
STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2013

**Presented to the States on 4th March 2014
by the Minister for Economic Development**

STATES GREFFE

REPORT

Introduction

The Minister for Economic Development, in accordance with the provisions of Regulation 4(4) of the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, is pleased to submit to the States a report of all Public Lotteries promoted from 1st January 2013 up to and including the Christmas Draw of 19th December 2013, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery in 2013 was decided by the Minister for Economic Development in Jersey, Senator A.J.H. Maclean, and the Culture and Leisure Board Member in Guernsey, Deputy F. Quin.

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 any Draws held in Jersey. Its Members, until September 2013, were –

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

New terms of reference are being drafted for the Board to reflect the improvements made to the Channel Islands Lottery in Jersey since 2011 and the changing role of the Public Lotteries Board. Once finalised, a recruitment process will be undertaken.

In February 2014 I was informed of the sad news that Mr. Geoff Roscouet, who had served with integrity on the Public Lotteries Board since 1998, had passed away after a short illness.

The policy of the Minister for Economic Development

In keeping with recent practice, the Minister brought a Proposition to the States in 2014 (P.22/2014), asking for approval that the total Jersey portion of the profits of the Channel Islands Lottery for 2013 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. As last year, P.22/2014 does not recommend the withholding of a percentage of the annual profit, as both Economic Development and the Treasury are satisfied with the amount currently held in reserve.

The 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 is

the Minister's recommendation to the States that these funds be granted to the Association of Jersey Charities.

Should the States adopt P.22/2014 unamended, the grant due to be paid to the Association of Jersey Charities for the year is £684,555, an increase of £282,853 on 2012.

During 2013 the Channel Islands Lottery in Jersey continued to be developed and improved, following the contract agreed with Scientific Games International Limited in 2011. The main aim of the Channel Islands Lottery in Jersey is to raise much-needed money for local good causes; however, the Lottery also benefits local retailers through commission, footfall, and ancillary in-store spend.

The win ratio and percentage payout of each finite game was published on each scratch-card ticket reverse.

The Christmas Lottery Draw

The planning and promotion of the Christmas Lottery remains the most important of the year and continues to draw significant public interest and support. In order to maintain this, both the Minister for Economic Development in Jersey and the Culture and Leisure Member in Guernsey were strongly of the opinion that the minimum First Prize would start at £300,000 as in 2012.

1,500,000 tickets priced at £2 each were printed for this Lottery Draw.

The Minister reports that 892,600 tickets were sold from a Jersey issue of 900,000. Guernsey sold 588,500 paper tickets out of 600,000.

The Channel Islands Christmas Draw achieved a top prize of £1,038,000, an increase of £352,000 on the previous year.

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

The Summer Lottery Draw

Recent years have seen attempts to re-establish a Summer Lottery as a way of raising additional funds for local good causes. Consequently, a Summer Draw was again held in 2013. As a trial change to the Draw format, the ticket price increased to £10 per ticket as a mechanism of maximising the First Prize. Unfortunately, as in 2012, the Summer Lottery was not the success all parties had hoped for, resulting in a loss of £52,547.

As Guernsey do not possess the same motivation to re-establish a Summer Lottery (only the profits of the Christmas Draw are distributed to charity in Guernsey), and therefore structuring a Draw with a sufficiently attractive prize fund is impossible without a high individual price point, it is unlikely that the exercise will be repeated in 2014.

Marketing and promotion

Marketing and promotion for the Channel Islands Lottery was undertaken by the Departments' Officers in both Islands.

Ticket sales in 2013

Ticket sales for the year (inclusive of the Christmas Draw) totalled 3,943,480, with 1,850,880 being sold in Jersey and 2,092,600 in Guernsey.

The Lottery website at www.gov.je and social media

As previously, the winning numbers 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 290 Jersey charities. The Minister continues to support their efforts for local charitable causes, and recognises 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 £30,000 are considered by the Executive Committee at their quarterly meetings. From September 2003, the maximum grant available was £20,000 in any 2 consecutive financial years, but since 30th September 2008, this has been changed to £20,000 in any one year. This has now been increased to a maximum of £30,000 per annum, after a vote at the AGM in June 2012.

The relationship whereby the Minister is able to provide funding to the Association, who are then able to assist its membership, works extremely well. The grants approved in 2013 by the Association of Jersey Charities are listed in the table below, and illustrate the very real benefits accrued by Lottery profits for Jersey's good causes.

<i>Date</i>	<i>Amount £</i>	<i>Applicant</i>	<i>Details</i>
13/03/2013	30,000.00	Community Savings Ltd.	Up to 3 part-time staff salaries
13/03/2013	17,000.00	St. Peter's Youth Club	Relocation and redevelopment of the tuck-shop
13/03/2013	30,000.00	Jersey Mencap	Half annual cost of Self-Advocacy Project
13/03/2013	26,235.00	First Tower Community Association	Equipment for the 'Hang Out' Youth Club
13/03/2013	10,312.03	Trinity Youth Centre Trust	External redecoration, heating and new kitchen
13/03/2013	10,000.00	7 Overseas Air Training Corps	Replacement doors and floor
13/03/2013	700.00	National Ankylosing Spondylitis Society	Physiotherapist cost

<i>Date</i>	<i>Amount £</i>	<i>Applicant</i>	<i>Details</i>
13/03/2013	21,423.41	St. Lawrence Youth Club	Refurbishment of Club area
11/06/2013	4,777.00	EASD	To run 2 programmes
11/06/2013	4,940.00	Friends of the Bridge	To provide 38 summer play-scheme places
11/06/2013	24,431.39	National Trust for Jersey	Replacement computer system and website rebuild
11/06/2013	5,000.00	MPS (Jersey) Uganda	Educational Programme
11/06/2013	30,000.00	Caring Hands	To cover 2 salaries
11/06/2013	2,000.00	Triumph Over Phobia	For 2 people to attend a conference
11/06/2013	4,000.00	Jersey Association of Cancer Nurses	To host a conference on bowel cancer
11/06/2013	8,036.00	Jersey Heritage Trust	Towards a new exhibition
11/06/2013	4,750.00	Jersey Sea-search	For a reef survey and educational materials
11/06/2013	8,211.16	Durrell Wildlife Conservation Trust	Replacement mobility vehicle
10/09/2013	30,000.00	Little Sisters of the Poor	Towards major refurbishment
10/09/2013	10,000.00	Jersey Eisteddfod	To fund part-time administrator salary
10/09/2013	1,672.40	Jersey Heritage Trust	To restore WW1 documents
10/09/2013	8,695.51	Jersey Heritage Trust	To publish the book 'What's Your Street's Story'
10/09/2013	30,000.00	Jersey Child Care Trust	To provide 18 assisted nursery places
10/09/2013	6,381.90	Friends of St. Thomas' Church	To refurbish the toilets in the hall
10/09/2013	5,000.00	Silkworth Lodge	For a second-hand minibus
10/09/2013	17,600.00	Brook in Jersey	Part approved – nurses' salaries and training costs
10/09/2013	9,660.00	Relate Jersey	For training and supervision
10/09/2013	30,000.00	Headway Jersey	Occupational Therapy salary, equipment and van
10/09/2013	15,000.00	Freedom Church	Part approved – staff costs
10/09/2013	9,000.00	Arts in Health Care Trust	To cover 3 concert tours
10/12/2013	30,000.00	ACET Jersey	Towards HIV Care Service
10/12/2013	27,000.00	St. John Ambulance	To run 12 Care Courses over 3 years
10/12/2013	4,000.00	Art in the Frame Foundation	To bring professionals over for children's talks
10/12/2013	7,500.00	Jersey Association for Family Therapy	To train 10 therapists
10/12/2013	4,927.40	Beach Ability	For a beach chair and ongoing maintenance
10/12/2013	12,400.00	Brook in Jersey	Salaries for trained nurses

<i>Date</i>	<i>Amount £</i>	<i>Applicant</i>	<i>Details</i>
10/12/2013	25,350.00	St. Brelade Youth Project	Minibus
10/12/2013	30,000.00	Grace Trust	For Assistant Manager salary
10/12/2013	30,000.00	Les Amis	Major Refurbishment of Maison Allo
10/12/2013	30,000.00	Wetwheels Jersey	To operate the boat for one year
10/12/2013	21,788.84	Durrell Wildlife Conservation Trust	To refurbish the longhouse
10/12/2013	10,000.00	Duke of Edinburgh Award	Towards Youth Worker Salary
10/12/2013	29,240.00	Jersey Community Relations Trust	To run the Anti-bullying campaign
10/12/2013	30,000.00	Community Savings Ltd.	Towards part-time salaries
10/12/2013	15,000.00	Freedom Church	Towards refurbishing the Centre
10/12/2013	28,750.00	Centre Point Trust	To refurbish external play areas
10/12/2013	3,230.18	La Moye School PTA	For playground equipment and art project
10/12/2013	30,000.00	NSPCC	Towards 2 midwives' salaries
Total:	784,012.22		

States of Jersey recharges

The Economic Development Department manage, operate, and administer the Channel Islands Lottery in Jersey. For this, the figure of £73,000 was recharged to the Lottery in 2013.

The Shared Services Division of Treasury and Resources provide vital support for the Channel Islands Lottery. This includes services such as preparing accounts on behalf of both Islands, reconciling winning tickets, auditing accounts, together with being present at the Christmas Lottery Draw, for which the Treasury charged the Lottery a fee of £32,400.

The Minister for Economic Development would like extend his thanks to the relevant staff of the Shared Services Division of Treasury and Resources for their dedication to and support of the Channel Islands Lottery.

The final accounts for the C.I. Lottery (unaudited) up to December 2013 are noted overleaf.

Channel Islands Lottery (Jersey) Fund

To promote and conduct public lotteries in aid of good causes

Summary Snapshot

Fund Position
£590,292
 0.8% increase from 2012

Net Revenue Income
£4,467
 109.6% decrease from 2012

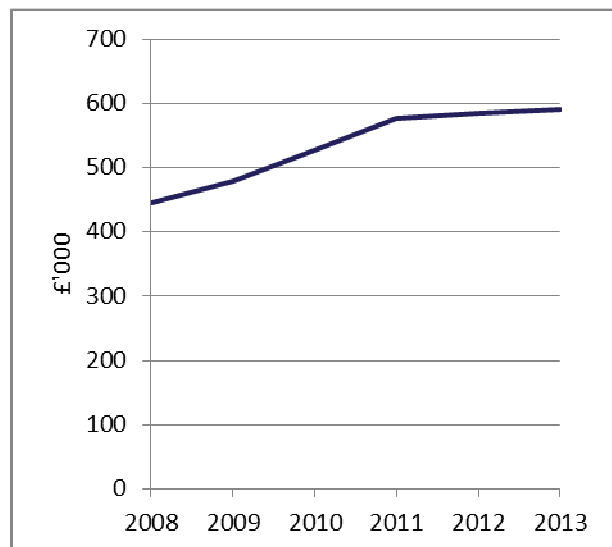
Changes in Net Asset Value from 2012

	£'000
2012 Net Asset Value	585
Jersey Ticket Sales	4,434
Guernsey Contribution	3,580
Prizes Paid	(6,586)
Grant to Charities	(684)
Commission on Sales	(549)
Other Reasons	(190)
2013 Net Asset Value	590

The increase in Net Asset Value (NAV) from 2012 is £4,467. This is the unrealised gain on the Common Investment Fund (CIF) in 2013 and is not for distribution.

For 2013, it has been determined that 100% of the distributable profit of £684,555 will be made available as a grant for the Association of Jersey Charities in 2014.

*Channel Islands Lottery (Jersey) Fund
 Net Asset Value over time*



Performance compared to 2012 (Total NRI)

Key Variances from 2012

	£'000
2012 NRI	(9)
Guernsey Contribution	1,242
Jersey Ticket Sales	1,131
Other Operating Expenditure	(1,962)
Grant to Charities	(282)
Commission on Sales	(193)
Other Variances	68
2013 NRI	(5)

The 109.6% decrease in net revenue income (NRI) in 2013 is due to a decrease in the unrealised gain on the CIF, as explained above.

An increase in combined Jersey and Guernsey sales was £2,372,098 (42.0%) compared to 2012. £840,200 of this was directly attributable to the success of the Christmas Draw.

A corresponding increase in expenditure of £2,224,567 (42.1%) included an increase in prizes paid and uncollected prizes of £1,961,628, an increase in commission on sales of £192,917, and an increase in printing costs of £67,201.

The Summer Draw (tickets sold only in Jersey) produced a loss of £52,547. This loss arose due to lower than expected ticket sales.

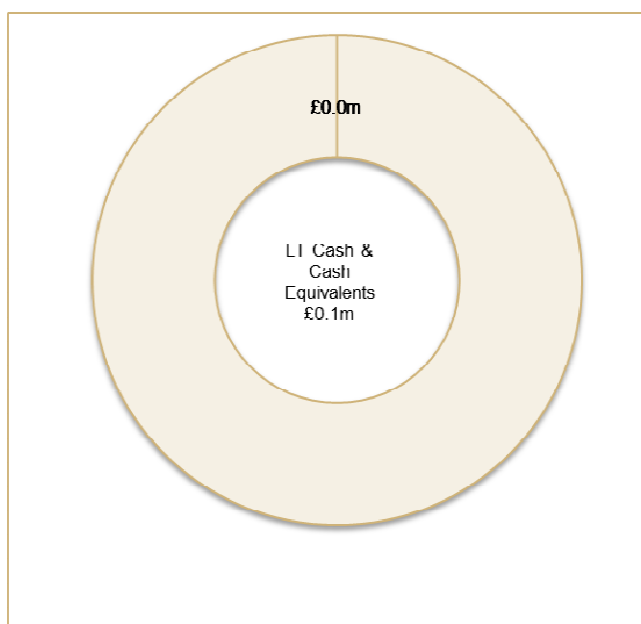
Overall, increased sales exceeded increased costs and the result was an increase in the total profit of the Lottery of 67.6% compared with 2012. Total profit is defined as the profit before distribution, including income from time-expired prizes.

In 2013, the grant to the Association of Jersey Charities increased by £282,853 (70.4%) as a result of higher distributable profits than in 2012, as explained above.

Performance of CIF Investments

The Channel Islands Lottery (Jersey) Fund participates in a range of CIF pools.

Investments are held by the CIF, which recognises income, expenditure and gains/losses on Investments. The Fund recognises only gains or losses on the units held in the CIF.



The table below shows the share of transactions in the CIF attributable to Fund.

CIF Amounts Attributable to the Channel Islands Lottery (Jersey) Fund

	2012 £'000	2013 £'000
Income	8	5
Expenditure	(1)	-
Gains/(Losses) on Investments	-	-
Total Gains recognised	7	5

Statement of Comprehensive Net Expenditure

	2012	2013
	Actual	Actual
	£'000	£'000
Revenue		
Sales of Goods and Services	5,643	8,020
Investment Income	17	11
Other Income	40	171
Total Revenue	5,700	8,202
Expenditure: Near Cash		
Supplies and Services	660	924
Premises and Maintenance	1	
Other Operating Expenditure	4,625	6,586
Grants and Subsidies Payments	402	684
Impairments of Financial Assets		3
Finance Costs	3	
Total Expenditure: Near Cash	5,691	8,197
Net Revenue Expenditure: Near Cash	(9)	(5)
Net Revenue Expenditure/(Income)	(9)	(5)
Total Comprehensive Expenditure/(Income)	(9)	(5)

Statement of Financial Position

	2011 Actual £'000	2012 Actual £'000	2013 Actual £'000
Non-Current Assets			
Investments held at Fair Value through SoCNE	529	539	142
Total Non-Current Assets	529	539	142
Current Assets			
Trade and Other receivables	681	1,490	1,117
Balance due from the Consolidated Fund	374	958	1,636
Total Current Assets	1,055	2,448	2,753
Total Assets	1,584	2,987	2,895
Current Liabilities			
Trade and Other Payables	1,008	2,402	2,305
Total Current Liabilities	1,008	2,402	2,305
Total Assets Less Current Liabilities	576	585	590
Assets Less Liabilities	576	585	590
Taxpayer's Equity			
Accumulated Revenue Reserves	576	585	590
Total Taxpayer's Equity	576	585	590