games it will permit and where those games may take place. New products/approaches must not jeopardize the integrity of the industry, must be socially responsible, and it must be possible for GPEB to effectively regulate them.

The following table summarizes the forms of gaming currently authorized and the locations where each may be offered.

Appendix B: Gaming permitted in British Columbia

COMMERCIAL GAMING	CASINOS	BINGO HALLS	CGCs*	CO-LOCATED RACETRACKS/ CASINOS	RACETRACKS	LOTTERY OUTLETS	INTERNET	LICENSED EVENTS	PUBS & BARS
Commercial bingo games		•	•						
Lottery products	•	•	•	•	•	•	•		•
Slot machines	•		•	•					
Table games	•			•					
Poker tables	•			•					
Electronic table games	•		•	•					
Live horse racing				•	•				
Teletheatres	•		•	•	•				•
LICENSED CHARITABLE GAMING									
Ticket raffles								•	•
Independent bingo								•	•
Social occasion casinos								•	•
Wheels of fortune								•	•

* Community gaming centres

Appendix C: Sources and distribution of revenues

Table A: Government gaming revenues and disbursements		
REVENUE – IN (ALL FIGURES IN \$MILLIONS)	2010/11	2009/10
Lotteries	\$280.4	\$261.7
Online gaming via PlayNow.com	\$8.6	\$5.0
Horse racing betting fee*	--	\$1.9
Casinos	\$724.4	\$731.3
Bingo (includes community gaming centres)	\$91.2	\$81.1
TOTAL REVENUE	\$1,104.6	\$1,081.0
DISBURSEMENTS – OUT	2010/11	2009/10
Supporting communities		
Community organizations	\$135	\$160.1
Payment to host local governments	\$82.3	\$81.9
Local economic development (DAC)	\$10.9	\$5.6
Horse racing purse enhancements	\$10.0	\$6.9
Gaming Policy and Enforcement Branch operations		
Core programs to regulate gaming	\$13.1	\$14.6
Problem gambling program	\$5.3	\$5.2
British Columbia government programs		
Health Special Account	\$147.3	\$147.3
Consolidated Revenue Fund	\$691.8	\$650.7
Government of Canada transfer		
Under a federal/provincial lottery agreement	\$8.9	\$8.7
TOTAL DISBURSEMENTS	\$1,104.6	\$1,081.0

* Responsibility for this fee was transferred to GPEB in 2010/11.

Table B: Host local government share of gaming revenues

LOCATION AND NAME OF CASINO	2010/11	2009/10
Abbotsford		
• Chances Abbotsford CGC ¹	\$807,176.68	\$633,504.80
Burnaby		
• Gateway Burnaby Casino	\$9,931,544.16	\$10,274,028.84
Campbell River		
• Campbell River Chances CGC	\$650,833.00	\$593,696.44
Coquitlam		
• Boulevard Casino	\$8,060,123.31	\$8,810,887.89
Courtenay		
• Chances Courtenay CGC	\$625,965.36	\$672,674.81
Cowichan		
• Chances Cowichan CGC	\$747,674.51	\$770,977.51
Cranbrook (Ktunaxa First Nation)		
• Casino of the Rockies	\$1,390,720.40	\$1,425,509.55
Dawson Creek		
• Chances Dawson Creek CGC	\$685,372.70	\$656,090.31
Fort St. John		
• Chances Fort St. John CGC	\$662,074.02	\$721,458.62
Kamloops		
• Lake City Casino	\$1,922,871.51	\$2,006,945.42
• Chances Kamloops CGC	\$482,685.01	\$379,693.83
Kelowna		
• Lake City Casino	\$2,216,116.95	\$2,262,278.32
• Chances Kelowna CGC	\$1,306,623.23	\$1,347,264.41
Langley		
• Playtime Gaming CGC	\$164,857.16	\$107,274.54
• Langley Casino	\$6,251,586.52	\$6,727,795.29
Maple Ridge		
• Maple Ridge Community Gaming Centre ²	\$317,106.55	N/A
Mission		
• Chances Boardwalk CGC	\$500,918.77	\$543,765.46

1 The Chances Abbotsford Community Gaming Centre (CGC) opened June 2009.

2 The Maple Ridge CGC opened October 2010.

Table B: Host local government share of gaming revenues
(continued)

LOCATION AND NAME OF CASINO	2010/11	2009/10
Nanaimo		
• Nanaimo Casino	\$2,569,858.95	\$2,638,750.55
New Westminster		
• Starlight Casino	\$6,237,431.78	\$6,057,680.60
Penticton		
• Lake City Casinos Ltd.	\$1,712,121.15	\$1,635,100.80
Port Alberni		
• Chances Rim Rock	\$530,671.67	\$395,489.41
Prince George		
• Treasure Cove Casino	\$2,556,331.52	\$2,403,753.25
• Chances Good Time Prince George CGC (Closed - Jun 2009)	N/A	\$42,157.25
Prince Rupert		
• Chances Prince Rupert CGC	\$397,854.92	\$400,581.19
Quesnel		
• Billy Barker Casino	\$553,138.12	\$575,899.35
Richmond		
• River Rock Casino	\$13,004,504.09	\$11,659,480.94
Squamish		
• Chances Boardwalk Squamish ¹	\$205,588.44	\$48,866.11
Surrey		
• Fraser Downs	\$2,873,692.63	\$2,955,371.21
Terrace		
• Chances Terrace ²	\$456,541.18	\$436,116.99
Vancouver		
• Edgewater	\$5,881,108.92	\$6,266,063.76
• Hastings	\$1,288,937.07	\$1,356,309.77
Vernon		
• Lake City Casino	\$2,086,808.48	\$2,079,228.85
View Royal		
• View Royal Casino ³	\$4,446,628.07	\$4,596,081.06
Williams Lake		
• Signal Point CGC	\$792,401.45	\$477,684.35
TOTAL MUNICIPAL SHARE OF CASINO REVENUE	\$82,317,868.28	\$81,958,461.48

1 The Chances Boardwalk Squamish opened February 2010.
2 The Chances Terrace CGC opened in January 2009.
3 View Royal has revenue sharing agreement with nearby local governments.

Appendix D: Branch operating budget and expenditures

BRANCH BUDGET	2010/11	2009/10
Core operations	\$13,200,000	\$14,689,000
Responsible Gambling Program	\$4,456,000	\$4,541,000
TOTAL BRANCH BUDGET	\$17,656,000	\$19,230,000
BRANCH EXPENDITURES	2010/11	2009/10
Core Branch operations		
Salaries and benefits costs	\$11,414,900	\$11,185,441
Operating and business expenses	\$1,469,838	\$2,476,710
Legal and professional services*	-	\$947,529
SUBTOTAL	\$13,120,935	\$14,609,680
Responsible Gambling Program		
Salaries and benefits costs	\$256,433	\$265,534
Operating and business expenses	\$256,884	\$310,415
Legal and professional services	\$13,299	\$9,321
Contracts	\$4,800,234	\$4,592,817
Subtotal	\$5,326,850	\$5,166,887
TOTAL BRANCH EXPENDITURES	\$18,447,785	\$19,776,567
SURPLUS/(DEFICIT)	\$(791,785)	\$(546,567)

* Legal services were centralized in 2010/11. Therefore, no budget or costs at the Branch level were incurred from that point on.



Appendix H – 2011/12:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2011/12*, (Victoria: British Columbia, 2012).

**Gaming Policy and
Enforcement Branch**

Annual Report

April 1, 2011 - March 31, 2012



Contents

- Letter of transmittal 5
- Accountability statement 6
- Mandate statement 7
- Key facts about gaming in British Columbia 8
- Strategic focus and special projects 2011/12 9
 - Anti-Money-Laundering Strategy 9
 - Horse racing revitalization 10
- Ensuring citizens and communities are protected 11
 - Ensuring the right people and companies are involved in gaming 11
 - Corporate Registration 11
 - Personnel Registration 11
 - Registration of Lottery Retailers 11
 - Summary of Refusals, Revocations and Cancellations 12
 - Ensuring gaming supplies are fair 13
 - Quality Assurance and Risk 14
- Ensuring compliance with regulations and standards 15
 - The audit program 15
 - Commercial Gaming Audit Unit 15
 - Charitable Gaming Audit Unit 15
 - Enforce the rules and regulations of horse racing 17
 - Investigate allegations of wrongdoing related to gaming 20
- Supporting citizens and communities 22
 - Problem gambling and responsible gambling programs 22
 - Creating Public Awareness of Risks Associated with Gambling 22
 - Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice 22
 - Provide Treatment and Support to Those Impacted by Problem Gambling 24
 - Community Gaming Grants 25
 - Gaming licences 27
 - Classes of gaming licences 27
- Where the money goes 29
 - Local communities 29
 - Essential government services 30
 - Gaming Policy and Enforcement Branch operations 30
- Looking ahead 31
 - Responsible Gambling Awareness Month 31

Appendices

Appendix A: Gaming industry legal and operating framework	33
Regulating B.C.'s Gaming Industry	33
Conduct and Management of Gaming in B.C.	33
Supporting the Delivery of Gaming in B.C.	34
Appendix B: Gaming permitted in British Columbia	35
Appendix C: Sources and distribution of revenues	36
Appendix D: Branch operating budget and expenditures	39

Letter of Transmittal



I am pleased to submit to the British Columbia Legislature the 2011/12 Annual Report for the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Energy, Mines and Natural Gas. The information in this report reflects the activities of the Branch between April 1, 2011 and March 31, 2012.

The Gaming Policy and Enforcement Branch regulates the gaming industry in British Columbia. Its mandate is to ensure that gaming in the province is conducted and managed with integrity, and that the interests of the public are protected.

The evolving nature of gaming poses ongoing challenges to regulation. Casinos and community gaming centres are bringing new technology into their venues, and the popularity and evolution of online gambling has taken unprecedented strides over the past few months, including added pressures to enter the mobile market. To address these and other changes to the industry, the Branch must maintain flexible and creative approaches, making sure that the same standard of integrity applies to all forms of gaming.

The British Columbia Lottery Corporation (BCLC), GPEB and police forces also remain vigilant to deter money laundering in B.C. gaming facilities. To ensure the Province's current anti-money laundering policies, practices and strategies are appropriate, and to find ways to improve these wherever possible, in 2010, I commissioned a review to examine anti-money-laundering (AML) measures at B.C.'s gaming facilities. Released in 2011, the report found that the Province already has a robust anti-money-laundering regime in place, and made recommendations to further strengthen this regime. Over the past few months, GPEB and BCLC have been hard at work addressing these recommendations.

The main focus of the Province's AML strategy involves moving the gaming industry away from cash transactions as quickly as possible, while all remaining cash transactions are appropriately scrutinized.

Government continues to support the B.C. horse racing industry through the B.C. Horse Racing Industry Revitalization Initiative. For 2011/12, government's financial support remained at \$10 million. The government-appointed B.C. Horse Racing Industry Management Committee continues to guide the industry in its effort to become financially stable and sustainable. Given the number of challenges facing the industry and the general decline of horse racing across North America, these efforts will continue through 2012/13.

I will continue to work closely with GPEB management and staff to address these ongoing challenges and ensure the effective regulation of British Columbia's gaming industry and the protection of consumers and partners.

**Honourable Rich Coleman,
Minister of Energy, Mines and Natural Gas
Deputy Premier**

Accountability Statement

Honourable Rich Coleman
Minister of Energy, Mines and Natural Gas

Minister:

I'm pleased to present the 2011/12 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). The report covers the period between April 1, 2011 and March 31, 2012. I am responsible for the contents of this document, including the selection of accomplishments and the way in which they are reported.

GPEB's mandate is to ensure that gaming in British Columbia is conducted responsibly and with integrity. As such, GPEB requires, among other things, that gaming revenues be used appropriately, that only appropriate people are included in the industry, that incidents of real or suspected wrongdoing be addressed, that responsible gambling education is available to all British Columbians, and that help is available to anyone experiencing problems related to gambling.

Over the past year, GPEB has been working closely with the British Columbia Lottery Corporation (BCLC) to further strengthen the already robust measures to deter money-laundering in B.C. gaming facilities. The main focus of this strategy has been to find ways to move away from cash transactions by encouraging the use of alternative transaction methods, such as electronic funds transfers. Other elements of the strategy include connecting with other jurisdictions to examine related best practices, and making sure that gaming staff have the training and knowledge to scrutinize all buy-ins for suspicious transactions. In addition, the Responsible and Problem Gambling Program increased the nature and scope of its services demographically and in terms of people served.

Finally, I would like to recognize and thank all GPEB staff for their expertise and commitment to ensuring that gaming remains a sound, socially-responsible industry in British Columbia. I am fortunate and proud to work with them.

Douglas Scott
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch



Mandate Statement

GPEB's mandate is to ensure the integrity of gaming and horse racing in British Columbia.

To carry out this mandate, GPEB regulates all gaming in the province. This includes regulatory oversight of BCLC, which conducts, manages and operates most commercial gaming in B.C.—from lotteries, casinos and community gaming centres, to commercial bingo halls and the PlayNow.com website. Horse racing in the province is conducted and managed by thoroughbred and standardbred associations, in conjunction with racetrack operator Great Canadian Gaming Corporation.

GPEB's work is guided by the provincial Gaming Control Act, the Criminal Code of Canada and other applicable laws, regulations, and policies.

GPEB's core objective is to ensure that a comprehensive and responsible gaming regulatory framework is in place.



Key facts about gaming in British Columbia

In British Columbia, gaming is a \$2.7 billion/year industry.

- During the past year, the gaming sector included:
- Almost 31,000 people employed directly and indirectly in gaming operations and support services (source: Canadian Gaming Association report: *Economic Impact of the Canadian Gaming Industry [2010/11]*)
- Almost 9,900 licensed gaming events.

As at March 31, 2012, the commercial gaming industry included:

- Provincial and national lottery games
- PlayNow.com
- 17 casinos
- 17 community gaming centres
- 10 commercial bingo halls
- 5 horse racetracks
- 22 horse racing teletheatres.

In 2011/12, the regulation of gaming in British Columbia included:

- New and renewed registrations for:
 - 4,781 gaming workers
 - 1,700 lottery retailers
 - 209 senior officials and senior employees
 - 925 horse racing workers
 - 59 gaming services and gaming equipment providers.
- Certification of 668 types of gaming equipment and/or supplies
- 465 audits of licensed gaming events and organizations' use of gaming grant proceeds
- Audits of 15 casinos, 17 community gaming centres, two horse racetracks and five commercial bingo halls
- 13,536 notifications of suspicious activity and potential wrongdoing
- Conducting compliance audits of BCLC and the gaming industry regarding all applicable public interest standards, directives, laws and regulations
- Operational reviews of every teletheatre in the province.

Anti-Money-Laundering Strategy

In 2011, GPEB formed a cross-divisional working group with the mandate to develop and implement stronger anti-money-laundering solutions within B.C.'s gaming industry. The main strategy is to shift British Columbia's gaming industry away from its reliance on cash brought in from outside gaming facilities.

Working with BCLC and gaming services providers, GPEB is evaluating options that allow patrons to access funds from within a gaming facility and directly from their banking institutions.

The options include:

- Providing currently available Patron Gaming Fund accounts through even more financial institutions or through certified cheques, bank drafts, verified-win cheques and cheques issued by Canadian casinos;
- Offering debit withdrawals at the casino cash cage; and
- Providing a "cheque hold" system for high-volume players.

Measures currently in place include:

- The Patron Gaming Fund, which provides casino customers with the option to keep money in a controlled account for use in casino gaming; and
- Automatic teller machines (ATMs) inside gaming facilities.

In addition to these measures, in 2012 GPEB introduced the Customer Convenience Cheque program. Provided when a player cashes out, the cheque is a safe alternative to cash and may total up to \$8,000 per week. The customer's information is recorded when these cheques are issued, and the transactions are monitored for compliance with strict anti-money-laundering policies and procedures.

Horse racing revitalization

British Columbia's horse racing industry contributes \$350 million (estimated in 2008) to the province's economy and provides more than 7,400 people with approximately 3,600 full-time equivalent jobs.

However, over the last several decades, the industry has been in decline. As has been the case throughout North America, attendance and wagering revenues have dropped significantly. In response to requests from the industry that it step in and help revitalize horse racing in B.C., the Province created the B.C. Horse Racing Industry Management Committee in November 2009. The committee includes leading horse racing industry and business experts, and its mandate is to provide strategic direction, decision-making and business leadership.

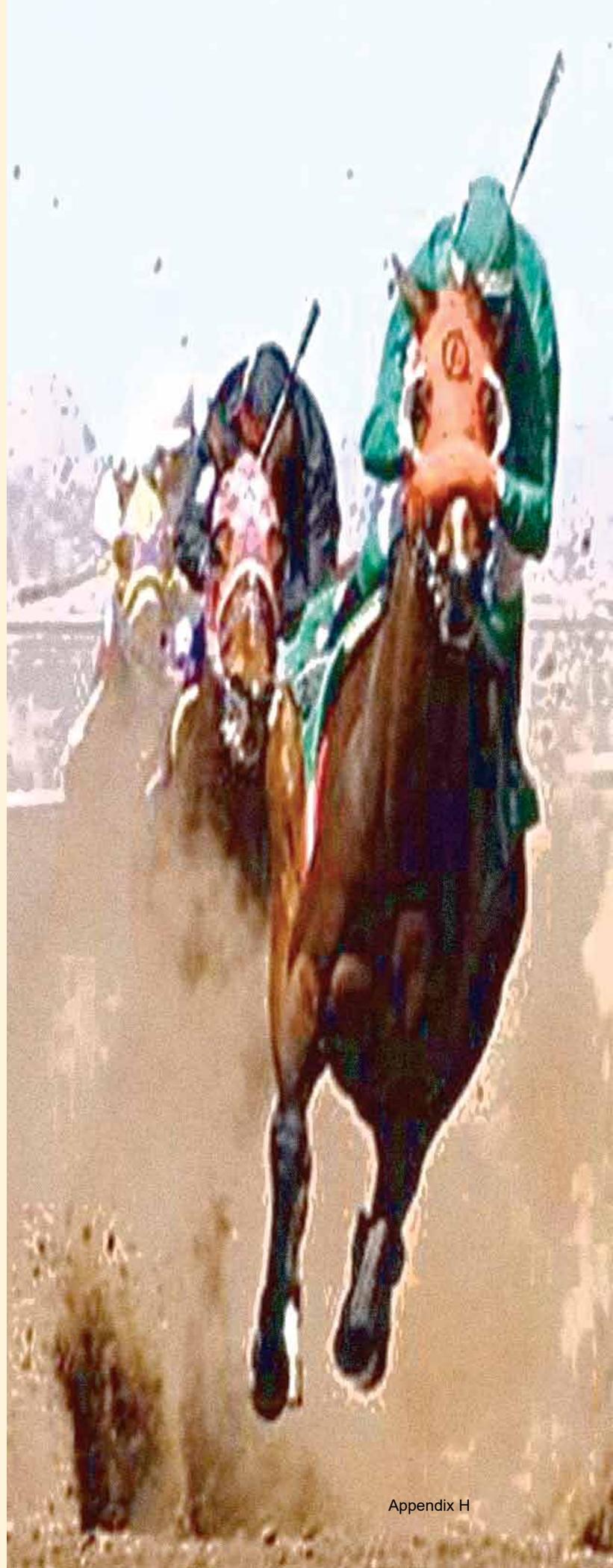
The committee has focused on creating a sustainable and transparent business model that benefits the entire industry. To help drive its activities and decisions, the committee consulted with trainers, bettors, track employees, the track operator and other interested stakeholders throughout the province. The main areas targeted for improvement have been:

- governance,
- cost efficiencies in operations,
- new revenue initiatives, and
- marketing.

In a report scheduled for early 2013 the committee will present the best case for making horse racing sustainable in British Columbia.

More information charting the progress of the committee is available at:

<http://www.gaming.gov.bc.ca/horse-racing/revitalization.htm>



Ensuring citizens and communities are protected

Ensuring the right people and companies are involved in gaming

GPEB's registration program helps to prevent unsuitable candidates from entering the gaming industry. Every year, thousands of individuals and dozens of companies apply for registration.

Registrants are subject to a background investigation, which includes, but is not limited to, a criminal record check and a credit check. In some cases, an interview is conducted to confirm an applicant meets the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the Gaming Control Act and regulations.

There are three different kinds of registration: Corporate, personnel and lottery retailers.

Corporate Registration

The Corporate Registration Unit scrutinizes businesses and their executive personnel. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gaming equipment (e.g., slot machines,

automatic shufflers, etc). Corporate registration also registers other service providers, such as gaming consultants, ticket rafflers, security and ancillary services, including food and janitorial services provided at gaming facilities.

Personnel Registration

The Personnel Registration Unit registers all individuals involved in the gaming industry, except lottery retailers (see below). This includes all people directly involved in the industry (e.g., casino, bingo and horse racing workers), as well as those indirectly involved (e.g., BCLC and GPEB employees)

Registration of Lottery Retailers

In response to allegations of lottery retailer fraud in Ontario in 2006/07, GPEB began registering lottery retailers in 2007. As at March 31, 2012, there were 3,853 lottery retail outlets in the province, all managed by Branch registrants. The Branch continues to look at ways to make the registration system ever more efficient, while maintaining the integrity of lottery operations.

Table 1: Registration figures

Corporate Registrations	2011/12		2010/11	
	New	Renewal	New	Renewal
Gaming service providers	8	8	13	20
Gaming equipment suppliers	11	7	5	7
Ancillary service contractors	14	11	6	3
Senior officials and senior employees	133	76	136	117
Personnel Registrations	2011/12		2010/11	
	New	Renewal	New	Renewal
Gaming workers	3,200	1,581	2,659	2,517
Lottery retail managers	429	1,271	600	1,697
Horse racing workers	251	166	240	501
GPEB and BCLC personnel	167	373	107	30

Summary of Refusals, Revocations and Cancellations

Every year, GPEB refuses a number of registrations for a variety of reasons. The most common involves inappropriate behaviour that calls into question the honesty and integrity of the applicant. Examples include failure to pass a criminal record check, to disclose outstanding criminal charges, or to provide information requested in the application or subsequent background investigation. While having a criminal record does not automatically result in refusal, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry—a process that does not end when registration has been granted.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if he or she is found not in compliance with the regulatory requirements of the Gaming Control Act, GPEB’s progressive disciplinary process will address these concerns. Based on the severity of the transgression, the Registration Division may issue a sanction, warning or suspension, or it may cancel registration altogether.

The table below shows the number of registrations revoked due to non-compliance. Under the “ceased” category, the table also indicates the number of individuals who voluntarily left the gaming industry.

Table 2: Summary of revocations and cancellations

Type of Registration	2011/12			2010/11		
	Denied	Revoked	Ceased	Denied	Revoked	Ceased
Gaming workers	32	29	2,966	19	10	2,574
Horse racing workers	2	3	0	10	1	0
Lottery retail managers	2	4	2,289	10	7	2,224
BCLC and GPEB personnel	0	0	484	0	0	235



Ensuring gaming supplies are fair

GPEB's certification process ensures that gaming supplies work properly and deliver the stated odds of winning. Only GPEB-certified gaming supplies may be used in British Columbia's gaming venues.

Gaming supplies include slot machines and related casino computer systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery terminals, self-checking lottery machines, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, and Internet gambling software.

All gaming supplies are tested in registered testing facilities, which verify product compliance with technical standards published by GPEB. In cases where a new lottery scheme would be best tested in a live environment, an interim certification may be granted as a first step in the full certification process. All equipment manufacturers and suppliers must ensure their products meet or exceed GPEB's standards.

GPEB investigates reports of malfunctioning gaming supplies and issues with lottery products.

In 2011/12, the Branch conducted 19 technical investigations of gaming equipment malfunctions and lottery product complaints.

Gaming supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or registered testing facility reports that a particular gaming product no longer meets the technical standard under which it was approved.

Gaming supply malfunctions can also lead to a certification suspension or revocation, but revocations due to malfunctions are rare. Software upgrades account for the majority of revocations.

In all instances, gaming supplies whose certification has been suspended or revoked must be removed from the gaming floor or from the Playnow.com website until they are repaired, modified or upgraded. A new Certificate of Technical Integrity is required before the gaming supplies can be returned to service.

Table 3: Gaming supplies certifications

Type of Certification	2011/12		2010/11	
	Certifications	Revocations	Certifications	Revocations
Pull-tab lottery tickets	15	0	16	0
Scratch & Win lottery tickets	58	0	54	1
eLottery (PlayNow.com interactive games)	26	6	50	38 ¹
Electronic gaming devices and other supplies	569	64	430	51

¹ Games revoked as a result of technical issues with the initial launch of BCLC's casino-style games on PlayNow.com. These games were subsequently re-certified.

Quality Assurance and Risk

In 2011/12, GPEB restructured its former Internal Compliance and Risk Management Division into the new Quality Assurance and Risk Division. The division is responsible for the development and maintenance of a strategic commitment, operations, risk and evaluation framework for gaming in B.C. (also known as the SCORE framework). The division also monitors and reports on accountability and compliance with

this framework. This includes a comprehensive approach for identifying and managing risks, and for identifying opportunities and processes to mitigate those risks within GPEB and B.C.'s gaming industry as a whole. Other responsibilities include a business continuity program, staff whistleblower and public complaints programs and internal processes to ensure the Branch fulfills its mandate and complies with government legislation.



Ensuring compliance with regulations and standards

The audit program

Under the Gaming Control Act and regulation, GPEB has the authority to monitor compliance with all applicable gaming legislation, regulations, policies, directives and public interest standards.

To ensure compliance, GPEB monitors the commercial gaming sector (including BCLC), the licensed charitable gaming sector, and community organizations' use of gaming proceeds. The Branch also runs public education programs to help improve compliance.

The Audit Division has two distinct work units: Commercial Gaming and Charitable Gaming.

Commercial Gaming Audit Unit

The Commercial Gaming Audit unit is divided into three streams:

The first stream focuses on commercial gaming facilities. It carries out compliance audits of gaming services providers' conduct, management and operation of commercial gaming activities. GPEB determines which commercial gaming sites in the province will be audited each year based on a thorough risk assessment. The audit findings for commercial casinos are available at: www.pssg.gov.bc.ca/gaming/reports/audits.htm

The second stream focuses on BCLC's conduct and management of lottery gaming, including the Corporation's PlayNow.com website. This includes inspections of BCLC's lottery retail sites throughout the province.

The third stream focuses on BCLC's compliance with gaming laws, regulations and public interest standards in relation to all forms of gaming in B.C.

GPEB manages a comprehensive commercial gaming audit plan with three core objectives:

- Verify compliance with the Gaming Control Act, Gaming Control Regulation, GPEB directives and public interest standards.
- Maintain the integrity, fairness, security and public safety of the gaming environment, gaming equipment, gaming assets and gaming supplies.
- Confirm that a safe and supportive environment for the delivery of gaming products and services is in place, gambling risks are minimized, and effective and timely information and help is provided to individuals experiencing distress.

Charitable Gaming Audit Unit

The Charitable Gaming Audit Unit carries out compliance audits of licensed gaming events. This includes checking for compliance with terms and conditions for both event conduct and use of proceeds, and ensuring the appropriate use of gaming grant funds. GPEB determines which licensed gaming events and gaming grant recipients will be audited each year based on a thorough risk assessment. The audit findings for large-scale registered ticket raffles are available at www.pssg.gov.bc.ca/gaming/reports/audits.htm.

This unit also works to improve compliance through education of those organizations receiving gaming funds and those conducting gaming events. It ensures the proper use of gaming proceeds and enhancing financial accountability on the part of these organizations.



In 2011/12, GPEB changed its approach of selecting organizations to be audited from random selection, to a risk-based selection method, which included risk factors that would reflect non-compliance. Auditors included, amongst other things, feedback from other Divisions and a pre-screening questionnaire in their selection process.

The approach identified a number of organizations that demonstrated varying degrees of non-compliance. Issues existed in the organizations' structures, their expenditure of gaming funds, the way they conducted their licensed events and their reports to the Branch. This brought the percentage of audited gaming fund recipients found in full compliance down to 39 per cent.

Table 4: Charitable and commercial audit activity

Type of Audit	2011/12	2010/11
Commercial gaming site compliance audits	39	36
Compliance audits of BCLC's commercial gaming business, including PlayNow.com	32	18
Commercial gaming audits of the corporation's lottery business (e.g. , lottery prize payout)	6	10
Inspections of lottery retailers	735	792
Audits of charitable organizations receiving grants and conducting licensed gaming events	465	456
Percentage of audited gaming fund recipients in compliance	39% ¹	75%

1 The compliance percentage has decreased significantly in comparison with the previous year for a number of reasons, most notably, the fact that in 2011/12, GPEB auditors focused on organizations expected to be found not in compliance (based on their analysis of the gaming environment and a thorough risk assessment of the gaming population).

Enforce the rules and regulations of horse racing

GPEB regulates horse racing events in B.C., develops rules of horse racing, and licenses all participants in the industry. Horse racing statistics are reported by calendar year.

Racing Division staff are present at all operating racetracks in the province. In 2011, GPEB oversaw 1,333 races on 148 race dates at five provincial tracks.

The Racing Division develops rules and policies to ensure the horse racing industry operates fairly

and with integrity. The division also revises the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia and meets regularly with industry stakeholders to address issues.

British Columbia's horse racing industry employs approximately 2,700 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. In 2011/2012, 925 horse race workers were either licensed for the first time or had their licence renewed.

Table 5: British Columbia horse racing summary

Thoroughbred Tracks	Race Days		Live Races		Horses Ran	
	2011	2010	2011	2010	2011	2010
Hastings Racecourse (Vancouver)	71	71	550	564	4,269	4,533
Sagebrush Downs (Kamloops)	0	5	0	24	0	127
Sunflower Downs (Princeton)	2	1	14	8	65	49
Kin Park (Vernon)	2	3	10	16	61	94
Total	75	80	574	612	4,395	4,803

Standardbred Track	2011		2010		2011		2010	
	2011	2010	2011	2010	2011	2010	2011	2010
Fraser Downs Racecourse (Surrey)	73	88	759	985	6,146	8,133		
Total	73	88	759	985	6,146	8,133		



Table 6: Horse race wagering (\$ figures in thousands)

Wagers at Hastings Park (HP)		2011
HP live races		\$11,965,475.00
HP simulcast wagers		\$78,434,865.20
Total		\$90,400,340.20
Wagers at Fraser Downs (FD)		
FD live races		\$2,703,588.40
FD simulcast wagers		\$25,895,480.80
Total		\$28,599,069.20
Wagers through Teletheatre BC		
Wagers on HP races		\$1,574,572.40
Wagers on FD races		\$999,668.80
Wagers on other racetracks		\$50,047,352.00
Total		\$52,621,593.20
Total		\$171,621,002.60



Regulating the horse racing industry means that GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. The Branch looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.

In 2011, GPEB's stewards and judges issued a total of 194 rulings. Of these, 88 were for thoroughbred racing infractions (issued by stewards), and 106 were for standardbred racing infractions (issued by judges).

Table 7: Horse racing rulings

Standardbred Rulings	2011	2010
Whipping violations	23	23
Racing or driving infractions committed during a race	43	61
Drug or alcohol infractions involving either horses or registered horse racing workers	8	12
Inappropriate behaviour in the backstretch area of a racetrack	8	16
Licensing or registration violations	5	0
Horses that bled during a race	1	0
Restoration of a horse or a horse racing worker to good standing	11	12
Other categories	7	3
Total Standardbred Rulings	106	127
Thoroughbred Rulings	2011	2010
Whipping violations	22	35
Racing or driving infractions committed during a race	14	23
Drug or alcohol infractions involving either horses or registered horse racing workers	4	3
Inappropriate behaviour in the backstretch area of a racetrack	22	11
Licensing or registration violations	6	20
Horses that bled during a race	6	5
Restoration of a horse or a horse racing worker to good standing	7	13
Other categories	7	3
Total Thoroughbred Rulings	88	113

Investigate allegations of wrongdoing related to gaming

To ensure the integrity of gaming in British Columbia, GPEB investigates all reported instances of real or suspected wrongdoing in gambling and horse racing. The Branch investigates, or assists law enforcement agencies in investigating, reports of suspected criminal activity or regulatory infractions related to legal gaming and horse racing.

BCLC, service providers, licensees and registrants (including lottery retailers) are legally required to notify GPEB without delay of any conduct, activity or incident connected to a lottery scheme or horse racing that may be considered contrary to the Criminal Code of Canada, the Gaming Control Act, or Regulation. This includes incidents at a gaming facility and those connected to lottery products. Any other matters that may affect the integrity of gaming and horse racing must also be reported, including, but not limited to cheating at play, theft, fraud, money laundering, loan sharking, robberies, assaults and threats.

GPEB investigates regulatory offences and those related to the Criminal Code of Canada (CC). Under the Gaming Control Act (GCA), GPEB has the authority to issue warnings, administer sanctions or issue tickets.

Other activities include conducting post-registration and post-licensing investigations; working in conjunction with law enforcement agencies to investigate illegal gambling activities, such as unauthorized lottery schemes; and providing gaming expertise, proceeds-of-crime assistance and forensic investigation to law enforcement agencies throughout the province.

GPEB maintains strong relationships with the RCMP and municipal police departments across jurisdictions, to increase awareness of gaming-related enforcement issues and to identify potential suspects involved in unlawful gaming activity. The Branch uses these working relationships to help identify trends in unlawful activity, and to help gather and share intelligence concerning unlawful activity in gaming and horse racing.

In 2011/2012, Investigation and Regional Operations Division conducted ongoing gaming investigations using minors with assistance from stakeholder partners. This involved lottery retailers in the province where enforcement actions resulted in a number of lottery retailers and/or employees being charged under Section 89(3) GCA – Sale of Lottery Tickets to a Minor. Investigation and Regional Operations Division will continue to undertake enforcement actions of this nature, including the use of minors, on an ongoing basis. These actions will insure that the integrity of gaming is upheld, and that lottery retailers and other service providers to the gaming industry are compliant and not contravening provisions of the Gaming Control Act.

In 2011/12, GPEB opened 13,536 files based on notifications and/or complaints of suspicious activity, or suspected wrongdoing in legal gaming venues. Of these files, 1,687 involved reports of individuals who entered a gaming facility when they had been legally prohibited to do so.

All 13,536 files were opened by GPEB. Some files were handled by GPEB and others were handled by police of jurisdiction and/or were forwarded to other bodies, for example, the RCMP, the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), the Canada Border Services Agency, etc. Please see table 8 for details.

The most common reasons for an investigation not to lead to a sanction are:

- Lack of sufficient evidence to lay charges;
- Lack of an identified suspect; and
- Cases resolved to the satisfaction of all parties before GPEB became involved.



Table 8: Investigation activity related to real or suspected wrongdoing

Types of Notification	Number Opened	Cleared Files							Ongoing
		Unfounded	Warning	GCA Admin ¹	GCA Charge	CC Charge	Intelligence ²	Other ³	
Theft	1,506	78	0	0	0	48	0	1,270	110
Assault	202	4	0	0	0	14	0	172	12
Threats	226	10	0	0	0	2	0	212	2
Fraud	201	30	0	0	0	11	0	134	26
Loan sharking	8	0	0	0	0	0	8	0	0
Suspicious currency transactions/ money-laundering	861	21	0	0	0	0	759	30	51
Cheat at play	174	87	0	0	0	2	0	73	12
Counterfeit	447	1	0	0	0	0	444	2	0
GCA violations	272	10	8	149	2	0	5	71	27
VSE ⁴ prohibited	4,077	1	0	0	0	0	4,069	5	2
Prohibited (other)	1,687	0	0	0	2	0	1,669	6	10
Unclassified ⁵ (types not categorized above)	3,875	24	0	0	0	9	421	3,305	116
Total	13,536	266	8	149	4	86	7,365	5,280	368

- 1 Breaches of licence or registration conditions.
- 2 Includes forwarding data on suspect individuals and groups to police of jurisdiction, RCMP Proceeds of Crime, Major/Commercial Crime, FINTRAC, etc., and maintaining data for future potential investigations.
- 3 Includes reports where there is insufficient evidence to lay charges, assisting police of jurisdiction on unrelated criminal matters, unidentified suspects and reports of non-reportable issues.
- 4 Voluntary Self-Exclusion.
- 5 These reports may be in regard to a variety of specific notifications, including drugs (found, person using or person trafficking), chips/cash passing between patrons, false identification, vandalism, among others.

Supporting citizens and communities

Problem gambling and responsible gambling programs

In 2003, the Province launched its Responsible Gambling Strategy, which has three core goals:

- Create public awareness of risks associated with gambling
- Deliver gambling in a manner that encourages responsible gambling and informed choice
- Provide treatment and support to those impacted by problem gambling

These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

Creating Public Awareness of Risks Associated with Gambling

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to know their limit and play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

The Branch contracts a number of service providers (77 in 2011/12) to deliver community-based programs that provide problem gambling prevention and responsible & recreational gambling education information. These programs encourage people to make healthy choices. Participants also learn to identify problem gambling behaviour, how to self-regulate their gambling behavior responsibly and where to access counselling for themselves or affected others.



The program also exposes gambling myths and discusses responsible gambling practices. Over 3,504 presentations were offered to 81,992 people in 2011/12 before a variety of audiences:

- Children, youth and young adults
- Higher risk adults
- General adult populations
- Allied professionals

Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in BC. A total of twenty-five GameSense Advisors share responsible gambling information and practices with interested patrons and direct anyone experiencing gambling-related distress to the Responsible and Problem Gambling Program and/or to BCLC's Voluntary Self-Exclusion Program.

Casinos and community gaming centres feature touch-screen interactive terminals, which provide engaging education modules at the push of a button or the touch of a screen.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC. The centres were previously called Responsible Gambling Information Centres.

Appropriate Response Training

The Appropriate Response Training is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills, and to enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.



Responsible Gambling Standards

The Province issued responsible gambling standards for the British Columbia gaming industry in 2005 to ensure that:

- minors are prevented from participating in gambling activities,
- patrons are equipped to make informed decisions regarding gambling,
- gambling-related risks are minimized, and
- people affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, all gaming services providers, all commercial gaming facilities and all community organizations licensed to conduct charitable gaming events.

Last fiscal (2010/11), GPEB and BCLC reviewed and updated responsible gambling standards pertaining to the advertising of gambling products and venues. The updated framework for gambling-related advertising in B.C. outlines new responsible gambling messaging requirements across established mediums and social media platforms. This framework will help GPEB and BCLC better protect the public, including minors.

In 2011/12, GPEB audited 13 casinos, two racetracks, 15 community gaming centres and five commercial bingo halls for compliance with responsible gambling standards. The Branch also monitors BCLC, licensee and service provider gaming event advertising to ensure that it complies with responsible gambling public interest standards. Approximately 19 per cent of lottery retailers were inspected to ensure they complied with gaming legislation, directives, policies and procedures.

Compliance audits focus on five key areas:

- *Informed choice* – includes proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and of information regarding the odds of winning

Table 9: B.C. Responsible and Problem Gambling Program statistics

Program Figures	2011/12	2010/11
Total help line calls (includes erroneous calls and hang-ups)	4,611	5,932
Calls made to help line specific to problem gambling	4,212	3,856
Referrals to the Responsible and Problem Gambling Program	2,629	2,737
Clients served	2,079	2,038
Number of prevention information sessions delivered	3,504	1,703
Contracted Service Providers		
Clinical counsellors	29	30
Prevention service providers	20	14
Provincial coordinators	2	2
GameSense Advisors	26	26

- *Appropriate response* – includes ensuring gaming workers have received Appropriate Response Training
- *Responsible practices* – includes practices such as placing clocks in highly visible areas and other requirements.
- *Financial transactions* – includes prominently displaying information describing payout policies and stating that credit will not be extended
- *Voluntary Self-exclusion Program* – means having a fully operational program, readily available information on the program and effective monitoring of gaming facilities for excluded individuals

Provide Treatment and Support to Those Impacted by Problem Gambling

In 2011/12, GPEB's 29 contracted clinical counsellors provided problem gambling counselling across British Columbia. Problem gambling counselling services are free of charge for anyone directly or indirectly experiencing a gambling problem. Individuals, couples, family and group counselling services are available. Outreach counselling and telephone counselling is available for clients in remote locations.

The 24-hour toll-free Problem Gambling Help Line can be reached at 1-888-795-6111. Operators provide crisis counselling and refer callers to various treatment and support services provided by the Province and allied professionals.

Funded by GPEB, the Help Line and free counselling and support services comprise an immediate response network to ensure that professional help is readily available for anyone experiencing issues due to excessive gambling.

An intensive day-treatment program called Discovery is also offered in both weekend and five-day workshops each month on Vancouver Island and the Lower Mainland. Participants may enroll for all or part of this program. In 2011/12, Discovery ran 10 out of 12 months of the year, with the participation of 326 individuals.

For information on the future direction of problem and responsible gambling initiatives in the province, refer to the Responsible Gambling Strategy Three-year Plan, available online at www.pssg.gov.bc.ca/gaming/reports/docs/plan-rg-three-yr-2011-2014.pdf

Community Gaming Grants

Through the community gaming grant program, GPEB distributes funding to community organizations to support a wide array of programs and services across the province. Organizations receive funding based on their sector, the programs and services they deliver, and their financial need.

In 2011, responsibility for the community gaming grant program shifted to the Ministry of Culture, Sport and Community Development. While grant eligibility and approval rests now with this ministry, GPEB is still responsible for managing all administrative functions related to the program, including financial oversight, audit, IT services and corporate support. The Gaming Control Act has been amended to enact this shared responsibility.

In 2011/12, GPEB distributed \$135 million to approximately 5,300 non-profit organizations. Funds were distributed to organizations within the following six sectors:

- *Human and social services* – programs that significantly contribute to the quality of life in a community, including eligible programs presented by service organizations and service clubs

- *Public safety* – programs that support public safety initiatives, disaster relief and emergency preparedness in British Columbia
- *Art and culture* – programs that enhance performing arts, media arts or visual arts, literature, heritage or culture for youth 18 and under in the broader community. Also fairs, festivals and museums, which include cultural or heritage programs and/or displays of broad community interest suitable for all ages.
- *Sport* – programs that enhance sports participation for youth 18 years and under and people of all ages with a disability
- *Environment* – programs that enhance British Columbia's environment or protect the welfare of animals and wildlife
- *Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC)* – PACs and DPACs are eligible for community gaming grants. In 2011/12, PACs received \$20 per student per year; DPACs received grants of \$2,500 each year.



Table 10: Distribution of Community Gaming Grants

NOTE: Certain figures in the 2010/2011 column below, including the total, are restated since the 2010/11 GPEB annual report.

Sector	Sub-sector	2011/12 (\$ Millions)	2010/11 (\$ Millions)
Human and social services	Community service organizations	\$7.7	\$10.8
	Disadvantage distress poverty	\$25.9	\$29.8
	Public community facilities	\$4.2	\$5.5
	Public health in the community	\$11.1	\$12.5
	Education community	\$11.9	\$11.0
	Enhancement of youth	\$5.3	\$6.5
	Not classified	\$0.3	\$0.5
	Education post-secondary alumni	-	\$0.1
Arts and culture	Arts and culture	\$8.3	\$8.7
	Fairs, festivals, museums	\$4.0	\$1.5
	Youth arts and culture	\$5.0	\$1.8
Sports	Sports - youth/ people with disabilities	\$26.9	\$22.3
	Sports - adult	\$0.9	\$0.3
	Sports - general	\$0.6	\$1.1
Enhancement of public safety		\$7.0	\$6.3
Environment	Protection of animals and conservation of the environment	\$2.6	\$1.4
Parent Advisory Councils and DPACs		\$11.9	\$14.8
Priority program one-time grants		\$1.4	\$0.0 ¹
Total		\$135.0	\$135.0

1 In 2010/11, funding of priority program one-time grants was accounted for in the other sectors and sub-sectors in the table.



Gaming licences

GPEB issues gaming event licences to eligible community organizations throughout B.C. that wish to raise funds to support their local programs and services. Licences are issued with the understanding that charitable organizations will also honour municipal by-laws.

In 2011/12, the Branch issued almost 9,900 licences. In all, community organizations raised an estimated \$33.3 million to support their projects and services—a slight decrease from the \$33.8 million raised in 2010/11.

It is the Branch's responsibility to ensure that charitable gaming events are conducted fairly and transparently. That is why the Branch ensures that organizations applying for a gaming event licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. GPEB also conducts regular audits of licensees to ensure they follow rules and guidelines designed to protect the public.

The gaming events that can be licensed are ticket raffles, independent bingos (conducted in facilities other than commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four different types of gaming licences—Class A, B, C or D—depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community. In addition, GPEB must approve the organizational structure of organizations conducting Class A, B, or C gaming events.

Classes of gaming licences

Class A

Issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding \$20,000.

Class A gaming events earned an estimated \$18.1 million in 2011/12.

Class B

Issued to eligible charitable and religious organizations for gaming events expected to generate up to \$20,000 in gross revenue.

Class B gaming events earned an estimated total of \$9.5 million in 2011/12.

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to a select number of established fairs and exhibitions on a case-by-case basis.

Class C gaming events earned an estimated total of \$2.4 million in 2011/12, most of which was earned by the Pacific National Exhibition.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events expected to generate up to \$5,000 in gross revenue. This licence category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

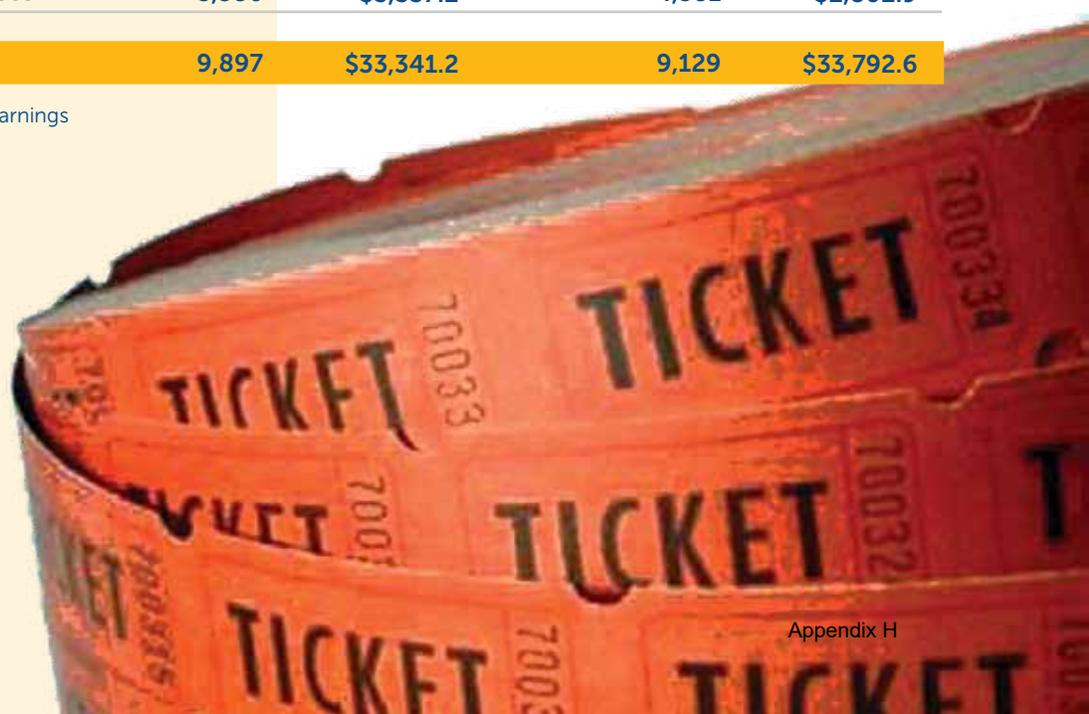
Class D gaming events are restricted to ticket raffles and independent bingos. Eligibility is based on how the money raised will be spent.

Class D gaming events earned an estimated total of \$3.3 million in 2011/12.

Table 11: Charitable gaming events (all \$ figures in thousands)*

License Class	License Type	2011/12		2010/11	
		Number	Earned	Number	Earned
Class A	Minor Raffle	200	\$3,519.3	175	\$2934.0
	Major Raffle	34	\$2,742.7	29	\$1,916.3
	Registered Raffle	22	\$9,604.0	19	\$11,902.8
	Independent bingos	105	\$2,244.1	116	\$2,711.6
	Social occasion casino	1	\$10.0	1	\$22.5
	Total Class A Licenses	362	\$18,120.1	340	\$19,487.2
Class B	Raffles	3,861	\$8,927.6	4,105	\$8,356.9
	Independent bingo	122	\$331.9	119	\$288.9
	Wheels of fortune	15	\$18.9	26	\$31.8
	Social occasion casino	32	\$34.7	25	\$32.8
	Poker	114	\$195.4	125	\$208.9
	Total Class B Licenses	4,144	\$9,508.5	4,400	\$8,919.4
Class C	Raffles	3	\$2,012.7	4	\$2,242.0
	Independent bingo	0	\$0	1	\$0.2
	Limited casino	0	\$0	1	\$137.6
	Wheels of fortune	2	\$362.7	2	\$201.2
	Total Class C Licenses	5	\$2,375.4	8	\$2,583.0
Class D	Independent bingo	101	\$83.8	100	\$74.2
	Raffles	5,285	\$3,253.4	4,281	\$2,728.7
	Total Class D Licenses	5,386	\$3,337.2	4,381	\$2,802.9
Total – All Class Licenses		9,897	\$33,341.2	9,129	\$33,792.6

* Based on reported and estimated earnings



Where the money goes

Commercial gaming revenue comes from casinos, community gaming centres, commercial bingo halls, lotteries and PlayNow.com. In 2011/12, commercial gaming in British Columbia, excluding horse racing, grossed \$2.70 billion—an increase of \$23 million over 2010/11. After prize payouts and expenses, government revenue from gaming totaled \$1.11 billion.

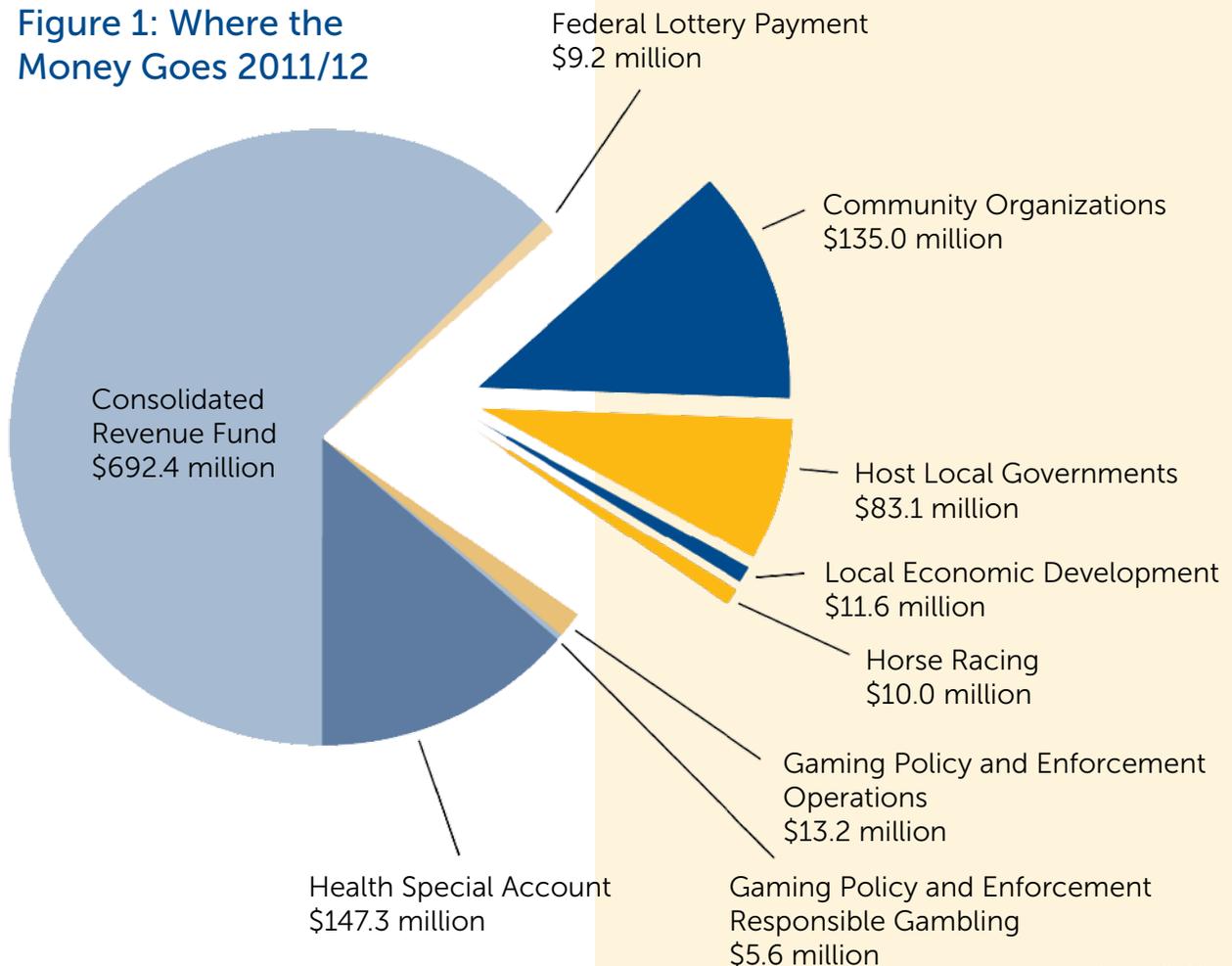
This revenue supports local communities, the horse racing industry, GPEB operations, and essential government programs. As part of a revenue-sharing agreement between the federal and provincial governments, \$9.2 million of lottery revenues was remitted to the federal government.

Local communities

In 2011/12, the Province distributed \$135 million in community gaming grants to approximately 5,300 community organizations. But community gaming grants are only one way in which local communities benefit from gaming revenues.

Local governments that host casinos and/or community gaming centres receive 10 per cent of net gaming income from casino gaming. This funding may be used for any purpose, as long as it's of public benefit to the host community. In 2011/12, the Province paid \$83.1 million in grants to 30 host local governments (a \$0.8 million increase from 2010/11). A further \$11.6 million for local economic development funding was paid to communities that host destination casinos.

Figure 1: Where the Money Goes 2011/12



Since 1999, the B.C. government has distributed over \$773 million in gaming revenue to local governments.

Gaming funds support a wide variety of community programs, capital projects and other initiatives. For example, in 2011/12, several host local governments used gaming revenue to enhance local infrastructure, including recreation facilities in Fort St. John. This fiscal year, gaming revenues also supported a number of community activities and recreation, including the Malaspina Choir in Nanaimo, the swim club in Williams Lake, and family-friendly events in Maple Ridge.

Government dedicated a \$10 million grant to help revitalize the horse racing industry in B.C.

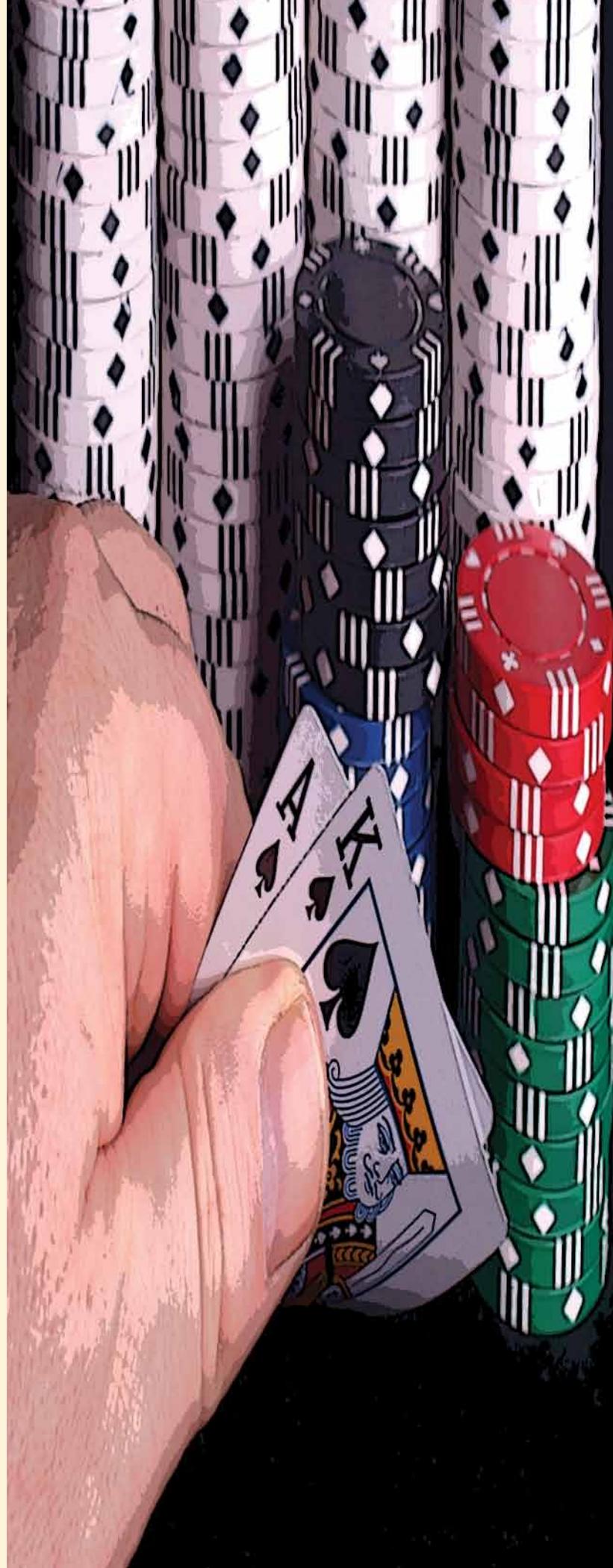
Essential government services

In 2011/12, \$147.3 million in gaming revenue was directed to the B.C. Government's Health Special Account, to be used exclusively for health promotion and health education services. More than \$2 billion has been paid directly into this account since its creation in 1992.

In 2011/12, \$692.4 million was allocated to the Consolidated Revenue Fund to support social programs, primarily health care and education. In the past 10 years, over \$4.5 billion in gaming revenue has been directed to this fund.

Gaming Policy and Enforcement Branch operations

In 2011/12, GPEB spent \$18.8 million on the regulation of gaming, an increase of \$0.4 million from 2010/11. Core operating costs accounted for approximately \$13.2 million; Responsible Gambling Strategy programs accounted for the other \$5.6 million.



Looking ahead

Responsible Gambling Awareness Month

Following the success of the first Responsible Gambling Awareness Month, which took place in Vernon in January 2012, GPEB and BCLC intends to expand the event to other communities in British Columbia.

The intention is to raise awareness of responsible gambling practices and to connect people to community resources and services to address issues related to excessive gambling.

In its new format, the event will feature Responsible Gambling Awareness activities in five different communities across B.C.—Vernon, Kamloops, Prince George, Langley and southern Vancouver Island’s Western Communities (View Royal, Langford and Colwood). Events won’t happen simultaneously in all five participating communities; Responsible Gambling Awareness

Month will in fact be comprised of five successive Responsible Gambling Awareness Weeks, each taking place in a particular community.

Activities in each Responsible Gambling Awareness Week could include:

- Kick-off in each community, featuring municipal authorities and guest speakers from BCLC and GPEB’s Responsible and Problem Gambling (RPG) program
- Trade show-style event with booths for BCLC, the RPG program, service providers and community services
- Mobile “Myth-busting Kiosks” to travel to significant business and high traffic locations (malls, community centres, grocery stores, etc.) throughout each week.



Appendices

Appendix A: Gaming industry legal and operating framework

In B.C., gaming is regulated under the Criminal Code of Canada and the provincial Gaming Control Act. In 2011/12, responsibility for the effective regulation of gaming resided first with the Ministry of Public Safety and Solicitor General and then, as of September 5, 2012, with the Ministry of Energy, Mines and Natural Gas.

The minister is not involved in decisions regarding individuals or specific companies or organizations, nor in the day-to-day management of gaming.

Regulating B.C.'s Gaming Industry

The Gaming Policy and Enforcement Branch, which regulates gaming in B.C., is made up of seven divisions:

- *Corporate Services and Responsible Gambling* – responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. This division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. In addition, it provides financial advice to GPEB's Executive, administers the Branch budget, makes payments on behalf of the Branch, and provides policy and information technology support.
- *Licensing and Grants* – distributes grants to community organizations and issues gaming event licences to eligible organizations.
- *Racing* – regulates and manages horse racing.
- *Registration and Certification* – conducts financial and personal background checks on all gaming services providers and gaming workers. This division also approves and certifies all gaming equipment used in the province.
- *Audit and Compliance* – conducts compliance audits of BCLC, commercial gaming, lottery gaming, licensed gaming events and community organizations' use of gaming proceeds.
- *Quality Assurance and Risk* – manages GPEB's strategic planning, quality assurance program, records management, freedom of information requests and coordinates the Branch's and industry's risk management strategies.
- *Investigations and Regional Operations* – fulfills GPEB's enforcement function and is responsible for investigating all complaints and allegations of regulatory wrongdoing. This division assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in B.C.

Conduct and Management of Gaming in B.C.

British Columbia Lottery Corporation

The B.C. Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors (appointed by the Lieutenant Governor on the recommendation of the Executive Council), the Corporation reports to the Minister of Energy, Mines and Natural Gas and is regulated by GPEB. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. It also sets the rules of play for lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

GPEB licenses private companies to conduct and operate live horse racing events at 5 horse race tracks in British Columbia. These service providers are responsible for conducting horse racing in accordance with the Gaming Control Act and the Rules of Thoroughbred and Standardbred Horse Racing. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community Organizations

GPEB licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

Supporting the Delivery of Gaming in B.C.

Gaming Services Providers

The B.C. Lottery Corporation contracts with private companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo, community gaming centre operators and lottery retailers. Services providers at gaming facilities must ensure all gaming employees have taken Appropriate Response Training and that no one under 19 participates in gambling activities or is present where gambling activity occurs.

Key Persons

GPEB identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services that are not directly related to gaming itself (i.e., landlords, janitorial services and concessionaires) to gaming operators.

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to operate large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include people who work for or conduct business with racetracks (i.e., jockeys, trainers, race horse owners and racing officials).

Horse Racing Teletheatre Operators

GPEB licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 22 teletheatre locations in B.C. Twenty are operated by Teletheatre BC (TBC) in venues across the province. The remaining two teletheatres are located at racetracks (Hastings Racecourse and Fraser Downs Racetrack) and operated by the Great Canadian Gaming Corporation.

Authorized Forms of Gaming

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are constantly being developed. Players' preferences are also constantly changing. The Province takes a cautious and responsible approach when determining the types of games it will permit and where those games may

take place. New products/approaches must not jeopardize the integrity of the industry, must be socially responsible, and it must be possible for GPEB to effectively regulate them.

The following table summarizes the forms of gaming currently authorized and the locations where each may be offered.

Appendix B: Gaming permitted in British Columbia

Commercial Gaming	Casinos	Bingo Halls	CGCs*	Co-located Racetracks/Casinos	Racetracks	Lottery Outlets	PlayNow.Com	Licensed Events	Pubs & Bars
Commercial bingo games		●	●						
Lottery products	●	●	●	●	●	●	●		●
Slot machine	●		●	●			●		
Table games	●			●			●		
Poker tables	●			●			●		
Electronic table games	●		●	●			●		
Live horse racing				●	●				
Teletheatres	●		●	●	●				●

Licensed Charitable Gaming									
Ticket raffles								●	●
Independent bingo								●	●
Social occasion casinos								●	●
Wheels of fortune								●	●

* Community gaming centres

Appendix C: Sources and distribution of revenues

Table A: Government gaming revenues and disbursements

Revenue – in (all figures in \$ millions)	2011/2012	2010/11
Lotteries	\$254.1	\$280.4
Online gaming via PlayNow.com	\$24.8	\$8.6
Casinos	\$714.1	\$724.4
Bingo (includes community gaming centres)	\$114.4	\$91.2
Total revenue	\$1,107.4	\$1,104.6
Disbursements – out	2011/2012	2010/11
Supporting communities		
Community organizations	\$135	\$135
Payment to host local governments	\$83.1	\$82.3
Local economic development (DAC)	\$11.6	\$10.9
Horse racing purse enhancements	\$10.0	\$10.0
Gaming Policy and Enforcement Branch operations		
Core programs to regulate gaming	\$13.2	\$13.1
Responsible and Problem Gambling Program	\$5.6	\$5.3
British Columbia government programs		
Health Special Account	\$147.3	\$147.3
Consolidated Revenue Fund	\$692.4	\$691.8
Government of Canada transfer		
Under a federal/provincial lottery agreement	\$9.2	\$8.9
Total disbursements	\$1,107.4	\$1,104.6

Table B: Host local government share of gaming revenues

NOTE: 2010/2011 Community Gaming Centre (CGC) earnings at the gaming facility level have been restated since that year's GPEB Annual Report. The total has not changed.

Location and name of casino	2011/2012	2010/11
Abbotsford		
• Chances Abbotsford CGC	\$904,774.46	\$807,176.68
Burnaby		
• Gateway Burnaby Casino	\$9,365,898.70	\$9,931,544.16
Campbell River		
• Campbell River Chances CGC	\$687,490.52	\$641,680.42
Castlegar		
• Chances Castlegar CGC ¹	\$283,428.21	–
Coquitlam		
• Boulevard Casino	\$7,501,627.05	\$8,060,123.31
Courtenay		
• Chances Courtenay CGC	\$802,261.21	\$676,438.99
Cowichan		
• Chances Cowichan CGC	\$784,409.54	\$763,865.28
Cranbrook (Ktunaxa First Nation)		
• Casino of the Rockies	\$1,365,120.22	\$1,390,720.40
Dawson Creek		
• Chances Dawson Creek CGC	\$839,806.18	\$720,443.40
Fort St. John		
• Chances Fort St. John CGC	\$969,606.21	\$787,470.09
Kamloops		
• Lake City Casino	\$1,922,004.19	\$1,922,871.51
• Chances Kamloops CGC	\$541,918.71	\$482,685.01
Kelowna		
• Lake City Casino	\$2,036,332.36	\$2,216,116.95
• Chances Kelowna CGC	\$1,584,608.05	\$1,467,901.24
Langley		
• Playtime Gaming CGC	\$132,254.42	\$129,774.60
• Langley Casino	\$5,875,236.04	\$6,251,586.52
Maple Ridge		
• Maple Ridge Community Gaming Centre	\$786,696.43	\$317,106.55
Mission		
• Chances Boardwalk CGC	\$645,946.03	\$562,221.33

1 The Chances Castlegar Community Gaming Centre (CGC) opened July 2011.

Table B: Host local government share of gaming revenues

(continued)

Location and name of casino	2011/2012	2010/11
Nanaimo		
• Nanaimo Casino	\$2,350,384.15	\$2,569,858.95
New Westminster		
• Starlight Casino	\$5,780,230.26	\$6,237,431.78
Penticton		
• Lake City Casinos Ltd.	\$1,682,935.49	\$1,712,121.15
Port Alberni		
• Chances Rim Rock	\$449,781.00	\$425,245.07
Prince George		
• Treasure Cove Casino	\$2,627,265.33	\$2,556,331.52
Prince Rupert		
• Chances Prince Rupert CGC	\$403,647.26	\$362,349.61
Quesnel		
• Billy Barker Casino	\$519,955.58	\$553,138.12
Richmond		
• River Rock Casino	\$14,803,715.52	\$13,004,504.09
Squamish		
• Chances Boardwalk Squamish	\$230,631.03	\$240,671.00
Surrey		
• Fraser Downs	\$2,877,900.08	\$2,873,692.63
Terrace		
• Chances Terrace	\$560,756.86	\$457,019.91
Vancouver		
• Edgewater	\$5,821,565.25	\$5,881,108.92
• Hastings	\$1,270,554.09	\$1,288,937.07
Vernon		
• Lake City Casino	\$1,947,770.07	\$2,086,808.48
View Royal		
• View Royal Casino ¹	\$4,196,788.12	\$4,446,628.07
Williams Lake		
• Signal Point CGC	\$579,704.96	\$534,095.26
Total municipal share of casino revenue	\$83,133,003.58	\$82,317,868.28

1 View Royal has revenue sharing agreement with nearby local governments.

Appendix D: Branch operating budget and expenditures

NOTE: Operating and Business expense in 2010/11 has been restated since that year's GPEB Annual Report. The total branch expenditures did not change.

Branch budget	2011/12	2010/11
Core operations	\$13,907,000	\$13,200,000
Responsible Gambling Program	\$4,453,000	\$4,456,000
Total branch budget	\$18,360,000	\$17,656,000
Branch expenditures	2011/12	2010/11
Core Branch operations		
Salaries and benefits costs	\$11,362,646	\$11,414,900
Operating and business expenses (includes legal and professional services)	\$1,886,761	\$1,706,035
Subtotal	\$13,249,407	\$13,120,935
Responsible Gambling Program		
Salaries and benefits costs	\$268,363	\$256,433
Operating and business expenses (includes legal and professional services)	\$391,360	\$270,183
Contracts	\$4,934,790	\$4,800,234
Subtotal	\$5,594,513	\$5,326,850
Total branch expenditures	\$18,843,920	\$18,447,785
Surplus/(deficit)	\$(483,920)	\$(791,785)



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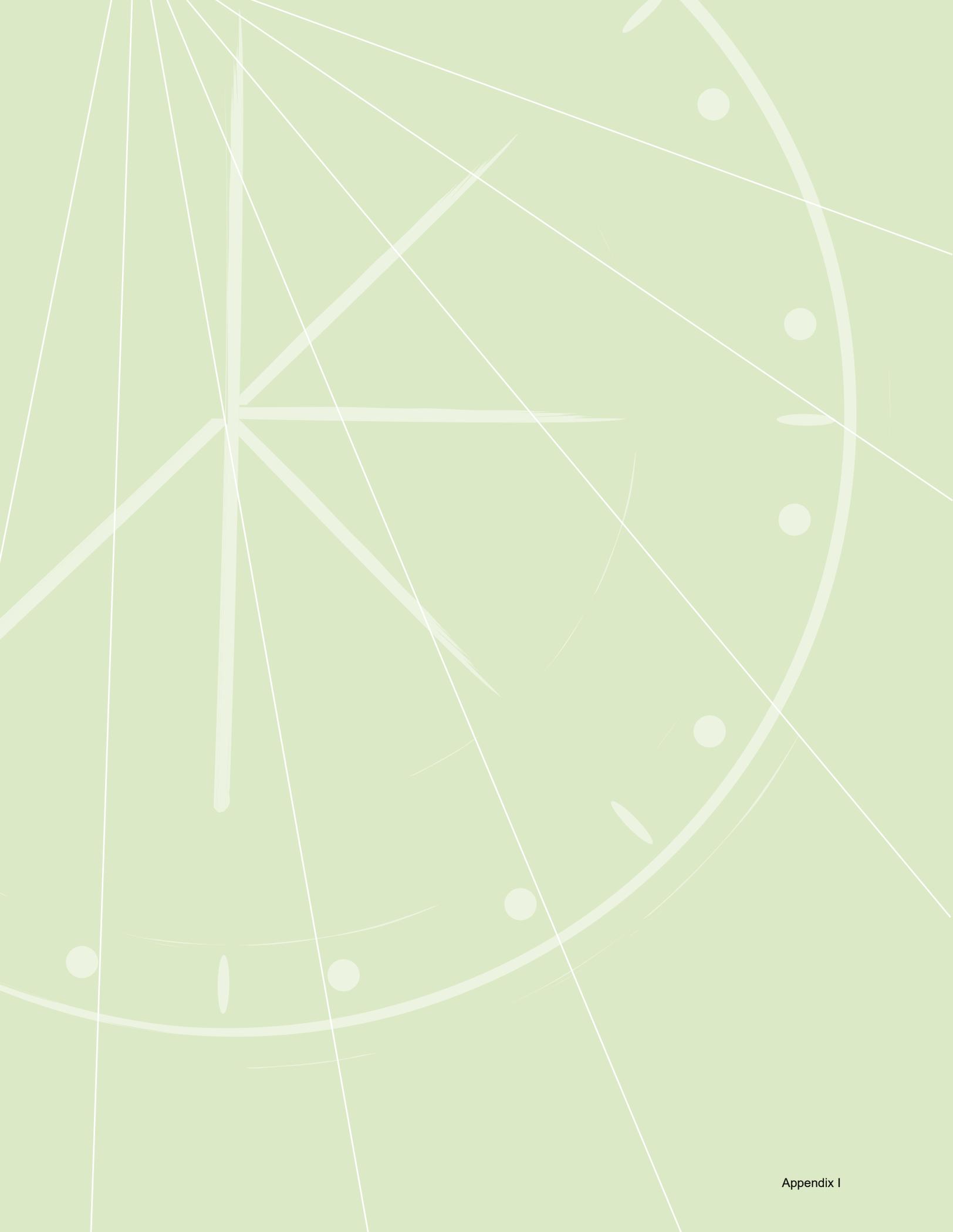
Appendix I – 2012/13:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2012/13*, (Victoria: British Columbia, 2013).

Gaming Policy and Enforcement Branch

Annual Report 2012-2013





CONTENTS

LETTER OF TRANSMITTAL	1
ACCOUNTABILITY STATEMENT	2
MANDATE	3
OUR VISION AND MISSION	3
KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA	4
STRATEGIC FOCUS AND SPECIAL PROJECTS 2012/13	5
Anti-Money-Laundering Strategy	5
Horse Racing Revitalization	5
ENSURING CITIZENS AND COMMUNITIES ARE PROTECTED	7
Ensuring the Right People and Companies are Involved in Gaming	7
ENSURING COMPLIANCE WITH REGULATIONS AND STANDARDS	11
The Audit Program	11
SUPPORTING CITIZENS AND COMMUNITIES	14
Problem Gambling and Responsible Gambling Programs	14
Goal One: Creating Public Awareness of Risks Associated with Gambling	14
Goal Two: Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice	14
Goal Three: Provide Treatment and Support to Those Impacted by Problem Gambling	16
Community Gaming Grants	17
Gaming Licences	18
CORPORATE SERVICES	19
Policy	19
IT Strategies	19
Financial Strategies	20
DISTRIBUTION OF GAMING REVENUE	21
APPENDICES	25
Appendix A: Figures and Tables	25
Appendix B: Gaming Industry Legal and Operating Framework	34
Appendix C: Gaming Permitted in British Columbia	36
Appendix D: Sources and Distribution of Revenues	37
Appendix E: Branch Operating Budget and Expenditures	40



LETTER OF TRANSMITTAL

I am pleased to submit to the British Columbia Legislature the 2012/13 Annual Report for the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Finance. The information in this report reflects the activities of the Branch between April 1, 2012 and March 31, 2013. During the period covered by this report, the branch was a part of the Ministry of Energy, Mines and Natural Gas.

GPEB regulates the gaming industry in British Columbia, including regulatory oversight of the British Columbia Lottery Corporation (BCLC). Its mandate is to ensure the integrity of gaming in the Province, and that the interests of the public are protected.

As technology continues to evolve, new challenges arise in the regulation of gaming. Casinos and community gaming centres are introducing new technologies into their venues, and online and mobile gambling continues to grow and advance. This fiscal year included the introduction of electronic 50/50 raffle ticketing systems, which posed unique challenges to the Branch in the certification and testing of equipment, and registration of gaming service providers. Flexible and creative approaches are required to address these and other changes to the industry to ensure that the same standards apply to all forms of gaming.

BCLC, GPEB and police forces also remain committed to deterring money laundering in British Columbia's gaming facilities by shifting the gaming industry away from its reliance on cash. In 2013/13 GPEB introduced internet transfers into British Columbia's gaming facilities and began accepting funds from U.S. banks. The main focus of the Province's Anti-Money Laundering (AML) strategy is to shift the gaming industry away from cash transactions, while ensuring that remaining cash transactions are appropriately analyzed.

Government continues to support the British Columbia horse racing industry through the British Columbia Horse Racing Industry Revitalization Initiative. For 2012/13, government's financial contribution was \$7.0 million. The government-appointed British Columbia Horse Racing Industry Management Committee (HRIMC) continues to guide the industry in its effort to become financially stable and sustainable.

Government will continue to ensure the effective regulation of British Columbia's gaming industry and the protection of consumers and partners by working closely with GPEB management and staff to address these ongoing challenges.

Honourable Michael de Jong, Q.C.
Minister of Finance

ACCOUNTABILITY STATEMENT

Honourable Michael de Jong, Q.C.,
Minister of Finance

Minister:

I am pleased to present the 2012/13 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). The report covers the period between April 1, 2012 and March 31, 2013. I am responsible for the contents of this document, including the selection of accomplishments and the way in which they are reported.

GPEB's mandate is to ensure that gaming in British Columbia is conducted responsibly and with integrity. As such, our programs promote compliance with and enforce laws, regulations and standards, and support communities through charitable grants, education and treatment. GPEB ensures that gaming revenues are distributed to communities and used for their intended purpose, those in the gaming industry are appropriately vetted, suspected wrongdoing is investigated, and that help is available to anyone experiencing gambling related problems.

Over the fiscal year 2012/13, GPEB continued to work closely with the British Columbia Lottery Corporation (BCLC) to further strengthen the already effective measures to deter money-laundering in BC gaming facilities. The main focus of this strategy has been to encourage the use of alternative transaction methods, such as electronic funds transfers. In addition to these changes, GPEB increased the scope of its services in completing evaluations of electronic 50/50 ticketing systems. The Responsible and Problem Gambling Program continues to support those impacted by problem gambling.

Finally, I would like to recognize and thank all GPEB staff for their hard work and commitment to ensuring that gaming remains a sound and socially-responsible industry in British Columbia. I look forward to continuing to work closely with branch staff to ensure the effective regulation of the industry, and protection of consumers.

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

MANDATE

Gaming Policy and Enforcement Branch (GPEB) regulates all gaming in British Columbia, ensures the integrity of gaming industry companies, people and equipment, and investigates allegations of wrongdoing. This includes regulatory oversight of the British Columbia Lottery Corporation (which conducts and manages lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), BC's horse racing industry, and licensed gaming events. The Branch also manages responsible and problem gambling programs and distributes gaming funds to community organizations and other recipients.

Horse racing in BC is conducted and managed by thoroughbred and standardbred associations, in conjunction with racetrack operator Great Canadian Gaming Corporation.

GPEB's work is guided by the provincial *Gaming Control Act*, the Criminal Code of Canada and other applicable laws, regulations, and policies.

GPEB's core objective is to ensure that a comprehensive and responsible gaming regulatory framework is in place.

OUR VISION AND MISSION

Vision: Gaming is conducted responsibly and with integrity for the benefit of British Columbians.

Our mission is to ensure the integrity of gaming. Our programs promote compliance with and enforce public standards, laws and regulations, support communities through charitable licensing and grants, and provide public education on responsible gambling and treatment of those affected by problem gambling.

KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA

In British Columbia, gaming is a \$2.7 billion/year industry.

During the past year, the gaming sector included:

- 10,000 people employed directly in the gaming industry;
- over 37,000 people employed directly and indirectly in gaming operations and support services; and
- over 10,000 licensed gaming events.

As at March 31, 2013, the commercial gaming industry included:

- provincial and national lottery games;
- PlayNow.com, with 265,000 registered users;
- 17 casinos, including 2 at horse race tracks;
- 19 community gaming centres;
- 7 commercial bingo halls;
- 5 horse racetracks; and
- 23 horse racing teletheatres.

In 2012/13, the regulation of gaming in British Columbia included:

- new and renewed registrations for:
 - 4,871 gaming workers,
 - 537 lottery retailers,
 - 261 senior officials and senior employees,
 - 830 horse racing workers, and
 - 51 gaming services providers, gaming equipment suppliers and ancillary service contractors.
- 747 gaming supplies certifications;
- 393 audits of licensed gaming events and organizations' use of gaming grant proceeds;
- audits of 15 casinos, 15 community gaming centres, four commercial bingo halls and three racetracks;
- 62 compliance audits of BCLC and gaming service providers regarding applicable public interest standards, directives, laws and regulations;
- inspections of 571 lottery retailers; and
- 127 eGaming investigations, 1,062 notifications of Suspicious Currency Transactions and an investigation to determine the prevalence of lottery products sold to minors.

STRATEGIC FOCUS AND SPECIAL PROJECTS 2012/13

Anti-Money-Laundering Strategy

The primary focus of the Anti-Money-Laundering Strategy is to shift British Columbia's gaming industry away from its reliance on cash brought in from outside gaming facilities.

In 2012/13, GPEB worked with BCLC and gaming services providers to evaluate options that allow patrons to access funds from within a gaming facility and directly from their banking institutions.

Funding options were expanded to include:

- internet transfer of funds, and
- funds from U.S. banks.

Existing measures include:

- providing Patron Gaming Fund accounts funded through financial institutions or through certified cheques, bank drafts, verified-win cheques and cheques issued by Canadian casinos;
- offering debit withdrawals at the casino cash cage; and
- providing a "cheque hold" system for high-volume players.

Horse Racing Revitalization

British Columbia's horse racing industry contributes approximately \$350 million to the province's economy and directly employs approximately 10,000 people. However, over the last several decades, the industry has been in decline. As has been the case throughout North America, attendance and wagering revenues have dropped significantly in British Columbia.

DID YOU KNOW?

In 2012/13, 19 per cent of funded play in BC Gaming Facilities was generated through secure and traceable cash alternatives such as Electronic Funds Transfers, ATM withdrawals, drafts and other non-cash instruments.

In response to requests from the industry to help revitalize horse racing in BC, the Province created the BC Horse Racing Industry Management Committee (HRIMC) in November 2009. The committee includes leading horse racing industry and business experts, and its mandate is to provide strategic direction, decision-making and business leadership.

The HRIMC has focused on creating a sustainable and transparent business model that benefits the entire industry. To help drive its activities and decisions, the committee consulted with trainers, bettors, track employees, the track operator and other interested stakeholders throughout the province. The main areas targeted for improvement have been:

- governance,
- cost efficiencies in operations,
- new revenue initiatives, and
- marketing.

In 2012/13, the HRIMC began drafting a report to present a revised business case to create a sustainable horse racing industry in BC. The draft consultation report was released early in 2013/14. Under the Horse Racing Revitalization initiative, the HRIMC has:

- implemented an entirely new, simplified, transparent and accountable financial model and financial process which includes financial controls, reconciliation, reporting and audit;

- reconciled industry finances and stabilized industry funding by introducing non-deficit funding and eliminating industry debt;
- allocated set funding to each of the industry sectors and managed fluctuations to these allocations through the course of the year;
- implemented a structured approach to racing purses, days and seasons which uses performance measures to determine and manage these events;
- commenced initiatives to enhance both industry marketing and simulcast racing;
- significantly improved the relationship and communication between industry organizations;
- allocated set funding to each of the industry sectors for 2011, which includes an increased and consistent government grant to horse racing beginning in 2011;
- pursued an increased focus on improving and growing the industry in the future;
- conducted extensive stakeholder consultations with breeders, owners, drivers, jockeys, grooms, trainers, host local governments and all other interested parties; and
- initiated the development of a long-term business strategy for the industry for presentation to the minister.

ENSURING CITIZENS AND COMMUNITIES ARE PROTECTED

Ensuring the Right People and Companies are Involved in Gaming

Every year, thousands of individuals and dozens of companies apply for gaming registration. GPEB's registration program helps to prevent unsuitable candidates from entering the gaming industry.

Registrants are subject to a background investigation, which includes, but is not limited to, a criminal record check, credit check, and in some cases an interview to confirm an applicant meets the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act* and regulations.

In 2012/13, the total volume of new registrants and renewals increased. As eGaming expands, so does the challenge of determining who is required to be registered as a gaming service provider.

Electronic raffle ticketing systems track and collect raffle purchases wirelessly through mobile, handheld devices. These devices produce 50/50 raffle tickets for players to participate in draws. The introduction of electronic 50/50 ticketing systems resulted in unique challenges for the Division in 2012/13 in assessing the need for the certification and testing of this equipment. The Division successfully completed all necessary evaluation of this technology and the electronic 50/50 systems are now used to assist charitable organizations in raising revenue.

There are three different kinds of registration: Corporate, personnel and lottery retailers.

Corporate Registration

The Corporate Registration Unit scrutinizes businesses and their executive personnel. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gaming equipment (e.g., slot machines, automatic shufflers). Corporate registration also registers other service providers, such as gaming consultants, ticket rafflers, security and ancillary services, including food and janitorial services provided at gaming facilities.

Personnel Registration

The Personnel Registration Unit registers all individuals involved in the gaming industry, except lottery retailers. This includes all people directly involved in the industry (e.g., casino, bingo and horse racing workers), as well as those indirectly involved (e.g., BCLC and GPEB employees).

DID YOU KNOW?

In British Columbia all lottery ticket outlets must be registered with the Gaming Policy and Enforcement Branch.



DID YOU KNOW?

Before the *Gaming Control Act* and Regulation came into effect in 2002, six different entities were responsible for the regulation and management of gaming in the province:

- Gaming Policy Secretariat
- British Columbia Lottery Corporation
- B.C. Gaming Commission
- B.C. Racing Commission
- Gaming Audit and Investigations Office (GAIO)
- Problem Gambling Program

These entities resided in a number of government ministries and operated under the authority of four separate pieces of provincial legislation and corresponding regulations, including:

- *Lottery Act* (1996)
- *Lottery Corporation Act*
- *Horse Racing Act* (1996)
- *Horse Racing Tax Act* (1996)

Together, this legislation covered only a portion of the authority provided in the current *Gaming Control Act* and Regulation.

Registration of Lottery Retailers

In response to allegations of lottery retailer fraud in Ontario in 2006/07, GPEB began registering lottery retailers in 2007. As at March 31, 2013, there were 3,765 lottery retail outlets in the province, all managed by lottery retailers registered with GPEB. The Branch continues to look at ways to make the registration system more efficient, while maintaining the integrity of lottery operations. See Appendix A, Table 1 for further Registration Figures.

Summary of Refusals, Revocations and Cancellations

Every year, GPEB refuses a number of registrations for a variety of reasons including failure to pass a criminal record check, disclose outstanding criminal charges, or provide information requested in the application or subsequent background investigation. While having a criminal record does not automatically result in refusal, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the *Gaming Control Act*, GPEB's progressive disciplinary process will address these concerns. Based on the severity of the transgression, GPEB may issue a sanction, warning or suspension, or it may cancel registration altogether. See Appendix A, Table 2 for a Summary of Revocations and Cancellations.

Ensuring Gaming Supplies are Fair

Gaming supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, and Internet gambling software.

Before being able to operate in the live environment, all gaming equipment used in the Province of British Columbia must be tested to the applicable requirements set forth in GPEB's technical gaming standards. GPEB's Certification and Game Integrity Unit (CGIU) establishes and maintains these technical gaming standards to ensure gaming supplies that are used in commercial or charitable environments:

- operate fairly,
- are safe and secure,
- deliver the stated odds of winning, and
- are capable of being audited.

All gaming supplies are tested in accredited testing facilities (ATF's), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gaming supplies for use in British Columbia's gaming venues.

This fiscal year, GPEB began regulating electronic raffle systems used by charitable licensees. CGIU created a technical standard, assisted with registering the service providers, and certified the technical integrity of each new electronic raffle system installation.

GPEB investigates player complaints and all reports of malfunctioning gaming supplies including issues with lottery products, internet gambling software and electronic raffle systems. In 2012/13, CGIU conducted 31 technical investigations related to the malfunction of a gaming supply or as a result of a player complaint.

Gaming supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gaming product no longer meets GPEB's technical standards.

Gaming supply malfunctions can also lead to a certification suspension or revocation, but revocations due to malfunctions are rare. Software upgrades account for the majority of revocations.

Gaming supplies for which certification has been suspended or revoked must be removed from the gaming floor or from the Playnow.com website until they are repaired, modified or upgraded. A new Certificate of Technical Integrity is required before the gaming supplies can be returned to service.

GPEB's CGIU makes recommendations to the General Manager where a request has been made to the Minister for the introduction of any new type of lottery scheme or for the use of any new technologies in the delivery of any lottery scheme. See Appendix A , Table 3 for Gaming Supplies Certifications.



Quality Assurance and Risk

The Quality Assurance and Risk Division is responsible for the development and maintenance of a strategic commitment, operations, risk and evaluation framework for the regulation of gaming in BC (also known as the SCORE framework). The division also monitors and reports on accountability and compliance with this framework, which includes a comprehensive approach for identifying, prioritizing and managing risks, and for identifying opportunities and processes to mitigate those risks within GPEB and the regulation of British Columbia's gaming industry as a whole.

Other responsibilities of this division include a business continuity program, staff whistleblower and public complaints programs and internal processes (such as the Employee Standards of Conduct annual update, privacy compliance and measuring and reporting on branch Strategic Plan commitments) to ensure the Branch fulfills its mandate and complies with government legislation.

SCORE Framework:



ENSURING COMPLIANCE WITH REGULATIONS AND STANDARDS

The Audit Program

The goal of the Audit and Compliance Division (ACD) program is to ensure regulatory compliance with the *Gaming Control Act*, Regulation, policies, directives and public interest standards to help maintain strong public confidence in gaming in BC. Compliance inspections and audits of the BC Lottery Corporation, gaming service providers, licensees and gaming grant recipients help to reduce the risk to public safety and gaming related assets.

ACD also promotes voluntary compliance with provincial gaming legislation through compliance enhancement education sessions for charitable organizations that conduct licensed gaming or receive gaming grants.

ACD has developed a five year Audit Plan that is updated each year. The plan outlines the five main areas that are audited:

1. BCLC's Overall Conduct and Management of All Forms of Gaming, including the Corporation's PlayNow.com website;
2. BCLC's Conduct and Management of Lottery Gaming;
3. BCLC's Conduct and Management of Commercial Gaming, including Casinos, Community Gaming Centres and Bingo Halls;
4. Horse Racing; and
5. Licensed Gaming and Community Gaming Grants.

DID YOU KNOW?

"Professional" and "helpful" are the most common words used by charitable organizations to describe the Audit and Compliance team.

The ACD has adopted and follows a risk-based audit approach that enhances the effectiveness of the audit program by allowing gaming facilities and licensees to be assessed individually for risk.

The ACD works closely with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to help combat money laundering at gaming facilities. A memorandum of understanding (MOU) was signed by both parties in 2004. The collaboration between the organizations continues to be refined and enhanced in an effort to develop stronger communication channels, sharing of information in appropriate circumstances and to assist GPEB and FINTRAC in meeting their regulatory mandates.

The Audit Division has two distinct work units: Commercial Gaming and Charitable Gaming.

Commercial Gaming Audit Unit

In 2012/13, the Commercial Gaming Audit Teams completed 62 audits of BCLC and gaming service providers, including:

- 37 casinos, bingo halls, community gaming centres and racetracks, and
- 25 audits of BCLC's conduct of gaming.

Commercial audit reports were issued within the target timeframe of 30 days of completion of audit field work 91 per cent of the time.

See Appendix A, Figure 1 for Commercial Gaming Audits by Category.

Audit and Compliance also completed 571 inspections of lottery retailers throughout the province to monitor compliance with provincial gaming legislation.

Charitable Gaming Audit Unit

In 2012/13, the Charitable Gaming Audit Team completed 393 audits and inspections of 307 charitable organizations around the province (see Appendix A, Figure 2 for a breakdown of charitable audits by sector):

- 53 per cent of the organizations were found to be moderately non-compliant with provincial gaming rules,
- 26 per cent of the organizations were found to be severely non-compliant with provincial gaming rules.

The high rate of non-compliance is due to audit resources being directed to organizations or gaming events that are assessed as being at high-risk of non-compliance. Audit findings are provided to the Licensing and Grants Division for consideration in future grant and licensing application decisions.

Charitable audit reports were issued within the target timeframe of 70 days of the start of audit field work 59 per cent of the time.

The audit findings for commercial gaming facilities and large-scale registered ticket raffles are available at: www.pssg.gov.bc.ca/gaming/reports/audits.htm

Enforce the Rules and Regulations of Horse Racing

GPEB's Horse Racing Division manages and regulates horse racing events in British Columbia, and licenses all participants in the industry. The Racing Division is also responsible for developing rules and policies to ensure the horse racing industry operates fairly and with integrity. The division revises the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia and meets regularly with industry stakeholders to address issues.

British Columbia's horse racing industry employs approximately 2,500 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. These individuals participate in approximately 200 days of live racing in the province each year. See Appendix A, Table 4 for British Columbia's Horse Racing Summary. In 2012/13, 830 horse race workers were either licensed for the first time or had their licences renewed. See Appendix A, Table 5 for Horse Race Wagering figures.

Racing Division staff are present at all five operating racetracks in the province. GPEB oversaw 1,429 races on 151 race dates at the four provincial tracks in operation during the 2012 season. GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. The Branch looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.

In 2012, GPEB's stewards and judges issued a total of 192 rulings. Of these, 101 were for thoroughbred racing infractions (issued by stewards), and 91 were for standardbred racing infractions (issued by judges). See Appendix A, Tables 6A and 6B for Horse Racing Rulings.

GPEB also licenses 23 teletheatre sites in BC to present simulcast satellite broadcasts of horse races run at local, national and international tracks.

DID YOU KNOW?

Audit and Compliance visited over 100 cities to conduct inspections of lottery retailers in 2012/13.



Investigate Allegations of Wrongdoing Related to Gaming

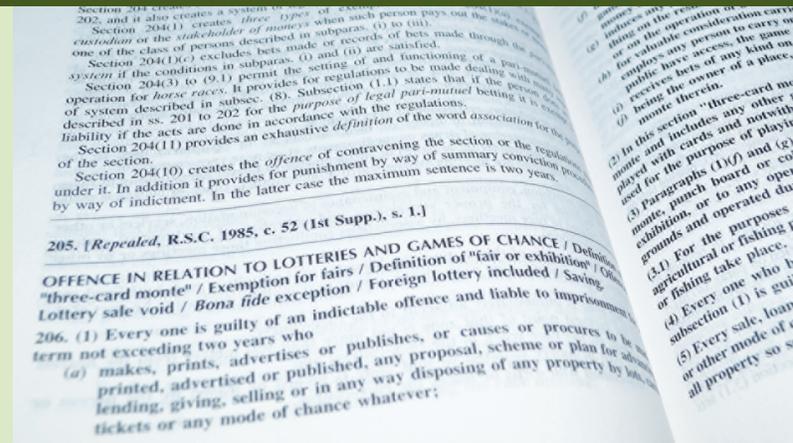
To ensure the integrity of gaming in British Columbia, GPEB investigates all reported instances of real or suspected wrongdoing in gambling and horse racing. The primary role of the Investigations and Regional Operations Division is to investigate, or assist law enforcement agencies in investigating, reports of suspected criminal activity or regulatory infractions related to legal gaming and horse racing.

GPEB investigates and recommends for prosecution any appropriate gaming related offences under the *Criminal Code* of Canada. Under the *Gaming Control Act*, GPEB has the authority to prosecute, issue tickets, issue warnings and/or administer sanctions.

BCLC, service providers, licensees and registrants (including lottery retailers) are legally required to notify GPEB of any conduct, activity or incident that may be considered contrary to the *Criminal Code* of Canada, the *Gaming Control Act* or Regulations, that may affect the integrity of gaming. This includes incidents at gaming facilities, online/eGaming, charitable gaming and lottery retail outlets. Any other matters that may affect the integrity of gaming and horse racing must also be reported, including, but not limited to: cheating at play, theft, fraud, counterfeit, drugs, vandalism, suspicious currency transactions, money laundering, loan sharking, robberies, assaults and threats. In 2012/13, GPEB received 16,015 notifications of suspicious activity or suspected wrongdoing in legal gaming. (See Appendix A, Table 7 for Investigations Activity.) GPEB refers certain files to other regulatory and enforcement agencies when appropriate (e.g. organized crime, matters of violence and matters relevant to the police of jurisdiction, intelligence related to suspicious currency transactions). When the Investigations Division determines that further action is required, an investigation is undertaken. See table 7 for details on Investigation Activity Related to Real or Suspected Wrongdoing.

The most common reasons for an investigation not to lead to a sanction or charge are:

- lack of sufficient evidence,
- lack of an identified suspect,
- alternate resolution agreed by all interested parties,



- intelligence/information was provided to other policing entities for action, and
- not in the public interest to pursue.

GPEB investigators often work in conjunction with law enforcement agencies to investigate illegal gambling activities, such as unauthorized lottery schemes, gaming houses, loan sharking and money laundering. They also provide gaming expertise, proceeds-of-crime assistance and forensic investigation to law enforcement agencies throughout the province.

GPEB maintains strong relationships with the RCMP, municipal police departments, other policing authorities and regulatory enforcement agencies across jurisdictions. The Branch uses these working relationships to help identify trends in unlawful activity and to help gather and share intelligence concerning unlawful activity in gaming and horse racing.

In 2012/13, the Investigations and Regional Operations Division conducted gaming investigations using undercover minors, hired as agents by the Branch, to assist investigators in an effort to prevent Lottery Retailers from selling lottery products to minors. These investigations occurred throughout the Province and resulted in a number of Lottery Retailers and/or employees being charged under Section 89(3) of the *Gaming Control Act* – Sale of Lottery Tickets to a Minor. These enforcement actions are ongoing.

GPEB also conducted enforcement actions against lottery retailers relative to retailer integrity and the failure to redeem winning lottery tickets. These pro-active enforcement actions ensure that the overall integrity of gaming is upheld and that service providers are compliant with the *Gaming Control Act*.

SUPPORTING CITIZENS AND COMMUNITIES

Problem Gambling and Responsible Gambling Programs

In 2003, the Province launched its Responsible Gambling Strategy, which has three core goals:

- create public awareness of risks associated with gambling,
- deliver gambling in a manner that encourages responsible gambling and informed choice, and
- provide treatment and support to those impacted by problem gambling.

These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

Goal One: Creating Public Awareness of Risks Associated with Gambling

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to know their limit and play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

In 2012/13, GPEB contracted 71 service providers to deliver community-based programs that encourage people to make healthy choices. Specifically, the

programs provide problem gambling prevention and responsible & recreational gambling education information. Participants also learn how to identify problem gambling behaviour, self-regulate their gambling behavior responsibly and where to access counselling for themselves or affected others.

The program also exposes gambling myths and discusses responsible gambling practices. In 2012/13, 3,886 presentations were offered to 129,060 people (up from 81,992 in 2011/12), including children/youth, high risk adults, general adult populations and allied professionals. This represents a 57 per cent increase over the previous year.

Goal Two: Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in British Columbia. A total of 25 GameSense Advisors share responsible gambling information and practices with interested patrons and direct



anyone experiencing gambling-related distress to the Responsible and Problem Gambling Program and/or to BCLC's Voluntary Self-Exclusion Program. Casinos and community gaming centres also feature touch-screen interactive terminals, which provide education modules at the push of a button or the touch of a screen. A total of 43,823 individuals received information through the GameSense program in 2012/13.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC.

Appropriate Response Training

Appropriate Response Training is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills, and to enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Responsible Gambling Standards

The Province issued Responsible Gambling Standards for the British Columbia Gaming Industry in 2005 to ensure that:

- minors are prevented from participating in gambling activities,
- patrons are equipped to make informed decisions regarding gambling,
- gambling-related risks are minimized, and
- people affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gaming service providers, commercial gaming facilities and community organizations licensed to conduct charitable gaming events.

GPEB monitors BCLC, licensee and service provider gaming event advertising to ensure that it complies with responsible gambling public interest standards.

Compliance audits focus on five key areas:

- *informed choice* – proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and of information regarding the odds of winning;
- *appropriate response* – ensuring gaming workers have received Appropriate Response Training;
- *responsible practices* – placing clocks in highly visible areas and other requirements;
- *financial transactions* – prominently displaying information describing payout policies and stating that credit will not be extended; and
- *Voluntary Self-exclusion Program* – having a fully operational program, readily available program information, and effective monitoring of gaming facilities for excluded individuals.

DID YOU KNOW?

The Responsible and Problem Gambling Program has no waitlists. Transportation costs are covered for attending day treatment and Discovery Program Counsellors will travel to the client.





Goal Three: Provide Treatment and Support to Those Impacted by Problem Gambling

In 2012/13, GPEB's 28 contracted clinical counsellors provided problem gambling counselling across British Columbia.

Funded by GPEB, problem gambling counselling and support services are free of charge for anyone directly or indirectly experiencing a gambling problem. Individuals, couples, family and group counselling services are available. Outreach counselling and telephone counselling are available for clients in remote locations. There are no wait lists.

The 24-hour toll-free Problem Gambling Help Line can be reached at 1-888-795-6111. Operators provide crisis counselling and refer callers to various treatment and support services provided by the Province and allied professionals.

An intensive day-treatment program called Discovery is also offered in both weekend and five-day workshops each month on Vancouver Island and the Lower Mainland. Participants may enroll for all or part of this program. In 2012/13, 276 people participated in Discovery.

For information on the future direction of problem and responsible gambling initiatives in the province, refer to the Responsible Gambling Strategy Three-year Plan, available online at www.pssg.gov.bc.ca/gaming/reports/docs/plan-rg-three-yr-2011-2014.pdf

Responsible Gambling Awareness Month

Following the success of the first Responsible Gambling Awareness Month, which took place in Vernon in January 2012, GPEB and BCLC began planning to expand the event to other communities in British Columbia. The purpose was to raise awareness of responsible gambling practices and to connect people to community resources and services to address issues related to excessive gambling.

The event featured Responsible Gambling Awareness activities in Vernon, Kamloops, Prince George, Langley and southern Vancouver Island's Western Communities (View Royal, Langford and Colwood). Responsible Gambling Awareness Month in 2012/13 was comprised of five successive Responsible Gambling Awareness Weeks in each of the above communities.

Activities in each Responsible Gambling Awareness Week included:

- media launch and kick-off in each community, featuring municipal authorities and guest speakers from BCLC and GPEB's Responsible and Problem Gambling program;
- trade show-style event with booths for BCLC, the Responsible and Problem Gambling program, service providers and community services;
- mobile "Myth-busting Kiosks" to travel to significant business and high traffic locations (malls, community centres, grocery stores, etc.) throughout each week;
- allied Professional Training; and
- sponsored community events, such as public skating.

Responsible Gambling Awareness Month is continuing on an annual basis. See Appendix A, Table 8 for BC Responsible and Problem Gambling Program Statistics.

Community Gaming Grants

Through the community gaming grant program, GPEB distributes funding to community organizations to support a wide array of programs and services across the province. Organizations receive funding based on their sector, the programs and services they deliver, and their financial need.

In 2011, responsibility for the community gaming grant program moved to the Ministry of Culture, Sport and Community Development. While grant eligibility and approval rests now with this ministry, GPEB is still responsible for managing all administrative functions related to the program, including financial oversight, audit, IT services and corporate support. The *Gaming Control Act* has been amended to enact this shared responsibility.

In 2012/13, GPEB distributed \$135 million to approximately 5,300 non-profit organizations. Funds were distributed to organizations within the following six sectors:

- *Human and social services* – programs that significantly contribute to the quality of life in a community, including assisting the disadvantaged or distressed, promoting health, or enhancing opportunities for youth 18 years and under. Service clubs are included in this sector;
- *Public safety* – programs that support public safety initiatives, disaster relief and emergency preparedness in British Columbia;
- *Art and culture* – programs that enhance the performing arts, media arts, visual arts, literature, heritage or culture in the community. Also fairs, festivals and museums, which include cultural or heritage programs and/or displays of broad community interest suitable for all ages;

- *Sport* – community-based youth and amateur sport programs that consist of organized and competitive physical activities;
- *Environment* – programs that enhance British Columbia's environment or protect the welfare of animals and wildlife; and
- *Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC)*. In 2012/13, PACs received \$20 per student per year; DPACs received grants of \$2,500 each year. PACs are required to use this funding to support extra-curricular activities for students. DPACs are required to use their grant funds to foster parental involvement in the school system.

See Appendix A, Table 9 for the Distribution of Community Gaming Grants.

DID YOU KNOW?

The Parent Advisory Council at your child's school is eligible for a Community Gaming Grant.



Gaming Licences

GPEB's Licensing and Grants Division issues gaming event licences to eligible community organizations throughout British Columbia that wish to raise revenue to support and benefit their local programs and services. Licences must be applied for in advance of the proposed gaming event, and are issued with the understanding that charitable organizations will also honour municipal by-laws. All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community.

In 2012/13, the Branch issued 10,120 licences to eligible organizations to conduct gaming events. In total, community organizations raised an estimated \$35.2 million to support their projects and services.

One of GPEB's responsibilities is to ensure that charitable gaming events are conducted fairly and transparently. The Branch ensures that organizations applying for a gaming event licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. GPEB also conducts regular audits of licensees to ensure they follow rules and guidelines designed to protect the public, and are using the proceeds to support the eligible programs stated in the licence.

Gaming events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four different types of gaming licences—Class A, B, C or D—depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

Classes of Gaming Licences

Class A

Issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding \$20,000.

Class A gaming events earned an estimated \$22.2 million in 2012/13.

Class B

Issued to eligible charitable and religious organizations for gaming events expected to generate up to \$20,000 in gross revenue.

Class B gaming events earned an estimated \$9.4 million in 2012/13.

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to a select number of established fairs and exhibitions on a case-by-case basis.

Class C gaming events earned an estimated \$2.2 million in 2012/13. \$1.8 million was earned through raffles.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events expected to generate up to \$5,000 in gross revenue. This licence category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

Class D gaming events are restricted to ticket raffles and independent bingos. Eligibility is based on how the money will be spent.

Class D gaming events earned an estimated \$3.8 million in 2012/13.

See Appendix A, Table 10 for Charitable Gaming Licence Figures.

CORPORATE SERVICES

The Corporate Services Division provides support to all business units in GPEB and is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. This division:

- establishes industry-wide public interest standards;
- provides financial advice to GPEB's Executive;
- administers the Branch budget;
- makes payments on behalf of the Branch; and
- provides information and technology support to internal and external users of the Gaming Online System (GOS), the branch's online application system.

Policy

The policy team develops and maintains a fair, appropriate and transparent policy and regulatory framework for gaming and horse racing in British Columbia to help ensure the industry is conducted and managed fairly and with integrity. Areas of responsibility for the policy team include:

- supporting all business units within the Branch, the General Manager, Associate Deputy Minister, Deputy Minister and Minister;
- conducting policy analysis and advising the General Manager and Minister on broad policy, standards and regulatory issues;
- developing, managing and maintaining government's gaming legislation, regulations, policies, standards and directives;
- developing the Branch's Service Plan, Annual Report, and coordinating branch strategic planning;
- providing annual direction to BCLC by drafting the Government's Letter of Expectation between the Minister of Finance and BCLC; and
- managing communications, stakeholder relations and monitoring public opinion on gambling related issues.

IT Strategies

The IT team supports all business units in the Branch by providing daily support for GOS, the workstations, and internal and external facing websites.

The team meets GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT team also delivers specialized reports and provides the necessary management information to each division.



Financial Strategies

The finance team provides financial advice to the branch executive, administers the branch budget, manages facilities and makes grant and other payments on behalf of the branch. In 2012/13, finance paid out a total of \$135 million in gaming grants.

Other payments made by GPEB finance include Horse Racing Betting fees, Host Local Government (HLG) and Community Gaming Centre fees, Development Assistance Compensation (DAC) fees, and payments to the Health Special Account (HSA). In 2012/13 GPEB completed approximately 170 Electronic Funds Transfers.

Horse Racing Betting Fees

Horse Racing Betting Fees are levies on bets made at horse racing events that are collected through Hastings Racetrack, Fraser Downs Racetrack and The Betting Company (TBC) Teletheater.

Each month, the Great Canadian Gaming Corporation (GCGC) and TBC send reports to GPEB detailing the amounts collected (4.5 per cent on triactor bets¹ and 2.5 per cent on other bets). These fees are then deposited to a GPEB bank account. Any balance in excess of the monthly regulatory fee of \$156,500 is remitted back to the horse racing industry via the Horse Racing Industry Account, administered by the GCGC. At fiscal year end, the cumulative total of \$1.88 million in monthly regulatory fees is transferred into the Consolidated Revenue Fund.

¹ In a triactor bet, the bettor picks three horses to finish first, second and third in exact order.

Host Local Government Payments

BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each HLG where a casino or Community Gaming Centre operates. GPEB's finance team reviews the documents and calculations before entering the information into the Gaming Online System (GOS) for payments to be made to local governments.

Development Assistance Compensation

There are three municipalities in BC that have a DAC agreement – New Westminster, Penticton and Cranbrook. BCLC provides GPEB with quarterly calculations of compensation payments due to the municipalities for each of the three casinos in these locations. GPEB's finance division reviews these calculations and the audit team analyzes each municipality's eligible expenses for the period. The information is then entered into GOS for payments to be made to the municipalities.

DISTRIBUTION OF GAMING REVENUE

British Columbia generates commercial gaming revenue from casinos, community gaming centres, commercial bingo halls, lotteries and PlayNow.com. In 2012/13, commercial gaming in the province, excluding horse racing, grossed \$2.7 billion. After prize payouts and expenses, government revenue from gaming totaled \$1.13 billion. This revenue was used to support local communities, the horse racing industry, essential government programs and GPEB operations. As part of a revenue-sharing agreement between the federal and provincial governments, \$9.2 million of lottery revenues was remitted to the federal government.

Local Communities

In 2012/13, the Province distributed \$135 million in community gaming grants to approximately 5,300 community organizations.

Local governments that host casinos and/or community gaming centres receive 10 per cent of the net income generated by those gaming facilities. The HLG may use this funding for any purpose that benefits their community. In 2012/13, the Province paid \$84.1 million in grants to 31 host local governments (a \$1 million increase from 2011/12). An additional \$22.1 million was paid to communities that host destination casinos. Since 1999, the BC government has distributed over \$857.5 million in gaming revenue to local governments.

Gaming funds support a wide variety of community programs, capital projects and other initiatives. For example, in 2012/13, several host local governments used gaming funds to enhance local infrastructure including a beautification strategy and implementation in Burnaby and Campbell River's downtown revitalization. This fiscal year, gaming funds also supported a number of community activities and recreation programs, including the Prince Rupert Library, Boys and Girls Clubs and the Scout Island Nature Centre in Williams Lake.



BC distributes the most government gaming revenue to non-profit and community organizations of any province in Canada.²

Horse Racing

Government provided \$7.0 million to help revitalize the horse racing industry in British Columbia.

Essential Government Services

In 2012/13, \$705.1 million was allocated to the Consolidated Revenue Fund of British Columbia to support social programs, primarily health care and

² Canadian Partnership for Responsible Gambling (2013). *Canadian Gambling Digest 2011-2012*.

education. The Consolidated Revenue Fund is a fund into which all public money, aside from trust funds, is paid. The fund includes a general fund, as well as various special accounts. In the past 10 years, over \$6 billion in gaming revenue has been directed to this fund.

In 1992, the BC Government made a commitment to allocate revenue from the BC Lottery Corporation specifically for health care initiatives. To fulfil this commitment, the HSA was created as a special account within the Consolidated Revenue Fund, to be used to finance urgent health care priorities. According to the *Health Special Account Act*, the annual payment amount is equal to the amount shown in the Estimates as revenue in the HSA for that fiscal year. Since 2004, \$147.3 million in gaming revenue has been directed to the HSA annually.

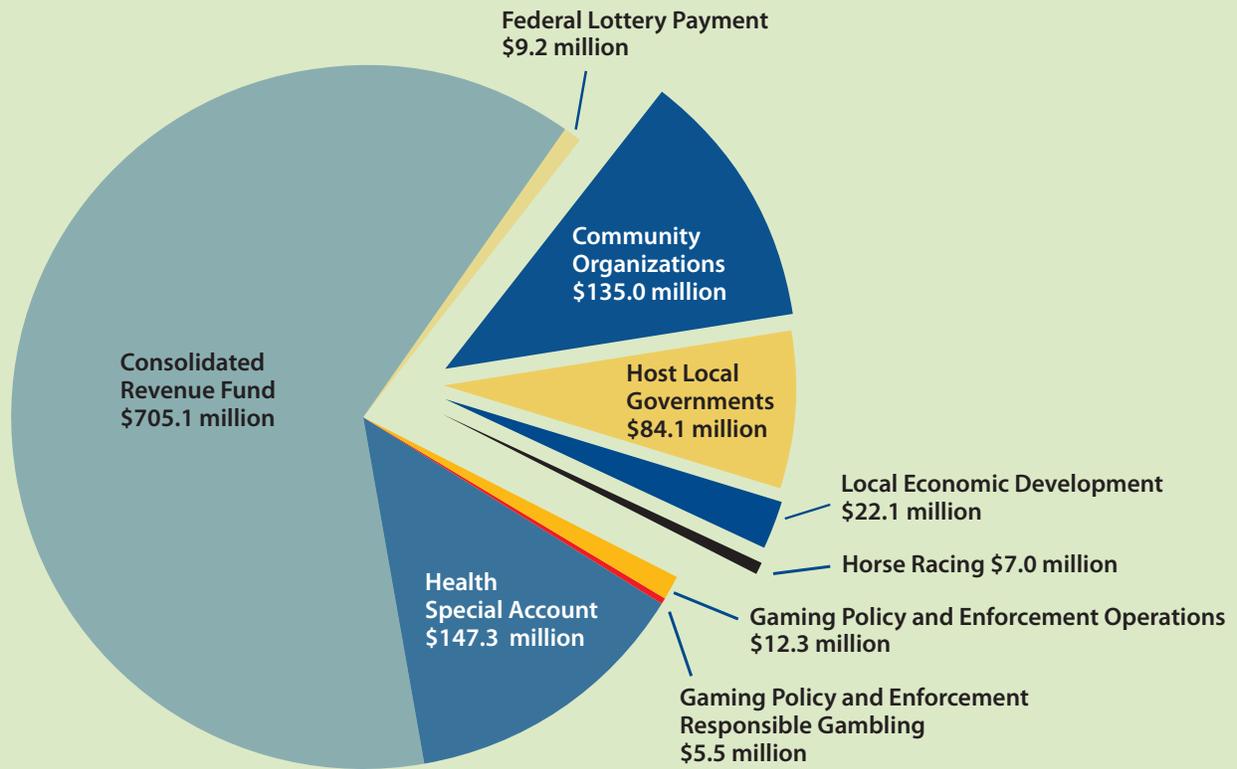
The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget. Since 1992, over \$2.7 billion has been paid directly into this account.

Gaming Policy and Enforcement Branch Operations

In 2012/13, GPEB spent \$17.8 million on the regulation of gaming, a decrease of \$1 million from 2011/12. Core operating costs accounted for approximately \$12.3 million; Responsible Gambling Strategy programs accounted for the other \$5.5 million.



Distribution of Gaming Revenue, 2012/13



Total Gaming Revenue Distributed in 2012/13: \$1.13 billion

APPENDICES

Appendix A: Figures and Tables

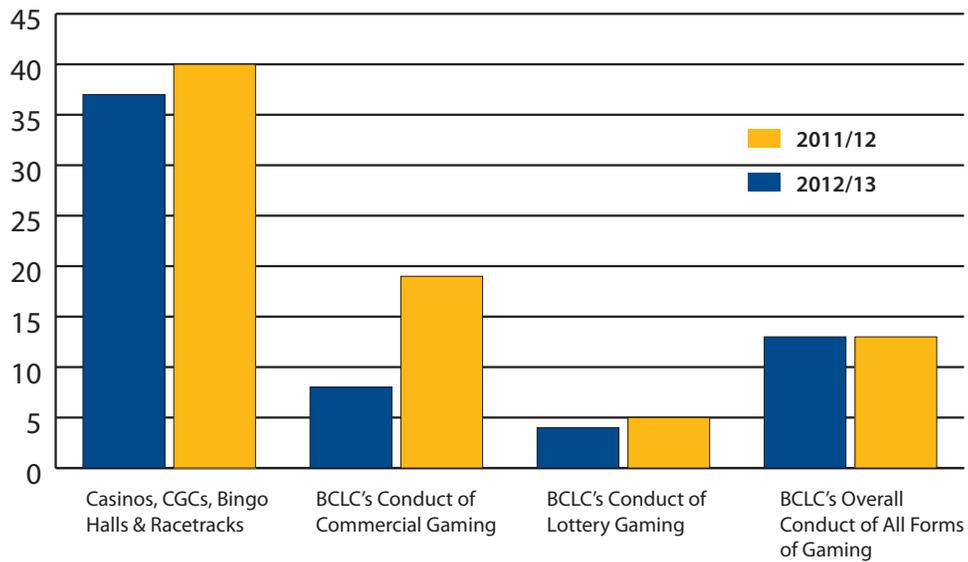


Figure 1: Number of Commercial Gaming Audits by Category

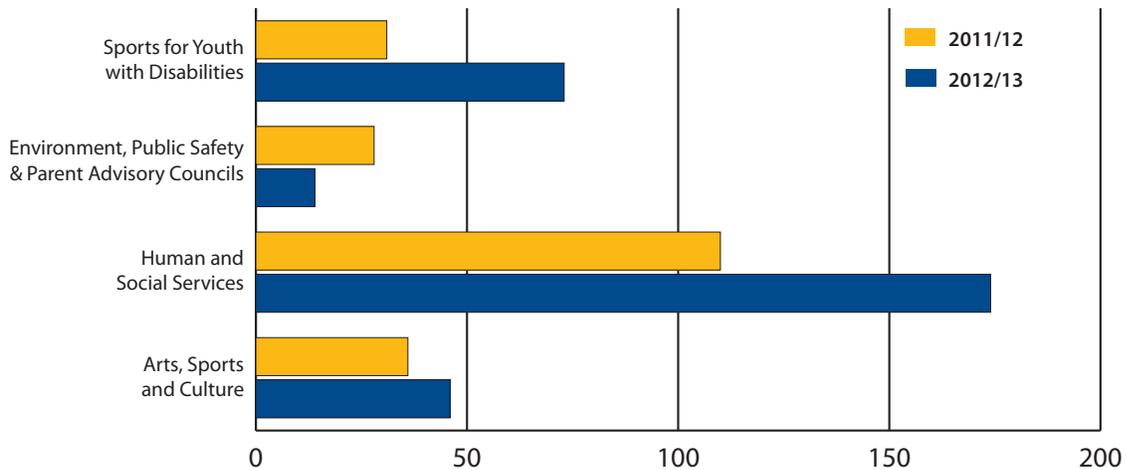


Figure 2: Number of Community/Charitable Gaming Grant Audits by Sector

Table 1: Corporate and Personnel Registrations				
	2012/13		2011/12	
	NEW	RENEWAL	NEW	RENEWAL
Corporate Registrations				
Gaming Service Providers	10	17	8	8
Gaming Equipment Suppliers	6	7	11	7
Ancillary Service Contractors	5	6	14	11
Senior Officials and Senior Employees	114	147	133	76
Personnel Registrations				
Gaming Workers	3,139	1,732	3,200	1,581
Lottery Retail Managers	309	228	429	1,271
Horse Racing Workers	254	576	251	166
GPEB and BCLC Personnel	325	118	167	373

Registration gaming and horse racing workers is valid for a three year period. When registration is due for renewal there is an increase in renewals, as reflected under Lottery Retail Managers for 2011/12.

Table 2: Summary of Revocations and Cancellations						
Types of Registration	2012/13			2011/2012		
	DENIED	REVOKED	CEASED	DENIED	REVOKED	CEASED
Gaming Workers	41	41	2,650	32	29	2,966
Horse Racing Workers	4	4	-	2	3	-
Lottery Retail Managers	2	3	883	2	4	2,289
GPEB and BCLC Personnel	0	0	721	0	0	484

Table 3: Gaming Supplies Certification Decisions				
	2012/13		2011/2012	
Types of Certification	CERTIFICATIONS	REVOCATIONS	CERTIFICATIONS	REVOCATIONS
Pull-tab Lottery Tickets	10	0	15	0
Scratch & Win Lottery Tickets	47	0	58	0
eLottery (Playnow.com games)	117	5	26	6
Electronic Gaming Devices and Other Supplies	560	78	569	64
Table Games	13	0	-	-

2011/12 revocations for eLottery certification were games revoked as a result of technical issues with the initial launch of BCLC's casino-style games on PlayNow.com. These games were subsequently re-certified.

Table 4: British Columbia Horse Racing Summary						
	RACE DAYS		LIVE RACES		HORSES RAN	
	2012	2011	2012	2011	2012	2011
Thoroughbred						
Hastings Racecourse (Vancouver)	67	71	533	550	4,081	4,269
Sunflower Downs (Princeton)	2	2	13	14	57	65
Kin Park (Vernon)	3	2	15	10	71	61
TOTAL	72	75	561	574	4,209	4,395
Standardbred						
Standardbred Track (Surrey)	79	73	868	759	7,097	6,146

Table 5: Horse Race Wagering		
	2012	2011
Hastings Park (HP)		
HP Live Races	12,293,650	11,965,475
HP Simulcast Wagers	61,782,868	74,076,519
Total HP	74,076,519	90,400,340
Fraser Downs (FD)		
FD Live Races	3,313,244	2,703,588
FD Simulcast Wagers	37,616,665	25,895,480
Total FD	40,929,910	28,599,069
Sunflower Downs (SD)		
SD Live Races	28,932	41,745
Kin Park (KP)		
KP Live Races	48,298	42,310
Teletheatre BC		
Hastings Park Races	1,489,860	1,574,572
Fraser Downs Races	971,733	999,668
Wagers on Other Racetracks	46,546,307	50,047,352
Total Teletheatre BC	49,007,900	52,621,592
Total – All	\$164,091,560	\$171,621,002

Table 6A: Horse Racing Rulings – Standardbred		
	2012	2011
Whipping Violations	20	23
Racing or Driving Infractions Committed During a Race	37	43
Drug or Alcohol Infractions Involving Horses or Registered Horse Racing Workers	11	8
Inappropriate Behaviour in the Backstretch Area of a Racetrack	10	8
Licensing or Registration Violations	3	5
Horses that Bled During a Race	1	1
Restoration of a Horse or Horse Racing Worker to Good Standing	4	11
Other Categories	5	7
Total Standardbred Rulings	91	106

Table 6B: Horse Racing Rulings – Thoroughbred		
	2012	2011
Racing or Riding Infractions Committed During a Race	27	22
Drug or Alcohol Infractions Involving Horses or Registered Horse Racing Workers	20	14
Entering an Ineligible Horse	8	4
Inappropriate Behaviour in the Backstretch Area of a Racetrack	6	22
Licensing or Registration Violations	12	6
Horses that Bled During a Race	5	6
Restoration of a Horse or Horse Racing Worker to Good Standing	14	7
Other Categories	9	7
Total Standardbred Rulings	101	88

Table 7: Investigation Activity Related to Real or Suspected Wrongdoing

Types of Notifications	Notifications of Suspected Wrongdoing	Cleared Files									Ongoing/ Not Cleared
		Unfounded	Warning	GCA Admin (1)	GCA Charge (2)	CC Charge (3)	Intelligence (4)	Alternate Resolution (5)	Police Assistance (6)	Other (7)	
Theft	1,723	153	-	-	-	148	-	669	152	557	44
Assault	163	5	-	-	-	4	-	13	53	85	3
Threats	234	2	-	-	-	4	3	21	48	150	6
Fraud	253	56	-	-	-	24	-	41	19	107	6
Loan Sharking	6	1	-	-	-	-	3	-	1	1	-
Suspicious Currency Transactions/ Money Laundering	1,062	31	-	-	-	-	983	1	4	26	17
Cheat at Play	163	55	-	-	-	-	-	30	1	74	3
Counterfeit	232	2	-	-	-	-	223	1	3	3	-
GCA Violations	286	5	6	187	2	3	7	11	1	56	8
VSE Prohibited	6,772	-	-	-	-	-	6,772	-	-	-	-
Prohibited (Other)	1,846	2	-	-	1	-	1,829	-	2	11	1
Illegal Gaming	95	29	26	-	2	-	5	9	4	11	9
Unclassified	3,180	27	1	7	-	10	140	102	750	2,112	31
Total	16,015	368	33	194	5	193	9,965	898	1,038	3,193	128

- 1) "Administrative" are breaches of conditions of licenses or registration under the *Gaming Control Act*.
- 2) Charges by the Investigation Division requiring court appearance or Ticket Violation Notice with voluntary penalty under the *Gaming Control Act*.
- 3) Charges under the *Criminal Code* resulting from investigations conducted by the Investigation Division and/or assisting police of jurisdiction.
- 4) Includes correlating data on suspect individuals and groups and forwarding to police of jurisdiction (RCMP Proceeds of Crime, Major Crime or Commercial Crime, FINTRAC), maintaining data for future potential investigations (e.g. RCMP receive all compiled counterfeit bill and suspect data for inclusion on National Counterfeit Data Bank in Ottawa).

- 5) Service Providers, BCLC, or GPEB Investigations undertaking alternative measures to handle a matter i.e.: Integrated Voucher System ticket thefts where subject returns money from ticket taken/found.
- 6) Reports to GPEB where police of jurisdiction have been contacted / have attended / have investigated matter with the assistance of GPEB and/or Service Provider.
- 7) Includes files where there is insufficient evidence to lay charges. GPEB assists the police of jurisdiction on unrelated criminal matters, or if there are unidentified suspects.

Table 8: BC Responsible and Problem Gambling Program Statistics		
Program Figures	2012	2011
Calls Made to Help Line Specific to Problem Gambling	4,232	4,212
Referrals to Responsible & Problem Gambling Program	1,598	2,629
Clients Served	1,685	2,079
Number of Prevention and Outreach Sessions	3,886	3,504
Contracted Service Providers		
Clinical Counsellors	28	29
Prevention Service Providers	17	20
Provincial Coordinators	2	2
GameSense Advisors	25	16

Table 9: Distribution of Community Gaming Grants			
Sector	Sub-Sector	2012/2013 Millions	2011/2012 Millions
Human and Social Services	Community Service Organization	10.8	7.7
	Disadvantage Distress Poverty	23.8	25.9
	Public Community Facilities	4.0	4.2
	Public Health in the Community	12.2	11.1
	Community Education	11.5	11.9
	Enhancement of Youth	5.6	5.3
	Not Classified	-	0.3
Arts and Culture	Adult Arts and Culture	6.3	8.3
	Fairs, Festivals, Museums	5.0	4.0
	Youth Arts and Culture	4.4	5.0
Sports	Youth	25.0	26.9
	Adult	0.7	0.9
	People with Disabilities	1.4	0.6
Enhancement of Public Safety		6.9	7.0
Environment	Protection of Animals and Conservation of the Environment	2.8	2.6
Parent Advisory Councils and DPACs		11.7	11.9
Priority Programs One-Time Grants (1)		2.3	1.4
Multiculturalism Grants (2)		0.6	-
Total		135.0	135.0

- 1) Priority One Time Grants are provided to eligible organizations that may have a program, project or event that is non-recurring.
- 2) Multiculturalism grants were a one-time grant available in government fiscal year 2012/13 offered and funded by the Ministry of Finance and Minister Responsible for Multiculturalism. These grants are not considered gaming grants, but are shown in this report because they were administered by the Gaming Policy and Enforcement Branch.

Table 10: Charitable Gaming Events (\$ Figures in Thousands)

		2012/13		2011/12	
Licence Class	Licence Type	Number	Net Revenue	Number	Net Revenue
Class A	Minor Raffle	195	\$3,653	200	\$3,519
	Major Raffle	41	\$2,411	34	\$2,743
	Registered Raffle	22	\$11,329	22	\$9,604
	Independent Bingo	101	\$2,501	105	\$2,244
	Special Occasion Casino	-	-	1	10
	Total Class A Licences	359	\$19,894	362	\$18,120
Class B	Raffles	3,633	\$8,853	3,861	\$8,928
	Independent Bingo	111	\$328	122	\$332
	Wheels of Fortune	8	\$6	15	\$19
	Special Occasion Casino	31	\$42	32	\$35
	Poker	87	\$150	114	\$195
	Total Class B Licences	3,870	\$9,379	4,144	\$9,509
Class C	Raffles	3	\$1,865	3	\$2,013
	Independent Bingo	-	-	-	-
	Limited Casino	-	-	-	-
	Wheels of Fortune	3	\$310	2	\$363
	Total Class C Licences	6	\$2,175	5	\$2,376
Class D	Independent Bingo	116	\$84	101	\$84
	Raffles	5,769	\$3,708	5,285	\$3,253
	Total Class D Licences	5,885	\$3,792	5,386	\$3,337
Total – All Classes		10,120	\$35,240	9,897	\$33,342

Appendix B: Gaming Industry Legal and Operating Framework

Gaming in BC is regulated under the Criminal Code of Canada and the provincial *Gaming Control Act*. At the beginning of fiscal year 2012/13, responsibility for the regulation of gaming resided with the Ministry of Public Safety and Solicitor General, and was later transferred to the Ministry of Energy, Mines and Natural Gas on September 5, 2012. As of June 10, 2013, GPEB became a part of the Ministry of Finance.

The minister is not involved in decisions regarding individuals or specific companies or organizations, nor in the day-to-day management of gaming.

Regulating BC's Gaming Industry

The Gaming Policy and Enforcement Branch, which regulates gaming in BC, comprises seven divisions:

- *Corporate Services and Responsible Gambling* – responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. This division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. In addition, it provides financial advice to GPEB's Executive, administers the Branch budget, makes payments on behalf of the Branch, and provides information and technology support.
- *Licensing and Grants* – distributes grants to community organizations and issues gaming event licences to eligible organizations.
- *Racing* – regulates and manages horse racing.
- *Registration and Certification* – conducts financial and personal background checks on all gaming services providers and gaming workers and certifies all gaming equipment used in the province.
- *Audit and Compliance* – conducts compliance audits of BCLC, commercial gaming, lottery gaming, licensed gaming events and community organizations' use of gaming proceeds.

- *Quality Assurance and Risk* – manages GPEB's strategic planning, quality assurance program, records management, freedom of information requests and coordinates the Branch's risk management strategies.
- *Investigations and Regional Operations* – responsible for investigating all complaints and allegations of regulatory wrongdoing and assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in BC

Conduct and Management of Gaming in BC

British Columbia Lottery Corporation

The BC Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. The Corporation is headed by a board of directors (appointed by the Lieutenant Governor on the recommendation of the Executive Council) and is regulated by GPEB. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. It also sets the rules of play for lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

GPEB licenses private companies to conduct and operate live horse racing events at five horse race tracks in British Columbia. These service providers are responsible for conducting horse racing in accordance with the *Gaming Control Act* and the Rules of Thoroughbred and Standardbred Horse Racing. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community Organizations

GPEB licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

Supporting the Delivery of Gaming in BC

Gaming Services Providers

The BC Lottery Corporation contracts with private companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo, community gaming centre operators and lottery retailers. Service providers at gaming facilities must ensure all gaming employees are properly trained and that no one under 19 participates in gambling activities or is present where gambling activity occurs.

Key Persons

GPEB identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services that are not directly related to gaming itself (e.g., landlords, janitorial services and concessionaires) to gaming operators.

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to operate large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include people who work for or conduct business with racetracks (e.g., jockeys, trainers, race horse owners and racing officials).

Horse Racing Teletheatre Operators

GPEB licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 23 teletheatre locations in BC and Teletheatre BC (TBC) operates in 21 venues across the province. The remaining two teletheatres are operated by the Great Canadian Gaming Corporation and located at the Hastings Racecourse and Fraser Downs Racetracks.

Authorized Forms of Gaming

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are constantly being developed. Players' preferences are also constantly changing. The Province takes a cautious and responsible approach when determining the types of games it will permit and where those games may take place. New products, approaches, and forms of gaming must not jeopardize the integrity of the industry, must be socially responsible, and it must be possible for GPEB to effectively regulate them.

The following table summarizes the forms of gaming currently authorized and the locations where each may be offered.

Appendix C: Gaming Permitted in British Columbia

Commercial Gaming	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs & Bars
Commercial Bingo Games		•	•						
Lottery Products	•	•	•	•	•	•	•		•
Slot Machine	•		•	•			•		
Table Games	•			•			•		
Poker Tables				•			•		
Electronic Table Games	•		•	•			•		
Live Horse Racing				•	•				
Teletheatres	•		•	•	•				•
Licensed Charitable Gaming									
Ticket Raffles								•	•
Independent Bingo								•	•
Social Occasion Bingo								•	•
Wheels of Fortune								•	•

Appendix D: Sources and Distribution of Revenues

Table A: Sources and Distribution of Gaming Revenues (\$ Figures in Millions)		
	2012/2013	2011/2012
Revenue – In		
Lottery & eGaming	\$298.2	\$278.9
Casino & Community Gaming	\$829.4	\$828.5
Total Revenue	\$1,127.6	\$1,107.4
Disbursements – Out		
Supporting Communities		
Community Organizations	\$135	\$135
Payment to Host Local Government	\$84.1	\$81.3
Local Economic Development (DAC)	\$22.1	\$11.6
Horse Racing Purse Enhancements	\$7.0	\$10.0
Gaming Policy and Enforcement Branch Operations		
Core Programs to Regulate Gaming	\$12.3	\$13.2
Responsible and Problem Gambling Program	\$5.5	\$5.6
British Columbia Government Programs		
Health Special Account	\$147.3	\$147.3
Consolidated Revenue Fund	\$705.1	\$692.4
Government of Canada Transfer		
Under a Federal/Provincial/Territorial Agreement	\$9.2	\$9.2
Total Disbursements	\$1,127.6	\$1,107.4

Table B: Host Local Government Share of Gaming Revenues			
Name of Casino (CGC)	Location	2012/2013	2011/2012
Chances Abbotsford CGC	Abbotsford	\$970,854	\$904,774
Grand Villa Casino	Burnaby	\$8,826,054	\$9,365,899
Campbell River Chances CGC	Campbell River	\$684,345	\$687,490
Chances Castlegar CGC	Castlegar	\$452,049	\$283,428
Chances Chilliwack	Chilliwack	\$496,262	-
Boulevard Casino	Coquitlam	\$7,386,268	\$7,501,627
Chances Courtenay	Courtenay	\$835,117	\$802,261
Chances Cowichan CGC	Duncan	\$734,271	\$784,409
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	\$1,178,631	\$1,365,120
Chances Dawson Creek CGC	Dawson Creek	\$831,192	\$839,806
Chances Fort St. John	Fort St. John	\$947,307	\$969,606
Lake City Casino	Kamloops	\$1,818,789	\$1,992,004
Chances Kamloops CGC	Kamloops	\$659,251	\$541,918
Lake City Casino	Kelowna	\$1,732,799	\$2,036,332
Chances Kelowna CGC	Kelowna	\$1,967,902	\$1,584,608
Playtime Gaming CGC	Langley	\$129,598	\$132,254
Langley Casino	Langley	\$5,793,005	\$5,875,236
Maple Ridge CGC	Maple Ridge	\$820,220	\$786,696
Chances Boardwalk CGC	Mission	\$625,471	\$645,946
Nanaimo Casino	Nanaimo	\$2,431,137	\$2,350,384
Starlight Casino	New Westminister	\$5,701,452	\$5,780,230
Lake City Casino	Pentiction	\$1,594,350	\$1,682,935
Changes Rim Rock	Port Alberni	\$426,859	\$449,781

Table B: Host Local Government Share of Gaming Revenues Continued

Name of Casino (CGC)	Location	2012/2013	2011/2012
Treasure Cove Casino	Prince George	\$2,662,415	\$2,627,265
Chances Prince Rupert CGC	Prince Rupert	\$424,801	\$403,647
Billy Barker Casino	Quesnel	\$500,409	\$519,955
River Rock Casino	Richmond	\$15,701,188	\$14,803,715
Chances Boardwalk	Squamish	\$237,150	\$230,631
Fraser Downs Racetrack	Surrey	\$2,997,760	\$2,887,900
Newton CGC	Surrey	\$187,726	-
Chances Terrace	Terrace	\$625,577	\$560,756
Edgewater Casino	Vancouver	\$6,084,757	\$5,821,565
Hastings Racetrack	Vancouver	\$1,214,567	\$1,270,554
Lake City Casino	Vernon	\$2,000,788	\$1,947,770
View Royal Casino (1)	View Royal	\$4,142,755	\$4,196,788
Signal Point CGC	Williams Lake	\$579,212	\$579,705
Total Local Government Share		\$84,371,314	\$83,133,003

1) View Royal shares the Host Local Government payments with Sooke, Colwood, Langford, Metchosin, Esquimalt and the Highlands.

Appendix E: Branch Operating Budget and Expenditures

	2012/13	2011/12
Branch Budget		
Core Operations	\$13,638,000	13,907,000
Responsible Gambling Program	\$4,506,000	\$4,453,000
Total Branch Budget	\$18,144,000	\$18,360,000
Branch Expenditures		
Core Operations		
Salaries and Benefits Costs	\$11,112,402	\$11,362,646
Operating and Business Expenses (Including Legal and Professional Services)	\$1,196,788	\$1,886,761
Sub total	\$12,309,190	\$13,249,407
Responsible and Problem Gambling Program		
Salaries and Benefits Costs	\$254,732	\$268,363
Operating and Business Expenses (Including Legal and Professional Services)	\$419,139	\$391,360
Contracts	\$4,795,726	\$4,934,790
Sub total	\$5,469,597	\$5,594,513
Total Branch Expenditures	\$17,778,787	\$18,843,920
Surplus/(Deficit)	\$365,213	\$(483,920)





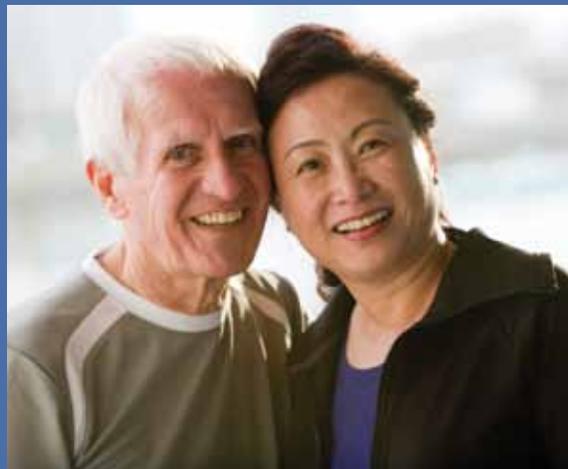
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Appendix J – 2013/14:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2013/14*, (Victoria: British Columbia, 2014).

Gaming Policy and Enforcement Branch

Annual Report 2013-2014



CONTENTS

LETTER OF TRANSMITTAL	1
ACCOUNTABILITY STATEMENT	2
MANDATE, OUR VISION AND MISSION	3
KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA	4
STRATEGIC FOCUS AND SPECIAL PROJECTS 2013/14	5
Anti-Money-Laundering Strategy	5
Horse Racing Revitalization	5
ENSURING CITIZENS AND COMMUNITIES ARE PROTECTED	7
Ensuring the Right People and Companies are Involved in Gaming	7
ENSURING COMPLIANCE WITH REGULATIONS AND STANDARDS	11
The Audit Program	11
SUPPORTING CITIZENS AND COMMUNITIES	15
Problem Gambling and Responsible Gambling Programs	15
Goal One: Create Public Awareness of Risks Associated with Gambling	15
Goal Two: Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice	16
Goal Three: Provide Treatment and Support to those Impacted by Problem Gambling	18
CORPORATE SERVICES	21
Policy	21
IT Strategies	21
Financial Strategies	22
DISTRIBUTION OF GAMING REVENUE	23
APPENDICES	25
Appendix A: Figures and Tables	26
Appendix B: Gaming Industry Legal and Operating Framework	35
Appendix C: Gaming Permitted in British Columbia	37
Appendix D: Sources and Distribution of Revenues	38
Appendix E: Host Local Government Share of Gaming Revenues	39
Appendix F: Branch Operating Budget and Expenditures	41



LETTER OF TRANSMITTAL

I am pleased to submit to the British Columbia Legislature the 2013/14 Annual Report for the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Finance. The information in this report reflects the activities of the Branch between April 1, 2013 and March 31, 2014.

GPEB regulates the gaming industry in British Columbia, including regulatory oversight of the British Columbia Lottery Corporation (BCLC). Its mandate is to ensure the integrity of gaming in the province, and that the interests of the public are protected.

Internet and mobile gaming (eGaming) is an emerging part of the gambling industry that is complex and rapidly evolving. As this technology continues to evolve, and casinos and community gaming centres are introducing new technologies into their venues, new challenges arise in the regulation of gaming. GPEB continues to work toward developing a greater understanding of eGaming so that appropriate regulatory direction can be achieved. The Ministry is also working to prevent criminal attempts to legitimize illegal proceeds of crime through the gaming industry in the province. Since 2011, GPEB, BCLC, police forces and the gaming industry have taken a number of steps to reduce the amount of cash brought into gaming facilities and expand the use of traceable, non-cash alternatives. We remain committed to managing gaming activities to protect the public interest and ensure public safety.

The Province continues to support the British Columbia horse racing industry through the British Columbia Horse Racing Industry Revitalization Initiative. For 2013/14, government's financial contribution was \$8.9 million. The government-appointed British Columbia Horse Racing Industry Management Committee (HRIMC) continues to guide the industry in its effort to become financially stable and sustainable.

We are committed to ensuring the effective regulation of British Columbia's gaming industry and the protection of the public. I will continue to work closely with GPEB management and staff to address any ongoing and future challenges.

Honourable Michael de Jong, Q.C.
Minister of Finance

ACCOUNTABILITY STATEMENT

Honourable Michael de Jong, Q.C.,
Minister of Finance

Minister:

I am pleased to present the 2013/14 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). The report covers the period between April 1, 2013 and March 31, 2014. I am accountable for the contents of this document, and the basis on which the information has been reported.

GPEB's mandate is to ensure that gaming in British Columbia is conducted responsibly and with integrity. As such, our programs promote compliance with laws, regulations and standards, support communities through charitable grants, and deliver Responsible and Problem Gambling education and treatment. GPEB ensures that gaming revenues are distributed to communities and used for their intended purpose, people employed in the gaming industry are appropriately vetted, offences under the *Gaming Control Act* and the *Criminal Code of Canada* are reported and investigated as necessary, and that help is available to anyone experiencing gambling related problems.

In the fiscal year 2013/14 GPEB began working on the third phase of its Anti-Money Laundering (AML) strategy, which focused on exploring options for regulator intervention and enhancing customer due diligence on the source of funds being brought into gaming facilities. In 2013/14, GPEB reviewed the policies and practices of other industries that deal with large amounts of cash, such as currency exchanges and other gaming jurisdictions, to use as a foundation to develop regulatory policies relevant to gaming in British Columbia. GPEB also devoted efforts to ensuring that we properly understand and are able to develop appropriate regulatory direction for the eGaming industry. The Responsible and Problem Gambling Program continues to educate BC residents on responsible gambling strategies to ensure gambling remains fun and recreational, and support those impacted by problem gambling through a comprehensive prevention and treatment service continuum.

Finally, I would like to recognize and thank all GPEB staff for their hard work and commitment to ensuring that gaming remains a sound and socially-responsible industry in British Columbia. I look forward to continuing to work closely with branch staff to ensure the effective regulation of the industry.

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

MANDATE

Gaming Policy and Enforcement Branch (GPEB) regulates all gaming in British Columbia, ensures the integrity of gaming industry companies, people and equipment, and ensures compliance with policies and standards established under the *Gaming Control Act*. This includes regulatory oversight of the British Columbia Lottery Corporation (which conducts and manages lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), BC's horse racing industry, and licensed gaming events. GPEB also delivers responsible and problem gambling programs and distributes gaming funds to community organizations and other recipients.

Horse racing in BC is conducted and managed by thoroughbred and standardbred associations, in conjunction with racetrack operator Great Canadian Gaming Corporation.

GPEB's core objective is to ensure that a comprehensive and responsible gaming regulatory framework is in place.

OUR VISION AND MISSION

Our vision is that gaming is conducted responsibly and with integrity for the benefit of British Columbians.

Our mission is to ensure the integrity of gaming.

KEY FACTS ABOUT GAMING IN BRITISH COLUMBIA

In British Columbia, the gaming industry generates \$2.7 billion gross annually.

During the past year, the gaming sector included:

- 18,000 people employed directly in the gaming industry;
- Over 37,000 people employed directly and indirectly in gaming operations and support services; and
- Over 10,000 licensed gaming events.

As at March 31, 2014, the commercial gaming industry included:

- PlayNow.com, British Columbia's legal online gaming site;
- Provincial and national lottery games;
- 17 casinos, including 2 at horse racetracks;
- 19 community gaming centres;
- 6 commercial bingo halls;
- 5 horse racetracks; and
- 23 horse racing teletheatres.

In 2013/14, the regulation of gaming in British Columbia included:

- New and renewed registrations for:
 - 5,649 gaming workers
 - 1,139 lottery retailers
 - 240 senior officials and senior employees
 - 589 horse racing workers
 - 49 gaming services providers, gaming equipment suppliers and ancillary service contractors;
- 547 gaming supplies certifications;
- 391 audits of licensed gaming events and organizations' use of gaming grant proceeds;
- 64 compliance audits of BCLC and gaming service providers regarding applicable public interest standards, directives, laws and regulations;
- Inspections of 475 lottery retailers; and
- 76 eGaming investigations.

GPEB supported citizens and communities in 2013/14 by:

- Delivering 3,774 presentations on responsible gaming to 128,630 people;
- Providing 7,286 problem gambling counselling sessions to 1,454 people across the province;
- Administering \$135 million in gaming grants to more than 5,000 community organizations; and
- Issuing 10,341 gaming licenses to community organizations, enabling \$37.8 million in net revenue generation to support projects and services.

STRATEGIC FOCUS AND SPECIAL PROJECTS 2013/14

Anti-Money-Laundering Strategy

The primary focus of the Anti-Money-Laundering Strategy is to shift British Columbia's gaming industry away from its reliance on outside cash brought into gaming facilities. Using a three phase approach, GPEB is progressively implementing tiers of control over the acceptance of funds into gaming facilities.

Having developed, implemented and promoted cash alternatives through Phases 1 and 2, GPEB moved into Phase 3 in 2013/14. GPEB began to explore options for regulatory action as part of the administrative process in preventing money laundering in British Columbia's gaming facilities. Phase 3 will ensure that the gaming industry is appropriately aligned with practices that ensure integrity in accepting cash for gambling, including the source of funds at play.

Elements of the review that began in 2013/14 include:

- Research on the due diligence standards that exist within the financial deposit-taking sector, currency exchanges, brokerage firms and other gambling jurisdictions, for dealing with cash;
- Gaining an understanding of the impact of the FINTRAC Customer Due Diligence (CDD) Regulation change, of February 2014, to support GPEB initiatives;
- Provide direction for advancing regulatory requirements of CDD for source of funds in casinos;

Horse Racing Revitalization

Supporting the revitalization of BC's horse racing industry is very important to government. British Columbia's horse racing industry contributes



approximately \$350 million to the province's economy and provides more than 7,400 people with approximately 3,600 full-time equivalent jobs. However, over the last several decades, the horse racing industry in North America has faced serious challenges. Attendance and wagering revenues have dropped significantly in BC, and government has responded with enhanced funding support and expert guidance. The Province has allocated 25 per cent of net revenues from slot machine profits at casinos that are located at Hastings and Fraser Downs race tracks to support the industry. In 2013/14, these revenues totaled \$8.9 million.

In response to requests from the industry to help revitalize horse racing in BC, the Province created the BC Horse Racing Industry Management Committee (HRIMC) in November 2009. The committee includes leading horse racing industry and business experts, and its mandate is to provide strategic direction, decision-making and business leadership.

The HRIMC has focused on creating a sustainable and transparent business model that benefits the entire

industry. To help drive its activities and decisions, the committee consulted with trainers, bettors, track employees, the track operator and other interested stakeholders throughout the province. The main areas targeted for improvement have been:

- governance,
- cost efficiencies in operations,
- new revenue initiatives, and
- marketing.

In 2013/14, the HRIMC released the *Draft Report for Industry Consultation*, proposing a new business model to make the industry more sustainable. Based on that report and the negotiations stemming from it, the industry reached a multi-year agreement, valid to 2015/16, that prepares for transition to a revised business model. Funding arrangements are in place for three years for the Thoroughbred sector, and five years for the Standardbred sector.



DID YOU KNOW?

The Province has allocated 25 per cent of net revenues from slot machine profits at casinos co-located at Hastings and Fraser Downs Race Tracks to support the horse racing industry. In 2013/14, these revenues totaled \$8.9 million

BC's horse racing industry contributes \$350 million to the province's economy and provides more than 7,400 people with jobs.

ENSURING CITIZENS AND COMMUNITIES ARE PROTECTED

Ensuring the Right People and Companies are Involved in Gaming

Every year, thousands of individuals and dozens of companies apply for gaming registration. GPEB's registration program, administered by the Registration and Certification Division, helps to prevent unsuitable candidates from entering the gaming industry. Registrants are subject to a background investigation, which includes, but is not limited to, a criminal record check, credit check, and in some cases an interview to confirm an applicant meets the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act* and Regulation.

In 2013/14, the total volume of new registrants and renewals increased. As gaming options such as eGaming become increasingly more available, the challenge of determining who is required to be registered as a gaming service provider increases.

The Registration and Certification Division collects, monitors, and reconciles over \$2.4 million in registration and investigation fees annually.

There are three different kinds of registration: corporate, personnel and lottery retailers.

Corporate Registration

The Corporate Registration Unit conducts a thorough review of gaming-related businesses and their executive personnel. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators,

as well as suppliers and manufacturers of online gaming services and gaming equipment (e.g., slot machines, automatic shufflers). Corporate registration also registers other service providers, such as gaming consultants, ticket rafflers, security and ancillary services, including food and janitorial services provided at gaming facilities. Corporate Registration has historically registered entities involved in traditional gaming facilities, but now includes eGaming.

Personnel and Lottery Retailer Registration

GPEB's Personnel and Lottery Retailer Registration units register all workers involved in the gaming industry. This includes all people directly involved in the industry (e.g., casino, bingo, horse racing workers and lottery retailers), as well as those indirectly involved (e.g., BCLC and GPEB employees). GPEB continues to look at ways to make the registration system more efficient, while maintaining the integrity of gaming operations. See Appendix A, Table 1 for further Corporate and Personnel Registration Figures.





DID YOU KNOW?

According to the most recent national research study, of all provinces, BC distributed the most government gaming revenue to non-profit community organizations. Between 2001 and 2013/14, the Province provided over \$1.5 billion in gaming grants to community organizations

Summary of Refusals, Revocations and Cancellations

Every year, GPEB refuses a number of registrations for a variety of reasons including failure to pass a criminal record check, disclose outstanding criminal charges, or provide information requested in the application or subsequent background investigation. While having a criminal record does not automatically result in refusal, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the *Gaming Control Act* or the Gaming Control Regulation, GPEB will take appropriate action to address the concern based on the severity of the transgression. GPEB may issue a sanction, warning or suspension, or it may cancel registration altogether. See Appendix A, Table 2 for a Summary of Revocations and Cancellations.

Ensuring gaming supplies are fair

Gaming supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, and Internet gambling software.

Before being able to operate in the live environment, all gaming equipment used in the Province of British Columbia must be tested to the applicable requirements set forth in GPEB's technical gaming standards. GPEB's Certification and Game Integrity Unit (CGIU) establishes and maintains these technical gaming standards to ensure gaming supplies that are used in commercial or charitable environments:

- operate fairly,
- are safe and secure,
- deliver the stated odds of winning, and
- can be audited.

All gaming supplies are tested in accredited testing facilities (ATF's), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gaming supplies for use in British Columbia's gaming venues.

This fiscal year, GPEB began regulating electronic raffle systems used by charitable licensees. CGIU created a technical standard, assisted with registering the service providers, and certified the technical integrity of each new electronic raffle system installation.

GPEB investigates player complaints and all reports of malfunctioning gaming supplies including issues with lottery products, internet gambling software and electronic raffle systems. In 2013/14, CGIU conducted 15 technical investigations related to the malfunction of a gaming supply or as a result of a player complaint.

Gaming supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gaming product no longer meets GPEB's technical gaming standards.

Gaming supply (e.g. slot machine) malfunctions can also lead to a certification suspension or revocation. Certification for gaming supplies used in the province is issued by GPEB. A certification may be suspended or revoked for a number of reasons: if a gaming supply malfunctions; if an Accredited Test Facility rescinds their certification; or if the vendor upgrades the gaming supply and no longer supports the previous version. Malfunctions account for the least number of revocations while software upgrades account for the majority.

Gaming supplies for which certification has been suspended or revoked must be removed from the gaming floor or Playnow.com website. Before the gaming supplies can be returned to service, any repairs, modifications, or upgrades must be re-tested by an Accredited Test Facility and re-certified by GPEB.

GPEB's CGIU makes recommendations to the General Manager where a request has been made to the Minister for the introduction of any new type of lottery scheme or for the use of any new technologies in the delivery of any lottery scheme. See Appendix A, Table 3 for Gaming Supplies Certifications.



Quality Assurance and Risk

The Quality Assurance and Risk Division is responsible for the development and maintenance of a strategic commitment, operations, risk and evaluation framework for the regulation of gaming in BC (also known as the SCORE framework). The division also monitors and reports on accountability and compliance with this framework, which includes a comprehensive approach for identifying, prioritizing and managing risks, and for identifying opportunities and processes to mitigate those risks within GPEB and the regulation of British Columbia's gaming industry as a whole.

Other responsibilities of this division include the business continuity and emergency management program, staff whistleblower and public complaints programs and internal quality assurance processes to ensure GPEB fulfills its mandate and complies with government legislation.

SCORE Framework:



ENSURING COMPLIANCE WITH REGULATIONS AND STANDARDS

The Audit Program

The goal of the Audit and Compliance Division (ACD) program is to ensure regulatory compliance with the *Gaming Control Act*, Regulation, policies, directives and public interest standards to help maintain public confidence in gaming in BC. Compliance inspections and audits are conducted on the BC Lottery Corporation, gaming service providers, licensees and gaming grant recipients.

ACD also promotes voluntary compliance with provincial gaming legislation through compliance enhancement education sessions for charitable organizations that conduct licensed gaming or receive gaming grants.

ACD develops an annual Audit Plan that outlines the five main areas that are audited:

1. BCLC's Overall Conduct and Management of All Forms of Gaming, including the Corporation's PlayNow.com website;
2. BCLC's Conduct and Management of Lottery Gaming;
3. BCLC's Conduct and Management of Commercial Gaming, including Casinos, Community Gaming Centres and Bingo Halls;
4. Horse Racing; and
5. Licensed Gaming and Community Gaming Grants.

DID YOU KNOW?

There are over 18,000 individual registrants working in the gaming industry in BC.

The ACD has adopted and follows a risk-based audit approach when developing their annual audit plan to ensure that audit resources in the division are used effectively. This approach also enhances the effectiveness of the audit program by allowing gaming facilities and licensees to be assessed individually for risk.

The ACD works closely with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to help combat money laundering at gaming facilities. A memorandum of understanding (MOU) was signed by both parties in 2004 to establish a framework for information sharing. The collaboration between the organizations assists GPEB and FINTRAC in meeting their regulatory mandates.

The Audit Division has two distinct work units: Commercial Gaming Audit and Charitable Gaming Audit.

Commercial Gaming Audit Unit

In 2013/14, the Commercial Gaming Audit Teams completed 64 audits of BCLC and gaming service providers.

Commercial audit reports were issued within the target timeframe of 30 days of completion of audit field work 85 per cent of the time.

See Appendix A, Figure 1 for Commercial Gaming Audits by Category.

Audit and Compliance also completed 475 inspections of lottery retailers throughout the province to monitor compliance with provincial gaming legislation.

Charitable Gaming Audit Unit

In 2013/14, the Charitable Gaming Audit Team completed 391 audits and inspections of 326 charitable organizations assessed as being high-risk for non-compliance (see Appendix A, Figure 2 for a breakdown of charitable audits by sector). Of the high-risk organizations audited:

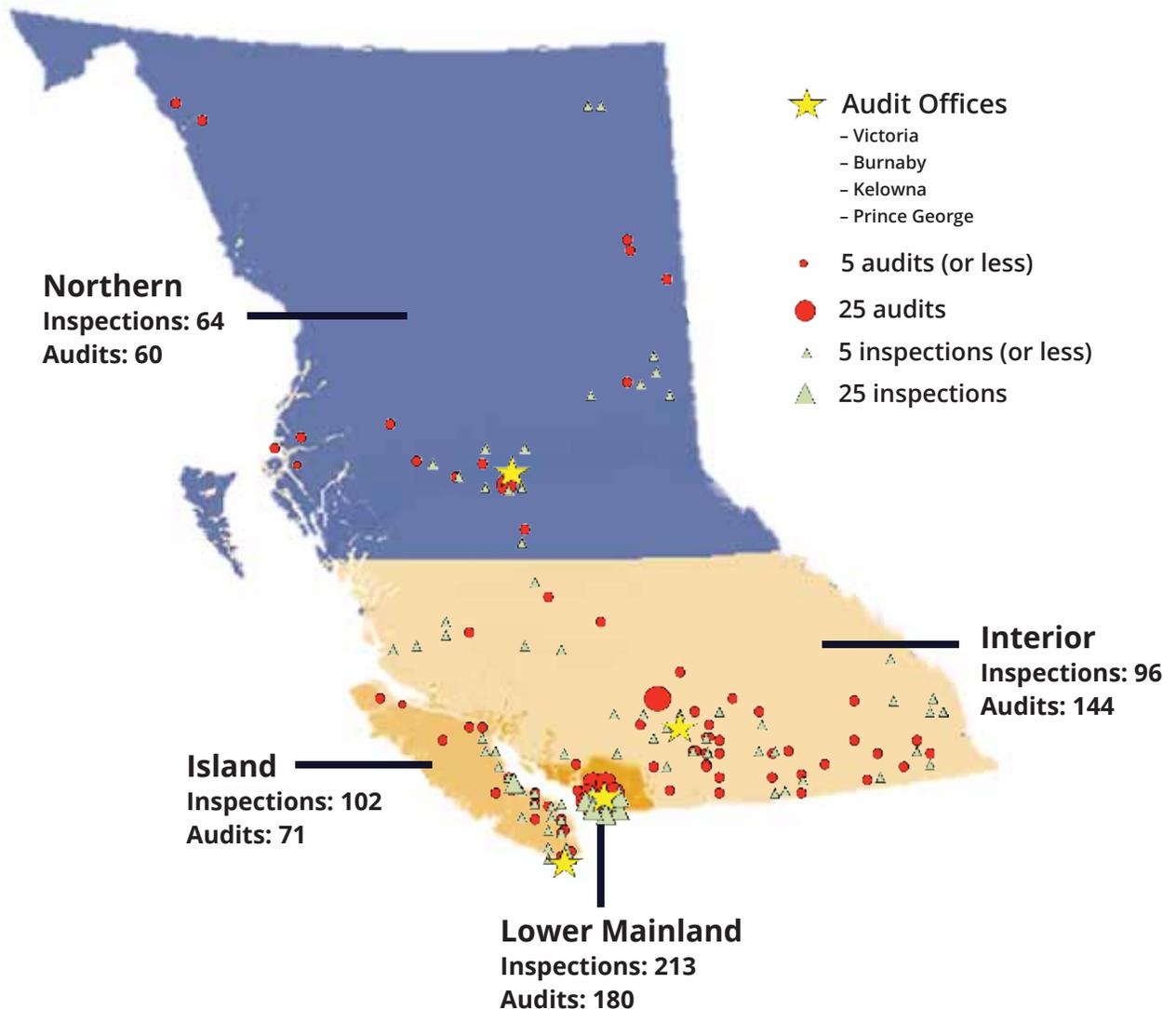
- 41 per cent of the organizations were found to be moderately non-compliant;

- 35 per cent of the organizations were found to be severely non-compliant with provincial gaming rules.

Audit findings are provided to the Licensing and Grants Division for consideration in future grant and licensing application decisions. Charitable audit reports were issued within the target timeframe of 70 days of the start of audit field work 67 per cent of the time.

The audit findings for commercial gaming facilities and large-scale registered ticket raffles are available at: www.gaming.gov.bc.ca/reports/audits.htm

Audit and Inspection Coverage in British Columbia



Enforce the Rules and Regulations of Horse Racing

GPEB's Racing Division manages and regulates horse racing events in British Columbia, and licenses all participants in the industry. The Racing Division is also responsible for developing rules and policies to ensure the horse racing industry operates fairly and with integrity. The division revises the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia and meets regularly with industry stakeholders to address issues.

British Columbia's horse racing industry employs approximately 2,500 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. In 2013/14, 589 horse race workers were either licensed for the first time or had their licenses renewed.

Racing Division staff are present at all five operating racetracks in the province during race season. GPEB oversaw 1,371 races on 155 race dates at the five provincial tracks in operation during the 2013 season. GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. GPEB looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing. For a breakdown of race days at each track see Appendix A, Table 4 – British Columbia Horse Racing Summary.

DID YOU KNOW?

In Thoroughbred Racing, the individuals responsible for the enforcement of racing operations are called Stewards. In Standardbred racing, they are called Judges.

In 2013, GPEB's stewards and judges issued a total of 138 rulings. Of these, 70 were for Standardbred racing infractions (issued by judges), and 68 were for Thoroughbred racing infractions (issued by stewards). See Appendix A, Table 5 for Horse Racing Rulings

GPEB also licenses 23 teletheatre sites in British Columbia to present simulcast satellite broadcasts of horse races run at local, national and international tracks. See Appendix A, Table 6 for the British Columbia Horse Race Wagering figures.

Investigate Notifications of Offences Under the Gaming Control Act and Criminal Code

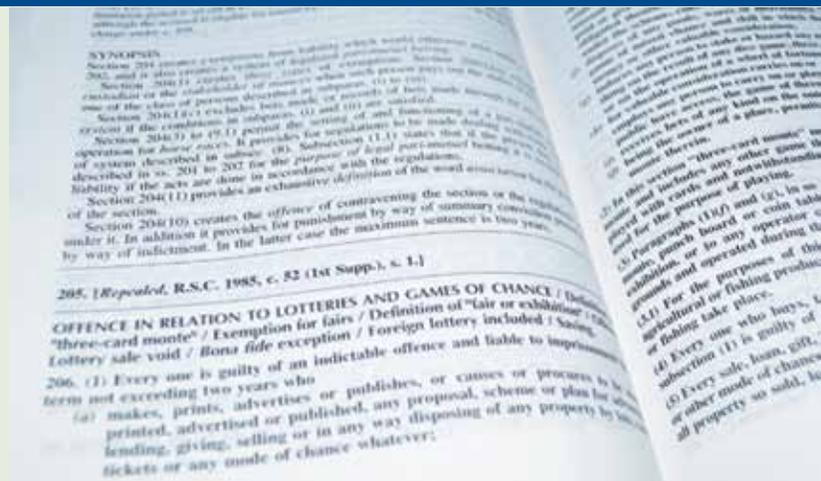
To ensure the integrity of gaming in British Columbia, GPEB investigates reported instances of any conduct, activity or incident occurring in connection with gaming, if those incidents involve the commission of an offence under the *Gaming Control Act* or the *Criminal Code of Canada*. The primary role of the Investigations and Regional Operations Division is to investigate, or assist law enforcement agencies in investigating, reports of suspected criminal activity or regulatory infractions related to legal gaming and horse racing.

GPEB investigators often work in conjunction with law enforcement agencies to investigate some illegal gambling activities, such as unauthorized lottery schemes, gaming houses, loan sharking and money laundering. They also provide gaming expertise, proceeds-of-crime assistance and forensic investigation to law enforcement agencies throughout the province. GPEB investigates and recommends for prosecution any appropriate gaming related offences under the *Criminal Code of Canada*. Under the *Gaming Control Act*, GPEB has the authority to prosecute, issue tickets, issue warnings and/or administer sanctions.

In 2013/14, the Investigations Division worked with law enforcement to investigate and gather evidence to support criminal charges, and deliver evidence of suspected illegal activity within and outside of BC gaming facilities. For example, GPEB investigators conducted various investigations of thefts of scratch and win tickets that were cashed in multiple jurisdictions, and helped identify suspects involved in credit card fraud of \$25,000, resulting in criminal charges. See Appendix A, Table 7 for the 2013/14 investigations figures.

In 2013/14, there were a total of 7,015 incident reports received by GPEB. Readers should note this table has been revised from previous annual reports, as GPEB is changing its reporting structure to focus on GPEB investigation efforts rather than total number of incident reports received. This table reflects a transition toward reporting on outcomes and results, rather than input and output. As GPEB continues to improve ways of measuring the outcomes of its investigation work over the coming year, our reporting will be presented in a more effective way that more accurately and transparently discloses our regulatory activities. The table has also been revised to remove duplication from BCLC's reporting measures.

GPEB's Compliance Division conducts audits and investigations to ensure integrity in the operation of gaming in BC. For example, the division audits 50/50 raffles such as the ones held at hockey games, and investigates lottery wins to ensure that prizes are claimed by the legitimate ticket holder.



Reporting Requirements

BCLC, a registrant and a licensee under the *Gaming Control Act*, must notify the general manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing, if the conduct, activity or incident involves the commission of an offence under the *Criminal Code* that is relevant to a lottery scheme or horse racing, or the commission of an offence under the *Gaming Control Act* or Regulation. This includes incidents at a gaming facility, eGaming, charitable gaming and lottery retail outlets. GPEB refers certain files to other regulatory and enforcement agencies when appropriate (e.g. organized crime, matters of violence and matters relevant to the police of jurisdiction, intelligence related to suspicious currency transactions).

In 2013/14, the Investigations and Regional Operations Division continued to conduct investigations in an effort to ensure compliance with the *Gaming Control Act* relative to the unlawful sale of lottery products to minors. These investigations were conducted throughout the Province, and resulted in a number of lottery retail employees and contract managers being warned, ticketed, or administratively fined.

SUPPORTING CITIZENS AND COMMUNITIES

Problem Gambling and Responsible Gambling Programs

In 2003, the Province launched its Responsible Gambling Strategy, which has three core goals:

- Create public awareness of risks associated with gambling;
- Deliver gambling in a manner that encourages responsible gambling and informed choice; and
- Provide treatment and support to those impacted by problem gambling.

These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

Goal One: Create Public Awareness of Risks Associated with Gambling

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

In 2013/14, GPEB contracted over 70 service providers to deliver community-based programs that encourage people to make healthy choices. Specifically, the programs provide problem gambling prevention and responsible & recreational gambling education information. Participants also learn how to identify problem gambling behaviour, self-regulate their gambling behavior responsibly and where to access counselling for them or affected others.

In 2013/14, 3,774 presentations were offered to 128,630 people, including children and youth, high risk adults, general adult populations and allied professionals.

Responsible Gambling Awareness Month

Responsible Gambling Awareness Month began in Vernon in January 2012, to raise awareness of responsible gambling practices and to connect people to community resources and services to address issues related to excessive gambling. The event has since expanded to Kamloops, Prince George, Langley and southern Vancouver Island's Western Communities (View Royal, Langford and Colwood), and is comprised of five successive Responsible Gambling Awareness Weeks in each of these communities.

Responsible Gambling Awareness Week activities have included:

- Media launch and kick-off in each community, featuring municipal authorities and guest speakers from BCLC and GPEB's responsible and problem gambling program;
- Trade show-style event with booths for the responsible and problem gambling program, BCLC, service providers and community services;

DID YOU KNOW?

On the Lower Mainland, counselling services for problem gamblers are available in English, Cantonese, Mandarin, Punjabi, Vietnamese, and Korean. Telephone counselling is available province-wide in Cantonese, Mandarin and Punjabi.

- Mobile “myth-busting kiosks” to travel to significant business and high traffic locations;
- Allied professional training; and
- Sponsored community events.

Responsible Gambling Awareness Month is continuing on an annual basis. See Appendix A, Table 8 for BC responsible and problem gambling program statistics.

Goal Two: Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province’s responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in British Columbia. A total of 22 GameSense Advisors share responsible gambling information and practices with interested patrons and direct anyone experiencing gambling-related distress to the Responsible and Problem Gambling Program and/or to BCLC’s Voluntary Self-Exclusion Program. Casinos and community gaming centres also feature touch-screen interactive terminals, which provide education modules at the push of a button or the touch of a screen. A total of 54,656 individuals received information through the GameSense program in 2013/14.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC.

Appropriate Response Training

Appropriate Response Training is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills, and to enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.



Responsible Gambling Standards

The Province has issued responsible gambling standards for the BC gaming industry to ensure that:

- minors are prevented from participating in gambling activities;
- patrons are equipped to make informed decisions regarding gambling;
- gambling-related risks are minimized; and
- people affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gaming services providers, commercial gaming facilities and community organizations licensed to conduct charitable gaming events.

GPEB monitors BCLC, licensee and service provider gaming event advertising to ensure that it complies with responsible gambling public interest standards.

Compliance audits focus on five key areas:

- *Informed choice* – proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and of information regarding the odds of winning;
- *Appropriate response* – ensuring gaming workers have received Appropriate Response Training;
- *Responsible practices* – placing clocks in highly visible areas and other requirements;
- *Financial transactions* – prominently displaying information describing payout policies and stating that credit will not be extended; and
- *Voluntary Self-exclusion Program* – having a fully operational program, readily available program information, and effective monitoring of gaming facilities for excluded individuals.

Responsible Gambling – “RG Check” Program

RG Check is a voluntary program supported by GPEB and BCLC, which provides an independent and standardized evaluation of the delivery of responsible gambling programs in gaming facilities across Canada. Overseen by the Responsible Gambling Council, RG Check assesses how BC’s responsible gambling programs compare to industry best practices using eight standards, each with their own criteria: Responsible gambling policies and a demonstrated awareness of problem gambling; employee training so staff are knowledgeable about their role in responsible gambling; a self-exclusion program that facilitates access to counselling; assisting patrons who have problems with gambling; informed decision making through readily available information; advertising and promotion that does not misrepresent products; access to money that does not encourage excessive spending; and venue game features (i.e. to promote breaks in play and awareness of the passage of time).

As of March 2014, there were 17 casinos and 19 community gaming centres in British Columbia, and 26 out of the 36 facilities across the province volunteered for and received accreditation from the Responsible Gambling Council.



Goal Three: Provide Treatment and Support to those Impacted by Problem Gambling

In 2013/14, GPEB's 27 contracted clinical counsellors provided problem gambling counselling across British Columbia. The 24-hour toll-free Problem Gambling Help Line can be reached at 1-888-795-6111. Operators provide crisis counselling and refer callers to various treatment and support services provided by the Province and allied professionals. In 2013/14, the Help Line received 4,341 gambling specific calls and 1,454 people received 7,286 counselling sessions.

Funded by GPEB, problem gambling counselling and support services are free of charge for anyone directly or indirectly experiencing a gambling problem. Individuals, couples, family and group counselling services are available. Outreach counselling and telephone counselling are available for clients in remote locations. There are no wait lists.

An intensive day-treatment program called Discovery is also offered in both weekend and five-day workshops each month on Vancouver Island and the Lower Mainland. Participants may enroll for all or part of this program. In 2013/14, 219 people participated in Discovery.

For information on the future direction of problem and responsible gambling initiatives in the province, refer to the Responsible Gambling Strategy Three-year Plan, available online at:

<https://www.gaming.gov.bc.ca/reports/docs/plan-rg-three-yr-2011-2014.pdf>



Community Gaming Grants

Through the community gaming grant program, GPEB distributes funding to community organizations to support a wide array of programs and services across the province. In 2011, responsibility for the community gaming grant program moved to the Ministry of Community, Sport and Cultural Development. While grant eligibility and approval rests now with this ministry, GPEB is still responsible for managing all administrative functions related to the program, including financial oversight, audit, IT services and corporate support. The *Gaming Control Act* has been amended to enact this shared responsibility.

In collaboration with the British Columbia Association for Charitable Gaming (BCACG), in 2013/14 GPEB created and released an online version of the short form community gaming grant application. The online application system is intended to make it quicker and easier for eligible organizations to re-apply for community gaming grants. New informational documents were also posted in 2013/14 to assist community organizations in completing grant application forms, such as examples of financial documents and reference material for Service Clubs.

Organizations receive funding based on their sector, the programs and services they deliver, and their financial need. In 2013/14, GPEB distributed \$135 million to approximately 5,000 non-profit organizations. Funds were distributed to organizations within the following six sectors:

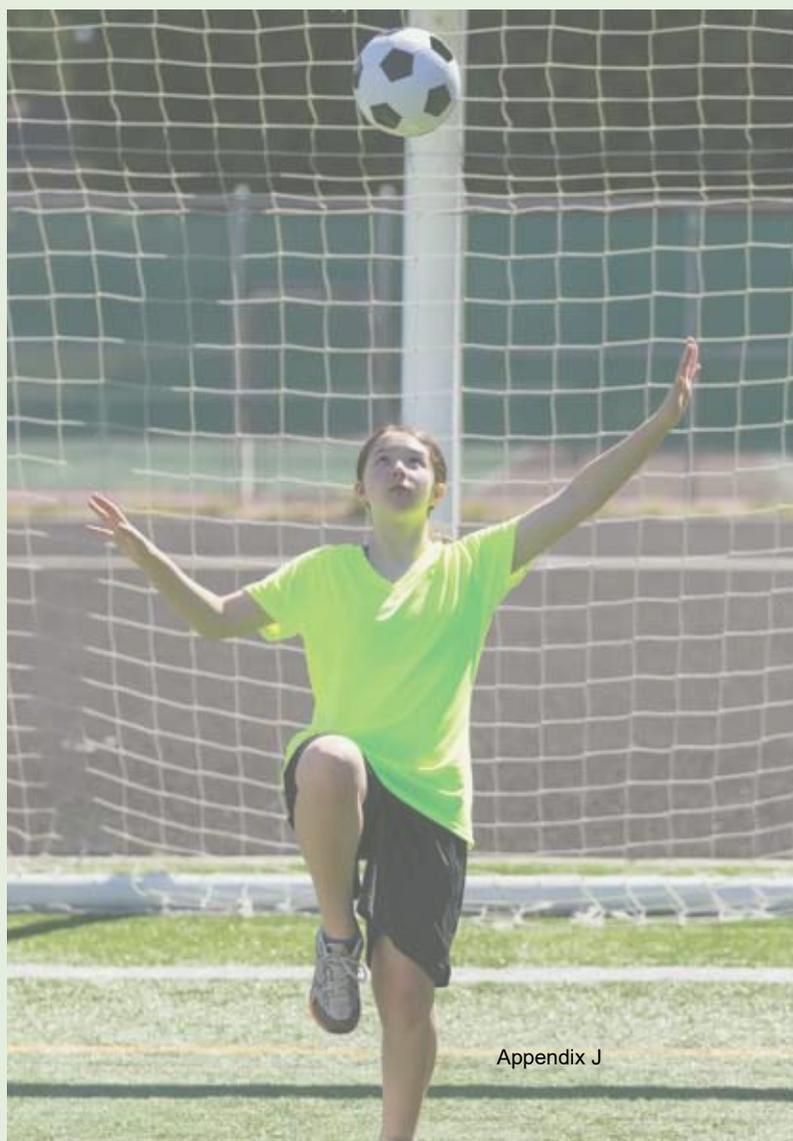
- *Human and social services* – programs that significantly contribute to the quality of life in a community, including assisting the disadvantaged or distressed, promoting health, or enhancing opportunities for youth 18 years and under. Service clubs are included in this sector;
- *Public safety* – programs that support public safety initiatives, disaster relief and emergency preparedness in British Columbia;
- *Art and culture* – programs that enhance the performing arts, media arts, visual arts, literature, heritage or culture in the community Also fairs, festivals and museums, which include cultural or heritage programs and/or displays of broad community interest suitable for all ages;
- *Sport* – community-based youth and amateur sport programs that consist of organized and competitive physical activities;
- *Environment* – programs that enhance British Columbia's environment or protect the welfare of animals and wildlife; and
- *Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC)*. In 2013/14, PACs received \$20 per student per year; DPACs received grants of \$2,500 each year. PACs are required to use this funding to support extra-curricular activities for students. DPACs are required to use their grant funds to foster parental involvement in the school system.

See Appendix A, Table 9 for the Distribution of Community Gaming Grants.

Gaming Licences

GPEB's Licensing and Grants Division issues gaming event licences to eligible community organizations throughout British Columbia that wish to raise revenue to support and benefit their local programs and services. Licenses must be applied for in advance of the proposed gaming event, and are issued with the understanding that charitable organizations will also honour municipal by-laws. All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community.

In 2013/14, GPEB issued 10,341 licenses to eligible organizations to conduct gaming events. In total, community organizations raised an estimated \$37.8 million to support their projects and services.



One of GPEB's responsibilities is to ensure that charitable gaming events are conducted fairly and transparently. The Branch ensures that organizations applying for a gaming event license are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. GPEB also conducts regular audits of licensees to ensure they follow rules and guidelines designed to protect the public, and are using the proceeds to support the eligible programs stated in the license.

Gaming events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four different types of gaming licenses—Class A, B, C or D—depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.



Classes of Gaming Licenses

Class A

Issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding \$20,000.

Class A gaming events earned an estimated \$22.0 million in 2013/14.

Class B

Issued to eligible charitable and religious organizations for gaming events expected to generate up to \$20,000 in gross revenue.

Class B gaming events earned an estimated \$10.0 million in 2013/14.

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licenses are issued to a select number of established fairs and exhibitions on a case-by-case basis.

Class C gaming events earned an estimated \$1.7 million in 2013/14, of which, \$1.4 million was earned through raffles.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events expected to generate up to \$5,000 in gross revenue. This license category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

Class D gaming events are restricted to ticket raffles and independent bingos. Eligibility is based on how the money will be spent.

Class D gaming events earned an estimated \$4 million in 2013/14.

See Appendix A, Table 10 for charitable gaming license figures.

CORPORATE SERVICES

The Corporate Services Division provides support to all business units in GPEB and is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. This division:

- establishes industry-wide public interest standards;
- provides financial advice to GPEB's Executive;
- administers GPEB's budget;
- makes payments on behalf of GPEB; and
- provides information and technology support to internal and external users of the Gaming Online System (GOS), the branch's online application system.

In 2013/14, GPEB transferred to the Ministry of Finance from the Ministry of Energy, Mines and Natural Resources.

Policy

The policy team develops and maintains a fair, appropriate and transparent policy and regulatory framework for gaming and horse racing in British Columbia to help ensure the industry is conducted and managed fairly and with integrity. Areas of responsibility for the policy team include:

- Supporting all business units within GPEB, the General Manager, Associate Deputy Minister, Deputy Minister and Minister;
- conducting policy analysis and advising the General Manager and Minister on broad policy, standards and regulatory issues;
- developing, managing and maintaining government's gaming legislation, regulations, policies, standards and directives;
- developing GPEB Service Plan, Annual Report, and coordinating branch strategic planning;

- providing annual direction to BCLC by drafting the Government's Letter of Expectation between the Minister of Finance and BCLC; and
- managing communications, stakeholder relations and monitoring public opinion on gambling related issues.

Policy work for this year included the release of the BC Horse Racing Industry Management Committee Report, a draft report for industry consultation, proposing a revised business case and a new governance model to make the industry more sustainable.



IT Strategies

The IT team supports all business units in GPEB by providing daily support for the workstations, internal and external facing websites, and GPEB's Gaming Online Service (GOS). GOS is a web-based application developed by GPEB that allows eligible applicants to apply electronically for a gaming grant or license, submit processing fees through a secure card payment option, track the progress of their applications, and file a criminal or regulatory complaint for issues related to gaming or horse racing in British Columbia.

The team supports GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT team also delivers specialized reports and provides the necessary management information to each division.

Following government's overall direction with respect to data servers, GPEB's data servers migrated to Kamloops this year. Staff preparations included making significant upgrades to data security, commercial and proprietary software programs, and testing rigour.

Additionally, GPEB built a new intranet site for staff, improving internal communications and access to operational materials.

Financial Strategies

The finance team provides financial advice to GPEB executive, administers the branch budget, manages facilities and makes payments on behalf of GPEB, including \$135 million in Community Gaming Grants, \$87.3 million to Host Local Governments (HLGs), \$9.4 million in Development Assistance Compensation (DAC), and \$8.9 million to the horse racing industry.

Horse Racing Betting Fees

Horse racing betting fees are levies on bets made at horse racing events that are collected by GPEB through Hastings Racecourse, Fraser Downs Racetrack and The Betting Company Teletheatre BC (4.5 per cent on triactor bets¹ and 2.5 per cent on other bets). Any balance in excess of annual regulatory fees (equal to the cost of regulating the horse racing branch in a given year) is remitted back to the horse racing industry. At fiscal year end, the cumulative total of monthly fees is transferred into the Consolidated Revenue Fund.

¹ In a triactor bet, the bettor picks three horses to finish first, second and third in exact order.

Host Local Government Payments

Local governments that host casinos and/or community gaming centres receive 10 per cent of the net income generated by those gaming facilities. BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each HLG where a casino or community gaming centre operates. GPEB's finance team reviews the documents and calculations before entering the information into the gaming online service for payments to be made to local governments.

Development Assistance Compensation

DAC is money available to local governments with destination casinos for approved economic development projects. There are three host local governments (HLG) in BC that have a DAC agreement – New Westminster, Penticton and Cranbrook. BCLC provides GPEB with quarterly calculations of compensation payments due to the host local government for each of the three casinos in these locations. GPEB's finance division reviews these calculations and the audit team analyzes each HLG's eligible expenses for the period. The information is then entered into the gaming online service for payments to be made to the host local government.

DISTRIBUTION OF GAMING REVENUE

British Columbia generates commercial gaming revenue from casinos, community gaming centres, commercial bingo halls, lotteries and PlayNow.com. In 2013/14, commercial gaming in the province, excluding horse racing, grossed \$2.7 billion. After prize payouts and expenses, government revenue from gaming totaled \$1.17 billion. This revenue was used to support local communities, the horse racing industry, government social programs and GPEB operations. As part of a revenue-sharing agreement between the federal and provincial governments, \$9.2 million of lottery revenues was remitted to the federal government.

Local Communities

In 2013/14, the Province distributed \$135 million in community gaming grants to 5,024 community organizations.

The HLG may use this funding for any purpose that benefits their community. In 2013/14, the Province paid \$87.3 million in grants to 31 host local governments (a \$3 million increase from 2012/13). An additional \$9.4 million was paid to communities that host destination casinos. Since 1999, the BC government has distributed over \$943.8 million in gaming revenue to local governments.

Gaming funds support a wide variety of community programs, capital projects and other initiatives. For example, in 2013/14, several host local governments used gaming funds to enhance local infrastructure and support a number of community activities, youth programs, and festivals.

BC distributes the most government gaming revenue to non-profit and community organizations of any province in Canada.²

² Canadian Gambling Digest 2011/12 (Canadian Partnership for Responsible Gambling) <http://www.cprg.ca/digest.cfm>.



Horse Racing

Government provided \$8.9 million to help revitalize the horse racing industry in British Columbia through a revenue sharing agreement from the slot machines at the race tracks.

Government Services

In 2013/14, \$758.5 million was allocated to the Consolidated Revenue Fund of British Columbia to support social programs, primarily health care and education. The fund includes a general fund, as well as various special accounts. In the past 10 years, approximately \$7 billion in gaming revenue has been directed to this fund.

In 1992, the BC Government made a commitment to allocate revenue from the BC Lottery Corporation specifically for health care initiatives. To fulfil this commitment, the Health Special Account (HSA) was created as a special account within the Consolidated Revenue Fund, to be used to finance urgent health care

priorities. According to the *Health Special Account Act*, the annual payment amount is equal to the amount shown in the Estimates as revenue in the HSA for that fiscal year.

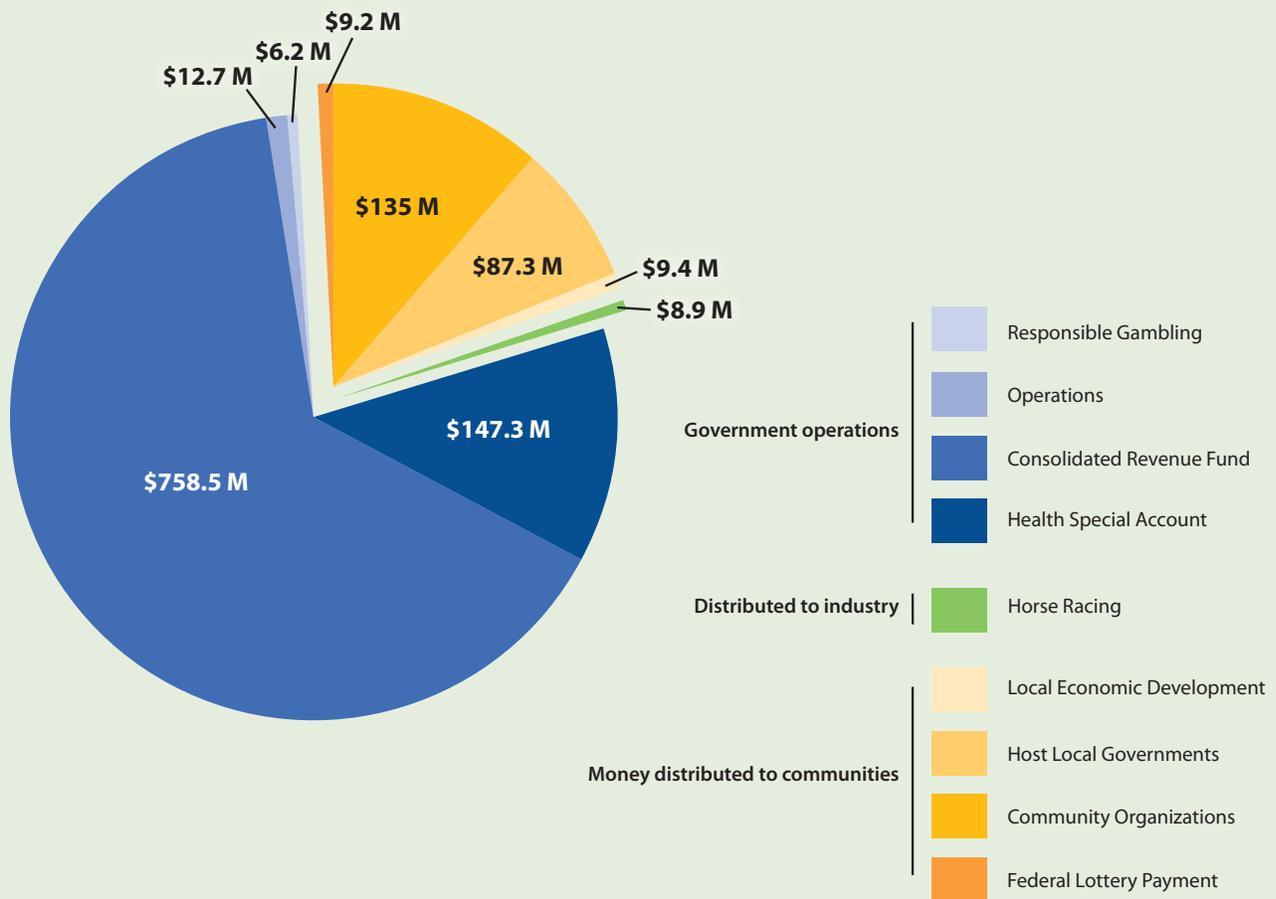
The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget. Since 1992, over \$2.9 billion has been paid directly into this account.

Gaming Policy and Enforcement Branch Operations

GPEB's operational spending was \$18.9 million in 2013/14, an increase of \$1.2 million from 2012/13.³ Operating costs accounted for approximately \$12.7 million; Responsible Gambling Strategy programs accounted for the other \$6.2 million.

³ This increase was the result of a budget lift to Responsible Gambling in fiscal 2013/14.

Distribution of Gaming Revenue, 2013/14



Total Gaming Revenue Distributed in 2013/14: \$1.17 billion

APPENDICES

APPENDIX A: FIGURES AND TABLES	26
Figure 1: Number of Commercial Gaming Audits by Category	26
Figure 2: Number of Community/Charitable Gaming Grant Audits by Sector	26
Table 1: Corporate and Personnel Registrations	27
Table 2: Summary of Revocations and Cancellations	27
Table 3: Gaming Supplies Certification Decisions	28
Table 4: British Columbia Horse Racing Summary	28
Table 5: Horse Racing Rulings	29
Table 6: Horse Racing Wagering	30
Table 7: 2013/14 GPEB Investigations Division Statistics	31
Table 8: BC Responsible and Problem Gambling Program Statistics	32
Table 9: Distribution of Community Gaming Grants	33
Table 10: Charitable Gaming Events	34
APPENDIX B: GAMING INDUSTRY LEGAL AND OPERATING FRAMEWORK	35
Regulating BC's Gaming Industry	35
Conduct and Management of Gaming in BC	35
Supporting the Delivery of Gaming in BC	36
APPENDIX C: GAMING PERMITTED IN BRITISH COLUMBIA	37
APPENDIX D: SOURCES AND DISTRIBUTION OF REVENUES	38
APPENDIX E: HOST LOCAL GOVERNMENT SHARE OF GAMING REVENUES	39
APPENDIX F: BRANCH OPERATING BUDGET AND EXPENDITURES	41

Appendix A: Figures and Tables

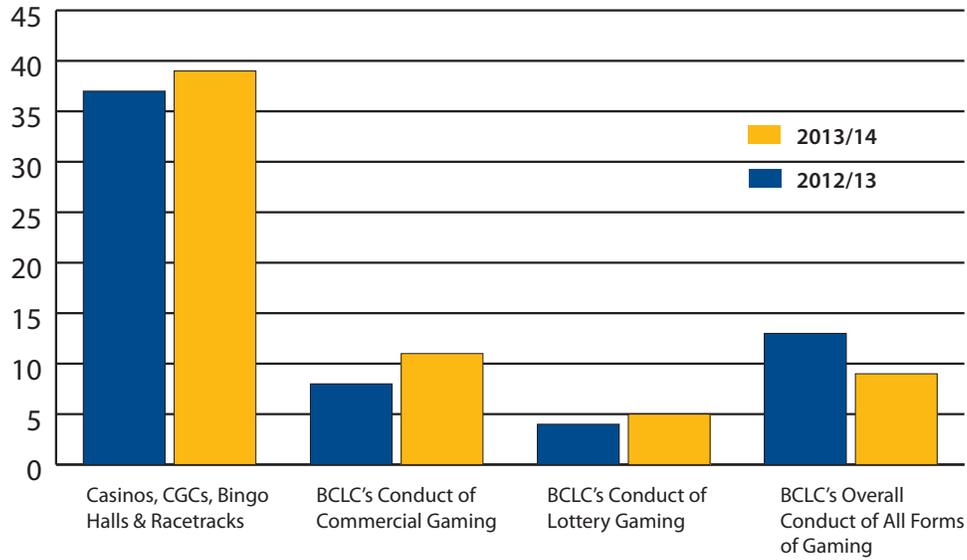


Figure 1: Number of Commercial Gaming Audits by Category

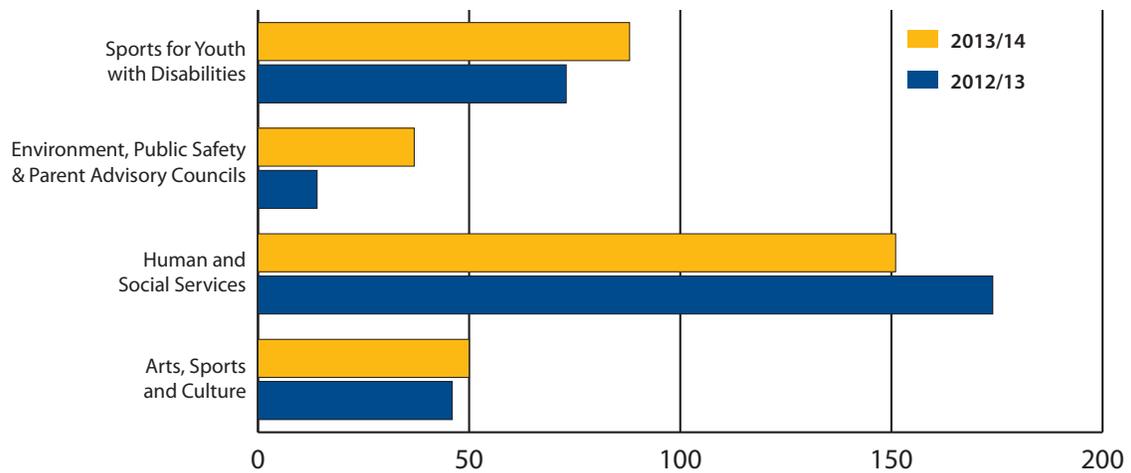


Figure 2: Number of Community/Charitable Gaming Grant Audits by Sector

Tables

Table 1: Corporate and Personnel Registrations				
	2013/14		2012/13	
	NEW	RENEWAL	NEW	RENEWAL
Corporate Registrations				
Gaming Service Providers	6	10	10	17
Gaming Equipment Suppliers	7	9	6	7
Ancillary Service Contractors	11	6	5	6
Senior Officials and Senior Employees	103	137	114	147
Personnel Registrations				
Gaming Workers	3,494	2,155	3,139	1,732
Lottery Retail Managers	308	831	309	228
Horse Racing Workers	172	417	254	576
GPEB and BCLC Personnel	268	20	325	118

Table 2: Summary of Revocations and Cancellations						
Types of Registration	2013/14			2012/13		
	DENIED	REVOKED	CEASED	DENIED	REVOKED	CEASED
Gaming Workers	34	35	2,749	41	41	2,650
Lottery Retail Managers	2	2	848	2	3	883
Horse Racing Workers	6	1	0	4	4	–
GPEB and BCLC Personnel	0	0	968	0	0	721

Table 3: Gaming Supplies Certification Decisions

Types of Certification	2013/14		2012/13	
	CERTIFICATIONS	REVOCATIONS	CERTIFICATIONS	REVOCATIONS
Pull-tab Lottery Tickets	7	0	10	0
Scratch & Win Lottery Tickets	56	0	47	0
eLottery (Playnow.com games)	64	15	117	5
Electronic Gaming Devices and Other Supplies	412	22	560	78
Table Games	8	0	13	0

Table 4: British Columbia Horse Racing Summary

	RACE DAYS		LIVE RACES		HORSES RAN	
	2013	2012	2013	2012	2013	2012
Thoroughbred Tracks						
Hastings Racecourse (Vancouver)	69	67	457	533	3,715	4,081
Desert Park (Osoyoos)	3	0	16	0	86	–
Sunflower Downs (Princeton)	1	2	8	13	44	57
Kin Park (Vernon)	3	3	18	15	80	71
TOTAL	76	72	499	561	3,925	4,209
Standardbred						
Fraser Downs Racetrack (Surrey)	79	79	872	868	7,273	7,097

Table 5: Horse Racing Rulings		
	2013	2012
STANDARD BRED		
Whipping violations	8	20
Racing or driving infractions committed during a race	35	37
Drug or alcohol infractions involving either horses or registered horse racing workers	11	11
Inappropriate behaviour in the backstretch area of a racetrack	4	10
Licensing or registration violations	3	3
Horses that bled during a race	2	1
Restoration of a horse or a horse racing worker to good standing	7	4
Other categories	0	5
Total Standardbred Rulings	70	91
THOROUGHBRED		
Racing or riding infractions committed during a race	14	27
Drug or alcohol infractions involving either horses or registered horse racing workers	14	20
Entering an ineligible horse	5	8
Inappropriate behaviour in the backstretch area of a racetrack	4	6
Licensing or registration violations	13	12
Horses that bled during a race	3	5
Restoration of a horse or a horse racing worker to good standing	5	14
Other categories	10	9
Total Thoroughbred Rulings	68	101

Table 6: Horse Race Wagering		
	2013	2012
Hastings Park (HP)		
HP Live Races	\$10,402,976	\$12,293,651
HP Simulcast Wagers	\$60,896,046	\$61,782,868
Total HP	\$71,299,022	\$74,076,519
Fraser Downs (FD)		
FD Live Races	\$2,927,406	\$3,313,244
FD Simulcast Wagers	\$31,712,272	\$37,616,666
Total FD	\$34,639,678	\$40,929,910
Sunflower Downs (SD)		
SD Live Races	\$22,287	\$28,932
Kin Park (KP)		
KP Live Races	\$67,800	\$48,298
Desert Park (DP)		
DP live races	\$48,647	–
Teletheatre BC		
Hastings Park Races	\$1,318,512	\$1,489,860
Fraser Downs Races	\$864,924	\$971,733
Wagers on Other Racetracks	\$44,228,714	\$46,546,307
Total Teletheatre BC	\$46,412,150	\$49,007,900
Total – All	\$152,489,584	\$164,091,559

Table 7: 2013/14 GPEB Investigations Division Statistics

Incident Reports Related to Gaming							
Type	Total	Recommendations to Crown Counsel (1)	GCA Charges & Administrative Actions	Warnings (Verbal & Written)	Intelligence and Police Assistance (2)	Alternate Resolution (3)	Other (4)
Theft	1,590	44	1	8	183	690	664
Fraud	231	8	–	1	17	27	178
Loan Sharking, Cheat at Play, Illegal Gaming	161	1	–	3	18	35	104
Suspicious Transaction Reports	1,376	–	–	–	1,276	–	100
GCA Violations	385	37	315	2	3	–	28
Other	3,272	8	3	1	1,190	57	2,013
Total	7,015	98	319	15	2,687	809	3,087

* The above table reflects the Investigations and Regional Operations Division’s efforts in 2013/14. GPEB is changing this report to reflect outcomes rather than total number of incident reports received. Categories “Voluntary Self-exclusion” and “BCLC Prohibited” were removed from this table as they are BCLC metrics that do not require GPEB investigative time. BCLC continues to report out on their Voluntary Self-Exclusion program on their website <http://corporate.bcl.com/media-centre/quick-facts.html>. The “Counterfeit” category was removed from this table as these reports are forwarded to the RCMP for investigation. “Assaults” and “Threats” reports were also removed, as these matters are investigated by the police of jurisdiction. The intent of these changes is to provide a clearer picture of the type of activities that require substantial investigation resources as GPEB makes the transition to an outcomes-based approach.

- (1 Evidence is provided to Crown Counsel so they can determine what charges to lay, if any.
- (2 Providing information on gaming-related crimes to local police, or incidents where police have been contacted, attended the scene or investigated.
- (3 Matters resolved through means other than charges, warnings or administrative sanctions.
- (4 Insufficient evidence to lay charges; reports of issues unrelated to GPEB; instances where GPEB assisted local police; and incidents where suspects are unidentified.

Table 8: BC Responsible and Problem Gambling Program Statistics		
Program Figures	2013	2012
Calls Made to Help Line Specific to Problem Gambling	4,341	4,232
Referrals to Responsible & Problem Gambling Program	1,510	1,598
Clients Served	1,454	1,685
Number of Prevention and Outreach Sessions	3,744	3,886
Contracted Service Providers		
Clinical Counsellors	27	28
Prevention Service Providers	21	17
Provincial Coordinators	3	2
GameSense Advisors	22	25

Table 9: Distribution of Community Gaming Grants			
Sector	Sub-Sector	2013/2014 Millions	2012/2013 Millions
Human and Social Services	Community Service Organization	6.8	10.8
	Disadvantage Distress Poverty	26.3	23.8
	Public Community Facilities	3.6	4.0
	Public Health in the Community	12.6	12.2
	Community Education	11.2	11.5
	Enhancement of Youth	6.2	5.6
	Not Classified	–	–
Arts and Culture	Adult Arts and Culture	7.2	6.3
	Fairs, Festivals, Museums	5.4	5.0
	Youth Arts and Culture	3.9	4.4
Sports	Youth	25.1	25.0
	Adult	0.9	0.7
	People with Disabilities	1.5	1.4
Enhancement of Public Safety (1)		6.5	6.9
Environment	Protection of Animals and Conservation of the Environment	3.1	2.8
Parent Advisory Councils and DPACs		12.0	11.7
Priority Programs One-Time Grants (2)		2.5	2.3
Multiculturalism Grants (3)		–	0.6
Total		135	135

1) \$436,500.00 was allocated to public safety through Priority Programs One-Time Grants (below), for a total of \$6.9 million for 2013/14.

2) Priority Programs One-Time Grants are provided to eligible organizations that may have a program, project or event that is non-recurring.

3) Multiculturalism grants were a one-time grant available in government fiscal year 2012/13 offered and funded by the Ministry of Finance and Minister Responsible for Multiculturalism. These grants are not considered gaming grants, but are shown in this report because they were administered by the Gaming Policy and Enforcement Branch.

Table 10: Charitable Gaming Events (\$ Figures in Thousands)*					
		2013/14		2012/13	
Licence Class	Licence Type	Number	Net Revenue	Number	Net Revenue
Class A	Minor Raffle	202	\$3,602	195	\$3,653
	Major Raffle	40	\$2,218	41	\$2,411
	Registered Raffle	26	\$13,932	22	\$11,329
	Independent Bingos	100	\$2,292	101	\$2,501
	Social Occasion Casino	–	–	–	–
	Total Class A Licences	368	\$22,044	359	\$19,894
Class B	Raffles	3,593	\$9,472	3,633	\$8,853
	Independent Bingo	96	\$281	111	\$328
	Wheels of Fortune	10	\$18	8	\$6
	Social Occasion Casino	36	\$58	31	\$42
	Poker	90	\$156	87	\$150
	Total Class B Licences	3,825	\$9,985	3,870	\$9,379
Class C	Raffles	7	\$1,439	3	\$1,865
	Independent Bingo	–	–	–	–
	Limited Casino	–	–	–	–
	Wheels of Fortune	2	\$271	3	\$310
	Total Class C Licences	9	\$1,710	6	\$2,175
Class D	Independent Bingo	121	\$99	116	\$84
	Raffles	6,018	\$3,952	5,769	\$3,708
	Total Class D Licences	6,139	\$4,051	5,885	\$3,792
Total – All Classes		10,341	\$37,791	10,120	\$35,240

* Based on reported and estimated earnings

Appendix B: Gaming Industry Legal and Operating Framework

Gaming in BC is regulated under the *Criminal Code of Canada* and the provincial *Gaming Control Act*. At the beginning of fiscal year 2012/13, responsibility for the regulation of gaming resided with the Ministry of Public Safety and Solicitor General, and was later transferred to the Ministry of Energy, Mines and Natural Gas on September 5, 2012. As of June 10, 2013 (fiscal year 2013/14), GPEB became a part of the Ministry of Finance.

The minister is not involved in decisions regarding individuals or specific companies or organizations, nor in the day-to-day management of gaming.

Regulating BC's Gaming Industry

In 2013/14 the Gaming Policy and Enforcement Branch, which regulates gaming in BC, included eight divisions:

- *Corporate Services* – responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing. In addition, it provides financial advice to GPEB's Executive, administers GPEB's budget, makes payments on behalf of GPEB, and provides information and technology support.
- *Responsible Gambling* – This division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs. GPEB also contracts GameSense Advisors who present responsible gambling information in every casino in British Columbia and support anyone experiencing gambling-related distress to receive help through the Responsible and Problem Gambling Program and BCLC's Voluntary Self-Exclusion Program.
- *Licensing and Grants* – distributes grants to community organizations and issues gaming event licences to eligible organizations.
- *Racing* – regulates and manages horse racing.
- *Registration and Certification* – conducts financial and personal background checks on all gaming services providers and gaming workers and certifies all gaming equipment used in the province.
- *Audit and Compliance* – conducts compliance audits of BCLC, commercial gaming, lottery gaming, licensed gaming events and community organizations' use of gaming proceeds.
- *Quality Assurance and Risk* – manages GPEB's strategic commitment operations risk and evaluation (SCORE) program, Branch quality assurance program, records management, and coordinates GPEB's risk management strategies.
- *Investigations and Regional Operations* – responsible for investigating all notifications of offences under the *Gaming Control Act* and the *Criminal Code of Canada*, conducts and/or assists law enforcement agencies in criminal investigations in or near gaming and horse racing facilities in BC.

Conduct and Management of Gaming in BC

British Columbia Lottery Corporation

The BC Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. The Corporation is headed by a board of directors (appointed by the Lieutenant Governor on the recommendation of the Executive Council) and is regulated by GPEB. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. It also sets the rules of play for lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

GPEB licenses private companies to conduct and operate live horse racing events at five horse race tracks in British Columbia. These service providers are responsible for conducting horse racing in accordance with the *Gaming Control Act* and the Rules of Thoroughbred and Standardbred Horse Racing. Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community Organizations

GPEB licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

Supporting the Delivery of Gaming in BC

Gaming Services Providers

The BC Lottery Corporation contracts with private companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo, community gaming centre operators and lottery retailers. Service providers at gaming facilities must ensure all gaming employees are properly trained and that no one under 19 participates in gambling activities.

Key Persons

GPEB identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services that are not directly related to gaming itself (e.g., landlords, janitorial services and food services providers) to gaming operators.

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by GPEB to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to operate large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include people who work for or conduct business with racetracks (e.g., jockeys, trainers, race horse owners and racing officials).

Horse Racing Teletheatre Operators

GPEB licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks. There are 23 teletheatre locations in BC and Teletheatre BC operates in 21 venues across the province. The remaining two teletheatres are operated by the Great Canadian Gaming Corporation and located at the Hastings Racecourse and Fraser Downs Racetracks.

Authorized Forms of Gaming

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are constantly being developed. Players' preferences are also constantly changing. The Province takes a cautious and responsible approach when determining the types of games it will permit and where those games may take place. New products, approaches, and forms of gaming must not jeopardize the integrity of the industry, must be socially responsible, and it must be possible for GPEB to effectively regulate them.

The following table summarizes the forms of gaming currently authorized and the locations where each may be offered.

Appendix C: Gaming Permitted in British Columbia

Commercial Gaming	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs & Bars
Commercial Bingo Games		•	•				•		
Lottery Products	•	•	•	•	•	•	•		•
Slot Machine	•		•	•			•		
Table Games	•			•			•		
Poker Tables				•			•		
Electronic Table Games	•		•	•			•		
Live Horse Racing				•	•				
Teletheatres	•		•	•	•				•
Licensed Charitable Gaming									
Ticket Raffles								•	•
Independent Bingo								•	•
Social Occasion Bingo								•	•
Wheels of Fortune								•	•

Appendix D: Sources and Distribution of Revenues

Sources and Distribution of Gaming Revenues (\$ Figures in Millions)		
	2013/2014	2012/2013
Revenue – In		
Lottery & eGaming	\$304.1	\$298.2
Casino & Community Gaming	\$870.5	\$829.4
Total Revenue	\$1,174.6	\$1,127.6
Disbursements – Out		
Supporting Communities		
Community Organizations	\$135	\$135
Payment to Host Local Government	\$87.3	\$84.1
Local Economic Development (DAC)	\$9.4	\$22.1
Horse Racing Purse Enhancements	\$8.9	\$7.0
Gaming Policy and Enforcement Branch Operations		
Core Programs to Regulate Gaming	\$12.7	\$12.3
Responsible and Problem Gambling Program	\$6.2	\$5.5
British Columbia Government Programs		
Health Special Account	\$147.3	\$147.3
Consolidated Revenue Fund	\$758.5	\$705.1
Government of Canada Transfer		
Under a Federal/Provincial/Territorial Agreement	\$9.2	\$9.2
Total Disbursements	\$1,174.6	\$1,127.6

Appendix E: Host Local Government Share of Gaming Revenues

Host Local Government Share of Gaming Revenues			
Name of Casino (CGC)	Location	2013/2014	2012/2013
Chances Abbotsford CGC	Abbotsford	\$892,242	\$970,854
Grand Villa Casino	Burnaby	\$9,644,370	\$8,826,054
Campbell River Chances CGC	Campbell River	\$675,838	\$684,345
Chances Castlegar CGC	Castlegar	\$426,226	\$452,049
Chances Chilliwack CGC	Chilliwack	\$1,228,440	\$496,262
Hard Rock Casino	Coquitlam	\$6,385,778	\$7,386,268
Chances Courtenay CGC	Courtenay	\$837,465	\$835,117
Chances Cowichan CGC	Duncan	\$676,814	\$734,271
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	\$581,284	\$1,178,631
Chances Dawson Creek CGC	Dawson Creek	\$778,485	\$831,192
Chances Fort St. John CGC	Fort St. John	\$916,164	\$947,307
Lake City Casino	Kamloops	\$1,666,707	\$1,818,789
Chances Kamloops CGC	Kamloops	\$700,309	\$659,251
Lake City Casino	Kelowna	\$1,911,846	\$1,732,799
Chances Kelowna CGC	Kelowna	\$1,744,862	\$1,967,902
Playtime Gaming CGC	Langley	\$113,113	\$129,598
Cascades Casino	Langley	\$5,623,149	\$5,793,005
Maple Ridge CGC	Maple Ridge	\$912,181	\$820,220
Chances Boardwalk CGC	Mission	\$546,828	\$625,471
Nanaimo Casino	Nanaimo	\$2,452,470	\$2,431,137

(Continued next page)

Host Local Government Share of Gaming Revenues – Continued			
Name of Casino (CGC)	Location	2013/2014	2012/2013
Starlight Casino	New Westminster	\$5,734,916	\$5,701,452
Lake City Casino	Penticton	\$1,543,884	\$1,594,350
Chances Rim Rock CGC	Port Alberni	\$444,472	\$426,859
Treasure Cove Casino	Prince George	\$2,563,668	\$2,662,415
Chances Prince Rupert CGC	Prince Rupert	\$484,447	\$424,801
Billy Barker Casino	Quesnel	\$469,319	\$500,409
River Rock Casino	Richmond	\$17,367,148	\$15,701,188
Chances Boardwalk CGC	Squamish	\$222,936	\$237,150
Fraser Downs Racetrack	Surrey	\$2,773,043	\$2,997,760
Newton CGC	Surrey	\$678,884	\$187,726
Chances Terrace CGC	Terrace	\$674,781	\$625,577
Edgewater Casino	Vancouver	\$7,186,128	\$6,084,757
Hastings Racecourse	Vancouver	\$1,067,281	\$1,214,567
Lake City Casino	Vernon	\$1,879,774	\$2,000,788
View Royal Casino (1)	View Royal	\$3,974,068	\$4,142,755
Signal Point CGC	Williams Lake	\$530,921	\$579,212
Total Local Government Share		\$86,310,245	\$84,371,314

1) View Royal shares the Host Local Government payments with Sooke, Colwood, Langford, Metchosin, Esquimalt and the Highlands.

Appendix F: Branch Operating Budget and Expenditures

	2013/14	2012/13
Branch Budget		
Core Operations	\$13,812,000	\$13,638,000
Responsible Gambling Program	\$6,006,000	\$4,506,000
Total Branch Budget	\$19,818,000	\$18,144,000
Branch Expenditures		
Core Operations		
Salaries and Benefits Costs	\$11,098,395	\$11,112,402
Operating and Business Expenses (Including Legal and Professional Services)	\$1,699,840	\$1,196,788
Sub total	\$12,798,235	\$12,309,190
Responsible and Problem Gambling Program		
Salaries and Benefits Costs	\$247,293	\$254,732
Operating and Business Expenses (Including Legal and Professional Services)	\$781,761	\$419,139
Contracts	\$5,165,610	\$4,795,726
Sub total	\$6,194,664	\$5,469,597
Total Branch Expenditures	\$18,992,899	\$17,778,787
Surplus/(Deficit)	\$825,101	\$365,213



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Appendix K – 2014/15:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2014/15*, (Victoria: British Columbia, 2015).

Gaming Policy and Enforcement Branch Annual Report 2014-2015





LETTER OF TRANSMITTAL

I am pleased to submit to the British Columbia Legislature the 2014/15 Annual Report for the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Finance. The information in this report reflects the activities of the branch between April 1, 2014 and March 31, 2015.

GPEB is responsible for the overall integrity and regulation of gaming, including horse racing, in British Columbia. This includes all gaming conducted and managed by the British Columbia Lottery Corporation, and licensing of gaming events in B.C. GPEB is also responsible for delivering responsible and problem gambling programs to the citizens of B.C., and for the administration of community gaming grants.

I will continue to work with GPEB to ensure the effective regulation of B.C.'s gaming industry and the protection of the public.

A handwritten signature in black ink, appearing to read 'M. de Jong', written in a cursive style.

Honourable Michael de Jong, Q.C.
Minister of Finance

ACCOUNTABILITY STATEMENT

Honourable Michael de Jong, Q.C.,
Minister of Finance

Minister:

I am pleased to present the 2014/15 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). The report covers the period between April 1, 2014 and March 31, 2015. I am accountable for the contents of this document, and the basis on which the information has been reported.

As mandated under the *Gaming Control Act*, and within the provisions of the *Gaming Control Regulation* and the federal *Criminal Code*, the branch is responsible for the overall integrity of gaming and horse racing in the province, and provides regulatory oversight to the British Columbia Lottery Corporation (BCLC) which conducts and manages commercial gaming in B.C. GPEB is also responsible for the delivery of responsible and problem gambling programs, licensing of gaming events, and the administration of community gaming grants.

In the fiscal year 2014/15, some of the specific deliverables achieved by GPEB to fulfil its mandate included, but were not limited to:

- continued development of the third phase of government's Anti-Money Laundering (AML) strategy, which focused on exploring options for regulator intervention and enhancing customer due diligence on the source of funds being brought into gaming facilities;
- efforts on the initial implementation of activities to address recommendations that pertained to GPEB in the 2014 Internal Audit and Advisory Services review of BCLC;
- release of the *2014 Problem Gambling Prevalence Study* and government's *Plan for Public Health and Gambling*. The plan took into consideration the *2013 Public Health Officer's Report* and the *2014 Problem Gambling Prevalence Study*.

It is my pleasure to thank all GPEB staff for their commitment and dedication towards ensuring that gaming remains a sound and socially responsible industry in B.C.

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

CONTENTS

LETTER OF TRANSMITTAL	1
ACCOUNTABILITY STATEMENT	2
OUR ORGANIZATION	5
HIGHLIGHTS	7
DISTRIBUTION OF GAMING REVENUE	8
GAMING POLICY, STANDARDS AND REGULATIONS	10
Anti-Money Laundering Strategy	10
A Plan for Public Health and Gambling in British Columbia	10
INTEGRITY OF PEOPLE AND COMPANIES INVOLVED IN GAMING	11
Corporate Registration	11
Personnel and Lottery Retailer Registration	11
Summary of Registration Decisions	11
Certification	12
SUPPORTING CITIZENS AND COMMUNITIES	13
Community Gaming Grants Program	13
Problem Gambling and Responsible Gambling Programs	14
Gaming Licences	17
Host Local Government Payments	17
Development Assistance Compensation	17
COMPLIANCE WITH REGULATIONS AND STANDARDS	18

The Audit Program	18
Commercial Gaming Audit	18
Charitable Gaming Audit	18
Enforce the Rules and Regulations of Horse Racing	19
Investigate Notifications of Offences under the Gaming Control Act and Criminal Code	19
Reporting Requirements	19
OPERATIONS	20
Financial Services	20
Horse Racing Betting Fees	20
IT Support	20
APPENDICES	21
Appendix A: Figures and Tables	22
Appendix B: Gaming Industry Legal and Operating Framework	30
Appendix C: Gaming Permitted in British Columbia	32
Appendix D: Sources and Distribution of Gaming Revenues	33
Appendix E: Host Local Government Share of Gaming Revenues	34
Appendix F: Branch Operating Budget and Expenditures	36

OUR ORGANIZATION

Mandate

Gaming Policy and Enforcement Branch (GPEB) regulates all gaming in B.C., ensures the integrity of gaming industry companies, people and equipment, and ensures compliance with policies and standards established under the *Gaming Control Act* ("the Act"). This includes regulatory oversight of the British Columbia Lottery Corporation (which conducts and manages lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), B.C.'s horse racing industry, and licensed charitable gaming events. GPEB also delivers responsible and problem gambling programs and distributes gaming funds to community organizations and other recipients.

The *Gaming Control Act* governs how gaming is regulated and operated in B.C. GPEB's purpose is to carry out its responsibilities under the Act. The position of the general manager and the authority given to that position are identified in the Act. Key responsibilities of the general manager include setting governments gaming policy, and compliance and enforcement of the Act.

GPEB's core objective is to ensure that a comprehensive and responsible gaming regulatory framework is in place.

Vision

The public has confidence in B.C.'s gambling industry.

Mission

To uphold the overall integrity of gambling by maintaining government's gambling policy, regulating the gambling sector and providing related support services and programs that benefit British Columbians.

Values

Integrity, courage, teamwork, passion, accountability, service, curiosity

Core Business Areas

In December 2014, as a result of a comprehensive operational review, GPEB underwent an internal reorganization. The reorganization was necessary to modernize operations and better position the branch to respond to changes in an evolving gaming industry. This positions GPEB well to address the BCLC Crown Review recommendations that pertain to the branch to implement a risk-based approach for assessing compliance with gaming policies and develop comprehensive policies and standards to support the integrity of gaming. The restructure created five new divisions:

1. Compliance Division: audit, investigations, inspections, horse racing
2. Community Supports Division: responsible and problem gambling, community gaming grants administration
3. Licensing, Registration and Certification Division
4. Strategic Policy and Projects Division
5. Operations Division

Compliance Division

The Compliance Division works to ensure regulatory compliance with the *Gaming Control Act*, *Gaming Control Regulation* and *Criminal Code of Canada*. The division conducts inspections, audits or investigative audits of provincial gaming to ensure compliance with legislation, regulation and public interest standards and directives. Investigations staff make inquiries into complaints or violations for the purpose of determining if there is a need for education or training, or a resolution through administrative sanctions. The division develops and enforces rules and policies for the horse racing industry, regulates racing events, and registers participants.

Community Supports Division

The Community Supports Division supports the integrity of gaming in B.C. through provision of programs and services to support healthy gambling and protect the public's interests. The division has two programs: the Responsible and Problem Gambling (RPG) Program and the Community Gaming Grants (CGG) Program. Statutory authority of the CGG Program lies with the Ministry of Community, Sport and Cultural Development. As a matter of policy, the administration of the program is the responsibility of GPEB.

Licensing, Registration and Certification

The Licensing, Registration and Certification Division is responsible for registering companies and individuals involved in gaming, certifying gaming supplies and equipment, and the licensing of gaming events to ensure those conducting or involved in gaming are doing so in a way that upholds the integrity of gaming.

Strategic Policy and Projects Division

The Strategic Policy and Projects Division has been created to increase the capacity of the branch to meet current and future policy needs by anticipating industry changes and proactively addressing challenges. The division leads strategic policy development, communications, and makes recommendations for the legislation and regulations on gaming activities across B.C.

Operations Division

The Operations Division provides financial, administrative, and IT services in GPEB. This includes monitoring financial operations, and reporting out on behalf of the branch on financial performance. The division works closely with all GPEB divisions to provide support to their operations, and is a partner in the distribution of community gaming grant funding. The division is also responsible for the development, maintenance and operations of the internal and external facing IT systems and provides information management support for the branch.

HIGHLIGHTS

IN 2014/15, THE NET RETURN TO GOVERNMENT FROM B.C.'S COMMERCIAL GAMING INDUSTRY WAS \$1.25 BILLION

THE GAMING INDUSTRY IS RESPONSIBLE FOR THE DIRECT AND INDIRECT EMPLOYMENT OF AN ESTIMATED:



37,000 PEOPLE



AS OF MARCH 31, 2015 THE COMMERCIAL GAMING INDUSTRY INCLUDED:

- ▶ **PlayNow.com**, B.C.'s only legal regulated gaming site;
- ▶ Provincial and national lottery games;
- ▶ **17** casinos, including **2** at horse racetracks;
- ▶ **18** community gaming centres;
- ▶ **7** commercial bingo halls;
- ▶ **5** horse racetracks; and,
- ▶ **23** horse racing teletheatres.



IN 2014/15 THE REGULATION OF GAMING IN B.C. INCLUDED:

NEW AND RENEWED REGISTRATIONS FOR:*

- **5,441** gaming workers;
- **1,259** lottery retailers;
- **224** senior officials and senior employees;
- **586** horse racing workers;
- **36** gaming services providers, gaming equipment suppliers and ancillary service contractors;
- ▶ **664** gaming supplies certifications;
- ▶ **342** audits of licensed gaming events and organizations' use of community gaming grant proceeds;
- ▶ **59** compliance audits of BCLC and gaming service providers regarding applicable public interest standards, directives, laws and regulations;
- ▶ Inspections of **495** lottery retailers; and, **19** eGaming and **6** casino-based reviews and investigations related to gaming supplies.

*Revised from the version tabled by the Minister of Finance in the Legislative Assembly on May 17, 2016.



IN 2014/15 GPEB SUPPORTED CITIZENS AND COMMUNITIES BY:

- ▶ Delivering **3,500** presentations through the responsible gambling program to **134,000** people;
- ▶ Providing **7,500** problem gambling counselling sessions to **1,500** people across the province;
- ▶ Administering **\$135** million in community gaming grants to more than **5,000** community organizations;
- ▶ Issuing **10,115** gaming licenses to community organizations, enabling **\$39.5 million** in revenue generation to support projects and services
- ▶ Administering **\$95.8 million** in host local government payments to **31** communities, and **\$9.6 million** in monthly payments to two horse racing associations to support horse racing in the province.

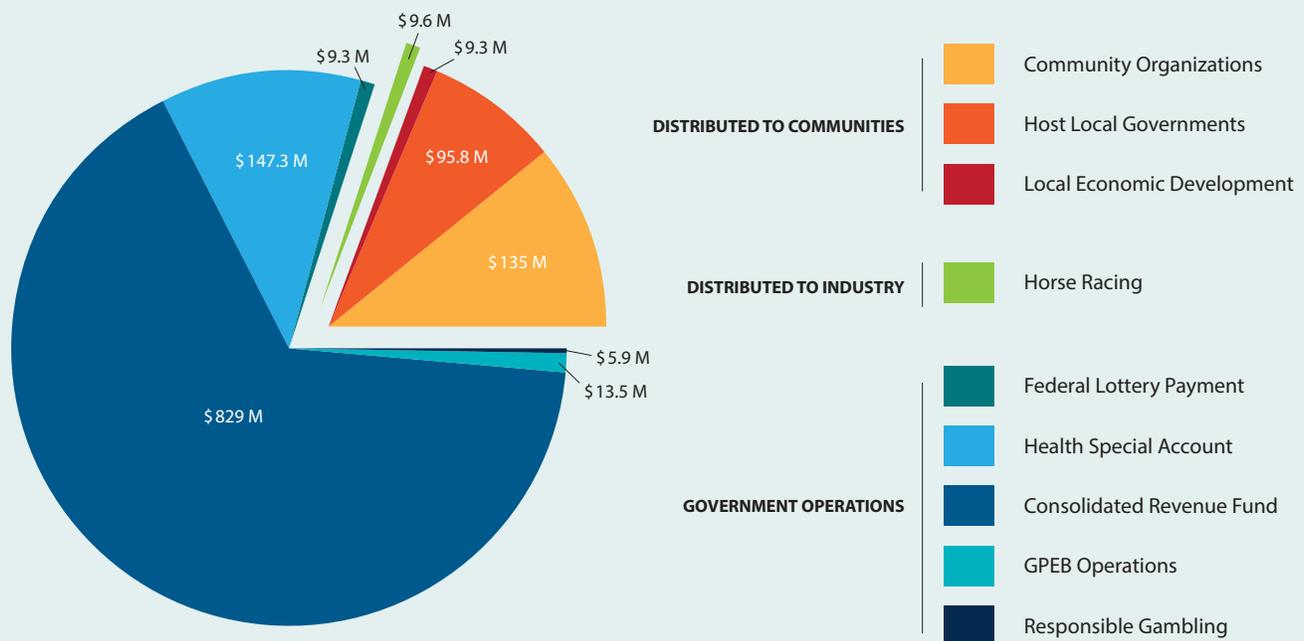


DISTRIBUTION OF GAMING REVENUE

British Columbia generates commercial gaming revenue from casinos, community gaming centres, commercial bingo halls, lotteries and PlayNow.com. In 2014/15, commercial gaming in the province, excluding horse racing, generated \$2.9 billion. After prize payouts and expenses, government revenue from gaming totaled

\$1.25 billion. This revenue was used to support local communities, the horse racing industry, responsible and problem gambling treatment programs, provincial health programs, other provincial government programs and GPEB operations.

2014/15 Gaming Revenue Allocation



Communities and Local Governments

In 2014/15, the Province distributed community gaming grants to approximately 5,000* community organizations. In 2014/15 the amount of gaming revenue shared with 31 Host Local Governments was \$95.8 million and \$9.3 million in development assistance compensation was paid to communities that host destination casinos.

Host Local Governments may use this funding for any purpose that benefits their community. For example, in 2014/15, several host local governments used gaming funds to enhance local infrastructure and support a number of community activities, youth programs, and festivals. Since 1999, the B.C. government has distributed over \$1 billion in gaming revenue to local governments.

Horse Racing

Government provided funding to continue to support the horse racing industry in B.C. through a revenue sharing agreement from the slot machines at race tracks.

Government Services

In 2014/15, \$829 million was allocated to the Consolidated Revenue Fund of B.C. to support provincial government programs and services.

In 1992, the B.C. Government made a commitment to allocate revenue from the B.C. Lottery Corporation specifically for health care initiatives. To fulfil this commitment, the Health Special Account (HSA) was created as a special account within the Consolidated Revenue Fund, to be used to finance urgent health care priorities. According to the *Health Special Account Act*, the annual payment amount is equal to the amount shown in the Estimates as revenue in the HSA for that fiscal year.

The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget.

As part of a revenue-sharing agreement between the federal and provincial governments, \$9.3 million of lottery revenues was remitted to the federal government.

* Revised from the version tabled by the Minister of Finance in the Legislative Assembly on May 17, 2016.

Gaming Policy and Enforcement Branch Operations

In 2014/15 GPEB's operational spending was \$19.4 million, an increase of \$0.5 million from 2013/14. Operating costs accounted for approximately \$13.5 million, and the responsible gambling programs accounted for the other \$5.9 million. This increase was the result of a budget lift to Responsible Gambling in fiscal 2013/14.



GAMING POLICY, STANDARDS AND REGULATIONS

The Strategic Policy and Projects Division develops and maintains a fair, appropriate and transparent policy and regulatory framework for gaming and horse racing in B.C. to help ensure the industry is conducted and managed fairly and with integrity. Areas of responsibility include:

- supporting all business units within GPEB, the General Manager, Associate Deputy Minister, Deputy Minister and Minister;
- conducting policy analysis and advising the General Manager and Minister on broad policy, standards and regulatory issues;
- developing, managing and maintaining government's gaming legislation, regulations, policies, standards and directives;
- developing the GPEB Annual Report, and coordinating branch strategic planning;
- providing annual direction to BCLC by drafting the Mandate Letter between the Minister of Finance and BCLC; and
- managing communications, stakeholder relations and monitoring public opinion on gambling related issues.

Policy work for this year included continued work on Phase 3 of government's Anti-Money Laundering strategy and the release of *A Plan for Public Health and Gambling in British Columbia* in February 2015.

Anti-Money Laundering Strategy

Government's Anti-Money Laundering (AML) strategy is focused on minimizing opportunities for money laundering in B.C.'s gaming facilities. Using a three-phase approach, GPEB is progressively implementing tiers of control over the acceptance of funds into gaming facilities. In the first two phases of the strategy, GPEB worked with BCLC and gaming service providers to develop, implement, and encourage casino patrons to use cash alternatives.

As part of Phase 3 in 2014/15, GPEB continued to explore the options for regulatory action to prevent money laundering in B.C.'s gaming facilities. Phase 3 of the AML strategy directs resources at the areas of the highest

risk to gaming integrity, with additional measures that enhance due diligence and regulator guidance and intervention.

Progress on Phase 3 of the strategy in 2014/15 continued with:

- Working with BCLC to develop and implement additional customer due diligence policies and practices constructed around financial industry standards as well as robust know your customer requirements. These requirements will focus on identifying source of wealth and funds and will be triggered by suspicious currency transactions.
- Working with BCLC to develop and implement additional cash alternatives, furthering the transition from cash-based transactions.

A Plan for Public Health and Gambling in British Columbia

In February 2015, government released a plan with 21 action items for promoting responsible gambling and addressing the public health risks associated with problem gambling, including details about existing services and new initiatives.

A Plan for Public Health and Gambling in British Columbia is the product of a collaborative cross-ministry working group from the Ministries of Finance, Health, and Education, and BCLC. This group was tasked with creating a plan for responsible and problem gambling in B.C. in response to 17 recommendations the Provincial Health Officer made in a 2013 report called *Lowering the Stakes: A Public Health Approach to Gambling in British Columbia*.

A Plan for Public Health and Gambling in British Columbia takes into consideration the PHO's recommendations, the findings from B.C.'s *2014 Gambling Prevalence Study*, research on online gambling and other relevant research and policy related to gaming, health, and education.

GPEB will continue to work collectively with the ministries of Health and Education and BCLC to implement the action items in the plan.

INTEGRITY OF PEOPLE AND COMPANIES INVOLVED IN GAMING

Every year, thousands of individuals and dozens of companies apply for gaming registration. GPEB's registration program, administered by the Licensing, Registration and Certification Division, helps to prevent unsuitable candidates from entering the gaming industry. Registrants are subject to a background investigation, which includes, but is not limited to, a criminal record check, credit check, and in some cases an interview to confirm an applicant meets the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act and Gaming Control Regulation*.

There are three different kinds of registration: corporate, personnel and lottery retailers.

The Licensing, Registration and Certification Division collects, monitors, and reconciles over \$2.4 million in registration and investigation fees annually.

Corporate Registration

The Corporate Registration Unit conducts a thorough review of gaming-related businesses and their executive personnel. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gaming services, including online content providers, and gaming equipment (e.g. slot machines, automatic shufflers). Corporate registration also registers other service providers, such as gaming consultants, raffle services, security and ancillary services, including food and janitorial services provided at gaming facilities.

Personnel and Lottery Retailer Registration

GPEB's Personnel and Lottery Retailer Registration Unit register all workers involved in the gaming industry. This includes all people directly involved in the industry (e.g. casino, bingo, horse racing workers and lottery retailers), as well as those indirectly involved (e.g. BCLC and GPEB employees). GPEB continues to look at ways to make the registration system more efficient, while maintaining the integrity of gaming operations.

See Appendix A, Table 1: Corporate and Personnel Registration

Summary of Registration Decisions

Every year, GPEB refuses a number of registrations for a variety of reasons including failure to pass a criminal record check, disclose outstanding criminal charges, or provide information requested in the application or subsequent background investigation. While having a criminal record does not automatically result in refusal, all applicants are thoroughly vetted to ensure their suitability to participate in the gaming industry.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the *Gaming Control Act* or the *Gaming Control Regulation*, GPEB will take appropriate action to address the concern based on the severity of the transgression. GPEB may issue a sanction, warning or suspension, or it may cancel registration altogether.

See Appendix A, Table 2: Summary of Registration Decisions

Certification

Gaming supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, and Internet gambling systems.



Before being able to operate in the live environment, all gaming equipment used in the province must be tested to the applicable requirements set forth in GPEB's technical gaming standards. GPEB's Certification and Game Integrity Unit (CGIU) establishes and maintains these technical gaming standards to ensure gaming supplies that are used in commercial or charitable environments:

- operate fairly;
- are safe and secure;
- deliver the stated odds of winning; and,
- can be audited.

Gaming supplies are tested in accredited testing facilities (ATFs), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gaming supplies for use in B.C.'s gaming venues.

GPEB began certifying electronic raffle systems used by charitable licensees in 2011. CGIU created a technical standard and assists with registering the service providers, and certifies the technical integrity of each new electronic raffle system installation.

GPEB investigates player complaints and all reports of malfunctioning gaming supplies including issues with lottery products, internet gambling software and electronic raffle systems. In 2014/15, CGIU performed 19 eGaming and six casino-based reviews and investigations related to gaming supplies.

Gaming supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gaming product no longer meets GPEB's technical gaming standards.

Gaming supply (e.g. slot machine) malfunctions can also lead to a certification suspension or revocation. Certification for gaming supplies used in the province is issued by GPEB. A certification may be suspended or revoked for a number of reasons: a gaming supply malfunction; an ATF rescinds their certification; or a vendor upgrades the gaming supply and no longer supports the previous version. Malfunctions account for the least number of revocations while software upgrades account for the majority.

Gaming supplies for which certification has been suspended or revoked must be removed from the gaming floor, Playnow.com website, or a licensed gaming event. Before the gaming supplies can be returned to service, any repairs, modifications, or upgrades must be re-tested by an ATF and re-certified by GPEB.

GPEB's CGIU makes recommendations to the general manager where a request has been made to the Minister for the introduction of any new type of lottery scheme or for the use of any new technologies in the delivery of any lottery scheme. In June 2014, BCLC launched mobile casino gaming, this permitted device users to play online slots. In October 2014, BCLC began offering a selection of Novelty Bets¹ to all registered playnow.com players in B.C.

See Appendix A, Table 3: Gaming Supplies Certification Decisions

¹ An entertainment-style bet that is not based on the outcome of, or contingencies occurring within, a sporting event, race, fight or athletic contest. They are based on relevant current events in popular culture or speculation around sports, arts, sciences or other special-interest subject.

SUPPORTING CITIZENS AND COMMUNITIES

The Gaming Policy and Enforcement Branch (GPEB) and its divisions support communities in B.C., distributing gaming funds to organizations and municipal governments, and assisting with community fundraising efforts. Some examples of this support include licensing gaming events for community fundraising groups, and distributing Host Local Government (HLG) payments and Development Assistance Compensation (DAC). The branch also manages the Responsible and Problem Gambling (RPG) Program.

Community Gaming Grants Program

The primary objective of the Community Gaming Grants (CGG) Program is to distribute gaming funding to eligible organizations to support a wide array of programs and services across the province.

The Direct Access Grants and Bingo Affiliation Grants, were established in 1998 when the BC Lottery Corporation's mandate was expanded to include the operation of casinos which had previously been the purview of charities. These grants replaced revenue charitable groups earned from running charitable casinos. Later, the grant programs were consolidated into a community chest model and administered within the CGG program. Over the years, grant-eligibility rules have responded to community needs with new "sectors."



In March 2011, responsibility for the program was split between the Ministry of Community, Sport and Cultural Development (CSCD) and the Ministry of Finance. CSCD assumed responsibility for the program and policy, while GPEB remained responsible for program administration, audit and compliance. The *Gaming Control Act* was amended to formalize this shared responsibility.

Organizations receive funding based on their sector, the programs and services they deliver, and their financial need. In 2014/15, GPEB distributed approximately \$135 million to approximately 5,000* non-profit organizations. Funds were distributed to organizations within the following six sectors:

- *Human and social services* – programs that significantly contribute to the quality of life in a community, including assisting the disadvantaged or distressed, promoting health, or enhancing opportunities for youth 18 years and under. Service clubs are included in this sector;
- *Public safety* – programs that support public safety initiatives, disaster relief and emergency preparedness in B.C.;
- *Arts and culture* – programs that enhance the performing arts, media arts, visual arts, literature, heritage or culture in the community. Also fairs, festivals and museums, which include cultural or heritage programs and/or displays of broad community interest suitable for all ages;
- *Sport* – community-based youth and amateur sport programs that consist of organized and competitive physical activities;
- *Environment* – programs that enhance B.C.'s environment or protect the welfare of animals and wildlife; and
- *Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC)*. In 2014/15, PACs received \$20 per student per year; DPACs received grants of \$2,500 each year. PACs are required to use this funding to support extra-curricular activities for students. DPACs are required to use their grant funds to foster parental involvement in the school system.

* Revised from the version tabled by the Minister of Finance in the Legislative Assembly on May 17, 2016.

In addition, special one-time grants are considered for unexpected and/or emergency needs from charitable, nonprofit organizations that are not traditionally supported through gaming grants.

See Appendix A, Table 8: Distribution of Community Gaming Grants

Problem Gambling and Responsible Gambling Programs

The Responsible and Problem Gambling (RPG) Program minimizes harm and promotes responsible gaming practices in communities in a variety of ways.

In 2003, the Province launched its Responsible Gambling Strategy, which has three core goals:

- Deliver gambling in a manner that encourages responsible gambling and informed choice;
- Create public awareness of risks associated with gambling; and,
- Provide treatment and support to those impacted by problem gambling.

These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

Goal One: Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in B.C. A total of 25 GameSense Advisors share responsible gambling information and practices with interested patrons and direct anyone experiencing gambling-related distress to the Responsible and Problem Gambling Program and/or to BCLC's Voluntary Self-Exclusion Program. Casinos and community gaming centres also feature touch-screen interactive terminals, which provide education modules at the push of a button or the touch of a screen. In 2014/15, approximately 54,600 GameSense Advisor player

interactions were made through the GameSense program.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC.

Appropriate Response Training

Appropriate Response Training is an educational program for gaming workers designed to enhance their knowledge, awareness, attitudes and skills and to enable them to respond appropriately to patrons who may be experiencing distress in a gaming facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Responsible Gambling Standards

The Province has issued responsible gambling standards for the B.C. gaming industry to ensure that:

- minors are prevented from participating in gambling activities;
- patrons are equipped to make informed decisions regarding gambling;
- gambling-related risks are minimized; and,
- people affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gaming services providers, commercial gaming facilities and community organizations licensed to conduct charitable gaming events.

GPEB monitors BCLC, licensee and service provider gaming event advertising to ensure that it complies with responsible gambling public interest standards.

Compliance audits focus on five key areas:

- *Informed choice* – proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and of information regarding the odds of winning;
- *Appropriate response* – ensuring gaming workers have received Appropriate Response Training;
- *Responsible practices* – placing clocks in highly visible areas and other requirements;
- *Financial transactions* – prominently displaying information describing payout policies and stating that credit will not be extended; and

- *Voluntary Self-exclusion Program* – having a fully operational program, readily available program information, and effective monitoring of gaming facilities for individuals who choose to self-exclude from gambling.

Responsible Gambling – “RG Check” Program

RG Check is a voluntary program supported by GPEB and BCLC, which provides an independent and standardized evaluation of the delivery of responsible gambling programs in gaming facilities across Canada. Overseen by the independent Responsible Gambling Council, RG Check assesses how B.C.’s responsible gambling programs compare to industry best practices using eight standards, each with their own criteria:

- responsible gambling policies and a demonstrated awareness of problem gambling;
- employee training so staff are knowledgeable about their role in responsible gambling;
- a self-exclusion program that facilitates access to counselling; assisting patrons who have problems with gambling;
- informed decision making through readily available information;
- advertising and promotion that does not misrepresent products;
- access to money that does not encourage excessive spending; and,
- venue game features (i.e. to promote breaks in play and awareness of the passage of time).

As of March 2015, 35 of the 36 casino and community gaming centre facilities across the province had accreditation from the Responsible Gambling Council.

Goal Two: Create Public Awareness of Risks Associated with Gambling

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

In 2014/15, GPEB contracted 77 service providers to deliver community-based programs that encourage people to make healthy choices. Specifically, the programs provide problem gambling prevention information and responsible and recreational gambling education to a variety of client groups. Participants also learn how to identify problem gambling behavior, self-regulate their gambling behavior responsibly and where they, and those affected can access counselling.

In 2014/15, 3,594 presentations were offered to 134,241 people, including children and youth, high risk adults, general adult populations and allied professionals.

Responsible Gambling Awareness Week

In 2014/15, GPEB in conjunction with BCLC and in response to community input, moved from Responsible Gambling Awareness Month to Responsible Gambling Awareness Week in order to accommodate organizing committees to plan their awareness events in consideration of climate differences throughout the province.

Events were held in Richmond, Kamloops, Vernon, Langley and Greater Victoria to raise awareness of responsible gambling practices and to connect people to community resources and services to address issues related to excessive gambling.



Responsible Gambling Awareness Week activities included:

- Media launch and kick-off in each community, featuring municipal authorities and guest speakers from BCLC and GPEB's responsible and problem gambling program;
- Trade show-style event with booths for the responsible and problem gambling program, BCLC, service providers and community services;
- Mobile "myth-busting kiosks" to travel to significant businesses and high traffic locations;
- Allied professional training; and,
- Sponsored community events.

Responsible Gambling Awareness Week will continue in select communities across B.C. on an annual basis.

See Appendix A, Table 9: B.C. Responsible and Problem Gambling Program

Goal Three: Provide Treatment and Support to Those Impacted by Problem Gambling

In 2014/15, GPEB's 28 contracted clinical counsellors provided problem gambling counselling across B.C. Operators provide crisis counselling and refer callers to various treatment and support services provided by the province and allied professionals. In 2014/15, the 24-hour toll-free Problem Gambling Help Line received 3,838 gambling specific calls and 1,474 people received 7,493 counselling sessions.

Funded by GPEB, problem gambling counselling and support services are free of charge for anyone directly or indirectly experiencing a gambling problem. Individuals, couples, family and group counselling services are available. Outreach counselling and telephone counselling are available for clients in remote locations.

An intensive day-treatment program called Discovery is also offered in both weekend and five-day workshops each month on Vancouver Island and the Lower Mainland. Participants may enroll for all or part of this program. In 2014/15, 164 people participated in Discovery.

For information on the future direction of problem and responsible gambling initiatives in the province, refer to the *Responsible Gambling Strategy Three-year Plan*, available online at <https://www.gaming.gov.bc.ca/reports/docs/plan-rg-three-yr-2014-2018.pdf>



Gaming Licences

GPEB's licensing program issues gaming event licences to eligible community organizations throughout B.C. that wish to raise revenue to support and benefit their local programs and services. Licences must be applied for in advance of the proposed gaming event, and are issued with the understanding that charitable organizations will also honor municipal by-laws. All charitable gaming events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by charitable, religious or community organizations that directly benefit the community.

In 2014/15, GPEB issued 10,115 licences to eligible organizations to conduct gaming events. In total, community organizations raised an estimated \$39.5 million to support their projects and services.

One of GPEB's responsibilities is to ensure that gaming events are conducted fairly and transparently. The branch ensures that organizations applying for a gaming event licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. GPEB also conducts regular audits of licensees to ensure they follow rules and guidelines designed to protect the public, and are using the proceeds to support the eligible programs stated in the licence.

Gaming events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

Classes of Gaming Licences

GPEB offers four different types of gaming licences – Class A, B, C or D – depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

Class A

Issued to eligible charitable and religious organizations for gaming events expected to generate gross revenue exceeding \$20,000.

Class A gaming events earned approximately \$23.5 million in 2014/15.

Class B

Issued to eligible charitable and religious organizations for gaming events expected to generate up to \$20,000 in gross revenue.

Class B gaming events earned approximately \$10.2 million in 2014/15.

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to a select number of established fairs and exhibitions on a case-by-case basis.

Class C gaming events earned approximately \$1.9 million in 2014/15, of which, approximately \$1.6 million was earned through raffles.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events that are expected to generate up to \$5,000 in gross revenue. This licence category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

Class D gaming events are restricted to ticket raffles and independent bingos. Eligibility is based on how the money will be spent.

Class D gaming events earned an estimated \$3.9 million in 2014/15.

See Appendix A, Table 10: Gaming Events

Host Local Government Payments

Local governments that host casinos and/or community gaming centres generally receive 10 per cent of the net income generated by those gaming facilities. BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each host local government where a casino or community gaming centre operates.

Development Assistance Compensation

Development Assistance Compensation (DAC) is money available to local governments with destination casinos for approved economic development projects. There are three municipalities in B.C. that have a DAC agreement – New Westminster, Penticton and Cranbrook. BCLC provides GPEB with quarterly calculations of compensation payments due to the municipalities for each of the three casinos in these locations.

COMPLIANCE WITH REGULATIONS AND STANDARDS

GPEB's Compliance Division works to ensure regulatory compliance with the *Gaming Control Act*, *Gaming Control Regulation*, *Criminal Code of Canada*, and public interest standards. Compliance achieves this through conducting investigations, inspections, and compliance audits of all provincial gaming and by the development and enforcement of rules and policies for the horse racing industry which includes regulating racing events and licensing participants.

The Audit Program

The audit program conducts compliance inspections and audits on BCLC, gaming service providers, licensees and gaming grant recipients.

The program also promotes voluntary compliance with provincial gaming legislation through compliance enhancement education sessions for charitable organizations that conduct licensed gaming or receive gaming grants.

The program develops an annual audit plan that outlines the five main areas that are audited:

1. BCLC's overall conduct and management of all forms of gaming, including the corporation's PlayNow.com website;
2. BCLC's conduct and management of lottery gaming;
3. BCLC's conduct and management of commercial gaming, including casinos, community gaming centres and bingo halls;
4. Horse racing; and,
5. Licensed gaming and community gaming grants.

The program has adopted and follows a risk-based audit approach when developing their annual audit plan to ensure that audit resources in the division are used effectively. This approach also enhances the effectiveness of the audit program by allowing gaming facilities and licensees to be assessed individually for risk.

The program works closely with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to help mitigate the risk of money laundering at gaming facilities. A memorandum of understanding (MOU) was

signed by both parties in 2004 to establish a framework for information sharing. The collaboration between the organizations assists GPEB and FINTRAC in meeting their regulatory mandates.

The program has two distinct work units: Commercial Gaming Audit and Charitable Gaming Audit.

Commercial Gaming Audit

In 2014/15, the Commercial Gaming Audit team completed 59 audits of BCLC and gaming service providers.

Commercial audit reports were issued within the target timeframe of 30 days of completion of audit field work 84 per cent of the time.

See Appendix A, Figure 1: Commercial Gaming Audits by Category

The audit program also completed 495 inspections of lottery retailers throughout the province.

Charitable Gaming Audit

In 2014/15, the Charitable Gaming Audit team completed 391 audits and inspections of community gaming grants and licences. Of the audits carried out:

- 50 per cent of the organizations were found to be moderately non-compliant;
- 37 per cent of the organizations were found to be severely non-compliant with provincial gaming rules.

Each organization that is audited receives an audit report that identifies the exceptions that were observed. The auditor provides feedback to the organization about the issues that have been identified and advice on how they can be corrected. Audit findings are also communicated to the licensing and grants teams for consideration in future grant and licensing application decisions.

Charitable audit reports were issued within the target timeframe of 70 days of the start of audit field work 72 per cent of the time.

See Appendix A, Figure 2: Community/Charitable Gaming Grant Audits by Sector

Enforce the Rules and Regulations of Horse Racing

GPEB's horse racing program regulates horse racing events in B.C. to ensure compliance with the *Gaming Control Act* and the Rules of Horse Racing. The program is also responsible for developing policies to ensure the horse racing industry is conducted fairly and with integrity. As required the program reviews and revises the Rules of Thoroughbred and Standardbred Horse Racing in B.C. and meets regularly with industry stakeholders to address issues. The program is also integral to ensuring the industry operates with safety first in mind.

B.C.'s horse racing industry employs approximately 2,100 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. In 2014/15, 586* horse race workers were either licensed for the first time or had their licences renewed.

Racing program staff are present at all five operating racetracks in the province during race season. GPEB monitored 1,172 races on 124 race dates at the five provincial tracks in operation during the 2014 season.

GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. GPEB looks at all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.

See Appendix A, Table 4: British Columbia Horse Racing Summary

In 2014, GPEB's stewards and judges issued a total of 117 rulings. Of these, 61 were for thoroughbred racing infractions (issued by stewards), and 56 were for standardbred racing infractions (issued by judges).

See Appendix A, Table 5: Horse Racing Rulings

GPEB also licenses 23 teletheatre sites in B.C. which present simulcast satellite broadcasts of horse races run at local, national and international tracks.

See Appendix A, Table 6: Horse Race Wagering Figures

Investigate Notifications of Offences Under the Gaming Control Act and Criminal Code

To ensure the integrity of gaming in B.C., GPEB investigates reported instances of any conduct, activity or incident occurring in connection with gaming, if those

* Revised from the version tabled by the Minister of Finance in the Legislative Assembly on May 17, 2016.

incidents involve the commission of an offence under the *Gaming Control Act* or a provision of the *Criminal Code of Canada* that is relevant to a lottery scheme or horse racing. The primary role of the Investigations program is to investigate provincial gaming offences, or assist law enforcement agencies in investigating reports of criminal or illegal gaming activity.

GPEB investigators often work in conjunction with law enforcement agencies to investigate various illegal gambling activities, such as unauthorized lottery schemes, gaming houses, loan sharking and money laundering. They also provide in-depth gaming expertise to law enforcement agencies throughout the province. With the support of law enforcement, GPEB investigates and may recommend for prosecution appropriate charges related to gaming offences as defined in the *Criminal Code of Canada*. Under the *Gaming Control Act*, GPEB has the authority to recommend charges for prosecution, issue tickets, issue warnings and/or recommend administrative sanctions.

In 2014/15, the Investigations program continued to work with law enforcement to investigate and gather evidence to support criminal charges, and deliver evidence of suspected illegal activity within and outside of B.C. gaming facilities.

See Appendix A, Table 7: 2014/15 Incident Reports Related to Gaming

Reporting Requirements

BCLC, a registrant and a licensee under the *Gaming Control Act*, must notify the General Manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing, if the conduct, activity or incident involves or involved the commission of an offence under a provision of the *Criminal Code* that is relevant to a lottery scheme or horse racing, or the commission of an offence under the *Gaming Control Act* or *Gaming Control Regulation*.

In addition, registrants must immediately report any conduct or activity at or near a gaming facility that is or may be contrary to the *Criminal Code*, the *Gaming Control Act*, or any regulation under the Act.

GPEB works in partnership with BCLC and the police of jurisdiction on matters that impact the overall integrity of gaming.

OPERATIONS

The Operations Division provides financial support, information technology services, facilities support and business expertise such as risk management and records management to the branch.

Financial Services

The Operations Division provides business and technical support to all business units in GPEB. This includes, but is not limited to:

- Operational financial services, contract management, and budget administration;
- Strategic financial advice to GPEB's executive;
- Payment of community gaming grants, host local government payments, Development Assistance Compensation and distribution of horse racing revenue; and,
- Information and technology support to internal and external users of the branch's information systems and web presence.

Horse Racing Betting Fees

Horse race betting fees are levies on bets made at horse racing events that are collected by GPEB through Hastings Racecourse, Fraser Downs Racetrack and The Betting Company Teletheatre B.C. (4.5 per cent on triactor bets and 2.5 per cent on other bets). Any balance in excess of annual regulatory fees (equal to the cost of

regulating the horse racing sector in a given year) is remitted back to the horse racing industry. At fiscal year end, the cumulative total of monthly fees is transferred into the Consolidated Revenue Fund.

Information Technology Support

The IT team supports all business units in GPEB by providing daily support for the workstations, internal and external facing websites, and GPEB's Gaming Online Service (GOS). GOS is a web-based application developed by GPEB that allows eligible applicants to apply electronically for a community gaming grant or licence, submit processing fees through a secure card payment option, track the progress of their applications, and file a criminal or regulatory complaint for issues related to gaming or horse racing in B.C.

The team supports GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT team also delivers specialized reports and provides the necessary management information to each division. The team maintains GPEB's web presence. The intranet site for staff provides a tool for internal communications and access to operational materials, while the public facing site provides information to the public about the branch, and mechanism for applying for some licences that are administered by GPEB.



APPENDICES

APPENDIX A: FIGURES AND TABLES	22
Figure 1: Number of Commercial Gaming Audits by Category	22
Figure 2: Number of Community/Charitable Gaming Grant Audits by Sector	22
Table 1: Corporate and Personnel Registrations	23
Table 2: Summary of Registration Decisions	23
Table 3: Gaming Supplies Certification Decisions	23
Table 4: British Columbia Horse Racing Summary	24
Table 5: Horse Racing Rulings	24
Table 6: Horse Racing Wagering	25
Table 7: 2014/15 Incident Reports Related to Gaming	26
Table 8: Distribution of Community Gaming Grants	27
Table 9: Responsible and Problem Gambling Program Statistics	28
Table 10: Gaming Events	29
APPENDIX B: GAMING INDUSTRY LEGAL AND OPERATING FRAMEWORK	30
Conduct and Management of Gaming in B.C.	30
Supporting the Delivery of Gaming in B.C.	30
APPENDIX C: GAMING PERMITTED IN BRITISH COLUMBIA	32
APPENDIX D: SOURCES AND DISTRIBUTION OF GAMING REVENUES	33
APPENDIX E: HOST LOCAL GOVERNMENT SHARE OF GAMING REVENUES	34
APPENDIX F: BRANCH OPERATING BUDGET AND EXPENDITURES	36

APPENDIX A: FIGURES AND TABLES

Figure 1: Number of Commercial Gaming Audits by Category

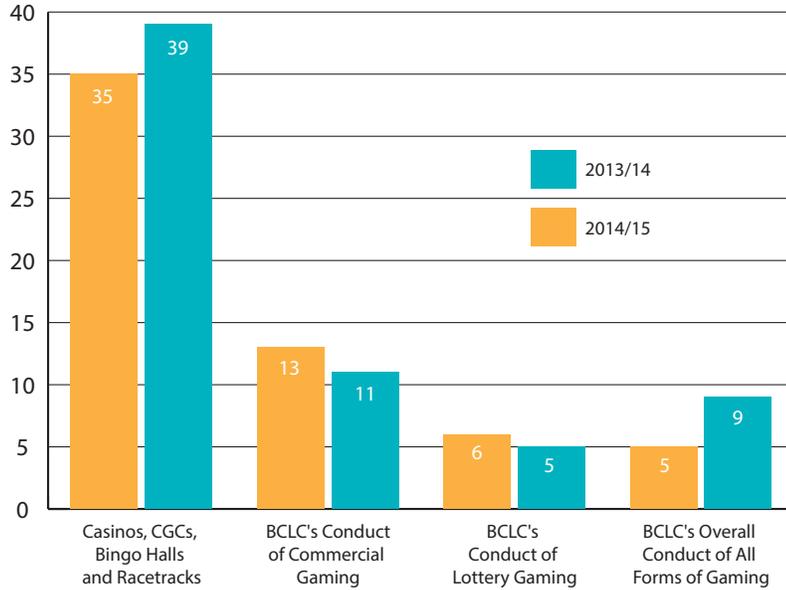
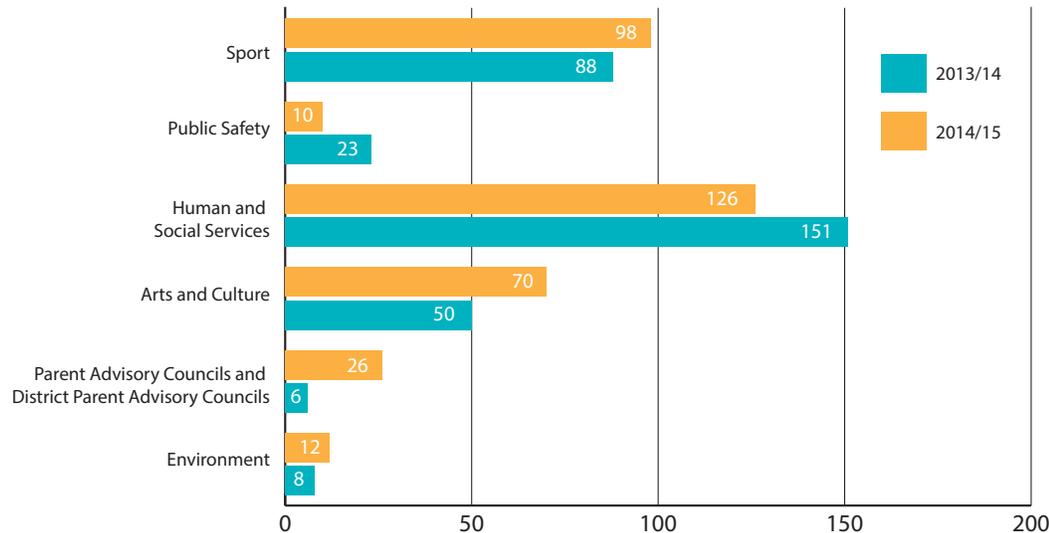


Figure 2: Number of Community/Charitable Gaming Grant Audits by Sector



In 2013/14, reporting was combined for PAC and DPACs, Environment and Public Safety.

Tables

Table 1: Corporate and Personnel Registrations				
	2014/15		2013/14	
	New	Renewal	New	Renewal
Corporate Registrations				
Gaming Service Providers	5	10	6	10
Gaming Equipment Suppliers	7	9	7	9
Ancillary Service Providers	3	2	11	6
Senior Officials and Senior Employees	136	88	103	137
Personnel Registrations				
Gaming Workers	3,722*	1,719*	3,494	2155
Lottery Retail Managers	331*	928*	308	831
Horse Racing Workers	158*	428*	172	417
GPEB and BCLC Personnel	183	18	268	20

Table 2: Summary of Registration Decisions						
	2014/15			2013/14		
	Denied	Revoked	Ceased	Denied	Revoked	Ceased
Types of Registration						
Gaming Workers	26*	31*	3,051*	34	35	2,749
Horse Racing Workers	2	0	0*	6	1	0
Lottery Retail Managers	6*	0*	834*	2	2	848
GPEB and BCLC Personnel	0	0	128*	0	0	320*

Table 3: Gaming Supplies Certification Decisions				
	2014/15		2013/14	
	Certifications	Revocations	Certifications	Revocations
Type of Certification				
Pull-tab Lottery Tickets	6	0	7	0
Scratch & Win Lottery Tickets	51	0	56	0
eLottery (Playnow.com games)	152	3*	64	13*
Electronic Gaming Devices and Other Supplies	433	31*	412	22
Table Games	6	0	8	0
Licensed/Charitable (50/50) ⁽¹⁾	8	0	–	–
Other (Lottery systems, Lotto Express, Bingo, etc.) ⁽¹⁾	8	1	–	–

(1) These types were not previously reported out on.

* Revised from the version tabled by the Minister of Finance in the Legislative Assembly on May 17, 2016.

Table 4: British Columbia Horse Racing Summary

	2014	2013	2014	2013	2014	2013
	Race Days		Live Races		Horses Ran	
Thoroughbred						
Hastings Racecourse – Vancouver	54	69	405	457	2906	3715
Sunflower Downs – Princeton	0	1	0	8	0	44
Kin Park – Vernon	0	3	0	18	0	80
Desert Park – Osoyoos	2	3	10	16	45	86
Total	56	76	415	499	2951	3925
Standardbred						
Fraser Downs Racetrack – Surrey	68	79	757	872	6420	7273

Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering and drug testing are also reported by calendar year.

Table 5: Horse Racing Rulings

	2014	2013
Standardbred		
Whipping Violations	5	8
Racing or Driving Infractions Committed During a Race	29	35
Drug or Alcohol Infractions Involving Horses or Registered Horse Racing Workers	11	11
Inappropriate Behaviour in the Backstretch Area of a Racetrack	5	4
Licensing or Registration Violations	0	3
Horses that Bled During a Race	0	2
Restoration of a Horse or Horse Racing Worker to Good Standing	3	7
Other Categories	3	0
Total Standardbred Rulings	56	70
Thoroughbred		
Racing or Driving Infractions Committed During a Race	19	14
Drug or Alcohol Infractions Involving Horses or Registered Horse Racing Workers	14	14
Entering an Ineligible Horse	0	5
Inappropriate Behaviour in the Backstretch Area of a Racetrack	13	4
Licensing or Registration Violations	5	13
Horses that Bled During a Race	0	3
Restoration of a Horse or Horse Racing Worker to Good Standing	5	5
Other Categories	5	10
Total Thoroughbred Rulings	61	68

Table 6: Horse Racing Wagering

	2014	2013
Hastings Racetrack (HR)		
HR Live Races	\$8,523,499	\$10,402,976
HR Simulcast Wagers	\$57,442,093	\$60,896,046
Total HR	\$65,965,592	\$71,299,019
Fraser Downs (FD)		
FD Live Races	\$2,811,642	\$2,927,406
FD Simulcast Wagers	\$32,782,504	\$31,712,272
Total FD	\$35,594,146	\$34,639,678
Sunflower Downs (SD)		
SD Live Races*	–	\$22,287
Kin Park (KP)		
KP Live Races*	–	\$67,800
Desert Park (DP)		
DP Live Races	\$28,000	\$48,647
Teletheatre BC		
Hastings Racetrack Races	\$816,456	\$1,318,512
Fraser Downs Races	\$775,751	\$864,924
Wagers on Other Racetracks	\$39,134,007	\$44,228,714
Total – All	\$142,285,980	\$152,489,584

*These tracks rely on volunteers to conduct racing. There was not enough interest generated to conduct races during 2014.

Table 7: 2014/15 Incident Reports Related to Gaming

Type	Total	Recommendations to Crown Counsel (1)	GCA Charges & Administrative Actions	Warnings (Verbal & Written)	Intelligence and Police Assistance (2)	Alternate Resolution (3)	Other (4)
Theft	1,642	60	1	1	283	581	716
Fraud	250	7	0	0	37	36	170
Loan Sharking, Cheat at Play, Illegal Gaming	208	0	0	30	42	27	109
Suspicious Transaction Reports	1,832	0	1	0	1,769	1	61
GCA Violations ⁽⁵⁾	305	0	203	37	4	13	48
Other	4,066	8	3	0	1,792	91	2,172
Total	8,303	75	208	68	3,927	749	3,276

1. Evidence is provided to Crown Counsel so they can determine what charges to lay, if any.
2. Providing information on gaming-related crimes to local police, or incidents where police have been contacted, attended the scene or investigated.
3. Matters resolved through means other than charges, warnings or administrative sanctions.
4. Insufficient evidence to lay charges; reports of issues unrelated to GPEB; instances where GPEB assisted local police; and incidents where suspects are unidentified.
5. Figures have been revised from the version tabled by the Minister of Finance in the Legislative Assembly on May 17, 2016. The revised figures exclude voluntary self-exclusion prohibitions and other prohibitions categories as they do not require GPEB investigative time. This is consistent with changes made to Table 7 in the 2013/14 Annual Report.

Table 8: Distribution of Community Gaming Grants

Sector	Sub-Sector	2014/15 (\$ Millions)	2013/14 (\$ Millions)
Human and Social Services	Community Service Organization	5.8	6.8
	Disadvantage Distress Poverty	26.7	26.3
	Public Community Facilities	3.5	3.6
	Public Health in the Community	13.1	12.6
	Community Education	11.5	11.2
	Enhancement of Youth	5.7	6.2
Arts and Culture	Adult Arts and Culture	8.4	7.2
	Fairs, Festivals, Museums	5.1	5.4
	Youth Arts and Culture	3.7	3.9
Sport	Youth	24.9	25.1
	Adults	1.3	0.9
	People with Disabilities	1.5	1.5
Public Safety		7.2	6.5
Environment	Protection of Animals and Conservation of the Environment	3.4	3.1
Parent Advisory Councils and District Parent Advisory Councils		11.5	12.0
Special One-Time Grants*		1.7	2.5
Total		135.0¹	135.0¹

* Special one-time grants are grants considered for unexpected and/or emergency needs from charitable non-profit organizations that are not traditionally supported through gaming grants.

¹ Figures may not add to total due to rounding.

Table 9: BC Responsible and Problem Gambling Program Statistics

	2014/15	2013
Program Figures		
Calls Made to Help Line Specific to Problem Gambling	3,838	4,341
Referrals to Responsible & Problem Gambling Program	1,391	1,510
Clients Served (Clinical Stream)	1,474	1,454
Number of Prevention and Outreach Sessions	3,594	3,744
GameSense Advisor Player Interactions (1)	54,600	–
Contracted Service Providers		
Clinical Counsellors	28	27
Prevention Service Providers	19	21
Provincial Coordinators	3	3
GameSense Advisors	23	22
Indigenous Providers (2)	4	–

1. New to 2014/15 Report.
2. Indigenous providers deliver free workshops, and counselling services as well as focusing on resource development and community engagement initiatives.

Table 10: Licensed Gaming Events (\$ Figures in Thousands)*

		2014/15		2013/14	
Licence Class	Licence Type	Number	Net Revenue	Number	Net Revenue
Class A	Minor Raffle	230	\$4,163	202	\$3,602
	Major Raffle	42	\$1,992	40	\$2,218
	Registered Raffle	27	\$15,051	26	\$13,932
	Independent Bingos	92	\$2,295	100	\$2,292
	Social Occasion Casino	–	–	–	–
	Total Class A Licences	391	\$23,500	368	\$22,044
Class B	Raffles	3,591	\$9,676	3,593	\$9,472
	Independent Bingo	94	\$301	96	\$281
	Wheels of Fortune	9	\$10	10	\$18
	Social Occasion Casino	32	\$43	36	\$58
	Poker	90	\$146	90	\$156
	Total Class B Licences	3,816	\$10,177	3,825	\$9,985
Class C	Raffles	10	\$1,649	–	\$1,439
	Independent Bingo	–	–	–	–
	Limited Casino	–	–	–	–
	Wheels of Fortune	2	\$256	2	\$271
	Total Class C Licences	12	\$1,905	9	\$1,710
Class D	Independent Bingo	112	\$93	121	\$99
	Raffles	5,784	\$3,847	6,018	\$3,952
	Total Class D Licences	5,896	\$3,940	6,139	\$4,051
Total – All Classes		10,115	\$39,522	10,341	\$37,791

* Based on reported and estimated earnings.

APPENDIX B: GAMING INDUSTRY LEGAL AND OPERATING FRAMEWORK

Gaming and horse racing in B.C. is regulated under the federal *Criminal Code of Canada* and the provincial *Gaming Control Act*. The Gaming Policy and Enforcement Branch has been part of the Ministry of Finance since June 2013. Gaming is illegal under the *Criminal Code* unless it is conducted and managed by a provincial government or for a charitable or religious purpose and licensed by the Province. The framework for these exceptions is the Province's purview, as defined in B.C.'s *Gaming Control Act*.

Conduct and Management of Gaming in B.C.

British Columbia Lottery Corporation

The B.C. Lottery Corporation conducts and manages all commercial gaming in the province, with the exception of horse racing. The Corporation is headed by a board of directors (appointed by the Lieutenant Governor on the recommendation of the Executive Council) and is regulated by GPEB. The Corporation manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. It also sets the rules of play for lotteries, casinos, community gaming centres and commercial bingo halls.

Horse Racing Service Providers

GPEB licenses track operators and associations to conduct and operate live horse racing events at five horse race tracks in B.C. These service providers are responsible for conducting horse racing in accordance with the *Gaming Control Act*, *Gaming Control Regulation* and the Rules of Thoroughbred and Standardbred Horse Racing.

Pari-mutuel wagering on horse races is regulated by the federal government through the Canadian Pari-Mutuel Agency.

Licensed Community Organizations

GPEB licenses community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province.

Supporting the Delivery of Gaming in B.C.

Gaming Services Providers

BCLC contracts with private companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo, community gaming centre operators and lottery retailers. Service providers at gaming facilities must ensure all gaming employees are properly trained and that no one under 19 participates in gambling activities.

Key Persons

GPEB identifies as key persons those individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers and senior employees of any business that is involved with gaming operations in the province.

Gaming Equipment Suppliers

Gaming equipment suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo paper, slot machines and playing chips. Distributors also include companies that market gaming equipment and materials.

Ancillary Service Providers

Ancillary contractors include companies that provide services that are not directly related to gaming itself (e.g., landlords, janitorial services and food services providers) to gaming operators.

Gaming and Horse Racing Workers

Gaming and horse racing workers are registered by GPEB to ensure the integrity, honesty and financial responsibility of gaming and horse racing operations. Gaming workers are individuals who are paid to operate large-scale licensed raffles, casino games, commercial bingos or teletheatres. Horse racing workers include people who work for or conduct business with racetracks (e.g., jockeys, trainers, race horse owners and racing officials).

Horse Racing Teletheatre Operators

GPEB licenses teletheatre sites to present simulcast satellite broadcasts of horse races run at local, national and international tracks.

Authorized Forms of Gaming

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are constantly being developed. Players' preferences are also constantly changing. The Province takes a cautious and responsible approach when determining the types of games it will permit and where those games may take place. New products, approaches, and forms of gaming must not jeopardize the integrity of the industry, must be socially responsible, and it must be possible for GPEB to effectively regulate them.

APPENDIX C: GAMING PERMITTED IN BRITISH COLUMBIA

This table summarizes the forms of gaming currently authorized and the locations where each may be offered.

Commercial Gaming	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs and Bars*
Games		•	•				•		
Lottery Products	•	•	•	•	•	•	•		•
Slot Machine	•		•	•			•		
Table Games	•			•			•		
Poker Tables				•			•		
Electronic Table Games	•		•	•			•		
Live Horse Racing				•	•				
Teletheatres	•		•	•	•				•
Licensed Charitable Gaming									
Ticket Raffles								•	•
Independent Bingo								•	•
Social Occasion Bingo								•	•
Wheels of Fortune								•	•
Limited Texas Hold'em Poker Events								•	•

*Licensed gaming permitted in pubs and bars is subject to strict rules and conditions.

APPENDIX D: SOURCES AND DISTRIBUTION OF GAMING REVENUES

Sources and Distribution of Gaming Revenues (\$ Figures in Millions)		
	2014/15	2013/14
Revenue – In		
Lottery and eGaming	\$304.2	\$304.1
Casino and Community Gaming	\$950.3	\$870.5
Total Revenue	\$1,254.5	\$1,174.6
Disbursements – Out		
Supporting Communities		
Community Organizations	\$135.0	\$135.0
Payment to Host Local Government	\$95.8	\$87.3
Local Economic Development	\$9.3	\$9.4
Horse Racing Purse Enhancements	\$9.6	\$8.9
Gaming Policy and Enforcement Branch Operations		
Core Programs to Regulate Gaming	\$13.5	\$12.7
Responsible and Problem Gambling Program	\$5.9	\$6.2
British Columbia Government Programs		
Health Special Account	\$147.3	\$147.3
Consolidated Revenue Fund	\$829	\$758.5
Government of Canada Transfer		
Under a Federal/Provincial/Agreement	\$9.3	\$9.2
Disbursements – Out	\$1,254.5¹	\$1,174.6

1 Figures may not add to total due to rounding

APPENDIX E: HOST LOCAL GOVERNMENT SHARE OF GAMING REVENUES

Host Local Government Share of Gaming Revenues			
Name of Casino/CGC	Location	2014/15	2013/14
Chances Abbotsford CGC	Abbotsford	\$925,379	\$892,242
Grand Villa Casino	Burnaby	\$10,992,220	\$9,644,370
Chances Campbell River CGC	Campbell River	\$572,091	\$675,838
Chances Castlegar CGC	Castlegar	\$439,626	\$426,226
Chances Chilliwack CGC	Chilliwack	\$1,370,920	\$1,228,440
Hard Rock Casino Vancouver	Coquitlam	\$6,711,059	\$6,385,778
Chances Courtenay CGC	Courtenay	\$941,796	\$837,465
Chances Cowichan CGC	Duncan	\$708,564	\$676,814
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	\$1,185,287	\$1,162,569
Chances Dawson Creek CGC	Dawson Creek	\$807,405	\$778,485
Chances Fort St. John CGC	Fort St. John	\$1,003,436	\$916,164
Lake City Casino Kamloops	Kamloops	\$1,689,723	\$1,666,707
Chances Kamloops CGC	Kamloops	\$751,435	\$700,309
Lake City Casino Kelowna	Kelowna	\$1,689,723	\$1,911,846
Chances Kelowna CGC	Kelowna	\$1,886,169	\$1,744,862
Playtime Langley CGC	Langley	\$131,501	\$113,113
Cascades Casino	Langley	\$5,942,911	\$5,623,150
Chances Maple Ridge CGC	Maple Ridge	\$1,137,531	\$912,181
Chances Mission CGC	Mission	\$542,386	\$546,829
Casino Nanaimo	Nanaimo	\$2,489,860	\$2,452,471
Starlight Casino	New Westminster	\$5,958,542	\$5,734,916

continued next page

APPENDIX E: HOST LOCAL GOVERNMENT SHARE OF GAMING REVENUES, continued

Host Local Government Share of Gaming Revenues			
Name of Casino/CGC	Location	2014/15	2013/14
Lake City Casino Penticton	Penticton	\$1,606,547	\$1,543,884
Chances Rim Rock CGC	Port Alberni	\$466,858	\$444,473
Treasure Cove Casino	Prince George	\$2,651,084	\$2,563,667
Chances Prince Rupert CGC	Prince Rupert	\$509,711	\$484,447
Billy Barker Casino	Quesnel	\$500,645	\$469,319
River Rock Casino Resort	Richmond	\$21,820,994	\$17,367,149
Chances Squamish CGC	Squamish	\$219,035	\$222,936
Fraser Downs Racetrack and Casino	Surrey	\$3,029,683	\$2,773,043
Newton CGC (1)	Surrey	\$99,774	\$678,885
Chances Terrace CGC	Terrace	\$705,080	\$674,781
Edgewater Casino	Vancouver	\$8,003,676	\$7,186,128
Hastings Racecourse Casino	Vancouver	\$1,102,629	\$1,067,281
Lake City Casino Vernon	Vernon	\$2,092,678	\$1,879,774
View Royal Casino (2)	View Royal	\$4,027,239	\$3,974,068
Chances Signal Point CGC	Williams Lake	\$577,704	\$530,921
Total Local Government Share		\$95,563,589	\$86,891,530

1 All slot machines were removed from Newton CGC as of May 2014

2 View Royal shares the host local government payments with Sooke, Colwood, Langford, Metchosin, Esquimalt and the Highlands

APPENDIX F: BRANCH OPERATING BUDGET AND EXPENDITURES

	2014/15	2013/14
Branch Budget		
Core Operations	\$13,812,000	\$13,812,000
Responsible Gambling Program	\$6,006,000	\$6,006,000
Total Branch Budget	\$19,818,000	\$19,818,000
Branch Expenditures		
Core Operations		
Salaries and Benefits Costs	\$11,712,003	\$11,098,396
Operating and Business Expenses (Including Legal and Professional Services)	\$1,815,665	\$1,699,845
Subtotal	\$13,527,668	\$12,798,241
Responsible and Problem Gambling Program		
Salaries and Benefits Costs	\$249,908	\$247,294
Operating and Business Expenses (Including Legal and Professional Services)	\$479,168	\$781,757
Contracts	\$5,187,388	\$5,165,610
Subtotal	\$5,916,464	\$6,194,661
Total Branch Expenditures	\$19,444,132	\$18,992,902
Surplus/(Deficit)	\$373,868	\$825,098



BRITISH
COLUMBIA

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Appendix L – 2015/16:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2015/16*, (Victoria: British Columbia, 2016).

Gaming Policy and Enforcement Branch



Annual Report
2015-2016



LETTER OF TRANSMITTAL



I am pleased to submit to the British Columbia Legislature the 2015/16 Annual Report for the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Finance. The information in this report reflects the activities of the Branch between April 1, 2015 and March 31, 2016.

GPEB is responsible for the overall integrity and regulation of gambling in British Columbia. This includes all gambling conducted and managed by the British Columbia Lottery Corporation, licensing of charitable gambling events in B.C., horse racing, and delivering responsible and problem gambling programs to the citizens of B.C.

I will continue to work with GPEB to ensure the effective regulation of gambling in British Columbia and the protection of the public.

Honourable Michael de Jong, Q.C.
Minister of Finance

ACCOUNTABILITY STATEMENT

Honourable Michael de Jong, Q.C.,
Minister of Finance

Minister:

I am pleased to present the 2015/16 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). This report covers the period between April 1, 2015 and March 31, 2016. I am accountable for the contents of this document, and the basis on which the information has been reported.

As mandated under the *Gaming Control Act*, and within the provisions of the Gaming Control Regulation and the federal *Criminal Code*, GPEB is responsible for the overall integrity of gambling, horse racing, and licensing of charitable gambling events in the province. GPEB is also responsible for the delivery of responsible and problem gambling programs.

In the fiscal year 2015/16, GPEB led anti-money laundering (AML) activities to improve enforcement effectiveness by drawing together stakeholders in a summit on cash alternatives, provided clarifying direction to BCLC, and developed additional enforcement measures. GPEB also launched Licensed Gaming Online, allowing GPEB to accept applications from eligible organizations to sell and distribute tickets over the Internet in real time, determine prize winners using certified computer software, and send winners their prizes over the Internet. GPEB also moved to a risk-based business approach to guide GPEB's activities in assessing compliance with legislation, gambling policies and standards, in response to applicable recommendations in the Review of BC Lottery Corporation (October, 2014).

I would like to thank all GPEB staff for their commitment and dedication to ensuring that gambling in British Columbia is conducted with integrity and in a socially responsible manner.

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

CONTENTS

- OUR ORGANIZATION..... 6
- HIGHLIGHTS 9
- GAMBLING IN BRITISH COLUMBIA..... 10
- GAMBLING POLICY, STANDARDS AND REGULATIONS..... 11
 - Licensed Gaming Online (LGO) 11
 - Anti-Money Laundering 12
 - Ongoing Project Work..... 12
- SUPPORTING CITIZENS AND COMMUNITIES 13
 - Responsible Gambling and Problem Gambling Program 13
 - Community Gaming Grants Program..... 17
 - Host Local Government (HLG) Payments..... 18
 - Development Assistance Compensation (DAC) 18
 - Licensing of Gambling Events 19
- INTEGRITY OF PEOPLE AND COMPANIES INVOLVED IN GAMBLING..... 21
 - Corporate Registration 21
 - Personnel and Lottery Retailer Registration..... 21
 - Certification..... 22
- COMPLIANCE WITH REGULATIONS AND STANDARDS..... 24
 - Provincial Anti-Money Laundering (AML) Strategy 24
 - The Audit Program 25
 - Horse Racing 27
 - Investigations 25
 - Reporting Requirements..... 25
- GPEB OPERATIONS SUPPORT..... 29
 - Financial Services 29
 - Information Technology (IT) Support 29

APPENDIX A: INFORMATION TABLES.....	30
Table 1: Sources and Distribution of Gambling Revenues.....	31
Table 2: British Columbia Responsible and Problem Gambling Program.....	32
Table 3: Distribution of Community Gaming Grants.....	33
Table 4: Host Local Government Revenues by Gambling Facility.....	34
Table 5: Licensed Gambling Events.....	36
Table 6: Corporate and Personnel Registration.....	37
Table 7: Registration Decisions.....	38
Table 8: Gambling Supplies Certification.....	39
Table 9: Gambling Audits by Category.....	40
Table 10: British Columbia Horse Racing.....	41
Table 11: Horse Racing Rulings.....	42
Table 12: Horse Racing Wagering.....	43
Table 13: Investigations and Enforcement Actions of Incident Reports Related to Gambling.....	44
Table 14: GPEB Budget and Expenditures.....	46
APPENDIX B: GAMBLING PERMITTED IN BRITISH COLUMBIA.....	47

OUR ORGANIZATION

Mandate

The Gaming Policy and Enforcement Branch (GPEB) regulates all gambling¹ in B.C., ensures the integrity of gambling industry companies, people and equipment, and ensures compliance with policies and standards established under the *Gaming Control Act* (“the *Act*”) and the Gaming Control Regulation. This includes regulatory oversight of the British Columbia Lottery Corporation (which conducts and manages lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), B.C.'s horse racing industry, and licensed charitable gambling events. GPEB also delivers responsible and problem gambling programs, and distributes gambling funds to community organizations and other recipients.

The *Act* governs how gambling is regulated and operated in B.C. GPEB’s purpose is to carry out its responsibilities under the *Act*. The position of the General Manager and the authorities given to that position are identified in the *Act*. The General Manager's key responsibilities are to advise the Minister on broad policy, standards and regulatory issues, manage government’s gambling policy and enforce the *Act*.

GPEB’s core objective is to ensure that a comprehensive and responsible gambling regulatory framework is in place.

Vision

The public has confidence in B.C.’s gambling industry.

Mission

To uphold the overall integrity of gambling by maintaining government’s gambling policy, regulating the gambling sector, providing related support services, and community programs that benefit British Columbians.

Values

Integrity, Courage, Teamwork, Passion, Accountability, Service, Curiosity

¹The word “gaming” has become prevalent when referring to the activity of gambling that is used by many official bodies to control the practice. This is true in British Columbia as per the Gaming Control Act. However, since the activity of gambling involves a financial transaction, whereas the activity of gaming not necessarily so, this report uses the term gambling. Exceptions include proper pronouns - the Gaming Control Act, Gaming Control Regulation, Community Gaming Centres, Licenced Gaming Online, Community Gaming Grants, Gaming Online Service, and Gaming Account Summary Reports.

Core Business Areas

GPEB has five divisions to carry out its core businesses. These divisions are:

1. Strategic Policy and Projects Division
2. Community Supports Division
3. Licensing, Registration and Certification Division
4. Compliance Division
5. Operations Division



Strategic Policy and Projects Division

The Strategic Policy and Projects Division meets current and future policy needs by anticipating industry changes and proactively addressing challenges. The Division is responsible for leading strategic policy development, communications, and making recommendations for legislation and regulation of gambling activities across B.C. The *Act* requires GPEB to advise the Minister on broad gambling policy, standards, and regulatory issues, and under the Minister's direction, manage the governments gambling policy.

Community Supports Division

The Community Supports Division supports the integrity of gambling in B.C. through provision of programs and services to support healthy gambling and to protect the public's interest. The Division delivers two programs: the Responsible and Problem Gambling (RPG) Program and the Community Gaming Grants (CGG) Program. Statutory authority of the CGG Program lies with the Ministry of Community, Sports, and Cultural Development (CSCD), however, GPEB administers the program in collaboration CSCD.

Licensing, Registration and Certification Division

The Licensing, Registration and Certification Division is responsible for the registration and certification of the gambling industry, and licensing charitable gambling events.

The Registration and Certification Units are responsible for registering companies and individuals involved in gambling and certifying gambling supplies and equipment. Their core objective is to ensure the integrity of the companies, individuals and supplies and equipment involved in gambling. The Licensing Unit administers the gambling event licence program. This includes issuing gambling event licences, ensuring only eligible organizations are running gambling events, and ensuring funds are being dispersed in a suitable and acceptable manner.

Compliance Division

The Compliance Division works to ensure regulatory compliance with the *Act*, Gaming Control Regulation and *Criminal Code* of Canada. The Division conducts inspections and audits of gambling in British Columbia to ensure compliance with legislation, regulation and public interest standards and directives. GPEB staff make inquiries into complaints or violations for the purpose of determining if there is a need for education or training, a resolution through administrative sanctions, or a penalty under the *Act*. The Division conducts both commercial and charitable gambling audits. The Division develops and enforces rules and policies for the horse racing industry, regulates horse racing events, and registers all racing participants.

Operations Division

The Operations Division provides financial, administrative, and information technology (IT) services for GPEB as well as CSCD to support the Community Gaming Grants program. This includes monitoring financial operations, and reporting out on behalf of the Branch on financial performance. The Division is also responsible for the development, maintenance, and operations of the internal and external facing IT systems and provides information management support for GPEB.

HIGHLIGHTS

In 2015/16, GPEB undertook the following activities:

- Consulted with over 2,000 charitable organizations and launched Licensed Gaming Online, which allows charitable organizations to modernize their fundraising systems by conducting raffles online through a computer.
- Delivered 3,196 prevention presentations on responsible gambling to 139,313 people.
- Provided Problem Gambling counselling to 1,501 people across the province.
- Allocated \$135 million in Community Gaming Grants to approximately 5,000 organizations.
- Administered \$95.1 million in host local government payments to 32 communities², and \$10.3 million to two horse racing breeds to support horse racing in the province.
- Issued 10,029 gambling licenses to community organizations, enabling \$39.8 million in revenue generation to support projects and services.
- Processed new and renewed registrations for:
 - 6,384 gambling workers.
 - 478 lottery retailers.
 - 251 senior officials and senior employees.
 - 861 horse racing workers.
 - 29 gambling services providers.
 - 16 gambling equipment suppliers.
 - 8 ancillary service contractors.
- Completed 813 gambling supplies certifications³.
- Completed 42 compliance audits of BCLC and gambling service providers regarding applicable public interest standards, directives, laws and regulations.
- Completed inspections of 543 lottery retailers.
- Conducted 208 audits and inspections of organizations that received Community Gaming Grants and gambling licences.
- Investigated 1,920 reported incidents related to offenses under the *Gaming Control Act* and the *Criminal Code* that resulted in 313 recommended charges, administrative actions or other enforcement measures.

² For detail please refer to Appendix A, Table 4, Host Local Government Revenues by Gambling Facility.

³ This includes pull-tab lottery tickets, scratch & win lottery tickets, eLottery, electronic gambling devices, table games, licensed charitable 50/50 raffles, and other supplies and lottery systems.

GAMBLING IN BRITISH COLUMBIA

In 2015/16, commercial gambling in the province, generated revenues of \$3.1 billion. The commercial gambling industry includes PlayNow.com, B.C.'s only legal online gambling website, provincial and national lottery games, 17 casinos, including 2 at horse racetracks, 19 community gaming centres, 7 commercial bingo halls, 3 horse racetracks, and 19 horse racing teletheatres.⁴ Licensed gambling events generated nearly \$40 million for not for profit, charitable and religious organizations in British Columbia. The gambling sector is responsible for the direct and indirect employment of an estimated 37,000 people.

After deducting prize payouts and expenses, commercial gambling returned \$1.31 billion in revenue to government. This revenue was used to support local communities, the horse racing industry, responsible and problem gambling treatment programs, provincial health programs, other provincial government programs, and GPEB operations:⁵

1. \$887.5 million was allocated to the Consolidated Revenue Fund to support provincial government programs and services.
2. \$147.2 million was allocated to the Health Special Account (HSA). This reflects a commitment that was made by the B.C. Government in 1992 to allocate revenue from the B.C. Lottery Corporation specifically for health care initiatives. To fulfil this commitment, the HSA was created as a special account within the Consolidated Revenue Fund, to be used to finance urgent health care priorities. According to the *Health Special Account Act*, the annual payment amount is equal to the amount shown in the Estimates as revenue in the HSA for that fiscal year. The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget.
3. \$135 million in Community Gaming Grants was allocated by GPEB to non-profit community groups.
4. \$104.9 million was allocated to local governments for the Host Local Government program and the Development Assistance Compensation program.
5. \$10.3 million was provided to the horse racing industry reflecting a government commitment to support the industry by allocating 25% of slot machine net revenue from the casinos co-located at the racetracks.
6. \$19.2 million was allocated to fund GPEB operations (\$13.3 million) and Responsible and Program Gambling Programs (\$5.9 million).
7. \$9.5 million was allocated to the federal government under a revenue-sharing agreement between the federal and provincial governments.

⁴ For a summary of the forms of gambling currently authorized in BC and the locations where each may be offered refer to Appendix B for Gambling Permitted in British Columbia.

⁵ Refer to Appendix A, Table 1 for Sources and Distribution of Gambling Revenues.

GAMBLING POLICY, STANDARDS AND REGULATIONS

The Strategic Policy and Projects Division (SPPD) supports the integrity of gambling in B.C. by providing strategic policy advice and communications services that support government's gambling objectives for the benefit of British Columbians. The Division's key areas of responsibility include:

- Identifying emerging issues in the gambling sector.
- Providing advice and recommendations to the Minister, Associate Deputy Minister, and General Manager on policy approaches that protect the integrity of gambling.
- Working with key stakeholders, including the British Columbia Lottery Corporation (BCLC), the gambling industry, non-profit organizations and provincial and federal governments on gambling-related issues and initiatives.
- Ensuring the legal, regulatory, and policy framework supports government's objectives for the gambling sector.
- Leading strategic internal communications for five Branch divisions and supporting communication to the public on gambling-related issues.

SPPD leads policy work that supports all aspects of GPEB's business. In 2015/16, SPPD policy work focused on designing and launching Licensed Gaming Online to support the charitable sector in B.C. and research and analysis to support policies aimed at preventing money laundering in B.C. casinos.

Licensed Gaming Online (LGO)

In late 2014, the federal government amended the *Criminal Code* of Canada to allow charities to use computers to operate raffles. Prior to these changes, only commercial gambling offered by provinces or their agents could operate on or through a computer while charities in Canada were prohibited. Following the *Criminal Code* change, SPPD led policy work to implement the changes in B.C. and determine a regulatory framework to allow B.C. charities to use computers to operate their raffles. GPEB consulted more than 2,000 charities in B.C. in 2015 to help inform the development of policies, procedures and standards to govern computerized raffles in the province.

The information gathered from charities during the consultation period helped GPEB design the Licensed Gaming Online initiative, which included establishing the licensing terms and conditions for charities to sell tickets over the Internet, use a computer to generate a winning ticket number, and distribute prizes by email.

In January 2016, GPEB began accepting applications from eligible organizations that wish to sell and distribute tickets over the internet in real time, determine prize winners using certified computer software, and send winners their prizes over the Internet. B.C. was the first province to offer this full array of online services for charities. LGO will help increase efficiency and reduce administrative burdens on organizations holding licensed gambling events. It will also support these eligible organizations to modernize their fundraising systems.

As part of LGO, SPPD completed an analysis to enable the B.C. Lottery Corporation (BCLC) to act as a service provider for charitable organizations when operating through a computer. This allowed charities to tap into BCLC's established online platform, PlayNow.com, to reach new players and grow participation in their raffles. The first partnership between BCLC and the charitable sector was with the Canucks for Kids Fund. GPEB provided approval to allow BCLC to operate an online 50/50 draw parallel to, but separate from, the in-arena 50/50 draw at Vancouver Canucks hockey games.

Anti-Money Laundering

SPPD provides policy support for Government's Anti-Money Laundering Strategy. In 2015/16, SPPD worked with GPEB's Compliance Division to undertake research and analysis of large and suspicious currency transactions⁶ as well as best practices in anti-money laundering. This work helps GPEB develop and advise government on policies to prevent money laundering in B.C. casinos.

As a result of this work, GPEB's General Manager advised BCLC to pursue further activities related to additional Customer Due Diligence policies and practices constructed around financial industry standards and robust Know Your Customer requirements, with a focus on identifying source of funds prior to cash acceptance.

In addition to, and in support of, the General Manager's request of BCLC, the Minister wrote to BCLC in October 2015 to provide direction to the corporation to implement anti-money laundering compliance best practices with appropriate consideration of evaluating the source of wealth and source of funds prior to cash acceptance within a risk-based framework.

Ongoing Project Work

SPPD continues to lead projects where work extends beyond the 2015/16 fiscal year. Projects include:

- Analyzing the impacts that government's new *Societies Act* (coming into force in November 2016) will have on licensed charitable gambling and the Community Gaming Grants program. The new legislation includes significant updates to allow for more flexibility in how societies operate. SPPD is reviewing the new legislation and the guidelines and procedures for the licensing and Community Gaming Grants programs to determine where charities or the program areas may be affected.
- Reviewing Chase the Ace style 50/50 draws and determining viability for charitable fundraising in B.C.
- Working with GPEB's Responsible and Problem Gambling Program and the British Columbia Lottery Corporation to deliver one of the commitments from the 2015 *Plan for Public Health and Gambling in British Columbia*, to develop an information package for, local governments that provides information on the risks and benefits of expanding gambling in their communities.

⁶ Suspicious currency transactions are reported under authority of Section 86(2) of the *Gaming Control Act* to GPEB by gambling services providers whenever a transaction occurs that could be related to a money laundering offence or a terrorist financing offence.

SUPPORTING CITIZENS AND COMMUNITIES

The Gaming Policy and Enforcement Branch (GPEB) supports communities in B.C. by allocating gaming grants to community groups; by delivering prevention, public awareness and treatment support services, administering Host Local Government (HLG) payments, distributing Development Assistance Compensation (DAC), and licensing gambling events for community fundraising groups.

Responsible and Problem Gambling Program

The Responsible and Problem Gambling (RPG) Program minimizes harm and promotes responsible gambling practices in communities through B.C.'s Responsible Gambling Strategy. The Province launched its first Responsible Gambling Strategy in 2003, and this strategy is updated every three years. The strategy's core goals are:

- Deliver gambling in a manner that encourages responsible gambling and informed choice;
- Create public awareness of risks associated with gambling; and,
- Provide treatment and support to those impacted by problem gambling.

These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in B.C. A total of 26 GameSense Advisors share responsible gambling information and practices with interested patrons and direct anyone experiencing gambling-related distress to the RPG Program and/or to BCLC's Voluntary Self-Exclusion Program.⁷ Casinos and community gambling centres also feature touch-screen interactive terminals, which provide education modules at the push of a button or the touch of a screen. In 2015/16, approximately 55,865 GameSense Advisor player interactions were made through the GameSense program.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC.

⁷ The Voluntary Self-Exclusion Program is a BCLC program that allows individuals to exclude themselves from gambling activities in order to help them control their gambling behaviour. At the time of enrollment, individuals can choose the time period of their exclusion, ranging from six months to three years, and they can choose the type of gambling activities for their exclusions, including facilities with slot machines, commercial bingo halls, or PlayNow.com. They are also ineligible to be paid for any jackpot prize they may win while enrolled in the program. At the time of enrollment, BCLC provides materials to help individuals access resources to support them in addressing their gambling problem.

Appropriate Response Training

Appropriate Response Training is an educational program for gambling workers designed to enhance their knowledge, awareness, attitudes and skills and to enable them to respond appropriately to patrons who may be experiencing distress in a gambling facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Responsible Gambling Standards

The Province issues responsible gambling standards for the B.C. gambling industry to ensure that:

- Minors are prevented from participating in gambling activities;
- Patrons are equipped to make informed decisions regarding gambling;
- Gambling-related risks are minimized; and,
- People affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gambling services providers, commercial gambling facilities and community organizations licensed to conduct charitable gambling events.

BCLC, licensee, and service provider gambling event advertising is subject to audit by GPEB to ensure compliance with responsible gambling public interest standards.

Compliance audits focus on five key areas:

- *Informed choice* – ensuring proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and information regarding the odds of winning;
- *Appropriate response* – ensuring gambling workers have received Appropriate Response Training;
- *Responsible practices* – ensuring clocks and responsible gambling material are placed in highly visible and appropriate areas;
- *Financial transactions* – ensuring information describing payout policies and stating that credit will not be extended is prominently displayed; and
- *Voluntary Self-Exclusion Program* – ensuring the program is fully operational, this includes that program information is readily available, and gambling facilities are effectively monitoring for excluded individuals.

Responsible Gambling - “RG Check” Program

RG Check is a voluntary program supported by GPEB and BCLC, which provides an independent and standardized evaluation of the delivery of responsible gambling programs in gambling facilities across Canada. Overseen by the Responsible Gambling Council⁸, RG Check assesses how B.C.’s responsible gambling programs compare to industry best practices using eight standards, each with their own criteria:

- Responsible gambling policies and a demonstrated awareness of problem gambling;
- Employee training so staff are knowledgeable about their role in responsible gambling;
- A self-exclusion program that facilitates access to counselling;
- Assisting patrons who may have problems with gambling;
- Informed decision making through readily available information;
- Advertising and promotion that does not misrepresent products;
- Access to money that does not encourage excessive spending; and,
- Venue game features (i.e. to promote breaks in play and awareness of the passage of time).

As of March 31, 2016, 35 of the 36 casinos and community gaming centres across B.C. had accreditation from the Responsible Gambling Council.

Create Public Awareness of Risks Associated with Gambling

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

In 2015/16, GPEB contracted 20 service providers to deliver community-based programs that encourage people to make healthy choices. Specifically, the programs provide problem gambling prevention information and responsible and recreational gambling education to a variety of client groups. Participants also learn how to identify problem gambling behavior, self-regulate their gambling behavior responsibly and where individuals affected can access counselling.

In 2015/16, 3,196 prevention presentations were offered to 139,313 people, including children and youth, high risk adults, general adult populations and allied professionals⁹.

⁸ The Responsible Gambling Council is an independent non-profit organization dedicated to problem gambling prevention based in Toronto. RGC works to reduce gambling risks by creating and delivering innovative awareness and information programs. It also promotes the adoption of improved play safeguards through best practices research, standards development and the RG Check accreditation program.

⁹ Allied professionals include: medical professionals (e.g. nurses, doctors, psychiatrists), social workers, counsellors, psychologists, financial counsellors (e.g. debt counsellors, bankruptcy trustees)

Responsible Gambling Awareness Week

Responsible Gambling Awareness Week (RGAW) promotes responsible gambling practices and raises awareness about the resources available to help reduce problem gambling. Events are held throughout B.C. to connect people to community resources and services to address issues related to problem gambling.

In 2015/16, RGAW activities included:

- Media launch and kick-off in each community, featuring municipal authorities and guest speakers from BCLC and GPEB's RPG program;
- Trade show-style event with booths for the RPG program, BCLC, service providers and community services;
- Mobile "myth-busting kiosks" that travel to significant businesses and high traffic locations;
- Allied professional training; and,
- Sponsored community events.

In 2015/16, RGAW planned events were hosted in Chilliwack, Kamloops, Kelowna, Richmond and Victoria.

Refer to Appendix A, Table 2, British Columbia Responsible and Problem Gambling Program

Provide Treatment and Support to Those Impacted by Problem Gambling

In 2015/16, GPEB's 29 contracted clinical counsellors provided problem gambling counselling across B.C. These service providers deliver crisis counselling and refer callers to various treatment and support services provided by the province and allied professionals. In 2015/16, the 24-hour toll-free Problem Gambling Help Line received 3,566 gambling specific calls and 1,501 people received counselling sessions.

Clinical counselling and support services are free of charge for anyone negatively impacted by gambling directly or indirectly. Individual, couple, family and group counselling services are available. Outreach counselling and telephone counselling are available for clients in remote locations or those with mobility challenges.

An intensive clinical day-treatment program called Discovery is also offered in both weekend and five-day workshops each month on Vancouver Island and the Lower Mainland. Participants may enroll for all or part of this program. In 2015/16, 177 people participated in Discovery.

For information on the future direction of responsible and problem gambling initiatives in the province, refer to the *Responsible Gambling Strategy Three-year Plan*, available online at <https://www.gambling.gov.bc.ca/reports/docs/plan-rg-three-yr-2014-2018.pdf>

Plan for Public Health and Gambling in British Columbia

In February 2015, government released the “Plan for Public Health and Gambling in B.C.” which provides government’s plan for promoting responsible gambling and addressing the public health risks associated with problem gambling, including details about existing services and new initiatives. The plan took into consideration, information and recommendations made by the Provincial Health Officer in his October 2013 report “Lower the Stakes: A Public Health Approach to Gambling in B.C.”; findings from GPEB’s 2014 “Problem Gambling Prevalence Study”; and other relevant research and policy related to gambling, health, and education. The plan includes 21 commitments to action. To date, 8 commitments have been completed.

Community Gaming Grants Program

The primary objective of the Community Gaming Grants (CGG) Program is to distribute gambling funding to eligible organizations to support a wide array of programs and services across the province. In March 2011, responsibility for the program was split between the Ministry of Community, Sport and Cultural Development (CSCD) and the Ministry of Finance. CSCD assumed responsibility for the program policy, while GPEB remained responsible for program administration, audit and compliance. The *Gaming Control Act* was amended to formalize this shared responsibility. Organizations receive funding based on their sector, the programs and services they deliver, and their financial need. In 2015/16, GPEB distributed \$135 million to approximately 5,000 eligible organizations. Funds were distributed to organizations within the following six sectors:

- *Human and social services* – programs that significantly contribute to the quality of life in a community, including assisting the disadvantaged or distressed, promoting health, or enhancing opportunities for youth. Service clubs are included in this sector;
- *Arts and culture* – programs that provide public access to the arts or preserve heritage or culture. These include the performing arts, media arts, literature, community fairs and festivals, heritage or promotion of culture;
- *Sport* – community-based youth and amateur sport programs that consist of organized and competitive physical activities;
- *Public safety* – programs that support public safety initiatives, disaster relief and emergency preparedness in B.C.;
- *Environment* – programs that enhance B.C.’s environment or protect the welfare of animals and wildlife; and
- *Parent Advisory Council (PAC) and District Parent Advisory Council (DPAC)* – PACs are required to use this funding to support extra-curricular activities for students. DPACs are required to use their grant funds to foster parental involvement in the school system.

In addition, special one-time grants are considered for unexpected and/or emergency needs from charitable, non-profit organizations that are not traditionally supported through gaming grants.

Refer to Appendix A, Table 3, Distribution of Community Gaming Grants

Audit of Community Gaming Grants

Based on an internal review conducted in 2014, GPEB began to implement changes to improve the accountability and efficiency of the administration of the CGG program in January 2015. In July 2015, the Office of the Auditor General (OAG) advised of an audit of the CGG program to assess the program to ensure that its design is efficient and effective and that GPEB and CSCD have a suitable framework in place to administer the program.

The OAG noted the CGG program distributes \$135 million of gambling revenue each year to non-profit organizations in B.C., which is a significant amount of funding that is important to the sustainability of many non-profit organizations benefiting the community. The OAG audit focused on whether an appropriate process is in place to ensure that applicants are consistently assessed against the program criteria, and whether funds are used as intended and provide value for communities.

In early 2016, OAG shared its preliminary findings with GPEB. The findings reaffirmed that the changes GPEB had begun making in January 2015 to improve the administration of the CGG program were already addressing many of the OAG findings. GPEB also developed and began to implement plans to address the balance of the OAG findings. The OAG's final report is expected to be completed in late 2016.

Host Local Government (HLG) Payments

Local governments that host casinos and community gaming centres receive a share of the net income generated by those gambling facilities. BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each HLG. GPEB provides the HLG payment to the local government based on this information and recovers the funding from BCLC¹⁰.

Development Assistance Compensation (DAC)

DAC was a financial support tool available to local governments to encourage the development of destination casinos for approved economic development projects. There are three local governments in B.C. that have a DAC agreement - New Westminster, Penticton and the Ktunaxa Nation (Cranbrook). BCLC provides GPEB with quarterly calculations of compensation payments due to the municipalities for each of the three casinos in these locations. GPEB provides the DAC payment to the local government and recovers the funding from BCLC.

¹⁰ Refer to Appendix A, Table 4, Host Local Government Revenues by Gambling Facility

Licensing of Gambling Events

GPEB's licensing program issues gambling event licences to eligible organizations throughout B.C. that wish to raise revenue to support and benefit their local programs and services. Licences must be applied for in advance of the proposed gambling event, and are issued with the understanding that the licensee will honour municipal by-laws. All licenced charitable gambling events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by eligible organizations that directly benefit the community.

In 2015/16, GPEB issued 10,029 licences to eligible organizations to conduct gambling events. In total, community organizations raised \$39.8 million to support their projects and services.

One of GPEB's responsibilities is to ensure that licensed gambling events are conducted fairly and transparently. The Branch ensures that organizations applying for a licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. GPEB also conducts audits of licensees to ensure they follow rules and guidelines designed to protect the public, and are using the proceeds to support the eligible programs stated in the licence.

Gambling events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four different types of gambling licenses—Class A, B, C or D—depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

Classes of Gambling Licences

Class A

Issued to eligible organizations for gambling events expected to generate gross revenue exceeding \$20,000.

GPEB issued 384 Class A gambling event licences, resulting in \$21.8 million revenue for organizations in 2015/16.

Class B

Issued to eligible organizations for gambling events expected to generate up to \$20,000 in gross revenue.

GPEB issued 3,786 Class B gambling event licences, resulting in \$10.9 million in revenue for organizations in 2015/16.

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to established fairs and exhibitions on a case-by-case basis.

GPEB issued 18 Class C gambling event licences, resulting in \$3.2 million in revenue for organizations in 2015/16.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events that are expected to generate up to \$5,000 in gross revenue. This licence category was introduced in 2007 in response to requests from groups and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

Class D gambling events are restricted to ticket raffles and independent bingos. Eligibility is based, in part, on funds being used to benefit the broader community or provided to a third party for a charitable purpose.

GPEB issued 5,841 Class D gambling event licences, resulting in \$3.8 million in revenue for organizations in 2015/16.

Refer to Appendix A, Table 5, Licensed Gambling

INTEGRITY OF PEOPLE AND COMPANIES INVOLVED IN GAMBLING

Every year, individuals and companies apply to be registered so that they may work and operate in the commercial gambling industry in B.C. GPEB ensures only suitable candidates participate in the gambling industry in this province. Applicants are subject to a background investigation, which includes, but is not limited to, a criminal record check and an overall suitability examination to ensure they meet the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act* and *Gaming Control Regulation*.

There are three different types of registration: corporate, personnel, and lottery retailers. There is an application fee for each type of registration which partially recovers the costs of investigating each application. In addition, corporate registration involves an annual fee.

Corporate Registration

GPEB conducts an in-depth investigation of gambling-related businesses and their executive personnel to ensure suitability. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gambling services, including online content providers, and gambling equipment (e.g. slot machines, automatic shufflers). GPEB also registers other service providers, such as gambling consultants, raffle services, security and ancillary services, including food and janitorial services provided at gambling facilities.

Personnel and Lottery Retailer Registration

GPEB registers all workers involved in the commercial gambling industry. This includes all people directly involved in the industry (e.g., casino, bingo, horse racing workers and lottery retailers), as well as those indirectly involved (e.g., BCLC and GPEB employees).¹¹

Refer to Appendix A, Table 6, Corporate and Personnel Registration

Every year, GPEB denies a number of applications for a variety of reasons including providing false information during the investigation, failing to pass a criminal record check, failing to disclose outstanding criminal charges, or not providing information requested in the application or during subsequent background investigation.

¹¹ Individuals that operate charitable gambling in B.C. are not registered gambling workers. Instead, GPEB issues charitable gambling licences to eligible organizations.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the *Gaming Control Act* or the Gaming Control Regulation, GPEB will take appropriate action to address the concern based on the severity of the transgression. GPEB may issue sanctions including warning letters, suspensions, fines, or cancellation of registration altogether.

Refer to Appendix A, Table 7, Registration Decisions

Certification

Before being able to operate in the live environment, all gambling supplies¹² used in the province must be tested to the applicable requirements set forth in GPEB's technical gambling standards. GPEB establishes and maintains these technical gambling standards to ensure gambling supplies that are used in commercial or charitable environments:

- Operate fairly;
- Are safe and secure;
- Deliver the stated odds of winning; and,
- Can be audited.

Gambling supplies are tested in accredited testing facilities (ATF's), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gambling supplies for use in B.C.'s gambling venues.

GPEB investigates player complaints and all reports of malfunctioning gambling supplies including issues with lottery products, internet gambling software and electronic raffle systems.

Gambling supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gambling product no longer meets GPEB's technical gambling standards.

Gambling supply malfunctions can also lead to a certification suspension or revocation. A certification may be suspended or revoked for a number of reasons: a gambling supply malfunction; when an ATF rescinds their certification; or a vendor upgrades the gambling supply and no longer supports the previous version.¹³ Software and hardware malfunctions, and software bugs and faults all lead to revocations.

¹² Gambling supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, internet gambling systems and software, and charitable gambling electronic platforms.

¹³ A malfunction may include, for example, a situation where a slot machine accepts a counterfeit bill or a scratch ticket manufacturing error that does not allow the player to scratch the latex off the ticket. While not exhaustive, this list captures the most common reasons for a certification revocation.

Gambling supplies for which certification has been suspended or revoked must be removed from the gambling floor, Playnow.com website, or a licensed charitable gambling event. Before the gambling supplies can be returned to service, any repairs, modifications, or upgrades must be re-tested by an ATF and re-certified by GPEB.

Refer to Appendix A, Table 8, Gambling Supplies Certification

COMPLIANCE WITH REGULATIONS AND STANDARDS

GPEB works to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation, and *Criminal Code* of Canada. GPEB achieves this through conducting investigations, inspections, and audits of provincial gambling. Additionally, GPEB develops and enforces rules and policies for the horse racing industry which includes regulating racing events and licensing participants.

Provincial Anti-Money Laundering (AML) Strategy

Government launched the AML strategy in 2011. The strategy focused on reducing the use of cash to minimize the opportunity for money laundering to take place through gambling facilities through the development and implementation of cash alternatives, the promotion of cash alternatives to gambling facility patrons, and regulatory guidance about potential additional measures for enhancing AML due diligence.

The strategy initially focused on the development of cash alternatives and the promotion of their use by patrons to minimize the opportunity for the need to access cash outside of gambling facilities which may lead to money laundering or other unlawful activity. Further cash alternatives continue to be explored to enhance strategies already in place.

In 2015/16, GPEB worked with BCLC and other stakeholders to further address money laundering concerns. GPEB utilized multiple approaches, including, but not limited to, providing submissions to the federal Department of Finance, working with law enforcement and Financial Transactions and Reports Analysis Centre of Canada (FINTRAC¹⁴), exploring the potential introduction of cash alternatives, assessing of current enforcement and interdiction responsibilities, and reviewing BCLC customer due diligence practices.

In particular, GPEB recognized the need for a cross-organizational approach to prevent money laundering in B.C gambling facilities. As such, GPEB held an AML summit in June 2015, which involved a broad spectrum of stakeholders with expertise in AML initiatives.

As a result of this summit, GPEB continues to focus its resources on analyzing the areas of highest risk to the integrity of gambling, such as large and suspicious currency transactions. The Compliance Division works closely with FINTRAC to help combat money laundering at gambling facilities. A memorandum of understanding was signed by both parties in 2004 to establish a framework for information sharing. The collaboration between the organizations assists GPEB and FINTRAC in meeting their regulatory mandates.

¹⁴ FINTRAC is Canada's financial intelligent unit. Its mandate is to facilitate the detection, prevention and deterrence of money laundering and the financing of terrorist activities, while ensuring the protection of personal information under its control.

In 2015/16, GPEB received 2,191 reports from gambling service providers of suspicious currency transactions. In summer 2015, there was a significant increase in the number of large and suspicious currency transactions being reported at B.C. gambling facilities. GPEB immediately responded to these concerns by advising BCLC to enhance its AML policies by incorporating additional Customer Due Diligence and Know Your Customer policies and practices, with particular emphasis on appropriate consideration of evaluating source of funds prior to cash acceptance. The Minister of Finance also directed BCLC to implement AML compliance best practices with appropriate consideration of evaluating the source of wealth and source of funds prior to cash acceptance.

Refer to Gambling Policy, Standards and Regulations, Anti- Money Laundering, Page 11.

Investigations

To uphold the integrity of gambling in B.C., GPEB investigates reported instances of any conduct, activity or incident occurring in connection with gambling, if those incidents involve the potential commission of an offence under the *Gaming Control Act* or a provision of the *Criminal Code* of Canada that is relevant to a lottery scheme or horse racing. The primary role of the investigations unit is to investigate provincial gambling offences, or assist law enforcement agencies in investigating reports of illegal gambling activity.

GPEB investigators often work in conjunction with law enforcement agencies to investigate various illegal gambling activities, such as unauthorized lottery schemes, illegal gambling houses, loan sharking and money laundering. They also provide in-depth gambling expertise to law enforcement agencies throughout the province. With the support of law enforcement, GPEB investigates and may recommend for prosecution appropriate charges related to gambling offences as defined in the *Criminal Code* of Canada. Under the *Gaming Control Act*, GPEB has the authority to recommend charges for prosecution, issue tickets, issue warnings and/or recommend administrative sanctions.

The investigations unit operates under a risk-based regulatory enforcement model guided through defined objectives in the annual business plan and by working collaboratively with BCLC. While emphasizing social responsibility, public safety, and voluntary regulatory compliance, investigators focus on matters which help to safeguard the industry. In 2015/16, investigators conducted investigations into occurrences of cheat at play, unlicensed gambling, chip passing, theft, breach of terms and conditions of registration, and supporting the government's AML strategy.

Reporting Requirements

All registrants and licensees must notify the General Manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing, if the conduct, activity or incident involves or involved the potential commission of an offence under a provision of the *Criminal Code* that is relevant to a lottery scheme or horse racing, or the commission of an offence under the *Gaming Control Act*.

In addition, under the Gaming Control Regulation registrants must immediately report any conduct or activity at or near a gambling facility that is or may be contrary to the *Criminal Code*, the *Gaming Control Act*, or any regulation under the *Gaming Control Act*.

GPEB works in partnership with BCLC and the police of jurisdiction on matters that impact the overall integrity of gambling

Refer to Appendix A, Table 13, Investigations and Enforcement Actions of Incident Reports Related to Gambling

The Audit Program

The goal of the Audit program is to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation, policies, directives and public interest standards to help maintain public confidence in gambling in B.C. GPEB inspects and audits BCLC, gambling facilities, lottery retailers and recipients of Community Gaming Grants and gambling event licences.

The program also promotes voluntary compliance with provincial gambling legislation through compliance enhancement education sessions for eligible organizations that conduct licensed gambling or receive gaming grants.

The program develops an annual audit plan that supports internal programs and focuses audits on five main compliance areas:

1. BCLC's overall conduct and management of all forms of gambling, including the BCLC's PlayNow.com website and AML procedures;
2. BCLC's conduct and management of lottery gambling;
3. BCLC's conduct and management of commercial gambling, including casinos, community gambling centres and bingo halls;
4. Horse Racing; and,
5. Licensed gambling and Community Gaming Grants.

The audit program is transitioning to a risk-based audit approach which is focusing audit resources on those areas of greatest risk and to be responsive to changes in the risk profile. The 2015/16 audit plan was developed in consideration of this approach. This resulted in fewer audits, when compared to 2014/15, of BCLC, licensees and service providers in the commercial and charitable gambling sectors in favour of increased focus on high priority risks or other GPEB priorities (e.g., projects to support the AML strategy). The transition to the new approach also included cross-training auditors so that they can perform audits in both the commercial and charitable gambling sectors, thereby giving GPEB greater ability to allocate audit resources to the areas of greatest risk. In 2015/16, this training and higher than normal attrition among auditors temporarily contributed to fewer resources available to the 2015/16 audit plan compared to previous years.

Commercial Gambling Audit

In 2015/16, GPEB completed 42 audits of BCLC and gambling facilities which is a decrease from prior years and a reflection of the transition to the risk-based audit model. In past years, all gambling facility audits were primarily scheduled on a calendar basis (annually for casinos and bi-annually for community gaming centres). Under the risk-based model, a risk assessment is conducted using various factors such as previous audit findings, financial information, and information provided by BCLC and other program areas in GPEB. For example, a casino assessed as low-risk would be audited less frequently and the audit resources allocated to a higher risk project.

Charitable Gambling Audit

In 2015/16, the audit team completed 208 charitable gambling audits and inspections: 147 audits of Community Gaming Grants and 61 audits and inspections of gambling event licences. Of the total number of audits, 103 were registered as special projects or complaints from the public, while 105 were compliance audits. Of the 105 that were assessed for compliance, 23 were fully compliant, 55 were moderately noncompliant, and 27 were severely noncompliant.¹⁵

Each organization that is audited receives an audit report that identifies the exceptions that were observed. The auditor provides feedback to the organization about the issues that have been identified and advice on how they can be corrected. Audit findings are also communicated to the gambling event licensing and Community Gaming Grants program areas for consideration in future grant and licensing application decisions.

Refer to Appendix A, Table 9, Gambling Audits by Category

Horse Racing

GPEB's Racing unit regulates horse racing events in B.C. to ensure compliance with the *Gaming Control Act*. The Racing unit is also responsible for developing policies to ensure the horse racing industry is conducted fairly and with integrity. In particular, the unit establishes the *Rules of Thoroughbred and Standardbred Horse Racing*. As required, the unit reviews and revises the Rules and meets regularly with industry stakeholders to address issues. GPEB is responsible for enforcing and adjudicating the Rules and regulations related to racing. GPEB reviews all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing. The Racing unit is also integral to ensuring the industry operates with safety as its first priority.

¹⁵ Under a risk based approach, GPEB targets higher-risk organizations for non-compliance. Therefore, reported compliance rates will be lower than rates that would result from a random sample of all organizations. Moderately non-compliant is defined as findings that the recipient organization must address. For example, an organization fails to submitted required reporting documentation GPEB. Severely non-compliant is defined as findings that may require immediate action from recipient organizations. For example, an organization may have misused funds.

B.C.'s horse racing industry employs approximately 2,300 individuals including, owners, jockeys, drivers, trainers, grooms, and exercise riders, all of whom must be registered with GPEB. In 2015/16, 861 horse racing workers were either registered for the first time or had their registration renewed.

Racing unit staff were present at three operating racetracks in the province in 2015: Hastings, Fraser Downs, and Desert Park. GPEB regulated 1,080 races on 116 race dates at the three provincial tracks in operation during the 2015 season.¹⁶

Refer to Appendix A, Table 10, British Columbia Horse Racing

In 2015, GPEB's stewards and judges issued a total of 95 rulings. Of these, 41 were for thoroughbred racing infractions (issued by stewards), and 54 were for standardbred racing infractions (issued by judges). The penalties issued by judges and stewards range from temporary suspensions to monetary penalties.

Refer to Appendix A, Table 11, Horse Racing Rulings

In 2015/16, GPEB also registered 21 teletheatre sites in B.C. which present simulcast satellite broadcasts of horse races run at local, national and international tracks.

Refer to Appendix A, Table 12, Horse Race Wagering

Horse Racing Betting Fees

Horse race betting fees are levies on bets made at horse racing events that are collected by GPEB through Hastings Racecourse, Fraser Downs Racetrack, Desert Park, and Horse Racing Teletheatre B.C. (4.5 per cent on triactor bets¹⁷ and 2.5 per cent on other bets). Any balance in excess of annual regulatory fees (equal to the cost of regulating the horse racing sector) is remitted back to the horse racing industry. At fiscal year end, the cumulative total of monthly fees is transferred into the Consolidated Revenue Fund.

In 2015/16 the province collected levies totalling \$4 million on horse race wagering, and returned \$2.2 million to the industry. GPEB retained \$1.9 million to recover the expenses the Branch incurs in administering horse racing.

¹⁶Unless otherwise noted, horse racing figures are for the 2015 racing season which ran from January 2015 – December 2015. This is to align with the Canadian Pari-Mutuel Agency's reporting framework. Race dates are defined as the number of days races are held. Races are defined as the individual dashes which take place.

¹⁷In a triactor bet, the bettor picks three horses to finish first, second and third in exact order.

GPEB OPERATIONS SUPPORT

Financial Services

GPEB's financial services unit provides business and technical support to all divisions and business units in GPEB. This includes, but is not limited to:

- Operational financial services, contract management, and budget administration;
- Strategic financial advice to GPEB's executive;
- Payment of community gaming grants, host local government payments, development assistance compensation, distribution of horse racing revenue; and,

Refer to Appendix A, Table 14, GPEB Budget and Expenditures

Information Technology (IT) Support

The IT unit supports all business units in GPEB by providing daily support for the workstations, internal and external facing websites, and GPEB's Gaming Online Service (GOS). GOS is a web-based application developed by GPEB that allows eligible applicants to apply electronically for a Community Gaming Grant or gambling licence, submit processing fees through a secure card payment option, track the progress of their applications, and file a criminal or regulatory complaint for issues related to gambling or horse racing in B.C.

GOS is also an internal facing application that is used for the administration of most GPEB activities, including investigation and audit reports, work flow processing of licenses and supplies certification, and the administration of Community Gaming Grants, including post-event reporting. GOS is also the primary tool used in the administration of approximately \$250 million in payments under the Host Local Government program and the Community Gaming Grants program.

The unit supports GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT unit also delivers specialized reports and provides the necessary management information to each division. The intranet site for staff provides a tool for internal communications and access to operational materials, while the public facing site provides information to the public about GPEB, and mechanism for applying for some licences that are administered by GPEB.

APPENDIX A: INFORMATION TABLES

Table 1: Sources and Distribution of Gambling Revenues

Table 2: British Columbia Responsible and Problem Gambling Program

Table 3: Distribution of Community Gaming Grants

Table 4: Host Local Government Revenues by Gambling Facility

Table 5: Licensed Gambling

Table 6: Corporate and Personnel Registration

Table 7: Registration Decisions

Table 8: Gambling Supplies Certification

Table 9: Gambling Audits by Category

Table 10: British Columbia Horse Racing

Table 11: Horse Racing Rulings

Table 12: Horse Racing Wagering

Table 13: Investigations and Enforcement Actions of Incident Reports Related to Gambling

Table 14: GPEB Budget and Expenditures

Table 1: Sources and Distribution of Gambling Revenues

Sources and Distribution of Gambling Revenues (\$ figures in Millions)		
	2015/16	2014/15
Revenue - In		
Lottery & eGaming	\$369.1	\$304.2
Casino & Community Gaming	\$944.4	\$950.3
Total Revenue	\$1,313.5	\$1,254.5
Disbursements - Out		
Supporting Communities		
Community Gaming Grants	\$134.9	\$134.8
Host Local Government Payments	\$95.1	\$95.8
Destination Assistance Compensation	\$9.8	\$9.3
Horse Racing Purse Enhancements	\$10.3	\$9.6
Gaming Policy and Enforcement Branch Operations		
GPEB Operations	\$13.3	\$13.5
Responsible and Problem Gambling Program	\$5.9	\$5.9
British Columbia Government Programs		
Health Special Account	\$147.2	\$147.3
Consolidated Revenue Fund	\$887.5	\$829.0
Government of Canada Transfer		
Federal/Provincial Agreement	\$9.5	\$9.3
Disbursements - Out	\$1,313.5	\$1,254.5

Table 2: British Columbia Responsible and Problem Gambling Program

	2015/16	2014/15	2013/14
Program Outputs			
Number of prevention presentations	3,196	3,594	3,744
Number of prevention presentation audience participants	139,313	134,241	138,630
GameSense Advisor Player Interactions	55,865	54,600	54,656
Calls made to Help Line specific to problem gambling	3,566	3,431 ¹⁸	3,846
Referrals to Responsible and Problem Gambling Program	1,443	1,391	1,510
Clients Served (Clinical Stream)	1501	1,474	1,454
Discovery Day Treatment Program Workshops	177	165	166
Number of Contract Service Providers			
Clinical Counsellors	29	28	27
Prevention Service Providers	20	19	21
Provincial Coordinators	3	3	3
GameSense Advisors	26	23	22
Indigenous Providers ¹⁹	4	4	N/A

¹⁸ This figure differs from that provided in the 2014/15 Annual Report. The figure in the 2014/15 Annual Report is incorrect due to a data compilation error.

¹⁹ Indigenous providers deliver workshops, information and counselling services free of charge as well as leading resource development and community engagement initiatives. GPEB started collecting this information in 2014/15.

Table 3: Distribution of Community Gaming Grants

Sector	Sub-Sector	2015/16	2014/15	2013/14
		\$Millions		
Human and Social Services	Community Service Organizations	7.4	5.8	6.8
	Disadvantage, Distress, or Poverty	23.2	26.7	26.3
	Public Community Facility	2.7	3.5	3.6
	Public Health in the Community	11.1	13.1	12.6
	Community Education	10.5	11.5	11.2
	Enhancement of Youth	6.6	5.7	6.2
Arts and Culture	Adult Arts and Culture	8.5	8.4	7.2
	Fairs, Festivals, Museums	5.2	5.1	5.4
	Youth Arts and Culture	3.7	3.7	3.9
Sport	Youths	24.5	24.9	25.1
	Adults	1.5	1.3	0.9
	People with Disabilities	1.7	1.5	1.5
Public Safety		9.3	7.2	6.5
Environment	Protection of Animals and Conservation of the Environment	3.4	3.4	3.1
Parent Advisory Councils and District Parent Advisory Councils		12.7	11.5	12.0
Special One-Time Grants ²⁰		2.8	1.7	2.5
Total ²¹		135.0	135.0	135.0

²⁰ Special one-time grants are grants provided for unexpected and/or emergency needs from charitable non-profit organizations that are not traditionally supported through gaming grants.

²¹ Figures may not add due to rounding.

Table 4: Host Local Government Revenues by Gambling Facility ²²

Host Local Government Revenues by Gambling Facility			
Name of Casino/CGC	Location	2015/16	2014/15
Chances Abbotsford CGC	Abbotsford	\$953,798	\$925,379
Grand Villa Casino	Burnaby	\$10,573,124	\$10,992,220
Chances Campbell River CGC	Campbell River	\$690,876	\$572,091
Chances Castlegar CGC	Castlegar	\$454,884	\$439,626
Chances Chilliwack CGC	Chilliwack	\$1,501,954	\$1,370,920
Hard Rock Casino Vancouver	Coquitlam	\$7,315,681	\$6,711,059
Chances Courtenay CGC	Courtenay	\$933,863	\$941,796
Chances Cowichan CGC	Duncan	\$736,089	\$708,564
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	\$1,135,503	\$1,185,287
Chances Dawson Creek CGC	Dawson Creek	\$640,992	\$807,405
Chances Fort St. John CGC	Fort St. John	\$893,447	\$1,003,436
Lake City Casino Kamloops	Kamloops	\$1,816,711	\$1,689,723
Chances Kamloops CGC	Kamloops	\$806,621	\$751,435
Lake City Casino Kelowna	Kelowna	\$1,938,000	\$1,962,408
Chances Kelowna CGC	Kelowna	\$1,934,557	\$1,886,169
Playtime Langley	Langley	\$103,443	\$131,501
Cascades Casino	Langley	\$6,621,559	\$5,942,911

²² In May 2014, BCLC discontinued slot operations at Newton CGC.

Host Local Government Revenues by Gambling Facility			
Chances Maple Ridge CGC	Maple Ridge	\$1,168,574	\$1,137,531
Chances Mission CGC	Mission	\$586,073	\$542,386
Casino Nanaimo	Nanaimo	\$2,494,296	\$2,489,860
Starlight Casino	New Westminster	\$6,581,344	\$5,958,542
Lake City Casino Penticton	Penticton	\$1,653,571	1,606,547
Chances Rim Rock CGC	Port Alberni	\$460,021	\$466,858
Treasure Cove Casino	Prince George	\$2,597,593	\$2,651,084
Chances Prince Rupert CGC	Prince Rupert	\$509,555	\$509,711
Billy Barker Casino	Quesnel	\$467,576	\$500,645
River Rock Casino Resort	Richmond	\$18,895,544	\$21,820,994
Chances Salmon Arm	Salmon Arm	\$335,437	0
Chances Squamish CGC	Squamish	\$223,680	\$219,035
Elements Casino	Surrey	\$3,331,363	\$3,029,683
Newton CGC	Surrey	0	\$99,774
Chances Terrace CGC	Terrace	\$648,464	\$705,080
Edgewater Casino	Vancouver	\$8,306,766	\$8,003,676
Hastings Racecourse Casino	Vancouver	\$1,097,346	\$1,102,629
Lake City Casino Vernon	Vernon	\$2,015,741	\$2,092,678
View Royal Casino (1)	View Royal	\$4,111,962	\$4,027,239
Chances Signal Point CGC	Williams Lake	\$568,499	\$577,704
Total Local Government Share		95,104,508	\$95,563,589

Table 5: Licensed Gambling²³

(\$ figures in thousands)

Licensed Class		2013/14		2014/15		2015/16	
		Number	Net Revenue	Number	Net Revenue	Number	Net Revenue
Class A	Major Raffle	40	\$2,218	42	\$1,992	39	\$1,982
	Minor Raffle	202	\$3,602	230	\$4,163	231	\$2,525
	Registered Raffle	26	\$13,932	27	\$15,051	25	\$15,517
	Independent Bingos	100	\$2,292	92	\$2,295	89	\$1,800
	<i>Subtotal of Class A</i>	<i>368</i>	<i>\$22,044</i>	<i>391</i>	<i>\$23,500</i>	<i>384</i>	<i>\$21,823</i>
Class B	Raffles	3,593	\$9,472	3,591	\$9,676	3,567	\$10,456
	Independent Bingo	96	\$281	94	\$301	108	\$354
	Wheels of Fortune	10	\$18	9	\$10	9	\$12
	Social Occasion Casino	36	\$58	32	\$43	26	\$37
	Poker	90	\$156	90	\$146	76	\$76
	<i>Subtotal of Class B</i>	<i>3,825</i>	<i>9,985</i>	<i>3,816</i>	<i>\$10,177</i>	<i>3,786</i>	<i>\$10,935</i>
Class C	Raffles	7	\$1,439	10	\$1,649	16	\$2,968
	Wheels of Fortune	2	\$271	2	\$256	2	\$262
	<i>Subtotal of Class C</i>	<i>9</i>	<i>\$1,710</i>	<i>12</i>	<i>\$1,905</i>	<i>18</i>	<i>\$3,230</i>
Class D	Raffles	121	\$99	5,784	\$3,847	5722	\$3,752
	Independent Bingo	6,018	\$3,952	112	\$93	119	\$94
	<i>Subtotal of Class D</i>	<i>6,139</i>	<i>\$4,051</i>	<i>5,896</i>	<i>\$3,940</i>	<i>5841</i>	<i>\$3,846</i>
Grand Total - All Classes		10,341	37,790	10,115	\$39,522	10,029	\$39,834

²³ Net revenue figures are estimated and based on Gaming Account Summary Reports as of June 15, 2017 which are submitted by licensees as part of the 90 day post-licensed gambling event reporting requirements.

Table 6: Corporate and Personnel Registration

	2015/16		2014/15		2013/14	
	New	Renewal	New	Renewal	New	Renewal
Corporate Registration²⁴						
Gambling Services Providers	7	22 ²⁵	5	10	6	10
Gambling Equipment Suppliers	4	12	7	9	7	9
Ancillary Service Contractors	3	5	3	2	11	6
Senior Officials and Senior Employees	105	146	136	88	103	137
Totals	119	185	151	109	127	162
Personnel Registrations²⁶						
Gambling Workers ²⁷	4,502	1,868	3,955	1,737	3,762	2,175
Lottery Retail Managers	224	254 ²⁸	331	928	308	831
Horse Racing Workers	387 ²⁹	474	158	428	172	417
Total	5,113	2,596	4,444	3,093	4,242	3,423

²⁴ New and renewal registration term duration is five years.

²⁵ This figure increased due to a number of larger registrants holding multiple registrations completing renewal in this year.

²⁶ New and renewal registration term duration is three years.

²⁷ Gambling workers include all workers in the B.C. gambling industry defined by prescribed classes of registration in the Gaming Control Regulation. In prior years, GPEB and BCLC employees were reported separately.

²⁸ This figure reflects the Lottery Retail Registration cycle, which provides registrants a three year registration per renewal.

²⁹ This figure significantly increased in 2015/16 because two new racing clubs formed and permitted new members to become part of the club. New members were required to be registered. The racing clubs formed at Hastings allowed licensees to become fractional owners in a race horse. For an annual dues each member would then share in any profits made by the horse after expenses were deducted. All members were required to be registered as owners by GPEB.

Table 7: Registration Decisions³⁰

	2015/16			2014/15			2013/14		
Registration Type	Denied	Revoked	Ceased	Denied	Revoked	Ceased	Denied	Revoked	Ceased
Gambling Workers	42	47	3,052	26	31	3,051	34	35	2,749
Horse Racing Workers	5	0	0	2	0	0	2	2	0
GPEB and BCLC Personnel	0	0	129	0	0	128	0	0	320
Lottery Retail Managers	3	0	326 ³¹	6	0	834	2	2	848
Total	50	47	3,507	34	31	4,013	38	39	3,917

³⁰ This table only includes Personnel Registration because Corporate Registration did not have any denials/revocations during this three year period. Corporate registrants are aware when GPEB is considering denial or revocation and, as a result, the corporate registrant typically withdraws from the process.

³¹ This figure reflects the Lottery Retail Registration cycle, which provides registrants a three year registration per renewal.

Table 8: Gambling Supplies Certification

Certification Type	2015/16		2014/15		2013/14 ³²	
	Certification	Revocation	Certification	Revocation	Certification	Revocation
Pull-tab lottery tickets	15 ³³	0	6	0	7	0
Scratch & Win lottery tickets	55	0	51	0	56	0
eLottery (Playnow.com games)	159	10	152 ³⁴	3	64	15
Electronic gambling devices & other supplies	566	12	433	31 ³⁵	412	22
Table games	3	0	6	0	8	0
Licensed/Charitable (50/50)	8	0	8	0	N/A	N/A
Other (lottery systems, Lotto Express, bingo, etc.)	7	0	8	1	N/A	N/A
Total	813	22	664	35	547	37

³² “N/A” refers to not applicable as these types of systems were not used by licensees prior to 2015.

³³ This figure increased due to BCLC introducing a new style and manufacturer of pull-tabs that integrate with bingo games and introduced them into bingo halls.

³⁴ This figure increased due to the timing of PlayNow.com’s introduction to handheld electronic devices.

³⁵ This figure is higher due to a single platform malfunction that led to numerous games being revoked. Figures in 2013/14 and 2015/16 reflect more typical business volumes.

Table 9: Gambling Audits by Category³⁶

Commercial Gambling Audits by Category			
	2015/16	2014/15	2013/14
Casinos, CGCs, Bingo Halls, and Race Tracks	27	35	39
BCLC's Conduct of Commercial Gambling	8	13	11
BCLC's Conduct of Lottery Gambling	1	6	5
BCLC's Overall Conduct of All Forms of Gambling	6	5	9
Total	42	59	64

Charitable Audits			
	2015/16	2014/15	2013/14 ³⁷
Community Gaming Grants			
Environment	3	12	8
Parent Advisory Councils and District Parent Advisory Councils	12	26	6
Arts and Culture	28	70	50
Human and Social Services	67	126	151
Public Safety	5	10	23
Sport	32	98	88
Total Community Gaming Grant Audits	147	342	326
Total Licence Audits	61	49	65
Total Charitable Audits	208	391	391

³⁶ The total number of Charitable and Commercial Gambling Audits has decreased due to a combination of Compliance Division transitioning towards a risk-based approach to all the program areas, several auditor vacancies / on leave, audit resources being used to support to other areas of GPEB, and significant audit resources spent cross-training charitable auditors so they are able to conduct gambling facility audits.

³⁷ Prior to 2014/15, PAC and DPAC's, Environment and Public Safety were combined for reporting purposes. For example, Figure 2, page 26 of the 2014/15 Annual Report reported 37 audits for this combined category.

Table 10: British Columbia Horse Racing

	Race Days ³⁸			Live Races			Horses Ran		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Thoroughbred									
Hastings Racecourse (Vancouver)	53	54	69	404	405	457	2974	2906	3715
Sunflower Downs (Princeton)	0	0	3	0	0	18	0	0	80
Kin Park (Vernon)	0	0	3	0	0	16	0	0	86
Desert Park (Osoyoos)	1	2	1	6	10	8	35	45	44
TOTAL	54	56	76	410	415	499	3,009	2,951	3,925
Standardbred									
Fraser Downs Racetrack (Surrey)	62	68	79	673	757	872	5,665	6,420	7273

³⁸ The BC Horse Racing Industry Management Committee (HRIMC) provides the financial and operational framework for horse racing in BC. The Committee was established in 2009/10 by the provincial government and is comprised of representatives from the Thoroughbred and Standardbred sectors, the major track operator, the GPEB Director of Racing (as a nonvoting member) and an independent member occupying the position of Chair. Horse Racing results are reported on a calendar year basis as betting permits are issued for calendar year. The number of horse racing days is determined by the different breed associations in consultation with the track operator through the HRIMC and approved by the General Manager of GPEB.

Table 11: Horse Racing Rulings³⁹

	2015	2014	2013
Standardbred			
Whipping violations	9	5	8
Racing or driving infractions committed during a race	27	29	35
Drug or alcohol infractions involving either horses or registered horse racing workers ⁴⁰	5	11	11
Inappropriate behaviour in the backstretch area of a racetrack ⁴¹	9	5	4
Licensing or registration violations	0	0	3
Horses that bled during a race	0	0	2
Restoration of a horse or a horse racing worker of good standing ⁴²	2	3	7
Other ⁴³	2	3	0
Total Standardbred Rulings	54	56	70
Thoroughbred			
Racing or riding infractions committed during a race ⁴⁴	22	19	14
Drug or alcohol infractions involving either horses or registered horse racing workers	8	14	14
Entering an ineligible horse	0	0	5
Inappropriate behaviour in the backstretch area of a racetrack	4	13	4
Licensing or registration violations	2	5	13
Horses that bled during a race	1	0	3
Restoration of a horse or a horse racing worker of good standing	0	5	5
Other categories	4	5	10
Total Thoroughbred Rulings	41	61	68

³⁹ Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering and drug testing are also reported by calendar year.

⁴⁰ Beginning in 2015, a protocol was established that all race participants must be tested. The reduction in rulings in 2015 is due to additional awareness by race participants.

⁴¹ Increase is due to increased awareness by race participants and enforcement activities by GPEB Racing unit staff.

⁴² When a licensee is suspended pending a hearing before the Judges/Stewards, a ruling is generated following the hearing reinstating him/her to good standing.

⁴³ "Other" captures a ruling that does not fall within any of the other categories or is not race-related.

⁴⁴ Increase is due to increased racing participant awareness and enforcement.

Table 12: Horse Racing Wagering⁴⁵

	2015	2014	2013
	\$000's		
Hastings Park (HP)			
HP Live Races	8,398	8,524	10,403
HP Simulcast Wagers	56,625	57,442	60,896
Total HP	65,023	65,966	71,299
Fraser Downs (FD)			
FD Live Races	2,654	2,812	2,927
FD Simulcast Wagers	31,875	32,783	31,712
Total FD	34,528	35,594	34,640
Teletheatre BC			
Hastings Park Races	879	816	1,319
Fraser Downs Races	769	776	865
Other Racetracks	40,370	39,134	44,229
Total Teletheatre BC	42,018	40,726	46,412
Sunflower Downs (Princeton)			22
Kin Park (Vernon)			68
Desert Park (Osoyoos)	17	28	49
Total - All⁴⁶	\$141,568	\$142,286	\$152,490

⁴⁵ Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering are also reported by calendar year.

⁴⁶ Decrease in wagering since 2013 reflects fewer race days.

Table 13: Investigations and Enforcement Actions of Incident Reports Related to Gambling

TYPE	Incidents Reported	Investigated/Actioned	Enforcement Action
<i>Gaming Control Act Offences</i>	389	289	229
<i>Criminal Code Non-Gambling Related</i>	866	837	32
<i>Criminal Code Gambling Related</i>	305	284	45
Other	554	510	7
Total	2114	1920	313

Definitions

“*Gaming Control Act Offences*” include all offences listed in the *Gaming Control Act* and *Gaming Control Regulation*.

“*Criminal Code Non-gambling Related*” includes incidents that were reported to GPEB related to assault, counterfeit currency, fraud, loan sharking, false ID, theft and threats for which GPEB has a categorization in their database.

“*Criminal Code Gambling Related*” includes all offences under Part 7 of the *Criminal Code*.

“Other” includes other reported items that are related to incidents such as offences which may include: abandonment of child; intoxication in a public place; civil harassment, various *Criminal Code* and assistance files to other jurisdictions. The "Other" category is used because the GPEB database does not allow for the categorization of these offences.

“Incidents Reported” indicates that GPEB received a report or complaint from various sources, primarily gambling service providers.

“Investigated/Actioned” indicates that GPEB opened a file and took action.

“Enforcement Action” indicates that GPEB took action that resulted in recommended charges, administrative actions and warnings.

Reconciliation to Table 7 in the 2014/15 GPEB Annual Report

GPEB conducted a review of the types of incidents being reported to ensure compliance with privacy legislation and the *Gaming Control Act*. The review found that some information being reported to GPEB by gambling services providers was not relevant to the mandate and authority of GPEB. GPEB provided direction to gambling service providers on the types of offences or information they need to report. As a result, the number of incidents reported has declined and the number of categories used for classifying the incidents in the gambling database has changed. As a result, Table 7 from the 2014/15 Annual Report, cannot be replicated for 2015/16.

The categories in the database have been consolidated to ensure that it reflects work conducted under the authority of the *Gaming Control Act* and Gaming Control Regulation, and where authorized, investigations under the *Criminal Code* at the request of, or in assistance, to police. From Table 7 in the 2014/15 Annual Report, the following categories have been consolidated in Table 13 above:

- “Recommendations to Crown Counsel” are now captured under “Enforcement Action”.
- “GCA Charges & Administrative Actions” and “Warnings (Verbal & Written)” are now captured under “Enforcement Action”.
- “Alternate Resolution” is no longer captured in the table (unless actioned by GPEB) due to these incidents being resolved by service providers and non-GPEB agencies (such as BCLC). Of the “Alternate Resolutions” taken by GPEB, they are now captured under “Incidents Reported” and “Enforcement Action”.
- “Intelligence and Police Assistance” and “Other” are captured in both the “Incidents Reported” and “Investigated/Actioned” where appropriate.

The table does not include incidents related to chip passing in the lower mainland (556 incidents in 2015/16) as GPEB does not take action on these as they are not offences and are resolved by the gaming service providers. It also does not include suspicious cash transactions (2,191 incidents in 2015/16) which are reported for intelligence purposes only, and are not investigated on a file by file basis. Both these statistics were included in the previous annual report under the category “Other”.

The table also does not include incidents related to prohibited patrons entering gambling facilities (3,264 incidents in 2015/16) as GPEB does not take action on these incidents unless they are repeat offenders. Repeat offenders are captured in the “Incidents Reported” and “Investigated/Actioned”. These were included in the previous annual report under the category “Intelligence”.

Table 14: GPEB Budget and Expenditures

	2015/16	2014/15
Branch Budget		
Operations	\$13,863,000	\$13,812,000
Responsible and Problem Gambling Program	\$6,008,000	\$6,006,000
Total Branch Budget	\$19,871,000	\$19,818,000
Branch Expenditures		
Operations		
Salaries and Benefits Costs	\$11,217,783	\$11,712,003
Operating and Business Expenses (Including Legal and Professional Services)	\$2,128,069	\$1,815,665
Subtotal - Operations	\$13,345,852	\$13,527,668
Responsible and Problem Gambling Program		
Salaries and Benefits Costs	\$389,534	\$249,908
Operating and Business Expenses (Including Legal and Professional Services)	\$413,859	\$479,168
Contracts	\$5,132,315	\$5,187,388
Subtotal – Responsible and Problem Gambling Program	\$5,935,708	\$5,916,464
Total GPEB Expenditures	\$19,281,560	\$19,444,132
Surplus/(Deficit)¹	\$589,440	\$373,868
1 A portion of surplus is a result of meeting targets assigned by Ministry of Finance.		

APPENDIX B: GAMBLING PERMITTED IN BRITISH COLUMBIA

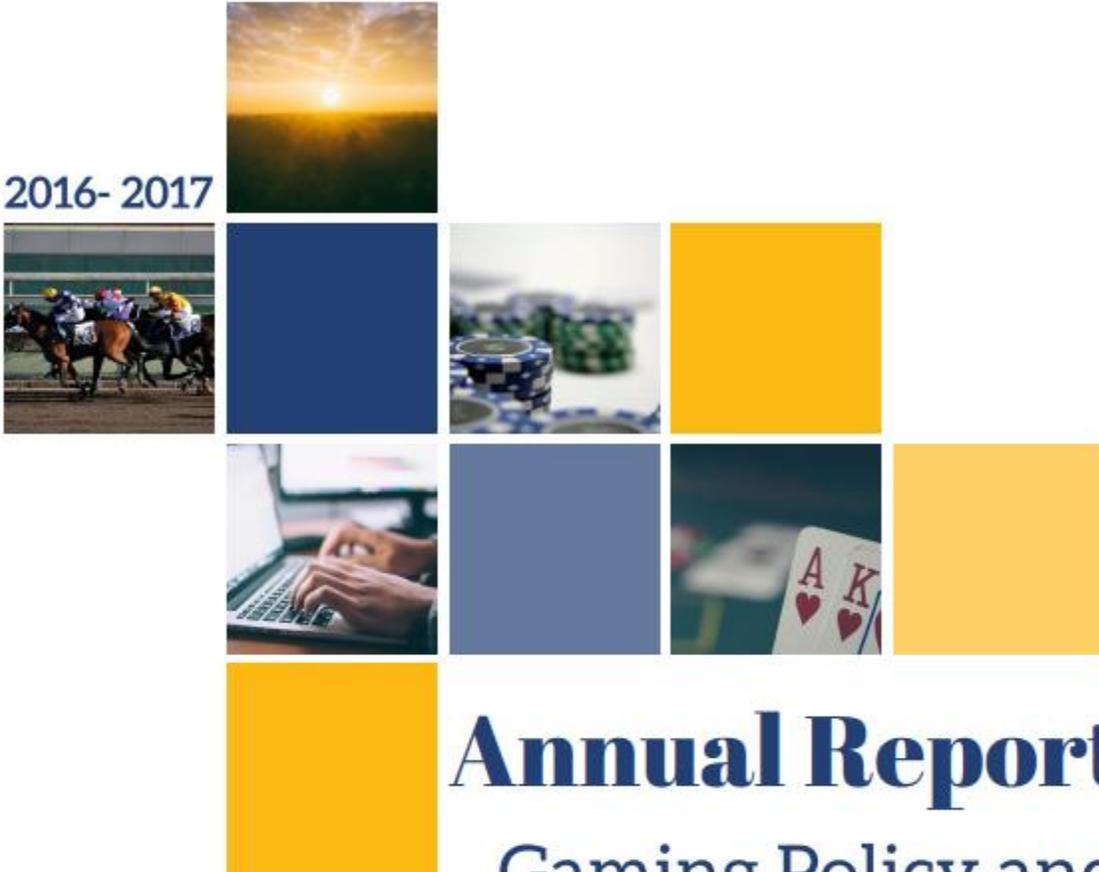
This table summarizes the forms of gambling currently authorized and the locations where each may be offered.

Commercial Gambling	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs & Bars
Commercial Bingo Games		•	•				•		
Lottery Products	•	•	•	•	•	•	•		•
Slot Machine	•		•	•			•		
Table Games	•			•			•		
Poker Tables	•			•			•		
Electronic Table Games	•		•	•			•		
Live Horse Racing				•	•				
Teletheatres	•	•	•	•	•				•
Licensing of Gambling Events									
Ticket Raffles								•	•
Independent Bingo								•	•
Social Occasion Casino								•	•
Wheels of Fortune								•	•
Limited Texas Hold'em Poker Events								•	•

Appendix M – 2016/17:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2016/17*, (Victoria: British Columbia, 2017).

2016- 2017



Annual Report

Gaming Policy and Enforcement Branch



LETTER OF TRANSMITTAL



I am pleased to submit the 2016/17 Annual Report of the Gaming Policy and Enforcement Branch of the Ministry of Finance for delivery to the Legislative Assembly and to the citizens of the Province of British Columbia. The information in this report reflects the activities of the Branch between April 1, 2016 and March 31, 2017.

The Gaming Policy and Enforcement Branch is responsible for the overall integrity and regulation of British Columbia's gambling sector. This includes all commercial gambling conducted and managed by the British Columbia Lottery Corporation, licensed charitable gambling events, horse racing, and delivering responsible and problem gambling programs to the citizens of B.C. The oversight of the Branch is intended to ensure gambling is conducted with integrity and in a manner that protects those who gamble and the general public.

Honourable Michael de Jong, Q.C.
Minister of Finance

ACCOUNTABILITY STATEMENT

Honourable Michael de Jong, Q.C.,
Minister of Finance

Minister:

I am pleased to present the 2016/17 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). This report covers the period between April 1, 2016 and March 31, 2017. I am accountable for the contents of this document, and the basis on which the information has been reported.

As mandated under the *Gaming Control Act*, and within the provisions of the Gaming Control Regulation and the federal *Criminal Code*, GPEB is responsible for the overall integrity of gambling, horse racing, and licensing of charitable gambling events in the province. GPEB is also responsible for the delivery of responsible and problem gambling programs.

I would like to highlight a few of the branch's key achievements in 2016/17. GPEB collaborated with the Ministry of Public Safety and Solicitor General and the RCMP to establish the Joint Illegal Gaming Investigation Team (JIGIT). JIGIT is a dedicated, integrated and coordinated multi-jurisdictional investigative and enforcement response to illegal gambling and criminal attempts to legalize proceeds of crime through gambling facilities in B.C.

As part of government's ongoing Anti-Money Laundering Strategy, GPEB also provided direction to BCLC to implement industry best practices to prevent money laundering in B.C. gambling facilities, in particular to increase due diligence on source of funds prior to acceptance. GPEB also established a new Intelligence Unit within the Compliance Division in 2016/17. The unit provides government and policing partners with situational awareness of the scope, depth and complexity of illicit activity impacting the integrity of gambling in BC.

As part of the Responsible Gambling Strategy, GPEB worked with the University of Victoria's Centre for Addictions Research to develop problem gambling education materials that align with B.C.'s new education curriculum and link problem gambling with other risk-taking behaviours.

To support charitable gambling, GPEB completed its first year of operation of the Licensed Gaming Online (LGO) program which granted 33 LGO licences to charities that offer computerized raffles and modernize their fundraising systems.

I would like to take this opportunity to thank all GPEB staff for their commitment to serving the B.C. public and ensuring gambling activities in our province are fair, safe, and conducted with integrity.

John Mazure

CONTENTS

OUR ORGANIZATION..... 6

HIGHLIGHTS 10

GAMBLING IN BRITISH COLUMBIA..... 12

GAMBLING POLICY, STANDARDS AND REGULATIONS..... 13

 Implementation of JIGIT and Anti-Money Laundering 13

 Licensed Gaming Online (LGO) 14

 Approval of New Games for the Charitable Sector..... 14

 Implementation of the New Societies Act 15

 Strategic Policy Work on Emerging Issues in the Gambling Sector 16

SUPPORTING CITIZENS AND COMMUNITIES 17

 Responsible and Problem Gambling Program 17

 Plan for Public Health and Gambling in British Columbia 22

 Host Local Government (HLG) Payments..... 22

 Development Assistance Compensation (DAC) 22

 Licensing of Gambling Events 23

INTEGRITY OF PEOPLE AND COMPANIES INVOLVED IN GAMBLING..... 25

 Corporate Registration 25

 Personnel and Lottery Retailer Registration..... 26

 Certification..... 26

COMPLIANCE WITH REGULATIONS AND STANDARDS..... 28

 Joint Illegal Gaming Investigation Team 28

 Investigations 29

 Intelligence Unit..... 30

 Reporting Requirements..... 30

 The Audit Program 31

 Horse Racing 32

GPEB OPERATIONS SUPPORT..... 34

 Financial Services 34

Information Technology (IT) Support	34
APPENDIX A: INFORMATION TABLES	35
Table 1: Sources and Distribution of Gambling Revenues	36
Table 2: British Columbia Responsible and Problem Gambling Program	37
Table 3: Host Local Government Revenues by Gambling Facility	38
Table 4: Licensed Gambling	41
Table 5: Corporate and Personnel Registration	42
Table 6: Registration Decisions	43
Table 7: Gambling Supplies Certification	44
Table 8: Gambling Audits by Category	45
Table 9: British Columbia Horse Racing	46
Table 10: Horse Racing Rulings	47
Table 11: Horse Racing Wagering	48
Table 12: Investigations and Enforcement Actions of Incident Reports Related to Gambling	49
Table 13: GPEB Budget and Expenditures	51
APPENDIX B: GAMBLING PERMITTED IN BRITISH COLUMBIA	52

OUR ORGANIZATION

Mandate

The Gaming Policy and Enforcement Branch (GPEB) regulates all gambling¹ in B.C., ensures the integrity of gambling industry companies, people and equipment, and ensures compliance with policies and standards established under the *Gaming Control Act* (“*the Act*”) and the Gaming Control Regulation. This includes regulatory oversight of commercial gambling conducted and managed by the British Columbia Lottery Corporation (i.e. lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), B.C.'s horse racing industry, and licensed charitable gambling events. GPEB also delivers responsible and problem gambling programs.

The *Act* governs how gambling is regulated and operated in B.C. GPEB’s purpose is to carry out its responsibilities under the *Act*. The position of the General Manager and the authorities given to that position are identified in the *Act*. The General Manager's key responsibilities are to advise the Minister on broad policy, standards and regulatory issues, manage government’s gambling policy and to enforce the *Act*.

GPEB’s core objective is to ensure that a comprehensive and responsible gambling regulatory framework is in place.

Vision

The public has confidence in B.C.’s gambling industry.

Mission

To uphold the overall integrity of gambling by maintaining government’s gambling policy, regulating the gambling sector, providing related support services, and community programs that benefit British Columbians.

Values

Integrity, Courage, Teamwork, Passion, Accountability, Service, Curiosity

¹ The word “gaming” has become prevalent when referring to the activity of gambling that is used by many official bodies to control the practice. This is true in British Columbia as per the Gaming Control Act. However, since the activity of gambling involves a financial transaction, whereas the activity of gaming not necessarily so, this report uses the term gambling. Exceptions include proper pronouns - the Gaming Control Act, Gaming Control Regulation, Community Gaming Centres, Licenced Gaming Online, Community Gaming Grants, Joint Illegal Gaming Investigation Team, Gaming Online Service, and Gaming Account Summary Reports.

Core Business Areas

GPEB has five divisions to carry out its core businesses. These divisions are:

1. Strategic Policy and Projects Division
2. Community Supports Division
3. Licensing, Registration and Certification Division
4. Compliance Division
5. Operations Division



Strategic Policy and Projects Division

The Strategic Policy and Projects Division meets current and future policy needs by anticipating industry changes and proactively addressing challenges. The Division is responsible for leading strategic policy development, communications, and making recommendations for legislation and regulation of gambling activities across B.C. The *Gaming Control Act* requires GPEB to advise the Minister on broad gambling policy, standards, and regulatory issues, and under the Minister's direction, manage the governments gambling policy.

Community Supports Division

The Community Supports Division supports the integrity of gambling in B.C. through provision of programs and services to support healthy gambling and to protect the public's interests. The Division delivers the Responsible and Problem Gambling (RPG) Program, which includes delivering responsible gambling education in schools and the community, responsible gambling education and problem gambling support in casinos through GameSense Advisors, and free clinical counselling for individuals and families experiencing problem gambling.

Licensing, Registration and Certification Division

The Licensing, Registration and Certification Division is responsible for the registration and certification of the gambling industry, and licensing charitable gambling events.

The Registration and Certification Units are responsible for registering companies and individuals involved in gambling and certifying gambling supplies and equipment. Their core objective is to ensure the integrity of the companies, individuals and supplies and equipment involved in gambling. The Licensing Unit administers the gambling event licence program. This includes issuing gambling event licences, ensuring only eligible organizations are running gambling events, and ensuring funds are being dispersed in a suitable and acceptable manner.

Compliance Division

The Compliance Division works to ensure regulatory compliance with the *Gaming Control Act* (“the *Act*”), *Gaming Control Regulation and Criminal Code* of Canada. The Division conducts inspections and audits of gambling in British Columbia to ensure compliance with legislation, regulation and public interest standards and directives. GPEB staff make inquiries into complaints or violations for the purpose of determining if there is a need for education or training, a resolution through administrative sanctions, or a penalty under the *Act*. The Division conducts both commercial and charitable gambling audits. The Division also provides assistance to the Ministry of Community, Sport and Cultural Development in auditing and investigating the use of grants provided under the Community Gaming Grants program as per the *Gaming Control Act*. The Division’s Racing Unit develops and enforces rules and policies for the horse racing industry, regulates horse racing events, and registers all racing participants.

The Division also recently established an intelligence unit to provide government and its policing partners with situational awareness of illicit activity impacting the integrity of gambling in B.C.

In 2016, the provincial government and the RCMP formed JIGIT to investigate organized crime involvement in illegal gambling and proceeds of crime entering B.C. gambling facilities. Five investigators from GPEB’s Compliance Division work as part of JIGIT’s two operational units.

Operations Division

The Operations Division provides financial, administrative, and information technology (IT) services for GPEB as well as to the Ministry of Community, Sport and Cultural Development to support the Community Gaming Grants program. This includes monitoring financial operations, and reporting out on behalf of the Branch on financial performance. The Division is also responsible for the development, maintenance, and operations of the internal and external facing IT systems and provides information management support for GPEB.

Community Gaming Grants Program²

In April 2016, The Ministry of Community, Sport and Cultural Development (CSCD) assumed responsibility for the program staff and policy for the Community Gaming Grants program. GPEB continues to provide financial administration services for the program, and retains responsibility for audit and compliance of the program. In 2016/17, GPEB worked with CSCD in developing a financial model for core and support operations, organized logistics from telecommunications to physical space, and undertook a significant project to digitize more than 10,000 records shared between two programs that are no long co-located. In response to the OAG recommendation, GPEB and CSCD collaborated on a risk based compliance model to improve funding recipient's compliance with grant conditions.

² Given the responsibility of the program was transferred to CSCD, GPEB is no longer including the table showing the distribution of Community Gaming Grants by sector. This information can be found at the following links:
<http://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/fin-rpt-summary-2015-2016.pdf>
<http://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/fin-rpt-grants-year-to-date-payments-2016-2017.pdf>

HIGHLIGHTS

In 2016/17, GPEB undertook the following activities:

- Finalized agreements and resources to allow JIGIT to become fully operational in targeting and disrupting organized crime and gang involvement in illegal gambling, and to prevent criminal attempts to legalize proceeds of crime through gambling facilities;
- Established a new Intelligence Unit in the Compliance Division that will provide situational awareness of the scope, depth, and complexity of illicit activity impacting the integrity of gambling in B.C.
- Developed problem gambling education materials for youth that align with B.C.'s new education curriculum and link problem gambling with other risk taking behaviours;
- All staff in the Community Supports Division and 80 contracted service providers completed Indigenous Cultural Competency Certification.
- Developed and delivered Narrative Therapy training for Indigenous community resource workers to support community members negatively impacted by gambling.
- Delivered Responsible Gambling Awareness Week (RGAW) in partnership with BCLC to five communities: Victoria, Chilliwack, Kamloops, Kelowna and Fort St. John.
- Worked with the UVIC-Centre for Addictions Research to develop problem gambling education materials that align with BC's new education curriculum and link problem gambling with other risk-taking behaviours.
- Delivered 2,475 prevention presentations on responsible gambling to 103,456 people.
- Provided counselling to 1,390 people across the province and 175 people attended the Discovery Day Treatment program.
- Administered \$96.8 million in host local government payments to 32 communities³, and \$11.7 million to two horse racing breeds to support horse racing in the province.
- Issued 10,138 gambling licenses to community organizations, enabling \$45.4 million in revenue generation to support projects and services.

³ For detail please refer to Appendix A, Table 3, Host Local Government Revenues by Gambling Facility.

- Processed new and renewed registrations for:
 - 6,704 gambling workers.
 - 852 lottery retailers.
 - 186 senior officials and senior employees.
 - 724 horse racing workers.
 - 12 gambling services providers.
 - 17 gambling equipment suppliers.
 - 5 ancillary service contractors.
- Completed 721 gambling supplies certifications⁴.
- Completed 32 compliance audits of BCLC and gambling service providers regarding applicable public interest standards, directives, laws and regulations.
- Completed inspections of 311 lottery retailers and undertook a project to verify that the Contract Managers for lottery retailers registered with GPEB were accurate and currently involved with the business/organization or the retailer location.
- Conducted 218 audits and inspections of organizations that received Community Gaming Grants and gambling licences.
- Investigated 1,507 reported incidents related to offenses under the *Gaming Control Act* and the *Criminal Code* that resulted in 258 recommended charges, administrative actions or other enforcement measures.
- Notified 19 online gambling operators that their gambling and betting opportunities fall outside the federal and provincial legal framework. These operators are based offshore, primarily in Malta and the Isle of Man, but offer their gambling services to British Columbians.

⁴ This includes pull-tab lottery tickets, scratch & win lottery tickets, eLottery, electronic gambling devices, table games, licensed charitable 50/50 raffles, and other supplies and lottery systems.

GAMBLING IN BRITISH COLUMBIA

In 2016/17, commercial gambling in the province generated revenues of \$3.1 billion. The commercial gambling industry includes PlayNow.com, B.C.'s only legal online gambling website, provincial and national lottery games, 17 casinos, including 2 at horse racetracks, 18 community gaming centres, 7 commercial bingo halls, 3 horse racetracks, and 19 horse racing teletheatres.⁵ Licensed gambling events generated nearly \$43 million for not for profit, charitable and religious organizations in British Columbia. The gambling sector is responsible for the direct and indirect employment of an estimated 37,000 people.

After deducting prize payouts and expenses, commercial gambling returned \$1.39 billion in revenue to government. This revenue was used to support local communities, the horse racing industry, responsible and problem gambling treatment programs, provincial health programs⁶, other provincial government programs, and GPEB operations:

1. \$907.7 million was allocated to the Consolidated Revenue Fund to support provincial government programs and services.
2. \$147.2 million was allocated to the Health Special Account. This reflects a commitment that was made by the B.C. Government in 1992 to allocate revenue from the B.C. Lottery Corporation specifically for health care initiatives. To fulfil this commitment, the Health Special Account (HSA) was created as a special account within the Consolidated Revenue Fund, to be used to finance urgent health care priorities. According to the *Health Special Account Act*, the annual payment amount is equal to the amount shown in the Estimates as revenue in the HSA for that fiscal year. The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget.
3. \$135 million in Community Gaming Grants was allocated by GPEB to non-profit community groups.
4. \$108.4 million was allocated to local governments for the Host Local Government program (HLG) and the Development Assistance Compensation program (DAC).
5. \$11.7 million was provided to the horse racing industry reflecting a government commitment to support the horse racing industry by allocating 25% of slot machine net revenue from the casinos co-located at the racetracks.
6. \$19.9 million was allocated to fund GPEB operations (\$13.6 million) and Responsible and Program Gambling Programs (\$5.8 million).
7. \$9.6 million was allocated to the federal government under a revenue-sharing agreement between the federal and provincial governments.

⁵ Refer to Appendix B, Gambling Permitted in British Columbia

⁶ Refer to Appendix A, Table 1, Sources and Distribution of Gambling Revenues.

GAMBLING POLICY, STANDARDS AND REGULATIONS

The Strategic Policy and Projects Division (SPPD) supports the integrity of gambling in B.C. by providing strategic policy, advice and communications services that support government's gambling objectives for the benefit of British Columbians. The Division's key areas of responsibility include:

- Identifying emerging issues in the gambling sector.
- Providing advice and recommendations to the Minister, Associate Deputy Minister, and General Manager on policy approaches that protect the integrity of gambling.
- Working with key stakeholders, including the British Columbia Lottery Corporation (BCLC), the gambling industry, non-profit organizations and provincial and federal governments on gambling-related issues and initiatives.
- Ensuring the legal, regulatory, and policy framework supports government's objectives for the gambling sector.
- Leading strategic internal communications for five Branch divisions and supporting communication to the public on gambling-related issues.

SPPD leads policy work that supports all aspects of GPEB's business Throughout 2016/17, the division led policy projects on a range of issues, including monitoring and evaluating Licensed Gambling Online, which completed its first full year of operation, providing research, analysis, and advice to support the approval of new games for licenced charitable gambling, and providing policy advice and support for the implementation of JIGIT.

Implementation of JIGIT and Anti-Money Laundering

SPPD was significantly involved with the formation of the new JIGIT team, which has a mandate to target and disrupt organized crime and gang involvement in illegal gambling, and to prevent criminal attempts to legalize proceeds of crime through gambling facilities. JIGIT is a cross-organizational team, and SPPD supported GPEB in engaging with Policing and Security Branch in the Ministry of Public Safety and Solicitor General and with the B.C. Lottery Corporation to ensure the timely implementation of the team.

Additionally, SPPD continued work with GPEB's Compliance Division to monitor and analyze large and suspicious currency transactions and help GPEB develop and advise government on policies to prevent money laundering in B.C. gambling facilities.

Licensed Gaming Online (LGO)

In December 2014, the federal government brought into force an amendment to the *Criminal Code* to permit the use of computers and authorize provincially and territorially licensed charitable organizations to conduct raffles on or through a computer. The amendment introduced three permitted computer uses; (1) online sale and distribution of tickets, (2) selection of a winner, and (3) the distribution of prizes. The amendment has allowed each Canadian province to implement a regulatory framework that allows charities to use computerized raffles. As such, GPEB completed a comprehensive policy review and introduced new licensing rules. The implementation of those rules is a program called Licensed Gaming Online (LGO). B.C. was the first province in Canada to implement a full spectrum of rules and standards to allow charities to conduct raffles using all three newly permitted computer uses.

In the first year of the program, the Branch granted 33 LGO licences that contained at least one of the electronic options. The most popular computer use was the sale and distribution of tickets. One major charity reported to the Branch that it was able to save approximately \$40,000 in mailing costs for its raffle by using LGO. SPPD led a cross-branch team to monitor the program's first year of implementation, and GPEB's Compliance Division also completed audits of nine LGO events. Audit results indicated LGO licensed events comply with Branch requirements and licensees were willing to adjust their processes to meet GPEB requirements where inadequacies were identified by auditors. The Branch will continue to evaluate and amend the program based on the evidence collected in the annual evaluation and audits of events.

Approval of New Games for the Charitable Sector

The ability for charitable organizations to offer new games to players is important because it provides them with the opportunity to offer modern gambling products of interest to players. This is important for not-for-profit organizations to maintain revenue used for charitable purposes in communities across B.C.

The *Gaming Control Act*, requires the Minister to approve any new lottery scheme before it can be implemented in B.C. This provision of the legislation is an important requirement because it ensures thorough analysis is undertaken and full consideration is given to whether a particular game should be implemented and if so, what regulatory measures should be in place to ensure the game's integrity.

For example, some other provinces in Canada permit charities to offer a game called Chase the Ace, and B.C. charities have been approaching GPEB to allow a similar game in this province. This game is a 50-50 draw where, instead of winning half the value of the ticket sales, the winning ticket holder receives a smaller portion of the pot and a chance to draw the ace of spades (or other predesignated card) from a deck of regular playing cards to win the jackpot. If the ace is not drawn, the card that was drawn is removed from the deck and a portion of the prize rolls over to the next draw. This process continues with each daily or weekly draw until the ace of spades is drawn. This type of progressive lottery scheme is not currently permitted for charities under GPEB's Standard Procedures for Ticket Raffles.

In 2016, SPPD undertook policy analysis and made recommendations to the Minister, which resulted in approval for Chase the Ace style draws to be permitted in B.C. GPEB is developing Standard Procedures to implement these types of draws. Because Chase the Ace is a progressive 50/50 draw, the pot can grow quickly, which is one of the reasons for the game's popularity in other provinces. This, however, also creates some challenges. For example, some locations have seen an influx of visitors and a gathering of large crowds, leading to unexpected impacts on municipal policing, emergency health services, and transportation. Additionally, licensees may be required to handle large amounts of cash. GPEB is currently determining the regulatory framework needed to permit a Chase they Ace style game while also mitigating risks to the integrity of the game and to communities.

Implementation of the New Societies Act

Also in support of the charitable sector, GPEB is determining the impacts that government's new *Societies Act* would have on licensed charitable gambling and the community gaming grants program.⁷ The new *Societies Act* came into force on November 28, 2016 and governs how not-for-profit corporations are created and run. The new legislation includes significant updates to allow for more flexibility in how societies operate while still protecting the public interest.

SPPD conducted a review of the new legislation as well as a review of guidelines and procedures for licensing and grants to determine where charities or the program areas may be affected. The review found a need to communicate with charities that changes they may make to their governance structures under the new *Societies Act* may have an impact on their eligibility for a gaming grant or a license to operate a gambling event. It also identified some operational issues and proposed solutions to mitigate those issues.

⁷ SPPD policy staff continued to support the Community Gaming Grants program on this project after the program was transferred to the Ministry of Community, Sport and Cultural Development (CSCD).

Strategic Policy Work on Emerging Issues in the Gambling Sector

Like many industries, technology and innovation are changing the face of the gambling sector at an ever increasing pace. Companies that offer gambling products and services are developing products not contemplated by current policies or legislation. In order for new gambling products and services to be implemented in the B.C., considerable research and policy analysis is required to analyze impacts to the public, including problem gambling, and to ensure that a robust regulatory framework can be put in place that guarantees the integrity of the games. In 2016/17, SPPD dedicated considerable resources to identifying emerging and priority strategic issues such as unregulated online gambling, eSports (competitive video gaming), and hybrid games. SPPD is undertaking research on all of these issues.

In addition, the division made a concerted effort to build relationships with gambling regulators in other provinces in Canada. This was done by supporting the establishment of a cross-jurisdictional working group on online gambling, and attending and presenting at national conferences, including the Canadian Association of Gambling Regulatory Agencies (CAGRA) and the Canadian Gaming Summit. These relationships ensure B.C. is able to learn from experiences elsewhere and work collaboratively with other provinces on issues of common interest.

SUPPORTING CITIZENS AND COMMUNITIES

The Gaming Policy and Enforcement Branch (GPEB) supports communities in B.C. by delivering problem gambling prevention, public awareness and treatment support services, administering Host Local Government (HLG) payments, distributing Development Assistance Compensation (DAC), and licensing gambling events for community fundraising groups.

Responsible and Problem Gambling Program

The Responsible and Problem Gambling (RPG) Program minimizes harm and promotes responsible gambling practices in communities through B.C.'s Responsible Gambling Strategy. The Province launched its first Responsible Gambling Strategy in 2003, and this strategy is updated every three years. The strategy's core goals are:

- Deliver gambling in a manner that encourages responsible gambling and informed choice;
- Create public awareness of risks associated with gambling; and,
- Provide treatment and support to those impacted by problem gambling.

These goals guide the delivery of service in two areas: responsible and problem gambling awareness and education, and problem gambling counselling.

Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in B.C. A total of 21 GameSense Advisors share responsible gambling information and practices with interested patrons and direct anyone experiencing gambling-related distress to the RPG Program and/or to BCLC's Voluntary Self-Exclusion Program⁸. Casinos and community gambling centres also feature touch-screen interactive terminals, which provide education modules at the push of a button or the touch of a screen. In 2016/17, 57,341 GameSense Advisor player interactions were made through the GameSense program.

⁸ The Voluntary Self-Exclusion Program is a BCLC program that allows individuals to exclude themselves from gambling activities in order to help them control their gambling behaviour. At the time of enrollment, individuals can choose the time period of their exclusion, ranging from six months to three years, and they can choose the type of gambling activities for their exclusions, including facilities with slot machines, commercial bingo halls, or PlayNow.com. They are also ineligible to be paid for any jackpot prize they may win while enrolled in the program. At the time of enrollment, BCLC provides materials to help individuals access resources to support them in addressing their gambling problem.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC.

Appropriate Response Training

Appropriate Response Training is an educational program for gambling workers designed to enhance their knowledge, awareness, attitudes and skills and to enable them to respond appropriately to patrons who may be experiencing distress in a gambling facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Responsible Gambling Standards

The Province issues responsible gambling standards for the B.C. gambling industry to ensure that:

- Minors are prevented from participating in gambling activities;
- Patrons are equipped to make informed decisions regarding gambling;
- Gambling-related risks are minimized; and,
- People affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gambling services providers, commercial gambling facilities and community organizations licensed to conduct charitable gambling events.

BCLC, licensee, and service provider gambling event advertising is subject to audit by GPEB to ensure compliance with responsible gambling public interest standards.

Compliance audits focus on five key areas:

- *Informed choice* – ensuring proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and information regarding the odds of winning;
- *Appropriate response* – ensuring gambling workers have received Appropriate Response Training;
- *Responsible practices* – ensuring clocks and responsible gambling material are placed in highly visible and appropriate areas;
- *Financial transactions* – ensuring information describing payout policies and stating that credit will not be extended is prominently displayed; and
- *Voluntary Self-Exclusion Program* – ensuring program is fully operational, this includes that program information is readily available, and gambling facilities are effectively monitoring for excluded individuals.

Responsible Gambling - “RG Check” Program

RG Check is a voluntary program supported by GPEB and BCLC, which provides an independent and standardized evaluation of the delivery of responsible gambling programs in gambling facilities across Canada. Overseen by the Responsible Gambling Council⁹, RG Check assesses how B.C.’s responsible gambling programs compare to industry best practices using eight standards, each with their own criteria:

- Responsible gambling policies and a demonstrated awareness of problem gambling;
- Employee training so staff are knowledgeable about their role in responsible gambling;
- A self-exclusion program that facilitates access to counselling;
- Assisting patrons who may have problems with gambling;
- Informed decision making through readily available information;
- Advertising and promotion that does not misrepresent products;
- Access to money that does not encourage excessive spending; and,
- Venue game features (i.e. to promote breaks in play and awareness of the passage of time).

As of March 31, 2017, 34 of the 35 casinos and community gaming centres across B.C. had accreditation from the Responsible Gambling Council.¹⁰

Create Public Awareness of Risks Associated with Gambling

As part of this goal, GPEB informs the public of the risks inherent to gambling, encourages players to play within their means, and fosters public awareness of problem gambling issues and of services available to those who need them.

In 2016/17, GPEB contracted 15 service providers to deliver community-based programs that encourage people to make healthy choices. Specifically, the programs provide problem gambling prevention information and responsible and recreational gambling education to a variety of client groups. Participants also learn how to identify problem gambling behavior, self-regulate their gambling behavior responsibly and where individuals affected can access counselling.

In 2016/17, 2,475 prevention presentations were offered to 103,456 people, including children and youth, high risk adults, general adult populations and allied professionals¹¹.

⁹ The Responsible Gambling Council is an independent non-profit organization dedicated to problem gambling prevention based in Toronto. RGC works to reduce gambling risks by creating and delivering innovative awareness and information programs. It also promotes the adoption of improved play safeguards through best practices research, standards development and the RG Check accreditation program.

¹⁰ The total number of casinos and community gaming centres operating in BC declined from 36 in 2015/16. This was due to Chances Langley becoming a bingo facility.

¹¹ Allied professionals include: medical professionals (e.g. nurses, doctors, psychiatrists), social workers, counsellors, psychologists, financial counsellors (e.g. debt counsellors, bankruptcy trustees)

Responsible Gambling Awareness Week

Responsible Gambling Awareness Week (RGAW) promotes responsible gambling practices and raises awareness about the resources available to help reduce problem gambling. Events are held throughout B.C. to connect people to community resources and services to address issues related to problem gambling.

In 2016/17 RGAW activities included:

- Media launch and kick-off in each community, featuring municipal authorities and guest speakers from BCLC and GPEB's RPG program;
- Trade show-style event with booths for the RPG program, BCLC, service providers and community services;
- Mobile "myth-busting kiosks" to travel to significant businesses and high traffic locations;
- Allied professional training; and,
- Sponsored community events.

In 2016/17, RGAW planned events were hosted in Victoria, Chilliwack, Kamloops, Kelowna, and Fort St. John.

Refer to Appendix A, Table 2, British Columbia Responsible and Problem Gambling Program

Provide Treatment and Support to Those Impacted by Problem Gambling

In 2016/17, GPEB's 26 contracted clinical counsellors provided problem gambling counselling across B.C. These service providers deliver crisis counselling and refer callers to various treatment and support services provided by the province and allied professionals. In 2016/17, the 24-hour toll-free Problem Gambling Help Line received 3,326 gambling specific calls and 1,390 people received counselling sessions.

Clinical counselling and support services are free of charge for anyone negatively impacted by gambling directly or indirectly. Individual, couple, family and group counselling services are available. Outreach counselling and telephone counselling are available for clients in remote locations or those with mobility challenges.

An intensive clinical day-treatment program called Discovery is also offered in both weekend and five-day workshops each month on Vancouver Island and the Lower Mainland. Participants may enroll for all or part of this program. In 2016/17, 175 people participated in Discovery.

For information on the future direction of responsible and problem gambling initiatives in the province, refer to the *Responsible Gambling Strategy Three-year Plan*, available online at <https://www.gambling.gov.bc.ca/reports/docs/plan-rg-three-yr-2014-2018.pdf>

Plan for Public Health and Gambling in British Columbia

In February 2015, government released the Plan for Public Health and Gambling in B.C. which provides government's plan for promoting responsible gambling and addressing the public health risks associated with problem gambling, including details about existing services and new initiatives. The plan took into consideration, information and recommendations made by the Provincial Health Officer in his October 2013 report Lower the Stakes: A Public Health Approach to Gambling in B.C.; findings from GPEB's 2014 Problem Gambling Prevalence Study; and other relevant research and policy related to gambling, health, and education. The plan includes 21 commitments to action. To date, 11 commitments have been completed; the remaining 10 commitments are expected to be completed in 2017/18.

Host Local Government (HLG) Payments

Local governments that host casinos and/or community gaming centres receive a share of the net income generated by those gambling facilities. BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each HLG. GPEB provides the HLG payment to the local government based on this information and recovers the funding from BCLC.¹²

Development Assistance Compensation (DAC)

DAC was a financial support tool available to local governments to encourage the development of destination casinos for approved economic development projects. There are two local governments in B.C. that have a DAC agreement - New Westminster, and the Ktunaxa Nation (Cranbrook). In 2016/17 a third agreement, in respect of Penticton ran to completion. BCLC provides GPEB with quarterly calculations of compensation payments due to the municipalities for each of the three casinos in these locations. GPEB provides the DAC payment to the local government and recovers the funding from BCLC.

¹² Refer to Appendix A, Table 3, Host Local Government Revenues by Gambling Facility

Licensing of Gambling Events

GPEB's licensing program issues gambling event licences to eligible organizations throughout B.C. that wish to raise revenue to support and benefit their local programs and services. Licences must be applied for in advance of the proposed gambling event, and are issued with the understanding that the licensee will honour municipal by-laws. All licenced charitable gambling events must be operated on a not-for-profit basis, and net revenues must go to programs or services run by eligible organizations that directly benefit the community.

In 2016/17, GPEB issued 10,138 licences to eligible organizations to conduct gambling events. In total, community organizations raised \$45.4 million to support their projects and services.

One of GPEB's responsibilities is to ensure that licensed gambling events are conducted fairly and transparently. The Branch ensures that organizations applying for a licence are in good standing, have a democratic governing structure and open membership, and operate according to sound financial practices. GPEB also conducts audits of licensees to ensure they follow rules and guidelines designed to protect the public, and are using the proceeds to support the eligible programs stated in the licence.

Gambling events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four different types of gambling licenses—Class A, B, C or D—depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

Classes of Gambling Licences

Class A

Issued to eligible charitable and religious organizations for gambling events expected to generate gross revenue exceeding \$20,000.

GPEB issued 410 Class A gambling events licences, resulting in \$28.4 million revenue for organizations in 2016/17.

Class B

Issued to eligible charitable and religious organizations for gambling events expected to generate up to \$20,000 in gross revenue.

GPEB issued 3,776 Class B gambling event licences, resulting in \$10.8 million in revenue for organizations in 2016/17.

Class C

Issued to approved community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune, and limited casinos. These licences are issued to established fairs and exhibitions on a case-by-case basis.

GPEB issued 16 Class C gambling event licences, resulting in \$2.2 million in revenue for organizations in 2016/17.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events that are expected to generate up to \$5,000 in gross revenue. This licence category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers, but still wished to contribute to programs and services in their communities.

Class D gambling events are restricted to ticket raffles and independent bingos. Eligibility is based, in part, on funds being used to benefit the broader community or provided to a third party for a charitable purpose.

GPEB issued 5,936 Class D gambling events licences, resulting in \$4 million in revenue for organizations in 2016/17.

Refer to Appendix A, Table 4, Licensed Gambling

INTEGRITY OF PEOPLE AND COMPANIES INVOLVED IN GAMBLING

Every year, individuals and companies apply to be registered so that they may work and operate in the commercial gambling industry in B.C. GPEB ensures only suitable candidates participate in the gambling industry in this province. Applicants are subject to a background investigation, which includes, but is not limited to, a criminal record check and an overall suitability examination to ensure they meet the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act* and Gaming Control Regulation.

There are three different types of registration: corporate, personnel, and lottery retailers. There is an application fee for each type of registration which partially recovers the costs of investigating each application. In addition, corporate registration involves an annual fee.

Corporate Registration

GPEB conducts an in-depth investigation of gambling-related businesses and their executive personnel to ensure suitability. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gambling services, including online content providers, and gambling equipment (e.g. slot machines, automatic shufflers). GPEB also registers other service providers, such as gambling consultants, raffle services, security and ancillary services, including food and janitorial services provided at gambling facilities.

No person, other than BCLC or a licensee, may conduct, manage or operate a lottery scheme in British Columbia; and no person may offer gambling services in British Columbia unless they are authorized by GPEB to do so. In August 2016, GPEB sent notification letters to 19 online gambling operators that are not authorized by GPEB to offer gambling services in B.C., to inform them that their gambling and betting opportunities fall outside the federal and provincial legal framework. The operators are primarily located in Europe where they are licensed by European regulators to offer online casino-type games, bingo, sports betting and daily fantasy sports. The recipient list was developed by BCLC and represented those websites with the highest market share.

GPEB had previously consulted with international jurisdictions about the challenge that these offshore companies pose to gambling regulators. Notifying these companies that their activities are contrary to the regulators' requirements was the only recommended path that was within GPEB's authority.

After notification was provided, GPEB officials met with regulators in the United Kingdom, Latvia and Nevada to raise the profile of the B.C. gambling industry, inform the respective

regulators of the legal gambling framework in Canada, and enlist the assistance of those regulators to combat unauthorized companies currently operating in B.C.

Personnel and Lottery Retailer Registration

GPEB registers all workers involved in the commercial gambling industry. This includes all people directly involved in the industry (e.g., casino, bingo, horse racing workers and lottery retailers), as well as those indirectly involved (e.g., BCLC and GPEB employees).¹³

Refer to Appendix A, Table 5, Corporate and Personnel Registrations

Every year, GPEB denies a number of applications for a variety of reasons including providing false information during the investigation, failing to pass a criminal record check, failing to disclose outstanding criminal charges, or not providing information requested in the application or during subsequent background investigation.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the *Gaming Control Act* or the Gaming Control Regulation, GPEB will take appropriate action to address the concern based on the severity of the transgression. GPEB may issue sanctions including warning letters, suspensions, fines, or cancellation of registration altogether.

Refer to Appendix A, Table 6, Registration Decisions

Certification

Before being able to operate in the live environment, all gambling supplies¹⁴ used in the province must be tested to the applicable requirements set forth in GPEB's technical gambling standards. GPEB establishes and maintains these technical gambling standards to ensure gambling supplies that are used in commercial or charitable environments:

- Operate fairly;
- Are safe and secure;
- Deliver the stated odds of winning; and,
- Can be audited.

Gambling supplies are tested in accredited testing facilities (ATF's), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gambling supplies for use in B.C.'s gambling venues.

¹³ Individuals that operate charitable gambling in B.C. are not registered gambling workers. Instead, GPEB issues charitable gambling licences to eligible organizations.

¹⁴ Gambling supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, internet gambling systems and software, and charitable gambling electronic platforms.

GPEB investigates player complaints and all reports of malfunctioning gambling supplies including issues with lottery products, internet gambling software and electronic raffle systems.

Gambling supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gambling product no longer meets GPEB's technical gambling standards.

Gambling supply malfunctions can also lead to a certification suspension or revocation. A certification may be suspended or revoked for a number of reasons: a gambling supply malfunction; when an ATF rescinds their certification; or a vendor upgrades the gambling supply and no longer supports the previous version.¹⁵ Software and hardware malfunctions, and software bugs and faults all lead to revocations.

Gambling supplies for which certification has been suspended or revoked must be removed from the gambling floor, Playnow.com website, or a licensed charitable gambling event. Before the gambling supplies can be returned to service, any repairs, modifications, or upgrades must be re-tested by an ATF and re-certified by GPEB.

Refer to Appendix A, Table 7, Gambling Supplies Certification

¹⁵ A malfunction may include, for example, a situation where a slot machine accepts a counterfeit bill or a scratch ticket manufacturing error that does not allow the player to scratch the latex off the ticket. While not exhaustive, this list captures the most common reasons for a certification revocation.

COMPLIANCE WITH REGULATIONS AND STANDARDS

GPEB works to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation, and *Criminal Code* of Canada. GPEB achieves this through conducting investigations, inspections, and audits of provincial gambling. Additionally, GPEB develops and enforces rules and policies for the horse racing industry which includes regulating racing events and licensing participants.

Joint Illegal Gaming Investigation Team

The Government of British Columbia and the Province's anti-gang agency, The Combined Forces Special Enforcement Unit BC (CFSEU), announced the joining of forces to form a co-ordinated investigation unit designed to crack down on illegal gambling and money-laundering inside and outside of B.C.'s gambling facilities.

The new team is located within CFSEU-BC, the Province's anti-gang police agency and the largest integrated joint forces police unit in Canada.

The primary focus of the new Joint Illegal Gaming Investigation Team is to disrupt organized crime and gang involvement in illegal gambling and prevent criminals from using B.C. gambling facilities to legalize the proceeds of crime. The joint team also works to raise public awareness of the role service provider's play in identifying and reporting illegal gambling and financial transactions.

The new joint investigation team has grown to two operational teams consisting of 22 law enforcement personnel and four investigators and a Manager from Gaming Policy and Enforcement Branch. The team's operations and governance is overseen by senior police managers from the RCMP and municipal departments and chaired by the commanding officer of RCMP "E" division in B.C.

Funding for the unit is shared between BC Lottery Corporation (70%) and the federal government (30%) through the Provincial Police Service Agreement. Funding for the joint team is planned for five years, and the unit's effectiveness will be reviewed by the Province and the CFSEU-BC governance board before the agreement is up for renewal.

The joint investigation team is a key part of the Provincial Anti-Money Laundering strategy, launched in 2011¹⁶. The strategy's overall objective is to move the gambling industry away from cash transactions and scrutinize the remaining cash in an effort to isolate money-laundering from legitimate gambling.

¹⁶ Refer to <http://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/plan-anti-money-laundering-measures-aug-2011.pdf> for additional information on the Provincial Anti-Money Laundering Strategy.

Investigations

To uphold the integrity of gambling in B.C., GPEB investigates reported instances of any conduct, activity or incident occurring in connection with gambling, if those incidents involve the potential commission of an offence under the *Gaming Control Act* or a provision of the *Criminal Code* of Canada that is relevant to a lottery scheme or horse racing. The primary role of the investigations unit is to investigate provincial gambling offences, or assist law enforcement agencies in investigating reports of illegal gambling activity.

GPEB investigators often work in conjunction with law enforcement agencies to investigate various illegal gambling activities, such as unauthorized lottery schemes, illegal gambling houses, loan sharking and money laundering and unauthorized lottery schemes. They also provide in-depth gambling expertise to law enforcement agencies throughout the province. With the support of law enforcement, GPEB investigates and may recommend for prosecution appropriate charges related to gambling offences as defined in the *Criminal Code* of Canada. Under the *Gaming Control Act*, GPEB has the authority to recommend charges for prosecution, issue tickets, issue warnings and/or recommend administrative sanctions.

In order to ensure that the work GPEB conducts with law enforcement is completed with the utmost integrity, a renewed and updated information sharing Memorandum of Understanding (MOU) was signed between GPEB and the RCMP in 2016/17. The purpose of the MOU is to ensure the mutual sharing of all significant and required information for each organization to carry out its respective duties relating to *Gaming Control Act* offences, *Criminal Code* offences associated with lottery schemes, and any other matter that may affect the integrity of gambling. The MOU will provide re-assurance and guidance to members of each organization during their interactions to ensure that they are sharing information in accordance with each jurisdiction's respective laws and policies, notably privacy legislation. It is also intended that the MOU serve as a framework / reference point upon which future agreements and initiatives can be built.

The investigations unit operates under a risk-based regulatory enforcement model guided through defined objectives in the annual business plan and by working collaboratively with BCLC. While emphasizing social responsibility, public safety, and voluntary regulatory compliance, investigators focus on matters which help to safeguard the industry. In 2016/17, investigators conducted investigations into occurrences of cheat at play, unlicensed gambling, chip passing, theft, breach of terms and conditions of registration, and supporting the government's AML strategy. There was a marked increase in the number of well-organized illegal raffles offered on social media throughout the Province. There was also a significant rise in the number of reports of gambling worker impropriety in some Regions.

Intelligence Unit

The Compliance Division Intelligence Unit was established in 2016. The unit is comprised of a Manager and one full-time analyst. The unit's roles and responsibilities include providing management with situational awareness of the scope, depth and complexity of illicit activity impacting the integrity of gambling in BC. This awareness includes such activities as those relating to Transnational Organized Crime (TNOC), Asian Organized Crime (AOC), Money Laundering, Drugs, and Proceeds of Crime. This year it created cornerstone intelligence documents which identify the nexus between TNOC and the Gambling Industry in BC. It also produced regular intel reports and shared information about organized crime in the BC Gambling Industry to the several groups including CBSA.

The Intelligence Unit is a member of the Association of Law Enforcement Intelligence Units (LEIU) which is an international group comprised of police agencies at the Federal, Provincial/State, Local and Tribal levels. The LEIU is a recognized entity within the National Gambling Intelligence Sharing Group and is a member of the Regional Intelligence Group¹⁷. It has also established intelligence relationships with several other Regulatory and Compliance organizations that have similar threats to their industry.

Reporting Requirements

All registrants and licensees must notify the General Manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing, if the conduct, activity or incident involves or involved the potential commission of an offence under a provision of the *Criminal Code* that is relevant to a lottery scheme or horse racing, or the commission of an offence under the *Gaming Control Act*.

In addition, under the Gaming Control Regulation registrants must immediately report any conduct or activity at or near a gambling facility that is or may be contrary to the *Criminal Code*, the *Gaming Control Act*, or any regulation under the *Gaming Control Act*.

GPEB works in partnership with BCLC and the police of jurisdiction on matters that impact the overall integrity of gambling

Refer to Appendix A, Table 12, Investigations and Enforcement Actions of Incident Reports Related to Gambling

¹⁷ The Regional Intelligence Group is a group of Police agencies from the Pacific Northwest that includes the RCMP, Vancouver Police Department, Department of Homeland Security (USA), Federal Bureau of Investigation (FBI) and other local police departments on both sides of the border.

The Audit Program

The goal of the Audit program is to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation, policies, directives and public interest standards to help maintain public confidence in gambling in B.C. GPEB inspects and audits BCLC, gambling facilities, lottery retailers and recipients of Community Gaming Grants and Gambling Event Licences as well as responsible gambling service providers.

The program also promotes voluntary compliance with provincial gambling legislation through compliance enhancement education sessions for eligible organizations that conduct licensed gambling or receive gaming grants.

The program develops an annual Audit Plan that outlines the five main areas that are audited:

1. BCLC's overall conduct and management of all forms of gambling, including the Corporation's PlayNow.com website and AML procedures;
2. BCLC's conduct and management of lottery gambling;
3. BCLC's conduct and management of commercial gambling facilities (casinos, community gaming centres and bingo halls);
4. Horse Racing; and,
5. Licensed gambling and community gaming grants.

The audit program is transitioning to a risk-based audit approach which is focusing audit resources on those areas of greatest risk and to be responsive to changes in the risk profile. This approach has resulted in a dynamic plan responsive to emerging and changing risk. This year, fewer compliance audits of the commercial and charitable sectors were conducted, and those resources were allocated to other projects in GPEB including support on the Anti-Money Laundering Strategy, financial integrity reviews of corporate registrants, a lottery retailer registration project, and Licensed Gaming Online (LGO). The transition to this new approach also included the continued cross-training of auditors so that they can perform audits in both the commercial and charitable gambling sectors and perform other types of work within the Branch which lends to their skillset, thereby giving GPEB greater ability to allocate audit resources to the areas of greatest risk.

In 2016/17, the GPEB audit team completed 278 audits and file reviews. This comprised of 19 audits of gambling facilities, 13 audits related to commercial and lottery gambling, 28 financial integrity reviews, 141 audits of gaming grant recipients, and 77 license audits.

Of the 218 audits of gaming grant recipients and gambling event licensees, 34 were registered as special projects or complaints from the public and of the 184 that were assessed for compliance, 39 were fully compliant, 113 were moderately noncompliant, and 32 were severely noncompliant.¹⁸

In late 2015/16, the audit team began working with the GPEB's Corporate Registration Unit to conduct reviews on the financial integrity of corporate registrants. The primary focus was to review registrant corporate financial information to identify potential risks and viability of an organization. Utilizing the audit teams skill base, GPEB has been able to enhance its analysis, resulting in more efficient and effective financial integrity reviews. This year the audit team completed 28 financial integrity reviews of corporate registrants in the gambling industry.

In 2016/17, the audit team developed an audit program and began conducting audits of organizations that received licences through the new Licensed Gaming Online program introduced by GPEB in January 2016.

Horse Racing

GPEB's Racing unit regulates horse racing events in B.C. to ensure compliance with the *Gaming Control Act*. The Racing unit is also responsible for developing policies to ensure the horse racing industry is conducted fairly and with integrity. In particular, the unit establishes the Rules of Thoroughbred and Standardbred Horse Racing. As required the unit reviews and revises the Rules and meets regularly with industry stakeholders to address issues. GPEB is responsible for enforcing and adjudicating the Rules and regulations related to racing. GPEB reviews all activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing. The Racing unit is also integral to ensuring the industry operates with safety as its first priority.

In November 2016, the Racing Unit conducted a broad review of the Rules of Standardbred and Thoroughbred Racing drug testing policies for human and horse. The review found that the drug testing and sanctioning processes currently followed are comprehensive and comparable to other Canadian jurisdictions. The unit applies horse racing industry "best standards" and has an established approach to regular review and continuous improvement.

B.C.'s horse racing industry employs approximately 2,349 individuals including, owners, jockeys, drivers, trainers, grooms, and exercise riders, all of whom must be registered with GPEB. In 2016/17, 724 horse racing workers were either registered for the first time or had their registration renewed.

¹⁸ Under a risk based approach, GPEB targets higher-risk organizations for non-compliance. Therefore, reported compliance rates will be lower than rates that would result from a random sample of all organizations. Moderately non-compliant is defined as findings that the recipient organization must address. For example, an organization fails to submitted required reporting documentation GPEB. Severely non-compliant is defined as findings that may require immediate action from recipient organizations. For example, an organization may have misused funds.

In 2016, Racing unit staff regulated 1,006 races on 109 race dates at the Hastings Racecourse, Fraser Downs Racetrack and Desert Park.¹⁹

Refer to Appendix A, Table 9, British Columbia Horse Racing

In 2016, GPEB's stewards and judges issued a total of 134 rulings: 52 were for thoroughbred racing infractions (issued by stewards) and 82 were for standardbred racing infractions (issued by judges). The penalties issued by judges and stewards range from temporary suspensions to monetary penalties.

Refer to Appendix A, Table 10, Horse Racing Rulings

In 2016/17, GPEB also registered 19 teletheatre sites in B.C. which present simulcast satellite broadcasts of horse races run at local, national and international tracks.

Refer to Appendix A, Table 11, Horse Race Wagering

Horse Racing Betting Fees

Horse race betting fees are levies on bets made at horse racing events that are collected by GPEB through Hastings Racecourse, Fraser Downs Racetrack, Desert Park and Horse Racing Teletheatre B.C. (4.5 per cent on triactor bets²⁰ and 2.5 per cent on other bets). Any balance in excess of annual regulatory fees (equal to the cost of regulating the horse racing sector) is remitted back to the horse racing industry. At fiscal year end, the cumulative total of monthly fees is transferred into the Consolidated Revenue Fund. In 2016/17, the province collected \$4.2 million in betting fees, retained \$1.9 million to offset the cost of regulating the industry and returned \$2.3 million to the industry.

¹⁹ Races are defined as the individual dashes which take place. Race dates are defined as the number of days races are held. Unless otherwise noted, horse racing figures are for the 2015 racing season which ran from January 2015 – December 2015. This is to align with the Canadian Pari-Mutuel Agency's reporting framework.

²⁰ In a triactor bet, the bettor picks three horses to finish first, second and third in exact order.

GPEB OPERATIONS SUPPORT

Financial Services

GPEB's financial services unit provides business and technical support to all divisions and business units in GPEB. This includes, but is not limited to:

- Operational financial services, contract management, and budget administration;
- Strategic financial advice to GPEB's executive;
- Payment of community gaming grants, host local government payments, development assistance compensation, distribution of horse racing revenue; and,

Refer to Appendix A, Table 13, GPEB Budget and Expenditures

Information Technology (IT) Support

The IT unit supports all business units in GPEB by providing daily support for the workstations, internal and external facing websites, and GPEB's Gaming Online Service (GOS). GOS is a web-based application developed by GPEB that allows eligible applicants to apply electronically for a Community Gaming Grant or gambling licence, submit processing fees through a secure card payment option, track the progress of their applications, and file a criminal or regulatory complaint for issues related to gambling or horse racing in B.C.

GOS is also an internal facing application that is used for the administration of most GPEB activities, including investigation and audit reports, work flow processing of licenses and supplies certification, and the administration of Community Gaming Grants, including post-event reporting. GOS is also the primary tool used in the administration of approximately \$250 million in payments under the Host Local Government program and the Community Gaming Grants program.

The unit supports GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT unit also delivers specialized reports and provides the necessary management information to each division. The intranet site for staff provides a tool for internal communications and access to operational materials, while the public facing site provides information to the public about GPEB, and mechanism for applying for some licences that are administered by GPEB.

APPENDIX A: INFORMATION TABLES

Table 1: Sources and Distribution of Gambling Revenues

Table 2: British Columbia Responsible and Problem Gambling Program

Table 3: Host Local Government Revenues by Gambling Facility

Table 4: Licensed Gambling

Table 5: Corporate and Personnel Registration

Table 6: Registration Decisions

Table 7: Gambling Supplies Certification

Table 8: Gambling Audits by Category

Table 9: British Columbia Horse Racing

Table 10: Horse Racing Rulings

Table 11: Horse Racing Wagering

Table 12: Investigations and Enforcement Actions of Incident Reports Related to Gambling

Table 13: GPEB Budget and Expenditures

Table 1: Sources and Distribution of Gambling Revenues

Sources and Distribution of Gambling Revenues (\$ figures in Millions)		
	2015/16	2016/17
Revenue - In		
Lottery & eGaming	\$369.1	\$377.8
Casino & Community Gaming	\$944.4	\$961.2
Total Revenue	\$1,313.5	\$1,339.0
Disbursements - Out		
Supporting Communities		
Community Gaming Grants	\$134.9	\$134.8
Host Local Government Payments	\$95.1	\$96.8
Destination Assistance Compensation	\$9.8	\$11.6
Horse Racing Purse Enhancements	\$10.3	\$11.7
Gaming Policy and Enforcement Branch Operations		
GPEB Operations	\$13.3	\$13.8
Responsible and Problem Gambling Program	\$5.9	\$5.8
British Columbia Government Programs		
Health Special Account	\$147.2	\$147.2
Consolidated Revenue Fund	\$887.5	\$907.7
Government of Canada Transfer		
Federal/Provincial Agreement	\$9.5	\$9.6
Disbursements - Out	\$1,313.5	\$1,339.0

Table 2: British Columbia Responsible and Problem Gambling Program

	2016/17	2015/16	2014/15
Program Outputs			
Number of prevention presentations	2475 ²¹	3,196	3,594
Number of prevention presentation audience participants	103,456	139,313	134,241
GameSense Advisor Player Interactions	57,341	55,865	54,600
Calls made to Help Line specific to problem gambling	3,326	3,566	3,431 ²²
Referrals to Responsible and Problem Gambling Program	1,380	1,443	1,391
Clients Served (Clinical Stream)	1,390	1,501	1,474
Discovery Day Treatment Program Workshops	175	177	165
Number of Contract Service Providers			
Clinical Counsellors	26	29	28
Prevention Service Providers	15	20	19
Provincial Coordinators	3	3	3
GameSense Advisors	21	26	23
Indigenous Providers ²³	4	4	4

²¹ Prevention presentations included 7 Narrative Approaches workshops attended by 165 individuals from Indigenous communities across British Columbia.

²² This figure differs from that provided in the 2014/15 Annual Report. The Figure in the 2014/15 Annual Report is incorrect due to a data compilation error.

²³ Indigenous providers deliver workshops, information and counselling services free of charge as well as leading resource development and community engagement initiatives

Table 3: Host Local Government Revenues by Gambling Facility

Host Local Government Revenues by Gambling Facility			
Name of Casino/CGC	Location	2015/16	2016/17
Chances Abbotsford CGC	Abbotsford	\$953,798	\$1,099,731
Grand Villa Casino	Burnaby	\$10,573,124	\$10,876,457
Chances Campbell River CGC	Campbell River	\$690,876	\$749,517
Chances Castlegar CGC	Castlegar	\$454,884	\$482,062
Chances Chilliwack CGC	Chilliwack	\$1,501,954	\$1,774,780
Hard Rock Casino Vancouver	Coquitlam	\$7,315,681	\$8,180,546
Chances Courtenay CGC	Courtenay	\$933,863	\$981,074
Chances Cowichan CGC	Duncan	\$736,089	\$773,717
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	\$1,135,503	\$1,059,701
Chances Dawson Creek CGC	Dawson Creek	\$640,992	\$577,985
Chances Fort St. John CGC	Fort St. John	\$893,447	\$774,496
Lake City Casino Kamloops	Kamloops	\$1,816,711	\$1,820,781
Chances Kamloops CGC	Kamloops	\$806,621	\$852,867
Lake City Casino Kelowna	Kelowna	\$1,938,000	\$1,915,039
Chances Kelowna CGC	Kelowna	\$1,934,557	\$2,131,726
Playtime Langley	Langley	\$103,443	\$0
Cascades Casino	Langley	\$6,621,559	\$6,942,678

Host Local Government Revenues by Gambling Facility			
Chances Maple Ridge CGC	Maple Ridge	\$1,168,574	\$1,404,401
Chances Mission CGC	Mission	\$586,073	\$664,067
Casino Nanaimo	Nanaimo	\$2,494,296	\$2,673,065
Starlight Casino	New Westminster	\$6,581,344	\$6,381,048
Lake City Casino Penticton	Penticton	\$1,653,571	\$1,687,089
Chances Rim Rock CGC	Port Alberni	\$460,021	\$454,055
Treasure Cove Casino	Prince George	\$2,597,593	\$2,640,054
Chances Prince Rupert CGC	Prince Rupert	\$509,555	\$482,803
Billy Barker Casino	Quesnel	\$467,576	\$479,012
River Rock Casino Resort	Richmond	\$18,895,544	\$16,971,579
Chances Salmon Arm	Salmon Arm	\$335,437	\$504,691
Chances Squamish CGC	Squamish	\$223,680	\$236,783
Elements Casino	Surrey	\$3,331,363	\$4,103,134
Chances Terrace CGC	Terrace	\$648,464	\$632,345
Edgewater Casino	Vancouver	\$8,306,766	\$8,547,733
Hastings Racecourse Casino	Vancouver	\$1,097,346	\$1,109,379
Lake City Casino Vernon	Vernon	\$2,015,741	\$1,961,911
View Royal Casino (1)	View Royal	\$4,111,962	\$4,306,853
Chances Signal Point CGC	Williams Lake	\$568,499	\$587,859
Total Local Government Share		\$95,104,508	\$96,821,019

Table 4: Licensed Gambling²⁴

(\$ figures in thousands)

Licensed Class	Licensed Type	2014/15		2015/16		2016/17	
		Number	Net Revenue	Number	Net Revenue	Number	Net Revenue
Class A	Major Raffle	42	\$1,992	39	\$1,982	44	\$1,994
	Minor Raffle	230	\$4,163	231	\$2,525	244	\$4,358
	Registered Raffle	27	\$15,051	25	\$15,517	32	\$20,453
	Independent Bingos	92	\$2,295	89	\$1,800	90	\$1,642
	<i>Subtotal of Class A</i>	<i>391</i>	<i>\$23,500</i>	<i>384</i>	<i>\$21,823</i>	<i>410</i>	<i>\$28,447</i>
Class B	Raffles	3,591	\$9,676	3,567	\$10,456	3,583	\$10,410
	Independent Bingo	94	\$301	108	\$354	79	\$188
	Wheels of Fortune	9	\$10	9	\$12	11	\$13
	Social Occasion Casino	32	\$43	26	\$37	21	\$22
	Poker	90	\$146	76	\$76	82	\$125
<i>Subtotal of Class B</i>	<i>3,816</i>	<i>\$10,177</i>	<i>3,786</i>	<i>\$10,935</i>	<i>3,776</i>	<i>\$10,758</i>	
Class C	Raffles	10	\$1,649	16	\$2,968	14	\$1,948
	Wheels of Fortune	2	\$256	2	\$262	2	\$247
	<i>Subtotal of Class C</i>	<i>12</i>	<i>\$1,905</i>	<i>18</i>	<i>\$3,230</i>	<i>16</i>	<i>\$2,194</i>
Class D	Raffles	5,784	\$3,847	5,722	\$3,752	5,809	\$3,849
	Independent Bingo	112	\$93	119	\$94	127	\$116
	<i>Subtotal of Class D</i>	<i>5,896</i>	<i>\$3,940</i>	<i>5,841</i>	<i>\$3,846</i>	<i>5,936</i>	<i>\$3,965</i>
Grand Total - All Classes		10,115	\$39,522	10,029	\$39,834	10,138	\$45,364

²⁴ Net revenue figures are estimated and based on Gaming Account Summary Reports as of June 15, 2017 which are submitted by licensees as part of the 90 day post-licensed gambling event reporting requirements.

Table 5: Corporate and Personnel Registration

	2016/17		2015/16		2014/15	
	New	Renewal	New	Renewal	New	Renewal
Corporate Registrations²⁵						
Gambling Services Providers	2	10	7	22	5	10
Gambling Equipment Suppliers	8	9	4	12	7	9
Ancillary Service Contractors	1	4	3	5	3	2
Senior Officials and Senior Employees	96	90	105	146	136	88
Totals	107	113	119	185	151	109
Personnel Registrations²⁶						
Gambling Workers ²⁷	4,351	2,353	4,502	1,868	3,955	1,737
Lottery Retail Managers ²⁸	240	612	224	254	331	928
Horse Racing Workers	339	385	387	474	158	428
Total	4,930	3,350	5,113	2,596	4,444	3,093

²⁵ New and renewal registration term duration is five years.

²⁶ New and renewal registration term duration is three years.

²⁷ Gambling workers include all workers in the BC gambling industry defined by prescribed classes of registration in the Gaming Control Regulation.

²⁸ This figure increased due to the Lottery Retail Registration cycle, which provides registrants a three year registration per renewal.

Table 6: Registration Decisions²⁹

Registration Type	2016/17			2015/16			2014/15		
	Denied	Revoked	Ceased	Denied	Revoked	Ceased	Denied	Revoked	Ceased
Gambling Workers	20	36	3,358	42	47	3,052	26	31	3,051
Horse Racing Workers	5	1	0	5	0	0	2	0	0
GPEB and BCLC Personnel	0	0	243	0	0	129	0	0	128
Lottery Retail Managers	0	1	448 ³⁰	3	0	326	6	0	834
Total	25	38	4,049	50	47	3,507	34	31	4,013

²⁹ This table only includes personnel registration because corporate registration did not have any denials/revocations during this three year period. Corporate registrants are aware when GPEB is considering denial or revocation and as a result, the corporate registrant typically withdraws from the process.

³⁰ This figure increased due to the Lottery Retail Registration cycle, which provides registrants a three year registration per renewal.

Table 7: Gambling Supplies Certification

Certification Type	2016/17		2015/16		2014/15	
	Certification	Revocation	Certification	Revocation	Certification	Revocation
Pull-tab lottery tickets	17	0	15	0	6	0
Scratch & Win Lottery Tickets	60	1	55	0	51	0
eLottery (Playnow.com games)	134	8	159	10	152	3
Electronic Gambling Devices & Other supplies	488	29	566	12	433	31
Table Games	4	0	3	0	6	0
Licensed/Charitable (50/50)	8	0	8	0	8	0
Other (Lottery systems, Lotto Express, Bingo, etc.)	10	1	7	0	8	1
Total	721	39	813	22	664	35

Table 8: Gambling Audits by Category³¹

Number of Gambling Audits and Files by Category			
	2016/17 ³²	2015/16	2014/15
Casinos, CGCs, Bingo Halls, and Race Tracks	19	27	35
BCLC's conduct of Commercial & Lottery Gambling ³³	13	15	24
Financial Integrity Analysis of Corporate Registrants	28 ³⁴	0	0
Gaming Grants ³⁵	141	147	342
Licences	77	61	49
Total	278	250	450

³¹ The total number of audits has decreased due to a combination of Compliance Division transitioning towards a risk-based approach to all the program areas, audit resources being used to support to other areas of GPEB such as performing Financial Integrity Reviews and the continuation of audit resources spent cross-training charitable auditors so they are able to conduct gambling facility audits.

³² Note this combined table consolidates two separate tables published in 2015/2016 titled "Commercial Gambling Audits by category" and "Charitable Audits".

³³ Consolidates the following categories of audits of BCLC presented in previous annual reports: BCLC's conduct of Commercial Gambling, BCLC's Conduct of Lottery Gambling, BCLC's overall conduct of all forms of Gambling.

³⁴ New category of audit of work (Financial Integrity Analysis of Registrants) to assist in the review of Corporate Registrants. This initiative reflects the branch's risk based audit approach and utilizing staff skill sets.

³⁵ Consolidates audits by sector provided in previous annual reports.

Table 9: British Columbia Horse Racing

	Race Days ³⁶			Live Races			Horses Ran		
	2016	2015	2014	2016	2015	2014	2016	2015	2014
Thoroughbred									
Hastings Racecourse (Vancouver)	53	53	54	403	404	405	2,987	2,974	2,906
Desert Park (Osoyoos)	1	1	2	6	6	10	35	35	45
TOTAL	54	54	56	409	410	415	3,022	3,009	2,951
Standardbred									
Fraser Downs Racetrack (Surrey)	55 ³⁷	62	68	597	673	757	4,717	5,665	6,420

³⁶ The number of horse racing days is determined by the different breed associations in consultation with the track operator through the HRIMC and approved by the General Manager of GPEB.

³⁷ In 2016, 61 race dates were approved: 55 were raced, 6 were cancelled due to unsafe track conditions due to weather. The track operator has agreed to add 5 dates to the 2017 calendar. In addition, purses will be increased by 10% when racing resumes in October 2017.

Table 10: Horse Racing Rulings³⁸

	2016	2015	2014
Standardbred			
Whipping violations	4	9	5
Racing or driving infractions committed during a race	35	27	29
Drug or alcohol infractions involving either horses or registered horse racing workers ³⁹	14	5	11
Inappropriate behaviour in the backstretch area of a racetrack ⁴⁰	10	9	5
Licensing or registration violations	1	0	0
Horses that bled during a race	1	0	0
Restoration of a horse or a horse racing worker of good standing ⁴¹	2	2	3
Other ⁴²	15	2	3
Total Standardbred Rulings	82 ⁴³	54	56
Thoroughbred			
Racing or riding infractions committed during a race	19	22	19
Drug or alcohol infractions involving either horses or registered horse racing workers	5	8	14
Entering an ineligible horse	0	0	0
Inappropriate behaviour in the backstretch area of a racetrack	6	4	13
Licensing or registration violations	2	2	5
Horses that bled during a race	4	1	0
Restoration of a horse or a horse racing worker of good standing	2	0	5
Other categories	14	4	5
Total Thoroughbred Rulings	52	41	61

³⁸ Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering and drug testing are also reported by calendar year.

³⁹ Beginning in 2015, a protocol was established that all race participants must be tested. The reduction in rulings in 2015 is due to additional awareness by race participants.

⁴⁰ The increase in 2015/16 reflects increased awareness by race participants and enforcement activities by GPEB Racing unit staff.

⁴¹ When a licensee is suspended pending a hearing before the Judges/Stewards, a ruling is generated following the hearing reinstating him/her to good standing.

⁴² "Other" captures a ruling that does not fall within any of the other categories or is not race-related.

⁴³ Increases due to increased enforcement particularly in drug testing and race infractions.

Table 11: Horse Racing Wagering ⁴⁴

	2016	2015	2014
	\$000's		
Hastings Park (HP)			
HP Live Races	8,636	8,398	8,524
HP Simulcast Wagers	60,684	56,625	57,442
Total HP	69,320	65,023	65,966
Fraser Downs (FD)			
FD Live Races	2,006	2,654	2,812
FD Simulcast Wagers	33,509	31,875	32,783
Total FD	35,515	34,528	35,594
Teletheatre BC			
Hastings Park Races	913	879	816
Fraser Downs Races	661	769	776
Other Racetracks	41,290	40,370	39,134
Total Teletheatre BC	42,864	42,018	40,726
Total - All	147,700	141,570	142,286
	2016	2015	2014
Sunflower Downs (Princeton)	-	-	-
Kin Park (Vernon)	-	-	-
Desert Park (Osoyoos)	17	17	28

⁴⁴ Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering are also reported by calendar year.

Table 12: Investigations and Enforcement Actions of Incident Reports Related to Gambling

TYPE	Incidents Reported		Investigated/Actioned		Enforcement Action	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
<i>Gaming Control Act</i> Offences	316	389	218	289	151	229
<i>Criminal Code</i> Non-Gambling Related	649	866	571	837	34	32
<i>Criminal Code</i> Gambling Related	331	305	312	284	57	45
Other	211	554	168	510	16	7
Total	1507⁴⁵	2114	1269	1920	258	313

Definitions

“*Gaming Control Act* Offences” include all offences listed in the *Gaming Control Act* and *Gaming Control Regulation*.

“*Criminal Code* Non-gambling Related” includes incidents that were reported to GPEB related to assault, counterfeit currency, fraud, loan sharking, false ID, theft and threats for which GPEB has a categorization in their database.

“*Criminal Code* Gambling Related” includes all offences under Part 7 of the *Criminal Code*.

“Other” includes other reported items that are related to incidents such as offences which may include: abandonment of child; intoxication in a public place; civil harassment, various *Criminal Code* and assistance files to other jurisdictions. The "Other" category is used because the GPEB database does not allow for the categorization of these offences.

“Incidents Reported” indicates that GPEB received a report or complaint from various sources, primarily gambling service providers.

⁴⁵ Reduction is due to GPEB having conducted a review of the types of incidents being reported to ensure that GPEB is compliant with privacy legislation and the *Gaming Control Act*. The review found that a significant amount of information being reported to GPEB by gambling services providers was not relevant to the mandate and authority of GPEB. This information is no longer collected.

“Investigated/Actioned” indicates that GPEB opened a file and took action.

“Enforcement Action” indicates that GPEB took action that resulted in recommended charges, administrative actions and warnings.

Reconciliation to Table 7 in the 2014/15 GPEB Annual Report

GPEB conducted a review of the types of incidents being reported to ensure compliance with privacy legislation and the *Gaming Control Act* in 2015/16. The review found that some information being reported to GPEB by gambling services providers was not relevant to the mandate and authority of GPEB. GPEB provided direction to gambling service providers on the types of offences or information they need to report. As a result, the number of incidents reported has declined and the number of categories used for classifying the incidents in the gambling database has changed. As a result, Table 7 from the 2014/15 Annual Report cannot be replicated in subsequent annual reports.

The categories in the database have been consolidated to ensure that it reflects work conducted under the authority of the *Gaming Control Act* and Gaming Control Regulation, and where authorized, investigations under the *Criminal Code* at the request of, or in assistance, to police. From Table 7 in the 2014/15 Annual Report, the following categories have been consolidated in Table 12 above:

- “Recommendations to Crown Counsel” are now captured under “Enforcement Action”.
- “GCA Charges & Administrative Actions” and “Warnings (Verbal & Written)” are now captured under “Enforcement Action”.
- “Alternate Resolution” is no longer captured in the table (unless actioned by GPEB) due to these incidents being resolved by service providers and non-GPEB agencies (such as BCLC). Of the “Alternate Resolutions” taken by GPEB, they are now captured under “Incidents Reported” and “Enforcement Action”.
- “Intelligence and Police Assistance” and “Other” are captured in both the “Incidents Reported” and “Investigated/Actioned” where appropriate.

The table does not include incidents related to chip passing in the lower mainland (482 incidents in 2016/17) as they are consolidated into a single file and does not take action on these as they are not offences and are resolved by the gaming service providers. GPEB collects this data to analyze any association to suspicious currency activities. It also does not include suspicious cash transactions (2310 incidents in 2016/17) which are reported for intelligence purposes only, and are not investigated on a file by file basis. Both these statistics were included in the previous annual report under the category “Other”.

The table also does not include incidents related to prohibited patrons entering gambling facilities (2608 incidents in 2016/17) as GPEB does not take action on these incidents unless they are repeat offenders. Repeat offenders are captured in the “Incidents Reported” and “Investigated/Actioned”. These were included in the previous annual report under the category “Intelligence”.

Table 13: GPEB Budget and Expenditures

	FY15/16	FY16/17
Branch Budget		
Core Operations	\$13,863,000	\$13,866,000
Responsible Gambling Program	\$6,008,000	\$6,009,000
Total Branch Budget	\$19,871,000	\$19,875,000
Branch Expenditures		
Core Operations		
Salaries and Benefits Costs	\$11,217,783	\$11,791,782
Operating and Business Expenses (Including Legal and Professional Services)	\$2,128,069	\$1,961,752
Subtotal	\$13,345,852	\$13,753,534
Responsible and Problem Gambling Program		
Salaries and Benefits Costs	\$389,534	\$389,689
Operating and Business Expenses (Including Legal and Professional Services)	\$413,859	\$920,588
Contracts	\$5,132,315	\$4,907,185
Subtotal	\$5,935,708	\$5,827,773
Total Branch Expenditures	\$19,281,560	\$19,581,307
Surplus/(Deficit)	\$589,440	\$293,693

APPENDIX B: GAMBLING PERMITTED IN BRITISH COLUMBIA

This table summarizes the forms of gambling currently authorized and the locations where each may be offered.

Commercial Gambling	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs & Bars
Commercial Bingo Games		•	•				•		
Lottery Products	•	•	•	•	•	•	•		•
Slot Machine	•		•	•			•		
Table Games	•			•			•		
Poker Tables	•			•			•		
Electronic Table Games	•		•	•			•		
Live Horse Racing				•	•				
Teletheatres	•	•	•	•	•				•
Licensing of Gambling Events									
Ticket Raffles								•	•
Independent Bingo								•	•
Social Occasion Casino								•	•
Wheels of Fortune								•	•
Limited Texas Hold'em Poker Events								•	•

Appendix N – 2017/18:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2017/18*, (Victoria: British Columbia, 2018).

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Gaming Policy and Enforcement Branch

Annual Report 2017-2018



Letter of Transmittal



I am pleased to submit the 2017/18 Annual Report of the Gaming Policy and Enforcement Branch of the Ministry of Attorney General for delivery to the Legislative Assembly and the citizens of British Columbia. The information in this report reflects the activities of the branch between April 1, 2017, and March 31, 2018.

The Gaming Policy and Enforcement Branch is responsible for the overall regulation and oversight of British Columbia's gambling sector. This includes all commercial gambling conducted and managed by the British Columbia Lottery Corporation, licensed charitable gambling events, horse racing and the delivery of responsible and problem gambling programs to the citizens of the province. The branch's activities are intended to ensure gambling is conducted safely and with integrity.

Honourable David Eby, Q.C.
Attorney General



Accountability Statement

Honourable David Eby, Q.C.
Attorney General

Attorney General:

I am pleased to present the 2017/18 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). This report covers the period between April 1, 2017 and March 31, 2018. I am accountable for the contents of this document and the basis on which the information has been reported.

As mandated under the *Gaming Control Act*, and within the provisions of the Gaming Control Regulation and the federal *Criminal Code* of Canada, GPEB is responsible for the overall integrity of gambling and horse racing in the province. GPEB is also responsible for the delivery of responsible and problem gambling programs.

I would like to highlight a few of the branch's key achievements in 2017/18. In September 2017, government hired lawyer Dr. Peter German to conduct an independent review of B.C.'s anti-money-laundering policies and practices in Lower Mainland casinos. GPEB fully supports the review and has provided information to Dr. German. In December 2017, government received two interim recommendations from Dr. German. BCLC, in collaboration with GPEB, implemented the first of the interim recommendations through new procedures that require service providers to gather detailed information on the source of a player's funds for all transactions of \$10,000 or more. This policy has already contributed to a steep decline in suspicious cash transactions in casinos. Work is well underway on the second interim recommendation for government regulators to increase their presence at large, high-volume facilities on the Lower Mainland. This recommendation is expected to be fully implemented early in 2018/19. GPEB is looking forward to implementing government's response to Dr. German's final report recommendations.

GPEB joined the Ministry of Attorney General in July 2017 and continued to collaborate with the Ministry of Public Safety and Solicitor General and the RCMP regarding the Joint Illegal Gaming Investigation Team (JIGIT). GPEB continues to contribute 5 fully integrated investigators to the team. In June 2017, JIGIT announced the arrests of nine people in connection with alleged illegal gaming houses and money laundering in B.C.

As part of the Responsible Gambling Strategy, GPEB and BCLC collaborated on the transfer of the GameSense Advisor program to BCLC. GPEB is reallocating resources to address existing service gaps through the development of early intervention services, outreach to online players exhibiting problem gambling behaviour, and the expansion of community training programs in Indigenous communities to provide culturally sensitive supports.

GPEB also developed an information package for local governments to help inform them about the public health risks of gambling. The new package is intended to help local governments make more informed decisions about gambling facilities. This fulfils a commitment government made in the 2015 Plan for Public Health and Gambling in B.C.

John Mazure
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch



Contents

Letter of Transmittal	iii
Accountability Statement	iv
Our Organization	3
Highlights	6
Gambling in British Columbia	7
Integrity of People and Companies Involved in Gambling	8
Corporate Registration	8
Personnel and Lottery Retailer Registration	9
Certification	9
Compliance with Regulations and Standards	11
Investigations	11
Intelligence Unit	12
Reporting Requirements	12
The Audit Program	12
Joint Illegal Gaming Investigation Team	13
Supporting Citizens and Communities	15
Responsible and Problem Gambling Program	15
Plan for Public Health and Gambling in British Columbia	18
Host Local Government (HLG) Payments	18
Destination Assistance Compensation (DAC)	18
Licensing of Gambling Events	18
Gambling Policy, Standards and Regulations	20
Local Government Information Package	20
Unregulated Online Gambling	21
New Games Framework	21
New Policy for Firearms as Prizes	21
Monitoring of Licensed Gaming Online	22
GPEB Operations Support	23
Financial Services	23
Information Technology (IT) Support	23



Appendix A: Information Tables	24
Table 1: Sources and Distribution of Gambling Revenues	25
Table 2: Corporate, Lottery Retail Registration and Personnel Registration	26
Table 3: Registration Decisions	27
Table 4: Gambling Supplies Certification	28
Table 5: Investigations and Enforcement Actions of Incident Reports Related to Gambling	29
Table 6: Gambling Audits by Category	30
Table 7: British Columbia Horse Racing Summary	31
Table 8: Horse Racing Rulings	32
Table 9: Horse Racing Wagering	33
Table 10: British Columbia Responsible and Problem Gambling Program	34
Table 11: Host Local Government Revenues by Gambling Facility	35
Table 12: Licensed Gambling	36
Table 13: GPEB Budget and Expenditures	37
Appendix B: Gambling Permitted in British Columbia	38

Our Organization

Mandate

The Gaming Policy and Enforcement Branch (GPEB) regulates all gambling¹ in B.C. GPEB ensures the integrity of gambling industry companies, people and equipment, and ensures compliance with policies and standards established under the *Gaming Control Act* (“the Act”) and the Gaming Control Regulation. This includes regulatory oversight of commercial gambling conducted and managed by the British Columbia Lottery Corporation (i.e. lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), B.C.’s horse racing industry and licensed charitable gambling events. GPEB also delivers responsible and problem gambling programs.

The Act governs how gambling is regulated and operated in B.C. GPEB’s purpose is to carry out its responsibilities under the Act. The position of the General Manager and the authorities given to that position are identified in the Act. The General Manager’s key responsibilities are to advise the Minister on broad policy, standards and regulatory issues, to manage government’s gambling policy and to enforce the Act.

GPEB’s core objective is to ensure that a comprehensive and responsible gambling regulatory framework is in place.

Vision

The public has confidence in B.C.’s gambling industry.

Mission

To uphold the overall integrity of gambling by maintaining government’s gambling policy, regulating the gambling sector, and providing related support services and community programs that benefit British Columbians.

Values

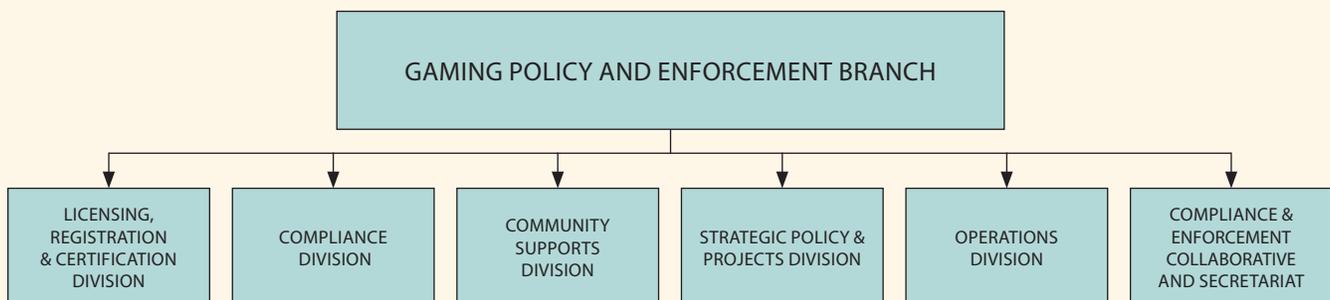
Integrity, Courage, Teamwork, Passion, Accountability, Service, Curiosity

Core Business Areas

GPEB has five divisions to carry out its core business:

1. Licensing, Registration and Certification Division
2. Compliance Division
3. Community Supports Division
4. Strategic Policy and Projects Division
5. Operations Division

GPEB also assumed the responsibility of the Compliance and Enforcement Collaborative and Secretariat in November 2017.



¹ The word “gaming” has become prevalent when referring to the activity of gambling that is used by many official bodies to control the practice. This is true in British Columbia as per the *Gaming Control Act*. However, since the activity of gambling involves a financial transaction, whereas the activity of gaming not necessarily so, this report uses the term gambling. Exceptions include proper pronouns – the *Gaming Control Act*, Gaming Control Regulation, Community Gaming Centres, Licenced Gaming Online, Community Gaming Grants, Joint Illegal Gaming Investigation Team, Gaming Online Service, and Gaming Account Summary Reports.

Licensing, Registration and Certification Division

The Licensing, Registration and Certification Division is responsible for the registration and certification of the gambling industry, and for licensing charitable gambling events. The Registration and Certification Units are responsible for registering companies and individuals involved in gambling, and for certifying gambling supplies and equipment respectively. Their objective is to ensure the integrity of the companies, individuals, supplies and equipment involved in gambling. The Licensing Unit administers the gambling event licence program, which issues gambling event licences to eligible organizations raising funds and dispersing them in an approved manner.

Compliance Division

The Compliance Division works to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation and *Criminal Code* of Canada. The division conducts inspections and audits of gambling in British Columbia to ensure compliance with legislation, regulation and public interest standards and directives. GPEB staff make inquiries into complaints or violations to determine if there is a need for education or training, a resolution through administrative sanctions or a penalty under the *Act*. The division conducts both commercial and charitable gambling audits. It also provides assistance to the Ministry of Municipal Affairs and Housing in auditing and investigating the use of grants provided under the Community Gaming Grants program as per the *Gaming Control Act*. The division's Racing Unit develops and enforces rules and policies for horse racing, regulates horse racing events and registers all racing participants. The division is supported by an intelligence unit that provides government and its policing partners with information and situational awareness on organized crime and illicit activity impacting the integrity of gambling in B.C.

Four investigators together with a manager from GPEB's Compliance Division work as part of the Joint Illegal Gaming Investigation Team's (JIGIT) two operational units. JIGIT was formed to investigate organized crime involvement in illegal gambling and proceeds of crime entering B.C. gambling facilities.

Community Supports Division

The Community Supports Division supports the integrity of gambling in B.C. through the provision of programs and services to support healthy gambling and the protection of public interest in relation to responsible gambling practices. The division administers the Responsible and Problem Gambling Program, which includes delivering culturally responsive responsible gambling education in schools and the community, early intervention and harm reduction services, responsible gambling education and problem gambling support in casinos through GameSense Advisors², and free clinical counselling for individuals and families experiencing problem gambling.

Strategic Policy and Projects Division

The *Gaming Control Act* requires GPEB to advise the Minister on broad gambling policy, standards and regulatory issues, and under the Minister's direction, to manage the government's gambling policy. The Strategic Policy and Projects Division meets current and future policy needs by anticipating industry changes and pro-actively addressing challenges. This division is responsible for leading strategic policy development and branch communications, and making recommendations for legislation and regulation of gambling activities across B.C.

² In 2018/19, BCLC became solely responsible for the GameSense Advisor program – transfer explained on page 16.

Operations Division

The Operations Division provides financial, administrative, risk management, information technology (IT) services and records management services, including freedom of information request administration, for the Branch.

This includes monitoring financial operations and distributing gambling-related funding, such as Host Local Government payments, throughout the province, as well as development and maintenance of a custom IT application that supports Branch operations from licensing to investigations and revenue distribution.

The Division also provides facilities management and administration to the five offices throughout the province.

In April 2016, the Ministry of Municipal Affairs and Housing (MAH) assumed responsibility for the program staff and policy for the Community Gaming Grants program. However, GPEB continues to provide financial administration and information technology support services for the program, and retains responsibility for its audit and compliance.³

Compliance and Enforcement Collaborative and Secretariat

The Compliance and Enforcement Collaborative (C&EC) is a cross-government inter-agency working group and community of practice with a mandate to enhance the effectiveness and efficiency of the compliance and enforcement sector within British Columbia. The purpose of the Secretariat is to support compliance and enforcement activities across government by establishing, with the C&EC, longer-term goals and priorities specific to addressing their mandate. GPEB assumed responsibility for the C&EC and Secretariat in November 2017.

³ GPEB no longer includes the table showing the distribution of Community Gaming Grants by sector. This information can be found at the following links:
<https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising>
<https://www2.gov.bc.ca/assets/gov/sports-recreation-arts-and-culture/gambling/gambling-in-bc/reports/fin-rpt-grants-year-to-date-payments-2017-2018.pdf>



Highlights

In 2017/18, GPEB undertook the following activities:

- Processed new and renewed registrations for:
 - o 6,637 gambling workers.
 - o 918 lottery retailers.
 - o 255 senior officials and senior employees.
 - o 679 horse racing workers.
 - o 27 gambling services providers.
 - o 13 gambling equipment suppliers.
 - o 10 ancillary service contractors.
- Completed 27 compliance audits of BCLC and gambling service providers regarding applicable public interest standards, directives, laws and regulations.
- Conducted 169 audits and inspections of organizations that received Community Gaming Grants and gambling licences.
- Investigated 1,158 reported incidents related to offences under the *Gaming Control Act* and the *Criminal Code* of Canada that resulted in 260 recommended charges, administrative actions or other enforcement measures.
- Continued the roll-out of the Anti-Money Laundering (AML) initiatives which includes supporting BCLC with the implementation of the first interim recommendation from Dr. German and increasing GPEB presence at large, high-volume facilities on the Lower Mainland in response to the second interim recommendation.
- Established the Gaming Intelligence Group (GIG), in collaboration with BCLC and the police, to further the goal of reducing suspicious cash being accepted into the gaming industry.
- Developed and released a new information package for local governments in B.C. to help inform them about the public health risks of gambling and support informed decisions about whether to host a new or expanded gambling facility in their communities.
- Completed a successful six-month Gam Info Rep (GIR) pilot to establish and assess a mobile early-intervention service to support at-risk gamblers.
- Completed an agreement in principle between the three stakeholders (BCLC, GPEB, UBC) regarding funding and broad deliverables. The purpose of the agreement is to provide funding to the UBC Research Centre for gambling research. The specific contractual/agreement framework is currently being finalized.
- Provided counselling to 1,269 people across the province.
- Delivered 2,387 prevention presentations on responsible gambling to 86,075 people.
- Developed and launched new educational online instructional tools for the new Ministry of Education curriculum.
- Developed online self-help educational tools for those at risk or negatively impacted by gambling.
- Completed a six-month pilot delivering a train-the-trainer Narrative Therapy tool to Indigenous communities.
- Completed 837 gambling supplies certifications.



Gambling in British Columbia

In 2017/18, commercial gambling in the province generated revenue of \$3.3 billion. The commercial gambling industry includes PlayNow.com, B.C.'s only legal online gambling website, provincial and national lottery games, 17 casinos, 18 community gaming centres, 7 commercial bingo halls, 3 horse racetracks and 19 horse racing teletheatres.⁴ Licensed gambling events generated approximately \$46.8 million for not-for-profit, charitable and religious organizations in British Columbia.

After deducting prize payouts and expenses, commercial gambling returned \$1.4 billion in revenue to government. This revenue was used to support local communities, the horse racing industry, responsible and problem gambling treatment programs, provincial health programs⁵, other provincial government programs, and GPEB operations:

1. \$964.1 million was allocated to the Consolidated Revenue Fund to support provincial government programs and services.
2. \$147.2 million was allocated to the Health Special Account. This reflects a commitment that was made by the B.C. government in 1992 to allocate revenue from the B.C. Lottery Corporation specifically for health care initiatives. To fulfil this commitment, the Health Special Account (HSA) was created as a special account within the Consolidated Revenue

Fund to be used to finance urgent health care priorities. According to the *Health Special Account Act*, the annual payment amount is equal to the amount shown in the Estimates as revenue in the HSA for that fiscal year. The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget.

3. \$140.0 million in Community Gaming Grants was allocated to non-profit community groups.
4. \$108.8 million was allocated to local governments for the Host Local Government program and the Destination Assistance Compensation program.
5. \$11.6 million was provided to the horse racing industry reflecting a government commitment to support it by allocating 25 per cent of slot machine net revenue from the casinos co-located at the Hastings and Fraser Downs racetracks.
6. \$19.0 million was allocated to fund GPEB operations (\$13.4 million) and Responsible and Problem Gambling programs (\$5.6 million).
7. \$9.9 million was allocated to the federal government under a revenue-sharing agreement between the federal and provincial governments.

⁴ Refer to Appendix B, Gambling Permitted in British Columbia

⁵ Refer to Appendix A, Table 1, Sources and Distribution of Gambling Revenues.



Integrity of People and Companies Involved in Gambling

Every year, individuals and companies apply to be registered so that they may work and operate in the commercial gambling industry in B.C. GPEB's goal is to ensure only suitable candidates participate in the gambling industry in this province. Applicants are subject to a background investigation, which includes, but is not limited to, a criminal record check and an overall suitability examination to ensure they meet the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act* and *Gaming Control Regulation*.

There are three different types of registration: corporate, personnel and lottery retailers.

There is an application fee for each type of registration that partially recovers the costs of investigating each application. In addition, corporate registration involves an annual fee.

Corporate Registration

GPEB conducts an in-depth investigation of gambling-related businesses and their executive personnel to ensure suitability. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gambling services, including online content providers, and gambling equipment (e.g. slot machines, automatic shufflers). GPEB also registers other service providers, such as gambling consultants, raffle services, security and ancillary services, including food and janitorial services provided at gambling facilities.

In addition to its normal responsibilities, Corporate Registration completed two notable projects in 2017/18: the relocation of the Edgewater Casino to become the new Parq Vancouver Casino and the introduction of Live-Dealer. Investigative work began on the Edgewater/Parq project in 2014 and culminated in the opening of the new facility in 2017. To conduct a thorough due diligence investigation to ensure the integrity of the Edgewater/Parq project, Corporate Registration investigated 15 companies related to the project, 40 senior officials and senior employees of those companies and reviewed multiple contracts, loan agreements and financial documents. Overall, Corporate Registration invoiced the Edgewater/Parq entities approximately 800 hours of investigator time.

Live-Dealer is a new form of gambling in North America that combines elements of both online and land-based play. Although Live-Dealer has been a popular form of gambling in Europe for about 10 years, British Columbia is the first North American jurisdiction to introduce it. Corporate Registration, in partnership with the Certification Unit, had to design specific investigative methods and tools to accommodate a thorough due diligence investigation into this unfamiliar technology. Although the registrant offering Live-Dealer is based in Latvia, Malta and Sweden, the introduction of the product in British Columbia required the creation of a live-dealer studio in British Columbia. Live-Dealer launched successfully in January 2018 and created dozens of local jobs as well as introducing new form of gambling to PlayNow.

Personnel and Lottery Retailer Registration

GPEB registers all workers involved in the commercial gambling industry. This includes all people directly involved in the industry (e.g. casino, bingo, horse racing workers and lottery retailers), as well as those indirectly involved (e.g. BCLC and GPEB employees).⁶

Refer to Appendix A, Table 2, Corporate, Lottery Retailer Registration and Personnel Registrations

During the fall of 2017, a new agreement was reached with BCLC and GPEB Lotteries Registration Unit (LRU). This new agreement ended the previously accepted practice that allowed a time gap during a transition of a new lottery retail owner. As of October 2017, if the new owner is not registered by GPEB on the actual day of the change of owner, GPEB will immediately notify BCLC to suspend the site location until the new owner and site(s) are registered to sell lottery products. This has been an outstanding process gap since 2007 and one of the high risk priority LRU projects identified to be resolved during 2017/2018.

In addition, GPEB collaborated with BCLC to improve the renewal notification process to retailers. The historical seven-day lottery retailer renewal notifications were changed to a 14-day renewal reminder. The notification process changes were implemented to align with the divisional key performance indicators.

Every year, GPEB denies a number of applications for a variety of reasons, including providing false information during the investigation, failing to pass a criminal record check, failing to disclose outstanding criminal charges, or not providing information requested in the application or during subsequent background investigation.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the

Gaming Control Act or the *Gaming Control Regulation*, GPEB will take appropriate action to address the concern based on the severity of the transgression. GPEB may issue sanctions, including warning letters, suspensions, fines or cancellation of registration altogether.

Refer to Appendix A, Table 3, Registration Decisions

Certification

Before being able to operate in the live environment, all gambling supplies⁷ used in the province must be tested to the applicable requirements set forth in GPEB's technical gambling standards. GPEB establishes and maintains these technical gambling standards to ensure gambling supplies that are used in commercial or charitable environments:

- operate fairly;
- are safe and secure;
- deliver the stated odds of winning; and
- can be audited.

Certification released two updated standards this year⁸ in response to changes in technology and changes in the market. Gambling supplies are tested in accredited testing facilities (ATFs), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gambling supplies for use in B.C.'s gambling venues.

GPEB investigates player complaints and all reports of malfunctioning gambling supplies, including issues with lottery products, internet gambling software and electronic raffle systems.

Gambling supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gambling product no longer meets GPEB's technical gambling standards.

⁶ Individuals that operate charitable gambling in B.C. are not registered gambling workers. Instead, GPEB issues charitable gambling licences to eligible organizations.

⁷ Gambling supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, internet gambling systems and software, and charitable gambling electronic platforms.

⁸ The two updated standards released in 2017/18 were the Technical Gambling Standard Master Document and the Technical Gambling Standard 1.

A certification may be suspended or revoked for a number of other reasons: a gambling supply malfunctions; an ATF rescinds their certification; or a vendor upgrades the gambling supply and no longer supports the previous version.⁹ Software and hardware malfunctions and software bugs and faults all lead to revocations.

Gambling supplies for which certification has been suspended or revoked must be removed from the gambling floor, Playnow.com website, or licensed charitable gambling event. Before the gambling supplies can be returned to service, any repairs, modifications or upgrades must be re-tested by an ATF and recertified by GPEB.

GPEB's records management system Gaming Online Service (GOS) was updated in January 2018 to automate the generation and distribution of Certificates of Technical Integrity and capture more information about gaming equipment during the certification process.

Refer to Appendix A, Table 4, Gambling Supplies Certification

⁹ A malfunction may include, for example, a situation where a slot machine accepts a counterfeit bill or a scratch ticket manufacturing error that does not allow the player to scratch the latex off the ticket. While not exhaustive, this list captures the most common reasons for a certification revocation.



Compliance with Regulations and Standards

GPEB works to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation and *Criminal Code* of Canada. GPEB achieves this through conducting investigations, inspections and audits of provincial gambling. Additionally, GPEB develops and enforces rules and policies for horse racing in B.C., which include regulating racing events and licensing participants.

The Compliance Division has made a significant contribution to the continued roll-out of the Anti-Money Laundering strategy to highlight and communicate the impact of this risk and has worked with other stakeholders to contribute to policy and respond to the interim Dr. German's interim recommendations. Through its ongoing monitoring, analysis and intelligence-gathering, the division has contributed to the reduction of suspicious cash that has been accepted into casinos.

Investigations

To uphold the integrity of gambling in B.C., GPEB investigates reported instances of any conduct, activity or incident occurring in connection with gambling if those incidents involve the potential commission of an offence under the *Gaming Control Act* or a provision of the *Criminal Code* of Canada that is relevant to a lottery scheme or horse racing. The primary role of the investigations unit is to investigate provincial gambling offences. It will assist law enforcement agencies in investigating reports of illegal gambling activity.

GPEB investigators often work in conjunction with law enforcement agencies to investigate various illegal gambling activities, such as unauthorized lottery schemes, illegal gambling houses, loan sharking and money laundering. They also provide in-depth gambling expertise to law enforcement agencies throughout the

province. With the support of law enforcement, GPEB investigates and may recommend for prosecution appropriate charges related to gambling offences as defined in the *Criminal Code* of Canada. Under the *Gaming Control Act*, GPEB has the authority to recommend charges for prosecution, issue tickets and warnings and/or recommend administrative sanctions.

GPEB investigators and directors have completed outreach presentations to law enforcement agencies outlining the GPEB mandate and highlighting the 2017 memorandum of understanding (MOU) between GPEB and the RCMP. The purpose of the MOU is to ensure the mutual sharing of all significant and required information for each organization to carry out its respective duties relating to *Gaming Control Act* offences, *Criminal Code* of Canada offences associated with lottery schemes, and any other matter that may affect the integrity of gambling.

The Lower Mainland region is in the process of hiring gaming investigators to address Dr. German's interim recommendations for an increased presence at Lower Mainland casinos. GPEB also provided support to BCLC in the development of a "source of funds" questionnaire and GPEB's auditors have scheduled an audit of the new process in the first quarter of 2018/19 fiscal year. This initiative will serve to reduce suspicious cash accepted in casinos.

The investigations unit operates under a risk-based regulatory enforcement model guided through defined objectives in the annual business plan and by working collaboratively with BCLC. While emphasizing social responsibility, public safety and voluntary regulatory compliance, investigators focus on matters which help to safeguard the industry. In 2017/2018, investigators conducted investigations into occurrences of cheating at play, unlicensed gambling, chip passing, theft and

breach of the terms and conditions of registration, as well as supporting the government's AML strategy. There continues to be a substantial number of well-organized illegal raffles offered on social media throughout the province, most notably in the Chase the Ace format.

GPEB investigators have engaged BCLC, along with law enforcement partners, to develop a working group identified as the Gambling Intelligence Group (GIG). The purpose of GIG is to continue to reduce the amount of suspicious cash being accepted into the gaming industry by developing solutions to address areas of concern identified through information sharing and open communication amongst partnered stakeholders. Monthly meetings are held, with all stakeholders present, and issues of mutual concern are addressed to develop best practices.

Intelligence Unit

GPEB's Intelligence Unit is a member of the association of Law Enforcement Intelligence Units (LEIU) which is an international group comprised of police agencies at the federal, provincial/state, local and tribal levels. GPEB's Intelligence Unit is a recognized entity within the National Gambling Intelligence Sharing Group (NGISG) and is a member of the Regional Intelligence Group¹⁰. It has also established intelligence relationships with several other regulatory and compliance organizations that have similar threats to their industry.

The mandate of the Intelligence Unit is to provide timely and accurate intelligence products to gaming stakeholders and decision-makers with a mission to enhance situational awareness of any threats to the integrity of gambling in the operational environment or Area of Responsibility (AOR) – defined as the Province of B.C.

GPEB Intelligence Unit also identifies threats and provides information to law enforcement in accordance with information-sharing agreements and memorandums of understanding in accordance with privacy policy and disclosure.

Over the course of 2017, GPEB Intelligence provided numerous products in the form of documents, informal and formal briefings, and intelligence advice on a variety of topics including the presence of transnational organized crime in the gambling industry in B.C.

Another noteworthy event was a presentation to the National Gaming Intelligence Sharing Group (NGSIG) in Cleveland, Ohio, on the Transnational Organized Crime and the Nexus in the gaming industry in B.C. The Unit continues to network with national and international law enforcement partners and regularly attends monthly meetings. The nature of these visits was to promote awareness of common threats and enhance the understanding of threats that impact the Lower Mainland with a nexus to gambling.

Reporting Requirements

All registrants and licensees must notify the General Manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing if the conduct, activity or incident involves or involved the potential commission of an offence under a provision of the *Criminal Code* of Canada that is relevant to a lottery scheme or horse racing, or the commission of an offence under the *Gaming Control Act*.

In addition, under the Gaming Control Regulation registrants must immediately report any conduct or activity at or near a gambling facility that is or may be contrary to the *Criminal Code* of Canada, the *Gaming Control Act* or any regulation under the *Gaming Control Act*.

GPEB works in partnership with BCLC and the police of jurisdiction on matters that impact the overall integrity of gambling.

Refer to Appendix A, Table 5, Investigations and Enforcement Actions of Incident Reports Related to Gambling

¹⁰ The Regional Intelligence Group is a group of agencies from the Pacific Northwest that includes the Royal Canadian Mounted Police, Vancouver Police Department, Department of Homeland Security (USA), Federal Bureau of Investigation (FBI) and other local police departments on both sides of the border.

The Audit Program

The goal of the audit program is to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation, policies, directives and public interest standards to help maintain public confidence in gambling in B.C. GPEB inspects and audits BCLC, gambling facilities, lottery retailers and recipients of Community Gaming Grants and Gambling Event Licences.

The program also promotes voluntary compliance with provincial gambling legislation through compliance enhancement education sessions for eligible organizations that conduct licensed gambling or receive gaming grants.

The program develops an annual audit plan that outlines the five main areas that are audited:

1. BCLC's overall conduct and management of all forms of gambling, including the corporation's PlayNow.com website and AML procedures;
2. BCLC's conduct and management of lottery gambling;
3. BCLC's conduct and management of commercial gambling facilities (casinos, community gaming centres and bingo halls);
4. Horse racing; and
5. Licensed gambling and community gaming grants.

The audit program uses a risk-based approach which focuses audit resources on those areas of greatest risk. This approach has resulted in a dynamic audit plan responsive to emerging and changing risk. This year, fewer compliance audits of the commercial and charitable sectors were conducted, and those resources were allocated to other projects in GPEB, including support of the government's Anti-Money Laundering Strategy, financial integrity reviews of corporate registrants, and Licensed Gaming Online (LGO). Cross-training of auditors continued so that they can perform audits in both the commercial and charitable gambling sectors. This gives GPEB the ability to allocate audit resources to the areas of greatest risk within the branch.

In 2017/18, the GPEB audit team completed 249 audits and file reviews. This comprised of 17 audits of gambling facilities, 10 audits related to commercial and lottery gambling, 53 financial integrity reviews, 108 audits of gaming grant recipients, and 61 licence audits.

Of the 169 audits of gaming grant recipients and gambling event licensees, 57 were registered as special projects or complaints from the public, and of the 112 that were assessed for compliance, 34 were fully compliant, 51 were moderately non-compliant, and 27 were severely non-compliant.¹¹

The audit team continues to work with GPEB's Corporate Registration Unit to conduct reviews on the financial integrity of corporate registrants. The primary focus is to review corporate registrants' financial information to identify potential risks and the viability of the organization. This year the audit team completed 53 financial integrity reviews of corporate registrants in the gambling industry. This partnership reflects the branch's risk-based audit approach and utilization of staff skill sets.

Refer to Appendix A, Table 6, Gambling Audits by Category

Joint Illegal Gaming Investigation Team

In 2016, the government of British Columbia and the Province's anti-gang agency, the Combined Forces Special Enforcement Unit BC (CFSEU-BC), announced the joining of forces to form a co-ordinated investigation unit designed to crack down on illegal gambling and money laundering inside and outside B.C.'s gambling facilities. The team is located within CFSEU-BC, the largest integrated joint forces police unit in Canada. The primary focus of the new Joint Illegal Gaming Investigation Team (JIGIT) is to disrupt organized crime and gang involvement in illegal gambling and to prevent criminals from using B.C. gambling facilities to legalize the proceeds of crime. The joint team also works to raise public awareness of the role service providers play in identifying and reporting illegal gambling and financial transactions.

¹¹ Under a risk-based approach, GPEB targets higher-risk organizations for non-compliance. Therefore, reported compliance rates will be lower than rates that would result from a random sample of all organizations. Moderately non-compliant is defined as findings that the recipient organization must address. For example, an organization fails to submit required reporting documentation to GPEB. Severely non-compliant is defined as findings that may require immediate action from recipient organizations. For example, an organization may have misused funds.

The four GPEB investigators, together with a manager at JIGIT, continue to provide in-depth gambling expertise to JIGIT and other law enforcement agencies throughout the province. With the support of law enforcement, GPEB/JIGIT assists investigations and may recommend for prosecution appropriate charges related to gambling offences as defined in the *Criminal Code* of Canada and under the *Gaming Control Act*.

GPEB investigators embedded with JIGIT continue to contribute to ongoing, high-level investigations that are reported through the protocols established upon forming JIGIT. Currently, GPEB is engaged with the second team and advancing investigations that have come to JIGIT's attention.

Horse Racing

GPEB's racing unit regulates horse racing events in B.C. to ensure compliance with the *Gaming Control Act*. The racing unit is also responsible for developing policies and rules to ensure horse racing is conducted fairly and with integrity. In particular, the unit establishes the Rules of Thoroughbred and Standardbred Horse Racing. As required, the unit reviews and revises the rules and meets regularly with industry stakeholders to address issues. The unit applies horse racing industry best practices and has an established approach to regular review and continuous improvement.

GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing. GPEB reviews activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing. The racing unit is also integral to ensuring the industry operates with safety and integrity as its priorities.

B.C.'s horse racing industry employs approximately 2,350 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. In 2017/2018, 724 horse race workers were either licensed for the first time or had their licences renewed.

Refer to Appendix A, Table 7, British Columbia Horse Racing Summary

In 2017, GPEB's stewards and judges issued a total of 104 rulings: 21 were for thoroughbred racing infractions (issued by stewards), and 83 were for standardbred racing infractions (issued by judges). The penalties issued by judges and stewards range from temporary suspensions to monetary penalties or cancellation of their registration.

Refer to Appendix A, Table 8, Horse Racing Rulings

In 2017/2018, GPEB also registered 19 teletheatre sites in B.C. that present simulcast satellite broadcasts of horse races run at local, national and international tracks.

Refer to Appendix A, Table 9, Horse Race Wagering

Horse Racing Betting Fees

Horse race betting fees are levies on bets made at horse racing events that are collected by GPEB through Hastings Racecourse, Fraser Downs Racetrack, Desert Park and Horse Racing Teletheatre B.C. (4.5 per cent on triactor bets¹² and 2.5 per cent on other bets). Any balance in excess of annual regulatory fees (equal to the cost of regulating the horse racing sector) is remitted back to the horse racing industry. At fiscal year end, the cumulative total of monthly fees is transferred into the Consolidated Revenue Fund. In 2017/18, the province collected \$4.2 million in betting fees, retained \$1.9 million to offset the cost of regulating the industry and returned \$2.3 million to the industry.

¹² In a triactor bet, the better picks three horses to finish first, second and third, in exact order.



Supporting Citizens and Communities

The Gaming Policy and Enforcement Branch supports communities in B.C. by delivering problem gambling prevention, public awareness and treatment support services, administering Host Local Government payments, distributing Destination Assistance Compensation and licensing gambling events for community fundraising groups.

Responsible and Problem Gambling Program

Strategy

The Responsible and Problem Gambling (RPG) Program minimizes harm and promotes responsible gambling practices in communities through B.C.'s Responsible Gambling Strategy.

Refer to Appendix A, Table 10, British Columbia Responsible and Problem Gambling Program

British Columbia launched its first Responsible Gambling Strategy in 2003, and this strategy is updated every three years. The strategy's core goals are:

- Deliver gambling in a manner that encourages responsible gambling and informed choice;
- Create public awareness of risks associated with gambling; and,
- Provide treatment and support to those impacted by problem gambling.

Responsible Gambling Standards

In supporting this strategy, the Province issues responsible gambling standards for the B.C. gambling industry to ensure that:

- minors are prevented from participating in gambling activities;

- patrons are equipped to make informed decisions regarding gambling;
- gambling-related risks are minimized; and
- people affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gambling service providers, commercial gambling facilities and community organizations licensed to conduct charitable gambling events.

Advertising of BCLC, licensee and service provider gambling events is subject to audit by GPEB to ensure compliance with public interest standards that includes responsible gambling standards, and advertising and marketing standards.

Compliance audits focus on five key areas:

- *Informed choice* – ensuring proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and information regarding the odds of winning;
- *Appropriate response* – ensuring gambling workers have received Appropriate Response Training;
- *Responsible practices* – ensuring clocks and responsible gambling material are placed in highly visible and appropriate areas;
- *Financial transactions* – ensuring information describing payout policies and stating that credit will not be extended is prominently displayed; and
- *Voluntary Self-Exclusion Program* – ensuring program is fully operational, including making sure that program information is readily available and gambling facilities are effectively monitoring for excluded individuals.

Services and Supports

The goals of the strategy and regulatory standards guide the delivery of service in three areas: responsible and problem gambling awareness and education, early intervention and problem gambling counselling.

2017/18 Responsible and Problem Gambling Program Activities Summary	
Counselling Services	1,269 clients served
Outreach and Early Intervention Services	343 clients served
Day Treatment participants	163 clients served
Prevention and Community Engagement Services	86,075 audience participants at 2,387 presentations
Indigenous Services	3 Narrative Therapy workshops

Projects

The Responsible and Problem Gambling Program has a number of initiatives underway that extend beyond the 2017/18 fiscal year. These include:

- the development of specialized rural and remote training teams to extend support options to communities, with a focus on Indigenous communities;
- a longitudinal assessment and evaluation of current problem gambling treatment programs in B.C. (currently in the final year);
- expanding Gambling Awareness Week to take place in 20 communities;
- an Indigenous film project to explore and document traditional approaches to wellness;
- the expansion of early intervention offerings in communities (GIRs).

Deliver Gambling in a Manner that Encourages Responsible Gambling and Informed Choice

GPEB administers several programs to ensure the gambling industry operates in accordance with the Province's responsible gambling policies and practices.

GameSense Information Centres

GameSense Advisors present responsible gambling information at GameSense Information Centres in every casino in B.C. A total of 21 GameSense Advisors share responsible gambling information and practices with interested patrons and direct anyone experiencing gambling-related distress to the Responsible and Problem Gambling Program and/or to BCLC's Voluntary Self-Exclusion Program.¹³ Casinos and community gambling centres also feature touch-screen interactive terminals, which provide education modules at the push of a button or the touch of a screen. In 2017/18, GameSense Advisors had 48,587 meaningful interactions that were made through the GameSense program.

GameSense Advisors are under contract to GPEB. The advisors and the information centres are co-managed by GPEB and BCLC.

GameSense Advisor Transfer

In 2016, the Responsible Gambling Council (RGC) released a study examining the co-management structure of the GameSense Advisor (GSA) program. The final report's primary recommendation was to end the joint GPEB-BCLC management of the GSA and to transfer responsibility of the program to BCLC.

Subsequent evaluation of the recommendation by GPEB and BCLC led to the approval of the transfer of the program to BCLC in October 2017.

As of April 1, 2018, the GSA program will be operated and fully funded by BCLC. It is expected that BCLC will expand the program to include all community gaming centres by September 2019.

¹³ The Voluntary Self-Exclusion Program is a BCLC program that allows individuals to exclude themselves from gambling activities in order to help them control their gambling behaviour. At the time of enrollment, individuals can choose the time period of their exclusion, ranging from six months to three years, and they can choose the type of gambling activities for their exclusions, including facilities with slot machines, commercial bingo halls, or PlayNow.com. They are also ineligible to be paid for any jackpot prize they may win while enrolled in the program. At the time of enrollment, BCLC provides materials to help individuals access resources to support them in addressing their gambling problem.

As a result of the transfer of responsibility, GPEB has focused on developing early intervention services, including the completion of a mobile service pilot to support at-risk gamblers known as the Gam Info Rep, as well as enhanced prevention support services to address service gaps. Additional resources will be directed at online players and the expansion of community training programs in Indigenous communities to provide culturally responsive supports services.

Appropriate Response Training

Appropriate Response Training is an educational program for gambling workers designed to enhance their knowledge, awareness, attitudes and skills and to enable them to respond appropriately to patrons who may be experiencing distress in a gambling facility. GPEB supports Appropriate Response Training by providing responsible gambling specialists to co-facilitate the training sessions with BCLC.

Responsible Gambling – RG Check Program

RG Check is a voluntary program supported by GPEB and BCLC that provides an independent and standardized evaluation of the delivery of responsible gambling programs in gambling facilities across Canada. Overseen by the Responsible Gambling Council,¹⁴ RG Check assesses how B.C.'s responsible gambling programs compare to industry best practices, using eight standards, each with their own criteria:

- Responsible gambling policies and a demonstrated awareness of problem gambling;
- Employee training so staff are knowledgeable about their role in responsible gambling;
- A self-exclusion program that facilitates access to counselling;
- Assisting patrons who may have problems with gambling;
- Informed decision-making through readily available information;

BRIDGING THE GAP BETWEEN SERVICES: Reducing Stigma and Reducing Harms



¹⁴ The Responsible Gambling Council is an independent non-profit organization dedicated to problem gambling prevention based in Toronto. RGC works to reduce gambling risks by creating and delivering innovative awareness and information programs. It also promotes the adoption of improved play safeguards through best practices research, standards development and the RG Check accreditation program.

- Advertising and promotion that does not misrepresent products;
- Access to money that does not encourage excessive spending; and
- Venue game features (i.e. to promote breaks in play and awareness of the passage of time).

As of March 31, 2018, 34 of the 35 casinos and community gaming centres across B.C. had accreditation from the Responsible Gambling Council.

Plan for Public Health and Gambling in British Columbia

In February 2015, government released the Plan for Public Health and Gambling in B.C., which promotes responsible gambling and addresses the public health risks associated with problem gambling, including details about existing services and new initiatives. The plan took into consideration information and recommendations made by the Provincial Health Officer in his October 2013 report, *Lower the Stakes: A Public Health Approach to Gambling in B.C.*, findings from GPEB's 2014 Problem Gambling Prevalence Study, and other relevant research and policy related to gambling, health and education. The plan includes 21 commitments to action. To date, 13 commitments have been completed. The remaining eight are expected to be completed in 2018/19.

Host Local Government (HLG) Payments

Local governments that host casinos and/or community gaming centres receive a share of the net income generated by those gambling facilities. BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each HLG. GPEB provides the HLG payment to the local government based on this information and recovers the funding from BCLC.

Refer to Appendix A, Table 11, Host Local Government Revenues by Gambling Facility

Destination Assistance Compensation (DAC)

DAC was a financial support tool available to local governments to encourage the development of destination casinos for approved economic development projects. There are two local governments in B.C. that have a DAC agreement: New Westminster and the Ktunaxa Nation (Cranbrook). BCLC provides GPEB with quarterly calculations of compensation payments due to the municipalities for each of the two casinos in these locations. GPEB provides the DAC payment to the local government and recovers the funding from BCLC.

Licensing of Gambling Events

GPEB's licensing program is responsible for the administration of gambling event licences available to eligible not-for-profit organizations and groups throughout B.C. that wish to raise revenue for direct delivery of programs and services that benefit the broader community and/or a third-party community member in need. Licences must be applied for in advance of the proposed gambling event and are issued with the understanding that the licensee will honour federal and provincial legislation and municipal by-laws.

In 2017/18, GPEB issued 10,334 licences to eligible organizations to conduct gambling events. In total, community organizations raised \$46.8 million to support their projects and services.

One of GPEB's responsibilities is to ensure that licensed gambling events are conducted fairly and transparently. The branch ensures that organizations applying for a licence are in good standing, have an approved governing structure and open membership, and operate according to sound financial practices. GPEB also conducts audits of licensees to ensure they follow rules and guidelines designed to protect the public and the integrity of gambling in the province, and that they are using the proceeds to support the eligible programs stated in the licence.

In 2017/18, GPEB completed a review of its licensing standards, guidelines and conditions. The charitable sector was consulted to obtain their input and recommendations for enhancing the experience through the licensing process.

Gambling events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

GPEB offers four class types of gambling licenses – Class A, B, C or D – depending on the organization's structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

Classes of Gambling Licences

Class A

Issued to eligible charitable and religious organizations for gambling events expected to generate gross revenue exceeding \$20,000.

GPEB issued 411 Class A gambling events licences, resulting in \$29.4 million revenue for organizations in 2017/18.

Class B

Issued to eligible charitable and religious organizations for gambling events expected to generate up to \$20,000 in gross revenue.

GPEB issued 3,858 Class B gambling event licences, resulting in \$10.9 million in revenue for organizations in 2017/18.

Class C

Issued to approved boards of community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune and limited casinos. These licences are issued to established fairs and exhibitions on a case-by-case basis.

GPEB issued 18 Class C gambling event licences, resulting in \$2.6 million in revenue for organizations in 2017/18.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events that are expected to generate up to \$10,000 in gross annual revenue. This licence category was introduced in 2007 in response to requests from groups, individuals and organizations that could not meet the eligibility criteria in place for larger fundraisers but still wished to contribute to programs and services in their communities.

Class D gambling events are restricted to ticket raffles and independent bingos. Eligibility is based, in part, on funds being used to benefit the broader community or provided to a third party for a charitable purpose.

GPEB issued 6,047 Class D gambling events licences, resulting in \$3.9 million in revenue for organizations in 2017/18.

Refer to Appendix A, Table 12, Licensed Gambling



Gambling Policy, Standards and Regulations

The Strategic Policy and Projects Division (SPPD) supports the integrity of gambling in B.C. by providing strategic policy, advice and communications services that support government's gambling objectives for the benefit of British Columbians.

The division's key areas of responsibility are:

- Identifying emerging issues in the gambling sector;
- Providing advice and recommendations to B.C.'s Attorney General, Deputy Attorney General, Associate Deputy Minister and the General Manager on policy approaches that protect the integrity of gambling;
- Working with stakeholders, such as the British Columbia Lottery Corporation (BCLC), gambling industry, non-profit organizations, other provincial jurisdictions and the federal government on gambling issues and initiatives;
- Ensuring B.C.'s legal, regulatory and policy framework supports the integrity of gambling and government's objectives for the gambling sector; and
- Leading strategic internal communications for five branch divisions and supporting communications to the public about gambling.

SPPD leads policy work that supports all aspects of GPEB's business. Throughout 2017/18, the division led projects on a range of policies across the branch. That work included distributing an information package about the health impacts of gambling on B.C. communities, studying the impacts of unregulated online gambling in the province and exploring options for addressing it, creating an efficient framework for reviewing new lottery schemes and games, monitoring the branch's Licensed Gambling Online program, and supporting the Licensing, Registration and Certification division to develop a new policy for awarding firearms as prizes in licensed gambling events.

Local Government Information Package

GPEB's policy team led the development of a new information package for local governments in B.C. to help inform them about the public health risks of gambling, if they currently host a gambling facility or may consider hosting a facility in the future.

The information package, *Hosting a Gambling Facility: A Local Government Information Package on the Public Health Risks of Gambling*, provides local governments with comprehensive, easy-to-access and balanced information, helping them to make more informed decisions about whether to host a new or expanded gambling facility in their communities. The package focuses on four key themes around the public health risks of gambling, including problem gambling prevalence, revenue generated from problem gamblers, high-risk games and the availability of alcohol and the impact of alcohol on gambling.

The information guide fulfils a commitment government made in *A Plan for Public Health and Gambling in British Columbia* in 2015, which took into consideration the Provincial Health Officer's report regarding a public health approach to gambling in B.C. GPEB has shared the new information package directly with current and prospective host local governments and has made it available online.

Collaboration on this project involved input from the British Columbia Lottery Corporation (BCLC), the B.C. Ministry of Health and the Centre for Gambling Research at UBC.

Unregulated Online Gambling

Over the year, branch policy staff conducted significant research and analysis of the impacts of unregulated gambling websites on B.C., and explored options to address this issue. Currently in this province, BCLC has delegated authority to conduct and manage commercial online gambling in B.C. and BCLC's Playnow.com website is the only regulated online gambling website.

GPEB is concerned about the risks unregulated gambling websites pose to British Columbians, such as potential fraud or cheating, access by minors, lack of responsible gambling features and potential risk of money laundering. The unregulated online gambling market also represents an untapped potential revenue source for governments in Canada.

Actions to address unregulated online gambling websites are complex because provinces are responsible for public safety and may operate and regulate gambling in their jurisdictions, while the federal government has responsibility for the *Criminal Code* of Canada. SPPD continues to examine potential solutions to address unregulated online gambling at the provincial level, while also working with federal and provincial colleagues across Canada to raise this issue at the national level.

New Games Framework

Under section 7(2) of the *Gaming Control Act*, the minister responsible for gambling must approve any new lottery scheme before it may be implemented in the province. In collaboration with BCLC, GPEB's policy team is designing a new framework to support efficient and thorough evaluation of new gambling opportunities. Technological advancements and innovation in the gambling industry are creating new entertainment opportunities such as virtual reality games, strategy games and the merging of video gaming and gambling. Introduction of these new games provides an exciting opportunity, but it also means that any risks they may present must be carefully considered and mitigated.

GPEB's New Games Evaluation Framework will improve the consistency of decision-making to ensure appropriate analysis and consideration is given to any new or expanded lottery scheme before it is introduced. Consideration must be given to responsible and problem gambling implications, technical certification and registration requirements, the locations where gambling is offered, protection of minors and other relevant strategic directions provided by the provincial minister responsible for gambling.

New Policy for Firearms as Prizes

A significant part of SPPD's work involves leading policy work to support GPEB's operational divisions. In 2017/18, SPPD supported the Licensing, Registration and Certification division to develop a more comprehensive policy for the acquisition and distribution of non-restricted firearms given as prizes in licensed gambling events, such as raffle draws. The number of gambling event licences with a firearm as a prize has steadily increased in recent years.

GPEB's Standard Procedures documents were updated with three new requirements: ensure the firearm prize is appropriately acquired and distributed, including the licensee being responsible for verifying the Possession and Acquisition Licence (PAL); ensure participants are informed of the requirements they must meet in order to win the prize prior to participating; and complete an additional PAL validity check at the time of transfer by contacting the Canadian Firearms Program to ensure the bearer is the rightful holder and that the licence has not expired or been suspended.

This new policy gives greater assurance that individuals awarded firearms as prizes through provincially licensed gambling events hold a valid PAL.

To be able to possess firearms lawfully in Canada, a PAL authorizing possession of a firearm is required. Firearms are regulated by the federal *Firearms Act* and *Criminal Code* of Canada.

Monitoring of Licensed Gaming Online

In late 2014, the federal government amended the *Criminal Code* of Canada to begin allowing charities to use computers to operate raffles. GPEB acted quickly to develop the country's first set of comprehensive policies and standards to enable charities to sell and issue tickets online, conduct electronic financial transactions in real time and distribute prizes electronically. As well, the new rules have allowed certain charities to use certified electronic random number generators to determine the outcome of the raffle.

Over the past two years, SPPD has monitored the Licensed Gaming Online (LGO) program to ensure its effective implementation and ongoing operation. Through this monitoring, GPEB has heard from organizations that the LGO program has successfully allowed them to modernize their charitable fundraising. In the first two years of the program, between January 2015 and December 2017, nearly 70 LGO gaming licences have been issued to more than 55 organizations.

Charitable organizations that have used LGO have reported to GPEB that using a computer to conduct licensed raffles enables them to earn more revenue through their licensed gambling events, which means more money flows directly to charitable causes in B.C. Some of those savings have been achieved from lower mailing costs for organizations, as they can now more easily email raffle tickets to buyers. GPEB has also learned that the LGO program has enabled charities to reach new participant demographics.

The LGO program has been a significant shift in the way provincially licensed raffles are conducted and has presented a substantial opportunity to increase efficiencies and reduce administrative burdens on raffle events and, in turn, maximize gaming revenues for eligible programs.



GPEB Operations Support

Financial Services

GPEB's financial services unit provides business and technical support to all divisions and business units in GPEB. This includes, but is not limited to:

- operational financial services, contract management and budget administration;
- strategic financial advice to GPEB's executive;
- payment of community gaming grants, host local government payments, destination assistance compensation and distribution of horse racing revenue.

Refer to Appendix A, Table 13, GPEB Budget and Expenditures

Information Technology (IT) Support

The IT unit supports all business units in GPEB by providing daily support for workstations, internal- and external-facing websites, and GPEB's Gaming Online Service (GOS). GOS is a web-based application developed by GPEB that allows eligible applicants to apply electronically for a Community Gaming Grant or gambling licence, submit processing fees through a secure card payment option, track the progress of their applications and file a criminal or regulatory complaint for issues related to gambling or horse racing in B.C.

GOS is also an internal-facing application that is used for the administration of most GPEB activities, including investigation and audit reports, work flow processing of licences, supplies certification, and the administration of Community Gaming Grants, including

post-event reporting. GOS is also the primary tool used in the administration of approximately \$250 million in payments under the Host Local Government program and the Community Gaming Grants program.

The unit supports GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT unit also delivers specialized reports and provides the necessary management information to each division. The intranet site for staff provides a tool for internal communications and access to operational materials, while the public-facing site provides information to the public about GPEB and a mechanism for applying for some licences that are administered by GPEB.

Operations also provides risk management services to the branch, and administers records management. As the branch transitions to electronic record keeping, records management provides advice and coordination of storage and destruction of records, whether physical or electronic, and is the branch's coordinator for freedom of information requests, assisting the branch in maintaining integrity through transparency.

Operations Division is responsible for records management services for GPEB. This function requires balancing the need to publicly report on the Branch's operations with protection of regulatory enforcement actions and personal privacy. Administration of freedom of information requests experienced a dramatic increase in volume in 2017/18, which saw the Branch process approximately four times typical annual volume of information requests in the last two quarters of the year alone.



Appendix A: Information Tables

Table 1: Sources and Distribution of Gambling Revenues	25
Table 2: Corporate, Lottery Retail Registration and Personnel Registration	26
Table 3: Registration Decisions	27
Table 4: Gambling Supplies Certification	28
Table 5: Investigations and Enforcement Actions of Incident Reports Related to Gambling	29
Table 6: Gambling Audits by Category	30
Table 7: British Columbia Horse Racing Summary	31
Table 8: Horse Racing Rulings	32
Table 9: Horse Racing Wagering	33
Table 10: British Columbia Responsible and Problem Gambling Program	34
Table 11: Host Local Government Revenues by Gambling Facility	35
Table 12: Licensed Gambling	36
Table 13: GPEB Budget and Expenditures	37

Table 1: Sources and Distribution of Gambling Revenues

Sources and Distribution of Gambling Revenues (\$ figures in Millions)		
	2016/17	2017/18 Actuals
Revenue – In		
Lottery & eGaming	\$377.8	\$378.2
Casino & Community Gaming	\$961.2	\$1,022.3
Total Revenue	\$1,339.0	\$1,400.5
Disbursements – Out		
Supporting Communities		
Community Gaming Grants	\$134.8	\$140.0
Host Local Government Payments	\$96.8	\$102.1
Destination Assistance Compensation	\$11.6	\$6.7
Horse Racing Purse Enhancements	\$11.7	\$11.6
Gaming Policy and Enforcement Branch Operations		
GPEB Operations	\$13.8	\$13.4
Responsible and Problem Gambling Program	\$5.8	\$5.6
British Columbia Government Programs		
Health Special Account	\$147.2	\$147.2
Consolidated Revenue Fund	\$907.8	\$964.1
Government of Canada Transfer		
Federal/Provincial Agreement	\$9.5	\$9.9
Disbursements – Out	\$1,339.0	\$1,400.5

Table 2: Corporate, Lottery Retail Registration and Personnel Registration

	2017/18		2016/17		2015/16	
	New	Renewal	New	Renewal	New	Renewal
Corporate Registrations¹⁵						
Gambling Services Providers	8	19	2	10	7	22
Gambling Equipment Suppliers	3	10	8	9	4	12
Ancillary Service Contractors	3	7	1	4	3	5
Senior Officials and Senior Employees	102	153	96	90	105	146
Totals	116	189	107	113	119	185
Lottery Retail Registration and Personnel Registrations¹⁶						
Gambling Workers ¹⁷	4,718	1,919	4,351	2,353	4,502	1,868
Lottery Retail Managers ¹⁸	227	691	240	612	224	254
Horse Racing Workers	244	435	339	385	387	474
Total	5,189	3,045	4,930	3,350	5,113	2,596

¹⁵ New and renewal registration term duration is up to five years.

¹⁶ New and renewal registration term duration is up to three years.

¹⁷ Gambling workers include all workers in the BC gambling industry defined by prescribed classes of registration in the Gaming Control Regulation.

¹⁸ This figure reflects the Lottery Retail Registration cycle, which provides registrants a three year registration per renewal.

Table 3: Registration Decisions¹⁹

Registration Type	2017/18			2016/17			2015/16		
	Denied	Revoked	Ceased	Denied	Revoked	Ceased	Denied	Revoked	Ceased
Gambling Workers	38	40	3,155	20	36	3,358	42	47	3,052
Horse Racing Workers	2	1	0	5	1	0	5	0	0
GPEB and BCLC Personnel	0	0	254	0	0	243	0	0	129
Lottery Retail Managers ²⁰	2	3	282	0	1	448	3	0	326
Total	42	44	3,691	25	38	4,049	50	47	3,507

¹⁹ This table only includes personnel registration because corporate registration did not have any denials/revocations during this three year period. Corporate registrants are aware when GPEB is considering denial or revocation and as a result, the corporate registrant typically withdraws from the process.

²⁰ This figure reflects the Lottery Retail Registration cycle, which provides registrants a three-year registration per renewal.

Table 4: Gambling Supplies Certification

Certification Type	2017/18		2016/17		2015/16	
	Certification	Revocation	Certification	Revocation	Certification	Revocation
Lottery Tickets: Scratch & Win, Pull Tab	67	0	77	1	70	0
Online (Playnow.com)	254	2	134	8	159	10
Electronic Gambling Devices & Other Supplies	500	12	488	29	566	12
Table Games	4	0	4	0	3	0
Licensed/ Charitable (50/50)	4	0	8	0	8	0
Other (Lottery systems, Lotto Express, Bingo, etc.)	8	1	10	1	7	0
Total	837	15	721	39	813	22

Table 5: Investigations and Enforcement Actions of Incident Reports Related to Gambling

TYPE	Incidents Reported		Investigated/Actioned		Enforcement Action	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
<i>Gaming Control Act Offences</i>	277	316	179	218	126	151
<i>Criminal Code Non-Gambling Related</i>	672	649	593	571	61	34
<i>Criminal Code Gambling Related</i>	288	331	271	312	65	57
Other	157	211	115	168	8	16
Total	1,394	1,507	1,158	1,269	260	258

Definitions

“*Gaming Control Act Offences*” include all offences listed in the *Gaming Control Act* and *Gaming Control Regulation*.

“*Criminal Code Non-gambling Related*” includes incidents that were reported to GPEB related to assault, counterfeit currency, fraud, loan sharking, false ID, theft and threats for which GPEB has a categorization in their database.

“*Criminal Code Gambling Related*” includes all offences under Part 7 of the *Criminal Code*.

“Other” includes other reported items that are related to incidents such as offences which may include: abandonment of child; intoxication in a public place; civil harassment, various *Criminal Code* and assistance files to other jurisdictions. The “Other” category is used because the GPEB database does not allow for the categorization of these offences.

“Incidents Reported” indicates that GPEB received a report or complaint from various sources, primarily gambling service providers.

“Investigated/Actioned” indicates that GPEB opened a file and took action.

“Enforcement Action” indicates that GPEB took action that resulted in recommended charges, administrative actions and warnings.

The table does not include incidents related to chip passing in the Lower Mainland (321 incidents in 2017/18) as they are consolidated into a single file and GPEB does not take action on these as they are not offences and are resolved by the gaming service providers. GPEB collects this data to analyze any association to suspicious currency activities. It also does not include suspicious cash transactions (1,876 incidents in 2017/18) which are reported for intelligence purposes only, and are not investigated on a file-by-file basis.

The table also does not include incidents related to prohibited patrons in the Lower Mainland entering gambling facilities (3,271 incidents in 2017/18) as GPEB does not take action on these incidents unless they are repeat offenders. Repeat offenders are captured in the “Incidents Reported” and “Investigated/Actioned”.

Table 6: Gambling Audits by Category²¹

Number of Gambling Audits and Files by Category			
	2017/18	2016/17	2015/16
Casinos, CGCs, Bingo Halls, and Race Tracks	17	19	27
BCLC's conduct of Commercial & Lottery Gambling	10	13	15
Financial Integrity Analysis of Corporate Registrants	53	28 ²²	0
Gaming Grants ²³	108	141	147
Licences	61	77	61
Total	249	278	250

²¹ Note this combined table consolidates two separate tables published in 2015/16 and prior annual reports titled "Commercial Gambling Audits by category" and "Charitable Audits".

²² New category of audit of work started in 2016/17 (Financial Integrity Analysis of Corporate Registrants) to assist in the review of Corporate Registrants.

²³ Consolidates audits by sector provided in annual reports of 2015/16 and earlier.

Table 7: British Columbia Horse Racing Summary

	Race Days ²⁴			Live Races			Horses Ran		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Thoroughbred									
Hastings Racecourse (Vancouver)	51	53	53	390	403	404	2,902	2,987	2,974
Desert Park (Osoyoos)	0	1	1	0	6	6	0	35	35
TOTAL	51	54	54	390	409	410	2,902	3,022	3,009
Standardbred									
Fraser Downs Racetrack (Surrey)	58 ²⁵	55 ²⁶	62	652	597	673	5,063	4,717	5,665

²⁴ The number of horse racing days is determined by the different breed associations in consultation with the track operator through the HRIMC and approved by the General Manager of GPEB.

²⁵ In 2016, 61 race dates were approved: 55 were raced, 6 were cancelled due to unsafe track conditions due to weather.

²⁶ In 2017, 65 race dates were approved: 58 were raced, 7 were cancelled due to weather and track conditions. The track operator has agreed to add 6 days to the 2018 calendar.

Table 8: Horse Racing Rulings²⁷

	2017	2016	2015
Standardbred			
Whipping Violations	6	4	9
Racing or driving infractions committed during a race	41	35	27
Drug or Alcohol infractions involving either horses or registered horse racing workers ²⁸	10	14	5
Inappropriate behaviour in the backstretch area of a racetrack	17	10	9
Licensing or registration violations	2	1	0
Horses that bled during a race	0	1	0
Restoration of a horse or a horse racing worker of good standing ²⁹	2	2	2
Other categories ³⁰	5	15	2
Total Standardbred Rulings	83	82³¹	54
Thoroughbred			
Racing or riding infractions committed during a race ³²	9	19	22
Drug or alcohol infractions involving either horses or registered horse racing workers	4	5	8
Entering an ineligible horse	2	0	0
Inappropriate behaviour in the backstretch area of a racetrack	3	6	4
Licensing or registration violations	0	2	2
Horses that bled during a race	1	4	1
Restoration of a horse or a horse racing worker of good standing	0	2	0
Other categories	2	14	4
Total Thoroughbred Rulings	21	52	41

²⁷ Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering and drug testing are also reported by calendar year.

²⁸ The increase in 2016 and 2017 reflects increased awareness by race participants and enforcement activities by GPEB Racing unit staff.

²⁹ When a licensee is suspended pending a hearing before the Judges/Stewards, a ruling is generated following the hearing reinstating him/her to good standing.

³⁰ "Other" captures a ruling that does not fall within any of the other categories or is not race-related.

³¹ Increase due to increased enforcement particularly in drug testing and race infractions.

³² Decrease in 2017 due to better quality of riders and a smaller riding colony.

Table 9: Horse Racing Wagering

	2017	2016	2015
	\$000's		
Hastings Park (HP)			
HP Live Races	7,787	8,636	8,398
HP Simulcast Wagers	62,385	60,684	56,625
Total HP	70,172	69,320	65,023
Fraser Downs (FD)			
FD Live Races	1,895	2,006	2,654
FD Simulcast Wagers	35,629	33,509	31,875
Total FD	37,524	35,515	34,529
Teletheatre BC			
Hastings Park Races	795	913	879
Fraser Downs Races	563	661	769
Wagers on Other Racetracks	38,659	41,290	40,370
Total Teletheatre BC	40,017	42,864	42,018
	2017	2016	2015
Wagers On Desert Park (Osoyoos)	– ³³	17	17

³³ No racing occurred at the Desert Park Racetrack in 2017 due to a funding issue.

Table 10: British Columbia Responsible and Problem Gambling Program

	2017/18	2016/17
Program Outputs		
Number of prevention presentations	2,387	2,475
Number of prevention presentation audience participants	86,075 ³⁴	103,456
GameSense Advisor player interactions	48,587	57,341
Calls made to Help Line (specific to problem gambling)	3,421	3,326
Referrals to Responsible and Problem Gambling Program	1,326	1,380
Clients served (clinical and early intervention combined)	1,612	1,390
Discovery Day Treatment Program participants	163	175
Narrative Workshops	3	7
Number of Contracted Service Providers		
Clinical Counsellors	26	26
Prevention Service Providers	20	15
Provincial Coordinators	3	3
GameSense Advisors	25	21
Indigenous Providers	4	4
Gam Info Rep	2	0

³⁴ Drop in participants due to a transition from direct to a train the trainer community education practice.

Table 11: Host Local Government Revenues by Gambling Facility

Name of Casino/CGC	Location	2016/17	2017/18
Chances Abbotsford CGC	Abbotsford	\$1,099,731	\$1,221,196
Grand Villa Casino	Burnaby	\$10,876,457	\$11,731,081
Chances Campbell River CGC	Campbell River	\$749,517	\$801,038
Chances Castlegar CGC	Castlegar	\$482,062	\$501,802
Chances Chilliwack CGC	Chilliwack	\$1,774,780	\$2,047,189
Hard Rock Casino	Coquitlam	\$8,180,546	\$8,633,581
Chances Courtney CGC	Courtenay	\$981,074	\$1,046,055
Chances Cowichan CGC	Duncan	\$773,717	\$815,006
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	\$1,059,701	\$995,092
Chances Dawson Creek CGC	Dawson Creek	\$577,985	\$704,466
Chances Fort St. John CGC	Fort St. John	\$774,496	\$899,920
Lake City Casino Kamloops	Kamloops	\$1,820,781	\$1,904,579
Chances Kamloops CGC	Kamloops	\$852,867	\$899,601
Lake City Casino Kelowna	Kelowna	\$1,915,039	\$1,930,066
Chances Kelowna CGC	Kelowna	\$2,131,726	\$2,249,171
Cascades Casino	Langley	\$6,942,678	\$7,687,718
Chances Maple Ridge CGC	Maple Ridge	\$1,404,401	\$1,608,880
Chances Mission CGC	Mission	\$664,067	\$687,768
Casino of Nanaimo	Nanaimo	\$2,673,065	\$2,860,257
Starlight Casino	New Westminster	\$6,381,048	\$6,782,928
Lake City Casino Penticton	Penticton	\$1,687,089	\$2,055,951
Chances Rim Rock CGC	Port Alberni	\$454,055	\$466,581
Treasure Cove Casino	Prince George	\$2,640,054	\$2,682,298
Chances Prince Rupert CGC	Prince Rupert	\$482,803	\$503,064
Billy Barker Casino	Quesnel	\$479,012	\$497,041
River Rock Casino Resort	Richmond	\$16,971,579	\$17,085,520
Chances Salmon Arm	Salmon Arm	\$504,691	\$523,784
Chances Squamish CGC	Squamish	\$236,783	\$266,114
Elements Casino	Surrey	\$4,103,134	\$4,124,487
Chances Terrace CGC	Terrace	\$632,345	\$662,585
Parq/Edgewater Casino	Vancouver	\$8,547,733	\$9,433,310
Hastings Racecourse Casino	Vancouver	\$1,109,379	\$1,096,789
Lake City Casino Vernon	Vernon	\$1,961,911	\$1,972,343
View Royal Casino	View Royal	\$4,306,853	\$4,165,981
Chances Signal Point CGC	Williams Lake	\$587,859	\$565,523
Total Local Government Share		\$96,821,018	\$102,108,766

Table 12: Licensed Gambling³⁵

		2015/16	2016/17		2017/18		
		\$000's					
Licensed Class	Licensed Type	Number	Net Revenue	Number	Net Revenue	Number	Net Revenue
Class A	Major Raffle	39	\$1,982	44	\$1,994	42	\$1,951
	Minor Raffle	231	\$2,525	244	\$4,358	246	\$4,763
	Registered Raffle	25	\$15,517	32	\$20,453	34	\$21,002
	Independent Bingos	89	\$1,800	90	\$1,642	89	\$1,682
<i>Subtotal of Class A</i>		384	\$21,824	410	\$28,447	411	\$29,398
Class B	Raffles	3,567	\$10,456	3,583	\$10,410	3,678	\$10,510
	Independent Bingos	108	\$354	79	\$188	80	\$208
	Wheels of Fortune	9	\$12	11	\$13	12	\$23
	Social Occasion Casino	26	\$37	21	\$22	18	\$38
	Poker	76	\$76	82	\$125	70	\$112
<i>Subtotal of Class B</i>		3,786	\$10,935	3,776	\$10,758	3,858	\$10,891
Class C	Raffles	16	\$2,968	14	\$1,948	16	\$2,606
	Wheels of Fortune	2	\$262	2	\$247	2	\$5
<i>Subtotal of Class C</i>		18	\$3,230	16	\$2,195	18	\$2,611
Class D	Raffles	5,722	\$3,752	5,809	\$3,849	5,891	\$3,772
	Independent Bingo	119	\$94	127	\$116	156	\$133
<i>Subtotal of Class D</i>		5,841	\$3,846	5,936	\$3,965	6,047	\$3,905
Grand Total – All Classes		10,029	\$39,835	10,138	\$45,365	10,334	\$46,805

³⁵ Net revenue figures are estimated and based on Gaming Event Revenue Reports as of April 10, 2018 which are submitted by licensees as part of the 90 day post-licensed gambling event reporting requirements.

Table 13: GPEB Budget and Expenditures

	FY16/17	FY17/18
Branch Budget		
Core Operations	\$13,866,000	\$13,134,000
Responsible Gambling Program	\$6,009,000	\$6,011,000
Total Branch Budget	\$19,875,000	\$19,145,000
Branch Expenditures		
Core Operations		
Salaries and Benefits Cost	\$11,791,785	\$11,250,569
Operating and Business Expenses (Including Legal and Professional Services)	\$1,961,752	\$2,112,088
Subtotal	\$13,753,537	\$13,362,657
Responsible and Problem Gambling Program		
Salaries and Benefits Cost	\$389,689	\$383,310
Operating and Business Expenses (Including Legal and Professional Services)	\$920,588	\$507,652
Contracts	\$4,907,182	\$4,698,302
Subtotal	\$5,827,770	\$5,589,264
Total Branch Expenditures	\$19,581,307	\$18,951,921
Surplus (Deficit)	\$293,693	\$193,079

Appendix B: Gambling Permitted in British Columbia

This table summarizes the forms of gambling currently authorized and the locations where each may be offered.

Commercial Gambling	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs & Bars
Commercial Bingo Games		✓	✓				✓		
Lottery Products	✓	✓	✓	✓	✓	✓	✓		✓
Slot Machine	✓		✓	✓			✓		
Table Games	✓			✓			✓		
Poker Tables	✓			✓			✓		
Electronic Table Games	✓		✓	✓			✓		
Live Horse Racing				✓	✓				
Teletheatres	✓	✓	✓	✓	✓				✓
Licensing of Gambling Events									
Ticket Raffles								✓	✓
Independent Bingo								✓	✓
Social Occasion Casino								✓	✓
Wheels of Fortune								✓	✓
Limited Texas Hold'em Poker Events								✓	✓



Appendix O – 2018/19:

British Columbia, Gaming Policy and Enforcement Branch, *Gaming Policy and Enforcement Branch Annual Report 2018/19*, (Victoria: British Columbia, 2019).



**GAMING POLICY AND
ENFORCEMENT BRANCH**

ANNUAL REPORT

2018/2019

Letter of Transmittal



I am pleased to submit the 2018/19 Annual Report of the Gaming Policy and Enforcement Branch of the Ministry of Attorney General for delivery to the Legislative Assembly and the citizens of British Columbia. The information in this report reflects the activities of the branch between April 1, 2018, and March 31, 2019.

The Gaming Policy and Enforcement Branch is responsible for the overall regulation and oversight of British Columbia's gambling sector. This includes all commercial gambling conducted and managed by the British Columbia Lottery Corporation, licensed charitable gambling events, horse racing and the delivery of responsible and problem gambling programs to the citizens of the province. The branch's activities are intended to ensure gambling is conducted safely and with integrity.

Honourable David Eby, Q.C. Attorney General

Accountability Statement

Attorney General:

I am pleased to present the 2018/19 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). This report covers the period between April 1, 2018 and March 31, 2019. I am accountable for the contents of this document and the basis on which the information has been reported.

As mandated under the *Gaming Control Act*, and within the provisions of the Gaming Control Regulation and the federal *Criminal Code* of Canada, GPEB is responsible for the overall integrity of gambling and horse racing in the province as well as the delivery of responsible and problem gambling programs.

I would like to highlight a few of the branch's key achievements in 2018/19. In June 2018, government released Dr. Peter German's report, *Dirty Money: An Independent Review of Money Laundering in Lower Mainland Casinos*, which made 48 recommendations for preventing money laundering in B.C. gambling facilities. Government accepted all of Dr. German's recommendations in principle and implementation is being led by government in coordination with the BC Lottery Corporation (BCLC). With the release of this report, the branch has prioritized implementation of the recommendations and is collaborating closely with the police, BCLC and service providers to keep the proceeds of crime out of B.C. casinos.

GPEB and BCLC continue to monitor service provider compliance with the Source of Funds Declaration, which requires service providers to complete a Source of Funds Declaration for cash or cash equivalent (e.g. bank drafts and certified cheques) deposits of \$10,000 or more. GPEB conducted several source of funds audits of transactions to verify compliance with the policy as it is an integral control in anti-money laundering efforts, and compliance is critical for upholding the integrity of gambling in B.C.

In November 2018, government brought into force amendments to the *Gaming Control Act* to begin the process of creating a more independent gambling regulator. GPEB has focused resources to enhance gambling enforcement by creating a new Enforcement Division that allows GPEB to take a more proactive approach in its investigations and to respond to incidents in real time. Investigators now have an increased presence at five high-volume casinos in the lower mainland and are scheduled during peak times based on a risk assessment of indicators of suspicious activity in casinos.

GPEB also supports and protects communities in the province with responsible gambling prevention, public awareness and treatment services. GPEB has expanded its early intervention services to address identified service gaps. GPEB also created a specialized training team to provide culturally appropriate narrative therapy training to professionals in Indigenous communities, with a focus on expanding gambling support options in remote and rural areas.

Sam MacLeod
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

Contents

Letter of Transmittal	iii
Accountability Statement	iv
Our Organization	3
Core Business Areas	4
Highlights	8
Gambling in British Columbia	11
Integrity of People and Companies Involved in Gambling	13
Corporate Registration	13
Personnel and Lottery Registration	14
Certification	15
Compliance with Regulations and Standards	16
The Audit Program	16
Horse Racing	17
Horse Race Betting Fees	18
Enhanced Enforcement	19
Reporting Requirements	19
Investigations	20
Intelligence Unit	21
Joint Illegal Gaming Investigation Team	21
Supporting Citizens and Communities	22
Responsible Gambling Standards	22
Services and Supports	23
Responsible Gambling - RG Check	24
Bridging Service Gaps	25
Host Local Government (HLG) Payments	26
Licensing of Gambling Events	27
Gambling Policy, Regulations and Standards	30
Gaming Control Act Amendments	31
Unregulated Online Gambling	32
GPEB Operations Support	33
Financial Services	33
Information Technology (IT) Support	34

Contents

Appendix A: Gambling Permitted in British Columbia	35
Appendix B: Information Tables	36
Table 1: Corporate, Lottery Retail Registration and Personnel Registration	37
Table 2: Registration Decisions	38
Table 3: Gambling Supplies Certification	39
Table 4: Gambling Audits by Category	40
Table 5: British Columbia Horse Racing Summary	41
Table 6: Horse Racing Rulings	42
Table 7: Horse Racing Wagering	43
Table 8: Investigations and Enforcement Actions of Incident Reports Related to Gambling	44
Table 9: British Columbia Responsible and Problem Gambling Program	45
Table 10: Host Local Government Revenues by Gambling Facility	46
Table 11: Licensed Gambling	47
Table 12: GPEB Budget and Expenditures	48

Our Organization

The Gaming Policy and Enforcement Branch is responsible for the overall integrity of gambling¹ and horse racing in British Columbia. We do that by maintaining a regulatory and service delivery framework that promotes fairness, public safety and public confidence.

Overview

The Gaming Policy and Enforcement Branch (GPEB) regulates all gambling in B.C. GPEB ensures the integrity of gambling industry companies, people and equipment, and ensures compliance with policies and standards established under the *Gaming Control Act* ("the Act") and the Gaming Control Regulation. This includes regulatory oversight of commercial gambling conducted and managed by the British Columbia Lottery Corporation (i.e. lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), B.C.'s horse racing industry and licensed charitable gambling events. GPEB also delivers responsible and problem gambling programs. GPEB's core objective is to ensure that a comprehensive and responsible gambling regulatory framework is in place.

Vision

The public has confidence in B.C.'s gambling industry.

Mission

To uphold the overall integrity of gambling by maintaining government's gambling policy, regulating the gambling sector, and providing related supports, services and community programs that benefit British Columbians.

1 The word "gaming" has become prevalent when referring to the activity of gambling that is used by many official bodies to control the practice. This is true in British Columbia as per the *Gaming Control Act*. However, since the activity of gambling involves a financial transaction, whereas the activity of gaming not necessarily so, this report uses the term gambling. Exceptions include proper pronouns – the *Gaming Control Act*, Gaming Control Regulation, Community Gaming Centres, Licenced Gaming Online, Community Gaming Grants, Joint Illegal Gaming Investigation Team, Gaming Online Service, and Gaming Account Summary Report

Core Business Areas

GPEB has six divisions to carry out its core business:

Compliance Division

Enforcement Division

Licensing, Registration and Certification Division

Community Supports Division

Strategic Policy and Projects Division

Operations Division



COMPLIANCE DIVISION

The Compliance Division works to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation and *Criminal Code* of Canada. The Division conducts inspections and audits of gambling activities in British Columbia to ensure compliance with legislation, regulation and public interest standards and directives. GPEB staff make inquiries into complaints or violations to determine if there is a need for education or training, a resolution through administrative sanctions or a penalty under the *Gaming Control Act*. The division conducts both commercial and charitable gambling audits. It also provides assistance to the Ministry of Municipal Affairs and Housing in auditing and investigating the use of grants provided under the Community Gaming Grants program per the *Gaming Control Act*. The division's Horse Racing Unit develops and enforces rules and policies for horse racing, regulates horse racing events and registers all racing participants.

ENFORCEMENT DIVISION

As part of enhancing GPEB's enforcement response, this Division was created in 2018 and includes the Investigations and Intelligence Units. The investigators respond to instances of any conduct, activity or incident occurring in connection with gambling that could threaten the integrity of the industry. In support of their regulatory responsibilities, this Division enforces provisions of the *Gaming Control Act*, Gaming Control Regulations, *Criminal Code* of Canada and other provincial statutes under the authority of Special Provincial Constable appointments. The Intelligence Unit provides government and its policing partners with information and situational awareness on organized crime and illicit activity impacting the integrity of gambling in B.C. Four investigators, along with a manager from GPEB's Enforcement Division, work as part of the Joint Illegal Gaming Investigation Team's (JIGIT) two operational units. JIGIT was formed to investigate organized crime involvement in illegal gambling and proceeds of crime entering B.C.'s gambling facilities.

LICENSING, REGISTRATION AND CERTIFICATION DIVISION

The Licensing, Registration and Certification Division is responsible for the registration and certification of the gambling industry, and for licensing charitable gambling events. The Registration and Certification Units are responsible for registering companies and individuals involved in gambling, and for certifying gambling supplies and equipment respectively. Their objective is to ensure the integrity of the companies, individuals, supplies and equipment involved in gambling. The Licensing Unit issues gambling event licenses which allow eligible organizations to fundraise by holding a single gambling event or a series of events.

COMMUNITY SUPPORTS DIVISION

The Community Supports Division supports the integrity of gambling in B.C. through the provision of prevention, clinical and Indigenous programs and services to support a healthy understanding and/or involvement with gambling and provide supports for those negatively impacted by gambling products. The division administers the Responsible and Problem Gambling Program, which includes delivering public awareness through education and training in schools and the community, early intervention and harm reduction services including early intervention-community outreach and free clinical counselling for individuals and families negatively impacted by gambling products.

STRATEGIC POLICY AND PROJECTS DIVISION

The *Gaming Control Act* requires GPEB to advise the Minister on broad gambling policy, standards and regulatory issues, and under the Minister's direction, to manage the government's gambling policy. The Strategic Policy and Projects Division meets current and future policy needs by anticipating industry changes and proactively addressing challenges. This division is responsible for leading strategic policy development and branch communications, and making recommendations for legislation and regulation of gambling activities across B.C.

OPERATIONS DIVISION

The Operations Division provides financial, administrative, risk management, information technology (IT) services, human resource and records management services, including freedom of information request administration, to the Branch. This includes monitoring financial operations and distributing gambling-related funding throughout the province, including Host Local Government payments.

The division is responsible for the development and maintenance of a custom IT application that supports Branch operations from licensing to investigations and revenue distribution. The Operations Division also provides facilities management and administration to the five offices throughout the province. It also provides both strategic human resource advice and functional assistance with all aspects of labour relations for the Branch.

In April 2016, the Ministry of Municipal Affairs and Housing assumed responsibility for the program staff and policy for the Community Gaming Grants program. However, GPEB continues to provide financial administration and information technology support services for the program and retains responsibility for its audit and compliance.

Highlights



In 2018/19, GPEB processed new and renewed registrations for:





In 2018/19 GPEB...

Worked in collaboration with other areas of Government and stakeholders to fully address **9** of Dr. German's recommendations, and **2** interim recommendations from December 2017

Completed **76** inspections of lottery retailers

Completed **833** gambling supplies certifications

Provided counselling and outreach support to **1,997** people across the province with demonstrable clinical outcomes above international norms for counseling

Delivered **2,524** prevention presentations on responsible gambling to **96,065** people

Conducted **176** audits and inspections of organizations that received Community Gaming Grants and gambling licences

Completed **26** compliance audits of BCLC and gambling service providers regarding applicable public interest standards, directives, laws and regulations

Investigated **1,745** reported incidents related to offences under the *Gaming Control Act* and the *Criminal Code* of Canada that resulted in **323** recommended charges, administrative actions or other enforcement measures

In 2018/19 GPEB...



Established a collaborative intelligence model with the Combined Forces Special Enforcement Unit BC to produce timely, actionable intelligence products for the regulator and all levels of law enforcement



Brought forward three amendments to the Gaming Control Act to begin the process of creating a more independent gambling regulator



Expanded the Gam Info Rep service to establish province-wide outreach support realizing a 92% increase in new participants over two years



Created an Indigenous film project to explore and document traditional approaches to wellness



Completed an agreement to provide funding to the Centre for Gambling Research at UBC. The agreement, between BCLC, GPEB, and UBC, outlines a five-year funding model as well as deliverables aimed at informing public policy on gambling



Completed a longitudinal clinical outcomes study to assess Responsible and Problem Gambling Program outpatient counselling services showing positive behavioural changes at both 6 and 12 months post-treatment



Expanded a train-the-trainer Narrative Therapy program for Indigenous communities



Deployed investigators into five high-volume lower mainland casinos during peak times, who are providing a real time, proactive response to incidents that threaten the integrity of gambling

Gambling in British Columbia

The commercial gambling industry includes²:

- PlayNow.com, B.C.'s only legal online gambling website
- Provincial and national lottery games
- 17 Casinos
- 18 Community gaming centres
- 7 Commercial bingo halls
- 2 Horse racetracks³
- 19 Horse racing teletheatres

Licensed gambling events generated approximately \$27.7 million for not-for-profit, charitable and religious organizations in British Columbia.

In 2018/19, commercial gambling in the province generated revenue of \$2.6 billion.⁴

After deducting prize payouts and expenses, commercial gambling returned \$1.4 billion in revenue to government. This revenue was used to support local communities, the horse racing industry, responsible and problem gambling treatment programs, provincial health programs, other provincial government programs, and GPEB operations.

² Refer to Appendix A, Gambling Permitted in British Columbia

³ Racetracks include Hastings and Fraser Downs, no racing has occurred at Desert Park since 2016

⁴ Note that a change in accounting guidance requires that all revenue be stated net of prizes, which is a change from the practice in prior years, and generally results in a lower revenue figure that does not reflect a decline in revenue for BCLC.



\$982 million

Allocated to the Consolidated Revenue Fund to support provincial government programs and services

\$147.2 million

Allocated to the Health Special Account. This reflects a commitment made by the B.C. government in 1992 to allocate revenue from the BC Lottery Corporation specifically for health care initiatives

\$140 million

Allocated to non-profit community groups from Community Gaming Grants

\$98.5 million

Allocated to local governments for the Host Local Government program

\$14 million

Allocated to fund Gaming Policy and Enforcement Branch operations

\$11.6 million

Provided to the horse racing industry reflecting a government commitment to support it by allocating 25% of slot machine net revenue from the casinos co-located at Hastings and Fraser Downs racetracks

\$10 million

Allocated to the federal government under a revenue-sharing agreement between the federal and provincial governments

\$5.8 million

Allocated to fund GPEB's Responsible and Problem Gambling Programs

Integrity of People and Companies Involved in Gambling

Every year, individuals and companies apply to be registered so that they may work and operate in the commercial gambling industry in B.C. GPEB's goal is to ensure only suitable candidates participate in the gambling industry in this province. Applicants are subject to a background investigation, including but not limited to, a criminal record check and an overall suitability examination to ensure they meet the required standards of integrity. If successfully registered, individuals and companies continue to be monitored to make sure they adhere to the conditions of registration set out in the *Gaming Control Act* and Gaming Control Regulation.

There are three different types of registration: corporate, personnel and lottery retailers. There is an application fee for each type of registration that partially recovers the costs of investigating each application. In addition, corporate registration involves an annual fee.

CORPORATE REGISTRATION

GPEB conducts an in-depth investigation of gambling-related businesses and their executive personnel to ensure suitability. Businesses registered with GPEB include many large public and privately owned companies, including casino, bingo and horse racing operators, as well as suppliers and manufacturers of gambling services, including online content providers, and gambling equipment (e.g. slot machines, automatic shufflers).

GPEB also registers other service providers, such as gambling consultants, raffle services, security and ancillary services, including food and janitorial services provided at gambling facilities.

In addition to its normal responsibilities, Corporate Registration completed a review of the operations and staffing at VIP rooms in the five largest British Columbia casinos. This review resulted in recommendations for stronger standards and policies related to VIP operations and staff interactions with VIP players. It also resulted in a requirement for some VIP staff to go through an expanded due diligence investigation process because of the key responsibilities they hold in relation to VIP players.



PERSONNEL AND LOTTERY RETAILER REGISTRATION

GPEB registers all workers involved in the commercial gambling industry. This includes all people directly involved in the industry (e.g. casino, bingo, horse racing workers and lottery retailers), as well as those indirectly involved (e.g. BCLC and GPEB employees).⁵

Refer to Appendix B, Table 1: Corporate, Lottery Retailer Registration and Personnel Registration

GPEB completes background investigations on these workers which includes, but is not limited to, a criminal record check and a credit check.

Through regulatory audits and investigations, registrants are monitored for compliance with the terms and conditions of registration. If the integrity of a registrant is called into question, or if they are found to be non-compliant with the regulatory requirements of the *Gaming Control Act* or the Gaming Control Regulation, GPEB will take appropriate action to address the concern based on the severity of the transgression. GPEB may issue sanctions, including warning letters, suspensions, fines or cancellation of registration altogether.

Refer to Appendix B, Table 2: Registration Decisions

5 Individuals that operate charitable gambling in B.C. are not registered gambling workers. Instead, GPEB issues charitable gambling licences to eligible organizations

CERTIFICATION

Before being able to operate in the live environment, all gambling supplies⁶ used in the province must be tested to the applicable requirements set forth in GPEB's technical gambling standards. GPEB establishes and maintains these technical gambling standards to ensure gambling supplies that are used in commercial or charitable environments:

- operate fairly;
- are safe and secure;
- deliver the stated odds of winning; and
- can be audited.

Certification released one updated Technical Standard⁷ this year in response to changes in technology and changes in the market. Gambling supplies are tested in accredited testing facilities (ATFs), which verify product compliance with GPEB's published technical standards. GPEB then certifies the gambling supplies for use in B.C.'s gambling venues.

GPEB investigates player complaints and all reports of malfunctioning gambling supplies, including issues with lottery products, internet gambling software and electronic raffle systems.

Gambling supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an ATF reports that a particular gambling product no longer meets GPEB's technical gambling standards. A certification may be suspended or revoked for a number of other reasons: a gambling supply malfunctions; an ATF rescinds their certification; or a vendor upgrades the gambling supply and no longer supports the previous version.⁸ Software and hardware malfunctions and software bugs and faults all lead to revocations. Gambling supplies for which certification has been suspended or revoked must be removed from the gambling floor, Playnow.com website, or licensed charitable gambling event. Before the gambling supplies can be returned to service, any repairs, modifications or upgrades must be re-tested by an ATF and re-certified by GPEB.

Refer to Appendix B, Table 3, Gambling Supplies Certification

⁶ Gambling supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, internet gambling systems and software, and charitable gambling electronic raffle platforms.

⁷ The updated standard released in 2018/19 was the Technical Gambling Standard 6, Electronic Raffle Systems.

⁸ A malfunction may include, for example, a situation where a slot machine accepts a counterfeit bill or a scratch ticket manufacturing error that does not allow the player to scratch the latex off the ticket. While not exhaustive, this list captures the most common reasons for a certification revocation.

Compliance with Standards and Regulations

GPEB works to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation and *Criminal Code* of Canada. GPEB achieves this through conducting investigations, inspections and audits of provincial gambling. The Compliance Division has worked with stakeholders to address Dr. German's recommendations to prevent money laundering in B.C. Through its ongoing monitoring and analysis, the division has contributed to the reduction of suspicious cash that has been accepted into casinos.

THE AUDIT PROGRAM

The goal of the audit program is to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation, policies, directives and public interest standards to help maintain public confidence in gambling in B.C. GPEB inspects and audits BCLC, gambling facilities, lottery retailers and recipients of Community Gaming Grants and Gambling Event Licences.

The program also promotes voluntary compliance with provincial gambling legislation through compliance enhancement education sessions for eligible organizations that conduct licensed gambling or receive gaming grants.

The program develops an annual audit plan that outlines the five main areas that are audited:

1. BCLC's overall conduct and management of all forms of gambling, including the corporation's PlayNow.com website and AML procedures;
2. BCLC's conduct and management of lottery gambling;
3. BCLC's conduct and management of commercial gambling facilities (casinos, community gaming centres and bingo halls);
4. Horse racing; and
5. Licensed gambling and community gaming grants.

The audit program uses a risk-based approach which focuses audit resources on those areas of greatest risk. This approach has resulted in a dynamic audit plan responsive to emerging and changing risks. This gives GPEB the ability to allocate audit resources to the areas of greatest risk within the branch. This year, fewer financial integrity analysis reviews of corporate registrants were conducted, and those resources were allocated to other projects in GPEB, which included performing financial integrity reviews of retail Cannabis applicants to assist in this government priority.

In 2018/19, the GPEB audit team completed 227 audits and file reviews. This comprised 13 audits of gambling facilities, 13 audits related to commercial and lottery gambling, 25 financial integrity reviews, 102 audits of gaming grant recipients, and 74 licence audits.

Of the 176 audits of gaming grant recipients and gambling event licensees, 51 were registered as special projects or complaints from the public, and of the 125 that were assessed for compliance, 55 were fully compliant, 56 were moderately non-compliant, and 14 were severely non-compliant.⁹

The audit team continues to work with GPEB's Corporate Registration Unit to conduct reviews on the financial integrity of corporate registrants. The primary focus is to review corporate registrants' financial information to identify potential risks and the viability of the organization. This year the audit team completed 25 financial integrity reviews of corporate registrants in the gambling industry. This partnership reflects the branch's risk-based audit approach and utilization of staff skill sets.

Refer to Appendix B, Table 4, Gambling Audits by Category

HORSE RACING

GPEB's racing unit regulates horse racing events in B.C. to ensure compliance with the *Gaming Control Act*. The racing unit is also responsible for developing policies and rules to ensure horse racing is conducted fairly and with integrity. In particular, the unit establishes the Rules of Thoroughbred and Standardbred Horse Racing. As required, the unit reviews and revises the rules and meets regularly with industry stakeholders to address issues. GPEB is responsible for enforcing and adjudicating the rules and regulations related to racing and reviews activities on the track or in the backstretch that could have a negative impact on the integrity of horse racing.

B.C.'s horse racing industry employs approximately 2,064 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. In 2018/2019, 690 horse race workers were either licensed for the first time or had their licences renewed.

Refer to Appendix B, Table 5, British Columbia Horse Racing Summary

⁹ Under a risk-based approach, GPEB targets higher-risk organizations for non-compliance. Therefore, reported compliance rates will be lower than rates that would result from a random sample of all organizations. Moderately non-compliant is defined as findings that the recipient organization must address. For example, an organization fails to submit required reporting documentation to GPEB. Severely non-compliant is defined as findings that may require immediate action from recipient organizations. For example, an organization may have misused funds.



In 2018, GPEB's stewards and judges issued a total of 124 rulings: 37 were for thoroughbred racing infractions (issued by stewards), and 87 were for standardbred racing infractions (issued by judges). The penalties issued by judges and stewards range from temporary suspensions to monetary penalties or cancellation of their registration.

Refer to Appendix B, Table 6, Horse Racing Rulings

In 2018, GPEB had 20 registered teletheatre sites in B.C. that presented simulcast satellite broadcasts of horse races run at local, national and international tracks.

HORSE RACING BETTING FEES

Horse race betting fees are levies on bets made at horse racing events that are collected by GPEB through Hastings Racecourse, Fraser Downs Racetrack and Horse Racing Teletheatre B.C. (4.5 per cent on triactor¹⁰ bets and 2.5 per cent on other bets). Any balance in excess of annual regulatory fees (equal to the cost of regulating the horse racing sector) is remitted back to the horse racing industry. At fiscal year end, the cumulative total of monthly fees is transferred into the Consolidated Revenue Fund. In 2017/18, the province collected \$4.2 million in betting fees, retained \$1.9 million to offset the cost of regulating the industry and returned \$2.3 million to the industry.

Refer to Appendix B, Table 7, Horse Racing Wagering

¹⁰ In a triactor bet, the better picks three horses to finish first, second and third, in exact order.

Enhanced Enforcement

GPEB has expanded its enforcement profile by deploying investigators into five high-volume lower mainland casinos and collaborating with law enforcement partners in their intelligence gathering efforts. GPEB's goal is to provide a real time, proactive response to matters that threaten the integrity of gambling, including money laundering, and to be an effective law enforcement partner in connection with their regulatory responsibilities. The Enforcement Division continues to work with stakeholders to respond to Dr. German's recommendations for preventing money laundering in B.C.

REPORTING REQUIREMENTS

All registrants and licensees must notify the General Manager immediately about any conduct, activity or incident occurring in connection with a lottery scheme or horse racing if the conduct, activity or incident involves or involved the potential commission of an offence under a provision of the Criminal Code of Canada that is relevant to a lottery scheme or horse racing, or the commission of an offence under the *Gaming Control Act*.

In addition, under the Gaming Control Regulation, registrants must immediately report any conduct or activity at or near a gambling facility that is or may be contrary to the *Criminal Code* of Canada, the *Gaming Control Act* or any regulation under the *Gaming Control Act*. GPEB works in partnership with BCLC and the police of jurisdiction on matters that impact the overall integrity of gambling.

Refer to Appendix B, Table 8, Investigations and Enforcement Actions of Incident Reports Related to Gambling

INVESTIGATIONS

To uphold the integrity of gambling in B.C., the Enforcement Division investigates instances of any conduct, activity or incident occurring in connection with gambling that could threaten the integrity of the industry. In support of their regulatory responsibilities, this division enforces provisions of the *Gaming Control Act*, Gaming Control Regulation, *Criminal Code* of Canada and other provincial statutes.

Investigators work with the police to investigate various illegal gambling activities, including: unauthorized lottery schemes, illegal gambling houses and criminal offences occurring within casinos, such as loan sharking and money laundering. They also provide in-depth gambling expertise to law enforcement agencies throughout the province. Under the *Gaming Control Act*, GPEB has the authority to recommend charges for prosecution, issue tickets and warnings and/or recommend administrative sanctions.

Enforcement Division investigators provide outreach presentations to law enforcement agencies throughout the province outlining the GPEB mandate. In response to Dr. German's "Dirty Money" report, investigators have become more effective partners to law enforcement by providing a real-time proactive response to criminal incidents and threats of money laundering within the industry. To achieve this goal, the Lower Mainland Region has hired 12 new investigators and deployed them into high volume casinos to deliver a coordinated response to all instances of criminality that occur in the casinos.

The Enforcement Division operates under a risk-based regulatory enforcement model guided through defined objectives, emphasizing social responsibility, public safety and voluntary regulatory compliance. The division works collaboratively with BCLC, Gaming Services Providers and law enforcement agencies and focuses on matters which help to safeguard the industry and address vulnerabilities.

In 2018/2019, investigations were conducted into occurrences of cheating at play, unlicensed gambling, chip passing, theft, breach of the terms and conditions of registration.

Refer to Appendix B, Table 8, Investigations and Enforcement Actions of Incident Reports Related to Gambling

INTELLIGENCE UNIT

The mandate of the Intelligence Unit is to provide timely and accurate intelligence products to gaming stakeholders and decision-makers with a mission to enhance situational awareness of any threats to the integrity of gambling in the province of B.C.

GPEB's Intelligence Unit is a member of the association of Law Enforcement Intelligence Units (LEIU) which is an international group comprised of police agencies at the federal, provincial/state, local and tribal levels. GPEB's Intelligence Unit is a recognized entity within the National Gambling Intelligence Sharing Group (NGISG) and is a member of the Regional Intelligence Group.¹¹ It has also established intelligence relationships with several other regulatory and compliance organizations that have similar threats to their industry.

In response to Dr. German's "Dirty Money" report, focus has been placed on the development of industry focused, actionable intelligence products for all levels of law enforcement and the regulator. In 2019, GPEB Intelligence integrated with law enforcement within the Joint Illegal Gaming Investigation Team (JIGIT) of the Combined Forces Special Enforcement Unit BC (CFSEU-BC) in order to expand their intelligence capabilities.

JOINT ILLEGAL GAMING INVESTIGATION TEAM

In 2016, the government of British Columbia and the Province's anti-gang agency, the CFSEU-BC, announced the joining of forces to form a coordinated investigation unit designed to crack down on illegal gambling and money laundering inside and outside B.C.'s gambling facilities. The team is located within CFSEU-BC, the largest integrated joint forces police unit in Canada.

The primary focus of JIGIT is to disrupt organized crime and gang involvement in illegal gambling and to prevent criminals from using B.C. gambling facilities to launder the proceeds of crime. The four GPEB investigators, together with a manager at JIGIT, continue to provide in-depth gambling expertise to JIGIT and other law enforcement agencies throughout the province.

GPEB investigators embedded within JIGIT continue to contribute to ongoing, high-level investigations that are reported through the protocols established upon forming JIGIT.

¹¹ The Regional Intelligence Group is a group of agencies from the Pacific Northwest that includes the Royal Canadian Mounted Police, Vancouver Police Department, Department of Homeland Security (USA), Federal Bureau of Investigation (FBI) and other local police departments on both sides of the border.

Supporting Citizens and Communities

The Gaming Policy and Enforcement Branch supports communities in B.C. by delivering problem gambling prevention and treatment support services, administering Host Local Government payments, distributing Destination Assistance Compensation and licensing gambling events for community fundraising groups.

STRATEGY

The Responsible and Problem Gambling Program minimizes harm and promotes responsible gambling practices in communities through B.C.'s Responsible Gambling Strategy.

Refer to Appendix B, Table 9, British Columbia Responsible and Problem Gambling Program

RESPONSIBLE GAMBLING STANDARDS

In supporting this strategy, the Province issues responsible gambling standards for the B.C. gambling industry to ensure that minors are prevented from participating in gambling activities;

- Patrons are equipped to make informed decisions regarding gambling;
- Gambling-related risks are minimized; and
- People affected by excessive gambling have access to timely and effective information and help.

These standards apply to BCLC, gambling service providers, commercial gambling facilities and community organizations licensed to conduct charitable gambling events.

Advertising of BCLC, licensee and service provider gambling events is subject to audit by GPEB to ensure compliance with public interest standards that includes responsible gambling standards, and advertising and marketing standards.

RESPONSIBLE GAMBLING STANDARDS CONTINUED

Compliance audits focus on five key areas:

- Informed choice – ensuring proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and information regarding the odds of winning;
- Appropriate response – ensuring gambling workers have received Appropriate Response Training;
- Responsible practices – ensuring clocks and responsible gambling material are placed in highly visible and appropriate areas;
- Financial transactions – ensuring information describing payout policies and stating that credit will not be extended is prominently displayed; and
- Voluntary Self-Exclusion Program – ensuring program is fully operational, including making sure that program information is readily available and gambling facilities are effectively monitoring for excluded individuals.

SERVICES AND SUPPORTS

The goals of the strategy and regulatory standards guide the delivery of service in three areas: responsible and problem gambling awareness and education, early intervention and problem gambling counselling.

2018/19 Responsible and Problem Gambling Program Activities Summary	
Counselling Services and Early Intervention Services	1,996 clients served
Day Treatment participants	148 clients served
Prevention and Community Engagement Services	96,065 audience participants at 2,524 presentations
Indigenous Services	11 Narrative Therapy workshops



RESPONSIBLE GAMBLING - RG CHECK PROGRAM

RG Check is a voluntary program supported by GPEB and BCLC that provides an independent and standardized evaluation of the delivery of responsible gambling programs in gambling facilities across Canada. Overseen by the Responsible Gambling Council,¹² RG Check assesses how B.C.'s responsible gambling programs compare to industry best practices, using eight standards, each with their own criteria:

- Responsible gambling policies and a demonstrated awareness of problem gambling;
- Employee training so staff are knowledgeable about their role in responsible gambling;
- A self-exclusion program that facilitates access to counselling;
- Assisting patrons who may have problems with gambling;
- Informed decision-making through readily available information;
- Advertising and promotion that does not misrepresent products;
- Access to money that does not encourage excessive spending; and
- Venue game features (i.e. to promote breaks in play and awareness of the passage of time).

As of March 31, 2019, all casinos and community gaming centres across B.C., as well as PlayNow.com, had accreditation from the Responsible Gambling Council.

¹² The Responsible Gambling Council is an independent non-profit organization dedicated to problem gambling prevention based in Toronto. RGC works to reduce gambling risks by creating and delivering innovative awareness and information programs. It also promotes the adoption of improved play safeguards through best practices research, standards development and the RG Check accreditation program.

BRIDGING SERVICE GAPS

As of April 1, 2018, the GameSense Advisor program has been operated and fully funded by BCLC.¹³ It is expected that BCLC will expand the program to include all community gaming centres by September 2019.

As a result of the transfer of responsibility, GPEB has focused on and invested in the development of a more holistic approach to gambling support by developing early intervention services, including the expansion of a mobile outreach service to support at-risk gamblers, as well as enhanced prevention support services.

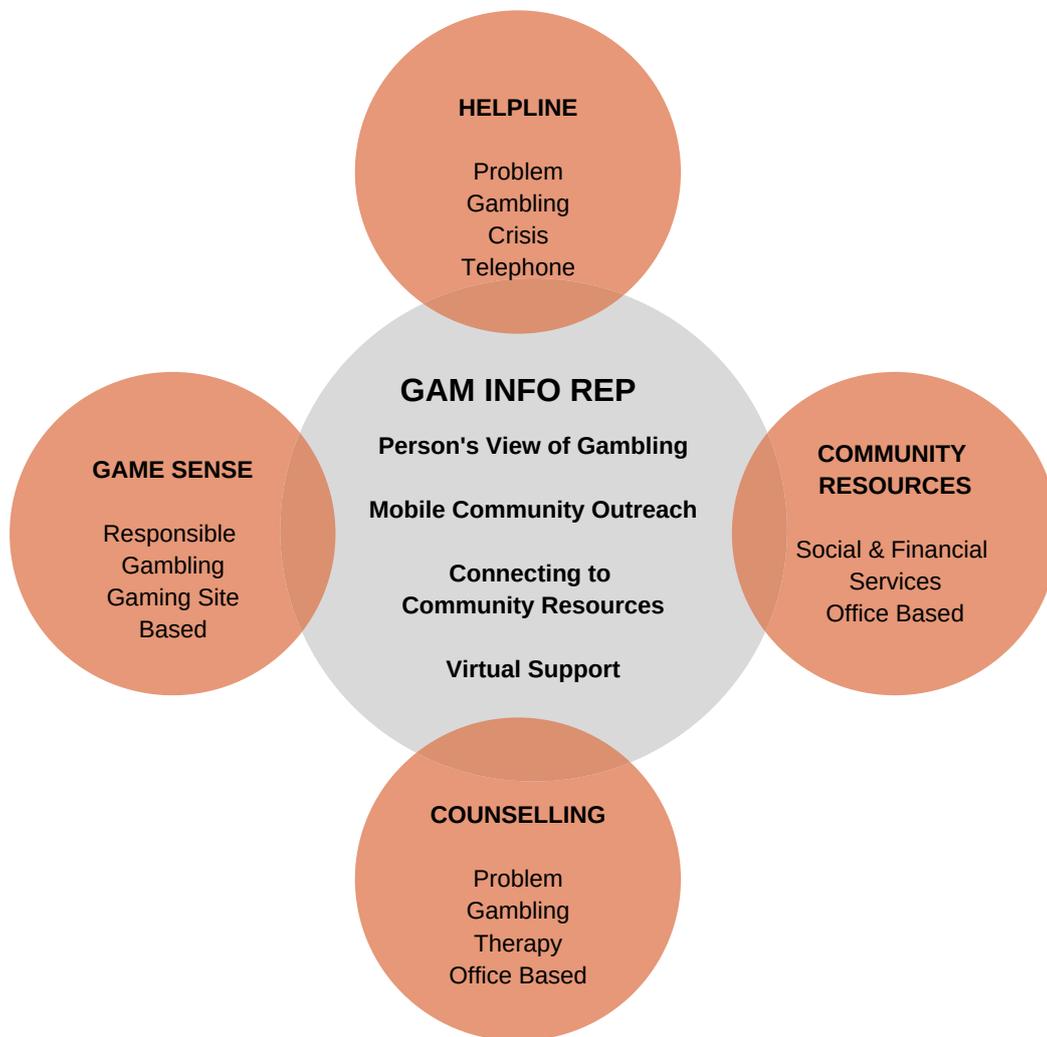
Additional resources have been directed at online players and the program has also worked toward the expansion of community training programs in Indigenous communities to provide culturally responsive supports.

In meeting the commitment to address service gaps, the Responsible and Problem Gambling Program completed a number of initiatives in the 2018/19 fiscal year. These included:

- The development and expansion of specialized rural and remote training teams to extend support options to communities, with a focus on Indigenous communities;
- A longitudinal assessment and evaluation of current problem gambling treatment programs in B.C.;
- Planning on the expansion of Gambling Awareness Week to take place in 45 communities in the 2019/2020 fiscal year;
- The expansion of mobile, early intervention offerings in communities. The Gam Info Rep (GIR) service was developed to bridge gaps in the gambling support continuum. GIRs provide information, support, referrals, and accompaniment to resources, including problem gambling counselling services and treatment groups, as well as community support organizations. An analysis of the expansion of this service revealed a 92% increase in new participants accessing program support across service streams.

¹³ In 2016, the Responsible Gambling Council (RGC) released a study examining the co-management structure of the GameSense Advisor (GSA) program. The final report's primary recommendation was to end the joint GPEB-BCLC management of the GSA and to transfer responsibility of the program to BCLC. Subsequent evaluation of the recommendation by GPEB and BCLC led to the approval of the transfer of the program to BCLC in October 2017.

BRIDGING THE GAP BETWEEN SERVICES: Reducing Stigma and Reducing Harms



HOST LOCAL GOVERNMENT (HLG) PAYMENTS

Local governments that host casinos and/or community gaming centres receive a share of the net income generated by those gambling facilities. BCLC provides quarterly documentation and calculations of the revenues, expenses and amounts due to each HLG. GPEB provides the HLG payment to the local government based on this information and recovers the funding from BCLC.

Refer to Appendix B, Table 10, Host Local Government Revenues by Gambling Facility



LICENSING OF GAMBLING EVENTS

GPEB's licensing program is responsible for the administration of gambling event licences available to eligible not-for-profit organizations and groups throughout B.C. that wish to raise revenue for direct delivery of programs and services that benefit the broader community and/or a third-party community member in need.

One of GPEB's responsibilities is to ensure that licensed gambling events are conducted fairly and transparently. The branch ensures that organizations applying for a licence are in good standing, have an approved governing structure and open membership and operate according to sound financial practices. GPEB also conducts audits of licensees to ensure they follow rules and guidelines designed to protect the public and the integrity of gambling in the province, and that they are using the proceeds to support the eligible programs stated in the licence. In 2018/19, GPEB eliminated paper-based applications for charitable licensing and supported organizations to move to online applications.

GPEB is currently reviewing its licensing standards, guidelines and conditions. The charitable sector will continue to be consulted to obtain their input and recommendations for enhancing the experience through the licensing process.

Gambling events that can be licensed are ticket raffles, bingos (independent from commercial bingo halls), wheels of fortune, social occasion casinos (casino-style events without slot machines) and Texas Hold'em poker tournaments.

Refer to Appendix B, Table 11, Licensed Gambling

GPEB offers four class types of gambling licenses Class A, B, C or D – depending on the organization’s structure and operation, the amount of money it expects to raise, and the prize value and ticket price of its event.

Class A

Issued to eligible charitable and religious organizations for gambling events expected to generate gross revenue exceeding \$20,000.

Class B

Issued to eligible charitable and religious organizations for gambling events expected to generate up to \$20,000 in gross revenue.

Class C

Issued to approved boards of community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune and limited casinos.

These licences are issued to established fairs and exhibitions on a case-by-case basis.

Class D

Issued to eligible groups or organizations wishing to conduct small-scale fundraising events that are expected to generate up to \$10,000 in gross annual revenue. Eligibility is based, in part, on funds being used to benefit the broader community or provided to a third party for a charitable purpose.

In 2018/19, GPEB issued **10,490** licences to eligible organizations to conduct gambling events

In total, community organizations raised **\$51.8 million** to support their projects and services

436
Class A
gambling event
licences issued

\$34.3 million

3,932
Class B
gambling event
licences issued

\$11.2 million

17
Class C
gambling event
licences issued

\$2.5 million

6,105
Class D
gambling event
licences issued

\$3.8 million

Gambling Policy, Regulations and Standards

The Strategic Policy and Projects Division (SPPD) supports the integrity of gambling in B.C. by providing strategic policy, advice and communications services that support government's gambling objectives for the benefit of British Columbians.

The division's key areas of responsibility are:

- Identifying emerging issues in the gambling sector;
- Providing advice and recommendations to B.C.'s Attorney General, Deputy Attorney General, Associate Deputy Minister and the General Manager on policy approaches that protect the integrity of gambling;
- Working with stakeholders, such as BCLC, gambling industry, non-profit organizations, other provincial jurisdictions and the federal government on gambling issues and initiatives;
- Ensuring B.C.'s legal, regulatory and policy framework supports the integrity of gambling and government's objectives for the gambling sector; and
- Leading strategic internal communications for five branch divisions and supporting communications to the public about gambling.

SPPD leads policy work that supports all aspects of GPEB's business. Throughout 2018/19, the division led projects on a range of policies across the branch with a significant focus on anti-money laundering. This included strategic policy support on the implementation of recommendations from Dr. German's independent investigation on money laundering in lower mainland casinos and bringing forward three amendments to the *Gaming Control Act*.

SPPD also chairs the Canadian Association of Gaming Regulatory Agencies (CAGRA) Policy Committee. CAGRA's Policy Committee brings together regulators from across the country to discuss common policy issues impacting all gambling regulators in Canada, share best practices, and work collaboratively on specific issues. The group engages on issues such as anti-money laundering, unregulated online gambling, and impacts of emerging technologies and new games.

GAMING CONTROL ACT AMENDMENTS

In November 2018, government brought into force amendments to the *Gaming Control Act* to begin the process of creating a more independent gambling regulator. These amendments included empowering the General Manager to make directives to BCLC without Ministerial approval, banning undesirable people from gambling facilities, and ensuring compliance with reporting requirements for all industry participants, including BCLC.

Section 28(3) of the *Gaming Control Act* previously required the General Manager of GPEB to receive approval from the Minister before issuing a directive applicable to BCLC. With this amendment, the requirement to seek Ministerial approval to issue a directive to BCLC has been eliminated to provide GPEB greater independence from government and clarity in its role as the regulator of BCLC.

Previously, BCLC had sole authority to refuse a person entry to a gambling facility if the presence of a person is reasonably believed to be “undesirable.” This amendment extends that authority to GPEB and allows the regulator to deny entry to gambling facilities to any persons whose presence is considered “undesirable,” including persons who, based on intelligence, may be associated with criminal organizations or money laundering.

Section 92(2.1) sets out specific organizations that commit an offence if they do not provide information requested by GPEB for the purposes of an investigation or if they do not report to GPEB any incident involving the commission of an offence under the *Criminal Code* or the *Gaming Control Act*. BCLC was not previously subject to these provisions. Under the amendment, to section 97(2.1), the existing penalties apply to BCLC, promoting compliance with statutory requirements and providing effective sanctioning powers. The collection of information is critical to GPEB’s role to identify trends of potential money laundering and develop effective policies and enforcement actions.

These amendments take the first steps to address the intent of four of Dr. German’s recommendations, and a comprehensive review of the *Gaming Control Act* is also underway to address the recommendations and modernize gambling regulation in BC.

UNREGULATED ONLINE GAMBLING

Branch policy staff have conducted significant research and analysis of the impacts of unregulated gambling websites on B.C. and explored options to address this issue. Currently in B.C., BCLC has delegated authority to conduct and manage commercial online gambling and BCLC's PlayNow.com website is the only regulated site.

GPEB is concerned about the risks unregulated gambling websites pose to British Columbians, such as potential fraud or cheating, access by minors, lack of responsible gambling features and potential risk of money laundering. GPEB is working collaboration with other federal jurisdictional partners, but actions to address unregulated online gambling websites are complex because provinces are responsible for public safety and may operate and regulate gambling in their jurisdictions, while the federal government has responsibility for the *Criminal Code* of Canada.

In 2018/19, SPPD led a submission on behalf of Alberta, Manitoba and Nova Scotia asking Advertising Standards Canada (ASC) to require unregulated gambling website advertisers to withdraw their television, radio and online ads. These ads leave the impression that the services being offered fall under the regulated Canadian gambling framework and comply with provincial legislation intended to protect the integrity of gambling for Canadian residents, but this is not the case. These ads falsely and deceptively advertise "free play only" sites, and the majority of ads do not indicate the minimum age for gambling.

The complaint letter to the ASC is one step to help protect Canadians from unregulated gambling, and to ensure that gambling is safe and secure.

GPEB Operations Support



The Operations Division is responsible for providing financial, information technology, risk management and records management services for GPEB. This division is also responsible for freedom of information requests for the branch, assisting the branch in maintaining integrity through transparency. These functions require balancing the need to publicly report on the Branch's operations with protection of regulatory enforcement actions and personal privacy.

FINANCIAL SERVICES

GPEB's financial services unit provides business and technical support to all divisions and business units in GPEB.

This includes, but is not limited to: operational financial services, contract management and budget administration; providing strategic financial advice to GPEB's executive; payment of community gaming grants, host local government payments, destination assistance compensation and distribution of horse racing revenue.

INFORMATION TECHNOLOGY SUPPORT

The Information Technology (IT) unit supports all business units in GPEB by providing daily support for workstations, internal- and external-facing websites, and GPEB's Gaming Online Service (GOS). GOS is a web-based application developed by GPEB that allows eligible applicants to apply electronically for a Community Gaming Grant or gambling licence, submit processing fees through a secure card payment option, track the progress of their applications and file a criminal or regulatory complaint for issues related to gambling or horse racing in B.C.

GOS is also an internal-facing application that is used for the administration of most GPEB activities, including investigation and audit reports, work flow processing of licences, supplies certification, and the administration of Community Gaming Grants, including post-event reporting. GOS is also the primary tool used in the administration of approximately \$250 million in payments under the Host Local Government program and the Community Gaming Grants program.

The unit supports GPEB's business needs by enhancing GOS in ways that support each division and their various business requirements. The IT unit also delivers specialized reports and provides the necessary management information to each division. The intranet site for staff provides a tool for internal communications and access to operational materials, while the public-facing site provides information to the public about GPEB and a mechanism for applying for some licences that are administered by GPEB.

Appendix A:

GAMBLING PERMITTED IN BRITISH COLUMBIA

Commercial Gambling	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Racetracks	Lottery Outlets	PlayNow.com	Licensed Events	Pubs & Bars
Commercial Bingo Games	✓	✓	✓				✓		
Lottery Products	✓	✓	✓	✓	✓	✓	✓		✓
Slot Machine	✓		✓	✓			✓		
Table Games	✓			✓			✓		
Poker Tables	✓			✓			✓		
Electronic Table Games	✓		✓	✓			✓		
Live Horse Racing				✓	✓				
Teletheatres	✓	✓	✓	✓	✓				✓
Licensing of Gambling Events									
Ticket Raffles								✓	✓
Independent Bingo								✓	✓
Social Occasion Casino								✓	✓
Wheels of Fortune								✓	✓
Limited Texas Hold'em Poker Events								✓	✓

Appendix B:

INFORMATION TABLES

TABLE 1:
CORPORATE, LOTTERY RETAIL REGISTRATION AND PERSONNEL
REGISTRATION

TABLE 2:
REGISTRATION DECISIONS

TABLE 3:
GAMBLING SUPPLIES CERTIFICATION

TABLE 4:
GAMBLING AUDITS BY CATEGORY

TABLE 5:
BRITISH COLUMBIA HORSE RACING SUMMARY

TABLE 6:
HORSE RACING RULINGS

TABLE 7:
HORSE RACING WAGERING

TABLE 8:
INVESTIGATIONS AND ENFORCEMENT ACTIONS OF INCIDENT
REPORTS RELATED TO GAMBLING

TABLE 9:
BRITISH COLUMBIA RESPONSIBLE AND PROBLEM GAMBLING
PROGRAM

TABLE 10:
HOST LOCAL GOVERNMENT REVENUES BY GAMBLING FACILITY

TABLE 11:
LICENSED GAMBLING

TABLE 12:
GPEB BUDGET AND EXPENDITURES

TABLE 1: CORPORATE, LOTTERY RETAIL REGISTRATION AND PERSONAL REGISTRATION

	2018/19		2017/18		2016/17	
	New	Renewal	New	Renewal	New	Renewal
Corporate Registrations¹⁴						
Gambling Services Providers	9	11	8	19	2	10
Gambling Equipment Suppliers	4	7	3	10	8	9
Ancillary Service Contractors	6	7	3	7	1	4
Senior Officials and Senior Employees	130	103	102	153	96	90
Totals	149	128	116	189	107	113
Lottery Retail Registration and Personnel Registrations¹⁵						
Gambling Workers ¹⁶	4,878	1,797	4,718	1,919	4,351	2,353
Lottery Retail Managers ¹⁷	246	475	227	691	240	612
Horse Racing Workers	207	483	244	435	339	385
Totals	5,331	2,755	5,189	3,045	4,930	3,350

14 New and renewal registration term duration is up to five years.

15 New and renewal registration term duration is up to three years.

16 Gambling workers include all workers in the BC gambling industry defined by prescribed classes of registration in the Gaming Control Regulation.

17 This figure reflects the Lottery Retail Registration cycle, which provides registrants a three-year registration per renewal.

TABLE 2: REGISTRATION DECISIONS ¹⁸

Registration Type	2018/19			2017/18			2016/17		
	Denied	Revoked	Ceased	Denied	Revoked	Ceased	Denied	Revoked	Ceased
Gambling Workers	29	24	3,751	38	40	3,155	20	36	3,358
Horse Racing Workers	5	2	0	2	1	0	5	1	0
GPEB and BCLC Personnel	3	0	250	0	0	254	0	0	243
Lottery Retail Managers ¹⁹	0	1	359	2	3	282	0	1	448
Total	37	27	4,360	42	44	3,691	25	38	4,049

¹⁸ This table only includes personnel registration because corporate registration did not have any denials/revocations during this three-year period.

¹⁹ This figure reflects the Lottery Retail Registration cycle, which provides registrants a three-year registration per renewal.

TABLE 3: GAMBLING SUPPLIES CERTIFICATION

Certification Type	2018/19		2017/18		2016/17	
	Certification	Revocation	Certification	Revocation	Certification	Revocation
Lottery Tickets: Scratch & Win, Pull Tab	91	0	67	0	77	1
Online (Playnow.com) ²⁰	236	79	254	2	134	8
Electronic Gambling Devices & Other Supplies	437	12	500	12	488	29
Table Games	21	0	4	0	4	0
Licensed/ Charitable (50/50)	8	0	4	0	8	0
Other (Lottery systems, Lotto Express, Bingo, etc.)	40	0	8	1	10	1
Total	833	91	837	15	721	39

20 Increase in revocations in 2018/19 due to removal of dated software.

TABLE 4: GAMBLING AUDITS BY CATEGORY

	2018/19	2017/18	2016/17
Number of Gambling Audits and Files by Category			
Casinos, CGCs, Bingo Halls, and Race Tracks	13	17	19
BCLC's Conduct of Commercial & Lottery Gambling	13	10	13
Financial Integrity Analysis of Corporate Registrants	25	53	28
Gaming Grants	102	108	141
Licences	74	61	77
Total	227	249	278

TABLE 5: BRITISH COLUMBIA HORSE RACING SUMMARY²¹

	2018	2017	2016	2018	2017	2016	2018	2017	2016
	Race Days ²²			Live Races			Horses Ran		
Thoroughbred									
Hastings Racecourse (Vancouver)	51	51	53	373	390	403	2,729	2,902	2,987
Standardbred									
Fraser Downs Racetrack (Surrey)	60 ²³	58 ²⁴	55 ²⁵	678	652	597	5,424	5,063	4,717

21 No racing has occurred at Desert Park Racetrack since 2016

22 The number of horse racing days is determined by the different breed associations in consultation with the track operator through the HRIMC and approved by the General Manager of CPEB.

23 In 2018, 62 race dates were approved: 60 were raced, 4 were cancelled due to unsafe track conditions due to weather, and 2 additional days were added in April.

24 In 2017, 65 race dates were approved: 58 were raced, 7 were cancelled due to weather and track conditions. The track operator has agreed to add 6 days to the 2018 calendar.

25 In 2016, 61 race dates were approved: 55 were raced, 6 were cancelled due to unsafe track conditions due to weather.

TABLE 6: HORSE RACING RULINGS²⁶

	2018	2017	2016
Standardbred			
Whipping Violations	7	6	4
Racing or driving infractions committed during a race	50	41	35
Drug or Alcohol infractions involving either horses or registered horse racing workers	7	10	14
Inappropriate behaviour in the backstretch area of a racetrack	15	17	10
Licensing or registration violations	1	2	1
Horses that bled during a race	1	0	1
Restoration of a horse or a horse racing worker of good standing ²⁷	2	2	2
Other categories ²⁸	4	5	15
Total Standardbred Rulings	87	83	82
Thoroughbred			
Racing or riding infractions committed during a race ²⁹	11	9	19
Drug or alcohol infractions involving either horses or registered horse racing workers	4	4	5
Entering an ineligible horse	1	2	0
Inappropriate behaviour in the backstretch area of a racetrack	14	3	6
Licensing or registration violations	1	0	2
Horses that bled during a race	4	1	4
Restoration of a horse or a horse racing worker of good standing	0	0	2
Other categories	2	2	14
Total Thoroughbred Rulings	37	21	52

26 Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering and drug testing are also reported by calendar year.

27 When a licensee is suspended pending a hearing before the Judges/Stewards, a ruling is generated following the hearing reinstating him/her to good standing.

28 "Other" captures a ruling that does not fall within any of the other categories or is not race-related.

29 Decrease in 2017 due to better quality of riders and a smaller riding colony.

TABLE 7: HORSE RACING WAGERING^{30 31}

	2018	2017	2016
	\$000's		
Hastings Park (HP)			
HP Live Races	5,213	6,154	6,826
HP Simulcast Wagers	26,352	29,875	31,112
Total HP	31,565	36,029	37,938
Fraser Downs (FD)			
FD Live Races	1,188	1,242	1,291
FD Simulcast Wagers	8,343	8,646	9,022
Total FD	9,531	9,888	10,313
Teletheatre BC			
Hastings Park Races	557	795	913
Fraser Downs Races	467	563	661
Wagers on Other Racetracks	33,624	38,659	41,290
Total Teletheatre BC	34,648	40,017	42,864
HPI BC			
Hastings Park Races	1,720	1,700	1,812
Fraser Downs Races	908	766	773
Wagers on Other Racetracks	66,104	59,313	54,000
Total HPI BC	68,732	61,779	56,585

³⁰ No racing has occurred at Desert Park racetrack since 2007.

³¹ Table has been reformatted from previous years to reflect the distribution of wagering across the various strategic business units in racing in BC. In previous years, telephone and on-line wagers placed by BC residents through HPI BC were rolled into the Hastings Park and Fraser Downs wagering numbers.

TABLE 8: INVESTIGATIONS AND ENFORCEMENT ACTIONS OF INCIDENT REPORTS RELATED TO GAMBLING

Type	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
	Incidents Reported	Incidents Reported	Investigated/Actioned	Investigated/Actioned	Enforcement Action	Enforcement Action
<i>Gaming Control Act Offences</i>	349	277	226	179	165	126
<i>Criminal Code Non-Gambling Related</i>	1,149	672	985	593	80	61
<i>Criminal Code Gambling Related</i>	280	288	272	271	54	65
Other	335	157	262	115	24	8
Total	2,113	1,394	1,745	1,158	323	260

Definitions

“*Gaming Control Act Offences*” include all offences listed in the *Gaming Control Act* and *Gaming Control Regulation*.

“*Criminal Code Non-gambling Related*” includes incidents that were reported to GPEB related to assault, counterfeit currency, fraud, loan sharking, false ID, theft and threats for which GPEB has a categorization in their database.

“*Criminal Code Gambling Related*” includes all offences under Part 7 of the *Criminal Code*.

“Other” includes other reported items that are related to incidents such as offences which may include: abandonment of child; intoxication in a public place; civil harassment, various *Criminal Code* and assistance files to other jurisdictions. The “Other” category is used because the GPEB database does not allow for the categorization of these offences.

“Incidents Reported” indicates that GPEB received a report or complaint from various sources, primarily gambling service providers.

“Investigated/Actioned” indicates that GPEB opened a file and took action.

“Enforcement Action” indicates that GPEB took action that resulted in recommended charges, administrative actions and warnings.

The table does not include incidents related to chip passing in the Lower Mainland (344 incidents in 2018/19) as they are consolidated into a single file and GPEB does not take action on these as they are not offences and are resolved by the gaming service providers. GPEB collects this data to analyze any association to suspicious currency activities. It also does not include suspicious cash transactions (2,349 incidents in 2018/19) which are reported for intelligence purposes only, and are not investigated on a file-by-file basis.

The table also does not include incidents related to prohibited patrons in the Lower Mainland entering gambling facilities (4,797 incidents in 2018/19) as GPEB does not take action on these incidents unless they are repeat offenders. Repeat offenders are captured in the “Incidents Reported” and “Investigated/Actioned”.

TABLE 9: BRITISH COLUMBIA RESPONSIBLE AND PROBLEM GAMBLING PROGRAM

	2018/19	2017/18
Program Outputs		
Number of prevention presentations	2,524	2,387
Number of prevention presentation audience participants	96,065	86,075
Calls made to Help Line (specific to problem gambling)	3,393	3,421
Referrals to Responsible and Problem Gambling Program	1,415	1,326
Clients served (clinical and early intervention combined)	1,997	1,612
Discovery Day Treatment Program participants	148	163
Narrative Workshops	11	3
Number of Contracted Service Providers		
Clinical Counsellors	27	26
Prevention Service Providers	15	20
Provincial Coordinators	3	3
Indigenous Providers	9	4
Gam Info Rep	15	2
Training Team	6	0

TABLE 10: HOST LOCAL GOVERNMENT REVENUES BY GAMBLING FACILITY ³²

Name of Casino/CGC	Location	2018/19	2017/18
Chances Abbotsford CGC	Abbotsford	\$1,312,507	\$1,221,196
Grand Villa Casino	Burnaby	\$12,265,181	\$11,731,081
Chances Campbell River CGC	Campbell River	\$904,535	\$801,038
Chances Castlegar CGC	Castlegar	\$575,441	\$501,802
Chances Chilliwack CGC	Chilliwack	\$2,112,246	\$2,047,189
Hard Rock Casino	Coquitlam	\$6,864,111	\$8,633,581
Chances Courtney CGC	Courtenay	\$1,088,562	\$1,046,055
Chances Cowichan CGC	Duncan	\$837,371	\$815,006
Casino of the Rockies	Cranbrook (Ktunaxa First Nation)	\$1,549,811	\$995,092
Chances Dawson Creek CGC	Dawson Creek	\$668,439	\$704,466
Chances Fort St. John CGC	Fort St. John	\$889,625	\$899,920
Lake City Casino Kamloops	Kamloops	\$1,231,547	\$1,904,579
Chances Kamloops CGC	Kamloops	\$1,281,809	\$899,601
Lake City Casino Kelowna	Kelowna	\$1,620,232	\$1,930,066
Chances Kelowna CGC	Kelowna	\$2,906,935	\$2,249,171
Cascades Casino	Langley	\$7,500,089	\$7,687,718
Chances Maple Ridge CGC	Maple Ridge	\$1,760,452	\$1,608,880
Chances Mission CGC	Mission	\$672,549	\$687,768
Casino of Nanaimo	Nanaimo	\$2,835,710	\$2,860,257
Starlight Casino	New Westminster	\$6,544,656	\$6,782,928
Lake City Casino Penticton	Penticton	\$1,480,038	\$2,055,951
Chances Rim Rock CGC	Port Alberni	\$453,972	\$466,581
Treasure Cove Casino	Prince George	\$2,599,161	\$2,682,298
Chances Prince Rupert CGC	Prince Rupert	\$526,418	\$503,064
Billy Barker Casino	Quesnel	\$496,413	\$497,041
River Rock Casino Resort	Richmond	\$16,196,321	\$17,085,520
Chances Salmon Arm	Salmon Arm	\$634,415	\$523,784
Chances Squamish CGC	Squamish	\$251,382	\$266,114
Elements Casino	Surrey	\$4,194,795	\$4,124,487
Chances Terrace CGC	Terrace	\$708,667	\$662,585
Parq/Edgewater Casino	Vancouver	\$8,222,961	\$9,433,310
Hastings Racecourse Casino	Vancouver	\$1,079,425	\$1,096,789
Lake City Casino Vernon	Vernon	\$1,442,756	\$1,972,343
View Royal Casino	View Royal	\$4,605,361	\$4,165,981
Chances Signal Point CGC	Williams Lake	\$607,225	\$565,523
Total Local Government Share		\$98,459,879	\$102,108,766

³² Revenue may be affected by the following casino strikes in 2018: Hard Rock Casino Vancouver (Coquitlam) from May 11 - July 23, 2018; and Cascades Kamloops, Cascades Penticton, Playtime Casino Kelowna and Lake City Casino Vernon) from June 29 - November 9, 2018.

TABLE 11: LICENSED GAMBLING ³³

Licensed Class	Licensed Type	2018/19		2017/18		2016/17	
		Number	Net Revenue	Number	Net Revenue	Number	Net Revenue
Class A	Major Raffle	45	\$2,013	42	\$1,951	44	\$1,994
	Minor Raffle	264	\$5,219	246	\$4,763	244	\$4,358
	Registered Raffle	38	\$24,098	34	\$21,002	32	\$20,453
	Independent Bingos	89	\$2,942	89	\$1,682	90	\$1,642
<i>Subtotal of Class A</i>		<i>436</i>	<i>\$34,272</i>	<i>411</i>	<i>\$29,398</i>	<i>410</i>	<i>\$28,447</i>
Class B	Raffles	3,738	\$10,781	3,678	\$10,510	3,583	\$10,410
	Independent Bingos	90	\$240	80	\$208	79	\$188
	Wheels of Fortune	9	\$11	12	\$23	11	\$13
	Social Occasion Casino	22	\$43	18	\$38	21	\$22
	Poker	73	\$157	70	\$112	82	\$125
<i>Subtotal of Class B</i>		<i>3,932</i>	<i>\$11,232</i>	<i>3,858</i>	<i>\$10,891</i>	<i>3,776</i>	<i>\$10,758</i>
Class C	Raffles	15	\$2,271	16	\$2,606	14	\$1,948
	Wheels of Fortune	2	\$237	2	\$5	2	\$247
<i>Subtotal of Class C</i>		<i>17</i>	<i>\$2,508</i>	<i>18</i>	<i>\$2,611</i>	<i>16</i>	<i>\$2,195</i>
Class D	Raffles	5,958	\$109	5,891	\$3,772	5,809	\$3,849
	Independent Bingo	147	\$3,731	156	\$133	127	\$116
<i>Subtotal of Class D</i>		<i>6,105</i>	<i>\$3,840</i>	<i>6,047</i>	<i>\$3,905</i>	<i>5,936</i>	<i>\$3,965</i>
Grand Total – All Classes		10,490	\$51,852	10,344	\$46,805	10,138	\$45,365

³³ Net revenue figures are estimated and based on Gaming Event Revenue Reports as of April 4, 2019 which are submitted by licensees as part of the 90-day post-licensed gambling event reporting requirements.

TABLE 12: GPEB BUDGET AND EXPENDITURES

	FY18/19	FY17/18
Branch Budget		
Core Operations	\$13,221,000	\$13,134,000
Responsible Gambling Program	\$6,014,000	\$6,011,000
Total Branch Budget	\$19,235,000	\$19,145,000
Branch Expenditures		
Core Operations		
Salaries and Benefits Cost	\$12,172,509	\$11,250,569
Operating and Business Expenses (Including Legal and Professional Services)	1,845,736	\$2,112,088
Subtotal	\$14,018,245	\$13,362,657
Responsible and Problem Gambling Program		
Salaries and Benefits Cost	\$584,450	\$383,310
Operating and Business Expenses (Including Legal and Professional Services)	\$752,019	\$507,652
Contracts	\$4,192,488	\$4,698,302
Subtotal	\$5,528,957	\$5,589,264
Total Branch Expenditures	\$19,547,202	\$18,951,921
Surplus (Deficit)	\$(312,202)	\$193,079

