

# NEW ZEALAND LOTTERY GRANTS BOARD TE PUNA TAHUA

## OUTPUTS

In 2007/2008, the Lottery Grants Board allocated:<sup>1</sup>

\$44,335,706 to the Lottery community committees.<sup>2</sup>

This included funding for:

<b>Regional Community Committees:</b>	\$24,988,105
- additional one-off grant	\$988,409
<b>National Community Committee</b>	\$13,443,875
- subcommittees of the Lottery National Community Committee <sup>3</sup>	
Individuals with Disabilities Subcommittee	\$4,415,317
Pacific Provider Development Fund Subcommittee	\$500,000

Other committees that received allocations in 2007/2008 included:

<b>National Specialist Committees:</b>	
Lottery Community Facilities	\$13,000,000
Lottery Environment and Heritage	\$9,148,059
Lottery Health Research	\$3,186,696
- additional one-off grant	\$2,900,000
Lottery Marae Heritage and Facilities	\$6,885,007
Lottery Minister's Discretionary Fund	\$315,000
Lottery Outdoor Safety	\$8,277,941
- additional one-off grant	\$4,500,000

### Statutory Bodies:

Creative New Zealand	\$ 22,125,000
- additional one-off grant	\$ 5,620,000
New Zealand Film Commission	\$9,587,500
- additional one-off grant	\$2,440,000
New Zealand Film Commission for New Zealand Film Archive	\$737,500
- additional one-off grant	\$190,000
Sport and Recreation New Zealand	\$30,890,000
- additional one-off grant	\$7,500,000

<sup>1</sup> For more detail on the allocation and purpose of each committee, see the committee reports that follow in this document.

<sup>2</sup> For more detail on individual regional community committee allocation, see pages 41-65.

<sup>3</sup> The Individuals with Disabilities Subcommittee assumed full committee status during the year.

## VISION

New Zealanders building strong sustainable communities together.

Ko te hunga nō Aotearoa e waihanga tahi ana i ngā hapori pakari ukauka.

## MISSION/TE WHAKATAKANGA

Contribute funding to support the vision in a considered, responsive and timely way.

Ko te tuku pūtea hei tautoko i te kaupapa mā te ara taute, māhorahora, arotau hoki.

## KAUPAPA

The Lottery Grants Board recognises the aspirations and needs of Māori and their protocols.

E whakatau ana Te Puna Tahua i ngā wawata me ngā hiahia o te iwi Māori, me ō rātou tikanga.

## BOARD MEMBERS

Photo: *From left to right*

Margaret Mohi  
(Community Representative)

Phil Harington  
(Community Representative)

Hon Rick Barker, Minister of Internal Affairs  
(Presiding Member)

Garth Nowland-Foreman  
(Community Representative)

Lynne Pillay MP from March 2008  
(Prime Minister's Representative)

Sandra Goudie MP - Absent  
(Leader of the Opposition's Representative)

Ann Hartley MP until March 2008 - Absent





# PRESIDING MEMBER'S REPORT



Lottery profits went to a new level last year, allowing the introduction of some notable Lottery Grants Board activities and initiatives, and an increase to base allocations of more than 15 per cent over the 2006/2007 level. Some of the Board's reserves were used to make substantial additional grants and two new committees were established. The Board has moved towards the implementation of an outcomes focus to help New Zealanders build strong sustainable communities. This focus underpins the renewed Statement of Intent (SOI), which outlines the Board's strategic direction and approach.

## GRANTS

This year, the Board made base allocations of \$147.5 million to its distribution committees and to the three statutory bodies it supports: Creative New Zealand; the New Zealand Film Commission; and Sport and Recreation New Zealand.

From 2004 to 2007, there was strong growth in Lottery profits, allowing the Board to make extra one-off allocations out of reserves this year. In addition to the annual allocation of \$147.5 million, a further \$24.1 million was allocated to the three statutory bodies and the distribution committees that were experiencing particularly high demand.

## NEW COMMITTEES

The Board takes pleasure in this year's addition of the Lottery Significant Projects Fund and the Lottery Community Sector Research Fund to the distribution committee portfolio. The Lottery Significant Projects Fund provides New Zealanders with the opportunity to benefit from projects of national significance that might otherwise not find funding for completion. Projects are selected for their community and public benefits, contribution to outcomes areas and the needs of specific community groups, as well as their geographical spread and sustainability. These are projects that will provide assets for generations to come.

The Community Sector Research Fund enables groups to undertake research for the communities they serve, improve their knowledge base and apply new knowledge to their operations. This is in line with the

Board's aims of building knowledge about the community sector, undertaking ongoing evaluation of the impacts of its grants, and continuing support for community goals.

These new initiatives, large and small, contribute to the Board's objective of assisting New Zealanders to build strong sustainable communities.

During the year, the Individuals with Disabilities Subcommittee assumed full committee status, in line with its importance in promoting participation in community life.

## STRATEGIC DIRECTION

The Board's SOI was refreshed to reflect its strategic objectives and guiding principles, and to align its vision and mission with the Outcomes Framework Project, which has been a major achievement this year. The SOI articulates the Board's strategies to manage its business in a changing environment, to be responsive to its community, and to conduct its business in accordance with better funding practice principles.

## OUTCOMES FRAMEWORK

The year has seen a move from prescriptive funding towards outcomes-focused grants. As the Outcomes Framework is implemented, applicants will find that accountability requirements have been simplified, leaving them free to concentrate on what they are trying to achieve. At the same time, a better funding practice approach is making application and accountability easier for clients.

## BEST PRACTICE IN GRANT-MAKING

The Board has continued to pursue and maintain good relations with other philanthropic grant-makers. This enables it to make complementary grants and avoid overlaps and inefficiencies. This year the Board again supported the National Funders' Forum, which featured inspirational speakers from New Zealand, the United Kingdom and Canada, and encouraged Regional Funders' Forums, to foster opportunities for collaborative funding and the achievement of better community outcomes. These national and international contacts help keep Board policy and procedure aligned with best practice. Board members are also participating in the development of a collaborative evaluation network.

## THE YEAR AHEAD

In implementing its Outcomes Framework and moving towards improved funding processes, the Board takes satisfaction in being at the forefront of equitable and efficient grant-making. More importantly, making sure the proceeds of Lotto provide community benefits will strengthen our communities and make New Zealand an even better place to live.

**Hon Rick Barker**  
Minister of Internal Affairs  
Presiding Member, New Zealand Lottery Grants Board

# SECRETARY'S REPORT

This year, the Board's business has grown in volume and complexity. The Secretariat has worked on aligning and simplifying operational policy and procedure to facilitate the move to implementation of the Board's Outcomes Framework. Application, grant-making and accountability processes are being streamlined to make them simpler and more efficient.

## PRESIDING MEMBERS' POLICY ADVISORY GROUP

The Board has been well supported by the Presiding Members' Policy Advisory Group, which has contributed to discussions on a wide range of issues, such as the practical implications of the move to an outcomes focus, the impacts of multi-year funding and ways to achieve greater participation of ethnic groups in Lottery grant funding.

## COMMITTEES

An accumulation of funds from exceptional growth in the NZ Lotteries Commission profits from 2003 to 2006 enabled the Lottery Grants Board to reactivate earlier initiatives and fund new activities.

The new Lottery Significant Projects Fund was gazetted on 11 October 2007, and will make its first distributions early in the 2008/2009 financial year.

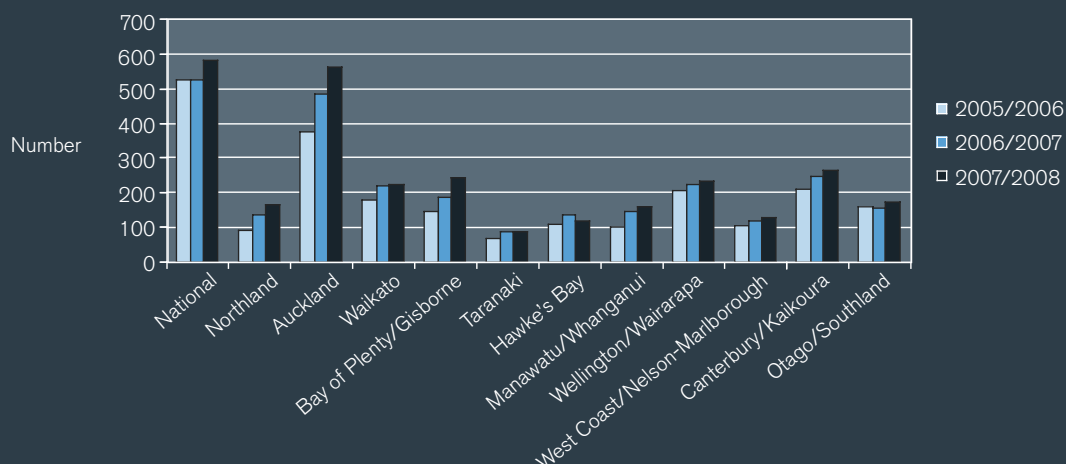
In November 2007, the reactivated Community Facilities Committee allocated \$13 million to multi-functional projects that will serve their wider communities.

The Lottery Individuals with Disabilities Subcommittee took on full committee status during the year, handling a steady increase in applications.

The new Lottery Community Sector Research Fund was established in January 2008. Its aim is to fund community groups to extend their knowledge base and improve their ability to apply new knowledge to their operations. The establishment of this fund has incorporated learning from the Outcomes Framework Project and a better funding practice approach.

An evaluation of the Pacific Provider Development Fund was conducted during the year. The Board has reaffirmed its commitment to its Pacific constituency by renewing its support for the Fund, which aims to build the capability of Pacific groups to access other Lottery funds.

Applications to Regional Community Committees



### APPLICATION TRENDS

After a period of decline before 2005, the volume of Lottery grant applications is increasing steadily. In the 2007/2008 year there was a further 11 per cent increase in the number of applications, with more than 5,000 received in 2007/2008. Almost 20 per cent of these were to the Individuals with Disabilities Committee. A further 58 per cent were made to the regional community committees. The distribution of regional community committee applications is shown in the graph on page 8. While the growth may be partially attributable to demographic change, the percentage increase in the past year alone is far in excess of the 7.78 per cent increase in population between the censuses in 2001 and 2006. This suggests good public awareness and acceptance of Lottery grant funding.

The graph below shows the trend over the past three years in applications to Lottery committees funding the social sector and facilities. Applications to some committees declined in 2006/2007, but most have increased in the past year.

### BETTER FUNDING PRACTICE

Better funding practice has been a keynote of the year's activities. The Board has made steady advances in consistency of process and simplification of both internet and paper-based documentation. These advances support the customer focus of the Board's administration, and reflect the principles of lawfulness, accountability, openness, value for money, fairness and integrity that the Board practises and expects in its interaction with applicants. The Board is developing a more user-friendly IT platform so that applicants can easily find information needed to apply and account for grants.

### OUTCOMES FRAMEWORK

The Board has taken important steps during the year towards outcomes-focused grant-making. This has involved extensive consultation with the Presiding Members of distribution committees, committee members, Secretariat staff, and community and other key stakeholders.

Following national consultation, and in line with its statutory functions, the Board has adopted an outcomes model that balances

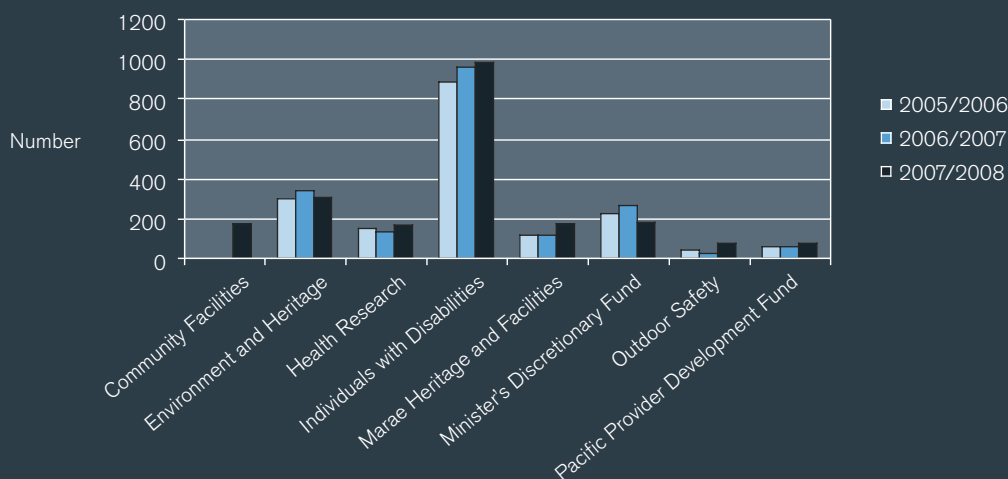
the provision of the greatest possible community benefit with optimisation of equity. Its operational model focuses grant-making on outcomes and accountability on outputs. This is being developed into a funding decision support system, with appropriate indicators and measures.

Decisions will be based on community need or opportunity, benefits to the community, Lottery Grants Board policies and priorities, the feasibility of the proposed plan and the ability of the applicant to deliver the project and/or service.

The Secretariat is developing a monitoring and evaluation system to evaluate the Board's contribution to building strong sustainable communities at grant-making, Lottery fund and Lottery Grants Board allocation levels.

The Board's Outcomes Framework will be implemented over the next two years. Lottery community committees will be the first to move to an outcomes focus approach in the 2009/2010 financial year, to be followed by other distribution committees when the Department of Internal Affairs' new grant management system goes live in the 2010/2011 financial year.

Applications to Facilities and Social Sector Committees



## GRANTS ONLINE

This year, 62 per cent of all applications were made online. Improvements to Grants Online will further reduce administrative and compliance burdens for applicants, and make it more accessible, flexible and responsive.

## GRANT MONITORING

37 of the 46 groups subject to random audit were found to be compliant to spend. Three did not comply fully because they had not, at year's end, spent the entire amount granted. Auditors were not satisfied with the records kept by four groups, which were therefore unable to demonstrate that grant money had been fully used for the purposes intended. Two groups had spent their grants on community purposes but not the purposes for which the grants had been approved.

An additional 39 reviews were included in the 2008/2009 work programme. These reviews were initiated by complaints, or observations by Internal Affairs staff; 19 are complete, and 20 are continuing. The increase in reviews/referrals from last year was driven by the additional value of involving grant auditors in the early identification and resolution of issues around applications and accountability.

Ensuring full compliance is an important part of the work of the Board. It is inevitable, given the wide range of groups funded, that there will be some reports of non-compliance, but education and advice to improve governance will continue to be needed.

## SATISFACTION SURVEYS

Research New Zealand conducted a survey of Lottery Grants Board clients' level of satisfaction with the service provided by the Department in its administration of Lottery grants. The Department aims to achieve 85 per cent satisfaction in all areas. Results indicated a high level of satisfaction. Of the 72 Lottery committee members surveyed, 98 per cent rated advisory and administration services as satisfactory or better. Applicants and users of services were also surveyed, with 93 per cent of the 528 users surveyed satisfied with the quality of service.

## COLLABORATIVE FUNDING

The Board maintains contact with other providers of grant funding to avoid duplication of effort and identify opportunities for collaborative funding, research and evaluation. It is a member of Philanthropy New Zealand and supported the National Funders' Forum. During the year, the Board liaised with the monitoring and evaluation group being developed by Philanthropy New Zealand and the ASB Trust.

## COMMUNICATIONS

The Board introduced several new communications initiatives during the year. The aim was to establish linkages between NZ Lotteries, vendors of Lottery products and recipients of grants. NZ Lotteries representatives, vendors and other stakeholders visited Lottery grant-funded projects in the Bay of Plenty and Auckland, with a positive response from participants and the public. We plan to extend this model to other areas during the coming year.

## MEDIA

Media releases highlighting a range of Lottery grant activities were distributed throughout the year.

Lottery grants stories were prominently featured in the press. Newspaper clippings featuring Lottery grants were up from 455 last year to 696 this year, most being good news stories about funding from the Lottery Grants Board and its distribution committees.

## THE YEAR AHEAD

The coming year will see progressive implementation of the Outcomes Framework. Training workshops will be held for Presiding Members, Secretariat and staff. Improvements to the grants management IT platform will simplify processes for Lottery grant applicants and improve the quality of data for monitoring and evaluation of the Board's grant-making impacts and outcomes.



Morag Woodley  
Secretary

*New Zealand Lottery Grants Board*

# GOVERNANCE AND ACCOUNTABILITY STATEMENT

The Lottery Grants Board is governed by the Gambling Act 2003, to distribute the profits of New Zealand state Lotteries, such as Lotto and Instant Kiwi, for community purposes<sup>4</sup> and for specified statutory purposes. The Board is authorised to approve allocations only to:

- distribution committees established by the Minister responsible for the Lottery Grants Board to distribute Lottery profits for community purposes
- the Minister responsible for the Lottery Grants Board for distribution for community purposes
- three specified statutory bodies – Creative New Zealand, New Zealand Film Commission including the New Zealand Film Archive, and Sport and Recreation New Zealand (SPARC) – for expenditure in accordance with their own Acts.

The Board determines general policies and issues general directions with which the distribution committees must comply. The Lottery Grants Board has governance protocols that express its expectations of members. The Board monitors the operations of its distribution committees and the provision of administration services, including the investment of undistributed Lottery profits by the Secretary for Internal Affairs.

The Lottery Grants Board and the distribution committees are not part of the Crown and are not subject to direction by Government. Although the Board and the committees are not bound by Government policy, they do take it into account where the Board or a committee considers it to be relevant and appropriate.

## DISTRIBUTION COMMITTEES

The Minister responsible for the Lottery Grants Board has 18 distribution committees. At the beginning of the year there were two subcommittees. One, the Individuals with Disabilities Subcommittee, assumed full committee status during the year. The statutory bodies and committees funded by the Lottery Grants Board are shown on page 13.

Each distribution committee distributes grants for a specified range of community purposes. Committees determine their own priorities for funding, while complying with general Board policies and directions. The committees determine the frequency of their distribution meetings. Most committees schedule three or four distribution meetings each year, but some have one or two funding rounds. The Minister's Discretionary Fund and the Individuals with Disabilities Committee receive applications throughout the year.

Distribution committees may comprise three to five members, appointed by the Minister responsible for the Lottery Grants Board for terms of up to three years. Three Board members, appointed by the Governor-General, from the community are responsible for liaising with specific distribution committees. Each attends committee meetings as an observer. The Board also includes two ex-officio members representing the Prime Minister and Leader of the Opposition. The Gambling Act 2003 authorises distribution committees to delegate decision-making powers to subcommittees.

A policy advisory group comprising the Presiding Members of distribution committees and the Board liaison members provides advice to the Lottery Grants Board on strategic and policy issues, and promotes consistent Lottery grant policy development.

## DISTRIBUTION OF LOTTERY FUNDING

Lottery funds are raised from all sections of the NZ Lotteries gambling community, and the distribution committees endeavour to ensure Lottery grants are equitably distributed to demographic and geographic communities throughout the country. Lottery grants are not government funds and thus do not fund services for which central and local government agencies are responsible. Instead, under the Gambling Act 2003, Lottery grants are to be used exclusively for community purposes, and fund initiatives to meet priorities identified and developed by communities themselves. These initiatives include many developmental activities and services which neither government nor the private sector will provide, but which are sufficiently valued by communities for members to be prepared to contribute labour, money or materials voluntarily. The committees recognise that participation in community initiatives builds a sense of belonging and upskills individuals while providing services and activities tailored to the needs of particular communities.

When assessing an application, Lottery distribution committees consider:

- the fit with the Lottery Grants Board's mandate, vision, aims and resources
- the community need for the activity
- community benefit assessment and support for the activity
- the feasibility of the planned activity
- the capability of the applicant to deliver a sustainable project that responds to the above criteria.

Care is taken to ensure that Lottery funding is granted to sustainable projects and that unrealistic expectations of future funding are not raised.

<sup>4</sup> The Gambling Act 2003 came into effect on 1 July 2004. This Act allows Lottery profits to be distributed for community purposes – to contribute to the building of strong sustainable communities. The needs of Māori, Pacific and other ethnic communities, women, older people, youth and people with disabilities are also considered.

## STATUTORY BODIES

In accordance with Board policy, the Board allocates guaranteed minimum percentages of its annual net income from NZ Lotteries to Creative New Zealand, the New Zealand Film Commission and, through the New Zealand Film Commission to the New Zealand Film Archive, and to SPARC. Their allocation totals 42 per cent and is allocated as follows:

Creative New Zealand	15%
New Zealand Film Commission	6.5%
New Zealand Film Archive	0.5%
SPARC	20%

Creative New Zealand and the New Zealand Film Commission are accountable to the Minister for Arts, Culture and Heritage for the distribution and expenditure of their Lottery allocations.

The New Zealand Film Archive is a charitable trust, and is a client of the New Zealand Film Commission.

SPARC is accountable to the Minister for Sport and Recreation for the distribution and expenditure of its Lottery funding.

## ADMINISTRATION OF LOTTERY GRANTS

The Lottery Grants Board does not employ staff. Instead, the Board, Lottery distribution committees and their subcommittees, and the Minister's Discretionary Fund are serviced by the Department of Internal Affairs. The Board is consulted on the annual administration budget before this is approved by the Minister of Internal Affairs. The Board is also consulted on the range of services purchased from the Department. These services are specified in an annual Memorandum of Understanding between the Minister of Internal Affairs and the Chief Executive,

Department of Internal Affairs. Secretariat and advisory staff are bound by normal Public Service codes of conduct, integrity and accountability.

SPARC, Creative New Zealand and the New Zealand Film Commission have separate administrations.

## ACCOUNTABILITY

The Lottery Grants Board does not hold bank accounts. Instead, the Department of Internal Affairs operates the bank account into which all Lottery profits are paid and is responsible for the investment of undistributed Lottery profits. All allocations, grants, administration costs and other miscellaneous expenditure specified in the Act are paid for from this account. The Board accounts for its funds in its annual report, which is tabled annually in the House of Representatives.

# NEW ZEALAND LOTTERY GRANTS BOARD DISTRIBUTION OF FUNDS

