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THE NATIONAL LOTTERY - TEN YEARS ON

Brian Harvey

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**Policy Research Centre
National College of Industrial Relations
Sandford road
Ranelagh
Dublin 6**

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Executive summary

This is the first detailed examination of the process whereby the national lottery is allocated in Ireland. This report examines the purpose of the lottery when it was enacted in 1986; where lottery funding is allocated; the allocation process; and the degree to which lottery money is additional to or has instead replaced areas of mainstream, government, exchequer spending. Projects funded by the national lottery were worth £84m in 1995, distributed principally to government and non-governmental services in the areas of education, health, welfare, culture and the arts. A particular focus of the report is the role which the lottery plays for voluntary and community organizations.

The principal findings are as follows:

- Contrary to the commitments given in 1986 that the lottery would not be used for general governmental purposes, lottery funding was used for general governmental purposes immediately;
- The government grossly underestimated the revenue which would be raised by the lottery by the order of 1,079%;
- Contrary to commitments given in 1986 that the lottery would provide entirely additional resources, the level of additionality is only between 7% and 11%;
- Contrary to commitments given in 1986 that voluntary and community organizations would be the beneficiaries of the lottery, in practice 63% of the lottery money is spent instead by government departments, semi-State bodies, or local authorities as part of their statutory responsibilities;
- In allocating lottery money, the government has used a very wide interpretation of the categories of the National Lottery Act to instead fund educational and scientific projects which go beyond the scope of the original intentions of the lottery;
- Contrary to commitments given in 1986 that the lottery would be transparent, the general operation of the lottery lacks transparency. Although there are individual examples of government departments and State agencies which operate lottery funds in a visible manner, the operation in some departments and health boards remains confused and opaque. Information about how some allocations are made is classified;
- Two sets of recommendations, one by the Joint Oireachtas Committee on Commercial State-sponsored bodies, the other by the Committee on Public Accounts, which would have improved the transparency of the lottery, have been substantially ignored;
- Whereas in the UK the organization responsible for allocating lottery money consulted with voluntary organizations *before* the lottery was established, no such consultation has taken place in Ireland, almost ten years *after* the lottery was established.

Although individual members of the Oireachtas have expressed concern and frustration about the operation of the lottery, the overall governmental view about its operation is self-satisfied. The current operation of the lottery does not fit in comfortably with modern concepts and expectations about open government, visibility, transparency, or accountability. The current operation of the lottery brings a new sense of urgency to the long-promised Freedom of Information Bill and the government's review committee on the lottery.

Terms of reference

Almost ten years after it was established, the national lottery has become an important feature of Irish life, generating sales of almost £300m a year. Despite the financial success of the lottery, it has also become the focus of public concern. The lottery has been criticized for the size of its prize fund and for undermining the fund-raising efforts of existing charities. There have been complaints that poor people disproportionately play the lottery; that it operates without sufficient public control; that there are no set criteria or procedures for its allocation; that it lacks transparency; and that it has become, in effect, a political fund, allocated according to the preferences of government ministers.

Most public attention has focused on the first three of these concerns (prize funds, who plays the lottery, effects on charities). This research does not intend to cover this ground again. There has been much less discussion of whether the lottery has achieved its original aims; if it has provided genuinely additional funds for good causes; how the lottery funds operate and in what way they are allocated; who are its beneficiaries; how it fits in with other forms of government spending and public administration; or its general effects on the voluntary sector in Ireland as a whole. Although voluntary and community organizations have benefited from the lottery, many such organizations are quite unclear as to how the lottery operates. This research proposes to address these concerns. Considering that the lottery has been in operation for almost ten years now, an understanding of its broad effects on the voluntary and community sectors is timely. The research coincides with the introduction of a national lottery in Northern Ireland and Britain.

The broad purpose of the research is to:

- identify the purpose of the lottery when it was enacted in 1986 (chapter 1);
- to identify the broad areas where lottery funding is allocated (chapter 2);
- to ascertain *how* lottery funds are allocated; and to establish a profile of the application and disbursement process (chapter 3);
- to explore the manner and extent to which lottery funding has replaced mainstream government funding ('displacement') and how it has provided genuine additional funding for good causes ('additionality') (chapter 4); and
- to discuss issues of public policy which may arise (chapter 5). In particular, it should be possible to come to some preliminary conclusions concerning the broad effect of the lottery on the voluntary sector in Ireland.

Methodology

The research was carried out in the spring of 1995. Information was requested from government departments, health boards, vocational education committees and other relevant bodies and agencies either in receipt of national lottery funds or knowledgeable about the operation of the national lottery. The writer consulted the principal governmental documentation available, principally the reports of the Comptroller and Auditor-General, the public records and reports of the Committee of Public Accounts, the appropriation accounts and the public service estimates.

A limited survey of voluntary and community organizations which obtained lottery money in 1994 was also carried out in order to ascertain their experience of the lottery and in order to confirm information about the operation of the national lottery funds at local level.

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1 The purpose of the lottery

Introduction of the lottery

The lottery is now a well established feature of Irish life. At this stage, it is important to examine the intentions of the government when it introduced the lottery ten years ago. This may shed light on the way in which it currently operates.

Rationale for the lottery

The genesis of the lottery may be traced to 1979 when the Minister of State at the Department of Education, Jim Tunney, first floated the idea of a sports lottery. In 1982, Máire Geoghegan-Quinn, Minister of State at the Department of Education, sent a memorandum to the Taoiseach, Charles Haughey, formally proposing a national lottery for sport. The Taoiseach sent it immediately to the Departments of Finance and Justice for examination as to its feasibility.

An Irish national lottery was first formally proposed in the government's national plan *Building on reality*, published in October 1984, where section 5.32 stated:

The government is anxious that, despite the difficult financial situation, additional funding should be provided for sport. The government has decided that a national lottery should be established, part of the proceeds of which will be allocated to the promotion of sport. The success of lotteries in other countries indicates that substantial amounts could be raised from a national lottery here.

Although the lottery was originally planned to be only for sport, the Minister for State with responsibility for the arts under the subsequent Fine Gael/Labour coalition government, Ted Nealon, managed to get the arts included in the terms of reference of the lottery as the plans for a lottery took shape. In 1985, Government Information Services (GIS) announced that the beneficiaries of the lottery would be sport and recreation; arts and culture, including the Irish language; and 'the health of the community'.

The National Lottery Bill, 1986 was passed by the Dáil and Seanad in July 1986. When signed by the President, it became the National Lottery Act, 1986. The National Lottery Act, section 5, specified that the proceeds of the lottery be applied:

in such amounts as the government may determine for the purposes of sport and recreation, national culture including the Irish language, the arts and the health of the community and for such other purposes as the government may determine from time to time.

Oireachtas debate

Introducing the National Lottery Bill, the Minister of State at the Department of the Public Service¹ Jim O'Keefe expressed the view that lotteries were a 'widespread and advantageous phenomenon'. They already existed in 80 countries. He said he was conscious that public trust and confidence were of 'crucial importance' in the operation of State lotteries (Dáil Éireann, Debates, 25 June 1986, 1208). The subsequent discussion had an important bearing on some the key problems to emerge with the national lottery ten years later and for that reason is quoted in some detail.

¹ The Department of the Public Service, set up in 1973, ceased to be a separate department in 1987 when it was absorbed into the Department of Finance.

Concerns expressed in the Dáil

Fianna Fáil opposed the Bill. Michael O'Kennedy led the Fianna Fáil case and stated that 'we are opposed to it because the Bill gives the government power to subsume into the exchequer for such purposes as the government may determine from time to time the proceeds of the lottery. We are not prepared to accept that' (Dáil Éireann, Debates, 25 June 1986, 1217). A similar view was expressed by Mary O'Rourke (FF):

The Bill does not propose the establishment of national lottery to fund sport. It represents a tax-gathering exercise on behalf of the government. Into the greedy coffers and the avaricious jaws of the government's tax purse will go the punts and shillings of the ordinary punter (Dáil Éireann, Debates, 25 June 1986, 1238).

Likewise, Liam Skelly (FG) warned that the lottery would be widely dispersed: 'It is very silly to push the money into the estimates where it will be swallowed up and will not have any great effect (Dáil Éireann, Debates, 25 June 1986, 1276), he said. A number of deputies expressed concern about the process planned for the allocation of money collected under the national lottery. Paddy Power (FF) was one of them:

We know what will go in but we do not know what will come out, where the money will go to, or to whom it will be given and that is vitally important. How much and the money to be given is very much at the discretion of the minister.

Only two deputies proposed that the matter be taken outside the hands of government departments. These were Terry Leyden (FF) and Liam Cosgrave (FG):

Our main criticism is that we have been kept in ignorance as to how the proceeds will be allocated. The fund should be administered on a non-political basis by a non-political group including representatives of sporting and national organizations. Any local community could apply in an open manner for support and the application would not be dealt with in a partizan manner (Terry Leyden, Dáil Éireann, Debates, 1 July 1986, 1781-6)

I would prefer if the distribution were done by a different body that would deal with applications for assistance. That body should consist of representatives from different sports and the arts. The distribution of the funds should be done by an independent group and I hope that the lottery will not be used as a top-up by the departments of Education and Finance (Liam Cosgrave, Dáil Éireann, Debates, 1 July 1986, 1789).

Assurances given in the Dáil

On the government side, the Bill was commended for its flexible approach. Seán Barrett (FG):
It would be rather unwise at this stage to be quite categoric about what percentage goes into what (Dáil Éireann, Debates, 25 June 1986, 1386).

Some government speakers were dismissive about such concerns, arguing they could be dealt with later. Ted Nealon:

Our primary aim is to get the lottery off the ground and ensure a popular response to it (Dáil Éireann, Debates, 25 June 1986, 1369).

The Minister of State was very clear that lottery money would not be swallowed up and would add to national spending (this would now be termed 'additionality'):

I can assure the house that there is no intention to use lottery funds for general government purposes. The entire proceeds of the lottery will be accounted for in a completely visible manner (Dáil Éireann, Debates, 1 July 1986, 1857, 1861).

On the committee stage, the minister was challenged on the section which permitted the government to allocate money to 'other purposes' as the government might from time to time determine. The minister:

I feel it is necessary still to reserve the power to the minister to add in due course other purposes as the government may determine from time to time (Dáil Éireann, Debates, 2 July 1986, 2069).
A worthy cause may be presented to the minister who would not like to have his hands tied in regard to the granting of funds to it (ibid, 1084).

Michael O'Kennedy described this power as 'too broad' and proposed an amendment whereby half the lottery go to sports and the other half to the government's categories, including 'charitable, voluntary and philanthropic purposes'. Michael O'Kennedy also proposed that a

representative of voluntary organizations be appointed to the board of the national lottery company. The minister told him the amendment was not appropriate - indeed it was unsuitable because the board would not be deciding where lottery money went in any case: 'that will be decided by the government' (Dáil Éireann, Debates, 2 July 1986, 2156). To obtain money, voluntary organizations seeking lottery money would be expected to 'state their case' to the appropriate government department. He went on to assure the Dáil that the lottery would be visible:

It is intended that specific allocations to bodies in [the listed] areas will be decided on by the government and made available through the normal estimates process in separately identifiable sub-heads (Dáil Éireann, Debates, 25 June 1986, 1210).

Finally, on the expected earnings of the lottery, Ted Nealon told the house he expected lottery income to be £10m in the first year and £27m at maturity. In the senate, the minister gave a figure of £40m. Several deputies predicted an income in the order of £8m.

Concerns expressed in the Seanad

Many of these arguments were covered a second time in the course of the Seanad debate which took place immediately thereafter. The question of allocations was raised by two government members:

Jimmy Deenihan: I could see that sometime in the future the government could decide in any area where pressure groups put a sufficient amount of pressure on for funding...I am in total disagreement with the powers it gives the minister in respect of the disposal of [funds].

Brendan Howlin: There is a genuine fear that governments would be tempted to dissipate the revenue that is gained from the national lottery (Seanad Éireann, Debates, 3 July 1986, 1806, 1826).

Mick Lanigan (FF) described the allocation to government departments as 'very dangerous' and argued it would in effect become a form of general taxation, like the road tax which was supposed only to go into the building of roads. The minister should be more specific about how the money was to be disbursed' (Seanad Éireann, Debates, 3 July 1986, 1854). Mary Robinson (Ind) criticized the requirement that if the government used the lottery for 'other purposes' a notice would be placed in *Iris Oifigiúil*:

How many of us read *Iris Oifigiúil* every week, how many of us would even know if it was even published in *Iris Oifigiúil*?

The house is entitled to know how it [the lottery] is to be allocated, not in accordance with some assurance from the minister but in accordance with the text of the Bill we are passing through the house. It is not clear from the text of the section. It is puzzling that it cannot be made clear (Seanad Éireann, Debates 8 July 1986, 2037).

Brendan Howlin:

There is a general statement on the recipients and it is up to God knows who at that stage to actually decide percentages and within each category who gets the goodies. Legislation like this should be far tighter and we expect far tighter provision (Seanad Éireann, Debates, 8 July 1986, 2039).

This sparked off the following exchange as to how the allocations process would operate, which is summarized as follows:

The minister: Voluntary organizations will apply to the appropriate government department. All such requests would be evaluated against the estimates of the lottery's proceeds in a particular year. Then the appropriate provision would be made in the relevant estimates and the votes concerned (Seanad Éireann, Debates, 8 July 1986, 2040).

Mick Lanigan: how will you be able to separate the two?

The minister: One can read the estimates volume and track them down (ibid, 2045).

Mick Lanigan: The Minister for the Department of the Public Service will be subjected to extreme pressure by every other minister in the disbursement of funds. If they feel there is a shortfall in their allocation for something which seems to be of a beneficial nature to any sector of the community, they will put pressure on the minister in charge of the central fund to use it for whatever purpose they decide (ibid, 2048).

Assurances given in the Seanad

The minister gave assurances that the idea behind the 'other purposes' section was to help charities who might be adversely affected by the national lottery; or for other possible beneficial community purposes which might arise:

A charitable body doing outstanding work and needing funds in a particular year for some special projects which it hoped to fund from its own periodical lottery might be considered worthy of special support (Seanad Éireann, Debates, 3 July 1986, 2030).

On the question of additionality, he was very clear:

There is no intention to use lottery funds for general government purposes (Seanad Éireann, Debates, 3 July 1986, 1856); earlier:

There need be no fears among Senators that lottery funds will be absorbed into general public expenditure purposes (Seanad Éireann, Debates, 3 July 1986, 1785).

There is no question of using that power for the purposes of as it were hijacking proceeds from the lottery into general government expenditure (Seanad Éireann, Debates, 3 July 1986, 2031).

Conclusions

Very few members of the Oireachtas opposed the concept of the national lottery in principle, though there was a small number (e.g. Liam Skelly in the Dáil, Brendan Ryan in the Senate). However, many members, not just on the opposition side but quite trenchantly on the government side, expressed considerable unease about the process whereby the lottery would be distributed and the mechanisms whereby the amounts would be allocated. The minister's rebuttal of Mick Lanigan, telling him he would have to 'track the amounts down', demonstrate that even at this stage no separate process of accounting for the lottery was envisaged. However, the minister was absolutely clear that all lottery money would be additional to whatever the government was already spending.

To sum up, the following decisions and commitments were given by the government:

- The government would decide on allocations;
- Allocations would be clearly shown as part of the annual estimates;
- Lottery funding would not be used for general governmental purposes;
- The lottery would be accounted for in a completely visible and transparent way; and
- Voluntary organizations would be able to apply to individual government departments.

The focus of who would benefit from the lottery was entirely on voluntary organizations and good causes. Certainly if the government had any other intention in mind as to where it would spend the lottery, the minister made no effort to disabuse members of this perception.

The following fears were expressed by members of the Oireachtas:

- The accounting of lottery allocations would not be distinguishable from government spending;
- The lottery would be so widely dispersed as to have little effect;
- It would be difficult, if not impossible, to track where lottery money went and its final destination;
- Too much was open to ministerial discretion; and
- The government would come under pressure to allocate to particular pressure groups.

To what degree the fears of members of the Oireachtas were justified will be seen. Chapter 5 assesses the degree to which the commitments were honoured and the fears were justified.

2 Where lottery funding is allocated

Introduction

The lottery raised substantially more money than anticipated. The estimates cited in the Oireachtas of £27m to £40m proved to be a gross underestimate: if one takes 1994 figures, the lower figure was exceeded by 1,079% and the upper figure by 728%. One can only speculate what form the Oireachtas debate would have taken if more accurate predictions were available at the time. The size of the underestimate may be an indicator of a low level of government planning which went into the lottery over the 1984-6 period.

Table 1: income raised by national lottery, 1987-95

<u>Year</u>	<u>Amount £</u>
1987	102.4m
1988	110.4m
1989	140.4m
1990	168.5m
1991	236.5m
1992	252.3m
1993	271.2m
1994	291.4m
1995	265.4m e

Source: An Post National Lottery Company *Annual reports*; Dáil Éireann, Debates, 11 October 1994, 1068. e = estimated.

About 32% of lottery income is available for distribution. In 1994, for example, the last year for which full figures are available, the following breakdown is evident:

Sales	£291.4m
Prizes	£148.8m
Operating costs	£46.6m
Surplus	£95.9m
Government allocation	£91.6m

Source: Dáil Éireann, Debates, 28 February 1995, 1747

Out of a total national budget of £9.843913bn, the government allocation represents 0.86% of government spending (1995 figures). In any given year, almost all the surplus is given to the government for distribution.

Broad pattern of allocations

Money raised by the national lottery is, under the National Lottery Act, allocated to four broad areas: youth, sport, recreation and amenities; arts, culture and national heritage; the Irish language; and health and welfare. Table 2 gives details of the broad patterns of allocation since the lottery was introduced.

Table 2: broad headings of lottery allocations, 1987-1995

Heading	1987	1988	1989	1990	1991	1992	1993	1994	1995 e
Youth Sport Recreation Amenities	3.889m (37%)	21.036m (48%)	20.539m (44%)	20.18m (36%)	29.209m (33%)	25.481m (25%)	26.603m (30.4%)	30.348m (33%)	
Arts Culture Heritage	3.198m (31%)	12.168m (28%)	13.163m (28%)	18.544m (33%)	22.522m (25%)	22.735m (23%)	19.164m (21.93%)	18.530m (20%)	
Irish	0	2.115m (5%)	4.841m (10%)	5.733m (10%)	5.573m (6%)	6.253m (6%)	6.479m (7.41%)	6.49m (7%)	
Health Welfare	3.358m (32%)	8.063m (19%)	8.341m (18%)	11.72m (21%)	31.999m (36%)	45.68m (46%)	35.122m (40.2%)	36.189m (40%)	
Total	10.445m	43.382m	46.885m	56.178m	89.303m	100.149m	87.368m	£91.557m	£84.93m

Source: For 1987-92, Dáil Éireann, Debates, 11 May 1993, 1083; for 1993, Dáil Éireann, Debates, 11 October 1994, 1067. Slightly different figures and percentages for 1993 are given in the Debates of 24 March 1993, 569, and the Debates of 11 May 1993, 1084. In all cases, the last available figures are used. 1994 figures are from Dáil Éireann, Debates, 18 May 1995, though different figures are given by the National Lottery in its 1994 annual report of £30.434m, £19.079m, £6.49m and £35.629m respectively. e = estimated.

In 1994, Finance Minister Bertie Ahern commented on the changing patterns:

A number of changes have been made to the policy decided by the government in 1988. For example, in 1990, the government decided to direct the money more toward health and education (Dáil Éireann, Debates, 1 Feb 1994, 39).

As may be seen, the percentages allocated to youth, sport, recreation and amenities have fluctuated between 25% and 48% and are now at the lower end of this range. The percentages allocated to arts, culture and heritage have ranged from 21% to 33% and are now at the low end of the range. The Irish language has been the smallest category, but perhaps the most stable in amounts allocated. The proportion allocated to health and welfare has been the main winner in the changing priorities of the lottery.

Specific pattern of allocations

These broad headings are not neatly channelled into individual government departments. Different government departments may receive lottery money under one, two, or three of the four broad categorizations. The following government departments may receive or have received money under these headings:

Table 3: government departments which receive, or have received national lottery funding

National Lottery Act heading	Departments where money under this heading may be allocated
Health & welfare	*Health *Social Welfare *Defence *Education *Foreign Affairs *Environment
Culture, heritage and the arts	*Education *Arts, Culture & Gaeltacht *Foreign Affairs *Agriculture *Finance *Environment *Taoiseach (until 1993) *Transport, Energy and Communications (1990-3) *Tourism & Transport (1987-91) *Tourism, Transport and Communications (1991-3)
Irish language	*Education *Arts, Culture & Gaeltacht *Finance *Department of the Taoiseach (until 1993)
Amenities, youth, sport and recreation	*Education *Environment *Defence *Labour (until 1993)

The following government departments do not spend and have never spent, lottery money:

Department of Justice;
 Department of the Marine;
 Department of Enterprise and Employment; and
 Department of Equality and Law Reform.

The procedure for the allocation of lottery money is as follows. Each autumn, the government presents its estimates of how much money it intends to spend the following year, under 45 'votes'. These are detailed in the *Estimates for public services (abridged version)*. Broadly speaking, these votes coincide with government departments, but some departments have more than one vote (education has four: the department itself, primary, secondary and third level); and some State agencies and operations have their own dedicated vote (e.g. the secret service, ordnance survey), even though all are ultimately the responsibility of a department and an appropriate minister.

The *Estimates for the public services (abridged version)* are republished in more detail in the *Revised estimates for the public services*. The following year, the Comptroller and Auditor General analyzes public spending with a view to verifying that the amounts have been correctly spent and publishes the outcome in the detailed *Appropriation accounts*. The Comptroller and Auditor General does not analyze every line of public spending, but scans different aspects from year to year. Thus the sequence of documents in effect provides intentions to spend (*abridged estimates*); details of money being spent (*revised estimates*); and details of how the money was spent (*appropriation accounts*).

Lottery allocations are now spread over 13 votes and 31 sub-heads (designated A, B, C etc). These are as follows. The figures are for 1995 allocations.

Table 4: lottery allocations by government department, 1995

Vote and sub-head	Category	Amount
Vote 6: Minister for Finance G: Gaeleagras na Seirbhíse Poiblí	Irish	£110,000
Vote 10: Office of Public Works I: Conservation Works	AC&NH	£1,150,000
Vote 25: Environment B4: Communal facilities in voluntary housing schemes F2: Local authority library services F4: Provision, renovation of swimming pools	Health & wel. AC&NH YSR&A	£6,290,000 £750,000 £3,540,000 £2,000,000
Vote 26: Minister for Education B4: International activities B9: Youth and sports B10: recreational facilities B12: Major sports facilities B13: Colleges providing courses in Irish B14: Publications in Irish B15: Instituid Teangeolaíochta Éireann B16: Royal Irish Academy of Music B17: Cultural, scientific, educational organizations	AC&NH YSR&A YSR&A YSR&A Irish Irish Irish AC&NH AC&NH	£28,485,000 £1,065,000 £19,437,000 £700,000 £4,000,000 £550,000 £730,000 £913,000 £1,017,000 £73,000
Vote 27: Primary education F2: Grants and services K2: Special schools for children in care	AC&NH Health & wel.	£1,753,000 £503,000 £1,250,000
Vote 29: Third level education B3: Higher Education Authority G: Dublin Institute for Advanced Studies	AC&NH AC&NH	£3,866,000 £1,026,000 £2,840,000
Vote 36: Defence X: Equitation DD: Irish Red Cross EE: Coiste an Asgard	YSR&A YSR&A Health & wel.	£1,196,000 £345,000 £551,000 £300,000
Vote 38: Foreign affairs G1: Cultural relations with other countries	AC&NH	£220,000
Vote 40: Social Welfare R: Grants for community and voluntary services	Health & wel.	£4,430,000
Vote 41: Health B7: Grants to health agencies J2: building, equipping, furnishing health facilities	Health & wel. Health & wel.	£25,512,000 £19,012,000 £6,500,000
Vote 42: Arts, Culture & Gaeltacht C1: Cultural institutions and agencies D: National Heritage Council J: Bord na Gaeilge K: Iocaoicht le Ciste na Gaeilge	AC&NH AC&NH Irish Irish	£10,467,000 £4,067,000 £1,550,000 £2,250,000 £2,260,000
Vote 43: National Gallery B: Grants for acquisitions & conservation	AC&NH	£245,000
Vote 44B: Arts Council	AC&NH	£1,207,000
		£84,931,000

Source: *Estimates for public services (abridged)*, 1995; Dáil Éireann, Debates, 18 May 1995;
Notes: AC&NH = Arts, Culture and the National Heritage; YSR&A = Arts, Sports, Recreation and Amenities; and Health & wel. = Health and Welfare.

Allocations outside the criteria

Under the National Lottery Act, the government was empowered to make allocations of national lottery funds outside the scope of the four categories above. Any such government decisions must be published in the government's official gazette, *Iris Oifigiúil*. This procedure has been used on six occasions. These were to designate additional categories in the areas of youth (1987), welfare (1987), amenities (1987), the Dublin Millennium (1988), the National Heritage (1989) and Expo (1991) (Source: Dáil Éireann, Debates, 18 May 1995).

These extensions appear to have been made so as to avoid any legal ambiguities about allocations. The one decision which seems to be a substantial departure from this pattern was Expo '92 where Bord Fáilte received funding to promote Ireland at a the European trade fair in Seville, Spain. No formal extensions of the lottery have been made since 1991.

Conclusions

The surplus of the national lottery is distributed according to four broad criteria, which are those laid down in the National Lottery Act; and is distributed across no less than thirty eight government sub-heads in thirteen different votes. This brings up the question, first raised in the Oireachtas in 1986, that the funds should not be so widely dispersed as to lose their intended effect.

3 Allocation process

The annual reports of the An Post Lottery Company, the public service estimates (abridged and revised), information from individual government departments and local authorities and the appropriation accounts record between them give the broad patterns and specific departmental allocations where lottery money is spent. However, to find out the final destination of lottery money and the process whereby it is allocated is a more complex process.

The annual reports of An Post Lottery Company provide an outline of spending under the four broad categories only. The public service estimates give details of the departments to which lottery funds are allocated. The appropriation accounts provide further details of some, but not all, headings, within government departments. This chapter attempts to identify the final destinations of lottery money and the processes of allocation.

Mechanisms used to distribute lottery money

When it set up the lottery, the government took two early, and important decisions. The surplus would not be allocated by the body which collected the money, namely the An Post National Lottery Company; nor indeed by an independent board, as is the case in other countries. It decided that the amounts would be allocated across a range of government departments: their ministers would be responsible for their spending to the Dáil. To ensure the integrity of the lottery's operation, the Department of Finance issued confidential circular 2/86 of 27 August 1986 and Department of Finance *Note for accounting officers* (May 1987) which required accounting officers in each department to satisfy themselves that the accounting system and organizational arrangements of the grantee were adequate to ensure proper administration of the money (these procedures were subsequently reinforced by a further note (Department of Finance note 16/94)).

(i) The role of An Post National Lottery Company

The An Post National Lottery Company insists that it has no role or responsibility in the allocation of lottery money. Giving evidence to the Joint Oireachtas Committee on Commercial State-Sponsored Bodies in 1990, An Post National Lottery Company management was 'quite categorical that it had no role in this area and did not wish to comment on it'. But nearly ten years after the company was set up, there is still a perception by the public and voluntary organizations that the company makes the allocations. The company may not be entirely blameless for this perception, since its publicity draws attention to the value of the community projects funded by the lottery, thereby in the public mind creating at least some link by association.

(ii) Use of suspense accounts

Two financial mechanisms have been in use to distribute lottery money. For the first three years of operation, that is 1987, 1988 and 1989, all the surplus was paid into one account in the Department of Finance which then redistributed the money into what were termed 'suspense accounts' in the different departments which spent lottery money. In the appropriation accounts, the amounts were recorded in a special section after the analysis of each department's vote. The government explained this approach as being a provisional arrangement during a period when the amounts likely to be available were difficult to predict.

(iii) Allocation to departmental sub-heads

In 1989, the government introduced a new system whereby specific headings within departmental budgets were earmarked as being paid by the lottery (rather than the exchequer). These were so identified in the estimates. This process was possible because it was now easier to predict, in broad terms, how much lottery money was likely to be available in any given year.

The allocations process and the purpose of these allocations in each department are now dealt with in turn, under the respective headings in the estimates. Each department is analyzed according to the scale of its spending of national lottery money, commencing with the largest, the Department of Education. Figures are for 1995.

DEPARTMENT OF EDUCATION

The following are the headings for Department of Education spending:

Vote 26: Minister for Education	£28,485,000
B4: International activities	£1,065,000
B5: Youth and sports	£19,437,000
B10: Recreational facilities	£700,000
B12: Major sports facilities	£4,000,000
B13: Colleges providing courses in Irish	£550,000
B14: Publications in Irish	£730,000
B15: Instituid Teangeolaíochta Éireann	£913,000
B16: Royal Irish Academy of Music	£1,017,000
B17: Cultural, scientific and educational organizations	£73,000
Vote 27: Primary education	£1,753,000
F2: Grants and services	£503,000
K2: Special schools for children in care	£1,250,000
Vote 29: Third level education	£3,866,000
B3: Higher Education Authority	£1,026,000
G: Dublin Institute for Advanced Studies	£2,840,000

Each sub-head is now examined in turn.

Vote 26: Minister for Education (£28,485,000)B4: International activities (£1,065,000 in 1995)

'International activities' refers to Ireland's subscription to UNESCO (£417,000 in 1994) and exchanges under bilateral cultural agreements (£553,000 in 1994) including student exchange scholarships. Ireland contributes 0.18% of UNESCO's budget, the level being set by the UNESCO general conference. Concerning bilateral cultural agreements, no details of the individuals, organizations or experts who have benefited have been published either in the Dáil record, the appropriation accounts or the report of the Joint Oireachtas Committee on Commercial State-Sponsored Bodies; and such information does not appear to be otherwise available. The minister has stated that it is not open to voluntary organizations to apply for funding under B4.

B9: Youth and sports (£19,437,000 in 1995)

The youth and sports service was an exchequer-funded budget heading transferred in its entirety to lottery funding over a two-year period, 1987-8. This vote is sub-divided into youth and sport. The youth service grant may be subdivided into the following headings (figures are for 1994, the last full year for which they are available):

Table 5: youth service grant, 1994 (lottery funded)

<u>Heading</u>	<u>Amount</u>
Grants for national youth organizations	£4,767,030
Special projects for disadvantaged youth	£5,767,030
Youth information centres	£525,971
Gaisce - the President's award	£150,000
Léargas, the Youth Exchange Bureau	£115,000
Cooperation North	£23,000
Ireland- UK exchange scheme	£19,000
Ireland - France exchange scheme	£8,500
Other exchanges	£1,000
Local voluntary youth service councils	£55,000
Youth wings of political parties	£28,000
Comhairle le Leas Oige	£553,120
Miscellaneous	£204,779
Ronanstown pilot project	£8,000
Total	£12,012,000

Source: National Youth Council of Ireland

Grants for youth activities

The structure of the youth grant is essentially the same as that which existed prior to the introduction of the national lottery. The grants to national youth organizations benefit over thirty national (and large regional) youth organizations. This scheme of grant-aid has been running for some time, has a standard application form and is considered to have demanding standards of accountability (some criticize them as excessive). The special projects for disadvantaged youth were introduced at the time of the transfer of the youth affairs budget to the lottery. 130 projects were funded and they are required to provide annual reports on their progress. They are subdivided into youth service projects, services for the young homeless, services for young travellers and services for young substance abusers. With four exceptions, these projects are managed by the Vocational Education Committees (VECs), health boards and Udaras na Gaeltachta.

Some protestant youth organizations are funded by the exchequer, not the lottery. These are the YMCA, the YWCA, Presbyterian Youth, the Boy's Brigade, the Girls Friendly Society and the Irish Methodist Youth Department. They refused transfer to lottery funding, eschewing the taking of money derived from what they regard as immoral gambling activity.

Grants for sports activities

All funding for sports in Ireland is provided through the national lottery. Sports grants are currently awarded under a range of headings, current and capital. Details of these allocations are published in the appropriation accounts and in the Department of Education's *Sport in Ireland annual report* (figures quoted have been rounded). These may be sub-divided into current and capital.

Current

Under current spending, funding is provided for:

- (i) national governing bodies;
- (ii) elite programmes;
- (iii) facilities;
- (iv) local programmes for youth and sport provided by VECs;
- (v) the *Sport for all* programme;
- (vi) sports tourism; and
- (vii) sports research.

(I) AWARDS TO NATIONAL SPORTING ORGANIZATIONS

A programme of awards to national sporting organizations was begun in 1987, the allocation rising from £1m in 1987 to £3m in 1994. This is subdivided into grants for national sporting bodies (£1.57m), grants for sports administrators and coaches (£588,000), grants for shared facilities in a House of Sport (£55,000), grants for international competition (£631,000), grants for development officers (£147,000), international sports exchanges (£15,000) and special projects (£70,000). The 71 organizations which benefited in 1994 are listed in the Department's sports report. The report also lists 24 organizations which received grants toward the cost of administrators and coaches; 56 organizations which benefited from grants for international competitions; and 19 organizations which benefited from grants toward the cost of employment of development officers.

(II) ÉLITE PROGRAMMES

This is divided into grants for the Olympic Council of Ireland (£600,000), grants to outstanding sportspersons (£125,000), contributions to the National Coaching and Training Centre, Limerick (£300,000); and the Irish Golf Trust (£34,000). The department's sports report lists the grants to outstanding sportspersons and the amount each received under different sports headings (e.g. swimming, canoeing etc).

(III) FACILITIES

This allocation is divided into a grant for the Institute of Leisure and Amenity Management (£106,000) and a grant to maintain Morton stadium, Santry (£22,000).

(IV) LOCAL PROGRAMMES

A total of £1.8m was provided to VECs in 1994 for youth and sports (£1m), the development of youth services in Dublin (£120,000) and for staffing and equipment grants for outdoor education centres (£684,000). Ten VECs are involved in supporting outdoor education centres - Cappanlea, co Kerry; Kinsale, co Cork; Birr, co Offaly; Shielbeggan, co Wexford; Gartan Lough, co Donegal; Burren, co Clare; Petersburg, co Galway; Achill, co Mayo; Kilfinane, co Limerick; and Tiglin, co Wicklow.

(V) SPORT FOR ALL CAMPAIGN

In 1994, £444,000 was provided for specialist organizations and special campaigns and programmes as part of the *Sport for All* programme. This went to specialist organizations (£106,000); VECs; national governing bodies of sport; and special programmes (e.g. *Be active, be alive*, primary schools programme). The grants to national governing bodies under (i) include a *Sport for all* element. The department issues a *Be Active, be Alive Review*, describing these activities.

(VI) SPORT TOURISM

£48,000 was provided in 1994, divided between aid for sport tourism (£20,000) and long-distance walking routes (£28,000). The department's sports report provides a map of the routes now being developed.

(VII) SPORTS RESEARCH

A total of £7,000 was provided in 1994 for research. This traditionally covers economic and medical studies. These are listed in the department's sports report.

Table 7: Dept. of Health lottery allocations by category (B7, J2), 1994

<u>Heading</u>	<u>Amount</u>
Miscellaneous	£0.9m
Block allocations to the regional health boards	£1.71m
Services for the elderly	£5.541m
Services for the mentally handicapped	£1.071m
Child care services	£2.142m
Public health services	£0.767m
Services for the physically handicapped	£0.775m
Health board services	£3.229m
Capital spending	£1.1m
Health promotion	£0.5m
Total	£30m

Source: Dáil Éireann, Debates, 18 May 1995, 439-444

In practice, 'capital spending' is the J2 heading (renamed I2 in 1995) and the rest represent the B7 heading. It has been the custom in Dáil responses to questions to itemize in detail the earlier headings, but not 'health board services', 'capital spending' or 'health promotion'. Each heading is now discussed in turn.

Miscellaneous

These allocations are distributed directly by the Department of Health to voluntary organizations - a mixture of local and national organizations, including hospitals. Listings of these organizations are available in the Dáil records and in the appropriation accounts. In 1994, 108 voluntary organizations applied to the department for lottery funding. 18 were fully successful, 20 were partly successful, 5 were redirected to funding from other sources and 65 applicants were unsuccessful. Applications may be made by voluntary organizations, individuals and public representatives. A standard application form is officially in use. Successful applicants in 1994 were as follows:

Table 8: successful applications for miscellaneous lottery grants, Department of Health, 1994

<u>Organization</u>	<u>Amount allocated</u>
Beaumont hospital	£10,000
Centre for Independent Living	£33,000
Chernobyl Children's Irish Aid Programme	£3,000
Coiste Forbatha an Gleanna	£10,000
Cystic Fibrosis Association of Ireland	£8,764
Dun Laoghaire Lions Club	£7,736
Eccles Breast Screening Programme	£30,000
Friends of Cuan Aoibheann	£20,000
Friends of Larine House	£20,000
National Head Injuries Association	£20,000
Huntington's Disease Association	£40,000
Irish Association for Older People	£20,000
Irish Family Planning Association	£20,000
Irish Kidney Association	£40,000
Irish Sudden Infant Death Association	£70,000
Irish Wheelchair Association	£75,000
West Cork branch	£10,000
Kerry Parents and Friends	£5,000
Muintir na Tire	£40,000
Multiple Sclerosis Society of Ireland, S. Mayo	£3,025
National Association for the Deaf	£75,000
National League for the Blind	£50,000
National Nutrition Surveillance Centre	£32,000
New Ross Community Hospital	£35,000

Open Door Day Care Centre	£15,000
Order of Malta Ambulance Corps	£10,000
Physically Challenged Irish Youth Team	£5,000
Positive Action	£5,000
Sacred Heart Nursing home, Youghal, co Cork	£10,000
Schizophrenia Association of Ireland	£20,000
Sisters of Bon Sauveur, Dungarvan	£20,000
Southern Counties Diabetic Association	£1,000
St Francis Hospice	£89,000
St John Ambulance Brigade of Ireland	£10,000
Alzheimer Society	£20,000
Children's Hospital	£40,000
Dublin Samaritans	£15,000

Source: Dáil Éireann, Debates, 18 May 1995, 441

Applications procedure for miscellaneous grants

According to evidence given to the Dáil Committee of Public Accounts by John Hurley, Secretary of the Department of Health, there are two main avenues whereby voluntary organizations may apply. First, a voluntary organization may apply directly to the Department of Health. The application is sent to an appropriate division within the department, which first checks that it falls within the criteria of the National Lottery Act. The division then comes to either a 'favourable' or 'not favourable' viewpoint based on its own knowledge of the organization and or consultation with the appropriate health board. If favourable, the organization is either placed at an appropriate point on a prioritized list or recommended directly to the minister for funding. The prioritized list is discussed by the minister and his officials twice a year (generally in April/May and November/December) and funding approvals are then issued.

Second, departmental officials may recommend an organization for funding, apparently without the organization itself having specifically done so. According to evidence given to the Dáil Committee of Public Accounts by John Hurley, Secretary of the Department of Health, 'the Department may itself take the initiative based on its knowledge and ongoing relationship with the organization and recommend to the Minister the making of a grant' (Committee of Public Accounts, *Third interim report*, 43). However, such a departmental recommendation has to take its place on the prioritized list and be discussed there before a decision is taken.

The existence of a third avenue came to light in 1993-4, following allegations that the former Minister for Health, John O'Connell, had made applications on behalf of organizations in his own constituency and ensured that they received lottery funding in the hours preceding balloting during the 1992 general election. Three organizations, the Walkinstown Community Centre, the Mother MacAuley Centre for the Elderly and the Walkinstown Association for the Mentally Handicapped, received lottery grants from the Minister without making formal applications and purely on the minister's instructions to his officials. In the course of the proceedings of the Committee of Public Accounts, it transpired that there was a procedure whereby the existing procedures could be by-passed by direct ministerial instruction without going through the channels of his department. It is not known how many cases there have been of this third avenue besides the three examined by the Committee of Public Accounts. In the Dáil in February 1994, the subsequent Minister for Health stated that 'some requests have to be dealt with quickly from time to time' (Dáil Éireann, Debates, 1 Feb 1994, 450), implying that the standard procedure may have been by-passed a number of times.

The Committee of Public Accounts was extremely critical of this third avenue and took the view that 'a recurrence of the performance of the Department of Health in 1992 could not be tolerated' (p.4, *Third interim report*, 1994). The Committee of Public Accounts concluded that the procedures were not applied in a standard or consistent way 'and could almost be described as haphazard. As well as the absence of a standard procedure, there was no

transparent system of assessing the relative merits of applications' (*Interim report*). One member of the committee (Des O'Malley) proposed that the Department be debarred from handling lottery grants in future.

At this stage, there was no application form. According to the Minister for Health at the time, 'organizations seeking lottery grants should write to the department indicating the purpose for which assistance is being sought and stating the amount required' (Dr John O'Connell, Minister for Health, Dáil Éireann, Debates, 13 May 1992, 1320). The department subsequently defended its relationship with smaller voluntary organizations in receipt of small lottery grants. According to evidence given to the Dáil Committee of Public Accounts by John Hurley, Secretary of the Department of Health, 'our experience over the years in seeking to deal with many of these smaller bodies on a formal basis has not been productive...a lighter, less formal style is more appropriate (Committee of Public Accounts, *Third interim report*, 1994, 33).

In December 1993, following the enquiries of the Committee of Public Accounts, the Minister for Health informed the Dáil that he had requested his officials to make a full administrative review of the procedures for handling lottery applications. The following decisions were taken:

- a standard application form would be introduced from 1 January 1994;
- successful applicants would be required to confirm that grants were spent on the purpose intended;
- the health boards would be informed of all allocations by the Department;
- unsuccessful applicants would be notified of the negative outcome of their application (Dáil Éireann, Debates, 16 Dec 1993, 977).

In February 1994, the Minister for Health confirmed that the new standard application form was in operation. There would be no fixed closing date during the year, but he told the Dáil that the amount available did decrease as the year progressed, thereby reducing the chances of a successful application late in the year. In December 1993, the Minister for Health told the Dáil that payments would be authorized only on the basis of an application form 'save for those recommended by the department on its own initiative' (Dáil Éireann, Debates, 16 December 1993, 978). The general practice is for voluntary organizations to apply early in the year, be notified in the summer and receive payment in the autumn.

According to the Minister for Health, this is the only part of the Department of Health lottery allocation which is 'discretionary'. The rest, '98% went to on-going services or bodies which have a close working relationship with the department. Only a very small proportion is available for discretionary funding' (Dáil Éireann, 16 Dec 1993, 977) (in 1994, the figures quoted were 97% for on-going services and 3% respectively). The assertion that these formulæ are pre-set is difficult to understand, since presumably, the minister could alter the balance from year to year.

Block allocations

The block allocation (£1.71m in 1994) is at the discretion of health boards. The allocations were as follows in 1994:

Table 9: block allocations to health boards, 1994

<u>Health board</u>	<u>Amount</u>
Eastern	£315,000
Midland	£170,000
Mid-western	£205,000
North-eastern	£205,000
North-western	£170,000
South-eastern	£220,000
Southern	£220,000
Western	£205,000

Source: Dáil Éireann, Debates, 18 May 1995, 443

According to the Minister for Health:

A proportion of the health allocation of national lottery funds is allocated to each board each year as a block grant, mainly for distribution to voluntary agencies operating in their areas. The criteria used in apportioning the amounts between health boards have regard to the population of each health board and the extent to which voluntary-managed community facilities are developed within each health board's area. In the case of the Eastern Health Board, account is also taken of other lottery grants paid in direct grants to Dublin-based national organizations with significant levels of activity in the Eastern Health Board area. In disbursing these funds, health boards must adhere to the guidelines laid down by my department: grants may be allocated to community-based projects under the headings mentally and physically handicapped; the elderly; psychiatric services; child care services; personal social services (including information and counselling), at least 70% of the block grant should be allocated to voluntary groups; grants from the block allocation should not be used in substitution for section 65 grants².

- Brendan Howlin, Minister for Health, Dáil Éireann, Debates, 6 October 1993, 254.

The department's approach is that grants should be made only to viable schemes which will be completed within a reasonable period. Health boards should take care to assess on-going revenue implications. Details of the grants are kept by the health boards in their financial returns and audited accounts. They are not required to furnish the department with details of the grants awarded. In practice, it seems that some health boards allocate all of their block grants to voluntary organizations, not just the 70% required. The final destination of the block allocation is described below.

Services for the elderly

Most of the allocations to the elderly go to the health boards, though their ultimate destination is not known. However two national bodies have benefited from this section: the government advisory body, the National Council for the Elderly (£240,000) and Age and Opportunity (£105,000) (1994 figures).

Mental handicap services

Allocations to services for the mentally handicapped go to the boards in the first instance and may then be redistributed to voluntary organizations. Not all health boards receive money each year. In 1994, only three health boards benefited, the amounts being £597,000 (Eastern Health Board); the Mid-western Health Board (£41,000), and the Western Health Board (£433,000) (Dáil Éireann, Debates, 14 June 1995, 924).

² Section 65 grants are the standard grants given by health boards to voluntary and community organizations under the authority of the Health Act, 1953, s.65.

Child care services

Allocations to 'child care' go to each of the health boards to build up child care services as required under the Child Care Act, 1991. It is not clear how much of these services are provided directly by the board or through voluntary organizations. In some years, some non-health board services have been itemized. In 1992, for example, nine non-statutory bodies benefited, ranging from the Conference of Major Religious Superiors (£500) to Tallaght ARCH club (£15,000) (Dáil Éireann, Debates, 1 June 1993, 1343).

Physical handicap services

'Services for the physically handicapped' go to the health boards (five benefited in 1994) and voluntary organizations. In 1994, these included the Irish Association for Spina bifida and Hydrocephalus (£6,615), the Irish Motor Neurone Disease Association (£25,000) and the National Association for the Deaf (£15,000).

Public health

The heading 'public health' was divided between the eight health boards in 1994, which received amounts ranging up to £1.1m for unspecified purposes. Previously, some voluntary organizations had benefited from this heading, such as the AIDS Liaison Forum (£2,500) and Soilse (£40,000) (Dáil Éireann, 1 June 1993).

Capital programme

Specific information is not available on the capital programme. This is, in effect, the I2 heading of the department's vote. The Appropriation accounts, 1993, provide no details. The summary Public Capital Programme, 1995, subdivides the I2 lottery vote into 'buildings' and 'facilities', with £4m allocated to building and £2.5m facilities. It describes the range of projects under way in that year (pp 56-57), such as the Tallaght hospital and other schemes in Mullingar, Tullamore, Navan, Waterford and Kilkenny. The 1995 capital programme makes no distinction between exchequer-funded and lottery-funded projects and treats the two together.

Health promotion

The Health Promotion Unit took over the work of the Health Education Bureau, which was abolished in 1987 and which was an early recipient of lottery funding. In 1994, £1.6m of the programme of the Health Promotion Unit was funded from exchequer funds and £0.5m from the lottery. The unit says that allocations are made in reference to the level of funding available and are not linked directly to the source of funding (e.g. lottery or exchequer). Of the £2.1m, £260,000 was allocated to voluntary organizations. Grants are issued under three broad headings: education and information; in-service training; and research. There is no standard application form. Organizations applying to the unit are expected to have first investigated opportunities for funding from their health board. When applying to the unit, they should provide information about their organization; details of the project applied for; duration, the cost and other sources of funding. Organizations may be expected to provide audited accounts and a tax clearance certificate. The unit checks whether the proposed project duplicates work or projects already in existence. If a request is approved, details are forwarded to the department's medical advisors for approval. Although no formal deadline exists, organizations are advised to apply for funding early in the year. No information is available from the unit or from the appropriation accounts as to the final destination where its budget is spent. Information about organizations applying for or receiving money from the unit is deemed to be confidential by the unit.

Health board services

The heading 'health board services' appears to be dedicated to statutory board services, each health board receiving an allocation. The final destination of this allocation is not available.

Applications procedure and final destination of lottery allocations to the health boards

The final destination of health board allocations is important - both for reasons of public accountability and to clarify funding opportunities for the voluntary sector.

In theory, such information should be available from the Department of Health, each health board or from the Local Government Audit Service, which audits health board accounts (though from 1995, this function was transferred to the Comptroller and Auditor General). In practice, identifying the final destination of lottery grants to the health boards is difficult, if not impossible. The Department of Health does not oblige health boards to inform it of allocations made to voluntary organizations. In this research, each health board was asked to provide information on:

- how much lottery funds did the board receive via the Department of Health in the last year for which information was available;
- for what purposes was it to be spent;
- what procedures exist for voluntary and community organizations in the board's area to apply for funding from the lottery through the health board, with details of application form, closing date, how the availability of such funds is made known, criteria for allocation, the level of wholly successful, partly successful and unsuccessful applications; and who decides on such allocations;
- which community and voluntary organizations have benefited from the allocation of lottery money by the board in the last year for which information is available (and if so if a list exists as to which organizations and by how much).

The following information is now available in response to these enquiries.

The South-eastern Health Board states that in 1994 it was allocated £220,000 of lottery money for voluntary organizations. The community care committee of the board made proposals to the full board for the spending of this amount and these proposals were approved. The board funded 24 voluntary organizations, the smallest amount being £1,500 (Cahir Social Services Council) and the largest being £18,000 (New Ross Day Centre for a minibus). A list of the organizations and the amounts paid is available. It is not known if the availability of lottery funds is advertised, but the board states that it is in 'on-going contact with over 200 organizations in the area regarding their funding requirements'.

In 1992, the Mid-western Health Board allocated £192,000 to 21 voluntary organizations, including groups concerned with mental handicap, the elderly, women and mental health. Regarding procedures, the board takes the view that 'much of the information you require [about the board's operation of the national lottery] is confidential' (communication from the Mid-western Health Board, 15 May 1995).

In 1994, the Midland Health Board was, it states, allocated £170,000 of lottery funds. Voluntary and community organizations may apply at any time during the year. Applications are made to the chief executive officer, who is the deciding officer on applications. An application form is supplied. The chief executive officer compiles a report to the board detailing grant aid, its distribution and the conditions attached. In 1994, 31% of applicants were wholly successful and 50% partly successful in their applications (18% were turned down). In 1994, 17 voluntary organizations received grants which ranged in size from £3,000 (Tullamore Mental Health Association; and Offaly Talking newspaper) to £40,000 for the Irish Wheelchair Association. A list is available. Applications were submitted according to a standard format until 1995, when a formalized application form was introduced. Voluntary organizations are informed of the availability of lottery money through social service

committees and sector teams.

The Eastern Health Board states that its lottery block grant allocation for 1994 was £315,000. Applications for lottery funding in the Eastern Health Board area are scrutinized by a committee which includes representatives of each of the programmes and services of the board. The committee makes recommendations to the Chief Executive Officer. There is a four-page application form, a note of guidance to applicants and a list of the documents to be supplied with the application. Priority has been given to projects which could benefit from a small, once-off capital grant, capable of completion in a short time-scale. In 1994, 50 voluntary organizations were funded and six were turned down. A list of projects supported is available, though not the amounts. The board is prepared to provide information on which proposals were rejected and why. The board also channels funding to ten disadvantaged youth projects. In July 1995, the board advertised in the national press for applications for projects to be funded by the national lottery.

In 1994, the North-western Health Board allocated £170,000 to community and voluntary organizations. Grants ranged from £500 (Letterkenny Mental Health Association; Moville Mental Health Association) to £20,000 (Health and Day Care Centre, Tubbercurry; Sisters of John of God, Ballymote). Voluntary organizations apply by letter and are informed of the availability of funds through regular contacts with the board and are accustomed to a July allocation date. Decisions on allocations are made by the chief executive officer, based on the views of the officers dealing with the services involved and the recommendations of the managers of the community care and hospitals programmes.

The Southern Health Board block allocation in 1994 was £220,000. This was allocated under rules similar to the section 65 health board grants. The Southern Health Board is able to provide information on the number of applicants (181) and the value of their applications (£1.4m). The board allocated all of its block grants to voluntary organizations (rather than the 70% it was obliged to), 109 organizations benefitting. Grants ranged in size from £300 to £25,000, the average being £2,018. No information is available on the allocations process.

Discrepancies in accounting procedures

A striking feature of health board accounts and the appropriation accounts concerning the amounts of lottery money allocated to health boards is that they do not tally. The Mid-western Health Board's accounts show that only £192,000 lottery money was allocated to the board in 1992, but this does not in fact represent the full lottery allocation to the board. The real figure is £2.008m (Dáil Éireann, Debates, 10 May 1994, 1067). The Dáil reply clarifies that the figure of £192,000 refers only to the allocation for community-based projects, or in percentage terms, 4.4% of its lottery allocation. According to the Minister for Health, the board also received £1.708m, divided between services for the elderly, mental handicap services, child care services, physical handicap services and health board services.

However, *these amounts do not appear as separate lottery income in the accounts of the board.* This suggests that the rest of lottery income, except for community-based services, is treated inseparably from the general allocation from the Department of Health. Likewise, the North-western Health Board's lottery account for 1993 lists block allocations and miscellaneous allocations made in the board's area, and disadvantaged youth lottery allocations, but not the rest of the department's lottery allocation, which the appropriation accounts show came to a further £744,000 (Appropriation accounts, 1993, 283-4). A similar pattern is evident in the other health boards, such as the South-eastern, Eastern and Midland.

Health boards treat the block allocation as their only, 'real', lottery allocation, whereas the reality is that a significant amount of lottery money also finds its way to the boards as part of the department's allocation. It is hardly the fault of the boards if the department's allocation to them is not earmarked as lottery money on point of departure from the department. A

similar process is evident in the Vocational Education Committees. Those contacted in the course of this research stated that they received no direct lottery funding, but accepted that their Department of Education funding for youth and sports activities *may* have come from the lottery. Clearly, it was not specifically identified to them as lottery money.

Comment on health allocations

Information on lottery allocations by the health boards is unsatisfactory and untransparent. Health boards use different approaches to note lottery income, most considering only their block income to be lottery income, even though in reality this represents only a small fraction of their true lottery income. Current accounting methods seriously distort the true level of lottery funding. This research suggests that only a small proportion of health board lottery funds are available for voluntary organizations, even though a contrary public impression has been created.

Whereas most health boards publish a list of voluntary organizations which receive lottery money, some do not or are not prepared to make such information available. Some health boards have established procedures for inviting and receiving applications from voluntary organizations and others are not prepared to describe their procedures. A minority keeps a record of the number of unsuccessful applications - important information for voluntary organizations considering whether it is worth their while to make an application. One board regards most such information as classified, while at the other end of the spectrum, one board is prepared to give information on applications which have been turned down and why. No health board could supply precise information about exactly how it makes the availability of lottery money publicly known.

Department of Arts, Culture and the Gaeltacht

The Department of Arts, Culture and Gaeltacht is the department which spends the third largest sum of lottery money, £11.9m in 1995, spread over three votes (the Department, National Gallery and the Arts Council). Some lottery funding had previously funded cultural activities under the Department of the Taoiseach, but this was transferred to Arts, Culture & the Gaeltacht when this new department was established in 1993.

Spending under this department may be broken down under the following headings (1995):

Vote 42 Arts, Culture & Gaeltacht (£10,467,000 in 1995)

C1	Cultural institutions and agencies	£4,067,000
D	National Heritage Council	£1,550,000
J	Bord na Gaeilge	£2,250,000
K	Iocaíocht le Ciste na Gaeilge	£2,600,000

Vote 43 National Gallery

B	Acquisitions & conservation	£245,000
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Vote 44 Arts Council

B		£1,207,000
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Total **£11,919,000**

Source: estimates for public services, 1995 (abridged)

Some of these bodies receive both exchequer and lottery funding. Within the departmental vote, four bodies make their own decisions about allocations outside ministerial control: the Arts Council, the National Gallery, Bord na Gaeilge and the National Heritage Council.

Vote 42 Arts, Culture & Gaeltacht (£10,467,000 in 1995)C1 Cultural institutions and agencies (£4,067,000 in 1995)

According to the Minister for Arts, Culture and the Gaeltacht, vote C1 is 'primarily earmarked for the maintenance and development of national cultural institutions'. These go to eight specific bodies - the National Museum, National Library, the Irish Museum of Modern Art, the National Archives, the Dublinia project, Irish Manuscripts Commission, Marsh's library and the National Concert Hall (Dáil Éireann, Debates, 18 May 1995; 14 June 1995, 944). In 1995, the Minister said there were no discretionary funds to allow for the funding of voluntary organizations working within the area of arts and culture under this head. Traditionally, two other categories were covered by this vote. These were:

- other organizations, generally non-governmental, which applied annually (arrangements were made for the introduction of an application form in 1994); and
- special cultural events and activities which applied.

Details for 1987-93 allocations are available in the Dáil reports (27 April 1993, 1395 - 1423). In 1993, 23 such organizations benefited, the smallest grant being £504 for an art officers seminar, the largest being the Artane Boys Band (£150,000), the average grant being £18,672. A special allocation was made by government decision for the Eurovision song contest (£150,000 in 1994).

D National Heritage Council (£1,550,000 in 1995)

The National Heritage Council (estd. 1988) funds a number of projects concerned with the national heritage, their number rising from nine in 1988, the first year, to 66 in 1994 when they ranged in size from £500 (a rethatching project in co Louth) to £85,000 (Millstreet Country Park). The National Heritage Council has an eight-page standard application form, a thirteen-point instruction form, a three-page note of guidelines and a procedure whereby one of five committees handles applications which are then approved by the full council. From 1994, grants were invited before two closing dates (31 January and 31 May). The National Heritage Council has 16 members (details may be found in p26 of the *IPA Yearbook and diary, 1995* (a new board was appointed in July 1995).

J Bord na Gaeilge (£2,250,000 in 1995)

Vote J was traditionally for all organizations which promote the Irish language, but in 1995 the vote was subdivided into J, dedicated to Bord na Gaeilge, which had been the largest single previous beneficiary under J, and K, Iocaíocht le Ciste na Gaeilge. Bord na Gaeilge is a statutory body established under the Bord na Gaeilge Act, 1978 to extend the use of Irish. It has a board of 11 members (*IPA Yearbook and diary, 1995, 128*). Its statutory funding appears to come exclusively from the lottery. In the course of its wide-ranging programme of work, the board provides grants to a number of voluntary organizations. These grants total £600,202, the largest being Glor na nGael, which receives £195,000 (1993). Details are provided in the board's annual reports.

K Iocaíocht le Ciste na Gaeilge (£2,600,000 in 1995)

51 organizations benefited in 1994, grants ranging from £56 (Péintéirí Torai) to Gael Linn (£515,000). These were a mixture of local and national organizations. From 1994, applications were invited by way of newspaper advertisement. Allocations are made by the Minister of State on the advice of the officials of the department. In 1995, applications were invited before a 20 March closing date. There was a three-page application form.

The National Gallery (estd. 1854) operates under a board of 22 governors (details may be found on p 26 of the *IPA Yearbook and diary, 1995*).

Vote 44B Arts Council (£1,207,000 in 1995)

The Arts Council (estd. 1951) has statutory independence and is funded from both the exchequer and the lottery. Its 15 board members are appointed by the Minister for Arts, Culture and the Gaeltacht for a five-year term (details may be found in p 126 of the *IPA Yearbook and diary, 1995*). In 1995, the Arts Council received £12.543m in exchequer funding, £2.707m in lottery funding (current) and £1m in lottery funding (capital). All of the council's capital spending is lottery-funded, 18% of its general expenses. The lottery proportion was higher in recent years. Details of the board's activities are available in its annual reports.

Department of Social Welfare

The Department of Social Welfare spends £4.43m of lottery money (1995), all of which goes to community and voluntary organizations under a number of funding schemes. The amount comes under a single budget sub-head (R, grants for community and voluntary services). Funding for community and voluntary organizations is also provided by an exchequer budget sub-head (S, grants for community and voluntary services (£2.5m in 1995)). There have been many changes over the years between the schemes which are lottery funded and exchequer funded. The amount of lottery funding by the Department rose sharply from £0.85m in 1988 to its present levels, where it seems to have plateaued (see *Dáil Éireann, Debates, 10 February 1993*). The Department of Social Welfare is a recent funder of non-governmental organizations and did not provide any funding of this kind until the mid-1980s. The Department now runs a number of schemes of benefit to voluntary organizations and is widely considered to have played a constructive role in the development of voluntary and community services in Ireland. Current lottery funding goes on four headings:

Table 10: Department of Social Welfare lottery allocations to voluntary organizations, 1995

Community Development Programme	£4,075,000
Grants for Lone Parents groups	£200,000
International Year of the Family	£80,000
Special, once-off grants for voluntary organizations	£75,000

Source: *Dáil Éireann, Debates, 14 June 1995, 966.*

The S head now funds grants for women's groups, money-lending projects and the miscellaneous grants scheme for voluntary organizations, though these headings received lottery funding in the past. Information on the groups funded is available from a variety of sources: the appropriation accounts, the *Dáil* records and directly from the department itself. The department has also provided details of the amounts of money sought and the amounts allocated in the budget allocations. The allocation of special grants at budget time dates back to the 1980s and was a regular feature of the budget. 30 voluntary organizations received such funding in 1995, a small proportion of the amount having been drawn from the lottery fund (projects are listed in *Dáil Éireann, Debates, 9 February 1995, 2063-5*).

Applications procedure

The main Department of Social Welfare funding schemes, both those which are funded by the lottery and those which are not, are prominently advertised in the national media and there is a uniform closing date (in 1995 this was 26 April). The decision as to which organization to approve is based on:

- the number and nature of the applications;
- priority to disadvantaged areas;
- the likely number of beneficiaries;
- the level of disadvantage; and
- funding available to the applicant from other sources.

Applications are assessed by the department's regional managers and the department may consult with the area health board and other relevant agencies. Recommendations are then submitted by the department to the Minister who makes a decision confirmed in writing.

There is no specific application form for the Community Development Programme, which now funds over 50 community projects. Organizations which feel they should qualify are expected to approach the department. The Community Development Programme began as a limited programme developed by the Combat Poverty Agency in 1990.

There is no application form for the special budget allocations. These allocations are made to organizations which have either made an application to the department on their own initiative during the previous year; or which were unsuccessful applicants to the department's other schemes. The two sets are assessed by the staff of the voluntary and community services unit, who make proposals to their appropriate principals and assistant secretary before decision by the Minister for Social Welfare. The criteria used are:

- the degree to which the project combats disadvantage;
- the number of people who would benefit;
- its suitability for funding from this department;
- other possible sources of funding available to the group;
- whether it was for once-off or on-going funding; and
- geographical spread.

The system of budget 'specials' has come in for some sharp public criticism (vide Dáil Éireann, Debates, 15 Feb 1995, 603). In May 1995, the Department of Social Welfare announced that in future voluntary organizations would obtain money only from appropriate schemes, implying that the scheme of budget specials would be terminated.

Department of Environment

Allocations to the Department of the Environment (vote 25) have been spent under four headings (one of these has since been discontinued). These are:

- library services (1988-);
- swimming pools (1991-);
- communal facilities for social housing programmes (1991-);
- amenity and recreation grants (1988, 1990 and 1991 only).

The amounts are as follows (1995):

B4	Communal facilities for social housing programmes	£750,000;
F2	Library services	£3,540,000; and
F4	Swimming pools	£2,000,000.

The process whereby the individual allocations are decided is as follows:

Proposals under each of these programmes are made through local authorities and, following assessment by my department, decisions on the allocation of grants are made by me in each case (Michael Smith, Minister for the Environment, Dáil Éireann, 15 February 1994, 1746).

B4: communal facilities for voluntary housing schemes (£750,000 in 1995)

This sub-head provides communal facilities to complement social housing schemes. It is open to the voluntary organizations which participate in the government's social housing programme. The number of organizations benefitting has risen from eight projects in 1991 to 15 in 1994, when grants ranged from £2,000 (Tullamore Housing Association) to £87,000 (Good Shepherd Sisters, Limerick) (Appropriation accounts, 1993, 180; Dáil Éireann, Debates, 14 June 1995, 951). The fund total that year was £500,000, making the average grant over £33,300.

F2: local authority library service (£3.5m in 1995)

Payments are divided between 'subsidies' and 'capital spending'. The 1994 allocation was £1.2m (capital) and £540,000 (current). The heading includes expenses of the library board, Comhairle Leabharlanna. Generally, the amounts are spent on library buildings, vehicles and book stock.

According to the Minister for the Environment, proposals by the local authorities for library projects go through a process of technical assessment of more than a year's duration. Proposals are assessed by the Department of the Environment's professional and administrative staff with advice from An Comhairle Leabharlanna. In 1994, 22 local authorities were paid amounts between £899 and £290,000 in respect of 39 specific projects for libraries, vans and computerization (Dáil Éireann, Debates, 14 June 1995, 950-1).

F4: swimming pools (£2m in 1995)

This sub-head provides grants for local authority swimming pools. Under the 1994 grant for the provision and renovation of swimming pools, £1.3m was allocated to seven pools, the amounts varying from £15,000 (Ferrybank, co Wexford) to £675,000 (Fermoy Urban District Council) (Dáil Éireann, Debates, 14 June 1995, 950).

Local authority amenity and recreation grants scheme (now discontinued)

The amenity and recreation grants scheme seems to have been problematical, though the precise reasons for its abandonment are still not clear. A question by a Dáil deputy as to why the scheme was withdrawn was not answered (Dáil Éireann, Debates, 19 May 1993, 135). The scheme operated in the three years 1988, 1990 and 1991, though money continued to be allocated some time after 1991 to conclude projects which had already been approved or started. Details of projects approved under the amenity and recreation grants scheme are not supplied directly to the Dáil: enquiries are always referred to a schedule which is available separately in the Oireachtas library.

It is possible the scheme was terminated because it generated more processing than either the local authorities or the department could handle and that this processing work was disproportionate to the amount of money involved. There were 3,607 applications for the scheme in 1991 alone and in 1994 the Minister for Finance commented 'the requirement of a few years ago of asking local authorities to submit thousands of applications when there was very little money available for distribution was very unfair to councillors' (Dáil Éireann, Debates, 2 June 1994, 1294). At their mid-term review of their programme for government in October 1991, the Fianna Fáil and Progressive Democrat parties decided that in future all allocations under the scheme should be made directly by the local authorities themselves: despite this, the ultimate decision seems, in effect, to have been to terminate the scheme altogether. Some duplication under these schemes is also evident: Cavan received £748,980 for swimming pools under the grant for the provision and renovation of swimming pools and a further £330,000 under the scheme for amenity projects and recreational facilities.

Department of Finance (£1.26m in 1995)

The Department of Finance spends lottery money on Irish language courses for civil servants and on funding projects by the Office of Public Works.

Vote 6, G, Department of Finance (£110,000 in 1995)

The Department of Finance allocates money to Gaeleagras na Seirbhíse Phoiblí, which provides training courses designed to improve the fluency of civil servants in the Irish language. Such funding started at the level of £29,000 in 1989 and has risen steadily since. The department's funding has been exclusively for Gaeleagras, except for 1992, when there was a once-off award

of £150,000 to the Irish college in Louvain, Belgium. The Department of Finance received no other proposals for lottery funding in 1994 and the Minister has stated that he has no proposals to add to the lottery activities funded.

Vote 10, I, Office of Public Works (£1.15m in 1995)

The Department of Finance provides funding for conservation projects carried out by the Office of Public Works. 1995 activities are devoted to work in Kilmainham goal due for completion in 1996 at a total cost of £2.248m. The Minister for Finance, when questioned as to the process whereby projects are selected for lottery funding, was only prepared to say that these were funded because they were historic buildings in state ownership.

The lottery allocations to the Office of Public Works have been spent on a variety of projects, the total value of which is £10.248m over the period 1987-95. Other projects supported include the Custom House, Dublin; the Casino, Marino; the National Library; the Church of the Most Holy Trinity Chapel Royal; Cullenswood House; King John's Castle; Carrowmore Megalithic Cemetery and the purchase of raised bogs. Full details are available from the Office of Public Works.

Department of Defence (£1.196m in 1995)

The Department of Defence (vote 36) is a small spender of lottery money. In 1995, the allocation was £1,196,000, which was allocated as follows:

X	Equitation	£345,000
DD	Red Cross	£551,000
EE	Coiste an Asgard	£300,000

Coiste an Asgard, which is run by a committee appointed by the Minister for Defence, operates the sail training scheme. The allocation to the Red Cross is for annual grant-aid: it covers running costs (£267,426 in 1994), assistance for refugees (£48,782 in 1994) and the State's annual contribution to the International Committee of the Red Cross (£90,000 in 1994). The grant covered 15% of the head office's expenses in 1994. The heading equitation was spent as follows in 1994: purchase of horses, £140,000; maintenance of horses, £100,000; and expenses of teams at horse shows, £94,000 (Revised estimates, 1994, 178).

It is not known if other organizations have applied for national lottery funding, the value of their applications, the applications process or the criteria used but the Minister for Defence has made it clear that lottery funding is not available to other bodies (Dáil Éireann, Debates, 18 May 1995, 495).

Department of Foreign Affairs (£220,000 in 1995)

The Department of Foreign Affairs (vote 38) is the smallest spender of lottery money and spends lottery money under the heading of cultural relations. In the past the Department has spent lottery money on disaster relief: emergency humanitarian assistance is now listed under sub-head E of vote 39 (international cooperation) and is now entirely funded by the exchequer.

The budget for cultural relations from the lottery (G1) was £220,000 in 1995, supplemented by £180,000 from the exchequer (G2). There is no difference between G1 and G2. The allocations are made by the Cultural Relations Committee of the Department, a voluntary body of experts, which considers grant applications six times a year. Application forms (three pages) are available from the cultural affairs section of the Department, with a note for guidance. Organizations should apply about two months in advance of the committee meeting in order to facilitate consideration of their application. In 1994, the Cultural Relations Committee received 375 applications. 265 applications were approved, the value of which totalled

£372,343. The total value of the applications was £1.3m. A list of the successful applicants is available from the Department with the amounts allocated, which are divided into the categories of film, theatre and dance, visual arts, music, lectures and symposia, journals and publications and cultural agreements. Many of the grants are small (in the £250 - £1,000 range). Details of the members of the Cultural Relations Committee are provided in the Dáil Debates, 22 March 1995, col 1802). Annual reports for the committee are available for 1950, 1951 and 1985-6.

Departments which formerly spent lottery money

(1) Department of Agriculture

The Department of Agriculture has only once funded a project with money from the national lottery. In 1991, it provided £940,000 for the National Botanic Gardens, responsibility for whose maintenance has since moved to the Department of Finance and the Office of Public Works. The department does not seem to have any procedures in place for handling lottery applications by voluntary organizations within the department's remit and no applications were made in 1994.

(2) Department of Transport, Energy and Communications

The Department of Transport, Energy and Communications has only once funded a project through the money of the national lottery. This project is the restoration of the General Post Office. An Post applied to the department in 1990 for funding because the facade had been eroded by pollution and hoped to complete the project to mark European Year of Culture and the 75th anniversary of the 1916 rising. The restoration work was estimated to cost £1m, but due to unforeseen and serious faults in the building the final cost was £3.122m and the work was not concluded until 1993. The government approved the project because the State owned the building and because of its historical significance.

The Minister for Transport, Energy and Communications says his department no longer operates lottery funded schemes and has no criteria to assess any applications if he received them.

(3) Department of Tourism and Transport (1987-91)

The Department of Tourism and Transport, which existed as such from 1987-1991, gave a commitment to spend £1m on the restoration and development of King John's Castle in Limerick. The work came under the National Heritage Council which was transferred to the Department of the Taoiseach and subsequently the Department of Arts, Culture and the Gaeltacht.

(4) Department of Tourism, Transport and Communications (1991-3)

The Department of Tourism, Transport and Communications was allocated a grant of £1.25m in 1991 for EXPO92, the trade fair held in Seville, Spain, for a display by Bord Fáilte.

(5) Department of Labour

The Department of Labour was allocated £0.5m lottery funds in 1990 for the cost of materials used in the Community Youth Training Programme. The Department of Labour was replaced by the Department of Enterprise and Employment in 1993.

Conclusions

To begin with some broad observations, this chapter shows how lottery funding is broadly spread across a range of government departments. A pattern of dispersal was evident from the previous chapter, but detailed examination of the allocations shows that spending is broken down further into a variety of schemes and programmes. Several of these schemes are paralleled by exchequer-funded schemes which serve the same purpose. A further feature of the allocations is that there are some which are spent directly by government departments or State agencies; some which are exclusively available to voluntary organizations; and some which are available to a mixture of the two.

This chapter also shows how the number of government departments which received lottery funding has contracted from a peak in around 1991. Five departments which funded lottery projects on an *ad hoc* basis in the early 1990s no longer do so; and one scheme was abandoned (the local authority amenities scheme). Whether this is the result of a conscious rationalization is not known. The present pattern of allocations has been stable for a number of years now.

The two main problems identified in this chapter are the availability and quality of information on lottery spending; and procedures for application.

Quality and availability of information

Dealing with the question of information, the process of obtaining clear facts about the final destination of national lottery money is a complex and ultimately unsatisfactory one. It is complex because it depends on using a variety of sources (estimates, Dáil parliamentary question replies, appropriation accounts, special reports of Oireachtas committees). This process is inadequate, first, because information is available for different years, for different categories and for different periods of time; and second, because even using the sources available, there are still significant gaps in identifying the final destinations of lottery money.

Parliamentary replies appear to provide unstandardized (and at times contradictory) information. Some departments list organizations which have benefited from lottery funding, some do not; some list the amounts concerned and some not. Even within departments, details are provided under some headings, but not under others. This has caused frustration to members of the Dáil:

If one puts down a question in the house on a specific area of the national lottery, one tends to receive a reply that it repeats a questions...Usually the matter mentioned in the reply has no relevance whatsoever and the question is not a repeat. It is a convenient way to avoid replying to the question. This worries me and it has always been a problem with Dáil questions about national lottery funds and administration (Bernard Durkan TD, reported in Committee of Public Accounts, *Third interim report*, 1994, 93).

Information on where and how lottery funds are allocated must therefore be located in a combination of sources, which must be continually cross-checked to ensure the headings applied are consistent.

The area where the ultimate destination of lottery money is most difficult to trace is the health boards. Several health boards are not prepared to make their accounts available to researchers. Neither is the Local Government Audit Service, which audits health board accounts. Except for the small amounts which go to voluntary organizations, lottery funds are not identified. As a result, it is not possible to find out where lottery allocations to health boards go - either because the information is not available, because the amounts are not earmarked, or because the information is classified. The Department of Health/health board relationship is confused by the fact that most health boards regard the lottery money for voluntary organizations as their only lottery money. The reality is that lottery money going to the boards is several magnitudes higher. This situation arises from the failure to properly earmark all lottery money passing through the transaction. Nevertheless, a situation in which lottery money is categorized differently by different health boards, or not categorized as lottery

money at all depending on the accounting approach, is the very opposite of transparent. Finally, some State agencies appear to classify all information regarding the operation of the lottery (e.g. Health Promotion Unit) or for some other reason cannot make it available (e.g. Department of Education, international activities (B4) or summer colleges funded (B13)).

In 1994, the Minister for Finance was asked to present an account of lottery spending in a single document, and he responded positively in the following exchange:

Eamon Gilmore: Would the Minister agree that if someone wants to find out where lottery money is being allocated, ultimately they are required to go through the annual accounts of the national lottery company, departmental estimates, replies to Dáil questions, reports of the Comptroller and Auditor General, and that is hardly transparent: nothing could be more opaque? Has the minister the information on which he could publish a report which would correlate all of that information and indicate in a comprehensive way where national lottery money has been allocated since the national lottery was founded, how much of it has gone into the exchequer, how much of it has been allocated to community groups and charities and who have been the beneficiaries of this money so that in one report the public can have all the information regarding national lottery disbursements?

Bertie Ahern: I will certainly raise that matter with the National Lottery Company; it is not an unreasonable request.

- Dáil Éireann, Debates, 1 February 1994, 44.

This response represented an advance compared to a similar request made in 1993 when the minister simply referred the deputy to the appropriation accounts (Dáil Éireann, Debates, 13 May 1993). The comprehensiveness of the appropriation accounts will be discussed later.

An attempt was made to provide such a compendium by the 1990 Joint Oireachtas Committee on Commercial State-Sponsored Bodies. It provided much the most comprehensive single body of data on the spending of lottery money over an extended period. However, it used a different set of categories to those used in this report this far. Its report lists spending over 1987-9 under the four broad headings of the National Lottery Act, but used its own set of subdivisions, namely amenities (A1 - A593); recreation (B1 - B283); sport (C1 - C448); arts and culture (D1 - D319); youth (E1 - E228); health (F1 - F238); welfare (F239 - F468); and the Irish language (G1 - G22); and the Dublin Millennium (H1 - H7). What is unhelpful is that many of these lists give information indiscriminately on small, individual projects and larger, block allocations, the latter being given equal status within this categorization system. Finally, some lottery allocations were not sub-categorized or listed at all (e.g. Department of Education allocations to the Irish language).

On 18 May 1995, the Minister for Finance told the Dáil that preparation of a compendium of National Lottery grant payments was in hand and would be completed later in 1995. However, details as to the form the information would take were not forthcoming.

Two additional comments are merited. First, there are insufficient data to compile a full national picture of where lottery funds are spent on a geographical basis. It is not possible to identify which regions have benefited most, or least, from the overall operation of the national lottery. Second, related to this, assembly of the information compiled in this report took a considerable amount of time, requiring consultation with a wide range of organizations, reports and documentation. Tracking what is by national budgetary standards a relatively small sum of money should not pose such a complex research challenge.

Procedures for applying

Dealing with the question of the procedures for applying for lottery money, the problems of procedures highlighted by the Committee of Public Accounts in the Department of Health are not limited to that department. Similar arguments were echoed by the Committee of Public Accounts in 1989, in the following interchange between two deputies and the Secretary of the Department of Finance, summarized as follows:

boards and eight voluntary organizations (£1.5m). The Health Education Bureau had previously been exchequer-funded. Reviewing these allocations, the Comptroller and Auditor General, in the 1987 Appropriation accounts, stated that 'lottery moneys were used exclusively in substitution for or to supplement voted moneys' (page x) though he did not state the balance between substitution and supplementation. That a process of substitution was taking place was confirmed two years later by the Secretary of the Department of Finance, Seán Cromien, who told the Committee of Public Accounts on 16 March 1989, that 'lottery moneys disbursed through departments were used almost exclusively in substitution for or to supplement voted moneys'. Although he did not make a judgement on which was which, the fact that *any* money had substituted for exchequer money meant that the repeated commitments given by the Minister for State at the Department of the Public Service had been broken within a year.

The breaking of this commitment may be explained by two factors. One was the decision of the new government to make severe cuts in public spending during the financial crisis of 1987. During this period, pressure on exchequer spending was acute and it must have been tempting to use an alternative source of money to replace such spending. Second, the government had changed, the Fine Gael government being replaced by Fianna Fáil in March 1987. However, neither explanation is satisfactory, since the commitment to additionality had been sought from the opposition party which had now come to power.

In 1990, the Comptroller and Auditor General, in discussing the funding of amenity facilities by the Department of the Environment, recorded that in 1987 'the government approved the substitution of national lottery funds for voted moneys to provide grants for the construction of amenity facilities'. This indicates that the decision to break the 1986 commitments was an explicit decision of government.

Further examination of the 1987 appropriation accounts show that within the Department of Education budget, a number of organizations received both exchequer and lottery funding, as follows:

Table 11: youth and sport allocations, Dept. of Education, 1987 (£)

<u>Heading</u>	<u>Exchequer sub-head E4</u>	<u>Lottery</u>
Youth organizations	1,882,370	842,720
Special projects	71,925	540,075
Gaisce	-	309,693
Political officers	28,000	-
Inservice training	7,995	19,860
Exchanges	14,582	-
	9,147	3,975
Cooperation North	-	11,000
Youth Exchange Bur.	10,000	-
Cross border exch.	8,854	-
Conference		5,075
Sports	100,000	1,606,396
Total	2,132,873	3,338,794

Source: Appropriation Accounts, 1987

In 1988, as further, more substantial, sums of lottery money came in, not only did the sums allocated by the four initial departments increase, but other departments benefited. In 1988, the National Museum, the Office of Public Works, Roinn na Gaeltachta, the Department of Foreign Affairs, the vote on international cooperation and the Department of Social Welfare were all allocated lottery money. The degree to which lottery money replaced exchequer funding is evident in the 1988 revised estimates in which the following exchequer sub-heads were zeroed.

Table 12: budget sub-heads, previously exchequer-funded, which were zeroed in 1988 and replaced by national lottery funding (£)

Vote	Sub-head	1987	1988
27 Education	Publications in Irish	464,000	-
	Social cultural and educational bodies	42,000	-
	Instituid Teangeolaíochta	429,000	-
	Royal Irish Academy of Music	613,000	-
	Courses in Irish colleges	349,000	-
	Recreational facilities	949,000	-
	Youth	2.13m	-
3 Taoiseach	National Museum	411,000	-
	National Library of Ireland	133,000	-
	Cultural organizations	157,000	-
26 Environment	Sanitary services projects	250,000	-
	Public library services	1.512m	-
	Amenity projects	3.7m	-
40 Foreign Affairs	Cultural relations	150,000	-
41 Social Welfare	Grants for voluntary organizations	740,000	-
43 Health	National Social Service Board	580,000	-

In 1988, as in the previous year, the allocations were recorded in suspense accounts after the departmental accounts, but the elimination of these sub-heads, substituted by the lottery in the suspense accounts, gives us a very clear and explicit indication of the degree to which lottery funding displaced mainstream funding. In 1987, it is possible to see how some budget headings were part-replaced by the lottery. In 1988, the replacement process was much more extensive, full replacement being evident. Two specific 1988 examples are the National Social Service Board and the scheme of miscellaneous grants for voluntary organizations run by the Department of Social Welfare.

In 1990, the degree of replacement became more transparent when the system of suspense accounts was replaced by voted sub-heads marked 'funded by the national lottery'. This came on foot of a government decision of October 1989. This marked an end to the temporary arrangement of suspense accounts and the use of sub-heads, as proposed originally by the Minister of State in 1986. In the course of 1989-95 a range of other budget sub-heads, which had been funded by the exchequer, was substituted by lottery money. Some examples include:

<u>Heading</u>	<u>Date when lottery funding started</u>
Gaeleagras	1990
Dublin Institute for Advanced Studies	1990
Irish Red Cross	1990
Coiste an Asgard	1990
Primary education 'other grants and services'	1990
Equitation	1991
Royal Irish Academy	1992

Several other departments were brought into the system of lottery funding in this period but subsequently exited (see chapter 3). But, as mentioned above, because these departments no longer receive lottery money, they will be taken out of the calculation of additionality.

Calculation of the level of additionality in 1995

To ascertain the level of additionality in 1995, the most straightforward procedure is to list all lottery-funded sub-heads in 1995 and compare them to equivalent sub-heads from the 1986 estimates. Those which have a direct resemblance may therefore be considered *direct* replacement funding. Those which had no equivalent sub-head in 1986 may therefore be considered additional. There will be examination of those sub-heads which are ambiguous. In the following table, ambiguous sub-heads are noted sequentially.⁴

⁴ Notes on the table:

¹ The office of Public Works did not have a specific title of 'conservation works' until it came in receipt of lottery funding, but equivalent conservation works may have been carried out under the title 'new works, alternations and additions' (D, £23.521m in 1986), 'purchase of sites and buildings (E, £8.638m in 1986) and under the heading of 'national monuments'.

² The Department of the Environment did not have a heading of 'swimming pools' until it came in receipt of lottery funding but it did have two relevant headings. These were sub-head V, for community, recreational and environmental services (£639,000 in 1986) and sub-head U for special amenities. This was an *ad hoc* scheme introduced by the government in autumn 1985.

³ There was no 'major sport facilities' sub-head in the 1986 estimates, but there was a sub-head, E5, for the 'general expenses of sporting organizations and miscellaneous sports activities' (£1.605m).

⁴ 'Grants and services' were not included as an identifiable head in 1986, but did appear as an exchequer-funded sub-head in 1988, when £1.65m was allocated. It was funded again by the exchequer in 1989 but by the lottery from 1990.

⁵ The current allocation to the Higher Education Authority in 1986 was £89.429m, but there was no separate indicator for the Royal Irish Academy which has been the only lottery beneficiary under this sub-head.

⁶ There was no equivalent heading in 1986. However, it would be premature to consider that the funding under this heading in 1995 was additional. First, one Department of Health agency, the National Social Service Board, vote 49 G8 in 1986, £545,000, was transferred to the lottery in 1988; second, the Health Education Bureau was funded by the lottery from 1987 and its functions transferred to the Health Promotion Unit, which has been funded from the lottery; third, in 1986, there was a heading (49 M) for the dissemination of information on health and social services' which appears to be designated 'health promotion' under the current scheme of lottery allocations; and fourth, and most importantly, there was the main Department of Health allocation to health boards.

⁷ 'Building, furnishing and equipping health facilities' is in effect the capital programme for health services. The budget for this was £58.16m in 1986 (sub-head 49K).

⁸ 'Cultural institutions' in 1986 comprised votes from two government departments: Education, EI, National Library of Ireland, £135,000; Department of the Taoiseach, J, £426,000; Department of the Taoiseach, K & L sub-heads, £263,000; Department of the Taoiseach F (National Concert Hall) £176,000.

Table 13: lottery funding by government department, 1995 compared to equivalent sub-heads, 1986

Vote, subhead (and amount), 1995	Vote and sub-head, 1986
Vote 6: Minister for Finance G. Gaeleagras na Seirbhíse Poiblí (£110,000)	Vote 20: G: Department of the Public Service, (£38,000)
Vote 10: Office of Public Works I. Conservation works (£1.15m)	1
Vote 25: Environment B4: Communal facilities in voluntary housing schemes (£750,000) F2: Local authority library services (£3.54m) F4: Provision, renovation of swimming pools (£2m)	No direct equivalent Vote 30: P (£1.689m) 2
Vote 26: Minister for Education B4: International activities (£1.065m) B9 Youth and sports (£19.437m) B10: Recreational facilities (£700,000) B12: Major sports facilities (£4m) B13: Colleges providing courses in Irish (£550,000) B14: Publications in Irish (£730,000) B15: Institúid Teangeolaíochta Éireann (£913,000) B16: Royal Irish Academy of Music ((1.017m) B17: Cultural, scientific, educational organizations (£73,000)	B1: £816,000 E7: £5m D11: £1.313m No direct equivalent ³ D2: £301,000 D1: £402,000 E6: £382,000 E3, E4: £864,000 E2: £296,000
Vote 27: primary education F2: Grants and services (£503,000) K2: Special schools for children in care (1.25m)	4 Vote 34 C: £1.5m
Vote 29: Third level education B3: Higher Education Authority (£1.026m) G: Dublin Institute for Advanced Studies (£2.84m)	5 Vote 35, E: £1.729m
Vote 36: Defence X: Equitation (£345,000) DD: Irish Red Cross (£551,000) EE: Coiste an Asgard (£300,000)	44 V: £170,000 44 AA: £340,000 44 DD: £260,000
Vote 38: Foreign Affairs G1: Cultural relations with other countries (£220,000)	46 E: £200,000
Vote 40: Social welfare R: Grants for community and voluntary services (£4.43m)	48 P: £750,000
Vote 41: Health B7: Grants to health agencies (£19.012m) I2: Building, equipping, furnishing health facilities (£6.5m)	6 7
Vote 42: Culture, Arts & Gaeltacht C1: Cultural institutions and agencies (£4.067m) D: National Heritage Council (£1.55m) J: Bord na Gaeilge (£2.25m) K: Iocaíocht le Ciste na Gaeilge (£2.6m)	£1m ⁸ No direct equivalent 39 G: £1.105m 39 C: £1.222m
Vote 43: National Gallery B. Grants for acquisitions and conservation (£245,000)	6: £669,000
Vote 44B: Arts Council (£1.207m)	5: £5.83m
£84,931,000	

Source: *Estimates for public services (abridged), 1986, 1995*

Replacement funding

Most of the current lottery allocations (left column) are matched by equivalent sub-heads in 1986 (right column). It is impossible to avoid the conclusion that the vast bulk of lottery funding is the direct replacement of voted exchequer money. From examining the evolution and pattern of lottery funding over 1987-90, lottery funding was introduced unevenly to replace a range of exchequer-funded sub-heads. Some exchequer-funded items were moved to the lottery as late as 1992. The process of replacement seems to have largely halted at this stage, coinciding with lottery income reaching a plateau. Even those areas which do not have a directly equivalent sub-head in 1986 have sub-heads which, essentially, served the same purpose.

Additionality ('no direct equivalent' heading)

There are very few areas in which lottery funding appears to be genuinely additional. Those areas where funding appears to be additional are as follows: the Department of Environment, communal facilities for social housing schemes; the National Heritage Council, which did not exist in 1986; and new sporting initiatives since 1986. Principal of these is the scheme for major sports facilities introduced by the Department of Education in 1988 and on which £20.89m had been earmarked by 1994. There were no equivalent opportunities to fund these substantial programmes in 1986 prior to the lottery. It is especially appropriate to consider the scheme for major sports facilities as additional since the Department of Education prepared a national plan for spending on major sports facilities. There had been an underlying assumption within the Department since the early 1980s that it might be in a position to spend extra money on sport should a sports lottery become available. The case of the National Heritage Council is not an absolutely certain candidate for additionality. Granted the growing support for the arts at government level from the 1980s onward, it seems unlikely that the National Heritage Council would not have gone ahead in the absence of lottery money. Nevertheless, it is clearly new spending and is so treated in the table.

Thus of the 1995 lottery allocations, with £6.3m allocated to these three headings, the level of additionality in the lottery is 7.41% of the total.

Areas where evidence is uncertain

Two particular heads present problems - the two Department of Health allocations. Dealing with the B7 heading first, it is already known that some Department of Health allocations from the lottery were straight replacements (Health Education Bureau/Health Promotion Unit, National Social Service Board). Allocations under the B7 heading are, as has been seen, distributed to health boards and voluntary organizations under a number of headings (miscellaneous, block allocations, child care services, mental handicap etc). The 'miscellaneous' heading is clearly new. Although the Department had funded voluntary organizations nationally prior to 1986, and continues to do so, there is no direct equivalent to these scheme in 1986 and should be considered additional. The other titles appear at first sight to represent significant new headings but closer examination suggests this is not the case. It is now clear that health boards treat these allocations (mental handicap services etc) as an integral part of their main departmental allocations which they have always received.

No effort is made to earmark these funds as lottery funds in the accounts of most health boards. They therefore cannot be considered additional. The block allocations are problematic: on the one hand, some follow section 65 procedures which were introduced when the health boards were constituted in 1970. On the other hand, there is a separate decision-making procedure for them. Health board accounts view them as separate. Accordingly, they will be considered additional. This leaves us with only two headings which may be considered additional: the miscellaneous allocation and the block allocations. The total value of the miscellaneous heading and the block allocations in 1994 was £2.61m. For the purpose of the calculation of additionality, it is assumed that the amounts allocated to these two headings are relatively stable. The 1994 figure will be used, since the 1995 figure has not yet been

decided. £2.61m represents 3.07% of the 1995 lottery allocation.

The capital allocations to health boards (12, £6.5m in 1995) present a problem. The health boards have traditionally been funded by the exchequer for capital allocations under the Public Capital Programme. It has been claimed that the lottery-funded capital allocations enabled the construction of health facilities which would otherwise not have proved possible. On the other hand, the decision-making process for allocating lottery and exchequer money under this head remain the same. The Public Capital Programme, 1995, makes no distinction between projects funded by the lottery and projects funded by the exchequer. According to the Minister for Health, 'spending on health programmes is determined by reference to the overall level of funding and is not linked directly to the source of the funding...distribution was related to the individual commitments and priorities within the department without reference to the source of those funds' (Dáil Éireann, Debates, 18 May 1995, 439). Department of Health funding for the equipping and building of health facilities has always been a function of the department, so the case for considering this sub-head as additional is unconvincing. It is therefore considered as replacement funding.

This in conclusion, it appears that only a small proportion of lottery funding is additional. The table summarizes this discussion:

Table 14: level of additionality in national lottery funding

(a) Proportion of the lottery which is additional	7.41%
(b) Proportion of the lottery which may be additional	3.07%
Proportion of lottery money which is replacement for exchequer funding under assumptions (a) and (b)	(a) 92.59% (b) 89.52%

5 Conclusions

This chapter draws together the conclusions of this research. The framework adopted is to look at the commitments given when the lottery was enacted in 1986 and examine the degree to which they have been observed, with particular reference to the voluntary sector. These commitments, which were reviewed in chapter 1, were as follows.

- lottery funding would not be used for general governmental purposes. It would be additional;
- the lottery would be accounted for in a completely visible and transparent way; and
- voluntary organizations would be the main beneficiaries, and will be able to apply to individual government departments.

Conversely, it is recalled that concerns were expressed in 1986 that the accounting of lottery allocations would not be distinguishable from government spending; that the lottery would be so widely dispersed as to have little effect; and that it would be difficult, if not impossible, to track where lottery money went and its final destination.

Lottery funding would not be used for general governmental purposes

Chapter 4 has shown that the commitment that the lottery would not be used for general governmental purposes was broken at once and that lottery money was used immediately for general governmental purposes. Far from funding entirely new programmes and activities, between 89% and 92% of current lottery money has replaced programmes which the government already funded in 1986. The level of additionality is between 7.41% and 10.44%. Most of this is represented by the sports capital programme. This will, at least, give some satisfaction to those who in the late 1970s conceived of the lottery as primarily a lottery for sports.

The lottery would operate in a visible and transparent manner

Transparency has become a fashionable notion in the current discourse on public administration. Transparency refers to the process where what takes place in government and the public service is visible, can be 'seen through', and implies that full information is promptly available on the governmental and administrative decisions and financial allocations. The importance of transparency is underlined in the present programme for government which asserts that 'there is a clear need for greater openness and accountability in Irish life'.

The quality of information about lottery spending varies widely across the many areas where lottery money is spent. In some areas, Dáil questions quickly elucidate where lottery money is spent and in some detail. In other areas of spending, such elucidation is available in the estimates, in others in the appropriation accounts. There remain, however, some areas where the level of information about particular spending and its purpose remain obscure. These areas vary from department to department and even within departments.

Transparency is most evident in the allocations by State-sponsored bodies: semi-State boards are expected to present accounts and annual reports. These reports are generally quite detailed (e.g. Arts Council, Bord na Gaeilge). Some government departments, and parts of some large departments, have developed an ethos of transparency. As an example of good practice, the sports report of the Department of Education provides considerable detail on how lottery sports money is spent. The Department of Social Welfare's schemes are prominently advertised in the national media, criteria are available, closing dates are set, application forms are available and there is a dedicated unit in the department to provide information for voluntary organizations. Similar high standards are evident in the approach of the

Department of Arts, Culture and the Gaeltacht. The scheme of funding for cultural organizations by the Department of Foreign Affairs has an application form, a closing date, a set amount of money and a committee which makes decisions (and whose names are on the Dáil record). There seems no reason why these models of good practice could not be followed in other departments and local authorities.

By contrast, transparency is least evident when lottery money is redistributed to health boards and in the health public capital programme. Several government departments pass on lottery money to final destinations without a process whereby allocations may be tracked or made accountable. Significant sums of lottery money go to health boards (8), local authorities (39) and vocational education committees (38). It is known that the Department of Health does not require health boards to inform it of how it spends block grant allocations for voluntary organizations. As for other lottery allocations to health boards (child care services, mental handicap etc), specific information on how they are spent is scarce. Information on the final destination of the lottery element is not available either from the department, the local government audit service, nor, in many cases, the boards themselves. The reason appears to be that these amounts are not earmarked as lottery money when they leave the department. Information on how lottery money is spent on local authority youth services must be sought individually from 38 VECs. It is clear that some VECs do not earmark which of their funds come from the lottery. Several VECs contacted during this research seemed unaware that their allocations had been funded by the lottery in the first place.

Even where lottery money is not as widely dispersed, information on its allocation is lacking. Although an entire Department of Education vote is dedicated to supporting Irish summer colleges, the minister was not able to provide an immediate list of the colleges supported. Beneficiaries of the Department of Education's vote for international activities (B4), apart from UNESCO, have not been identified. Nor have the organizations which have recently benefited from the 'health promotion' allocation of the Department of Health (Department of Health, B7). The lack of information here suggests some serious gaps in the current scanning of public accounts by the Comptroller and Auditor General.

The lack of comprehensive, standardized information about the lottery may be a consequence of the lack of any one minister being prepared to accept overall responsibility for the lottery. The lack of a single point of responsibility has caused frustration among deputies:

Do I take it that the Department of Finance is not accountable to this house for the general allocation of lottery funds and that we have to put down individual question to ministers to find out what is happening? Are we to take it that the Minister [for Finance] is leaving it to us to ferret out this information by a series of questions to every department?

Michael McDowell, Dáil Éireann, Debates, 11 May 1993, 1031 - 2.

Even when they are asked, government ministers have apparently shown irritation when repeatedly questioned by deputies about the lottery, referring to the 'inordinate time' that answering such questions would involve (e.g. Dáil Éireann, Debates, 14 June 1995).

Arguably, such responsibility should reside with the Minister for Finance, who has overall responsibility for the public service. The Minister for Finance has generally taken the view that the operation of the lottery is the responsibility of each individual department and he has generally refused to comment on the operation of the lottery except insofar as it affects the two areas of spending under his aegis. The 1990 report of the Joint Oireachtas Committee on Commercial State-Sponsored Bodies represents the most serious endeavour so far to standardize information on the lottery, although, regrettably from the point of view of research, it developed its own categorization system, one quite different from the public estimates and one which remains unique.

The government view is that the present system does provide a sufficient level of accountability:

Ministers decide upon the criteria for any lottery-funded grants schemes which they administer and may be

questioned in the house on all these matters.

- Bertie Ahern, Dáil Éireann, Debates, 5 May 1993, 609-610.

Departmental responsibility has been specifically defended:

The Department of Finance allocates a block of funding to individual departments. I am sure that the deputy [Michael McDowell] would agree with the principle of subsidiarity and that it is a matter for individual ministers to decide how their funds are allocated.

- Eithne FitzGerald, Dáil Éireann, Debates, 11 May 1993, 1031.

Once the money has been allocated to different departments, it becomes a matter for the spending minister to ensure optimum use is made of the funds.

- Bertie Ahern, Dáil Éireann, Debates, 11 May 1993, 1082.

The Minister for Finance argued that lottery allocations can be specifically identified, but the following comment indicates that this procedure is followed more assiduously in some departments than others:

Most departments publish a detailed schedule of lottery grants with their annual appropriation accounts and I will take this opportunity to remind those departments that no longer do so that such a schedule should be included in the future.

- Bertie Ahern, 13 May 1993, Dáil Éireann, Debates, 1749.

Indeed, the lack of information on some aspects of the lottery already noted indicate that the level of detail provided to date is quite deficient. At least one department (Health) does not require the final destination of lottery funds to be reported back.

As far back as 1990, members of the Joint Oireachtas Committee on Commercial State-Sponsored Bodies 'expressed concern about the 'adverse publicity' which surrounded some decisions on the disbursement of moneys from the lottery and 'believe that a satisfactory procedure has not yet been achieved for allocating funds' (p 19). It made three main recommendations:

- that more information be published on projects assisted by the lottery. This was the prime responsibility of the lottery company and the company had not discharged its responsibilities in this matter. 'The absence of full information for no good reason can only lead to negative speculation';
- the publication of clearer information for the benefit of applicants on application procedures; and
- that the existing broad headings of funding be maintained: the existing list is sufficiently broad; advises against any widening of the list; and recommends that any pressures to add additional areas of activity, however worthy, would result in spreading the level of support too thinly, thus losing the impact of the fund (ibid, 20-1).

The controversy over the allocations in Walkinstown in 1992 would almost certainly never have taken place had the recommendations of the Joint Oireachtas Committee on Commercial State-Sponsored Bodies in 1990 been acted upon. As it is, a compendium on lottery spending will not be available until late 1995; the system is no more transparent and the dispersal of lottery funding became much wider after 1990.

The Committee of Public Accounts made a number of recommendations in 1994 to allay public concerns about the lottery and to try to reestablish a transparent and equitable system. The recommendations were for:

- a standard application form;
- a structured process to ensure objectivity in evaluating competing applications by reference to agreed predetermined criteria;
- a follow-up system to ensure that grants are spent for the purposes intended;
- an independent monitoring group to assess a fair and reasonable geographical spread of lottery grant allocations.

A standard application form is now available in several government departments, such as Foreign Affairs. Some always had one (e.g. applications for the youth funding in the Department of Education). But there are examples of resistance to the committee's recommendations. To give two examples, the Department of Education B17 vote for cultural, scientific and educational organizations does not use one. None of the health boards were able to furnish application forms for lottery funds.

Several departments have made little progress on 'a structured process to ensure objectivity in evaluating competing applications by reference to agreed predetermined criteria'. Quite the contrary: in the Department of Education, B17 vote for cultural, scientific and educational bodies, allocations are made 'in accordance with normal budgetary procedures rather than on the basis which would apply under a standard scheme where applications would have to be made and processed under uniform criteria'. Clearly, the department has no intention of following the committee's recommendation.

Finally, no comprehensive follow-up system to ensure that grants are spent for the purposes intended has been devised; nor is there an independent monitoring group to assess a fair and reasonable geographical spread of lottery grant allocations. Such a system must remain some distance away, since, as this research has found out, the final destination of many lottery allocations remains unknown. Locating final destinations is a necessary precondition for a system which identifies that grants are spent for the purposes for which they are intended.

Finally, a comment must be made on the compendium of lottery spending to date promised by the Minister for Finance. Whilst clearly a welcome development, the present standards and approaches to accounting, combined with the lack of identification of lottery money, means that a fully comprehensive list cannot be compiled.

Fears concerning wide dispersal

Concerns were expressed in 1986, reiterated by the Joint Oireachtas Committee on Commercial State-Sponsored Bodies in 1990, that lottery money might be so widely dispersed that it would lose its effect. These fears were entirely justified. Lottery funds are currently divided between 13 of the 45 Oireachtas votes, over eight government departments, 31 budget sub-heads, eight health boards, 39 local authorities and 38 VECs. This is a wide distribution for less than one percent of the total national budget (0.86% in 1995). These figures do not take account of other government departments which have received lottery money in the past and which, for a variety of reasons such as departmental restructuring, no longer do so. Even the 31 budget sub-heads understate the true extent of such dispersal. The Department of Social Welfare R vote includes four schemes which attract or have attracted lottery funding; the Department of Health B7 vote includes nine major headings of allocations; and the Department of Education youth grant includes 14 major headings and schemes. Such dispersal is wide-ranging when one considers that the National Lottery Act includes only four main headings.

One is left with the impression that the government took a broad view of what could legitimately fall under the four headings of the Act. There is a broad category of lottery spending which in other circumstances and countries might be termed 'education' spending but for which the categories of the National Lottery Act appear to have been applied. These are, for example, the Department of Education F2 vote for 'other grants and services' of first level education, which goes to primary level library book grants and book stock. The provision of books for primary school children in most countries would normally be part of essential mainstream education provision rather than considered parts of the 'arts, culture or national heritage', as it is in Ireland. Similarly, the provision of local authority library construction, refurbishment and vehicles (Environment, vote F2) would appear to be mainstream educational provision, rather than specifically artistic, cultural or heritage.

A breach of the National Lottery Act is evident in the funding of the Dublin Institute for Advanced Studies. Previously, the Minister for Education defended its funding on the basis that the allocation went to the School of Celtic Studies, which is clearly culturally specific to Ireland, though it is now apparent that the lottery funds the other schools as well. It is impossible to see how cosmic physics and theoretical physics, however worthy their study, fit in to the categories of the National Lottery Act.

It should be noted that the government is entirely within its rights to spend lottery allocations outside the definitions of section 5 (1) (a) of the National Lottery Act, provided that notices are issued accordingly in *Iris Oifigiúil*. However, the spending of lottery money on cosmic and theoretical physics in the Dublin Institute for Advanced Studies had not been subject of a notice in *Iris Oifigiúil* by May 1995.

Not only has lottery funding been widely dispersed, but the process seems to have created a considerable amount of administrative and accounting complications. These complications exist at several levels.

First, several departments now allocate funds to the same body from both lottery and non-lottery sources, thereby necessitating the creation of new sub-heads in departmental votes. Public attention originally focused on lottery allocations in the Department of Education which had to be sub-divided when protestant youth organizations refused to take lottery money on moral grounds, thereby necessitating two sub-heads for youth organizations. But this is far from an isolated example, though this appears to be the only case where moral imperatives were the governing factor. There has been a proliferation of parallel accounts for lottery-funded and exchequer funded spending. The Department of Education has two sub-heads for international relations: B3 (exchequer) and B4 (lottery). Department of Education recreational facilities scheme has two sub-heads: B10 (lottery) and B11 (exchequer). Department of Education first level education, vote 27, has two F subheads for 'other grants and services' - F1, exchequer-funded and F2, lottery-funded. The Department of Foreign Affairs has two sub-heads for cultural relations with other countries: G1 (lottery) and G2 (exchequer). The Department of Social Welfare has two sub-heads for voluntary and community organizations: R (lottery) and S (exchequer).

There are differences between Department of Education, F1 (exchequer) and F2 (lottery). F2 goes towards library services for primary schools, whereas F1 goes to eleven different headings, though one of them also includes aid for school books. A similar example exists with the B3 and B4 sub-heads. However, there are several examples where the two parallel headings go to the same destination. There are no differences in Foreign Affairs G1 (lottery) and G2 (exchequer). There are no differences between Department of Education B10 (lottery) and B11 (exchequer). There are no differences between Department of Health allocations I1 (exchequer) and I2 (lottery). Overall, one may make the observation that for a small amount of national spending, less than 1%, the lottery has led to considerable administrative complexities. The resultant costs may be considerable.

A final comment is that the titles of some government budget sub-heads are quite uninformative. Department of Education heading F2 'other grants and services' in fact refers to the primary school library system; vote 29, B3, 'Higher Education Authority' in effect refers to the grant for the Royal Irish Academy, but this is not readily apparent and is evident only after some investigation. It also demonstrates how inadequate it is for the Minister for Finance to refer deputies who enquire about the lottery to the estimates, when these titles are so unrevealing.

Voluntary organizations would be the main beneficiaries

The entire thrust of the 1986 debate on the National Lottery Bill was that voluntary organizations, community groups and 'good causes' would be the principal beneficiaries of lottery allocations. We have already seen how the government used the lottery to replace funding for existing programmes which funded a mixture of State, semi-state and voluntary purposes. How much of the present lottery funds voluntary organizations?

This question is difficult to answer as several government departments seem unable to distinguish between which of their resources go to voluntary and which go to statutory organizations. The Minister for the Environment, when pressed to make a distinction between the two, was unable to provide an immediate answer (Dáil Éireann, Debates, 18 December 1991, 2235). Likewise, the Minister for Education told the Dáil that such a breakdown was 'not readily available' (Dáil Éireann, Debates, 18 December 1991, 2248). At one level, this lack of clarity may not seem to be important, but it does create a problem if we are to assess the level of State funding for the voluntary sector by the lottery. Several sub-heads fund a mixture of voluntary and statutory organizations, for example Department of Health B7. With these considerations in mind, any calculation of the amount of the lottery which goes to the voluntary and community sector on the one hand and that which goes to the state and semi-state sector on the other is bound to be imperfect.

The following table uses the format of the 1995 lottery allocations to calculate the division between voluntary and statutory organizations. Notes are provided to explain the calculation. As a general rule, allocations to government departments, local authorities and semi-State bodies are classified as 'State' and semi-State', though in some cases part of these funds will be or may be later passed on to voluntary and community organizations operating under State regulation. Lottery money is placed in the 'voluntary' column where it is essentially designed for use by the voluntary or community sector or allocated to independent, non-statutory agencies.

For simplicity, the table endeavours to classify entire government sub-heads as either 'State' or 'semi-State' on the one hand or 'voluntary' on the other. In several cases, this proved impossible (Department of Health, B7 and Department of Education, B9) where the sub-heads have been subdivided.⁵

⁵ Notes on the table:

¹ The youth and sports vote is classified as follows: 'State' and 'semi-State' includes disadvantaged youth projects managed by VECs, health boards and semi-State bodies; long-distance walking routes; outdoor education centres, and Comhairle le Leas Oige. The remainder of the youth and sports budget is considered to be 'voluntary and community'. The figures are based on those of the detailed 1993 returns, applied *pro rata* for 1995.

² Major sports facilities are classified as voluntary and community, although in practice these facilities are managed by a range of organizations - local authorities, VECs, colleges, private and commercial organizations as well as voluntary and community groups. Generally, such facilities have a strong local voluntary input.

³ The Department of Health B7 vote in 1995 is attributed in the same proportions as the 1994 allocations when £2.87m went to voluntary and community organizations under the headings 'miscellaneous', the block allocations (70% must go to voluntary organizations), and voluntary and community organizations supported by the Health Promotion Unit. These are classified as 'voluntary'. The balance is the amount allocated to health board (e.g. under the titles of mental handicap services etc) and are classified as statutory, although it is probable that voluntary organizations benefit from some of these allocations. Capital allocations are regarded as statutory spending because of the government statutory responsibility to provide a health service, even though hospital services are provided by large voluntary organizations, religious orders and charities which technically speaking, could be classified as voluntary organizations. The Red Cross allocation is classified as 'voluntary': although there is a statutory basis for its work, its structure and means of operation are essentially voluntary.

Table 15: lottery allocations- voluntary/statutory compared

Vote, subhead (and amount), 1995	State/semi-state	Voluntary/community
Vote 6: Minister for Finance G. Gaeleagras na Seirbhise Poibli (£110,000)	6G: £0.11m	
Vote 10: Office of Public Works I. Conservation works (£1.15m)	10I: £1.15m	
Vote 25: Environment B4: Communal facilities in voluntary housing schemes (£750,000) F2: Local authority library services (£3.54m) F4: Provision, renovation of swimming pools (£2m)	F2: £3.54m F4: £2m	B4: £0.75m
Vote 26: Minister for Education B4: International activities (£1.065m) B9 Youth and sports (£19.437m) B10: Recreational facilities (£700,000) B12: Major sports facilities (£4m) B13: Colleges providing courses in Irish (£550,000) B14: Publications in Irish (£730,000) B15: Instituid Teangeolaiochta Éireann (£913,000) B16: Royal Irish Academy of Music ((1.017m) B17: Cultural, scientific, educational organizations (£73,000)	B4: £1.065m B9: £6.03m B13: £0.55m B14: £0.73m B15: £0.913m	B9: £13.407m ¹ B10: £0.7m B12: £4m ² B16: £1.017m B17: £0.073m
Vote 27: primary education F2: Grants and services (£503,000) K2: Special schools for children in care (1.25m)	F2: £0.503m K2: £1.25m	
Vote 29: Third level education B3: Higher Education Authority (£1.026m) G: Dublin Institute for Advanced Studies (£2.84m)	G: £2.84m	B3: £1.026m
Vote 36: Defence X: Equitation (£345,000) DD: Irish Red Cross (£551,000) EE: Coiste an Asgard (£300,000)	X: £0.345m EE: £0.3m	DD: £0.551m
Vote 38: Foreign Affairs G1: Cultural relations with other countries £220,000)		G1: £0.22m
Vote 40: Social welfare R: Community and voluntary services (£4.43m)		R: £4.43m
Vote 41: Health B7: Grants to health agencies (19.012m) I2: Building, equipping, furnishing health facilities (£6.5m)	B7: £16.1m I2: £6.5m	B7: £2.88m ³
Vote 42: Culture, Arts & Gaeltacht C1: Cultural institutions and agencies (£4.067m) D: National Heritage Council (£1.55m) J: Bord na Gaeilge (£2.25m) K: Iocaíocht le Ciste na Gaeilge (£2.6m)	C1: £4.067m D: £1.55m J: £2.25m	K: £2.6m
Vote 43: National Gallery B. Grants for acquisitions and conservation (£245,000)	B: £0.245m	
Vote 44B: Arts Council (£1.207m)	44B: £1.207m	
	£53.24m (62.7%)	£31.65m (37.2%)

Source: *Estimates for public services (abridged), 1986, 1995*

Thus about 37% of the national lottery allocation goes to voluntary and community organizations and about 63% goes to government, statutory or semi-State agencies.

In 1986, the Minister of State at the Department of the Public Service encouraged voluntary organizations to 'make their case' to government departments so they might avail of lottery funding. Despite that, it is quite clear that several government departments do not see the lottery as a means whereby they should fund voluntary organizations. The Minister for Education has stated that it is not open to voluntary organizations to apply for funding under the 'international activities' heading. The department appears to have no mechanism to advertise sub-head B17 (grants for cultural, scientific and educational organizations). In the Department of Arts, Culture and the Gaeltacht, sub-head C1 (cultural institutions and agencies), grants now seem to be confined to eight specific bodies: the Minister has said there are no discretionary funds to allow for the funding of voluntary organizations, even though traditionally, a wider range of non-governmental organizations and special cultural events and activities were funded. The Department of Finance received no other proposals for lottery funding in 1994 and the Minister has stated that he has no proposals to add to the lottery activities funded. The Minister for Defence has made it clear that lottery funding is not available to bodies other than those currently funded by the department. The Department of Agriculture does not seem to have any procedures in place for handling lottery applications by voluntary organizations within the department's remit, even though voluntary organizations working within this area could have benefited from such funding. The Minister for Transport, Energy and Communications says his department no longer operates lottery funded schemes and has no criteria to assess any applications if he received them. Thus, far from opening doors to a wider range of voluntary organizations and enable them to 'make their case' as the Minister of State hoped in 1986, the lottery now operates in such a way at present as to close off such opportunities.

Introduction of lottery in UK

The approach of the tenth anniversary of the lottery in Ireland coincides with the introduction of a lottery in the UK. When mature, it is expected to raise about £4bn annually. Between 25% and 30% of sales is guaranteed for 'good causes'. The British lottery is regulated under the National Lottery Act, 1993. Allocations of the funds collected are made by five distributors, each of whom is allocated 20% of the lottery surplus available: the Arts Council, lottery unit; the Sports Council; the National Heritage Memorial Fund; the Millennium Fund ('for projects of lasting benefit to the nation'); and the National Lottery Charities Board. The National Lottery Charities Board has 17 members and a chief executive. Voluntary organizations were invited to nominate members of the board. In May 1995, the National Lottery Charities Board issued its first invitations to apply for grants, listing priority areas, a timetable, criteria for applicants, and details of the assessment procedures. Earlier, in spring 1995, the board consulted with a wide range of voluntary organizations in all parts of the UK to discuss the most effective means of operating the lottery. Information is provided about members of the board, their means of operations and the locations where they may be contacted.

Government's current review of the lottery

In Ireland, the government elected in December 1994 gave a commitment to review the operation of the national lottery. In May 1995, Mary Harney TD tabled a question to ask the Minister for Finance if the review group had been appointed; its precise terms of reference; its membership; its time schedule; and if it would invite submissions from voluntary organizations and members of the public. The question was disallowed by the Ceann Comhairle on the basis that the question was a repeat of a question asked in February and the reply to that question. The reply (Q. 34, 28 February 1995, 1744) simply stated that the matter was 'under consideration' and gave no other details. In the absence of any subsequent public announcements on the matter, it may be concluded that the matter is far from a priority in the present government.

The Minister of Finance was asked in the Dáil whether he had any views as to whether the lottery should be allocated by independent boards rather than government departments. His

response (Dáil Éireann, Debates, 18 May 1995, 431) was that he was aware of criticisms of the allocation process of UK lottery, that the process was slow-moving and did not provide for direct accountability to parliament. He did not cite the source of these criticisms. The minister was also asked whether his department had available to it information on the processes for allocating lottery monies in other countries. He responded by saying that he did have such information but that it highlighted the diversity of approaches in different countries.

The Minister for Finance appears to be generally satisfied with the operation of the lottery in Ireland. Although he claims that the lottery provides for accountability to Parliament, this research suggests that there are significant gaps in our knowledge of where lottery money is spent, that the procedures for identifying the final destination of lottery money are complex and unsatisfactory, that a variety of information sources must be used and that some information on the lottery is regarded as confidential. No minister or government has been challenged on the fact that most of the commitments on how the lottery would operate, made in 1986, were broken the following year.

Final conclusions

This is the first detailed examination of the process whereby the national lottery is allocated in Ireland. The principal findings are as follows:

- Contrary to the commitments given in 1986 that the lottery would not be used for general governmental purposes, lottery funding was used for general governmental purposes immediately;
- The government grossly underestimated the revenue which would be raised by the lottery, in the order of 1,079%;
- Contrary to commitments given in 1986 that the lottery would provide entirely additional resources, the level of additionality is between 7% and 11%;
- Contrary to commitments given in 1986 that voluntary and community organizations would be the beneficiaries of the lottery, in practice about 63% of the lottery money is spent by government departments, semi-State bodies, or local authorities as part of their statutory responsibilities;
- In allocating lottery money, the government has used a very wide interpretation of the categories of the National Lottery Act to fund educational and scientific projects which go beyond the scope of the original intentions of the lottery;
- Contrary to commitments given in 1986 that the lottery would be transparent, the general operation of lottery grants lacks transparency. Although there are some individual examples of government departments and State agencies which operate the lottery in a visible manner, the operation in some departments and some health boards remains confused and opaque. Information on how decisions are taken is withheld;
- Two sets of recommendations, one by the Joint Oireachtas Committee on Commercial State-Sponsored Bodies, the other by the Committee on Public Accounts, which would have improved the transparency of the lottery, have been substantially ignored; and
- Whereas in the UK the organization responsible for allocating lottery money consulted with voluntary organizations *before* the lottery was established, no such consultation has taken place in Ireland, almost ten years *after* the lottery was established.

Although members of the Oireachtas have expressed concern and frustration about the operation of the lottery, the overall governmental view about its operation is self-satisfied. The current operation of the lottery does not fit in comfortably with modern concepts and expectations about open government, visibility, transparency, or accountability. The current operation of the lottery brings a new sense of urgency to the long-promised Freedom of Information Bill and the government's review committee on the lottery. On the positive side, two matters should be noted. First, there are examples of good practice in operating the lottery which could be followed by other government departments. Second, the Minister for Finance has not ruled out the possibility of independent boards to run the lottery. The time has now come for such a consideration.

