

# BCLC Gambling Service Provider Commissions Report

Fiscal Year 2018/19

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## British Columbia's Casino, Community Gaming and Bingo Facility Gambling Operations Model

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

In 1997, BCLC created the original OSA and commission structure, which defined the responsibilities and overall compensation structure for service providers.

In 2014, BCLC undertook a review and, through third-party and industry consultation, developed a new OSA and commission structure aimed at generating sustainable long-term returns to the Province, enhancing private-sector investment and strengthening accountability and compliance from service providers.

Introduced in fall 2017, the new OSA replaces the three per cent Facility Development Commission (FDC) and two per cent Accelerated Facility Development Commission (AFDC) with a new five per cent Facility Investment Commission (FIC) program. Service providers can earn FIC commissions based on the execution of an investment plan agreed upon at the time of signing the new OSA.

The terms of the new OSA require service providers to submit annual business plans which include commitments to capital and operating investments in properties over the term of the contract. This new agreement provides a framework for BCLC to hold service providers accountable for investment commitments and service standards which will ultimately drive growth and new amenities.

The new OSA also includes incentives for service providers to offer greater availability of lower-limit table games, which is an initiative to support BCLC's casino strategy to create a greater player experience.

A comparison of the new OSA (2017) and the original OSA (1997) includes:

- Table games commissions are 42.5 per cent and poker is 77.5 per cent of net win under the new OSA. This is an increase from original commissions of 40 per cent and 75 per cent respectively.
- Low-limit blackjack is 62.5 per cent of net win under the new OSA. This is an increase from the original commission of 60 per cent.
- High-limit table games commissions remain the same at 40 per cent of net win.
- Slot-machine commissions remain the same at 25 per cent of net win.
- Bingo games commissions are 90 per cent on the first \$10,000 and 45 per cent above \$10,000 on weekly bingo revenue, after prizes paid under the new OSA. This is an increase from the original, tiered commission structure of 60/40/25 per cent, providing greater incentive to smaller service providers to offer more frequent bingo sessions.

The new OSA structure, approved by B.C.'s Attorney General in November 2017, is a 20-year agreement, which 31 of our 38 facility service providers have signed as of March 31, 2019. The previous OSA remains in place for the remaining service providers, who still have the option to sign the new OSA prior to the expiration of their original OSA.

## Commissions Earned by Casino Service Providers Annually (By Facility)

Fiscal 2018/19 (in thousands of dollars)

Casino Name	Slot Revenue	Table Revenue	Bingo Revenue <sup>3</sup>	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	FIC Earned	Total Commission
Billy Barker Casino	\$ 8,928	\$ 28	\$ -	\$ 8,956	\$ 2,243	\$ 186	\$ -	\$ 137	\$ 2,566
Cascades Casino Kamloops	22,623	1,587	-	24,210	6,432	<sup>-1</sup>	-	1,205	7,637
Cascades Casino Langley	114,515	27,935	2,213	144,663	43,465	<sup>-1</sup>	-	7,223	50,688
Cascades Casino Penticton	26,685	914	-	27,599	7,087	<sup>-1</sup>	-	1,373	8,460
Casino Nanaimo	46,852	4,627	-	51,479	13,917	261	175	2,124	16,477
Casino of the Rockies	11,312	659	-	11,971	3,137	83	-	459	3,679
Elements Casino Surrey	61,754	16,370	-	78,124	22,239	409	274	3,190	26,112
Elements Casino Victoria	74,438	10,935	-	85,373	23,415	448	300	3,502	27,665
Grand Villa Casino	157,742	85,456	-	243,198	79,223	<sup>-1</sup>	-	12,126	91,349
Hard Rock Casino Vancouver	102,015	29,446	-	131,461	37,792	681	455	5,387	44,315
Hastings Racecourse and Casino	20,649	-	-	20,649	5,125	121	81	824	6,151
Parq Vancouver	84,530	100,868	-	185,398	66,441	718	479	8,016	75,654
Playtime Casino Kelowna	20,005	4,187	-	24,192	7,035	<sup>-1</sup>	-	1,203	8,238
Playtime Casino Vernon	25,874	1,036	-	26,910	6,924	<sup>-1</sup>	-	1,340	8,264
River Rock Casino Resort	168,880	154,777	-	323,657	108,129	1,685	1,124	13,263	124,201
Starlight Casino	91,907	35,348	-	127,255	38,686	<sup>-1</sup>	-	6,340	45,026
Treasure Cove Casino	45,460	2,116	3,247	50,823	14,196	131	88 <sup>2</sup>	2,317	16,732
<b>Total</b>	<b>\$ 1,084,169</b>	<b>\$ 476,289</b>	<b>\$ 5,460</b>	<b>\$ 1,565,918</b>	<b>\$ 485,486</b>	<b>\$ 4,723</b>	<b>\$ 2,976</b>	<b>\$ 70,029</b>	<b>\$ 563,214</b>

<sup>1</sup> No FDC was earned in the year due to the new OSA effective April 1, 2018.

<sup>2</sup> Treasure Cove AFDC amount is for Bingo Hall only.

<sup>3</sup> International Financial Reporting Standards (IFRS) 15 Revenue from Contracts with Customers and 9 Financial Instruments are effective for annual reporting periods beginning on or after January 1, 2019. BCLC adopted these standards for its fiscal year ending March 31, 2019. As a result, bingo revenue is now presented net of prizes on its statement of comprehensive income. There is no impact on the commission paid to service providers or net income to government as a result of this presentation change. However, revenue for bingo games, and therefore total revenue for gaming facilities with bingo, is presented differently than in prior years' reports.

## Commissions Earned by Community Gaming and Bingo Service Providers Annually (By Facility)

Fiscal 2018/19 (in thousands of dollars)

CGC or Bingo Hall	Slot Revenue	Table Revenue	Bingo Revenue <sup>3</sup>	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	FIC Earned	Total Commission
Bingo Esquimalt	\$ -	\$ -	\$ 1,568	\$ 1,568	\$ 799	\$ 78	\$ -	\$ - <sup>2</sup>	\$ 877
Chances Abbotsford	22,864	-	19	22,883	5,714	- <sup>1</sup>	-	1,140	6,854
Chances Boardwalk Mission	11,964	-	359	12,323	3,292	- <sup>1</sup>	-	614	3,906
Chances Boardwalk Squamish	4,901	-	105	5,006	1,307	- <sup>1</sup>	-	249	1,556
Chances Campbell River	16,038	-	146	16,184	4,119	- <sup>1</sup>	-	806	4,925
Chances Castlegar	10,239	-	123	10,362	2,642	153	101	263	3,159
Chances Chilliwack	36,643	-	1,345	37,988	9,914	202	132	1,557	11,805
Chances Courtenay	19,213	-	33	19,246	4,812	- <sup>1</sup>	-	958	5,770
Chances Cowichan	14,963	-	597	15,560	4,076	478	310	- <sup>2</sup>	4,864
Chances Dawson Creek	12,201	-	157	12,358	3,172	67	44	506	3,789
Chances Fort St. John	15,118	1,402	116	16,636	4,453	501	332	- <sup>2</sup>	5,286
Chances Kamloops	22,352	-	1,120	23,472	6,238	596	387	205	7,426
Chances Kelowna	49,947	-	2,929	52,876	14,006	110	-	2,465	16,581
Chances Maple Ridge	30,363	-	485	30,848	7,927	151	100	1,282	9,460
Chances Prince Rupert	9,656	-	357	10,013	2,618	307	200	- <sup>2</sup>	3,125
Chances Rim Rock	8,229	-	295	8,524	2,226	261	170	- <sup>2</sup>	2,657
Chances Salmon Arm	11,162	-	212	11,374	2,943	175	115	279	3,512
Chances Signal Point Gaming	10,843	-	560	11,403	3,052	318	206	56	3,632
Chances Terrace	12,290	-	307	12,597	3,268	251	-	217	3,736
Harbour City Bingo	-	-	2,461	2,461	1,194	123	-	- <sup>2</sup>	1,317
Newton Community Gaming Centre <sup>5</sup>	-	-	205	205	107	10	-	- <sup>2</sup>	117
Planet Bingo	-	-	2,909	2,909	1,371	146	-	- <sup>2</sup>	1,517
Playtime Gaming Victoria <sup>4</sup>	-	-	922	922	513	45	-	-	558
<b>Total CGC &amp; Commercial Bingo Halls</b>	<b>318,986</b>	<b>1,402</b>	<b>17,330</b>	<b>337,718</b>	<b>89,763</b>	<b>3,972</b>	<b>2,097</b>	<b>10,597</b>	<b>106,429</b>
Paper Bingo Distribution Revenue	-	-	238	238	-	-	-	-	-
<b>Total</b>	<b>\$ 318,986</b>	<b>\$ 1,402</b>	<b>\$ 17,568</b>	<b>\$ 337,956</b>	<b>\$ 89,763</b>	<b>\$ 3,972</b>	<b>\$ 2,097</b>	<b>\$ 10,597</b>	<b>\$ 106,429</b>

<sup>1</sup> No FDC was earned in the year due to the new OSA effective April 1, 2018.

<sup>2</sup> No FIC was earned in the year due to the facility being either a Bingo Hall or based on the original OSA still in effect.

<sup>3</sup> International Financial Reporting Standards (IFRS) 15 Revenue from Contracts with Customers and 9 Financial Instruments are effective for annual reporting periods beginning on or after January 1, 2019. BCLC adopted these standards for its fiscal year ending March 31, 2019. As a result, bingo revenue is now presented net of prizes on its statement of comprehensive income. There is no impact on the commission paid to service providers or net income to government as a result of this presentation change. However, revenue for bingo games, and therefore total revenue for gaming facilities with bingo, is presented differently than in prior years' reports.

<sup>4</sup> Playtime Victoria closed on December 31, 2018.

<sup>5</sup> Newton Community Gaming Centre closed on April 21, 2018.

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

Facility	Service Provider	Location
Billy Barker Casino	585 Holdings Ltd.	Quesnel
Bingo Esquimalt	Great Canadian Casinos Inc.	Victoria
Cascades Casino Kamloops	Gateway Casinos & Entertainment Limited	Kamloops
Cascades Casino Langley	Gateway Casinos & Entertainment Limited	Langley
Cascades Casino Penticton	Gateway Casinos & Entertainment Limited	Penticton
Casino Nanaimo	Great Canadian Casinos Inc.	Nanaimo
Casino of the Rockies	SEM Resort Limited Partnership	Ktunaxa Nation (Cranbrook)
Chances Abbotsford	Playtime Gaming Group Inc.	Abbotsford
Chances Boardwalk Mission	Gateway Casinos & Entertainment Limited	Mission
Chances Boardwalk Squamish	Gateway Casinos & Entertainment Limited	Squamish
Chances Campbell River	Playtime Gaming Group Inc.	Campbell River
Chances Castlegar	Terrim Properties Ltd.	Castlegar
Chances Chilliwack	Chilliwack Gaming Ltd.	Chilliwack
Chances Courtenay	Playtime Gaming Group Inc.	Courtenay
Chances Cowichan	Duncan Dabber Bingo Society	Duncan
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 Prince Rupert	0733244 BC Ltd.	Prince Rupert
Chances Rim Rock	Alberni Valley Gaming Association	Port Alberni

## Appendix 1 (continued): BCLC Casino, Community Gaming and Bingo Facility Service Providers

Facility	Service Provider	Location
Chances Salmon Arm	Terrim Properties Ltd.	Salmon Arm
Chances Signal Point Gaming	Lucky's Ventures Ltd.	Williams Lake
Chances Terrace	Lucky Dollar Bingo Management Ltd.	Terrace
Elements Casino Surrey	Orangeville Raceway Limited	Surrey
Elements Casino Victoria	Great Canadian Casinos Inc.	View Royal
Grand Villa Casino	Gateway Casinos and Entertainment Limited	Burnaby
Harbour City Bingo	Harbour City Bingo Inc.	Nanaimo
Hard Rock Casino Vancouver	Great Canadian Casinos Inc.	Coquitlam
Hastings Racecourse and Casino	Hastings Entertainment Inc.	Vancouver
Newton Community Gaming Centre (closed April 21, 2018)	Gateway Casinos & Entertainment Limited	Surrey
Parq Vancouver	Parq Vancouver ULC, as General Partner and on behalf of Parq Vancouver Limited Partnership	Vancouver
Planet Bingo	Community Gaming Management Association	Vancouver
Playtime Casino Kelowna	Gateway Casinos & Entertainment Limited	Kelowna
Playtime Casino Vernon	Gateway Casinos & Entertainment Limited	Vernon
Playtime Gaming Victoria (closed December 31, 2018)	Playtime Community Gaming Centres Inc.	Victoria
River Rock Casino Resort	Great Canadian Casinos Inc.	Richmond
Starlight Casino	Gateway Casinos & Entertainment Limited	New Westminster
Treasure Cove Casino	Treasure Cove Casino Inc.	Prince George