
STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2012

**Presented to the States on 15th March 2013
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 2012 up to and including the Christmas Draw of 20th December 2012, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery in 2012 was decided by the Minister for Economic Development in Jersey, Senator A.J.H. Maclean, and the Culture and Leisure Board 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, for the purpose of advising the Minister on general matters connected with the Lotteries and for conducting any Draws held in Jersey. Its Members in 2012 were –

Mr. I.T. Barnes (Chairman)
Mr. P.S. Cruickshank
Mr. D.A. Wallis
Mr. G.J. Roscouet
Ms M. Horton
Mr. A. Garnier
Mr. D. Scott (Secretary).

The policy of the Minister for Economic Development

In keeping with recent practice, The Minister brought a Report and Proposition to the States in 2013 (P.21/2013), asking for approval that the total Jersey portion of the profits of the Channel Islands Lottery for 2013 should be paid to the Association of Jersey Charities for the benefit of the community and the charitable needs of the Island. Unlike recent examples, P.21/2013 does not recommend the withholding of a percentage of the annual profit, as both Economic Development and the Treasury are satisfied with the amount currently held in reserve.

The profit, according to the provisions of Regulation 4(5) of the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, would be applied in such a manner and for such purposes of public benefit as the States shall from time to time by Act direct. It is the Minister's recommendation to the States that these funds be granted to the Association of Jersey Charities.

Should the States adopt P.21/2013 unamended, the grant due to be paid to the Association of Jersey Charities for the year is £401,702, a decrease of £17,870 on 2011.

During 2012 The Channel Islands Lottery continued to be reformed following the contracts agreed with Scientific Games International Limited and The Global Draw Limited in 2011, with the main development being the re-introduction of a Summer Draw. Paper products are now supplied on percentage of sale terms which has led to significant enhancements regarding the design and playability of scratch-cards.

The win ratio and percentage payout of each game was published on each scratch-card ticket reverse.

The Christmas Lottery Draw

The planning and promotion of the Christmas Draw remains the most important of the year and continues to draw significant public interest and support. In order to maintain this, both the Minister for Economic Development in Jersey and the Culture and Leisure Member in Guernsey were strongly of the opinion that the minimum First Prize would start at £300,000 as in 2011.

2,800,000 tickets were printed for this Draw, 200,000 more than in 2011. In addition to this figure, tickets were available via electronic terminals in Jersey only.

The Minister reports that 1,307,000 tickets were sold from a Jersey issue of 1,680,000, representing a decrease of 55,500 (4.1%) on Jersey sales over the previous year. However, in addition to this figure, 379 tickets were sold via electronic terminals.

Guernsey sold 815,000 paper tickets, representing a decrease of 112,200 (12.1%) on Guernsey sales over the previous year.

The Channel Islands Christmas Draw achieved a top prize of £686,000, failing to match the £751,500 achieved the previous year.

Finally, special mention must be made of the part played by the Islands' media for broadcasting and printing the regular press releases, which played an invaluable part in the promotion of the Draw.

The Summer Lottery Draw

A Summer Draw was re-introduced, with the winning numbers being announced live by 'Mr. Battle' at the Jersey Battle of Flowers on 9th August 2012. As a trial change to the Draw format, the scratch component was removed and the price increased to £2 per ticket (giving 2 entries to the Draw) as a mechanism of maximising the First Prize.

The Summer Draw was not the success in 2012 that all parties had hoped for. This was due, in part, to a lack of promotional activity and the selling period being too short. The fact that proceeds from Guernsey sales were not due to go to the Association of Guernsey Charities did not help with the promotion of the Summer Lottery.

Marketing and promotion

Marketing for the Channel Islands Lottery was undertaken by the Departments' Officers in both Islands. Special efforts commenced in Jersey during 2012 to work with the retail network to increase the prominence of lottery products at point of sale. To support this, plastic professional dispensers were procured.

Ticket Sales in 2012

Ticket sales for the year (inclusive of the Christmas Draw) totalled 4,309,150, with 2,263,650 being sold in Jersey and 2,045,500 in Guernsey.

The Lottery website at www.gov.je and social media

As previously, the winning numbers for the Christmas Draw were made available through the States of Jersey website. As an innovation for 2012, both the rising first prize and winning numbers were posted on the Channel Islands Lottery (Jersey) Facebook page.

The Association of Jersey Charities

Founded in 1971, the Association of Jersey Charities now represents 287 Jersey charities. The Minister continues 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. The provision of the States grant is governed through a Service Level Agreement.

Grant applications from members up to a maximum of £30,000 are considered by the Executive Committee at their quarterly meetings. From 30th September 2008, the maximum grant available was £20,000 in any single financial year, but since June 2012 this has been changed to £30,000 in any one financial year.

The relationship whereby the Minister is able to provide funding to the Association, who are then able to assist its membership, works extremely well. The grants approved in 2012 by the Association of Jersey Charities are listed below and illustrate the very real benefits accrued by Lottery profits for Jersey good causes.

List of applications approved in 2012 (from the 2011 Grant)

Charity name	Details of grant	Amount £
Music in Action	Instrument case and admin. salary	6,999.00
Caring Hands	Towards manager's salary	20,000.00
Jersey Arts Centre	For 2 projects	17,500.00
Jersey Association of Carers Inc.	Newsletter and increased opening hours	20,000.00
National Trust for Jersey	Tipper lorry	17,000.00
Jersey Youth Trust	Youth worker salary	20,000.00

Charity name	Details of grant	Amount £
Triumph Over Phobia	Training costs	2,000.00
Eating Disorder Support Group	Workshop	1,575.00
Jersey Dyslexia Association	Retrospective and ongoing training	5,000.00
Centre Point Trust	Refurbishment of Green Street Nursery	20,000.00
Grace Trust	Grocery distribution	20,000.00
Les Amis Ltd.	Wheelchair vehicle	20,000.00
St. John Ambulance	Extension to office and training room	20,000.00
Jersey Citizen's Advice Bureau	Debt Adviser's salary for 2 years	30,000.00
Inclusion Project	Half-share cost of a minibus	5,000.00
Grace Trust	Towards manager's salary	10,000.00
Jersey Heritage Trust	Upgrade of AV theatre equipment	3,019.00
NSPCC	Children's Service practitioner's salary	14,000.00
Caring Hands	Split admin., salary and maintenance costs	30,000.00
ACET Jersey	Running costs	30,000.00
Le Congrès des Parlers Normand	To produce Jerriais CDs	5,000.00
Arts in Health Care Trust	Towards 3 concert tours	9,000.00
Street Pastors Jersey	Running costs	4,500.00
Centre Point Trust	Towards cost of a minibus for the disabled	10,000.00
Brighter Futures	24 Families on 'Journey to Wellbeing'	30,000.00
Jersey Community Relations Trust	Adult anti-bullying project	29,600.00
Maison des Landes	Roof works	30,000.00
Music in Action	Musicians for educational workshops	11,550.00
Jersey Child Care Trust	Special Needs project places	20,000.00
Jersey Heritage Trust	Refit of Howard D – Friends of Maritime Museum	7,780.00
Duke of Edinburgh Award	For assistant youth worker salary	10,000.00
Caesarea Association	To upgrade all bathrooms	18,500.00
Scott Gibaut Homes Trust	Work on the heating unit	9,990.00
First Tower Community Assoc'n	Equipment for the 'Hang Out' Youth Club	3,000.00
Jersey Heritage Trust	'Turning Pages' software	4,995.00
Jersey Heritage Trust	Website upgrade	5,000.00
Jersey Army Cadet Force League	Minibus	25,000.00
Triumph Over Phobia	Running costs	1,000.00
Eating Disorder Support Group	Shortfall on workshops, training and books	4,542.78
Les Amis Ltd.	Replacement bathroom for Maison Allo	10,000.00
		561,550.78

States of Jersey recharges

The Economic Development Department administer, operate and manage the Channel Islands Lottery in Jersey. For this, the figure of £60,886 was recharged to the Lottery in 2012.

The Shared Services Division of Treasury and Resources provide vital support for the Channel Islands Lottery. This includes services such as preparing accounts on behalf of both Islands, reconciling winning tickets, auditing accounts, together with being present at the Christmas Lottery Draw, for which the Treasury charged the Lottery a fee of £31,700.

The Minister for Economic Development would like extend his thanks to the relevant staff of the Shared Services Division of Treasury and Resources for their dedication to and support of the Channel Islands Lottery.

The final accounts for the C.I. Lottery (unaudited) up to December 2012 are noted overleaf.

Highlights:

Closing Net Asset position of £585,825, an increase of 1.6% on 2011.

Net Revenue Expenditure/Income of £9,363, a decrease of 81.0% on 2011.

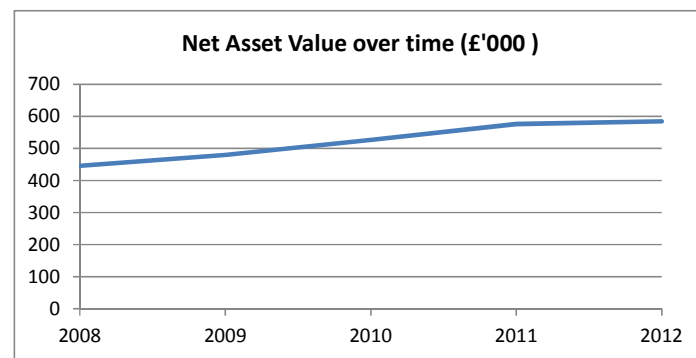
Changes in NAV

	£'000
2011 Nav	576
Jersey Ticket Sales	3,303
Guernsey Contribution	2,339
Prizes Paid	(4,625)
Other Variances	(250)
Grant Paid (100%)	(402)
Comms on Agency Sales	(356)
2012 NAV	585

Changes in Net Asset Value from 2011

The increase in Net Asset Value (NAV) from 2011 is £9,363. This is the unrealised gain on the Common Investment Fund (CIF) in 2012 and is not for distribution.

For 2012, it has been determined that 100% of the distributable profit of £401,702 will be made available as a Grant for the Association of Jersey Charities in 2013. This is a change in policy compared with 2011 and prior years when 10% of the distributable profit has been retained.

**Performance compared to 2011**

	£'000
2011 NRI	49
Guernsey Contribution	1,238
Jersey Ticket Sales	1,125
Other Operating Expenditure	(2,200)
Grants to Charities	18
Comms on Agency Sales	(92)
Other Variances	(129)
2011 NRI	9

Performance compared to 2011

The 81.0% decrease in net revenue income in 2012 is due to a change in policy between the years in respect of retained profits. A 10% retention was made in 2011 whereas no retention has been made in 2012, making 100% of distributable profit available as a grant to charities.

Introduction of new games in 2012 resulted in an increase in costs which were greater than an increase in sales.

One of the games introduced for the first time in several years was a Summer Draw, producing a loss of £12,085. This loss arose due to lower than expected ticket sales (especially in Guernsey).

A combined increase in expenditure of £2,468,770 (76,2%) included increase in prizes paid and uncollected prizes of £2,200,293, increase in commission on agency sales of £92,325, delivery charges of 48,128 and printing of £47,723.

An increase in combined Jersey and Guernsey sales was £2,363,560 (72.0%).

Overall, increased costs exceeded increased sales and the result was a reduction in the total profit of the Lottery of 12.3% compared with 2011. Total profit is defined as the profit before distribution, including income from time-expired prizes.

In 2012 the grant to the Association of Jersey Charities decreased by £17,863 (4.3%) as a result of lower distributable profits than in 2011.

Performance of CIF Investments

The C.I. Lottery (Jersey) Fund joined the CIF on 1st July 2011, investing in the Long Term Cash and Cash Equivalents pool.

Investments are held by the CIF, which recognises income, expenditure and gains/losses on Investments. The Lottery Fund recognises only gains or losses on the units held in the CIF in the Statement of Comprehensive Net Expenditure.

The table below shows the share of transactions in the CIF attributable to the Fund.

CIF amounts attributable to the Channel Islands Lottery (Jersey) Fund		
	2011	2012
	£'000	£'000
Income	3	8
Expenditure	–	(1)
Gains/(Losses) on Investments	–	2
Total Gains recognised	3	9

Statement of Comprehensive Net Expenditure		
	2011	2012
	Actual	Actual
	£'000	£'000
Revenue		
Sales of Goods and Services	3,280	5,643
Investment Income	9	17
Other Income		40
Total Revenue	3,289	5,700
Expenditure: Near Cash		
Supplies and Services	395	660
Premises and Maintenance		1
Other Operating Expenditure	2,425	4,625
Grants and Subsidies Payments	420	402
Finance Costs		3
Total Expenditure: Near Cash	3,240	5,691
Net Revenue Income: Near Cash	49	9
Net Revenue Income	49	9
Total Comprehensive Income/(Expenditure)	49	9

Statement of Financial Position			
	2010 Actual £'000	2011 Actual £'000	2012 Actual £'000
Non-Current Assets			
Investments held at Fair Value through SoNCE	-	529	539
Total Non-Current Assets	-	529	539
Current Assets			
Trade and Other receivables	282	681	1,490
Balance due from the Consolidated Fund	972	374	958
Total Current Assets	1,254	1,055	2,448
Total Assets	1,254	1,584	2,987
Current Liabilities			
Trade and Other Payables	727	1,008	2,402
Total Current Liabilities	727	1,008	2,402
Total Assets Less Current Liabilities	527	576	585
Assets Less Liabilities	527	576	585
Taxpayer's Equity			
Accumulated Revenue Reserves	527	576	585
Total Taxpayer's Equity	527	576	585