SUBJECT: Review of Bingo Licensing Fees - Lottery Licensing By-Law No. 04-134 (PED07130(b)) (City Wide)

RECOMMENDATION:

(a) That the flat rate fee of $165.00 for a bingo licence be maintained; and,

(b) That the outstanding business item titled “Review of charity bingo fees“ be identified as complete and removed from the Economic Development and Planning Committee’s Outstanding Business List.

EXECUTIVE SUMMARY:

On April 17, 2007, in response to changes in Provincial legislation, City Council approved recommendations of the Economic Development and Planning Committee that the Lottery Licensing By-law be amended to require the payment of a $165.00 flat rate fee for a bingo licence, and that staff be directed to report back within 18 months, respecting the impact, if any, on licensing revenues.

In August 2008, Eileen Dunsmuir, representing the Canadian Diabetes Association (CDA), appeared before Committee requesting a reduction of Bingo license fees. Staff was directed to report back on this matter, and to include “consideration of the current fee structure, the City workload, and the practice of other municipalities”.
This report fulfills the April 2007 and August 2008 directives to report back on bingo licensing fees, and recommends no change to the current ($165.00) license fee.

**BACKGROUND:**

In 2007, the Alcohol and Gaming Commission of Ontario (AGCO) introduced a new Bingo Revenue Model (BRM) which changed the municipal bingo licensing structure from one based on a percentage of the prize board (retail value of the prizes) to a flat rate fee system. Municipalities were authorized to set the flat rate fee within the AGCO specifications.

Unsure of the impact that the new flat rate fee system would have on licensing revenues, staff recommended the maximum allowed flat rate fee ($165.00) for a bingo licence, and to report back within 18 months on the impact on licensing revenues. These recommendations were approved by City Council on April 17, 2007.

Further, on August 5, 2008, Eileen Dunsmuir, representing the Canadian Diabetes Association (CDA), appeared before Committee requesting that bingo fees be reduced because of the financial difficulties being faced by the charities. Staff was directed to report back on the matter, and to include “consideration of the current fee structure, the City workload, and the practice of other municipalities”.

In November 2008, the Committee agreed to a deferral until the second quarter of 2009 pending the completion of the Corporate Cost Allocation Review, and to provide an opportunity for staff to review the AGCO’s “New Bingo Revenue Model, One Year Review, Key Findings Report” which was released in October 2008.

**ANALYSIS/RATIONALE:**

The Corporate Cost Allocation Review is still in draft at the time the report was written. However, based on the draft report/recommendations, this initiative should not have any significant effect on bingo licensing fees.

Staff has reviewed the fees charged by other municipalities; the effects of the AGCO’s 2007 Bingo Revenue Model on annual revenues and workload, and reports as follows:

- Today’s gaming market is extremely competitive. Local charities who use Bingo for fundraising report decreased revenues in recent years due to such factors as the Smoking By-law, competition with casinos, internet gambling and the slump in the economy. Nonetheless, there are currently fourteen (14) charities on a waiting list for a bingo time slot.

- The 2007 AGCO Bingo Model introduced new features to allow for greater revenues to both hall operators and charitable bingo licensees such as:
  
  - allowing multiple games during a single event
  - the opportunity to apply for raffle licences on a regular basis
  - the ability to apply for liquor sale licences
Both bingo halls have opted to now sell break open tickets, not connected to a particular bingo game, which is revenue generating for the hall operator and organization.

- While there was a noticeable drop in revenues following the introduction of the City’s Smoking By-Law in 2006, bingo revenues for both the City and charities have remained relatively constant since then. Therefore, it is concluded that the AGCO’s Bingo Revenue Model has not had any significant effect one way or the other on bingo revenue.

- Contrary to Ms. Dunsmuir’s claim, there has been no workload “shift” from the City to Hall Charity Administrators. The AGCO’s Bingo Model has changed, but not reduced, the work required by the municipal licensing authority. The Hall Charities Association Administrator’s duties have changed in that there are different reports to be completed and submitted to the AGCO rather than the municipality, but one Hall Charities Administrator advised staff that their workload has not changed.

The table below shows the results of a recent survey of other cities’ current bingo license fees. Of the ten cities (over 100,000 population) surveyed, five (including Hamilton) currently charge $165.00 for a bingo licence.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>2009 Bingo License Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thunder Bay</td>
<td>109,140</td>
<td>$90.00</td>
</tr>
<tr>
<td>Kingston</td>
<td>117,207</td>
<td>$150.00</td>
</tr>
<tr>
<td>Burlington</td>
<td>164,000</td>
<td>$100.00</td>
</tr>
<tr>
<td>Oakville</td>
<td>165,613</td>
<td>$165.00</td>
</tr>
<tr>
<td>Windsor</td>
<td>216,473</td>
<td>$165.00</td>
</tr>
<tr>
<td>Brampton</td>
<td>433,806</td>
<td>$40.00</td>
</tr>
<tr>
<td>Hamilton</td>
<td>504,559</td>
<td>$165.00</td>
</tr>
<tr>
<td>Mississauga</td>
<td>668,549</td>
<td>$165.00</td>
</tr>
<tr>
<td>Ottawa</td>
<td>774,072</td>
<td>$130.00</td>
</tr>
<tr>
<td>Toronto</td>
<td>2,503,281</td>
<td>$165.00</td>
</tr>
</tbody>
</table>

**Alternatives for Consideration:**

City Council could choose to lower the fee for a bingo licence, but there would be a corresponding revenue loss which could significantly affect the annual operating budget/levy. For instance, a $20.00 reduction to $145.00 for a bingo licence would result in an estimated loss of approximately $70,000 annually.
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FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial: N/A

Staffing: N/A

Legal: N/A

POLICIES AFFECTING PROPOSAL:

N/A

RELEVANT CONSULTATION:

Staff from Legal Services and Finance and Administration were consulted in the preparation of this report.

Some time ago, staff contacted the Diabetes Association who confirmed that they no longer participate in bingo lotteries and that Eileen Dunsmuir is no longer representing their organization.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑Yes ☐No

Efficient and effective licensing programs are essential to the health, safety and well being of the community.

Environmental Well-Being is enhanced. ☑Yes ☐No

Efficient and effective licensing programs are essential to the health, safety and well being of the community.

Economic Well-Being is enhanced. ☑Yes ☐No

Efficient and effective licensing programs are essential to the health, safety and well being of the community.

Does the option you are recommending create value across all three bottom lines? ☑Yes ☐No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐Yes ☑No

MH:VO:dt