

# Ontario Lottery and Gaming Corporation: Casinos, Lotteries and Internet Gaming

I'd like to talk to you about our audit of the **Ontario Lottery and Gaming Corporation** and its role in **Casinos, Lotteries and Internet Gaming**.

OLG is one of the most significant sources of non-tax revenue for the Province.

In 2021/22, OLG accounted for almost a quarter of the \$6.4 billion dollars in non-tax revenue generated by government business enterprises.

Our audit assessed whether OLG has effective oversight and operational procedures in place to conduct and manage lottery games, Internet gaming and casinos efficiently, effectively, fairly and in a socially responsible manner.

Our audit noted that after the privatization of casinos, in 2019/20, the net profit to the Province from casino gaming revenues decreased by \$55 million dollars.

We found that the OLG undermined the credibility of its own procurement process by failing to hold casino operators accountable for their contracted financial commitments.

Over the last few years, OLG procured private sector casino operators for eight of its nine gaming regions, and expected annual revenue to increase and contribute to increased profits to the province.

After obtaining contracted revenue commitments from casino operators, OLG subsequently agreed to lower financial projections as requested by the casino operators.

As a consequence, OLG failed to maximize provincial profits and private-sector capital investments.

OLG also failed to fulfill its contracted commitment to First Nations to pay them their share of casino non-gaming revenue after OLG signed contracts with private casino operators giving all non-gaming revenue to the private operators.

The courts ordered OLG to pay First Nations, on an ongoing basis, 1.7% of total gross non-gaming revenue. As a result, in November 2021, OLG paid \$7.4 million dollars in missed payments and interest, plus \$2.6 million dollars for reimbursement of legal costs to First Nations.

Our audit also found that both the OLG and the Alcohol and Gaming Commission of Ontario, the provincial regulator, do not ensure the integrity of slot machines.

This is left to the private sector casino operators to monitor and self-report.

Other findings in our report include that:

- the OLG and casino operators do not have adequate processes and internal controls to prevent money laundering in casinos; and that
- OLG's responsible gambling tools are not being used by online players even though internet gaming has grown significantly.

Our report contains 25 recommendations for OLG, covering the need to:

- Hold casino operators accountable for their financial commitments;
- Monitor slot machine payout reports on a regular basis and take any required corrective actions to ensure that minimum payout standards are met; and,
- Target educational support and limit-setting to those players at the greatest risk for problem gambling.

To read this report, you can visit our website at [www.auditor.on.ca](http://www.auditor.on.ca)