
STATES OF JERSEY



PUBLIC LOTTERIES: REPORT FOR 2014

Presented to the States on 16th March 2015
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 2014 up to and including the Christmas Draw of 18th December 2014, together with an income and expenditure account and balance sheet.

Overview of the Channel Islands Lottery

Policy for the Lottery in 2014 was decided in Jersey by the Minister for Economic Development, Senator A.J.H. Maclean (until October), and thereafter by the Assistant Minister for Economic Development, Deputy M.J. Norton of St. Brelade, and in Guernsey by the Culture and Leisure Board Member, 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. Given the improvements made to the Channel Islands Lottery over recent years, new terms of reference are being finalised, and a recruitment process for a new Public Lotteries Board will commence in April 2015.

The policy of the Minister for Economic Development

The Minister will bring a Proposition to the States regarding the allocation of the Jersey portion of the profits from the Channel Islands Lottery for 2014.

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.

The profit figure from 2014 is £701,802, an increase of £17,247 on 2013.

Following a tender exercise held in late 2013, Wilkinsons C.I. Limited commenced storing, distributing, merchandising, and reconciling paper lottery products on 1st January 2014.

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 Lottery remains the most important of the year, drawing significant public interest and support. This interest and support has only increased after the £1 million barrier for the first prize was broken in 2013.

1,750,000 tickets at £2 each were printed for this Draw, 250,000 more than in 2013.

The Minister reports that 1,130,000 tickets were sold from a Jersey issue of 1,080,000 (50,000 additional tickets were transferred from Guernsey).

Guernsey sold 612,950 paper tickets out of an allocation of 670,000.

The Channel Islands Christmas Draw achieved a top prize of £1,220,600, exceeding the £1,038,000 achieved in 2013.

Finally, special mention must be made of the part played by the Islands' media for broadcasting and publishing the regular first prize updates, which played an invaluable part in the promotion of the Draw.

Marketing and promotion

Merchandising for the Channel Islands Lottery was undertaken by Wilkinsons C.I. Ltd. in Jersey. Special efforts commenced in Jersey during 2014 to work with an expanded retail network to increase the prominence of lottery products at point of sale.

Ticket sales in 2014

Ticket sales for the year (inclusive of the Christmas Draw) totalled £13,695,200, with £5,682,700 being spent on tickets in Jersey and £8,012,500 in Guernsey.

www.gov.je and social media

As previously, the winning numbers for the Christmas Draw were made available through the States of Jersey website, www.gov.je and all social media channels.

The Association of Jersey Charities

Founded in 1971, the Association of Jersey Charities now represents 301 Jersey charities. The Minister continues to support their efforts for local charitable causes. 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 grants approved in 2014 by the Association of Jersey Charities are listed in the following table, and illustrate the very real benefits accrued by Lottery profits for Jersey good causes.

List of applications approved in 2014 (from the 2013 Grant)

Application from:	Reason for application:	£
Brighter Futures	To continue the 'Journey into Wellbeing' Project	30,000.00
Jersey Scout Association	To send 4 Scouts to the World Jamboree in Japan	2,000.00
Trinity Youth Centre Trust	Towards shortfall on refurbishment costs	1,453.00
Friend of the Bridge	To cover 38 Play-scheme places	4,490.00
7 Overseas Air Cadets	For a minibus with trailer	21,269.00
Jersey Brain Tumour Charity	To cover a part-time administrator's salary for 3 years	30,000.00
Jersey Hospice Care	For equipment for the physiotherapy gym	30,000.00
Le Congres de Parlers Normand St. Jerriais	Towards an MSc	1,350.00
JCG PTA	For a minibus	24,925.00
Jersey Scout Association	To re-cover the floor of the 9th Scout Hut	2,000.00
Jersey Heritage Trust	To complete the scanning of WW1 documents	1,914.05
St. Peter's Youth Club	Towards sessional youth worker salaries	17,342.00
Grand Vaux School PTA	To refurbish the library	4,209.26
Jersey Cancer Trust	For 10 chemotherapy couches	29,815.00
St. John Ambulance	For a replacement support vehicle	28,000.00
Triumph Over Phobia	To send 2 people to a conference	1,679.00
Caring Hands	Towards 2 salaries	30,000.00
La Moye School PTA	To refurbish the kitchen	10,191.29
Words & Numbers Matter	Admin salary and Assessor salary for one year	9,959.80
Jersey Arts Centre Trust	Theatre in Education Project	18,000.00
Jersey Citizen's Advice Bureau	Debt Adviser's salary for 2 years	30,000.00
Little Sisters of the Poor	To continue major refurbishment	30,000.00
George V Residents' Association	For coach trips	1,000.00
Jersey Scout Association	To send a further 5 Scouts to the World Jamboree	8,000.00
Friends of St. Thomas Church	To cover the shortfall on the cost of refurbishing the hall toilets	1,183.00
ACET Jersey	To support the HIV Education in Schools project	30,000.00

Application from:	Reason for application:	£
Friends of Mont à l'Abbé School	To make the playground more wheelchair-friendly	22,800.00
Jersey Council on Alcoholism	To refurbish 26 & 28 West Park Avenue	27,966.00
Durrell Wildlife Conservation Trust	To refurbish the entrance to Café Dodo	12,969.00
NCT Jersey	To train an antenatal teacher	17,260.00
Jersey Heritage Trust	To purchase 8 Edmund Blampied Sketchbooks	20,000.00
Maison des Landes	For roof repairs	30,000.00
Arts in Health Care Trust	Towards 3 concert tours	9,000.00
Macmillan Cancer Support	Towards the refurbishment of the centre	20,000.00
Music in Action Limited	For educational masterclasses, Admin Assistant	19,525.00
Beach Ability	To employ a full-time seasonal co-ordinator	4,494.00
No. 7 Overseas Air Squadron	For PCs and laptops	5,000.00
Durrell Wildlife Conservation Trust	To resurface the footpaths	17,031.00
Freedom for Life Ministries	To install a lift	19,484.00
Community Savings Ltd.	Towards part-time salaries	30,000.00
Silkworth Lodge	To upgrade kitchen and replace carpets	9,564.00
		663,873.40

States of Jersey recharges

The Economic Development Department administer, operate and manage the Channel Islands Lottery in Jersey. For this, the figure of £20,864 was recharged to the Lottery in 2014.

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, and auditing accounts, for which the Treasury charged the Lottery a fee of £25,883.

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

The final accounts for the C.I. Lottery (unaudited) up to December 2014 are noted overleaf.

Channel Islands Lottery (Jersey) Fund

The purpose of the Channel Islands Lottery (Jersey) Fund is to promote and conduct public lotteries in aid of good causes.

Summary Snapshot

Fund Position:	£180,172 (69.5% decrease from 2013)
Net Revenue Expenditure:	£410,120

1. Fund Performance

(a) Income

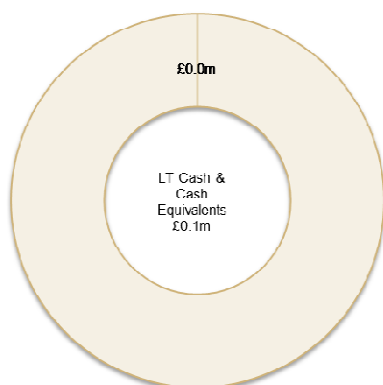
Actual 2013	Actual 2014
£8.2 million	£11.3 million

Ticket sales accounted for the overwhelming majority of income in 2014, at £11.1 million (98.2%). The Christmas Draw and Super Red Hot 7s were the most popular games, jointly contributing £5.9 million of sales. Other income from investment returns and time expired prizes amounted to £0.2 million (1.8%).

Combined Jersey and Guernsey sales grew by £3.1 million (38.8%) in 2014. Sales of Super Red Hot 7s recorded the greatest increase, at £1.5 million, whilst the Christmas Lottery sales grew by £0.5 million. Income from investments and time-expired prizes remained at the same level as 2013.

(b) Performance of CIF Investments

The Channel Islands Lottery (Jersey) Fund participates in a range of CIF pools. Investments are held by the CIF, which recognises income, expenditure and gains/losses on Investments. The Fund recognises only gains or losses on the units held in the CIF.



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

	2013 £'000	2014 £'000
Income	5	1
Expenditure	-	-
Gains on Investments	-	-
Total Gains recognised	5	1

2. Expenditure

Actual 2013	Actual 2014
£8.2 million	£11.7 million

Prize payments and commission to distributors were the principal costs in 2014 before distributions to the Association of Jersey Charities. Together they accounted for expenditure of £9.5 million (81.2%) and £0.8 million (6.8%) respectively.

Overall expenditure grew by £3.5 million (42.7%) in 2014. Prize payments make up the majority of this increase at £2.9 million, with commission being the other significant contributor at £0.3 million.

The 2014 grant to the Association of Jersey Charities was £0.7 million, which represents an increase, compared to 2013, of 2.5%.

The 2014 grant increased by less than income because the underlying profitability of the lottery was lower in 2014 than 2013; this as a result of larger prize funds on 2014 games and higher commission costs.

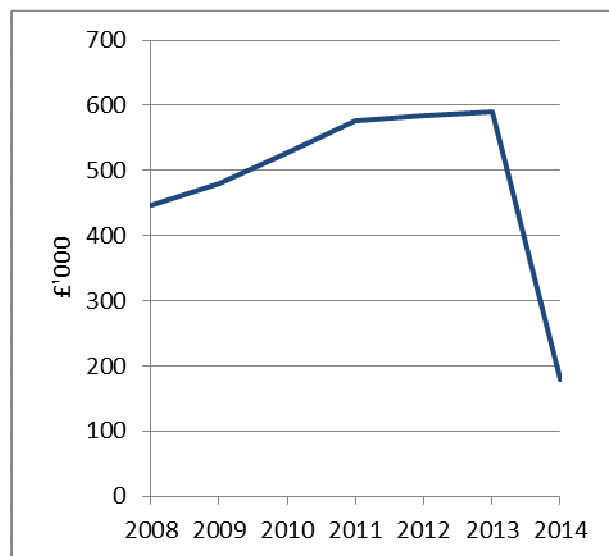
A special distribution of £0.4 million was made to the Association of Jersey Charities from the net assets of the Fund. As a result, expenditure was greater than income in 2014.

3. Changes in Fund Net Asset Value

Fund Balance 2013	Fund Balance 2014
£0.6 million	£0.2 million

Over several years the Channel Islands Lottery (Jersey) Fund established a reserve to protect against the potential losses that could have been incurred through the operation of the Lottery. In 2014 a new approach to ticket sales was introduced which significantly reduced the Fund's risk exposure and permitted a reduction in the level of reserves held. As a consequence, a special distribution of £0.4 million was paid to the Association of Jersey Charities, reducing the Net Asset Value of the Fund by an identical amount.

Channel Islands Lottery (Jersey) Fund: Net Asset Value over time



Financial Statements

Statement of Comprehensive Net Expenditure¹

	2013 Actual £'000	2014 Actual £'000
Revenue		
Sales of Goods and Services	(8,020)	(11,139)
Investment Income	(11)	(11)
Other Income	(171)	(176)
Total Revenue	(8,202)	(11,326)
Expenditure: Near Cash		
Supplies and Services	924	1,113
Other Operating Expenditure	6,586	9,508
Grants and Subsidies Payments	684	1,112
Impairments of Financial Assets	3	3
Total Expenditure: Near Cash	8,197	11,736
Net Revenue (Income)/Expenditure	(5)	410

¹ The C.I. Lottery Fund does not account for Guernsey's full sales revenue. Only Guernsey's contribution to the prize fund is shown in sales income, being the amount owed by the States of Guernsey to the C.I. Lottery Fund.

Statement of financial position

	2012 Actual £'000	2013 Actual £'000	2014 Actual £'000
Non-Current Assets			
Investments held at Fair Value through Profit or Loss	539	142	143
Total Non-Current Assets	539	142	143
Current Assets			
Trade and Other Receivables	1,490	1,117	1,816
Balance due from the Consolidated Fund	958	1,636	2,683
Total Current Assets	2,448	2,753	4,499
Total Assets	2,987	2,895	4,642
Current Liabilities			
Trade and Other Payables	(2,402)	(2,305)	(4,462)
Total Current Liabilities	(2,402)	(2,305)	(4,462)
Assets Less Liabilities	585	590	180
Taxpayer's Equity			
Accumulated Revenue Reserves	585	590	180
Total Taxpayer's Equity	585	590	180