

BUSINESS PLAN

2018-2021

Contents

Message from the Chair of the Board and the President and Chief Executive Officer	1
The AGLC	2
Our Vision, Mission, and Values	5
Our Strategy	6
Strategic Directions	8
Our Operations	17
Contact the AGLC	19

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

On behalf of the entire Alberta Gaming & Liquor Commission team, we are pleased to present the 2018-2021 AGLC Business Plan. Through this plan, we identify our priorities and performance targets for this period.

We remain guided by our promise to ensure responsible gaming and liquor choices that deliver economic and social benefit to Albertans. We do so with a commitment to balance in providing these benefits.

The Government of Alberta has introduced legislation to add legalized cannabis to the AGLC's mandate. We are confident that the organization's expertise with the regulated products of gaming and liquor can be effectively leveraged to support the new cannabis line of business.

The AGLC is preparing for implementation of legalized cannabis effective July 2018. We are excited by the opportunities that this will provide to ensure responsible cannabis choices that deliver economic benefits to Albertans. The next 3 years will be a time of significant change and evolution for the AGLC as regulations and policies are finalized and operating models are implemented and refined. Our Strategic Directions and commitment to balance will allow us to effectively serve Albertans within this new regulatory environment.

Our strategy for this timeframe reflects this commitment to balance. As a foundation for our strategy, we will continue to make responsible, timely and prudent investments in our processes, our technology and our people. Doing so will ensure responsible oversight of the province's gaming, liquor, and cannabis industries and reinforce our ability to serve Albertans.

Our objectives and priorities over the next 3 years, and the investments and actions that will allow us to achieve these, are guided by our

Strategic Directions. These are the 4 pillars of our strategy – the foundation of the balance we strive for in serving Albertans:

Responsible Growth

Effective Regulation

Culture of Moderation

Organizational Strength

In the 2018-2021 timeframe, the AGLC will undertake specific initiatives and make careful and intentional investments in alignment with these Strategic Directions. For example, investment in gaming terminal technology and the modernization of casinos will sustain revenue for the Alberta Lottery Fund. Modernization of our licensing systems will increase online services available to Albertans.

Our focus on strategic investment applies as well to our employees and to our organization. Our strength as an organization lies with our people, their knowledge and their dedication to serving Albertans. We will invest in our employees and in internal technologies, capabilities and processes that our dedicated staff use in serving stakeholders.

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

Original signed by

Gael MacLeod
Chair of the Board

Original signed by

Alain Maisonneuve
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 the existing lines of business related to 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.

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

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 Evolution

Under direction from the federal government, a framework for the legalization of cannabis shall be in place across Canada by July 1, 2018. To address this timeline for cannabis legalization in the province, the Government of Alberta introduced and the Legislature passed Bill 26, *An Act to Control and Regulate Cannabis* in December 2017.

This new legislation will amend the GLA to add the following to the objects of the Commission:

- To control the import, purchase, giving, possession, storage, transportation and use of cannabis;
- To distribute or control the distribution of cannabis, or both; and
- To sell or control the sale of cannabis, or both.

Although Bill 26 has received Royal Assent, it will only come into force on Proclamation; until then, the existing GLA and the current Gaming and Liquor Regulation remain in force and provide the statutory authority to the AGLC. When Bill 26 comes into force:

- Cannabis will officially be added as a new line of business to the AGLC's mandate;
- The GLA will formally be amended to become the *Gaming, Liquor and Cannabis Act* (GLCA); and
- It is expected that the Commission's name will be amended to Alberta Gaming, Liquor & Cannabis, allowing for the AGLC acronym to be retained.
 - Maintaining the AGLC acronym, visual identity and aglc.ca are important to align with our values and to maintain our position as the provider of choices Albertans can trust; this is why the AGLC was chosen as the trusted agency to oversee cannabis, which the government heard during consultation with Albertans.

Government decisions related to cannabis in the first several months of 2018 may lead to additional amendments to legislation (and associated Regulation); the AGLC will adjust business priorities to reflect any change as the details of the mandate for cannabis (e.g. regulatory oversight, wholesale and retail operations) are formalized.

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 AGLC and for overseeing the management of our business affairs. The Board is also responsible for making decisions respecting gaming and liquor licences and registrations. It is expected that the Board will have similar responsibilities for cannabis.

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



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, and look forward to establishing equally collaborative partnerships in Alberta's emerging cannabis industry.

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:

Responsible and Responsive Regulation

The AGLC has the responsibility to ensure integrity in Alberta's gaming and liquor industries. The organization will evolve in the 2018-2021 period as this responsibility will be extended to include Alberta's nascent cannabis industry. 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 there is a proper balance with a regulatory environment that is effective in managing risk, in allowing businesses to operate efficiently, and in providing choice for consumers. As a regulatory framework for cannabis is developed and implemented, this commitment to balance will be central to our role.

Promoting Responsible Enjoyment

The AGLC promotes responsible enjoyment of both gaming and liquor products. The AGLC is proud to deliver *GameSense*, a comprehensive information program designed to allow players to learn more about the games they play and to assess their gambling habits, with the overall goal of promoting responsible gambling behaviours. A parallel program for liquor – *DrinkSense* – aims to raise awareness of moderation and healthy choices around alcohol consumption. In the 2018-2021 timeframe, a similar comprehensive social responsibility program for cannabis will be developed.

Financial Contribution to the Government of Alberta

The government's share of net operating income from provincial gaming (video lottery terminals, casino gaming terminals, electronic bingo and ticket lotteries) is transferred to the Alberta Lottery Fund (ALF). In 2018-2019, it is anticipated that more than \$1.4 billion will benefit Alberta's communities through the ALF. Net operating income from liquor operations and licensing is provided to the General Revenue Fund (GRF) to benefit Albertans through provincial government programs and services. A total of more than \$835.6 million is forecast to be delivered from liquor operations in the 2018-2019 fiscal year.

The revenue model for cannabis will be finalized as Bill 26 is proclaimed and the *Gaming, Liquor and Cannabis Act* comes into force in 2018. The assumption made for planning purposes is that net operating income from cannabis operations and licensing will be provided to the GRF in a manner similar to net operating income from liquor.

Charitable Gaming

Eligible charitable groups can receive licences to conduct charitable gaming activities such as bingo, casino, pull tickets and raffles. In 2016-2017, a total of 17,904 charitable gaming licences were issued to more than 8,000 charities. Eligible charities earned a combined total of more than \$336 million from gaming activities. First Nations communities are directly supported through on-reserve casinos that provide economic benefit to Host First Nations and affiliated charities.

Our Vision, Mission, and Values

Vision

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

Mission

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

AGLC 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 <i>what is</i> to <i>what can be</i> .
Excellence	We are all leaders. We work with passion, pride and purpose and own our part in the success of the team.

Our Strategy

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 2017, 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 2018-2021 AGLC Business Plan, with measurement of performance against these directions to be reported in future annual reports.

AGLC Strategic Directions

Responsible Growth

We will responsibly generate and grow revenue for the benefit of Albertans.

Effective Regulation

We will ensure a relevant and balanced regulatory environment that manages risk and allows gaming, liquor, and cannabis businesses to operate efficiently.

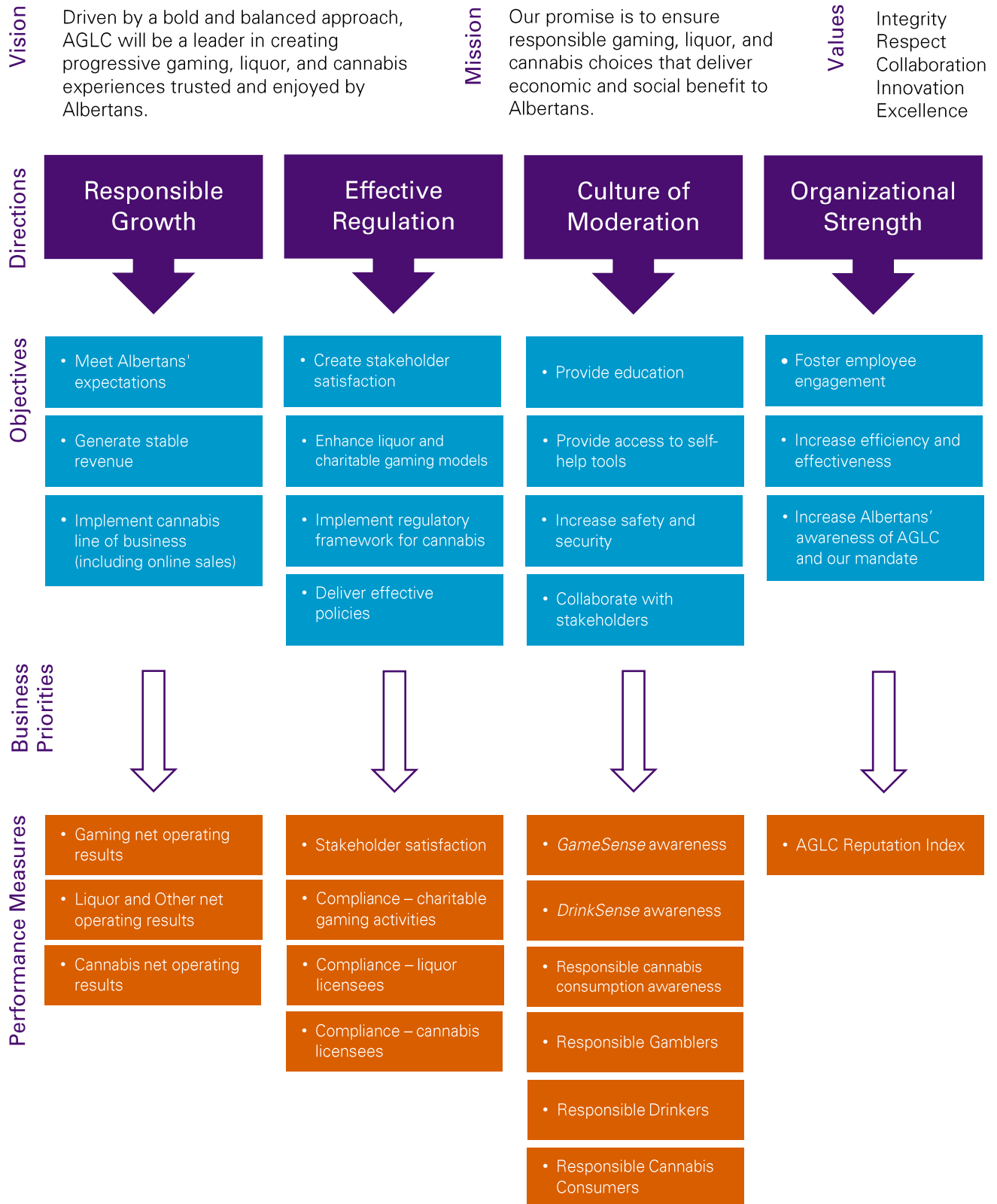
Culture of Moderation

We will foster a culture of moderation by promoting responsible gaming experiences, and responsible liquor and cannabis consumption.

Organizational Strength

We will increase employee engagement and improve the technology and processes we use to serve Albertans.

Our Strategy



Responsible Growth

We will responsibly generate and grow revenue for the benefit of Albertans

The AGLC is committed to promoting responsible growth of the gaming, liquor, and cannabis industries for the benefit of Albertans. Growth leads to increased benefits for Albertans through expanded choice and options with respect to gaming, liquor, and cannabis 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, liquor, and cannabis. 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

- To meet Albertans' expectations for gaming, liquor, and cannabis
- To generate stable revenue to benefit Albertans
- To launch and refine the cannabis line of business, including online sales

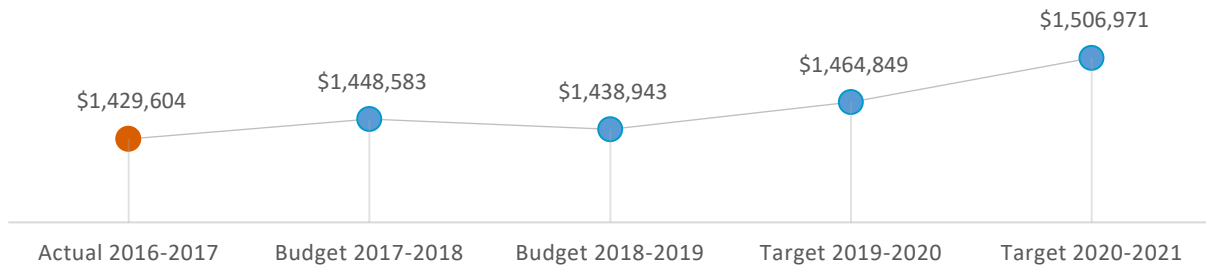
Business Priorities for 2018-2021

o Implement a Casino Modernization Program for all Alberta casinos	o Update and modernize technology to better meet evolving player expectations and grow revenue
o Make strategic investments in gaming terminal technology	o Modernize electronic gaming machines through a multi-year strategic investment to respond to player expectations and grow revenue
o Introduce a casino player loyalty program	o Implement a comprehensive player-focused program to improve the player experience and facilitate the delivery of responsible gaming information
o Support the expansion, relocation and development of gaming facilities	o Starlight Casino expansion
o Ensure a stable and efficient liquor warehouse network	o Century Mile Racing Entertainment Centre
o Develop online tools to support small liquor manufacturers	o Open a new liquor distribution centre in 2018
o Implement Alberta's cannabis model	o Consolidate current secondary sites and create plans to retrofit the existing main warehouse facility
o Launch cannabis online sales	o Implement a web-based portal with information for new manufacturers (or interested applicants)
	o Improve processes for revenue collection
	o Implement and refine a cannabis wholesale, warehousing and distribution model that supports private retail stores and online sales
	o Implement and refine a cannabis online sales site to grow revenue in a responsible manner

Performance Measures

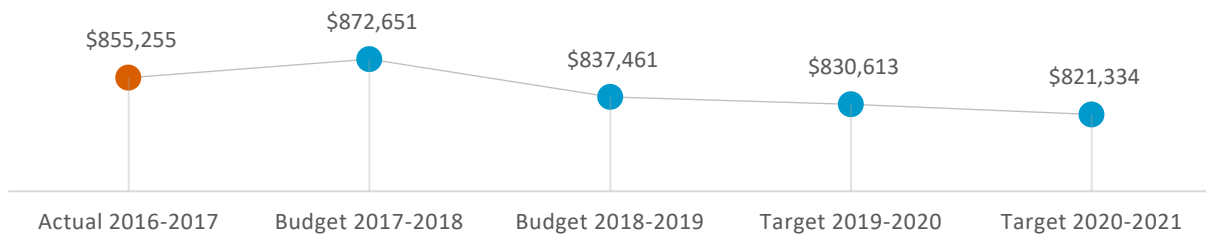
Gaming Net Operating Results

(thousands of dollars)



Liquor and Other Net Operating Results

(thousands of dollars)



Cannabis Net Operating Results

(thousands of dollars)

Note: It is expected that the cannabis line of business will operate at a loss in 2018-19 and 2019-20. A positive net operating result for cannabis is expected however, for 2020-21. The target amount will be defined in the 2020-2023 AGLC Business Plan.

Actual 2016-2017	Target 2017-2018	Target 2018-2019	Target 2019-2020	Target 2020-2021
------------------	------------------	------------------	------------------	------------------

Effective Regulation

We will ensure a relevant and balanced regulatory environment that manages risk and allows gaming, liquor, and cannabis businesses to operate efficiently

The AGLC works closely with stakeholders in Alberta’s gaming and liquor industries to understand the key issues and expectations of both consumers and business operators. The AGLC delivers a balanced regulatory environment that remains relevant and effective in reducing social harms and mitigating risks, and in reducing unnecessary barriers so that gaming and liquor businesses can operate without undue burden. This commitment to working with stakeholders will extend to Alberta’s emerging cannabis industry.

The AGLC is responsive to stakeholder needs and feedback. Regulations and policies are reviewed to ensure that they meet Albertans’ current expectations and that they provide for an effective balance. As such, the AGLC is a modern regulator. We engage with stakeholders as a best practice. The AGLC is dedicated to a regulatory and policy environment that maintains our commitment to compliance yet reduces barriers for our licensees and industry stakeholders.

Objectives

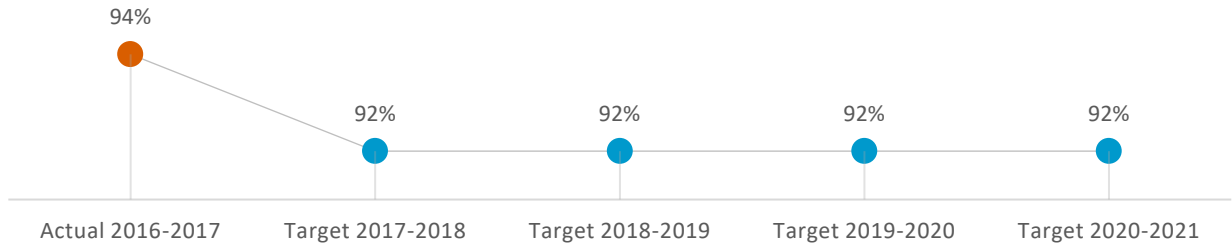
- To provide efficient and effective stakeholder interactions and create stakeholder satisfaction
- To enhance Alberta’s charitable gaming and liquor models
- To implement Alberta’s regulatory model for cannabis sales
- To develop gaming, liquor, and cannabis policies that reflect Albertans’ expectations and that effectively reduce risk

Business Priorities for 2018-2021

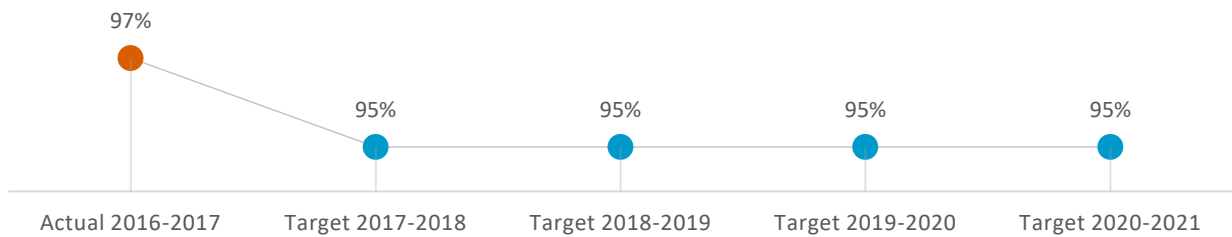
• Modernize AGLC licensing systems	○ Increase online service delivery
• Review and update policies that govern liquor licensees	○ Implement improvements to support Alberta liquor manufacturers ○ Modernize liquor policies to meet the needs of the liquor industry, while ensuring public safety
• Modernize Alberta’s charitable gaming model	○ Ensure that the model reflects Albertans’ current priorities and meets current standards for gaming integrity ○ Review and update the charitable bingo model
• Develop and implement a regulatory model for cannabis sales in Alberta	○ Implement a regulatory framework for cannabis to satisfy expectations of Albertans, the Government of Alberta, and federal legislation ○ Ensure that Alberta’s cannabis model is effective, efficient, meets policy objectives and effectively manages risks

Performance Measures

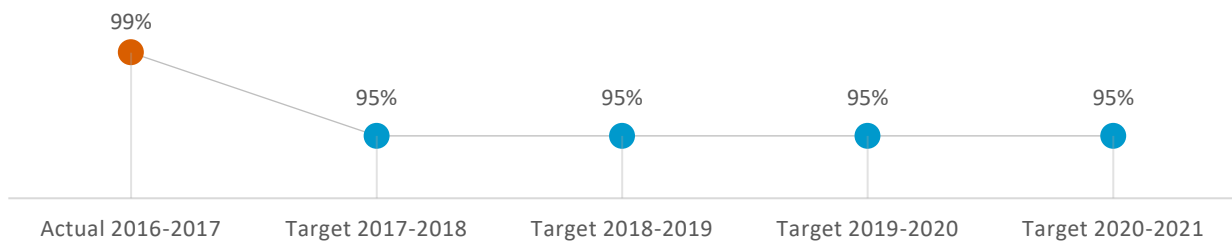
Stakeholder Satisfaction



Charitable gaming activities conducted in compliance with legislation, regulation and policy

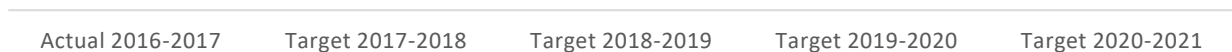


Liquor licensees in compliance with legislation, regulation and policy



Cannabis licensees in compliance with legislation, regulation and policy

Note: Cannabis licensee compliance targets will be set once a baseline has been established with at least 2 years of results.



Culture of Moderation

We will foster a culture of moderation by promoting responsible gaming experiences and responsible liquor and cannabis consumption

In order to reduce gambling- and liquor-related harms and to promote a culture of moderation in Alberta, the AGLC focuses on public awareness and education to enable responsible consumption. The AGLC supports national responsible play and responsible drinking efforts, and runs effective social responsibility programs to inform and educate Albertans. As a framework for legal cannabis is established, we will broaden our social responsibility efforts to include this regulated product.

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

Objectives

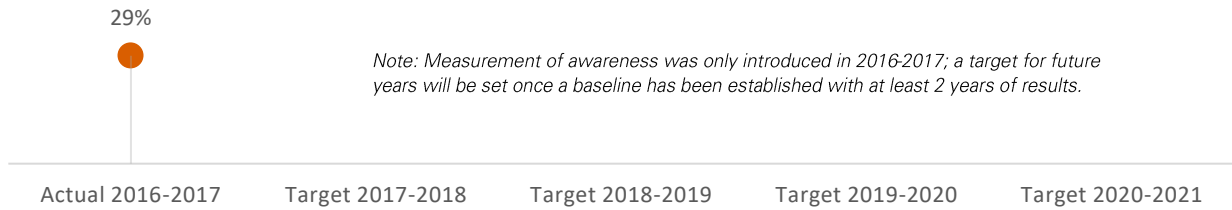
- To educate Albertans about responsible gambling experiences, and responsible liquor and cannabis consumption
- To provide access to self-help tools to reduce harm
- To enhance safety and security of licensed premises
- To collaborate with stakeholders to promote moderation

Business Priorities for 2018-2021

• Deliver the <i>GameSense</i> responsible gambling awareness program	<ul style="list-style-type: none">○ Educate Albertans about responsible gambling, about how games of chance work and enable them to make informed choices with respect to gambling○ Create targeted responsible gambling campaigns
• Update Alberta's self-exclusion program	<ul style="list-style-type: none">○ Enhance the effectiveness of this tool for players who wish to regulate their gambling behaviour
• Deliver the <i>DrinkSense</i> responsible drinking awareness program	<ul style="list-style-type: none">○ Increase awareness about <i>Canada's Low Risk Alcohol Drinking Guidelines</i> and encourage moderate consumption of liquor○ Create targeted responsible drinking campaigns○ Expand the Best Bar None program for liquor licensees
• Develop and deliver a responsible cannabis use awareness program	<ul style="list-style-type: none">○ Educate Albertans about responsible cannabis consumption○ Create targeted programs to encourage moderate consumption of cannabis○ Implement the SellSafe program to train retail cannabis store staff on responsible cannabis sales and consumption
• Develop and expand partnerships related to the promotion of responsible gambling, and responsible liquor and cannabis consumption	<ul style="list-style-type: none">○ Alberta Alcohol Strategy○ Alberta Responsible and Problem Gambling Strategy○ Alberta Fetal Alcohol Spectrum Disorder Cross-Ministry Committee○ Develop partnerships for responsible cannabis use

Performance Measures

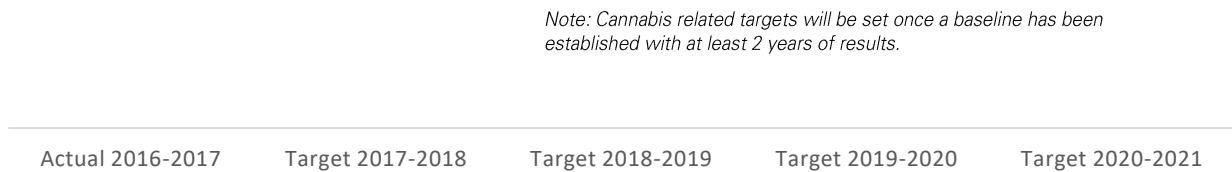
GameSense Awareness



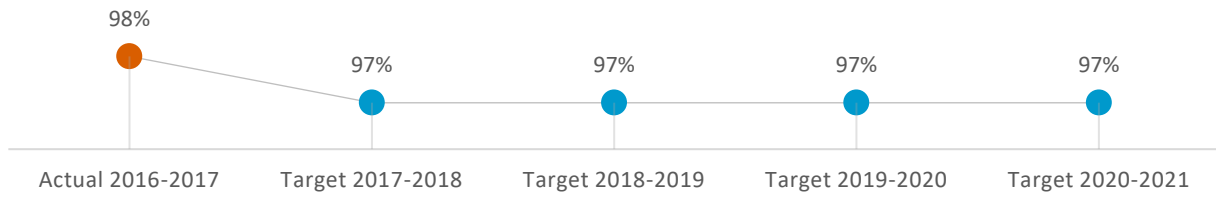
DrinkSense Awareness



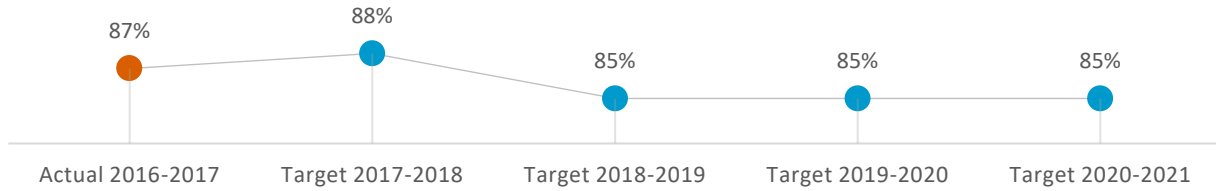
Responsible Cannabis Consumption Program Awareness



Responsible Gamblers



Responsible Drinkers



Responsible Cannabis Consumers

Note: Cannabis related targets will be set once a baseline has been established with at least 2 years of results.

Actual 2016-2017 Target 2017-2018 Target 2018-2019 Target 2019-2020 Target 2020-2021

Organizational Strength

We will increase employee engagement and improve the technology and processes we use to serve Albertans

The AGLC is a values-driven organization that is dedicated to serving Albertans. A part of this dedication is our commitment to continuous improvement. We do so by investing in our employees, and in our systems, processes and technology so that we may be more effective and efficient in all that we do.

We are focused on investment to enable the modernization of our operations and to streamline our service delivery where possible. Investing in technology and processes build our capacity to deliver benefits; living our values inspires engagement in our employees and allows us to serve Albertans better.

Objectives

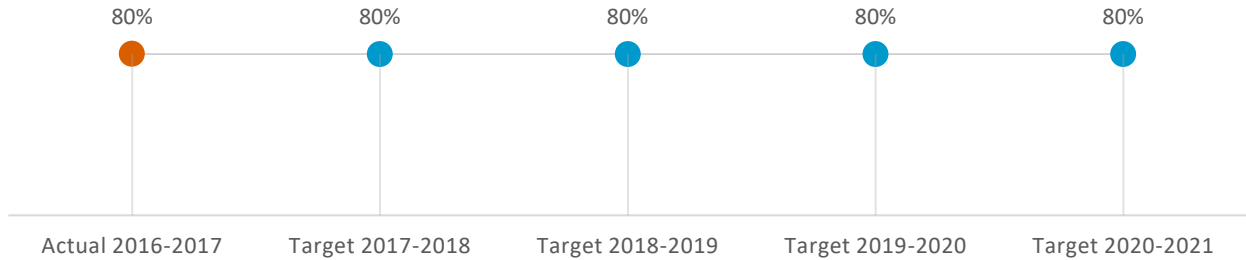
- To inspire engagement in the workplace and in employees to drive results
- To implement technology, internal systems and processes that increase organizational efficiency and effectiveness
- To increase Albertans’ awareness of the AGLC and its role in serving Albertans

Business Priorities for 2018-2021

<ul style="list-style-type: none"> • Enhance programs to enable employee growth, acquisition and succession planning 	<ul style="list-style-type: none"> ○ Continue implementation of the Talent Management Strategy ○ Develop new initiatives related to training, wellness and succession
<ul style="list-style-type: none"> • Strengthen internal technologies, capabilities and processes 	<ul style="list-style-type: none"> ○ Upgrade payroll system for employees ○ Develop enhanced payment processing for liquor manufacturers ○ Modernize processes for data management and corporate records handling
<ul style="list-style-type: none"> • Develop corporate tools and build capacity to support program and policy development and evaluation 	<ul style="list-style-type: none"> ○ Develop evaluation frameworks for new programs and major policy updates
<ul style="list-style-type: none"> • Enhance community engagement efforts 	<ul style="list-style-type: none"> ○ Expand the <i>We All Play a Part</i> campaign
<ul style="list-style-type: none"> • Develop the organizational capabilities required to manage cannabis sales and to regulate Alberta’s cannabis industry 	<ul style="list-style-type: none"> ○ Recruit skilled resources and expand the organizational structure to accommodate new roles and responsibilities ○ Develop and implement new processes, technology and other infrastructure required for cannabis service delivery

Performance Measure

AGLC Reputation Index



Note: The AGLC Reputation Index is comprised of a series of questions that assess feedback on six separate dimensions: Emotional Appeal, Financial Performance, Vision and Leadership, Workplace, Social Responsibility, and Products and Services. Questions from multiple surveys of our licensees, the public, and internal surveys of our employees factor into the Reputation Index calculation.

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 nearly 1,000 employees is dedicated to serving Alberta's gaming and liquor industries and delivering economic and social benefits for Albertans. Additional people will be required to support the AGLC's role in cannabis legalization.

The AGLC has developed a Fiscal Plan and Capital Plan for 2018-2021 that contain budgets and targets for these years. These are integrated financial summaries of our plans for the next three years, founded in our strategic directions, constructed with our corporate priorities and supported with our resources. It reaffirms our dedication to make judicious and thoughtful investments over this timeframe to solidify our ability to provide effective oversight of Alberta's gaming and liquor industries, and to develop a role within the emerging cannabis industry, so that we meet the expectations of Albertans and continue to deliver benefits across the province.

Budget and Target Years - Assumptions

- The AGLC Fiscal Plan for 2018-2021 has been built using recommended models to implement the new cannabis line of business, including the online sales site, as well as the cannabis regulatory framework. The final models will be determined by further legislative amendments as well as by amendments to the existing Gaming and Liquor Regulation.
- Revenue projections for gaming and liquor are based on predictive models of consumption. Factors that impact this include Alberta's projected population and provincial unemployment rates. Assumptions are drawn from projections from the Government of Alberta.¹

Enterprise Risk Management

The AGLC employs a detailed enterprise risk management (ERM) program to identify the scope and scale of risks that may impact our operations. The program enables us to identify, and to track over time, the environmental elements that may impact our business operations and our ability to achieve our strategic goals. We also monitor for emerging risks that could have an influence on operations. Our ERM program reinforces the need for effective controls for risk and enables us to plan for actions to address and mitigate risks so that we may continue to deliver on our priorities.

¹ Government of Alberta Budget 2017; Fiscal Plan, Economic Outlook
<http://finance.alberta.ca/publications/budget/budget2017/fiscal-plan-economic-outlook.pdf>

2018-2021 Budget and Targets

The following table presents a summary of the AGLC budget for 2018-19 as well as target projections for fiscal years 2019-20 and 2020-21.

(in thousands)	Actual 2016-17	Budget 2017-18	Budget 2018-19	Target 2019-20	Target 2020-21
NET REVENUE¹					
Casino Gaming Terminals	\$ 800,012	\$ 819,809	\$ 803,194	\$ 836,214	\$ 880,382
Video Lottery Terminals	493,854	508,088	504,231	515,137	523,959
Electronic Bingo ²	7,774	7,706	7,303	7,272	7,242
Non-Cash Revenue	-	-	-	10,392	39,579
Liquor	877,142	905,663	868,652	861,916	855,080
Cannabis	-	-	4,240	24,164	126,041
Total Net Revenue	2,178,782	2,241,266	2,187,620	2,255,095	2,432,283
OPERATING EXPENSES					
Salaries, Wages & Benefits	94,215	98,680	106,856	108,314	110,023
Other Expenses	69,071	81,840	126,008	152,563	176,953
Amortization	61,312	63,956	67,238	74,199	79,488
Non-Cash Expenses	-	-	-	13,930	45,890
Total Operating Expenses	224,598	244,476	300,102	349,006	412,354
PROFIT FROM OPERATIONS	1,954,184	1,996,790	1,887,518	1,906,089	2,019,929
OTHER REVENUES					
Miscellaneous Revenue	17,592	16,271	16,927	18,086	18,068
Gain/(Loss) on Disposal	(2,428)	-	-	(4,088)	(761)
Total Other Revenues	15,164	16,271	16,927	13,998	17,307
Net Income From Ticket Lottery	315,511	308,173	328,544	328,544	328,544
NET OPERATING INCOME³	2,284,859	2,321,234	2,232,989	2,248,630	2,365,780
Change \$		36,375	-88,245	15,641	117,150
Change %		1.6	-3.8	0.7	5.2

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

²Electronic Bingo adjusted for Keno Charity Commission Expense

³Provided 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.

Follow the AGLC:



[@AGLCdotCA](https://twitter.com/AGLCdotCA)



www.facebook.com/AGLC.Alberta



www.youtube.com/user/AGLCdotCA

Toll free: 1-800-272-8876

Mailing Address:

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