
STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2010

**Presented to the States on 15th March 2011
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 the Public Lotteries promoted from 1st January 2010 up to and including the Draw of 16th December 2010, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery in 2010 was decided by the Assistant Minister for Economic Development in Jersey, Connétable L. Norman, and the Culture and Leisure 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, as amended, 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 2010 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

Mr. A. Garnier

Dr. J. Lane (Secretary)

The Policy of the Minister for Economic Development

In keeping with recent practice, the Minister brought a Report and Proposition to the States in 2009, asking for approval that the total Jersey portion of the profits of the Channel Islands Lottery for 2009 and 2010 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 had States approval to set aside as a reserve, 10% of the Jersey surplus for 2009 and 2010.

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.

The grant due to be paid to the Association of Jersey Charities for the year is £423,699, an increase of £117,908 on 2009.

Having undertaken a public consultation on the future of the lottery, it is clear that there is a strong belief that the Islands should continue their own public lottery until there was a clear indication from both the States and the United Kingdom parliament that extension of the U.K. National Lottery was a realistic proposal.

To that end the strategy in 2010 was to –

- continue the ‘Two Super Scratch Games’ from January 2010, until the Christmas Bumper Draw in December 2010;
- ensure that any future modernisation of the Island’s gambling legislation should take account of the needs of charitable and other good causes.

During 2010 the Channel Islands Lottery went through an internal audit review which identified a number of issues, one of which was that the lottery had not been subjected to a formal tender process for some considerable time. This was duly undertaken and is in the process of being evaluated, with the outcome being determined during 2011.

Main Agents

The Minister maintained 2 appointed Main Agents to act on his behalf in distributing tickets in the Island.

The Main Agents were –

Mrs. S. Le Brocq
Mr. and Mrs. M. Vowden.

The 2 Main Agents purchased tickets at a discount of 13% for all the Games including the Christmas Draw.

All agents, including sub-agents, were offered an additional commission equal to 1% of any winning ticket sold by them of a value of £750 or more. The agents, however, had to register and purchase a special stamp number to stamp the reverse side of all tickets sold by them, in order to receive the *ex gratia* payment.

The Minister records his appreciation to the Main Agents for their hard work and enthusiasm during the year.

The Lottery Game

The prize structures for the games introduced in January 2010 were –

Super Scratch Game 3

Prize structure per 200,000 tickets –

2 Prizes of	£20,000	=	£40,000
10 Prizes of	£500	=	£5,000
50 Prizes of	£100	=	£5,000
200 Prizes of	£25	=	£5,000
500 Prizes of	£10	=	£5,000
2,000 Prizes of	£5	=	£10,000
5,000 Prizes of	£2	=	£10,000
40,000 Free Tickets		=	<u>£40,000</u>
 Total Prizes			 £120,000 = 60% return

Win ratio = 1:4.19

Sales for these games were very successful throughout the year, selling out at a rate of approximately one game every 2 months. Two different design games were on sale at the same time with the same prize structure for each game.

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 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 2009.

2,300,000 tickets were printed for this Draw, 300,000 more than in 2009, when tickets were available up until the day before the Draw. Demand for tickets was unprecedented, with a sell-out approximately one week before the Draw.

The Minister is delighted to report that all tickets were sold from a Jersey issue of 1,420,000, representing an increase of 180,000 (14.5%) on Jersey sales over the previous year.

Guernsey sold 880,000 tickets, representing an increase of 120,000 (15.8%) on their sales over the previous year.

The Channel Islands Lottery achieved a top prize of £750,000, exceeding the £651,000 achieved the previous year.

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

The Lottery Show

The only Lottery Draw to be broadcast by Channel Television was the Christmas Charity Bumper Draw. 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 Islands. The result was an imaginative and colourful campaign transmitted through poster, press and television that provided a very positive message.

The Year's Ticket Sales

Ticket sales for the year (inclusive of the Christmas Draw) totalled 3,760,400, with 2,240,000 being sold in Jersey and 1,520,400 in Guernsey¹. This showed a combined sales increase of 5.9% with Jersey sales up 6.5% and Guernsey 5.9%.

There were 10 scratch-card games promoted throughout the year. 1,460,400 were sold in total (820,000 tickets in Jersey and 640,400 in Guernsey). Jersey sales were down 5.3% and Guernsey sales down 6.7%.

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 approximately 248 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 2010 by the Association of Jersey Charities are listed below and illustrate the very real benefits accrued by Lottery profits for local good causes.

¹ The accounting methodology for displaying revenue and expenditure has changed and consequently there are small differences between how the Lottery Office has reported actual sales (as simple year on year variation) and how they are presented in the accounts.

List of Applications Approved in 2010 (from the 2009 Grant)

		£
Caesarea Association	Repair and redecoration of fire escape	5,000.00
George V Cottage Homes Residents Assoc.	Travel costs	600.00
Arts in Health Care Trust	Running costs	12,000.00
FNHC	Refurbishment of satellite base	20,000.00
Jersey Youth Trust	Part salary of senior youth worker	20,000.00
Trinity Youth Centre Trust	Redecoration of entrance hall, curtains Main Hall	15,961.00
Durrell	Refurbishment of playground	20,000.00
Music in Action	Performers, admin. assistant, cello	19,300.00
Silver Star Community Playgroup	Shortfall in running costs	4,952.00
Silkworth Lodge	Purchase and installation of IT system	11,815.00
Centre Point Trust	Lunches and snacks for one year	20,000.00
Inclusion Project	Personal development programmes	20,000.00
Relate Jersey	Counsellor training	20,000.00
Art in the Frame Foundation	Children's and Mencap workshops	4,000.00
Jersey Scout Association	18 scouts to World Jamboree	5,500.00
Victim Support (Witness Service)	Running Costs	20,000.00
ACET Jersey	Part HIV/AIDS Educator salary	20,000.00
Jersey Child Care Trust	Assisted Nursery Places Project	20,000.00
Jersey Catholic Pastoral Service	Photocopier	2,189.00
Grace Trust	Part manager's salary	20,000.00
Weston Health Care Foundation	Refurbishment of new detox centre	16,061.00
St. John Ambulance	Replace roof	20,000.00
St. John Ambulance	Balance of roof, garage refurbishment and storage	14,000.00
Le Squez Youth Club	Assistant's salary	20,000.00
Silkworth Lodge	Part counsellor's salary	16,061.00
Community Charitable Trust	Various office items	10,974.00
Roseneath Trust	Continuation refurbishment of Centre	17,442.46
	Total	£395,855.46

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 charges the Department a fee of £21,002.

The Board 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 2010 are noted overleaf.

Channel Islands Lottery (Jersey) Fund

Fund/Reserve **The net asset value increased by 9.8% (£47k) in 2010**
Highlights: **Jersey ticket sales increased by 5%**

Purpose of Fund

The Channel Islands Lottery is administered and governed by the Public Lotteries Board, which is constituted in accordance with the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975.

In 2009 a decision was made by the States to increase the grant to 90% of the total profits for the benefit of the community and the charitable needs of the Island. The Association has now indicated that a sufficient buffer has built up and that, as a consequence of the global economic downturn, it would wish to receive its full share of grant from the 2011/12 allocation.

Key Financial Results of the Operating Cost Statement**Sales of Tickets**

Ticket sales of £3,128,240, an increase of £148,027 (4.96%) on 2009. Guernsey's contribution to the prize fund increased by 5% in 2010 due to increased ticket sales. Sales of tickets in Jersey also increased by 5%.

Other Revenue

Other revenue of £341, a decrease of £199 (36.85%) on 2009.

Supplies and Services

Supplies and Services of £476,913, a decrease of £3,491 (0.72%) on 2009.

Grants and Subsidy Payments

Grant due to be paid to the Association of Jersey Charities of £423,699, an increase of £117,908 (38.55%) on 2009.

Channel Islands Lottery (Jersey) Fund

Key Results

<u>Key Variances from 2009</u>	£'000	<p>The Net Asset Value increased from £480k to £527k during 2010, an increase of £47k (9.8%)</p> <p>The States increased the grant to the Association of Jersey Charities in 2009 for both 2009 and 2010 from 80% to 90% of the total profits with the remaining 10% being retained within the Fund. The net asset value of the Fund increased by 9.8% (£47k) due to increased ticket sales during 2010.</p>
2009 NAV	480	
Funds due to Guernsey	40	
Balance due from CF	142	
Funds owed to Charities	(118)	
Uncollected prizes	63	
Funds owed by agents	(80)	
2010 NAV	527	
<u>Key Variances from 2009</u>	£'000	<p>Performance compared to 2009</p> <p>Jersey ticket sales for the Christmas Draw increased by 15% compared to 2009. Guernsey's contribution to the prize fund also increased compared to 2009 due to increased ticket sales.</p> <p>Guernsey Contribution to Prize Fund ↑ £44k (5%) more than 2009</p> <p>Guernsey's contribution to the prize fund increased by 5% in 2010 due to increased ticket sales.</p> <p>Sales of tickets in Jersey ↑ £104k (5%) more than 2009</p> <p>Sales of tickets in Jersey also increased by 5%.</p> <p>Loan Bank and Notional Interest ↑ £11k (60%) less than 2009</p> <p>The Fund received £11k less interest during the year due to low interest rates.</p> <p>Grants and Subsidies Payments ↑ £118k (38.6%) more than 2009</p> <p>The grant to the Association of Jersey Charities increased in 2010 due to increased ticket sales.</p>
2009 NRI	34	
Guernsey's contribution	44	
Jersey ticket sales	104	
Interest received	(11)	
Grant to Charities	(118)	
Other Variances	(6)	
2010 NRI	47	

Operating Cost Statement		
	2010 Actual £	2009 Actual £
Sales of Goods:		
Guernsey Contribution to Prize Fund	912,240	867,780
Sales of Services:		
Sale of tickets in Jersey	2,216,000	2,112,433
Other Lottery Income	–	4,300
Loan, Bank and Notional Interest	7,404	18,720
Other Revenue	341	540
Total Revenue	3,135,985	3,003,773
Supplies and Services	476,913	480,404
Other Operating Expenditure:		
Prizes Paid	2,188,297	2,183,600
Grants and Subsidies Payments	423,699	305,791
Total Expenditure	3,088,909	2,969,795
Net Revenue Income	47,076	33,978

Statement of Total Recognised Gains and Losses		
	2010 Actual £	2009 Actual £
Net Revenue Income	47,076	33,978
Total Recognised Gain	47,076	33,978

Balance Sheet

	2010 Actual £	2009 Actual £
Current Assets		
Debtors	282,395	241,620
Balance due from Consolidated Fund	971,820	830,231
Total Current Assets	1,254,215	1,071,851
Current Liabilities		
Creditors		
Balance held for the Association of Jersey Charities	423,699	305,791
Uncollected Prizes	222,512	285,306
Other Creditors	80,857	683
Total Current Liabilities	727,068	591,780
Net Current Assets	527,147	480,071
Net Assets	527,147	480,071
Reserves		
Accumulated Revenue Reserves	527,147	480,071
Total Reserves	527,147	480,071