

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

CHANNEL ISLAND LOTTERY – 2015 REPORT AND ACCOUNTS

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

20 October, 2016

Dear Sir

1 Executive Summary

1.1 I am pleased to be able to provide a report on the Bailiwick of Guernsey's performance within the Channel Islands Lottery for 2015. The requirement to report is contained within section 2 (5) of The Gambling (Channel Islands Lottery) (Bailiwick of Guernsey) Ordinance, 1975 (as amended). The report is included as an appendix to a Billet d'Etat.

2 Lottery Format

2.1 Throughout 2015, the Lottery continued to operate on an instant prize scratch card basis, with the exception being the 'double chance' Charity Christmas Draw, containing both instant-win and drawn prizes.

2.2 At the end of 2015, the scratch card portfolio consisted of two £2 tickets (with top prizes of £7,777 and £10,000), two £5 tickets (with top prizes of £27,777 and £25,000) and one £10 ticket (with a top prize of £100,000).

2.3 Changes to the structure of the games and prize structures are routinely monitored by Lottery representatives from Guernsey, Jersey and Scientific Games International Limited, the Lottery's strategic working partner, with quarterly meetings held to discuss key issues.

3 Distribution of Lottery Proceeds

3.1 In September 2014, the States considered a report from Culture and Leisure (Billet d'Etat XX, dated 15th August 2014) to change a number of administrative arrangements from which nine resolutions arose. The majority of these resolutions concerned changes to the distribution of Lottery proceeds or to provide flexibility to conduct special draws, namely:

1. To agree that the proceeds from the annual Christmas Draw be donated to registered, local charitable bodies as authorised by the Treasury and Resources Department upon the recommendation of the Culture and Leisure Department.
2. To confirm that the annual proceeds of the Channel Islands Lottery, aside from the annual Christmas Draw, continue to be transferred to the Beau Sejour Centre up to the level of the Centre's operating deficit for that same calendar year.
3. To direct that any Channel Islands Lottery proceeds exceeding the operating deficit of the Beau Sejour Centre, excluding the Christmas Draw, is to be retained within the Appropriation Account to be used either for major projects that will enhance the Department's properties or for the funding of events which have a particularly special significance to the Island's heritage and unique cultural identity.
4. To delegate authority to the Treasury and Resources Department to approve use of the Appropriation Account.
5. To approve the closure of the Forfeited Prizes Account, with effect from 1st January 2014 and for its balance as of 31st December 2013 to be distributed proportionately to the Association of Guernsey Charities, Alderney, Sark and the Appropriation Account.
6. To direct the preparation of an Ordinance under the Gambling (Guernsey) Law, 1971 to enable additional public lotteries to be conducted by the Culture and Leisure Department in support of such community, sporting or other events, or such public purposes for the benefit of Guernsey and its inhabitants, as the Department may determine with the approval of the Treasury and Resources Department, without necessitating the involvement of the States of Jersey and the banner of the Channel Islands Lottery.
7. To direct that the operating surplus from any such additional public lotteries be transferred to the Appropriation Account.

These changes are reflected in the Accounts, which can be found at the end of this report.

4 Sale of Tickets

4.1 Five main distribution Agents are appointed to sell Lottery tickets within the Bailiwick of Guernsey; three in Guernsey, one in Alderney and one in Sark. The Agents purchase tickets from the Department and ensure that the tickets are on sale as widely as possible through a chain of sub-agents and retail outlets.

4.2 Ticket revenue since 2007 has been as follows:-

Year	Scratch Card Revenue		Christmas Draw Revenue	
	Bailiwick of Guernsey	Jersey	Bailiwick of Guernsey	Jersey
2007	822,100	1,144,000	600,000	900,000
2008	756,000	956,000	597,700	1,100,000
2009	686,300	864,000	760,000	1,240,000
2010	640,400	796,000	880,000	1,420,000
2011	891,300	794,522	927,200	1,379,689
2012	2,815,100	1,933,900	815,000	1,307,379
2013	4,198,800	2,013,950	1,177,000	1,785,200
2014	6,788,500	3,422,700	1,225,900	2,260,000
2015	7,726,400	4,518,350	1,231,700	2,198,500

This table illustrates, in particular:

1. Substantial year-on-year growth in scratch card sales revenue in Guernsey since 2010, coinciding with the commencement of the partnership agreement with Scientific Games;
2. Guernsey scratch card sales exceeding Jersey in 2015 for the fifth consecutive year;
3. A significant growth in scratch card sales revenue in Jersey between 2011 and 2015;
4. A marked shift in the scratch card revenue ratio between Guernsey and Jersey, from 42:58 in 2007 to 63:37 in 2015;
5. The consistent pattern of Jersey outselling Guernsey for the Christmas Draw, with a ratio of 36:64 in Jersey's favour in 2015.

4.3 Scratch Cards

Ticket revenue in the period 2011-15 was as follows:-

	2015	2014	2013	2012	2011
Guernsey	7,726,400	6,788,500	4,198,800	2,815,100	891,300
Jersey	4,518,350	3,422,700	2,013,950	1,933,900	794,522
Total Sales	12,244,750	10,211,200	6,212,750	4,749,000	1,685,822

In 2015, revenue from the sale of scratch cards increased by £2,033,550 (19.9%) across the Channel Islands. Guernsey Bailiwick accounted for £937,900 of this growth, with sales revenue increasing by 13.8%. Jersey sales growth in 2015 was £1,095,650 (32.0%).

The following table shows a comparison of scratch card sale volumes across the different price points between 2014 and 2015.

PRICE POINT	2015	2014	Increase / Decrease(-)
£1	-	71,900	- 71,900
£2	985,200	972,100	+ 13,100
£5	776,900	612,000	+ 164,900
£10	187,150	171,225	+ 15,925
Totals	1,949,250	1,827,225	+ 122,025

The following table shows a comparison of scratch card sale value across the different price points between 2014 and 2015.

PRICE POINT	2015	2014	Increase / Decrease(-)
£1	-	71,900	- 71,900
£2	1,970,400	1,944,200	+ 26,200
£5	3,884,500	3,060,000	+ 824,500
£10	1,871,500	1,712,250	+ 159,250
Totals	7,726,400	6,788,350	+ 938,050

4.4 Christmas Draw

	2015	2014	2013	2012	2011
Guernsey	1,231,700	1,225,900	1,177,000	815,000	927,200
Jersey	2,198,500	2,260,000	1,785,200	1,307,000	1,362,500
Total Sales	3,430,200	3,485,900	2,962,200	2,122,000	2,289,700

In 2015 total Christmas Draw sales revenue across the Channel Islands fell by £55,700 (1.6%), with a slight increase in Guernsey sales and a £61,500 (2.7%) reduction in Jersey. Overall Christmas Draw growth in the period 2011-2015 was £1,140,500 (49.8%), Jersey growth being £836,000 (61.4%) and Guernsey £304,500 (32.8%).

5 Prizes Unclaimed

5.1 Prizes which are not claimed are forfeited after a given period of time, usually 12 months after the final issue of tickets for each game/draw. The total value of prizes unclaimed in the Bailiwick of Guernsey amounted to £80,611 in 2015.

6 Donation to the Association of Guernsey Charities

6.1 The profits from the Christmas Charity Draw are paid to the Association of Guernsey Charities for distribution to charitable groups. Profits from the 2015 Christmas Draw amounted to £219,788, reduction of £71,724 (24.6%) on the 2014 figure. A £72,254 reduction in forfeited prizes was the reason for this reduction.

	2015	2014
Distribution of Forfeited Prizes Account balance following closure	n/a	97,239
Forfeited prizes for the year (Guernsey portion)	26,291	98,545
Christmas Draw proceeds (exc. Forfeited prizes)	193,497	192,968
TOTALS	219,788	388,752

The closure of the Forfeited Prizes Account means that, from 1st January 2014, Guernsey's portion of total Channel Islands forfeited prizes for the calendar year has been transferred, in full, to the Association of Guernsey Charities.

With the Department's agreement the Association of Guernsey Charities has distributed the funds as detailed on the next page.

7 Problem Gambling

7.1 Resolution 8 (Billet d'Etat XX dated 15th August 2014) states:

To direct the Culture and Leisure Department to continue to work closely with the Home Department in respect of initiatives designed to help and support individuals experiencing gambling problems locally and that any required funding for those initiatives may be met from operating surpluses.

8 Table of Lottery Proceeds Since 1999

8.1

Year	Proceeds (£000's)		Year	Proceeds (£000's)
2015	1,119			
2014	1,075		2006	311
2013	751		2005	264
2012	592		2004	271
2011	362		2003	129
2010	313		2002	153
2009	293		2001	177
2008	278		2000	208
2007	285		1999	211

9 Accounts

9.1 The accounts for the Channel Islands Lottery (Guernsey) Fund for 2015 are included below. These reveal that the promotion of the Lottery in the Bailiwick of Guernsey produced proceeds of £1,125,054 in 2015 (scratch cards and Christmas Draw combined), which was shared within the Bailiwick in proportion to the number of tickets sold in each Island as follows:-

	2015
States of Guernsey	1,118,267
States of Alderney	3,816
Chief Pleas - Sark	2,971
<i>Totals</i>	<i>1,125,054</i>

Yours faithfully

C N K Parkinson
President

J C S F Smithies
Vice-President

S J Falla MBE
Non-States Member

J C Hollis
Non-States Member

APPENDIX 1 - Channel Island Christmas Lottery - 2015

Guernsey Charitable Grant Allocation - The Association of Guernsey Charities

This grant allocation from the 2015 Christmas Lottery was £219,788.

Charity Name	AGC No.	Purpose	Allocation
Bailiwick of Guernsey Scout Association	091	Toward replacing the activity hall flooring	7,500.00
Eldad Elim Church	419	Upgrade and repair flooring, roof and walls in the main Hall used for meeting groups and after school club	8,655.20
Floral Guernsey Foundation	411	To continue the restoration work at La Vallette. Specifically towards chain and posts and replanting the area to restore to Victorian splendour	10,000.00
Grow Limited	052	Various tools, equipment and uniforms	6,000.00
GSPCA	003	To tarmac and repair walls to front gate area of GSPCA	10,000.00
Guernsey Alcohol & Drug Abuse Council	019	For installation of electro-osmotic damp proof course in a residential room	3,000.00
Guernsey Bereavement Services LBG	243	Towards part training costs for new volunteers and supervisors	8,000.00
Guernsey Cardiac Action Group	222	To purchase a Public Access Defibrillator for Sausmarez Park	2,782.00
Guernsey Disability Swimming	412	Hire costs at Beau Sejour pool, insurance costs to facilitate swimming for approximately 23 disabled people	5,000.00
Guernsey Employment Trust	414	Smart Board and projector for GET training room to enable interactive presentations and training sessions for service users	4,945.50

Charity Name	AGC No.	Purpose	Allocation
Guernsey Literacy Festival	397	Provision of four poetry events for schools	2,000.00
Guernsey Sports Commission	260	Toward an outreach community street sports programme at Les Genats Estate	10,000.00
Guernsey Town Centre Partnership	234	To help fund the provision of concerts in Candie Garden	2,000.00
Guernsey Voluntary Service	057	To cover the cost of running the vehicle fleet for one year and servicing three minibuses and four cars	15,350.00
Guernsey Welfare	020	To assist in providing basic essentials/assistance to those facing difficulty	15,000.00
King George V Memorial Playing Fields Trust	089	To enhance and improve the Dorothy Langlois Nature Trail Project	7,000.00
Northern Agricultural & Horticultural Society	334	Towards the running costs of the 2016 North Show and enable purchase of tents and chairs	10,000.00
Orca Charitable LBG	424	To host the annual fundraiser at Beau Sejour Theatre	800.00
Parkinson UK (Guernsey Branch)	134	To fund weekly drop ins being room hire, nurse and transport as needed	6,400.00
Priaultx Premature Baby Foundation	355	Toward the Burrow accommodation in Southampton for local families	11,000.00
Relate Guernsey Limited	024	To train a marriage counsellor: includes course fees, travel and accommodation in the UK	5,500.00
Safer LBG	246	Refuge support worker	13,500.00

Charity Name	AGC No.	Purpose	Allocation
The Bailiwick of Guernsey Multiple Sclerosis Society	011	Toward 5 specialist mattresses	6,000.00
The Guernsey Cheshire Home	035	To cover utility costs of the home, gas/electricity/water and petrol	26,207.00
The Ivy Trust	393	To purchase a specialist, transportable premature baby ventilator with monitoring equipment	15,500.00
The Lihou Charitable Trust	265	Funding toward a part-time activity assistant to work alongside the Warden on activity residential activities	4,000.00
Young People Guernsey	345	To modify additional space and to make more counselling rooms, interconnecting office door and access for disabled service users	10,000.00

TOTAL GRANTS £226,139.70

Including carry forward from previous periods.

APPENDIX 2 - CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Forfeited Prizes Account

	2015	2014
	Actual	Actual
	£'000s	£'000s
Balance at 1 January	-	308
Share of forfeited prizes	-	-
Transfer to Operating Account	-	-
Distribution of Forfeited Prizes Account:		
Association of Guernsey Charities	-	(97)
States of Alderney	-	(2)
Chief Pleas of Sark	-	(2)
Appropriation Account	-	(207)
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Operating Account

	2015	2014
	Actual	Actual
	£'000s	£'000s
Sale of Tickets	8,958	8,017
Forfeited Prizes	81	124
Contribution to prize fund including forfeited prizes	(6,114)	(5,446)
Agents' Commission	(1,213)	(1,084)
Sales Commission	(478)	(418)
Staff Costs	(52)	(49)
Handling and Storage Charges	(46)	(45)
Other expenses	(12)	(16)
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Gross surplus	1,124	1,083
Chief Pleas of Sark – share of surplus	(4)	(4)
States of Alderney – share of surplus	(2)	(4)
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Net surplus transferred to Appropriation Account	1,118	1,075
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Appropriation Account

	2015	2014
	Actual	Actual
	£'000s	£'000s
Balance at 1 January	447	7
Net surplus transferred from Operating Account	1,118	1,075
Transferred from Forfeited Prizes Account	-	207
Contribution towards 2015 Liberation Day Celebrations	(50)	-
Donation to Association of Guernsey Charities	(220)	(292)
Transfers to Beau Sejour Centre	(672)	(550)
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Balance at 31 December	623	447
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Notes:

In accordance with the States resolutions of 26 September 2014 made following consideration of the Culture and Leisure Department's Report entitled "Channel Islands Lottery – Administration Arrangements, Forfeited Prizes Account and 2011-13 Accounts" (Billet d'Etat XX, 2014):

1. The Forfeited Prizes Account was closed, with effect from 1 January 2014 and its balance was distributed proportionately to the Association of Guernsey Charities, Alderney, Sark and the Appropriation Account;
2. The Guernsey proceeds of the Channel Islands Lottery Christmas Draw are donated to the Association of Guernsey Charities for subsequent distribution to registered, local charitable bodies;
3. A transfer is made from Guernsey's proceeds of the Channel Islands Lottery (excluding the Christmas Draw) to the Beau Sejour Leisure Centre up to the level of the Centre's operating deficit for that same calendar year;
4. Guernsey proceeds of the Channel Islands Lottery (excluding the Christmas Draw) which exceed the operating deficit of the Beau Sejour Leisure Centre are retained within the Appropriation Account to be used for major projects that will enhance the Culture and Leisure Department's properties or for the

funding of events which have a particularly special significance to the Island's heritage and unique cultural history.