

2022-2023 Annual Plan
New Brunswick Lotteries and Gaming Corporation

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New Brunswick Lotteries and Gaming Corporation
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Message from the Chair

The New Brunswick Lotteries and Gaming Corporation's (NBLGC) annual plan was developed in accordance with the *Accountabilities and Continuous Improvement Act* and to align with government's strategic priorities.

As the Chair of the board, I am accountable for the development and submission of the annual plan as well as the achievement of goals and objectives described within. I know I speak for the whole board when I say I am excited to rise to the challenges presented in 2022-2023 and am confident we will succeed in our objectives.

Along with other sectors of the entertainment industry, land-based gaming has been hard hit by the COVID-19 pandemic in the 2020-2021 and 2021-2022 fiscal years. Positive trends are a sign that the industry is on the way to recovery. While brick and mortar gaming operations will seek to recover their share of entertainment dollars this year, the NBLGC anticipates continued growth for the i-gaming lines of business and a strong performance for traditional lottery.

The NBLGC is proud to provide New Brunswickers with a comprehensive suite of regulated gambling options while providing revenues to government for important services, such as health care and education. In this way, the NBLGC contributes to government's objectives of 1) Affordable and Sustainable Government through income generation, 2) Energize Private Sector through contractual relationships with service providers and 3) Vibrant and Sustainable Communities through contributions to social responsibility programs.

I am pleased to submit the Annual Plan for the New Brunswick Lotteries and Gaming Corporation for the fiscal year ending March 31, 2023.



Hon. Ernie L. Steeves
Chair of the New Brunswick Lotteries and Gaming Corporation
Minister of Finance and Treasury Board
Province of New Brunswick

GOVERNANCE

The business and affairs of the NBLGC are administered by a board of directors, which consists of the Minister of Finance and Treasury Board, the Deputy Minister of Finance and Treasury Board, and two senior civil servants appointed by the Lieutenant-Governor in Council. The *Act* requires that one of the appointees be a senior official from the Department of Health. The NBLGC, through its board, is ultimately responsible to the Government of New Brunswick.

At April 1, 2022, the members of the board of directors were:

- Hon. Ernie Steeves, Minister of Finance and Treasury Board (Chair)
- Cheryl Hansen, Deputy Minister of Finance and Treasury Board (Vice-Chair)
- René Boudreau, Associate Deputy Minister of Corporate Services, Department of Health
- David Nowlan, ERP Business Solution Owner, Finance and Treasury Board

Officers and Support Staff

There are three officers of the corporation as established by the by-laws:

- Chief Operating Officer (COO)
- Secretary
- Treasurer

These officers have specific duties as laid out in the by-laws as well as any other duties as may be stipulated by the board. All three officers of the corporation are employees of the Province of the New Brunswick. The NBLGC also receives additional support and staff services from the Agency Relations Branch of the Department of Finance and Treasury Board.

ORGANIZATIONAL OVERVIEW

Under the *Gaming Control Act* (the *Act*), the New Brunswick Lotteries and Gaming Corporation (NBLGC) was established as a Crown corporation responsible for developing, organizing, conducting and managing all provincial gaming as required by paragraph 207(1)(a) of the *Criminal Code* of Canada.

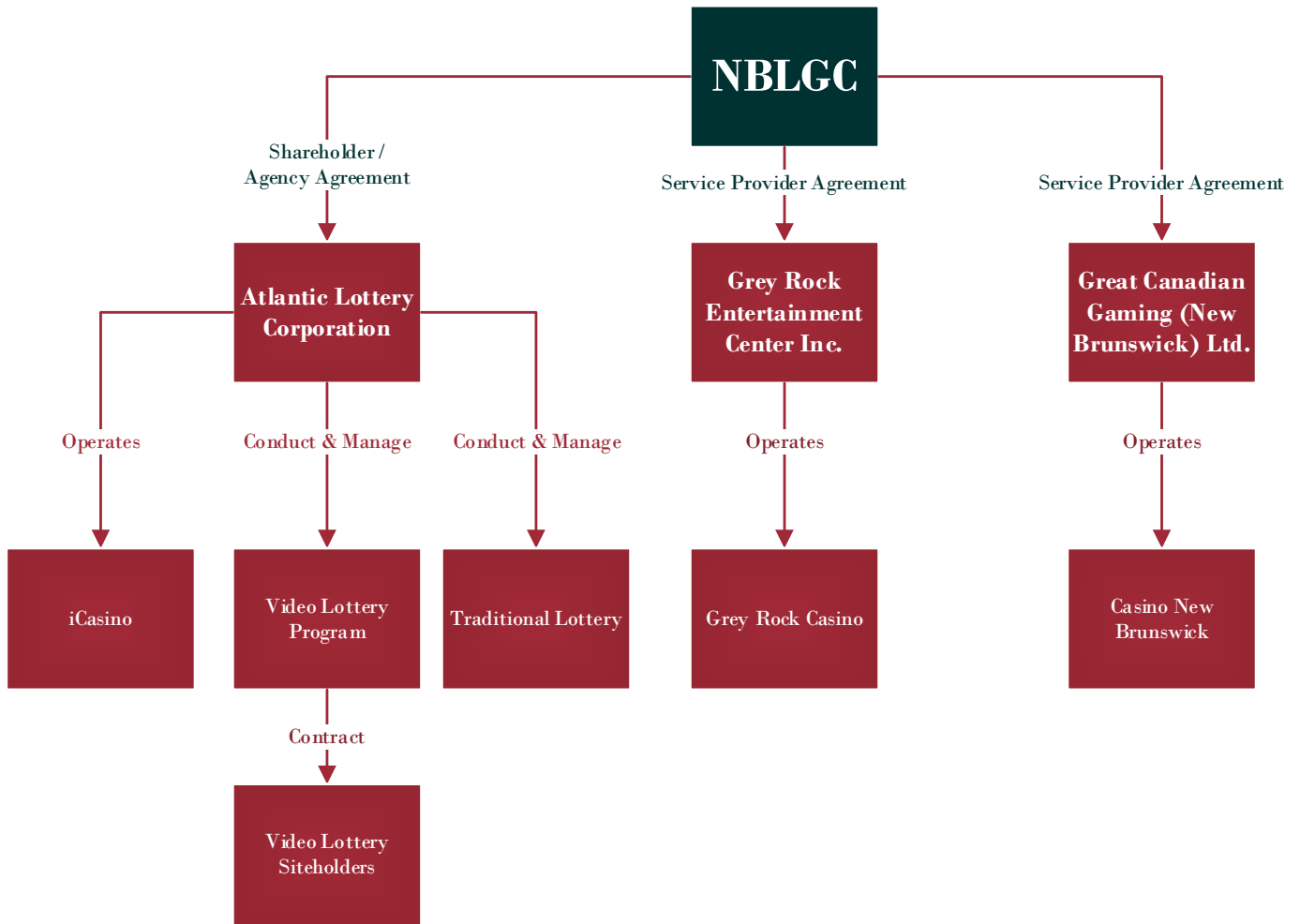
Section 5 of the *Act* lays out the objectives of the NBLGC:

- To develop, organize, undertake and conduct and manage lottery schemes on behalf of the government of the Province (or on behalf of the government of the Province and another Provincial government);
- Ensure those lottery schemes are conducted and managed in accordance with the *Criminal Code* of Canada, the *Act* and applicable regulations; and
- To do such other things in respect of lottery schemes as the Lieutenant Governor in Council may require.

The NBLGC has two additional areas of responsibility in addition to its core “conduct and management of lottery schemes” mandate:

- The development and implementation of a responsible gaming policy, and
- The management of the gaming revenue sharing arrangements with First Nations.

CORPORATE STRUCTURE

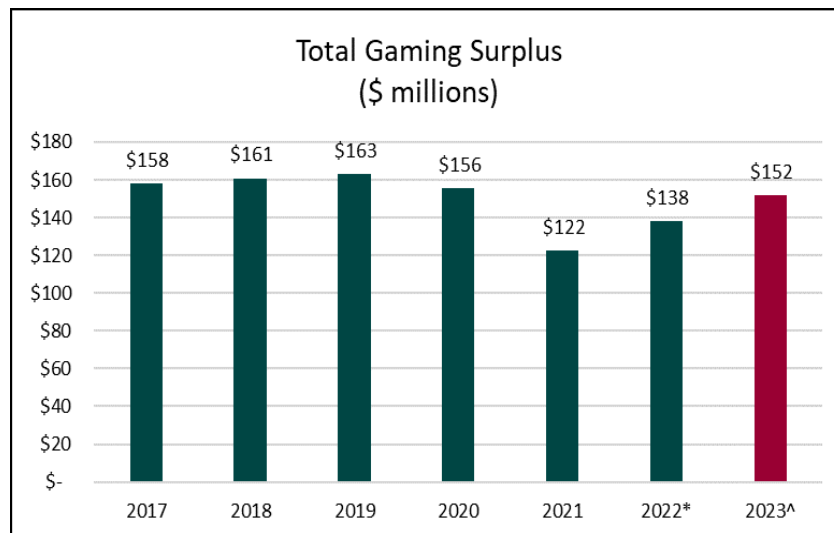


The NBLGC's four current lines of business (i.e. approved lottery schemes) are: video lottery, ticket lotteries, ilottery and casino gaming. The Atlantic Lottery Corporation (ALC) operates the video lottery, ilottery and ticket lottery lines of business on behalf of its shareholder, the NBLGC. As the provincial shareholder, the NBLGC is responsible for managing the oversight and accountability relationship with the ALC and appointing directors to represent the shareholder on the board of the ALC.

Casino gaming is operated by two private service providers via contractual service provider agreements: Great Canadian Gaming New Brunswick, Inc. (Casino New Brunswick) and Grey Rock Entertainment Center Inc. (Grey Rock Casino). The NBLGC exercises its conduct and manage responsibility through the management of those service provider agreements and the oversight of casino operations.

2022-2023 OBJECTIVES

Financial Performance		
Measure	Target	Key Performance Indicator
Annual Revenues	\$172 million	Meet (within 2%) or exceed
Annual Surplus	\$152 million	Meet (within 2%) or exceed



The NBLGC's projected contribution to Government for the fiscal year 2022-2023 is \$152 million. This includes the revenues from both Casino Service Providers and the Atlantic Lottery Corporation, less contributions to the HST and First Nations. The budget assumes that COVID-19 impacts will be mild to moderate and contained to the first quarter of the year. In addition, it assumed the continued strong performance of iCasino and digital instant games.

*projected
^2022-2023 Budget

Responsible Gaming		
Measure	Target	Key Performance Indicator
Responsible Gambling Information Center (RGIC) Visits	1,900 visits	Meet (within 2%) or exceed

The NBLGC is has a role to play in the promotion and subsidization of responsible gambling in the province. As such, the NBLGC funds the Responsible Gambling Information Center (RGIC) at Casino New Brunswick. The RGIC provides patrons and staff with information about lower risk gambling habits as well as options and resources for people who may be concerned with their gambling.

Operational Performance		
Measure	Target	Key Performance Indicator
Video Lottery Program Modernization	Bring forward changes to regulations 2008-112, 2008-113	Regulations are in force by Q3
	Approve ALC's VLT placement Policy	ALC has an active and approved VLT Placement Policy by Q2

The NBLGC has been working with the ALC to modernize the Video Lottery Program, which has remained relatively unchanged since the early 1990's. The proposed suite of regulatory changes would increase the maximum win from \$500 to \$2500 and give the ALC more flexibility to place VLT's according to business case and allow it to set more competitive compensation rates for siteholders. To provide a countermeasure for the added flexibility, the regulations will require that the ALC formalize its placement strategy for approval by the NBLGC, and that the NBLGC approve any subsequent changes.

Compliance and Risk Management		
Measure	Target	Key Performance Indicator
Financial Transactions and Reports Analysis Centre (FINTRAC) Review	Completion and reception of review	Q3 2022-2023

The NBLGC, as the entity responsible for casino gaming within the province, has obligations under the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)* to ensure that facilities within the province are not used to launder money. To ensure compliance of its operators, the NBLGC is conducting a review of the policies and procedures at Casino New Brunswick, Grey Rock Casino and ALC's online casino offerings. The NBLGC is targeting the completion of the review by Q3 at which time it will begin actioning the recommendations, if any, following from the process.

BUDGET

NEW BRUNSWICK LOTTERIES AND GAMING CORPORATION

31 MARCH 2022

2022-2023 NBLGC BUDGET

NEW BRUNSWICK LOTTERIES & GAMING CORPORATION (all numbers in \$000's)	2021-22 Budget Estimate	Current projection to year end for Q3 2021- 22	2022-23 Budget Estimate
Revenue			
Video lottery (Destination)	87,700	72,100	76,375
Ticket lottery (Retail)	35,000	41,200	38,111
Other ALC (iLottery)	14,600	24,100	24,200
Grey Rock Casino	1,000	1,000	1,500
Casino New Brunswick	20,000	16,000	31,000
Fees	<u>500</u>	<u>500</u>	<u>500</u>
TOTAL REVENUE	158,800	154,900	171,686
Expense			
First Nations agreements	13,500	12,000	12,300
HST	3,300	2,600	5,151
FINTRAC compliance & admin	60	60	60
Arts & Sports Development	<u>2,200</u>	<u>2,200</u>	<u>2,200</u>
TOTAL EXPENSE	19,060	16,860	19,711
ANNUAL SURPLUS	139,740	138,040	151,975

The board of the NBLGC approved the above budget for the 2022-2023 fiscal year. Important assumptions include limited COVID-19 Pandemic impacts for the video lottery, First Nation gaming revenues and casinos as well as continued strong performance of digital instants and iCasino.