
STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2011

**Presented to the States on 28th February 2012
by the Minister for Economic Development**

STATES GREFFE

REPORT

Introduction

The Minister for Economic Development, in accordance with the provisions of Regulation 4(6) of the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, is pleased to submit to the States a report of the Public Lotteries promoted from 1st January 2011 up to 31st December 2011, including the Draw of 15th December 2011, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery in 2011 was decided by the Assistant Minister for Economic Development in Jersey, the Connétable of St. Clement (L. Norman), and the Culture and Leisure Member in Guernsey, Deputy F. Quin. Following the elections in October 2011, policy for the lottery in Jersey was decided by the Minister for Economic Development, Senator A.J.H. Maclean.

Public Lotteries Board

The Public Lotteries Board is constituted in accordance with Regulation 3 of the Channel Islands Lottery (Jersey) Regulations 1975, for the purpose of advising the Minister on general matters connected with the Lotteries and for conducting the Draw held in Jersey. Its Members in 2011 were –

Mr. I.T. Barnes (Chairman)
Mr. P.S. Cruickshank
Mr. D.A. Wallis
Mr. G.J. Roscouet
Ms M. Horton
Mr. A.J. Arnold (resigned September 2011)
Mr. A. Garnier
Mr. D. Scott (Secretary).

The policy of the Minister for Economic Development

Continuing recent policy, the Minister brought a Report and Proposition to the States, asking for approval that the total Jersey portion of the profits of the Channel Islands Lottery for 2011 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. The Proposition also asked for States approval to set aside as a reserve, 10% of the Jersey surplus for 2011.

The remaining 90% profit, according to the provisions of Regulation 4(5) of the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, would be applied in such a manner and for such purposes of public benefit as the States shall from time to time by Act direct. It was the Minister's recommendation to the States that these funds be granted to the Association of Jersey Charities.

The proposed transfer of 10% of the Jersey profits to the Accumulated Fund is to maintain a contingency for the Association of Jersey Charities, should sales of the Channel Islands Lottery decline, or should the States decide to distribute profits more widely.

The grant due to be paid to the Association of Jersey Charities for the year is £419,572, a decrease of £4,127 on 2010.

During 2011, a number of the measures identified in the internal audit review of 2009 were implemented. This caused disruption in the supply of lottery tickets and upheaval for the retail network. Ticket sales in Jersey recovered towards the end of 2011, and the measures undertaken will begin to bear fruit in 2012. During 2011, the way both Islands purchased tickets from Scientific Games International was changed from a price per thousand to a percentage of sale. This followed the tender exercise in 2010 and is designed to leverage Scientific Games' expertise in ticket design, game structure and marketing.

The Economic Development Department is acting as main agent for the Channel Islands Lottery in Jersey until a partner to store, distribute, merchandise, and reconcile tickets can be found as a result of a tender exercise in early 2012.

The win ratio and percentage payout of each game was published on each ticket reverse.

The Christmas Charity Draw

The planning and promotion of the Christmas Charity Draw remains the most important of the year, and continues to draw significant public interest and support. In order to maintain this, both the Assistant Minister for Economic Development in Jersey, and the Culture and Leisure Member in Guernsey, were strongly of the opinion that the First Prize had to be seen to be rising steadily, and it was agreed that the minimum First Prize would start at £300,000 as in 2010.

2,600,000 tickets were printed for this Draw, 300,000 more than in 2010. In addition to this figure, tickets were available via electronic terminals in Jersey only.

The Minister reports that 1,362,500 tickets were sold from a Jersey issue of 1,560,000, representing a decrease of 57,500 (4%) on Jersey sales over the previous year. However, in addition to this figure, 17,189 tickets were sold via electronic terminals. Guernsey sold 927,200 tickets, representing an increase of 47,200 (5.3%) on their sales over the previous year.

The Channel Islands Lottery achieved a top prize of £751,500, exceeding the £750,000 achieved the previous year.

Finally, special mention must be made of the vital part played by the Islands' media for broadcasting and printing the regular press releases, which played an invaluable part in the successful promotion of the Draw.

The Lottery Show

The Christmas Lottery Draw was broadcast by Channel Television. The appreciation of the Minister goes to Mrs. Karen Rankine, Managing Director (Broadcast) and the staff at Channel Television for their continued support.

Marketing and promotion

Marketing for the Lottery was undertaken by the Departments' Officers in both Jersey and Guernsey.

The year's ticket sales

Ticket sales for the year (inclusive of the Christmas Draw) totalled £3,992,711, with £2,174,211 being sold in Jersey and £1,818,500 in Guernsey. This showed a combined sales increase of 6.17%, with Jersey sales down 2.94% and Guernsey up 19.6%.

There were 9 scratch-card games promoted throughout the year. £1,685,809 worth of tickets was sold in total (£794,509 worth of tickets in Jersey and £891,300 in Guernsey). Jersey sales were down 3.11% and Guernsey sales up 39.17%.

The Lottery website at www.gov.je

Once again, the Lottery results for the Christmas Draw were made available through the States of Jersey website.

The Association of Jersey Charities

Founded in 1971, the Association of Jersey Charities now represents 277 Jersey charities. The Minister continued to support their efforts for local charitable causes and recognised the importance of Channel Islands Lottery profits as the mainstay of the Association's funding. The provision of the States grant is governed through a Service Level Agreement.

Grant applications from members up to a maximum of £20,000 are considered by the Executive Committee at their quarterly meetings. From September 2003, the maximum grant available was £20,000 in any 2 consecutive years, but since 30th September 2008, this was changed to £20,000 in any one year.

The relationship whereby the Minister is able to provide funding to the Association, who are then able to assist its membership, works well. The grants approved in 2011 by the Association of Jersey Charities are listed below and illustrate the very real benefits accrued by Lottery profits for local good causes.

List of Applications Approved in 2011 (from the 2010 Grant)

<i>Applicant</i>	<i>Project</i>	<i>£</i>
Little Sisters of the Poor	Towards major refurbishment	20,000.00
Community Savings Ltd.	For up to 3 part-time staff salaries	20,000.00
Friends of the Bridge	For up to 39 play-scheme places	5,000.00
Tools for Self-Reliance	Half the cost of a replacement van	2,307.00
Triumph Over Phobia	For training, books and running costs	5,000.00
Duke of Edinburgh Award	Towards Assistant Youth Worker salary	10,000.00
7 Overseas (Jersey) Squadron	Refurbishment of shower-block	20,000.00
Jersey Employment Trust	Towards refurbishment of 2 workshops	20,000.00
St. John Ambulance	Towards cost of a new ambulance	20,000.00
Jersey Citizen's Advice Bureau	Debt Advisor salary	16,008.00
Roseneath Centre	Team Leader salary	16,666.00
Société Jersiaise	Decoration and presentation equipment	627.30
Jersey Child Care Trust	Language for Life training and 5 assisted nursery places	20,000.00
ACET Jersey	Part HIV/AIDS Educator salary	20,000.00
Headway (Jersey) Limited	Physiotherapist salary and minibus running costs	20,000.00
Jersey Association of Cancer Nurses	To host a medical conference	3,750.00
Good Companions Club	For CCTV security system	4,136.00
Centre Point Trust	To cover transport costs for one year	20,000.00
Jersey One World Group	2 year salary for Educational Officer	6,000.00
Jersey Heritage Trust	Catalogue update costs	7,780.00
Maison des Landes Trust	Towards conversion costs	20,000.00
Glanville Home	Redecoration, tarmac and railing repairs	19,220.00
Silkworth Lodge	To replace heating system and replacement windows	14,805.00
Abbeyfield Jersey Society	Refurbishment	20,000.00
George V Cottage Homes Residents' Association	Travel and catering costs	1,220.00
Gorey Youth Project	Youth Worker part salary for 2 years	20,000.00
Move On Youth Project	Kitchen equipment and building work	20,000.00
Jersey Council on Alcoholism	New central heating and oil tanks	16,061.00
Jersey Youth Trust	Website and counselling staff costs	20,000.00
Shelter Trust	Refit of new accommodation	20,000.00
Durrell	Disabled toilets, access, hearing loop	20,000.00
Société Jersiaise	Decoration and presentation equipment	17,405.00
Brig-y-Don	Admin salary and computer set-up	19,180.00
Arts in Health Care	Towards 3 concerts	9,000.00
JASS	Physiotherapist costs	600.00
Brighter Futures	Part salary of bi-lingual facilitator	10,089.00
Total:		504,854.30

States Treasury Recharges

The Department has a Service Level Agreement with the Shared Services Division of Treasury and Resources for financial, administrative and audit support with the C.I. Lottery. This includes services such as preparing accounts on behalf of both Islands, reconciling winning tickets, paying commissions, auditing accounts and being present at the Christmas Lottery Draw, and for which the Treasury charged the Department a fee of £16,500.

The Minister would like to thank the relevant staff of the Shared Services Division of Treasury and Resources.

The final accounts for the C.I. Lottery (unaudited) up to December 2011 are noted overleaf.

Highlights

Closing Net Asset Position of £576,462, an increase of 9.4% on 2010.

Net Revenue Income of £49,315, an increase of 4.8% on 2010

Key Results

<p><u>Changes in N.A.V.</u></p> <table> <tr> <td></td> <td style="text-align: right;">£'000</td> </tr> <tr> <td>2010 N.A.V.</td> <td style="text-align: right;">527</td> </tr> <tr> <td>Jersey Ticket Sales</td> <td style="text-align: right;">2,180</td> </tr> <tr> <td>Guernsey contribution</td> <td style="text-align: right;">1,100</td> </tr> <tr> <td>Prizes</td> <td style="text-align: right;">(2,425)</td> </tr> <tr> <td>Other I&E</td> <td style="text-align: right;">(386)</td> </tr> <tr> <td>Grant paid (90%)</td> <td style="text-align: right;">(420)</td> </tr> <tr> <td>2011 N.A.V.</td> <td style="text-align: right;">576</td> </tr> </table>		£'000	2010 N.A.V.	527	Jersey Ticket Sales	2,180	Guernsey contribution	1,100	Prizes	(2,425)	Other I&E	(386)	Grant paid (90%)	(420)	2011 N.A.V.	576	<p>Changes in Net Asset Value from 2010</p> <p>The States agreed to hold the grant to the Association of Jersey Charities in 2011 at 90% of the total distributable profits (£466,191) with the remaining 10% being retained by the Fund. The Net Asset Value (N.A.V.) of the Fund increased by the amount of the retained profits (£49,315) (9.4% of opening N.A.V.).</p>
	£'000																
2010 N.A.V.	527																
Jersey Ticket Sales	2,180																
Guernsey contribution	1,100																
Prizes	(2,425)																
Other I&E	(386)																
Grant paid (90%)	(420)																
2011 N.A.V.	576																
<p><u>Key Variances from 2010</u></p> <table> <tr> <td></td> <td style="text-align: right;">£'000</td> </tr> <tr> <td>2010 N.R.I.</td> <td style="text-align: right;">47</td> </tr> <tr> <td>Guernsey's contribution</td> <td style="text-align: right;">(188)</td> </tr> <tr> <td>Jersey ticket sales</td> <td style="text-align: right;">36</td> </tr> <tr> <td>Other Operating Expenditure</td> <td style="text-align: right;">237</td> </tr> <tr> <td>Grant to Charities</td> <td style="text-align: right;">(4)</td> </tr> <tr> <td>Other variances</td> <td style="text-align: right;">(79)</td> </tr> <tr> <td>2011 N.R.I.</td> <td style="text-align: right;">49</td> </tr> </table>		£'000	2010 N.R.I.	47	Guernsey's contribution	(188)	Jersey ticket sales	36	Other Operating Expenditure	237	Grant to Charities	(4)	Other variances	(79)	2011 N.R.I.	49	<p>The Fund also invested monies previously held in the consolidated fund in the C.I.F. during 2011, as detailed below.</p> <p>Performance compared to 2010</p> <p>The N.A.V. of the Fund has increased in line with policy by the 10% retained profits. Profits are calculated as ticket sale income, less prizes and operating costs:</p> <p>Guernsey's contribution to Prize Fund ↑ £188,150 (20.6%) more than 2010 Guernsey's contribution to the Prize Fund increased by 20.6% in 2011 due to increased ticket sales in Guernsey.</p> <p>Sales of tickets in Jersey ↓ £35,638 (1.6%) less than 2010 Sales of tickets in Jersey decreased by 1.6% due to lower sales of Christmas Lottery tickets</p> <p>Other Operating Expenditure ↑ £236,707 (10.8%) more than 2010 Other Operating Expenditure increased by £236,707 compared with 2010. This was due to increases in prizes paid and unclaimed prizes of £259,572, offset by a decrease in the amount of unclaimed time-expired prizes of £22,865.</p> <p>Grants and Subsidies Payments ↑ £4,127 (1.0%) less than 2010 The grant to the Association of Jersey Charities decreased in 2011 as a result of lower distributable profits than in 2010.</p>
	£'000																
2010 N.R.I.	47																
Guernsey's contribution	(188)																
Jersey ticket sales	36																
Other Operating Expenditure	237																
Grant to Charities	(4)																
Other variances	(79)																
2011 N.R.I.	49																

Performance of C.I.F. Investments

The C.I. Lottery (Jersey) Fund joined the C.I.F. on 1st July 2011, investing in the long-term cash and cash equivalents pool.

Investments are held by the C.I.F., which recognises income, expenditure and gains/losses on Investments. The Lottery Fund recognises only gains or losses on the units held in the C.I.F. in the O.C.S.

The table below shows the share of transactions in the C.I.F. attributable to the Fund.

States of Jersey – Common Investment Fund Attributable to the Channel Islands Lottery (Jersey) Fund

	2011
	£'000
Income	3
Expenditure	0
(Losses) on Investments held at Fair Value through the OCS*	0
Total Gains recognised in the Fund	3

* Under FRS 25, Unrealised Gains on Investments held at Fair Value through the O.C.S. are now recognised through the O.C.S.

Operating Cost Statement		
	<i>2011</i>	<i>2010</i>
	<i>Actual</i>	<i>Actual</i>
	<i>£'000</i>	<i>£'000</i>
Sales of Goods:		
Guernsey Contribution to Prize Fund	1,100	912
Sales of Services:		
Sale of tickets in Jersey	2,180	2,216
Loan, Bank and Notional Interest	6	7
Gains/Losses on C.I.F. Investments	3	–
Other Revenue	–	1
Total Revenue	3,289	3,136
Supplies and Services	395	477
Other Operating Expenditure	2,425	2,188
Grants and Subsidies Payments	420	424
Total Expenditure	3,240	3,089
Net Revenue Income	49	47

No other gains or losses were recognized in the year.

Balance Sheet			
	2011 Actual £'000	2010 Actual £'000	
Financial Assets			
Investments held at Fair Value through OCS	529	—	
Total Fixed Assets	529	—	
Current Assets			
Debtors	681	282	
Balance due from Consolidated Fund	374	972	
Total Current Assets	1,055	1,254	
Current Liabilities			
Creditors:			
Balance held for the Association of Jersey Charities	420	424	
Uncollected Prizes	560	222	
Other Creditors	28	81	
Total Current Liabilities	1,008	727	
Net Current Assets/(Liabilities)	47	527	
Total Assets Less Current Liabilities	576	527	
Net Assets	576	527	
Reserves			
Accumulated Revenue Reserves	576	527	
Total Reserves	576	527	