

STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2003

**Presented to the States on 9th March 2004
by the Economic Development Committee**

STATES GREFFE

REPORT

Introduction

The Economic Development Committee, 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 and conducted by the Committee from 23rd January 2003 up to and including the Draw of

18th December 2003, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery is decided by the Economic Development Committee in Jersey and the Gambling Control Committee in Guernsey.

The members of the Economic Development Committee are –

Deputy F.G. Voisin – President
Deputy L.J. Farnham – Vice-President
Senator L. Norman
Deputy P.J.D. Ryan
Deputy M.A. Taylor
Deputy G.J. Grime

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 Economic Development Committee on general matters connected with the Lotteries and for conducting the Draws held in Jersey. Its Members in 2003 were –

Mr. I.T. Barnes (Chairman)
Mr. P.S. Cruickshank
Mr. D.A. Wallis
Mr. J. Clennett
Mr. G.J. Roscouet
Ms M. Horton
Mr. A.J. Arnold
Miss C.M. Newcombe
Dr. J. Lane (Secretary)

In February 2003, Mr. Clennett, who had served as a member of the Board since March 1985, decided to resign from office. He had presided at 57 Lottery Draws. The Committee in recording its thanks to him, wished him well.

In July 2003, Miss C.M. Newcombe was appointed to the Board. The Committee would like to record its appreciation for the time and effort given by all Members of the Public Lotteries Board, without whom the Lottery could not take place. Presiding at Draws, however, was but one of the duties of Members in the course of the year, as they were also involved in advising the Committee on many different issues connected with the game play, marketing and promotion of the Lottery.

The policy of the Committee

The Committee successfully brought a Report and Proposition to the States regarding the allocation of profits of the Channel Islands Lottery. It was decided that all and any profits for the period would be given to the Association of Jersey Charities to distribute, on behalf of the Committee and the States, to deserving charitable causes on the Island. The Association of Jersey Charities will therefore receive a grant of £209,576 for 2003. This is an impressive increase on the £176,139 made available last year.

The Committee continues to believe that, in the absence of a viable alternative, the Islands should maintain their own public lottery – one that could continue to provide funding for charitable and other projects as well as giving enjoyment to players. This has not been an easy task. With a steady drop in the number of tickets sold, the Committee has had to expend considerable time devising new strategies and games to arrest this trend. In this they have been assisted by the Guernsey Committee and its Officers, as well as the Main Agents in both Bailiwicks.

The Committee's strategy for 2003 was to –

- continue the use of forfeited prize money as a means to support Draws;
- introduce the 'Double Promotion Game' from January 2003, until the Christmas Bumper Draw in December 2003;
- devise and gain agreement for a replacement game to be introduced in January 2004;
- 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.

The Double Promotion Game (Serial Number Draw and Instant Lottery) was operated during the period as 2 different styles of game which complimented rather than competed with one another.

In September 2003 it was agreed that from January 2004 the Channel Islands Lottery would move from the present combined dated "Jackpot" Draw and instant "Scratch" game to a system of purely instant scratch card tickets with 2 different games and prize structures being on offer at any one time.

Main Agents

The Committee maintained 3 appointed Main Agents to act 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 –

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

The 3 Main Agents purchased tickets at a discount of 13% for all the Draws, including the Instant Lottery and also for the Christmas Draw in respect of the guaranteed sales. All purchases for the Christmas Draw in excess of the initial guaranteed amounts were at 11%.

As has become the norm, all agents and sub-agents were offered an additional commission equal to one per cent of any winning ticket sold by them of a value of £750 or more. The agents however, had to register with the Lottery Controller 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 Committee records its appreciation to the Main Agents for their hard work and enthusiasm during the year.

The Lottery game

A new game structure was introduced in January 2003, involving 2 games, one being an instant prize scratch card game, together with a more traditional Jackpot Draw and, by popular demand, the reintroduction of the 'digit prizes'.

The Serial Number Lottery Draw game included the following range of prizes –

First Prize	£20,000	MINIMUM
Second Prize	£5,000	
4 Prizes of	£250	

40 Prizes of	£100
40 Prizes of	£25
At least 600 Prizes of	£10)
At least 600 Prizes of	£5)

(each) To be determined by TWO digits
drawn at random

* For every 1,500 tickets sold in excess of 60,000 tickets, £500 will be added to the value of the First Prize.

Instant Lottery (promoted simultaneously)

Prize structure per 20,000 tickets –

4 Prizes of	£1,000	=	£ 4,000
4 Prizes of	£500	=	£ 2,000
1,000 Prizes of	£2	=	£ 2,000
1,000 Prizes of	£1	=	£ 1,000
3,000 Free Tickets for Draw		=	£ 3,000
Total Prizes		=	£12,000 = 60% return
			Win ratio = 1:4

Sales for the Jackpot Draws continued to fall, albeit they were buoyed up by steady demand for the new instant game. Nevertheless, the Committee was eager that the final Draw of the year, the Charity Christmas Lottery, should be one of the most successful ever promoted.

The Christmas Charity Draw

The planning and promotion of the Christmas Charity Draw remains the most important of the year. In a time of declining sales, the Christmas Draw continues to draw significant public interest and support. It was vital to prevent any further erosion of ticket sales, which might impact adversely upon funding available to the Association of Jersey Charities. In order to achieve this, the Committee was strongly of the opinion that the First Prize had to be seen to be rising steadily.

It was clear, however, that at a time of declining sales, the success of the Christmas Draw should not be taken for granted and, for this reason, the Committee agreed that the Main Agents would be able to offer a lower than normal guarantee. In the event of slow sales, this would have reduced any potential liability. The main reason however, and what happened in the event, was to stimulate sales because the top prize increased far more quickly than in previous years.

The Committee is delighted to report that all tickets were sold from a Jersey issue of 457,000 tickets, an increase of 21,500 Jersey sales over the previous year. At a time of long-standing decline in public interest in the Channel Islands Lottery, this represents a fantastic result.

Guernsey also experienced excellent ticket sales, selling 343,000 tickets, amounting to a joint sales level of 800,000 tickets by Lottery Day. This represented an increase of 37,300 tickets on the previous year. The Jersey Committee would like to place on record its appreciation to the Guernsey Gambling Control Committee and its Officers, Mr. C.W. Hunt and Mr. C. Wall, for their hard work in this cooperative effort. Working together, the Channel Islands Lottery Committee achieved a top prize of £283,500, beating the £271,500 achieved the previous year.

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

The Lottery Show

Channel Television continued to broadcast the Lottery Draw in a programme sponsored by Stanley Racing. The programme was broadcast immediately after each and every Draw of the year and continued to attract a wide audience throughout the Channel Islands. The appreciation of the Committee goes to Stanley Racing for this important contribution to Island life and also to Michael Lucas, Managing Director of Channel Television and his staff for their help and enthusiasm during the year.

Marketing and promotion

Marketing for the Lottery was undertaken by Committee Officers, ably assisted by the local representative of Scientific Games, Mr. Richard Eker. The result was an imaginative and colourful campaign transmitted through poster, press and television that provided a very positive Lottery message at a price that fell inside of the budgeted figure.

The year's ticket sales

The very successful Christmas Charity Draw was responsible for 37% of the total sales for the year and it kept the Lottery viable. The remainder of the draws promoted on a 4-week cycle saw a slow decline from Draw 1, where 83,800 tickets were sold across the Islands (47,400 in Jersey), through the summer season and into the autumn when sales declined to an average of approximately 32,000 tickets per Draw. Sales in Guernsey declined at a similar rate to Jersey, selling approximately 28,000 tickets per Draw.

There were 3 scratch-card games promoted throughout the year and 555,900 tickets were sold in total (329,000 tickets in Jersey and 226,900 in Guernsey). These sales, together with the excellent Christmas Draw result, were responsible for the increase in the balance of surplus, halting the marked downward trend of the past few years.

Ticket sales for the period recorded a rise of 3.5% in Jersey and a fall of 3% in Guernsey. Joint sales rose by 0.5% year on year.

The Lottery website at www.gov.je

With the assistance of the Computer Services Department, the Lottery results for current and past Draws were made available as part of the States of Jersey Website.

The Association of Jersey Charities

The Association of Jersey Charities has grown from its foundation in 1971 and now represents approximately 200 Jersey charities. The Committee is pleased 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. This was fundamental in the decision of the Committee to bring a further Proposition to the States asking that it support the grant of Lottery profits to the Association for another year.

Grants by the Association are 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, have to 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, however, as they undergo the strictest scrutiny. The relationship whereby the Committee is able to delegate awards to the Association, who are then able to assist its membership, works well. The grants approved in 2003 by the Association of Jersey Charities are listed below and well illustrate the very real benefits accrued by Lottery profits for the benefit of local good causes.

List of grants approved in 2003

Jersey Women's Refuge – to help meet cost of extra counsellors	£20,000
Jersey Scouts Association – for essential extras needed to complete Phase I of the Scout Centre	£17,300
The Shelter Trust - for new kitchen facilities for Kensington Place hostel	£20,000

Durrell Wildlife Conservation Trust – for replacement of 2 Dodomobiles (converted golf carts)	£18,000
Friends of Issue – to cover cost of “information evening” (travel costs for speakers, printing, etc.)	£1,000
Jersey Council on Alcoholism – for the refurbishment of West Park Avenue premises	£19,600
Les Amis Incorporated – for the refurbishment of 2 new group homes	£20,000
Centrepoint – towards refurbishment at both centres	£18,400
The Spring Trust – for 2 secondhand minibuses	£19,500
Arts in Health Care Trust – contribution towards the cost of enabling the Trust to continue providing a comprehensive series of arts bases programmes	£12,000
Jersey Friends of Anthony Nolan Trust – to offset costs of clinic at the General Hospital	£3,500
Brook Centre – towards the cost of new telephone system	£8,064
Family Nursing and Home Care (Jersey) Inc. – for stores delivery van	£19,647.50
TOTAL	£197,011.50

The administration charge

The charge, equal to 1.5% of the tickets sold by the Guernsey Committee and paid to the Committee, is a contribution made in respect of work undertaken for the administration and management of the Lottery, and in the undertaking of lottery Draws.

The payment fell to £13,769 during the period, [£14,201 in 2002] reflecting lower sales, and went some way to offset the re-charges 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 £30,200 [£34,300 in 2002] 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.

Channel Islands Lottery (Jersey) Fund

Income and Expenditure Account for the year ended 31st December 2003 (unaudited)				
	2003		2002	
	£	£	£	£
Income				
Sale of tickets in Jersey	1,186,400		1,146,100	
Other lottery income	624		216	
		1,187,024		1,146,316

Expenditure		
Prize money	664,264	653,339
Agents' discounts on ticket sales	151,232	142,030
Agents' commission on winning tickets	6,515	4,312
Manpower	27,124	58,497
Supplies and Services	91,589	74,758
Administrative Costs	29,379	22,389
Premises	838	2,756
Incidental Charges and Expenses	30,200	44,300
	<u>(1,001,140)</u>	<u>(1,002,381)</u>
	185,884	143,935
Administrative expenses charged to Guernsey	<u>13,769</u>	<u>14,201</u>
Net surplus	199,652	158,136
Other Income		
Bank interest	9,924	18,006
	<u>9,924</u>	<u>18,006</u>
Surplus for the year	209,576	176,141
Appropriated as follows:		
Association of Jersey Charities	209,576	100,735
Community Draws	–	–
Transfer to Accumulated Fund	–	75,405
Balance of surplus for year	–	–
	<u>209,576</u>	<u>176,140</u>

	2003		2002	
	£	£	£	£
Balance held on the Accumulated Fund				
Balance at the start of year	209,325		133,921	
Balance of surplus for the year	–		75,404	
	<u>209,325</u>		<u>209,325</u>	
Appropriation to Association of Jersey Charities	<u>(75,404)</u>	133,921		
				209,325
Balance held on behalf of the Education, Sport and Culture Committee				
Balance at start of year	57,594		127,862	
Balance of surplus for the year	–		–	
	<u>57,594</u>		<u>127,862</u>	
Expenditure during the year on projects approved by the Education, Sport and Culture Committee	<u>(22,814)</u>		<u>(70,268)</u>	
		34,780		57,594
Balance held on behalf of the Association of Jersey Charities				
Balance at start of year	100,735		67,237	
Transfer from the Accumulated Fund	75,404			
Balance of surplus for the year	<u>209,576</u>		<u>100,735</u>	
	<u>385,715</u>		<u>167,972</u>	
Expenditure during the year on projects approved by the Association of Jersey Charities	<u>(176,139)</u>		<u>(67,237)</u>	100,735
		209,576		
Balance at end of year		<u>378,277</u>		<u>367,654</u>

Balance sheet as at 31st December 2003 (unaudited)

2003		2002	
£	£	£	£

Current Assets			
Debtors and Prepayments	403,336		287,402
Cash	220,019		<u>451,191</u>
		623,355	738,593
Current Liabilities			
Uncollected prizes	229,576		287,372
Creditors	15,502		<u>83,567</u>
		(245,078)	(370,939)
		<u>378,277</u>	<u>367,654</u>
Accumulated Revenue and Reserve Balances			
Accumulated Fund		133,921	209,325
Balance held on behalf of the Education, Sport and Culture Committee		34,780	57,594
Balance held on behalf of the Association of Jersey Charities		<u>209,576</u>	<u>100,735</u>
		378,277	367,654

Notes

1. The surplus of **£209,576** (2002 – £176,140) has been made available to the Association of Jersey Charities.