



GREAT CANADIAN GAMING CORPORATION

Ontario iGaming – Act now to preserve jobs, community investment and tax revenue

As Ontario’s largest casino operator, we support the Ontario Government’s decision to liberalize iGaming (i.e. – online casino games and online sports betting) for Ontario consumers, but it should be introduced in a manner that does not jeopardize over 2,500 jobs, \$182 million less in municipal contributions, \$310 million less in capital investments and \$2.65 billion of reduced revenue to the Ontario Government over 5 years. Unless substantial mitigation measures are taken, the proposed framework will jeopardize jobs and the Ontario government’s revenue from its land-based partners

- Under the proposed framework, iGaming will lead to significant job losses in Ontario
 - HLT Advisory, a leading Canadian gaming advisory firm, estimates 2,590 fewer jobs at land-based casinos in Ontario
 - iGaming is ‘jobless gaming’. Thousands of local jobs lost directly (casinos) and indirectly (suppliers) in Ontario while iGaming operators are based outside Canada
 - Ontario casinos were hard hit by COVID-19 – they were some of the first businesses to close and the last to reopen – and only partial employment recovery has occurred to date
- iGaming under the current model proposed could lead to a loss of \$182 million in municipal contributions to casino host communities
- Reduced gaming revenues would in turn reduce land-based capital investment in Ontario
 - HLT estimates \$310 million of lost capital investment over the next 5 years
- iGaming at a lower tax rate than land-based gaming would result in \$2.65 billion of lost tax revenue
 - Less revenue generated for Ontario, assuming a 20% tax rate on iGaming, reducing fiscal support for Ontario priorities like improved health care, schools, and infrastructure
- iGaming cannibalizes land-based gaming revenue
 - HLT estimates that the introduction of unmitigated iGaming in Ontario would reduce existing land-based gaming revenue by \$6.2 billion over the next 5 years

Ontario is not the first jurisdiction in North America to legalize iGaming

- Over the past ten years, 7 US States have introduced online casino games and 19 US jurisdictions have introduced online sports betting
- Every state that has introduced iGaming has done so in a coordinated manner with its existing land-based footprint; it is a proven model
 - This helps to anchor online operations in a system experienced in regulatory compliance
- Of the 19 US jurisdictions that have introduced online sports betting only (without online casino games) and have land-based casinos, all except Virginia have done so with an ‘integrated’ approach.

Conclusion

Great Canadian Gaming is working closely with our unions, municipal partners, First Nations communities, local suppliers, and other stakeholders to voice our concerns, as the impact on them and our \$2 billion capital investment in Ontario could be significant if the model proposed for iGaming in Ontario is adopted without mitigation.

What Are We Proposing? A Level Playing Field Between Land-Based Operators and Digital-Only

1. No change to existing land-based tax rates and market structure

2. Initial Exclusivity Period

- Allow land-based operators a 24-month exclusivity period operating iGaming, which will allow for the growth of legal iGaming jobs through an omni-channel experience without cannibalization

3. Comparable Tax Rates

- iGaming revenue should be taxed at a comparable rate to land-based gaming revenue

4. Controlled Number of Licences

- After initial exclusivity, limit online sports betting licences to provide market structure
- Online casino licenses should be limited to land-based casino operators only

5. Enforcement

- Real enforcement of any ongoing illegally operated ‘grey’ market
- Operators should be required to delete existing databases that were not legally gathered before launching legal operations (as in the Netherlands)

6. Limitations on Physical Offerings

- Digital-only players, with offshore low cost structures and few employees, should not be permitted to operate with a physical presence and market or brand buildings/lounges
- Under Danish law, a computer set up in a public place that can only access one online casino is considered to be a land-based casino offering and requires a land-based casino licence

7. Retail Sports Books

- Retail single event sports wagering should be offered exclusively through land-based casinos
- Land-based operators can supervise the activity to prevent minors from betting, and address concerns related to problem gambling and money laundering
- We estimate, based on experience in several U.S. jurisdictions, a lift of gaming revenue associated with sports bettor visitation of 3-5% on slot play and 8-10% on table play, which will translate into incremental gaming tax revenues for the Province

8. Omni-channel Offering & Unified Customer View

- Advertising and data rules should ensure players can enjoy a coordinated online and in-person experience, and allow land-based casinos to integrate their customer experience
- Omni-channel offering and convenience including single sign up, shared loyalty, shared wallet, live gaming and progressive experiences combining land-based and digital, in order to provide best-in-class entertainment, unique experiences and socially responsible service