

PUBLIC LOTTERIES: REPORT FOR 2000

**Presented to the States on 13th March 2001
by the Gambling Control Committee**



STATES OF JERSEY

STATES GREFFE

150

2001

R.C.11

Price code: C

REPORT

The Jersey Gambling Control Committee, in accordance with the provisions of Regulation 4(4) of the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, has the honour to submit to the States a report of the Public Lotteries promoted and conducted by the Channel Islands Lottery Committee from 13th January 2000 up to and including the draw of 21st December 2000 - together with an income and expenditure account and balance sheet.

Channel Islands Lottery Committee

The policy of the Lotteries is decided by the Channel Islands Lottery Committee. The President and members of the Jersey Gambling Control Committee and three members from the Guernsey Gambling Control Committee constitute that Committee.

The Jersey Gambling Control Committee was constituted thus -

Deputy A. Breckon - President
Deputy D. Crespel - Vice-President
Senator L. Norman
Deputy Mrs. S. Baudains
Deputy Mrs. C. Scott Warren
Deputy T.J. Le Main
Constable M.C. Pollard.

For the purpose of advising the Jersey Gambling Control Committee on all matters connected with the Channel Islands Lottery and for conducting the draws held in Jersey, the Public Lotteries Board is constituted as follows -

Ian T. Barnes (Chairman)
Peter Cruickshank
Derek A. Wallis
John Clennett
Geoff Roscouet
Paul Crespel
Mary Horton

C. Fairbairn (Secretary)

The Board played an important role in the Channel Islands Lottery organisation. Presiding at draws was just part of the duties of Members in the course of the year.

The Chairman, Ian Barnes, and the Board made their voice heard on many key issues that were promoted by Committee during the period, including the future use of lottery profits, marketing and the lottery's future.

The Committee is indeed grateful for the time and effort given by members during the period, and the manner in which it dealt with applications for proceeds from the series of community lottery draws.

The Gambling and Lottery Controller, Chris Fairbairn, completed 26 years as Secretary to the Board, playing his role at overseeing the security of the lottery draws as Reserve Officer, and liaising with the Board members and the Committee over the recommendations for the proceeds of the Community draws as well as on lottery-related matters.

The policy of the Committee

The Channel Islands Lottery Committee believed strongly in a need for a public lottery in the Islands. Although current trading conditions were proving difficult, the Channel Islands Lottery still provided vital support for a large cross-section of Island good causes. It was through this belief that the Committee fought hard to preserve the lottery's future.

The Committee continued to provide and promote a lottery that would give back at least 60 per cent of the takings in prizes provide funding for the community, sports and leisure, as well as to local charitable organisations. It would also actively seek ways of continuing fund raising through other means.

Main agents

The Committee maintained four appointed main agents, who acted on its behalf in distributing tickets to the many hundreds of sub-agents in the Island as well as selling tickets directly to the public.

The Main Agents were -

B.B. O'Connor Ltd.
Mr. J. Toudic
Mr. and Mrs. M. Vowden
Mrs. S. Le Brocq

The chairmanship of the Main Agents Association passed in March of the period from Gerard O'Connor, a Director of B.B. O'Connor, the Committee's largest appointed agent, to Mrs. Sue Le Brocq, the smallest of the Jersey main agents.

The Association, the Committee and its Officers benefited from a new and practical approach to issues relating to the lottery at a time when closer ties were required. The Committee therefore records its thanks to Mrs. Le Brocq and her members for their support during the year.

The Committee also wishes to record its grateful thanks to Mr. O'Connor for his support over the past eight years.

All Jersey main agents purchased a basic 45,800 tickets at a discount of twelve per cent for all but the last of the seventeen draws in the year. Thirteen per cent was offered for the Christmas draw in respect of the guaranteed sales which rose to 240,000 for this Bumper draw. To enhance sales, all purchases in excess of the initial guaranteed amounts were at fifteen per cent for normal draws and eleven per cent for the Christmas draw.

The Committee valued its ticket agents and, by way of an incentive for all agents, including sub-agents, it offered an additional commission equal to one per cent of any winning ticket sold by them of a value of £750 or more. The agent, however, had to register with the Lottery Controller and purchase a special stamp number to mark the reverse side of all tickets sold, in order to receive the *ex-gratia* payment.

The lottery play game

The double chance lottery game used a combination of instant wins valued from £1 to £5,000 made through a scratch card, and drawn prizes ranging from £100 to a minimum of £20,000. Both of these games were contained on one ticket, and provided a balanced prize structure, which represented sixty per cent of the gross receipts. The ticket price remained at £1.

The year start

The problems that had plagued the Channel Islands Lottery for the past five years continued. The main drain on sales still pointed to Islanders participating in the National Lottery.

Although the Channel Islands are excluded from taking part by the United Kingdom National Lottery Act 1993, many Islanders were regular participants in the twice-weekly draws by obtaining tickets through friends or relatives.

Sales of Channel Islands Lottery tickets began well in the period, with the top prizes rising from its £20,000 minimum value to £52,500 for the first draw of the year; due in the most part to the influence of the big Christmas charity draw some three weeks earlier. However, sales stabilised, and subsequently the value of the top prize flattened out as the year progressed, averaging out at between £35,000 and £40,000 during the major part of the year. The lowest value of top prize recorded was £25,500 in late November of the period.

The success of the Christmas charity draw is summarised below.

Plans for the Christmas charity draw

Meetings with all of the Channel Islands' main agents took place throughout the year. However, in late July, a meeting attended by the Presidents of the Guernsey and Jersey Gambling Control Committees brought together ideas for the Christmas draw. After long discussions, the Officers formulated a new strategy for the promotion and marketing of the Christmas charity draw, the premier draw of the year, together with a new business plan, which included a comprehensive prize structure and a full and comprehensive marketing strategy designed to revive the Christmas charity draw.

The proposals were based on a formula that revolved around the value of the first prize rising from £150,000, calculated on the sales of additional tickets. To supplement this, a balance of drawn prizes and instant prizes were offered. Lessons learned

in 1999 when sales flagged due to an over-emphasis on drawn prizes were taken into consideration, and the draw period was lengthened to 28 days, placing it closer to Christmas Day than before.

The marketing of this draw began and tickets went on sale at 6.30 p.m. on Thursday 23rd November, for the draw day of Thursday 21st December.

Christmas draw ticket sales

Ticket sales moved faster than in the previous year, with the value of the first prize moving up in value by almost fifty thousand pounds to £198,000 in value during the first 15 days of sales, compared with a rise of just £3,000 during the same period in 1999. The new strategy proved successful, as the top prize increased beyond the previous year's final value a week before draw day.

The final value of the first prize reached £253,500 in total, compared with £212,000 in the previous year's Christmas charity draw.

It was clear that the new strategy and strong marketing had achieved the effect that the Officers had predicted, with good sales and higher profits being achieved.

In the order of things, the 2000 charity Christmas draw rated fourth in highest value prize ever awarded. The ticket sales too had a marked effect on the year as a whole, adding a boost to the year's sales that had been disappointing.

The treble chance draw game

The lottery game had not changed for eighteen months, other than the addition of four drawn prizes of £250 in June of the period. The Committee believed that a new innovation was needed to carry the lottery into 2001, and supported the development of a new game which included a second instant scratch panel.

Four additional prizes would be added to the instant game under a second scratch panel, providing £500 bonus prizes paid for from prize money that had remained unclaimed from 1999. The new game, which was to be introduced in January of 2001, would form the treble chance draws.

The National Lottery option

There remained a popular belief that it was the States of both Islands who had prevented the sale of National Lottery tickets locally. The truth of the matter was that it was the terms of the contract awarded to Camelot which prevented it selling tickets outside the designated area. Camelot would be in breach of its contract if, indeed, National Lottery tickets were sold in the Channel Islands, which is not a designated area.

Nevertheless, the Channel Islands Lottery Committee agreed at its meeting in July of the period to move ahead together, through the proper channels of communication, to have the Islands included.

Negotiations had not taken place with the Lottery Commission, however both Committees had made representation to the Home Office to the effect that the Islands would wish to be included in any new contract awarded following the expiry of that presently issued to Camelot.

Difficulties in the United Kingdom in deciding who would be awarded the next National Lottery contract were being experienced. This forced the Lottery Commission to extend the current Camelot agreement. In December of the period, the Lottery Commission announced that Camelot would be awarded the next contract.

The inclusion of the Islands would require a legislative change in the United Kingdom. This would not be top of any government's priorities should an election take place early in 2001, adding yet another element to the equation. No timescale could therefore be attached to the Islands' request for inclusion, other than it could well be two years or more away.

The introduction of a full instant game

Due to falling sales during the period, the profitability of draws and of the Committee's main agents was a cause of great concern. It was clear that a continuing fall in sales into 2001 could make the lottery unviable.

In order to lower the administrative costs, to prolong the life of the Channel Islands Lottery and to make the lottery more flexible, the Committee agreed to a recommendation from the Channel Islands' main agents to introduce a full instant ticket.

As a result, the Jersey Committee made a statement of its intention to seek States' approval to introduce a full scratch-card game and to take amending Regulations to the States in the early part of 2001 so that a traditional draw, an instant draw or a combination of both could be held.

Both the Guernsey and Jersey Committees would move together in taking the amendments to their respective Houses in early January 2001.

The year's ticket sales

It is difficult to make direct comparisons with 1999 when draws were suspended.

However draw on draw, the year 2000 sold 19.5 per cent less tickets in Jersey than in 1999. Jointly, total sales saw a fall of 16.5 per cent for the year.

The Channel Islands Lottery was in serious decline, now selling roughly the same number of lottery tickets as it had done back in 1983.

The recipients of lottery profits

The ten community charity draws produced a much-needed boost to Island fund-raising. Those organisations who benefited were delighted with the public response to sales. Twelve organisations, including schools, received donations totalling £76,505 (an average of £6,375).

Profits from these community draws were awarded by a previously used method undertaken by the Public Lotteries Board, whereby formal applications were made to the Board, who considered the merits of the projects. A recommendation was then made to the Committee.

The recipients were also required to be involved in the promotion of the draws. Each charity created public awareness of projects through the media, who were most co-operative. Undoubtedly, it was the knowledge prior to the draw of how the money was to be used that added to the public's support of the lottery. The previous series of community draws conducted in 1999 were run on the same lines.

Profits from ten specific lottery draws provided funding for projects such as improving the facilities at the Boy's Brigade H.Q. at St. John and the Guides H.Q. at Grève d'Azette, to providing new play areas at schools that would be of benefit to pupils and the local community.

New instruments for Jersey's musical ambassadors - the Band of the Island of Jersey - and funds toward a new minibus for the Eastern Good Companions illustrates just a few of the many organisations that benefited from the community lottery draws during the period.

The beneficiaries of the community draws were as follows -

	£
The Boys Brigade	8,371
St. Lawrence School	2,669
Mont Nicolle School	2,669
St. Saviour's School	2,669
The Band of the Island of Jersey	7,886
The Eastern Good Companions Club	7,765
Jersey Scout Association	7,644
Friends of the Anthony Nolan Bone Marrow Trust	7,402
Jersey Animals Shelter	7,402
Janvrin School	7,281
St. George's School	7,243
The Jersey Guides Association	7,404
Total:	<u>76,505</u>

The Sports, Leisure and Recreation Committee

The year was successful, in that the profit from the five draws which took place from September to November of the period was awarded to the Sports, Leisure and Recreation Committee. A sum of over £40,000 helped to fund local sport from lottery profits.

Charity draws - donations

The Association of Jersey Charities received the profits from two charity draws in the period, in August and at Christmas. The lower sales at the August draw produced far lower donations than in 1999; the Christmas draw, however, raised £78,142, £13,723 more than in 1999.

The donations for the period are recorded below -

	£
Association of Jersey Charities August draw	7,525
Association of Jersey Charities Christmas draw	78,142
Total:	<u>85,667</u>

Lottery profits working for the betterment of the Island

Over some years and as profits diminished, it became more clear to the recipients of the lottery proceeds exactly how important the Channel Islands Lottery was to the Islands.

The Association of Jersey Charities struggled to cope with increasing demands from its members for funds, the vast majority of which came from decreasing profits of the two annual charity lottery draws. However, from its accumulated funds, it managed to distribute £163,473 in 2000 to the following organisations at its quarterly meetings during the period -

	£
<u>March</u>	
Headway	8,000
Arts in Health Care	11,000
Age Concern	10,000
<u>June</u>	
Jersey Youth Trust	5,000
Jersey Diabetic Association	8,005
Family Nursing and Home Care	20,000
The Shelter Trust	4,840
Little Sisters of the Poor	10,428
Jersey Across Group	5,000
<u>October</u>	
Headway	9,650
Jersey Citizens Advice Bureau	15,000
<u>December</u>	
Relate	2,750
Arts in Health Care Trust	20,000
Centre Point	17,000
Cheshire Homes	16,800

The Committee was proud that the money raised as a result of the lottery draws helped so many deserving organisations. The list of recipients speaks for itself, traversing local charities which, in many cases, strive to keep their heads above water.

The re-sizing of the lottery operation included efforts to make the prize structure more self-reliant on sales boosting the value of prizes, where in the past, profits had been used.

The Channel Islands Lottery survived its most difficult year of operation due in the most part to the will of all parties to pull more evenly together. The result was the formulation of a strategy for the future.

The short-term future

To consider all future options open to the Committee, a meeting took place in mid-January. Members, having received a presentation from the Lottery Controller on the issues that threatened the lottery, considered various ways forward, that included the Islands' inclusion in the National Lottery at some time in the future.

The Committee also met quarterly with its Guernsey partners and the main agents during the year, preparing a strategy for the future of the Channel Islands Lottery.

Following the downsizing of the lottery after its collapse in May 1999, draw sales periods were lengthened from two to three weeks' duration. The predicted effect of this, reducing the number of draws from around twenty-two annually to just seventeen, was an inevitable fall in ticket sales.

However, to balance this fall, Jersey administration costs were also lowered by an additional ten per cent, the Committee having already achieved an initial ten per cent saving in 1999. Part of the future survival of the lottery was to continue to reduce fixed costs both at Department level and with the Committee's main agents.

The Channel Islands Lottery Committee agreed that with ticket sales falling at an increasing rate, the Channel Islands Lottery would need to change to survive, and changes would be required to the current format.

The Channel Islands Lottery Committee put together a plan which included a change of game in January of 2001, followed by the introduction of a full instant game that could extend the life of the lottery until such time as possibly the National Lottery was attracted to the Islands.

At a meeting that took place on 15th September, members agreed a strategy which would take the lottery forward into the year 2001 and beyond.

Channel Islands Lottery future strategy

- 1. To actively promote the charity draw to be held on 21st December 2000.**
- 2. To inject £16,000 of forfeited prize money into supporting draws in 2001.**
- 3. To launch a series of four treble chance draws from January 2001, using a total of £2000 of forfeited prize money at each draw to provide a second instant scratch box equal to four extra £500 prizes.**
- 4. To continue with the four more treble chance draws to be sponsored by local companies up until draw number eight on 7th June 2001, or, if sponsors are not found, using the remainder of the allocated forfeited prize money at £2000 per draw.**
- 5. To change the Regulations without delay to enable a "Full Scratch Card" game to be launched following the end of treble chance draws, in June 2001.**
- 6.(a) To continue the information-gathering process on the National Lottery's introduction to the Islands.**
(b) to further the process, it was agreed to use "proper channels" in a joint approach.
- 7. To introduce the National Lottery to the Islands as a future vehicle for fund-raising for good causes in the Islands.**

The administration charge

The charge, equal to 1.5 per cent of the tickets sold by the Guernsey Committee, reflected the considerable work undertaken by the Jersey Lottery Controller and his staff in the administration and management of the lottery, and in the undertaking of lottery draws.

The payment fell to £17,302 [£19,642 in 1999], going some way to offset the recharges made by the States Treasury in connection with the payment and reconciliation of winning tickets, and the financial management of the Lottery Fund.

States Treasury recharges

Included in the total draw expenses for the period is the sum of £40,600 [£46,300 in 1999] which refers to charges made to the Committee for the many services provided by the Treasury, 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 all lottery draws.

Committee changes

The Committee welcomed Deputy Shirley Baudains to its ranks mid-way through the period.

The Lottery Department

Many savings were introduced within the department during the course of the period. The department's fixed costs were, for the second year, reduced by ten per cent as a result of a decrease in time spent with lottery work.

The Committee records its sincere and grateful thanks to the Gambling and Lottery Controller - Chris Fairbairn and his Assistant - Jenny Turner, for completing 26 years and 24 years of service to the Gambling Control Committee respectively.

The Gambling Control Committee had inscribed a silver picture frame for presentation to the Controller to mark the completion of twenty-five years of loyal service.

The Committee records that only five working days were lost through staff illness during the year.

Channel Islands Lottery (Jersey) Fund
Income and expenditure account for the year ended 31st December 2000 (unaudited)

	2000		1999	
	£	£	£	£
INCOME				
Sale of tickets in Jersey	1,426,700		1,775,807	
Other lottery income	3,513		7,612	
		1,430,213		1,783,419
EXPENDITURE				
Prize money	807,977		1,038,597	
Agents' discounts on ticket sales	181,981		223,285	
Agents' commission on winning tickets	5,081		12,725	
Draw expenses	122,859		183,165	
General expenses	71,074		84,776	
		(1,188,972)		(1,542,548)
		241,241		240,871
Administrative expenses charged to Guernsey		17,302		19,642
Net income from lottery		258,543		260,513
Other income				
Bank interest	31,069		49,052	
		31,069		49,052
SURPLUS FOR THE YEAR		289,612		309,565
Appropriated as follows:				
Association of Jersey Charities		85,667		73,479
Community draws		76,508		51,576
Transfer to Accumulated Fund		83,920		-
Balance of surplus for year		43,517		184,510
		289,612		309,565

	2000		1999	
	£	£	£	£
Balance held on behalf of the Sport, Leisure and Recreation Committee				
Balance at start of year		265,581		855,341
Balance of surplus for the year		43,517		184,510
		310,098		1,039,851
Expenditure during the year on projects approved by the Sport, Leisure and Recreation Committee		(123,228)		(773,270)
Balance at end of year		186,870		266,581

Channel Islands Lottery (Jersey) Fund
Balance sheet as at 31st December 2000 (unaudited)

	2000		1999	
	£	£	£	£
FUNDS EMPLOYED				
Accumulated Fund		133,920		50,000
Balance held on behalf of the Sport, Leisure and Recreation Committee		186,870		266,581
		320,790		316,581
REPRESENTED BY				
<i>Current assets</i>				
Debtors and prepayments	248,214		205,243	
Cash	518,761		496,475	
		766,975		701,718
<i>Current liabilities</i>				
Uncollected prizes	(248,627)		242,092	
Creditors	(197,558)		143,045	

(446,185)	(385,137)
<u>320,790</u>	<u>316,581</u>

Notes:

1. Included in the surplus of **£289,612** (1999 - £309,565) is a sum of **£83,920** (1999 - £139,190) relating to time expired prizes which have been credited back to the fund. The surplus for the year excluding time expired prizes in 2000 is **£205,692** (£10,375).
2. In accordance with a States decision of 9th September 1997, the lottery profits from both the 2000 summer and Christmas bumper draws were paid to the Association of Jersey Charities and the lottery profits from ten draws were paid to selected community projects.
3. The Gambling Control Committee has directed that the surplus arising from time expired prizes of £83,920, be transferred to the Accumulated Fund to be utilised to support future draws. The remainder of the unappropriated lottery profits has been made available to the Sport, Leisure and Recreation Committee for the funding of approved projects in accordance with that Committee's Strategic Plan.
4. Included within the amount **£248,214** (1999 - £205,243) shown under debtors and prepayments, is a sum of **£247,607** (1999 - £193,587) relating to the amount due from the States of Guernsey for its share of the expenditure of the Channel Islands Lottery.