
**PERFORMANCE MEASURES AND TARGETS
DETAIL
2008/09 - 2010/11**

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STRATEGIC PLANNING REVIEW PROCESS

Within the overall framework of Government gaming policy and BCLC's mission statement, BCLC's Board of Directors and Senior Executive have established strategic goals to guide the organization in the achievement of its mandate to conduct and manage lottery, casino, bingo and egaming in British Columbia within Government's gaming policy that balances revenue generation with social responsibility.

Critical risks, external and internal trends, opportunities and challenges are considered in developing our Service Plan. To manage and direct performance against each of our four goals, BCLC has established specific strategies with associated performance measures and targets. These goals, objectives, strategies and performance measures form the framework that guides business planning and decision making at all levels of the organization.

The performance measures utilized by BCLC to manage and measure performance in the organization have been selected in consultation with our Board of Directors, with input from Government, as the most relevant in measuring BCLC's progress against the strategic goals. In selecting these performance measures, the Board and Senior Executive considered the following key factors:

- Relevancy of performance measures against BCLC's strategic goals; and
- Validity of the indicators (do they measure what they are intended to measure?).

Availability and Reliability of Data

The data for BCLC's performance targets is obtained from internal and external sources. Revenue and net income results are obtained from our audited financial statements. Other financial measures, including the operating cost ratio and staffing numbers are obtained from internal management reports. Public and player performance data is provided by independent research agencies that utilize statistical sampling and survey methodologies; results can be relied upon with a high level of confidence.

2008/09 – 2010/11 PERFORMANCE MEASURES AND TARGETS

PERFORMANCE MEASURE	2005/06 ACTUAL	2006/07 ACTUAL	2007/08 SERVICE PLAN TARGET	2007/08 SERVICE PLAN FORECAST	2008/09 SERVICE PLAN TARGET	2009/10 SERVICE PLAN TARGET	2010/11 SERVICE PLAN TARGET
Total Revenue (millions)	\$2,260.7	2,425.2	\$2,495.0	\$2,500.0	\$2,648.0	\$2,767.0	\$2,863.0
Total Net Income (millions)	\$922.7	\$1,018.8	\$1,033.0	\$1,035.0	\$1,110.0	\$1,160.0	\$1,210.0
Operating Cost Ratio (of Net Income) (NEW)	11.1%	10.5%	11.1%	12.3%	12.5%	12.2%	11.8%
Public Trust and Confidence in BCLC Games (NEW)	N/A	N/A	N/A	N/A	Baseline to be established	TBD	TBD
Player Satisfaction	84%	85%	88%	88%	90%	90%	90%
Player Awareness of Responsible Gambling Activities (NEW)	N/A	N/A	N/A	N/A	Baseline to be established	TBD	TBD
Public Support for Gaming	51%	56%	52%	62% *	62%	63%	64%
Employee Engagement	Not measured	54%	60%	44% *	55%	60%	65%

* 2007/08 Forecasts are actual scores for the first three quarters, except player satisfaction, which is projected and employee engagement, which is the actual result of an abbreviated “pulse check” survey

Proposed NEW measures are not applicable (N/A) for 2005/06 to 2007/08; Operating Cost Ratio (of net income) has been recast for these years for comparison purposes

PERFORMANCE MEASURE TRENDS AND DESCRIPTIONS

Goal #1: Ensure Players Come First

Key Performance Measure 1: Public Trust and Confidence in BCLC Games

This is a new measure and as a result does not have any historical actual scores for comparison purposes. A baseline will be established in 2008/09 and targets set.

Importance

This new performance indicator will measure the percentage of British Columbia adults who have confidence in the integrity of BCLC's games.

Over the past year there has been significant publicity highlighting concerns across Canada regarding the lack of support provided to players. Reviews in British Columbia by the Gaming Policy and Enforcement Branch (GPEB), the Ombudsman, Blair Mackay Mynett and Deloitte & Touche LLP provided many recommendations to enhance the integrity and oversight of British Columbia's lottery gaming.

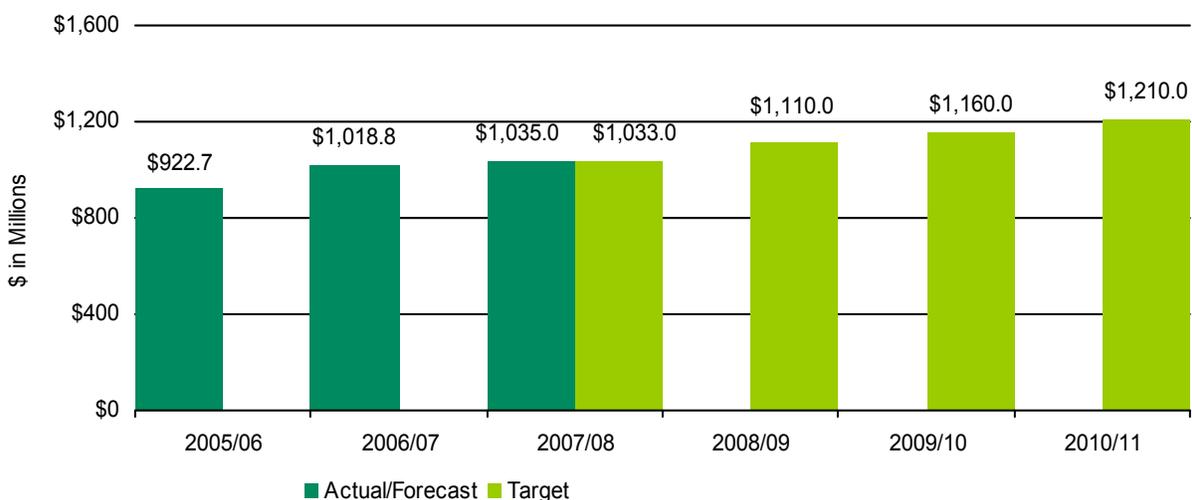
As BCLC continues development and implementation of initiatives that entrench a player focus in all BCLC activities, including compliance and enforcement, we will use this measure to gauge our progress in achieving the highest level of gaming integrity and security.

Measurement

In a continuous tracking study conducted by an external research supplier, respondents will be asked to use a 7-point scale whereby "1" is strongly disagree and "7" is strongly agree to rate a statement; trust and confidence results will be based on the top three box responses.

Goal #2: Provide an Outstanding Gaming Experience for Players and Generate Income

Key Performance Measure 2: Net Income



Importance

This performance indicator measures net income as recorded in BCLC's consolidated financial statements. This measure is directly linked to our goal of generating income for Government.

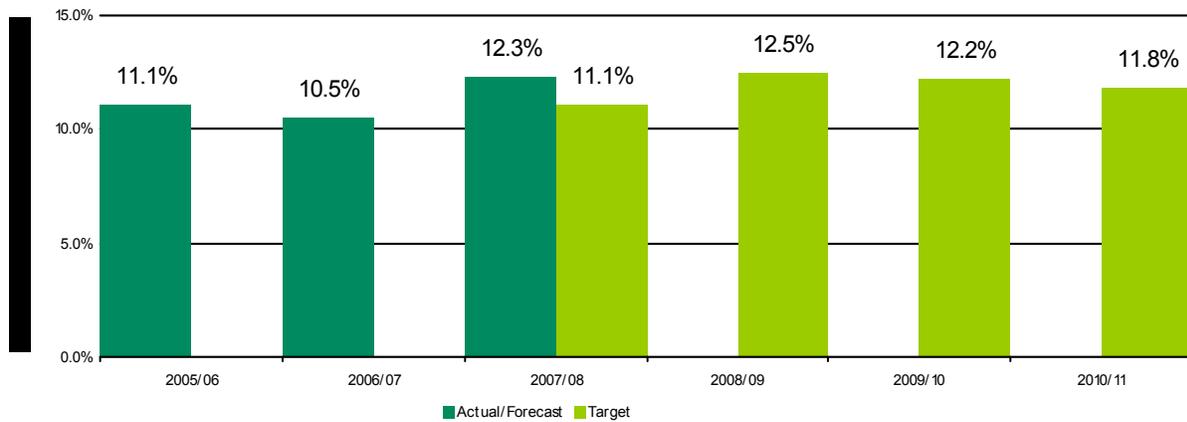
Over the next three-year period, net income is projected to increase from \$1.035 billion to \$1.21 billion, an increase of \$175 million or 16.9%. BCLC's strategies to encourage innovation and better player service, build player participation and loyalty through player-focus on product innovation, continued casino and community gaming centre facility improvements, customer relationship management, the transformation and growth of the lottery business and the continued optimization of our PlayNow egaming site, all support the achievement of this measure.

Measurement

This category measures BCLC's net income as reported in the consolidated financial statements, in accordance with generally accepted accounting principles.

Key Performance Measure 3: Operating Cost Ratio (net income)

Although this is a new measure, previous years have been re-calculated for comparison purposes.



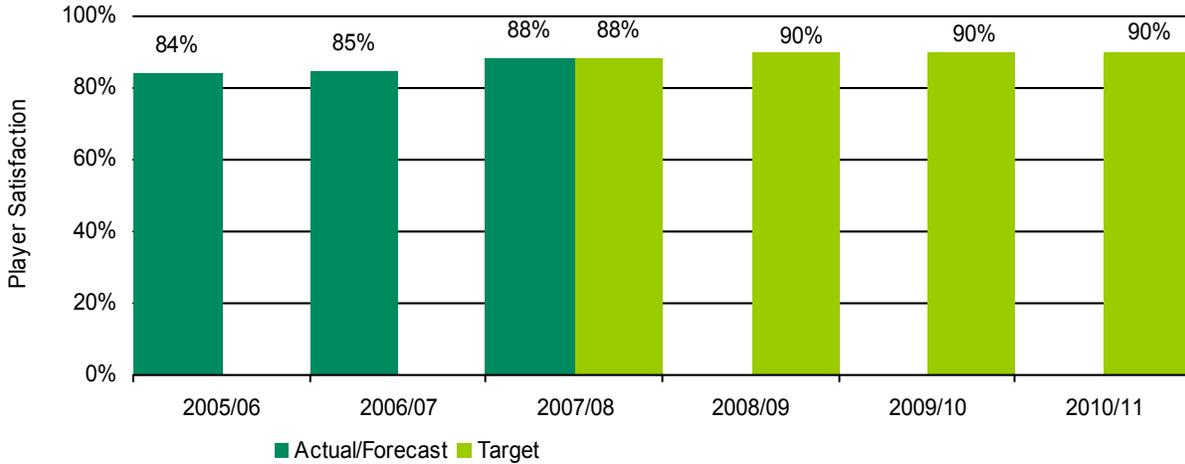
Importance

This performance indicator measures the ratio of operating costs as a percentage of net income. Reporting on the cost of delivering a dollar of income to Government is important for BCLC to ensure that our operations are effective and efficient. We will continue to utilize technology and implement best practices to ensure the organization is as effective and efficient as possible.

Measurement

This category measures BCLC's operating expenses as a percentage of the net income reported in our consolidated financial statements, in accordance with generally accepted accounting principles.

Key Performance Measure 4: Player Satisfaction



Importance

This performance indicator measures player satisfaction for the games, services and facilities offered through the lottery, casino, bingo and egaming channels. This performance measure is directly linked to our ability to continue to generate net income.

Player satisfaction has been maintained in the 80% range over the last several years. Through innovative product development and continuing improvement in our gaming facilities, it is our objective to increase player satisfaction to 90% and maintain that level over the next three years.

Measurement

BCLC recognizes that successful achievement of these targets may be negatively impacted through an adjustment in the methods assessing satisfaction, which require alignment between our four business channels.

Currently, through a continuous tracking study and in facility exit interviews, players are asked to use a scale to rate their satisfaction, with our measure based on responses in the top three boxes.

Goal #3: Demonstrate Social Responsibility in All of Our Activities

Key Performance Measure 5: Player Awareness of Responsible Gambling Activities

This is a new measure and as a result does not have any historical actual scores for comparison purposes. A baseline will be established in 2008/09 and targets set.

Importance

This new performance indicator will measure the percentage of our players who are aware of BCLC's activities to deliver responsible gambling programs. BCLC seriously considers the impact on the people and communities of British Columbia in the delivery of commercial gaming in the province and is committed to strengthening responsible gambling programs and their delivery.

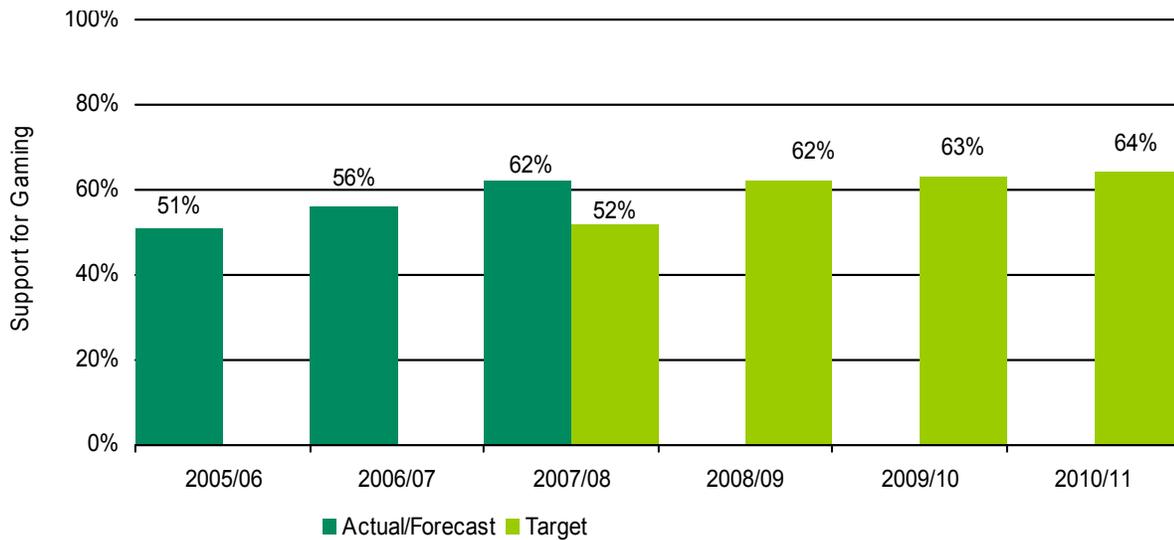
Working in partnership with GPEB, BCLC's regulator, service provider partners and those involved in the prevention and treatment of problem gambling through the Responsible Gambling Strategy, BCLC will continue to encourage safe and healthy use of our gaming entertainment products.

Through the continuing development of socially responsible games and our continuing partnership with Government and other key stakeholders, it is our objective to continue to grow player awareness of responsible gambling programs our players can access.

Measurement

In a continuous tracking study conducted by an external research supplier, respondents will be asked to answer questions assessing their awareness of responsible gambling activities.

Key Performance Measure 6: Public Support for Gaming



Importance

This performance indicator measures the percentage of adults in British Columbia who support legalized gaming in British Columbia. Gaming continues to be controversial, with increasing numbers and types of games, services and facilities. Public concerns over the impacts of problem gambling and a lack of public awareness of how gaming revenues are spent, continues to negatively impact public acceptance for gaming in British Columbia. This is also true across Canada, where support has been declining for a number of years.

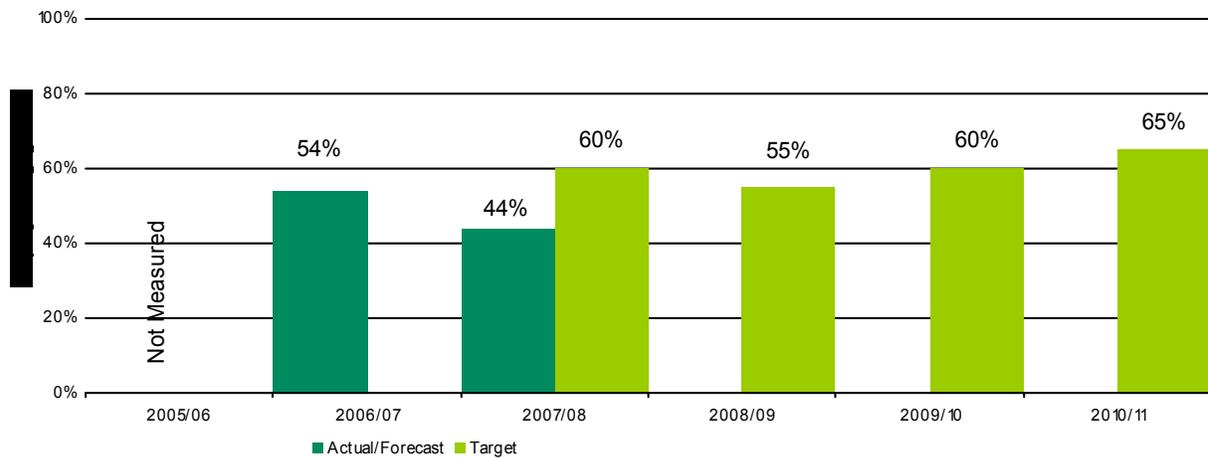
Through ensuring our games are provided in a socially responsible manner, the continuing strengthening of responsible gambling programs, having a positive effect on British Columbia communities as we operate our business, raising the public awareness of the beneficiaries of gaming and by ensuring the integrity and security of our games, it is BCLC's objective to grow public support for gaming.

Measurement

In a continuous tracking study conducted by an external research supplier, respondents are asked to use a 7-point scale whereby "1" is strongly disagree and "7" is strongly agree to rate the statement, "I fully support the existence of legalized gaming in British Columbia." Support for gaming is based on the results of the top three box responses.

Goal #4: Have a Workforce Passionately Driving the Success of Our Business

Key Performance Measure 7: Employee Engagement



Importance

This performance indicator measures the engagement level of BCLC employees. Employee engagement is defined as the intellectual and emotional involvement employees have in an organization. Highly engaged employees exert extra effort and are dedicated to doing the very best job possible to contribute to the organization's success. Organizations with high employee engagement are more successful at retaining and recruiting employees.

The last engagement survey result of 54% was close to the North American average of 55% and less than the Canadian average of 62%. However the results of the engagement pulse check completed in November 2007 revealed an engagement score reduction to 44%. In 2006 and 2007 several factors such as the review and audits of BCLC, negative media and public attention to lottery issues and organizational changes negatively affected employee morale. Although it is proving to be more difficult and taking longer than anticipated, BCLC is fully committed to improving employee engagement in the organization.

Through programs that support employee recognition, development and leadership commitment and alignment, it is BCLC's objective to increase employee engagement to 65% over the next three-year period.

Measurement

This survey is completed by the external human resources consulting firm Hewitt Associates as part of their cross-Canada survey of Canadian businesses, and is published as part of the Globe and Mail's Report on Business – 50 Best Employers in Canada.

This year, employees were asked in a November 2007 "pulse check" survey to rank their level of engagement in the organization over an abbreviated range of attributes, including alignment with the Player First program, work environment, people practices, recognition, and benefits. The full survey is scheduled for Spring 2008 over a broader range of attributes that also includes corporate goals and strategies, innovation and accountability.

