



# Alberta Gaming & Liquor Commission

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## **Business Plan**

2017-2020



Choices Albertans can trust.



# AGLC – Investing for Albertans

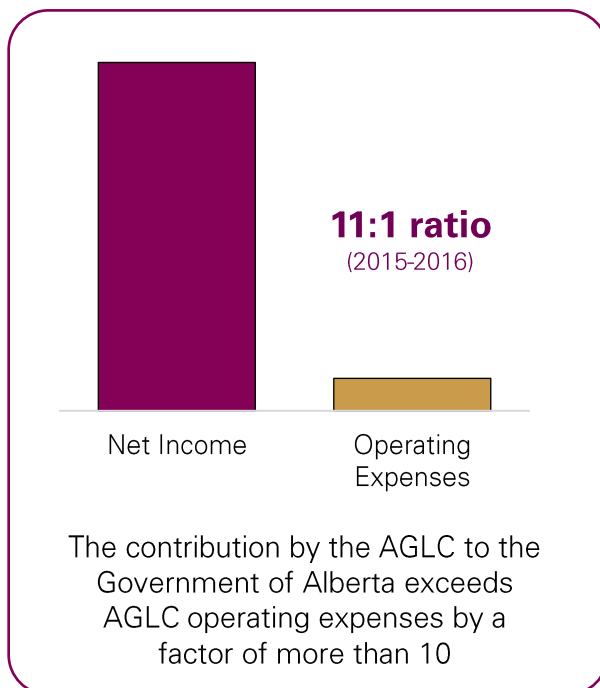
The future of the AGLC is guided by our Strategic Directions. These will propel the organization forward and set direction for the next three years:

- **Responsible Growth**
- **Culture of Moderation**
- **Regulatory Innovation**
- **Continuous Improvement**

Over the next 3 years, the AGLC will make strategic investments to support these directions and to build for our future. We are investing in transformational projects that will modernize the technology, the processes and the resources we use to connect with Albertans and deliver benefits to the Government of Alberta, the province’s gaming and liquor industries, eligible groups that fundraise through the charitable gaming model and to all Albertans.

Strategic investment will allow the AGLC to continue to effectively and efficiently deliver economic and social benefits to Albertans.

## Summary of AGLC operations in 2015-16



Revenue from provincial gaming to the Alberta Lottery Fund:

**\$1.6 billion**

Revenue from liquor operations to the General Revenue Fund:

**\$856 million**

Proceeds earned by licensed eligible charitable groups:

**\$353 million**

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# Message from the Chair of the Board and The President & Chief Executive Officer

On behalf of our entire AGLC team, we are pleased to present the 2017-2020 AGLC Business Plan. The plan reflects our priorities and performance targets over the next three years as we make strategic investments to build for the future.

The AGLC is committed to delivering choices Albertans can trust through responsible oversight of the province's gaming and liquor industries. Aligned with our responsibility to the Government of Alberta, the AGLC will generate stable revenue, and remain committed to a charitable gaming model that enables eligible groups to fundraise for the benefit of Alberta communities. We will deliver a relevant and balanced regulatory environment that is effective in reducing risks and social harms, and in providing economic opportunities and choice for consumers. We are equally dedicated to providing education about the responsible and moderate consumption of gaming and liquor to enable consumers to make healthy and informed choices.

Delivering these benefits to Albertans remains our core focus looking forward. In order to secure and increase these benefits for the future, the AGLC is committed to carefully planned investment over the next three years.

In this term, the AGLC will make investments and take direct and targeted actions to further our Strategic Directions:

- Responsible Growth
- Culture of Moderation
- Regulatory Innovation
- Continuous Improvement

As examples, the AGLC will lead the modernization of Alberta's gaming industry through investments in technology and game offerings to sustain revenue for the Alberta Lottery Fund. Completion of a new provincial liquor distribution warehouse will increase efficiencies, reduce costs, and enable future growth of product selection for consumers.

Over the next several years, we will be embarking upon many transformational initiatives. Our intent is to modernize the technology, the processes and the resources we use to connect with Albertans. Just as important are our internal investments in our employees. Investing in our workforce and in the systems we use to connect with stakeholders in the province's gaming and liquor industries will allow us to deliver greater economic and social benefits for Albertans.

As Chair of the Board and Acting President and Chief Executive Officer of the AGLC, we commit to the execution of this three-year plan and the accompanying goals identified within.

*Original signed by*

**Susan Green, ICD.D**

Chair of the Board

*Original signed by*

**Alain Maisonneuve**

Acting President and Chief Executive Officer

# The AGLC

## Our Purpose

The AGLC is a Crown commercial enterprise and an agent of the Government of Alberta with two core businesses: gaming and liquor. We are responsible for regulating Alberta’s charitable gaming activities and for conducting and managing provincial lottery activities. We also regulate the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

We work to sustain the long-term economic benefits of gaming and liquor in a socially responsible manner, and consult with stakeholders and partners when developing and implementing policies. Maintaining integrity in the gaming and liquor industries is at the core of everything we do for Albertans.

Our core businesses are conducted in alignment with the priorities of the Government of Alberta and are established in accordance with the *Gaming and Liquor Act*, the Gaming and Liquor Regulation and the *Criminal Code* (Canada).

## Our Structure

As defined in the *Gaming and Liquor Act*, the Board of the AGLC consists of up to seven independent members, all appointed by the Lieutenant Governor in Council, acting on the recommendation of the President of Treasury Board and Minister of Finance. From the members, the Lieutenant Governor in Council appoints a Chair of the Board via an Order in Council. Board members are chosen from the general public by open competition, with a term of appointment up to three years in length.

The Board is responsible for the governance of the Commission and for overseeing the management of the AGLC’s business affairs. The Board is also responsible for making decisions respecting gaming and liquor licences and registrations.

Operations at the AGLC are led by the dedicated employees within the divisions noted to the right.

### AGLC Board

### Office of the President & CEO

### Divisions

- Corporate Responsibility & Reputation
- Corporate Services
- Corporate Strategic Services
- Human Resources
- Information Technology
- Liquor Services
- Lottery & Gaming Services
- Regulatory Services

## Our Partners

The AGLC values our partners in the gaming and liquor industries. We work hard to ensure that our relationships are built on mutual respect, collaboration and transparency. We strive to form sustainable partnerships that translate into ongoing progressive developments in the gaming and liquor industries. We value these relationships and endeavour to maintain close working ties with our partners.

## Our Benefit to Albertans

The AGLC takes pride in delivering a wide range of economic and social benefits across the province. Examples of how the AGLC supports Albertans and communities include:

### Contribution to the Government of Alberta

Revenue from liquor and licensing operations is provided to the General Revenue Fund (GRF) to benefit Albertans through provincial government programs and services. A total of \$876.1 million is forecast to be delivered to the GRF in the 2017-2018 fiscal year. The government's share of net revenues from provincial gaming (video lottery terminals, casino gaming terminals, electronic bingo and ticket lotteries) is transferred to the Alberta Lottery Fund (ALF). In 2017-2018, it is anticipated that more than \$1.4 billion will benefit Alberta's communities through the ALF.

### Charitable Gaming

Eligible charities and religious groups can receive licences to conduct charitable gaming activities such as bingo, casino, pull tickets and raffles. In 2015-2016, a total of 16,802 charitable gaming licences were issued to over 9,000 charities. Eligible charities earned a combined total of more than \$352.5 million from gaming activities. First Nations communities are directly supported through on-reserve casinos that provide economic benefit to First Nations and affiliated charities.

### Responsible and Responsive Regulation

The AGLC has the responsibility to ensure integrity in Alberta's gaming and liquor industries. Our Board conducts hearings, makes licensing and regulatory decisions and develops policy to ensure that these industries remain well-managed. The AGLC is also committed to modernizing gaming and liquor regulation, such that the regulatory environment is effective in reducing risks and social harms, and in providing economic opportunities and choice for consumers.

### Promoting Responsible Enjoyment

The AGLC promotes responsible enjoyment of both gaming and liquor products. The AGLC is proud to provide GameSense, a comprehensive information program designed to allow players to learn more about the games they play and assess their gambling habits, with the overall goal of promoting responsible gambling behaviours. In 2016, the AGLC released a parallel program – DrinkSense – that aims to raise awareness of moderation and healthy choices around alcohol consumption.

# Our Vision, Mission and Values



## Vision

Driven by a bold and balanced approach, AGLC will be a leader in creating progressive gaming and liquor experiences trusted and enjoyed by Albertans.



## Mission

Our promise is to ensure responsible gaming and liquor choices that deliver economic and social benefit to Albertans.



## Values

Guiding us is a set of five core values that provide the moral compass necessary to fulfill our vision and mission.

### Integrity

We play by the rules, do the right thing and do what we say we'll do.

### Respect

We create an environment where each individual is valued and heard, and celebrate the diversity that makes us stronger.

### Collaboration

Together we are better. Working as a team and with our partners we achieve extraordinary results.

### Innovation

We imagine the possibilities. We challenge ourselves to look beyond *what is* to *what can be*.

### Excellence

We are all leaders. We work with passion, pride and purpose and own our part in the success of the team.



# Operating Environment

The AGLC closely monitors the environment in which we operate. The areas of focus below help management to determine courses of action and adjustments to past plans that will allow us to deliver on our Strategic Directions.

## External

### Alberta Economy

The AGLC monitors the economic conditions in which we operate. With the reliance on natural resources still high, the Alberta economy continues to feel significant effects from negative pressure on global commodity prices – particularly oil – and the associated reduction in overall investment. These conditions lead to further changes in economic factors such as rising unemployment levels and increased household debt, which in turn have an impact on consumer spending patterns.<sup>1</sup> Reduction in discretionary income in Alberta households would be expected to place negative pressure on revenues from gaming and liquor sales, as well as may negatively impact fundraising activities from groups participating in Alberta’s charitable gaming model.

In addition to focusing on increasing efficiencies, the AGLC is investing in long-term modernization efforts to sustain revenue models for the benefit of the Government of Alberta and Albertans.

### Population and Demographics

Despite recessionary economic conditions, Alberta still leads all Canadian provinces with the fastest growing population. Factors contributing to population growth are an increase in the birth rate as well as steady immigration from outside of Canada. However, in the short-term until the economy rebounds, the impact of a negative economic climate is forecast to reduce interprovincial migration, leading to more Albertans moving to other provinces than Canadians relocating to Alberta.<sup>2</sup>

Alberta remains the province with the youngest median age of the population. Continued immigration is expected to further increase Alberta’s cultural diversity, with Asia remaining the most common area of origin for immigrants to the province.

## Internal

### AGLC Workforce

Over the past several years, the AGLC has focused on developing the right skills within our workforce and having the right people in place in order to sustain our business. In 2016, the AGLC was recognized for being one of the Top 70 Employers in Alberta<sup>3</sup> and as a result of sustained efforts to further develop our values-based corporate culture, the AGLC saw a significant increase in employee engagement.

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<sup>1</sup> Financial models used by the AGLC to develop budget year and future target year forecasts incorporate the provincial unemployment rate as a key driver for gaming revenue. Projections included in the 2017-2020 AGLC Business Plan are based on an Alberta unemployment rate of 7.5%, as per the Government of Alberta’s Fiscal Plan Economic Outlook (April 2016; <http://finance.alberta.ca/publications/budget/budget2016/fiscal-plan-economic-outlook.pdf>).

<sup>2</sup> For financial modeling of liquor revenue, the AGLC monitors the provincial population (and the breakdown of specific age-group cohorts within) as per forecasts from the Government of Alberta (Treasury Board & Finance, Alberta Population Projections, June 2016; <http://www.finance.alberta.ca/aboutalberta/osi/demographics/Population-Projections/index.html>).

<sup>3</sup> Alberta’s Top Employers (2016); <http://www.canadastop100.com/alberta>

# Our Strategy

Vision

Driven by a bold and balanced approach, AGLC will be a leader in creating progressive gaming and liquor experiences trusted and enjoyed by Albertans.

Mission

Our promise is to ensure responsible gaming and liquor choices that deliver economic and social benefit to Albertans.

Values

Integrity  
Respect  
Collaboration  
Innovation  
Excellence

Directions

**Responsible Growth**

**Culture of Moderation**

**Regulatory Innovation**

**Continuous Improvement**

Objectives

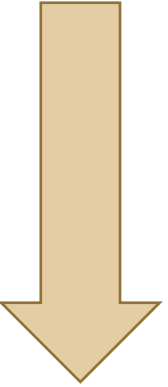
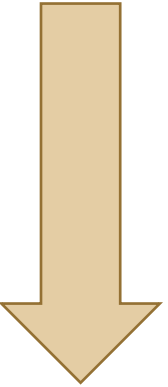
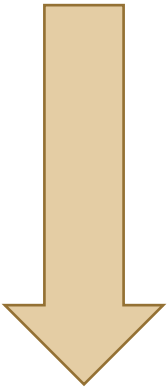
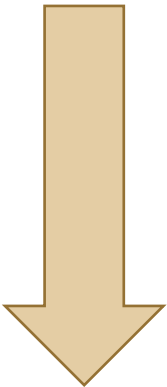
- Meet Albertans' Expectations
- Generate Stable Revenue

- Education
- Access to Self-Help
- Safety and Security
- Collaboration with Stakeholders

- Engage Stakeholders
- Focus on Risks, Evidence and Outcomes
- Enhance Liquor and Charitable Gaming Models

- Engaged Employees
- Increased Efficiency and Effectiveness
- Satisfaction with AGLC Products and Services

Business Priorities



Performance Measures

- Gaming Net Operating Results
- Liquor and Other Net Operating Results

- Responsible Gamblers
- Responsible Drinkers

- Stakeholder Satisfaction

- Employee Engagement
- Albertans' Confidence that AGLC Responsibly Manages Gaming and Liquor Activities

## Organizational Strategy

The organizational strategy of the AGLC is captured by our four Strategic Directions. Our Strategic Directions guide the organization as we strive to achieve our Vision and keep our promise to make responsible choices that benefit all Albertans. In 2016, the Board and the AGLC endorsed these directions as the guiding principles for future business decisions and resource allocation.

These directions will propel the organization forward and set direction for the next three years. The Strategic Directions form the basis for the 2017-2020 AGLC Business Plan, with measurement of performance against these directions to be reported in future Annual Reports.

### AGLC Strategic Directions:

- We will **promote responsible growth** of the gaming and liquor industries for the benefit of Albertans.
- We will **foster a culture of moderation** by promoting responsible liquor and gaming experiences.
- We will develop **policies that enable** the gaming and liquor industries; and that respect our **commitment to compliance**.
- By living our values, we will **continuously improve** the delivery of benefits, services and products to stakeholders and each other.

# Strategic Direction – Responsible Growth

## **We will promote responsible growth of gaming and liquor industries for the benefit of Albertans.**

The AGLC is committed to promoting responsible growth of the gaming and liquor industries for the benefit of Albertans. Growth leads to increased benefits for Albertans through expanded choice and options with respect to gaming and liquor experiences, as well as an increased overall financial contribution to government.

The AGLC remains committed to providing these benefits responsibly through a focus on reducing potential harms related to gaming and liquor. We achieve growth by meeting the expectations of Albertans and continuing to innovate for the future. We remain responsible by consulting with key stakeholders, industry leaders and associations to ensure the AGLC is as transparent, responsive and as efficient as possible.

### **Objectives**

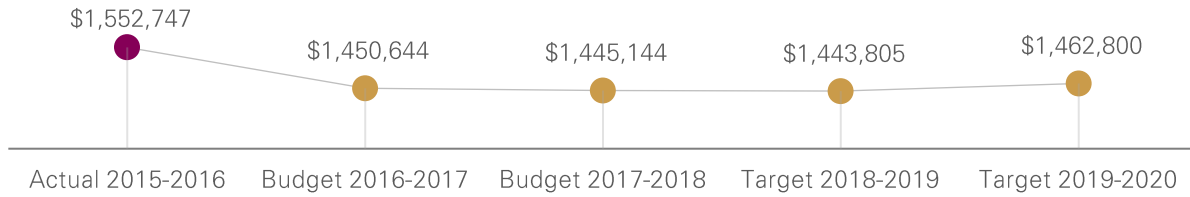
- Meet Albertans' expectations for liquor and gaming
- Generate stable revenue to benefit Albertans

### **Business Priorities for 2017-2020**

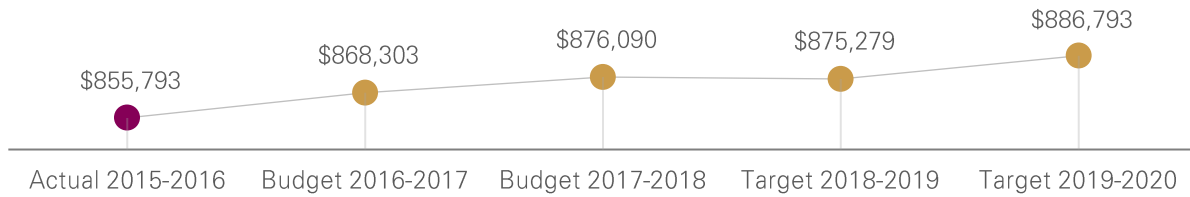
- Implement casino modernization initiatives in Alberta casinos
  - A technological modernization program for all 28 casino properties
  - Includes the industry-leading Casino Management System (CMS)
- Introduce a casino player loyalty program
  - A comprehensive player-focused program to improve the player experience
  - A player engagement program facilitates the sharing of responsible gambling information
- Support casino expansion projects
  - Starlight Casino (expansion of the existing Palace Casino in Edmonton)
- Develop innovative gaming options and upgrade lottery infrastructure
  - Continued trial of instant ticket vending machines
  - Replacement of lottery ticket terminals
- Targeted gaming promotions
- Build a new liquor distribution centre
  - Warehouse (450,000+ sq. ft.) is under construction in St. Albert, expected completion in 2017-2018
  - The facility will accommodate current and future product volumes

## Performance Measures

Gaming Net Operating Results (thousands of dollars)



Liquor and Other Net Operating Results (thousands of dollars)



# Strategic Direction – A Culture of Moderation

## **We will foster a culture of moderation by promoting responsible liquor and gaming experiences.**

In order to reduce liquor- and gambling-related harms and to promote a culture of moderation in Alberta, the AGLC focuses on public awareness and education to enable responsible and satisfied consumers. The Commission belongs to, and contributes to, national responsible play and responsible drinking efforts, and runs effective social responsibility programs to inform and educate Albertans.

By keeping Albertans informed and educated, we seek to enable responsible consumption and to help Alberta consumers make healthy and informed choices.

### **Objectives**

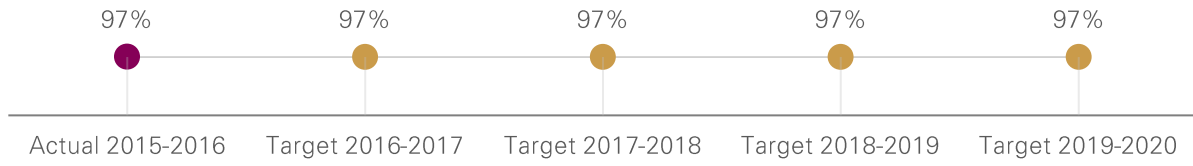
- Educate Albertans about responsible liquor and gambling experiences
- Provide access to self-help tools to reduce harm
- Enhance safety and security of licensed premises
- Collaborate with stakeholders to promote moderation

### **Business Priorities for 2017-2020**

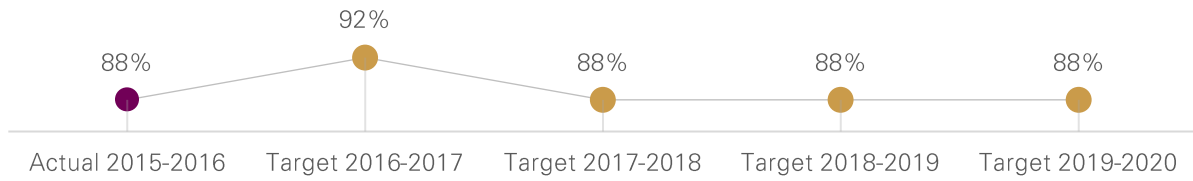
- Deploy targeted programs focused on promoting responsible behaviours, moderation and safe environments
  - Deliver the *GameSense* responsible gambling awareness program
  - Provide the *DrinkSense* program promoting responsible alcohol consumption
  - Expand the *Best Bar None* program for liquor licensees
    - Launch the program in additional municipalities
    - Expand the reach of the program in cities where it currently exists
- Provide targeted social responsibility campaigns to Albertans
- Expand and develop partnerships
  - Continued participation in the implementation of the Alberta Alcohol Strategy, Alberta Responsible and Problem Gambling Strategy and the Alberta Fetal Alcohol Spectrum Disorder Cross-Ministry Committee's action plan

## Performance Measures

### Responsible Gamblers



### Responsible Drinkers



# Strategic Direction – Regulatory Innovation

## **We will develop policies that enable the gaming and liquor industries; and that respect our commitment to compliance.**

The AGLC works closely with stakeholders in Alberta’s liquor and gaming industries to understand the key issues and expectations of Alberta’s consumers. The Commission delivers a streamlined regulatory environment that remains relevant and effective in reducing social harms and mitigating risks, and in providing economic opportunities and greater opportunities for charitable fundraising. As such, the AGLC is a modern regulator.

The AGLC engages with stakeholders as a best practice. The Commission is committed to growing the industries, being responsive to stakeholders’ needs and encouraging opportunity.

### **Objectives**

- Proactively engage stakeholders
- Employ risk-based, outcomes-focused and evidence-based practices
- Enhance Alberta’s charitable gaming and liquor models

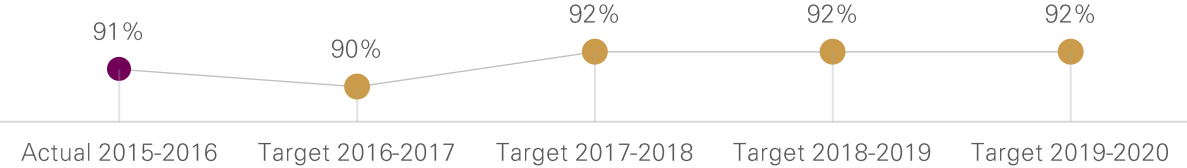
### **Business Priorities for 2017-2020**

- Implement and upgrade platform technologies that will allow the AGLC to offer increased online tools and services for Albertans
  - AGLC Business Platform program (to enable online licence applications, etc.)
  - New external AGLC website
- Review and update policies that govern liquor licensees
  - Ongoing review of Class E (Manufacturer) liquor licence with the aim of reducing barriers for economic opportunities for Alberta liquor manufacturers
  - Modernization of liquor policies
- Modernize Alberta’s charitable gaming model
  - Review the model for charitable fundraising to ensure that it continues to meet the needs of Albertans
- Deliver anti-money laundering (AML) programs with partners in Alberta’s gaming industry



**Performance Measure**

Stakeholder Satisfaction



# Strategic Direction – Continuous Improvement

**By living our values, we will continuously improve the delivery of benefits, services and products to stakeholders and each other.**

The AGLC continually improves its service to Albertans by being flexible, responsive, adaptable and values-driven in delivering innovative solutions and efficient processes to address the needs of stakeholders.

We continually modernize operations with a focus on innovation, internal efficiency and continued excellence to ensure that Albertans are satisfied with the AGLC's products and services and the ways in which they are delivered. Our results are a product of our values and our commitment to our Mission and Vision.

Living our values inspires engagement in the AGLC employees and allows us to serve Albertans better.

## Objectives

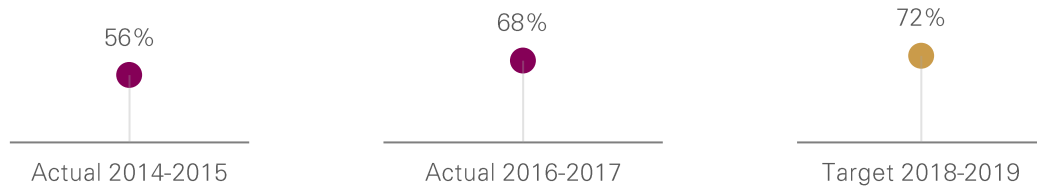
- Inspire engagement in the workplace and in employees to drive results
- Deliver services with increased efficiency and effectiveness
- Maintain Albertans' satisfaction with AGLC products and services

## Business Priorities for 2017-2020

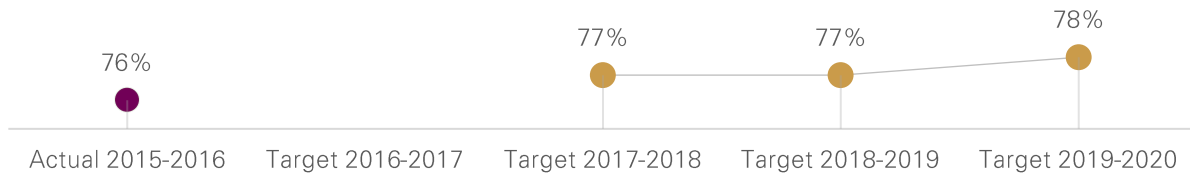
- Create new programs to enable employee growth, acquisition and succession planning
  - Continue implementation of the Talent Management Strategy
  - Develop new initiatives related to training, wellness and succession
- Strengthen IT Capabilities for the future
  - Modernize core IT systems to increase efficiency and improve stakeholder experiences
  - Improve access to information
  - HR payroll system upgrade
- Continued development of core organizational capabilities including project and portfolio management, change management, IT business relationship management, enterprise risk management
- Continuous process improvements
- Develop opportunities for community engagement
- Build program and policy evaluation capacity

## Performance Measures

### Employee Engagement



### Albertans' Confidence that the AGLC Responsibly Manages Gaming and Liquor Activities



# Risk Management

The AGLC employs a robust and modern risk management program. The program is designed to protect the investments the AGLC has made, mitigate outside influence on the strategies chosen and anticipate future obstacles to the AGLC's plan. The program consists of risk identification and assessment processes, semi-annual reports to the AGLC Board, an Enterprise Risk Management (ERM) framework and an ERM policy.

The AGLC's risk identification process has identified the following key risks that may impact our ability to meet our Business Plan objectives for 2017-2020.

1. External forces may lead to a long-term decrease in revenues, impacting benefits provided to Albertans.
  - a. Demographic changes;
  - b. Increased competition within the entertainment industry; and
  - c. Changes in opinion towards gaming and liquor.

Our mitigation strategy includes a focus on customer insights (assessing customer behavior and market trends), exploration of new delivery channels for gambling and modernizing current channels, and annually surveying the public and stakeholders regarding their opinions.

2. Constraints on operating, capital and human resources (capacity) may cause a delay in the delivery and achievement of strategic objectives and operational requirements. Constraints on resources may include:
  - a. Increase in the value of foreign currencies (e.g. U.S dollar), and/or a decrease in the Canadian dollar, increases the costs of contracts for goods and services purchased
  - b. Human resources with required skills available for delivery of projects
  - c. Funds available for major capital expenditures

Our mitigation strategies include an Investment Committee that approves all major spending decisions and the creation of an enterprise-wide project portfolio that is fully accounted for in our capital planning over the term of this business plan. The presence of an enterprise project management office ensures that approved projects have sufficient resources and follow project management standards.

The AGLC will continue to monitor these and other risks and work to ensure mitigation actions and plans are in place to protect the achievability of our corporate strategy.

# Our Operations

In addition to the main office located in St. Albert, the AGLC has regional offices in Calgary, Grande Prairie, Lethbridge, Red Deer and Stettler. A workforce of just over 1,000 employees is dedicated to serving Alberta's gaming and liquor industries and delivering economic and social benefits for Albertans.

The AGLC has developed a 2017-2020 Fiscal Plan which contains these budgets and targets. The Fiscal Plan is a complete, integrated look into the AGLC plans for the next three years, founded in our strategic directions, constructed with our corporate priorities and supported with our capital resources. It reaffirms the organization's future as a leader in the gaming and liquor industries and promises a culture of continuous improvement with new business ventures and business transformation.

## 2017-2020 Budget and Targets

(in thousands)	Actual 2015-16	Budget 2016-17	Budget 2017-18	Target 2018-19	Target 2019-20
<b>NET REVENUE<sup>1</sup></b>					
Casino Gaming Terminals	\$ 852,238	\$ 822,164	\$ 819,809	\$ 825,146	\$ 854,796
Video Lottery Terminals	530,471	512,268	508,088	513,793	515,478
Electronic Bingo <sup>2</sup>	7,661	7,183	7,706	7,779	7,851
Liquor	872,224	897,915	905,663	905,402	907,510
<b>Total Net Revenue</b>	<b>2,262,594</b>	<b>2,239,530</b>	<b>2,241,266</b>	<b>2,252,120</b>	<b>2,285,635</b>
<b>OPERATING EXPENSES</b>					
Salaries, Wages & Benefits	92,264	98,151	98,680	100,654	102,667
Other Expenses	72,478	73,768	81,840	87,310	89,291
Amortization	59,556	67,341	63,956	68,843	66,783
<b>Total Operating Expenses</b>	<b>224,298</b>	<b>239,260</b>	<b>244,476</b>	<b>256,807</b>	<b>258,741</b>
<b>PROFIT FROM OPERATIONS</b>	<b>2,038,296</b>	<b>2,000,270</b>	<b>1,996,790</b>	<b>1,995,313</b>	<b>2,026,894</b>
<b>OTHER REVENUE</b>					
Miscellaneous Revenue	18,488	15,082	16,271	15,598	14,526
Gain/(Loss) on Disposal	(436)	-	-	-	-
<b>Total Other Revenue</b>	<b>18,052</b>	<b>15,082</b>	<b>16,271</b>	<b>15,598</b>	<b>14,526</b>
Net Income From Ticket Lottery	352,192	303,595	308,173	308,173	308,173
<b>NET OPERATING INCOME<sup>3</sup></b>	<b>2,408,540</b>	<b>2,318,947</b>	<b>2,321,234</b>	<b>2,319,084</b>	<b>2,349,593</b>
Change \$		(89,593)	2,287	(2,150)	30,509
Change %		-3.7%	0.1%	-0.1%	1.3%

<sup>1</sup>Net revenue is gross sales less prizes, cost of sales, commissions and federal payments

<sup>2</sup>Electronic Bingo adjusted for Keno Charity Commission Expense

<sup>3</sup>Provided to the Government of Alberta

# Contact the AGLC

Additional copies of this publication or the annual report for the AGLC are available on the AGLC's website at [aglc.ca](http://aglc.ca).

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