

Business Plan April 1, 2021 to March 31, 2024



Alcohol and Gaming Commission of Ontario
90 Sheppard Ave E., Suite 200
Toronto, ON, M2N 0A4
(416) 326-8700
www.agco.ca
customer.service@agco.ca

Approved by the AGCO Board of Directors
December, 2020

Supplementary Note to the 2021-2022 Business Plan

Auditor General of Ontario's Report

Since development of the 2021-22 Business Plan, the Auditor General released her 2020 annual report, which included a value-for-money audit report on the Alcohol and Gaming Commission of Ontario. The review made recommendations with respect to the AGCO's compliance and inspection activities; its regulatory processes specifically on money laundering in casinos, the cannabis sector, and internet gaming; and public transparency and cost-recovery. The AGCO has always been committed to continuous improvement and will work closely with the Government of Ontario and with the regulated sectors as it addresses many of the recommendations set out in this report.

The AGCO strongly supports the value-for-money purpose of these audits and appreciates they are meant to cast an objective third-party look at government programs with the goal of ensuring the public interest is served. While every noted opportunity to improve value and effectiveness will be closely assessed, some of the recommendations would have the AGCO revert to an outdated approach to regulation that would increase burden and costs on the sectors. The AGCO is committed to finding appropriate solutions that would address any concerns raised without deviating from a modern regulatory approach.

The AGCO is committed to addressing the report's recommendations as a corporate priority. Regulating with effectiveness and in the public interest drives all the agency's work on behalf of the people of Ontario. The AGCO values the strong reputation it has earned with government and businesses thanks to its history of hard work, dedication, and partnership. The Auditor General's report is an opportunity to improve its effectiveness even further.

iGaming

Since the Government of Ontario's announcement to mandate the AGCO as the commercial "conduct and manage" entity for Ontario's privately operated internet gaming market significant work has been done to develop a model that will form the basis of Ontario's online gaming market structure. In the year ahead, the implementation of an open and competitive internet gaming market is a top corporate priority for the AGCO.

The AGCO is working in partnership with the Ministry of the Attorney General and the Ministry of Finance to establish a competitive market that will bring the unregulated market's online gaming operators into Ontario's legal market and will include a robust consumer protection framework.

In order to avoid real or perceived conflicts of interest between the AGCO's existing role as gaming regulator and its new responsibility as the "conduct and manage" entity for privately operated internet gaming sites, a subsidiary of the AGCO will soon be established to carry out this new role.

1. Executive Summary

This Business Plan outlines the agency's accomplishments over the past year, including the rapid response to COVID-19 and its impacts on the sectors regulated by the Alcohol and Gaming Commission of Ontario (AGCO). The Business Plan also sets out the path forward for 2021-22 to 2023-24, which promises to be another exciting chapter in the AGCO's ongoing history.

The AGCO is Ontario's regulator for the sale and service of alcohol, lottery and gaming, horse racing, retail cannabis sector, and soon, an expanded provincial online gaming market (iGaming), pending the passage of recently introduced legislation. The AGCO has long strived to be at the forefront of modern industry regulation and, over this past year, we were well positioned to regulate effectively and respond to industry needs during the rapidly evolving COVID-19 pandemic.

The past year saw significant changes in the AGCO's senior leadership team, as the Registrar and CEO, Jean Major, retired. The AGCO was pleased to welcome the new Registrar and CEO, Tom Mungham, former AGCO Chief Operating Officer. In addition to the CEO, the AGCO also welcomed five other new members to its executive team.

The Ontario Government has communicated its commitment to supporting Ontarians and businesses through the COVID-19 pandemic and ongoing economic recovery. This support comes, in part, through the reduction of administrative and regulatory burden on businesses. These goals are top of mind as the AGCO continues its work with the province for supporting economic recovery and developing and regulating the expanded iGaming market.

The AGCO's continued transition to a risk-based, outcomes-based and compliance-focused approach to regulation has provided greater flexibility for regulated entities in terms of how they achieve regulatory compliance. At the same time, these approaches have also enabled the AGCO to more effectively manage risks, while prioritizing resources to ensure its approach to regulation is fair and responsive to sector needs, and protects the public interest.

The AGCO is committed to strategic engagement as a key aspect of how it does business. Enhanced stakeholder awareness through engagement activities regarding major corporate initiatives has taken place in order to understand stakeholder perspectives as an important part of policy development. This approach has aided the AGCO in its support of significant government objectives, including the implementation of the new licensing regime for retail cannabis.

The AGCO's Strategic Plan sets out the following three strategic goals: Modern Regulator, Service Excellence and People First. These goals are aligned with and support the achievement of the AGCO's mandate, and key government objectives for enhanced accountability and efficiency in the delivery of public services; evidence-based decision making and policy development; reducing the administrative burden on businesses; and increasing consumer choice.

As the AGCO enters the second year of its five-year Strategic Plan, the organization is focussed on its strategic goals, while continuing to evolve its regulatory and business functions in support of government objectives. The AGCO continues to strive to successfully meet its expanding regulatory mandate within Ontario’s complex alcohol, lottery and gaming, horse racing, and retail cannabis sectors.

During the last year, the AGCO accomplished a number of key achievements in support of its strategic goals and business plan commitments, and introduced a number of measures in response to the COVID-19 pandemic, including the following selected highlights:

Modern Regulator

- The AGCO’s compliance functions were reorganized into one Compliance Services Team across all the sectors the AGCO regulates with the common goal of improving compliance across all lines of business. It is more flexible, agile and responsive than ever, and well-positioned to continue proactively evolving over an ever-changing regulatory landscape.
- In a continued effort to modernize the regulation of horse racing in Ontario, the AGCO implemented a number of initiatives to promote human and equine health and safety. This included an expansion of the Concussion Protocol more broadly for jockeys and exercise riders at all Thoroughbred and Quarter Horse racetracks as well as revised urging provisions, to limit urging in Thoroughbred and Quarter Horse racing. Additionally, the AGCO undertook a series of consultation sessions with key industry stakeholders on several rule changes that were brought forward by the industry.

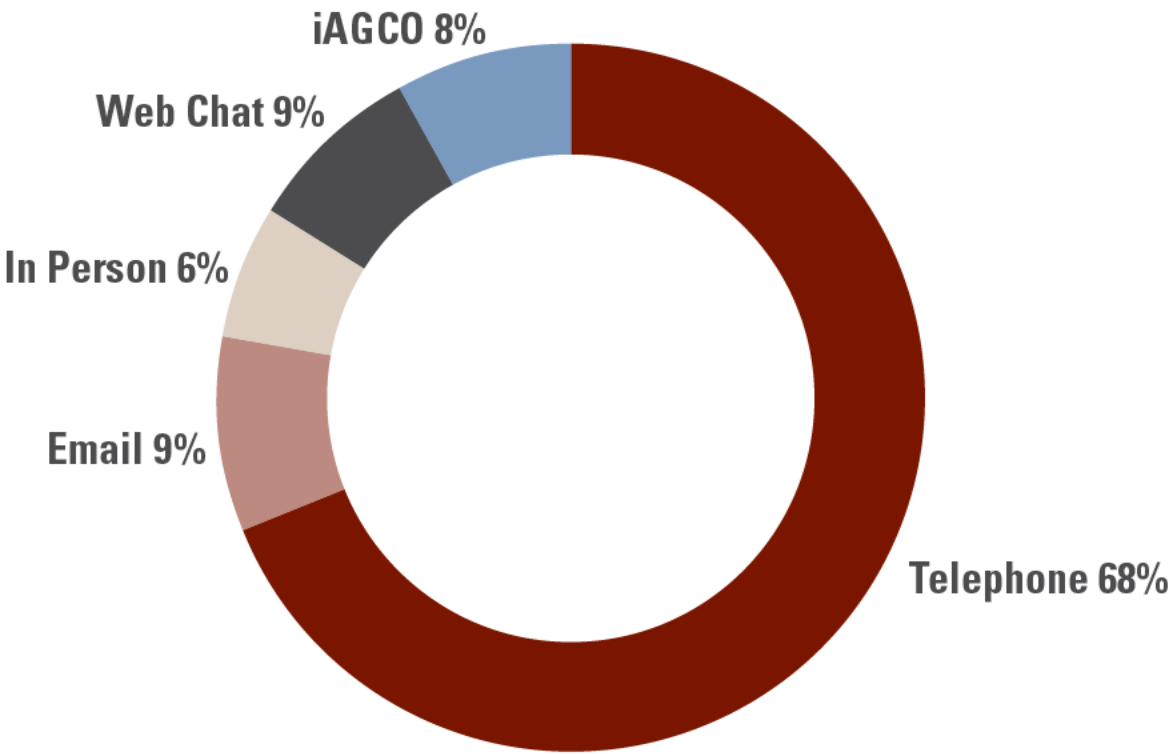
Service Excellence

- The continued modernization of the AGCO service delivery model through the phased implementation of the iAGCO web-based portal included the implementation of its final phase in 2020.
 - Phase 4A launched in March 2020 and included services for horse racing.
 - Phase 4B launched in October 2020 and included services for charitable gaming and electronic gaming equipment.

Customers can now conduct all AGCO-related transactions online, anytime from anywhere.

- As a result of the Service Experience 2020 initiative, the AGCO became one of the first government agencies to offer Web Chat services to customers. As well, the agency has a new handling policy and function for complaints and inquiries, allowing for greater oversight and consistency in practices across all departments and improved resolution for customers.

Inquiries and Complaint Service Channel Preference Sept. 1, 2019 – Mar. 31, 2020



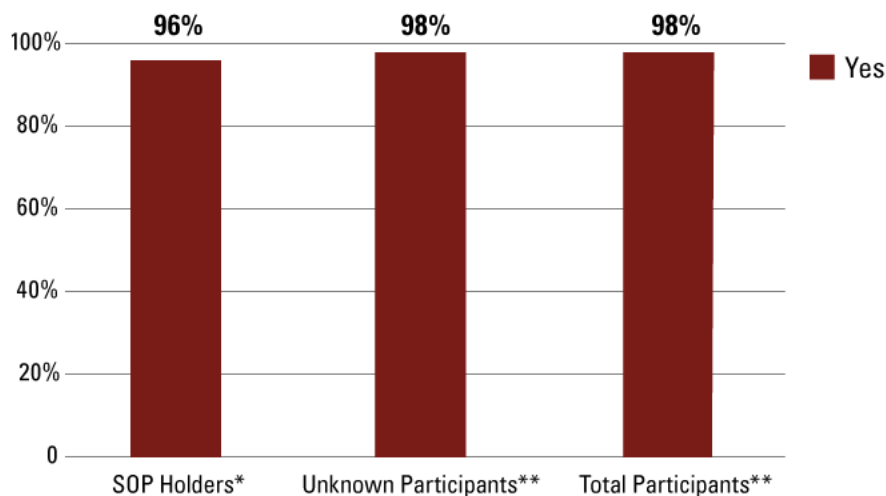
[Text version of the Inquiries and Complaint Service Channel Preference Sept. 1, 2019 – Mar. 31, 2020](#)

- The AGCO launched a second call for proposals under the Education, Training and Awareness (ETA) Fund. This is an opportunity for industry stakeholders to apply for funding to deliver new education, training and awareness programs that are designed to improve compliance with provincial laws and/or enhance awareness of issues of public interest within the sectors the AGCO regulates. For the 2020-21 funding cycle, the total amount of funds available to support new ETA programs and initiatives is \$350,000, with a maximum amount of \$125,000 for any one program or initiative and a goal of funding projects of varied sizes.

In January 2020 the AGCO’s ETA team launched an eLearning course for private event alcohol Special Occasion Permit (SOP) holders to educate them about their legal responsibilities for hosting these types of events. Since the launch, over 550 participants have successfully completed the module and feedback has been extremely positive. The project was made possible through Order of Monetary Penalties, which provide funding for education, training and awareness projects.

Participant Feedback

Do you feel that you have a better understanding of your responsibilities as a SOP holder after watching this module?



* participants accessed module via iAGCO email link

** participants accessed module via AGCO intranet or website

Private Event Special Occasion Modules statistics as of March 6, 2020.

[Text version of the Participant Feedback](#)

People First

- In response to health and wellness needs, the AGCO launched AccessArise, a subcommittee under the WellEngaged Committee in July 2020. This subcommittee deals with issues related to mental health, disabilities, and accommodations with the intent to raise awareness and provide tools and resources to AGCO staff.
- To continue strengthening the AGCO's commitment to diversity, inclusion, accessibility, and anti-Black systemic racism, the AGCO's CEO signed the BlackNorth Initiative Anti-Black Racism Pledge in September 2020. Collectively AGCO's business leaders commit to helping move Canada toward ending anti-Black systemic racism and creating opportunities for underrepresented groups by ensuring inclusion is core to the workplace culture and that the AGCO's workforce is representative of the communities it serves.
- A new employer-funded Volunteer Time Off (VTO) program was introduced in July 2020 as part of the AGCO's Corporate Social Responsibility program. Beginning July 1, eligible employees can use one VTO day to support a charitable cause. This program is another step in the AGCO's journey to enhance its commitment to social responsibility as an organization and make a positive impact and difference in the local community.
- Results from COVID-19 Employee Engagement and Needs survey conducted April 2020.
- As a part of an effort to continuously improve the employee experience, the Change Management Office implemented a versatile new Employee Experience platform. The platform enabled the AGCO to modernize employee input and feedback, adopt an active listening model and be more nimble, agile and transparent in obtaining employee feedback. Over 29 surveys were carried out across the AGCO, which revealed actionable insights into the effectiveness of the AGCO's communication plans, opportunities to offer support, and employees' feelings of health and wellbeing during the pandemic.
- In support of the AGCO's strategic framework for analytics, the Regulatory Intelligence and Innovation Team launched The Analytics Academy in February 2020. This program is a multi-faceted educational program that offers AGCO employees the opportunity to gain further insight and understanding about data and analytics. This program aims to demonstrate the value of analytics by increasing data access and data literacy as well as encouraging staff to use data for business insights by embedding analytics into our decision-making and procedures.



97%

OF EMPLOYEES
FEEL SENIOR
LEADERSHIP
CARES ABOUT
THEIR HEALTH
AND SAFETY

93%

FEEL
COMFORTABLE
COMMUNICATING
CONCERNS OR
MAKING
SUGGESTIONS
ABOUT COVID-19
TO LEADERSHIP

95%

AGREE THEY HAVE
ACCESS TO THE
THINGS THEY
NEED TO SUCCEED
AT WORK WHEN
WORKING
REMOTELY

84%

AGREE THEY ARE
JUST AS
PRODUCTIVE
WHILE WORKING
REMOTELY WHEN
COMPARED TO
THEIR USUAL
WORK LOCATION

99%

BELIEVE THE
AGCO WELCOMES
NEW METHODS
OF WORKING AND
COMMUNICATING
TO IMPROVE
TEAM
PRODUCTIVITY

[Text Version of the Results](#)

[from COVID-19 Employee Engagement and Needs survey conducted April 2020.](#)

AGCO's COVID-19 Response

- In response to the COVID-19 pandemic, the AGCO introduced numerous measures to ease the burden on businesses, increase business flexibility and consumer choice and support the province in its efforts to contain the pandemic. These include:
- The majority of AGCO licences, authorizations and registrations were automatically extended for 12 months with no additional action or costs necessary on the part of the licensee or registrant.

Liquor

- Extended permissible hours of alcohol sales in grocery and other retail stores to begin at 7am to provide greater flexibility for stores to meet public health objectives.
- Worked with government to enable liquor sales licensees to offer the sale of alcohol (e.g. bottles of wine or spirits, etc.) along with takeout food and/or as part of a food order for delivery, and to provide more flexibility for liquor delivery services.
- Inspectors monitored liquor licensed establishments (e.g. bars and restaurants) to reinforce the state of emergency, and continue taking measures to educate and alert local by-law and health authorities for follow-up in any cases they observe non-compliance with the public health measures, including capacity limitations.
- To support small cideries, the AGCO temporarily removed the requirement for cideries to have five acres of planted fruit in order to qualify for a store at their cidery. This change enabled all licensed manufacturers of cider to sell their products on-site or deliver directly to consumers across Ontario. As of August 17, 16 cideries had retail stores authorized as a result of this measure.
- The AGCO introduced changes to its licensing and compliance processes to provide automatic authorization to liquor sales licensees who wish to temporarily extend the physical size of their existing licensed patio or to temporarily add a new licensed patio, provided they meet certain criteria, including municipal approval.

Cannabis

- The AGCO worked with retailers to ensure the orderly roll-out of an emergency order issued by the government that temporarily enabled cannabis retail stores in Ontario to offer delivery and curbside pick-up services.
- Several temporary changes were made to the Registrar's Standards for Cannabis Retail Stores to reduce burden on licensees during the emergency period. These changes include:
 - Revised requirements on the frequency of inventory counts to require full inventory cannabis counts on a monthly basis, rather than weekly.
 - Changes to regulatory reporting requirements, including the notice time periods associated with organization chart changes and changes to store layout.

Gaming

- A communication was sent to all 444 municipalities to help them understand their options during the pandemic and to make clear the AGCO will be providing as much flexibility as possible in the application of charitable licensing terms and conditions (e.g. allowing charities to extend the term of their ticket sales, if desired).
- Permitted the acceptance of credit cards, as well as debit cards, for charitable gaming transactions at paper-based bingo facilities on a temporary basis during the pandemic.
- Permitted the temporary sale of break open tickets without the imprint of licence and charity information, allowing sales to continue.
- The AGCO increased flexibility for Bingo Revenue Model licensees by allowing more online and contactless options for operators and consumers.
- The Registrar's Standards for Gaming were amended to support a collaborative approach between the AGCO, charitable gaming centre operators, casino operators, and the Ontario Lottery and Gaming Corporation (OLG) for the safe reopening of gaming sites.

Horse Racing

- As of March 17, the Horse Racing Appeal Panel (HRAP) has transitioned to electronic hearings from in-person hearings as a contactless alternative.
- The AGCO worked with government and the OLG to allow Ontario Racing to distribute some of the funds typically used for purses to be transferred to racehorse owners to pay trainers and to cover horse care expenses during the closure period.
- The AGCO issued Industry Notices advising of a number of temporary rules to accommodate the return to racing and ease industry burden while at the same time ensuring welfare for equine and human athletes and other racing participants.
- In addition, the AGCO worked with racetrack associations and horsepeople to address the resumption of racing activities such as submitting re-opening plans to the AGCO in order to obtain the Registrar's approval as well as a number of physical distancing measures and limiting physical contact.

2. Mandate

The AGCO is an arm’s length regulatory agency of the provincial government, reporting to the Ministry of the Attorney General (MAG). It was established on February 23, 1998 under the Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996. The AGCO will continue as a corporation under a new corporate governance statute, the Alcohol and Gaming Commission of Ontario Act, 2019, once that Act is proclaimed.

The AGCO is responsible for the administration of:

- Liquor Licence Act, 1990
 - Gaming Control Act, 1992
 - Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996
 - Wine Content and Labelling Act, 1992
 - Charity Lottery Licensing Order-in-Council 1413/08 (as amended)
 - Horse Racing Licence Act, 2015
 - Cannabis Licence Act, 2018
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- Charity Lottery Licensing Order-in-Council 1413/08
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- Liquor Licence and Control Act, 2019*

* These Acts are yet to be proclaimed

Since its inception, the AGCO’s mandate has continuously evolved in support of the growth of the alcohol, lottery and gaming, horse racing and, more recently, retail cannabis sectors. Should proposed legislation be passed, this mandate will be further expanded to the iGaming sector. The AGCO’s regulatory approach has remained nimble and adaptive to ensure these sectors are regulated effectively and efficiently, while also ensuring that the sectors are conducted in accordance with the principles of honesty, integrity and in the public interest, as prescribed in the AGCO’s governing legislation.

The AGCO’s Strategic Plan articulates the vision, goals and key commitments the agency has made to fulfill its regulatory mandate and to support the achievement of the priorities outlined by the Ontario Government.

The AGCO’s People First strategic goal aligns with MAG’s values of collaboration, respect, integrity and inclusion. The strategic goal of Service Excellence reflects MAG’s own commitment to service excellence, as well as its commitment to accountability.



[Text version of AGCO Alignment with Government and Ministry Priorities](#)

In fulfilling its mandate, the AGCO reports to the Attorney General, and aims to operate efficiently and transparently. The AGCO is committed to fulfilling the expectations as set out in its 2020-21 mandate letter from the Attorney General. The AGCO has developed its 2021 Business Plan to align with the expectations in its mandate letter and in support of achieving the government’s objectives.

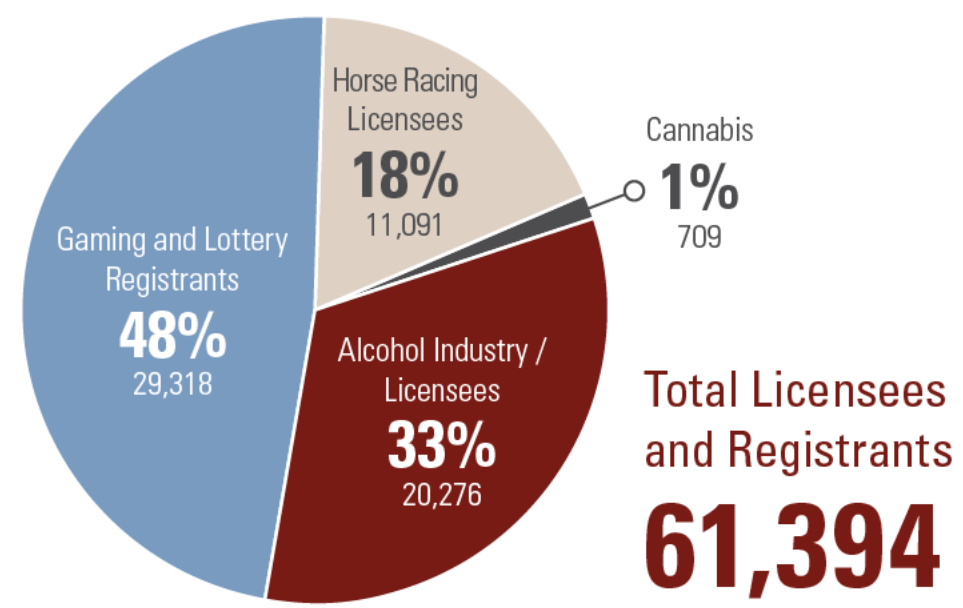
3. Overview of Programs and Activities

The AGCO promotes compliance with relevant legislation, regulations and Registrar’s Standards to protect the public interest in alignment with government and ministry priorities. The following core activities enable the AGCO to effectively fulfill its mandate in Ontario’s alcohol, lottery and gaming, horse racing, and cannabis sectors:

Licensing, Registration and Other Activities

- Licensing and regulating establishments that sell or serve liquor, liquor delivery services, liquor manufacturers, their representatives and representatives of foreign manufacturers, and ferment on premise facilities.

Number of AGCO Licence, Registration and Permit Holders (2020)



[Text version of Number of AGCO Licence, Registration and Permit Holders \(2020\)](#)

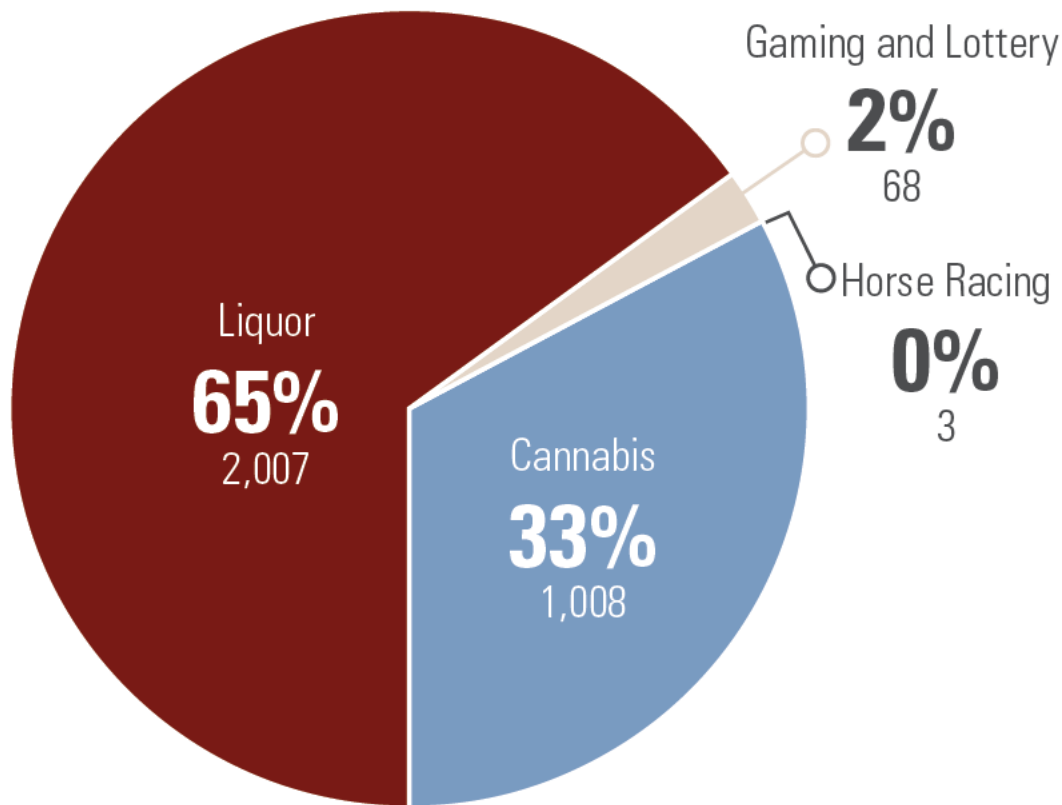
In addition, 2,992 SOPs were issued by the AGCO for events such as weddings, private receptions, charity fundraisers, festivals and industry promotional events.

- Administering the SOP program to allow alcohol to be sold at temporary events such as weddings and festivals.
- Authorizing manufacturers’ retail stores, which includes on-site and off-site winery retail stores, on-site distillery retail stores and brewery retail stores, and Brewers Retail Inc. stores (“The Beer Store”).
- Authorizing grocery stores to retail alcohol to the public.
- Registering operators, suppliers, retailers/sellers and gaming assistants in the lottery and gaming sectors.
- Administering, in partnership with municipalities and First Nations licensing authorities, the regulatory framework governing the issuance of charitable lottery licences (e.g. bingo, raffle and break open ticket events).
- Licensing games of chance at fairs and exhibitions.
- Approving rules of play or changes to rules of play for games of chance conducted and managed by the OLG.
- Preventing excluded persons (i.e. youth, self-excluded individuals) from accessing gaming premises in Ontario pursuant to the Gaming Control Act, 1992.
- Regulating the conduct of horse racing at Ontario’s licensed racetracks through the Rules of Racing for Thoroughbred, Standardbred and Quarter Horse breeds and exercising authority for the overall governance of horse racing in Ontario.
- Promoting safety and integrity of the sport for horse racing participants, equine athletes and the betting public.
- Licensing and regulating individuals and businesses involved in the horse racing industry, including the processing of applications from racing participants and for racetracks and teletheatre locations and conducting due diligence reviews and investigations of applicants.
- Licensing and regulating participants in the storefront recreational cannabis sector, including retail operators and retail managers, as well as authorizing retail store locations.

Compliance Activities

- Ensuring compliance with the *Liquor Licence Act* and its regulations, including in licensed establishments, on and off-site retail stores, grocery stores and SOP events.
- Ensuring compliance with the *Gaming Control Act, 1992* and its regulations, licence/registration requirements and standards and requirements established by the Registrar of the AGCO in the gaming sector (i.e. casinos, PlayOLG.ca, charitable gaming events/facilities and retail locations where OLG lottery products are sold).
- Testing, approving and monitoring slot machines and gaming and lottery management systems.

Total Number of Education Activities Conducted by Line of Business



[Text version of Total Number of Education Activities Conducted by Line of Business](#)

Gaming and Lottery includes both charitable gaming and commercial gaming.

- Proactively providing education to all sectors and those who are regulated to increase their understanding of regulatory obligations and to improve overall compliance.
- Ensuring compliance with the *Rules of Racing* by investigating alleged rule infractions, having Race Officials present to officiate races, monitoring and enforcing the Equine Medication and Drug Control Program and investigating race horse deaths.
- Supporting the health and welfare of race horses and participants by ensuring an Official Veterinarian is in attendance to supervise live racing and confirm that horses are fit to race, as well as administering and overseeing the Human Alcohol and Drug Program for participants to detect and deter substance abuse and offer programs of intervention, rehabilitation and support.
- Ensuring the safe, responsible and lawful sale of cannabis, consistent with the *Cannabis Licence Act, 2018*.
- Ensuring the safe, responsible and lawful operation of the expanded iGaming market, if the proposed enabling legislation is passed.

Appeals

- Hearing appeals of rulings made by Judges, Stewards and Racing Officials under the *Rules of Racing* (note this responsibility lies with the HRAP, which is an independent adjudicative tribunal, the members of which are appointed by the AGCO Board of Directors).

Arbitration

- Conducting arbitration of lottery disputes.

4. Environmental Scan and Risks

The AGCO promotes compliance with relevant legislation, regulations and Registrar's Standards to protect the public interest in alignment with government and ministry priorities. The following core activities enable the AGCO to effectively fulfill its mandate in Ontario's alcohol, lottery and gaming, horse racing, and cannabis sectors:

Licensing, Registration and Other Activities

- Licensing and regulating establishments that sell or serve liquor, liquor delivery services, liquor manufacturers, their representatives and representatives of foreign manufacturers, and ferment on premise facilities.

Number of AGCO Licence, Registration and Permit Holders (2020)

In addition, 2,992 SOPs were issued by the AGCO for events such as weddings, private receptions, charity fundraisers, festivals and industry promotional events.

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- Licensing and regulating participants in the storefront recreational cannabis sector, including retail operators and retail managers, as well as authorizing retail store locations.

Compliance Activities

- Ensuring compliance with the Liquor Licence Act and its regulations, including in licensed establishments, on and off-site retail stores, grocery stores and SOP events.
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Total Number of Education Activities Conducted by Line of Business

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- Ensuring the safe, responsible and lawful operation of the expanded iGaming market, if the proposed enabling legislation is passed.

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- Hearing appeals of rulings made by Judges, Stewards and Racing Officials under the Rules of Racing (note this responsibility lies with the HRAP, which is an independent adjudicative tribunal, the members of which are appointed by the AGCO Board of Directors).

Arbitration

- Conducting arbitration of lottery disputes.

External Risk Factors

The AGCO has identified enterprise-wide risks that could impact the agency’s ability to deliver on its regulatory responsibilities. The AGCO will continue to monitor risks and implement risk mitigation strategies to ensure the AGCO is able to fulfill its mandate.

Responding to COVID-19

The government’s response to COVID-19 necessitated a major shift in the AGCO’s approach to developing and implementing regulatory activities. The COVID-19 pandemic has required the Ontario Government and the AGCO to react to unforeseen challenges as they arose. The AGCO has responded to demand from the sectors it regulates, and requests from the Ontario Government to adapt its regulatory requirements in response to the pandemic to help protect public health while supporting the continued economic viability of the liquor, gaming, horse racing and retail cannabis sectors.

In the coming years, the AGCO will continue to work closely with government to provide ongoing supports for the alcohol sector, such as updates to the delivery rules for takeout and delivery from licensed establishments, patio extensions, and licence renewal term extensions where applicable. The AGCO worked with the retail cannabis sector to implement the temporary allowance for curbside pickup and delivery from cannabis retail stores, and will continue to support these retailers.

More than two-thirds of AGCO’s budget comes from recoveries collected from regulated industries. Due to the COVID-19 pandemic, AGCO is facing pressures in recovering its costs, resulting in a budget deficit. The AGCO, along with MAG, will manage the fiscal 2020-21 deficit through additional funding and expenditure savings.

In the coming months and years, the AGCO will continue to assess the impact of COVID-19 on the alcohol, gaming, horse racing, and cannabis sectors. The AGCO will work closely with the Ontario Government to support economic recovery while fulfilling its regulatory mandate.

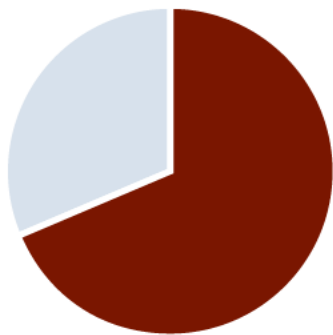
Internal Factors

Impact of COVID-19 on the AGCO’s Workforce

A rewarding workplace environment with high performing and empowered staff is essential to implementing a successful transformation of the AGCO’s regulatory approach. Engaging staff is a particular challenge with the majority of AGCO’s employees working remotely during the COVID-19 pandemic. The AGCO continues to support staff during this difficult time through a number of operational and well-being measures. Examples include:

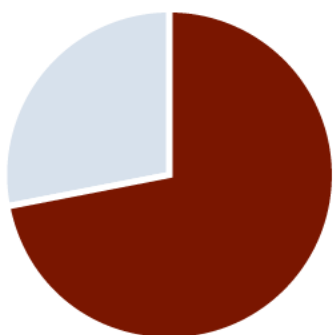
- All AGCO staff who are able to work from home have been asked to do so.
- Laptops and other technology have been made available to allow staff to provide services remotely.
- Regulatory activities that are typically conducted away from home (e.g. compliance inspections) have been modified to protect the health and well-being of AGCO employees and the broader public. The AGCO has procured personal protective equipment (PPE) such as masks, gloves, and hand sanitizer and is making it available to field staff.
- A number of activities have been launched to keep staff connected, engaged and supported, including a new “Staying Connected” newsletter.
- The AGCO executive team has implemented regular “Ask Us Anything” video conferences for all AGCO staff to have the opportunity to ask questions directly.
- The AGCO launched its “Back to Business Project” to provide central coordination and oversight over the planning activities to support the reopening of all four sectors the AGCO regulates and the agency’s planning to return to the office.

Ask-Us-Anything Sessions



68.8% of staff would like to see
Ask Us Anything **sessions**
continue once every two weeks
in July.

Staying Connected E-mails



72.1% of staff have read or looked
through at least **3 of the last 4**
Staying Connected e-mails
distributed weekly.

Results from COVID-19 Employee Engagement and Needs survey conducted June 2020.

[Text version of the Results from COVID-19 Employee Engagement and Needs survey conducted June 2020.](#)

Expansion of AGCO Regulatory Mandate & Resourcing Constraints

Marketplace evolution and initiatives such as the federal legalization of recreational cannabis and provincial proposal to expand and establish a competitive online market for iGaming in Ontario have continued to expand the AGCO's regulatory authority. As with other public sector organizations, the AGCO faces the challenge of managing an expanding mandate, often without a corresponding expansion of resources. Public expectations and the AGCO's visibility continue to rise along with that expanded mandate, particularly during this global health crisis. These challenges underline the importance of focusing regulatory attention on higher-risk areas, so that the AGCO is better equipped to navigate a changing environment.

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. The AGCO's Corporate Plan, which captures all of the AGCO's major initiatives, supports its expanded mandate by ensuring that initiatives are prioritized based on alignment with its mandate, Strategic Plan, and resource capacity. The Corporate Plan is reviewed by the AGCO's leadership team on a biannual basis to ensure priorities remain accurate and resourced effectively. This process helps the AGCO manage its limited resources with an expanding mandate.

The AGCO strives to proactively improve efficiencies in its operations, demonstrating its commitment to the government's goal of regulatory efficiency. Initiatives include implementation of an Enterprise Risk Management (ERM) Framework, numerous program audits to improve efficiencies, and a long-term digital strategy. Additionally, the AGCO's shift to a risk-based regulatory approach has ensured agency resources are allocated to areas that represent greater risk.

Assessing and Managing Risk

The AGCO proactively identifies risks and uncertainties, which if left unaddressed, could adversely affect the achievement of the AGCO's strategic goals.

The AGCO leverages sound risk management methodologies through the continued use and enhancement of an ERM Framework to monitor and mitigate these environmental risk factors. ERM is a continuous, proactive and systematic process to understand, manage and communicate risk from an organization-wide perspective and assists management in making strategic decisions that contribute to the achievement of the AGCO's corporate objectives.

The ERM Framework consists of a portfolio view of risks that includes several risk categories such as strategic, governance, financial, operational, compliance and stakeholder risks. It

also assists the organization in identifying areas of risk in a systematic, disciplined and integrated approach. An annual risk workshop is held with the senior management team to identify, assess, and decide on prioritization and mitigation activities for the AGCO's top risks. These risks and related mitigation activities are updated on a quarterly basis, at a minimum, to ensure they reflect the changing risk landscape. Risk assessment activities are also integrated with the AGCO's strategic and corporate planning process to ensure that risks arising from the AGCO's goals and plans are considered and assessed. ERM assists the AGCO in prioritizing its work and is a key criterion in the identification of projects in the annual corporate plan. The AGCO's ERM Framework and associated processes are overseen by the AGCO Board of Directors who provide input and counsel on the process.

The results of the risk assessment activities are a key input in the development of the AGCO's Audit and Evaluation Plan which gives priority to areas considered high risk and provides coverage of risk management, control and governance processes. The ERM Framework will continue to form a foundation to guide management's decision-making processes when developing strategic plans and corporate planning activities.

5. Strategic Direction and Implementation Plan

Strategic Direction

The Strategic Plan outlines the vision and strategic goals of the organization. The AGCO's vision of being a world-class regulator that is innovative, proactive and socially responsible will be achieved through its three strategic goals – Modern Regulator, Service Excellence, and People First. Each strategic goal is associated with several key commitments, as outlined below.

Strategic Plan



AGCO

Alcohol and Gaming
Commission of Ontario

VISION

A world-class regulator that is innovative, proactive, inclusive and socially responsible.

MANDATE

To regulate in accordance with the principles of honesty, integrity, and in the public interest.

Our Strategic Goals

Our Key Commitments

MODERN REGULATOR



- Risk-based, outcomes-based, compliance focused
- Strategy-driven
- Evidence-based
- Digital-first mindset

SERVICE EXCELLENCE



- Reduce regulatory burden
- Value for money
- Support innovation and consumer choice
- Customer-centred and responsive

PEOPLE FIRST



- Culture of accountability and trust
- Empower people and foster growth
- Outcomes-based and coaching-oriented leadership
- Progressive, flexible and inclusive

[Text version of the Strategic Plan](#)

Major Initiatives Planned

There are a number of major initiatives that are underway or planned for the coming year and beyond. These initiatives are outlined in the AGCO's Corporate Plan and internal Divisional Plans and represent the AGCO's support of government priorities and the agency's commitment to undertake initiatives to achieve the goals set out in the AGCO Strategic Plan. They are also closely connected to the external factors identified in the earlier environmental scan and risks section.

iGaming is a proposed new line of business for the AGCO. Pending the passage of recently introduced legislation, the AGCO would receive a mandate from the Government of Ontario to establish an online market for iGaming in Ontario that is both competitive and protects consumers. The AGCO will continue to act as the regulator for iGaming under this expanded, open-market regime, in addition to being granted the authority to conduct and manage the commercial aspects of iGaming. The new regime aims to attract grey market participants, allowing for enhanced player protection, responsible gambling requirements, controls to minimize unlawful activity and money laundering, and increased government revenues.

Liquor Modernization is an ongoing priority for the AGCO. In the 2019 Ontario Budget, the government reiterated its commitment to developing a plan and proposals to modernize the sale of beverage alcohol. The AGCO has worked closely with government on a number of initiatives to increase flexibility and reduce burden for stakeholders in the liquor industry, while continuing to ensure that alcohol is sold and served in a responsible manner.

In addition to the numerous initiatives that have been introduced since March 2020 to ease the burden on businesses and provide more options for consumers as a result of COVID-19, the AGCO has been working closely with government on the new liquor framework. This modernization initiative will set out a new legal and regulatory system for the sale, service and delivery of alcohol. Objectives for the new system include clarifying the respective roles of the AGCO and the Liquor Control Board of Ontario, streamlining and simplifying the framework for licensees, and achieving flexibility and modernization through the Registrar's Standards, particularly to allow room for future innovation. The new Liquor Licence and Control Act, 2019 received Royal Assent in December 2019, and regulatory development is underway.

Back to Business Project is the AGCO's coordinated plan and strategic approach to supporting our staff and regulated industries through the various stages of the COVID-19 pandemic. Through cross-functional platform teams, the project integrates and executes internal and external readiness plans related to re-opening / operating during the pandemic. The Back to Business Project is also informing strategies for shaping our Workforce of the Future by engaging staff in a dialogue about how the pandemic has changed the way we work.

Workforce of the Future Project will supplement our short-term pandemic response by strategically re-shaping our workforce and implementing the AGCO’s “next normal.” Building on our engagement with staff and guiding principles established under the Back to Business Project, our Workforce of the Future Project will focus on re-inventing where and how we work by exploring and implementing concepts such as, but not limited to, full-time remote-work, working from anywhere and creating more collaborative and creative spaces. Changes will be supported by the appropriate training, skills development, tools and technology to ensure staff can successfully adapt to our changing workplace.

Auditor General Report will focus on the development and implementation of an agency-wide action plan in response to recommendations outlined in the Auditor General of Ontario’s final report resulting from the Value for Money Audit conducted by the Auditor General throughout 2019-20 and 2020-21.

Diversity, Inclusion and Accessibility is a strategy for the organization, as a result of an organization-wide assessment, that will address any gaps in the AGCO’s policies, processes, practices or behaviours. This strategy will outline actionable insights to achieve its three key goals. These include having a workforce reflective of Ontario’s demographic diversity; building an inclusive workplace culture free of discrimination and harassment; and delivering services in an accessible, culturally-aware, relevant and responsive way.

Implementation Plan

The AGCO’s corporate planning process aligns the agency’s major initiatives to the three strategic goals across all levels of the organization. This approach ensures the work that is currently underway, as well as any future initiatives, will continue to align with the AGCO’s Strategic Plan. This planning process tracks and reports on the progress of ongoing initiatives, while also informing the consideration of new initiatives.

The AGCO’s Corporate Plan captures major initiatives from across the organization, including key commitments and deliverables. The status of Corporate Plan initiatives are updated and regularly reported to the AGCO Board of Directors.

Division-level planning has also been aligned to support the agency’s Strategic Plan through Divisional Plans.

6. Staffing, Human Resources, and Compensation Strategy

The Human Resources Strategic Plan for 2020 - 2023 has been developed and is expected to be delivered in 2021. Based on the extensive consultations and external research, the following four key themes have been developed to align with the AGCO’s People First Strategic Goal:

Employee Experience

Review the employee experience throughout their employment with the AGCO. Selected key elements include onboarding, employee value proposition, Human Resources (HR) programs and policies, organizational culture, and leadership. The review will include an analysis of HR’s service delivery model to ensure it is “client-centric”, responsive and supportive. The pandemic has also impacted the employee experience resulting in a changing workplace and workforce of the future.

Talent Acquisition & Development

Design and enhance talent acquisition strategies to attract top talent with diverse backgrounds. Develop and promote leadership, coaching, career management and succession planning programs to enable and support professional growth.

Diversity, Inclusion & Accessibility (DI&A)

The AGCO will be engaging in an assessment of the organization aimed at fostering a more inclusive workplace culture that is free from discrimination and harassment. The outcome of the assessment will be a DI&A Strategy/road map for the organization to address any gaps in AGCO’s policies, processes, practices or behaviours. The CEO has committed to and signed the BlackNorth Initiative Pledge.

HR Analytics

Leverage HR data to measure the success of the HR strategic plan and measure results. Use metrics and data to plan for the workforce of the future and make people-related decisions.

AGCO’S Compensation Strategy

The AGCO’s compensation strategy, including employee benefits, is targeted to the market median of the Broader Public Sector market (comparator group). In the past, the AGCO has participated in annual market surveys to confirm its compensation competitiveness. More recently, due to some limitations on compensation adjustments, the AGCO has been following the spirit of the government’s direction on compensation and has only provided the modest increases that were negotiated in the current Collective Bargaining Agreement. Therefore, fulsome market surveys have not been conducted but market conditions are followed in order to determine if any significant changes have occurred in our comparator group (e.g. Morneau Shepell’s 2021 Salary Projections Report).

The AGCO has established a compensation structure for our bargaining unit members that is fixed in the Collective Bargaining Agreement. According to the government direction, the salary ranges for management have not changed since 2017. The AGCO is compliant with the Broader Public Sector Executive Compensation Framework. The information about the process and its outcomes is posted on the AGCO website.

The AGCO provides a comprehensive benefits package including the following:

- 100% Employer-Paid Insured Health Benefits
- Defined Benefits Pension Plan administered by Ontario Pension Board or the Ontario Public Service Employees Union (OPSEU) Pension Trust
- Short Term Income Protection to a maximum of six months (130 working days) in the calendar year Bargaining Agent The bargaining unit for the AGCO is OPSEU Local 565, which represents 75% of the AGCO’s workforce.

Bargaining Agent

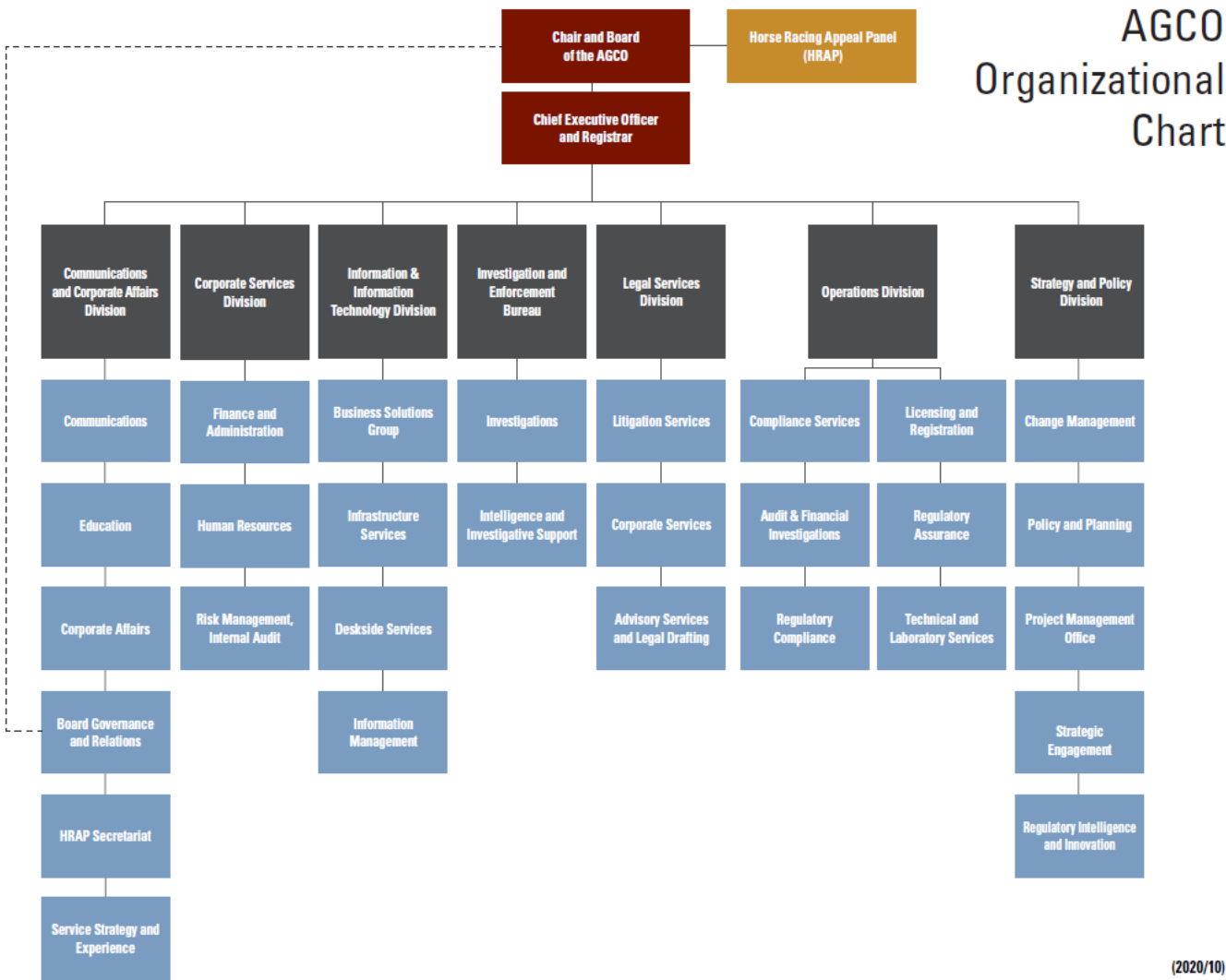
The bargaining unit for the AGCO is OPSEU Local 565, which represents 75% of the AGCO’s workforce.

AGCO Headcount

	Management	Union	Non-Union	TOTAL
AGCO				

Permanent	91	330	26	447
Part-time Permanent	0	13	0	13
Contract	3	29	10	42
Temporary	0	0	0	0
Seconded from other Agencies/Ministries	0	1	1	2
AGCO TOTAL	94	373	36	504
Ontario Provincial Police	0	0	0	112
Order in Council (OIC) (Board of Directors)	0	0	0	5
HRAP Members	0	0	0	7

As of September 30, 2020



(2020/10)

[Text version of the AGCO Organizational Chart](#)

7. Information Technology / Electronic Service Delivery Plan

The AGCO continues to invest in technology, leveraging digital platforms to deliver services to Ontarians. At the centre of the AGCO's digital first strategy is the iAGCO platform. iAGCO now provides online services for alcohol, lottery and gaming, horse racing and cannabis.

The AGCO recognizes that data is a key pillar supporting the agency's risk-based approach to regulation and has introduced a Data Governance Program and supporting Council to provide strategic direction and oversight in the governance and management of the AGCO's data assets. The Data Governance Council supports the AGCO's vision of becoming a modern, evidence-based regulator with data-driven decision-making.

Analysis of the cyber security landscape has demonstrated a significant increase in cyber-attacks and sophistication of threat actors across multiple industries, including government organizations. The AGCO is continuing to invest in the area of cybersecurity, looking at people, processes and technology. Most recently, the AGCO has made advancement in each of these areas, including the alignment with industry recognized frameworks, focusing on delivering a strong Information Security Management System.

With the AGCO's digital first strategy, there is an increased focus on the confidentiality, integrity and availability of data and information technology (IT) systems. Additional investment is being made to ensure the resilience of core systems, such as iAGCO, in the event of a disaster.

In alignment with the AGCO's social responsibility principles, the agency will be looking to reduce its overall carbon footprint related to printing. An agency-wide print assessment will be conducted with one of the key goals being an overall reduction in the amount of printed documents the AGCO produces.

8. Initiatives Involving Third Parties

The AGCO remains committed to partnering and engaging across all the sectors it regulates in order to understand stakeholder perspectives, to identify opportunities to be more effective and efficient, as well as to collaborate with other organizations to improve regulatory outcomes.

The AGCO continues to enhance its engagement toolkit in order to connect with its diverse stakeholder network to seek feedback on the issues they care about. One of these tools is a digital stakeholder engagement platform which provides the agency with access to innovative and accessible approaches to engage with its stakeholders and Ontarians. During the COVID-19 pandemic, this tool has been of particular importance, as it has allowed the AGCO to continue comprehensive consultations and engagements virtually rather than in-person to support public health measure of physical distancing. Incorporating digital tools and programs advances the AGCO's key commitments to promote a digital first mindset, be customer-centred and responsive, and support innovation and consumer choice.

The AGCO will continue to organize and execute stakeholder engagement activities across all of the sectors it regulates, as well as continuing to actively participate in stakeholder and industry association events in an effort to promote a two-way dialogue.

The AGCO remains committed to building and maintaining partnerships with law enforcement agencies across Ontario, whether through regular contact with members of the Ontario Provincial Police Bureau assigned to the AGCO, through specialized educational seminars and materials on enforcement activities for front-line police officers or information sharing. With respect to information sharing, the AGCO has continued to engage with regional and municipal police services on the Last Drink Program and is developing a pilot program that would automate information sharing.

Nationally, the AGCO is a member organization of the Association of Liquor Licensing Authorities of Canada and the Canadian Association of Gaming Regulatory Agencies and regularly engages with provincial and international colleagues in the cannabis regulation sphere. Internationally, the AGCO continues to be a well-respected member organization of both the International Association of Gaming Regulators and the North American Gaming Regulators Association.

Internationally, the AGCO is also a member of the Association of Racing Commissioners International, the umbrella organization of the official governing rule-making bodies for professional horse racing, which sets international standards for racing regulation.

The AGCO will continue to leverage existing relationships and to proactively establish new ones with other regulators and organizations in order to promote collaboration, information sharing and enhance due diligence processes. This includes leveraging and strengthening existing memoranda of understanding, as well as establishing new agreements.

The AGCO will remain strategic in maintaining, engaging and developing relationships and partnerships with third parties within Ontario, as well as nationally and internationally.

9. Communication Plan

The AGCO's corporate communications function provides a range of services and products that help the agency deliver on its strategic objectives in a way that cultivates relationships of trust, understanding and support with its internal and external stakeholders. These stakeholders, who are truly our customers, include the licensees and registrants of the regulated sectors, municipal and provincial governments, the public at large and AGCO employees themselves.

The AGCO has committed to enhancing customer experience as one of its main priorities, as reflected by its Service Excellence strategic objective. The agency's goal is to develop and embed a strong service culture where customer needs are the focus of AGCO policy developments, as well as the design and delivery of services.

Further, the AGCO's digital first mindset extends to its communications program. Communications that leverage digital channels and take advantage of the benefits of rich media to engage and inform customers support the agency's overall modern regulatory approach. All sectors can now transact business with the AGCO online and, wherever possible, channels are developed to be "two-way" to allow for meaningful exchanges between the AGCO and its audiences. The AGCO is also committed to making content easily accessible and available in English and French.

Ongoing communication activities include issues management, media relations, digital communications channel content development, as well as the planning and support for agency initiatives and stakeholder engagement activities. These services help the AGCO provide stakeholders with the information that matters to them, at the right time and in the right place, while acting in the public interest.

The agency continuously monitors its communications strategies and products for usability, engagement and in response to changing government priorities.

With the onset of the COVID-19 pandemic, the AGCO quickly refocused its communication efforts to support the government's response and used its established channels to inform the public, licensees and registrants about the changes, restrictions and public health measures put in place.

The AGCO has fine-tuned its communication approaches and developed rapid response strategies that allow the agency to quickly support government emergency announcements and distribute important information in a timely and efficient manner.

Roll-out and Products

Rapid response to emerging issues

Working collaboratively with policy, legal operations, customer service and other branches of the organization, the corporate communications team has established processes to reduce the normal turnaround time to create, design, translate, publish, and distribute information in a matter of hours. This can include:

Drafting news releases, information bulletins, and direct emails to licensees and registrants, as well as fact sheets for AGCO Customer Service and Inspectors

French translation for all materials

Internal notification to affected AGCO staff

Direct email distribution capacity to licensees and registrants

Posting information bulletins and blogs on the AGCO website and social media channels

Distributing news releases via newswire

AGCO Website

The AGCO website, www.agco.ca, remains a primary information and communication channel for the agency and its stakeholders. This site is also the gateway to iAGCO, the agency's online service delivery portal and is adaptive for ease of use on tablets and mobile devices.

The agco.ca site provides information for all lines of business and is updated regularly to reflect new programs and changes in government policy. It also includes a dynamically generated and interactive map of all cannabis retail stores that have applied and been authorized by the AGCO. All information is posted in both English and French to meet the requirements of the French Language Services Act.

A key element of the Accessibility for Ontarians with Disabilities Act (AODA) compliance is to ensure that the AGCO's public website meets or exceeds the accessibility standards required under the AODA. The site is on track to meet the enhanced Web Content Accessibility Guidelines (WCAG) AA standards by January 1, 2021.

The AGCO generates analytics reports that measure a number of key website performance indicators. These reports help gauge how well the site is contributing to business objectives related to education, awareness, and compliance. The AGCO also captures direct user feedback from users to better understand how easily users can find the information they came for. All of this is with the goal of continually improving and expanding the site to meet the needs of the AGCO's stakeholders.

Social Media

The AGCO is taking a more proactive approach to community engagement and exploring opportunities to expand its social media footprint in a manageable way.

The number of followers to the AGCO's social media channels continues to grow. Every day, the AGCO publishes information about new applications for liquor licences and for cannabis retail stores with links to the process for the public to share their views or concerns.

To align with the Ontario Public Service's digital objectives, the AGCO continues to pursue a digital first strategy. This includes producing and sharing engaging digital content (e.g. videos, infographics, images, etc.) and responding appropriately to relevant questions and inquiries within social communities.

Educational Videos

The AGCO is expanding its use of videos to help clarify important processes or changes. These easy to understand and easy to share videos have proven popular and are used for a variety of topics, such as how to apply for or renew your licence on iAGCO, which are helpful resources for licensees and registrants as they shift to online transactions with the AGCO.

Ongoing Programs

Media Relations

With the licensing of retail cannabis stores, the modernization of liquor, and changes to horse racing regulation, the number of AGCO media inquiries continues to rise. The AGCO is now receiving over 400 media inquiries each year, including those from newspapers, radio, magazines, web-based news blogs and television. While the AGCO does conduct radio and television interviews when requested, most of the inquiries are from local and regional newspapers and news blogs.

The agency strives to respond to these requests in a timely and transparent way. In 2019, a service standard was established to respond to media inquiries within three hours. If information is more detailed, we aim to provide the response by the next business day.

Newsletters

The AGCO regularly publishes and distributes newsletters in English and French to provide educational and compliance information to stakeholders and the public. These newsletters have transitioned to a digital format for ease of access, as well as to lower production and distribution costs and enable better content satisfaction tracking.

Current Newsletters

Licence Line is a newsletter published three times per year for liquor sales licensees. It covers a variety of issues important to that audience, including information on recent changes to liquor legislation, regulations, and policies, as well as industry news and tips for licence holders.

Lottery Line is a newsletter for lottery retailers and is published three times a year. It provides information and tips to educate sellers on the laws, regulations and policies governing the sale of OLG lottery products and break-open tickets.

Race Line is an informative and educational newsletter published three times a year for horse racing licensees and other parties interested in Ontario's horse racing industry.

10. Diversity and Inclusion Plan

The AGCO's current Diversity, Inclusion and Accessibility Plan states the following goals:

- Have a workforce reflective of Ontario's demographic diversity.
- Build an inclusive workplace culture, free of discrimination and harassment.
- Deliver services in an accessible, culturally aware, relevant and responsive way.

AGCO's key commitments to support the development of its Diversity, Inclusion and Accessibility Plan include:

- Conduct an assessment of the AGCO's current state and benchmark as it relates to diversity and inclusion.
- Conduct a stakeholder analysis that identifies key stakeholders and obtain their feedback on both current state and the desired future aspirations of workforce diversity, inclusion and accessibility initiatives.
- Develop the AGCO's DI&A strategy complete with vision, mission, goals, objectives, actions and metrics.

11. Multi-Year Accessibility Plan

The AGCO’s Accessibility Plan and Policies are developed in accordance with the Integrated Accessibility Standards Regulation (IASR) under the AODA. The Accessibility Plan and Policies outline the AGCO’s commitment and strategy to prevent and remove barriers and improve opportunities for internal stakeholders and the public with disabilities and address the current and future requirements of the AODA. The AGCO will be conducting a review of our accessibility policies as part of a broader commitment to diversity, inclusion and accessibility in the coming year. Ongoing compliance with the AODA and IASR is a corporate priority for the AGCO. The AGCO is committed to making all of its communications and publications accessible and continuing to meet the WCAG.

The AGCO is always looking to consult with people living with disabilities to understand where there may be opportunities for continuous improvement. These consultations will continue to assist the AGCO in better understanding the barriers that persons with disabilities may experience when accessing services provided by the AGCO. This information will also inform mitigation strategies as part of the ongoing review and development of the AGCO’s Accessibility Plan and Policies.

All AGCO employees have received training on the requirements of Ontario’s accessibility laws, including the IASR and the Ontario Human Rights Code, 1990. All new employees are also required to complete training at the start of their employment.

The AGCO conducted a staff diversity and inclusion survey in May 2019 and the feedback from the survey showed that there was an opportunity internally to increase awareness of the AGCO’s disability management program and practices. A strategic awareness plan is being developed to increase employees’ familiarity with the program to help support and accommodate employees with disabilities.

AGCO’s Diverse Workforce Profile

42% of respondents are Millennials (slightly higher than overall AGCO profile of 36%)

52% of respondents are female (consistent with 50% in AGCO profile)

34% identify as a visible minority

3% are persons with a disability

31% are born outside of Canada

40% are proficient in one or more languages beyond English

Results from Diversity & Inclusion survey conducted May 2019.

Results from Diversity & Inclusion survey conducted May 2019.



[Text version of the Diversity, Inclusion and Accessibility Plan as of October, 2020](#)

12. Three-Year 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. The AGCO Board of Directors reviews the annual budget. The financial tables below reflect current resources and fees.

More than two-thirds of AGCO’s budget comes from recoveries collected from regulated industries. Due to the COVID-19 pandemic, AGCO is facing pressures in recovering its costs, resulting in a budget deficit. The AGCO, along with MAG, will manage the fiscal 2020-21 deficit through additional funding and expenditure management.

The proposed expansion of iGaming through the 2020 Budget (November 2020) resulted in increases in the expense budget in the years presented below.

AGCO Revenue – Key Explanations

AGCO Revenue (\$ thousands)

Over / (Under)	2020-21	2020-21		2021-22	2022-23	2023-24
			Variance \$			
	Budget	YE Forecast		Budget	Budget	Budget
FEES & LEVIES						
Liquor - related	15,714.70	6,527.78	(9,186.92)	8,119.20	13,741.50	14,760.60
Gaming - related	11,346.50	5,580.46	(5,766.04)	4,225.80	10,469.60	11,950.30
Cannabis - related	1,257.00	3,579.96	2,322.96	6,304.90	5,942.30	5,143.60
Total	28,318.20	15,688.20	(12,630.00)	18,649.90	30,153.40	31,854.50

- In 2020-21, Liquor and Gaming negative revenue variances are due to the impacts of COVID-19, which include industry closures, capacity restrictions and licence / registration extensions. These impacts will partly be offset by increased revenue, driven by demand for new applications for cannabis licences and authorizations.
- Over the next three fiscal years, revenue is expected to increase as industries recover from COVID-19, and as demand for new applications and renewals from cannabis retail licences and authorizations continues. These revenue levels are still below previously expected levels due to COVID-19 licence extensions at no cost to licensees.

AGCO Expenditures – Key Explanations

AGCO Expenditures (\$ thousands)

	2020-21	2020-21		2021-22	2022-23	2023-24
Savings / (Pressure)			Variance \$			
	Budget*	YE Forecast		Budget	Budget	Budget
OPERATING						
Salaries and Wages	69,340.20	62,749.50	6,590.70	69,080.80	69,228.59	69,328.44
Benefits	13,188.30	14,640.29	-1,451.99	13,308.30	13,356.61	13,401.99
OTHER DIRECT OPERATING EXPENSES						
Transportation and Communications	3,318.30	1,210.62	2,107.68	3,036.09	3,037.09	3,037.49
Services**	22,748.20	13,108.98	9,639.22	21,636.78	11,496.29	11,509.42
Supplies & Equipment	1841.70	854.03	987.67	1,754.83	1,755.76	1,755.89
Gross Expenditures	110,436.70	92,563.42	17,873.28	108,816.79	98,874.34	99,033.23
Recoveries	-72,241.60	-18,686.92	-53,554.68	-74,024.24	-66,145.35	-66,292.24
Net Funding from Government***	38,195.10	73,876.50	-35,681.40	34,792.56	32,728.98	32,740.99

*The Budget for 2020-21 and outgoing years reflects a \$1.39M government-imposed financial constraint from 2019-20. Starting in fiscal year 2020-21, the Salaries and Wages budget is increased by \$0.2M. iGaming approved funding of \$3.34M is included in the 2020-21 Budget.

**Services in general relate to due diligence costs and related recoveries. These costs are incurred to acquire external service providers to assist in Eligibility Assessments (EA) for Gaming Modernization and private Cannabis retail. The 2020-21 budget includes \$8.87M of costs and recoveries related to Gaming Modernization EA, of which \$0.25M is expected to be spent. The 2021-22 budget includes the remaining \$8.62M of unspent costs in 2020-21 which are expected to be transferred to 2021-22. There is no budgeted amount for this item in

2022-23, resulting in the lower budget for that year.

***Overall variance of (\$35.68M) for 2020-21 is due to COVID-19 industry closure lock-down. As a result of the casino closures, the AGCO anticipates not recovering regulatory costs from casinos.

- The AGCO’s budget projects recovery of approximately 65% of costs from its regulated sectors. The remaining costs require net funding from the government.
- Budgets are based on current approved estimates and include approved iGaming funding for AGCO’s expanded mandate.
- Funding requirements may be impacted by salary awards for negotiated collective agreements.

AGCO Capital Assets – Key Explanations

The AGCO’s Capital Budget consists of the purchase of IT hardware, costs related to the implementation of the multi-year iAGCO IT business application project. The implementation of iAGCO was completed in October 2020.

- AGCO IT hardware includes the purchase of personal computing devices, mainframes, data network equipment and storage devices.
- iAGCO capital assets include all build costs including hardware, software, licences and services.

AGCO Capital Assets (\$ thousands)

	2020-21	2020-21	Variance \$	2021-22	2022-23	2023-24
	Budget	YE Forecast		Budget	Budget	Budget
IT Hardware	989.3	818.7	170.6	662.4	631.4	471.2
iAGCO	1,096.1	1,096.0	0.1	0.0	0.0	0.0
iGaming				1,000.0		

13. Performance Measures and Targets

Measuring performance enables the AGCO to improve program effectiveness by setting targets, assessing data and evaluating the results. Through continuous evaluation and feedback, the AGCO is able to achieve key objectives that are identified in the Strategic Plan.

The results from these measures, shown in the table below, demonstrate that in 2020-21, while the AGCO was affected by the COVID-19 pandemic, we have successfully met or surpassed minimum agency targets in most respects. The achievement of these measures results from a number of overarching projects and initiatives at the AGCO, including:

- the final phase of the roll-out of iAGCO;
- a continued focus on stakeholder engagement and an enhanced approach to stakeholder education;
- a modern regulatory approach that is risk-based, outcomes-based and compliance-focused; 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. 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 to support a results-oriented organization.

Modern Regulator

Digital First

AGCO provides user-based services and information through multiple windows and service channels anytime and anywhere.

% of users choosing to go digital where available ¹ meets or exceeds target of 85%.		
2020 (last 90 days)		89.6%
2019		86%
¹ Includes applications and complaints.		

Service Excellence

Service Experience

A service-centered design that optimizes the service experience, engages customers proactively and identifies opportunities for improvements.

Online application turnaround time (in days) ² meets or is lower than target of 20 days.		
2020 (last 90 days)		45 days ³

Online application turnaround time (in days) ² meets or is lower than target of 20 days.		
2019		16 days
% of clients satisfied with services ⁴ meets or exceeds target of 75%.		
2020 (last 90 days)		74%
2019		70%

Value for Money

Ensuring value per transaction (internal and external) with a focus on streamlining process and reducing regulatory burden.

% of applications for SOPs auto-issued meets or exceeds target of 90%.		
2020 (last 90 days) ⁵		40.4%
2019		92%
% of first contact resolution (Percentage of calls that were resolved to full customer satisfaction at the first point of contact ⁶)		
2020 (last 90 days)		84.3%

² Includes application turnaround times and auto-renewals completed on the iAGCO portal.

³ COVID-19 has caused: a) a decrease in applications, which has allowed AGCO staff to address the existing backlog, causing a one-time increase in the application turnaround timeframe; and b) a decrease in auto-issued applications (SOPs), which typically have very short turnaround times. An open market for cannabis licensing and authorizations was introduced in 2020, which requires due diligence and therefore results in higher turnaround time.

⁴ Average based on AGCO website, iAGCO portal and telephone calls.

⁵ These numbers were affected by COVID-19. When looking at Q1: 84.3%; between March and September 30th, the number dropped to 51.8%.

⁶ Percentage of calls that were resolved to full customer satisfaction at the first point of contact by the contact centre.

People First

Employee Experience

The level of engagement and enablement is directly correlated with higher productivity, increased motivation and job satisfaction.

% of AGCO staff who would recommend AGCO as a place to work meets or exceeds target of 75%.		
2020 (March)		86%
2019		77%
% of AGCO staff who believe their ideas and suggestions		
2020 (July)		76%
2019		63%