



GAMING POLICY AND ENFORCEMENT BRANCH

ANNUAL REPORT

2021/22

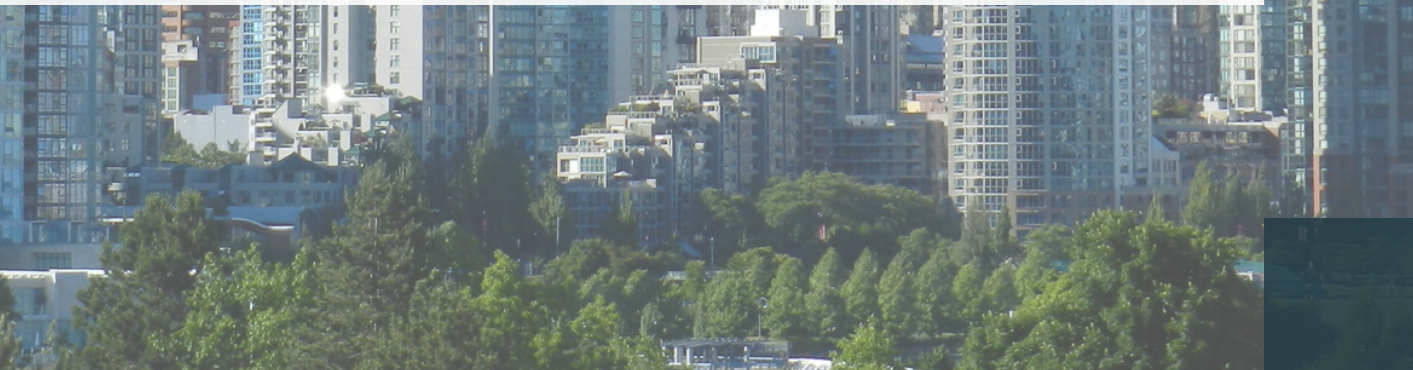
Letter of Transmittal



I am pleased to submit the 2021/22 Annual Report of the Gaming Policy and Enforcement Branch (GPEB) of the Ministry of Public Safety and Solicitor General for delivery to the Legislative Assembly and the citizens of British Columbia. The information in this report reflects the activities of the branch between April 1, 2021, and March 31, 2022.

GPEB is responsible for the overall regulation and oversight of British Columbia's gambling sector. This includes all commercial gambling conducted and managed by the British Columbia Lottery Corporation (BCLC), licensed charitable gambling events, horse racing and the delivery of responsible and problem gambling programs to the citizens of the province. The branch's activities are intended to ensure gambling is conducted safely and with integrity.

Honourable Mike Farnworth
Minister of Public Safety and Solicitor General



Accountability Statement

Solicitor General:

I am pleased to present the 2021/22 Annual Report for the Gaming Policy and Enforcement Branch (GPEB). This report covers the period between April 1, 2021, and March 31, 2022. I am accountable for the contents of this document and the basis on which the information has been reported.

As mandated under the *Gaming Control Act* (the Act), and within the provisions of the Gaming Control Regulation and the federal *Criminal Code of Canada* (CCC), GPEB is responsible for the overall integrity of gambling and horse racing in the province, as well as the delivery of responsible and problem gambling programs.

In March 2020, Attorney General David Eby¹ directed the British Columbia Lottery Corporation (BCLC) to close all gambling facilities in B.C. due to the COVID-19 pandemic. Gambling facilities remained closed until July 1, 2021.

GPEB worked closely with BCLC and industry partners during the reopening of gambling facilities and processed over 5,000 registrations of gambling workers within the first four months. Audits of all 36 gaming facilities across the province were conducted within the first three months of the casino industry restart.

Following amendments to the CCC in August, GPEB worked in collaboration with BCLC to seek Ministerial approval to implement single event sports betting in B.C. while mitigating potential harms that may result from broadening gambling offerings. BCLC now offers single event sports betting through PlayNow.com.

This year, work continued on changes to the Act to strengthen our regulatory model. As part of that work, consultations and meetings were held with major stakeholder groups and partners, including BCLC, gambling facility operators, suppliers, the First Nations Gaming Commission, First Nations Leadership Council, the Union of British Columbia Indian Chiefs, the charitable gambling sector, and the horse racing sector.

In addition to the Licensing Rule amendments in 2020 to support organizations and people in B.C., GPEB released an updated version of the Licensed Charitable Gaming Rules in September 2021. These updates enable gaming proceeds in certain circumstances to assist with relief efforts for victims of disasters or emergencies that have occurred outside of B.C., such as the Ukraine crisis.

After a significant decline during the pandemic, Gambling Support BC has continued to see increases in clients accessing support services.

Sam MacLeod
Assistant Deputy Minister and General Manager
Gaming Policy and Enforcement Branch

¹ Until November 2020, the Attorney General was the Minister responsible for BCLC.

Contents

Letter of Transmittal	ii
Accountability Statement	iii
Our Organization	3
Overview	4
Gambling in British Columbia	5
Government Supports	6
Licensing Registration and Certification Division	7
Compliance Division	12
Enforcement Division	17
Community Supports Division	20
Strategic Policy and Projects Division	23
Operations Division	27

Contents

Appendix A:	29
Gambling Permitted in British Columbia	
Appendix B:	30
Information Tables	
Table 1: Corporate, Lottery Retail Registration and Personnel Registration	31
Table 2: Registration Decisions	32
Table 3: Gambling Supplies Certification	33
Table 4: Licensed Gambling	34
Table 5: Gambling Audits by Category	35
Table 6: British Columbia Horse Racing Summary	36
Table 7: Horse Racing Rulings	37
Table 8: Horse Racing Wagering	38
Table 9: Investigations and Enforcement Actions of Incidents Reported	39
Table 10: Gambling Support BC	40
Table 11: GPEB Budget and Expenditures	41

Our Organization

The Gaming Policy and Enforcement Branch is responsible for the overall integrity of gambling and horse racing in British Columbia. We do that by maintaining a regulatory and service delivery framework that promotes fairness, public safety and public confidence.

Vision

The public has confidence in B.C.'s gambling industry.

Mission

To uphold the overall integrity of gambling by maintaining government's gambling policy, regulating the gambling sector, and providing related supports, services and community programs that benefit British Columbians.





Overview

GPEB regulates all gambling in B.C; ensures the integrity of gambling² industry companies, people and equipment; and compliance with policies and standards established under the *Gaming Control Act* and the *Gaming Control Regulation*. This includes regulatory oversight of commercial gambling conducted and managed by BCLC (i.e., lotteries, casinos, community gaming centres, commercial bingo halls and PlayNow.com), B.C.'s horse racing industry and licensed charitable gambling events. GPEB also delivers responsible and problem gambling programs. GPEB's core objective is to ensure that a comprehensive and responsible gambling regulatory framework is in place.

² As the term "gaming" is used to describe both gambling and video gaming and there has been significant growth in the eSports industry, this report uses the term gambling for clarity. Exceptions include proper nouns – the *Gaming Control Act*, *Gaming Control Regulation*, *Community Gaming Centres*, *Licensed Gaming Online*, *Community Gaming Grants*, *Joint Illegal Gaming Investigation Team*, *Gaming Online Service*, and *Gaming Account Summary Report*.

Gambling in BC

The commercial gambling industry includes³: PlayNow.com – the only legal online gambling website in B.C.; Provincial and National Lottery Games; 19 Casinos; 16 Community Gaming Centres; 11 Horse Racing Teletheatres; 2 Horse Race Tracks; and 1 Commercial Bingo Hall.

\$1.302
billion

Commercial gambling revenue in 2021/22 returned to government after deducting prize payout and expenses. This revenue was used to support local communities, the horse racing industry, responsible and problem gambling treatment programs, provincial health programs, First Nation revenue sharing, other provincial government programs, and GPEB operations.

\$136.8
million

Generated through licensed gambling events for not-for-profit, charitable and religious organizations in B.C. in 2021/22.

³ Refer to Appendix A Gambling Permitted in British Columbia.



Government Supports

- \$847M** Allocated to the Consolidated Revenue Fund to support provincial government programs and services.
- \$147M** Allocated to the Health Special Account specifically for health care initiatives.
- \$140M** Allocated to non-profit community groups through Community Gaming Grants.
- \$91M** Revenue sharing entitlement⁴ to the BC First Nations Gaming Revenue Sharing Limited Partnership.
- \$67M** Allocated to local governments for the Host Local Government program.
- \$14M** Allocated to fund GPEB operations.
- \$11M** Allocated to the federal government under a revenue-sharing agreement between the federal and provincial governments.
- \$7M** Allocated to the horse racing industry.
- \$6M** Allocated to fund Gambling Support BC.

⁴ Payment to First Nations Gaming Revenue Sharing Limited Partnership is based on an estimated amount as calculations are based on 7% of BCLC's projected net income.



Licensing, Registration & Certification Division

The Licensing, Registration and Certification Division is responsible for the registration and certification of the gambling industry, and for licensing charitable gambling events.

There are three different types of registration: corporate, personnel and lottery retailers. There is an application fee for each type of registration that partially recovers the costs of investigating each application. In addition, corporate registration involves an annual fee.

Applicants are subject to a background investigation to ensure they meet the required standards of integrity.

Corporate Registration

GPEB conducts an in-depth investigation of gambling-related businesses and their executive personnel to ensure suitability. Businesses registered with GPEB include many large public and privately owned companies as well as smaller companies and partnerships. Companies that are required to be registered include operators of casinos and other land-based facilities, as well as suppliers and manufacturers of gambling services. This includes providers of online content and gambling equipment (e.g., slot machines, automatic shufflers). Registrants include many companies and individuals from across Canada, the United States, and around the world.

GPEB also registers other service providers such as gambling consultants, raffle services, security, and ancillary services including food and janitorial services provided at gambling facilities.

As land-based gambling facilities were closed last year, there was a decrease in registration renewal applications because registration expiration was extended to December 31, 2021. This resulted in a substantial increase in applications and decisions in 2021/22.

Refer to Appendix B, Table 1: Corporate, Lottery Retailer Registration and Personnel Registration

Personnel and Lottery Registration

GPEB registers all workers involved in the commercial gambling industry. This includes all people directly involved in the industry (e.g., casino, bingo, horse racing workers and lottery retailers), as well as those indirectly involved (e.g., BCLC and GPEB employees)⁵.

In response to the pandemic, the personnel registration process was moved entirely online, allowing applicants to submit their applications and fee payments electronically. During the last year, improvements were made to the system and an integrated payment component was recently added.

Over 5,000 applications were processed in the four month period following the reopening of gambling facilities.

Refer to Appendix B, Table 2: Registration Decisions

In 2021/22 GPEB processed new and renewed registrations for:

		7,716	Gambling Workers
744	Lottery Retailers	553	Horse Racing Workers
247	Senior Officials and Senior Employees	26	Gambling Services Providers
26	Gambling Equipment Suppliers	3	Ancillary Service Contractors

⁵ Individuals that operate charitable gambling in B.C. are not registered gambling workers. Instead, GPEB issues charitable gambling licences to eligible organizations.

Charitable Licensing

GPEB's licensing program is responsible for the administration of gambling event licences. This allows eligible organizations and individuals to fundraise by holding a single gambling event or a series of events within B.C. for direct delivery of programs and services that benefit the broader community and/or third-party community members in need.

One of GPEB's responsibilities is to ensure that licensed gambling events are conducted fairly and transparently. The branch ensures that organizations applying for a license are in good standing, have an approved governance structure and open membership, and operate according to sound financial practices. GPEB also conducts audits of licensees to ensure they follow rules designed to protect the public and the integrity of gambling in the province, and that proceeds are used to support the eligible programs stated in the license.

Gambling events required to be licensed by GPEB include:

- Ticket raffles
- Independent bingos, wheel of fortune
- Social and limited occasion casinos consisting of red dog, blackjack, and wheel of fortune
- Poker

Refer to Appendix B, Table 4, Licensed Gambling

On September 14, 2021, an updated version of the Licensed Charitable Gaming Rules was released.

Some changes include:

- Expanded the use of Electronic Raffle Systems (ERS) to Class B Charitable Licences
- Created rules permitting organizations the ability to utilize Technology Facilitated Gaming Events (Non-ERS):
 - Live Streaming
 - Electronic Funds Transfers
 - Sales via the Internet
 - Online Ordering
 - Scanning and Emailing of Entries

In 2021/22, GPEB issued 4,336 licences to eligible organizations to conduct gambling events.

In turn, community organizations raised \$136.8 million to support their projects and services.

Certification

Before operating in a live environment, all gambling supplies⁶ used in the province must be tested to the applicable requirements set forth in GPEB's technical gambling standards. GPEB establishes and maintains these standards to ensure gambling supplies that are used in commercial or charitable environments operate fairly, are safe and secure, deliver the stated odds of winning, and can be audited.

GPEB investigates player complaints and all reports of malfunctioning gambling supplies, including issues with casino based electronic gambling devices (slot machines), lottery products, internet gambling software and electronic raffle systems.

Gambling supplies are routinely upgraded and improved. This means their original certification may no longer be valid. Certification is suspended or revoked when a manufacturer or an Accredited Testing Facility (ATF) reports that a particular gambling product no longer meets GPEB's technical gambling standards. A certification may be suspended or revoked for a number of other reasons: a gambling product malfunctions⁷; an ATF rescinds their certification; or a vendor upgrades the gambling product and no longer supports the previous version. Software and hardware malfunctions, software bugs, and faults all lead to revocations.

Gambling supplies for which certification has been suspended or revoked must be removed from the gambling floor, PlayNow.com website, or licensed charitable gambling event. Before the gambling supplies can be returned to service, any repairs, modifications, or upgrades must be re-tested by an ATF and re-certified by GPEB.

Refer to Appendix B, Table 3, Gambling Supplies Certification

⁶ Gambling supplies include slot machines and related casino management systems, lottery products (including pull-tab tickets and Scratch & Win tickets), lottery and self-checking terminals, electronic table game equipment, lottery draw systems, bingo supplies, table game supplies, internet gambling systems and software, and charitable gambling electronic raffle platforms.

⁷ A malfunction may include a situation where a slot machine accepts a counterfeit bill or a scratch ticket manufacturing error that does not allow the player to scratch the latex off the ticket.



Compliance Division

The Compliance Division works to ensure regulatory compliance with the *Gaming Control Act*, Gaming Control Regulation and *Criminal Code of Canada*. The Division conducts both charitable and commercial gambling audits to ensure compliance with legislation, regulation and public interest standards and directives. The division's Horse Racing Unit develops and enforces rules and policies for horse racing, regulates horse racing events, and licenses all racing participants.

The Audit Program

The audit program uses a risk-based approach to focus audit resources on those areas of greatest risk. This approach has resulted in a dynamic audit plan responsive to emerging and changing risks and gives GPEB the ability to allocate audit resources to the areas of greatest risk within the branch. The audit program also promotes voluntary compliance with provincial gambling legislation through education sessions for eligible organizations that conduct licenced gambling or receive gaming grants.

The program's annual audit plan outlines the five main areas that are audited:

1. BCLC's overall conduct and management of all forms of gambling, including the corporation's PlayNow.com website and anti-money laundering procedures;
2. BCLC's conduct and management of lottery gambling;
3. BCLC's conduct and management of commercial gambling facilities (casinos, community gaming centres and bingo halls);
4. Horse racing; and
5. Licenced gambling and community gaming grants.

In 2021/22, the GPEB audit team completed 284 audits and file reviews. This was comprised of 166 audits of gaming grant recipients, 42 licence audits, 36 audits of a gambling facility, 32 financial integrity reviews, and 8 audits related to BCLC's conduct of commercial and lottery gambling.

Of the 208 audits of gaming grant recipients and gambling event licensees, 37 were registered as special projects or complaints from the public, and of the 171 that were assessed for compliance, 110 were fully compliant, 50 were moderately non-compliant, and 11 were severely non-compliant⁸.

⁸ Under a risk-based approach, GPEB targets higher-risk organizations for non-compliance. Therefore, reported compliance rates will be lower than rates that would result from a random sample of all organizations. "Moderately non-compliant" is defined as findings that the recipient organization must address, for example if an organization fails to submit reporting documentation to GPEB. "Severely non-compliant" is defined as findings that may require immediate action from recipient organizations, for example an organization may have misused funds.

The audit team continues to work with GPEB's Corporate Registration Unit to conduct reviews on the financial integrity of corporate registrants. The primary focus is to identify potential risks and the viability of the registrant. This year, the audit team completed 32 financial integrity reviews of corporate registrants in the gambling industry. This partnership reflects the branch's risk-based audit approach and utilization of staff skill sets.

Refer to Appendix B, Table 5, Gambling Audits by Category

As the province moved to Step 3 of BC's Restart plan, gambling facilities reopened to the public on July 1, 2021, with reduced capacity, physical distancing and enhanced health and safety measures in place. Audits of all 36 gaming facilities across the province within the first three months of the casino industry restart.

Early in the pandemic, impacted charitable organizations adapted to a hybrid model of service delivery and accelerated their shift towards using Electronic Raffle Systems (ERS), livestreaming licensed gaming events to the public via electronic platforms and social media. Based on risk assessments, the audit team conducted a limited scope audit of all gambling facilities upon reopening, addressed higher risk charitable files, observed more draws virtually and continued to conduct compliance work through other means such as control self-assessments, and information bulletins.

Various compliance and education enhancement projects were undertaken during the year and the division used this as an opportunity to have increased contact with charitable and community organizations. Through these compliance enhancement techniques (notifications, bulletins, control self-assessments), there were touch points with over 1,800 organizations that were not subject to an audit.

Horse Racing

GPEB's Racing Unit regulates horse racing events in B.C. to ensure compliance with the *Gaming Control Act*. The racing unit is also responsible for developing policies and rules to ensure horse racing is conducted fairly and with integrity and also establishes the Rules of Thoroughbred and Standardbred Horse Racing. As required, the unit reviews and revises the rules and meets regularly with industry stakeholders to address issues.

B.C.'s horse racing industry employs approximately 2,100 licensed owners, jockeys, drivers, trainers, grooms and exercise riders, all of whom must be licensed and registered with GPEB. In 2021/22, 553 horse race workers were either licensed for the first time or had their licences renewed.

The racing season at both race tracks was condensed due to the pandemic. The stabling of horses in the backstretch continued on and members of the Horse Racing Unit continued to provide the same regulatory oversight services at each racetrack, with the additional duty of monitoring and assisting with the enforcement of COVID protocols.

Refer to Appendix B, Table 6, British Columbia Horse Racing Summary

In 2021, GPEB's stewards and judges issued a total of 122 rulings: 88 were for thoroughbred racing infractions (issued by stewards), and 34 were for standardbred racing infractions (issued by judges). The penalties issued by judges and stewards range from temporary suspensions to monetary penalties or registration cancellation.

Refer to Appendix B, Table 7, Horse Racing Rulings

In 2021, GPEB had 11 registered teletheatre sites in B.C. that presented simulcast satellite broadcasts of horse races conducted at local, national and international tracks. Three teletheatre venues located in pubs/restaurants were open the majority of the year in 2021, following mandated COVID-19 protocols, while the remaining eight, including the two located at Hastings Racecourse and Fraser Downs, gradually reopened over the last six months of the year.

Horse Racing Betting Fees

Horse race betting fees are levies on bets made at horse racing events that are collected by GPEB through Hastings Racecourse, Fraser Downs Racetrack and Horse Racing Teletheatre B.C. (4.5 per cent on triactor⁹ bets and 2.5 per cent on other bets). Any balance in excess of annual regulatory fees (equal to the cost of regulating the horse racing sector) is remitted back to the horse racing industry. At fiscal year end, the cumulative total of monthly fees is transferred into the Consolidated Revenue Fund. In 2021/22, the province collected \$3.2 million in betting fees, retained \$1.9 million to offset the cost of regulating the industry and returned \$1.3 million to the industry.

Refer to Appendix B, Table 8, Horse Racing Wagering

⁹ A triactor bet, the bettor picks three horses to finish first, second and third, in exact order.





Enforcement Division

GPEB's Enforcement Division enforces provisions of the *Gaming Control Act*, *Gaming Control Regulation*, *Criminal Code of Canada* and other provincial statutes under the authority of Special Provincial Constable appointments. Investigators respond to instances of any conduct, activity or incident occurring in connection with gambling that could threaten the integrity of the industry.

The Enforcement Division operates under a risk-based regulatory enforcement model guided through defined objectives, emphasizing social responsibility, public safety and voluntary regulatory compliance. The division works collaboratively with BCLC, gaming services providers and law enforcement agencies and focuses on matters which help to safeguard the industry and address vulnerabilities.

Investigations

Investigators work with the police to investigate various illegal gambling activities, including: unauthorized lottery schemes, illegal gambling houses and criminal offences occurring within casinos (such as loan sharking and money laundering). To ensure optimal risk identification and a coordinated timely response, the division continues to lead the Casino Response Collaborative and is experiencing a high level of cooperation with partners. Under the *Gaming Control Act*, GPEB has the authority to recommend charges for prosecution, issue tickets and warnings and/or recommend administrative sanctions. Investigators respond to criminal incidents and threats of financial crime in the largest casinos within the province. They also provide in-depth gambling expertise to law enforcement agencies and deliver outreach presentations outlining the GPEB mandate throughout the province.

Refer to Appendix B, Table 9, Investigations and Enforcement Actions of Incidents Reported

Joint Illegal Gaming Investigation Team

The Joint Illegal Gaming Investigation Team (JIGIT) is a coordinated investigation unit designed to address illegal gambling and money laundering taking place in B.C. JIGIT is located within the Combined Special Forces Enforcement Unit BC, the largest integrated joint forces police unit in Canada.

The primary focus of JIGIT is to disrupt organized crime and gang involvement in illegal gambling and to prevent criminals from using B.C. gambling facilities to launder the proceeds of crime.

Gaming Intelligence Investigation Unit

GPEB's Intelligence specialists work collaboratively with law enforcement partners, within the Gaming Intelligence Investigation Unit (GIU), to provide government and its policing partners with information and situational awareness on organized crime and illicit activity impacting the integrity of gambling in B.C. This unit operates within JIGIT and receives additional investigative support from four investigators and a manager from GPEB's Enforcement Division, and JIGIT law enforcement officers.

The mandate of the GIU is to provide a quality, dedicated, integrated and coordinated multi-jurisdictional intelligence approach to illegal activity within the gambling sector in B.C., with an emphasis on transnational organized crime networks and money laundering. The mandate is designed to maintain the integrity of gambling in B.C. by enhancing all levels of enforcement, disruption, deterrence and prevention by specifically targeting high-threat criminal entities.

As a result of casino closures due to the pandemic, a continued increased risk of illegal gaming houses has been identified. To address these concerns, GIU developed a Risk Matrix in consultation with JIGIT and GPEB investigators. This tool will be utilized going forward to assist with future illegal gaming house investigations.





Gambling Supports Division

The Gambling Support Division (formerly known as the (Community Supports Division) provides prevention, clinical and Indigenous programs and services to support a healthy understanding and/or involvement with gambling and provide supports for those negatively impacted by gambling products. The division administers Gambling Support BC (GSBC). GSBC delivers public awareness through multimedia, education and training in schools and the community, early intervention and harm reduction services, including community outreach and free clinical counselling for individuals and families negatively impacted by gambling products.

BC Responsible Gambling Strategy

The goals of BC's Responsible Gambling Strategy's are to:

- 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.

Gambling Support BC

Gambling Support BC offers cross-cultural services in multiple languages and has a dedicated Indigenous stream.

Based on aggregate statistics generated on March 15, 2022 with a dataset of 5,228 completed treatment episodes since March 2012, GSBC has above average treatment outcomes with 77% of clients achieving positive outcomes and a higher than average treatment effect size compared to that found in randomized clinical trials.

Despite the unanticipated and continued challenges related to COVID-19, the program continues to provide support to those negatively impacted by gambling products.

Refer to Appendix B, Table 10, Gambling Support BC



BC Responsible Gambling Standards

The Province issues responsible gambling standards for the B.C. gambling industry to ensure that:

- minors are prevented from participating in gambling activities;
- citizens are equipped to make informed decisions regarding gambling;
- gambling-related risks are minimized; and
- people negatively affected by gambling products have access to free, timely and effective information and/or supports.

These standards apply to BCLC, gambling service providers, commercial gambling facilities and community organizations licensed to conduct charitable gambling events.

All licensee events and service provider gambling activities are subject to audit by GPEB to ensure compliance with responsible gambling standards. Standards categories and compliance audits focus on six key areas:

- Advertising and marketing – ensuring that all gambling related advertising contains responsible gambling messaging, does not use minors to promote gambling and does not encourage people to play beyond their means by implying the certainty of financial reward.
- Informed choice – ensuring proper use of the “Know your limit, play within it” tagline, an appropriate level of responsible gambling messaging, and availability of rules of play and information regarding the odds of winning.
- Appropriate response – ensuring gambling workers have received Appropriate Response Training.
- Responsible practices – including ensuring minors are not allowed to gamble, responsible gambling materials are placed in highly visible and appropriate areas, and preventing intoxicated people from gambling.
- Financial transactions – ensuring information describing payout policies and stating that credit will not be extended is prominently displayed.
- Voluntary Self-Exclusion Program – ensuring program is fully operational, including making sure that program information is readily available and gambling facilities are effectively monitoring for excluded individuals.



Strategic Policy and Projects Division

The *Gaming Control Act* requires GPEB to advise the Minister on broad gambling policy, standards and regulatory issues, and, under the Minister's direction, to manage the government's gambling policy. The Strategic Policy and Projects Division (SPPD) supports the integrity of gambling in B.C. by providing strategic policy, advice, communications and project management services that support government's gambling objectives for the benefit of British Columbians.

The division's key areas of responsibility are:

- identifying emerging issues in the gambling sector;
- providing advice and recommendations to B.C.'s Solicitor General, Deputy Solicitor General, and the General Manager on policy approaches that protect the integrity of gambling;
- working with stakeholders, such as BCLC, the gambling industry, non-profit organizations, other provincial jurisdictions and the federal government on gambling issues and initiatives;
- ensuring B.C.'s legal, regulatory and policy framework supports the integrity of gambling and government's objectives for the gambling sector;
- leading strategic internal communications for five branch divisions and supporting communications to the public about gambling; and
- providing project management leadership for priority branch projects, including projects to improve business efficiency and service delivery.

COVID-19 Relief For the Horse Racing Sector

Between March 16, 2020 and July 1, 2021 B.C. gambling facilities were closed due to the COVID-19 pandemic. In addition to causing significant financial hardship for the gambling industry, these closures caused hardship for B.C.'s horse racing sector. B.C.'s horse racing industry receives 25 per cent of revenue from slot machines at casinos collocated at the two racetracks – Fraser Downs Racetrack and Hastings Racecourse. With all gambling facilities closed, slot machine revenue to the horse racing industry was not available.

SPPD worked with the horse racing industry to identify financial need and the funding that would keep the industry sustainable for the 2021 racing season. In August 2021, government provided a \$3 million grant to the horse racing sector to be shared evenly between thoroughbred and standardbred racing. This funding was specifically provided to minimize employment impacts of the COVID-19 pandemic on horse racing workers.

Legalization of Single Event Sports Betting

On August 27, 2021, the Government of Canada passed amendments to the CCC to legalize single event sports betting. Previously, only parlayed sports betting was permitted in Canada. SPPD worked with BCLC to seek Ministerial approval to implement single event sports betting in B.C. while mitigating potential harms that may result from broadening gambling offerings in our province. BCLC now offers single event sports betting through PlayNow.com.

Cullen Commission of Inquiry

The Commission of Inquiry into Money Laundering was announced on May 15, 2019, by Premier John Horgan, to examine money laundering in British Columbia and to make recommendations to address any conditions which had enabled money laundering to prosper. The Commission was mandated to provide government a final report in May 2022.



***Gaming Control Act* Reform and Transition to the Independent Gambling Control Office**

Government plans to make significant amendments to the *Gaming Control Act* to strengthen the framework for gambling regulation in B.C. and transition GPEB to the Independent Gambling Control Office (IGCO). The IGCO is intended to have greater authority to set and enforce requirements for the gambling industry and will focus exclusively on regulation and regulatory policy for the gambling and horse racing sectors as well as delivery of programs to reduce gambling harms.

SPPD has led work on proposed legislative amendments that are intended to create a standards-based regulatory model, clarify the roles and responsibilities between the regulator and BCLC, make anti-money laundering in the gambling sector a responsibility of the IGCO, and modernize the Act to ensure it meets the needs of the current and evolving industry. The new legislation will address nine remaining recommendations from Dr. Peter German's report, "Dirty Money" Part 1, as well as matters raised during the Cullen Commission of Inquiry into Money Laundering in B.C.

SPPD has also undertaken policy work on amendments to the Gaming Control Regulation to align with the new legislation and modernize the current regulations. In doing so, SPPD has held consultation and meetings with major stakeholder groups and partners, including the BCLC, gambling facility operators, suppliers, the First Nations Gaming Commission, First Nations Leadership Council, the Union of British Columbia Indian Chiefs, the charitable gambling sector, and the horse racing sector. Consultation and policy work on regulations will continue in 2022/23.

GPEB's policy and communications team has been working to ensure a smooth transition to the IGCO once the proposed legislation is in place. A new logo and branding has been chosen, and a new website is in the final development stages. GPEB has developed a Strategic Plan, staffing strategy and other operational planning requirements to ensure the organization is well-prepared to take on its enhanced role.



Operations Division

The Operations Division is responsible for providing financial, information technology¹⁰, records management and workforce planning services for GPEB. This division is also responsible for freedom of information requests for the branch, monitoring financial operations and distributing gambling-related funding throughout the province.

10 The Ministry of Municipal Affairs has responsibility for the program staff and policy for the Community Gaming Grants program. However, GPEB continues to provide financial administration and information technology support services for the program and retains responsibility for its audit and compliance.

Financial Services

GPEB's financial services unit supports all divisions and business units in GPEB. This includes, but is not limited to: operational financial services, contract management and budget administration, providing strategic financial advice to GPEB's executive, payment of community gaming grants, host local government payments, destination assistance compensation and distribution of horse racing revenue.

Refer to Appendix B, Table 11 GPEB Budget and Expenditures

Information Technology

The Information Technology (IT) unit manages, administers, enhances, maintains and supports line of business application environments and infrastructures to prevent service disruption to GPEB business units while ensuring that all data is securely managed.

The IT unit also delivers specialized reports, and guides information management to each division. The intranet site provides a tool for internal communications and access to operational materials, while the public-facing site provides information about the branch, and a mechanism for applying for licences that are administered by GPEB.

In 2021/22, the Operations Division continued to support GPEB employees connect from different locations across the province.



Appendix A

GAMBLING PERMITTED IN BRITISH COLUMBIA

Commercial Gambling	Casinos	Bingo Halls	CGCs	Co-Located Racetrack Casinos	Race Tracks	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	✓	✓	✓	✓	✓				✓
Single Event Sports Betting						✓	✓		
Licensing of Gambling Events									
Ticket Raffles								✓	✓
Independent Bingo								✓	✓
Social Occasion Casino								✓	✓
Wheels of Fortune								✓	✓
Limited Texas Hold'em Poker Events								✓	✓

Appendix B

Information Tables

Table 1: Corporate, Lottery Retail Registration and Personnel Registration

Table 2: Registration Decisions

Table 3: Gambling Supplies Certification

Table 4: Licensed Gambling

Table 5: Gambling Audits by Category

Table 6: British Columbia Horse Racing Summary

Table 7: Horse Racing Rulings

Table 8: Horse Racing Wagering

Table 9: Investigations and Enforcement Actions of Incidents Reported

Table 10: British Columbia Responsible and Problem Gambling Program

Table 11: GPEB Budget and Expenditures

CORPORATE, LOTTERY RETAIL REGISTRATION AND PERSONAL REGISTRATION

	2021/22		2020/21		2019/20	
	New	Renewal	New	Renewal	New	Renewal
Corporate Registrations¹¹						
Gambling Services Providers	3	23	7	3	7	7
Gambling Equipment Suppliers	4	12	6	6	8	8
Ancillary Service Contractors	0	3	1	0	2	4
Senior Officials and Senior Employees	91	156	92	29	108	88
Totals	98	194	106	38	125	107
Lottery Retail Registration and Personnel Registrations¹²						
Gambling Workers ¹³	6,360	1356	729	123	4,108	2,228
Lottery Retail Managers ¹⁴	308	436	193	632	263	622
Horse Racing Workers	143	410	120	355	233	489
Totals	6,811	2,202¹⁵	1,042	1,110	4,604	3,339

11 New and renewal registration term duration is up to five years.

12 New and renewal registration term duration is up to three years.

13 Gambling workers include all workers in the BC gambling industry defined by prescribed classes of registration in the Gaming Control Regulation.

14 This figure reflects the Lottery Retail Registration cycle, which provides registrants a three-year registration per renewal.

15 The large dip in renewals in 20/21 and surge in renewals in 21/22 is due to registration extensions due to the pandemic pushing renewal dates into 21/22.

REGISTRATION DECISIONS¹⁶

Registration Type	2021/2022			2020/2021			2019/2020		
	Denied	Cancelled	Ceased ¹⁷	Denied	Cancelled	Ceased	Denied	Cancelled	Ceased
Gambling Workers	97	8	127	1	0	631	23	12	3,638
Horse Racing Workers	6	2	0	0	1	0	2	1	0
GPEB and BCLC Personnel	0	0	45	0	0	61	1	0	175
Lottery Retail Managers ¹⁸	0	0	33	1	0	263	0	0	255
Total	103¹⁹	10	205²⁰	2	1	955	26	13	4,068

16 This table only includes personnel registration because corporate registration did not have any denials/revocations during this three-year period.

17 Ceased indicates a registrant who is no longer employed as gaming worker.

18 This figure reflects the Lottery Retail Registration cycle, which provides registrants a three-year registration per renewal.

19 53 denied application for Incomplete and failure to follow up with investigation this information was not captured in the past.

20 Ceased Number decreased in 21/22 with change in Legislation as registration is no longer tied to employment registration is not ceased unless applicant indicated they are leaving the industry.

GAMBLING SUPPLIES CERTIFICATION

Certification Type	2021/2022		2020/2021		2019/2020	
	Certification	Revocation	Certification	Revocation	Certification	Revocation
Lottery Tickets: Scratch & Win, Pull Tab	81	0	91	3	71	3
Online (Playnow.com)	137	0	206	8	181	31
Electronic Gambling Devices & Other Supplies	406	4	348	2	426	20
Table Games	2	0	16	0	3	0
Licensed/Charitable (50/50)	6	0	4	0	85	0
Other (Lottery systems, Lotto Express, Bingo, etc.)	1	0	6	0	0	0
Total	633	4	671	13	766	54

LICENSED GAMBLING^{21/22}

Licence Class	Event Type	2021/22		2020/21		2019/20	
		Licences Issued	Net Revenue ²¹ 000's	Licences Issued	Net Revenue ²² \$000's	Licences Issued	Net Revenue ²² \$000's
Class A ²³	Ticket Raffles (registered, major, minor)	570	112,478	381	103,509	377	84,464
	Independent Bingos	50	5,299	84	7,182	87	9,445
	Wheel of Fortune						
	Social Occasion Casino						
Subtotal of Class A		620	117,777	465	110,691	464	93,909
Class B ²⁴	Ticket Raffles	1,851	8,843	1,229	6,281	3,879	17,785
	Independent Bingos	35	202	71	510	86	654
	Wheels of Fortune	2	3	1	0	9	24
	Social Occasion Casino					19	65
	Poker	23	59	31	109	77	524
Subtotal of Class B		1,911	9,107	1,332	6,900	4,070	19,052
Class C ²⁵	Ticket Raffles	5	8,029	8	6,595	15	6,413
	Wheels of Fortune	1	117			2	433
	Independent Bingos					1	\$3
	Limited Casino						
Subtotal of Class C		6	8,146	8	6,595	18	6,849
Class D ²⁶	Ticket Raffles	1,736	1,731	819	749	5,971	5,205
	Independent Bingos	63	68	62	61	174	272
Subtotal of Class D		1,799	1,799	881	810	6,145	5,477
Grand Total All Licence Classes Issued		4,336	\$136,829	2,686	\$124,996	10,697	\$125,287

21 Net revenue figures have been rounded and are estimated based on Gaming Event Revenue Reports (GERRs) received by June 8, 2022. Licensees submit GERRs as part of the 90-day post-licensed gambling event reporting requirements.

22 FY2020/21 & 2019/20 net revenue figures have been rounded and may have changed from previous annual reporting due to an increase of GERRs received from licensees in FY2021/22

23 Class A licences are issued to eligible charitable and religious organizations for gambling events expected to generate gross revenue exceeding \$20,000.

24 Class B licences are issued to eligible charitable and religious organizations for gambling events expected to generate gross revenue not exceeding \$20,000.

25 Class C licences are issued to approved boards of community fairs and exhibitions that operate ticket raffles, bingos, wheels of fortune and limited casinos. These licences are issued to established fairs and exhibitions on a case-by-case basis.

26 Class D licences are issued to eligible groups or organizations wishing to conduct small-scale fundraising events that are expected to generate up to \$10,000 in gross annual revenue.

GAMBLING AUDITS BY CATEGORY

	2021/22	2020/21	2019/20
Number of Gambling Audits and Files by Category			
Casinos, CGCs, Bingo Halls, and Race Tracks	36	1	13
BCLC's Conduct of Commercial & Lottery Gambling	8	6	11
Financial Integrity Analysis of Corporate Registrants	32	22	23
Gaming Grants	166	30	110
Licences	42	50	79
Total	284	109	236

BRITISH COLUMBIA HORSE RACING SUMMARY²⁷

	2021	2020	2019	2021	2020	2019	2021	2020	2019
	Race Days ²⁸			Live Races			Horses Ran		
Thoroughbred									
Hastings Racecourse (Vancouver)	39 ²⁹	25 ³¹	51	269	206	390	1,598	1,465	2,871
Standardbred									
Fraser Downs Racetrack (Surrey)	34 ³⁰	46 ³²	62 ³³	332	485	694	2,044	3,405	5,109

27 Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering and drug testing are also reported by calendar year.

28 The number of horse racing days is determined by the different breed associations in consultation with the track operator through the HRIMC and approved by the General Manager of GPEB.

29 In 2021, 51 race dates were approved: 39 were raced; 10 were cancelled due to COVID-19 related financial pressures on the industry, and 2 were cancelled due to extreme heat at the end of June.

30 In 2021, 63 race dates were approved: 34 were raced; 26 were cancelled due to COVID-19 related financial pressures on the industry, 2 were cancelled due to mechanical issues with the starting gate cars, and 1 was cancelled due to unsafe track conditions due to weather.

31 In 2020, 51 race dates were approved: 25 were raced; 26 were cancelled due to COVID-19.

32 In 2020, 65 race dates were approved: 46 were raced; 17 were cancelled due to COVID-19; 2 were cancelled due to unsafe track conditions due to weather.

33 In 2019, 65 race dates were approved: 62 were raced; 6 were cancelled due to unsafe track conditions due to weather; and 3 additional days were added, 1 in March and 2 in April.

HORSE RACING RULINGS³⁴

	2021	2020	2019
Standardbred			
Whipping Violations	1	4	20
Racing or driving infractions committed during a race	20	18	38
Drug or Alcohol infractions involving either horses or registered horse racing workers	4	4	17
Inappropriate behaviour in the backstretch area of a racetrack	4	7	5
Licensing or registration violations	1	0	0
Horses that bled during a race	0	0	0
Restoration of a horse or a horse racing worker of good standing ³⁵	1	4	4
Other categories ³⁶	3	3	2
Total Standardbred Rulings	34	40	86
Thoroughbred			
Racing or riding infractions committed during a race	19	29	17
Drug or alcohol infractions involving either horses or registered horse racing workers	4	10	10
Entering an ineligible horse	0	0	2
Inappropriate behaviour in the backstretch area of a racetrack	11	11	10
Licensing or registration violations	4	1	7
Horses that bled during a race	2	2	5
Restoration of a horse or a horse racing worker of good standing ³⁵	4	4	3
Other categories ³⁶	44	2	7
Total Thoroughbred Rulings	88	59	61

34 Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding drug testing are also reported by calendar year.

35 When a licensee is suspended pending a hearing before the Judges/Stewards, a ruling is generated following the hearing reinstating them to good standing.

36 "Other" captures a ruling that does not fall within any of the other categories or is not race-related.

HORSE RACING WAGERING³⁷

	2021	2020	2019
	\$000's		
Hastings Park (HP)			
HP Live Races ³⁸	846	0	5,133
HP Simulcast Wagers ³⁹	6,265	4,645	23,271
Total HP	7,111	4,645	28,404
Fraser Downs (FD)			
FD Live Races ⁴⁰	108	298	1,037
FD Simulcast Wagers ⁴¹	1,662	1,078	7,080
Total FD	1,770	1,376	8,117
Teletheatre BC⁴²			
Hastings Park Races	48	133	510
Fraser Downs Races	3	113	305
Wagers on Other Racetracks	12,766	9,922	31,154
Total Teletheatre BC	12,817	10,168	31,969
HorsePlayer Interactive (HPIbet.com) BC⁴³			
Hastings Park Races	1,873	1,407	1,899
Fraser Downs Races	553	856	856
Wagers on Other Racetracks	91,120	87,977	68,547
Total HPIbet.com BC	93,546	90,240	71,302

37 Horse Racing results are reported in calendar year as betting permits are issued for calendar year. All results from Canadian Pari-Mutuel Agency regarding wagering are also reported by calendar year.

38 Live racing at Hastings took place without any fans in attendance due to COVID-19 for all of the 2020 season and for the first two months of the 2021 season, reopening to fans in July 2021, hence \$0 reported for wagering at Hastings on HP Live Races in 2020, and only \$846K in 2021.

39 The simulcast facility at Hastings was closed due to COVID-19 as of March 17, 2020, and remained closed until July 2021, resulting in the dramatic drop in HP Simulcast Wagers from 2019.

40 Live racing at Fraser Downs took place without any fans in attendance from March 15, 2020 until September 2021, due to COVID-19, consequently only \$298K was reported for wagering at Fraser Downs on FD Live Races in 2020, and only \$108k in 2021, significantly less than 2019.

41 The simulcast facility at Fraser Downs was closed due to COVID-19 as of March 17, 2020, and remained closed until August 2021, thus the substantial drop in FD Simulcast Wagers from 2019.

42 Teletheatre BC venues located at Casinos and Community Gaming Centres were closed as of March 17, 2020 due to COVID-19, and remained closed for the remainder of 2020, with six reopening throughout 2021. Accordingly, there was a considerable drop in Teletheatre BC wagering versus 2019. Three teletheatres located in pubs/restaurants were open intermittently throughout 2020, and open for the majority of 2021, when permitted under COVID orders/protocols.

43 Due to COVID-19 related closures some wagering that would historically take place at bricks and mortar venues shifted to online wagering, resulting in the significant increase in HPIbet.com BC wagering versus 2019.

INVESTIGATIONS AND ENFORCEMENT ACTIONS OF INCIDENTS REPORTED

Type	2021/22	2020/21	2019/20	2021/22	2020/21	2019/20	2021/22	2020/21	2019/20
	Incidents Reported			Investigated/Actioned			Enforcement Action		
<i>Gaming Control Act Offences</i>	2,467	47	5,229	N/A	N/A	329	125	16	161
<i>Criminal Code Offences</i>	3,323	673	5,359 ⁴⁵	N/A	N/A	2,541	70	101	169
Other	759	123	316	N/A	N/A	246	5	3	7
Total	6,549	843⁴⁴	10,904	N/A	N/A	3,116	200	120	337

Definitions

"*Gaming Control Act Offences*" includes all offences listed in the *Gaming Control Act* and *Gaming Control Regulation*.

"Other" includes reportable incidents which lie outside the other defined categories and may include for example: abandonment of child, civil harassment, mischief, intoxication, drug use and assistance files to other jurisdictions.

"Incidents Reported" indicates that GPEB received a report or complaint from various sources, primarily gambling service providers.

"Investigated/Actioned" indicates that GPEB opened a file and took action. As of mid-2019 this is no longer an appropriate reporting category as new processes require a file to be opened every time a report is received.

"Enforcement Action" indicates that GPEB took action that resulted in recommended charges, fines, GPEB prohibitions, verbal or written warnings, or administrative actions.

⁴⁴ Casino closures due to the COVID-19 pandemic during the 2020/2021 reporting period resulted in a significant reduction of incidents reported for that time period

⁴⁵ Figure corrected from the 2020/21 Annual Report

GAMBLING SUPPORT BC

	2021/22	2020/21	2019/20
Program Outputs			
Number of prevention presentations	2,630	2,020	3,028
Calls made to Help Line (specific to problem gambling) ⁴⁶	3,072	1,998	1,754 ⁴⁷
Referrals to Gambling Support BC ⁴⁸	507	356	1,422
Clients served (clinical and early intervention combined)	1,533	540	2,229
Discovery Day Treatment Program participants (online)	70	63	180
Number of Contracted Service Providers			
Clinical Counsellors	23	25	22
Prevention Service Providers	16	18	17
Indigenous Providers ⁴⁹	11	11	12
Gambling Outreach Support	9	10	11

46 BC 211 is the vendor that supplies the Gambling Support Line, and they provide these metrics.

47 Low 2019/20 incoming call numbers were due to serious technical and operational issues with the support line vendor. A new contract was issued to a new vendor for the balance of the year and an increase in calls to the support line was observed in the reporting period.

48 Not all calls to the Gambling Support Line result in a referral to GSBC.

49 Indigenous providers deliver workshops, information, early intervention and counselling services free of charge as well as leading resource development and community engagement initiatives. GPEB started collecting this information in 2014/15. Not all of these providers identify as Indigenous, but rather all specialize in providing services in Indigenous contexts.

GPEB BUDGET AND EXPENDITURES

	FY21/22	FY20/21	FY19/20
Branch Budget			
Core Operations	\$13,622,000	\$13,520,000	\$13,419,000
Gambling Support BC	\$5,916,000	\$5,916,000	\$6,016,000
Total Branch Budget	\$19,538,000	\$19,436,000	\$19,435,000
Branch Expenditures			
Salaries and Benefits Cost	\$14,286,257	\$14,303,406	\$13,943,919
Operating and Business Expenses	\$1,637,575	\$1,799,010	\$1,973,472
Subtotal	\$15,923,832	\$16,102,416	\$15,917,391
Gambling Support BC			
Salaries and Benefits Cost	\$806,497	\$809,021	\$662,442
Operating and Business Expenses	\$347,501	\$455,921	\$611,069
Contracts	\$3,328,250	\$3,595,178	\$4,284,021
Subtotal	\$4,482,248	\$4,860,120	\$5,557,533
Total Branch Expenditures	\$20,406,080	\$20,962,536	\$21,474,924
Surplus (Deficit)	\$(868,080)	\$(1,526,536)	\$(2,030,924)

