

INFORMATION BULLETIN

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Alcohol and Gaming Commission of Ontario

Gaming Registration &
Lotteries

20 Dundas Street West, 7th floor • Toronto, Ontario M5G 2N6 •

Tel: 416-326-8700 or toll free in Ontario 1-800-522-2876 •

Fax: 416-326-8711 • E-mail: Licensing@agco.on.ca • Website: www.agco.on.ca

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Contact: Maggie Gorgiev

Phone: 416-326-8420

Fax: 416-326-8711

Interim Revenue Model for Pooling Bingo Halls

Introduction

Representatives of the Ontario Charitable Gaming Association (OCGA), Commercial Gaming Association (Ontario) (CGAO), and Registered Gaming Suppliers of Ontario (RGSO), as participants in charitable gaming at bingo halls, jointly proposed an “interim revenue model” for lottery schemes conducted and managed at bingo halls registered under the *Gaming Control Act, 1992* for consideration by the Registrar. The representatives were of the unanimous opinion that the next several months are critical ones for the bingo sector and that interim steps are required to maintain in place the number of bingo halls that are necessary to ensure longer term stability to the bingo sector. The representatives arrived at a consensus position and unanimously proposed:

- An interim revenue model that included (i) payment for the caller and runners employed by the hall operator from the gross receipts, (ii) payment of the costs of bingo paper from the gross receipts, and (iii) maintaining the maximum of 40% as the total amount that a hall operator could obtain of the net proceeds of a municipally-licensed bingo event as set out in subsections 9.3(a) and (b) of the *Regular and Special Bingo Licence Terms and Conditions* while removing the 14% and 15% maximum of gross receipts outlined in those subsections;
- The interim revenue model would be in place on a temporary basis until the Registrar has completed the review of the current revenue model and implemented a new revenue model; and
- The OCGA, CGAO and RGSO would continue to support fully a revenue model to be established by the Registrar.

Interim Revenue Model

The Registrar has agreed to the following elements for an interim revenue model, subject to the approvals and conditions set out below:

1. The licensee may pay out of the gross receipts up to \$250/event to pay the costs of a caller and runners employed by the hall operator and used in the operations of the event;
2. The licensee may pay out of the gross receipts the costs of the bingo paper used in the bingo event;
3. A licensee may pay a bingo hall operator a maximum of 40% of the net proceeds. The further limit of 14% or 15% of gross receipts for a session is not in effect.

For purposes of the interim revenue model, “costs” shall mean the true costs to the hall operator for each event, taking into account any rebates, discounts, input tax credits or similar amounts for which the hall operator may be eligible, has received or may receive. Where a bingo hall operator has not employed a caller and/or runners prior to this interim revenue model, the hall operator will not be eligible to obtain any funds from the gross receipts for this staffing. The amounts shall be calculated and paid at the end of the month.

Such an interim adjustment should only be implemented in situations where it is determined to be necessary and in the best interest of all parties involved. As a result the Registrar is allowing for this level of flexibility where the municipal licensing authority determines one or more of the elements shall be implemented after consultation with the hall operator and bingo sponsors’ association representing the charities conducting and managing bingo events in that hall.

The following process shall be used prior to the interim revenue model being put into effect:

1. The hall operator for a pooling bingo hall shall propose to the bingo sponsors’ association and the municipal licensing authority one or more of the changes set out above. The hall operator shall provide such information, including current financial information and supporting documentation (such as invoices) to substantiate the proposal;
2. The bingo sponsors’ association shall indicate support or non-support of the proposal in full or in part;
3. The municipal licensing authority shall review the request and determine whether one or more of the elements shall be implemented for that bingo hall on an interim basis. The municipal licensing authority may decide:
 - (a) To approve the proposal, with or without change. In assessing whether to approve the proposal, with or without change, the municipal licensing authority may take into account the factors set out in the Registrar’s Guide to Establishing a Municipally-Developed Revenue Model; or

- (b) To decline the proposal and maintain the status quo; or
 - (c) To implement a municipally-developed revenue model in accordance with the Registrar's Guide to Establishing a Municipally-Developed Revenue Model.
4. Where the municipal licensing authority approves the proposal with or without change the municipal licensing authority shall:
- (a) Set out the terms of the approved proposal in a memorandum of understanding to be signed by the bingo hall operator and the bingo sponsors' association;
 - (b) Advise the Registrar of the timing for implementation; and
 - (c) Monitor the financial position and ongoing justification for the interim revenue model in accordance with the direction from the Registrar.

The interim revenue model may be in place for a period ending no later than September 30, 2006 or the implementation of a municipally-developed revenue model or the Registrar's revenue model.