



January 2007

## Important Notice Interim Bingo Revenue Model – Extension

On February 17, 2006, the Registrar of Alcohol and Gaming issued an Information Bulletin setting out an interim revenue model for lottery schemes conducted and managed at bingo halls registered under the *Gaming Control Act, 1992*. The interim revenue model in place in many municipalities will remain in effect until the implementation of a new revenue model. This extension will continue to provide the opportunity for other municipalities to implement an interim revenue model should they choose to.

In the Modernization of Charitable Gaming Direction and Priorities document released December 2005, the Registrar of Alcohol and Gaming committed to examining the revenue model for licensed charitable bingo. Consensus was reached by stakeholders that a new revenue model was critical to assisting the industry and resulting revenues to Ontario charities.

Subsequently, the Registrar commissioned HLT Advisory, a Toronto consulting firm with extensive experience in gaming research across Canada to develop a new revenue model for the bingo marketplace in Ontario. The new model has been developed in consultation with Ontario's charities, bingo hall operators and the AGCO's municipal lottery licensing partners. The result is a revenue model that has received approval in principle from all sectors of the bingo marketplace. The AGCO is committed to implementing this new revenue model that has been designed to address marketplace changes, and provide flexibility to the sector to meet further challenges that may arise in the future.

The main features of the new model are:

- game flexibility to maximize viability;
- reduction in prize boards, managed initially to 70% for bingo;
- a new marketing fund will be established;
- all bingo hall revenues (gaming and other) will now be split between the charitable licensees and the hall operators;
- revenues net of prizes and marketing will be split with the charities receiving 45% and the hall operators receiving 55%.

From their respective share of the gross proceeds, bingo hall operators are responsible for paying expenses, while the charities are responsible for paying administration and licence fee expenses. The new model strives to achieve balance through recognizing that charitable gaming is for charitable fundraising, but that operators require an adequate return to maintain the operations.

The AGCO is targeting May 1, 2007 for implementation of the new bingo revenue model, but acknowledges that there are considerable implementation challenges to be met by provincial and municipal licensing authorities, charities and industry. Some of these considerations include:

- re-write of the Terms and Conditions
- implementation of a new licensing process
- changes in reporting processes and licensing forms
- education and training

Recognizing that there is significant work to be done to achieve successful implementation of the new bingo revenue model, the Registrar of Alcohol and Gaming has extended the interim bingo revenue model until the implementation of the new model.

Bingo halls currently operating under an approved interim revenue model will require no further municipal approval to continue operating under the interim model currently approved by the municipal council, unless changes are requested by the halls, charities or municipal licensing authorities. Any halls not operating under the interim revenue model will still require municipal approval to commence operating under the interim model.

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