

# Gaming Policy and Enforcement Branch

Annual Report 2013-2014





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## 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 rafflees, 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.

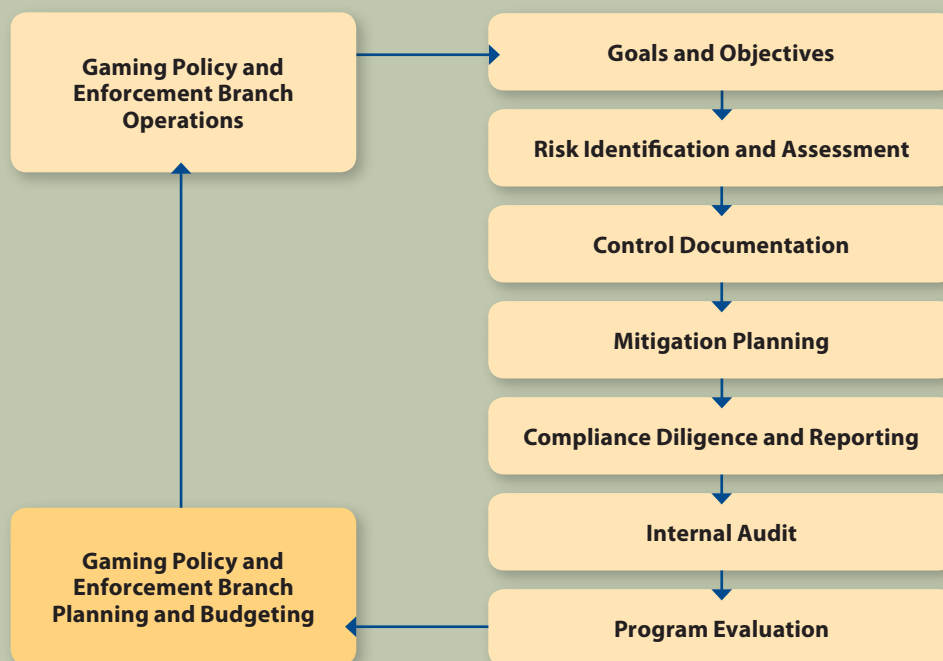


### Quality Assurance and Risk

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 noncompliance (see Appendix A, Figure 2 for a breakdown of charitable audits by sector). Of the high-risk organizations audited:

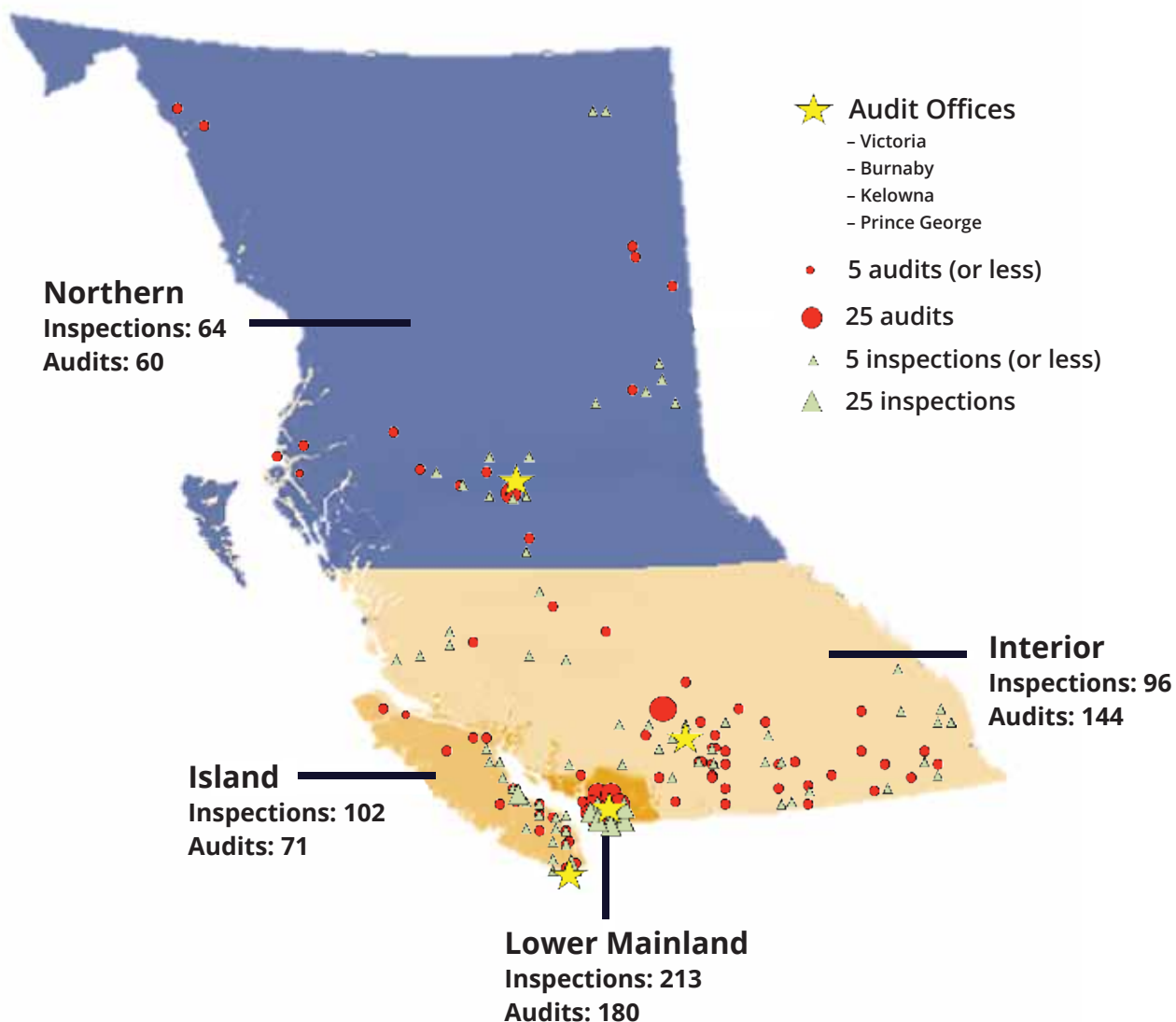
- 41 per cent of the organizations were found to be moderately non-compliant;

- 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](http://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.

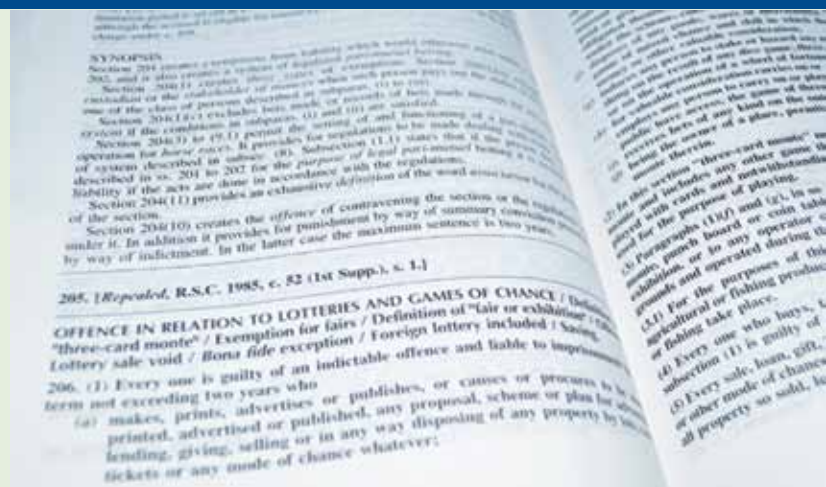
In 2013/14, there were a total of 7,015 incident reports received by GPEB. Readers should note this table has been revised from previous annual reports, as GPEB is changing its reporting structure to focus on GPEB investigation efforts rather than total number of incident reports received. This table 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 bets<sup>1</sup> 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.

### **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.

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<sup>1</sup> In a triactor bet, the bettor picks three horses to finish first, second and third in exact order.

## 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.<sup>2</sup>



### 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

<sup>2</sup> Canadian Gambling Digest 2011/12 (Canadian Partnership for Responsible Gambling) <http://www.cprg.ca/digest.cfm>.

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.

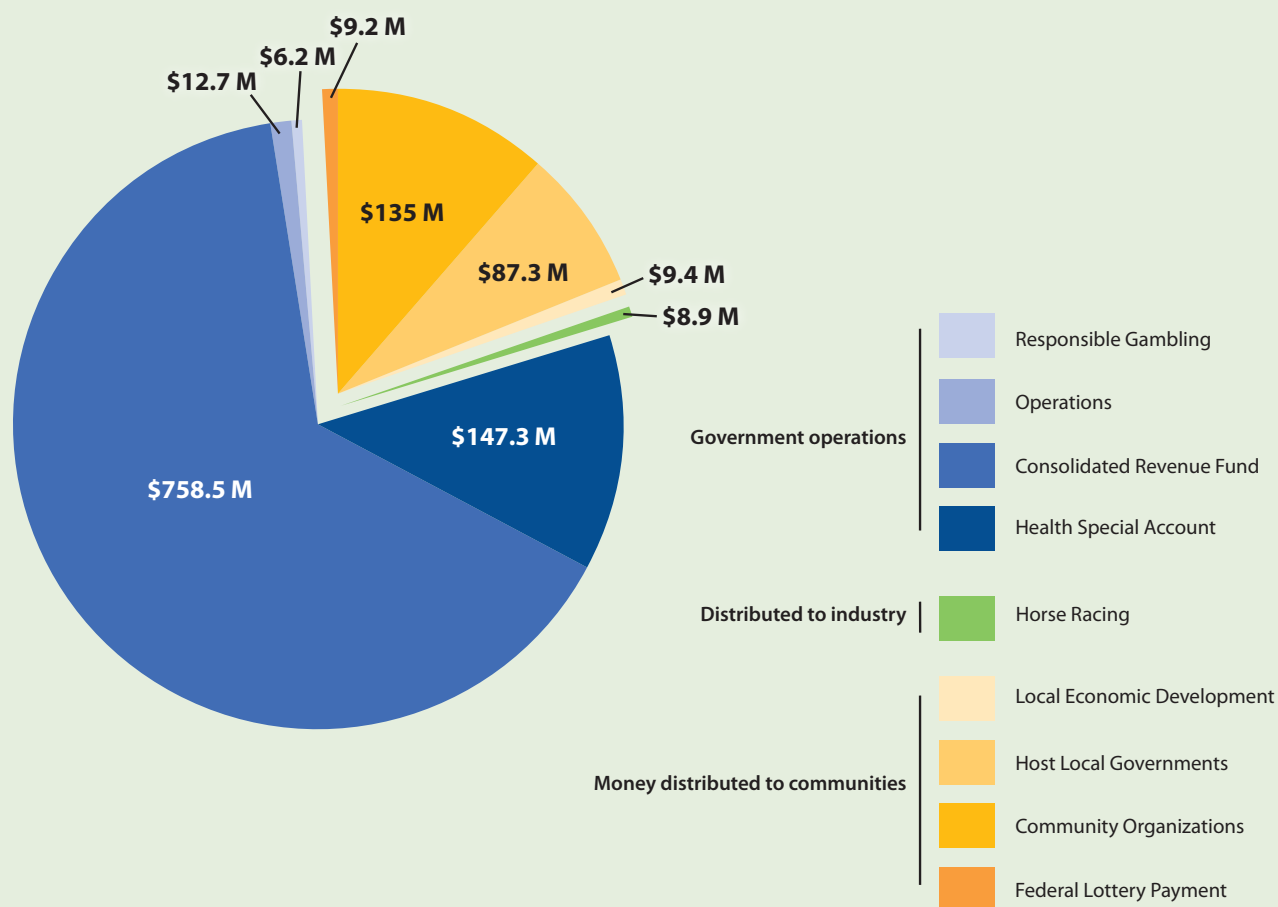
The account may be used for the administration, operation and delivery of health care, health research, health promotion and health education services. The HSA is considered general revenue to the Ministry of Health and is part of its overall budget. Since 1992, over \$2.9 billion has been paid directly 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.<sup>3</sup> Operating costs accounted for approximately \$12.7 million; Responsible Gambling Strategy programs accounted for the other \$6.2 million.

<sup>3</sup> This increase was the result of a budget lift to Responsible Gambling in fiscal 2013/14.

## Distribution of Gaming Revenue, 2013/14

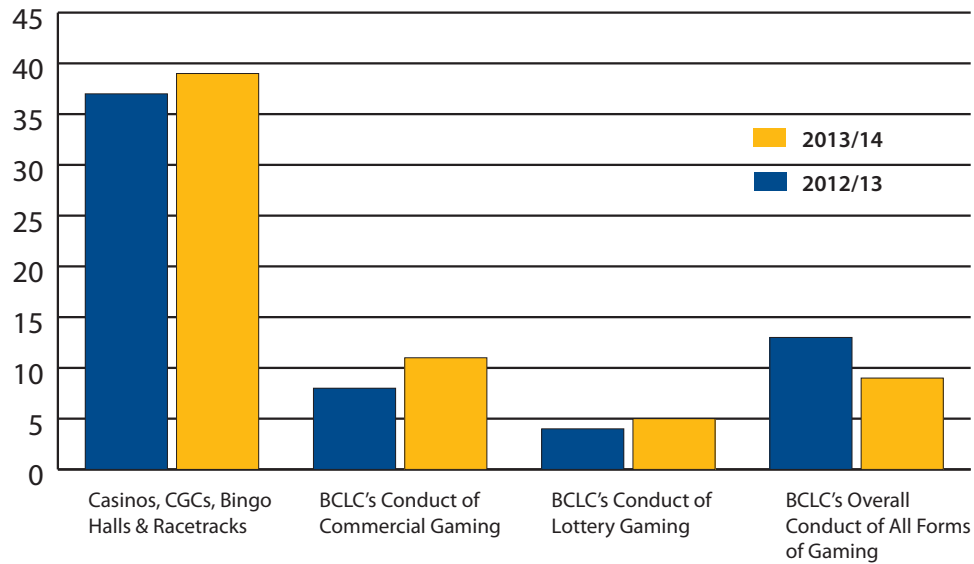


**Total Gaming Revenue Distributed in 2013/14: \$1.17 billion**

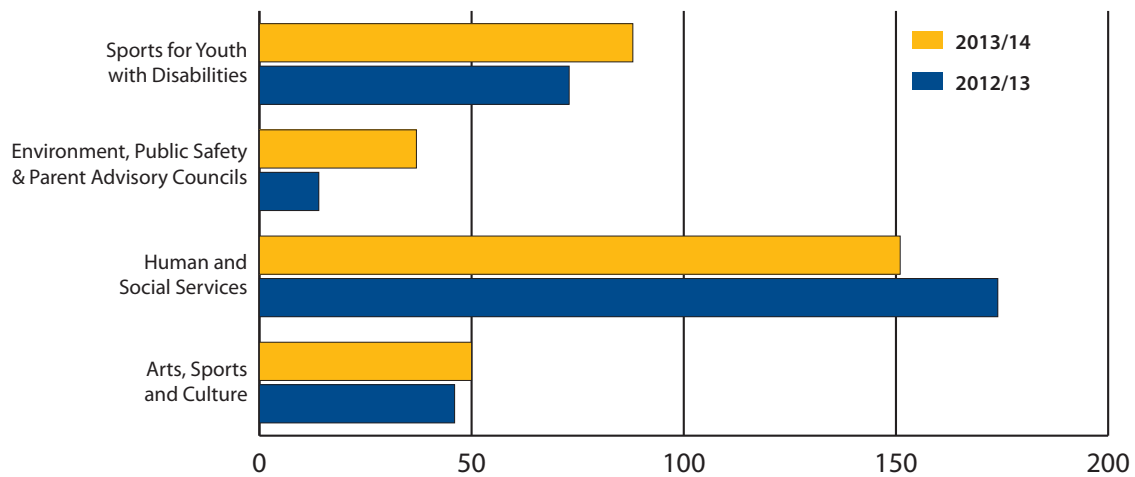
## APPENDICES

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## 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 |
| <b>Corporate Registrations</b>                 |         |         |         |         |
| 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     |
| <b>Personnel Registrations</b>                 |         |         |         |         |
| 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 |                |             |                |             |
|--|----------------|-------------|----------------|-------------|
|  | 2013/14        |             | 2012/13        |             |
| Types of Certification                           | 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         |
| <b>Thoroughbred Tracks</b>                     |           |           |            |            |              |              |
| 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           |
| <b>TOTAL</b>                                   | <b>76</b> | <b>72</b> | <b>499</b> | <b>561</b> | <b>3,925</b> | <b>4,209</b> |
|  |           |           |            |            |              |              |
| <b>Standardbred</b>                            |           |           |            |            |              |              |
| Fraser Downs Racetrack (Surrey)                | 79        | 79        | 872        | 868        | 7,273        | 7,097        |

| Table 5: Horse Racing Rulings  |           |            |
|--|-----------|------------|
|  | 2013      | 2012       |
| <b>STANDARD BRED</b>   |           |            |
| 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          |
| <b>Total Standardbred Rulings</b>  | <b>70</b> | <b>91</b>  |
| <b>THOROUGHBRED</b>  |           |            |
| 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          |
| <b>Total Thoroughbred Rulings</b>  | <b>68</b> | <b>101</b> |

| Table 6: Horse Race Wagering |                      |                      |
|------------------------------|----------------------|----------------------|
|                              | 2013                 | 2012                 |
| <b>Hastings Park (HP)</b>    |                      |                      |
| HP Live Races                | \$10,402,976         | \$12,293,651         |
| HP Simulcast Wagers          | \$60,896,046         | \$61,782,868         |
| <b>Total HP</b>              | <b>\$71,299,022</b>  | <b>\$74,076,519</b>  |
| <b>Fraser Downs (FD)</b>     |                      |                      |
| FD Live Races                | \$2,927,406          | \$3,313,244          |
| FD Simulcast Wagers          | \$31,712,272         | \$37,616,666         |
| <b>Total FD</b>              | <b>\$34,639,678</b>  | <b>\$40,929,910</b>  |
| <b>Sunflower Downs (SD)</b>  |                      |                      |
| SD Live Races                | \$22,287             | \$28,932             |
| <b>Kin Park (KP)</b>         |                      |                      |
| KP Live Races                | \$67,800             | \$48,298             |
| <b>Desert Park (DP)</b>      |                      |                      |
| DP live races                | \$48,647             | –                    |
| <b>Teletheatre BC</b>        |                      |                      |
| 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         |
| <b>Total Teletheatre BC</b>  | <b>\$46,412,150</b>  | <b>\$49,007,900</b>  |
| <b>Total – All</b>           | <b>\$152,489,584</b> | <b>\$164,091,559</b> |

**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        |
| <b>Total</b>                                 | <b>7,015</b> | <b>98</b>                            | <b>319</b>                           | <b>15</b>                   | <b>2,687</b>                           | <b>809</b>               | <b>3,087</b> |

\* 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.bclc.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<br>Millions | 2012/2013<br>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        | –             | –               | –             | –               |
|   | <b>Total Class A Licences</b> | <b>368</b>    | <b>\$22,044</b> | <b>359</b>    | <b>\$19,894</b> |
| 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           |
|   | <b>Total Class B Licences</b> | <b>3,825</b>  | <b>\$9,985</b>  | <b>3,870</b>  | <b>\$9,379</b>  |
| Class C   | Raffles                       | 7             | \$1,439         | 3             | \$1,865         |
|   | Independent Bingo             | –             | –               | –             | –               |
|   | Limited Casino                | –             | –               | –             | –               |
|   | Wheels of Fortune             | 2             | \$271           | 3             | \$310           |
|   | <b>Total Class C Licences</b> | <b>9</b>      | <b>\$1,710</b>  | <b>6</b>      | <b>\$2,175</b>  |
| Class D   | Independent Bingo             | 121           | \$99            | 116           | \$84            |
|   | Raffles                       | 6,018         | \$3,952         | 5,769         | \$3,708         |
|   | <b>Total Class D Licences</b> | <b>6,139</b>  | <b>\$4,051</b>  | <b>5,885</b>  | <b>\$3,792</b>  |
| <b>Total – All Classes</b>                                    |                               | <b>10,341</b> | <b>\$37,791</b> | <b>10,120</b> | <b>\$35,240</b> |

\* 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                      | •       |             | •    | •                            | •          |                 |             |                 | •           |
| <b>Licensed Charitable Gaming</b> |         |             |      |                              |            |                 |             |                 |             |
| 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        |
| <b>Revenue – In</b>  |                  |                  |
| Lottery & eGaming  | \$304.1          | \$298.2          |
| Casino & Community Gaming  | \$870.5          | \$829.4          |
| <b>Total Revenue</b>   | <b>\$1,174.6</b> | <b>\$1,127.6</b> |
|  |                  |                  |
| <b>Disbursements – Out</b>   |                  |                  |
| <b>Supporting Communities</b>  |                  |                  |
| 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            |
| <b>Gaming Policy and Enforcement Branch Operations</b>               |                  |                  |
| Core Programs to Regulate Gaming                                     | \$12.7           | \$12.3           |
| Responsible and Problem Gambling Program                             | \$6.2            | \$5.5            |
| <b>British Columbia Government Programs</b>                          |                  |                  |
| Health Special Account   | \$147.3          | \$147.3          |
| Consolidated Revenue Fund  | \$758.5          | \$705.1          |
| <b>Government of Canada Transfer</b>                                 |                  |                  |
| Under a Federal/Provincial/Territorial Agreement                     | \$9.2            | \$9.2            |
| <b>Total Disbursements</b>   | <b>\$1,174.6</b> | <b>\$1,127.6</b> |

## 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)

| <b>Host Local Government Share of Gaming Revenues – Continued</b> |                 |                     |                     |
|---|-----------------|---------------------|---------------------|
| <b>Name of Casino (CGC)</b>                                       | <b>Location</b> | <b>2013/2014</b>    | <b>2012/2013</b>    |
| 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           |
| <b>Total Local Government Share</b>                               |                 | <b>\$86,310,245</b> | <b>\$84,371,314</b> |

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             |
|--|---------------------|---------------------|
| <b>Branch Budget</b>   |                     |                     |
| Core Operations  | \$13,812,000        | \$13,638,000        |
| Responsible Gambling Program   | \$6,006,000         | \$4,506,000         |
| <b>Total Branch Budget</b>   | <b>\$19,818,000</b> | <b>\$18,144,000</b> |
| <b>Branch Expenditures</b>   |                     |                     |
| <b>Core Operations</b>   |                     |                     |
| Salaries and Benefits Costs  | \$11,098,395        | \$11,112,402        |
| Operating and Business Expenses<br>(Including Legal and Professional Services) | \$1,699,840         | \$1,196,788         |
| <b>Sub total</b>   | <b>\$12,798,235</b> | <b>\$12,309,190</b> |
| <b>Responsible and Problem Gambling Program</b>                                |                     |                     |
| Salaries and Benefits Costs  | \$247,293           | \$254,732           |
| Operating and Business Expenses<br>(Including Legal and Professional Services) | \$781,761           | \$419,139           |
| Contracts  | \$5,165,610         | \$4,795,726         |
| <b>Sub total</b>   | <b>\$6,194,664</b>  | <b>\$5,469,597</b>  |
| <b>Total Branch Expenditures</b>   |                     |                     |
|  | <b>\$18,992,899</b> | <b>\$17,778,787</b> |
| <b>Surplus/(Deficit)</b>   | <b>\$825,101</b>    | <b>\$365,213</b>    |







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