



2017 - 2018

ANNUAL REPORT

Betting Gaming & Lotteries Commission

Betting, Gaming & Lotteries Commission

Annual Report 2017 - 2018

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Betting, Gaming & Lotteries Commission
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The image shows the exterior of a two-story white building, which is the headquarters of the Betting, Gaming and Lotteries Commission (BGLC). The building features large glass windows and a glass entrance door. A prominent sign on the wall reads "BGLC" in large, stylized blue and yellow letters, with "BETTING GAMING & LOTTERIES COMMISSION" written in smaller text below it. The foreground includes a paved walkway, a green lawn, and some low-lying yellow and green shrubs. A blue air conditioning unit is visible on the right side of the building.

The Betting, Gaming and Lotteries Commission is pleased to present the 42nd Annual Report and Statements of Revenue and Expenditure for the period April 1, 2017 to March 31, 2018.

Actual figures, including totals in most tables, have been rounded to the nearest (\$) million. As a result, some corresponding percentages will reflect changes due to this rounding.

NOTE: Income figures contained in the sector reports will not necessarily correspond with those reflected in the Financial Statements due to differences in the periods used to capture data in the Financial Statements, as compared with licensees' reporting periods.



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Corporate Profile

Who We Are

The Betting, Gaming and Lotteries Commission is an independent statutory body established in 1975 under the provisions of the Betting, Gaming and Lotteries Act of 1965. The Commission licenses, regulates and monitors the local gaming industry, facilitates its growth and development, and protects the public from unfair, unscrupulous and illegal activities.

What We Do

- regulate and control the operation of betting, gaming and the conduct of lotteries in Jamaica;
- grant permits, licenses and approvals to persons or entities considered fit and proper to conduct betting, gaming and lottery activities;
- examine, in consultation with such organisations and persons as it considers appropriate, problems relating to the operation of betting, gaming and lotteries;
- conduct investigations, studies and surveys for the purpose of obtaining information for use in the exercise of its functions;
- furnish information and advice to the Minister of Finance in accordance with the exercise of the Minister's function under the Act and recommends legislative amendments pertaining to the Act, Regulations and Orders to ensure orderly development of the industry.

Our Mission

To regulate the gaming industry using best practices to secure high levels of compliance and public confidence.

Our Vision

To be the premier gaming regulator worldwide.

Our Core Values

Excellence • Respect • Integrity • Quality Service • Honesty
• Professionalism • Teamwork • Open Communication

Corporate Governance Statement

The Board of Commissioners of the Betting, Gaming and Lotteries Commission remains committed to upholding the highest standards of good corporate governance through compliance with the provisions of the Public Bodies Management & Accountability (PBMA) Act, the Corporate Governance Framework (CGF) for Public Sector Bodies 2012 and international best practices on corporate governance.

Composition of the Board

In the review year, the Deputy Chairman, Commissioner Anthony Shoucair, resigned from the Board of Commissioners on October 31, 2017 which reduced its membership from seven to six. The current members of the Board are:

1. Clovis Metcalfe, OD (Chairman)
2. Paul East
3. Solomon Sharpe
4. Charles Heholt
5. Christopher Reckord
6. Ian Scarlett

The tenure of the Board runs for three years ending in April 2019.

Attendance at Meetings of the Board

Eleven regular meetings of the Board were held as scheduled in the year with attendance as follows:

Names of Commissioners	Meetings Attended
Clovis Metcalfe, OD (Chairman)	10/11
Anthony Shoucair (Deputy Chairman)	5/11
Paul East	7/11
Solomon Sharpe	5/11
Charles Heholt	7/11
Christopher Reckord	7/11
Ian Scarlett	10/11

In addition to the above meetings, the Board and management retreated on September 13-15, 2017 to formulate the strategic direction of the Commission over the four years beginning April 1, 2018 and ending March 31, 2022. The planning process took into consideration the main strategic goals of the Commission as a merged entity (the Jamaica Racing Commission and the Casino Gaming Commission are to be merged with the BGLC).

Board Committees

The five Committees of the Board, namely: Audit & Risk, Human Resource, Compliance & Monitoring, Enforcement & Security, and Special Projects are very active and reports are provided to the Board on a regular basis by the Committee Chairmen. Terms of Reference for each Committee are in place and any changes to these documents must receive the final approval of the Board before coming into effect.

The attendance record of each Committee is as hereunder:

Audit & Risk Committee

Of the six bi-monthly meetings scheduled, five were held as well as one special meeting and a planning meeting with the Commission's external auditors.

Members	Meetings Attended
Paul East (Chairman)	5/7
Ian Scarlett	2/7
Kirby Clarke	2/7
Diya Fernando	6/7

Compliance & Monitoring Committee

This Committee meets quarterly but only one meeting was held during the period and attended by both Commissioners Sharpe and East.

Enforcement & Security Committee

Four of the six bi-monthly meetings scheduled in the reporting period were held:

Members	Meetings Attended
Charles Heholt (Chairman)	4/4
Christopher Reckord	3/4
Sherene Golding-Campbell	3/4
Legal Director	3/4
Executive Director	4/4
Enforcement Director	4/4

Human Resource Committee

All four meetings scheduled in the reporting year were held and attended by:

Members	Meetings Attended
Solomon Sharpe (Chairman)	4/4
Anthony Shoucair	2/4
Ian Scarlett	3/4

Special Projects Committee

Six meetings of this Committee were scheduled and held in the reporting year:

Members	Meetings Attended
Charles Heholt (Chairman)	6/6
Ian Scarlett	4/6
Anthony Shoucair	3/6

Board Performance Evaluation

The performance evaluation of the Board and its members for the financial year is now in progress.

Code of Conduct and Corporate Governance Framework for the Board

The Board is guided by the Commission's existing Corporate Governance Policy which sets out, inter alia, the key roles and responsibilities of the Board and its members, the code of conduct and procedures for the administration of meetings.

COMPENSATION FOR COMMISSIONERS & SUB-COMMITTEE MEMBERS FOR FINANCIAL YEAR ENDED MARCH 31, 2018

Name and Position of Director	Fees	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle	Honoraria	All Other Com- pensation including Non- Cash Benefits as applicable	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Clovis Metcalfe, Chairman	312,187.50	40,711.40	-	-	352,899
Anthony Shoucair, Deputy Chairman	123,450.00	25,539.80	-	-	148,990
Charles Heholt, Commissioner	157,037.50	27,053.20	-	-	184,091
Paul East, Commissioner	138,900.00	18,875.20	-	-	157,775
Christopher Recford, Commissioner	132,400.00	15,416.00	-	-	147,816
Ian Scarlett, Commissioner	161,262.5	32,495.80	-	-	193,758
Solomon Sharpe, Commissioner	102,462.50	13,977.80	-	-	116,440
TOTAL	1,127,700.00	174,069.20			1,301,769.20

Name of Sub-Committee Members	Fees	Motor Vehicle Upkeep/ Travelling or Value of Assignment of Motor Vehicle	Hono- raria	All Other Com- pensation including Non- Cash Benefits as applicable	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Diya Fernando	36,075.00	3,948.00	-	-	40,023
Kirby Clarke	13,875.00	2,030.40	-	-	15,905
Sherene Golding-Campbell	16,650.00	770.80	-	-	17,421
TOTAL	66,600.00	6,749.20	-	-	73,349.20

Notes:

- Commissioners and sub-committee members are paid fees as stipulated by the Ministry of Finance and the Public Service guidelines.
- A. Shoucair resigned from the Board of Commissioners October on 31, 2017.



Board of Commissioners



**Clovis Metcalfe, OD;
Chairman**

Commissioner Metcalfe is a veteran banker who served as Managing Director of CIBC FirstCaribbean International Bank (Jamaica) Limited and as a Director of CIBC FirstCaribbean International Bank Securities Company (Jamaica) Limited. He was conferred with the National Honour of Order of Distinction, Officer Class, in 2014 for outstanding services to the Public Service and Banking.



Solomon Sharpe

Commissioner Sharpe is one of the founding members of Main Event Entertainment Group Limited. He is the Chairman of the Commission's Human Resource Committee and the Compliance & Monitoring Committee.



Ian Scarlett

Commissioner Scarlett is an Economist and career civil servant with over thirty-nine (39) years' service to the Government of Jamaica, spanning many portfolios including agriculture, tourism, debt management and taxation. As Director in the Taxation Policy Division of the Ministry of Finance and the Public Service he has responsibility for special projects including but not limited to the Special Economic Zones, Urban Renewal, FATCA, Charity and Group GCT Accounting. He is a member of the Commission's Audit & Risk Committee, Human Resource Committee and Special Projects Committee. Commissioner Scarlett holds a Master's Degree in Business Administration from the Mona School of Business as well as a BSc. in Economics, both from the University of the West Indies.



Christopher Reckord

Commissioner Reckord is the Chief Executive Officer for information technology (IT) support organization ITech Limited, Jamaica's only pure play Managed IT Services Provider (MSP). His over 31 years of experience in IT Industry includes a range of executive management roles in IT organizations locally and in the USA. Commissioner Reckord also serves as Council Member of the Jamaica Computer Society; Council Member of the Private Sector Organisation of Jamaica and Chairman of the PSOJ membership committee. He is Chairman of the Board of The eLearning Jamaica Company where has served as a Board Member since 2009. He is a member of the Commission's Enforcement & Security Committee.



Charles Heholt

Commissioner Heholt holds a Bachelor's degree in Engineering. He is a senior executive at IGL Limited and serves as a Non-Executive Director of Honey Bun (1982) Ltd.



Paul East

Commissioner East holds a Master's Degree (Honours) in Business and Bachelor's Degrees in Finance and Information Systems. He has been the driving force behind Neveast Supplies Limited for the past 19 years. Commissioner East serves as Chairman of the Commission's Audit & Risk Committee and is a member of the Compliance & Monitoring Committee.



Anthony Shoucair, Deputy Chairman

Commissioner Shoucair is a real estate professional who has been in this field since 1996. He holds a Bachelor Degree in Psychology with Honours from the University of London and a Diploma in Management and Administration. Between 1982 and 1996, he held several management positions in companies within the ICD Group of Companies. He was the Chairman of the Commission's Special Projects Committee and a member of the Human Resource Committee up until his resignation on October 31, 2017.

7TH CARIBBEAN GAMING SHOW & SUMMIT



In June 2017, the annual gaming summit hosted by BGLC for the local gaming industry was expanded to 2 day international conference and trade show staged at the Montego Bay Convention Centre.

The conference was officially opened by The Honourable Audley Shaw, then Minister of Finance and the Public Service. The Honourable Edmund Bartlett, Minister of Tourism also addressed delegates, offered a special welcome to Jamaica, and reiterated the importance of the gaming industry to the island's tourism sector.

Delegates, speakers and exhibitors represented 15 countries, including regulators from 5 Caribbean territories - Guyana, US Virgin Islands, St. Lucia, Turks & Caicos, Trinidad & Tobago.

Presentations and exhibits explored topics related to developments in gaming technologies, online and interactive gaming, responsible gaming, security and anti-money laundering.



Senior Management Team



1 Vitus Evans
Executive Director

2 Carole Martinez-Johnson
Director, Information & Communication Technology

3 Winston Jackson
Internal Auditor

4 Noel Bacquie
Director, Enforcement

5 Lorraine Thompson-Barnett
Director, Finance & Accounts

6 Sandra Antonio
Director, Human Resources & Administration

7 Laurie Wiggan
Director, Compliance & Regulatory

8 Jeanette Lewis
Manager, Corporate Affairs & Communication

9 Maurice Thompson
Director, Licensing & Registration

10 Karla Small Dwyer
Director, Legal Services

Chairman's Statement



“The past year has seen the Betting Gaming and Lotteries Commission making further strides in implementing our commitment to being not just Regulators, but Facilitators and Enablers. ”

We embarked the year with our vision of key strategic outcomes being that BGLC would be well positioned and known for international best practices and subject matter expertise; a central repository for leading edge technology, data and analytics to effectively regulate the gaming industry while providing real value to stakeholders, maintaining zero tolerance for non-compliance, encouraging responsible gaming and gaining public confidence.

Jamaica's gaming industry continues to have a significant impact on the economy and by extension contributing positively to the Country's socioeconomic development by generating J\$6.49billion in government revenue, an increase of 10% over the previous year. We anticipate this upward trend will continue as we move into regulating interactive/online gaming and make advances on the process of merging the three (3) gaming commissions – Betting Gaming and Lotteries Commission, Jamaica Racing Commission and the Casino Gaming Commission.

During this period we have taken steps to address and resolve some major challenges.

Leadership Gap

Vitus Evans was appointed as Executive Director in May 2017 and so the Commission is now operating with its full executive management team. Under his leadership, and through the commitment and efforts of the management and staff, the work to strengthen Jamaica's gaming industry and the capabilities of the Commission as an effective regulator is achieving its intended goals.

Physical Environment

Following a successful tender process the work commenced to design, install, test and commission into service an updated air-conditioning system. An abundance of care has been undertaken to mitigate against any health issues because of the infrastructure work and the surrounding environment. The project is nearing completion at the end of the year under review, providing a more comfortable working environment for team members and addressing a critical matter to enable the physical housing of the three (3) commissions into a single location.

Technology

In order to ensure efficiencies in the effective operation of the Commission we engaged the assistance of local and international agencies to conduct in-depth analysis to ensure that a proposed Gaming Management and Information System (GMIS) is implemented efficiently within a reasonable time-frame and within budget.

Regulatory Framework

Work continues apace with the legislative reform to deal with the merger of the commissions as well as the dynamic changes in the gaming and racing industries.

Key Accomplishments

We continue to provide platforms for stakeholders to interact and interface with the Commission and to facilitate the development of the sector. The staging of our annual gaming summit plays a significant role in this regard, and the Commission expanded the event to a 2 day Caribbean Gaming Show and Summit held at the Montego Bay Convention Centre in June 2017. The conference agenda included a wide range of topics with presentations by gaming industry professionals from the USA, Canada, UK and the Caribbean which provided attendees with insights into cutting edge and emerging gaming technologies.

The 3rd staging of the Diamond Mile Race Day continued the event's trend of being the most prestigious and successful day on Jamaica's racing calendar and fulfilling the mission originally defined at its inception – to support growth of the horse racing industry by providing stimulus for the sector and building a new fan base for horse racing.

In March 2018 the Commission's team hosted a series of Town Hall Meetings in five (5) venues across the island. These engagements enabled existing and prospective licensees, other industry stakeholders and the general public to have the opportunity to articulate their issues of concern to the Commission's management team.

The Board of Commissioners and the Commission's full management team worked together at the Management Retreat to address the transformation of the gaming, racing and casino regulatory entities into one commission. In addition, continuing the approach of engagement between the Board of Commissioners and the management team, the Board has introduced the practice of half yearly meetings with 2nd tier management team and regular meetings with the Directors.

We continue to work closely with partner agencies Crime Stop and Rise Life Management to reduce illegal gaming activities and ensure Responsible Gaming. During this period, the Board made provisions to increase support to RISE Life Management to facilitate expanding their efforts in youth gambling prevention.

Looking Forward

Based on Cabinet decision and challenged with the responsibility of merging the three Commissions, the Board engaged the services of a consulting firm to design a full organizational structure ensuring alignment to the proposed merged strategy.



At the 7th Caribbean Gaming Show and Summit – left to right are The Honourable Edmund Bartlett, Minister of Tourism; Carole Martinez-Johnson, Director ICT, BGLC; The Honourable Audley Shaw, at that time the Minister of Finance and the Public Service; Clovis Metcalfe, Chairman BGLC and Vitus Evans, Executive Director, BGLC.

This commenced with continuing engagement of key stakeholders. These engagements included the inputs from the senior management team into the detailed organization design, consultations with the BGLC Staff Association and the Union and sensitization sessions with members of staff from all three entities.

Based on continuous review, engagement and analysis, the Consultants redesigned the overall structure resulting in the recommendation of nine (9) Divisions by merging some functions, strengthening others and removing overlaps. The major structural changes included strengthening of the Company Secretariat function to become permanent, merging the compliance functions of the racing Stewards and the Veterinarian functions to become Racing Compliance and Engagement, creating an AML Compliance within Gaming Compliance and Engagement and shifting Financial Compliance to Finance. Welfare services have been transferred from Racing to Talent, Welfare and Office Services.

It is estimated that the resulting reduction in staff count will represent an annual saving of \$20 million, net of separation expenses. This pales in comparison to the potential \$73 million per month increase to Government coffers due to the strategic transformation of the entity following the successful merger. Pending formal Legislation, the Implementation Plan and Operational merger is to be agreed in principle.

Agreement in principle represents a time saving strategy in lieu of the substantial financial and other benefits to be derived from the operational merger and subsequent implementation of the merged entity's strategic transformation plan.

On behalf of the Board of Commissioners I would like to recognize the contribution of the entire team at the Betting Gaming and Lotteries Commission for their dedicated service during this fiscal year and look forward to our continued progress in Fiscal 2018/2019 and beyond.

Clovis Metcalfe, OD

Executive Director's Overview



“Our team remains cognizant of the forces that create paradigm shifts in the gaming industry at a very rapid pace. Our awareness of the impacts of rapidly evolving technology and changing market dynamics on the regulation of Jamaica’s gaming industry require that we are ever vigilant in ensuring the Commission remains equipped to be an effective regulator. ”

The BGLC entered 2017/2018 with a strategic framework of 4 main pillars – Expert Reputation, Value Driven and Scalable, Enabling Technology and Compliance Champion. The year has been marked with a number of key achievements within these areas which our team has been able to accomplish albeit in the face of some challenges.

Financial Highlights

The Commission recorded revenue of \$1.227 billion, a 3% increase over the previous year, with after tax profit declining by 9% to \$418.56. The Commission's solvency position remains positive with an accumulated surplus of \$1.462 billion, an increase over last year of 16.6%. Total assets increased significantly by 30% to \$1.915bn, moving from \$1.471 for 2016/2017.

Main Sector Contributors:

Lottery Sector	\$5.662 billion
Gaming Sector	\$0.548 billion
Betting Sector	\$0.265 billion
Prize Promotions	\$0.015 billion
Total	\$6.490 billion

Industry Performance

For the year under review, the gaming industry experienced a slowdown in sales recording only a 2.3% increase over 2016/2017.

- The significant contraction in the number of locations operated by one (1) bookmaker had a profound effect on that segment resulting in sales generated via local and simulcast horseracing through that channel declining by 26.6%.
- The gaming sector also recorded a marginal decline overall (-0.77%), despite the increase in sales within the non-gaming lounge category by 37.8% which was realised from an increase in the number of locations and gaming machines across the island.
- Although Lottery sector continues to be the growth segment recording 10.8% increase over 2016/2017, and betting on local and simulcast horseracing via the racing promoter increased by 14.63%, these gains were inadequate to counter the decline experienced in the other segments.

Operational Highlights

Priority attention has been given to efforts to fulfill the mandate to merge the 3 gaming commissions – BGLC, JRC and CGC. The Merger Committee was empanelled as of May 2017 with the Legislative sub-committee charged to develop legislation for the merger as well as to take into account the amendments required to enable regulation of interactive and online gaming modalities. Deliberations at the annual management retreat to develop the 4 year strategic plan for 2018- 2022 were on the basis of merged entity and a Change Management Consultant was engaged to drive the process of developing the proposal for the organizations' transformation.

With the merger in the offing, a critical area of focus has been on improving staff morale and engagement in order to create and enable a culture of a high performing workplace with positive perceptions held by our internal stakeholders. A variety of strategies have been employed to achieve this during the year. Paramount among these has been the strategy of capability development and leadership growth. For the financial year ending March 31, 2018, 52 team members participated in 32 training sessions, workshops and conferences. In addition, with the aim of achieving and sustaining a positive organizational culture, we recognized the long service of team members who have worked at the Commission for over 10 years and provided a number of opportunities for team building and moral boosting activities for staff.

The issue of unlicensed gaming machines is being addressed by a comprehensive strategy which includes licensing the Technical Service Providers (manufacturers engaged in the business of selling, leasing, manufacturing and repairing local gaming machines), enforcing the regulations in regards to premises operators accepting unlicensed machines at their locations, and requiring operators to verify the source of the machines. In addition, Legal process for forfeiture of the many unlicensed gaming machines



His Worship the Mayor of Montego Bay Councillor Homer Davis with Vitus Evans, Executive Director and Laurie Wiggan, Director – Compliance & Regulatory at the Town Hall Meeting held in Montego Bay.



French Ambassador His Excellency Jean Michel Despaux enjoyed The Diamond Mile with Vitus Evans, Executive Director and Christopher Reckord, Commissioner.

which were seized and now held by the Commission commenced at the end of the financial year.

We are encouraged by the outcomes of our efforts to attack the issue of illegal gambling. Improvements in the quality of investigations are realizing the right results - increases in arrests and cash seizures.

The BGLC's MOU with Crime Stop is an ongoing success evidenced by the increase in the number of reports of illegal gambling coming into 311. This MOU is extended for an additional 2 years with BGLC supporting with an awareness campaign comprised of out of home advertising on video boards around the island, radio and TV time signals and social media messaging. To complement this, we will also leverage technology to provide another avenue for reporting illegal gambling activities and improve case management by the Enforcement team.

Compliance played an important part in raising the standards for all operators. In relation to anti-money laundering and countering financing of terrorism, we conducted over 40 examinations of gaming lounge operators' AML-CFT programme. Our regulatory review and partnership resulted in substantial improvements in their AML programme. This work is an effective and critical contribution that will enable the gaming industry to have more robust due diligence processes and other appropriate procedures to prevent money laundering. We continue to take further steps to strengthen the AML-CFT regime so that it is robust, proportionate and responsive to emerging threats.

The technology landscape is transforming our mode of regulation and as such our ICT strategy has to be completely aligned with our business strategies to ensure success. Although our major ICT implementation of a gaming management information system was somewhat delayed, strides were made with the roll out of Interactive Gaming to bookmakers, as well as introducing technical standards for the local gaming machine manufacturing segment, as we focused on the development of these two growth areas.



The trophy presentation for the winner of the feature race of the 13th BGLC Emancipation Day Race Day, trainer Peter McMaster

Hosting the 7th Caribbean Gaming Show and Summit in Jamaica reinforced our position as a leading regulator in the region and we not only jealously guard our role in this regard but take the responsibility quite seriously. We were honoured and delighted to welcome delegates from other regional jurisdictions to the conference (Trinidad & Tobago, St. Lucia, Guyana, Turks and Caicos and the US Virgin Islands) as well as the many speakers from North America and Europe who came to share their knowledge and experience. The summit enabled the exchange of ideas about the challenges Caribbean regulators face and solutions for how to deal with them.

Jamaica's place on the global gaming landscape has been highlighted by the selection of this country for the 2019 conference of The International Association of Gaming Regulators. This is a major achievement as it will be the first time this august body will meet in the Caribbean.

We continue to participate at global gaming industry forums such as the IAGR Annual Conference, GLI Roundtable, Global Gaming Expo (G2E), and ICE Conference. These events keep us abreast of industry developments and cutting edge gaming technologies, enable access to industry experts, provide networking opportunities with our



BGLC executives participated in a JIS Think Tank to share information about Jamaica hosting the 7th Caribbean Gaming Show & Summit.

international colleagues and facilitate attendance at educational workshops and presentations.

Our team remains cognizant of the forces that create paradigm shifts in the gaming industry at a very rapid pace. Our awareness of the impacts of rapidly evolving technology and changing market dynamics on the regulation of Jamaica's gaming industry require that we are ever vigilant in ensuring the Commission remains equipped to be an effective regulator.



V'Patrick Hamilton, UTECH student and a recipient of the 2017 BGLC Education Grant, expressed her appreciation to Clovis Metcalfe, Chairman and Vitus Evans, Executive Director.

We now embark on a period of profound transformation for the BGLC moving toward merging this entity with the JRC and CGC to create the new Jamaica Gaming Commission. I am very grateful to the entire staff and the Board of Commissioners for their unwavering commitment and support and look forward to continuing to work together as a unified team to deliver on what will be our new mission "To enable a viable and reputable gaming and racing industry by balancing the interests of providers, consumers, the general public and the Government."

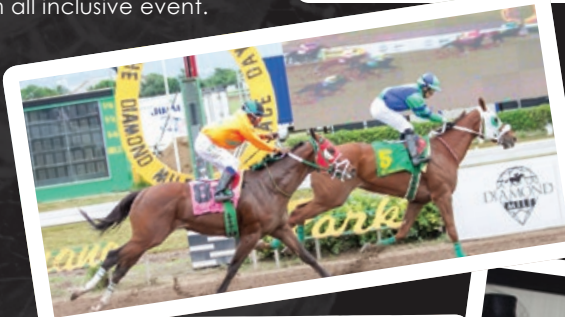
Vitus Evans



The 3rd staging of the Diamond Mile Race Day, the most prestigious day on Jamaica's horse racing calendar was December 2, 2017. The event provided a significant boost for horseracing in Jamaica, attracting the largest crowd to Caymanas Park and generating sales of over \$71 million from the local races and \$11 million from simulcast races on the day.

More than 400 guests gathered under the marquee on the infield of Caymanas Park to witness Jamaica's best thoroughbreds compete for the richest prize purse offered for any race in the English speaking Caribbean. Glamorous ladies wearing fabulous outfits and hats, and sharply dressed gentlemen enjoyed the premium all inclusive event.

The Diamond Mile Race Day 2017 was staged with the support of corporate sponsors representing a diverse range of industries – food and beverage, hospitality and tourism, transportation, media, entertainment, and construction. Sponsors included Supreme Ventures, Main Event Entertainment Limited, The Jamaica Observer, TVJ and RJR, ATL Automotive, Hampden Rums, Jewel Grande Montego Bay Resort and Spa, GH Mumm Champagne, and CPJ.



Statistical Highlights

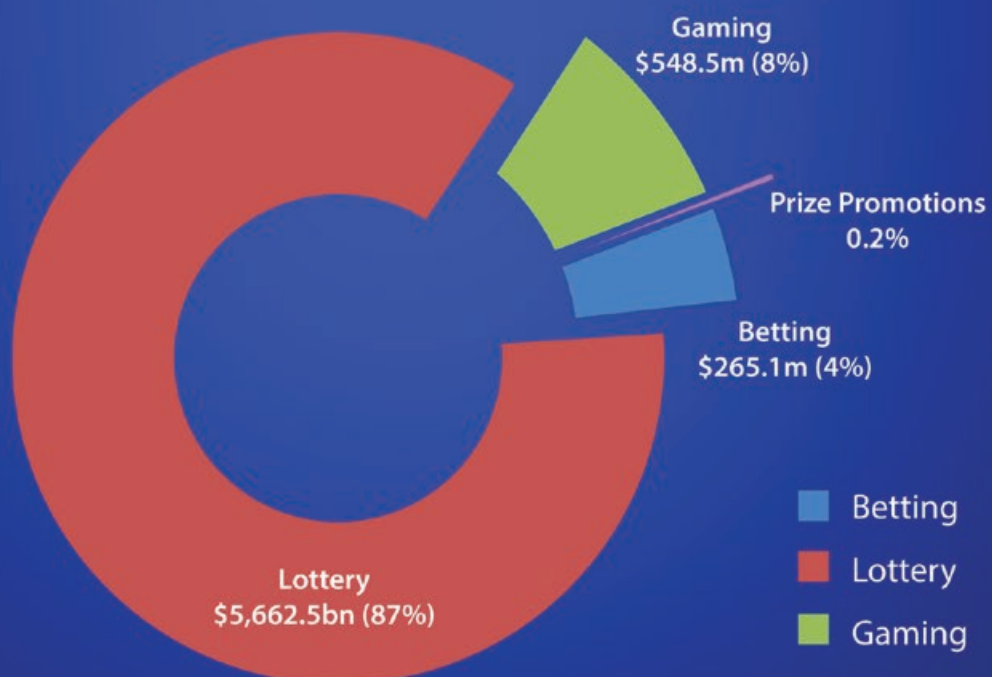
3 Year Summary of Government Revenue Earned by Sector (2014/15 to 2016/17 – J\$billions)			
Sector	2016/17	2015/16	2014/15
Betting	269	265	267
Lottery	5,020	4,939	4,749
Gaming	570	474	410
Prize Promotions	19	18	18
	5,878	5,696	5,444
	↑ 3.19%	↑ 5%	↑ 16%

↑ **10%**
% increase over 2016/2017

↑ **\$6.490 billion**
2017/2018 taxes, levies and contributions

↑ **\$5.878 billion**
2016/2017 taxes, levies and contributions

Government Revenue
Betting, Gaming & Lottery Sectors 2017/2018
J\$6.490 billion



SNAPSHOT OF THE GAMING INDUSTRY

Sector	Operator Category	Operating Activity Regulated	# of Operators	Government Revenue Registered
Betting Sector	Bookmakers	<ul style="list-style-type: none"> Local & simulcast horseracing Sports Betting inclusive of online Casino games Betting Revenue Assurance AML -CFT - Operators offering player account wagering 	8 Bookmakers ¹	Revenue: \$163,532,327 Licence Fees: \$7,251,475 TOTAL \$170,783,802
	Racing Promoter	<ul style="list-style-type: none"> On & Off Course Track Betting Racing Revenue Assurance 	1 Racing Promoter	Revenue: \$91,674,696 Licence Fees: \$2,690,000 TOTAL \$94,364,696
Lottery Sector	Lottery Promoter	<ul style="list-style-type: none"> Lottery Games Lottery Draw Procedures Lottery Revenue Assurance 	1 Lottery Promoter	Revenue: \$5,614,375,854 Licence Fees: \$48,122,900 TOTAL \$5,662,498,754
Gaming Sector	Slot Machine Operators- Gaming Lounges & Under 19s	<ul style="list-style-type: none"> Operation of slot machines including monitoring meter readings Gaming Machine Revenue Assurance AML -CFT : DNFI - Operators of 20 or more gaming machines 	28 Operators with an aggregate of 268 gaming seats as follows: <ul style="list-style-type: none"> 12 Gaming lounge Operators of gaming machines- slots with 23 locations islandwide 16 Under 19 Operators of gaming machines slots with 54 locations island wide 	Total Gaming Sector: Revenue: Gaming lounges: \$462,557,093 Non-gaming lounges: \$20,142,467 Licence Fees: \$65,755,500 TOTAL \$548,463,402
	Locally Made Gaming Machine Operators	Operation of locally made gaming machines Not under Gross Profit Tax Regime	4955 locally made gaming machines	64% of gaming sector Licence fees was collected from this category
Prize Competition	Prize Competition Promoters	Prize Competition Draws	# of Promoters of Prize Competitions approved: 230	\$14,690,000
Charitable Lottery - Bingo	Charities & Non-Profit Organisations (NGOs)	Charitable Lotteries- Bingo	# of charitable bingo applications approved: 5	\$50,000

¹ Revenue for 2 Bookmakers not included in the statistics - Olympic Sports Data Services located in the Special Economic Zone formerly Montego Bay Free Zone is not subject to betting taxes and Summit Betting Limited has not yet commenced operations in 2017-18.

**GOVERNMENT REVENUE PAYABLE AND COLLECTED
2017 - 2018**

GOVERNMENT REVENUE PAYABLE & COLLECTED	TAJ		BGLC \$'000	JRC \$'000	TOTAL \$'000
	Consolidated Fund \$'000	CHASE \$'000			
BETTING SECTOR					
Bookmakers					
Local & Simulcast Racing	10,065	-	16,635	83,177	109,878
Sports Betting	35,789	5,113	5,113	-	46,015
Unclaimed Winnings	-	-	7,640	-	7,640
Bookmakers Permit & Licence Fees	-	-	7,251	-	7,251
Racing Promoter					
Racing Promoter License fees	-	-	2,690	-	2,690
Local & Simulcast horseracing Taxes	24,746	-	12,031	54,898	91,675
Total - Betting Payable	70,600	5,113	51,360	138,075	265,148
Betting Levies/Taxes Paid	76,751	4,936	33,490	136,378	251,555
Unclaimed Winnings	-	-	7,640	-	7,640
Racing Promoter License fees			2,690		2,690
Bookmakers Licence Fees	-	-	7,251	-	7,251
Total - Betting Collected	76,751	4,936	51,071	136,378	269,136
LOTTERY SECTOR					
Lottery Taxes	2,725,744	1,488,391	734,001	-	4,948,136
Lottery Tax Winning Levy	350,381	-	-	-	350,381
Unclaimed Winnings	-	157,929	157,929	-	315,859
Lottery Licence Fees	-	-	48,123	-	48,123
Total - Lottery Payable	3,076,125	1,646,320	940,053	0	5,662,499
Lottery Taxes	2,727,620	1,484,368	744,421	-	4,956,409
Lottery Tax Winning Levy	350,469	-	-	-	350,469
Unclaimed Winnings	-	158,546	159,967	-	318,513
Lottery Licence Fees	-	-	48,123	-	48,123
Total - Lottery - Collected	3,078,089	1,642,914	952,511	0	5,673,513
GAMING SECTOR					
Gaming Machine Levies & Fees	27,032	-	38,723	-	65,755
Gross Profit Levy & Contributions	313,760	48,271	120,677	-	482,708
Total - Gaming Payable	340,792	48,271	159,400	0	548,463
Gaming Machine Levies & Fees	27,032	-	38,723	-	65,755
Gross Profit Levy & Contributions	316,869	48,198	123,287	-	488,354
Total - Gaming - Collected	343,901	48,198	162,010	0	554,109
OTHER					
Charitable Lottery - Bingo	-	-	50	-	50
Prize Competition Fees	-	14,690	-	-	14,690
GRAND TOTAL - PAYABLE	3,487,517	1,714,394	1,150,864	138,075	6,490,850
GRAND TOTAL - COLLECTED	3,498,741	1,710,739	1,165,642	136,378	6,511,499

3 YEAR REVIEW GOVERNMENT REVENUE PAYABLE AND COLLECTED

GOVERNMENT REVENUE PAYABLE & COLLECTED	TAJ Consolidated Fund						CHASE			BGLC			JRC			GRAND TOTAL		
	2017/18	2016/17	2015/16	2017/18	2016/17	2015/16	2017/18	2016/17	2015/16	2017/18	2016/17	2015/16	2017/18	2016/17	2015/16	2017/18	2016/17	2015/16
BETTING SECTOR																		
Bookmakers																		
Local & Simulcast Racing	10.1	12.5	13.7	-	-	-	16.6	21.1	22.8	83.2	105.2	114.0	109.9	138.9			150.6	
Sports Betting	35.8	25.2	20.0	5.1	3.6	2.9	5.1	3.8	2.9	-	-	-	46.0	32.6			25.7	
Unclaimed Winnings	-	-	-	-	-	-	7.6	6.1	5.5	-	-	-	7.6	6.1			5.5	
Bookmakers Permit & Licence Fees	-	-	-	-	-	-	7.3	6.8	7.8	-	-	-	7.3	6.8			7.8	
Racing Promoter Licence Fees	-	-	-	-	-	-	2.7						2.7					
Racing Promoter - Taxes	24.7	22.6	20.3	-	-	-	12.0	11.3	10.1	54.9	50.8	45.6	91.7	84.7			76.0	
Total - Betting Payable	70.6	60.4	54.0	5.1	3.6	2.9	51.4	49.1	49.1	138.1	156.0	159.6	265.1	269.1			265.1	
Total - Betting Collected	76.8	34.7	34.7	4.9	3.5	3.4	51.1	71.9	48.8	136.4	197.0	170.5	269.1	345.4			257.3	
LOTTERY SECTOR																		
Lottery Taxes & Lottery Tax Winning Levy	3076.1	2617.6	2683.8	1488.4	1341.9	1272.4	734.0	661.8	627.5	-	-	-	5298.5	4621.3			4583.7	
Unclaimed Winnings	-	-	-	157.9	176.4	155.8	157.9	176.4	155.8	-	-	-	315.9	352.8			311.5	
Lottery Licence Fees	-	-	-	-	-	-	48.1	46.5	43.9	-	-	-	48.1	46.5			43.9	
Total - Lottery Payable	3076.1	2617.6	2683.8	1646.3	1518.3	1428.2	940.1	884.7	827.2	0.0	0.0	0.0	5462.5	5020.5			4939.2	
Lottery Taxes - Collected	2727.6	2319.6	2339.2	1484.4	1491.7	1308.6	744.4	649.4	645.1	-	-	-	4956.4	4460.6			4293.0	
Lottery Winnings Levy - Collected	350.5	311.0	344.6	-	-	-	-	-	-	-	-	-	350.5	311.0			344.6	
Unclaimed Winnings - Collected	-	-	-	158.5	-	167.4	160.0	175.7	159.7	-	-	-	318.5	175.7			327.1	
Lottery Games Licence Fees - Collected	-	-	-	-	-	-	48.1	46.5	43.9	-	-	-	48.1	46.5			43.9	
Total - Lottery - Collected	3078.1	2630.6	2683.8	1642.9	1491.7	1476.0	952.5	871.6	848.7	0.0	0.0	0.0	5673.5	4993.8			5008.6	
GAMING SECTOR																		
Gaming Machine Levies & Fees	27.0	25.6	20.1	-	-	-	38.7	36.4	31.6	-	-	-	65.8	62.1			51.7	
Levies, Gross Profit Taxes & Contribution to Good Cause	313.8	330.6	274.4	48.3	50.8	42.2	120.7	127.1	105.5	-	-	-	482.7	508.5			422.2	
Total - Gaming - Payable	340.8	356.2	294.5	48.3	50.8	42.2	159.4	163.5	137.2	0.0	0.0	0.0	548.5	570.6			473.9	
Total - Gaming - Collected	343.9	317.5	277.8	48.2	44.2	40.1	162.0	141.7	132.1	-	-	-	554.1	503.3			450.0	
OTHER																		
Charitable Lottery - Bingo	-	-	-	-	-	-	0.1	-	-	-	-	-	0.1	-			-	
Prize Promotions	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	
Prize Competition Fees	-	-	-	-	-	-	14.7	18.6	17.7	-	-	-	14.7	18.6			17.7	
GRAND TOTAL - PAYABLE	3487.5	3034.2	3032.3	1699.7	1572.7	1473.2	1165.6	1116.0	1031.1	138.1	156.0	159.6	6490.8	5878.8			5494.3	
GRAND TOTAL - COLLECTED	3498.7	2982.8	2996.3	1696.0	1539.3	1519.5	1180.3	1103.8	1047.3	136.4	197.0	170.5	6511.5	5861.2			5735.6	



The Jamaican Gaming Industry: An Overview of Performance



Industry statistics provide a picture of the gambling industry in Jamaica. Aggregated information is presented by sector, includes data on: betting and wagering on local and simulcast horseracing, sports betting (virtual games, online casino games, live sports), gaming on slot machines and locally made gaming machines, lottery games and prize competitions.

The reports indicate results for sales (the total amount wagered); gross gaming revenues/profit (the amount wagered minus the amount returned to players as winnings); and gaming taxes and levies, which is the amount levied and collected from legal gambling. Gross gaming revenues/Declared Gross Profit represent net spending by consumers on legal gambling.

The Declared Gross Profit for the industry was \$20.5bn as reported by operators licensed and regulated by the Commission. The gambling industry demonstrates continued growth in most sectors with the exception of gaming.

Sector Performance Review

During the period April 2017 to March 2018, Jamaica's gambling industry generated government revenue of \$6.490bn, a 10% increase compared with the year prior.

Gaming lounges¹ recorded the highest sales with an average of 96% of the money played returned to gamblers as winnings. The average payout for the betting sector is 77% while the average payout ratio for the lottery sector is 67%.

Lottery continues to be the largest contributor to government revenue (87%), recording \$5.662bn from \$13.316bn declared gross profit.

Gaming on slot machines, a popular entertainment activity in Jamaica, especially in gaming lounges, registered \$548.5m in government revenue, a 4% reduction compared to prior year. The gaming lounge segment showed a reduction in declared gross profit by 5.85% while non-gaming lounges, the majority of which is located outside of the Kingston Metropolitan Area (KMR), recorded an increase of 17%. A number of gaming lounges in the parishes of St. Andrew, St. Ann, St. Catherine, St. James, Hanover and Westmoreland recorded reduced sales and corresponding government revenue when compared to 2016/17. Gaming lounges continue to contribute 96% of revenue from the gaming sector.

Betting on local and simulcast horseracing and sporting events including online casino games generated \$265.1m in government revenue, a 5% reduction compared to prior year. Simulcast horseracing continues to be the main contributor to gross revenue with an average payout ratio of 66%. The payout ratio for local horse racing and sporting events averages 83% and 81% respectively.

¹ Gaming lounges are establishments operating 20 or more slot machines in a single location.

2 YEAR SECTOR PERFORMANCE

	SALES			PAYOUT/PRIZE LIABILITY			DECLARED PROFIT			Payout as a % of Sales	
	2017/2018 \$	2016/2017 \$	CHANGE %	2017/2018 \$	2016/2017 \$	CHANGE %	2017/2018 \$	2016/2017 \$	CHANGE %	2017/2018 %	2016/2017 %
Bookmakers											
Local											
Horsereading	1,372,511,084	1,825,962,587	-24.83%	931,082,617	1,236,269,951	-24.69%	441,428,467	589,692,637	-25.14%	68%	68%
Simulcast racing	642,336,360	947,661,595	-30.11%	454,643,012	635,991,180	-28.51%	207,693,348	311,670,415	-33.36%	69%	67%
Sports betting	2,736,657,102	2,162,681,088	26.54%	2,218,355,652	1,802,811,582	23.05%	518,301,450	359,869,506	44.02%	81%	83%
Sub -total	4,771,504,546	4,936,305,270	-3.34%	3,604,081,281	3,675,072,712	-1.93%	1,167,423,265	1,261,232,558	-7.44%	76%	74%
Racing											
Promoter											
Local											
Horsereading	3,219,993,732	2,816,486,426	14.33%	2,880,999,411	2,476,261,326	16.34%	338,994,321	340,225,100	-0.36%	89%	88%
Simulcast racing	2,636,902,417	2,293,045,427	15.00%	1,735,988,911	1,503,589,595	15.46%	900,913,506	789,455,833	14.12%	66%	66%
Sub -total	5,856,896,149	5,109,531,853	14.63%	4,616,988,322	3,979,850,921	16.01%	1,239,907,827	1,129,680,933	9.76%	79%	78%
TOTAL - BETTING	10,628,400,695	10,045,837,124	5.80%	8,221,069,403	7,654,923,633	7.40%	2,407,331,091	2,390,913,491	0.69%	77%	76%
LOTTERY	40,744,013,923	36,763,431,799	10.83%	27,427,559,149	25,426,397,980	7.87%	13,316,454,774	11,337,033,819	17.46%	67%	69%
GAMING											
Gaming											
Lounges	106,477,779,310	108,488,715,020	- 1.78%	101,852,208,378	103,568,406,050	- 1.58%	4,625,570,933	4,920,308,970	- 5.85%	96%	95%
Non -gaming lounges	3,984,140,377	2,829,585,671	37.79%	3,782,751,522	663,148,948	39.09%	201,423,832	166,436,722	16.99%	95%	94%
Sub -total	110,461,919,687	111,318,300,691	-0.77%	105,634,959,898	104,231,554,999	- 0.56%	4,826,994,765	5,086,745,692	-5.11%	96%	95%
GRAND TOTAL	141,834,334,305	158,127,569,414	2.34%	141,283,588,451	139,312,876,612	1.41%	20,550,780,630	18,814,693,002	9.23%	87%	88%

Sales

In 2017/18 punters wagered J\$161.834bn, which equates to more than J\$81,174 per adult (18 and older)².

- Bookmaker's sales on local and simulcast horseracing decreased by 25% and 30% respectively. However, the converse is reflected in pari-mutuel wagering sales reported for the racing promoter which reflected increases in both local and simulcast horseracing (14% and 15% respectively).
- Sports betting sales increased favourably by 26% stimulated by major international sporting events. Seasonal sporting events, primarily IAAF World Championships, NBA, NFL, Premier League, Baseball World Series and Rugby World Cup contributed to the increase in sales.
- Sales on lottery games increased by 10.8%, with promotions in Cash Pot and Money Time stimulating the market as well as the Lotto and Super Lotto jackpots.
- In comparison to 2016/17, sales registered on slot machines recorded a marginal decline of 1% during 2017/18 with the majority recorded in gaming lounges.

Overall sales for all types of gambling rose 2.34% during 2017/18 enabling the industry to make a significant contribution to the local economy.

Declared Gross Profit

Overall declared gross profit rose by 9.2% in 2017/18. Weekly gross revenue from lottery increased by 17.5%, and contributed 87% of the total revenue earned by the Government of Jamaica (GOJ). Declared gross profit from non-gaming lounges increased by 17%, while gaming lounges recorded a decline of 5.8%.

Betting Sector

Betting includes bookmaking and pari-mutuel wagering on horseracing (local and simulcast) and other sports events. Sales on wagering totalled \$10.628bn in 2017/18, generating gross gaming profit of \$2.407bn with a payout of 77% to punters. This represents a 5.8% increase over the 2016/17 fiscal year.

The Racing Promoter, Supreme Ventures Racing & Entertainment Limited (SVREL), accounted for 55% of total sales with the remaining 45% from bookmakers. Horseracing, being the dominant component of the betting market with \$1.889bn in gross gaming revenues, is controlled by Supreme Ventures Racing and Entertainment Limited with the dominant bookmaker being Post to Post Betting Limited.

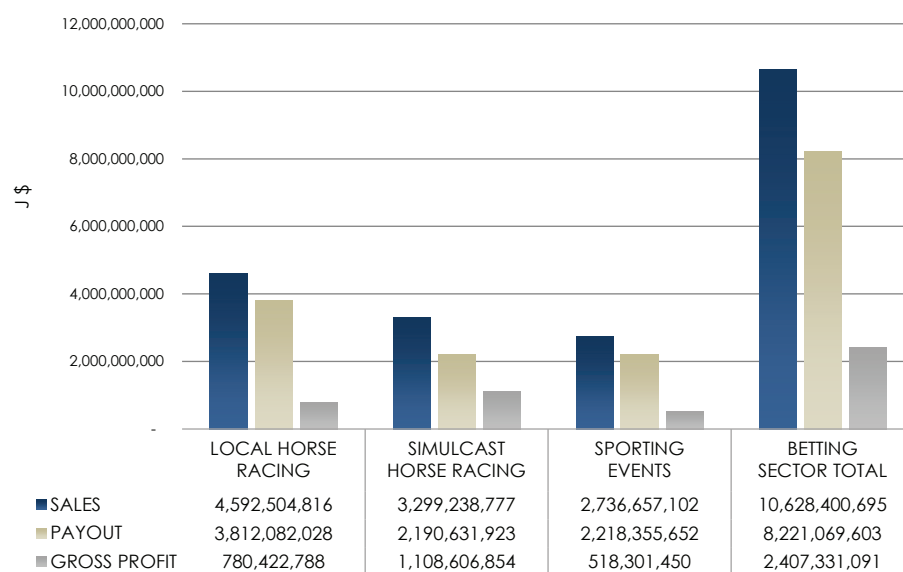
Bookmakers contributed 48% of the total gross profit in the betting sector available for government levies, while the racing promoter accounted for 51%. One bookmaker, Olympic Data Services Limited, which operates within the Special Economic Zone (SEZ) formerly Montego Bay Free Zone (offering sports betting), is not liable for payment of sports betting taxes and contributions and is not included in the Betting Segment highlights.



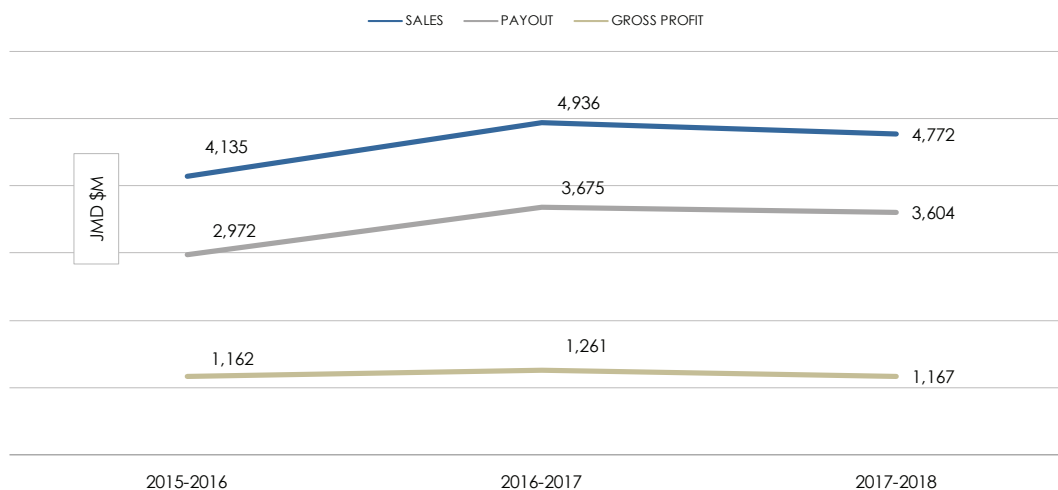
The horses cross the finish line at the Diamond Mile Race Day at Caymanas Park

² Source: Statistical Institute of Jamaica - 2017 Population by age & sex (18 & over) 1,993,581

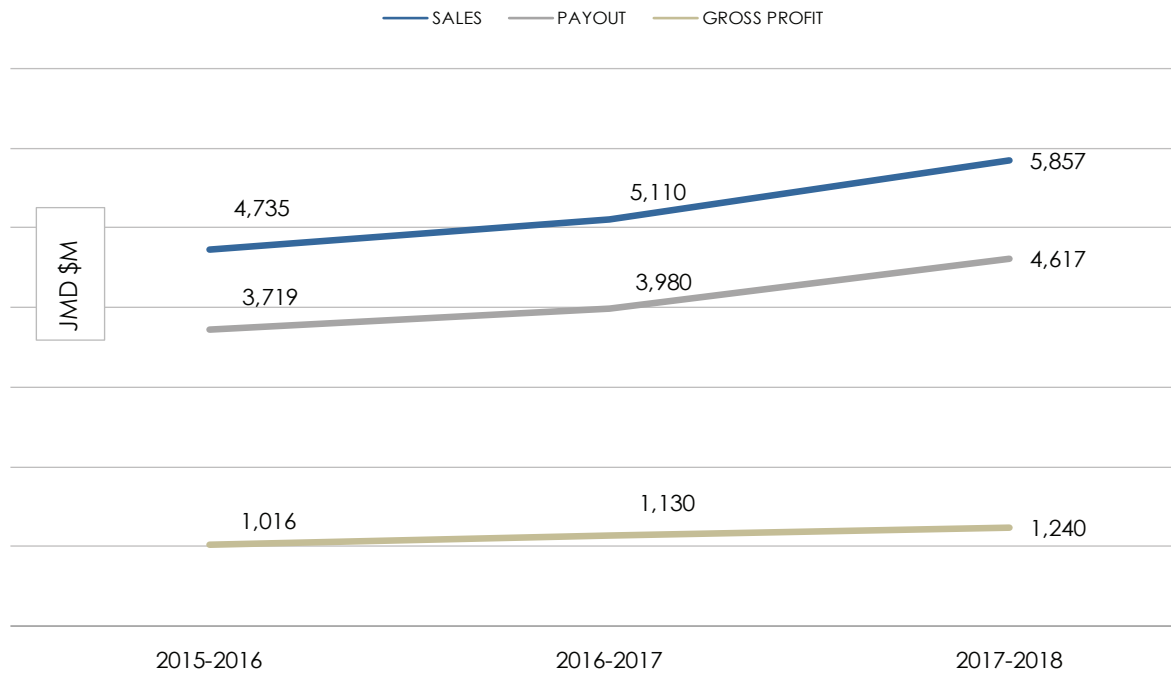
SUMMARY OF BETTING SECTOR SALES, PAYOUT & GROSS PROFIT 2017-2018 LOCAL & SIMULCAST HORSERACING & SPORTING EVENTS



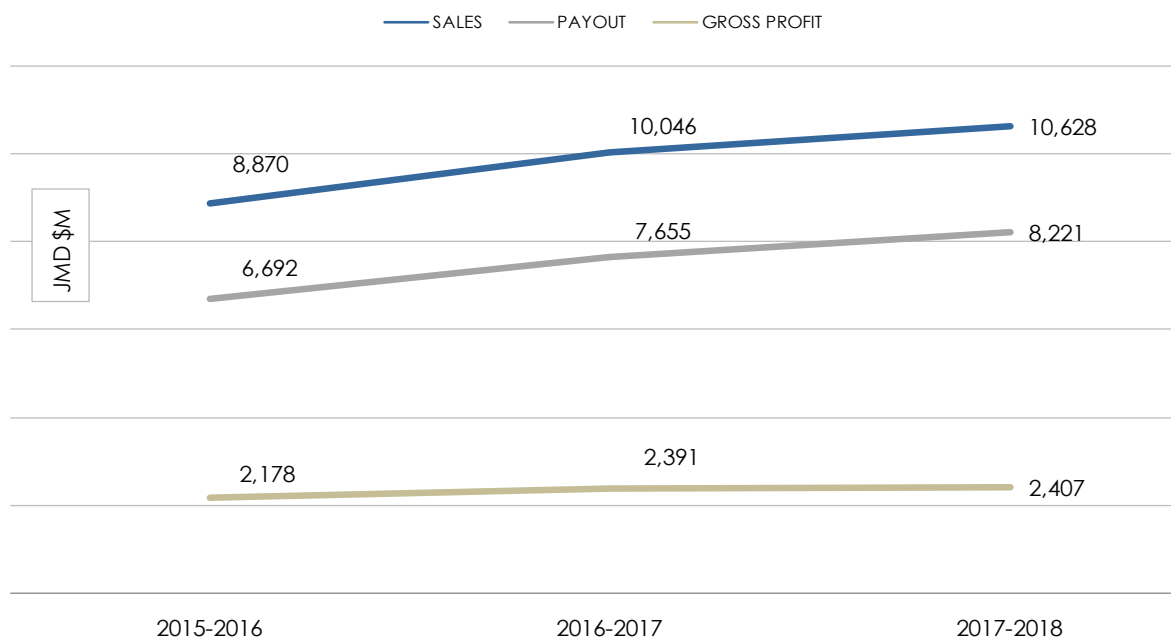
TRENDS IN BOOKMAKERS' PERFORMANCE



TRENDS IN RACING PROMOTER PERFORMANCE



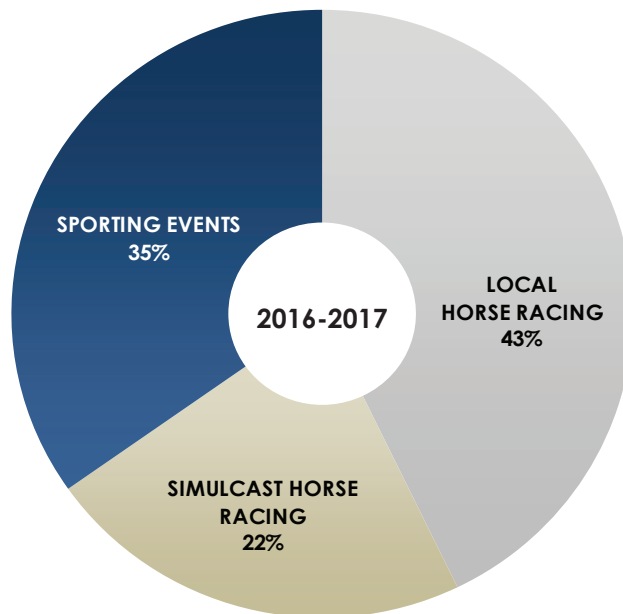
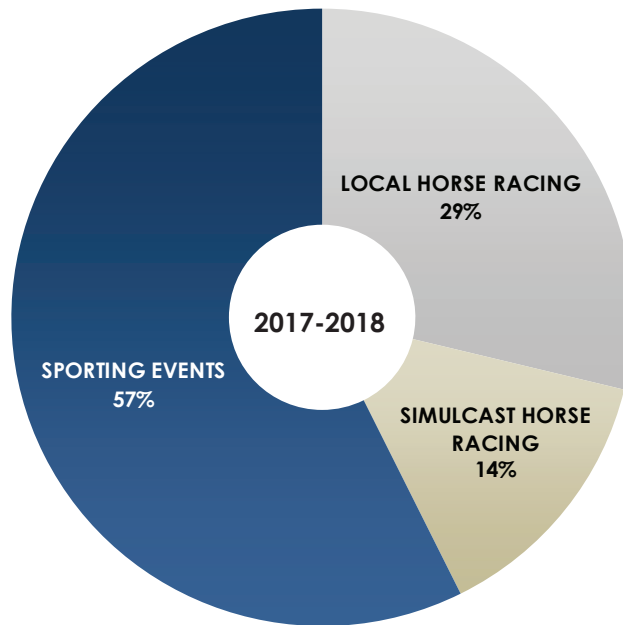
TRENDS IN BETTING SECTOR PERFORMANCE



Performance of Bookmakers

Sales decreased by 3.3% while gross profit recorded a 7% decrease year over year. Post to Post Betting Limited accounted for 65% of sales from the betting sector, followed by Prime Sports Jamaica Limited, 17%.

BOOKMAKER SALES

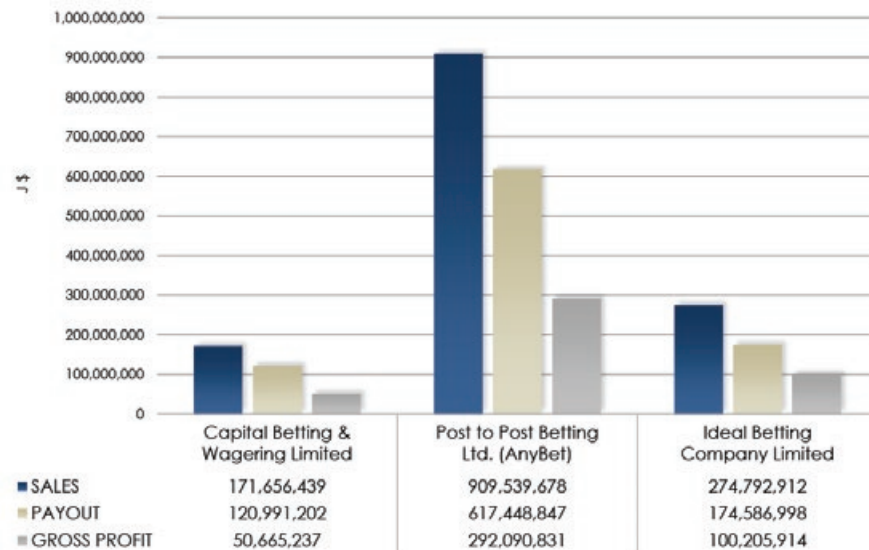


Post to Post Betting Limited, t/a Anybet continues to be the top performer for betting on local horse racing, followed by Ideal Betting Company Limited then Capital Betting & Wagering Limited.

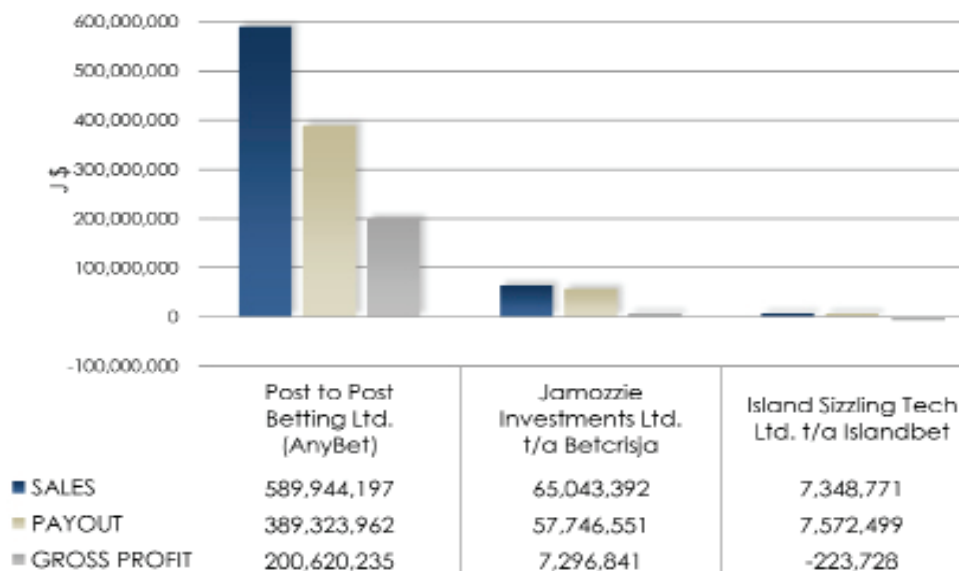
Post to Post Betting Limited continues to be the leading contributor of government revenue for the betting sector. The company closed a significant number of its locations (betting offices and lounges) during the year. By March 2018, the bookmaker operated 34 locations across the island. In the prior year, Post to Post Betting Limited operated approximately 164 locations island-wide.

During the year, Island Sizzling Tech. Ja. Limited t/a Islandbet and Prime Sports (Jamaica) Limited (through its flagship brand "JustBet"), only offered sports betting, while Jamozzie t/a BetCris Jamaica offered betting on local, and simulcast horse racing and sports betting.

SALES, PAYOUT & GROSS PROFIT LOCAL HORSE RACING 2017-2018



SALES, PAYOUT & GROSS PROFIT SIMULCAST HORSE RACING 2017-2018



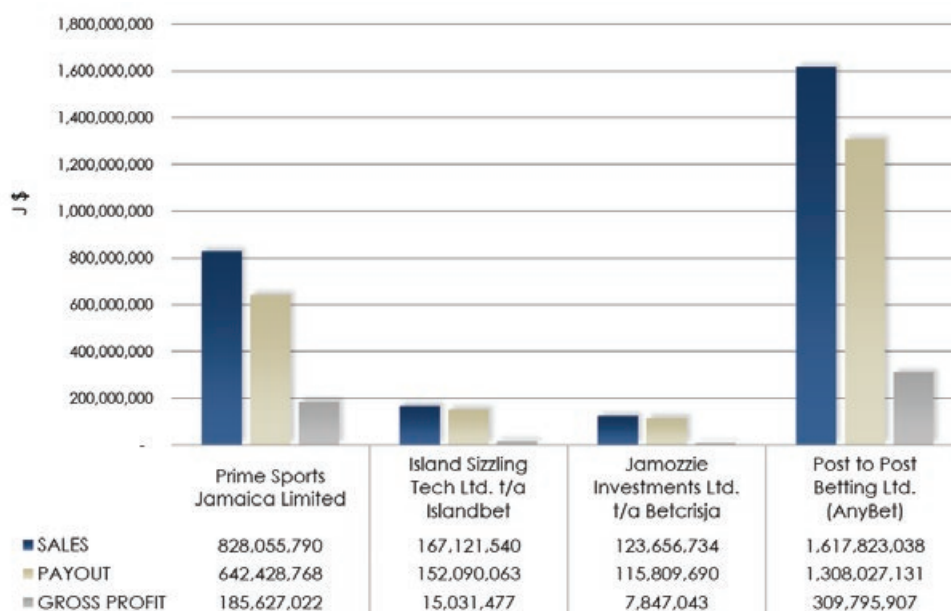
COMPARATIVE SUMMARY OF BOOKMAKERS SALES, PAYOUT & GROSS PROFIT

BOOKMAKERS	2017 - 2018			2016 - 2017			% CHANGE		
	SALES \$	PAYOUT \$	GROSS PROFIT \$	SALES \$	PAYOUT \$	GROSS PROFIT/ (GROSS LOSS) \$	SALES \$	PAYOUT \$	GROSS PROFIT \$
Prime Sports Jamaica Limited (JusBet)	828,055,790	642,428,768	185,627,022	611,036,282	471,194,088	139,842,194	36%	36%	33%
Capital Betting & Wagering Limited	171,656,439	120,991,202	50,665,237	69,264,774	46,336,330	22,928,444	148%	161%	121%
Post to Post Betting Limited (AnyBet)	3,117,306,913	2,314,799,940	802,506,973	3,642,278,139	2,615,290,450	1,026,987,688	14%	11%	22%
Ideal Betting Company Limited	274,792,912	174,586,998	100,205,914	170,124,014	106,642,923	63,481,091	62%	64%	58%
Island Sizzling t/a Island Bet	174,470,312	159,662,563	14,807,749	259,947,513	261,979,021	1,981,508	33%	39%	847%
Jamozzie Investments Ltd. t/a BetCris	205,222,180	191,611,811	13,610,369	183,654,548	173,679,900	9,974,649	12%	10%	36%
TOTAL	4,771,504,546	3,604,081,281	1,167,423,265	4,936,305,270	3,675,072,712	1,261,232,558	3%	2%	7%

Sports Betting

The sports betting brand "Anybet" dominated the sporting events category representing 59% of total bookmaker sales, while "Justbet" accounted for 30% of the sports betting market.

SALES, PAYOUT & GROSS PROFIT SPORTING EVENTS 2017-2018



Performance of the Racing Promoter – Supreme Ventures Racing & Entertainment Limited (SVREL)

Local horseracing contributed 55% to earnings within the sector while simulcast races contributed 45%. Simulcast racing accounted for 73% of the total (taxable) gross profit primarily due to lower payout ratios in comparison to local horseracing. The third Diamond Mile Race Day generated total sales of approximately \$72m with a payout of \$79m including purses of \$30m.

Revenue trends have shown that more declared gross profit is being earned from simulcast horseracing when compared to local horseracing. While more sales is generated from local horseracing when compared to simulcast horseracing, there is a higher payout on local horseracing.

Factors impacting performance and Government revenue earned:

1. Local horseracing:

- The number of field sizes - horses per race as well as the number of races have been reduced. Usually, there are 11 races per day. This has been reduced to between 9 to 10 races per day.
- Purses, a critical component in the payment obligation reduces the net amount available for government revenue. On average, over \$7m per race is paid out in purses per race day. This is not applicable to simulcast horseracing, hence more revenue earned from simulcast.

2. Simulcast horseracing:

One of the impact on revenue from this category is the liability obligation of 5% of sales payable for overseas rights fees.

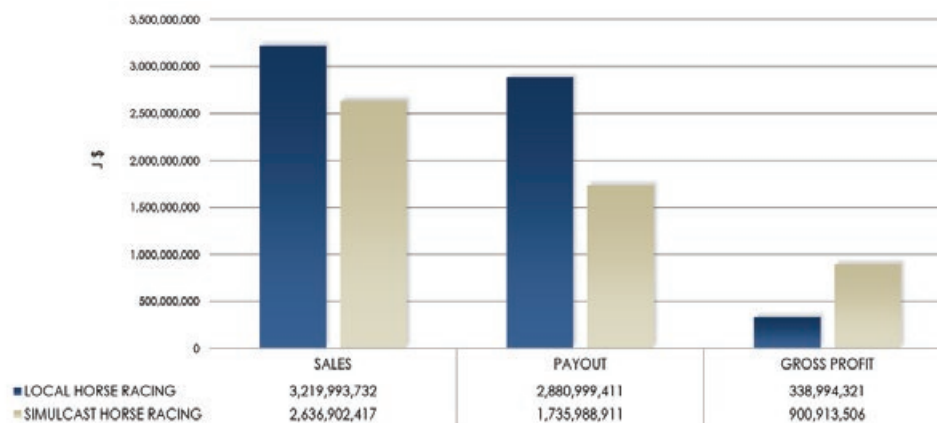
3. Payout Ratio:

For local horseracing the average payout to winners ranges from 67% - 68% while for simulcast horseracing, the average payout ranges from 64% - 65%.

4. Tax Structure:

Less revenue earned based on the current tax structure i.e. purses are deductible and the tax rate is 7.5% vs. bookmakers 16.5%.

PERFORMANCE OF THE RACING PROMOTER 2017-2018



Betting Sector Taxes, Duties and Levies

Total government revenue earned from the betting industry amounted to J\$265.1m with J\$269.1m collected.

GOVERNMENT REVENUE EARNED FROM BETTING SECTOR 2017/2018

Levies:	2017/18		2016/17	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Consolidated Fund	70,599,933	76,751,017	53,966,041	34,771,800
CHASE	5,112,745	4,936,462	2,856,153	3,394,540
BGLC	33,779,392	33,489,614	36,231,198	59,007,651
JRC	138,074,892	136,378,325	159,604,185	170,464,598
Sub-total	247,566,961	251,555,417	252,657,577	267,638,589
BGLC - Unclaimed Winnings	7,640,062	7,640,062	5,450,040	5,450,040
BGLC - Permits & Licence Fees	9,941,475	9,941,475	7,838,000	7,838,000
TOTAL	265,148,499	269,136,955	265,945,617	280,926,629

BETTING SECTOR TAXES, DUTIES & LEVIES

BOOKMAKERS - 2017/18									
	LOCAL RACING		SIMULCAST		SPORTING EVENTS		TOTAL		
	PAYABLE \$	COLLECTED \$	PAYABLE \$	COLLECTED \$	PAYABLE \$	COLLECTED \$	PAYABLE \$	COLLECTED \$	
Consolidated Fund	6,840,630	6,448,984	3,224,088	2,942,255	35,789,214	34,680,999	45,853,932	44,072,239	
CHASE	-	-	-	-	5,112,745	4,936,462	5,112,745	4,936,462	
BGLC	11,261,994	10,721,503	5,373,480	5,168,841	5,112,745	5,035,106	21,748,219	20,925,450	
JRC	56,309,972	53,559,401	26,867,398	25,689,390	-	-	83,177,370	79,248,791	
Total for Bookmakers	74,412,596	70,729,888	35,464,965	33,800,487	46,014,704	44,652,567	155,892,265	149,182,942	
RACING PROMOTER - 2017/18									
	LOCAL RACING		SIMULCAST		TOTAL		TOTAL		
	PAYABLE \$	COLLECTED \$	PAYABLE \$	COLLECTED \$	PAYABLE \$	COLLECTED \$	PAYABLE \$	COLLECTED \$	
Consolidated Fund	6,727,731	14,345,117	18,018,270	18,333,662			24,746,001	32,678,779	
BGLC	3,155,883	3,397,363	8,875,290	9,166,801			12,031,173	12,564,164	
JRC	14,356,414	15,878,929	40,541,108	41,250,604			54,897,522	57,129,533	
Total for Racing Promoter	24,240,029	33,621,409	67,434,667	68,751,067			91,674,696	102,372,476	
INDUSTRY TOTAL	98,652,625	104,351,297	102,899,632	102,551,553	46,014,704	44,652,567	247,566,961	251,555,417	

Caymanas Track Limited (CTL)

The indebtedness by Caymanas Track Limited (CTL) to the Government, is \$184.4m for the period September 2011 to March 5, 2017.

OUTSTANDING GOVERNMENT IMPOST SEPTEMBER 2011 - MARCH 2017

	\$
Pool Betting Duty to Consolidated Fund	103,998,771
Contributions to JRC	44,277,942
Contributions to BGLC	16,997,776
Unclaimed Winnings	6,666,610
TOTAL GOVERNMENT IMPOST	171,941,100

OUTSTANDING LICENCE FEES	\$
2013/14	3,275,000
2014/15	2,676,000
2015/16	3,183,000
2016/17	3,282,000
TOTAL LICENCE FEES OUTSTANDING	12,416,000
GRAND TOTAL OUTSTANDING TO THE GOVERNMENT	184,357,000

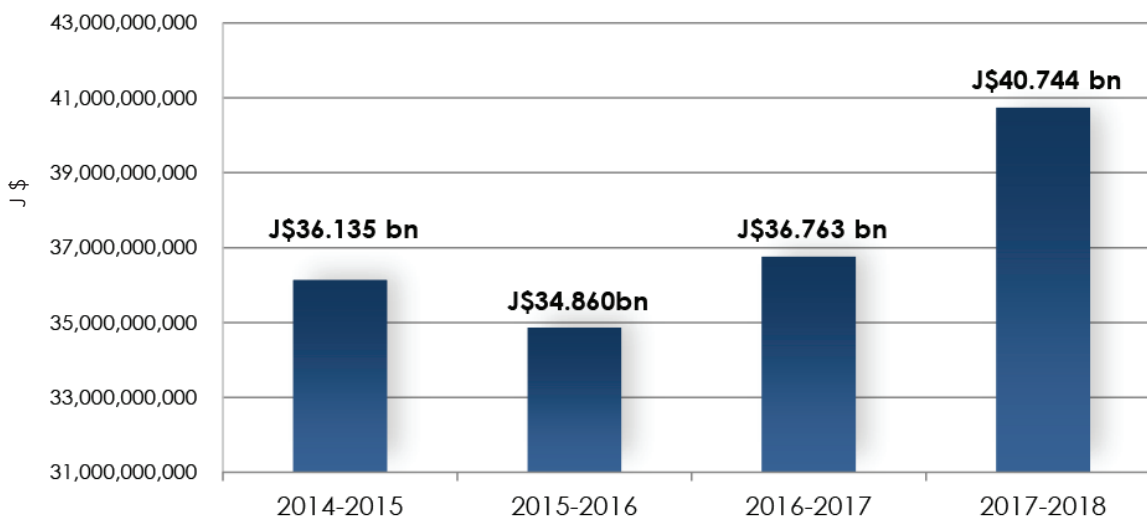
TOTAL OWED TO BGLC	\$
Government Impost for the period September 2011 to March 2017	16,997,776.32
Licence Fees for the period 2013/14 to 2016/17	12,416,000.00
Unclaimed Winnings	6,666,609.88
TOTAL	36,080,386.20

Lottery Sector

Government revenue from the Lottery Sector was earned from Prime Sports (Jamaica) Limited a wholly-owned subsidiary of Supreme Ventures Limited.

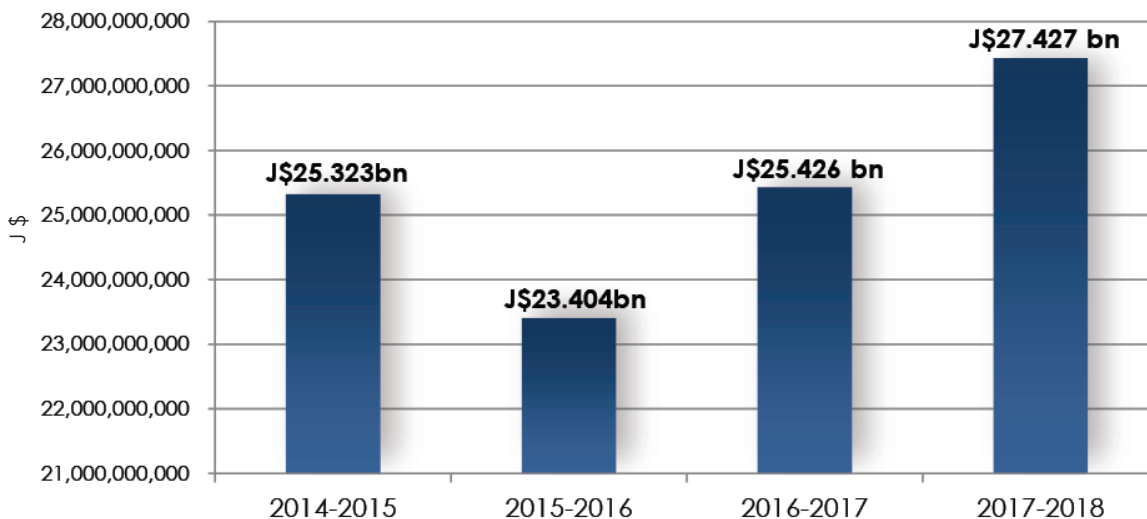
Total sales generated amounted to J\$40.744bn, a 10.81% increase over 2016-2017 contributing \$5.662bn in government revenue. Cash Pot, Pick 3, Pick 4, Super Lotto Dollaz, Lotto and Money Time showed an increase in revenue while Lucky 5, Pick 2 and Top Draw declined.

TRENDS IN LOTTERY SALES FYE 2014/2015 TO 2017/2018



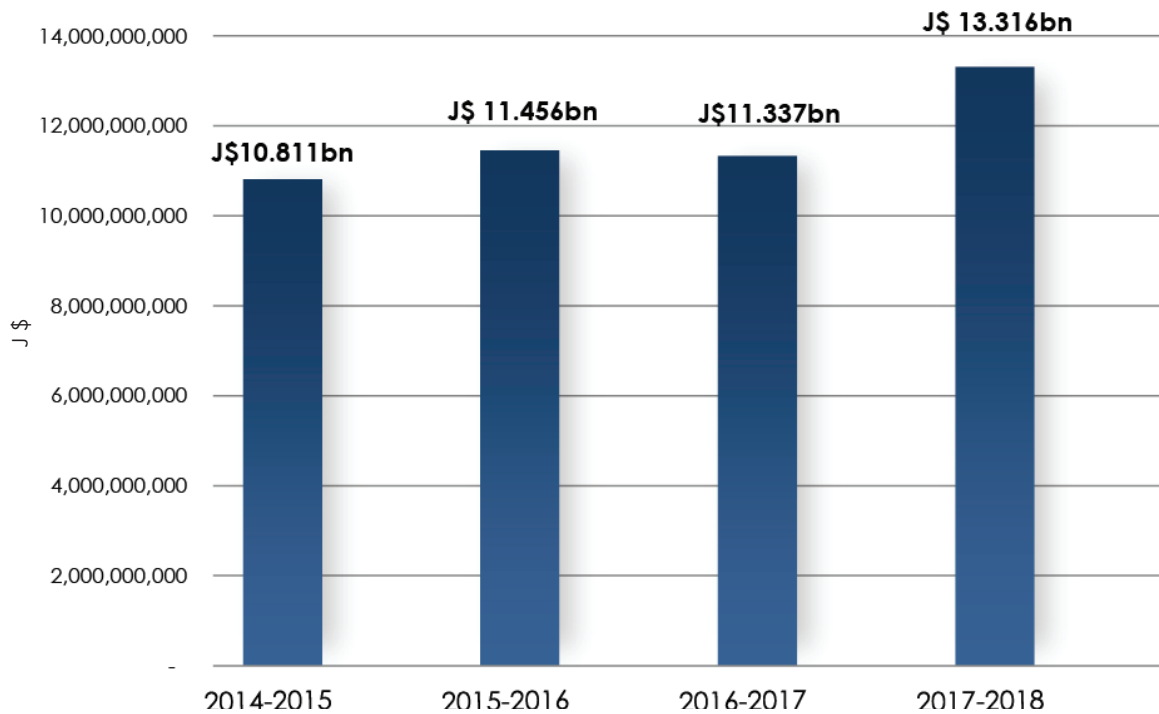
Total prize liability was J\$27.427bn, an increase of 7.8% over 2016/17 and represented 67% of sales (2016/17: 69% of sales). The Cash Pot game recorded the largest payout of J\$19.5bn, followed by Money Time (\$3.6bn) and Pick 4 (\$1.3bn).

TRENDS IN PRIZE LIABILITY FYE 2014/2015 TO 2017/2018



Weekly Gross Revenue increased by 17% when compared to the previous year.

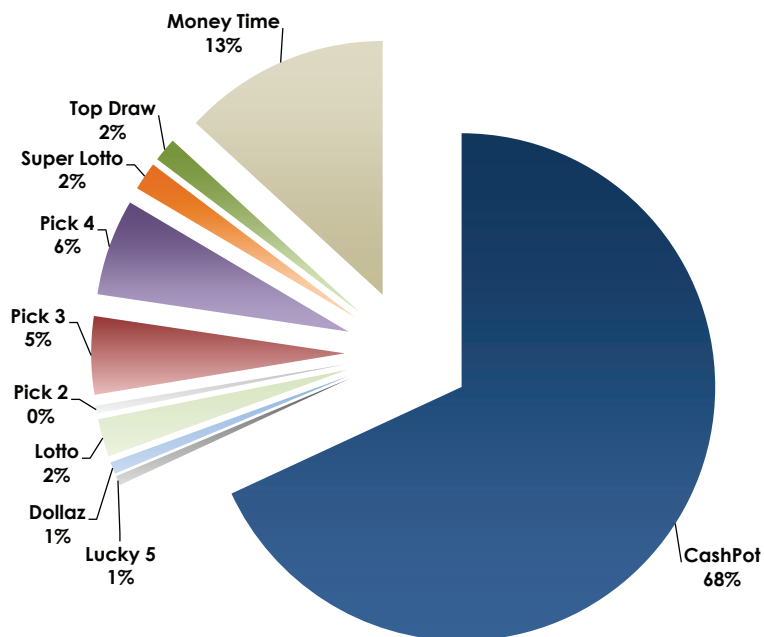
TRENDS IN WEEKLY GROSS REVENUE FYE 2014/2015 TO 2017/2018



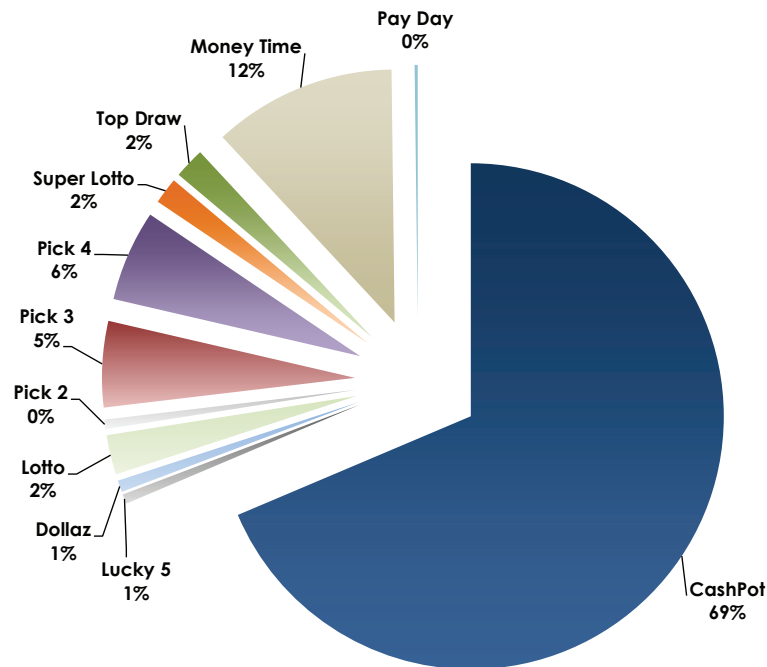
Lottery Game Sales

The Cash Pot lottery game continues to be the market leader, contributing 68% of total sales followed by Money Time (13%), Pick 3 and Pick 4 (5% and 6% respectively), Lotto, Top Draw, and Super Lotto (each at 2%). Only Money Time achieved increased market share.

SHARE OF LOTTERY SALES BY GAME 2017/ 2018



SHARE OF LOTTERY SALES BY GAME 2016/2017



Government Levy and Lottery Tax

Lottery taxes and lottery winnings levy amounted to J\$2.725bn and J\$350m respectively. Lottery taxes and lottery winnings levy increased by 18% and 15% respectively. During the year there were two Super Lotto jackpot winners (Jamaica & Anguilla) of \$117m, while the Lotto jackpot was consistently won during the year.

GOVERNMENT LEVY & LOTTERY TAX

GAMES	Lottery Tax Rates (%)	2017-2018		2016-2017	
		PAYABLE \$	COLLECTED \$	PAYABLE \$	COLLECTED \$
Cash Pot	20%	1,657,327,124	1,662,025,111	1,370,616,774	1,368,144,544
Lucky 5	20%	24,215,665	24,069,140	24,419,204	24,418,626
Pick 2	20%	16,935,500	17,031,672	18,314,816	18,458,580
Pick 3	20%	166,218,232	166,082,610	165,382,026	167,324,330
Pick 4	20%	226,998,980	226,718,228	184,251,108	186,375,356
Super Lotto	25%	92,751,689	93,560,917	77,439,988	76,927,476
Dollaz	25%	35,118,455	35,192,201	31,923,037	32,314,178
Lotto	25%	118,227,168	117,514,716	111,879,588	113,256,024
Money Time	20%	343,723,664	341,086,366	270,509,179	273,838,364
Top Draw	20%	44,227,798	44,338,791	50,679,897	50,816,771
Pay Day	20%	-	-	6,730,520	7,711,120
Sub-total		2,725,744,275	2,727,619,752	2,312,146,136	2,319,585,370
Lottery Winnings Levy (on winnings over \$15,000)		350,381,027	350,468,815.20	305,412,464	310,970,133
TOTAL		3,076,125,302	3,078,088,567	2,617,558,600	2,630,555,503

Contributions to Good Causes

Contributions from all games amounted to J\$1.488bn, an increase of 11% compared to the previous year. Unclaimed prizes decreased by 10.5% compared to 2016/17.

CONTRIBUTION TO GOOD CAUSES

GAMES	CHASE			
	2017-2018		2016-2017	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
	Contribution/Unclaimed Prizes \$	Contribution/Unclaimed Prizes \$	Contribution/Unclaimed Prizes \$	Contribution/Unclaimed Prizes \$
Cash Pot	1,012,665,703	1,011,689,420	920,973,532	903,314,648
Lucky 5	9,001,006	8,936,277	8,290,045	8,199,746
Pick 2	7,511,584	7,565,257	8,106,001	7,977,904
Pick 3	74,170,160	74,383,096	73,784,285	72,595,406
Pick 4	91,347,571	90,696,064	77,920,683	75,951,816
Super Lotto	27,083,491	27,154,542	22,612,471	21,755,659
Dollaz	11,315,764	11,342,436	9,985,556	9,855,351
Lotto	35,960,766	36,403,614	34,030,043	33,040,108
Money Time	196,651,580	193,505,583	157,195,141	155,077,745
Top Draw	22,683,366	22,691,884	26,409,354	26,101,784
Pay Day	-	-	2,612,259	2,896,429
TOTAL	1,488,390,991	1,484,368,173	1,341,919,371	1,316,766,595
Unclaimed Prizes	157,929,265	158,545,805	176,376,803	175,745,396
GRAND TOTAL	1,646,320,256	1,642,913,978	1,518,296,173	1,492,511,991

Lottery Game Fees Payable to BGLC

Total fees payable to BGLC increased by 10.9% compared to prior year. License Fees increased by 3.5%. Grand total collected increased by 9% overall compared to prior year.

BGLC FEES

GAMES	2017-2018		2016-2017	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
	Contribution/Unclaimed Prizes \$	Contribution/Unclaimed Prizes \$	Contribution/Unclaimed Prizes \$	Contribution/Unclaimed Prizes \$
Cash Pot	499,396,784	508,462,044	454,178,727	445,470,227
Lucky 5	4,438,846	4,486,490	4,088,239	4,043,707
Pick 2	3,704,342	3,802,176	3,997,480	3,934,307
Pick 3	36,577,063	37,367,547	36,386,768	35,800,465
Pick 4	45,048,115	45,520,609	38,505,145	37,455,694
Super Lotto	13,356,239	13,642,600	11,151,357	10,728,817
Dollaz	5,580,379	5,705,966	4,924,315	4,860,168
Lotto	17,734,078	18,265,861	16,781,809	16,293,622
Money Time	96,978,859	95,761,726	77,520,890	76,476,690
Top Draw	11,186,321	11,406,226	13,023,790	12,872,111
Pay Day	-	-	1,288,236	1,428,372
TOTAL	734,001,026	744,421,245	661,846,754	649,364,180
Unclaimed Prizes	157,929,266	159,966,699	176,376,818	175,745,396
Licence Fees	48,122,900	48,122,900	46,492,275	46,492,275
GRAND TOTAL	940,053,192	952,510,844	884,715,847	871,601,851

Gaming Sector

Gaming Lounges & Non-gaming Lounges)³

Gaming lounges and non-gaming lounges generated \$110.462bn in sales representing a 0.77% decrease over 2016/17 with a declared gross profit of \$4.827bn. Total Government revenue earned amounted to \$548.45m, a decrease of 3.8%.

Sales totalling \$106.5bn was generated by 12 gaming lounge operators (23 locations island wide) with a declared gross profit of \$4.6bn while sales of \$3.984bn was generated by 16 non-gaming lounge operators (54 locations island-wide) with a declared gross profit of \$201.4m. Gaming lounges average payout was 96%, while non-gaming lounges recorded average payout of 95%.

The declared gross profit contributed by gaming lounges varies depending on the average payout. Although Macau Gaming ranked the highest in sales, Everglades Farm - Monte Carlo continues to contribute the highest in government revenue due to their lower payout ratio. In 2016-17, Vault Gaming ranked the highest in sales, however Everglades Farm - Monte Carlo contributed the highest in government revenue, followed by 100 Vault Gaming and Macau Gaming.

Government revenue totaling \$305.7m was earned primarily in the parish of St. Andrew (63.3%), followed by St. James (25.2%) and St. Ann (7.5%).

TREND IN SALES, PAYOUT AND GROSS PROFITS

SALES	Gaming Lounges	Non - Gaming Lounges	TOTAL SALES
	\$	\$	\$
2017/2018	106,477,779,310	3,984,140,377	110,461,919,687
2016/2017	108,488,715,020	2,829,585,671	111,318,300,691
2015/2016	90,448,615,918	1,422,451,350	91,871,067,268

PAYOUT	Gaming Lounges	Non - Gaming Lounges	TOTAL PAYOUT
	\$	\$	\$
2017/2018	101,852,208,378	3,782,751,522	105,634,959,898
2016/2017	103,568,406,050	2,663,148,949	106,231,554,999
2015/2016	86,380,431,558	1,268,742,828	87,649,174,386

GROSS PROFIT	Gaming Lounges	Non - Gaming Lounges	TOTAL GROSS PROFIT
	\$	\$	\$
2017/2018	4,625,570,933	201,423,832	4,826,994,765
2016/2017	4,920,308,970	166,436,722	5,086,745,692
2015/2016	4,068,184,360	153,708,522	4,221,892,882

³ Revenue from gaming machines/seats is based on slot machine soft meter readings. Slot machines imported in Jamaica which are certified by an International Gaming Laboratory are monitored monthly for such readings in gaming lounges and non-gaming lounges (under 19s).

**TOP TEN (10) RANKING OF GAMING LOUNGES BASED
ON SALES 2017/2018**

#	GAMING LOUNGES	# OF SLOT MACHINES	SALES \$	PAYOUTS \$	DECLARED GROSS PROFIT \$	Payout as a % of Sales	TAJ CONSOLIDATED FUND \$	CHASE \$	BGLC \$	TOTAL GOVERNMENT REVENUE \$
1	Macau Gaming	206	17,250,990,530	16,531,007,024	719,983,506	95.83%	46,798,928	7,199,835	17,999,588	71,998,351
2	Treasure Hunt - Whittier Village	202	15,755,204,007	15,246,152,059	509,051,948	96.77%	33,088,377	5,090,519	12,726,299	50,905,195
3	Monte Carlo	224	14,190,038,974	13,242,435,966	947,603,008	93.32%	61,594,196	9,476,030	23,690,075	94,760,301
4	"100" Vault Gaming	150	13,337,061,545	12,820,294,675	516,766,870	96.13%	33,589,847	5,167,669	12,919,172	51,676,687
5	Mosino	171	10,202,498,616	9,845,470,248	357,028,368	96.50%	23,206,844	3,570,284	8,925,709	35,702,837
6	Acropolis Barbican	199	10,058,204,792	9,679,381,026	378,823,766	96.23%	24,623,545	3,788,238	9,470,594	37,882,377
7	Treasure Hunt - Kgn	132	8,844,276,574	8,565,742,912	278,533,663	96.85%	18,104,688	2,785,337	6,963,342	27,853,366
8	Reno Gaming	147	7,396,866,976	7,108,682,380	288,184,596	96.10%	18,731,999	2,881,846	7,204,615	28,818,460
9	Vegas - Bogue	79	3,119,872,723	2,998,075,486	121,797,238	96.10%	7,916,820	1,217,972	3,044,931	12,179,724
10	Vegas - Kgn	50	1,301,789,751	1,214,668,186	87,121,564	93.31%	5,662,902	871,216	2,178,039	8,712,156

Gaming Lounges Within & Outside Hotels in the Exclusive Geographic Area (EGA)

There are ten (10) gaming lounges located within hotels in the parishes of St. James (6), Hanover (2) and St. Ann (2). Nine of the ten gaming lounges in hotels have fewer than fifty (50) gaming seats even though the maximum permitted is seventy (70).

Non-gaming lounges (under 19s) located in hotels totaled four (4) as follows: St. Ann (1), Hanover (1) and Westmoreland (2). Physical expansion to the maximum seats will require negotiation with the hotels management as the current physical spaces observed would not accommodate the maximum allowed seats.

GAMING LOUNGES WITHIN & OUTSIDE HOTELS IN THE EGA 2017/2018

GAMING LOUNGES IN THE EXCLUSIVE GEOGRAPHICAL AREA (EGA) OUTSIDE HOTELS			
LICENSEE	PARISH	GAMING LOUNGE	# of Seats
Everglades Farm	St. James	Vegas - Bogue	79
Yahman Technology	St. James	Treasure Hunt - Whitter Village	202
Smws Games Limited	St. James	Mosino	171
Premium Landmark	St. Ann	Reno Gaming	147
GAMING LOUNGES IN THE EXCLUSIVE GEOGRAPHICAL AREA (EGA) WITHIN HOTELS			
LICENSEE	PARISH	GAMING LOUNGE	# of Seats
Onisac Gaming Limited (Christopher Bowen)	St. Ann	Bahia Principe	46
Worldwide Concepts (Christopher Bowen)	St. Ann	Riu Ocho Rios	40
	Hanover	Riu Tropical Bay	21
	Hanover	Grand Palladium	55
	St. James	Riu Club - Montego Bay	34
	St. James	Sunscape Splash	39
Jay Vegas Limited	St. James	Holiday Inn	21
	St. James	Iberostar Suite Resort	26

**SUMMARY OF GAMING SECTOR GROSS PROFIT, LEVY,
CONTRIBUTION & FEES 2017/2018**

	TAJ CONSOLIDATED FUND		CHASE		BGLC		TOTAL	
	Payable \$	Paid \$	Payable \$	Paid \$	Payable \$	Paid \$	Payable \$	Paid \$
Gross Profit Levy:	6.5%		1%		2.5%			
Gaming Lounges	300,662,111	305,114,245	46,255,709	46,583,135	115,639,273	118,828,600	462,557,093	470,525,980
Under 19 Machine Operators	13,092,603	11,754,741	2,014,248	1,615,224	5,035,617	4,458,532	20,142,467	17,828,497
TOTAL	313,754,714	316,868,986	48,269,957	48,198,359	120,674,890	123,287,132	482,699,560	488,354,477
Gaming Machine Levies & Fees	27,032,250	27,032,250			38,723,250	38,723,250	65,755,500	65,755,500
GRAND TOTAL	340,786,964	343,901,236	48,269,957	48,198,359	159,398,140	162,010,382	548,455,060	554,109,977

SUMMARY OF REVENUE - BY PARISH 2017/2018

Rank	PARISHES	GAMING LOUNGES				NON GAMING LOUNGES				GRAND TOTAL			
		# of Gaming Machines/ Seats	DECLARED GROSS PROFIT \$	TOTAL GOVERNMENT REVENUE \$	% Share of Total	# of Gaming Machines/ Seats	DECLARED GROSS PROFIT \$	TOTAL GOVERNMENT REVENUE \$	% Share of Total	# of Gaming Machines/ Seats	DECLARED GROSS PROFIT \$	TOTAL GOVERNMENT REVENUE \$	% Share of Total
1	St. Andrew	1018	2,989,927,639	298,992,764	64.64%	96	67,452,248	6,745,225	33.49%	1114	3,057,379,887	305,737,989	63.34%
2	St. James	626	1,175,873,760	117,587,376	25.42%	36	39,894,713	3,989,471	19.81%	662	1,215,768,473	121,576,847	25.19%
3	St. Ann	233	362,823,607	36,282,361	7.84%	2	101,466	10,147	0.05%	235	362,925,073	36,292,508	7.52%
4	Hanover	76	81,101,813	8,110,181	1.75%	76	30,924,430	3,092,443	15.35%	152	112,026,243	11,202,625	2.32%
5	St Catherine	46	15,844,115	1,584,412	0.34%	58	9,235,973	923,679	4.59%	104	25,080,088	2,508,091	0.52%
6	Westmoreland					105	36,828,848	3,682,884	18.28%	105	36,828,848	3,682,884	0.76%
7	St. Mary					31	10,407,755	1,040,776	5.17%	31	10,407,755	1,040,776	0.22%
8	Manchester					14	138,600	13,860	0.07%	14	138,600	13,860	0.00%
9	Kingston					26	4,536,031	453,603	2.25%	26	4,536,031	453,603	0.09%
10	Portland					9	1,256,252	125,625	0.62%	9	1,256,252	125,625	0.03%
11	Clarendon					6	642,746	64,275	0.32%	6	642,746	64,275	0.01%
12	St. Thomas					5	4,770	477	0.00%	5	4,770	477	0.00%
	Total	1999	4,625,570,933	462,557,093	100.00%	464	201,423,832	20,142,465	100.00%	2463	4,826,994,765	482,699,558	100.00%

PERFORMANCE OF GAMING LOUNGES - BY PARISH 2017/2018

GROSS PROFIT LEVY & CONTRIBUTION										
#	GAMING LOUNGES	# OF SLOT MACHINES OPERATED	SALES \$	PAYOUT \$	DECLARED GROSS PROFIT \$	Payout as a % of Sales	Consolidated Fund \$	TAJ CHASE \$	BGLC \$	TOTAL GOVERNMENT REVENUE \$
ST. ANDREW										
1	Christelles	49	735,145,346	677,660,987	57,484,359	92.18%	6.5%	1.0%	2.5%	10.0%
2	Monte Carlo	224	14,190,038,974	13,242,435,966	947,603,008	93.32%	61,594,196	574,844	1,437,109	5,748,436
3	Vegas - Kgn	50	1,301,789,751	1,214,648,186	87,121,564	93.31%	5,662,902	871,216	2,178,039	8,712,156
4	Macau Gaming	206	17,250,990,530	16,531,007,024	719,983,506	95.83%	46,798,928	7,199,835	17,999,588	71,998,351
5	Acropolis Barbican	199	10,058,204,792	9,679,381,026	378,823,766	96.23%	24,623,545	3,788,238	9,470,594	37,882,377
6	Acropolis Cross Roads	8	73,014,537	69,403,634	3,610,903	95.05%	234,709	36,109	90,273	361,090
7	Treasure Hunt - Kgn	132	8,844,276,574	8,565,742,912	278,533,663	96.85%	18,104,688	2,785,337	6,963,342	27,853,366
8	"100" Vault Gaming	150	13,337,061,545	12,820,294,675	516,766,870	96.13%	33,589,847	5,167,669	12,919,172	51,676,687
TOTAL		1018	65,790,522,049	62,800,594,410	2,989,927,639	95.46%	194,345,297	29,899,276	74,748,191	298,992,764
ST. CATHERINE										
9	Rajmaville	46	170,665,139	154,821,024	15,844,115	90.72%	1,029,867	158,441	396,103	1,584,412
TOTAL		46	170,665,139	154,821,024	15,844,115	90.72%	1,029,867	158,441	396,103	1,584,412
ST. ANN										
10	Reno Gaming	147	7,396,866,976	7,108,682,380	288,184,596	96.10%	18,731,999	2,881,846	7,204,615	28,818,460
11	Bahia Principe	46	503,931,314	462,974,686	40,956,628	91.87%	2,662,181	409,566	1,023,916	4,095,663
12	Riu Ocho Rios	40	343,173,026	309,490,643	33,682,383	90.19%	2,189,355	336,824	842,060	3,368,238
TOTAL		233	8,243,971,316	7,881,147,709	362,823,607	95.60%	23,583,534	3,628,236	9,070,590	36,282,361
ST. JAMES										
13	Vegas - Bogue	79	3,119,872,723	2,998,075,486	121,797,238	96.10%	7,916,820	1,217,972	3,044,931	12,179,724
14	Treasure Hunt - Whittier Village	202	15,755,204,007	15,246,152,059	509,051,948	96.77%	33,088,377	5,090,519	12,726,299	50,905,195
15	Mosho	171	10,202,498,616	9,845,470,248	357,028,368	96.50%	23,206,844	3,570,284	8,925,709	35,702,837
16	Riu Club - Montego Bay	34	472,978,325	430,151,839	42,826,485	90.95%	2,783,722	428,265	1,070,662	4,282,649
17	Sunscape Splash	39	440,634,557	406,484,609	34,149,948	92.25%	2,219,747	341,499	853,749	3,414,995
18	Holiday Inn	21	243,638,532	219,607,089	24,031,443	90.14%	1,562,044	240,314	600,786	2,403,144
19	Iberostar Suite Resort	26	463,231,582	426,925,141	36,306,441	92.16%	2,359,919	363,064	907,661	3,630,644
20	Iberostar Beach Resort	21	74,866,602	67,320,533	7,546,069	89.92%	490,494	75,461	188,652	754,607
21	Secrets	33	664,447,106	621,311,288	43,135,819	93.51%	2,803,828	431,358	1,078,395	4,313,582
TOTAL		626	31,437,372,052	30,261,498,292	1,175,873,760	96.26%	76,431,794	11,758,738	29,396,844	117,587,376
HANOVER										
22	Riu Tropical Bay	21	107,439,113	96,318,867	11,120,246	89.65%	722,816	111,202	278,006	1,112,025
23	Grand Palladium	55	727,809,642	657,828,075	69,981,567	90.38%	4,548,802	699,816	1,749,539	6,998,157
TOTAL		76	835,248,755	754,146,942	81,101,813	90.29%	5,271,618	811,018	2,027,545	8,110,181
GRAND TOTAL		1999	106,477,779,310	101,852,208,378	4,625,570,933	95.66%	300,662,111	46,255,709	115,639,273	462,557,093

PERFORMANCE OF NON-GAMING LOUNGES - BY PARISH 2017/2018

NON-GAMING LOUNGES	# OF SLOT MACHINES OPERATED	SALES	PAYOUT	DECLARED GROSS PROFIT	Payout as a % of Sales	GROSS PROFIT LEVY & CONTRIBUTION			
						TAJ		BGLC 2.5%	TOTAL GOVERNMENT REVENUE 10.0%
						Consolidated Fund 6.5%	CHASE 1.0%		
		\$	\$	\$	\$	\$	\$	\$	\$
ST. ANDREW									
1 Lotto Super Store	15	124,861,280	112,133,360	12,727,920	89.81%	827,315	127,279	318,198	1,272,792
2 Guinness Basement Pub	7	23,818,260	21,451,430	2,366,830	90.06%	153,844	23,668	59,171	236,683
3 Uptown Pub	14	55,457,250	49,529,320	5,927,930	89.31%	385,315	59,279	148,198	592,793
5 Ice Jamaica - Sisel Sports Betting	9	555,778,163	541,063,011	14,715,152	97.35%	956,485	147,152	367,879	1,471,515
6 Ice Jamaica - Cross Roads	13	899,460,009	875,182,315	24,277,694	97.30%	1,578,050	242,777	606,942	2,427,769
7 Silver Top Tavern	6	27,239,815	23,277,280	3,962,535	85.45%	257,565	39,625	99,063	396,254
8 Ramdeen's Bar	7	32,403,580	29,207,020	3,196,560	90.14%	207,776	31,966	79,914	319,656
9 Ice Jamaica - Calypso Hide Out	5	6,742,166	6,619,789	122,377	98.18%	7,955	1,224	3,059	12,238
10 Ice Jamaica - Mystic	5	5,946,676	5,819,554	127,122	97.86%	8,263	1,271	3,178	12,712
11 Ice Jamaica Triple K OTB	5	93,225	70,542	22,683	75.67%	1,474	227	567	2,268
12 Ice Jamaica - Yap's Wholesale	10	323,926	318,481	5,445	98.32%	354	54	136	545
TOTAL	96	1,732,124,350	1,664,672,102	67,452,248	96.11%	4,384,396	674,522	1,686,306	6,745,225
ST. CATHERINE									
13 Super Gaming Store	11	18,376,530	16,369,150	2,007,380	89.08%	130,480	20,074	50,185	200,738
14 Ice Jamaica - Regional Office Spanish Town		194,669,966	189,318,830	5,351,136	97.25%	347,824	53,511	133,778	535,114
15 Ice Jamaica - Goodie Promotions	5	6,588,099	6,388,174	199,925	96.97%	12,995	1,999	4,998	19,993
16 Ice Jamaica - Willowdene Bar	5	462,980	463,799	-819	100.18%	0	0	0	0
17 Ice Jamaica - JJ Mobile & Phone	5	35,722,503	34,569,051	1,153,452	96.77%	74,974	11,535	28,836	115,345
18 Ice Jamaica - Gutter's Lotto	5	1,809,307	1,779,652	29,655	98.36%	1,928	297	741	2,966
19 Ice Jamaica - Pathfinder Bar	5	8,574,044	8,172,306	401,738	95.31%	26,113	4,017	10,043	40,174
20 Ice Jamaica - Caymanas	16	2,916,172	2,822,666	93,506	96.79%	6,078	935	2,338	9,351
TOTAL	58	269,119,601	259,883,628	9,235,973	96.57%	600,391	92,368	230,920	923,679
ST. JAMES									
21 B-Games & Bar	7	126,984,946	114,997,996	11,986,950	90.56%	779,152	119,870	299,674	1,198,695
22 T & B Games Room	5	31,128,504	26,906,026	4,222,478	86.44%	274,461	42,225	105,562	422,248
23 Game Time	19	293,532,000	274,854,000	18,678,000	93.64%	1,214,070	186,780	466,950	1,867,800
24 Acropolis Regional Office Montego Bay	5	153,975,226	148,967,941	5,007,285	96.75%	325,474	50,073	125,182	500,729
TOTAL	36	605,620,676	565,725,963	39,894,713	93.41%	2,593,156	398,947	997,368	3,989,471
HANOVER									
25 Lava Lounge	14	147,274,919	132,511,750	14,763,169	89.98%	959,606	147,632	369,079	1,476,317
26 Lucky 8 Games Room	16	101,549,626	91,974,827	9,574,799	90.57%	622,362	95,748	239,370	957,480
27 Shauna's Pub	10	10,973,930	9,397,130	1,576,800	85.63%	102,492	15,768	39,420	157,680
28 Evan's Bar	5	5,327,690	4,732,870	594,820	88.84%	38,663	5,948	14,871	59,482
29 Upper Deck Games Hall	5	4,580,245	4,194,930	385,315	91.59%	25,045	3,853	9,633	38,532
30 Central Gaming & Bar	5	20,069,320	17,977,470	2,091,850	89.58%	135,970	20,919	52,296	209,185
31 Frontline	5	17,011,740	15,171,950	1,839,790	89.19%	119,586	18,398	45,995	183,979
32 Hedonism II	16	2,158,445	2,095,534	63,911	97.09%	6,363	979	2,447	9,789
TOTAL	76	308,945,915	278,056,461	30,924,430	90.00%	2,010,088	309,244	773,111	3,092,443
WESTMORELAND									
33 Paradise Gaming	16	86,578,820	79,120,483	7,458,337	91.39%	484,792	74,583	186,458	745,834
34 P & M Sports Bar	8	193,557,890	187,175,750	6,382,140	96.70%	414,839	63,821	159,554	638,214
35 Crazy 8	18	77,499,535	71,888,730	5,610,805	92.76%	364,702	56,108	140,270	561,081
36 Fire & Ice Sports Bar	6	310	140	170	45.16%	11	2	4	17
37 Joy's Beer Joint	9	9,283,724	8,200,396	1,083,328	88.33%	70,416	10,833	27,083	108,333
38 Skippy Events	9	2,277,480	1,997,288	280,192	87.70%	18,212	2,802	7,005	28,019
39 ICE JA - Prime Sports Regional Office - Sav	8	362,591,694	353,161,356	9,430,338	97.40%	612,972	94,303	235,758	943,034
40 Ocean View Restaurant & Bar	5	278,890	210,590	68,300	75.51%	4,440	683	1,708	6,830
41 Couples Negril	8	34,780,394	31,110,831	3,669,563	89.45%	238,522	36,696	91,739	366,956
42 Couples Swept Away	18	48,055,131	45,209,457	2,845,675	94.08%	184,969	28,457	71,142	284,567
TOTAL	105	814,903,868	778,075,021	36,828,848	95.48%	2,393,876	368,289	920,721	3,682,884
ST. MARY									
43 Purple Rock - Las Vegas	14	36,195,890	33,095,955	3,099,935	91.44%	201,496	30,999	77,498	309,994
44 Purple Rock Gaming	17	86,630,400	79,322,580	7,307,820	91.56%	475,008	73,078	182,696	730,782
TOTAL	31	122,826,290	112,418,535	10,407,755	91.53%	676,504	104,078	260,194	1,040,776
PORTLAND									
45 Irie Vibes Sports Bar	4	7,539,450	6,415,570	1,123,880	85.09%	73,052	11,239	28,097	112,388
46 Ice Jamaica - Zion Hill Lotto	5	1,929,572	1,797,200	132,372	93.14%	8,604	1,324	3,309	13,237
TOTAL	9	9,469,022	8,212,770	1,256,252	86.73%	81,656	12,563	31,406	125,625
KINGSTON									
47 Turkey's Hang Out	9	10,799,610	9,721,405	1,078,205	90.02%	70,083	10,782	26,955	107,821
48 Ice Jamaica - Tower Gaming	7	75,454,886	72,630,217	2,824,669	96.26%	183,603	28,247	70,617	282,467
49 Ice Jamaica - Jus Kool Games	5	14,705,313	14,222,739	482,574	96.72%	31,367	4,826	12,064	48,257
50 Ice Jamaica - Prince Financial	5	3,184,776	3,034,193	150,583	95.27%	9,788	1,506	3,765	15,058
TOTAL	26	104,144,585	99,608,554	4,536,031	95.64%	294,842	45,360	113,401	453,603
CLARENDON									
51 Ice Jamaica - May Pen	6	15,386,969	14,744,223	642,746	95.82%	41,778	6,427	16,069	64,275
TOTAL	6	15,386,969	14,744,223	642,746	95.82%	41,778	6,427	16,069	64,275
MANCHESTER									
52 Super Lotto Store	14	1,280,260	1,141,660	138,600	89.17%	9,009	1,386	3,465	13,860
TOTAL	14	1,280,260	1,141,660	138,600	89.17%	9,009	1,386	3,465	13,860
ST. THOMAS									
53 Ice Jamaica - Poor Man's Lotto	5	96,221	91,451	4,770	95.04%	310	48	119	477
TOTAL	5	96,221	91,451	4,770	95.04%	310	48	119	477
ST. ANN									
54 Rooms on the Beach	2	222,620	121,154	101,466	54.42%	6,595	1,015	2,537	10,147
TOTAL	2	222,620	121,154	101,466	54.42%	6,595	1,015	2,537	10,147
GRAND TOTAL	464	3,984,140,377	3,782,751,522	201,423,832	94.95%	13,092,603	2,014,248	5,035,617	20,142,465

PERFORMANCE OF GAMING LOUNGE OPERATORS - BY LICENSEE 2017/2018

LICENSEE	# OF SLOT MACHINES OPERATED	SALES \$	PAYOUT \$	DECLARED GROSS PROFIT \$	Payout as a % of Sales	Consolidated Fund \$	CHASE \$	BGLC \$	TOTAL GOVERNMENT REVENUE \$
12 Gaming Machine Operators with 24 Gaming Lounge locations Islandwide									
1 Everglades Farms Limited	402	19,346,846,794	18,132,840,625	1,214,006,169	94%	78,910,401	12,140,062	30,350,154	121,400,617
2 Liguanea Lane Pharmacy	132	8,844,276,574	8,565,742,912	278,533,663	97%	18,104,688	2,785,337	6,963,342	27,853,366
3 SMWS Games Limited - Masina	171	10,202,498,616	9,845,470,248	357,028,368	97%	23,206,844	3,570,284	8,925,709	35,702,837
4 Macau Enterprises Limited - Macau	206	17,250,990,530	16,531,007,024	719,983,506	96%	46,798,928	7,199,835	17,999,588	71,998,351
5 Premium Landmarks Limited - Reno Gaming	147	7,396,866,976	7,108,682,380	288,184,596	96%	18,731,999	2,881,846	7,204,615	28,818,460
6 Worldwide Concept International Limited	189	2,092,034,662	1,900,274,033	191,760,629	91%	12,464,441	1,917,606	4,794,016	19,176,063
7 Onisac Gaming Limited	46	503,931,314	462,974,686	40,956,628	92%	2,662,181	409,566	1,023,916	4,095,663
8 Joy Vegas Limited	101	1,446,183,823	1,335,164,051	111,019,772	92%	7,216,285	1,110,198	2,775,494	11,101,977
9 Sizzling Slots Limited	150	13,337,061,545	12,820,294,675	516,766,870	96%	33,589,847	5,167,669	12,919,172	51,676,687
10 Prime Sports Jamaica Limited - Acropolis Barbican & Cross Roads	207	10,131,219,329	9,748,784,661	382,434,669	96%	24,858,253	3,824,347	9,560,867	38,243,467
11 Yahman Technology Limited	202	15,755,204,007	15,246,152,059	509,051,948	97%	33,088,377	5,090,519	12,726,299	50,905,195
12 Karen Maragh - Rojnaville	46	170,665,139	154,821,024	15,844,115	91%	1,029,867	158,441	396,103	1,584,412
GRAND TOTAL	1999	106,477,779,310	101,852,208,378	4,625,570,933	96%	300,662,111	46,255,709	115,639,273	462,557,093

PERFORMANCE OF NON-GAMING LOUNGE OPERATORS - BY LICENSEE 2017/2018

LICENSEE	# OF SLOT MACHINES OPERATED	SALES \$	PAYOUT \$	DECLARED GROSS PROFIT \$	Payout as a % of Sales	Consolidated Fund \$	CHASE \$	BGLC \$	TOTAL GOVERNMENT REVENUE \$
16 Gaming Machine Operators with 54 locations islandwide									
1 ICE Jamaica Limited	135	2,192,436,667	2,132,269,549	60,167,118	97.3%	3,910,916	601,679	1,504,198	6,016,794
2 Cornel Davis	122	442,325,184	401,175,864	41,149,320	90.7%	2,674,706	411,493	1,028,733	4,114,932
3 Barington Fray	19	293,532,000	274,854,000	18,678,000	93.6%	1,214,070	186,780	466,950	1,867,800
4 Barbara Barrett	12	158,113,450	141,904,022	16,209,428	89.7%	1,053,613	162,094	405,236	1,620,943
5 Billy's Entertainment- Robert Clarke	30	150,777,260	134,918,080	15,859,180	89.5%	1,030,847	158,592	396,480	1,585,918
6 Peter Wright	29	272,833,400	258,156,500	14,676,900	94.6%	953,999	146,769	366,923	1,467,690
7 Andrew Davis	31	122,826,290	112,418,535	10,407,755	91.5%	676,504	104,078	260,194	1,040,776
8 Acropolis Regional Office Montego Bay	5	153,975,226	148,967,941	5,007,285	96.7%	325,474	50,073	125,182	500,729
9 Christopher Frazer	15	41,661,305	37,344,350	4,316,955	89.6%	280,602	43,170	107,924	431,696
10 Silver Top Tavern	6	27,239,815	23,277,280	3,962,535	85.5%	257,565	39,625	99,063	396,254
11 Ramdeen's Bar	7	32,403,580	29,207,020	3,196,560	90.1%	207,776	31,966	79,914	319,656
12 Turkey's Hang Out	9	10,799,610	9,721,405	1,078,205	90.0%	70,083	10,782	26,955	107,821
13 Rooms on the Beach	2	222,620	121,154	101,466	54.4%	6,595	1,015	2,537	10,147
14 Hedonism II	16	2,158,445	2,095,534	97,887	97.1%	6,363	979	2,447	9,789
15 Couples Negril	8	34,780,394	31,110,831	3,669,563	89.4%	238,522	36,696	91,739	366,956
16 Couples Swept Away	18	48,055,131	45,209,457	2,845,675	94.1%	184,969	28,457	71,142	284,567
GRAND TOTAL	464	3,984,140,377	3,782,751,522	201,423,832	94.3%	13,092,603	2,014,248	5,035,617	20,142,465

Divisional Reports





Licensing & Registration



The Licensing & Registration Division (L&R Division) represents the primary point of contact for customers visiting the Commission and this is the primary driving force behind members of the division consistently displaying a commitment to providing friendly and efficient service to our customers. The primary functions of the division include:

- Accepting, assessing and determining applications in accordance with the Betting Gaming & Lotteries Act and Regulations;
- Developing and implementing licensing policies consistent with Government of Jamaica's objectives;
- Providing recommendations for legislative changes to enhance the mandate of the Commission;
- Liaising with the Compliance & Regulatory, Enforcement and Legal Services Divisions on matters that impact all 3 divisions; and
- Maintaining international links with Gaming Regulators globally to enable exchange of information on betting, gaming and lotteries trends.

The division's primary objective during the 2017/18 fiscal year, was the introduction of a licensing regime for Technical Service Providers. Against this background, the Commission had a number of engagements with individuals who had expressed interest in becoming Technical Service Providers. These engagements led to adjustments to the Conditions of Licence and for the next fiscal year it is anticipated that at least 10 companies will be licensed as Technical Service Providers. The licensing of Technical Service Providers marks the first step in strategically tackling the proliferation of unlicensed gaming machines across the local landscape.

Gaming Sector

A total of 7,698 gaming machines were licensed during the period, this represents an approximate 6% increase over the 7,279 gaming machines that were licensed during the 2016/17 fiscal year. Four thousand nine hundred and fifty-five (4,955) or 64% of the machines were licensed in the local non-gaming lounge category while the remainder of 2,743 (36%) were licensed in the gaming lounges. During the previous fiscal year, 35% of the machines licensed were in the gaming lounge category while 65% were in the local non-gaming lounge category.

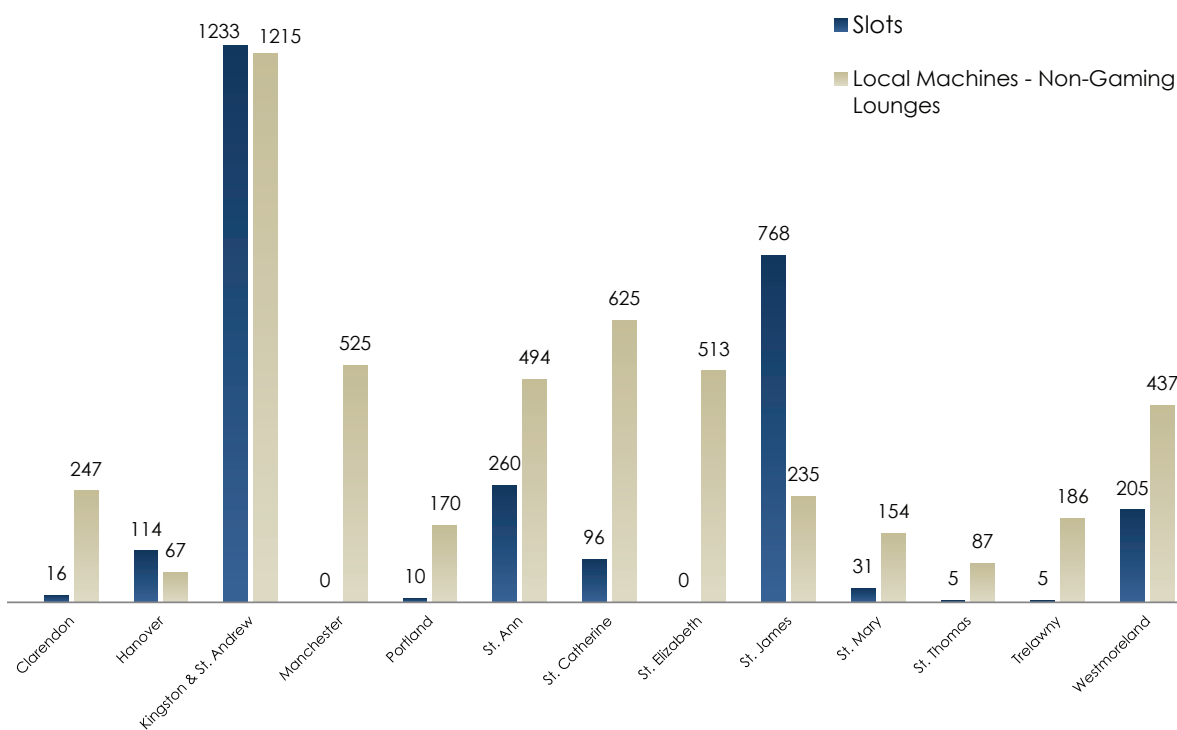
With the licensing regime for Technical Service Providers now completed, the next critical step is to introduce Technical Standards and Conditions for local machines.

The Kingston & St. Andrew region continues to account for the greatest number of machines licensed during the period with 32%. while St. Thomas accounted for the least with just 1%. Table 1A and 1B show a breakdown of the number of machines licensed by parish and the types of machines licensed for the 2017/18 period.

TABLE 1A
GAMING MACHINES LICENSED BY PARISH 2017/2018

Parish	Gaming Lounges	Slots Non-Gaming	Total Slots	Local Machines Non-Gaming Lounges	Grand Total	%
Clarendon	0	16	16	247	263	3%
Hanover	55	59	114	67	181	2%
Kingston & St. Andrew	1063	170	1233	1215	2448	32%
Manchester	0	0	0	525	525	7%
Portland	0	10	10	170	180	2%
St. Ann	242	18	260	494	754	10%
St. Catherine	46	50	96	625	721	9%
St. Elizabeth	0	0	0	513	513	7%
St. James	727	41	768	235	1003	13%
St. Mary	0	31	31	154	185	2%
St. Thomas	0	5	5	87	92	1%
Trelawny	0	5	5	186	191	2%
Westmoreland	89	116	205	437	642	8%
Total	2222	521	2743	4955	7698	100%
Percentage of Total	29%	7%	36%	64%		

TABLE 1B:
TYPES OF GAMING MACHINES LICENSED BY PARISH 2017/2018



Fees & Levies

Total fees and levies paid by gaming machine operators was \$65.75M, a 6% increase over the \$62.07M collected during the corresponding period last year. Of this amount, \$26.28M was paid to Tax Administration Jamaica (TAJ), while the remaining \$38.71M was paid to the Commission. Table 2 outlines the Gaming Machine Fees & Levies collected for the current period.

**TABLE 2: GAMING MACHINE FEES & LEVIES COLLECTED
2017/2018**

Type of Lounge	No. of Machines		BGLC		TAJ			Total Revenue \$
	Slots	Local	Gaming Machine Fee Disc Fee \$	Prescribed Premises Fee \$	Gaming Machine Levy \$	Prescribed Premises Levy \$	Penalty \$	
Gaming Lounges	2222	-	11,089,000.00	25,000.00	-	57,500.00	-	11,171,500.00
Non-Gaming Lounges (19 & Under)	521	4955	26,760,000.00	849,250.00	24,314,250.00	2,113,000.00	547,500.00	54,584,000.00
TOTAL	2743	4955	37,849,000.00	874,250.00	24,314,250.00	2,170,500.00	547,500.00	65,755,500.00

Betting Sector

Bookmakers

Applications for renewal of permits and associated licences for the 2017/2018 fiscal year were submitted by eight (8) Bookmakers; Prime Sports Jamaica Limited, Post to Post Betting Limited, Jamozzie Investments Limited (t/a BetChris), Ideal Betting Company Limited, Island Sizzling Tech (Ja.) Limited (t/a Island Bet), Summit Betting Company, Capital Betting & Wagering Limited and Olympic Sports Data Services.

Total fees collected from the Bookmakers was \$7.25M, a 6% increase over the \$6.84M collected during the previous fiscal year. Table 3 provides a breakdown of the Bookmakers' licensing fees collected during the period.

**TABLE 3: BOOKMAKER LICENSING FEES COLLECTED
2017/2018**

Bookmakers	Permit Fees \$	Agency Fees \$	Betting Office Fees \$	Betting Lounge Fees Paid \$	Sports Betting Outlet Fees \$	Betwriter Fees \$	Total \$
Capital Betting & Wagering Ltd	200,000	100,000	120,000	-	-	32,000	452,000
Ideal Betting Co. Ltd.	200,000	140,000	140,000	-	-	32,000	512,000
Island Sizzling Tech (Ja.) Ltd.	200,000	10,000	-	30,000	-	12,000	252,000
Jamozzie Investments Ltd.	200,000	-	-	45,000	-	12,000	257,000
Olympic Sports Data Services Ltd.	-	-	-	-	-	-	-
Post to Post Betting Limited	200,000	920,000	480,000	1,185,000	-	504,000	3,289,000
Prime Sport (Jamaica) Ltd.	200,000	615,000	90,000	390,000	78,475	244,000	1,617,475
*Summit Betting Company Limited	200,000	-	-	300,000	-	372,000	872,000
TOTAL	1,400,000	1,785,000	830,000	1,950,000	78,475	1,208,000	7,251,475

*Did not operate

The decline in traditional brick and mortar betting offices and lounges continued as only 194 locations were operated during the period, a 17% decline when compared to the 233 betting offices and lounges that were operational for the fiscal year 2016/2017.

The data for FY 2017/2018 showed the highest concentration of betting locations in Kingston & St. Andrew and St. Catherine, a trend which continues from previous years. St. Thomas, St. Mary, and Hanover recorded the fewest number of licensed locations; Table 4 illustrates the betting locations by parish.

**TABLE 4: BETTING LOCATIONS BY PARISH
2017/2018**

Parish	Capital Betting & Wagering Ltd.	Ideal Betting Co. Ltd.	Island Sizzling Tech (Ja.) Ltd.	Jamozzie Investments Ltd.	Olympic Sports Data Services Ltd.	Prime Sports (Ja.) Ltd.	Post to Post Betting Ltd.	*Summit Betting Company Ltd.	TOTAL
Kingston & St. Andrew	6	4	1	1		58	17	9	96
Clarendon	3					1	1	1	6
Hanover						2			2
Manchester		1				3	4	1	9
Portland	1					2		1	4
St. Ann		4				4		1	9
St. Catherine		5				17	9	4	35
St. Elizabeth						3		1	4
St. James			1	1	1	8	4	1	16
St. Mary						2			2
St. Thomas						2			2
Trelawny	1					4			5
Westmoreland	1					2		1	4
TOTAL	12	14	2	2	1	108	35	20	194

Racing Promoter

With the divestment of the track now completed, the new promoter, Supreme Ventures Racing & Entertainment Limited (SVREL) has paid fees totaling \$2,690,000 during the period. No fees were paid by the previous promoter during 2016/17.

SVREL operated a total of 72 Off Track Betting Parlours during 2017/2018, a 9% increase when compared to the 66 OTBs that were operated during the previous year. Table 5 gives a breakdown of the fees paid by the racing promoter.

**TABLE 5: RACING PROMOTER FEES COLLECTED
2017/2018**

Company	Track Betting Licence Fee \$	Racing Promoter Terminal Operator Fee \$	OTB Parlour Licence Fee \$	OTB Operator Licence Fee \$	OTB Terminal Operator Licence Fee \$	Total Amount \$
Supreme Ventures Racing & Entertainment Limited	500,000.00	72,000.00	1,110,000.00	660,000.00	348,000.00	2,690,000.00

Lottery Sector

This sector continues to operate with only two licensed entities - Supreme Ventures Limited (SVL) and Goodwill Gaming Enterprises Limited (GGEL), with the latter not yet operational.

Licensing fees collected for the conduct of seventeen (17) lottery games totaled \$40.8M, which is the same amount collected for the conduct of a similar number of games during 2016/2017. Both the number of lottery outlets and agents showed significant increases over the 2017/18 period, with the number of locations increasing by 42% to 1,612, up from 1,137 in 2016/17 and the number of Agents increasing by 25% to 1,116, up from 894 in the previous year. These significant increases are due to Goodwill Gaming Enterprises Limited pre-operational activities.

Fees totaling \$5.58M were collected for the 1,116 agents, a 25% increase over the \$4.47M collected for the 894 lottery agents last year. Fees for the 1,612 lottery sales outlets amounted to \$1.73M, a 42% increase over the \$1.22M collected for the 1,137 lottery sales outlets in 2016/17.

Table 6A gives a breakdown of fees collected from this sector, while Table 6B illustrates the number of lottery outlets in each parish.

**TABLE 6A: BREAKDOWN OF FEES FOR LOTTERY SECTOR
2017/2018**

Name of Lottery Company	No. of Games	Licence Fee (\$)	Head Office / Regional Office fee	No. of Lottery Agents	Lottery Agents Fee (\$)	# of Lottery Sales Outlets	Lottery Sales Outlets Fee (\$)	Total Revenue (\$)	TAJ Premises Levy (\$)
Supreme Ventures Limited	14	33,600,000.00		928	4,640,000.00	1,184	1,272,800.00	39,512,800	2,960,000.00
Goodwill Gaming Limited*	3	7,200,000.00	10,000.00	188	940,000.00	428	460,100.00	8,610,100	892,500.00
TOTAL	17	40,800,000.00	10,000.00	1,116	5,580,000.00	1,612	1,732,900	48,122,900	3,852,500.00

*Did not operate

**TABLE 6B: LOTTERY OUTLETS BY PARISH
2017/2018**

Parish	SVL	GGEL	TOTAL
Kingston & St. Andrew	307	139	446
Clarendon	83	40	123
Hanover	34	6	40
Manchester	82	32	114
Portland	27	7	34
St. Ann	74	13	87
St. Catherine	214	57	271
St. Elizabeth	67	53	120
St. James	102	32	134
St. Mary	40	9	49
St. Thomas	32	6	38
Trelawny	39	6	45
Westmoreland	83	28	111
TOTAL	1,184	428	1,612

Charitable Lottery/Bingo

Further to preliminary discussions held between the Ministry of Justice and the Commission in 2016, a final decision was taken for the Commission to take responsibility for granting approvals for Charitable Lottery/Bingo pursuant to Section 51 of the BGLA. The Licensing & Registration Division, having developed the Standard Operating Procedure, Guidelines and Policy regarding Charitable Lottery/Bingo commenced processing applications in July 2017. The Licensing & Registration Division is only responsible for processing applications and makes recommendations to the Minister of Finance and the Public Service for approval.

The Division received 9 applications during the period and 5 were subsequently approved. Fees totaling \$50,000.00 were collected from the 5 approved Charitable Lotteries.

Prize Competitions

Fiscal year 2017/18 saw a 23% decline in the number of applications for prize competitions when compared to FY 2016/17. A total of 230 applications were received in this period, while 297 were received in the prior year. Revenues generated from this activity also decreased by 21% to \$14.69M, compared to the \$18.6M earned last year. The significant decline in the number of applications may be due to a number of companies now using social media as the channel to carry out such promotions.

The value of prizes being offered by promoters however increased from \$534M to \$620M. The last quarter of the fiscal year continues to be the least active. Table 8 gives a quarterly breakdown of prize competition activities for 2017/2018.

**TABLE 8: PRIZE COMPETITION ACTIVITIES
2017/2018**

Month	Number of applications received	Application fees \$	Incomplete fees \$	Late fees \$	Express fees \$	Modification on fees \$	Extension fees \$	Overpayment \$	Refund \$	Total Revenue \$	Prize Values \$
April	17	780,000	45,000	30,000	175,000	30,000	15,000	50,000	50,000	1,075,000	29,833,305
May	26	1,340,000	45,000	45,000	250,000	15,000	15,000	0	82,500	1,627,500	14,855,533
June	23	660,000	30,000	75,000	200,000	60,000	15,000	0	0	1,040,000	11,928,784
Q1	66	2,780,000	120,000	150,000	625,000	105,000	45,000	50,000	132,500	3,742,500	56,617,623
July	22	1,250,000	45,000	75,000	175,000	55,000	0	60,000	55,000	1,605,000	28,571,428
August	13	590,000	30,000	30,000	125,000	15,000	0	0	5,000	785,000	14,576,646
September	22	1,310,000	70,000	90,000	50,000	15,000	15,000	45,000	30,000	1,565,000	50,687,426
Q2	57	3,150,000	145,000	195,000	350,000	85,000	15,000	105,000	90,000	3,955,000	93,835,501
October	28	1,600,000	30,000	60,000	250,000	15,000	0	0	138,750	1,816,250	54,119,208
November	40	1,830,000	60,000	75,000	515,000	30,000	45,000	170,000	0	2,725,000	40,766,378
December	8	200,000	15,000	15,000	100,000	0	0	30,000	125,000	235,000	3,057,745
Q3	76	3,630,000	105,000	150,000	865,000	45,000	45,000	200,000	263,750	4,776,250	97,943,331
January	10	420,000	0	30,000	100,000	15,000	30,000	80,000	98,750	576,250	10,535,123
February	8	480,000	15,000	30,000	100,000	15,000	30,000	80,000	15,000	735,000	346,854,840
March	13	760,000	0	0	175,000	15,000	0	0	45,000	905,000	14,184,349
Q4	31	1,660,000	15,000	60,000	375,000	45,000	60,000	160,000	158,750	2,216,250	371,574,312
TOTAL	230	11,220,000	385,000	555,000	2,215,000	280,000	165,000	515,000	645,000	14,690,000	619,970,767

PRIZE COMPETITIONS YEAR ON YEAR COMPARISON

	Number of applications			Total Revenue (\$)			Prize Value (\$)		
	2017-2018	2016-2017	Variance (%)	2017-2018	2016-2017	Variance (%)	2017-2018	2016-2017	Variance (%)
Q1	66	70	-5.7	3,742,500	5,331,250.00	-29.8	56,617,623	158,358,124.00	-64.2
Q2	57	88	-35.2	3,955,000	5,210,000.00	-24.1	93,835,501	158,703,887.00	-40.9
Q3	76	92	-17.4	4,776,250	5,105,000.00	-6.4	97,943,331	110,333,400.00	-11.2
Q4	31	47	-34.0	2,216,250	2,970,000.00	-25.4	371,574,312	106,457,133.00	249.0
TOTAL	230	297	-22.6	14,690,000	18,616,250.00	-21.1	619,970,767.00	533,852,544.00	16.1

Compliance & Regulatory

Supervision Programme

The Division's approach to supervising industry compliance is through on-site inspections, observations and examinations, with monthly and quarterly reporting. In addition, identifying non-compliance issues that require remedial action, enables the approach to provide a feedback loop for the improvement of the supervision framework.

Anti-Money Laundering & Counter Financing of Terrorism (AML-CFT)

1. AML-CFT Compliance Examinations and Inspections

Thirty six (36) on-site examinations were conducted during the year. Each gaming lounge operator has been subjected to a full risk based AML-CFT inspection. The inspection covers: the Nominated Officer effectiveness; employee AML-CFT training and awareness, employee integrity; reporting obligation to FID; transaction activities; record keeping; Customer Due Diligence requirements including rigorous standards for high risk customers and the implementation of AML-CFT policy procedural manual. The findings were communicated to the respective gaming lounge operators and specific time-lines were given for corrective action to be taken.

The industry AML-CFT compliance is reflected in the table below:

INDUSTRY AML-CFT COMPLIANCE

Industry Compliance with BGLC AML Guidance Manual and AML Minimum Standards	C	LC	PC	NC
Effectiveness of Nominated Officers	1	3	7	0
Risk-based AML Policies and Procedures Manual	0	6	5	0
Customer Due Diligence & ongoing Enhance Due Diligence	4	1	6	0
Assessing Risk and applying a risk-based approach and reporting of Suspicious Transactions	1	3	7	0
Automated Anti-Money Laundering System	11	0	0	0
AML Staff Training	6	3	3	0
Record Keeping	6	2	3	0

Key: C: Compliant, LC: Largely Compliant, PC: Partially Compliant, NC: Non-Compliant

Overall most gaming lounges, with the exception of two (2), have taken the necessary steps to implement policies and procedures to guide their AML-CFT framework in accordance with the required laws and legislation.

2. Enforcement Measures and Sanctions

Two (2) operators were issued letters of non-renewal of License for failure to implement an effective AML-CFT framework within their organization. One operator has since implemented significant measures to rectify the deficiencies and in that regard, the licence for 2018/19 will be granted. The other gaming lounge operator has been placed on enhanced reporting.

3. BGLC Anti-Money Laundering Examination Manual

The development of the BGLC Anti-Money Laundering Risk-based Examination Manual to guide the execution of the AML-CFT examinations within the gaming lounges is in the draft stages and is scheduled to be completed by September 2018.

4. Sensitization and Training Activities

During the year, the Commission collaborated with the Jamaica Gaming Association to conduct an AML-CFT workshop for the Nominated Officers.

5. AML-CFT Guidance For Gaming Lounges



Laurie Wiggan, Director Compliance & Regulatory and Marcia Robinson, Senior Inspector – AML with members of the Jamaica Gaming Association at AML-CFT workshop

Gazetted Guidance Notes

The Guidance Notes was gazetted on January 26, 2016, but was issued to all gaming lounge operators in May 2017. The document is now under extensive review to incorporate detailed guidance on risk based approach to money laundering and counter financing of terrorism.

Customer Due Diligence (CDD) threshold - US\$3000

Gaming lounge operators have substantially complied with the customer due diligence threshold which was augmented by the implementation of an electronic system. While the gazetted Guidance Manual outlines this requirement, the De Minimis amount of USD 3000 is not yet approved by the Ministry of National Security.

6. DNFI-Gaming Lounge Obligation under the Terrorism Prevention Act (TPA)

The Terrorism Prevention (Designated Reporting Entities) (Gaming Machine Operators) Order 2017 was approved on November 28, 2017 by the Ministry of Finance and takes effect on June 1, 2018. On that basis, Section 15(2) and 15(3) of the Terrorism Prevention Act now imposes reporting duties on the gaming machine operators with twenty (20) or more gaming machines.

Industry Compliance to Conditions to Licence

During the year, the inspectorate team carried out field operations - compliance checks in betting lounges, betting offices/shops, gaming lounges, daily monitoring of pool betting through the totalisator at the Caymanas Park Race Track, and other approved gaming establishments, including Off Track Betting Parlours and Prize Competition draw locations. In addition, the team oversaw the Supreme Ventures/Prime Sports Jamaica Limited lottery draws (including Ball Calibration at the Bureau of Standards Jamaica & at the draw studio), reported on illegal gaming activities observed during on-site visits, reviewed patrons' complaints and recorded slot machine readings (commissioning, de-commissioning, instant repairs, bi-monthly meter readings for Gross Profit Tax verification purposes).

In February 2018, the Division issued letters of deficiency to licensees, outlining the breaches observed during the compliance inspections. These have now been changed to a Compliance Inspection Report, issued since March 2018. Operators are given fourteen (14) days from the date of the visit to take corrective action.

General Compliance Observation

For the financial year, gaming lounges and bookmakers recorded a high level of compliance while non-gaming lounges (under 19s) showed approximately 85% non-compliance in respect of licence and prohibition signs not conspicuously displayed.

Customer Disputes, Complaints & Queries

All licensees are expected to offer a dispute resolution process should a punter feel aggrieved by some aspect of their interaction with the licensee. Where satisfaction has not been achieved, a punter has the option to put their grievance to the BGLC. The BGLC through the Compliance and Regulatory Division will investigate the dispute acting as an impartial arbitrator. During the year, the Division investigated a total of eight (8) complaints received with seven (7) satisfactorily resolved and one (1) resolved in April 2018.

Enforcement Sanction Policy

During the year, the Division issued the "Compliance Sanctions Policy" to guide the steps to be taken when breaches in conditions to licence are observed and no corrective action taken within the stipulated time-line. In addition, with the review of the practicality of implementing the fixed penalty as outlined in the BGLA Amendment 2014, it was decided to defer the implementation until a comprehensive review is done and incorporated in the merged legislation.

Revenue Verification

The Division conducted reviews throughout the year to provide revenue verification across all gambling products as part of its responsibilities. During the year, the Division worked with three key partners, Tax Administration Jamaica (TAJ), The Jamaica Racing Commission and CHASE to ensure collections.

A total amount of \$6.49 billion has been validated from betting, gaming and lotteries operations for the fiscal year in relation to gaming tax and contributions payable.

Through the process of direct deposits, inter-agency distributions and cash, the BGLC has successfully collected 99.9 per cent of taxes and contributions payable from the betting, gaming and lotteries sectors, with only \$625,339 outstanding since 2013/14, which relates to gaming machine gross profit levy due from two (2) operators no longer in business. We have engaged Tax Administration Jamaica (TAJ) to assist with collections.

The Division also independently calculated and verified tax receipts in relation to the taxes, levies, duties and contributions due within the respective month or two weeks/seven days of tax being paid. All variances were promptly addressed with operators and additional payments, and associated penalties, received as required (paid to Tax Administration Jamaica (TAJ)). The revenue verification extends to validation of data through the operator's back-end system and annual financial statement assessment (applicable to Bookmakers and Lottery Promoter).

Responsible Gaming

The Division coordinates with local partner RISE Life Management Services Limited to provide training, education materials, and prevention programs to persons with gambling disorders.

Gaming lounge operators are required to implement a responsible gambling code of conduct which includes an approved voluntary self-exclusion program and the utilisation of the RISE Life Management Services Limited's national database registry.



During the year, the Division revised the Responsible Gaming Code of Conduct in collaboration with RISE Life Management Services Limited. The revised Responsible Gaming Code of Conduct Consultation Document was expanded to all sectors (betting, gaming & lotteries) and all contact points such as operator's website and mobile site and was circulated to the industry for feedback. Feedback was received from the Jamaica Gaming Association in a Consultation meeting. The revised Code of Conduct comes into effect September 2018.

A new feature is the requirement of operators to incorporate the tagline "18+ Game Responsibly" in their advertising and promotion programmes.

RISE Life Management Services Limited continues to provide in-depth training to staff of all gaming lounge operators, a mandatory requirement of the Conditions to Licence.

Strategic Engagements, Partnerships & Relationships

During the year, the Division engaged and partnered with the following entities on its supervisory programme:

- Tax Administration Jamaica (TAJ): operational issues relating to filing of returns and payments using TAJ's Revenue Administration System (RAiS) as well as distribution of payments.
- Financial Investigation Division (FID): industry and BGLC staff training
- Jamaica Gaming Association (JGA): on AML-CFT matters and responsible gaming
- Rise Life Management Services: on the Code of Conduct
- The CHASE Fund: BGLC Amendment 2017 re discontinuation of payment directly to CHASE and for

CHASE contributions to be paid to the Collector of Taxes as fees. The issue relating to the payment due date was discussed with the Ministry of Finance and the Public Service (MOFPS), the CHASE Fund and Tax Administration Jamaica (TAJ). Legislative amendment is required for the change in due date from monthly as stated in the Amendment.

Conference Speaking Engagements

The Director, Compliance & Regulatory, Laurie Wiggan participated in panel discussions and delivered presentations at local and international conferences:

- **June 2017: Caribbean Gaming Summit:** Moderated fireside chat with Calvin Wilson, Executive Director, Caribbean Financial Action Task Force (CFATF) on the topic "The issue of de-risking and the regional gambling industry."
- **October 2017: GLI University Latin American and Caribbean Regulator's Roundtable Conference:** "Embracing and Regulating new Technology and new types of games - digital disruption - the Regulator and Lottery Point of view."
- **January 2018: FID Conference, Taking the Profit out of Crime:** "Regulatory Challenges for Non-Financial Regulators and How These are Overcome."



Laurie Wiggan, Director Compliance & Regulatory presents at the 2018 FID Conference

Operational Improvements

Throughout the years, it has been the Commission's key objective to continue to improve compliance by leveraging technology to drive further benefits to the industry, in particular the operators. It is crucial that the Division is equipped with the tools to effectively monitor compliance and enhance reporting.

During the year, the Division made significant reforms through revised processes and implementing an automated system, the compliance application to streamline the monitoring and reporting of compliance to conditions to licence, primarily for betting and gaming machine operators. The Division was able to automate the following:

- Generation of letters of deficiency
- Documentation of breaches observed by licence type - premises licence, gaming machine operator's licence, bookmaker's licence/permit
- Illegal gaming machine reports
- Reports on number of premises per parish, number of machines per locations per parish and breaches per premises per parish
- Allocation of work plans to inspectors i.e. the distribution of gaming and betting premises to be visited.
- Lottery performance by game and applicable taxes and contributions.

Enforcement

The primary functions of the law enforcement arm of the Betting Gaming and Lotteries Commission include:

1. Gathering intelligence on organized criminal groups involved in illegal betting and gaming activities.
2. Conducting criminal and regulatory investigations on individuals and groups involved in illegal betting and gaming activities.
3. Conducting due diligence investigations on all applicants for licenses as well as employees within the gaming industry.
4. Making recommendations on the fit and proper status on all applicants and employees in the gaming industry.

Investigations and Operations

During the review period the Enforcement Division carried out a total of 63 operations which represents a 84% decrease as compared with the prior year period. Of 63 operations, 61 involved illegal Cash Pot and 2 involved illegal gaming machines.

Illegal Cash Pot

Of the 61 operations that were carried out involving illegal cash pot 54 resulted in arrests which is a 107% increase over the prior year. Additionally, cash seized from 26 arrests totaled \$1,017,907.00 which is a 73% increase from the same period last year. These statistics indicate that even though the number of operations have become much more effective resulting in a significant increase in both cash seized and number of arrests made.

Gaming Machines

The gaming machine operations show a significant decline in activity due to storage constraints. As a result the Enforcement Division, along with other operational team members, revisited the strategy that has been used over the years and devised a new one that will be implemented for financial year 2018/19. This strategy includes a new licensing regime for Technical Service Providers (Manufacturers) in addition to targeting illegal Premises Operators.



The cover story of the Sunday Gleaner on June 11, 2017 highlighted the fact that illegal gambling is not a victim-less crime and the proceeds are used to fund other criminal activities.

Reports Received - Illegal Gambling

There has also been an 18% increase in the number of reports received compared to the previous year. The Memorandum of Understanding that was signed between the BGLC and Crime Stop in October 2016 has proved successful and has been extended for another two years.

Court and Tribunal Activities

Based on information from the Counter Terrorism & Organized Crime Investigative Branch, the 54 arrests that were made resulted in 21 convictions in court which is a 90% increase from the previous year. Court fines also increased by 89% resulting in \$349,500.00 in fines handed out by relevant Magistrates compared with \$185,000.00 the previous year.

Projects

In 2017 the Enforcement Division began the process of procuring a Case Management System. A vendor was selected and implementation of the software began in the first quarter of 2018. The benefits of software are:

1. It will provide a holistic view of the risks associated with illegal gambling.
2. We can easily open, manage and analyze investigations and cases.
3. It will enable Investigators to work faster and more efficiently.

STATISTICS SUMMARY

Major Activities	2016/17	2017/18	% Change
Arrests	26	54	107%
Convictions	11	21	90%
Cash Seized from illegal operators	\$590,033.20	\$1,017,907.00	73%
Court Fines	\$185,000.00	\$349,500.00	89%
Reports Received	102	120	18%
Operations	116	63	84%
Gaming Machines Seized	232	35	563%
Gaming Machine Released	150	35	328%
Due Diligence Investigations	277	459	66%



Delferine Gordon, Inspector, receives her certificate from Sergio Parisi of the Reid Institute following her participating in the BGLC sponsored workshop "Investigative Interviewing and Positive Persuasion."



Noel Bacquie, Director of Enforcement, shared information on BGLC's enforcement actions to counter illegal gambling activities

Legal Services

In keeping with the governments' mandate to merge the BGLC, the Jamaica Racing Commission and the Casino Gaming Commission into one Gaming Commission the Merger Committee was appointed May 8, 2017. The Merger Committee appointed a Legislation Sub-Committee to develop the legislation necessary for the merger.

The Legislation Committee is chaired by the Director of Legal Services and has representatives for all three Commissions. The main purpose of the new legislation is to consolidate the three entities into one Commission which will not only carry out the functions of the existing Commissions but also reform the legislation to reflect international best practices.

Areas to be addressed in the new legislation will include reforming the existing licensing and compliance regime. In response to the growing demand for online/interactive gambling, the new Act will also have a licensing and compliance regime for operators who wish to offer this service.

The objectives of the new Commission will include ensuring:

- integrity of how gambling is conducted,
- protection of young and vulnerable people
- gambling is kept crime free
- protection of government revenue

The draft regulations that were developed in 2016/2017 for licensing, conduct of gambling and interactive gaming will form a part of the subsidiary legislation for the new Act.



BGLC team members at the launch event for the 3rd Diamond Mile Race Day.



Information & Communication Technology

In an industry driven by Technology, the ICT Division continues to be an agent of change in delivering sustainable technology enhancements for the Commission and its stakeholders. The division supports the BGLC's business systems, information technology and communications infrastructure, and protects critical technology from a range of external threats and disasters. Along with providing day-to-day support to the business through the service desk, the division delivers improvements to the organization by transforming services and providing technological solutions. This includes the modernization and consolidation of applications, improvements in online and mobile services, innovation in infrastructure and cloud technology and improving business intelligence and data quality.

Under the Commission's mandate of Enabling Technology, the Division has:

- Participated on the review of the current Gaming Legislation to ensure the design of a modern and efficient regulatory framework that, in future, can truly satisfy the expectations of the sector. Changes included:
 - Conduct of Gambling and Licensing
 - Development of Interactive Gaming Regulations,
 - Review of Licensing regimes for Gaming Manufacturers and Technical Service providers.
- The Division also participated by way of advice, inspection and testing of new gaming technology put forward by our Licensees and stakeholders.
- Extensive work was also carried out in the support of the Operational divisions by allowing them to use technology in :
 - Compliance and Monitoring
 - Licensing and Registration
 - Enforcement.

Work continued on our major projects

- The implementation of a Gaming Management Information system.
- Implementation of Business Intelligence software to assist with analysis and reporting.
- Implementation of our Edu-portal which is designed to automate our internal learning processes as well as to disseminate information to Licensees.
- With the impending Merger of the BGLC with the Casino Gaming Commission and the Jamaica racing Commission, the ICT Division has also taken the lead in the rationalization of the back office functions, systems and services in preparation for the Merger.

The ICT Division remains committed to keeping the Commission on the cutting edge of technology.

Human Resources & Administration

Cultural Integration and Staff Engagement

Having great company culture is no longer just an option. Today's BGLC staff considers it as much as they consider salary and benefits. In fact, fantastic company culture is almost expected along with other traditional benefits.

As part of the reformation and integration process, greater emphasis has been placed on our communication. Employees now feel secure that they are receiving reliable and up-to-date information and have a platform to freely express their ideas, thoughts and concerns.

A Staff Morale Committee was established comprising representatives from all divisions. The mandate of this Committee is to help rebuild the staff morale within the organisation.

New initiatives have been introduced to support the culture change, namely:

1. The Commission Lyme
2. Christmas Party and Awards Ceremony
3. Birthday Recognition & Celebration

Other initiatives will continue in the coming financial year.

Change Management

A change management consultant was engaged during the period to spearhead the merger of the three Commissions: Betting Gaming & Lotteries Commission, Jamaica Racing Commission and Casino Gaming Commission. Phase I of the work plan was completed and Phase II is currently underway. The proposed structure for the new merged entity was drafted for approval and job accountabilities for all positions on the proposed structure were completed.

Talent Engagement and Development

To strengthen the organisational structure, five key positions were filled, namely Human Resources Officer, Human Resources Manager, Procurement Officer, Investigating Officers (2) and Senior Legal Officer.



Lorraine James, Senior Licensing & Registration Officer completed training in Pre-Licensing Financial & Background Investigations at University of Nevada, Las Vegas International Centre for Gaming Regulation

Staff development continued throughout the year with several employees being engaged in various training activities in keeping with the Commission's Training and Development Plan. 52 team members participated in 32 training programs and conferences during the period under review. Training types included technical, professional and soft skills.

In addition, a staff rotation exercise was introduced to assist staff members in identifying their true passion while increasing job knowledge. This also ensures multiple persons are trained in multiple areas of the Commission's business operations and activities. The program has been very successful and there are plans to expand it in the next financial year.

Enabling Work Environment

Work continued in earnest to enhance the physical environment in which our employees operate by creating a safer, more comfortable and energy efficient work space. In that regard several projects were initiated during the year.

These include:

Occupational Safety & Health

The Division procured the services of an Occupational Safety & Health (OSH) Consultant to provide guidance on the development of the Commission's OSH Policy, assist with the establishment of an OSH Committee and plan of action vis-a-vis implementation of a comprehensive OSH programme. So far, preliminary work has begun and the findings from a detailed workplace audit, including data analysis and compliance evaluation will be submitted by the Consultant within the first quarter of 2018/19. The full implementation of the OSH programme is slated for the second quarter of 2019/20.

Capital Works

A number of capital works projects were completed during the year, including:

- installation of non-skid tiles in the lobby;
- relocation of the BGLC Library to construct office spaces to accommodate the Casino Gaming Commission;
- installation of an entrance canopy to deflect ultraviolet rays and rain water leaching;
- tinting of all exterior windows and glass storefront doors; and
- acquisition and installation of new central air conditioning system (works currently underway and scheduled for completion in May 2018).

BGLC LONG SERVICE AWARDS 2017



Mauvette Birmingham, Audit Manager, receives an award for 30 years of service to the BGLC from Clovis Metcalfe, Chairman.



Paul Deer, Inspector, was recognized for his 21 years of service to the Commission



Pamela Barrett, Senior Secretary, receives award for 19 years of service from Sandra Antonio, Director HR and Administration

**SENIOR EXECUTIVES' COMPENSATION
FOR FINANCIAL YEAR ENDED MARCH 31, 2018**

Position	Note	Salary (\$)	Gratuity paid and/or Performance Incentive (\$)	Travelling Allowance/Upkeep or value of Assignment of motor vehicle (\$)	Other Allowances (\$)	Gratuity Accrued (\$)	Total (\$)
Vitus Evans, Executive Director	1	7,510,948.50	375,547.43	1,261,074.43	669,162.40	1,877,737.17	11,694,469.93
Lorraine Thompson-Barnett, Director of Finance		4,971,849.71	1,695,664.37	1,731,543.00	1,695,829.75	1,333,832.06	11,428,718.89
Laurie Wiggan, Director of Compliance & Regulatory		4,971,849.66	1,669,336.11	1,731,543.00	1,301,445.98	1,256,536.07	10,930,710.82
Carole Martinez-Johnson, Director of ICT & Acting Exec. Director	2	5,174,681.58	1,956,074.53	1,796,668.50	1,255,946.24	1,515,502.08	11,693,872.93
Maurice Thompson, Director of Licensing & Registration		4,767,502.44	3,787,999.60	1,731,543.00	1,331,621.97	1,348,013.24	12,966,680.25
Noel Bacquie, Director of Enforcement		4,785,502.29	236,531.30	1,731,543.00	734,445.48	1,198,217.75	8,686,239.82
Sandra Antonio, Director of Human Resources & Administration		4,101,968.93	199,184.20	1,731,543.00	654,679.27	1,110,036.91	7,797,412.31
Karla Small Dwyer, Director of Legal Services		4,971,849.66	464,769.42	1,731,543.00	1,900,981.39	1,395,334.82	10,464,478.29
TOTAL		41,256,152.77	10,385,106.96	13,447,000.93	9,544,112.48	11,035,210.12	85,667,583.26

Notes:

1. Executive Director started May 1, 2017.
2. Acting Executive Director appointment ended April 30, 2017.
3. Retroactive salaries & allowances were paid in June 2017.
4. Figures exclude employer's statutory obligations and employee pension contribution.

Internal Audit

The Audit and Risk Committee of the Board oversees the effectiveness of BGLC's internal controls, ensures the independence of the internal and external auditors and monitors the risk assessment policies and systems of the Commission. The primary objective of sound corporate governance is to contribute to improved corporate performance and accountability in creating long term stakeholder value. In FY2017/2018, the Commission maintained its structured approach to enterprise risk management and continued to enhance and implement appropriate internal controls.

In FY2017/2018, the Internal Audit Department supplied the Audit and Risk Committee of the Board with regular updates regarding the Commission's compliance with BGLC's operational policies and procedures and the risks exposure. The Audit & Risk Committee also reviewed reports covering financial, operational and compliance audits of the BGLC. Recommendations for improvements and/or adjustments to the operational policies and procedures were made to the executive management team.

The Commission continued to improve its strategic planning process, however there were scope for further enhancement in areas such as: performance management and reporting; capital projects monitoring and reporting; and records management. Executive Management are cognisant of concerns identified and have initiated measures to improve control and/or implement systems in these areas.

Notwithstanding the challenge of limited human resources (personnel) within the department, it was an extremely productive financial year in achieving targets as established in the Board approved Risk and Audit Plan. The outlook is for a dynamic FY2018/2019 and for the continued success of the department in achieving its goals in support of the Commission's overall strategic objectives.



Some of the 175 recipients of the BGLC Education Grant with The Honourable Audley Shaw and BGLC executives

Corporate Affairs & Communication

The aim of the Corporate Affairs and Communication team is to provide adequate information to stakeholders and to build, promote and maintain mutually beneficial relationships between the BGLC and its publics in order to achieve better understanding, improved image and greater visibility for the Commission. The Communications team implemented several initiatives during the year to achieve this. Some of these were:

7th Caribbean Gaming Show and Summit

In June 2017 BGLC hosted the 2-day Caribbean Gaming Show and Summit at the Montego Bay Convention Centre. In addition to local industry stakeholders, the summit attracted international participation with delegates, speakers and exhibitors representing 15 countries, including 5 Caribbean jurisdictions. During the course of the 2 day conference 14 presentations covered topics such as anti-money laundering, new gaming technologies, online gaming, security in gaming establishments, e-Sports, and responsible gaming.



The Honourable Edmund Bartlett sought information about the electronic roulette machine on display at the gaming show.

Diamond Mile Race Day

The 3rd Diamond Mile Race Day is perhaps one of the more successful race day events staged at Caymanas Park for that year. The event again lived up to its reputation as being the most prestigious day on Jamaica's racing calendar and continues to fulfill the aim to stimulate Jamaica's horse racing industry. Key achievements of the day include - 179 horses participated in 14 races; 400 guests enjoyed the races from the vantage point of the premium all-inclusive Infield Experience hosted by the BGLC while 8,500 watched the exciting races from the grand stand of Caymanas Park. The 2017 race day generated a 30% increase in sales over the 2016 event to earn a combined \$83.24m from local and simulcast horse racing.

Corporate Social Responsibility (CSR)



Vitus Evans presents the 1st place award to Patrick Frater of Denham Town Primary for his win in the RISE Life Management Youth Gambling Prevention Poster Competition

The key components of the Commission's CSR activities for the year were the BGLC Education Fund and charity disbursements in support various social development initiatives. This year, 175 students representing 20 tertiary institutions each received a \$50,000 bursary from the BGLC to assist with tuition expenses.

The Commission continues to work closely with **RISE Life Management** which is known as being the region's only gambling prevention, treatment and research programme. This year, the work of RISE has had a direct impact on more than 6,500 individuals via one off prevention presentations to large groups through schools and community organizations, training of gaming lounge employees, treatment and counselling services to adults and adolescents and the telephone lifeline counselling services.

BGLC Team members participated in **Read Across Jamaica Day** spending the morning at a basic school in our community, Young Achievers Learning Centre. The activity was complemented by a donation of books to enhance the school's library.

Town Hall Meetings



Licensees were active participants in the dialogue at BGLC's town hall meetings

A series of Town Hall Meetings in Kingston, Savanna-La-Mar, Mandeville, Montego Bay and Ocho Rios provided the opportunity for licensees to discuss matters of concern with BGLC executives and receive updates on new developments. In addition to the face-to-face engagement with existing and prospective licensees and interested members of the public, the Town Hall meetings facilitated networking and relationship building with representatives of parish councils and the Jamaica Constabulary Force in the respective areas.

Other Activities

Support to the Operational Divisions

CA&C provides support for the operational divisions by preparing and disseminating public advisories and other communications to stakeholders. During the year communications related to matters such as the annual remote licensing exercise, changes to arrangements for remitting payments for CHASE contributions, the public consultation on the Responsible Gaming Code of Conduct, and forfeiture notices for seized gaming machines in storage.

Training

During the year, we leveraged opportunities to continue building the capabilities of the CA&C Team. Members of the department completed training programmes in Social Media Management, Event Management, Change Management, Graphic Design and Project Management.



Maurice Thompson, Director of Licensing & Registration, with licensees at a town hall meeting.

Social Media

Recognizing that social media is one of the most effective and efficient media, we continue to make greater use of digital channels to communicate with stakeholders and inform the public about the work and activities of the BGLC. An RFP was issued in November 2017 to identify a social media management firm to support this activity with CGR Communications being engaged effective April 2018.

Internal Communications

In January 2018 the team conducted internal research to assess and provide benchmarks for improving internal communications at BGLC. Feedback from just over 50% of team members who participated in a focus group and responded to an online survey form the basis of a new internal communications strategy to be implemented in 2018-2019.



BGLC Team members visited Early Achievers Learning Centre to read to the students and present books for the school's library on Read Across Jamaica Day





Auditor's Report & Financial Statements



Betting, Gaming and Lotteries Commission

Financial Statements
31 March 2018

Betting, Gaming and Lotteries Commission

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31 March 2018

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Independent auditor's report

To the Members of Betting, Gaming and Lotteries Commission

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Betting, Gaming and Lotteries Commission (the Commission) as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Commission's financial statements comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott, B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, which appears to read "Priscilla H. Cooper". The signature is fluid and cursive, with a small horizontal line to the right of the name.

Chartered Accountants
9 July 2018
Kingston, Jamaica

Betting, Gaming and Lotteries Commission

Statement of Comprehensive Income

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Income	5	1,002,546	947,231
Other operating income	6	224,249	246,442
Administration expenses		(767,594)	(703,465)
Grants	7	(10,869)	(9,245)
Surplus before Taxation		448,332	480,963
Taxation	10	(29,771)	(20,017)
Net Surplus		418,561	460,946
Other Comprehensive Income, net of taxes:			
Item that will not be reclassified to profit or loss -			
Re-measurement of post-employment obligation	10	23,879	50,254
Total Comprehensive Income		442,440	511,200

Betting, Gaming and Lotteries Commission

Statement of Financial Position

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Non-Current Assets			
Property, plant and equipment	11	571,971	572,276
Long term receivables	13	24,544	17,880
Investments	14	215,295	214,695
Retirement Benefit Asset	22	127,610	89,995
		<u>939,420</u>	<u>894,846</u>
Current Assets			
Receivables	15	142,156	163,403
Taxation recoverable		50,599	39,470
Current portion of long term receivables	13	9,679	7,187
Short term deposits	16	698,328	351,483
Cash and bank	17	40,640	14,678
		<u>941,402</u>	<u>576,221</u>
Current Liabilities			
Payables	19	298,740	122,903
Income tax payable		25,009	13,432
Deferred income	20	61,080	60,554
		<u>384,829</u>	<u>196,889</u>
Net Current Assets		<u>556,573</u>	<u>379,332</u>
		<u>1,495,993</u>	<u>1,274,178</u>
Equity			
Accumulated surplus		1,462,407	1,254,176
		<u>1,462,407</u>	<u>1,254,176</u>
Non-Current Liability			
Deferred tax liability	12	33,586	20,002
		<u>33,586</u>	<u>20,002</u>
		<u>1,495,993</u>	<u>1,274,178</u>

Approved for issue by the Board of Commissioners on 9 July 2018 and signed on its behalf by:


 Clovis Metcalfe, O.D. Chairman


 Charles Heholt Commissioner

Betting, Gaming and Lotteries Commission

Statement of Changes in Equity

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Accumulated Surplus	Total
		\$'000	\$'000
Balance at 31 March 2016		1,084,464	1,084,464
Re-measurement of pension obligation, net of tax		50,254	50,254
Net Surplus		460,946	460,946
Total Comprehensive Income		511,200	511,200
Transaction with owners			
Distribution	21	(341,488)	(341,488)
Balance as at 31 March 2017		1,254,176	1,254,176
Re-measurement of pension obligation, net of tax		23,879	23,879
Net Surplus		418,561	418,561
Total Comprehensive Income		442,440	442,440
Transaction with owners			
Distribution	21	(234,209)	(234,209)
Balance as at 31 March 2018		1,462,407	1,462,407

Betting, Gaming and Lotteries Commission

Statement of Cash Flows

Year ended 31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Net surplus		418,561	460,946
Adjustments for:			
Depreciation	11	55,497	48,964
Gain on disposal of property, plant and equipment		-	(1,539)
Interest income	6	(44,577)	(34,352)
Retirement benefit asset		(5,777)	390
Effect of exchange gain on foreign currency balances		2,113	(5,503)
Taxation	10	29,771	20,017
		<u>455,588</u>	<u>488,923</u>
Changes in operating assets and liabilities:			
Inventories		-	68
With-holding tax recoverable		(11,129)	(7,908)
Receivables		21,247	(40,775)
Payables		175,837	4,069
Deferred income		526	(2,863)
Cash provided by operations		<u>642,069</u>	<u>441,514</u>
Tax paid		<u>(12,569)</u>	<u>(10,245)</u>
Net cash provided by operating activities		<u>629,500</u>	<u>431,269</u>
Cash flows from investing activities			
Interest received		44,577	33,133
Purchase of Investments		(25,600)	-
Purchase of property, plant and equipment	11	(55,192)	(22,461)
Proceeds from sale of property, plant and equipment		-	2,122
Long term receivables		<u>(9,156)</u>	<u>(12,353)</u>
Net cash (used in)/provided by investing activities		<u>(45,371)</u>	<u>441</u>
Cash flows from financing activity			
Distribution	21	<u>(234,209)</u>	<u>(341,488)</u>
Net cash used in financing activity		<u>(234,209)</u>	<u>(341,488)</u>
Net increase in cash and cash equivalents		<u>349,920</u>	<u>90,222</u>
Effects of exchange rate changes on cash and cash equivalents		<u>(2,113)</u>	<u>5,503</u>
Net cash and cash equivalents at beginning of year		<u>366,161</u>	<u>270,436</u>
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	17	<u><u>713,968</u></u>	<u><u>366,161</u></u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

1. The Commission

Betting, Gaming and Lotteries Commission ("The Commission") was established under the Betting, Gaming and Lotteries Act. The Commission is a statutory body which regulates betting, gaming and lottery activities carried on in Jamaica. Its activities also include the investing of surplus funds. The Commission's principal place of business is 78cef Hagley Park Road, Kingston 10.

The Commissioners at the start and the end of the year were:

Mr. Clovis Metcalfe, O.D.	- Chairman
Mr. Anthony Shoucair	- Deputy Chairman (resigned, effective 31 October 2017)
Mr. Charles Heholt	
Mr. Paul East	
Mr. Solomon Sharpe	
Mr. Christopher Reckord	
Mr. Ian Scarlett	

The Board of Commissioners was appointed for three years with effect from 6 April 2016.

Members of the management team at 31 March 2018 were:

Mr. Vitus Evans	- Executive Director
Mrs. Carole Martinez-Johnson	- Director of Information, Communication & Technology
Mr. Noel Bacquie	- Director of Enforcement
Mrs. Laurie Wiggan	- Director of Compliance and Regulatory
Mrs. Lorraine Thompson-Barnett	- Director of Finance
Mr. Maurice Thompson	- Director of Licencing and Registration
Mrs. Karla Small-Dwyer	- Director of Legal Services
Mrs. Sandra Antonio	- Director of Human Resources and Administration
Ms. Jeanette Lewis	- Manager of Corporate Affairs and Communications
Mr. Winston Jackson	- Internal Auditor

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Commission has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following may be relevant to its operations:

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New and amended standards adopted by the Commission

Amendments to IAS 7, 'Statement of Cash Flows', (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The adoption of these amendments did not result in additional disclosures in the financial statements.

Amendments to IAS 12, 'Income Taxes' on Recognition on Deferred Tax Assets for Unrealized Losses, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value and the fair value is below the assets tax base as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets. The Commission has not had any significant impact on its financial statements arising from the adoption of these amendments.

There are no other IFRS or IFRIC interpretations that are effective that would be expected to have a material impact on the Commission.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Commission, except the following set out below:

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted (continued)

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018).

The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification is made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

The impairment requirements apply to financial assets measured at amortised cost and FVOCI, and lease receivables and certain loan commitments and financial guarantee contracts. At initial recognition, an allowance is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). IFRS 9 considers the calculation of ECL by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). In the event of a significant increase in credit risk, allowance is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit impaired are in 'stage 3'. The assessment of whether credit risk has increased significantly since initial recognition is performed on an ongoing basis by considering the change in the risk of default occurring over the remaining life of the financial instrument, rather than by considering an increase in ECL. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forward looking information as well as forecasts of economic conditions at the reporting date..

There is no expected impact on the Commission's accounting for financial liabilities, as the new requirements only impact financial liabilities that are designated at fair value through profit or loss, and the Commission does not currently have any such liabilities.

The Commission is assessing the impact of future adoption of this standard.

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Commission is assessing the impact of future adoption of this standard.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted (continued)

Amendment to IFRS 15, 'Revenue from Contracts with Customers', (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard. The Commission does not expect that adoption of this amendment will have a significant impact on its operations.

IFRIC 22, 'Foreign Currency Transactions and Advance Consideration', (effective for annual periods beginning on or after 1 January 2018). The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The Commission does not expect any significant impact from the adoption of this standard.

IFRIC 23, 'Uncertainty over income tax treatments', (effective for annual period beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The Commission does not expect any significant impact from the adoption of this standard.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Commission.

(b) Income recognition

Income comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Commission's activities. Income is shown net of General Consumption Tax, rebates and discounts. Income is recognised as follows:

(i) Betting, gaming and lottery activities

Income from betting activities is recognised on the accrual basis. The Commission earns income for its regulatory activities from statutory contributions based on the licensee's gross profit. The amounts accrued from bookmakers and the racing promoters are based on information provided by licensees and audits conducted by the Commission and such information is provided to the Inland Revenue Department.

(ii) License fees

Income from a license is determined by payment and renewal. A license that is not paid and renewed is not considered in force and, thus, not recognised as income.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Income recognition (continued)

(iii) Unclaimed winnings

Unclaimed winnings are earned from 50% of lottery winnings which remain unclaimed after 21 days. These are recorded on an accrual basis.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When an interest receivable balance is impaired, the Commission reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Commission operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is also the functional currency of the Commission.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the statement of comprehensive income.

(d) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at market interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss in the statement of comprehensive income.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(e) Property, plant and equipment

Property, plant and equipment comprise mainly office buildings, furniture and fixtures and are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line basis to allocate their cost to their residual values over their expected useful lives at annual rates as follows:

Freehold buildings	2½%
Furniture and fixtures	20%
Computer equipment	33⅓%
Motor vehicles	20%
Storage facility and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in surplus before taxation in the statement of comprehensive income.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each statement of financial position date.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Commission classifies its financial assets in the following categories: loans and receivables and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. Loans and receivables include long term receivables, cash, repurchase agreements and trade and other receivables in the statement of financial position.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities including Fixed Rate Accreting Notes (FRANs) that the Commission's management has the positive intention and ability to hold to maturity. These assets are classified as investments on the statement of financial position.

Where the Commission is required to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale. Held-to-maturity investments are initially recognized at fair value plus transaction costs and are subsequently measured at amortised cost using effective yield method.

Special accounting for state-owned/controlled entities on exchange into the FRANs

Having regard to the FRANs, which were received at 80% of the face of previously held notes, and which were issued under the Government of Jamaica National Debt Exchange and which were mandatory for state-owned/controlled entities, exchange of Old Notes into the FRANs has been recognised as a "transaction with the owners in their capacity as owners" under IAS 1, Presentation of Financial Statements, and the loss arising on initial recognition of the FRANs in 2013 was recognised directly in equity similar to a distribution.

The difference between the amounts initially recognised on the FRANs and the redemption amounts will be recognised as interest income over the life of the FRANs using the effective yield method.

Financial liabilities

The Commission's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Financial liabilities include payables and long term loan on the statement of financial position.

(i) Securities purchased under agreements to resell

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

Betting, Gaming and Lotteries Commission

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2. Summary of Significant Accounting Policies (Continued)

(j) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Cash and cash equivalents

Cash and cash equivalents include repurchase agreements, cash in hand and deposits held at call with banks with original maturities of three months or less. These are recognised initially at fair value and subsequently measured at amortised cost.

(l) Employee benefits

Pension obligations

The Commission participates in a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. The scheme is generally funded by payments from employees and the Commission taking into account the recommendations of independent qualified actuaries. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability recognised in the statement of financial position in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the year-end date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service costs. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension plan costs are assessed using the projected unit credit method.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognized immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Commission recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

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2. Summary of Significant Accounting Policies (Continued)

(m) Taxation

Taxation on the surplus for the year comprises current and deferred income taxes.

Current income tax charges are based on taxable surplus for the year, which differs from the surplus before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Commission's liability for current income tax is calculated at tax rates that have been enacted at the statement of financial position date.

Deferred income tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

Tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

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3. Financial Risk Management

The Commission's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Commission's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Commission's financial performance.

The Commission's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Commission regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Commissioners has overall responsibility for the establishment and oversight of the Commission's risk management framework.

(a) Credit risk

The Commission takes on exposure to credit risk which is the risk of loss to the Commission arising from a counterparty to a financial instrument failing to meet its contractual obligations. Credit exposures arise principally from the Commission's trade receivables and treasury activities.

Accounts receivables and long term receivables

Accounts receivable mainly consist of sales income and fee receivable. These amounts are due from institutions which management regards as financially sound.

Accounts receivable and long term receivables include staff loans for motor vehicles. There is a documented credit policy in place which guides the Commission's credit process for staff loans. The policy includes established procedures for the authorisation of credit and repayment terms. Liens on motor vehicles are obtained as security against loans.

Investment securities

The Commission limits its exposure to credit risk by investing mainly in liquid Government of Jamaica securities with counterparties that have a high credit quality. Consequently, management does not expect any counterparty to fail to meet its obligation.

The Commission has documented investment policies which guide the management of credit risk on investment securities and resale agreements. The Commission's exposure is continually monitored.

Betting, Gaming and Lotteries Commission

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31 March 2018

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is constantly reviewed. Resale agreements and certificate of deposits are secured by Government of Jamaica or Bank of Jamaica securities. The collateral obtained is at least one hundred percent of the sum of the principal value of the resale agreement plus interest to be earned.

Worst case scenario of credit risk exposure

The Commission's maximum exposure to credit risk equals the carrying amounts on the statement of financial position, of the assets which expose the Commission to credit risk. There has been no change over the prior year in the manner in which the Commission manages and measures credit risk.

Ageing analysis of trade accounts receivables that are past due but not impaired

Fees and contributions receivable that are less than 31 days past due are not usually considered impaired unless there are unusual circumstances. The fees and contributions receivables that are over 31 days past due but not considered impaired total \$13,185,000 (2017 – 39,886,000). These relate to customers for whom there is no recent history of default.

Ageing analysis of trade receivables that are considered impaired

Fees and contributions receivables of \$12,416,000 (2017 – \$12,659,000) were considered impaired and were fully provided for. The individually impaired receivables relate to customers who are in unexpected difficult economic situations. The ageing of these receivables is as follows.

	2018 \$'000	2017 \$'000
Over 90 days	12,416	12,659
	<u>12,416</u>	<u>12,659</u>

Movement analysis of provision for impairment:

- Fees and contributions receivable

During the year, there was provision for impairment for fees and contributions receivables of \$12,416,000 (2017 – 12,659,000). The balance on the provision account at year end is \$12,416,000 (2017 – \$12,659,000) (Note 15).

	2018 \$'000	2017 \$'000
As at 1 April	12,659	12,659
Provision made during the year	12,416	-
Amount recovered during the year	(12,659)	-
	<u>12,416</u>	<u>12,659</u>

Betting, Gaming and Lotteries Commission

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Movement analysis of provision for impairment:

The creation and release of provision for impaired receivables is included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. There are no financial assets other than those mentioned above that were individually impaired.

(b) Liquidity risk

Liquidity risk is the risk that the Commission is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Liquidity risk management process

The Commission's liquidity management process, as carried out within the Commission and monitored by the Board of Commissioners, includes:

- Monitoring future cash flows and liquidity regularly. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- Optimising cash returns on investment.

Undiscounted cash flows of financial liabilities

The tables below summarise the maturity profile of the Commission's financial liabilities at 31 March based on contractual undiscounted payments at contractual maturity dates.

	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
2018				
Payables	298,740	-	-	298,740
Total financial liabilities	298,740	-	-	298,740
2017				
Payables	122,903	-	-	122,903
Total financial liabilities	122,903	-	-	122,903

Liabilities are usually covered by cash generated from operations in the normal course of business. Assets available to meet all liabilities and to cover financial liabilities include cash, investments, deposits and repurchase agreements.

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Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) **Market risk (continued)**

The Commission takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency rates and interest rates.

There has been no change to the Commission's exposure to market risk or the manner in which it manages and measures the risk.

(i) **Currency risk**

Currency risk is the risk that the fair value of future cash flows of a financial liability will fluctuate because of changes in foreign exchange rates.

The Commission is exposed to foreign exchange risk arising from currency exposure, primarily with respect to the US dollar. Foreign exchange risk arises mainly from purchases and encashment of investment and movement on the USD bank account.

The Commission manages its foreign exchange risk by ensuring that the exposure in foreign assets is kept at an acceptable level by monitoring currency positions.

At the date of the statement of financial position, the Commission had a net asset exposure to the US dollar of \$145,648,000 (2017 \$97,002,000). This exposure arose from cash and bank balances, along with long term investment balances denominated in US dollars.

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Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following table indicates the currencies to which the Commission had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 2% revaluation and a 4% devaluation (2017 1% revaluation and 6% devaluation) in the US dollar. The sensitivity of the profit was mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash at bank balances.

	% Change in Currency Rate	Effect on Profit before tax and Shareholders' Equity	% Change in Currency Rate	Effect on Profit before tax and Shareholders' Equity
	2018	2018 \$'000	2017	2017 \$'000
Currency:				
USD:				
Revaluation	2%	2,913	1%	970
Devaluation	4%	(5,826)	6%	(5,820)

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Commission to cash flow interest risk, whereas fixed interest rate instruments expose the Commission to fair value interest risk.

The Commission earns interest on its securities purchased under resale agreements as disclosed in Note 16. As these deposits have a short term to maturity and are constantly reinvested at current market rates, they are not significantly exposed to interest rate risk. The Commission also earns interest on its long term receivables (Note 13), investment securities (Note 14) and certain deposit and bank balances (Notes 17). These financial assets are fixed rate instruments which are carried at amortised cost, and they expose the Commission to neither cash flow nor fair value interest rate risk.

(d) Capital management

The Commission's objective when managing capital is to ensure that it will be able to pay its debts and remain financially sound. The Commission is not subject to externally imposed capital requirements.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

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Financial Risk Management (Continued)

(e) Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. There are no financial instruments that, subsequent to initial recognition, are measured at fair value. The following methods and assumptions have been used in determining fair values disclosed for instruments not re-measured at fair value after initial recognition.

The carrying values of the amounts included in the financial statements for cash and bank, receivables, repurchase agreements and payables reflect their approximate fair values because of the short term maturity of these instruments.

The fair values of long term receivables has been estimated at \$24,544,000 (2017 – \$17,880,000). The values were derived by discounting the contractual cash flows using the market rate of interest. The fair values of the long term investment (carried at amortised cost) was estimated at \$211,842,000 (2017 - \$212,072,000).

4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management does not consider that there are estimates and assumptions that will have a significant risk, causing a material adjustment to the carrying amounts of assets and liability within the next financial year.

5. Income

	2018 \$'000	2017 \$'000
Lotteries	776,858	704,936
Gaming machines	161,221	154,915
Bookmakers	27,844	36,533
Racing promoter	17,084	27,444
Bingo	4,840	4,800
Prize promotions	14,699	18,603
	<u>1,002,546</u>	<u>947,231</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

(expressed in Jamaican dollars unless otherwise indicated)

6. Other Operating Income

	2018 \$'000	2017 \$'000
Interest	44,577	34,352
Foreign exchange (loss)/gain	(2,113)	5,503
Unclaimed winnings	165,603	180,987
Bad debt recovered	-	20,000
Other	16,182	5,600
	<u>224,249</u>	<u>246,442</u>

7. Grants

The Commission provides an annual grant for an intervention and prevention programme to Rise Life Management Services to assist in mitigating problem gaming. Total contribution during year was \$10,869,000 (2017 - \$9,245,000).

8. Expenses by Nature

Total administration expenses and grants

	2018 \$'000	2017 \$'000
Advertising and public relations	88,145	76,461
Audit fees	1,654	1,575
Depreciation	55,497	48,964
Donations and subscriptions	8,634	4,763
Gaming machines labels	76	71
Grants	10,869	9,245
Insurance	2,170	2,124
Legal and professional	32,802	41,219
Printing and stationery	3,429	2,684
Rental	5,569	6,975
Repairs and maintenance	16,955	36,259
Security	11,144	8,943
Bad debt	12,416	-
Merger expenses	11,684	-
Special investigations	1,121	1,381
Staff costs (Note 9)	421,458	363,233
Utilities	21,424	22,881
Irrecoverable GCT	-	23,367
Other	73,416	62,565
	<u>778,463</u>	<u>712,710</u>

Betting, Gaming and Lotteries Commission

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31 March 2018

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9. Staff Costs

	2018 \$'000	2017 \$'000
Salaries and wages	229,868	208,938
Payroll taxes – employer's contribution	29,488	24,488
Pension (Note 22)	1,935	7,022
Other employee related costs	160,167	122,785
	<u>421,458</u>	<u>363,233</u>

10. Taxation

- (a) The Commission is liable for taxation on income not derived from its core business of the regulation of gaming activities. Taxation is based on surplus for the year adjusted for tax purposes and comprises income tax at 25%.

	2018 \$'000	2017 \$'000
Current income tax	24,146	24,081
Deferred taxation (Note 12)	5,625	(4,064)
	<u>29,771</u>	<u>20,017</u>

- (b) The tax on the Commission's surplus differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2018 \$'000	2017 \$'000
Surplus before taxation	<u>448,332</u>	<u>480,963</u>
Tax calculated at 25%	112,083	120,241
Adjusted for the effects of:		
Income not taxable	(249,231)	(236,139)
Expenses not deductible for tax	165,969	147,879
Employee Tax Credit	(5,564)	(6,379)
Adjustment for prior year deferred tax due to accrued vacation	5,918	-
Other charges and allowances	596	(5,585)
Tax charge	<u>29,771</u>	<u>20,017</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2018

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10. Taxation (Continued)

(c) The tax credit relating to components of other comprehensive income is as follows:

	2018 \$'000	2017 \$'000
Other comprehensive income -		
Retirement benefit obligations		
Remeasurements on retirement benefit obligation, before tax	31,838	67,005
Tax charge (Note 12)	(7,959)	(16,751)
	<u>23,879</u>	<u>50,254</u>

11. Property, Plant and Equipment

	Land \$'000	Freehold Buildings \$'000	Furniture & Fixtures \$'000	Computer Equipment \$'000	Motor Vehicles \$'000	Storage Facility and Equipment \$'000	Capital Work In Progress \$'000	Total \$'000
At Cost -								
1 April 2016	83,204	413,542	148,901	67,399	7,938	1,404	8,652	731,040
Additions	-	4,187	834	8,120	5,000	-	4,320	22,461
Adjustment	-	(8,107)	-	-	-	-	-	(8,107)
Disposals	-	-	-	-	(7,238)	-	-	(7,238)
31 March 2017	83,204	409,622	149,735	75,519	5,700	1,404	12,972	738,156
Additions	-	-	19,738	10,665	18,546	-	6,243	55,192
Transfers	-	-	(795)	795	-	-	-	-
Disposals	-	-	(379)	-	-	-	-	(379)
At 31 March 2018	83,204	409,622	168,299	86,979	24,246	1,404	19,215	792,969
Depreciation -								
At 1 April 2016	-	14,041	46,435	54,815	6,876	1,404	-	123,571
Charge for the year	-	9,943	28,965	8,987	1,069	-	-	48,964
Relieved on Disposals	-	-	-	-	(6,655)	-	-	(6,655)
31 March 2017	-	23,984	75,400	63,802	1,290	1,404	-	165,880
Charge for the year	-	10,470	30,174	11,079	3,774	-	-	55,497
Relieved on Disposals	-	-	(379)	-	-	-	-	(379)
At 31 March 2018	-	34,454	105,195	74,881	5,064	1,404	-	220,998
Net Book Value -								
At 31 March 2018	83,204	375,168	63,104	12,098	19,182	-	19,215	571,971
At 31 March 2017	83,204	385,638	74,335	11,717	4,410	-	12,972	572,276

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Notes to the Financial Statements

31 March 2018

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11. Property, Plant and Equipment (Continued)

In May 1990, the Jamaica Society for the Prevention of Cruelty to Animals (JSPCA) was given permission by the Commission to use premises owned by the Commission costing \$1,055,000, on a temporary basis. Subsequently, the Commission made several requests that the JSPCA vacate these premises, culminating in an agreement that they would vacate the premises by 1999. However, the JSPCA has not honoured this agreement and remains in occupation despite several subsequent notices to vacate issued by the Commission. A Consent Order was granted by the Court October 7, 2014 requiring the Jamaica Society for the Prevention of Cruelty to Animals to relinquish possession of 10 Winchester Road to the Commission by November 30, 2015. As at 31 March 2018, JSPCA was still occupying the premises.

12. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. The movement in the net deferred tax asset during the year is as follows:

	2018 \$'000	2017 \$'000
Net liability at beginning of year	(20,002)	(7,315)
(Charged)/credited to profit or loss (Note 10)	(5,625)	4,064
Charged to other comprehensive income (Note 10)	(7,959)	(16,751)
Net Liability at end of year	<u>(33,586)</u>	<u>(20,002)</u>

Deferred income tax assets and liabilities are attributable to the following:

	2018 \$'000	2017 \$'000
Deferred income tax asset -		
Vacation leave accrual	2,222	7,868
Unrealized foreign exchange loss	545	-
	<u>2,767</u>	<u>7,868</u>
Deferred income tax liabilities -		
Unrealised foreign exchange gain	-	1,323
Property Plant and Equipment	2,956	2,535
Retirement benefit asset	31,903	22,499
Interest receivable	1,494	1,513
	<u>36,353</u>	<u>27,870</u>
Net deferred tax liability	<u>(33,586)</u>	<u>(20,002)</u>

Betting, Gaming and Lotteries Commission

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12. Deferred Taxation (Continued)

The deferred tax charged/(credited) in profit or loss and other comprehensive income comprises the following temporary differences:

	2018 \$'000	2017 \$'000
Profit or loss		
Vacation leave accrual	5,646	(609)
Unrealised foreign exchange gain	(1,323)	631
Property, plant and equipment	421	(4,294)
Interest receivable	(19)	305
Unrealized foreign exchange loss	(545)	-
Retirement benefit liability	1,445	(97)
	<u>5,625</u>	<u>(4,064)</u>
Other comprehensive income		
Retirement benefit liability	<u>7,959</u>	<u>16,751</u>
	2018 \$'000	2017 \$'000
Deferred income tax liabilities to be extinguished -		
After more than 12 months	<u>34,859</u>	<u>25,034</u>

13. Long Term Receivables

	2018 \$'000	2017 \$'000
Loans to employees (a)	34,223	25,067
Less: Current portion	<u>(9,679)</u>	<u>(7,187)</u>
	<u>24,544</u>	<u>17,880</u>
	<u>24,544</u>	<u>17,880</u>

(a) 79% percent (2017 - 80%) of loans to employees are interest-free while the remainder bears interest at 3% per annum and are payable in equal monthly instalments. These include motor vehicle loans to travelling officers who are required to repay mainly over three (3) to five (5) years.

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14. Investments

	2018 \$'000	2017 \$'000
Held-to-maturity:		
Government of Jamaica securities – Debentures	194,108	168,350
Long term Certificate of Deposit	17,734	43,722
Interest receivable	3,453	2,623
	<u>215,295</u>	<u>214,695</u>

During the year the Commission disposed of a portion of its financial instruments amounting to \$9,772,000. The amount was deemed insignificant, as such, the Commission's held to maturity portfolio has not been reclassified as available for sale.

In February 2013, the Commission participated in the National Debt Exchange (NDX) transaction as part of a Government of Jamaica (GOJ) fiscal consolidation exercise, under which it exchanged its holdings of domestic debt instruments issued by the GOJ for new, longer dated debt instruments with lower coupon rates.

Specifically for public bodies, FRANs were offered with J\$80 of principal value for every J\$100 of principal value of Old Notes, whereby such principal will accrete to J\$100 of principal value by the maturity date in 2028. The Commission agreed to participate in the programme and exchanged its existing domestic instruments for the new FRANs.

15. Receivables

	2018 \$'000	2017 \$'000
Fees and contributions receivable	69,326	68,406
Unclaimed winnings	20,565	54,415
Staff loans	9,109	6,083
Prepayments and other deposits	17,522	9,118
Other	25,634	25,381
	<u>142,156</u>	<u>163,403</u>

Fees and contributions receivable is stated after provision for bad debts of \$12,416,000 (2017 – \$12,659,000).

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16. Short term deposits

The Commission entered into reverse repurchase agreements and short term certificate of deposit collateralised by Government of Jamaica securities. These agreements may result in credit exposure in the event that the counter party to the transactions is unable to fulfil its contractual obligation.

	Within 3 Months	4 - 12 Months	Carrying Value	Carrying Value
	2018	2018	2018	2017
	\$'000	\$'000	\$'000	\$'000
Securities purchased under resale agreements (Note 17)	-	670,805	670,805	348,054
Short term Certificate of Deposit	10,000	15,000	25,000	-
Interest receivable (Note 17)	-	2,523	2,523	3,429
	<u>10,000</u>	<u>688,328</u>	<u>698,328</u>	<u>351,483</u>

The weighted average effective interest rate on securities purchased under resale agreements were as follows:

	2018	2017
	%	%
J\$	<u>3.8</u>	<u>6.3</u>

17. Cash and Cash Equivalents

	2018 \$'000	2017 \$'000
Securities purchased under resale agreements (Note 16)	673,328	351,483
Cash at bank and in hand	<u>40,640</u>	<u>14,678</u>
	<u>713,968</u>	<u>366,161</u>
	2018 \$'000	2017 \$'000
Cash at bank and in hand comprise:		
Cash at bank	40,481	12,954
Cash in hand	6	1,571
Special imprest	100	100
Petty cash	<u>53</u>	<u>53</u>
	<u>40,640</u>	<u>14,678</u>

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18. Related Party Transactions and Balances

(a) Loans to related parties

Loans to key management personnel of the Commission –

	2018 \$'000	2017 \$'000
At start of year	7,209	4,609
Loans advanced during year	2,603	5,915
Loan repayments received	(4,513)	(3,315)
End of year	<u>5,299</u>	<u>7,209</u>

No provision has been required in 2018 and 2017 for the loans made to key management personnel of the Commission.

(b) Other balances/transactions with related parties

	2018 \$'000	2017 \$'000
Distributions (Note 21)	<u>234,209</u>	<u>341,488</u>

(c) Key management compensation

	2018 \$'000	2017 \$'000
Salaries and other short-term employee benefits	51,641	43,900
Allowances	22,991	20,136
Gratuity accrued	11,035	4,727
Payroll taxes – employer's contributions	<u>6,655</u>	<u>5,140</u>
	<u>92,322</u>	<u>73,903</u>
Commissioners' emoluments		
Fees	1,194	1,345
Travel allowance	<u>181</u>	<u>87</u>
	<u>1,375</u>	<u>1,432</u>

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19. Payables

	2018 \$'000	2017 \$'000
Accruals	182,154	69,385
Accrued vacation leave	37,280	31,472
Other	79,306	22,046
	<u>298,740</u>	<u>122,903</u>

20. Deferred Income

This represents bookmakers, gaming machines and lottery licence fees received in respect of future periods.

21. Distributions

Pursuant to directives from the Honourable Minister of Finance and Public Services, the Commission was required to distribute a total of \$234,209,000 (2017 - \$341,488,000) to the Consolidated Fund.

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22. Retirement Benefit Asset

Pension benefits

The Commission participates, jointly with Jamaica Racing Commission, in a defined benefit pension scheme which is fully funded. The scheme is open to all permanent employees of the Commission and is administered by trustees. Under the scheme, retirement benefits are based on average earnings during the three years preceding retirement. The scheme is funded by employee contributions at 5% and employer contribution of 6.6% of salary, as recommended by independent actuaries. Members may also make voluntary contributions of up to 5% of their earnings.

The assets of the scheme are held independently of the Commission's assets in a separate trustee-administered fund. The scheme is valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31 March 2018.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 30 June 2012 revealed that the scheme was reflecting a surplus of approximately \$2.9 million.

The defined benefit asset amounts relating to the Commission and recognised in the statement of financial position are determined as follows:

	2018 \$'000	2017 \$'000
Present value of funded obligations	578,010	483,583
Fair value of plan assets	(705,620)	(573,578)
Asset recognised in statement of financial position	<u>(127,610)</u>	<u>(89,995)</u>

The movement in the defined benefit asset recognised in the statement of financial position is as follows:

	2018 \$'000	2017 \$'000
At beginning of the year	(89,995)	(23,380)
Recognized in net surplus (Note 9)	1,935	7,022
Re-measurements recognised in other comprehensive income	(31,838)	(67,005)
Contributions paid	(7,712)	(6,632)
At end of year	<u>(127,610)</u>	<u>(89,995)</u>

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22. Retirement Benefit Asset (Continued)

The amounts recognised in net surplus are as follows:

	2018 \$'000	2017 \$'000
Service Cost	11,334	9,814
Net Interest Cost:		
Interest cost on defined benefit obligations	42,798	38,381
Interest income on plan assets	(52,197)	(41,173)
	<u>1,935</u>	<u>7,022</u>

The movement in the present value of the funded obligation is as follows:

	2018 \$'000	2017 \$'000
Present value of obligation as at 1 April	483,583	439,472
Service cost	11,334	9,814
Interest cost	42,798	38,381
Contributions paid	10,582	8,974
Benefits paid	(11,938)	(30,934)
Value of annuities purchased	-	4,346
Remeasurement – Changes in financial assumptions	(135,814)	(24,495)
Remeasurement – Experience adjustments	177,465	38,025
Present value of funded obligation as at 31 March	<u>578,010</u>	<u>483,583</u>

The movement in the fair value of plan assets for the year is as follows:

	2018 \$'000	2017 \$'000
Fair value of plan assets at 1 April	573,578	462,852
Contributions paid - total	18,294	15,606
Expected return on plan assets	52,197	41,173
Benefits paid	(11,938)	(30,934)
Value of annuities purchased	-	4,346
Remeasurement – Changes in financial assumptions	9,712	(2,055)
Remeasurement – Experience adjustments	63,777	82,590
Fair value of plan assets at 31 March	<u>705,620</u>	<u>573,578</u>

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22. Retirement Benefit Asset (Continued)

The Commission's share of plan assets consists of the following:

	2018		2017	
	\$'000	%	\$'000	%
Equity	342,949	49	352,932	62
Mortgage and real estate	122,273	17	90,018	16
Fixed income	843	-	926	-
Money market	2,510	-	2,405	-
Foreign currency investments	3,742	1	2,518	-
Value of purchased Annuities	121,924	17	117,205	1
Inflation Linked Fund	109,244	16	4,018	20
Adjustments	2,155	-	3,556	1
	<u>705,620</u>	<u>100</u>	<u>573,578</u>	<u>100</u>

The principal actuarial assumptions used were as follows:

	2018	2017
	%	%
Discount rate	7.5	9.5
Future salary increases	6.5	6.5
Future pension increases	1.5	3.5
Inflation	<u>4.5</u>	<u>6.5</u>

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the date of the statement of financial position. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The estimated pension contributions expected to be paid into the plan by the Commission for the next financial year is \$18,573,000 (2017 - \$14,892,000).

The actual return on plan assets was \$132,945,000 (2017 – \$126,611,000).

The average expected remaining working life of the employees is 19 years (2017 – 19 years).

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22. Retirement Benefit Asset (Continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Impact on post-employment obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		\$'000	\$'000
Discount rate	1%	(63,044)	83,349
Future salary increases	1%	39,849	(34,371)

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the Commission is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Commission intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Commission believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Commission's long term strategy to manage the plans efficiently. See below for more details on the Commission's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

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23. Contingencies

Claims have been made against the Commission of which the amounts and outcome are uncertain and therefore no provisions were made in the accounts for these balances.



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