

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

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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

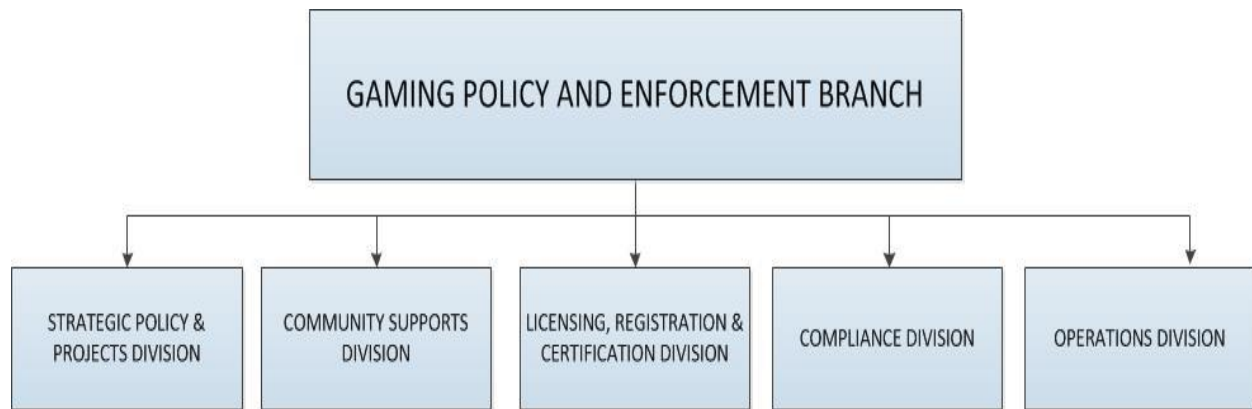
Integrity, Courage, Teamwork, Passion, Accountability, Service, Curiosity

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 longer 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 the 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

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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	5722	\$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>5841</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

	2016/17			2015/16			2014/15		
Registration Type	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

	2016/17		2015/16		2014/15	
Certification Type	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	82⁴³	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								•	•