

2016 - 2017

ANNUAL REPORT

Betting Gaming & Lotteries Commission

Betting, Gaming & Lotteries Commission

Annual Report 2016 - 2017

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Betting, Gaming & Lotteries Commission
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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, 2016 to March 31, 2017.

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.





Table of **CONTENTS**

Corporate Profile	06
Corporate Governance Statement	07
Board of Commissioners	11
Senior Management Team	13
Message from the Chairman	14
Executive Director's Report	16
Statistical Highlights	18
Gaming Industry Performance Review	21
Betting Sector	23
Lottery Sector	29
Gaming Sector	33
Divisional Reports	39
Licensing & Registration	40
Compliance & Regulatory	46
Enforcement	50
Legal Services	52
Information & Communication Technology	53
Human Resources & Administration	54
Internal Audit	56
Corporate Affairs & Communication	57
Auditor's Report & Financial Statements	61



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

for Annual Report 2016-2017

The Public Bodies Management & Accountability (PBMA) Act is the main legislation that defines the governance framework for public sector bodies. The PBMA Act was an integral element in the development of the Corporate Governance Framework (CGF) for Public Sector Bodies 2012. All statutory organizations and government-owned companies must adhere to the provisions of the PBMA Act and the CGF.

Composition of the Board of Commissioners

Schedule 1 of the Betting, Gaming and Lotteries Act (BGLA) stipulates the requirement for membership of the Commission stating "The Commission shall consist of such number of persons not being less than five nor more than seven, as the Minister may from time to time determine." The Commission's Board currently comprises seven (7) members serving a term of three (3) years ending in April 2019.

1. Clovis Metcalfe (Chairman)
2. Anthony Shoucair (Deputy Chairman)
3. Paul East
4. Solomon Sharpe
5. Charles Heholt
6. Christopher Reckord
7. Veronica Bennett-Warmington

Mrs. Bennett-Warmington was subsequently replaced by Mr. Ian Scarlett as the representative of the MFPS and he joined the Board in September 2016.

Attendance at Meetings of the Board

Eleven monthly meetings of the Board were scheduled in the financial year 2016/17. The table below shows the attendance record for each Commissioner in respect of both regular and special meetings held during the reporting period:

Names of Commissioners	Meetings Attended
Clovis Metcalfe (Chairman)	11/11
Anthony Shoucair (Deputy Chairman)	11/11
Paul East	8/11
Solomon Sharpe	8/11
Charles Heholt	11/11
Christopher Reckord	7/11
Ian Scarlett	5/11

Board Committees

The Board acknowledges its responsibility to ensure the effective oversight of the management of the Commission's operations to enable the success of its strategic initiatives. The restructuring of the Commission's corporate governance structure has resulted in the number of committees being reduced from seven to five. The current Board Committees are:

- *Audit & Risk*
- *Human Resource & Administration*
- *Compliance & Monitoring (formerly Licensing & Registration)*
- *Enforcement & Security*
- *Special Projects*

Each Committee has its own terms of reference which are approved by the Board and reviewed from time to time. The Committees report to the Board at each monthly meeting by not only providing copies of approved minutes and action items but also by a verbal or written report from the Committee Chairmen on pertinent issues that require the attention and decision of the full Board.

The report on Committees below highlights the activities from April-December 2016.

Audit & Risk Committee

The importance of this Committee is emphasized in the provisions of the PBMA Act. It stipulates the composition and qualifying criteria for membership as well as the functions and duties of the Committee. At least one member of the Committee must be a qualified accountant.

The responsibilities of the Committee include, but are not limited to, (i) the review and oversight of the financial statements and oversight of the relationship with the external auditors; ensure there is a proper system in place to monitor and improve internal controls and the mitigation of risks; (ii) advise the Board on practices and procedures which will promote productivity and the quality and volume of internal controls and the mitigation of risks; (ii) advise the Board on practices and procedures which will promote productivity and the quality and volume of service; the extent to which the objects of the Commission are being achieved; and the adequacy, efficiency and effectiveness of the accounting and internal control and risk management structures and systems of the Commission; (iii) the independence of the external auditors; (iv) regulatory compliance; (v) and the effectiveness of the Group's internal audit function in the context of the Commission's overall risk management system.

The membership of the Committee comprises not only members of the Board of Commissioners but also two co-opted members, Miss Kirby Clarke and Mr. Diyal Fernando. Commissioner Scarlett and Mr. Diyal Fernando joined the Committee in September 2016 while Miss Clarke has been a member from 2015. Six meetings were scheduled but only five were held during the reporting year:

Members	Meetings Attended
Paul East (Chairman)	3/5
Ian Scarlett	2/5
Kirby Clarke	4/5
Diyal Fernando	4/5

Compliance & Monitoring Committee (Formerly Licensing & Registration)

The Committee's responsibilities now encapsulate the oversight of all operational activities surrounding the licensing and registration of applicants and the compliance and monitoring processes for licensees. The Committee meets every two months and four of the six meetings scheduled were held in the reporting year.

Members	Meetings Attended
Solomon Sharpe (Chairman)	4/4
Paul East	3/4

Enforcement & Security Committee

The primary objective of this Committee is to establish, review and monitor formal policies and procedures and general oversight of performance in connection with the safe and secure operation of the Commission. Meetings are scheduled every two months and five of the six meetings were held in the year. Mrs. Sherene Golding-Campbell joined the Committee in September 2016.

Members	Meetings Attended
Charles Heholt (Chairman)	5/5
Christopher Reckord	3/5
Sherene Golding-Campbell	3/5
Legal Director	4/5
Executive Director	5/5
Enforcement Director	3/5

Human Resource Committee

This Committee comprises three Commissioners and meetings are scheduled monthly. Of the ten meetings scheduled in the reporting year, six were held and attendance is noted below:

Members	Meetings Attended
Solomon Sharpe (Chairman)	6/6
Anthony Shoucair	5/6
Ian Scarlett*	2/6

* Commissioner Scarlett joined the Committee in September 2016.

Special Projects Committee

The Special Projects Committee was initially established to primarily oversee the refurbishing and other works on 78CEF Hagley Park Road, Kingston 10. It continues to function not only in that regard but also supervises maintenance matters and the Commission's Winchester Road property. The Committee meets monthly and its membership comprises the Commissioners named below. Eight of the eleven meetings scheduled were held in the year:

Members	Meetings Attended
Anthony Shoucair (Chairman)	8/8
Charles Heholt	8/8
Ian Scarlett*	4/8

* Commissioner Scarlett joined the Committee in September 2016.

Board Performance Evaluation

The first performance evaluation of the Commissioners was conducted for the 2014 calendar year and the findings were disclosed to the former Board in April 2015 and a summary report provided to the Responsible and Portfolio Ministers. In light of the fact that the current Board has only been in office for nine months, it is expected that the next evaluation will take place for the end of calendar year 2017.

Code of Conduct and Corporate Governance Framework for the Board

Each Board member is provided with copies of these documents at the induction stage. They are currently in draft and are to be approved by the Board after a full review.

BETTING, GAMING AND LOTTERIES COMMISSION COMMISSIONER'S COMPENSATION FOR FINANCIAL YEAR ENDED MARCH 31, 2017

COMMISSIONERS (Current)	Position	Fees (\$)	Travel (\$)*	Total (\$)
Clovis Metcalfe	Chairman	231,250	11,496	242,746
Anthony Shoucair	Deputy Chairman	257,900	23,086	280,986
Solomon Sharpe		209,900	13,856	223,756
Charles Heholt		204,350	15,442	219,792
Paul East		126,850	3,299	130,149
Christopher Reckord		110,200	6,195	116,395
Ian Scarlett		99,400	5,273	104,673
Diyal Fernando		16,650	1,692	18,342
Kirby Clarke		16,650	2,500	19,150
Sherene Golding-Campbell		11,100	771	11,871
TOTAL		1,284,250	83,611	1,367,861

No payments were made to Veronica Bennett-Warmington.

* Motor Vehicle Upkeep/travelling or Value of Assignment of Motor Vehicle (\$)

COMMISSIONERS (Up to April 5, 2016)	Position	Fees (\$)	Travel (\$)*	Total (\$)
Gary Peart	Chairman	18,500	771	19,271
Vincent Anderson		9,250	658	9,908
Linton Walters		11,000	611	11,611
Jeffery Mordecai		11,000	536	11,536
Michael Coore		11,000	940	11,940
TOTAL		60,750	3,516	64,266

* Motor Vehicle Upkeep/travelling or Value of Assignment of Motor Vehicle (\$)

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.



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 is the Chairman of the Commission's Special Projects Committee and a member of the Human Resource Committee.



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. The Commissioner serves as Chairman of the Commission's Audit & Risk Committee and is a member of the Compliance & Monitoring Committee.



Charles Heholt

Commissioner Heholt holds a Bachelor's Degree in Engineering and currently serves the IGL Group. He chairs the Enforcement & Security Committee and is a member of the Special Projects Committee.



Christopher Reckord

Commissioner Reckord is currently a Director of tTech Limited, a company which is listed on the Jamaica Stock Exchange Junior Market. He has over 30 years' experience in the area of information technology and data communications. He also serves as Vice President and Council Member of the Jamaica Computer Society; council member of the Private Sector Organisation of Jamaica and Chairman of their membership committee. Commissioner Reckord is Chairman of the Board of The eLearning Jamaica Company. He is presently a member of the Commission's Enforcement & Security Committee.



Ian Scarlett*

Commissioner Scarlett is an Economist with over 35 years' service to the Government of Jamaica. He is Director in the Taxation Policy Division of the Ministry of Finance and the Public Service with responsibility for special projects. Including the Special Economic Zones, Urban Renewal and FATCA. Commissioner Scarlett holds an MBA and BSc. Economics both from the University of the West Indies.

** Joined September 2016*



Solomon Sharpe

Commissioner Sharpe is one of the founding members of Main Event Entertainment Group Limited which was recently listed on the Junior Market of the Jamaica Stock Exchange. He is the Chairman of the Commission's Human Resource Committee and the Compliance & Monitoring Committee.

Senior Management Team



Carole Martinez-Johnson
*Acting Executive Director
Director, Information & Communication
Technology*



Sandra Antonio
*Director, Human Resources
& Administration*



Noel Bacquie
Director, Enforcement



Karla Small Dwyer
Director, Legal Services



Maurice Thompson
Director, Licensing & Registration



Lorraine Thompson-Barnett
*Director, Finance &
Accounts*



Laurie Wiggan
Director, Compliance & Regulatory



Winston Jackson
Internal Auditor



Jeanette Lewis
*Manager, Corporate Affairs
& Communication*

Message from the Chairman



Clovis Metcalfe, OD

We can look back at the past year with great honour and pride at the achievements attained by the team at the Betting Gaming and Lotteries Commission. Jamaica's gaming industry is complex and dynamic and in this environment the team continues to demonstrate a tangible commitment to ensuring that the work of the Commission is conducted with consideration of the needs, expectations and requirements of all stakeholders.

The new Board of Commissioners takes very seriously its mandate to ensure that the Betting Gaming and Lotteries Commission is a strong, comprehensive regulatory authority whose role encompasses more than just regulating the industry. As defined in our tag-line, the Commission is also a facilitator and enabler to ensure the orderly development and growth of this sector.

The gaming industry has significant impact on the Jamaican economy generating J\$5.8B in revenues during the year under review. This underscores the responsibility to ensure the continued and sustainable growth of the Jamaica's gaming industry.

“ The new Board of Commissioners takes very seriously its mandate to ensure that the Betting Gaming and Lotteries Commission is a strong, comprehensive regulatory authority whose role encompasses more than just regulating the industry. ”

Priority Action to Resolve Challenges

On its appointment, the Board inherited a number of issues of major concern and immediately set about to address these as priority actions for resolution. Challenges faced included:

- Air quality issues affecting staff at Hagley Park Road. Unfortunately this meant that staff of the Jamaica Racing Commission was forced to relocate back to its original office building as a result of issues related to the air conditioning system at Hagley Park Road which created health concerns for a number of staff members. This has necessitated redesigning and installing a new air conditioning system – a project still in progress at the end of the year under review.
- Vacancies in key leadership roles for critical areas of the Commission - Enforcement, Human Resources & Administration and Corporate Affairs & Communication. These roles have been filled during this reporting period and the Commission now operates with the full cadre of the Executive Management Team.
- Out of date HR Policies & Procedure Manual.
- Pending Staff Association claims.

- Inadequate storage arrangements for gaming machines.

Key Accomplishments

Undeterred, the Commissioners, Management and Staff have been diligent and persistent in their efforts to implement the programs and initiatives defined in the Commission's Strategic Plan. Key achievements by the team during the reporting period include:

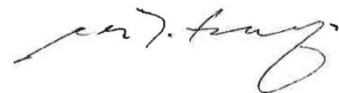
- Anti-Money Laundering (AML) Compliance Unit established and significant strides made in implementing and enforcing the zero tolerance standards for POCA/AML compliance.
- Tax Administration Jamaica's (TAJ) Revenue Administration Information System (RAIS) implemented to enable voluntary declaration and filing of returns, resulting in a greater level of compliance in payment of license fees and taxes.
- Updates to Conditions of License for all categories of licensees
- Updates to licensing regulations
- Wage and benefit negotiations for the 2015 – 2017 period concluded
- Progressed the implementation of the Gaming Management Information System [GMIS] and other technology applications to improve operational efficiency
- Stakeholder engagement via key events such as the 3rd Gaming Summit, the 2nd staging of the Diamond Mile and 12th BGLC Emancipation Race Day.
- Renewal of the partnership with RISE Life Management for the Responsible Gaming programme via which gaming lounge operators receive mandatory training and are able to attain greater levels of compliance with the Responsible Gaming Code of Conduct.
- Improved effectiveness and number of enforcement actions and advancements in the fight against illegal gambling by signing an MOU with Crime Stop and introducing a public education campaign which, combined, have resulted in a 117% increase in reports of illegal gambling
- A meaningful corporate social responsibility program via which the Commission has invested over J\$10M annually to provide education grants for tertiary level students as well as support for community development, social outreach projects and other charitable activities.

Looking forward

The necessary steps to pave the way for the merger of the country's three gaming commissions continues apace to better enable the effective and efficient regulation of Jamaica's gaming industry, reduce costs, empower stakeholders and provide improved protection to the participating public. The Commissioners and Management Team continue working with the Ministry of Finance and the Public Service, The AGC and PAC on the harmonization of the legislation and the organization structure for the merged entity. More immediately, work on the physical infrastructure will be completed to facilitate comfortably housing the teams of the 3 existing commissions under one roof.

We are conscious of the importance of integrating technology in all aspects of the Commission's work, while at the same time recognizing the transformative effect and profound impact on the business and conduct of gaming. Online gaming in its various forms presents new challenges for regulators globally, Jamaica being no exception. While our Legislative Committee continues its work on the necessary amendments, we acknowledge the intention of licensees who will offer online/interactive gaming products and reiterate our assurance that the Commission's teams are working assiduously to enable the roll out of this new line of business for Jamaica's gaming industry. While we do want to be able to allow current bookmakers to offer online/interactive gambling products, there is a process to be followed and requirements that have to be met until the enactment of amendments to the BGLA that will allow us to introduce the licensing regime for interactive gaming. Important aspects of this are the need to protect punters and also be assured of being able to collect the government's revenue.

On behalf of the Board of Commissioners we extend special commendation to the Management and Staff of the Betting Gaming and Lotteries Commission for its support, guidance and knowledge, and in particular to Mrs. Carole Martinez-Johnson who at a moment's call unhesitatingly agreed to act as Executive Director.. Our people are pivotal to successfully realizing the vision of being the premier gaming regulator. I am confident guided by the Commission's core values that the team will continue to be unwavering in their efforts to advance our mission with pride and integrity.



Clovis Metcalfe, OD

Executive Director's Report



Carole Martinez-Johnson

Against the backdrop of a newly elected government in February 2016, the Commission delivered another solid performance during the 2016/2017 fiscal year. We generated revenue amounting to \$1.194 billion, which represents an increase of 11.38% over last year and achieved a net surplus of \$460.95 million. This resulted in an increased contribution to the Government of Jamaica (GoJ) Consolidated Fund of \$341.49 million.

Whilst these results may be a reflection of the relative stability in the country's economic performance – signalled by steady Net International Reserves, a 3% rate of inflation during the period (the lowest in 50 years) and a modest 1% growth in real GDP – it is most certainly a demonstration of the concerted and committed efforts of our team during the period and I use this opportunity to further commend the staff and management for another strong performance.

Financial Highlights

The Commission remained on firm financial footing with an accumulated surplus of \$1.254 billion, an increase over last year of roughly 16%. Total assets also grew during the period by 15.46%, moving from \$1.274 billion in 2015/2016 to \$1.471 billion during 2016/2017.

“

The Commission delivered another solid performance during the 2016/2017 fiscal year. We generated revenue amounting to \$1.194B, which represents an increase of 11.38% over last year, and achieved a net surplus of \$460.95 million.

”

Government taxes and levies raised for the year totalled \$5.882 billion, inclusive of \$1.572 billion in contributions to the CHASE Fund for charitable causes.

Main Sector Contributors:

Lottery Sector	-	\$5.021 billion
Gaming Sector	-	\$0.573 billion
Betting Sector	-	\$0.269 billion
Prize Promotions	-	\$0.019 billion
Total	-	\$5.882 billion

Industry Performance

This year the gaming industry recorded a 16.6% growth in sales over 2015/2016 due largely to increased sales in the Gaming (slot machine) sector which grew by 21% and the Betting sector which grew by 19.39%. Within the Betting sector, Sports Betting experienced the most vigorous growth at 45.89%, driven by increased wagering during the 2016 Summer Olympics, in addition wagering on the usual seasonal sporting events such as NBA, NFL and Premier League games. Surprisingly, the Lottery sector experienced a downturn during the year, recording a modest 5.4% decline in sales.

Operational Highlights

Substantial work was done during the year to develop new regulations that will empower the Commission to regulate interactive/online gambling. With the global

proliferation of Internet-based gambling offerings, this was a significant step toward modernizing the local legal/regulatory framework and broadening its reach to ensure that the public remains protected even while we facilitate the orderly development of new business models within the local gaming industry.

Additional regulations are also being drafted to restructure our licensing regime and update requirements for gaming operators as part of our compliance initiatives. Requirements were also extended to include shareholders, business associates and certain categories of workers within gambling establishments to ensure that operators and their business counterparts are subject to the same level of scrutiny (particularly fit and proper background checks) and can be held to the same standards when being assessed for the granting of licenses. For the first time Identification cards were developed for the category of licensees: prescribed premises.

With the Commission being the designated authority for Anti Money Laundering for designated non-financial institutions (DNFIs), this year saw the implementation of an Anti Money Laundering Unit under the Compliance Division. Focus was primarily on the Gaming Lounges who began the implementation of prescribed Anti Money Laundering Guidelines.

Meanwhile, our ongoing efforts to crack down on illegal gambling activities yielded remarkable results as we continue to benefit from strategic partnerships with the Jamaica Constabulary Force (JCF) and, most recently, Crime Stop. The Constabulary, in particular the Counter Terrorism and Organized Crime (CTOC) Investigation Branch, provides invaluable resources in the form of investigative and technical support as well law enforcement personnel to assist us when apprehending offenders and prosecuting crimes committed under the Betting Gaming and Lotteries Act.

In tandem with this approach, we also joined forces with Crime Stop this year to increase public awareness about the dangers of illegal gambling and to enlist the support of the general public to anonymously report illegal gambling activities via the well-known "311" toll free number. Persons will also have an opportunity to earn a cash reward of up to \$25,000 if the information provided results in an arrest and charge. By utilizing Crime Stop's established mechanisms for receiving and validating reports, and by offering persons an incentive to come forward with information, we expect to see a reduction over time in the incidence of illegal gambling and related criminal activities. In fact, these initiatives are already bearing fruit as we ended the 2016/2017 fiscal year with substantial increases across all major enforcement operations: namely, the number of arrests increased by nearly 63% and court fines and convictions increased by 146% and 120% respectively.

Notwithstanding these meaningful strides, the continued growth and evolution of the local gaming industry demands that we adapt to the changing

modalities and optimize technology to improve our regulatory capabilities on all fronts. Spurred by the increasing convergence between land-based and mobile gambling, the Commission has fully embraced Information and Communications Technology's (ICT) role in transforming how we regulate. Among the major ICT initiatives for which groundwork continued in earnest during the year were: the implementation of a Gaming Management Information System (GMIS); implementation of Business Intelligence software to assist with analysis and reporting; and implementation of an Edu-Portal which is designed to automate our internal learning processes as well as to disseminate information to Licensees.

Outlook

With positive projections for economic performance in the coming year, fueled by improved business and consumer confidence, and the anticipated stabilization of inflation and benchmark foreign exchange rates, we are also optimistic that 2017/2018 will see continued growth in the local gaming industry with increased activity in interactive/mobile gambling. There is potential for revenue generation in this area and as we fine-tune our regulatory framework to monitor and control this form of gambling, we will be simultaneously improving and modernizing our monitoring and oversight capabilities for traditional, land-based offerings.

The technological enhancements expected to be implemented in the coming year will also go a far way in raising the level of oversight and value that we deliver, as we seek to capitalize on new opportunities and ensure that the BGLC is well positioned for the future. We also look forward to the comprehensive roll-out of our responsible gaming initiatives across all the major sectors within the local gaming industry to ensure the continued protection of minors and other vulnerable groups.

In closing, I would like to express my appreciation to our dedicated team of directors and staff as well as our Board of Commissioners for the unwavering support as we collectively worked to ensure the successful execution of our mandate.



Carole Martinez-Johnson

Statistical Highlights

3 Year Summary of Govt. Revenue Earned by Sector (2013/14 - 2015/16)			
Sector	2015/16	2014/15	2013/14
Betting	265	267	256
Lottery	4939	4749	4025
Gaming	474	410	403
Prize Promotions	18	18	14
	5696	5444	4698
	↑ 5%	↑ 16%	↑ 15%

↑ **3.26%**
% increase over 2015/2016

↑ **\$5.882 billion**
2016/2017 taxes, levies & contributions

↑ **\$5.696 billion**
2015/2016 taxes, levies & contributions

Government Revenue
Betting, Gaming & Lottery Sectors 2016/2017
J\$ 5.882 billion



INDUSTRY PERFORMANCE 2016/2017

GOVERNMENT REVENUE PAYABLE & COLLECTED 2016/2017

STATISTICAL HIGHLIGHTS 2016/17					
GOVERNMENT REVENUE PAYABLE & COLLECTED	Consolidated Fund \$M	BGLC \$M	CHASE \$M	JRC \$M	TOTAL \$M
BETTING SECTOR					
Bookmakers					
Local & Simulcast Racing	12,531	21,121	-	105,203	138,855
Sports Betting	25,237	3,814	3,578	-	32,628
Unclaimed Winnings	-	6,050	-	-	6,050
Bookmakers Permit & Licence Fees	-	6,841	-	-	6,841
Racing Promoter					
Local & Simulcast horseracing Taxes	22,594	11,297	-	50,836	84,726
Total - Betting Payable	60,362	49,122	3,578	156,039	269,100
Betting Levies/Taxes Paid	72,996	59,008	3,469	197,028	332,501
Unclaimed Winnings	-	6,050	-	-	6,050
Bookmakers Licence Fees	-	6,841	-	-	6,841
Total - Betting Collected	72,996	71,899	3,469	197,028	345,392
LOTTERY SECTOR					
Lottery Taxes	2,312,146	661,847	1,341,880	-	4,315,873
Lottery Tax Winning Levy	305,412	-	-	-	305,412
Unclaimed Winnings	-	176,377	176,377	-	352,754
Lottery Licence Fees	-	46,492	-	-	46,492
Total - Lottery Payable	2,617,559	884,716	1,518,257	-	5,020,531
Lottery Taxes	2,319,586	649,364	1,316,889	-	4,285,839
Lottery Tax Winning Levy	310,970	-	-	-	310,970
Unclaimed Winnings	-	175,745	174,771	-	350,516
Lottery Licence Fees	-	46,492	-	-	46,492
Total - Lottery - Collected	2,630,556	871,602	1,491,660	-	4,993,818
GAMING SECTOR					
Gaming Machine Levies & Fees	25,631	36,436	-	-	62,067
Gross Profit Levy & Contributions	330,604	127,064	50,826	-	508,493
Total - Gaming Payable	356,235	163,500	50,826	-	570,560
Gaming Machine Levies & Fees	28,473	36,436	-	-	64,909
Gross Profit Levy & Contributions	289,032	105,235	44,156	-	438,423
Total - Gaming - Collected	317,505	141,671	44,156	-	503,332
PRIZE PROMOTIONS					
Prize Competition Fees	-	18,616	-	-	18,616
GRAND TOTAL - PAYABLE	3,034,155	1,115,953	1,572,660	156,039	5,878,808
GRAND TOTAL - COLLECTED	3,021,057	1,103,788	1,539,285	197,028	5,861,158

3 YEAR REVIEW GOVERNMENT REVENUE PAYABLE & COLLECTED

GOVERNMENT REVENUE PAYABLE & COLLECTED	Consolidated Fund \$M			BGLC \$M			CHASE \$M			JRC \$M			GRAND TOTAL \$M		
	2016/17	2015/16	2014/15	2016/17	2015/16	2014/15	2016/17	2015/16	2014/15	2016/17	2015/16	2014/15	2016/17	2015/16	2014/15
BETTING SECTOR															
Bookmakers	12.5	13.7	14.6	21.1	22.8	24.3	-	-	-	105.2	114.0	121.7	138.9	150.6	160.6
Local & Simulcast Racing	25.2	20.0	20.0	3.8	2.9	2.9	3.6	2.9	2.9	-	-	-	34.6	25.7	25.8
Sports Betting	-	-	-	6.1	5.5	5.8	-	-	-	-	-	-	6.1	5.5	5.8
Unclaimed Winnings	-	-	-	6.8	7.8	6.9	-	-	-	-	-	-	6.8	7.8	6.9
Bookmakers Permit & Licence Fees	22.6	20.3	18.2	11.3	10.1	9.1	-	-	-	50.8	45.6	41.0	84.7	76.0	68.3
Racing Promoter - Taxes	60.4	54.0	52.8	49.1	49.1	49.0	3.6	2.9	2.9	156.0	159.6	162.7	269.1	265.5	267.4
Total - Betting Payable	73.0	34.7	34.2	71.9	48.8	40.5	3.5	3.4	1.9	197.0	170.5	151.2	345.4	257.3	227.8
Total - Betting Collected															
LOTTERY SECTOR															
Lottery Taxes & Lottery Tax Winning Levy	2617.6	2683.8	2444.3	661.8	627.5	650.4	1341.9	1272.4	1318.9	-	-	-	4621.3	4583.7	4413.6
Unclaimed Winnings	-	-	-	176.4	155.8	154.9	176.4	155.8	154.6	-	-	-	352.8	311.5	309.5
Lottery Licence Fees	-	-	-	46.5	43.9	36.8	-	-	-	-	-	-	46.5	43.9	36.8
Total - Lottery Payable	2617.6	2683.8	2444.3	884.7	827.2	842.1	1518.3	1428.2	1473.5	-	-	-	5020.5	4939.2	4759.9
Lottery taxes - Collected	2319.6	2339.2	1974.8	649.4	645.1	642.5	1491.7	1308.6	1312.5	-	-	-	4460.6	4293.0	3929.8
Lottery Winnings Levy - Collected	311.0	344.6	229.7	-	-	-	-	-	-	-	-	-	311.0	344.6	229.7
Unclaimed Winnings - Collected	-	-	-	175.7	159.7	142.3	-	167.4	144.0	-	-	-	175.7	327.1	286.3
Lottery Games Licence Fees - Collected	-	-	-	46.5	43.9	36.8	-	-	-	-	-	-	46.5	43.9	36.8
Total - Lottery - Collected	2630.6	2683.8	2204.5	871.6	848.7	821.6	1491.7	1476.0	1456.5	-	-	-	4993.8	5008.6	4482.6
GAMING SECTOR															
Gaming Machine Levies & Fees	25.6	20.1	19.8	36.4	31.6	36.7	-	-	-	-	-	-	62.1	51.7	56.5
Levies, Gross Profit Taxes & Contribution to Good Cause	330.6	274.4	229.8	127.1	105.5	88.4	50.8	42.2	35.4	-	-	-	508.5	422.2	353.6
Total - Gaming - Payable	356.2	294.5	249.6	163.5	137.2	125.1	50.8	42.2	35.4	-	-	-	570.6	473.9	410.1
Total - Gaming - Collected	317.5	277.8	232.4	141.7	132.1	118.9	44.2	40.1	35.7	-	-	-	503.3	450.0	387.0
Prize Promotions															
Prize Competition Fees	-	-	-	18.6	17.7	17.5	-	-	-	-	-	-	18.6	17.7	17.5
GRAND TOTAL - PAYABLE	3034.2	3032.3	2746.7	1116.0	1031.1	1033.7	1572.7	1473.2	1511.8	156.0	159.6	162.7	5878.8	5696.3	5454.9
GRAND TOTAL - COLLECTED	3021.1	2996.3	2471.1	1103.8	1047.3	998.5	1539.3	1519.5	1494.1	197.0	170.5	151.2	5861.2	5733.6	5114.9

Gaming Industry Performance Review

The gaming market consists of betting on local and simulcast horse-racing, virtual games, sports betting, gaming on slot and locally made machines, lottery games and prize competitions. One of the key mandates of the BGLC is to monitor industry performance and market conduct in Jamaica. In doing so, the Board through the Compliance and Regulatory Division has gathered gaming statistics and information.

This report provides data on 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.

2 years sector performance review

SALES	2016/2017	2015/2016	% CHANGE
Bookmakers			
Local Horseracing	1,825,962,587	1,695,239,343	7.71%
Simulcast racing	947,661,595	957,139,949	-0.99%
Sports betting	2,162,681,088	1,482,370,464	45.89%
TOTAL	4,936,305,270	4,134,749,756	19.39%
Racing Promoter			
Local Horseracing	2,816,486,426	2,613,964,467	7.75%
Simulcast racing	2,293,045,427	2,121,037,910	8.11%
TOTAL	5,109,531,853	4,735,002,377	7.91%
LOTTERY	36,763,431,799	34,860,308,170	5.46%
GAMING			
Gaming Lounges	108,488,715,020	90,448,615,918	19.95%
Non-gaming lounges	2,829,585,671	1,422,451,350	98.92%
	111,318,300,691	91,871,067,268	21.17%
TOTAL	158,127,569,614	135,601,127,572	16.61%

The gaming industry reported an overall increase government revenue in 2016/2017 which outperform the economy which grew by approximately 1.3%. The gaming lounge segment showed a reduction in the number of locations with the closure of gaming facilities and decreased number of gaming seats in some locations by approximately 220 seats. The increase in this sector was mainly through the operations at Vault Gaming Lounge which added 150 gaming seats in September 2015.

Lottery continues to be the largest contributor to Government revenue, generating \$11.34 billion in gross gaming profit in 2016/17 (60% of the total).

Gaming on slot machines, a popular entertainment activity in Jamaica, especially in gaming lounges constituted (27%) of the total declared gross profit for the sector. The parish of St. Andrew continues to have the highest number of gaming seats followed by St. James.

Betting on Local and simulcast horse-racing is an integral part of the gaming industry. Simulcast horse-racing continues to be the main contributor to Gross revenue with an average payout ratio of 66%. The payout ratio for local and sporting events averages 76% and 83% respectively.

Accumulated sector performance 2016/2017

2016/2017					2015/2016			
	SALES	PAYOUT/PRIZE LIABILITY	GROSS PROFIT	PAYOUT AS A % OF SALES	SALES	PAYOUT/PRIZE LIABILITY	GROSS PROFIT	PAYOUT AS A % OF SALES
BETTING	10,045,837,124	7,654,923,633	2,390,913,491	76%	8,869,752,134	6,691,547,543	2,178,204,590	75%
LOTTERY	36,763,431,799	25,426,397,980	11,337,033,819	69%	34,860,308,170	23,403,874,766	11,456,433,404	67%
GAMING SECTOR								
Gaming Lounges	108,488,715,020	103,568,406,050	4,920,308,970	95%	90,448,615,918	86,380,431,558	4,068,184,360	96%
Non-gaming lounges/Under 19s	2,829,585,671	2,663,148,949	166,436,722	94%	1,422,451,350	1,300,053,793	122,397,557	91%
	111,318,300,691	106,231,554,999	5,086,745,692	95%	91,871,067,268	87,680,485,351	4,190,581,917	95%
GRAND TOTAL	158,127,569,614	139,312,876,612	18,814,693,002	88%	135,601,127,571	117,775,907,660	17,825,219,911	87%

Within the gaming sector, gaming lounges recorded the highest sales with an average of 95% of the money played returned to gamblers as winnings. The average payout for the betting sector is 76% while the average payout ratio for the lottery sector is 69%

Sales

In 2016/17 punters wagered J\$158 billion, which equates to more than J\$80,000 per adult (18 and older)¹.

- Wagering on local horse-racing increased by 7.71% and simulcast horse-racing had a marginal decline of 1% for Bookmaker's. However, the converse is reflected in pari-mutuel wagering sales by the Racing promoter (increase by 7.91%).
- Sports betting is affected by major international events. Seasonal sporting events, primarily NBA, NFL, Premier League, Olympic Games contributed to a 46% increase in sales, primarily driven by the 2016 Summer Olympics in Rio Brazil.
- Sales on lottery games declined by 5.4%.
- Slot machine sales increased by 21.2% during 2016/17. Growth was enhanced by the promotions and opening of Vault Gaming Lounge with 150 gaming seats which commenced operations in September 2015 and operated for the entire year of 2016/2017.

Overall Sales for all types of gaming rose 16.61% during 2016/17 and the industry continues to contribute to the local economy as well as provide a meeting place for members of local communities to partake in an enjoyable past time.

Declared Gross Profit

Overall declared gross profit rose by 5.55% in 2016/17 [8% in 2015/16]. Weekly gross revenue from lottery decreased by 1.04%, and contributed 87% of the total revenue earned by the Government of Jamaica (GOJ). Slot machine declared gross profit from non-gaming lounges increased by 36%, however gaming lounges continue to contribute 97% of the gross profit for the gaming sector.

Accumulated declared gross profit

DECLARED PROFIT	2016/2017	2015/2016	% CHANGE
Bookmakers			
Local Horseracing	589,692,637	595,054,113	-0.90%
Simulcast racing	311,670,415	365,859,552	-14.81%
Sports betting	359,869,506	201,369,715	78.71%
TOTAL	1,261,232,558	1,162,283,380	8.51%
Racing Promoter			
Local Horseracing	340,225,100	290,129,708	17.27%
Simulcast racing	789,455,833	725,791,502	8.77%
TOTAL	1,129,680,933	1,015,921,210	11.20%
GRAND TOTAL	2,390,913,491	2,178,204,590	19.71%
LOTTERY	11,337,033,819	11,456,433,404	-1.04%
GAMING			
Gaming Lounges	4,920,308,970	4,068,184,360	20.95%
Non-gaming lounges	166,436,722	122,397,557	35.98%
TOTAL	5,086,745,692	4,190,581,917	21.39%
GRAND TOTAL	18,814,693,002	17,825,219,911	5.55%

BETTING SECTOR

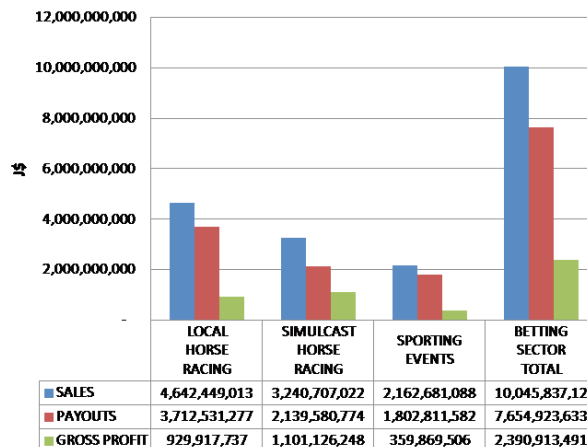
Betting includes bookmaking and pari-mutuel wagering on horse-racing (local and simulcast) and other sports events. Sales on wagering totalled \$10.046 billion in 2016/17, generating gross gaming profit of \$2.391 billion with a payout of 76% to punters. This represented a 9.8% increase over the 2015/16 fiscal year.

The Racing Promoter, Caymanas Track Limited (CTL), accounted for 51% of total sales with the remaining 49% from bookmakers. Horse-racing, being the dominant component of the betting market with \$2.031 billion in gross gaming revenues, is controlled by Caymanas Track Limited with the dominant bookmaker being Post to Post Betting Limited.

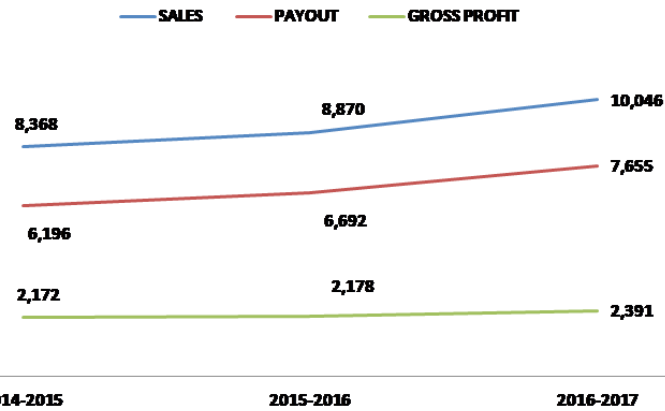
The race track was divested by the Government of Jamaica to Supreme Ventures Racing and Entertainment Limited (SVREL) a wholly-owned subsidiary of SVL. The deal was signed on February 10, 2017 and the new operators commenced March 7, 2017.

Bookmakers contributed 53% of the total Gross Profit in the betting sector available for Government levies. One bookmaker, Olympic Data Services Limited, which operates within the 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 Industry highlights.

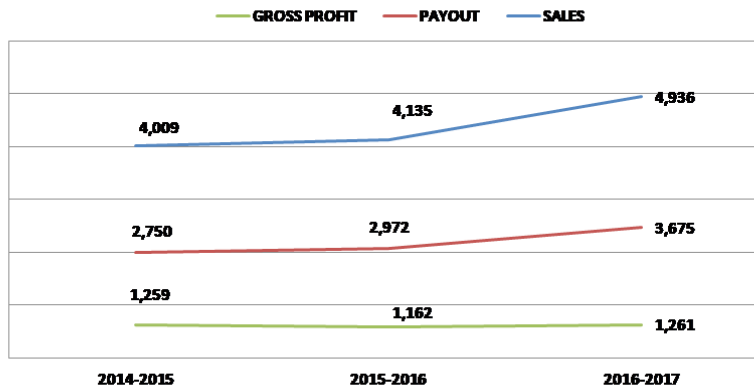
Summary of Betting Sector Sales, Payouts, Gross Profit 2016-21
Local & Simulcast Horseracing and Sporting Events



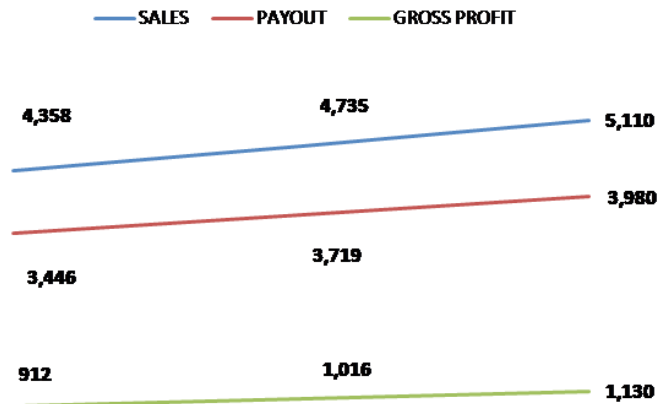
Trends in Betting Sector Performance



Trend in Bookmakers' Performance



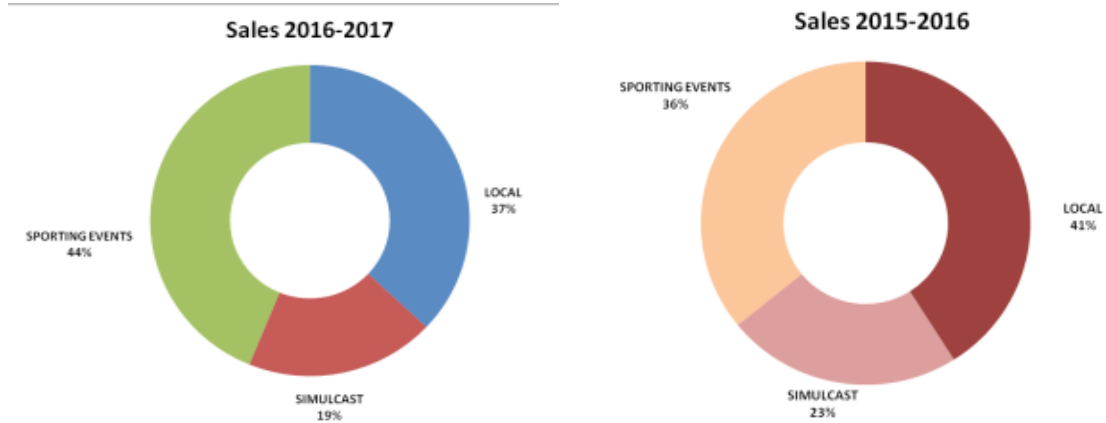
Trend in Promoter's Performance



Performance of Bookmakers

Sales increased by 19% while gross profit recorded a 9% increase year over year.

Bookmaker Sales Highlights

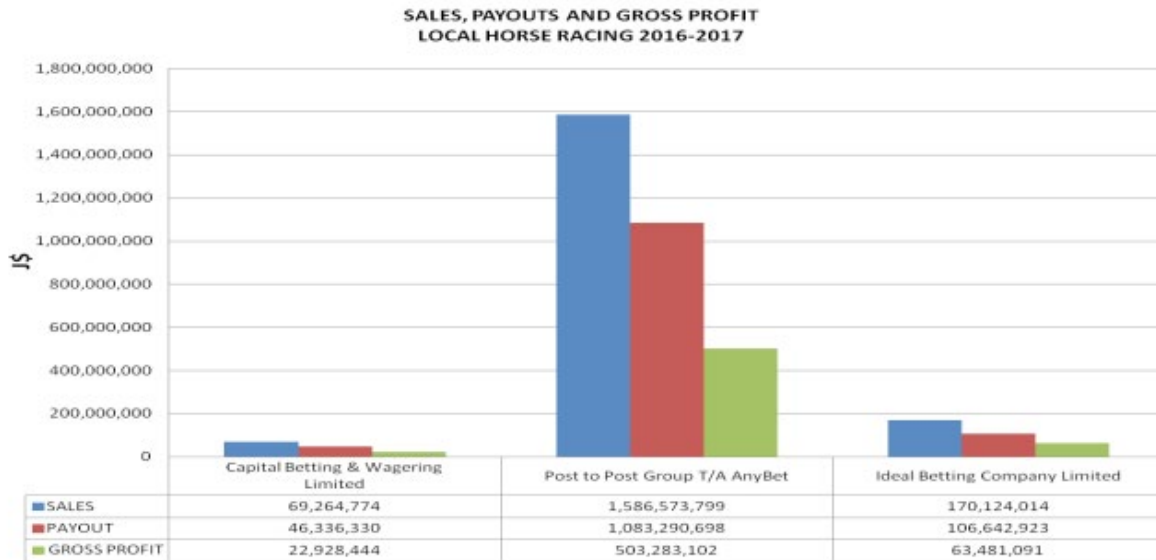


Post to Post Betting Limited, t/a Anybet continues to be the top performer for local betting followed by Ideal Betting Company Limited then Capital Betting & Wagering Limited. During the year, Island Sizzling Tech. Ja. Limited T/A Islandbet and Prime Sports (Jamaica) Limited through its flagship brand "JustBet"), only offered sports betting, while Jamozzie (t/a BetCris Jamaica) offered betting on simulcast for four months of the financial year and sports betting.

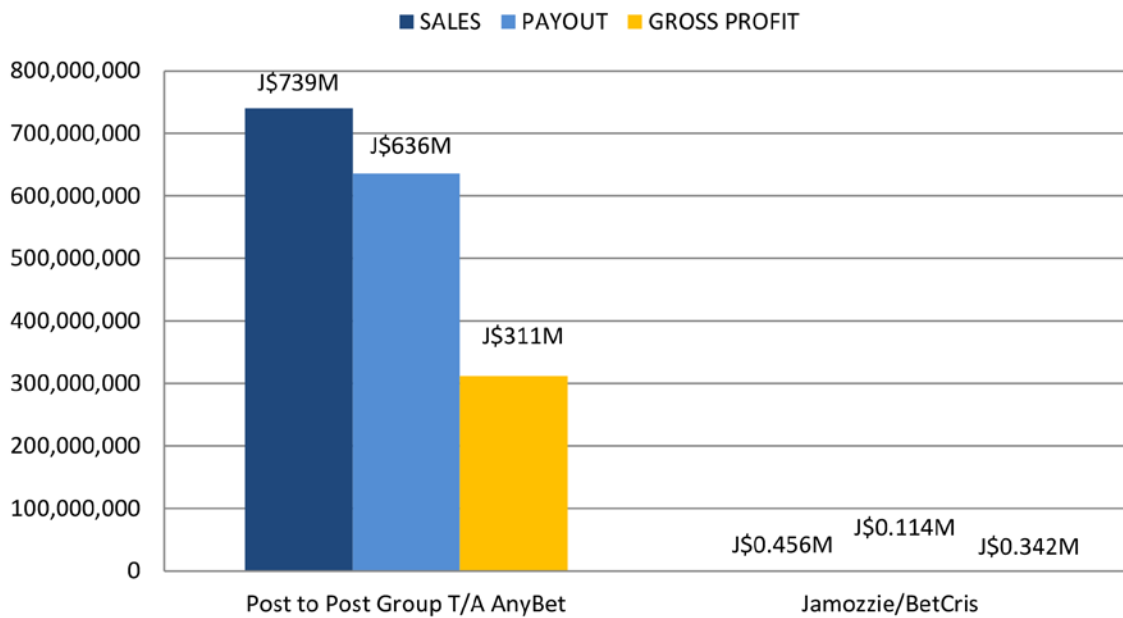
The significant increases in sales reported by Jamozzie and Islandbet arose from a full year of operation since commencing in October and September 2015 respectively. However, both bookmakers reported gross losses which is being carried until it is extinguished. Additionally, Ideal Betting Company Limited also had a full year of operation.

BOOKMAKERS	COMPARATIVE SUMMARY OF BOOKMAKERS SALES, PAYOUT & GROSS PROFIT							% CHANGE		
	2016-2017			2015-2016			GROSS PROFIT/(GROSS LOSS)			
	SALES	PAYOUT	GROSS PROFIT	SALES	PAYOUT			SALES	PAYOUT	GROSS PROFIT
Prime Sports Jamaica Limited	611,036,282	471,194,088	139,842,194	558,402,840	512,770,193	45,632,647		9%	-8%	206%
Capital Betting & Wagering Limited	69,264,774	46,336,330	22,928,444	45,722,726	29,066,032	16,656,694		51%	59%	38%
Post to Post Group T/A AnyBet	3,642,278,139	2,615,290,450	1,026,987,688	3,373,159,298	2,305,800,288	1,067,359,010		8%	13%	-4%
Ideal Betting Company Limited	170,124,014	106,642,923	63,481,091	107,073,138	69,600,194	37,472,944		59%	53%	69%
Island Bet	259,947,513	261,929,021	(1,981,508)	31,394,054	40,239,633	(8,845,578)		728%	551%	-78%
Jamozzie/BetCris	183,654,548	173,679,900	9,974,649	18,997,700	14,990,036	4,007,664		867%	1059%	149%
TOTAL	4,936,305,270	3,675,072,712	1,261,232,558	4,134,749,756	2,972,466,376	1,162,283,380		19%	24%	9%

Local and Simulcast Horse-racing

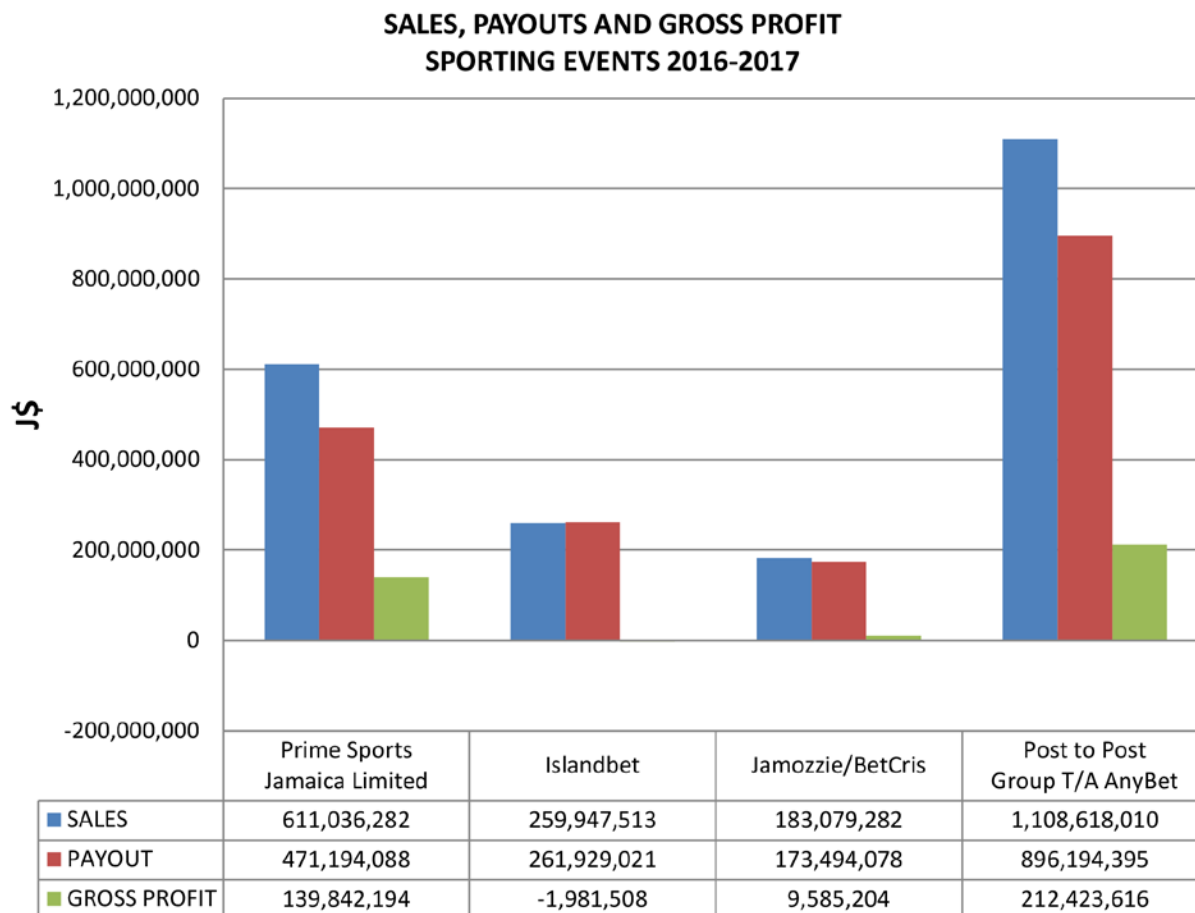


Sales, Payouts & Gross Profits Simulcast Racing 2016/2017



Sports Betting

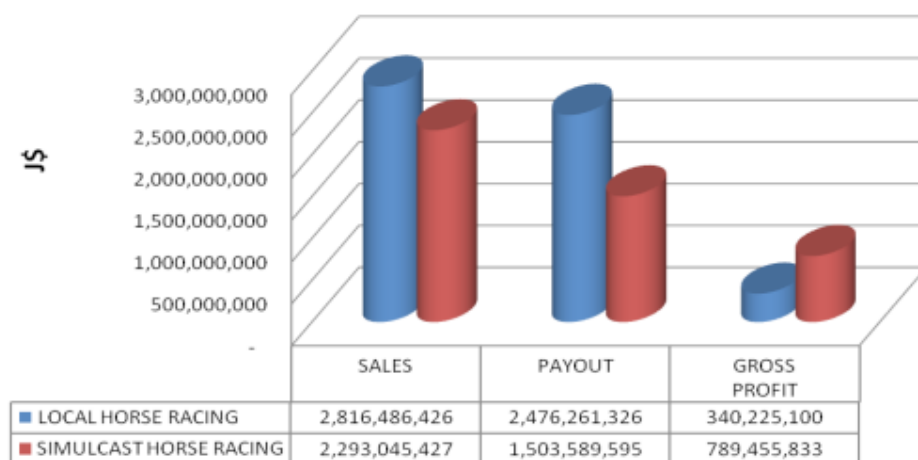
The Sports Betting brand – “Anybet” dominated the sporting events category representing 51% of total sales while the “Justbet” brand accounted for 28% of the sports betting market. The dominance of the “Anybet” brand could be attributed to competitive fixed odds (originating from signal broadcast from the UK via Satellite Information Service (SIS) compared to “Intralot”, and the number of locations island-wide.



Performance of the Racing Promoter – Caymanas Track Limited (CTL)

Local horse-racing contributed 55% to earnings within the sector while simulcast races contributed 45%. The second running of the Supreme Ventures Diamond Mile generated total sales of approximately \$62m with a payout of \$41m. However, despite the boost in sales in local horse-racing, simulcast racing accounted for 70% of the total (taxable) gross profit primarily due to lower payout ratios in comparison to local horse-racing.

Performance of the Racing Promoter 2016-2017



Betting Sector Taxes, Duties and Levies

GOVERNMENT REVENUE EARNED FROM BETTING SECTOR				
Levies:	2016/17		2015/16	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Consolidated Fund	60,361,846	72,995,871	53,966,041	34,771,800
BGLC	36,231,198	59,007,651	35,789,772	35,463,336
JRC	156,038,843	197,028,304	159,604,185	170,464,598
CHASE	3,577,501	3,468,692	2,856,153	3,394,540
sub-total	256,209,388	332,500,517	252,216,151	244,094,275
BGLC - Unclaimed Winnings	6,050,052	6,050,052	5,450,040	5,450,040
BGLC - Permits & Licence Fees	6,840,900	6,840,900	7,838,000	7,838,000
TOTAL	269,100,340	345,391,469	265,504,191	257,382,315

Overall government revenue earned from the betting industry amounted to J\$269.1 million with J\$345.4 million collected primarily from the bookmakers representing 96% while 4% of the total tax liability due was paid by the Promoter, the difference between the amount payable and paid arose from revenues that were generated in the 2015/2016 financial year but was paid in 2016/2017.

BETTING SECTOR TAXES, DUTIES & LEVIES								
BOOKMAKERS - 2016/17								
	LOCAL RACING		SIMULCAST		SPORTING EVENTS		TOTAL	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Consolidated Fund	7,971,727	8,914,659	4,559,741	4,764,792	25,236,759	25,937,241	37,768,228	39,616,691
BGLC	13,269,497	14,603,536	7,851,101	7,489,464	3,813,790	3,539,405	24,934,389	25,632,406
JRC	66,247,641	75,384,004	38,955,560	37,237,093	-	-	105,203,201	112,621,097
CHASE	-	-	-	-	3,577,501	3,468,692	3,577,501	3,468,692
Total for Bookmakers	87,488,865	98,902,199	51,366,403	49,491,349	32,628,050	32,945,338	171,483,318	181,338,886
RACING PROMOTER - 2016/17								
	LOCAL RACING		SIMULCAST				TOTAL	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED			PAYABLE	COLLECTED
Consolidated Fund	6,804,502	1,727,278	15,789,117	31,651,901			22,593,619	33,379,179
BGLC	3,402,251	9,361,005	7,894,558	24,014,240			11,296,809	33,375,245
JRC	15,310,130	25,997,116	35,525,512	58,410,090			50,835,642	84,407,207
Total for Racing Promoter	25,516,883	37,085,399	59,209,187	114,076,232			84,726,070	151,161,631
INDUSTRY TOTAL	113,005,748	135,987,598	110,575,590	163,567,581	32,628,050	32,945,338	256,209,388	332,500,517

The indebtedness by the Racing Promoter, CTL, was \$165.2 million for the period September 2011 to March 5, 2017, comprising:

Accumulated Indebtedness of CTL

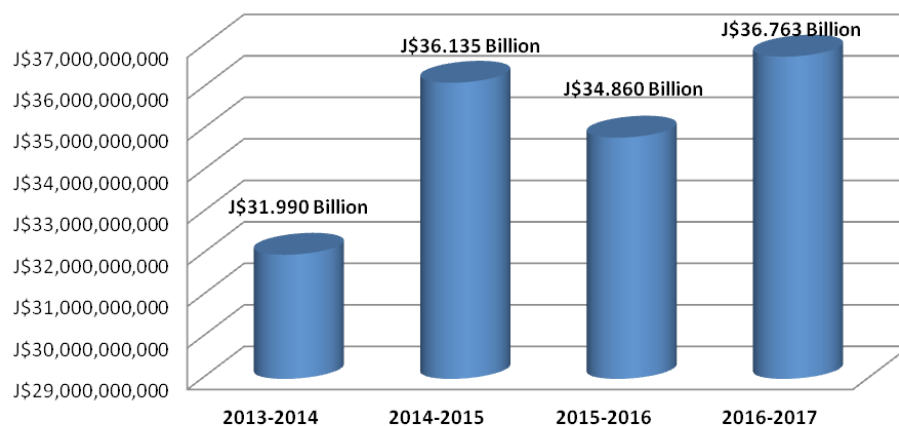
Racing Promoter	CONSOLIDATED FUND		BGLC		JRC		TOTAL		GRAND TOTAL
	LOCAL RACING	SIMULCAST	LOCAL RACING	SIMULCAST	LOCAL RACING	SIMULCAST	LOCAL RACING	SIMULCAST	
DATES									
June 2016 - Mar 5, 2017	5,245,427.00	12,100,990.00	2,622,712.04	6,053,574.42	6,980,246.16	13,011,047.68	14,848,385.29	31,165,612.10	46,013,997.39
April - May 2016	1,050,850.06	2,658,240.28	529,525.03	1,329,120.14	0.00	0.00	1,580,775.09	3,987,360.42	5,577,135.51
April 2015-Mar 31, 2016	5,802,594.16	14,577,650.46	2,901,296.99	3,561,147.70	0.00	0.00	8,703,891.15	18,138,798.16	26,842,689.31
April 2014-Mar 31, 2015	7,046,817.67	13,306,775.42	0.00	0.00	2,698,026.72	0.00	9,744,844.39	13,306,775.42	23,051,619.81
April 2013 - Mar. 2014	4,779,828.00	13,007,207.00	-	-	-	-	4,779,828.00	13,007,207.00	17,787,035.00
April 2012 - Mar 2013	3,901,895.84	11,706,551.75	-	-	128,460.04	4,838,986.99	4,030,355.88	16,045,538.74	20,075,894.62
Sept 2011 - March 2012	2,833,567.54	6,471,376.20	-	-	3,938,231.79	12,682,942.69	6,771,739.33	19,154,318.89	25,926,118.22
TOTAL	30,669,980.36	73,328,791.11	6,053,934.06	10,943,842.26	13,744,964.71	30,532,977.36	90,468,879.13	114,805,610.73	165,274,489.86

LOTTERY SECTOR

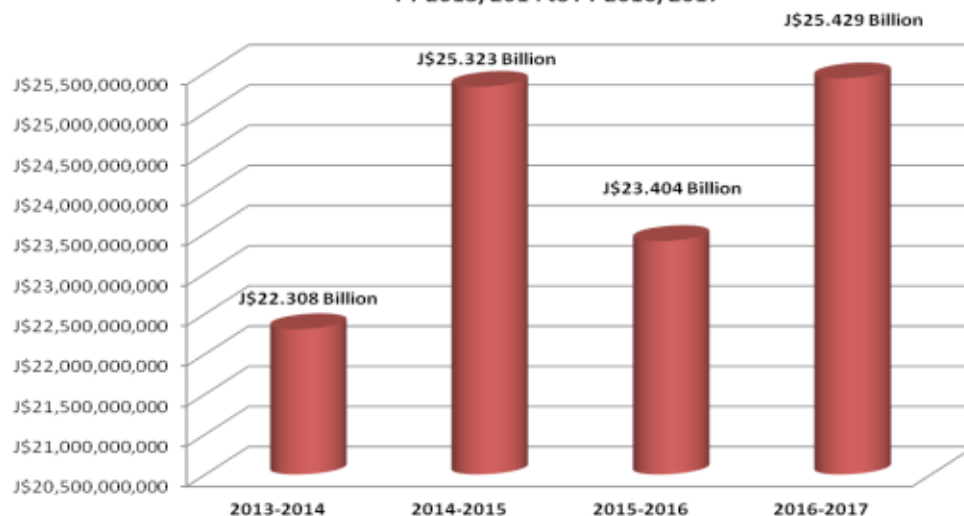
Government Revenue from the Lottery Sector was generated by Prime Sports (Jamaica) Limited (Supreme Ventures).

Total sales generated amounted to \$36.77 billion, a 5.5% increase over 2015-2016 contributing \$5.02 billion in Government Revenue. The Pay Day game was discontinued in November 2016, after the jackpot of \$36m was won. All games showed a decrease in revenue.

**Trend in Lottery Sales
FY 2013/2014 to 2016/2017**



**Trend in Prize Liability
FY 2013/2014 to FY 2016/2017**

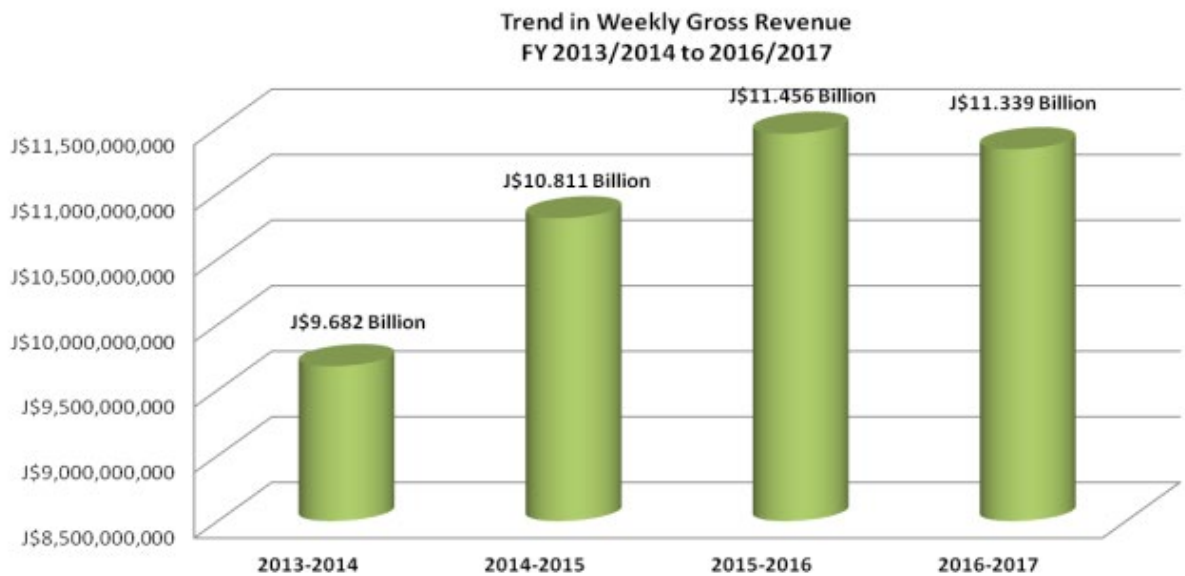


Total prize liability was J\$25.4 billion, an increase of 9% over 2015/16 and represented 69% of sales (2015/16: 67% of sales). The Cash Pot game recorded the largest payout of J\$18.4 billion, followed by Money Time (\$2.9 billion) and Pick 4 (\$1.2 billion).

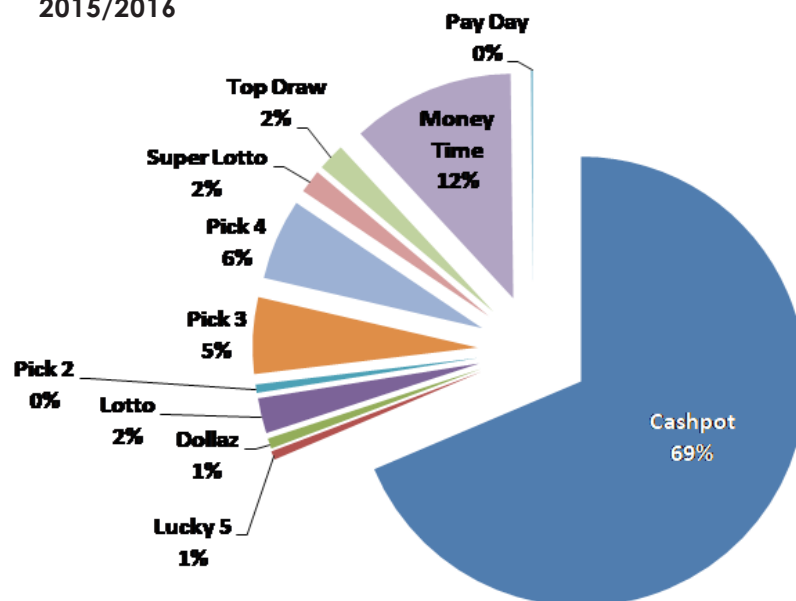
Weekly Gross Revenue decreased by 1% when compared to the previous year primarily due to an increase in prize liabilities.

Lottery Game Sales

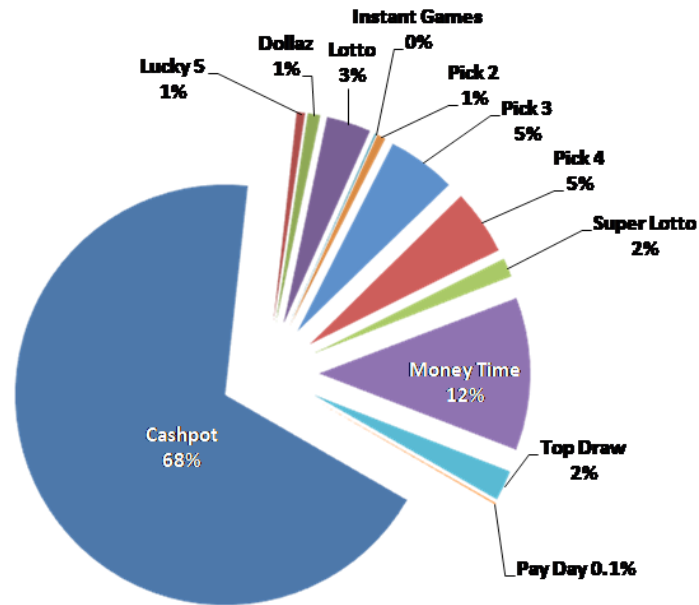
The Cash Pot lottery game continues to be the market leader, contributing 69% of total sales followed by Money Time (12%), Pick 3 and Pick 4 (5% and 6%) respectively, Lotto & Top Draw (2%) and Super Lotto (2%). Only Pick 4 showed increased market share.



**Share of Lottery Sales by Game
2015/2016**



Share of Lottery Sales by Game 2016/2017



Government Levy and Lottery Tax

Lottery Taxes and lottery winnings levy amounted to J\$2.312 billion and J\$0.305 billion respectively. Lottery taxes and lottery winnings levy decreased by .32% and 11.37% respectively. During the year there was only one Super Lotto jackpot winner of \$250 million, while the Lotto jackpot was consistently won during the year, resulting in few large jackpots.

GOVERNMENT LEVY & LOTTERY TAX					
		2016 - 2017		2015 - 2016	
GAMES	Lottery Tax Rates (%)	PAYABLE	COLLECTED	PAYABLE	COLLECTED
Cashpot	20%	1,370,616,774	1,368,144,544	1,401,287,731	1,425,254,070
Lucky 5	20%	24,419,204	24,418,626	22,498,544	22,574,265
Pick 2	20%	18,314,816	18,458,580	18,955,632	19,081,688
Pick 3	20%	165,382,026	167,324,330	156,038,290	156,018,300
Pick 4	20%	184,251,108	186,375,356	175,118,830	171,511,842
Instant Games	20%	-	-	21,546	22,377
Super Lotto	25%	77,439,988	76,927,476	63,534,007	63,964,189
Dollaz	25%	31,923,037	32,314,178	35,078,179	35,148,246
Lotto	25%	111,879,588	113,256,024	142,134,036	144,601,620
Money Time	20%	270,509,179	273,838,364	255,970,560	255,104,566
Top Draw	20%	50,679,897	50,816,771	61,272,794	62,742,296
Pay Day	20%	6,730,520	7,711,120	7,374,840	6,394,240
Sub-total		2,312,146,136	2,319,585,370	2,339,241,897	2,362,372,946
Lottery Winnings Levy (on winnings over \$15,000)		305,412,464	310,970,133	344,585,565	345,984,944
TOTAL		2,617,558,600	2,630,555,503	2,683,827,462	2,708,357,890

Contributions to Good Causes

Contributions from all games amounted to J\$1.518 billion, an increase of 6% compared to the previous year.

CONTRIBUTIONS TO GOOD CAUSES				
CHASE				
2016-2017			2015-2016	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
GAMES	Contribution/Unclaimed Prizes	Contribution/Unclaimed Prizes	Contribution/Unclaimed Prizes	Contribution/Unclaimed Prizes
Cash Pot	984,886,572	967,495,748	929,202,383	895,035,904
Lucky 5	11,562,635	12,095,351	11,338,274	8,214,162
Pick 2	12,436,551	12,275,554	13,209,360	8,519,700
Pick 3	85,927,985	84,673,406	78,403,938	69,078,188
Pick 4	95,526,483	93,035,616	79,825,480	65,259,408
Instant Games	-	-	1,476,389	8,396
Super Lotto	32,776,321	31,308,059	26,490,291	19,130,160
Dollaz	14,997,496	14,794,138	18,161,544	12,215,136
Lotto	65,629,495	64,592,417	57,667,517	47,128,278
Money Time	170,313,779	168,139,565	162,617,327	152,332,150
Top Draw	41,231,648	40,810,760	48,413,372	30,623,981
Pay Day	3,007,209	3,291,379	1,365,987	1,081,697
	1,518,296,173	1,492,511,991	1,428,171,861	1,308,627,161
			Unclaimed Prizes	167,416,372
GRAND TOTAL	1,518,296,173	1,492,511,991	GRAND TOTAL	1,476,043,533

Lottery Game Fees Payable to BGLC

Total fees payable to BGLC increased by 7% compared to prior year. Licensing Fees increased by 6%. Total amount collected increased by 3% compared to prior year.

BGLC FEES				
2016-2017			2015-2016	
	PAYABLE	COLLECTED	PAYABLE	COLLECTED
GAMES	Contribution/Unclaimed Prizes	Contribution/Unclaimed Prizes	Contribution/Unclaimed Prizes	Contribution/Unclaimed Prizes
Cash Pot	518,091,767	509,651,327	488,150,387	441,387,567
Lucky 5	7,360,829	7,939,312	7,258,389	3,920,163
Pick 2	8,328,030	8,231,957	9,017,351	4,211,445
Pick 3	48,530,468	47,878,465	44,307,859	34,106,743
Pick 4	56,110,945	54,539,494	47,662,819	32,371,002
Instant Games	-	-	728,082	3,933
Super Lotto	21,315,207	20,281,217	17,185,206	9,359,084
Dollaz	9,936,255	9,798,954	12,122,519	6,052,175
Lotto	48,381,260	47,845,930	35,755,186	22,893,621
Money Time	90,639,528	89,538,510	86,997,702	75,176,692
Top Draw	27,846,083	27,581,086	33,396,961	15,073,287
Pay Day	1,683,186	1,823,322	673,698	533,438
TOTAL	838,223,557	825,109,576	783,256,160	645,089,150
Unclaimed Prizes				159,709,598
Licence Fees		46,492,275		43,929,975
GRAND TOTAL	838,223,557	871,601,851	783,256,160	848,728,723

GAMING SECTOR

Gaming Lounges & Non-gaming Lounges²

Gaming lounges and non-gaming lounges generated \$111.318 billion in sales representing a 21% increase over 2015/16 with a declared gross profit of \$5.09 billion. Total Government revenue earned amounted to \$574 million, an increase of 21%.

Sales totalling \$108.5 billion was generated by 16 gaming lounges (combined 27 locations) with a declared gross profit of \$4.920 billion while sales of \$2.829 billion was generated by 40 non-gaming lounges with a declared gross profit of \$166.4 million. Gaming lounges average payout was 95%, while non-gaming lounges average payout of 94%.

The performance by the gaming sector, in particular gaming lounges resulted from additional seats in existing gaming lounges as well as the re-opening of 100 'Vault' Gaming, bonus credit giveaways and the attraction of multi-station gaming machines (Royal Ascot and Roulette).

The declared gross profit contributed by these lounges varies depending on the average payout. Although Vault Gaming ranked the highest in sales, Everglades Farm - Monte Carlo contributed the highest in government revenue.

Government revenue totalling \$326.6 million was earned primarily in the parish of St. Andrew (66.4%), followed by St. James (24.5%) and St. Ann (6.9%).

Trends in sales, payout, and gross profits

SALES	Gaming Lounges	Non-Gaming Lounges	TOTAL SALES
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
2014/2015	73,737,842,532	1,434,558,489	75,172,401,021
PAYOUT	Gaming Lounges	Non-Gaming Lounges	TOTAL PAYOUT
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
2014/2015	70,328,010,966	1,308,415,869	71,636,426,835
GROSS PROFIT	Gaming Lounges	Non-Gaming Lounges	TOTAL GROSS PROFIT
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
2014/2015	3,409,831,566	126,142,620	3,535,974,186

² 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).

The top ten (10) ranking of gaming lounges based on sales are:

#	GAMING LOUNGES	# OF SLOT MACHINES	SALES	PAYOUTS	DECLARED GROSS PROFIT	Payout as a % of Sales	CONSOLIDATED FUND	BGLC	CHASE	TOTAL GOVERNMENT REVENUE
1	"100" Vault Gaming	150	18,291,940,161	17,482,462,521	809,477,639	95.57%	52,616,047	20,236,941	8,094,776	80,947,764
2	Treasure Hunt - Whitter Village	182	17,166,940,328	16,601,889,219	565,051,109	96.71%	36,728,322	14,126,278	5,650,511	56,505,111
3	Macau Gaming	206	16,709,476,042	15,996,073,755	713,402,286	95.73%	46,371,149	17,835,057	7,134,023	71,340,229
4	Monte Carlo	224	15,816,278,157	14,885,137,652	931,140,506	94.11%	60,524,133	23,278,513	9,311,405	93,114,051
5	Treasure Hunt - Kgn	127	9,316,303,076	9,025,203,973	291,099,103	96.88%	18,921,442	7,277,478	2,910,991	29,109,910
6	Mosino	210	8,840,149,433	8,486,799,341	353,350,093	96.00%	22,967,756	8,833,752	3,533,501	35,335,009
7	Acropolis Barbican	195	8,121,634,481	7,771,328,952	350,305,529	95.69%	22,769,859	8,757,638	3,503,055	35,030,553
8	Reno Gaming	150	5,474,092,698	5,204,927,841	269,164,857	95.08%	17,495,716	6,729,121	2,691,649	26,916,486
9	Vegas - Bogue	68	1,892,536,890	1,792,336,475	100,200,415	94.71%	6,513,027	2,505,010	1,002,004	10,020,041
10	Vegas - Kgn	50	1,387,008,615	1,290,617,798	96,390,818	93.05%	6,265,403	2,409,770	963,908	9,639,082

SUMMARY OF GROSS PROFIT, LEVY, CONTRIBUTION & FEES 2016/2017									
	CONSOL FUND		BGLC		CHASE		TOTAL		
	Payable	Paid	Payable	Paid	Payable	Paid	Payable	Paid	
Gaming Lounges	6.5%		2.5%		1%				
	319,820,083	280,775,015	123,007,724	102,644,580	49,203,090	43,192,075	492,030,897		426,611,670
Under 19 Machine Operators	10,862,784	8,256,970	4,177,994	2,590,908	1,671,198	963,886	16,711,976		11,811,764
TOTAL	330,682,867	289,031,985	127,185,718	105,235,487	50,874,287	44,155,961	508,742,873		438,423,433
Gaming Machine Levies & Fees	28,473,375	28,473,375	36,435,600	36,435,600	-	-	64,908,975		64,908,975
GRAND TOTAL	359,156,242	317,505,360	163,621,318	141,671,087	50,874,287	44,155,961	573,651,848		503,332,408

Summary of revenue by parish

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	1007	3,265,915,810	326,591,581	66.4%	76	66,449,139	6,648,434	39.8%	1083	3,332,364,949	333,240,015	65.5%
2	St. James	613	1,206,209,042	120,620,904	24.5%	39	38,484,993	3,848,499	23.0%	652	1,244,694,035	124,469,404	24.5%
3	St. Ann	213	339,355,077	33,935,508	6.9%					213	339,355,077	33,935,508	6.7%
4	Hanover	90	72,613,812	7,261,381	1.5%	65	18,897,052	1,906,573	11.4%	155	91,510,864	9,167,954	1.8%
5	St Catherine	46	26,759,045	2,675,905	0.5%	19	3,443,602	389,762	2.3%	65	30,202,647	3,065,666	0.6%
6	Westmoreland	34	9,456,185	945,619	0.2%	85	27,734,063	2,775,920	16.6%	119	37,190,248	3,771,539	0.7%
7	St. Mary					31	8,151,697	815,170	4.9%	31	8,151,697	815,170	0.2%
8	Manchester					18	637,939	63,794	0.4%	18	637,939	63,794	0.0%
9	Kingston					14	747,947	74,795	0.4%	14	747,947	74,795	0.0%
10	Portland					5	1,890,290	189,029	1.1%	5	1,890,290	189,029	0.04%
		2003	4,920,308,970	492,030,897	100%	352	166,436,722	16,711,976	100%	2,355	5,086,745,692	508,742,873	100%

Summary Of Gaming Lounge Performance 2016 - 2017

PERFORMANCE OF GAMING LOUNGES 2016-2017						GROSS PROFIT TAX			
GAMING LOUNGES	# OF SLOT MACHINES OPERATED	SALES	PAYOUT	DECLARED GROSS PROFIT	Payout as a % of Sales	Consolidatd Fund 6.50%	BGLC 2.50%	CHASE 1%	TOTAL GOVERNMENT REVENUE
1 Christelles	47	682,229,596	625,722,822	56,506,775	92%	3,672,940	1,412,669	565,068	5,650,677
2 Monte Carlo	224	15,816,278,157	14,885,137,652	931,140,506	94%	60,524,133	23,278,513	9,311,405	93,114,051
3 Vegas - Kgn	50	1,387,008,615	1,290,617,798	96,390,818	93%	6,265,403	2,409,770	963,908	9,639,082
4 Macau Gaming	206	16,709,476,042	15,996,073,755	713,402,286	96%	46,371,149	17,835,057	7,134,023	71,340,229
5 Acropolis Barbican	195	8,121,634,481	7,771,328,952	350,305,529	96%	22,769,859	8,757,638	3,503,055	35,030,553
6 Acropolis Cross Roads	8	366,417,884	348,824,730	17,593,154	95%	1,143,555	439,829	175,932	1,759,315
8 Treasure Hunt - Kgn	127	9,316,303,076	9,025,203,973	291,099,103	97%	18,921,442	7,277,478	2,910,991	29,109,910
9 "100" Vault Gaming	150	18,291,940,161	17,482,462,521	809,477,639	96%	52,616,047	20,236,941	8,094,776	80,947,764
TOTAL	1007	70,691,288,013	67,425,372,203	3,265,915,810	95%	212,284,528	81,647,895	32,659,158	326,591,581
ST. CATHERINE									
10 Rajmaville	46	280,627,407	253,868,362	26,759,045	90%	1,739,338	668,976	267,590	2,675,905
TOTAL	46	280,627,407	253,868,362	26,759,045	90%	1,739,338	668,976	267,590	2,675,905
ST. ANN									
11 Reno Gaming	150	5,474,092,698	5,204,927,841	269,164,857	95%	17,495,716	6,729,121	2,691,649	26,916,486
12 Bahia Principe	14	344,999,274	315,915,366	29,083,908	92%	1,890,454	727,098	290,839	2,908,391
13 Riu Ocho Rios	40	446,232,151	405,267,527	40,964,623	91%	2,662,701	1,024,116	409,646	4,096,462
14 Room on the Beach	9	1,211,229	1,069,541	141,688	88%	9,210	3,542	1,417	14,169
TOTAL	213	6,266,535,352	5,927,180,275	339,355,077	95%	22,058,080	8,483,877	3,393,551	33,935,508
ST. JAMES									
15 Vegas - Bogue	68	1,892,536,890	1,792,336,475	100,200,415	95%	6,513,027	2,505,010	1,002,004	10,020,041
16 Treasure Hunt - Whitter Village	182	17,166,940,328	16,601,889,219	565,051,109	97%	36,728,322	14,126,278	5,650,511	56,505,111
17 Mosino	210	8,840,149,433	8,486,799,341	353,350,093	96%	22,967,756	8,833,752	3,533,501	35,335,009
18 Riu Club - Montego Bay	34	548,069,681	505,369,560	42,700,121	92%	2,775,508	1,067,503	427,001	4,270,012
19 Sunscape Splash	39	541,260,727	503,828,874	37,431,853	93%	2,433,070	935,796	374,319	3,743,185
20 Holiday Inn	21	244,599,833	219,039,877	25,559,956	90%	1,661,397	638,999	255,600	2,555,996
21 Iberostar	26	511,762,896	472,078,145	39,684,752	92%	2,579,509	992,119	396,848	3,968,475
22 Secrets	33	595,747,339	553,516,595	42,230,744	93%	2,744,998	1,055,769	422,307	4,223,074
TOTAL	613	30,341,067,127	29,134,858,085	1,206,209,042	96%	78,403,588	30,155,226	12,062,090	120,620,904
HANOVER									
23 Riu Tropical Bay	20	116,998,568	106,042,919	10,955,649	91%	712,117	273,891	109,556	1,095,565
24 Grand Palladium	47	687,625,824	626,938,434	60,687,390	91%	3,944,680	1,517,185	606,874	6,068,739
25 Hedonism 11	23	11,723,380	10,752,607	970,773	92%	63,100	24,269	9,708	97,077
TOTAL	90	816,347,772	743,733,960	72,613,812	91%	4,719,898	1,815,345	726,138	7,261,381
WESTMORELAND									
26 Couples Negril	8	34,929,455	30,313,601	4,615,854	87%	300,031	115,396	46,159	461,585
27 Couples Swept Away	26	57,919,894	53,079,563	4,840,331	92%	314,622	121,008	48,403	484,033
TOTAL	34	92,849,349	83,393,164	9,456,185	90%	614,652	236,405	94,562	945,619
GRAND TOTAL	2003	108,488,715,020	103,568,406,050	4,920,308,970	95%	319,820,083	123,007,724	49,203,090	492,030,897

Summary Of 19 & Under Performance 2016 - 2017

	PERFORMANCE OF GAMING LOUNGES 2016-2017						GROSS PROFIT TAX			
	GAMING LOUNGES	# OF SLOT MACHINES OPERATED	SALES	PAYOUT	DECLARED GROSS PROFIT	Payout as a % of Sales	Consolidated Fund 6.50%	BGLC 2.50%	CHASE 1%	TOTAL GOVERNMENT REVENUE
ST. ANDREW										
1	Lotto Super Store	19	146,828,940	130,526,060	16,302,880	89%	1,059,687	407,572	163,029	1,630,288
2	Guinness Basement Pub	7	25,717,290	23,142,910	2,574,380	90%	167,335	64,360	25,744	257,438
3	Uptown Pub	14	92,010,250	81,873,100	10,137,150	89%	658,915	253,429	101,372	1,013,715
4	Ice Jamaica - Jamcel #2	4	109,715	143,682	-33,967	131%	80	31	12	123
5	Ice Jamaica - Sispet Sports Betting	5	240,503,194	233,994,229	6,508,965	97%	423,083	162,724	65,090	650,897
6	Ice Jamaica - Cross Roads	13	804,066,203	779,219,771	24,846,432	97%	1,615,018	621,161	248,464	2,484,643
7	Silver Top Tavern	7	26,017,610	22,529,470	3,488,140	87%	226,729	87,203	34,881	348,814
8	Ramdeen's Bar	4	21,663,150	19,049,170	2,613,980	88%	169,909	65,350	26,140	261,398
9	El Rancho (inactive status)	3	23,000	11,821	11,179	51%	727	279	112	1,118
	TOTAL	76	1,356,939,352	1,290,490,213	66,449,139	95%	4,321,482	1,662,108	664,843	6,648,434
ST. CATHERINE										
10	Super Gaming Store	11	21,518,020	19,079,500	2,438,520	89%	158,504	60,963	24,385	243,852
11	Ice Jamaica - Regional Office Spanish Town	6	42,099,413	40,640,316	1,459,097	97%	94,841	36,477	14,591	145,910
12	Ken's Wildflower	2	1,538,835	1,992,850	-454,015		0	0	0	0
	TOTAL	19	65,156,268	61,712,666	3,443,602	95%	253,345	97,440	38,976	389,762
ST. JAMES										
13	B-Games & Bar	10	149,999,421	136,759,391	13,240,030	91%	860,602	331,001	132,400	1,324,003
14	T & B Games Room	5	32,463,796	28,056,701	4,407,095	86%	286,461	110,177	44,071	440,710
15	Game Time	19	294,921,370	276,177,590	18,743,780	94%	1,218,346	468,595	187,438	1,874,378
16	Acropolis Regional Office Montego Bay	5	45,648,723	43,554,635	2,094,088	95%	136,116	52,352	20,941	209,409
	TOTAL	39	523,033,310	484,548,317	38,484,993	93%	2,501,525	962,125	384,850	3,848,499
HANOVER										
17	Red Boar	4	272,120	236,370	35,750	87%	2,324	894	358	3,575
18	Hallett Bar	5	729,180	608,810	120,370	83%	7,824	3,009	1,204	12,037
19	Lava Lounge	14	48,530,400	44,282,490	4,247,910	91%	276,114	106,198	42,479	424,791
20	Lucky 8 Games Room	16	114,176,730	103,506,870	10,669,860	91%	693,541	266,747	106,699	1,066,986
21	Shauna's Pub	13	14,146,090	12,013,138	2,132,952	85%	138,642	53,324	21,330	213,295
22	Evan's Bar	5	13,245,240	12,005,270	1,239,970	91%	80,598	30,999	12,400	123,997
23	Upper Deck Games Hall	3	2,884,225	2,578,015	306,210	89%	19,904	7,655	3,062	30,621
24	Central Gaming & Bar	5	3,785,290	3,641,260	144,030	96%	20,326	7,818	3,127	31,271
	TOTAL	65	197,769,275	178,872,223	18,897,052	90%	1,239,273	476,643	190,657	1,906,573
WESTMORELAND										
25	Paradise Gaming	19	98,661,180	91,549,493	7,111,688	93%	462,260	177,792	71,117	711,169
26	P & M Sports Bar	10	163,273,640	156,950,670	6,322,970	96%	410,993	158,074	63,230	632,297
27	Krazy 8	19	102,152,473	96,083,960	6,068,513	94%	394,453	151,713	60,685	606,851
28	E.W. Fisheries	5	3,711,820	3,465,310	246,510	93%	17,657	6,791	2,717	27,165
29	Fire & Ice Sports Bar	6	4,406,230	3,877,020	529,210	88%	34,399	13,230	5,292	52,921
30	Joy's Beer Joint	8	8,953,556	7,960,542	993,014	89%	64,546	24,825	9,930	99,301
31	Jahbs Restaurant & Bar	5	12,358,943	10,766,921	1,592,022	87%	103,481	39,801	15,920	159,202
32	ICE JA - Prime Sports Regional Office - Sav	8	160,761,973	156,007,291	4,754,682	97%	309,054	118,867	47,547	475,468
33	Ocean View Restaurant & Bar	5	394,387	278,933	115,454	71%	7,505	2,886	1,155	11,545
	TOTAL	85	554,674,202	526,940,139	27,734,063	95%	1,804,348	693,980	277,592	2,775,920
ST. MARY										
34	Golden Nuggette Gaming Lounge	14	36,538,925	33,320,260	3,218,665	91%	209,213	80,467	32,187	321,867
35	Purple Rock Gaming	17	68,091,507	63,158,475	4,933,032	93%	320,647	123,326	49,330	493,303
	TOTAL	31	104,630,432	96,478,735	8,151,697	92%	529,860	203,792	81,517	815,170
PORTLAND										
36	Irie Vibes Sports Bar	5	14,516,790	12,626,500	1,890,290	87%	122,869	47,257	18,903	189,029
	TOTAL	5	14,516,790	12,626,500	1,890,290	87%	122,869	47,257	18,903	189,029
KINGSTON										
37	Turkey's Hang Out	9	7,640,401	6,892,796	747,605	90%	48,594	18,690	7,476	74,761
38	Ice Jamaica - Orange Street OTB	5	422	80	342	19%	22	9	3	34
	TOTAL	14	7,640,823	6,892,876	747,947	90%	48,617	18,699	7,479	74,795
MANCHESTER										
39	Butterfly Lounge -Finclair	4	3,560,170	3,121,420	438,750	88%	28,519	10,969	4,388	43,875
40	Super Lotto Store	14	1,665,050	1,465,861	199,189	88%	12,947	4,980	1,992	19,919
	TOTAL	18	5,225,220	4,587,281	637,939	88%	41,466	15,948	6,379	63,794
	GRAND TOTAL	352	2,829,585,671	2,663,148,949	166,436,722	94%	10,862,784	4,177,994	1,671,198	16,711,976

Divisional **Reports**





Licensing & Registration

The Licensing & Registration Division (L&R) represents the first point of contact for customers visiting the Betting Gaming & Lotteries Commission. The team members are committed to delivering friendly and efficient service to our customers.

The primary functions of the division are to:

- Accept, assess and determine applications in accordance with the Betting Gaming & Lotteries Act and Regulations;
- Develop and implement licensing policies consistent with Government of Jamaica's objectives;
- Provide recommendations for legislative changes to enhance the mandate of the Commission;
- Liaise with the Compliance & Regulatory, Enforcement and Legal Services Divisions on matters that impact all 3 divisions;
- Maintain international links with gaming regulators globally to enable exchange of information on industry trends and developments.

The division achieved a number of its objectives during the 2016/17 fiscal year, primary among these is standardizing all categories of licenses. The division developed Licenses and Conditions of Licenses for local gaming machine manufacturers, lottery agents and the racing promoter. The Conditions of License relating to Bookmakers Permit, Betting Office, Betting Lounge, Betting Agency and Racing Promoter were also amended and standardized during the review period.

The efficiency of the Division has improved significantly. 610 licenses were prepared during the review period, a 91% increase over the previous record of 320 achieved last year. This substantial increase is primarily due to fully implementing the division's policy of not accepting incomplete applications and the increased compliance that has resulted from this new policy directive. Standard Operating Procedures were also completed during the review period which further enhances the division's efficiency.

L&R was also at the forefront of a number of strategic initiatives including developing and implementing policies to prohibit bookmakers offering wagering on lottery type games and local sporting events without the Commission's approval. A complete prohibition of wagering on sporting events that are exclusively for minors was also implemented. At least 2 local sporting bodies commended the Commission on these initiatives and have indicated their commitment to providing the necessary support that we may need to enforce the prohibition.

GAMING SECTOR

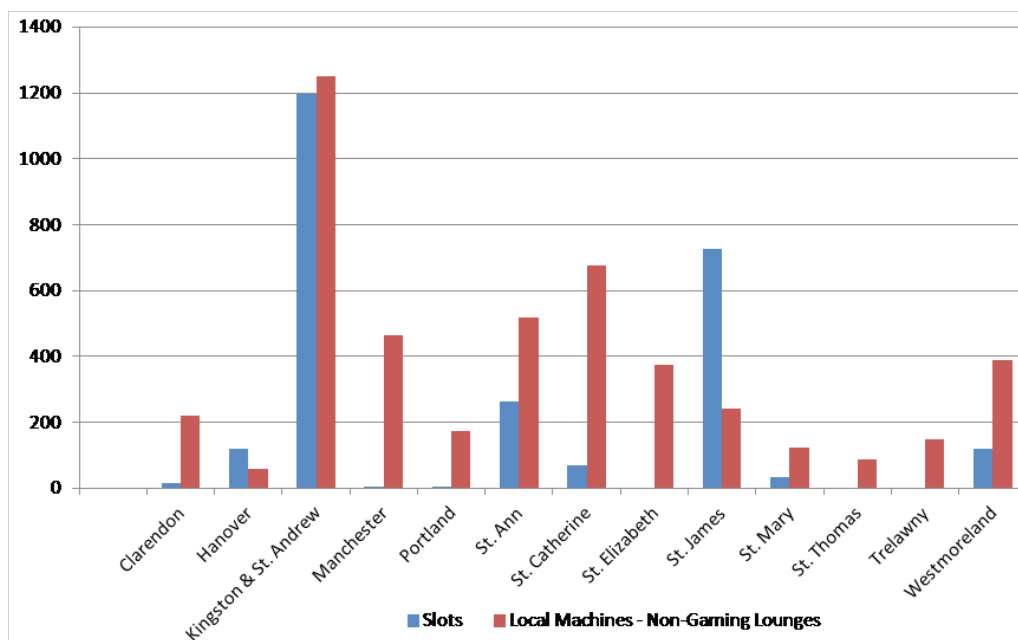
7,279 gaming machines were licensed during the year - a 14% increase when compared to the 6,403 that were licensed during 2015/16. 65% of the gaming machines licensed came from the local non-gaming lounge category, while 35% came from gaming lounges. During the previous year, 58% of the machines were local non-gaming while 42% were housed at gaming lounges. With a greater proportion of gaming machines falling in local non-gaming lounge category and the fact that there are significant differences in the tax rates of both categories of licensee, this is a area that the Commission will be addressing as a matter of urgency.

Kingston & St. Andrew continues to account for the greatest number of machines licensed during the period with 34%, while St. Thomas accounted for the least with just 1%.

Gaming Machines Licensed by Parish – 2016/2017

Parish	Slots		Slots	Machines - Non-Gaming Lounges	Grand Total	%
	Gaming Lounges	Non-Gaming				
Clarendon	0	16	16	219	235	3%
Hanover	59	61	120	58	178	2%
Kingston & St. Andrew	1051	146	1197	1251	2448	34%
Manchester	0	3	3	466	469	6%
Portland	0	5	5	175	180	2%
St. Ann	262	0	262	519	781	11%
St. Catherine	48	20	68	676	744	10%
St. Elizabeth	0	0	0	374	374	5%
St. James	688	40	728	243	971	13%
St. Mary	0	32	32	122	154	2%
St. Thomas	0	0	0	87	87	1%
Trelawny	0	0	0	150	150	2%
Westmoreland	38	81	119	389	508	7%
Total	2146	404	2550	4729	7279	
Percentage of Total	29%	6%	35%	65%		

Types of Gaming Machines Licensed by Parish - 2016/2017



Fees & Levies

Total fees and levies paid by gaming machine operators was \$62.07M, a 20% increase over the \$51.70M collected during the corresponding period last year. Of this amount, \$25.63M was paid to the Inland Revenue Department, while the remaining \$36.44M was paid to the Commission.

Gaming Machine Fees & Levies Collected - 2016/2017

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	2146	-	10,569,000.00	23,000.00	-	55,000.00	-	10,647,000.00
Non-Gaming Lounges (19 & Under)	404	4729	25,056,500.00	787,100.00	22,986,000.00	1,940,875.00	649,000.00	51,419,475.00
TOTAL	2550	4729	35,625,500.00	810,100.00	22,986,000.00	1,995,875.00	649,000.00	62,066,475.00

BETTING SECTOR

Bookmakers - Applications for renewal of permits and associated licenses for the 2016/2017 fiscal year were submitted by six (6) Bookmakers; namely: 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) and Capital Betting & Wagering Limited.

All applicants met the requirements for approval; however, during the year some Bookmakers were unable to have their Rights Fee Agreement renewed in a timely manner. This was primarily due to the pending divestment of the track which adversely affected the process of issuing licenses and permits to the affected Bookmakers

In addition, Summit Betting Company, which has not operated for the past 2 years, sought to resume operations, but with a different business model. Unfortunately, the company was not able to operate during the period.

Total fees collected from the Bookmakers was \$6.84M, a 13% decline when compared to the \$7.84M collected during the previous fiscal year. The decline is primarily due to the reduction in betting office and bet-writer fees collected during the year. As technology continues to impact the Bookmakers, it is expected that deeper reductions will be seen in these categories of fees in the future. No fees were collected for Ideal Betting Company during the period as monies previously paid (while non-operational) were used to offset fees due for 2016/2017.

Bookmaker Licensing Fees Collected - 2016/17

Bookmakers	Permit Fee Paid	Agency Fee Paid	Betting Office Fee Paid	Sports Betting Outlet Fees Paid	Betting Lounge Fees Paid	Betwriters Fees	Total
Capital Betting & Wagering Ltd	200,000	90,000	120,000	-	-	52,000	\$ 462,000.00
Ideal Betting Co. Ltd.	-						\$ -
Island Sizzling Tech (Ja.) Ltd.	200,000	10,000	-	-	30,000	20,000	\$ 260,000.00
Jamozzie Investments Ltd.	200,000		-	-	30,000	8,000	\$ 238,000.00
Olympic Sports Data Services Ltd.	200,000	10,000	10,000	-	-	48,000	\$ 268,000.00
Post to Post Betting Ltd	200,000	1,430,000	630,000	-	1,320,000		\$ 3,580,000.00
Prime Sports (Jamaica) Limited	200,000	400,000	150,000	12,900	510,000	320,000	\$ 1,592,900.00
*Summit Betting Co. Limited	200,000	-	-	-	240,000	-	\$ 440,000.00
Total	\$ 1,400,000.00	\$ 1,940,000.00	\$ 910,000.00	\$ 12,900.00	\$ 2,130,000.00	\$ 448,000.00	\$ 6,840,900.00

*Did not operate

Arising from the renewal of licenses, it was evident that the traditional brick and mortar locations continue to decline steadily. 233 betting offices and lounges were operational during 2016/2017, consisting of 107 betting offices and 126 betting lounges. This represents a 9% decline when compared to the 256 betting offices and lounges that operated during the 2015/2016 reporting period. However, it must be noted that in addition to these betting offices and betting lounges, 123 sports betting outlets were operational during 2016/2017.

The data for 2015/2016 showed the highest concentration of betting locations in Kingston & St. Andrew and St. Catherine. This trend continues to hold true for the 2016/2017 period, with St. Mary and Hanover showing the fewest number of locations.

Betting Locations by Parish - 2016/17

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.	TOTAL
Andrew	6	4	1	1	0	84	70	166
St. Catherine	3	5	0	0	0	22	41	71
St. Mary	0	0	0	0	0	2	3	5
St. Thomas	0	0	0	0	0	5	2	7
Portland	1	0	0	0	0	2	3	6
St. Ann	0	4	0	0	0	10	3	17
St. James	0	0	1	1	1	14	13	30
Hanover	0	0	0	0	0	4	0	4
Clarendon	0	0	0	0	0	7	8	15
Manchester	0	1	0	0	0	5	4	10
St. Elizabeth	0	0	0	0	0	3	5	8
Westmoreland	1	0	0	0	0	2	5	8
Trelawny	1	0	0	0	0	6	2	9
TOTAL	12	14	2	2	1	166	159	356

Racing Promoter (Caymanas Track Limited) - Caymanas Track Limited (CTL) operated 66 Off Track Betting Parlours during 2016/2017. There has been no significant change in this area as 63 OTBs were operated the previous year. No fees were paid by the promoter during the fiscal year, thereby further increasing their liability to the BGLC to \$12.42M.

The government's divestment of the country's lone racing facility was finally realized; the preferred bidder - Supreme Ventures Ltd. took over the reins as the racing promoter on March 7, 2017 through its wholly owned subsidiary - Supreme Ventures Racing & Entertainment Limited (SVREL).

LOTTERY SECTOR

This sector continues to operate with only two licensed entities - Supreme Ventures Limited and Goodwill Gaming Enterprises Ltd. (GGEL), with the latter not yet operational. GGEL has signaled their intention to commence operation by the end of the 1st quarter of FY 2017/18 with a diversified business model.

Licensing fees collected for the conduct of seventeen (17) lottery games totaled \$40.8M, a 6% increase over the \$38.4M that was collected for sixteen (16) games during the previous period. Both the number of lottery outlets and agents showed marginal increases over the 2015/16 period, with the number of locations increasing by 4% to 1137 and the number of Agents increasing by 3% to 894. Fees totaling \$4.47M were collected for the 894 lottery agents, while fees for the 1137 lottery sales outlet amounted to \$1.22M. These fees showed marginal increases of 3% and 4% respectively, when compared to the similar fees collected during the corresponding period last year.

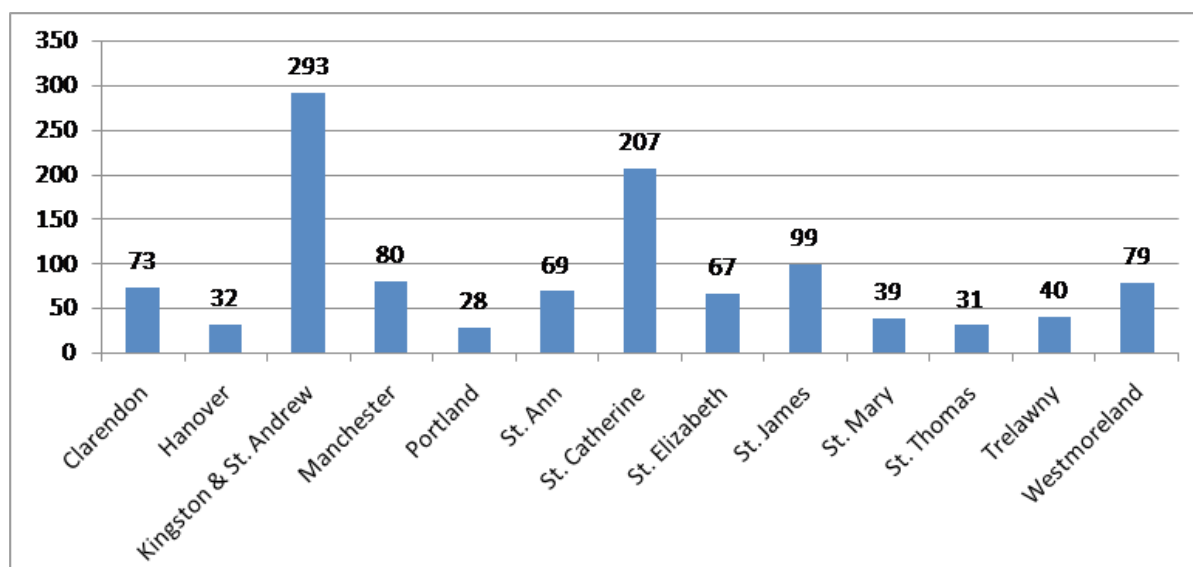
Lottery Sector Activities – 2016/2017

Lottery Company	No. of Games	Licence Fee	No. of Lottery Agents	Lottery Agents Fee	# of Lottery	Lottery Sales	Total Revenue	Premises Levy (TAJ)
Supreme Ventures Limited	14	33,600,000	894	4,470,000	1137	1,222,275	39,292,275	2,842,500
Goodwill Gaming Limited*	3	7,200,000	-	-	-	-	7,200,000	-
	17	40,800,000	894	4470000	1137	1,222,275	46,492,275	2,842,500

* Did not operate

Supreme Ventures Limited launched new lottery game - Annuity Game (PayDay) on January 25, 2016

Lottery Outlets by Parish



While we anticipate a significant increase in the number of agents and locations in the short term, we expect that both the number of agents and locations will be significantly reduced within the next 5 years as the providers will increasingly be using technology to offer their products to the market.

PRIZE COMPETITIONS

Fiscal year 2016/17 saw a 15% increase in the number of applications for prize competitions when compared to FY 2015/16. A total of 297 applications were received in this period, while 258 were received the year prior. Revenues generated from this activity also saw an increase from \$17.7M in 2015/16 to \$18.6M this fiscal year, a 5% increase. The value of prizes being offered by promoters has also seen an increase from \$450M to \$534M. The last quarter of the fiscal year continues to be the least active.

Prize Competition Activities - 2016/17

Month	Number of applications received	Application fees	Incomplete fees	Late fees	Express fees	Modification fees	Extension fees	Overpayment	Refund	Total Revenue	Prize Values
April	23	1,680,000	30,000	30,000	325,000	0	0	0	170,000	1,895,000	71,517,609
May	21	1,400,000	30,000	90,000	125,000	0	0	0	93,750	1,551,250	37,290,530
June	26	1,320,000	30,000	120,000	250,000	0	0	165,000	0	1,885,000	49,549,985
Q1	70	4,400,000	90,000	240,000	700,000	0	0	165,000	263,750	5,331,250	158,358,124
July	30	980,000	15,000	45,000	250,000	60,000	15,000	0	0	1,365,000	16,729,000
August	30	1,390,000	90,000	60,000	300,000	30,000	15,000	20,000	0	1,905,000	56,398,737
September	28	1,620,000	45,000	60,000	200,000	0	15,000	0	0	1,940,000	85,576,150
Q2	88	3,990,000	150,000	165,000	750,000	90,000	45,000	20,000	0	5,210,000	158,703,887
October	34	1,705,000	45,000	75,000	350,000	45,000	0	0	0	2,220,000	70,893,670
November	40	1,710,000	30,000	45,000	340,000	60,000	15,000	0	0	2,200,000	36,308,461
December	18	370,000	30,000	30,000	150,000	105,000	0	0	0	685,000	3,131,269
Q3	92	3,785,000	105,000	150,000	840,000	210,000	15,000	0	0	5,105,000	110,333,400
January	15	760,000	15,000	60,000	125,000	60,000	0	0	50,000	970,000	41,250,507
February	15	790,000	30,000	45,000	125,000	0	0	0	0	990,000	31,359,475
March	17	880,000	0	30,000	75,000	15,000	15,000	0	5,000	1,010,000	33,847,151
Q4	47	2,430,000	45,000	135,000	325,000	75,000	15,000	0	55,000	2,970,000	106,457,133
TOTAL	297	14,605,000	390,000	690,000	2,615,000	375,000	75,000	185,000	318,750	18,616,250	533,852,544

Year on Year COMPARISON									
	Number of applications			Total Revenue (\$)			Prize Value (\$)		
	16/17	15/16	Variance (%)	16/17	15/16	Variance (%)	16/17	15/16	Variance (%)
Q1	70	62	12.9	5,331,250.00	4,035,000.00	32.13	158,358,124.00	96,670,869.00	63.81
Q2	88	71	23.9	5,210,000.00	4,305,000.00	21.02	158,703,887.00	109,645,779.00	44.74
Q3	92	77	19.5	5,105,000.00	5,601,250.00	(8.86)	110,333,400.00	148,704,180.00	(25.80)
Q4	47	48	-2.1	2,970,000.00	3,763,300.00	(21.08)	106,457,133.00	95,105,267.00	11.94
TOTAL	297	258	15.1	18,616,250.00	17,704,550.00	5.15	533,852,544.00	450,126,095.00	18.60

The Division's Strategic Objectives for the 2017/2018 fiscal year include

- Collaborating with new stakeholders
- Implement Licensing Standards and Conditions in keeping with international standards
- Ascertain true cost for all licenses granted
- Full integration of the licensing process in the Gaming Management Information System
- Staff Rotation policy developed and implemented
- Standardize the Rules that govern wagering.

Compliance & Regulatory

The primary objective of the Division is to ensure the integrity of gambling, and work in partnership with licensees and key stakeholders to ensure efficiency and effectiveness in compliance in the industry.

The Division has throughout 2016/17 continued to invest in its supervisory structures and processes with the introduction of an AML/POCA Compliance unit to perform Anti-Money Laundering audits in addition to the Inspectorate unit and the Audit Unit, as well as commenced the streamlining of some of its processes to reduce the manual administrative elements as much as possible. During the year under review, the team was actively involved in the review of licensee submissions re new products as well as legislative reform meetings.

Strengthening regulatory oversight

At the top of the BGLC's agenda was the need to continue to enhance the efficacy of its supervisory role especially the supervision of AML programmes in gaming lounges and compliance to conditions to license throughout the license duration.

The regulatory oversight function was strengthened through the setting up of an AML Unit within the Division with the responsibility for regulating the effectiveness of AML/POCA compliance and the development and implementation of the Commission's AML/POCA Compliance Examination Programme.

Prevention of money laundering and funding of terrorism

The Compliance & Regulatory Division acts as Supervisory Authority for AML in respect of gaming operators with twenty (20) or more gaming machines on prescribed premises - gaming lounge and coordinates with the Enforcement Division and the Financial Investigation Division (FID) of the Ministry of Finance and the Public Service in respect of Money Laundering and Countering of Terrorist Financing across all the gaming sector.

During 2016/17, the Commission:

- Held discussions with the newly formed Jamaica Gaming Association which was successful as the larger licensees within the top ten ranking in the industry were able to fully understand the requirements of AML/POCA to their operations and addressed their concerns;
- Held discussions with the Jamaica Hotel and Tourist Association and the Jamaica Tourist Board to determine the best strategy for gaming lounges operating in the hotels and the impact the implementation of an AML programme could have on tourists;
- Issued Minimum Standards for Anti-Money Laundering Programme for Gaming Lounge Operators;
- Held AML/POCA Seminars in Kingston and Montego Bay for all gaming lounge operators. Speakers included Robin Sykes, Chief Technical Director - FID; Ms. Angela Koutsouris, Esq., Chief Corporate Counsel, Gaming Laboratories International (GLI), LLC, Mr. Carol Kerridge, Detective Sergeant of Police, attached to the Counter Terrorism Organised Crime Investigation Branch (JCF) and the Financial Investigation Division (FID) and Laurie Wiggan, BGLC Director, Compliance & Regulatory;
- As part of the Jamaican delegation, contributed to the Jamaica Mutual Evaluation Report (MER) and to the CFATF Plenary in the Turks and Caicos where the Mutual Evaluation Report for Jamaica was discussed;

- As part of the team from the Ministry of National Security contributed to the amendments to the Proceeds of Crime Act and its Regulations;
- Contributed to the development of the "FID Advisory Number 1 of 2017- Reporting Obligations For Financial Institutions and designated NFIs Under POCA - Casino section" still in draft not yet issued by the FID;
- Conducted a comprehensive on-site and off-site examination of gaming lounges' AML programmes which included a review of the level of effectiveness of the overall AML programme, effectiveness of the Nominated Officer, adequacy of the documented AML policy and procedures, adequacy and effectiveness of customer due diligence, enhanced due diligence, risk assessment and suspicious transaction reporting, employee due diligence, training programme and record keeping.

Summary of the Industry AML Compliance

Industry Compliance with BGLC AML Guidance Manual and AML Minimum Standards	Compliant [C]	Largely Compliant [LC]	Partially Compliant [PC]	Not Compliant [NC]	TOTAL
Appointment of Nominated Officers and effectiveness	1	2	9	0	12
Risk-based AML Policies and Procedures Manual	1	3	7	1	12
Customer Due Diligence & ongoing Enhance Due Diligence	1	0	8	3	12
Assessing Risk and applying a risk-based approach and reporting of Suspicious Transactions	1	3	4	4	12
Automated Anti-Money Laundering System	6	1	2	3	12
AML Staff Training	1	5	2	4	12
Record Keeping	5	3	3	1	12

Compliance - inspectorate & revenue assurance

The Commission's Compliance - Inspectorate function has the objective of ensuring that the applicable obligations under the law and the relevant license conditions are adhered to and to this end a comprehensive programme of monitoring, revenue assurance auditing as well as investigations (primarily customer complaints) is in place. During 2016/17, the Commission reviewed its Standard Operating Procedures with the ultimate goal of safeguarding the Commission's objectives. In keeping up with developments in the industry, business process reviews are ongoing with particular focus on new initiatives for the next financial year, such as monitoring player account wagering.

The Compliance - Inspectorate function is further strengthened with the introduction of a new policy and procedure - "Compliance and Regulatory Enforcement Action" which includes the issuance of letters of deficiency, one of the enforcement action tool to be implemented in the next financial year.

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. One of the initiatives will include development of business intelligence tools to aid in the efficiency and productivity of the inspectorate processes. This includes access to data to perform analytics, the ability to process information quickly and the elimination of cumbersome and inefficient manual processes. During the year, the initiative project commenced with a information and document flow of the inspectorate compliance check procedures which lead to the Director's initiative of a series of refresher presentations: "Linking the BGLC & You" and the "Back to Basics Series1".

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 patron's complaints and recorded slot machine readings (commissioning, de-commissioning, instant repairs, bi-monthly meter readings for Gross Profit Tax verification purposes.

Additionally, assistance was provided to licensees (specific non-gaming lounges operators) with the completion of schedules to support the filing of gaming machine levy for slot machines (i.e. hand-holding with some gaming machine operators to help in understanding how to read meters and record of meter readings as well as how to complete the Microsoft Excel spreadsheet template with the readings as required by TAJ for uploading via ePortal. This arose out of the TAJ implementation of their Revenue Administration Information System (RAIS) on September 6, 2016.

Inspectorate Field Operations	2016/17	2015/16
Industry Data		
No. of licensed Bookmakers	7	7
No. of licensed betting locations (betting offices, betting lounges & OTB's)	346	265
No. of Gaming Machine Operators with Gaming Lounges: 14 No. of Gaming Lounges (with Slot machines only)	31	31
No. of Non-Gaming Lounges (with Slot & OTC machines)	41	41
Average no. of premises visited monthly	141	64
No. of machines meters read to determine GPT (each machine read every other month)	21678	28599
Average no. of machines read monthly	5420	2383
Field/On-site Operations		
Betting Sector		
Betting locations (betting offices, betting lounges & OTB's)	995	1396
Caymanas Park Pool Betting- Totalisator Reviews	658	711
Gaming Sector		
Gaming - Field Operations - # of visits to Prescribed Premises for Compliance Checks	1997	1405
Gaming - Field Operations - # of instances premises visited for Rapid Response Meter Readings - (commissioning, de-commissioning & re-commissioning)	312	402
Gaming - Field Operations - Meter Readings GPT Meter Reading (each premises visited every other month) In 2015/16, each premises was visited once per month.	562	766
Lottery Sector		
Lottery Draws Attended	612	715
Winner Verification (Verification threshold moved from \$800k to \$1m during the year)	124	351
Prize Competition		
Prize Promotional Draws Attended	53	86
TOTAL	5260	5746

The Compliance - Revenue Assurance function conducts regulatory compliance reviews of returns and payments to ensure compliance with tax obligations under the BGLA and Regulations as well as proper reporting of gaming taxes, levy and contributions. During the year, the Division worked with three key partners, Tax Administration Jamaica (TAJ), The Jamaica Racing Commission and CHASE to ensure collections.

Total government revenue of \$5.881 billion for the industry was verified by the Revenue Assurance/Audit Unit against Returns filed with TAJ.

Tax Administration Jamaica Revenue Information System (RAiS)

Tax Administration Jamaica (TAJ) implemented its third and final phase of its Revenue Administration Information System (RAiS) on September 5, 2016. This resulted in further improvements in the administration of the tax system and access to a wider range of online services relating to Betting Gaming and Lottery Taxes and Annual Levy.

With this implementation, the Commission in partnership with TAJ facilitated the administration of Racing, Lotteries, Sports betting and Gaming levy, duty and taxes in the Betting Gaming and Lottery sectors (BGL).

Benefits to BGLC included:

1. Changes to the process of paying license fees, filing returns and making payments for tax types in betting, gaming and lottery. The main objective is voluntary declaration in support of the Nation's Tax Compliance programme, i.e. all licensees are required to voluntarily file returns and make their payments to TAJ.
2. In addition, licensees were provided with an enhanced online experience in eFiling their returns and making payments through the upgraded TAJ web service. The new system also allowed taxpayers to access their account information through the web portal, such as filing and payment history, as well as any notices sent, as it relates to these particular taxes.
3. There were no changes to payment arrangement for Contributions to JRC, BGLC and CHASE.
4. These changes were geared towards improving the taxpayer experience and the efficiency and effectiveness of customer service delivery. Administratively, TAJ and BGLC will expand its use of RAiS to manage the administration of tax compliance.

The Division in collaboration with the Tax Administration Jamaica (TAJ) worked on the TAJ RAiS implementation project with the secondment of two Compliance team members to the TAJ RAiS Project team, an initiative which assisted TAJ with the roll out of its new system. As part of this project, the Director of the Division as well as the Audit Manager worked with TAJ in finalising the various Return Forms for each Gaming Tax Type and provided assistance with the data validation exercise. In furtherance of this implementation, the BGLC in collaboration with TAJ (Customer Training Manager) hosted a RAiS implementation seminar in Montego Bay for BGLC's licensees which was successful. Further, as part of the year's activities, the Division spearheaded an internal sensitization in collaboration with the TAJ Project Team and TAJ Communications Unit and a presentation was done at the BGLC staff meeting. The Division worked along with Corporation Communications Department in development of brochures and other material to sensitize licensees about the new filing requirements. The Division continues to work with TAJ in resolving TAJ Returns and Schedules implementation issues, RAiS Reports and general Ease of Doing Business programmes.

Responsible Gaming

During the year, the Division conducted on-site examination of the Responsible Gaming programme at gaming lounges. The Code of Conduct for Responsible Gaming implemented in 2015/16 was reviewed and a revision project commenced. This is expected to be completed in the next financial year. RISE Life Management Services provided in-depth training to staff of all gaming lounge operators, a mandatory requirement of the Code.

Enforcement

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

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

2 YEAR SUMMARY OF MAJOR ACTIVITIES

Major Activities	2016/17	2015/16	% Change
Operations	116	50	132%
Arrests	26	16	62.5%
Convictions	11	5	120%
Court Fines	\$185,000	\$75,000	146%
Reports	102	47	117%
Gaming Machine Seized	232	170	36.5%
Due Diligence	277	404	-31.4%
Dual Custody	-	9	-

Investigations and Operations

During the review period the Enforcement Division carried out a total of 116 operations which is a 132% increase over the corresponding period the year before. Of the 116 operations 34 involved Illegal Cash pot and 82 involved illegal gaming machines.

• **Illegal Cash Pot**

Of the 34 operations that were carried out involving illegal cash pot 26 of them resulted in arrests which is a 62.5% increase over the corresponding period the year before. Additionally, cash seized from the 26 arrests totaled \$590,033.20 which is a 520% increase from the same period last year.

- **Gaming Machines**

The 82 gaming machine operations that were conducted resulted in the seizure of 232 machines which is a 36.5% increase when compared to the previous year. Even though there was an increase in the number of machines seized the Commission was hampered by storage constraints that resulted in this activity coming to a halt for the last two quarters of the financial year. These constraints have now been resolved.

Reports Received

There has also been an increase in the number of reports received from the previous year (117%). The main reason for this is due to a Memorandum of Understanding that was signed between the BGLC and Crime Stop in October 2016 where information is provided to the Commission through Crime Stop about illegal activity in the industry

Court and Tribunal Activities

Based on information from the Counter Terrorism & Organized Crime Investigative Branch, the 26 arrests that were made resulted in 11 convictions in court which is a 120% increase from the previous year. Court fines also increased by 206% resulting in \$240,000.00 in fines handed out by relevant Magistrates compared with \$75,000.00 the previous year.

Dual Custody

There were no requests from the Enforcement Division for dual custody as this responsibility was transferred to the Licensing and Registration Division.



Legal Services

Due to the change in Government in February 2016 the legislative work for the merger of the BGLC and JRC was temporarily put on hold. In the interim an internal committee was established to develop regulations to reform and update the operational practices of the BGLC. The Committee is chaired by the Legal Services Department and has representatives from the following divisions:

- Compliance and Regulatory
- Licensing and Registration
- Enforcement
- Information & Communication Technology

The licensing regulations streamline the licensing regime for operators and service providers to ensure consistency in the basic requirements. The licensing regulations also provides for the approval of premises used for gambling operations as well as approval for shareholders and key personnel (persons employed to the applicants gambling business in a managerial capacity or who is authorised to make decisions relating to the gambling operations).

The regulations also give the BGLC the power to regulate and supervise the operations of interactive/online gambling.

In light of international requirements to prevent money laundering and the financing of terrorism, the regulations will also include reform of the due diligence requirements including closer scrutiny of associates of applicants and licensees.

The regulations include requirements and standards for the conduct of gambling which include provisions concerning:

- Underage/Responsible gambling
- Requirements for player registration
- Technical standards

Legal as well as the Licensing and Registration Division and Compliance and Regulatory Division conducted an exercise of updating the Conditions of License of licensees. Amongst the requirements included were the prevention of underage gambling as well as the promotion of responsible gambling.



Information & Communication Technology

The Financial year 2016/2017 was very pivotal to the ICT Division and its mandate. With the Gaming Industry evolving at superlative speed, the Commission's reliance on information and communication technology has become mission critical in order to achieve its goals.

There is a clear trend regarding the technological convergence of land-based and mobile gaming and this is evident in the rise of the remote gaming model together with Internet/interactive gambling. This is an online gaming modality which is constantly growing and will continue expanding in future, expected to draw in more players. As a result, a more inclusive business approach has to be adopted, incorporating ICT strategies to the regulatory framework.

The ICT Division had to make a paradigm shift in terms of repositioning its focus from just the provision of ICT products, application and services, to further include, research in the new technologies, advice to the legislative processes surrounding our gaming landscape, and to give greater focus to support of the Operational Divisions in carrying out their regulatory mandate.

The Gaming industry is currently being transformed with the use of technology as a form of engagement and as the avenues for product deliveries and game play is transformed, the ICT Division has become more relevant, in its advisory role to the operational divisions.

The Division effectively had to do a full review of its organizational structure and job descriptions to determine optimum configuration and review of skill sets required to give the needed support.

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.
- participated by way of advice, inspection and testing of new gaming technology put forward by our Licensees and stakeholders
- carried out extensive work in the support of the Operational divisions by allowing them to use technology in:
 - » Compliance and Monitoring
 - » Licensing and Registration
 - » Enforcement.

Work continued on major projects implementing:

- » a Gaming Management Information system
- » Business Intelligence software to assist with analysis and reporting
- » an Edu-Portal which is designed to automate internal learning processes as well as to disseminate information to Licensees.

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



Human Resources & Administration

Talent Engagement & Development

The strengthening of the organizational structure and the alignment of corporate objectives with the company's vision continued throughout the year. The services of three key players were engaged in the capacity of Director of Human Resources & Administration, Director of Enforcement and Manager - Corporate Affairs and Communications. Further, to strengthen the compliance and enforcement capabilities and build public confidence a Senior Investigator - POCA/AML was appointed. The merger of the Jamaica Racing Commission (JRC), The Casino Gaming Commission (CGC) and Betting Gaming & Lotteries Commission was reintroduced closer to the end of the year and the HRA Division has embarked on the development of a talent management framework and infrastructural redesign to support the new entity.

Health, Wellness & Welfare

Promoting a healthy lifestyle remained in the vanguard. The annual health checks and wellness activities were hosted in collaboration with the Sagicor Medical Team, The Jamaica Cancer Society and other members of the medical fraternity. Employees benefited from consultation sessions, screenings and examinations with no or minimal cost associated. Jamaica Racing Commission was also invited to partake in these activities. The gym was furnished with a new equipment to facilitate a healthy work-life balance empowering employees to embark on in physical fitness as a part of their daily lives.

The wage and benefit negotiations were successfully concluded at the end of the year.

The Occupational Health & Safety

Occupational, Safety and Health consultant Mr. Robert Chung, Former Senior Director, OSH in the Ministry of Labour and Social Security was sound out to do a thorough assessment of the property, building and its assets as the foundation for the development of a thorough Health & Safety guideline and procedure.

Financial Resources Management

Request for a new rate classification was submitted to the Jamaica Public Service Co. (JPS) to transition the Commission to commercial (rate 40) billing. Following a review by the JPS, the new billing classification was approved. The Commission is now expected to realize saving of approx. 8 -12% on monthly bills.

As we review the 2016/2017 financial year and plan for the future the Human Resource and Administration Division is committed to regulating, facilitating and enabling a work environment that increases employee morale and positions the Betting Gaming and Lotteries Commission as employer of choice.

BETTING, GAMING AND LOTTERIES COMMISSION
COMPENSATION FOR SENIOR EXECUTIVES
FOR FINANCIAL YEAR ENDED MARCH 31, 2017

Position of Senior Executive	Note	Salary (\$)	Gratuity paid and/or Performance Incentive (\$)	Travelling Allowance or value of Assignment of motor vehicle (\$)	Other Allowances (\$)	Total (\$)
Executive Director	1	2,010,151.89	1,138,569.82	265,287.00	1,869,102.95	5,283,111.66
Director of Compliance & Regulatory	3	4,886,529.48	2,347,546.75	1,731,543.00	2,119,832.20	11,085,451.43
Director of Enforcement & Acting DOE	4&5	3,399,284.02	713,370.30	1,252,745.12	727,067.28	6,092,466.72
Director of Licensing & Registration		4,479,688.99	867,423.24	1,731,543.00	838,987.83	7,917,643.06
Director of Finance		4,886,530.08	3,485,574.05	1,731,543.00	676,626.01	10,780,273.14
Director of HR&A & Acting DHRA	6&7	2,177,157.53	-	953,162.67	540,105.26	3,670,425.46
Director of ICT & Acting Exec. Director	2	5,842,161.87	2,995,751.10	1,997,965.50	1,134,527.94	11,970,406.41
Director of Legal Services		4,886,529.48	3,511,371.31	1,731,543.00	834,818.66	10,964,262.45
TOTAL		32,568,033.34	15,059,606.57	11,395,332.29	8,741,068.13	67,764,040.33

Notes:

1. Executive Director demitted office June 24, 2016.
2. Acting Executive Director commenced June 27, 2016.
3. Compensation for Director of Compliance & Regulatory includes special allowances (honorarium) for the post of AML/POCA Compliance Manager
4. Director of Enforcement demitted office May 31, 2016.
5. Acting Director of Enforcement acting period ended December 31, 2016. New Director of Enforcement recruited January 1, 2017.
6. Director of Human Resources & Admin recruited Feb 27, 2017
7. Acting DHRA acting period ended August 2016
8. Retro-active salaries & allowances paid in April 2016.
9. Figures excluded employer's statutory obligations.



Internal Audit

The BGLC 2016/17 fiscal year Audit Plan was developed to address the highest risks within the Commission, consistent with the Internal Audit Charter and the Annual Strategic Plan. The audit coverage in the plan had been deliberately focused on key strategic and operational risk areas. The outcome of these audit reviews highlighted control weaknesses that were significantly addressed by management.

It has been an extremely productive year for the department in regards to achieving targets despite the challenge of limited personnel resources to carry out the audit function. This year the focus was placed on high risk areas within the Commission. The goal each year is to complete at least 80% of the risk-based audit plan. For this fiscal year, the department completed 90% of its amended audit plan.

There remains scope for further improvement in areas such as strategic planning, performance management and reporting; capital projects planning and reporting; and records management. The Commission's Management team is aware of issues identified and have initiated remedial actions to improve control in these areas.

Internal Audit also added value by consulting on various engagements in collaboration with management.

The outlook is for a dynamic 2017-18 fiscal year and for the continued success of the department in achieving its goals in support of the Commission's overall strategic objectives.

Corporate Affairs & Communication

Early in the year the department's name was changed from Communications and Research with a renewed mandate for sharper focus on communication and engagement with internal and external stakeholders to support the achievement of the Commission's strategic imperatives. Changes in leadership throughout the year were not a deterrent to executing initiatives to meet key business objectives.

POCA/AML Training – In partnership with Gaming Laboratories International (GLI), the Commission hosted half day seminars in Kingston and Montego Bay titled "An Overview of the Anti-Money Laundering Minimum Standard for Gaming Lounge Operators". The purpose was to assist the Gaming Lounge operators with finalizing and instituting their AML compliance measures, policies and procedures to detect and prevent money laundering.



Anna Koutsouris, Chief Legal Counsel at GLI delivered the keynote presentation at the BGLC AML Seminar



Gaming Lounge operators were very attentive to the information shared as the half day seminar

Improving efficiency and achieving greater compliance was a key driver for implementing Tax Administration Jamaica's (TAJ) **Revenue Administration Information System (RAiS)** to enable gaming machine operators to voluntarily file returns and pay the relevant levies, duties and taxes. A number of communications elements were produced to convey the information to licensees.



The Honourable Minister Audley Shaw is welcomed to The Gaming Industry Summit by Chairman Metcalfe and Acting Executive Director Johnson

Gaming Industry Summit – The 3rd Gaming Industry Summit was hosted at the Jamaica Conference Centre on September 22, 2016. More than 300 industry stakeholders attended the free event which is a forum for industry stakeholders to review developments in Jamaica's gaming industry and discuss emerging trends and global best practices.

The tradition of the **BGLC Emancipation Day Race Day** was carried on with just over 150 staff and guests hosted for a day of racing and the 12th running of the Betting, Gaming & Lotteries Commission trophy at Caymanas Park. The Commission invested over \$2 million in sponsorship towards the purses for 10 races.



BGLC Emancipation Day Race Day 2016

The 2nd staging of **The Diamond Mile**, the most prestigious day on Jamaica's racing calendar offering the richest purse in the Caribbean is a key initiative of the Commission to support the development of Jamaica's racing industry, attracted record numbers of punters and generated over \$60M in sales. The Commission in partnership with key corporate sponsors hosted almost 500 guests at the infield of Caymanas Park.



Chairman Metcalfe addresses the gathering at the BGLC Diamond Mile Race Day

Following the signing of the MOU with Crime Stop the **Illegal Gambling public education campaign** was introduced. Key messaging focused on illegal and underage gambling. Traditional media, online and out-of-home channels (video boards in high-traffic intersections and JUTC Bus sides in the corporate area) were used to generate wide reach and visibility for this message.



Signing the Crime Stop MOU



Illegal Gambling Campaign on JUTC bus side

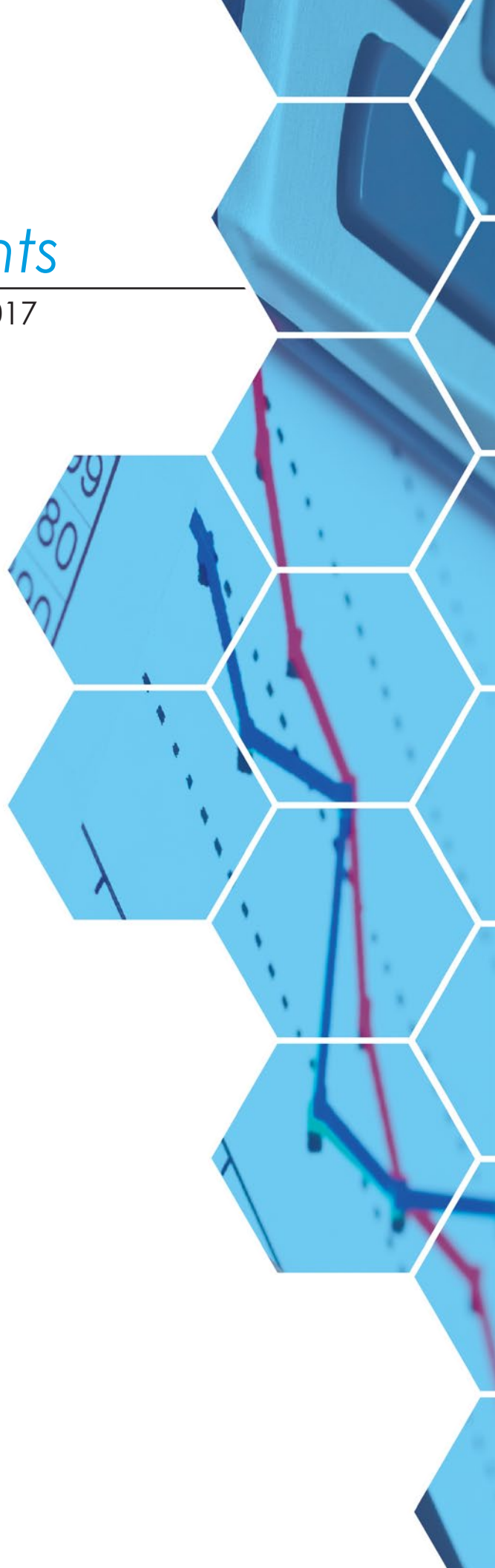
Corporate Social Responsibility – fulfilling its role as a good corporate citizen, the Commission allocated over \$10 million to provide education grants for over 150 tertiary students through the **BGLC Education Fund**, and towards a variety of charitable contributions and community development initiatives.

In addition, the Commission invested \$9M to support the work of **RISE Life Management** which drives the national Responsible Gaming program which continues to garner international recognition as being the unique gambling prevention and treatment programme among gaming jurisdictions in the region.

Looking forward, the aim of Corporate Affairs and Communication is to build the reputation of the Commission by developing and implementing communications programmes that support achieving the strategic objectives of the Commission.

Auditor's Report & Financial Statements

Financial Year Ended 31 MARCH 2017





Betting, Gaming and Lotteries Commission

Financial Statements
31 March 2017

Betting, Gaming and Lotteries Commission

Index

31 March 2017

	Page
Auditor's Report to the Members	
Financial Statements	
Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3
Statement of cash flows	4
Notes to the financial statements	5 – 32



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 2017, 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 2017;
- 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 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 with the requirements of the Jamaican Companies Act, 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica

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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 D.D. Dodd 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.

PricewaterhouseCoopers

Chartered Accountants

25 July 2017

Kingston, Jamaica

Betting, Gaming and Lotteries Commission

Statement of Comprehensive Income

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Income	5	947,231	877,136
Other operating income	6	246,442	195,731
Administration expenses		(703,465)	(636,426)
Grants	7	<u>(9,245)</u>	<u>(8,535)</u>
Surplus before Taxation		480,963	427,906
Taxation	10	<u>(20,017)</u>	<u>(8,784)</u>
Net Surplus		460,946	419,122
Other Comprehensive Income, net of taxes:			
Item that will not be reclassified to profit or loss -			
Re-measurement of post-employment obligation	10	<u>50,254</u>	<u>31,596</u>
Total Comprehensive Income		<u>511,200</u>	<u>450,718</u>

Betting, Gaming and Lotteries Commission

Statement of Financial Position

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Non-Current Assets			
Property, plant and equipment	11	572,276	607,469
Long term receivables	13	17,880	7,079
Investments	14	214,695	205,773
Retirement Benefit Asset	22	89,995	23,380
		<u>894,846</u>	<u>843,701</u>
Current Assets			
Inventories		-	68
Receivables	15	163,403	122,628
Taxation recoverable		39,470	31,562
Current portion of long term receivables	13	7,187	5,635
Repurchase agreements	16	351,483	257,618
Cash and bank	17	14,678	12,818
		<u>576,221</u>	<u>430,329</u>
Current Liabilities			
Payables	19	122,903	118,834
Income tax payable		13,432	-
Deferred income	20	60,554	63,417
		<u>196,889</u>	<u>182,251</u>
Net Current Assets		<u>379,332</u>	<u>248,078</u>
		<u>1,274,178</u>	<u>1,091,779</u>
Equity			
Accumulated surplus		<u>1,254,176</u>	<u>1,084,464</u>
		<u>1,254,176</u>	<u>1,084,464</u>
Non-Current Liability			
Deferred tax liability	12	20,002	7,315
		<u>20,002</u>	<u>7,315</u>
		<u>1,274,178</u>	<u>1,091,779</u>

Approved for issue by the Board of Commissioners on 25 July 2017 and signed on its behalf by:



Clovis Metcalfe

Chairman



Paul East

Commissioner

Betting, Gaming and Lotteries Commission

Statement of Changes in Equity

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Accumulated Surplus	Total
		\$'000	\$'000
Balance at 31 March 2015		866,706	866,706
Re-measurement of pension obligation, net of tax		31,596	31,596
Net Surplus		419,122	419,122
Total Comprehensive Income		450,718	450,718
Transaction with owners			
Distribution	21	(232,960)	(232,960)
Balance as 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

Betting, Gaming and Lotteries Commission

Statement of Cash Flows

Year ended 31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Net surplus		460,946	419,122
Adjustments for:			
Depreciation	11	48,964	42,222
Gain on disposal of property, plant and equipment		(1,539)	(106)
Interest income	6	(34,352)	(30,511)
Retirement benefit asset		390	4,058
Effect of exchange gain on foreign currency balances		(5,503)	(3,042)
Taxation	10	20,017	8,784
		<u>488,923</u>	<u>440,527</u>
Changes in operating assets and liabilities:			
Inventories		68	857
With-holding tax recoverable		(7,908)	(11,151)
Receivables		(40,775)	34,619
Payables		4,069	34,630
Deferred income		(2,863)	6,210
Cash provided by operations		<u>441,514</u>	<u>505,692</u>
Tax paid		<u>(10,245)</u>	<u>(23,316)</u>
Net cash provided by operating activities		<u>431,269</u>	<u>482,376</u>
Cash flows from investing activities			
Interest received		33,133	27,739
Purchase of Investments		-	(42,659)
Purchase of property, plant and equipment	11	(22,461)	(42,437)
Proceeds from sale of property, plant and equipment		2,122	505
Long term receivables		(12,353)	1,909
Net cash provided by/(used in) investing activities		<u>441</u>	<u>(54,943)</u>
Cash flows from financing activities			
Distribution	21	(341,488)	(232,960)
Net cash used in financing activities		<u>(341,488)</u>	<u>(232,960)</u>
Net increase in cash and cash equivalents		<u>90,222</u>	<u>194,473</u>
Effects of exchange rate changes on cash and cash equivalents		5,503	3,042
Net cash and cash equivalents at beginning of year		<u>270,436</u>	<u>72,921</u>
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	17	<u><u>366,161</u></u>	<u><u>270,436</u></u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(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	- Chairman
Mr. Anthony Shoucair	- Deputy Chairman
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 2017 were:

Mrs. Carole Martinez-Johnson	- Director of Information, Communication & Technology (Acting Executive Director since 27 June 2016)
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

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 2017

(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

Annual Improvements to IFRSs 2012-2014 cycles:

The IASB annual improvements project in 2012 and 2014 resulted in amendments to the following standards which may be relevant to the Commission's operations. These amendments are effective for periods beginning on or after 1 July 2016.

IAS 19, 'Employee Benefit'. The amendment applies to determining the discount rate for post-employment benefit obligations, which states that when doing so, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment is not expected to have a significant impact on the Commission's financial statements.

Amendment to IAS 1, 'Presentation of Financial Statements', (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies and notes to the financial statements. The amendment is not expected to have a significant impact on the Commission's financial statements.

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:

IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs; and subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. They also result in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. There has been no significant change in the recognition and measurement of financial liabilities carried at amortised cost from what obtained under IAS 39. The Commission is yet to assess IFRS 9's full impact.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(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 15, 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 January 2018). The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Commission is assessing the impact of future adoption of the standard.

Amendments to IAS 12, 'Income Taxes', (effective for annual periods beginning on or after 1 January 2017). Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

The amendment is not expected to have a significant impact on the Commission's financial statements.

Amendments to IAS 7, 'Statement of Cash Flows', (effective for annual periods beginning on or after 1 January 2017). The amendment introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. An entity is required to disclose information that will allow users to understand changes in liabilities arising from financing activities. This includes changes arising from cash flows, such as drawdowns and repayments of borrowings; and non-cash changes, such as acquisitions, disposals and unrealised exchange differences. Future adoption of these amendments will result in additional disclosure in the financial statements.

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.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(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.

(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.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(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.

(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.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(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.

(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.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(h) Financial instruments (continued)

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.

(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.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

Termination benefits

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.

(m) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(n) 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.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 receivables 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

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 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 \$39,886,000 (2016 – Nil). 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 \$12,659,000 (2016 – \$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.

	2017 \$'000	2016 \$'000
Over 90 days	12,659	12,659
	<u>12,659</u>	<u>12,659</u>

Movement analysis of provision for impairment:

- Fees and contributions receivable
During the year, there was no additional provision for impairment for fees and contributions receivables. The balance on the provision account at year end is \$12,659,000 (2016 - \$12,659,000) (Note 15).
- Long term receivables
The balance on the provision account at year end is Nil (2016 - \$20,000,000) (Note 13). This movement is due to recoveries that occurred during the year in relation to the Caymanas Track Limited loan.

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.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(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
2017				
Payables	122,903	-	-	122,903
Total financial liabilities	122,903	-	-	122,903
2016				
Payables	118,834	-	-	118,834
Total financial liabilities	118,834	-	-	118,834

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 and repurchase agreements.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 \$97,002,000 (2016 \$79,419,000). This exposure arose from cash and bank balances, along with long term investment balances denominated in US dollars.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 1% revaluation and a 6% devaluation (2016 – 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
	2017	2017 \$'000	2016	2016 \$'000
Currency:				
USD:				
Revaluation	1%	970	1%	794
Devaluation	6%	(5,820)	6%	(4,765)

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(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 and 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.

(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 \$17,880,000 (2016 – \$7,079,000). 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 \$212,072,000 (2016 - \$203,200,000).

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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

	2017 \$'000	2016 \$'000
Lotteries	704,936	666,930
Gaming machines	154,915	139,153
Bookmakers	36,533	30,392
Racing promoter	27,444	17,561
Bingo	4,800	4,800
Prize promotions	18,603	18,300
	<u>947,231</u>	<u>877,136</u>

6. Other Operating Income

	2017 \$'000	2016 \$'000
Interest	34,352	30,511
Foreign exchange gain	5,503	3,042
Unclaimed winnings	180,987	161,430
Bad debt recovered	20,000	-
Other	5,600	748
	<u>246,442</u>	<u>195,731</u>

7. Grants

The Commission provides an annual grant for an intervention and prevention programme to Rise Life Management Services (formerly Addiction Alert Organisation) to assist in mitigating problem gaming. Total contribution during year was \$9,245,000 (2016 - \$8,535,000).

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

8. Expenses by Nature

Total administration expenses and grants

	2017 \$'000	2016 \$'000
Advertising and public relations	76,461	55,785
Audit fees	1,575	2,378
Depreciation	48,964	42,222
Donations and subscriptions	4,763	4,009
Gaming machines labels	71	855
Grants	9,245	8,535
Insurance	2,124	4,656
Legal and professional	41,219	43,182
Printing and stationery	2,684	5,891
Rental - office building and furniture	6,975	16,661
Repairs and maintenance	36,259	16,580
Security	8,943	8,422
Merger expenses	-	9,711
Special investigations	1,381	428
Staff costs (Note 9)	363,233	349,873
Utilities	22,881	23,480
Irrecoverable GCT	23,367	22,059
Other	62,565	30,234
	<u>712,710</u>	<u>644,961</u>

9. Staff Costs

	2017 \$'000	2016 \$'000
Salaries and wages	208,938	192,625
Payroll taxes – employer's contribution	24,488	21,932
Pension (Note 22)	7,022	9,821
Other employee related costs	122,785	125,495
	<u>363,233</u>	<u>349,873</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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%.

	2017 \$'000	2016 \$'000
Current income tax	24,081	19,346
Prior year over accrual	-	(9,829)
Deferred taxation (Note 12)	(4,064)	(733)
	<u>20,017</u>	<u>8,784</u>

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

	2017 \$'000	2016 \$'000
Surplus before taxation	<u>480,963</u>	<u>427,906</u>
Tax calculated at 25% (2016 - 25%)	120,241	106,977
Adjusted for the effects of:		
Income not taxable	(236,139)	(213,379)
Expenses not deductible for tax	147,879	136,942
Employee Tax Credit	(6,379)	(5,317)
Adjustment for prior year over accrual	-	(9,829)
Other charges and allowances	(5,585)	(6,610)
Tax charge	<u>20,017</u>	<u>8,784</u>

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

	2017 \$'000	2016 \$'000
Other comprehensive income -		
Retirement benefit obligations		
Remeasurements on retirement benefit obligation, before tax	67,005	42,128
Tax charge (Note 12)	(16,751)	(10,532)
	<u>50,254</u>	<u>31,596</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

11. Property, Plant and Equipment

	Land	Freehold Buildings	Furniture & Fixtures	Computer Equipment	Motor Vehicles	Storage Facility and Equipment	Capital Work In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -								
1 April 2015	83,204	401,719	136,204	61,681	7,938	1,404	-	692,150
Additions	-	11,823	13,921	8,041	-	-	8,652	42,437
Disposal	-	-	(1,224)	(2,323)	-	-	-	(3,547)
31 March 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
Adjustments	-	(8,107)	-	-	-	-	-	(8,107)
Disposal	-	-	-	-	(7,238)	-	-	(7,238)
At 31 March 2017	83,204	409,622	149,735	75,519	5,700	1,404	12,972	738,156
Depreciation -								
At 1 April 2015	-	3,348	21,079	52,961	5,704	1,404	-	84,496
Charge for the year	-	10,693	26,580	3,777	1,172	-	-	42,222
Relieved on disposal	-	-	(1,224)	(1,923)	-	-	-	(3,147)
31 March 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 disposal	-	-	-	-	(6,655)	-	-	(6,655)
At 31 March 2017	-	23,984	75,400	63,802	1,290	1,404	-	165,880
Net Book Value -								
At 31 March 2017	83,204	385,638	74,335	11,717	4,410	-	12,972	572,276
At 31 March 2016	83,204	399,501	102,466	12,584	1,062	-	8,652	607,469

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 2017, JSPCA was still occupying the premises.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

12. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25% (2016 - 25%). The movement in the net deferred tax asset during the year is as follows:

	2017 \$'000	2016 \$'000
Net (liability)/asset at beginning of year	(7,315)	2,484
Credited to profit or loss (Note 10)	4,064	733
Charged to other comprehensive income (Note 10)	(16,751)	(10,532)
Net Liability at end of year	<u>(20,002)</u>	<u>(7,315)</u>

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

	2017 \$'000	2016 \$'000
Deferred income tax asset -		
Vacation leave accrual	<u>7,868</u>	<u>7,259</u>
	<u>7,868</u>	<u>7,259</u>
Deferred income tax liabilities -		
Unrealised foreign exchange gain	1,323	692
Property Plant and Equipment	2,535	6,829
Retirement benefit asset	22,499	5,845
Interest receivable	<u>1,513</u>	<u>1,208</u>
	<u>27,870</u>	<u>14,574</u>
Net deferred tax liability	<u>(20,002)</u>	<u>(7,315)</u>

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

	2017 \$'000	2016 \$'000
Profit or loss		
Vacation leave accrual	(609)	(777)
Unrealised foreign exchange gain	631	548
Property, plant and equipment	(4,294)	(118)
Interest receivable	305	691
Retirement benefit liability	<u>(97)</u>	<u>389</u>
	<u>(4,064)</u>	<u>(733)</u>
Other comprehensive income		
Retirement benefit liability	<u>16,751</u>	<u>10,532</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

12. Deferred Taxation (Continued)

	2017 \$'000	2016 \$'000
Deferred income tax liabilities to be extinguished - After more than 12 months	25,034	12,674

13. Long Term Receivables

	2017 \$'000	2016 \$'000
Advance to Caymanas Track Limited (a)	-	20,000
Less: Provision for impairment	-	(20,000)
	-	-
Loans to employees (b)	25,067	12,714
Less: Current portion	(7,187)	(5,635)
	17,880	7,079
	17,880	7,079

(a) During the year ended March 31, 2012, the Commission advanced \$20,000,000 to Caymanas Track Limited (CTL), as directed by the Ministry of Finance and Public Services (MOFPs). Caymanas Track Limited repaid the loan during the year.

(b) 80% percent (2016 - 70%) 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.

14. Investments

	2017 \$'000	2016 \$'000
Held-to-maturity:		
Government of Jamaica securities – Debentures	168,350	161,700
Long term Certificate of Deposit	43,722	41,500
Interest receivable	2,623	2,573
	214,695	205,773

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

14. Investments (Continued)

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

	2017 \$'000	2016 \$'000
Fees and contributions receivable	68,406	37,620
Unclaimed winnings	54,415	55,576
Staff loans	6,083	5,285
Prepayments and other deposits	9,118	7,734
Other	25,381	16,413
	<u>163,403</u>	<u>122,628</u>

Fees and contributions receivable is stated after provision for bad debts of \$12,659,000 (2016 – \$12,658,000).

16. Securities Purchased under Resale Agreements

The Commission entered into reverse repurchase agreements 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
	2017 \$'000	2017 \$'000	2017 \$'000	2016 \$'000
Securities purchased under resale agreements (Note 17)	-	348,054	348,054	255,358
Interest receivable	-	3,429	3,429	2,260
	<u>-</u>	<u>351,483</u>	<u>351,483</u>	<u>257,618</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

16. Securities Purchased under Resale Agreements (Continued)

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

	2017 %	2016 %
J\$	6.3	6.4

17. Cash and Cash Equivalents

	2017 \$'000	2016 \$'000
Securities purchased under resale agreements (Note 16)	351,483	257,618
Cash at bank and in hand	14,678	12,818
	<u>366,161</u>	<u>270,436</u>
	2017 \$'000	2016 \$'000
Cash at bank and in hand comprise:		
Cash at bank	12,954	11,218
Cash in hand	1,571	1,447
Special imprest	100	100
Petty cash	53	53
	<u>14,678</u>	<u>12,818</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

18. Related Party Transactions and Balances

(a) Loans to related parties

Loans to other government agencies –

	2017 \$'000	2016 \$'000
Caymanas Track Limited (Note 13)		
Balance outstanding	-	20,000
Less: Provision for impairment	-	(20,000)
	<u>-</u>	<u>-</u>

Loans to key management personnel of the Commission –

	2017 \$'000	2016 \$'000
At start of year	4,609	2,417
Loans advanced during year	5,915	5,454
Loan repayments received	(3,315)	(3,262)
End of year	<u>7,209</u>	<u>4,609</u>

No provision has been required in 2017 and 2016 for the loans made to key management personnel of the Commission.

(b) Other balances/transactions with related parties

	2017 \$'000	2016 \$'000
Distributions (Note 21)	<u>341,488</u>	<u>232,960</u>

(c) Key management compensation

	2017 \$'000	2016 \$'000
Salaries and other short-term employee benefits	43,900	49,127
Allowances	20,136	14,118
Gratuity accrued	4,727	4,970
Payroll taxes – employer's contributions	<u>5,140</u>	<u>4,511</u>
	<u>73,903</u>	<u>72,726</u>
Commissioners' emoluments		
Fees	1,345	918
Travel allowance	<u>87</u>	<u>57</u>
	<u>1,432</u>	<u>975</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

19. Payables

	2017 \$'000	2016 \$'000
Accruals	69,385	55,987
Accrued vacation leave	31,472	29,036
Other	22,046	33,811
	<u>122,903</u>	<u>118,834</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 \$341,488,000 (2016 - \$232,960,000) to the Consolidated Fund.

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 2017.

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)/liability amounts relating to the Commission and recognised in the statement of financial position are determined as follows:

	2017 \$'000	2016 \$'000
Present value of funded obligations	483,583	439,472
Fair value of plan assets	(573,578)	(462,852)
Asset recognised in statement of financial position	<u>(89,995)</u>	<u>(23,380)</u>

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

	2017 \$'000	2016 \$'000
At beginning of the year	(23,380)	14,690
Recognized in net surplus (Note 9)	7,022	9,821
Re-measurements recognised in other comprehensive income	(67,005)	(42,128)
Contributions paid	<u>(6,632)</u>	<u>(5,763)</u>
At end of year	<u>(89,995)</u>	<u>(23,380)</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

22. Retirement Benefit Asset (Continued)

The amounts recognised in net surplus are as follows:

	2017 \$'000	2016 \$'000
Service Cost	9,814	9,057
Net Interest Cost:		
Interest cost on defined benefit obligations	38,381	33,905
Interest income on plan assets	(41,173)	(33,141)
	<u>7,022</u>	<u>9,821</u>

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

	2017 \$'000	2016 \$'000
Present value of obligation as at 1 April	439,472	364,978
Service cost	9,814	9,057
Interest cost	38,381	33,905
Contributions paid	8,974	7,848
Benefits paid	(30,934)	(48,677)
Value of annuities purchased	4,346	32,121
Remeasurement – Changes in financial assumptions	(24,495)	26,999
Remeasurement – Experience adjustments	38,025	13,241
Present value of funded obligation as at 31 March	<u>483,583</u>	<u>439,472</u>

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

	2017 \$'000	2016 \$'000
Fair value of plan assets at 1 April	462,852	350,288
Contributions paid - total	15,606	13,611
Expected return on plan assets	41,173	33,141
Benefits paid	(30,934)	(48,677)
Value of annuities purchased	4,346	32,121
Remeasurement – Changes in financial assumptions	(2,055)	3,605
Remeasurement – Experience adjustments	82,590	78,763
Fair value of plan assets at 31 March	<u>573,578</u>	<u>462,852</u>

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

22. Retirement Benefit Asset (Continued)

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

	2017		2016	
	\$'000	%	\$'000	%
Equity	352,932	62	239,897	52
Mortgage and real estate	90,018	16	80,402	17
Fixed income	926	-	530	-
Money market	2,405	-	7,013	2
Foreign currency investments	2,518	-	24,527	5
Value of purchased Annuities	117,205	1	114,644	-
Inflation Linked Fund	4,018	20	1,162	25
Adjustments	3,556	1	(5,323)	-1
	<u>573,578</u>	<u>100</u>	<u>462,852</u>	<u>100</u>

The principal actuarial assumptions used were as follows:

	2017	2016
	%	%
Discount rate	9.5	9.0
Future salary increases	6.5	5.5
Future pension increases	3.5	3.5
Inflation	<u>6.5</u>	<u>5.5</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 \$14,892,000 (2016 - \$13,556,000).

The actual return on plan assets was \$126,611,000 (2016 – \$120,266,000).

The average expected remaining working life of the employees is 19 years (2016 – 19 years).

Betting, Gaming and Lotteries Commission

Notes to the Financial Statements

31 March 2017

(expressed in Jamaican dollars unless otherwise indicated)

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%	(48,097)	62,661
Future salary increases	1%	26,122	(22,640)

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.

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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