

STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2007

**Presented to the States on 18th March 2008
by the Minister for Economic Development**

STATES GREFFE

REPORT

Introduction

The Assistant 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 2007 up to and including the Draw of 18th December 2007, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery is decided by the Assistant Minister for Economic Development in Jersey, Deputy A.J.H. Maclean and the Culture and Leisure Member in Guernsey, Deputy J. Honeybill.

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 2007 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

Dr. J. Lane (Secretary)

The Board retains a vital function, providing continuity of experience to the Assistant Minister. The contribution of the Board is often overlooked, but without the individual contribution of its Members, the C.I. Lottery would not have been able to continue.

The Policy of the Assistant Minister for Economic Development

The Assistant Minister for Economic Development has determined to bring a Report and Proposition to the States regarding the allocation of profits of the Channel Islands Lottery. The Proposition will ask the States to approve that the total Jersey portion of the profits of the Channel Islands Lottery from 2007 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. The Proposition will also ask States approval for the Assistant Minister to retain up to 20% of the 2007 profits in order to boost the Accumulated Fund as a contingency measure. After assessing the 2007 results and consulting with the Association for Jersey Charities, the Assistant Minister has decided that it is reasonable to retain 20% of the 2007 profit to the Fund, a figure of £89,653. The balance (subject to confirmation by audit) to be transferred to the Association of Jersey Charities is thus £358,616 for 2007. This remains subject to confirmation by the States in due course.

The Assistant Minister had a strong belief that the Islands should continue their own public lottery until there was a clear indication from both the States and Parliament that extension of the U.K. National Lottery was a realistic proposal.

To that end, the Assistant Minister's strategy in 2007 was to –

- Continue the 'Two Super Scratch Games' from January 2007, until the Christmas Bumper Draw in December 2007;
- Ensure that any future modernisation of the Island's gambling legislation should take account of the needs of charitable and other good causes; and
- Continue the information gathering process on the potential for the extension of the National Lottery to the Islands.

Main Agents

The Assistant Minister maintained two 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 two 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 with the Regulation and Licensing Manager 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 Assistant Minister records its appreciation to the Main Agents for their hard work and enthusiasm during the year.

The Lottery Game

In January of 2007 a new £20,000 game was introduced to replace the existing £10,000 game. This was decided after consultation with the Main Agents and the playing public which indicated a preference for two games with a top prize of £20,000 rather than the previous mix of top prize and pay-out ratios.

The prize structure for the games introduced in January 2007, were as follows –

Super Scratch Game 1

Prize structure per 300,000 tickets –

3 Prizes of	£20,000	=	£60,000	
10 Prizes of	£500	=	£5,000	
20 Prizes of	£250	=	£5,000	
400 Prizes of	£50	=	£20,000	
400 Prizes of	£25	=	£10,000	
1,000 Prizes of	£10	=	£10,000	
6,000 Prizes of	£5	=	£30,000	
40,000 Free Tickets		=	<u>£40,000</u>	
Total Prizes			£180,000	= 60% return

Win ratio = 1:6.27

Super Scratch Game 2

Prize structure per 300,000 tickets –

3 Prizes of	£20,000	=	£60,000	
8 Prizes of	£500	=	£4,000	
20 Prizes of	£250	=	£5,000	
300 Prizes of	£50	=	£15,000	
400 Prizes of	£20	=	£8,000	
1,000 Prizes of	£10	=	£10,000	
6,000 Prizes of	£5	=	£30,000	
4,000 Prizes of	£2	=	£8,000	
40,000 Free Tickets		=	<u>£40,000</u>	
Total Prizes			£180,000	= 60% return

Win ratio = 1:5.79

Sales for these two games were very successful throughout the year, selling out at a rate of approximately one game per two months.

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, the Channel Islands Lottery Advisory Council was 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 £250,000 instead of £200,000 as in 2006.

In 2006 1,300,000 tickets were printed with tickets being sold out several days before the Draw. It was agreed, therefore, that 1,500,000 tickets would be printed for 2007 and this proved successful, with tickets still available in both Islands the day before the Draw.

The Assistant Minister is delighted to report that all tickets were sold from a Jersey issue of 900,000 tickets, representing an increase of 133,000 (17.34%) on Jersey sales over the previous year.

Guernsey also experienced excellent ticket sales, selling 600,000 tickets, amounting to a joint sales level of 1,500,000 tickets by Lottery Day. This represented an increase of 200,000 tickets on the previous year. The Channel Islands Lottery achieved a top prize of £505,000, exceeding the £447,500 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, which was sponsored by Airtel-Vodafone. The appreciation of the Assistant Minister goes to Airtel-Vodafone for this important contribution to Island life and also to Mrs. Karen Rankine, Managing Director (Broadcast) and Mr. Mike Elsey, Managing Director (Commercial) of Channel Television and their staff 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) showed a modest decline over the previous year, with Jersey sales 4.08% down over the previous year. Guernsey by contrast had modest growth of 0.13%, giving a small joint sales decline of 2.34% year on year. Of the total 3,550,700 tickets sold across the Islands, 2,044,000 were sold in Jersey and 1,506,700 in Guernsey.

There were 9 scratch card games promoted throughout the year. 2,050,700 tickets were sold in total (1,144,000 tickets in Jersey and 906,700 in Guernsey).

Batch of stolen tickets from game 'one eyed jacks'

During April 2007 a batch of 100 tickets was stolen from a shipment en route from the supplier in Germany to the ticket agent in Guernsey. As a result, the Assistant Minister determined that the game was compromised and should not be put on sale.

The Lottery Website at www.gov.je

With the assistance of Andrew Jones, Executive Officer of the Economic Development Department, 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 Assistant 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.

Grants by the Association are ordinarily only available to its members from the second year of membership and are considered at each of its Quarterly Meetings. Applicants must first make formal written application describing the use to which the grant would be applied and then, at the meeting, give a short presentation and answer questions from the membership. No grant is made in excess of £20,000 to any member during the same financial year in order that the greatest possible number of charitable causes may benefit from the funding. Not all applications are successful and undergo strict scrutiny.

The relationship whereby the Assistant Minister is able to delegate awards to the Association, who are then able to assist its membership, works well. The grants approved in 2007 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 2007 (from the 2006 Grant)

Jersey Council on Alcoholism – for 2 night staff	£20,000
Home for Infirm and Aged Women (Glanville) – towards the cost of a replacement lift	£20,000
Les Amis – for a people carrier vehicle	£14,995
Community Charitable Trust – for a part time supervisor for a year; to upgrade essential software and payment towards the cost of moving premises	£14,400
Roseneath Trust for the Homeless – to re-furbish the accommodation	£17,175
Jersey Art and Therapy Group – for running costs for six months	£3,360
Age Concern – for essential roof repairs	£5,770
Art in the Frame – for a public address system and improving lighting	£5,280
Jersey Cheshire Home – to replace radiators and showers	£20,000
Jersey Citizens Advice Bureau – for major refurbishment	£20,000
St. John Ambulance – for a free care course for home carers	£12,800
Headway Association – for fitting out new centre	£20,000
Trinity Youth Centre Trust – for carpet and flooring and work to drainage	£6,491.25
Victim Support – to set up a 'Witness Service'	£12,500
Friends of the Bridge – to develop a 'Quiet Place Sanctuary'	£20,000
Jersey Association of Carers Inc – for operational costs	£20,000
Jersey Association of Cancer Nurses – for a seminar	£730
Jersey Women's Refuge – part salary of Deputy Manager (1 year)	£20,000
Hearing Resource Centre Association – for specialist services	£18,834
Durrell – for refurbishment of playground	£19,840

Centrepoint Trust – to raise the profile with its 25th Anniversary Celebrations in July 2007	£8,000
Arts in Healthcare Trust – for running costs	£12,000
Community Charitable Trust - to increase the hours of the new Assistant Administrator	£5,600
Jersey Youth Trust – part salary for a new youth worker to run the new YES project	£20,000
Jersey Art & Therapy Group – for running costs	£3,660
Jersey Mencap – to fit out a sensory room at the Le Geyt Centre	£13,044
No. 7 Overseas (Jersey) Squadron – for a minibus	£20,000
Jersey Focus on Mental Health – part funding for a project co-ordinator	£20,000
Jersey Assoc of Men of the Trees – for teacher training and PC	£1,131
RNLI – towards the costs of a new lifeboat	£20,000
ACET Jersey – towards the running costs of a care support service for aids sufferers and their families	£10,000
Brook in Jersey – for electronic babies and software	£12,570
Shelter Trust – being 3 years rental plus ‘making good’ of new office	£18,900
Inclusion Project – part salary of Project Officer	£20,000
TOTAL	£477,080.25

The administration charge

The charge of £10,000 to the Culture and Leisure Department in Guernsey is a contribution made in respect of work undertaken for the administration and management of the Lottery.

States Treasury recharges

Included in the total Draw Expenses for the period is the sum of £13,885 [£29,900 in 2006] which refers to charges made to the Department for the many services provided by Treasury and Resources, including the administration of the Lottery (Jersey) Fund, preparing accounts on behalf of both Islands, reconciling winning tickets, paying commissions, auditing accounts and being present at the Christmas Lottery Draw. This service is now administered through a Service Level Agreement between the Department and the Shared Services Division of Treasury and Resources.

The Board would like to thank James Dixon, Finance Director – Corporate Group and Subina Shami, Advisory Unit Accountant, States Treasury for their continued advice throughout the year.

The final accounts for the C.I. Lottery (unaudited) up to December 2007 are noted overleaf.

Income and Expenditure Account for the year ended 31 December 2007

	2007		2006	
	£	£	£	£
Income				
Sale of tickets in Jersey (Net of 13% Discount)	(1,778,270)		(1,843,530)	
Sale of tickets to Guernsey (at 60% of cost and less admin)	(853,260)		(946,231)	
Time Expired Prize Income	(47,213)		(20,627)	
Bank Interest	(6,705)		(9,663)	
Admin charges received from Guernsey	(10,000)		(10,000)	
Misc	(2,367)		(23)	
		(2,697,814)		(2,830,074)
Expenditure				
Actual Prize money paid for Jersey Sales	973,212		818,177	
Actual Prize money paid for Guernsey Sales	733,042		1,044,197	
Unclaimed prize money	369,487		357,089	
Total Prize Money		2,075,741		2,219,463
Agents' commission on winning tickets	7,047		8,550	
Manpower	26,059		22,934	
Supplies and Services	103,289		111,111	
Advertising	18,754		23,357	
Administrative Costs	105		6,928	
Premises	-		624	
Incidental Charges and Expenses	13,885		29,900	
Monies distributed to the Association of Jersey Charities (80% of profits)	358,616		325,764	
Notional Interest Paid	4,664			
		532,420		529,169
Net surplus (20% of annual profits to be retained in reserves)		(89,653)		(81,442)

Balance Sheet as at 31 December 2007

	2007		2006	
	£	£	£	£
Current Assets				
Debtors and Prepayments	1,084,119		1,065,100	
Cash	80,931		(23,725)	
		1,165,050		1,041,375
Current Liabilities				
Trade Creditors	121,053			
Uncollected prizes	289,338		357,089	
Balance held for Association of Jersey Charities	358,616		325,764	
GRNI	27,474			
Other Creditors	33,832		58,490	
		830,312		741,343
Net Assets		334,739		300,031
Accumulated Revenue and Reserve Balances				
Accumulated Fund		334,739		300,032
		334,739		300,032

Notes

- 80% of the surplus will be transferred to the Association of Jersey Charities. For 2007, this figure is £358,616.
- In accordance with a States decision of the 13th February 2001, the lottery profits from the Channel Islands Lottery during 2002 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. From 2005, 20% of the annual surplus has been retained in reserves, to provide funds to cover loss of income after the National Lottery is introduced in 2008/9.
- Included within the figure of £369,487 for 'Unclaimed Prize Money,' £32,936 is due to Guernsey as their portion of the time-expired prizes income