

STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2006

**Presented to the States on 15th March 2007
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 2006 up to and including the Draw of 19th December 2006, 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 Minister 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 2006 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 successfully brought a Report and Proposition to the States regarding the allocation of profits of the Channel Islands Lottery. P.41/2006 asked the States to approve that the total Jersey portion of the profits of the Channel Islands Lottery from 2005 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. This generated an award of £412,805 for 2005. The Proposition also received States approval for the Assistant Minister to retain up to 20% of the 2006 profits in order to boost the Accumulated Fund as a contingency measure. After assessing the 2006 results and consulting with the Association for Jersey Charities, the Assistant Minister has decided that it is reasonable to retain 20% of the 2006 profit to the Fund, a figure of £81,441. The balance (subject to confirmation by audit) to be transferred to the Association of Jersey Charities is thus £325,764 for 2006.

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 2006 was to –

- Continue the 'Super Scratch and Lucky Scratch Games' from January 2006, until the Christmas Bumper Draw in December 2006;
- 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 its behalf in distributing tickets in the Island. Mr. J. Toudic who had been a Main Agent for many years decided to retire in early January.

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 April of 2006 a new £10,000 game was introduced to replace the £5,000 game and a new £20,000 game was introduced to replace the £10,000 game.

The prize structure for the games introduced in April 2006, were as follows -

Super Scratch Game

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 Superscratch				
	Tickets	=	£40,000	
Total Prizes			£180,000	= 60% return

Win ratio = 1:6.27

Lucky Scratch Game

Prize structure per 200,000 tickets –

3 Prizes of	£10,000	=	£30,000
10 Prizes of	£1,000	=	£10,000
150 Prizes of	£100	=	£15,000
100 Prizes of	£50	=	£5,000
10,000 Prizes of	£2	=	£20,000
40,000 Free Superscratch			

$$\text{Total Prizes} \quad \text{Tickets} = \frac{\pounds 40,000}{\pounds 120,000} = 60\% \text{ return}$$

$$\text{Win ratio} = 1:3.98$$

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

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 £200,000 instead of £150,000 as in previous years.

In 2005 1,100,000 tickets were printed with tickets being sold out several days before the Draw. It was agreed, therefore, that 1,300,000 tickets would be printed for 2006 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 767,000 tickets, representing an increase of 136,000 (22%) on Jersey sales over the previous year.

Guernsey also experienced excellent ticket sales, selling 533,000 tickets, amounting to a joint sales level of 1,300,000 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 £447,500, exceeding the £373,500 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 William Hill. The appreciation of the Assistant Minister goes to William Hill for this important contribution to Island life and also to Michael Lucas, Managing Director of Channel Television and his staff for their continued help.

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) remained buoyant, with Jersey sales 7% up over the previous year. Of the total 3,635,700 tickets sold across the Islands, 2,131,000 were sold in Jersey and 1,504,700 in Guernsey.

There were 13 scratch card games promoted throughout the year, 7 Super Scratch games and 6 Lucky Scratch games. 2,335,700 tickets were sold in total (1,364,000 tickets in Jersey and 971,700 in Guernsey).

Ticket sales for the period recorded a rise of 7% in Jersey and 3% in Guernsey. Joint sales rose by 5% year on year.

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 200 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 2006 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 2006 (from the 2005 Grant)

Jersey Blind Society – for replacement windows and doors	£3,269
Jersey Child Care Trust – for Special Needs Inclusion Project (second tranche)	£9,000
Little Sisters of the Poor – for refurbishments	£8,000
Jersey Heritage Trust – for motorised scooters	£800
Caesarea Association – installation of nurse call system plus hot tap thermostats	£16,797
Jersey Scout Association – to refurbish the Kenneth Faucon Hall	£20,000
Maison des Landes – for major refurbishment to the Hotel	£20,000
Good Companions Club – for a replacement mini bus	£20,000
Societe Jersiaise – for an overhead book scanner	£20,000
Jersey Child Care Trust – to republish and distribute their Parent's Guide	£2,000
Jersey Employment Trust – to fit a new kitchen at their Oakfield premises	£18,000
Fetes des Arts – to promote an arts event	£5,000
Jersey Blind Society – to cover the shortfall re replacement windows and doors	£1,152
Jersey Across Group – towards taking a group of 50 people to Lourdes	£10,000
Arts in Healthcare Trust – to fund a range of initiatives for people in healthcare settings	£8,000
Jersey Art and Therapy Group – to finance a community based art therapy project	£2,520
Relate Jersey – to purchase a new computer system	£1,025
Silkworth Lodge – contribution to pay for the treatment of 4 substance misusers	£20,000
Tools for Self Reliance – to help with running costs	£1,925
TOTAL	£187,488

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. This payment was £22,656 in 2005, but has been reduced because of the increased work implemented by Guernsey during the year.

States Treasury recharges

Included in the total Draw Expenses for the period is the sum of £29,900 [£26,100 in 2005] 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 final accounts for the C.I. Lottery (unaudited) up to December 2006 are noted overleaf.

Income and Expenditure Account for the year ended 31 December 2006

	2006		2005	
	£	£	£	£
Income				
Sale of Tickets in Jersey	(2,119,000)		(1,987,000)	
Sale of Tickets to Gsy	(1,577,052)		(1,529,317)	
Time Expired Prize Income	(20,627)		(29,150)	
Bank Interest	(9,663)		(7,703)	
Admin charges received from Gsy	(10,023)		(22,679)	
		(3,736,365)		(3,575,849)
Expenditure				
Actual Prize money paid for Jsy Sales	818,177		866,784	
Actual Prize money paid for Gsy Sales	1,044,197		391,957	
Prize money accrual (i.e. not yet claimed against live games)	357,089		857,069	
Gsy discount on ticket price (40%)	630,821		611,727	
Jersey Agents' commissions	284,020		270,152	
Supplies and Services	111,111		110,112	
Administration Costs	83,744		55,243	
		3,329,159		3,163,044
Net surplus		(407,206)		(412,805)
Appropriated as follows:				
20% held for Reserves		(81,441)		-
80% distributed to the Association of Jersey Charities		(325,764)		(412,805)
		(407,206)		(412,805)

Balance Sheet as at 31 December 2006

	2006		2005	
	£	£	£	£
Current Assets				
Debtors	1,065,100		1,031,942	
Cash	(23,725)		507,307	
		1,041,375		1,539,249
Current Liabilities				
Prize money accrual (i.e. not yet claimed against live games)	357,089		939,211	
Proceeds held for Association of Jersey Charities	325,764		412,805	
Other Creditors	58,490		18,533	
		741,343		1,370,549
		300,032		168,700
Accumulated Revenue and Reserve Balances				
Accumulated Fund		300,032		168,700
		300,032		168,700