

Alcohol and Gaming Commission of Ontario



2016/17 - 2018/19

Business Plan



AGCO

Alcohol and Gaming
Commission of Ontario

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Business Plan

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1. Foreword

The Government of Ontario announced its intention to merge the regulatory functions of the Ontario Racing Commission (ORC) with the Alcohol and Gaming Commission of Ontario (AGCO) as part of its broader initiative to integrate horse racing within the provincial gaming strategy in the 2015 Spring Budget. On December 10, 2015, the legislature passed Bill 144: the *Budget Measures Act, 2015* which included a new *Horse Racing Licence Act, 2015* (HRLA) and is scheduled to be proclaimed on April 1, 2016. This Business Plan reflects activities that are anticipated under the merged regulatory framework and is consistent with the HRLA, and the consequential amendments to other supporting legislation.

2. Mandate

The AGCO and ORC are agencies of the provincial government administering regulatory frameworks in the public interest and in accordance with the principles of honesty and integrity, and social responsibility as prescribed in governing legislation. The AGCO was established February 23, 1998 under the Alcohol and Gaming Regulation and Public Protection Act, 1996 (AGRPPA) and as of August 2010, the AGCO reports to the Ministry of the Attorney General (MAG). The ORC was established in 1950 under the Racing Commission Act, 1990 (RCA) and until March 31, 2016, reports to the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). Once the AGCO and ORC regulatory functions are merged on April 1, 2016, the AGCO will continue to report to MAG.

In fulfilling respective regulatory mandates, the AGCO and ORC strive to be transparent in their operations and achieve a fair and appropriate balance among the interests and perspectives of stakeholders. Achieving this balance ensures regulatory activities support the economic viability of the alcohol, gaming, and horse racing industries, while also maintaining public safety and confidence in these industries. In 2016/17 work will commence to develop a new mandate and mission, and work has already commenced to develop common value statements for a merged organization.

AGCO Mandate

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

ORC Mandate

The ORC acts in the public interest to govern, direct, control and regulate the horseracing industry in Ontario, including racing in all its forms, the operation of racetracks, licensing of racetracks and racing participants. The ORC must exercise its powers and perform its duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility.

AGCO Mission

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

- Develop, implement and enforce fair policies and procedures.
- Establish a framework of critical regulatory controls 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.

ORC Mission

Our mission is to protect the public interest through the provision of effective and efficient services to the horse racing industry.

Activities Regulated by the AGCO

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

Activities Regulated by the ORC

- Licensing of all participants and racetrack operators.
- Conduct of all races.
- Health and welfare of horses and participants.

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.

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: Horse Racing

- Govern, direct, control and regulate the horseracing industry in the public interest and in accordance with the principles of honesty and integrity, and social responsibility.
- Deliver quality service to the industry, while supporting government to strategically realign provincial horse racing, regulation, adjudication and funding.

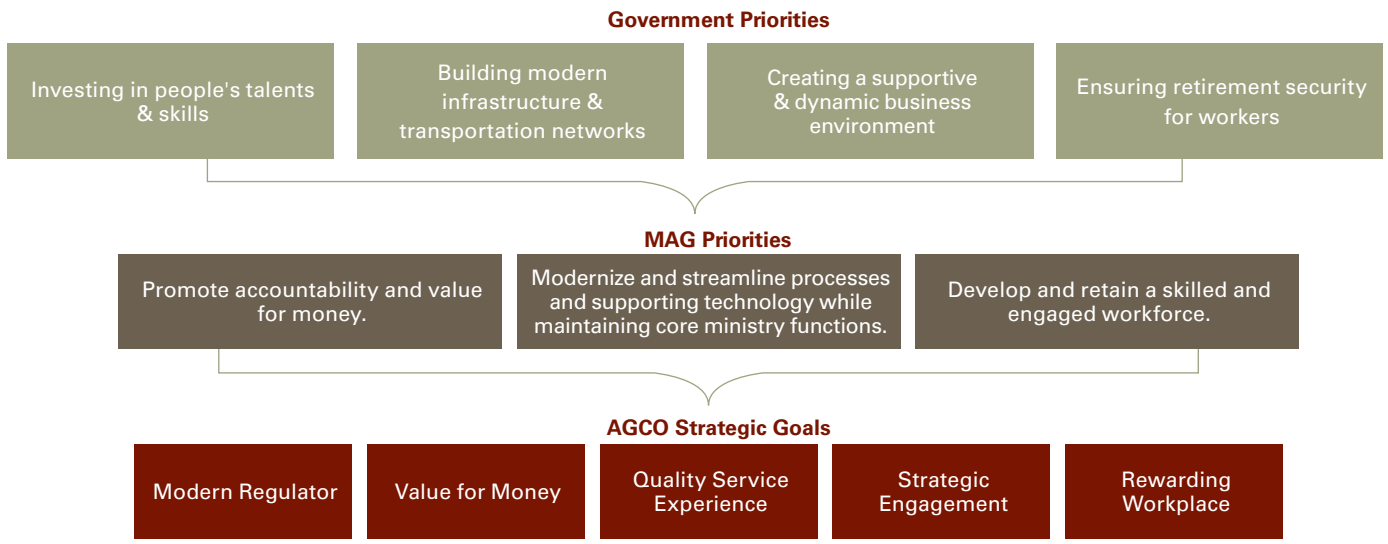
2.1 Alignment with Government and Ministry Priorities

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

AGCO Mandate: To regulate the alcohol and gaming sectors in accordance with the principles of honesty and integrity, and in the public interest.

ORC Vision: The ORC will be a world-class leader in regulation and will partner with industry to support the sustainability and growth of horse racing to benefit the Ontario economy.

ORC Mandate: The ORC acts in the public interest to govern, direct, control and regulate the horseracing industry in Ontario, including racing in all its forms, the operation of racetracks, licensing of racetracks and racing participants. The ORC must exercise its powers and perform its duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility.



2.2 Key Achievements

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

Modern Regulator

- The government announced its intention to merge the regulatory functions of the ORC with the AGCO, and a "soft merger" period commenced July 6, 2015 with the cross-appointment of the CEO, which has resulted in some amalgamation within the AGCO's leadership structure to provide consistency and unified direction during this period.
- The AGCO and ORC supported the development of legislation to facilitate the legal merger of the two agencies.
- The ORC worked in partnership with international horse racing jurisdictions to develop a framework for the International Racing Information and Intelligence Service.
- The Registrar's Standards for the lottery sector were developed and released to OLG on August 4, 2015.
- On September 30, 2015, the AGCO commenced the regulation of OLG Slots at Kawartha Downs and OLG Thousand Islands Casino under the Registrar's Standards for Gaming. Amended Registrar's Standards for Gaming were issued September 29, 2015 to support the implementation of Standards in casinos.
- The Farmers' Market Program, allowing Vintners' Quality Alliance (VQA) Wine Sales at Farmers' Markets, was successfully implemented and a findings report was released. Year 2 of the Farmers' Market program has been initiated, including education and webinars for industry stakeholders.
- Ontario Regulation 290/15 (Government Stores) regarding the sale of beer in grocery stores was passed in September. Grocery Retail Eligibility forms were developed and are currently available on the AGCO website.
- Ontario alcohol manufacturers will now be able to sell an updated complement of products in their on-site retail stores that support the local cultural, historical and culinary experience, while ensuring that the responsible sale of alcohol remains the principal focus of on-site retail stores.
- Ontario wineries located outside of Ontario's three Designated Viticultural Areas will no longer be required to produce at least fifty per cent of their total wine production from grapes grown within the territorial division in which the winery is located. All wineries in Ontario will now be eligible to operate an on-site retail store regardless of where in Ontario their grapes are grown, provided the other eligibility requirements have been met.
- Following the introduction of internet gaming in Ontario in 2014 the AGCO has continued to apply a robust regulatory assurance strategy.
- Activities conducted to support the OLG Electronic 50/50 Draw Pilot, including the completion of Gaming Related Supplier registration, the review of control activities, technical testing and approval of a solution, along with training.

- The data analytics approach for the Regulatory Intelligence program has been developed for liquor regulation.

Value for Money

- Ongoing implementation of a coordinated and integrated strategic 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.
- New gaming registration fee schedule implemented.
- Risk assessments have been conducted using the Enterprise Risk Management Framework to identify, analyze, treat and monitor key risks across the AGCO.
- Since the 5-year Strategic Audit and Evaluation plan was approved in 2013, seven audit and evaluations reports have been issued to the Board, such as the agency wide audit to ensure compliance with the *French Language Services Act*, an audit of the AGCO's Risk-Based Enforcement program, and an audit to ensure continued high levels of information security at the AGCO.
- Issuance of a Board-approved Internal Audit Charter.
- Creation of an AGCO Emergency Management Plan Framework, including the development of the Emergency Preparedness and Response Plan, annual update of Business Continuity Plans and implementation of an emergency communication protocol.

Strategic Engagement

- ORC continued its commitment to work jointly with the Canadian Pari-Mutuel Agency towards the development of equine testing programs and through an interchange agreement for the sharing of veterinary services. The ORC is also included on Equine Canada investigations for intelligence and resource sharing.
- Expansion of the Last Drink program is ongoing. All Ontario Provincial Police (OPP) detachments and 28 Municipal police services are currently participating.
- AGCO successfully delivered a panel discussion on 'Changes to the Criminal Code - Bill C43: The Ontario Case at the 2015 Canadian Gaming Summit'.
- Continued close partnership and collaboration with police services and municipalities provincially, nationally and internationally to enhance regulatory compliance through the sharing of information and resources.
- Educational webinar sessions successfully delivered for industry stakeholders including: 'VOA Wine Sales at Farmer's Market Program' and 'Alcohol Service at Festival and Large Public Events'.
- AGCO coordinated the issuance of Special Occasion Permits with Pan Am organizers, Liquor Control Board of Ontario (LCBO), municipalities and police services in advance of the games.
- AGCO signed Memorandum of Understanding (MOU) agreements with the LCBO, and the Bank of Canada.
- AGCO held two engagement sessions with Ontario grocers regarding the design and implementation of

the Beer in Grocery Program.

- AGCO held engagement sessions with liquor stakeholders to introduce the Regulatory Assurance Solution initiative and get early feedback into processes and design.
- AGCO consulted Ontario charities on Bill C-43 and the process for designing a regulatory framework to allow the use of computers in charitable raffles and 50/50 draws.
- ORC continues to maintain a collaborative relationship with the Canadian Centre for Ethics in Sport, College of Veterinarians, Canada Border Services Agency, Investigation Enforcement Directors' Council, Equine Guelph, Criminal Intelligence Service of Ontario and the Canadian American Law Enforcement Organization.

Quality Service Experience

- Regulatory Assurance Solution demonstrations have been completed and work has commenced to ensure the system will support the integration and streamlining of the AGCO's business processes.
- AGCO services and communications have been improved through the updating and/or replacing of information technology (IT) equipment and software.
- As part of the AGCO Strategic Communications Plan and in support of the AGCO's transformation initiatives, a social media pilot program has been implemented.
- The ORC IT Roadmap was completed to support the development of updated business processes.

Rewarding Workplace

- Successful negotiation and ratification of a new Collective Bargaining Agreement between the AGCO and Ontario Public Service Employees Union Local 565.
- A comprehensive planning initiative is underway with the AGCO and ORC to facilitate integration activities, including project management, change management and communication between the two organizations.
- AGCO 'Street Team' Initiative was implemented for the second year to gather workplace feedback from AGCO and ORC Staff on the topics that matter most to them in preparation for the annual series of Town Hall meeting. There was a 97% increase in responses received compared to 2014.
- Five joint AGCO and ORC Town Halls across the province were successfully delivered to staff from all regions.
- Two ORC specific Town Hall meetings were held, providing all ORC staff with merger updates and the opportunity to express concerns and ask questions.
- Skype for Business launched across the AGCO enabling more opportunity for better connection between employees, head office, and the regional offices.
- Launched an online training library that uses expert-led online video tutorials to provide employees with learning opportunities to acquire new business, creative, and technical skills.

3. Environmental Scan

The liquor, gaming and horse racing 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. These industries operate within a complex social and economic context where business 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 the merger of AGCO and ORC regulatory functions, 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.

3.1 External Factors

2015 Ontario Budget

In the 2015 Spring Budget, the government committed to put new processes in place to move forward with plans to unlock the economic value of Provincial assets, including establishing the Premier's Advisory Council on Government Assets, and providing concrete steps to further the OLG's Gaming Modernization Strategy.

The government also announced its intention to merge the regulatory functions of the ORC with the AGCO as part of the broader initiative to integrate horse racing with the government's gaming strategy. The AGCO has received government approval to move forward with specific aspects of this initiative, prior to the HRLA proclamation anticipated for April 1, 2016. The government, with input from the AGCO and ORC, drafted new legislation which will formally merge the two agencies. The AGCO and ORC have begun a period of 'soft merger' that has seen amalgamation within the leadership structure to provide consistency and unified direction before the legislative approvals take effect.

Legislative Changes

The Government introduced a package of legislative reforms on November 18, 2015, which included the new HRLA to replace the existing RCA. When proclaimed, this legislation will allow the merger of the regulatory functions of the ORC with the AGCO. In addition to the creation of the HRLA, the following existing Statutes have consequential amendments required by the reforms:

- *Alcohol and Gaming Regulation and Public Protection Act (1996);*
- *Ontario Lottery and Gaming Corporation Act (1999);*

- *Liquor Control Act (1990)*;
- *Licence Appeal Tribunal Act (1999)*;

The government will also be looking to the horse racing industry for leadership and continued collaboration while championing the interests of all its members and customers, and providing non-binding advice to the Province and its agencies.

The government is working on these changes as part of the framework to support the long-term success of the horse racing industry.

Criminal Code Changes

Bill C-43 received Royal Assent on December 16, 2014. Part 4 of Bill C-43 amends section 207 of the Criminal Code of Canada (the Code) to permit charitable or religious organizations to use a computer for the sale of a ticket, selection of a winner and/or the distribution of a prize in a provincially-licensed lottery scheme. These recent amendments to the Code allow the province to consider amending the regulatory framework for charitable raffles in Ontario – one where the use of computers is permitted. The AGCO will continue to work with stakeholders in the charitable sector, ensuring that there are opportunities to participate and that stakeholders are informed of decisions and progress.

Premier's Advisory Council on Government Assets

In April 2014, the government appointed the Premier's Advisory Council on Government Assets to provide recommendations for maximizing the value of key provincial assets. The principles guiding the Council's work were to ensure: the public interest remains paramount and protected; decisions align with maximizing value to Ontarians; and the decision process remains transparent, professional and independently validated.

As part of its review, the Council examined the three quasi-monopolies in Ontario's liquor distribution system: the LCBO, the privately owned The Beer Store and off-site winery retail stores.

The Premier's Advisory Council on Government Assets is continuing discussions with wine and spirits producers on how to provide greater opportunities for Ontario's wine industry in a trade-compliant fashion. The Council is expected to make recommendations to the government in early 2016.

Beer and Wine Sales in Grocery Stores

As announced in the 2015 Budget, the Ontario government intends to introduce the sale of beer in up to 450 grocery stores across the province. The AGCO is responsible for authorizing eligible grocers to sell beer and ensuring that beer is sold responsibly and in accordance with the *Liquor Licence Act, 1990* (LLA), the *Liquor Control Act, 1990* (LCA) and their respective regulations. As of December 15, 2015, the AGCO authorized 60 grocery stores to sell beer. Further direction on the sale of wine in grocery stores is anticipated.

Gaming Industry Modernization

In July 2010, the OLG was directed to conduct a strategic review of its operations, with a view to modernize charitable and commercial gaming. In its report delivered to the Minister of Finance in March 2012, the OLG outlined its proposal to modernize lottery and gaming in Ontario which included three key priorities:

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

As the OLG's plan has a significant impact on the AGCO, and particularly on AGCO operations, the Commission and OLG continue to work together as implementation of the modernization strategy moves forward. 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.

Horse Racing Industry Modernization

Early in 2012, the government of Ontario announced the end of Slots at Racetracks Program, a slot revenue sharing program used as a source of funding for the industry. In June 2012, the Horse Racing Industry Transition Panel was retained to make recommendations on how the Ontario government could help the horse racing industry adjust to the end of the Slots at Racetracks Program.

In October 2013, based on the final report of the Horse Racing Industry Transition Panel, government announced the five-year Horse Racing Partnership Plan (HRPP), with a commitment of up to \$100 million each year to the Ontario horse racing industry for five years. The panel also proposed a revised governance structure to accomplish the Five-Year Plan, including the role of the ORC and industry associations, and also made specific recommendations on how to best achieve the integration of gaming and horse racing in Ontario.

As part of the HRPP, the government directed the OLG to integrate horse racing into its gaming strategy, as permitted under existing statutory authorities.

The revised approach to the HRPP implementation is expected to be proclaimed effective April 1, 2016.

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 existence of an unregulated online gaming market and changing consumer behavior and demographics 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.

Accountability and Transparency

From an operational perspective, accountability and transparency in the agency sector has been a key government priority over the last several years, with the government taking steps to strengthen its oversight of arm's-length agencies.

The government has committed to strengthen the accountability of classified agencies by improving agency oversight through more frequent risk assessments, requiring agencies to publicly post governance

documents and expense information, and working with ministers to review all agency mandates on a regular basis, to ensure they are streamlined and aligned with government policy objectives.

Open for Business and Economic Development

This ongoing government-wide economic initiative is designed to minimize the burden of regulation on Ontario businesses, foster competitiveness and welcome new business to the province.

Internally, the AGCO continued to 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 responsible economic development. The shift towards a Standards-Based Approach as the regulatory framework in the gaming sector, for example, is intended to allow operators and businesses more flexibility to adapt to marketplace changes and ultimately to increase their competitiveness. The achievement of these goals is also enhanced through the AGCO's continued efforts to build strategic partnerships and share information with government ministries and agencies including MAG, MOF, OLG and the LCBO.

Evolving Social Attitudes

The AGCO continues to develop and refine its role in the promotion of social responsibility in the alcohol and gaming sectors. As a regulator, the AGCO exercises its powers and duties in the public interest, and in accordance with the principles of honesty, integrity and social responsibility. Societal views on both liquor and gaming have evolved over the years, which the AGCO considers in its regulatory approach. Greater public confidence in gaming has led to an increased emphasis on responsible gambling, while the changing views regarding the liquor industry have focused on responsible use and enjoyment, for example, drinking and driving campaigns.

3.2 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 year as it coincides with, leverages and supports other transformational initiatives, such as Horse Racing Integration, that are currently underway.

AGCO and ORC Merger

The government has committed to supporting the revitalization of Ontario's horse racing industry and announced the HRPP, a \$500 million investment over five years, to further this vision. These government priorities intersect and are integral to the Horse Racing Transition Project. This multi-ministry project will,

in part, result in the merger of the ORC's horse racing regulatory functions with the AGCO, and allow the OLG to provide a unified provincial gaming strategy that integrates the horse racing industry.

Effective July 6, 2015, the ORC Board appointed the AGCO CEO as the CEO of the ORC. The CEO will lead both the AGCO and the ORC during a 'soft merger'. During this period, the AGCO and ORC have undergone some amalgamation within the leadership structure to provide consistency and unified direction before the legislative approvals for the merger take effect.

In order to develop and implement the integration plans, an Integration Task Force, composed of senior members of the AGCO and ORC, has been formed. This group has developed a vision that includes six internally and externally focused strategic objectives that will be used to guide work during the merger process. The Integration Task Force is working closely with nine Platform Teams, which represent different Branches and Divisions within the AGCO and ORC, tasked with developing individual plans for the merger. The Platform Teams are working to develop and implement a comprehensive work plan to ensure the AGCO-ORC merger and post-merger activities are successful in the following areas:

- Information Technology
- Human Resources
- External Communications
- Legal
- Customer Service
- Finance
- Adjudication
- Facilities
- Ontario Horse Racing

In fiscal 2016-17, focus will shift to the successful integration of AGCO and ORC operations.

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 31 cGaming sites conducted and managed by OLG across the province.¹ 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 undertaking the development of a policy framework for electronic raffles as a result of the recent amendments to the Code permitting charitable or religious organizations to carry out, with the use of a computer, certain operations relating to a provincially-licensed lottery scheme. The AGCO is also accommodating the expansion of craft breweries, distilleries and wineries to reflect the changing market.

¹ Current number of cGaming sites as of November 4, 2015.

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, the implementation of risk-based programs (such as risk-based licensing, risk-based enforcement, risk-based registration, and the standards based approach,) to better allocate regulatory resources, and the implementation of a long term information technology 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 to registrants and stakeholders in timely and effective ways. In response, the AGCO must 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 Regulatory Assurance Solution initiative to enable electronic service delivery so that stakeholders can easily provide information to, and receive information from, the AGCO. Work is also underway to streamline and integrate horse racing industry services into the AGCO's quality service mandate.

Skilled Workforce

To address increasingly complex regulatory and operational challenges, The AGCO is actively recruiting candidates with the requisite technical and professional capacity to ensure new business lines are effectively regulated. The 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 left unaddressed. To meet these challenges, 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 and ORC regulate within an increasingly complex social, economic and political context which will continue to shift in the coming years. To effectively navigate this dynamic environment, adapt to future environmental shifts and continue to deliver the Strategic Goals, it is necessary for the AGCO and ORC to follow a structured and strategic approach to planning.

The AGCO Strategic Plan is meant to act as a road map for achieving these Goals and also involves anticipating potential challenges and opportunities within the AGCO's operating environment. The Strategic Plan is being reviewed, using input from ORC Staff, to ensure the ORC is reflected in a meaningful way. The initial indications are that the current Strategic Goals remain relevant and appropriate as ORC and AGCO initiatives align to one or more of these Strategic Goals.

Each Strategic Goal is supported by a number of more detailed and specific Planning Themes which help

guide the identification, development, prioritization and implementation of strategies and initiatives. The Planning Themes have been refreshed based on feedback from the 2015 Town Halls.

Through the review of the Strategic Plan and the refreshed Planning Themes, ORC initiatives will be effectively integrated into the strategic planning process allowing for a seamless transition and continued support of the strategic realignment of horse racing regulation, adjudication and funding.

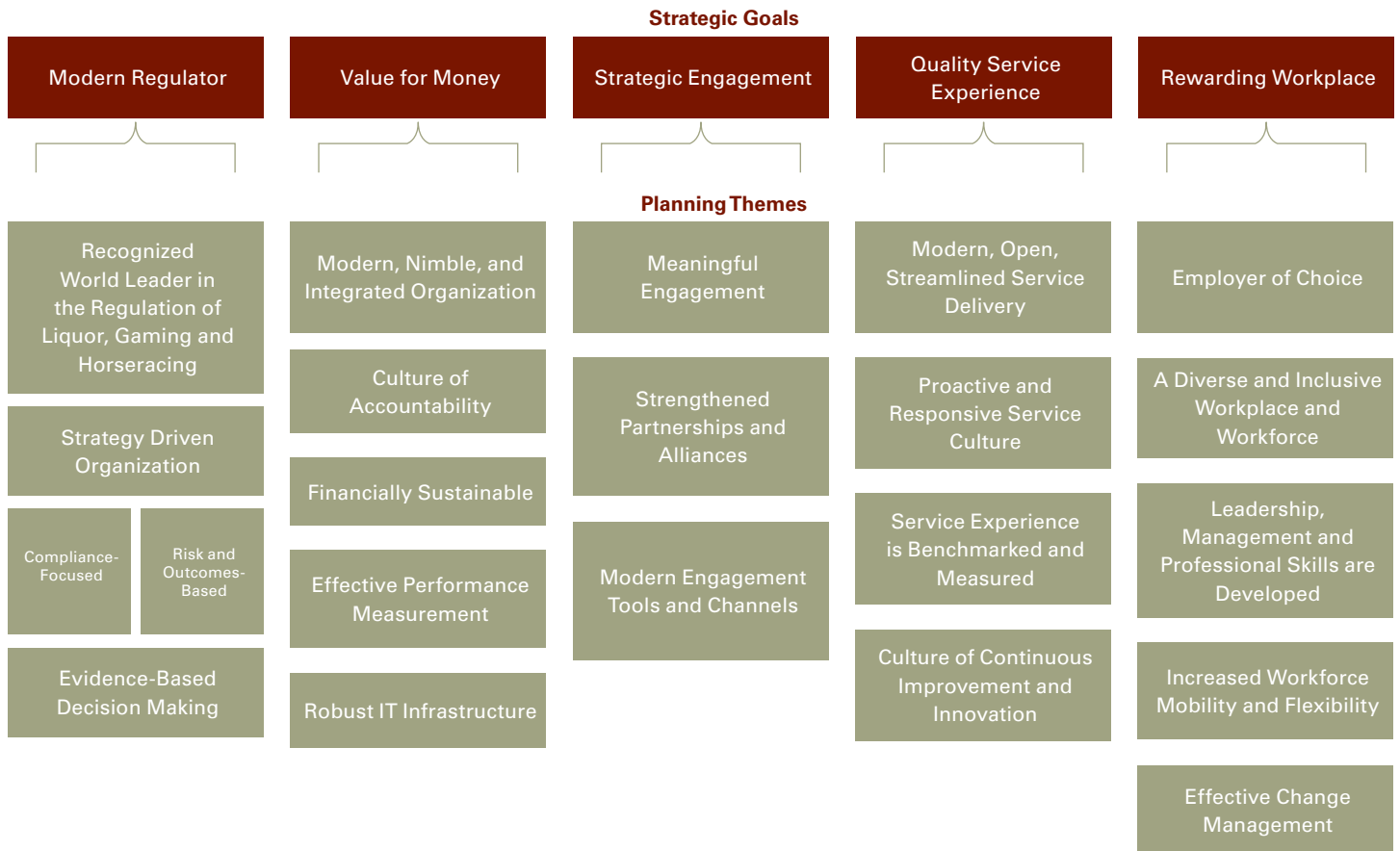
AGCO Strategic Goals and Planning Themes

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

ORC Vision: A strong, vibrant horse racing industry founded upon the principles of honesty, integrity and social responsibility.

AGCO Mandate: To regulate the alcohol and gaming sectors in accordance with the principles of honesty and integrity, and in the public interest.

ORC Mandate: The ORC acts in the public interest to govern, direct, control and regulate the horseracing industry in Ontario, including racing in all its forms, the operation of race tracks, licensing of racetracks and racing participants. The ORC must exercise its powers and perform its duties in the public interest and in accordance with the principles of honesty and integrity, and social responsibility. The role and authorities of the ORC are established by the *Racing Commission Act, 2000* (Statutes of Ontario 2000, c.20) and its regulations.



4.1 Modern Regulator

The AGCO continues to modernize its regulatory approach, demonstrating leadership, innovation and effectiveness in the regulation of the alcohol and gaming sectors. In order to achieve this objective, 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 lines of business, including racing in the future.

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 ensure 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. Amended Registrar’s Standards for Gaming were issued September 29, 2015. On September 30, 2015, OLG Slots at Kawartha Downs and OLG Thousand Islands Casino went live with the Registrar’s Standards for Gaming. In addition, Lottery Standards were developed and released to OLG in 2015.

The AGCO’s Regulatory Intelligence program is a key element of the AGCO’s Strategic Plan by enabling the AGCO to leverage data to inform regulatory activities across all lines of business and to ensure that decisions are made based on the analysis of trustworthy, meaningful and accurate data. Implementation of an IT solution has commenced and strategic data analysis in a number of key areas will continue in order to initially support and inform liquor regulation and later expand to inform gaming regulation.

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. These steps include, among other things, 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.

As the government considers the work and recommendations of the Premier’s Advisory Council on Government Assets for the distribution and retail of beer and wine in Ontario, the AGCO will have the opportunity to continue its regulatory modernization of the beverage alcohol industry in a way that supports new investment and innovation while upholding the public interest.

4.2 Value for Money

The AGCO is committed to remaining efficient and effective in its operations, supported by strong governance and accountability structures. The AGCO 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 thereby allowing for improved efficiency and service delivery. Other initiatives that enhance governance and accountability include Board training and an accountability framework that outlines the AGCO's requirements related to government oversight. To support the agency's commitment to Value for Money and enhanced accountability, the AGCO is currently implementing the second phase of a uniform and integrated process to identify, analyze, evaluate, treat, and monitor key risks across the organization. Enhanced accountability and governance is achieved through risk identification, mitigation and monitoring. The Enterprise Risk Management 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 has recently completed its 2014/15 Internal Audit and Evaluation Plan based on the key risks identified through the Enterprise Risk Management planning process.

More recently, the AGCO has also begun the development and implementation of a strategic and integrated approach to performance measurement in order to target, monitor and evaluate the extent to which the agency is accomplishing results. This enhanced approach to performance measurement will enable the AGCO 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.

4.3 Strategic Engagement

To further its commitment to Strategic Engagement, the AGCO continues to explore 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. The Office of Strategic Engagement continues to develop strategic partnerships and alliances to improve regulatory outcomes and strengthen AGCO's effectiveness as a regulator.

In addition, 28 municipal police services from across the province are now participating in the Last Drink program. Under this program, Ontario police services inform the AGCO about any alcohol-related driving offences where the drivers named a licensed establishment as the last place where they consumed alcohol. This information allows the AGCO to identify educational opportunities to work with licensees to better meet their regulatory obligations.

The AGCO continues to proactively work with multiple governments, industry and public interest partners on liquor and gaming matters. This proactive work includes engagement on the latest round of regulatory reforms aimed at the beverage alcohol industry, and the AGCO's Liquor Modernization project has involved strong stakeholder involvement to date. Additionally, the AGCO continues to collaborate with the OLG on the 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 AGCO and OLG established the Roundtable to serve 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 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 through the negotiation of bilateral MOUs between regulatory and law enforcement agencies. The AGCO currently has MOUs in place with 30 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 its operations. The AGCO will continue to ensure that all interactions with, and within, the organization 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.

The AGCO's Regulatory Assurance Solution initiative is a central component of the Strategic Plan commitment to offer modern and streamlined service delivery while also supporting broader government priorities of efficiency and accountability. The Regulatory Assurance Solution 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 an employer of choice is a key component of the AGCO's Strategic Goal to create a Rewarding Workplace. A Rewarding Workplace is one that supports an environment of high performing and empowered staff where people are valued and supported through effective talent management. This shift will occur 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 embedded in an employer of choice organization.

5. Overview of Programs and Activities

The AGCO and ORC are similar in many ways. Both agencies oversee and enforce compliance with their guiding legislation while protecting the public's interests in accordance with the principles of honesty and integrity, and social responsibility.

Providing high-level service delivery of AGCO and ORC programs and activities to meet the demands of stakeholders across all lines of business is of the utmost importance.

AGCO Programs and Activities

The AGCO is accountable for administering and enforcing the rules set by the Ontario government through the LLA and *Gaming Control Act* (GCA). The AGCO also administers the *Wine Content and Labelling Act*, sections 3(1)b, e, f, g and 3(2)a and b of the LCA, as well as the charity lottery licensing Order in Council (OIC) 1413/08.

The administration of these Acts and OIC involves the following core activities:

Regulating the Alcohol and Gaming Sectors

- Licensing and regulating establishments that sell and/or serve liquor, liquor delivery services, liquor manufacturers and their agents and ferment-on-premise facilities in Ontario.
- Administering the Special Occasion Permits program which is delivered through designated LCBO retail stores.
- Authorizing manufacturers' retail stores.
- Registering commercial suppliers and gaming employees of charitable gaming, casinos, iGaming and slot machine facilities.
- Registering suppliers and retailers of OLG lottery products.
- Administering, in partnership with municipalities, the regulatory framework governing the issuance of charitable lottery licences (e.g. bingo, raffles and break open tickets).
- Licensing games of chance at fairs and exhibitions.
- Approving rules of play or changes to rules of play for games conducted and managed by OLG.
- Excluding persons from accessing gaming sites in the province of Ontario pursuant to the GCA and its regulations.

Investigating, Inspecting & Monitoring

- Inspecting/monitoring licensed establishments to ensure compliance with the LLA and regulations.
- Inspecting/monitoring casinos, slot machine facilities, charitable gaming events/facilities and retail locations where OLG lottery products are sold for compliance with the GCA, its regulations, and licensing and registration requirements.
- Conducting background investigations on individuals and companies seeking registration and licensing under the GCA and LLA.
- Providing police presence at casinos and slot machine facilities.
- Developing and implementing Registrar's Standards for the conduct, management and operation of gaming sites, lottery schemes or related businesses and services.
- Conducting audits of companies registered and licensed under the GCA and LLA.
- Monitoring internal controls, surveillance and security systems and other operational systems for casinos and slot machine facilities for compliance with the Registrar's Standards for Gaming.

-
- Testing, approving and monitoring gaming equipment and systems (e.g. slot machines, gaming management systems, iGaming platforms).
 - Investigations of suspicious/insider wins that are carried out by the OPP Bureau assigned to the AGCO.

Arbitration

- Overseeing the arbitration of lottery disputes.

ORC Programs and Activities

The role and authorities of the ORC are established by the RCA.

At the time of writing the plan, the ORC has two divisions, Regulatory and Ontario Horse Racing (OHR) that allow for a distinct separation between the ORC's role in industry development and its continuing role as regulator of the industry. As a result, the following regulatory functions will be transferred to the AGCO, and other industry development functions will be transferred elsewhere.

Regulating the Horse Racing Sector

- Providing officials to supervise and officiate at all races conducted at Ontario's fifteen licensed racetracks and investigate alleged rule violations, fine/suspend licensees for violations, and conduct hearings on regulatory matters as required.
- Licensing individuals and businesses involved in the horse racing industry, including the processing of applications from racing participants (owners, trainers, grooms, etc.), and for racetracks and teletheatre locations.
- Performing compliance investigations including searches for prohibited items, enforcement of racetrack security standards and enforcement of Judges', Stewards' and Commission rulings.
- Investigating racing violations, criminal activities, due diligence of all participants, illegal gambling activities, horse abuse, race fixing or other racing and rule infractions, as well as investigating horse deaths.
- Liaising with the police community and other civilian regulatory bodies in and out of Ontario.
- Ensuring an Official Veterinarian is in attendance to supervise live racing and confirm that horses are healthy and fit to race.
- Monitoring and enforcing of the Equine Medication and Drug Control Program including identification and investigation of people and businesses involved directly and indirectly with illegal equine medication and drugs, as well as identifying new and unknown drugs and medication being used in horse racing.
- Testing horses on days that the horse is not scheduled to race (out-of-competition testing).
- Administering and overseeing the Human Alcohol and Drug Program designed to detect and deter substance abuse and to offer programs of intervention, rehabilitation and support to those identified as having substance abuse problems.
- Promoting safety and consistency for both racing participants and the equine athletes through the Minimum Standards Program including the introduction of helmets, safety vests and consistent standards in track maintenance.

- Adjudicating appeals of rulings made by Judges, Stewards and Racing Officials under the Rules of Racing and decisions of the Executive Director under the Rules and the RCA.

Management of the Horse Racing Partnership Funding Program

The OHR division of the ORC is primarily focused on industry development and the economic impact of the Ontario horse racing industry. With the dissolution of the ORC, and the merging of its regulatory functions into the AGCO, OHR functions will be transferred to successor entities (OLG, OMAFRA, Ontario Racing). The following areas will not fall under the AGCO's mandate:

- Negotiating, entering into, and managing Transfer Payment Agreements with eligible and interested racetracks and industry associations to provide funding for purses and, where appropriate, racetrack operations, and to support the development and delivery of industry development programs, specifically, enhanced breeding programs.
- Providing oversight to ensure accountability of Transfer Payment Agreement recipients.
- Fulfilling responsibilities related to the planning and implementation of industry development components including: Responsible Gambling, Marketing, Branding and Communications, Equine Welfare, and Performance Metrics.
- Administering the Horse Improvement Program comprised of the Standardbred and Thoroughbred Improvement Programs, and the Quarter Horse Racing Industry Development Program to provide valuable incentives for the breeding of Ontario racehorses.

6. Initiatives Involving Third Parties

The AGCO and ORC remain committed to fostering partnerships and collaborating with third parties nationally and internationally.

On the domestic front, the AGCO continues to partner and engage with the LCBO, registrants, and other agencies that play an important regulatory role. Notable efforts and a commitment to collaboration resulted in the creation of a new Service Level Agreement between the AGCO and LCBO. This updated agreement identifies areas of collaboration between the two organizations in order to ensure quality customer service with respect to the delivery of Special Occasion Permits. The AGCO and LCBO collaborated to launch the Beer in Grocery Stores program – working closely to align each other's components of the program (LCBO's competitive bidding process and AGCO's regulatory authorization process) to provide one cohesive experience for grocers.

AGCO-led Working Groups including the Responsible Gambling Roundtable, Charitable Gaming Strategic Working Group and Mega Raffle Working Group further illustrate an enhanced commitment to bring together industry partners and stakeholders in order to better deliver a regulatory approach that is evidence-based and responsive to stakeholder needs, feedback and public interests. Moving forward, the AGCO and ORC are exploring additional opportunities for stakeholder consultation and partnership. Specifically, the AGCO intends on consulting with external stakeholders from all lines of business as it moves ahead with the

design and implementation of the Regulatory Assurance Solution initiative. Once merged, the AGCO and ORC will continue looking to pursue additional partnerships with Canadian based regulators and agencies for the purpose of leveraging and exchanging information as a means to improve evidence-based regulatory operations.

The AGCO and ORC are working together to direct the transfer of the ORC's regulatory and adjudicative authority to the AGCO, the Licence Appeal Tribunal, and the Horse Racing Appeal Panel. The AGCO and ORC are also working with the Ontario Racing, OHR, OLG, and OMAFRA to ensure ORC core functions are transferred to the most relevant entity. The ORC continues to work jointly with the Canadian Pari-Mutuel Agency towards the development of equine testing programs and through an interchange agreement for the sharing of veterinary services. In addition, the ORC continues to maintain working relationship with the Canadian Centre for Ethics in Sport, College of Veterinarians, Canada Border Services Agency, and Harness Racing Australia. Furthermore, the ORC Investigations Unit has developed MOUs with other racing jurisdictions for the purpose of intelligence sharing. The ORC has MOUs in place with entities such as the Ontario Society for the Prevention of Cruelty to Animals, BC Gaming Policy and Enforcement Branch, Michigan Gaming Control Board, Maritime Provinces Harness Racing Commission, and Illinois Racing Board.

The AGCO and ORC remain committed to building and maintaining partnerships with law enforcement agencies across Ontario. Whether through regular contact between members of the OPP Bureau assigned to the AGCO and ORC, specialized educational seminars and materials on liquor enforcement for front-line police officers, information sharing on liquor, gaming and horse racing investigations, the AGCO and ORC value their partnerships with law enforcement agencies. The ORC continues to be actively involved with the Investigation Enforcement Directors' Council which is dedicated to advancing excellence in regulatory enforcement and maintains membership with the Criminal Intelligence Service of Ontario and the Canadian American Law Enforcement Organization. These activities and relationships will continue to be strengthened in 2016/17.

Internationally, the AGCO and ORC continue to participate in conferences such as the globally recognized International Association of Gaming Regulators conference. The AGCO and ORC remain committed to pursuing additional MOUs with regulatory agencies in foreign jurisdictions in order to conduct investigative work, establish and enforce common standards, and develop regulatory responses to new gaming products, equine testing and emerging risks.

7. 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. The AGCO Board reviews the annual budget.

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

Note: The numbers in the table below reflect a ministry budget constraint of 2.4% in 2014/15, and 4.4% in 2015/16 and ongoing.

	2014-15 Budget	2014-2015 Actuals	2015-2016 Outlook	2016-2017 Forecast	2017-2018 Forecast
Fees					
Liquor - related ¹	9,148.26	8,886.67	9,357.43	9,933.10	12,129.43
Gaming - related ²	10,958.89	10,879.03	10,624.27	10,808.85	12,729.83
Sub-Total	20,107.14	19,765.70	19,981.70	20,741.95	24,859.25
Levies					
Liquor – related	4.50	4.50	4.50	4.50	4.50
Gaming – related (Provincial Fee on Break Open Tickets)	5,437.50	5,590.31	5,523.38	5,412.91	5,304.65
Sub-Total	5,442.00	5,594.81	5,527.88	5,417.41	5,309.15
Total Fees and Levies	25,549.15	25,360.51	25,509.58	26,159.36	30,168.41

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

	2014-2015 Budget	2014-2015 Actuals	2015-2016 Outlook	2016-2017 Forecast	2017-2018 Forecast
Salaries and Benefits ^{3,4,5}	63,134.00	61,149.13	64,562.60	73,481.05	73,481.05
ODOE (Other Direct Operating Costs) ^{3,4,5}	12,179.80	11,587.11	12,601.70	23,744.35	14,700.45
Recoveries ^{4,5}	(45,842.30)	(43,267.12)	(47,763.00)	(68,438.00)	(59,394.10)
Total	29,471.50	29,469.12	29,401.30	28,787.40	28,787.40

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

	2014-2015 Budget	2014-2015 Actuals	2015-2016 Outlook	2016-2017 Forecast	2017-2018 Forecast
IT Hardware	756.80	719.81	283.80	173.90	277.80
(RAS) Regulatory Assurance Solution ⁶	1,518.00	767.61	3,112.60	4,098.00	0.00
Deferred Capital Contribution	(1,518.00)	(771.61)	(3,112.60)	(4,098.00)	0.00

- (1) The increase in liquor fees in 2015-16, as announced by government, reflects grocery stores authorized to sell beer that are required to pay a regulatory fee.
- (2) Gaming fees from 2014-15 to 2016-17 reflects registration fees paid by the shortlisted applicants who applied for the bundles under OLG's Gaming Modernization initiative. The increase in 2017-18, reflects the successful applicants paying an additional registration fee per gaming site.
- (3) The increase in expenditures in 2015-16 reflects the regulation of beer in grocery stores; as only 2015-16 costs have been approved thus far, these costs are not reflected in out-years.
- (4) In 2016-17 and out-years, the increases in Salaries and Benefits, Other Direct Operating Expenses (ODOE) and Recoveries reflects the merger of the ORC and AGCO, effective April 1, 2016. These increases include expenses resulting from the transfer of responsibilities from the ORC to LAT and the Agency and Tribunal Relations Divisions at MAG, which will also be recovered from the horse racing industry by the AGCO.
- (5) The AGCO's ODOE expenditures for 2014-15 to 2016-17 include one-time expenditures for iGaming and Eligibility Assessments related to Gaming Modernization, both of which are recoverable.
- (6) The Capital Assets table reflects the capital expenditures related to the implementation of AGCO's Regulatory Assurance Solution.

8. Human Resources

With the anticipated proclamation of the HRLA, the AGCO and the ORC will be merged on April 1, 2016 and both organizations are currently in a soft merger environment. A significant amount of work is underway to integrate the organizations from a business and people perspective.

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

- Employees believe that their contributions are valued;
- Employees are supported by their managers; and
- Creativity and openness in giving and receiving feedback are encouraged.

8.1 Strategy and Alignment

The primary focus in the coming year is the continued work to strengthen the newly merged organization. To date, Human Resources has focused mainly on integrating AGCO administrative and corporate functions while establishing strong working relationships between people in the two organizations. The goal is to have a seamless merger with no disruption of service to stakeholders.

An Integration Office has been established to oversee the integration process, as well as the joint AGCO and ORC Platform teams, who have been tasked with developing and implementing plans to combine and streamline liquor, gaming and racing operations in the Province of Ontario. In 2016/17, it will be time to build upon that foundation and take steps to ensure that the AGCO and ORC workforce is united, while recognizing and appreciating the uniqueness of both the staff and the industries.

8.2 Talent Acquisition

AGCO's workforce demographics indicate that 86% of the senior Executive Team and 17% of staff across the organization are forecasted to be eligible for retirement in the next five years. This anticipated turnover will present a challenge for workforce planning. Ensuring that staff possess the requisite skills through succession planning and knowledge transfer is essential, particularly as AGCO continues its significant organizational transformation. Workforce planning has begun for the expected retirements in 2016 due to the change in retiree benefits that are anticipated to be effective in January 2017.

Next steps will include examining the ORC's workforce in more detail and to plan for anticipated workforce shortages due to retirements. Proactive strategies also need to be developed to plan for workforce shortages in difficult to fill roles due to skill shortages in some areas of Racing Operations eg: officiating positions.

Proactive strategies are also being developed in order to attract highly trained and skilled talent in the future including developing more creative and inclusive recruitment strategies and profiling the organization to be appealing to external candidates considering employment with the AGCO.

9. Staff Numbers

Headcount is determined by adding the number of active employees employed as of the end of the month. 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.¹

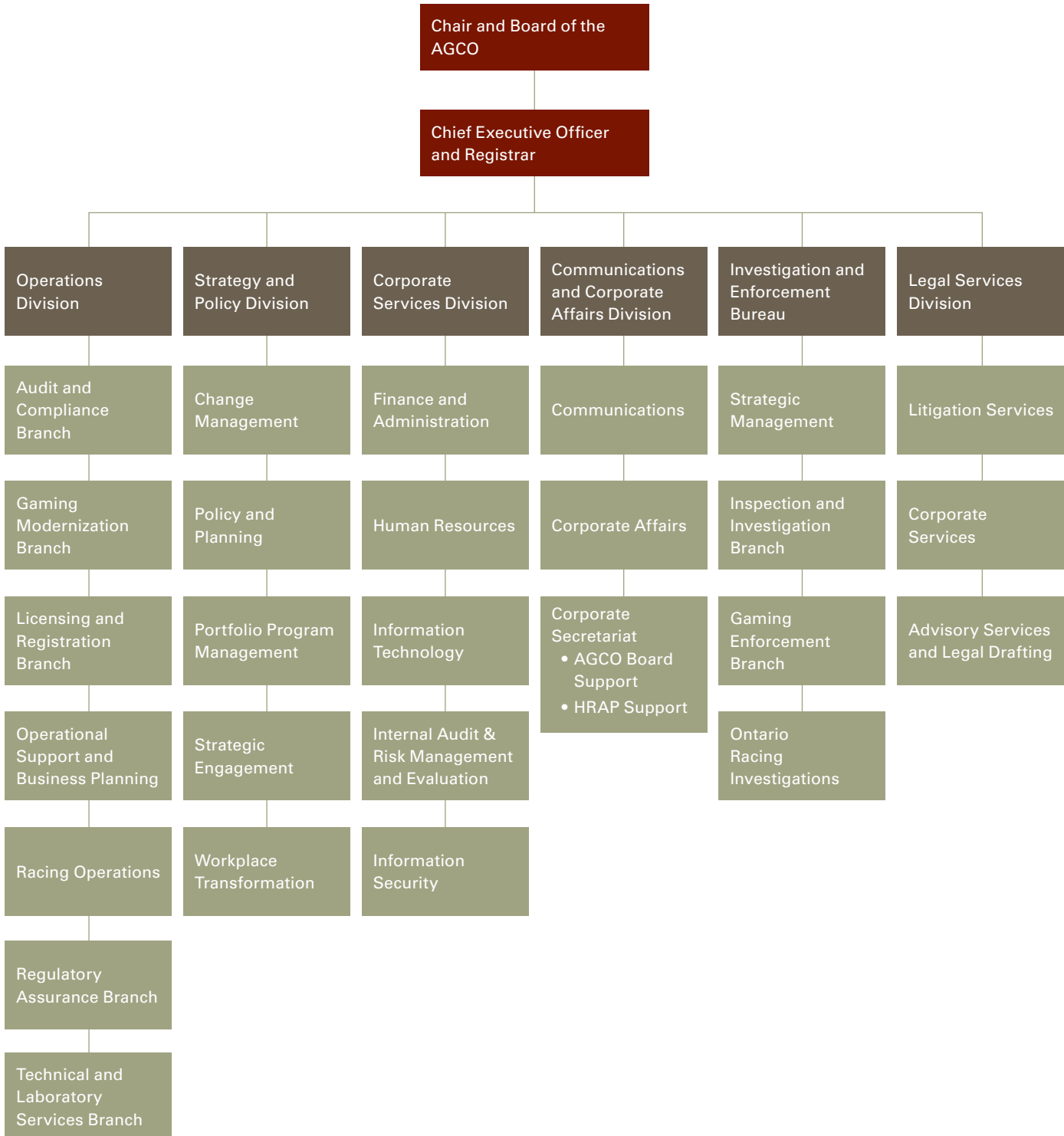
Staff Numbers ²				
	Management	Union	Non-Union	TOTAL
AGCO				
Permanent	63	296	24	383
Part-time Permanent	0	9	1	10
Contract	3	16	21	40
Temporary	0	0	7	7
Seconded from other agencies/ministries:	0	0	2	2
AGCO TOTAL	66	321	55	442
OPP				144
OIC (Board of Directors)			5	5
ORC				
Permanent	10	28	7	45
Part-time Permanent	0	31	5	36
Interchange Agreement	1	0	0	1
Temporary	0	0	2	2
ORC TOTAL	11	59	14	84
ORC OPP				7
ORC OIC (Board of Directors)			6	6

¹ The AGCO has typically experienced turnover rates of less than 5%. Research indicates that the average turnover rate for all industries in 2011 was over 11%.

² Staff numbers as of October 31, 2015.

10. Organizational Chart

AGCO/ORC Interim Merged Organizational Chart as of April 1:



11. Resources Needed to Meet Goals and Objectives

The AGCO's fiscal and human resources needs for 2016 – 2017 are driven by a number of factors, including:

- Successive mandate expansions such as the transfer of authority for the regulation of horse racing from the ORC;
- Changes to the framework for liquor regulation stemming from the Premier's Advisory Council on Government Assets, including the sale of beer in grocery stores and the potential sale of wine in grocery stores;
- Eligibility assessments of applicants for registration under the GCA required to support the OLG and government's gaming modernization initiatives including the transition to a Standards-Based regulatory environment, proposals for new games and ongoing education;
- Project management support with the development and implementation of operational programs including Electronic Raffles and the further expansion of iGaming; and,
- As a result of the forecasted retirement eligibility of AGCO staff in the next five years, talent acquisition will be necessary to ensure that the AGCO has staff with the requisite skills to fulfill its mandate. The competition for talent will become more challenging as large numbers of people retire from the Ontario workforce.

12. Diversity and Inclusion Plan

The AGCO has developed a three-year Diversity and Inclusion Plan. The AGCO's 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, gaming and racing 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. A key goal in the next fiscal year is to conduct a demographic survey to assist with gaining a better understanding of the AGCO's workforce and to develop plans for bridging gaps that are identified through the survey.

13. 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 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 which continues to inform the ongoing review and development of AGCO's Accessibility Plan and Policies.

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 AGCO has effective accessibility policies and plans in place to successfully continue to address the requirements under the IASR. The ADO made one recommendation with respect to the AGCO's multi-year accessibility plan which the AGCO has implemented.

As part of the overall implementation of the AGCO's Accessibility Plan and Policies, over the past two years the AGCO has taken 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 measures 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, and the Absence and Disability Management Program to help employees further manage their health and wellness. In the past year, the AGCO has also updated its policies with respect to its public spaces, including updating its procedures to ensure the maintenance of accessible elements in the AGCO's public spaces.

As part of the anticipated merger of the AGCO and ORC, in the coming year the AGCO will continue to work on refining its accessibility plan with a focus on ensuring that the policies and practices of the AGCO and the ORC are aligned and merged to ensure that information continues to be accessible and meets the needs of all stakeholders, including persons with disabilities.

14. Performance Measures

The AGCO's approach to performance measurement enables the agency to further improve program effectiveness by promoting a new focus on results, service quality and value for money through continued targeting, monitoring and evaluation of results. This performance measurement framework builds on the foundation for effective application of data analytics capabilities to evaluate and measure AGCO policies, programs and performance. Appendix B includes 2014/15 results of the Strategic Plan performance measures along with their linkage to the AGCO's five Strategic Goals.

A rigorous approach to performance measurement will be a continued focus as the agency's mandate expands in the coming years to ensure that government and internal agency objectives are being met. More specifically, the horseracing integration process will be accompanied by the development of key performance indicators and a performance-based reporting system which includes ongoing measurement and tracking of progress against expectations throughout the integration period. Appendix C includes 2015 projected results for ORC performance measures.

AGCO 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.

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.

15. Risk Identification, Assessment and Mitigation Strategies

15.1 Assessing and Managing Risk

AGCO

The AGCO leverages sound risk management methodologies through the continued use and enhancement of an Enterprise Risk Management Framework. The framework assists in enabling the organization to identify areas of potential and existing risk and ensures that risk is routinely identified, assessed and overseen by the AGCO Board.

This forms the basis of a systematic, disciplined and integrated approach to the management of risk. The Enterprise Risk Management Framework will continue to form a foundation to guide management decision-making processes when developing strategic plans and corporate planning activities. 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.

16. Implementation Plan

The AGCO's enhanced planning process aligns the agency's major initiatives to the five Strategic Goals across all levels of the organization. This approach ensures that the work that is currently underway, as well as any future initiatives, will continue to align to the AGCO's Strategic Plan. This enhanced planning process is meant to track and report on progress of ongoing initiatives, while also informing the consideration of new initiatives. Work is underway to meaningfully integrate the ORC into the AGCO planning process.

Through the AGCO's enhanced planning process, the Corporate Plan aligns agency-wide initiatives with the five Strategic Goals. The Corporate Plan identifies major initiatives from across the organization, including project owners, key commitments, and deliverables, while also providing status updates on the projects. The status of the initiatives within the Corporate Plan is updated and reported quarterly to the CEO and AGCO Board of Directors. As many of the Corporate Plan initiatives are now moving from the planning to implementation phase, an increased emphasis on excellence in implementation will be a significant focus area for the agency.

Division-level planning has also been reformatted to support the agency's Strategic Plan, with all initiatives realigned to the five Strategic Goals. Along with corporate-level initiatives, the Divisional Plans also report on division-level initiatives which support the achievement of the agency's Strategic Goals. The next stage in divisional planning is the development of branch or project plans where appropriate.

17. Communication Plan

17.1 General

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

In 2013/14, the AGCO developed a Strategic Communications Plan to further support the objectives and activities of the AGCO, consistent with its overall Strategic Plan and five Strategic Goals. The Communications Plan includes external and internal corporate communications initiatives, taking into account issues management, media relations, social media and various engagement strategies and activities. The Communications Plan outlines current activities and proposes approaches and initiatives that will facilitate and enable the AGCO's overall transformation agenda.

As a result of the planned merger of the AGCO and ORC the Communications Plan has been revised to incorporate the merger goals and objectives, as well as ongoing communication to AGCO and ORC internal and external stakeholders.

In the coming year, comprehensive communications strategies, both external and internal, will be implemented to provide stakeholders and 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 redesigned web and intranet sites, Information Bulletins, Important Notices and stakeholder consultations, as appropriate.

18. Appendix A – AGCO and ORC Boards

Name	Position	Original Appointment	Current Term Start Date	Current Term Expiry Date	Residence
Elmer Buchanan	ORC Chair (Part Time)	November 2013	November 6, 2014	November 5, 2016	Havelock
	AGCO Member (Part Time)	July 2015	July 22, 2015	July 21, 2016	
Justin Fogarty	ORC Member (Part Time)	October 2014	October 22, 2014	October 21, 2016	Alliston
Beryl Ford	AGCO Member (Part Time)	September 2004	September 30, 2014	September 29, 2016	Brampton
Brian J. Ford	AGCO Member (Part Time)	September 2004	September 17, 2014	September 16, 2016	Ottawa
S. Grace Kerr	AGCO Member (Part Time)	July 2007	July 25, 2013	July 24, 2016	London
	AGCO Vice Chair (Part Time)	December 2013	June 26, 2014	July 24, 2016	
	ORC Member (Part Time)	July 2015	July 22, 2015	July 21, 2016	
John W. Macdonald, Q.C.	ORC Member (Part Time)	December 2009	December 1, 2014	November 30, 2016	Toronto
Eleanor Meslin	AGCO Member (Part Time)	November 2000	February 19, 2014	February 18, 2016	Toronto
	AGCO Chair (Part Time)	February 2011	February 19, 2014	February 18, 2016	
	ORC Member Ex-Officio	N/A	N/A	N/A	
Sandra Meyrick	ORC Member (Part Time)	August 2013	August 7, 2015	August 6, 2016	Toronto
Bruce Miller	AGCO Member (Part Time)	December 2008	December 3, 2014	December 2, 2016	Eagle Lake
Anne F. Walker	ORC Member (Part Time)	September, 2012	September 12, 2014	September 11, 2016	Stirling

Eric Anthony Clear (Tony) Williams	ORC Vice Chair (Part Time)	November, 2012	November 6, 2014	November 5, 2016	
	AGCO Member (Part Time)	July, 2015	July 22, 2015	July 21, 2016	Alton

19. Appendix B – AGCO Performance Measures

Strategic Goal Supported	Performance Measure	Five Year Planning Cycle Target	2014/15 Results
Modern Regulator	Percentage of compliance matters resolved through the LOI Process without a request for hearing	Maintain the ratio of compliance matters resolved through LOI process without request for hearing at an average of 90%	90%
	Compliance rate of licensees following compliance-focused pilot initiatives	Rate of infractions declines relative to number of inspections	36% decrease
	Percentage of high-risk infractions following transition to a compliance-based operating model	Maintain an average 30% decrease in infractions compared to benchmark data	45% decrease
Value for Money	Average gaming and liquor application turnaround time	Average turnaround time meets or is lower than AGCO Standard (30 days)	Liquor: 29 days Gaming: 13 days
	Average electronic gaming lab testing turnaround time	Average turnaround time meets or is better than comparable jurisdictions (New Jersey = 53 days, Michigan = 52 days, and Nevada = 35 days)	48 days
Strategic Engagement	Current number of MOUs with external law enforcement agencies to advance the AGCO's regulatory interests	Increase number of MOUs by 20%	11% increase
	Percentage of stakeholders indicating a high level of satisfaction following AGCO engagement sessions	Percentage of stakeholders indicating a high level of satisfaction following VQA Wine Sales at Farmers' Markets engagement sessions averages 80%	89%
Quality Service Experience	Percentage of gaming operators/suppliers 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%
	Percentage of stakeholders indicating AGCO Education, Training and Awareness session increased their awareness of Ontario's Liquor Laws	Percentage of stakeholders indicating session increased their knowledge averages 90%	92%

Rewarding Workplace	Retention rate of permanent, full-time AGCO employees	Increase employee retention rate to 95%	94%
	Time to fill vacancies	Average time to fill vacancies meets or is better than AGCO internal target (9 weeks)	8 weeks
	Percentage of AGCO employees indicating high/ very high level of understanding of AGCO's Strategic Plan Vision	Percentage of employees indicating high/ very high level of understanding of AGCO's Strategic Plan Vision averages 80%	95%

20. Appendix C – ORC Performance Measures

Regulatory Performance Measures

These numbers are used to measure and provide information on the activities of the Regulatory Division.

Investigations	2015 Projection
Compliance Activities	265
Due Diligence Activities	1,397
Medication Control Activities	241
Regulatory Activities	83

Number of Licences Issued	2015 Projection
Thoroughbred	6,101
Standardbred	11,035
Quarter Horse	545
Total all breeds	17,681

Adjudication of Appeals	2015 Projection
Thoroughbred	21
Standardbred	31
Quarter Horse	0
Total all breeds	52
Appeals of Decisions of the Director regarding regulatory program participation	17
Number of Hearing Dates	38

Note to Performance Measures: Horse racing statistics are calculated on a calendar year across North America, 2015 numbers are projections.