

Gaming Policy and Enforcement Business Plan – 2009/10

Overview

Gaming Policy and Enforcement, located in the Ministry of Housing and Social Development, regulates all gaming in British Columbia. Gaming Policy and Enforcement (GPE) carries out its mandate under the provincial Gaming Control Act, Gaming Control Regulation and Canada's Criminal Code.

This mandate includes regulatory oversight of the BC Lottery Corporation (which conducts and manages lotteries, casinos, community gaming centres and commercial bingo halls), all gaming services providers and gaming workers, B.C.'s horse racing industry, lottery retailers and licensed gaming events.

GPE has a wide range of responsibilities in the gaming industry. These include:

- Developing and managing gaming legislation and standards for commercial and charitable gaming and horse racing;
- Licencing charitable gaming events and horse racing;
- Overseeing and regulating horse racing events;
- Registering gaming services providers, gaming workers and lottery retailer managers;
- Approving and certifying gaming and lottery equipment and lottery schemes;
- Auditing charitable gaming events and use of gaming grant funds;
- Auditing commercial gaming operations, including lottery retailers and the BC Lottery Corporation (BCLC), to ensure compliance with standards and regulations;
- Investigating all real or suspected incidents of wrongdoing related to gaming;
- Managing the distribution of government's gaming proceeds, including grants to community organizations, local governments and the horse racing industry;
- Overseeing a risk management strategy for B.C.'s gaming industry; and
- Managing the Province's Responsible Gambling Strategy.

In the Ministry of Housing and Social Development's Service Plan, GPE is responsible for ensuring that B.C. has a comprehensive and responsible gaming regulatory framework and programs. To address this responsibility GPE has four primary goals:

- Gaming and horse racing in B.C. are conducted with integrity;
- Problem gambling is effectively addressed and responsible gambling is promoted;
- Gaming revenues effectively support community initiatives and programs; and
- British Columbians are confident in the regulation and management of gaming and horse racing.

This business plan details the objectives, strategies and performance measures that GPE will track in 2009/10 to ensure it fulfills its mandate.

Strategic Context

Changes in the gaming world

The gaming industry is complex and continues to evolve. In the past several years, the industry has seen the emergence of more multi-purpose gaming venues, higher scrutiny of lottery gaming and an increase in the popularity of illegal and unregulated gambling, including internet gambling sites. Globally, the economic climate is profoundly different from a year ago and this has had an effect on B.C., and the gaming industry in this province. GPE is mindful of these changes and will continue to enhance the services it provides to citizens and communities and the regulatory authority it has over the industry.

Impact of lottery reviews

In May 2007, in response to allegations of retailer fraud in Ontario, the B.C. Ombudsman released a report and a series of recommendations related to the conduct and management of the province's lottery retail network. Nearly all of the recommendations had direct implications for GPE. GPE has implemented all of these recommendations, of which most had ongoing elements.

Following the release of the Ombudsman's report, Government retained the firm, Deloitte & Touche to review the retail lottery system in B.C. The Deloitte report, released in November 2007, included more recommendations to enhance the province's lottery retailer system. GPE has completed implementation of most of the recommendations accepted by Government. Most of the completed recommendations include ongoing elements. The remaining recommendations will be fully implemented in 2009/10 and several of these will include ongoing responsibilities.

Throughout this business plan, the recommendations made in the B.C. Ombudsman and Deloitte and Touche reports will be referenced; in particular, as they relate to new ongoing business that is performed by GPE.

Organizational capacity and new technologies

British Columbia's labour market is becoming increasingly more competitive with fewer candidates pursuing more jobs. To maintain current staff levels employers must engage their staff. GPE has developed a comprehensive Human Resources Plan to retain and recruit staff and to increase the engagement of its work force.

In addition to labour market demands, GPE is also faced with pressure to increase efficiency and continually enhance service to clients. A major strategy for addressing efficiency and service is the continued development and implementation of GPE's Gaming Online Service, a one-stop web tool for the public to access all of GPE's services.

Goal 1: Gaming and horse racing in British Columbia are conducted with integrity

GPE plays an integral role in helping to ensure the gaming industry meets high standards of honesty, integrity and financial responsibility. GPE ensures the integrity of gaming in the province by establishing public interest standards (e.g. responsible gambling), making sure all people, companies and equipment are scrutinized, investigating all incidents that may affect the integrity of gaming and by auditing commercial and charitable groups to verify compliance with regulations.

Objective 1.1: British Columbians are assured of the integrity of the people, companies and equipment involved in the gaming industry

GPE's registration program ensures that existing and potential employees (individuals) and corporate service providers (companies) are suitable for participation in the province's gaming industry. The registration process involves thorough background checks that include, but are not limited to, a criminal record check, a credit check and verification of information confirming personal and financial integrity. Registrants are also monitored to ensure ongoing compliance with the conditions of registration and the Gaming Control Act.

GPE's certification process ensures that gaming equipment and products work the way they are supposed to and meet or exceed the stated odds of winning. All gaming equipment, such as slot machines, related computer systems, and table game equipment (cards, chips, dice, etc.), must be certified by GPE before it can be used in B.C.'s gaming venues.

As a result of reviews of the province's lottery business by the Ombudsman and Deloitte and Touche, GPE's audit programs have been significantly enhanced in the past 18 months. New ongoing work includes auditing and inspecting B.C.'s lottery business including lottery retailers and staff and auditing BCLC's conduct and management of all forms of gaming in the province.

Strategies:

- Evaluate registration processes through internal reviews and external client satisfaction surveys and where appropriate implement necessary policy and/or process changes.
- Enhance the functionality of Gaming Online Service to provide the public with more accessible information about current policies and programs.

Objective 1.2: British Columbians are assured that gaming funds are appropriately distributed and used

GPE is responsible for distributing community gaming grants to a wide variety of non-profit organizations throughout B.C. GPE employs rigorous processes to ensure that community gaming grants recipients and non-profit groups that receive charitable gaming licences have strong financial accountability and are transparent in their use of funds.

GPE also employs a comprehensive audit strategy to monitor licensed charitable gaming and community organizations' use of gaming proceeds. This strategy includes auditing licensed gaming events for compliance with terms and conditions for both event conduct and use of proceeds, as well as confirmation of appropriate use of proceeds by grant recipients.

Strategies:

- Evaluate and enhance audit processes through internal reviews and external client satisfaction surveys to improve policies and processes and increase compliance among non-profit groups receiving gaming revenue.
- Enhance the functionality of Gaming Online Service to better serve clients and help increase compliance with reporting requirements.

Performance Measure	Baseline (2004/05)	2007/08 actual	2008/09 forecast	2009/10 target
Number of gaming fund recipients audited	471	570	460 ¹	TBD

Data Source: Audit and Compliance Division, Gaming Policy and Enforcement.

1. In 2008/09, GPE changed its method of counting audits from number of income streams to number of files. This has resulted in a one time reduction in the total number of gaming fund recipients reported.

Discussion:

This measure evaluates GPE’s performance in ensuring that gaming revenues are used appropriately by non-profit organizations who receive gaming grants. The baseline year is the first year this performance measure was included in the Business Plan. GPE employs a risk based model to determine which grant recipients will be audited each year.

Objective 1.3: Gaming is conducted in compliance with all applicable legislation, regulations, policies and directives

GPE employs a comprehensive risk-based audit strategy to assess regulatory compliance for commercial gaming, including lottery gaming. GPE’s commercial gaming audit program includes all commercial casinos, community gaming centres, bingo halls and horse race tracks.

Commercial audits involve conducting compliance audits of the conduct, management and operation of commercial gaming activities by BCLC and its service providers.

As a result of reviews of the province’s lottery business by the B.C. Ombudsman and Deloitte and Touche, GPE’s audit programs have been significantly enhanced in the past 18 months. New ongoing work includes auditing and inspecting BC’s lottery business including lottery retailers and staff and auditing BCLC’s conduct and management of all forms of gaming in the province.

Strategies:

- Evaluate and enhance audit processes through internal reviews and external client satisfaction surveys to improve policies and processes.
- Enhance the functionality of Gaming Online Service to better serve clients and help increase compliance with reporting requirements.

Performance Measure	Baseline (2006/07)	2007/08 actual	2008/09 forecast	2009/10 target
Average number of days between significant completion of audit field work to issuing a draft audit report for commercial gaming audits	33	60 ¹	48	30

Data Source: Audit and Compliance Division, Gaming Policy and Enforcement.

1. In 2007/08, staff shortages caused focus to change to completing all scheduled audits according to plan over timeliness of audit reporting.

Discussion:

This measure evaluates GPE’s performance in producing timely audit reports for commercial gaming venues. The average time between field work and issuing of draft reports in 2007/08 was significantly higher than baseline due to staff shortages. It is expected that the average time in 2008/09 will also be significantly higher as a result of not having a full complement of staff and because of additional responsibilities taken on as a result of the Ombudsman and Deloitte reports.

In 2009/10, GPE will develop baseline measures for average number of days between end of field work to issuing a draft audit report for charitable and lottery audits.

Objective 1.4: All real or suspected incidents of wrongdoing are appropriately addressed

GPE investigation program includes reviewing all reported contraventions of B.C.'s *Gaming Control Act* and, where appropriate, conducting further, independent investigations. GPE also investigates, or supports police of jurisdiction in the investigation of alleged contraventions of relevant sections of Canada's Criminal Code related to gaming.

As a result of reviews of the province’s lottery business by the Ombudsman and Deloitte and Touche, GPE’s investigation programs have been strengthened. New ongoing work includes implementing new programs for reviewing and, where appropriate, investigating allegations of retailer impropriety and processes for identifying and addressing recurring and systemic issues or problems with gaming. In addition, as a result of reviews of the province’s lottery business by the B.C. Ombudsman and Deloitte and Touche, GPE is developing an internal compliance program. This program involves developing and implementing a transparent reporting process for GPE employees (whistle blower program).

Strategies:

- Enhance processes and systems for reviewing all reports of multiple retailer wins and complaints of wrongdoing related to lottery retailers.
- Enhance enforcement of prohibited individuals at casinos and work cooperatively with law enforcement partners on casino related money laundering and loan sharking activity.
- Work collaboratively with the Ministry of Attorney General and law enforcement agencies to better identify and investigate gaming offenders and illegal lottery schemes.
- Develop and implement processes and procedures to receive, review, and where appropriate, investigate reports of ethics violations by GPE employees (whistle blowing).

Performance Measure	Baseline (2007/08)	2008/09 forecast	2009/10 target	2010/11 target
Number of instances of BCLC legally prohibited (“barred”) individuals attempting to re-enter gaming facilities	1,056	870	TBD	TBD
Number of enforcement actions taken against BCLC legally prohibited individuals attempting to re-enter gaming facilities	26	100	TBD	TBD

Data Source: Investigation and Regional Operations Division, Gaming Policy and Enforcement.

Discussion:

This measure evaluates GPE’s performance in enforcing the prohibition of individuals at casinos. The baseline year is the first year this performance measure was reported in GPE’s business plan. GPE will continue to ensure that effective action is taken against prohibited individuals who attempt to re-enter gaming venues.

Objective 1.5: Horse racing in British Columbia is run with integrity

GPE is responsible for developing fair and appropriate rules, ensuring the horse racing industry is conducted and managed fairly and with integrity, and licencing participants in the horse racing industry. GPE is also responsible for overseeing racing events, determining the outcome of each race, and adjudicating any related matters in the horse racing industry.

Everyone who works in or provides services to the horse racing industry must be licensed and registered with GPE.

Strategies:

- Work with horse racing industry stakeholders to fully implement the industry business plan.
- Address and implement regulation changes issued by the Canadian Pari-Mutuel Agency.
- Implement new testing policies related to steroid testing in race horses.
- Develop and implement a strategy to address security issues on the backstretch of Fraser Downs.

Objective 1.6: British Columbia’s gaming industry has a comprehensive risk management strategy

As a result of reviews of the province’s lottery business by the Ombudsman and Deloitte and Touche, GPE’s has established a new position, Executive Director, Internal Compliance and Risk Management. This position is responsible for developing and implementing a formal risk management program for GPE and for developing and implementing a more formal coordinated approach to risk management for the entire gaming industry.

Strategies:

- Enhance GPE’s formal risk management strategy, including control compliance diligence.
- Formalize a coordinated comprehensive risk management strategy for B.C.’s gaming industry and engage BCLC and gaming service providers as appropriate.

Goal 2: Problem gambling is addressed and responsible gambling is promoted

GPE manages the Province’s Responsible Gambling Strategy. This Strategy promotes responsible gambling and effectively addresses problem gambling. Its main components are public awareness and education, treatment and prevention, research, training, evaluation and policy development.

The Strategy's goals are to reduce the incidence of problem gambling; reduce the harmful impacts of excessive gambling; and ensure the delivery of gambling in a manner that encourages responsible gambling and healthy choices.

Objective 2.1: Any person who seeks help related to gambling problems is provided confidential and professional help

As part of the Responsible Gambling Strategy, GPE manages the delivery of counselling services to anyone in the province experiencing problems related to gambling, including those who may be affected by problem gambling behaviour. Counselling is provided free of charge and at the client’s convenience.

Strategies:

- Conduct public awareness campaign to increase knowledge of treatment services available to those directly or indirectly impacted by problem gambling.
- Establish a panel of experts to advise/recommend research related to problem gambling in B.C.
- Reduce barrier to access for problem gambling clients by increasing the number of languages in which counselling services are available.
- Enhance the Responsible Gambling Information System to improve information management and reporting functions.

Performance Measure	Baseline (2003/04)	2007/08 actual	2008/09 forecast	2009/10 target
Percentage of clients who report gambling less or not at all after participating in counselling	97%	96%	Higher than 95%	Maintain at baseline

Data Source: Responsible Gambling Strategy, Gaming Policy and Enforcement.

Discussion:

This measure evaluates GPE’s performance in positively impacting the lives of persons detrimentally affected by gambling. The baseline year is the first year this performance measure was reported on GPE’s responsible gambling website: www.bcreponsiblegambling.ca. GPE’s contracted counsellors have achieved high rates of success. GPE’s target is to maintain this high level of service.

Objective 2.2: Responsible gambling practices are encouraged

GPE manages a comprehensive problem gambling prevention and responsible gambling information program. This program is designed to increase awareness of problem gambling behaviour, to inform players of the odds and risks associated with gambling, and to encourage responsible gambling practices.

Strategies:

- Conduct targeted public awareness campaigns to increase knowledge of responsible gambling practices.
- Fully implement province-wide youth gambling prevention programs targeted at elementary and post-secondary age groups.
- Expand GameSense program (in cooperation with BCLC) in casinos and community gaming centres.
- Enhance the Responsible Gambling Information System to improve information management and reporting functions.

Performance Measure	Baseline (2006/07)	2007/08 actual	2008/09 target	2009/10 target
Percentage of participants attending responsible gambling awareness presentations who report an increased knowledge of responsible gambling practices and related issues	88.5%	98%	Higher than 95%	Maintain at baseline

Data Source: Responsible Gambling Strategy, Gaming Policy and Enforcement.

Discussion:

This measure evaluates GPE’s performance in increasing knowledge of responsible gambling practices. The baseline year is the first year this performance measure was reported on GPE’s responsible gambling website: www.bcreponsiblegambling.ca. GPE’s contracted responsible gambling educators have achieved high rates of success. GPE’s target is to maintain this high level of service.

Goal 3: Gaming revenues effectively support community programs and initiatives

On behalf of the Province, GPE distributes grants to community organizations through community grant programs. GPE is also responsible for licencing all charitable gaming events in the province. GPE is committed to providing non-profit community organizations with excellent service.

Objective 3.1: Community groups receive timely information regarding charitable gaming licence applications

GPE issues four types of licences depending on the size and location of the gaming event. These licences are:

- Class A licences – large scale gaming events over \$20,000 in gross revenue;
- Class B licences – medium scale gaming events up to \$20,000 in gross revenue;
- Class C licences – gaming events at fairs or exhibitions; and
- Class D licences – small scale gaming events up to \$5,000.

GPE’s service standards for charitable gaming licences are to issue all Class A and C licences within 10 weeks and to issue all Class B and D licences within three days.

Strategies:

- Evaluate licencing processes through internal reviews and external client satisfaction surveys and where appropriate implement necessary policy and/or process changes.

Performance Measure	Baseline (2007/08)	2008/9	2009/10 target	2010/11 target
Percentage of B and D licences issued within three days of receiving complete application	TBD ¹	TBD ¹	TBD	TBD
Percentage of A and C licences issued within ten weeks of receiving complete application	TBD ¹	TBD ¹	TBD	TBD

Data Source: Licencing and Grants Division, Gaming Policy and Enforcement

1. GPE is currently developing reporting processes for these figures.

Discussion:

This measure evaluates GPE’s performance in issuing gaming event licences within service standard timelines. Incomplete or inaccurate applications are the most common reasons for delays.

Objective 3.2: Community groups receive timely decisions regarding gaming grant applications

Gaming grants are provided from government gaming revenues and allow eligible organizations to fund a broad range of programs and services. GPE has begun to implement several enhancements to community grant programs to provide charitable organizations with increased financial stability and to increase GPE efficiency.

GPE is committed to providing excellent service to non-profit groups applying for gaming grants. Part of this service is ensuring that all grant applications are responded to within 11 weeks of receiving the application.

Strategies:

- Evaluate grant processes through internal reviews and external client satisfaction surveys and where appropriate implement necessary policy and/or process changes.
- Complete enhancements to B.C.'s community gaming grant program to improve client access and increases efficiency.

Performance Measure	Baseline (2007/08)	2008/9	2009/10 target	2010/11 target
Average number of weeks to notify grant applicants of decisions	TBD ¹	TBD ¹	TBD	TBD

Data Source: Licencing and Grants Division, Gaming Policy and Enforcement

1. GPE is currently developing reporting processes to obtain these figures.

Discussion:

This measure evaluates GPE's performance in issuing grants within service standard timelines. Incomplete or inaccurate applications are the most common reasons for delays.

Goal 4: British Columbians are confident in gaming regulation and management

Since 2006/07, GPE has annually surveyed British Columbians' perceptions of government's efforts to regulate gaming, address problem gambling and distribute gaming revenues. This research indicates that public confidence in the regulation and management of gaming is directly tied to the public knowledge of how B.C.'s gaming industry is regulated and managed.

Strategies:

- Develop and implement an external communication strategy to increase public awareness of GPE's regulatory activities.
- Enhance clients' access to GPE business applications and information (including applications for grants, licences, registrations, audit submissions, and complaints or allegations of wrongdoing) through secure and confidential online services.
- Develop and implement processes and procedures to receive from the general public, reports of alleged ethics violations in the gaming industry.

Performance Measure	Baseline (2006/07)	2007/08 actual	2008/09 forecast	2009/10 target
Percentage of British Columbians who are familiar with the regulation of gaming	43%	47%	47%	50%
Percentage of British Columbians who are familiar with efforts to address problem gambling	40%	44%	45%	47%
Percentage of British Columbians who are familiar with the distribution of gaming revenue	37%	37%	42%	45%

Data Source: Community Health, Education and Social Services Omnibus Survey conducted by BC STATS

Performance Measure	Baseline (2006/07)	2007/08 actual	2008/09 forecast	2009/10 target
Percentage of British Columbians who are satisfied with the regulation of gaming	43%	47%	47%	50%
Percentage of British Columbians who are satisfied with efforts to address problem gambling	40%	44%	45%	47%
Percentage of British Columbians who are satisfied with the distribution of gaming revenue	37%	37%	42%	45%

Data Source: Community Health, Education and Social Services Omnibus Survey conducted by BC STATS

Discussion:

GPE is tracking public satisfaction with the regulation and management of gaming in the province. The annual survey gauges the level of public confidence in GPE's regulatory activity, which focuses on ensuring gaming industry compliance with provincial legislation and policies.