

MINISTRY PAPER # 35/16

BETTING, GAMING AND LOTTERIES 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 Betting, Gaming and Lotteries Commission (BGLC) for the financial year ended March 31, 2015.

1.2 BGLC was established in 1975 as an independent statutory body under the provisions of the Betting, Gaming and Lotteries Act. Over the period of review, the Commission continued its efforts to ensure the sustained growth and development of the gambling industry. The Commission also sought to protect the public from unfair, unscrupulous and illegal activities, while increasing the government's revenue from the industry.

2.0 DISCLOSURES

2.1 Auditors' Report

2.1.1 The Auditors, PricewaterhouseCoopers (PwC), conducted the audit of the financial statements as at March 31, 2015, in accordance with the International Standards on Auditing and expressed an unqualified opinion. PwC noted that the financial statements comply with the International Financial Reporting Standards and give a true and fair view of the financial position as at March 31, 2015, as well as its financial performance and cash flows for 2014/15.

2.2 Compensation for Senior Executives and Directors

2.2.1 Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act, details of the compensation packages for senior executives are contained in the Annual Report. For the review period, these emoluments which ranged from \$3.20 million¹ to \$14.17 million², totalled \$68.32 million (2013/14: \$70.22 million) and accounted for approximately 21.52% of total staff costs. The Report also includes details of compensation amounting to \$0.81 million (2012/13:\$1.23 million) paid to directors.

3.0 OPERATIONAL HIGHLIGHTS (Sectoral)

3.1 The Commission continued to fulfill its mandate as a regulator, with a view to ensuring that activities were carried out effectively in the betting, gaming and lottery industry. The results of activities undertaken are summarized in Table 1, which shows an increased allocation of revenues to the public sector; related income of \$5,114.90 million compared positively to the \$4,876.00 million for 2013/14.

¹ New Licences & Registration Director appointed in December 2014

² Total cost associated with the position of Executive Director

Table 1: Summary of Betting, Gaming and Lottery Activities for FY 2014/15

Particulars	2014/15	2013/14	Variance	
			(a-b)	
	(a)	(b)	\$	%
BETTING (\$M):				
Sales: (Horsereading and sports betting)				
Racing Promoter	4,358.08	4,339.93	18.15	0.42
Bookmakers	4,009.79	3,432.28	577.51	16.83
TOTAL	8,367.87	7,772.21	595.66	7.66
Government Levy/Revenue Payable	267.55	256.00	11.55	4.51
LOTTERY (\$M)				
Sales	36,134.70	31,990.56	4,144.14	12.95
Payout	25,323.27	22,308.05	3,015.22	13.52
Public Sector Revenue Payable	4,760.30	4,025.00	735.30	18.27
GAMING (\$M):				
Sales	75,737.84	57,961.99	17,775.85	30.67
Public Sector Revenue: Machines	410.00	403.00	7.00	1.74
Prize Competitions	17.50	14.00	3.50	25.00
Total Public Sector Revenue Payable	5,455.35	4,698.00	757.35	16.12
Total Public Sector Revenue Paid	5,114.90	4,876.00	238.90	4.90
BGLC's portion of Public Sector Revenue	988.49	928.00	60.49	6.52
BGLC's surplus (after tax)	590.86	555.63	35.23	6.34
GAMING :				
Gaming Machines:				
# of Gaming Machines Licenced	6,886.00	6,000.00	886	15
# of Gaming Machines Seized	49.00	169.00	-120	-71
Prize promotions				
# of Applications Received	243.00	245.00	-2	-1
# of Applications Approved	243.00	245.00	-2	-1

3.2 Lottery Sector

3.2.1 Sales in the lottery sector amounted to \$36,134.70 million, an increase of \$4,144.14 million (13.00%) above the previous year's \$31,990.56 million. Cash Pot continued to represent the largest percentage of total sales (70%) with \$19,800 million recorded in 2014/15. During the period, two new lottery games were introduced; Top Draw and Money Time. The latter is the first social space gaming product in Jamaica and generated revenue of \$2,300.00 million in sales, the second largest contributor to total income at 6%. In addition, the Early Bird Draw was introduced, increasing the daily lottery draws to five (5). In line with the increased sales revenues payable to the public sector grew by \$735.30 million to \$4,760.30 million which was 87.26% of total government revenue from the Gambling Industry.

3.3 Gaming Sector

3.3.1 BGLC regulates gaming machines activities, as well as the premises on which these are conducted. A total of 6,886 gaming machines were licensed during the period (2013/14:6,000). This translated into an increase by \$2.33 million in the related public sector revenues (application and licences fees) to \$56.43 million.

3.3.2 The aforementioned fees, along with Gross Profit Tax (GPT) and levies payable to the public sector from gaming and non-gaming lounge activities, totalled \$410.0 million. Of this amount, \$125 million and \$35.40 million represented fees/contributions to BGLC and CHASE Fund respectively, while the remaining \$249.60 million was due to the Consolidated Fund.

3.4 The Betting Sector

3.4.1 The betting sector comprised Caymanas Track Limited (CTL), the promoter of local horseracing, and its network of sixty three (63) Off-Track Betting Parlours (OTB), five (5) bookmakers and their network of two hundred and ninety two (292) betting locations. Total sales for the year of \$8,367.87 million (2013/14:\$7,772.21 million) increased by \$595.66 million. CTL accounted for 52% of the total sales for the period (\$4,358.08 million), while bookmakers contributed the remainder of \$4,009.79 million. Of note, Champion Betting Company Limited, Markham Betting Company Limited and Track Price Plus Limited consolidated their operations under Post to Post Betting Limited during the period and twenty (20) of their betting locations became OTB franchisees of Caymans Track Limited. However, the companies continued to trade under their respective names.

3.5 Public Sector Revenues

3.5.1 For the period, a total of \$5,455.35 million (2013/14: \$4,698.10 million) in revenues was payable to the Government of Jamaica from the combined Betting, Gaming and Lottery Sectors. Meanwhile, actual payments during the period totalled \$5,114.90 million (2013/14: \$4,876 million). The lottery sector was the largest contributor of revenue to the public sector with \$4,760.30 million (87%), while gaming and betting activities contributed \$410.00 million (8%) and 267.50million (5%) respectively.

3.6 Activities of the Enforcement Division (BGLC)

3.6.1 The Commission's major objectives were largely achieved through its Enforcement Division. During the year, the Division focused on identifying and taking action against illegal operators of gaming machines, monitoring and regulating gaming operations island-wide and conducting due diligence on potential licensees.

3.6.2 A total of 26 enforcement operations were conducted during the review period, a decline of 47% on the 49 for the prior year. This resulted from a concerted effort by the Commission to target four (4) major operators of illegal Cash Pot activities. As a result, 15 persons (2013/14: 25) were arrested, which led to 13 convictions. In addition, 49 unlicensed gaming machines were seized. The seizure of illegal machines had been curtailed during the first two quarters as the Commission had exceeded its storage capacity. However this issue has been rectified with the acquisition of additional space.

3.7 Other

3.7.1 BGLC's head office was relocated to a newly refurbished building at 78cef Hagley Park Road in December 2014. The building houses both the BGLC and the Jamaica Racing Commission and a joint relocation team was established to ensure a smooth transition to the new location with minimal disruption to the operations of the Commissions.

3.7.2 The Commission in fulfilling its corporate social responsibility contributed approximately \$8.00 million to the RISE Life Management Services which offers gambling prevention, treatment and research. In addition an Education Fund was established to assist needy tertiary students in the vicinity of the Hagley Park Community. A total \$5 million was disbursed to 83 students.

4.0 FINANCIAL HIGHLIGHTS

4.1 Income and Expenditure

4.1.2 The Commission's net surplus (after tax) increased over the prior period by \$35.23 million to \$590.86 million. This resulted mainly from an improvement in income from lottery (by \$73.97 million), gain on disposal of its previous office space (by \$42.42 million), and unclaimed winnings (by \$26.31 million). The additional earnings were offset partially by an increase in expenses, namely legal and professional cost associated chiefly with the sale of the building and other operational support to BGLC (\$19.62 million), staff cost (\$15.68 million) GCT withheld (\$11.51 million) and depreciation (\$10.67 million).

4.2 Balance Sheet Highlights

4.2.1 The Commission's liquidity declined as the value of its net current assets fell by \$212.19 million to \$91.84 million at March 31, 2015. This level of decline was due mainly to decreases in cash & bank (\$204.29 million) and repurchase agreements (\$305.46 million). These amounts facilitated financial distribution of \$808 million to the Government in 2014/15 including \$250 million which was payable in 2013/14.

5.0 CONCLUSION

5.1 The Commission continued to facilitate the orderly growth and development of the gaming industry, while contributing significantly to government's revenues. With the expansion of the betting, gaming and lottery industry, it is anticipated that the Commission will continue to be proactive in its approach to undertaking its mandate.



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Minister of Finance and the Public Service
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