

BCLC Submission to the Standing Senate Committee  
on Legal and Constitutional Affairs – Bill C-290

OCTOBER 22, 2012

## Summary of submission:

This submission is presented by British Columbia Lottery Corporation (BCLC), the Provincial Crown Corporation mandated to conduct and manage commercial gambling in B.C. BCLC strongly supports the amendments to Bill C-290 to allow Canadian regulators the ability to oversee the types of betting currently prohibited under the Criminal Code of Canada, including single event sports betting.

The following provides an overview of BCLC's business and in particular our sports betting business and outlines how allowing single event sports betting will level the playing field with the hundreds of unregulated, illegal offshore websites already operating in Canada and offering single event sports betting to players who enjoy this form of entertainment.

BCLC would welcome this change as it will help keep more of these players gambling on regulated Canadian websites and in turn provide millions of dollars in additional revenue to provinces for the benefit of the people and communities in our own country. Further, it will allow Canadian gambling jurisdictions to bring higher standards in responsible gambling, player protection, fairness, integrity and security to this aspect of the gambling industry and offer a legitimate alternative to Canadian sports bettors.

## Background:

BCLC is the provincial Crown Corporation, mandated in B.C.'s *Gaming Control Act*, to conduct and manage gambling. The gambling industry employs more than 37,000 jobs in B.C. in gambling operations, government agencies, charities and support services.<sup>1</sup>

Since 1985, BCLC has provided legal gambling options for players in British Columbia in a regulated and secure environment, while keeping revenue in the province to benefit all B.C. communities. Over 27 years, BCLC has generated more than \$14.6 billion in net income to fund provincial, municipal and charitable programs.

In 2004, B.C. launched PlayNow.com, Canada's first provincially operated and regulated gambling website. The website launched initially with sports betting and lottery games as a convenience to British Columbians. In 2010, BCLC added online casino games, including blackjack, roulette, baccarat, slots and bingo.

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<sup>1</sup> 2010 Economic Impact of the Canadian Gaming Industry: Key Findings Report – HLT Advisory Inc. (October 2011)

BCLC currently offers two different sport betting products, which offer parlay betting with a minimum of a two-event wager:

- The Sports Action brand is available at BCLC retail locations and offers wagering on a variety of sports, with five different betting options. Sports Action is the foundation of BCLC's sports betting offering and has been available for players since 1985. Up until July 2012 it was also offered online.
- PlayNow Sports launched on July 5, 2012 on PlayNow.com. It provides players a comprehensive suite of sports betting comparable to our offshore competitors in all aspects, with the exception of single event sports betting. Sports bettors in B.C. can participate in live and futures betting on a wide variety of sports. BCLC has partnered with Paddy Power, a world-class odds setter for PlayNow Sports.

BCLC has been very successful in providing players options to offshore gambling websites in British Columbia by offering competitive products. The popularity of PlayNow.com is demonstrated by the more than 200,000 British Columbians currently registered to play. We have seen a significant increase in player registrations since launching the new PlayNow Sports. However, our capacity to offer players the kinds of sports betting they want is limited and will hamper future growth in this area of our business.

The addition of single event sports betting will help BCLC to further build on the overall experience by offering players multiple purchase options.

### Single event sports betting in a regulated landscape:

The Criminal Code determines the parameters of legal gaming in Canada and permits a number of gambling options. Despite this, it's estimated Canadians have been wagering in excess of \$2 billion annually<sup>2</sup> through offshore sports books on the more than 2,000 offshore gambling websites taking players' money, with no accountability to Canadians.

BCLC's sports betting sales have been levelling off during the past six years, and the category as a whole (retail and online), has seen a decline in sales. This is a major concern for BCLC's sports betting business overall, which prompted the development of PlayNow Sports. PlayNow.com's sports betting product is on par and competitive in nearly every measurement other than single event sports betting.

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<sup>2</sup> Canadian Gaming Business, Single Event Sports Wagering Case Study Sept 2011

Conservative estimates for the new PlayNow Sports product have the number of unique annual sports bettors increasing from 8,900 currently, to more than 22,000 in the next two years. If the proposed amendments are made to Bill C-290, we estimate the number of registered players wagering on sports would double our projections to 40,000 in the next two years.

At retail, BCLC research shows that 220,000 players, or six per cent of the adult population in B.C.<sup>3</sup>, wagered on a Sports Action game at a lottery retailer or gaming facility within the province. But it's been estimated that up to 18 per cent of the adult population regularly wagers on sports. Single event sports betting would help recapture a larger portion of this money spent gambling elsewhere and ensure it gambling is being conducted in a responsible manner.

Based on PlayNow.com's current market share, future projections, including single event sports betting, could mean an additional \$20 million in annual net revenue for the Province of B.C. to help fund important community programs. We also expect additional, significant revenues could be achieved should we begin offering single event betting at our 34 casinos and community gaming centres and at retail. As an example, the National Gambling Impact Study Commission in the U.S. estimates that illegal wagers are as high as \$380 billion annually. The wagers placed by Canadians with illegal bookmakers need to be repatriated back to the provinces and create additional jobs at Canadian facilities.

## Regulated play and responsible gambling measures:

### **Regulatory oversight:**

In B.C., the Gaming Policy Enforcement Branch (GPEB), regulates all gaming in British Columbia, ensures the integrity of gaming industry companies, people and equipment, and investigates allegations of wrongdoing.

The Branch also manages responsible and problem gambling programs including a toll free problem gambling hotline and problem gambling counseling anywhere in the province. This comprehensive level of oversight and accountability is one of many measures that set BCLC apart from our offshore competitors.

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<sup>3</sup> Based on Statistics Canada 2011 estimates, B.C. population 19 years and older: 3,670,952

Our operations are also subject to reviews and audits from by our regulator and regulatory agencies including:

- Internal Operational compliance reviews
- GPEB audits
- Independent, external agency audits
- Compliance and audits to Financial Transaction and Reports Analysis Centre of Canada (FINTRAC)

All security staff who work in a B.C. gambling facility receive special training from the Justice Institute of B.C. and more than 14,000 gaming facility staff have received responsible gambling training. This responsible gambling training is mandatory for all front-line employees.

### **Ensuring integrity and security:**

As mentioned previously in this submission, we believe that amending Bill C-290 to legalize single event sports betting would level the playing field. Players are already make single events sports wagers though illegal, offshore websites. The proposed amendments would allow players to make these types of bets in a secure gambling environment, while giving BCLC the ability to review any suspicious transactions or unusual betting patterns.

BCLC already has layers of security in place to review online transactions and ensure integrity, including automated reporting thresholds for transactions. Any time an unusual betting pattern is discovered, we have the ability to immediately suspend the event.

Every online withdrawal over \$1,000 is reviewed by BCLC's Consumer Services team. Every online win over \$10,000 is reviewed by BCLC Security and the player must verify their bank account information and identity. BCLC's security team has the ability to access live reports and also reviews daily reports detailing all wins, losses and significant play.

Our lottery and casino gaming is also subject to standards, policies and procedures designed to ensure the integrity and security of gambling and the games we offer.

### **GameSense:**

As a regulated jurisdiction, we recognize the importance of providing responsible gambling resources to players. The award winning GameSense brand is a public and player education tool BCLC makes available to assist players with making informed choices about gambling. GameSense balances the fun elements of play and individual choice with the need to exercise a sense of control and stay within one's boundaries

when participating in games of chance. GameSense acknowledges the risks associated with games of chance and offers pathways to problem gambling assistance. The GameSense brand is included in all BCLC responsible gambling material.

### **Voluntary self-exclusion and support programs:**

BCLC's voluntary self-exclusion program is a resource available to people who want to restrict themselves from gambling online, or from casinos, community gaming centres or bingo halls.

Players who enroll in the program have the option for referral to free problem gambling counseling anywhere in the province for as long as required in order to help them. Counseling is provided by through Province's Gaming Policy and Enforcement Branch.

### **Online safeguards:**

To protect players, PlayNow.com incorporates security technology and safeguards similar to those used by financial institutions, with regular updates to those systems as technology changes.

For online players, BCLC has a comprehensive security and responsible gambling program imbedded into PlayNow.com, including:

- Third-party verification to ensure players are 19 years of age and older
- Requires user names and are password protected
- Weekly pre-commitment on e-wallet size with pre-set deposit limits with a 24-hour restriction on increase requests
- All information is secure and transactions are monitored
- Players can see how long and how much they have wagered
- Purchase history: tickets purchased and amount spent
- Player privacy: meets or exceeds all statutory requirements
- BC Problem Gambling Help Line phone number
- Links to GameSense.ca responsible gambling information
- Voluntary Self-Exclusion program

### **Age Controls:**

In addition to the age controls imbedded on PlayNow.com and throughout our land-based business, BCLC offers tools such as BetStopper to parents. BetStopper software allows parents to control their children's exposure to gambling websites and content by blocking access on chosen computers.

We also offer GameSense for Parents, a responsible gambling program designed to help parents understand how gambling can impact youth and to encourage dialogue with kids about the potential risks. In addition to our website activation, we have communicated this program through a direct-mail school boards, parent advisory councils and libraries.

In November 2011, GameSense for Parents received Platinum level recognition in the Corporate Social Responsibility category at the MarCom Awards 2011, an international creative competition that recognizes outstanding marketing achievements that are making a difference in the community.

### Looking ahead:

Many jurisdictions around the world successfully offer single event sports betting. Efforts must be made from all Canadian regulators to successfully keep criminals from benefiting from the transactions placed through their illegal operations.

Regulating single event sports betting will give BCLC better control to ensure players have responsible gambling information and that programs are being delivered in an appropriate and effective manner for those who need it.

As this submission outlines, we ensure a secure and regulated option for players who choose to gamble. BCLC has worked hard to compete and meet online players' expectations for eight years and we see single event sports betting as another opportunity to grow our business and bring funds back to the province for the benefit of all residents.

If the amendments to the Criminal Code are passed and receive Royal Assent, BCLC will offer single event sports betting soon after so that illegal, offshore websites or illegal book makers will no longer be the only place local sports bettors may turn to for this form of entertainment. Providing this service will help build a robust, regulated online gambling market in Canada.