

Lead topic: The National Lottery Fund	Sub-topic: New Licence Arrangement	Contact: Margot Dunne Ext: 5523
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FAST FACTS

- **In view of the economic challenges prevailing, the Government decided in November 2011 to explore the opportunities presented by the expiry of the National Lottery licence.**
- **The Government agreed, in April 2012, that there would be a competitive process for the award of the next licence and that this would include a move away from issuing a 10 year operating licence towards a longer-term lease arrangement.**
- **The key drivers were to yield upfront revenues for the State and to strengthen annual revenues for Good Causes.**
- **The Minister for Public Expenditure and Reform announced on 27 February 2014 that he had granted the next licence to operate the National Lottery to Premier Lotteries Ireland.**
- **Premier Lotteries took over the operation of the National Lottery on 30 November 2014.**

Q&A'S

- **What profit does the operator make from the Lottery?**
The moneys which remain after payment of prizes, funding for good causes, payment of retailers' commission and payment of an annual levy to the Regulator are available to the operator to meet its operating costs and provide its profit.
- **What happens the money from ticket sales?**
Under the 2013 Act, at least 50% of the total moneys received by the operator from the sale of lottery tickets must be used for prizes. This is an increase in the 40% minimum level of prizes which was required under the 1986 Act.
- **What money goes to Good Causes?**
Under the terms of the licence, 65% of the Gross Gaming Revenue (net sales minus prizes) must be made available for Good Causes.
- **What are the Retailers paid by the Operator?**
The operator must pay a commission to retailers for their sale of lottery tickets. The rate of commission is 6%, apart from one game – the “5-4-3-2-1” game – for which commission rate is 5%.

- **How has the licence fee been spent?**

A total of €196m was provided in the Estimates in 2014 for projects which are being funded/part-funded from the Licence fee. At end 2014, Departments reported that €158m of this had been spent. A further €25m was included in the Estimates for 2015. The balance will be provided as required over the next three years. The licence fee will also provide €200m towards the Children's Hospital.

- **What about the elements of the fee that remain unspent?**

As the main construction works for the *National Children's Hospital* have not yet commenced, the funds will not be required until 2016 at the earliest.

A total of €10m in Exchequer funding was provided towards the *Cork Event Centre* in 2014; however, procurement took longer than expected and so no expenditure occurred in that year. The Department of Arts, Heritage and the Gaeltacht expects to spend €1m on the project this year, with the balance being spent over the next three years. As this project is being delivered in partnership with the private sector, it is important that the Exchequer contribution is provided towards that latter stages of the project in order to protect the Exchequer.

Set up of the *National Trading Online Voucher Scheme* took longer than expected and so the Department of Communications, Energy and Natural Resources diverted some of the unspent funds for this scheme towards the Better Energy Programme (which also received Lottery Funds).

- **What about the €9m of the licence fee which wasn't allocated to the Children's Hospital or specific "stimulus" projects?**

Of the €405m received for the Lottery licence, €200m was allocated to the new Children's Hospital and €196m was allocated to a number of projects and programmes under the Government's stimulus plan. The remaining €9m formed part of general Exchequer resources held in the central fund and was used to meet normal expenditure commitments.

- **What level of profit did PLI earn in 2014?**

2014 was the first year of trading by PLI. Due mostly to costs associated with the transition period, the company had an operating loss of €5.4m in 2014.

- **Is the Department concerned at the level of technical issues and "outages" under the new Operator?**

It is a matter for the new Regulator to monitor and enforce compliance by the Lottery operator with the terms of the National Lottery Act and the Licence under which it is operated. While a number of outages did occur in the early stages of operations under PLI, we understand that reports have been received by the Regulator from the operator in relation to each of the outages. These Reports were reviewed by the Regulator's ICT Audit experts and the Office is engaging with the operator in relation to the findings. The Reports confirm that measures have been taken to address the issues that gave rise to the outages.

- **Will the Department be publishing the details of the Licence?**

The Lottery Act provides for the publication of the details of the licence by the Lottery Regulator. In deciding what to publish, the Regulator must take into account the commercial sensitivity of any material contained in the licence. I understand that this matter is currently under review by the Regulator and that the Information Commissioner is also examining the issue.

- **What happens to unclaimed prizes?**

Under the terms of the Licence, Expired Unclaimed Prizes, that is prizes which are not claimed within the timeframe and in the manner specified in the relevant Lottery Game rules, are returned to the operator and must be used solely for the promotion of the National Lottery and/or Lottery Games. This includes funding of special draws and additional or top-up prizes, incremental marketing or advertising of the Lottery or other such activities to promote the Lottery as agreed with the regulator.