



REMARKS BY
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AT
THE SIGNING FOR THE DIVESTMENT OF THE OPERATIONS OF CAYMANAS TRACK LIMITED
TO
SUPREME VENTURES LIMITED

INTRODUCTION

The Government of Jamaica recognizes the importance of the racing industry in Jamaica and its potential to provide significant employment and investments in the economy.

BACKGROUND

After at least five (5) attempts to privatise Caymanas Track Limited since 1987, the Government of Jamaica took the decision in 2007 to place the transaction on hold.

However, in March 2011, I, as Minister of Finance, named a multidisciplinary Task Force whose mandate was to develop the policy framework and strategy for the divestment of CTL.

The Task Force consulted with thirteen (13) stakeholder groups and recommended the pursuit of the privatisation of the Company.

Further, the Public Sector Transformation Unit under the Public Sector Master Rationalization Plan, had identified CTL as one of the entities recommended for divestment; noting that the Government should not be involved in the operation and management of a racetrack and that Public Sector ownership limited the entity's potential for expansion and improved financial performance.

ADVANTAGES OF THE DIVESTMENT OF CTL TO THE REGULATORY BODY, JAMAICA RACING COMMISSION, (JRC)

Over the past three years the regulatory body, Jamaica Racing Commission, (JRC) has been forced with the crucial cash flow issues as a result of non-payment of levies by Caymanas Track Limited. In August of 2016, the outstanding amounts reached record levels of approximately \$110M. Consequently, this affected the Commission's ability to assist with industry development projects.

The new racing promoter (SVL) is expected to allow for a positive annual cash flow of approximately \$42M to the operations of the JRC. This will not be used for regulation, but in particular will go towards developmental projects.

The development projects will include:

1. The state of the art improvement of UWI/JRC lab, which conducts drug testing for the horse racing industry.
2. The upgrading of surveillance cameras in the testing barn at the Race Track.
3. The Commission will also be able to bring a fully operational Satellite Office to the race track in the medium term that will provide full registration and licensing services.
4. The Commission will be seeking to establish with the new racing promoter a Stud Farm Development Fund.

ADVANTAGES OF THE DIVESTMENT OF CAYMANAS TRACK LIMITED ((CTL) TO THE BGLC

1. Licence Fees

The Betting Gaming and Lotteries Commission (BGLC) will benefit from the payment of licensing fees- currently CTL has not been paying the licence fees for the following:

- Racing Promoter Track Betting Licence
- Off-Track Betting Parlours Operator's Licence
- Racing Promoter Terminal Operator's Licence

- Off-Track Terminal Operator's Licence

2. Levy/Contributions

The Government, the BGLC and the Jamaica Racing Commission (JRC) will also benefit from the payment of the levy and contributions which have not been paid by CTL.

- Payment of the Gross Profit Tax to the Consolidated Fund (currently 2% of gross profits)
- Contribution to BGLC (currently 1% of gross profits)
- Contribution to JRC (currently 4 ½ % of gross profits)

3. Supervision

Supervision and regulatory oversight will be easier as the new promoter is from the private sector and is a licensee with a history of compliance in the lottery, betting and gaming sector and has a detailed knowledge of the industry.

The Promoter plans to include the diversification of the betting channels, gaming offerings as well as other entertainment products which will attract a larger customer base of locals and tourists as well as Jamaicans in the diaspora. This not only expands the tourism products offered by Jamaica but also introduces new customers to horseracing.

4. The proposed merger of the BLC, JRC and Casino Gaming Commission.

CONCLUSION

The Government is committed to the continued sustainable operation and expansion of racing in Jamaica and it is expected that Supreme Ventures Limited will use its expertise in the gaming industry, as well as its substantial capital investment to transform the horseracing facility into a world-class entertainment complex.