

## **National Lottery**

### **Problem**

#### **Government has raided lottery good causes.**

Since 1998 the Labour Government has diverted £3.8bn away from the National Lottery good causes of the arts, heritage, sport and charities into areas of Government responsibility. This has meant that arts funding from the lottery has reduced by £323m, sport funding by £244m, heritage funding by £230m and charitable funding by £230m.

### **Solution**

#### **Return the Lottery to the original good causes.**

A Conservative Government will return the National Lottery to the original four good causes of the arts, sport, heritage and charities. We will reallocate the lottery funding which the Big Lottery Fund allocates to areas of government responsibility to the original four good causes. This will mean that the arts, heritage, sport and charities could each receive a greater share of lottery funding.

The Big Lottery Fund will also be reformed and renamed the Voluntary Action Lottery Fund. It will only fund projects in the voluntary and community sectors.

### **Problem**

#### **Ministers have politicised the National Lottery.**

Labour Ministers have time and again used the National Lottery to fund Government initiatives such as the healthy eating programme announced shortly before the 2005 General Election. The National Lottery has become politicised. Labour constituencies receive more funding than Conservative areas and Ministers have used Lottery funding for their own pet projects. This has devalued the independence of the Lottery which was established to fund projects that would not normally receive government funding.

### **Solution**

#### **Re-establish the independence of the National Lottery boards.**

A Conservative Government would ensure that the National Lottery was free from political interference. We would make the National Lottery Commission and the distribution bodies accountable to Parliament not Ministers. We would also prohibit Ministers from commenting on specific Lottery applications.

### **Problem**

#### **Lottery distributors do not maximise expenditure on good causes.**

In 2006/07 the National Lottery distributors spent £162m on administration costs. This was 14.4% of the £1.4bn given to the good causes. The Heritage Lottery Fund was the most efficient operating at 9% administration costs. However, all distributors compared unfavourably to the charitable sector.

### **Solution**

#### **Efficiency savings.**

A Conservative Government would work with Lottery distributors to cap administration costs. As a start, costs should be reduced to 9% of funds allocated, a level currently achieved by the Heritage Lottery Fund. Each Lottery distributor would then be able to reallocate their own efficiency savings into their own sector. This would further increase the amount of money directly going to the good causes.

**Problem**

**The operator cannot stimulate sales to maximise returns to good causes.**

With the lowest operating costs in Europe and retailer commission and Lottery Duty as fixed percentages, any increase to the overall prize payout to make lottery products more competitive and stimulate sales would divert money from Good Causes. As such the operator cannot stimulate as much growth in sales as they would like.

**Solution**

**Move to a gross profits taxation regime.**

By moving to a Gross Profit Taxation regime the operator would be able to increase prize payouts on selected lottery products and thereby stimulate sales growth. They argue that they would be able to protect and ultimately enhance absolute returns to the Exchequer and the Good Causes. We would consider this subject to guarantees made by the operator about income to the Treasury.