

MINISTRY PAPER 55/18
JAMAICA RACING COMMISSION
ANNUAL REPORT
FOR FINANCIAL 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 Jamaica Racing Commission (JRC) for the financial year ended March 31, 2015.

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, 2015 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards. In addition, the Auditors reported that the financial statements complied 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 for the four (4) senior executive managers. The executives earned emoluments totalling \$17.32 million (2013/14: \$21.68 million) which accounted for 30.82% (2013/14: 31.84%) of total employee expenses for the year. The directors were paid \$2.45 million (2013/14: \$3.04 million). Of note, the JRC lost one senior member of staff during the year.

3.0 OPERATIONAL HIGHLIGHTS

3.1 Testing and Judicial Activities

3.1.1 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 2014/15, 1,533 urine (2013/14:1,522) and 1,324 blood (2013/14:1,361) samples were collected by the ESCC and analysed by the Racing Chemist. Of the samples analysed, 22

(2013/14:12) tested positive for prohibited substances. Four (4) cases were carried forward from the 2013/14 while eleven (11) cases were concluded, while fifteen (15) were pending.

Table 1: Summary of JRC's activities 2014/15

Particulars	2014/15	2013/14
Permits and licenses approved for occupational groups*	327	359
Licenses approved for racehorse owners	560	374
Blood and Urine Samples collected for testing	2,857	2,883
Number of Positive Findings	22	12
Judicial Investigations on Positive Findings **	11	3
Registration of horses (native and imported)	390	409
Micro Chipping	271	280
Lasix Administration	6,086	6,467

*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.

3.2 Permits and Licenses

3.2.1 The Commission maintained close supervision of horseracing activities in order to promote honesty and fair play, as well as the development of the sport. During the review period, JRC issued 327 (2013/14: 359) permits and licenses. In addition, the Commission had on record 560 (2013/14:374) registered racehorse owners at the end of the period. The increase was attributed to 2014/15 being the second year of a two-year registration period from February 1, 2014 to January 31, 2016; JRC requires that ownership registration be renewed biennially. Table 1 highlights the results of noted activities.

3.3 Lasix

3.3.1 In April 2003 Lasix/Salix was introduced as a raceday medication to control the level of internal bleeding experienced by horses. The administration of the medication has reportedly contributed to the reduction of the level of internal bleeding experienced by most horses. It is notable that of the 7,479 starters on race day, 6,068 (2013/14: 6,467) applications of the drug were administered to starters on race day.

3.5 International Affiliations

3.5.1 Over the years, JRC has benefitted considerably from its membership in international and regional organisations. These benefits include training, continuing education, racing technology and access to information and services. However, for the 2014/15 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 During the review period, JRC's operations was relocated to 78CEF Hagley Park Road, the head office of the Betting Gaming and Lotteries Commission (BGLC). This was to facilitate the administrative merger of both entities. Of note, a subsequent decision was taken for the Casino Gaming Commission to be included in the merger of the gaming entities and for the legislative changes to be advanced to finalise the merger of all three (3) gaming entities.

4.0 FINANCIAL HIGHLIGHTS

Table 2: Extract from Profit & Loss Statement

Particulars	2014/15	2013/14	Variance	
	\$ M	\$ M	\$ M	%
Income				
Levy- Bookmakers	90.81	46.17	44.64	96.69
Levy-Promoters	41.80	40.04	1.76	4.40
Sub-Total	132.61	86.21	46.40	53.82
Other	35.64	30.32	5.32	17.55
Total Income	168.25	116.53	51.72	44.38
Expenses:				
Personnel	94.43	91.15	-3.28	-3.60
Establishment	15.64	17.44	1.80	10.32
Administration	30.42	21.71	-8.71	-40.12
Development	27.80	30.60	2.80	9.15
Total Expenses	168.29	160.90	-7.39	-4.59
Deficit before Tax	-0.03	-44.37	-44.34	99.93
Taxation	-0.39	1.98	2.37	119.70
Net Deficit after Tax	-0.42	-42.39	-41.97	99.01

4.1 Profitability, Revenue and Expenses

4.2. The JRC recorded a loss of \$0.42 million compared with the loss of \$42.39 million in the prior year. The improvement was due primarily to the increase in the bookmakers' levy (by \$44.01 million) as the rate was increased from 4.5% to 9.5% at the start of the 2014/15 financial year. The increased levy contributed to higher revenues of \$168.25 million, an increase of \$51.72 million or 44.38% above the \$116.53 million in the prior year.

4.2.1 Total expenses were \$168.29 million (2013/14: \$160.90 million), an increase of \$7.39 million above the prior year. This was due primarily to additional administration (\$8.71 million) and personnel (\$3.28 million) costs. These were offset partially by reductions in other related costs (\$4.60 million). The increase in administration costs resulted primarily from the write-off of withholding taxes. An increase in wages and salaries by \$1.68 million was the primary contributor to the change in the personnel costs. Meanwhile, reduction in the other related

expenses resulted from reduced drug testing cost (\$4.05 million) and improved collections from industry insurance scheme (\$2.47 million).

4.3 Balance Sheet Highlights

4.3.1 Notwithstanding the increase in the bookmakers' levy, JRC continued to experience liquidity challenges during the review period. The current ratio of 0.79:1 (2013/14 – 0.69:1) improved marginally as current asset increased by \$16.31 million to \$89.73 million while current liabilities deteriorated by \$6.43 million to \$113.49 million. This resulted in the Commission not being able to settle its obligations in a timely manner. It is anticipated that the increase in the bookmakers' levy will continue to impact positively, JRC's liquidity position.

5.0 CONCLUSION

5.1 The Commission continued to undertake its functions and thus fulfilled its mandate under the JRC Act, 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 regulatory agencies responsible for the betting, gaming, lotteries and casino should lead to improved efficiency, reduced costs and improved service delivery for the industry.



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