

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
BRIEFING NOTE**

PREPARED FOR: The Honourable John Les, Solicitor General
FOR INFORMATION

ISSUE: Gambling in BC's Pubs & Bars – Authorized Activities and Enforcement

RESPONSE POINTS:

- Liquor Control & Licensing Branch (LCLB) permits the following gaming in licensed establishments:
 - The sale of BC Lottery Corporation products like Racetrax, Keno and Sport Action Pools;
 - Gaming events licensed by the Gaming Policy & Enforcement Branch, such as off-track betting and licensed charitable gaming events (ticket raffles, bingo events and multi-event sport pools).
- All other forms of gaming are prohibited in pubs and bars, including betting on poker games or unauthorized sport pools.
- Games of skill or chance are allowed in licensed premises as long as they are for amusement only, and do not involve bets or prizes of any kind.
- Bars or Pubs that allow unauthorized gambling or betting to take place in their establishments could be charged criminally with keeping a common gaming house (or other offences) under the Criminal Code of Canada, and face up to two years imprisonment.
- Perpetrators may also be charged under the Gaming Control Act and/or the Liquor Control and Licensing Act, and face fines up to \$200,000, up to 12 month imprisonment, and suspension of their liquor license.

BACKGROUND:

Forms of Gaming Generally Permitted in Canada

Criminal Code Provisions

- In general, gambling is specifically prohibited in Canada and offences related to gambling are set out in the Criminal Code. The exceptions to this prohibition are:
 - Gambling activities conducted and managed by the Province;
 - Gambling activities conducted and managed pursuant to a license issued by the Province, through the Gaming Policy and Enforcement Branch (GPEB);
 - Horse racing activities conducted pursuant to a license issued by the Province, through the Gaming Policy and Enforcement Branch; and
 - Private bets between individuals who are not in the business of betting (“social betting”).

- The Code allows for “social betting” provided:
 - It is a private bet between individuals not engaged in the business of betting; and
 - Any person holding the wagers to be paid to the bet winner in a bet that involves 10 or fewer participants.
- The Code prohibits sport pool betting based on a single sport or athletic event. This prohibition does not apply to social betting.
- Establishments that allow social betting are not permitted, under the Code, to receive any portion of the bets or proceeds, directly or indirectly, nor to charge the players for participating in the game.

Common Gaming Houses

- Bars or Pubs that allow unauthorized gambling or betting to take place in their establishments, including unauthorized sport pools or poker tournaments, could be charged with “keeping a common gaming house” under the Criminal Code, and if convicted face up to 2 years imprisonment.
- A charge of “keeping a common gaming house” could be laid where some or all of the following factors exist:
 - The place where the gaming occurs is kept for gain;
 - A person in charge of the place where the gaming occurs knows the gaming is taking place and encouraging it in some manner;
 - There is a chance to win or lose money (or some item of value) for the players of the game;
 - There is a fee (direct or indirect) to play the game;
 - A portion of the proceeds of the game go to the person in charge of the place where the gaming occurs;
 - There is a bank that is not equally held by all of the players; or
 - The chances of winning are not equally favorable to all players.

Forms of Gaming Permitted in BC’s Pubs & Bars

Gaming Permitted In BC’s Pubs & Bars

- The Liquor Control & Licensing Act prohibits gaming in licensed establishments except for gaming licensed by GPEB, lottery schemes run by the BC Lottery Corporation and social betting as defined by the Criminal Code. The Act gives the LCLB general manager the authority to further restrict or prohibit these types of games.
- LCLB permits the following gaming in licensed establishments:
 - The sale of BC Lottery Corporation products like Racetrax, Keno and Sport Action Pools;
 - Gaming events licensed by the Gaming Policy & Enforcement Branch, such as off-track betting and licensed charitable gaming events (ticket raffles, bingo events and multi-event sport pools).
- Pubs and bars can not permit gaming, or a device used for gaming, to be placed in the licensed premises unless the activity or device is licensed or permitted by the Province.
- The LCLB general manager has prohibited social betting in liquor licensed establishments, even though the activity is permitted under the Criminal Code.
- Games of skill or chance are allowed in licensed premises as long as they are for amusement only – no payoffs or prizes of any kind are permitted for games of chance.

Sport Pools – Limited Forms Permitted in Pubs & Bars

- The only sport pools authorized by the Province, and permitted in licensed establishments, are:
 - Sport Action Pools offered by BC Lottery Corporation; and
 - Sport Pools conducted and managed by eligible organizations licensed by the Gaming Policy and Enforcement Branch.
- The Lottery Corporation's Sports Actions Pools (football, hockey and basketball) are available on-line at approximately 763 bars and pubs across the province.
- GPEB issues licenses to eligible organizations to conduct sport pools. Eligible organizations include:
 - Charitable or religious organizations to raise funds for charitable purposes; and
 - Approved fairs and exhibitions.
- In compliance with the Criminal Code, all sport pools authorized by the Province are based on multiple sport or athletic events.

Poker Games Not Permitted in Pubs & Bars

- Poker games or tournaments are not permitted in pubs & bars.
- The BC Lottery Corporation is authorized to conduct, manage and operate poker games in casinos on behalf of the Province.
- The Province does not authorize, through a license or any other form of certification, any other individuals or organizations to operate poker.
- LCLB does not permit any social betting, including social betting on poker games, in licensed establishments.

Forms of Enforcement Used to Address Unauthorized Gaming in BC's Pubs & Bars

- From an enforcement perspective, the conduct and management of unauthorized forms of gaming in BC's pubs and bars can be addressed as a gaming and/or liquor license infraction.
- LCLB and GPEB generally enforce the provisions of their respective legislation separate from one another. However, when unauthorized gaming is suspected in licensed establishments, the agencies cooperate to ensure the most effective enforcement and sanctions.

Forms of Enforcement Action - Gaming

- LCLB advises GPEB of any complaints or reports of illegal gaming activity at licensed establishments.
- Any complaints or reports of illegal gaming activity at licensed establishments are investigated by Integrated Illegal Gaming Enforcement Team (IIGET, composed of GPEB and RCMP investigators).
- If unauthorized gaming is taking place, and depending on the severity of the offence, one of the following enforcement actions will be taken:
 - Verbal or written warnings are issued where IIGET believes a warning is sufficient to deter illegal gambling activity in the future and/or where it is not in the public interest to pursue other sanctions in that instance;
 - Violation tickets (maximum \$500) are generally issued for minor violations, where regulatory or criminal penalties are not appropriate. Appeals are through the court system.

- Administrative sanctions can be imposed by the Branch for any contraventions to licensing or registration conditions, including issuing a warning, canceling or renewing a license or registration, or imposing up to a \$20,000 fine; and
- Regulatory or Criminal Sanctions. For more serious violations, IIGET will recommend to Crown Counsel that charges be laid under either the Gaming Control Act or the Criminal Code.
- LCLB is advised of any enforcement action taken with respect to illegal gambling activities in licensed establishments.

Forms of Enforcement Action - Liquor Licensing

- In addition, LCLB conducts its own inquiry to determine if the gaming provisions of the Liquor Control and Licensing Act have been contravened
- LCLB can pursue regulatory offences through the court system. In practice, however, the Branch addresses contraventions by imposing administrative sanctions as set out its penalty schedule. LCLB's administrative sanctions include:
 - A Contravention Notice issued by an LCLB officer to a licensee advising of the findings; and
 - A Notice of Enforcement Action. After the contravention notice is issued, the Officer may determine whether formal enforcement action is required. If so, a Notice of Enforcement Act will be issued, along with the proposed penalty based on LCLB's published penalty schedule (liquor license suspension, ranging from 4 to 15 days (up to 60 days for a 3rd contravention)).

Contacts:

Mary Freeman
 Assistant Deputy Minister & GM
 Liquor Control and Licensing Branch
Telephone: (250) 387-9136 (office)

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Derek Sturko
 Assistant Deputy Minister & GM
 Gaming Policy and Enforcement Branch
Telephone: (250) 953-4482 (office)

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Date: February 13, 2006

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General

Date: February 22, 2006

Minister Responsible: Hon. John Les

Balmoral Hotel – Nanaimo LCLB turns down LRS relocation application (Balmoral Hotel – Nanaimo not approved)

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KEY FACTS REGARDING THE ISSUE:

- In November 2005, Liquor Control and Licensing Branch (LCLB) staff learned that Cam Watt, licensee of the Balmoral Hotel, had constructed a Licensee Retail Store (LRS) across the road from a competitor, in a new outdoor mall, after being told on two occasions by LCLB (in writing) that policy and regulations prohibit a licensee from opening a store within 0.5 km of another LRS.
- LCLB had given Mr. Watt had been given approval to build an LRS at the other end of the mall in June-September 2004.
- Mr. Watt has now applied to LCLB for discretion to the .5 km distance regulation, and his store is essentially ready to open.
- Discretion to the 0.5 km has been exercised under narrow circumstances only in order not to undermine the purpose of the distance criterion itself.
- Discretion has been can be exercised when a licensee has lost valid interest in the property through no fault of their own and must relocate, when there is evidence of a large natural or artificial barrier between the subject LRS's, or where there is evidence of significant financial expenditures having been spent on a proposed site prior to the change in policy in May 2004 policy change.
- It is exercised only under these narrow circumstances to avoid undermining the purpose of the distance criterion itself.
- All LRS licensees, LRS applicants, and industry stakeholders were advised in writing of the 0.5 distance criterion when it was implemented in May 2004. The licensee's agent was advised again in writing of the distance criterion when the potential relocation was raised with the LCLB in the fall of 2004.
- The deputy general manager decided determined that the licensee's submissions met none of these tests; and the deputy general manager was not persuaded that other arguments put forward by the licensee were relevant given the intent of the policy and regulations.
- All LRS licensees, LRS applicants, and industry stakeholders were advised in writing of the 0.5 distance criterion when it was implemented in May 2004. The licensee's agent was advised again in writing of the distance criterion when the potential relocation was raised with the LCLB in the fall of 2004.
- The licensee is likely to seek media attention and to pursue action at the political level to have the regulations changed so that his applications may be reconsidered.
- He may also file for a judicial review of the decision.
- The LCLB has advised the licensee that he can go back to his earlier plans to build the LRS at the other location on the site, which was approved in June 2004, or to apply for another site that falls within the regulatory requirements.
- Last year, the licensee's application to relocate his liquor primary establishment was denied because it did not meet the dual regulatory criteria of being within the same community and reasonably close to his original establishment.

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MESSAGING:

- I WILL NOT COMMENT ON SPECIFIC APPLICATIONS.

- THE REGULATION THAT PROHIBITS AN LRS FROM MOVING WITHIN ½ A KILOMETRE OF A COMPETITOR WAS PUT IN PLACE TO PREVENT AN OVER CONCENTRATION OF LICENSEE RETAIL STORES.
- ALL APPLICANTS AND STAKEHOLDER GROUPS WERE ADVISED OF THE POLICY CHANGE WHEN IT WAS PUT IN PLACE TWO YEARS AGO.

| Program Area Contact: Cheryl Caldwell

387-3638

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL & LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: The Honourable John Les, Solicitor General
FOR INFORMATION for meeting with Ron Cantelon

ISSUE: Relocation of the Balmoral Hotel Licensee Retail Store in Nanaimo

STATUS:

On February 22, 2006, the Liquor Control and Licensing Branch (LCLB) denied the applicant's request for discretion to move his LRS within 0.5 km of another LRS.

In November 2005, LCLB staff learned that Cam Watt, licensee of the Balmoral Hotel, had constructed an LRS across the road from a competitor, in a new outdoor mall, after being told on two occasions by the LCLB (in writing) that policy and regulations prohibit a licensee from opening a store within 0.5 km of another LRS. Mr. Watt's agent was contacted and subsequently submitted a request for discretion to the 0.5 km distance regulations.

Mr. Watt had been given approval to build an LRS at the other end of the mall in September 2004.

Discretion to the 0.5 distance rule can be exercised when a licensee has lost valid interest in the property through no fault of their own and must relocate, when there is evidence of a large natural or artificial barrier between the subject LRS's, or where there is evidence of significant financial expenditures having been spent on a proposed site prior to the May 2004 policy change.

Discretion is exercised only under these narrow circumstances to avoid undermining the purpose of the distance criterion itself.

Though not part of the consideration, Leo Therrien, a principle of the Northgate Liquor Store, contacted the Branch on more than one occasion recently to express concern that the Balmoral Hotel had applied to move within 0.5 km of another LRS.

DISCUSSION:

The regulation that prohibits an LRS from moving within 0.5 km of a competitor was put in place to prevent an over concentration of licensee retail stores, and is strongly supported by ABLE, the association that represents the liquor primary industry. Other than the requirement for proper zoning, the regulations do not provide for local government input on LRS applications.

All LRS licensees, LRS applicants, local governments and industry stakeholders were advised in writing of the 0.5 km distance criterion when it was implemented in May 2004. The licensee's agent was advised again in writing when the potential relocation was raised with the LCLB in the fall of 2004.

The deputy general manager determined that the licensee's submission met none of the tests required for discretion and was not persuaded that other arguments put forward by the licensee were relevant given the intent of the policy and regulations. The deputy general manager also noted in her decision that the applicant's competitor made a business decision to relocate his LRS in August 2004 knowing that the applicant's LRS was more than 0.5 km away.

The LCLB has advised the licensee that he can go back to his earlier plans to build the LRS at the other location on the site, which was approved in September 2004, or to apply for another site that falls within the regulatory requirements. The licensee may also seek a judicial review of the decision.

Last year, the licensee's application to relocate his liquor primary establishment was denied because it did not meet the dual regulatory criteria of being within the same community and reasonably close to his original establishment.

Approved by:
Mary Freeman
Assistant Deputy Minister
387-9131
February 28, 2006

Prepared by:
Cheryl Caldwell
Deputy General Manager, Licensing
Liquor Control & Licensing Branch
(250) 387-3638

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL AND LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: Mary Freeman, Assistant Deputy Minister and General Manager

FOR DECISION

ISSUE:

Minors in military messes at CFB Esquimalt

STATUS:

Military messes are generally licensed as liquor primary licensed establishments. Under the Liquor Control and Licensing Act regulations, minors are not permitted in liquor primary establishments unless:

- They are entertainers;
- Allowed in the establishment by the general manager in the public interest; or
- The primary purpose of the establishment is not the service of liquor, e.g. a train, aircraft, stadium.

By policy, the Branch has permitted minors in liquor primary military messes if the minor is a full member of the mess.

Policy Directive 03-03 outlines how the Branch shall determine if it is in the public interest to allow minors and how the Branch shall determine if the primary purpose of the establishment is not the service of liquor:

1. Public interest test

Applicant must establish that it is in the public interest to permit minors, rather than simply not contrary to the public interest, i.e. the benefit to the public is greater than the harm that government has identified in setting the general policy of not permitting minors to access liquor primary establishments. Applicants must also demonstrate how their circumstances differ from other similar establishments.

2. Establishments not primarily engaged in the service of liquor

Establishments other than stadiums, concert halls, convention centres, trains, aircrafts, motor vessels or airports may permit minors, if they can establish that the primary purpose of the establishment is not the service of liquor. More specifically, applicants must establish:

- that the establishment was built for a purpose other than beverage service
- that the business for which the establishment was created could function and be viable without liquor
- whether or not the patron will have paid a cost to be in the facility either through the purchase of a ticket to see a show or through the purchase of a ticket for travel purposes, and

- that the majority of patrons attend the facility for a purpose other than the consumption of alcohol and participation in entertainment activities related to the consumption of liquor

DISCUSSION:

CFB Esquimalt has a number of licensed areas, including military messes for each of the following ranks: Officers, Chiefs and Petty Officers, and Junior Ranks. In addition, the ships at the base also have a number of military messes.

Branch staff met with naval staff and visited some of these facilities in February 2005.

The following issues emerged from this visit:

Ship Messes

- Comprised of dining areas and smaller adjoining bar areas
- They act as a common meeting area for crew and visitors
- When in port at Esquimalt, crew sometimes bring family on board and leave them in the mess area while taking care of duties elsewhere on the ship.
- Baptisms in the mess are a longstanding naval tradition
- Day sailings are sometimes arranged for the non-naval community and the mess areas are the only common meeting areas on the ships

Land Messes

- Navy attempts to foster a family environment with activities involving spouses and children of military staff
- Participation of Canadian Forces members' children is considered essential to the success of these functions and plays an important role in the building of navy morale and culture.
- Many career and family oriented activities occur in the messes such as farewell events, funerals/wakes/, retirement dinners, family Sunday nights
- The largest mess – the Wardroom – regularly hosts special events such as weddings, visiting foreign dignitaries, girl guide meetings
- The facilities are available for rent to the general public provided the person renting the facility is sponsored by a mess member
- Minors are permitted in Halifax based messes. If similar privileges not available at Esquimalt, staff morale would suffer

Analysis

Ship Messes

It could be argued that these facilities should be eligible to permit minors because they are not establishments primarily engaged in the service of liquor, as per Policy Directive 03-03. However, the ships do not meet one of the necessary criteria, that being an entrance fee.

In terms of the public interest test, the following factors should be considered:

- the messes are the sole common meeting area on the ships;
- security and safety concerns mean that non-crew members visiting the ships are often restricted to the mess areas; and
- liquor service hours in the messes are very restrictive and are seldom more than a couple of hours per day.

The first two factors arguably help to meet the public interest test. The factors are also quite unique and it is difficult to conceive of other licensees using them as an argument for why minors should be permitted in their establishments.

Land Messes

The land messes, with the exception of the Wardroom, are primarily for the use of the applicable category of service personnel. As noted above, however, they are available for rental by the general public, if the event is sponsored by a mess member. Land messes generally operate more like typical liquor-primary or liquor-primary club establishments although there is usually a focus on food service.

The facilities are used by mess members for a wide range of family oriented activities such as farewell events, family dinners, etc. Given the special nature of the armed forces, i.e. many live on base, many are deployed for weeks or months at a time, family events are important for military morale, and that minors are permitted in messes at the country's other major naval base in Halifax, it may be possible to justify the presence of minors for events held by mess members.

It is more problematic, however, to permit minors for events held by the general public. The facilities in these cases are little different from other liquor primary venues where minors are prohibited. If minors were permitted it would be difficult to justify a continuing prohibition for somewhat similar facilities such as clubs and particularly veteran's clubs. The organizer of the event always has the option of obtaining a special occasion licence.

RECOMMENDATION

Permit minors on ship messes and also in land messes for events held by mess members. Do not permit minors in land messes for events not hosted by mess members.

Prepared by: Barry Bieller
Date: February 1, 2006

ADVICE TO MINISTER

<p>CONFIDENTIAL ISSUES NOTE</p> <p>Ministry Public Safety and Solicitor General Date: March 20, 2006 Minister Responsible: John Les</p>	<p>BCGEU Tentative Agreement – Impact on Private Liquor Stores</p>
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KEY FACTS REGARDING THE ISSUE:

BC's Liquor Distribution Branch employs over ___ BCGEU members in its stores and warehouse facilities across B.C. A tentative agreement between the BCGEU and government contains a provision that will see ___ LDB Signature Stores (characterized by higher sales volumes as well as a wider variety of product) open on Sundays. This will not likely be received favourably by private liquor store operators (Licensed Retail Stores or LRS's) as they capitalized on the Sunday and holiday 'niche' market. As such they often charge more for product in exchange for the convenience of extended shopping hours. Impacted stakeholders include UBCM (contact - Ken Vance) and ABLE (Mariana Fiddler/Dave Crown)

Background:

While Core review identified the need to move to a greater reliance on the private retailing of liquor, after a close look at the privatization of liquor stores it was determined that balance had to be created for all sides. Changes to liquor licensing in December of 2002 supported the private-sector economy by lifting the moratorium on LRSs. Prior to December 2002 there were 295 Licensee Retail Stores. There are now 590 LRSs with the potential for up to 100 more.

Key principle of government's liquor policy is less regulation in areas that are not related to public safety. The Liquor Control and Licensing Branch maintains a focus on enforcement targeting high risk licensees such as those that may have ties to organized crime as well as public safety and social responsibility priorities. These include service to minors, illicit liquor, overcrowding, over service and community disturbances.

ADVICE AND RECOMMENDED RESPONSE:

- Government recognizes the importance of achieving a cost effective business model. B.C.'s public/private model has provided opportunities for economic growth and private sector investment that has not only benefited the private sector but the public sector and the consumer as well.
- The number of private liquor stores has doubled since 2002, and there are approximately 100 more underway.
- There is more than enough room in the marketplace for the Liquor Distribution Branch to maintain a significant role in liquor retailing and distribution.
- In order to achieve a balance, all existing and new Signature Stores will be open for business on Sundays.
- Government will continue to work with private liquor store retailers to ensure a fair and balanced competitive pricing structure and marketplace.

Communications PSSG Communications 356-6538

Contact:

Program Area Contact:

File

Location:

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL & LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: Mary Freeman - **FOR DECISION**

ISSUE: Whether DJ's should be considered entertainers or employees.

STATUS:

The "Liquor-primary Licence Terms and Conditions- A guide for licensees in British Columbia" currently states in the "Minors" section, *"You may employ minors as entertainers, but you must ensure that they are supervised at all times. Whenever they are not entertaining, minors must leave the licensed areas. DJs are considered to be employees, not entertainers, so they may not be minors"*.

This is the only reference to DJ's as employees rather than entertainers. There is no mention of this in the regulations, the licensing policy manual or the compliance and enforcement manual. As a result of this policy DJ's are subject to a different set of rules than band members or other musical entertainers that may perform in liquor-primary establishments.

DISCUSSION:

The licensee guide is assuming that, like any other employee, a DJ is hired by an establishment, has a set schedule at that establishment, and is on the establishment's payroll. Although this is sometimes the case, the rise of electronic and mixed music has changed the way nightclubs and lounges hire musical performers. DJ's are generally now contractors hired for a short period of time – often one night – and are not considered regular staff. This is similar to the way most musical acts in bars are hired (with the exception of a "house band" who, if they have a long term set schedule are arguably employees of the establishment).

As DJ's are generally hired/contracted the same way as other musical entertainers (often DJ's are accompanied by visual artists who create lighting displays to accompany mixed music) it is logical that they should be subject to the same rules as other musical performers (ie bands). Such a shift would update LCLB policy that impacts licensed establishments who hire such performers.

OPTIONS

Option 1- Status Quo

Pros	Cons
<ul style="list-style-type: none">No change would need to be made to the licensee guide	<ul style="list-style-type: none">Maintains an inconsistency in policy application around musical entertainersPolicy does not reflect how the music/entertainment industry has evolved

Option 2- Change licensee guide to acknowledge the shift in nightclub and lounge entertainment.

Pros	Cons
<ul style="list-style-type: none"> • Would result in policy consistency for musicians and other musical entertainers in nightclubs and lounges • Adopting the assumption that most DJ's are short term contractors is consistent with current practices of establishments that hire them 	<ul style="list-style-type: none"> • Small change in licensee guide would need to be made- deleting following from the guide – <i>"DJs are considered to be employees, not entertainers, so they may not be minors"</i>.

RECOMMENDATION: Option 2

Prepared by: Melanie Golder, Policy Analyst

Date: February 2, 2006

Phone: 356-6128

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL & LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: Mary Freeman
Extract from GPEB briefing note on gambling in pubs & bars

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- All other forms of gaming are prohibited in liquor primary establishments. Liquor licensees who contravene the LCLB restrictions on gaming are subject to administrative penalties including suspension and/or a monetary penalty.

Gaming Permitted In BC's Pubs & Bars

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 - A person in charge of the place where the gaming occurs knows the gaming is taking place and encouraging it in some manner;
 - There is a chance to win or lose money (or some item of value) for the players of the game;
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 - The sale of BC Lottery Corporation products like Racetrax, Keno and Sport Action Pools;
 - Gaming events licensed by the Gaming Policy & Enforcement Branch, such as off-track betting and licensed charitable gaming events (ticket raffles, bingo events and multi-event sport pools).
- Pubs and bars can not permit gaming, or a device used for gaming, to be placed in the licensed premises unless the activity or device is licensed or permitted by the Province.
- The LCLB general manager has prohibited social betting in liquor licensed establishments, even though the activity is permitted under the Criminal Code.
- Games of skill or chance are allowed in licensed premises as long as they are for amusement only – no payoffs or prizes of any kind are permitted for games of chance.

Sport Pools – Limited Forms Permitted in Pubs & Bars

- The only sport pools authorized by the Province, and permitted in licensed establishments, are:
 - Sport Action Pools offered by BC Lottery Corporation; and
 - Sport Pools conducted and managed by eligible organizations licensed by the Gaming Policy and Enforcement Branch.
- The Lottery Corporation's Sports Actions Pools (football, hockey and basketball) are available on-line at approximately 763 bars and pubs across the province.
- GPEB issues licenses to eligible organizations to conduct sport pools. Eligible organizations include:
 - Charitable or religious organizations to raise funds for charitable purposes; and
 - Approved fairs and exhibitions.
- In compliance with the Criminal Code, all sport pools authorized by the Province are based on multiple sport or athletic events.

Poker Games Not Permitted in Pubs & Bars

- Poker games or tournaments are not permitted in pubs & bars.
- The BC Lottery Corporation is authorized to conduct, manage and operate poker games in casinos on behalf of the Province.
- The Province does not authorize, through a license or any other form of certification, any other individuals or organizations to operate poker.
- LCLB does not permit any social betting, including social betting on poker games, in licensed establishments.

Forms of Enforcement Used to Address Unauthorized Gaming in BC's Pubs & Bars

- From an enforcement perspective, the conduct and management of unauthorized forms of gaming in BC's pubs and bars can be addressed as a gaming and/or liquor license infraction.
- LCLB and GPEB generally enforce the provisions of their respective legislation separate from one another. However, when unauthorized gaming is suspected in licensed establishments, the agencies cooperate to ensure the most effective enforcement and sanctions.

Forms of Enforcement Action - Gaming

- LCLB advises GPEB of any complaints or reports of illegal gaming activity at licensed establishments.
- Any complaints or reports of illegal gaming activity at licensed establishments are investigated by Integrated Illegal Gaming Enforcement Team (IIGET, composed of GPEB and RCMP investigators).
- If unauthorized gaming is taking place, and depending on the severity of the offence, one of the following enforcement actions will be taken:
 - Verbal or written warnings are issued where IIGET believes a warning is sufficient to deter illegal gambling activity in the future and/or where it is not in the public interest to pursue other sanctions in that instance;
 - Violation tickets (maximum \$500) are generally issued for minor violations, where regulatory or criminal penalties are not appropriate. Appeals are through the court system.

- Administrative sanctions can be imposed by the Branch for any contraventions to licensing or registration conditions, including issuing a warning, canceling or renewing a license or registration, or imposing up to a \$20,000 fine; and
- Regulatory or Criminal Sanctions. For more serious violations, IIGET will recommend to Crown Counsel that charges be laid under either the Gaming Control Act or the Criminal Code.
- LCLB is advised of any enforcement action taken with respect to illegal gambling activities in licensed establishments.

Forms of Enforcement Action - Liquor Licensing

- In addition, LCLB conducts its own inquiry to determine if the gaming provisions of the Liquor Control and Licensing Act have been contravened
- LCLB can pursue regulatory offences through the court system. In practice, however, the Branch addresses contraventions by imposing administrative sanctions as set out its penalty schedule. LCLB's administrative sanctions include:
 - A Contravention Notice issued by an LCLB officer to a licensee advising of the findings; and
 - A Notice of Enforcement Action. After the contravention notice is issued, the Officer may determine whether formal enforcement action is required. If so, a Notice of Enforcement Act will be issued, along with the proposed penalty based on LCLB's published penalty schedule (liquor license suspension, ranging from 4 to 15 days (up to 60 days for a 3rd contravention)).

Contacts:

Mary Freeman
 Assistant Deputy Minister & GM
 Liquor Control and Licensing Branch
Telephone: (250) 387-9136 (office)

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Derek Sturko
 Assistant Deputy Minister & GM
 Gaming Policy and Enforcement Branch
Telephone: (250) 953-4482 (office)

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Date: February 13, 2006

ADVICE TO MINISTER

CONFIDENTIAL ISSUE NOTE

Ministry: Public Safety and Solicitor General

Date: March 6, 2006

Minister Responsible: Hon. John Les

Amendment to the Liquor Control and Licensing Act

BACKGROUND

Right now in B.C. there are about 9,000 licensed liquor establishments. To ensure that they comply with the provision of the Liquor Control and Licensing Act, 32 liquor enforcement officers routinely inspect these premises but about 90 per cent of inspections are done by the approximately 4,000 police officers assigned to general policing duties.

The primary focus of these inspections is public safety. It is vital to ensure that minors are not being served in these establishments, and also that there is no over-service, overcrowding, or illicit liquor. For many years, the liquor enforcement program has always operated on the assumption that police have the authority to enter licensed premises to conduct these routine inspections. However, recently the authority of police to do so was challenged by two licensees. Subsequently, legal advice indicated that there is real doubt about whether police have the authority to demand entry to licensed premises to conduct routine inspections without a warrant. ~~There is also some question as to whether enforcement officers and police can enter the premises immediately.~~

The amendment to the Act will allow the general manager of the Liquor Control and Licensing Branch to delegate authority to all members of police forces instead of requiring each officer to be delegated individually ~~police~~ to conduct routine inspections, ~~and enter the premises immediately.~~ The changes will make the delegation process more efficient and ensure that ~~police~~they have the same powers as liquor inspectors.

ADVICE AND RECOMMENDED RESPONSE:

- Public safety is the primary focus of liquor inspections.
- It is vital to ensure that minors are not being served in these establishments, and also that there is no over-service, overcrowding, or illicit liquor.
- Police inspections are essential to the effectiveness of the enforcement program and these changes will allow the general manager to delegate inspection authority to all members of police forces instead of requiring each officer to be delegated individually.
- This will make the system for delegating authority to police more efficient and thus improve public safety. ~~will give police the legal authority to continue carrying out routine inspections.~~

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~~•The changes will also ensure that enforcement officers and police can enter licensed premises immediately upon demand.~~

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ADVICE TO MINISTER

Paragraph for Misc Bill

Changes to the Liquor Control and Licensing Act will allow the general manager to delegate inspection authority to all members of police forces instead of requiring each officer to be delegated individually. This will make the system for delegating authority to police more efficient and, thus, improve public safety. ~~will protect public safety by ensuring that police have the legal authority to conduct routine inspections of licensed establishments. PP~~Police and liquor inspectors ~~enforcement officers~~ regularly inspect the province's 9,000 licensed establishments to make sure that minors are not being served and there is no over-service, overcrowding, or illicit liquor. ~~The legal authority of police to conduct routine inspections and enter licensed premises immediately was recently questioned by two licensees.~~

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL & LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: The Honourable John Les, Solicitor General
FOR INFORMATION

ISSUE: Liquor Issues in Prince George

BACKGROUND:

- There are 159 liquor licences in Prince George totalling 38,471 seats. Currently 20 Licensee Retail Stores are licensed, three LRS applications are in process (one is a change of location). One liquor primary application is in process (Chief Lake Pub) which was sent local government for input on January 4, 2006.
- The Liquor Control and Licensing Branch has one Compliance and Enforcement Officer who is responsible for the greater Prince George region.

CURRENT STATUS:

- There are no licensees currently facing enforcement action for liquor contraventions.
- In 2005, the Croft Hotel and the Astoria Hotel each served four day licence suspensions. The Croft for permitting gambling in the premises and the Astoria for permitting an exotic dancer to perform a prohibited act (touching a patron).
- The RCMP Prince George detachment has recently initiated a program to combat the problems associated with the downtown bar district. The detachment estimates that 70-90% of its resources are consumed on Friday and Saturday nights after 0300 hours when hundreds of persons leave the liquor primary establishments in the downtown core. The RCMP members encounter assaults, intoxicated persons in public places and impaired drivers.
- The Branch's Compliance and Enforcement Officer is delivering training to all general duty Prince George detachment patrol members on the requirements of the *Liquor Control and Licensing Act*, in particular the public safety issues of minors, overcrowding, intoxication and illicit liquor. The patrol members are increasing the number of licensed premises checks.
- It is anticipated that an increased police reporting of contraventions will result in enforcement action being taken against some liquor primary establishments in downtown Prince George.
- The Compliance and Enforcement Officer, in concert with the RCMP, is also devoting time to delivering information sessions to licensees of their responsibilities to comply with the Act.

- One extreme fighting event was recently held at the Prince George Multiplex which resulted in numerous incidents of intoxication, fighting and disturbances. The RCMP has not forwarded a report on this event to the Branch. The Compliance and Enforcement Officer has offered to provide training on alcohol intoxication detection to the multiplex staff prior to the next event which is scheduled for February 11th. The officer will be in attendance at the February 11th event.
- These events have garnered local media attention.

There are no licensing issues in Prince George currently before the Branch.

Approved by:

Mary Freeman
Assistant Deputy Minister
387-9131
January 31, 2006

Prepared by:

Mark Tatchell
Deputy General Manager, C&E
Liquor Control & Licensing Branch
356-2364

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL AND LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: Honourable John Les, Solicitor General
FOR DECISION

ISSUE: Relocation restrictions for liquor-primary licensees.

BACKGROUND:

The Liquor Control and Licensing Act regulations impose relocation restrictions on both liquor-primary licensees (LP's) and licensee retail stores (LRS's). However, the restrictions are different for the two licence classes.

LP Relocations: Prior to December 2002, LP's were only permitted to relocate to the immediate vicinity of their existing location. To provide flexibility with the expanded public/private liquor model, the regulations were amended to permit LP transfers to anywhere in the Province, subject to the public interest factors related to community impact and local government input. In 2003 residents in Williams Lake and Kelowna were unhappy with an LP/LRS relocation, which precipitated a regulatory restriction. A transfer may now only be approved if the general manager considers the proposed new location to be

- within a "reasonably close"¹ distance from the existing establishment, **and**
- within the same community as the existing establishment (a community is not necessarily synonymous with the same local government or First Nation jurisdiction).

If a licensee wishes to relocate outside of these geographical restrictions they have the option of applying for a new LP licence. If the licensee closes the original facility and surrenders the licence they would lose the associated LRS, with no means of obtaining another.

With the change in regulations in 2002 which removed many of the requirements to have the licensed establishment associated with a larger facility, e.g. a hotel or recreation centre, there has been a significant increase in the number of LP relocation applications. LCLB received 26 relocation applications last year.

LRS Relocations: Before 2003, LRS's were required to be on the same property as the associated LP's. The regulations were subsequently changed to allow LRS licensees or applicants, subject to zoning and a .5 km distance criteria, to relocate away from their adjoining LP establishment to

- anywhere within the local government or First Nation jurisdiction in which it is presently located or proposed to be located, **or**
- a neighbouring local government or First Nation jurisdiction provided the distance from the original site is no more than 5 km (as the crow flies).

¹ LCLB defines "reasonably close distance" as a "comfortable walking distance"

DISCUSSION:

The two relocation criteria policies are divergent in intent. The LRS criteria are more accommodating and flexible for the business owner; local government input is restricted to zoning. The policy is designed to enable, if not encourage, licensees to relocate their stores to more desirable shopping locations. This policy recognizes that LRS's have minimal impact on the community because there is no on-site consumption.

The LP criteria are more limited so as to discourage relocations. Moreover, due to the potential community impact of a relocated establishment, the application process is similar to a new LP with the exception of the applicant suitability component. Unless an LP is locating immediately adjacent or very close to its present location, the application requires a council resolution and input from the public.

The relocation criterion for LP's restricts the ability of LCLB and local government to consider community and business interests. The following two scenarios are not uncommon:

- An application to relocate a problem establishment in a particular area of town to another location that is supported by local government, e.g. moving a pub out of the Vancouver Downtown Eastside.
- Through no fault of his own, a licensee is forced to relocate with no viable location that passes the relocation distance criteria test

Though one of the LCLB service plan goals is to involve local government in decisions regarding LP's to ensure that licensing decisions reflect community standards, the regulations do not provide flexibility for these situations.

Relaxing the relocation criteria would permit relocations closer to existing licensed establishments (even though the community and local government input process would be the same as if it were a new application). Many LP licensees would be concerned at the potential impact on their business and ABLE would like see it as contrary to the commitment made in May of 2004 not to introduce any significant changes to liquor policy for the next few years and to leave the LRS moratorium in place until at least 2008. Increasing flexibility might also allow a licensee to repeatedly piggyback an LRS or LP in order to gain access to a certain community, though this would be uncommon given the cost of relocation.

Any significant relaxation of the policy should provide advance notice to local government to allow them to make any necessary adjustments to zoning or bylaws. Failure to provide that adjustment period would generate considerable negative response.

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RECOMMENDATION

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Contact: Barry Bieller
Telephone: 387-9136
Date: January 24, 2006

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL AND LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: The Honourable John Les, Solicitor General -FOR DECISION

ISSUE: Whether to maintain the 0.5 km distance criteria for LRS relocations

BACKGROUND:

The moratorium on new licensee retail stores (LRSs) was lifted between August 12 and November 29, 2002. During this time LCLB received 525 LRS applications.

Original policy required an LRS to be located on the same property, or appear to be on the same property, as the associated liquor-primary. There have been two amendments to this policy in the last three years and licensees or applicants can now move their LRSs away from the associated LP as long as the new location does not fall within 0.5 km of another LRS or application in process (See Appendix A for chronology and detail)

LCLB policy sets limits on the time that applicants may take to move liquor licence applications through the licensing process. (See Appendix B for timelines that play key roles in this issue).

DISCUSSION:

Government decided to implement the 0.5 km distance criteria in efforts to prevent concentrations of LRSs in certain areas and increase certainty in the marketplace. The Hospitality Industry Coalition, ABLE's precursor, was very supportive of this change as it also provided a degree of market protection for licensee retail store licensees.

The implications of the 0.5 km distance criteria since implementation have been.

- Assessing whether or not an application for relocation meets the 0.5 km (as the crow flies) criteria is a costly, lengthy and contentious process that involves LCLB making decisions that may be better addressed through the application of local government zoning, rather than provincial regulation. The difficulty in assessing distance criteria is compounded by the limitations of the mapping software available.
- A few applicants whose stores are already within 0.5 km of existing LRSs have argued that they should be allowed to move within that radius. The current policy does not identify this situation as a criterion for exemption. However, changing the policy to allow movement within the 0.5 km. radius for this situation may result in applicants moving closer to existing stores both in- and outside the radius, and is likely to be opposed by the (third) licensee who is not moving. This situation has come to be known as "the gridlock problem"
- Frequent changes in provincial policy without prior notification has made it increasingly difficult for local governments to develop appropriate policies with regard to liquor outlet density
- The implementation of the distance criterion created an unanticipated constraint on applicants and licensees who were trying in good faith to adhere to provincial and local policies when making business decisions around location and market audience, however, now that it is in place licensees are making decisions based on it continuing.

- It was initially difficult for applicants to ascertain whether or not they were applying for a location that was within 0.5 km of another application in progress, so many applicants were denied and lost their application fee. This situation has since been remedied by posting the proposed locations of LRS application in progress on the LCLB website. Thus, applicants can tell beforehand whether their proposed location was within 0.5 km of another application in progress.

If the 0.5 criteria were removed applicants would have greater freedom to choose location. This may be positively received by some current applicants and operators as the change creates more diverse business opportunities. It would allow operators to relocate to meet growing market demands in the future, in particular LRS operators who face restrictive zoning or other business requirements, market saturation in their areas, and a lack of commercial space.

Despite this, it is important to note the significant potential for adverse reactions on several levels if the 0.5 were eliminated. It is probable that the change will be met with feelings similar to those which attended the decision to add the 0.5 km criteria: applicants for relocations were upset and confused and criticized the branch for frequently changing the regulatory criteria which made it difficult for them to carry on their business effectively and make sound business decisions. These complaints have since been reduced, possibly because of increased awareness of the requirement, the settling in of the market and the public posting of the sites of LRS applications in progress.

LRS licensing policy has been relatively consistent for the past 18 months and most applicants are aware of the relocation policies and are abiding by them with little resistance. Since the moratorium was lifted there have been several significant policy changes with regard to LRSs, most of which occurred in 2003 and 2004 (See appendix C for chronology of policy changes). Making any significant changes at this point will be difficult to defend to an industry that has been demanding policy stability where liquor retailing is concerned. The May 2004 letter to licensees essentially promised stability in liquor retail policy for the next four years to give the industry time to settle.

Any change will likely be met with intense reactions, most of which are anticipated to be negative. Negative responses to the removal of the 0.5 km criteria may come from local governments, existing LRS licensees and ABLE. Changing the criteria again makes it difficult for local governments to develop appropriate policies with regard to liquor and it is likely they would need time to devise zoning schemes for liquor outlets that address the needs of their communities. ABLE will also strongly oppose any removal of the criteria as they strongly supported its implementation. Although some applicants would enjoy greater freedom to relocate with the removal of the criteria, it is likely this group will represent a quiet minority. The applicants and operators who will likely be most adamant in their opinions regarding the fairness of LRS policy will be:

- those who terminated their applications because they could not find an appropriate location that met the criteria;
- those who had their application terminated by LCLB because they exceeded their deadline searching for an appropriately isolated location;
- those who settled on a less than ideal location because their first choice did not meet the criteria;
- those who learn an LRS is moving within 0.5 km of their existing site or the location proposed in their application.

The implication of terminating applications because licensees have exceeded their deadlines, then relaxing the relocation criteria shortly thereafter, is that many licensees and applicants will feel they have been treated unfairly, and may take legal action against government.

OPTIONS

Option 1: Status Quo (maintain the criteria)

Pros	Cons
<ul style="list-style-type: none">• May be seen as a protection against proliferation of outlets that is more solid than zoning criteria• Will be strongly supported by ABLE and most LRS operators• Will maintain the consistency of LRS licensing policy that has been stable over the last 18 months• Requires no regulatory amendment	<ul style="list-style-type: none">• Requires considerable licensing resources to determine distance criteria and assess exemption requests• Diverts resources from other licensing processes• Will impact the minority who want to move but cannot find a suitable location within the distance criteria

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Recommendation:

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- ☐ Approved as Recommended ☐ Proceed with a Policy Change allow flexibility within the .5 km distance criteria

Honourable John Les
Solicitor General

Date

Date: January 25, 2006

Approved: Mary Freeman

Telephone: 387-9136

Prepared by: Melanie Golder, Policy Analyst

Phone: 356-6128

Date: January 25, 2006

Appendix A

Location

Original policy around LRS location dictated that an LRS must be located on the same property, or appear to be on the same property, as the liquor-primary establishment it is required to be associated with. The LRS and the LP could not relocate separately.

On November 10, 2003 regulations were amended to permit LRS licensees or applicants to relocate their stores away from the liquor-primary site. An LRS could move to any location within the local government or First Nation jurisdiction in which it was presently located or proposed to be located. Alternatively, the store could relocate to a neighbouring local government or First Nation jurisdiction provided the distance from the original site is no more than 5 km (as the crow flies). In either case, the proposed site must be properly zoned.

On May 14, 2004 LCLB policies were amended to restrict relocations of LRSs. From that date, applications made to relocate an LRS would not be approved by the general manager if the proposed site was within 0.5 km of an existing LRS or the site of an LRS application in progress. The 0.5 km was measured from door to door rather than property line to property line. Complete applications to relocate received prior to the May 14 date were not subject to this policy change. Furthermore, when the distance criteria was implemented exemptions were granted to applicants who were able to show

- there was a natural barrier, such as a river, between their site and another within 0.5 km;
- they had made significant business expenditures or entered into contractual agreements prior to the implementation of the 0.5 km regulation.
- It was not contrary to the public interest eg a store loses their leased location due to circumstances beyond their control and the only reasonable location is within 0.5 km of another store. Since May, 2004, LCLB has granted 9 exemptions out of 11 applications for discretion. An estimated 42 applicants were denied because of 0.5k overlap and did not apply for discretion.

Appendix B

Timelines

LCLB policy sets limits on the time that applicants may take to move liquor licence applications through the licensing process. This ensures that applications make reasonable progress through the steps of the licensing process so that establishments become licensed in a timely manner. Setting time limits also has the effect of reducing uncertainty in the marketplace when many licence applicants are vying for establishment locations and seeking local government zoning approvals. Relevant LRS timelines and policy changes are as follows.

On April 23, 2004 an LCLB policy directive was issued that outlined extension and termination policies for LRS applications-in-progress and relocation applications. A complete LRS application must proceed through two approval stages- Pre-Clearance Approval and Approval-in-Principle- prior to completing the application process. Each of these approvals are valid for 12 months in order to allow adequate time for the required progressive actions to occur. At either stage, an applicant may request an extension of time by writing to the general manager. The onus for obtaining an extension is on the applicant. The

extension request must be received by LCLB at least thirty (30) days prior to the expiry of the twelve (12) month approval period or the application will be terminated. This policy clarification resulted in some applications being terminated. All applicants, outside of the Vancouver area whose applications had expired received notice of expiry in June 2005.

LRS applicants in the Vancouver area were given an automatic six month extension because of the shifting local government liquor policy. The extension required applicant to submit a copy of their development permit application by December 31, 2005 or their application would be terminated. Licensees and applicants in this area were finding it extremely difficult to find suitable locations as they were restricted by both the LCLB requirements and zoning. Vancouver currently has 5 sites that are zoned for liquor outlets and, as of the end of 2005, there were 47 applications pending in the area. Some of these applications will be terminated as a result of failure to meet the deadline of December 31, 2005 (approximately 10).

Appendix C

LRS Policy changes since 2002

Directive 02-07

1. Announced temporary lifting of moratorium on Licensee Retail Stores (LRS's) licensing. Proposed LRSs had to be on, or appear to be on, the same property as the associated liquor-primary establishment.

Directive 03-04

2. Removed the 2000 square foot size restriction on LRSs.

Directive 03-12

3. Permits LRS licensees or applicants to relocate their store away from their adjoining liquor-primary establishment (or vice versa). An LRS may move to any location within the local government or First Nation jurisdiction in which it is presently located or proposed to be located. Alternatively, the store may relocate to a neighbouring local government or First Nation jurisdiction provided the distance from the original site is no more than 5 km (as the crow flies). In either case, the proposed site must be properly zoned for an LRS.
4. Removed requirement for the LRS name to be linked to the name of the qualifying liquor-primary establishment, e.g. "Joe's Pub" and "Joe's Private Liquor Store."

Directive 04-02

5. Clarified policies concerning both new Licensee Retail Store applications and LRS relocation applications, with respect to:
 - application approval periods;
 - extensions of approval periods; and
 - the termination of applications.

Directive 04-03

6. Applications made to relocate an LRS on or after the date of this directive will not be approved by the general manager if the proposed site is within 0.5 km of an existing LRS or the site of an LRS application in progress.

Directive 04-06

7. LRS licensees, managers and staff must complete "Serving It Right: The Responsible Beverage Service Program".

Directive 05 – 01

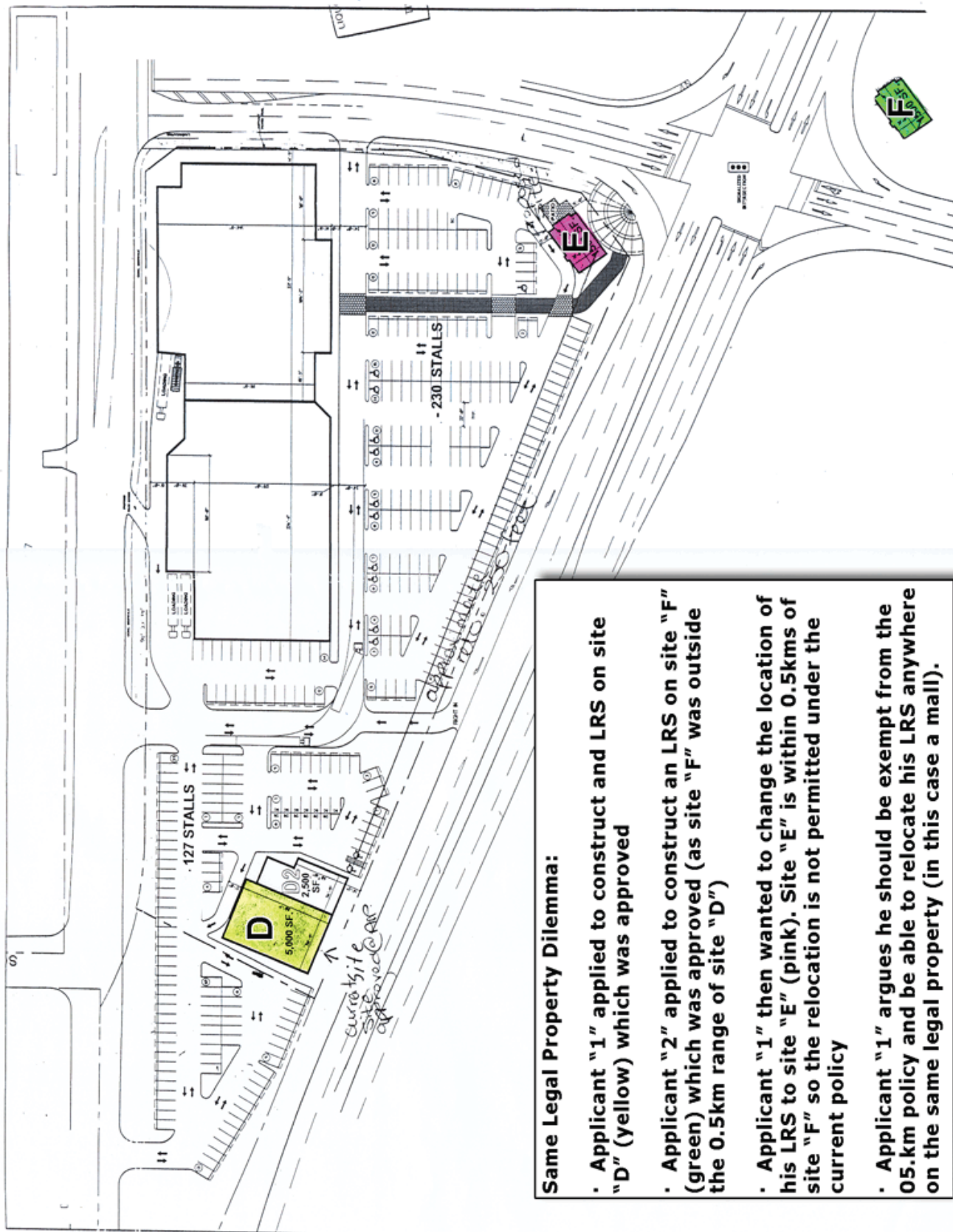
8. No longer required that in-store beverage sampling be conducted by an agent or liquor manufacturer, nor is a Buy-Sell Agreement required. Licensees may have their own employees or hire servers to conduct tastings.
9. Licensees may conduct demonstration kitchens in their Licensee Retail Stores.

Directive 05-04

10. LRS operators are now permitted to adjust their prices at any time throughout the business day.

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Same Legal Property Dilemma:

- Applicant "1" applied to construct and LRS on site "D" (yellow) which was approved
- Applicant "2" applied to construct an LRS on site "F" (green) which was approved (as site "F" was outside the 0.5km range of site "D")
- Applicant "1" then wanted to change the location of his LRS to site "E" (pink). Site "E" is within 0.5kms of site "F" so the relocation is not permitted under the current policy
- Applicant "1" argues he should be exempt from the 0.5km policy and be able to relocate his LRS anywhere on the same legal property (in this case a mall).

Ministry of Public Safety and Solicitor General
Joint Working Group on Governance
BRIEFING NOTE – FOR DECISION – January 16, 2006

I PREPARED FOR: The Governance Project Steering Committee

II ISSUE: Mandates, roles and responsibilities – protocols for consultation and information sharing between LDB and LCLB on policy issues.

III BACKGROUND

In December 2004, the Liquor Reform Project¹ recommended

1. moving 167 retail liquor outlets² from LDB's approval authority into LCLB's licensing scheme,
2. combining the *Liquor Distribution Act* and *Liquor Control and Licensing Act* into one Act, and
3. expanding LCLB's policy responsibility to include all issues not clearly within the purview of LDB, and provincial wine policy.

These recommendations were accepted by the Governance Project Steering Committee³ and the Joint Working Group on Governance (JWG), comprising senior staff from both branches, was established to implement them.

As part of the implementation work, JWG members reviewed LCLB and LDB roles and responsibilities relating to their respective mandates (distribution, sales, regulatory control, etc.) to identify areas of potential impact resulting from implementing the recommendations.

Early on, it was concluded that impact would be restricted to two areas: the moving of liquor outlets into a licensing scheme and policy responsibility – all other areas will not be affected and required no additional review.

With respect to the two areas, the impacts arising from the move of liquor outlets are discussed in a companion briefing note⁴.

Concerning policy, the team concluded that it was not so much that things had changed (although in some areas they had), but rather the review highlighted the need to develop protocols for ensuring on-going efficient and effective interaction between the two branches on policy issues.

¹ The Liquor Reform Project was created in July 2003 to help determine the future role of government in the sale and distribution of liquor in BC, and to guide implementation of any subsequent changes. The LRP ended in January 2005.

² At the time of the recommendation there were only 138 such retail outlets.

³ Tony Heemskerk, Mary Freeman, Jay Chambers

⁴ January 16, 2006. JWG to Governance Project Steering Committee. Issue: Selecting a licensing type for the retail liquor outlets that are moving from being appointed by LDB to being licensed by LCLB.

IV DISCUSSION

Historically, consultation and the exchange of information with respect to policy (broad policy and operational policy) have relied on the good will of individuals in key positions. There have, however, been occurrences where consultation and information sharing did not occur, resulting in a sub-optimal resolution of issues – indicating room for improvement. In addition, future changes in staffing or in the relationship between the branches could reduce the efficacy of the current informal system, making a more formal approach desirable.

The JWG has identified a number of key areas where formalized consultation and information sharing will result in better policy work. These areas and protocols outlining branch interaction are attached.⁵

V RECOMMENDATION

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APPROVED

David Morhart, Deputy Minister
Chair, Governance Project Steering Committee

NOT APPROVED

Prepared by:

Ralph Strong, Project Manager Analyst
250 387-3487

Recommended for Approval by:

Barry Bieller, Director, Policy
Planning and Communication, LCLB

Roger Bissoondatt, Executive Director,
Finance, LDB

Gord Hall, Director, Corporate Policy,
LDB

Catherine Sloan, Legal Counsel, LDB

Mark Tatchell, DGM, Compliance and
Enforcement, LCLB

⁵ Please note, in some cases, the protocol will have no application or effect until related legislation is in place.

Protocols for Consultation and Information Sharing between the LDB and the LCLB with Respect to Policy Issues

INTENT: To ensure effective and efficient consultation and information sharing between the LDB and the LCLB with respect to policy issues, without unduly diminishing each branch's ability to conduct its business as mandated.

GENERAL: The LDB and LCLB will endeavour to consult and share information on an on-going basis on all policy issues, as appropriate, recognizing the following responsibilities.

- The LDB has responsibility for operational policy concerning the distribution and sales of liquor in British Columbia and its role as importer of record.
- The LCLB has responsibility for all liquor policy relating to liquor issues in British Columbia other than LDB operational policy.

SPECIFIC: The following protocols will be adhered to by both the LDB and the LCLB with respect to the following policy areas. Interpretation of terms should be broad and inclusive. Consultation and information sharing will occur in a timely manner.

1. Area: Compliance and Enforcement

Responsible Branch: Liquor Control and Licensing Branch

Role of LCLB:

- Has overall responsibility for standards and policies relating to compliance and enforcement as required by *the Liquor Control and Licensing Act*.
- Will consult with LDB on matters affecting LDB.

Role of LDB:

- Establishes policies relating to compliance for areas within its jurisdiction.
 - Will provide input on issues raised by LCLB.
 - Will bring issues to the attention of LCLB as they arise.
-

2. Area: Non-RAS Retail Outlets

Responsible Branch: Liquor Control and Licensing Branch
Liquor Distribution Branch

Role of LCLB:

- Responsible for general terms and conditions and policy relating to the public interest in the retail marketplace.
- Will consult with LDB on related matters.

Role of LDB:

- Responsible for policy relating to where non-RAS retail outlets may buy liquor from, their purchase prices, and sales to licensees.
- Will advise LCLB of potential policy changes to these.
- Will provide input on issues raised by LCLB.
- Will bring issues to the attention of LCLB as they arise.

3. Area: Government Liquor Stores and Rural Agency Stores

Responsible Branch: Liquor Distribution Branch
Liquor Control and Licensing Branch

Role of LDB:

- Responsible for policy relating to where they may buy liquor, purchase and sales pricing, and sales to licensees.
- Will consult with LCLB as appropriate.

Role of LCLB:

- Responsible for general terms and conditions and policy relating to the public interest in the retail marketplace.
- Will consult with LDB on matters affecting LDB and Rural Agency Stores.
- Will provide input on issues raised by LDB.
- Will bring issues to the attention of LDB as they arise.

4. Area: Private Warehouse / Distribution

Responsible Branch: Liquor Distribution Branch

Role of LDB:

- Determines terms and conditions of business arrangements.
- Will consult with LCLB on all related matters.

Role of LCLB:

- Will provide input on issues raised by LDB.
- Will bring issues to the attention of LDB as they arise.

5. Area: Licensing of Manufacturers

Responsible Branch: Liquor Control and Licensing Branch

Role of LCLB:

- Responsible for policy relating to the licensing of manufacturers.
- Will consult with LDB on all related matters.

Role of LDB:

- Will provide input on issues raised by LCLB.
 - Will bring issues to the attention of LCLB as they arise.
-

6. Area: Applicant Suitability

Responsible Branch: Liquor Control and Licensing Branch

Role of LCLB:

- Responsible for establishing policy relating to standards.
- Will consult with LDB on all related matters.

Role of LDB:

- Will provide input on issues raised by LCLB.
 - Will bring issues to the attention of LCLB as they arise.
-

7. Area: Registration of Product

Responsible Branch: Liquor Distribution Branch

Role of LDB:

- Responsible for registering products for sale.
- Will consult with LCLB on matters related to social responsibility.

Role of LCLB:

- Establishes policy relating to social responsibility and the suitability of products.
 - Will provide input on issues raised by LDB.
 - Will bring issues to the attention of LDB as they arise.
-

8. Area: Social Responsibility

Responsible Branch: Liquor Control and Licensing Branch
Liquor Distribution Branch

Role of LCLB:

- Responsible for establishing social responsibility policy.

- Will consult with LDB on all related matters.
- Will provide input on issues raised by LDB.
- Will bring issues to the attention of LDB as they arise.

Role of LDB:

- Responsible for establishing within GLS and RAS policies ensuring they comply with LCLB policies.
- Responsible for developing and implementing GLS promotional programs to educate the public about responsible use issues (FAS, drinking / driving, etc.).
- Will consult with LCLB on related matters.
- Will provide input on issues raised by LCLB.
- Will bring issues to the attention of LCLB as they arise.

9. Area: Pricing Policy

Responsible Branch: Liquor Distribution Branch

Role of LDB:

- Responsible for policy concerning the price at which non-GLS and RAS outlets can purchase liquor.
- Responsible for retail pricing for GLS and RAS
- Will consult with LCLB on all related matters.
- Will provide input on issues raised by LCLB.
- Will bring issues to the attention of LCLB as they arise.

Role of LCLB:

- Establishes policy concerning the retail selling price for non-GLS and non-RAS outlets.
- Will consult with LDB on all related matters.
- Will provide input on issues raised by LDB.
- Will bring issues to the attention of LDB as they arise.

10 Area: Grain, Medicinal, and Culinary Alcohol

Responsible Branch: Liquor Control and Licensing Branch

Role of LCLB:

- LCLB responsible for policy relating to the availability of grain, medicinal, and culinary alcohol.
- Responsible for product control and approvals.

Role of LDB:

- Sells grain and rice alcohol at retail.

11 Area: Government Liquor Stores

Responsible Branch: Liquor Distribution Branch

Role of LDB:

- Responsible for establishing operational policies.
- Will consult with LCLB on all related matters.

Role of LCLB:

- Will provide input on issues raised by LDB.
 - Will bring issues to the attention of LDB as they arise.
-

12 Area: Legal Importation of Product

Responsible Branch: Liquor Distribution Branch

Role of LDB:

- Responsible for all aspects of legal importation of product.

Role of LCLB:

- Will provide input on issues raised by LDB.
 - Will bring issues to the attention of LDB as they arise.
-

13 Area: LDB Warehousing / Distribution

Responsible Branch: Liquor Distribution Branch

Role of LDB:

- Responsible for all aspects warehousing and distribution operations.
- Will consult with LCLB on all related matters.

Role of LCLB:

- Will provide input on issues raised by LDB
 - Will bring issues to the attention of LDB as they arise.
-

14 Area: Licensing: On-Premise Consumption Establishments

Responsible Branch: Liquor Control and Licensing Branch

Role of LCLB:

- Responsible for establishing policy.
- Will consult with LDB on all related matters.

Role of LDB:

- Will provide input on issues raised by LCLB.
 - Will bring issues to the attention of LCLB as they arise.
-

15 Area: Licensing: Licensee Retail Stores

Responsible Branch: Liquor Control and Licensing Branch

Role of LCLB:

- Responsible for establishing policy.
- Will consult with LDB on all related matters.

Role of LDB:

- Will provide input on issues raised by LCLB.
 - Will bring issues to the attention of LCLB as they arise.
-

16 Area: Sacramental Wine

Responsible Branch: Liquor Control and Licensing Branch

Role of LCLB:

- Responsible for establishing policy.
- Will consult with LDB on all related matters.

Role of LDB:

- Imports sacramental wine.
 - Will provide input on issues raised by LCLB.
-

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry: Public Safety and Solicitor General

Date: February 7, 2006

Minister Responsible: Minister John Les

Minors ID Pilot - Victoria

KEY FACTS REGARDING THE ISSUE:

Victoria Police Department conducted a small under cover operation last fall to see how well Victoria night clubs are checking for ID. (Provincial liquor laws prohibit anyone under 19 from entering a bar, and require bar staff to ask anyone who appears to be under 25 for 2 pieces of ID, before they enter the establishment, and when they order a drink.)

The focus of this operation was a 17 year old female, under constant observation by four plain clothes police officers, and accompanied by a reserve constable of legal age. They visited 13 clubs on two separate Friday nights. The clubs were chosen based on previous liquor compliance histories, as well as other information from a variety of sources.

The minor went to 12 night clubs using ID belonging to someone of legal age, whose picture and physical descriptors clearly didn't resemble her at all. In all but one, she was allowed in and served a drink.

The Liquor Control and Licensing Branch has reviewed the information from police and is recommending that ten establishments serve a four day suspension (for supplying liquor to a minor). Five of these establishments have also been served a \$1,000 penalty (for failing to ask for the required ID).

The licensee can either accept the penalty or ask for the opportunity to present their side at an adjudicated enforcement hearing.

(The Victoria Police Department conducted an unrelated under cover operation to target drug trafficking in downtown Victoria bars late last year. They observed several alleged liquor violations. As a result, Liquor Control and Licensing Branch recommended licence suspensions to four bars, totalling 33 days. The results of these are still pending.)

ADVICE AND RECOMMENDED RESPONSE:

- Preventing access to liquor by minors is a key public safety priority for the province.
- The Province works closely with police and industry associations, and supports their efforts to curb underage drinking.
- When police or LCLB compliance enforcement officers have evidence of minors being served liquor in a licensed establishment, LCLB can take enforcement action including the suspension or loss of a liquor license.
- Our research shows that regular inspections and monitoring of licensed establishments is necessary to maintain compliance rates and reduce the risk of underage drinking.

STRATEGIC LINKAGES:

Ensure the safety of British Columbians in their homes and communities

Communications Contact: Karen Johnston

356-1196

Program Area Contact: Mary Freeman

387-9131

File Created:

File Updated:

File Location:

Minister's Office	Program Area	Deputy	Comm. Dir

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL & LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: The Honourable John Les, Solicitor General
FOR DECISION

ISSUE: Response to challenges to police authority to conduct routine liquor inspections at licensed establishments

STATUS:

Thirty two Liquor Control and Licensing Branch (LCLB) Compliance and Enforcement Officers (C&EOs) and the approximately 4,000 police officers assigned to general policing duties inspect liquor licensees to ensure industry compliance with the *Liquor Control and Licensing Act* (the *Act*). The liquor enforcement program has operated on the assumption the police have authority to enter licensed premises to conduct routine inspections. In two recent LCLB enforcement actions, however, the statutory authority for police officers to enter licensed premises has been challenged.

Legal advice indicates that there is a real doubt about whether police officers have the authority to demand entry to licensed premises to conduct routine inspections without a warrant. The *Act* provides that police may enter without a warrant if they have reasonable and probable grounds to believe liquor is on the premises for unlawful purposes. It is an offence to refuse that officer “immediate” admission to the premises. However, this threshold requirement is, in practice, impossible to meet.

The *Act* also authorizes a person designated by the general manager to enter and inspect any licensed premise, although there is no requirement that admission be granted immediately. All the C&EOs are individually designated by the general manager. Police officers are not individually designated because there are so many employed by so many police forces that individual designation is too administratively complex and expensive. Legal advice indicates there is a high probability (but not a certainty) that the *Act* limits the general manager to designating named individuals not classes of individuals such as all police officers.

The C&EOs’ authority to require immediate access to licensed premises is set out in the terms and conditions attached to licences. Legal advice suggests that this is sufficient to make refusal to allow immediate admission a contravention, albeit one providing for a minimum penalty. It would be desirable to have a clear requirement in the *Act* requiring immediate admission since a 10 or 15 minute delay in granting access is often sufficient to remove evidence of licensee contraventions.

DISCUSSION:

In order for the police to be an integral part of the enforcement system it is necessary to ensure they have the same authority as C&EOs to enter licensed premises at any time to conduct inspections. A collateral issue is that the C&EOs currently do not have the authority to require “immediate” entry to licensed premises.

The vast majority of licensees voluntarily comply with the legal requirements of their licences and cooperate with liquor inspections. In this context, they fully understand and support the role of the police in the enforcement system.

Options:

s.13, s.14

Option 2: Prepare a Request for Legislation for the Spring 2006 session to amend the *Act* to allow the general manager to designate authority to a class of persons and to require immediate admission to licensed premises of those persons:

Pros:

- would give police clear authority to conduct routine liquor inspections;
- would add requirement that licensees immediately admit both police and C&EOs to allow inspection;
- the required amendments are uncomplicated and they could be included in a miscellaneous bill in the Spring session.

Cons:

- between the time such amendments were tabled and their coming into force licensees would be aware of the police authority issue;
- to avoid significant negative effect on the enforcement program it would be necessary to complete the legislative process as quickly as possible.

RECOMMENDATION:

Option 2.

(Option) approved: _____

Honourable John Les
Solicitor General

Date:

Approved by:

Mary Freeman
Assistant Deputy Minister
387-9131
February 2, 2006

Prepared by:

David Hosking
Senior Policy Analyst
Liquor Control & Licensing Branch
387-9121

Ministry of Public Safety and Solicitor General
Joint Working Group on Governance
BRIEFING NOTE – FOR DECISION – January 16, 2006

I PREPARED FOR: The Governance Project Steering Committee

II ISSUE: Selecting a licensing type for the retail liquor outlets that are moving from being appointed by LDB to being licensed by LCLB.

III BACKGROUND

The LCLB is responsible for licensing liquor retailers, including approximately 575 Licensee Retail Stores. The LDB operates 211 government liquor stores and appoints a further 230 Rural Agency Stores (these numbers are subject to change).

The LDB also appoints 167 *unlicensed* retail liquor outlets comprising 127 on-site manufacturer stores (116 winery stores, 9 brewery stores, and 2 distillery stores), 7 off-site winery stores, 12 private wine stores, and 21 VQA stores.

The Liquor Reform Project recommended that these 167 unlicensed retail outlets be moved from LDB appointments into LCLB's licensing scheme. This reduces the perceived conflict between LDB as regulator and LDB as retail competitor, brings greater consistency and control to how liquor retail outlets are regulated, provides opportunities for reducing red tape and complexity, and aligns with best regulatory practices.

The recommendation was accepted by the Governance Project Steering Committee in December 2004, and the Joint Working Group on Governance (JWG), comprising senior staff from both branches, was established to implement it, including selecting the appropriate licensing type.

JWG Approach: In July 2003, government directed a move towards the creation of a single regulatory scheme. However, introducing a single regulatory scheme is a far broader undertaking than the mandate given by the Liquor Reform Project recommendation, and can have significant effect on the viability of some retail outlets.

Reflecting this, the recommendations contained in this briefing note strike a balance between preserving the status quo (allowing the businesses to operate as they did before moving into a licensing scheme) and achieving the benefits of a single regulatory scheme.

IV DISCUSSION – GENERAL ISSUES

Several issues relate to the licensing of these outlets regardless of which licensing type is selected. Below is a brief outline of these issues and the JWG's recommended position.

Moratorium: A moratorium is currently in place on issuing new retail store licenses to allow the marketplace and communities to adjust to the increased number of outlets resulting from recent government direction. It is recommended that the moratorium be extended to prevent an unexpected expansion of off-site retail wine outlets. The moratorium would not be extended to include on-site stores as it is government policy to allow this type of outlet to expand as new manufacturers are licensed.

Multiple Wine Store Appointments: For certain off-site wine store locations the LDB has, over time, issued more than one appointment. These multiple appointments allow

more than one winery to sell products at the same location or relate to independent wine stores, where both BC and imported wines could be sold.

As issuing multiple licenses to one location is inconsistent with LCLB licensing practice and adds complexity in resolving compliance issues, it is strongly recommended that this model not be carried over into a licensing scheme. In June 2005, LDB informed all winery appointment holders at multiple appointment locations that they could relocate to a separate standalone retail location, provided the relocation was substantially completed by December 31, 2005.

It is recommended that appointments not relocated by the deadline be either cancelled or consolidated into a single licence when the new licensing scheme is implemented.

Tied House: The tied-house relationship occurs with off-site winery stores and independent wine stores that are owned by, or have a relationship with liquor manufacturers and agents. The tied-house prohibition applies to only those outlets licensed under the *Liquor Control and Licensing Act* – LDB appointees are not barred from having a tied-house relationship.

If LDB appointees come into LCLB's licensing scheme under the Act, they will then be in contravention of the Act. There are two options: force them to sever their relationship with suppliers, or amend the regulations to the Act to preserve the status quo by exempting off-site winery stores and grandfathering independent wine stores to ensure their present relationships are preserved.

As requiring the severing of relationships could result in calls for compensation from the outlets, it is recommended that the legislation be amended to preserve the status quo.

VQA Appointments: The British Columbia Wine Institute possesses 21 LDB appointments which it assigns to third parties to operate stores selling only VQA products. VQA store operators have expressed an interest in severing their relationship with BCWI and receiving individual appointments directly from LDB. This issue goes to the heart of BCWI funding and purpose.

Consequently, it is recommended that for the purpose of moving the retail outlets into LCLB licensing, 21 licenses be issued to the BCWI for assigning. This solution does not prevent this larger issue from being resolved in the future.

Licensing Fees: Three of the four options provided involve licenses and licensing fees. For comparison between options, the estimates used are based on fee levels one-half way between those for UVins/U-Brews and LRSs reflecting the consensus that the effort required to issue licences and enforce compliance will be near that midpoint. These estimates may increase subsequent to a review of LCLB fee levels currently underway.

Paying these fees could generate a negative response from industry. (However, when UVins and UBrews were brought into their licensing scheme, very little negative response occurred.) In spite of the UVin/UBrew experience, to ensure smooth transition, and in view of the relatively low cost, it is recommended that the application fee, the first annual licence or endorsement fee, and initial third-party fee, where applicable, be waived.

The source of the off-setting funds (an amount equal to what would have been collected through fees and required by LCLB to licence and ensure compliance) needs to be determined by the Governance Project Steering Committee.

Implementation Date: If the enabling legislation is passed in the Fall of 2006, the date of moving the retail outlets into LCLB's licensing will be April 1, 2007. If the legislation is not passed in the Fall, implementation will be delayed. It is not recommended that, as a stop-gap measure pending enabling legislation, the authority to appoint be delegated from the General Manager of the LDB to the General Manager of the LCLB. Doing so would create uncertainty and administrative costs with no off-setting benefits.

V LICENSING OPTIONS

s.13

Pages 53 through 54 redacted for the following reasons:

s.13

APPROVED

David Morhart, Deputy Minister
Chair, Governance Project Steering Committee

NOT APPROVED**Prepared by:**

Ralph Strong, Project Manager Analyst
250 387-3487

Recommended for approval by:

Barry Bieller, Director, Policy Planning
and Communication, LCLB

Gord Hall, Director, Corporate Policy, LDB

Doug Browne, Manager, Special Retail
Programs, LDB

Michael Goodfellow, Policy Analyst, LCLB

Cheryl Caldwell, DGM, Licensing and
Local Government Liaison, LCLB

Catherine Sloan, Legal Counsel, LDB

Mark Tatchell, DGM, Compliance and
Enforcement, LCLB

Rebecca Villa-Arce, Manager, Licensing
Administration, LCLB

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL AND LICENSING BRANCH
BRIEFING NOTE**

Issue: Liquor licence applications on Sechelt Indian Band Land

Purpose of Paper: Information for Minister Christensen visit to Sechelt Indian Band

Background:

The Wakefield Inn has a contract with a developer to lease space for a pub and a licensee retail store (LRS) in the newly proposed mall on Sechelt Indian Band Land. The construction of the pub is almost complete but work has not yet started on the LRS. The Wakefield Inn applied to the Liquor Control and Licensing Branch (LCLB) to relocate its liquor primary licence and LRS to the new mall.

The LRS met the relocation criteria; however, the liquor primary licence pub did not. Under the liquor regulations, a liquor primary licence can only relocate if it is reasonably close to its existing location and if it is in the same community. Reasonably close is defined as a comfortable walking distance and same community is interpreted to mean the same neighbourhood or shopping area. The Wakefield Inn's liquor primary licence did not meet either criterion.

Current Status:

In light of the inability to relocate the Wakefield Inn, the developer and the Sechelt Indian Band are now looking at alternatives.

Another suitable LRS operator may be interested in putting his LRS in the mall but does not want to relocate his pub.

Alternatively, the developer may apply for their own liquor primary licence.

The Liquor Control and Licensing Branch general manager has assured the individual working directly with the Band on the development project that we would help them expedite the application if that was the route they planned on taking. The general manager also suggested they contact her at any time if they had any questions about the regulations so they did not make decisions that would not work.

Recommended Response:

Refer any questions to the Liquor Control and Licensing Branch general manager.

Prepared by: Mary Freeman
Assistant Deputy Minister and General Manager

Date: January 13, 2006

Confidential

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL & LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: The Honourable John Les, Solicitor General
FOR INFORMATION

ISSUE: Special Occasion Licences

STATUS:

Special occasion licences (SOLs) are issued by authority of the general manager pursuant to the Liquor Control and Licensing Act. The general manager has delegated SOL approval authority to government liquor store managers and they administer the program on behalf of the LCLB. SOLs are available from any government liquor store in the province. In recent years in the order of 17,000 to 20,000 SOLs have been issued annually.

DISCUSSION:

The purpose of an SOL is to allow individuals, organizations and businesses the opportunity to occasionally host special events at which liquor is served or sold. An SOL must not be issued if the event is intended to make a commercial profit. The purpose of licensing these special occasions is to control the use of liquor in order to prevent over consumption, to ensure the safety of the supply of liquor and to protect the public interest by:

- ensuring that licensees are aware of their duties and responsibilities,
- ensuring that the liquor served is from a lawful source,
- ensuring enforcement authorities are aware of the event, and
- ensuring the legislative requirements for the service of liquor are met.

An SOL must be obtained for all special occasions where liquor is sold and for all private or public special occasions which are held in a public place, whether an admission fee is charged or not.

An SOL may be issued for a private special occasion including:

- a tasting event to acquaint people with the product of a winery, brewery or distillery,
- a social, cultural, recreational, religious, sporting or community event, or
- an event in celebration of family occasions such as weddings and birthdays.

Attendance at a private special occasion must be restricted to members of the hosting organization or its staff, invited guests or persons to whom tickets have been sold in advance, or family members and friends of the family. In some communities the local police require notice of all private special occasions for which SOLs issued.

An SOL may be issued for public events such as a community or public celebration and an event, open to the public, for the conduct of tastings to acquaint the public with

products of a licensed liquor manufacturer, such as a BC wine festival. The LCLB requires that public special occasions have the support of the local government or first nation AND the local police authority.

The local police may, considering the location, nature and duration of the proposed special occasion and the proposed quantity of liquor in relation to the number of adults attending the event, refuse permission for an event to be held or require restrictions, such as the exclusion of minors or limited hours of liquor service, be placed on the SOL.

An applicant for an SOL must be at least 19 years old, a resident of BC (unless the LCLB grants permission for a non-resident to apply) and must be the person who will host the special occasion or a member of an organization or the owner or employee of a business which is hosting the special occasion.

An applicant for an SOL who is intending to host a private special occasion, such as a wedding or birthday party, as an individual is not required to obtain the Serving It Right training course certificate. This course is designed to provide licensees a basic primer on the responsible service of liquor. All other applicants must complete the SIR for licensees program before applying for the SOL. The licensee is responsible for ensuring that any paid or unpaid managers and paid servers have an SIR certificate. Unpaid servers do not need to have the certificate.

All liquor used at a special occasion must have been purchased from a government liquor store or other authorized vendor. UBrew, UVin and homemade liquor products must never be served or sold at a licensed special occasion. Where the liquor is to be sold, the liquor store will calculate the estimated provincial sales tax which will be owed on those sales and collect that amount at the time of the liquor purchase.

The sale price of liquor including PST and GST, if applicable, at any special event is strictly controlled by the LCLB. Since an SOL cannot be used for a commercial enterprise, the allowable price for liquor is intended to cover only the "operating costs" of serving or selling liquor and includes the liquor, mix, glasses, ice and taxes but not costs such as hall rental, entertainment or security. The most recent increase in liquor prices, to reflect increased cost due to inflation, occurred in January, 2005. Where a special event is designed to raise money for charity the organizers must apply for an exemption to the regular price schedule. The LCLB may authorize specific, higher prices for the event. The organizer is required to provide the LCLB with financial statements and proof the money raised was given to a charity.

Approved by:

Mary Freeman
Assistant Deputy Minister
387-9131
February 27, 2006

Prepared by:

David Hosking
Senior Policy Advisor
387-9121

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR CONTROL AND LICENSING BRANCH
BRIEFING NOTE**

PREPARED FOR: The Honourable John Les, Solicitor General
FOR INFORMATION

ISSUE: Licensed U-brews and U-vins

STATUS:

U-Brew/U-Vin establishments provide goods, facilities and services to persons producing or manufacturing wine, beer or cider for their own consumption or consumption at no charge by others.

U-Brews/U-Vins have been licensed since April 1, 2000, although they have existed in BC since the mid-1980s. They must comply with terms and conditions that limit the operator's involvement in production, set standards for customer participation, and give notice to the customer that product produced at the facility must not be sold or served in a licensed establishment, including special occasion licensed (SOL) events.

Product may not be sold or served at SOLs for the following reasons:

- SOLs are licensees and must purchase from LDB as do all licensed establishments;
- Primary purpose of making U-brew/U-vin product is for personal consumption in a residence – the scheme was never intended to include large functions in public facilities
- Liquor manufacturers and importers who already object to the untaxed U-brew/U-vin sector, seeing it as unfair competition, would strongly object
- Government would lose substantial revenue.

There are currently 338 licensed U-Brews/U-Vins in the province. This number has been fairly stable the past 5 years. Total production at these outlets is estimated to represent approximately 20% of the commercially produced wine sold in the province. The market share for beer is substantially lower at less than 2%.

No alcohol mark-up or provincial sales tax (PST) is imposed on the final product because it is considered a food stuff when purchased by the consumer before being turned into liquor. PST is collected on ancillary items such as corks, labels and bottles.

The average retail price for the ingredients and the equipment/service charge is between \$100 and \$150 to make 30 bottles (22 litres) of wine or 24 6-packs (50 litres) of beer. The average cost per bottle of wine is approximately \$4.00 and \$4.75 per 6 pack of beer. These prices are substantially less than the lowest priced products available from LDB.

At the annual general meeting of the Hobby Brewers and Vintners Association (the association representing this industry) in April 2000, the then opposition member, MLA Rick Thorpe, stated that a Liberal government would not tax U-Brew/U-Vin product and provided a written promise from the Liberal Caucus.

Ontario and BC are the only provinces that permit U-Brews/U-Vins. Most other provinces have been lobbied vigorously over the past few years but to date have decided not to allow such services.

The annual meeting of the HBVA is scheduled for mid-March and an LCLB representative will attend.

DISCUSSION

HBVA membership is thought to represent less than 50% of the facilities in the province. Recent discussions with the Association's President suggest that there is only one significant issue of concern respecting the regulatory scheme, that being the role of the customer in the production process.

The Liquor Control and Licensing Act regulations require the customer to not only add the yeast to the ingredients (e.g. to the grape juice) but to also combine and mix the ingredients. This means that a customer must lift and pour the juice from the pre-packaged kit into the carboy. The Association argues this is physically onerous and messy given the bulkiness of the kits and should be the licensee's responsibility. In regard to the former, the regulations permit the licensee to assist the customer if the customer is physically incapable of performing the task.

The regulation was imposed to reflect the nature of the U-Brew/U-Vin sector. The facilities are not manufacturers and therefore the customer must be involved in the production process. It was felt appropriate that the customer do more than simply sprinkle yeast and then return for bottling, with the licensee doing all other tasks. However, the federal government, who also partially regulates this sector, requires the customer to only sprinkle the yeast and return to bottle.

Approved by:
Mary Freeman
Assistant Deputy Minister
387-9136
February 27, 2006

Prepared by:
Barry Bieller
Director, Policy, Planning & Communications
387-3934

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General

Date: ~~February 22, 2006~~ March 28, 2006

Minister Responsible: Hon. John Les

Vancouver Balmoral Hotel – Nanaimo LCLB turns down LRS relocation application – (Balmoral Hotel – Nanaimo not approved) LRS Applications Vancouver

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KEY FACTS REGARDING THE ISSUE:

- Liquor Control ~~The LCLB is~~ writing to 47 all Vancouver licensee retail store (LRS) applicants, in Vancouver giving them deadlines as to when they have to construct and open their LRS. (Anyone wanting to proceed must obtain a development permit by June 30, finalize their floor plans by July 31, and construct the premises by October 31.)
- When the moratorium on LRS's was lifted in 2002, the branch LCLB received more than 70 applications from Vancouver.
- The City of Vancouver initially restricted new LRS's to the sale of beer OR wine only, but but no spirits. Few applicants went ahead, given proceeded to licensing under these restrictions.
- In November 2004, Vancouver revised the policy to allow LRS's to sell both beer AND wine, but no spirits. They also said – they would only approve and announced that approximately 12 new LRS's would be permitted throughout the city.
- There are approximately approximately 4 spots left (but – as noted above - 47 applicants) remaining locations available in Vancouver for an LRS. Vancouver Council has not directed staff to review the policy and open up more locations.
- LCLB still has 47 applications in progress for Vancouver.
- Licensees are being given timelines for obtaining a development permit (June 30), finalizing floor plans (July 31), and constructing their premises (October 31). In November 2005, Liquor Control and Licensing Branch LCLB staff learned that Cam Watt, licensee of the Balmoral Hotel, had constructed a Licensee Retail Store (LRS) across the road from a competitor, in a new outdoor mall, after being told on two occasions by LCLB (in writing) that policy and regulations prohibit a licensee from opening a store within 0.5 km of another LRS.
- LCLB had given Mr. Watt had been given approval to build an LRS at the other end of the mall in June 2004.
- Mr. Watt has now applied to LCLB for discretion to the .5 km distance regulation, and his store is essentially ready to open.
- Discretion to the 0.5 km has been exercised under narrow circumstances only in order not to undermine the purpose of the distance criterion itself.
- Discretion has been can be exercised when a licensee has lost valid interest in the property through no fault of their own and must relocate, when there is evidence of a large natural or artificial barrier between the subject LRS's, or where there is evidence of significant financial expenditures having been spent on a proposed site prior to the change in policy in May 2004 policy change.

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~~It is exercised only under these narrow circumstances to avoid undermining the purpose of the distance criterion itself.~~

~~All LRS licensees, LRS applicants, and industry stakeholders were advised in writing of the 0.5 distance criterion when it was implemented in May 2004. The licensee's agent was advised again in writing of the distance criterion when the potential relocation was raised with~~

- ~~The industry association ABLÉ continues to lobby the City of Vancouver to open up the number of locations eligible for LRS's.~~

~~City of Vancouver staff have not received any direction from Council to review the policy.~~

- ~~LCLB consulted with ABLÉ and City of Vancouver staff on the timelines and they did not express concern being imposed the LCLB in the fall of 2004.~~
- ~~The deputy general manager decided determined that the licensee's submissions met none of these tests; and the deputy general manager was not persuaded that other arguments put forward by the licensee were relevant given the intent of the policy and regulations.~~
- ~~All LRS licensees, LRS applicants, and industry stakeholders were advised in writing of the 0.5 distance criterion when it was implemented in May 2004. The licensee's agent was advised again in writing of the distance criterion when the potential relocation was raised with the LCLB in the fall of 2004.~~
- ~~The licensee is likely to seek media attention and to pursue action at the political level to have the regulations changed so that his applications may be reconsidered.~~
- ~~He may also file for a judicial review of the decision.~~
- ~~The LCLB has advised the licensee that he can go back to his earlier plans to build the LRS at the other location on the site, which was approved in June 2004, or to apply for another site that falls within the regulatory requirements.~~
- ~~Last year, the licensee's application to relocate his liquor primary establishment was denied because it did not meet the dual regulatory criteria of being within the same community and reasonably close to his original establishment.~~

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MESSAGING:

- ~~FINALIZING THE NUMBER OF APPLICATIONS IN PROGRESS WILL BRING SOME CERTAINTY TO THE MARKETPLACE.~~
- ~~THE PROVINCIAL REGULATIONS GIVE LOCAL GOVERNMENTS THE AUTHORITY TO RESTRICT THE NUMBER AND LOCATION OF LRS'S IN THEIR COMMUNITY. I WILL NOT COMMENT ON SPECIFIC APPLICATIONS.~~
- ~~THE REGULATION THAT PROHIBITS AN LRS FROM MOVING WITHIN 1/2 A KILOMETRE OF A COMPETITOR WAS PUT IN PLACE TO PREVENT AN OVER CONCENTRATION OF LICENSEE RETAIL STORES.~~
- ~~THE LCLB ADVISED ALL LRS APPLICANTS TWO YEARS AGO THAT THEY WOULD HAVE ONE YEAR TO SUBSTANTIALLY COMPLETE THEIR APPLICATION OR IT WOULD BE TERMINATED.~~
- ~~TO ALLOW TIME FOR BECAUSE OF THE LENGTH OF TIME IT TOOK VANCOUVER TO DEVELOP THEIR POLICY, LCLB GAVE VANCOUVER APPLICANTS A LONGER PERIOD TO COMPLETE THEIR APPLICATION.~~
- ~~ALL APPLICANTS AND STAKEHOLDER GROUPS WERE ADVISED OF THE POLICY CHANGE WHEN IT WAS PUT IN PLACE TWO YEARS AGO.~~

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Program Area Contact: Cheryl Caldwell

387-3638

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MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
GAMING POLICY AND ENFORCEMENT BRANCH
BRIEFING NOTE

ISSUE: A recently released Australian study addresses the effectiveness of responsible gambling features relating to electronic gaming machines (EGMs).

BACKGROUND:

- The primary objective of the study was to investigate the effectiveness of responsible gambling reforms introduced in the Australian state of Victoria in 2001.
- The study was commissioned by the Victorian Gambling Research Panel as a part of a wide evaluation of the impacts of gambling in the state.
- The study involved conducting surveys of EGM players and gaming venue managers. Players and venue managers were asked to evaluate the effectiveness of various responsible gambling initiatives.
- The study focused on the effectiveness of five types of measures relating to: monetary restrictions on EGM players; restrictions on EGM playing features; providing breaks-in-play; tracking time and/or money spent; and responsible gambling advertising.

DISCUSSION OF FINDINGS:

- Based on player and venue manager responses, the introduction of responsible gambling measures over the past few years has influenced the way patrons think about their gambling without significantly reducing their enjoyment.

Effects of measures related to monetary restrictions on EGM players

- The frequency of ATM use by EGM players was correlated with increased levels of spending, extended amounts of time in the gaming venue, the frequency of gambling and scores on the problem gambling index.
- EGM players thought that removing ATMs from gaming venues would be an effective measure.
- The study indicated that the majority of recreational gamblers would not be inconvenienced if ATMs were removed from gaming venues.
- Unlike the majority of EGM players, few managers thought that the relocation of ATMs from gaming areas would be an effective strategy.
- Restrictions to the size and number of ATM withdrawals were seen by both EGM players and venue managers as potentially effective problem gambling measures.
- Limiting the value of banknotes accepted by EGMs was seen by both players and venue managers as a poor responsible gambling measure. Players and venue managers suggested that this was not a helpful measure because players could simply insert multiple banknotes to overcome the measure.
- Payment of winnings by cheques and placing restrictions on the cashing of cheques were both considered effective responsible gambling measures.

Effects of measures related to restricting EGM playing features

- EGM players and venue managers agreed that banning auto-play facilities and limiting machine spin rates were effective responsible gambling measures.

- Players stated that having monochrome machine displays, less music/sounds and no flashing lights would be effective responsible gambling measures.
- In general, venue managers were reluctant to suggest that changing the appearance of games would be effective measures.

Effects of measures related to providing breaks-in-play

- A majority of EGM players believed that prohibiting gaming venues from being open 24-hours would be an effective responsible gambling measure.
- The majority of players thought that shutting down EGMs periodically would be an effective strategy in assisting problem gamblers, venue managers were less incline to think that this would be an effective measure.
- Players state that automatic or regular breaks-in-play that are built into EGMs would be an effective problem gambling measure. Venue managers disagreed about the effectiveness of such strategies, stating concerns that such measures would negatively impact recreational gamblers.

Effects of measures that track time and/or money spent

- EGM players thought that displaying player information, such as the amount of money and time spent playing, on machine screens could be an effective responsible gambling measure.
- Having visible clocks in the gaming area, having clocks on EGMs and setting time limit restrictions on EGMs were considered effective measures by players.
- Gaming venue managers were, in general, reluctant to suggest that changing the appearance of games or displaying player information (such as the time and money spent by players) would be effective responsible gambling measures.
- Players and venue managers agreed that developing technologies that allow EGM players to set monetary limits on spending as possibly highly effective responsible gambling measure. However, both groups indicated that setting monetary limits needs to be more than just a guide to spending; limits need to be pre-set and not adjustable ad hoc by players during the course of playing.

Effects of responsible gambling advertising

- EGM players were more likely than venue managers to suggest that responsible gambling advertising designed to make people aware of how to gamble safely and advertising counselling services were effective measures.
- Players thought that responsible gambling signage and advertising should have a consistent and targeted message that operates as a package and that more information should be supplied on playing safely.
- Venue managers were skeptical of the effectiveness of advertising that encourage responsible gambling or display information on the odds of winning on EGMs whereas player felt both of these types of advertising were effective.

Contact: Derek Sturko (953-4482)
Gaming Policy and Enforcement Branch

Date: February 3, 2006

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry: Public Affairs Bureau

Date: March 9, 2006

Ministry Responsible: PAB

Problem Gambling Awareness Campaign

KEY FACTS REGARDING THE ISSUE:

- A public health and safety information campaign encouraging British Columbians to seek information regarding services available to problem gamblers and their families will run between March 10 and May 14, 2006.
- The campaign is targeting BC youths aged 18-24 years old. The call to action directs British Columbians to the 24 hour Problem Gambling Help Line and the BC Responsible Gambling website.
- The advertising will be seen province wide at transit shelters, skytrain stations, interior of buses, posters in washrooms and restaurants, college and university newspapers, video screens at mall food courts and six youth orientated internet sites. (CFOX, CKKQ, The Beat, Z95.3, Club Vibes, Dose.ca)
- As well, posters will be displayed at various gaming venues province wide. Besides English, the posters will translated into Chinese, Punjabi and Vietnamese.
- Each fiscal year, \$4 million is dedicated to programs designed to address problem gambling issues and promote responsible gambling. These programs and initiatives are managed by the Gaming Policy and Enforcement Branch, Ministry of Public Safety and Solicitor General, which regulates gambling in the province.

ADVICE AND RECOMMENDED RESPONSE:

- The health and public safety of British Columbians remains this government's priority.
- Addressing problem gambling is a priority for this government. This is why we doubled the amount of money to provide support for problem gamblers to \$4 million annually. Part of that money goes towards raising awareness of our programs to provide people with choices, support, information and counselling.
- Gambling is not a problem for the majority of British Columbians. Research indicates that 96 per cent of British Columbians do not have a gambling problem. However, for a small, significant group of people, gambling is an addiction and we want to make sure those people, their families, friends and employers, are aware of the free services available.

Government is committed to ensuring proper safeguards are in place; including a comprehensive Responsible Gambling Strategy and a provincewide free Problem Gambling Program.

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- The Province undertakes public information campaigns like this to inform British Columbians about programs and services that support their better health.

Communications Contact:

Darwin Sauer

Work: 356-8608

Cell:

Program Area Contact:

Karen Johnston

Work: 356-1196

Cell:

File Created:

March 7, 2006

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Minister's Office	Program Area	Deputy	Comm. Dir

- After final costs and invoices are submitted, we will release a detailed listing of information campaign expenditures with the Public Accounts.

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General
Date: January 31, 2006
Minister Responsible: John Les

Casino Development and Relocations – Lower Mainland

KEY FACTS REGARDING THE ISSUE:

An article appeared in the Vancouver Sun, on Jan 31, 2006 concerning new casino facilities in the Lower Mainland.

Written in the article was, "revenue from gaming in B.C. topped the \$2-billion mark for the first time last year and with casino revenues surging, the total is expected to grow by more than 10 per cent in the 2005-06 fiscal year, earning about \$900 million for the government's coffers. These numbers help explain why Burnaby-based Gateway Casinos Inc. is developing two \$100-million-plus casino projects in Greater Vancouver, a \$130-million facility on the former Villa Hotel site in Burnaby (to open in early 2008) and a \$100-million development in Queensborough in New Westminster (to open in December 2007)".

The article went on to say that the gaming industry in B.C. directly employs an estimated 8,500 people and is indirectly responsible for another 5,000 jobs. B.C. Lottery Corp. vice-president Kevin Gass said the agency's three-year plan was to increase per-capita spending on gambling in B.C. to the Canadian average. "That's probably a reasonable and responsible goal," he said. In 2004, per-capita gambling spending in B.C. was \$394, compared with a Canadian average of \$501.

CASINO DEVELOPMENT AND RELOCATIONS – LOWER MAINLAND

- **Burnaby** – On September 13, 2004, City of Burnaby approved Gateway's submission to renovate its existing facility, bringing the Burnaby Casino gaming mix to 679 slot machines and 34 gaming tables. **To replace the Burnaby casino, Gateway purchased the Radisson Hotel property**, located directly across the street from the existing facility. Gateway received final zoning approval on November 28, 2005, and has since received approval from the City to commence interior demolition at the Radisson site.
- **New Westminster** – City of New Westminster approved Gateway Casino Corp. plans to **relocate the Royal City Star Riverboat Casino (341 slots) to a land-based facility in the Queensborough area** August 30, 2004. On January 6, 2005, BCLC informed the City of New Westminster of its approval to proceed with the Queensborough Casino. Estimated completion – summer 2007. No slot numbers projected.
- **Coquitlam** – Great Canadian Casino received final municipal approval to **renovate the Coquitlam property** on September 7, 2004. Renovated areas opened to the public on November 17, 2005. Among the renovations were a new gaming floor layout, a poker room and **a name change to Boulevard Casino** to correspond with the new French theme. The Crystal Salon, featuring electronic table games, opened in January 2006, with the conference rooms and show theatre projected to open in mid-2006. 950 slot machines.
- **Langley** – As part of the process of **relocating the Royal Towers Casino in New Westminster, the Cascades Casino opened its doors** to the public May 5, 2005. The casino features 530 slot machines and 28 table games including eight poker tables. Adjacent to the Casino, there is a 77-room hotel, convention centre, restaurants and a 420-seat entertainment theatre. **Royal Towers Casino closed November 30, 2005.**

- **Vancouver** - Great Canadian Casino Holiday Inn. (Vancouver - Gateway Casino Mandarin Centre closed on May 1, 2005).
- **Vancouver (Hastings Racecourse)** – The City of Vancouver approved a proposal for 600 slot machines at Hastings Racecourse on October 24, 2005.

ADVICE AND RECOMMENDED RESPONSE:

- **This government made a commitment to stop the expansion of gambling by not increasing the number of gaming facilities beyond those previously approved (maximum 22). There continues to be a cap on the number of casinos, bingo halls and racetracks allowed in the province. There are currently 18 casinos operating. All new casinos under construction in the Lower Mainland replace older, existing facilities.**
- **The BC Lottery Corporation (BCLC) has the authority to relocate or change a gaming facility if the business case supports the decision and the local government permits it.**
- **Any new or relocated facilities, and any substantive changes to a facility, must receive local government approval.**
- **BCLC has the authority to conduct its business without government involvement in operating decisions.**
- **This policy meets government's commitment to limit gaming, while providing the Corporation with the flexibility to manage in an effective and business like manner.**
- **Government's objective is to ensure gaming is provided in an appropriate and responsible manner, in response to market demand.**

Communications Contact: Lisa Gardonio

952-6652 (cell:

Program Area Contact: Derek Sturko

953-4482 (cell:

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Program Area	Policy Director	ADM
	S. Birge	D. Sturko

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General
Date: Jan 19, 2006
Minister Responsible: John Les

Community Organizations Gaming Revenue

KEY FACTS:

Community organizations can access gaming revenue through BC's gaming grant programs or by obtaining a license to hold a gaming event.

In 2004/05, community organizations received \$161,553,931 in gaming revenue, comprised of:

- More than \$134 million in gaming grants, and
- More than \$27 million through licensed gaming activities (ticket raffles, independent bingo, etc.).

GAMING GRANTS

The Province distributes grants to community organizations through two gaming grant programs, Direct Access and Bingo Affiliation.

Direct Access:

- Direct Access grants provide funding to non-profit organizations delivering programs to their community. These programs provide services that are responsive to their community's needs and issues.
- In 2004/05, 4,010 grants were issued totaling \$78.6 million.

Bingo Affiliation:

- Eligible community organizations are affiliated with local commercial bingo halls. In return for receiving a bingo affiliation grant, these organizations must fulfil in-hall and out-of-hall obligations.
- In 2004/05, 1,937 community organizations received \$54.6 million in Bingo Affiliation grants.

Licensed Gaming:

- Under the Criminal Code of Canada, the Province may issue gaming licenses to eligible charitable or religious organizations in order to raise funds through licensed gaming events.
- In 2004/05, \$27.3 million was raised by charities through licensed gaming, (raffles, 50/50, wheels of fortune, independent bingos, etc.).

ADVICE AND RECOMMENDED RESPONSE:

- **Provincial gaming revenues support a wide variety of non-profit organizations in the delivery of important programs and services in their local communities. Organizations that have benefited include: volunteer fire departments, sport clubs, music societies, search and rescue, groups that support people with chronic diseases, seniors' groups and many more.**
- **This year, core government programs such as health care, education, and social services will receive \$700 million. Example: \$147.0 million to the Health Special Account to support health care services and research.**

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE Ministry Public Safety and Solicitor General Date: Minister Responsible: John Les	SPORTSFUNDER
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KEY FACTS REGARDING THE ISSUE:

- Sportsfunder is a series of 'cause based' lottery games with proceeds going to amateur sport in B.C. This is the first cause related lottery game in the province, and could generate \$20 million for amateur sport.
- The funds will be targeted to: 1) Sport BC's Kidsport for financially disadvantaged children 2) Game Plan/Team BC to support for high performance athletes 3) coaching and development 4) travel to competitions.
- British Columbians who purchase tickets will be eligible to win Olympic themed prizes like travel, Olympic themed merchandise and Olympic event tickets.
- Lottery products include a pull tab ticket, a province-wide 50/50 game with draws every 30 minutes and 'Interactives' games that are available on-line through Play Now.
- Net income generated by Sportsfunder products will be administered in a special account through GPEB's Direct Access Program. The money is in addition to current funding provided to BC's sport and recreation system.
- Sportsfunder makes BCLC the province's first sponsor to be headquartered in BC (Kamloops).
- The six-year partnership with VANOC gives BCLC sponsorship rights to the Vancouver 2010 Olympic and Paralympic winter games and also includes rights to the Canadian Olympic Team for Torino 2006, Beijing 2008, Vancouver 2010 and London 2012.
- Critics have suggested that this lottery product is simply a way of covering projected Olympic cost overruns. There may also be a suggestion that this kind of 'cause based' lottery is simply a marketing ploy geared to sanitize gambling by making players feel good about supporting a worthy cause. Some have suggested this kind of product induces players to try other forms of gaming like VLT's.

ADVICE AND RECOMMENDED RESPONSE:

- Sportsfunder was conceived, and will be managed, with the interest of supporting amateur sport in B.C. period. All proceeds must go to amateur sport in B.C. like creating sporting opportunities for underprivileged children.
- It was never intended to, nor is it designed, to generate money to be used to support the Vancouver 2010 games. The Gaming Policy and Enforcement Branch, under my ministry, will ensure the money is distributed to amateur sport organizations.
- All gaming enforcement standards and rules apply to Sportsfunder.
- As with all its products, BCLC is mandated to market and operate its business within established guidelines and regulations.

Communications PSSG Communications 356-6538
Contact:
Program Area Contact:
File

ADVICE TO MINISTER

Location:

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General

Date: February 13, 2006

Minister Responsible: John Les

Provincial Gaming

PROBLEM GAMBLING PROGRAM

KEY FACTS:

- The B.C. government provides \$4 million annually to fund a comprehensive responsible gambling strategy. The strategy is managed by the Gaming Policy and Enforcement Branch and its goals are to: reduce the incidence of problem gambling; reduce harmful impacts of excessive gambling and ensure the delivery of gambling encourages responsible gambling and healthy choices
- The Province is addressing issues related to problem gambling, including: substantial activity regarding gambling policy development; limits on the number of gaming facilities allowed in the province; the responsible gambling strategy and related initiatives; broad distribution of gaming revenues; and active participation in national initiatives.
- Prevalence studies on gambling in British Columbia were conducted in 1993, 1996 and 2003. Results showed that gambling prevalence in BC has remained the same over this ten-year period. The next study will take place in 2006/07.
- A client satisfaction survey found over 95% of clients felt the availability of counselling services, location and access to those services and the hours of operation was 'excellent' or 'very good.'

BC's Problem Gambling Program

Established in 1997 - The budget is \$4 million per year. Services include:

- 24-hour toll free Help Line, for information and referral: 1-888-795-6111.
- 40 contracted service providers deliver these services. Of this number, 22 contractors focus specifically on prevention.
- Professional clinical counsellors provide province-wide counselling services, at no cost to the client.
- Counsellors meet with clients during evenings and weekends as required, and will travel to meet clients in their community.
- Prevention workers work with health organizations, schools, First Nations communities, seniors and youth groups, and the gaming industry, to provide information on gambling addiction and related issues.
- Awareness materials, including posters and brochures, translated into Chinese, Punjabi, Spanish, and Vietnamese.
- Information available at all casinos, commercial bingo halls and lottery retail outlets and a web site that provides information on gambling and problem gambling (including the odds of winning and myths about normal gambling behaviour) www.bcresponsiblegambling.ca;

Examples of Problem Gambling Services

- Responsible Gambling Information Centres in River Rock and Edgewater Casinos A pilot project involving the establishment of two Responsible Gambling Information Centres at River Rock Casino and Edgewater Casino. The goals of the centres are to increase customer knowledge and understanding of how casino games work and provide onsite information and referral services to customers. Three full-time staff have been contracted to implement this program.
- Appropriate Response Training curriculum and training with the BC Lottery Corporation The goal of the Appropriate Response Training (ART) program is to develop and enhance the knowledge, awareness, attitudes and skills of gaming industry personnel in order to respond appropriately to patrons who may be experiencing distress in gaming facilities in British Columbia.
- Educational Resource Pilot with the City of Richmond and Richmond School District Geared toward grade 5 students, this educational resource is currently in development with the City of Richmond and Richmond School District, with assistance from McGill University. This program will use interactive

software, and real life simulations to teach students about the risks and consequences of gambling. The program goals are to dispel some of the common myths about gambling and teach students to identify what gambling is.

- Self Exclusion Program – The province requires casinos to provide a free, voluntary self-exclusion program under which anyone with a gambling problem may ask to be barred from all casinos for a specific period

PROBLEM GAMBLING PROGRAM ADVICE AND RECOMMENDED RESPONSE:

- **Our Responsible Gambling Strategy has three main goals: to reduce the incidence of problem gambling, reduce the harmful impacts of excessive gambling and ensure gambling is delivered in a responsible manner.**
- **Since 1997, BC's Problem Gambling Program has provided public awareness, prevention, information and referral, through a 24 hour toll free Help Line, to free treatment with contracted counselling services across British Columbia.**
- **The health and safety of British Columbians remains this government's priority. We will continue to monitor and evaluate the impact of gambling.**
- **Government is taking a measured approach to gaming in BC, and is ensuring the industry is carefully managed and regulated.**
- **The Gaming Policy and Enforcement Branch is partnering with the federal government and other provinces in other research, including, among other activities, drafting guidelines for estimating social and economic impacts and benefits of gambling**
- **Based on studies conducted in 1993, 1996, and 2003, about 4.5% of British Columbians have the characteristics that could lead to moderate to severe gambling problems. Most British Columbians who gamble do so for entertainment and participate responsibly.**

PROVINCIAL GAMING REVENUE

KEY FACTS:

In 2005/06, the **Province will receive an estimated \$900 million** in net gaming revenue. This includes approximately:

- \$277.8 million from lotteries
- \$590 million from casinos
- \$30.3 million from paper, electronic and linked bingo, and
- \$1.9 million in horse racing betting fees.

This **\$900 million will be distributed** to the people and communities of British Columbia as follows:

- \$147.0 million to the Health Special Account to support health care services and research;
- \$137.0 million to non-profit community organizations;
- \$62.9 million to local governments that host casinos;
- \$5.5 million to local economic development;
- \$14.6 million for gaming policy and enforcement (including \$4.0 million for problem gambling services);
- \$8.2 million to the Government of Canada, under a federal/provincial lottery agreement; and
- \$4.2 million to horse racing purse enhancements.

In 2005/06, **community organizations** will receive an estimated \$176.1 million in gaming revenue.

- \$136.9 million will be distributed through the direct access program and bingo affiliation grant programs.
- \$39.2 million will come from licensed gaming events conducted by community organizations (ticket raffles, 50/50 draws, etc.).

ADVICE TO MINISTER

Local governments hosting casinos or community gaming centres receive a 10% share of net gaming revenues. Local governments hosting destination casinos receive one-sixth share of the net income generated by that casino.

- In 2005/06, over \$62 million in gaming revenue was distributed to communities that host casinos and community gaming centres. (2004/05, total: \$53.3 million)

PROVINCIAL GAMING REVENUE ADVICE AND RECOMMENDED RESPONSE:

- **This year, core government programs such as health care, education, and social services will receive \$700 million. Such as, \$147.0 million to the Health Special Account to support health care services and research and \$5.5 million towards local economic development.**
- **In British Columbia, gaming revenues are 3.6% of total provincial revenue. This is significantly lower than Alberta at 5.4%, Ontario at 6.0% and the national average of 5.1%. (Statistics Canada, March 2003).**
- **Government is taking a measured approach to gaming in BC, and is ensuring the industry is carefully managed and well regulated.**

INTERNET GAMING

KEY FACTS:

- In October, 2004, through the BC Lottery Corporation, B.C. became the second jurisdiction in Canada to launch the sale of lottery products via the Internet. (1st Atlantic Lottery Corporation July, 2004).
- Lottery players have the option to make limited purchases through a secure Web site. The scope of lottery products being offered to the public does not include casino products.

Gold Player Card

- Members receive points based on credits played. Points have a cash value when redeemed. For every dollar wagered while the card is inserted, a player will receive one point. Points have a cash value of 0.5 of a cent each. For example, when a patron accumulates 200 points, he or she will have a cash value of \$1. Individuals must be at least 19 years of age to be eligible for membership.

Background: The B.C. Gold Player Card was originally introduced in Cranbrook in April 2003 and launched province-wide the following year, the card automatically entered users in hourly draws for \$50 whenever they used a casino slot machine. In response to player feedback, the Gold Player Card changed to a points-based program effective January 9, 2006.

INTERNET GAMING ADVICE AND RECOMMENDED RESPONSE:

- **BCLC has put in place stringent residency, age and spending limit controls and safeguards, including a self-exclusion program accessible from the site.**
- **As an agent of the Crown, the BC Lottery Corporation has the authority to offer lottery products on-line.**
- **Responsible gambling safeguards and controls have been built into this online system specifically to help minimize the risk of problem gambling.**
- **Changes to the B.C. Gold Player Card are in response to player expectations consistent with similar player card offerings in other casino gaming jurisdictions.**

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General
Date: March 23, 2006
Minister Responsible: John Les

Houston Retirement Housing Society Licence Denial

KEY FACTS REGARDING THE ISSUE:

- On March 23, 2006, Ursula Cowland, Director of Licencing and Grants, and Derek Sturko met with MLA Dennis McKay to discuss this issue.
- GPEB has committed to review its policy on the eligible use of proceeds from licenced gaming events.

BACKGROUND INFORMATION:

- On March 9, 2006 the Houston Retirement Housing Society (HRS) was issued a letter from GPEB stating that their application for a Class 'A' Gaming Event Licence was not approved. The HRS contacted the local MLA and local media to inform them of this rejection.
- HRS applied for a gaming licence to raffle a restored 1951 Chevy that was donated to them.
- HRS wanted to use the funds from raffle sales to build a "multi-level care facility".
- Providing housing is not an eligible use of government gaming funds. These funds must be used to benefit the broader community.
- The HRS did obtain a 'B' licence in 2003 through the Government Agent's office in Houston for the purpose identified as, "build multi-level care facility for Houston". Government Agents throughout the province issued 'B' licences until 2004, at which time the process was centralized in Victoria. It became centralized to ensure the eligibility of the applicant and the proposed use of gaming proceeds. (Use of net gaming proceeds to build a multi-care facility is not something that has ever been permitted).
- The letter also listed other eligibility requirements that HRS did not meet, including:
 - Financial statements for the year ended December 31, 2005 did not demonstrate any program or service delivery
 - In checking with the Registrar of Companies office, it was ascertained that HRS is currently not in good standing as it has not filed since April 10, 2003.
 - HRS applied for funding for the use of funds that are found ineligible under section 7 of the licencing and grant guidelines such as: Costs not related to the direct delivery of an eligible organization's programs and services and subsidized housing programs.

ADVICE AND RECOMMENDED RESPONSE:

- **We are currently reviewing the policy on the eligible use of proceeds from licenced gaming events.**
- **Other government ministries and agencies, such as BC Housing, help fund care facilities of this type.**
- **This year, charitable organizations will receive over \$28 million through licensed gaming activities.**
- **In 2004 the Branch centralized the licencing process in order to ensure organizational eligibility and the appropriate use of proceeds.**

Communications Contact: Lisa Gardonio
Program Area Contact: Derek Sturko

952-6652 (cell:
953-4482 (cell: s.17

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General
Date: February 14, 2006
Minister Responsible: John Les

Illegal Gaming Poker/Sports pools

KEY FACTS:

Integrated Illegal Gaming Enforcement Team (IIGET)

- In 2004, government established the IIGET team. This joint operations team is comprised of 12 RCMP officers working in collaboration with the Branch's 15 investigative staff. IIGET teams are located in Victoria, Burnaby, Kelowna and Prince George.
- The IIGET team is responsible for the enforcement oversight of gaming and horse racing in British Columbia, including BCLC, and all gaming events licensed by the branch.
- IIGET's mandate includes conducting confidential investigations into regulatory offences under the Gaming Control Act and assisting law enforcement and other agencies with criminal investigations into alleged offences under the Criminal Code of Canada.

Poker/Texas Hold'em

At present, under the authority of the Criminal Code, the Province:

- Has authorized the BC Lottery Corporation to operate poker games; but
- Has not authorized any other entity to operate poker games.

The Criminal Code allows for private bets, including poker, between individuals. In such games, a number of factors, if present, would make the activity inconsistent with the Criminal Code. For instance, the house may not take a percentage of the winnings. Nor can it collect an admission fee, or require or collect anything of value, for a player to have the opportunity to play. These and other characteristics would be inconsistent with the Code.

Sports Betting

Criminal Code of Canada prohibits sports pools unless they are conducted and managed by:

- A charitable or religious organization under a licence issued by the Province, with the proceeds used for charitable purposes.
- the Province or its agent (i.e., BC Lottery Corporation); or
- Individuals who are not involved in the business of betting. (i.e., social betting)

The Criminal Code prohibits sports pool betting based on a single event, (i.e., the Superbowl) unless it's social betting. Social betting is a private bet between individuals not engaged in the business of betting and involves 10 or fewer participants.

Establishments that allow social betting are not permitted to receive any portion of the bets, directly or indirectly, or to charge the players for participating.

GPEB issues licences to eligible organizations to conduct sports pools, based on multiple sporting events only. Eligible organizations include charitable or religious organizations raising funds for charitable purposes, and approved fairs and exhibitions.

ADVICE AND RECOMMENDED RESPONSE:

- **Government remains committed to ensuring the integrity of gaming is maintained and that proper safeguards and security measures are in place.**
- **The IIGET Team supports law enforcement agencies throughout the province to enhance enforcement of illegal gambling activity.**

- **Poker Clubs and Social Clubs, along with under-aged gaming, are strictly prohibited in British Columbia. However, the Province does not regulate private bets made between individuals that are not engaged in the business of betting (i.e., private poker games where no one other than the winner profits)**
- **GPEB issues licences to eligible organizations to conduct sports pools, based on multiple sporting events only. Eligible organizations include charitable or religious organizations raising funds for charitable purposes, and approved fairs and exhibitions.**
- **Licences to run certain types of gaming events (i.e., ticket raffles, etc.), can only be issued to charitable or religious organizations.**
- **The Province distributes funds to community organizations through two gaming grant programs – direct access and bingo affiliation.**
- **For 2005/06, the Province will distribute \$137.1 million in gaming grants to 6,300 community organizations, up from \$133.2 million in 2004/05.**
- **Government is taking a measured approach to gaming in BC, and is ensuring the industry is carefully managed and well regulated.**

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General
Date: February 15, 2006
Minister Responsible: John Les

Pyramid Scheme

KEY FACTS REGARDING THE ISSUE:

As a result of a six month investigation conducted by the 'E' Division Integrated Illegal Gaming Enforcement Team, a large illegal pyramid scheme has been shut down. The scheme was operating under the name, Platinum Choice Incorporated, primarily in the Courtenay area and drew in about 3,800 investors, who paid an average of \$400 to \$700 each.

Martin and Donna Blackwell, of Fanny Bay B.C., have been charged with the following offence(s):

- Conduct or Manage a Scheme, contrary to Section 206 (1) (e) of the Criminal Code.

Martin Blackwell has also been charged with:

- Fraud, contrary to Section 380 (1) (a) of the Criminal Code
- Advertise a Scheme, contrary to Section 206 (1) (a) of the Criminal Code.

Both Martin and Donna Blackwell have been ordered to make their first court appearance in Victoria on March 9, 2006, at the Provincial Court of B.C.

While many investors had withdrawn from the scheme prior to last week, a total of \$121,890.00 was recovered by the RCMP to return to the citizens involved. The funds have been safely secured on deposit, and efforts are underway to identify an efficient mechanism to ensure that the money is returned to all investors. Each investor will be contacted by the RCMP in due course.

ADVICE AND RECOMMENDED RESPONSE:

- **This matter is still under investigation by the IIGET and it would be inappropriate to make any comment until the investigation is completed.**

Communications Contact: Lisa Gardonio

952-6652 (cell)

Program Area Contact: Derek Sturko

953-4482 (cell s.17)

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Program Area	Policy Director	ADM

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General
Date: January 26, 2006
Minister Responsible: John Les

William Rudd House Illegal poker tournament

KEY FACTS REGARDING THE ISSUE:

- An anonymous caller contacted GPEB with a complaint about a series of poker tournaments being held in an adult with disabilities facility. The complaint was forwarded to the Investigations Division on Wednesday, January 18, 2006.
- A GPEB investigator and one RCMP officer attended the care home – William Rudd House, at Queens Park Care Centre in New Westminster.
- The tournament was widely advertised in the hallways. It was to take place on Friday, January 20 and the buy-in was \$25 per player.
- The GPEB investigator and RMCP spoke with the manager in charge and explained that poker tournaments are illegal and are not licenced by the Province.
- It was apparent that a number of illegal raffles were also being held at the same facility (50/50 draws, etc.). The GPEB investigator addressed the fact that these need to be licenced.
- He explained that the care home itself would not be eligible for a licence, but they might be able to work with a service club or another community organization to raise funds for facility improvements.

ADVICE AND RECOMMENDED RESPONSE:

- **Generally speaking, Texas Hold'em poker is not legal when an entry fee is required to play. This is particularly true in commercial establishments.**
- **Licences to run certain types of gaming events (ticket raffles, etc.) can only be issued to charitable or religious organizations. However, this care home might be able to join with an eligible organization, such as a charity or service club, to raise funds for programs at its facility.**
- **The Province distributes funds to community organizations through two gaming grant programs – direct access and bingo affiliation.**
- **In total, more than 6,300 community organizations received \$133.2 million in 2004/05 and it is estimated they will receive \$164.6 million in 2005/06.**

Communications Contact: Lisa Gardonio
Program Area Contact: Derek Sturko
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952-6652 (cell)
953-4482 (cell s.17)

Program Area	Policy Director	ADM

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General

Date: March 31, 2006

Minister Responsible: John Les

Texas Hold'em Poker Pilot Study

KEY FACTS REGARDING THE ISSUE:

The Gaming Policy and Enforcement Branch is developing a pilot study that will assist in the development of a licencing scheme for Texas Hold'em poker. Eligible charitable organizations will be licensed under 207(1) (b) of the Criminal Code of Canada to conduct such events. This pilot will run from May – July with the review and evaluation taking place in August.

The pilot study will help GPEB determine whether licensed Texas Hold'em events can be effectively regulated to ensure the games are played honestly and fairly, and the interests of the public, players and the charitable licensees are protected. The Branch will develop draft terms and conditions, standard procedures and rules of play for the pilot study, which will set out how the poker events will be conducted, managed and operated.

Over the last year, GPEB has received an increasing number of enquires from non-profit organizations wishing to hold Texas Hold'em tournaments as fundraising events. In BC, the only types of licensed gaming events available are raffles, independent bingos, wheels of fortune and social occasion casinos.

Currently, no other province licenses poker, although Manitoba and Saskatchewan are planning to introduce poker as a licensed charitable gaming later this year.

The Branch will select up to 15 community organizations to participate in the study, based on current eligibility and use of proceeds criteria. Priority will be given to those organizations that previously expressed an interest in hosting a poker tournament. A province wide cross-section of organizational types and venues will be selected. Selecting a broad range of charitable organizations from across the province, ensures that GPEB has evaluated a comprehensive mix of variables related to the conduct of Texas Hold'em.

Existing financial controls for licensed gaming events will apply. Organizations must appoint an event coordinator to answer questions and handle disputes. Cards must be dealt by a trained dealer, (not a player) and dealers/gaming services providers must be registered with the Branch. The sale of liquor may be permitted where appropriately licensed by LCLB.

GPEB will conduct random monitoring of poker events to ensure that all requirements are being met. The evaluation process will include feedback and assessment from all participants. Review and recommendations are expected to be complete in September 2006.

ADVICE AND RECOMMENDED RESPONSE:

- **The Texas Hold'em Pilot Study allows GPEB to develop an appropriate licensing model for charitable poker games. This will ensure the honesty and integrity of these events.**
- **Any decision to proceed with permanent terms and conditions will not occur until the pilot is fully reviewed and recommendations are complete.**
- **Government remains committed to ensuring the integrity of gaming is maintained and that proper safeguards and security measures are in place.**
- **This year, charitable organizations will receive over \$28 million through licensed gaming activities.**

Communications Contact: Lisa Gardonio
Program Area Contact: Derek Sturko

952-6652 (cell)
953-4482 (cell s.17)

ADVICE TO MINISTER

CONFIDENTIAL ISSUES NOTE

Ministry Public Safety and Solicitor General

Date: March 20, 2006

Minister Responsible: John Les

Victoria Minor Hockey Association Dispute

KEY FACTS REGARDING THE ISSUE:

In February 2006, The Victoria Minor Hockey Association (VMHA) suspended three of its board members until September 2007. The cause of suspension was for violating VMHA regulations by applying for and conducting a 50/50 draw without permission from the VMHA board of directors.

One of these board members had applied for a 'B' gaming event licence; which GPEB granted. On three occasions, members of the Ice Hawks midget AA hockey team sold 50/50 tickets at Salmon Kings games without the approval of the VMHA board. When the rest of the VMHA board members became aware of these 50/50 draws they canceled the licence and suspended the three members who operated the draws. The VMHA states that although they are eligible for a gaming event licence, obtaining one violates VMHA board rules.

There is a great divide between the VMHA board members. There are threats of law suits and lawyers have been hired on both sides.

On March 1st, the VMHA hosted an AGM and an entirely new board was elected. One of the first acts of the new executive was to reinstate the three suspended individuals.

CURRENT STATUS: GPEB has requested a copy of VMHA financial accounts for the funds raised through their licensed gaming activities; a copy of the minutes from the AGM where the members were elected; and a copy of the policy that prohibits VMHA from participating in licenced gaming activities. To date, GPEB has not received any information from VMHA regarding these requests. The licence will remain cancelled until GPEB receives this information and reviews it.

There have been a few local media stories on the conflict between the VMHA and its board members.

ADVICE AND RECOMMENDED RESPONSE:

- **I understand the media and the public's interest in this story and I am aware of the concerns and issues being raised.**
- **GPEB is working with the organization to resolve any outstanding regulatory issues.**

Communications Contact: Lisa Gardonio
Program Area Contact: Derek Sturko

952-6652 (cell
953-4482 (cell s.17