

## **2023/24 ESTIMATES NOTE**

## **Crown Agencies Secretariat Overview**

### **Suggested Response:**

- The Crown Agencies Secretariat is a central agency that supports Public Sector Organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities.
- The Secretariat's responsibilities include:
  - Leadership and support for board appointments and training/development for about 260 Public Sector Organizations.
  - Leadership for the annual performance planning and reporting cycle, including ministry and crown agency service plans and annual service plan reports, as well as crown agency mandate letters.
  - Integrated financial, policy and communications oversight for certain agencies, including the Liquor Distribution Branch, BC Lottery Corporation, ICBC, and the BC Ferries Authority.
  - Advisory services and supports upon request of ministries and crowns.
- The total annual operating expenses are approx. \$7M.

### **Background:**

- The Crown Agencies Secretariat was established in November 2020
- CAS built upon the former Crown Agencies Office that existed within the Ministry of Attorney General (AG) and incorporated the existing Crown Agencies and Board Resourcing Office (CABRO).

<b>Core Business Area</b>	<b>2021/22 Restated Estimates</b>	<b>2022/23 Estimates</b>	<b>2023/24 Plan</b>	<b>2024/25 Plan</b>
<b>Operating Expenses (\$000)</b>				
Crown Agencies Secretariat	2,589	7,034	6,962	6,871

*\* In 2021/22 and 2022/23, in addition to the operating expenses shown in the table, CAS had \$3.777M and \$0.658M in Contingencies respectively, to fully build out its staff complement to 44 FTEs*

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**2023/24 ESTIMATES NOTE****BCLC Overview****Background:**

- BCLC's mandate is to conduct and manage commercial gambling (casino, lottery, bingo and sports betting) and it does so 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), which has regulatory oversight of BCLC, reports to the Ministry of Public Safety and Solicitor General.
- Government uses gambling revenue generated through BCLC to benefit British Columbians with investments in areas such as healthcare, education and community programs.
- Revenue from casinos and community gaming centres (CGCs) also directly supports local governments – which receive 10% of the net income from gambling facilities operating in their community, in accordance with the Host Financial Assistance Agreement between the province and each host local government.
- Government also shares gambling revenue with First Nations, which receive seven per cent of the BCLC's provincial distribution in accordance with the BC First Nations Gaming Revenue and Sharing Financial Agreement.
- BCLC has 36 casinos and CGCs and 1 bingo hall across 33 communities in B.C. Private-sector service providers own or lease gaming facilities and maintain their operations in co-operation with BCLC.
- BCLC partners with approximately 3,400 retailers across B.C. – including independent stores and retail chains – to enable the sale of lottery products.
- BCLC's PlayNow.com is a safe and secure online gambling website and the only that's regulated in B.C. It offers exclusive slot games and full a suite of sports betting, lottery and casino products.

**Crown Overview:**

- In FY 2023/24, BCLC forecasts its net income to be \$1.578B (resulting in \$1.566B revenue to the Province of B.C. and \$12M to the federal government). Year over year, this represents a net income decrease of \$46M from the \$1.624B that BCLC is forecasted to deliver in FY 2022/23.
- BCLC's net income forecast is based on its assumption that B.C. casino and CGC revenue performance sustains at fiscal 2022/23 levels and a full year of revenues will be realized from new initiatives launched in fiscal year 2022/23.

**Budget<sup>1</sup>:**

\$ Millions	FY 2021/22 Actual	FY 2022/23 Forecast <sup>2</sup>	FY 2023/24 Budget	2024/25 Plan	FY 2025/26 Plan
<b>Revenue</b>	<b>2,362</b>	<b>2,957</b>	<b>2,989</b>	<b>3,044</b>	<b>3,076</b>
Direct Costs	658	876	898	913	922
Gaming Support Costs	54	62	65	66	67
Operating Costs	200	241	268	277	285
Amortization and Other	79	80	97	100	105
<b>Total Costs</b>	<b>991</b>	<b>1,259</b>	<b>1,328</b>	<b>1,356</b>	<b>1,379</b>
Net Income Before Taxes	1,371	1,698	1,661	1,688	1,697
Taxes	57	74	83	86	88
<b>Net Income</b>	<b>1,314</b>	<b>1,624</b>	<b>1,578</b>	<b>1,602</b>	<b>1,609</b>
<b>Liabilities</b>	<b>629</b>	<b>622</b>	<b>559</b>	<b>559</b>	<b>563</b>
Accumulated Deficit	(18)	(18)	(18)	(18)	(18)
Accumulated Other Comprehensive Loss	49	49	49	49	49
<b>Total Equity</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>
<b>Capital Expenditures</b>	<b>78</b>	<b>90</b>	<b>103</b>	<b>100</b>	<b>100</b>

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<sup>1</sup> Fiscal year 2021/22 financial data is from the Audited Financial Statements for the year ended March 31, 2022.

<sup>2</sup> Forecast is as per Jan TBS projections.

## 2023/24 ESTIMATES NOTE

## Budget, FTEs and Projected Net Income to Government

### Suggested Response:

- In FY 2022/23, BCLC forecasts net income of \$1.624B resulting in \$1.612B net revenue for the Province of B.C. and \$12M to the federal government. Forecasted net income for FY 2022/23 is \$310M more than FY 2021/22 (\$1.314B net income), primarily driven by the first full fiscal year of normalized casino operations in a post-pandemic environment.
- In FY 2023/24, BCLC forecasts net income of \$1.578B to deliver \$1.566B in revenue to the Province of B.C. and \$12M to the federal government. This is a net income decrease of \$46M from the FY 2022/23 forecast of \$1.624B, largely due to the normalization of lottery jackpot rolls and the planned minor disruption in lottery sales during the roll-out of 3,500 new lottery terminals.
- BCLC's full-time equivalent (FTE) employees grew from 1,076 in FY 2021/22 to 1,209 in FY 2022/23 (as of February 24, 2023) for continued investment in BCLC's key enterprise strategies, expansion of business-to-business opportunities for additional revenue generation, and to support technology enhancement and capacity concerns.

### Casino/Community Gaming Centres (CGC)

- BCLC projects \$1.940B in gross revenue from casinos and CGCs in FY 2023/24, up \$22M from expected gross revenue of \$1.918B in FY 2022/23. In FY 2023/24, BCLC forecasts that casino and CGCs will perform at current trends, without pandemic-related health and safety restrictions.

### eGaming

- In FY 2023/24, BCLC projects gross revenue of \$511M from online gambling with continued growth expected through to FY 2025/26. The FY 2023/24 revenue projections represent a \$42M increase from the forecasted revenue of \$469M in FY 2022/23.

Lottery

- In FY 2023/24, BCLC projects gross lottery revenue of \$538M, a \$32M decline from the forecasted revenue of \$570M in FY 2022/23 due to the normalization of Lotto Max jackpot offerings and a potential minor disruption in retail lottery sales during the roll-out of 3,500 new lottery terminals across the province.

Net Income Distribution

- Government uses gambling revenue generated through BCLC to benefit British Columbians with revenues contributing to services in areas such as education, healthcare and community programs.
- The Province of B.C. shares seven per cent of BCLC’s net income (net of payments to the federal government) with participating First Nations through the BC First Nations Gaming Revenue Sharing Limited Partnership.
- Revenue from casinos and CGCs also directly supports local governments, including municipalities and First Nations, which receive 10% of the net income from gambling facilities operating in their community.

Capital Investments

- There are no major capital projects (greater than \$50M) underway. A significant IT Project (greater than \$20M) is the Lottery Terminals and Systems Replacement project with an anticipated capital cost of \$48M.

**Data Table**

	<b>2021/22 Actuals</b>	<b>2022/23 Forecast</b>	<b>2023/24 Budget</b>	<b>2024/25 Plan</b>	<b>2025/26 Plan</b>
Net Income Budget (\$ millions)	1,314	1,624	1,578	1,602	1,609
FTEs	1,076	1,209	1,271	Unknown	Unknown

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**2023/24 ESTIMATES NOTE**

**BCLC – Anti-Money Laundering Update**

**Suggested Response:**

- BCLC has completed significant work with government in recent years to address suspicious transactions and money-laundering activity in B.C. casinos.
- Working in lockstep with its partners in the system, BCLC continues to improve its robust anti-money laundering program and strengthen the safeguards that protect B.C. casinos from illegal activity.
- This ongoing effort includes the implementation of a new \$7-million transaction-monitoring system that will enable BCLC to meet evolving compliance requirements, modernize existing processes, and enhance reporting abilities.

Advice/Recommendations; Security Concern

- BCLC is supporting government’s work to respond to the recommendations for the casino sector from the Commission of Inquiry into Money Laundering in B.C. BCLC will continue to provide government with assessments of potential impacts to business and financial outcomes as that work progresses.

- Advice/Recommendations; Security Concern

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**Background:**

- BCLC’s anti-money laundering unit identifies and reports suspicious transactions to the Financial Transactions and Reports Analysis Centre of Canada, cooperates with law enforcement, and supports BCLC and its casino service providers to meet all requirements set out by the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*. BCLC is compliant with all requirements under the PCMLTFA.
- BCLC is a principal partner in the Counter Illicit Finance Alliance of British Columbia and a key participant in the Gaming Integrity Group. BCLC also supports the BC Civil Forfeiture Office.
- As a result of close collaboration with the Gaming Policy and Enforcement Branch and RCMP, BCLC has proactively banned more than 900 individuals from gambling facilities, including those suspected of criminal activity who may pose a risk to public safety and suspected organized crime members.
- BCLC is working with government to address the three of 101 recommendations from the Commission of Inquiry into Money Laundering in B.C. that are directed at BCLC: *That BCLC move to 100% account-based known play; that the threshold for requiring proof of the source of funds for casino transactions conducted in cash and other bearer monetary instruments be lowered to \$3,000; and that current limits on the amounts that casinos are able to pay out to patrons in the form of convenience cheques remain in place.*

• Advice/Recommendations; Security Concern

- Approximately \$300K of project costs were funded in BCLC’s FY 2021/22 budget, with \$1.8M funded in FY 2022/23 and \$4.9M budgeted for FY 2023/24. BCLC is finalizing additional funding requirements to support integration with its casino systems, also anticipated for FY 2023/24.

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**2023/24 ESTIMATES NOTE****Executive Compensation****Suggested Response:**

- BCLC's executive compensation aligns with the *BC Public Sector Employers' Guide to Accountable Compensation*.
- Any performance-based increases to commercial Crown executive salaries or total compensation maximums continue to require approval from the Minister of Finance through the Public Sector Employers' Council Secretariat (PSEC).
- While BCLC's total executive compensation for FY 2022/23 is not yet public, it is in line with the total executive compensation from FY 2021/22. BCLC will make its FY 2022/23 executive compensation public through Public Accounts and on BCLC.com when publishing the FY 2022/23 Annual Report.
- Following a period of interim leadership, BCLC has a full complement of permanent executives in the following roles: President and Chief Executive Officer; Chief Financial Officer and Vice President, Finance and Corporate Services; Chief Operating Officer; Chief Compliance Officer and Vice President, Legal, Compliance, Security; Chief Information Officer and Vice President, Business Technology; Chief Social Purpose Officer and Vice President, Player Experience; and Chief People Officer.
- **Personal Information** Pat Davis assumed the permanent role of President and CEO (previously he was BCLC's Chief Information Officer and Vice President, Business Technology). Dan Beebe and Sandra Austin also began permanent roles as Chief Operating Officer and Chief People Officer, respectively, after previously serving in these roles in interim capacities.
- **Personal Information** Mark Goldberg joined BCLC as its new Chief Information Officer and Vice President, Business Technology.

**DATA TABLE:**

- The below compensation information is for FY 2021/22 (latest full year available) and includes the top five salaries for BCLC executives, in line with PSEC reporting standards.

Name and Position During FY 2021/22	Salary	Benefits	Pension	All Other Compensation <sup>1</sup>	FY 2021/22 Total
Lynda Cavanaugh, Interim President & CEO Personal Information	\$300,000	\$5,180	-	-	\$305,180
Alan Kerr, Chief Financial Officer and VP, Finance and Corporate Services	\$266,670	\$13,257	\$30,475	-	\$310,402
Patrick Davis, Chief Information Officer and VP, Business Technology	\$238,182	\$12,824	\$18,349	\$21,335	\$290,690
Peter ter Weeme, Chief Social Purpose Officer and VP, Player Experience	\$241,368	\$12,555	\$22,778	\$12,068	\$288,769
Marie-Noelle Savoie, Chief Compliance Officer and VP, Legal, Compliance and Security	\$230,000	\$12,323	\$12,875	\$6,923	\$262,121

<sup>1</sup> The “All Other Compensation” column includes compensation relating to vacation payout, vehicle allowance, and taxable benefits for corporate recognition redeemed (in addition to severance, paid leave, perquisites, all of which is nil for FY 21/22). Effective November 30, 2021, Executive are no longer eligible to participate in the corporate recognition program.

Personal Information

Greg Moore joined BCLC as interim

President and CEO effective Personal Information until Ms. Cavanaugh joined BCLC as new interim CEO on

Personal Information

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## **2023/24 ESTIMATES NOTE**

## **Player Health**

### **Suggested Response:**

- One of BCLC's corporate strategic goals is offering entertaining and safer products and environments that British Columbians enjoy, which is underpinned by a commitment to the well-being of all players.
- Working towards that goal, BCLC is working to reduce the percentage of players who score as high risk on the Problem Gambling Severity Index (PGSI) from nine percent in FY 2022/23 to seven percent by FY 2024/25.
- GameSense is BCLC's innovative, industry-leading player health program that supports players to make informed decisions about gambling and connects them to further supports if needed.
- BCLC licenses GameSense to 10 other jurisdictions across the U.S. and Canada, creating a community-of-practice that contributes to responsible-gambling research and shares best practices for supporting players.
- In January 2023, BCLC launched enhancements to its self-exclusion program, including rebranding the program to 'Game Break' and introducing reinstatement options for those enrolled individuals who feel ready to return to play.
- Game Break enables individuals to restrict themselves from B.C. gambling facilities and PlayNow.com when they recognize they are experiencing difficulties associated with gambling.
- BCLC's FY 2023/24 budget for player health and GameSense programs is \$9.1M, up from \$9.0M FY 2022/23.

### **Background:**

- The PGSI is a self-reported, standardized measure of assessing at-risk gambling behaviours. It is an evidence-based tool based on research of common signs and consequences of problematic gambling.

- BCLC has observed notable impacts on player health metrics over the last two years, including a slight increase in PGSI scores. This could be influenced by the shift from in-person to online play when casinos closed due to the pandemic and increased visitation when they reopened. The launch of single-event sports-betting and associated increase in advertising may also be a factor.
- BCLC employs more than 40 full and part-time GameSense Advisors (GSAs), who are player-health specialists that support players with education, support and referral services. GSAs are available in every casino and community gaming centre across B.C., online and by phone.
- Participants in Game Break can enrol in person or virtually to exclude themselves for terms starting from six months up to three years.
- As of December 31, 2022, there have been 7,121 self-exclusion enrolments and re-enrolments (including both land-based and online play) in FY 2022/23, compared to 5,885 enrolments for the same period in FY 2021/22.
- In March 2023, BCLC hosted the 11<sup>th</sup> annual New Horizons in Responsible Gambling Conference, which brings industry experts, researchers and policymakers together to discuss the latest in player-health advancements.
- BCLC’s marketing strategy adheres to stringent advertising standards set out by the Province of B.C. and BCLC’s player-health team. In addition, BCLC also conducts player-health assessments on all products and marketing to reduce risks and create safer products and environments.
- In February 2023, BCLC launched a new GameSense Sports marketing campaign to create awareness around sports betting-related gambling harms.
- BCLC has World Lottery Association Level 4 certification for excellence in responsible-gambling programming for the fourth consecutive time; it is one of only 13 lottery jurisdictions in North America to achieve Level 4.

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## 2023/24 ESTIMATES NOTE

## Online Gambling

### Suggested Response:

- BCLC's online gambling website, PlayNow.com, is the only regulated online gambling website permitted to operate in B.C. and meets the Gaming Policy and Enforcement Branch's (GPEB) high standards for technical integrity, age verification and responsible gambling.
- BCLC's PlayNow.com channel is the fastest-growing part of its business, with consistent year-over-year growth. In FY 2023/24, PlayNow.com expects to achieve revenue growth of nine percent over FY 2022/23, with continued growth expected through to FY 2025/26.
- PlayNow.com generates higher revenue per capita than any other regulated platform in Canada<sup>1</sup>.
- BCLC continues to drive the success of PlayNow.com, including through investments in strategic growth initiatives that include modernization of the platform and new products. Since 2013, BCLC has provided PlayNow.com to Manitoba Liquor and Lotteries and, in November 2022, also launched it in Saskatchewan under contract to the Saskatchewan Indian Gaming Authority and SaskGaming.
- For FY 2023/24, BCLC projects that its online gambling will deliver \$322M in net income, up from a projected \$305M in FY 2022/23. As of February 14, 2023, PlayNow.com's active player count increased in FY 2022/23 by 1.6%. An active player is defined as a player who placed at least one wager during the fiscal year.

### Background:

#### Player Health

- PlayNow.com is one of the few online gambling websites in the world with dedicated player-health specialists, known as GameSense Advisors, available via phone and online chat to support players.

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<sup>1</sup> Source: BCLC and H2 Gambling Capital data

- PlayNow.com offers safeguards to support healthy play, including age- and identity-verification controls; weekly-deposit limits and a session log to provide clear visibility into play activity; short-term lockout for players to take a break from gambling; and a longer-term self-exclusion program.
- BCLC continues to work on implementing government’s new responsible gambling standards for online gambling. These standards, in addition to BCLC’s existing player-health programs and supports, help promote safer play and further differentiate PlayNow.com from illegal operators.
- BCLC also meets advertising standards that are set out by government.

**Unregulated, Illegal Market Action and Threats**

- The *Gaming Control Act* mandates that BCLC is responsible for the conduct and management of all commercial gambling – including online gambling – in B.C.
- Unregulated operators continue to scale up marketing in B.C. and across Canada – where hundreds of unregulated and illegal gambling websites are targeting players through marketing campaigns and enticing sign-up bonuses.
- BCLC has joined a coalition with other provincial entities working with stakeholders in the system to protect Canadians from the misleading advertising and operation of unregulated and illegal gambling websites, which do not provide employment or financial benefits to provinces, and present risks related to money laundering, addiction and game integrity.

Intergovernmental Communications

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