
STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2009

**Presented to the States on 15th March 2010
by the Minister for Economic Development**

STATES GREFFE

REPORT

Introduction

The 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 2009 up to and including the Draw of 17th December 2009, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery in 2009 was decided by the Assistant Minister for Economic Development in Jersey, Connétable L. Norman and the Culture and Leisure Member in Guernsey, Deputy F. Quin.

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 2009 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)

On 20th October 2009, Mr. Adrian Garnier was appointed as a new member of the Board as the Regulations require a Chairman and not less than 6 other persons to be members of the Board. After leaving Bournemouth University School of Finance and Law in 1999, Mr. Garnier has been involved in the banking and finance industry.

The Board retains a vital function, providing continuity of experience to the Minister. The Board meets quarterly and without the individual contribution of its Members, the C.I. Lottery would not have been able to continue.

The Policy of the Minister for Economic Development

In keeping with recent practice, the States approved the Minister's Report and Proposition presented to the States on 17th November 2009, asking for approval that the total Jersey portion of the profits of the Channel Islands Lottery for 2009 and 2010 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. The Proposition also had States approval to set aside as a reserve, 10% of the Jersey surplus for 2009 and 2010.

The remaining 90% profit, according to the provisions of Regulation 4(5) of the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975 would be applied in such manner and for such purposes of public benefit as the States shall from time to time by Act direct. It was the Minister's recommendation to the States that these funds be granted to the Association of Jersey Charities. This recommendation follows that agreed by the States in 2008 when £445,414 (80% of the total) was granted to the Association. On this occasion, because of the pressure on funding as a consequence of the economic climate, the Association had requested the Minister to now retain a 10% reserve rather than the previous 20%.

The proposed transfer of 10% of the Jersey profits from 2009 and 2010 to the Accumulated Fund was to maintain a contingency for the Association of Jersey Charities should sales of the Channel Islands Lottery decline.

The grant due to be paid to the Association of Charities for the year is £305,791, a decrease of £139,623 on 2008. This is because the 2008 surplus included an estimate for uncollected prizes paid which was lower than the actual prizes paid in 2008. The Association therefore benefited from a higher surplus in 2008 and this has had to be corrected in the 2009 accounts.

Having undertaken a public consultation on the future of the lottery, it is clear that there is 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 strategy in 2009 was to –

- continue the 'Two Super Scratch Games' from January 2009, until the Christmas Bumper Draw in December 2009;
- 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 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 Minister records his appreciation to the Main Agents for their hard work and enthusiasm during the year.

The Lottery Game

The prize structure for the games introduced in January 2009, were as follows –

Super Scratch Game 3

Prize structure per 200,000 tickets –

2 Prizes of	£20,000	=	£40,000
10 Prizes of	£500	=	£5,000
50 Prizes of	£100	=	£5,000
200 Prizes of	£25	=	£5,000
500 Prizes of	£10	=	£5,000
2,000 Prizes of	£5	=	£10,000
5,000 Prizes of	£2	=	£10,000
40,000 Free Tickets		=	<u>£40,000</u>
Total Prizes			£120,000 = 60% return

Win ratio = 1:4.19

Sales for these games were very successful throughout the year, selling out at a rate of approximately one game every two months. Two different design games were on sale at the same time with the same prize structure for each game.

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, both the Assistant Minister in Jersey and the Culture and Leisure Member in Guernsey were 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 £300,000.

Two million tickets were printed for this draw, 300,000 extra than in 2008, as once again tickets had sold out several days before the draw in 2008. This proved successful and tickets remained available in Jersey up until the day before the Draw.

The Minister is delighted to report that all tickets were sold from a Jersey issue of 1,240,000 tickets, representing an increase of 180,000 (17%) on Jersey sales over the previous year.

Guernsey sold 760,000 tickets, representing an increase of 162,300 (27%) on their sales over the previous year, amounting to a joint sales level of 2,000,000 tickets by Lottery Day. This represented an increase of 342,300 tickets on the previous year. The Channel Islands Lottery achieved a top prize of £651,000, exceeding the £553,000 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. The appreciation of the Minister goes to Mrs. Karen Rankine, Managing Director (Broadcast) and the staff at Channel Television 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 an increase over the previous year, with Jersey sales 4.37% up over the previous year. Guernsey sales were up 6.84%, giving a combined sales increase of 5.36% year on year. Of the total 3,550,300 tickets sold across the Islands 2,104,000 were sold in Jersey and 1,446,300 in Guernsey¹.

There were 9 scratch card games promoted throughout the year. 1,550,300 tickets were sold in total (864,000 tickets in Jersey and 686,300 in Guernsey). Jersey sales were down 9.6% and Guernsey sales down 9.2%.

Channel Islands Lottery (Jersey) Fund

The Channel Islands Lottery is administered and governed by the Public Lotteries Board, which is constituted in accordance with the Channel Islands Lottery (Jersey) Regulations 1975.

The States of Guernsey contribute 60% of their gross sales to the prize fund each year. The remaining 40% is retained by Guernsey to cover their costs of administering the Fund. Unclaimed time expired prizes are shared between Guernsey and Jersey in accordance with sales ratio.

The Lottery website at www.gov.je

Once again the Lottery results for the Christmas Draw were made available through the States of Jersey Website.

¹ The accounting methodology for displaying revenue and expenditure changed this year and consequently there are small differences between how the lottery office has reported actual sales (as simple year on year variation) and how they are presented in the accounts.

The Association of Jersey Charities

Founded in 1971, the Association of Jersey Charities now represents approximately 248 Jersey charities. The 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 Minister is able to delegate awards to the Association, who are then able to assist its membership, works well. The grants approved in 2009 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 2009 (from the 2008 Grant)

Art in the Frame Foundation – Rent and electricity	£6,000.00
Trinity Youth Club – Shortfall of youth worker salary	£17,241.00
Friends of the Bridge – Café manager salary	£20,000.00
TOP – Volunteer training	£1,500.00
George V Cottage Homes Residents Association – Indoor games and travel costs	£400.00
Jersey Sea Cadets – RIB	£16,514.00
Jersey Domestic Violence Forum – To host annual conference	£15,000.00
Jersey Child Care Trust – New computer and leaflet reprint	£14,699.00
Grace Trust – Part time administrator	£7,392.00
Weston Health Care Foundation – Part time manager and refurb	£20,000.00
Les Amis – Wheel chair vehicle	£20,000.00
Ace of Clubs – 2 staff plus travel costs	£14,690.20
Stroke Association – Leaflet translation and projector	£4,685.60
Roseneath Trust – Paint exterior of building	£17,650.00
Boys Brigade – Repair, redecoration and equipment	£20,000.00
No. 7 Overseas (Jersey) Squadron – Flight simulator	£9,000.00
Les Amis Incorporated – Replace old vehicles	£20,000.00
ACET Jersey – To continue HIV/AIDS education	£20,000.00

Jersey Mencap - To run 2nd stage of Art skills	£10,669.49
British Red Cross Society Jersey – To employ a youth and schools manager	£20,000.00
Jersey Women’s Refuge – To cover one outreach salary	£20,000.00
Jersey Citizen’s Advice Bureau – Refurbishment, new server, costs	£20,000.00
Alzheimer’s Disease Society Jersey – Training costs	£18,600.00
Brighter Futures – Outreach facilitator	£19,672.00
Silkworth Lodge – Refurb bathrooms	£4,313.00
JCOA – Refurb of bedrooms	£9,900.00
CCT – Development officer website printer	£19,754.99
Causeway Association – New toilet and new carpets	£10,146.60
Roseneath Trust – Deputy manager salary	£20,000.00
Headway – Refurb of centre and shop	£20,000.00
TOTAL	£437,827.88

The administration charge

A charge of £4,300 is made to the Culture and Leisure Department in Guernsey as a contribution in respect of work undertaken for the administration and management of the Lottery.

States Treasury recharges

The Department has a Service Level Agreement with the Shared Services Division of Treasury and Resources for financial, administrative and audit support with the C.I. Lottery. This includes services such as preparing accounts on behalf of both Islands, reconciling winning tickets, paying commissions, auditing accounts and being present at the Christmas Lottery Draw and for which the Treasury charges the Department a fee. Part of the 2008 fee from Treasury was not taken until 2009, therefore the fee for 2008 was £9,203 and in 2009 £34,981.

The final accounts for the C.I. Lottery (unaudited) up to December 2009 are noted overleaf.

Channel Island Lottery (Jersey) Fund

Fund/Reserve **Surplus for the year of £33,978 a decrease of 69.5% on 2008**
Highlights: **Jersey ticket sales increased by 4.8%**

Purpose of Fund

The Channel Island Lottery is administered and governed by the Public Lotteries Board, which is constituted in accordance with the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975.

The States of Guernsey contribute 60% of their gross sales to the prize fund each year. The remaining 40% is retained by Guernsey to cover their costs of administering the Fund. Unclaimed time expired prizes are shared between Guernsey and Jersey in accordance with sales ratio.

In 2008 a grant of 80% of the total profits was made to the Association of Jersey Charities. In 2009 a decision was made by the States to increase the grant to 90% of the total profits for the benefit of the community and the charitable needs of the island.

Actual vs prior year

The decrease in surplus from 2008 to 2009 was 69.5%. This was due to Guernsey prizes in 2008 being under accrued for resulting in a larger surplus being reported in 2008 and an increase in the percentage due to be paid to the Association of Jersey Charities from 80% (2008) to 90% (2009) of the Fund's profits.

Key financial results of the Operating Cost Statement

Sales of tickets • **Ticket sales of £2,980,213 a decrease of £376,587 (30%) on 2008**

In 2008 Guernsey ticket sales were shown gross, however, in 2009 they are shown as Guernsey's contribution to the prize fund and hence are net of 40% of sales retained by Guernsey to meet their administration costs. Ticket sales by Guernsey and Jersey increased in real terms by 4.8% and 7.8% respectively.

Other revenue • **Other revenue of £540, a decrease of £118,679 (99.5%) on 2008**

In 2008 other revenue included time expired prizes but in 2009 they are reported as a reduction in the prizes paid within other operating expenditure.

Supplies and Services

- **Supplies and Services of £480,404, a decrease of £424,550 (46.9%) on 2008**

The expenditure for supplies and services has decreased due to the net affect of Guernsey administration costs no longer being reported in 2009, staff costs now being recharged as part of supplies and services and commission due to agents now being accrued for in the accounts. In real terms supplies and services have increased by 12.6% due to increases in printing and advertising costs and a recharge in 2009 for the central administration of the Fund during 2008 and 2009.

Grants and subsidy payments

- **The grant due to be paid to the Association of Charities of £305,791, a decrease of £139,623 (31.3%) on 2008**

The grant due to be made to the Association of Jersey Charities for the year is £305,791, 90% of the profits prior to calculating the grant, compared to 80% in 2008. The 2008 surplus included an estimate for uncollected prizes paid which was lower than the actual prizes paid in 2008. The Association therefore benefited from a higher surplus in 2008 and a lower surplus in 2009.

Channel Island Lottery (Jersey) Fund		
Operating Cost Statement		
	2009 Actual £	2008 Actual £
Revenue		
Earned through operations		
Sales of goods and services		
Sale of tickets in Jersey	2,112,433	2,016,000
Sale of tickets in Guernsey	-	1,340,800
Guernsey contribution to prize fund	867,780	-
Other Lottery income	4,300	1,580
Investment income	18,720	15,021
Other revenue	540	119,219
Total Revenue	3,003,773	3,492,620
Expenditure		
Operating expenditure		
Staff costs ¹	-	27,985
Supplies and services ²	480,404	914,156
Other operating expenditure ³	2,183,600	1,993,711
Grants and subsidy payments	305,791	445,414
Total Expenditure	2,969,795	3,381,266
Surplus for the year	33,978	111,354
<p><small>1 Staff costs are now recharged to the fund and are shown in 'Supplies and Services'.</small></p> <p><small>2 Supplies and services includes 'administrative costs', 'Guernsey's discount on ticket price', 'agents' commission on winning tickets', 'previous year's unclaimed prize money' and 'supplies and services' which were presented separately in 2008.</small></p> <p><small>3 Other operating expenditure includes 'prize money paid and accrued' and 'administration recharges' which were presented in 'administrative cost's in 2008.</small></p> <p><small>4 Guernsey sales of tickets were shown gross in 2008, however, in 2009 they are shown as a contribution to the prize fund.</small></p>		

Channel Islands Lottery (Jersey) Fund		
Balance Sheet as at 31st December 2009		
	2009 Actual £	2008 Actual £
Current Assets		
Debtors	241,620	951,054
Cash advanced to the Consolidated Fund	830,231	796,943
Total Current Assets	1,071,851	1,747,997
Current Liabilities		
Creditors		
Uncollected prizes	285,306	788,688
Balance held for the Association of Charities	305,791	445,414
Other creditors	683	67,802
Total Current Liabilities	591,780	1,301,904
Net Assets	480,071	446,093
Reserves: Accumulated Revenue and Reserve Balances	480,071	446,093

Channel Island Lottery (Jersey) Fund		Operating Cost Statement					
	2009 Actual £	2008 Actual £	Difference	%	Reason	£	%
Revenue							
Earned through operations							
Sales of goods and services							
Sale of tickets in Jersey	2,112,433	2,016,000	96,433	4.78%	Increase in Jsy sales	2,112,433	4.78%
Guernsey contribution to prize fund	867,780	1,340,800	(473,020)	-35.28%	Gsy net sales in 2009 but gross in 2008, 2009 gross would be:	1,446,300	7.87%
Other Lottery income	4,300	1,580	2,720	172.15%	Increase in admin chg to Gsy	4,300	172.15%
Investment income	18,720	15,021	3,699	24.63%	Increase in notional interest	18,720	24.63%
Other revenue	540	119,219	(118,680)	-99.55%	Other revenue overstated by Gsy portion in 2008, also in 2009 shown as credit in expense in time expired prizes	540	-99.55%
Total Revenue	3,003,773	3,492,620	(488,847)	-14.00%		3,582,293	2.57%
Expenditure							
Operating expenditure							
Staff costs ¹	-	27,985	27,985	100.00%	Now charged as admin recharge to Supplies and Services	29,394	5.03%
Supplies and services ¹	480,404	914,156	433,752	47.45%	Decrease relates to Gsy commission no longer shown, 2009 =	578,520	12.62%
Other operating expenditure ²	2,183,600	1,993,711	(189,889)	-9.52%	Gsy prizes paid was under accrued for in 2008	2,183,600	9.52%
Grants and subsidy payments	305,791	445,414	139,623	31.35%	Decrease due to reduced surplus in 2009	305,791	-31.35%
Total Expenditure	2,969,795	3,381,266	(411,471)	-12.17%		3,548,315	4.94%
Surplus for the year	33,978	111,354	(77,376)	69.49%		33,978	-69.49%

1 Supplies and services includes 'administrative costs', 'Guernsey's discount on ticket price', 'agents' commission on winning tickets', 'previous years' unclaimed prize money' and 'supplies and services' which were presented separately in 2008

2 Other operating expenditure includes 'prize money paid and accrued' and 'administration recharges' which were presented in 'administrative costs' in 2008

3 Guernsey sales of tickets were shown gross in 2008, however, in 2009 they are shown as a contribution to the prize fund.

Channel Islands Lottery (Jersey) Fund

Balance Sheet as at 31st December 2009

	2009 Actual £	2008 Actual £	Difference	%	Reason
Current Assets					
Debtors	241,620	951,054	(709,434)	-74.59%	Debtors in 2008 included Gsy uncollected prizes
Cash advanced to the Consolidated Fund	830,231	796,943	33,288	4.18%	
Total Current Assets	1,071,851	1,747,997	(676,146)	-38.68%	
Current Liabilities					
Creditors					
Uncollected prizes	285,306	788,688	(503,382)	-63.83%	Creditors in 2009 included Gsy uncollected prizes
Balance held for the Association of Charities	305,791	445,414	(139,623)	-31.35%	Less surplus in 2009
Other creditors	683	67,802	(67,119)		In 2008 other creditors included Gsy time expired prizes. In 2009 this is deemed as credit to expense and so has reduced the debtor for prizes paid by Gsy
Total Current Liabilities	591,780	1,301,904	(710,124)	-54.55%	
Net Assets	480,071	446,093	33,978	7.62%	
Reserves: Accumulated Revenue and Reserve Balances	480,071	446,093	33,978	7.62%	