

# Minister of Finance Transition Binder – Crown Agencies Secretariat

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## MINISTRY PROFILE

**Ministry:** Crown Agencies Secretariat

### Ministry Mandate:

The Crown Agencies Secretariat (CAS) supports public sector organizations (PSOs) to operate effectively, in the public interest and aligned with government strategic direction and priorities. There are about 250 PSOs in BC, which include Crown agencies, boards, commissions, tribunals, advisory bodies, independent authorities and societies. PSOs deliver public services to the people of BC and collectively provide stewardship of almost two-thirds of the provincial budget.

As a central agency, CAS is strategically positioned and has unique expertise in public sector governance. It operates in a dynamic environment, ensuring PSO alignment with government's strategic direction. CAS's role enables Ministries and their respective PSOs to quickly respond to new and emerging government priorities and ensures changes in PSO mandates are effectively implemented. CAS provides a whole-of-government perspective on supporting PSOs and makes sure the public's interest is considered. CAS accomplishes this through providing the following services and supports:

- **Board Appointments and Development.** CAS oversees the recruitment and recommendation of candidates for appointments to PSO boards. CAS also provides public sector governance advice and training to board members. Through this, CAS supports boards in their role to ensure PSOs are governed in the public interest and fulfill their mandate to British Columbians.
- **Performance, Planning and Reporting.** CAS develops all crown agency mandate letters and coordinates and oversees the development of crown agency and ministry service plans and annual service plan reports. These are tools that PSOs and government use to work together to plan and communicate their business, direction and priorities with the public.
- **Primary Liaison for Select PSOs.** CAS is the primary liaison for the Insurance Corporation of BC (ICBC), the BC Lottery Corporation (BCLC), the Liquor Distribution Branch (LDB) and the BC Ferry Authority (BCFA). As primary liaison, CAS provides support to the minister responsible for the PSO to ensure that the organization is operating effectively, in the public interest, and aligned with government's strategic direction and priorities as well as supporting these PSOs in aligning to government's direction.
- **PSO Sector Communications and Governance Support.** CAS provides outreach and support to PSOs to achieve their mandate in alignment with government's strategic direction and priorities. This includes leading communication to PSOs on behalf of government; coordinating governance-related training; and providing advice and support to ministries and PSOs on governance best practices and government priorities.

**Full Time Equivalents (FTEs):** 42

**Executive Organizational Chart:**



*\*LDB is a separate entity from the Crown Agencies Secretariat, but reports through to the Associate Deputy Minister. See the LDB Profile for further information on their executive organizational structure.*

**Budget:**

<b>Core Business Area</b>	<b>2023/24 Restated Estimates</b>	<b>2024/25 Estimates</b>	<b>2025/26 Plan</b>	<b>2026/27 Plan</b>
<b>Operating Expenses (\$000)</b>				
Crown Agencies Secretariat	7,513	8,243	8,243	8,243

*Note that the Crown Agencies Secretariat’s budget is included as a line in the 2024/25 - 2026/27 Ministry of Finance’s Service Plan.*

## BOARD APPOINTMENTS AND DEVELOPMENT

**Executive Lead Responsible:** Vanessa Geary

### **Overview of Core Business / Program Area:**

This area in the Crown Agencies Secretariat (CAS) ensures that the composition of boards meets legal requirements and best practices. This area also supports boards in their role to ensure PSOs are governed in the public interest and align with government priorities in order to fulfill their mandate to British Columbians. CAS does this by overseeing the recruitment and recommendation of candidates for appointments to Crown corporations, agencies, boards and commissions. This includes appointments to approximately 250 PSOs with nearly 2,000 appointees, with a commitment to reflecting the province's diversity in Provincial appointments. CAS is also the secretariat for the Appointment Orders Cabinet Committee, issues cross government drafting instructions for appointments, and coordinates the Order in Council appointments for Cabinet agendas.

This area of CAS also provides public sector governance advice and training to board members, which includes delivering an appointee training program and guidelines for governance best practices.

### **Budget:**

The budget for CAS is managed as a whole, rather than by business or program area.

### **Full Time Equivalent (FTEs):**

CAS has a total of 42 FTEs, working as a matrix across all business/program areas.

### **Related Legislation:**

- *Freedom of Information and Protection of Privacy Act*
- *Information Management Act*
- *Public Service Employers' Act*
- Board structure and appointment processes for PSOs are defined in either the enabling legislation for the organization (e.g., *Hydro and Power Authority Act* for BC Hydro, *Insurance Corporation Act* for ICBC), or in the constitution or by-laws of PSOs without stand-alone enabling legislation.

### **Organizational Chart:**

Please refer to Appendix A: Crown Agencies Secretariat profile.



## PERFORMANCE, PLANNING AND REPORTING

**Executive Lead Responsible:** Vanessa Geary

### **Overview of Core Business / Program Area:**

This area in the Crown Agencies Secretariat (CAS) manages the performance planning and reporting processes for ministries and Crown corporations and Crown mandate letters on behalf of government.

Key roles include:

- directing and coordinating the processes, development, review and approval, and publication of service plans and annual service plan reports for all ministries and Crown corporations through the annual Budget and Public Accounts processes as set out in the *Budget Transparency and Accountability Act*; and
- developing templates, guidelines and coordinating approvals of Crown corporation, Health Authority and Post-Secondary Institution mandate letters.

### **Budget:**

The budget for CAS is managed as a whole, rather than by business or program area.

### **Full Time Equivalent (FTEs):**

CAS has a total of 42 FTEs, working as a matrix across all business/program areas.

### **Related Legislation:**

- *Budget Transparency and Accountability Act*
- *Financial Information Act*
- *Financial Administration Act*
- *Balanced Budget and Ministerial Accountability Act*

### **Organizational Chart:**

Please refer to Appendix A: Crown Agencies Secretariat profile.

## PUBLIC SECTOR COMMUNICATIONS AND GOVERNANCE SUPPORT

**ADM Responsible:** Tracee Schmidt (co-led with Vanessa Geary, Executive Lead)

### **Overview of Core Business / Program Area:**

The Public Sector Communication and Governance Support program area of the Crown Agencies Secretariat (CAS) provides support and services to public sector organizations (PSOs) to achieve their mandate in alignment with government's strategic direction and priorities.

The services include:

1. Improving communication and dissemination of information to the public sector on behalf of government by leading collaboration with government ministries and central agencies, like Treasury Board Staff and Cabinet Operations.
2. Developing training and other materials to enhance governance knowledge and practices for PSO boards and senior executive and ministries responsible for PSO oversight; and
3. Providing advice and support to ministries and PSOs on governance best practices and government priorities.

### **Budget:**

The budget for CAS is managed as a whole, rather than by business or program area.

### **Full Time Equivalent (FTEs):**

The CAS has a total of 42 FTEs, working as a matrix across all business/program areas.

### **Related Legislation:**

N/A

### **Organizational Chart:**

Please refer to Appendix A: Crown Agencies Secretariat profile.

## PRIMARY LIAISON FOR SELECT PUBLIC SECTOR ORGANIZATIONS

**ADM Responsible:** Tracee Schmidt, ADM/EFO and Toby Louie, Executive Lead

### **Overview of Core Business / Program Area:**

This area in the Crown Agencies Secretariat (CAS) plays an important primary liaison role for some of the complex crown / crown-like organizations that have historically moved between ministries, like the Insurance Corporation of BC (ICBC), the BC Lottery Corporation (BCLC), and the Liquor Distribution Branch (LDB). As primary liaison, this area provides support to the minister responsible for the PSO to ensure that the organization is operating effectively, in the public interest, and aligned with government's strategic direction and priorities. as well as supporting these PSOs in aligning to government's direction.

This work includes, but is not limited to, strategic guidance, policy and financial analysis, regulatory changes, stakeholder relations and communication, and issues management.

### **Budget:**

The budget for CAS is managed as a whole, rather than by business or program area.

### **Full Time Equivalent (FTEs):**

CAS has a total of 42 FTEs, working as a matrix across all business/program areas.

### **Related Legislation:**

N/A

### **Organizational Chart:**

Please refer to Appendix A: Crown Agencies Secretariat profile.

## CROWN AGENCY PROFILE

**Name:** British Columbia Lottery Corporation (BCLC)

**Legislative Authority:** *Gaming Control Act*, S.B.C. 2002, s. 2

**Mandate:**

Under the *Gaming Control Act (GCA)*, the BC Lottery Corporation (BCLC) has the sole authority to conduct and manage commercial lottery schemes within British Columbia; including lottery tickets, online gaming, sport betting, casino gaming and bingo; as well as the marketing of nationwide regional lottery games in association with other provinces.

BCLC has a mandate to generate revenue for government to support important programs and services such as health care and education, and to do so in alignment with responsible gambling practices that support player health and mitigate the impacts of problem gambling behaviours.

Revenue from casinos and community gaming centres also directly supports local governments – most of which receive 10% of the net income from gaming generated by facilities operating in their community, in accordance with the Host Financial Assistance Agreement between the Province and each host local government.

Government also shares gaming revenue with First Nations, who receive seven per cent of BCLC's net income (after federal payments) in accordance with the Long-Term BC First Nations Gaming Revenue Sharing and Financial Agreement.

The BC Lottery Corporation Board of Directors is responsible for supervising the management of the affairs of BCLC and for guiding its activities to meet its statutory objectives. BCLC reports to the Ministry of Finance. The Gaming Policy and Enforcement Branch (GPEB), which has regulatory oversight of BCLC, reports to the Ministry of Public Safety and Solicitor General (PSSG).

While the Minister of PSSG has historically had a role in policy and financial oversight of BCLC, the new GCA, 2022, which is expected to be launched later in 2024, transfers these responsibilities to the Minister of Finance, with PSSG's oversight being limited to regulatory policy matters related to gambling, horse racing and responsible-gambling programs. This is intended to reinforce the separation of regulatory and revenue generation functions and eliminate overlaps between GPEB's General Manager role and BCLC. With the coming into force of the new GCA (2022), GPEB will transition to become the Independent Gambling Control Office. Until then, the Ministers of Finance and PSSG are sharing oversight responsibilities of BCLC, with Finance taking a lead on policy and financial oversight.

**Current Appointees:**

Name	Position	Appointment	
		Start	End
Gregory Moore	Chair	31/10/2023	31/05/2027
Lisa Ethans	Director	31/10/2021	31/05/2025
Mario Lee	Director	31/10/2021	31/05/2025
Coro Strandberg	Director	17/11/2021	31/05/2025
Leah George-Wilson	Director	29/04/2024	31/05/2026
Gillian Malfair	Director	29/04/2024	31/05/2026
Nejeed Kassam	Director	29/04/2024	31/05/2026

<i>Name</i>	<i>Position</i>	<i>Appointment</i>	
		<i>Start</i>	<i>End</i>
Meena Brisard	Director	31/05/2024	31/05/2025
Karen Horcher	Director	31/05/2024	31/05/2025
Christine Dacre	Director	31/05/2024	31/05/2026
Bobbi Sadler	Director	31/05/2024	31/05/2026

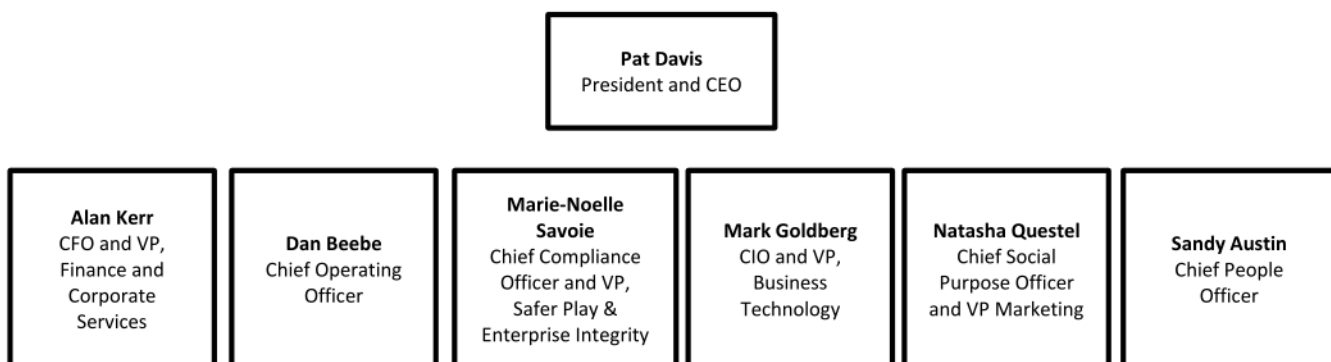
#### Appointments required:

- **One vacancy due to recent resignation of Director.** Can be filled immediately or with vacancies coming up in Spring 2025.

#### Issue(s):

- The slowing economy is contributing to a general decline in BCLC's revenue. Inflation and high interest rates are also creating challenges for service providers. The commission structure for service providers is fixed within current operational service agreements and, therefore, not responsive to the impacts of inflation.
- Competition from illegal operators in the BC market is also impacting BCLC's revenue growth. Many of these operators are licensed in Ontario, allowing them to advertise on National websites and TV broadcasts.
- The new GCA requires ministerial approval before BCLC offers new lottery schemes and develops new gaming facilities. This change mandates a shift in how BCLC approaches these projects.
- First Nations have long advocated for greater opportunities to participate in B.C.'s gaming sector. CAS is working with BCLC and the First Nations Gaming Commission (FNGC) to update the gaming facility development process to be more inclusive of First Nations interests.
- Recently First Nations owned companies have purchased two casinos (Operational Sales Agreements and buildings) from non-Indigenous service providers.

#### Organizational Chart:





Date: 2023

Mr. Greg Moore  
Chair of the Board of Directors  
BC Lottery Corporation  
74 West Seymour Street  
Kamloops, BC V2C 1E2

Dear Mr. Moore,

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members and your organization's leadership for your dedication, expertise, and service to the people of British Columbia.

Public sector organizations – including Crowns, Health Authorities and Post Secondary Institution Boards – support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home – in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for the BC Lottery Corporation, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful Reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are

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**Ministry of Finance**

Office of the Minister

Mailing Address:  
PO Box 9048 Stn Prov Govt  
Victoria BC V8W 9E2  
Telephone: 250-387-3751  
Facsimile: 250-387-5594

Location:  
Room 153  
501 Belleville Street  
Parliament Buildings  
Website: [www.gov.bc.ca/fin](http://www.gov.bc.ca/fin)



building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office

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**Ministry of Finance**

Office of the Minister

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(CABRO) will continue to support you and your board on recruitment, appointments and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy, and planning.

In addition to continuing to make progress on your 2021 mandate letter, I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization and develop plans to address the following continuing priority within your approved budget:

- Working with government to operationalize the new *Gaming Control Act*.

Each board member is asked to sign this letter to acknowledge this direction from government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,

Honourable Katrine Conroy  
Minister of Finance

Date: June 29, 2023

cc: Honourable David Eby, KC  
Premier

Shannon Salter  
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Mary Sue Maloughney  
Associate Deputy Minister, Crown Agencies Secretariat  
Ministry of Finance

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Ministry of Finance


Office of the Minister

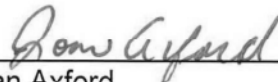
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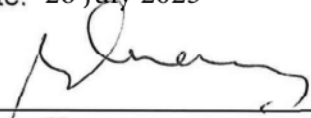





  
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Greg Moore  
Chair, BC Lottery Corporation  
Date: 26 July 2023

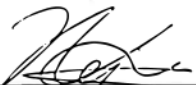
  
\_\_\_\_\_  
Joan Axford  
Director, BC Lottery Corporation  
Date: 26 July 2023

  
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Hilary Cassady  
Director, BC Lottery Corporation  
Date: 26 July 2023

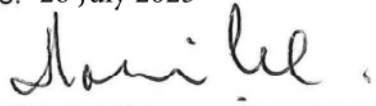
  
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Fiona Chan  
Director, BC Lottery Corporation  
Date: 26 July 2023

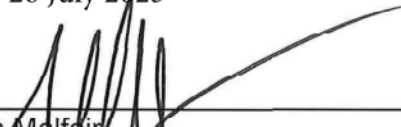
  
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Lisa Ethans  
Director, BC Lottery Corporation  
Date: 26 July 2023

  
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Leah George-Wilson  
Director, BC Lottery Corporation  
Date: 26 July 2023

  
\_\_\_\_\_  
Nejeed Kassam  
Director, BC Lottery Corporation  
Date: 26 July 2023

  
\_\_\_\_\_  
Teresa (Dusty) Kelly  
Director, BC Lottery Corporation  
Date: 26 July 2023

  
\_\_\_\_\_  
Mario Lee  
Director, BC Lottery Corporation  
Date: 26 July 2023

  
\_\_\_\_\_  
Gillain Malfair  
Director, BC Lottery Corporation  
Date: 26 July 2023

  
\_\_\_\_\_  
Coro Strandberg  
Director, BC Lottery Corporation  
Date: 26 July 2023

# **British Columbia Lottery Corporation**

## **2024/25 – 2026/27 Service Plan**

**February 2024**



For more information on the British Columbia Lottery Corporation contact:

74 West Seymour Street, Kamloops, BC, V2C 1E2

T: 250-828-5500

Or visit our website at

[bclc.com](http://bclc.com)

Published by British Columbia Lottery Corporation



## Board Chair's Accountability Statement



The 2024/25 – 2026/27 BC Lottery Corporation (BCLC) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with Government's strategic priorities and fiscal plan. The Board is accountable for the contents of this plan and is responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of February 8, 2024, have been considered in preparing the plan. The performance measures presented are consistent with the Budget Transparency and Accountability Act, BCLC's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BCLC's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'GM', written over a horizontal line.

Greg Moore  
Board Chair, BCLC  
February 8, 2024



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## Strategic Direction

In 2024/25, public sector organizations will remain focused on providing the services and infrastructure that people depend on to build a good life. Public sector organizations will continue to support Government in delivering results that matter to British Columbians including helping people with costs, attainable and affordable housing, strengthened health care, safer communities, and a secure, clean and fair economy. Public sector organizations will also continue to work closely with Government as it works collaboratively with Indigenous Peoples to implement the Action Plan for the Declaration on the Rights of Indigenous Peoples Act and delivers initiatives that advance reconciliation in ways that make a difference in communities throughout the province.

As a Crown corporation, BCLC is governed by B.C.'s Gaming Control Act and is responsible for the conduct and management of commercial gambling on behalf of the Province, including lottery, casino, bingo, sports betting and online gambling. The net income BCLC generates is delivered to the Province to fund health care, education, and important services and programs across the province. Government shares seven percent of BCLC net income<sup>1</sup> with First Nations through the BC First Nations Gaming Revenue Sharing Limited Partnership. In accordance with the Province's Host Financial Assistance Agreement, local governments and First Nations that host casinos or community gaming centres also typically receive a 10 percent share of net gaming income generated by those facilities.

This 2024/25 service plan outlines how BCLC will support the government's priorities and selected action items identified in the most recent BCLC [Mandate Letter](#).

## Purpose of the Organization and Alignment with Government Priorities

BCLC is a social purpose company: "We exist to generate win-wins for the greater good." When a player plays one of our games, regardless of the outcome, there is a "win": the player receives a great experience at the casino, at a lottery retailer or while playing online, and revenues contribute to provincial programs and community services. We seek to make every decision with the intention of positively contributing to the progress of our society. We are continuing to embed this social purpose in our company, including into the employee and player experience and other aspects of our operations. We consider how we might create additional value for players, employees, business partners, suppliers, communities, Indigenous Peoples, and municipal and provincial governments.

BCLC is focused on delivering on our strategic priorities, as established by Government and as outlined in the Mandate Letter. These instructions form part of our strategic context and, along with economic and market trends, inform the business choices we make. Our social purpose assists BCLC in delivering on the foundational principles outlined in the Minister's

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<sup>1</sup> BCLC net income as defined in the Long-Term First Nations Gaming Revenue Sharing and Financial Agreement.

Mandate Letter to BCLC: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

We have developed four strategic goals to help drive focus and clarity on the prioritization of our efforts: deliver engaging experiences for our players, generate responsible net income for the benefit of all British Columbians, amplify our social and economic impact across the province, and be a sought-after partner for the shared value we can create together.

## Operating Environment

### **Economic Conditions**

The continued high cost of living, ongoing inflationary pressures and high interest rates are affecting consumer spending habits with Canadians increasingly shifting their spending from wants to needs. About half (48 percent) of Canadians are cutting back on dining out and entertainment activities.<sup>2</sup> The impact of the slowing economy is contributing to general softness in BCLC's casino and iGaming (formerly eGaming) revenue. BCLC has observed that the average spend per player has been declining in casinos. This is notable because, for illustration purposes, a five percent decline in casino revenue represents a \$94-million revenue decline for our business. Uncertainty around the future of interest rates and the possibility of an economic slowdown could accelerate this trend and the impact to consumer spending on gambling entertainment, including BCLC's. Inflation and high interest rates are also creating challenges for our service providers. The commission structure for service providers is fixed within current operational service agreements and, therefore, not responsive to the impacts of inflation.

### **New Corporate Strategy**

BCLC has developed an ambitious new five-year corporate strategy designed to respond to the changing realities and challenges facing the company and the industry and position the organization for future growth and amplified impact in the province. The strategy, launching in fiscal year 2024/25, creates a greater focus on key investments designed to meet player expectations and grow our business. Our social purpose, "we exist to generate win-wins for the greater good," and BCLC's new vision, "to revolutionize gambling entertainment through engaging experiences that build and benefit communities," underpin the decisions and actions we will take in the coming years.

### **Player Expectations**

Consumers are increasingly seeking digital options for entertainment that they can access from home or wherever and whenever they choose. With the rising availability of digital alternatives, consumers are being exposed to a wider variety of entertainment offerings, both gambling and non-gambling, that are competing with BCLC's products. Young adults have different expectations and needs than previous generations and as such, BCLC's online and brick-and-mortar channels need to find new ways to attract and retain younger demographic gamblers while also meeting the needs of existing players.

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<sup>2</sup> Ipsos Despite Softening Inflation, Canadians' Affordability Concerns Remain Acute Report (July 2023).



In addition, personalization is becoming the expectation and offering tailored and seamless omni-channel experiences is critical for businesses to remain competitive. These trends are driving us to accelerate our adoption of digital technologies and establish the data foundation to personalize experiences for our players. This also supports our commitment to completing the Commission of Inquiry into Money Laundering in British Columbia (Cullen Commission) recommendation for 100 percent account-based, known play in casinos, which we are calling “verified play.”

### **Player Health**

BCLC continues to focus on reducing gambling harm and promoting responsible gambling in our business operations, striving for positive player health outcomes in our processes, products and marketing campaigns. In June 2023, new identification requirements were introduced for entry at casinos to support people enrolled in BCLC’s Game Break self-exclusion program. BCLC has also taken strategic measures to reduce our marketing efforts from core casino and online players in favour of focused campaigns and promotions aimed at acquiring and developing casual, light and moderate players. This is intended to expand BCLC’s player base and reduce revenue concentration.

BCLC has developed a new Player Health Strategy to reduce player harm and the stigma associated with seeking support. Recognizing that the gambling environment is quickly evolving, we are expanding the ways in which we reach people in supporting their adoption of safer gambling behaviours. Our move towards verified play will create new opportunities for personalized interactions that support safer gambling behaviours.

### **Online Gambling Market and Unregulated Operators**

BCLC’s rate of return to the Province from iGaming is significant when compared to Canadian counterparts. In 2022/23, total revenue for iGaming operations was \$440 million, of which \$294 million (67 percent) in net income was delivered to the Province. However, our growth in iGaming is slowing while competition is increasing. BCLC has seen a significant increase in illegal operators entering the B.C. market. Through aggressive marketing and acquisition efforts, these illegal operators are attempting to capture greater market share. We continue to work with appropriate authorities to try and address illegal online gambling, and the opportunity to potentially capture additional revenue if illegal operators were kept out of B.C.

Since the Government of Ontario launched the licensing of private-sector online gambling sites in 2022, there has been an influx of advertising for sites which are licensed in Ontario but operating unregulated in other provinces. This blurs the line between those sites and provincially regulated gambling sites, like PlayNow.com, that create revenue and jobs for their respective provinces. Further, illegal gambling operators from outside of Canada continue to target provinces, including B.C. Increased demand for advertising from all of these sites has driven up the cost of advertising and sponsorship opportunities that BCLC uses to enhance the brand’s presence and draw players to the only regulated option in our province.

BCLC has joined with a number of other provincial entities to raise awareness of the implications associated with misleading advertising and operation of unregulated gambling websites, which do not provide employment or financial benefits to the Province and present



risks related to money laundering, gambling addiction and game integrity.

### **Anti-Money Laundering (AML) and Cullen Commission Recommendations**

BCLC continues to make investments in detecting and preventing potential financial crime. This includes investments in new technologies and ongoing collaboration with law enforcement and industry stakeholders. BCLC is also supporting Government's work to respond to the Cullen Commission's four recommendations for the gaming sector from its 2022 report. This includes accepting the recommendation that BCLC move to 100 percent verified play in casinos and leveraging this requirement to be an area of focus in our new corporate strategy.

### **Gaming Control Act and Regulations**

In fall of 2022, Government passed Bill 32, which revised the Gaming Control Act (GCA). Regulations under the new GCA are under development. BCLC is continuing to work with GPEB to prepare to operationalize the new GCA and regulations. Legislative and regulatory changes by the Province will shift how we approach casino facilities development, including obtaining Minister of Finance approval for new facilities, relocations or substantial changes. Also driving changes in our approach is Government's and BCLC's commitment to reconciliation.

### **Indigenous Reconciliation**

Indigenous reconciliation is a priority and commitment that BCLC shares with the Province. We are collaborating with Indigenous rights and title holders, Indigenous governments and Indigenous employees within BCLC to develop an Indigenous reconciliation action plan that aligns our policies and programs with the Declaration on the Rights of Indigenous Peoples Act (Declaration Act), the Declaration Act Action Plan, and the Truth and Reconciliation Commission of Canada Calls to Action. We recognize one of the opportunities for reconciliation is greater engagement with Indigenous title and rights holders in BCLC's casino development process and have been participating in consultations which will inform new policies and processes in this area that are more equitable for Indigenous communities.

### **Cyber Security**

We are continuously investing in and evolving our approach to keep ahead of cybercriminals to secure our systems, safeguard player data and protect impacts to revenue that may come from cyber attacks. Major cyber security attacks pose a threat to the casino industry, with cybercriminals successfully breaching the systems of multiple organizations across North America in 2023. These attacks can have severe impacts including core business downtime, permanent data loss, intellectual property theft, privacy breaches, reputational damage and expensive recovery costs.

### **Climate Change**

In B.C., the likelihood of extreme weather events such as forest fires, heatwaves, flooding, landslides and coastal storm surges in the short term is considered a near certainty. This trend has seen severe effects on lives and health, infrastructure and housing, and communication and supply chains. Events of this nature also present significant risks to BCLC, including interruptions to business if offices, facilities and/or retailers are closed or if essential highways are blocked, disrupting critical supply chains.



BCLC continues to plan for and develop strategies to address the impacts of climate change on our people, our players and our business, and we have identified current and future climate-related risks and opportunities through a third-party assessment. There is a tremendous focus within the organization to advance our social purpose and environmental, social and governance (ESG) agenda to not only keep pace, but to lead the change. By embedding social purpose into our everyday behaviours, we will maintain an unwavering focus on our social and economic impact and broader role in the B.C. community.



# Performance Planning

## Goal 1: Deliver engaging experiences for our players

Our long-term relevance is tied to keeping pace with emerging player preferences. By accelerating the development of digital capabilities, we will be able to create competitive, personalized and healthy gambling entertainment experiences while preserving the security of BCLC and the industry.

### Objective 1.1: Increase the percentage of player base that has a verified enterprise account.

This objective highlights the work BCLC will undertake to move towards 100 percent verified play – beginning with casino players. Increasing verified play in casinos will provide us with access to significant player data that will allow us to personalize player health and gambling experiences.

#### Key Strategies

- Complete roadmaps for expanding verified play and personalization, including new technology implementation.
- Deliver on our Enterprise Data Strategy, including establishing a data governance operating model and delivering employee training in data literacy and management.
- Integrate a Customer Identity and Access Management (CIAM) solution across all lines of business to centrally manage and verify player identities.
- Implement improvements to the identification-at-entry process in casinos, including a fast-track lane for Encore Rewards members.
- Test enhanced Encore Rewards acquisition promotions that attract, engage and resonate with new members.

#### Discussion

With 100 percent verified play already in place in our online channel, PlayNow.com, BCLC's focus is on increasing verified play in casinos through the Encore Rewards loyalty program. For players who visit our casinos, Encore Rewards membership is optional, so creating a seamless registration process and offering enhanced membership benefits will be key to attracting new members and encouraging players to voluntarily sign up. We are developing new strategies which will include exploring new rewards and incentives programs that will engage players and support the player acceptance of verified play.

Increasing verified play in casinos will provide BCLC with additional data and will allow us to deepen our knowledge of players and enhance our personalization engines, rewards and incentives, product recommendations, opportunities for surprise and delight and player health experiences. Investments in technology will be critical to establishing the data foundation to unlock these capabilities. We are also implementing a new AML solution that will provide BCLC



with a more complete picture of players and play behaviour. This will enhance BCLC’s due-diligence measures to know players better and understand and assess any risks that may be associated with their transactions or activities.

**Performance Measures**

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[1.1] Percentage of player base that has a verified Encore Rewards account	48%	49%	51%	53%

Data sources: BCLC iTrak (an internal software platform used for daily log reporting and incident management) and BCLC Enterprise Data Warehouse

**Discussion**

BCLC intends to attract more players to register and play using an Encore Rewards account by simplifying the registration process, providing enhanced membership value and improving the awareness of the loyalty program. Through these efforts, we expect a steady increase in the percentage of the player base with verified accounts. This measurement is made possible by the June 2023 introduction of enhanced identification requirements at casinos which require guests and players to present government-issued photo identification for entry. While no player information is stored, a total count of visitors and players is logged, with verified play determined based on the number of players playing with an Encore Rewards card.

Given that this metric is based on the recently implemented enhanced identification requirements at casinos, the targets provided in this service plan are based on data collected during just one fiscal quarter (July to September 2023). Targets may be updated in future service plans to account for any unknown volatility at this stage.

**Objective 1.2: Ensure products and experiences offered by BCLC satisfy players’ expectations.**

We want players to feel satisfied with the products and entertainment choices we offer at our brick-and-mortar and online gambling spaces.

**Key Strategies**

- Complete the retail transformation project, which introduces a modern lottery experience in retail environments, through the replacement and upgrade of all the equipment hardware that services lottery terminals at over 3,400 lottery retail and hospitality locations.
- Design and build an enhanced PlayNow.com platform to improve the registration and onboarding process, enable enterprise accounts<sup>3</sup> and streamline payments.

<sup>3</sup> An enterprise account is a single, unified player account for all lines of business. Currently BCLC requires players to have separate accounts to play online on PlayNow.com and in land-based casinos.

- Evaluate and deliver personalized game and player health content and recommendations to PlayNow.com players.
- Enhance sports offerings including launching a new retail sports product and new sports experiences at select casino sites.
- Enhance casino gaming floor offerings with new games and experiences in select casinos and continue to refresh online games and content.

## Discussion

BCLC operates in a crowded entertainment market. Competition for entertainment dollars is increasing as more options become available, and ongoing inflationary pressure means that for many consumers, discretionary income for entertainment activities is shrinking.<sup>4</sup> We are continuing to evolve our operations and approaches to be player-centric so we can provide our players with exceptional entertainment and the best player experience. New research and technologies in the industry create opportunities for BCLC to identify and respond to players' pain points and needs, including defining mobile-enabled experiences and rolling out new products that will be enabled through new lottery terminals that will offer expanded capabilities and possibilities. Additionally, we are developing an integrated brand strategy that will resonate with players, encapsulate our social purpose and organize our marketing efforts to clearly communicate our entertainment offerings and BCLC's positive impact on the province.

## Performance Measures

At the time of writing this report, BCLC was in the process of collecting initial baseline data for a new metric, the Player Experience Index. Targets for this new metric will be introduced in the next service plan.

The Player Experience Index was developed to account for the various aspects of a player's experience including both the purchase experience and the product experience as it relates to satisfaction. The aspects evaluated include customer service, product mix, security and privacy, environment/atmosphere, and convenience/ease of purchase. These elements are assessed for relevance, value for money, excitement, if it made the player feel valued, and fairness. Using overall satisfaction as the dependent variable, a driver analysis was conducted to determine the overall weight of each statement of the purchase and product experience. This weight was then applied to the mean score provided for each statement, and then combined to make up the Player Experience Index score. This measure is collected through online surveying through an external market research vendor on a quarterly basis.

The Player Experience Index score will allow BCLC to pinpoint the specific areas of player experience that needs to be addressed and optimized.

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<sup>4</sup> Consumer Economic Pulse: Monitoring Uncertainty, Angus Reid Group, September 2023



## **Goal 2: Generate responsible net income for the benefit of all British Columbians**

BCLC conducts and manages gambling for the benefit of British Columbians. As an organization we must continue to balance the generation of revenue with reducing gambling-related harm and promoting responsible gambling across our business operations.

### **Objective 2.1: Reduce harms associated with gambling.**

Growing responsibly requires a focus on reducing harms associated with gambling. We strive to lower Problem Gambling Severity Index (PGSI) scores among our higher-risk players through various interventions and education programs.

#### **Key Strategies**

- Leverage predictive analytics and account-based gambling solutions for personalized approaches to player health and to improve the ability to respond to early warning signs of high-risk play.
- Integrate safer gambling messages within our marketing and promotions of sports to address unique issues facing sports players.
- Continue to improve BCLC's virtual GameSense program and offerings.
- Explore additional initiatives that will support BCLC to meet or exceed the standards set out in GPEB's Responsible Gambling Standards for Internet Gambling Conducted by BCLC.

#### **Discussion**

Player health is a critical component of BCLC's strategy, and we continuously seek to understand and encourage safer play behaviour. We have developed a new Player Health Strategy focused on understanding our players and their behaviours to help us to implement strategies to support them in safer play. Recognizing that the potential for problem gambling behaviour is higher for some products and player groups, Keno and sports betting are areas of focus in the new strategy to better understand what drives potential problem gambling behaviours and to develop and implement strategies to mitigate these risks.

### **Objective 2.2: Reduce the number of incidents related to potential crime in and near facilities, including brick-and-mortar, online and/or related to BCLC-managed gambling products.**

Any criminal activity related to gambling and in our business is a concern for British Columbians. BCLC is taking action to eliminate these risks.



## Key Strategies

- Increase verified play in casinos to reduce the use of unsourced cash by unknown players, further increase capacity for monitoring transactions, provide insights into player behaviour, and support Cullen Commission recommendations for BCLC.
- Complete implementation of an enhanced and scalable AML transaction monitoring software solution for casinos, which will enable BCLC to continue to meet and potentially exceed reporting and regulatory requirements for AML controls, and to integrate and extend existing reporting capabilities, intelligence and analytics.
- Continue to enhance the account registration process on PlayNow.com and leverage technology to further detect fraud and potential for criminal activity across the business.
- Support Government, through GPEB, in meeting its responsibilities for the overall integrity of gambling by ensuring casino service providers adhere to BCLC's policies, procedures, B.C. liquor policies and regulations, and through ongoing collaboration and participation in the RCMP-led Counter Illicit Finance Alliance.

## Discussion

To ensure the safety of our operations online, we are continuing our work to enhance our registration process and implement appropriate tools to help detect and deter any fraud on PlayNow.com. BCLC's focus on moving towards 100 percent verified play in casinos will provide us with access to significant player data to monitor and better know the source of funds and source of wealth of our players.

Enhanced identification requirements at casinos ensure individuals under 19 years of age and individuals with links to or who are suspected of criminal activity are prevented from entering our facilities. Since the implementation of the enhancement in June 2023, there has been an overall decrease in incidents of potential crime in our casinos. We will continue to collaborate with law enforcement, regulators, service providers and other stakeholders to further define and implement security controls to mitigate the use of fraudulent identification and to further reduce the potential for criminal activity in or near our business.

## Objective 2.3: Optimize net income through investment to sustain the long-term health of the business

BCLC can continually serve the Province by proactively investing in new systems, technology and talent that support the responsible generation of revenue for Government.

## Key Strategies

- Leverage the investment in new lottery systems and technology to enhance the way players engage with and experience lottery with improved digital and in-store experiences and greater personalization.
- Build a world-class rewards and incentives program with capabilities that provide curated and personalized incentives for players across our offerings.



- Shift from a product-centric to an experience-centric focus to create new offerings and broaden the player base while encouraging cross-play with other gaming lines of business.
- Continue to invest in BCLC’s iGaming platform and offerings to attract new players that are typically less engaged with land-based delivery channels (casinos).
- Collaborate with local governments, Indigenous title and rights holders, casino service providers and vendors to advance opportunities for new and improved facilities in communities across the province where there continues to be under-served market demand.

**Discussion**

Government provides seven percent of BCLC net income<sup>5</sup> to First Nations through the BC First Nations Gaming Revenue Sharing Limited Partnership. In accordance with the Province’s Host Financial Assistance Agreement, First Nations and local governments that host casinos or community gaming centres typically receive a 10 percent share of net gaming income generated by those facilities. The Province uses the remaining funds to help support public services that benefit all British Columbians, such as health care, education, community programs and other essential services.

BCLC is making foundational investments to help retain and grow revenues in the years to come. We are focused on leveraging new technology to enhance our personalization capabilities and player experiences. These investments include building a world-class rewards and incentives program and providing other new offerings that appeal to existing and new players. Through these efforts we will deliver engaging experiences and broaden the player base.

**Performance Measures**

Performance Measure	2022/23 Actuals	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[2.1] Percentage of BCLC players who score as high risk on the PGSI	10%	11%	9%	8%	7%

Data source: Continuous tracking survey conducted online by a third-party research professional.

**Discussion**

The PGSI is a self-reported, standardized measure of assessing at-risk gambling behaviours. It is a globally used tool based on research of common signs and consequences of problematic gambling. Players who score eight or higher are considered to be at high risk for problem gambling. Measuring PGSI allows BCLC to monitor the proportion of high-risk players in our player base and to understand how to make safer products and environments. Through the

<sup>5</sup> BCLC net income as defined in the Long-Term BC First Nations Gaming Revenue Sharing and Financial Agreement.



implementation of BCLC’s renewed Player Health Strategy, we expected the PGSI score to steadily improve over the next three years.

The PGSI study uses market research industry standard techniques to randomize the sample while retaining gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada’s census. To qualify for these measures, a respondent will need to have played at least one BCLC game in the past year.

Performance Measure	2022/23 Actuals	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[2.2] Number of incidents of reports of potential crime	4,148	4,023	3,822	3,631	3,449

Data Source: BCLC iTrak (an internal software platform used for daily log reporting and incident management) and Salesforce Database

**Discussion**

Under section 86 of the GCA and section 34 of the Gaming Control Regulation, BCLC and its service providers are required to report to GPEB any conduct or activity that may be contrary to the Criminal Code if it occurs at or near a BCLC gaming facility (both brick-and-mortar and online) or is in connection with a BCLC product. Examples of such incidents include allegations of cheating at play, theft, assault and money laundering. By monitoring the frequency of incidents of potential crime, we can assess the prevalence and impact of potential criminal activity related to gambling in our business and introduce new security measures where necessary.

Forecasting for 2023/24 is higher than in the previous service plan as targets had been set to five percent reduction annually; however, variables such as number of patrons that are in and around facilities and number of active players that are assumed to be constant has impacted 2023/24 year-to-date actuals. With the introduction of enhanced identification at entry, BCLC can track the number of patrons at facilities. This will enable us to determine if the number of incidents of potential crime is not only decreasing overall, but also how it is trending as a ratio to the number of patrons. With our focus on increasing verified play in casinos and leveraging technology and data to detect and mitigate the potential for criminal activity across our business, future targets project a steady five percent annual improvement (decrease) in the years to come.

Performance Measure	2022/23 Actuals	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[2.3] Net Income (\$ millions)	1,636	1,535	1,436	1,450	1,494

Data source: BCLC’s financial plan, see page 21.

**Discussion**

Funds generated by lottery, casinos and sports betting go to the Province to help support health care, education and community programs all across B.C. The generated net income after investments delivers our financial return to the Province of B.C.

The fiscal year 2023/24 net income forecast reflects a decrease of six percent compared to the prior year due to a slight decrease in revenue and increased investments into the organization. Although there is a decline, the current year net income forecast is higher than pre-pandemic net income (fiscal year 2018/19) by eight percent. B.C. online players are exposed to unregulated and illegal online gambling operators who are advertising and offering lucrative player acquisition incentives, creating an uneven playing field for BCLC. In addition, current challenging economic factors are putting pressure on players' discretionary spending on items such as entertainment costs and this is hindering topline growth for BCLC as average spend per player across all lines of business has declined.

Fiscal year 2024/25 net income is projected at \$1,436 million, with the assumption casino revenue performance sustains at re-baselined fiscal 2023/24 levels and iGaming grows modestly from platform investments, partially offset by a minor disruption in lottery terminal sales during the rollout of the lottery terminal replacement project (approximately 3,400 terminals across the province) which was delayed from the prior fiscal year. The cost structure reflects increased operational costs due to the execution of BCLC's ambitious multi-year corporate strategy and current market conditions. Vendors and suppliers are experiencing the same economic challenges such as persistent high inflation and are passing increased costs to BCLC.

## **Goal 3: Amplify our social and economic impact across the province**

As a Crown corporation and social purpose-driven organization, we have the opportunity and mandate to amplify our commitment to the greater good.

### **Objective 3.1: Use our environmental, social and governance (ESG) Framework to embed social purpose into our business.**

We are continually seeking ways to further integrate social purpose into all that we do. Aligning ourselves to leading international ESG frameworks helps us manage material environmental, social and governance risks and opportunities, supporting positive outcomes for our employees, stakeholders, rights holders and the community at large.

#### **Key Strategies**

- Leverage an enterprise-wide, cross-functional ESG Working Group to oversee the implementation of BCLC's ESG Framework, policy and management system.
- Conduct regular ESG-related risk assessments to identify emerging and material ESG risks and opportunities that will affect our industry sector.
- Build capacity within organizational units, including ensuring resource availability, to implement priority ESG actions.
- Incorporate social purpose into our people processes including recruitment practices, our programs for leadership development and our employee engagement survey.



## Discussion

The implementation of BCLC's ESG Framework and ESG policy supports our social purpose while aligning with our mandate and managing ESG-related risks and opportunities. As outlined in [Winning with Purpose: BCLC's Annual Report 2022/23](#), the ESG Framework has three main themes with corresponding goals: circular economy and climate change leadership, creating a positive social impact, and strong ESG governance.

Our ESG Policy sets out how we will integrate ESG principles in the conduct of business and includes engaging and enabling all BCLC employees and contractors to incorporate ESG principles into their work while encouraging BCLC's stakeholders to accelerate their efforts towards positive environmental and social change to garner maximum collective impact.

### **Objective 3.2: Reduce greenhouse gas (GHG) emissions throughout our value chain.**

This objective supports our commitment to ensuring that our business operations align with and exceed the Government of British Columbia's [CleanBC](#) climate plan, highlighting strategies for minimizing GHG emissions and moving towards a low-carbon economy.

#### **Key Strategies**

- Develop a climate strategy to reduce Scope 3<sup>6</sup> emissions and build operational resiliency against climate risks.
- Develop plans to reduce energy and emissions across our value chain based on findings in audits to support the creation of achievable targets.
- Implement our electric vehicle strategy which includes transitioning BCLC's fleet vehicles to electric vehicles, adding the required charging infrastructure, as well as exploring an electric vehicle charging infrastructure strategy with service providers.

## Discussion

Developing a climate strategy will help BCLC reduce Scope 3 emissions while considering adaption and resiliency. It will be crucial for managing climate-related risks, sustainability goal attainment, innovation, competitive advantage, regulatory compliance and effective supply chain engagement. Once complete, BCLC's climate strategy will outline how we treat climate risks and opportunities in relation to foreseeable business, customer, employee and stakeholder impacts. We are aligning these efforts with the Province's CleanBC Roadmap to 2030 and "net-zero by 2050" ambition.

Given that plans are established to minimize our Scope 1<sup>7</sup> and Scope 2<sup>8</sup> emissions through building renovations at our Kamloops and Vancouver offices and fleet upgrades, we are now

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<sup>6</sup> Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in BCLC's value chain, including both upstream and downstream emissions from the generation of purchased energy.

<sup>7</sup> Scope 1 emissions are direct emissions from owned or controlled resources.

<sup>8</sup> Scope 2 emissions are indirect emissions from the generation of purchased energy.



focusing on further evaluating methods to decarbonize our Scope 3 emissions throughout our value chain. BCLC will begin working with service providers to conduct energy audits across the province. These results will be used to develop energy reduction plans that are specific to each casino facility.

### Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[4.1] ESG Performance Index score: number (percentage) of ESG actions that are on track or achieved out of 49 key action items	17 (35%)	29 (59%)	36 (73%)	47 (96%)

Data source: BCLC's ESG Scorecard

### Discussion

The ESG Performance Index is a new metric that measures the implementation and progress of BCLC's ESG Framework based on the number and percentage of ESG actions that are on track or will be achieved over the next three fiscal years. BCLC has identified 49 key actions that support the ESG Framework's three main goals. These action items were identified as part of BCLC's five-year ESG Framework which launched in fiscal 2022/23. Examples of these actions include: develop and implement a plan to source renewable energy; implement a climate change strategy; foster a culture of diversity, inclusion and belonging; finalize and implement the Indigenous Reconciliation and Relations Plan; and initiate and continue the creation of a national gambling industry ESG standard.

With work currently underway on many of these action items, and a cross-functional ESG Working Group responsible for overseeing the implementation of BCLC's ESG Framework, we expect to see steady progress over the next three years. Our targets show that by fiscal 2026/27, the majority of these action items will be on track or achieved.

Performance Measure	2019 Baseline <sup>1</sup>	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[4.2] Scope 3 emissions (tonnes of CO <sub>2</sub> )	Tier 1 <sup>2</sup> : 61,667	Tier 1: 61,667	Tier 1: 61,667	Tier 1: 55,994	Tier 1: 50,842
	Tier 2 <sup>3</sup> : 33,931	Tier 2: 33,931	Tier 2: 33,931	Tier 2: 30,809	Tier 2: 27,975

Data source: There are 15 categories of Scope 3 emissions. Depending on the category, Scope 3 emissions are collected and quantified using either primary data specific to the activity within a company's value chain (including procurement data, transport data, fuel purchases, utility bills provided by service providers) or secondary data such as industry averages, proxy data, or other generic data.

<sup>1</sup>The 2019 baseline was selected as it represents operations pre-COVID which we expect to be in line with normalized operations in 2023/24 and 2024/25.

<sup>2</sup>Tier 1: Emissions related to the products BCLC owns, sells or leases (under BCLC's direct control).

<sup>3</sup>Tier 2: Emissions from casino operations (BCLC's indirect control).

## Discussion

BCLC's Scope 3 emissions are broken down into two tiers. Tier 1 includes Scope 3 emissions from purchased goods and services, capital goods, waste generated in operations, business travel, employee community and use of sold product. Tier 2 includes Scope 3 emissions from casino operations.

Considering the complexity of Scope 3 GHG data, encompassing both upstream and downstream activities across the entire value chain, primary GHG data from stakeholders (e.g., suppliers, service providers) will be prioritized, where possible. Remaining Scope 3 emission calculations will rely on a combination of spend-based methods and industry-average approaches, while closely following the GHG Protocol's Scope 3 technical guidance. To achieve both 2030 Scope 3 GHG emission reduction targets, BCLC will focus on developing a climate strategy in fiscal 2024/25 and will implement it starting in 2025/26. Our targets indicate that we expect to see a reduction in Scope 3 emissions by 9.2 percent per year starting in 2025/26, with both targets reaching an overall reduction of 46 percent by fiscal 2030/31. Key projects supporting these reduction efforts include setting up supplier GHG targets, implementation of casino energy management, installation of electric vehicle chargers, cloud migration and data centre cooling, and employee travel subsidies.

## Goal 4: Be a sought-after partner for the shared value we can create together

Meaningful relationships are critical to our success and our partnerships. As a social purpose company, we can only achieve our vision and purpose by collaborating with rights holders and other partners in mutually reciprocal relationships.

### Objective 4.1: Deepen our relationships with partners, stakeholders, and Indigenous title and rights holders.

A focus on win-wins for the greater good requires collaboration with stakeholders and with Indigenous title and rights holders on mutually beneficial strategies that create a positive benefit beyond the partnerships.

#### Key Strategies

- Develop an Indigenous reconciliation action plan with Indigenous title and rights holders, which includes exploring a plan to achieve the Progressive Aboriginal Relations (PAR) Certification.
- Develop and implement a service provider engagement strategy.
- Maintain community outreach efforts and corporate sponsorships in alignment with the new corporate strategy.

## Discussion



The success of our new strategy is predicated on collaboration and relationships, such as with communities, service providers, retailers and Indigenous title and rights holders. We have developed an engagement framework to support meaningful engagement and collaboration so that we can build upon these relationships and create greater value for everyone and the Province.

We will continue our efforts in building strong working relationships with service providers, collaborating in the design process for verified play, and enhancing experiences and value propositions for players. In addition, we have begun to develop an Indigenous reconciliation action plan in collaboration with Indigenous communities to reflect actions we can take throughout our business to support common goals towards reconciliation that align with the Declaration Act, the Declaration Act Action Plan, and the Truth and Reconciliation Commission of Canada Calls to Action. Moving forward, we will seek early engagement of First Nations in the casino development process. Ongoing consultations with individual First Nations and the First Nations Gaming Commission will inform new gaming facility development policies and processes that are more equitable, including incorporating Indigenous perspectives and creating opportunities for Indigenous communities.

## **Performance Measures**

At the time of writing this report, BCLC was developing new metrics to assess and measure the effectiveness of our relationships and activities.

We recognize that measuring Indigenous engagement and impact is a multifaceted and multi-year journey. A key component of the development of our Indigenous reconciliation action plan will include collaborating with Indigenous title and rights holders to develop a metric that will measure the effectiveness of the strategy. Once approved by the Board, metrics measuring the success of this strategy will make up the Indigenous Engagement score. With regards to measuring Indigenous impact, PAR is a recognition and certification program that verifies organizational performance with regards to Indigenous relations.<sup>9</sup> At present, BCLC is exploring becoming PAR certified. In 2024/25, there will be an assessment to identify gaps and we will focus our efforts on bridging those gaps before pursuing the certification in fiscal 2027/28. Additionally, as BCLC rolls out our new Stakeholder Governance Framework, we will establish a metric to measure our community engagement efforts.

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<sup>9</sup> Certification criteria is one set of questions made up of four comprehensive sections covering each PAR driver (Leadership Actions, Employment, Business Development and Community Relationships). Scheduled and detailed on-site verifications are included (on-site discussions with company personnel and with external Indigenous representatives). A PAR jury (comprised of Indigenous businesspeople) deliberates and awards PAR certification at the Bronze, Silver or Gold level.



# Financial Plan

## Financial Summary

<b>\$ Millions</b>	<b>2023/24 Forecast</b>	<b>2024/25 Budget</b>	<b>2025/26 Plan</b>	<b>2026/27 Plan</b>
<b>Revenue</b>	<b>2,897</b>	<b>2,891</b>	<b>2,939</b>	<b>3,012</b>
Direct Costs	875	903	918	941
Gaming Support Costs	68	78	80	82
Operating Costs	265	299	310	310
Amortization and Other	78	92	95	97
<b>Total Costs</b>	<b>1,286</b>	<b>1,372</b>	<b>1,403</b>	<b>1,430</b>
Net Income Before Taxes	1,611	1,519	1,536	1,582
Taxes	76	83	86	88
<b>Net Income</b>	<b>1,535</b>	<b>1,436</b>	<b>1,450</b>	<b>1,494</b>
<b>Liabilities</b>	<b>561</b>	<b>565</b>	<b>589</b>	<b>610</b>
Accumulated Deficit	(18)	(18)	(18)	(18)
Accumulated Other Comprehensive Loss	89	89	89	89
<b>Total Equity</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>71</b>
<b>Capital Expenditures</b>	<b>75</b>	<b>100</b>	<b>105</b>	<b>105</b>

Note: The above financial information was prepared based on International Financial Reporting Standards.

## Key Forecast Assumptions, Risks and Sensitivities

Net income targets are established through a forecasting process that analyzes relevant revenue trends for each product category to build a projection of baseline contribution margin (revenues less direct costs). Baseline costs were estimated after a rigorous budgeting process. Incremental revenues and costs from planned strategic initiatives are incorporated into the financial plan.

Fiscal year 2024/25 casino gaming revenue projections are expected to hold steady to fiscal year 2023/24 performance. Recent revenue trends in the current fiscal year are declining; however, they are assumed to improve starting in late fiscal year in line with improved economic conditions and return on investments to enhance customer experience. In June 2023, BCLC implemented enhanced identification at all B.C. casinos that required every individual to present government-issued ID for entry to support the Game Break self-exclusion program. It is assumed that the introduction of this practice will not have a significant impact on casino revenues.

Private sector service providers own and operate gambling facilities under contract with BCLC and some employ unionized staff. Union contract agreement expiry dates vary by facility, with different contracts for sites expiring in the next few years. BCLC revenue targets assume there will be no labour disruptions in fiscal year 2024/25.

In fiscal year 2024/25, lottery revenue is expected to decrease by 6.7 percent from prior year, primarily due to a minor service disruption to lottery retail operations when approximately 3,400 lottery terminals are replaced across the province. Other key assumptions include a replacement product for Sports Action is launched in the retail market shortly following the successful launch of the lottery terminals and Lotto Max and Lotto 6/49 jackpot roll patterns are normal.

Fiscal year 2024/25 iGaming revenue is expected to grow by 7.0 percent from prior year. After more than doubling revenue in fiscal 2021/22 and reaching a record-breaking year in fiscal 2022/23, prior year revenue growth began to plateau due to intensifying competition from illegal operators. Many initiatives to better compete with the illegal operators and to support revenue growth in fiscal year 2024/25 began in fiscal year 2023/24 including adding new game content, enhancing the player registration process, and investments in sports. The new PlayNow Casino app along with Lotto Mobile on Android will be launched in early fiscal year 2024/25.

Direct costs include private sector service provider and retailer commissions, lottery ticket and bingo paper printing, supplies and leases. Commissions have been forecasted using rates in current operating agreements. Direct costs are driven by revenue projections of each product category and the cost ratios per category have remained relatively steady. Direct costs are forecasted to increase in line with revenue by product category.

Gaming support costs are expenses that support revenue generation, including systems support and maintenance, data transmission, equipment installation, product delivery, internet-based software license and service fees, and upgrading gambling equipment. Costs in



this area are forecasted to increase in line with industry trends as BCLC continues to make investments in technology to sustain and enhance core systems that support player experiences.

Changes in technology delivery have driven a market shift from on-premises owned and constructed assets to cloud-based services (cloud). Business technology industry leaders are continuing to drive a fundamental shift from capital intensive upgrade project costs to annual operating costs. Higher post-implementation costs on newly completed projects are expected to continue.

Operating costs include advertising and marketing, staffing costs, professional fees, rent, equipment, communications and financial costs. Operating costs support the operationalization of revenue generating initiatives and maintaining base operations in BCLC's environment. Resources continue to be invested to modernize the PlayNow.com platform to remain competitive in the online gambling industry and deliver best in technology, infrastructure, entertainment, social purpose and player experience. Adequate workforce resources are incorporated into the operating costs to address capacity, enhance enterprise functions, and support corporate strategic initiatives. Salaries and benefits (including pension costs) have increased which are reflective of current market conditions.

Initiatives underway to update obsolete technology and to implement the corporate strategy require significant resources from a work effort, capital and operating perspective, and are essential to ensure the long-term health of our players and the organization. The financial implications of these initiatives continue to be refined and resources rationalized as necessary to respond to risks and opportunities as they arise during the fiscal year.

## Sensitivity Analysis

As indicated above, the business planning process involves a thorough analysis of relevant revenue trends by product category to determine the year-over-year baseline growth assumptions. Given BCLC's revenue is projected to be \$2.9 billion, it is highly sensitive to small percentage changes in certain assumptions. At the same time, our revenue is generated from games of chance and the outcomes of these games are inherently unpredictable. Incremental revenue driven by new and strategic initiatives is added to baseline operations. In addition to usual forecasting sensitivities, there are unknown impacts to BCLC's operations at this time, such as ongoing inflationary pressures and high interest rates which could cause a significant impact on revenue and resulting net income projections.

The forecast risks and sensitivities on fiscal year 2024/25 BCLC revenue are estimated as follows:

- The assumption related to casino revenue sustaining to fiscal year 2023/24 levels will impact projections. A five percent change in casino revenue projections represents a revenue impact of \$94 million on an annual basis.
- Revenue from the lottery channel is expected to be negatively impacted by the temporary service disruptions that will take place with the lottery terminal replacement



project. Although these factors have been accounted for in the projections, the complex nature of the system implementation can impact revenue. A five percent change to overall lottery revenue represents a revenue impact of \$26 million on an annual basis.

- iGaming revenue is projected to continue to increase with investments into the PlayNow.com platform. Initiatives to drive revenue will need to mitigate continued competition from illegal competitors. A five percent change to the overall PlayNow.com revenue represents a revenue impact of \$24 million on an annual basis.

## Management's Perspective on Financial Outlook

Delivering on BCLC's net income commitments to Government continues to be challenging given current economic conditions and trends. The overall gambling industry in B.C. is at a mature stage with a modest growth outlook. BCLC's net income forecasts continue to be subject to several risks and uncertainties over the fiscal plan period.

Specifically, there are many economic factors such as continued high cost of living, ongoing inflationary pressures and high interest rates impacting consumer spending habits. Uncertainty around the future of interest rates and the possibility of an economic slowdown could accelerate the recently observed decline in average spend per player in all channels.

BCLC's two major channels (lottery and casino) are mature and face market growth challenges in the outgoing years. Revenue increases are flattening, and margins are sensitive to shifts in product mix. Lottery revenues are heavily dependent on the national games' jackpot rolls, resulting in lottery revenue volatility. As well, revenues from these channels are from a core, aging player base. BCLC has recognized that further investment is required to address high revenue concentration in a relatively small player segment by appealing to younger demographics that typically make up light and casual players.

The iGaming channel, which delivers products on BCLC's online gambling platform, PlayNow.com, more than doubled its revenue over the pandemic-impacted years and record level of revenue has been sustained with modest investment growth expected. Increased advertising and lucrative player acquisition incentives offered from illegal sites continue to threaten BCLC's market share.

BCLC is continually tapping into a younger demographic as we shift from a product-centric company to an experience-centric one. BCLC will address this shift by expanding its sports book offerings and creating new offerings to attract new players.

The projections presented position BCLC to maintain operational efficiency and make the necessary strategic investments to ensure the long-term health of the business. We continue to focus on innovation to grow the player base, retain existing intended players and provide opportunities to increase their frequency of play and the number of different games played by supporting and enhancing existing products (e.g., replacing lottery legacy systems) and developing new content and experiences.



We are committed to managing our business responsibly in this ever-evolving environment. Investment decisions which enable future business growth and competitiveness are balanced with cost management to deliver net income commitments to Government. We are continually managing costs and looking for ways to operate our business more efficiently and effectively.

## Capital Expenditures

Currently there are no major capital projects (over \$50 million) approved through BCLC’s business planning process.

<b>Significant IT Projects (over \$20 million in total)</b>	<b>Targeted Year of Completion</b>	<b>Project Cost to Dec 31, 2023 (\$m)</b>	<b>Estimated Cost to Complete (\$m)</b>	<b>Anticipated Total Cost (\$m)</b>
<b>Lottery Terminals and Systems Replacement</b>	2024/25	\$41M	\$7M	\$48M
This project involves the replacement of legacy equipment, including retail lottery equipment and supporting systems. This equipment is nearing end-of-life and supports the majority of lottery revenue. While the overall capital costs have remained the same, the targeted year of completion has moved to fiscal year 2024/25.				



## Appendix A: Additional Information

### **Corporate Governance**

Governance and Oversight

BCLC Senior Executive

### **Organizational Overview**

For an organizational overview of BCLC, please visit <https://corporate.bclc.com/>



## Appendix B: Subsidiaries and Operating Segments

### Active Subsidiaries

#### B.C. Lottotech International Inc.

The consolidated financial statements of BCLC include B.C. Lottotech International Inc. ("Lottotech"), a wholly owned subsidiary of BCLC. The primary purpose of Lottotech is to optimize sales taxes through the purchase of capital assets for leasing to BCLC. The main operating activities are revenue from the lease of assets to BCLC and the depreciation associated with capital acquisitions. The management and oversight of Lottotech is consolidated within BCLC operations and the Board reviews and approves capital purchases through BCLC's annual business planning and budget process.

The majority of BCLC capital expenditures (refer to Financial Plan) are planned to be purchased through Lottotech.

Lottotech's business activities are in alignment with BCLC's mandate, strategic priorities, and fiscal plan. Lottotech's publicly available financial statements can be found in [BCLC's 2022/23 Annual Service Plan Report](#).

#### Financial Summary

\$ Millions	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Total Revenues	74.3	83.5	87.7	89.9
Total Expenses	74.1	83.3	87.5	89.7
<b>Income from Operations</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Other Expenses	(1.0)	(0.6)	(0.6)	(0.6)
<b>Net Income (Loss)</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.4)</b>

**Business Units' Income Statement <sup>1</sup>**

\$ millions	<b>2023/24 Forecast</b>	<b>2024/25 Budget</b>	<b>2025/26 Plan</b>	<b>2026/27 Plan</b>
<b>Lottery</b>				
Revenue	567	529	566	571
Less: direct expenses	<u>116</u>	<u>113</u>	<u>124</u>	<u>126</u>
	451	416	442	445
Operating expenses:				
General Operating	70	74	74	73
Gaming Support	25	26	25	25
Amortization	13	19	21	20
Other	<u>-</u>	<u>2</u>	<u>2</u>	<u>2</u>
	108	121	122	120
<b>Net Income Before Taxes</b>	343	295	320	325
Taxes	<u>15</u>	<u>17</u>	<u>18</u>	<u>18</u>
<b>Net income</b>	<u><u>328</u></u>	<u><u>278</u></u>	<u><u>302</u></u>	<u><u>307</u></u>
<b>iGaming</b>				
Revenue	445	476	488	519
Less: direct expenses	<u>83</u>	<u>95</u>	<u>99</u>	<u>105</u>
	362	381	389	414
Operating expenses:				
General Operating	55	62	64	66
Gaming Support	12	16	17	18
Amortization	3	3	3	4
Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	72	83	86	90
<b>Net Income Before Taxes</b>	290	298	303	324
Taxes	<u>11</u>	<u>14</u>	<u>14</u>	<u>15</u>
<b>Net income</b>	<u><u>279</u></u>	<u><u>284</u></u>	<u><u>289</u></u>	<u><u>309</u></u>
<b>Casino &amp; Community Gaming</b>				
Revenue	1,885	1,886	1,885	1,922
Less: direct expenses	<u>676</u>	<u>695</u>	<u>695</u>	<u>710</u>
	1,209	1,191	1,190	1,212
Operating expenses:				
General Operating	140	163	172	171
Gaming Support	31	36	38	39
Amortization	59	63	65	67
Other	<u>1</u>	<u>3</u>	<u>2</u>	<u>2</u>
	231	265	277	279
<b>Net Income Before Taxes</b>	978	926	913	933
Taxes	<u>50</u>	<u>52</u>	<u>54</u>	<u>55</u>
<b>Net income</b>	<u><u>928</u></u>	<u><u>874</u></u>	<u><u>859</u></u>	<u><u>878</u></u>

<sup>1</sup> Figures in the above table may not tie due to rounding.

## Operating Segments

BCLC's operating segments consist of casino and community gaming, lottery, and iGaming. BCLC's casino and community gaming operations are results from land-based gaming facilities offering slots, tables and bingo games. Lottery operations are results from brick-and-mortar retail sales of lottery draw-based games, lottery instant tickets and sports betting. iGaming operations are results of BCLC's website PlayNow.com, which extends all BCLC's product offerings for play online. Operating costs for any departments that are not directly dedicated to supporting one of these areas of operations are allocated proportionally across these areas based on their revenues.



# **British Columbia Lottery Corporation**

## **2023/24 Annual Service Plan Report August 2024**





For more information on the British Columbia Lottery Corporation contact:

74 West Seymour Street, Kamloops, BC, V2C 1E2

T: 250-828-5500

Or visit our website at

[bclc.com](http://bclc.com)

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## Board Chair's Accountability Statement



The British Columbia 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 - 2025/26 Service Plan published in 2023. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'GM', written over a light background.

Greg Moore  
Board Chair  
July 18, 2024



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## Letter from the CEO

On behalf of the British Columbia Lottery Corporation (BCLC), I am pleased to present our Annual Service Plan Report for the 2023/24 fiscal year. BCLC is focused on offering engaging entertainment experiences that generate net income to benefit the people of British Columbia so that communities thrive and grow. In 2023/24, BCLC generated a net income of \$1.5 billion for the Province of B.C. However, we experienced a decline in revenue and increased operating costs, resulting in a decrease of \$87 million in net income from the previous year's record net income of \$1.6 billion. Post-COVID, BCLC observed temporary pent-up demand from players across casinos and community gaming centres (CGCs) which was reflected in our 2022/23 results; however, consumer behaviour seems to have stabilized over the past year. Nevertheless, our 2023/24 net income was higher than our pre-pandemic record net income in fiscal year 2018/19 by \$133 million.

BCLC was challenged by the impact of increasing economic pressures over the past year including high interest rates and inflation, which meant that people in B.C. had less disposable income for entertainment spending, such as gambling with BCLC. Additionally, our growth in the online gambling market slowed as we continued to see significant competition from illegal operators in the B.C. market. In response to this challenge, we made enhancements to PlayNow, including implementing new technology that makes it easier for prospective players to sign up for accounts. This will help encourage players to stay within the BCLC ecosystem, rather than registering with illegal sites whose profits do not go back to the Province of B.C. and which are not required to follow the same player health standards as BCLC since they are not regulated in B.C.

In June 2023, in alignment with our goal to reduce gambling-related harms, we took a bold step to enhance BCLC's Game Break self-exclusion program and introduced a new requirement whereby individuals must present government-issued photo identification for entry at gambling facilities. While no personal information is stored, identification is scanned and checked against a database of individuals restricted from entering gambling facilities, like those enrolled in Game Break. The program is also intended to prevent the entry of individuals who are barred in relation to the Gaming Control Act. B.C. is the first jurisdiction in North America to require identification at gambling facilities entry, a testament to BCLC's commitment to player health and promoting safer play in the business.

As a social purpose company, every decision we make is with the intention of positively contributing to society. In alignment with this purpose and the foundational principles in the Minister's Mandate Letter to BCLC, we continued to make progress on the implementation of our Environmental, Social and Governance (ESG) Framework.

While we are still early in our Indigenous reconciliation journey, we have made strides in building relationships and increasing engagement with the objective of understanding Indigenous communities and their unique needs and perspectives. In October 2023, for the first time, BCLC's Board of Directors and executive team held our quarterly Board meeting at the St. Eugene Resort, which is home to the Casino of the Rockies, owned and operated by the Ktunaxa Nation. We recognize that one opportunity for Indigenous reconciliation is greater

engagement with Indigenous title and rights holders in BCLC's casino development process. To that end, we have been participating in consultations which will inform new policies and processes that are more equitable for Indigenous communities.

BCLC's Board of Directors approved a new five-year corporate strategy in May 2023. The strategy is designed to address the challenges we face so that we can continue to drive responsible growth and value for British Columbians long into the future. With commitment and hard work, together we can evolve as a social purpose company and continue to be a positive force in B.C.



Pat Davis  
President & CEO  
July 18, 2024



## Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for government organizations. Under the BTAA, a Minister Responsible for a Government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

## Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2021/22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the [British Columbia Lottery Corporation 2023/24 - 2025/26 Service Plan](#) and the actual results reported on in this annual report.

## Purpose of the Organization

BCLC conducts and manages commercial gambling in a socially responsible manner for the benefit of British Columbians. Through agreements with private-sector service providers, BCLC offers slot machines, table games and bingo at 22 casinos, two racecourse casinos, 12 CGCs and one commercial bingo hall. BCLC's lottery and sports betting products are sold at approximately 3,400 retail locations operated by private-sector retailers through Lottery Retailer Agreements. PlayNow is BCLC's secure and regulated online and mobile channel, with a growing portfolio of lottery games, sports betting, slots, table games and bingo entertainment. BCLC also provides online gambling services and web-based and mobile platforms to the Province of Manitoba through an operating contract with Manitoba Liquor & Lotteries and to Saskatchewan players through an exclusive licensing agreement with the Saskatchewan Indian Gaming Authority (SIGA) and SaskGaming. In addition, BCLC licenses its player health program, GameSense, to partners across North America.

BCLC strives to have a positive impact on the province and our business strategy is guided by our social purpose, "We exist to generate win-wins for the greater good." This purpose guides our decisions so that by conducting our business, social benefits are created which contribute to a better world. Our social purpose compels us to consider how our organization might create additional value for players, employees, business partners, suppliers, communities, and Indigenous, municipal and provincial governments. Inherent in our social purpose is the unwavering commitment to prevent and reduce the harms that some experience from playing our products.

The Province of B.C. uses gambling revenue generated by BCLC to benefit British Columbians through investments in programs and services such as education, health care, communities



and culture. First Nations receive a seven percent entitlement of BCLC net income<sup>1</sup> through the [BC First Nations Gaming Revenue Sharing Limited Partnership](#). Additionally, in accordance with the Province's Host Financial Assistance Agreements, municipal governments and First Nations that host casinos or CGCs typically receive a 10 percent share of net gaming income generated by those facilities.

As a Crown corporation, BCLC is governed by B.C.'s Gaming Control Act and reports to the Ministry of Finance through the Crown Agencies Secretariat (CAS). The Gaming Policy and Enforcement Branch (GPEB) in the Ministry of Public Safety and Solicitor General has regulatory oversight of all gambling in B.C., including all commercial gambling operated by BCLC. BCLC also adheres to requirements set out in federal anti-money laundering (AML) legislation and is monitored by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) for compliance with those requirements.

The consolidated financial statements of BCLC include a wholly owned subsidiary, B.C. Lottotech International Inc. (Lottotech). The primary business of Lottotech is the purchase of capital assets for lease to BCLC. Lottotech's budget is renewed and approved through BCLC's annual business planning process. The financial operations, management and oversight of Lottotech are consolidated within BCLC operations.

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<sup>1</sup> BCLC actual net income as defined in the Long-Term BC First Nations Gaming Revenue Sharing and Financial Agreement.



# Operating Environment

## ***Economic Conditions***

Like many businesses in 2023/24, BCLC was impacted by the effects of adverse economic conditions. The high cost of living, persistent inflation and high interest rates have had an impact on consumer spending habits, putting negative pressure on entertainment spending, such as gambling, and impacting BCLC's revenue.<sup>2</sup> As many British Columbians shifted their spending from wants to needs, BCLC observed that the average spend per player declined across all lines of business. This is notable because, for illustration purposes, a one percent decline in BCLC revenue represents a \$29-million revenue decline for our business. Inflation and high interest rates also created challenges for BCLC's service providers who operate casinos and CGCs. The commission structure for service providers is fixed within current operational services agreements and, therefore, not responsive to the impacts of inflation. Additionally, other vendors and suppliers experienced the same economic challenges, passing increased costs to BCLC.

## ***Illegal Online Gambling Operators***

In fiscal year 2023/24, BCLC continued to experience the impact from illegal online gambling in the B.C. market. Since the Government of Ontario launched the licensing of private-sector online gambling sites in 2022, there has been an influx of advertising across Canada for sites which are only licensed in Ontario. Additionally, these advertisements drive players outside of Ontario to international-affiliated sites of the same brand, which are not regulated in B.C. and are thus illegal. Increased demand for advertising from these sites has driven up the cost of advertising and sponsorship opportunities that BCLC uses to enhance the brand's presence and draw players to PlayNow, the only legal option in our province. BCLC is a member of the Canadian Lottery Coalition, which includes five provincial operating entities and is focused on raising awareness of the implications associated with misleading advertising and the operation of illegal gambling websites.

## ***Gaming Control Act and Regulations***

We recognize that a strong regulatory framework is vital to ensuring a legal and regulated gambling industry in B.C. BCLC continued to work closely with CAS and GPEB to prepare to operationalize the new Gaming Control Act, which received royal assent in the fall of 2022 and will come into force through regulation. The new Gaming Control Act combined with Government's and BCLC's commitment to Indigenous reconciliation are driving the need for changes in our approach to casino facility development. Throughout this past year, we have been participating in CAS's consultations with First Nations which will inform new policies around casino development, with the intention to make the process more equitable for Indigenous communities.

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<sup>2</sup> Source: Angus Reid Group "Consumer Economic Pulse: Monitoring Uncertainty." September 2023.



### ***Player Health***

For most people, gambling is entertainment. However, inherent in our industry is the risk that any gambling product may cause harm and there are players who experience gambling problems. Societal expectations and public scrutiny around player health and the implications of gambling have increased due to the overwhelming amount of online gambling advertising that has flooded the Canadian market since Ontario licensed many private sector gambling sites. While BCLC recognizes that we cannot control individuals or directly address the fundamental personal and emotional problems that may underlie gambling disorders and gambling-related harms, inherent in our social purpose is the unwavering commitment to preventing and reducing the harms that some experience from playing our products.

### ***Evolving Gambling Landscape***

The gambling landscape in B.C. has changed. The casino market has matured, First Nations have expressed a desire to have equitable opportunities to participate in the industry in B.C., and consumers are increasingly seeking digital options for entertainment. In response to the changing realities and challenges facing the organization and industry, BCLC developed a new five-year corporate strategy and introduced a new vision, “to revolutionize gambling entertainment through engaging experiences that build and benefit communities.” The strategy, which came into effect on April 1, 2024, focuses on delivering engaging experiences for our players, responsible growth, meaningful relationships, and amplifying our social and economic impact across the province.



# Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 Service Plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest Service Plan on the [BC Budget website](#).

## Goal 1: British Columbians enjoy entertaining and safe products and environments offered by BCLC

### Objective 1.1: Reduce the percentage of players who score as high risk on the Problem Gambling Severity Index (PGSI)

BCLC is committed to offering safer gambling experiences and supporting all players, including those who are at risk of developing, or have, a gambling problem.

#### Key results

- Implemented an enhanced identification-at-entry requirement at B.C. casinos and CGCs to support individuals enrolled in BCLC's Game Break self-exclusion program and ensure they are not able to gain entry into a gambling facility.
- Launched a self-assessment tool on PlayNow and GameSense websites to help players adopt safer play behaviours.
- Launched a GameSense marketing campaign to create awareness of the risks of chasing gambling losses.
- Developed a strategic framework for the Keno product with the goal of increasing self-awareness and reducing high-risk behaviours.

#### Summary of progress made in 2023/24

High-risk play behaviours take time to address; therefore, improving the PGSI scores is an important long-term objective for BCLC. We made progress towards this objective this year through player health support improvements, implementation of additional tools, program and support expansions, and marketing campaigns to help players adopt safer play behaviours.

BCLC continues to evolve the GameSense Advisor program with the introduction of new educational programming to increase customer engagement of safer gambling tools and resources. In support of increased financial literacy, we implemented a new program across the province to increase players' awareness of gambling literacy concepts regarding safer play and financial health related to gambling behaviours.



In June 2023, we introduced enhanced identification at entry for all B.C. casinos and CGCs – a first in North America – to support those enrolled in BCLC’s [Game Break](#) self-exclusion program. Under the new policy, B.C. casinos and CGCs require every individual to present government-issued photo identification for entry. While no personal information is stored, the identification is scanned and automatically checked against a database of individuals restricted from entering gambling facilities, like those enrolled in Game Break. Although the requirement has created some inconveniences for players, such as line-ups to enter some gambling facilities during peak operating times, BCLC continues to streamline and players are becoming accustomed to the new enhanced identification process. Overall, the policy has been very successful in achieving its primary goal of supporting self-excluded individuals by preventing their entry into gambling facilities.

The Player Health team developed and received Board approval for a new Player Health Strategy, which was developed in alignment with and to help deliver on the new corporate strategy. This five-year strategy sets the direction for the Player Health program and will focus on better understanding our players, personalizing their experiences and further fostering a player health culture throughout our business.

BCLC continues to focus on reducing gambling harm and promoting safer gambling in our business operations, continually striving for positive play health outcomes in our processes, products, and marketing campaigns. Part of this work included analyzing behavioural data to better respond to players showing risky-play behaviours and piloting customized messages with feedback from evidence-based high-risk indicators. Additionally, we continued to proactively communicate healthy play information, share resources with our players and work to create safer products and environments.

## Objective 1.2: Reduce the number of incidents related to potential crime in and near facilities, including brick-and-mortar, online and/or related to BCLC-managed gambling products.

Any criminal activity related to gambling and in our business is a concern for British Columbians. BCLC is taking action to reduce these risks.

### Key results

- Implemented an enhanced identification-at-entry requirement, which assists in preventing the entry of those who are barred pursuant to the Gaming Control Act which has the added benefit of helping to transition player acceptance that casinos are an environment where verification is required, supporting our longer-term move towards verified play.
- Launched the Everi Compliance pilot at Parq Casino and on PlayNow, a cutting-edge transaction monitoring software system aimed at modernizing processes and strengthening BCLC’s AML program.



- Assisted government, through GPEB, in meeting its responsibilities for the overall integrity of gambling by ensuring casino service providers adhere to BCLC's policies, procedures, and B.C. liquor policies and regulations, and through ongoing collaboration and participation in the RCMP-led Counter Illicit Finance Alliance of British Columbia.
- Launched the Fraud Prevention Management Program, which includes the new BCLC Fraud Prevention Policy, formal training for employees, events, and other ongoing educational opportunities.

### **Summary of progress made in 2023/24**

BCLC has continued to prioritize the safety of our players and the public in our operations. Through ongoing collaboration with B.C. casino service providers, law enforcement agencies and GPEB, we have created a proactive network to safeguard our facilities from unsafe behaviours and criminal activity. This collaboration has continued to identify opportunities for better safeguards, modern processes and the implementation of enhanced technology.

In June 2023, BCLC worked in collaboration with B.C. casino service providers to launch a new screening process for patrons: enhanced identification checks at the entrance of facilities. This process supports those enrolled in the Game Break self-exclusion program and checks if individuals have been barred from entering. Since introduction, over 5,000 patrons have been denied entry, either due to their enrolment in Game Break or being barred.

The enhanced identification checks are one way BCLC continues work to address the recommendations from the Cullen Commission. As part of ongoing efforts to continually improve the AML program, BCLC contracted Everi, a leader in AML software for the gambling industry, to deliver its advanced system which provides an aggregated view of player transactions, enhancing BCLC's due-diligence measures and offering a comprehensive understanding of player and play behaviour. Launched at Parq Casino and on BCLC's PlayNow online platform in March 2024, a phased deployment will start in the Lower Mainland with full implementation across B.C. by March 2025.

### **Objective 1.3: Ensure products and activities offered by BCLC satisfy players' entertainment needs.**

We want players who visit BCLC brick-and-mortar and online gambling spaces and engage with our products to feel satisfied by the entertainment choices we offer.

#### **Key results**

- Launched an enhanced registration process to provide players with a more seamless first experience when signing up for an account on PlayNow.
- Launched new product offerings and introduced enhancements to existing games.
- Enhanced marketing promotions to provide more targeted and appealing offers and encourage players to try different products and channels.

- Developed a new Enterprise Segmentation Model, which categorizes and groups players and non-players into distinct segments based on common characteristics, allowing BCLC to know our players at a deeper level and deliver more personalized and relevant experiences.

### **Summary of progress made in 2023/24**

BCLC made several enhancements to improve the player experience and offerings on PlayNow and position BCLC as a strong competitor in the iGaming market. New technology was introduced to enhance the PlayNow account registration process, addressing a long-standing pain point for many prospective PlayNow players and keeping players in the BCLC ecosystem. This will in turn help discourage players from registering with illegal market sites whose profits do not go back to the Province. We increased the number of games on PlayNow from approximately 560 to over 700, offering players a wider selection of game content and more new and exclusive offerings. Enhanced marketing offers were intended to help us better compete with promotions from illegal competitors and appeal to players.

BCLC introduced new offerings and enhancements in other delivery channels such as the new \$50 Scratch & Win ticket in retail locations, which was launched to help satisfy player demand for a product with a higher price point and reward level. Enhancements were also made to several electronic table games in casinos and CGCs.

We launched a new PlayNow Sports app to improve the sports betting experience, with a continued focus on positioning BCLC as the sportsbook of choice with sports bettors and fans. We leveraged sponsorships with major B.C. sports organizations to support local interest in this channel of play, including PlayNow Sports experiential marketing activations and contests with established sports brands such as the Vancouver Canucks, Vancouver Whitecaps and BC Lions.

Understanding our players is fundamental to delivering engaging experiences and products. In addition to launching the new Enterprise Segmentation Model, BCLC introduced a new survey for Encore Rewards loyalty program members to gather and analyze experience data from players across all B.C. casino and CGC locations. The Interprovincial Lottery Corporation<sup>3</sup> also introduced new research and a segmentation model for lottery players. With this enhanced understanding, BCLC will have the foundation to deliver more personalized and relevant experiences to our players.

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<sup>3</sup> The Interprovincial Lottery Corporation (ILC) is a Canadian organization that operates lottery games. It is owned jointly by the five provincial lottery commissions.



## Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.1 Percentage of BCLC players who scored as high risk on the PGSI <sup>1</sup>	10%	8%	11%

Data source: Continuous tracking survey conducted online by a third-party research professional. Study uses market research industry standard techniques to randomize the sample while retaining gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census. To qualify for these measures, a respondent will need to have played at least one BCLC game in the past year.

<sup>1</sup> PM [1.1] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 7% and 7%, respectively.

The PGSI is a widely used tool for assessing self-reported, at-risk gambling behaviors. It is a standardized measure that is recognized globally and based on research of common signs and consequences of problematic gambling. The tool enables BCLC to monitor the proportion of high-risk players in our player base, which is essential to our efforts to promote healthy play and reduce the risk of gambling-related harms.

The 2023/24 enterprise PGSI score fell short of target by three percent and saw an unfavourable increase by one percent over the previous year. BCLC is monitoring the PGSI score to better understand the reason behind this increase. It is crucial to closely monitor and support players through targeted marketing and programming to effectively reduce PGSI scores.

With the implementation of the new Player Health Strategy and our increased focus on personalization, BCLC is working to create new opportunities for interacting with players throughout their player experience to support them in adopting safer gambling behaviours.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.2 Number of incidents of reports of potential crime <sup>1</sup>	4,148	3,734	4,082

Data Source: BCLC iTrak (an internal software platform used for daily log reporting and incident management) and Salesforce Database.

<sup>1</sup> PM [1.2] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 3,548 and 3,371, respectively.

BCLC saw an improvement in 2023/24 as the number of reported potential crime incidents declined slightly over the prior year. Despite this improvement, we did not meet target. The introduction of enhanced identification at entry, which is intended to prevent self-excluded and barred individuals from entering gambling facilities, may have impacted the number of incidents since the misuse of identification increased and is reported as an incident that is criminal in nature. However, during the first nine months of the policy, BCLC also observed a 19 percent decrease in reports of common security incidents such as theft, uttering threats, cheating at play and disturbances.

With the introduction of enhanced identification at entry, BCLC can now track patron numbers at facilities. This will enable us to determine if the number of reported incidents of potential crime is decreasing overall, and how it is trending as a ratio to the number of patrons.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.3 PEN score <sup>1,2</sup>	51	62	48

Data Source: Survey conducted online by a third-party research professional. Study uses market research industry standard techniques to randomize the sample while retaining gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada’s Census. To qualify for these measures, a respondent will need to have played at least one BCLC game in the past year.

<sup>1</sup> PM [1.3] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 64 and 66, respectively.

<sup>2</sup> This performance measure was replaced with a new measure in the latest service plan.

The Player Entertainment Needs (PEN) score is a composite measure assessing how well all BCLC products and activities are satisfying players’ functional, social, and emotional needs in relation to entertainment. This relates to both the overall strength of BCLC’s brands and how satisfied players are with BCLC products. The PEN score attempts to provide an understanding and measurement of the extent to which BCLC’s offerings are entertaining, along with shifts in entertainment perceptions in British Columbia. This is calculated by taking an average of how well BCLC scored across 10 different activities or product offerings. As the PEN score increases (100 is perfect alignment), the consumer’s use of the brand increases.

BCLC did not achieve the target in 2023/24. One of the factors that may have contributed to the lower score was the influence of recent economic dynamics (the high cost of living, persistent inflation and high interest rates) on consumer entertainment preferences. According to a recent study which measured how BCLC’s players were entertained across all activities, apart from Bingo, Scratch & Win in retail, and slots/bingo on PlayNow, most gambling activities experienced a decline. Meanwhile, free and “low-cost to participate” activities such as athletic and outdoor events, and crafts and hobbies saw positive movement in 2023.<sup>4</sup> Casino service providers also experienced the impacts of economic pressures and staffing challenges, which may have impacted their ability to offer certain experiences at casino and CGC sites, in turn impacting the overall experience for players.

To address these challenges, enhancing players’ experiences and providing high entertainment value remains a key focus for BCLC, and creating engaging experiences for players is a priority under BCLC’s new corporate strategy.

<sup>4</sup> Source: Kantar “2023 Entertainment Needs State Tracking Research.” 2023.

## Goal 2: British Columbians value our contributions

Objective 2.1: Improve public perceptions of how BCLC conducts business based on the following areas:

- Value: BCLC makes positive contributions to the province of B.C.
- Integrity: BCLC operates fairly and honestly
- Social responsibility: BCLC is a good corporate citizen
- Well managed: BCLC is a well-managed corporation
- Trust: The public has trust and confidence in the games offered by BCLC

It is important for the public to agree that we conduct business in a fair, honest, responsible, and trustworthy manner, and that everything we do is done with consideration of its impact on and for the people and communities of B.C.

### Key results

- Continued to amplify social purpose and community benefits storytelling through a variety of channels, including strategic sports partnerships with major B.C. sports organizations with established reach, earning media on a variety of positive activities in our business, and focusing on messaging that informs players about how gambling proceeds are used to benefit communities across the province.
- Launched a new Inclusive Holiday Policy that provides employees with the flexibility to substitute statutory holidays for personal and cultural days of significance.
- Quarterly meetings with the BC First Nations Gaming Revenue Sharing Limited Partnership to share information and build mutual awareness and understanding of each other's organization.
- Participated in First Nations consultations with Government, which will help inform new policies around BCLC's casino development process that are more equitable for Indigenous communities.
- Leveraged BCLC's ESG working group to action key items in BCLC's ESG Framework and continue to embed social purpose in the organization.

### Summary of progress made in 2023/24

Building trust with the people of B.C. is critical to our social licence to operate. BCLC has continued to proactively communicate major corporate initiatives and activities as a social purpose company to the public, our partners, the media, and our employees to be transparent and accountable, and to build awareness and understanding of BCLC's operations in 2023/24. We also introduced a new advertising campaign to highlight the integrity of PlayNow's operations and differentiate it from illegal operators that may not be safe and secure, and that do not create local jobs or return profits to the Province.



Indigenous reconciliation is a priority and commitment that BCLC shares with the Province. In 2023/24, we continued to improve relationships with Indigenous rights and title holders, Indigenous governments, and Indigenous employees within BCLC with the ultimate goal to collaborate and develop an Indigenous reconciliation action plan that aligns our policies and programs with the Declaration on the Rights of Indigenous Peoples Act (Declaration Act), the Declaration Act Action Plan, and the Truth and Reconciliation Commission of Canada Calls to Action. We made early steps towards improving Indigenous recruitment, retention, training and advancement opportunities within the organization.

BCLC became the first Crown corporation in B.C. to introduce and launch an Inclusive Holiday Policy which offers employees the flexibility to substitute up to six BCLC-observed statutory holidays in a calendar year for other days that have personal, cultural or religious significance to them. The one exception is the National Day for Truth and Reconciliation, which is not available for substitution. Our Diversity, Inclusion and Belonging (DIB) team reviewed over 100 corporate policies with a DIB lens. Specific changes made to various policies included providing gender-neutral language and incorporating the importance and use of pronouns in BCLC’s Diversity, Inclusion and Belonging Policy. BCLC also continued to chair the All-Crowns Accessibility, Diversity and Inclusion Dialogue Network, a community of practice of 29 Crowns which share perspectives and opportunities to advance diversity and inclusion in the workplace.

While government’s response to the recommendations of the Cullen Commission remains ongoing, throughout this reporting year BCLC continued to communicate our collaboration with government and support for the findings with the public, our partners and the media.

BCLC’s ESG working group is responsible for overseeing the implementation of BCLC’s ESG Framework. In 2023/24, the company made progress in a number of areas including completing an assessment of emissions throughout BCLC’s value chain, identifying decarbonization pathways for our operations, as well as conducting an ESG risk assessment to ensure we are staying on top of emerging ESG risks and opportunities. By embedding social purpose into our everyday behaviours, we will maintain an unwavering focus on our social and economic impacts and broader role in B.C.

**Performance measure(s) and related discussion**

<b>Performance Measures<sup>1,2</sup></b>	<b>2022/23 Actual</b>	<b>2023/24 Target</b>	<b>2023/24 Actual</b>
2.1a Value	69%	69%	73%
2.1b Integrity	61%	60%	67%
2.1c Social Responsibility	61%	60%	68%
2.1d Well Managed	60%	59%	68%
2.1e Trust	67%	61%	68%

Data Source: Continuous tracking survey conducted online by a third-party research professional. Study uses market research industry standard techniques to randomize the sample while retaining gender, age and regional balance that is

consistent with B.C. population figures available from Statistics Canada's Census. To qualify for these measures, a respondent will need to have played at least one BCLC game in the past year.

<sup>1,2</sup> PM [2.1] targets for 2024/25 and 2025/26 were stated in the 2023/24 as a) Value, 70% and 71%, b) Integrity, 61% and 62%, c) Social Responsibility, 61% and 62%, d) Well Managed, 60% and 61%, and e) Trust, 62% and 63%.

<sup>1</sup> These performance measures were replaced in the latest service plan.

The performance measures above evaluate the percentage of the adult population in B.C. that agree with five the statements under Objective 1.2, related to perceptions of BCLC's operations.

In 2023/24, BCLC surpassed all public perceptions targets. Community outreach efforts and sponsorships such as with the Vancouver Canucks may have influenced the increase in reputational metrics. Additionally, media coverage of BCLC trended positive or neutral throughout the reporting year with extensive efforts by BCLC to earn positive coverage. This is a significant shift in coverage given the previous negative attention around B.C. casinos during the Cullen Commission.

## Goal 3: BCLC delivers our promised financial return to the Province of B.C.

**Objective 3.1: Optimize net income through investment to sustain the long-term health of the business.**

BCLC generates net income for the benefit of all British Columbians.

### **Key results**

- Added game content to BCLC's iGaming platform and enhanced the PlayNow registration process to improve player experience.
- Sponsored local professional sports teams to help raise overall awareness of PlayNow Sports with the general population and grow the iSports player base.
- Expanded product offerings as well as introduced enhancements to existing games to appeal to new and existing customers across all delivery channels.
- Launched a pilot program involving a cutting-edge transaction monitoring software system aimed at modernizing processes and strengthening BCLC's Anti-Money Laundering (AML) program.

### **Summary of progress made in 2023/24**

In 2023/24, BCLC continued to make investments in hardware, systems and technology to sustain the long-term health of the business and identify opportunities to create exceptional omni-channel experience for players that nurture and safeguard healthy play. We also made investments to expand and enhance product offerings. Examples include the new \$50 Scratch & Win ticket, the new PlayNow Sports app and enhancements to certain electronic table

games. BCLC developed an ambitious new five-year corporate strategy designed to respond to the changing realities and challenges facing the company and the industry. The strategy positions the organization for future growth and amplified impact in the province. We continued to prioritize growth and operational efficiencies while ensuring we provide meaningful employment and adequate staffing resources that ensure the success of our mandate to generate net income for the benefit of all British Columbians.

### Performance measure(s) and related discussion

Performance Measures	2022/23 Actual	2023/24 Target	2023/24 Actual
3.1 Net Income (\$ millions) <sup>1</sup>	1,636	1,578	1,548

Data Source: BCLC's financial plan and audited financial statements (see Appendix C). Actual results are calculated in accordance with International Financial Reporting Standards.

<sup>1</sup> PM [3.1] targets for 2024/25 and 2025/26 were stated in the 2023/24 Service Plan as \$1,602 million and \$1,609 million, respectively.

### Discussion

BCLC's 2023/24 net income of \$1,548 million was \$30 million lower than budget and \$87 million lower than the previous year.<sup>5</sup> The lower performance in comparison to budget is primarily due to a decrease in revenue of four percent. Although there is a decline in net income, the current year net income is higher than pre-pandemic 2018/19 net income by nine percent.

Partially offsetting the impact of revenue declines was lower-than-budgeted expenses. Direct costs are largely based on revenue levels and have declined accordingly, in line with lower revenue. Other operating expenses were lower than budget primarily driven by project timing and conscious cost rationalization to mitigate net income impacts. Lower amortization was largely driven by lower capital spend and the revised launch date of the new lottery terminals (replacing approximately 3,400 lottery terminals across the province) from fiscal year 2023/24 to the next fiscal year. B.C. players are exposed to illegal online gambling operators who are advertising and offering lucrative player incentives. As these sites are not required to follow B.C.'s regulations, they use celebrities in advertising and offer more incentives to sign up, such as free sports tickets, creating an uneven playing field for BCLC.

In addition, current challenging economic factors are putting pressure on players' discretionary spending on items such as entertainment, and this impacts revenue growth for BCLC as average spend per player across all lines of business has declined. Lotto Max sales were lower than budget primarily due to unfavourable jackpot rolls resulting in a low number of jackpot offerings greater than \$50 million. Large jackpots drive greater lottery ticket sales.

<sup>5</sup> 2022/23 actual net income vs. 2023/24 actual net income is a difference of \$87 million when rounded to the thousands. When rounded to the millions, this figure is \$88 million.

## Financial Report

For the auditor's report and audited financial statements, see [Appendix C](#). These documents can also be found on BCLC's website.

## Discussion of Results

BCLC generated a net income of \$1,548 million for fiscal year 2023/24 from a total revenue of \$2,871 million.

Of the current year's net income, \$1,536 million was distributed to the Province of B.C. to benefit British Columbians through investments in programs and services such as education, health care, communities and culture; a revenue sharing agreement with First Nations and Host Financial Assistance Agreements with Indigenous or municipal governments that host casinos or CGCs. The remaining \$12 million was delivered to the federal government.

Like many other companies, BCLC faced economic headwinds in fiscal year 2023/24. High interest rates and inflation had a notable impact on consumer discretionary spending, including gambling. Additionally, competition from illegal operators continued to impact BCLC's ability to drive revenue growth.

These factors affected BCLC's revenue, which fell three percent short of the prior year's record. They also impacted operating costs, which increased 10 percent over the previous year.

To address these challenges and maintain the business's long-term health, BCLC focused on enhancing its product portfolio and investing in digital transformation initiatives to improve operational efficiency and player engagement. The company launched several revenue-generating initiatives, including a new \$50 Scratch & Win ticket, the new PlayNow Sports app, increasing the number of games offered on PlayNow, a new PlayNow registration process and enhancements to certain electronic table games.

Overall, BCLC's casino operating segment, which accounted for 61 percent of net income in 2023/24, was below budget by three percent. The lottery operating segment, which accounted for 21 percent of the current year's net income, exceeded budget expectations by 13 percent due to the strong performance of instant tickets and Keno. Additionally, we revised the launch date for the lottery terminals replacement project to May 2024, and as a result did not experience the minor sales disruption in 2023/24 that had been projected. BCLC's iGaming operating segment, which accounted for 18 percent of the current year's net income, fell short of budget by 12 percent due to increased competition from illegal market operators.

In conclusion, 2023/24 financials reflect the results of a complex environment. Facing a variety of external challenges, BCLC implemented financial and strategic responses aimed at maintaining its operational mandate while adapting to shifting market dynamics. The organization's efforts during this fiscal year underscored its focus on sustaining its

contributions to the province's economy, within the framework of responsible gambling and regulatory compliance.



## Financial Summary

(\$m) <sup>1</sup>	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance <sup>2</sup>
<b>Total Revenue</b>	<b>2,957</b>	<b>2,989</b>	<b>2,871</b>	<b>(118)</b>
<b>Expenses</b>				
Direct Costs	882	898	861	37
Gaming Support Costs	64	65	64	1
Operating Costs	229	268	252	16
Amortization & Other	75	97	75	22
<b>Total Expenses</b>	<b>1,250</b>	<b>1,328</b>	<b>1,252</b>	<b>76</b>
<b>Net Income Before Taxes</b>	<b>1,707</b>	<b>1,661</b>	<b>1,619</b>	<b>(42)</b>
Indirect Tax	71	83	71	12
<b>Net Income</b>	<b>1,636</b>	<b>1,578</b>	<b>1,548</b>	<b>(30)</b>
<b>Total Liabilities</b>	<b>617</b>	<b>559</b>	<b>598</b>	<b>(39)</b>
<b>Capital Expenditures</b>	<b>84</b>	<b>103</b>	<b>77</b>	<b>26</b>
<b>Total Equity</b>	<b>71</b>	<b>31</b>	<b>64</b>	<b>33</b>

<sup>1</sup> Financial information was prepared based on current IFRS Accounting Standards.

<sup>2</sup> Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

## Variance and Trend Analysis

### Revenue

Revenues are comprised of the amounts earned from the provision of gambling products to players, and the provision of gambling services to other jurisdictions.

Actual revenue totaled \$2,871 million, a \$86 million (three percent) decrease from prior year and a \$118 million (four percent) shortfall from budget.

#### Year-over-year variance

- Decreased player spend: A notable reduction in revenue stems from decreased spending at physical casino locations and CGCs.
- Lottery revenue decline: Fewer large jackpots in Lotto Max led to overall lower lottery revenues.

#### Budget variance

- Decreased player spend: A notable reduction in revenue stems from decreased spending at physical casino locations and CGCs.
- Online gambling competition: The iGaming sector faced strong competition from illegal market operators, who are advertising and offering lucrative player acquisition incentives, creating an uneven playing field for BCLC and leading to lower revenue.

### Direct Costs

Direct costs, which vary with revenue, primarily relate to commissions paid to private-sector gambling facility service providers, lottery retailers and revenue share payments to PlayNow gambling content providers.

Actual costs of \$861 million represent a \$21 million (two percent) decrease from prior year and are \$37 million (four percent) lower than budget.

#### Year-over-year variance & budget variance

- Reduced revenue: The decrease is aligned with the reduction in revenue, reflecting the variable nature of these costs.



### **Gaming Support Costs**

These costs are largely for gaming systems maintenance and upkeep, and therefore do not vary significantly with gaming activity.

Actual costs of \$64 million are in line with prior year but are \$1 million (two percent) lower than budget.

#### Budget variance

- Timing of Expenses: The decrease is largely due to the timing of the replacement of slot parts in newer slot machines.

### **Operating Costs**

These costs are made up of items such as salaries and benefits, marketing and advertising, professional fees, cost of premises and equipment.

Actual costs of \$252 million represent a \$23 million (10 percent) increase from the prior year but are \$16 million (six percent) lower than budget.

#### Year-over-year variance

- Salaries and benefits: The increase in operating costs is primarily attributable to continued investment in our workforce to ensure that BCLC remains competitive in the challenging and evolving labour market and has the right skills and capabilities to deliver on corporate strategic initiatives.

#### Budget variance

- Salaries and benefits: Pension expenses were lower than budgeted due to a difference in the financial assumptions (primarily the discount rate) for the calculation of BCLC's defined benefit plans.
- Advertising: The variance from budget is driven by conscious cost rationalization to mitigate net income impacts and lower spend in a marketing program based on revenue and participation.

### **Amortization and Other**

This balance relates primarily to depreciation of property and equipment, amortization of software costs, interest income, financing costs and other miscellaneous items.

Actual costs of \$75 million are same as the prior year but \$22 million (23 percent) lower than budget.

#### Budget variance





- Lower capital spend: The variance from budget is driven primarily by depreciation/amortization due to lower than anticipated capital expenditures and revised launch date of projects.

### **Indirect Tax**

These costs relate to Goods and Services Tax (GST) as prescribed under the Games of Chance (GST/HST) Regulations of the Excise Tax Act (Canada), and Provincial Sales Tax paid on purchases as prescribed under the Provincial Sales Tax Act.

Actual costs of \$71 million are same as the prior year but \$12 million (14 percent) lower than budget.

### **Budget Variance**

- Lower expenses: The variance from budget is driven by lower expenses as detailed in the previous sections.

### **Total Equity**

Total equity is comprised of accumulated surplus (deficit) and accumulated other comprehensive income (loss).

Accumulated surplus (deficit) represents the cumulative balance of net income from all years of operation, less any distributions of net income to the Government of British Columbia or payments to the Government of Canada on behalf of the Government of British Columbia.

As BCLC remits all its net income, it would be expected to report a nil accumulated surplus or deficit balance. However, the retrospective application of changes in accounting standards or policies may require BCLC to retroactively adjust its historical net income, resulting in an accumulated surplus or deficit.

The accumulated deficit of \$18 million is consistent with the prior year.

Accumulated other comprehensive income (loss) represents items on income and expenses that are not recognized through profit or loss (net income). For BCLC, those items relate primarily to the remeasurement of the company's defined benefit plans. The \$33 million favourable variance from budget is due to changes in the financial assumptions (primarily the discount rate) for the calculation of BCLC's defined benefit plans.



## Risks and Uncertainties

The gambling industry is facing an array of critical risk factors that could pose significant challenges to its financial performance and operations. One of the most notable risks is the shifting consumer preferences towards online and mobile gambling, which could potentially result in reduced revenues for traditional land-based casinos and lotteries. Additionally, the industry is grappling with a shortage of skilled professionals, especially in the technology and digital sectors, which could hinder its potential for innovation and growth.

Any changes in the industry's regulation could potentially impact BCLC's operations and revenues. The threat of cybersecurity attacks such as hacking and data breaches also pose a significant risk, which could result in severe financial losses and reputational damage to the industry. Furthermore, economic conditions, both domestically and globally, could have a substantial impact on consumer spending on gambling, and the volatility of lottery jackpots also presents a significant risk factor.

BCLC has established a formal and comprehensive Enterprise Risk Management (ERM) program that adheres to the CSA ISO 31000 risk management principles and the [Risk Management Guideline for the B.C. Public Sector](#). The program empowers BCLC to take calculated risks while executing its strategic goals and is supported by a robust risk management framework and process. As part of this program, the Board and Executive Management have a shared responsibility to ensure that risks are effectively identified, assessed and managed. The Strategy Committee of the Board receives quarterly reports from the Enterprise Risk Management Services department, providing updates on the key risks identified through the ERM process, as well as the corresponding mitigation strategies. This approach ensures that BCLC's risk management practices are aligned with the organization's overall mandate and goals, and all activities are monitored by the Board and Enterprise Risk Committee for adherence to the program.



## Capital Expenditures

Significant IT Projects (over \$20 million in total)	Targeted Year of Completion	Project Cost to Mar 31, 2024 (\$m)	Estimated Cost to Complete (\$m)	Anticipated Total Cost (\$m)
<b>Lottery Terminals and Systems Replacement<sup>1</sup></b>	2024/25	37	11	48
<p><b>Objective:</b> The lottery terminals and systems replacement project involves the replacement of legacy retail lottery equipment and supporting systems. This equipment, critical to the generation of lottery revenue, is nearing end-of-life.</p> <p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>• Eliminates legacy technology and replaces it with modern, reliable and flexible retail sales solutions.</li> <li>• Enables BCLC to quickly and easily introduce new games and experiences for players.</li> <li>• Enables BCLC to tailor products, promotions and experiences to the touchpoints and channels where players interact with BCLC and its retailers.</li> </ul> <p><b>Risks:</b></p> <ul style="list-style-type: none"> <li>• Further delay to launch, with the potential result that current equipment starts to fail before new equipment is installed.</li> </ul>				

<sup>1</sup> Lottery terminals and systems replacement project was included in the 2023/24 – 2025/26 Service Plan with a completion date of 2023/24. The actual completion has been rescheduled to 2024/25.

## Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2023/24 Mandate Letters from the Minister Responsible.

Mandate Letter Priority	Status as of March 31, 2024
<p><b>2023/24 Mandate Letter:</b> Work with government to operationalize the new Gaming Control Act.</p>	<p><b>Ongoing:</b></p> <ul style="list-style-type: none"> <li>Participating in consultations on the regulations and working with CAS and GPEB to prepare to operationalize the new Gaming Control Act.</li> </ul>
<p><b>2021/22 Mandate Letter:</b> Continue to address concerns raised around illicit behaviour in BCLC’s gambling facilities and continue to prioritize taking action to eradicate money laundering efforts and other illicit behaviours in casinos.</p>	<p><b>Ongoing:</b></p> <ul style="list-style-type: none"> <li>Implemented enhanced identification checks at the entrance of casinos and CGCs, which checks if individuals have been barred from entering.</li> <li>Supporting government to address the recommendations of the Cullen Commission.</li> <li>Strong partnership with law enforcement partners, service providers and GPEB to continually improve security controls.</li> <li>Continuing work with service providers to install a scalable financial transaction monitoring system to meet current and future regulatory requirements. Launched at Parq Casino and on BCLC’s PlayNow online platform in March 2024, the system will be in place at all Lower Mainland casinos and CGCs by the end of summer 2024, with full implementation across B.C. by March 2025.</li> <li>Supporting government on provisions of the new Gaming Control Act and regulations related to source of funds</li> </ul>



	<p>declarations and prevention of unlawful activity.</p>
<p><b>2021/22 Mandate Letter:</b> Continue to seek opportunities to strengthen BCLC’s ability to identify and respond to early warning signs of high-risk gambling to mitigate the impacts of gambling products and behaviours. This includes implementation of initiatives to support an enterprise view of players in line with BCLC’s strategy to continue offering responsible, player-centric gambling.</p>	<p><b>Ongoing:</b></p> <ul style="list-style-type: none"> <li>• Developed a new five-year Player Health Strategy that will focus on better understanding our players, personalizing their experiences and further fostering a player health culture throughout our business.</li> <li>• Resumed <u>RG Check accreditation</u>, starting with PlayNow and Parq Casino.</li> <li>• Expanded on High-Risk Indicators pilot and explored risk identification using evidence-based indicators to nudge players towards safer play.</li> <li>• Made enhancements to the GameSense Advisor program that include in-facility, chat function and phone support for player health access and resources.</li> <li>• Made key improvements to guidelines and training for service provider staff to support players and provide intervention through GameSense.</li> <li>• A gambling and financial literacy tool was made available to players in brick-and-mortar facilities and through PlayNow.</li> </ul>
<p><b>2021/22 Mandate Letter:</b> Continue to proactively and responsively share information with the Deputy Minister, Anti-Money Laundering Deputy Ministers’ Committee (AML DMC), Anti-Money Laundering Secretariat (AML Secretariat), and the regulator that assists the government in meeting its responsibilities for the overall integrity of gambling and providing advice on broad policy, standards and regulatory issues.</p>	<p><b>Ongoing:</b></p> <ul style="list-style-type: none"> <li>• Weekly meetings held to discuss suspicious activity and transactions as well as tactical information at the Gaming Integrity Group (BCLC, GPEB, Joint Illegal Gaming Investigation Team).</li> <li>• Continual escalation of systemic issues to the AML Risk Committee (BCLC and GPEB) to inform of BCLC policy changes</li> </ul>



	<p>(e.g., limiting cash from a credit card cash advance).</p> <ul style="list-style-type: none"> <li>• AML DMC and AML Secretariat are notified of significant initiatives (through BCLC and GPEB Executive or via briefing note), such as Everi Compliance AML solution deployment.</li> <li>• As a member of the Canadian Lottery Coalition, BCLC proactively shares information with GPEB and CAS regarding the ongoing proliferation of illegal online gambling websites and efforts to have the laws prohibiting illegal gambling enforced.</li> </ul> <p><b>Completed:</b></p> <ul style="list-style-type: none"> <li>• Worked with FINTRAC on the development of a special bulletin on illegal gambling.</li> </ul>
<p><b>2021/22 Mandate Letter:</b> Sustain operations while collaborating with casino service providers and ensuring alignment with the provincial government’s COVID-19 recovery efforts.</p>	<p><b>Completed:</b></p> <ul style="list-style-type: none"> <li>• Casinos and CGCs across the province are open and operating at pre-pandemic levels.</li> <li>• All provincewide COVID-19 restrictions were lifted in April 2022.</li> </ul>
<p><b>2021/22 Mandate Letter:</b> As appropriate, and in alignment with responsible gambling practices, explore options to increase and/or enhance PlayNow.com’s online gambling offerings to increase revenue from this product stream.</p>	<p><b>Ongoing:</b></p> <ul style="list-style-type: none"> <li>• Developing further web and app enhancements.</li> </ul> <p><b>Completed:</b></p> <ul style="list-style-type: none"> <li>• Increased the number of games on PlayNow from approximately 560 to over 700.</li> <li>• Introduced a new PlayNow Sports app.</li> <li>• Launched an enhanced registration process making it easier for players to register.</li> </ul>



	<ul style="list-style-type: none"><li>• PlayNow is now available in three provinces: British Columbia, Manitoba and Saskatchewan.</li><li>• Sports betting on PlayNow launched with the single-events betting in August 2021.</li></ul>
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## Appendix B: Subsidiaries and Operating Segments

### Active Subsidiaries

#### B.C. Lottotech International Inc.

The consolidated financial statement of BCLC include B.C. Lottotech International Inc. (Lottotech), a wholly owned subsidiary of BCLC. The primary purpose of Lottotech is to optimize sales taxes through the purchase of capital assets for leasing to BCLC. The main operating activities are revenue from the lease of assets to BCLC and the depreciation associated with capital acquisitions.

The management and oversight of Lottotech is consolidated within BCLC operations and the Board reviews and approves capital purchases through BCLC's annual business planning and budget process.

#### Financial Summary

(\$m) <sup>1</sup>	2022/23 Actual	2023/24 Budget	2023/24 Actual
Revenues	67	87	66
Expenses	67	88	66
<b>Net Gain (Loss)</b>	—	<b>(1)</b>	—

<sup>1</sup> Financial information was prepared based on an accrual basis.

#### Discussion of Variance

Lottotech revenues and expenses were in line with the prior year but lower than budgeted. Both lease revenues and depreciation/amortization expenses were below budget due to lower than anticipated expenditures on property, equipment and intangible assets.

### Operating Segments

BCLC's operating segments consist of casino and community gaming, lottery and iGaming. BCLC's casino and community gaming operations are results from land-based gambling facilities offering slots, tables and bingo games. Lottery operations are results from brick-and-mortar retail sales of lottery draw-based games, lottery instant tickets and sports betting. iGaming operations are results of BCLC's website PlayNow, which extends BCLC's product offerings for play online. Operating costs for any departments that are not directly dedicated to supporting one of these areas of operations are allocated proportionally across these areas based on their revenues.



## Casino and Community Gaming Operations

## Financial Summary

(\$m) <sup>1</sup>	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance <sup>2</sup>
<b>Total Revenue</b>	<b>1,945</b>	<b>1,940</b>	<b>1,869</b>	<b>(71)</b>
<b>Expenses</b>				
Direct Costs	694	690	668	22
Gaming Support Costs	28	31	30	1
Operating Costs	122	137	132	5
Amortization & Other	56	66	59	7
<b>Total Expenses</b>	<b>900</b>	<b>924</b>	<b>889</b>	<b>35</b>
<b>Net Income Before Taxes</b>	<b>1,045</b>	<b>1,016</b>	<b>980</b>	<b>(36)</b>
Indirect Tax	47	52	45	7
<b>Net Income</b>	<b>998</b>	<b>964</b>	<b>935</b>	<b>(29)</b>

<sup>1</sup> Financial information was prepared based on current IFRS Accounting Standards.

<sup>2</sup> Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

## Lottery Operations

## Financial Summary

(\$m) <sup>1</sup>	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance <sup>2</sup>
<b>Total Revenue</b>	<b>572</b>	<b>538</b>	<b>560</b>	<b>22</b>
<b>Expenses</b>				
Direct Costs	116	114	113	1
Gaming Support Costs	23	21	22	(1)
Operating Costs	60	70	66	4
Amortization & Other	15	24	12	12
<b>Total Expenses</b>	<b>214</b>	<b>229</b>	<b>213</b>	<b>16</b>
<b>Net Income Before Taxes</b>	<b>358</b>	<b>309</b>	<b>347</b>	<b>38</b>
Indirect Tax	14	17	16	1
<b>Net Income</b>	<b>344</b>	<b>292</b>	<b>331</b>	<b>39</b>

<sup>1</sup> Financial information was prepared based on current IFRS Accounting Standards.

<sup>2</sup> Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

## iGaming Operations

## Financial Summary

(\$m) <sup>1</sup>	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance <sup>2</sup>
<b>Total Revenue</b>	<b>440</b>	<b>511</b>	<b>442</b>	<b>(69)</b>
<b>Expenses</b>				
Direct Costs	72	94	80	14
Gaming Support Costs	13	13	12	1
Operating Costs	47	61	54	7
Amortization & Other	4	7	4	3
<b>Total Expenses</b>	<b>136</b>	<b>175</b>	<b>150</b>	<b>25</b>
<b>Net Income Before Taxes</b>	<b>304</b>	<b>336</b>	<b>292</b>	<b>(44)</b>
Indirect Tax	10	14	10	4
<b>Net Income</b>	<b>294</b>	<b>322</b>	<b>282</b>	<b>(40)</b>

<sup>1</sup> Financial information was prepared based on current IFRS Accounting Standards.

<sup>2</sup> Favourable (unfavourable) 2023/24 Actual vs 2023/24 Budget.

# Appendix C: Auditor's Report and Audited Financial Statements



British Columbia Lottery Corporation  
**Consolidated Financial Statements**  
Year ended March 31, 2024



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# Statement of Management’s Responsibility for Financial Reporting

The consolidated financial statements of BCLC have been prepared by management in accordance with IFRS Accounting Standards.

The consolidated financial statements present fairly the consolidated financial position of BCLC as at March 31, 2024, and the results of its consolidated financial performance and cash flows for the year then ended.

Management is responsible for the integrity of the consolidated financial statements and has established systems of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and financial records are properly maintained to facilitate the preparation of reliable financial information in a timely manner.

The Board of Directors is responsible for overseeing management in the performance of our financial reporting responsibilities and has approved the consolidated financial statements and other financial information included in this annual report and service plan.

The Audit Committee assists the Board of Directors in discharging its responsibilities. The committee reviews and recommends approval of the consolidated financial statements. It meets periodically with management, and internal and external auditors concerning internal controls and all other matters relating to our financial reporting.

KPMG LLP, Chartered Professional Accountants, have performed an independent audit of BCLC and expressed an unqualified opinion on the consolidated financial statements of BCLC.



**Alan Kerr**

CFO & Vice-President

Finance and Corporate Services



**Pat Davis**

President & CEO

# Independent Auditor's Report

To the Board of Directors of and Minister Responsible for British Columbia Lottery Corporation

## Opinion

We have audited the consolidated financial statements of British Columbia Lottery Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of net income and comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



## Independent Auditor's Report continued

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants  
Kamloops, Canada  
June 25, 2024



**Consolidated Statement of Financial Position**

At March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents (note 6)	\$ 44,408	\$ 30,893
Accounts receivable (note 7)	89,657	64,528
Prepaid and deferred expenses	21,893	22,824
Inventories (note 8)	10,152	8,916
Commission advances (note 9)	5,140	33,529
Gaming cash floats (note 10)	8,884	47,811
<b>Current assets</b>	<b>180,134</b>	<b>208,501</b>
Prepaid and deferred expenses	3,468	3,433
Commission advances (note 9)	—	1,662
Right-of-use assets (note 11)	55,323	57,376
Property and equipment (note 12)	306,504	298,729
Intangible assets (note 13)	33,787	34,052
Employee benefits (note 14)	82,746	83,990
<b>Non-current assets</b>	<b>481,828</b>	<b>479,242</b>
<b>Total assets</b>	<b>\$ 661,962</b>	<b>\$ 687,743</b>

**Consolidated Statement of Financial Position** continued

At March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>LIABILITIES</b>		
Prizes payable (note 15)	\$ 38,017	\$ 33,589
Accounts payable, accrued and other liabilities (note 16)	116,442	125,203
Short-term financing (note 17)	110,297	140,274
Deferred revenue (note 18)	24,805	23,209
Unsettled wagers (note 19)	6,929	7,110
Lease liabilities (note 11)	5,122	5,799
Due to the Government of British Columbia (note 20)	190,104	177,234
<b>Current liabilities</b>	<b>491,716</b>	<b>512,418</b>
Lease liabilities (note 11)	53,580	54,502
Provisions (note 21)	3,173	3,488
Employee benefits (note 14)	49,772	46,535
<b>Non-current liabilities</b>	<b>106,525</b>	<b>104,525</b>
<b>Total liabilities</b>	<b>598,241</b>	<b>616,943</b>
<b>EQUITY</b>		
Accumulated deficit (note 22)	(17,850)	(17,850)
Accumulated other comprehensive income	81,571	88,650
<b>Total equity</b>	<b>63,721</b>	<b>70,800</b>
<b>Total liabilities and equity</b>	<b>\$ 661,962</b>	<b>\$ 687,743</b>

The accompanying notes are an integral part of these consolidated financial statements.  
Commitments and contingencies are outlined in notes 11, 12 and 26.

Approved on behalf of the Board of Directors:



Greg Moore  
Chair, Board of Directors



Lisa Ethans  
Chair, Audit Committee

**Consolidated Statement of Net Income and Comprehensive Income**

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>Revenue (note 23)</b>	<b>\$ 2,871,296</b>	<b>\$ 2,957,231</b>
<b>Expenses</b>		
Commissions and fees	744,595	771,294
Employee costs	173,525	151,442
Gaming equipment leases and licenses	102,627	96,028
Amortization and depreciation (notes 11, 12 and 13)	74,922	77,428
Systems, maintenance, and ticket distribution	71,305	69,676
Advertising, marketing, and promotions	40,253	39,879
Professional fees and services	15,901	16,771
Ticket printing	15,234	14,453
Cost of premises	6,942	6,663
Net financing costs (note 24)	2,064	1,055
Loss on disposal of property and equipment	799	885
Other	4,209	5,064
	<b>1,252,376</b>	<b>1,250,638</b>
<b>Income from operations before the undernoted</b>	<b>1,618,920</b>	<b>1,706,593</b>
Indirect tax expense (note 28)	70,529	71,051
<b>Net income</b>	<b>1,548,391</b>	<b>1,635,542</b>
<b>Other comprehensive (loss) income</b>		
Item that will never be reclassified to net income:		
Net defined benefit plan actuarial (loss) gain (note 14)	(7,079)	39,454
<b>Total comprehensive income</b>	<b>\$ 1,541,312</b>	<b>\$ 1,674,996</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity**

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Equity
<b>Balance, April 1, 2022</b>	<b>\$ (17,850)</b>	<b>\$ 49,196</b>	<b>\$ 31,346</b>
Net income	1,635,542	—	1,635,542
Net defined benefit plan actuarial gain (note 14)	—	39,454	39,454
<b>Total comprehensive income</b>	<b>1,635,542</b>	<b>39,454</b>	<b>1,674,996</b>
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,026)	—	(12,026)
Distributions to the Government of British Columbia (note 20)	(1,623,516)	—	(1,623,516)
<b>Balance, March 31, 2023</b>	<b>\$ (17,850)</b>	<b>\$ 88,650</b>	<b>\$ 70,800</b>
Net income	1,548,391	—	1,548,391
Net defined benefit plan actuarial loss (note 14)	—	(7,079)	(7,079)
<b>Total comprehensive income</b>	<b>1,548,391</b>	<b>(7,079)</b>	<b>1,541,312</b>
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,403)	—	(12,403)
Distributions to the Government of British Columbia (note 20)	(1,535,988)	—	(1,535,988)
<b>Balance, March 31, 2024</b>	<b>\$ (17,850)</b>	<b>\$ 81,571</b>	<b>\$ 63,721</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Consolidated Statement of Cash Flows**

For the year ended March 31, 2024 (in thousands of Canadian dollars)

	2024	2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,548,391	\$ 1,635,542
Items not involving cash:		
Depreciation (notes 11 and 12)	66,564	64,903
Amortization (note 13)	8,358	12,525
Loss on disposal of property and equipment	799	885
Net benefit plan expense (note 14)	13,057	16,389
Net financing costs (note 24)	2,064	1,055
	<b>1,639,233</b>	<b>1,731,299</b>
Changes in:		
Accounts receivable	(24,948)	2,294
Prepaid and deferred expenses	896	(4,809)
Inventories	(1,236)	1,630
Commission advances	30,051	(1,366)
Gaming cash floats	38,927	(1,150)
Employee benefits	(15,248)	(14,292)
Prizes payable	4,428	(6,821)
Accounts payable, accrued and other liabilities	2,951	4,954
Deferred revenue	1,596	(3,216)
Unsettled wagers	(181)	(7,360)
Provisions	(315)	145
Interest received	4,351	2,970
<b>Net cash from operating activities</b>	<b>1,680,505</b>	<b>1,704,278</b>
<b>Cash flows from financing activities:</b>		
Short-term financing (note 17)	(29,913)	(89)
Interest paid (notes 11 and 17)	(9,561)	(5,119)
Payments on lease liabilities (note 11)	(6,298)	(6,489)
Payments to the Government of Canada on behalf of the Government of British Columbia (note 25)	(12,403)	(12,026)
Distributions paid to the Government of British Columbia (note 20)	(1,523,118)	(1,614,642)
<b>Net cash used in financing activities</b>	<b>(1,581,293)</b>	<b>(1,638,365)</b>
<b>Cash flows from investing activities:</b>		
Additions to property and equipment	(77,892)	(87,102)
Additions to intangible assets	(8,471)	(7,795)
Net proceeds on disposal of property and equipment	666	616
<b>Net cash used in investing activities</b>	<b>(85,697)</b>	<b>(94,281)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,515</b>	<b>(28,368)</b>
Cash and cash equivalents, beginning of year	30,893	59,261
<b>Cash and cash equivalents, end of year (note 6)</b>	<b>\$ 44,408</b>	<b>\$ 30,893</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 1 Corporate information

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British Columbia Lottery Corporation (BCLC or the Corporation) is a crown corporation of British Columbia (B.C.) incorporated under the *Company Act* (B.C.) on October 25, 1984 and continued under the *Gaming Control Act* (B.C.). The Government of British Columbia has delegated BCLC the responsibility to develop, undertake, organize, conduct, manage and operate provincial gaming on behalf of the government. Gaming activities include lottery, casino, bingo, and internet gaming (iGaming).

BCLC is also the B.C. regional marketing organization for national lottery games, which are collective undertakings by the provinces of Canada acting through the Interprovincial Lottery Corporation (ILC).

The address of BCLC's registered office is 74 West Seymour Street, Kamloops, B.C., Canada.

As an agent of the crown, BCLC is not subject to federal or provincial corporate income taxes.

These consolidated financial statements (hereinafter referred to as the 'financial statements') include B.C. Lottotech International Inc., a wholly-owned Canadian subsidiary of BCLC.

These financial statements were authorized for issue by BCLC's Board of Directors (the Board) on June 25, 2024.

### 2 Basis of preparation

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#### (a) Basis of accounting

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS).

#### (b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for unsettled wagers and employee benefit plan assets, which are measured at fair value as explained in note 4(b) and note 4(c) respectively.

#### (c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information has been rounded to the nearest thousand dollars.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (d) Use of judgments and estimates

The preparation of these financial statements requires management to use judgment in applying accounting policies and to make estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

#### i. Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements includes:

- the determination of the presence of control, as defined under IFRS for the basis of consolidation, over gaming facility service providers and lottery retailers (note 4(a));
- whether the Corporation is reasonably certain to exercise extension options under lease agreements (note 4(d)).

#### ii. Estimates

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year includes:

- key actuarial assumptions used in the measurement of defined benefit obligations for the Corporation's pension and post-retirement benefit plans (note 14(e)(i));
- the valuation of private equity and infrastructure investments in the measurement of plan assets for the Corporation's pension plan (note 14(d)).

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Corporation's risk management commitments where appropriate. Revisions to accounting estimates are recognized prospectively.

## 3 Changes in material accounting policies

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The Corporation adopted *Disclosure of Accounting Policies* (Amendment to IAS 1 and IFRS Practice Statement 2) from April 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Corporation to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 4 Material accounting policies (2023: Significant accounting policies) in line with the amendments.

# Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

## 4 Material accounting policies

The Corporation and its subsidiary have consistently applied the following accounting policies to all periods presented in these financial statements:

### (a) Basis of consolidation

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. Intercompany transactions and balances are eliminated on consolidation. The Corporation does not control gaming facility service providers or lottery retailers and therefore these financial statements do not include the financial results of those entities.

### (b) Financial instruments

Financial instrument	Classification	Initial measurement	Subsequent measurement
<b>Financial assets</b>			
Cash and cash equivalents	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Accounts receivable	AC <sup>1</sup>	TP <sup>3</sup>	AC <sup>1</sup>
Commission advances	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Gaming cash floats	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
<b>Financial liabilities</b>			
Prizes payable	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Accounts payable, accrued and other liabilities	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Short-term financing	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Unsettled wagers	FVPL <sup>4</sup>	FV <sup>2</sup>	FVPL <sup>4</sup>
Lease liabilities	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>
Due to the Government of British Columbia	AC <sup>1</sup>	FV <sup>2</sup>	AC <sup>1</sup>

<sup>1</sup> For accounting recognition and measurement purposes, classified as amortized cost (AC). Financial assets and financial liabilities are subsequently measured using the effective interest method, less any allowances for expected losses. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortized cost of the financial liability.

<sup>2</sup> For initial recognition purposes, measured at fair value plus or minus transaction costs (FV). Financial assets are initially measured at the present value of future cash flows under the contractual terms plus any directly attributable transaction costs. Financial liabilities are initially measured at fair value less any directly attributable transaction costs.

<sup>3</sup> For initial recognition purposes, measured at transaction price (TP).

<sup>4</sup> For accounting recognition and measurement purposes, classified as fair value through profit or loss (FVPL).

#### i. Financial assets

Financial assets are recognized initially on the trade dates, which is when the Corporation becomes a party to the contractual provisions of the instruments. Financial assets measured at amortized cost are those held in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Gains or losses on derecognition are recognized in profit or loss.

### ii. Financial liabilities

Financial liabilities are recognized initially on the trade dates, which are the dates the Corporation becomes a party to the contractual provisions of the instruments.

Net gains and losses, including any interest expense and foreign exchange gains and losses, are recognized in profit or loss.

The Corporation derecognizes a financial liability when its contractual obligations expire, are discharged, or are cancelled. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

### iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Corporation has a current, legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

## (c) Employee benefits

### Defined benefit plans

The Corporation's obligation in respect of defined benefit plans, as outlined in note 14, is calculated separately for each plan by estimating the amount of the benefit, payable in the future, that employees have earned in return for their service in the current and prior periods. That benefit is then discounted to determine its present value. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

The fair value of any plan assets is deducted from the obligation to determine the net defined benefit liability (asset). When the calculation results in a potential asset for the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of future economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability (asset), which are comprised of actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. BCLC determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying a discount rate. This discount rate aligns with the one used to measure the defined benefit obligation at the start of the annual period, factoring in the then-net defined benefit liability (asset) and considering any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss as employee costs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service, or the gain or loss on curtailment, is recognized immediately in profit or loss as employee costs. The Corporation recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (d) Leases

At inception of a contract, the Corporation determines whether the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases with terms of less than 12 months. The Corporation recognizes the payments associated with these leases as an expense, on a straight-line basis, over the lease term.

#### i. Right-of-use asset

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and any estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

A right-of-use asset is depreciated from the commencement date to the end of the lease term, which includes the initial lease term and any optional renewal period if the Corporation is reasonably certain to exercise an option, using the straight-line method. A right-of-use asset will be reduced by impairment losses, if any, and adjusted for the remeasurement of the lease liability.

#### ii. Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The Corporation determines its incremental borrowing rate on a lease-by-lease basis by obtaining Government of Canada bond rates that consider both the term of the lease and the liquidity of lease payments.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option.

Variable lease payments based on revenues or usage are recognized in profit or loss in the period in which the expenses are incurred.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an applicable index or rate, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right-of-use asset; or if the carrying amount of the right-of-use asset has been reduced to zero, the adjustment is recorded in profit or loss.

The Corporation has elected not to separate non-lease components from lease components within a contract and accounts for these as a single lease component.

### (e) Property and equipment

#### i. Recognition and measurement

The Corporation's property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and bringing the asset to the location and condition for its intended use. The cost of self-constructed assets includes the cost of materials and any other costs directly attributable to bringing the assets to a suitable condition for their intended use. Borrowing costs related to the construction of qualifying assets are capitalized.

When major components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Corporation.

#### iii. Depreciation

Land and assets under construction are not depreciated. When property and equipment are available for use, they are depreciated over their estimated useful lives on a straight-line basis. Depreciation is based on cost less estimated residual value and based on the following estimated useful lives:

Asset	Rate
<b>Corporate facilities and equipment</b>	
Building	5 to 20 years
Equipment	2 to 15 years
Leasehold improvements	3 to 30 years
<b>Lottery gaming</b>	
Equipment	3 to 10 years
Retail kiosks	2 to 10 years
<b>Casino and community gaming</b>	
Equipment	2 to 8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (f) Intangible assets

Expenditures incurred in the development or acquisition of computer software products or systems that will contribute to future economic benefits through revenue generation and/or cost reduction are capitalized as intangible assets. Other development costs are recognized as an expense as incurred.

Development expenditures are capitalized only if the expenditures can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to, and has sufficient resources to, complete development and to use or sell the asset.

The cost of computer software and systems that are acquired by the Corporation includes the purchase price and any expenditures directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized.

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Assets under development are not amortized. When intangible assets are available for use they are amortized using the straight-line method over their estimated useful lives (2 to 10 years). Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

### (g) Impairment

#### i. Financial assets

Financial assets not classified at fair value through profit or loss are assessed under an expected credit loss model, which requires the recognition of an allowance for expected losses upon recognition of the asset. The Corporation measures loss allowances at an amount equal to the lifetime expected credit losses, which are the losses that result from all possible default events over the expected life of a financial instrument.

Expected credit losses are a probability-weighted estimate of credit losses. Expected credit losses are based on the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive, discounted at the effective interest rate of the financial asset. Losses are recognized in profit or loss and are deducted from the gross carrying amount of the assets. If the amount of the credit loss subsequently decreases and the decrease can be related objectively to an event occurring after the expected credit loss was recognized, then the previously recognized credit loss is reversed through profit or loss.

When estimating expected credit losses and determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, which includes forward-looking information. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

At each reporting date, the Corporation assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the future cash flows of the financial asset have occurred.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation considers expected credit risk for these assets at both an individual asset and a collective level. All individually significant assets are assessed for expected credit losses. Assets that are not individually significant are assessed collectively for expected credit losses by grouping together assets with similar risk characteristics.

In the statement of financial position, loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

### ii. Non-financial assets

The carrying amounts of non-financial assets, other than inventories and employee benefit plan assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). An impairment loss is recognized for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount.

The recoverable amount is the greater of an asset's or cash generating unit's fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. Impairment losses are recognized in income and are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

### (h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

### (i) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Gaming revenue is earned through various distribution channels as either an Administered or Wagered game. Gaming revenue is recognized net of prizes as outlined below.

In Administered Games where the Corporation earns a variable commission, the variable commission exposes the Corporation to a gain or loss depending on the actual amount of the payout versus the expected prize percentage, which is initially accounted for as a financial liability.

Gains on unclaimed prizes arising from regional lottery games are recognized as revenue when they expire. Unclaimed prizes arising from national lottery games are administered by ILC and, accordingly, are not recognized by the Corporation.

Liabilities under customer loyalty programs are reported as unsettled wagers due to their potential to be discharged through the redemption of free play on Wagered Games.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### i. Administered games

In transactions in which the Corporation administers a game amongst players (“Administered Games”), the Corporation recognizes the portion of the wagers retained, and not distributed as prizes, as revenue from operating the game.

Product	Channel	Revenue recognition policy
Lottery draw-based games	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as deferred revenue (note 18) with a corresponding financial liability for the portion to be paid as prizes.
Lottery instant tickets	LR <sup>1</sup>	Revenue is recognized at the point of sale to a player. Instant ticket prizes are recorded as a financial liability at the expected prize percentage concurrently with the recognition of revenue.
Sports betting	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized in the period in which the bets settle. Receipts for bets that are received before March 31 for events that occur subsequent to that date are recorded as deferred revenue with a corresponding financial liability for the portion to be paid as prizes.
Bingo games	GF <sup>3</sup> and PN <sup>2</sup>	Revenue is recognized in the same period in which the games are played.

<sup>1</sup> Revenue is generated through contracted lottery retailers (LR).

<sup>2</sup> Revenue is generated online at PlayNow.com (PN).

<sup>3</sup> Revenue is generated through contracted gaming facility service providers (GF).

### ii. Wagered games

In transactions in which the Corporation and players are wagering against a specific outcome of an event (“Wagered Games”), the Corporation is exposed to gains or losses, which are recognized in revenue.

Product	Channel	Revenue recognition policy
Slot and table games	GF <sup>3</sup> and PN <sup>2</sup>	Revenue is recognized, net of financial liabilities under customer loyalty programs, in the same period in which the games are played.
Lottery draw-based games	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized at the date of the draw. Receipts for lottery tickets sold before March 31 for draws held subsequent to that date are recorded as unsettled wagers (note 19).
Sports betting	LR <sup>1</sup> and PN <sup>2</sup>	Revenue is recognized in the period in which the bets settle. Receipts for bets that are received before March 31 for events that occur subsequent to that date are recorded as unsettled wagers.

<sup>1</sup> Revenue is generated through contracted lottery retailers (LR).

<sup>2</sup> Revenue is generated online at PlayNow.com (PN).

<sup>3</sup> Revenue is generated through contracted gaming facility service providers (GF).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### iii. Non-gaming revenue

Under IFRS 15, revenue earned from the provision of gaming solutions to third parties is recognized in the period it is earned.

### (j) Commissions

Commissions paid to lottery retailers are based on revenue generated and prize payments to players, in accordance with underlying lottery retailer agreements. BCLC recognizes commission expenses at the point of sale to a player for revenue-based commissions and at the point of ticket validation for prize payment-based commissions.

Commissions paid to gaming facility service providers, including commissions for facility investment, are based on revenue generated in accordance with underlying operational services agreements. BCLC recognizes commission expenses in the same period in which the revenues are generated. Commissions paid in advance of revenue being generated are recognized as commission advances on the statement of financial position.

## 5 Financial risk management and fair value

The Corporation has exposure to the following financial risks from its use of financial instruments: credit risk, liquidity risk, and market risk.

This note presents information on how the Corporation manages those financial risks.

	Risks		
	Credit	Liquidity	Market
Cash and cash equivalents	x		
Accounts receivable	x		
Commission advances	x		
Gaming cash floats	x		
Prizes payable		x	
Accounts payable, accrued and other liabilities		x	
Short-term financing		x	x
Unsettled wagers		x	
Lease liabilities		x	
Due to the Government of British Columbia		x	

### (a) Risk management

The Corporation's Board of Directors has the responsibility to manage the affairs of the Corporation.

The Board's role includes oversight of the Corporation's enterprise risk management program, and the integrity of the Corporation's internal control and management systems. The Board, with the support of its Strategy Committee, monitors the Corporation's risk tolerance and risk capacity levels and considers strategic risks as part of the annual strategic planning process. The Board, with support of the Audit Committee, provides oversight of the effectiveness of the Corporation's systems of internal control over financial information.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation has a legal, security and compliance division, as well as an internal audit services department. Furthermore, the Corporation has a dedicated enterprise risk management services department to support the enterprise risk management program in the assessment, monitoring and reporting of strategic and operational risks that may impact the ability of the Corporation to deliver on its objectives. The enterprise risk management services department reports quarterly on its activities and on the Corporation's risk profile for review by management and the Strategy Committee of the Board of Directors. Additionally, the Director, Enterprise Risk and the Director, Internal Audit have a direct reporting relationship to the Chair of the Strategy Committee and Chair of the Audit Committee respectively.

### (b) Credit risk

Credit risk is the risk that the Corporation will suffer a financial loss due to a third party failing to meet its contractual obligations to the Corporation. The following table summarizes the Corporation's credit risk by financial asset.

Financial asset	Credit risk
Cash and cash equivalents	Cash and cash equivalents are held with banks and counterparties that have high credit ratings and minimal market risk. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Corporation has a formal policy and guidelines in place for cash equivalents that provide direction for the management of the Corporation's funds with respect to the allocation of responsibilities, investment objectives, asset allocation, allowable fund holdings and investment constraints, and performance standards.
Accounts receivable	Accounts receivable relates to credit provided to lottery retailers and gaming facility service providers. Normal credit terms for accounts receivable are payment within 30 days or less. As at March 31, 2024 and 2023, there were no significant invoiced accounts receivable outstanding for more than 30 days.
Commission advances	Commission advances resulted from the Corporation providing eligible gaming facility service providers with the option to receive an advance of future commissions to support facility reopening after the extended period of closure due to the COVID-19 pandemic. Weekly commission payments to gaming facility service providers are being reduced by 10% until the commission advance is fully repaid.
Gaming cash floats	Gaming cash floats have been temporarily provided to certain gaming facility service providers under amendments to operational services agreements. Although the gaming cash floats are unsecured, the Corporation has limited the exposure to credit risk by restricting their use by gaming facility service providers. These floats are held separately onsite at gaming facilities and are authorized to be used solely by the gaming facility service providers for the purposes of making change, redeeming chips, and paying winnings. The operational services agreement amendments provide the Corporation the right to call back these funds with 60 days notice, and the right to require the repayment of the gaming cash floats upon an event of default. The balance of gaming cash floats outstanding are repayable on or before December 31, 2024.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation's net exposure to credit risk for cash and cash equivalents, accounts receivable, commission advances and gaming cash floats at the reporting date is represented by the carrying amounts less any irrevocable standby letters of credit or security deposits. These amounts are listed as follows:

	2024	2023
Maximum exposure	\$ 148,089	\$ 178,423
Collateral	(4,131)	(4,082)
<b>Net exposure</b>	<b>\$ 143,958</b>	<b>\$ 174,341</b>

### Expected credit losses

Accounts receivable, commission advances and gaming cash floats are net of expected credit losses, which consist of a specific allowance estimated based on assessment of the current economic environment and past experience.

The Corporation's exposure to credit losses is primarily due to amounts owing from lottery retailers and gaming facility service providers.

#### i. Lottery retailers

The Corporation has arrangements with approximately 3,400 lottery retailers but is not materially exposed to any individual lottery retailer. The objectives of the Corporation's lottery retailer credit policies are to provide retailers with adequate time to sell lottery products before payment is required, while not exposing the Corporation to unacceptable risks. Credit assessments are completed for new retailers and may also be completed for retailers who have experienced insufficient fund occurrences on bank sweeps, or in cases where there are concerns that retailers might be experiencing financial difficulties. Security is obtained from lottery retailers who are considered to be of high financial risk or from lottery retailers where minimal credit information is available. Security may include irrevocable standby letters of credit, security deposits, or personal guarantees.

The Corporation has assessed the expected credit loss for lottery retailers and no credit losses are expected as the balances outstanding continue to be short-term in nature and collected through bank sweeps without any material losses.

#### ii. Gaming facility service providers

The Corporation has operating agreements with 13 gaming facility service providers. The Corporation has a concentrated credit risk exposure with its 3 (2023: 3) largest gaming facility service providers. Concentrated credit risk exists when the outstanding balance owing from an individual gaming facility service provider represents more than 10% of the total owed from all gaming facility service providers. As at March 31, 2024, the total balance of financial assets subject to a concentration of credit risk was \$39,959 (2023: \$103,216), which represents 87% (2023: 95%) of the total amount due from gaming facility service providers.

At any time, accounts receivable from gaming facility service providers includes balances relating to outstanding chips. These balances, which represent the Corporation's liability to players, are held in trust and are not invoiced because they will be relieved through the normal course of operations.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The Corporation monitors gaming facility service providers' financial health by reviewing their revenue levels, cash position and ability to service external debt obligations. The Corporation has not experienced any material collection issues related to accounts receivable, commission advances and gaming cash floats from gaming facility service providers. The Corporation has considered its historical experience and current collection of accounts receivable in the assessment of credit risk related to gaming cash floats and commission advances.

At March 31, 2024, an allowance for expected credit losses of nil (2023: \$1,820) has been recognized. The estimated allowance for impairment loss is reflective of the related credit risk.

The movement in the allowance for impairment in respect of accounts receivable, commission advances and gaming cash floats during the year was as follows:

	2024	2023
Balance at April 1	\$ 1,820	\$ 1,010
Net remeasurement of loss allowance	(1,820)	810
<b>Balance at March 31</b>	<b>\$ —</b>	<b>\$ 1,820</b>

### (c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions.

The Corporation manages liquidity risk by forecasting and assessing cash flow requirements on an ongoing basis to ensure that sufficient funds are available to meet the Corporation's financial obligations.

To manage cash flow requirements, the Corporation has a short-term financing agreement with the Government of British Columbia under its Fiscal Agency Loan program (note 17). Under this agreement, the Corporation may, until March 31, 2024, borrow up to an aggregate amount of \$325 million, thereafter \$250 million. The Government of British Columbia uses reasonable efforts to meet the borrowing requirements of the Corporation by securing funds at market rates; however, the interest rate on any loan will be determined at the sole discretion of the Government of British Columbia. Loans are unsecured and there are no pre-established repayment terms other than the requirement that loans must have a short term duration. The terms are set by the Government of British Columbia each time a loan is requested under this agreement. To date, the durations of the loans have not exceeded 90 days.

The contractual maturities of all financial liabilities except lease liabilities as at March 31, 2024 and 2023 are 90 days or less. The contractual maturities of the Corporation's lease liabilities are included in note 11.

The Corporation also has an unused \$10 million unsecured demand operating credit facility with a Canadian commercial bank. Interest is payable at the bank's commercial prime lending rate (2023: prime rate).

### (d) Market risk

Market risk, including interest rate risk, is the risk that changes in market prices will affect the fair value of, or future cash flows from, a financial instrument. The Corporation is subject to interest rate risk when it renews its short-term financing at rates determined by current market conditions.

The Corporation does not account for any fixed-rate financial liabilities at fair value through profit or loss, and does not utilize interest rate swaps. Therefore, a change in interest rates at the reporting date would not affect income.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (e) Fair values

The carrying amounts of financial assets and financial liabilities not classified as fair value through profit or loss approximate their fair values at the reporting date. This is due to the relatively short periods to maturity of these items or because they are due on demand. The carrying values of gaming cash floats and commission advances approximate their fair values, and are estimated based on discounted contractual future cash flows using current rates for similar financial instruments subject to similar risks and maturities.

### 6 Cash and cash equivalents

	2024	2023
Cash and cash equivalents	\$ 16,011	\$ 6,221
Funds held for player accounts	24,642	20,967
Funds held for security deposits	3,755	3,705
	<b>\$ 44,408</b>	<b>\$ 30,893</b>

Funds held for player accounts represent funds provided to the Corporation through player accounts on PlayNow.com. These amounts are deposited into a separate bank account and are internally restricted by the Corporation exclusively for funding the player accounts liability. A corresponding player accounts liability in the amount of \$24,642 (2023: \$20,967) is included in accounts payable, accrued and other liabilities (note 16).

Funds held for security deposits include security deposit amounts provided by lottery retailers and gaming facility service providers to the Corporation. These funds are deposited into a separate bank account. All security deposit amounts are internally restricted by the Corporation exclusively for funding the security deposit liability. A corresponding security deposit liability in the amount of \$3,755 (2023: \$3,705) is included in accounts payable, accrued and other liabilities (note 16).

Select gaming facility service providers are responsible for holding and accounting for player funds held in Patron Gaming Accounts (gaming accounts). These gaming accounts are administered in accordance with the Corporation's casino and community gaming centre standards, policies and procedures, as well as in accordance with the regulations of Gaming Policy and Enforcement Branch (GPEB). No amounts are recorded in the Corporation's financial statements for these gaming accounts. The gaming facility service providers are legally liable for the player funds held in these accounts.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 7 Accounts receivable

As at March 31, 2024	Gross amounts	Amounts offset in the statement of financial position <sup>1</sup>	Net amounts presented in the statement of financial position
Lottery retailers	\$ 54,341	\$ (17,976)	\$ 36,365
Gaming facility service providers <sup>2</sup>	47,177	(15,338)	31,839
Due from Interprovincial Lottery Corporation	17,010	(890)	16,120
Other	9,777	(4,444)	5,333
	<b>\$ 128,305</b>	<b>\$ (38,648)</b>	<b>\$ 89,657</b>

As at March 31, 2023			
Lottery retailers	\$ 50,517	\$ (15,111)	\$ 35,406
Gaming facility service providers <sup>2</sup>	33,376	(11,368)	22,008
Due from Interprovincial Lottery Corporation <sup>3</sup>	4,892	(873)	4,019
Other	7,021	(3,926)	3,095
	<b>\$ 95,806</b>	<b>\$ (31,278)</b>	<b>\$ 64,528</b>

<sup>1</sup> Impacts of offsetting to liabilities are disclosed in note 16.

<sup>2</sup> Net of allowance for impairment of nil (2023: \$316).

<sup>3</sup> The current year presentation has been updated to report due from Interprovincial Lottery Corporation separately. In the prior year due from Interprovincial Lottery Corporation of \$4,019 was included in other.

The Corporation has an enforceable right to offset certain liabilities payable with accounts receivable and intends to settle the amounts on a net basis.

The accounts receivable balance includes revenue generated from both Administered Games and Wagered Games.

The Corporation's exposure to credit risk and impairment losses related to accounts receivable is disclosed in note 5(b).

### 8 Inventories

The major components of inventories are as follows:

	2024	2023
Lottery instant tickets	\$ 3,995	\$ 4,298
Consumables and other	3,573	1,738
Slot machine spare parts	2,584	2,880
	<b>\$ 10,152</b>	<b>\$ 8,916</b>

For the year ended March 31, 2024, inventories recognized as an expense amounted to \$19,348 (2023: \$18,796), which includes write-downs of \$1,691 (2023: \$1,573).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 9 Commission advances

	2024	2023
Balance at April 1	\$ 35,191	\$ 33,825
Repayments	(32,090)	(395)
Service fees accrued	1,321	2,106
Reversal of (allowance for) expected credit losses	718	(345)
<b>Balance at March 31</b>	<b>\$ 5,140</b>	<b>\$ 35,191</b>

Commission advances are presented on the statement of financial position as follows:

	2024	2023
Current	\$ 5,140	\$ 33,529
Non-current	—	1,662
<b>Balance at March 31</b>	<b>\$ 5,140</b>	<b>\$ 35,191</b>

Commission advances are subject to a monthly service fee of 0.5% to be applied on the aggregate outstanding amount. Collection of the aggregate outstanding amount commenced April 2023 with repayment terms as described in note 5(b).

The Corporation's exposure to credit risk related to commission advances is disclosed in note 5(b).

### 10 Gaming cash floats

	2024	2023
Balance at April 1	\$ 47,811	\$ 46,661
Repayments	(40,959)	—
Service fees accrued	132	—
Accretion income	1,114	1,435
Reversal of (allowance for) expected credit losses	786	(285)
<b>Balance at March 31</b>	<b>\$ 8,884</b>	<b>\$ 47,811</b>

Gaming cash floats of \$49,711 were advanced to gaming facility service providers in fiscal year 2022. In the current fiscal year, gaming cash floats of \$40,959 were repaid to the Corporation. The remaining gaming cash floats are due from gaming facility service providers who have accepted a revised repayment date of December 31, 2024. As part of the amended terms of the revised repayment date, the remaining gaming cash floats are subject to a monthly service fee of 0.5% on the aggregate outstanding amount from January 1, 2024 until repayment is made.

The Corporation's exposure to credit risk related to gaming cash floats is disclosed in note 5(b).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 11 Leases

The Corporation leases office and warehouse real estate, lottery retail locations, vehicles and equipment. Leases of real estate have lease terms between 8 and 30 years, while lottery retail locations, vehicles, and equipment generally have lease terms of 5 years. Real estate and lottery retail location lease agreements frequently include extension options, which have been included in the term of the leases after consideration of the likelihood of the Corporation exercising the options. Generally, the lease payments under the extensions will be negotiated upon exercise of the option.

The Corporation leases casino and community gaming equipment with lease terms between less than one year and two years. The Corporation has elected not to recognize right-of-use assets and lease liabilities for the leases of less than one year.

The Corporation leases space within the casino and community gaming service provider facilities for gaming purposes. Lease payments for the gaming floors are fully variable; as such, right-of-use assets and lease liabilities have not been recognized.

Information about leases for which the Corporation is a lessee is presented below.

#### i. Right-of-use assets

	Real estate	Lottery retail locations	Gaming equipment	Fleet vehicles and other	Total
Balance at April 1, 2022	\$ 43,007	\$ 8,222	\$ 942	\$ 313	\$ 52,484
Additions	9,273	2,497	—	170	11,940
Depreciation	(3,179)	(2,901)	(767)	(162)	(7,009)
Derecognition	—	(39)	—	—	(39)
<b>Balance at March 31, 2023</b>	<b>\$ 49,101</b>	<b>\$ 7,779</b>	<b>\$ 175</b>	<b>\$ 321</b>	<b>\$ 57,376</b>
Additions	1,857	2,372	2,561	190	6,980
Depreciation	(3,208)	(2,887)	(461)	(171)	(6,727)
Derecognition	—	(17)	(2,275)	(14)	(2,306)
<b>Balance at March 31, 2024</b>	<b>\$ 47,750</b>	<b>\$ 7,247</b>	<b>\$ —</b>	<b>\$ 326</b>	<b>\$ 55,323</b>

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### ii. Lease liabilities

	2024	2023
Balance at April 1	\$ 60,301	\$ 54,889
Additions	6,980	11,940
Interest expense	1,112	972
Derecognized	(2,306)	(39)
Interest paid	(1,087)	(972)
Principal payments	(6,298)	(6,489)
<b>Balance at March 31</b>	<b>\$ 58,702</b>	<b>\$ 60,301</b>

Lease liabilities are presented on the statement of financial position as follows:

	2024	2023
Current	\$ 5,122	\$ 5,799
Non-current	53,580	54,502
<b>Balance at March 31</b>	<b>\$ 58,702</b>	<b>\$ 60,301</b>

Maturity analysis - undiscounted cash flows	2024	2023
Less than one year	\$ 7,386	\$ 6,767
One to five years	20,803	16,996
More than five years	42,152	44,928
<b>Total undiscounted lease liabilities at March 31</b>	<b>\$ 70,341</b>	<b>\$ 68,691</b>

### iii. Amounts recognized in profit or loss

	2024	2023
Expenses relating to short-term leases	\$ 22,587	\$ 22,881
Depreciation of right-of-use assets	6,727	7,009
Variable lease payments not included in the measurement of the lease liabilities <sup>1</sup>	3,088	2,961
Interest on lease liabilities	1,112	972

<sup>1</sup> These amounts do not include variable lease payments for the use of the gaming floors as they are recorded as part of the total commissions paid to gaming facility service providers.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 12 Property and equipment

2024	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
<b>Cost</b>						
Balance at April 1, 2023	\$ 5,227	\$ 132,695	\$ 131,770	\$ 575,572	\$ 74,686	\$ 919,950
Additions (derecognition)	38	1,287	615	46,481	20,656	69,077
Transfers	—	3,331	2,268	20,709	(26,308)	—
Disposals and retirements	—	(3,114)	(27,861)	(36,526)	(1)	(67,502)
<b>Balance at March 31, 2024</b>	<b>5,265</b>	<b>134,199</b>	<b>106,792</b>	<b>606,236</b>	<b>69,033</b>	<b>921,525</b>
<b>Accumulated depreciation</b>						
Balance at April 1, 2023	—	111,591	114,672	394,958	—	621,221
Depreciation for the year	—	6,316	6,183	47,338	—	59,837
Disposals and retirements	—	(3,110)	(27,817)	(35,110)	—	(66,037)
<b>Balance at March 31, 2024</b>	<b>—</b>	<b>114,797</b>	<b>93,038</b>	<b>407,186</b>	<b>—</b>	<b>615,021</b>
<b>Carrying amounts</b>						
<b>At March 31, 2024</b>	<b>\$ 5,265</b>	<b>\$ 19,402</b>	<b>\$ 13,754</b>	<b>\$ 199,050</b>	<b>\$ 69,033</b>	<b>\$ 306,504</b>

2023	Land	Corporate facilities & equipment	Lottery gaming	Casino & community gaming	Assets under construction	Total
<b>Cost</b>						
Balance at April 1, 2022	\$ 5,373	\$ 126,732	\$ 131,932	\$ 534,586	\$ 79,286	\$ 877,909
Additions (derecognition)	(146)	3,525	1,601	38,602	34,251	77,833
Transfers	—	6,058	1,360	31,433	(38,851)	—
Disposals and retirements	—	(3,620)	(3,123)	(29,049)	—	(35,792)
<b>Balance at March 31, 2023</b>	<b>5,227</b>	<b>132,695</b>	<b>131,770</b>	<b>575,572</b>	<b>74,686</b>	<b>919,950</b>
<b>Accumulated depreciation</b>						
Balance at April 1, 2022	—	108,882	110,607	378,129	—	597,618
Depreciation for the year	—	6,322	7,185	44,387	—	57,894
Disposals and retirements	—	(3,613)	(3,120)	(27,558)	—	(34,291)
<b>Balance at March 31, 2023</b>	<b>—</b>	<b>111,591</b>	<b>114,672</b>	<b>394,958</b>	<b>—</b>	<b>621,221</b>
<b>Carrying amounts</b>						
<b>At March 31, 2023</b>	<b>\$ 5,227</b>	<b>\$ 21,104</b>	<b>\$ 17,098</b>	<b>\$ 180,614</b>	<b>\$ 74,686</b>	<b>\$ 298,729</b>

As of March 31, 2024, the Corporation is committed to incur capital expenditures relating to property and equipment and intangible assets of \$7,804 (2023: \$14,640). These commitments are expected to be settled within the next 12 months.



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 13 Intangible assets

2024	Software	Assets under development	Total
<b>Cost</b>			
Balance at April 1, 2023	\$ 209,143	\$ 11,754	\$ 220,897
Acquisitions - separately acquired	3,012	4,559	7,571
Acquisitions - internally generated	—	522	522
Transfers	2,011	(2,011)	—
Disposals and retirements	(34)	—	(34)
<b>Balance at March 31, 2024</b>	<b>214,132</b>	<b>14,824</b>	<b>228,956</b>
<b>Accumulated amortization</b>			
Balance at April 1, 2023	186,845	—	186,845
Amortization for the year	8,358	—	8,358
Disposals and retirements	(34)	—	(34)
<b>Balance at March 31, 2024</b>	<b>195,169</b>	<b>—</b>	<b>195,169</b>
<b>Carrying amounts at March 31, 2024</b>	<b>\$ 18,963</b>	<b>\$ 14,824</b>	<b>\$ 33,787</b>

2023	Software	Assets under development	Total
<b>Cost</b>			
Balance at April 1, 2022	\$ 207,616	\$ 7,496	\$ 215,112
Acquisitions - separately acquired	890	4,053	4,943
Acquisitions - internally generated	—	974	974
Transfers	769	(769)	—
Disposals and retirements	(132)	—	(132)
<b>Balance at March 31, 2023</b>	<b>209,143</b>	<b>11,754</b>	<b>220,897</b>
<b>Accumulated amortization</b>			
Balance at April 1, 2022	174,452	—	174,452
Amortization for the year	12,525	—	12,525
Disposals and retirements	(132)	—	(132)
<b>Balance at March 31, 2023</b>	<b>186,845</b>	<b>—</b>	<b>186,845</b>
<b>Carrying amounts at March 31, 2023</b>	<b>\$ 22,298</b>	<b>\$ 11,754</b>	<b>\$ 34,052</b>

The intangible assets balance represents purchased and internally-generated software assets.

# Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

## 14 Employee benefits

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The Corporation, as the plan sponsor and plan administrator, contributes to and controls the following pension and post-retirement defined benefit plans:

**i. Registered Pension Plan (Plan A)**

Plan A is a registered pension plan in the Province of B.C. under the Pension Benefits Standards Act (British Columbia) (PBSA). Plan A covers substantially all of the Corporation's employees. Plan A entitles an employee to receive an annual pension payment after retirement based on length of service and the average of the 60 consecutive months of highest pensionable earnings. The pension benefits are partially indexed for inflation after retirement.

**ii. Supplementary Pension Plan (Plan B)**

Plan B covers employees designated by the Corporation. The pension benefits under Plan B provide designated employees a top-up to Plan A benefits to the extent, if any, that they are limited by the Income Tax Act (Canada) maximum pension rules.

**iii. Post-Retirement Benefit Plan – Non-Pension (Plan C)**

Plan C covers qualifying employees for post-retirement medical, dental and life insurance benefits.

### (a) Risk management

These plans expose the Corporation to foreign currency risk, interest rate risk, longevity risk, inflation risk, and other market price risk.

The Board of Directors provides governance oversight of the plans through the Audit Committee and People Committee. The Board of Directors has established a Pension Committee to have primary responsibility for the administration and oversight of the plans and to perform certain delegated responsibilities.

### (b) Funding

Plan A is funded by investment returns, employer contributions, and employee contributions. The Corporation funds Plan A in accordance with the PBSA based on the advice of an actuary. The funding provides for the cost of the benefits accruing under the plan and for the proper amortization of any unfunded liability or applicable solvency deficiency after taking into account the assets of the plan, employee contributions and all other relevant factors. The actuarial assumptions used to determine funding requirements, which are based on a separate actuarial valuation for funding purposes, may differ from the assumptions outlined in section (e)(i) of this note.

If at any time the actuary certifies that the net assets available for benefits under Plan A exceed the actuarially-determined present value of the accrued pension benefit obligation, such surplus, or any portion thereof, may be used by the Corporation at its discretion, to improve the benefits provided by Plan A or reduce contribution obligations, subject to PBSA restrictions and *Income Tax Act (Canada)* requirements.

The Corporation expects to contribute \$14,028 to Plan A in the year ending March 31, 2025.

Plans B and C are unfunded. As such, the Corporation pays all benefits thereunder as they fall due.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (c) Movement in net defined benefit liability (asset)

A reconciliation from the opening balances to the closing balances for the net defined benefit liability (asset) and its components is as follows:

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2024	2023	2024	2023	2024	2023
Balance at April 1	\$ 358,601	\$ 378,823	\$ (396,056)	\$ (378,921)	\$ (37,455)	\$ (98)
<b>Included in income</b>						
Current service cost	14,146	15,601	—	—	14,146	15,601
Interest cost (income)	18,397	17,155	(19,829)	(16,697)	(1,432)	458
Administration cost	—	—	343	330	343	330
	<b>32,543</b>	<b>32,756</b>	<b>(19,486)</b>	<b>(16,367)</b>	<b>13,057</b>	<b>16,389</b>
<b>Included in other comprehensive income</b>						
Re-measurements loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	—	—	—	—	—	—
Financial assumptions	9,213	(41,550)	—	—	9,213	(41,550)
Experience adjustments	30,933	1,636	—	—	30,933	1,636
(Return) loss on plan assets excluding interest income	—	—	(33,067)	460	(33,067)	460
	<b>40,146</b>	<b>(39,914)</b>	<b>(33,067)</b>	<b>460</b>	<b>7,079</b>	<b>(39,454)</b>
<b>Other</b>						
Contributions paid by the employer	—	—	(15,655)	(14,292)	(15,655)	(14,292)
Contributions paid by the employee	4,080	3,445	(4,080)	(3,445)	—	—
Benefits paid	(15,725)	(16,509)	15,725	16,509	—	—
	<b>(11,645)</b>	<b>(13,064)</b>	<b>(4,010)</b>	<b>(1,228)</b>	<b>(15,655)</b>	<b>(14,292)</b>
<b>Balance at March 31</b>	<b>\$ 419,645</b>	<b>\$ 358,601</b>	<b>\$ (452,619)</b>	<b>\$ (396,056)</b>	<b>\$ (32,974)</b>	<b>\$ (37,455)</b>

Represented by:	2024	2023
Net defined benefit asset (Plan A)	\$ (82,746)	\$ (83,990)
Net defined benefit liability (Plans B and C)	49,772	46,535
	<b>\$ (32,974)</b>	<b>\$ (37,455)</b>

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### (d) Plan assets

Plan assets are comprised of:

	2024	2023
<b>Global equities</b>		
Information technology	\$ 46,450	\$ 38,379
Financials	43,209	39,092
Industrials	29,162	23,143
Health care	28,830	26,874
Other	26,969	19,032
Consumer discretionary	21,984	15,865
Communication services	15,560	14,848
Consumer staples	13,265	12,533
	<b>225,429</b>	<b>189,766</b>
<b>Private equities</b>	<b>77,103</b>	<b>66,215</b>
<b>Infrastructure</b>	<b>45,662</b>	<b>42,156</b>
<b>Long term bonds</b>		
Government	44,269	38,041
Corporate	18,353	16,277
	<b>62,622</b>	<b>54,318</b>
<b>Real return bonds</b>		
Government	41,159	41,185
<b>Cash and accruals</b>	<b>644</b>	<b>2,416</b>
<b>Total Plan Assets</b>	<b>\$ 452,619</b>	<b>\$ 396,056</b>

Global equities are held in pooled funds and are valued at the unit values supplied by the pooled fund administrator, which represent Plan A's proportionate share of the underlying net investments at fair values determined using closing share prices in active public markets.

Private equities and infrastructure assets are held in funds with external investment managers and are valued based on provided valuation statements, which represent Plan A's proportionate share of the estimated fair value of the underlying assets. For private equities, fair values of the underlying assets are determined using valuation models incorporating data from recent transactions and comparable public market investments, discounted cash flow analysis, and valuations of partner capital statements. For infrastructure assets, the fair value of the underlying investments is determined through a process undertaken with an independent third-party external valuator on a quarterly basis, with each investment undergoing a full independent valuation at least once per year.

The fair values of long-term bonds and real return bonds are determined based on price quotations; however, in the underlying market where these instruments are traded, the trade frequency for a substantial portion of these investments is not considered active.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

With consideration of the long-term nature of the plan liabilities, and the shorter-term liquidity needs for payments to retirees, the Corporation has a general target allocation of 60% return seeking assets and 40% liability hedging assets. As a general policy, and in accordance with the relevant regulations, the Corporation has adopted the investment guidelines of the PBSA for defining permissible investment activities for money held in trust. Overall, the portfolio of Plan A's assets is managed within the parameters of the strategic asset mix comprising of 40% to 70% return seeking assets, 30% to 50% liability hedging assets, and up to 5% cash and cash equivalents.

### (e) Defined benefit obligation

#### i. Actuarial valuation and assumptions

An actuarial valuation for funding purposes is required by the PBSA, at a minimum, every three years to assess the financial position of Plan A. An actuarial valuation of Plan A for funding purposes was performed as at December 31, 2022, by TELUS Health (Canada) Ltd., an independent firm of consulting actuaries. The defined benefit obligation for Plan A has been based on this valuation, with adjustments for accounting policies as described in note 4(c). These adjustments include revisions for cash flows and material events since December 31, 2022. In addition, assumptions have been reviewed and assessed at the reporting date. The discount rate has been updated to use a rate reflective of high quality bonds and market conditions as at March 31, 2024. The next required actuarial valuation for funding purposes is as of December 31, 2025 with a determination of the funded status of the pension plan available in mid-2026.

There is no statutory actuarial valuation requirement for Plan B. The defined benefit obligation for Plan B is based on census data for those members as at March 31, 2024.

There is no statutory actuarial valuation requirement for Plan C; however, a full actuarial valuation is completed every three years on Plan C. A full actuarial valuation of Plan C was performed by HUB International Ltd. as at November 2, 2021. The defined benefit obligation for Plan C has been based on this valuation, with adjustments made for cash flows and material events since that date. In addition, certain assumptions have been updated to reflect market conditions as at March 31, 2024.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

The principal actuarial assumptions at the reporting date (expressed as weighted averages) were as follows:

	Plans A and B		Plan C	
	2024	2023	2024	2023
Discount rate:				
Defined benefit obligation	4.90 %	5.00 %	4.90 %	5.00 %
Benefit cost	5.00 %	4.40 %	5.00 %	4.40 %
Rate of compensation increase for the fiscal year	3.25 %	3.00 %	—	—
Future compensation increases	3.25 %	3.00 %	—	—
Inflation	2.00 %	2.00 %	—	—
Initial weighted-average health care trend rate	—	—	4.87 %	4.87 %
Ultimate weighted-average health care trend rate	—	—	3.97 %	3.97 %
Year ultimate weighted-average health care trend rate reached	—	—	2040	2040
Assumed life expectations on retirement at age 65				
Current pensioners				
Male	22.9	22.8	22.9	22.8
Female	25.2	25.2	25.2	25.2
Retiring in 20 years				
Male	23.9	23.8	23.9	23.8
Female	26.1	26.1	26.1	26.1

At March 31, 2024, the weighted-average duration of the defined benefit obligation was 14.2 years (2023: 13.7 years).

### ii. Sensitivity analysis

Changes at March 31, 2024 to one of the relevant actuarial assumptions, holding the other assumptions constant, would have affected the defined benefit obligation by the following amounts:

	Effect on the defined benefit obligation			
	2024		2023	
	Increase in	Decrease in	Increase in	Decrease in
Discount rate (1% movement)	\$ (53,589)	\$ 67,622	\$ (45,363)	\$ 56,992
Future compensation increase (1% movement)	14,493	(13,032)	14,645	(12,921)
Inflation (1% movement)	22,996	(21,056)	22,480	(20,543)
Health care cost trend rate (1% movement)	3,519	(3,508)	3,091	(3,081)
Future mortality (10% movement)	(6,636)	7,221	(5,830)	6,334

In practice, it is unlikely that one assumption would change while all other assumptions remained constant, since changes in some of the assumptions are interdependent; however, this analysis does provide an approximation of the sensitivity of the assumptions shown.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### iii. Composition by plan membership

The defined benefit obligation relates to three member groups: active employees, former employees who have not yet started receiving a pension (deferred vested) and former employees and other beneficiaries currently receiving a pension (retirees). The breakdown of the defined benefit obligation at March 31, 2024 by member group, expressed as a percentage, is as follows:

Defined benefit obligation	2024	2023
Active members	54 %	51 %
Deferred vested members	5 %	5 %
Retirees	41 %	44 %
	<b>100 %</b>	<b>100 %</b>

## 15 Prizes payable

	2024	2023
Lottery games	\$ 28,453	\$ 25,252
Progressive jackpots	9,477	8,081
Other	87	256
	<b>\$ 38,017</b>	<b>\$ 33,589</b>

## 16 Accounts payable, accrued and other liabilities

	2024	2023 <sup>1</sup>
Accrued expenses	\$ 44,272	\$ 44,832
Player accounts liability (note 6)	24,642	20,967
Gaming chips and vouchers liability	19,342	19,016
Trade payables	15,073	26,847
Indirect tax payable	5,134	6,229
Due to Interprovincial Lottery Corporation	4,224	3,607
Security deposits payable (note 6)	3,755	3,705
	<b>\$ 116,442</b>	<b>\$ 125,203</b>

<sup>1</sup> The current year presentation has been updated to report gaming chips and vouchers separately. In the prior year gaming chips and vouchers of \$19,016, trade payables of \$2,591 and accrued expenses of \$240 were reported as other.

Under agreements with its counterparties, the Corporation has an enforceable right to offset certain liabilities payable with accounts receivable and intends to settle the amounts on a net basis (note 7). As at March 31, 2024, gross accounts payable, accrued and other liabilities of \$155,090 (2023: \$156,481) were offset against accounts receivable in the amount of \$38,648 (2023: \$31,278), resulting in a net balance of \$116,442 (2023: \$125,203) presented in the statement of financial position.

The Corporation's exposure to liquidity risk related to accounts payable, accrued and other liabilities is disclosed in note 5(c).

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 17 Short-term financing

2024						
Type	Repayment	Principal	Interest	Rate	Maturity	Outstanding
<b>Government of British Columbia loans (unsecured)</b>	Single installment	\$ 40,014	\$ 186	4.85 %	April 10, 2024 <sup>1</sup>	\$ 40,147
	Single installment	39,980	190	4.81 %	April 18, 2024 <sup>1</sup>	40,075
	Single installment	30,059	116	4.85 %	April 25, 2024 <sup>1</sup>	30,075
		<b>\$ 110,053</b>	<b>\$ 492</b>			<b>\$ 110,297</b>

<sup>1</sup> Repaid and refinanced within the normal course of operations subsequent to March 31, 2024

2023						
Type	Repayment	Principal	Interest	Rate	Maturity	Outstanding
<b>Government of British Columbia loans (unsecured)</b>	Single installment	\$ 50,001	\$ 199	4.40 %	April 11, 2023	\$ 50,134
	Single installment	49,966	184	4.33 %	April 3, 2023	50,131
	Single installment	39,999	141	4.29 %	April 28, 2023	40,009
		<b>\$ 139,966</b>	<b>\$ 524</b>			<b>\$ 140,274</b>

Reconciliation of the movements of liabilities to cash flows arising from financing activities:

	2024	2023
Balance at April 1	\$ 140,274	\$ 140,070
<b>Changes from financing cash flows</b>		
Proceeds from borrowings	1,875,751	1,845,192
Repayment of borrowings	(1,905,664)	(1,845,281)
<b>Total changes from financing cash flows</b>	<b>(29,913)</b>	<b>(89)</b>
<b>Other changes</b>		
Interest expense	\$ 5,484	\$ 3,053
Interest paid	(8,474)	(4,147)
Capitalized borrowing costs	2,926	1,387
<b>Total other changes</b>	<b>(64)</b>	<b>293</b>
<b>Balance at March 31</b>	<b>\$ 110,297</b>	<b>\$ 140,274</b>

The Corporation's exposure to liquidity risk related to short-term financing is disclosed in note 5(c).



## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 18 Deferred revenue

Deferred revenue includes revenue expected to be recognized in the future related to performance obligations, as described in note 4(i), that are unsatisfied (or partially unsatisfied) at the reporting date. The amounts recorded below are expected to be recognized as revenue by the Corporation within 12 months. All deferred revenue at March 31, 2023 has been recognized as revenue during the year ended March 31, 2024.

	2024	2023
Lottery games	\$ 23,962	\$ 22,407
Other	843	802
	<b>\$ 24,805</b>	<b>\$ 23,209</b>

### 19 Unsettled wagers

Unsettled wagers include revenue expected to be recognized in the future related to outcomes, as described in note 4(i), that have not yet occurred at the reporting date. The amounts recorded below are expected to be recognized as revenue by the Corporation within 12 months.

	2024	2023
Customer loyalty programs	\$ 3,371	\$ 3,551
Sports betting	1,432	1,337
Lottery games	1,151	1,391
Other	975	831
	<b>\$ 6,929</b>	<b>\$ 7,110</b>

### 20 Due to the Government of British Columbia

Each fiscal year the Corporation's net income, after deducting payments the Corporation has made to the Government of Canada on behalf of the Government of British Columbia (note 25), is paid into the consolidated revenue fund of the Government of British Columbia in the manner directed by the Lieutenant Governor in Council in accordance with the Gaming Control Act (B.C.) ("the Act"). These distributions are inclusive of the 7% of "actual net income" as defined in the Act, that is remitted by the Government of British Columbia to the BC First Nations Gaming Revenue Sharing Limited Partnership as outlined in section 14.3 of the Act. The Government of British Columbia has also established various agreements that further distribute the Corporation's net income, including payments to host local governments of gaming facilities and the horse racing industry. The Corporation's transfer of distributions to the Government of British Columbia occurs after each fiscal month-end. The Corporation does not retain any earnings.

	2024	2023
Balance at April 1	\$ 177,234	\$ 168,360
Distributions to the Government of British Columbia	1,535,988	1,623,516
Distributions paid to the Government of British Columbia	(1,523,118)	(1,614,642)
<b>Balance at March 31</b>	<b>\$ 190,104</b>	<b>\$ 177,234</b>

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 21 Provisions

The Corporation recognizes provisions for liabilities associated with the decommissioning or environmental remediation of property and equipment when obligations result from acquisition, construction, development and/or normal operation of assets. The Corporation expects that the cash outflows for provisions will occur near the dates the related assets are retired or remediated.

	2024	2023
Balance at April 1	\$ 3,488	\$ 3,343
Additions and effect of discounting	35	525
Uses	(350)	(234)
Reversals	—	(146)
<b>Balance at March 31</b>	<b>\$ 3,173</b>	<b>\$ 3,488</b>

### 22 Accumulated deficit

Upon adoption of IFRS, subsequent adoption of new or amended IFRS standards, and retrospective application of changes to accounting policies, the Corporation was required to adjust amounts previously reported in its financial statements. These adjustments did not reduce or increase the amounts distributed to the Government of British Columbia and therefore have resulted in the Corporation recognizing an accumulated deficit.

	Fiscal year adopted	Accumulated deficit
Adoption of IFRS	2012	\$ (17,728)
Adoption of amended IAS 19 Employee Benefits	2014	584
Adoption of IFRS 15 Revenue from Contracts with Customers	2019	(8,319)
Adoption of International Financial Reporting Standards Interpretation Committee (IFRIC) clarifying guidance on IAS 19 Employee Benefits	2022	7,613
		<b>\$ (17,850)</b>

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 23 Revenue

The Corporation's revenue is disaggregated by major product lines as follows:

2024	Wagered Games	Administered Games	Total
Slot and table games	\$ 2,138,823	\$ 31,364	\$ 2,170,187
Lottery games	217,481	393,734	611,215
Sports betting	35,459	1,557	37,016
Bingo games	—	17,922	17,922
<b>Gaming revenue</b>	<b>\$ 2,391,763</b>	<b>\$ 444,577</b>	<b>\$ 2,836,340</b>
<b>Non-gaming revenue</b>			<b>34,956</b>
<b>Total revenue</b>			<b>\$ 2,871,296</b>

2023	Wagered Games	Administered Games	Total
Slot and table games	\$ 2,218,042	\$ 29,583	\$ 2,247,625
Lottery games	220,358	403,228	623,586
Sports betting	37,443	1,586	39,029
Bingo games	—	17,215	17,215
<b>Gaming revenue</b>	<b>\$ 2,475,843</b>	<b>\$ 451,612</b>	<b>\$ 2,927,455</b>
<b>Non-gaming revenue<sup>1</sup></b>			<b>29,776</b>
<b>Total revenue</b>			<b>\$ 2,957,231</b>

<sup>1</sup> The current year presentation has been updated to report non-gaming revenue and gaming revenue separately. In the prior year non-gaming revenue was classified as other.

For the year ended March 31, 2024, gains on the expiry of prizes payable of \$9,175 (2023: \$9,300) are included in revenue.

### 24 Net financing costs

	2024	2023 <sup>1</sup>
Interest on short-term financing	\$ 8,410	\$ 4,440
Interest on lease liabilities	1,112	972
Capitalized borrowing costs	(2,926)	(1,387)
Interest income	(4,532)	(2,970)
	<b>\$ 2,064</b>	<b>\$ 1,055</b>

<sup>1</sup> The current year presentation has been updated to report net financing costs separately. In the prior year net financing costs of \$1,055 was included in other on the consolidated statement of net income and comprehensive income.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 25 Payments to the Government of Canada on behalf of the Government of British Columbia

The Corporation makes payments to ILC, which are then paid to the Government of Canada as a result of an agreement between the provincial and federal governments following the withdrawal of the Government of Canada from the lottery field. The agreement requires the provinces, on a combined basis, to make on-going payments of \$24 million in 1979 dollars annually on an inflation adjusted basis. The Corporation, as the B.C. regional marketing organization of ILC, remits the Government of British Columbia's portion of the payments based on current population statistics.

### 26 Contingencies

From time to time, the Corporation is party to legal proceedings and claims that arise in the ordinary course of business. The Corporation recognizes a provision for these contingencies when it is probable that there will be an outflow of economic benefits and the amount can be estimated reliably.

The Corporation periodically enters into agreements with suppliers that include limited indemnification obligations. The B.C. Government Risk Management Branch must approve all such indemnification obligations. These indemnifications typically require the Corporation to compensate the other party for certain damages and costs incurred as a result of third-party claims. The nature of these agreements prevents the Corporation from making reasonable estimates of the maximum amount it could be required to pay its suppliers and therefore, no amount has been accrued in the financial statements for these indemnifications. Historically, the Corporation has not made any significant indemnification payments under such agreements.

### 27 Related party transactions

BCLC, as a wholly-owned crown corporation, is controlled by the Government of British Columbia. Included in these financial statements are transactions with various ministries, agencies, and crown corporations related to the Corporation by virtue of common control.

All transactions with the Government of British Columbia ministries, agencies, and crown corporations occurred in the normal course of operations. Transactions that are considered to be individually or collectively significant include loan agreements (note 17) and distributions to the Government of British Columbia (note 20). The Corporation pays Provincial Sales Tax on its taxable purchases and also collects and remits Provincial Sales Tax to the Government of British Columbia on its taxable sales (note 28).

Key management personnel have been defined as the members of the Board of Directors, the President & CEO, and the Corporation's Officers. The compensation for key management personnel is shown below:

	2024	2023
Short-term employee benefits <sup>1</sup>	\$ 2,406	\$ 2,239
Post-retirement benefits <sup>2</sup>	240	192
	<b>\$ 2,646</b>	<b>\$ 2,431</b>

<sup>1</sup> Salaries and non-cash benefits

<sup>2</sup> Contributions to the Registered Pension Plan and amounts for the Supplementary Pension Plan outlined in note 14

The Corporation is also related to the pension and post-retirement defined benefits plans. Transactions with these plans are disclosed in note 14.

## Notes to the Consolidated Financial Statements continued

For the year ended March 31, 2024 (in thousands of Canadian dollars)

### 28 Indirect tax expense

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As a provincial gaming authority, BCLC is a prescribed registrant under the *Games of Chance Goods and Services Tax (GST)/Harmonized Sales Tax (HST) Regulations* of the *Excise Tax Act* (the Regulations). The Corporation makes GST remittances to the Government of Canada pursuant to the Regulations. The Corporation's net tax for a reporting period is comprised of net tax attributable to both gaming and non-gaming activities. Imputed tax on gaming expenses is calculated according to a formula set out in the Regulations, resulting in the direct payment of additional GST at the applicable statutory rate. The net tax attributable to non-gaming activities is calculated similarly to that for other GST registrants.

Provincial Sales Tax is calculated and remitted to the Province of B.C. pursuant to the *Provincial Sales Tax Act*.

## ONLINE GAMING MARKET

### Ministry/Ministries:

- Ministry of Finance
  - Crown Agencies Secretariat (CAS)
- Ministry of Public Safety and Solicitor General
  - Gaming Policy Enforcement Branch (GPEB).

### Issue:

- The unregulated online gaming market in B.C. and the impacts of other provinces opening their online gaming markets to private operators.

### Background:

- The Federal *Criminal Code* requires that gaming in Canada is “conducted and managed” by a province. Per the provincial *Gaming Control Act*, BCLC is the only authorized entity to conduct and manage commercial gaming.
- GPEB is responsible for regulating all gaming in B.C., including setting marketing, advertising, and responsible gaming standards.
- Since 2004, all legal online gaming in BC is offered through BCLC’s website, PlayNow.com. Maintaining this under one regulated body enables government to have 100% verified play in the online channel, leverage player health protections across multiple channels (for example, an individual can register for self-exclusion at a Casino and BCLC will automatically close the individual’s PlayNow account), and maintain a monopoly which returns 100% of its net income to the Province.
- Atlantic Lottery Corporation and Lotto Quebec also offer provincially operated sites. In addition to PlayNow for B.C., BCLC operates PlayNow for Manitoba and the Saskatchewan Indian Gaming Authority. Ontario has a different, open-market model.
- Ontario Lottery and Gaming (OLG) conducts and manages gaming on behalf of the Government of Ontario and offers an online gaming site. In April 2022, Ontario also established iGaming Ontario (iGO) and launched an open online gaming market. iGO conducts and manages online gaming through contracts with private operator websites (called iGO licensees – e.g., Bet365, Bet99 and Party Casino). To date there are 50 iGO licensees with 82 gaming websites, outside of OLG.
- Ontario’s licensing of private online gaming operators has affected the online gaming market in the rest of Canada and led to increased advocacy from certain stakeholders for an open-market model in BC. Private operators consistently advocate for BC to shift to an Ontario-like model which would enable them to capture a portion of the online gaming market share. It is anticipated that this advocacy will continue with a new government.
- iGO licensees are intended for players physically located in Ontario and are not legal in British Columbia. However, many of these licensees have internationally based affiliated sites under the same name and, their advertising packages have national reach. There is evidence that iGO

licensees redirect out-of-jurisdiction players to their affiliated international sites (which are also illegal in B.C.).

- Many players in British Columbia are unaware that iGO licensees are not licensed in B.C. and increased use of these unregulated sites in recent years has contributed to reduced market share for PlayNow and a resulting negative impact on government revenue.
- BCLC, Manitoba Liquor & Lotteries Corporation, Lotteries and Gaming Saskatchewan, the Atlantic Lottery Corporation, and Loto-Québec have formed the Canadian Lottery Coalition to combat illegal online gaming activities and their effects.
- Alberta has announced that like Ontario, they will expand their online gaming market to allow multiple operators. They have not announced when this will launch.
- In February 2024, Ontario filed a reference with the Ontario Court of Appeal asking whether it would be legal, under the *Criminal Code*, to allow Ontario players to participate in gaming with international players. The hearing will take place from November 26 to 28, 2024.
- The Canadian Lottery Coalition members are intervenors in the case.

#### **Implications / Considerations / Opportunities:**

- Unregulated online gaming poses risks, not only with respect to the impact on the Province's revenue through reduced market share, but also with respect to money laundering, problematic gaming behaviour, game integrity, and effectiveness of age-of-majority controls.
- Additionally, the high volume of advertising by iGO licensees has driven up the cost of marketing for BCLC. Since the legalisation of Single Event Betting and the opening of the Ontario iGaming market, BCLC's spending in sports marketing and sponsorships has increased by a factor of 10, from \$1.1M in FY20 to \$11.3 million in FY24.
- If Ontario's Court of Appeal rules that it is legal for Ontario players to play with international players, the unregulated market will likely gain more market share.
- Similarly, it is likely that the introduction of a licensing model in Alberta will lead to an influx of advertising in B.C. which could further impact PlayNow.
- While private gaming websites generate high gross revenue, little of that becomes provincial revenue. In Ontario, licensed sites deliver a 6.8% return on gaming revenue to the province, whereas 64% is returned to B.C through PlayNow.
  - In 2023/24 BCLC's online gaming net income was \$282 million (approx. \$62 per capita - adults), compared with iGaming in Ontario's net income of \$508 million (approx. \$40 per capita - adults).

#### **Next Steps:**

- BCLC continues to drive the success of PlayNow.com, including through strategic growth initiatives such as modernization of the platform and new products.
- BCLC will continue to advertise and enhance the PlayNow brand presence to attract players and reinforce the message that it is the only legal option in the province and that its profits flow back to the province to support essential services such as health care, education and vital community programming.



- The hearing before the Court of Appeal for Ontario is scheduled for late November, so it is important to monitor the case to inform future government decisions.





**CROWN AGENCIES SECRETARIAT  
30-60-90-Day Issues**

Issue / Decision / Activity	Brief Description
<b>30 Days</b>	
Approximately 25 board appointments terming out with November deadlines	Minister briefings and decisions required with CABRO; risk if not completed – orders will lapse and potential quorum issues. Further details on board appointments will be in the responsible ministries’ 30-60-90s.
Office of the Auditor General of BC performance audit on CABRO’s public sector organizations appointment process	Final draft sent to Ministry for formal response and request for written representations is anticipated for November 2024.
<b>60 Days</b>	
Approximately 150 board appointments terming out with December deadlines	Minister briefings and decisions required with CABRO; risk if not completed – orders will lapse and potential quorum issues. Further details on board appointments will be in the responsible ministries’ 30-60-90s.
ICBC Board Appointments	Four ICBC Board appointments are required due to current appointments expiring in December 2024. <small>Advice/Recommendations; Government Financial Information</small>
<b>90 Days</b>	
Approximately 25 appointments terming out with January deadlines	Minister briefings and decisions required with CABRO; risk if not completed – orders will lapse and potential quorum issues. Further details on board appointments will be in the responsible ministries’ 30-60-90s.

## EXECUTIVE MEMBER BIOGRAPHY



**Name:** Mary Sue Maloughney

**Title:** Associate Deputy Minister, Crown Agencies Secretariat

**Ministry:** Finance

**Biography:**

Mary Sue Maloughney was appointed the Associate Deputy Minister of the Crown Agencies Secretariat (CAS) in May 2023. She has over 25 years of experience in the BC Public Service, having held leadership roles in various ministries and sectors in positions that ranged from policy, legislation and negotiations to operations. Prior to joining CAS, Mary Sue was Associate Deputy Minister and Chief Operating Officer (COO) at the Ministry of Emergency Management and Climate Readiness. During her time with EMCR, she provided leadership and guidance to advance EMCR's mandate at a critical time and leading up to the establishment of EMCR as a stand-alone Ministry.

Previously, Mary Sue was ADM and General Manager for the Liquor and Cannabis Regulation Branch where she led her team through liquor reforms in support of public health and industry through COVID-19, as well as streamlining the cannabis licensing process post legalization. Before that Mary Sue played a leadership role in the setup of the province's first Ministry of Mental Health and Addictions and directed important work to advance B.C.'s mental health strategy as the ADM of Strategic Planning, Partnership and Research. Mary Sue also led the BC Wildfire Service over the 2015 and 2017 wildfire seasons as the ADM, Integrated Resource Operations at FLNR.



## EXECUTIVE MEMBER BIOGRAPHY



**Name:** Tracee Schmidt

**Title:** Assistant Deputy Minister, Crown Agencies Secretariat (CAS)

**Ministry:** Finance

**Biography:**

Tracee Schmidt was appointed as the Assistant Deputy Minister and Executive Financial Officer for CAS in October 2023. She has over 30 years of progressive leadership experience within the BC Public Service across multiple ministries, in diverse areas such as policy, stakeholder relations, Treasury Board operations, and complex project delivery. She has a passion for strategy, change management, good governance, and building high performing teams.

In addition to her Executive Financial Officer accountabilities, Tracee also oversees the BC Lottery Corporation and Liquor Distribution Branch. Previously Tracee was with the Ministry of Mental Health and Addictions where she was the Executive Financial Officer and Executive Lead for strategic HR, strategic planning, and stakeholder engagement and communications.

Other roles have included: establishing cross-ministry governance for high-risk projects during a period of intense scrutiny from the Auditor General and media; developing the first 10 year \$10 billion capital plan for Treasury Board; leading the implementation of the BC Services Card; and moving government to a common tool for measuring employee satisfaction (Work Environment Survey). Tracee's career path has woven through many areas of government including: Finance (Treasury Board Staff and CAS), Mental Health and Addictions, Citizens' Services, Infrastructure BC (Crown), the BC Public Service Agency, Health, Attorney General / Public Safety, and the former Ministry of Social Services.

Tracee holds a Master of Business Administration and a Bachelor of Arts in Sociology (Hons).



## EXECUTIVE MEMBER BIOGRAPHY



**Name:** Vanessa Geary

**Title:** Senior Executive Lead, Crown Agencies Secretariat

**Ministry:** Finance

**Biography:**

Vanessa has been with the Crown Agencies Secretariat since July 2021 and oversees the recruitment and recommendation of candidates for appointments to crown corporations, agencies, boards and commissions. Vanessa brings a focus on good governance in the public interest and ensuring that boards have the diversity in skills, experience and perspective needed to be representative and effective.

She has held senior leadership roles in the Office of the Premier, the Office of the Mayor of the City of Vancouver, the British Columbia General Employees' Union (BCGEU) and Vancity. Vanessa has served on a number of non-profit boards including the Eastside Culture Crawl Society and McLaren Housing Society and the Mole Hill Community Housing Society, including as Chair.

Vanessa holds a Bachelor of Arts in International Relations and a Master of Arts, School of Community and Regional Planning from the University of British Columbia.



## EXECUTIVE MEMBER BIOGRAPHY



**Name:** Toby Louie

**Title:** Executive Lead, Crown Agencies Secretariat

**Ministry:** Finance

**Biography:**

Toby Louie joined the Crown Agencies Secretariat as an Executive Lead in April 2022. In the role, he is responsible for overseeing the Insurance Corporation of BC and supporting other crown agencies of strategic importance to government. Previously, Toby served as the Executive Director and Corporate Secretary for the BC Ferry Authority, the sole-voting shareholder for BC Ferries.

Toby has been in the BC public service for over 30 years, almost entirely in the justice and public safety sector and served in various policy, planning, and communications roles. His past responsibilities included leading consumer protection policy; overseeing delegated consumer protection agencies; managing a ministry's legislation program; leading ministry strategic planning; developing corporate policy and strategic initiatives; and issues management. Toby graduated from the University of Victoria with a Bachelor of Arts in Economics and a Master's degree in Public Administration.



**CROWN AGENCIES SECRETARIAT  
KEY STAKEHOLDERS**

Name	Description	Key Issues / Interests
<b>BCLC</b>		
Alliance of Beverage Licensees (ABLE BC)	Advocacy group of approximately 1000 members representing BC's private liquor industry, including Licensee Retail Stores and liquor primary establishments (bars, pubs, nightclubs.) Recently joined with BC Private Liquor Store Association (BCPLSA). ABLE BC also advocates for the private cannabis retail sector.	<ul style="list-style-type: none"> <li>Self-serve lottery terminals (located in bars and pubs across BC)</li> </ul>
BC First Nations Gaming Revenue Sharing Limited Partnership	The Limited Partnership is responsible for receiving, managing, distributing and reporting on the funds that flow to BC First Nations through the Long-Term Revenue Sharing Agreement, which provides a 7% entitlement of net gaming revenues to the Limited Partnership.	
BC Gaming Industry Association (BCGIA)  (not inclusive of all service providers)	Provides strategic leadership for the BC gaming industry on behalf of private sector gaming operators.  They enhance relationships, education and advocacy through involvement with community stakeholders, government, media and the public.	<ul style="list-style-type: none"> <li>Review of service provider commission structure</li> </ul>

Canadian Lottery Coalition	A coalition of five provincial gaming corporations (British Columbia Lottery Corporation; Alberta Gaming, Liquor & Cannabis; Manitoba Liquor and Lotteries Corporation; Loto-Québec; and Atlantic Lottery Corporation) have joined together to fight illegal operators and their intrusive advertising.	<ul style="list-style-type: none"> <li>• Illegal online gaming</li> </ul>
Casino Service Providers	There are currently 20 private service providers of casinos, community gaming centres, and racetracks in B.C. However, Gateway Casinos, Great Canadian, and their subsidiaries operate over half of all gaming facilities in the province. Currently only one service provider is Indigenous although Indigenous-owned companies are in the process of purchasing gaming facilities.	<ul style="list-style-type: none"> <li>• Decreasing revenue, due to economic pressures and a shift to online gaming.</li> <li>• Increased costs due to stricter regulatory requirements.</li> </ul>
Centre for Gambling Research at UBC	Studies the cognitive, behavioural, clinical and neuroscience aspects of gambling.	<ul style="list-style-type: none"> <li>• GameSense - BCLC's player health program which focuses on proactive player education, encouraging safer experiences and healthy gambling behaviours.</li> </ul>
Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)	Canada's financial intelligence unit and anti-money laundering and anti-terrorist financing supervisor	<ul style="list-style-type: none"> <li>• Anti-money laundering</li> </ul>

<p>First Nations Gaming Commission (FNGC)</p>	<p>Created by First Nations in BC to advocate for their rights with regards to gaming. It is responsible for leading gaming revenue sharing discussions with government and increasing First Nations' participation in the gaming industry. FNGC is overseen by the First Nations Leadership Council.</p>	<ul style="list-style-type: none"> <li>• Gaming Control Act</li> <li>• New Gaming Facility Developments</li> </ul>
<p>Host Local Governments</p>	<p>Local governments that host casinos or community gaming centres and receive a share of net gaming income generated by those facilities.</p> <p>There are 33 host local governments (HLGs) including 4 First Nations  <a href="https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/gambling-locations#one">https://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/gambling-locations#one</a></p>	<ul style="list-style-type: none"> <li>• Neighbouring local governments and First Nations have expressed concerns about the Host Financial Assistance Agreements and how funds are shared and used.</li> </ul>
<p>Interprovincial Lottery Corporation (ILC)</p>	<p>A Canadian organization that operates lottery games. It is owned jointly by the five provincial lottery commissions. ILC's headquarters are located in Toronto, Ontario.</p>	<ul style="list-style-type: none"> <li>• BCLC, in conjunction with the ILC, manages and markets several major games with multi-million dollar jackpots played nationwide.</li> </ul>



<p>Private online gaming operators</p>	<p>Private gaming companies offering online service for lottery, casino, and sportsbook gambling.</p> <p>Ontario opened its online gaming market to private operators in 2022. Alberta is also moving to a similar model.</p>	<ul style="list-style-type: none"> <li>• Currently, BCLC is the only entity that can operate gaming in B.C., including online gaming which it operates through PlayNow.com.</li> <li>• Online gaming companies would prefer an open model of online gaming, similar to the one in Ontario.</li> <li>• Private online gaming operators are running extensive advertising campaigns that reach players in B.C.; many consumers do not understand that these websites are not regulated in the B.C. market.</li> </ul>
<p>The National Council on Problem Gambling</p>	<p>National nonprofit organization that seeks to mitigate gambling-related harm.</p>	<ul style="list-style-type: none"> <li>• GameSense (BCLC’s player health program which focuses on proactive player education, encouraging safer experiences and healthy gambling behaviours.)</li> </ul>
<p>Union of BC Municipalities (UBCM)</p>	<p>Formed to provide a common voice to local governments to ensure united action and cooperation to address all matters of common municipal interest.</p>	<ul style="list-style-type: none"> <li>• Gaming Control Act</li> <li>• Gaming Development Projects</li> <li>• In 2023, UBCM requested that the Province establish an equitable formula for sharing BCLC online gaming revenues among all local governments.</li> </ul>
<p>World Lottery Association</p>	<p>An international, member-based organization of state-authorized lotteries, state-licensed sports betting operators, and suppliers to the global regulated lottery and sports betting ecosystem. Their mission is to advance the collective interests of our members and to facilitate their development through the provision of lottery and betting related services.</p>	
<p><b>LDB</b></p>		

Alliance of Beverage Licensees (ABLE BC)	Advocacy group of approximately 1000 members representing BC's private liquor industry, including Licensee Retail Stores and liquor primary establishments (bars, pubs, nightclubs.) Recently joined with BC Private Liquor Store Association (BCPLSA). ABLE BC also advocates for the private cannabis retail sector.	<ul style="list-style-type: none"> <li>• ABLE ED Jeff Guinard is Co-chair of BTAP</li> </ul>
BC Craft Brewers Guild	Collection of small BC breweries producing less than 200,000 HL annually, worldwide; they are also a cooperative trade organization.	<ul style="list-style-type: none"> <li>• ED Ken Beattie is a member of BTAP</li> </ul>
BC Craft Farmers Co-op	Cannabis cooperative open to service providers and suppliers within the BC craft cannabis industry. Part of the BC Co-op Association, BCFC has over 200 members. Advocates to all levels of government to accelerate the participation of BC's small-to-medium sized producers in the legal marketplace.	<ul style="list-style-type: none"> <li>• President is Tara Kirkpatrick</li> </ul>
BC Restaurant and Foodservices Association	Representing the interests of BC restaurants at all levels of government to promote industry growth.	<ul style="list-style-type: none"> <li>• President and CEO Ian Tostenson is a member of BTAP</li> </ul>

Beer Canada	A trade association that advocates on behalf of its members and works with governments, stakeholders and the public to improve the marketplace for beer.	<ul style="list-style-type: none"> <li>• President CJ Hélie and VP Evan Southern are BTAP members</li> </ul>
Business Technical Advisory Panel (BTAP)	<p>Established in 2018 to inform government on liquor policy issues and areas of concern or opportunity for the B.C. liquor industry.</p> <p>BTAP has 11<sup>1</sup> members representing manufacturers, retail licensees and hospitality sector associations.</p>	<ul style="list-style-type: none"> <li>• Liquor policy, etc.</li> </ul>
Cannabis Cultivators of BC	Non-profit association that brings together cannabis cultivators across British Columbia who are committed to promoting a growing cannabis sector and contributing to our communities.	<ul style="list-style-type: none"> <li>• Advocates for interests of BC cannabis producers.</li> </ul>
Craft Cannabis Association of BC (CCABC)	A non-profit society created to support small-scale cannabis producers in BC. Seeks and creates resources to support and promote the craft cannabis industry in BC.	<ul style="list-style-type: none"> <li>• Board chair Teresa Taylor is a founding member of the Canadian Cannabis Coalition</li> </ul>

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<sup>1</sup> The 11 members of BTAP have also been individually noted.

Craft Distiller's Guild of BC	Represents 39 craft distilleries in BC.	<ul style="list-style-type: none"> <li>• President Tyler Dyck is a member of BTAP</li> </ul>
Import Vintners and Spirits Association (IVSA)	A registered not-for-profit society that was formed in 1975 by a group of beverage alcohol import agents who felt a united voice should be heard when communicating with the BC Liquor Distribution Branch, AGLC, Provincial Governments and industry partners.	<ul style="list-style-type: none"> <li>• Davor Kovac (board member and treasurer) is IVSA's interim member of BTAP</li> </ul>
New Wave Wine Society	A group of small fruit wineries, meaderies, and cideries that have come together in an effort to support innovation and quality in the wine sector.	<ul style="list-style-type: none"> <li>• Board Chair Pat Bell is a member of BTAP</li> </ul>
Restaurants Canada	Represents Canada's restaurant and foodservice industry from independent operators to regional and national chains, including restaurants, bars, caterers, franchisors, hotels, institutions, food trucks, convenience stores and other emerging business types.	<ul style="list-style-type: none"> <li>• Western Canada VP Mark von Schellwitz is a member of BTAP</li> </ul>

Retail Cannabis Council of British Columbia (RCCBC)	A non-profit industry advocacy group focused on working with legislators and regulators to create a favourable environment for private cannabis retailers in Canada.	<ul style="list-style-type: none"> <li>• President is Alfred Schaefer</li> <li>• Executive Director is Jaclynn Pehota</li> </ul>
Rural Agency Store Advisory Society (RLASAS)	Represents the interests of approximately 230 Rural Agency stores in BC. Rural agency stores allow the sale of alcohol in communities and major tourist destination resorts in BC too small to warrant a full-service liquor outlet.	<ul style="list-style-type: none"> <li>• Director Trent Leggett is a member of BTAP</li> </ul>
Spirits Canada	Represents the interests of Canadian spirits.	<ul style="list-style-type: none"> <li>• Senior VP, Public Affairs and Policy, Lorena Patterson is a member of BTAP</li> </ul>
Wine Growers BC	A volunteer membership-based, not for profit society. Their mission is to represent the interests of BC commercial and land-based wineries dedicated to producing 100% BC grape wines through marketing, communications and advocacy of their products to stakeholders	<ul style="list-style-type: none"> <li>• President and CEO Miles Prodan is a member of BTAP. His term ends Dec. 31 and a new president will be selected prior.</li> </ul>
<b>ICBC</b>		

<p>Association for Injured Motorcyclists</p>	<p>Leading advocacy group on behalf of those injured in and disabled as a result of an accident.</p>	<ul style="list-style-type: none"> <li>Enhanced Care coverage.</li> </ul>
<p>Automotive Retailers Association</p>	<p>Represent the automotive industry in B.C. across eight key divisions: Automotive Glass - Auto Rental - Automotive Recyclers - Collision Repair - Licensed Motor Dealers - Mechanical Repair - Towing &amp; Recovery.</p>	<ul style="list-style-type: none"> <li>Adrian Scovell is the President and CEO.</li> <li>ICBC compensation for key material damage suppliers (collision repair, auto glass, towing).</li> </ul>
<p>BC Association of Chiefs of Police Traffic Safety Committee</p>	<p>Represents senior police leadership of both the RCMP and Municipal police within B.C. with a purpose to provide consistency, efficiency, and effectiveness of police practices.</p> <p>The Traffic Safety Committee promotes public safety through supporting road safety initiatives, working with community and partners.</p>	<ul style="list-style-type: none"> <li>Neil Dubord is the Chair and Chief Constable, Delta Police.</li> </ul>
<p>BrainTrust Canada</p>	<p>Leading advocacy group on behalf of those injured in and disabled as a result of an accident.</p>	<ul style="list-style-type: none"> <li>Enhanced Care coverage.</li> </ul>

British Columbia Association of Clinical Counsellors	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Marci McCabe is the Director of Member Services.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
British Columbia Association of Kinesiologists	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Daryl Reynolds, Executive Director.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
British Columbia Association of Municipal Chiefs of Police	Represented by the BCACP. BCAMCP is a stakeholder through the BCACP.	
British Columbia Association of Traditional Chinese Medicine and Acupuncture Practitioners	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Suzanne Williams, Executive Director.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>

British Columbia Brain Injury Association	Leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• Geoffrey Sing, Chairperson.</li> <li>• Enhanced Care coverage.</li> </ul>
British Columbia Chiropractic Association	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Moezin Baloo, Professional Affairs Advisor.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
British Columbia Psychological Association	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Dr. Lesley Lutes, Co-Director of Advocacy.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
British Columbia Graduated Licensing Driving School Association	Consortium of driving schools in B.C. that provide driver training and the ICBC-approved training course	<ul style="list-style-type: none"> <li>• Kate Harris, CEO, DriveWise British Columbia.</li> <li>• Participant in the 2023/2024 GLP review.</li> </ul>



British Columbia Trucking Association	Represent the province-wide, non-partisan, non-profit motor carrier association formed solely to advance the interests of British Columbia motor carriers. The organization is member based, so it may not necessarily represent the interests of all commercial carriers.	<ul style="list-style-type: none"> <li>• Dave Earle, President.</li> <li>• Commercial vehicle driver licensing requirements.</li> <li>• Commercial vehicle insurance rates.</li> </ul>
Canadian Association of Occupational Therapists – BC Branch	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Sara Bishop, Regional Director.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
Canadian Mental Health Association – British Columbia Division	Leading health care group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Enhanced Care coverage.</li> </ul>
Disability Alliance BC	Previously leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• Enhanced Care coverage.</li> </ul>



Doctors of BC	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Farnaz Ferdowsi, Acting Manager, Advocacy.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
Fraser Valley Brain Injury Association	Leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• Carol Paetkau, Executive Director.</li> <li>• Enhanced Care coverage.</li> </ul>
GF Strong	Leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• Enhanced Care coverage.</li> </ul>
HUB Cycling	Represents a charitable not-for-profit organization that removes barriers to cycling in Metro Vancouver.	<ul style="list-style-type: none"> <li>• Enhanced Care coverage.</li> </ul>



Injury Recovery Management Panel	ICBC established the interdisciplinary panel to advise on design of Enhanced Care to meet the needs of those with catastrophic injuries.	<ul style="list-style-type: none"> <li>• Enhanced Care coverage for those with serious and catastrophic injury.</li> </ul>
Insurance Brokers Association of BC	Representative of all insurance brokers in the province. A significant portion of their business is comprised of ICBC auto insurance sales.	<ul style="list-style-type: none"> <li>• Rosy Puri-Manhas (Cascade Insurance Agencies, Surrey), President.</li> <li>• Chuck Byrne, President and Chief Operating Officer.</li> <li>• Enhanced Care coverage financial and operational implications for brokers.</li> <li>• Online sales of ICBC auto insurance.</li> </ul>
Insurance Bureau of Canada	Representative for private auto insurance companies in BC. Leading voice for choice in auto insurance and shift away from current ICBC monopoly on basic coverage.	<ul style="list-style-type: none"> <li>• Aaron Sutherland, Vice President, B.C.</li> <li>• Choice in auto insurance.</li> <li>• Enhanced Care coverage implications for private insurers.</li> </ul>
Nanaimo Brain Injury Society	Leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• Kix Citton, Executive Director</li> <li>• Enhanced Care coverage.</li> </ul>



Pain BC	Leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• Kathryn Sutton, Director of Communications</li> <li>• Enhanced Care coverage.</li> </ul>
Physiotherapy Association of BC	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Andrea Burton, CEO.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
Praxis Spinal Cord Institute	Leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• John Chernesky, Consumer Engagement Program Manager</li> <li>• Enhanced Care coverage.</li> </ul>
Progressive Heavy Collision Association	Represents a collective of heavy/commercial repair facilities that provide services to ICBC.	<ul style="list-style-type: none"> <li>• Rory Morrison, President</li> <li>• ICBC commercial repair rates and policies.</li> </ul>



Registered Massage Therapists Association of British Columbia	Leading health care practitioner group that provides significant services to those injured in an accident.	<ul style="list-style-type: none"> <li>• Gordon Macdonald, Executive Director.</li> <li>• Participant in the 2024 CAS-led Part 7 Benefits Fee Regulatory Review.</li> </ul>
Spinal Cord Injury	Leading advocacy group on behalf of those injured in and disabled as a result of an accident.	<ul style="list-style-type: none"> <li>• Enhanced Care coverage.</li> </ul>
Union of British Columbia Indian Chiefs	Non-profit political organization representing numerous First Nations across BC in order to protect and further Aboriginal title and rights.	<ul style="list-style-type: none"> <li>• Lucy Sager.</li> <li>• “Road to Reconciliation” discussion paper and participant in 2023-2024 GLP Review.</li> <li>• Has been advocating for better access to drivers license training and licensing processes for Indigenous peoples.</li> </ul>
Vancouver Island Tow Operators	Represents Vancouver Island tow operators providing services to ICBC and RoadSafetyBC.	<ul style="list-style-type: none"> <li>• Dave LeQuesne, Owner, Westshore Towing.</li> <li>• Towing and storage fees and regulations.</li> </ul>

Westcoast Automotive Business Association	Represents a small number of tow operators providing services to ICBC and RoadSafetyBC.	<ul style="list-style-type: none"><li>• Dale Finch, president and CEO.</li><li>• Has been advocating for increased rates under ICBC's material damage programs.</li><li>• Would like to negotiate rates on behalf of industry (challenging Competition Act).</li></ul>
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## MAJOR CORPORATE ISSUE NOTE

### Ministry/Ministries:

- Ministry of Finance, Crown Agencies Secretariat (CAS), Crown Agencies and Board Resourcing Office (CABRO)

### Issue:

- Office of the Auditor General of BC (OAG) is currently conducting a performance audit of CAS. Specifically, CABRO's oversight of provincial board appointments.

### Background:

- CABRO is responsible for promoting good practice public sector governance by overseeing provincial appointments to approximately 250 public sector organizations in BC.
- CAS supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities.
- CABRO is responsible for overseeing the recruitment and recommendation of candidates for appointments to public sector organizations.
- OAG performance audit, which began June 5, 2023, examines CABRO's oversight of appointments and reappointments to public sector organizations for the period from January 1, 2023 to December 31, 2023, specifically looking at key areas including:
  - Identification of board needs and gaps in competency or diversity;
  - Conflict of interest mitigation;
  - Timeliness of board appointments; and
  - Monitoring and reporting on board diversity.

### Implications / Considerations / Opportunities:

- OAG anticipates publicly releasing the audit report in early 2025, subject to when report can be tabled in the Legislature.

### Decision(s) Required / Next Steps:

- OAG expects to send its final draft to the Ministry of Finance, Crown Agencies Secretariat for formal response and request for written representations in November 2024. This timing is included on the 30, 60, 90 report.

# Government 101

Overview of Key Roles, Structures & Processes

October 2024





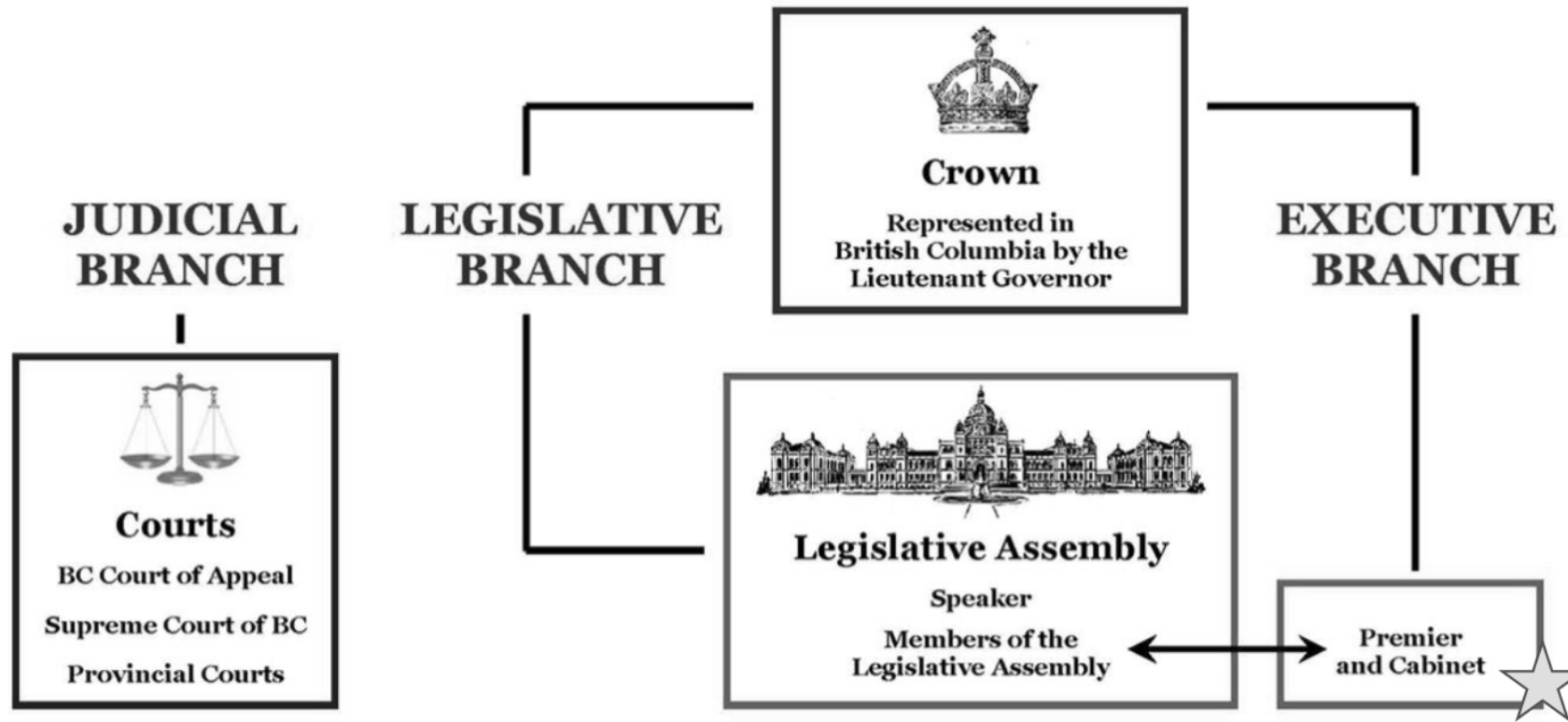
# Overview

- Introduction
- Office of the Premier
- Roles & Responsibilities
- Government Decision Making
- Cabinet Confidentiality
- Conflict of Interest
- Records Management

# Introduction



# The Three Branches of Government



# The Executive Council or Cabinet

- Established under section 9 of *Constitution Act*
- Ultimate decision-making body of government
- Members appointed by the Lieutenant Governor on advice from Premier
- Chaired by the Premier

# Office of the Premier



# Office of the Premier

- The Office of the Premier has two principal roles:
  - 1) **Political:** overseen by the Premier's Chief of Staff, who acts as the senior political advisor to government
  - 2) **Non-partisan Public Service:** overseen by the Deputy Minister to the Premier
- Premier's **Chief of Staff** and **Deputy Minister to the Premier** work collaboratively to:
  - Support the Premier to advance government's policy and legislative agendas
  - Represent the Premier in providing direction to their respective staffs:
    - Chief of Staff provides direction to political staff, including Ministers' chiefs of staff
    - Deputy Minister to the Premier provides direction to public servants

# Key Roles

## Premier's Chief of Staff

- Most senior political advisor
- Provides strategic advice to the Premier and Executive Council (Cabinet) to advance government's policy and legislative agenda
- Coordinates and develops governments strategic and policy objectives
- Coordinates cross-government communications and issues management
- Develops and maintains relationships with major stakeholders
- All Ministers' chiefs of staff report to the Premier's Chief of Staff

## Deputy Minister to the Premier

- Most senior public servant (non-political official)
- Serves as Cabinet Secretary and head of the BC Public Service
- Provides non-partisan advice to the Premier on public policy, development of legislation, and operational issues
- Ensures effective administration of programs and services, the development and implementation of key policy initiatives
- Manages a professional and non-partisan public service
- All Deputy Ministers report to the Deputy Minister to the Premier

# Roles & Responsibilities





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Advice/Recommendations

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Advice/Recommendations

# Government Decision-Making



# Cabinet-Level Decisions



## Policy

Cabinet considers and provides direction on significant new policies or shifts in policy. It may also provide direction on contentious issues and issues with significant cross-government and inter-governmental implications.



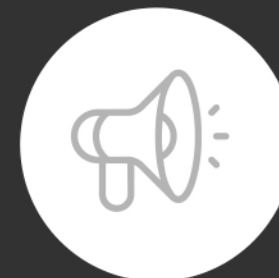
## Fiscal

Treasury Board considers and provides direction on the overall financial decision making of the province and the execution of the fiscal plan, including making regulations or issuing directives to control or limit expenditures.



## Legislative

Cabinet considers and provides direction on legislative priorities and legislation.

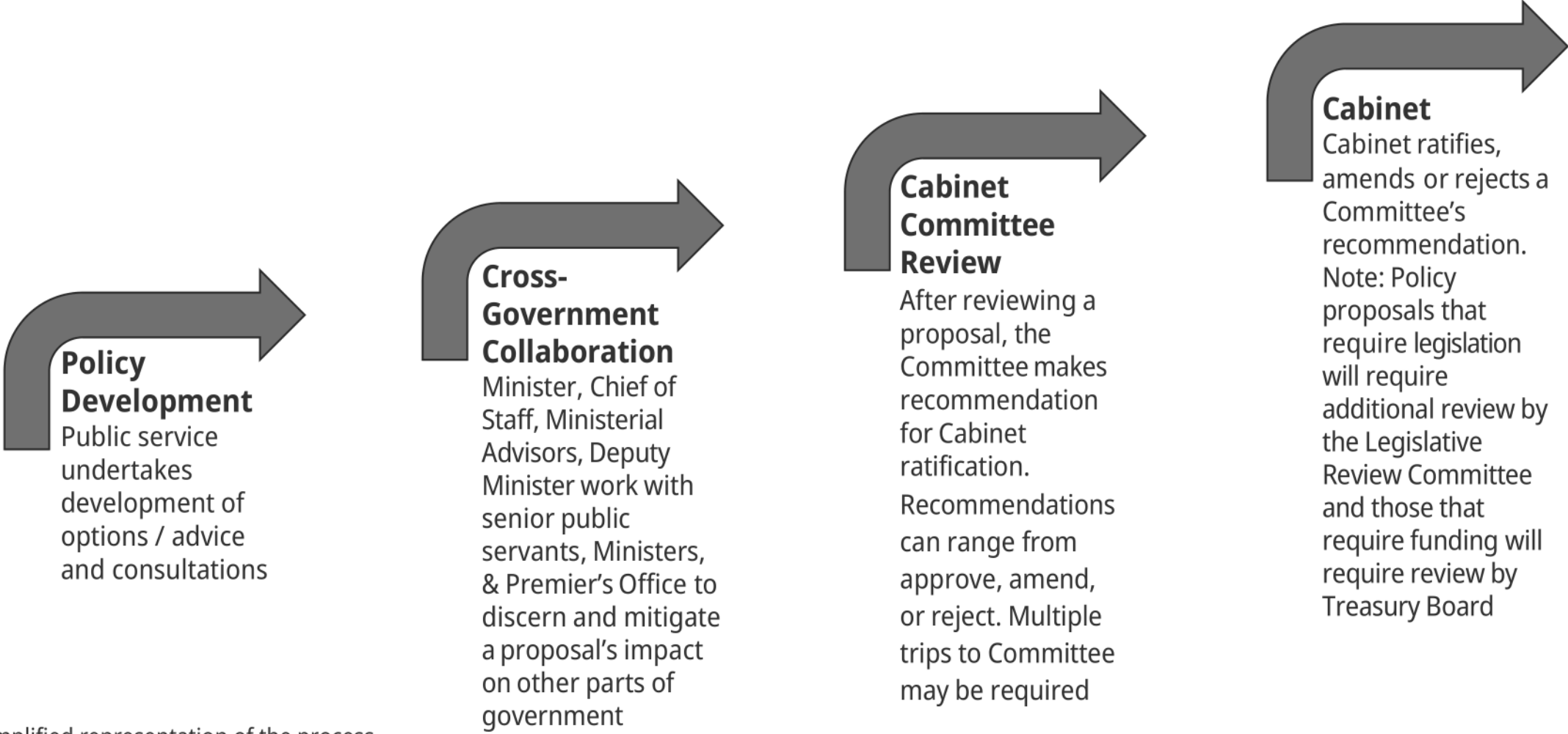


## Regulations / OICs

Cabinet considers and provides direction on regulatory changes, appointments and more through Orders in Councils (OICs).



# Government Decision-Making: Key Steps\*



\*This is a simplified representation of the process

# Mandate Letters

- Usually, Mandate Letters are issued to each Minister by the Premier and set out the expectations and deliverables regarding their portfolio and priorities for government as a whole
- Mandate Letters act as a guide for the Minister and Deputy Minister to follow in their day-to-day work, as well as the means for evaluating it
- How and when Mandate Letter deliverables are achieved is determined through collective decision making at Cabinet
- Any policy proposal that falls outside of the objectives set out in Mandate Letters requires approval from the Premier's Office to enter into the Cabinet review and decision-making process

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Advice/Recommendations

# Cabinet and Cabinet Committees

- Policy or program proposals require formal Cabinet approval to proceed:
  - This process involves a Cabinet Submission, sometimes more than one, for review and decision
  - Policy and funding decisions are determined separately, through Cabinet and Treasury Board respectively
  - This process applies even if the item is listed in a Minister's Mandate Letter
  - The Deputy Minister to the Premier, in their role of Cabinet Secretary, is responsible for what advances into the Cabinet review process
  - The process and administration of Cabinet and Cabinet Committees is managed through the office of Cabinet Operations
- Cabinet and Cabinet Committees reach decisions through discussion and consensus
- Decisions are set out in minutes and are formally communicated to ministries through Records of Decision

# Role of Cabinet Committees in the Review Process

- Prior to proceeding to Cabinet for decision, a submission may be vetted by a Cabinet Committee
- Practically speaking, Cabinet Committees help manage the high volume of items requiring decision so that Cabinet meetings can focus on the most significant, high-profile public policy issues
- Cabinet Committees are established by the Premier, by convention or by legislation
- Membership is composed of Cabinet Ministers and some government caucus MLAs. Each Committee is chaired by a member of the Executive Council (Cabinet)
- Cabinet Committees assess submissions and make recommendations to Cabinet, which the Chair reports out on at a full Cabinet meeting
- Cabinet can ratify, amend or reject the Committee's recommendation and Ministers are expected to leave Cabinet with a united voice

# Cabinet Confidentiality



# Cabinet Confidentiality

- The work undertaken by Cabinet and its Committees is and must remain confidential. This includes anything that would reveal the substance of Cabinet deliberations:
  - Cabinet and Treasury Board Submissions and supporting documents
  - Discussion around the Cabinet table
  - Attendees, agendas and dates that items are scheduled to come forward
- Cabinet is a safe place to talk frankly and emerge with one voice
- All Ministers, MLA Cabinet Committee members and their supporting political staff are required to uphold the confidentiality provisions under the oaths or confidentiality agreements they have taken:

Cabinet Minister	Oath for Member of Executive Council
MLA Cabinet Committee Member	Oath of Confidentiality for Committees of Executive Council
Ministers' Chiefs of Staff	Political Staff Oath Confidentiality Agreement for attending Cabinet & Committee meetings

# Cabinet Confidentiality

- The requirement for Cabinet confidentiality prohibits direct and indirect disclosures outside of government – to stakeholders, lobbyists or the media
- Breaches in Cabinet confidentiality violate the collective responsibility shared by all Cabinet Ministers and can have serious implications for Government as a whole
- Confidentiality applies to Cabinet as an entity – individual ministers do not have the authority to waive it

Advice/Recommendations

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# Conflict of Interest



# Conflict of Interest

- Ministers and political staff are required to avoid conflicts of interest
- Ministers must abide by the *Members' Conflict of Interest Act*, which prohibits acting in an official capacity if a conflict of interest or a perceived conflict of interest exists
- Similarly, political staff must abide by the conflict of interest requirements outlined in the Standards of Conduct for Political Staff
- There are three types of conflict of interest: real, potential and perceived
- A conflict of interest exists if an official power or an official duty or function is performed when the person knows that there is the opportunity to further a private interest
- A private interest does not include an interest that applies to the general public or affects a minister as a broad class of people
- **Effectively managing conflicts of interest is one of the primary ways that public confidence in the integrity of government is fostered and maintained**

# Conflict of Interest Commissioner

- The Conflict of Interest Commissioner is an independent, non-partisan Officer of the Legislative Assembly who is responsible for independently and impartially interpreting and administering the *Members' Conflict of Interest Act*
- All Members of the Legislative Assembly are required to file a confidential disclosure statement with the Commissioner within 60 days of being elected, and after that, annually
- Once the contents of the confidential disclosure statement have been finalized, a Public Disclosure Statement is prepared, which contains most, but not all, of the information provided to the Commissioner
- The Public Disclosure Statement is filed with the Clerk of the Legislative Assembly and is available for public inspection

# Records Management



# Records Management

- All records created are subject to the *Freedom of Information and Protection of Privacy Act (FOIPPA)*, whether they are considered transitory in nature or are related to government decisions
- These include both hard copy and electronic records (E.g., emails, texts, Post-It notes, notebooks)
- Records relating to government decisions need to be maintained by Ministers and Ministers' office staff
- Maintaining records does not equate to disclosure of records
- Records belong to government, not to individual members of Executive Council or political staff

# Records Management

- Content related to Cabinet and Cabinet Committee deliberations cannot be disclosed under section 12 of FOIPPA
- Section 13 of FOIPPA provides a similar rule for policy advice or recommendations developed for a Minister
- Information and Privacy Analysts in the public service help with redacting content from records from records in accordance with FOIPPA as part of preparing responses to freedom of information requests
- Some records are proactively disclosed, including Minister's calendars and travel expenses

# Records Management

- Deputy Minister Offices (DMOs) are responsible for the proper management of government records that reside in a Minister's Office and sign off on the final response packages for freedom of information requests
- DMO and Minister's Office staff should establish protocols regarding records management and responses to freedom of information requests
- Minister's Office staff should undertake training via the Corporate Information and Records Management Office related to records management, freedom of information requests, and protecting the personal privacy of individuals
- Specific executive training may be available via dedicated sessions in addition to online learning courses through the Public Service Agency
- **Staying on top of records management is key – any record you didn't need to keep but is still in existence is subject to FOIPPA**



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