

Alcohol and Gaming Commission of Ontario



2015/16 - 2017/18 Business Plan

Approved by the AGCO Board of Directors
November 26, 2014



AGCO

Alcohol and Gaming
Commission of Ontario

CAJO

Commission des alcools
et des jeux de l'Ontario

2015/16 - 2017/18

Business Plan

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1. Mandate

The AGCO is an arm's length regulatory agency of the provincial government that was established February 23, 1998 under the Alcohol and Gaming Regulation and Public Protection Act, 1996 (AGRPPA). As of August 2010, the AGCO reports to MAG. The AGCO is responsible for administering and ensuring compliance with the rules set by the Ontario government acting in the public interest and in accordance with the principles of honesty and integrity, and social responsibility as prescribed in the AGCO's governing legislation.

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 to ensure its regulatory activities support the economic viability of the alcohol and gaming industries, while maintaining public safety and confidence in these industries.

AGCO Mandate	AGCO Mission
To regulate the alcohol and gaming sectors in accordance with the principles of honesty and integrity, and in the public interest.	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 that are in the public interest and are sensitive to the economic viability of the alcohol and gaming industries. • Be client focused in how we respond to and manage client and stakeholder needs. • Educate clients and stakeholders and develop partnerships. • Create a positive work environment that respects and values AGCO staff contributions and provides them with opportunities for growth and professional achievement.

Activities Regulated by the AGCO
• Sale and service of beverage alcohol. • Lotteries operated by the OLG on behalf of the government of Ontario. • OLG gaming, including casinos, slot machine facilities, internet gaming (iGaming) and cGaming. • Licensed lottery schemes conducted by charitable, not-for-profit and religious organizations (e.g. bingo, raffles and break open tickets).

Key Regulatory Objectives: Gaming

- 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 sites while maintaining the highest standards of regulation.
- Ensure that all games are fair and appear to be fair.
- Maintain public confidence in the integrity of the games.
- Establish a safe and secure environment at all gaming sites.
- Protect the assets of the Crown.

Key Regulatory Objectives: Sale & Service of Alcohol

- Ensure the alcohol sector is operated with honesty and integrity and in the broader public interest.
- Ensure that alcohol is sold and served responsibly.
- Ensure that residents are provided an opportunity to have their views considered during the licensing process.
- Permit Ontarians and their visitors opportunities to responsibly enjoy beverage alcohol within an economically viable hospitality and tourism sector.
- Promote fairness, equity and a level playing field for the industry through effective regulatory assurance activities.
- Focus regulatory activities on promoting proactive compliance with the law and maintaining the broader public interest.

2. Key Achievements

Some of the AGCO's key achievements in support of its AGCO's Strategic Goals and Business Plan commitments over the past year include:

Modern Regulator

- Implementation of a two-year pilot program to allow the sale of VQA wines at Farmers' Markets as part of the province's Wine and Grape Strategy. A review structure for evaluating the effectiveness of the Wine Sales at Farmers' Market pilot program has also been developed.
- Continued advancements to modernize Ontario's liquor regulatory framework using an Open Government approach with a further review of AGCO's approach to the regulation of wine, beer, and spirits manufacturers, manufacturers' representatives, ferment-on-premise operators, and liquor delivery services (the Regulatory Modernization in Ontario's Beverage Alcohol Sector initiative).
- Public release of the Regulatory Modernization in Ontario's Beverage Alcohol Sector Findings Report to provide a comprehensive overview of the issues and proposals which were raised during the consultation period.
- Initial series of AGCO policy reforms under the Regulatory Modernization in Ontario's Beverage Alcohol Sector initiative announced in September 2014. Working groups for three additional reform areas have been established and initial meetings have been held.
- Draft Registrar's Standards for the lottery sector have been developed and consultations with the

industry are underway.

- Standards workshops developed for potential new land-based casino operators as part of the broader implementation of the Registrar's Standards for Gaming across sectors.
- Extensive activities conducted to ensure that the appropriate regulatory supports were in place to support the launch of iGaming, including games and system testing, development of regulatory assurance activities along with ongoing operator and supplier risk assessments.
- In partnership with the OLG, launch of the OLG 50/50 Electronic Raffle Pilot Program at the Air Canada Centre in Toronto, the Canadian Tire Centre in Ottawa and throughout the NHL and NBA season.
- Request for Proposal (RFP) for the Regulatory Intelligence IT Solution posted, marking a major milestone in the AGCO's Regulatory Intelligence procurement process to support better use and analysis of data.

Value for Money

- Ongoing implementation of a coordinated and integrated business planning approach for the AGCO to ensure all planning activities are aligned with the agency's Strategic Plan.
- Monitored progress of current Strategic Plan performance measures to better evaluate business performance and regulatory effectiveness.
- Internal Audit and Evaluation plan approved by C-Suite and the AGCO Board.
- Phase two implementation of the Enterprise Risk Management (ERM) Framework to identify, analyze, treat and monitor key risks across the AGCO.

Strategic Engagement

- Development of a Strategic Engagement Framework to facilitate an engagement-centered approach in new and ongoing priority AGCO projects, including Liquor Modernization Project, VQA Wine Sales at Farmers' Markets Program and Regulatory Assurance Solution (RAS).
- Signing of new Memorandums of Understanding (MOUs) with regulatory and law enforcement agencies, including Singapore's Casino Regulatory Authority.
- Continued collaboration with the Financial Transaction and Reports Analysis Centre of Canada (FINTRAC) to help combat money laundering and terrorist financing at gaming facilities.
- Continued close partnerships and collaboration with police services and municipalities provincially, nationally and internationally to enhance compliance through sharing of information and resources.
- Presentation and discussion of common forms held with participating provinces as part of the National Strategy for Interprovincial Supplier Registration aimed at establishing a risk-based approach to processing common gaming supplier registrations.
- Second phase of Open Ontario Compliance Initiative underway in London, Ontario. AGCO is providing input and lessons learned from Phase One, and is continuing to enhance formal communications with other regulatory agencies established during the first phase of the Pilot.

Quality Service Experience

- RAS proposal submissions received and the evaluation process has been implemented. Proponent submissions have been reviewed and vendor demonstrations are ongoing with the expectation that a vendor will be on board in 2015.
- Process to standardize current legacy data underway in preparation for the implementation of RAS and Regulatory Intelligence systems.
- Strategic Communications Plan to create a more strategic and structured approach to communications while better supporting AGCO's transformational activities has been approved by the AGCO Board and implementation of recommendations is currently underway.

Rewarding Workplace

- Diversity and Inclusion Plan completed. Current activities include the use of a Diversity and Inclusion Assessment Tool by a multi-functional working group and the launch of a Quiet Room.
- Conducted an organization-wide employee engagement survey and priority areas addressed at Town Hall meetings and through division-level action plans and workshops.
- AGCO 'Street Team' Initiative developed and implemented to gather feedback from staff on the topics that matter most to them in preparation for the annual series of Town Hall meetings.
- Six Town Hall Meetings held across the province to engage AGCO employees in a dialogue on key corporate initiatives and priorities.
- Bandwidth updates have been completed for 19 of 24 AGCO Regional Offices to increase connectivity among the regions and as part of the broader Information Technology Strategy.

2.1 Diversity and Inclusion

The AGCO has developed a comprehensive Diversity and Inclusion Plan and continues to explore ways to build diversity and inclusion into its operations and activities in the coming years. The AGCO focused on four key elements in developing its Diversity and Inclusion Plan: People, Processes, Services and Results, with each aspect playing an integral role in the overall program. "People" refers to the investment made in the continuous learning of staff and management to build their cultural competencies and responsiveness. "Processes" focuses on examining organizational processes, policies and practices for barriers that prevent full participation in all aspects of society, including physical barriers, communications barriers, attitudinal barriers, economic barriers and technological barriers. The "Services" component speaks to improving current service delivery to better ensure inclusiveness, fairness and responsiveness. Finally, "Results" is about what will actually be measured and reported in terms of progress year after year.

2.2 Performance Measures

The 2013/14 year-end results for performance measures established for the AGCO were effectively on target. The AGCO will continue to engage in multi-year goal setting and will use reports on performance measures to inform the planning process. The agency will also continue to refine its approach to linking resource planning and performance measurement, creating a results-oriented organization.

3. Environmental Scan

The liquor and gaming industries in Ontario have become increasingly complex, global and dynamic, challenging the AGCO to adapt its regulatory approach to maintain a high degree of public confidence in these industries. Both industries operate within a complex social and economic context where business and economic considerations need to be balanced against the potential public safety and public health issues that the consumption of liquor or excessive gambling may cause. The AGCO aims to balance the views and interests of industry, public interest stakeholders and government when considering and recommending changes to legislation, regulations or policy or when establishing programs and strategies for regulating these sectors.

The AGCO's internal operating environment will continue to evolve in coming years due to various factors. These factors include 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 agency's expanding regulatory mandate. In order to effectively address the challenges and opportunities that lie ahead, the AGCO continues to proactively monitor and anticipate environmental changes in its external and internal operating environment.

Responsible Economic Development

The ongoing government-wide Open for Business initiative is designed to minimize the burden of regulation on Ontario businesses, foster competitiveness and welcome new business to Ontario. Internally, the AGCO continued to work on a number of projects which support the overall goals of this program by reducing administrative burdens and using a regulatory approach intended to support business. The Gaming Modernization initiative and the shift towards a standards-based 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.

As part of the Ontario Government's overall economic plan, last year the province announced the renewal of its Wine and Grape Strategy. The initiative includes, among other programs, a two-year pilot program to allow the sale of VQA wines at Ontario farmers' markets. As the body responsible for the regulation of the pilot program, the AGCO worked with industry stakeholders and other government partners to successfully implement the program and is continuing to monitor the pilot which ensures effective support for the wine industry while maintaining public safety.

The AGCO also advanced its review of its approach to the regulation of wine, beer, and spirits manufacturers, manufacturers' representatives, ferment-on-premise operators, and liquor delivery services. While work on this initiative will continue into 2015/16, this review presents an opportunity to modernize the AGCO's regulatory approach in a way that supports new investment and innovation, maintains strong protection of the public interest, and responds to shifting economic and social realities as Ontario's beverage alcohol industry is in the midst of a period of significant expansion and diversification.

Legislative and Regulatory Changes

Recent legislative and regulatory changes continue to inform AGCO's approach. Provincially, reforms to the GCA that came into effect in June 2012 continue to impact and influence the AGCO's key activities, including the transition towards a Standards-Based Approach to regulation and streamlining of the gaming registration structure. In anticipation of future regulatory responsibility over new gaming activities approved by government, the AGCO has continued to refine the regulatory framework over the past year and has begun the process for developing the regulatory framework to conduct a pilot on the use of electronic ticketing machines for 50/50 draws.

Accountability and Transparency

From an operational perspective, accountability and transparency in the agency sector has been a key government priority, with the government recently renewing its commitment to move forward on classified agency accountability, transparency and reform.

As with other agencies, the AGCO is subject to review and audit by government to ensure funds are being spent wisely and taxpayers are receiving value for money. The AGCO has undergone several such audits and reviews over the past several years, including a value for money audit by the Auditor General on casino gaming regulation in 2010, and a follow-up audit in 2012, the results of which are included in the Auditor General's 2012 Annual Report. The Auditor General concluded, among other things, that the AGCO has put into place a regulatory framework that is comprehensive and that its regulatory oversight of the casino gaming industry is one of the strongest and most effective regimes in North America. At the same time, five recommendations were made touching on various areas. The Auditor found in the follow-up audit that the AGCO had taken action on several of the 2010 audit's recommendations, and that the AGCO's standards-based approach to the regulation of gaming is being implemented to address the remainder. New and enhanced accountability mechanisms continue to be implemented across the AGCO, including new procurement directives and the disclosure of expenses incurred by Board members and senior executives.

Fiscal Environment and Economic Outlook

Marketplace changes, consumer demands and public expectations all continue to shape the overall gaming environment in Ontario. Increased competition, United States border controls, the emergence of an online 'grey' market and changing consumer behavior have all contributed to a reduction of the number of people visiting Ontario's gaming facilities. Limited product offerings, changing demographics and competition from new products have also contributed to declines across the gaming sector. The liquor industry is also in flux, given the more recent rise in popularity of wine and craft beer products. Following this trend, discussion around new distribution channels for beer, wine and spirits continue to receive media attention.

Gaming Industry Modernization

The AGCO continues to work with OLG as it moves forward in its efforts to modernize and transform lottery and gaming in Ontario. Implications of OLG Modernization will include increased private sector involvement,

the introduction of new gaming channels, multi-lane lottery sales, new gaming sites, rationalization of gaming operations in general, and a greater focus on consumer protection and responsible gambling.

The AGCO's operations will continue to be impacted by the OLG Modernization in many ways, including an increase in the volume and complexity of eligibility assessments that determine suitability for registration, requirements for more sophisticated regulatory assurance systems and analytics capabilities, and the need for enhanced internal expertise to ensure responsiveness to this rapidly changing gaming landscape. In particular, new and unique regulatory vulnerabilities and risks resulting from the OLG's introduction of iGaming will present regulatory challenges, but also opportunities for the AGCO to position itself as a leader in this area through a strong focus on system security and responsible gambling. As OLG continues to move through its modernization process, the AGCO will be consistently challenged to demonstrate its continued effectiveness as a modern regulator and maintain the high standard of integrity in the gaming sector that both the government and public have come to expect.

The Ontario government announced its five-year plan for a sustainable horse racing industry in the province. The Horseracing Partnership Plan integrates horseracing into the overall gaming modernization strategy while providing transition funding to the industry. More recently, it was announced that the OLG would form an Ontario Horse Racing Division in partnership with the Ontario Racing Commission (ORC) to provide marketing and business support to Ontario Horse Racing to enhance its work with the horse racing industry. This support includes advertising and cross-promotion with race tracks to market horse racing across the province. OLG will also extend its responsible gambling program to the horse racing industry as part of integration. As part of the integration of the horse racing industry, the AGCO is working closely with the OLG and ORC on a committee to review potential new gaming products.

3.1 Internal Factors

Strategic Planning

Over the past year, the AGCO has concentrated its efforts on achieving the ambitious goals set out in the 2013/14-2017/18 Strategic Plan. In developing the Strategic Plan, the AGCO reviewed and refined its existing strategic directions to create a more concise and focused vision under five clear Strategic Goals that better reflect the anticipated challenges and opportunities. The AGCO's Strategic Plan is accompanied by an enhanced business planning process and integrated performance measurement approach to ensure current and future initiatives support the achievement of the agency's five Strategic Goals. This strategic realignment, which has taken place during a period of ever expanding responsibilities in both the liquor and gaming sectors, will be an ongoing process over the next five years as it coincides with, leverages and supports other transformational initiatives currently underway.

Expansion of AGCO Regulatory Mandate

Marketplace evolution within the gaming sector, along with government initiatives and legal and regulatory reforms (e.g. gaming modernization), have continued to expand the AGCO's regulatory mandate. In 2008, the AGCO was tasked by government with the responsibility for the regulation of lottery products managed by the OLG, adding over 12,000 new registrants to the AGCO's client base. More recently, the AGCO developed a regulatory assurance structure to support the expanded electronic gaming offerings at

26 cGaming sites conducted and managed by OLG across the province. The AGCO's regulatory mandate has also expanded to include iGaming, a pilot program of VQA wine sales at farmers' markets and the OLG 50/50 Electronic Raffle pilot program. The AGCO is also accommodating the expansion of craft breweries, distilleries and wineries to reflect the changing market. This regulatory expansion and related operational and financial pressures have been integrated into the AGCO's operating model. To help manage this expanded mandate, the AGCO has been proactively implementing changes to improve efficiencies in its operations. Initiatives undertaken in recent years include the Enterprise Risk Management framework, over a dozen program audits to improve efficiencies and the implementation of a long term I.T. strategy.

Quality Service Delivery

Service expectations have also changed in recent years and will continue to evolve and increase in the coming years and challenge the AGCO's capacity to respond in timely and effective ways. In response, the AGCO must also offer service delivery approaches and channels that are modern and responsive to stakeholder needs and expectations by being streamlined and making more effective use of technology. Investments in technology will be made through the RAS initiative to enable electronic service delivery so that stakeholders can more easily provide information to, and receive information from, the AGCO.

Skilled Workforce

Effectively addressing all of the challenges that lie ahead requires the AGCO to recruit individuals with the necessary technical and professional skills to ensure the effective regulation of new lines of business such as iGaming. AGCO will also be in competition with various employers to recruit individuals with these highly-specialized skills. Additionally, the AGCO is anticipating an expanded turnover in its senior executives due to demographic factors, creating the risk of a knowledge transfer gap at the senior level if not addressed. To meet these challenges today and in the future, the AGCO is working to become an employer of choice among public sector organizations and is developing robust recruitment and succession strategies in order to attract and retain the high quality staff and the expertise necessary to effectively carry out its mandate.

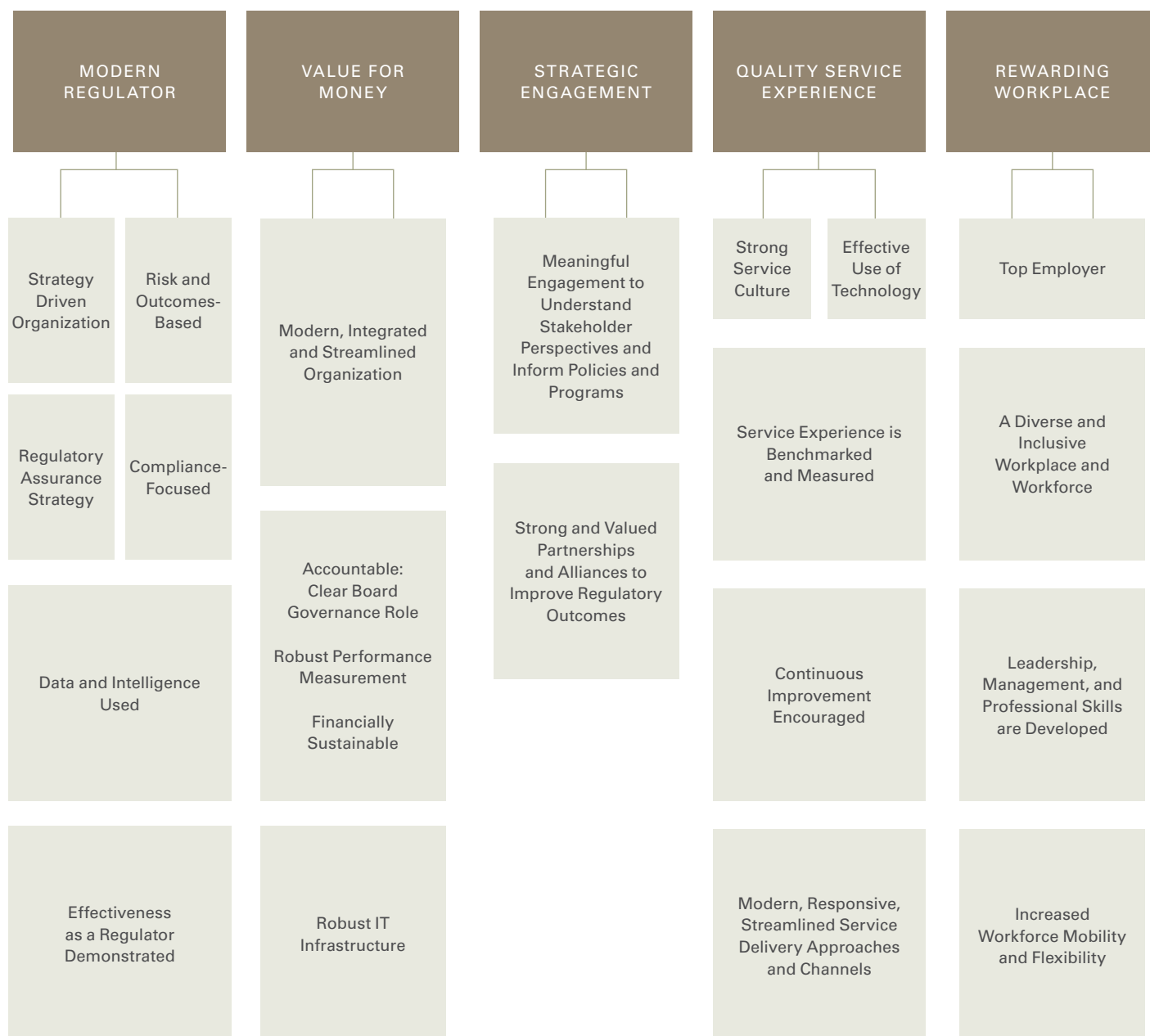
4. Strategic Direction

The AGCO regulates within an increasingly complex social, economic and political context. To effectively navigate this dynamic environment and adapt to future environmental shifts, AGCO has adopted a more structured and strategic approach to planning to help the organization continue to deliver on its Strategic Goals.

STRATEGIC GOALS AND PLANNING THEMES

VISION: A LEADER IN THE ALCOHOL AND GAMING SECTORS THROUGH EFFECTIVE REGULATION AND SERVICES THAT ARE FAIR, RESPONSIVE AND IN THE BROADER PUBLIC INTEREST

MANDATE: TO REGULATE THE ALCOHOL AND GAMING SECTORS IN ACCORDANCE WITH THE PRINCIPLES OF HONESTY AND INTEGRITY, AND IN THE PUBLIC INTEREST



Each Strategic Goal is supported by a number of more detailed and specific Planning Themes which will help guide the identification, development, prioritization and implementation of strategies and initiatives at the AGCO.

4.1 Modern Regulator

AGCO strives to be modern in its regulatory approach, demonstrating leadership, innovation and effectiveness in the regulation of the alcohol and gaming sectors. In order to achieve this vision, the AGCO is continuing its ongoing transition towards risk-based, outcomes-based, and compliance-focused regulation. Building on its experience with foundational programs such as Risk-Based Licensing and Registration, and Risk-Based Enforcement, and consistent with its strategy of integration and convergence, the AGCO will develop a framework to guide the consistent use of risk-based methodologies and approaches across all of the AGCO's lines of business.

Under the Standards-Based Approach, a key Modern Regulator initiative, the regulatory focus shifts from requiring gaming registrants to comply with a prescriptive set of rules and regulations – a “command and control” regulatory approach – to providing standards that must be achieved. This is a fundamental change that delivers a modernized approach to gaming regulation and allows the AGCO to focus its resources on key risks and maintaining game integrity, while providing a degree of business flexibility and efficiencies for the industry. The AGCO continues to plan and coordinate the key activities needed to continue the successful implementation of the Registrar's Standards for Gaming across various gaming sectors, including overseeing the development of the AGCO's regulatory assurance activities and monitoring the establishment of the operators' control environments.

In recent years, the government and the AGCO have taken a series of important steps to modernize the regulation of Ontario's beverage alcohol industry. To complement these reforms, the AGCO has launched a project that is aimed at modernizing AGCO policies and procedures relating to the wine, beer, and spirits manufacturing industry, liquor delivery services, manufacturers' representatives, and ferment-on-premise operators. Specifically, the AGCO is looking to find ways to support the public interest by reducing the administrative burden for businesses in the beverage alcohol sector and promoting responsible economic development for Ontario's liquor manufacturing and distribution sectors, while continuing to uphold the highest standards of public safety.

4.2 Value for Money

AGCO is committed to remaining efficient and effective in its operations, supported by strong governance and accountability structures. To support the agency's commitment to Value for Money and enhance accountability, the AGCO has implemented the second phase of a uniform and integrated process to identify, analyze, evaluate, treat, and monitor key risks across the AGCO. Enhanced accountability and governance is achieved across the organization through risk identification, mitigation and monitoring. The Enterprise Risk Management (ERM) Strategy and methodologies form a foundation to guide management decision-making processes. This ensures that the AGCO understands its business and operational risks and manages them to an acceptable level of exposure given its priorities and objectives. The AGCO is currently conducting its 2014/15 Internal Audit and Evaluation Plan based on the key risks identified through

the ERM planning process.

The AGCO also employs a risk-based approach to its licensing, registration and enforcement activities. By identifying which applicants, licensees and registrants pose an enhanced risk of non-compliance, the AGCO is better able to target its resources on the identified high-risk areas allowing for improved efficiency and effectiveness in the delivery of its services. Other initiatives that enhance governance and accountability include Board training and an accountability framework that outlines oversight responsibilities for various areas of the AGCO.

4.3 Strategic Engagement

The Office of Strategic Engagement is currently implementing an engagement-centered approach to support the achievement of AGCO's Strategic Goal to develop strategic partnerships and alliances to improve regulatory outcomes and strengthen its effectiveness as a regulator. To further this Strategic Goal, the AGCO is exploring formal partnerships with other regulators, monitoring and assessing domestic and international trends in the alcohol and gaming sectors, and coordinating strategic outreach to key partners and stakeholders. For example, comprehensive consultations with the liquor industry were planned and held in relation to the next phase of Liquor Regulatory Framework Reform.

The past year also saw the expansion of the Best Bar None Ontario pilot and the second phase of the Open Ontario Compliance Initiative Pilot in the London area, a collaborative and coordinated initiative among provincial and municipal organizations to deliver risk-based compliance activities to protect the public in the most efficient and effective way possible.

The AGCO continues to proactively work with multiple governmental, industry and public interest partners to enhance its contribution to social responsibility. For example, the AGCO, in collaboration with the OLG, has established an ongoing Responsible Gambling Policy Roundtable that includes the Responsible Gambling Council, the Centre for Addiction and Mental Health and the Ontario Problem Gambling Research Centre. The Roundtable serves as a platform to discuss and evaluate the Registrar's Standards related to responsible gambling and provide a forum to discuss areas of shared interest and recent advancements in responsible gambling.

The AGCO is furthering its partnerships at the national and international level through invited participation at the internationally recognized International Association of Gaming Regulators (IAGR) conference. In addition, the AGCO continues to make efforts to collaborate and, in some cases, work jointly with regulatory agencies in other provinces and foreign jurisdictions in order to conduct investigative work, establish and enforce common standards, and develop regulatory responses to new gaming products and emerging risks. Inter-jurisdictional collaboration among gaming regulators is facilitated – as both a statutory requirement and an operational best practice – through the negotiation of bilateral Memoranda of Understanding between regulatory and law enforcement agencies. The AGCO currently has MOUs in place with 29 regulatory and law enforcement agencies around the world.

4.4 Quality Service Experience

The AGCO is committed to creating a strong service culture that permeates every aspect of the agency's operations. The AGCO will continue to ensure that all interactions with, and within, the AGCO result in a Quality Service Experience that is benchmarked and measured against service standards and that services are delivered in a manner that is fair, inclusive and responsive to the needs of a diverse population.

The AGCO's Regulatory Assurance Solution (RAS) initiative is a central component of AGCO's Strategic Plan commitment to offer modern and streamlined service delivery while also supporting broader government priorities of efficiency and accountability. RAS will replace the information technology systems which currently support the AGCO's regulatory assurance activities while integrating and streamlining AGCO business processes to align with the new information technology solution.

4.5 Rewarding Workplace

Transforming into a Top Employer is a key component of AGCO's Strategic Goal to create a Rewarding Workplace. A Rewarding Workplace is one that supports an environment of high performing and empowered staff and where people are valued and supported through effective talent management. One of the Workplace Transformation's long-term objectives is for the AGCO to be recognized as a Top Employer by evolving the corporate culture over time so that it becomes second nature for all leaders and employees to consider and incorporate the fundamental principles imbedded in a Top Employer organization.

Two focus areas were chosen by staff at the 2013 Town Hall meetings as part of the Top Employer initiative. These focus areas, enhancing technology in the regional offices and employee recognition, were advanced over the past year. Microsoft Lync technology is currently in the process of being implemented to enhance connectivity among the regional offices through virtual meetings. Advancements and improvements have also been made to the nomination and selection process for the AGCO Awards of Excellence program, including the creation of new employee recognition initiatives. Updates on the progression in these focus areas were communicated to staff at the 2014 Town Hall Meetings.

5. Initiatives Involving Third Parties

The AGCO continues to foster partnerships nationally and internationally through invited participation at international conferences such as, the internationally recognized International Association of Gaming Regulators (IAGR) conference. In addition, the AGCO continues to collaborate with regulatory agencies in other provinces and foreign jurisdictions in order to conduct investigative work, establish and enforce common standards, and develop regulatory responses to new gaming products and emerging risks.

These efforts have resulted in the AGCO entering into a new MOU with Singapore's Casino Regulatory Authority (CRA). The partnership with Singapore's CRA was further strengthened through educational visits by AGCO's CEO in Singapore last year and more recently a senior CRA official's visit to Toronto this fall. Moving forward, the Office of Strategic Engagement is exploring additional potential partnerships, including those in emerging gaming jurisdictions.

The AGCO continues to collaborate with stakeholders and partners to help inform its regulatory approach. The current round of regulatory modernization activities in Ontario's beverage alcohol sector, as well as the AGCO-led Working Groups including the Responsible Gambling Roundtable, illustrate an enhanced commitment to bring together industry partners and stakeholders to garner feedback on proposed changes and directions in order to better deliver a regulatory approach that is evidence-based and responsive to stakeholder and public interests.

The AGCO remains committed to building and maintaining its partnerships with law enforcement agencies across Ontario and beyond in order to maximize its effectiveness as a regulator. Whether through regular contact between members of the OPP Bureau assigned to the AGCO and local Ontario police services, specialized educational seminars and materials on liquor enforcement for front-line police officers, information sharing on liquor and gaming investigations or carrying out joint forces operations, the AGCO values its partnerships with law enforcement agencies as an important means of achieving more effective and efficient results for its regulated industries.

6. 3-yr Financial Plan

As an agency reporting to MAG, the AGCO's annual spending authority comes from the Ministry's printed estimates, as approved by the Legislature, and all revenues are remitted to the Consolidated Revenue Fund (CRF). The AGCO Board reviews the annual budget.

Alcohol and Gaming Commission of Ontario – Revenue – (\$ thousands)

	2013-2014 Budget	2013-2014 Actuals	2014-2015 Outlook	2015-2016 Forecast	2016-2017 Forecast
Fees					
Liquor - related	8,953.49	9,025.15	9,148.26	8,952.98	8,881.28
Gaming - related	11,514.08	11,328.78	10,958.89	11,094.55	10,565.54
Sub-Total	20,467.57	20,353.93	20,107.15	20,047.53	19,446.82
Levies					
Liquor – related	4.50	4.50	4.50	4.50	4.50
Gaming – related (Provincial Fee on Break Open Tickets) ⁽¹⁾	6,500.00	6,239.96	5,437.50	5,437.50	5,437.50
Sub-Total	6,504.50	6,244.46	5,442.00	5,442.00	5,442.00
Total Fees and Levies	26,972.07	26,598.39	25,549.15	25,489.53	24,888.82

Alcohol and Gaming Commission of Ontario – Expenditures – (\$ thousands)

	2013-2014 Budget	2013-2014 Actuals	2014-2015 Outlook	2015-2016 Forecast	2016-2017 Forecast
Salaries and Benefits ^(2,3,4)	56,113.00	56,075.21	63,134.00	66,984.80	66,984.80
ODOE (Other Direct Operating Expenses) ^(4,5)	16,156.30	14,573.55	12,179.80	22,630.90	9,510.20
Recoveries ^(3,5)	(44,250.40)	(42,643.87)	(45,842.30)	(60,438.50)	(47,707.60)
Total	28,018.90	28,004.89	29,471.50*	29,177.20**	28,787.40**

Alcohol and Gaming Commission of Ontario – Capital Assets – (\$ thousands)

	2013-2014 Budget	2013-2014 Actuals	2014-2015 Outlook	2015-2016 Forecast	2016-2017 Forecast
IT Hardware	76.50	35.40	756.80	283.70	173.90
(RAS) Regulatory Assurance Solution ⁽⁶⁾	1,334.00	1,268.65	817.88	3,112.60	2,286.50
Deferred Capital Contribution ⁽⁷⁾	(1,334.00)	(1,264.66)	(821.87)	(3,112.60)	(2,286.50)

Notes:

- (1) AGCO expects Provincial Fees on Break Open Tickets to continue declining as sales continue to decrease and bingo halls under the New Revenue Bingo Model (i.e. eBingo) do not collect or remit the 4.46% Provincial fee.
- (2) Salaries and Benefits expenditures reflect the AGCO new Collective Agreement, which has been submitted for an Order-in-Council approval; the OPP Collective Agreement ended December 31, 2014.
- (3) Since 2013-14, additional employees have been hired to support OLG Gaming Modernization initiatives; this increase is ongoing but recoverable, and will normalize in 2016-17.
- (4) In 2014-15, the AGCO received a one-time \$0.642 million* (2.1%) ministry imposed budget constraint which commencing in 2015-16, grew to an ongoing \$1.3 million** (4.4%) constraint against the AGCO Operating Budget.
- (5) The AGCO ODOE expenditures for 2013-14 to 2015-16 include iGaming one-time expenditures and Eligibility Assessments for Gaming Modernization, both of which are recoverable.
- (6) The AGCO continues to work on the RAS procurement over four fiscal years (2013-14 to 2016-17) with on-going maintenance costs commencing in 2017-18.
- (7) "Deferred Revenue _ Contributed Assets" is used for RAS Recovery; the recovery for March 2014 interest charge has been included in 2014-15 recovery due to differences in timing.

7. Human Resources

The AGCO recognizes that capable and motivated employees are critical to achieving business objectives and increasing capacity to better deliver services. As a result, the AGCO is committed to fostering a work environment where:

- Employees believe contributions are valued;
- Employees, supported by their managers, recognize and accept the responsibility for their own career and personal development; and,
- Creativity and openness to giving and receiving feedback are encouraged.

The AGCO has completed a planning session to determine the agency's human resources priorities as a first step in developing a comprehensive Human Resources Plan for the organization. The plan is currently being developed and will align with AGCO's overall strategic direction as articulated in the agency's Strategic Plan.

The AGCO has also developed a three-year Diversity and Inclusion Plan. The AGCO Diversity and Inclusion Strategy supports the agency's progress towards meeting the Strategic Goals outlined in the Strategic Plan. Building a culture of inclusion as an employer and service supplier aligns with the Strategic Goals of creating a Rewarding Workplace and delivering a Quality Service Experience. In addition, this strategy will help the AGCO to fulfill its broader mandate to regulate the alcohol and gaming sectors in accordance with the principles of honesty and integrity, and in the public interest by ensuring that accessibility and inclusion are fundamental to the agency's operations.

Ensuring that staff have the requisite skills through succession planning and knowledge transfer is essential, particularly as AGCO continues its significant organizational transformation. To ensure effective workforce planning, a Succession Plan has been developed for the CEO's position along with additional critical roles throughout the AGCO.

Workplace Engagement Survey

Over the past year, a Workplace Engagement Survey was conducted across the AGCO. The participation rates and engagement levels for the survey were both in the area of 75% which, when compared to similar organizations, is above average. While the results are encouraging, AGCO has identified targeted areas for improvement, including linking the work of staff to the agency's (Strategic Plan) vision and facilitating open and honest two-way communication. These priorities were discussed and further explored through workshops and presentations at the annual Town Hall Meetings. Action plans are also being developed in each Division to respond to these two priority areas along with communicating Divisional results.

Leadership and Staff Training

Leadership and staff training have been ongoing priorities for the AGCO. The AGCO has made a significant effort and investment in developing leaders internally and increasing middle management capacity. As a result, the AGCO's coaching program initially targeted at the senior levels of the organization is now being cascaded to the staff level through the "Coaching and You" program. In addition, training functions have been centralized into the Human Resources branch resulting in improved programming, an enhanced regional presence and ongoing support for other initiatives such as the Leadership development activities, Town Hall meetings, as well as Division and Branch meetings.

Employee Wellness

The AGCO recognizes the importance of employee wellness in achieving a positive work environment and continues to explore programs to further the agency's commitment to staff wellness. For example, a Health Workplace Month was held and included various activities such as the AGCO's fourth annual Wellness Fair. In addition, a newsletter which includes articles on pertinent and topical health and wellness issues is circulated to all staff on a monthly basis. An internal Staff Engagement and Wellness Committee has also been established to identify and advance initiatives that have an overall impact on the health and well-being of AGCO employees, consistent with the Canada's Healthy Workplace Month initiative. More recently, a Managers day was delivered on the Mind/Body Connection, linking a healthy lifestyle to effective leadership, which received highly positive feedback from those that attended the session. An AGCO walking club has also been formed and broader exercise groups are being explored.

8. Diversity and Inclusion Plan

The AGCO's Diversity and Inclusion Plan focuses on four key elements : People, Processes, Services and Results, with each aspect playing an integral role in the overall program. 'People' refers to the investment made in the continuous learning of staff and management to build their cultural competencies

and responsiveness. 'Process' focuses on examining organizational processes, policies and practices for barriers that prevent full participation in all aspects of society, including physical barriers, communications barriers, attitudinal barriers, economic barriers, and technological barriers. The 'Services' component speaks to improving current service delivery to better ensure inclusiveness, fairness, and responsiveness. Finally, 'Results' is what is measured and reported in terms of progress year over year.

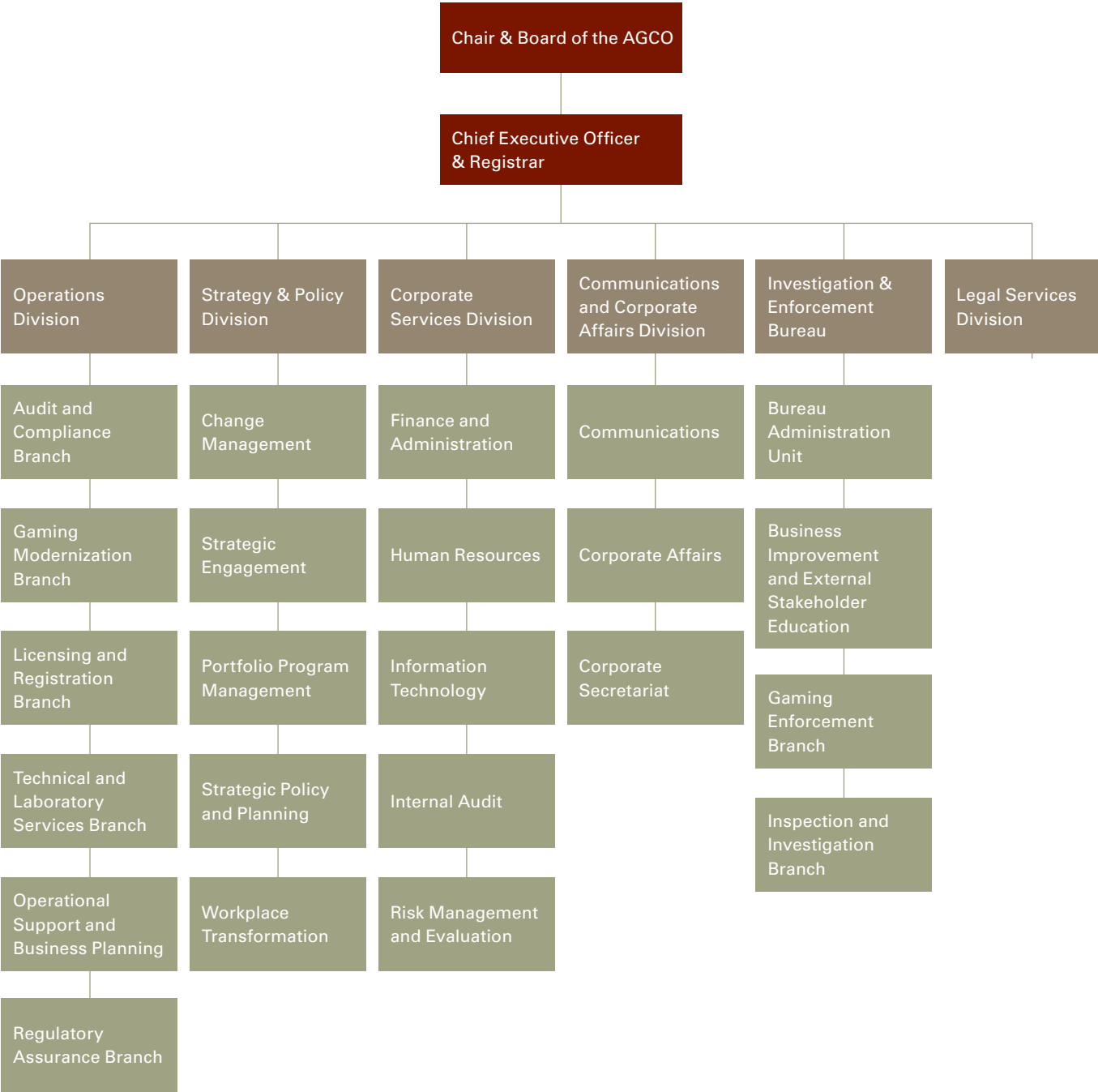
Achieving the AGCO's Diversity and Inclusion goals requires the AGCO to implement and measure, specific activities under the strategic focus areas of People, Processes, Services and Results. Tracking measures will help the organization to evaluate progress towards reaching the agency's goals, and ensure consistent reporting on, and accountability for, the plan. The AGCO will develop an action plan for each of the four strategy areas, which include commitments in each area with measurable results. The plan will be enhanced using the results of the Office of the Chief Diversity Officer, Agencies' Diversity and Inclusion Needs Assessment Tool that will identify areas of focus and improvement. Additionally, the AGCO is currently undertaking a review of its hiring practices to ensure they remain barrier free. Moving forward, the AGCO will continue to explore ways of building diversity and inclusion into its operations and activities.

9. Staff Numbers (Staff Strength)

Headcount is determined by adding the number of active employees employed as of the end of the month and calculating the average over the quarterly period. Employees on a leave of absence are included in the headcount. Employees on long-term disability are excluded. This chart provides a breakdown of headcount by employment status.

Staff Numbers <i>as of September 13, 2014</i>				
	Management	Union	Non-Union	TOTAL
Permanent	63	283	20	366
Part-time Permanent	0	9	1	10
Contract	0	14	25	39
Temporary			10	10
Seconded from other agencies (OLG, MAG)			3	3
TOTAL	63	306	59	428
OPP				152
OIC (Board of Directors)			5	5

10. Organizational Chart



11. Communication Plan

The AGCO considers effective and timely communications both to our stakeholders and the public as well as internally to our employees, as crucial to fulfilling our mandate in the regulation of the alcohol and gaming sectors.

In 2013/14, the AGCO developed a Corporate Communications Strategic Plan to further support the objectives and activities of the AGCO, consistent with its overall Strategic Plan and five Strategic Priorities. It includes external and internal corporate communications initiatives, taking into account issues management, media relations, social media and various engagement strategies and activities. The Plan outlines current activities and proposes approaches and initiatives that will facilitate and enable the AGCO's overall transformation agenda. Its general timelines and deliverables extend through Fall 2015, and include evaluation and adjustment as necessary to ensure successful implementation.

As a result, in the coming year, comprehensive communications plans and strategies, both external and internal, will be implemented to provide stakeholders and AGCO staff with information about the progress and operational impacts of various projects. For example, the AGCO will use a variety of communications channels such as its website, intranet site, Information Bulletins, Important Notices and stakeholder consultation, as appropriate, to provide updates and information to staff, stakeholders and the public about initiatives such as iGaming, OLG Modernization and regulatory modernization of the liquor industry.

12. Multi-Year Accessibility Plan

The AGCO's Accessibility Plan and Policies was first published in January 2013 and was developed in accordance with the Integrated Accessibility Standards Regulation (IASR) under the Accessibility for Ontarians with Disabilities Act, 2005 (AODA). It outlines the AGCO's commitment and strategy to prevent and remove barriers, improve opportunities for people with disabilities, and address the current and future requirements of the AODA. The plan serves as a framework for how the AGCO will implement its policies and continue to educate and engage its employees in identifying, preventing and removing barriers to aid the organization to better serve the public, and refine its policies and practices with respect to accessibility.

Since the initial publication of the AGCO's Accessibility Plan and Policies, the AGCO has implemented several of the requirements outlined in the plan and participated in various activities to gain further insight and inform its plan and policies.

For example, in 2013, the AGCO participated in a consultation session, hosted by the Ministry of the Attorney General (MAG) and its agencies and tribunals, with persons with disabilities and the organizations that serve, represent or advocate for them. The consultation served to help agencies and tribunals understand the barriers that persons with disabilities often experience when accessing the services offered by those organizations to allow them to develop informed mitigation strategies. Several themes were explored and numerous barriers and potential barriers to accessibility were identified throughout the process. Some of the themes included: customer service and invisible disabilities; maximizing accessibility in telephone service; maximizing accessibility in outreach, communications and events; and maximizing

accessibility in employment practices.

As a result of feedback and information received at this consultation session, the AGCO reviewed and updated its Accessibility Plan and Policies to better reflect its commitment and the steps it will take to prevent and remove barriers for persons with disabilities. In addition to this, the AGCO reviewed and updated a number of its practices, most notably in the areas of training, information and communication and employment.

In 2013, all AGCO employees were trained on the requirements of Ontario's accessibility laws including the 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 have the necessary skills and resources to effectively perform their duties and provide services to the AGCO's diverse stakeholders.

In 2014, the AGCO was the subject of a file review by the Accessibility Directorate of Ontario (ADO) to confirm the AGCO's compliance with the AODA and its standards. The review was conducted under the authority of sections 16 and 17 of the AODA and focused on AGCO's compliance with the IASR in the areas of: procurement; training; accessible feedback processes; and recruitment, assessment and selection processes. The ADO concluded that the information provided by the AGCO exceeded the requirements, and made one recommendation with respect to the AGCO's multi-year accessibility plan which the AGCO has since implemented.

As part of the implementation of the AGCO's Accessibility Plan and Policies, the AGCO also took steps to ensure that its employees and the public are aware of the availability of accommodations for disabilities, where needed, to support participation in all areas. These steps included updating AGCO's website and public documentation as well as undertaking a critical review of the AGCO's recruitment processes to ensure all those interested in potentially joining the AGCO as an employee are aware of the AGCO's policies with respect to accessibility and accommodations for persons with disabilities during the recruitment process. Internally, the AGCO reviewed and updated several policies such as the AGCO's Accommodation and Return to Work Policy and the Short-Term Income Protection Policy. The AGCO also introduced an Absence and Disability Management Program in June 2013 to help employees further manage their health and wellness. In the coming year, the AGCO will continue work on implementing its accessibility plan with a focus on reviewing its policies and practices in the areas of information and communication to ensure that information is accessible and meets the needs of all stakeholders, including persons with disabilities.

13. Performance Measures

The AGCO's strategic and integrated approach to performance measurement is needed to target, monitor and evaluate the extent to which the AGCO is accomplishing results. AGCO's enhanced approach to performance measurement will enable the agency to further improve program effectiveness by promoting a new focus on results, service quality and value for money. This performance measurement framework

will help build the foundation for effective application of data analytics capabilities to evaluate and measure AGCO policies, programs and performance.

The development, implementation and reporting of performance measures is vital for the AGCO to demonstrate that its policies and programs are meeting both government and internal agency objectives. A systematic and comprehensive approach to performance measurement will not only ensure that the AGCO continues to meet these reporting requirements, but also enables the agency to adopt the key objectives of public sector performance measurement: accountability and transparency. In addition, performance measures will inform resource allocation and decision-making by raising the visibility of strategic measures and helping both divisions and branches to align their individual activities with the agency's broader strategic direction and ensure AGCO is delivering value for money.

13.1 Strategic Plan Performance Measures

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, which can be gained from performance measures based on the five Strategic Goals established during the strategic planning process. Appendix B includes 2013/14 results of the Strategic Plan performance measures along with their linkage to the AGCO's five Strategic Goals.

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, performance measures will be developed for the corporate and divisional plans which are intended to be more granular and project-specific in nature.

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

14. Appendix A – Performance Measures

Strategic Goal	Performance Measure	Five Year Planning Cycle Target	2013/14 Results
	Percentage of compliance matters resolved through the LOI process without a request for hearing.	Ratio of compliance matters resolved through LOI process without request for hearing reaches 90%.	92% of compliance matters resolved without request for hearing.
Modern Regulator	Compliance rate of licensees following compliance-focused pilot initiatives.	Rate of infractions declines relative to number of inspections.	36% decrease in total number of infractions following Best Bar None Pilot initiative.
	Number of high-risk infractions following transition to a compliance-based operating model.	Average 30% decrease in infractions compared to benchmark data.	39% decrease following implementation of compliance-based operating model.
Value for Money	Average gaming and liquor turnaround time.	Average turnaround time meets or is lower than AGCO Standard (30 days).	Actual (Liquor Applications): 25 days.
	Average gaming lab testing turnaround time.	Average turnaround time meets or is better than average of comparable jurisdictions (46 days).	Actual: 45 days.
Strategic Engagement	Number of Memoranda of Understanding (MOUs) with external law enforcement and regulatory agencies to advance AGCO's regulatory interests.	Increase current number of MOUs by 4%.	11% increase in current number of MOUs.
	Percentage of stakeholders indicating a high level of engagement following AGCO consultations using a Stakeholder Engagement Plan.	Percentage of stakeholders feeling engaged/highly engaged during stakeholder consultations averages 80%.	89% of respondents indicating engaged/highly engaged following Liquor Modernization Project consultations.
Quality Service Experience	Percentage of gaming operators indicating very good/excellent level of satisfaction with AGCO testing and lab services.	Increase percentage of gaming operators indicating very good/excellent level of service to 75%.	100% indicating very good/excellent level of service.
Rewarding Workplace	Retention rate of permanent, full-time AGCO employees.	Increase employee retention rate to 95%.	95% of permanent, full time AGCO staff were retained.
	Participation rate of AGCO staff in employee engagement survey.	Increase participation rate of AGCO staff in engagement survey to 80%.	75% of AGCO staff participated in the 'Have Your Say' Employee Engagement Survey.
	Percentage of employees indicating internal communications methods are clear and consistent through employee engagement survey.	Increase percentage of employees responding positively compared to 2010 benchmark data.	15% increase in employees responding positively compared to 2010 benchmark data.