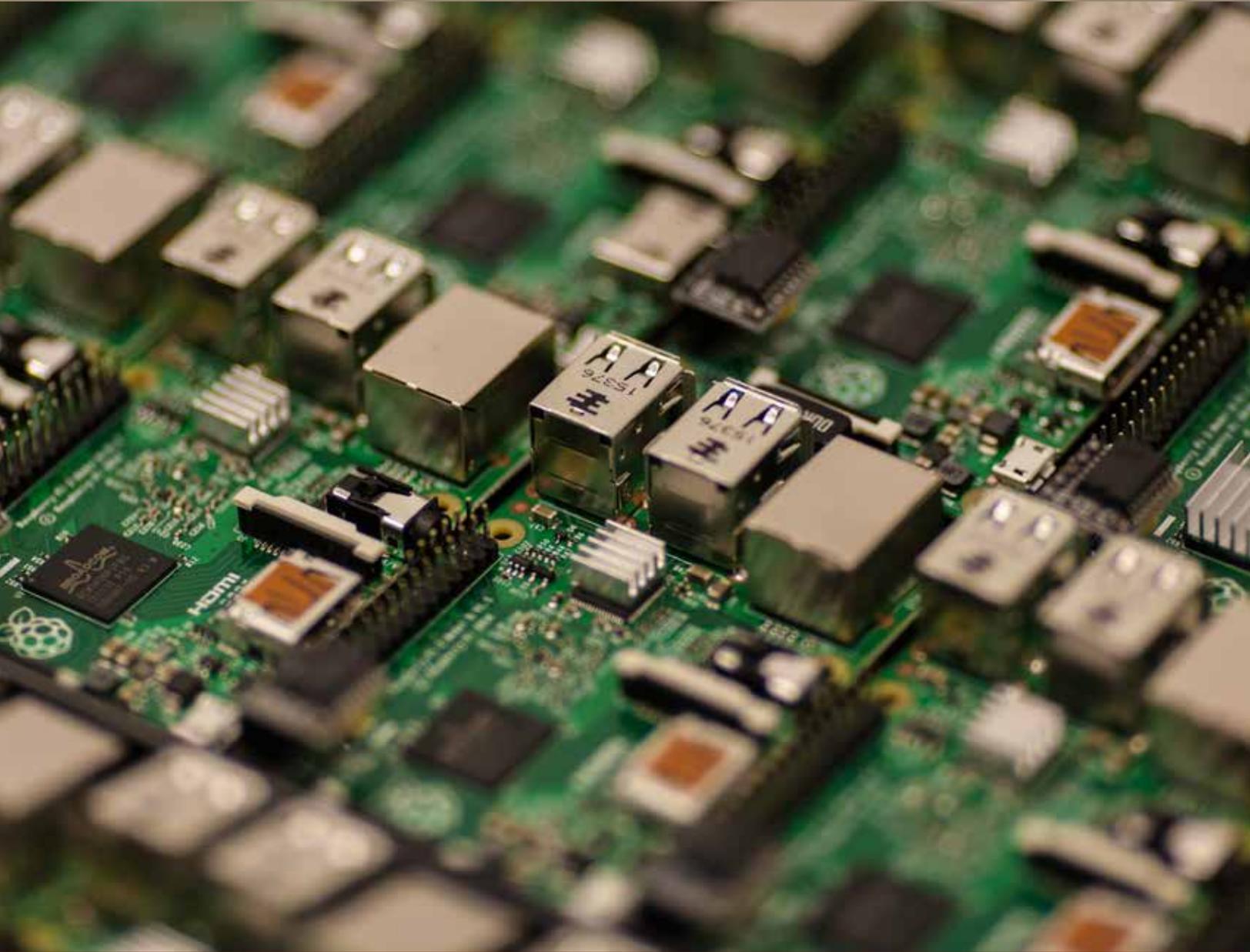


AGCO

Alcohol and Gaming
Commission of Ontario



DEVELOPING A REGULATORY FRAMEWORK FOR ELECTRONIC RAFFLES IN ONTARIO

CONSULTATION PAPER - OCTOBER 2016



AGCO VISION

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

AGCO MANDATE

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

Alcohol and Gaming Commission of Ontario

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Message from the CEO

At the Alcohol and Gaming Commission of Ontario (AGCO), we know that charitable gaming plays an important role in raising funds for many charities and the great programs that they run in Ontario. Through modern regulatory reforms, we are committed to helping grow and sustain a healthy charitable gaming sector in Ontario, while also ensuring that games are offered with honesty, integrity, and in the public interest.

The AGCO has been working to modernize charitable gaming in several ways over the past few years. One of the most significant shifts in charitable gaming was in 2005, when the Ontario Lottery and Gaming Corporation (OLG) started working in collaboration with the Ontario Charitable Gaming Association and the Commercial Gaming Association of Ontario to revitalize charitable bingo in the province by offering electronic games in bingo halls with a portion of the proceeds going to charities. Earlier this year, the OLG reached a milestone of \$100 million raised for approximately 1,800 charities across the province.

This summer, another exciting development took place when the AGCO launched a two-year pilot of a paper-based progressive raffle game called "Catch the Ace". This is the first of its kind in Ontario and we are looking forward to seeing how it positively supports the charitable gaming sector.

Now, with the recent amendment of the Criminal Code (Canada), we have the opportunity to develop a new regulatory framework for electronic raffles conducted and managed by eligible charitable organizations. We have already begun to make progress on the development of a regulatory framework for electronic raffles. In September 2016, the AGCO launched its interim electronic raffle framework, which includes Mega Raffle charities—charities who have offered raffles with prize boards over \$1 million for several years—and the charitable foundations who participated in the OLG Electronic Raffle 50/50 Pilot Program. The early adoption of electronic raffles by these charities will further inform the development of Ontario's framework for electronic raffles. You can find more information about the interim framework, as well as our plans for the broader electronic raffle framework, in the AGCO's [Information Bulletin No. 077](#).

Over the next few months, we will be consulting with individuals and organizations throughout Ontario and beyond the province, beginning with the release of this consultation paper. We want to ensure that our approach to regulating electronic raffles is focused on the achievement of clear regulatory outcomes while still allowing for innovation, flexibility, and the greatest possible benefits to charities. Stakeholder engagement is a key organizational commitment at the AGCO.

This consultation is an opportunity for us to hear from a wide range of stakeholders in the charitable gaming community to help us create a strong regulatory framework that can benefit charities and Ontarians alike, and I encourage you to actively participate. I want to thank you for taking the time to read this paper and for providing us with your valuable feedback.

Sincerely,

Jean Major

Chief Executive Officer

Registrar of Alcohol, Gaming and Horse Racing

About this Consultation

This consultation paper is directed at the following stakeholders and organizations, businesses, individuals, and government and oversight bodies: **charities and religious organizations eligible for lottery licences in Ontario, charitable volunteers, municipalities and First Nations licensing authorities, electronic raffle and other gaming-related suppliers, charity and industry associations, social responsibility groups, members of the public, and any other businesses or government bodies whose mandate relates to charitable gaming in Ontario.**

This consultation is an opportunity for you to provide input and share ideas on the steps we can take together to ensure that electronic raffles are operated with honesty and integrity, that eligible charities are able to benefit from the use of computers in their raffles, and that electronic raffles are offered in the broader public interest.

The issues discussed in this paper fall exclusively within the existing regulatory mandate of the AGCO as it concerns the use of computers for raffles that are conducted and managed by charities. As such, this consultation does not directly consider changes to government legislation or regulation, and does not include issues relating to other types of charitable lotteries such as bingo or break open tickets.

Throughout this paper, we introduce some specific themes that will inform our approach to electronic raffles and we pose a number of related questions for your feedback. Some of these ideas and questions will be applicable to you or your organization, while others may not. We encourage you to provide responses where you can.

This document has been distributed directly to a number of individuals, businesses, charities, associations, and government bodies. You can also access this document on the AGCO's website at www.agco.on.ca.

You can provide your submission directly to the AGCO by no later than November 14, 2016 in any of the following ways:

- Email your submission to the AGCO at the following dedicated email address: connect@agco.ca
- Fax your submission to the AGCO at the following number: 416-326-5555
- Mail your submission to the attention of David Lobo, at the following address:

Alcohol and Gaming Commission of Ontario

90 Sheppard Avenue East, Suite 200

Toronto, Ontario

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Following the closing date of this written consultation period, the AGCO will hold a series of in-person roundtable discussions with stakeholders to further discuss possibilities for shaping the regulatory framework for electronic raffles on a more in-depth basis.

Submissions received as part of this consultation will not be released publicly, except as may be required by the *Freedom of Information and Protection of Privacy Act*. Please note, however, that the AGCO intends to release a summary of the advice and recommendations received over the course of the consultation period. Individuals may make their own comments and submissions available to the public if they wish.

Introduction

The Alcohol and Gaming Commission of Ontario (AGCO) is responsible for regulating and overseeing licensed lottery games conducted by charitable and religious organizations to raise funds to support charitable purposes. These games include raffles, bingo, and break open tickets.

Ontario Order-in-Council 1413/08 gives the Registrar of Alcohol, Gaming and Racing the general authority to issue charitable lottery licences and, in some instances, delegates licensing authority to municipal councils. Other Orders-in-Council give licensing authority to specific First Nations councils. In the case of charitable raffles, the Registrar issues licences for raffles with prize boards over \$50,000, while municipalities or First Nations councils issue licences for those with prize boards under \$50,000.

Historically, provisions in the Criminal Code have limited the scope of charitable lotteries in Canada, specifically limiting charities and religious organizations from being able to use computers in the conduct and management of their games. In 2014, the Government of Canada made a change to the Criminal Code to allow provincial governments and other licensing authorities to begin licensing charities and religious organizations to conduct and manage raffles, including 50/50 draws, using computers for the sale of raffle tickets, selection of raffle winners and distribution of raffle prizes.

The development of the electronic raffle framework for Ontario will be a large and complex undertaking, and the implementation may take a phased approach, with certain licensees and/or types of electronic raffles being permitted sooner than others. The AGCO is aiming to develop the regulatory framework for electronic raffles in Ontario by Spring 2017, with implementation

starting soon after.

This consultation paper is one of the first steps in the AGCO's work to develop a regulatory framework for Ontario that will allow eligible charitable organizations to be licensed to conduct and manage electronic raffles.

Throughout this paper you will find a number of consultation questions. The AGCO would appreciate any responses you might have for questions that apply to you or your organization.

PLEASE BEGIN BY TELLING US A LITTLE MORE ABOUT YOURSELF AND YOUR ORGANIZATION BELOW:

Name of Organization

Organizational Contact(s) the AGCO can connect with on this initiative:

Telephone Number:

Email:

Current Interest/Role in Ontario's Charitable Gaming Sector:

1. The Use of Computers for Charitable Raffles

The AGCO is in the process of developing a regulatory framework for Ontario that will allow eligible charitable or religious organizations to be licensed to conduct and manage electronic raffles, including electronic 50/50 draws. This process marks a significant step forward to modernize the approach to charitable gaming in Ontario, and as such will require the careful examination of a variety of complex issues and the impact of these issues on both the AGCO and charities. Once complete, organizations licensed under this new framework will be able to use computers in the sale of raffle tickets, selection of raffle winners, and distribution of raffle prizes within the parameters of that framework.

The regulatory framework for electronic raffles will help charities:

- Continue to conduct and manage their raffles in accordance with the principles of honesty, integrity and the broader public interest;
- Offer Ontarians charitable raffle products that use modern technology;
- Increase fundraising revenue opportunities; and
- Streamline the administration of charitable raffles.

As the AGCO moves forward in the development of a regulatory framework for electronic raffles, we are interested in hearing about the potential opportunities that you see for your organization and how we can best ensure that the electronic raffle framework benefits charities while ensuring that raffles are provided with honesty, integrity and in the broader public interest.

CONSULTATION QUESTIONS:

- Q1. What is your vision for the use of computers to sell tickets, select winners, or distribute prizes for charitable raffles?
- Q2. Are there any specific raffle products or games that you are interested in offering to Ontarians under an electronic raffle framework?
- Q3. What potential impacts to your organization do you see arising from the use of computers for charitable raffles?

2. Benefits and Opportunities for Ontario's Charities

The intent of the Criminal Code change permitting electronic raffles is to allow eligible charities and religious organizations in Canada to raise more funds and save on administrative costs related to raffles. The AGCO recognizes that a healthy charitable gaming sector is in the public interest.

The AGCO's goal is to have an effective regulatory framework that ensures the honesty and integrity of electronic raffles, while at the same time allowing for flexibility, innovation, and growth.

We want to focus our efforts on ensuring that the key risks for electronic raffles are managed, and that rules are clear and not overly complex, do not impose too many time-consuming steps, and are not overly rigid. We want to understand how smaller, volunteer-driven charities might access the same kinds of advantages as larger organizations.

We know that charities want to minimize their raffle expenses in order to maximize the proceeds going to charitable causes. Overly expensive electronic solutions or equipment may keep charities from benefiting from electronic raffles. In terms of suppliers and manufacturers of electronic raffle equipment, the AGCO envisions a market environment that is transparent, efficient, and accessible.

We would like to hear from you about potential steps that the AGCO can take to ensure that charities see the maximum benefit from electronic raffles in Ontario.

CONSULTATION QUESTIONS:

- Q4. Do you see any opportunities to reduce the administrative burden on charitable licensees when it comes to electronic raffles?
- Q5. How can the AGCO ensure that charities, regardless of size, can benefit from electronic raffles?
- Q6. What do you think the AGCO could do to promote an accessible, transparent, and efficient market for electronic raffle systems and supplies?

3. Providing Electronic Raffles Responsibly

Promoting responsible gambling is a key priority for the AGCO. While we understand that charities and religious organizations are motivated to maximize their sales of raffle tickets, this must be done in a responsible way, minimizing the potential harm to members of the public.

We want to ensure that vulnerable people, including minors and individuals with gambling problems, are not targeted by electronic raffles, and that advertising or marketing materials are not misleading to the public. It is important that players understand the rules of the game they are playing, their chances of winning, and what the outcome is. If players are experiencing problems with gambling, they should be able to easily find the resources they need.

Certain types of electronic raffles may pose different risks in terms of responsible gambling, and the AGCO is eager to learn from stakeholders about how these risks might manifest themselves and how they can be mitigated.

CONSULTATION QUESTIONS:

Q7. What do you see as the responsible gambling risks associated with electronic raffles?

Q8. What can the AGCO do to ensure that electronic raffles are offered in a responsible manner?

4. Ensuring Honesty and Integrity in Electronic Raffles

The fundamental mandate of the AGCO is to ensure that all of the gaming activities that we regulate are provided with honesty, integrity, and in the broader public interest. This important principle must be a primary consideration throughout the development of the regulatory framework for electronic raffles.

The AGCO will need to establish operational processes to ensure that electronic solutions operate properly, that individuals involved in gaming act with integrity and comply with all applicable laws, regulations, and regulatory requirements, that the public can be confident in the outcomes of raffles, and that unlawful activity related to raffles is minimized.

Some regulatory activities that the AGCO currently carries out include:

- Conducting assessments to ensure that charitable and religious organizations are eligible for lottery licences;
- Registering suppliers of gaming-related equipment under the Gaming Control Act, 1992;
- Assessing and approving electronic gaming supplies to ensure that the technology meets Ontario's technical and other regulatory standards for the equipment and systems used for raffles;
- Reviewing and approving lottery licence applications to ensure that the game will be conducted according to all applicable rules and requirements;
- Educating licensees, conducting inspections and enforcing the rules for charitable lottery licences; and
- Working with municipal and First Nations licensing authorities to ensure alignment with the AGCO's requirements.

CONSULTATION QUESTIONS:

Q9. What are some of the key risks to the honesty and integrity of electronic raffles?

Q10. What steps could the AGCO take to ensure that electronic raffles are offered with integrity and honesty?

CONSULTATION QUESTIONS:

- Q11. Do you have any additional insights that you would like the AGCO to consider during the development of the regulatory framework for electronic raffles?