



KEYNOTE ADDRESS

BY

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AT THE

7TH CARIBBEAN GAMING SHOW AND SUMMIT

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Welcome to the 7th staging of the Caribbean Gaming Show and Summit hosted by Betting Gaming and Lotteries Commission (BGLC).

I want to especially welcome our regional and international guests who have journeyed from various countries to be here today. I hope you also find the time outside of the packed summit schedule to enjoy our beautiful island and culture.

I am pleased that Jamaica was selected to host the seventh staging of this event. I realize we are following successful summits held in Aruba, the Dominican Republic and Puerto Rico. Let me take the opportunity to thank the organizers for allowing us to host the summit. I look forward to fruitful exchanges as we move our respective sectors forward in this new age of betting, lotteries and gaming.

BODY

My presentation today will be centred on the regulatory and operational developments in our local industry as well as on few measures that are in train to position Jamaica on the path to leveraging the growth and developments of the industry globally.

Technological advancements have spurred many developments in the betting, lotteries and gaming industry. Indeed globally, players now have access to a whole new world of options that the Caribbean is only now on the cusp of.

It is paramount that as we embrace the new wave of entertainment options, our regulatory framework and monitoring capabilities also keep pace so that Jamaica and the region on a whole are not left behind.

MERGER OF THE COMMISSIONS:

One of the avenues that Jamaica has employed to streamline the regulatory functions of the industry and improve the monitoring capabilities is merging the oversight bodies into one entity.

This decision grew from the need to keep pace with emerging sector trends as well as to harness and strengthen the expertise vested in the various regularity arms.

We have therefore moved to merge the three state-run Commissions: the Racing; Casino and Betting, Gaming and Lotteries Commissions into a new entity called the Jamaica Gaming Commission.

The merger will allow us to better position Jamaica to take advantage of the emerging product offerings that now characterize the global landscape such as, internet and mobile gaming and their offshoots, which include virtual and fantasy betting. It will also provide the authorities with the flexibility to guide and promote the continued growth of the sector.

We are in the process of developing drafting instructions for the formation of the new entity with the merger expected to be completed by the end of the year.

In the interim, an internal committee was established to develop regulations to reform and update the operational practices of the BGLC.

REGULATION FOR INTERNET AND ONLINE GAMING:

The regulations being formed also give the BGLC the power to regulate and supervise the operations of interactive and online gambling, which is one of the areas where we recognize the tremendous potential for growth and tax revenue.

Already, we have seen a growth in the mobile betting market with a few local punters and Caymanas Track Limited offering text betting.

Due to the expanded use of technology and the need to facilitate the growth of the industry, as a government, we have decided to fast track legislation for interactive/online gambling ahead of the merger of the Commissions.

The BGLC is in the process of drafting legislation establishing a licensing regime as well as regulatory supervision for operators of interactive gambling.

This will ensure that the government can properly regulate this growing industry and implement measures to prevent money laundering and the financing of criminal and illicit activities.

Even as we keep pace with developments, we are also mindful of the vulnerability of the industry to be used by criminals for money laundering. This concern is what gave rise to the de-risking initiatives of large banks that has spurred smaller firms to improve their own supervisory protocols.

AREAS OF EXPECTED GROWTH:

There are several areas that we recognise will catapult us to where we hope to be as regional providers as well as improve our revenues.

1) HORSE RACING:

Ladies and gentlemen, in March last year, Cabinet approved the divestment of Caymanas Track Limited (CTL) to lottery company Supreme ventures Limited (SVL). The company, through its subsidiary, Supreme Ventures Racing and Entertainment Limited (SVREL), will allow for annual cash flow of approximately \$42 Million to the operations of the Jamaica Racing Commission.

Indeed, already we have seen an increase in funds towards regulation from the new SVL subsidiary.

The general manager of the Racing Commission has also advised that there is a 30 per cent increase in real revenues flowing to the Commission since the new operators took over.

This injection of funds will create the platform for several development projects to get underway. These include:

- ✚ Creating of a Revolving Loan Fund to support aspiring entrants who cannot find the capital they need to start up **AND**
- ✚ Establishing a Stud Farm Development Fund to bolster the stock of the Breeding Industry;

Ladies and gentlemen, we recognize that there cannot be a vibrant racing industry without a strong horse population with quality horses. Sustaining and advancing such an industry means

capitalizing it and providing the tools and synergies necessary for it to grow. Clearly, divesting CTL has allowed well needed investments to flow into the sector to drive these initiatives.

- ✚ The Racing Commission will also be improving its training capacity to boost its certification courses in horse racing.

The intention is to position Jamaica as a training hub for the occupational groups within the industry; serving the needs of our local, Caribbean and international markets and in term, adding another revenue stream for the Commission.

To this end, the Racing Commission is actively pursuing discussions with representatives of the Pearl of the Caribbean.

You may recall that the Chinese are building a state of the art race track in St. Lucia under a US \$2.6 Billion investment.

The St. Lucian authorities have expressed an interest in partnering with our local training schools to provide certification and training to their jockeys, grooms, trainers, and other racing officials, as they position themselves to leverage this investment to develop their industry.

These synergies will undoubtedly lead to greater revenues and the overall growth of our sector.

- ✚ Ladies and gentlemen, work will also begin to improve the facilities of the laboratory the University of the West Indies which handles drug testing for the horse racing industry.

With the improvements, the lab will be positioned to gain full accredited in this year, allowing for improved revenues from its operations.

2) Developments in the Casino Industry:

Ladies and gentlemen, our Casino segment is also courting new investors. Since last year, the Casino Commission has met with two large international investors which are now advanced in the preparation of their applications for Integrated Resource Development status.

With these developments as well as the legislation being crafted to support interactive and online gaming, Jamaica's betting, gaming and lotteries sectors are indeed positioned for growth.

As an example of what the sector generates, we can examine the revenue performance of the sector in the last few years.

For the FY 2016/17, the gaming sector recorded \$111.25 Billion in revenues compared with \$91.9 Billion in 2015/16. This is a 21 percent increase in revenue performance.

The lottery segment posted \$36.8 Billion in 2016/17 or \$1.9 Billion over the \$34.9 Billion of the previous year.

The betting sector recorded a 12 percent growth over the \$8.9 Billion of previous year to close at \$10.04 Billion.

ANTI-MONEY LAUNDERING INITIATIVES:

We recognize however, that unscrupulous individuals would want to tap these revenues to fund their illegal activities.

This is why, the government, through the regulator, increased its surveillance of the industry and will extend all the resources necessary to clamp down on illegal gaming.

There is still a lot of work to be done to increase the level of compliance in the industry but I am sure, having witnessed the fall out of de-risking themselves, operators are now taking steps to improve their own mechanisms to this end.

As the oversight body, the BGLC has forged MOUs with law enforcement authorities to have financial intelligence shared in real-time. This is a major step in the fight against illicit gaming. We must have eyes and ears on the ground providing information on which the authorities can act speedily.

Reports indicate that illegal gambling operations are raking in an estimated \$2 billion each year.

A big chunk of that money is used to fund the criminal underworld.

This problem is not unique to Jamaica.

As industry stakeholders, we must ban together to stamp out this phenomena. It rubs governments of revenues and curtails the activities of lawful entities when they are forced invest significant sums to bolster their internal mechanisms.

I must laud the enforcement arm of the BGLC for its efforts in this regard, which saw a 132 percent increase in the number of operations it carried out for FY 2016/17.

There were 26 arrests for the year compared with 16 in the previous year with \$240,000 paid over in court fines by unauthorized individuals.

The government recognizes that there is a lot more work to be done and will continue to support the efforts of the regulator.

I encourage our international partners to lend their expertise to the region in the fight against illegal activities. The consequences of not arresting the issue will not only mar the Caribbean but the global industry.

I urge the local and regional stakeholders to be vigilant in their own operations and to work with the regulatory bodies to implement the mechanisms that will protect our industries.

As we move to tap the opportunities that have blossomed with growth in technology, let us strive to deepen our regulatory capacities even as we nurture the areas of growth.

Ladies and gentlemen, I wish for you all a productive two days. I know the planned activities and sessions will allow for rich discussion and the sharing of ideas that will benefit our respective gaming and betting industries.

I thank you.