

# China: How last year's lottery revenue was spent

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**Lottery funds supported 300,000 philanthropy programs, covering areas including social welfare, philanthropy, social security, education, health, sport, culture, poverty alleviation, disaster relief and legal aid. With funding for charities increasing so rapidly, authorities and the public are becoming concerned about possible misuse of funds.**

The annual revenue from lottery sales in 2017 exceeded 400 billion yuan for the first time, a sum equivalent to the annual fiscal revenue of Beijing. In an interview with Xinhua, the authorities went through the account books of the lottery tickets and explained what the lottery revenues are paying for and how the funds raised through their sale are managed.

According to officials from the General Office of the Ministry of Finance, the China welfare lottery and the China sports lottery systems are the major sources of lottery sales revenue. Over 55% of the revenue is used to pay the winners' prizes. After deducting the operation fees for the lottery, the rest of the money mostly goes to charitable funds.

'In 1987, the establishment of the China welfare lottery was intended to compensate for the lack of government grants for philanthropic programs. So far about 28% of the income, together with the unclaimed prizes, has contributed to charitable funds, says Feng Yaping, director of the China welfare lottery issuing and management center of the Ministry of Civil Affairs. By the end of 2017, China welfare lottery tickets have been sold for a total of 1795 billion yuan, and raised over 537 billion yuan for charity funds. In the year of 2017, the lottery sales went up to a total of 426.67 billion yuan, with 216.98 billion from the welfare lottery and 209.69 billion from the sport lottery. In total these two sectors raised 114.33 billion yuan for charity.

Founded in 1994, the China sports lottery was at first intended to raise funds for sport development. Nowadays, as one of the major welfare lottery organisations, it has already earned 1.4 trillion over the past 23 years and raised 382 billion yuan for charity. According to Zhang Chi, director of the China sports lottery, General Administration of Sport of China, "to some extent, motivating people to donate their spare money so as to fulfil philanthropic wishes made by ordinary people is what the lottery is actually for."

Feng Yaping says that the money raised has funded over 300,000 philanthropy programs, covering areas including social welfare, philanthropy, social security, education, health, sport, culture, poverty alleviation, disaster relief and legal aid. Over 571 million people have benefited directly or indirectly, over 400 thousand jobs have been created and many have been offered to people in difficulty, including people with disability and laid-off workers.

The sports lottery has played a rather significant role in supporting major sporting events in China, including the Olympics, the Asian Games, the National Games and so forth. Additionally, the lottery provides most of the funding for the National Fitness Campaign. With the support of the sports

lottery, fitness projects have been extended to over 600 thousand villages, plus exercise tracks, fitness centres, multifunctional community sports fields and walk pathways were constructed all around the country.

The Xinhua report also notes that with regards to how the money is utilised efficiency and the closing of loopholes are issues of great concern. The recent frequent exposure of incidents regarding appropriating, abusing and lavishing funds raised through lottery sales reveals several underlying problems within the system, such as fund applications not being focused enough, lack of transparency and negligence on the part of the supervisors.

Zeng Fanrong, founder of Caitong Consultancy (凯通咨询) and an expert in this area, commented that it is essential to appropriately use the funds raised through lotteries for philanthropic purposes. The key to increase transparency in the sector is disclosure of the details of the account books, making the destination of each sum of money clear.

The Xinhua report concludes by noting that in recent years the efficiency of the application and management of the lottery funds has been improving. The budget, collection, distribution and application of the funds is in line with the current regulations for governmental funds and a well-connected, well-organised and transparent management system has been formulated. The administrations have been dedicated to supervising and rectifying the sector, publishing statistics and holding violators to account. In particular, the Ministry of Civil Affairs published files on enhancing the administration of charitable funds raised by the lottery, and promised to release the usage of the funds within a year.

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