

MINISTRY PAPER # 67/18

**BETTING, GAMING AND LOTTERIES COMMISSION  
ANNUAL REPORT FOR YEAR ENDED MARCH 31, 2016**

**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, 2016.

**1.2** BGLC was established in 1975 as an independent statutory body under the provisions of the Betting, Gaming and Lotteries Act. During the period of review, the Commission continued its efforts to ensure the sustained growth and development of the gaming 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, 2016, in accordance with the International Standards on Auditing and expressed an unqualified opinion. PwC noted that the financial statements complied with the International Financial Reporting Standards and give a true and fair view of the financial position as at March 31, 2016, as well as BGLC's financial performance and cash flows for 2015/16.

**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 \$6.99 million to \$11.16 million<sup>1</sup>, totalled \$68.21 million (2014/15: \$68.32 million) and accounted for approximately 19.50% of total staff costs. The Report also includes details of compensation amounting to \$0.86 million (2014/15: \$0.81 million) paid to directors.

**3.0 OPERATIONAL HIGHLIGHTS (Sectoral)**

**3.1 Public Sector Revenues**

**3.1.1** Table 1 shows an increased allocation of revenues to the public sector from the gambling industry. For the period, a total of \$5,696.30 million (2014/15: \$5,454.90 million) in revenues was payable to the Government of Jamaica. Meanwhile, actual payments totalled \$5,733.60 million (2014/15: \$5,114.90 million). The lottery sector was the largest contributor of revenue to the public sector with \$4,939.20 million (87%), while gaming and betting activities contributed \$473.90 million (8%) and 265.50 million (5%) respectively.

<sup>1</sup> Total cost associated with the position of Executive Director

**Table 1: Summary of Betting, Gaming and Lottery Activities for FY 2015/16**

Particulars	2015/16	2014/15	Variance	
			(a-b)	
	(a)	(a)	\$	%
<b>BETTING (\$M):</b>				
Sales: (Horseracing and sports betting)				
Racing Promoter	4,735.00	4,358.08	376.92	8.65
Bookmakers	4,134.75	4,009.79	124.96	3.12
<b>TOTAL</b>	<b>8,869.75</b>	<b>8,367.87</b>	<b>501.88</b>	<b>6.00</b>
Government Levv/Revenue Payable	265.50	267.40	(1.90)	-0.71
<b>LOTTERY (\$M)</b>				
Sales	34,860.00	36,134.70	(1,274.70)	-3.53
Payout	23,400.00	25,323.27	(1,923.27)	-7.59
Public Sector Revenue Payable	4,939.20	4,759.90	179.30	3.77
<b>GAMING (\$M):</b>				
Sales	90,448.62	73,737.84	16,710.78	22.66
Public Sector Revenue: Machines	473.90	410.10	63.80	15.56
Prize Competitions	17.70	17.50	0.20	1.14
<b>Total Public Sector Revenue Payable</b>	<b>5,696.30</b>	<b>5,454.90</b>	<b>241.40</b>	<b>4.43</b>
<b>Total Public Sector Revenue Paid</b>	<b>5,733.60</b>	<b>5,114.90</b>	<b>618.70</b>	<b>12.10</b>
<b>BGLC's portion of Public Sector Revenue</b>	<b>1,047.30</b>	<b>988.49</b>	<b>58.81</b>	<b>5.95</b>
<b>BGLC's surplus (after tax)</b>	<b>419.12</b>	<b>590.86</b>	<b>-171.74</b>	<b>-29.07</b>
<b>GAMING :</b>				
<b>Gaming Machines:</b>				
# of Gaming Machines Licenced	6,403.00	6,886.00	-483	-7
# of Gaming Machines Seized	170.00	49.00	121	247
<b>Prize promotions</b>				
# of Applications Received	258.00	243.00	15	6
# of Applications Approved	258.00	243.00	15	6

### 3.2 Lottery Sector

3.2.1 Sales in the lottery sector amounted to \$34,860.00 million, a decrease of \$1,274.70 million (4%) on the previous year's \$36,134.70 million, due mainly to reduced income from the Cash Pot game. Nevertheless, Cash Pot continued to represent the largest percentage of total sales (68%) with \$23,710 million recorded in 2015/16. The Instant (Scratch and Win) game was discontinued in May 2015, while an additional 3:00 pm Cash Pot Draw was introduced in November 2015. Money Time (12%), Pick 3 and Pick 4 (5% each), Lotto (3%), Top Draw (2%) and Super Lotto (2%) were the other main generators of sales. Only Money Time showed increased market share and revenue. In line with the increased sales, revenues payable to the public sector grew by \$273.83 million to \$5,033.13 million which was 88.36% of total government revenue from the Gambling Industry.

### 3.3 Gaming Sector

3.3.1 BGLC regulates gaming machine activities, as well as the premises on which these are conducted. A total of 6,403 gaming machines were licensed during the period (2014/15:6,886). This translated into a decrease by \$4.73 million in the related public sector revenues (application and licences fees) to \$51.70 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<sup>2</sup> lounge activities, totalled \$473.90 million. Of this amount, \$137.20 million and \$42.20 million represented fees/contributions to BGLC and CHASE Fund respectively, while the remaining \$294.50 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 six (66) 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 \$8,870.00 million (2014/15: \$8,367.87 million) increased by \$502.13 million. CTL accounted for 53% of the total sales for the period (\$4,701.10 million), while bookmakers contributed the remainder of \$4,168.90 million. Champion Betting Company Limited, Markham Betting Company Limited and Track Price Plus Limited operate under Post to Post Betting Limited during the period and sixty (60) of their betting locations became OTB franchisees of Caymanas Track Limited. However, the companies continued to trade under their respective names.

### **3.5 Activities of the Enforcement Division (BGLC)**

**3.5.1** The Commission's major objectives were largely achieved through its Enforcement Division. The Division continued to focus 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.

**3.5.2** A total of 50 enforcement operations were conducted during the review period, an increase of 92% on the 26 for the prior year. This resulted from a concerted effort by the Commission to seize unlicensed gaming machines as thirty-four (34) such operations were undertaken while fifteen (15) illegal Cash Pot activities were targeted. As a result, 15 persons (2014/15: 15) were arrested, which led to 5 (2014/15: 13) convictions. In addition, 170 (2014/15: 49) unlicensed gaming machines were seized.

## **4.0 FINANCIAL HIGHLIGHTS**

### **4.1 Income and Expenditure**

**4.1.2** BGLC's net surplus (after tax) decreased below that for the prior period by \$157.49 million to \$450.72 million. This resulted mainly from general escalations in costs chiefly associated with the Commission's relocation in December 2014 and increased operational activities. Notable increases related to advertisement and public relations (\$43.72 million), depreciation (\$26.97 million), and legal and professional fees (\$15.78 million).

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<sup>2</sup> Facilities with less than 20 machines

## 4.2 Balance Sheet Highlights

4.2.1 The Commission's liquidity improved by \$156.23 million to \$248.08 million at March 31, 2016. This level of improvement was due mainly to increases in repurchase agreements (\$255.21 million), partially off-set by reduced cash and bank balance (\$57.50 million). These amounts facilitated financial distribution of \$232.96 million to the Government in 2015/16, a reduction on the \$808.00 million in the previous year.

## 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.



Audley F. Shaw, CD MP  
Minister of Finance and the Public Service  
December , 2016

January 6, 2017