

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

**CHANNEL ISLANDS LOTTERY – 2016 REPORT AND ACCOUNTS**

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

6<sup>th</sup> July, 2017

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 2016. 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 2016, 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 2016, 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 15<sup>th</sup> 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 1<sup>st</sup> January 2014 and for its balance as of 31<sup>st</sup> 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
2016	8,603,100	5,836,700	1,200,000	2,122,200

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 and returning a higher percentage back to players as prizes;
2. Guernsey scratch card sales exceeding Jersey in 2016 for the sixth consecutive year;
3. A significant growth in scratch card sales revenue in Jersey between 2011 and 2016;
4. A marked shift in the scratch card revenue ratio between Guernsey and Jersey, from 42:58 in 2007 to 60:40 in 2016 (2015: 63:37);
5. The consistent pattern of Jersey outselling Guernsey for the Christmas Draw, with a ratio of 36:64 in Jersey's favour in 2016 (2015: 36:64).

#### 4.3 Scratch Cards

Ticket revenue in the period 2011-16 was as follows:-

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Guernsey	8,603,100	7,726,400	6,788,500	4,198,800	2,815,100	891,300
Jersey	5,836,700	4,518,350	3,422,700	2,013,950	1,933,900	794,522
<b>Total Sales</b>	<b>14,439,800</b>	<b>12,244,750</b>	<b>10,211,200</b>	<b>6,212,750</b>	<b>4,749,000</b>	<b>1,685,822</b>

In 2016, revenue from the sale of scratch cards increased by £2,190,050, 17.9% (2015: £2,033,550, 19.9%) across the Channel Islands. Guernsey Bailiwick accounted for £876,700, 11.3% (2015: £937,900, 13.8%) of this growth. Jersey sales growth in 2016 was £1,318,350 29.2% (2015 £1,095,650, 32.0%).

The following table shows a comparison of Guernsey scratch card sale volumes across the different price points between 2015 and 2016.

<b>PRICE POINT</b>	<b>2016</b>	<b>2015</b>	<b>Increase / Decrease(-)</b>
£2	987,300	985,200	+ 2,100
£5	932,450	776,900	+ 155,550
£10	196,625	187,150	+ 9,475
<b>Totals</b>	<b>2,116,375</b>	<b>1,949,250</b>	<b>+ 167,125</b>

The following table shows a comparison of Guernsey scratch card sale value across the different price points between 2015 and 2016.

<b>PRICE POINT</b>	<b>2016</b>	<b>2015</b>	<b>Increase / Decrease(-)</b>
£2	1,974,600	1,970,400	+ 4,200
£5	4,662,250	3,884,500	+ 777,750
£10	1,966,250	1,871,500	+ 94,750
<b>Totals</b>	<b>8,603,100</b>	<b>7,726,400</b>	<b>+ 876,700</b>

#### 4.4 Christmas Draw

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Guernsey	1,200,000	1,231,700	1,225,900	1,177,000	815,000	927,200
Jersey	2,122,200	2,198,500	2,260,000	1,785,200	1,307,000	1,362,500
<b>Total Sales</b>	<b>3,322,200</b>	<b>3,430,200</b>	<b>3,485,900</b>	<b>2,962,200</b>	<b>2,122,000</b>	<b>2,289,700</b>

In 2016 total Christmas Draw sales revenue across the Channel Islands fell by -£108,000, -3.15% (2015: -£55,700, -1.6%), with a decrease in Guernsey sales of -£31,700, -2.6% (2015: +£5,800, +0.5%) and a -£76,300, -3.5% reduction in Jersey (2015: -£61,500, -2.7%). Overall Christmas Draw growth in the period 2011-2016 was £1,032,500 (45%), Jersey growth being £759,700 (55.8%) and Guernsey £272,800 (29.4%).

## **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 £50,270 (2015: £80,611).

## **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 2016 Christmas Draw amounted to £212,678 (2015: £219,788), the reduction of £7,110 (3.2%) on the 2015 figure being a reflection of the reduced sales.

	<b>2016</b>	<b>2015</b>
Forfeited prizes for the year (Guernsey portion)	27,768	26,291
Christmas Draw proceeds (exc. Forfeited prizes)	184,910	193,497
<b>TOTALS</b>	<b>212,678</b>	<b>219,788</b>

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 15<sup>th</sup> 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.*

In 2016 a payment of £15,000 was made to Home Affairs, to be used to support those experiencing gambling problems.

## 8 Table of Lottery Proceeds Since 1999

### 8.1

Year	Proceeds (£000's)		Year	Proceeds (£000's)
2016	1,162		2007	285
2015	1,118		2006	311
2014	1,075		2005	264
2013	751		2004	271
2012	592		2003	129
2011	362		2002	153
2010	313		2001	177
2009	293		2000	208
2008	278		1999	211

## 9 Accounts

9.1 The accounts for the Channel Islands Lottery (Guernsey) Fund for 2016 are included below. These reveal that the promotion of the Lottery in the Bailiwick of Guernsey produced proceeds of £1,168,067 in 2016 (2015: £1,125,054) (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:-

	2016	2015
States of Guernsey	1,161,778	1,118,267
States of Alderney	3,342	3,816
Chief Pleas - Sark	2,947	2,971
<i>Totals</i>	<i>1,168,067</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 - 2016**

Guernsey Charitable Grant Allocation - The Association of Guernsey Charities

This grant allocation from the 2016 Christmas Lottery was £212,678.

<b>Charity Name</b>	<b>AGC No.</b>	<b>Purpose</b>	<b>Allocation</b>
Active	044	Towards maintenance, service, and insurances for charity vehicle	1,000.00
Alderney Community & Sports Centre Charitable Trust	273	Towards purchase of swimming pool heater	5,550.00
Autism Guernsey LBG	373	Funding of <i>Socialeyes</i> social skills learning programme	4,800.00
Bailiwick of Guernsey Scout Association	091	Towards extending and maintaining car park at Les Maingys Scout Headquarters	7,500.00
Dyslexia Day Centre (Gsy) Ltd	135	To clear rot infestation and damp problems at new Dyslexia Centre at former St Andrew's School	10,000.00
Every Child Our Future	362	Towards installing disabled toilet and converting other toilets to adult facilities at new Bright Beginnings Nursery, Preschool, and Children's Centre	5,000.00
Grow Limited	052	To purchase seeds, pots, baskets and compost for growing season, plus new exterior signage	6,500.00
GSPCA	003	Towards high priority repairs to property at the Animal Shelter	8,000.00
Guernsey (ATC) Air Cadets	416	To assist disadvantaged children to participate in training events	500.00
Guernsey Alcohol Advisory Service	019	To repaint exterior of premises at Brockside	5,000.00

<b>Charity Name</b>	<b>AGC No.</b>	<b>Purpose</b>	<b>Allocation</b>
Guernsey Bereavement Services LBG	243	To undertake mandatory supervision of volunteer counsellors	7,200.00
Guernsey Caring for Ex-Offenders LBG	422	Towards funding for Deputy Co-Ordinator	5,000.00
Guernsey Cheshire Home	035	To cover electricity/water/gas utility costs for the home, plus vehicle petrol	26,827.00
Guernsey Child Contact Centre	232	Replace flooring at Roseville premises	1,800.00
Guernsey Conservation Volunteers	223	First aid training required for four volunteer leaders	400.00
Guernsey Group of Riding for the Disabled Association	061	Towards annual running costs for hire of ponies	6,000.00
Guernsey Hard of Hearing Association	050	To assist people who require financial assistance to purchase new or replacement hearing aids	6,000.00
Guernsey Mind	049	Training costs for staff, plus creative work and posters for Team Talk campaign	6,700.00
Guernsey Post-Natal Depression Support Group	370	Towards renewal and distribution of information pack, and other marketing materials	2,000.00
Guernsey Rugby Academy LBG	343	Towards funding for disadvantaged young people to participate	1,500.00
Guernsey Sailing Trust	117	Purchase new outboard engine for safety boat	2,100.00
Guernsey Sports Commission	260	Funding for Street Sports programme to be held thrice weekly at various sites	8,750.00

Charity Name	AGC No.	Purpose	Allocation
Guernsey Voluntary Service	057	To cover cost of running the vehicle fleet for one year and servicing three minibuses and four cars	15,149.11
Guernsey Welfare	020	To assist in providing basic essentials and assistance where required in community	18,000.00
Judo Association of Guernsey	364	Mandatory training for local coaches to teach judo to children with special needs	600.00
Le Rondin School PTA	278	Towards funding for year 6 pupils to participate in off-island residential trip	4,500.00
Orca Charitable LBG	424	Hire of Beau Sejour Theatre to host the annual fundraising event	1,000.00
Parkinson UK (Guernsey Branch)	134	Room hire for weekly training and support sessions, and travel costs for service users to attend	8,870.00
Philippi Guernsey LBG	270	Towards funding for part-time service administrator and coordinator for volunteer counsellors	2,000.00
Relate Guernsey Limited	024	Towards training costs for counsellor	3,000.00
Safer LBG	246	Towards costs for Administrative Assistant who can deputise running the Refuge	12,000.00
Town Centre Partnership	148	Towards costs for providing 21 Sunday afternoon concerts in Candie Gardens	2,500.00
Victim Support and Witness Services	211	Towards salary of Victim Support Administrator	6,000.00
Youth Commission for Gsy and Alderney	367	Youth Forum 12 month project for young people to develop and engage in positive community activities	10,750.00

**TOTAL GRANTS £212,496.11**

Including carry forward from previous periods.

**APPENDIX 2 - CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016**

Operating Account

	<b>2016</b>	<b>2015</b>
	<b>Actual</b>	<b>Actual</b>
	<b>£'000s</b>	<b>£'000s</b>
Sale of Tickets	9,803	8,958
Forfeited Prizes	50	81
Contribution to prize fund including forfeited prizes	(6,706)	(6,114)
Agents' Commission	(1,329)	(1,213)
Sales Commission	(532)	(478)
Staff Costs	(47)	(52)
Handling and Storage Charges	(46)	(46)
Grant re: problem gambling	(15)	0
Other expenses	(11)	(12)
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Gross surplus	1,168	1,124
Chief Pleas of Sark – share of surplus	(3)	(4)
States of Alderney – share of surplus	(3)	(2)
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Net surplus transferred to Appropriation Account	<b>1,162</b>	<b>1,118</b>
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### Appropriation Account

		<b>2016</b>	<b>2015</b>
		<b>Actual</b>	<b>Actual</b>
		<b>£'000s</b>	<b>£'000s</b>
Balance at 1 January		623	447
Net surplus transferred from Operating Account		1,162	1,118
Contribution towards 2015 Liberation Day Celebrations		0	(50)
Donation to Association of Guernsey Charities		(213)	(220)
Transfers to Beau Sejour Centre		(651)	(672)
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Balance at 31 December		<b>921</b>	<b>623</b>
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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.