

**BETTING, GAMING AND LOTTERIES 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 of the Betting, Gaming and Lotteries Commission (BGLC) for the financial year ended March 31, 2017.

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 BGLC's independent auditors indicated that the financial statements give a true and fair view of the financial position of the Commission at March 31, 2017. The Auditors, PricewaterhouseCoopers, also indicated that the evidence obtained was sufficient and appropriate to provide a basis for their opinion and noted that the financial statements were prepared in accordance with International Financial Reporting Standards.

**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 (2001) (Amendment 2014), details of the compensation packages for senior executives are enclosed. For the review period, salaries and emoluments paid to senior executives totalled \$67.76 million (2015/16: \$68.21 million) and accounted for approximately 18.65% of total staff costs. The Report also includes details of the compensation paid to the Commissioners which totalled \$1.43 million (2015/16: \$0.86 million).

**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 gaming industry. For the period, a total of \$5,881.72 million (2015/16: \$5,696.30 million) in revenues was payable to the Government of Jamaica. Meanwhile, actual payments totalled \$5,861.16 million (2015/16: \$5,733.60 million). The lottery sector was the largest contributor of revenue to the public sector with \$5,020.53 million (85%), while gaming and betting activities contributed \$573.47 million (10%) and 269.10 million (5%) respectively.



**Table 1: Summary of Betting, Gaming and Lottery Activities for FY 2016/17**

Particulars	2016/17	2015/16	(a-b)	
	(a)	(a)	\$	%
<b>BETTING (\$M):</b>				
Sales: (Horseracing and sports betting)				
Racing Promoter	5,109.53	4,735.00	374.53	7.91
Bookmakers	4,936.31	4,134.75	801.56	19.39
<b>TOTAL</b>	<b>10,045.84</b>	<b>8,869.75</b>	<b>1,176.09</b>	<b>13.26</b>
Government Levy/Revenue Payable	269.10	265.50	3.60	1.36
<b>LOTTERY (\$M)</b>				
Sales	36,763.43	34,860.31	1,903.12	5.46
Payout	25,426.40	23,400.00	2,026.40	8.66
Public Sector Revenue Payable	<b>5,020.53</b>	<b>4,939.20</b>	<b>81.33</b>	<b>1.65</b>
<b>GAMING (\$M):</b>				
Sales	111,318.30	91,871.07	19,447.23	21.17
Public Sector Revenue: Machines	573.47	473.90	99.57	21.01
Prize Competitions	18.62	17.70	0.92	5.20
<b>Total Public Sector Revenue Payable</b>	<b>5,881.72</b>	<b>5,696.30</b>	<b>185.42</b>	<b>3.26</b>
<b>Total Public Sector Revenue Paid</b>	<b>5,861.16</b>	<b>5,733.60</b>	<b>127.56</b>	<b>2.22</b>
<b>BGLC's portion of Public Sector Revenue</b>	<b>1,193.67</b>	<b>1,047.30</b>	<b>146.37</b>	<b>13.98</b>
<b>BGLC's surplus (after tax)</b>	<b>460.95</b>	<b>419.12</b>	<b>41.83</b>	<b>9.98</b>
<b>GAMING :</b>				
<b>Gaming Machines:</b>				
# of Gaming Machines Licenced	7,279.00	6,403.00	876	14
# of Gaming Machines Seized	232.00	170.00	62	36
<b>Prize promotions</b>				
# of Applications Received	297.00	258.00	39	15
# of Applications Approved	297.00	258.00	39	15

### 3.2 Lottery Sector

**3.2.1** Sales in the lottery sector amounted to \$36,763.43 million, an increase of \$1,903.12 million (5%) on the \$34,860.31 million generated in the previous year. Cash Pot continued to represent the largest percentage of total sales (69%) with \$25,426.40 million recorded in 2016/17. The Pay Day game was discontinued in November 2016, after the \$36 million jackpot was won. Money Time (12%), Pick 4 (6%), Pick 3 (5%) and Lotto, Super Lotto and Top Draw (2%) respectively, were the other main generators of sales. In line with the increased sales, revenues payable to the public sector grew by \$81.33 million to \$5,020.53 million which was 85% of total government revenue payable from the gaming 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 7,279 gaming machines were licensed during the period (2015/16: 6,403). This translated into an increase by \$13.21 million in the related public sector revenues (application and licences fees) to \$64.91 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>1</sup> lounge activities, totalled \$573.47 million. Of this amount, \$163.50 million and \$50.83 million represented fees/contributions to BGLC and CHASE Fund respectively, while the remaining \$359.14 million was paid to the Consolidated Fund.

### **3.4 The Betting Sector**

**3.4.1** The betting sector comprised Caymanas Track Limited (CTL), the then promoter of local horseracing, and its network of sixty-six (66) Off-Track Betting Parlours (OTB), six (6) bookmakers and their network of two hundred and thirty-three (233) betting locations. Of note, Supreme Ventures Limited assumed responsibility for the operations of the Caymanas Track on March 7, 2017. Betting locations declined by 10% compared to the previous year with two hundred and fifty-six (256) betting offices and lounges. There has been a trend of decline in the number of brick and mortar betting locations over recent years. Notably, of the 233 betting offices and lounges operated in 2016/17 one hundred and seven (107) were betting offices while one hundred and twenty-six were betting lounges. In addition, one hundred and twenty-three (123) betting outlets were operated. Total sales for the year of \$10,045.84 million (2015/16: \$8,869.75 million) increased by \$1,176.09 million or 13.26%. CTL accounted for 51% of the total sales for the period (\$5,109.53 million), while bookmakers contributed the remainder of \$4,936.31 million.

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

**3.5.1** The Commission's major objectives were largely achieved through its Enforcement Division. The Enforcement 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 one hundred and sixteen (116) enforcement operations were conducted during the review period, an increase of sixty-six (66) on the fifty (50) for the prior year. This resulted from a concerted effort by the Commission to seize unlicensed gaming machines, as such eighty-two (82) operations were undertaken while thirty-four (34) illegal Cash Pot activities were targeted. As a result, twenty-six (26) persons (2015/16: 16) were arrested, which led to eleven (11) - 2015/16: 5 convictions. In addition, two hundred and thirty two (232) -2015/16: 170 unlicensed gaming machines were seized.

## **4.0 FINANCIAL HIGHLIGHTS**

### **4.1 Income and Expenditure**

**4.1.2** BGLC's net surplus (after tax) increased above that for the prior period by \$41.83 million to \$460.95 million. This resulted chiefly from increased income (\$128.81 million) for which the main contributors were lotteries (\$38.01 million), bad debt recovered (\$20 million), unclaimed winnings (\$19.58 million) and gaming machines (\$15.77 million). The increased income was sufficient to defray the increased costs of (\$72.74 million) which resulted mainly from

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<sup>1</sup> Facilities with less than 20 machines



advertising and public relations (\$20.67 million), repairs and maintenance (\$19.46 million), and staff costs (\$13.36 million).

## **4.2 Balance Sheet Highlights**

**4.2.1** The Commission's working capital improved by \$131.25 million to \$379.33 million at March 31, 2017. This level of improvement was due mainly to increases in repurchase agreements (\$93.86 million) and receivables (\$40.77 million), partially off-set by increased income tax payable (\$13.43 million) and payables (\$4.07 million).

## **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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August 23<sup>rd</sup>, 2018

