

Business Plan

2015-2018







• Bill Robinson
President and Chief Executive Officer

• Susan Green
Acting Chair of the Board

“In the next three years, our customers and stakeholders will benefit from a greater ease of access to AGLC services and an improved environment for our gaming and liquor industries.”

Message from the Chair of the Board & President and Chief Executive Officer (CEO)

Our 2015-2018 Business Plan reflects our bold and balanced approach to creating progressive gaming and liquor experiences trusted and enjoyed by Albertans.

This approach demands that we be innovative. In the next three years, our customers and stakeholders will benefit from a greater ease of access to AGLC services and an improved environment for our gaming and liquor industries. Innovation is taking place in all areas of our business and includes projects the public will see, like a renewed website, and projects they won't, like a new warehouse inventory management system.

As well, our goal is to provide an environment which allows us to generate the revenues that are used throughout the province to benefit charities and communities alike. To succeed, we must ensure the entertainment options we offer remain innovative and competitive within the overall landscape of the entertainment choices Albertans have.

Susan Green, ICD.D.
Acting Chair of the Board

However, this approach also demands service excellence. Our Business Plan gives us the blueprint we need to improve the environment in which the gaming and liquor industries operate, making it easier to do business with the AGLC on both a regulatory and daily-operations basis. This allows our industry partners to do what they do best – provide the choices Albertans can trust in a socially responsible manner.

Finally, we must be collaborative. None of this would be possible if not for the relationships we have developed with, and the support we've received from, our stakeholders and the Government of Alberta. As important are our dedicated employees who serve our customers and stakeholders. They are vital to the success of the strategies laid out in this plan.

As the Chair of the Board and President and CEO of the AGLC, our joint message represents our aligned accountability for the completion of this three-year business plan and the achievement of the goals it outlines.

D.W. (Bill) Robinson
President and Chief Executive Officer

The AGLC

Our purpose

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

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, Gaming and Liquor Regulation and the Criminal Code (Canada).

Our structure

We are comprised of a seven-member Board that reports through the Chair to the Minister of Treasury Board and Finance. Our Board has three major areas of responsibility including monitoring, regulation and policy to ensure that Alberta's liquor and gaming industries are well managed to benefit Albertans.

Operations at the AGLC are managed by talented and dedicated employees in six divisions:

- Corporate Services
- Compliance and Social Responsibility
- Technologies and Information Services
- Human Resources and Learning Development
- Liquor Services
- Lottery and Gaming Services

Our Partners

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

Our vision, mission & 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

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.



Our benefit to Albertans

At the AGLC we take great pride in benefiting Albertans in five key areas:

Contribution to the Government of Alberta

Revenue from liquor and licensing operations is provided to the General Revenue Fund to benefit Albertans through government programs and services. Nearly \$759 million is expected to go into the fund in 2015–16.

The government's share of net revenues from provincial gaming (video lottery terminals, slot machines, electronic bingo and ticket lotteries) is transferred to the Alberta Lottery Fund. In 2015–16, it is anticipated that approximately \$1.5 billion will benefit Alberta's communities through the Fund.

Charitable gaming

Charities and religious groups can apply for and receive licences to conduct charitable gaming activities such as paper bingo, casino table games, pull tickets and raffles. In 2013-14 over 15,000 charitable gaming licences were issued earning charities a combined total of over \$344 million from gaming activities.

First Nations communities are directly supported through on-reserve casinos that provide economic benefit to First Nations and affiliated charities.

Providing choices

Albertans enjoy unparalleled choice when it comes to liquor products. They also enjoy a wide variety of gaming entertainment products. Albertans also have access to tools and support to help enjoy liquor and gaming in a responsible manner.

Promoting responsible enjoyment

The AGLC promotes responsible enjoyment of both gaming and liquor products. Among our many efforts, we are proud to offer a number of responsible online service training programs, such as Protect and Proserve. We also offer on-site support in casinos, invest in public awareness efforts, and work with establishments to reward responsible and safe service.

Ensuring integrity

It is our responsibility at the AGLC to ensure integrity in the liquor and gaming industries. Our Board conducts hearings, makes licensing and regulatory decisions and develops policy to ensure that the liquor and gaming industries are well managed to provide and protect Albertans choices.



Our Strategy

When it comes to strategic planning at the AGLC everyone has a role to play to ensure the growth and success of our organization for the benefit of Albertans. It all starts with the Board. Our seven member Board meets annually to review and provide guiding principles for the organization. These principles serve as the foundation of all planning and provide the AGLC with long term direction.

Our guiding principles are to:

- Create a workplace based on ethical business practices, openness and transparency.
- Maximize value to our stakeholders by operating in an environment that is innovative, creative and reflective of Albertans' entrepreneurial spirit, while recognizing and responding to the social impacts of our products and services.
- Enhance the entrepreneurial business model through a culture that embraces innovation and change using evidence based decision making.
- Expect gold standard governance from the Board and operational excellence from all employees, collaboratively creating a place we are proud to work.

AGLC Strategic Plan

Together with the executive team, the President and CEO works with the guiding principles to create the AGLC Strategic Plan. The plan sets the strategic goals for the organization and outlines corporate priorities in order to clearly identify achievable and measurable objectives and the relationships between them.

Our Plan

GOAL 1 Optimized Organizational Alignment

INTENT To ensure that the AGLC has the strategies, structure and resources in place to achieve its goals.

Objectives

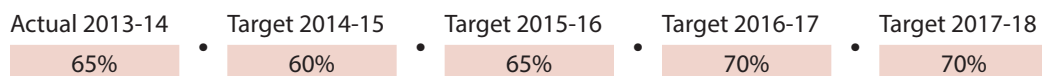
- Invest in, align and allocate resources to achieve strategic priorities.
- Develop and implement integrated corporate and divisional strategic and operational plans.
- Communicate a consistent message to customers, stakeholders and staff.
- Improve clarity, alignment and focus with increased engagement and synergies.

Business Priorities

- Continue to enhance integrated planning between base operations, corporate projects and budget.
- Promote a values and ethics based culture that aligns with and supports the achievement of the AGLC's strategic priorities.
- Maintain and enhance the enterprise risk management program.

Measures:

Percentage of employees who are aware of the AGLC Strategic Plan



Percentage of stakeholders aware of how AGLC serves Albertans

The AGLC is developing a new measure for this goal.

GOAL 2 Renewed and Repositioned Capabilities

INTENT To ensure we are flexible, responsive and adaptable when handling the challenges and changes that happen as a result of evolving business environments and ever changing consumer and client expectations.

Objectives:

- Modernize technologies to support the delivery of current and future business capabilities.
- Align and re-engineer processes used to deliver business capabilities.
- Develop documentation, change standards and ensure service quality independent of individual employees.
- Maximize resilience and minimize time to effect change.

Business Priorities:

- Expand delivery of products and services over the internet.
- Implement innovations in casino operations and player engagement.
- Continue to increase the capabilities of our project management office.
- Modernize our financial and human resources information systems.

Measure:

Percentage of service level targets achieved

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
N/A	N/A	70%	73%	75%

GOAL 3 Consumer and Client Focused Culture

INTENT To ensure our staff is focused on satisfying the needs of consumers and our clients.

Objectives:

- Understand consumer and client expectations.
- Enable a consumer and client focused business environment in a modernized regulatory policy framework:
 - > Access to desired and competitive products and services.
 - > A personalized and entertaining gaming experience valued by Albertans.
 - > Progressive developments in the liquor industry.
 - > Ensure satisfied consumers and clients.

Business Priorities:

- Implement a player engagement program to create an expanded player base of responsible, engaged players.
- Develop and launch a new website to provide consumer friendly resources.
- Improve self-service options for all stakeholders.
- Enhance the charitable gaming model for the benefit of all Albertans.
- Enhance Alberta's liquor model to ensure the needs of the consumers and stakeholders continue to be met.

Measures:

Percentage of Albertans satisfied with the availability of gaming products and services

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
79%	80%	80%	80%	80%

Percentage of Albertans satisfied that the gaming activities they participate in are provided fairly and responsibly¹

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
93%	94%	94%	94%	94%

Percentage of Albertans satisfied that licensed gaming venues are safe and responsible environments in which to gamble

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
73%	70%	70%	72%	74%

Percentage of Albertans satisfied that liquor is provided in a responsible manner

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
90%	91%	91%	91%	91%

Percentage of Albertans satisfied with the safety and security in and around licensed liquor premises

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
89%	91%	91%	91%	91%

¹ The results reported in the table above are based on a survey question which asks respondents about their satisfaction that the gaming activity they participated in was provided fairly and in a responsible manner. Therefore results may not be directly comparable.

GOAL 4 Operational Effectiveness Improvement

INTENT To ensure we make it easier to do business with the AGLC, to effectively support progressive and compliant gaming and liquor industries.

Objectives:

- Broaden employee skill base and empowerment.
- Engage employees and partners to streamline overall effectiveness of policies and processes and leverage economies of scale.
- Provide for efficient and effective interactions with the AGLC.
- Ensure progressive and compliant gaming and liquor industries.

Business Priorities:

- Deliver products and services more efficiently to Albertans.
- Develop integrated solutions to increase support for staff, stakeholders and clients.
- Implement the Anti-Money Laundering (AML) program to ensure the continued integrity of Alberta's gaming industry.
- Implement attraction and retention initiatives to help the AGLC become an employer of choice.
- To improve employee engagement by utilizing employee survey feedback as a key input in developing corporate action plans.
- Streamline business processes and enhance customer service.
- Integrate the principles and practices of results-based budgeting, focusing on relevance, effectiveness and efficiency, into all levels of the organization.

Measures:

Percentage of all revenues (less prizes and cost of goods sold) to be received by the General Revenue Fund and Alberta Lottery Fund after commissions and expenses.

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
82%	80%	80%	80%	80%

Percentage of liquor licensees who comply with legislation, regulation and policy

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
96%	95%	95%	95%	95%

Percentage of charitable gaming activities conducted in accordance with legislation, regulation and policy

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
99%	99%	99%	99%	99%

GOAL 5 Continuous Service Evolution

INTENT To ensure the AGLC continues to provide sustainable revenues to government and protects the benefits to charities by a continued focus on understanding and adapting to consumer expectations.

Objectives:

- Monitor societal and consumer trends, changing public values and evolving best practices.
- Continuously monitor and improve business processes and performance metrics.
- Enable an environment to retain existing consumers and attract new consumers.
- Sustain revenues and protect the benefit to charities.

Business Priorities:

- Strengthen the liquor and gaming industries through education, prevention and enforcement.
- Build a new liquor warehouse to realize operational efficiencies and to benefit from economies of scale from the distribution of liquor.
- Support the gaming industry in providing an entertainment experience of choice by:
 - > Heightening the casino experience through collaboration and innovation with gaming partners.
 - > Enhancing functionality.
 - > Increasing lottery ticket options and improving operations in conjunction with the Western Canada Lottery Corporation.
 - > Developing innovative gaming initiatives so that charities and Albertans receive maximum benefit from gaming activities.

Measures:

Gaming net operating results (thousands of dollars)

Actual 2013-14	Budget 2014-15	Budget 2015-16	Target 2016-17	Target 2017-18
1,484,457	1,482,550	1,544,716	1,598,886	1,655,174

Liquor and other net operating results (thousands of dollars)

Actual 2013-14	Budget 2014-15	Budget 2015-16	Target 2016-17	Target 2017-18
747,026	745,249	758,709	775,025	793,048

GOAL 6 Responsible Choice Promotion

INTENT To represent the vision of the AGLC to have responsible, satisfied consumers and to continue to work to reduce liquor and gambling related harms.

Objectives:

- Enhance capability to promote responsible sales and use to consumers, industry and government.
- Implement an integrated responsible sale and use program that promotes prevention and balances social and economic objectives.
- Enable a culture of moderation and provide self help tools to reduce harm.
- Foster healthy consumers and reduced liquor and gambling related harms.

Business Priorities:

- Continue to partner in the implementation of the Alberta Alcohol Strategy to develop a culture of moderation.
- Implement a renewed and freshened strategy to support responsible gambling.
- Participate in the National Responsible Gambling Collaboration program to increase the cross-jurisdictional commitment to responsible gambling.
- Enhance current, and create new, harm reduction programs to support Albertans.

Measures:

Percentage of Albertans that gamble responsibly

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
97%	97%	97%	97%	97%

Percentage of Albertans that drink alcohol in moderation

Actual 2013-14	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
87% (Old Standard)	TBD	TBD	TBD	TBD

The above measure will have changes to the standards used during 2014-15. Once baselines have been established, targets will be set.

Percentage of Albertans aware of prevention and harm reduction programs for problem gambling

Actual 2013-14 ¹	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
85%	83%	83%	83%	83%

Percentage of Albertans aware of prevention and harm reduction programs for problem drinking

Actual 2013-14 ²	Target 2014-15	Target 2015-16	Target 2016-17	Target 2017-18
94%	90%	90%	90%	90%

1 The results reported in the table above are based on a survey question which asked respondents their awareness of prevention and treatment programs for problem gambling. Therefore results may not be directly comparable.

2 The results reported in the table above are based on a survey question which asked respondents about their awareness of prevention and treatment programs for alcohol abuse. Therefore results may not be directly comparable.

Our Operations

The AGLC has experienced financial success in the past. Our vision of ensuring gaming and liquor sustainability so that Albertans choices are protected involves continual investment, modernization and fiscal responsibility.

AGLC's financial performance is driven by optimizing consumer and client value – that is, maximizing financial return while maintaining a strong emphasis on socially responsible operations. Also, as with most business entities, we strive to be responsible managers and continually improve operational efficiencies and asset utilization.

2015-18 Budget and Targets

(in thousands)	Actual 2012-13	Actual 2013-14	Budget 2014-15	Budget 2015-16	Target ³ 2016-17	Target ³ 2017-18
NET REVENUE¹						
Casino Gaming Terminals (slots)	\$ 873,835	\$ 857,510	\$ 903,052	\$ 843,450	\$ 873,172	\$ 916,150
Video Lottery Terminals	484,451	514,610	503,587	589,449	612,795	628,137
Electronic Bingo ²	8,318	7,686	6,400	7,198	7,198	7,198
Internet Gaming	-	-	-	-	2,500	5,000
Liquor	744,394	758,251	765,000	858,637	875,810	893,326
Total Net Revenue	2,110,998	2,138,057	2,178,039	2,298,734	2,371,475	2,449,811
OPERATING EXPENSES						
AGLC	124,918	132,786	164,282	147,212	150,156	153,159
Amortization	42,823	59,851	70,283	67,048	73,753	81,128
Gaming Equipment Lease	27,974	31,141	31,574	25,000	25,000	25,000
Total Operating Expenses	195,715	223,778	266,139	239,260	248,909	259,287
PROFIT FROM OPERATIONS	1,915,283	1,914,279	1,911,900	2,059,474	2,122,566	2,190,523
Net Income from WCLC	286,294	298,126	299,904	306,502	313,584	318,195
Licensing and Other Revenue	12,357	19,078	15,995	16,086	17,971	21,317
NET OPERATING INCOME	2,213,934	2,231,483	2,227,799	2,382,062	2,454,121	2,530,035
NET ACTUARIAL GAINS (LOSSES)	1,025	(9,735)	(8,850)	(11,500)	(11,500)	(11,500)
COMPREHENSIVE INCOME	\$ 2,214,959	\$ 2,221,748	\$ 2,218,949	\$ 2,370,562	\$ 2,442,621	\$ 2,518,535
Change \$		6,789	(2,799)	151,613	72,059	75,915
Change %		0.3%	(0.1%)	6.8%	3.0%	3.1%

1 Net revenue is gross sales less prizes, cost of sales, commissions and federal payments

2 Includes KENO charity commissions

3 Subject to change in future fiscal plans

Contact AGLC

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