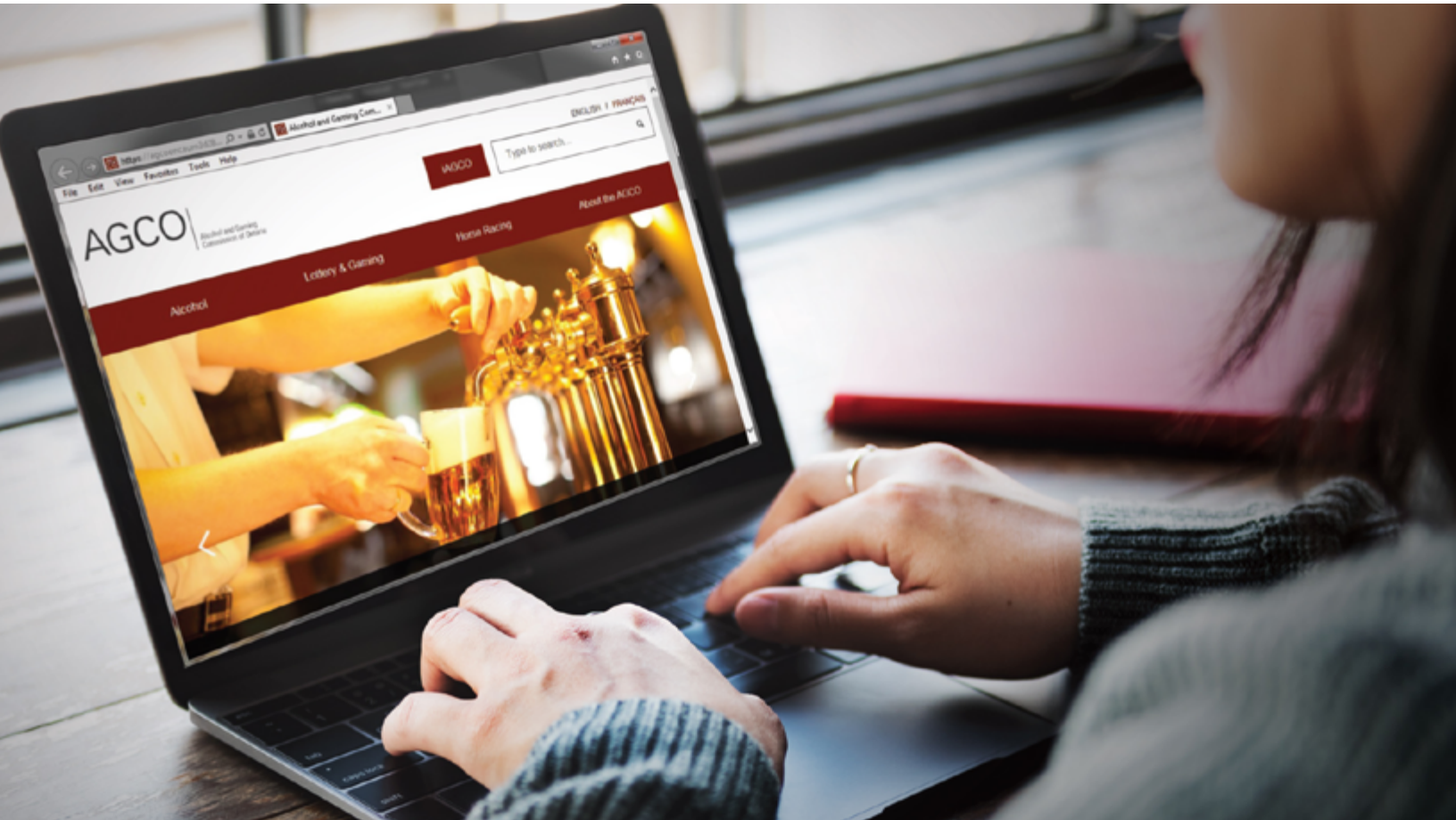




AGCO

Alcohol and Gaming  
Commission of Ontario



# Annual Report **2017/18**

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Alcohol and Gaming Commission of Ontario



AGCO

Alcohol and Gaming  
Commission of Ontario

**Alcohol and Gaming  
Commission of Ontario**

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Suite 200  
Toronto, ON M2N 0A4

**Commission des alcools  
et des jeux de l'Ontario**

90, avenue Sheppard Est  
Bureau 200  
Toronto, ON M2N 0A4

## **Alcohol and Gaming Commission of Ontario**

### **2017-2018 Annual Report**

**Memorandum to:** The Honourable Caroline Mulroney  
Attorney General

**From:** S. Grace Kerr  
Chair  
Alcohol and Gaming Commission of Ontario

I am pleased to present the Alcohol and Gaming Commission of Ontario's Annual Report covering the period April 1, 2017 to March 31, 2018.

**S. Grace Kerr**  
Chair



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## Chair's Message —

The successes and achievements of this past year – and indeed, of the past 20 years - are in no small part due to the organization's people...



I am very pleased to present to you the AGCO's 2017-2018 Annual Report. The fiscal year 2017-2018 marked a significant milestone for the AGCO - it commemorated the agency's 20 year anniversary, which was celebrated with pride, agency-wide, on February 22nd.

Over the past two decades, the strength of the AGCO's people, and their creative and effective response to the drivers of change and shifting needs of their stakeholders, has allowed the agency to pursue a progressive and forward looking agenda, positioning it as a world-leading regulator. In pursuing this ambitious plan, the agency has aimed to find the right balance between facilitating a thoughtful evolution while continuing to responsibly attend to its day-to-day business. That this delicate equilibrium has been achieved, and maintained, is a tremendous accomplishment in the context of such fulsome change.

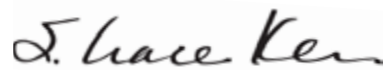
It has been another busy and rewarding year for the AGCO. Inside this report, you will read about the agency's many accomplishments in fiscal year 2017-2018 including the transformative changes the AGCO has undergone to advance its agenda to modernize its regulatory approach, business processes and workplace environment.

The AGCO's Board of Directors, responsible for oversight of the agency, has aligned its governance approach with this overall transformation agenda and philosophy. In building its ongoing vision and focus, the Board has adopted an outcomes-based approach that is strongly tied to the AGCO's strategic plan, with a focus on risk identification, minimization and mitigation.

I would be remiss in this message not to also recognize and show appreciation to the AGCO's stakeholders and the industries it regulates. Over the years, they have been very supportive of, as well as receptive and adaptive to, the changes that have resulted from the agency's transformation agenda. This, too, has greatly assisted the AGCO in moving its modernization plan forward.

In closing, I wholeheartedly thank the AGCO staff as well as my Board colleagues for their enthusiasm, hard work and dedication as, together, we travel the agency's road to change. The successes and achievements of this past year - and indeed, of the past 20 years - are in no small part due to the organization's people, and in particular, to their professionalism and their commitment to both the agency and the people of Ontario. Thank you, one and all, for another successful and rewarding year.

I am excited to see what the next 20 years will bring!



**S. Grace Kerr**  
Chair

# Chief Executive Officer's Message —

2017-2018 was a pivotal year in which we not only saw the culmination of many long-standing projects but the introduction of many new exciting initiatives...



Over ten years ago, the AGCO began a journey to fundamentally transform how we regulate the alcohol and gaming sectors in Ontario. In 2016, when the regulatory functions of the former Ontario Racing Commission were merged with the AGCO, we began to apply those same principles in the horse racing sector. The overarching goal was to become a leader in innovative regulation, one that is risk and outcomes-based and minimizes the regulatory burden on these three sectors.

Recognizing that the new normal is an environment that is quickly and constantly changing, we understood the importance of positioning ourselves as an efficient, nimble and forward-looking organization. This was critical to ensure that we would be able to lead change in this type of environment. So we began a transformation agenda - a journey so to speak - to modernize our regulatory approach, business processes, and workplace environment. All of which was supported by our strategic planning framework.

2017-2018 was a pivotal year in which we not only saw the culmination of many long-standing projects but the introduction of many new exciting initiatives.

Notably, in May 2017, we successfully launched the first phase of a new electronic service delivery platform - iAGCO - which supports the issuance of licences, permits, registrations and authorizations within the sectors that we regulate. iAGCO is a key achievement for the AGCO as it represents a significant step in modernizing our service delivery model.

It also assists in supporting and improving our customer service delivery model. In an increasingly technology-driven society and a commitment to digitizing government, iAGCO supports these goals.

Significant progress was also made in the Horse Racing Regulatory Reform and Engagement initiative with the implementation of rule changes and policy reforms, and the formation of several, key industry working groups.

On the gaming front, we implemented the Registrar's Standards for Gaming in the lottery sector, launched the regulatory framework for electronic raffles, and began a new, standards-based approach to electronic gaming inspections at casinos.

Another achievement along our journey has been the launch of an internal initiative we've called AGCO 2020, which supports the next phase of our transformation. Focusing on compliance activities, customer service delivery, knowledge management and leadership, these initiatives complement our short- to mid-term efforts on delivering integrated, interactive, and intuitive regulation for the liquor, gaming and horse racing sectors. They serve the public interest by advancing consultative, risk-based approaches to regulation that enhance compliance, increase public confidence and support our customers' businesses. AGCO 2020 also incorporates our goal of being an employer of choice that actively supports and engages a high-performing work force while envisioning a nimble culture that maximizes the use of technology and fosters innovation, collaboration, and exceptional service.

The path to positive transformation has not always been an easy one, but we have remained committed to our journey. Over this past year, our accomplishments, especially in the AGCO's compliance functions, have created a more unified, flexible and efficient organizational structure. It is one that allows AGCO to maximize resources, be more collaborative across divisions and be better positioned to deliver on our strategic and business plan priorities.

These changes also ensure that our structure can easily adapt to support ongoing business and regulatory improvements and a more integrated governance structure. We are now also better able to quickly respond to external drivers, including the potential addition of any new regulatory responsibilities to the AGCO's mandate. AGCO staff continue to show that they are able to successfully embrace the challenges and opportunities that change brings. I want to thank staff for all their efforts in moving our transformation forward. Also, I'd like to thank our stakeholders for the collaborative working relationship we have that has contributed to effecting positive change in the alcohol, gaming and horse racing sectors.

While we have achieved significant milestones, there is still much more to do. I am confident that we will succeed together.



**Jean Major**  
Chief Executive Officer

# Board of Directors

The *Alcohol and Gaming Regulation and Public Protection Act, 1996* constitutes the AGCO as a corporation without share capital and requires that it have a Board of Directors of at least five members. Board members are appointed by the Lieutenant Governor in Council, through Order-in-Council.



**S. GRACE KERR**

Chair

**First Appointed to Board**

July 2007

**Appointed Interim Vice-Chair  
(Part-time)**

June 2013

**Appointed Vice-Chair  
(Part-time)**

December 2013

**Acting Chair (Part time)**

February 2017

**Appointed Chair (Part-time)**

May 2017

**Term Expires**

May 2019



**ELMER BUCHANAN**

Member (Part-time)

**First Appointed**

July 2015

**Term Expires**

July 2020



**JANE HOLMES**

Member (Part-time)

**First Appointed**

January 2017

**Term Expires**

January 2019

The Board is responsible for the overall governance of the AGCO and meets on a monthly basis. In exercising its governance functions, the Board sets goals and develops policy and strategic directions for the Commission to fulfill its mandate; this includes working with the Chief Executive Officer

and Senior Management on regulatory, governance and corporate governance activities.

The list below reflects the members of the Board who served during the fiscal year ending March 31, 2018, including their original appointment dates.



**LINDA NAGEL**

Member (Part-time)

**First Appointed**

December 2016

**Term Expires**

December 2018



**ERIC ANTHONY CLEAR  
(TONY) WILLIAMS**

Member (Part-time)

**First Appointed**

July 2015

**Term Expires**

July 2020

# AGCO Overview

## Vision

A leader in the alcohol, gaming and horse racing sectors through effective regulation and services that are fair, responsive and in the broader public interest.

## Mandate

To regulate the alcohol, gaming and horse racing sectors in accordance with the principles of honesty and integrity, and in the public interest.

## Mission

The AGCO commits to conducting business in a manner that will:

- Develop, implement and enforce fair policies and procedures;
- Establish a framework of critical regulatory controls in the public interest that are sensitive to the economic viability of the alcohol, gaming and horse racing industries;
- Create a supportive work environment that respects and values AGCO staff contributions and provides them with opportunities for growth and professional achievement;
- Be customer-focused in the way we respond to and manage customer and stakeholder needs; and
- Educate customers and stakeholders, and develop partnerships.

The AGCO is responsible for administering and enforcing the rules set by the Ontario government to regulate the following activities:

- The sale and service of beverage alcohol;
- Lotteries operated by the Ontario Lottery and Gaming Corporation (OLG) on behalf of the Government of Ontario;
- Gaming conducted and managed by the OLG, including casinos, slot machine facilities and internet gaming;
- Charitable bingo halls conducted and managed by OLG;
- Lottery schemes conducted and managed by charitable, not-for-profit and religious organizations; and
- Horse racing, including licensing racetracks and racing participants and officiating races.

The AGCO's main objectives in regulating the sale and service of beverage alcohol are to:

- Ensure that alcohol is sold and served responsibly and in the broader interest of public safety;
- Ensure that residents are provided an opportunity to have their interests considered during the liquor licensing process;
- Permit Ontarians and visitors to the province the opportunity to enjoy alcohol within an economically viable hospitality and tourism sector;
- Promote fairness, equity and a level playing field for the industry through a consistent compliance approach to the regulations;
- Conduct compliance activities in alignment with the law and in support of public safety.



The AGCO's main objectives in regulating gaming activities in the province are to:

- Ensure that gaming is operated with honesty and integrity, and in the broader public interest;
- Facilitate a competitive and flexible operational environment for Ontario's gaming facilities while maintaining the highest standards of how gaming is conducted and regulated;
- Ensure that all games are, in fact and in appearance, fair;
- Maintain public confidence in the integrity of the games;
- Establish a safe and secure environment at all gaming facilities; and
- Protect the assets of the Crown.

The AGCO's main objectives in regulating horse racing in the province are to:

- Maintain the integrity of racing and protect the public interest;
- Provide officials to supervise races conducted at Ontario's licensed racetracks;
- Issue licences to participants in the horse racing industry;
- Conduct investigations into alleged rule violations, including the more serious, such as fraud, hidden ownerships, as well as investigating horse deaths; and
- Protect the health and welfare of the horse and the safety of participants.

The principles that guide the AGCO's activities are prescribed in governing legislation and require the AGCO to exercise its powers and duties in the public interest and in accordance with the principles of honesty, integrity and social responsibility.

In fulfilling its regulatory mandate, the AGCO strives to be transparent in its operations and achieve a fair and appropriate balance among the interests and perspectives of its stakeholders. The AGCO aims to ensure its regulatory activities support the economic viability of the alcohol, gaming and horse racing industries, while maintaining public safety and confidence in these industries.

# Governing Legislation

The AGCO is responsible for the administration of the:

- *Liquor Licence Act* (LLA);
- *Wine Content and Labelling Act, 2000*;
- *Liquor Control Act* [Sections 3(1) b, e, e.1, f, g; 3(2)a; 3.0.1 (1) and (2); 3.0.2 (1) and (2); 3.0.3 (1), (2), (3) and (5); 4.1]
  - o Regulation 717 [Subsections 3(1) and (2)]
  - o Regulation 232/16 [Sections 5 and 6; Subsection 34(2)]
- *Gaming Control Act, 1992* (GCA)
- Charity Lottery Licensing Order-in-Council, 1413/08 (as amended);
- Part I of the *Alcohol and Gaming Regulation and Public Protection Act, 1996*;
- *Horse Racing Licence Act, 2015* (HRLA).

## Social Responsibility: Evolving Social Attitudes

With the evolving views of society and to better reflect the maturity of the industries it regulates, the AGCO continues to refine its role in the promotion of social responsibility in the alcohol, gaming and horse racing sectors.

A focus on responsible gambling is a key factor in the public's confidence in the gaming industry. The changing views of the liquor industry place a greater emphasis on responsible use and enjoyment.



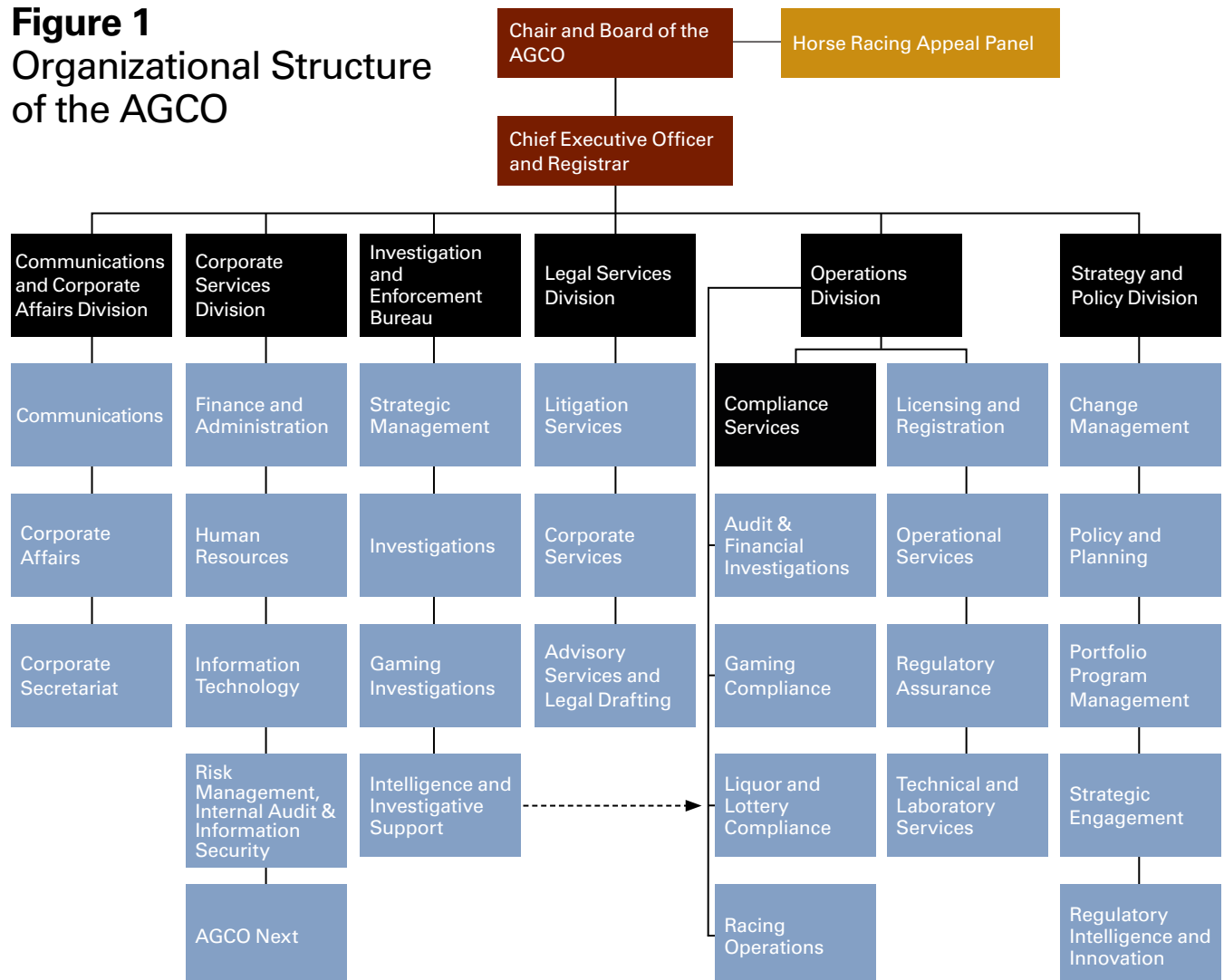


# Key Activities

## Corporate Structure

The AGCO's organizational structure is based on functional responsibilities and consists of six divisions, each led by a member of the Executive Committee that reports directly to the Chief Executive Officer and Registrar. The Investigation and Enforcement Bureau (IEB) functions as an Ontario Provincial Police (OPP) Bureau assigned to the AGCO, and is headed by a Chief Superintendent of the OPP. The IEB is responsible for regulatory and criminal investigations, as well as sharing its expertise and information with external law enforcement and other regulatory and industry stakeholder agencies.

**Figure 1**  
Organizational Structure  
of the AGCO



# Brief Description of Corporate Structure and Function of AGCO Divisions

## Operations Division

The Operations Division is responsible for a number of functions and activities. This includes licensing and registration for the liquor, gaming and horse racing sectors regulated by the AGCO, as well as regulatory compliance audits, inspections and investigations under the *Liquor Licence Act* (LLA), the *Gaming Control Act, 1992* (GCA) and the *Horse Racing Licence Act, 2015* (HRLA). Staff test and approve electronic games and equipment against Ontario Technical Standards and assess supplier and OLG quality assurance and testing procedures. They also inspect retailers that sell OLG lottery products and charitable gaming facilities for compliance, such as bingo halls and break open ticket retailers. Racing Operations provides Racing Officials (Judges or Stewards) to supervise races conducted at Ontario's licensed racetracks.

## Strategy and Policy Division

The Strategy and Policy Division coordinates and supports a number of strategic functions and informs regulatory direction through evidence-based policy making. By providing coordination, prioritization, planning and reporting functions through the use of leading practices, it helps to ensure that major projects stay on track and outcomes are aligned to strategic goals. The division is responsible for implementing a change management framework, and transforming the organizational culture to support the strategic goal of providing a rewarding workplace. It provides leadership for the execution of a dedicated, strategic approach to stakeholder engagement and develops the AGCO's Strategic and Corporate Plans.

## Corporate Services Division

The Corporate Services Division provides strategic advice and guidance and key support services, including information technology, finance and administration, and human resources as well as the administration of the collective agreement.

## Communications and Corporate Affairs Division

The Communications and Corporate Affairs Division provides strategic communications advice and services by implementing corporate programs to manage media relations and the AGCO's public reputation. This includes overseeing the development of internal and external communication materials and publications to ensure accurate and consistent messaging and presentation. The Division supports the building of understanding and acceptance of organizational objectives and policy priorities through regular communication with staff. It also acts as the primary liaison with government to support government programs and initiatives and to manage issues.

The Corporate Secretariat responsible for Board support also resides within the division and assists the Board in fulfilling its policy and governance responsibilities. This includes ensuring that key corporate accountability measures, such as preparation of the Annual Report, are completed within government timelines and monitoring compliance with the Memorandum of Understanding (MOU) between government and the AGCO. This area also includes staff tasked with the administration of the Horse Racing Appeal Panel (HRAP), the members of which are appointed by the AGCO Board.

### Investigation and Enforcement Bureau

The Investigation and Enforcement Bureau is comprised of approximately 160 Ontario Provincial Police Officers, fully integrated as a Bureau within the AGCO. The Bureau's branches are responsible for conducting criminal, provincial and regulatory (eligibility) investigations across all lines of business regulated by the AGCO. It also provides investigative expertise and effective information sharing to external law enforcement, regulatory and industry stakeholder agencies, to ensure integrity and public safety within these regulated industries.

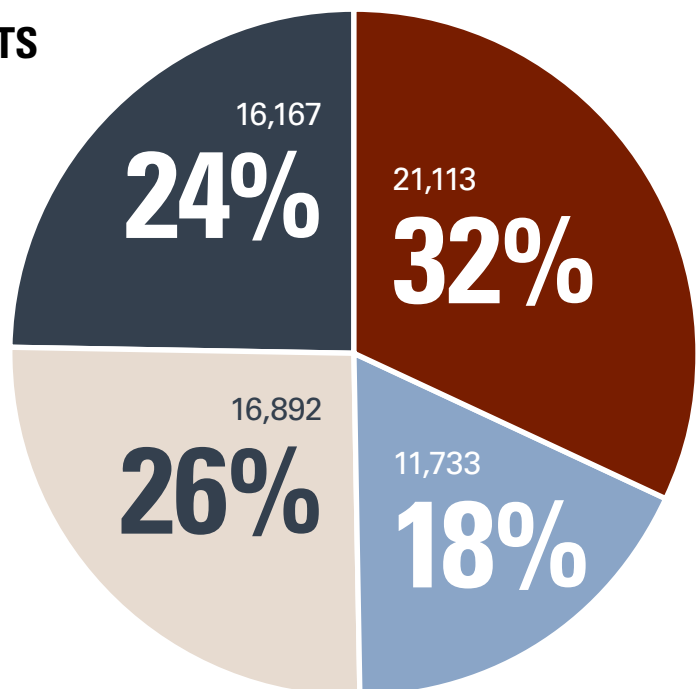
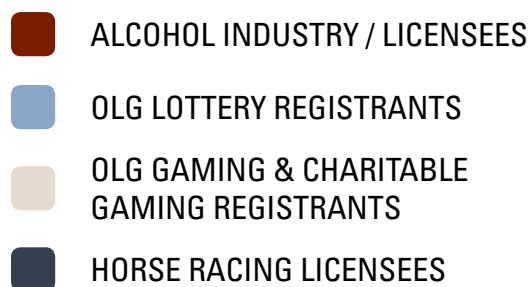
### Legal Services Division

The Legal Services Division provides a broad range of legal services such as reviewing Notices of Proposals, representing the Registrar and Deputy Registrar at hearings, providing advice and opinions to AGCO staff and on corporate issues (i.e. Freedom of Information), drafting legislation and contracts, and assisting in policy development. Counsel represent the Registrar of Alcohol, Gaming and Racing at hearings before the Licence Appeal Tribunal and the Horse Racing Appeal Panel and prepare appeals to the Divisional Court and to the Court of Appeal.

**Figure 2 AGCO Licensees and Registrants**

### TOTAL LICENSEES AND REGISTRANTS

65,905



Approximately 66,000 Special Occasion Permits issued by LCBO on behalf of the AGCO

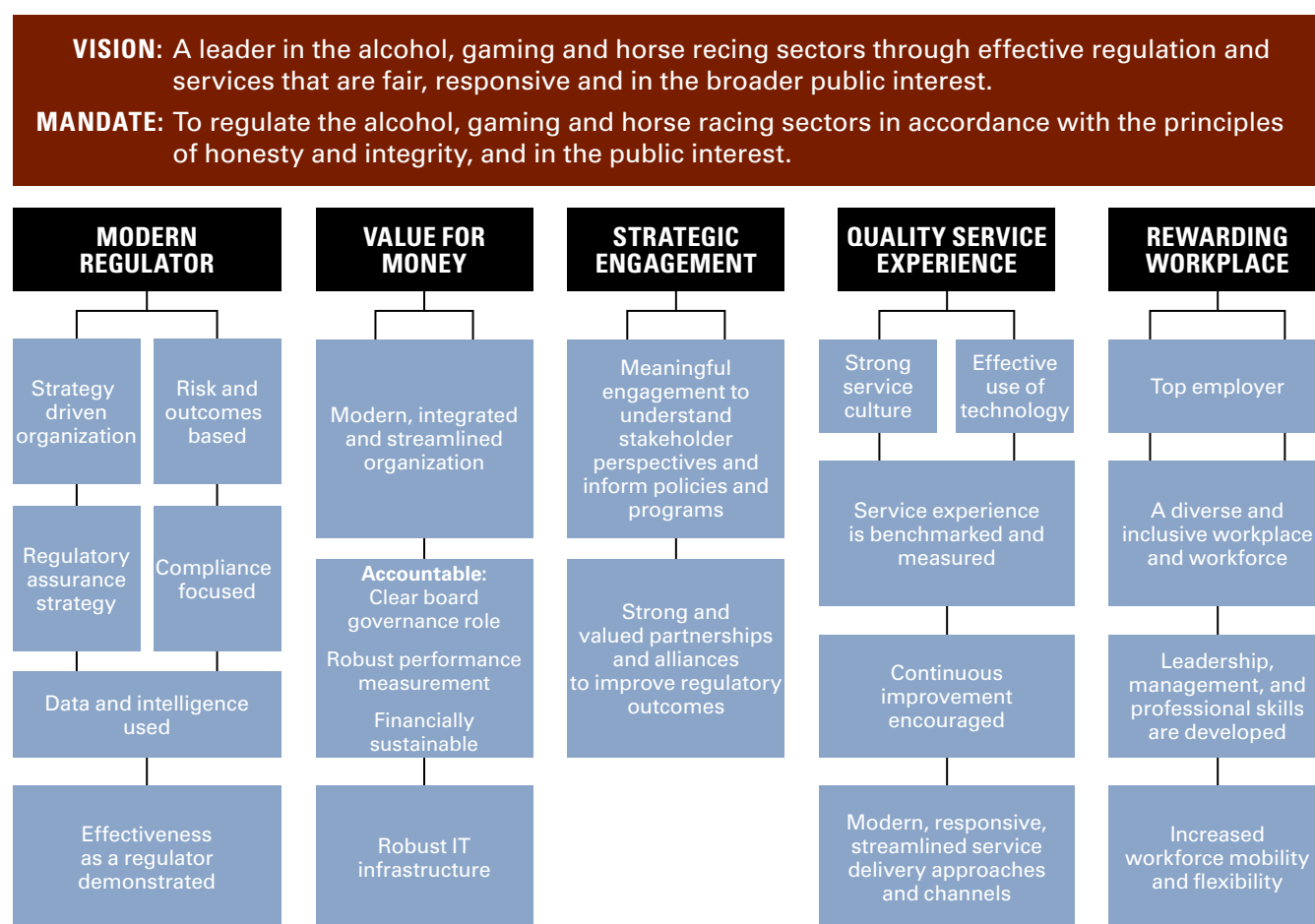
# Strategic Direction

The AGCO has developed a Strategic Plan (2013-14/2017-18) to maintain its role as an effective and modern regulator through an increasingly complex operating environment. The Plan acts as a blueprint to help the AGCO address the regulatory challenges and opportunities within the liquor, gaming and horse racing sectors.

The AGCO Strategic Plan identifies the following five strategic goals:

1. Modern Regulator
2. Value for Money
3. Strategic Engagement
4. Quality Service Experience
5. Rewarding Workplace

**Figure 3 Strategic Goals and Planning Themes**



The AGCO's strategic goals are aligned with and support the achievement of key government objectives for enhanced accountability, efficiency and value for money in the delivery of public services. The goals also support evidence-based decision-making and policy development, and focus on minimizing the administrative burden, where possible, on those regulated by the AGCO.

During 2017-2018, the AGCO made measurable progress towards achieving its strategic goals:

## **1. Modern Regulator**

- In May 2017, the Electronic Gaming Branch, in consultation with Ontario casino operators, piloted a new standards-based approach to inspections at OLG Casino Brantford, followed by a similar pilot at Shorelines Thousand Islands Casino. The pilot tested: (1) the delivery of risk-based, outcomes-focused inspections that emphasized the casino operators' accountability to achieve AGCO's standards and regulatory requirements related to gaming supplies, and (2) identifying and targeting for inspection, high-risk gaming supplies. The aim of the pilot was to confirm that a risk and outcomes-based approach to inspections, fully aligned with the Registrar's Standards for Gaming, would effectively support the regulatory aims of the Agency and the objectives of the government. The AGCO engaged operators to help set expectations and assist with education and development of best practices to ensure success and compliance with the Registrar's Standards.
- Anticipated objectives were achieved, including: placing the accountability for compliance with the Registrar's Standards with the operators; ensuring consistent compliance performance levels, and; ensuring that any regulatory risk remained appropriately mitigated. All operators transitioned to the new approach by January 2018.
- Review of the Rules of Racing are underway in the horse racing sector to ensure they align with the AGCO's modernized, risk-based, outcomes-based and compliance-focused regulatory direction. Building on stakeholder feedback received during roundtable consultations as part of the AGCO's Moving Ahead: Horse Racing Regulation in Ontario initiative, implementation of initial rule changes began in spring 2017. Initial rule changes included, 17.12.01 Standardbred Race Coupling and 9.15.01 New Approach to Potential Conflicts of Interest for Jockeys.
- In spring 2017, the AGCO launched its Twitter and Racing Reports pilot at the Raceway at Western Fair in London, Ontario. The pilot later expanded to Mohawk Raceway in Campbellville, Ontario and will continue into 2018-2019. Building on feedback received by stakeholders, the pilot is designed to enhance transparency of calls and inquiries made by Racing Officials during race days.
- In June 2017, the AGCO launched Phase 1 of the Electronic Raffle Regulatory Framework, allowing eligible charities or religious organizations to be licensed to conduct and manage electronic raffles. This first phase included event-specific (e.g. a sporting event) 50/50 electronic raffles, which allows the use of computers for ticket sales, for the selection of a winner and distribution of the prize.
- On June 30, 2017, the Registrar's Standards for Gaming: Lottery Sector were implemented, setting clear expectations for the outcomes lottery retailers must achieve as they relate to the fair, honest and responsible sale of OLG lottery tickets. As of July 17, 2017, all casinos and slot facilities have transitioned to operate under the Registrar's Standards for Gaming.

- The AGCO also announced the amendment of several policies for liquor manufacturers including: (1) the removal of a cap on “value-add promotions” to provide liquor manufacturers greater flexibility to provide gifts to customers that continue to reflect a nominal value relative to that liquor product’s retail price, (2) the elimination of the restriction for licensed off-site winery retail stores to be closed during certain holidays, (3) the extension of “by-the-glass” licensing to include distilleries, (4) the expansion of wine sales at Farmers’ Markets to include honey and maple wine and (5) permitting the sale of International Canadian Blended (wine manufactured using imported grape or grape product that contains at least 25% Ontario grape content in each bottle ) wine at on-site winery retail stores.
- As part of the next phase in our transformation as a modern regulator and leader in public service, the AGCO has launched a series of initiatives that focus on: delivering world-leading integrated, interactive, intuitive regulation; and, modernizing the AGCO’s compliance services, customer service experience, information management, leadership, administrative efficiencies and investigative responses.

## **2. Value for Money**

- The AGCO continues to conduct internal audits and evaluations based on a Board-approved three-year rolling Strategic Audit and Evaluation Plan, which ensures key risk areas and priorities are aligned with organizational strategic objectives and comply with applicable requirements. The AGCO conducted a number of audits and evaluations and implemented recommendations leading to strengthened internal controls and improved governance and accountability.
- The AGCO leveraged risk management methodologies through the continued use and enhancement of an Enterprise Risk Management Framework. Risks continue to be routinely identified, analyzed, addressed and monitored across the AGCO.
- The AGCO continues to evolve its use of Regulatory Intelligence (RI), a key component of the AGCO’s Strategic Plan that embraces the value that data plays within the organization to support and enhance our regulatory functions. Using data analytics to improve the efficiency and effectiveness of regulatory oversight, RI supports evidence-based policy and program design that is more responsive to identified risks and issues.
- The AGCO continues to enhance its Emergency Management Plan Framework to ensure critical systems and information are protected and available in the event of an emergency. This includes the creation of business continuity plans for new lines of business and modifications to our infrastructure.
- AGCO also continues to monitor the progress of current strategic plan performance measures to better evaluate business performance and regulatory effectiveness.

### 3. Strategic Engagement

- Over the 2017-18 year, the AGCO conducted a series of strategic engagement activities to support priority projects and build relationships with key stakeholders, for example:
- In 2017, as part of the AGCO's Rules of Racing review, three industry working groups were established and launched to review, and make recommendations for policy reform in the areas of Officiating, Ontario's Equine Drug Program and Health and Safety (equine and human). Implementation of recommendations from these working groups is underway and will continue into 2018.
- In May 2017, the AGCO launched a new publication – the Race Line - to inform and engage the racing community. The newsletter is delivered electronically and also available in paper copy at Ontario's racetracks. To date, four issues have been published.
- A number of educational webinar sessions were designed and delivered to industry stakeholders affected by new policy directives, including an "Introduction to iAGCO" for Liquor Manufacturers and Liquor Licensed Establishments and the first session in the "Municipal Webinar Series" for Ontario's municipalities. The goal of the series is to strengthen and reinforce municipal stakeholders' understanding of the AGCO's regulatory work and the interplay between AGCO and municipalities regarding liquor and gaming regulation.
- AGCO participated in a variety of industry conferences to provide information on new policy directives and answer questions from stakeholders, including the Ontario Craft Brewers Conference, Ontario Craft Wine Conference, Ontario Beekeepers Association Conference, and Festival and Events Ontario Annual Conference.
- The AGCO has also been actively developing relationships, partnerships and MOUs with other regulators and jurisdictions world wide, including the International Association of Gaming Regulators (IAGR). The goal is to enable expedited information sharing and create efficiencies in regulation, registration and ongoing compliance activities for the province.
- The AGCO finalized a comprehensive Municipal Engagement Strategy to help establish clear paths for discussion between the AGCO and municipal stakeholders to support ongoing operational efficiencies and compliance education.
- Collaboration and close partnerships with police services, other regulators and municipalities continues to enhance regulatory compliance through the sharing of information and resources. As of March 31, 2018, the AGCO participates/sits on 21 national and international working groups and committees. The AGCO continues to maintain collaborative relationships with the Canadian Centre for Ethics in Sport, College of Veterinarians, Canada Border Services Agency, Regulatory Compliance & Enforcement Council, Financial Transactions and Reports Analysis Centre of Canada, Canadian Pari-Mutuel Agency and the Canadian American Law Enforcement Organization.

- Along with other industry partners, the AGCO continues to support Best Bar None (BBN), an industry-led international accreditation and awards program that rewards excellence amongst responsible liquor sales licensees. Nearly 100 establishments have received accreditation in Toronto, Ottawa, and Windsor.
- The AGCO continues to collaborate with the OPP, as well as participating regional and municipal police services in the Last Drink Program. The program allows the AGCO to identify educational opportunities to work with licensees to better meet their regulatory obligations. During the 2017-2018 fiscal year, over 215 last drink inspections were conducted. Presently, all OPP detachments and 28 municipal policing services are participating in this program.
- During fiscal year 2017-2018, over 1,621 police occurrences were reported under the Police Reports Program, in which Ontario's police services provide the AGCO with information about occurrences related to licensed establishments or Special Occasion Permit events. This information allows the AGCO to build a more fulsome compliance history of an establishment. Presently, all OPP detachments and 35 municipal policing services participate in the program. Approximately 351 of the occurrences resulted in escalation to the Deputy Registrar Review process, through which the Registrar may impose an administrative sanction, including a monetary penalty, or a suspension or revocation of a licence.
- The AGCO, with Smart Serve, co-sponsored the Ontario Association of Chiefs of Police (OACP) annual awards to police agencies that demonstrate excellence and innovation in liquor enforcement. The award for a police agency with more than 500 officers was presented to the Waterloo Regional Police Service and the Alcohol Service Award was granted to Central Region. The 2018 OACP Outstanding Liquor Enforcement Award for a police agency was awarded to the Quinte West OPP.

#### **4. Quality Service Experience**

- On May 29, 2017 the AGCO launched the first phase of its iAGCO online service delivery portal, offering a streamlined electronic service delivery model for Special Occasion Permits (SOP) applicants and for liquor manufacturers. To date, over 18,000 SOPs have been issued through iAGCO with a 96% satisfaction rating from users.
- This notable achievement represents AGCO's first public offering of modern, electronic service delivery for its customers.
- On January 29, 2018 the AGCO launched the second phase of iAGCO, allowing all alcohol-related transactions with the AGCO to be conducted online, including applications, renewals and all other transactions associated with holding an alcohol-related licence or authorization. Complaints, inquiries and liquor licence objections can now also be submitted electronically, allowing the AGCO to collect data and review analytics based on the inquiry/complaint type and sub-type and monitor the effectiveness and timeliness of the complaints resolution process.

- To improve access to information and the overall user experience, the AGCO launched a refreshed public-facing website in May 2017, which to date has welcomed over 570,000 visitors who have viewed over 2 million pages.
- As an ongoing part of the Strategic Communications Plan and in support of modernization initiatives, the AGCO expanded the reach of its social media pilot program on Twitter by creating and sharing content relevant to industry stakeholders and engaging with them on this social platform.
- The AGCO has developed a Change Management Framework to provide individuals, teams and divisions with the necessary tools, strategies, resources and engagement opportunities to navigate the organizational transformation and successfully manage change within their units and branches.
- In 2017, the AGCO launched a Total Health Index (THI) survey to help employees better understand and improve their total health across four pillars - physical, mental, life, and workplace. As an organization, the average employees Total Health Index score was 68 out of 100. Results of the survey were shared with all staff and included an outline of the action plan/next steps. A key opportunity for improvement included building on employees coping skills and resiliency. In its continued commitment to employee wellness, the AGCO also announced the introduction of two new programs Pathway to Coping and LifeSpeak.
- AGCO staff participated in seven AGCO Town Hall meetings held across the province. The meetings are conducted each year to keep employees informed about organization-wide initiatives, as well as to gather feedback, questions and concerns. The theme for the 2017 Town Halls was AGCO 2020 and Beyond.

## 5. Rewarding Workplace

- The AGCO continues to reimagine how it can better operate on a day-to-day basis under AGCO NEXT, to meet its strategic vision, the rising expectations of citizens and employees, and the rapidly changing opportunities and challenges of the digital age.
- The AGCO implemented various initiatives that support the Employer of Choice program, including an intranet redesign and establishment of mentoring and coaching programs, Winning Spirit (a monthly peer recognition award program) and the annual Wellness Fair (an informational knowledge sharing opportunity regarding all things wellness) which are open to all employees.
- The AGCO also formally rolled out a flexible work arrangement program, allowing staff to work longer days or shifts in exchange for paid time off equal to the same amount of extra time worked. This program offers AGCO staff the opportunity to take time off without missing out on their regular income. The flexible work arrangement team was the recipient of the annual Team Award of Excellence.

- The development of leaders and staff continued to be a focus for the organization, with coaching used as a core support during this time of transformation. Topics focused on creating coaching conversations and establishing the right mindset. There was also a focus on training that complemented the THI results, which included Mental Health Awareness, Healthy Active Living and Financial Health. During 2017-2018 there was an average of 17.5 training hours per employee and 27.02 hours of management training per manager during the fiscal year.
- The AGCO implemented a new Ceridian recruitment module, providing internal and external candidates with an on-line modern recruitment process.
- A new Learning Management System (AGCO Learn) was also implemented providing a streamlined approach to internal training registrations.
- The Well Engaged Committee launched new initiatives including the ABC Club and the Eco Committee Garden Club to provide employees with an opportunity to gather and discuss various topics in an informal space. The Eco Committee continues to bring green initiatives to the AGCO.
- As a result of the Joint Health & Safety Committee efforts, there were realized improvements to working conditions at the racetracks across the province. This includes new flooring in the race office, improved cleanliness and ergonomic chairs.
- Negotiations of the new four-year Collective Bargaining Agreement (CBA) have also been completed.

# Education, Training and Awareness (ETA Initiatives for Licensees and Registrants)

The AGCO delivers an Education, Training and Awareness (ETA) program to support its regulatory assurance activities and foster a proactive, compliance-focused culture within the industries it regulates. ETA activities are aimed at helping licensees, authorized retailers and registrants comply with the laws and regulations administered by the AGCO.

In 2016-17, a comprehensive ETA Needs Assessment identified potential options, opportunities and priorities for the AGCO from an educational perspective. The AGCO continues to identify new programs to support stakeholder education. In 2017-2018, the AGCO refreshed its ETA strategy with the goal of enhancing and reinforcing its approach to education across all lines of business. A robust ETA strategy is especially crucial during a time of substantial transformation and change. As the agency transforms its compliance approach under Compliance 2020, and as it shifts towards outcomes-based regulation, the need to support stakeholders in their understanding and achievement of outcomes, through the provision of better information and education, becomes even more imperative. The refreshed ETA strategy is intended to:

- Prevent licensees and registrants from committing infractions by helping them to better understand AGCO regulatory framework and how best to comply with their legal and regulatory obligations;
- Oversee and coordinate ongoing spending from the Orders of Monetary Penalties (OMP) to further enhance and expand AGCO's ETA efforts;

- Establish a more formalized process to manage ETA planning and reporting on behalf of the agency to ensure proper accountability and oversight of AGCO's ETA efforts;
- Facilitate coordinated information sharing within the AGCO to ensure that consistent information and messaging are presented to stakeholders and permeate a more consistent approach to education by the AGCO; and
- Monitor, evaluate and improve the effectiveness of AGCO's ETA-related initiatives.

For 2018-19, the core elements of the ETA strategy include developing new programs to support stakeholder education and understanding of the laws that apply to them, formally documenting and communicating ETA activities across the agency, developing a project monitoring and evaluation framework for OMP-funded projects and an external grant program that would allow stakeholders to access a portion of OMP funds for their own ETA initiatives that meet AGCO objectives and guidelines.

## Government Initiatives and Priorities

As an agency of the Ontario government, the AGCO supports the province's public policy priorities and fiscal objectives. Over the past year, the AGCO continued to review its priorities and operations to remain consistent with government direction and ensure cost-effective service delivery. Government initiatives which strategically, structurally and financially impact on AGCO internal operations include:

### Premier's Advisory Council on Government Assets

In April 2014, the government appointed the Premier's Advisory Council on Government Assets to provide recommendations for maximizing the value of key provincial assets.

As part of its review, the council examined Ontario's liquor distribution system including the roles of the Liquor Control Board of Ontario (LCBO), The Beer Store, and off-site winery retail stores.

Following the Council's initial findings and report, the government introduced the sale of beer in grocery stores in 2016, and later expanded the program to include cider.

As of March 31, 2018, the AGCO has provided 356 grocery stores across Ontario with authorizations to sell beer, cider and/or wine. Of these:

- 70 are authorized to sell beer and wine only.
- 286 are authorized to sell beer and cider only. Of these stores, 60 also have a wine boutique authorization, which allows an independent wine boutique to operate within a grocery store.

The government has committed to authorize up to 450 grocery stores to sell beer and cider, including up to 300 that will also sell wine.

In 2017 the AGCO initiated a "mystery shopper" program to assess whether authorized grocery stores were selling beer, cider or wine to potentially underage customers without first checking for identification to determine the person's age. This program complemented the AGCO's overall compliance approach for grocery stores which also included inspections and education for store operators.

The AGCO continues to be responsible for the authorization and ongoing regulatory oversight of grocery store operators selling beer, wine and cider.

Along with the ongoing sale of Vintners Quality Alliance (VQA) wine, the government approved the continuation and expansion of the sale of fruit wine, including cider made from 100% Ontario apples, by authorized manufacturers at Farmers' Markets in Ontario.

In March 2018, the government announced amendments to Ontario Regulation 720 under the *Liquor Licence Act* (LLA) to permit 100% Ontario honey wine and 100% Ontario maple wine products to be sold at Ontario Farmers' Markets. The government also amended Ontario Regulation 719 to allow distilleries to participate in the Manufacturer's Limited Liquor Sales Licensing program (commonly known as a "By the Glass Licence") that was available to wineries (including cideries) and breweries. These regulatory amendments aim to encourage investment and

innovation in Ontario's wine industry, create consistency within the By the Glass licencing program for all Ontario manufacturers, and enhance the Ontario tourism experience.

## Open For Business

Open For Business is an ongoing government-wide initiative that supports economic growth and fosters simpler, better, and faster interaction between government and business. The program is designed to minimize the burden of regulation on Ontario businesses, foster competitiveness and welcome new business to the province.

Internally, the AGCO continued to support these goals by reducing administrative burdens and using a regulatory approach to support responsible economic development. The shift towards a standards-based regulatory framework in the gaming sector, for example, is intended to allow operators and businesses more flexibility to adapt to marketplace changes and ultimately to increase their competitiveness without compromising the AGCO's regulatory work. The AGCO continues to build strategic partnerships and share information with government ministries and agencies including the Ministry of the Attorney General, Ministry of Finance, OLG and the LCBO.

Building on the previous work of the Regulatory Modernization in Ontario's Beverage Alcohol Industry initiative, the AGCO continues to review its approach to the regulation of wine, beer, and spirits manufacturers, manufacturers' representatives, ferment-on-premise operators and liquor delivery services, and explore opportunities to modernize the agency's regulatory approach.

The AGCO continues to work with stakeholders on a number of initiatives in 2017-18 as part of its ongoing regulatory modernization efforts.

## OLG Gaming Modernization

In March 2012, the OLG initiated a plan to modernize lottery and gaming in Ontario which included three key priorities:

- Becoming more customer-focused;
- Securing qualified service providers for the day-to-day operation of lottery and gaming; and
- Renewing OLG's role in the conduct, management and oversight of lottery and gaming.

The OLG started modernizing commercial gaming operations by inviting private sector casino companies to become the new Casino Operators. The OLG divided Ontario casino sites into eight gaming bundles and released Requests for Proposals for Operators for each bundle. Once the new Operator is selected (one Operator per bundle), there is a 120-day transition period during which the AGCO works with the Operator and the OLG to ensure all Regulatory Assurance Plan items are completed. Operators must be registered with the AGCO. To date, six bundles (East, Southwest, North, Ottawa, GTA and West GTA) have transitioned to new private sector Casino Operators. The two remaining bundles (Central and Niagara) are scheduled to be transitioned by July 2018, and June 2019 respectively. The AGCO plays a key role not only in these transitions, but also in the adherence of regulatory requirements and standards for casino expansions, new builds, relocations and closures, which several new Operators are planning in the coming years.

Under the OLG's Lottery Modernization Strategy and in accordance with AGCO standards, OLG is also modernizing key components of its lottery and iGaming business including:

- A new OLG Player Platform
- Replacement of Lottery Terminals
- Enhanced Sports Betting solution
- A new Web and Apps presence
- New Games

The goal of the OLG Player Platform and Lottery Modernization Strategy is to expand the customer base by ensuring technology and product solutions are responsive to changing customer needs.

The AGCO is working to educate new Gaming-Related Suppliers and Operators on its regulatory requirements and expectations as well as to assess technical solutions in accordance with Registrar's Standards, and principles of integrity and public interest.

The OLG and the AGCO continue to work together to implement the overall modernization strategy. AGCO's approach, both in its day-to-day role, as well as in modernization, is to be standards and risk-based, as well as outcomes-focused. The agency has successfully transitioned to a standards-based approach in casino gaming, lotteries, charitable gaming and iGaming.

## **Open Government**

The Open Government initiative, launched in October 2013, aims to increase transparency and accountability in: Open Dialogue, Open Data, and Open Information.

The AGCO continues to modernize Ontario's liquor regulatory framework as well as the horse racing regulatory framework using an Open Government approach; this includes a commitment to ongoing consultations with stakeholder representatives. In 2016, the AGCO began to publish on its website an inventory listing data sets under its custody and control that identifies whether a data set is currently open, in the process of being opened or exempt from being released as open data due to legal, security, privacy, confidentiality or commercially-sensitive reasons. The AGCO updated its data inventory in 2017 and will continue to do so regularly. The agency has also prioritized the data sets to be released, and in 2017 reviewed key data sets published on its website to ensure that open, machine-readable versions were made available. In the coming year, the AGCO will continue to make datasets available to the public on its website under an open-by-default approach.

## **Legalization of Recreational Cannabis**

The Government of Ontario introduced and passed the *Cannabis Act, 2017*, which establishes the provincial regulatory framework for the use and distribution of recreational cannabis. The *Cannabis Act, 2017*, also establishes a new provincial retailer, the Ontario Cannabis Store, overseen by the LCBO, to ensure safe and socially responsible distribution of recreational cannabis through stand-alone stores and an online order service.

The AGCO continues to work with, and support, the Ministry of the Attorney General, as requested, on the provincial framework for the legalization and regulation of cannabis, as mandated by the Attorney General.

## ***Accessibility for Ontarians with Disabilities Act, 2005***

The *Accessibility for Ontarians with Disabilities Act, 2005* (AODA) was created with the goal of developing standards that would improve accessibility for people with disabilities across the province. The AGCO has developed accessibility standards in the areas of customer service, employment, information and communications, transportation, and the built environment.

The AODA requires all provincial agencies to provide updates to their Accessibility Plan and Policies on an annual basis. The AGCO is committed to meeting the needs of persons with disabilities in a timely manner, by preventing and removing barriers to accessibility and meeting accessibility requirements under the AODA.

The AGCO has implemented the requirements outlined in the plan and participated in various activities to inform its plan and policies, including the review and update of its practices in the areas of training, information and communication, and employment. All AGCO employees are trained on the requirements of Ontario's accessibility laws, including the Integrated Accessibility Standards Regulation (IASR), and the Ontario Human Rights Code as it pertains to persons with disabilities. This accessibility training has been built in to the employee orientation process to ensure that all new AGCO employees, as well as the Board of Directors and members of the Horse Racing Appeal Panel, have a better understanding of accessibility to perform their duties and provide services to AGCO's diverse stakeholders.

The AGCO maintains a commitment to meeting all requirements under the AODA and the IASR and continues to refine its accessibility plan with a focus on ensuring its policies and practices remain accessible and meet the needs of all stakeholders, including persons with disabilities.

# Performance Measures

The AGCO's approach to performance measurement enables the agency to improve program effectiveness by promoting a focus on results, service quality and value for money through continued targeting, monitoring, and evaluation of results.

Performance measures are an integral component of the AGCO's strategic planning process. Effective strategic planning requires continuous feedback on progress towards achieving stated objectives, through performance measures based on the five Strategic Goals identified in the AGCO Strategic Plan.

In keeping with the principle of a 'critical few' performance measures, the selected measures are intended to provide a broad overview of the AGCO's activities, but are not intended to measure all facets of the agency's operations. As part of the enhanced planning framework, the AGCO will continue to develop performance measures for its corporate and divisional plans.

The results from 2017-2018 performance measures, shown below, demonstrate that the AGCO has met or surpassed minimum agency targets in every respect. The achievement of these measures is the result of a number of overarching projects and initiatives at the AGCO, including:

- the introduction of iAGCO, the AGCO's online licensing and registration system;
- a renewed focus on stakeholder engagement and an enhanced approach to stakeholder education;
- a modern regulatory approach which is risk-based, compliance-focused, and outcomes-based; and
- the introduction of numerous services to support a rewarding workplace for employees.

The AGCO is committed to ensuring that agency-wide performance measures support the goals outlined in its Strategic Plan and will continue to engage in multi-year goal setting to refine its approach by linking resource planning and performance measurement to support a results-oriented organization.

# Operational Performance

**Table 1 AGCO Performance Measures 2017-18**

| STRATEGIC GOAL SUPPORTED   | PERFORMANCE MEASURES                                                                                                               | FIVE YEAR PLANNING CYCLE TARGET                                                                                                            | 2017 2018 RESULTS                                                                                                                                  |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Modern Regulator           | Percentage of compliance matters resolved through the Letter of Incident (LOI) process without a request for hearing.              | Maintain the ratio of compliance matters resolved through LOI process without request for hearing at an average of 90%.                    | 93% compliance matters resolved through LOI process exceeds AGCO target.                                                                           |
|                            | Percentage of high-risk infractions following transition to a compliance-based operating model.                                    | Maintain an average 30% decrease in infractions compared to benchmark data.                                                                | 61% decrease in high-risk infractions compared to benchmark exceeds AGCO target.                                                                   |
| Value for Money            | Average gaming and liquor application turnaround time.                                                                             | Average turnaround time meets or is better than AGCO standard (30 days).                                                                   | Liquor: 30 days<br>Gaming: 13 days<br>Meets or is better than AGCO standard for turnaround time<br>SOPs issued through iAGCO: 82% issued same day. |
|                            | Average electronic gaming lab testing turnaround time.                                                                             | Average turnaround time meets or is better than comparable jurisdictions (New Jersey = 53 days, Michigan = 52 days, and Nevada = 35 days). | 26 days average turnaround, better than all comparable jurisdictions.                                                                              |
| Strategic Engagement       | Percentage of stakeholders indicating a high level of engagement following AGCO consultations using a Stakeholder Engagement Plan. | Percentage stakeholders reported feeling engaged/highly engaged during stakeholder consultations averages 80%.                             | 89% of stakeholders reported feeling engaged/highly engaged, exceeding AGCO target.                                                                |
|                            | Number of national and international committees and working groups with AGCO representation.                                       | Increase AGCO participation by 5%.                                                                                                         | 9.5% increase over 2016-2017 exceeds AGCO target.                                                                                                  |
| Quality Service Experience | Percentage of gaming suppliers indicating very good/excellent level of service provided by AGCO testing and lab services.          | Increase percentage of gaming suppliers indicating very good/ excellent level of service to 75%.                                           | 91% of suppliers indicating good/ excellent service exceeds AGCO target.                                                                           |
|                            | Overall customer satisfaction with iAGCO, the AGCO's new, automated online licensing and registration solution.                    | Percentage of customers reporting feeling satisfied with iAGCO averages 80%.                                                               | 94% of customers indicate they are satisfied with iAGCO.                                                                                           |
| Rewarding Workplace        | Time to Fill Vacancies (Weeks).                                                                                                    | Average time to fill vacancies meets or is better than AGCO internal target (9 weeks).                                                     | 6.7 weeks average time taken to fill vacancies exceeds AGCO target.                                                                                |
|                            | Number of Training Hours Per Employee per year.                                                                                    | Average number of training hours taken per employee meets or exceeds AGCO target (15.75 hours).                                            | 17.5 hours of training per employee exceeds AGCO target.                                                                                           |

## Operational Performance – IEB



The Investigation and Enforcement Bureau (IEB) is comprised of Ontario Provincial Police Officers, fully integrated as a Bureau within the AGCO. The Bureau provides investigative expertise and effective information sharing with external law enforcement, regulatory and industry stakeholder agencies, to ensure integrity and public safety within AGCO regulated industries.

# IEB Investigation Branch

## Occurrences

**Table 2** Number of IEB Investigations

|                                                                                             | 2016-17 | 2017-18 |
|---------------------------------------------------------------------------------------------|---------|---------|
| iGaming                                                                                     | 41      | 21      |
| Charitable Gaming                                                                           | 31      | 30      |
| Liquor Licence Holders and Applicants                                                       | 93      | 127     |
| Lottery Insider Wins                                                                        | 45      | 49      |
| Lottery Suspicious Wins                                                                     | 85      | 83      |
| Other Lottery Investigations                                                                | 156     | 109     |
| Additional Investigations Reviewed and Referred to AGCO Regulatory Compliance for Follow Up | 152     | 143     |

# Gaming Enforcement Branch

## Gaming Investigation Units

**Table 3** Occurrences at Casino and Slot Machine Facilities

|                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2016-17 | 2017-18 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Total Investigations                                                                                                                                                                                                                                                                                                                                                                                                                                          | 7,602   | 8,507   |
| Total Criminal Code Offences                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1,440   | 3,262   |
| Alleged Cheat-at-play Instances                                                                                                                                                                                                                                                                                                                                                                                                                               | 205     | 108     |
| Cheat-at-play Charges Laid                                                                                                                                                                                                                                                                                                                                                                                                                                    | 31      | 20      |
| Total Non-Criminal Code Related Offences<br><i>These occurrences involved provincial statute investigations or violations, such as the LLA, Trespass to Property Act, and Mental Health Act.</i><br><br><i>Not included are requests to assist local police with non-gaming related investigations. Only those events that result in a report being filed are considered to be reportable occurrences by the AGCO's Investigation and Enforcement Bureau.</i> | 3,405   | 5,245   |

In 2017-18, there were a total of 1,068 other calls for police assistance, including calls for medical emergencies, police information and abandoned children.

## Eligibility Investigations Unit (EIU)

**Table 4** Eligibility Investigations

|                                                                                                                                                                                                                       | 2016-17 | 2017-18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Investigations - Gaming<br><i>Include files on gaming related and non-gaming related suppliers, racing teletheater investigations, investigations on gaming site employees , and lottery retailer investigations.</i> | 616     | 531     |
| Outside Agency Assist Checks<br><i>Providing investigative assistance to external law enforcement agencies.</i>                                                                                                       | 600     | 725     |

## Strategic Partnerships

Working collaboratively, these partnerships promote compliance with Ontario's liquor laws and provide insight into potential risks to public safety. In 2017-2018, AGCO Inspectors partnered with local police officers to complete more than 171 joint inspections.

The IEB works in partnership with local municipal officials. In Toronto, the AGCO is working with the City to identify establishments that pose the greatest risk to communities and to coordinate methodologies to bring them into compliance with municipal and provincial laws. This approach to information sharing also supports better decision making at both the provincial and municipal levels.

# Operational Performance – By Sector

## Customer Service

The AGCO Customer Service department offers the public a “one-stop shopping” approach, providing help and guidance on licensing and registration issues, including inquiries and complaints for all AGCO business areas.

In December 2017, the AGCO implemented a new customer contact centre system to enhance its ability to respond to customer inquiries and complaints. The new system provides enhanced self-help options for customers, and an interface to support AGCO customer service representatives.

**Table 5 Customer Contacts**

|                                             | 2016-17 | 2017-18  |
|---------------------------------------------|---------|----------|
| Total customer contacts                     | 155,710 | 149, 639 |
| Telephone contacts                          | 102,788 | 104, 333 |
| Walk-in customers Head Office               | 16,422  | 13, 909  |
| Via AGCO’s automated voice messaging system | 26,619  | 20, 039  |
| Email customer contacts                     | 9,881   | 11, 358  |

## Regulatory Compliance Inspections

In 2017-2018, a new Regulatory Compliance Branch was formed by combining Electronic Gaming, Gaming Compliance and Liquor and Lotteries inspections under one umbrella.

The goal of this reorganization - to have a fully integrated role for all Inspectors - is consistent with the AGCO’s move to a risk-based and outcomes-based approach to regulation.

This change will ensure that Inspectors are focused on risk and regulatory outcomes, and allows inspection activities to be performed by any AGCO Inspector.

With respect to the tables below: in the fiscal years following 2017-2018, the actual number of alcohol, gaming or horse racing inspections may vary. The focus of inspections will be less about numbers and more about compliance with governing legislations.



# Alcohol

## Licensing

The *Liquor Licence Act* and its Regulations provide the Registrar with the authority for regulating and licensing liquor sales licences, ferment-on-premise facility licences, liquor delivery service licences, manufacturer's licences and manufacturer's representative licences.

The AGCO is also responsible for overseeing the administration of Special Occasion Permits (SOPs), which are required for occasional private events (such as weddings and receptions) or public events (such as community festivals), where beverage alcohol will be served and/or sold to the public. The Liquor Control Board of Ontario (LCBO), which is responsible for the retail sale of beverage alcohol, formerly issued SOPs on behalf of the AGCO. As of May 29, 2017, SOP applicants have been able to apply online, directly from the AGCO's website. The LCBO continued accepting and processing paper-based SOP applications until April 1, 2018. As of April 1, 2018, all applications for a SOP must be made online through the iAGCO portal.

**Table 6** Total Number of Liquor Licences and Special Occasion Permits

|                                      | 2016-17 | 2017-18 |
|--------------------------------------|---------|---------|
| Liquor Sales Licensed Establishments | 17,637  | 18,468  |
| Ferment-on-Premise Facilities        | 528     | 551     |
| Liquor Delivery Services             | 312     | 378     |
| Manufacturers                        | 559     | 694     |
| Manufacturers' Representatives       | 911     | 1,002   |
| Total Liquor Licences                | 19,947  | 21,113  |
| Special Occasion Permits issued      | 64,643  | 66,329  |

**Table 7** Regulatory Compliance Inspections – Alcohol

|                                                  | 2016-17 | 2017-18 |
|--------------------------------------------------|---------|---------|
| Inspections of licensed premises                 | 25,379  | 20,755  |
| Contraventions of Ontario's liquor laws          | 8,430   | 5,013   |
| Serious occurrences escalated for further review | 351     | 403     |

## VQA Wine Sales at Farmers' Markets

As of March 31, 2018, there were 101 wineries (including 14 fruit wineries) selling their VQA wine at 290 Ontario Farmers' Markets (out of the 445 Farmers' Markets in Ontario).

**Table 8** Notices of Proposal \*(NOP) and Orders of Monetary Penalty (Alcohol)

|                                                                                                                                                                                                                       | 2016-17 | 2017-18 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Notices of Proposal                                                                                                                                                                                                   | 468     | 320     |
| <ul style="list-style-type: none"> <li>• Applications (new, change, transfer)</li> <li>• Disciplinary (suspend and/or add conditions, revoke)</li> <li>• Premises closed (revoke licence)</li> <li>• Other</li> </ul> |         |         |
| Orders of Monetary Penalty                                                                                                                                                                                            | 136     | 91      |

*\*Note: If the Registrar proposes to refuse, revoke or suspend a licence, the Registrar must serve a NOP on the applicant/licensee outlining the reasons for the proposed action. Applicants/licensees who dispute a NOP issued by the Registrar may appeal the proposal to the Licence Appeal Tribunal (LAT).*

**Table 9** Alcohol Advertising Complaints Reviewed

|                                         | 2016-17 | 2017-18 |
|-----------------------------------------|---------|---------|
| Alcohol advertising complaints reviewed | 10      | 7       |

# Gaming

## OLG Lotteries

**Table 10** Regulatory Compliance Inspections – Gaming

|                                     | 2016-17 | 2017-18 |
|-------------------------------------|---------|---------|
| Inspections of registered retailers | 1,693   | 5,133   |
| Infractions cited                   | 624     | 662     |
| Warnings                            | 350     | 249     |

**Table 11** Regulatory Compliance Inspections – Electronic Gaming

|                                                                                                                                                  | 2016-17 | 2017-18 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|
| Reviews/audits <ul style="list-style-type: none"> <li><i>to ensure the Operators are in compliance with the Registrar's Standards</i></li> </ul> | 5,055   | 6,291   |
| Infractions of non-compliance <ul style="list-style-type: none"> <li><i>generating Non-Conformance Report (NCR)</i></li> </ul>                   | 140     | 114     |

In addition to commercial gaming inspections, (see note following Charitable Gaming – cGaming Page 48) the AGCO continued to conduct inspections at sites that fall under O.Reg 207(1)(b) of the Criminal Code. These are sites which are conducted and managed by the OLG. AGCO Inspectors also provide education and outreach to the charitable gaming sector to ensure continued compliance.

In 2017-2018, the AGCO conducted 646 inspections and found 208 violations.

## Gaming Registrations

Gaming registrations must be obtained by any individuals or businesses wishing to:

- Provide goods or services to charitable or religious organizations to assist with the conduct and management of their licensed lottery event, or any business that manufactures bingo paper or break open tickets;
- Sell lottery products on behalf of OLG, or provide goods or services to OLG related to lottery products; or;
- Provide goods or services to, or work for a casino, slot machine facility, or Charitable Gaming (cGaming) site.

In reviewing applications, an eligibility assessment is carried out by the Registrar concerning the character, integrity, financial responsibility and competence of those persons or businesses and their suitability for registration.

Table 12 indicates the number of registrations issued by the AGCO by category, under the corresponding registration classes.



**Table 12** Number of Gaming Registrations Issued

| Registration Class           | Line of Business   | 2016-17 | 2017-18 |
|------------------------------|--------------------|---------|---------|
| Operators                    | Commercial Sector  | 34      | 47      |
|                              | Charitable Sector  | 69      | 70      |
| Sellers                      | Charitable Sector* | 176     | 174     |
|                              | OLG Lottery Sector | 9,831   | 9,855   |
| Gaming-Related Suppliers     | Commercial Sector  | 59      | 62      |
|                              | Charitable Sector  | 63      | 60      |
|                              | OLG Lottery Sector | 14      | 15      |
| Non-Gaming-Related Suppliers | Commercial Sector  | 287     | 286     |
| Trade Unions                 | Commercial Sector  | 17      | 18      |
| Category 1 Gaming Assistants | Commercial Sector  | 2,748   | 2,757   |
|                              | Charitable Sector  | 536     | 566     |
|                              | OLG Lottery Sector | 1,903   | 1,863   |
| Category 2 Gaming Assistants | Commercial Sector  | 11,072  | 11,087  |
|                              | Charitable Sector  | 1,845   | 1,765   |
| Total                        |                    | 28,654  | 28,625  |

\*This figure represents the number of sites that only sell charitable break open tickets (no OLG lottery products). It does not include Sellers that also sell OLG lottery products. All registrants who are Sellers may sell break open tickets in addition to OLG lottery products.

## **Charitable Gaming Licences**

The AGCO administers the charitable lottery licensing program in Ontario. This includes lottery events conducted and managed by charitable or religious organizations (i.e. bingo, raffles and the sale of break open tickets). The AGCO also issues registrations to individuals or businesses that wish to provide goods or services to the charitable gaming sector, and carries out inspection and compliance assurance activities to ensure that charitable gaming licensees and registrants are operating in accordance with the law and in the public interest.

The issuance of charitable lottery licences continues to be a shared responsibility with the AGCO and local municipalities.

The AGCO is the licensing authority for:

- Charitable gaming events in bingo halls where jackpots can accumulate over time;
- Bingo events with prize boards over \$5,500;
- Super jackpot bingo events;
- Progressive bingo game events and loonie progressive games;
- Social gaming events (i.e. table game event held in conjunction with a social event);
- Raffle lotteries for total prizes over \$50,000;
- Break open tickets sold by organizations with a provincial mandate;
- Lotteries held in conjunction with another gaming event, including break open tickets at bingo events;
- Lottery schemes conducted in unorganized territories; and
- Lottery schemes at designated fairs or exhibitions.

Municipalities issue charitable lottery licences for:

- Bingo events with prize boards up to \$5,500;
- Media bingo events with prizes up to \$5,500;
- Break open tickets for local organizations;
- Raffle lotteries for total prizes of \$50,000 and under; and
- Bazaar lotteries which include wheels of fortune with a maximum bet of \$2, raffles not exceeding \$500, and bingo events up to \$500.

**Table 13** Lottery Licences Issued

|                                | 2016-17 | 2017-18 |
|--------------------------------|---------|---------|
| Bingo                          | 124     | 108     |
| Charitable Gaming (Bingo Hall) | 2,952   | 2,952   |
| Break Open Ticket (BOT)*       | 57      | 36      |
| Raffle                         | 281     | 386     |
| Social Gaming Events           | 31      | 20      |
| Other                          | 4       | 3       |
| Total                          | 3,449   | 3,505   |

\* **Break Open Ticket (BOT)** means a device which is made of cardboard and which has one or more perforated cover window tabs behind which are winning and non-winning numbers or symbols that must be revealed by the tearing off of the cover tab. Seal cards and Bingo Event tickets are two examples of break open tickets.



# Electronic Gaming Equipment and System Approvals

## Technical and Laboratory Services Branch

Ontario’s public confidence in gaming is largely based upon the integrity and fairness of the games and gaming systems in play. The Technical and Laboratory Services (T&LS) Branch supports the regulation of gaming technology by providing expert technical assessments, services and approvals to ensure the technical integrity of gaming products and systems.

The games and technology that T&LS assesses, tests and approves are played throughout the province in all gaming sectors regulated by the AGCO: casino gaming, charitable/raffle gaming, lotteries and iGaming.

## Gaming Laboratory

The AGCO Gaming Laboratory (the “Gaming Lab”) is composed of a team of highly qualified and experienced experts in an in-house lab that is equipped with the same gaming systems used in gaming sites in Ontario. Using state-of-the-art test equipment, the team thoroughly analyzes and examines all aspects of the gaming systems.

The Gaming Lab and team are accredited to the international standard ISO 17025:2005 for testing laboratories, considered the international benchmark for excellence in testing laboratories; this achievement sets the AGCO apart as the only known gaming regulator with an in-house accredited gaming lab. The Gaming Lab's accreditation status is reconfirmed annually through internal and external audits that validate the ongoing quality of the assessments and testing performed.

The Gaming Lab received feedback through its anonymous survey of gaming-related suppliers, with 91% of respondents indicating very good or excellent customer satisfaction.

**Table 14 Gaming Laboratory**

|                                                                                            | 2016-17 | 2017-18 |
|--------------------------------------------------------------------------------------------|---------|---------|
| Electronic gaming-related product requests for approval                                    | 2,132   | 2,774   |
| Products with regulatory issues discovered by the AGCO that were consequently not approved | 453     | 567     |

**Note:** During 2017/18, the Gaming Lab experienced a 30% increase in assessments including new technologies pertaining to mobile online gaming and e-raffles. The average turnaround time for approval was 23 days, 35% faster than in 2016-17, with the goal to continue this improvement in the upcoming fiscal year.

# AGCO Audits

## Casinos and Slot Machine Facilities

In 2017-2018, the casino sector continued to transition to a private sector operated model under OLG's modernization strategy. The sector also fully transitioned to a standards-based regulatory approach, under which the AGCO is establishing clear industry objectives and standards. Regulated entities then determine the most efficient and effective way to meet them. The AGCO assesses compliance by obtaining assurance these objectives and standards are being achieved. The approach benefits the AGCO and the operators by allowing for:

- more operational flexibility while strengthening regulatory outcomes in a way that does not unnecessarily burden those we regulate; and
- the AGCO to proactively manage the evolving nature of its regulated industries and provide flexibility to be able to assume new regulatory responsibilities.

In carrying out an audit at a casino facility, the AGCO auditor assesses the site's compliance with the requirements under the *Gaming Control Act, 1992* (GCA), Registrar's Standards for Gaming, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2001* and all of the related regulations. The AGCO proactively helps regulated entities comply with regulatory requirements using a mix of education, collaboration and deterrence. During 2017-18, the AGCO carried out three risk-based audits.

## Internet Gaming (iGaming)

The AGCO continues to refine and adapt its regulatory approach to iGaming conducted by OLG to ensure game integrity while allowing appropriate business flexibility. This includes: the application of a risk-based approach to its eligibility assessment and registration process; technical assessment and approval of updates to the OLG iGaming solution and new games; and the application of regulatory assurance activities to assess compliance with the Registrar's Standards for Gaming. As part of its regulatory assurance activities, the AGCO conducts audits, compliance monitoring and reviews, technical monitoring of the iGaming platform and investigations of suspicious behaviour within the province's PlayOLG.ca gaming platform. During 2017-18, the AGCO carried out eight risk-based audits and reviews.

## **Charitable Gaming (cGaming)**

The OLG, in partnership with the Ontario Charitable Gaming Association and the Commercial Gaming Association of Ontario, embarked on a multi-year initiative to revitalize charitable bingos in the province by introducing electronic products into existing and future charitable gaming facilities. These products currently include electronic bingo, Play on Demand games, electronic Break Open Ticket dispensers, and Turbo Challenge.

Over the past year, the AGCO has continued to work with the OLG and industry partners to facilitate the introduction of electronic games conducted and managed by OLG in cGaming centres. 31 cGaming centres are now regulated under the Registrar's Standards for Gaming. During 2017-18, the AGCO carried out three risk-based audits and reviews.

## **Other Charitable Gaming**

In addition to cGaming operated by the OLG in partnership with charities, traditional paper-based bingo events conducted and managed by licensed charitable organizations continue to operate in Ontario. Charitable gaming revenues, including those which come from traditional bingos, are an essential source of funding for a large number of not-for-profit organizations. The AGCO continues to support the charitable gaming industry by supporting fundraising opportunities for charities and providing suppliers with opportunities for business growth through modernization initiatives, such as the bingo revenue model, changes to the break open ticket regulatory framework, launch of Catch the Ace as well as its work with the Charitable Gaming Strategic Working Group and Mega Raffle Working Group. In 2017-2018, the AGCO conducted one audit within the sector.

## **OLG Lotteries**

During 2017-2018, OLG Lotteries transitioned to a standards-based regulatory approach. The AGCO works with OLG to support its modernization strategy for this line of business. In 2017-2018, the AGCO completed three lottery audits.

# Horse Racing

## Horse Racing Audits

The AGCO conducts audits and reviews of Ontario racetracks to assess the: effectiveness of governance structures and processes; integrity of funds management, and; compliance with the licence to operate a racetrack and the Rules of Racing. AGCO Audit also collaborates closely with OLG Horse Racing in areas of shared interest such as governance and integrity of purse account management. In 2017-18, the AGCO carried out two audits.

## Horse Racing Licensing

In 2017-2018, the AGCO continued its efforts to implement a regulatory framework that supports a modern, efficient, and consumer-focused racing industry. AGCO Licensing Agents work at racetracks and through its head office in Toronto. The AGCO licenses participants in horse racing industry (i.e. jockeys, trainers, drivers, veterinarians), racetracks (i.e. associations) and teletheatres.

**Table 15 Horse Racing Licensing**

| Licensing (# of licences issued) | 2016-17 | 2017-18 |
|----------------------------------|---------|---------|
| Thoroughbred                     | 6,105   | 5,764   |
| Quarter Horse                    | 582     | 534     |
| Standardbred                     | 10,135  | 9,858   |
| Total                            | 16,822  | 16,156  |

## Ontario Racetracks

### Thoroughbred

Fort Erie Race Track, Fort Erie  
Woodbine Racetrack, Toronto

### Standardbred

Clinton Raceway, Clinton  
Dresden Raceway, Dresden  
Flamboro Downs, Dundas  
Georgian Downs, Innisfil  
Grand River Raceway, Elora  
Hanover Raceway, Hanover

Hiawatha Horse Park, Sarnia  
Kawartha Downs, Fraserville  
Leamington Raceway, Leamington  
Mohawk Racetrack, Campbellville  
Rideau Carleton Raceway, Ottawa  
The Raceway at Western Fair District, London  
Woodbine Racetrack, Toronto

### Quarter Horse

Ajax Downs, Ajax

## Investigations

The following are AGCO horse racing-related investigation activities (ORC/AGCO– 2016)

**Table 16** Investigations Unit Statistics

|                               | 2016-17 | 2017-18 |
|-------------------------------|---------|---------|
| Compliance Activities         | 193     | 211     |
| Due-Diligence Activities      | 1505    | 1484    |
| Medication Control Activities | 248     | 365     |
| Regulatory Activities         | 173     | 79      |

## Rulings

Rulings are written decisions by AGCO Judges and Stewards that relate to violations of the Rules of Racing, 2016 (ORC/AGCO 2016). The decisions can be appealed to the Horse Racing Appeal Panel (HRAP), an independent and impartial adjudicative body.

**Table 17** Rulings by Racing Officials

| Breed                | 2016-17 | 2017-18 |
|----------------------|---------|---------|
| <b>Thoroughbred</b>  |         |         |
| Stewards Rulings     | 205     | 201     |
| Live Race Dates      | 173     | 173     |
| <b>Standardbred</b>  |         |         |
| Judges Rulings       | 443     | 462     |
| Live Race Dates      | 773     | 742     |
| <b>Quarter Horse</b> |         |         |
| Stewards Rulings     | 21      | 31      |
| Live Race Dates      | 29      | 30      |

## Notices

**Table 18** Number of Notices of Proposed Order or Immediate Suspension

|                          | 2016-17 | 2017-18 |
|--------------------------|---------|---------|
| Notice of Proposed Order | 4       | 6       |

## Hearings, Appeals, Dispute Resolution and Settlements

The Licence Appeal Tribunal (LAT) is independent of the AGCO and is an adjudicative tribunal that is part of Safety, Licensing Appeals and Standards Tribunals Ontario. LAT is responsible for adjudicating appeals regarding decisions on licensing and registration matters made by different regulators. If a person who receives a Notice of Proposal about a liquor matter, a Notice of Proposed Order about a gaming or horse racing matter or who is assessed an Order of Monetary Penalty by the Registrar of Alcohol, Gaming and Racing wishes to request a hearing, it will be held by LAT.

LAT hearings are related to:

- Registrar's refusal to licence or register under the LLA, GCA and *Horse Racing Licence Act, 2015*;
- Other proposed actions by the Registrar under the LLA, GCA and *Horse Racing Licence Act, 2015*;
- Public interest hearings to determine eligibility for a liquor licence, or additions to liquor licensed premises; and
- Conducting appeals of Orders of Monetary Penalty assessed by the Registrar.

The following settlements were reached without a LAT hearing:

**Table 19** Alcohol-Related Settlements Without a Hearing\*

|                                                                                                           | 2016-17 | 2017-18 |
|-----------------------------------------------------------------------------------------------------------|---------|---------|
| Number of Settlements Agreed to Without a Hearing<br>(Notice of Proposals and Orders of Monetary Penalty) | 113     | 106     |

\*These settlements are negotiated by the AGCO's Legal Services Division, based on instructions from the Registrar.

**Table 20 Alcohol-Related Public Meeting Conference Calls\*\***

|                                           | 2016-17 | 2017-18 |
|-------------------------------------------|---------|---------|
| Number of Public Meeting Conference Calls | 7       | 11      |

\*\*If the AGCO receives a written objection to the issuance of a liquor sales licence, then a decision will be made to either first set up a public meeting at the AGCO or issue a Notice of Proposal to Review the Licence Application which can be appealed to the Licence Appeal Tribunal (LAT). A public meeting is an alternative dispute resolution process and is an informal meeting between the liquor licence applicant, the objectors and a Deputy Registrar of the AGCO. This meeting may be arranged as a telephone conference call.

**Table 21 Gaming-Related Settlements Without a Hearing\*\*\***

|                                                                                                                 | 2016-17 | 2017-18 |
|-----------------------------------------------------------------------------------------------------------------|---------|---------|
| Number of Settlements Agreed to Without a Hearing<br>(Notice of Proposed Orders and Orders of Monetary Penalty) | 10      | 10      |

\*\*\*These settlements are negotiated by the AGCO's Legal Services Division, based on instructions from the Registrar.

# Internal Operations —

## Internal Operations and Fiscal Environment

The AGCO's internal operating environment continued to evolve due to various factors, including demographic shifts affecting the agency's workforce, new and streamlined service delivery methods, and the implementation of the agency's Strategic Plan, all within the context of the AGCO's expanding regulatory mandate. The AGCO continued to proactively monitor and anticipate environmental changes in both its external and internal operating environment.

Marketplace evolution within the liquor and gaming sectors, along with government initiatives and legal and regulatory reforms, have continued to expand the AGCO's regulatory mandate, including the merger of Ontario Racing Commission (ORC) regulatory functions effective April 1, 2016 and the regulation of beer and wine sales in grocery stores. To help manage the operational and financial pressures related to this expanded mandate, the AGCO continues to implement its long-term direction through its Strategic Plan. This Plan is accompanied by an enhanced business planning process and integrated performance measurement approach to ensure current and future initiatives support the agency's five Strategic Goals (see page 20) and better position the AGCO to respond to expanded responsibilities in both the liquor and gaming sectors. The process this year integrated ORC planning outputs and major initiatives into the AGCO planning approach.

The AGCO has also been proactively implementing changes to improve efficiencies in its operations, demonstrating its commitment to Value for Money. Recent initiatives include implementation of an Enterprise Risk Management framework, as well as numerous program audits to assess effectiveness and improve efficiencies. Additionally, the AGCO's shift to risk-based regulatory approaches has ensured agency resources are allocated with greater emphasis on effectiveness and efficiency.

Service expectations have also changed in recent years and will continue to challenge the AGCO's capacity to respond in timely and effective ways. In response, the AGCO seeks to offer a Quality Service Experience by making effective use of new technology to enhance and streamline delivery approaches and channels that are sensitive to stakeholder needs and expectations. Investments in technology will be made through the Regulatory Assurance Solution project, enabling electronic service delivery so that stakeholders will be able to apply for their AGCO licences, permits or registrations online.

# Operating Budget – 2017-2018 Fiscal Year

## Revenue and Expenditures

As a regulatory agency with a governing board reporting to the Ministry of the Attorney General, the AGCO receives its annual spending authority from the Ministry's printed estimates, as approved by the Legislature. The AGCO is funded from a combination of revenue from the Consolidated Revenue Fund and recoveries.

**Table 22 2017-18 Fiscal Year Revenue and Expenditures**

| <b>Revenues</b>                                | <b>2016-17</b>      | <b>2017-18</b>      | <b>Increase</b>    |
|------------------------------------------------|---------------------|---------------------|--------------------|
| Fees and Levies <sup>(1)</sup>                 | \$25,608,003        | \$27,574,499        | \$1,966,496        |
| <b>Total</b>                                   | <b>\$25,608,003</b> | <b>\$27,574,499</b> | <b>\$1,966,496</b> |
| <b>Expenditures</b>                            |                     |                     |                    |
| Salaries and Benefits <sup>(2)</sup>           | \$71,070,380        | \$71,761,413        | \$691,033          |
| Other Direct Operating Expenses <sup>(3)</sup> | \$12,060,827        | \$13,711,393        | \$1,650,566        |
| Total Program Expenditures                     | \$83,131,207        | \$85,472,806        | \$2,341,599        |
| Less Recoveries <sup>(4)</sup>                 | (\$53,305,512)      | (\$54,900,396)      | 1,594,884          |
| <b>Total</b>                                   | <b>\$29,825,695</b> | <b>\$30,572,410</b> | <b>\$746,715</b>   |

- (1) Increase in Fees and Levies comprise mostly of 90 new authorizations to sell beer, cider and wine in grocery stores, real-time collection of all liquor licenses and permits, and registration fees from new service providers now remitting an annual registration fee per site.
- (2) Salaries and Benefits increases relate to the new collective agreement, benefit harmonization, and re-alignment of staff resources to reflect organizational priorities.
- (3) Other Direct Operating Expenses increases are primarily due to AGCO's continued support in Ontario Racing Association's mandate to assist the horse racing industry in becoming self-sustainable.
- (4) Recoveries include levies and fees from the horse racing industry, gaming eligibility assessments from external suppliers (including the testing of gaming equipment), as well as the regulation of commercial gaming, OLG lotteries, iGaming, and other gaming modernization initiatives paid for by the OLG. In 2017-18 recoveries are primarily driven by horse racing and gaming activities.



**Horse Racing Appeal Panel**

90 Sheppard Avenue East

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Toronto ON M2N 0A4

Tel: 416 326-8700 or 1 800 522-2876 toll free in Ontario

Fax: 647 723-2198

Email: [info@hrappealpanel.ca](mailto:info@hrappealpanel.ca)

# Horse Racing Appeal Panel

Established through the *Horse Racing Licence Act, 2015*, the Horse Racing Appeal Panel (HRAP) is an adjudicative body that is mandated to consider appeals of decisions made under the Rules of Racing.



The HRAP was established as an institutionally-independent and impartial adjudicative body that operates at arm's-length from the AGCO. Members are appointed to the HRAP by the Board of the AGCO. The HRAP is also provided operational and administrative support by the HRAP Secretariat, which is a unit within the Communications and Corporate Affairs Division of the AGCO. The HRAP Secretariat reports to the AGCO Board on administrative matters. It is operated as a standalone unit and is segregated from other parts of the AGCO organization to support the institutional independence of the HRAP. Although the HRAP Chair and Panel members are appointed by the AGCO Board, the AGCO has no oversight role or involvement in adjudicative matters overseen by the Panel and has no authority or jurisdiction to intervene in individual cases.

## Panel Members

All HRAP appointments are made through a competitive, merit-based process, with the intent to employ a broad cross-section of individuals with horse racing experience and ideally with one or more of the following qualifications: legal experience; scientific or medical/pharmacology expertise; governance background; experience in sport disputes; and knowledge of administrative justice principles. Following a comprehensive evaluation process, in the past year, the Board of the AGCO re-appointed five Panel members to two-year terms to 2020.

The appointments process helps to ensure that the HRAP operates and conducts appeals with integrity, and that the parties before it have confidence that they will be treated fairly and by an impartial panel.



**STANLEY SADINSKY**

Chair

**First Appointed**

April 1, 2016

**Term Expires**

March 31, 2019



**SANDRA MEYRICK**

Vice-Chair

**First Appointed**

April 1, 2016

**Term Expires**

March 31, 2020



**JOHN CHARALAMBOUS**

Member

**First Appointed**

April 1, 2016

**Term Expires**

March 31, 2020



**DR. JOHN HAYES**

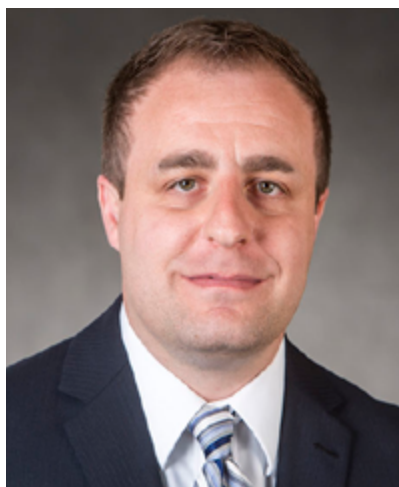
Member

**First Appointed**

April 1, 2016

**Term Expires**

March 31, 2020



**BRIAN NEWTON**

Member

**First Appointed**

April 1, 2016

**Term Expires**

March 31, 2020



**JOHN UNGER**

Member

**First Appointed**

April 1, 2016

**Term Expires**

March 31, 2018

*We note the passing of Mr. Unger  
on September 21, 2017*



**BRUCE MURRAY**

Member

**First Appointed**

April 1, 2016

**Term Expires**

March 31, 2020



**DR. BERND KRETZSCHMAR**

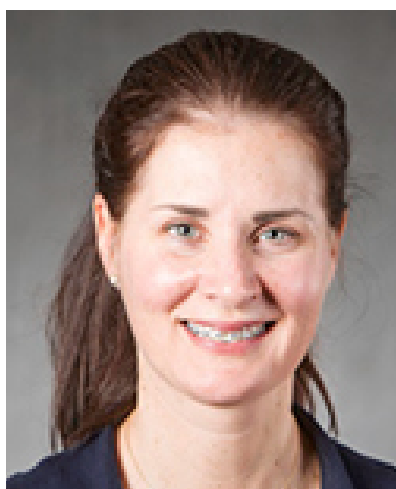
Member

**First Appointed**

March 6, 2017

**Term Expires**

March 5, 2019



**JULIE JAMIESON**

Bilingual Member

**First Appointed**

March 6, 2017

**Term Expires**

March 5, 2019



**DALE DOWNEY**

Member

**First Appointed**

March 6, 2017

**Term Expires**

March 5, 2019

# Year in Review

Ongoing work to enhance governance and accountability was conducted over the year to improve the governance of the Panel and support the Memorandum of Understanding between the HRAP and AGCO. A reporting framework was developed to ensure the AGCO Board is provided with appropriate information and ongoing updates on HRAP operations. To support the HRAP Chair in making recommendations for Panel reappointments to the AGCO Board, a comprehensive Panel member performance review and evaluation process was created and implemented.

Improving operational efficiency and effective oversight of the tribunal to ensure that it continues to fulfill its mandate was also a key focus this year. To help to monitor effectiveness and ensure accountability to key priorities for the successful operation of the tribunal, Key Performance Indicators (KPIs) were developed and reported in a new internal Operations Performance Report. The Report enhances the Panel's oversight by providing information on HRAP's caseload, KPIs and other metrics.

As part of the Panel's commitment to providing quality public service to clients and to ensure transparency in operations, a complaints process was developed.

Education and training for the Panel members continued to be a high priority during the past year. Panel members participated in education opportunities such as conferences and training workshops offered by the Society of Ontario Adjudicators and Regulators. Recurring meetings of the Panel were held to discuss emerging issues and support information sharing and professional development among the Panel members.

The HRAP continues to be focused on providing a fair, open and accessible process for parties to have their appeals heard, and ensuring that it has procedural rules in place to support an efficient and responsive appeal process.

# Statistical Report for 2017-18

## Appeals

| Number of Notices of Appeal filed with HRAP in 2017 2018 | Number of Notices of Appeal filed with HRAP in 2016 2017 |
|----------------------------------------------------------|----------------------------------------------------------|
| 54                                                       | 45                                                       |

| Appeals, by type of infraction |    |
|--------------------------------|----|
| Interference                   | 12 |
| Human Alcohol or Drug          | 0  |
| Equine Drug or Medication      | 23 |
| Urging                         | 0  |
| Other Racing Violation         | 19 |

## Hearings

| Number of in person hearings | Total hearing days |
|------------------------------|--------------------|
| 48                           | 39                 |

| Appeal hearings | Motion hearings |
|-----------------|-----------------|
| 26              | 20              |

## Motions

| Number of motions |
|-------------------|
| 79                |

| Stay Motions | Other Types of Motions |
|--------------|------------------------|
| 40           | 39                     |