

## ***Welcome to the Ontario Bingo Development Fund***

*Now that we've got an interim structure in place, this is our first official communication out to contributing hall charities associations and bingo hall operators and their staff.*

*It's a backgrounder that will give you information about the Ontario Bingo Development Fund (OBDF) including its purpose, how it works, how we're structured currently, what we've been doing, and what the next steps are.*

*By necessity, some of this information is incomplete at this point. For example, we are still working through the incorporation process. But our commitment is to communicate regularly and directly with contributing hall charities associations and hall operators, as well as with other stakeholders such as municipal officials. This backgrounder is our first step in this direction.*

*We trust this gives you a 'quick overview' of developments and as we move forward, we will continue to report to you. At the end of this backgrounder is contact information if you want to talk about the fund or have further questions.*

The Interim Steering Committee

Ontario Bingo Development Fund

## The Origins of the Ontario Bingo Development Fund

The Fund is part of the New Bingo Revenue Model strategy that was supported by the industry and introduced by the Alcohol and Gaming Commission of Ontario (AGCO) on May 1, 2007. The analysis that led to the New Revenue Model highlighted that historically, the charitable bingo industry has not been spending enough money on marketing and promotion and other related market development activities. It also pointed to the need for designated marketing and promotions funding and activities at both the local (i.e. hall-specific) and regional/provincial levels.

## The Mandate of the Ontario Bingo Development Fund

The mandate of the OBDF is to:

*“fund the identification, development and implementation of strategies and specific initiatives that will enhance the short, medium, and longer term stability, sustainability, and growth of the charitable bingo sector as defined by section 207 1(b) of the Criminal Code of Canada. In doing so, the OBDF will contribute to strengthening local charitable fundraising through bingo and ensure a dynamic and profitable private sector.”*

The OBDF has a lot of flexibility in how it translates this mandate into action. The range of potential initiatives includes, but isn't necessarily limited to, overall industry strategic and operational business planning, new product design and development, conducting market research, developing marketing strategies, regional and/or provincial advertising and promotion initiatives, and training and education for the sector.

Across the province halls will have at least \$8 million for local advertising and promotions. It's important to note that OBDF initiatives are meant to support the industry as a whole. They are intended to *complement* what hall operators and hall charities associations are doing *locally*, without duplicating or overlapping.

## Finances

Each bingo hall and hall charities association that is participating in the new revenue model is setting aside 10 percent of the gross bingo win (which means gross wager minus prizes paid out) for marketing and development. Of this 10 percent, 8 percent remains as the local Hall Marketing Fund and 2 percent is to be set aside in each hall and forwarded on a monthly basis to the OBDF to support provincial initiatives to develop the industry. (The amount was 1 percent for the first month, May 2007, and 2 percent for all other months.) The current estimate is that the OBDF will generate in the range of \$2 - 3 million per year. Hall operators and hall charities associations have been required, by the AGCO, to set aside these funds for the OBDF since May 2007 and to forward them on a regular basis to the fund account, which is being administrated in trust on a temporary basis by the Ontario Charitable Gaming Association (OCGA).

This is an interim measure only – OCGA is receiving and holding the money in a separate account until the OBDF gets incorporated and can legally handle and account for the money. The OCGA cannot access those funds for its own purposes and will turn the funds over to the OBDF once it has its legal and financial structure in place.

The approach of having a designated marketing and promotion fund locally by hall operator and hall charities associations *and* a provincial-level industry development fund in the OBDF is unique in North America. Together, these give all of us an opportunity to coordinate our efforts to grow and develop the market for charitable bingo.

## Fund Governance and Management

The incorporation process for the OBDF is underway. The details are still being finalized but here are the key elements of the Fund's governance and management.

- The Fund will be governed by a 10 member Board of Directors representing both hall operators and hall charities associations.
- Six members (two members each) will be appointed by the Boards of Directors of the following organizations:
  - Registered Gaming Suppliers of Ontario (RGSO)

- Commercial Gaming Association (Ontario) (CGAO)
- Ontario Charitable Gaming Association (OCGA)
  
- Four members will be elected-at-large from across the province:
  - Two from the hall operator community.
  - Two from hall charities associations.
  
- One representative, each from the AGCO and the Association of Municipal Managers, Clerks and Treasurers of Ontario (AMCTO), will also be attending Board meetings as non-voting advisors.

The Board's responsibilities include:

- Developing the OBDF's three year strategic business plan. This will include setting priorities and planning initiatives for the first twelve months.
- Overseeing the development and implementation of new initiatives that will enhance the short, medium, and longer term stability, sustainability, and growth of the charitable bingo sector.
- Reporting regularly to hall operators and hall charities associations on the status of the OBDF and its initiatives.
- Engaging outside experts, where necessary, to support the development of new initiatives.
- Monitoring and evaluating the effectiveness of OBDF initiatives.

## The Interim Steering Committee

Until the OBDF is formally incorporated, the role of the Board is being carried out by an Interim Steering Committee. This Steering Committee has six members – two each from the RGSO, CGAO, and OCGA:

- Cam Johnstone, RGSO.
- Binod Singh, RGSO
- Jordan Gnat, CGAO
- Peter McMahon, CGAO – Chair
- Lynn Cassidy, OCGA

- Sam Goodwin, OCGA

Kathy Klas from the AGCO and Diane Sibley from the AMCTO are non-voting advisors to the Committee.

The Interim Steering Committee is being chaired by Peter McMahon of the CGAO and is meeting every two weeks.

## Interim Steering Committee Priorities

The *Interim Steering Committee* is focused initially on two equally important priorities.

The **first priority** is getting the OBDF formally established, including incorporation, by-laws, bank accounts, legal and accounting advice, and getting the first Board of Directors in place. The Committee has used a portion of the funds collected to retain legal counsel from the firm of Elkind and Lipton for this purpose and anticipates that incorporation should be completed by the first quarter of 2008, depending on the speed of the approval process within government. At that point, the first official Board of Directors will be established, including elections of the at-large members and the formal appointment of advisors from the AGCO and AMCTO.

The **second priority** is the development of a three year strategic business plan for the use of the Fund. This will include setting priorities and planning initiatives for the first twelve months.

This strategic business plan is essential because it sets the stage for how we will use the Fund and, in doing so, is an important part of the OBDF's accountability to hall operators and hall charities associations and to the AGCO.

While there is no shortage of ideas in our industry as to what to do with the Fund in terms of one-off initiatives, the purpose of the plan is to provide an overall direction. By setting out clear goals and objectives that reflect the more provincial (as opposed to local) purpose of the Fund and then mapping out the specific initiatives and tactics that will make a difference, we are ensuring a professional approach to decision-making.

The *Interim Steering Committee* is using a portion of the funds collected to retain consultants from Deloitte LLP to assist it in developing the strategic business plan. Part of the value of Deloitte is that they bring knowledge and experiences in developing market strategies from other sectors of the economy and will be better able to challenge traditional industry thinking and assumptions. Additionally, they have substantial experience in the gaming industry. As part of that process the consultants have been engaged in a fact-finding process of reviewing background documents and interviewing a representative selection of individual hall operators and charity representatives. We hope to have a plan finalized by the end of January 2008. At that point, we will share the plan with the industry.

## What's Next

As noted earlier in this backgrounder, this is the first of an ongoing series of bulletins and backgrounders that will be going out from the OBDF.

In terms of what to expect over the next couple of months, the most important thing will be the circulation of the strategic business plan to the industry to keep you fully informed of the initiatives that will be moving forward. We will also keep you posted on the progress of incorporation, setting up the new Board, and the process of electing the four Board members-at-large, etc.

## Questions?

If you have questions about the OBDF, please feel free to contact Peter McMahon, the Chair of the Interim Steering Committee at 416-245-6365 or by email at [nesbitt.s@sympatico.ca](mailto:nesbitt.s@sympatico.ca).