

CASINO GAMING COMMISSION

ANNUAL REPORT FOR YEAR ENDED MARCH 31, 2015

1.0 INTRODUCTION

1.1 The matter for tabling in the Houses of Parliament is the Annual Report for the Casino Gaming Commission (CGC) for the financial year ended March 31, 2015.

1.2 CGC was established in 2010 as an independent statutory body under the provisions of the Casino Gaming Act. Among other things, its mandate is to:

- i. Regulate and control casino gaming in Jamaica
- ii. Approve systems of controls in casinos in order to ensure integrity and fairness in casino gaming
- iii. Institute measures and controls to protect the vulnerable.
- iv. Limit opportunities for crime associated with casinos and
- v. Advise the Minister on matters of general policy in relation to casino gaming

2.0 DISCLOSURES

2.1 Auditors' Report

2.1.1 The auditors, McKenley and Associates, in their unqualified report, indicated that the audit of the Commission's financial statement for the review period was conducted in accordance with International Standards on Auditing. The auditors also noted that the financial statements were prepared in accordance with International Financial Reporting Standards, as well as Generally Accepted Accounting Principles. McKenley and Associates also noted that proper accounting records were kept and that the financial statements prepared, give a true and fair view of the financial position of the Company as at March 31, 2015.

2.2 Emoluments for Senior Executives and Directors

2.2.1 During 2014/15, the Commission's executive consisted of an Acting Chief Executive Officer, a Director of Finance and Administration, and a Legal Officer. Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act (Amendment 2011), details of the compensation packages for the three (3) executives are included in the Annual Report. This totalled \$19.45 million (2013/14: \$4.10 million), as salaries were incurred for an entire year for three executives (paragraph 4.2 refers). Emoluments for the Commissioners/Board amounted to \$0.29 million.

3.1 OPERATIONAL HIGHLIGHTS

3.1.1 Given that there was no casino in operation during 2014/15, CGC, sought to build its own capacity and to ensure continuity of the work programme to finalise regulations and amendments to the CGA. In these regards, recruitment activities for a CEO, as well as a Director of

Investigations and Enforcement were conducted during the latter half of the financial year and the successful applicants assumed duties on April 1, 2015. Employees were also trained by the United States Department of Treasury on various aspects of casino operations, including accounting and payouts; employees of the Betting, Gaming and Lotteries Commission also benefitted. Other training and development opportunities included a study tour of casino operations in New Jersey (gaming and regulating), as well as attendance at the conference of the International Association of Gaming Regulators.

3.1.2 With respect to legislative activities, the following are of note:

- i. The Casino Gaming (Applications relating to licences) Regulations 2014 were approved in the Parliament.
- ii. Reviews of existing regulations and the CGA were conducted and recommendations made by the US Department of the Treasury, Office of Technical Assistance and agreed by the CGC, were incorporated in an Amendment Bill and submitted to the Legislative Committee of Cabinet.
- iii. A consultant legislative drafter was engaged to prepare additional instructing drafts of regulations to accompany the CGA
- iv. Draft POCA/AML/DNFBP¹ Guidance Notes were developed by an in-house team and submitted to the Commission's Legislative Committee for review.

3.1.3 The Commission forged local and international relations in its preparation to undertake its mandate. These include the Major Organised Crime and Anti-Corruption Agency, as well as the Financial Investigations Division for the conduct of fit and proper checks on persons desiring to be a part of the casino industry. A professional relationship was also forged with the Spectrum Gaming Group, New Jersey in respect of international fit and proper investigations.

3.1.4 Consequent on the passage (in 2012/13) of regulations which give the Honourable Minister of Finance and Planning the authority to approve Development Orders, the Ministry extended an invitation for interested applicants. The expertise of the Commission was integral to the work of the Advisory Team appointed by the Minister to make a final recommendation for approved Integrated Resort Developers (IRD); two applicants were recently granted IRD status.

4.0 FINANCIAL HIGHLIGHTS

4.1 Table 1 indicates that CGC recorded a deficit of \$0.59 million (2013/14; \$0.83 million). In the absence of casinos, the Entity's revenue flow continued to be limited to grant from central government, as well as interest income. Grant funds increased by \$26.84 million to \$36.37 million, in line with additional costs, as the entity's activities and staff complement grew. Meanwhile, operating expenses totalled \$36.96 million, a \$28.25 million increase on that for 2014/15. The most significant contributors to the additional costs were salaries and wages, as well as travelling, which increased by \$18.12 million and \$3.53 million respectively.

4.2 In respect of salaries, wages and travelling, these grew in line with the phased hiring of staff and incurrence of related costs for a full year. Of note, the Director of Finance and Administration, as well as the Legal Officer were hired in March 2014, while the Acting CEO's engagement became effective in September 2013. Further, two additional staff members were

¹ Proceeds of Crime Act/Anti-Money Laundering/Designated Non-Financial Businesses and Professions

employed in October 2014. Training costs grew in line with increased capacity building requirements, while a full years rental cost was incurred.

Table 1: Highlights of Financial Results (\$ million)

Particulars	2014/15	2013/14	Variance (\$)	Variance (%)
Grant	36.37	9.53	26.84	281.64
Interest *	0.00	0.01	-0.01	-70.00
Total Income	36.37	9.54	26.83	281.27
Salaries and Wages	22.26	4.14	-18.12	-437.68
Other Staff Emoluments	0.00	0.55	0.55	0.00
Rental	2.70	1.40	-1.30	-92.86
Training	1.65	0.00	-1.65	
Other	10.35	2.62	-7.73	-295.04
Total Expenses	36.96	8.71	-28.25	-324.34
Net Surplus	-0.59	0.83	-1.42	-170.72

*Interest income for 2014/15 was \$2,899 (2013/14: \$6,712)

1.1 CGC's liquidity declined but remained positive. Of note, the Commission utilised funds available at the start of the financial year to supplement grant income in reducing payables and meeting its operating costs. This contributed to working capital falling by \$2.06 million to \$1.03 million. As the entity outfitted its office space during the year, an additional \$2.98 million was spent to acquire computer equipment (\$1.72 million), as well as furniture and fixtures (\$1.42 million).

5.0 CONCLUSION

5.1 CGC's focus continued to be ensuring the finalisation of additional regulations and working towards amendments to its Act, while seeking to enhance its own monitoring capacity. In the ensuing period, CGC's operations are expected to increase even more with the issuing of Orders to Approved Integrated Resort Developers.



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