

Oral Questions

5.1 Deputy K.C. Lewis of St. Saviour of the Minister for Economic Development regarding the lottery franchise.

Further to the Minister's encouragement that we should support local business, can he explain why the local lottery franchise has been taken away from a Jersey company and given to a U.K. company?

Senator A.J.H. Maclean (The Minister for Economic Development):

If I can, I would like my Assistant Minister to answer this.

Connétable L. Norman of St. Clement (Assistant Minister for Economic Development - rapporteur):

The proposed new arrangements follow an open and public tender exercise advertised both on and off Island last year. The proposals are designed to stimulate interest and materially increase sales volumes through a combination of increased marketing, point of sale presence and additional distribution via electronic terminals. However, an existing local company will be responsible for all on-Island activities leading to the creation of local jobs. It is vital that we reinvigorate the Channel Islands Lottery for the benefit of Jersey good causes and we anticipate that over the next 2 years, double the amount currently available will be distributed to those good causes.

5.1.1 Deputy K.C. Lewis:

I have spoken recently to one of the ladies concerned who has given me full permission to use her name, Jersey lady, Mrs. Le Brocq, who is now £40,000 down on the deal and was given one month's notice. Does the Minister think that this is right and just and, if not, what is he prepared to do about it?

The Connétable of St. Clement:

The situation, as described by the Deputy, is not accurate as far as our experience is concerned. The current agents decided to give up their franchise and return their tickets to the department. That was their own choice. There was no need for them to retire and there would have been opportunities for them to continue their involvement in the lottery had they so wished. In fact, we facilitated the meeting between the preferred tenderer and the agent but that did not produce the result that we would have wished.

5.1.2 Senator F. du H. Le Gresley:

Did the Minister favour the successful bidders because they offered to provide electronic lottery terminals and, if so, what steps did his department take to ensure that the use of such machines complies with our laws and regulations relating to the operation of the Channel Islands Lottery?

The Connétable of St. Clement:

We were attracted to the tender by the preferred bidders because of the substantial increase in monies raised for good causes. The Senator will know that the Channel Islands Lottery is being kept alive, just, at the moment, by the Christmas draw, and the scratch card draws are dropping by between 5 and 10 per cent a year so some revitalisation was needed. We were certainly attracted by the innovative attitude of the preferred tenderer but based on the money being raised for good causes. Of course, we took advice, including from the Gambling Commission, on the legality of

the distributing machines and, indeed, from the Law Officers, as indeed has the Senator.

5.1.3 Senator F. du H. Le Gresley:

Is it not a fact that I have circulated a letter to the Economic Development Department following correspondence I have had with the Attorney General, which suggests that it is possibly requiring a change in the legislation to allow the use of these terminals?

The Connétable of St. Clement:

No, I do not think the Attorney General's letter says that at all. In fact, the Attorney General answered the question in this Chamber some weeks ago where he made it absolutely clear, as far as I understand, that the electronic terminals are perfectly appropriate. He says in his letter to the Senator that the point is put beyond doubt in that participation in the Channel Islands Lottery shall not be held to be gaming. So there does not appear to be any doubt whatsoever about the legality of the terminals.

5.1.4 Deputy P.V.F. Le Claire:

Will the U.K. company be operating outside of this jurisdiction and will the franchise in Jersey be operating as a local company in relation to tax because, if my understanding is correct, a non-local company will not be paying tax. What are the tax considerations and the tax elements that have been factored in, please?

The Connétable of St. Clement:

As far as I am concerned, we have factored in no tax agreements. The preferred tenderer has already got a significant involvement with the Channel Islands Lottery. They produce the games and print the tickets. The on-Island work, as I mentioned, with the terminals, the distribution of the tickets and so on, will be carried out by a local company. But if I understand the new tax rules, we have introduced a zero rate of corporate tax so neither company would be paying tax in the Island in any event.

5.1.5 Deputy T.M. Pitman of St. Helier:

Firstly, I should wish the Constable a happy 29th birthday; I do not know if everyone is aware of that. But could he tell us, in reality, is this not another own goal such as the Think Local, Buy Local campaign, which produced a lot of publicity for a failed election candidate in St. Helier No. 2, but then resulted in the promotional material being bought from outside the Island? Is it not a very flawed, not very well thought through idea?

The Connétable of St. Clement:

No, absolutely entirely the opposite. The priority for the Economic Development Department and the Minister for Economic Development is to create funds for the benefit of good causes, charities and so on and that is our absolute priority. But the additional bonus in this is that the on-Island work, which will be significant, will be carried out by a Jersey local company who will be creating local jobs to achieve that.

5.1.6 Deputy M. Tadier of St. Brelade:

The Constable said that the amount contributed to charity will hopefully be double what it currently is. Does this mean that the percentage payout or the expectation for punters will be reduced and, if not, will he give, or give in the future, what the current percentage payout is when one buys a scratch card and what it will be in the future?

[10:00]

The Connétable of St. Clement:

No, absolutely not. The object of the exercise is to generate more interest in the lottery and you do not do that by reducing the amount paid out in prizes. That is covered by regulation in any event so there will be no reduction to the punters, but there will be a significant increase in ticket sales and also a significant increase to good causes.

Deputy M. Tadier:

Would the Minister circulate that information so we can have the statistics available, please?

5.1.7 Senator T.J. Le Main:

Will the Assistant Minister confirm that Senator Le Gresley and I have met with the agents and with officers and we believe with the many, many years of very loyal service to the lottery, that these agents have been miserably treated by the department and officers?

The Connétable of St. Clement:

I do believe that that is the Senator's view, one which I do not agree with.

5.1.8 Deputy K.C. Lewis:

Following on with that theme, it is obvious that 2 Jersey ladies who are independent, there is no way in the world they can compete with a U.K. company that is fully computerised. I do not have a problem with modernisation but does the Assistant Minister not believe that these ladies should be compensated for their losses, as I say, one of which has lost well over £40,000? They were given less than one month's notice and they are now being forced to pay for the kiosk that they rented, for which they have to give 3 months' notice, and they are about to be sued for that one. Does the Minister not believe that this is totally unfair?

The Connétable of St. Clement:

If the Deputy's comments were correct that would be the case, and I invite him to come and meet with me and we will go through the facts, not just the propaganda which he has been given, clearly by other people who have been disappointed that they have lost the contract.

Deputy K.C. Lewis:

I will do.