

MINISTRY PAPER 18/16

JAMAICA RACING COMMISSION
ANNUAL REPORT
FOR FINANCIAL YEAR ENDED MARCH 31, 2014

1.0 INTRODUCTION

1.1 The matter for tabling in the Honourable Houses of Parliament is the Annual Report for the Jamaica Racing Commission (JRC) for the financial year ended March 31, 2014.

1.2 The Commission was established on December 29, 1972, under the Jamaica Racing Commission Act 1972. In pursuing its mandate the Commission regulates and controls horseracing and the operation of racecourses in Jamaica. Additionally, JRC grants licences and permits as may be required by virtue of the provisions of the JRC Act and recommends to the Minister the method of utilising amounts allocated under the Betting, Gaming and Lotteries (BGL) Act, for assistance to breeders of horses and horseracing generally. JRC also assists in or undertakes implementation of any scheme for the development of the horseracing industry.

2.0 DISCLOSURES

2.1 Auditors' Report

2.1.1 KPMG conducted an independent audit of JRC's financial statements and issued an unqualified report. The Auditors indicated that the financial statements give a true and fair view of the financial position of the Commission at March 31, 2014 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaica Racing Commission Act.

2.2 Compensation Packages for Senior Executives

2.2.1 Pursuant to the second schedule of the Public Bodies Management and Accountability Act, the Annual Report contains details of the compensation package for the five (5) senior executive managers. The executives earned emoluments totalling \$21.68 million (2012/13: \$22.49 million) which accounted for 31.84% (2012/13: 31.57%) of total employee expenses for the year. The directors were paid \$3.04 million (2012/13: \$3.57 million).

3.0 OPERATIONAL HIGHLIGHTS

3.1 The Jamaica Racing Commission maintained close supervision of horseracing activities in order to promote honesty and fair play, as well as the development of the sport. Table 1 highlights the results of noted activities.

3.2 Permits

3.2.1 During the review period, JRC issued 359 (2012/13: 375) permits and licenses, a reduction of sixteen (16) below that for the previous year. In addition, the Commission had on record 374 (2012/13: 626) registered racehorse owners at the end of the period. The reduction was attributed

to 2013/14 being the first year of a two-year registration period which began February 1, 2014 and will end January 31, 2016; JRC requires that ownership registration be renewed biennially.

Table 1: Summary of JRC's activities 2013/14

Particulars	2013/14	2012/13
Permits and licenses approved for occupational groups*	359	375
Licenses approved for racehorse owners	374	626
Blood and Urine Samples collected for testing	2,883	3,209
Number of Positive Findings	12	3
Judicial Investigations on Positive Findings **	3	8
Registration of horses (native and imported)	409	419
Micro Chipping	280	326
Lasix Administration	6,467	6,582

*Includes trainers (and assistants), jockeys (and apprentices as well as agents), grooms, stable assistants farriers (and assistants) and exercise riders.

**JRC and the First Instance Tribunal. Includes reviews of positive findings by JRC and the First Instance Tribunal.

3.3 Testing and Judicial Activities

3.3.1 The Veterinary Department continued its professional management of the Equine Sample Collection Centre (ESCC), in an effort to ensure integrity and fairness within the industry. During 2013/14, 1,522 urine (2012/13:1,689) and 1,361 blood (2012/13: 1,520) samples were collected by the ESCC and analysed by the Racing Chemist. Of the samples analysed, twelve (12) tested positive for substances prohibited under the Racing Rules. Meanwhile, four (4) cases were referred to the Commission for further investigations. Of the cases referred, three (3) were concluded while one (1) was still being investigated at year end.

3.4 Lasix

3.4.1 The introduction of Lasix/Salix as a raceday medication in April 2003 has significantly enhanced the Commission's bleeder management and control programme. The use of the Lasix/Salix medication has reportedly reduced the level of internal bleeding experienced by horses determined to be bleeders; these are required to report for the medication four and one-half hours before post time. It is notable that 6,467 (2012/13:6,582) applications of the drug were administered which accounted for over 75% of the 8,546 starters on race days.

3.5 International Affiliations

3.5.1 Over the years, JRC has benefitted considerably from involvement in relationships with membership in international and regional organisations. These benefits include training, continuing education, racing technology and access to information and services. However, for the 2013/14 financial year, JRC was able to retain membership in only one international/regional organization namely the Association of Racing Chemist (AORC), due to a lack of funding.

3.6 Merger Activities

3.6.1 Plans are on the way to merge the JRC with Betting Gaming and Lotteries Commission (BGLC). The merger will be completed in two phases with the first phase being the merger of the accounting, human resources and other support functions and the second phase being the completion of the merger to include legislative changes to the respective Acts.

4.0 FINANCIAL HIGHLIGHTS

Table 2: Extract from Profit & Loss Statement

Particulars	2013/14	2012/13	Variance	
	\$ m	\$ m	\$ m	%
Income				
Levy – Bookmakers	46.17	42.93	3.24	7.55
Levy – Promoters	40.04	37.73	2.31	6.12
Sub-Total	86.21	80.66	5.55	6.88
Government Subsidy		20.00	-20.00	-100
Other	30.32	29.05	1.27	4.37
Total Income	116.53	129.71	-13.18	-10.16
Expenses:				
Personal	89.19	94.51	5.32	5.63
Establishment	17.44	18.85	1.41	7.48
Administration	21.71	18.37	-3.34	-18.18
Development	30.60	31.71	1.11	3.50
Total Expenses	158.94	163.44	4.50	2.75
Deficit before tax	-42.41	-33.73	-8.68	-25.73
Taxation Credit	1.98	1.03	0.95	92.23
Net Deficit after tax	-40.43	-32.70	-7.73	-23.64

4.1 Profitability, Revenue and Expenses

4.2. The JRC recorded a loss of \$40.43 million that was \$7.73 million worse than the \$32.70 million in the prior year. Notwithstanding improved income from the usual sources of income a decline in government subsidy contributed to the JRC not being able to cover expenses. For the 2013/14 financial year, total revenue was \$116.53 million, a decline of \$13.18 million or 10.16% below the \$129.71 million in the prior year. JRC was unable to identify any new source of funding but, benefitted subsequently from a five percent increase in receipt from the Bookmakers' Levy in the 2014/15 financial year.

4.2.1 Total expenses amounted to \$158.94 million (2012/13: \$163.43 million), a marginal decrease of \$4.50 million below the prior year. JRC was careful to manage its costs given its cash flow challenges. Accordingly, establishment, personnel and development costs were reduced by \$7.84 million. Meanwhile, administrative expenses increased by \$3.34 million due mainly to interest charges on loans accessed in previous periods from the Benevolent Fund and the Financial Sector Adjustment Company.

4.3 Balance Sheet Highlights

4.3.1 The JRC recorded negative working capital of \$24.49 million, a decrease of \$29.93 million below the surplus of \$5.44 million at March 31, 2013. The deterioration was due mainly to funding constraints which resulted in a build up of \$19.95 million in payables.

4.3.2 Notwithstanding the reduced working capital, JRC's solvency level was enhanced by a revaluation surplus (\$75.82 million) on land and buildings. Of note, the revaluation excluded the building that houses the Jockey School as this is leasehold premises.

5.0 CONCLUSION

5.1 The Commission continued to undertake its functions and thus fulfilled its mandate under the JRC Act. Over the years, the development of the racing industry has been the focus of the Commission notwithstanding its funding challenges. The JRC also continued to review its objectives to ensure that all aspects of the industry are covered in its regulatory functions. It is expected that the merger of the two regulatory agencies (JRC and BGLC) should lead to improved efficiency, reduced costs and improved service delivery.



Peter D. Phillips, PhD MP
Minister of Finance and Planning
December 7, 2015