



April 10, 2003

Log # 213333

To: All Gaming Event Licensees

Re: Simplification of Rules for Gaming Events

I am writing on behalf of the Honourable R.T. (Rich) Coleman, Minister of Public Safety and Solicitor General, regarding further simplifications and improvements to the Province's management of licensed gaming events, being implemented effective April 1, 2003.

The Gaming Policy and Enforcement Branch regulates gaming in British Columbia. This includes issuing licences to eligible organizations to conduct and manage gaming events (ticket raffles, independent bingo events, social occasion casinos and wheels of fortune). The Branch also establishes the terms and conditions that must be followed by licensees.

Each year, community organizations generate approximately \$33 million in net revenue through licensed gaming events. To enhance organizations' fundraising through these activities, since November 2001, the Province of British Columbia has:

- Removed the cap on how much money an organization can raise in a given year through raffles;
- Removed the geographical restrictions on sales and advertising for raffles;
- Removed Board members' BC residency requirements; and
- Permitted volunteer out-of-pocket expenses for all licensed gaming events.

Further Improvements

Regardless of the type of gaming event being conducted, a licensee uses a portion of the gross revenue to cover the cost of prizes (other than donated prizes) and pay eligible expenses related to that event. The amount left for use in the community, after the cost of prizes and operating costs are deducted (net gaming revenue), is used by the licensee for its eligible programs or purposes or, in the case of community service organizations, donated to other organizations.

To date, the Province has placed restrictions on each organization conducting a gaming event. These controls have varied, depending on the type of gaming event. In all instances, the licensee has been required to achieve some minimum percentage of net gaming revenue to support programs in the community. In most instances, there have also been controls on the size of prizes and/or operating costs.

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Effective April 1, 2003, the Province has eliminated those requirements and, instead, has established a single restriction on all licensed gaming events. Total expenses may not exceed 20 per cent of actual gross revenue generated by an event. All other event management decisions (the size of prizes, net revenue, etc.) are at the discretion of the licensee.

Expenses that may comprise the 20 per cent maximum include advertising, labour, ticket printing, volunteer out-of-pocket expenses, and service provider contract fees.

The cost of prizes is not considered an expense. As before, however, prizes must be guaranteed before a gaming event licence will be issued.

Licensed service organizations (such as Rotaries, Lions and Legions) may retain 10 per cent of net gaming revenue for the ongoing operational costs of their organization. This is an increase from the former 7 per cent. Those service organizations that manage that event so that 25 per cent or more of the gross revenue is available as net gaming revenue can retain 15 per cent of that amount.

Events conducted under licences already issued will be under the former restrictions.

Because some organizations plan licensed gaming events several months in advance, the Province will allow applicants to adhere to the former restrictions if:

- The application has been received, or is received, by July 15, 2003; and
- The applicant formally requests this condition.

Other changes to the rules relating to licensed gaming include:

- Reduction of the number of ineligible uses of net revenues, consistent with this same change for the Direct Access program;
- Elimination of the \$100,000 cap for approved/eligible capital projects; and
- Elimination of the \$100,000 cap for capital acquisitions.

Organizations applying for gaming event licences will also be categorized into one of five sectors, rather than the current 11 categories. This is an administrative change only, and does not affect eligibility. The five sectors are those used for the direct access program, including:

- Arts, Culture and Sports
- Environment
- Public Safety
- Human and Social Services
- Parent Advisory Councils (PACs)

All of these improvements will be reflected in the next edition of guidelines, conditions, and associated documentation.

If you have any questions about these improvements, please contact me at gaming.policy@gems5.gov.bc.ca.

Sincerely,

Original Signed by

Derek Sturko
General Manager

pc: Honourable R. T. (Rich) Coleman
Branch Directors