

BRIEFING NOTE – Gaming and Bingo Revenue in Toronto

Gaming Revenue in the City of Toronto

- The City of Toronto gaming revenue is comprised of three components – bingo, break-open tickets and raffles/bazaars. Break-open tickets are also known as paper slot tickets, where the individual will tear off a number of tabs to see if they have the corresponding symbols to win.
- Since 1999, gaming revenue in the City has declined steadily, as shown in the following chart:

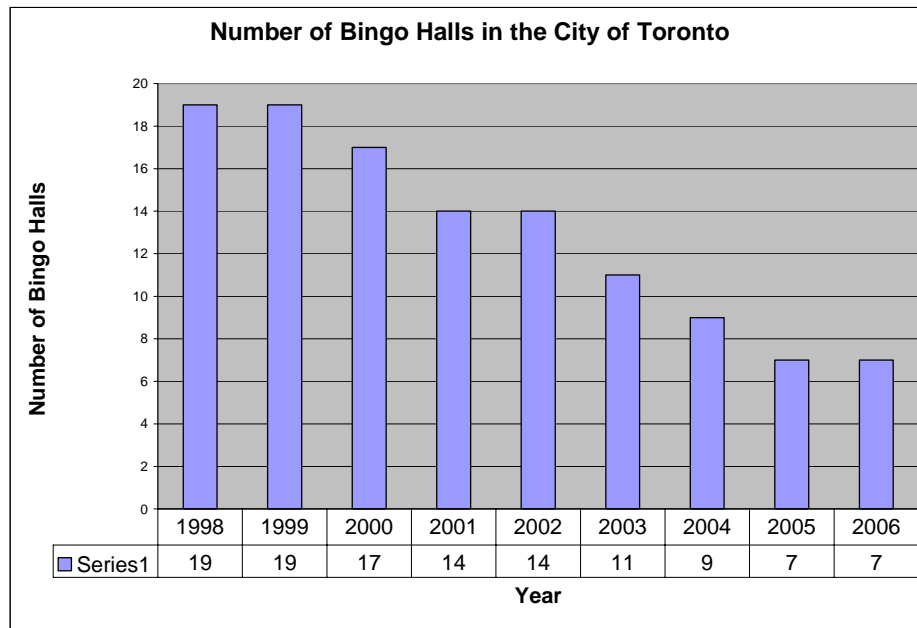
Gaming Revenue for the City of Toronto

Year	Bingo		Break Open Tickets		Raffles	
	Number of Transactions	Revenue	Number of Transactions	Revenue	Number of Transactions	Revenue
1999	not available	\$3,078,000	not available	\$1,012,000	not available	\$98,000
2000	1,263	\$3,365,000	741	\$471,000	650	\$89,000
2001	1,065	\$3,058,000	892	\$453,000	700	\$101,000
2002	978	\$2,960,000	785	\$351,000	627	\$100,000
2003	895	\$2,504,000	732	\$322,000	560	\$103,000
2004	816	\$2,294,418	651	\$304,304	504	\$96,952
2005	787	\$2,167,912	597	\$250,350	547	\$103,570

Bingo Revenue and Bingo Hall Decline

- Bingo licenses represent 86% of the total gaming revenue for the City. Since 1999, bingo revenue has declined by 30%, a drop from more than \$3 million in 1999 to less than \$2.2 million in 2005. The number of transactions also declined by 38%, from 1,263 licenses in 2000 to 787 licenses in 2005.
- The decline in bingo revenue and bingo licenses is a direct result of the shrinking number of bingo halls. In 1998, 19 registered commercial bingo halls were operating in the City of Toronto. At present, only 7 registered commercial bingo halls remain. The decline in the number of bingo halls in the City of Toronto reflect a similar trend across the province. During the same period, 135 commercial bingo hall closures across Ontario, reducing the total number of commercial halls to 95 and marking the continued consolidation of the bingo industry within the Province.

- The following chart shows the steady decline in the City of Toronto between 1998 and 2006 years:



- Contributing factors to the closure of bingo halls include: declining player attendance due to a stale product, increased gaming competition from commercial casinos and slot machines at racetracks, and the impending implementation of Bill 164 requiring all halls to be 100% smoke-free by June 2006.

Impact of the decline in number of bingo halls

- The decline in the number of bingo halls has affected not only gaming revenue for the City of Toronto, but also, revenue for the charity organizations, and profits of the commercial bingo operators.
- A report by the City Clerk to the Budget Advisory Committee on September 20, 2005, described in detail the impact of the decline in gaming revenue on the City Clerk's operating budget, leading to significant negative variance in the revenue target for the program.
- Revenue for the charitable organizations declined from \$9.9 million in 1998 to only \$2.4 million in 2005. This has affected many charitable organizations which depend on bingo revenue to deliver its various services to the public.
- Profit for the bingo operators also declined during this period, dropping from \$6.8 million in 2000 to \$2.4 million in 2005.

Efforts taken by City to Date

- City of Toronto staff have organized and participated in frequent meetings with all commercial bingo hall operators and charity associations in order to develop various options to curb the decline affecting the gaming industry.

- City staff also held numerous meetings and discussions with the Alcohol and Gaming Commission of Ontario (AGCO) and the Ontario Lottery and Gaming Commission (OLGC) to discuss and bring forward potential strategies to stabilize the gaming industry.
- The City re-formed the Bingo Advisory Committee (BAC) on December 2, 2004, which at the time representing all 9 remaining Commercial Bingo Halls and Bingo Sponsors' Associations operating in the City of Toronto. Within the BAC, six proposals were submitted to the AGCO outlining specific regulatory changes that would aid in the stabilization of charitable gaming.
- One of the proposals identifies the need for a revamped cost sharing agreement between bingo hall operators and charitable organizations as a key factor for the short term survival of the bingo industry. Such a need was highlighted in the most recent closure of Delta Club Bingo on November 11, 2005. According to the operator, the hall operated at an approximate loss of \$360,000 in 2005. During the same period, the projected total net charitable revenue for the 30 charitable organizations operating at the hall was \$1.5 million.
- Together with OLGC, the City is also looking at the possibility of introducing e-bingo to the City of Toronto. In January 2005, OLGC received approval for five Electronic Bingo (E-Bingo) pilot sites. Three pilot sites are currently in operation. The OLGC plans to report on the pilot results by March 2006 in order to receive approval for full roll-out. As the OLGC can only support a maximum of eight e-bingo sites per year, City staff are working with stakeholders to secure a guarantee from the OLGC that the City would be included in the first roll-out.

Outlook

- It is anticipated that the number of bingo halls will continue to decline in 2006, with the potential closure of at least one to two halls.
- City Staff has developed a comprehensive municipal revenue model in conjunction with bingo operators, charitable organizations and the AGCO. It is anticipated that the proposal, once completed and fully endorsed by all members of the BAC, will be delivered to the AGCO by March 2006 for the Registrar's approval.

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January 18, 2006