

# AGCO

Alcohol and Gaming  
Commission of Ontario

## Business Plan April 1, 2019 to March 31, 2022

ALCOHOL AND GAMING COMMISSION OF ONTARIO

**Approved by the AGCO Board of Directors  
December 19, 2018**

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## 1. EXECUTIVE SUMMARY

The year 2018 marked a significant milestone for the AGCO – it commemorated the agency's 20-year anniversary, which was celebrated with pride on February 22<sup>nd</sup>, 2018. It has been another busy and rewarding year for the AGCO. This Business Plan outlines the agency's accomplishments over the past year, including the transformative changes the AGCO has undergone to advance its agenda to modernize its regulatory approach, business processes and workplace environment. The Business Plan also sets out the path forward for 2019/20 - 2020/21, which promises to be another exciting chapter in the AGCO's ongoing history.

The Ontario Government has clearly communicated its support for enhancing economic development in Ontario, in part, through the reduction of administrative and regulatory burden on businesses. The Alcohol and Gaming Commission of Ontario (AGCO) is in the process of continuing a major transformation to improve services and increase flexibility while continuing to regulate these industries to ensure they operate with honesty and integrity and in the public interest. As it develops and implements the licensing structure for storefront recreational cannabis, these goals are top of mind.

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

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

The AGCO continues its commitment to strategic engagement as a key aspect of how it does business. This strategy has enhanced stakeholder awareness about major corporate initiatives and has been leveraged as a means of consensus-building for the development of evidence-based policy. This approach has aided the AGCO in its support of significant government objectives, including the harmonization of Sunday hours for liquor sales.

Going forward, modernization efforts in accordance with the AGCO Strategic Plan will continue to be realized through a number of significant initiatives, most notably the ongoing implementation of iAGCO, the AGCO's new electronic service delivery platform that supports licensing, permits and registrations for its regulated sectors. As of November 19, 2018, Ontario's lottery and gaming registrants can now conduct all of their transactions with the AGCO online. Preparations are underway to launch cannabis and horse racing phases of implementation in the coming year. As of early 2019, iAGCO functionality will allow for the online application and issuance of all liquor licenses.

As the AGCO enters the first year of its new five-year Strategic Plan, the organization is refocussing on the new strategic goals, while continuing to evolve its regulatory and business functions in support of government objectives. The AGCO continues to strive to successfully meet its ever-expanding

regulatory mandate within Ontario's complex alcohol, gaming, horse racing, and storefront retail cannabis sectors.

During the last year, the AGCO accomplished a number of key achievements in support of the AGCO's Strategic Goals and Business Plan commitments, the following include a few highlights:

### ***Modern Regulator***

- The AGCO has been moving quickly to define the licensing process for private cannabis retailers once the legislation has been enacted and will work closely with the government to support the goal of having these retailers licensed and open for business in April 2019.
- Working with the Ontario Lottery and Gaming Corporation (OLG) to implement the overall modernization strategy, including transitioning new Casino Operators, and supporting key components of the OLG Player Platform and Lottery Modernization Strategy;
- Amendment of several policies for liquor manufacturers: removal of the cap on value-add promotions; no longer mandating licensed off-site winery retail stores to be closed during certain holidays; extension of by-the-glass licensing to include distilleries; expansion of wine sales at Farmers' Markets to include honey and maple wine; and permitting the sale of ICB wine at on-site winery retail stores (blend of imported/domestic) and most recently the harmonization of Sunday hours for liquor retailers;
- As part of the "Moving Ahead: Horse Racing Regulation in Ontario" project, and following extensive consultation with Ontario's horse racing industry, the AGCO implemented changes to the Equine Drug Program process and changes to the Rules of Racing, including the introduction of a Temperature Standard for Race Tracks. The updated rule books were published in fall 2018. An online version of the rule book is also being developed and scheduled for launch in 2019.
- Broadening the Electronic Raffle Regulatory Framework as part of the launch of Phase 2 in November 2018, in order to reduce the administrative burden on Ontario charities and religious organizations, and to provide them with greater flexibility when conducting and managing raffles.

### ***Service Excellence***

- The continued modernization of the AGCO service delivery model through the phased implementation of the iAGCO web-based portal included the implementation of new phases in 2018.
  - Phase 2 went live in January 2018, and included Liquor Sales Licences, and other liquor licensing applications such as Manufacturer's Representatives, Ferment on Premises and Liquor Delivery services.
  - Phase 3 iAGCO services for Gaming Assistants and Lottery Retailers, among others, went live in November 2018.
- A new Complaints and Inquiries Handling Policy was launched to clarify how complaints and inquiries should be received and responded to at the AGCO, and to affirm the intention of the AGCO to use information from complaints and inquiries to support continuous improvement.

- Designing and delivering a number of educational webinar sessions to industry stakeholders affected by new policy directives.

## **People-Centric**

- Under the organizational design initiative, the AGCO is examining the optimal structure for the agency and to identify ways to help it to be more flexible, dynamic, and agile. The aim is to make sure the organization is structured to support the best possible delivery of services and strategic priorities, and able to anticipate and support future internal and external disruption and change.
- The first stage of the Remote Work Arrangements program was launched to provide a structure for employees to be able to work from an alternate work location part of the time, when appropriate to their duties and functions.
- As part of the AGCO Next initiative that is about internally transforming the agency, employees were invited to create and deliver a 'NEXT Talk' presentation related to a specific theme. Two successful talks were delivered based on the themes 'making connections that matter' and 'empowering people and fostering growth'.
- In response to the Employee Engagement Survey results the AGCO committed to developing action plans to build on two corporate themes. The first is 'opportunities to have ideas adopted and put into use', and the second is 'efficient and effective work structures and processes'.
- Successfully held the first-ever AGCO virtual Town Hall series to connect with AGCO staff across the province over the course of one week, through a combination of live streaming interactive sessions, themed days with customised content, recorded presentations and a social media platform to respond to questions. The approach was a modern and cost-effective way to engage employees across the province.

## **2. MANDATE**

The AGCO is an arm's length regulatory agency of the provincial government, reporting to the Ministry of the Attorney General (MAG), that was established February 23, 1998 under the *Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996*.

Since its inception in 1998, the AGCO's mandate has continuously evolved in support of the general overall growth of the liquor, gaming, and, more recently, horse racing and storefront recreational cannabis sectors in Ontario. Doing so has required that the AGCO's regulatory approach remain nimble and adaptive to ensure these sectors continue to be regulated effectively and efficiently, while always ensuring that the AGCO is acting in the public interest and in accordance

### **The AGCO is responsible for the administration of:**

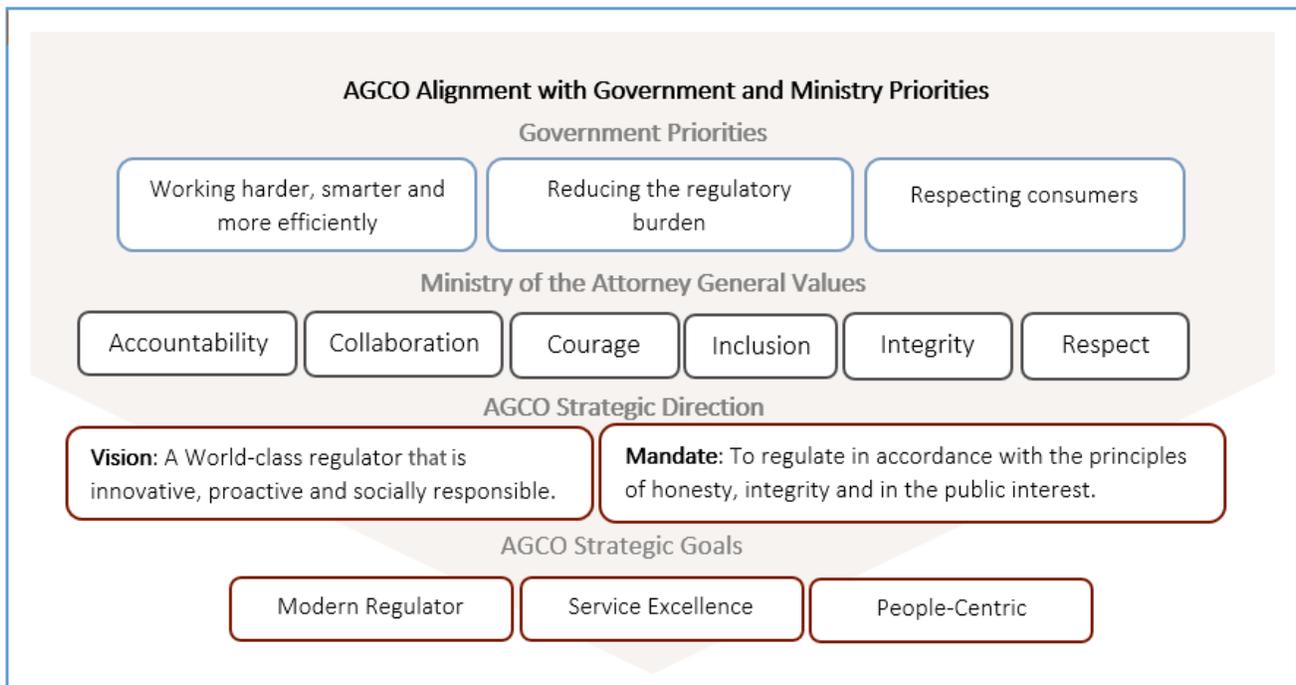
- *Liquor Licence Act, 1990*
- *Wine Content and Labelling Act, 2000*
- *Liquor Control Act, 1990* [sections 3(1)b, e, e.1, f, g; 3(2) a; 3.0.1 (1) and (2); 3.0.3 (1), (2), (3) and (5); 4.1]
  - *Regulation 717 [Subsections 3(1) and (2)]*
  - *Regulation 232/16 [Subsections 5 and 6; subsection 34(2)]*
- *Gaming Control Act, 1992*
- *Charity Lottery Licensing Order-in-Council 1413/08 (as amended)*
- *Horse Racing Licence Act, 2015*
- *Cannabis Licence Act, 2018*

with the principles of honesty, integrity, and social responsibility as prescribed in the AGCO's governing legislation.

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

- Working harder, smarter and more efficiently;
- Reducing the regulatory burden; and
- Respecting consumers to make the responsible choices that work best for them.

As a provincial Crown agency that reports to the Ministry of the Attorney General, the AGCO's People-Centric strategic goal aligns with MAG's values of collaboration, respect, integrity and inclusion. The strategic goal of Service Excellence reflects MAG's own commitment to service excellence, as well as the Ministry's commitment to accountability. MAG's vision of an innovative, sustainable and responsive justice system that inspires public confidence and upholds the rule of law inspired the AGCO's own vision of being a world class regulator that is proactive and socially responsible.



### 3. OVERVIEW OF PROGRAMS AND ACTIVITIES

The AGCO oversees, promotes and enforces compliance with its legislation while protecting the public's interests in accordance with the principles of honesty, integrity and social responsibility, and in alignment with government and ministry priorities. The following core activities enable the AGCO to effectively fulfill its mandate in Ontario's alcohol, gaming, horse racing and storefront recreational cannabis sectors:

- Licensing and regulating establishments that sell or serve liquor, liquor delivery services, liquor manufacturers, their representatives and representatives of foreign manufacturers, and ferment on premise facilities.
- Administering the Special Occasion Permit program.
- Authorizing manufacturers' retail stores, which includes on-site and off-site winery retail stores, on-site distillery retail stores and brewery retail stores, and Brewers Retail Inc. stores ("The Beer Store").
- Authorizing grocery stores to retail alcohol to the public.
- Registering operators, suppliers, retailers/sellers and gaming assistants in the lottery and gaming sectors.
- Administering, in partnership with municipalities and First Nations licensing authorities, the regulatory framework governing the issuance of charity lottery licences (e.g. bingo, raffle and break open ticket events).
- Licensing games of chance at fairs and exhibitions.
- Approving rules of play or changes to rules of play for games of chance conducted and managed by the Ontario Lottery and Gaming Corporation (OLG).
- Excluding persons from accessing gaming premises in Ontario pursuant to the *Gaming Control Act, 1992*.
- Regulating the conduct of horse racing conducted at Ontario's licensed racetracks through the Rules of Racing for thoroughbred, standardbred and quarter horse breeds, and exercising authority for the overall governance of horse racing in Ontario.
- Promoting safety and consistency for both horse racing participants and the equine athletes.
- Licensing individuals and businesses involved in the horse racing industry, including the processing of applications from racing participants and for racetracks and teletheatre locations and conducting due diligence reviews and investigations of applicants.
- Licensing and regulating participants in the storefront recreational cannabis, including retail operators; retail managers; and store locations.

#### **Compliance Activities**

- Inspecting and monitoring licensed establishments to ensure compliance with the *Liquor Licence Act* and regulations.

- Inspecting and monitoring authorized grocery stores for compliance with the *Liquor Licence Act*, Regulation 232/16 under the *Liquor Control Act* and relevant terms and conditions.
- Inspecting and monitoring casinos, charitable gaming events/facilities and retail locations where OLG lottery products are sold for compliance with the *Gaming Control Act, 1992* and its regulations, licence/registration requirements and standards and requirements established by the Registrar of Alcohol, Gaming and Racing.
- Testing, approving and monitoring slot machines and gaming and lottery management systems.
- Proactively providing education to all sectors and to those who are regulated, to increase their understanding of regulatory obligations and to improve overall compliance.
- Investigating alleged horse racing violations, horse abuse, race fixing or other racing and rule infractions, as well as investigating horse deaths.
- Ensuring an Official Veterinarian is in attendance to supervise live racing and confirm that horses are healthy and fit to race.
- Monitoring and enforcing 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.
- Administering and overseeing the Human Alcohol and Drug Program for horse racing participants which is designed to detect and deter substance abuse and to offer programs of intervention, rehabilitation and support to those identified as having substance abuse problems.
- Supporting the health and welfare of horses and horse racing participants.
- Ensuring the safe, responsible and lawful sale of cannabis, consistent with the *Cannabis Licence Act, 2018*.

### **Appeals**

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

### **Arbitration**

- Conducting arbitration of lottery disputes.

## 4. ENVIRONMENTAL SCAN AND RISKS

The liquor, gaming, horse racing, and cannabis sectors in Ontario have become increasingly complex, global and dynamic. This reality challenges the AGCO to adapt its regulatory approach while maintaining a high degree of public confidence in fulfilling its regulatory mandate in these sectors. In particular, these sectors operate within a multifaceted social and economic context where business considerations need to be balanced with public safety and public health issues related to liquor, cannabis, gambling and horse racing. The AGCO aims to balance the views and interests of industry, social responsibility stakeholders and government when considering and recommending changes to legislation, regulations or policy and when establishing programs and strategies for regulating these sectors.

As with other public sector organizations, the AGCO faces the challenge of managing an expanding mandate, often without a corresponding expansion of resources. In the last few years, the AGCO has taken on new industries, assuming responsibility for the regulatory responsibilities of the horse racing industry and private cannabis retailers, as well as new programs, including the ongoing expansion of beer, wine, and cider sales in grocery stores. At the same time, public expectations and the AGCO's visibility continue to rise, making it even more imperative that the AGCO regulate effectively. These new challenges underline the importance of focusing regulatory attention on higher-risk areas, so that the AGCO is better equipped to navigate a changing environment.

### 4.1 External Factors

#### ***Ontario Government Direction – Speech from the Throne, Fall Economic Statement***

In the July 2018 Speech from the Throne, the Ontario Government outlined its priorities for the legislative session. The speech emphasized smart and efficient use of public resources, and respect for consumer choice. The government also highlighted the need to reduce regulatory burden on Ontario businesses. Specifically, the government reiterated its commitment to expand the sale of beer and wine to convenience stores, grocery stores and big-box stores.

The AGCO took note of the September 2018 report “Managing Transformation: A Modernization Action Plan for Ontario.” In particular, the AGCO will align its activities with the identified priorities to implement a modernized Ontario government. In the 2018 Economic Outlook and Fiscal Review, the government reiterated its ongoing focus on reducing regulatory burden for business, and its commitment to modernizing the rules for the retail and consumption of beverage alcohol and highlighted its plan to develop options to allow for the sale of beer and wine at corner stores and big-box stores. As an immediate first step in modernizing in this sector, the AGCO announced the alignment of permissible hours for the Beer Store, the LCBO and other authorized retailers such as grocery stores and agency stores to allow them to sell alcohol from 9:00 a.m. to 11:00 p.m., seven days a week.

## ***Ontario Legislative Changes***

In December 2017, Ontario passed the *Cannabis Act, 2017*, in response to the federal legalization of recreational cannabis. In October 2018, Ontario passed the *Cannabis Statute Law Amendment Act, 2018*. In part, that Act created the *Cannabis Licence Act, 2018*, which will form the basis of the regime for the storefront sale of recreational cannabis in Ontario.

The AGCO is supporting the development and implementation of this private licensing model to create a socially responsible marketplace that can be sustained against the illegal market. The AGCO has and will continue to leverage its existing regulatory expertise to prepare for the opening of storefront recreational cannabis stores in April 2019.

## ***Federal Legislative Changes***

The federal government legalized recreational cannabis in Canada through the *Cannabis Act*, which came into effect on October 17, 2018. In Ontario, the Legalization of Cannabis Secretariat continues its work to coordinate and align the province's legal, regulatory and policy development as legalization takes effect. As noted above, the recently passed *Cannabis Licence Act, 2018* provides for the future regulation of storefront recreational cannabis.

## ***OLG Gaming Modernization***

The OLG continues to implement its gaming modernization initiative which includes three key priorities: becoming more customer-focused; securing qualified service providers for the day-to-day operation of gaming; and renewing the 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 operations, the two organizations will continue to work together as implementation of the modernization strategy moves forward. Key components of the strategy include increased private sector involvement, the introduction of new gaming service providers, new gaming sites and gaming channels, multi-lane lottery sales, rationalization of gaming operations in general and a greater focus on consumer protection and responsible gambling.

## ***Open Government***

The Open Government initiative was launched in Ontario in October 2013 with the objective of increasing transparency and accountability in government. The AGCO applies the Open Government approach in a number of its activities, including in its Strategic Engagement Framework and its commitments in accordance with the Open Data Directive. As part of these commitments, the AGCO has published a list of datasets in its custody and control, and over the coming year, will continue to make be making datasets open to the public on its website under through an "open by default" approach.

## ***Open for Business and Economic Development***

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

Internally, the AGCO continues to work on a number of initiatives which support the overall goals of this program by reducing administrative burdens and using a regulatory approach intended to support responsible economic development. The Standards-Based Approach as the regulatory framework in the gaming sector, for example, allows operators and businesses more flexibility to adapt to marketplace changes and ultimately to increase their competitiveness. A similar approach is also at the forefront for future regulatory reforms in the liquor and horse racing sectors. In the storefront recreational Cannabis stores, the need for operator flexibility is a driving objective in the development and implementation of the regulatory model.

The achievement of these goals is enhanced through the AGCO's continued efforts to build strategic partnerships and share information with government ministries and agencies including MAG, MOF, MTO, the Ontario Cannabis Store, OLG and the LCBO.

## ***Social Responsibility: Evolving Social Attitudes***

In an ongoing effort to modernize as a regulator and to better reflect the industries it regulates and developing societal views, the AGCO continues to refine its role in the promotion of social responsibility in the alcohol, cannabis, gaming and horse racing sectors. In the gaming industry, this has led to a focus on responsible gambling, while the changing views of the liquor industry place a greater emphasis on responsible use and enjoyment. In the horse racing sector, the AGCO is working with its industry partners on the development of a concussion management standards-based rule. Additionally, as part of the regulation of storefront recreational cannabis, the AGCO will be working with the industry to determine the best course to promote social responsibility in this line of business.

## ***Emerging Issues and Industry Trends***

The AGCO will continue to stay informed on issues related to unregulated areas of sectors we regulate, including unregulated internet gambling.

As a modern and collaborative agency, the AGCO is prepared to work with government partners, municipalities, law enforcement, and its stakeholders to address new challenges that may arise in the future.

## **4.2 Internal Factors**

### ***Expansion of AGCO Regulatory Mandate***

Marketplace evolution within the liquor and gaming sectors, along with government initiatives and legal and regulatory reforms such as recreational cannabis legalization, have continued to expand the AGCO's regulatory authority. To help manage the operational and financial pressures related to this expanded mandate, the AGCO continues to implement its long-term direction through its Strategic Plan.

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

### ***Education, Training and Awareness (ETA) Initiatives for Licensees and Registrants***

The ETA strategy, and will continue to enhance and reinforce the AGCO's approach to education across all its lines of business. The objectives of the ETA strategy are to ensure that existing and new initiatives are anchored in AGCO priorities, benefit from internal coordination, and support improved regulatory compliance and outcomes. One of the core elements of the strategy is to be more responsive to stakeholders' feedback on potential options, opportunities and priorities from an educational perspective moving forward.

New programs will be identified to support stakeholder education and understanding of the laws that apply to them, including webinars on cannabis licensing. Funding for these new programs, in whole or in part, may come by leveraging monies generated through the assessment of Orders of Monetary Penalty (OMP). Moving forward, the AGCO will continue to use OMP funds to improve the education it provides to its licensees and registrants to support regulatory compliance and consider funding requests from external stakeholder organizations for educational initiatives which support the AGCO's overall ETA program objectives.

### ***Skilled Workforce***

Essential to implementing a successful transformation of the AGCO's regulatory approach and its business processes is establishing and maintaining a rewarding workplace environment with high performing and empowered staff who feel valued and supported, and where change management practices are understood and integrated into all initiatives. By continual investment in leadership development and coaching, the AGCO is preparing its leaders to effectively manage the significant and transformational changes taking place across the agency.

The AGCO has also taken a proactive approach to attract and retain high quality talent in order to effectively carry out its mandate. For example, the AGCO's Manager 2020 initiative focuses on developing and recruiting leaders to be people-centric over being process focused. Furthermore, the AGCO is shifting its culture to ensuring that managers are placed into leadership roles based on their fit for the position and their ability to effectively manage people.

### ***Strategic Planning***

The AGCO undertook a review of the Strategic Plan that was established in 2013 to understand whether the existing strategic direction was still appropriately guiding the agency. The process included internal consultations throughout the organization in order to obtain insights into the anticipated challenges and opportunities on the horizon, and ensuring the plan is aligned to government's priorities to reducing red tape, increasing efficiency, as well as transparency and

accountability. The result is a refreshed strategic plan, which includes a new vision statement, three reframed strategic goals (Modern Regulator; Service Excellence; and People-Centric), and the identification of key commitments to deliver on each of the goals.

As was the case with the last plan, this plan is underpinned by an enhanced business planning process and integrated performance measurement approach to ensure that the current and future initiatives support the agency's Strategic Goals; better position the AGCO to respond to expanded responsibilities; identify opportunities to enhance its regulatory approach; and align with the strategic priorities of the AGCO Board of Directors. The ongoing process of strategic orientation of major initiatives and key regulatory activities to the Strategic Plan positions the AGCO to adapt quickly to emerging initiatives and priorities.

### **4.3 Assessing and Managing Risk**

The external and internal factors outlined above carry a number of risks and uncertainties which, if left unaddressed, could adversely affect the achievement of the AGCO's Strategic Goals. The AGCO leverages sound risk management methodologies through the continued use and enhancement of an Enterprise Risk Management Framework to monitor and mitigate these environmental risk factors.

The framework consists of a portfolio view of risks. An annual risk workshop is held with the senior management team to identify, assess, and decide on prioritization and mitigation activities for the AGCO's top risks. These risks are updated at minimum on a quarterly basis to ensure they reflect the changing risk landscape. Risk assessment activities are integrated with strategic and corporate planning process to ensure that risks arising from the AGCO's goals and plans are considered and assessed. The results of the risk assessment activities are a key input in the development of the AGCO's audit and evaluation plan. The framework and associated processes are overseen by the Board of Directors who provide input on the process.

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 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.

## 5. STRATEGIC DIRECTION AND IMPLEMENTATION PLAN

### 5.1 Strategic Direction

The refreshed Strategic Plan framework includes the vision and strategic goals for the organization. The AGCO's vision of being a world-class regulator that is innovative, proactive and socially responsible will be achieved through its three strategic goals – Modern Regulator, Service Excellence, and People-Centric. Each strategic goal is associated with several key commitments. Being a Modern Regulatory involves a strategy-driven approach to regulation, while focusing on risks, outcomes and compliance. Service Excellence is about how the AGCO designs and delivers services, and requires providing value for money, reducing regulatory burden on the industries regulated by the AGCO, and being responsive to customers. Being a People-Centric organization necessitates meeting the commitment to empowering people and fostering growth and creating a culture of accountability and trust.

The AGCO Strategic Plan is meant to act as a road map for achieving these key commitments and also involves anticipating potential challenges and opportunities within the AGCO's operating environment. As discussed above, each Strategic Goal is supported by a number of key commitments which help guide the identification, development, prioritization and implementation of strategies and initiatives.

# Strategic Plan



Alcohol and Gaming  
Commission of Ontario

## VISION

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

## MANDATE

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

**Our Strategic Goals**

- MODERN REGULATOR**  

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

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

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

**Our Key Commitments**

## 5.2 Major Initiatives Planned

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

### *Modern Regulator*

**Cannabis Recreational Storefront:** The AGCO is committed to supporting the Ontario government as it implements the framework for the legalization of cannabis in alignment with federal government legislation. The AGCO is integrating the retail storefront recreational cannabis line of business into its operations, by enabling online applications through iAGCO, and recruiting and training licensing and compliance staff.

**Liquor Modernization:** The AGCO will be ready to support any further government direction to modernize the rules for the retail and consumption of beverage alcohol, including permitting the sale of beer and wine at corner stores and big-box stores.

**OLG Modernization:** The AGCO continues to work with the OLG to implement the overall modernization strategy. The AGCO will align its efforts and activities with its modern regulatory approach to be risk-based, as well as, outcomes and compliance-focused.

**Horse Racing:** This initiative is aimed at modernizing the regulatory rules that govern horse racing in Ontario to ensure they align with the AGCO's modernized, risk-based, outcomes-based and compliance-focused regulatory direction. The goal is to have a horse racing regulatory framework that is simpler and more flexible, and a key focus going forward will be on continuing the strong engagement and enhancing communications within the sector.

**Charitable Gaming Modernization:** Working collaboratively with the charitable gaming sector, the AGCO will continue to examine opportunities to support modernization in the sector, including the phased approach to electronic raffles. The AGCO is committed to helping grow and sustain a healthy charitable gaming sector in Ontario, while ensuring that games are offered with honesty, integrity, and in the public interest.

**Regulatory Intelligence and Innovation (RII):** The AGCO continues to evolve its focus on regulatory intelligence, placing increasing emphasis on the value of data analytics to improve the efficiency and effectiveness of regulatory oversight. RII supports evidence-based policy and program design that will contribute to innovation in our regulatory approaches.

## ***Service Excellence***

**AGCO 2020:** The vision is to deliver integrated, interactive, and intuitive regulation for the liquor, gaming, storefront retail cannabis and horse racing sectors that is world-class. It focusses on serving the public interest by advancing consultative, risk-based approaches to regulation that enhance compliance, increase public confidence and support clients' businesses. This initiative incorporates the AGCO's goal of being an employer of choice that actively support and engage a high performing workforce. It envisions a nimble culture that maximizes the use of technology and fosters innovation, collaboration, and exceptional service.

### ***Key principles of the AGCO 2020 Initiative:***

- **Integration of Functions** – Integrating processes, roles, and functions across lines of business and, where practical, adopting a “line of business agnostic” approach.
- **Enhanced Customer Service** - Strengthening the client service model with a more prominent role for Customer Service in managing customer interactions and driving the customer experience in a consistent way across all lines of business.
- **Digital by Default** – Moving towards a service delivery model that is digital by default and seeks to maximize opportunities to deliver streamlined, electronic services that, to the extent possible, can be self-managed by licensees and registrants.
- **Meaningful Regional Presence** – Continuing to have a regional presence across the province.

**iAGCO Online Portal:** The ongoing phased implementation of iAGCO will involve integrating storefront recreational cannabis licensing into iAGCO starting in 2018, and bringing additional gaming applications into the online system in late spring, 2019 as well as horse racing transactions

## ***People-Centric***

**Organization Design:** This initiative will identify and develop new organizational structures and systems to be more flexible, dynamic and agile in order to support the delivery of AGCO services and strategic priorities, as well as to anticipate and support future internal and external disruption and change.

**AGCO NEXT:** will continue to focus on internally transforming the AGCO into the organization it needs to be to meet its strategic vision, the rising expectations of citizens and employees, and the rapidly changing opportunities and challenges of the digital age. It's about listening to the organization, better connecting meaning to work, creating enabling spaces for innovative thought, and emulating internal success stories.

## **5.3 Implementation Plan**

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

The AGCO's Corporate Plan captures major initiatives from across the organization, including project owners, key commitments and deliverables. The status of the initiatives within the Corporate Plan is updated and reported quarterly to the CEO and the AGCO Board of Directors.

Division-level planning has also been aligned to support the agency's Strategic Plan. Divisional Plans, along with corporate-level initiatives, also report on division-level initiatives which support the achievement of the agency's Strategic Goals.

## 5.4 Horse Racing Appeal Panel

Now in its third year of operation, the Horse Racing Appeal Panel (HRAP or Panel) continues to be focused on providing a fair, open and accessible process for all parties. In the coming year, the HRAP is committed to building on the experience of its first three years and continuing to look for opportunities to improve its operating efficiency and effectiveness. One of the initiatives the HRAP will be exploring is to conduct a comprehensive review of its Rules of Procedure, which will include a targeted consultation with key parties and representatives who commonly appear before the Panel. The HRAP's Rules of Procedure govern proceedings of matters before the Panel and were first established on the launch of the tribunal in April 2016. The Rules have since been updated two times – in October 2016 and November 2017 – to incorporate a number of housekeeping changes and address minor issues. The Panel recognizes the importance of consultation as a process and seeking out and considering the interests of stakeholders to ensure that its procedural rules support an efficient and responsive appeal process.

### HRAP

- An independent adjudicative body mandated to hear appeals of decisions made under the Rules of Racing.
- Established on April 1, 2016 under the Horse Racing Licence Act, 2015.
- Members are appointed to the Panel by the Board of the AGCO.

Education of the industry but also of the Panel members will continue to be a focus for the Panel. Promoting expertise and competence through training is essential to ensure a fair and effective appeal process. Ongoing educational opportunities will be identified and offered to keep Panel members up-to-date and informed on the latest trends and changes within adjudication and the racing industry.

Stakeholder access to the hearing venue has always been an important consideration, with most licensees based out of and traveling in from rural communities. Although the HRAP's hearings are held at a location that is easily accessible to the industry (10 Carlson Court in Etobicoke), there have been indications that the Panel may soon have to vacate (the HRAP sub-leases the facilities from another body, who has signaled that it will soon be leaving). As such, staff will begin exploring options to potentially re-locate the HRAP's hearing space, should that become necessary, to a new location that is equally as accessible to the racing industry.

Succession planning will be particularly important in 2019. Appointment terms expire for four of the Panel members in March 2019, including the Chair of the HRAP. The current Panel complement stands at nine members. Formal performance assessments were undertaken and led by the HRAP Chair in 2018, and will be taken into account, along with other factors including workload, as part of the Chair's recommendations to the AGCO Board for re-appointments.

## 6. HUMAN CAPITAL PLAN

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

- Employees believe that their contributions are valued;
- Employees are supported by their managers;
- Managers are focused on achieving outcomes as opposed to task-based management; and
- Creativity and openness in giving and receiving feedback are encouraged.

### *Strategy and Alignment*

The AGCO continues to work on strengthening the skills and abilities of AGCO staff as the agency works through transformation and change. In order to support these initiatives, the AGCO is introducing new processes and building on existing ones. The following are examples of the initiatives underway:

- **Talent Acquisition:** Transforming how the AGCO source, recruit and hire talent.
- **Diversity and Inclusion Plan:** Continually monitoring the workplace and identifying new opportunities to promote a diverse and inclusive workplace.
- **Health & Wellness:** Moving the AGCO's wellness strategy forward and identifying new ways to promote a healthy lifestyle.
- **Leadership Development:** Developing leaders through AGCO's coaching program and move towards leaders becoming certified coaches.
- **Modernize Human Resources:** Implementing systems to support performance management and electronic file management.
- **Supporting AGCO Initiatives:** Providing strategic human resources supports to leaders and staff to for corporate initiatives.
- **Total Health Index:** Developing and implementing strategies to improve coping and resiliency skills and strengthen leadership effectiveness.

### *Talent Acquisition*

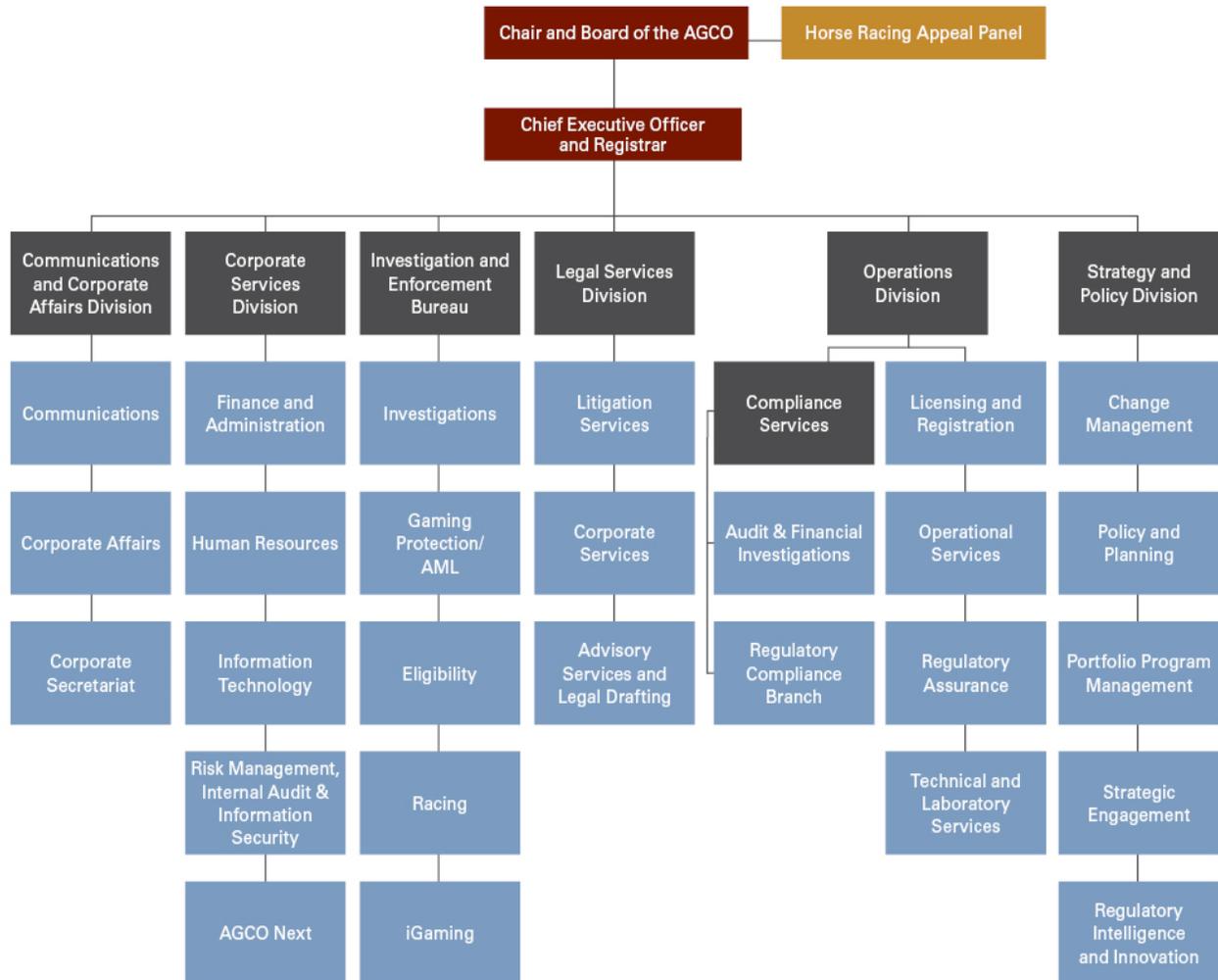
AGCO's workforce demographics are also changing as 86% of the senior executive team and 24.7% of staff across the organization are eligible for retirement in the next five years. Ensuring that the leaders and staff possess the requisite skills through knowledge transfer and succession planning is essential, particularly as AGCO continues its organizational transformation.

In addition to streamlining processes, the AGCO is also undertaking a review of how it sources, recruits, and trains staff, particularly leaders. The AGCO has adopted a new approach to hiring management for organizational fit and is aligned to the Manager 2020 corporate initiative which is focused on developing and recruiting leaders to be people-centric over being process focused.

Furthermore, the AGCO is shifting its management culture to focus on placing managers in leadership roles based on their ability to effectively manage people, and not solely based on their technical expertise.

The talent acquisition process has been streamlined and automated through the introduction of a new applicant tracking/talent acquisition software product. This system provides improved and efficient internal processes and reduced time to screen candidates applying to AGCO vacancies.

**Organizational Chart (as of December 20, 2018)**



## Staff Numbers

The total number of AGCO employees is determined by adding the number of active employees employed as of the end of a 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.<sup>1</sup>

### AGCO Headcount<sup>2</sup>

|  | <i>Management</i> | <i>Union</i> | <i>Non-Union</i> | <i>TOTAL</i> |
|--|-------------------|--------------|------------------|--------------|
| <b>AGCO</b>                              |                   |              |                  |              |
| Permanent:                               | 82                | 309          | 26               | 417          |
| Part-time Permanent:                     | 0                 | 24           | 2                | 26           |
| Contract:                                | 5                 | 47           | 9                | 61           |
| Temporary:                               | 0                 | 0            | 3                | 3            |
| Seconded from other agencies/ministries: | 0                 | 0            | 0                | 0            |
| <b>AGCO TOTAL</b>                        | <b>82</b>         | <b>380</b>   | <b>40</b>        | <b>507</b>   |
| OPP                                      | 0                 | 0            | 0                | 128          |
| OIC (Board of Directors)                 | 0                 | 0            | 0                | 5            |
| Horse Racing Appeal Panel Members        | 0                 | 0            | 10               | 10           |

## 7. INFORMATION TECHNOLOGY / ELECTRONIC SERVICE DELIVERY

AGCO's Information Technology plan will continue to focus on building and maturing its strategy around electronic service delivery.

With the initial 3 phases of iAGCO completed, a number of legacy systems centered around liquor and gaming have been migrated to iAGCO. In addition to being the future platform for multiple legacy systems, the iAGCO platform will be the core electronic service delivery enabler in the organization's ability to implement the new Cannabis Retail line of business.

Through the implementation of iAGCO, customers across all lines of business will have the ability to conduct their business with AGCO online. By the end of January 2019, all applications processed through iAGCO, will be processed online. This is a stark contrast to the paper-based forms required for processing with the supporting legacy systems.

AGCO's Regulatory Intelligence (RI) Platform will be a key contributor in the agency realizing its strategic goal of becoming a modern regulator. RI will help provide valuable insight into the sectors we regulate, supporting AGCO's risk-based approach to regulation.

<sup>1</sup> Staff numbers projected as of October 31, 2018

<sup>2</sup> Staff numbers projected as of October 31, 2018

Quality data is central to the enablement of our analytics capabilities. As a result, AGCO will be expanding the development of a Data Governance practice to ensure the improvement and integrity of our data assets as well as maximizing availability.

The mobility of the AGCO's workforce is becoming a key differentiator and supporting our goal of being a Modern Regulator, both in terms of remote work strategies and increasing mobile access to accurate, timely and relevant data in the field.

As AGCO continues to evolve as a Modern Regulator, AGCO is developing a data centre strategy that will support the organization's operational and strategic requirements today and into the future. Leveraging the most appropriate platforms to provide the agility and resilience our constituents have come to expect.

## **8. INITIATIVES INVOLVING THIRD PARTIES**

The AGCO remains committed to developing new partnerships with third parties nationally and internationally and will continue to foster existing relationships through available channels. Within Ontario, the AGCO continues to partner and engage across the alcohol, cannabis, gaming and horse racing sectors.

In January 2018, the AGCO successfully launched the second phase of its electronic service delivery channel, iAGCO. As such, all alcohol-related licensing transactions by the AGCO are now available online through the iAGCO web-based portal. In April 2018, the AGCO successfully ended the transition period for paper-based applications impacted by Phase 1 iAGCO roll out. The AGCO has worked closely with the LCBO to provide continual service for applicants during the transition phase. The AGCO continues to meet with the LCBO on a regular basis to ensure continued quality service experiences for licensees and authorization holders.

The AGCO continues to organize and execute significant stakeholder engagement activities across all sectors it regulates. One example is through working groups with membership from a range of third-party representatives including the horse racing, liquor, gaming, cannabis and social responsibility sectors. Regular meetings and communication with these groups has helped the AGCO to maximize its ability to be responsive to stakeholder needs, feedback and public interests. Other examples of stakeholder engagement activities planned for the upcoming year include the continual implementation of the municipal engagement strategy that has provided an opportunity for the AGCO to build its relationship with and engage more regularly in a coordinated manner with its stakeholders at the municipal government level.

In addition to leading its own stakeholder engagement activities, the AGCO continues to actively participate in stakeholder and industry association meetings and conferences in an effort to promote a two-way dialogue with the sectors that it regulates. Some of the conferences the AGCO has participated in include but are not limited to the Ontario Craft Brewers Conference, Canadian Restaurant and Bar Show, the 2018 Municipal Licensing and Law Enforcement Forum, and the Canadian Gaming Summit. The AGCO anticipates participating in these events again in the upcoming year.

The AGCO will remain committed to building and maintaining partnerships with law enforcement agencies across Ontario. Whether through regular contact with members of the OPP Bureau assigned to the AGCO, specialized educational seminars and materials on liquor and cannabis enforcement for front-line police officers, or information sharing on liquor, cannabis, gaming and horse racing investigations, the AGCO values their partnerships with law enforcement agencies.

Internationally, the AGCO continues to be a well-respected member organization of both the International Association of Gaming Regulators (IAGR) and the North American Gaming Regulators Association (NAGRA). In addition, the AGCO often receives requests from international delegations to learn about the organization and the AGCO's regulatory approach. For example, this year the AGCO hosted the Casino Regulatory Authority of Singapore and the Government of Japan.

Nationally, the AGCO is a member organization of the Association of Liquor Licensing Authorities of Canada (ALAC), the Canadian Partnership for Responsible Gambling (CPRG), the Canadian Association of Gaming Regulatory Agencies (CAGRA) and other regulatory associations. The AGCO is looking at ways to engage with provincial and international colleagues in the cannabis regulation sphere. The AGCO is committed to engaging with other regulators in Ontario and abroad on pursuing additional MOUs and formal agreements of cooperation where opportunities exist to support greater collaboration or support the regulatory outcomes of each party.

The AGCO has committed to engaging with its diverse stakeholder network to ensure the implementation of iAGCO, and the new regulatory framework for retailing recreational cannabis meets the needs and interests of those being regulated as well as the AGCO's own requirements from a regulatory perspective.

## **9. COMMUNICATION PLAN**

### **9.1 Context & Strategy**

The AGCO's corporate communications function provides a range of services and products that helps the agency deliver on its strategic objectives in a way that cultivates relationships of trust, understanding and support with all of its internal and external stakeholders. These stakeholders include the licensees and registrants of the sectors it regulates, municipal and provincial governments, the public at large and AGCO employees.

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

Wherever possible, channels are developed to be "two-way" so as to allow for meaningful exchanges between the AGCO and its audiences. Products and information are developed to effectively deliver messages using the latest digital, visual and rich media content. The AGCO is also committed to making content easily accessible and available in English and French.

The agency continuously monitors its communications strategies and products for usability, engagement and satisfaction in order to support their continuous improvement.

## **9.2 Roll-out and Products**

### ***Private retail licensing and regulation of cannabis***

The AGCO is responsible for administering the *Cannabis Licensing Act*, and its regulations. The communication objectives concerning this new line of business include creating awareness of how private cannabis retail will be regulated, developing an accurate and common understanding of the key regulations and their objectives, helping AGCO customers through the licensing process and helping licensees understand their regulatory compliance obligations.

### ***AGCO Website***

The AGCO website, [www.agco.ca](http://www.agco.ca), remains a primary information and communication channel for the agency and its stakeholders. The site provides up to date information for all lines of business, including a newly added section for cannabis retail. This site is also the gateway to iAGCO, the agency's online service delivery portal. The site is compliant with the *Accessibility for Ontarians with Disabilities Act* (AODA), provides all information in both English and French, and is adaptive for ease of use on tablets and mobile devices.

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

### ***Social Media***

The AGCO is expanding and optimizing its presence on social media so that it can better engage with the public and stakeholders on relevant topics. The AGCO is taking a more proactive approach to community engagement and exploring opportunities to expand its social media footprint in a manageable way. The number of social media followers has significantly increased since the AGCO was named regulator of private cannabis retailing. In the 30 days following the announcement (from September 26 to October 25, 2018), over 3,400 users subscribed to receive email updates on cannabis licensing information, and that number rose to over 5,000 in the weeks that followed. There were 53,296 visitors to the AGCO web site, an increase of 42.64% compared to the same period in 2017. In order to align with the Ontario Public Service's digital objectives, the AGCO continues to pursue a "digital by default" strategy. This includes producing and sharing engaging digital content (e.g. videos, infographics, images, etc.) and responding appropriately to relevant questions and inquiries within social communities.

## ***Educational Webinars and Videos***

In support of the agency's strategic engagement activities, the AGCO uses webinars as an efficient and cost-effective way of engaging with stakeholders from across the province. The webinars have proven to be popular and useful tools to support a variety of AGCO initiatives. Topics have ranged from *Beer, Wine and Cider in Grocery Stores* and *Special Occasion Permits (SOPs) for Festivals*, to *Municipal Webinar: Get to Know the AGCO* and *Introduction to iAGCO*. Webinars will support the new cannabis retail regulation line of business to convey information on such topics as eligibility and application requirements as well as information for municipal officials.

The AGCO will also continue to use explainer videos to clarify important processes or changes. These easy to understand and easy to share videos have proven popular, as demonstrated by the more than 44,000 views of the video explaining the online application process for Special Occasion Permits.

## ***Communications Support for AGCO Initiatives***

The role of Corporate Communications is to provide expertise and communications support to other divisions and branches in their initiatives. Some major initiatives in the next year include:

**iAGCO:** Communications has played an important role supporting the rollout of the first three phases of iAGCO and will continue doing so for the remaining phases.

External communications include the preparation of information and awareness products that alert stakeholders of the forthcoming changes, help them understand what is changing and how they will be affected, the benefits to them and the timing of all activities. This information is shared on the AGCO's owned channels, such as the website and social media properties, and also distributed in partnership with relevant stakeholder associations and industry groups.

Internal communications include products and plans to keep staff informed of the progress of iAGCO at key points in the initiative's implementation.

**Charitable Gaming Modernization:** Communications is supporting the next phases of the Charitable Gaming Modernization initiative in the form of external and internal products created to spread awareness of the electronic raffle regulatory framework. This includes the creation of an educational video, information bulletins and products, such as helpful checklists for electronic raffle licensees.

**Horse Racing Regulatory Reform:** This initiative is aimed at modernizing the regulatory rules that govern horse racing in Ontario. It requires ongoing communications support, including writing, editing and designing various information materials, as well as advice on best practices for communicating with the horse racing industry. The AGCO's industry newsletter, Race Line, continues to keep horse racing stakeholders informed of important information and is published four times per year. Updates to the Rules of Racing will be completed and new rule books will be published in fall 2018. An online version of the rule book is also being developed and scheduled for launch in 2019.

**AGCO 2020 Transformational Agenda:** Communications is playing a key role in supporting the AGCO 2020 vision of delivering world-leading, integrated, interactive, and intuitive regulation for the sectors it regulates.

## Ongoing Programs

### Media Relations

The AGCO receives approximately 130 media inquiries each year from many different media outlets, including newspapers, radio, magazines, web-based news blogs and television. These outlets request information on AGCO activities, decisions and regulations affecting liquor, lottery, gaming, horse racing, and now cannabis activities.

The agency strives to respond to these requests in a timely and transparent way. A media response analysis covering a 6-month period in 2017 indicated that 51% of media inquiries were responded to within 3 hours, and 82% by the next business day.

AGCO policy provides that all media inquiries are handled by a media spokesperson through the Communications and Corporate Affairs Division. In some instances, specialized media and spokesperson training has been provided to other AGCO staff.

### Education, Training and Awareness (ETA)

Communications continues to support the agency's ETA strategy, which is intended to promote stakeholder education and understanding of the laws and regulations that apply to them. The ETA strategy aims to improve regulatory compliance and outcomes across all lines of business.

### Information Bulletins

The AGCO issues information bulletins to the sectors it regulates in order to inform stakeholders of decisions from the Registrar, as well as changes or clarifications to the regulations governing these sectors. A variety of channels are used to distribute these bulletins, including the AGCO's website and direct email distribution to stakeholders via their industry associations.

### Newsletters

The AGCO regularly publishes and distributes newsletters in English and French to provide educational and compliance information to stakeholders and the public. Downloadable versions of all newsletters are available on the AGCO website. In the coming year, these printed newsletters will transition to digital format for ease of access, as well as to lower production and distribution costs.

### **Current Newsletters**

- **Licence Line** is a newsletter published three times per year for liquor sales licensees. It covers a variety of issues important to that audience, including information on recent changes to liquor legislation, regulations and policies, as well as industry news and tips for licence holders.
- **Lottery Line** is a newsletter for lottery retailers and is published three times a year. It provides information and tips to educate sellers on the laws, regulations and policies governing the sale of OLG lottery products and break-open tickets. Lottery Line is published in English, French and Korean.
- **Race Line** is an informative and educational newsletter for horse racing licensees and other parties interested in Ontario's horse racing industry. Race Line is produced electronically three times a year and printed copies are available at industry association offices, racetracks and from the AGCO.

### **Planned Newsletter – Retail Cannabis**

- A newsletter for cannabis retail stakeholders is being planned for release in 2019 to provide useful information to licence and authorization holders in this emerging sector.

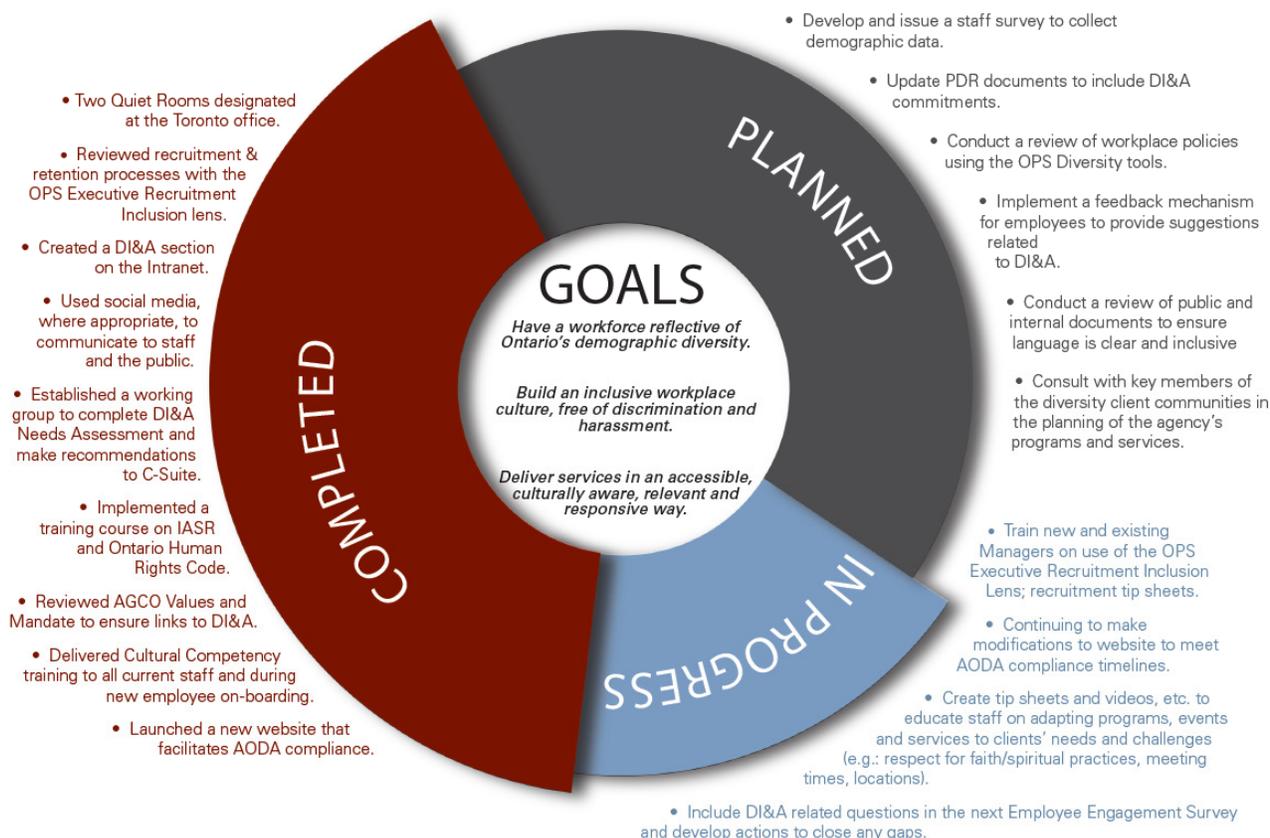
## **10. DIVERSITY, INCLUSION AND ACCESSIBILITY PLAN**

The AGCO's Diversity, Inclusion and Accessibility Plan supports the agency's progress towards meeting the Strategic Goals outlined in the AGCO's Strategic Plan. Building a culture of inclusion as an employer and service supplier aligns with the Strategic Goals of creating a Rewarding Workplace and providing a Quality Service Experience.

In addition, this strategy will help the AGCO to fulfill its broader mandate to regulate the alcohol, gaming and horse 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. In 2016, the AGCO made a significant effort to increase awareness by delivering "cultural competency" training to all staff and management. The program has now been incorporated into the AGCO's onboarding program for new hires. A key goal in the next fiscal year is to conduct a demographic survey to gain a better understanding of the AGCO's workforce and to work towards developing plans for bridging gaps that are identified through the survey.

# Diversity, Inclusion and Accessibility Plan

AS OF DEC, 2018



## 11. MULTI-YEAR ACCESSIBILITY PLAN

The AGCO's Accessibility Plan and Policies were first published in January 2013 and were developed in accordance with the *Integrated Accessibility Standards Regulation (IASR)* under the AODA. The Plan outlines the AGCO's commitment and strategy to prevent and remove barriers and 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 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 its Accessibility Plan and Policies, the AGCO has implemented many of the requirements outlined in the plan and participated in supporting activities, including consultation sessions with persons with disabilities and the organizations that serve, represent or advocate on their behalf. These activities continue to assist the AGCO in better understanding the barriers that persons

with disabilities often experience when accessing services and have informed mitigation strategies and the ongoing review and development of AGCO's Accessibility Plan and Policies.

To ensure the AGCO continues to meet the requirements under the AODA, and that its policies remain effective, the AGCO has implemented a number of ongoing initiatives and policies in recent years. For example, all current employees have received training on the requirements of Ontario's accessibility laws, including the IASR and the *Ontario Human Rights Code, 1990*, with all new employees required to receive such training as soon as practicable. The AGCO maintains records of the individuals trained, and the dates on which training was received, via AGCO's learning management system. Accessibility training resources and materials, as well as supplementary accessibility information and e-training modules, are available to staff at all times via the AGCO's intranet.

The AGCO has also 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, such 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. As part of this review, several policies were updated, such as the AGCO's Accommodation and Return to Work Policy and the Short-Term Income Protection Policy, as well as the Absence and Disability Management Program to help employees further manage their health and wellness.

In spring 2017, the AGCO launched a newly refreshed website which was designed to be compliant, both in design and functionality, with the AODA. The AGCO endeavors to make all of its communications and publications accessible and will ensure it continues to meet Web Content Accessibility Guidelines (WCAG) 2.0, Level A Standards when updates, upgrades or changes are made to its website. The AGCO will also continue to work to enhance the design and functionality of its website to conform to the WCAG 2.0 Level AA by January 1, 2021. The AGCO's multi-year plan and its policies are reviewed annually and updated where necessary to inform the public on the AGCO's progress. More information on planned and ongoing activities with respect to accessibility is available via the AGCO website.

## 12. THREE-YEAR FINANCIAL PLAN

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

The recent expansion of the AGCO's mandate has necessitated a strategic and comprehensive review of the AGCO's funding framework in 2017-18. AGCO's funding framework has further expanded in 2018-19 to include licensing and regulation of Cannabis retail stores. The financial tables below reflect additional resources and fees.

### *AGCO Revenue – Key Explanations*

| <b>AGCO Revenue (\$ thousands)</b> |                           |                                |                    |                           |                           |                           |
|------------------------------------|---------------------------|--------------------------------|--------------------|---------------------------|---------------------------|---------------------------|
| <b>Over / (Under)</b>              | <b>2018-19<br/>Budget</b> | <b>2018-19<br/>YE Forecast</b> | <b>Variance \$</b> | <b>2019-20<br/>Budget</b> | <b>2020-21<br/>Budget</b> | <b>2021-22<br/>Budget</b> |
| <b>FEES &amp; LEVIES</b>           |                           |                                |                    |                           |                           |                           |
| Liquor - related                   | 14,713.00                 | 14,482.98                      | (230.02)           | 15,101.80                 | 15,300.98                 | 15,300.98                 |
| Gaming - related                   | 15,916.10                 | 16,095.52                      | 179.42             | 15,944.42                 | 15,846.32                 | 15,650.08                 |
| Cannabis - related                 | 371.88                    | 371.88                         | 0.00               | 2,741.88                  | 3,915.63                  | 4,359.38                  |
| <b>Total</b>                       | <b>31,000.98</b>          | <b>30,950.37</b>               | <b>(50.61)</b>     | <b>33,788.10</b>          | <b>35,062.93</b>          | <b>35,310.43</b>          |

- In 2018-19, a Liquor revenue decline of \$0.23M (1.6%) is expected due to less grocers being authorized to sell beer, wine and cider in their stores. Gaming revenue growth of \$0.16M (1.1%) is expected due to an increased number of registration fees received from service providers operating gaming sites, and more employee registrations as a result of new and expanded gaming sites across the province.
- As a whole, we are expecting a steady increase in revenue over the next three fiscal years mainly driven by the demand for new applications and renewals from the Cannabis retail implementation.

## AGCO Expenditures – Key Explanations

To align with the Government-wide expenditure management strategy, the 2018-19 Gross Expenditures Forecast to Budget savings of \$12.18M is a result of restrictions on spending and hiring for the Ontario Public Service (OPS).

| <b>AGCO Expenditures (\$ thousands)</b>       |  |   |                    |                           |                           |                           |
|---|--|---|--------------------|---------------------------|---------------------------|---------------------------|
| <b>Savings / (Pressure)</b>                   | <b>2018-19<br/>Budget <sup>(1)</sup></b> | <b>2018-19<br/>YE<br/>Forecast <sup>(1)</sup></b> | <b>Variance \$</b> | <b>2019-20<br/>Budget</b> | <b>2020-21<br/>Budget</b> | <b>2021-22<br/>Budget</b> |
| <b>OPERATING</b>                              |  |   |                    |                           |                           |                           |
| Salaries and Wages                            | 67,257.60                                | 64,255.90   | 3,001.70           | 69,263.73                 | 67,962.48                 | 68,015.35                 |
| Benefits                                      | 11,948.20                                | 12,926.10   | (977.90)           | 12,097.93                 | 11,701.71                 | 11,709.91                 |
| <b>ODOE (OTHER DIRECT OPERATING EXPENSES)</b> |  |   |                    |                           |                           |                           |
| Transportation and Communications (T&C)       | 2,997.10                                 | 2,459.80  | 537.30             | 2,995.20                  | 3,003.10                  | 2,988.60                  |
| Services <sup>(2)</sup>                       | 25,530.70                                | 16,619.70   | 8,911.00           | 22,829.84                 | 13,068.01                 | 12,899.34                 |
| Supplies & Equipment                          | 1,721.80                                 | 1,012.20  | 709.60             | 1,698.30                  | 1,698.30                  | 1,698.30                  |
| <b>Gross Expenditures</b>                     | <b>109,455.40</b>                        | <b>97,273.70</b>                                  | <b>12,181.70</b>   | <b>108,885.00</b>         | <b>97,433.60</b>          | <b>97,311.50</b>          |
| <b>Recoveries <sup>(2)</sup></b>              | <b>(73,194.10)</b>                       | <b>(61,012.40)</b>                                | <b>(12,181.70)</b> | <b>(72,764.10)</b>        | <b>(63,394.10)</b>        | <b>(63,394.10)</b>        |
| <b>Total</b>                                  | <b>36,261.30</b>                         | <b>36,261.30</b>                                  | <b>0.00</b>        | <b>36,120.90</b>          | <b>34,039.50</b>          | <b>33,917.40</b>          |

(1) 2018-19 Budget and Forecast includes Cannabis funding of \$8.00M. The financial table above assumes costs related to the ongoing regulation of Cannabis.

(2) 2018-19 Forecast includes due diligence costs to procure external service providers to assist in Eligibility Assessments (EA) of \$0.63M for Gaming Modernization and \$4.00M for Cannabis, which are fully recoverable. 2019-20 Budget includes \$9.17M of EA for Gaming Modernization. In 2019-20, 2020-21 and 2021-22, Cannabis EA is budgeted at \$4.20M, \$4.00M and \$4.00M, respectively.

## AGCO Capital Assets – Key Explanations

The AGCO's Capital Budget consists of the purchase of IT hardware and costs related to the implementation of the multi-year iAGCO IT business application project. With the addition of Cannabis, the implementation of iAGCO is now extended to 2020-21.

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

| <b>AGCO Capital Assets (\$ thousands)</b> |                           |                                |                    |                           |                           |                           |
|---|---------------------------|--------------------------------|--------------------|---------------------------|---------------------------|---------------------------|
|   | <b>2018-19<br/>Budget</b> | <b>2018-19<br/>YE Forecast</b> | <b>Variance \$</b> | <b>2019-20<br/>Budget</b> | <b>2020-21<br/>Budget</b> | <b>2021-22<br/>Budget</b> |
| IT Hardware <sup>(1)</sup>                | 290.70                    | 290.70                         | 0.00               | 683.08                    | 1,193.81                  | 404.50                    |
| iAGCO <sup>(2)</sup>                      | 4,962.90                  | 4,962.90                       | 0.00               | 3,953.30                  | 955.10                    | 0.00                      |

(1) 2018-19 IT Hardware Budget and Forecast includes \$93.80K for Cannabis.

(2) iAGCO Budget and Forecast includes \$2.00M of Cannabis and as a result, the project timeline has been extended to 2020-21.

### 13. PERFORMANCE MEASURES & TARGETS

The AGCO's approach to performance measurement enables the agency to improve program effectiveness by promoting a focus on results, service quality and value for money through continued targeting, monitoring, and evaluation of results.

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, through performance measures aligned with the Strategic Goals identified in the AGCO Strategic Plan.

In keeping with the principle of a 'critical few' performance measures, the selected measures (see Appendix B) 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 continue to be developed for the corporate and divisional plans which are intended to be more granular and project-specific in nature.

The 2017-18 fiscal year marks the fifth year of the AGCO's current strategic performance measures. The results from these measures, shown above, demonstrate that in 2017-18 the AGCO has met or surpassed minimum agency targets in every respect. The achievement of these measures results from a number of overarching projects and initiatives at the AGCO, including:

- the introduction of iAGCO;
- a renewed focus on stakeholder engagement and an enhanced approach to stakeholder education;
- a modern regulatory approach which is risk-based, compliance-focused, and outcomes-based; and
- the introduction of numerous services to support a rewarding workplace for employees.

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

## APPENDIX A: APPOINTMENTS TO THE AGCO BOARD OF DIRECTORS

| Name                            | Position              | Original Appointment | Current Term Start Date | Current Term Expiry Date | Residence   |
|---------------------------------|-----------------------|----------------------|-------------------------|--------------------------|-------------|
| Buchanan, Elmer                 | Member<br>(Part Time) | July 22, 2015        | July 22, 2017           | July 21, 2020            | Havelock    |
| Forestell, Dave                 | Member<br>(Part Time) | December 12,<br>2018 | December 12,<br>2018    | December 11,<br>2019     | Toronto     |
| Holmes, Jane                    | Member<br>(Part Time) | January 11,<br>2017  | January 11,<br>2017     | January 10,<br>2019      | Mississauga |
| Kerr, S. Grace                  | Member<br>(Part Time) | July 25, 2007        | May 31, 2017            | May 30, 2019             | London      |
|                                 | Chair<br>(Part Time)  | May 31, 2017         | May 31, 2017            | May 30, 2019             |             |
| Williams, Eric<br>Anthony Clear | Member<br>(Part-time) | July 22, 2015        | July 22, 2017           | July 21, 2020            | Alton       |

## APPENDIX B: STRATEGIC ALIGNMENT & PERFORMANCE MEASURES

| Strategic Goal Supported | Performance Measure  | Five Year Planning Cycle Target   | Results 2017/18   |
|--------------------------|--|---|---|
| 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%.                   | 93% Compliance Matters resolved through LOI process exceeds AGCO target                   |
|                          | Percentage of high-risk infractions following transition to a compliance-based operating model.                                    | Maintain an average 30% decrease in infractions compared to benchmark data.   | 61% decrease in high risk infractions compared to benchmark exceeds AGCO target           |
|                          | Number of national and international committees and working groups with AGCO representation.                                       | Increase AGCO participation by 5%.  | 9.5% Increase over 2016-17 exceeds AGCO target  |
| Service Excellence       | Average gaming and liquor application turnaround time.   | Average turnaround time meets or is lower than AGCO Standard (30 days)  | Liquor: 30 days<br>Gaming: 13 days<br>Meets or is lower than AGCO Standard for turnaround |
|                          | 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) | 26 days average turnaround, better than all comparable jurisdictions                      |
|                          | Percentage of gaming suppliers indicating very good/excellent level of service provided by AGCO testing and lab services.          | Increase percentage of gaming suppliers indicating very good/excellent level of service to 75%.   | 91% of suppliers indicating good/excellent service exceeds AGCO target                    |
|                          | Overall customer satisfaction with iAGCO, the AGCO's new, automated online licensing and registration solution.                    | Percentage of customers reporting feeling satisfied with iAGCO averages 80%.  | 94% of customers indicate they are satisfied with iAGCO.                                  |
|                          | Percentage of stakeholders indicating a high level of engagement following AGCO consultations using a Stakeholder Engagement Plan. | Percentage stakeholders reported feeling engaged/highly engaged during stakeholder consultations averages 80%.                            | 89% of stakeholders reported feeling engaged/highly engaged, exceeding AGCO target        |
| People Centric           | Time to Fill Vacancies (Weeks)   | Average time to fill vacancies meets or is better than AGCO internal target (9 weeks)   | 6.7 weeks average time taken to fill vacancies exceeds AGCO target                        |
|                          | Number of Training Hours Per Employee  | Average number of training hours taken per employee meets or exceeds AGCO target (15.75 hours)  | 17.5 hours of training per employee exceeds AGCO target.                                  |