

APPENDIX

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

STATES' TRADING SUPERVISORY BOARD

CHANNEL ISLANDS LOTTERY – 2017 REPORT AND ACCOUNTS

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

18 September, 2018

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 2017. 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 2017, 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 2017, 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. Reference to the 2017 distributions is made in appendix 2 to this report.
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
	£000's	£000's	£000's	£000's
2017	9,648	7,949	1,078	1,954
2016	8,603	5,837	1,200	2,122
2015	7,726	4,518	1,231	2,198
2014	6,789	3,423	1,226	2,260
2013	4,199	2,014	1,177	1,785
2012	2,815	1,934	815	1,307
2011	891	795	927	1,363
2010	640	796	880	1,420
2009	686	864	760	1,240
2008	756	956	598	1,100
2007	822	1,144	600	900

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 2017 for the seventh consecutive year;

3. A significant growth in scratch card sales revenue in Jersey between 2011 and 2017;
4. A marked shift in the scratch card revenue ratio between Guernsey and Jersey, from 42:58 in 2007 to 55:45 in 2017 (2016: 60:40);
5. The consistent pattern of Jersey outselling Guernsey for the Christmas Draw, with a ratio of 36:64 in Jersey's favour in 2017 (2016: 36:64).

4.3 Scratch Cards

Ticket revenue in the period 2012-17 was as follows:-

	2017	2016	2015	2014	2013	2012
	£	£	£	£	£	£
Guernsey	9,647,650	8,603,100	7,726,400	6,788,500	4,198,800	2,815,100
Jersey	7,949,000	5,836,700	4,518,350	3,422,700	2,013,950	1,933,900
Total Sales	17,596,650	14,439,800	12,244,750	10,211,200	6,212,750	4,749,000

In 2017, revenue from the sale of scratch cards increased by £3,156,850, 22% across the Channel Islands. Guernsey Bailiwick sales increased by £1,044,550, 12%. Jersey sales growth in 2017 was £2,112,300, 36%.

The following table shows a comparison of Guernsey scratch card sale volumes across the different price points between 2016 and 2017.

PRICE POINT	2017	2016	Increase/(Decrease)
	Qty	Qty	Qty
£2	1,029,450	987,300	42,150
£5	1,063,750	932,450	131,300
£10	227,000	196,625	30,375
Totals	2,320,200	2,116,375	203,825

The following table shows a comparison of Guernsey scratch card sale value across the different price points between 2016 and 2017.

PRICE POINT	2017	2016	Increase/(Decrease)
	£	£	£
£2	2,058,900	1,974,600	84,300
£5	5,318,750	4,662,250	656,500
£10	2,270,000	1,966,250	303,750
Totals	9,647,650	8,603,100	1,044,550

4.4 Christmas Draw

	2017	2016	2015	2014	2013	2012
	£	£	£	£	£	£
Guernsey	1,077,500	1,200,000	1,231,700	1,225,900	1,177,000	815,000
Jersey	1,954,000	2,122,200	2,198,500	2,260,000	1,785,200	1,307,000
Total Sales	3,031,500	3,322,200	3,430,200	3,485,900	2,962,200	2,122,000

In 2017 total Christmas Draw sales revenue, compared with 2016, across the Channel Islands fell by £290,700, (9%), with a decrease in Guernsey sales of £122,500 (10%), and a £168,200, (8%) reduction in Jersey. Overall Christmas Draw growth in the period 2012-2017 was £909,500 (43%), Jersey growth being £647,000 (50%) and Guernsey £262,500 (32%).

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 £117,771 (2016: £50,270).

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 2017 Christmas Draw amounted to £190,077 (2016: £212,678), the reduction of £22,601 (11%) on the 2016 figure being a reflection of the reduced sales.

	2017	2016
	£	£
Forfeited prizes for the year (Guernsey portion)	27,515	27,768
Christmas Draw proceeds (exc. Forfeited prizes)	162,562	184,910
TOTALS	190,077	212,678

With the Department's agreement the Association of Guernsey Charities has distributed the funds as detailed in appendix 1.

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.

In January 2018, the States' Trading Supervisory Board resolved to make a £15,000 payment on an annual basis from Lottery proceeds to the Committee *for* Home Affairs for distribution to the benefit of supporting individuals experiencing gambling problems.

From the 2017 Proceeds the States Trading Supervisory Board has paid £15,000 in 2018 for this purpose. The Committee *for* Home Affairs has advised that £5,000 has been utilised in a local charity set up for the purpose of supporting individuals experiencing gambling problems and that the balance of funds are held in reserve. The Committee *for* Home Affairs anticipates further in-year distributions to gambling support organisations.

8 Table of Net Lottery Proceeds to Guernsey Since 2007

Year	Proceeds (£000's)
2017	1,321
2016	1,162
2015	1,118
2014	1,075
2013	751
2012	592
2011	362
2010	313
2009	293
2008	278
2007	285

9 Channel Islands Lottery (Guernsey) Fund Accounts for the Year Ended 31 December 2017

- 9.1 The accounts for the Channel Islands Lottery (Guernsey) Fund for 2017 are included below. These reveal that the promotion of the Lottery in the Bailiwick

of Guernsey produced proceeds of £1,327,742 in 2017 (2016: £1,168,067) (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:-

	2017	2016
	Actual	Actual
	£'000s	£'000s
States of Guernsey	1,321	1,162
States of Alderney	3	3
Chief Pleas - Sark	4	3
Totals	1,328	1,168

9.2 Operating Account

	2017	2016
	Actual	Actual
	£'000s	£'000s
Sale of Tickets	10,725	9,803
Forfeited Prizes	118	50
Contribution to prize fund inc. forfeited prizes	(7,357)	(6,706)
Agents' Commission	(1,452)	(1,329)
Sales Commission	(584)	(532)
Staff Costs	(47)	(47)
Handling and Storage Charges	(46)	(46)
Grant re: problem gambling	(15)	(15)
Other expenses	(14)	(11)
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Gross surplus	1,328	1,168
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Chief Pleas of Sark – share of surplus	(3)	(3)
States of Alderney – share of surplus	(3)	(3)
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Net surplus transferred to Appropriation Account	1,321	1,162

9.3 Appropriation Account

	2017	2016
	Actual	Actual
	£'000s	£'000s
Balance at 1 January	921	623
Net surplus transferred from Operating Account	1,321	1,162
2017 Contribution towards 2021 Island Games	(100)	0
Donation to Association of Guernsey Charities	(190)	(213)
Transfers to Beau Sejour Centre	(493)	(651)
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Balance at 31 December	1,459	921
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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.

5. In accordance with States resolution concerning Billet d'Etat No XVII and the Memorandum of Agreement between the States of Guernsey (acting through the Committee *for* Education, Sport & Culture) and 2021 Games LBG (the Company responsible for organising the 2021 Island Games) concerning financial support with staged payments from June 2017 to March 2021, two stage payments of £50,000 each were made in 2017. As per the States resolution the payment plan presented in the Memorandum of Agreement has been approved by both the Committee *for* Education, Sport & Culture and the Policy & Resources Committee. Approval has been given to fund the 2021 Games LBG up to a maximum of £600,000 from the Lottery Appropriation Account.

Yours faithfully

P T R Ferbrache
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 - 2017 Guernsey Charitable Grant Allocation - The Association of Guernsey Charities			
Charity Name	AGC Member Number	Grant	Purpose
Access for All	446	£700.00	Funding to enable an Access for All representative to visit Alderney to offer guidance, where required, on accessibility.
Access-Ability	348	£3,000.00	Towards a residential trip to Bawdsey Manor Activity Centre for 10 CoFE Access students with learning difficulties/disabilities, and 4 staff.
Alderney Broadcasting Company LBG	441	£750.00	To pay for central heating oil and electricity charges.
Alderney Performing Arts	321	£3,000.00	Towards performer fees, travel costs, venue hire, etc. for Arts Festival.
Alderney Wildlife Trust	434	£4,625.00	50% of cost to purchase and prepare new tender to be used across a variety of the Trust's projects.
Autism Guernsey LBG	373	£9,600.00	Funding for 2018 delivery of Socialeyes Programme to assist and support people with autism.
Drug Concern	153	£4,732.00	Provision of new client management system, including setup and training.
Every Child Our Future LBG	362	£1,500.00	To fund development of new Perinatal Pathway, forming part of 1001 Critical Days agenda.
Friends of Le Murier	178	£23,023.00	Towards site preparation for new cabins in which children will learn independent living.
Grow Limited	052	£10,300.00	Purchase of plants, seeds, compost, and growing equipment. Purchase shipping container to store equipment and materials. Towards secure safe shed to store horticultural chemicals, etc.

Channel Island Christmas Lottery - 2017

Guernsey Charitable Grant Allocation - The Association of Guernsey Charities

Charity Name	AGC Member Number	Grant	Purpose
Guernsey Alcohol Advisory Service LBG	019	£2,000.00	To develop unused rooms into two self-contained flats, compliant to safety regulations.
Guernsey Cardiac Action Group	222	£3,604.00	Purchase, installation, and other costs for a Public Access Defibrillator (PAD).
Guernsey Caring for Ex-Offenders LBG	422	£5,000.00	Assistance to help ex-offenders purchase essential home appliances and furniture.
Guernsey Cheshire Home	035	£20,000.00	Towards essential utility costs for the home, including electricity, gas, water, and petrol.
Guernsey Disability Alliance	306	£3,500.00	Providing workshops and courses to raise awareness and improve attitudes to issues concerning people with disabilities.
Guernsey Lymphoma and Leukaemia Support Group	443	£1,000.00	To provide assistance with travel expenses for families of people with lymphoma or leukaemia.
Guernsey Mencap LBG	018	£3,500.00	To upgrade balcony outdoor space of respite flat to provide stimulating sensory environment for users with a learning disability.
Guernsey Multiple Myeloma Support Group	444	£1,500.00	Towards specialist medical training and guidance to assist diagnosis and care for people with multiple myeloma.
Guernsey Multiple Sclerosis Society	011	£2,500.00	Towards purchase of personal hygiene products for patients.
Guernsey Sailing Trust	117	£2,200.00	Towards purchase of new RS Feva Dinghy.
Guernsey Sports Commission	260	£2,355.45	Purchase of wide range of sports equipment, and portable floodlights, for Street Sports Programme.
Guernsey Voluntary Service LBG	057	£6,500.00	Purchase of specialist electric chair for use in new minibus.

Channel Island Christmas Lottery - 2017

Guernsey Charitable Grant Allocation - The Association of Guernsey Charities

Charity Name	AGC Member Number	Grant	Purpose
Guernsey Welfare Service	020	£15,000.00	Provision of basic essentials and assistance to people facing difficulty, and towards GWS community programmes.
Health Information Guernsey	216	£3,000.00	Towards running costs of the Voluntary Car Service.
Helping Wings Guernsey	376	£2,000.00	To fund various costs to provide a flying day for disabled and disadvantaged young people of the Bailiwick.
King George V Memorial Playing Fields Trust	089	£7,000.00	Towards cost of new disabled access lavatory at KGV clubhouse.
Le Grand Courtil Community Association	425	£2,300.00	Funding for Arts and Crafts sessions and materials for people living at Le Grand Courtil extra-care housing.
Les Bourg's Hospice	141	£8,454.00	Replacement of IT Systems and workstations.
Lihou Charitable Trust	265	£14,500.00	Purchase of replacement tractor for Lihou Island.
Offenders' Deposit Assistance Scheme (ODAS)	421	£5,000.00	To assist with rental payments for ex-offenders moving back into the community.
St. Peter Port Christmas Lights	395	£3,170.00	To replace the wire infrastructure for the canopy of Christmas lighting over Church Square.
Styx Centre LBG	130	£1,420.00	Repainting of outdoor play equipment at Styx Centre.
Town Centre Partnership	234	£2,500.00	Towards costs of 2018 season of Sunday afternoon concerts in Candie Garden (21 concerts).
Victim Support and Witness Service	211	£5,000.00	Salary cost to cover Deputy Manager through service transitional period.
Wigwam Support LBG	288	£5,500.00	To cover cost of several events throughout 2018.
Youth Commission for Guernsey and Alderney	368	£7,730.99	Redecoration and refurbishment of rooms at the Youth Club at Les Ozouets Campus.

Total Grants £197,464.44

2017 Christmas Lottery Proceeds £190,077.48

(The additional £7,386.96 distributed is from previous unused grants and AGC funds)