

Conference Call Minutes and Q & A with  
Gaming Policy and Enforcement Branch (**GPEB**),  
BC Association for Charitable Gaming (**BCACG**)  
& BC Bingo Council (**BCBC**)  
April 7, 2010

**Participants:**

**Derek Sturko**, Assistant Deputy Minister, Gaming Policy & Enforcement Branch, **Ursula Cowland**, Executive Director, Licensing & Grants, **Sue Birge**, Executive Director, Policy, Responsible Gambling & Business Services Division, **GPEB**  
**Keith Jacobsen, Lynn Peachey, Gerrie Foster, BCBC**  
**Susan Marsden**, President, British Columbia Association for Charitable Gaming, **Cheryl Ziola**, Executive Director, **BCACG**

Derek Sturko opened the meeting by stating the purpose of the discussion:

1. Questions arising from bingo affiliate transition.
2. Since bingo affiliation and direct access grants have been consolidated, bingo associations no longer have a relationship with GPEB in terms of the grant process, although they may still have value in terms of bingo service provided at a commercial bingo hall and some sort of contractual relationship with BCLC. For some time, GPEB has considered the concept of bingo associations becoming more like charity associations and providing a broader representation for community organizations that receive grants. They could fill the role of a communications conduit.
3. What is the future role of the BC Bingo Council, which has primarily been focused on bingo-related community organizations? What will be the role of BCACG, which has had a broader representation that includes both bingo affiliates and non-bingo affiliates? Is it logical to have two organizations anymore?

Cheryl welcomed the participation of GPEB in this dialogue and thanked Derek for a number of positive steps. These include:

- advising the Minister about BCACG's concerns,
- for restoration of gaming funding in some sectors,
- recognition of the importance of environmental awareness programs for Olympic Legacy,
- and for moving government programs such as *Community Link* from gaming funding back to their respective ministries.

Cheryl further indicated that BCACG members are looking forward to receiving answers from GPEB staff to their questions. Answers will be reviewed by GPEB for clarity, then posted on BCACG website.

The first part of the meeting consisted of BCACG **questions and answers with GPEB staff.**

**Q.** *Will three-year funding be returned if the province's finances turn around? Annual gaming grant applications consume much preparation time by volunteers and staff. As well, this prohibits organizations from attracting other donors because they must have a mothball plan if core gaming funds don't materialize.*

Derek – I can't give you a definitive answer on that particular question. At the moment, there is no plan to restore three-year gaming grants but I cannot tell you what might be decided once the economy recovers.

Cheryl – Is that something you could perhaps convey to the decision-makers?

Derek – We have conveyed the desire of community groups to have three-year funding. There is no lack of understanding that that is the desire out there. And, in fact, as you know we had even moved some of the direct access recipients to three years by the time the economy turned on us. I can reiterate that for you, but I cannot commit what will happen, at this point in time.

**Q.** *As gaming revenues increase to the province, why are charities continuing to get less?*

Derek – Gaming revenues have got to be looked at in the context of all the revenues that government receives. When you look at the entire package of revenue that government is working with, obviously they are down fundamentally. Government had to make some difficult decisions to try and use whatever revenues were available; about how much, if any, deficit it wanted to incur in a given year; and to support as best it could the programs and services that are being provided directly by government or through other entities including grants. So, there has not been a direct link between gaming grants and the overall gaming revenue stream for some time. It has always been driven by the formula initially developed in the Memorandum of Agreement; the previous year plus inflation. That was the working model for many years and when the economy turned the government had to make some decisions and so it moved to a different amount, not using that formula for the last two years 2009/2010 and 2010/2011. So there is no direct link between the amount of gaming revenue earned and the grant size.

Sue Birge – This is a Treasury Board decision. It is not a decision that is made in this office. The size of the grant is part of the budget building process each year, which we are not obviously part of. Probably the Minister is more directly involved in that process than anyone.

Susan (BCACG) – If it is purely the finances, why is it that the municipalities got an increase from gaming and continue to have three-year written contracts? If the gaming money is needed to assist with the budget why are we differentiated as gaming organizations and charities from the municipalities?

Derek – The local government amount is driven by contracts. There are binding contracts between the government and those entities. They are actually 10 plus 10-year contracts. They are signed for ten years and then there is a ten-year renewal clause at the discretion of the local government.

Susan (BCACG) – Why are the gaming organizations treated so dramatically differently than other recipients of the profits from gaming?

Derek – There are contracts in place. That is what we have to honour. Bingo affiliates, or licensees as they used to be called in the past, received a revenue stream based on a certain stream of revenue being earned in those halls and then topped up by government. Government earns no money from bingo anymore, so there is no tie between money earned at bingo halls and money that bingo affiliates get. It is a straightforward flat grant, period. There is no money at bingo halls. It is a grant process and the government does its best to maximize the size of the grant with the overall amount of money. There are a lot of factors that government has to consider in these conversations, not just gaming grants. There are a whole lot of products and services that have to be delivered.

**Q.** *Charities helped build bingo and gaming halls. They provided thousands of volunteer hours, supported slots expansion plans in front of city councils and were told to get behind the effort or their halls, which they depended on, would close. So bingo affiliates have had a symbiotic relationship with their halls and now they feel they have been cast aside. Why should they now be competing with organizations that contributed zero sweat equity to the success of the local gaming*

*establishments? That is basically what has happened by the amalgamation of bingo and direct access.*

Derek – That is a philosophical question, if anything. Firstly, many of the former bingo affiliates that provided what you called “sweat equity” themselves chose to move to direct access. This was a choice that they made themselves. Secondly, many former bingo affiliates were in halls that closed and we moved them automatically to direct access. At the time of the transition, many direct access recipients had voluntarily or because their hall had closed moved to direct access. So you can’t say that there has been no, to use your term, “sweat equity” provided by those groups. At the end of the day, years ago the former direct access recipients were some of the people who used to work in casinos. So, if you go back far enough in time, 13 or 14 years ago, many of them put sweat equity time in. There is a different commercial model in place. It has been in place since 2002. That is old history. That is eight years ago.

Cheryl – I am conveying the view of some of those members that are still in functional halls that have been recently trotted out to support expansion to include slots. I reference for example, Newton. That is a fairly recent example. The members are wondering why they bothered doing all that to help the hall out if they are only going to lose the funding now anyway.

Gerrie – We are one of those halls that came out in favour of slots because we thought that it benefitted the community. We knew we were not going to get direct money from the slots but we thought it was going into that overall gaming pot, and would come down to us. I really feel that we were highly deceived by BCLC when they came forward to our meetings to present bringing the community gaming centres. I would like to suggest that new money from the slot machines should be dedicated first and foremost to reinstating the grant levels to where they were and to bringing back the charities that have been cut.

**Q.** *Who in government is determining the priorities for gaming funding (the categories) and what criteria are they using?*

Derek – I think the criteria have been spelled out in our communications material. The party in power makes the decisions. The government has chosen the priorities from within the former categories. So the government chose to put support behind public safety, disabled sports, community services such as pre-school and all of that; programs for people who are disadvantaged and in distressed circumstances, etc. The government chose that.

Cheryl – Do they have some kind of a template that they follow or criteria/rationale that they look at?

Derek – An effort was made to balance the amount of grant money they were able to attribute to this program and the achievement of those priorities; public safety, people who are distressed and disadvantaged, youth and disabled sports, etc. In balancing those, decisions were made with the majority of them being able to have that category funded at close to 100 per cent or at 100 per cent and some not able to achieve 100 per cent. It is simply a matter of trying to balance the money with priorities and program areas or sectors that are being supported. It is a balancing act. Had there been more money, there would have been a different balance. Is there a place I can show you where there is a template that says, “This one got a rating of seven and that one got a rating of three?” No.

**Q.** *We saw the fact that GPEB is permitting a “reconsideration” or appeal process by the Executive Director (Ursula Cowland) of GPEB (per the April 1, 2010 update) but may a group also request a different analyst?*

Ursula – The answer is yes. Please get them to write to me and I'll take a look at it and one of the remedies may be assigning another Analyst. Or we might work with the Analyst to get them to be a bit better. The work is being distributed amongst the nine Grant Analysts. We previously had three Analysts that carried the primary responsibility for bingo applications and that has changed as we are now amalgamating the two programs. One of the reasons that I ask for a letter from any organization that was having difficulties is that unless I hear about it there is nothing I can do about it. Certainly, if you are having some difficulties with any of the staff, please be assured that if you write to me that it is confidential. It will also give me an opportunity to enhance their training or to perhaps direct them to something else.

**Q.** *If an organization has programs that fall into different "categories" of funding, i.e. public safety and Arts and Culture for example, what criteria should they use to choose the funding category to apply under given they're only allowed to apply under one category once per fiscal year?*

Ursula – The organizations should apply in the sector which best reflects the purpose of the organization. So if the organization's primary mission is to provide public safety but they also do an arts and crafts program for kids, then they should apply under public safety, and the arts and crafts would simply be one of their programs. We actually go and look at their constitution. Some of the organizations may be a bit concerned about the subsector that they are categorized in. That is not a problem. We can definitely look at that and change it. The primary categorization is in the sector.

**Q.** *How does an organization that provides family programs distinguish between youth and adult?*

Derek – I don't know how to answer that particular question. I'm sure if we ended up one way with a definition, we would find ten examples that go the other way and vice versa. The organization would have to look at the guidelines and make a determination if this program meets our guideline criteria and choose whether they want to try to apply or not and demonstrate how they fulfill the guidelines. I don't think we can give a hard and fast rule on something like that. We have always had a category called Sports for Youth. That's nothing new. We have just added another one for Arts. Many organizations put on programs, which are about teens or pre-schoolers coming in and doing an activity. That is the kind of stuff we are talking about, not just catching the one or two youth who happen to be in the program.

**Q.** *Some groups received funds from both bingo and direct access streams that exceeded 250K a year. Does this mean that they are now maxed at 250K?*

Derek – Yes, or 100K in the case of a local or regional program. We are going to move them to that new limit sometime in the next one to three years. For example, if a group is at \$105K right now, it's not very hard to move them to \$100K. I'm making up the following example that probably doesn't exist to show the extreme case. For a group that is at \$300K and is only supposed to be getting \$100K, we would not be able to do it in one fell swoop. We would definitely do it over time. The idea is to transition them sometime between one and three years. For about half of the groups who are over either the local or the provincial amounts, it appears that they could transition without too much difficulty within one year. Of the 7,000 groups that we give a grant too, about 100 groups are above one limit or the other; a very small percentage, really.

**Q.** *Are we correct in our understanding that all groups with expiring licenses between now and after March 2011 will receive pro-rated or transitional funding until their relevant category application date? (2012 in some cases.)*

Derek – Nobody has to wait until 2012. A bingo affiliate whose affiliation has just ended seven days ago (March 31, 2010) will be moved to the community gaming cycle immediately. However, we are not going to require them to necessarily wait until the normal pay out time to pay them. Let's use an

example in Human & Social Services, the most difficult of the transitions. A group that is eligible to get a grant in Human & Social Services will be getting that in about August. Normally, we wouldn't be paying them until January or February. In 2011/2012 they'll get paid in January or February, so there are two transitions going on; one this year when they are part way through the cycle, and one next year to bring them the rest of the way in the cycle. The Human & Social Services category is the most difficult transition because it's the longest time away from the traditional payment time for bingo affiliates. For groups whose affiliations end next year, sometime during 2010/11 (expiring sometime in the next 12 months), this year they will get the full amount of that commitment. So if they have seven months worth of a commitment, they will get seven months and for the other five months they will get an amount that reflects their eligibility. Assuming they are eligible in the current ongoing subject category they would get, in the example I cited, 7/12 under the old bingo affiliation rule because that is when their affiliation expires, and 5/12 based on their being successful in one of the ongoing categories.

Keith – I want some clarity because my understanding is that our bingo affiliations for Human & Social Services ended as you say seven days ago (March 31, 2010). Will we get, sometime in August, 12 months of funding?

Derek – You will get the equivalent of 12 months of funding under whatever category each of your affiliates is in. So those that are Human & Social Services, yes, in August they will be getting essentially 12 months worth of funding. Those that are in Arts & Culture that are eligible will be getting it in June. They will still be getting 12 months worth.

We understand it is Human & Social Services where the most difficult challenges are. We tried to lay out a schedule that first off gives those organizations lots of advance notice of how this will work, timing wise. We have also indicated that in some instances we may be able to make interim payments or partial payments towards the grant. We are not supposed to be the only source of funding for those organizations. We are, in fact, supposed to be one of a number of sources of funding. One of the reasons we are giving a lot of advance notice here is to help organizations have as much time as possible to plan and to manage their funding, including any other sources of funding, in a way that helps with this transition. But we do have that backup plan which means that in extreme cases we can do some interim payments, even next year. So if an organization was going to get \$100 and could demonstrate it needed it now, we might give it \$50 now and \$50 later.

Cheryl—reminded participants that the province and Canada are in a recession economy. All three levels of government are running huge deficits and have staggering debts. Traditionally, Canadians don't contribute anywhere near the amount to charity that Americans do. There are Foundations whose financial markets have collapsed and they have cut back their funding. The reality is that there are not a lot of other funding wells to dip into. The lengthy notice from GPEB is nice but it doesn't mean that charities can easily replace the lost funding, which is of huge concern.

Derek commented that the government realizes this and was trying to provide an opportunity for organizations to plan for this in order to try and mitigate the consequences. Nobody believes this is going to be easy. It is a difficult transition we have to go through here. Once we get on to the new cycle we're good. We obviously have to deal with issues that arise as we go through this over the next 18 months. We understand that.

Regarding transition funding, Cheryl pointed out that there appeared to be some conflicting information. At one point GPEB said that there would be no transition funding available for certain groups that expired after 2011 and then a subsequent GPEB bulletin said, "Groups will receive a full amount of any outstanding multi-year commitments plus a pro-rated amount depending on the programs and services offered."

Derek – Let me be clear. We have never said anybody will get transitional funding. What we have said is that we have the capacity to do an interim payment or a transitional payment but it is still the same amount. It might be in two parts, but it is still the same total amount. What we have said over and over again is that any three-year commitment will be honoured. So if you have seven months, three months, 18 months of a three-year commitment, it will be honoured. And, you will get whatever else is appropriate for the rest of that year. For example, if your three-year commitment covers one half of a coming year, we will honour that commitment and you will get whatever is appropriate for the other six months. It's not extra funding; it is still only one year's worth of funding.

Cheryl – So, that basically takes them to their category application period?

Derek – Exactly right.

Lynn suggested that if the government were to tell people the dollar amount they are going to be getting in August – tell them now but give it to them in August – some of these questions would go away.

Ursula - We would love to do that. We are just not quite finished with all the affiliation applications, which will likely be finished in a couple of weeks. I have got a number of requests for the interim payments, so I'm working through those as well. We're hoping to be able to action those shortly. We are contacting every Arts, Culture and Sports group that has applied to verify with them the number of youth and what youth programs they offer. So this is going a bit more slowly than originally anticipated.

Derek –Other than those that ended on March 31<sup>st</sup>, all the other groups will know at least one half of what they are getting because they have a written three-year commitment. So whether they are expiring next year and they get a full amount this year or they are expiring sometime this year and they are getting 3/12, 7/12 or whatever it is, they will know that amount right now. So a portion of this has already been made clear to them with written letters. It is the outstanding part that they won't know about yet. So, we'll look into this and see if we can do that.

**Q.** *For those organizations who wish to clarify their category during the pro-rated or interim period, how will that organization be sure that GPEB knows their correct category if they've been told not to re-apply?*

Derek –Groups have already identified the category. All organizations have already been put into a category. Even former bingo affiliates have been categorized under those former categories. Every group is already in a category of one sort or another. We are not arbitrarily categorizing, we are going with what the groups indicated, as a starting point.

Ursula – They have. And as I said, the most difficult ones for us right now are determining the Youth Sports, the Enhancement of Youth and we are making an effort to contact each and every applicant to go through and determine their youth programs and at the same time we are making sure that they are going into the right sub-sector.

**Q.** What happens to municipalities when their second 10-year funding contract expires?

Derek – What happens right now is that the decision around the introduction of casinos or community gaming centres or whatever into a community does not stop if those contracts stop. The contract commitment was 10 plus 10. It's one of the ways that the provincial government gives the local government the opportunity to use some resources and revenue earned through facilities in their community locally. I wouldn't say that they will automatically end after 20 years, I don't know that. That will be a policy decision taken five or six years from now.

## **Future Role/Relationships between BCACG, BCBC, GPEB & local bingo associations**

Derek's comments:

1. Derek noted that the relationship between bingo/charity associations and BCLC is a commercial contractual relationship and not connected to GPEB. He specifically wanted to focus on the relationship with GPEB. It was very difficult for GPEB to try to impose a role on bingo affiliates that did not seem fair, was inconsistent with what we are doing with direct access recipients and which many bingo affiliates were seeking exemption from. We ultimately gave everybody exemption from time at the hall, etc. In all those conversations we did not come up with an alternative plan. As we have now eliminated bingo affiliations as an entity, the notion of a bingo association in its initial incarnation, putting aside the relationship with BCLC, does not make sense anymore. You have a formal amalgamation of community groups who are not really representing those community groups any more from the perspective of what they used to do. So, it is a whole different model. The thing that we have talked about with both of your organizations is whether there could be a broader base where the charity association could be an information conduit in and out for all grant recipients in a region and could receive a grant from us to support those programs and services just like the bingo associations used to do.
2. If we do that, what does it mean for the two provincial groups? Now we are mixing the two. I wanted to see what your two associations were thinking about a) the notion of a broader role for associations; and b) what are the implications, if any, for your two provincial organizations?

Susan responded that BCACG is not satisfied with the communication and the relationship with GPEB and the Ministry. They would like to have a more specific relationship and they would also like one where they are actually considered before the creation of policy and are seen as a partner in assisting charities to flourish. If GPEB and the Ministry are interested in having organizations that are truly respected as functional in the system, then BCACG is very interested in having a conversation on that. BCACG realizes there are times when GPEB cannot divulge information; however, being confrontational and stonewalled is incredibly frustrating when BCACG is trying to do something for the charities. BCACG has a mandate to give a voice to their charities and to try and assist them and that is what they would like to do. BCACG would like to work with GPEB to achieve that end.

Susan commented that communications have to be more formalized. If that is possible, then BCBC and BCACG can respond to GPEB's question. BCACG and BCBC have to be able to tell bingo associations that their reason for existence is to be a voice for their community, for their charities and that their voice will be heard. They may not always like what they hear, but they will be heard.

Derek then asked the BC Bingo Council what their position was.

On behalf of the BC Bingo Council, Lynn responded that it does not matter whether there is one organization or two. BC Bingo Council can exist if they choose to, or not if they don't. She asked why they had to agree to be mandated out of existence, if they choose to exist.

Derek responded that they didn't have to. They have a choice what they do. GPEB is not requiring or even suggesting they have to.

Derek then posed some questions. What is the best way for community groups to be represented? What is the model for that? What is the governance structure for that? What has to happen to make that work effectively? If part of that is more formalized communication that is something GPEB can happily consider. Decision-making will NOT be transferred. Government makes the decisions. Now, that doesn't mean that they can't consult. Derek commented that he was not trying to layout any pre-determined decision. If BCBC and BCACG don't want to amalgamate, GPEB will not tell them to do so.

It seems to be the right time to have this conversation but there is no pre-determined outcome or no expectation by GPEB.

Susan responded that the focus needs to be on ensuring that all of the charities represented and many that aren't actually members but still turn to BCACG for advice and information get through this transition as effectively as possible without devastating the sector. BCACG has to keep on top of what is going on so that we can inform our members and be there for them. It is very time consuming. To merge important organizations that have a long history is quite an intense process. We would want to make absolutely sure that nobody was treated unfairly. It is not something we have the time or the energy to do right now. It is not something we can preclude. Each bingo association is different. Some are very closely involved with their charities. Others are nominally involved. We also need to help them at this point in time to know what their options are and that their voice will be heard.

Susan then asked if GPEB had in mind or had started to articulate any general governance structure for a community gaming association. Derek replied that they did not and they did not want to take any steps in that regard until they had this conversation. They wanted to have an open conversation and get BCACG and BCBC's responses to the suggestion. Susan responded that this would be a good opportunity to canvass BCACG's members for their input into this new model. She indicated that BCACG would support a more collaborative approach with GPEB to finding a mutually beneficial solution. Derek agreed.

Gerrie mentioned that she felt it was vital that both associations remain alive and active and that they could certainly fulfill a communications role between GPEB and the charities.

Derek summed up the meeting by saying that GPEB has an interest in ensuring there is a good opportunity for community groups to be represented by more than just themselves, whether that is regionally or locally. GPEB doesn't know what the model looks like, but they believe it needs to be there. It will facilitate communication both in and out, which will be a benefit to GPEB. It is a good way to communicate. A win-win is possible.

GPEB will host a subsequent conference call meeting with BCACG and BCBC in early June to discuss the governance and structural model that might work. In the meantime, BCACG will canvass their members for their suggestions on what they would like to see included in this discussion.