

# Submission to the Community Gaming Grant Review

Submitted by the B.C. Government and  
Service Employees' Union

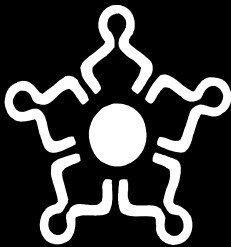
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Burnaby, British Columbia

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# Introduction

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The B.C. Government and Service Employees' Union (BCGEU) represents approximately 65,000 people working in various sectors and occupations in more than 550 bargaining units across British Columbia. Our diverse membership includes thousands of employees of non-profit organizations providing a wide range of community-based programs and services of direct benefit to British Columbians of all ages, abilities and backgrounds. For example, BCGEU members provide social and housing supports for adults with developmental disabilities, mentorship and assistance to individuals seeking employment, specialized services for immigrants and First Nations families, support for women dealing with violence, counselling and services for individuals struggling with mental health and addictions issues, and child care for families.

Community gaming grants are important sources of funding for many of the essential community-based services provided by BCGEU members. Accordingly, we appreciate the opportunity to provide this submission to the provincial review into the allocation of funding through community gaming grants (the "Review").

The terms of reference for the Review include examining the legislative framework governing grant funding, the role of government in the grant system, funding model and formula options, and grant processes. Our submission touches on each of these areas.

The provincial government has expressed an interest in creating certainty and sustainability for non-profit organizations providing community-based services. We believe this is a realistic objective, achievable through sensible policy decisions, real commitment, and strong public investment.

# Executive Summary

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Certainty and sustainability for non-profit organizations and front-line staff providing community-based services cannot be achieved through changes to the community gaming grant system alone. However, the implementation of the following recommendations would represent an improvement of the current system:

- 1. Amend the *Gaming Control Act*, to establish a binding commitment to providing non-profit organizations with a stable and consistent share of provincial gaming revenues, based on a clear and specific funding formula.**

In the absence of clear and specific legislative requirements, the share of gaming revenues allocated to grants to community-based programs and services has substantially declined over the last decade, and gaming funding to many organizations has been cut.

- 2. Re-establish multi-year funding cycles, and ensure that funding is arranged in a way that facilitates effective planning, maximizes program stability, and promotes staff recruitment, retention and development.**

The chronic uncertainty and instability among community-based recipients of gaming grants is, in part, a predictable result of the current funding model – specifically, the single-year funding cycle.

- 3. Take steps to simplify the timing and administration of grants, and to create stability, consistency, coordination, and flexibility across public funding sources, with respect to administrative and other processes and requirements.**

As more and more time and resources are allocated to grant applications and financial reports, less can be committed to front-line work, negatively impacting the quantity and quality of essential programs and services.

Building on the spirit and substance of this Review, British Columbians must engage in a broader discussion of the way government funds our community-based services. Effective and efficient provision of these programs and supports requires an increased amount of stable, coordinated, core public investment, financed primarily through a fair taxation system.

## Background

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Revenues from gaming in British Columbia have increased substantially since the late 1990s. Between fiscal 1999 and fiscal 2010, gaming revenues increased by 91 percent, and net provincial income from gaming increased by 109 percent.<sup>1</sup> During this time period, the provincial framework for gaming grants has changed significantly, often from one year to the next.

On June 17, 1999, following a number of reviews of, and changes to, provincial gaming policy,<sup>2</sup> the B.C. government signed a Memorandum of Agreement (MOA) on Gaming Policy, affirming its commitment to ensuring that non-profit organizations would receive a stable and consistent share of provincial gaming revenues.<sup>3</sup> The MOA reflected a social contract guaranteeing a direct public benefit from gaming activities through the allocation of government gaming revenues to public programs and services.<sup>4</sup> It set out a specific funding formula for determining the amount of this allocation.

A year later, on July 4, 2000, the provincial government introduced the *Gaming Control Act* (Bill 30), which outlined a legislative framework for gaming in British Columbia.<sup>5</sup> Bill 30 reaffirmed the government's commitment to sharing gaming revenue with community-based non-profits, and codified the funding formula articulated in the 1999 MOA.

Bill 30 was an exposure bill, in respect of which the government invited public comment; it was never passed. Following a change in government in 2001, a new *Gaming Control Act* (Bill 6) was introduced on March 4, 2002.<sup>6</sup> Bill 6 allowed for gaming revenue grants to non-profit organizations; however, it did not represent a firm commitment to revenue sharing, and did not articulate a formula guaranteeing a stable and consistent allocation of gaming revenues to public programs and services of direct community benefit.<sup>7</sup> The bill's provisions around gaming grants were brought into force later that year.

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<sup>1</sup> See British Columbia Lottery Corporation, *Annual Report 1999/2000* (2000); and BCLC, *2010/11 Annual Service Plan Report* (2011). See also British Columbia, Ministry of Finance, *2009 British Columbia Fiscal and Economic Review*, 69<sup>th</sup> ed., April 2008 to March 2009 (September 2009); and British Columbia, Ministry of Finance *2010 British Columbia Fiscal and Economic Review*, 70<sup>th</sup> ed., April 2009 to March 2010 (July 2010).

<sup>2</sup> See, e.g., British Columbia, Gaming Review Committee, *Findings of the Gaming Review Committee* (1993); British Columbia, Ministry of Government Services, *Report of the Gaming Policy Review* (1994); and British Columbia, Ministry of Employment and Investment, Project Working Group, *Report on Gaming Legislation and Regulation in British Columbia*, White Paper (1999).

<sup>3</sup> *Memorandum of Agreement on Gaming Policy*, B.C. Association for Charitable Gaming and Government of British Columbia, 17 June 1999. The other signatory to the MOA, the B.C. Association for Charitable Gaming, represented non-profit organizations.

<sup>4</sup> For an examination of the historical relationship between non-profit organizations and gaming policy and issues in B.C., see Colin Campbell, *Non-Profits and Gambling Expansion: The British Columbia Experience* (Canada West Foundation: 2000).

<sup>5</sup> Bill 30, *Gaming Control Act*, 4<sup>th</sup> session, 36<sup>th</sup> Parl., British Columbia, 2000.

<sup>6</sup> *Gaming Control Act*, S.B.C. 2002, c. 14.

<sup>7</sup> See *ibid.*, s. 41.

## Investing in public services

Over the past decade, the social contract reflected in Bill 30 and the 1999 MOA has been broken. As the following table demonstrates, grant funding has not kept up with growth in provincial gaming revenues.

Year	Amount Granted (\$ millions)	Net Provincial Income (\$ millions)	% of Net Income
2001/02	\$123.43	\$598.50	20.6%
2002/03	\$125.10	\$663.17	18.9%
2003/04	\$129.86	\$719.73	18.0%
2004/05	\$133.18	\$810.84	16.4%
2005/06	\$137.12	\$914.41	15.0%
2006/07	\$143.68	\$1,010.39	14.2%
2007/08	\$145.20	\$1,080.38	13.4%
2008/09	\$156.18	\$1,081.99	14.4%
2009/10	\$112.54	\$1,070.40	10.5%
2010/11	\$134.19	\$1,095.74	12.2%

**Sources:** BC Lottery Corporation, Annual Reports, 2001/02 to 2010/11; author's calculations.  
**Notes:** Grant amounts for 2002/03 to 2009/10 include direct access grants and bingo affiliation grants; amounts represent core grants, and do not include special one-time payments. The direct access and bingo affiliation grant programs were consolidated into the Community Gaming Grant program for 2010/11. Grant amounts for 2010/11 are grants paid under the new program structure, plus payments for prior multi-year grants; amounts do not include special one-time payments.

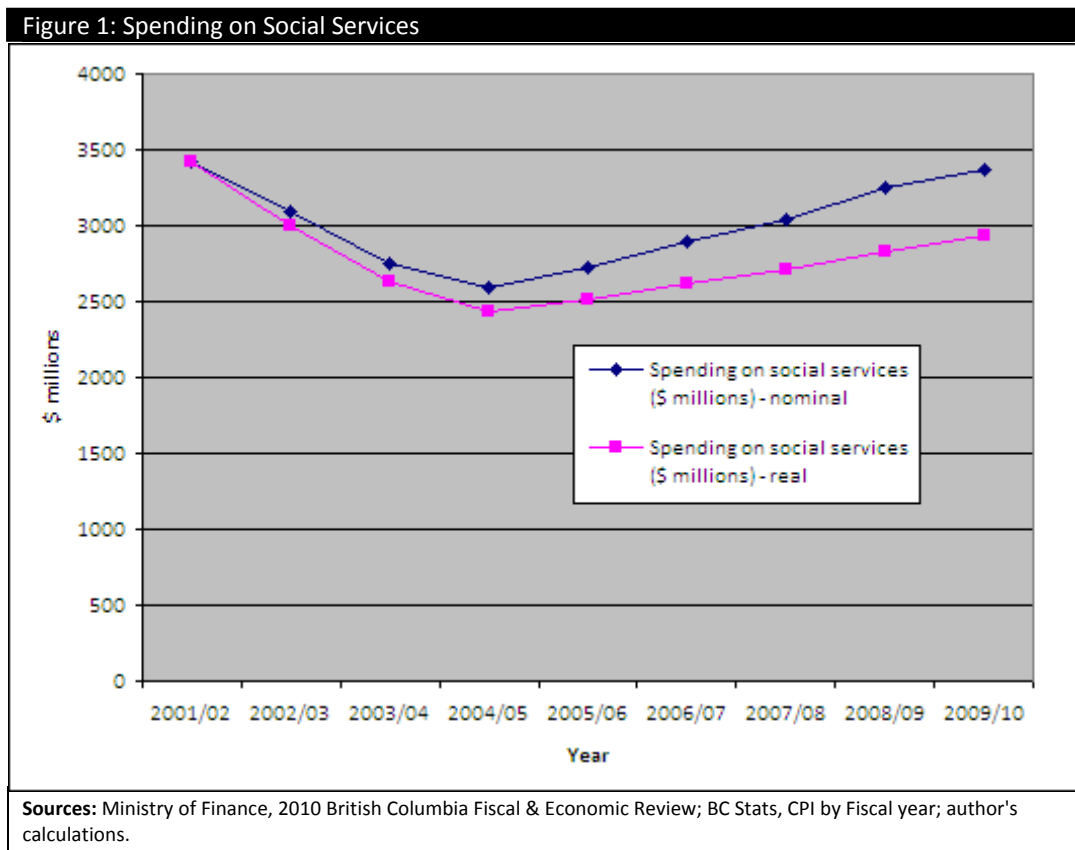
Between 2001/02 and 2010/11, the share of gaming revenues allocated to grants for community programs and services was reduced by approximately 41 percent. As Table 2 illustrates, over roughly the same time period, a number of the organizations that employ BCGEU members saw significant reductions in their gaming funding.

Organization	Amount Granted		% Change 2002/03 to 2010/11	
	2002/03	2010/11	Actual	Real
Burnaby Association for Community Inclusion	\$101,356	\$100,000	-1.3%	-13.1%
Cythera Transition House Society	\$103,389	\$93,750	-9.3%	-20.2%
Mission Community Service Society	\$139,949	\$122,750	-12.3%	-22.8%
North Shore Crisis Services Society	\$50,000	\$20,000	-60.0%	-64.8%
Victoria Cool Aid Society	\$101,276	\$90,000	-11.1%	-21.8%
Langley Association for Community Living	\$95,678	\$50,000	-47.7%	-54.0%

**Sources:** Gaming Policy & Enforcement Branch, Gaming Grant Reports, 2002/03 to 2010/11; BC Stats, CPI by Fiscal Year; author's calculations.  
**Notes:** Grant amounts for 2002/03 include direct access grants and bingo affiliation grants. The direct access and bingo affiliation grant programs were consolidated into the Community Gaming Grant program for 2010/11. Grant amounts for 2010/11 are grants paid under the new program structure, plus payments for prior multi-year grants, if any. Real figures assume inflation of 13.6% between fiscal 2002/03 and fiscal 2010/11.

These trends reflect a much broader, systemic problem with the way government funds community-based services in B.C. Indeed, reduced gaming funds have come on top of other cuts and frozen budgets across all funding sources, at a time when service demand is rising.

The social services sector has been particularly hard hit over the last decade. As Figure 1 shows, although provincial government spending on social services has picked up slightly since 2005, both real and nominal investment in social services declined between 2001/02 and 2009/10.

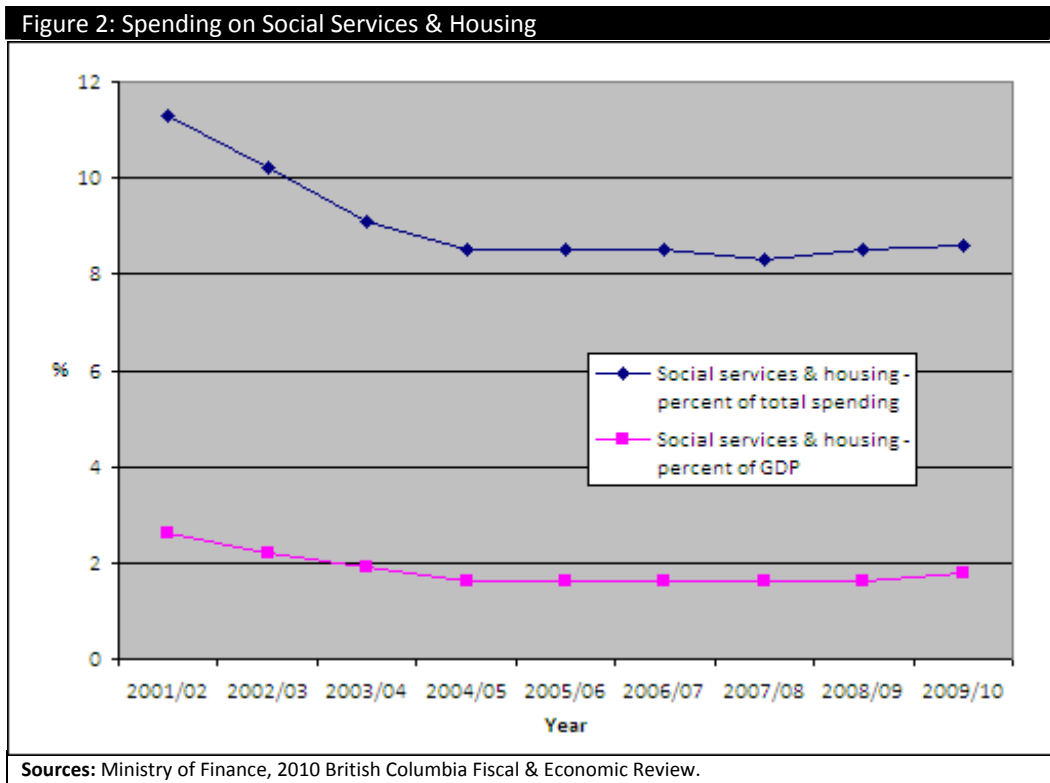


Furthermore, as the B.C. economy has grown and overall government spending has increased, investment in social services has decreased as a proportion of Gross Domestic Product and provincial expenditures (see Figure 2, below). Nowhere have these cuts been felt more severely than in community-based programs and services; and British Columbians, particularly those who are most vulnerable and disadvantaged, have suffered as a result.

Individuals and organizations providing community-based services operate in perpetual uncertainty, at the mercy of burdensome procurement processes and discretionary funding sources, including community gaming grants. In turn, these conditions have produced significant instability and have disrupted service continuity.

This state of affairs is unsustainable, and – notwithstanding our recommendations (below) to increase grant funding and make changes to the grant system – fundamentally, supporting essential public services through discretionary allocations from gaming revenues is not the

solution. Rather, the community social services sector requires an increased amount of stable, coordinated, core government funding to provide the programs and supports that British Columbians need. Moreover, this public investment should be financed primarily through a fair and equitable taxation system.



## **Funding formula, model and processes**

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This Review should not be conducted in a vacuum; the systemic issues raised above must be addressed by government. In addition, we recommend the following changes to the community gaming grant system.

### **Funding formula**

The current legislative framework governing grant funding offers no security or stability to community-based agencies that rely on gaming monies. As is noted above, the *Gaming Control Act* does not articulate a formula guaranteeing a stable and consistent allocation of gaming revenues to public programs and services. Moreover, the Act offers no binding commitment to revenue sharing – a marked departure from the social contract reflected in Bill 30 and the 1999 MOA.

In the absence of clear and specific legislative requirements, the share of gaming revenues allocated to grants to community-based programs and services has substantially declined over the last decade, and gaming funding to many organizations has been cut.<sup>8</sup> To address this situation, we recommend that the *Gaming Control Act* be amended, to establish the following:

- A binding legislative commitment to providing non-profit organizations with a stable and consistent share of provincial gaming revenues.
- A clear and specific formula for determining the amount of gaming revenues to be allocated through the grant system. Under this funding formula, the amount allocated to grants should be tied to various factors, including increases in gaming revenues, inflation and the cost of living, and demand for programs and services.
- A sub-formula for determining the amount of grant funding to be allocated to human and social services.

### **Funding model**

The chronic uncertainty and instability among community-based recipients of gaming grants is, in part, a predictable result of the current funding model – specifically, the single-year funding cycle. Single-year funding is often a barrier to effective planning and program stability. It can also have a negative effect on staff recruitment and retention. On the other hand, multi-year grants promote service efficiency, continuity and sustainability.

Accordingly, we recommend the re-establishment of multi-year funding arrangements; government must make a binding, long-term commitment to such arrangements. Moreover, although the multi-year grants previously provided to some organizations were improvements

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<sup>8</sup> See Table 1 and Table 2, above.

over single-year funding arrangements, they did not go far enough. Funding should be arranged in a way that facilitates effective planning, maximizes program stability, and promotes staff recruitment, retention and development.<sup>9</sup> There should be no arbitrary cap on the length of funding cycles.<sup>10</sup>

## **Funding processes**

Individuals and organizations providing community-based services are becoming increasingly overwhelmed by the cumbersome processes and procedures for obtaining and maintaining the funding necessary to operate effectively. As more and more time and resources are allocated to grant applications and financial reports, less can be committed to front-line work, negatively impacting the quantity and quality of services.

We urge the government to take steps to address these challenges. In the context of community gaming funding, this might mean simplifying the timing and administration of grants. It also necessarily means working towards stability, consistency, coordination, and flexibility across public funding sources, with respect to administrative and other processes and requirements, including timelines and accountability measures, with the aim of reducing the staff time and resources needed to manage these matters.

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<sup>9</sup> We note that, currently, community gaming grant funds cannot be used for costs related to professional development of staff (see British Columbia, Ministry of Housing and Social Development, Gaming Policy and Enforcement Branch, *Conditions for a Community Gaming Grant* (June 2011)). We recommend the removal of this restriction.

<sup>10</sup> We also urge a careful examination of current caps on grant amounts, with the aim of ensuring that these caps are not having a negative impact on the stability and effectiveness of programs and services.

## Conclusion

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Certainty and sustainability for non-profit organizations and front-line staff providing community-based services cannot be achieved through changes to the community gaming grant system alone. Implementation of the recommendations set out above would represent an improvement of the current system; however, the fundamental challenges outlined in this submission will still remain.

We hope that this Review will lead to a broader discussion of the way government funds community-based services in this province. As BCGEU members know too well, B.C. families rely on these essential programs and supports for their health and well-being.

Effective and efficient provision of community-based human and social services requires an increased amount of stable, coordinated, core public investment, financed primarily through a fair taxation system. We hope that you will take this critical message to the provincial government.

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