

New Bingo Revenue Model

Information Session for
Bingo Sponsors Associations and
Municipal Licensing Authorities
January 2007

Agenda

- Introduction
 - AGCO Introductions
 - Meeting Objective
 - Background
- Revenue Model
 - HLT Advisory
- Questions and Answers
- Next Steps

Background

- May 2005 Registrar released discussion paper
- Intention to obtain input from participants in the charitable gaming sector on strategic changes
- Complemented ongoing consultation as part of the Bingo and Break Open Ticket Strategic Working Groups

Background (cont'd)

- December 2005, *Modernization of Charitable Gaming: Direction and Priorities* released
- Identified new direction for charitable gaming
- Takes into account sense of urgency within the sector, ability of participants and institutions (including AGCO) to plan and implement change

Guiding Principles

- Charitable gaming raises funds for charitable activities
- Organizations are volunteer based with charitable gaming a form of fundraising rather than focus of their business
- Flexibility balanced by accountability and trackability
- Operate with honesty, integrity, in public interest
- Fair, productive partnerships
- Requires adaptability in a continually and rapidly changing environment

Priorities Identified

Priorities were assigned across sectors involved in charitable gaming:

- Bingo
- BOTs
- Mega-Raffles
- Overall -- GCA, Regulations and OIC Review

Priorities Identified

Major commitments include, not limited to:

- Review of both revenue models for BOTs, Bingo
- Re-write of core terms and conditions and rules of play
- Updating LLPM

Priorities Identified (cont'd)

- Introducing, reviewing enhanced technology
- Establishing Compliance Strategy for partners
- Updating advertising and promotions
- Establishing cycle of change for consistency in industry

Modernization Initiatives Delivered to Date

Some highlights of what has been delivered:

- Interim Revenue Model
- Moved from 2 BOT manufacturers
- Developed options for centralized tracking
- Advanced consideration of mega raffle applications
- Loonie Progressive B

Modernization Initiatives Delivered to Date

- BOT Seal Cards
- BOT Bingo Event Tickets
- Big Game Promotion for Bingo
- Released and updated LLPM
- Released Compliance Strategy
- Other work in numerous areas underway, e.g. review and re-write of terms and conditions

Other Priorities Underway

LLA review and operational implementation:

- Bill 152
- Risk-based licensing system
- Special Occasion Permits
- Regulatory and policy updates required
- Liquor in bingo halls

Other Priorities Underway

- Auditor General's Report and Response
- Public Account's Report and Response
- Administrative Sanctions Review Pilot Project
- Establishment of Public Affairs Program with enhanced education and training for industry stakeholders
- Ongoing policy and stakeholder development

New Revenue Model Required

- Agreement that current bingo revenue model would not assist in creating sustainability
- AGCO commissioned HLT Advisory to review the current Bingo Revenue Model
- Tasked to recommend a new appropriate model as it relates to bingo revenues, reasonable and necessary expenses and profits for charities

Other Key Elements

- Streamlining in licensing
- Decision maker with expertise
- Advertising and promotions
- Simplicity of revenue model
- Flexibility of Games
- Long term adaptability
- Timing Constraints

Other Key Elements cont.

- Licence applications
- Lottery trust account
- Expertise for flexibility
- Accountability