

Raising the Stakes: Ontario Unveils Plans for New iGaming Model

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On March 3, 2021, the provincial government released a discussion paper outlining its “preliminary thinking” for the future of internet gaming (iGaming) in Ontario. The discussion paper sets out the main elements involved in establishing and managing a new iGaming market for Ontario residents. The discussion paper expands on Ontario’s 2019 budget, which announced its intention to provide Ontarians with a well-regulated domestic platform for iGaming. The Ontario government provides that it plans to create an iGaming system that prioritizes consumer choice, consumer protection, and market growth with little red tape.

To manage the development and implementation of this new framework, the Province has tasked a subsidiary of the Alcohol and Gaming Commission of Ontario (AGCO) with overseeing the project. The AGCO is now open to submissions from interested stakeholders on four key components of the iGaming initiative, namely: (i) approaches to revenue sharing; (ii) components of the commercial agreement; (iii) types of gaming included in the model; and (iv) the relationship between iGaming and land-based gaming.

Approaches to Revenue Sharing

The discussion paper acknowledges that regulated gaming markets in Europe and the United States utilize taxes to collect revenue on gaming activities. However, Ontario is more actively looking to use a revenue sharing system. The discussion paper offers two ways this could be implemented, either through (i) a single rate applied to gross gaming revenues across different betting lines, or (ii) a varying scheme, through which different rates are utilized across different types of bets.

Components of the Commercial Agreement

The framework for the commercial agreement provides that operators of iGaming platforms will be required to meet commitments prescribed by the Province which are consistent with gaming laws and regulations, including the *Criminal Code*. These commitments would include matters such as: login data to verify players’ identities, ages, and locations; protecting the financial security of players; ensuring that those who should not partake in iGaming (i.e., minors) are not targeted by marketing; and providing access to iGaming for those Ontarians with disabilities or accessibility challenges.

Types of Games to be Included

In order to provide iGaming services, prospective offerors will be required to undergo a certification process governed by the standards of a provincially recognized gaming laboratory prior to launch. Well-recognized casino and table games, such as slots, blackjack, and roulette, would be offered so long as they meet certain regulatory requirements. However, the provincial lottery will continue to be a separate system operated by the AGCO.

The Province is also considering allowing other types of gaming beyond the traditional casino and table games to be included in an iGaming framework, which could potentially include activities such as novelty event wagering, peer-to-peer games, and sports wagering. Novelty event wagering concerns betting on the outcomes of events not within the sport or games of chance spheres, such as the Oscars. Meanwhile, peer-to-peer based games traditionally include activities like poker, but this type of wagering has recently also expanded to certain types of peer-to-peer sports betting which allows players to participate in betting exchanges.

One of the most notable potential offerings comes in the form of offering single-event sports wagers through an iGaming platform. The discussion paper is clear that the Province is closely monitoring the federal government's attempt to decriminalize single-event sports wagering. If single-event sports wagering is legalized, the Province anticipates being able to offer Ontarians a chance to utilize the new iGaming platform to bet on a wide variety of sporting events, which it emphasized would be a "critical component" of its iGaming model.

Further details on the legalization of single-event sports betting can be found in our two previous Cassels Comments: *What are the Odds? Proposed Legislation Could Modernize Canada's Sports Betting Industry* and *Bill C-218 Passed by House of Commons, Setting up Canada for a Big Score*.

The Relationship between iGaming and Land-Based Gaming

The Province does not intend to limit the number of offerors that may enter the newly created iGaming market, nor does it intend to prevent land-based gaming service providers from partnering with iGaming providers. That said, the Province is committed to finding a balance between the existing land-based gaming providers and the new iGaming platform, with an emphasis on understanding that First Nations with land-based sites may have a specific interest in the proposed iGaming system.

The Province will conduct public consultations beginning in late March and they will remain open to contributions on the topics discussed in the paper until April 16, 2021.

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