

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

**PREPARED FOR: Minister Shirley Bond
FOR INFORMATION**

ISSUE:

Revenue sharing formula for local governments that host gaming facilities

BACKGROUND:

- In June 1999, the Province and the Union of B.C. Municipalities (UBCM) signed a Memorandum of Agreement (MOA), which outlined how casino gaming revenues would be shared with local governments that host gaming facilities.
- Revenue sharing agreements are set out in signed contracts between the Province and host local governments/First Nations.
- Host local governments can use this revenue for any purpose of benefit to the local community. They are required to report annually to the Province regarding the expenditure of these funds.
- Under these contracts, there are two revenue sharing models:
 - Community casino model - host local governments receive 10 per cent of the net casino gaming revenue from any community casinos and/or community gaming centres within their jurisdiction.
 - Destination casino model - host local governments receive one-sixth of net casino gaming revenue from destination casinos within their jurisdiction.
- In 2007/08, negotiations with two (of three) local governments hosting destination casinos resulted those municipalities adopting the community casino revenue sharing model (10 per cent), in exchange for increased funding for infrastructure projects supporting those casinos.
- Similar discussions have been underway with the third community, the Ktunaxa Tribal Council, regarding Casino of the Rockies (Cranbrook), which still operates under the destination casino revenue sharing model.
- In only one instance has a local government agreed to share casino revenues with neighbouring communities. Prior to the View Royal casino opening in 2002, the City of View Royal signed a revenue sharing agreement with Langford, Colwood, Metchosin, Esquimalt, Sooke and the Highlands. The Province is not a signatory to that agreement.
- That agreement, which is based on regional population, provides for the following distribution of net revenue: View Royal receives the host local government casino revenue and retains 40%. View Royal then distributes the remaining funds based on the following formula: Langford 36.09%; Colwood 19.90%; Metchosin 6.14%; Esquimalt 21.13%; Sooke 14.09%; and Highlands 2.65%.

DISCUSSION:

- In order for his municipality to access gaming revenues, Port Coquitlam Mayor Greg Moore wishes to discuss s.16
the possibility of receiving a portion of revenue generated by the Boulevard Casino in Coquitlam.
- Under the *Gaming Control Act*, decisions regarding the location of gaming facilities in British Columbia are solely the responsibility of the B.C. Lottery Corporation, which uses market-based analyses to make those decisions.
- s.16
- Mayor Moore is also suggesting that Port Coquitlam receive a percentage gaming revenue currently going to the City of Coquitlam, based on the assumption that a percentage of Boulevard's earnings are coming from Port Coquitlam residents.
- The issue of revenue sharing amongst municipalities adjacent to host local governments has been raised from time to time over the last decade.
- The ministry's position has been that the MOA with UBCM is still in effect, as are revenue sharing contracts that have been signed with 32 local governments and First Nations across the province.
- Revisiting the revenue sharing model would be a significant and complex undertaking. It is a potentially divisive issue, and it is expected that reaching consensus among municipalities would be a challenge.

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Attachment(s)

ISSUES NOTE

British Columbia Lottery Corporation

Date: January 30, 2012

Minister Responsible: Shirley Bond

**FOI 11-105: Paddy Power
Contract**

SUGGESTED RESPONSE:

- **For competitive reasons, we are not disclosing the value or financial details of this contract.**
- **Disclosing BCLC's strategic commercial information could have a direct impact on our ability to successfully compete in the e-gaming marketplace and generate revenue for the Province.**
- **Contracts like this help us attract and maintain a strong consumer base and ensure gambling funds continue to flow back into B.C. communities.**

GENERAL:

- **Having performed due diligence, BCLC was able to directly award the three-year contract to Paddy Power in December 2011.**
- **Paddy Power is the only vendor able to offer the full spectrum of services that BCLC requires for comprehensive sports betting services on PlayNow.com, including more sports and events and new ways to bet.**

BACKGROUND:

On December 19, 2011 an applicant requested "...The B.C. Lottery Corporation contract with Paddy Power..."

Paddy Power is a sports gaming service provider located in Dublin, Ireland. The contract was announced publicly on December 14, 2011.

Information and Privacy completed a third-party consultation under FIPPA with Paddy Power and the following information was provided in support of its request for severing the contract:

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The information in the contract that Paddy Power has requested to be removed most likely meets the test for the mandatory exception in section 21 of FIPPA. Paddy Power's lawyer also stated that if the applicant seeks a review of BCLC's decision to OIPC, Paddy Power requests the opportunity to provide more detailed information and evidence in support of its position in camera to an Adjudicator.

BCLC is providing 88 pages with some information withheld under sections 15(1)(l), 17(1)(b), (d) and (f), 21 and 22 of FIPPA. If disclosed, the information would be harmful to BCLC's computer system, would be harmful to BCLC's financial and economic interests, would be harmful to the business interests of a third party and would be harmful to personal privacy.

For more information, please contact:

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Ministry of Energy and Mines

Date: June 19, 2012

Minister Responsible: Hon. Rich Coleman

DRAFT

**Horse Racing Mgmt
Committee Minutes
- 00913**

SUGGESTED RESPONSES:

- The B.C. Horse Racing Management Committee is working to stabilize and revitalize the horse racing industry.
- The Committee is comprised of government representatives and leading industry and business experts, and is responsible for all strategic business decisions for the industry, including the overall allocation of anticipated revenue.
- The role of the Committee is to provide strategic direction. Day-to-day operational decisions, such as management of purse pools, remain the responsibility of the track operator and industry associations.
- When developing racing schedules and determining financial allocations, the Committee considers feedback from industry associations representing both breeds (i.e., standardbred and thoroughbred).
- Current race schedules and allocations accommodate the interests of all parties and contribute to efforts to revitalize the industry as a whole.
- To give the industry an additional push, in 2010/11 and 2011/12, the provincial government increased its support to \$10M per fiscal (up from \$6M in 2009/10).

If asked about gaming revenue management:

- The B.C. Horse Racing Management Committee provides strategic direction, decision-making and business leadership to the horse racing industry in B.C.
- The administration of funds is a large, complex task and the track operator Great Canadian Gaming Corporation has the accounting resources and capability to do this effectively.

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BACKGROUND:

Information request, PSS-2011-00913, from an individual, requests “All minutes from the BC Horse Racing Industry Management Committee since its inception in the spring of 2009; All results of votes by the committee and how each member voted; All email correspondence between the committee members and Minister Rich Coleman; All documentation that has been used by the committee in rendering its decisions as well as all documentation used by the financial committee; All emails sent and received by the chairman of the committee Derek Sturko that pertains to Racing Committee business and in particular emails to and from Minister Rich Coleman.”

Due to the size and scope of this request, it is being released in six phases. To date, records released include: allocation spreadsheets, letters to industry, presentations, and correspondence between committee members, chair and the former solicitor general. Phases released to date have been severed under the following sections of FOIPPA: S.13, (advice and recommendations), S. 15 (harm to law enforcement), S.17 (harm to the financial or economic interest of a public body), S. 21 (harm to the business interests of a third party), and S. 22, (harm to personal privacy).

The first and second phases of this release included records regarding

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The first phase of the release also included discussions around the (now defunct) consideration to allocate funding according to the revenue produced by each breed (thoroughbred vs. standardbred. It mentioned some industry representatives' concerns that industry revenue, including government grants to industry, is being administered by a third party (Great Canadian Gaming Corp.)

There may be mention of these two topics in subsequent phases, as these record releases are not grouped by date, type of record or topic.