

BCLC Gambling Service Provider Commissions Report

Fiscal Year 2016/17

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British Columbia's Gambling Operations Model

Under the Gaming Control Act (B.C.), BCLC is mandated to conduct, manage and operate commercial gaming on behalf of the Government of British Columbia. BCLC enters into Operational Services Agreements (OSAs) with private sector service providers who, under BCLC's oversight, finance, build and operate gambling facilities including casinos, community gaming centres and bingo halls.

Currently, the OSAs, which define the service and operating responsibilities and overall compensation structure, are typically 10 year contracts with a renewal option for an additional 10 years. The OSAs provide the service providers with the following compensation;

Casino Games

- 25 per cent of net win from slots
- 40 per cent of net win from tables
- 75 per cent of poker rake
- 75 per cent of craps
- 60 per cent of low limit blackjack

Bingo Games

- 60 per cent of bingo sales (after prizes are paid) on the first \$20,000 per week
- 40 per cent of bingo sales (after prizes are paid) on the next \$60,000 per week, and
- 25 per cent on bingo sales (after prizes are paid) greater than \$80,000 per week.

Service providers pay BCLC for certain costs that are subtracted in order to calculate the total commission. These costs include: the equivalent of one per cent of table net win for table game supplies; service provider contribution to BCLC marketing (0.6 per cent of total net win from any sites with 400 or more slot machines) and other cost adjustments from time to time.

Also in accordance with the OSAs, the service providers can earn additional compensation in the form of a facility development commission (FDC) and an accelerated facility development commission (AFDC) determined as a percentage of net win.

The service providers earn five per cent FDC on bingo games (after prizes are paid), three per cent FDC on casino games and two per cent AFDC on all games if they incur and submit costs related to gaming and ancillary amenities development as outlined by the Facilities Development Commission and Accelerated Facilities Development Commission (FDC/AFDC) Standards, Policies and Procedures. These costs are subject to BCLC review and all decisions regarding FDC or AFDC are at the sole and absolute discretion of BCLC, whom, from time-to-time, may make independent business decisions based on individual submissions for FDC or AFDC Qualifying Expenditures to assist in achieving BCLC's goals and strategies.

In consultation with its service providers, BCLC is developing a new commission structure leading to the creation of a new OSA. BCLC will present the finalized OSA to service providers in fiscal 2017/18.

Casino Service Provider Capital Investments and Development Commissions Earned

The following table details investments that have qualified for FDC/AFDC since 1997. In cases where a casino has relocated or where several casinos have merged into one larger redeveloped casino, the total includes qualified amounts from all of those facilities.

(in thousands of dollars)

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2017	Balance of qualified expenditures remaining as at March 31, 2017
Billy Barker Casino	<ul style="list-style-type: none"> Initial development of Billy Barker Casino Redevelopment of Billy Barker Casino incorporating a show lounge Main floor renovation 	7,444	5,330	2,114
Cascades Casino Langley	<ul style="list-style-type: none"> Initial Royal Towers Casino development Initial Cascades Casino development Cascades Casino parkade development and casino enhancement Renovations and floor refresh 	60,884	59,270	1,614
Casino Nanaimo	<ul style="list-style-type: none"> Initial build out Property refresh 	28,129	27,765	364
Casino of the Rockies	<ul style="list-style-type: none"> Initial development of the Casino of the Rockies Minor maintenance and renovations 	6,317	5,901	416
Edgewater Casino	<ul style="list-style-type: none"> Initial development of the Grand Casino Initial development of the Royal Diamond Casino Initial development subsequent expansion of Edgewater Casino Additional Edgewater Casino enhancements Edgewater Casino poker room High limit tables Parq parkade build and development 	82,361	73,032	9,329
Elements Casino (formerly Fraser Downs Racetrack and Casino)	<ul style="list-style-type: none"> Initial build out 2nd floor gaming relocation and addition of table games Casino renovations 	60,532	32,512	28,020

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2017	Balance of qualified expenditures remaining as at March 31, 2017
Grand Villa Casino	<ul style="list-style-type: none"> Initial Burnaby Casino development Development of Grand Villa Casino, convention space, restaurants hotel upgrade, show lounge and parkade redevelopment 	120,047	79,431	40,616
Hard Rock Casino Vancouver	<ul style="list-style-type: none"> Initial development of casino Casino redevelopment and parkade Show theatre Rebranding 	153,939	94,035	59,904
Hastings Racecourse Casino	<ul style="list-style-type: none"> Temporary and permanent slots facility build out 	46,284	9,391	36,893
Cascades Casino Kamloops (formerly Lake City Casino Kamloops)	<ul style="list-style-type: none"> Initial development of the Kamloops Casino Subsequent redevelopment and enhancement of Kamloops Casino Build of Cascades Kamloops 	61,820	18,381	43,439
Lake City Casino Kelowna	<ul style="list-style-type: none"> Initial development of the Kelowna Casino Reconfiguration and enhancement of the Kelowna Casino Minor maintenance and renovations 	29,660	25,431	4,229
Lake City Casino Penticton	<ul style="list-style-type: none"> Initial development of Penticton Casino Development of direct access from the parkade and completion of the poker room Minor maintenance and renovations 	22,501	14,188	8,313
Lake City Casino Vernon	<ul style="list-style-type: none"> Initial development Minor maintenance and renovations Redevelopment of relocated Vernon Casino Renovations 	18,446	13,463	4,983
River Rock Casino Resort	<ul style="list-style-type: none"> Initial development of the casino, show theatre, parkade and hotel upgrades Development of convention space, second parkade, poker room, VIP gaming room, gaming floor reconfiguration 	319,481	175,520	143,961

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2017	Balance of qualified expenditures remaining as at March 31, 2017
Starlight Casino	<ul style="list-style-type: none"> Initial development of Royal City Star Casino Subsequent Starlight gaming floor reconfiguration Initial development of Starlight Casino and parkade Expansion of facility 	98,221	53,066	45,155
Treasure Cove Casino	<ul style="list-style-type: none"> Initial development of Casino Hollywood Initial development of Treasure Cove Casino and Show Lounge Reconfiguration and enhancement of Treasure Cove Casino Incorporation of bingo into Treasure Cove Casino Expansion of facility 	25,977	27,521	(1,544)
View Royal Casino	<ul style="list-style-type: none"> Minor renovations to Mayfair Initial build-out of View Royal Parkade construction and land purchase 	48,225	45,605	2,620
Closed sites and transfers		85,913	85,913	-
Total		1,276,181	845,755	430,426

¹If a service provider operates more than one facility, BCLC allows for consolidation of FDC eligible expenditures as outlined in the FDC/AFDC Standards, Policies and Procedures. Totals for these sites include site specific and consolidated eligible expenditures.

Commissions Earned by Casino Service Providers Annually

See Appendix 1 for further details on locations, service providers and former names of existing casinos.

Fiscal 2016/17
(in thousands of dollars)

Casino Name	Slot Revenue	Table Revenue	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	Total Commission
Billy Barker Casino	8,296	178	8,474	2,167	254	-	2,421
Cascades Casino Langley	102,129	24,512	126,641	36,736	3,798	2,485	43,019
Casino Nanaimo	41,243	4,373	45,616	12,137	1,369	-	13,506
Casino of the Rockies	10,996	823	11,819	3,120	335	-	3,455
Edgewater Casino	67,395	98,432	165,827	58,742	8,275	3,306	70,323
Elements Casino	60,916	12,505	73,421	20,335	2,203	1,469	24,007
Grand Villa Casino	129,910	75,499	205,409	64,714	6,164	4,109	74,987
Hard Rock Casino Vancouver	102,960	49,888	152,848	47,524	4,586	3,058	55,168
Hastings Racecourse Casino	20,370	-	20,370	5,092	611	407	6,110
Cascades Casino Kamloops	30,454	3,798	34,252	9,428	1,028	685	11,141
Lake City Casino Kelowna	29,904	6,054	35,958	10,259	1,077	718	12,054
Lake City Casino Penticton	27,646	1,573	29,219	7,663	876	-	8,539
Lake City Casino Vernon	33,262	1,562	34,824	8,997	1,045	696	10,738
River Rock Casino Resort	158,731	178,990	337,721	113,532	10,129	6,753	130,414
Starlight Casino	82,785	38,098	120,883	36,598	3,628	2,419	42,645
Treasure Cove Casino	44,294	2,087	46,381	12,049	1,391	927	14,367
View Royal Casino	65,216	9,751	74,967	20,235	2,249	1,301	23,785
Total	1,016,507	508,123	1,524,630	469,328	49,018	28,333	546,679

Community Gaming and Bingo Service Provider Capital Investments and Development Commissions Earned

This chart details investments that have qualified for FDC/AFDC since 2002/03. (in thousands of dollars)

CGC or Bingo Hall	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2017	Balance of qualified expenditures remaining as at March 31, 2017
Bingo Esquimalt	<ul style="list-style-type: none"> Major renovations to enhance player experience Minor renovations 	177	322	(145)
Chances Abbotsford	<ul style="list-style-type: none"> Initial build out of facility Minor renovations 	13,430	6,711	6,719
Chances Campbell River	<ul style="list-style-type: none"> Initial build out of facility Minor renovations 	9,563	6,539	3,024
Chances Castlegar	<ul style="list-style-type: none"> Initial build out of facility 	10,000	2,446	7,554
Chances Chilliwack	<ul style="list-style-type: none"> Initial build out of facility to include slot machines 	15,938	8,074	7,864
Chances Courtenay	<ul style="list-style-type: none"> Initial build out of facility 	12,218	6,826	5,392
Chances Cowichan	<ul style="list-style-type: none"> Initial build out of facility 	12,234	6,736	5,498
Chances Dawson Creek	<ul style="list-style-type: none"> Initial build out of facility 	14,411	6,698	7,713
Chances Fort St. John	<ul style="list-style-type: none"> Renovations to incorporate slot machines Initial build out of facility Expansion of facility 	18,813	7,107	11,706
Chances Kamloops	<ul style="list-style-type: none"> Initial build out of facility Expansion of facility 	14,869	8,330	6,539
Chances Kelowna	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	17,161	16,985	176
Chances Maple Ridge	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	23,944	6,677	17,267
Chances Mission	<ul style="list-style-type: none"> Initial build out of facility 	4,798	4,884	(86)
Chances Prince Rupert	<ul style="list-style-type: none"> Initial build out of facility 	8,697	3,962	4,735
Chances RimRock	<ul style="list-style-type: none"> Initial build out of facility 	7,923	4,053	3,870
Chances Salmon Arm	<ul style="list-style-type: none"> Initial build out of facility 	11,422	674	10,748
Chances Signal Point	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	8,175	6,387	1,788
Chances Squamish	<ul style="list-style-type: none"> Minor renovations to enhance player experience Expansion of facility 	12,213	1,571	10,642

CGC or Bingo Hall	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2017	Balance of qualified expenditures remaining as at March 31, 2017
Chances Terrace	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	5,958	5,663	295
Harbour City Bingo	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	176	712	(536)
Newton Community Gaming Centre	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	5,791	3,385	2,406
Planet Bingo	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	337	1,592	(1,255)
Playtime Langley	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	3,898	3,616	282
Playtime Victoria	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	1,183	1,103	80
Treasure Cove Bingo	<ul style="list-style-type: none"> Initial build out of facility 	5,261	3,152	2,109
Closed Sites		2,564	2,564	-
Total		241,151	126,769	114,382

¹If a service provider operates more than one facility, BCLC allows for consolidation of FDC eligible expenditures as outlined in the FDC/AFDC Standards, Policies and Procedures. Totals for these sites include site specific and consolidated eligible expenditures.

Commissions Earned by Community Gaming and Bingo Service Providers Annually

See Appendix 1 for further details on locations, service providers and former names of existing facilities.

Fiscal 16/17 (in thousands of dollars)

CGC or Bingo Hall	Slot Revenue	Table Revenue	Bingo Revenue	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	Total Commission
Bingo Esquimalt	-	-	3,107	3,107	570	53	-	623
Chances Abbotsford	18,871	-	211	19,082	4,750	569	379	5,698
Chances Campbell River	13,066	-	720	13,786	3,391	403	266	4,060
Chances Castlegar	8,491	-	263	8,754	2,160	258	171	2,589
Chances Chilliwack	30,141	-	4,912	35,053	8,428	992	638	10,058
Chances Courtenay	17,124	-	829	17,953	4,446	528	348	5,322
Chances Cowichan	13,346	-	1,441	14,787	3,705	432	280	4,417
Chances Dawson Creek	10,359	-	472	10,831	2,691	319	211	3,221
Chances Fort St. John	13,080	1,220	207	14,507	3,844	433	287	4,564
Chances Kamloops	14,999	-	3,393	18,392	4,322	500	320	5,142
Chances Kelowna	36,029	-	8,098	44,127	10,178	1,202	510	11,890
Chances Maple Ridge	23,847	-	2,460	26,307	6,393	753	492	7,638
Chances Mission	11,432	-	724	12,156	2,968	352	177	3,497
Chances Prince Rupert	8,594	-	1,185	9,779	2,392	279	180	2,851
Chances RimRock	7,903	-	919	8,822	2,152	252	164	2,568
Chances Salmon Arm	8,785	-	671	9,456	2,296	272	179	2,747
Chances Signal Point	10,262	-	1,330	11,592	2,845	332	215	3,392
Chances Squamish	4,431	-	385	4,816	1,165	138	91	1,394
Chances Terrace	10,638	-	966	11,604	2,855	336	86	3,277
Harbour City Bingo	-	-	5,471	5,471	1,096	111	-	1,207
Newton Community Gaming Centre	-	-	5,160	5,160	909	90	-	999
Planet Bingo	-	-	7,377	7,377	1,242	133	-	1,375
Playtime Langley ¹	24	-	5,676	5,700	1,107	116	162	1,385
Playtime Penticton ²	-	-	2,145	2,145	466	39	-	505
Playtime Victoria	-	-	3,379	3,379	752	69	-	821
Treasure Cove Casino	-	-	9,416	9,416	1,371	147	59	1,577
Total	261,422	1,220	70,917	333,559	78,494	9,108	5,215	92,817

¹ Playtime Langley removed slots from facility on April 3, 2016

² Playtime Penticton permanently closed on March 4, 2017

Appendix 1: BCLC Casino, Community Gaming and Bingo Facilities and Service Providers

Facility	Service Provider	Municipality
Billy Barker Casino	585 Holdings Ltd.	Quesnel
Bingo Esquimalt	Kingsnorth Gaming Entertainment Inc. (a subsidiary of Great Canadian Casinos Inc.)	Victoria
Cascades Casino Langley	Gateway Casinos and Entertainment Limited	Langley
Casino Nanaimo	Great Canadian Casinos Inc.	Nanaimo
Casino of the Rockies	SEM Resort Limited Partnership	Cranbrook
Chances Abbotsford	Playtime Peardonville Ventures Ltd. (a subsidiary of Gateway Casinos and Entertainment Limited)	Abbotsford
Chances Campbell River	Playtime Community Gaming Centres Inc. (a subsidiary of Gateway Casinos and Entertainment Limited)	Campbell River
Chances Castlegar	Terrim Properties Ltd.	Castlegar
Chances Chilliwack	Chilliwack Gaming Ltd.	Chilliwack
Chances Courtenay	Playtime Community Gaming Centres Inc. (a subsidiary of Gateway Casinos and Entertainment Limited)	Courtenay
Chances Cowichan	Duncan Dabber Bingo Society	Cowichan
Chances Dawson Creek	Great Canadian Entertainment Centres Ltd.	Dawson Creek
Chances Fort St John	243045 Alberta Ltd.	Fort St John
Chances Kamloops	Enterprise Entertainment Ltd.	Kamloops
Chances Kelowna	Goldwing Investments (Saskatoon) Ltd.	Kelowna
Chances Maple Ridge	Great Canadian Entertainment Centres Ltd.	Maple Ridge
Chances Mission	427967 BC Ltd. (a subsidiary of Gateway Casinos and Entertainment Limited)	Mission
Chances Prince Rupert	0733244 BC Ltd.	Prince Rupert
Chances Rim Rock	Alberni Valley Gaming Association	Port Alberni
Chances Salmon Arm	Terrim Properties Ltd.	Salmon Arm
Chances Signal Point	Lucky's Ventures Ltd.	Williams Lake
Chances Squamish	Boardwalk Gaming Squamish Inc. (a subsidiary of Gateway Casinos and Entertainment Limited)	Squamish
Chances Terrace	Fort St. John Gaming Centre and Hotel Limited Partnership	Terrace
Edgewater Casino	Edgewater Casino ULC	Vancouver
Elements Casino (formerly Fraser Downs Racetrack and Casino)	Orangeville Raceway Ltd	Surrey
Grand Villa Casino	Gateway Casinos and Entertainment Limited	Burnaby

Facility	Service Provider	Municipality
Harbour City Bingo	Harbour City Bingo Inc.	Nanaimo
Hard Rock Casino Vancouver	Great Canadian Casinos Inc.	Coquitlam
Hastings Racecourse Casino	Hastings Entertainment Inc.	Vancouver
Cascades Casino Kamloops (formerly Lake City Casino Kamloops)	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Kamloops
Lake City Casino Kelowna	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Kelowna
Lake City Casino Penticton	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Penticton
Lake City Casino Vernon	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Vernon
Newton Community Gaming Centre	427967 BC Ltd. Gateway Casinos and Entertainment Limited	Surrey
Planet Bingo	Community Gaming Management Association	Vancouver
Playtime Langley	Playtime Community Gaming Centres Inc. (a subsidiary of Gateway Casinos and Entertainment Limited)	Langley
Playtime Penticton	Playtime Community Gaming Centres Inc. (a subsidiary of Gateway Casinos and Entertainment Limited)	Penticton
Playtime Victoria	Playtime Community Gaming Centres Inc. (a subsidiary of Gateway Casinos and Entertainment Limited)	Victoria
River Rock Casino Resort	Great Canadian Casinos Inc.	Richmond
Starlight Casino	Gateway Casinos and Entertainment Limited	New Westminster
Treasure Cove Casino	Treasure Cove Casino Inc.	Prince George
View Royal Casino	Great Canadian Casinos Inc.	View Royal