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September 20, 2021

Mr. Lalit Aggarwal  
Chair  
Alcohol and Gaming Commission of Ontario (AGCO)  
Email: [lalit.aggarwal@agco.ca](mailto:lalit.aggarwal@agco.ca)

Mr. Tom Mungham  
CEO/Registrar  
Alcohol and Gaming Commission of Ontario (AGCO)  
Email: [tom.mungham@agco.ca](mailto:tom.mungham@agco.ca)

Dear Messrs. Aggarwal and Mungham:

As you begin planning for next fiscal year, I am pleased to write to you in your capacities as CEO/Registrar and Chair, respectively, of the Alcohol and Gaming Commission of Ontario (AGCO). Pursuant to the requirements of the Agencies and Appointments Directive, this letter sets out my expectations for the AGCO for the 2022-23 fiscal year.

Ontario's board-governed agencies are vital partners in ensuring the delivery of high-quality services to Ontarians. The work that the senior executive team and Board Members undertake to establish the goals, objectives, and strategic direction for AGCO ensures that the liquor, gaming, horse racing, and private cannabis retail sectors are regulated with honesty, integrity, and in the public interest. It is important that the AGCO's strategic direction is consistent with government priorities, your agency mandate, key policies and directives and my directions, where appropriate. I thank you for your willingness to serve.

As part of the government of Ontario, agencies are expected to act in the best interests of Ontarians by being efficient, effective, and providing value-for-money to taxpayers. Our government's primary focus is to protect every life and every job we possibly can. Without healthy people, we cannot have a healthy economy.

This includes:

**1. Competitiveness, Sustainability and Expenditure Management**

- operating within your agency's financial allocations
- identifying and pursuing opportunities for revenue generation, innovative practices, and/or improved program sustainability
- complying with applicable direction related to supply chain centralization and Realty Interim Measures for agency office space
- leveraging and meeting benchmarked outcomes for compensation strategies and directives
- working with the ministry, where appropriate, to advance the [Ontario Onwards Action Plan](#)

## 2. **Transparency and Accountability**

- abiding by applicable government directives and policies and ensuring transparency and accountability in reporting
- adhering to requirements of the Agencies and Appointments Directive, accounting standards and practices, and the *Public Service of Ontario Act, 2006* ethical framework, and responding to audit findings, where applicable
- identifying appropriate skills, knowledge and experience needed to effectively support the Board's role in agency governance and accountability

## 3. **Risk Management**

- developing and implementing an effective process for the identification, assessment and mitigation of risks, including planning for and responding to health and other emergency situations, including but not limited to COVID-19
- developing a continuity of operations plan that identifies time critical/essential services and personnel

## 4. **Workforce Management**

- optimizing your organizational capacity to support the best possible public service delivery
- modernizing and redeploying resources to priority areas when or where they are needed

## 5. **Data Collection**

- improving how the agency uses data in decision-making, information-sharing and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve service delivery
- supporting transparency and privacy requirements of data work and data sharing with the ministry, as appropriate

## 6. **Digital Delivery and Customer Service**

- exploring and implementing digitization or digital modernization strategies for online service delivery and continuing to meet and exceed customer service standards through transition
- adopting digital approaches, such as user research, agile development and product management

## 7. **Diversity and Inclusion**

- developing and encouraging diversity and inclusion initiatives promoting an equitable, inclusive, accessible, anti-racist and diverse workplace
- demonstrating leadership of an inclusive environment free of harassment
- adopting an inclusion engagement process to ensure all voices are heard to inform policies and decision-making

## 8. COVID-19 Recovery

- identifying and pursuing service delivery methods (digital or other) that have evolved since the start of COVID-19
- supporting the recovery efforts from COVID-19

In addition to these government-wide priorities, I expect the AGCO to focus on:

### **2020 VALUE FOR MONEY AUDIT RECOMMENDATIONS**

Our government remains committed to being transparent and accountable. In December 2020, we welcomed the Auditor General of Ontario's findings and recommendations resulting from her Value for Money audit of the AGCO. I ask that the CEO/Registrar and the Board, working with ministry officials as needed, continue working towards implementing these recommendations in a timely manner.

### **ALCOHOL**

Our government remains committed to supporting businesses affected by COVID-19, and the AGCO is an important partner in addressing the pandemic's impacts across Ontario's vibrant hospitality sector. Providing more convenience and choice to consumers is a government priority that also supports the broader regulatory objective of ensuring the alcohol sector is operated with honesty and integrity and in the broader public interest. I ask that the CEO/Registrar and the Board:

- continue to support the implementation of the new legal framework, after it is proclaimed in Fall 2021, and continue to work and collaborate with the Ministry of the Attorney General and the Ministry of Finance officials on the ongoing work of the broader alcohol review
- make recommendations you consider appropriate to improve consumer choice, increase market competition and drive economic productivity across the areas AGCO regulates, particularly considering the effects of the COVID-19 pandemic
- prioritize the development of opportunities for removing or reducing unnecessary regulatory burdens faced by businesses engaged in the production and/or sale of alcohol, and consider an outcomes-based approach to regulation, allowing regulated entities to determine how best to achieve desired policy outcomes
- review the state of regulation across Canada and develop strategies to create a competitive playing field for Ontario business in an increasingly competitive national industry particularly considering the effects of the recent COVID-19 pandemic
- consider current licensing fees through a cost recovery framework

## **CANNABIS**

Our government remains committed to continuing to build a robust open market retail system to combat the illegal market and keep our youth and communities safe. Providing consumers with more choice and convenience continues to be a priority to help achieve this goal. I ask that the CEO/Registrar and the Board:

- make recommendations you consider appropriate to, among other priorities, combat the illicit cannabis market and improve consumer choice and convenience in a responsible manner
- support the government to enable flexibility for First Nations in the regulation of the cannabis market on Reserve and to leverage Ontario's regulatory systems where appropriate
- work collaboratively with the Ontario Cannabis Store and government in exploring opportunities to support cannabis retailers in the open market
- provide advice to government as it responds to the legislated review of the federal *Cannabis Act*
- consider current licensing fees through a cost recovery framework

## **GAMING**

As you know, the government believes there is opportunity for meaningful reform in the gaming sector. I ask that the CEO/Registrar and the Board:

- continue to lead the implementation of a robust regulatory internet gaming (iGaming) framework for the province
- ensure that the regulatory mandate and work of the AGCO and Registrar remain independent from the mandate and work of iGaming Ontario and ensure that effective measures and policies are in place to effectively mitigate against real and perceived conflicts of interest that may arise between the two entities
- consider how the AGCO can leverage its international regulatory relationships to assist the province in its discussions with the federal government concerning reforms to the *Criminal Code* in respect of gaming, including ensuring a regulatory framework is in place to regulate single event sports wagering once permitted under the *Criminal Code*
- make recommendations you consider appropriate to support the gaming industry, including charitable gaming, and reduce unnecessary regulatory burden faced by stakeholders, particularly considering the effects of the COVID-19 pandemic on the industry

## **HORSE RACING**

The government recognizes that the horse racing industry is an important sector in Ontario. I ask that the CEO/Registrar and the Board:

- make recommendations you consider appropriate to support the horse racing industry and reduce unnecessary regulatory burden faced by stakeholders, particularly considering the effects of the COVID-19 pandemic on the industry.

Through these measures, we can ensure that the AGCO is continuing to fulfill its regulatory responsibilities with honesty, integrity and in the public interest. We are confident that the people of Ontario are going to unleash the economic growth that is necessary for job creation, prosperity and a stronger province.

I thank you, the senior executive team, and Board Members for your continued support, and for your valuable contributions. Should you have any questions/concerns, please feel free to contact Ms. Jane Mallen, Assistant Deputy Attorney General, Policy Division either by telephone at 647-622-5147 or by email at [jane.n.mallen@ontario.ca](mailto:jane.n.mallen@ontario.ca).

Sincerely,

A handwritten signature in black ink that reads "Doug Downey". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Doug Downey  
Attorney General