

Ontario Lottery and Gaming Corporation  
Submission to the Senate Committee on Legal and Constitutional Affairs  
Re: Bill C-290 - Single Event Wagering  
October 22, 2012

The purpose of this submission is three-fold:

1. To ***express support*** for the proposed amendment to the *Criminal Code of Canada* (the Code) which would allow provinces to introduce wagering on single events;
2. To describe the ***scope of this opportunity*** from an Ontario perspective and, specifically how single event wagering would fit within the context of OLG's Modernization Plan; and
3. To ***highlight the public interest controls*** that would be required in Ontario for any new form of gambling activity including single event wagering. In particular, OLG would ensure fairness and integrity controls, responsible gambling, and other regulated standards.

***1. OLG's Support for the Proposed Amendment***

OLG supports the proposed amendment to the Code as currently drafted because, pending approval by the Government of Ontario, it would enable OLG to provide a legal, responsible, regulated and competitive option to customers interested in single event wagering.

OLG has authority under section 207 of the Code to conduct and manage lottery schemes pursuant to its mandate under the *Ontario Lottery and Gaming Corporation Act, 1999*. The proposed amendment to the Code would modify part of the definition of a lottery scheme already under OLG's authority and would be integrated into OLG's approach to modernization, pending approval by the Government of Ontario. If approved, OLG would implement single event wagering in the context of the strategic management of the provincial gaming market within a public interest framework. OLG's plan is:

- ***Comprehensive*** because it encompasses opportunities to innovate products and services across ALL current and potential distribution channels;
- ***Integrated*** because it seeks to build on synergies across these opportunities, rather than the displacement of revenue from one channel to another; and
- ***Consistent*** with public interest considerations such as responsible gambling, fairness and game integrity, ensuring appropriate systems and controls are in place.

Part of OLG's role regarding single event wagering would be to ensure an integrated market management program that optimizes the customer offering and the revenue potential rather than creating fragmentation or cannibalization in the gaming marketplace.

Today, Ontarians with an interest in single event wagering have no other alternative than to engage in forms of play not regulated in Canada, or in Ontario. This generates a number of risks and vulnerabilities for Ontarians. Unregulated activity may not meet provincial standards of integrity, age control, consumer protection, responsible gambling (including self-exclusion) and other public policy objectives.

### ***2a. Scope of the opportunity: OLG Modernization***

This amendment helps modernize the Code, complementing OLG's own plans to modernize the gaming marketplace in Ontario.

First, a word about OLG's history and why modernization is important.

Lottery and gaming have been part of Ontario's entertainment and tourism industries for decades. In the 1990s, casino style gaming was introduced in Ontario with the building of casinos in Windsor, Rama and Niagara Falls. Last year, eight million Ontarians played the lottery at least once and close to three million visited OLG's 27 gaming sites (note: as of April 2012 there are 24 gaming sites in Ontario due to 3 site closures).

Today, OLG is the largest source of non-tax revenue to the Province of Ontario, providing close to \$2 billion dollars annually.

Since it was created, OLG has returned more than \$36 billion dollars to the Province to support health care, community infrastructure, charities and other essential services.

However, the current OLG business model is at risk over the long term. Advances in technology, changes in customer shopping patterns and demographics, and declining visits from the US have all combined to threaten the industry and the financial returns to the Province.

OLG's Modernization plan for lottery and gaming, first announced last March, is about improving the customer experience, expanding jobs in the industry, and increasing revenue for the Province of Ontario. To achieve this, OLG is focusing on three priorities:

- Becoming more customer focused: OLG needs to be where customers want OLG to be, providing games they want to play. This includes an

iGaming strategy that will make a full range of games available online and includes Responsible Gambling features.

- Expanding regulated private sector delivery of lottery and gaming. OLG will be looking to private sector operators to help transform the lottery and gaming industry in Ontario.
- Renewing OLG's mandate for the management of lottery and gaming. OLG will become a leaner, more focused organization, maintaining its responsibility for conducting and managing gaming including: market management, service provider oversight and responsible gambling.

OLG will continue to deliver a world-class Responsible Gambling program that ensures a safe and responsible gaming experience for Ontarians.

When OLG's plan is fully implemented:

- An additional \$1.3 billion dollars annually will go to the province of Ontario;
- There will be billions of new capital investment in Ontario; and
- Thousands of jobs will have been created.

For more information about OLG's Modernization Plan, please visit [modernOLG.ca](http://modernOLG.ca).

### ***2b. How Single Event Wagering Fits in:***

Based on the proposed amendment, and pending approval by the Government of Ontario, OLG's single event wagering strategy would implement an integrated approach for taking the product and channel opportunities to market with a comprehensive plan that addresses customer needs but also takes into account, for example, the impacts on and opportunities for the popular and profitable retail-based Pro-Line sports lottery.

One of the central pillars of OLG's plan is to become more customer-focused: to be where customers want OLG to be, providing more of the games they want to play.

- A decade ago, OLG's border casinos and slot facilities generated over \$800 million dollars in annual profit. Today, that number is less than \$100 million dollars, due to factors including increased competition in neighboring jurisdictions and other economic circumstances. The introduction of single event wagering in resort facilities would respond to customer interest, attract net new tourism, and generate greater economic opportunities in communities and regions in Ontario.

- Times have changed and consumer tastes have evolved. Single event wagering would enhance OLG’s new iGaming offering. Currently single event wagering is not regulated in the province, but available online to Ontarians. An attractive, regulated alternative, in which the proceeds and benefits stay within the province, should be made available to Ontarians. OLG believes that customers should have the option of a competitive, provincially-regulated single event wagering, with security and integrity of operation and responsible gambling features.
- OLG’s approved plan provides for a larger role for the private sector in delivery of lottery and gaming operations. Under the Modernization plan, OLG remains the “operating mind” of the business, fulfilling its statutory responsibilities to “conduct and manage” lottery schemes as set out in the Code. Ontario will explore ways to engage third party operators with niche market expertise in single event wagering through fair, open and transparent procurement processes. It should be noted that, in this context, any third party vendor to OLG must meet the Alcohol and Gaming Commission of Ontario’s regulatory standards and registration requirements. Bill C-290, as drafted, would allow for this kind of third party engagement.

These are just a few examples of how single event wagering could play an integral role in the implementation of OLG’s Modernization plan. Together with OLG’s other Modernization initiatives it would provide for innovation, job creation, economic development and growth.

### ***3. Public Interest Controls***

As part of modernization, OLG will maintain its role in the management of lottery and gaming.

This means, among other things, maintaining a focus on a gold standard in Responsible Gambling programming. Ontario dedicates more funding to Responsible Gambling than any other jurisdiction in North America, at \$54 million annually.

Last year:

- \$41 million was allocated by the Province to fund problem gambling prevention, treatment and research
- OLG spent \$13 million on its own programs, such as facial recognition technology, self-exclusion and staff training. Responsible Gambling Resource Centres are in all OLG gaming facilities.

As OLG's revenue increases through Modernization, so too would funding to government-supported problem gambling programs. In the past year, OLG has earned the highest level of certification from the World Lottery Association and intends to continue to build on these successes.

***Conclusion:***

OLG supports the amendment to the Code as currently drafted and believes it provides a valuable opportunity to enhance entertainment options for customers and to spur net new economic development and job creation locally - all within a strong framework of responsible gambling and regulated standards.