

## Lottery Business Highlights



OLG has had yet another banner year as a result of introducing innovative new games, injecting freshness into existing games, and partnering with our retailers to ensure flawless execution at retail. As a result, this year we paid out over \$239 Million in retailer commissions, representing a growth over last year's commissions by \$12.2 Million or 5.4%.

The New Lotto 6/49 launched in September with bigger jackpots, increased odds of winning, and a Guaranteed Million Dollar Prize Draw. The refreshed game proved to be extremely popular. After the first 6 weeks, The New Lotto 6/49 saw a 19% increase in sales, surpassing sales goals. In December our first Super Draw delivered an almost 37% increase in sales versus comparable draws. Based on this success, two more Super Draws took place in March, and in June all Lotto 6/49 draws will be Super Draws.

Our Instants category achieved \$1 Billion in sales this fiscal year. Our \$10 and \$20 National games continue to drive growth and have consistently surpassed sales targets and impressed retailers and consumers alike. We look forward to launching more new games this year, with exciting top prizes and fresh themes which continue to attract new players to the lottery category.

The Sports category leveraged current technology to provide players with an updated mobile site with up to the minute odds, event information, and match up stats, accessible by scanning a QR code at retail. This year we also launched an updated tablet site and the social tool "Who's in Your ProLine?" enhancing the Sports playing experience.

The launch of Wheel of Fortune® Lotto in November and Poker Lotto All In in March contributed to the Watch N' Win category achieving over \$172 Million in sales this year. Poker Lotto All In, the add-on game with a jackpot that grows until won, has proven to be extremely successful with customers and has consistently delivered sales well above expectations.

### Modernization Update

The Lottery modernization focus has been the preparation for the release in the coming months of the Request for Proposal (RFP) to pre-qualified service providers that moved successfully through the Request for Pre-Qualification (RFPQ) process. This includes the development of the RFP, Lottery operating services agreement, OLG policies, and transition and asset purchase agreement.

We continue to work closely with the OCSA Lottery Committee. Let's continue to have an open dialogue about your business, Lottery modernization and our future together.

To learn more about Modernizing Lottery and Gaming in Ontario, please visit <http://www.modernolg.ca>, or speak with your OLG representative.

## 403,412 Ontarians Sign Petition to end Beer Store Monopoly



### It's time the foreign-owned Beer Store had a little home-grown competition.

Ontario's alcohol retailing system was designed during prohibition in 1927 - 87-years ago and citizens are now saying they are ready for changing that in an unprecedented show of support.

Over 400,000 people from communities across the province signed the petition making it the largest in Ontario history! These folk are strongly supporting the point that the alcohol

retailing laws in Ontario are antiquated, outdated and need to be changed.

These are everyday folk from all walks of life who vote for all political parties; they are responsible adults, parents and neighbours who really just want to be able to buy some beer or wine from an easy-to-get-to local vendor - their neighbourhood Convenience store. Why is The Beer Store cartel scared of competition? In other provinces and US states you can buy beer in C-stores. Why not in Ontario? The foreign-owned Beer Store



*Dave Bryans, CEO OCSA and Tom Moher, VP Operations, Central Canada and Chair, Canadian Convenience Stores Association present to the Media, April, 23, 2014.*

should be ashamed throwing up a misleading TV ad blitz as a response and suggesting that minors would easily be able to buy beer if the laws were relaxed. That is a fallacy.

This outrageous advertising completely ignores the published independent research and proven fact that C-stores do a significantly better job to not sell any age-restricted products (tobacco, alcohol, lottery, fireworks etc.) to Minors with our We-Expect ID program than either The Beer Store or LCBO.

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The bottom line is that this heavy, inaccurate Beer Store campaign is unfair to small businesses. Convenience retailers are ready and willing to fairly compete, offering quality products to consumers who are questioning why we cannot change and improve an 87-year old retail system that is past it's due-date!

OCSA members have also pledged support for Ontario craft brewers and Ontario wineries in a modernized retailing system. Retailers previously announced a plan to voluntarily set aside at least 30% of beer and wine retail space for Ontario wines and craft beer, creating significantly more consumer exposure and retailing opportunities than they currently have – especially in the communities where they operate.

“Not only does our plan dedicate 30% of space to Ontario craft beer and wines, it also allows Ontario craft brewers and Ontario wineries access to a modern, established distribution and logistics system to get their products into stores,” added Bryans. “Our distribution partners have the ability to cost-effectively ship even a single bottle of wine or six-pack of beer to individual stores. Gone are the days when stores needed to buy in large quantities and manufacturers needed to own fleets of trucks for distribution.”



Dave Bryans and Tom Moher received province-wide media attention announcing the OCSA petition.



In December 2013, OCSA released an Ipsos Reid study that revealed that nearly seven-in-ten (69%) people in Ontario want to see private retailers, like convenience stores, sell alcohol and compete with the foreign-owned Beer Store.

## Latest Mystery Shop – C-stores get best results ever! 94.6%

The latest independent mystery shop program conducted by **Mango18** in Ontario for OCSA, generated the highest ever positive results by our Members when shopped for tobacco products. These results categorically confirm how diligent and committed our members are to making our mission a reality. “Responsible Community Retailing” is a constant best practice in Ontario C-stores!

Credit goes to the We Expect ID program and all the sponsors that have created such a high standard for age testing.

The shoppers recorded the type of age verification and signage programs OCSA Members were using - i.e the We Expect ID program versus the government “Not to Kids”. **C-stores passed “Not selling tobacco to minors: 94.6%. 79.2% of all C-stores visited had “We Expect ID signage v. 29.2% “Not for Kids”**

These results are outstanding. Thanks and congratulations to all members and their staff.

## Tobacco Tax Rates Increase: May 2, 2014



### New Tobacco Tax Rates

- 13.975 cents per **cigarette**
- 13.975 cents per gram or part gram of tobacco product other than cigarettes and cigars (e.g. **fine cut tobacco**)

**This means that, as of May 2, 2014, tobacco tax on a carton of 200 cigarettes is increasing by \$3.25, to \$27.95.**

### Wholesalers

Wholesalers of tobacco products that are not collectors of tobacco tax are required to complete a [Tobacco Products Inventory Report](#).

The ministry is emailing or faxing a Tobacco Products Inventory Report and instructions to wholesalers who are not collectors of tobacco tax. Wholesalers who do not receive a Tobacco Products Inventory Report and instructions on May 1, 2014 can call [1866 668-8297](tel:18666688297) ext.17071.

## Provincial election has been triggered.

### Liberal budget goes unapproved but Tobacco Tax Rate Increase still goes into effect May 2, 2014

The Ontario Government was not able to get the budget approved by both the Progressive Conservative Party or the NDP and that has triggered an election on June 12, 2014. This signals the defeat of the budget, however historically it doesn't indicate a roll back in the tobacco tax increase.

We believe all three (3) parties or the future government of Ontario will endorse and maintain the announced increase as the health groups will hold them to this.

It is recommended to proceed with the increase and where expected submit the inventory requested by the Ministry of Finance.

We are very disappointed that the Ontario government would add a tobacco tax to the legal tax collecting market while fuelling the illegal production of contraband adding an additional profits to the organized crime groups participating in this activity.

Bookmark our website for regular updates on important issues and activities.

[www.ontariocstores.ca](http://www.ontariocstores.ca)

We consider Social Networking to be a great way to stay in touch and now have over 1250 followers on Twitter a number that grows daily comprising everyday folk, people in our industry, media and politicians!

We provide a regular Twitter feed that you can follow and retweet with daily activity on pertinent newsworthy topics.

<http://twitter.com/OntarioCStores>



# Putting a STOP to Contraband Tobacco



Increased health concerns. Safe communities. Tax evasion. These are just a few dynamic side effects associated with contraband tobacco!

**Illegal Cigarettes Fund Criminal Activity in Your Community**

**Contraband Tobacco is a Serious Problem in Ontario**  
Toronto Crime Stoppers offers cash rewards and guaranteed anonymity for tips on illegal activity.

If you see crime in your neighbourhood, call **1-800-222-TIPS (8477)**  
For more information visit: [stopcontrabandtobacco.ca](http://stopcontrabandtobacco.ca)

Contraband tobacco is a crime driven by greed and has provided the opportunity for organized crime organizations to expand their illegal activities, which has a significant impact on communities throughout Canada. Ask yourself this. Do you support organized crime? Would you invite criminals into your community? No, of course not. Then why do many Canadians allow this type of crime to go unreported or worse be an end user of the product.

In a proactive approach to bring awareness on this issue and to remind Torontonians that illegal cigarettes are

illegal for a reason, Toronto Crime Stoppers have developed an awareness campaign to remind Torontonians how they can help address the problem by simply calling the anonymous tip line at 1-800-222-8477.

If you know something, say something. Let's work together to expose these criminals and combat contraband tobacco for a safer community.

Remember, when you call Crime Stoppers –you remain anonymous, criminals don't!



[www.stopillegaltobacco.ca](http://www.stopillegaltobacco.ca)  
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## OCSA 2014 Golf Tournament Thursday, July 24, 2014

Note the date now and plan to register as this great networking event always sells out! You can get the form here: <http://events.cstorelife.com/>



This year we will be at a wonderful new location - Blue Springs in Acton, Ontario. Come and enjoy a fun day with your peers!

For more information: contact Donna at the OCSA office at: (905) 845-9152 or email: [donnam@conveniencestores.ca](mailto:donnam@conveniencestores.ca)



ONTARIO CONVENIENCE STORES ASSOCIATION

The Ontario Convenience Stores Association (OCSA) represents more than 7,000 convenience store operators throughout the province who are committed to Responsible Community Retailing. More than 3 million people visit convenience stores in communities across Ontario every day.

# Ontario Provincial Election



## Thursday, June 12, 2014

From time to time retailers may be engaged by local candidates in their communities during the next four weeks leading up to the election. Many if not most candidates from all three parties give the impression they are small business friendly (especially during an election) and we should welcome all of them with open arms.



However, we should ensure that we get our three (3) key messages out during the campaign if we are approached by potential MPP's in your respective riding or even the local media. The OCSA suggests we stick to the following messages with the media and candidates as follows:

**Contraband Tobacco:** continues to infiltrate our neighbourhoods, hurting our business. It also encourages organized illegal activities and the last tobacco tax increase of \$3.25 per carton announced during the Liberal budget has not been rescinded and now gives the illegal tobacco marketers an additional \$3.25 profit and sends our law abiding customers to aboriginal reserves for their cigarette needs. We find this to be very irresponsible since the government has done nothing to correct contraband tobacco.

**Beer/wine opportunities:** Ontario voters and our customers continue to ask the future government to allow a wider range of retailers like C Stores to sell beer/wine. As a matter of record 70% through an Angus Reid survey have supported Beer/wine in C Stores and it is time to ask for a commitment to end the Beer store monopoly in Ontario.

The Beer Stores are owned by 3 foreign multi-national companies who control the listings, locations, profits and limit the opportunities for Craft Beers and Ontario wines. We are the most responsible at age testing under We Expect ID and have demonstrated this to both the local health units and the Alcohol & Gaming Commission in Ontario. Beer stores are self regulated and have been very evasive with age testing results, profits or listing fees. Time to treat Ontarians like millions of Canadians in an open and transparent market.

**Hydro Rates:** the cost of hydro is hurting our business and there needs to be some realization that family run stores may not exist if there is not some form of relieve from the punishing rate increases in our store (s). We ask each candidate what they plan to do to insure there are family run stores throughout Ontario and if they have any plans to assist us in every community. Sometimes we feel like the forgotten business partner of the Government who sells \$2.4 billion in lottery and collects over \$1.5 billion in tobacco taxes.

These are the three quick and easy sound bites to assist all members during the campaign and we encourage every member to call and engage the candidates in your areas - and please encourage your customers to get out and **VOTE!**

# COMPLIANCE

## Lottery Retailers and employees who handle lottery MUST NOT redeem OLG lottery coupons at the stores where they work.

Retailers and their employees who handle lottery products must be identified to OLG, and they are prohibited from playing lottery at any lottery retail location where they work.

Refer to these policies in our Retailer Policy Manual for details;

- 2.2 - RETAILER IDENTIFICATION
- 2.3 - NO PLAY AT WORK

Recently we have discovered that some retailers and their employees have registered for coupons on our promotional websites, and have then redeemed these coupons where they work.

Redeeming an OLG coupon where you work, which either discounts the purchase price of a ticket, or provides the coupon holder with a free ticket is considered to be playing lottery.

Each incident will be investigated. If OLG determines retailers or their employees have registered for coupons, and then redeemed these at the location where they work, the following penalties will be applied according to section 8.14 of our Retailer Policy Manual.

1 <sup>st</sup> Violation	2 <sup>nd</sup> Violation	Subsequent Violations
7 Day Suspension	30 Day Suspension	A minimum 30 day suspension up to termination of Retailer Agreement

### Make Sure All Employees Are Trained!

Retailers and store managers must ensure all employees are aware of the NO PLAY AT WORK POLICY. This should be included in the training of new employees, and they should be made aware that in addition to purchase, validation and ticket checking, this also applies to coupon redemption for a lottery product.

# \$10 Cadillac<sup>®</sup> Riches

This sleek and sophisticated INSTANT ticket offers large top prizes of \$250,000, and 10 Cadillac<sup>®</sup> vehicles.

Cadillac<sup>®</sup> Riches also features a second chance internet contest to win a Cadillac<sup>®</sup> SRX<sup>™</sup>.

Contest will run from June 2nd, 2014 to September 30th, 2015

1 Grand Prize Cadillac<sup>®</sup> SRX<sup>™</sup> will be drawn on or after October 1st, 2015.

Customers can scratch the contest logo/scratch off area located at the bottom of the Cadillac<sup>®</sup> Riches INSTANT ticket to reveal the 11 character Contest Code, then sign up and enter the unique Contest Code at [cadillacriches.ca](http://cadillacriches.ca)

10 \$250,000 top prizes

5 Cadillac<sup>®</sup> Escalades<sup>™</sup>  
(cash option \$100,000)

5 Cadillac<sup>®</sup> CTS<sup>™</sup> Coupes  
(cash option \$47,500)

Overall odds of winning 1 in 3.28

70% prize payout

**LAUNCHES JUNE 2nd!**

Prizes range from \$10 - \$250,000. Prizes are randomly distributed across Canada. At time of purchase, some of the prizes offered may have already been claimed. Vehicles may not be exactly as shown.



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