



MINISTRY PROFILE

Ministry:

Finance

Ministry Mandate:

The Ministry of Finance plays a key role in establishing, implementing and reviewing government's economic, fiscal, financial management and taxation policies.

The Ministry is responsible for delivering fair, efficient and effective tax administration, and revenue and treasury management that fund government programs, services and infrastructure essential to citizens in British Columbia.

The Ministry is also responsible for:

- Government's economic forecasting, fiscal planning, budgeting and reporting;
- Government's economic, fiscal and taxation policy;
- Tax and non-tax revenue administration and loan administration and collection;
- Oversight of financial, procurement and administrative governance for the broader public service (ministries, crown agencies and the schools, universities, colleges and hospitals (SUCH) sector);
- Banking, accounting, and risk and debt management services for government;
- Policy development for the financial, corporate and real estate sectors in British Columbia; and
- Regulation of the financial services and real estate sectors, and administration of the B.C. credit union deposit insurance fund.

The Minister of Finance is accountable for the B.C. Public Service Agency, Public Sector Employers' Council, B.C. Securities Commission, Pacific Carbon Trust and Partnerships B.C.

Budget:

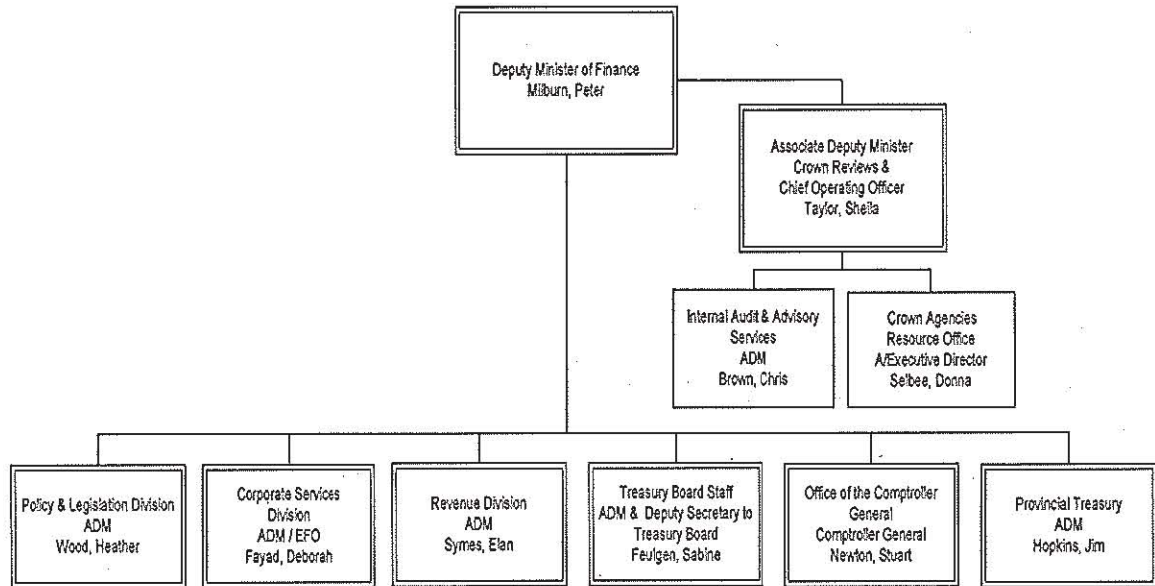
2013/14: \$118,872,000

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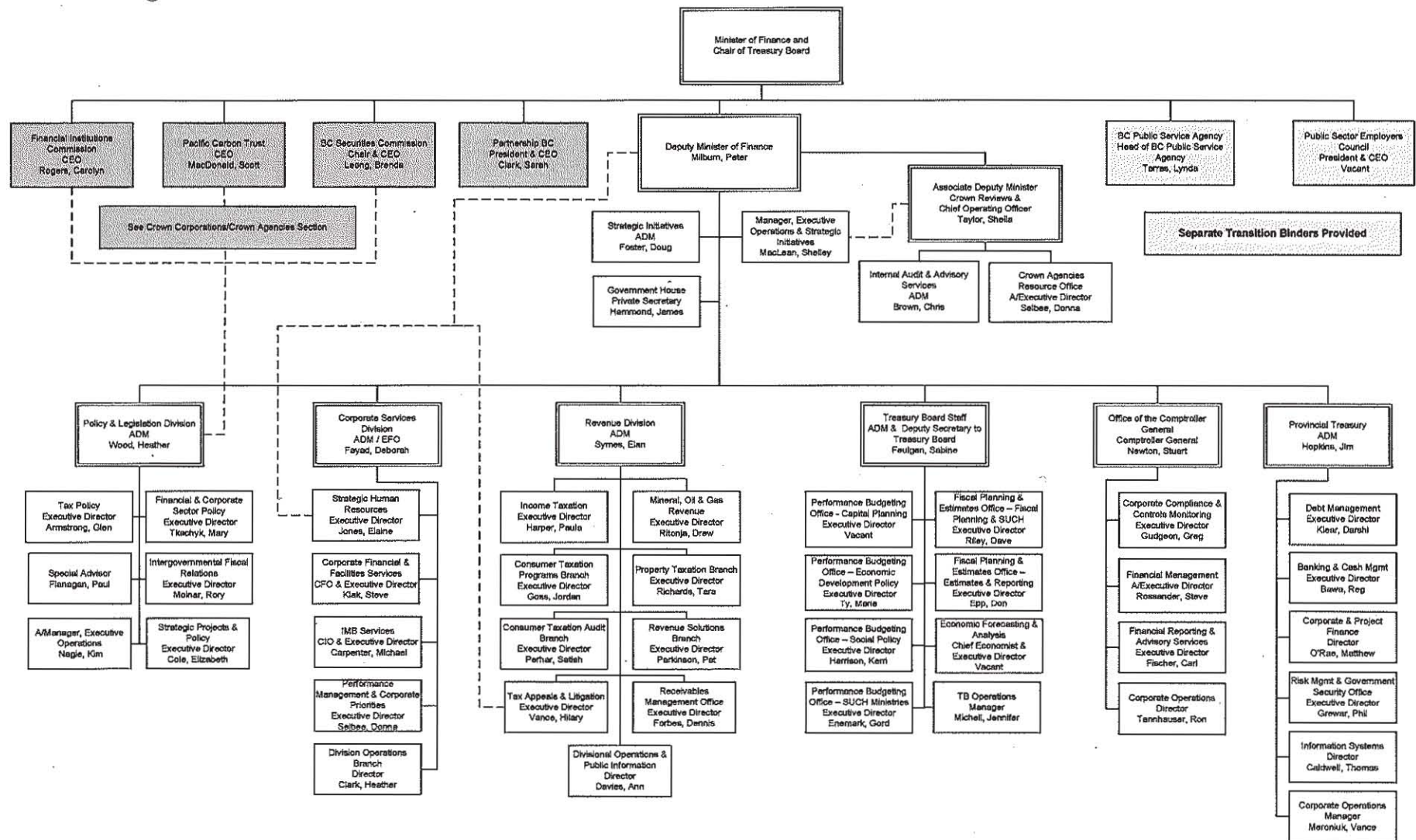
FY12/13 YTD Full Time Equivalents (FTEs) Utilization:

1,047.0

Executive Organizational Chart:



Executive Organizational Chart:

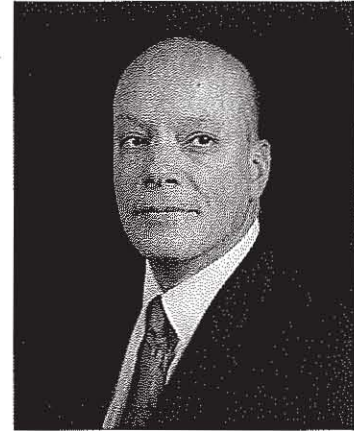


LEGISLATION ADMINISTERED BY THE MINISTRY OF FINANCE

Partnership Act (except as it relates to the establishment and incorporation of the
Corporate Registry)
Pension Agreement Act
Pension Benefits Standards Act
Pension Fund Societies Act (except as it relates to the establishment and incorporation of the
Corporate Registry)
Personal Property Security Act (except as it relates to the establishment and operation of the
Personal
Property Registry)
Petroleum and Natural Gas Act ss. 74-77
Ports Property Tax
Probate Fee Act
Property Transfer Tax Act
Provincial Sales Tax Act
Public Service Act
Public Sector Employers Act
Public Sector Pension Plans Act
Public Service Benefit Plans Act
Public Service Labour Relations Act
Real Estate Development Marketing Act
Real Estate Services Act
Repairers Lien Act
Sechelt Indian Government District Home Owner Grant Act
Securities (Forged Transfer) Act
Securities Act
Securities Transfer Act
Social Service Tax Act
Society Act (except as it relates to the establishment and incorporation of the Corporate Registry)
South Coast British Columbia Transportation Authority Act Part 7.1
Special Accounts Appropriation and Control except ss. 4, 5, 7-9, 9.2-9.6 and 10(2)(a) and (b)
Taxation (Rural Area) Act
Tobacco Tax Act
Unclaimed Property Act
Warehouse Lien Act
Warehouse Receipt Act



EXECUTIVE MEMBER BIOGRAPHY



PETER MILBURN, DEPUTY MINISTER OF FINANCE

Peter was appointed Deputy Minister and Secretary to Treasury Board of the Ministry of Finance on March 19, 2011. Peter has a B.A.Sc. in Civil Engineering from the University of British Columbia. Having worked in so many different locations across the province provides Peter with a unique understanding of the geographic diversity of British Columbia and the complex provincial challenges.

Peter began his career with the public service in 1983. His career has seen him work in a variety of positions throughout the province such as District Manager, Regional Manager and Regional Director in the Ministry of Transportation. Peter was part of the Olympic Bid Project in 2001 as Executive Director for the Sea to Sky Highway Improvement project in 2002. Peter's career brought him to Victoria when he was appointed to the position of Assistant Deputy Minister with the Ministry of Transportation and Infrastructure. Subsequently he was appointed Chief Operating Officer and the Deputy Minister.

Peter has lead numerous P3 projects including the Sea to Sky Highway Improvement project, WA Bennett Bridge, and the South Fraser Perimeter Road. He has extensive experience in capital programs and has chaired many capital boards including Transportation Investment Corporation, Interior Cardiac Board, and the Surrey Memorial Hospital reconstruction.



EXECUTIVE MEMBER BIOGRAPHY



DOUG FOSTER, ADM, STRATEGIC INITIATIVES, DEPUTY MINISTER'S OFFICE

- Employed with the BC public service for several years, most of which have been with the Ministry of Finance in various senior and executive positions.
- Position is part of the Deputy Minister's Office and is a member of the Ministry of Finance Executive team.

Current Major Accountabilities

- Act as Finance lead (overall project director) to help transition from HST to provincial PST by leading various teams to complete transition by March 31, 2013, and to help ensure post-implementation return to stable administration.
- Act as Finance lead and assist Deputy Minister, Minister and Premier's offices in addressing a number of key specific and corporate projects.
- Support strategic planning within Finance and provide mentorship, coaching, knowledge and professional advice to staff in Finance and rest of the public service.

Education

- Certified General Accountant; B. Commerce/Economics – UVic
- Contract and corporate administration; project/risk management – UVic

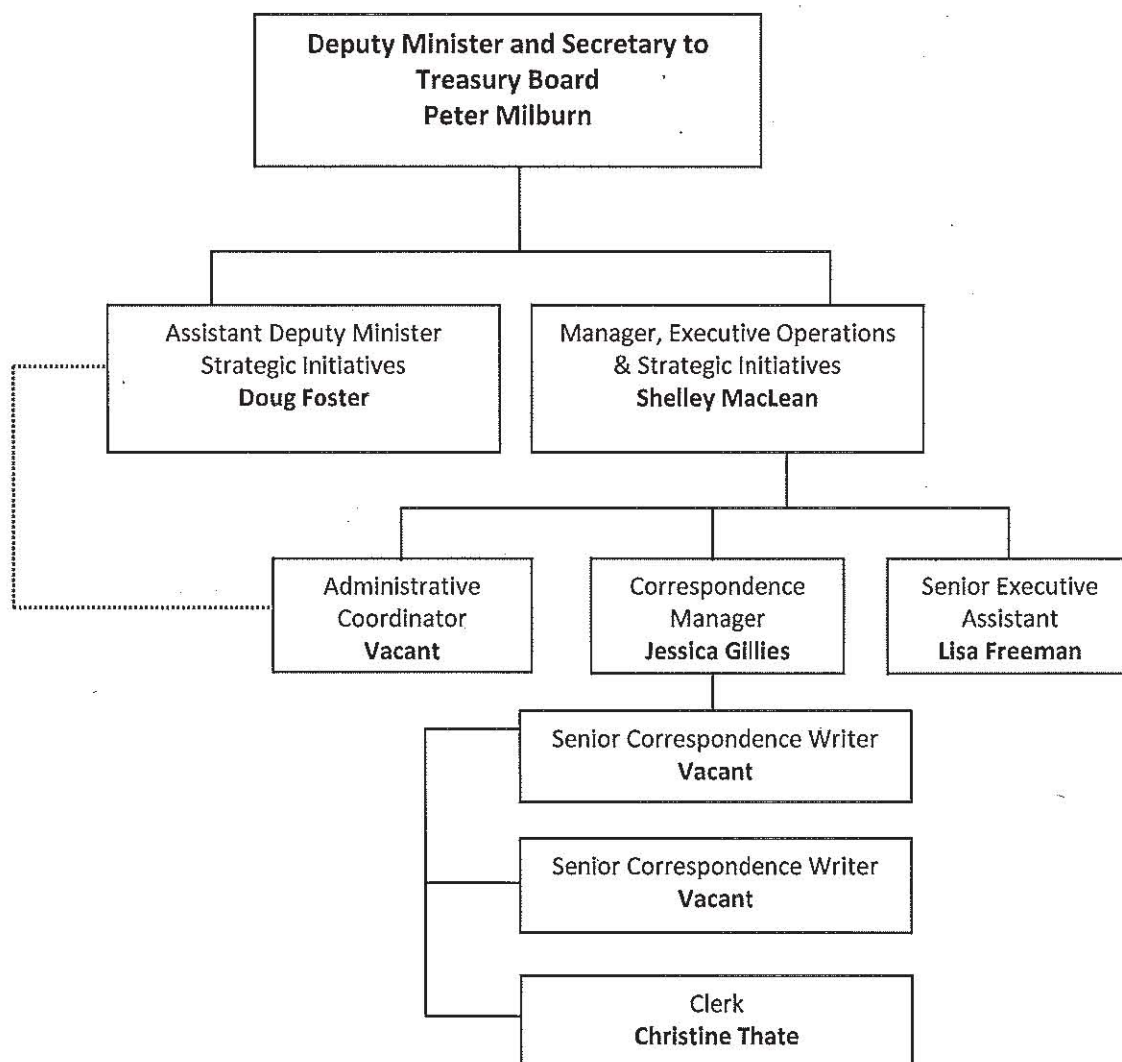


DEPUTY MINISTER'S OFFICE

DM Responsible:
Peter Milburn

Budget:
\$910,000

Full Time Equivalents (FTEs):
9





90 DAY ISSUE

TOURISM VANCOUVER

Issue:

- As of March 31, 2013, Tourism Vancouver (TVan) now owes the Province over \$13, \$16 (principal and accumulated interest) as its contribution to the costs of building the Vancouver Convention Centre expansion. TVan has been having difficulty in making its repayments and asked the Province to give debt relief or increase the current 2% Vancouver Additional Hotel Room Tax (AHRT) to 2.8%, which is dedicated to TVan.

Background:

s13, s16

Decision Required:

- The TVan repayment matter is a 90 day issue.

s13, s16



EXECUTIVE MEMBER BIOGRAPHY



DEBORAH FAYAD, ADM, CORPORATE SERVICES DIVISION

Deborah Fayad joined the BC Public Service in 1985 as a Financial Policy Analyst with the Ministry of Social Services and Housing and received her designation as a Certified General Accountant shortly after.

Deborah moved to the Ministry of Attorney General in 1988 where she served in a number of management roles in various programs: Management Services, Land Titles, Criminal Justice and Court Services, and then back to Management Services as Senior Financial Officer in 2001. In September 2007, she accepted the position of A/Assistant Deputy Minister of Management Services Branch to provide corporate services to the Ministries of Attorney General, Public Safety and Solicitor General and Aboriginal Relations and Reconciliation, and was appointed Assistant Deputy Minister June 6, 2008.

After more than twenty years of service supporting the Justice sector, Deborah transferred to the Ministry of Finance and was appointed June 10, 2009 as the Assistant Deputy Minister, Corporate Services and Executive Financial Officer supporting the Ministry of Finance and Office of the Premier. On April 1, 2012, Deborah took on the role of Executive Financial Officer for the BC Public Service Agency.



CORPORATE SERVICES DIVISION

ADM Responsible:

Deborah Fayad

Core Business/Program Area Description/Critical Business Processes:

The Corporate Services Division (CSD) provides a suite of strategic business and support services to the Ministry of Finance, the Office of the Premier, Minister's Offices, Government House and other smaller entities, enabling clients to achieve their objectives and comply with corporate policy and legislation. CSD supports the ministry's objectives by providing a set of core internal ministry processes, including corporate governance services, advice and support in finance, strategic human resources, information management, business planning, performance management, internal communication, technology, Freedom of Information, and administration.

FOI and access - Respond to freedom of information requests from taxpayers and organizations; information sharing agreement coordination and support; FOIPPA administration for the ministry.

Business planning and performance management - Strategic and operational planning, performance reporting, project management, risk management, business continuity planning.

Corporate support services - All tasks related to the ongoing physical operation of the ministry, e.g., facilities, security, procurement, records management, Ministers' Office support services, etc.

Financial management - Internal management of the ministry's budget including revenue, asset and expenditure controls.

Human Resource Management - Business area activities related to recruitment, hiring, orientation, providing direction, employee performance management, evaluation and documentation, and end of employment processing.

IM/IT Services - Strategic investment management; IM/IT governance, policies and standards; all IM/IT service delivery and operations; business system planning, development and delivery-processes delivered both internally and through service providers.

Information administration - Electronic records and forms management, administration and other services.

Information protection - Processes, controls, and initiatives to ensure that ministry personal and business sensitive information is protected commensurate with its value.

Internal communications - Develop, implement and manage all aspects of internal communication (e.g. communication planning, ministry newsletter, intranet site, Web Steering Committee, internal communication documents).

Workforce and work environment evaluation, planning and management - Organization
development and strategic human resource performance, development, engagement and
management.

Budget:

2013/14: \$6,226,000

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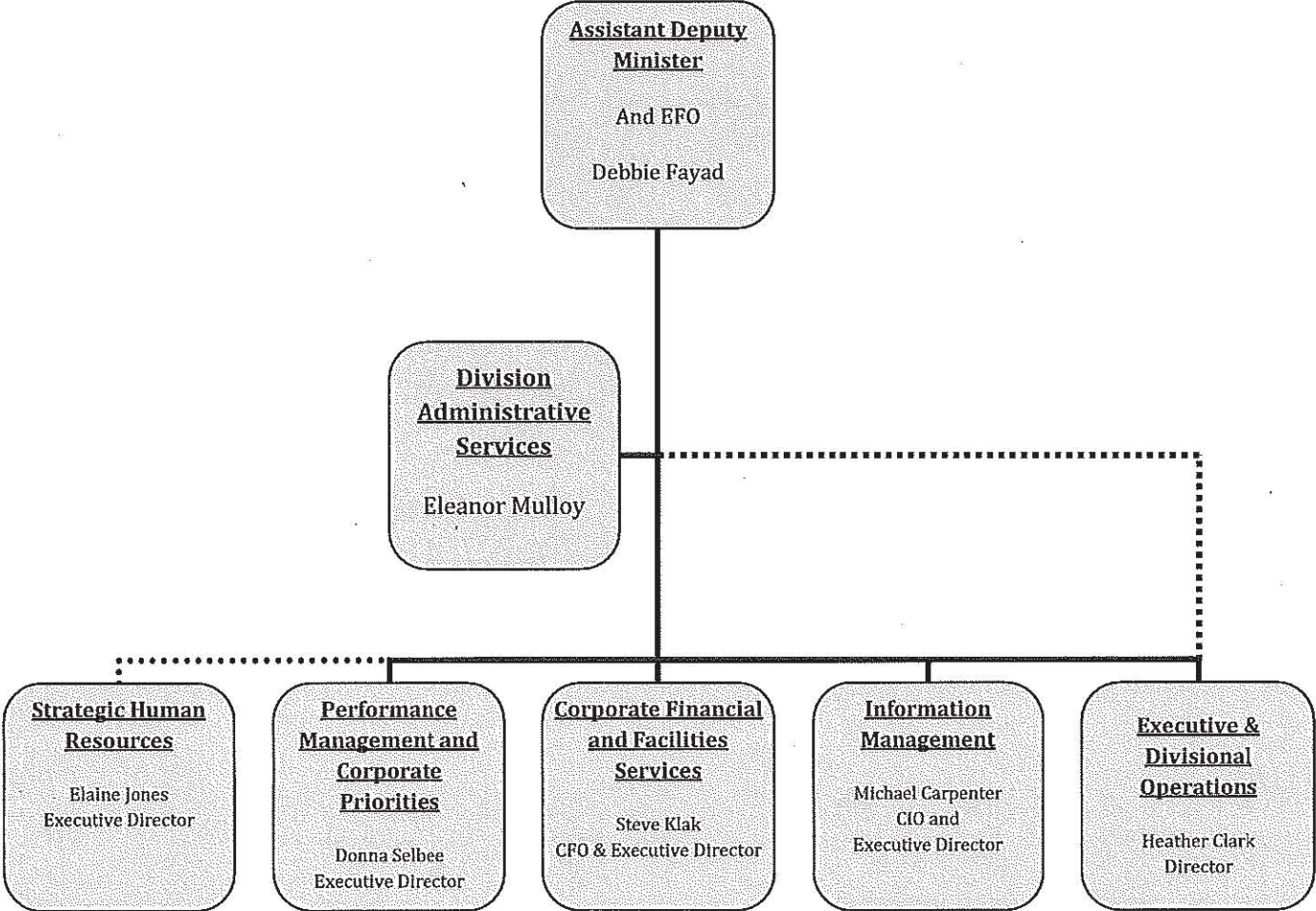
Full Time Equivalents (FTEs):

The fiscal 12/13 YTD FTE Utilization is 78 FTEs.

Related Legislation:

- *Budget Transparency and Accountability Act*
- *Balanced Budget and Ministerial Accountability Act*
- *Financial Information Act*
- *Freedom of Information & Protection of Privacy Act*
- *Records Management Act*
- *Public Service Act*
- *Public Service Labour Relations Act*
- *Employment Standards Act*
- *Labour Relations Act*
- Human Rights legislation

Organizational Chart:





GOVERNMENT HOUSE

ED Responsible:

James W. Hammond – Private Secretary to the Lieutenant Governor and Executive Director of Government House

Core Business/Program Area Description/Critical Business Processes:

Government House is the official residence and office of the Lieutenant Governor (LG) of British Columbia, the personal representative in the Province of Her Majesty Queen Elizabeth II, The Queen of Canada. Government House also provides accommodation to visitors including members of the Royal Family, international royalty, ambassadors, members of the judiciary, and other honoured guests of British Columbia. The property and buildings are also used as a venue for specific events and the grounds are open to the public.

Government House operates on shared funding from the Federal and Provincial governments, as well as endowments and donations made through a Foundation. Federal funding provides the personal salary of the LG and an annual grant to cover federally required travel and events over the course of a year directly related to the duties of the LG. Provincial funding provides primarily for staff salaries, a security contract, additional travel and costs for in-house sponsored events (e.g. Senior's Tea, concerts on the lawn, school tours, awards presentations and the New Year's Levee).

Budget:

2013/14	2014/15	2015/16
\$ 1,323,000		s17

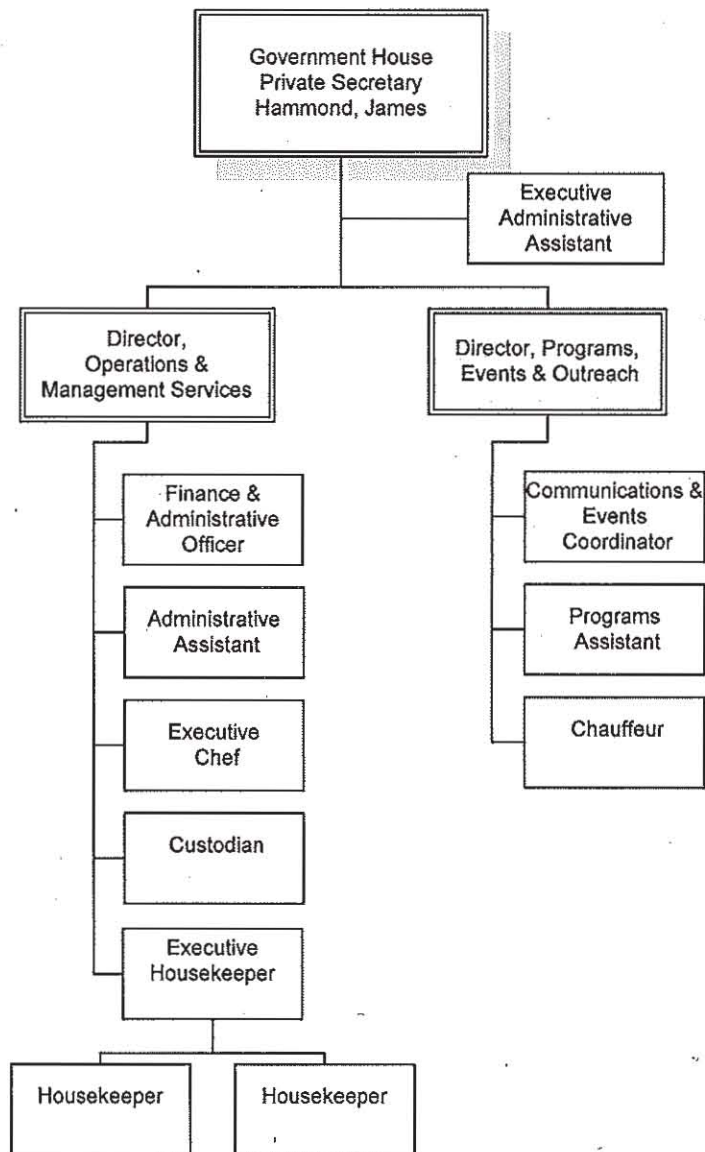
Full Time Equivalents (FTEs):

The fiscal 12/13 YTD FTE utilization is 13.7 FTEs.

Related Legislation:

N/A

Organizational Chart:





60 DAY ISSUE

GOVERNMENT HOUSE BUDGET IN MINISTRY VOTE

Issue:

- Government House (GH) Budget in the Ministry of Finance Vote.

Background:

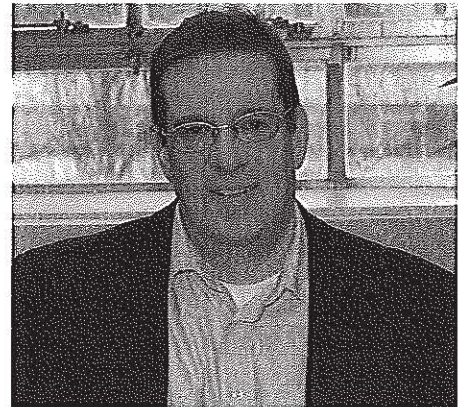
- Provincial funding earmarked for Government House and the Office of the Lieutenant Governor (OLG) currently resides within the Corporate Services sub-sub vote of the Ministry of Finance.
- The Lieutenant Governor and trustees of Government House Foundation have expressed concern with the current arrangement, noting the following:
 - Major projects, such as barrier-free access, are not being funded as a result of fiscal restraint;
 - Foundation funds are being used to pay for some day-to-day operational requirements;
 - Actual costs for GH are subsumed within the Ministry of Finance and Shared Services British Columbia (SSBC) which undermines transparency; and
 - SSBC costs for GH appear to be generally higher for major projects.
- In a memo dated March 15, 2013, the Office of the Lieutenant Governor asked the Speaker of the Legislative Assembly to explore alternative funding arrangements, in collaboration with the Deputy Minister of Finance.
- Potential options for consideration would include:
 - Creating a sub-sub vote for GH under Vote 1 Legislation;
 - Creating a separate standalone vote for GH; and
 - Creating a separate vote for GH under the Ministry of Finance.
- If feasible, OLG also wishes to leverage the maintenance support available to the Legislative precinct through a memorandum of understanding.
- Her Honour stressed that two underlying principles should guide future decisions:
 - 1) The need for the OLG to remain non-partisan; and
 - 2) The need for greater transparency.

Decision required:

- **60 day issue.**
- In accordance with the *Budget Transparency and Accountability Act*, the Estimates must be presented to the Legislative Assembly no later than 90 days after the post-election appointment of the Executive Council; otherwise, any proposed changes to the Estimates would be deferred until 2014/15.



EXECUTIVE MEMBER BIOGRAPHY



STUART NEWTON, COMPTROLLER GENERAL

Stuart Newton was appointed Comptroller General for the Province of British Columbia on November 9, 2011. He is a Chartered Accountant, as well as a Certified Internal Auditor with over 23 years of internal and external audit, consulting, and policy experience.

Prior to his appointment, Stuart held two key senior roles in the Office of the Comptroller General, as Executive Director, Internal Audit and Advisory Services and as Executive Director, Financial Management Branch. In his most recent position as the Executive Director, Internal Audit and Advisory Services, Stuart was responsible for the development and execution of the annual audit plan and ensuring quality assurance with respect to audit and advisory services. This included ensuring the provision of independent, objective assurance and advisory services designed to assist government in achieving its strategic objectives by supporting more effective financial management, governance, accountability and performance practices. The Branch's most recent accomplishments under Stuart's leadership include the BC Ferries, Translink and Vancouver School Board reviews.

As the Executive Director for the Financial Management Branch, Stuart provided leadership for the effective stewardship and management of financial resources by providing strategic direction and expertise with regard to the development, implementation and evolution of the legislative, policy and procedural framework. This also included providing leadership pertaining to specific elements of the control framework across ministries, as well as taking a leadership role in cross-jurisdictional issues.



OFFICE OF THE COMPTROLLER GENERAL

ADM Responsible:

Stuart Newton

Core Business/Program Area Description/Critical Business Processes:

The key outputs of the OCG include monthly, quarterly and annual financial statements for the Government Reporting Entity, real-time financial policy compliance monitoring and post-payment review processing.

OCG is a governance organization with a focus on policy development and interpretation in the areas of accounting, financial management, financial systems and procurement. OCG provides advice to government and ministries in each of these areas.

OCG conducts investigations into reports of financial mismanagement and policy breach.

Budget:

\$5,931,000

Full Time Equivalents (FTEs):

70 authorized (average FTE utilization in 12/13 is 63)

Related Legislation:

Financial Administration Act

Budget Transparency and Accountability Act

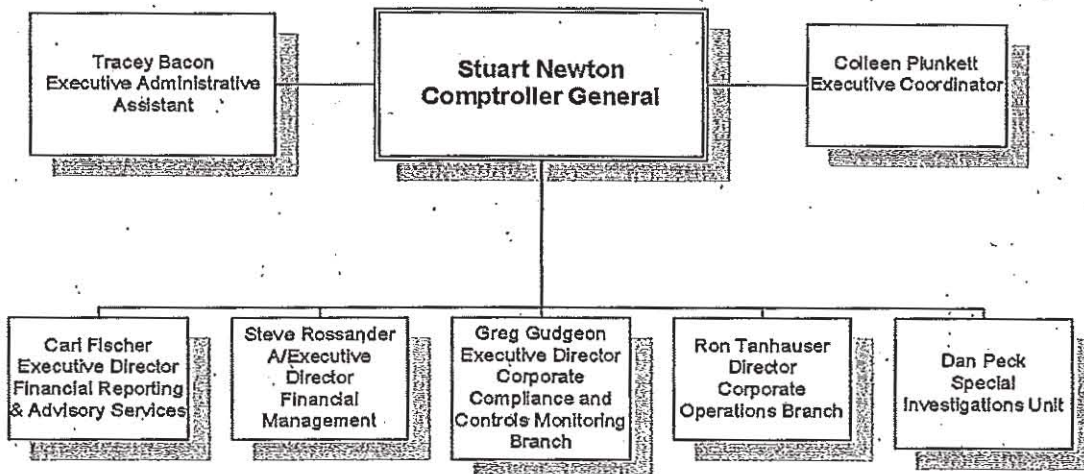
Balanced Budget and Ministerial Accountability Act

Financial Information Act

Auditor General Act

Unclaimed Property Act

Office of the Comptroller General
Executive Management
February 2013





30 DAY ISSUE

FINANCE BRIEFINGS FOR NEWLY APPOINTED MINISTERS AND DEPUTY MINISTERS

Issue:

- Post-election briefings - ministers and deputy ministers.

Background:

- Following the election, the Comptroller General will arrange meetings to brief newly appointed ministers and deputy ministers on financial management in government – roles, responsibilities, pitfalls, etc.
- The Office of the Comptroller General (OCG) is also updating the “Orientation for Ministers” briefing book. The OCG, in collaboration with a number of central agencies, maintains a briefing book which gives new Ministers (and their staff) a high level introduction to the workings of government by subject, e.g., the Cabinet system, information management and information technology, the public service, financial management, communication, etc.
- The briefing book resides on the Ministers’ Office Support Services (MOSS) site hosted by the Corporate and Ministry Support Services Division, Ministry of Finance.

Decision required:

- For information only.



30 DAY ISSUE

MINISTERIAL ACCOUNTABILITY REPORT PREPARATION AND RELEASE FOR MARCH 31, 2013

Issue:

- Ministerial Accountability Report Preparation and Release for March 31, 2013.

Background:

- The Ministerial Accountability Report (MAR) is a requirement of the *Balanced Budget and Ministerial Accountability Act* (BBMAA). The report is released with the Public Accounts of the province and reports on ministerial and cabinet level spending targets and actual results.
- The Public Accounts are required to be released prior to August 31, 2013, in accordance with *Budget Transparency and Accountability Act*; therefore, MAR must be released prior to August 31, 2013, and at the same time as the Public Accounts. In recent years we have released the PAs in the early part of July.
- Section 6(2) of the BBMAA requires the following information for a fiscal year to be made public with the public accounts for that fiscal year:
 - The actual surplus or deficit;
 - The actual amount of those operating expenses for each Executive Council member that was a minister with portfolio responsibility; and
 - The related information required for ministers with responsibility for non-financial targets as specified by Treasury Board regulations.
- The BBMAA requires a holdback of 20 per cent of ministerial salaries until release of the Public Accounts for that fiscal year.
- Half of the holdback is related to collective responsibilities for meeting the total summary accounts surplus/deficit target in which all ministers participate and half is related to individual ministerial responsibilities for meeting expense or other non-financial targets.
- The government as a whole must meet its provincial budget target in order for ministers to be entitled to receive the 10 per cent collective holdback.
- Ministers and ministers of state earn the other 10 per cent by meeting their ministry budget or non-financial targets which is their individual responsibility.
- Where requirements are met, the holdback for ministers responsible for operating expense is payable the day after the Public Accounts (PAs) are released.

- The holdback for ministers of state is payable after the publication of results in the related final service plan reports.
- The certification process for the production of the MAR requires that the ministers, and the ministers of state, sign a letter of certification for their areas of responsibility under BBMAA. The letter of certification requires them to verify that they have met their individual targets and that the actual results to be published are accurate.
- The certification process cannot be completed until the PA process is near completion as the information contained in the certification letters has to be consistent with the financial information published within the PAs. Therefore, there has to be certainty that there will be no more changes when the certification letters are produced and signed off by the ministers and ministers of state. The substantial completion date is June 7, but there have been occasions in the past where there have been late adjustments right up to the end of June that affect some of the certification letter's content. In those cases the certification letters have been signed in the last week of June.
- There have been 16 ministers with portfolio and 3 ministers of state this past fiscal.
- **Key Dates**
 - March 13 Request salary and salary holdback from the Legislative Assembly
 - April 22 Send out confirmation of BBMAA financial and non-financial targets
 - May 8 Confirmations of BBMAA targets due
 - May 31 Information certifications sent for minister sign-off for BBMAA
 - June 7 Information Certification signed by ministers for BBMAA results due
 - June 28 Publish MAR
- The working date for release of the Public Accounts and the Ministerial Accountability Report is June 28th.

Decision required:

- **30 day issue.**
- Certification process: Who will be certifying results achieved if current ministers and ministers of state no longer hold their respective portfolios of responsibility?



30 DAY ISSUE

PUBLIC ACCOUNTS REPORTING FOR MARCH 31, 2013

Issue:

- Public Accounts Reporting for March 31, 2013.

Background:

- Under Section 9 of the *Budget Transparency and Accountability Act* (BTAA), government is required to prepare the Public Accounts for release prior to August 31, 2013.
- The Summary Financial Statements consolidates over 150 entities, including the province's 46 Crown corporations and agencies, 60 school districts, 11 universities, 14 colleges and institutes, 10 hospital societies, 6 health organizations and the Consolidated Revenue Fund (21 ministries and other agencies). The Public Accounts are prepared in accordance with BTAA which requires the use of generally accepted accounting principles (GAAP) for senior governments in Canada, supported by regulations of Treasury Board under the BTAA.
- Last year, the province received a reserved audit opinion on the Summary Financial Statements. In consultation with the Minister, we agreed to not make the adjustments as suggested by the Auditor General, as they were not, in our collective opinion, in accordance with Canadian accounting standards. There were four reservation items:
 - The Auditor General believes that the classification of the Transportation Investment Corporation (TI Corp) as a Government Business Enterprise (GBE) is premature. They feel it should be classified as a taxpayer supported crown and changed to a GBE when they consider it is self-supported. We both agree that TI Corporation will support its operations from toll revenue over the life of the program, but have a difference of opinion about when the organization should be reported as a GBE. This issue remains unresolved.
 - Deep Well credits against royalty revenue are not reported in the Summary Financial Statements until revenues have been generated from the well. This issue remains unresolved.
 - The deferral of government transfer revenues of the BC Transportation Finance Authority (BCTFA). The Auditor General believes the federal government transfers do not create an obligation and the revenues should not be deferred. Governments traditionally fund the capital requirements of public sector entities through grants that are restricted for a specific purpose such as the construction of a school, hospital or highway. Those contributions have historically been recorded as a

liability rather than revenue when received because it best represents the ongoing obligation of the recipient to deliver the service to taxpayers for the useful life of the asset. This issue remains unresolved.

- The disclosure of subsidiary GBE's. We agree with the Auditor General that there is an inconsistency in the treatment of commercial subsidiaries of government versus the treatment of commercial subsidiaries of consolidated entities like Universities. We have worked with the Office of the Auditor General to determine the best approach to achieving consistency. There will be additional disclosure for fiscal 2012/13 which may resolve this reservation.
- Final Summary Financial Statements are scheduled to be sent to the Office of the Auditor General June 17th with comments back from Office of the Auditor General by June 24th. The Auditor General's report is expected June 27th.
- The working date for release of the Public Accounts is June 28th.

Decision required:

- 30 day issue.
- There is one significant issue raised for discussion for 2012/13:
 - Recognition of deferred revenues from government transfers. There has been a change to the accounting standard for government transfers effective April 1, 2012. This issue of appropriate deferral of federal revenues for the CRF is the same issue that BCTFA was qualified on for last fiscal year end.
 - Financial Impact: The current balance of deferred Federal Government transfers received of \$261M has the potential of being recognized as current revenue with offsetting increases to expenses in future fiscal periods.
 - Issue: In accordance with accounting standards, the province recognizes these transfers as deferred revenue until the underlying obligations are satisfied, at which time they are recognized as revenue. The Auditor General believes that these transfer payments have insufficient stipulations to create an obligation; therefore the deferral is not supported. They feel that they should be recognized into revenue as received. We will work collaboratively with the Office of the Auditor General to engage our colleagues across jurisdictions to achieve a consistent application under Canadian public sector accounting standards.



30 DAY ISSUE

RELEASE OF THE PUBLIC ACCOUNTS

Issue:

- Release of the Public Accounts Reporting for March 31, 2013.

Background:

- Under Section 9 of the *Budget Transparency and Accountability Act* (BTAA), government is required to prepare the Public Accounts (PAs) for release prior to August 31, 2013.
- An election is expected to be held May 14 and may result in a change of the Executive Council.
- If the Executive Council changes there may be a circumstance where the Minister of Finance is undetermined during the PA publication process.
- Contained at the front of the PAs is a letter from the Minister of Finance to the Lieutenant Governor of the Province of British Columbia. This is a letter of responsibility for the PA's from the Minister of Finance.
- The release of the public accounts involves a media event held for the news media to receive the publications. This event has traditionally included presentations by the Minister of Finance and the Comptroller General with highlights of the results of the past fiscal.
- The Final Summary Financial Statements are scheduled to be sent Queen's Printer for printing on June 26.
- The working date for release of the Public Accounts is June 28 and if released that day, there would normally be a media event that usually includes the Minister of Finance presenting the results for the last fiscal.

Decision required:

- 30 day issue.
 - If there is no Minister of Finance, at the time of publication, who should be referenced in the letter of responsibility for PA's contained in the published report and who should participate in the media event held on the day of release.



EXECUTIVE MEMBER BIOGRAPHY



HEATHER WOOD, ADM, POLICY AND LEGISLATION DIVISION

Heather Wood joined the BC Public Service in January 2011 as an Assistant Deputy Minister in Finance. Prior to this, she was an Assistant Deputy Minister in the Department of Finance with the Province of Manitoba for more than three years, with responsibility for the Taxation, Economic and Intergovernmental Fiscal Research Division in that province.

Heather joined the Manitoba Civil Service in 1997 as a research assistant while completing a joint Master's Degree in Public Administration at the University of Manitoba and the University of Winnipeg. She accepted a permanent position in the Manitoba Civil Service in 1999 as a management intern, working in a number of ministries over the course of the three-year program, including Health, Finance and Justice.

Heather then accepted a position as a Senior Policy Analyst in the Federal-Provincial Relations Secretariat, which was responsible for the development and coordination of Manitoba's federal-provincial and international relations strategies.

s.22 Heather
exchanged positions with a colleague in Finance in 2005. She was then offered positions as a Manager and Executive Director, before competing for the position of Assistant Deputy Minister in 2007.

Heather has been active in the past in the Institute of Public Administration of Canada, serving as the regional chair of the Manitoba Group, regional representative to the national Board of Directors, and Vice-President and Treasurer of the national Board.



POLICY AND LEGISLATION DIVISION

ADM Responsible:

Heather Wood

Core Business/Program Area Description/Critical Business Processes:

The Policy and Legislation Division supports well informed decisions by the Minister of Finance on taxation policy issues and prepares significant components of the annual provincial budget. It also provides policy analysis and advice to the Minister of Finance and Cabinet committees regarding other policy areas including financial and corporate sector policy, and intergovernmental fiscal relations. The division also manages the Ministry's non-budget legislative plan, as well as strategic policy and other projects for the Ministry and Minister of Finance.

The Division consists of three branches, headed by an Executive Director, and one additional Executive Director position (Strategic Policy and Projects) which are described on the following pages:

- Financial and Corporate Sector Policy Branch;
- Intergovernmental Fiscal Relations Branch;
- Tax Policy Branch; and
- Strategic Projects and Policy.

Budget:

2013/14: \$4,974,000

s17

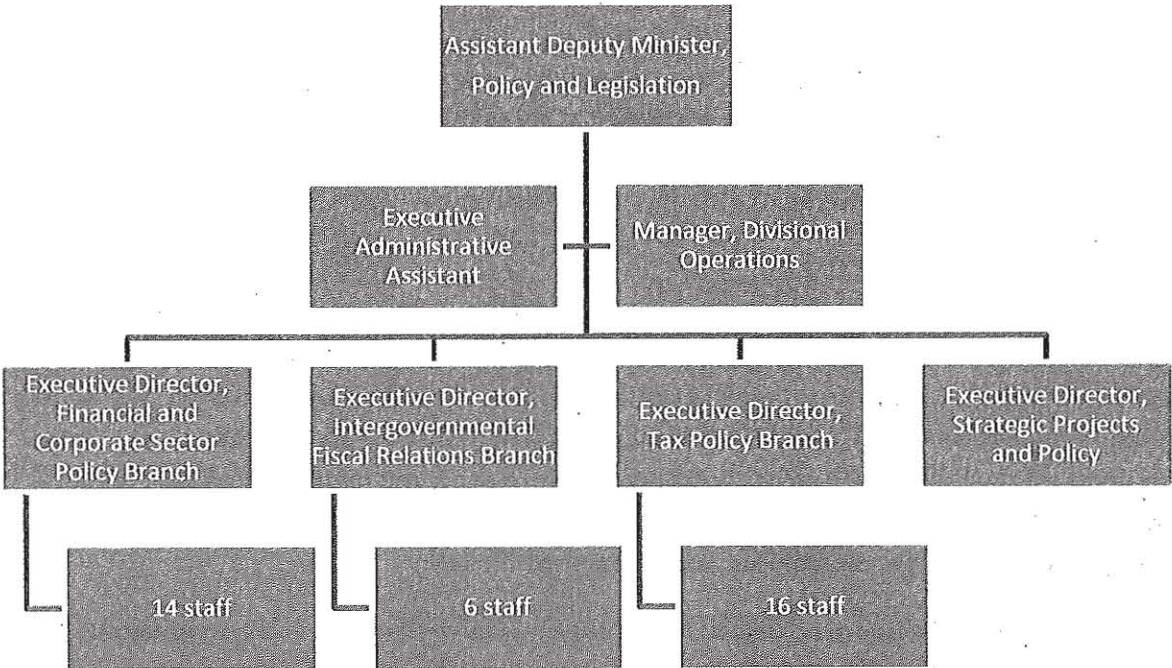
Full Time Equivalents (FTEs):

36.9

Related Legislation:

See Appendix C for the division's legislative responsibilities, broken down by branch.

Organizational Chart:





POLICY AND LEGISLATION DIVISION: FINANCIAL AND CORPORATE SECTOR POLICY

ADM Responsible:

Heather Wood, Assistant Deputy Minister

Core Business/Program Area Description/Critical Business Processes:

The Financial and Corporate Sector Policy Branch provides advice to the Minister of Finance on policy and legislation respecting financial institutions, securities law, pension standards, real estate regulation and corporate governance frameworks, with a view to ensuring:

- Stability of financial markets through prudential regulation of financial institutions
- Retirement income security through regulation of private pension plans
- Informed investment through securities and real estate disclosure
- Consumer protection through licensing of financial professionals
- Creation of flexible corporate governance frameworks

To these ends, the Branch works with the federal and other provincial governments on issues of national and/or regional scope and importance (currently securities regulation, pension reform, and the New West Partnership Agreement).

The Branch works closely with its regulatory and program partners who implement, administer and/or enforce the relevant frameworks: Securities Commission; Financial Institutions Commission and Superintendent of Financial Institutions; Superintendent of Real Estate; Registrar of Mortgage Brokers; Insurance Council (government-appointed); Real Estate Council (largely industry-elected); Registry Services (Ministry of Citizens' Services and Open Government).

The Branch interacts with a range of external stakeholders in responding to emerging sector issues and in the advancement of sector law reform initiatives: Financial services consumers (investors, depositors, borrowers, pension plan members, insurance consumers, home purchasers, businesses and societies seeking incorporation, consumer associations); Investment Association of Canada; Canadian Bankers Association; Central 1 Credit Union; Insurance Bureau of Canada; Canadian Life and Health Insurance Association; Insurance Brokers Association of BC; BC Real Estate Association; Urban Development Institute; Mortgage Brokers Association of BC; Canadian Bar Association; BC Co-operative Association; BC Law Institute.

The Branch also has responsibility for coordination of the ministry's non-budget legislation program and the ministry's regulatory reform initiatives.

Budget:

Financial and Corporate Sector Policy is a branch of the Policy and Legislation Division (PLD). The budget for PLD is held in the Assistant Deputy Minister's office.

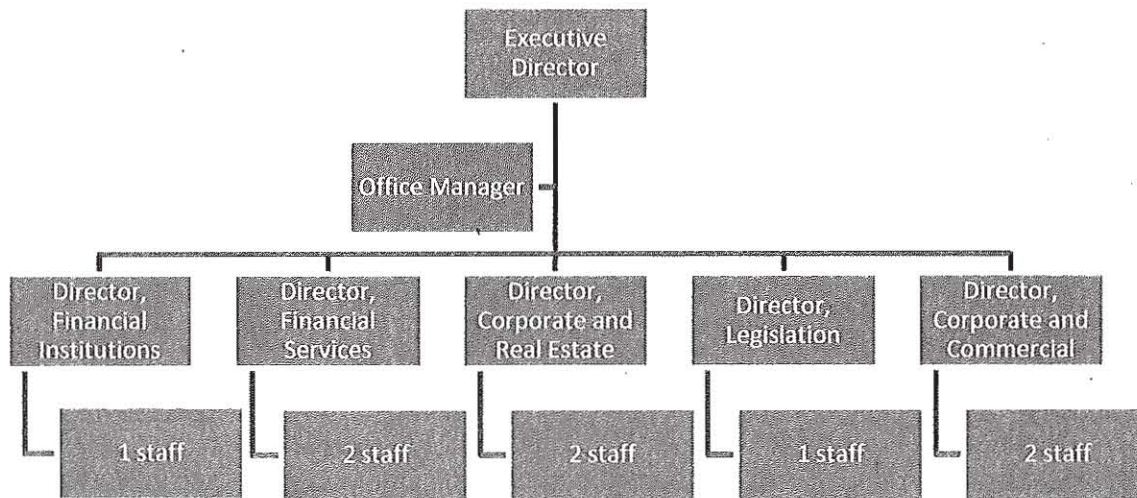
Full Time Equivalents (FTEs):

15

Related Legislation:

Business Corporations Act
Cooperative Association Act
Credit Union Incorporation Act
Creditor Assistance Act
Financial Institutions Act
Insurance Act
Insurance (Captive Company) Act
International Interests in Mobile Equipment (Aircraft Equipment) Act
Manufactured Home Act
Ministry of Consumer and Corporate Affairs Act, (ss. 3, 4(a))
Miscellaneous Registrations Act, 1992
Mortgage Brokers Act
Mutual Fire Insurance Companies Act
Partnership Act
Pension Benefits Standards Act
Pension Fund Societies Act
Personal Property Security Act
Real Estate Development Marketing Act
Real Estate Services Act
Repairers Lien Act
Securities Act
Securities Transfer Act
Society Act
Warehouse Lien Act
Warehouse Receipt Act

Organizational Chart:





POLICY AND LEGISLATION DIVISION: INTERGOVERNMENTAL FISCAL RELATIONS BRANCH

ADM Responsible:

Heather Wood, Assistant Deputy Minister

Core Business/Program Area Description/Critical Business Processes:

The Intergovernmental Fiscal Relations branch (IFR) provides analysis and advice on federal-provincial and inter-provincial fiscal issues and negotiations to the Minister of Finance, the Deputy Minister of Finance, other deputies and ministers, and the Premier through intergovernmental relations staff in the Premier's Office.

The branch monitors intergovernmental fiscal issues, trends, and developments, and provides recommendations for positions and strategies to help maximize the fairness, adequacy and effectiveness of federal-provincial fiscal arrangements for British Columbia. It supports the Finance Minister and Premier in their efforts to advance British Columbia's interests and perspectives in respect of intergovernmental fiscal issues with the federal government and other provinces. Likewise, the branch represents the Province's interests and perspective at federal-provincial-territorial meetings of officials.

The branch is responsible for analyzing and reporting major fiscal developments in respect of other provinces and the federal government, providing estimates and forecasts of British Columbia's federal transfer revenue (equalization, health and social transfers, and other federal funding programs) for planning and negotiation purposes. As well, the branch is responsible for providing policy advice and analysis to the Minister and Deputy Minister of Finance on issues related to national income security and provincial stewardship of the Canada Pension Plan (CPP) (the Ministers of Finance federally and from each province are "joint stewards" of the CPP).

Budget:

IFR is a branch of the Policy and Legislation Division (PLD). The budget for PLD is held in the Assistant Deputy Minister's office.

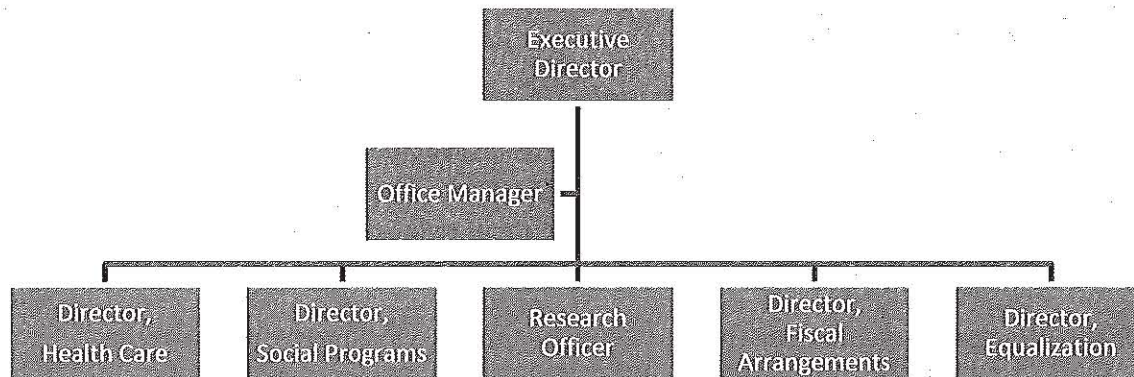
Full Time Equivalents (FTEs):

7

Related Legislation:

The IFR branch is not responsible for provincial legislation; however, the branch supports the BC Finance Minister's stewardship responsibilities for federal legislation regarding the Canada Pension Plan and the Canada Pension Plan Investment Board. As well, the branch carefully monitors federal legislation such as the *Federal-Provincial Fiscal Arrangements Act*.

Organizational Chart:





POLICY AND LEGISLATION DIVISION: TAX POLICY BRANCH

ADM Responsible:

Heather Wood, Assistant Deputy Minister

Core Business/Program Area Description/Critical Business Processes:

Tax Policy Branch provides tax policy analysis, advice and recommendations to the Minister of Finance and senior ministry officials, and supports the implementation of government tax policy through legislation and regulation, including major components of the annual provincial budget.

The branch is responsible for provincial tax policy with respect to taxes on income, consumption and wealth, and is responsible for maintaining the provincial tax base, which accounts for almost half of all government revenues. Analysis of possible tax measures is provided to the Minister of Finance on the basis of:

- Equity and distributional impacts,
- Macroeconomic impacts,
- Competitiveness and efficiency,
- Simplicity and administrative costs,
- Jurisdiction and ability to administer,
- Revenue impacts and predictability, and
- Precedent.

Tax Policy Branch liaises on taxation issues with key partners including other ministries, municipal and federal governments, business, industry, professional and environmental associations, and taxpayers. Tax Policy Branch also works with the Treaty Negotiation Office, Ministry of Aboriginal Relations and Reconciliation, to negotiate the tax aspects of treaties with First Nations.

Budget:

TPB is a branch of the Policy and Legislation Division (PLD). The budget for PLD is held in the Assistant Deputy Minister's office.

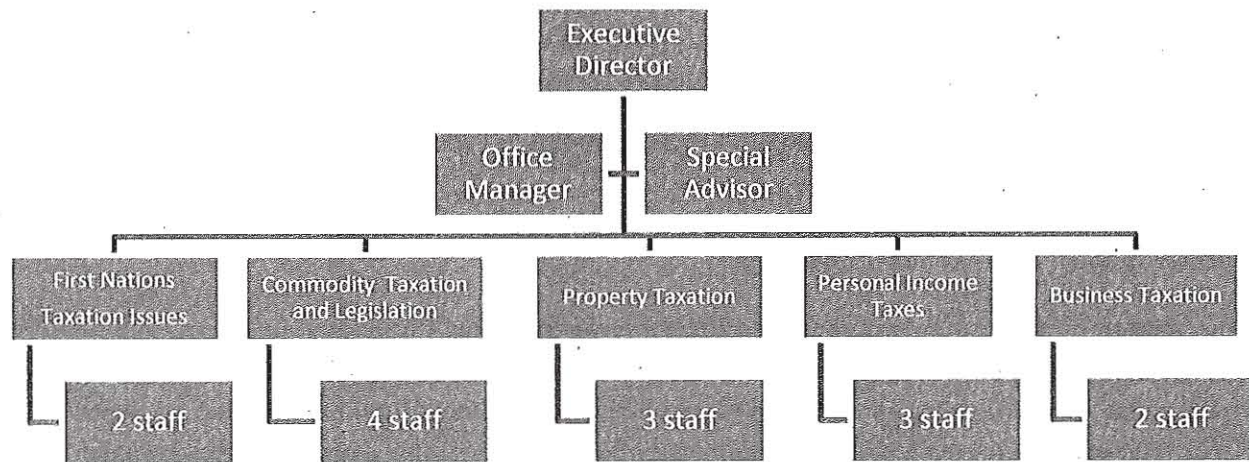
Full Time Equivalents (FTEs):

17

Related Legislation:

Please see attached.

Organizational Chart:



Related Legislation: Tax Policy Branch has responsibility for tax policy in the following statutes administered by the Ministry of Finance:

- *Carbon Tax Act*
- *Esquimalt and Nanaimo Railway Belt Tax Act*
- *Home Owner Grant Act*
- *Income Tax Act*
- *Insurance Premium Tax Act*
- *International Business Activity Act*
- *Logging Tax Act*
- *Land Tax Deferment Act*
- *Motor Fuel Tax Act*
- *New Housing Transition Tax and Rebate Act*
- *Ports Property Tax Act*
- *Probate Fee Act*
- *Property Transfer Tax Act*
- *Provincial Sales Tax Act*
- *Sechelt Indian Government District Home Owner Grant Act*
- *Taxation (Rural Area) Act*
- *Tobacco Tax Act*

Tax Policy Branch has responsibility for tax policy in statutes administered by other ministries including:

- *Assessment Act*
- *British Columbia Transit Act*
- *College and Institute Act*
- *Columbia Basin Trust Act*
- *Community Charter*
- *Health Authorities Act*
- *Hydro and Power Authority Act*
- *Liquor Distribution Act*
- *Local Government Act*
- *Medicare Protection Act*
- *School Act*
- *South Coast British Columbia Transportation Authority Act*
- *Tourist Accommodation (Assessment Relief) Act*
- *Treaty First Nation Taxation Act*
- *Trinity Western University Foundation Act*
- *University Act*
- *Vancouver Charter*



POLICY AND LEGISLATION DIVISION: STRATEGIC PROJECTS AND POLICY

ADM Responsible:

Heather Wood, Assistant Deputy Minister

Core Business/Program Area Description/Critical Business Processes:

The Executive Director, Strategic Projects and Policy, leads large projects of a policy nature for the Policy and Legislation Division, which is responsible for tax, financial and corporate sector, and intergovernmental fiscal relations policy. The ED also provides direct support for high priority projects outside the division and for the Deputy Minister as required.

The ED works collaboratively with senior officials, including the other division EDs, to ensure emerging issues and priorities are addressed and forms project teams comprised of existing staff from the division's three branches to manage specific projects. Key stakeholders for this position include senior BC government officials, both within the Ministry of Finance and in other Ministries and Crown Agencies, business and industry organizations, external stakeholder associations, and federal government officials, primarily in Finance Canada.

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Budget:

The budget for the position, and major projects managed by it, is held in the Assistant Deputy Minister's office.

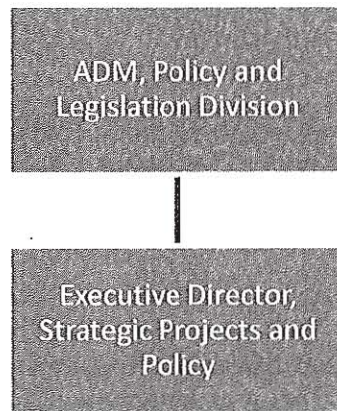
Full Time Equivalents (FTEs):

1

Related Legislation:

N/A

Organizational Chart:





30 DAY ISSUE

MEETING OF FEDERAL-PROVINCIAL-TERRITORIAL (FPT) FINANCE MINISTERS

Issue:

- At the December 2012 FPT Finance Ministers' meeting, Federal Finance Minister Flaherty indicated that he plans to convene a June meeting of Finance Ministers.

Background:

- Finance Ministers normally meet twice a year to exchange information on international, national and regional economic and fiscal developments. They also discuss funding issues in respect of major transfer payments (fiscal arrangements) and issues of shared interest and responsibility, such as the Canada Pension Plan.
- In each of the past two years, Minister Flaherty has chosen to break with tradition and has not called summer meeting. Should he follow through on his plan to have one this summer, it is expected to take place in the latter half of June. The location is yet to be determined.
- Finance Ministers' meetings typically include a private dinner meeting of Ministers only, followed the next day by a full-day meeting of Ministers with officials. Deputy Ministers also meet as a group for dinner, as do attending chiefs of staff (Ministerial assistants) and senior officials.
- The federal Finance Minister chairs the meeting, sets the agenda and determines its timing and location. Official agendas are typically not provided to the provinces and territories until shortly before the meeting date. They tend to be general, but are broad enough to allow Ministers to raise any issue they wish with their colleagues.

Key agenda items

- As has been the case over the past three years, one of the key focuses of the meeting will be the retirement income system, including potential changes to the Canada Pension Plan (CPP) and the operation of the Canada Pension Plan Investment Board (CPPIB).

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Decision required:

- 30 day issue.
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30 DAY ISSUE

PENSION PLAN SOLVENCY FUNDING

Issue:

- Defined benefit pension plan solvency funding rules.

Background:

- The *Pension Benefits Standards Act* (PBSA) generally requires defined benefit pension plans to be funded on both a solvency and a going-concern basis.
- The solvency funding rules assume the plan is winding-up and are designed primarily to protect plan members by requiring the plan to be funded in a manner that would buy members an annuity on plan wind-up. Solvency deficiencies must be amortized by making special payments over a five year period.
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- In 2008, to address solvency funding pressures and the high cost of purchasing annuities Cabinet approved an OIC that permits sponsors of defined benefit pension plans to fund a solvency deficiency with a letter of credit and that provides sponsors of multi-employer negotiated cost pension plans with a solvency funding moratorium. In addition, the pension regulator, the Superintendent of Pensions, has discretionary authority to extend time lines under the PBSA in extenuating circumstances.
- The four large public sector pension plans are exempt from the solvency funding rules. s13

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- Several plan sponsors and two industry groups have requested further solvency funding relief in BC.

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- In the new PBSA (Bill 38) that was enacted (not in force) by the Legislative Assembly in May 2012, target benefit plans are defined as a separate type of pension plan.

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Decision required:

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30 DAY ISSUE

***SECURITIES ACT* REGISTRATION EXEMPTIONS**

Issue:

- The British Columbia Securities Commission's (BCSC) Northwest Exemption (BCI 32-513) and Mortgage Investment Entity Exemption (BCI 32-517)

Background:

- Exempt market securities are securities issued in Canada that do not require a prospectus.
- The exempt market is used by a wide variety of BC businesses, from start-up venture capital companies to established public companies. Approximately \$10 billion of capital is raised in the exempt market in BC every year. It makes up about 80 per cent of the capital raised in BC each year.
- Before 2009, in BC, Alberta and the other western provinces, the prospectus exemptions were paired with registration exemptions. If an issuer did not have to file a prospectus, the person selling the security did not have to be registered. Under a national registration rule that came into force in 2009, the registration exemptions were eliminated and a new exempt market dealer (EMD) category of registration was created, which already existed under a different name in Ontario and other eastern jurisdictions.

The Northwest Exemption

- s13
s13 the BCSC and other western Canadian securities regulators, including the Alberta Securities Commission, issued discretionary "blanket orders" in 2009 - the Northwest Exemption - exempting persons selling exempt market securities from the national registration rule on meeting the following conditions:
 - Not be registered in any category of registration in any jurisdiction
 - Not provide suitability advice about the trade to the purchaser
 - Not hold or have access to the purchaser's assets
 - Provide risk disclosure in the prescribed form to the purchaser, and
 - File an information report with the BCSC
- In 2012, the BCSC added two new conditions to the Northwest Exemption to further protect investors and improve market integrity. Under the new conditions, the exemption is not available to a former registrant and to a person who has provided financial services to the purchaser.

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The Mortgage Investment Entity Exemption

- When the registration exemptions were eliminated and the Northwest Exemption ordered, certain conditions of the order made mortgage syndicators and mortgage investment corporations (MICs) ineligible for the exemption. s13

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- In August 2010, the BCSC issued an additional blanket order, the MIE Exemption permitting MICs and mortgage syndicators to continue selling prospectus-exempt mortgage securities without registering as dealers on meeting conditions similar to those that exist in the NW exemption. s16
- Since 2009, the BCSC has monitored the impact of the registration exemptions and with the benefit of having the rule in place for almost three years, they believe that:

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- The BCSC, Registrar of Mortgage Brokers and Financial and Corporate Sector Policy Branch are developing a coordinated approach with respect to the MIE exemption.

Decision required:

- 30 day issue.
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30 DAY ISSUE

PROVINCIAL-TERRITORIAL COUNCIL OF MINISTERS RESPONSIBLE FOR SECURITIES REGULATION (COUNCIL)

Issue:

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Background:

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- The Finance Minister from Alberta, the Honourable Doug Horner, is chair of the Council.
- In the MOU, the Council committed to maintaining and enhancing the status of Canada's securities regulatory system. One of the key objectives of the 2004 MOU was to establish a passport system providing market participants with a single window of access to Canadian capital markets. The passport initiative was completed in 2010.

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s16 an initiative which included bringing a reference case to the Supreme Court of Canada (SCC) in 2011. In the opinion of the SCC, the day-to-day regulation of securities transactions is within provincial jurisdiction but areas of securities regulation addressing systemic risk could fall within federal jurisdiction. The SCC also suggested that the federal government and the provinces could work cooperatively to establish a comprehensive regulatory scheme.

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Key agenda items

- An agenda will likely be circulated by the middle of June.

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Decision required:

- 30 day issue.



Department of Finance
Canada

Ministère des Finances
Canada

FACSIMILE SERVICE SERVICE DE TÉLÉCOPIEUR

Date

May 7, 2013

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TO	Name of addressee / Nom du destinataire Provincial-Territorial Council of Ministers of Securities Regulation	Telephone no. / N° de téléphone	Facsimile no. / N° de télécopieur
À	Organization / Organisation	Number of pages / Nombre de pages 1 + 5	
FROM	Name of sender / Nom de l'expéditeur Elizabeth Dempsey	Telephone no. / N° de téléphone 613-947-5348	Facsimile no. / N° de télécopieur 613-947-5467
DE	Address / Adresse		

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MINISTER OF FINANCE

REFERRAL NUMBER: _____

REFER TO: MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: MAY - 7 2013

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: _____

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

2013FIN389186
2013FIN389340

MAY 08 2013

The Honourable Doug Horner, M.L.A.
President of Treasury Board and Minister of Finance
Government of Alberta
423 Legislature Building
10800 - 97 Avenue
Edmonton, AB T5K 2B6

Dear Minister Horner:

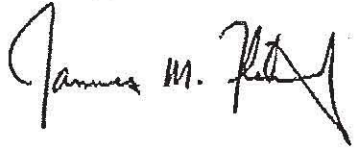
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Canada

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Yours sincerely,

A handwritten signature in black ink, appearing to read "James M. Flaherty". The signature is stylized with a large initial 'J' and a prominent 'F'.

James M. Flaherty

c. Provincial-Territorial Council of Ministers of Securities Regulation
The Honourable Charles Sousa, M.P.P.

- 4 -

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7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416 325-0400
Facsimile: 416 325-0374

7^e étage, Édifice Frost sud
7, Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone : 416 325-0400
Télécopieur : 416 325-0374

May 2, 2013

The Honourable Doug Horner
President of Treasury Board
Minister of Finance
423 Legislature Building
10800-97 Avenue
Edmonton, Alberta
T5K 2B6

Dear Minister Horner:

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.../cont'd

- 2 -

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Again, I would like to thank you for your letter and look forward to working with you on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to be 'Charles Sousa', written in a cursive style.

Charles Sousa
Minister

c: The Honourable James Flaherty, Federal Minister of Finance



ALBERTA
TREASURY BOARD AND FINANCE

*President of the Treasury Board and Minister of Finance
MLA, Spruce Grove - St. Albert*

April 23, 2013

Honourable Mike de Jong
Minister of Finance
Government of British Columbia
Room 153
Parliament Building
Victoria BC V8V 1X4

Dear Minister de Jong:

MINISTER OF FINANCE

AR 38625

REFERRAL NUMBER:

268831

REFER TO:

MIN ☐

DM ☐

MA ☐

AC ☐

RECEIVED:

MAY - 1 2013

DRAFT REPLY ☐

INFO ☐

FILE ☐

REMARKS:

s13, s16

.../2

Honourable Mike de Jong
Page 2

s13, s16


s13, s16

Please do

not hesitate to contact me if you have any questions or concerns.

Yours truly,

Good Luck!


Doug Horner
President of Treasury Board
Minister of Finance

Enclosures



ALBERTA
TREASURY BOARD AND FINANCE

*President of the Treasury Board and Minister of Finance
MLA, Spruce Grove - St. Albert*

AR 38625

April 23, 2013

Mr. William Rice, QC
Chair, Canadian Securities Administrators
Suite 600, 250 - 5 Street SW
Calgary, Alberta T3P 0R4

Dear Mr. Rice:

s13, s16

.../2

Mr. William Rice, QC
Page 2

s13, s16

Please do not hesitate to contact me should you have any questions or concerns.

Yours truly,

A handwritten signature in black ink, appearing to read 'D Horner', is written over the printed name.

Doug Horner
President of Treasury Board
Minister of Finance

cc: Council of Ministers of Securities Regulation

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s13, s16



ALBERTA
TREASURY BOARD AND FINANCE

President of the Treasury Board and Minister of Finance
MLA, Spruce Grove - St. Albert

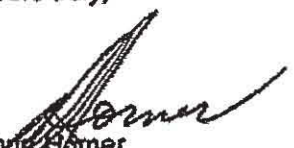
March 28, 2013

Honourable James Flaherty
Minister of Finance
L'Esplanade
East Tower, 21st Floor
140 O'Connor Street
Ottawa, Ontario K1A 0G5

Dear Minister Flaherty:

s13, s16

Yours truly,


Doug Horner
President of Treasury Board
Minister of Finance



ALBERTA
TREASURY BOARD AND FINANCE

President of the Treasury Board and Minister of Finance
MLA, Spruce Grove - St. Albert

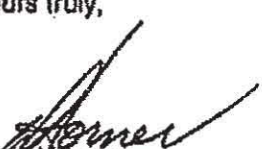
March 28, 2013

Honourable Charles Sousa
Minister of Finance
Government of Ontario
7th Floor Frost Building South
7 Queen's Park Crescent
Toronto, Ontario M7A 1Y7

Dear Minister Sousa:

s13, s16

Yours truly,


Doug Horner
President of Treasury Board
Minister of Finance



30 DAY ISSUE

PROVINCIAL SALES TAX (PST)

30 Day Issues from May 14.

1.

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2. New applications for the up to two per cent tax on short term accommodation under the Municipal and Regional District Tax (MRDT) program under the *Provincial Sales Tax Act*.

Under the MRDT program under the *Provincial Sales Tax Act*, the province imposes an up to two per cent tax on short term accommodation on behalf of participating municipalities, regional districts and eligible entities to raise revenue for local tourism marketing, programs and projects.

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90 DAY ISSUE

PROVINCIAL SALES TAX (PST)

90 Day Issues from May 14

1. Replacing approximately 44 Hotel Room Tax Regulations with regulations under the *Provincial Sales Tax Act*.

With the incorporation of the MRDT program from the old *Hotel Room Tax Act* into the *Provincial Sales Tax Act* the approximately 44 existing Hotel Room Tax Regulations imposing the tax in the existing participating communities must be replaced with new regulations under the *Provincial Sales Tax Act*.

The province has committed to participating communities that the province will make all legislative and regulation amendments required to ensure a smooth transition from the *Hotel Room Tax Act* to the *Provincial Sales Tax Act*.

The sooner the Hotel Room Tax Regulations are replaced with new regulations under the *Provincial Sales Tax Act*, the sooner the transition to the *Provincial Sales Tax Act* can be fully completed.

There are no fiscal implications of these new regulations to either the province or to participating communities.



60 DAY ISSUE

BCSC RULES

Issue:

- Ministerial approval in principle and consent to British Columbia Securities Commission (BCSC) rules (including amendments to existing rules).

Background:

- The Rule Making Procedure Regulation (the Regulation) under the *Securities Act* governs the BCSC's exercise of its rule-making power. There is a two-step procedure under the Regulation that the BCSC must follow before it is able to submit a rule to the Registrar of Regulations for deposit.
- First, a Ministerial decision to approve in principle a proposed rule is required within 30 days of the Minister's receipt of a proposed rule from the BCSC. If the Minister approves the proposal, the BCSC can publish the rule for public comment over a minimum 60-day comment period. If the Minister makes no decision within 30 days, the BCSC may proceed to publish the proposed rule but must include a notice that the Minister's approval has not been obtained by the date of publication.
- Second, a Ministerial decision on a final rule is required within 60 days of the Minister's receipt of the final rule. If a decision is not made within 60 days to approve or reject a rule, the Minister is deemed to have consented to the rule and the BCSC can proceed to submit the rule to the Registrar of Regulations for deposit.
- Most of the BCSC rules are National Instruments that are developed by provincial securities regulators (the Canadian Securities Administrators or CSA) in concert. As such, the timing for publication, comment and implementation of rules is generally coordinated across the country.

- Ministerial final consent will be sought for amendments NI 41-101 *General Prospectus Requirements* for an effective date of August 1, 2013.

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Decision required:

- 60 day issue.

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60 DAY ISSUE

COUNCIL OF THE FEDERATION (COF) FISCAL ARRANGEMENTS WORKING GROUP (FAWG)

Issue:

- The Council of the Federation is comprised of the Premiers of the provinces and territories.

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Background:

- Canada's Premiers established the FAWG at their January 2012 CoF meeting. As an initial task, the Premiers asked the group to assess the impact of the federal government's plans for renewal of major transfer payments.
- In establishing the Working Group, Premiers agreed on four principles:
 1. To find solutions that work for the benefit of all Canadians in all provinces and territories;
 2. That every province and territory must be able to provide its citizens with reasonably comparable levels of public services at reasonably comparable levels of taxation;
 3. That no jurisdiction should be made worse off; and
 4. That Canada's fiscal arrangements should be a win-win for all Canadians regardless of where they live.

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Decision required:

- This is a 60-day issue.

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¹ BC's Minister of Finance was not in attendance and the Executive Director of the Intergovernmental Fiscal Relations branch attended as an observer on behalf of BC.



90 DAY ISSUE

REVIEW OF *THE FINANCIAL INSTITUTIONS ACT* AS IT APPLIES TO CREDIT UNIONS

Issue:

- This note provides a brief overview of some of the key issues expected to be included in the upcoming review of *The Financial Institutions Act* (FIA) particularly regarding the regulation of credit unions in British Columbia (the FIA also provides the statutory framework for the regulation of insurance and trust companies in the province).

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Background:

Overview of the FIA and 2002-04 Review

- The FIA provides the regulatory framework for credit unions, insurance companies and trust companies (banks are federally regulated).

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- The legal framework for credit unions was last comprehensively reviewed in 2002-04. The FIA requires that the government initiate a review of financial institutions legislation every ten years. This means that the upcoming review of the FIA must be initiated by the end of December, 2014.

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- The previous review of the FIA included broad public consultation and directed consultation with representatives of the financial services sector. In the summer of 2002, the Ministry released for consultation a discussion paper identifying and discussing issues with the current regulatory framework and proposing options for change. Following meetings with the financial services sector representatives and other stakeholders, a report on the consultations

was prepared and made public. Throughout the spring and summer of 2003, a series of issue papers were prepared analysing various policy areas within the regulation of the financial services sector and recommending changes. After approval of these proposed changes, the Ministry released a follow up paper in November 2003, detailing proposed significant policy changes.

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Issues to be covered in the 2014 Review

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- In 1988, legislation continued the credit union system's deposit insurer as a statutory corporation, the Credit Union Deposit Insurance Corporation (CUDIC). In 1990, with the adoption of the FIA, CUDIC was integrated with the newly created financial services regulator, the Financial Institutions Commission (FICOM). CUDIC insured credit union deposits up to a maximum of \$100,000 until 2008, when legislation was adopted to remove the cap and implement unlimited deposit protection. (Deposits in BC credit unions have been growing steadily at an annual rate of about 7.7%, since the adoption of the FIA in 1990 and now total over \$50 billion with three credit unions holding almost 60% percent of total deposits.)

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Decision required:

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90 DAY ISSUE

SOLVENCY FUNDING MORATORIUM

Issue:

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Background:

- Employer contributions to a negotiated cost pension plan are limited to the amount negotiated with employees, typically through collective bargaining. If contributions are insufficient to provide the promised benefit and an increase in contributions cannot be negotiated, benefits must be cut, including pensions being paid to pensioners.

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- The solvency funding rules assume the plan is winding-up and are designed primarily to protect plan members by requiring the plan to be funded in a manner that would buy members an annuity on plan wind-up. Solvency deficiencies must be amortized by making special payments over a five year period.
- The going-concern funding rules assume the plan will continue indefinitely. Actuaries make a number of forward-looking assumptions to predict the plan's financial position over the next three year period. Unfunded liabilities must be amortized by making special payments over a fifteen year period.

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- In 2008, an OIC amended the *Pension Benefits Standards Regulation* to allow MENC defined benefit pension plans to apply, on or before December 31, 2010, to the Superintendent of Pensions (Superintendent) for a suspension from making solvency deficiency special payments for a three-year period. The OIC was extended by three years in 2010 so that MENC plans must now apply on or before December 31, 2013.

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Decision required:

- 90 day issue.

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60 DAY ISSUE

TIMELINES FOR IMPLEMENTING TAX DECISIONS

Corporate Income Tax Rate:

Issue:

- Timelines to inform Canada Revenue Agency of general corporate income tax rate increase.

Background:

- In Budget 2013, the government announced it would increase the general corporate income tax rate from 10 per cent to 11 per cent effective April 1, 2013.
- The increase will generate \$205 million in revenues for 2013/14.
- Under the Tax Collection Agreement, BC must notify the federal government by August 1, 2013 to confirm this increase.

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Decision required:

- 60 day issue.
- Under the Tax Collection Agreement, BC must notify the federal government by August 1, 2013 to confirm this increase.

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90 DAY ISSUE

TIMELINES FOR IMPLEMENTING TAX DECISIONS

MSP Premiums:

Issue:

- Timelines for any decisions regarding the four per cent MSP premium increase announced in Budget 2013 that will come into effect January 1, 2014.

Background:

- In Budget 2013, the government announced it would increase MSP premiums by about four per cent effective January 1, 2014.
- The increase will generate an additional \$23 million in 2013/14 and \$95 million for 2014/15.
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Decision required:

- 90 day issue.
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EXECUTIVE MEMBER BIOGRAPHY



JIM HOPKINS, ADM, PROVINCIAL TREASURY

Jim Hopkins graduated from the University of Victoria with an undergraduate degree in Political Science and History in 1976 and did post-graduate work in public administration.

In 1979, Jim joined the Ministry of Finance. He has held positions as research analyst in economic policy and planning, executive assistant to the deputy minister, and director of policy in the government's purchasing commission.

In 1987, Jim joined the Debt Management Branch, Provincial Treasury and was appointed as Director of Borrowing and Project Finance in 1999.

In February 2002, Jim was appointed Executive Director of the Debt Management Branch.

In April 2004, Jim was appointed Assistant Deputy Minister of Provincial Treasury.

Jim is also currently a board member for the Credit Union Deposit Insurance Corporation and serves as an advisor to the British Columbia Immigrant Investor Fund Ltd.



PROVINCIAL TREASURY

ADM Responsible:

Jim Hopkins

Core Business/Program Area Description/Critical Business Processes:

Provincial Treasury (PT) is comprised of three branches which have specialized and unique mandates in the public service. Treasury and risk management services are extended to all ministries, Crown corporations and public sector agencies.

Banking and Cash Management Branch: Manages the province's \$100 billion dollar operational cash flow and would rank as one of the larger financial institutions in Western Canada. Negotiates agreements for banking services. Provides management services to support revenue collection, and government payments including debt servicing, and develops electronic banking and payment services.

Debt Management Branch: Provides a centralized debt management service to the government and its Crown corporations and agencies with advice on portfolio management from the Risk Committee which includes external experts. In addition to borrowing funds to meet client requirements, the branch manages all principal and interest payments and enters into derivative transactions to manage interest rate and foreign exchange risks. The branch is also the lead entity for managing the province's relationship with the credit rating agencies and its fixed income investor relations program. Province's net debt totals about \$ 56.1 billion as at March 31, 2013, and Branch is forecast to borrow \$8.5 billion from the domestic and international capital markets in 2013/14.

Corporate and Project Finance Branch: Provides financial advisory services to ministries, and Crown and public sector agencies to support procurement of capital assets, public-private partnerships and divestiture initiatives. Arranges project financing for clients which are typically limited recourse to the project or the borrowing entity. Also engaged to provide advisory and transaction support for investment of monies held by the BC Immigrant Investment Fund.

Budget:

Provincial Treasury operates under a \$1,000 Vote.

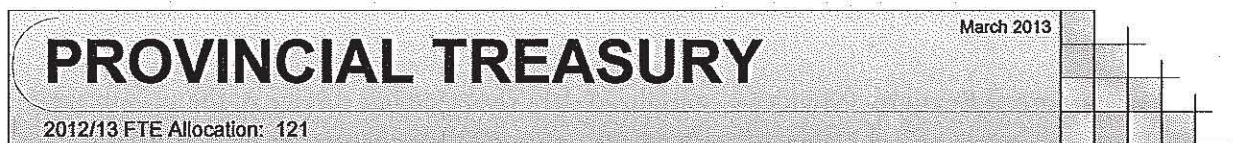
Three Year Budget		
2013/14	2014/15	2015/16
\$ 1,000		s17

Full Time Equivalents (FTEs):

68.8 YTD Monthly average

Related Legislation:

Financial Administration Act

Organizational Chart:



RISK MANAGEMENT BRANCH

ADM Responsible:

Jim Hopkins

Core Business/Program Area Description/Critical Business Processes:

The Risk Management Branch and Government Security Office (RMB) operates from within a special account, the Insurance and Risk Management Account (IRMA) and formulates and implements a series of comprehensive risk management programs for the provincial public sector to manage the risk to which it is exposed by virtue of its policies, assets, programs and operations. The branch has four major roles: central risk management agency within government; risk management advisor/consultant; risk management program development and delivery; and claims and litigation management. The branch is responsible for approving indemnities given by government and government corporations and, as the Chief Risk Office, is responsible for Enterprise Risk Management.

RMB operates, what is in essence, an insurance company providing liability and property coverage for the provincial public sector, primarily the health and education sectors. Premiums are based on actuarial analysis and claims experience. Activities relate to risk consulting and advisory, risk mitigation and claims and litigation management. Annual savings from self insurance exceed \$80 million annually versus procuring commercial insurance from the market.

The Government Security Office, which resides within RMB is responsible, through the Chief Security Officer, for the management and coordination of security across government. It advises and assists ministries in developing security strategies, security awareness, asset protection and provides targeted violence assessments and technical assistance with investigations.

Budget:

RMB operates under a special account, the Insurance and Risk Management Account.

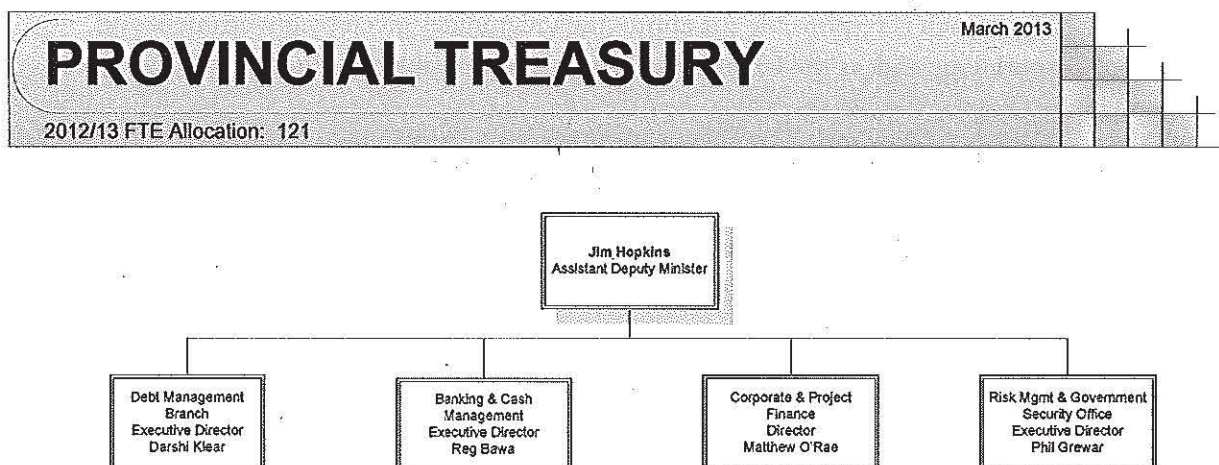
Three Year Budget		
2013/14	2014/15	2015/16
\$ 4,191,000		s17

Full Time Equivalents (FTEs):

40.6 YTD Monthly Average

Related Legislation:

FAA, *Bonding Act*

Organizational Chart:



30 DAY ISSUE

2013/14 BORROWING PLAN

Issue:

- 2013/14 Borrowing Plan.

Background:

- The Debt Management Branch (DMB) of the Provincial Treasury is responsible for meeting the borrowing requirements of the government, as well as for its agencies and Crown corporations. DMB meets this requirement by issuing bonds in the domestic and international capital markets and by issuing money market instruments (less than one year in maturity term) in Canada and the US.
- Gross borrowing requirements identified in the February 19, 2013 Budget for the 2013/14 fiscal year are \$8.551 billion. These funds will be used for operating requirements, capital expenditures and refinancing maturing debt.
- Between December 2012 and January 2013 DMB did prefund (i.e. borrow in advance) a portion of BC Hydro's 2013/14 debt requirements but did not prefund the government's operating and capital requirements to avoid unduly adding to taxpayer debt outstanding at year end which is closely watched by the credit rating agencies; further, DMB expects the capital markets to remain generally stable this year and receptive to BC bond financings. However, DMB did reduce the amount of short term debt outstanding to ensure liquidity was available to meet anticipated funding needs during the first quarter of the new fiscal year.
- Since late March, DMB has been in a self imposed "black out" mode. This means that DMB does not issue bonds in the public markets (note, money market borrowing, i.e. short term is permitted). This black out period is imposed in consideration of the May 14, 2013 election and the new administration that will be formed afterwards. By legislation, a new budget needs to be introduced within 90 days of the elected government taking office. The black-out essentially protects investors from purchasing securities whose price could be volatile without full disclosure of the government-elect's priorities. It is anticipated that the black-out period will be in effect until the government-elect takes office, possibly longer depending upon circumstances and feedback from the capital markets.
- During the first quarter of 2013/14, DMB will rely on its access to the money market, or short term market, and the domestic private placement market to meet its borrowing requirements. It is anticipated that as much as \$2.8 billion in new short term debt will be

required during the first quarter of fiscal year 2013/14, increasing short term debt outstanding to about \$9 billion. While this represents the largest amount of short term debt outstanding under the program at any one time, it is very manageable and over a billion dollars will be paid down in July from in-coming provincial property tax receipts. The timeframe when the black-out period in the domestic market ends is subject to the government-elect clarifying its broad fiscal policy priorities and plans, e.g. timing of the Budget Update, communications/engagement with financial community. Issuing in the international capital markets which is subject to strict disclosure rules and comprehensive due diligence may not be possible; advice will be sought from legal counsel and the key underwriters.

- At the conclusion of the black-out period, DMB will want to begin funding the fiscal year's long term program and do so in a timely way to refinance \$1.25 billion in maturing debt in mid August. All government approvals under the Financial Administration Act are in place for borrowing to commence. It is anticipated that about \$5.5 billion in funding will need to be raised in the last three quarters of the fiscal year. The difference between this and the budgeted figure is made up of a net increase in short term debt.
- DMB raised \$2.75 billion in offshore markets during 2012/13 (about 43 per cent of the total long-term debt issuance) and saved about \$11 million in debt service costs compared to BC's domestic cost of borrowing. It is expected that favourable international opportunities will be available again in 2013/14, and primarily the US dollar global bond market with the borrowed proceeds fully swapped to Canadian dollar liabilities. Diversifying outside of the domestic market provides the province with more sources of global liquidity to reliably finance government requirements, rations the supply of bonds to the domestic market which lowers borrowing costs and saves debt service costs for taxpayers. The Ministry of Finance is calling for increases in interest rates over the medium term, albeit initially modest. As a result, DMB's borrowing strategy is to take advantage of the current low interest rates by favouring a higher portion of annual financing in terms of 10 years and longer.
- DMB is currently considering borrowing from the Chinese offshore Renminbi bond market in 2013/14.

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- BC's dealer syndicate desks, sales teams, investors, and credit rating agencies all take a keen interest in the province's borrowing plans. It is expected that the Minister of Finance and members of the ministry's executive will commence investor tours following the fall Budget Update. The purpose of these tours will be to inform the financial community of the province's borrowing intentions and provide an update on the provincial economy and fiscal plans. Typically, the Minister has visited the major North American financial centres. This has been complemented by tours of Europe and Asia. (A separate Issue Note addresses this topic in more detail.)

Decision required:

- **30 day issue**
- DMB will take advice from its domestic and international syndicates on investor sentiment after the election and will want government approval to begin its 2013/14 bond program as soon as June.
- A new budget is required within 90 days of the provincial election. This budget may introduce changes to the current 2013/14 borrowing requirements and/or affect DMB's strategy for meeting these requirements.



30 DAY ISSUE

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Pages 87 through 88 redacted for the following reasons:

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30/60 DAY ISSUE

CREDIT RATING AGENCIES AND THE FINANCIAL COMMUNITY

Issue:

- Meeting with Credit Rating Agencies and the Financial Community.

Background:

- The province places high value on its relationship with the three main credit rating agencies (Moody's Investors Services, Standard & Poor's and Dominion Bond Rating Service) and the broader global financial community. The financial community expects timely and substantive communication from the province on its economic and fiscal status, and government priorities and initiatives. As a result, over the past 20 years government has engaged in informative, two-way communications to maintain a healthy relationship with the global financial community including investors, financial institutions and investment dealers, and the credit rating agencies.
- Provincial Treasury manages an investor relations program focusing on opportunities to promote the province's triple 'A' credit rating to capital market investors and the global financial community. This program delivers relevant information about the province's fiscal and economic climate, and its debt management and borrowing program. Effective investor relations helps bolster and maintain the confidence of investors which results in continued direct and indirect investment, as well as stability in the province's borrowing spreads and ultimately lower and competitive borrowing costs.

Credit Rating Agencies:

- Communicating and/or meeting with each of the three credit rating agencies (all of whom are located in Toronto, is recommended shortly after the government-elect takes office (Moody's: AAA; Standard and Poor's: AAA; and Dominion Bond Rating Service: AA, high). The purpose would initially be to establish the importance of the relationship. If of interest, the government can use these discussions to weigh the response to certain government initiatives or management approaches to fiscal matters.

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- In December 2012, Moody's Investors Service revised BC's outlook to negative from stable while maintaining BC's triple-A credit rating. Moody's cited "The negative outlook reflects Moody's assessment of the risks to the province's ability to reverse the recent accumulation in debt with the softened economic outlook, weaker commodity prices and continued expense pressures..." Since then, the province has tabled Budget 2013 and further technical briefings have been provided to each of the credit rating agencies. The credit rating agencies are focused on those budget plans, the election outcome and the government's plans to manage the province's financial position.
- If the confidence of credit rating agencies and domestic and international investors were to be shaken, the interest cost to the province could be significant. A downgrade of BC's credit rating from AAA to AA+ could add three to five basis points to our cost of borrowing. Based on the updated 3-year fiscal plan in the Budget and Fiscal Plan 2013/14 – 2015/16 and the total borrowing program of \$19.6 billion -- a borrowing program that helps fund schools, roads, health facilities and other priority capital projects—that change would add as much as \$9.8 million annually to government spending on interest alone. Over a 10 year average life of government financing, that would be an extra \$ 98 million spent on higher interest costs.

Financial Community

Decision required:

- 30 day issue.

s13

- 60 day issue.

s13



EXECUTIVE MEMBER BIOGRAPHY



ELAN SYMES, ADM, REVENUE DIVISION

Elan Symes was named Assistant Deputy Minister of the Revenue Division in July, 2004.

Ms. Symes has over 22-years' experience in tax revenue administration and she has held progressively responsible positions in the Ministry over this period. Prior to this appointment, she was Executive Director of the Consumer Taxation Branch for the Ministry of Provincial Revenue. Prior to joining the provincial government, Ms. Symes practiced law in Victoria.

She has an L.L. B and a Bachelor of Arts with Distinction degree from the University of Alberta, and completed the Queens University Public Executive Program.

Responsibilities:

Elan is responsible for the administration, compliance and enforcement activities for the province's revenue programs, including taxes¹, fees and natural resource royalties. This includes audit assessments, tax refunds, and the administration of tax credit and benefit programs. Natural resource revenue administration includes the collection of royalties, freehold production taxes and resource management fees levied on the production of minerals, oil and gas. The Division promotes voluntary compliance with tax obligations through education and compliance programs and upholds quality customer service through the ministry's *Taxpayer Fairness and Service Code*.

Elan is responsible for leading the transformation to a provincially administered sales tax from a federally administered harmonized sales tax, including business outreach and legislative and systems development along with all administrative requirements. Elan is also responsible for leading the management of the Ministry of Finance's Alternative Services Delivery contract with HP Advanced Solutions (HPAS) to provide revenue management services, deliver IM/IT services for various revenue and tax programs, and build and maintain a Revenue Management System (Revenue Contract).

Elan represents British Columbia in its relationship with the Canada Revenue Agency and the Canada Border Services Agency with respect to the taxation statutes (including personal and corporate income taxes) they administer on behalf of the Province. Strong links are maintained with municipalities and other government organizations that collect taxes on behalf of the Province. The Division provides services to local governments and service areas and collects taxes on their behalf.



REVENUE DIVISION

ADM Responsible:

Elan Symes

Core Business/Program Area Description/Critical Business Processes:

Revenue Division is responsible for administration, compliance and enforcement activities for taxes¹, fees and natural resource royalties for British Columbia (the Province). This includes:

- Audit assessments, tax refunds, and the administration of tax credit and benefit programs.
- Natural resource revenue administration for the collection of royalties, freehold production taxes and resource management fees levied on the production of minerals, oil and gas.
- Promote voluntary compliance with tax obligations through quality customer service, education and compliance programs.
- Represent British Columbia in its relationship with the Canada Revenue Agency and the Canada Border Services Agency with respect to the taxation statutes they administer on behalf of the Province.
- Manage Ministry of Finance's Alternative Services Delivery contract with HP Advanced Solutions (HPAS) to provide revenue management services (including billing, payment processing, and collections services), deliver IM/IT services for various revenue and tax programs, and build and maintain a Revenue Management System (Revenue Contract).
- Provide services to local governments and service areas and collect taxes on their behalf.

Consumer Taxation Audit Branch

Conduct audit and compliance activities for *Social Service Tax Act*, *Provincial Sales Tax Act* (as of April 1, 2014), *Tobacco Tax Act*, *Motor Fuel Tax Act*, *Hotel Room Tax Act*, *Carbon Tax Act*, *Consumption Tax Rebate and Transition Act*, and *International Fuel Tax Agreement*.

Consumer Taxation Programs Branch

Conduct activities other than audit for consumption taxes including desk audits, refunds, business registrations, suspensions, cancellations, policy and legislation, rulings, and public enquiries.

Administer *Social Service Tax Act*, *Provincial Sales Tax Act* (as of April 1, 2013), *Tobacco Tax Act*, *Motor*

¹ Taxes include: consumption taxes (carbon, social service, hotel room, motor fuel and tobacco taxes); property taxes (rural property, school and property transfer taxes) and; other taxes (corporation capital, insurance premium and logging taxes).

Fuel Tax Act, Hotel Room Tax Act, Carbon Tax Act, Consumption Tax Rebate and Transition Act, and International Fuel Tax Agreement.

Divisional Operations Branch

Provide budget and corporate services to division, such as managing building facilities, division budget and expenditures, accounts payable, fleet vehicles, mail services, mobile devices, and space planning support. Also responsible to manage public information and communication programs, PST Outreach activities (effective April 2013), divisional projects and communications, and operate Ministry of Finance's Customer Service Centre in Victoria.

Income Taxation Branch

Manage relationship and governance of Canada Revenue Agency's administration of British Columbia revenues through personal income tax, corporate income tax, tax credit and benefit programs. Administer enactments, such as *Insurance Premium Tax Act, Corporation Capital Tax Act* (wind down activities), *Logging Tax Act*, and *International Business Activity Act*. Also administer enactments in areas related to revenue management processes only, such as *Forest Act*.

Mineral, Oil and Gas Revenue Branch

Conduct billing, audit and compliance activities specific to mining and petroleum industries royalty regime. Ensure correct amount of crown revenue is collected; verify amounts payable under several revenue sharing agreements with First Nations. Administer enactments in areas related to revenue management processes only, such as *Mineral Tax Act, Mineral Land Tax Act, Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation, Oil and Gas Activities Act* (production levies), *Mine Health and Safety Inspection Fee*, and *Orphan Site Reclamation Fund Tax*.

Property Taxation Branch

Financing of rural taxing jurisdictions, school taxes, property tax deferment, property transfer tax, home owner grant administration, and self-taxation for First Nations. Administer *Taxation (Rural Area) Act, Property Transfer Tax Act, Home Owner Grant Act, Land Tax Deferment Act*. Also administer enactments in areas related to revenue management processes only, such as *School Act* and *Police Act*.

Receivables Management Office

Develop and manage overall strategy and business procedures for collecting delinquent accounts for tax debts, such as property tax, and non-tax debts, such as forest revenue. Also administer the Temporary Premium Assistance Program and manage a portfolio of government loans including the Reconstruction Loan Portfolio. Administer enactments in areas related to revenue management processes only, such as *Forest and Range Practices Act, Homeowner Protection Act, and Medicare Protection Act*.

Revenue Solutions Branch

Governance, compliance oversight and amendments of contracts/agreements, including relationship and performance management. Key program areas include includes integrated BC-Canada student loans administered by Canada Student Loans Program on behalf of the Ministry of Finance. Other revenue program areas include administering Medical Services Plan, defaulted student loans, court fines, and ambulance fees administered by HP Advanced Solutions (HPAS) on behalf of the

Ministry of Finance. Also includes information management / information technology services provided to Revenue Division by HPAS on behalf of the Ministry of Finance.

Tax Appeals and Litigation Branch

Manage tax appeals for various taxation statutes administered by the ministry. Key activities include review, research, investigation, analysis and providing recommendations for the disposition of all ministerial appeals filed under the taxation statutes. Also manage all tax litigation cases and coordinate the ministry's instructions to legal counsel.

Investigations Unit

Manage ministry's penal enforcement program by planning and conducting compliance activities and criminal investigations into offences against taxation and revenue statutes. Also promote education and general deterrence, and recover revenue owed to the Province.

TACS Business Unit

Plan and develop TACS application to ensure system fully supports business operations and processes related to consumption tax statutes.

Budget:

Gross: ²	\$205.7M
Recoveries: ³	\$138.2M
Net:	\$66.0M

Full Time Equivalents (FTEs):

544.7 FTE in FY13

² represents Gross + Internal Recoveries; ³ represents External Recoveries;

Related Legislation:

Revenue Division administers the following enactments in whole or in part:

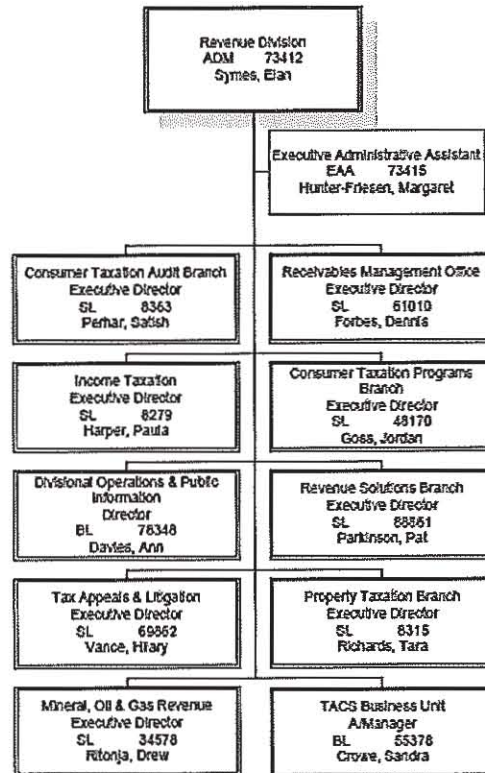
- *Carbon Tax Act*
- *Consumption Tax Rebate and Transition Act*
- *Corporation Capital Tax Act*
- *Home Owner Grant*
- *Hotel Room Tax Act*
- *Income Tax Act*
- *Indian Self-Government Enabling Tax Act*
- *Insurance Premium Tax Act*
- *International Business Activity Act*
- *Land Tax Deferral Act*
- *Logging Tax Act*
- *Motor Fuel Tax Act*
- *Police Act*
- *Property Transfer Tax Act*
- *Provincial Sales Tax Act*
- *Social Service Tax Act*
- *Taxation (Rural Area) Act*
- *Tobacco Tax Act*

Revenue Division also administers the following enactments and agreements in areas related to revenue management processes only:

- *Forest Act*
- *Forest and Ranges Practices Act*
- *Home Owner Protection Act*
- *International Fuel Tax Agreement*
- *Medicare Protection Act*
- *Mineral Land Tax Act*
- *Mineral Tax Act*
- *Mine Health and Safety Inspection Fee*
- *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation*
- *Oil and Gas Activities Act (production levies)*
- *Orphan Site Reclamation Fund Tax*

Organizational Chart:

Ministry of Finance Revenue Division March 2013





30 DAY ISSUE

PROVINCIAL SALES TAX (PST) IMPLEMENTATION

Issue:

- Provincial Sales Tax (PST) Implementation Status Update

Background:

- On August 26, 2011, the minister of Finance announced the reinstatement of the PST and the Goods and Services Tax (GST) tax system to reflect the decision by British Columbians who voted to extinguish the Harmonized Sales Tax (HST).
- Based on the advice from the Independent Panel, who stated that it would take between 18 to 24 months to implement, April 1, 2013, was chosen as the implementation date.
- On May 31, 2012, the *Provincial Sales Tax Act*, and the *New Housing Transition Tax and Rebate Act* were proclaimed.
- In October 2012, the ministry intensified its level of outreach to businesses and taxpayers to start preparing them for the return of the PST. This included the release of the transitional rules which cover transactions that straddle April 1, 2013, to ensure double taxation would not occur. The following summarizes the activity to the end of March 2013:
 - 39 publications providing plain language guidance for PST application released,
 - 39 media releases and bulletins to raise awareness of seminars and webinars issued,
 - 36 webinars, representing 1,745 attendees, delivered,
 - Over 1,851 consultations with ministry tax specialists completed,
 - Over 67,000 questions from businesses answered,
 - Over 103 seminars to Chambers' of Commerce and business associations, representing 3,473 attendees, delivered, and
 - 116,515 businesses were called to inquiry about registering for the PST.
- On January 2, 2013, the registration process for businesses to apply as a collector of PST commenced, including the ability to apply online using the ministry's new eTaxBC portal.
- On February 28, 2013, the *Provincial Sales Tax Transitional Provisions and Amendment Act* was proclaimed, finalizing the legislative process.
- On March 1, 2013, the regulations to the PST were signed off, subsequently four additional OIC's were signed off.

- Telephone lines were open on Good Friday, March 29, 2013, through to and including Easter Monday, April 1, 2013. Registration processing staff worked March 29 and April 1, 2013.
- The computer system used to administer PST was updated and the new version went live on March 30, 2013.
- April 1, 2013, the BC HST is successfully replaced by the PST.
- As of April 1, 2013, over 79,800 businesses have registered to collect the PST. It is estimated there is still over 20,000 businesses needing to register.

Decision required:

- **30 day issue.**
- The ministry will continue to focus on trying to identify the remaining businesses that have yet to register and will provide ongoing support to business to assist them in the transition to the PST.



30 DAY ISSUE

MINISTRY OF FINANCE ROLE IN MEDICAL SERVICES PLAN PREMIUMS

Issue:

- Ministry of Finance and their service provider, HP Advanced Solutions, Inc. (HPAS), role in the delivery of Medical Services Plan Premiums (MSP.)

Background:

- In 2009, the responsibility for certain sections of the Medicare Protection Act relating to MSP was transferred to the Ministry of Finance. These responsibilities included ownership of Revenues, Accounts Receivable, Bad Debts, Write Offs and Extinguishments.
- MSP Premiums are administered by four different parties:
 - Ministry of Health - is responsible for the MSP program, other than what is delegated to Ministry of Finance, and provides oversight of their service provider Maximus.
 - Maximus - administers MSP enrollments, creates the MSP financial obligation, and administers the Premium Assistance Program for low income families.
 - Ministry of Finance - provides oversight of their service provider HPAS, approves use of statutory collection tools and the write off of MSP debts, and administers the Temporary Premium Assistance Program for persons experiencing short term financial hardship.
 - HPAS - administers the revenue management program for MSP, including invoicing, payment processing, collections, and billing related customer service.
- Every individual who is a resident in BC is required to pay MSP, unless they qualify for an exemption. The primary exemption is for low income individuals who qualify for Premium Assistance or Temporary Premiums Assistance.

- MSP revenues, cash collected, and bad debt provisions are:

	Fiscal Year Ended March 31, 2012	Forecasted to March 31, 2013
MSP Revenue	\$1.86 billion	\$2.043 billion
MSP Cash Collected	\$1.78 billion	\$1.91 billion
Bad Debt Provision	\$130 million	\$174. million
Accounts Receivable	\$468 million	\$431 million (Feb 28, 2013)

- MSP Accounts Receivable Balance as of February 28, 2013 was \$410 million of which \$311million are considered doubtful.
- MSP is separated into two distinct program areas: MSP Group (employers and other groups pay the MSP on behalf of individuals) and MSP Pay Direct (individuals are responsible for the payment of the premium).
- MSP Group accounted for approximately \$1.1 billion in revenues in Fiscal 11/12 and HPAS collected more than 99% of the premiums.
- MSP Pay Direct accounted for approximately \$760 million in revenues in Fiscal 11/12 and HPAS collected 90% of the premiums.
- In 2004, the Ministry of Finance entered into an Alternative Service Delivery contract with HPAS to provide revenue management services. MSP was the cornerstone program under that Agreement.

Decision required:

- **For information only.**
-



60 DAY ISSUE

BC SUPREME COURT DECISION ON *SOCIAL SERVICE TAX ACT* APPEAL

Issue:

- A court case filed by 527758 B.C. Ltd. (Ocean Beach) is expected to be decided by the British Columbia Supreme Court before the end of June, 2013. The case is an appeal of a tax assessment under the *Social Service Tax Act* (SSTA) in the amount of approximately

s21

Background:

- The SSTA imposed a 10 per cent tax on the purchase of liquor.
- Persons who sold liquor at a retail sale in British Columbia were required to register as a vendor. Liquor vendors purchased liquor tax excluded and collected tax from the purchaser and remitted the tax to the government.
- Ocean Beach was audited under the SSTA and issued an assessment for tax collected but not remitted. It disputes the basis of the assessment and the methodology used by the Ministry of Finance to determine the amount of the assessment.
- The Ministry obtained the records of liquor purchased by vendors from the Liquor Distribution Branch. The Ministry calculated the expected amount of tax to be remitted by using the volume of liquor purchases, industry mark-up factors and the tax rate. Significant discrepancies between the expected and actual tax remittances resulted in an audit.
- Because liquor is purchased exempt of tax for resale, it is assumed that all liquor is sold, unless otherwise accounted for. The audit attempted to account for the variance by considering a number of factors: spillage, non-standard serving sizes, vendor specific mark-ups, promotional pricing, theft, and promotional use.
- After accounting for these factors, any material remaining variance was assessed as tax collected but not remitted. These audit procedures were developed in consultation with ABLE BC, a group that represents the interests of some liquor vendors.
- Ocean Beach's position is that it did not collect the tax in dispute and the discrepancy is due to business specific factors not accounted for.

- It is expected that the ministry will use a similar methodology to calculate tax owing on liquor purchases under the new *Provincial Sales Act*. Therefore, a decision in the Ocean Beach court case may have implications for future ministry assessing practises.

Decision required:

- For information only



60 DAY ISSUE

BC SUPREME COURT DECISION ON *PROPERTY TRANSFER TAX ACT* APPEAL

Issue:

- A court case filed by Zellstoff Celgar Ltd. is expected to be decided by the British Columbia Supreme Court before the end of June 2013. The case is an appeal of a tax assessment issued under the *Property Transfer Tax Act* (PTTA) in the amount s21

Background:

- The PTTA imposes tax on the transfer of a registered interest in land. Land includes the bare land and any improvements (i.e. houses, buildings, fixtures, etc.) on that land.
- Tax is due on the fair market value of the land at the date of registration.
- Zellstoff Celgar acquired a pulp and paper mill in Castlegar in 2005. It paid \$252 million for the mill.

s21

- At issue in the court case is whether the machinery and equipment is a fixture at common law and thereby subject to the PTTA or a chattel at common law, to which the PTTA has no application.
- The court decision is expected to provide general guidance on how the courts interpret the meaning of "land" for the purposes of the PTTA.

Decision required:

- For information only.



60 DAY ISSUE

BC STUDENT LOANS

Issue:

- Ministry of Finance responsibilities in administering British Columbia Student Loans.

Background:

- British Columbia (the Province) directly lends money to students who are eligible for a British Columbia Student Loan (BCSL). Responsibility for BCSL is shared between the Ministry of Finance and the Ministry of Advanced Education, Innovation and Technology (AEIT). In September 2008, by Order in Council, the duties, powers, and functions respecting accounts receivable collection and loan administration were transferred to the Ministry of Small Business and Revenue, now the Ministry of Finance. The reason for the transfer of responsibility to the Ministry of Finance was to provide more rigour around the financial oversight of the BCSL program.
- All student loan balances, disbursements, interest revenues, and interest expenses and bad debt/repayment assistance provisions are reported by the Ministry of Finance.
- As of January 31, 2013, over 300,000 BCSLs have been issued by the Province. To date, they are worth \$2.28 billion. Over 200,000 student borrowers hold outstanding BCSLs worth \$1.17 billion, of which 172,000 student borrowers hold student loans in good standing, valued at \$996.8 million.
- As of January 31, 2013, there were 25,000 BCSLs valued at \$172.5 million in default status and managed by HP Advanced Solutions, Inc.
- In fiscal 2012/13, over \$230 million in new student loans will be issued.
- Up to January 31, 2013, the allowance for doubtful accounts, principal, and interest on student loans totalled \$263.1 million.
- Ministry of Finance is accountable for the asset collection, bad debt expense, repayment assistance, and oversight of loan administration services. AEIT retained responsibility for administration of applications, overall student aid policy (including student loan policy), and loan forgiveness.

- Ministry of Finance is also responsible for the Repayment Assistance Plan (RAP) available to students who are in repayment of their BCSL and have a low family income and high debt. As of January 31, 2013, there were 14,500 student borrowers on RAP and not paying interest on their student loans, and there are approximately 1,200 students on RAP who are having part of their principle paid down by the Province. RAP eligibility is reassessed every six months.
- In 2010, the Ministry of Finance and AETT entered into an agreement with Canada that integrates the administration of the BCSL and Canada Student Loan Program (CSLP).
- The integration of BCSL and CSLP was completed in July 2012, resulting in a single service provider (National Student Loan Service Centre) administering a borrower's Canada and BC student loans. Integration provides a simplified "one student, one loan" view for clients and saves the Province approximately \$5 million annually in administration fees.
- The Ministry of Finance and AETT have agreed to continue to work together to ensure the effective and efficient management of the BCSL program. A Memorandum of Understanding between the two ministries has recently been signed that outlines the roles and responsibilities.

s12, s13



90 DAY ISSUE

TIMBERWOLF LOG TRADING LTD. APPEAL TO THE BC SUPREME COURT

Issue:

- Timberwolf Log Trading Ltd. et al were assessed \$3.4 million of stumpage, interest and penalties in April of 2010. They have appealed the matter to the BC Supreme Court. No court date has been set, yet.

Background:

- Under the *Forest Act*, the Ministry of Finance has the power to inspect, audit and assess for under-reported or unreported stumpage owing to the Province.
- For billing purposes under the current system, those authorized to harvest Crown timber, mills or brokers report the volumes of timber harvested to the Ministry of Forests, Lands and Natural Resource Operations.
- In 2006, the Forest Revenue Audit Program (FRAP) was created to ensure the Province receives the money owing to it from the harvesting of Crown timber and to level the playfield for all operators in the industry. FRAP provides the Province with the ability to perform a formal examination of a forestry client's records to ensure stumpage has been correctly reported.
- During the audit process, the Province makes contact, provides an overview of audit process, reviews, records and ensures the audit is completed in a timely manner as possible. When complete, government reviews and explains the results, notifying businesses of amount owed as well as penalties and refund entitlements and options available for appeal.
- If the evidence supports a stumpage adjustment subsequent to the audit, a letter is sent confirming the findings of the audit and the proposed adjustments. The total stumpage amount will be estimated for the Crown timber that was not scaled and reported, inaccurate or incomplete information provided, or an incorrect rate applied.
- In 2009, FRAP conducted an audit of Timberwolf's operations and found that Timberwolf was understating log scale and volume. Proposal letters were issued on September 4, 2009, and allowed Timberwolf thirty days to provide representations. Due to the complexity of the file, and the large volume of material, Timberwolf was granted additional time to respond to the proposal letters.

- Rather than providing representations, in December of 2009 Timberwolf filed a petition to the BC Supreme Court seeking a stay on the proposed stumpage assessments. The court denied that application. The company then appealed that ruling to the BC Court of Appeal, which dismissed that appeal in early April of 2010.
- On April 19, 2010, FRAP issued stumpage assessments totalling \$2.384 million of stumpage plus interest and penalties for a total of \$3.4 million.
- Timberwolf appealed the stumpage assessments to the Minister of Finance. The Minister ruled on the stumpage assessment appeals and confirmed the assessments in full. The company then appealed that decision to the BC Supreme Court.
- After nearly eight months of non-activity, Timberwolf filed a petition to the BC Supreme Court seeking a full trial for their appeal as opposed to the normal affidavits proceedings. The court ruled on that petition on February 22, 2013, and granted their application. Timberwolf must file their pleadings within 14 days of that ruling and the Minister must also respond in similar fashion once Timberwolf has filed. No court date has been set.

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s17, s21

Decision required:

- **No decision required.**



90 DAY ISSUE

HP ADVANCED SOLUTIONS (HPAS) REVENUE CONTRACT

Issue:

- The Ministry of Finance and HP Advanced Solutions (HPAS) Revenue Contract, with attention to four topic areas:
 1. Revenue Services Performance by HPAS
 2. IM/IT Services Performance by HPAS
 3. Onboarding to Revenue Services
 4. Validation of the contractual performance to date: Value for Money realization

Background:

- The Ministry of Finance (Finance) has an Alternative Services Delivery contract with HPAS to provide revenue management services (including billing, payment processing, and collections services), deliver IM/IT services for various revenue and tax programs, and build and maintain a Revenue Management System (Revenue Contract). The Revenue Contract was originally signed in November 2004 for a period of ten years, with a five-year extension option. In 2006, the contract was extended by two additional years to March 2017, while reducing the extension period to three years.
- By March 2015, Finance will need to make a decision on whether to extend the Revenue Contract past March 2017, open the contract for competition, or repatriate these services back to the Province.
- The total payments to HPAS under the Revenue Contract to March 31, 2017 are estimated to be \$813.3 million. This is made up of actual payments of \$463.3 million (as at March 31, 2012) plus estimated additional payments of \$350 million to the end of March 31, 2017. These payments are for base fees, commission and change orders.
- The commission payable is based upon the amount of increased cash collections above a set of program baselines. As of December 31, 2012, the amount of increased cash collections since the beginning of the Revenue Contract is \$533 million. By the end of March 2015, the amount is expected to be over \$900 million.

- A Mid-Term Contract Review was recently completed on the Revenue Services provided by HPAS. The result of the review was a set of recommendations that were reviewed and accepted, in principle, by HPAS and Finance. A core team from HPAS and Finance was formed to implement the recommendations (The Mid Term Contract Review Project). The objectives of the project were to:
 - i. Improve the relationship
 - ii. Resolve outstanding performance issues
 - iii. Resolve outstanding financial issues, and
 - iv. Formulate and agree to a model and/or contract changes designed to maximize net cash collected by program.
1. Revenue Services Performance by HPAS
 - The Mid Term Contract Review Project objectives were largely met and agreed to in principle by December 2012. A Financial Term Sheet, documenting the majority of the changes and resolutions, was signed on March 13, 2013.
 - Additional Service Level Agreements (SLAs) are being negotiated. There are only two active SLAs after other SLAs had to be suspended.
 - Net cash collections are improving and HPAS overall collections performance is consistent with the original business model. Recent contractual changes are now supporting increased collections on Student Loans and MSP collections.
 2. IM/IT Services Performance by HPAS
 - The business areas identified concerns with IM/IT service delivery relating to delays in delivery, capacity issues, outstanding calls, release management, and application maintenance.
 - Finance worked with HPAS to identify issues, support HPAS in resolving those issues, and support the business areas in meeting their operational and strategic IM/IT needs. While some progress has been made, significant improvement needs to occur.
 3. Onboarding to Revenue Services
 - The original vision was to onboard additional revenue programs from across the Province. To date, limited opportunities have been realized, however there are current opportunities under discussion with the Ministries of Social Development, Children and Family Development, and Justice.

4. Validation of the contractual performance to date: Value for Money realization.
- A Value for Money audit is scheduled for Q3 2013/2014, for completion in March 2015.
 - The Value for Money audit is intended to support the decision on whether to extend the HPAS contract (past March 2017), open the contract for competition, or to repatriate these services to the Province.

Decision required:

- For information only.



EXECUTIVE MEMBER BIOGRAPHY



SABINE FEULGEN, ADM, DEPUTY SECRETARY OF TREASURY BOARD

As Deputy Secretary to Treasury Board, Sabine is responsible for leading Treasury Board Staff in advising Treasury Board on allocating financial resources to ministries, in particular through the annual budget development process. Sabine is also responsible for the preparation of the budget and three-year fiscal plan, estimates and quarterly reports; development of government's economic and revenue forecasts; monitoring fiscal plan developments; and advising government on options for managing the fiscal plan and meeting its priorities.

In particular this requires the provision of ongoing strategic, financial and operational planning and policy advice to the Minister of Finance and Treasury Board; support for Treasury Board in making budget and in-year resource allocation decisions and in setting ministry expenditure budgets; monitoring risks to the fiscal and identifying options to mitigate as well as identifying those opportunities which may benefit the government's three-year fiscal plan. Treasury Board Staff are responsible for applying financial controls consistent with operational accountability of line ministries and government agencies.

After graduating from the University of Western Ontario with a B.Sc. Honours in geology, Sabine worked as a contract geologist in Calgary and Vancouver for a number of years before joining the BC Public Service in 1989. Following many years of varied experiences along which she gained a considerable set of diverse skills including the 'art' of forecasting natural gas and oil revenues, she joined Treasury Board Staff in 2004.

Over the last nine years with TBS, Sabine managed the Transportation, Education, and Attorney General portfolios before taking on increasingly senior roles as a strategic advisor and then executive director in the Performance Budgeting Office, before accepting the position of ADM in August 2010.



TREASURY BOARD STAFF

ADM Responsible:

Sabine Feulgen

Core Business/Program Area Description/Critical Business Processes:

Treasury Board Staff (TBS) provides for financial management advice in order to support well-informed decisions by Treasury Board and the Minister of Finance, including advice on economic performance, and on management of ministry and agency operating spending, revenue, capital spending and debt.

Treasury Board staff is responsible for forecasting economic growth in British Columbia; evaluating the risks and opportunities related to the government's fiscal plan; developing economic, revenue and spending forecasts and plans; and making recommendations to Treasury Board and government on the corrective measures needed to keep the fiscal plan on track throughout the year. Treasury Board staff supports the operations of Treasury Board meetings throughout the year, and advises the Board on the spending management issues and budgetary requests brought forward by ministries and other government agencies.

TBS also provides for development, management, and production of the Budget and Fiscal Plan, the Estimates, Quarterly Reports, the Financial and Economic Review, and other related documents.

Budget:

\$6,709,000 (Budget 2013)

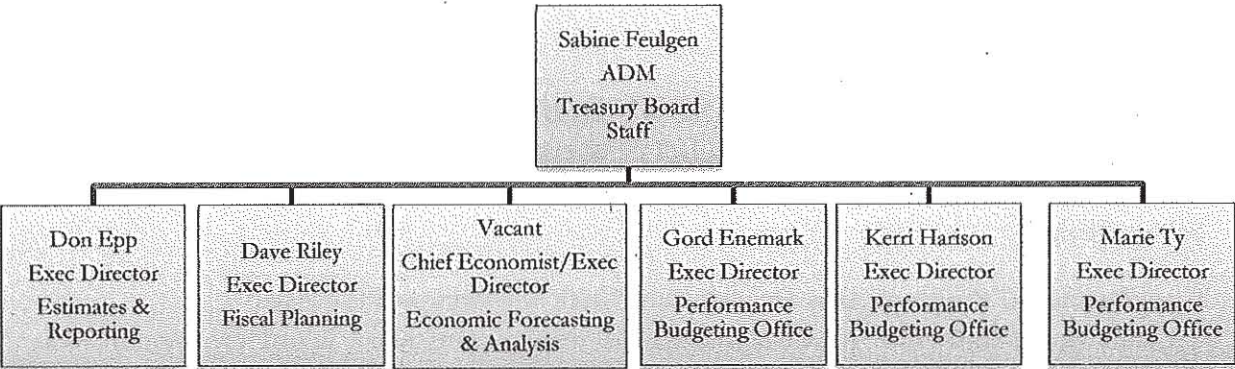
Full Time Equivalents (FTEs):

63

Related Legislation:

FAA, BTAA, BBMAA

Organizational Chart: (ADM/ED)





30 DAY ISSUE

BUDGET UPDATE

Issue:

- Budget Update

Background:

- Once the new Cabinet is sworn in, the *Budget and Transparency Accountability Act* requires that a new budget and Estimates be tabled in the Legislature within 90 days.
- The Fiscal Plan included in the Budget Update may require revised economic assumptions, and will include updates to revenue forecasts, Crown corporation and SUCH sector projections, and resulting deficit and debt forecasts. The Budget Update must also reflect any changes to ministries as a result of the responsibilities assigned to the new Cabinet.
- There are a series of decisions that need to be made in the run up to the release of the Budget Update. How quickly these decisions will need to be made will be dependent upon the confirmed date of the Budget Update

s13

s13

- The *Balanced Budget and Ministerial Accountability Act* requires government to balance the budget in 2013/14 and subsequent years. Legislative amendments prior to tabling the Budget Update would be required to table a deficit in any year of the fiscal plan.

Decisions required:

- 30 day issue.
- Cabinet structure (reorganization)
- Date for release of Budget Update
- Confirm location of media/stakeholder lock-up
- Dates and agenda for Treasury Board/Premier meetings for decisions
- Confirm any adjustments to ministry spending plans and/or ministry organizations; including new information/direction since the February Budget (e.g. commitments made by government)
- Economic and revenue forecast update including Economic Forecast Council advice
- Any revenue policy decisions required

- Inclusion of updated 2012/13 forecast/actual (post July 2013)
- Budget speech content
- Budget legislation



30 DAY ISSUE

ECONOMIC FORECAST COUNCIL

Issue:

- Economic Forecast Council

Background:

- The last time the Minister of Finance met in person with the Economic Forecast Council (EFC) was on November 16, 2012, when the council members each provided a forecast of BC's economic growth over the next five years. The Council also submitted forecast updates in early January to provide a more current forecast.
- A more current forecast from the EFC will be required for the Budget Update. Since it is costly and may be impractical to schedule a formal meeting of members (due to logistics and potential for limited member travel availability during the summer months), a new electronic survey will be emailed to EFC members as soon as the appointment of the new Minister of Finance is announced after the election.

s13

s13

s13

The EFC survey

results will be published in the Budget Update.

- Treasury Board Staff produces an economic forecast as the main underpinning for the revenue forecasts required in the Budget Update document.
-

s12, s13

Decision required:

- 30 day issue.
- Decision required as to timing of EFC survey.
- A meeting with the Minister on the approach for the economic forecast, as well as a briefing on the economic forecast results will be required prior to the Budget Update.

Page 118 redacted for the following reason:

s13



s13

s13



30 DAY ISSUE

BRIEFING FOR NEW TREASURY BOARD MEMBERS

Issue:

- Briefing for new Treasury Board members

Background:

- The new government may have a number of ministers and MLAs that are new to the Legislature and unfamiliar with the decision-making processes of the various Cabinet committees.

s13

Decision required:

- 30 day issue.
- Confirm Treasury Board Staff should brief Treasury Board members prior to the first Treasury Board meeting.



s12, s13



60 DAY ISSUE

FINANCIAL AND ECONOMIC REVIEW

Issue:

- 2013 Financial and Economic Review (FER)

Background:

- The Financial and Economic Review provides a review of economic and financial developments in BC during the past year, and is a companion document to the Public Accounts which is expected to be made public in July. The FER fulfills the province's reporting requirements to investors and securities regulators, and is sourced frequently for historical financial information.
- The Public Accounts and the Financial and Economic Review, in combination, are filed with investors and securities regulators in lieu of having to file a prospectus for each debt issue. Failure to file on time may restrict government's access to the financial markets.

Decision required:

- 60 day issue.
- The FER is prepared in July and is planned for release on the government website on or shortly after the release of the Public Accounts this year.



90 DAY ISSUE

RELEASE OF THE FIRST QUARTERLY REPORT AND THE BUDGET CONSULTATION PAPER

Issue:

- Release of the First Quarterly Report and the Budget Consultation Paper.

Background:

- The First Quarterly Report and the Budget Consultation Paper must be released by September 15, 2013 (statutory requirement).
- The First Quarterly Report and Budget Consultation Paper typically include an update to government's three-year fiscal plan and economic forecast.
- In past years where there was a May election (e.g. 2005 and 2009), the Budget Update and First Quarterly Report have been released together in one document on September 14, 2005, and September 1, 2009, for the 2005 and 2009 budget updates, respectively.

s12, s13

Decision required:

- 90 day issue.

s12, s13



EXECUTIVE MEMBER BIOGRAPHY



SHEILA TAYLOR, ASSOCIATE DEPUTY MINISTER and CHIEF OPERATING OFFICER

Sheila Taylor was appointed Associate Deputy Minister and Chief Operating Officer of the Ministry of Finance on February 10, 2012. In this role, Sheila has responsibility for Crown Corporation Reviews, Internal Audit and Advisory Services, the Crown Agency Resource Office and related *Crown Agency Accountability System*, the governance framework for British Columbia's Crown corporations.

After obtaining a B.Sc. in Business Management (Finance) in 1985, Sheila joined the Ministry of Health as a financial analyst and went on to work in a variety of financial, management and executive roles across the B.C. Public Services.

Prior to her current appointment with the Ministry of Finance, Sheila was the Assistant Deputy Minister, Medical Services and Health Human Resources with the Ministry of Health. Previous senior roles also include Assistant Deputy Minister, Finance and Management Services with the Ministry of Transportation, Executive Financial Officer and Corporate Secretary for the B.C. Transportation Financing Authority, Senior Financial Officer for the Ministry of Environment and various senior manager and director positions with the Ministry of Finance.

Sheila has served on a number of capital project boards, as a trustee on the Municipal Pension Board, as a member on the Forensic Psychiatric Services Commission and is currently the Deputy Chair of the Medical Services Commission and a government alternate on the Financial Institutions Commission.



EXECUTIVE MEMBER BIOGRAPHY



CHRIS BROWN, ADM, INTERNAL AUDIT & ADVISORY SERVICES

Major Accountabilities:

Responsible for leading Internal Audit and Advisory Services in fulfilling its role of conducting performance reviews of crown corporations and ministry program areas as well as other engagements such as compliance audits for ministries.

Was the lead on review of BC Ferries and TransLink (2009) for Office of Comptroller General and review of BC Hydro (2011) for panel of Deputy Ministers. Have lead the internal audit division in conducting reviews of Justice system (2011), Community Living BC (2011), Insurance Corporation of BC (2012) and TransLink (2012).

Employment History:

2006 – Present	Internal Audit and Advisory Services, ADM (2012), A/Executive Director (2010) and Director (2007)
2002 – 2006	Partner in a small Victoria CA firm
1995 - 2002	Public practice with international CA firms (KPMG and BDO Dunwoody) leaving as a Senior Manager

Education:

Chartered Accountant – 1998

Business Administration Diploma - 1994

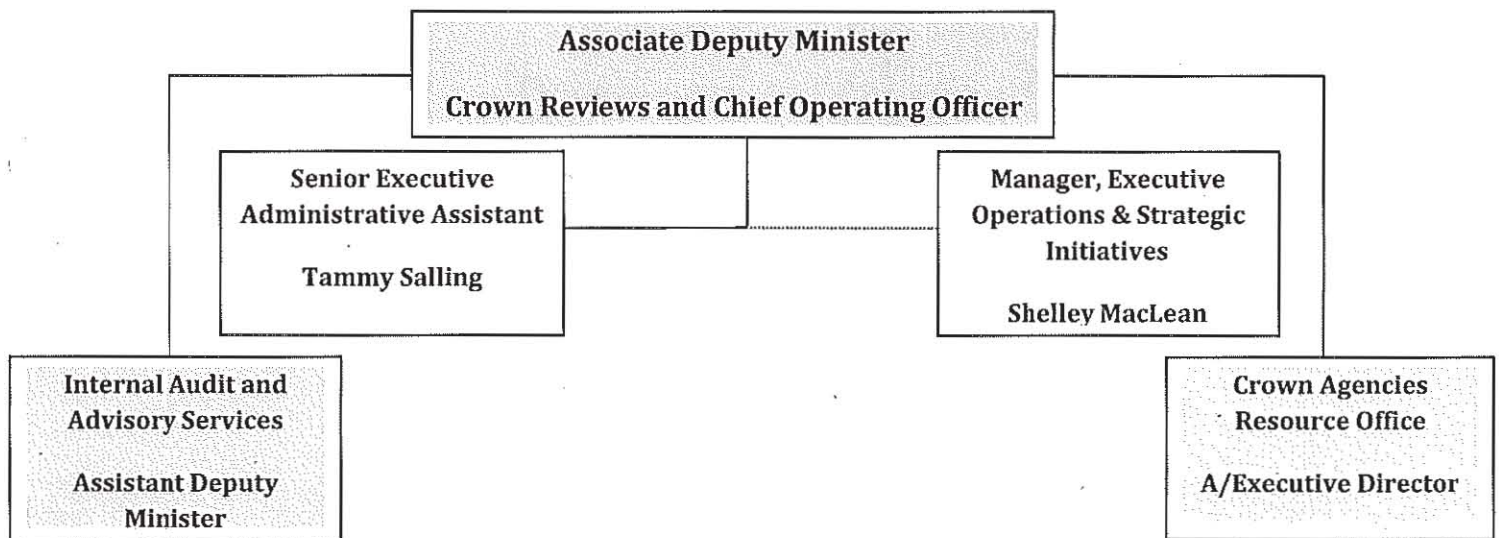


ASSOCIATE DEPUTY MINISTER'S OFFICE

DM Responsible:
Sheila Taylor

Budget:
\$331,000

Full Time Equivalents (FTEs):
2





CROWN AGENCIES RESOURCE OFFICE

Executive Director Responsible:

Donna Selbee

Core Business/Program Area Description/Critical Business Processes:

The Crown Agencies Resource Office (CARO) has lead responsibility for overseeing and maintaining the *Crown Agency Accountability System*, the governance framework for British Columbia's Crown corporations. CARO provides ongoing expertise, advice, information, and support to ministries and Crown corporations to promote good governance, accountability and continuous improvement for Crown corporations.

Critical business processes administered by CARO include:

- Government's Letters of Expectation for Crown corporations;
- Crown corporation service planning and annual reporting; and
- Advice and support in the establishment or dissolution of Crown corporations.

Budget:

\$556,000

Full Time Equivalents (FTEs):

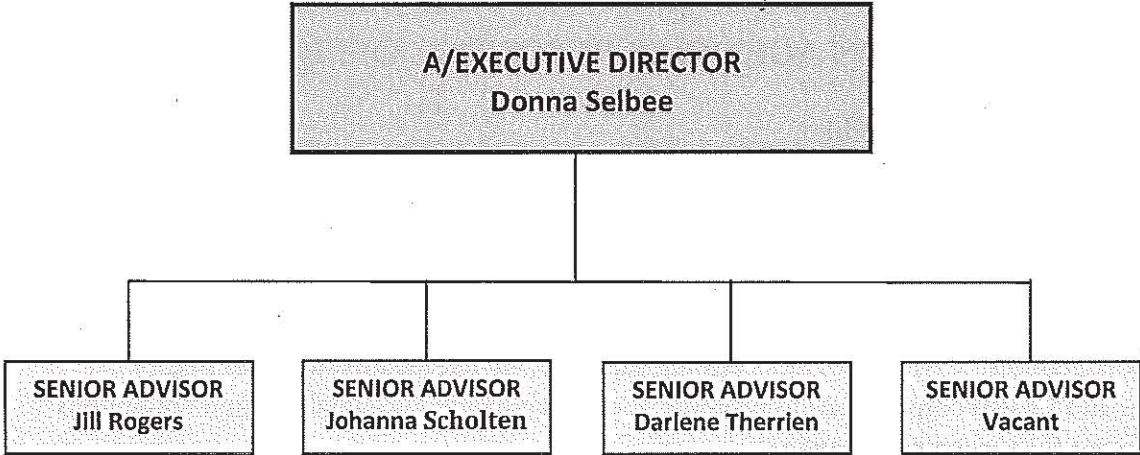
5.0 FTEs

Related Legislation:

Budget Transparency and Accountability Act (BTAA)

Organizational Chart:

CROWN AGENCIES RESOURCE OFFICE (CARO)





INTERNAL AUDIT AND ADVISORY SERVICES

ADM Responsible:

Chris Brown

Core Business/Program Area Description/Critical Business Processes:

The primary purpose of Internal Audit and Advisory Services (IAAS) is to improve operational efficiency and effectiveness within government and the broader public sector in areas of financial and management controls; performance management, accountability, and risk management; and major information systems. IAAS provides a continuum of services ranging from assurance regarding the effectiveness of internal controls and compliance to comprehensive assessments of program performance and information systems. This includes specific projects directed by Treasury Board in both core government and the broader public sector. In addition, IAAS provides ongoing support and advice to management through consulting services that support ministry core activities.

Critical Business Processes:

- Performing an annual risk assessment with input from Deputy Ministers, Treasury Board Staff and Risk Management Branch.
- Developing the annual internal audit plan for Treasury Board and Cabinet consideration and approval.

Budget:

Total budget	\$3,312,000
Recoveries	<u>(905,000)</u>
Net Budget	<u>\$2,407,000</u>

Full Time Equivalents (FTEs):

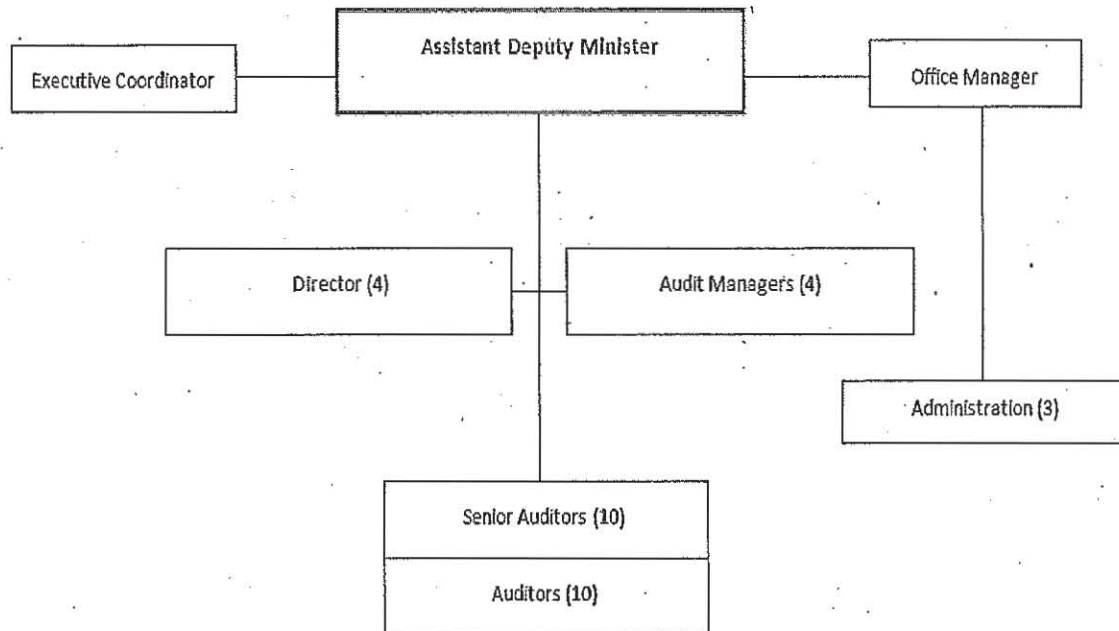
34

Related Legislation:

Financial Administration Act (FAA)

Organizational Chart:

INTERNAL AUDIT & ADVISORY SERVICES





30 DAY ISSUE

2012/13 ANNUAL REPORTS FOR CROWN CORPORATIONS

Issue:

- The *Budget Transparency and Accountability Act* (BTAA) stipulates that annual reports for Crown corporations must be made public by the Minister responsible on the same day as government's public accounts.

Background:

- The Crown Agencies Resource Office has issued the Crown corporation 2012/13 Annual Report Guidelines to Commercial and Taxpayer supported Crown corporations and their respective ministries.
- Crown corporations will submit draft annual reports for review by the Crown Agencies Resource Office and staff of the ministry responsible by:
 - April 10 for *Crown corporations with December 31 year-end*; final feedback provided by April 24; and to the Minister responsible for review by May 3.
 - May 10 for *Crown corporations with March 31 year-end*; final feedback provided by May 30; and to the Minister responsible for review by June 7.
- The Minister responsible for a Crown corporation reviews, provides input into and approves the corporation's annual report to ensure consistency with BTAA requirements, BC Reporting Principles, government's Fiscal Plan, and Cabinet's direction through the Government's Letter of Expectations.
- The Minister of Finance is currently responsible for three Crown corporations: BC Securities Commission, Pacific Carbon Trust and Partnerships BC.

Decision required:

- **30 day issue.**
- Between June 7 and 21, the Minister of Finance must review and approve the annual reports for the Crown corporations for which he/she is responsible. Likewise, other ministers who have responsibility for Crown corporation will be required to review and approve annual reports for any Crown corporations under their responsibility.



30 DAY ISSUE

2013/14 – 2015/16 SERVICE PLAN AND BUDGET UPDATES FOR CROWN CORPORATIONS

Issue:

- The tabling of a Budget and Fiscal Plan for 2013/14 – 2015/16 after the general election may have implications for government direction to, as well as the budgets and Service Plan requirements of, Crown corporations.

Background:

- The tabling of a Budget and Fiscal Plan following the general election may have the following implications for Crown corporations and their ministries responsible:
 - Ministers/ministries may need to re-issue (Cabinet-approved) Government's Letters of Expectations (GLEs) to the Crown corporations they are responsible for in the event of significant changes in direction.
 - Crown corporations may need to re-issue their 2013/14 - 2015/16 Service Plans.
 - The budgets of Crown corporations may need to be reconsidered and approved by Treasury Board.
 - Decisions on *Budget Transparency and Accountability Act* (BTAA) reporting exemptions, if required, would need to be considered by the Minister of Finance.
- The Crown Agencies Resource Office will coordinate informing Crown corporations and ministries responsible of timelines and processes for making changes to GLEs and Service Plans, reviewing revised plans for Commercial crown corporations (and as requested for all other Crowns), and drafting any required BTAA reporting exemption briefing notes.

Decision required:

- 30 day issue.
- Decisions on the requirements and timing for the re-issuing of GLEs, 2013/14 – 2015/16 Service Plans and approval of the budgets of Crown Corporations.
- Decision by Minister of Finance on any new exemptions to BTAA reporting requirements for individual Crown corporations.



60 DAY ISSUE

2014/15 GOVERNMENT LETTERS OF EXPECTATION TO CROWN CORPORATIONS

Issue:

- Coordination of government's direction relevant to all Crown corporations for the 2014/15 Government Letters of Expectation will need to be finalized by the end of July to support minister-specific direction development (August) and the Cabinet approval process (September/October).

Background:

- Under the Crown Agency Accountability System, a Government Letter of Expectation (GLE) is issued annually to each Crown corporation by the Minister Responsible.
- The direction relevant to all Crown corporations is reviewed and approved by the Minister of Finance, and then ministries responsible add their specific direction for each of their Crown corporations.
- The GLE provides government with the opportunity to confirm the Crown corporation's mandate, set cross-Crown policy direction and ensure all specific actions directed by a Minister Responsible to his/her Crown corporation(s), including operational requirements and performance objectives, are mutually understood. The GLE informs and guides Crown corporations in the preparation of their three-year Service Plan and ensures these plans are consistent with government's strategic priorities and the Fiscal Plan.
- The GLE is reviewed by a Cabinet committee, approved by Cabinet, and signed by the Minister Responsible and the Board Chair. GLEs are posted on both the Crown corporations' and the Crown Agencies Resource Office (CARO) websites when government posts the annual service plans for Crown corporations.
- The Crown Agencies Resource Office, working with central agencies and ministries across government, is responsible for coordinating the preparation of government's direction relevant to all Crown corporations, informing ministries responsible of timelines and processes for adding their specific direction for each of their Crown corporations, reviewing ministry-specific draft direction to ensure consistency with both government and ministry priorities, and supporting ministries during Cabinet review of each Crown corporation's GLE.

Decision required:

- **60 day issue.**
- The Minister of Finance, as minister currently responsible for the Crown Agency Accountability System, must review and approve the proposed government direction relevant to all Crown corporations for inclusion in the 2014/15 GLEs.



60 DAY ISSUE

CROWN CORPORATION REVIEWS

Issue:

- Since 2011, comprehensive reviews of Crown corporations have been a priority for government. Three reviews have been completed to date s13

Background:

- As part of the October 2011 Speech from the Throne, government committed to reviewing Crown corporations to ensure good governance practices existed, that Crowns were aligned with government's priorities and they were operating efficiently and effectively. This commitment was reaffirmed with the release of Budget 2012.
- Since 2011, the Ministry of Finance's Internal Audit branch has completed reviews on BC Hydro, Community Living BC and the Insurance Corporation of British Columbia. Each review has been conducted over a 4 – 6 month timeframe, with the audit team reporting through an audit committee of Deputy Ministers to Treasury Board. Each review has resulted in the release of a highly publicized report.
- Each Crown reviewed to date is in the process of implementing the review recommendations and quarterly progress reports are being provided to both the Minister responsible and Treasury Board.
-

s12, s13

Decision required:

- 60 day issue.
- A decision will need to be made on whether or not Crown reviews will continue to be a priority for government. If these reviews are to continue, government will need to determine the next Crown to be reviewed. An audit team could be available to start a review as early as September 2013.



CROWN CORPORATIONS

Name:

Partnerships British Columbia Inc. (Partnerships BC)

Mandate:

Partnerships BC serves British Columbians through the planning, delivery and oversight of major infrastructure projects. As a company registered under the *Business Corporations Act*, Partnerships BC is wholly owned by the Province of British Columbia and reports to its shareholder the Minister of Finance.

Financial Information:

2011/12

Revenue: \$8.5M

Expenses: \$7.9M

Operating surplus: \$0.55M

Issues:

- Please see attached chart.

Appointment Status:

- None pending.



CROWN CORPORATION

Name:

British Columbia Securities Commission (BCSC)

Mandate:

The BCSC is the independent provincial agency responsible for regulating capital markets in British Columbia through the administration of the *Securities Act*. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence.
- A dynamic and competitive securities industry that provides investment opportunities and access to capital.

The BCSC currently has 10 commissioners – two executive commissioners and eight independent commissioners. They are responsible for the overall administration of the *Securities Act*.

Commissioners perform four key functions:

- Serve as the BCSC's board of directors
- Make rules (with the consent of the Minister responsible for the *Securities Act*)
- Oversee the self-regulatory organizations, exchanges, and other marketplaces
- Act as an administrative tribunal and make regulatory decisions under the *Securities Act*

Financial Information:

The BCSC is industry funded with annual revenues of \$35 million and expenses of \$34 million (2012 budget). Fees charged to securities market participants fund the BCSC's operations.

Revenues fluctuate with market activity while most of its costs are fixed. About 90 per cent of its revenue comes from filing, registration, and application fees paid by market participants under the *Securities Act*. The remainder of its operational funding comes from investment income and cost recoveries.

Issues:

Under the *Securities Act*, the BCSC is delegated the power to make binding rules, subject to Ministerial approval. Six rule requests will likely fall within 30/60/90 days (see attached Issue Note and chart respecting rule making requests).

Appointment Status:

The BCSC expects to submit one or two requests for Order in Council appointments for new members of the BCSC within 90 days. However, it will not be requesting the orders within the 90-day period.

BC Securities Commission Post-Election Rule-Making Deadlines

Instrument / Issue	Request	Date required back
NI 23-103 <i>Electronic Trading</i> – amendments relating to direct electronic access	Approval to adopt	June publication (in force date has not yet been determined)
NI 31-103 <i>Registration Requirements and Exemptions and Ongoing Registrant Obligations</i> – client relationship model phase 2 amendments	Approval to adopt	Before July 15, 2013 (in force date)
NI 41-101 <i>General Prospectus Requirements</i> - marketing and pre-marketing amendments	Approval to adopt	Before August 1, 2013 (in force date)
NI 45-106 <i>Prospectus and Registration Exemptions</i> - SAFI related amendments	Possible approval in principle	July or August publication
NI 51-103 <i>Ongoing Governance and Disclosure Requirements for Venture Issuers</i> - new rule	Approval to adopt	August publication (in force date has not been determined)
NI 52-108 <i>Auditor Oversight</i> - amendments	Possible approval in principle	August publication



30/60/90 DAY ISSUES

BCSC

Issue:

- Ministerial approval in principle and consent to British Columbia Securities Commission (BCSC) rules (including amendments to existing rules).

Background:

- The Rule Making Procedure Regulation (the Regulation) under the *Securities Act* governs the BCSC's exercise of its rule-making power.
- Most of the BCSC rules are National Instruments that are developed by provincial securities regulators (the Canadian Securities Administrators or CSA). The timing for publication, comment and implementation of rules is generally coordinated across the country.
- The BCSC will be seeking approval for six rule or rule amendments. One rule amendment is scheduled to be published in June, two in July and three in August.
- Ministerial approval in principle may be sought for two rule amendments:
 - Ministerial approval in principle of amendments to NI 45-106 *Prospectus and Registration Exemptions* (securitization amendments) may be sought for a publication in July or August.
 - Ministerial approval in principle of amendments to NI 52-108 *Auditor Oversight* may be sought for a publication in August.
- Final consent will be sought for amendments to:
 - NI 23-103 *Electronic Trading* for publication in mid-June (effective date to be determined).
 - NI 31-103 *Registration Requirements and Exemptions and Ongoing Registrant Obligations* for an effective date of July 15, 2013.
 - NI 41-101 *General Prospectus Requirements* for an effective date of August 1, 2013.

- NI 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* for publication in August or September (effective date to be determined).

Decision required:

- **30/60/90 day issues.**
- Decide whether to approve in principle amendments to NI 45-106 *Prospectus and Registration Exemptions* and NI 52-108 *Auditor Oversight*.
- Decide whether to provide final consent to rule or rule amendments to:
 - NI 23-103 *Electronic Trading*
 - NI 31-103 *Registration Requirements and Exemptions and Ongoing Registrant Obligations*
 - NI 41-101 *General Prospectus Requirements*
 - NI 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* (new rule)



CROWN CORPORATION

Name:

Pacific Carbon Trust (PCT)

Legislative Authority:

Pacific Carbon Trust was incorporated as a provincial Crown corporation in 2008 under the *Business Corporations Act*. The corporation reports to its shareholder, the Minister of Finance.

Mandate:

To deliver quality BC-based greenhouse gas offsets to help clients meet their carbon reduction goals and to support the growth of the low-carbon economy in BC.

Current Appointees:

The six current members of PCT's Board of Directors are appointed by Shareholder Consent Resolution (last signed December 19, 2012) and renewed annually on July 31.

Name	Position	Expiry
Trumpy, Chris	Chair	At Pleasure
Hnatiuk, Steven P. W.	Director	At Pleasure
Holden, Heather	Director	At Pleasure
Lippert, H. Anne	Director	At Pleasure
Mutter, James S.	Director	At Pleasure
Watson, Michael H.	Director	At Pleasure

The Office of the Auditor General has indicated that they are moving away from being the direct financial auditor for PCT. Under the *Business Corporations Act*, PCT requires the shareholder to appoint, through ordinary resolution, a new financial auditor. In March 2013, PCT posted an RFP for a new financial auditor for a three year period.

Appointments required:

- Annual renewal of the board of directors by July 31, 2013 (within 60 days)
- Appointment of the financial statement auditor by July 31, 2013 (within 60 days)

Issue(s):

- **Policy Linkages:**

Over the past four years PCT has built the BC carbon market of almost one million tonnes of carbon offsets per year. Offsets purchased by PCT to meet the carbon neutral government policy have stimulated benefits including a reduction in greenhouse gas (GHG) emissions, local and regional economic development, technology innovation, BC carbon expertise, and raising public

awareness through government leadership. PCT has also developed contractual relationships with every public sector organization (PSO) and business connections with every major GHG emitter in the province. Government may decide to use carbon offsets to support other policy objectives, such as energy policy (e.g., offset LNG emissions), link to other carbon markets in North America, or implement complementary emission reduction programs in the private or public sector.

- **Funding Model:**

All PSOs in BC – ministries, Crown corporations, universities, schools and hospitals - are mandated to measure and reduce their carbon emissions and then bring their net emissions to zero through the purchase of carbon offsets. PSOs must purchase carbon offsets from PCT at a cost of \$25 per tonne and PCT uses these funds to purchase carbon offset projects from within British Columbia. Three issues stem from the funding model:

- A) **Public/Private Transfer:** The funding model is criticized for using public operating budgets (e.g. schools and hospitals) to purchase carbon offsets from private sector companies.
- B) **Lack of Capital:** While not a direct PCT issue, PSOs also claim that a lack of capital funding restricts their ability to make infrastructure investments to reduce energy costs and carbon emissions. (Note: Boards of Education currently receive \$5M in new capital equal to the total carbon offsets costs.)
- C) **\$25/Tonne Price and cost margin:** This price was set to provide a 'price signal' or incentive to PSOs to reduce their emissions and also at a level high enough to ensure PCT would have the revenue necessary to purchase offsets from within BC. Offset purchase costs and program administrative costs are currently below \$25/tonne and PCT generates an operating annual surplus of approximately \$5M per year. PCT's accumulated surplus is currently \$25M and is expected to increase to \$35M by 2015/16. PCT's accumulated surplus is captured in government's summary financial statements.

Financial Information:

	Budget 2013/14 (\$000s)	Budget 2014/15 (\$000s)	Budget 2015/16 (\$000s)
Revenues	20,400	20,430	20,460
Expenses	14,957	16,654	18,102
Surplus for the year	5,443	3,776	2,358

Key Contact:

Name: D. Scott MacDonald

Title: CEO

Phone: 250-514-5333

Transition Document - Estimated 30-60-90 Day Issues

Issues	Description
30 Days	
Haida Gwaii/Queen Charlotte Hospital Replacement Project to reach contract close	<ul style="list-style-type: none"> Design-Build project expected to achieve contract close on time/on budget
Kitsilano High School Replacement Project to reach contract close	<ul style="list-style-type: none"> Design-Build project expected to achieve contract close on time/on budget
Royal Inland Hospital Project to release Request for Qualifications	<ul style="list-style-type: none"> Design-Build project expected to enter market
Ongoing construction of partnership projects	<ul style="list-style-type: none"> All expected to proceed according to contracts, on time and on budget
s12, s13	
60 days	
Emily Carr University of Art + Design project to release shortlist and release Request for Proposals	<ul style="list-style-type: none"> Design-Build-Finance-Maintain project expected to shortlist three teams to receive RFP (first advanced education sector project with Partnerships BC's involvement)
Oak Bay High School Replacement Project to reach contract close	<ul style="list-style-type: none"> Design-Build project expected to achieve contract close on time/on budget
Vernon Jubilee Hospital Polson Tower to release RFP	<ul style="list-style-type: none"> Design-Build project expected to shortlist three teams to receive RFP
Royal Inland Hospital Project to release RFP	<ul style="list-style-type: none"> Design-Build project expected to shortlist three teams to receive RFP
Ongoing construction of partnership projects	<ul style="list-style-type: none"> All expected to proceed according to contracts, on time and on budget
90 days	
John Hart Generating Station Replacement Project to reach financial close	<ul style="list-style-type: none"> Design-Build-Finance-Rehabilitate project expected to reach financial close, on time and on budget
Ongoing construction of partnership projects	<ul style="list-style-type: none"> All expected to proceed according to contracts, on time and on budget



60 DAY ISSUE

s12, s13



CROWN AGENCIES

Name:

Accounting Policy Advisory Council

Legislative Authority:

1. *Budget Transparency and Accountability Act*
2. *Budget Measures Implementation Act*

Mandate:

The Accounting Policy Advisory Committee advises Treasury Board as to the application and implementation of generally accepted accounting principles for the government reporting entity.

Current Appointees:

- Melvin C. Berg (Chair)
- Gordon Chan
- Mary Lynn McKenna
- John J. Nagy

Appointments Required:

- Two appointments expire on July 31, 2013.

Issue:

- No issues identified.

Key Contact:

Name: Stuart Newton

Title: Comptroller General

Phone: (250) 387-8541



CROWN AGENCIES

Name:

Financial Institutions Commission

Legislative Authority:

1. *Credit Union Incorporation Act*
2. *Financial Institutions Act*
3. *Insurance Act*
4. *Insurance (Captive Company) Act*
5. *Mortgage Brokers Act*
6. *Pensions Benefit Standards Act*
7. *Real Estate Services Act*
8. *Real Estate Development Marketing Act*
9. *Strata Property Act*

Mandate:

The Financial Institutions Commission

The Financial Institutions Commission (FICOM) is a regulatory agency of the provincial Ministry of Finance. FICOM is responsible for administering nine statutes that regulate the pension, financial services and real estate sectors in British Columbia. The primary focus of this regulation is to ensure that:

- Institutions and pension plans in these sectors remain solvent;
- Market conduct requirements for these sectors are respected;
- Unsuitable individuals do not participate in financial service markets; and
- Through the Credit Union Deposit Insurance Corporation (CUDIC), insure credit union deposits and non-equity shares.

Current Appointees:

- Helen del Val (Chair)
- Kush Panatch
- Joel Whitemore
- Shannon Salter
- Len Boggio
- Bob Garnett

Appointments required:

- Next appointment to expire is July 31, 2014.

Issue(s):

- See Issue Notes Attached

Key Contact:

Name: Carolyn Rogers
Title: Chief Executive Officer & Superintendent
Phone: 604-660-3631

Pages 150 through 152 redacted for the following reasons:

s13, s15

s13, s15, s17



CROWN AGENCIES

Name:

Financial Services Tribunal

Legislative Authority:

1. *Financial Institutions Act*
2. *Credit Union Incorporation Act*
3. *Mortgage Brokers Act*
4. *Real Estate Services Act*
5. *Pension Benefits Standards Act*
6. *Real Estate Development Marketing Act*

Mandate:

The Financial Services Tribunal (FST) was established in 2004 under section 242.1 of the *Financial Institutions Act*. Some sections of the *Administrative Tribunals Act* also govern appeals at the Tribunal.

The FST hears appeals from individuals and institutions who want to contest enforcement decisions made by the Insurance Council of British Columbia, Real Estate Council of British Columbia, Superintendent of Real Estate, Superintendent of Pensions, Registrar of Mortgage Brokers and Superintendent of Financial Institutions. It provides an avenue of appeal for those who believe that they have been wrongly limited or denied the ability to work in one of the regulated occupations to which an appeal lies to the FST.

Current Appointees:

- Maurice R. Mourton (Chair)
- Paula Elizabeth Barnsley
- Patrick F. Lewis

Appointments Required:

- No appointments required within the next 90 days.

Issue:

- No issues identified.

Key Contact:

Name: Maurice R. Mourton

Title: Chair of Financial Services Tribunal

Phone: (250) 387-3463



CROWN AGENCIES

Name:

Insurance Council of British Columbia

Legislative Authority:

1. *Financial Institutions Act*

Mandate:

Council's mandate is to provide a level of protection to the public regarding the sale of insurance products and services under the framework provided by the Act. The following provides an overview of Council's role.

Education and Experience: Council has a responsibility to ensure education requirements for licensing meet the minimum standards necessary to protect the public. For certain levels and categories of licence there are also minimum experience requirements. To support the entry level education requirements, there are mandatory continuing education programs for all licensees.

Licensing: All applicants must satisfy Council they are suitable for licensing by demonstrating they are competent, trustworthy, financially reliable, and intend to carry on the business of insurance in good faith and in accordance with the usual practice. Between 14,000 and 16,000 licence applications are approved each year, all of which are reviewed to determine if there is a reason why the applicant may not be suitable for licensing. A small number require additional consideration and direction from Council members.

Discipline: Council has the authority to discipline licensees when there has been a breach of the Act or Rules. It is important to note that Council does not have exclusive jurisdiction over licensees. There are a number of matters, such as unlicensed activity, rebating, and tied selling, which are the primary responsibilities of FICOM. When complaints about licensees fall within FICOM's jurisdiction, council refers it to FICOM.

Current Appointees:

Rita Ager	Ruth Hoyte	Izumi Miki McGruer
Don Amos	Darlene Kruesel Hyde	Vince Muto
Darlene Barker	Mary B. Jordan	Susan Mary Newham
David W. Beck	Gloria T. Kondruk	Lilette Paje
Stephen Nathaniel Belch	Karl J. Krokosinski	Vern B Peever
Nannette E. Bennett	Ken Kukkonen	C. David Porter (Chair)
Michael D. Bennett	Ernest J.Y. Lang	Heather L. Prizeman
Brad Brain	Darren Lee	David Russell
Chamkaur S. Cheema	Linda W. Lee	Robert A. Scott
Michael B. Connors	Frank Leong	Gordon Stewart
Christopher (John) J. Crisp	Barbara MacKinnon	Daniel Swanlund
Diane M. Dupuis	Frank Mackleston	Brett Thibault
Harjit (Bobby) Grewal	John Manuel	Eric Young
Carman K. Holmes	Tom E. Meier	

Appointments Required:

- Two appointments required within 30 days.

Issue:

- No issues identified.

Key Contact:

Name: C. David Porter

Title: Chair of Insurance Council of British Columbia

Phone: (604) 688-0321

Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch (GPEB)
British Columbia Lottery Corporation (BCLC)

Transition Materials - April 30, 2013

Table of Contents

Transition Notes

1. Gaming in BC Overview **(GPEB)**
2. Separation of Responsibilities under the Gaming Control Act **(GPEB)**
3. GPEB Budget and FTEs **(GPEB)**
4. Revenue Sharing with Host Local Governments **(GPEB)**
5. Responsible Gambling Program **(GPEB)**
6. Horse Racing **(GPEB)**
7. Gaming Grants: Revenue to Communities and Reporting Structure between EMNG & CSCD
(GPEB)
8. Anti-Money Laundering **(GPEB)**
9. First Nations Involvement **(GPEB)**
10. BCLC Crown Corporation **(BCLC)**
11. BCLC Corporate Governance **(BCLC)**
12. Projected Gaming Revenue and Net Income to Government **(BCLC)**
13. BCLC Business Optimization **(BCLC)**
14. Gaming Facility Market Overview **(BCLC)**
15. Edgewater Casino **(BCLC)**
16. BCLC PlayNow.com **(BCLC)**
17. BCLC Voluntary Self-Exclusion Program and Lawsuits **(BCLC)**
18. Single Event Sports Betting **(BCLC)**



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch
ISSUE NOTE**

Issue:

- Gaming in British Columbia – An Overview

Background:

- Commercial gaming in B.C. is a \$2.7-billion-a-year industry, responsible for the direct employment of over 10,000 people.
- Provincial gaming is expected to generate approximately \$1.128 billion in net income in 2012/13, with the proceeds used by the Province to benefit people and communities across B.C.
- Compared with other jurisdictions, gaming is relatively moderate in B.C., which prohibits video lottery terminals (VLTs) in bars and restaurants, and limits the number of gaming facilities.
- According to the most recent national research study¹:
 - B.C. is one of only two provinces that prohibit video lottery terminals in bars and restaurants (Ontario is the other);
 - B.C. has the third lowest gambling participation rate among Canadian provinces;
 - B.C. has the third fewest number of electronic gaming machines per capita, and the second fewest number of locations where those games can be played; and
 - Of all provinces, B.C. distributed the most government gaming revenue to non-profit community organizations.

Gaming Facilities Summary as at April 15, 2013			
Gaming Facility Type	Number	Slot Machines ^A	Table Games
Traditional Casinos ^B	17	9,739	472
Casinos at Horse Race Tracks ^C	2	1,065	22
Horse Race Tracks	5	0	0
Community Gaming Centres	19	2,473	0
Commercial Bingo Halls	8	0	0
Teletheatres	23	0	0
Totals	74	13,277	494

^A Includes electronic table games.

^B Includes one casino with commercial bingo gaming.

^C Hastings Park and Fraser Downs are combination race tracks and casinos.

¹ Canadian Gambling Digest 2010/11 (Canadian Partnership for Responsible Gambling).

Commercial Gaming (conducted and managed by BCLC):

Casinos:

- There are 17 casinos in operation, including two at horse race tracks (up to 22 casinos permitted);
- Casinos feature gaming tables, poker tables, slot machines and electronic table games; and
- One casino (Treasure Cove Casino in Prince George) also offers bingo.

Community gaming centres and bingo halls:

- 27 bingo halls and community gaming centres (up to 41 permitted);
- 19 community gaming centres offer traditional paper-based bingo and electronic bingo, in addition to a selection of other games that may include Keno, a variety of lottery products, off-track horse betting and slot machines; and
- 8 commercial bingo halls offer a mix of traditional paper bingo and electronic bingo.
(Note: Included in this number is Treasure Cove Casino, which also offers bingo).

Lottery products (as at April 15, 2013):

- 3,731 retailers, including 916 in the hospitality network (bars and pubs);
- Lotto! Express, a new, convenient way to purchase lottery tickets while paying for your groceries, is in place at select grocery stores. It is offered at 100 Overwaitea Food Group locations across B.C. with 700 pin pads selling LottoMax, Extra and Lotto 6/49; and
- Lottery games include LottoMax, Lotto 6/49, BC/49, Extra, Scratch & Win, Keno, SportsAction, Poker Lotto, pull tabs and Pacific Hold'em poker.

PlayNow.com

- PlayNow.com offers national and provincial lottery games (LottoMax, Lotto 6/49, BC/49, Extra), Keno, SportsAction, eBingo, ePacific Hold'em Poker;
- PlayNow.com also offers online casino games, including blackjack, roulette and slots. BCLC also has peer-to-peer poker in which registered online players in B.C. can play with others registered with Loto-Quebec and Manitoba Lotteries;
- In January 2013, BCLC partnered with Manitoba Lotteries to introduce Internet gambling in that province through the PlayNow.com platform;
- PlayNow.com has approximately 250,000 registered players (as at April 15, 2013); and
- To access PlayNow, players must register on the website. The personal information they provide is verified by a third party to confirm identity, age and residency.
- Safeguards include:
 - Spending limit: Players can set their own weekly transfer-in limit, up to \$9,999;
 - Session log: Time and amount spent is visible on each web page;
 - Purchase history: Tickets purchased and amount spent for the past 52 weeks; and
 - GPEB conducts regular audits to ensure gaming is conducted in compliance with gaming legislation, directives, public interest standards, policies and procedures

Horse Racing (licensed and regulated by GPEB):

Race tracks and teletheatres:

- Up to seven horse race tracks permitted (two major tracks and three seasonal tracks currently in operation). Fraser Downs and Hastings racecourses have casinos co-located with them, featuring slot machines and table games; and
- Up to 40 teletheatres permitted (23 sites currently operating: 11 at hotels/pubs, 10 at casinos or

community gaming centres and two at horse race tracks). Teletheatres offer simulcast broadcasts of races run at local, national and international tracks.

Charitable Gaming (licensed by GPEB):

- In 2011/12, GPEB issued almost 9,900 licenses to eligible community organizations to conduct and manage gaming events (ticket raffles, independent bingos, poker, wheels of fortune and social occasion casinos); and
- As at May 2, 2012, community organizations raised an estimated \$33.4 million² in 2011/12 to support their programs and services through licensed gaming events.

Canadian Gambling Digest 2010/11 – Key Findings:

According to the Canadian Gambling Digest 2010/11, published March 31, 2012, by the Canadian Partnership for Responsible Gambling:

- Total government-operated gaming revenue generated per person (19+) in B.C. in 2009/10 was \$551 (\$24 increase from 2009/10);
- This was significantly lower than Alberta (\$737), Saskatchewan (\$855) and Manitoba (\$739). The Canadian average was \$547;
- B.C. ranked third lowest in the number of electronic gaming machines (EGMs) per capita, at 307.3 machines per 100,000 adults 19+ (Ontario had the lowest at 223.5); the Canadian average was 509.7 EGMs per 100,000 adults 19+;
- B.C. has the second highest number of casinos at 17; Alberta has 24;
- Four provinces have electronic bingo games. British Columbia has the most bingo units at 5,044; the lowest number was in Ontario (752). Only B.C. had slot machines at bingo facilities;
- B.C. ranked third in number of gaming tables (486), behind Ontario (806) and Alberta (490);
- B.C. had the third fewest number of venues featuring electronic gaming machines: 33, compared to 1,936 in Quebec and 1,027 in Alberta (Ontario had the lowest at 27);
- B.C. is one of only two provinces that prohibit video lottery terminals (VLTs) in bars and restaurants (Ontario is the other); and
- B.C. (9,129) and Ontario (8,512) issued the most charitable gaming event licenses.

Decision required:

- For information only. No decision required.

² Final financials are not due from licensees until June 30, 2013.

- **Appendix A – Gaming Facilities in B.C. as of April 15, 2013**

CASINOS			
City	Facility	Slot Machines	Table Games
Burnaby	Grand Villa Casino	*1,000	60
Coquitlam	Boulevard Casino	*972	64
Langley	Cascades Casino	*812	31
Kamloops	Lake City Casino	*301	6
Kelowna	Lake City Casino	*450	16
Cranbrook ¹	Casino of the Rockies	*227	11
Nanaimo	Great Canadian Casinos	*407	6
New Westminster	Starlight Casino	*857	60
Penticton	Lake City Casino	*307	9
Prince George ²	Treasure Cove Casino	*540	9
Quesnel	Billy Barker Casino	*136	0
Richmond	River Rock Casino Resort	*1,110	108
Surrey ³	Fraser Downs Racetrack and Casino	*469	22
Vancouver	Edgewater Casino	*550	57
Vancouver ³	Hastings Racecourse and Casino	596	0
Vernon	Lake City Casino	*404	0
View Royal	Great Canadian Casino	*601	13
Totals	Casinos: 17	9,739	472

* Number of slot machines includes electronic table games.

¹ The host local government is the Ktunaxa Nation Council.

² Casino also offers commercial bingo gaming.

³ Casinos are co-located at horse race tracks.

COMMUNITY GAMING CENTRES			
City	Facility	Slot Machines	Bingo Seats
Abbotsford	Chances Abbotsford	*186	166
Campbell River	Chances Campbell River	*125	179
Courtenay	Chances Courtenay	*153	212
Castlegar	Chances Castlegar	*100	175
Chilliwack	Chances Chilliwack	*175	288
Dawson Creek	Chances Dawson Creek	*149	222
Duncan	Chances Cowichan	*150	229
Fort St. John	Chances Fort St. John	*178	180
Kamloops	Chances Kamloops	*137	445
Kelowna	Chances Kelowna	*270	494
Langley	Playtime Gaming Langley	50	312
Maple Ridge	Chances Maple Ridge	100	450
Mission	Chances Boardwalk Mission	*125	115
Newton	Newton Community Gaming Centre	100	364
Port Alberni	Chances Rim Rock	*100	99
Prince Rupert	Chances Prince Rupert	*100	136
Squamish Nation	Chances Boardwalk Squamish	*100	270
Terrace	Chances Terrace	*75	144
Williams Lake	Chances Signal Point	*100	320
Totals	Community Gaming Centres: 19	2,473	4,800

* Number of slot machines includes electronic table games.

COMMERCIAL BINGO HALLS			
City	Facility	Slot Machines	Bingo Seats
Esquimalt	Bingo Bingo Esquimalt	0	189
Vernon	Fairweather Bingo Hall	0	350
Nanaimo	Harbour City Bingo Hall	0	420
Nanaimo	Playtime Bingo Nanaimo	0	0 (Closed Nov 1, 2012)
Surrey	Newton Bingo Country	0	Now a Gaming Centre (Nov 2012)
Penticton	Penticton Bingo Palace	0	338
Vancouver	Planet Bingo	0	426
Victoria	Playtime Bingo Victoria	0	485
Prince George	Treasure Cove Casino	0	633
Chilliwack	Chilliwack Bingo	0	Now a Chances (Nov 2012)
Totals	Commercial Bingo Halls: 8	0	2,841

HORSE RACE TRACKS (RACE DAYS 2013)					
Location	Name	Race Type	# Days	Slots and ETGs*	Tables
Princeton	Sunflower Downs	Thoroughbred	2	0	0
Surrey	Fraser Downs Racetrack	Standardbred	81	469	22
Vancouver	Hastings Racecourse	Thoroughbred	69	596	0
Vernon	Kin Park	Thoroughbred	2	0	0
Osoyoos	Desert Park	Thoroughbred	2	0	0
Totals	Horse Race Tracks: 5		156	1,065	22

*ETGs = Electronic Table Games

TELETHEATRES			
Location	Name	Location	Name
Campbell River	Elks Lodge #373	Castlegar	Chances Castlegar
Chilliwack	Best Western Rainbow Inn	Coquitlam	Boulevard Casino
Cranbrook	Casino of the Rockies	Kamloops	Chances Kamloops
Kelowna	Chances Kelowna	Maple Ridge	Maple Ridge CGC
Nanaimo	Casino Nanaimo	New Westminster	Schanks Sports Grill
Penticton	Clancy's Pub	Prince George	Treasure Cove Casino
Prince Rupert	Chances Prince Rupert	Richmond	River Rock Casino
Salmon Arm	Hideaway Pub	Sechelt	Gilligan's Pub
Squamish	Chieftain Hotel	Surrey	Derby Bar and Grill
Surrey	Fraser Downs Racetrack	Vancouver	Hastings Racecourse
Vernon	Kalamalka Hotel	Victoria	Vacation Inn Hotel
Williams Lake	Chances Signal Point		
Totals	Teletheatres: 23		

Appendix B

Gaming in British Columbia

	Casinos	Bingo Halls	Community Gaming Centres	Co- Located Race Tracks & Casinos	Race Tracks	Lottery Outlets	PlayNow (Internet)	Licensed Events	Pubs & Bars
Commercial Gaming									
Bingo Games	✓	✓	✓				✓		
Lottery Products	✓	✓	✓	✓	✓	✓	✓		✓
Slot Machines	✓		✓	✓			Slots		
Table Games	✓			✓			Casino-style games		
Poker Tables	✓						Peer-to -Peer Poker		
Electronic Table Games	✓		✓	✓					
Live Horse Racing				✓	✓				
Teletheatres	✓		✓	✓	✓				✓
Licensed Charitable Gaming									
Ticket Raffles								✓	✓
Independent Bingo								✓	✓
Social Occasion Casinos								✓	✓
Wheels of Fortune								✓	✓
Poker								✓	✓



May 6, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch
ISSUE NOTE**

Issue:

- Separation of responsibilities and authorities in the *Gaming Control Act*.

Background:

- To provide for integrity of gambling in British Columbia, the *Gaming Control Act* was drafted to ensure that elected officials are kept at arm's length from specific decision making in the gambling industry.
- There are three separate roles under the Act, each with their own responsibilities and powers. The Act assigns responsibilities to the Minister, the General Manager of the Gaming Policy and Enforcement Branch (GPEB), and the British Columbia Lottery Corporation (BCLC).
- The Minister responsible for gaming has been given limited authority under the Act. The Minister provides oversight and guidance while leaving specific decision making to the lottery corporation (BCLC) and the regulation of the gaming industry, including BCLC, to GPEB.
- Government, through the Minister responsible, provides broad policy direction to ensure British Columbia's social and economic priorities for gaming are achieved.
- Except for specific approval requirements under the *Act*, Government is not involved in decisions respecting gaming operations. Section 27(4) of the *Act* specifically prohibits GPEB from conducting, managing or presenting gaming.
- Under Part III of the Act only BCLC has the authority to propose locations and relocations of gaming facilities to potential host local governments.
- The accountabilities and responsibilities for gaming in the province are structured this way to ensure that the potential for an actual or perceived conflict of interest is minimized.

Minister Responsible for Gaming

- The Minister's powers and duties are primarily set out in the following sections:
 - s.6 authorizes the Minister to issue written directives to BCLC on matters of general policy;
 - s. 7 (1) requires BCLC to receive written approval of the Minister prior to entering into agreements with other jurisdictions or supplying goods or services to other jurisdiction
 - s.7(2) requires Ministerial approval before implementing a new type of lottery scheme;
 - s.18 requires BCLC to receive a written directive in respect to development of gaming facilities;
 - s. 26 authorizes the Minister to issue written directives to GPEB on matters of general policy; and
 - s. 28(3) requires GPEB to receive Ministerial approval before issuing a directive to

- BCLC.

General Manager

- The General Manager must develop, manage and maintain the government's gaming policy. This is achieved through the regulatory oversight of the gaming industry, including BCLC, service providers and charity organizations engaged in gaming.
- GPEB is responsible for:
 - Developing and maintaining a strong and comprehensive policy and regulatory framework for gaming in the province;
 - Establishing industry wide public interest standards and managing responsible gambling initiatives and problem gambling treatment programs;
 - Regulating the horse racing industry;
 - Conducting financial and personal background checks on all gaming services providers and gaming workers;
 - Approving and certifying all gaming equipment used in the province;
 - Conducting audits of commercial gaming, licensed gaming events and community organizations' use of gaming proceeds; and
 - Investigating all complaints and allegations of regulatory wrongdoing and assists law enforcement agencies in criminal investigations in gaming in the province.

British Columbia Lottery Corporation

- As an agent of the Crown, BCLC conducts, manages and operates all provincial gaming in the province, including commercial casinos, bingo halls, community gaming centres, lotteries, and online gambling.
- In general, BCLC is a gaming entertainment company that manages all contracts and formal relationships with gaming facility service providers, lottery retailers as well as all gaming agreements with other provinces and the federal government.
- BCLC is responsible for enhancing the financial performance, integrity, efficiency, and sustainability of the gaming industry in the province within the policy framework established by the Province of British Columbia.
- BCLC is also responsible for complying with operating and reporting requirements set out by its Board, government and any applicable laws and regulations.
- BCLC reports to an independent nine member board of directors. This board is appointed by, and reports to, the Minister Responsible for Gaming.

Decision required: For Information Only

- For information only. No decision required.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch
ISSUE NOTE**

Issue:

- The Gaming Policy and Enforcement Branch (GPEB) Budget and FTEs

Background:

- GPEB's core operating budget for 2013/14, is set at \$19.586 million, an increase of \$1.442 million over 2012/13⁽¹⁾.
- A small balance in capital funding will be spent on upgrading GPEB's computer database in 2013/14.

GPEB Budget and Expenditures (\$ millions), and FTE Staffing			
Budget	2011/12 (actual)	2012/13 (actual)	2013/14 (budget)
Branch Core Operations	13.907	13.638	13.580
Responsible Gambling Strategy	4.453	4.506	6.006
Total Branch Operating Budget	18.360	18.144	19.586
Capital Budget	0.885	⁽³⁾ 0.687	⁽⁴⁾ 0.021
Expenditures			
Branch Core Operations	13.249	12.309	-
Responsible Gambling Strategy	5.595	5.469	-
Total Operating Expenditures	18.844	17.778	-
Capital Expenditures	⁽²⁾ 0.216	0.666	-
Variance – surplus/(deficit)			
Operating Costs	(0.484)	0.366	-
Capital Costs	0.669	.021	-
Staff			
Total Branch FTEs	156	156	156

¹ This increase is the result of a \$1.5M budget lift for the Responsible and Problem Gambling Program less \$58K, which was GPEB's portion of a ministry wide budget reduction in EMNG.

² This amount previously was calculated to be \$0.122. It has been adjusted to include write offs and non IT assets and is now correctly stated as \$0.216.

³ The budget reflects the amount of capital funding transferred from the Ministry of Justice (JAG) to EMNG.

⁴ The remainder of the capital budget will be spent in 2013/14.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch**

ISSUE NOTE

Issue:

- Revenue Sharing with Host Local Governments

Background:

- In 2013/14, an estimated \$82.9 million in gaming revenue will be distributed to local governments that host casinos and/or community gaming centres.
- By the end of 2013/14, local governments that host gaming facilities will have received an estimated \$940.2 million in gaming funds since 1999.
- Thirty-one communities host a total of 17 casinos and 19 community gaming centres.

Host Local Government Share of Gaming Revenues (all figures in millions)						
	1999 to 2010 (actual)	2010/11 (actual)	2011/12 (actual)	2012/13 (actual)	2013/14 (estimate)	Total (1999 to 2014 estimate)
Gaming revenues	\$607.6	\$82.3	\$83.1	\$84.4	\$82.9	\$940.2

- Since July 1999, the Province has provided a share of gaming revenue to local governments that host gaming facilities (casinos and/or community gaming centres) in their jurisdiction.
- Host local governments can use the revenue for any purpose that benefits the local community. They are required to report annually to the Province on the expenditure of these funds.
- Revenue sharing is set out in signed contracts between the Province and host local governments. 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 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.

Decision required:

- For information only. No decision required.

**Local Government Share of Provincial Casino and
Community Gaming Centre (CGC) Revenue to March 31, 2013**

City	Casino or Community Gaming Centre (CGC)	Jul 1999 - Mar 31, 2011	Apr 1, 2011 - Mar 31, 2012	Apr 1, 2012 - Mar 31, 2013	Total to Date	Notes
Abbotsford	Chances Abbotsford CGC	\$1,440,681.48	\$904,774.46	\$970,854.55	\$3,316,310.49	Opened June 2009.
Burnaby	Grand Villa Casino	\$95,949,856.56	\$9,365,898.70	\$8,826,054.92	\$114,141,810.18	Previously known as Gateway Burnaby Casino.
Campbell River	Campbell River Bingo Palace	\$592,560.08	N/A	N/A	\$592,560.08	Closed June 2007.
Campbell River	Campbell River Chances CGC	\$2,426,314.72	\$687,490.52	\$684,344.98	\$3,798,150.22	Opened July 2007.
Castlegar	Chances Castlegar CGC	N/A	\$283,428.21	\$452,049.43	\$735,477.64	Opened July 2011.
Chilliwack	Chances Chilliwack	N/A	N/A	\$496,261.98	\$496,261.98	Opened November 2012
Coquitlam	Boulevard Casino	\$74,063,981.09	\$7,501,627.05	\$7,386,268.49	\$88,951,876.63	Previously known as Coquitlam Casino.
Courtenay	Chances Courtenay CGC	\$2,060,918.31	\$802,261.21	\$835,116.98	\$3,698,296.50	
Cowichan	Chances Cowichan CGC	\$2,778,356.08	\$784,409.54	\$734,271.49	\$4,297,037.11	Opened March 2007.
Cranbrook	Casino of the Rockies	\$11,672,009.45	\$1,365,120.22	\$1,178,631	\$14,215,760.67	Ktunaxa First Nation receives a share of casino revenue from this destination casino.
Dawson Creek	Chances Dawson Creek CGC	\$4,038,735.04	\$839,806.18	\$831,191.85	\$5,709,733.07	Previously known as Bear Mountain CGC.
Fort St. John	Chances Fort St. John CGC	\$2,756,429.99	\$969,606.21	\$947,306.89	\$4,673,343.09	Opened September 2007.
Kamloops	Chances Kamloops CGC	\$1,938,185.32	\$541,918.71	\$659,250.98	\$3,139,355.01	Previously known as Enterprise CGC.
Kamloops	Lake City Casino	\$21,841,132.11	\$1,922,004.19	\$1,818,789.40	\$25,581,925.70	
Kelowna	Chances Kelowna CGC	\$5,985,421.39	\$1,584,608.05	\$1,732,798.72	\$9,302,828.16	
Kelowna	Lake City Casino	\$27,502,801.21	\$2,036,332.36	\$1,976,902.03	\$31,516,035.60	
Langley	Cascades Casino	\$39,041,834.62	\$5,875,236.04	\$5,793,005.43	\$50,710,076.09	Previously known as Langley Casino.
Langley	Playtime Gaming CGC	\$274,107.35	\$132,254.42	\$129,598.17	\$535,959.94	Opened October 2008.
Maple Ridge	Maple Ridge CGC	\$317,106.55	\$786,696.43	\$820,220.24	\$1,924,023.22	Opened October 2010.
Mission	Chances Boardwalk CGC	\$1,954,008.71	\$645,946.03	\$625,471.02	\$3,225,425.76	Opened August 2007.
Nanaimo	Nanaimo Casino	\$32,213,250.30	\$2,350,384.15	\$2,431,137.39	\$36,994,771.84	

City	Casino or Community Gaming Centre (CGC)	Jul 1999 - Mar 31, 2011	Apr 1, 2011 - Mar 31, 2012	Apr 1, 2012 - Mar 31, 2013	Total to Date	Notes
New Westminster	Royal City Star (Riverboat)	\$31,288,316.65	N/A	N/A	\$31,288,316.65	Closed December 2007.
New Westminster	Royal Towers Casino	\$11,956,075.00	N/A	N/A	\$11,956,075.00	Closed November 2005.
New Westminster	Starlight Casino	\$20,417,827.99	\$5,780,230.26	\$5,701,451.96	\$31,899,510.21	
Penticton	Lake City Casinos Ltd.	\$21,033,456.68	\$1,682,935.49	\$1,594,349.90	\$24,310,742.07	
Port Alberni	Chances Rim Rock	\$1,473,742.72	\$449,781.00	\$426,859.32	\$2,350,383.04	Opened September 2007.
Prince George	Chances Good Time Prince George CGC	\$254,384.44	N/A	N/A	\$254,384.44	Closed June 2009.
Prince George	Treasure Cove Casino	\$24,552,103.33	\$2,627,265.33	\$2,622,414.80	\$29,801,783.46	Previously known as Casino Hollywood (changed name September 2004).
Prince Rupert	Chances Prince Rupert CGC	\$1,474,517.61	\$403,647.26	\$424,801.14	\$2,302,966.01	
Quesnel	Billy Barker Casino	\$7,018,521.33	\$519,955.58	\$500,408.71	\$8,038,885.62	
Richmond	River Rock Casino	\$93,283,834.06	\$14,803,715.52	\$15,701,188.46	\$123,788,738.04	Previously known as Richmond Casino (changed June 2004).
Squamish	Chances Boardwalk Squamish	\$289,537.11	\$230,631.03	\$237,150.13	\$757,318.27	Opened February 2010.
Surrey	Fraser Downs	\$21,851,497.83	\$2,877,900.08	\$2,997,760.46	\$27,727,158.37	
Surrey	Newton Casino	\$2,042,541.00	N/A	N/A	\$2,042,541.00	Closed.
Surrey	Newton CGC	N/A	N/A	\$187,726.50	\$187,726.50	Opened November 2012
Terrace	Chances Terrace	\$973,247.55	\$560,756.86	\$625,577.44	\$2,159,581.85	Opened January 2009.
Vancouver	Edgewater	\$33,234,529.38	\$5,821,565.25	\$6,084,757.33	\$45,140,851.96	
Vancouver	Grand Casino	\$5,199,559.00	N/A	N/A	\$5,199,559.00	Closed.
Vancouver	Hastings	\$3,854,221.11	\$1,270,554.09	\$1,214,566.60	\$6,339,341.80	
Vancouver	Holiday Inn Casino	\$10,530,664.79	N/A	N/A	\$10,530,664.79	Closed.
Vancouver	Mandarin Centre	\$4,590,768.00	N/A	N/A	\$4,590,768.00	Closed.
Vancouver	Renaissance Casino	\$2,363,885.00	N/A	N/A	\$2,363,885.00	Closed.
Vancouver	Royal Diamond Casino	\$1,286,517.00	N/A	N/A	\$1,286,517.00	Closed.
Vernon	Lake City Casino	\$18,353,461.36	\$1,947,770.07	\$2,000,788.15	\$22,302,019.58	
Victoria	Mayfair Casino	\$930,336.00	N/A	N/A	\$930,336.00	Closed December 2001.
View Royal	View Royal Casino	\$39,537,961.62	\$4,196,788.12	\$4,142,775.53	\$47,877,525.27	
Wells	Jack o' Clubs Gaming Hall	\$72,462.00	N/A	N/A	\$72,462.00	Seasonal. Closed September 2005.
Williams Lake	Signal Point CGC	\$3,265,070.81	\$579,704.96	\$579,211.79	\$4,423,987.56	
Grand Total		\$689,976,729.73	\$83,133,003.58	\$84,371,314.16	\$857,481,047.47	



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch**

ISSUE NOTE

Issue:

- Responsible Gambling Programs

Background:

- Government has publicly committed that counselling services for gambling will be available to everyone who needs them, without waitlists.
- The government of B.C. and BCLC are committed to ensuring that gaming in B.C. is conducted with integrity and that gaming events and products are offered in a socially responsible manner.

Gaming Policy and Enforcement Branch (GPEB) – Responsible and Problem Gambling Program

- The Province's Responsible Gambling Strategy promotes responsible practices for those who choose to gamble and also provides assistance for those affected by problem gambling.
- The strategy's three goals and supporting objectives are:
 - Goal 1 – Create public awareness of risks associated with gambling
 - Goal 2 – Deliver gambling in a way that encourages responsible gambling and informed choice
 - Goal 3 – Provide treatment and support to those affected by problem gambling
- The Responsible Gambling Strategy offers the following initiatives:
 - Advertising and Responsible Gambling Standards for the B.C. gaming industry.
 - A network of GameSense Advisors provides responsible gambling information and services to patrons at all casinos and some community gaming centres across B.C.
 - Standardized responsible and problem gambling awareness resources and programs have been developed to educate all ages from elementary school children to seniors.
 - The Gam iQ, an iPad-based education program designed specifically for college and university students. In 2012, a second version of this program was made available to high schools throughout the province.
 - A network of clinical counsellors located throughout the province offer support services for individuals, couples, families and groups.
 - Telephone and outreach services help to serve people in remote communities.

- To improve accessibility, an intensive out-patient treatment program (Discovery Program), has been expanded to two locations (the Lower Mainland and Vancouver Island).
- Culturally relevant resources, programming and treatment continue to be developed and delivered with the assistance of specialized service providers.
- A newly updated B.C. Responsible and Problem Gambling Program website, which is a key resource for British Columbians seeking information about the program and its services, was launched in the spring of 2012.
- GPEB's budget for the RPG program for 2013/14 is \$6.0 million

BCLC's Responsible Gambling Program

- GameSense is BCLC's responsible gambling program, designed to give players the information they need to play responsibly and connect them to available resources if they feel they need help with their gambling.
- GameSense includes a number of initiatives to promote responsible gambling:
 - Staffed GameSense Information Centres in all casinos and self-serve kiosks in community gaming centres.
 - Information on the odds of winning on all types of games is available in several languages and is widely available at casinos and on the GameSense website: www.gamesense.ca.
 - Appropriate Response Training for all gaming staff, which prepares BCLC staff and service providers' employees to assist players.
 - A Voluntary Self-Exclusion (VSE) program in casinos, community gaming centres and bingo halls, as well as PlayNow.com.
 - Automatically excluding people from PlayNow.com if they have self-excluded from facility-based gambling.
 - Technology innovations to support the VSE program (e.g., licence plate recognition, linking ID scanners to the VSE database).
- BCLC is investing \$3.6 million in its responsible gambling program for 2013/14.
- BCLC is working to implement pre-commitment options for slot machine players as part of its investment in new Gaming Management System. This will allow players to set limits on both time and money spent playing.
- In early 2013 BCLC and GPEB partnered with five communities across the Province to host Responsible Gambling Awareness Month. The marquee event was a major annual international conference dedicated to responsible gambling.

The Centre for Gambling Research at UBC

- Government and BCLC have committed \$2 million over five years to support the establishment of the Centre for Gambling Research at the University of British Columbia (UBC). UBC will receive \$1 million in the first year and \$250,000 in each of the subsequent years. This funding is from forfeited prize winnings under the VSE program (VSE individuals are ineligible for jackpot prizes).

- The centre will conduct research on the social and behavioral aspects of gambling to help inform and advance responsible and problem gambling prevention policy and programming in B.C., as well as in other regions of Canada and internationally.
- UBC will use the funding to cover operational expenses for the centre, infrastructure and research centre staff.

Decision required: For Information Only

- UBC is in the process of hiring a director to lead the Centre. The new centre is expected to be operational in fall, 2013.
- BCLC is in the process of launching a follow-up four-year longitudinal study of the VSE program.
- BCLC has submitted an application to renew its Level 4 accreditation from the World Lottery Association (WLA), which recognizes excellence in responsible gambling programming. Results are expected in late July/early August, 2014. BCLC first achieved accreditation in 2010.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch**

ISSUE NOTE

Issue:

- Horse Racing

Background:

General

- British Columbia's horse racing industry contributes \$350 million¹ to the province's economy and provides more than 7,400 people with approximately 3,600 full-time equivalent jobs.
- Horse racing in B.C. is regulated under the Gaming Control Act by the Gaming Policy and Enforcement Branch (GPEB). As part of its activities, GPEB develops fair and appropriate rules and policies to help ensure the horse racing industry is conducted and managed fairly and with integrity.
- Those who work in or provide services to the horse racing industry must be registered with and licensed by GPEB to ensure they meet high standards of honesty, integrity, and financial responsibility.
- There are two commercial horse race tracks (Hastings Racecourse, in Vancouver, and Fraser Downs Racetrack, in Surrey) and three community event tracks (in Vernon, Princeton and Osoyoos).
 - All are thoroughbred tracks except Fraser Downs, which is standardbred.
 - The two commercial tracks have casinos co-located in them – Fraser Downs features slot machines and table games, and Hastings features slot machines only.
- Twenty-three teletheatres in B.C. present simulcast satellite broadcasts of horse races run at local, national, and international tracks. Teletheatre BC operates 21 teletheatres, and the Great Canadian Gaming Corporation operates the teletheatre at each of Fraser Downs and Hastings.
- In recent years wagering at race tracks and teletheatres in British Columbia has ranged from \$160 million to \$180 million annually.
- The B.C. industry is heavily dependent on simulcast revenues. Income from simulcast wagering accounts for more than 92 per cent of the money used to support horse racing in the province; only eight per cent is the result of live racing.

¹ Dollar amount estimated in 2008, the most recent estimate available.

Industry Revitalization

- In response to declining horse racing revenues over the last decade, industry organizations requested that the Province take steps to help stabilize and revitalize racing in B.C.
- The Province created the B.C. Horse Racing Industry Management Committee in November 2009. The committee, which includes leading horse racing industry and business experts, is mandated to provide strategic direction, decision-making and business leadership to guide the industry in its effort to become financially stable and sustainable.
- Since the Committee began its formal involvement in January 2010, it has implemented a number of changes that have strengthened horse racing in B.C. It has also gained a clearer understanding of the challenges facing the industry, and identified next steps for the continued development of effective business practices. Notably, the introduction of a marketing fund in 2011 has resulted in increased attendance and wagering at live racing events.
- The committee has focused on creating a sustainable and transparent business model that benefits the entire industry. The main areas targeted for improvement have been governance, cost efficiencies in operations, new revenue initiatives and improving player interest and participation in B.C. horse racing and wagering. To help drive its activities and decisions, the Committee consults associations, owners, trainers, bettors, track employees, the track operator and other interested stakeholders throughout the province.
- All-sources wagering on live racing at the two Lower Mainland racetracks showed significant increases in 2012 (up 7.6 per cent over 2011). Overall revenue trends continue to decline, and government support is still needed to stabilize the industry and build on progress made to date.
- Going forward, the Province's financial support is estimated at \$10 million (related to net revenues from casinos co-located at Hastings and Fraser Downs).
- The Horse Racing Industry Management Committee is preparing a report on the best case for making horse racing sustainable in British Columbia. A consultation draft of the report was released to industry stakeholders on April 12, 2013. The Committee is scheduled to release its final report following the consultations, in summer 2013.

Decision required:

- For information only. No decision required.

Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch
ISSUE NOTE

Issue:

- Gaming Grants: Revenue to Communities.
- Administration of the Gaming Grant Program by the Ministry of Energy, Mines and Natural Gas (EMNG) and the Ministry of Community, Sport and Cultural Development (CSCD).

Background:

- In 2012/13, the Gaming Policy and Enforcement Branch (GPEB) distributed \$135 million to approximately 5,300 non-profit organizations. Funds were distributed to organizations within the following six sectors: human and social services, public safety, art and culture, sport, environment, and Parent Advisory Councils (PACs) and District Parent Advisory Councils (DPACs).
- Decisions regarding eligibility and grant approval are the responsibility of CSCD and have been since April 2011. CSCD receives the budget allocation for the grants. (Previously these functions – and the administration of the program – were the responsibility of GPEB.) GPEB continues to be responsible for the administration of the program, including financial oversight, audit, IT services, and corporate support. Grants staff and administration remain with GPEB.
- Amendments to the Gaming Control Act and regulation were introduced in April 2012 to enact this shared responsibility. The amendments, including one that stipulates that the community gaming grant program reports to two Assistant Deputy Ministers (ADMs), were included in the 2012/13 budget bill. EMNG has legislated authority to distribute the grants based on a set of criteria. Existing legislation does not prohibit the criteria from being established outside the ministry. CSCD and EMNG cooperate throughout the grant eligibility process.
- A public review (announced in July 2011 by Premier Christy Clark and conducted by independent advisor Skip Triplett) of the community gaming grant program examined the role of government in allocating gaming revenue to B.C. communities. Input was sought and received from charities, community members, industry representatives and local government. Mr. Triplett provided a final report, including recommendations, to government on Oct. 31, 2011.
- On January 11, 2012, Premier Christy Clark announced that the Province had increased gaming grants by \$15 million to a total of \$135 million, beginning in the 2011/12 fiscal year. At the same time, funding was reinstated for eligible adult arts and sports organizations, environmental groups and animal welfare agencies.
- GPEB is a vital link in the administration of the community gaming grant program. Delivery of the grants takes place in many stages, from the adjudication and processing of applications to the deposit of funds by computer. The funds themselves are routed from BCLC via a customized

computerized journal voucher system. The entire process is labour intensive and requires the particular expertise of various staff teams. More specifically:

- GPEB provides the grant program's application, payment and reporting functions;
- The gaming grant program is integrated into GPEB's computer database system, Gaming Online Services (GOS);
- CSCD's \$135 million funding allotment flows from the BC Lottery Corporation's revenues to GPEB's Finance Division, which distributes the grants to community organizations through GOS;
- GPEB's Finance Division was recognized as being specially equipped to distribute \$618K in gaming funds for multiculturalism grants on behalf of the Minister of State;
- GPEB created and maintains the gaming grants web pages;
- GPEB's Audit Division audits grants administered by GPEB, and, understanding the program as it does, is uniquely positioned to do so; and
- GPEB's Investigations Division deals with criminal activity affecting the grants program, and similarly, is uniquely placed to do so.

Decision required:

- For information only. No decision required.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch**

ISSUE NOTE

Issue:

- Anti-Money Laundering

Background:

- The Ministry remains committed to managing gaming activities to protect the public interest and ensure public safety. It is working with the gaming industry to prevent criminal attempts to legitimize illegal proceeds of crime in gaming facilities in the province.
- BCLC has a comprehensive anti-money laundering program in place and is committed to continuous improvement and cooperation with GPEB and other stakeholders.
- All organizations that manage large volumes of money, including banks, could be targeted by criminals. All gaming industry stakeholders including BCLC, service providers and GPEB remain vigilant to these attempts and, in co-operation with the RCMP and local police, continue to report and deter these activities.
- Facility-based gaming generated \$1.6 billion in gross revenue (net win) in FY 12/13. It remains primarily a cash-based business in B.C.; however, GPEB and BCLC have taken significant measures to reduce this reliance on cash.
- In 2011, the Province commissioned a review to examine current anti-money laundering practices in B.C. gaming facilities. The review intended to determine what anti-money laundering policies, practices and strategies are in place at B.C.'s gaming facilities and identified opportunities to strengthen the existing anti-money laundering regime.
- The review found that BCLC and its operators, with oversight and guidance from GPEB, employ standard and appropriate anti-money laundering strategies. Notwithstanding these measures, the review made recommendations to both BCLC and GPEB for opportunities to further strengthen anti-money laundering efforts.
- Both GPEB and BCLC, in cooperation with gaming service providers, have developed and implemented new measures that address the recommendations of the report, with a focus on moving the industry away from a reliance on cash.
- Examples of initiatives include:
 - Greater convenience in setting up Patron Gaming Fund (PGF) Accounts for players
 - Expanded buy-in options (such as use of a debit card) to provide alternatives to cash buy-ins
 - Revised policies and procedures for issuance of casino cheques

- A number of policy changes have been made, such as providing more common electronic deposit options and allowing players to transfer verified wins or the amount of their original buy-in back to into their bank account. Cash-free buy-in options are now available for large value transactions, which provide an added convenience for players while aligning with anti-money laundering best practices.
- These changes help to encourage the use of cash-free alternatives for large value transactions while deterring criminal activities and enhancing player security.
- The Ministry's 2013/14 – 2015/16 Service Plan has a performance measure intended to further shift the industry from cash transactions to electronic methods for funds access within casinos.
- In the upcoming year, BCLC will be analysing the factors that contribute to high currency levels at certain gaming facilities and will be exploring opportunities to incent players to use alternatives to cash.
- There is ongoing dialogue with the police of jurisdiction and the Provincial and Federal RCMP in order to ensure those agencies better understand the gaming business, where the risks lie as well as keeping them abreast of plans to deter and detect any criminal conduct associated to gaming in the province.

FINTRAC penalty:

- On June 15, 2010, BCLC received a notice of violation from FINTRAC advising \$695,750 in Administrative Monetary Penalties (AMPs) would be levied against the corporation for 1,185 violations of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. The administrative penalty included violations related to delays in filing reports and clerical errors.
- On October 29, 2010, BCLC filed an appeal of the penalty levied by FINTRAC in the Toronto registry of the Federal Court on a number of grounds.

s13

Decision required: For Information Only

- For information only. No decision required.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
Gaming Policy and Enforcement Branch**

ISSUE NOTE

Issue:

- First Nations and Gaming in British Columbia

Background:

- Sharing gaming revenue is a key issue for First Nations. Various First Nations leaders have written to the Premier with their concerns, specifically:
 - First Nations desire for the Province to share gaming revenue directly with them;
 - Province's duty to consult with First Nations where gaming facilities are re-located on land that may infringe upon Aboriginal title and rights; and
 - Authority for gaming on First Nations lands.

First Nations Revenue

- Host local governments (HLG) receive 10 percent of the net revenues from the casino or gaming community centre they host. Four First Nations host gaming facilities on their land:
 1. Ktunaxa Nation - Casino of the Rockies (Cranbrook) is owned and operated by SEM Resort Limited Partnership, comprised of the Ktunaxa Nation, the Samson Cree First Nation and the Mnjikaning First Nation. In fiscal 2011/12, they received \$1.3 million in HLG payments.
 2. Cowichan Tribes - Chances Cowichan community gaming centre (Duncan). In fiscal 2011/12, they received \$780K in HLG payments.
 3. Squamish Nation - Chances Squamish community gaming centre (Squamish). In fiscal 2011/12, they received \$230K in HLG payments.
 4. In addition, BCLC plans to relocate Vernon's Fairweather Bingo Hall to a site on Adams Lake Indian Band (ALIB) land near Salmon Arm and redevelop it into a community gaming centre. BCLC's marketplace assessment indicates there is demand for a community gaming centre in this area. The ALIB is currently holding community consultations with band members, as required by the Gaming Control Act.
- Unlike Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick, BC does not directly share gaming revenues with First Nations.
- The provincial government does share revenue directly with First Nations, from resource developments on Crown land such as mining, forestry and oil and gas.

Province's Duty to Consult

- The *Gaming Control Act* (GCA) requires that BCLC must be satisfied that the HLG has consulted with each potentially affected local government, including First Nations. The GCA limits consultation with First Nations to advising them of the gaming proposal, and seeking their comments solely in relation to infrastructure or policing costs and traffic and highway use.
- In a 2005 case involving the development of the River Rock Casino in Richmond, BC on Crown lands, the Supreme Court of British Columbia found that because BCLC is an agent of the Crown, the Province had a duty to consult which was triggered when it contemplated moving and expanding its casino to Crown lands which it knew were subject to the Musqueam claims. The courts ruled in favour of the Musqueam Indian Band for failure to consult on the River Rock Casino relocation. The Province provided financial compensation to the Musqueam Indian Band.

Gaming on First Nations Lands

- Some First Nations have made inquiries about establishing casinos on First Nations lands. Citing “existing aboriginal and treaty rights,” affirmed by section 35(1) of the *Constitution Act*, 1982, many First Nations assert that BC does not have exclusive jurisdiction over gaming activities in the province.
- Under the *Criminal Code of Canada*, the Province is delegated to conduct and manage all gaming, both on and off First Nations reserve lands.
- In B.C., the *Gaming Control Act* (GCA) provides the legislative framework for gaming in the province, and the provincial government has sole jurisdiction for gaming and regulation of gaming in B.C. The Province delegates BCLC to conduct, manage and operate commercial gaming, with the exception of horse racing.
- All municipal governments have the same opportunity to participate in gaming based on BCLC’s marketplace assessments.
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Decision Required: For Information Only

- The British Columbia First Nations Gaming Initiative may publicly point out their position that gaming revenue is not shared with First Nations and the Province has not historically fulfilled their duty to consult where gaming facilities have been re-located.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

CROWN CORPORATION NOTE

Name:

- British Columbia Lottery Corporation (BCLC)

Mandate:

BCLC is a Crown Corporation with the authority and responsibility provided by the Province of British Columbia to, on its behalf, conduct, manage and operate lottery, casino, bingo and e-gaming in BC under the *Criminal Code of Canada* and the *Gaming Control Act* of BC (2002).

The Minister of Energy, Mines and Natural Gas is responsible for gaming; providing direction to BCLC on behalf of Government through a Board of Directors appointed by Government. BCLC operates its commercial gaming business in accordance with the legislative, regulatory and policy framework established by Government and is regulated by the Gaming Policy and Enforcement Branch (GPEB). GPEB is responsible for standards, registration, licensing, audit and compliance and enforcement, as well as BC's responsible gambling policy and strategy. BCLC complies with written directives from the Minister and the Assistant Deputy Minister/General Manager of GPEB.

BCLC's products are sold through contracted private-sector retailers and service providers. It has approximately 3,800 lottery locations, 17 casinos, 19 community gaming centres and 7 commercial bingo halls. Lottery, eCasino, ePoker and eBingo products are sold through the PlayNow.com e-gaming site directly to over 240,000 registered players in BC. BCLC also contracts with Manitoba Liquor and Gaming to provide PlayNow.com in Manitoba.

Lottery retailers earn an industry-standard commission rate. Eighteen private sector service providers at casino, community gaming and bingo facilities earn a percentage of sales revenue for providing gaming facilities and day-to-day operational services. BCLC owns all gaming equipment, including lottery and bingo terminals and slot machines.

The consolidated financial statements of BCLC include a wholly owned subsidiary, BC Lottotech International Inc., which has as its sole business the purchase of capital assets for BCLC. The financial statements, management and oversight of Lottotech is consolidated within BCLC operations. BCLC remits its entire net income to Government after minor distributions to the federal government.

The approvals are in place to set up a subsidiary for eGaming,

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BCLC has employees who work from offices in Kamloops and Vancouver, as well as field staff who work in gaming facilities and with lottery retailers and service providers in communities throughout the province. The Kamloops office is the primary location of information technology, finance and administration functions. Gaming operations, security, marketing and communications functions are primarily located in Vancouver. BCLC integrates responsible gaming and player security into the design and development of new games and services, markets and advertises games, manages the technology necessary to run the gaming business, and oversees contracted retailer and service provider operations to ensure gaming integrity, security, compliance and performance.

Financial Information (high level):

	2013/14
(\$ millions)	Current Forecast
Revenues	
Lottery	1,025
eGaming	100
Casino & Community Gaming	1,678
Total Revenues	2,803
Minus Prizes	645
Net Revenues	2,158
Expenses	
Lottery	170
eGaming	42
Casino & Community Gaming	774
Total Expenses	986
Net Income	
Lottery	277
eGaming	42
Casino & Community Gaming	853
Total Net Income	1,172
Capital Expenditures	120
Debt	173
Dividends	1,162

s17

Issues:

60 Day

- Paragon Gaming and PavCo have negotiated a Master Development Agreement for the relocation of Edgewater Casino to BC Place lands as approved by the City of Vancouver in April 2011. It is anticipated that negotiations will extend over the next 30 to 90 days. In the next 60 days, Edgewater Casino will re-negotiate its lease with the City of Vancouver.

90 Day

- BCLC has a proposal to relocate Vernon's Fairweather Bingo Hall to a site on Adams Lake Indian Band land near Salmon Arm and redevelop it into a community gaming centre (CGC). BCLC's marketplace assessment indicates there is demand for a community gaming centre in this area. Over the next 90 days, the Host Local Government, the Adams Lake Indian Band, will continue consulting with band members and neighbouring governments, as required by the *Gaming Control Act*.
- The Senate is currently discussing Bill C-290, a bill proposing amendments to the *Criminal Code* to allow for single event sports betting. There is no definitive timing for any decision on this bill, but it continues to be discussed in the senate. If the bill passes, BCLC would begin offering single event betting options.

Appointment Status:

The BCLC Board of Directors is at its full complement of nine members.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation
ISSUE NOTE**

Issue:

- BCLC Corporate Governance

Background:

- Corporate governance refers to clearly defined processes with respect to the selection and composition of the Board and Senior Management and the division of responsibilities, decision making and accountability among the Board, Senior Management and our Shareholder to ensure BCLC's short- and long-term success is consistent with our mandate and mission.

- **Governance Framework**

As a Crown agent, BCLC complies with Government disclosure requirements for public accountability and transparency detailed in Best Practices Guidelines—BC Governance and Disclosure Guidelines for Governing Boards of Public Sector Organizations and the Board Resourcing and Development Office's Section 3. More at www.bclc.com/cm/aboutbclc/corporategovernance.htm

- The scope of our formal governance framework includes our:
 - Corporate mandate, vision and mission;
 - Principles and guidelines for our Board of Directors, Chairman, Standing Committees, President and Chief Executive Officer;
 - Processes for strategic and succession planning;
 - Procedures for Board performance evaluations; and
 - Government's Letter of Expectations outlining our commitment to deliver on performance expectations for the benefit of B.C.

- **Board of Directors**

Per the Gaming Control Act and appointed by the Lieutenant-Governor in Council, the BCLC Board comprises nine non-management members selected for expertise. Currently, there are seven men and two women on BCLC's Board. While BCLC's senior management attend all Board meetings, autonomy is maintained by in-camera sessions at the end of meetings. Employees are able to provide recommendations or direction to the BCLC Board by communication through BCLC's Executive.

The Board provides stewardship and ethical leadership for long-term success for the shareholder—the Government of B.C.—and ensures our governance framework aligns BCLC business practices with Crown principles.

- **Overall Board duties are:**

- Oversight of BCLC management responsible for day-to-day operations;
- Assisting management with business and service plans, priorities and capital and operational budgets;
- Policy guidance for human resources, compensation, stakeholder communications and risk management;
- Risk resolution strategies; and
- Evaluating annual financial results and performance versus objectives.

- **Board Members**

Chairman:

John McLernon, Vancouver: Presiding Director of leadership and performance, and liaison between the Board and the Minister responsible for BCLC.

Vice Chair:

Arthur Willms, Vancouver

Directors:

- Trudi Brown, Victoria
- David W. Gillespie, Kamloops
- Cindy Grauer, Vancouver
- Moray Keith, Delta
- D. Neil McDonnell, North Vancouver
- Michael Riley, Surrey
- Bud Smith, Kamloops

Per the Code of Conduct and Conflict of Interest Guidelines, Directors act with prudent skill and diligence in the best interests of BCLC.

- **Board Committees**

The Board assigns specific committees to fulfil responsibilities and Committee Chairs report performance and recommendations to the Board. The Chairman of the Board and BCLC's President & CEO are ex-officio members of all committees. Please see next page.

Board Committees

AUDIT COMMITTEE	Liaises with auditors of BCLC financial operations; presents approved financial statements and quarterly reports to the Board; reviews financial information submitted to Government and the public; and oversees information systems, risk management and internal controls. CHAIR: Michael Riley MEMBERS: David W. Gillespie; Moray Keith; D. Neil McDonnell; Arthur Willms;																						
GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	Aligns governance focus to optimize overall performance; advances scope of corporate social responsibility; evaluates Board effectiveness; and plans succession for future Board composition. CHAIR: David W. Gillespie MEMBERS: Trudi Brown; Bud Smith; Moray Keith																						
HUMAN RESOURCES AND COMPENSATION COMMITTEE	Aligns strategies, practices and succession with future goals; evaluates performance and compensation of the President & CEO; reviews employee compensation, benefits, resource allocation and training to drive performance CHAIR: D. Neil McDonnell MEMBERS: Cindy Grauer; John McLernon; Bud Smith																						
BCLC SENIOR MANAGEMENT AND EXECUTIVES	<table> <tr> <td>PRESIDENT & CEO:</td><td>Michael Graydon</td></tr> <tr> <td>VICE-PRESIDENTS:</td><td></td></tr> <tr> <td>Peter Charlton</td><td>Human Resources</td></tr> <tr> <td>Brad Desmarais</td><td>Corporate Security and Compliance</td></tr> <tr> <td>Susan Dolinski</td><td>Communications and Public Affairs</td></tr> <tr> <td>Rhonda Garvey</td><td>eGaming</td></tr> <tr> <td>Kevin Gass</td><td>Lottery Gaming</td></tr> <tr> <td>Lynette Hughes</td><td>Business Technology</td></tr> <tr> <td>Jim Lightbody</td><td>Casino and Community Gaming</td></tr> <tr> <td>Jervis Rodrigues</td><td>Finance and Corporate Services</td></tr> <tr> <td>Marsha Walden</td><td>Strategy, Transformation and Social Responsibility</td></tr> </table>	PRESIDENT & CEO:	Michael Graydon	VICE-PRESIDENTS:		Peter Charlton	Human Resources	Brad Desmarais	Corporate Security and Compliance	Susan Dolinski	Communications and Public Affairs	Rhonda Garvey	eGaming	Kevin Gass	Lottery Gaming	Lynette Hughes	Business Technology	Jim Lightbody	Casino and Community Gaming	Jervis Rodrigues	Finance and Corporate Services	Marsha Walden	Strategy, Transformation and Social Responsibility
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Jervis Rodrigues	Finance and Corporate Services																						
Marsha Walden	Strategy, Transformation and Social Responsibility																						
B.C. LOTTOTECH INTERNATIONAL INC. (Lottotech)	This wholly owned subsidiary leases BCLC capital assets which are budgeted and approved by our Board of Directors and included in our financial statements. Lottotech Officers are BCLC's President & CEO and Vice-Presidents.																						

Decision required:

- For information only. No decision required.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

ISSUE NOTE

Issue:

- BCLC Projected Revenue and Net Income to Government

Background:

- BCLC expects to meet its 2012/13 budget and deliver \$1.128 billion in net income to government. It is projecting \$2.732 billion in revenue. Audited financial statements will be made available in the annual report, which will be made public in June 2013.

s17

- Capital budgets, which are primarily driven by the acquisition of gambling equipment to support revenue generation and infrastructure investment, are forecast to remain comparable over the three year planning period.
- Income to government will be sustained through optimizing business operations, strategic cost management and providing gambling facilities and products that reflect player demand.

Financial Information (high level):

Projected net income by gaming channel, per latest Service Plan (2013/14-2015/16)

Casino and community gaming centres (CGC)

- Over the three-year planning period, casino and CGC net income before taxes is projected to increase by s17 This growth will come from enhancing existing properties, creating more entertainment value for players, marketing efforts and the relocation and renovation of a few key properties.

Lottery

- Over the three-year planning period, lottery net income before taxes is expected to increase b s17 Growth will come from the introduction of new products and product enhancements, upgrades to the “look and feel” of the lottery network, the build-out of Lotto Express and the revitalization of product offerings in the hospitality network.

eGaming

- Over the three-year planning period, eGaming net income before taxes will increase s17
s17 Growth will come from the development of casino games on PlayNow.com, the introduction of multi-jurisdictional bingo, and new sports betting games. eGaming has also partnered with Manitoba Lotteries to provide them with an online gambling site for which BCLC receives a fee for the services provided.

	2013/14
(\$ millions)	Current Forecast
Revenues	
Lottery	1,025
eGaming	100
Casino & Community Gaming	1,678
Total Revenues	2,803
Minus Prizes	645
Net Revenues	2,158
Expenses	
Lottery	170
eGaming	42
Casino & Community Gaming	774
Total Expenses	986
Net Income	
Lottery	277
eGaming	42
Casino & Community Gaming	853
Total Net Income	1,172
Capital Expenditures	120
Debt	173
Dividends	1,162

s17

Decision required: For Information Only

- BCLC's finalized and audited net revenue, income and capital expenditure figures are expected to be reported to government by June 2013. They will also be publicly available with the release of the 2011/12 Annual Report, scheduled for late June.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

ISSUE NOTE

Issue:

- Business Optimization

Background:

- BCLC has been successful at continuing to increase its net income over the last several years; however, the growth rate has been substantially less than earlier market build-out years.
- To develop a new strategy for growth and profitability, BCLC initiated a business optimization review in January 2012. The intent is to complete a comprehensive assessment of BCLC's existing business and operating models to identify major opportunities for improvement and/or validate existing models, with the ultimate goal of sustaining and growing revenue for government responsibly.
- The initial assessment has indicated there may be incremental revenue and cost saving opportunities
s17
horizon. BCLC is currently completing its due diligence review of these opportunities.
- BCLC has identified the following business optimization projects – all are currently in various stages of evaluation:

Multi-Channel Player

- BCLC has identified the opportunity to refresh its existing customer strategy and move towards best practices in enterprise customer management. This project will evaluate the gaps in BCLC's current customer strategy and determine how to move forward in order to optimize growth opportunities across its multiple channels.

Lottery, Casino/Community Gaming and eGaming Business Models

- Lottery
 - BCLC's lottery retail and technology model has remained essentially unchanged over the last 27 years. BCLC's retail technology is approaching its end of life, so before moving forward with replacement, BCLC is reviewing its model. As a first step, in October 2012, BCLC issued an RFP for a consulting firm to assess how we can transform our lottery business to keep pace with best practices, key consumer trends and changing demographics.

- Casino
 - BCLC is reviewing its existing casino business model. The review includes an examination of roles and accountabilities and a definition of future capabilities and competencies required to run a successful entertainment business. This assessment will also help BCLC identify and prioritize opportunities for increasing revenue from existing and new sources in the short and medium term. To date, BCLC has held workshops with its service providers to gather their input on how we can drive additional value and revenue for both parties.
- eGaming
 - In 2004, BCLC introduced PlayNow.com, which initially offered primarily traditional lottery products, but in 2010 was enhanced to include casino games. PlayNow.com competes directly with thousands of unregulated and illegal gambling websites.
 - In April, 2012, the governments of B.C. and Manitoba signed a memorandum of understanding to introduce Internet gambling in Manitoba through the PlayNow.com platform. PlayNow.com in Manitoba launched in January 2013. Under this arrangement, BCLC provides the gambling platform and the required operational support and receiver compensation through a startup fee, an annual maintenance fee, and a share of revenue generated by Manitoba Liquor and Gaming Corporation. This initiative is entirely self-funding and will operate at a small profit.
 - The Manitoba opportunity will help define the optimal business model and structure to best support the growth of the Business to Business (B2B) eGaming business, while driving maximum value for BCLC and the Province. If BCLC is successful in introducing this business model to other government gambling organizations, the return will be greater. The primary benefit to BCLC is an increased player base for poker games, an opportunity to recover development costs with participating government partners and a long-term opportunity to develop new sources of revenue beyond B.C. borders.
 - BCLC operates this line of business through a wholly-owned subsidiary. The business rationale for the subsidiary is to optimize tax, segregate reporting, reduce risk, and achieve operational efficiencies.

Speed to Market

- One of BCLC's corporate goals is to grow net income and invest in the long-term health of our business by getting to market faster. In order to measure this goal, BCLC set the target to accelerate launches of major initiatives by 25 per cent over the next three fiscal years. This project is to develop an implementation roadmap in order to achieve this target – without sacrificing the quality of products/services delivered.

Business Intelligence and Analytics

- To sustain success, BCLC needs to have the capacity to determine, in almost real time, what is happening with consumers and the business – including what is driving revenue, predict what will happen next and understand what steps to take in order to optimize operations and plan for future growth. This project has identified the need to transform raw data into useful information that can help drive strategic initiatives and decision making.

Accelerating Transformation and Optimizing Operations

- Finance & Corporate Services
 - BCLC is transforming its Finance and Corporate Services to enable faster, stronger and more strategic support for BCLC operations. This includes developing a new organizational structure that streamlines functions and delivers greater value to the organization. The organizational structure has been determined and restructuring will begin over the next several months.
- Customer Support Centre
 - BCLC is evolving its Customer Support Centre to provide best-in-class support for our players. BCLC issued an RFP to identify a partner who will help with our growth and expansion to support new jurisdictions and BCLC operations. Negotiations continue with the successful Canadian vendor.
- Change Management
 - BCLC is implementing a change management framework that will help support the future changes that will be coming in the organization as a result of Business Optimization. The framework covers key areas such as project management, communications and human resources.

Business Technology

- BCLC is optimizing and modernizing its delivery of technology to become more nimble, robust and secure. BCLC's business is highly technology-dependent and consumer expectations are intensifying our business technology needs.

Decision required:

- For information only. No decision required.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

ISSUE NOTE

Issue:

- The British Columbia Lottery Corporation (BCLC) Gaming Facility Market Overview, Relocations and Renovations

Background:

- BCLC regularly assesses the marketplace to identify existing gaming facilities that need to be upgraded or relocated to better meet market demand. These assessments consider the broad entertainment landscape in the province and/or specific regions or communities and are used by BCLC as a basis for any future gaming facility relocations and renovations.
- BCLC conducts and manages three types of gaming facilities: casinos, community gaming centres and commercial bingo halls. BCLC's primary strategies are to:
 - Develop casino properties sized to fit the market that provide outstanding gaming entertainment and other amenities;
 - Position gaming facilities as outstanding entertainment for adults in B.C.;
 - Counter the declining bingo trend by transforming appropriate bingo halls in key market locations into community gaming centres, and offering more gaming entertainment and food/beverage options in upgraded or new facilities.

Current Market Overview:

- **Vancouver:** In March 2013 Paragon Gaming and PavCo completed negotiations and signed a Master Development Agreement for the relocation of Edgewater Casino to BC Place lands as approved by the City of Vancouver in April 2011. Paragon is now developing project plans to prepare its Development Permit Application for the City of Vancouver.

- **Surrey:** In 2012, BCLC and Gateway Casinos submitted plans for a full-service casino/hotel/conference centre to the City of Surrey. The South Surrey Entertainment Complex included a 60,000 square foot casino, 27,000 square foot convention centre, a show theatre, restaurants, lounges and a 4-star, 200 room hotel. Surrey City Council rejected the proposal on January 19, 2013. Plans to convert the Newton Bingo facility to a Chances community gaming centre – approved by Surrey City Council in 2009 – are proceeding.
- **Maple Ridge:** Construction is underway on the new Chances community gaming centre in Maple Ridge, which is targeted to open in fall 2013. The District of Maple Ridge approved the project in 2008. A temporary community gaming centre has been operating out of the former Haney Bingo Plex since October, 2010.
- **Salmon Arm:** BCLC has approved a proposal to relocate Vernon's Fairweather Bingo Hall to a site on Adams Lake Indian Band (ALIB) land near Salmon Arm and redevelop it into a community gaming centre (CGC). BCLC's marketplace assessment indicates there is demand for a community gaming centre in this area. The ALIB is currently holding community consultations with band members, as required by the Gaming Control Act.

Decision required: For Information Only

60 Day

- Paragon Gaming and PavCo have completed negotiations and have signed a Master Development Agreement for the relocation of Edgewater Casino to BC Place lands as approved by the City of Vancouver in April 2011. Over the next 60 days, Paragon will begin developing project plans to prepare its Development Permit application for the City of Vancouver. In the next 60 days, Edgewater Casino will re-negotiate its business permit with the City of Vancouver.

90 Day

- BCLC has a proposal to relocate Vernon's Fairweather Bingo Hall to a site on Adams Lake Indian Band land near Salmon Arm and redevelop it into a community gaming centre (CGC). Over the next 90 days, the Host Local Government, the Adams Lake Indian Band will conduct community consultations with band members, as required by the Gaming Control Act.



May 7, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

ISSUE NOTE

Issue:

- Edgewater Casino Relocation

Background:

- Vancouver's Edgewater Casino is required to re-locate as the lease on its temporary location at the Plaza of Nations will expire. While it was set to expire in February 2013, a lease extension has been negotiated until December 31, 2015. It is proposed that the Edgewater Casino will relocate from the Plaza of Nations to a site adjacent to BC Place Stadium.
- Edgewater Casino opened in 2005 and was the relocation of two table game only casinos. The Plaza of Nations location has always been temporary due to the City of Vancouver's community development plans.
- In 2009, the B. C. Pavilion Corporation (PavCo) conducted a competitive bid process to select a developer for the lands adjacent to BC Place. Paragon, the majority shareholder in Edgewater Casino ULC, was the successful proponent. Paragon proposed a development which included hotels, restaurants and a casino.
- In 2011, the City of Vancouver completed its requirements under the *Gaming Control Act* and gave its approval to BCLC for the relocation of Edgewater to BC Place lands. While the initial proposal was to expand the casino, the City limited the gaming that could be operated at the new site to the existing complement at Edgewater (600 slot machines and 75 table games).
- In March 2013, Paragon Gaming and PavCo completed negotiations and signed a Master Development Agreement for the relocation of Edgewater Casino to BC Place lands. Paragon is developing project plans to prepare its Development Permit Application for the City of Vancouver. This information will be communicated once final discussions take place.
- Edgewater casino provides significant net income to government – \$58.2M in 2011/12 (\$52.4M to the Province and \$5.8M in host local government [HLG] funding to the City of Vancouver). It is anticipated the redeveloped Edgewater Casino will open in January 2016, with a s17 in income to government in the first full year of operation in 2016/17.

s17, s13

Service Provider Commission:

- The Service Provider Commission has been in place since 1997 and allows service providers of B.C. gaming centres and casinos to earn back a percentage of the revenues they generate to help fund improvements for their facility.
- This compensation structure is captured in the Casino Operational Services Agreement, which are typically 10 or 20 year contracts. It also defines the requirements for earning the three per cent facility development commission and two per cent accelerated facility development commission, an incremental commission to incent the timely development of the project.
- This is a highly effective business model – in B.C. over 56% of revenue generated by casino gambling is returned to the province compared to about 35% in Quebec, Ontario and Nova Scotia.

Decision required: For information only

- A prominent protest group, 'Vancouver not Vegas', opposes gaming expansion in the City of Vancouver and has made a petition to the BC Supreme Court for judicial review of the City of Vancouver's approval of the relocation of the Edgewater Casino. This strong, organized opposition is likely to cause further media and public scrutiny.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

ISSUE NOTE

Issue:

- PlayNow.com

Background:

- The British Columbia Lottery Corporation (BCLC) launched PlayNow.com in 2004, becoming the second jurisdiction in Canada to offer online gambling. Atlantic Lottery Corporation was the first in 2004. Two other jurisdictions offer online gambling websites, Loto-Quebec (2010) and Manitoba Lotteries (2013).
- In 2010, BCLC added casino games, and in 2011 added peer-to-peer poker in partnership with Loto-Quebec. In 2012, BCLC added a new sports betting platform.
- PlayNow.com is an account-based website. Players must register in order to play, and the personal information they provide is verified by a third party to confirm identity, age and residency.
- PlayNow.com features comprehensive player protection safeguards, including:
 - The site is restricted to B.C. residents who are 19 years of age and older
 - Accounts require user names and are password protected
 - There is a player pre-set deposit limit with a 24-hour restriction on increase requests
 - All information is secure and transactions are monitored
 - Players can clearly see how long they've played and how much they've wagered
 - Players can view their purchase history (tickets purchased and amounts spent)
 - Information is posted on the odds of winning for every game
 - Each time players log on, a "geo-location" check verifies they are in B.C. (players are required to be in the province to purchase from PlayNow.com)
 - Easy access to the voluntary self-exclusion program
 - Player privacy: Meets or exceeds all statutory requirements
- All lottery and casino games, gaming equipment and vendors used for PlayNow.com are certified and/or approved by the Gaming Policy and Enforcement Branch (GPEB). GPEB conducts regular audits to ensure gaming is conducted in compliance with gaming legislation, directives, public interest standards, policies and procedures.

- In April, 2012, B.C. and Manitoba signed a memorandum of understanding to introduce Internet gambling in Manitoba through the PlayNow.com platform. PlayNow.com in Manitoba launched in January, 2013. This initiative is entirely self-funding and will operate at a small profit.
- This opportunity will help define the optimal business model and structure to best support the growth of eGaming. The primary benefit to BCLC is an increased player base for poker games and an opportunity to recover development costs with participating government partners.
- PlayNow.com in Manitoba has the same comprehensive player protection safeguards in place as in B.C.
- BCLC's current service plan indicates PlayNow.com's net income before taxes will increase by \$28.8 million, or 82.3 per cent, by 2015/16. Growth will come from the continuing operationalization of the casino/poker portfolios, the introduction of multi-jurisdictional bingo, new sports betting games and website optimization for all internet platforms.

Decision required: For Information Only 90 Day Issue

- To keep pace with technology standards and user expectations, BCLC is making enhancements to the PlayNow.com interface to optimize the website for devices like tablets and smartphones.
- BCLC is also exploring opportunities to provide PlayNow.com to other jurisdictions in Canada.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

ISSUE NOTE

Issue:

- Voluntary Self-Exclusion (VSE) Program and Lawsuits

Background:

- VSE is a voluntary program, a personal commitment and one tool that may assist people to control their gambling.
- Individuals choose a period between six months and three years to self-exclude from gambling facilities or PlayNow.com. A family member or friend cannot enroll an individual in VSE.
- Enrolment cannot be revoked. BCLC will remove participants from related marketing mailing lists during the VSE period. In addition, individuals who self-exclude from gambling facilities become ineligible for a PlayNow.com account. If they have a PlayNow.com account, it is suspended for the duration of their self-exclusion.
- Gaming staff and security at gambling facilities receive mandatory training every two years to assist patrons who may display signs of distress. As appropriate, patrons are provided relevant information and/or VSE enrolment.
- BCLC has offered the VSE program since 1999 and all Canadian jurisdictions offer self-exclusion programs.
- At enrolment, individuals are asked if they would like a facilitated referral to a problem gambling counselor, which Government provides free of charge throughout the province through GPEB's Responsible and Problem Gambling program.
- BCLC takes a number of steps to help monitor for self-excluded people
s15
BCLC
provides training to service provider staff and audits service provider compliance with standards, policies and procedures relating to the operation of the VSE program.
- In 2012/13 BCLC installed ID scanners in all casinos and gaming centres to aid in the detection of minors.
s15
- As an additional deterrent, since April 1, 2009, VSE individuals are ineligible for jackpot prizes.

VSE Statistics Overview:

	FY 2012/13	FY 2011/12	FY 2010/11	FY 2009/10	FY 2008/09
VSE New Enrolments	5423	5445	5,277	5,038	4,497
Reported Violations	8501	7567	7,637	8,007	8,164

Fiscal Year 2012/2013	Q1	Q2	Q3	Q4	FY Total
Date Range	Apr 1 – June 30, 2012	July 1 – Sept 30, 2012	Oct 1 – Dec 31, 2012	Jan 1 – Mar 31, 2013	FY 2012-2013
Individuals enrolled via casinos/CGCs/bingo halls*	6614	6590	6526	6606	*
Individuals enrolled via PlayNow.com*	1472	1465	1499	1625	*
Total number of individuals actively enrolled*	8086	8055	8025	8231	*
Total number of new enrolments†	1359	1281	1323	1460	5423
➤ Enrolled at Casino/CGC/Bingo	1020	989	990	1097	4096
➤ Enrolled at PlayNow.com	339	292	333	363	1327
Total Reported VSE violations**	1812	2029	2364	2296	8501
➤ VSE violations s15	432	401	566	431	1830
➤ VSE violations s15	18	26	15	13	72
➤ VSE violations s15	n/a	n/a	137	363	500

* Represents a snapshot of the number of individuals who are actively enrolled as of the last day of each Quarter.

† Represents the total number of new enrolments in the VSE programs each Quarter and includes numbers in rows 5 and 6.

** This is the grand total of VSE violations and includes numbers in rows 8 and 9.

s15

∞ As per BCLC's rules and regulations, VSE individuals are not eligible to receive a Jackpot prize in a gaming facility and may be identified as violating their VSE commitment when they attempt to claim the prize:

[http://corporate.bclc.com/resources/documents/corporate/what we do/rules regulations/General/RulesandRegulationsVSE.pdf](http://corporate.bclc.com/resources/documents/corporate/what%20we%20do/rules%20regulations/General/RulesandRegulationsVSE.pdf)

Legal Action Summary

- There are currently six lawsuits against BCLC and its service providers regarding the VSE program: one case, a class action, relates to players who were disentitled to jackpot prizes due to their VSE status and five cases relate to VSE players who allege BCLC and its service providers were negligent in operating the VSE program.

- BCLC maintains that the program meets or exceeds statutory requirements and relevant industry practice and that it has complied with the Responsible Gambling Standards set out by GPEB. BCLC asserts that the VSE program is managed competently.

Class Action re: prize disenfranchisement:

- Beginning May 5, 2014, five days have been set aside for a BC Supreme Court trial into the common issues in the class action lawsuit against BCLC regarding BCLC's VSE jackpot disenfranchisement rule and the amendment to the Gaming Control Act in July 2010.
- Hamidreza Haghdust and Michael Lee are the representative claimants for the class action lawsuit, certified by BC Supreme Court in January 2013. The class membership is confined to VSE enrollees who were disenfranchised from claiming a jackpot prize. Claimants are seeking the equivalent to the prizes to which they were disenfranchised.
- Haghdust is a VSE participant and alleges that since November 2007 he routinely entered gambling facilities and gambled and on just one occasion was asked to leave. BCLC records indicate he was identified and escorted out of gambling facilities 18 times. He was disenfranchised to two jackpots totalling \$35,028. Lee was disenfranchised to \$42,484 and had been previously identified and escorted out of a gambling facility.

Cases claiming BCLC negligence in operating VSE:

- Joyce Ross sued BCLC, Gateway Casinos and Orangeville Raceway, an affiliate of Great Canada (Fraser Downs), for restitution of \$78,000 in gambling losses. She alleged that BCLC and the defendant service providers were negligent in operating the VSE program, and alleges she gained access to casino gambling several times as a VSE enrollee.
- The case was heard in BC Supreme Court in October 2012. Judgement is reserved and a decision could be delivered at any time.
- Four other VSE participants, Carol Barton, James Stanworth, Michelle Fels and Maria Martin, commenced similar lawsuits against BCLC and various gaming service providers. BCLC anticipates that these will be case-managed and heard together. No dates are set.

Decision required:

- For information only. No decision required.



April 30, 2013

**Ministry of Energy, Mines and Natural Gas
British Columbia Lottery Corporation**

ISSUE NOTE

Issue:

- Single-event sports betting: Bill C-290 – An Act to Amend the Criminal Code (Sports Betting).

Background:

- On September 28, 2011, the NDP MP for Windsor, Ontario, Joe Comartin, re-introduced his private member's bill (titled Bill C-290) amending the Criminal Code by eliminating s. 207 (4)(b), which makes wagering on a single sports event illegal.
- Bill C-290 is currently at Third Reading in the Senate. It is on the Order Paper and could be voted on at any time.
- Currently, it's illegal for Canadian jurisdictions to offer single-event sports betting; sports bets must be parlayed, meaning players must wager on a minimum of two different events. The player wins if both events are correct. This leads to the vast majority of sports betting in Canada being done through unlicensed, unregulated offshore websites.
- Passing of the bill would make single-event sports betting legal in Canada, which would help take that money away from illegal, offshore gaming sites and book makers and keep the funds in the province to benefit British Columbians.
- This would be an important enhancement for regulated sports betting in Canada, and would allow BCLC to compete with offshore sites. This is something players want, and BCLC would be able to offer it through a safe, secure site were the proceeds kept in B.C.
- B.C. has supported a change in legislation for several years. In April 2010, Minister Coleman, wrote a letter to the Minister of Justice and Attorney General of Canada, Rob Nicholson, urging him to consider amendments to the Code.
- Minister Coleman was invited to appear before the Committee hearing on Bill C-290. He was unable to attend and requested the Gaming Policy and Enforcement Branch provide a written submission. GPEB provided a formal written submission in November 2012.
- Minister Coleman provided additional information on single event sports betting in April 2013 at Senator Runciman's request. Senator Runciman is the Senate sponsor of Bill C-290.
- To date, all Canadian gaming jurisdictions have indicated their support for Bill C-290 although some jurisdictions may choose not to offer single event betting should it become legal.

- The NHL and Major League Baseball appeared before the Senate Standing Committee on Legal and Constitutional Affairs and spoke against Bill C-290, arguing that the amendment would create match fixing in sports.
- BCLC proactively sought support for the Bill from partners, stakeholders and the public by:
 - Seeking media interview opportunities and submitting opinion editorials to educate and communicate to public via sports and news talk shows
 - Providing a written submission to the Senate in October 2012 in support of C-290, and encouraging partners and service providers to show support through letters to Senators
 - BCLC's CEO contacting B.C. Senators to educate and provide BCLC's rationale for support
 - Engaging PlayNow.com players and sports bettors to speak out in support through:
 - Email to PlayNow Sports database to have players vocalize their support
 - Social media – with link to supportive material online
 - Encouraged players to sign an online petition.
- If the Bill passes and BCLC adds single event betting to its offerings, BCLC estimates it could generate an additional \$136 million in gross revenue over five years, which would translate into an additional \$30 million in net income to government over five years.

Decision required: For Information Only

- There is no estimated date for when Senate will vote on the Bill.