



Business Plan

2022-25



Board Chair message

This plan has been prepared with a future-focus while also respecting the magnitude of the ongoing impacts of the COVID-19 pandemic. All organizations have felt the unprecedented pressures of mandate orders and policy changes to remain operational, while ensuring the health and well-being of customers and employees. The successful resilience illustrated in the past fiscal year has propelled AGLC, alongside valued stakeholders in the gaming, liquor and cannabis sectors, to respond quickly to an ever-changing environment. As a result, new insights were assessed, igniting a transformation. Notable milestones include:

- Successful execution of several key initiatives such as the efforts to reduce red tape, launching sports betting on PlayAlberta.ca and most recently achieving an incredible milestone of \$1 billion in cannabis wholesale sales.
- An in-depth strategic analysis of the long-term future of the gaming, liquor and cannabis industries led to revising AGLC's vision, mission and values and the creation of AGLC's 2022-27 Strategic Plan.
- Appointment of Kandice Machado as President and CEO, who has been given a mandate to continue driving transformation.

In alignment with AGLC's 2022-27 Strategic Plan, the 2022-25 Business Plan is reflective of initiating innovation, enabling agility and remaining focused on customer and stakeholder value. AGLC is committed to continued modernization of policies to remove unnecessary barriers for industry, while supporting consumer choice and economic growth.

The Board looks forward to working with the new President and CEO, and industry partners to achieve AGLC's key priorities and initiatives set out in this three-year business plan.

Original signed by

Len Rhodes
Board Chair

Initiating innovation, enabling agility and remaining focused on customer and stakeholder value.

President and Chief Executive Officer message

The Board has made it clear they are driving transformation and AGLC's Executive Team is eager to lead that journey, supported by an organization that continues to embrace change.

I have seen this first-hand throughout the pandemic, where AGLC has explored disruptions with creativity and open possibilities to find solutions to keep businesses operational, ensure stakeholders received continued services and advanced on major initiatives. However, beyond the pandemic, AGLC must continuously evolve and integrate best practices to be successful.

AGLC has explored disruptions with creativity and open possibilities.

To realize full transformation, AGLC must activate key success factors including:

- Advance regulatory agendas that reduce barriers and seek new opportunities to support economic development, jobs and consumer choices.
- Create strategic partnerships that allow for shared expertise and insights to remain responsive to the gaming, liquor and cannabis markets and risks.
- As champions of customer-centricity, ensure AGLC people are agile, inclusive and talent driven to meet future industry advancements.

To emphasize these success factors and align with AGLC's 2022-27 Strategic Plan, this plan's core themes will guide key priorities and initiatives for AGLC in the next three years: innovate for the future, respond with agility and transform operations. The 10 key priorities and three central objectives will also provide operational clarity and focus.

I am humbled to work alongside such a dedicated team across the organization and appreciate the continued commitment towards strengthening Alberta. Together, AGLC will continue providing choices Albertans can trust.

Original signed by

Kandice Machado
President and Chief Executive Officer



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About AGLC

Vision

Strengthen Alberta through its leading-edge gaming, liquor and cannabis industries.

Mission

Create an environment for responsible choices to deliver economic and social benefits to Albertans.

Values

Integrity: We hold ourselves to a high standard. That means operating fairly and honourably with colleagues, customers and stakeholders, even when no one is watching.

Respect: We listen and empower. Our culture adapts and ensures all are heard to build a vibrant Alberta. And when we misstep, we take accountability.

Collaboration: We harness the power of multiple minds and ideas. By breaking down internal and external boundaries to work together, we amplify our achievements.

Innovation: We are always reinventing. The first answer is not always the best answer, so we let our curiosity continuously challenge the status quo.

Inclusion: We embrace the power of diversity. Each of our unique talents, experiences and relationships come together to form one stronger AGLC.

Purpose

Gaming



AGLC regulates Alberta's charitable gaming activities and conducts and manages provincial gaming and lottery activities, including Alberta's only regulated online gambling website, PlayAlberta.ca.

Liquor



AGLC regulates the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta.

Cannabis



AGLC regulates private retail licensing of the non-medical cannabis industry and are the wholesaler of non-medical Cannabis in Alberta.

Brand promise

Supporting a more vibrant Alberta

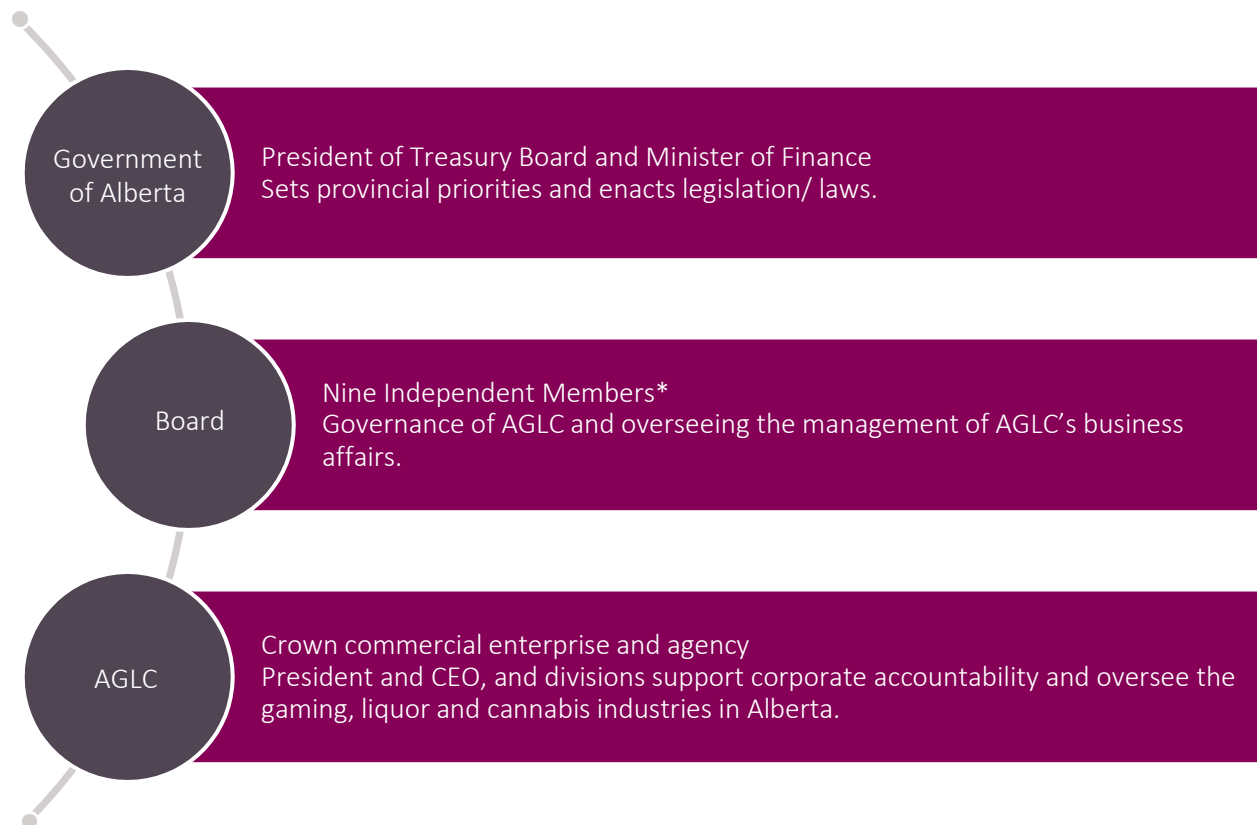


Legislation and Board governance

AGLC is the Crown commercial enterprise and agency that oversees the gaming, liquor and cannabis industries 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, Liquor and Cannabis Act* (GLCA) and the Criminal Code (Canada).

The Board of AGLC provides governance and oversight to AGLC in accordance with its policy, monitoring and regulatory roles, as defined in the GLCA.

AGLC's Board consists of up to nine independent members appointed by the Lieutenant Governor in Council, acting on the recommendation of the President of Treasury Board and Minister of Finance. From amongst the members, the Lieutenant Governor in Council designates a Chair of the Board. Board members serve terms of appointment of up to three years in length (and a maximum service of up to 10 years in total). AGLC follows all Government of Alberta practices related to compensation for Board members of provincial agencies, boards and commissions. Biographies of the Board members are available on aglc.ca.

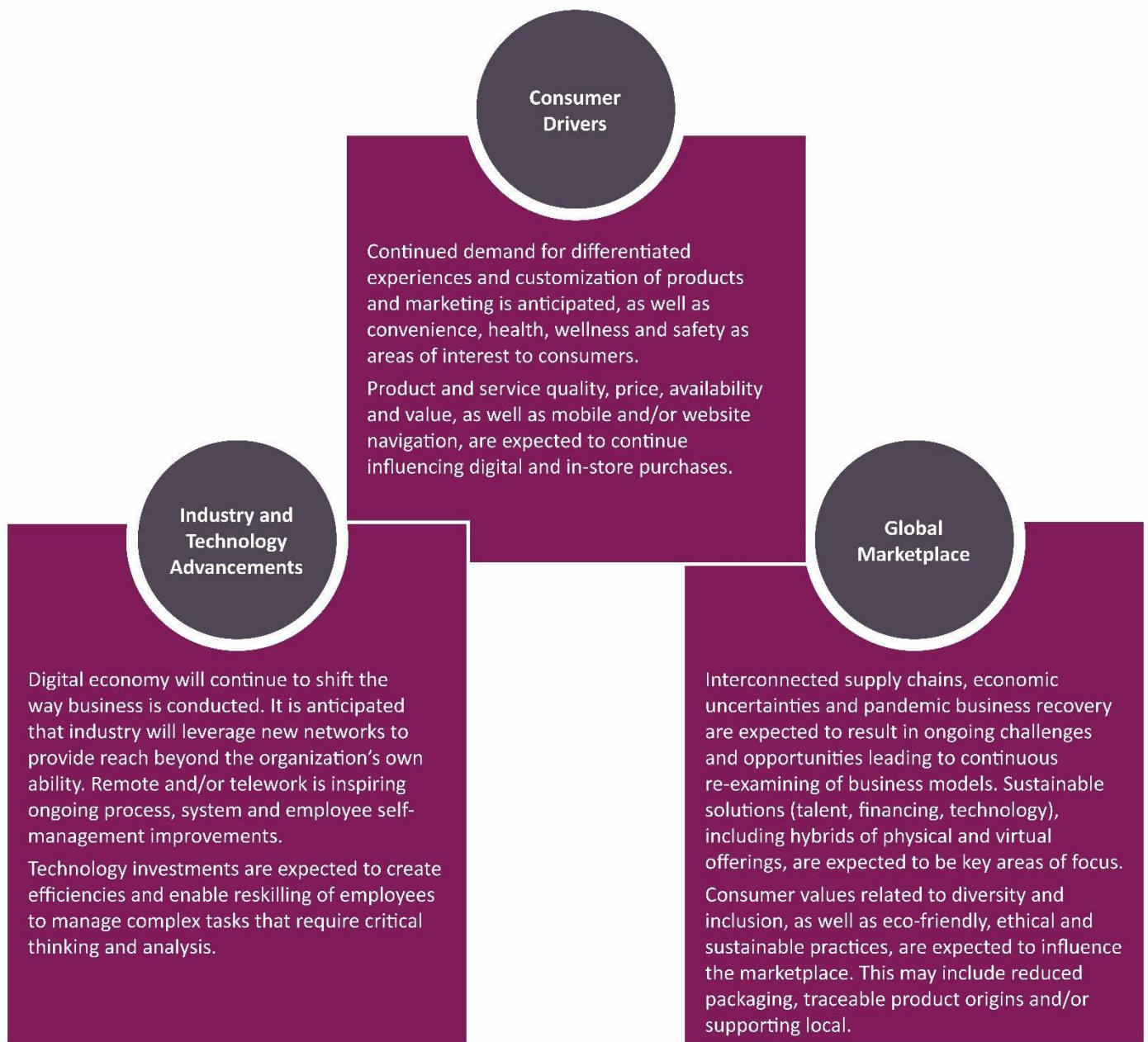


*AGLC's President and Chief Executive Officer is a non-voting member of the Board.

Strategic outlook

AGLC’s approach to strategic and business planning involves internal and external assessments to identify continuous improvement opportunities, strategic issues, current and future trends and economic shifts. External factors influencing this three-year business plan remain heavily focused on impacts and recovery from the pandemic. As a result of the pandemic, consumer behaviours changed, largely influenced by an increase in virtual transactions correlated with lifestyle changes related to working from home; these changed behaviors are expected to continue after the pandemic. The unprecedented speed and scale of industry and technological advancements is also continuously reshaping value chains and society. As industry leaders advance to address global challenges and meet consumer expectations, the entire ecosystem is expected to be adaptable to rapid change.

AGLC’s five-year outlook is focused on activating plans that connect market growth, industry advancements, technological accelerations and improved experiences.





Business development

Thousands of direct and indirect jobs in the provincial economy are connected to the gaming, liquor and cannabis industries. This generates economic activity in communities throughout Alberta. It is expected that AGLC will contribute \$2.3 billion to the provincial General Revenue Fund in 2023. This revenue will support public initiatives such as healthcare, education, community development and youth programs. AGLC remains committed to supporting the growth of these industries, providing uninterrupted, safe and reliable services to Albertans and consistent revenue to the Government of Alberta.



¹ 24 contracts with Alberta-based licensed producers.
Data is based on information at the time of report production.

Operating environment

Ecosystem partners

AGLC's role in oversight of the gaming, liquor and cannabis industries involves working to address the interests and expectations of varying ecosystem partners. AGLC recognizes that each sector, and each organization within those sectors, have their own unique set of objectives and pressures to address their stakeholders' needs. The desire is to create an open marketplace with reduced barriers and new opportunities that promote private sector growth and consumer choice, while upholding the interests of Albertans through modernized compliance and regulatory enforcement. To create this balance, AGLC seeks strategic partnerships across the ecosystem to uncover and connect shared value and outcomes that will strengthen Alberta's economy, support emerging provincial priorities and uphold social responsibility.



Capabilities

AGLC has a unique advantage in being one entity, which empowers the organization to view gaming, liquor and cannabis industries holistically. This complete view enhances AGLC's ability to leverage a balanced approach, weighing opportunities, risks and impacts across all lines of business.

Investing in people has made AGLC one of Alberta's Top Employers for a sixth time in 2022. AGLC's collaborative approach endeavors to draw upon diverse perspectives to support data-driven and informed decisions.

AGLC's detailed enterprise risk management program identifies, measures and monitors risks. Considerations are made to both the positive and negative aspects of risk by identifying threats and opportunities to achieve organizational objectives.

Fiscal management is central to AGLC and industry success, with core factors centred around strategic investment and support, balanced with fiscal restraints. AGLC's approach to revenue projections for gaming, liquor and cannabis are based on predictive models of consumption and economic expectations.

Strategy and performance summary



INNOVATE FOR THE FUTURE



RESPOND WITH AGILITY



TRANSFORM OPERATIONS

Key Priorities

Advance new opportunities and advocate for regulatory changes that support the evolution of consumer choices and experiences.

Apply continuous improvement practices to streamline and optimize gaming, liquor and cannabis supply chains.

Evolve education programs to ensure responsible growth.

Focus on product, price, availability and quality to reinforce market viability.

Strengthen partnerships with regulatory organizations, law enforcement and financial institutions to target risk effectively.

Engage in proactive reviews of AGLC models and policies to enable the success of industry and charities.

Advance initiatives to enable high-performing teams.

Optimize systems and processes to facilitate online self-service.

Strengthen the technological environment required to enable improved digital services.

Invest in enterprise technology capabilities to increase organizational efficiency.

Objectives

Support Alberta's competitive advantage through direct and indirect economic and social benefits.
As a leader, expand Alberta's legal gaming, liquor and cannabis markets.
Champion the integration of culture and data, with a focus on delivering customer and industry value.

Performance Measures

- Financial: gaming, liquor, cannabis net operating income/loss
- Compliance: charitable gaming activities and liquor and cannabis licenses
- Awareness: GameSense, DrinkSense and CannabisSense
- Responsible use: responsible gamblers, responsible drinkers and cannabis consumers
- Customer service and brand: stakeholder satisfaction and AGLC reputation

Key priorities and initiatives

Innovate for the future to support Alberta’s competitive advantage through direct and indirect economic and social benefits.

Key Priorities	Initiatives	2022-23*	2023-24*	2024-25*
Advance new opportunities and advocate for regulatory changes that support the evolution of consumer choices and experiences.	• Introduce sports offerings throughout the marketplace, a unified view of the player and cashless wagering.	●	●	●
	• Support new products and offerings to consumers through easing of cannabis regulatory framework.	●	●	●
	• Explore improved trade to support product expansion and licensee efficiencies for liquor and cannabis lines of business.	●	●	●
Apply continuous improvement practices to streamline and optimize gaming, liquor and cannabis supply chains.	• Maximize efficiency and value proposition in key areas including gaming investment strategy, liquor and cannabis warehousing and cannabis product registration.	●	●	●
Evolve education programs to ensure responsible growth.	• Apply best practices to SMART training and social responsibility programs.	●	●	●
	• Monitor emerging issues impacting responsible choices to ensure relevant public education campaigns.	●	●	●




















Strategic alignment: As key priorities are achieved, AGLC will have a robust view of Alberta’s gaming, liquor and cannabis ecosystem; along with value exchanges, interests and experiences that will position AGLC in supporting further private and charitable sector growth.

Planning (scope and engagement)
 Implementation (resourced and active)
 Continuous improvement (ongoing and operational)




* estimated

Key priorities and initiatives

Respond with **agility** as a leader to expand Alberta's legal gaming, liquor and cannabis markets.

Key Priorities	Initiatives	2022-23*	2023-24*	2024-25*
Focus on product, price, availability and quality to reinforce market viability.	<ul style="list-style-type: none"> Enhance gaming options with a focus on eGaming and lottery. 	 		
	<ul style="list-style-type: none"> Update customs and excise clearance to modernize the importation of liquor for agencies. 			
	<ul style="list-style-type: none"> Improve competitiveness of cannabis product and data availability while scanning for innovative opportunities to support long-term value. 			
Strengthen partnerships with regulatory organizations, law enforcement and financial institutions to target risk effectively.	<ul style="list-style-type: none"> Advocate for enforcement activities and coordinate efforts to reduce the overall impact of the illicit gaming and cannabis markets. 			
Engage in proactive reviews of AGLC models and policies to enable the success of industry and charities.	<ul style="list-style-type: none"> Reduce barriers and engage stakeholders through policy modernization. 			
	<ul style="list-style-type: none"> Ongoing improvements to support Alberta charities. 			

Strategic alignment: As key priorities are achieved, AGLC's reputation as a regulatory leader will be enhanced through data-sharing, meaningful stakeholder collaborations and responsiveness to market changes and emerging risks.

 Planning (scope and engagement)
  Implementation (resourced and active)
  Continuous improvement (ongoing and operational)

* estimated

Key priorities and initiatives

Transform operations to champion the integration of culture and data, with a focus on delivering customer and industry value.

Key Priorities	Initiatives	2022-23*	2023-24*	2024-25*
Advance initiatives to enable high-performing teams.	• Design learning and development offerings to support workforce digital fluency, soft skills and technical skills.	●	●	●
	• Create leadership capabilities and mindset framework that allows for success in organizational transformation.	●	●	●
	• Ensure a learning environment that supports leadership and employees in cross-functional sharing and collaboration.	●	●	●
	• Develop a customer experience framework that supports stakeholder interactions through the use of journey maps.	●	●	●
Optimize systems and processes to facilitate online self-service.	• Streamline regulatory requirements through modernization and enhancement of regulatory applications.	● ●	●	●
	• Launch learning management system.	●	●	● ●
Strengthen the technological environment required to enable improved digital services.	• Advance identity systems for safe and secure access.	●	●	●
	• Improve customer relationship management.	●	●	●
Invest in enterprise technology capabilities to increase organizational efficiency.	• Secure a new enterprise resource planning solution to support systems for finance, supply chain, human resources and more.	●	●	●
	• Improve data management, quality and availability to optimize decision-making.	●	●	●

Strategic alignment: As key priorities are achieved, AGLC will have expanded access to quality data and improved digital literacy to enable exceptional customer service.

Planning (scope and engagement)
 Implementation (resourced and active)
 Continuous improvement (ongoing and operational)

* estimated

Performance measures

The following summary highlights measures and indicators in relation to the business plan:

	Actuals ¹ 2021	Budget 2022	Budget 2023	Target 2024	Target 2025
Financial (in thousands of dollars)					
Gaming net operating income	\$773,608	\$1,248,917	\$1,468,048	\$1,533,210	\$1,589,058
Liquor net operating income	\$897,105	\$897,747	\$849,907	\$854,454	\$861,084
Cannabis net operating income	\$(12,034)	\$(14,798)	\$6,848	\$5,280	\$6,431

	Actuals 2021	Target 2022	Target 2023	Target 2024	Target 2025
Compliance ²					
Charitable gaming activities	99%	98%	98%	98%	98%
Liquor licensees	99%	99%	99%	99%	99%
Cannabis licensees	98%	98%	98%	98%	98%
Awareness					
GameSense	39%	34%	34%	34%	36%
DrinkSense	32%	31%	32%	33%	34%
CannabisSense	*baseline data collection commencing in 2022				
Responsible use ³					
Responsible gamblers	96%	96%	96%	97%	97%
Responsible drinkers	89%	89%	89%	89%	89%
Responsible cannabis consumers	*pending development as a national standardized tool and/or metric has not yet been established				
Customer service and brand ⁴					
Stakeholder satisfaction index	92%	93%	93%	93%	93%
Reputation index	83%	83%	84%	84%	84%

1. AGLC was significantly impacted by the ongoing effects of the COVID-19 pandemic, primarily due to closures of gaming venues.
2. Measures compliance with legislation, regulation and policy.
3. Responsible gamblers and responsible drinkers performance metrics exclude Albertans that do not gamble or consume alcohol.
4. Indexes are comprised of a series of questions from multiple surveys of licensees and adult Albertans, as well as internal employee surveys.

Note: AGLC is currently reviewing performance measures, which may result in changes to measures in future years.

Budgets and targets

	Actuals 2021	Budget 2022	Budget 2023	Variance		Target 2024	Target 2025
				\$	%		
(in thousands of dollars)							
Gaming Net Revenue							
Slot terminals	\$ 371,680	\$ 727,456	\$ 810,155	\$ 82,699	11.4	\$ 859,946	\$ 865,682
Video lottery terminals	225,800	417,889	464,123	46,234	11.1	495,425	516,694
Online gambling	29,161	20,843	119,345	98,502	472.6	129,817	140,706
Sportsbook retail extension	-	-	9,061	9,061	-	15,265	18,595
Gaming Net Revenue	626,641	1,166,188	1,402,684	236,496	20.3	1,500,453	1,541,677
Liquor Net Revenue							
Spirits	390,108	396,352	372,173	(24,179)	(6.1)	376,934	381,286
Beer	251,132	240,223	222,664	(17,559)	(7.3)	220,262	218,928
Wine	182,553	190,642	174,105	(16,537)	(8.7)	175,799	177,828
Refreshment beverages	97,731	93,460	106,732	13,272	14.2	107,799	108,877
Liquor Net Revenue	921,524	920,677	875,674	(45,003)	(4.9)	880,794	886,919
Cannabis Net Revenue							
Wholesale	31,278	28,736	51,443	22,707	79.0	51,266	50,982
eCommerce	3,025	2,442	-	(2,442)	100.0	-	-
Cannabis Net Revenue	34,303	31,178	51,443	20,265	65.0	51,266	50,982
Operating Expenses							
Salaries, wages and benefits	107,855	108,752	108,968	216	0.2	108,808	106,817
Supplies and services	76,480	94,706	115,833	21,127	22.3	119,215	120,414
Leased gaming equipment	9,763	27,023	27,750	727	2.7	27,750	27,750
Amortization	81,152	76,947	80,874	3,927	5.1	91,036	94,109
Operating Expenses	275,250	307,428	333,425	25,997	8.5	346,809	349,090
Net Income from Ticket Lottery							
Net lottery sales	963,772	934,045	957,594	23,549	2.5	955,604	953,346
Direct expenses	582,104	576,926	593,616	16,690	2.9	592,621	591,492
Operating expenses	46,988	53,720	57,555	3,835	7.1	57,555	57,555
Other income	1,951	2,028	2,073	45	2.2	2,073	2,073
Net Income from Ticket Lottery	336,631	305,427	308,496	3,069	1.0	307,501	306,372
Other Revenue							
Miscellaneous revenue	15,369	18,824	22,051	3,227	17.1	21,859	21,832
Loss on disposal	(538)	(3,000)	(2,120)	880	(29.3)	(2,120)	(2,120)
Other Revenue	14,831	15,824	19,931	4,107	26.0	19,739	19,712
NET OPERATING INCOME	\$1,658,680	\$2,131,866	\$2,324,803	\$192,937	9.1	\$2,412,944	\$2,456,572

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