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October 1, 2020

Mr. Tom Mungham
CEO/Registrar
Alcohol and Gaming Commission of Ontario (AGCO)

Email: tom.mungham@agco.ca

Mr. Lalit Aggarwal
Chair
Alcohol and Gaming Commission of Ontario (AGCO)

Email: lalit.aggarwal@agco.ca

Dear Messrs. Mungham and Aggarwal:

As you begin planning for the next fiscal year, I am pleased to write to you in your capacities as CEO/Registrar and Chair, respectively, of the Alcohol and Gaming Commission of Ontario (AGCO) to provide you with a letter setting out expectations and direction for the agency in the year ahead. Pursuant to the requirements of the Agencies and Appointments Directive, this letter sets out my expectations for the AGCO for the 2021–22 fiscal year.

Ontario's board-governed agencies are vital partners in ensuring the delivery of high-quality services to Ontarians. The work that you and your fellow C-Suite and Board Members undertake to establish the goals, objectives, and strategic direction for the AGCO ensures that the liquor, gaming, horse racing, and private cannabis retail sectors are regulated with honesty, integrity, and in the public interest.

It is important that this direction is consistent with government priorities, your agency's mandate, key policies, and directives. The AGCO is responsible for regulating and overseeing a number of initiatives that are important priorities for this government, and we must therefore continue to diligently pursue those goals together. I thank you for your willingness to serve.

As part of the government of Ontario, agencies are expected to act in the best interests of Ontarians by being efficient, effective, and providing value for money to taxpayers. This includes:

1. Competitiveness, Sustainability and Expenditure Management

- operating within your agency's allocations
- identifying and pursuing opportunities for revenue generation, innovative practices, and/or improved program sustainability
- identifying and pursuing efficiencies and savings

- complying with applicable direction related to supply chain centralization, Realty Interim Measures, and Agency Office Location Criteria

2. Transparency and Accountability

- abiding by applicable government directives and policies, and ensuring transparency and accountability in reporting
- adhering to requirements of the Agencies and Appointments Directive, and responding to audit findings, where applicable
- identifying appropriate skills, knowledge, and experience needed to effectively support the Board's role in agency governance and accountability

3. Risk Management

- developing and implementing an effective process for the identification, assessment, and mitigation of risks, including planning for and responding to emergency situations such as the COVID-19 pandemic

4. Workforce Management

- optimizing your agency's workforce to enable efficient and effective fulfilment of government priorities, while enhancing customer service standards
- streamlining back-office functions to ensure that all available resources are redirected toward the critical front-line services that Ontarians depend upon

5. Data Collection

- improving how the agency uses data in decision-making, information sharing, and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve service delivery
- supporting transparency and data sharing with the ministry, as appropriate

6. Digital Delivery and Customer Service

- exploring and implementing digitization or digital modernization strategies for the provision of services online and continuing to meet and exceed customer service standards through transition
- using a variety of approaches or tools to ensure service delivery in all situations, including COVID-19

In addition to these government-wide priorities, I expect the AGCO to focus on:

ALCOHOL

Our government remains committed to supporting businesses affected by COVID-19, and the AGCO is an important partner in addressing the pandemic's impacts across Ontario's vibrant hospitality sector. Providing more convenience and choice to consumers is a government priority that also supports the broader regulatory objective of ensuring the alcohol sector is operated with honesty and integrity and in the broader public interest. I ask that the CEO/Registrar and the Board:

- make recommendations you consider appropriate to improve consumer choice, increase market competition and drive economic productivity across the areas AGCO regulates. Prioritize the development of opportunities for removing or reducing unnecessary regulatory burden faced by businesses engaged in the production and/or sale of alcohol (including, but not limited to, ‘make your own wine’ businesses, craft breweries/wineries/cider houses, and unique or specialized beverage producers such as sake and mead manufacturers). Consider an outcomes-based approach to regulation, allowing regulated entities to determine how best to achieve desired policy outcomes.
- review the state of regulation across Canada and develop strategies to create a competitive playing field for Ontario business in an increasingly competitive national industry particularly considering the effects of the recent COVID-19 pandemic.
- continue to support the development of the new legal framework for beverage alcohol in Ontario, particularly as it pertains to ensuring the successful transition of regulatory oversight of certain Liquor Control Board of Ontario activities that may transfer to the AGCO.
- consider current licensing fees through a cost recovery framework.

CANNABIS

In response to the federal government’s legalization of cannabis, our government remains committed to continuing to build a robust legal retail system to protect children and keep roads safe by combatting the illegal market. Providing consumers with more choice and convenience is an urgent priority to help achieve this goal. I ask that the CEO/Registrar and the Board:

- make recommendations you consider appropriate to, among other priorities, combat the illicit cannabis market and improve consumer choice and convenience in a responsible manner.
- provide advice to government as it responds to the legislated review of the federal Cannabis Act.
- support the government in negotiations with First Nations communities with an objective of developing agreements, and the implementation of these agreements.
- work collaboratively with the Ontario Cannabis Store and government in exploring opportunities to increase the pace of new licensing for new private, retail cannabis stores.
- consider current licensing fees through a cost recovery framework.

GAMING

As you know, the government believes there is opportunity for meaningful reform in the gaming sector. I ask that the CEO/Registrar and the Board:

- continue working collaboratively with the Ontario Lottery and Gaming Corporation (OLG) to examine options for reducing red tape, regulatory burden, and duplication in the gaming space, which will require both the OLG and the AGCO to examine their current practices in how they conduct and manage (in the case of OLG) and regulate (in the case of AGCO) the land-based gaming sector, and present substantive solutions and associated timelines to government on how they intend to achieve this goal.

- continue to lead the implementation of a robust iGaming regime, both from a regulatory oversight and conduct and manage entity perspective, that welcomes as many competitors as possible to a regime that provides consumers with market choice, introduces much needed consumer protection measures, and generates revenue for the government.
- consider how the AGCO can leverage its international regulatory relationships to assist the province in its discussions with the federal government concerning the legalization of single event sports wagering and any other recommended reforms to the *Criminal Code* in respect of gaming.

HORSE RACING

The government recognizes that the horse racing industry is an important sector in Ontario. I ask that the CEO/Registrar and the Board:

- make recommendations you consider appropriate to support the horse racing industry and reduce unnecessary regulatory burden faced by stakeholders, particularly considering the effects of the COVID-19 pandemic on the industry.

TIMELINESS OF DELIVERABLES

Ensure the timely submission of accurate and complete information and/or products to the ministry as required.

Through these measures, we can continue to ensure that the AGCO is continuing to fulfill its regulatory responsibilities with honesty, integrity and in the public interest.

I thank you and your fellow C-Suite and Board Members for your continued support, and for your valuable contributions. Should you have any questions or concerns, please feel free to contact Ms. Jane Mallen, Assistant Deputy Attorney General, Policy Division either by telephone at 647-622-5147 or by email at jane.n.mallen@ontario.ca.

Sincerely,

A handwritten signature in black ink that reads "Doug Downey". The signature is fluid and cursive, with the first name "Doug" and last name "Downey" clearly distinguishable.

Doug Downey
Attorney General