

**CASINO GAMING COMMISSION
ANNUAL REPORT FOR YEAR ENDED MARCH 31, 2017**

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, 2017.

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 Commission's auditors McKenley and Associates issued an unqualified report and stated that the audit of the Commission's financial statement 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 (IFRS). 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 Commission as at March 31, 2017.

2.2 Emoluments for Senior Executives and Directors

2.2.1 Pursuant to the Second Schedule (Part 1) of the Public Bodies Management and Accountability Act (2001), details of the compensation packages for the four (4) executives are included in the Annual Report. Executive emoluments totalled \$29.07 million, which is \$10.88 million below the \$39.95 million reported in the prior year. The reduction was due mainly to the resignation of the Chief Executive Officer (CEO) in April 2016. Emoluments for the Commissioners/Board totalled \$0.54 million.

3.0 OPERATIONAL HIGHLIGHTS

3.1 The Commission continued to build its monitoring capacity. During the financial year, the CGC also continued its work programme to amend the Casino Gaming Act (CGA) and to finalise regulations and other instruments relevant to the Commission becoming an effective,

efficient and internationally recognised casino regulator. Accordingly, the following were achieved/undertaken during the year:

- The adoption of the Gaming Laboratories International (GLI) Standards as Jamaica's standard for casino gaming machines and equipment. Adoption of the GLI Standards will have significant market/commercial advantages for Jamaica casino operators without reducing the integrity of gaming threshold from the Commission's perspective.
- The establishment of Memoranda of Understanding (MOU) with the Major Organized Crime and Anti-Corruption Agency (MOCA) and the Jamaica Constabulary Force (JCF). The signing of these MOU serves a part in the process to build capacity and establish working relationships.
- The approval of Casino Licence Application and Assessment Project (CLAAP). A CLAAP team has been established, which will be responsible for the selection, monitoring and controlling of a gaming research and professional services firm that will undertake background checks on prospective applicants.
- The maintenance of membership in the International Association of Gaming Regulators (IAGR). The mission of IAGR is to advance the effectiveness and efficiency of gaming regulation by providing a forum in which gaming regulators from around the world can meet, exchange views and information, and discuss policy issues.
- The election of the acting CEO to the Board of Trustees of the IAGR.
- The reduction of the staff complement at the CGC. The staff complement was reduced by 50% as a result of the pending merger of the CGC, Betting Gaming & Lotteries and the Jamaica Racing Commissions as well as the level of operations of the CGC.

4.0 FINANCIAL HIGHLIGHTS

4.1 The CGC recorded a deficit of \$1.52 million for the year 2016/2017 (2015/16: \$2.55 million surplus). In the absence of the processing of licences for casinos, the Commission's revenue flow continued to be limited to grant income from Central Government. Consequently the decline in grant income contributed to the deficit reported. This deficit was contained partially by a reduction of \$4.94 million in administrative expenses due chiefly to the resignation of the Chief Executive Officer at the beginning of the financial year.

4.2 The Commission held assets of \$8.12 million for the 2016/2017 financial year (2015/2016: \$9.85 million) with cash and cash equivalents of \$0.18 million. Notwithstanding the limited cash inflows the CGC has continued to honour its obligations as they fall due.

Table 1: Highlights of Financial Results

Particulars	2016/2017 (\$ million)	2015/2016 (\$ million)	Variance (\$ million)	Variance (%)
Revenue				
Grant Income	60.46	69.42	(8.96)	-12.90%
Interest Income	<u>0.00</u>	<u>0.01</u>	<u>(0.00)</u>	-25.52%
<i>Total Revenue</i>	<i>60.46</i>	<i>69.42</i>	<i>(8.96)</i>	<i>-12.91%</i>
Expenses				
Administrative	61.91	66.85	(4.94)	-7.39%
Finance	<u>0.08</u>	<u>0.03</u>	<u>0.05</u>	142.03%
<i>Total Expenses</i>	<i>61.98</i>	<i>66.88</i>	<i>(4.89)</i>	<i>-7.32%</i>
(Deficit)/Surplus	(1.52)	2.55	(4.07)	-159.75%
Non-Current Assets				
	7.33	9.44	(2.12)	-22.40%
Current Assets				
Receivables	0.61	0.38	0.23	60.11%
Cash & Bank	<u>0.18</u>	<u>0.02</u>	<u>0.16</u>	657.16%
<i>Total Current Assets</i>	<i><u>0.79</u></i>	<i><u>0.41</u></i>	<i><u>0.39</u></i>	<i>95.14%</i>
Total Assets	8.12	9.85	(1.73)	-17.56%
Liabilities & Equity				
General Fund	7.52	9.04	(1.52)	-16.83%
Payables	0.60	0.81	(0.21)	-25.80%
Total Reserves & Liability	8.12	9.85	(1.73)	-17.56%

5.0 CONCLUSION

5.1 The CGC continued to work toward becoming a modern regulatory body by adopting technical standards, participating in Anti-Money Laundering partnerships and through its membership with the IAGR. The absence of applications for casino licences has however limited the operations of the CGC. Nonetheless the Commission has continued to participate in activities toward the pending merger of all the gaming entities.

Nigel Clarke

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Minister of Finance and the Public Service
June 15th, 2018

