

True North Gaming is interested in partnering with the Government of Ontario on a Video Gaming Terminal (VGT) pilot project to generate an estimated \$2.2B annually.

The COVID-19 context

Ontario's hospitality industry has been hard hit by restrictions resulting from the COVID-19 pandemic. Among the hardest hit have been licenced restaurants, bars and service clubs which have been largely unable to operate. Restaurants Canada estimates that 50% of Canada's independent restaurants may not reopen. Royal Canadian Legions have put out emergency pleas for donations. Once the economy reopens in the coming months, they will be in desperate need of reliable income to help in their recovery.

At the same time the government of Ontario is investing huge sums of money to assist businesses and everyday people through the lockdown and recovery periods, money that was not budgeted for only a few months ago. Ontario is also one of only two provinces that does not make use of VGTs in restaurants, bars and service clubs as a revenue source.

True North Gaming's proposal can help in both areas. Additionally, the True North gaming proposal can be launched quickly and in accordance with all desired government compliance and responsible gaming initiatives.

Tax Revenue

Calculating potential tax revenue at full capacity based on a proposed 1/3 (government, venue, operator) arrangement, we estimate annual tax revenue to the province of \$668 million to \$881 million (per annum), in addition to upwards of 5,000 jobs.

Economic Impact

We further estimate Ontario will experience a total economic impact of \$2.2 billion annually upon full rollout of VGTs. We project \$1.1 billion of the GDP will come directly from the incremental gaming revenues generated. Additionally, this proposal would help eradicate grey market slot machines which are prevalent in Ontario.

Regulatory Model

True North Gaming is proposing a streamlined regulatory model where the operator, assumes most of the costs of operations and maintenance. This model would see the AGCO directly regulate private operators. This would avoid the long and expensive process of OLG involvement.

Proposed Regulatory Amendment

Section 48 (Regulations) of the Gaming Control Act, 1992, S.. 1992 S.O., c.24 states that (1) the Lieutenant Governor in Council may make regulations (a) prescribing any that is referred to in the Act as being prescribed by the regulations. Therefore, we are of the opinion sections (b) – "exempting any person, class of persons, lottery scheme or class of lottery schemes from any or all of the provisions of the Act and the regulations" and (b.1) – "prohibiting classes of individuals from entering or remaining a gaming site during the playing of a lottery scheme on the site" can be clarified to state that a "gaming site includes licensed restaurants, bars, service clubs exclusively for the purposes of video gaming terminals in a manner which satisfies the Lieutenant Governor in Council."