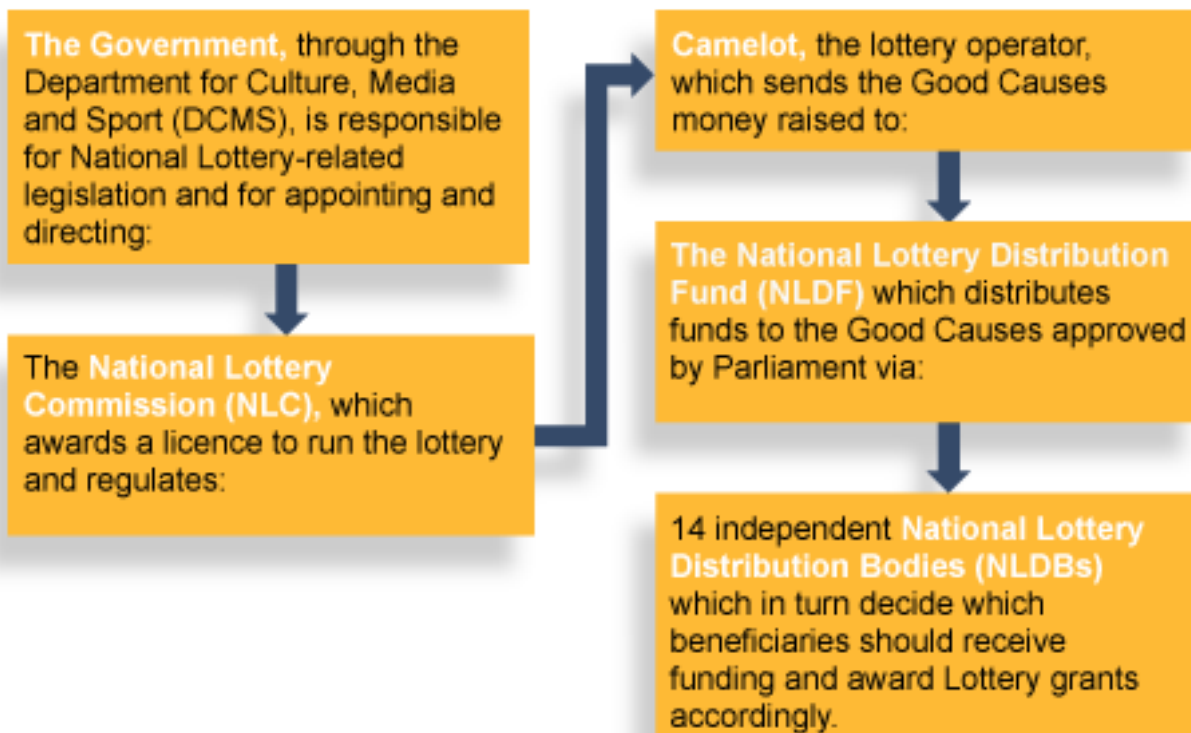


Camelot and The National Lottery

The National Lottery was established by an Act of Parliament which laid down how the lottery would work. We operate within this framework.

The Government exercises its overall responsibility through the Department for Culture, Media and Sport (DCMS). DCMS appoints the National Lottery Commission, which is our regulator and awards the licence to run the lottery.

DCMS is also responsible for the National Lottery Distribution Fund which receives the money from lottery ticket sales from Camelot and passes them to the Good Causes. Individual grants are actually decided by 14 National Lottery Distribution Bodies. They are independent of Government but have to follow guidelines laid down by DCMS.



Our licence

We won our first seven-year licence to run The National Lottery in 1994, and the first tickets went on sale in November 1994. A second seven-year licence came into force in January 2002.

Our licence sets out three principal objectives:

- to ensure that the lottery is operated with all due propriety
- to ensure that the interests of participants are protected
- to maximise returns to Good Causes subject to the first two objectives.

Camelot is required to meet many licence conditions and we have consistently met or exceeded stringent performance standards.

Where the money goes

The licence stipulates that, over the seven year licence period, lottery revenues are divided like this:

Breakdown of lottery £ Second licence period



- 50% is paid to players in prizes
- 28% is returned to the Good Causes
- 12% goes to the Government in Lottery Duty
- 5% is paid to National Lottery retailers, as well as a 1% commission on prizes which they pay to winners (for prizes between £10 and £200)
- 4.5% covers operating costs, including lottery systems and marketing
- 0.5% is our profit

This means that for every pound of profit we make, retailers make £10, the Government gets £24, the Good Causes £56 and players £100. This makes our 5% share (including profits) the lowest of any major lottery in the world, and returns to society (40%) are a higher proportion of lottery revenue than any other major lottery in Europe. The closest to this figure are the lotteries in Spain and Ireland, which return 33% of revenues to society.

The law specifies eight areas where Good Causes money can go, and the proportion of the distribution fund to be allocated to each of them: health, education, environment, arts, sport, heritage, charities (and millennium projects until 2001). For more information see www.lotterygoodcauses.org.uk. In 2004/05 the lottery paid £1,249 billion to Good Causes (averaging £24 million a week). This brings the total raised since the lottery began to more than £17 billion, benefiting over 190,000 individual projects.

The National Lottery has a greater reach than any other consumer product in the UK - 95% of the population recognises the crossed fingers logo and almost 70% of adults play one of our games regularly. If each of the existing National Lottery brands were ranked by sales against other fast-moving consumer goods, Lotto, Scratchcards, Thunderball and Lotto HotPicks would be in the top four places ahead of brands such as Coca-Cola and Mars bars.

The impact of the lottery has been assessed by the Henley Centre in its report: *Has The National Lottery helped the UK?* It examined 10 years' experience and concluded that most of the misgivings when the lottery was launched had been unfounded. On the contrary, the analysis found that "lottery funding has created significant economic and social benefits across the localities of the UK."

Specifically, the Henley study found that:

- Charitable giving by individuals had not been affected, meaning that charities had received at least £3bn more than they otherwise would have done over the 10 years
- Participation in the lottery and the impacts of Good Causes are spread across the population, rather than taking disproportionate money from the poor and providing benefits unduly to the better off
- There is little evidence that the lottery has added to the extent of gambling problems
- Lottery funding has been a significant catalyst for investment in regeneration, accelerating the pace and increasing the scale of it
- The lottery has stimulated social and cultural innovation which is not generally possible within the public sector model.

Our place in the gaming industry

The National Lottery stands out from other forms of gaming in that we have many players but their stakes are very small. Two-thirds of adults regularly play lottery games, but their average weekly spend is £2.80. Our sales of £4.8 billion means that we have a roughly 9% share of the UK gaming market, compared to 60% for bookmakers and 20% spent on gaming machines.

Players are also aware that their purchase of a lottery ticket or scratchcard directly benefits Good Causes. Unlike any other form of gaming in the UK, The National Lottery returns 40% of its revenues to society via Good Causes (28%) and the Government (12%).

National Lottery games are low-risk compared to 'harder' forms of gambling. See [Responsible gaming](#).