

Business Plan 2023-26

Message from the Board Chair



In AGLC's work towards creating a more vibrant Alberta, assessing our province's economic environment is integral to executing targeted actions that advance long-term organizational strategy. While Alberta's economic outlook is improving, rising costs and expenses remain an important factor for Albertans and their discretionary spending. In consideration to the nuanced economic landscape ahead, our Board has provided direction that promotes innovation, enables agility and removes unnecessary barriers within the gaming, liquor and cannabis industries. I am proud to be a part of guiding AGLC in expanding its role to empower our stakeholders to drive economic resilience and growth for Alberta.

The 2023-26 business plan is shaped by this anticipated economic growth, including increased interprovincial migration, and the expectation that inflation will level out. As a result, the gaming, liquor and cannabis industries are expected to continue their strong performance. The plan's actions coupled with the strategic allocation of resources reflect AGLC's commitment to fiscal prudence while balancing the need to invest for sustainment, future growth and innovation. With expansion forecasted for gaming operations, the further maturation of the cannabis industry and the continued effort to make Alberta's liquor system the most open in the country, AGLC will encourage overall industry growth including supporting Alberta-made products, services and businesses.

Directed by the Executive Team and led by CEO Kandice Machado, AGLC's work is underpinned by a dedication to balancing responsible choice while meeting market needs and growing Alberta's competitive advantage. Generating economic activity in communities across Alberta, resulting in thousands of direct and indirect jobs that support the provincial economy, will come from repositioning services and support to respond to the evolving needs of stakeholders and consumers while promoting responsible enjoyment of products and experiences.

I look forward to advancing this plan and, in collaboration with the Alberta government, continuing to expand opportunities in the gaming, liquor and cannabis industries. The outlined strategies and actions position AGLC well to pivot and re-focus priorities, adapting to new social and economic realities provincially, federally and globally. This responsiveness will continue ensuring that we provide essential contributions that position Alberta as the best place to live and do business.

Original signed by

Len Rhodes
Board Chair

Message from the CEO



I am pleased to provide the 2023-2026 business plan, which sets out the organizational actions that will help AGLC navigate the rapidly evolving landscape and continue to create choices Albertans can trust. The plan reflects our dedication to supporting business growth that balances effective regulation and provides stable revenue for Alberta, recognizing that this calls for continued responsiveness from AGLC. Adapting to the needs of our stakeholders, partners and Albertans will remain the backbone of our commitment to consumer choice that ultimately delivers social and economic benefits that are vital to our province.

AGLC's contributions to the province are the sum of strong Board guidance and Executive leadership, a team of dedicated employees and a commitment to organizational excellence. AGLC has mapped out the actions it will take in the coming years to foster a strong leadership presence that transforms our culture and provides a compelling employee experience. By cultivating skills within AGLC's workforce, we'll further digital fluency and customer-relationship management to ensure that Albertans are provided with the services and support they need.

With ambitious plans on the horizon for each industry, AGLC will responsibly allocate resources to create favourable conditions for our stakeholders and accessible, regulated offerings for Albertans. These actions will include:

- Supporting casino patronage by offering sportsbooks in casino locations while expanding regulated online gambling for Albertans to combat the illegal market.
- Evolving the liquor industry by optimizing warehousing and distribution and improving processes to empower stakeholder innovation.
- Growing the legal cannabis market by supporting business operations to meet consumer demand and offering a variety of choices in legal, high-quality products for consumers.
- Collaborating with our stakeholders and partners to implement solutions that facilitate business growth and solidify Alberta as a leader in the gaming, liquor and cannabis industries.

This work will be undertaken as part of our long-term strategic goals with a commitment to balancing regulated consumer choice with responsible experiences for the benefit of Albertans.

I am excited to lead AGLC in making impactful changes to essential business delivery that empowers our stakeholders, advances industry and strengthens our organization. As an efficient regulator, a supporter of businesses and entrepreneurship, and a champion of charities and community groups, AGLC will continuously strive for adaptability and stable revenue generation that supports a more vibrant Alberta for all.

Original signed by

Kandice Machado
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.



Brand Promise: Supporting a more vibrant Alberta

Every day the things we do and the choices we make support a more vibrant Alberta. From providing access to a wide variety of products, to giving back to communities, charities and non-profits, our choices give Albertans the support to do the things they enjoy. Through our actions and choices, we're working towards a better future; a stronger, safer and more vibrant province for all Albertans.

Purpose

AGLC regulates Alberta's charitable gaming activities, promoting responsible player experiences, conducting and managing provincial gaming and lottery activities, as well as operating Alberta's only regulated online gambling website, PlayAlberta.ca.

AGLC regulates the manufacture, importation, sale, purchase, possession, storage, transportation and use of liquor; overseeing a stable liquor distribution network; and promoting responsible consumption of liquor in Alberta.

AGLC regulates Alberta's non-medical cannabis industry, the distribution of cannabis and promoting responsible and informed cannabis use.

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.



COLLABORATION

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



INCLUSION

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



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.



INNOVATION

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

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 is responsible for AGLC's governance and overseeing the management of AGLC's business affairs. 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. The Lieutenant Governor in Council then designates a Board Chair from the appointed members. Board members serve appointment terms of up to three years in length, with 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.



Purpose of the plan

AGLC's business plan is a three-year rolling plan outlining priority actions for the organization. These actions advance essential business delivery while supporting the achievement of the long-term outcomes outlined in AGLC's Strategic Plan 2022-27.

The intentional choices, actions and collaborations required with stakeholders and government to make impactful changes for the future are detailed in the following sections.

Enterprise Risk Management (ERM) is woven into the planning and budgeting processes. The ERM program provides assurance that AGLC can meet strategic objectives by encouraging a collaborative risk management culture that proactively identifies, plans for and manages risk across the organization.

This plan also fulfills AGLC's accountability to the Government of Alberta as a Crown commercial enterprise. In accordance with this role, AGLC prepares a business plan and annual report each fiscal year which are submitted to government pursuant to Section 10 of the *Fiscal Planning and Transparency Act*. The business plan is referenced as part of the Government of Alberta's annual budget process and is aligned with the strategic priorities of the government at the time of publication. The annual report for fiscal year 2023 will serve as AGLC's accountability tool, providing an overview of achievement of the objectives and actions outlined in this business plan.



Strategic outlook

The following factors shaped the preparation of this business plan and also signal opportunities and/or potential challenges that may influence achievement of AGLC's vision, mission and strategic plan.

Economic variability

Alberta's economic indicators including real gross domestic product, unemployment, population, interprovincial migration and inflation are key inputs in AGLC's planning process. These economic indicators are forecasts and carry uncertainty, especially due to the residual impact of the pandemic, inflationary pressures and geopolitical risks associated with the war in Ukraine.

While Alberta's economic outlook is improving, changes to the province's economic conditions will affect Albertans demand for gaming, liquor and cannabis products and experiences; therefore, impacting revenues and expenses.

Disruptive innovations and new technologies

AGLC is a technology-centric organization and leveraging disruption is integral to both continuous improvement and modernizing for future capacity.

New technology and uses for data will continue to evolve stakeholder and customer expectations and change how products and experiences are designed and delivered.

Consumer behaviour

Understanding consumer behaviour trends is critical to the success of the gaming, liquor and cannabis business lines.

Consumer behaviour trends such as health-conscious living, favouring balance between digital and physical experiences, convenience and sustainability are current business influencers.

Continuing to leverage consumer insights and being agile will enable AGLC to adapt to changing consumer behaviours.

Public health and safety

AGLC aims to reduce potential social harms related to gambling, liquor and cannabis by focusing on public awareness and education to support healthy and informed choices.

This includes ensuring industry integrity through a regulatory and policy environment that maintains our commitment to compliance in the gaming, liquor and cannabis industries.

Social responsibility programs will continuously evolve to support emerging responsible use and consumption recommendations, as well as new products and experiences. This will ensure AGLC continues to provide choices Albertans can trust.

Sustainable growth

Sustainable growth requires AGLC to be fiscally prudent, while being ethical and accountable to current and future communities.

A strong financial planning and accountability framework coupled with an environmental, social and governance focus equip AGLC to continue to achieve profitable growth while balancing the impact on Albertans and the environment.

Stakeholder approach

AGLC maintains active engagement with its stakeholders to foster strong relationships and to be responsive to industry and consumer needs.

With evolving business landscapes for gaming, liquor and cannabis, maintaining a balanced regulatory environment will require industry collaboration, benefits for stakeholders and protection for consumers. AGLC will continue to cultivate agility to respond to any opportunities and challenges in the gaming, liquor and cannabis sectors.

Business development¹

Economic activity is generated in communities across Alberta through independent operators and retailers. This includes businesses that serve their local communities as gaming providers, liquor store operators and cannabis retailers.



19
traditional casinos

5
Host First Nation casinos

5
Racing Entertainment Centres



7,355
charitable gaming licences

763
video lottery terminal retail locations



2,861
lottery ticket centres

5,524
licensed restaurants, bars and lounges



247
Alberta liquor manufacturers



2,423
licensed liquor retailers²

796
liquor agencies

8,256
liquor products made in Alberta

762
licensed cannabis retail stores³

139
contracts with licensed producers of cannabis⁴



Notes:

1. Data as of October 31, 2022.
2. Retailers engaged in the sale of liquor for consumption in another location e.g., purchased from a liquor store or hotel for off-premises consumption.
3. Retailers that are licensed to sell cannabis products.
4. 37 contracts with Alberta-based licensed producers.

Benefits to Albertans

In 2024, AGLC is expected to contribute **\$2.3 billion** to Alberta's General Revenue Fund that supports projects and initiatives Albertans rely on.



Youth programs



Social services



Housing



Education



Infrastructure



Healthcare



Community development

Proceeds raised through charitable gaming activities contribute to programs and services across the province¹.



Research



Education



Sports



Activities for older adults



Volunteer experiences



Youth development

Host First Nation Communities

- Five Host First Nation casinos operating in Alberta on reserve land.
- Casino funds are used for charitable programs that directly benefit the Host First Nation community, such as: community safety programs, cultural events, education, elders/seniors support, medical/health aid, life skills training, and housing and infrastructure¹.

Additionally, in 2024, \$149.5 million is expected to be allocated from Alberta's General Revenue Fund to the First Nations Development Fund.



1. In 2022, total proceeds to charities were \$306.6 million of which \$55.9 million were earned by HFN charities.

Strategy and performance

Strategic plan 2022-27 outlines AGLC’s five-year focus to continue strengthening Alberta to be at the forefront of industry advancements while stewarding a balanced environment where stakeholders thrive and the interests of Albertans are protected. In alignment to that plan, the 2023-26 business plan highlights some of the targeted actions AGLC is taking over the next three-years to advance strategic direction and essential business delivery.

Corporate objectives and strategic actions

We work to

INNOVATE FOR THE FUTURE

RESPOND WITH AGILITY

TRANSFORM OPERATIONS

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 responsibly.

Champion the integration of culture and data, with a focus on delivering customer and industry value.

Strategic actions

1. Formalize a Corporate Sustainability framework that provides transparency to employees, stakeholders and Albertans.
2. Enhance AGLC’s brand to increase awareness and positively impact employee and customer experiences.
3. Evolve policy through stakeholder engagement to reduce barriers and advance business growth.
4. Activate an Enterprise Performance Management framework that utilizes a systematic process to measure and report on performance to drive strategies, plans and execution.

Customer and industry strategies

Desired Outcomes:

“Improved collective intelligence to understand responsible choice while meeting market needs and growing Alberta’s competitive advantage.”

“Increased economic opportunities by prioritizing modernization and automation, positioning Alberta as the best place to do business.”

Objective 1:

Drive economic growth, private sector investments and business opportunities.

ACTIONS

1. Conduct a cannabis business model review to ensure relevancy, effectiveness and efficiency.
2. Conduct a liquor business model review to ensure relevancy, effectiveness and efficiency.
3. Research and provide policy input to advance cannabis market opportunities.

Objective 2:

Collaborate with stakeholders, be transparent and reduce red tape.

ACTIONS

1. Implement charitable gaming review recommendations to support Alberta charities.
2. Activate plans to comply with single-use plastics regulations and improve waste reduction and recycling efforts.
3. Update customs and excise clearance system to modernize the importation of liquor for agencies.

Objective 3:

Improve customer centricity, choice and responsible experiences.

ACTIONS

1. Expand Winner’s Edge loyalty program to increase player retention and improve social responsibility.
2. Research and provide policy input on direct-to-consumer liquor options that benefit Albertans.
3. Expand and evolve Alberta’s online gaming market.
4. Combat the illegal market with a unified corporate position that includes coordinated, cross-jurisdictional efforts and enforcement activities.
5. Continue to advance SMART training and social responsibility programs in alignment with new business growth.
6. Develop a customer experience framework.

Digital strategy

Desired Outcome:

“Integrated information technology (IT) initiatives that advance AGLC as a modern organization delivering measurable benefits.”

Objective 1:

Develop a modernized IT workforce aligned with business needs.

ACTIONS

1. Develop and implement digital fluency strategy and enable an environment for digital experience and experimentation.
2. Establish new IT services such as managed services, cloud security, architecture practices and digital services to modernize IT operations.

Objective 2:

Integrate the right people with the right technology through effective, ethical and repeatable processes.

ACTIONS

1. Re-design IT service management capabilities including enhancement of application, security, data and infrastructure domains.
2. Strengthen IT governance by formalizing the risk management framework, in alignment with enterprise risk management, and value management framework.

Objective 3:

Achieve a data driven organization through the data maturity principles of data quality and availability.

ACTIONS

1. Enable essential digital technology including integration, master data management and identity management to increase operational efficiencies, improve decision making and support risk mitigation.
2. Enable the modernization of business applications through implementation of an enterprise resource planning system for core services such as finance, human resources, and supply chain management.
3. Expand internal and external self-service technologies and enhance customer relationship management.
4. Modernize and enhancement of regulatory applications to improve and streamline regulatory services.
5. Improve digital information management (e.g. learning management and business intelligence tools) and continuously explore opportunities to leverage modern digital services (e.g. artificial intelligence and machine learning).

People strategy

Desired Outcome:

“Transformed culture that values employee experience and innovation by leveraging digital fluency and technical skills to address current and future workforce needs.”

Objective 1:

Establish an HR function that supports building the organization of the future.

ACTIONS

1. Use journey mapping to improve leader and employee experiences.
2. Re-design human resource services in alignment with implementation of enterprise resource planning system.

Objective 2:

Foster a strong leadership presence that evolves AGLC’s culture.

ACTIONS

1. Establish leader competencies and refresh leader learning program to close any gaps and support succession planning.

Objective 3:

Build a high-performance workforce by establishing a compelling employee experience.

ACTIONS

1. Develop and deploy an employer branding strategy to increase awareness of AGLC and to attract and retain top talent.
2. Formalize a framework to advance diversity, equity and inclusion across the organization.
3. Advance the corporate learning philosophy and program, along with the implementation of a new learning management system, to support development of employee competencies (e.g. customer centricity/ experience and digital fluency).
4. Enhance employee engagement methods to inform workplace decisions with data and insights.
5. Refresh health and wellness programs and services.

Performance measures

AGLC regularly monitors and reports on its performance. This ensures AGLC is achieving its purpose, delivering on strategy and managing all actions described in this plan.

The following performance measures provide transparency and accountability to our stakeholders and Albertans that goals and objectives are being achieved, and targets are being met.

	Actuals 2022	Budget 2023	Budget 2024	Target 2025	Target 2026
Financial (in thousands of dollars)					
Gaming net operating income	\$ 1,205,154	\$ 1,468,048	\$ 1,514,605	\$ 1,509,306	\$ 1,573,249
Liquor net operating income	\$ 853,680	\$ 849,907	\$ 829,576	\$ 836,080	\$ 844,615
Cannabis net operating (loss) income	\$ (4,352)	\$ 6,848	\$ 4,580	\$ 8,787	\$ 14,082

	Actuals 2022	Target 2023	Target 2024	Target 2025	Target 2026
Compliance ¹					
Charitable gaming activities	99%	98%	98%	98%	98%
Liquor licensees	99%	99%	99%	99%	99%
Cannabis licensees	98%	98%	98%	98%	98%
Awareness					
GameSense	36%	34%	34%	36%	38%
DrinkSense	37%	32%	33%	34%	35%
CannabisSense	baseline data collection commenced in 2022 ⁴				
Responsible use ²					
Responsible gamblers	95%	96%	97%	97%	97%
Responsible drinkers	88%	89%	89%	89%	89%
Responsible cannabis consumers	*pending development as a national standardized tool and/or metric has not yet been established				

	Actuals 2022	Target 2023	Target 2024	Target 2025	Target 2026
Customer service and brand ³					
Stakeholder satisfaction index	93%	93%	93%	93%	94%
Reputation index	80%	84%	84%	84%	84%

- Measures compliance with legislation, regulation and policy.
- Responsible gamblers and responsible drinkers performance metrics exclude Albertans that do not gamble or consume alcohol.
- Indexes are comprised of a series of questions from multiple surveys of licensees and adult Albertans, as well as internal employee surveys.
- CannabisSense targets will be set once a baseline has been established with at least 2 full years of results.

Budget and targets

The budget and targets reflect AGLC's continued commitment to fiscal prudence while balancing the need to invest for sustainment, future growth and innovation. Resources, both financial and human, are allocated to support the committed actions outlined in this plan.

Budget 2024 will generate \$2.3 billion in net operating income, a \$24.0 million (1.0%) increase over budget 2023. These results are expected to be achieved through strong performance in gaming, including the pursuit of new gaming revenue streams, growth in cannabis, eased by softening liquor revenues. This revenue growth is offset by increased operating expenses largely attributed to investments in technology. Target years 2025 and 2026 are projected to remain relatively flat at \$2.4 billion.

The operating budget is allocated to each line of business for transparency and imparts the value they provide to Albertans.

Over the next three years, the capital budget includes investments totaling \$335.1 million with substantial funds allocated to the gaming line of business.

(in thousands)	Actuals	Budget	Budget	Variance		Target	Target
	2022	2023	2024	\$	%	2025	2026
Gaming Net Revenue							
Slot terminals	\$ 613,411	\$ 810,155	\$ 850,610	\$ 40,455	5.0	\$ 871,361	\$ 874,773
Video lottery terminals	337,051	464,123	493,604	29,481	6.4	499,840	500,615
Online gambling	114,269	119,345	143,490	24,145	20.2	153,407	163,823
Sportsbook retail extension	-	9,061	4,183	(4,878)	(53.8)	5,289	6,128
Gaming Net Revenue	1,064,731	1,402,684	1,491,887	89,203	6.4	1,529,897	1,545,339
Liquor Net Revenue							
Spirits	371,411	372,173	372,611	438	0.1	375,902	380,159
Beer	235,325	222,664	224,256	1,592	0.7	222,278	219,899
Wine	168,463	174,105	167,686	(6,419)	(3.7)	169,860	172,068
Refreshment beverages	101,478	106,732	98,690	(8,042)	(7.5)	99,605	100,813
Liquor Net Revenue	876,677	875,674	863,243	(12,431)	(1.4)	867,645	872,939
Cannabis Net Revenue	37,003	51,443	60,398	8,955	17.4	62,427	63,932
Operating Expenses							
Salaries, wages and benefits	104,751	107,057	114,569	7,512	7.0	115,783	115,546
Supplies and services	73,013	98,710	125,254	26,544	26.9	126,124	126,183
Corporate projects	5,583	19,034	46,897	27,863	146.4	26,939	4,889
Leased gaming equipment	22,202	27,750	27,750	-	-	27,750	27,750
Amortization	72,380	80,874	92,064	11,190	13.8	151,296	117,591
Operating Expenses	277,929	333,425	406,534	73,109	21.9	447,892	391,959
Net Income from Ticket Lottery	335,319	308,496	319,532	11,036	3.6	318,763	317,853
Other Revenue	18,681	19,931	20,235	304	1.5	23,333	23,842
NET OPERATING INCOME	\$ 2,054,482	\$ 2,324,803	\$ 2,348,761	\$ 23,958	1.0	\$ 2,354,173	\$ 2,431,946
Gaming Net Operating Income	1,205,154	1,468,048	1,514,605	46,557	3.2	1,509,306	1,573,249
Liquor Net Operating Income	853,680	849,907	829,576	(20,331)	(2.4)	836,080	844,615
Cannabis Net Operating (Loss) Income	(4,352)	6,848	4,580	(2,268)	(33.1)	8,787	14,082
NET OPERATING INCOME	\$ 2,054,482	\$ 2,324,803	\$ 2,348,761	\$ 23,958	1.0	\$ 2,354,173	\$ 2,431,946
CAPITAL INVESTMENT	\$ 77,495	\$ 143,194	\$ 128,299	\$ (14,895)	(10.4)	\$ 115,070	\$ 91,741

Contact information

Phone / Toll free:

780-447-8600 / 1-800-272-8876

Email:

contactus@aglc.ca

Mailing Address:

50 Corriveau Avenue St. Albert, AB T8N 3T5

Follow AGLC:

web: aglc.ca

email: contactus@aglc.ca

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A good night out starts here

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