



# News Release

For Immediate Release

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## **OLG's Expected Gaming Profit from Private Casino Operators Drops by Almost \$320M Per Year: Auditor General**

(Toronto) The Ontario Lottery and Gaming Corporation (OLG) has dropped its projected yearly gaming revenue from \$6.4 billion to \$5.4 billion by 2024/25. That means profits are likely to drop by almost \$320 million a year. In her *2022 Annual Report*, Auditor General Bonnie Lysyk says the revenue loss is happening because OLG isn't holding private casino operators to their contract commitments.

In one example, in 2019, OLG re-negotiated a 10-year reduction in revenue share from \$5.8 billion to \$4 billion with the West GTA casino operator. "There is no reasonable rationale for the OLG to reduce the amounts this private operator contractually committed to in 2018, one year earlier," said Lysyk. "Further, this contract would have gone to another casino operator if the West GTA casino operator had submitted a \$4 billion revenue projection in the first place."

The audit also found that OLG is pinning its hopes for better times on a steady stream of revenue from its lotteries, despite an aging demographic population that plays lotteries, and declining interest from younger people.

The report looked at slot machine payouts which, according to Alcohol and Gaming Commission of Ontario (AGCO) standards, should return 85% of wagers as winnings over the life of each machine. It found that neither the AGCO nor the OLG monitors the payouts, instead relying on casino operators to report any problems.

"The AGCO says that with this system of self-monitoring, it is following a modern regulator philosophy," said Lysyk. "I was surprised that this meant that the physical inspection of slot machines to confirm that they are connected to a monitoring system and are reliably paying 85% over the long-term was no longer part of their regulatory approach."

Casinos could also improve their anti-money laundering enforcement. As part of the audit, mystery shoppers tested how easy it was to launder money, and they were able to obtain casino cheques with large amounts of cash, without anyone confirming where the money came from.

The audit also reported that OLG does not, among other things, measure or report on its progress to assure responsible gambling.

The audit report includes 25 recommendations for improvement.



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