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**MINISTRY OF FINANCE
CROWN AGENCIES SECRETARIAT
ORGANIZATION OVERVIEW**

NAME: Crown Agencies Secretariat Overview

BACKGROUND:

- The Crown Agencies Secretariat (CAS) is a new central agency in government being established within the Ministry of Finance.
- CAS builds upon the former Crown Agencies Office (CAO) previously within the Ministry of Attorney General (AG) and incorporates the existing services already provided through the Crown Agencies and Board Resourcing Office (CABRO).
- CAS's mandate from Cabinet is to provide rigorous oversight of Crowns to ensure they are operating effectively, in the public interest and in support of government's policy and fiscal priorities.

CAS OVERVIEW:

CABRO

- The Crown Agencies and Board Resourcing Office (CABRO) is responsible for Public Sector Organization (PSOs) governance support.
- CABRO co-ordinates the legislated performance, planning and reporting annual cycle for Crown Corporations under the *Budget Transparency and Accountability Act*, oversees the recruitment and recommendation of candidates for appointments to Crown corporations, agencies, boards and commissions and provides public sector governance advice and training for board appointees.

New Office

- The mandate and scope of services for the new CAS office covers three key areas of work:
 1. Integrated financial and policy oversight services for Crowns that are strategically important to government.

CAS already has responsibilities for the Insurance Corporation of BC, Liquor Distribution Branch, and BC Lottery Corporation and, in early 2021, was directed to expand its oversight responsibilities to also include BC Hydro and BC Housing on an expedited basis. CAS was also directed to

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ORGANIZATION OVERVIEW**

provided oversight support services to the Ministry of Transportation and Infrastructure in support of its work with BC Ferries. CAS's specific role and how its oversight services will work for case is actively being discussed with the responsible ministries, with the goal of ensuring a tailored approach to match the environment in which each Crown operates.

2. Identify and assess the risks and opportunities that Crowns present for the government and to provide advice (to ministries, government) accordingly.
3. Offer ad-hoc advice and support to both government and ministries on other Crown-related matters on an ad-hoc advisory basis (as requested or as required).

BUDGET:

	2019/20 Actuals	2020/21 Restated Budget	2021/22 Estimates ¹	2022/23 Plan	2023/24 Plan
Salaries and Benefits	2,710,535	2,357,000	2,369,000	2,369,000	2,369,000
Operating Costs	1,789,301	249,000	249,000	249,000	249,000
Government Transfers	0	0	0	0	0
Other Expenses	3,760	4,000	4,000	4,000	4,000
Internal Recoveries	(51,554)	(31,000)	(31,000)	(31,000)	(31,000)
External Recoveries	(1,364,157)	(2,000)	(2,000)	(2,000)	(2,000)
Total Operating Expenses	3,087,885	2,577,000	2,589,000	2,589,000	2,589,000
Totals	3,087,885	2,577,000	2,589,000	2,589,000	2,589,000

¹ Incremental funding requirements associated with CAS's expanded mandate and scope of responsibilities beginning in FY 2021/22 are not included in these estimates and will be subject to Treasury Board review/direction.

- Estimates for fiscal year 2021/22 includes \$2.6M for CAS, including base budget for both CABRO and the new office.
- CAS's base budget (transferred from AG to FIN) is \$1.14M for FY 2021/22, but does not include new operational costs for CAS associated with the expanded mandate and scope of services (subject to Treasury Board review/approval).

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- After the first year of implementation and future scope for the office is determined, CAS will return as part of *Budget 2022* to confirm ongoing base budget requirements for FYs 2022/23, 2023/24 and 2024/25.

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**MINISTRY OF FINANCE
CROWN AGENCIES AND BOARD RESOURCING OFFICE
CROWN AGENCIES SECRETARIAT
FACT SHEET**

NAME: Summary of Applicable Legislation

DESCRIPTION:

- Key statutes that define the board structure, appointment process, accountability, financial and reporting requirements of public service organizations (PSOs) to support and ensure accountability and transparency include:
- Board structure and appointment processes for PSOs are defined in either the enabling legislation for the organization (e.g. *Hydro and Power Authority Act* for BC Hydro, *Insurance Corporation Act* for ICBC), or in the constitution or by-laws of PSOs without stand-alone enabling legislation.
- The *Budget Transparency and Accountability Act* (BTAA) stipulates that all government organizations, except education and health sector organizations and other PSOs exempted by regulation, must prepare three-year service plans and annual service plan reports that are consistent with the government's strategic plan and includes a statement of goals, specific objectives and performance measures. The BTAA also requires these entities to provide financial reports to the Minister of Finance for inclusion in government's fiscal plan, quarterly financial reports and public accounts.
- The *Financial Information Act* requires Crown agencies and other public bodies (those that are controlled by the government or that may receive grants or advances or have their borrowings guaranteed by the government) to publish annual financial statements and other financial information: a statement of assets and liabilities; an operational statement; a schedule of debts; a schedule of guarantee and indemnity agreements; a schedule showing in respect of each employee earning more than a prescribed amount, the total remuneration paid to the employee and total amount paid for the employee's expenses, a consolidated total of all remuneration paid to all other employees and a schedule of payments to suppliers and contributors.
- The *Financial Administration Act* provides the necessary authority, and places responsibility on Treasury Board and the Minister of Finance (the province's fiscal agent) to provide direction on the government's financial management policies. In this way, Treasury Board and the Minister of Finance, through their directives and through the responsibilities they delegate to Treasury Board Staff, the Office of the

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Comptroller General and other central agencies, direct and control the financial administration functions of the government.

- The *Freedom of Information and Protection of Privacy Act* (FOIPPA) sets out the access and privacy rights of individuals as they relate to the public sector, including all PSOs. It establishes an individual's right to access records and sets out the terms under which a public body can collect, use and disclose the "personal information" of individuals.
- The *Information Management Act* (IMA) is the government's primary information management law. It applies to designated public sector organizations with approved records schedules under the *Document Disposal Act* and provides a legislative framework for modern, digital information practices, which, over time, will improve access to information, reduce costs for taxpayers and enable timelier services to citizens.
- The *Public Service Employers' Act* (PSEA) ensures human resource and labour relations policies and practices are coordinated among public sector employers and supports communication and coordination between public sector employers and representatives of public sector employees.

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**MINISTRY OF FINANCE
BCLC
ORGANIZATION OVERVIEW**

BRITISH COLUMBIA LOTTERY CORPORATION (BCLC)

BACKGROUND:

- BCLC's mandate is to conduct and manage commercial gambling (casino, lottery, bingo and sports betting) in a socially responsible manner for the benefit of British Columbians.
- BCLC reports to the Ministry of Finance and is governed by B.C.'s *Gaming Control Act*. The Gaming Policy and Enforcement Branch (GPEB) has regulatory oversight and reports to the Ministry of Public Safety and Solicitor General.
- The Province uses gambling revenue generated through BCLC to benefit British Columbians with investments in areas such as education, healthcare, community and cultural programs.
- Revenue from casinos and community gaming centres also directly supports local governments, which receive 10 per cent of government's net revenue from the gambling facilities operating in their community.
- Government shares seven per cent of BCLC's net income (net of payments to the Federal Government) with First Nations as part of the BC First Nations Gaming Revenue Sharing Agreement.

CROWN OVERVIEW:

- In 2021/22, BCLC expects to deliver \$840 million in net income to the Province of B.C., an increase from the \$394 million that BCLC is forecasted to deliver in 2020/21.
- The net income forecast is based on BCLC's assumption that B.C. casinos and community gaming centres will re-open in late June 2021; further delays to re-opening will result in lost revenue of approximately \$20 million per week.
- BCLC continues to be challenged by COVID-19. Casino revenue historically makes up more than 70% of BCLC's total revenue and it has now been more than 13 months since casinos and community gaming centres were directed to close due to the pandemic (since Mar. 16, 2020).
- During the closures, BCLC has continued to generate important revenue for the Province, including through lottery and online gambling on PlayNow.com.
 - BCLC more than doubled its year-over-year online gambling revenue (\$179m in 19/20 to \$414m forecast in 20/21) through PlayNow.com.
 - Net income to the Province from online gambling is expected to increase from \$105m in 19/20 to \$238m forecast in 20/21.

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**MINISTRY OF FINANCE
BCLC
ORGANIZATION OVERVIEW**

BUDGET¹:

\$ Millions	2019/20 Actual ¹	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget
Revenue	2,531	942	1,702	2,472	2,842
Direct Costs	802	171	443	724	867
Gaming Support Costs	48	56	52	54	55
Operating Costs	182	192	212	212	216
Amortization and Other	91	82	94	101	105
Total Costs	1,123	501	801	1,091	1,243
Net Income Before Taxes	1,408	441	901	1,381	1,599
Taxes	61	47	61	71	79
Net Income	1,347	394	840	1,310	1,520

Liabilities	526	520	523	545	533
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Accumulated Deficit	(25)	(25)	(25)	(25)	(25)
Accumulated Other Comprehensive Loss	(7)	(7)	(7)	(7)	(7)
Total Deficit	(32)	(32)	(32)	(32)	(32)

Capital Expenditures	102	89	96	120	90
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¹ As per BCLC's 2021/22 – 2023/24 Service Plan, published in April 2021.

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NAME: BUDGET, FTEs AND PROJECTED NET INCOME TO GOVERNMENT

DESCRIPTION:

- In FY 2020/21, net income forecasted to government is \$394 million on \$942 million in forecasted revenue. Expected net income is \$953 million less than FY 2019/20 due to the temporary closure of all casinos and community gaming centres.
- The Province of B.C. uses gambling revenue generated through BCLC to benefit British Columbians with investments in areas such as education, healthcare, community and cultural programs.
 - Government shares seven per cent of BCLC's net income (net of payments to the Federal Government) with First Nations as part of the BC First Nations Gaming Revenue Sharing Limited Partnership.
 - Local governments that host a gambling facility receive approximately 10 per cent of net gambling revenue generated by that facility.
- In 2021/22, BCLC expects to deliver \$840 million in net income to the Province. This is an increase of \$446 million from the expected \$394 million to be delivered in 2020/21, and a decrease from the \$1.347 billion delivered in 2019/20, primarily due to the public-health measures put in place to minimize the spread of COVID-19, including gambling facility closures.
 - The net income forecast is based on BCLC's assumption that B.C. casinos and community gaming centres will re-open in late June 2021 and at reduced capacity assuming physical-distancing restrictions will be in place; further delays to re-opening will result in a net-income reduction of \$14 million per week.
- BCLC continues to be challenged by COVID-19 and the closure of casinos and community gaming centres, which were directed to close on March 16, 2020. Casino revenue historically accounts for more than 70 per cent of BCLC's total revenue.
- BCLC has continued to generate revenue through lottery and online gambling on PlayNow.com. Many existing brick-and-mortar players migrated onto PlayNow.com.
- BCLC's year-over-year online gambling revenue was trending to more than double in FY 2020/21 to an expected \$414 million, up from \$179 million in FY 2019/20.

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- BCLC assumes that some revenue will migrate back to brick-and-mortar facilities when the gambling facilities reopen and net of organic growth, expected to result in an overall slight revenue decline in FY 2021/22.
- BCLC lottery channels are expected to generate \$528 million in revenue in FY 2020/21, up from \$519 million in FY 2019/20.
- BCLC implemented a number of cost avoidance and deferral measures in FY 2020/21, including the temporary suspension of external hiring, renegotiation of lease payments and elimination of employee travel and training costs.
- The number of BCLC's full-time equivalent (FTE) employees remained consistent from 2019/20 (998 FTEs) to 2021/22 (1,000 FTEs).

Capital investments

- BCLC is replacing end-of-life lottery terminals at its 3,500 lottery-retail locations as part of a modernization project expected to be substantially complete by the end of FY 2021/22 with terminals being delivered to retailers in early 2022/23. The project has a total capital budget of \$41 million, with approximately \$15 million in capital costs incurred since the project started to December 26, 2020 as communicated in the Service Plan.
- BCLC has no major capital projects of more than \$50 million budgeted in 2020/21.

DATA TABLE:

	2018/19 Actuals	2019/20 Actuals	2020/21 Forecast (as per Feb 2021 Treasury Board Submission)	Anticipated Trends 2021/22 (as per latest projections in Feb 2021 Treasury Board Submission) adjusted for delay in casino opening	Anticipated Trends 2022/23 (as per latest projections in Feb 2021 Treasury Board Submission)	Anticipated Trends 2023/24 (as per latest projections in Feb 2021 Treasury Board Submission)
Net Income Budget (in millions)	1,415	1,347	394	840	1,310	1,520
FTEs	957	998	1,000 (actual)	Unknown	Unknown	Unknown

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NAME: BCLC ANTI-MONEY LAUNDERING UPDATE

DESCRIPTION:

- As a designated reporting entity under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), BCLC has specific obligations to fulfill, including requirements to maintain a compliance program to know its players, report transactions and keep records.
- BCLC is compliant with all requirements under the PCMLTFA.
- While gambling facilities have remained closed in B.C. since March 2020, BCLC has continued to improve its Anti-Money Laundering (AML) program, with a number of actions taken or planned both as the reporting entity and in cooperation with the Gaming Policy and Enforcement Branch (GPEB) and the RCMP.
- In FY 2020/21, BCLC became a principal partner in the Counter Illicit Finance Alliance of British Columbia (CIFA-BC) and continues to participate in the Gaming Integrity Group.
- BCLC recently renewed its ongoing Information Sharing Agreement with RCMP to support it in identifying and proactively banning individuals whose presence is undesirable from casinos, such as those suspected of criminal activity.
- In fiscal 2021/22, BCLC will continue its AML work, including:
 - Preparing for the implementation of a new scalable AML software solution, in collaboration with casino service providers.
 - Preparing for regulatory changes that will come into effect on June 1, 2021 as a result of PCMLTFA regulatory amendments.
- FINTRAC conducts biennial audits of BCLC's AML program and BCLC engages an independent accounting firm to conduct an assessment in alternate years.
 - In March 2021, Deloitte concluded an audit of BCLC's AML program on PlayNow.com. The results of the audit and BCLC's action plan are being finalized, after which they will be proactively published by BCLC.
 - In 2019, Deloitte conducted an assessment of BCLC's AML program at gambling facilities and on PlayNow.com, which posted on BCLC's website.

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Suspicious Transaction Reports

- In FY 2020/21, there were 150 PlayNow.com-related suspicious transactions reports (STR) valued at approximately \$812,000; in FY 2019/20 there were 99 valued at approximately \$759,000.
 - STRs are filed based on reasonable grounds to suspect the transaction(s) are related to a money-laundering related offence, including fraud.

PCMLTFA Changes

- Amendments to the PCMLTFA, coming into effect on June 1, 2021, require BCLC as the reporting entity to collect and retain certain records about transactions of \$3,000 or more by cash or negotiable instruments, such as a bank draft or cheque, in a single transaction.
- To support compliance with these new amendments once B.C. gambling facilities are permitted to re-open, BCLC has updated its policies that service providers must adhere to, and is making changes to its online AML course for service providers.
- BCLC will also begin to prepare to implement a scalable AML software solution in 2021 to enhance its capability to detect and report suspicious transactions.
 - The automated, scalable AML solution will increase the effectiveness of BCLC's AML system and maintain compliance with evolving compliance requirements.
 - It will also enable BCLC to continue to mitigate risks and offer better player and account monitoring, and strengthen Source of Funds compliance by replacing paper-based processes.
 - The estimated project cost for the new, scalable AML software solution is \$7 million, which BCLC has earmarked in its FY 2021/22 budget.

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NAME: CASINO FACILITY DEVELOPMENT

DESCRIPTION:

- BCLC has a formal Expression of Interest (EOI) process to identify local governments, including First Nations, interested in hosting a gambling facility within a defined market.
- BCLC engages a third-party fairness monitor to oversee the selection of a Host Local Government.
- The Province and BCLC support local-government decisions, including those related to potential new gambling facilities in their communities.
- There is no financial impact associated with the EOI process.
- Costs associated with the construction of a gambling facility in B.C. are the responsibility of the service provider, which owns/leases and operates the facility. BCLC is responsible for costs related to gambling equipment.
- BCLC allocated \$15 million in its FY 2022/23 capital budget towards gaming equipment at Cascades Casino Delta, which is currently under construction.

Greater Victoria EOI:

- BCLC is taking the time necessary to consider its next steps.
- BCLC initiated the EOI process in Greater Victoria in 2016 and selected the City of Victoria, which later postponed its decision to host a facility indefinitely.
- Following the City of Victoria's decision, BCLC entered into discussions with the District of Saanich, which scored second in BCLC's EOI process in 2016. On May 3, 2021, the District of Saanich council voted unanimously to reject further discussions about hosting a potential new gambling and entertainment facility.
- BCLC will only consider pursuing development in communities where local governments indicate interest.
- Market research in Greater Victoria indicated an additional facility would be attractive to both residents and tourists in the region.

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Cascades Casino Delta:

- Cascades Casino Delta, operated by Gateway Casinos & Entertainment, will include a hotel, restaurants, meeting space and a casino with approximately 500 slot machines, 24 table games and additional electronic table games.
- The design of Cascades Casino Delta reflects feedback from the public, received through ongoing community-engagement events including stakeholder briefings, public presentations, information sessions and open houses.
- Construction of the facility has begun, and the casino was originally scheduled to open in fall 2021. However, due to the public health measures put in place to minimize the spread of COVID-19, completion is delayed. BCLC and Gateway Casinos will determine a new timeline once conditions have stabilized.

Osoyoos Indian Band:

- BCLC is aware of the Osoyoos Indian Band's interest in a gambling facility within its jurisdiction, on lands east of the Town of Osoyoos.
- BCLC will continue to assess the market in order to best serve British Columbians and consider potential future demand as well as a potential Expression of Interest for gambling in this area.

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NAME: COVID-19 IMPACTS

DESCRIPTION:

- Public-health measures to minimize the spread of COVID-19 significantly impacted BCLC's revenue in FY 2020/21 as no revenue was generated from casinos and community gaming centres (CGCs) – which contributed to 72 per cent of BCLC's overall revenue in FY 2019/20.
- Pre-pandemic, BCLC estimated that casinos and CGCs would generate \$974 million in net income in FY 2020/21 budget.
- While BCLC forecasted that lottery revenue would experience an increase of \$9 million in FY 2020/21 and PlayNow.com revenue would more than double compared to the year prior, the growth did not make up for the lost revenue due to the closure of gambling facilities.
- In FY 2021/22, BCLC expects to deliver \$829 million in net income to the provincial government, plus \$11 million in net income to the federal government, which is based on a financial assumption that casinos and CGCs will re-open in late June 2021.
 - Of the projected overall net income, approximately \$317 million, or 38 per cent, is expected from casinos and CGCs, based on the assumption that they will re-open in late June 2021.
 - BCLC estimates \$14 million in lost net income for every week that casinos and CGCs remain closed after late June 2021.
- BCLC expects that some PlayNow.com revenue will migrate back to the land-based facilities when casinos re-open.
- By the end of FY 2022/23, BCLC projects that casino revenue will return to 94 per cent of pre-pandemic levels as the new normal.

Casinos

- On March 16, 2020, service providers were directed to close gambling facilities in B.C. as a measure to help stop the spread of COVID-19.
- On August 5, 2020, BCLC and its service providers submitted health and safety plans to WorkSafeBC and the Provincial Health Officer (PHO). Conversations are ongoing

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with the PHO, service providers and government regarding when casinos and CGCs can re-open.

- B.C. casinos and CGCs generate revenue for communities, First Nations and provincial healthcare, education and community initiatives.
- During the temporary closure, Esquimalt Bingo and Harbour City Bingo made the decision to close permanently. While the closure of gambling facilities due to COVID-19 was a factor, the facilities were already considering closure prior to the pandemic.

Lottery

- On March 18, 2020, BCLC temporarily closed its lottery prize payout centres located in its Kamloops head office and Vancouver corporate office and implemented an alternate prize-claim process.
- From March 19, 2020 to April 1, 2021, BCLC paid out \$157.9 million in prizes, \$146.9 million of which were processed using the alternate prize-claim process.
- While some lottery retailers altered or suspended lottery sales early in the pandemic, the majority are now selling lottery products in adherence to physical-distancing directions from the Provincial Health Officer.
- Despite the impacts of COVID-19, BCLC forecasted that lottery revenue, net of prizes, in FY 2020/21 would be \$528 million, exceeding FY 2019/20 revenue by \$9 million.
- More British Columbians are purchasing lottery tickets online through PlayNow.com. BCLC forecasted that online lottery revenue from FY 2020/21 would increase by approximately 110 per cent, year over year.

PlayNow.com

- PlayNow.com experienced unprecedented growth since mid-March 2020 due to the public health measures put in place to minimize the spread of COVID-19 as players migrated from brick and mortar to online play.
- PlayNow.com has more than doubled its year-over-year online gambling revenue (\$179 million in FY 2019/20 to a forecasted \$414 million in FY 2020/21).

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**MINISTRY OF FINANCE
BCLC
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NAME: EXECUTIVE COMPENSATION

DESCRIPTION:

- BCLC's compensation policy aligns with others across the public sector.
- Any performance-based increases to commercial Crown CEO salaries or total compensation maximums continue to require approval from Minister of Finance through the Public Sector Employers' Council Secretariat (PSEC Secretariat).
- Per the directive issued by the Minister of Finance in August 2020, there were to be no compensation increases or adjustments for executives for the performance year 2020/21.
- In July 2020, BCLC changed its organizational structure to support its new strategic plan and reduced its executive team from nine to seven. The roles of Vice-President, Lottery Gaming and Vice-President, Digital and Enterprise Services were eliminated as BCLC centralized all lottery, casino and eGaming into a single Operations Division.
- BCLC's total executive compensation for FY 2020/21 is in line with the total executive compensation from FY 2019/20, and expected to decrease in FY 2021/22 when salary continuances end for departed executives.
- BCLC will make its FY 2020/21 executive compensation public through Public Accounts and on its website.

DATA TABLE:

- The below compensation information is for FY 2019/20.

Name and Position	Salary	Benefits	Pension	All Other Compensation	FY 2019/20 Total
Jim Lightbody, President and CEO ¹	\$152,791	\$12,276	\$90,340	\$130,620	\$386,027
Greg Moore, Interim President and CEO	\$193,161	\$8,264	\$ -	\$ -	\$201,425
Kevin Gass, Vice-President, Lottery Gaming ²	\$278,120	\$11,802	\$36,386	\$8,226	\$334,534
Robert Kroeker, Chief Compliance Officer and Vice-President, Legal, Compliance, Security ³	\$221,440	\$11,832	\$26,125	\$44,700	\$304,097
Bradley Desmarais, Vice-President, Casino and Community Gaming	\$252,611	\$12,117	\$25,353	\$13,940	\$304,021
Jamie Callahan, Vice-President, Human Resources ⁴	\$222,219	\$11,563	\$9,118	\$53,296	\$296,196

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Name and Position	Salary	Benefits	Pension	All Other Compensation	FY 2019/20 Total
Tom Kay, Interim Chief Financial Officer and Vice-President, Finance and Corporate Services	\$280,026	\$8,049	\$ -	\$851	\$288,926
Pat Davis, Chief Information Officer	\$233,512	\$12,640	\$19,531	\$21,466	\$287,149
Susan Dolinski, Vice-President, Social Responsibility and Communications ⁵	\$214,333	\$7,215	\$9,227	\$ -	\$230,775
Cameron Adams, Interim Vice-President, Digital and Enterprise Services	\$207,056	\$12,071	\$13,294	\$3,316	\$235,737
John Leeburn, Interim Vice-President, People and Culture	\$108,500	\$8,242	\$ -	\$454	\$117,196
Amanda Hobson, Chief Financial Officer and Vice-President, Finance and Corporate Services ⁶	\$53,862	\$2,991	\$2,547	\$28,119	\$87,519
Alan Kerr, Chief Financial Officer and Vice-President, Finance and Corporate Services	\$56,411	\$5,307	\$8,866	\$2,727	\$73,311
Monica Bohm, Vice-President, Digital and Enterprise Services ⁷	\$39,626	\$1,342	\$4,401	\$8,294	\$53,663
Peter ter Weeme, Vice-President, Social Purpose and Stakeholder Engagement	\$30,962	\$2,963	\$2,855	\$2,727	\$39,507

1. Mr. Lightbody is currently on medical leave, effective September 6, 2019. Greg Moore joined BCLC as interim President and CEO effective September 6, 2019, until Ms. Cavanaugh joined BCLC as new Interim CEO on January 18, 2021.
2. Mr. Gass left BCLC, effective June 29, 2020.
3. Mr. Kroeker left BCLC, effective July 2, 2019. Mr. Desmarais concurrently served as Interim Vice President for Legal, Security, Compliance & Chief Compliance Officer until Ms. Savoie joined BCLC on June 29, 2020 as Chief Compliance Officer and VP, Legal, Compliance and Security.
4. Ms. Callahan left BCLC, effective October 10, 2019. Mr. Leeburn served in the interim until Ms. Gilpin-Jackson joined BCLC on April 15, 2020, as Vice President, People & Culture. In July 2020, Ms. Gilpin-Jackson became BCLC's Chief People Officer.
5. Ms. Dolinski left BCLC effective November 8, 2018. Ms. Bohm served in the interim before her retirement on May 31, 2019. Ms. Callahan then served in the interim until her departure on October 10, 2019. Mr. Gass concurrently served in the interim until Mr. ter Weeme joined BCLC on February 10, 2020 as its new Vice President, Social Purpose & Stakeholder Engagement. In July 2020, Mr. ter Weeme became BCLC's Chief Social Purpose Officer & Vice President, Player Experience.
6. Ms. Hobson left BCLC, effective July 10, 2019. Mr. Kay served in the interim until Mr. Kerr joined BCLC as new Chief Financial Officer and Vice President, Finance Corporate Services, effective January 13, 2020.
7. Ms. Bohm retired from BCLC, effective May 31, 2019. Cameron Adams served as interim Vice President, Digital & Enterprise Services, until he left BCLC on July 3, 2020.

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NAME: PLAYER HEALTH

DESCRIPTION:

- One of BCLC's corporate-strategic goals as outlined in the 2021/22 – 2023/24 Service Plan is that no one is harmed from gambling offered by BCLC.
- Working towards the goal, BCLC aims to reduce the percentage of players who score as high risk on the Problem Gambling Severity Index (PGSI) from nine per cent in FY 2020/21 to seven per cent by FY 2022/23.¹
- BCLC's 2021/22 budget for player health and GameSense programs is \$8.2 million.
- GameSense is BCLC's player-health program, designed to assist players in making informed decisions about gambling and connect them to resources. BCLC licences GameSense to 14 casino and lottery jurisdictions across North America.
- During the COVID-19 pandemic, BCLC made it easier for players to access player-health supports by expanding GameSense Advisor (GSA) services via telephone and online chat by leveraging existing dedicated player-health specialists, who were previously in casinos and community gaming centres only.
- In March 2019, GPEB and BCLC renewed funding of \$1.36 million over five years to the Centre for Gambling Research at UBC to support its efforts to study harms related to gambling. Funding is provided through the Ineligible Jackpot Fund, which includes ineligible winnings from individuals barred from BCLC gambling facilities or those who have self-enrolled in the Voluntary Self-Exclusion (VSE) program.
- BCLC's VSE program is a resource for people who want to restrict themselves from gaming venues and/or PlayNow.com. VSE is a voluntary program and a tool that may assist people with better managing their decisions to gamble.
 - In FY 2020/2021, there were 6,248 VSE enrollments compared to 8,020 enrolments in FY 2019/20, noting that casinos and community gaming centres temporarily closed on March 16, 2021.
 - BCLC contracted with researchers at the University of the Fraser Valley to complete two longitudinal evaluation studies on the effectiveness of B.C.'s VSE program; a third study is underway but due to impacted availability of participants due to COVID-19, timing of results is unknown.

¹ This figure is based on a continuous tracking survey conducted online with a sample size of 2,000 players.

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Online Problem Gambling Prevalence Study:

- BCLC and GPEB jointly commissioned a 2020 Online Gambling Prevalence Study² in response to a recommendation in the 2015 Plan for Public Health and Gambling. It found that 24 per cent of online gamblers overall are at high risk of experiencing problem gambling.
- The report, which cost \$115,000, was funded through the Ineligible Jackpot Fund. It includes seven recommendations for BCLC and GPEB. BCLC has implemented a robust action plan in response including: identifying play behaviours associated with risk and problem-gambling levels; proactive interventions when it believes players are actively experiencing harms; and exploring incentives for healthy-play behaviours.
- A follow-up study about the effects of COVID-19 in June 2020 found that more respondents participated in online gambling during COVID than before (a 9-point increase from 22 to 31 per cent) driven by increases to purchases of online lottery games, Scratch & Win games and charity raffles. This activity is consistent with public health directions to stay home wherever possible. Online gamblers who participate only in lottery games are less likely to classify as high risk than active-game players.
- PlayNow.com provides significant safeguards to encourage healthy play, such as age-verification controls, a session log to provide players with clear visibility into their play activity and a short-term lockout function for players who want to take a break.

DATA TABLE:

BCLC Player Health	2018/19	2019/20	2020/21	2021/22
Budget	\$6.9M Actual	\$8.5M Actual	\$6.5M Actual (due to casino closures*)	\$8.2M Budget
FTEs	42	50	48	41**

*The 2020/21 budget is lower than prior years due to casino closures and resulting reduced operational costs. The 2021/22 budget reflects completion of GameSense Information Centre infrastructure upgrades.

**This FTE count as of April 1, 2021 is lower than previous years due to vacant GSA roles that BCLC has not filled due to the closure of gambling facilities. BCLC plans to increase its player-health FTE to 50 upon casino re-opening, and as part of plans to continually improve programming.

² The 2020 BC Online Problem Gambling Prevalence Study surveyed an online panel of 4,079 adult British Columbians between February and March 2020.

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NAME: Single-Event Sports Betting

DESCRIPTION:

- Single-event sports betting is currently illegal in Canada, with sports bets requiring a 'parlay', meaning a single wager that links together two or more individual wagers and is dependent on all of those wagers winning together. Betting on races and fights is prohibited.
 - BCLC currently offers parlayed sports betting online through PlayNow.com and its Sports Action lottery product, which is available in gaming facilities and at lottery retailers including retail stores and hospitality locations.
 - British Columbians who currently wish to place bets on single-event sports, races and fights already do so through offshore websites that are not regulated in BC which may not have the same robust player-health safeguards as PlayNow.com. Revenue from these sites does not come back to the Province.
- The federal government is poised to legalize single-event sports betting and betting on races (other than horse racing) and fights through amendments to the Criminal Code. The BC government has supported this change since 2012.
 - The current Bill C-218 (the Safe and Regulated Sports Betting Act) passed the House of Commons with a 303-15 vote and is now with the Senate for consideration.
- As required under B.C.'s *Gaming Control Act*, BCLC is working with PSSG (GPEB) and FIN (CAS) to obtain approval from the Minister of Public Safety for it to implement single-event sports betting online on PlayNow.com, including BCLC's existing Sports Action lottery product when enabled by PlayNow.com, when legalized by the federal government.
 - If approved by the Province, BCLC is positioned to provide single-event bets online to PlayNow.com players within days of legalization, as the digital infrastructure is already in place.
 - PlayNow.com players will have the ability to place single wagers on games and propositions (specific events within a game) across many professional sports leagues for which BCLC already offers parlayed betting, as well as

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for additional new sports such as racing (Formula 1) and fighting (UFC and boxing).

- BCLC also intends to add single-event sports betting at retail through its Sports Action lottery product in 2022, to coincide with the installation of new lottery terminals.

Sports Action

- Advice/Recommendations; Government Financial Information
Advice/Recommendations; Government Financial Information
BCLC Advice/Recommendations; Government Financial Information
Advice/Recommendations; Government Financial Information
- After BCLC rolls out new lottery terminals in 2022, it would like to offer single-event bets as part of the existing Sports Action lottery product, which would be digitally enabled via PlayNow.com¹ through the new technology being introduced. This will enable BCLC to provide consistent online and lottery sports-betting options for players across online and land-based lottery channels.
- While the lottery terminals are expected to go live in the spring of 2022, there is considerable planning, integration and testing that takes place in advance of the go-live date.

Possible future expansion of single bets

- BCLC is still exploring land-based options for single event betting.
 - On March 22, 2021, BCLC posted a Request for Information (RFI) to receive information from companies to assist in the establishment of sports-betting experiences in land-based casinos and hospitality locations (e.g. sports bars and pubs).
 - The information received through the RFI will allow BCLC to better understand the current and future sports-betting market landscape and assist BCLC in creating a strategic plan to enhance sports betting in land-based locations.
- Any further land-based implementation of single-event sports betting, beyond PlayNow.com and Sports Action (via PlayNow.com) at BCLC's existing lottery

¹ When new lottery terminals are rolled out, Sports Action players will visit PlayNow.com to make sports picks from their smart phone and generate a barcode that retailers will use to print paper tickets from the lottery terminal, and complete the transaction.

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locations, will be Advice/Recommendations
Advice/Recommendations

Financial impact:

- BCLC estimates that with the approval of singles, the total market for sports betting in B.C. would be \$125 to \$175 million (revenue, net of prizes), based on comparable U.S. jurisdictions and a Deloitte analysis of the Canadian opportunity for legal-market wagering.
 - Given digital integration planned between PlayNow.com and Sports Action, and future potential land-based opportunities, this estimate incorporates both online and land-based betting.
- In 2019/20, parlayed sports betting through PlayNow.com and Sports Action generated \$25.3 million in revenue, net of prizes.

Player Health

- PlayNow.com provides significant safeguards to encourage healthy play, such as age-verification controls, a session log to provide players with clear visibility into their play activity and a short-term lockout function for players who want to take a break.
- BCLC will continue to support player health into the future with other robust safeguards not offered by grey-market sites, including advanced predictive modeling and customized messaging; identification of player behaviours associated with risk and problem-gambling levels; and programming to actively identify high-risk online gambling behaviours for the purpose of interacting and intervening with players that are actively experiencing harms.
- GPEB offers free prevention, treatment and support services for anyone struggling with problematic gambling behaviours. Government Financial Information
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NAME: ONLINE GAMBLING

DESCRIPTION:

- PlayNow.com is the fastest-growing channel of BCLC's business, with continuous year-over-year growth that is tracking to 131 per cent in FY 2020/21 and was 20 per cent in FY 2019/20 and 25 per cent in FY 2018/19.
 - During FY 2020/21, PlayNow.com saw an 84 per cent increase in new players and a 51 per cent increase in active player count, compared to FY 2019/20. An active player is defined as a player who placed at least one wager during the fiscal year.
 - The increases are in part attributed to players migrating to online play while B.C. casinos and community gaming centres remain temporarily closed due to the COVID-19 pandemic.
 - PlayNow.com's Live Casino grew in revenue in part due to an extension of operating hours, the introduction of new products and migration of land-based players.
 - eSlots also grew in part due to new games and increased play on mobile platforms.
- As of April 1, 2021, there are 782,569 PlayNow.com accounts, which is approximately 17 per cent of the British Columbia adult population.
- BCLC and GPEB jointly commissioned a 2020 Online Gambling Prevalence Study, which found that 24 per cent of online gamblers overall are at high risk of experiencing problem gambling.
- A follow-up study about the effects of COVID-19 in June 2020 found that more respondents participated in online gambling during COVID than before (a nine-point increase from 22 to 31 per cent) driven by increases to purchases of online lottery games, Scratch & Win games and charity raffles.
- Based on third-party expert industry data and internal analysis, ^{Advice/Recommendations}
Advice/Recommendations
- The remainder of B.C.'s online gambling market is being captured by grey-market unregulated websites in Canada that are offering products (such as single-event sports betting) that BCLC is currently unable to offer due to current legislation.

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- Since January 2013, BCLC has provided the PlayNow.com platform and associated operational services to Manitoba Liquor & Lotteries.

Single-Event Sports Betting:

- The federal government is currently considering Bill C-218 – a private member's bill to amend the Criminal Code to allow provinces to offer single-event sports betting, as well as bets on racing and fighting.
- Bill C-218 is now before the Senate. Should it pass, BCLC is positioned to offer single event betting online almost immediately.
- BCLC estimates the total (online and land-based) B.C. market for single-event sports bets is \$125 to \$175 million. In 2019/20, parlayed sports betting through PlayNow.com and Sports Action generated \$25.3 million in revenue, net of prizes.
- Work is underway to develop options to provide single-event sports betting to players in land-based channels, which will require government approval from the Minister responsible for the *Gaming Control Act* (PSSG).

PlayNow.com Weekly Transfer-In Limits:

- More than half of current players have set their weekly-deposit limit at \$100 or less.
- The vast majority continue to play well below the weekly transfer-in (deposit) limit, which increased on February 4, 2020 from \$9,999 to \$100,000.

DATA TABLE:

	FY 2018/19	FY 2019/20	FY 2020/21 Projection**
eGaming revenue, net of prizes*	\$149.8 million	\$179.0 million	\$414.0 million
Growth from previous FY	+24.9%	+19.5%	Trending towards +131.3%

* Includes B2B revenue from PlayNow.com in Manitoba.

** As per Third Quarter Projects as submitted to Treasury Board on February 17, 2021

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NAME: SUPPORT FOR CASINO SERVICE PROVIDERS

DESCRIPTION:

- BCLC and the Province have taken steps to support casino service providers and help them re-open with enhanced health and safety measures once the Provincial Health Officer deems it appropriate to do so.
- BCLC is reimbursing service providers for electricity and heating/ventilation/air conditioning (HVAC) costs to keep electronic gambling devices operational and on-site security to ensure the integrity of gambling devices while gambling facilities remain temporarily closed.
 - In FY 2020/21, BCLC reimbursed service providers \$3.8 million for electricity and HVAC cost and an additional \$872,000 for on-site security and other critical roles; totalling \$4.6 million.
 - BCLC owns all electronic gambling devices at gambling facilities, which must remain on to support the long-term functionality, integrity and security of the devices and systems as well as required upgrades to BCLC's gaming management system.
- In FY 2020/21, BCLC invested approximately \$3.7 million to purchase safe re-opening supplies and equipment such as plexi-glass dividers, physical distancing signage and masks on behalf of service providers across B.C. to support an efficient and safe re-opening when it happens.
- BCLC is compensating service providers for Encore Rewards members' specific activities on PlayNow.com in recognition that service providers have invested in serving these players at their land-based facilities.
 - In FY 2020/21, service providers earned \$6.1 million in commissions for Encore Rewards members' play on PlayNow.com. The cross promotion is expected to drive incremental net income to the province in the longer-term.
 - BCLC enhanced its Encore Rewards loyalty program so that players can now earn points on PlayNow.com and redeem them at land-based casinos and community gaming centres when they safely re-open – this will help support the industry's recovery once facilities re-open.

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- BCLC is making available advances on future commissions to qualifying service providers as one way to help support the recovery of the casino industry, which directly employs approximately 10,000 people across B.C.
 - Qualifying service providers have the option to accept these advances which are intended to provide short-term financial support for service providers, so they are positioned to get British Columbians back to work and recover the industry once the Provincial Health Officer deems it safe for re-opening.
 - BCLC is offering advanced commissions to a maximum of 10 per cent of a service provider's FY 2019/20 total commissions paid, with a monthly service fee of 0.5 per cent to be accrued.
 - Under contractual agreements, qualifying service providers must repay any commission advances and the service fee to BCLC through reductions of future commissions, starting in April 2023.
 - BCLC sent the formal commission-advance offer to service providers on May 6, 2021.

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NAME: BCLC REVEUE PROJECTIONS

DESCRIPTION:

- In FY 2021/22, BCLC expects to deliver \$840 million in net income to the provincial and federal government.
- This is an increase from the forecasted \$394 million in net income in FY 2020/21.
- BCLC expects net income to be significantly lower than pre-pandemic levels as BCLC continues to be challenged by COVID-19 and the closure of casinos and community gaming centres (CGCs).
- As per its FY 2020/21 Third Quarter Revised Forecast & 2020/21 – 2024/25 Projections, BCLC projects a net-income decrease of \$89.1 million over the next five years compared to previously communicated projections on October 29, 2020:
 - -\$24.7 million in FY 2020/21;
 - -\$135.9 million in FY 2021/22;
 - +\$67.6 million in FY 2022/23;
 - -\$0.5 million in FY 2023/24; and
 - +\$4.4 million in FY 2024/25.
- In comparison to budget as published in BCLC's 2020/2021-2022/23 Service Plan, the forecast reflects a net-income decrease of \$1.6 billion over the next 3 years (2020/21–2022/23):
 - -\$979.8 million in FY 2020/21;
 - -\$535.9 million in FY 2021/22; and
 - -\$103.6 million in FY 2022/23.
- The net income forecasts are based on BCLC's assumption that B.C. casinos and CGCs would re-open in late June 2021 and at reduced capacity given physical-distancing restrictions assumed to be in place; further delays to re-opening will result in lost revenue of approximately \$14 million in net income per week.
- The longer casinos and CGCs are closed, the more uncertain the recovery period for after casinos reopen. At this time, Provincial Health Officer has not provided a date for re-opening.

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- In FY 2019/20, casino and CGCs generated \$1.83 billion in revenue, or 72 per cent of BCLC's total revenues.
- When casinos and CGCs re-open, BCLC projects some reverse migration of eGaming revenue net of organic growth, resulting in a slight year over year revenue decline in FY 2021/22.
- BCLC has budgeted for continued eGaming revenue growth in fiscal years 2022/23 and 2023/24 based on continued investment in PlayNow.com and its mobile application.
- In FY 2021/22, BCLC expects that lottery revenue will return back to pre-pandemic levels and will experience modest growth through FY 2023/24 reflective of a mature market.

DATA TABLE:

	2018/19 Actuals	2019/20 Actuals	2020/21 Forecast (as per Feb 2021 Treasury Board Submission)	Anticipated Trends 2021/22; (as per latest projections in Feb. 2021 Treasury Board Submission) adjusted for delay in Casino opening	Anticipated Trends 2022/23 (as per latest projections in Feb. 2021 Treasury Board Submission)	Anticipated Trends 2023/24 (as per latest projections Feb. 2021 Treasury Board Submission)
Net Income Budget (in millions)	1,415	1,347	394	840	1,310	1,520

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**MINISTRY OF FINANCE
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NAME: PANDEMIC IMPACTS ON GAMING REVENUE – FIRST NATIONS

DESCRIPTION:

- In 2020, the Province signed a 25-year agreement committing to share 7% of gaming revenues annually with First Nations in B.C. An interim two-year agreement in 2019 enabled funds to begin flowing immediately while the long-term agreement was being negotiated.
- The Province passed legislation in 2019 to provide for the funding transfers to the First Nations Gaming Revenue Sharing Limited Partnership (LP), which distributes the funding to First Nations who are or become limited partners.
- The Ministry of Indigenous Relations and Reconciliation (MIRR) is responsible on behalf of the Province for overseeing the implementation of the Agreement and meeting the obligations it sets out.
- Provincial estimates at the time (2019) valued the 25-year commitment at about \$3 billion, with annual transfers to Nations of about \$100 million, and 2% annual growth in gaming revenue.
- In 2019, two years of gaming revenue (\$194.84 million, for 2019/2020 and 2020/2021) was provided through the interim gaming revenue-sharing agreement. Regular annual payments start in 2021/22.

Effect of the pandemic on FN share of gaming revenue

- In 2020/21, an estimated \$58.059 million was be distributed to First Nations through the LP, equivalent to 7% of the net income that BCLC delivered to the Province for 2020/21. The 2020/21 payment is lower than was anticipated prior to the pandemic (approximately \$100 million annually) due to COVID 19-related reductions in BCLC revenue for the current fiscal year resulting from casinos being closed since Mar.16, 2020.
- Because payments are provided based on an estimate of the future year's revenues, under the Agreement, they need to be reconciled in a subsequent year. This means if revenues are lower or higher than anticipated, the Agreement contains a process to reconcile the difference.
- The significant drop in gaming revenues due to the pandemic is expected to affect the amount of revenue transferred in 2022 when the difference in estimated and actual revenues is reconciled for the 2019/20 and 2020/2021 payments. First

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File Name: EN_COVID impacts on gaming revenue sharing - First Nations - FINAL - May 21, 2021

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Nations have formally expressed concern about receiving less revenue than expected.

- MIRR will lead discussions with the First Nations Gaming Commission about the effects of the pandemic on First Nations and the shared gaming revenues.

Historical funding:

- In August 2019, the Province transferred \$194.84 million to the LP under the interim agreement. An additional \$2 million was advanced in 2018/19 to establish the Partnership.
- Distribution of funds to individual First Nations began in October 2019 with a \$87.9-million distribution to 194 First Nations from the Partnership in 2019/20. The second-year disbursements were sent out in May 2020.
- Each year, the Province estimates the gaming revenue for the forthcoming fiscal year based on BCLC's service plan, and adjustments are made once actual net income is known.
 - If actual revenue is higher than the estimate (i.e. the Province has underpaid), the Province makes an additional payment within 60 days of the public accounts being made public.
 - If actual revenues are lower than the estimate (i.e. the Province has overpaid), the Province recovers the overpayment by reducing the annual revenue sharing payment for the second succeeding year.
- Revenue is distributed to all First Nations via the LP under a formula developed by the Gaming Commission: 50% base funding (divided equally per community); 40% based on population; and 10% for geographically remote communities.
- The funding may be used by individual Nations for: health and wellness; infrastructure, safety, transportation and housing; economic and business development; education, language, culture and training; community development and environmental protection; and capacity building, fiscal management and governance. Direct distribution of gaming revenue to individuals is not permitted.

DATA TABLE: BCLC DISTRIBUTION OF NET INCOME

	2019/20 Actuals	2020/21 Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast
BCLC Distribution:					
Provincial Government	1,336	1,363	383	829	1,299

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Federal Government	11	11	11	11	11
TOTAL	1,347	1,374	394	840	1,310
Government Distribution					
HLG Payments	94	98	-	33	75
Horse Racing Purse Enhancements	10	11	-	5	9
Community Gaming Grants	140	140	140	140	140
First Nations Revenue Share	94	95	27	58	91
JIGIT	3	3	3	3	3
TOTAL	341	347	170	239	318

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File Name: EN_COVID impacts on gaming revenue sharing - First Nations - FINAL - May 21, 2021

**MINISTRY OF FINANCE
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NAME: PANDEMIC IMPACTS ON GAMING REVENUE – HOST LOCAL GOVERNMENTS

DESCRIPTION:

- Government shares gambling revenue with 35 Host Local Governments (HLGs) that host gambling facilities.
- Generally, HLGs receive 10% of the net gambling revenue from gambling facilities in their community. Revenue sharing is intended in part to offset additional costs related to gambling facilities (e.g., policing and traffic management).
- The Ministry of Public Safety and Solicitor General (Gaming Policy and Enforcement Branch) is responsible for verifying BCLC's calculation of HLG payments and then distributing the payments to HLGs.

Effect of the pandemic on HLG share of gaming revenue

- In 2018/19 and 2019/20, HLGs received \$98.4M and \$93.5M in shared gambling revenues, respectively.
- Government has not shared any gambling revenue in 2020/21 with HLGs because of the temporary closure of casinos; HLGs are only eligible to receive shared revenue when facilities are operating and generating revenue.
- Revenue sharing will resume when casinos re-open, though based on BCLC projected net income, it is forecast to be below historical levels in both 21/22 (\$33m) and 22/23 (\$75m).

First Nation HLGs:

- In B.C., First Nations that host a gaming facility are treated the same as municipal governments that are other HLGs when it comes to sharing revenue generated by a gambling facility.
- There are four First Nation communities in B.C. that host and/or operate a casino or community gaming centre: Squamish Nation (Chances Squamish), Cowichan Tribes (Chances Cowichan), Ktunaxa/Kinbasket Tribal Council Society (Casino of the Rockies) and Adams Lake Indian Band (Chances Salmon Arm). The Ktunaxa receive 33.3% of net revenue from the facility on their lands.
- Last year, HLG revenue sharing with these four First Nations totaled more than \$3.6 million.

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Division: FIN Crown Agencies Secretariat //
PSSG Gaming Policy and Enforcement
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File Name: EN_COVID impacts on gaming revenue sharing - Host Local Governments - FINAL

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- A revenue-sharing agreement also exists between the City of Penticton and Penticton Indian Band related to revenue generated at the Lake City Casino. BCLC and the Province are not party to that agreement.

HLG requests:

- The City of Kamloops and the City of Langley requested that government share online gambling revenue to compensate for lost shared revenue from facilities. Government has stated it is not considering this proposal at this time.

Provincial supports for HLGs:

- On April 16, 2020, the Province announced measures to provide temporary financial relief to local governments, including authorizing them to borrow, interest-free, from their existing capital reserves, delaying provincial school tax remittances, and allowing debt to be carried over for an additional year. These measures only applied to the 2020 calendar year.
- In September 2020, the Province announced the Canada-B.C. Safe Restart Fund which provides up to \$540 million in federal and provincial funding (50/50 cost-shared) to support local governments during COVID-19.
- No additional provincial supports have been introduced in 2021.

DATA TABLE: BCLC DISTRIBUTION OF NET INCOME

	2019/20 Actuals	2020/21 Budget	2020/21 Forecast	2022/23Forecast	2022/23 Forecast
BCLC Distribution:					
Provincial Government	1,336	1,363	383	829	1,299
Federal Government	11	11	11	11	11
TOTAL	1,347	1,374	394	840	1,310
Government Distribution					
HLG Payments	94	98	-	33	75
Horse Racing Purse Enhancements	10	11	-	5	9
Community Gaming Grants	140	140	140	140	140
First Nations Revenue Share	94	95	27	58	91
JIGIT	3	3	3	3	3
TOTAL	341	347	170	239	318

Contact: Jeff Groot // Sam MacLeod

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Division: FIN Crown Agencies Secretariat // PSSG Gaming Policy and Enforcement Branch

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File Name: EN_COVID impacts on gaming revenue sharing - Host Local Governments - FINAL

**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

LIQUOR DISTRIBUTION BRANCH (LDB)

BACKGROUND:

- In British Columbia, the LDB is one of two branches of government that provide oversight of the beverage alcohol and cannabis industries; the other is the Liquor and Cannabis Regulation Branch (LCRB). The LDB is responsible for the wholesale distribution and retail sale of beverage alcohol and cannabis.
- The *Liquor Distribution Act* (LDA) gives the LDB the sole right to purchase beverage alcohol both within B.C. and from outside the province, in accordance with the federal *Importation of Intoxicating Liquors Act*. The LCRB licenses private liquor stores, restaurants, pubs and manufacturers and enforces regulations under the *Liquor Control and Licensing Act*.
- The *Cannabis Distribution Act* (CDA) establishes a government wholesale cannabis distribution model, public cannabis retail stores and an online government sales channel. The LDB's General Manager has been appointed as the administrator of the CDA. The LCRB licenses private cannabis stores and enforces some aspects of the regulations under the *Cannabis Control and Licensing Act*.

LIQUOR DISTRIBUTION BRANCH OVERVIEW

- Employs approximately 4,600 full- and part-time staff (~4,000 FTEs).
- Oversees a province-wide mixed public-private retail and public wholesale beverage alcohol and non-medical cannabis business model.
- Operates 198 BC Liquor Stores (BCLS) and 26 BC Cannabis Store (BCCS).
- Provides online ordering systems for wholesale customers of beverage alcohol and non-medical cannabis.
- Operates an online retail portal (ecommerce) for non-medical cannabis.
- Distributes products through three distribution centres (Delta, Kamloops, Richmond).
- All wholesale sales in the province are included in the LDB's financial statements, regardless of which distribution channel the sale occurs.
- LDB financial statements include the retail sales from BCCS, online retail sales for non-medical cannabis and BCLS stores.

Contact: Blain Lawson, CEO & General Manager
Division: Liquor Distribution Branch
File Name: 2021-05-03_Budget 2021_LDB Organizational Overview_FINAL

Phone: 604 252-7411
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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

COVID-19 Pandemic

- A significant departure from usual consumer purchasing habits (increased buying for home consumption) has resulted in an abnormal retail sales increase. This increase partially offset the decreased sales to hospitality customers who closed or operated at reduced capacity due to the COVID-19 restrictions.
- In July 2020, the LDB implemented a wholesale pricing model for hospitality licensees. This policy resulted in an estimated reduction of \$31.2 million in revenue for 2020/21, and a projected annual reduction of \$71.0 million, once hospitality customers return to their pre-COVID-19 purchase levels.

Cannabis operations and rollout of stores

- LDB opened 11 BCCS during fiscal 2021/21 and had a total of 25 stores operating by March 31, 2021.
- Cannabis Wholesale Operations serves 305 private cannabis stores, including the approximately 130 private cannabis stores which opened during the 2020/21 fiscal year.
- Subject to municipal approval, the expansion of the BCCS retail chain is forecast to be substantially complete by fiscal 2023/24, with approximately 50 BCCS locations open and operating.

BUDGET: LIQUOR DISTRIBUTION BRANCH

(millions)	2019/20 Actuals	2020/21 Forecast	2021/22 Budget	2022/23 Budget	2023/24 Budget
Sales	\$3,841	\$4,152	\$4,230	\$4,354	\$4,607
Gross Margin	1,571	1,638	1,639	1,661	1,705
Operating Expenses	476	497	552	572	573
Other Income	12	10	12	14	14
Net Income	\$1,107	\$1,151	\$1,099	\$1,103	\$1,146
Capital	\$ 36	\$ 32	\$ 54	\$ 48	\$ 21

Contact: Blain Lawson, CEO & General Manager
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File Name: 2021-05-03_Budget 2021_LDB Organizational Overview_FINAL

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

PROGRAM SUMMARY: LIQUOR DISTRIBUTION BRANCH

	2018/19	2019/20	2020/21 Forecast	Anticipated 2021/22 *based on Service Plan	Anticipated Trends 2022/23 to 2023/24
Revenue (\$ millions)	3,594	3,841	4,152	4229.6	Increasing to 4,484 in 2023/24
Net Income (\$ millions)	1,104	1,107	1,151	1,099	Increasing to 1,146 in 2023/24
FTEs	3,657	3,700	4,046	4,279	Increasing to 4,503 in 2023/24
Liquor					
Number of Manufacturers					
Land-based wineries	320	333	339	n/a	n/a
Commercial wineries	60	63	76	n/a	n/a
Craft distilleries	61	67	75	n/a	n/a
Commercial distilleries	27	28	34	n/a	n/a
Brewpubs	29	30	31	n/a	n/a
Brewery < 350,000 HL	156	176	197	n/a	n/a
Brewery > 350,000 HL	5	5	5	n/a	n/a
Wholesale Customers					
Hospitality customers	8,357	8,312	8173	n/a	n/a
Licensee Retail Stores and Independent Wine Store	682	684	682	n/a	n/a
BC Liquor Stores	197	197	198	198	198

Contact: Blain Lawson, CEO & General Manager
Division: Liquor Distribution Branch
File Name: 2021-05-03_Budget 2021_LDB Organizational Overview_FINAL

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

Rural Agency Stores	226	227	225	n/a	n/a
Manufacturer On-site stores	640	686	745	n/a	n/a
Duty Free Stores	11	11	11	n/a	n/a
BC Liquor Stores Retail Customers	38,711,777	37,037,287	35,781,644	n/a	n/a
Cannabis					
Licensed Producers	42	52	80	100	n/a
Accessory Vendors	10	10	19	25	n/a
Number of BC Cannabis Stores	1	15	25	39	n/a
Number of Private Cannabis Stores	16	178	305	373	n/a
Retail Customers					
BC Cannabis Stores	112,383	534,705	1,030,245	n/a	n/a
Online Store	94,753	98,010	105,546	n/a	n/a

Contact: Blain Lawson, CEO & General Manager
Division: Liquor Distribution Branch
File Name: 2021-05-03_Budget 2021_LDB Organizational Overview_FINAL

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

ISSUE: CANNABIS OPERATIONS OVERVIEW**ADVICE AND RECOMMENDED RESPONSE:**

- LDB's Cannabis Operations is comprised of two departments: Retail Operations and Wholesale.
- Cannabis Wholesale, from its Richmond Distribution Centre, services:
 - 305 licensed private cannabis stores;
 - 26 brick-and-mortar BC Cannabis Stores (BCCS) locations; and
 - the public online store (BC Cannabis Stores.com).
- In fiscal 2020/21:
 - Cannabis Wholesale distributed over 1 million cases and approximately 54,000 kilograms of cannabis product to its wholesale customers.
 - Cannabis Retail served 1.04 million customers in its BCCS brick and mortar retail locations and processed 108,809 orders through the online store.

KEY FACTS:

- As of March 31, 2021, Cannabis Operations employed approximately 392 FTEs, located in the Richmond Distribution Centre, LDB Head Office and BCCS.
- There was a gradual improvement in the overall supply of cannabis products over the year, culminating with 1,062 products in wholesale inventory from 99 registered Licensed Producers.

BACKGROUND

- Projected Cannabis Operations sales for 2020/21 are \$334.6 million:
 - \$273.9 million in wholesale sales to private cannabis stores;
 - \$49.4 million in retail sales from brick and mortar stores, and;
 - \$11.3 million in sales through the online store.
- Cannabis Operations sales grew by 146% from fiscal 2019/20, primarily due to growth in wholesale sales to the increased number of private cannabis retailers.

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-03_Cannabis Operations_FINAL

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

- Consumer trends evolved during the year, with increased popularity of larger product formats, such as:
 - multi-pack pre-rolls;
 - 28-gram dried flower; and
 - 1-gram vape cartridges.
- The supply of these products was initially limited due to consumer demand, but increased significantly by March 31, 2021.
- Cannabis Operations' net income (excluding LDB head office costs):
 - \$11.3 million profit in 2020/21 (projected);
 - \$5.3 million loss in 2019/20; and
 - \$5.6 million loss in 2018/19.

BUDGET:

(millions)	2019/20 Actuals	2020/21 Forecast	2021/22 Estimates	2022/23 Plan	2023/24 Plan
Sales	\$135.9	\$334.6	\$445.1	\$517.5	\$563.1
Gross Margin	\$22.6	\$52.9	\$74.9	\$87.4	\$95.7
Operating Expenses ¹	\$30.2	\$45.5	\$60.2	\$72.5	\$72.1
Other Income	\$2.3	\$3.9	\$3.9	\$4.5	\$4.8
Net Income	\$(5.3)	\$11.3	\$18.6	\$19.4	\$28.4
Capital	\$24.3	\$12.3	\$17.2	\$23.9	\$0.4

1. Operating Expenses do not include Head Office Allocation. Head Office Allocation rate is estimated to be 6% of sales.

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-03_Cannabis Operations_FINAL

Phone: 604 420-8275
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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

ISSUE: BEER INDUSTRY OVERVIEW**ADVICE AND RECOMMENDED RESPONSE:**

- Through the pandemic, our government has continued to work closely with the BC beer industry and the Business Technical Advisory Panel (BTAP) to ensure support for BC's beer industry.
- BC Government has already implemented a range of measures to focused on the beer industry:
 - In July 2016, the mark-up rate for breweries was reduced.
 - In March 2019, the LDB announced it was making changes to the annual production reporting requirements for breweries to take into account contract brewing¹. This was to alleviate concerns from industry.
 - In March 2021, LDB launched a new process for SKU management to optimize space in its distribution centres and improve supply chain efficiencies. This new model will improve collaboration and communication between the LDB and manufacturers, thus improving sales forecasting, space optimization and demand planning².

¹ Contract brewing involves contracting another brewery to produce the contractor's beer and allows this beer to be produced without the need for a brewery/brewery equipment. Advice/Recommendations
Advice/Recommendations

² This change is currently on hold for small & medium sized breweries who have requested clarification on how these changes will impact them. The LDB is currently working with them to clarify the impact of this change and alleviate any concerns.

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-20_Beer Industry Overview_FINAL

Phone: 604 420-8275
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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

KEY FACTS:

- As of April 14, 2021, the number of registered breweries located in British Columbia is 197. This is an increase from 180 registered breweries on April 1 2020.
- Table 1 provides a summary of BC beer sales over the last four years broken down by manufacturers based in British Columbia, the rest of Canada and internationally.
 - Sales of beer from BC based manufacturers have decreased by approximately \$20M in fiscal year 2020/21 when compared to 2019/20, driven by a decrease in sales for BC-based commercial beer manufacturers.
 - Total sales of beer have also decreased, by approximately \$40M between fiscal years 2019/20 and 2020/21.
 - Sales of beer and in turn revenue collected from beer, have consistently fallen since 2017/18.

Table 1: LDB Sales of Beer, by manufacturer location & fiscal year (\$ in millions).

Year	British Columbia		Canada	International	Total
	Commercial	Craft			
2017/18	\$607	\$287	\$76	\$234	\$1203
2018/19	\$582	\$312	\$92	\$210	\$1196
2019/20	\$535	\$334	\$96	\$203	\$1168
2020/21	\$511	\$338	\$118	\$160	\$1127

Table 2: LDB Beer Mark-up collected (\$ in millions).

Year	British Columbia		Canada	International	Total
	Commercial	Craft			
2017/18	\$167	\$40	\$19	\$54	\$281
2018/19	\$158	\$44	\$23	\$49	\$273
2019/20	\$143	\$47	\$24	\$47	\$260
2020/21	\$134	\$46	\$28	\$35	\$243

**Figures are rounded to the nearest \$1m*

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-20_Beer Industry Overview_FINAL

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

BACKGROUND:

- BC breweries are permitted to directly deliver packaged and kegged beer directly to wholesale customers. The mark-up rate for BC beer is flat and based on production volume.
- The BC Craft Brewers Guild (BCCBG), Canada National Brewers (CNB) and Beer Canada continue to request changes in the beer industry, either alone or through the BTAP.

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-20_Beer Industry Overview_FINAL

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2021/22 ESTIMATES NOTE**Liquor Business Technical
Advisory Panel (BTAP)
recommendations status****Suggested Response:**

- The work our government has done with BTAP over the last few years has resulted in significant measures to both improve liquor policy in BC, and to deliver timely and necessary support for businesses and workers in the liquor and hospitality industries during the pandemic.
- Through these measures, we have made significant investments in industry, including an estimated \$71 million in annual savings to the hospitality sector with the recent implementation of permanent wholesale pricing for hospitality.
- To date 11 BTAP recommendations are complete, 17 are in the analysis or implementation phase, six are not moving forward¹.
- Recently, we received BTAP's latest priority list of recommendations, and I'm pleased to say we were able to confirm that government will be allocating resources to all of those priorities in order to review, analyze and, where possible, take action.
- We continue to value the ongoing input and expertise the panel provides to government and will continue to engage with them going forward.

BTAP recommendations implemented in 20/21

- In the last year alone, government has acted on many of BTAP's requests and recommendations to support the liquor and hospitality industry, including:
 - delivering on our platform commitments of making hospitality pricing permanent and permanently permitting the sale of packaged liquor with the sale of a meal
 - enabling distilleries, wineries and breweries to use their establishments to produce and package hand sanitizer;
 - created and began issuing the new Rural Licensee Retail Store licences;
 - allowing for temporary extensions of service areas (patios);
 - temporarily permitting the delivery of liquor to retail customers from offsite storage facilities;
 - temporarily extending retail liquor store hours;
 - temporarily allowing packaging of growlers with meals; and
 - allowing Independent Wine Stores to convert to Licensee Retail Stores in their existing location.

¹ The total is greater than the original 24 from the report, as some recommendations were segmented and additional emergency recommendations were added subsequently.

Background:

- The April 2018 BTAP report contained 24 recommendations. Some recommendations were subsequently broken out into smaller components, and additional Emergency Recommendations (ER) were added during the pandemic, for a total of 34 recommendations.
- Regarding the report, government assesses each recommendation with consideration of the health, economic, trade and revenue implications any changes would have, both on industry and the province as a whole.
- Staff from the LDB, LCRB, Crown Agencies Secretariat and Ministry of Agriculture, Food and Fisheries engage with BTAP and participate in the quarterly meetings to ensure a whole-of-government approach to liquor policy.
- As a result of COVID-19, analysis and implementation of some measures have been accelerated while others have been delayed.

Current BTAP priorities

- In Feb. 2021, BTAP provided government with an updated list of its recommendations it wants to see prioritized.
- In April 2021, government responded, confirming its agreement to allocate resources to those recommendations in order to get to a result (decision, implementation, etc.).
- At that time, government also confirmed both additional BTAP recommendations and general liquor policy items it would be allocating resources to, and indicated to BTAP that all of this work would consume liquor policy resources for 18 months (~end of 2022).
- These items are indicated with shading in the table below.

Financial impact

- Mr. Hicken worked for the Ministry of Attorney General on contract from September 1, 2019 to November 1, 2019 to facilitate the first set of quarterly meetings, with the option to extend for a maximum of one year upon mutual agreement.
 - The maximum contract amount for Mr. Mark Hicken was \$20,000 at an hourly rate of \$300. A total of \$18,771 pre-tax was invoiced and paid.
 - No additional costs have been incurred related to the coordination of the BTAP panel itself since that time.
- A number of the policy measures implemented resulting from BTAP's work do have financial impacts for government more broadly, including an estimated \$71m annually resulting from the implementation of permanent wholesale pricing.

*[April 14, 2021]**Page 2 of 8*

BTAP recommendation status²

Rec	Summary	Status	Lead
COMPLETE			
ER	Enable liquor sales with takeout	Implemented permanently on Mar. 12/21	LCRB
4	Make market data transparent	Enhanced reports developed and new data offerings rolled out Nov 2020	LDB
5	Restore the level of data sharing and reporting that existed prior to April 2015	Enhanced reports developed and new data offerings rolled out Nov 2020	LDB
8	Creation of an advisory board that provides non-binding advice on LDB operations and policy	Quarterly BTAP meetings established	LDB
9	Review and reassess the current mandate instructions for the LDB to provide greater benefits for consumers and industry.	LDB mandate letter amended to reflect direction.	LDB
10	Sell liquor products to hospitality customers at a proper wholesale price	Permanent wholesale hospitality pricing implemented starting Feb. 23, 2021.	LDB
14	Expand LCRB education initiatives, particularly web- and social media-based initiatives	LCRB has established a senior level Social Responsibility Committee, updated Serving it Right training materials and has begun roll out of next iteration of Alcohol Sense materials.	LCRB
18c	Implement new reporting requirements for breweries to ensure that contract brewed amounts are included in annual reporting	Changes announced to industry March 2019	LDB
21	Convert rural agency store authorizations to a new	New Rural Licensee Retail Store licence announced in January	LCRB/LDB

² Shading indicates current BTAP and government liquor priorities over the next 18 months where policy resources have been allocated.

	form of rural licence tied to the community of operation.	2021. Licences have now begun to be issued, with only a few RAS operators (6) where additional information is outstanding	
22	Allow the 12 retail stores currently categorized as Independent Wine Stores to convert to LRS licences.	LCRB policy directive issued June 29/20.	LCRB
23	Review and re-evaluate policies related to trade event licensing and purchasing of sample products	LCRB policy directive issued Feb 25, 2019	LCRB
IN PROGRESS			
ER	Enable sales of pre-mixed beverages with takeout	Policy analysis underway. Decision expected in Spring 2021.	LCRB
ER	Options for permitting manufacturers to direct deliver to consumers from offsite storage locations	Originally implemented as temporary authorization Jul.20 – Oct 1, 2020. Reinstated as temporary authorization on Feb. 23-Dec. 31, 2021. Advice/Recommendations	LDB/LCRB
ER	Extension of service areas	Authorization created May 22, 2020 with expiry Oct. 31, 2020. These were later extended to expire Oct. 31, 2021	LCRB
ER	Fast-track structural change licensing applications	Advice/Recommendations	LCRB
1 & ER	An alternative distribution system should be established to specifically address the delays in distributing non-stocked products	Advice/Recommendations	LDB

2b & ER	Permit BDL to enter into 3 rd party distribution arrangements	Advice/Recommendations; Government Financial Information	LDB
3	Conduct an operational assessment of LDB's new distribution centre to benchmark current processes and IT systems against industry leading practices, and identify improvement opportunities	Deloitte completed an initial review in 2020 (redacted report released publicly). Advice/Recommendations	LDB
11a & ER	Allow hospitality licensees to buy from any licensed source in BC, including private retailers. Restricted to non-stocked wholesale product and single bottle picks.	Advice/Recommendations	LDB
11b	Allow LRS to sell products to special event permit holders	Government direction received and communicated confidentially to BTAP members. SEPs will be authorized to purchase from LRS and Wine Stores. Expected to be announced publicly in summer 2021.	LCRB
12	Change the current minimum floor pricing to take into account the amount of alcohol contained in products and ensure these prices are adjusted for inflation.	BTAP has prioritized this recommendation in its most recent list. Advice/Recommendations	LCRB

16 & ER	Undertake an immediate and comprehensive omnibus review of policies and programs that support local products to create a more rational and equitable approach to defining what a local product is and for harmonizing support for those products.	Advice/Recommendations	LDB/LCRB/AFF
17	Continue to support the expansion of direct to consumer (DTC) sales	DTC working group established and continues to explore options in this area.	LDB
18a	Review the minimum requirement for breweries	Advice/Recommendations Government has communicated to BTAP that this item is on its priority list within the next 18 months.	LCRB
18b	Review the rules relating to the eligibility of products sold in an on-site tasting room or lounge	Advice/Recommendations Government has communicated to BTAP that this item is on its priority list to work on over the next 18 months.	LCRB
20a	Eliminate the restriction preventing craft distilleries from producing refreshment beverages	Advice/Recommendations Government has communicated to BTAP that this item is on its priority list to work on over the next 18 months.	LDB/AFF
20b	Eliminate the restriction preventing craft distilleries from selling to duty free stores	Advice/Recommendations	LDB

24	Provide a reliable source of funding for LCRB	Advice/Recommendations; Government Financial Information	LCRB
NOT PROCEEDING/NOT UNDERWAY			
2a	Allow BDL to deliver other products (ie. refreshment beverages) manufactured by the companies that own BDL	In Dec 2020, government communicated to BTAP that this recommendation would not move forward and LDB would continue to deliver all refreshment beverages. Advice/Recommendations; Government Financial Information	
6	Eliminate the conflict of interest at LDB between retail and wholesale	In 2015, LDB's wholesale and retail operations were separated and reside under separate Executive Director leadership.	
7	Alternate LDB governance structure with appropriate separation of each division and oversight of a board of directors or other supervisory body	On hold.	
13	Establish and provide partial funding for a privately run voluntary licensee accreditation program for best practises related to responsible beverage service	Not a priority at this time.	
15	Move all regulatory functions from LDB to LCRB to the extent possible	No changes planned.	
19	Elimination of restrictions preventing common ownership of a commercial distillery/winery and of a craft distillery/land-based winery to make the	No changes planned.	

	ownership rules more consistent and equal between categories		
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Contact: Kim Horn (CAS)	Phone: 236-478-3219	Mobile:	Government Financial Information
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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

ISSUE: CAPITAL AND OPERATING PROJECTS**ADVICE AND RECOMMENDED RESPONSE:**

- The Liquor Distribution Branch (LDB) invests in capital and operating projects to support the modernization of its business and to support government's mandate for economic growth and improved services to the people of B.C.
- The LDB has recently completed a number of projects related to business process and technology improvements, as well as the replacement of outdated IT systems.
- Major capital projects recently completed include continuing investments in the Delta Distribution Centre and improvements to cannabis systems.

KEY FACTS:

- Specific costs include:
 - 2020/21 spending on BC cannabis store rollout is forecasted at \$11.8M and the 2021/22 budget for additional stores is \$17.2M.
 - 2021/22 budget for store tenant improvements, operating capital (including IT equipment, operating equipment, vehicles) is \$20.8 million.
 - 2021/22 budget for systems projects is \$5.5M capital.
 - 2021/22 budget for Business Technical Advisory Panel (BTAP)-related work is \$10.6M in capital to support planning and implementation of the Order Management System (OMS) and Transportation Management System (TMS).

BACKGROUND:

- Capital and operating expenditures will increase to \$54M in 2021/22, largely due to:
 - Expanding the number of BC Cannabis Stores (BCCS) retail locations;
 - Implementing several recommendations of BTAP that will require systems improvements; and
 - Undertaking store tenant improvements.

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-10_Capital Operating Projects_FINAL

Phone: 604 420-8275
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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

- The LDB continued to expand the number of BCCS retail locations last year. By March 31, 2021, 25 BCCS were open and operating in the province. LDB projects an additional 8-12 stores will open in 2021/22.
- The LDB is working to replace the Product Information Management System (PIMS) in order to meet the growing needs of customers and businesses in both liquor and cannabis.
- The LDB continues to make changes to its systems and allocate the required resources to support government initiatives arising from the recommendations of BTAP. That includes a comprehensive review of its wholesale operations in response to BTAP recommendations #1 (an alternative distribution system for non-stocked wholesale product) and #3 (assessment of LDB's new distribution centre).
- The LDB remains focused on cost-consciousness and accountability to taxpayers when selecting projects and is committed to ensuring projects are completed successfully on time and within budget.

BUDGET:

LDB Capital (\$ millions)	2020/21	2021/22	2022/23	2023/24	3 Year
Operating Capital	\$17.6	\$20.8	\$21.7	\$17.9	\$60.3
Capital Projects	\$3.0	\$5.5	\$3.0	\$3.0	\$11.5
Cannabis Store Rollout	\$11.8	\$17.2	\$23.6	-	\$40.7
Business Technical Advisory Panel	\$0.06	\$10.6	-	-	\$10.6
Total Capital	\$32.4	\$54.0	\$48.2	\$20.9	\$123.2

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-10_Capital Operating Projects_FINAL

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

ISSUE: Craft Distillers' Requests**ADVICE AND RECOMMENDED RESPONSE:**

- B.C.'s craft distilling sector continues to expand and produce world-class spirits. The government continues to explore ways to support their success.
- Craft distilleries currently receive benefits intended to help the sector grow. For example, they are allowed to sell their products directly to wholesale and retail customers and do not have to remit the mark-up they collect on these sales.
- Most recently, craft distillers have asked for government, through the Business Technical Advisory Panel's (BTAP) report to:
 - Eliminate restrictions preventing craft distilleries from producing refreshment beverages; and
 - Eliminate restrictions preventing craft distilleries from selling their products to duty-free stores.

KEY FACTS:

- The Craft Distiller's Guild of BC is the major stakeholder group representing craft distilleries. Current membership consists of almost 40 licensed craft distilleries.
 - Tyler Dyck is the president of the Craft Distiller's Guild of BC and CEO of Okanagan Spirits Craft Distillery.
- The number of craft distilleries has more than doubled in the past five years. As of March 2021, there are 75 craft distilleries compared to 31 craft distilleries in 2016.

BACKGROUND:

- In order to be designated a B.C. craft distillery, they must meet strict criteria including that all products produced by the distillery are fermented and distilled at the licensed distillery site using 100% BC agricultural inputs.

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-03_Craft Distillers Requests_FINAL

Phone: 604 420-8275
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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

- Those distilleries that produce less than 50,000 litres annually remit zero mark-up on their direct sales to consumers or to the private sector (i.e., private liquor stores, restaurants, pubs, bars).
- Those with a total annual production of between 50,001 litres and 100,000 litres are subject to a graduated mark-up schedule, where all products are marked up at the marginal rate for that tier, not merely the production volume difference between that tier and the one below.
- In 2020, for the first time since the craft distillery designation and associated benefits were put in place, two craft distilleries reported annual production over 50,000 litres and as a result, will be subject to graduated mark-up. Industry members have called for changes to the craft distillery thresholds.
 - The Province will consider this request as part of its omnibus review of liquor industry support programs for all manufacturer types. (BTAP recommendation #16)

CURRENT STATUS:

- The LDB is currently reviewing the request to allow craft distilleries to produce refreshment and anticipates communication to industry on this matter in the summer of 2021.
- Cabinet Confidences

BUDGET: (if required)

Craft Distilleries	2018/19	2019/20	2020/21 Q3 Projection
Total Direct Sales	\$ 12.6 M	\$ 15.3 M	\$17.0 M
Estimated Foregone Markup on Direct Sales	\$ 7.7 M	\$9.3 M	\$10.2 M

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-03_Craft Distillers Requests_FINAL

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MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE

ISSUE: Craft Distillers' Requests

Question: Why is the Province collecting mark-up from Okanagan Spirits Distillery?

Government Financial Information

Contact: Fabian Contreras
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File Name: 2021-05-03_Craft Distillers Requests_FINAL

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Government Financial Information

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

ISSUE: LDB COVID SUPPORTS FOR INDUSTRY**ADVICE AND RECOMMENDED RESPONSE:**

- The LDB has implemented a series of external measures during the COVID-19 pandemic to support business partners, while continuing to provide an essential service to the province.
- LDB supported the Liquor and Cannabis Regulation Branch (LCRB) in permitting BC manufacturers to deliver liquor to consumers directly from their off-site storage locations, and authorizing food and liquor primary licensees to sell and deliver sealed packaged liquor products for off-site consumption with the purchase of a meal.
- LDB led changes to allow hospitality customers (restaurants, bars and tourism operators with liquor licences) to purchase beer, wine and spirits at wholesale prices permanently.
- LDB also implemented several measures to support BC cannabis industry – the most notable one being the reduction of insurance from 10M to 2M for micro-producers, micro-cultivators and nurseries of seeds.
- LDB recognizes the important role that the liquor and cannabis industries play in the province and the LDB has responded positively to address concerns that have been raised by the Business Technical Advisory Panel (BTAP) and other stakeholders in the spirit of collaboration as we work our way out of this pandemic.

KEY FACTS:

- LDB estimates that changes to hospitality pricing resulted in an estimated reduction of \$31.2 million in LDB 2020/21 revenue. It will further result in an annual reduction of \$71.0 million, per annum going forward based on hospitality pre-COVID-19 purchases.

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-19_LDB COVID Supports for Industry_FINAL_FINAL

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
ISSUE NOTE**

BACKGROUND:

Liquor Industry Supports led by the LDB

- On June 5, 2020, government approved hospitality industry's request to allow hospitality licensees, who had to suspend their operations as a result of COVID-19, to sell their existing liquor stock to private retailers or hospitality licensees still in operation. This policy directive expired on November 30, 2020.
- In June 2020, hospitality licensees were permitted to purchase liquor at wholesale prices as a temporary measure. This was subsequently approved as a permanent measure on February 23, 2021.
- To support the broader provincial response to COVID-19, government authorized distillery, brewery and winery licence holders to use their establishments to manufacture and/or package, sell or donate alcohol-based sanitizer and hand sanitizer.

Liquor Industry Supports led by the LCRB

- Government approved a measure permitting BC manufacturers to deliver liquor to consumers directly from their off-site storage locations. It also authorized food and liquor primary licensees to sell and deliver sealed packaged liquor products for off-site consumption with the purchase of a meal for takeout or delivery.
- Government authorized liquor manufacturers to deliver products directly to individual consumers from their registered off-site storage facilities, in addition to their on-site stores, until December 31, 2021. This measure was supported by the LDB and led by the LCRB.

Cannabis Industry Supports led by the LDB

- Some non-medical Licensed Producers (LPs) and cannabis retail stores have experienced hardship due to Covid-19 and LDB has made several policy changes to support these LPs and stores, including:
 - Temporarily reducing online delivery fees for BCCS online retail from \$8 to \$6.
 - Changing the payment terms from LDB Cannabis Wholesale to LPs from 60 to 30 days to provide temporary relief during Covid-19. This has since been made a permanent change.
 - In late March 2021, LDB reduced the insurance requirements for micro-producers, micro-cultivators and nurseries of seeds, from \$10M to \$2M per occurrence (for each general liability and recall insurance). Also, the

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Phone: 604 420-8275

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requirements for micro-producers of flower and pre-roll were reduced from \$10M to \$5M per occurrence (for each general liability and recall insurance).

Contact: Fabian Contreras
Division: Liquor Distribution Branch
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**MINISTRY OF FINANCE
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ISSUE NOTE**

ISSUE: LDB'S COVID PROTECTION MEASURES

ADVICE AND RECOMMENDED RESPONSE:

- In response to the COVID-19 pandemic, the LDB implemented a series of internal and external measures aimed at protecting the most vulnerable, LDB customers, employees and business partners, while continuing to provide an essential service to the province.
- Protocols for thorough cleaning and disinfecting of common surfaces, high-traffic areas, equipment and machinery were implemented throughout LDB's distribution centres, retail stores and head office facility at the beginning of the pandemic and continue to remain in place.
- The LDB adapted quickly and made the necessary changes to continue supporting the businesses and individuals that rely on their services.

KEY FACTS:

- The estimated total incremental costs in response to COVID-19 are \$2,870,590, for fiscal year 2020/2021. The breakdown of the COVID-19-related costs is outlined in the table below.

COVID-19 Costs		
Type	FY 2020 Actuals	FY 2021 Q3 Projections
Plexipanel and barriers	142,151	364,189
Cleaning Supplies	21,135	1,054,158
PPE	32,691	867,979
Janitorial Services		573,265
Signage		
Security		11,000
Portables		
Total	195,976	2,870,590

Contact: Fabian Contreras
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File Name: 2021-05-10_LDBs COVID Protection Measures_FINAL

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BACKGROUND:

- Where operationally feasible, LDB employees are working from home, as per the Provincial Health Officer's (PHO) orders.
- On arrival at LDB operated sites – including stores, head office, and distribution centres – employees and visitors are required to submit an Active Health Screening form; the screening requires employees/visitors to disclose any possible symptoms of illness, their exposure to COVID cases, and whether they have been instructed to self-isolate.
- Plexiglass shields have been installed in all retail locations and visitor reception areas in the distribution centres and head office.
- Employees are required to wear masks in common areas in the office and distribution centres and at all times in stores. Additionally, they must adhere to standard precautions, such as keeping at least two metres away from others, hand hygiene protocols and taking staggered lunch breaks.
- In Mid-June 2020, the BCLS and BCCS resumed their pre-COVID operating hours. Increased staffing levels continue to be required to enable adequate coverage across all shifts to maintain the increased health and safety protocols that have been implemented, specifically those related to physical distancing.
- The LDB secured appropriate technology and tools to support staff working from home where feasible. This includes bandwidth upgrades (to support an increase in remote access), additional RSA tokens (to enable remote login), laptops and accessories.

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**MINISTRY OF FINANCE
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ISSUE NOTE**

ISSUE: HOSPITALITY PRICING**ADVICE AND RECOMMENDED RESPONSE:**

- The Province recognizes the impact the pandemic is having on businesses across British Columbia, especially the hospitality sector which has been particularly impacted as a result of measures aimed at stopping the spread of COVID-19 and keeping people safe.
- As committed in Minister Farnworth's mandate letter, government made wholesale hospitality pricing permanent in February 2021. This means that hospitality operators can purchase beer, wine and spirits at the wholesale price set by the BC Liquor Distribution Branch (LDB) indefinitely.
- This is a \$71 million annual investment the Province has made in industry that gives the 8,200 pubs, restaurants and other tourism operators in the province certainty and relief as they work to recover and maintain their operations through the pandemic and going forward.
- I appreciate that the economic contributions of the hospitality industry to B.C.'s economy are significant and I fully understand the long-standing desire of hospitality licensees for a discount on liquor purchases.

KEY FACTS:

- LDB estimates that changes to hospitality pricing resulted in an estimated reduction of \$31.2 million in revenue for LDB in fiscal year 2020/21. It is estimated to further result in an annual reduction of \$71.0 million, per annum going forward, based on hospitality purchase volumes pre-COVID-19.
- Table 1 provides a summary of hospitality sales, in addition to retail, wholesale and total sales:
 - BC Hospitality sales were \$250M in 2020/21 which represents a decrease of \$230M from the year prior (sales in 2019/20 were \$580M).

Contact: Fabian Contreras
Division: Liquor Distribution Branch
File Name: 2021-05-10_Hospitality Pricing_FINAL

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- However, total BC sales of liquor increased in the 2020/21 fiscal year by approximately \$100M.

Table 1: Hospitality Sales (Net Amount), by fiscal Year (\$ in millions)

Fiscal Year	Hospitality	Hospitality % of all Sales	Retail	Wholesale	All Customers
2017/18	\$600	17%	\$1,500	\$1,500	\$3,500
2018/19	\$600	17%	\$1,500	\$1,500	\$3,600
2019/20	\$580	16%	\$1,500	\$1,600	\$3,700
2020/21	\$250	7%	\$1,600	\$2,000	\$3,800

**Figures are rounded to the nearest \$10M for hospitality and \$100M for other sales.*

BACKGROUND:

- As of March 31, 2021, there are 8,173 licensed hospitality establishments. Not all of these licensees may be actively purchasing liquor products.
- Wholesale pricing for hospitality was originally recommended in the BTAP report released in 2018 and was prioritised at the request of BTAP in April 2020 due to the impact of COVID-19 on the hospitality industry.
- On June 16, 2020, government announced temporary changes to the wholesale pricing model, such that hospitality customers (restaurants, bars, and tourism operators with liquor licenses) were able to purchase liquor at the LDB wholesale price between July 20, 2020, and March 31, 2021. In line with government's platform commitment, this measure was made permanent on February 23, 2021.
- Prior to the announcement, hospitality customers paid the LDB Established Retail Price for liquor.
 - LDB's Established Retail Price is the wholesale price¹, including the container recycling fee, plus a retail margin (set by LDB's Retail Division) that is determined on a per product basis (based on market considerations).

¹ LDB wholesale price is supplier price, also known as duty paid cost (supplier costs plus federal excise tax), plus LDB's wholesale mark-up. The container recycling fee and GST is added to wholesale price.

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- GST is added to Established Retail Price. Hospitality licensees are PST-exempt.

- Cabinet Confidences

- Across Canada, true wholesale pricing for hospitality like BC has implemented is uncommon, with Alberta being the only province to charge true wholesale price, provided that minimum ordering requirements are met. Nunavut charges hospitality licensees more than retail price for liquor purchases. New Brunswick, Northwest Territories and Newfoundland and Labrador provide no discount from retail price. The remaining seven jurisdictions² provide some discounts or exceptions to retail pricing for hospitality.

² These are Yukon, Prince Edward Island, Nova Scotia, Manitoba, Saskatchewan, Quebec and Ontario.

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MINISTRY OF FINANCE
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ISSUE NOTE

ISSUE: HOSPITALITY PRICING

Question: How will hospitality pricing support the BC liquor industry during the COVID-19 pandemic?

Answer: This change will allow restaurants, bars and tourism operators with liquor licences to purchase beer, wine and spirits at wholesale prices permanently. This change gives the 8,200 pubs, restaurants and other tourism operators in the province certainty and relief as they work to recover and maintain their operations through the pandemic.

Question: What is BC Government doing to support the wider liquor industry during the COVID-19 pandemic?

Answer: BC Government has remained committed to the BC liquor industry throughout the COVID-19 pandemic. In addition to changes to hospitality pricing, BC Government implemented changes which permit BC manufacturers to deliver liquor to consumers directly from their off-site storage locations and authorized food and liquor primary licensees to sell and deliver sealed packaged liquor products for off-site consumption with the purchase of a meal for takeout or delivery. These changes will provide financial support and certainty to the liquor industry and this includes our hospitality sector.

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**MINISTRY OF FINANCE
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ISSUES NOTE**

ISSUE: Cannabis Industry Requests**ADVICE AND RECOMMENDED RESPONSE:**

- Government is committed to working with industry partners and exploring ways to support the success of the legal cannabis market in B.C.
- The Liquor Distribution Branch (LDB) is currently working on developing a direct delivery program for small scale producers and an Indigenous shelf space program to highlight Indigenous cannabis.
- The B.C. cannabis market is still new and the LDB continues to listen to producers and those in the industry to understand the challenges they are facing and the opportunities for improvement as the market matures.
- We know, for example, that the industry has expressed an interest in the introduction of a craft/artisanal program.

KEY FACTS:

- In September 2020, the Province announced the development of direct delivery and farm-to-gate sales programs to support Indigenous and small scale producers and B.C businesses and encourage consumers to buy local.
- The LDB will also launch an Indigenous shelf space program, planned to start in 2021, that will highlight cannabis products produced by B.C. Indigenous producers.
 - Cannabis sales in fiscal year 2020/21 totalled \$334.6 million.

CURRENT STATUS:

- The LDB is on track to implement direct delivery for small scale producers no later than fall 2022, as announced by Minister Farnworth in September 2020.
- The Indigenous shelf space program is expected to launch in late 2021.
- Further policy analysis, including clarifying roles and responsibilities of the Province and industry groups, is required to contemplate requests from Indigenous and B.C.

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File Name: 2021-05-10_Cannabis Industry Requests_FINAL

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ISSUES NOTE**

cannabis industry members for the Province to develop craft/artisanal and Indigenous product designations.

Contact: Fabian Contreras
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File Name: 2021-05-10_Cannabis Industry Requests_FINAL

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**MINISTRY OF FINANCE
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ISSUE NOTE**

ISSUE: WINERIES AND WINE GROWERS BC (WGBC)

ADVICE AND RECOMMENDED RESPONSE:

- Government continues to work closely with the BC wine industry, including through the Business Technical Advisory Panel (BTAP).
- The BC wine industry, including both land-based and commercial wineries, benefitted last year from direct sales and being able to retain mark-up.
- We will continue to engage collaboratively with the wine industry and the WGBC as we make our way out of the pandemic.

IF ASKED:

- A number of supports are available to the BC wine industry through the LDB. In addition to financial benefits and an increase in a number of wine SKUs on BCLS shelves, the LDB offers in-store promotions and marketing efforts, advertising and other initiatives including:
 - Dedicated VQA displays and collateral
 - Seasonal buying
 - Buy local programs
 - BC Wine Month
 - Boutique Wine Program
 - Dedicated BC VQA rooms/areas in stores
 - Special Events
- We have heard the concerns from many liquor stakeholders that have been affected by the COVID-19 pandemic, including commercial wineries who wish to package their 100% BC grape wine in alternate formats (e.g. bag-in-a-box, cans, kegs).
- Staff from the LDB have had discussions with staff from the Ministry of Agriculture to assess the implications of this request at a high level, as it involves issues under the purview of the BC Wine Authority.

Contact: Fabian Contreras
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File Name: 2021-05-20_Wineries and WGBC_FINAL

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- The WGBC is a member of the BTAP and is aware that the panel's initial recommendations, as well as the emergency industry supports we have worked to implement over the course of the COVID-19 pandemic, remain government's current priorities.
- The issue of alternative packaging is not one of BTAP's priorities at this time.

KEY FACTS:

- There are two categories of wine producers licensed in BC:
 - Land Based Wineries - must meet a specific set of criteria found in the Land Based Winery Agreement, such as using 100 per cent BC inputs, owning or leasing a minimum amount of agricultural land and utilizing traditional wine, cider or sake making techniques.
 - Commercial Wineries - any winery that does not meet any one of the eligibility criteria for land-based winery designation. Inputs may be sourced from BC or elsewhere, including the wine itself (i.e. can import bulk).
- The following table summarizes the mark-up benefits each winery type receives:

# of Wineries	Land Based Wineries 340	Commercial Wineries 76
VQA Wine (direct delivered)	Mark-up exempt	
Non-VQA Wine (direct delivered)	Mark-up exempt	Mark-up applied
VQA distributed through LDB	50% rebate on product distributed through the LDB	
VQA sold through on-site stores	Mark-up exempt	

- The following table displays the wine sales in BC for fiscal years 2018 to 2021. For the years 2018 to 2020, the table shows actual sales, while for 2021 all information is based on the third quarter sales projection numbers and not actuals (still being finalized).
- BC wine sales have increased by about 8 percent between fiscal years 2018-2021. Out of provincial wine sales and international wine sales have grown by 28 percent and 1.4 percent, respectively.

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File Name: 2021-05-20_Wineries and WGBC_FINAL

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Table 1: LDB Wine Sales by Product Origin (Net Amount by Fiscal Year)

Net Sales (\$ '000)	Domestic (BC)	Out of Province	International	LDB Total
2017/2018	561,387	8,517	642,769	1,212,673
2018/2019	572,873	8,473	641,225	1,222,571
2019/2020	597,710	10,659	663,462	1,271,831
2020/2021*	607,421	11,282	651,528	1,270,231

**2021 fiscal year displays projected numbers not actual numbers*

Table 2: LDB Wine Sales by Sales Chanel (Net Amount by Fiscal Year)

Net Sales (\$ '000)	BCLS and WCC**	Land-based Winery Direct Sales	Commercial Winery Direct Sales	LDB Total
2017/2018	873,328	194,873	144,472	1,212,673
2018/2019	870,219	184,836	167,516	1,222,571
2019/2020	889,300	199,703	182,828	1,271,831
2020/2021*	874,159	211,021	185,051	1,270,231

**2021 fiscal year displays projected numbers not actual numbers*

*** BCLS and WCC column represents sales through BC Liquor Stores and the LDB Wholesale Customer Centre – the number is a mix of any possible product origin.*

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**MINISTRY OF FINANCE
LIQUOR DISTRIBUTION BRANCH
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BACKGROUND:

- The following table provides a summary of BC VQA sales. Sales, both dollar and volume, have increased between 2019 and 2020.

BC VQA Sales Data

Category	Year 2020	Year 2019	Var%
Sales (\$)	\$334,123,234	\$323,500,530	3.3%
Sales (volume)	15,283,561 L	14,872,663 L	2.8%
Avg Price (\$) based on 750ml	\$16.40	\$16.32	0.5%

BTAP and COVID-19 Response

- In response to the COVID-19 pandemic, the BTAP put forward a number of emergency recommendations to government, which included a proposal that government allow hospitality licensees to purchase non-stocked wholesale products (NSWP) and single bottles from any licensed source in BC – meaning private retailers would be able to sell NSWP (cases and single bottles), as well as single bottles of all other stocked product to hospitality customers.
 - This is a modified version of one of the original recommendations presented in BTAP's April 2018 report, which proposed that hospitality licensees be permitted to purchase all product from any licensed source in BC (recommendation #11).
 - LDB was subsequently directed to conduct further analysis and policy work to develop sub-options that would enable hospitality licensees to purchase NSWPs and single-bottle picks of stocked product from private retailers.
 - WGBC strongly opposes this proposed change. ^{Cabinet Confidences}
Cabinet Confidences

WGBC Recent Requests

- In July 2020, the BCWI, Mark Anthony Group, and several BC commercial wineries requested that, due to challenges arising from the COVID-19 pandemic, they be allowed to receive mark-up benefits on 100% BC grape wine packed in box format

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when sold to BCLS and Licensee Retail Stores (LRS). They proposed that this policy change be facilitated through the LDB's Commercial Winery Sales Agreement.

- In August 2020, the BC Wine Authority (BCWA) conducted a 2020 Wine Industry Plebiscite, which also included WGBC's proposed changes to packaging options for certain BC VQA wines. This proposed amendment did not receive the double majority vote required to forward the proposal to the Minister of Agriculture. The Ministry of Agriculture and the LDB are currently reviewing the WGBC's requests; however, this issue is not currently a priority for BTAP.

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2021/22 ESTIMATES NOTE**Extension of Temporary
Expansion of Service Area
(TESA)****Suggested Response:**

- The Liquor and Cannabis Regulation Branch (LCRB) launched the Temporary Expansion of Service Area (TESA) authorization in May 2020, to support licensees in meeting physical distancing guidelines related to COVID-19 while mitigating impact on patron capacity.
- TESA authorization requests are submitted online, using a simplified application process at no cost to the licensee. As a result, most authorization requests are approved within 5 business days.
- As of May 17, over 2000- TESA authorization requests have been approved by the LCRB or are currently in the queue.
- Some licensees will want to make these temporary approvals permanent to support their economic recovery. That is why my mandate letter commits to making patios and service areas created under TESA authorizations permanent.
- Permanent approvals are much more complicated, as they require greater consideration and due diligence by LCRB and, most importantly, local governments; in terms of the impacts on the surrounding community, and other important municipal requirements like: The use of public lands; upholding building codes, and; assessing parking and traffic considerations.
- I encourage licensees who are interested to both: Get their applications in to LCRB quickly, and; work closely with their local government to ensure their policies, procedures, and all requirements are fully understood. The viability of a permanent structure should be realistically assessed.
- LCRB is considering options to extend TESA authorizations only as far as it provides local authorities and LCRB staff with time to ensure licensees' permanent applications will be reviewed and processed with due diligence while minimizing disruption to licensees.

Background:

- This approach will ensure appropriate checks and balances in the application process and will maintain the important role of local authorities, within a modern and efficient licensing framework.

- LCRB will be using the established structural change application process, with service and process streamlining that leverages the success of the TESA program.

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