

# **BC Lottery Corporation**

## **2022/23 – 2024/25 Service Plan**

**February 2022**



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## Board Chair's Accountability Statement



The 2022/23 – 2024/25 BCLC Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of February 1, 2022 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.

A handwritten signature in black ink, appearing to be 'GM' with a stylized flourish.

Greg Moore  
Board Chair

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## Strategic Direction and Alignment with Government Priorities

In 2022/2023, public sector organizations will continue to align with and support the Government of British Columbia efforts in responding to the COVID-19 pandemic with a focus on protecting the health, social and economic well-being of British Columbians. Building on our economic, environmental, and social strengths while looking to seize opportunities to improve outcomes for all British Columbians will be an important aspect of each Crown Agency's work as we respond to COVID-19 and recover from devastating floods and wildfires. The policies, programs and projects developed over the course of this service plan period will align with the five foundational principles established by Government in 2020: putting people first, working toward lasting and meaningful reconciliation, supporting equity and anti-racism, ensuring a better future through fighting climate change and meeting our greenhouse gas reduction targets, and supporting a strong, sustainable economy that works for everyone.

This 2022/23 service plan outlines how British Columbia Lottery Corporate (BCLC) will support the government's priorities including the foundational principles listed above and selected action items identified in the most recent [Crown Agency Mandate Letter](#).

As a Crown corporation, British Columbia Lottery Corporation (BCLC) is governed by the *Gaming Control Act* and is responsible for the conduct and management of commercial gambling on behalf of the Government of British Columbia, including lottery, casino, bingo 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 per cent of provincial distributions with First Nations through the First Nations Revenue Sharing Partnership, and in accordance with the Province's Host Financial Assistance Agreement, local governments that host casinos or community gaming centres also receive a 10 per cent share of net gaming income generated by those facilities.

BCLC is focused on delivering its strategic priorities, as established by Government and as outlined in our Mandate Letter. These instructions form part of BCLC's strategic context, and along with economic and market trends, inform the business choices it makes and ensure the business interest is being served.

## Operating Environment

As the organization responsible for conducting and managing gambling in British Columbia, BCLC offers gambling entertainment products across the Province through brick-and-mortar facilities and online. Service providers and retailers deliver our products in brick-and-mortar facilities while we deliver online and mobile offerings directly through PlayNow.com.

### ***COVID-19***

There continues to be uncertainty around the COVID-19 pandemic, including the Omicron variant, and the risk it poses to our business and the local and global economies. Future waves and new variants of the virus are difficult to predict and could result in new public health orders, travel restrictions, workforce disruptions and impacts on the disposable income of British Columbians. BCLC will monitor the situation closely, continue to follow Provincial Health Officer (PHO) guidelines and ensure the proper measures are in place to support the health and wellbeing of employees and players.

The pandemic has demonstrated to organizations, including BCLC, that remote work is a viable option. For many companies, geography is no longer a restriction when it comes to their hiring practices. As a result, there is increasing competition for talent, particularly for hard-to-source roles. BCLC must continue to provide a competitive total rewards program and leverage the learnings of the pandemic to evolve our workplace to meet the expectations of the modern workforce, including flexible work arrangements and a commitment to wellness.

### ***Climate Change and Extreme Weather Events***

British Columbia is experiencing the effects of climate change: temperatures are increasing, sea levels are rising, and variable and extreme weather is becoming more frequent. Wildfires have impacted many British Columbians over the course of several summers as have heat waves – including in our head office community of Kamloops. Recent flooding has destroyed highway infrastructure and has impacted supply chains. Given these trends, BCLC is planning for and developing strategies to address these impacts on our people, our players and our business.

### ***Player Experience***

BCLC operates in a crowded entertainment market<sup>1</sup>, competing for players' attention, time and spend on entertainment options. In addition, COVID-19 has shifted consumer expectations and patterns to online and/or socially distant options. With consumers spending more time at home, COVID-19 has accelerated the adoption of mobile into virtually all interactions including retail, entertainment and the world of work.

BCLC is becoming a player-centric company focused on remaining competitive and growing revenue responsibly. We have changed our organizational structure by consolidating our lines of business – Lottery, Casino, and eGaming – into a single Operations division in order to deliver a more coordinated player experience and to integrate the delivery of our products and services across all channels (brick-and-mortar and online).

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<sup>1</sup> The Kantar Group. (2018). *Needstates Index* (commissioned by BCLC).

As part of this work, we have undertaken a comprehensive process to evaluate our current player experience (PX) maturity and clearly define a PX vision. Along with the development of a new PX team, we are integrating proven PX practices into our existing teams and processes.

### ***Evolution of Online Gambling***

Government created BCLC to offer gambling in a safe and responsible manner for the benefit of British Columbians. PlayNow.com operates successfully in B.C. and has significantly increased its player base and revenue through the pandemic. While we are projecting continued growth, online gambling sites that operate illegally in B.C. (characterized as ‘grey market’) are increasing their investments in sponsorships and advertising here and across the country. As a result, it is becoming more costly for PlayNow.com to compete for advertising and sponsorship opportunities that enhance the brand’s presence and draw players to the only legal option in our province – the only one that delivers profits to fund healthcare, education and community programs.

Further, the Alcohol and Gaming Commission of Ontario is poised to begin licensing online gambling providers in that province. Some of these potential providers are already operating illegally in B.C. In preparation for their legal entry into the Ontario gambling market, some operators are developing national partnerships with media companies and sports leagues, resulting in further competition and challenges for PlayNow.com when it comes to B.C.-based media and marketing partnerships.

A recent study indicates 64 per cent of online gamblers in our province prefer to gamble on a BC-regulated website compared to 6 per cent who prefer offshore sites<sup>2</sup>. PlayNow.com, the only regulated website in B.C., will continue to make investments to enhance our online entertainment options in order to grow our market share.

### ***Cullen Commission***

BCLC is awaiting the Commissioner’s final report from the Cullen Inquiry into Money Laundering in British Columbia and will work with government and regulators to address recommendations as required. We have an unwavering commitment to evolving and modernizing our robust anti-money laundering program and we are investing in technology that will make it easier to respond to evolving compliance requirements and reduce paper-based documentation. Increasing public awareness and understanding of the actions BCLC has taken to reduce the risk of money laundering in our operations remains important to building and maintaining the community support and social license to operate the business.

### ***Social Purpose***

BCLC has adopted a Social Purpose. A Social Purpose business<sup>3</sup> is a company whose enduring reason for being is to create a better world. It is an engine for good, creating social benefits by the very act of conducting business. Its growth is a positive force in society. We are working across the enterprise to embed our Social Purpose into the elements of the employee and player

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<sup>2</sup> [British Columbia Online Problem Gambling Prevalence Study](#)

<sup>3</sup> [What is a social purpose business?](#)

experience as well as other aspects of our operations. Our Social Purpose, “We exist to generate win-wins for the greater good” replaces our mission. When a player plays one of our games, regardless of the outcome, there is a “win”: revenues go into provincial and community priorities, and the player receives a great experience at the casino, at a lottery retailer or while playing online. Our Social Purpose asks us to consider how we might create additional value for players, employees, business partners, suppliers, communities, municipal and provincial governments. It also asks us how we can mobilize all of our stakeholders and maximize the benefits of doing business with us or playing our games. We are considering factors such as business growth (ours and others’); diversity, inclusion and belonging; and environmental sustainability efforts. Our Social Purpose facilitates the delivery of the foundational principles outlined in the Minister’s Mandate Letter to BCLC.

As BCLC embeds its Social Purpose throughout the organization, we will also align with leading international environmental, social and governance (ESG) criteria.<sup>4</sup> By adopting an ESG framework, BCLC will create more equitable, net positive and regenerative outcomes that help deliver on our Social Purpose mandate while driving long-term value for stakeholders.

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<sup>4</sup> Environmental, social, and governance (ESG) criteria are a set of standards for a company’s operations that socially conscious stakeholders use to measure an organization’s performance across the entire value chain beyond just financial performance. Environmental criteria consider how a company performs as a steward of nature and addressing climate change. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company’s leadership, executive pay, accountability, and reporting.



## Performance Planning

BCLC's corporate strategy positions the organization to meet the changing needs of our players, ensure the long-term sustainability of the business and achieve our vision, "We deliver exceptional gambling entertainment," and our Social Purpose.

Our corporate strategy is guiding decisions that are creating a more player-centric and competitive company that will achieve responsible growth based on healthy play.

The Social Purpose and vision are reflected in five goals. The following section outlines these goals, the corresponding strategies and the performance measures used to track progress against BCLC's Social Purpose and vision over time. As part of BCLC's work to further integrate our Social Purpose into all aspects of the business, we will look at opportunities to introduce new performance measures in next year's service plan

### Goal 1: No one is harmed from gambling offered by BCLC

We understand that the pursuit of "exceptional entertainment" includes a commitment to the well-being of all players and looking for opportunities that make products and environments safer. BCLC is committed to offering safe gambling experiences and supporting all players, including those who are at risk of developing a gambling problem.

### Objective

1.1 Reduce the percentage of players who scored as high risk on the Problem Gambling Severity Index (PGSI).

### Key Strategies

- Implement tools such as predictive analytics and account-based gaming solutions to improve the ability to respond to warning signs of high-risk play.
- Develop player support programs and tools to help players adopt safer behaviours, including a self-assessment tool and incentivizing positive play.
- Expand coverage of the virtual GameSense Advisor (GSA) program and support for retail/hospitality channels, including training for employees and retail/hospitality partners.
- Continue work to recast the Voluntary Self Exclusion (VSE) program into a positive player experience, and create a reinstatement program that supports players to return to gambling in a healthy and supported manner should they choose to do so.
- Continue to promote informed play through information and nudges<sup>5</sup> that increase player awareness of time and money spent.
- Continue to collaborate with the Gaming Policy and Enforcement Branch (GPEB) on harm reduction approaches, including referring players to provincial resources such as [Gambling Support BC](#).
- Leverage a responsible marketing approach to mitigate risks while promoting healthy play, which we refer to as "marketing guardrails."

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<sup>5</sup> Nudges are a behavioural economics intervention meant to affect behaviour without restricting anyone's choice.

Performance Measure	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
1.1 Percentage of BCLC players who scored as high risk on the PGSI Index	11%	9%	8%	7%

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.

## Linking Performance Measure to Objective

The [Problem Gambling Severity Index](#) (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.

## Discussion

Player safety is paramount to BCLC's long-term strategy. Understanding PGSI scores as well as the underlying drivers is critical to helping higher-risk players. BCLC aims to lower PGSI scores through increasing our ability to identify high-risk behaviors and provide appropriate intervention. This is supported through pinpointing higher risk products and enhancing our VSE program to reduce gambling-related harm. Our 2021/22 forecast has trended upwards as both PlayNow.com and casino players are exhibiting higher PGSI scores in the short time since casinos reopened compared to the scores prior to the pandemic. Forward looking targets have also been adjusted to reflect accordingly. BCLC's efforts to positively impact play behaviours are part of our long-term strategy and the benefits may take time to be realized. The higher PGSI scores seen this year reinforce the need to respond to risky play behaviour exhibited across all channels of play. Furthermore, the pandemic highlighted for the world the need to take care of those most vulnerable.

We are committed to providing our players world-class gambling education so they can make better decisions which ultimately lead to safer play and lower-risk behaviours. Player health is embedded throughout our business and informs our approach to the games we choose and the player experiences we invest in. Given the shift to PlayNow.com throughout the pandemic and with casinos reopening in 2021, we will place particular attention on supporting our omni-channel (multi-channel) players by leveraging data and insights in order to identify and mitigate high-risk play.

## Goal 2: Our business does not create opportunities for criminal activity

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

## Objectives

2.1a Reduce the number of incidents related to potential crime in and near BCLC's facilities (both brick-and-mortar and online) and/or related to BCLC-managed gambling products.

2.1b Improve public perceptions about the safety and security of gambling in casinos in B.C.

## Key Strategies

- Continue to collaborate with law enforcement and GPEB to identify opportunities and define approaches to reduce potential crimes impacting the business.
- Further modernize and streamline anti-money laundering (AML) processes and analysis of gambling activities, including online gambling, player accounts, source of funds reporting, and ongoing monitoring of customers and transactions.
- Implement an enhanced and scalable AML transaction monitoring software solution for casinos, which will enable BCLC to meet reporting and regulatory requirements for AML controls, and to integrate and extend existing reporting capabilities, intelligence and analytics.
- Explore account-based gambling solutions that substantially reduce the use of cash, further increase capacity for monitoring transactions and provide insights into player behaviour.
- Respond to any recommendations resulting from the Cullen Inquiry and inform the public of BCLC's response and actions.
- Provide information to the public about the safety and security measures in place at casinos and community gaming centres.
- Ensure the pilot introduction of single-event sports betting into select hospitality locations meets reporting and regulatory requirements.

Performance Measure		2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
2.1	Number of incidents of reports of potential crime <sup>1</sup>	3,906	3,930	3,734	3,548
2.2	Perception of gambling in B.C. casinos being safe and secure <sup>2</sup>	54%	55%	56%	57%

<sup>1</sup>Data Source: BCLC iTrak (an internal software platform used for daily log reporting and incident management) and Salesforce Database

<sup>2</sup>Data Source: Continuous tracking survey conducted online by a third-party market research professional. The study uses market research industry standard techniques to randomize the sample, while retaining a gender, age and regional balance that is consistent with B.C. population figures available from Statistic's Canada Census. Population base used – 2016 Census BC 19+.

## **Linking Performance Measure to Objective**

### Incidents of reports of potential crime

Under Section 86 of the *Gaming Control Act* 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. For the purposes of this measurement, we have focused on certain relevant categories of potential crime. 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. It should be noted that caution will need to be applied when analyzing this measure to ensure it is fully understood whether any change in frequency is reflective of a change in prevalence and impact of crime, or simply a change in the reporting of such incidents.

### Perception of gambling in B.C. casinos being safe and secure

The above performance measure assesses the percentage of the B.C. adult population that agrees with the statement “Gambling in casinos in B.C. is safe and secure”. Having fewer incident reports of potential crime may instill confidence in the public about the safety and security of our gambling facilities, which may be reflected in this perception measure. Informing the public about security measures in casinos may also impact this measure.

## **Discussion**

As facilities reopened in fiscal year 2021/22 as part of Phase 3 in British Columbia’s Restart Plan, BCLC has taken steps to reduce the potential for criminal activity. This includes continuing to collaborate with law enforcement, regulators, service providers, retailers and other stakeholders to define and implement security controls to further reduce potential criminal activities in or near our business. Furthermore, we will work closely with service providers on communicating with the public around our efforts to deliver a safe and secure environment. The 2021/22 forecast reflects that, in line with public health orders, casinos reopened at limited capacity. Perceptions of casinos’ safety and security have trended higher than previously forecasted in 2021/22. Accordingly, the 2022/23 target has been increased as BCLC strives for continued improvement. Future targets assume that there will be a return to operating at full capacity. As there is a correlation between volume of players and incidents of potential crime, we are closely monitoring any shifts in reports of potential crime.

### **Goal 3: BCLC is respected for how we operate**

Government has entrusted BCLC to operate gambling within the province. Our business depends on building and maintaining community support to operate gambling on behalf of British Columbians.

#### **Objective**

3.1 Improve public perceptions of how BCLC conducts business based on the following four areas:

- 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

#### **Key Strategies**

- Proactively communicate major corporate initiatives and activities to the public, stakeholders, the media and employees in order to be transparent, accountable and build awareness and understanding of BCLC's operations.
- Integrate Social Purpose into all aspects of our business.
- Action BCLC's sustainability plan and update our policies in line with ESG criteria.
- Actively engage with communities, players and the public to share how Host Local Government revenue<sup>6</sup> benefits communities and continue to share this information throughout the province through BCLC's community outreach and advertising.
- Engage with the First Nations Gaming Revenue Sharing Partnership in order to begin to build mutual awareness and understanding of each organization.
- Develop a comprehensive Indigenous reconciliation and relations program in alignment with the *Declaration of the Rights of Indigenous Peoples Act*.
- Action BCLC's Diversity, Inclusion & Belonging Strategy and continue to seek opportunities to align with government's commitments in this sphere.
- Revise BCLC's corporate branding to better align our portfolio of brands to the overarching BCLC brand.
- Respond to any recommendations from the Cullen Inquiry and continue to evolve BCLC's AML program in line with global best practices and regulatory requirements.
- Continue to conduct mystery shops to ensure retailers comply with age-verification policies and leverage the Lottery Retailer Agreement to support compliance.
- Assist GPEB and government in meeting its responsibilities for the overall integrity of gambling and horse racing through ongoing collaboration and participation in working groups such as the RCMP-led Counter Illicit Finance Alliance.

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<sup>6</sup> Each year, local governments that host casinos receive a share of provincial net gambling income generated by those facilities.

- Continue to monitor the impacts of COVID-19 and, as needed, implement safety measures in accordance with recommended practices from the Provincial Health Officer and WorkSafeBC.

Performance Measure	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
3.1a Integrity	57%	64%	66%	67%
3.1b Social Responsibility	55%	63%	64%	65%
3.1c Well managed	56%	63%	64%	65%
3.1d Trust	60%	66%	67%	67%

Data Source: Continuous tracking survey conducted online by a third-party market research professional. The study uses market research industry standard techniques to randomize the sample, while retaining a gender, age and regional balance that is consistent with B.C. population figures available from Statistics Canada's Census.

## Linking Performance Measure to Objective

The above performance measures assess the percentage of the B.C. adult population that agrees with the four statements in Objective 3.1 in relation to BCLC's operations. BCLC has identified that it is critical 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.

## Discussion

BCLC is committed to operating according to our values of respect, integrity and community. We recognize that ongoing and high profile media coverage on the Cullen Commission and the subject of money laundering has affected public perception of BCLC. Accordingly, targets in fiscal 2022/23 and beyond have been adjusted from the previous year's service plan as public perception can be quick to deteriorate and slow to improve. These targets reflect our planned efforts to inform the public of the corporation's efforts to both take action on any recommendations from the commission and to continue to target and address any illicit activity related to our business.

We will continue to engage stakeholders in conversations about our business and the impact it may have on British Columbians. We are conducting a comprehensive process to enhance our stakeholder engagement program with revised standards, tools and techniques, evaluation and reporting. We will also continue to proactively share disclosures and information on our website, social media channels, in print and through TV media outlets in order to provide the public with transparency into our operations. BCLC is transitioning to a Social Purpose company, of which a fundamental component is providing evidence for how the organization positively impacts society. Through these efforts, BCLC will continuously improve these measures over the next few years.

## Goal 4: Players are entertained

BCLC is focusing on player experiences that enhance omni-channel experiences and products.

### Objective

4.1: Increase the Player Entertainment Needs Index score.

### Key Strategies:

- Explore opportunities to implement single-event betting across brick-and-mortar channels, including casinos and hospitality locations in B.C.
- Leverage new technologies that enhance the experience in retail environments, including the replacement and upgrade of over 3,500 lottery terminals.
- Explore marketing technologies to offer more relevant play recommendations, promotions and shift communications to messaging that reflects the entertainment experiences of our entire product portfolio.
- Continue to introduce games and content which seek to increase affinity with BCLC.
- Further align our operations and processes with our player experience strategy.
- Enhance the Encore Loyalty program within both the Casino and PlayNow.com channels, engaging players with omni-channel initiatives enhancing their experience with BCLC.
- Improve the entertainment value of the Encore Loyalty program by making it easier to engage in the program through a simplified registration process, personalized recommendations, offers and promotions, clear member information, and an improved value proposition.

Performance Measure	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
4.1 Player Entertainment Needs Index Score	54*	60	62	64

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.

\*Last year's service plan contained a forecasting error for fiscal year 2020/21. The report indicated that the target was 59%. It should have been 54%.

### Linking Performance Measures to Objectives:

The Player Entertainment Needs Index 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 the BCLC brands and how satisfied players are with BCLC products.

### Discussion:

Understanding our players and providing products with high entertainment value are cornerstones of BCLC's strategy. As a result of the pandemic, player experiences have been

affected by the need for facilities to comply with Public Health Orders to ensure a safe environment for players. Hence, our targets have been adjusted to reflect this evolving landscape. Nonetheless, we are strengthening our player experience focus through the development of a new PX team and integrating an enhanced player focus throughout the organization. We listen to our players through insights obtained in our customer support center and through player research. Within the player-centric approach, we aim to keep our products top of mind when players consider their entertainment options. Beyond our products, we have also focused on delivery channels. PlayNow.com is continually improving its platform to showcase itself as a world-class online gambling experience. With casinos reopened, we have implemented multiple steps to ensure players feel safe and comfortable when returning to facilities. This player-centric approach will continue in all facets of the business as we look to improve the Player Entertainment Needs Index score in the years to come.

### **Goal 5: BCLC delivers our promised financial return to the Province of B.C.**

BCLC's mandate is to generate net income for the benefit of all British Columbians.

#### **Objective**

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

#### **Key Strategies:**

- Continue to invest in casino slot machines to ensure an entertaining experience.
- Continue to invest in BCLC's eGaming platform and leverage the PlayNow.com mobile application and online product offerings to tap into new demographics that are typically less engaged with traditional delivery channels.
- 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.
- Identify and develop actions that improve operational efficiency and continue to foster a culture of cost consciousness.
- Create exceptional omni-channel experiences for players that nurture and safeguard their long-term healthy play.
- Continue to be one of B.C.'s Top Employers to help ensure BCLC's ability to thrive within a competitive landscape and support our long-term financial success.
- Focus on growing the new single-event sports betting product on PlayNow.com and test a proof of concept in land-based channels, including casinos and hospitality locations.
- Provide adequate staffing resources in order to accelerate our evolution as we work toward our ambitious goals and integrate our lines of business to support a cohesive player experience.



Performance Measures	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
5.1 Net Income (\$ millions)	1,225	1,452	1,570	1,578

Data Source: BCLC's financial plan, see page 18. Actual results are calculated in accordance with International Financial Reporting Standards (IFRS).

## Linking Performance Measures to Objectives:

Net income is the total amount of income generated by BCLC. This measure is an indicator of BCLC's success in meeting its mandate to generate income for the benefit of all British Columbians.

## Discussion:

Seven per cent of provincial net income distributions are provided to First Nations through the First Nations Gaming Revenue Sharing Partnership.<sup>7</sup> In accordance with the Province's Host Financial Assistance Agreement, local governments that host casinos or community gaming centres also receive a 10 per cent share of net gaming income generated by those facilities. The Province uses the remaining funds to help support public health care, charitable and community programs, and other essential provincial and local services.

The fiscal year 2021/22 forecast reflects a significant increase in net income compared to the prior year, primarily due to the reopening of brick-and-mortar gambling facilities in the beginning of the second quarter of the fiscal year after being closed through the entirety of the 2020/21 fiscal year. Facilities are assumed to be allowed to remain open and to operate at a minimum of 50 per cent capacity. It is also assumed the required level of work force remains healthy to meet all player demand. Casino and community gaming revenue is projected to continue at below pre-pandemic levels while the online gaming channel sustains the majority of the revenue growth experienced during casino closures and continues to grow from strategic initiatives. Simultaneously, revenue from the lottery channel is projected to exceed prior year performance, primarily driven by favourable jackpot roll patterns (increased number of high jackpots) in fiscal year 2021/22.

Fiscal year 2022/23 is focused on continuing to restore the casino and community gaming revenue back to slightly lower than pre-pandemic levels by the end of the fiscal year and reflect the expectation that the Province's health and safety regulations allow gambling facilities to operate at full capacity. Revenue from the lottery channel is projected to decrease from fiscal year 2021/22 with the normalization of jackpot, partially offset by incremental growth from the Lotto 6/49 game enhancement. With the legalization of single-event betting, BCLC will focus on growing the sports betting business. The fiscal year 2022/23 cost structure is reflective of BCLC's operations returning to normal with minimal impact from health and safety restrictions, and continuing to make necessary investments to meet operational pressures and corporate strategy objectives. This financial plan positions BCLC total net income to exceed pre-pandemic record net income of \$1,415 million observed in fiscal year 2018/19.

<sup>7</sup> Provincial net income distributions are net of contractual amounts due to the Government of Canada.

## Financial Plan

### Financial Summary

#### Consolidated Corporate Operations

\$ Millions	2020/21 Actual <sup>1</sup>	2021/22 Forecast	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Revenue</b>	<b>966</b>	<b>2,272</b>	<b>2,761</b>	<b>2,961</b>	<b>2,991</b>
Direct Costs	177	634	825	894	900
Gaming Support Costs	54	54	65	65	66
Operating Costs	183	213	244	246	251
Amortization and Other	80	80	94	101	109
<b>Total Costs</b>	<b>494</b>	<b>981</b>	<b>1,228</b>	<b>1,306</b>	<b>1,326</b>
Net Income Before Taxes	472	1,291	1,533	1,655	1,665
Taxes	42	66	81	85	87
<b>Net Income</b>	<b>430</b>	<b>1,225</b>	<b>1,452</b>	<b>1,570</b>	<b>1,578</b>
<b>Liabilities</b>	<b>531</b>	<b>602</b>	<b>631</b>	<b>554</b>	<b>534</b>
Accumulated Deficit	(25)	(25)	(25)	(25)	(25)
Accumulated Other Comprehensive Loss	(24)	(24)	(24)	(24)	(24)
<b>Total Deficit</b>	<b>(49)</b>	<b>(49)</b>	<b>(49)</b>	<b>(49)</b>	<b>(49)</b>
<b>Capital Expenditures</b>	<b>73</b>	<b>83</b>	<b>120</b>	<b>103</b>	<b>90</b>

<sup>1</sup> Fiscal year 2020/21 financial data is from the Audited Financial Statements for the year ended March 31, 2021

## **Key Forecast Assumptions, Risks and Sensitivities**

Net income targets are established through a forecasting process that analyzes 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 approved strategic initiatives are incorporated into the financial plan.

Casino and community gaming centre operations were significantly challenged by the impacts of COVID-19, having been ordered to temporarily close in March 2020 (fiscal year 2019/20) through an order by the then-Minister responsible for BCLC to support public safety. As part of the B.C.'s four-stage restart plan, casinos were permitted to reopen with reduced capacity and enhanced health and safety measures on July 1, 2021. Proof of COVID vaccination was required effective September 13, 2021. At the end of October that same year, casinos were permitted to operate at 100 per cent seated capacity (vs full capacity), with capacity reduced to 50 per cent seated capacity in late December 2021 to manage the Omicron COVID variant. The assumptions regarding market demand, and the recovery period to pre-pandemic baseline have the greatest impact on net income. Using fiscal year 2019/20 results as the pre-pandemic baseline, casino and community gaming operations generated \$929 million in net income and contributed 69 per cent of BCLC's overall net income. Small assumption changes can cause large variability in the projections.

At the time of writing this service plan, we have insufficient data to assess the impact to operations from the latest COVID variant, Omicron, and any continued health and safety restrictions that may be required in 2022/23 and assume that casino and community gaming centre operations will recover and settle to slightly lower than pre-COVID levels by end of 2022/23. There is also limited actual data available to determine the level at which revenue will stabilize in response to the Omicron variant and the longer term as the COVID landscape in B.C. continues to evolve. Any future waves of the pandemic may negatively affect operations; however, due to the uncertainty and lack of information on this possibility, no provision has been made for the potential financial impact.

In fiscal year 2022/23, revenue from lottery is expected to decrease by seven per cent from the prior year as the favourable Lotto Max jackpot roll patterns are assumed to return to normal levels and minimal disruption to operations is expected when approximately 3,500 lottery terminals are replaced across the province. PlayNow.com revenue is expected to continue to grow from the prior year by seven per cent with strategic growth initiatives such as single-event sports betting and investments to modernize the PlayNow.com platform.

In summary, total BCLC revenue is projected to exceed pre-pandemic record levels in fiscal 2018/19 primarily driven by continued growth for PlayNow.com, offset by slightly lower than pre-pandemic casino gaming revenue.

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 various different contracts for sites expiring in the next few years. BCLC revenue targets assume there will be no labour disruptions in fiscal year 2022/23.

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 increasing by product category and returning to pre-pandemic levels.

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 are driving a market shift from on-premise owned and constructed assets to cloud-based services (cloud). This will drive a fundamental shift from capital intensive upgrade project costs to annual operating costs. The beginning of this shift has already been observed in increased post-implementation costs of recent projects and is a trend 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 such as single event sports betting and maintaining base business operations in BCLC's environment. As the lottery legacy system replacement project substantially completes in fiscal year 2022/23, the focus shifts to investing in enterprise-wide initiatives to realize our strategy. Resources have also been invested to modernize the PlayNow.com platform to remain competitive in the online gaming industry and deliver best in technology, infrastructure, entertainment, and social purpose and player experience. Adequate workforce resources are incorporated into the operating costs to accelerate our evolution as we work to integrate our lines of business and deliver an enhanced player experience.

BCLC continues to improve our AML controls as part of our ongoing effort to safeguard B.C. casinos, both land-based and online, from illegal activity. This includes implementing an AML Transaction Monitoring System that will effectively and efficiently allow BCLC to meet current and future federal AML compliance requirements and improve existing processes for staff and service providers. The software will integrate with BCLC's existing systems including PlayNow.com, our gaming management system and an eventual account-based gambling solution.

Initiatives underway to update obsolete technology, AML and account-based gambling solutions and to implement the corporate strategy require significant resources from a work effort, capital and operating perspective, but are essential to ensure the long-term health of our players and the organization.

## **Sensitivity Analysis**

As indicated above, the business planning process involves a thorough analysis of revenue trends by product category to determine year-over-year baseline growth assumptions. As BCLC's pre-

pandemic revenue is in excess of \$2.5 billion based on fiscal year 2019/20 actual results, 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 all inherently variable. Incremental revenue driven by new and strategic initiatives are added to baseline operations.

In addition to the usual forecasting sensitivities of BCLC's operations, the next several years are uncertain due to the unknown long-term impact of COVID-19 on the gambling facilities. Future waves of the pandemic may affect operations; however, due to the uncertainty and lack of information, the extent of the financial impact is unknown. Specifically, changes in assumptions to capacity constraints, the percentage of revenue recovery and the recovery duration to pre-COVID-19 baseline levels can all have a significant impact on revenue projections.

The forecast risks and sensitivities on fiscal year 2022/23 BCLC revenue are estimated as follows:

1. The assumptions related to the level of casino revenue once stabilized as the post-pandemic baseline and evolution of the pandemic will impact the projections. The capacity restriction assumptions imposed to meet health and safety guidelines vary by product (i.e. slots, tables, bingo, poker, etc.). A change to any projection assumption would result in an impact to revenue and more than one assumption change may contribute to a compounding effect. A five per cent change to the overall casino revenue projections represents a revenue impact of \$88 million on an annual basis.
2. Revenue from the lottery channel is expected to stabilize at pre-pandemic levels. The evolution of the pandemic could impact lottery operations. A five per cent change to overall lottery revenue represents a revenue impact of \$27 million on an annual basis.
3. eGaming revenue is projected to continue to increase organically and from the retention of revenue growth during casino closures. A five per cent change to the overall PlayNow.com revenue represents a revenue impact of \$24 million on an annual basis.

## **Management's Perspective on the Financial Outlook**

Given the unknown ongoing impact of the COVID-19 pandemic on the economy and player habits, it should be expected that BCLC's net income forecasts will continue to be subject to a number of risks and sensitivities over the fiscal plan period.

Specifically, there are many external factors that are unpredictable at this time such as: future waves of the pandemic and severity, vaccine booster effectiveness in the longer run and uptake, capacity restrictions, and the long-term impacts on the economy and players' disposable income.

When casinos reopened, BCLC partnered with our service providers to ensure a safe environment for our players, provided player incentives to return to the facilities and continues to deliver the best possible gambling experience. Focus and resources have shifted to PlayNow.com and BCLC has capitalized on the opportunity to migrate many existing brick-and-mortar players onto our online gambling platform. Omni-channel marketing and programs have been developed and implemented to both incent players back to the gambling facilities and offer them an alternative gambling experience. Through the PlayNow.com mobile application and a wide range

of innovative online product offerings, BCLC is continually tapping into a younger demographic that is traditionally less engaged with the standard delivery channels for gambling products. On August 27, 2021, the federal government legalized single-event sports betting in Canada. This creates a significant opportunity for BCLC to bring players to PlayNow.com from grey-market websites and connect players to PlayNow.com's strong player health safeguards.

The projections presented position BCLC to ensure operations recover as quickly as possible while making the necessary investments to ensure the long-term health of the business. We continue to focus on innovation to 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. Planned initiatives execution and timing may be impacted by future waves of the pandemic and/or new COVID variants.

A noted scarcity of skilled and technical workers has the potential to increase operating costs. BCLC continues to evaluate and implement strategic programming to support recruitment, engagement and retention and strengthen our leadership and culture. This programming is intended to stabilize and develop the organization so it is better positioned to address the global human resource challenges of the pandemic and post-pandemic era.

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 in order 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

### Major Capital Projects

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

### Significant IT Projects

Significant IT Projects (over \$20 million in total)	Targeted Year of Completion	Project Cost to Dec 25, 2021 (\$m)	Estimated Cost to Complete (\$m)	Approved Anticipated Total Cost (\$m)
Lottery Terminals and Systems Replacement	2022/23	\$33M	\$10M	\$43M
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. Impacts of the pandemic have resulted in an increase in capital costs of this project by \$2 million compared to prior year and a revised substantial completion date extended by one fiscal year (from 2021/22 into 2022/23)				

## 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

The consolidated financial statements of BCLC include a wholly-owned subsidiary, B.C. Lottotech International Inc. (“Lottotech”). The primary purpose of Lottotech is to purchase capital assets for BCLC. These assets are leased to BCLC and the major expense is the amortization on the capital acquisitions as well as disposal costs on equipment. As we replace lottery legacy equipment and other legacy investments, there will be associated disposal costs. The management and oversight of Lottotech is consolidated within BCLC operations and the Board reviews and approves capital budgets through the business planning 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.

### Summary Financial Outlook Table for Each Active Subsidiary

\$ Millions	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Plan	2024/25 Plan
Revenues	65.4	71.9	86.9	92.6	99.8
Expenses	65.3	71.7	86.7	92.4	99.6
<b>Income from Operations</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Other Income (Expenses)	(0.9)	(0.8)	(1.1)	(1.1)	(1.1)
<b>Net Income (Loss)</b>	<b>(0.8)</b>	<b>(0.6)</b>	<b>(0.9)</b>	<b>(0.9)</b>	<b>(0.9)</b>

Lottotech’s publicly available financial statements can be found in [BCLC’s 2020/21 Annual Service Plan Report](#).

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

\$ millions	<b>2020/21 <u>Actual</u></b>	<b>2021/22 <u>Forecast</u></b>	<b>2022/23 <u>Budget</u></b>	<b>2023/24 <u>Plan</u></b>	<b>2024/25 <u>Plan</u></b>
<b>Lottery</b>					
Revenue	544	579	537	560	560
Less: direct expenses	<u>107</u>	<u>112</u>	<u>112</u>	<u>118</u>	<u>119</u>
	<u>437</u>	<u>467</u>	<u>425</u>	<u>442</u>	<u>441</u>
Operating expenses:					
General Operating	92	67	68	60	60
Gaming Support	23	19	20	21	21
Amortization	18	14	21	24	27
Other	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
	<u>134</u>	<u>102</u>	<u>111</u>	<u>107</u>	<u>110</u>
<b>Net Income Before Taxes</b>	<u>303</u>	<u>365</u>	<u>314</u>	<u>335</u>	<u>331</u>
Taxes	<u>17</u>	<u>17</u>	<u>18</u>	<u>18</u>	<u>19</u>
<b>Net income</b>	<u><u>286</u></u>	<u><u>348</u></u>	<u><u>296</u></u>	<u><u>317</u></u>	<u><u>312</u></u>
<b>e-Gaming</b>					
Revenue	422	441	473	502	530
Less: direct expenses	<u>70</u>	<u>79</u>	<u>85</u>	<u>90</u>	<u>94</u>
	<u>352</u>	<u>362</u>	<u>388</u>	<u>412</u>	<u>436</u>
Operating expenses:					
General Operating	65	44	46	47	50
Gaming Support	13	11	13	14	14
Amortization	7	4	4	4	5
Other	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>
	<u>86</u>	<u>59</u>	<u>64</u>	<u>66</u>	<u>70</u>
<b>Net Income Before Taxes</b>	<u>266</u>	<u>303</u>	<u>324</u>	<u>346</u>	<u>366</u>
Taxes	<u>14</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>17</u>
<b>Net income</b>	<u><u>252</u></u>	<u><u>288</u></u>	<u><u>308</u></u>	<u><u>330</u></u>	<u><u>349</u></u>
<b>Casino &amp; Community Gaming</b>					
Revenue	-	1,252	1,751	1,899	1,901
Less: direct expenses	<u>-</u>	<u>443</u>	<u>628</u>	<u>686</u>	<u>687</u>
	<u>-</u>	<u>809</u>	<u>1,123</u>	<u>1,213</u>	<u>1,214</u>
Operating expenses:					
General Operating	26	102	130	139	141
Gaming Support	18	24	32	30	31
Amortization	52	57	63	66	70
Other	<u>1</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>
	<u>97</u>	<u>186</u>	<u>228</u>	<u>239</u>	<u>246</u>
<b>Net Income Before Taxes</b>	<u>(97)</u>	<u>623</u>	<u>895</u>	<u>974</u>	<u>968</u>
Taxes	<u>11</u>	<u>34</u>	<u>47</u>	<u>51</u>	<u>51</u>
<b>Net income</b>	<u><u>(108)</u></u>	<u><u>589</u></u>	<u><u>848</u></u>	<u><u>923</u></u>	<u><u>917</u></u>

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



## Operating Segments

Capital Expenditures for each Operating Segment

\$ Millions	2020/21 Actual	2021/22 Forecast	2022/23 Budget	2023/24 Plan	2024/25 Plan
<b>Gambling Systems</b>					
Lottery	27	20	23	22	14
eGaming	1	1	-	-	-
Casino & Community Gaming	31	50	69	55	50
<b>Total Gambling Systems</b>	<b>59</b>	<b>71</b>	<b>92</b>	<b>77</b>	<b>64</b>
<b>Infrastructure &amp; Corporate Systems</b>					
Infrastructure & Corporate Systems	13	11	23	13	13
Corporate Facilities	1	1	5	13	13
<b>Other Capital</b>	<b>14</b>	<b>12</b>	<b>28</b>	<b>26</b>	<b>26</b>
<b>Total Capital</b>	<b>73</b>	<b>83</b>	<b>120</b>	<b>103</b>	<b>90</b>

### Lottery

Lottery's key initiative is the replacement of legacy systems and associated retail equipment.

### Casino and Community Gaming

The pandemic has changed player expectations, and the way casinos must operate in the foreseeable future. With physical distancing required or expected to some extent, our focus will be to optimize casino gaming floors and provide customers with a safe and comfortable gaming environment while improving upon the gaming content we offer. This also includes investments into electronically assisted table games where players can enjoy wagering on several live table game results from the convenience of their own terminal.

Gaming equipment for a new facility, Cascades Casino Delta, is planned for in fiscal year 2022/23. New entertaining gaming product will complement service provider facility developments which include non-gaming amenities to broaden player appeal.

### Infrastructure & Corporate Systems

Infrastructure & Corporate Systems include annual spend to maintain and replace existing network and hardware in BCLC's IT environment. Enterprise-wide system investments will be made to enable and focus on omni-channel player experiences.

### Corporate Facilities

The company will upgrade and revitalize its Kamloops office to meet safety standards, climate action commitments and provide employees with a practical and stimulating work environment that supports their flexible needs and well-being. The revitalization will align with the

company's workplace-of-the-future model and enhance the company's presence in downtown Kamloops.

## **Appendix C: Crown Mandate Letter from the Minister Responsible**



CLIFF # 276802

Peter Kappel, Chair  
Board of Directors  
British Columbia Lottery Corporation  
2840 Virtual Way  
Vancouver BC V5M 0A6

Dear Mr. Kappel:

On behalf of Premier Horgan and the Executive Council, I would like to extend my thanks to you and your board members for the dedication, expertise and skills with which you serve the people of British Columbia.

Every public sector organization is accountable to the citizens of British Columbia. The expectations of British Columbians are identified through their elected representatives, the members of the Legislative Assembly. Your contributions advance and protect the public interest of all British Columbians and through your work, you are supporting a society in which the people of this province can exercise their democratic rights, trust and feel protected by their public institutions.

You are serving British Columbians at a time when people in our province face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and government. It will require all Crowns to adapt to changing circumstances and follow Public Health orders and guidelines as you find ways to deliver your services to citizens.

This mandate letter, which I am sending in my capacity as Minister responsible for British Columbia Lottery Corporation (BCLC), on behalf of the Executive Council, communicates expectations for your organization. It sets out overarching principles relevant to the entire public sector and provides specific direction to the BCLC about priorities and expectations for the coming fiscal year.

I expect that the following five foundational principles will inform your agency's policies and programs:

.../2

- **Putting people first:** We are committed to working with you to put people first. You and your board are uniquely positioned to advance and protect the public interest and I expect that you will consider how your board's decisions maintain, protect and enhance the public services people rely on and make life more affordable for everyone.
- **Lasting and meaningful reconciliation:** Reconciliation is an ongoing process and a shared responsibility for us all. Government's unanimous passage of the *Declaration of the Rights of Indigenous Peoples Act* was a significant step forward in this journey – one that all Crown agencies are expected to support as we work in cooperation with Indigenous peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate.
- **Equity and anti-racism:** 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. All Crowns are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs. Similarly, appointments resulting in strong public sector boards that reflect the diversity of British Columbia will help achieve effective and citizen-centred governance.
- **A better future through fighting climate change:** Announced in December 2018, the CleanBC climate action plan puts our province on the path to a cleaner, better future by building a low-carbon economy with new clean energy jobs and opportunities, protecting our clean air, land and water and supporting communities to prepare for carbon impacts. As part of the accountability framework established in CleanBC, and consistent with the *Climate Change Accountability Act*, please ensure your organization aligns operations with targets and strategies for minimizing greenhouse gas emissions and managing climate change risk, including 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.
- **A strong, sustainable economy that works for everyone:** I expect that you will identify new and flexible ways to achieve your mandate and serve the citizens of British

Columbia within the guidelines established by the Provincial Health Officer and considering best practices for conducting business during the pandemic. Collectively, our public sector will continue to support British Columbians through the pandemic and economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. As a public sector organization, I expect that you will consider how your decisions and operations reflect environmental, social and governance factors and contribute to this future.

The Crown Agencies and Board Resourcing Office (CABRO), with the Ministry of Finance, will continue to support you and your board on recruitment and appointments as needed, and will be expanding professional development opportunities in 2021/22. The Governing in the Public Interest online certificate program is now available, and all board members are encouraged to complete this new offering.

As the Minister Responsible for the BCLC, I expect that you will make substantive progress on the following priorities and incorporate them in the goals, objectives and performance measures in your 2021/22 Service Plan:

- Government continues to address concerns raised around illicit behaviour in BCLC's gaming facilities. It is expected that BCLC will continue to prioritize taking action to eradicate money laundering and other illicit behaviour in our casinos. Regarding these efforts:
  - Implement and support government's response to recommendations arising from the Cullen Commission of Inquiry into Money Laundering in British Columbia as appropriate;
  - Continue to work with law enforcement partners, service providers and the gambling regulator to analyze the effectiveness of policies and procedures implemented to disrupt and combat money laundering in B.C. casinos;
  - Provide information to the Deputy Minister and the gambling regulator as and when necessary to help support the development of policies and procedures to disrupt money laundering;
  - Continue implementation of recommendations from the reports on money laundering and relevant actions arising from the implementation of the provincial anti-money laundering (AML) strategy; and
  - Continue to work with industry and enforcement partners and provide support to the gambling regulator in the development of new regulatory gambling standards and the transition to a standards-based model.

- Continue to seek opportunities to strengthen BCLC's ability to identify and respond to early warning signs of high-risk gambling in order 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.
- Continue to proactively and responsively share information with the Deputy Minister (Crown Agencies Secretariat), Anti-Money Laundering Deputy Minister's Committee (AML DMC), Anti-Money Laundering Secretariat (AMLS) 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.
- Sustain operations while collaborating with casino service providers and ensuring alignment with the provincial government's COVID-19 recovery efforts.
- 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.

Each board member is required to sign the Mandate Letter to acknowledge government's direction to your organization. The signed Mandate Letter is to be posted publicly on your organization's website in spring 2021.

I look forward to continuing to work with you and your Board colleagues to build a better B.C.

Sincerely,



Selina Robinson  
Minister

cc: Honourable John Horgan, Premier

Lori Wanamaker, Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Mark Sieben, Deputy Solicitor General, Ministry of Public Safety and Solicitor General

Douglas S. Scott, Deputy Minister, Crown Agencies Secretariat, Ministry of Finance

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

Sam MacLeod, General Manager, Gaming Policy and Enforcement Branch, Ministry of Public Safety and Solicitor General

Lynda Cavanaugh, Interim Chief Executive Officer/President, BC Lottery Corporation

Peter Kappel, Board Member, BC Lottery Corporation

Joan Axford, Board Member, BC Lottery Corporation

Hilary Cassady, Board Member, BC Lottery Corporation

Fiona Chan, Board Member, BC Lottery Corporation

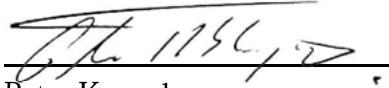
Lisa Ethans, Board Member, BC Lottery Corporation

Dusty Kelly, Board Member, BC Lottery Corporation

Mario Lee, Board Member, BC Lottery Corporation

Coro Strandberg, Board Member, BC Lottery Corporation

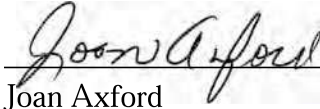




Peter Kappel  
Board Member, BC Lottery Corporation

20 May 2021

Date:



Joan Axford  
Board Member, BC Lottery Corporation

20 May 2021

Date:

Hilary Cassady  
Board Member, BC Lottery Corporation

Date:

Fiona Chan  
Board Member, BC Lottery Corporation

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Lisa Ethans  
Board Member, BC Lottery Corporation

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Dusty Kelly  
Board Member, BC Lottery Corporation

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Mario Lee  
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Coro Strandberg  
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Peter Kappel  
Board Member, BC Lottery Corporation

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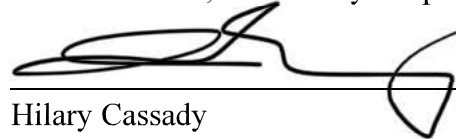
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Joan Axford  
Board Member, BC Lottery Corporation

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Hilary Cassady  
Board Member, BC Lottery Corporation

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May 20, 2021

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Fiona Chan  
Board Member, BC Lottery Corporation

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Lisa Ethans  
Board Member, BC Lottery Corporation

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Coro Strandberg  
Board Member, BC Lottery Corporation

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Peter Kappel  
Board Member, BC Lottery Corporation

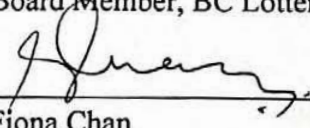
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Joan Axford  
Board Member, BC Lottery Corporation

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Hilary Cassady  
Board Member, BC Lottery Corporation

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Fiona Chan  
Board Member, BC Lottery Corporation

May 20, 2021

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Lisa Ethans  
Board Member, BC Lottery Corporation

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Dusty Kelly  
Board Member, BC Lottery Corporation

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Mario Lee  
Board Member, BC Lottery Corporation

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20 May 2021

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Dusty Kelly  
Board Member, BC Lottery Corporation

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Hilary Cassady  
Board Member, BC Lottery Corporation

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Date:

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Fiona Chan  
Board Member, BC Lottery Corporation

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Date:

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Lisa Ethans  
Board Member, BC Lottery Corporation

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Date:

  
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Dusty Kelly  
Board Member, BC Lottery Corporation

  
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Date:

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Mario Lee  
Board Member, BC Lottery Corporation

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Date:

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Coro Strandberg  
Board Member, BC Lottery Corporation

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Date:

Peter Kappel  
Board Member, BC Lottery Corporation

Date:

Joan Axford  
Board Member, BC Lottery Corporation

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May 20/2021

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May 20/21