

MINISTRY PAPER 66/01
BETTING, GAMING AND LOTTERIES COMMISSION

ANNUAL REPORT FOR THE YEARS ENDED
MARCH 31, 1999 AND 2000.

INTRODUCTION

- 1.0 The matter for tabling in the Houses of Parliament is the Annual Reports of the operations of the Betting, Gaming and Lotteries Commission (BGLC) for the years ended March 31, 1999 and 2000.

The Commission is a corporate body established in 1975 under the Laws of Jamaica. Its functions and objectives are:

- To regulate and control the operation of betting and gaming and the conduct of lotteries in the island.
- To grant permits, licences and approval to persons and entities considered fit and proper to conduct betting, gaming and lotteries activities.
- To examine, in consultation with such organisations and persons, as it considers appropriate, problems relating to the operation.
- To furnish information and advice and make recommendations as appropriate.
- To conduct investigations and surveys for the purpose of obtaining information for use in the exercise of its functions.

OVERVIEW OF ACTIVITIES

- 2.0 During the year the BGLC conducted activities to ensure as far as possible that:
1. Persons engaged in the promotion and conduct of betting, gaming and lotteries were of good character, honest and of integrity.
 2. Betting, gaming and lotteries promotions were conducted fairly and in accordance with the Act, Rules, Regulation and Orders.

3. Corrective action was taken against those licensees who were found to be in breach of the Acts, Rules or Regulations.

Regulation of Bookmakers' Operations

- 2.1 The Commission embarked on a new approach in the monitoring of bookmakers' operations. Under this approach the sales performance of each bookmaker was evaluated based on established criteria and was notified monthly as regards the findings of the Commission. Bookmakers were further advised that all applications for renewal of permit and betting office licences would be considered on the basis of the performance.
- 2.2 Betting transactions, primarily on horseracing were conducted from 570 betting offices operated by 16 licensed bookmakers and by the racing promoter- Caymanas Track Limited (CTL) from 74 Off Track Betting Parlours and the Racing Complex.

Sales Performance

- 2.3 Caymanas Track Limited (CTL) negotiated and conducted bets on 94 local race programmes and from 336 simulcast race programmes whilst bookmakers' activities were based on 91 local race meets and 50 weeks of overseas races. Sales generated by the racing industry amounted to \$4.46 billion, which represented a 10.17% increase over the \$4.05 billion realised in the previous year. Government revenue generated from betting activities for the period totalled \$388.2 million - an increase of \$35.71 million.
- 2.4 The main players in the gaming and lottery segment were the Jamaica Lottery Company (JLC) and promoters of prize competitions. During the financial year 1999/2000 the JLC realised sales totalling \$1.97 billion while revenue from the other promotions amounted to \$1.07 million. Intensive promotional campaign in respect of the Pick 3 and Instant Games during the months of August and October resulted in sales of \$202 million and \$120 million respectively, an increase of 36% and 468% respectively over the preceding financial year.
- 2.5 In May 1999, a new tax regime based on a 23% levy payable on gross sales from lotto tickets replaced the 25% tax payable on winnings of \$100,000 and over. Additionally a tax of 17% was levied on weekly gross sales revenues from the Pick 3 and Instant Games. This resulted in a 65% increase in the total amount of taxes payable in respect of lottery. The total tax take for all three activities for year ended March 31, 2000 was \$225.5 million. BGLC received a contribution of \$19.72 million representing 1% of gross sales from all lotteries conducted by the JLC towards the supervision and monitoring of the lottery operations.

Investigations

- 2.6 The First Instance Tribunal appointed by the Commission as its delegatee, investigated 39 cases (1999:12) of breaches of the Betting, Gaming and Lotteries Regulations, 1975 and imposed penalties totalling \$3.20 million on offending organisations. Plans to implement an Enforcement Division became a reality on May 3, 1999, resulting in a shift to "in the field" enforcement of the Betting, Gaming and Lotteries Commission Act. The Enforcement Division is steadfast in its goal to minimise all illegal activities in the industry and to preserve the highest degree of integrity in its operation.

FINANCIAL PERFORMANCE

INCOME AND EXPENDITURE

- 3.0 Total income for the year ended March 31, 2000 was \$46.84 million, more than 25% of which represented Government grants. This was an increase of \$14.77 million or 46% over the \$32.07 million received in the 1999 financial year, largely attributable to the increase in grants. Fees and fines increased by \$4.00 million.
- 3.1 Recurrent expenditure amounted to \$60.83 million compared to \$50.57 million in the prior period. Expenses incurred for salaries, wages and national insurance increased to \$34.12 million as against the previous year's \$18.48 million and was due primarily to the appointment of additional employees to staff the Enforcement Division.
- 3.2 The operating results for 1999/2000 showed a deficit of \$13.99 million, which was nonetheless an improvement over the previous year's shortfall of \$18.49 million. Despite the increase in revenue, the rise in current expenses necessitated transfers from the Reserve for Contingencies Fund.

Compensation for Senior Executives

- 4.0 Pursuant to the Ministry Paper No.53 of 1999 and the Prime Minister's statements in Parliament, details of the compensation package for Senior Executives of the Commission are included in the Annual Report.

LIQUIDITY AND SOLVENCY

- 5.0 The BGLC maintained adequate liquidity levels and was solvent throughout the period despite an increase in current liabilities. Net cash generated from operations amounted to \$1.34 million resulting in year-end cash and deposits of \$14.94 million. The current ratio was satisfactory although declining. There was also a marginal decrease in the working capital, which moved from \$55.68 million to \$53.40 million.

Fixed assets additions was substantial, as the company sought to acquire land and building for offices amounting to \$20.52 million.

FUTURE PROSPECT AND CONCLUSION

6.0 BGLC's corporate objectives to be achieved over years 1999/00 to 2001/03 are as follows:

- ♦ To significantly improve the Information System in order to maximise revenue collections and enhance the monitoring capabilities
- ♦ To undertake job-related training and education programmes for various categories of staff
- ♦ To acquire suitable office accommodation. (This has since been realised)
- ♦ To employ a full-time legal officer to conduct comprehensive review and updating of the Act, Regulations and Orders to keep them relevant and to give effect to policy changes

6.1 The Commission operates in a fairly low risk industry and its performance is largely unaffected by the prevailing economic environment. The number of promoters of prize promotions continues to increase and at least one other lottery company has come into existence, which will potentially increase revenues to BGLC. Through the Enforcement Division the Commission will continue to ensure optimum performance and widespread compliance with the Betting, Gaming and Lotteries Act.

Omar Davies, M. P.
Minister of Finance and Planning

Tabled on Tues 25/09/01
in Gordon House