



AGLC

Alberta Gaming &
Liquor Commission

Business Plan

2016-2019

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Message from the Chair of the Board and the President and Chief Executive Officer

On behalf of our entire AGLC team, we are pleased to present the AGLC's 2016-2019 Business Plan. The plan demonstrates our renewed focus on ensuring high-value and trusted gaming and liquor choices, accompanied by economic and social benefit for all Albertans. This plan also clearly outlines our commitment to those we work with and those we serve.

The past three years at the AGLC have been marked by a strong drive to transform our business model and establish a values-based culture. To support these efforts, the AGLC Board has recognized a need to reinforce our direction in moving the organization forward. This plan reflects our revitalized strategy, which provides for stronger alignment between our Vision and Mission and the outcomes we aim to achieve. More importantly, you will see that all of our work and related results reflect the values that are at the core of our organization—**integrity, respect, collaboration, innovation and excellence.**

Original signed by

Susan Green, ICD.D
Chair of the Board

Our commitment to our values internally, translates into our commitment to **create value** externally. With a stronger focus on delivering results that matter to our stakeholders, clients and customers, this plan introduces a new set of performance measures. In an accountable and transparent way, these measures will show how we are faring compared to the goals we have set to accomplish. We also believe that these measures will allow us to demonstrate the level of dedication the AGLC team collectively brings to work every single day.

That dedication to excellence and continuous improvement in our work are key drivers that help us move forward in realizing our bold vision – **to be a leader in creating progressive gaming and liquor experiences trusted and enjoyed by Albertans.** This dedication is also where we draw inspiration and strength from as we set on a course to deliver the results outlined in this business plan.

As the Chair of the Board and the President and Chief Executive Officer of the AGLC, we commit to the completion of this plan and accompanying goals identified within.

Original signed by

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

The AGLC

Our Purpose

The AGLC is a Crown commercial enterprise and an agent of Government of Alberta with two core businesses: liquor and gaming. We are responsible for regulating Alberta's charitable gaming activities and for 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*, the 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 President of Treasury Board and Minister of 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 for the benefit of Albertans.

Operations at the AGLC are managed by the talented and dedicated staff in our eight Divisions:

- Office of the President and Chief Executive Officer (includes Marketing and Communications)
- Compliance and Social Responsibility
- Corporate Finance Office
- Corporate Services
- Human Resources and Learning & Development
- Innovation and Technology Services
- Liquor Services
- Lottery and Gaming 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 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 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

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 providing benefits to Albertans in five key areas:

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 \$868 million is expected to be delivered to the GRF in the 2016-17 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 2016-17, it is anticipated that approximately \$1.45 billion will benefit Alberta's communities through the ALF.

Charitable Gaming

Eligible 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 2014-15, a total of 16,694 charitable gaming licences were issued; eligible charities earned a combined total of more than \$342 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; in 2014-15, there were over 22,000 different products available. The AGLC also provides Albertans with access to a wide variety of gaming entertainment products as well as tools and support to help them 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 online responsible service training programs for the liquor industry (e.g. ProServe and ProTect). We also offer on-site support in casinos (e.g. GameSense Info Centres), 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 in Alberta. Our Board conducts hearings, makes licensing and regulatory decisions and develops policy to ensure that these industries are well managed to provide and protect choices for Albertans.

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.

Economy

The AGLC monitors the economic conditions in which we operate. The Alberta economy has suffered from the falling price of oil and a corresponding reduction in investment; as a result, the economy of Alberta is projected to contract by 0.6% in 2015.¹ One of our strategic directions requires us to deliver stable revenue to the Government of Alberta. In a climate of low to zero growth this means an increased focus on new and enhanced product development and a concentrated effort to keep costs in line.

Legislation and Regulation

The AGLC works closely with other orders of government. Changes in laws, regulations or procedures in those governments can impact the AGLC's operations. Currently there is a focus on implementation of federal anti-money laundering regulations and going forward the AGLC will be working closely with our stakeholders on upgrading their systems in order to meet compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*. Recent and proposed changes to Canadian Food Inspection Agency (CFIA) processes have and will require changes to reporting systems. These regulatory changes involve corporate projects and a commitment of resources on the AGLC's part and have become part of our plan going forward.

Industry

Gaming

Skill-based slot games & attraction of young adult players:

As casino operators look for ways to attract and engage millennials, the major gaming vendors continue to experiment in the skill-based game category. There have been regulatory approvals for these games in Nevada and New Jersey, which will further encourage innovation. Table game play continues to grow in Alberta in line with the industry.

Fantasy sports:

An increasing number of jurisdictions are exploring the legalities of the daily fantasy sports business. Online sports betting has gained traction with offers from the two largest fantasy sports companies generating \$60 million in entry fees during this year's opening weekend of the National Football League.² In Canada, the proposed bill for single outcome sports betting expired in the senate with the federal election call.

¹ Government of Alberta, Treasury Board and Finance; 2015-16 First Quarter Fiscal Update (Aug. 31, 2015)

² <http://www.bloomberg.com/news/articles/2015-09-10/you-aren-t-good-enough-to-win-money-playing-daily-fantasy-football>

Liquor

The AGLC continues to see an increase in the number of liquor products listed for sale in our province. In total, there are now over 22,000 liquor products for sale in Alberta, an increase of 4,200 from just five years ago. This trend is influenced by Alberta's open registration policy that encourages innovation and healthy competition in the marketplace. It is also an indication of the industry's response to consumers' growing interest in craft products and locally made products. As of the end of fiscal 2015, Alberta had 38 liquor manufacturers – up from 25 licensed producers five years ago. The total number of products is expected to continue to grow, as are the number of local manufacturers entering the industry.

Workforce

Wage pressures have been lessened (though not eliminated) by a reduction in competition for labour in Alberta and competition for openings is increasing. However, in a time of government austerity and a challenging economic environment the AGLC is focused on retaining key staff and internal skill development for existing staff. These actions allow the AGLC to further reduce turn-over costs and mitigate costly recruitment activities for desired skill sets.

Our 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 2014-15, the Board and the AGLC Executive Team, with input from AGLC staff, revised the Strategic Directions to guide future business decisions and resource allocation.

These directions will propel the organization forward and set direction for the next three to five years. The Strategic Directions form the basis for the 2016-2019 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.

Our Board meets annually to review and provide guiding principles for the organization. These principles serve as the foundation for 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 workplace in which all employees can take pride.

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

Vision

Mission

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

Corporate Values

Integrity

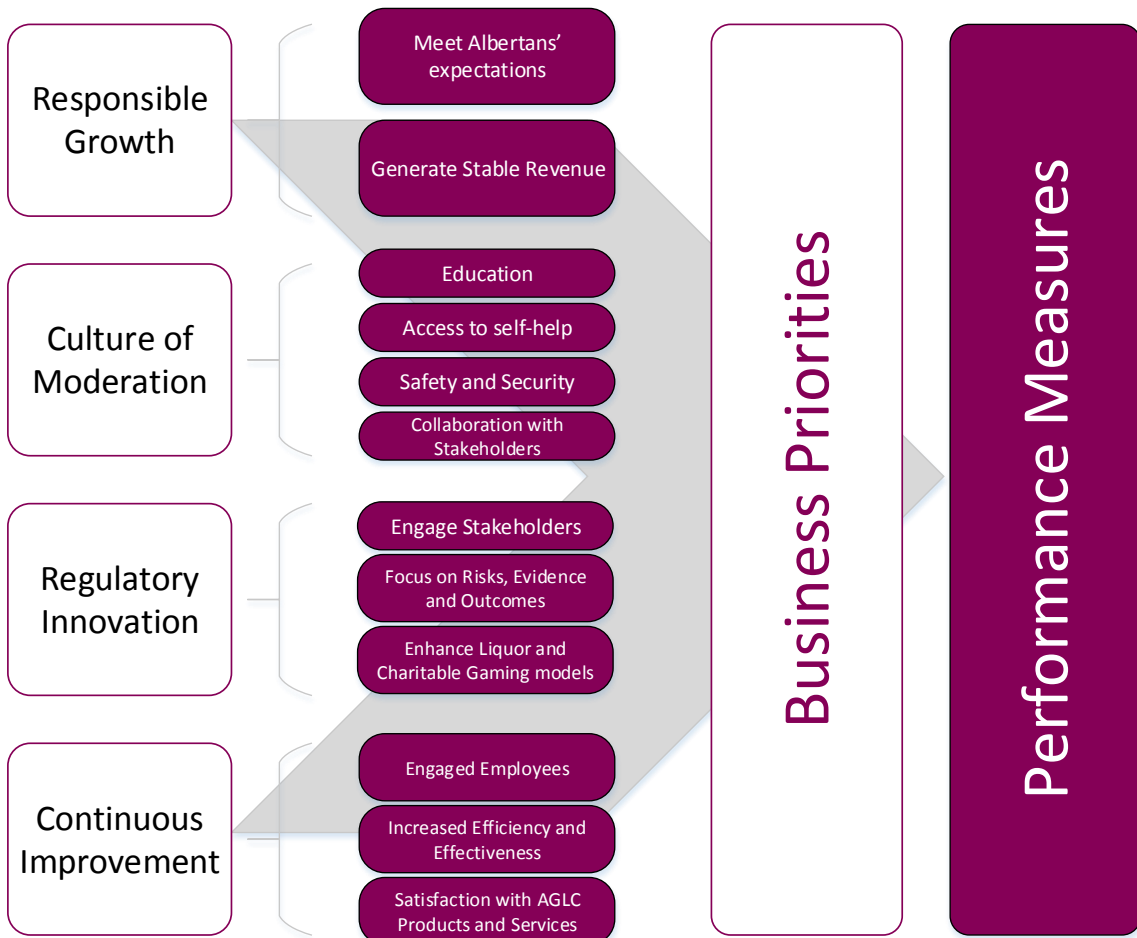
Respect

Collaboration

Innovation

Excellence

AGLC Strategic Plan



Strategic Direction – Responsible Growth

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

The AGLC aims to provide economic benefit to Albertans that matches or exceeds Alberta’s overall growth. Furthermore, the AGLC strives to provide these benefits responsibly, remaining focused 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.

By growing the gaming and liquor industries responsibly, the AGLC will sustain the benefits Albertans receive through charities, overall contributions to government revenues and entertainment options.

Objectives

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

Business Priorities for 2016-2019

- Implement casino modernization initiatives
- Undertake casino relocation and expansion projects
- Develop innovative gaming options
- Upgrade lottery infrastructure
- Targeted gaming promotions
- Increase liquor distribution capacity

Performance Measure

Total dollars returned to the Government of Alberta, the Alberta Lottery Fund and eligible charities meets or exceeds GDP growth

	Actual 2014-15	Target 2015-16	Target 2016-17	Target 2017-18	Target 2018-19
Alberta GDP Growth (%)	2.5%	-0.6%	1.3%	3.0%	3.2%
Growth in dollars returned to Charities, General Revenue Fund and the Alberta Lottery Fund (%)	2.0%	-0.6%	1.3%	3.0%	3.2%

Note:

Projections for the growth of the Alberta GDP are from Treasury Board and Finance (Government of Alberta). The targets for the 2015-16 and 2016-17 fiscal years are from the most recent updated projections available (from August 2015); the longer-term projections are from an earlier forecast (from March 2015). The AGLC will update these targets as revised projections become available from Treasury Board and Finance.

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 organizations, 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 2016-2019

- Promote the *GameSense* responsible gambling awareness program
- Expand the *Best Bar None* program for liquor licensees
- Provide targeted social responsibility campaigns to Albertans
- Continue to partner 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 10 year strategic plan

Performance Measures

Percentage of responsible gamblers

Actual 2014-15	Target 2015-16	Target 2016-17	Target 2017-18	Target 2018-19
98%	97%	97%	97%	97%

Percentage of responsible drinkers

Actual 2014-15	Target 2015-16	Target 2016-17	Target 2017-18	Target 2018-19
87%	92%	92%	92%	92%

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. As such, the AGLC is a modern regulator.

The AGLC engages with stakeholders as a best practice. This engagement enhances the Commission’s reputation as an organization 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 2016-2019

- Enhance stakeholder relationships
- Expand web-based relationship management
- Deliver anti-money laundering programs with partners in Alberta’s gaming industry
- Modernize charitable gaming
- Enhance Alberta’s liquor model

Performance Measures

AGLC Stakeholder Satisfaction Index

Actual 2014-15	Target 2015-16	Target 2016-17	Target 2017-18	Target 2018-19
92%	90%	90%	90%	90%

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.

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 2016-2019

- Development of workforce including continued implementation of the Talent Management Strategy
- Modernize AGLC infrastructure
- Streamline business processes

Performance Measures

Percentage of all revenues to be received by Licensed Charities, the General Revenue Fund and Alberta Lottery Fund

Actual 2014-15	Target 2015-16	Target 2016-17	Target 2017-18	Target 2018-19
80.6%	80%	80%	80%	80%

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 risks as key drivers of our Business Plan for 2016-19.

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.

The 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. Immediate economic impact of low oil prices on Alberta's economy may lead to lower immediate investment by the AGLC.

The AGLC will be strategic and extremely critical of future spending. We will ensure the investments made will provide maximum benefit and key revenue streams will be protected. To accomplish this, the AGLC Executive Team has created an Investment Committee to routinely review spending and resource commitments.

3. Low team engagement may negatively impact the reputation of AGLC both with external parties and AGLC employees.

Our continued focus on creating a strong corporate culture will ensure that we have an engaged and values-driven workforce. We believe strongly that the work culture within the AGLC is the best and most appropriate mitigation strategy to protect the reputation of the AGLC and drive results.

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

The AGLC's financial performance is driven by parallel commitments to maximizing financial return while maintaining a strong emphasis on social responsibility.

The AGLC has developed a 2016-2019 AGLC Fiscal Plan, which contains these budgets and targets. The Fiscal Plan is a complete, integrated look at the AGLC plans for the next three years, founded on our strategic directions, constructed with our corporate priorities and supported with our capital resources. The Fiscal Plan 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 transformations.

The AGLC is aware of the challenging near-term economic conditions in Alberta and is committed to both appropriate investment and fiscal prudence to ensure the sustainability of gaming and liquor revenue.

2016-2019 Budget and Targets

(in thousands)	Actual 2014-15	Budget 2015-16	Budget 2016-17	Target 2017-18	Target 2018-19
NET REVENUE¹					
Casino Gaming Terminals	\$ 867,137	\$ 843,450	\$ 822,164	\$ 842,231	\$ 859,425
Video Lottery Terminals	555,604	589,449	512,268	526,305	541,579
Electronic Bingo ²	7,360	7,198	7,183	7,245	7,307
Liquor	781,900	858,637	897,915	910,487	924,143
Total Net Revenue	2,212,001	2,298,734	2,239,530	2,286,268	2,332,454
OPERATING EXPENSES					
AGLC Operating Expenses	137,485	147,212	146,934	149,873	152,870
Amortization	51,518	67,048	67,341	68,980	70,787
Gaming Equipment Lease	30,336	25,000	24,985	24,985	24,985
Total Operating Expenses	219,339	239,260	239,260	243,838	248,642
PROFIT FROM OPERATIONS	1,992,662	2,059,474	2,000,270	2,042,430	2,083,812
Net Income from WCLC	285,322	306,502	303,595	303,595	303,595
Licensing and Other Revenue	16,129	16,086	15,082	14,456	16,979
NET OPERATING INCOME³	2,294,113	2,382,062	2,318,947	2,360,481	2,404,386
NET ACTUARIAL GAINS (LOSSES)	(8,800)	(11,500)	(11,500)	(11,500)	(11,500)
COMPREHENSIVE INCOME	\$ 2,285,313	\$ 2,370,562	\$ 2,307,447	\$ 2,348,981	\$ 2,392,886
Change \$		85,249	(63,115)	41,534	43,905
Change %		4%	(3%)	2%	2%

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

² Electronic Bingo adjusted for Keno Charity Commission Expense

³ 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.

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Toll free: 1-800-272-8876

Mailing Address:

50 Corriveau Avenue
St. Albert, AB T8N 3T5
780-447-8600

If alcohol or gambling is a concern for you or someone you know, please call the Alberta Health Services **Addiction Helpline, toll-free at 1-866-332-2322 (24 hours a day)**. Information and support is completely confidential.





Choices Albertans can trust.

www.aglc.ca

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