



NZ Lottery Grants Board

TE PUNA TAHUA

Distributor of NZ Lottery Profits

Report of the
**New Zealand Lottery
Grants Board**

TE PUNA TAHUA

for the year ended 30 June 2006

*Presented to the House of Representatives Pursuant to
Section 295 of the Gambling Act 2003*



Report of the

NEW ZEALAND
LOTTERY GRANTS BOARD

Te Puna Tahua

for the year ended
30 June 2006

Minister of Internal Affairs

WELLINGTON

In accordance with section 295 of the Gambling Act 2003, I present the report of the New Zealand Lottery Grants Board and of each distribution committee for the 12 months ended 30 June 2006 together with a copy of the accounts of the Profits of New Zealand Lotteries for the same period, certified by the Auditor-General.

ANNUAL ACCOUNTS

The New Zealand Lottery Grants Board is a Crown entity for the purposes of the Public Finance Act 1989. As such, it is required to prepare annual financial statements under Part V of the Act.

The role of the Board is to determine the proportions in which the profits of New Zealand lotteries are allocated for distribution.

New Zealand lotteries were conducted throughout this financial year under section 238 of the Gambling Act 2003 by the New Zealand Lotteries Commission. The profits of New Zealand lotteries are paid by the New Zealand Lotteries Commission into a bank account operated by the Secretary for Internal Affairs under section 258 of the Gambling Act 2003. Grants and miscellaneous expenditure are paid out of this bank account by the Secretary, who is required to keep full accounts and to submit those accounts to the Audit Office each year.

After audit, the Secretary forwards the audited accounts to the Board. A copy of the audited accounts for the year ending 30 June 2006 is set out in the report.

Christopher Blake
Secretary for Internal Affairs

New Zealand Lottery Grants Board
c/o Department of Internal Affairs
46 Waring Taylor St
P O Box 805
WELLINGTON
Freephone: 0800 824 824
Fax: 04 495 7225
Website: www.dia.govt.nz/lotterygrantsboard

CONTENTS

| | Page |
|--|------|
| New Zealand Lottery Grants Board | 4 |
| Lottery Distribution Committees | |
| Lottery Environment and Heritage | 8 |
| Lottery Health Research | 12 |
| Lottery Marae Heritage and Facilities | 15 |
| Lottery Outdoor Safety | 18 |
| Lottery National Community | 21 |
| Lottery Regional Community | 24 |
| Auckland | 28 |
| Bay of Plenty/Gisborne | 30 |
| Canterbury/Kaikoura | 32 |
| Hawke's Bay | 34 |
| Manawatu-Whanganui | 36 |
| Northland | 39 |
| Otago/Southland | 42 |
| Taranaki | 45 |
| Waikato | 47 |
| Wellington/Wairarapa | 49 |
| West Coast/Nelson-Marlborough | 52 |
| Lottery Individuals with Disabilities Subcommittee | 55 |
| Lottery Pacific Provider Development Fund Subcommittee | 58 |
| | |
| Lottery Minister's Discretionary Fund | 60 |
| Statutory Bodies | 62 |
| Sport and Recreation New Zealand | 62 |
| Creative New Zealand | 62 |
| New Zealand Film Commission | 62 |
| Secretary's Report | 63 |
| Governance and Accountability Statement | 67 |
| Accounts | |
| Report of Audit New Zealand | 70 |
| Profits of New Zealand Lotteries | 79 |

NEW ZEALAND LOTTERY GRANTS BOARD

Te Puna Tahua



MEMBERS

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

Hon George Hawkins (Presiding Member to October 2005)

Ann Hartley MP (Prime Minister's Representative)

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

Phil Harington (Community Representative)

Garth Nowland-Foreman (Community Representative)

Margaret Mohi (Community Representative)

VISION

Making a positive difference in New Zealand communities.

Arā kē noa atu ngā painga ka puta ki ngā papakāinga o Aotearoa.

MISSION/TE WHAKATAKANGA

To ensure empowered communities, community well-being and a sense of nationhood, and Treaty of Waitangi obligations are fulfilled.

Ki te āta titiro ka whakamanatia ngā hapori, ka whai oranga te hapori me te whai i te whakaaro he iwi; ā ka whakatutukingia ngā herenga o Te Tiriti o Waitangi.

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.

OUTPUTS

In 2005-06, the Lottery Grants Board allocated:

- i) \$32,360,000 to the **Lottery Community Committees** to encourage or enable communities to be self-reliant, to build their ability and to ensure stability, or for opportunities for social, civil or cultural participation, and reducing or overcoming barriers to such participation.

This amount was made up as follows:

| | |
|-------------------------------|--------------|
| National | \$10,800,000 |
| Auckland | \$4,735,683 |
| Bay of Plenty/Gisborne | \$1,606,280 |
| Canterbury/Kaikoura | \$2,035,638 |
| Hawke's Bay | \$834,256 |
| Manawatu-Whanganui | \$1,066,883 |
| Northland | \$965,875 |
| Otago/Southland | \$1,312,019 |
| Taranaki | \$568,464 |
| Waikato | \$1,862,123 |
| Wellington/Wairarapa | \$1,781,887 |
| West Coast/Nelson-Marlborough | \$1,043,892 |

The funding allocated to the **Lottery Community Committees** also included funding for the **two subcommittees of the Lottery National Community Committee**:

- a) \$3,547,000 to the **Lottery Individuals with Disabilities Subcommittee** to enhance the quality of life of individuals with a disability; and
 - b) \$200,000 to the **Pacific Provider Development Fund Subcommittee** to fund the development of the organisational capacity of Pacific community groups providing services in New Zealand that benefit Pacific people.
- (ii) \$7,349,000 to **Lottery Environment and Heritage** to foster the conservation, preservation and promotion of New Zealand's natural, physical and cultural heritage;
 - (iii) \$2,560,000 to **Lottery Health Research** to improve the health status of New Zealanders through research;
 - (iv) \$5,531,000 to **Lottery Marae Heritage and Facilities** to develop and conserve marae facilities;
 - (v) \$6,650,000 to **Lottery Outdoor Safety** for projects that facilitate outdoor safety or water safety;
 - (vi) \$150,000 to the **Minister responsible for the Lottery Grants Board** to distribute for community purposes outside the scope of the Lottery distribution committees;
 - (vii) \$28,220,000 to **Sport and Recreation New Zealand** to promote, encourage and support physical recreation and sport in New Zealand;
 - (viii) \$18,600,000 to **Creative New Zealand** to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders; and
 - (ix) \$8,700,000 to the **New Zealand Film Commission** to encourage, participate and assist in the making, promotion, distribution and exhibition of films made in New Zealand by New Zealanders, including \$600,000 to the **New Zealand Film Archive** for the collection and preservation of New Zealand's film heritage.

PRESIDING MEMBER'S REPORT

The first year following my appointment as Presiding Member of the Lottery Grants Board, 2005-06 has seen further implementation of the structural changes introduced in 2004, following the introduction of the Gambling Act 2003.

The more streamlined Lottery distribution committee structure is working well, with regional community committees in a good position to utilise their local knowledge to identify the needs of their communities.

The Board continues to fund an impressive range of social, community, arts, heritage, sports, recreation and health research services and projects that strengthen and have a positive impact on New Zealand communities.

Increase in lottery profits

Lottery profits continued to rise during 2005-06, returning towards the amounts generated prior to the sharp decline experienced in 2002-03.

A sum of \$110.12 million was provided for allocation in 2005-06, of which \$54.6 million was allocated to the 19 Lottery distribution committees, and \$55.52 million to the statutory bodies (Creative New Zealand, Sport and Recreation New Zealand, and the New Zealand Film Commission) to which the Board contributes funding.

Lottery profits were \$5.620 million higher than in 2004-05. \$2.16 million of this increase was allocated to specialist distribution committees and \$3.34 million to regional distribution committees, for allocation to areas deserving of increases in funding for reasons relating to population, isolation or deprivation. A small increase in funding to the statutory bodies was also made possible.

Grants Online

The second phase of the Grants Online project has now been completed. Although paper-based applications remain an option, the number of applications online has increased. Over the course of the year, a further three committees developed the capacity to process online applications. Committees that had this capacity for the entire year processed 67 percent of applications online, compared with 63 percent in 2004-05.

Outcomes focus

The Board introduced an outcomes focus for decisionmaking in 2004-05 in order to encourage a more proactive and strategic approach to Lottery grant distribution, and to ensure that Lottery grants are responsive to community needs, consistent with the Gambling Act 2003.

Under an outcomes-focused approach, distribution committees determine funding priorities in response to identified community needs that fit with the individual committee's outcome statement and the overarching Lottery Grants Board outcome statement. When this approach has been fully implemented, the effectiveness of distribution committees' funding decisions will be measured by the impact on their desired outcomes.

During the 2005-06 funding round, transition policies complemented committee outcome statements to provide a two-stage process for decisionmaking. Increasingly, outcome statements will guide future funding decisions.

Redevelopment of Pacific Provider Development Fund Subcommittee

The Pacific Provider Development Fund Subcommittee has been redeveloped and new members reflecting a range of Pacific groups and interests have been appointed. The first distribution meeting of the Subcommittee was held in June 2006.

Collaboration with Philanthropy New Zealand

The Board has sought further collaboration with other grant-making organisations, consistent with the Lottery Grants Board Statement of Intent. Membership of Philanthropy New Zealand, the national association for philanthropists and grant-makers, has provided an excellent opportunity for the exchange of information on effective grant-making practices and processes.

Looking forward

2005-06 has been a year of consolidation under the new committee structure, thanks to the ongoing efforts and dedication of Board and committee members. Expected continued growth in lottery profits will enable the funding of new initiatives in future years. More resources mean higher allocations and the opportunity to fund worthy projects more fully. This can only have a beneficial effect on community groups that rely on Lottery funds to provide much needed services to their communities.

Hon Rick Barker

Minister of Internal Affairs

Presiding Member, New Zealand Lottery Grants Board

LOTTERY ENVIRONMENT AND HERITAGE

Te Tahua Taiao Ngā Taonga Tuku Iho

MEMBERS

Peter Kerridge (Presiding Member)

Dr Sue Bennett

Des Kahotea

Vern Walsh

Lorraine Wilson

Board liaison member: Garth Nowland-Foreman

VISION

To be an effective source of discretionary funding for community-initiated natural, physical and cultural heritage projects.

MISSION/TE WHAKATAKANGA

To foster the conservation, preservation and promotion of New Zealand's natural, physical and cultural heritage.

KAUPAPA

Lottery Environment and Heritage recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana te Tahua Taiao Me Ngā Taonga Tuku Iho i ngā hiahia me ngā tūmanako o te Māori me ō rātou kawa.

OUTPUTS

In 2005-06, the Lottery Grants Board allocated **\$7,349,000** to Lottery Environment and Heritage to distribute as grants for:

- (i) natural heritage projects;
- (ii) physical heritage projects; and
- (iii) cultural heritage projects.

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$7,349,000 |
| Brought forward from the 2004-05 allocation | \$102,219 |
| Grants written back during 2005-06 | \$17,735 |
| Grants refunded during 2005-06 | \$874 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$7,469,828 |
| | |
| Total amount requested | \$19,938,341 |
| Total amount approved | \$7,467,413 |
| Percentage of amount requested that was approved | 37 percent |
| | |
| Number of applications received | 296 |
| Number of applications considered | 234 |
| Number of applications approved | 176 |
| Percentage of applications approved | 75 percent |
| | |
| Smallest approved grant | \$1,590 |
| Average approved grant | \$42,428 |
| Largest approved grant | \$350,000 |
| | |
| Number of applications submitted online | 27 |

PRESIDING MEMBER'S REPORT

Outcome statement

The conservation, preservation and promotion of New Zealand's natural, physical and cultural heritage.

Committee priorities

Priority is given to:

- Applicants who have raised at least a third of their total project cost from other sources at the time of application.
- Projects that involve: conservation of New Zealand's indigenous flora and fauna; identification and conservation of critical habitats and ecosystems; conservation of rare, endangered or threatened species in their natural habitat; or promotion of public education and awareness of issues affecting New Zealand's indigenous flora and fauna with special emphasis on providing practical experience for young people.

- In relation to the conservation and preservation of places (including buildings) associated with the physical heritage of New Zealand: places registered by the New Zealand Historic Places Trust; places registered by the relevant territorial or regional authority; or places identified by the community as having significant heritage value.
- In relation to the conservation and preservation of New Zealand's cultural heritage: projects that protect collections at risk; make collections more available to the community; enhance the learning experience and involvement of young people; or conserve movable cultural property.

Grants included \$5,000 towards researching a book that will record four decades of the Govett-Brewster Art Gallery's Collection; \$15,000 towards a native flax planting project; \$100,000 towards the restoration of a suspension bridge; and \$275,000 towards the construction of a major predator-proof fence.

Emerging issues/trends

There was a decrease of 5 percent in the number of applications considered during the year (234 applications compared with 247 in 2004-05).

The numbers of grant variations and extension requests continue to rise. A particular pressure point is the funding of conservation plans for heritage buildings. The Committee has allowed two-year timeframes for the completion of projects, as there is only a small pool of qualified professionals able to carry out this work.

The number of supplementary applications is also increasing. Supplementary applications are submitted when the building projects of clients delivering major capital works experience unforeseen cost escalations. This is difficult to plan for, even with the availability of professional construction staff.

As more museums and art galleries consider embarking on major capital projects, there is a need for capacity building so that they are better equipped to deliver these. Many of the feasibility studies carried out by groups highlight skill gaps and needs within their core businesses, which need to be addressed before they begin capital works.

It is Committee policy to only consider one-off project funding for natural heritage projects, given the fluctuating nature of funds available for distribution. However, natural heritage projects (eg pest and weed eradication programmes) are ongoing by their very nature. The same area may need to be re-targeted over many years, or further phases added. It is noted that some applicants may have unrealistic expectations of regular revenue funding.

Recently there has been a marked increase in the number and frequency of applications requesting assistance with the purchase of heritage buildings and property. One reason for this is the growing public awareness of the importance of built heritage. In addition, with the passage of time, there has been an exponential growth in the number of heritage items that has produced a significant backlog of buildings and sites awaiting assessment for categorisation.

General

Four meetings were held as scheduled.

The year has again highlighted the need for thorough planning and the securing of partnership funding by groups prior to applying to the Committee.

Peter Kerridge

Presiding Member

Lottery Environment and Heritage Committee

LOTTERY HEALTH RESEARCH Te Tahua Rangahau Hauora

MEMBERS

Professor Linda Holloway (Presiding Member)

Professor Tim Anderson

Dr Vicky Cameron

Dr Beverley Lawton

Professor Graham Le Gros

Board liaison member: Garth Nowland-Foreman

VISION

To be an effective source of discretionary funding for health and biomedical research in New Zealand.

MISSION / TE WHAKATAKANGA

The quality of New Zealand health care is improved through research.

KAUPAPA

Lottery Health Research recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana te Tahua Rangahau Hauora i ngā hiahia me ngā tūmanako o te Māori, me ō rātou kawa.

OUTPUTS

In 2005-06, the Lottery Grants Board allocated **\$2,560,000** to Lottery Health Research to distribute with its other funds as grants for:

- (i) research into the cause, prevention and treatment of conditions affecting the health of New Zealanders;
- (ii) research which will lead to advances in health and biomedical science for the ultimate benefit of New Zealanders; and
- (iii) the development, maintenance and retention of a highly skilled workforce of well-trained and experienced health and biomedical researchers in New Zealand.

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$2,560,000 |
| Brought forward from the 2004-05 allocation | \$2,113 |
| Grants written back during 2005-06 | \$138,000 |
| Grants refunded during 2005-06 | \$15,691 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$2,715,804 |
| | |
| Total amount requested | \$14,839,782 |
| Total amount approved | \$2,568,976 |
| Percentage of amount requested that was approved | 17 percent |
| | |
| Number of applications received | 151 |
| Number of applications considered | 151 |
| Number of applications approved | 35 |
| Percentage of applications approved | 23 percent |
| | |
| Smallest approved grant | \$4,734 |
| Average approved grant | \$73,399 |
| Largest approved grant | \$172,000 |
| | |
| Number of applications submitted online | 0 |

PRESIDING MEMBER'S REPORT

Outcome statement

The health status of New Zealand is improved through research.

Committee priorities

The Lottery Health Research Committee is a national committee set up to fund research to improve the health status of New Zealanders. Commonly-funded projects include:

- research into the causes, prevention and treatment of medical conditions;
- research that will lead to advances in health and biomedical science; and
- support for the development and retention of well-trained and experienced health and biomedical researchers.

The Committee makes grants for good quality, basic and applied research that relates particularly to common human health problems considered to be of major significance to the New Zealand community. The Committee is also interested in research into the prevention and management of the common problems and disorders that lead to the deterioration of normal health. The Committee

gives priority to funding equipment that will be shared by a number of researchers, making it a vital component of the overall health and biomedical research funding scene in New Zealand.

A total of 151 applications for funding amounting to \$14,839,782 were considered, of which 35 grants were awarded for a total of \$2,568,976. Three PhD Scholarships were approved, totalling \$69,000 each over a three-year period.

Applications for funding are prioritised according to the scientific merit of applications as assessed by the Committee, taking into consideration reports from referees (local and overseas).

The largest grant of \$172,000 was for high resolution X-ray micro-tomography equipment, and the smallest grant was for \$4,734.

Emerging issues/trends

There was an increase in the number of applications considered by the Committee, with a total of 151 applications being made in the current year compared with 131 in the previous year. As this year's figure was closer to the levels of two and three years ago, it is not considered significant.

General

Applications to the Committee close in September each year and a meeting is held in November to consider all applications received throughout the year.

The Committee receives high quality applications. Media reporting of successful grants has been very positive, not only in the press but also on radio and television, with the Lottery Grants Board being well publicised.

Professor Linda Holloway

Presiding Member

Lottery Health Research Committee

LOTTERY MARAE HERITAGE AND FACILITIES Te Tahua Marae Tuku Iho Me Ngā Whakaurunga

MEMBERS

Hon Koro Wetere (Presiding Member)

Inez Kingi

Dame Georgina Kirby

Ngaire Te Hira

Haare Williams

Board liaison member: Margaret Mohi

VISION

To be an effective source of discretionary funding for marae facilities.

Kia noho hei mātāpuna whaioranga mō te tohatoha pūtea ki ngā whakaurunga marae.

MISSION/TE WHAKATAKANGA

Marae facilities are developed and conserved.

Ka whanakehia, ā, ka tiakina hoki ngā whakaurunga marae.

KAUPAPA

The Lottery Marae Heritage and Facilities Committee will act as a responsible participant in the Treaty of Waitangi relationship with whānau, hapū, iwi and Māori.

The Lottery Marae Heritage and Facilities Committee is committed to ensuring an equitable distribution of funds to whānau, hapū, iwi and Māori organisations for the development and conservation of marae facilities.

Ka tū te Komiti Tahua Marae Tuku Iho Me Ngā Whakaurunga kaiwhakauru whaikawenga i roto i te whānaungatanga o te Tiriti o Waitangi i te taha o ngā whānau, hapū, iwi, me te iwi Māori whānui hoki.

Kua herea te Komiti Tahua Marae Tuku Iho Me Ngā Whakaurunga te tika o te tohatoha atu i te pūtea ki ngā whānau, hapū, iwi, me ngā rōpū Māori hoki hei whanake, hei tiaki hoki i ngā whakaurunga marae.

OUTPUTS

In 2005-06, the Lottery Grants Board allocated **\$5,531,000** to Lottery Marae Heritage and Facilities to distribute with its other funds as grants for:

- (i) the development of marae facilities; and
- (ii) the conservation of marae facilities.

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$5,531,000 |
| Brought forward from the 2004-05 allocation | \$11,108 |
| Grants written back during 2005-06 | \$311,001 |
| Grants refunded during 2005-06 | \$450 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$5,853,559 |
| | |
| Total amount requested | \$10,907,442 |
| Total amount approved | \$5,853,098 |
| Percentage of amount requested that was approved | 54 percent |
| | |
| Number of applications received | 117 |
| Number of applications considered | 104 |
| Number of applications approved | 84 |
| Percentage of applications approved | 81 percent |
| | |
| Smallest approved grant | \$3,850 |
| Average approved grant | \$69,679 |
| Largest approved grant | \$400,000 |
| | |
| Number of applications submitted online | 8 |

PRESIDING MEMBER'S REPORT

Outcome statement

The conservation and development of marae facilities and associated significant sites.

Committee priorities

The Committee aims to distribute funds equitably across regions and to give priority to applications for wharenui, wharekai and ablution facilities.

Emerging issues/trends

Approximately \$164,000 was requested for feasibility studies during the 2005-06 financial year. Owing to the increasing number of applications for funding to undertake such studies, the Committee has identified a need to further develop the feasibility guidelines that are provided to clients. As more groups are being granted funds to conduct their own feasibility studies, the guidelines provided by the Committee need to ensure that such studies are of a satisfactory standard. Verification, by an appropriately qualified person, that the feasibility studies are satisfactory is considered to be a core requirement. It is particularly important as the feasibility study forms the basis of the applicant group's future capital works application to the Committee.

Owing to the Committee's new requirement that a building/resource consent be obtained for large capital works projects prior to submitting an application, the number of applications considered by the Committee dropped to 104 in 2005-06, from 123 in 2004-05. Eighty-four percent of applications were approved.

As the major source of funding nationwide specifically targeted at the development of marae facilities, the Committee considers all of its grants to be significant. Grants made ranged from \$3,850 for a conservation report to \$400,000 for a major marae upgrade. Two grants of \$400,000 were made for the latter.

General

The Committee held three distribution meetings in the 2005-06 financial year, as scheduled.

Te Puni Kōkiri continues to provide valuable information on policy issues and advice relating to specific applications.

Two of the Committee's original members have now reached the end of their terms. The knowledge and skills of Mrs Inez Kingi and Dame Georgina Kirby will be greatly missed. I have been re-appointed for another term of three years.

Hon Koro Wetere

Presiding Member

Lottery Marae Heritage and Facilities Committee

LOTTERY OUTDOOR SAFETY Te Tahua Whakaruru-hau

MEMBERS

Bryan Jackson (Presiding Member)

Bette Cuthbert

Amohaere Houkamau

Dr Nagalingham Rasalingham

Duncan Taylor

Board liaison member: Phil Harington

MISSION/TE WHAKATAKANGA

The well-being of New Zealanders and their communities is enhanced.

KAUPAPA

Lottery Outdoor Safety recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana te Tahua o te Whakaruru-hau i ngā hiahia me ngā tūmanako o te Māori, me ō rātou kawa.

OUTPUTS

In 2005-06, the Lottery Grants Board allocated **\$6,650,000** to the Lottery Outdoor Safety Committee to make grants to not-for-profit organisations and groups that have outdoor safety or water safety as their main purpose for projects that facilitate outdoor safety or water safety.

| | |
|--|---------------------|
| 2005-06 ALLOCATION | \$6,650,000 |
| Brought forward from the 2004-05 allocation | \$145,372 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$0 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$ 6,795,372 |
| | |
| Total amount requested | \$8,157,571 |
| Total amount approved | \$6,520,978 |
| Percentage of amount requested that was approved | 80 percent |
| | |
| Number of applications received | 38 |
| Number of applications considered | 22 |
| Number of applications approved | 21 |
| Percentage of applications approved | 95 percent |
| | |
| Smallest approved grant | \$4,250 |
| Average approved grant | \$310,522 |
| Largest approved grant | \$2,030,117 |
| | |
| Number of applications submitted online | 27 |

PRESIDING MEMBER'S REPORT

Outcome statement

Enhanced water and outdoor safety for New Zealand communities.

Committee priorities

Lottery Outdoor Safety is a national committee, which has been set up specifically to fund water safety and outdoor safety projects. Commonly funded projects include:

- search and rescue;
- outdoor safety; and
- water safety.

Prevention of life-threatening situations developing in the outdoors is a high priority for the Committee. Organisations such as Water Safety New Zealand and the New Zealand Mountain Safety Council are funded to provide nationwide campaigns and initiatives to educate New Zealanders and tourists about keeping themselves safe around water, or while enjoying outdoor environments such as the mountains and bush.

Emerging issues/trends

2005-06 was the second year of the Committee's operation and 22 applications were considered. While the number of applications may appear small compared with the applications considered by other committees, they include a number of combined applications from national organisations and their affiliated groups.

In addition to applications from large outdoor and water safety organisations, the Committee is now receiving applications from small volunteer land Search and Rescue groups that have become aware of the opportunity to apply for equipment to help them with their search and rescue missions. Most applications have tended to be successful.

An increased funding allocation enabled the Committee to approve applications from air-borne search and rescue services that it was unable to fund the previous year. This enabled air-borne Search and Rescue teams to keep abreast of technological developments. For example, funding was provided to purchase up-to-date night vision goggles, which have been vital components of several recent night search and rescue missions.

General

The Committee held two meetings as scheduled in 2005-06, but will meet once annually in future. By considering all applications at the same time, the Committee will improve its funding process and the allocation of available funds each year.

Bryan Jackson

Presiding Member

Lottery Outdoor Safety Committee

LOTTERY NATIONAL COMMUNITY COMMITTEE

Te Tahua Whakatinana Pakakāinga

MEMBERS

Bryan Jackson (Presiding Member)

Bette Cuthbert

Amohaere Houkamau

Dr Nagalingham Rasalingham

Duncan Taylor

Board liaison member: Phil Harington

MISSION/TE WHAKATAKANGA

The well-being of New Zealanders and their communities is enhanced.

KAUPAPA

Lottery Community recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana te Tahua Whakatinana Papakāinga i ngā hiahia me ngā tūmanako o te Māori, me ō rātou kawa.

OUTPUTS

In 2005-06 the Lottery Grants Board allocated **\$10,800,000** to the Lottery National Community Committee to distribute to not-for-profit organisations and groups that encourage or enable:

- communities to be self-reliant, to build their ability and to ensure their stability;
- opportunities for social, civil or cultural participation and reducing or overcoming barriers to such participation.

This means that Lottery National Community funds projects and events that have a community or social-service focus, and which help improve the quality of people's lives in the community. This includes:

- developmental or preventative projects;
- welfare and support services;
- providing information or raising awareness;
- the encouragement of participation in communities (for example, by improving opportunities and/or people's abilities, or addressing issues such as equity, isolation, independence and risk);
- the encouragement of community and/or cultural identity or understanding; and
- supporting activities that help develop people and organisations, particularly those acting in a voluntary capacity.

| | |
|--|----------------------|
| 2005-06 ALLOCATION | \$10,800,000 |
| Brought forward from the 2004-05 allocation | \$270,031 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$8,202 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$ 11,078,233 |
| | |
| Total amount requested | \$20,637,497 |
| Total amount approved | \$10,983,092 |
| Percentage of amount requested that was approved | 53 percent |
| | |
| Number of applications received | 524 |
| Number of applications considered | 493 |
| Number of applications approved | 459 |
| Percentage of applications approved | 93 percent |
| | |
| Smallest approved grant | \$700 |
| Average approved grant | \$23,928 |
| Largest approved grant | \$446,500 |
| | |
| Number of applications submitted online | 365 |

PRESIDING MEMBER'S REPORT

Outcome statement

The social and economic well-being of New Zealand communities is enhanced.

Committee priorities

The Lottery Grants Board allocates funding to the Lottery National Community Committee for the distribution of grants for community purposes. Lottery National Community Committee considers applications for projects that encourage or enable community self-reliance, capacity building and stability; or opportunities for social, civil or cultural participation, or reducing or overcoming barriers to such participation.

Projects and events that are commonly funded by the Lottery National Community Committee include those that focus on:

- parents/family/whanau;
- youth development programmes;
- enhancing the quality of life of older people in the community;
- violence prevention;
- new migrants/refugees;

- people with long-term/significant disability or illness; and
- people who are considered to be at-risk or disadvantaged.

Emerging issues/trends

A diversity of ethnic community grant applications was considered during the year. The Committee is aware of the need to build a sense of community and to overcome the communication difficulties that can be a barrier to the needs and expectations of such communities. The Committee was pleased to assist a number of organisations that provide support and information services to ethnic communities.

There has been an increase in the number of organisations choosing to have grant applications from their national organisation and affiliated regional branches considered at the same time by the Lottery National Community Committee.

The Committee welcomes applications from new groups promoting the welfare of parents, women and families, young and old.

General

The Committee held three meetings, as scheduled, this financial year.

Bryan Jackson

Presiding Member

Lottery National Community Committee

LOTTERY REGIONAL COMMUNITY COMMITTEES

Ngā Tahua Whakatinana Papakāinga ā-Rohe

MEMBERS

Auckland

Judith Thompson (Presiding Member)

Lynn Henry

Savaai Leutele

Lindsey Rea

Rev Robert Scott

Board liaison member: Phil Harington

Bay of Plenty/Gisborne

Rev Peter Coughlan (Presiding Member)

Mary Burdon

Olive Issacs

Jo-Anne La Grouw

Molly Pardoe

Board liaison member: Margaret Mohi

Canterbury/Kaikoura

John Wright (Presiding Member)

Siale Faitotonu

Pamela Sharpe

Louise Tankersley

Sally Thompson

Board liaison member: Garth Nowland-Foreman

Hawke's Bay

Alan Dick (Presiding Member)

Rangi Manuel

Michelle Pyke

Gary Severinsen (resigned 19 April 2006)

Shona Jones

Board liaison member: Margaret Mohi

Manawatu-Whanganui*Jill White (Presiding Member)**Veronica Fitzmaurice**William Greening**Charles Poynter**Oriana Paewai**Board liaison member: Margaret Mohi***Northland***Yvonne Sharp (Presiding Member)**Margaret Ryan-Bell**Andrew Sarich (resigned November 2005)**Tapihana Shelford (resigned November 2005)**Colleen Urlich**Board liaison member: Phil Harington***Otago/Southland***Frances Diver (Presiding Member)**Jacqui Foley**Rex Fox**Dougal Soper**Trudi Sunitsch**Board liaison member: Garth Nowland-Foreman***Taranaki***Michael Mulqueen (Presiding Member)**Noel Bridgeman**Cheryl Skelton**Colleen Tuuta (resigned March 2006)**Elizabeth McAllister (commenced 11 July 2005)**Board liaison member: Phil Harington***Waikato***Bruce Thomas (Presiding Member)**Dr Anwer Ghani**Angus McConnell**Judi Muru**Alison Van de Heyden**Board liaison member: Phil Harington*

Wellington/Wairarapa

Peter Dale (Presiding Member)

William (Pat) Hanley

Margaret Lee

Star Olsen

Sir Ronald Scott

Board liaison member: Margaret Mohi

West Coast/Nelson-Marlborough

Maurice Austin (Presiding Member)

Butch Bradley

John Canning

Sharon Pugh

Kathleen Reilly

Board liaison member: Garth Nowland-Foreman

MISSION / TE WHAKATAKANGA

The well-being of New Zealanders and their communities is enhanced.

KAUPAPA

Lottery Community recognises the aspirations and needs of Māori, and their protocols.

E whakatau ana te Tahua Whakatinana Papakāinga i ngā hiahia me ngā tūmanako o te Māori, me ō rātou kawa.

OUTPUTS

In 2005-06 the Lottery Grants Board allocated Lottery Regional Community Committees the following funds to distribute:

| | |
|-------------------------------|-------------|
| Auckland | \$4,735,683 |
| Bay of Plenty/Gisborne | \$1,606,280 |
| Canterbury/Kaikoura | \$2,035,638 |
| Hawke's Bay | \$834,256 |
| Manawatu-Whanganui | \$1,066,883 |
| Northland | \$965,875 |
| Otago/Southland | \$1,312,019 |
| Taranaki | \$568,464 |
| Waikato | \$1,862,123 |
| Wellington/Wairarapa | \$1,781,887 |
| West Coast/Nelson-Marlborough | \$1,043,892 |

Lottery Community Committees make grants to not-for-profit organisations and groups that encourage or enable:

- communities to be self-reliant, to build their ability and to ensure their stability;
- opportunities for social, civil or cultural participation and reducing or overcoming barriers to such participation.

This means that Lottery Community Committees fund projects and events that have a community or social-service focus, and which help improve the quality of people's lives in the community. This includes:

- developmental or preventative projects;
- welfare and support services;
- providing information or raising awareness;
- the encouragement of participation in communities (for example, by improving opportunities and/or people's abilities, or addressing issues such as equity, isolation, independence and risk);
- the encouragement of community and/or cultural identity or understanding; and
- supporting activities which help develop people and organisations, particularly those acting in a voluntary capacity.

AUCKLAND

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$4,735,683 |
| Brought forward from the 2004-05 allocation | \$309,542 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$11,147 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$5,056,372 |
| | |
| Total amount requested | \$9,202,614 |
| Total amount approved | \$4,858,406 |
| Percentage of amount requested that was approved | 53 percent |
| | |
| Number of applications received | 373 |
| Number of applications considered | 331 |
| Number of applications approved | 299 |
| Percentage of applications approved | 90 percent |
| | |
| Smallest approved grant | \$800 |
| Average approved grant | \$16,248 |
| Largest approved grant | \$60,000 |
| | |
| Number of applications submitted online | 226 |

PRESIDING MEMBER'S REPORT

Outcome statement

The social, cultural and economic well-being of Auckland communities is enhanced.

Committee priorities

Auckland has a number of unique characteristics. These include its cultural and social diversity, the wide disparity of income across the Auckland region, the particular needs of both new and established migrants, and the number of marginalised and socially isolated people that Auckland attracts as New Zealand's largest city.

In recognition of Auckland's specific characteristics, the Committee has developed the following priorities:

- new initiatives which bring about positive change within the community and promote self-reliance and independence;
- training and supervision aimed at increasing professional delivery of services by paid and volunteer staff;

- the support of volunteers, including recruitment, coordination and volunteer expenses; and
- organisations and/or initiatives that meet identified gaps within existing service provision.

The Committee continued to allocate most of its funding towards salaries (71 percent during the year). Feedback received from community groups indicates that Lottery grants remain their main source of funding for salaries.

Of the 299 applications approved, 15 percent were from organisations whose major benefiting group was Māori and 8 percent were from Pacific groups, similar to the proportion of these groups in the New Zealand population. Twenty-seven percent of applications approved were for other ethnic groups, reflecting the cultural diversity of Auckland and the particular needs of new migrant groups.

Twenty-one percent of grants were to groups working predominantly with youth and 5 percent were to organisations working with older people. The remaining 74 percent of grants were to a range of welfare groups.

The largest grant during the current reporting period was for \$60,000 to Glen Innes Family Centre (for salaries, training and supervision costs). The smallest grants were for seniors' activities, ranging between \$800 and \$3,000.

Emerging issues/trends

The Committee continues to receive a high number of grant applications. However, there was a 13 percent decline in applications considered, from 383 in 2004-05, to 331 in 2005-06. This factor, in addition to a larger funding allocation this year, allowed more significant contributions to be made to community groups, consistent with the Committee's commitment to outcome-focused funding. Accordingly, the amount of the average grant increased from \$9,969 in 2004-05 to \$16,248 in 2005-06.

Of particular concern is the relatively low number of applications received from Manukau, an area of economic and social deprivation, with a disproportionate number of low-income earners and the largest Pacific population in New Zealand. Although it comprises 25 percent of the total population of the Auckland region, Manukau has received only 15-17 percent of the funds available for distribution by the Committee over the past two years.

A key issue is the organisational capacity of many Manukau-based groups to deliver the services needed. Some of the capacity-building issues will be addressed through the training of providers supported by the Lottery Pacific Provider Development Fund. Department of Internal Affairs Funding Advisors are also working closely with a number of groups in Manukau to increase their capability. The Committee is limited in its ability to intervene if applications for grants have not been received. Discussions with the ASB Trust and the West Auckland District Council of Social Services have been initiated to collaborate on this issue.

General

Three meetings were scheduled and held during the current financial year.

The Auckland Community Committee is actively working to address local needs. The range of networks and skill sets that members bring enables informed consensus decisionmaking.

Judith Thompson

Presiding Member

Lottery Auckland Community Committee

BAY OF PLENTY / GISBORNE

| | |
|--|---------------------|
| 2005-06 ALLOCATION | \$1,606,280 |
| Brought forward from the 2004-05 allocation | \$18,270 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$12,000 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$ 1,636,550 |
| | |
| Total amount requested | \$6,796,995 |
| Total amount approved | \$1,430,614 |
| Percentage of amount requested that was approved | 21 percent |
| | |
| Number of applications received | 147 |
| Number of applications considered | 127 |
| Number of applications approved | 115 |
| Percentage of applications approved | 91 percent |
| | |
| Smallest approved grant | \$250 |
| Average approved grant | \$12,440 |
| Largest approved grant | \$40,000 |
| | |
| Number of applications submitted online | 89 |

PRESIDING MEMBER'S REPORT

Outcome statement

The social and economic well-being of the Bay of Plenty/Gisborne communities is enhanced and community participation is encouraged.

Committee priorities

Lottery funding is the main source of funding of salaries for community organisations in the region. The Bay of Plenty/Gisborne Community Committee considers that continuing support towards the payment of salaries is essential for the ongoing sustainability of community groups.

In addition to salary grants, the Committee's priorities include:

- assistance to low decile and rurally isolated schools for school trips;
- after-school programmes, programmes for 'at-risk' youth;
- programmes to support young parents;
- programmes to support older people; and
- ongoing support of organisations with a proven history of successful service provision.

The Committee is committed to funding for successful outcomes and innovative projects, and funding priorities and practices are reviewed annually. It always considers specific rural or urban factors that may affect an application.

Of the funds distributed, 64 percent supported the continued funding of community organisations, and 62 percent contributed towards the payment of salaries. Youth projects received 22 percent and support programmes for older people received 14 percent.

Projects benefiting Māori received 36 percent of the total funding. Māori make up 29 percent of the region's population, but are more highly concentrated in rural areas.

The largest grant approved was for \$40,000, for salaries at a community house in Tauranga.

Emerging issues/trends

There was a decrease in the number of applications considered (from 161 in 2004-05 to 127 in 2005-06). Although there is no known reason for the drop in applications, it may be easier to access other funding sources, especially for one-off projects.

The amount requested increased from \$4,306,829 in 2004-05 to \$6,796,995 in 2005-06.

Of applications considered, 42 percent were from the Western Bay of Plenty, which is one of the fastest growing regions in the country (with Tauranga City having 2.9 percent growth over the last two years).

General

Three meetings were held as scheduled.

Peter Coughlan

Presiding Member

Lottery Bay of Plenty/Gisborne Community Committee

CANTERBURY / KAIKOURA

| | |
|--|---------------------|
| 2005-06 ALLOCATION | \$2,035,638 |
| Brought forward from the 2004-05 allocation | \$0 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$407 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$ 2,036,045 |
| | |
| Total amount requested | \$4,902,846 |
| Total amount approved | \$1,963,624 |
| Percentage of amount requested that was approved | 40 percent |
| | |
| Number of applications received | 211 |
| Number of applications considered | 188 |
| Number of applications approved | 162 |
| Percentage of applications approved | 86 percent |
| | |
| Smallest approved grant | \$300 |
| Average approved grant | \$12,121 |
| Largest approved grant | \$40,000 |
| | |
| Number of applications submitted online | 158 |

PRESIDING MEMBER'S REPORT

Outcome statement

The Lottery Canterbury/Kaikoura Community Committee will enhance the social, cultural and economic well-being of the Canterbury/Kaikoura communities.

Committee priorities

The Committee gives priority to projects that:

- strengthen families/whanau;
- strengthen and empower communities;
- enhance the quality of life in the community;
- celebrate diversity; and
- nurture volunteer activity in the community.

The Committee increasingly takes into consideration possible outcomes of the project for which Lottery support is sought. Whether or not groups undertake any evaluation or long-term

follow-up with their clients is of interest. This is particularly relevant for organisations that have been granted Lottery funds over a number of years.

The Committee is open to providing funds towards evaluation studies undertaken by organisations, in order to assess whether or not existing services address community needs.

Where a need is identified for the development of management, financial management, or governance skills of an organisation, and where the purpose of a grant supports this outcome, the Committee is keen to make a grant. An example would be a grant for training to assist the capacity building of a minority ethnic group.

In order to assess and address the needs of a particular geographical area or sector, the Committee is interested in knowing what other groups are operating there and the degree of networking amongst the groups.

The Committee recognises both the importance of volunteer support, and the costs involved (such as increased petrol costs).

Emerging issues/trends

Applications considered by the Committee decreased from 239 in 2004-05, to 188 in 2005-06. It is too soon, however, for this to be considered an emerging trend.

There was a slight decrease in the percentage of applications approved (from 89 percent in 2004-05, to 86.2 percent in 2005-06). To ensure that Committee decisions are consistent with Board policy, advisers are undertaking more in-depth analysis of organisations' other sources of funding, in particular where organisations may receive funding from, or have contracts with, local or central government agencies. This has resulted in a slight increase in applications being declined where the service is seen as the responsibility of central or local government.

A reduction in application numbers has allowed the Committee to significantly increase the size of the average grant, from \$9,169 in 2004-05 to \$12,121 in 2005-06. There has also been an increase in the percentage of the requested amount that was approved (from 36 percent in 2004-05 to 40.1 percent in 2005-06).

Compared with the previous year, there has been a slight drop in the percentage of applications submitted online (from 80 percent in 2004-05 to 74.5 percent in 2005-06). After an initial early uptake of Grants Online, the number of online applications for the region continues to compare favourably with the national average of 67 percent for regional Lottery community committees.

General

All three scheduled meetings for the year were held.

The membership of the Committee has remained stable, contributing to efficient decisionmaking processes and robust decisions.

John Wright

Presiding Member

Lottery Canterbury/Kaikoura Community Committee

HAWKE'S BAY

| | |
|--|------------------|
| 2005-06 ALLOCATION | \$834,256 |
| Brought forward from the 2004-05 allocation | \$22,874 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$0 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$857,130 |
| | |
| Total amount requested | \$2,331,383 |
| Total amount approved | \$815,591 |
| Percentage of amount requested that was approved | 35 percent |
| | |
| Number of applications received | 108 |
| Number of applications considered | 104 |
| Number of applications approved | 100 |
| Percentage of applications approved | 96 percent |
| | |
| Smallest approved grant | \$473 |
| Average approved grant | \$8,155 |
| Largest approved grant | \$22,500 |
| | |
| Number of applications submitted online | 70 |

PRESIDING MEMBER'S REPORT

Outcome statement

The well-being of many Hawke's Bay people and their communities is improved.

Committee priorities

The Hawke's Bay Community Committee's high-level priority is to support effective community groups and services, and to minimise adverse effects arising from high levels of disadvantage and deprivation in Hawke's Bay. This directly contributes to Lottery Grants Board outcomes through supporting:

- community self-reliance, capacity building and stability; and
- opportunities for social, recreational, civil or cultural participation and reducing or overcoming barriers to such participation.

Priority groups identified by the Committee to address the key issues and needs of the region include groups that:

- Are disadvantaged or deprived owing to isolation. This includes the elderly, those living rurally, people with disabilities and ethnic groups;
- Provide projects/ programmes with a focus on young people; and
- Have a social, recreational, or cultural focus eg Pacific groups, support groups for the elderly or people with a disability, and community services such as citizens advice bureaux, and the Budget Service.

The payment of salaries is the most frequent purpose of applications. Volunteer expenses and travel costs are also a high priority for the Committee, as these add to difficulties experienced by organisations in recruiting and retaining volunteers.

Emerging issues/trends

There has been a decline in applications considered, from 117 in 2004-05 to 104 in 2005-06. Reasons for this may include problems with online applications, and missed closing dates. Most groups make regular applications to other funders and there has been some confusion over different closing dates. A number of actions have been taken to better publicise Lottery grants in order to increase funding applications.

As funding towards the payment of salaries is the highest priority for the Committee, it has increased the level of grants for this purpose.

With the continued rise in petrol costs, requests for grants to cover domestic travel costs for volunteers have increased significantly.

The Committee has noted an increase in requests from pre-schools for resources such as books and games. A maximum of \$500 per applicant is granted for this purpose.

There has been a slight increase in Pacific group applications, which may further increase as a result of the redevelopment of the Pacific Provider Development Fund.

General

The Committee held three allocation meetings during 2005-06, as planned. An extra day was set aside for a roundtable information exchange with other funding organisations, which led to a review of Committee outcome objectives, funding policies and priorities.

Alan Dick

Presiding Member

Lottery Hawke's Bay Community Committee

MANAWATU-WHANGANUI

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$1,066,883 |
| Brought forward from the 2004-05 allocation | \$9,169 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$1,247 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$1,077,299 |
| | |
| Total amount requested | \$1,983,973 |
| Total amount approved | \$867,834 |
| Percentage of amount requested that was approved | 44 percent |
| | |
| Number of applications received | 99 |
| Number of applications considered | 89 |
| Number of applications approved | 82 |
| Percentage of applications approved | 92 percent |
| | |
| Smallest approved grant | \$550 |
| Average approved grant | \$10,583 |
| Largest approved grant | \$31,900 |
| | |
| Number of applications submitted online | 75 |

PRESIDING MEMBER'S REPORT

Outcome statement

In the Manawatu-Whanganui region, we aim to contribute to the building of strong sustainable communities with an emphasis on social and cultural well-being and development.

Committee priorities

Priorities identified by the Committee to address key issues and needs of the Manawatu/Whanganui community are:

- groups or projects that carry out community development¹;
- groups or projects that enhance the participation of people who are isolated eg geographically, by age, disability, ethnicity or illness;

¹ Community development is defined by the Committee as 'group projects/initiatives that lead to increased self-reliance, competence, independence and empowerment in a culturally appropriate manner.'

- groups that provide social cohesion eg Marae committees, support groups for caregivers, groups that provide for the basic needs of food, shelter and companionship; and
- groups or projects that contribute to community capacity-building projects eg youth leadership and skills development.

The Committee has encouraged applications for feasibility studies from new groups wishing to determine the need for their proposed service, and applications from established organisations seeking a review of their services.

Applications were also encouraged from groups seeking assistance to participate in community information events, and from groups engaged in a partnership/collaboration venture to ensure more effective coordinated service delivery.

Emerging issues/trends

The Committee notes that there has been a drop in the number of applications considered from 129 to 89 during 2005-06. It is thought that confusion about closing dates may have been a factor. To remedy the situation six funding workshops were held in May 2006, which were attended by Committee members. Quarterly newsletters were also distributed by the Department of Internal Affairs regional office to raise awareness about the funding process and funds available.

Salaries continue to be the highest priority for applicants to the Committee. As the Lottery Community Committee appears to be the most significant non-government funder of salaries for community groups, the same groups tend to apply annually for this purpose.

Rising transport costs have been reflected in an increased number of applications for volunteer expenses and domestic travel costs. The issue has particularly affected community groups in Horowhenua² involved in transporting the elderly to health services located in Palmerston North, and community groups providing services to rural communities affected by flood damage in the Manawatu.

The Committee has also noted an increase in applications from sports clubs, groups with a focus on the arts, and schools requesting funds for camps and/or cultural uniforms. The Committee is able to respond to requests for projects that are not the responsibility of other funding agencies. Priority was given to requests from schools with a low decile rating. Funding was provided for activities or resources focused on building self-esteem and social skills, and/or fostering student community identity. Grants of up to \$2,000 were approved.

The Committee declined seven applications during the year. Two focused more on commercial enterprise than on community service delivery; two were for minor capital works projects at primary schools that the Committee considered to be the responsibility of the Ministry of Education; two were for costs associated with school camps, where the schools had a high decile rating; and one was from a group about which the Committee had concerns relating to its ongoing financial sustainability.

² Horowhenua has a large benefit population (46 percent at the 2001 census).

General

Three meetings were scheduled for the year, all of which were held. An extra day was set aside at the March 2006 meeting to discuss the Committee's outcome statement and local priorities. The Committee participated in six funding workshops during May 2006.

The Committee welcomed Charles Poynter at its meeting in March 2006. Charles replaced Trissel Mayor who concluded her two-year term in 2005.

Jill White

Presiding Member

Lottery Manawatu-Whanganui Community Committee

NORTHLAND

| | |
|--|------------------|
| 2005-06 ALLOCATION | \$965,875 |
| Brought forward from the 2004-05 allocation | \$9,640 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$0 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$975,515 |
| | |
| Total amount requested | \$2,079,388 |
| Total amount approved | \$975,515 |
| Percentage of amount requested that was approved | 47 percent |
| | |
| Number of applications received | 90 |
| Number of applications considered | 72 |
| Number of applications approved | 68 |
| Percentage of applications approved | 94 percent |
| | |
| Smallest approved grant | \$300 |
| Average approved grant | \$14,345 |
| Largest approved grant | \$48,679 |
| | |
| Number of applications submitted online | 48 |

PRESIDING MEMBER'S REPORT

Outcome statement

The social, economic and physical well-being of Northland's communities is enhanced.

Committee priorities

The Northland Community Committee recognises Northland's high levels of deprivation, its geographical spread and the challenges associated with these, such as transportation and the provision of community services in isolated rural communities.

The Committee re-affirmed as a high priority for funding, within the current transitional policies set by the Lottery Grants Board, projects and initiatives that lead to self-sufficiency, competence, independence and empowerment; and those that address health and well-being in the community. Examples are projects that support life skills development, youth leadership development, and the quality of life and independence of older people.

The Committee has aligned its funding to meet the greatest needs of organisations contributing to the social, economic and physical well-being of Northland communities. The majority of community-based organisations in the region identified salary, travel and volunteer costs as their highest priorities for funding.

The largest approved grant was a sum of \$48,679 to the Kawakawa Community Trust, towards the payment of salaries, domestic travel costs and activity/resource and programme costs. The organisation adopts a 'wrap-around' approach that involves youth, family and whānau, providing many opportunities for participants to develop a wide range of transferable skills, and supporting them to reach their own aspirations and goals.

The Committee gave priority to organisations providing direct services to older people and youth. Projects and programmes focusing on social, care and support outcomes, received the highest level of funding. One hundred percent of applications benefiting older people were approved in whole or part.

Ninety-four percent of applications benefiting youth were approved in whole or part. Projects and programmes that focused on 'at-risk' youth in low socio-economic and/or isolated rural communities, or youth leadership, received the highest level of funding.

Four applications were declined throughout the year as the purposes applied for were of low priority or the applications did not meet the current financial criteria.

The Committee made a unanimous decision to continue its support of the Tai Tokerau Multicultural Festival, the only multicultural youth event to occur in Tai Tokerau annually, and a contribution of \$10,000 was made towards this event.

Emerging issues/trends

There was a 19 percent decline in applications this year. There appear to be a number of contributing factors to this, which are being monitored.

Fifty-eight percent of the applications lodged were from organisations for which the major benefiting ethnic group was Māori. These organisations applied for a total of \$1,382,878, of which the Committee granted \$674,565, equating to approximately 68 percent of total grants made during the year.

Three percent of the total applications approved were from ethnic minority communities in Northland, Chinese and Pacific communities in particular. It was stated in 39 percent of applications that all ethnic groups and New Zealand European would primarily benefit from grants made.

General

The Northland Community Committee held three meetings during the year, as scheduled.

In November 2005, the Committee received resignations from Andrew Sarich and Tapihana Shelford. New members to the Committee will be appointed in the new financial year.

The skills and expertise of members of the Committee and the breadth of their local knowledge has greatly assisted good decisionmaking.

Participation in Philanthropy New Zealand Funders' Forums and the Presiding Members' Policy Advisory Group has provided a useful opportunity to discuss regional and national issues.

Yvonne Sharp

Presiding Member

Lottery Northland Community Committee

OTAGO / SOUTHLAND

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$1,312,019 |
| Brought forward from the 2004-05 allocation | \$146,186 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$750 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$1,458,955 |
| | |
| Total amount requested | \$2,805,321 |
| Total amount approved | \$1,276,061 |
| Percentage of amount requested that was approved | 45 percent |
| | |
| Number of applications received | 162 |
| Number of applications considered | 120 |
| Number of applications approved | 106 |
| Percentage of applications approved | 88 percent |
| | |
| Smallest approved grant | \$400 |
| Average approved grant | \$12,038 |
| Largest approved grant | \$38,000 |
| | |
| Number of applications submitted online | 105 |

PRESIDING MEMBER'S REPORT

Outcome statement

The work that we do enhances the social and economic well-being of the Otago and Southland communities.

Committee priorities

The Committee has set their local priorities as:

- youth and community worker salaries;
- the role of volunteers;
- well-established organisations with a proven record;
- one-off community projects; and
- domestic travel costs.

The Committee's philosophy is to fund projects to succeed. The level of the minimum grant towards the payment of salaries has been raised from \$15,000 to \$24,000, as the Committee considers staff retention is crucial to successful community outcomes. Sixty-nine percent of applications considered in the 2005-06 year had a salary component.

Increased funding has enabled projects to be funded to a higher level. However, as a precaution against any future decrease in the annual allocation, or a significant increase in applications, successful grant applicants are advised that there is no guarantee of Lottery funding year by year, or of funding at the same level.

The largest grants during the year were \$38,000 to the only Pacific organisation in its area for salaries and participatory projects; \$37,000 to a marae-based social service provider supported by the local rūnanga for salaries and volunteer costs; and \$38,000 to an organisation providing a wide range of support services to low income families.

Grants made have benefited the community by contributing to the development of skilled, knowledgeable, competent staff who provide a wide range of practical support and information to a variety of organisations. The community also derives considerable benefit from Lottery funding through strengthened ties with ethnic communities and participation in community projects.

Grants made towards salaries for youth workers have contributed to the provision of role models and guidance for thousands of young people. Grants made to organisations catering for older people have helped to improve the quality of life and well-being of this sector through the provision of activities, support and information.

The focus on funding for community purposes has given rise to applications for funding towards local festivals. These events last for up to 10 days, and encourage participation by many sectors of the community.

Emerging issues/trends

One issue has been a decrease in the number of applications considered for funding from 144 in 2004-05 to 120 in 2005-06. This has been addressed by an advertising campaign to raise awareness of the availability of funding. Reasons for the decline are difficult to determine, but changes in the meeting schedule and changes to Grants Online are possible contributing factors.

Grant distribution statistics show a drop in the number of approved applications since the 2004-05 year. At the same time, there has been an increase in the total amount granted. The average grant increased from \$8,416 to \$12,038, consistent with the Committee's objective of funding to succeed. Applications that were not approved were generally declined because they did not fit with Lottery policy or had a low priority.

A major issue in the region has been the rapid population increase in Central Otago, which has transformed rural communities into urban communities, with attendant social issues. It is worth noting that a large part of Central Otago falls within the boundaries of the Central Lakes Trust, which is a substantial funder of many organisations also funded by Lottery committees.

General

The Committee held three meetings during the financial year. All meetings have been held as scheduled, with a full attendance of members, so there has been no disruption to the work of the Committee.

A factor in the smooth operation of the Committee has been the rapport and excellent working relationship between Committee members and local staff.

Francie Diver

Presiding Member

Lottery Otago/Southland Community Committee

TARANAKI

| | |
|--|------------------|
| 2005-06 ALLOCATION | \$568,464 |
| Brought forward from the 2004-05 allocation | \$35,279 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$11,111 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$614,854 |
| | |
| Total amount requested | \$1,910,050 |
| Total amount approved | \$471,476 |
| Percentage of amount requested that was approved | 25 percent |
| | |
| Number of applications received | 68 |
| Number of applications considered | 53 |
| Number of applications approved | 49 |
| Percentage of applications approved | 92 percent |
| | |
| Smallest approved grant | \$500 |
| Average approved grant | \$9,621 |
| Largest approved grant | \$25,000 |
| | |
| Number of applications submitted online | 46 |

PRESIDING MEMBER'S REPORT

Outcome statement

Contributing towards strong and sustainable Taranaki communities.

Committee priorities

The Lottery Taranaki Community Committee welcomes applications that clearly demonstrate outcomes beneficial to Taranaki communities.

Priority is given to organisations:

- with significant volunteer input;
- with a proven record; and
- that are community-driven.

The Committee has continued its support for grants towards the payment of salaries, recognising this as crucial to the sustainability of community groups.

Emerging issues/trends

There continues to be a steady stream of applications from sports and arts groups. However, it is the Board's policy not to fund projects that are the responsibility of other funding agencies.

The level of applications remained similar to last year, with 58 applications being considered compared with 53 in 2004-05.

The number of applications from pre-schools for capital works and funding of salaries has increased. The Committee allocates a maximum of \$500 per application for pre-school resources to successful applicants.

The uptake of online as opposed to paper-based applications (65 percent) is on a par with the nationwide average for other committees that were able to offer online applications for the full year (67 percent). Workshops on making applications via Grants Online are planned for the coming year to further increase the number of online applications.

General

The Committee held three meetings, as scheduled, during the 2005-06 financial year.

Michael Mulqueen

Presiding Member

Lottery Taranaki Community Committee

WAIKATO

| | |
|--|---------------------|
| 2005-06 ALLOCATION | \$1,862,123 |
| Brought forward from the 2004-05 allocation | \$17,554 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$12,335 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$ 1,892,012 |
| | |
| Total amount requested | \$4,573,198 |
| Total amount approved | \$1,892,000 |
| Percentage of amount requested that was approved | 41 percent |
| | |
| Number of applications received | 178 |
| Number of applications considered | 164 |
| Number of applications approved | 152 |
| Percentage of applications approved | 93 percent |
| | |
| Smallest approved grant | \$200 |
| Average approved grant | \$12,447 |
| Largest approved grant | \$40,000 |
| | |
| Number of applications submitted online | 127 |

PRESIDING MEMBER'S REPORT

Outcome statement

The social and economic well-being of Waikato communities is enhanced.

Committee priorities

The Committee considers the unique rural or urban circumstances of all applications, and is firmly committed to funding for successful outcomes. It has developed the following priorities:

- creating opportunities for people to participate in their community, with priority being given to organisations and community groups working alongside 'at-risk' youth and older people;
- organisations with a proven history of successful service provision; and
- the linking or amalgamation of community services to increase community co-operation and access to services.

The number of grants for salaries over the year has increased. Of the 152 applications approved, 70 percent (106) were principally grants towards salaries, compared with 61 percent in 2004-05.

There was a slight drop in the number of grants for which the main ethnic group benefiting was Māori to 27 percent from 30 percent the previous year (Māori are 22 percent of the Waikato population). Forty-one grants were made for a total of \$124,763.

Seven applications were approved for Pacific groups, with grants totalling \$52,150. A further seven applications from other ethnic groups were approved, including grants totalling \$38,440 for three groups to arrange regional cultural festivals.

The number of grants made for youth projects increased. Of applications approved, 44 were made to groups providing youth programmes ie 29 percent of total grants compared with 23 percent the previous year. Grants for youth programmes amounted to \$587,940 or 31 percent of total grants.

Grants to seniors' groups also increased to 12.5 percent of total grants compared with 8 percent the previous year. The 19 grants for seniors' programmes amounted to a total of \$80,890.

Emerging issues/trends

There was a marked decline of approximately 25 percent over the year in applications considered (from 216 in 2004-05, to 164 in 2005-06) which the Committee is seeking to address. The availability of other sources of funding may have been a contributing factor.

There was an increase in the percentage of applications approved from 81 percent in 2004-05 to 93 percent in 2005-06.

General

Three meetings were held during the year, as scheduled.

The Committee has wide community knowledge and a well-developed business sense. It is working together extremely well.

Bruce Thomas

Presiding Member

Lottery Waikato Community Committee

WELLINGTON / WAIRARAPA

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$1,781,887 |
| Brought forward from the 2004-05 allocation | \$41,073 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$10,534 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$1,833,494 |
| | |
| Total amount requested | \$4,094,719 |
| Total amount approved | \$1,833,488 |
| Percentage of amount requested that was approved | 45 percent |
| | |
| Number of applications received | 208 |
| Number of applications considered | 185 |
| Number of applications approved | 161 |
| Percentage of applications approved | 87 percent |
| | |
| Smallest approved grant | \$150 |
| Average approved grant | \$11,388 |
| Largest approved grant | \$56,000 |
| | |
| Number of applications submitted online | 155 |

PRESIDING MEMBER'S REPORT

Outcome statement

The Wellington/Wairarapa Community Committee contributes to the building of strong sustainable communities by encouraging or enabling:

- community self-reliance, capacity building and stability; and
- opportunities for social, recreational, civil or cultural participation and reducing or overcoming barriers to such participation.

Committee priorities

The Committee has identified the following priorities:

- projects that have elements of innovation;
- projects that build self-esteem and/or leadership;
- projects that demonstrate genuine community initiative;

- volunteer initiatives;
- projects that can be seen to 'make a difference' in the community;
- preventative projects; and
- groups that have a record of effective service delivery.

The Lottery Community Committee in this region appears to be establishing itself primarily as a funder of the basic services that keep community groups going. The Committee believes that, within the community funding environment of the Wellington/Wairarapa region, its continuing funding of salaries is crucial to the sustainability of community groups. Around 70 percent of its applications during the year included a request for salaries. The second largest item applied for is administration costs.

Emerging issues/trends

There has been a reduction of 19 percent in the number of applications this year compared with last year. However, the Committee is still establishing its funding profile in the region. During the year, 14 percent of applicants were applying for the first time.

Fewer applications were declined this year ie 12 percent compared with 22 percent the previous year. The pattern of applications for minor capital works has also changed, with fewer schools and more community groups applying.

The Committee resolved to set the funding of full-time salaries for well-established groups at a level of \$17,000-\$19,000. Grants of up to \$25,000 were made where the person in the position being funded was managing a number of projects or sites. For example, a grant of \$25,000 was made for the salary of the manager of a disability information and resource centre that had set up two additional outreach services. Large providers of multiple services have also been able to receive salary funding for several positions at the \$17,000 - \$19,000 level.

The Wairarapa continues to be an area of particular focus for the Committee as issues relating to rural isolation, economic deprivation and violence against women and children are the most serious in the region. The percentage of applications from the Wairarapa at 6 percent was slightly lower than the percentage of the population in the total region living in the Wairarapa (9 percent). Three roadshows were held to increase awareness of the funding process and the funds available.

The number of applications made by Māori and Pacific groups was close to their representation in the Wellington/Wairarapa population. Although Wellington has an increasing number of ethnic communities there were only three applications from ethnic communities during the year. Department of Internal Affairs Funding Advisors and staff from the Department's Office of Ethnic Affairs are working with city councils to assist ethnic communities to develop the capacity and confidence to apply for funding.

The Committee has continued to receive a disproportionately high number of applications from the youth sector, for youth development projects in particular; and a low number of applications from seniors' groups. A number of seniors' health support groups have chosen to apply to the National Community Committee.

General

The Committee held three one-day meetings this year, as scheduled.

Peter Dale

Presiding Member

Lottery Wellington/Wairarapa Community Committee

WEST COAST / NELSON-MARLBOROUGH

| | |
|--|--------------------|
| 2005-06 ALLOCATION | \$1,043,892 |
| Brought forward from the 2004-05 allocation | \$0 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$0 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$1,043,892 |
| | |
| Total amount requested | \$2,125,833 |
| Total amount approved | \$1,043,892 |
| Percentage of amount requested that was approved | 49 percent |
| | |
| Number of applications received | 104 |
| Number of applications considered | 95 |
| Number of applications approved | 86 |
| Percentage of applications approved | 91 percent |
| | |
| Smallest approved grant | \$500 |
| Average approved grant | \$12,138 |
| Largest approved grant | \$39,000 |
| | |
| Number of applications submitted online | 84 |

PRESIDING MEMBER'S REPORT

Outcome statement

To enhance the social and economic well-being of West Coast/Nelson-Marlborough communities.

Committee priorities

The bulk of the Committee's funds are directed towards support of community organisations, with priority being given to:

- staff salaries;
- supervision;
- external training;
- travel (with a higher priority being given to field workers);
- support of volunteers; and
- new initiatives and new services.

The Committee has worked to ensure a smooth transition from funding by separate Lottery Welfare, Lottery Youth and Lottery Seniors committees to funding by the new Community committee.

The Committee is moving towards funding decisions based on outcomes, rather than by funding purposes such as salaries or administration. The Committee's outcomes focus is reflected in its requirement that grant recipients have a proven record of compliance and quality service delivery.

Significant grants were made for youth projects. In both Motueka and Blenheim grants were made both for salaries for a worker with 'at risk' youth and for youth centre and facilities staff. This enabled support to be provided for programmes for the most needy youth at the same time as those for mainstream youth. Salary grants to youth service providers ranged between \$16,500 and \$30,000.

The Committee highlighted six grant recipients throughout the year for publicity purposes. These included Riding for the Disabled, which continued to offer services despite a drought that caused many operational difficulties, and a mentoring programme that has achieved international success. Three community resource and information centre projects were also highlighted for their role in promoting strong and informed communities, and a youth trust was noted for its innovative approach.

Salary grants were made at a higher level for applicants from the West Coast area than for Marlborough and Nelson applicants, reflecting a lack of other funding sources in the West Coast area. The maximum grant for a full-time salary for West Coast applicants was generally up to \$25,000, with approximately \$15,000 for grants to Nelson and Marlborough applicants.

Owing to the geographical spread of the West Coast/Nelson-Marlborough region, travel costs have evolved as a funding priority for the Committee. The number of requests for support to attend training centres reflects the issues relating to access arising from greater geographical isolation.

Emerging issues/trends

There has been a marked decline in the number of applications this year, from 136 applications considered in 2004-05 to 95 this year. In the 2004-05 financial year a number of applications were declined owing to pressure on funds and it is possible that a number of these applicants did not re-apply in 2005-06. A positive feature of the decline in applications has been that, with less pressure on available funds, the Committee has been able to make more significant grants where appropriate. While the number of grants made in 2005-06 was only 73 percent of those made in the previous year, there was an increase of 11 percent in funding available and the full amount was distributed.

Few applications were received from the South Westland area. The Committee will increase its efforts to promote Lottery funding in this area.

The Committee identified that the quality of applications is lower for volunteers, as opposed to paid staff. This is attributed to lack of time, secretarial and organisational skills.

The percentage of online applications was high, at 80 percent over the full year, virtually the same as during 2004-05. It is noted that the November 2005 meeting recorded a 96 percent online application rate.

General

The three scheduled meetings were held.

The Committee has experienced membership fluctuations over the year. John Canning has resigned and a replacement is currently being sought. The Presiding Member is currently on leave.

Lottery West Coast/Nelson-Marlborough Community Committee
on behalf of Maurice Austin, Presiding Member.

LOTTERY INDIVIDUALS WITH DISABILITIES SUBCOMMITTEE Te Komiti iti mō te Tāngata Hauā

MEMBERS

Tony Howe (Presiding Member)

Alison Riseborough (Presiding Member to 31 December 2005)

Beverley Grammer

Lynne Nicholl

Ken Talbot

Kaeti Rigarlsford

Board liaison member: Phil Harington

VISION

To actively promote community inclusion by individuals with disabilities.

MISSION/TE WHAKATAKANGA

The enhancement of the quality of life of individuals with a disability.

KAUPAPA

The Lottery Community Individuals with Disabilities Subcommittee recognises the aspirations and needs of Māori and their protocols.

E whakatau ana te Komiti iti mō te Tāngata Hauā i ngā hiahia me ngā tūmanako o te Māori, me o rātou kawa.

OUTPUTS

Lottery Community Individuals with Disabilities Subcommittee was allocated **\$3,547,000** to fund individuals with disabilities (who are not eligible for assistance from other sources) to fund the purchase of:

- (i) vehicles, scooters and other mobility equipment to increase or maintain participation, fulfilment, enjoyment and achievement in the community; and
- (ii) faxes and other disability equipment to facilitate communication and increase independence.

| | |
|--|---------------------|
| 2005-06 ALLOCATION | \$3,547,000 |
| Brought forward from the 2004-05 allocation | \$22,071 |
| Grants written back during 2005-06 | \$551,927 |
| Grants refunded during 2005-06 | \$12,746 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$ 4,133,744 |
| | |
| Total amount requested | \$7,583,300 |
| Total amount approved | \$4,133,550 |
| Percentage of amount requested that was approved | 54 percent |
| | |
| Number of applications received | 889 |
| Number of applications considered | 816 |
| Number of applications approved | 481 |
| Percentage of applications approved | 59 percent |
| | |
| Smallest approved grant | \$250 |
| Average approved grant | \$8,594 |
| Largest approved grant | \$27,850 |
| | |
| Number of applications submitted online | 0 |

PRESIDING MEMBER'S REPORT

Outcome statement

Maintained or increased community participation by individuals with disabilities.

Committee priorities

The role of the Subcommittee fully supports the vision of the New Zealand Disability Strategy of 'a society that highly values our lives and encourages our full participation'.

The emphasis for the Subcommittee continues to be on enabling people with disabilities to get out of their homes and participate in and contribute to their community.

Through the provision of grants for vehicles and mobility equipment, the Subcommittee has been able to:

- provide people who would otherwise be unable to leave their homes with the means to gain access to, and contribute to, the community at large;
- provide much greater mobility and independence for older people, enabling them to live independently in their own homes for much longer rather than having to move into rest homes;

- through the provision of grants for wheelchair hoists, prevent serious back injuries to full-time caregivers faced with repetitive transfers to and from a vehicle;
- contribute to the preservation of relationships by helping to ease dependency on a partner;
- contribute to the achievement or maintenance of financial independence through the provision of transport; and
- improve the quality of life for both grant recipients and their families.

Emerging issues/trends

The Subcommittee considered a slightly greater number of applications this financial year than in the last financial year.

Many applications for grants for mobility scooters were received from older people who wish to remain independent and active within their communities.

There are increased demands from families who require grants for high cost items, such as vans with wheelchair hoists, so that individuals with high needs can continue to live in their homes and be included in family and community activities.

The rising cost of vehicles, vehicle modifications, and other equipment will continue to create additional pressure on funds. This year it was necessary to increase the maximum grant level for the installation of wheelchair hoists owing to increasing costs.

The Subcommittee was able to assist 58.8 percent of applicants, a slight increase over the 56.1 percent assisted in the last financial year. Although the amount requested by applicants continues to be much higher than the funds available to distribute, the Subcommittee will continue to provide grants at a level that will enable grant recipients to fully fund the cost of what they need.

An increased funding allocation and procedural changes in early 2005 allowed the Subcommittee to maintain its policy of fully funding grants and to maintain the percentage of applicants assisted. The procedural changes made early in 2005 to grants for mobility scooters have proved very successful and have resulted in savings of more than \$90,000 over the last calendar year. These annual savings will be ongoing.

General

This year, the Subcommittee held six meetings at two-monthly intervals to distribute its funds. Holding more frequent meetings ensures that applicants do not have to wait too long to learn the outcome of their application.

Alison Riseborough retired in December 2005 after nine years serving on the Subcommittee, and as Presiding Member since October 2001. During her time on the Subcommittee, Alison was involved in distributing just under \$29 million to people with disabilities. The Lottery National Community Committee appointed Kaeti Rigarsford to the Subcommittee from 1 January 2006 and I was appointed as Presiding Member from the same date.

Tony Howe

Presiding Member

Lottery Individuals with Disabilities Subcommittee

LOTTERY PACIFIC PROVIDER DEVELOPMENT FUND SUBCOMMITTEE

MEMBERS

Peta Si'ulepa (Presiding Member)

Unaisi Raleqe

Debbie Sorensen

Taima Fagaloa

Board liaison member: Phil Harington

OUTPUTS

Lottery Pacific Provider Development Fund Subcommittee was allocated **\$200,000** to distribute as grants.

| | |
|--|-------------------|
| 2005-06 ALLOCATION | \$200,000 |
| Brought forward from the 2004-05 allocation | \$0 |
| Grants written back during 2005-06 | \$0 |
| Grants refunded during 2005-06 | \$0 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$ 200,000 |
| | |
| Total amount requested | \$360,000 |
| Total amount approved | \$199,229 |
| Percentage of amount requested that was approved | 55 percent |
| | |
| Number of applications received | 57 |
| Number of applications considered | 46 |
| Number of applications approved | 41 |
| Percentage of applications approved | 89 percent |
| | |
| Smallest approved grant | \$2,400 |
| Average approved grant | \$4,859 |
| Largest approved grant | \$10,000 |
| | |
| Number of applications submitted online | 0 |

PRESIDING MEMBER'S REPORT

Draft outcome statement

The well-being of Pacific communities within New Zealand is enhanced.

Subcommittee priorities

The Pacific Provider Development Fund Subcommittee (PPDF) was established by the Lottery Grants Board to strengthen the ability of the Pacific community to operate in an effective and accountable way, and to improve access by Pacific people to funding from other Lottery committees.

The PPDF Subcommittee gives priority to:

- new applicants (eg those who have never applied for Lottery support and those who have not applied to other funders);
- applicants who have been declined in the past by Lottery committees owing to insufficient management, governance and financial systems;
- applicants who have received minimal Lottery support in the past (eg the funds they were granted were relatively small or were made a long time ago); and
- applicants who demonstrate potential to benefit the most from the assistance the PPDF can provide, and who are likely to be able to successfully apply for grants from other Lottery committees at a later stage, in particular the Lottery Community committees.

The Subcommittee makes every effort to ensure the funds it has available are used to maximum effect by prioritising funding to identified areas in need of capacity building wherever possible.

General

A modified, improved PPDF was redeveloped between November and December 2005 and applications for the first funding round closed in February 2006. The Subcommittee held one meeting in June 2006, as scheduled.

At its June 2006 meeting, the Subcommittee considered 46 applications. Of the \$200,000 available, a total of \$199,229 was distributed, amongst 41 recipients. The largest grant made was for \$10,000 and the smallest grant was for \$2,400.

A needs assessment and a development plan were undertaken for each group, allowing accurate determination of the type of assistance to best target particular training requirements. The specific training development needs for which most of the assistance was approved were:

- governance;
- vision and mission; and
- financial management.

Peta Si'ulepa

Presiding Member

Lottery Pacific Provider Development Fund Subcommittee

LOTTERY MINISTER'S DISCRETIONARY FUND

Te Tahua Mā Te Minita Anō Te Tohatoha

In 2005-06, the Lottery Grants Board allocated **\$150,000** to the Minister responsible for the Lottery Grants Board to distribute, together with funds carried forward from previous years, for community purposes outside the scope of any Lottery distribution committee, in accordance with section 278 of the Gambling Act 2003.

| | |
|--|------------------|
| 2005-06 ALLOCATION | \$150,000 |
| Brought forward from the 2004-05 allocation | \$144,808 |
| Grants written back during 2005-06 | \$2,454 |
| Grants refunded during 2005-06 | \$5,387 |
| TOTAL AMOUNT AVAILABLE FOR DISTRIBUTION | \$302,649 |
| | |
| Total amount requested | \$1,223,144 |
| Total amount approved | \$262,372 |
| Percentage of amount requested that was approved | 21 percent |
| | |
| Number of applications received | 220 |
| Number of applications considered | 172 |
| Number of applications approved | 69 |
| Percentage of applications approved | 40 percent |
| | |
| Smallest approved grant | \$545 |
| Average approved grant | \$3,802 |
| Largest approved grant | \$21,000 |
| | |
| Number of applications submitted online | 71 |

MINISTER'S REPORT

Outcome statement

The following outcome statement has been adopted for the Lottery Minister's Discretionary Fund (the Fund):

Strong sustainable communities.

Funding priorities

The Fund provides grants to individuals and groups for purposes outside the scope of the Lottery distribution committees. All sectors of the New Zealand community and all ethnicities benefit from the activities of the organisations and individuals funded.

The Fund's main emphasis is on the funding of travel to enable applicants to attend an event or conference overseas, for the benefit of the New Zealand community or a significant sector of the community. Grants are also made in a limited number of other areas, including volunteer fire-fighting and animal welfare.

A diverse range of grants was made in 2005-06. A notable contribution, in the Year of the Veteran, was the provision of support for veterans' caregivers to travel to Crete for the 65th Battle of Crete Commemorations.

Other travel grants contributed to the following community activities:

- development of local government environmental action plans across New Zealand;
- development of an effective intervention programme for children with a range of special needs; and
- capacity-building for families with children who have rare diseases.

Emerging issues/trends

In 2005-06, 220 applications were received, similar to the number of applications received in 2004-05 (213). This suggests that the increase in applications that occurred for several years after application information for the Fund first became available online in 2003 is now levelling off.

Since March 2006 it has been possible to complete applications to the Fund online.

Although there were more applications in the second half of the year than in the first half, there has been no significant increase in the number of applications over the year as a whole.

Grant approvals increased markedly this year (69 approvals compared with 41 the previous year). This was made possible by the carry over of unspent funds of \$150,485 from 2004-05.

Work was undertaken during the year to broaden the purposes for funding so applicants can be funded for a greater range of costs, including conference registration and some accommodation costs, in addition to travel. These changes will be implemented from 1 July 2006.

Travel for education/cultural exchanges, arts and sports projects continues to be a low priority for funding, owing to the high demand on the Fund in these areas.

Hon Rick Barker

Minister of Internal Affairs

STATUTORY BODIES

SPORT AND RECREATION NEW ZEALAND

Sport and Recreation New Zealand (SPARC) received an allocation of **\$28,220,000** from the New Zealand Lottery Grants Board in 2005-06 for the promotion, encouragement and support of physical recreation and sport in New Zealand.

Sport and Recreation New Zealand's report to Parliament gives full details of its expenditure of these allocations in accordance with the Sport and Recreation New Zealand Act 2002 and the Public Finance Act 1989.

CREATIVE NEW ZEALAND

Creative New Zealand received an allocation of **\$18,600,000** from the New Zealand Lottery Grants Board in 2005-06 to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders.

Creative New Zealand's report to Parliament gives full details of its expenditure of these allocations in accordance with the Arts Council of New Zealand Toi Aotearoa Act 1994 and the Public Finance Act 1989.

NEW ZEALAND FILM COMMISSION

The New Zealand Film Commission received an allocation of **\$8,700,000** from the New Zealand Lottery Grants Board in 2005-06 to encourage and participate in the making, promotion, distribution and exhibition of film made in New Zealand by New Zealanders. This included an allocation of **\$600,000** to the New Zealand Film Archive for the collection and conservation of New Zealand's film heritage.

The New Zealand Film Commission's report to Parliament gives full details of its expenditure of this allocation in accordance with the New Zealand Film Commission Act 1978 and the Public Finance Act 1989.

SECRETARY'S REPORT

The Department of Internal Affairs services the Lottery Grants Board, its Lottery distribution committees and their subcommittees. Services provided include: policy, advisory, secretariat, monitoring, accounting, public relations, information and support.

SUMMARY OF 2005-06 LOTTERY GRANTS

| | |
|---|-------------------|
| Number of applications received | 4040 |
| Number of applications withdrawn ineligible or incomplete | 326 |
| Number of applications considered | 3566 ³ |
| Number of applications approved | 2746 |
| Percentage of applications approved | 77 percent |
| | |
| Total amount requested | \$125,734,397 |
| Total amount approved | \$55,417,209 |
| Percentage of requested amount approved | 44 percent |
| | |
| Smallest approved grant | \$150 |
| Average approved grant | \$10,158 |
| Largest approved grant | \$2,030,117 |
| | |
| Number of grants submitted online | 1,681 |

LOTTERY GRANTS ADMINISTRATION

| Measure | Actual result |
|---|---------------|
| Number of meetings serviced | 53 |
| Number of grant audits completed | 2 |
| Administration cost per application | \$1,775 |
| Administration cost per dollar distributed | 6.5 cents |
| Proportion of Lottery Grants Board income spent on administration | 6.09 percent |

³ The number of applications considered (ie 3566) does not correspond directly to the number of applications received. A number of the applications are not considered in the same financial year as they are received due to the timing of the committee meetings.

Timeliness

Proportion of complete and eligible applications received before the advertised closing date that were presented to the next decisionmaking meeting 100 percent

Proportion of grant recipients receiving payment within 10 working days of receipt of committee approval and completed client documentation 95 percent

Proportion of respondents to the annual survey of applicants who rated their satisfaction with the grant application processes and advice at 3 or above on a scale of 1 to 5 (with 1 being poor and 5 being very good) 97 percent

Logged customer service complaints responded to within time frames specified in internal quality service documentation 100 percent*

* 1 complaint was received

| Grant Monitoring | Number of audits and investigations undertaken | Number of Audits investigations completed | Number of grants not complying |
|-----------------------------|---|--|---------------------------------------|
| Planned Audits | 42 | 42 | 4 |
| Allegations/Field Referrals | 5 | 2 | 2 |

Grant monitoring

Of the four grants found to be non-compliant during planned audits, two had been uplifted, one grant had not been fully spent as at 12 months, and one group was unable to provide adequate records to support payments. These breaches were reported to Department management.

Five reviews because of allegations or field referrals were undertaken with two resulting in findings of non-compliance. One resulted in the recovery of grant funding from the group. One grant from a previous year was successfully prosecuted. Three other reviews are currently being conducted and have not yet been concluded.

No other allegation or field referral received during the period warranted further investigation.

Operation of committees

While application numbers have been generally trending downwards, the number of grant applications received (4040) was only 213 fewer than in 2004-05 (4253).⁴ This is the smallest annual decrease since Lottery profits dropped significantly in 1999-2000. The decline in the number of applications considered between 2004-05 and 2005-06 (from 3906 to 3566) was nearly two thirds less than that experienced between 2003-04 and 2004-05 (from 4841 to 3906). It remains to be seen whether, with increasing Lottery funds available for distribution, declining application numbers will continue to level off.

⁴ The Lottery Grants Board Annual Report 2004-05 listed 4246 applications processed. The number received was higher as a number of applications are not considered in the same financial year that they are received, owing to the timing of committee meetings.

The year 2005-06 was the second under the new legislation and committee structure since the Gambling Act 2003 came into effect on 1 July 2004. The Board's commitment to developing a more comprehensive implementation of an outcomes focus across all aspects of its operation will include further training of advisors and committee members.

A re-configured Presiding Members' Policy Advisory Group (PMPAG) is developing as a cohesive body. PMPAG meetings provide an opportunity for the discussion of cross-committee issues and are a valuable adjunct to the work of the Board.

Pacific Provider Development Fund

In May 2005, the Board agreed to a strategic investment approach to progressively building the capacity of Pacific community groups in order to improve equity of access for Pacific people to Lottery funds. The Pacific Provider Development Fund has now been redeveloped. New members have been appointed to the Subcommittee and it has begun distributing funds.

Grants Online

The Grants Online (GOL) system allows community groups to apply for Lottery funding online. The Minister's Discretionary Fund, Lottery Environment and Heritage and Lottery Marae Heritage and Facilities Committees began offering online applications during 2005-06.

The GOL Phase Two project concluded on 30 June 2006. The objectives of the project were to build on the existing GOL website to provide for additional funding streams, enhance support for grant administration processes, and create a portal site for accessing Lottery and Community Organisation Grants Scheme grants administered by the Department. This has improved services to clients and other stakeholders, supported business process improvements and provided increased efficiencies.

The number of online grant applications has continued to increase, from an average of 63 percent in 2004-05 to an average of 67 percent in 2005-06⁵.

Public relations highlights

Good progress has been made in raising the profile of Lottery grants and informing the New Zealand public about how and to whom the profits of New Zealand state lotteries are distributed. Communications teams from the New Zealand Lotteries Commission and the Department have worked together on a number of projects and public relations opportunities.

Publications

Implementation of the Board's communications strategy included production of a new, jointly branded publication, the *Lottery Grants Record*. This publication includes information on the recipient and amount of each grant, and articles and photographs highlighting Lottery grants success stories of the previous year. The *Lottery Grants Record* was distributed through the Department's offices and Lotto outlets nationwide.

⁵ This is the average for committees able to process on line applications for the full year.

A new leaflet, *Lottery Grants for Community and Voluntary Groups*, was published for distribution through the Department's regional offices, citizens advice bureaux, funding forums and clinics, and other public events.

A fact sheet about Lottery grants was produced as part of a suite of Local Government and Community Branch public information materials.

A multilingual leaflet was produced to support the redevelopment of the Pacific Provider Development Fund.

The Lottery Committee Members' Handbook was updated under a re-branded cover.

Promotion

Media releases were distributed throughout the year highlighting Lottery grant activities. A number of photo opportunities were also organised. These included the launch of the *Lottery Grants Record* at a Wellington Lotto outlet, and a meeting at Parliament between the Minister of Internal Affairs and recipients of Lottery mobility scooter grants.

Approximately 314 newspaper clippings about Lottery grants were collected in the 2005-06 financial year. The Lottery Environment and Heritage Committee continued to generate the most print publicity, followed by the Lottery Community Committees.

Satisfaction surveys

A National Research Bureau survey of Lottery grants applicants found that satisfaction with the quality of service provided by Lottery grants administration was high at 95 percent, similar to the figure for 2004-05 (97 percent), and exceeding the 85 percent target.

A survey of Lottery distribution committee members by the Department's Research Services found that all respondents were satisfied with the committee advice, advisory officer reports and administration services to their committee by the Department. Of respondents, 97 percent were satisfied with the overall quality of advisory services. For 98 percent of respondents the quality of advice and reports either met or exceeded their expectations. The level of satisfaction with most aspects of the Department's services has remained relatively stable compared with survey results from 2004 and 2005.

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 purposes⁶ and for specified statutory purposes. The Board is authorised to approve allocations only to:

- (i) distribution committees established by the Minister responsible for the Lottery Grants Board to distribute lottery profits for community purposes;
- (ii) the Minister responsible for the Lottery Grants Board for distribution for community purposes;
- (iii) three specified statutory bodies – Sport and Recreation New Zealand, Creative New Zealand, and the New Zealand Film Commission – 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 adopted a number of governance protocols that express its expectations of members. The Board monitors the operations of the 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 established 18 distribution committees. There are also two subcommittees:

- Lottery Environment and Heritage
- Lottery Health Research
- Lottery Marae Heritage and Facilities
- Lottery Outdoor Safety
- Lottery National Community
- 11 Regional Community Committees
- Lottery Individuals with Disabilities Subcommittee

⁶ The Gambling Act 2003 came into effect on 1 July 2004 and replaces the Gaming and Lotteries Act 1977. The new 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.

- Lottery Pacific Provider Development Fund Subcommittee⁷
- Lottery Minister's Discretionary Fund
- Lottery Community Facilities⁸

Each distribution committee distributes grants for a specified range of community purposes. They determine their own priorities for funding, while complying with general Board policies and directions. These policies are reviewed annually. The committees determine the frequency of their distribution meetings. Most committees schedule three or four distribution meetings each year but some have one funding round.

The distribution committees comprise five members each, who are 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 the Leader of the Opposition. The Gambling Act 2003 authorises distribution committees to delegate decisionmaking 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 grants policy development.

Distribution of Lottery funding

Lottery funds are raised from all sections of the 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, Lottery grants fund initiatives developed by the community to meet needs identified by the community. These initiatives include many developmental activities or services which neither government nor the private sector will provide, but which are sufficiently valued by the community for members to be prepared to voluntarily contribute labour, money or materials. 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 value of, or the need for, the project or service, the level of community support (as demonstrated by fund-raising, voluntary labour and donated materials), and the applicant's ability to undertake the work and, where appropriate, to sustain the project or service in the long term. Care is taken to ensure that Lottery funding is granted to sustainable projects and that unrealistic expectations of future funding are not raised.

⁷ This Subcommittee has undergone modifications. It did not have a funding round in 2004-05 and began accepting applications in late 2005-06.

⁸ This Committee has not distributed funds since 2002. The Committee is being reactivated and will distribute funds again from 2007-08.

Statutory bodies

In accordance with Board policy, the Board allocates guaranteed minimum percentages of its annual income from the New Zealand Lotteries Commission to Sport and Recreation New Zealand, Creative New Zealand, the New Zealand Film Commission and (through the New Zealand Film Commission) the New Zealand Film Archive. These percentages total 42 percent and are:

| | |
|----------------------------------|--------------|
| Sport and Recreation New Zealand | 20.0 percent |
| Creative New Zealand | 15.0 percent |
| New Zealand Film Commission | 6.5 percent |
| New Zealand Film Archive | 0.5 percent |

Sport and Recreation New Zealand is accountable to the Minister for Sport and Recreation for the distribution and expenditure of its Lottery funding. 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, which is a client of the New Zealand Film Commission.

Administration of Lottery grants

The Lottery Grants Board does not employ staff. Instead, the Board, Lottery distribution committees and their subcommittees, and the Minister of Internal Affairs' 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 Secretary for Internal Affairs.

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

The Lottery Grants Board does not hold Accounts. Instead, the Secretary for 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 from this account.

AUDIT REPORT



TO THE READERS OF THE NEW ZEALAND LOTTERY GRANTS BOARD'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of the New Zealand Lottery Grants Board (the Board). The Auditor-General has appointed me, J R Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Board, on his behalf, for the year ended 30 June 2006.

Unqualified Opinion

In our opinion the financial statements of the Board on pages 73 to 76:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Board's financial position as at 30 June 2006; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 27 October 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Secretary for Internal Affairs and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Secretary for Internal Affairs;

- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Secretary for Internal Affairs and the Auditor

The Secretary for Internal Affairs is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Board as at 30 June 2006. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Secretary for Internal Affairs' responsibilities arise from the Public Finance Act 1989 and the Gambling Act 2003.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Board.



J R Smaill
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Profits of New Zealand Lotteries for the year ended 30 June 2006 included on the Department of Internal Affairs' web site. The Secretary for Internal Affairs is responsible for the maintenance and integrity of the Department of Internal Affairs' web site. We have not been engaged to report on the integrity of the Department of Internal Affairs' web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 27 October 2006 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NEW ZEALAND LOTTERY GRANTS BOARD

Statement of Responsibility

The Secretary for Internal Affairs is responsible for the preparation of the financial statements and the judgements used therein.

The attached financial statements have been prepared on the basis of generally accepted accounting principles and are consistent with the Public Finance Act 1989.

Internal control procedures are sufficient to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion the financial information presented in the Statements and Notes to the Financial Statements fairly reflect the financial position and operations of the New Zealand Lottery Grants Board for the year ended 30 June 2006.

Christopher Blake
Secretary for Internal Affairs
27 October 2006

Morag Woodley
Secretary, New Zealand Lottery Grants Board

Statement of Purpose

The New Zealand Lottery Grants Board exists to make decisions on the allocation of profits received from New Zealand Lotteries.

These decisions are limited to the allocations to Lottery distribution committees, the Minister of Internal Affairs (Discretionary Fund) and the three statutory bodies in accordance with Sections 276, 278, and 279 of the Gambling Act 2003 (the Act) and are detailed in Note 6 of the financial statements for "Profits of New Zealand Lotteries". The three statutory bodies named in Section 279 of the Act are Creative New Zealand, Sport and Recreation New Zealand (SPARC), and the New Zealand Film Commission.

These financial statements comprise the accounts of the New Zealand Lottery Grants Board.

The operations of the Lottery distribution committees are reported in the financial statements for "Profits of New Zealand Lotteries". The operations of the statutory bodies are reported in the annual accounts of these entities.

Statement of Accounting Policies for the Year Ended 30 June 2006

Reporting Entity

The New Zealand Lottery Grants Board is defined as a Crown entity by the fourth schedule of the Public Finance Act 1989.

These financial statements have been prepared in accordance with the Public Finance Act 1989.

Measurement System

These financial statements have been prepared on the basis of historical cost.

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Budget Figures

The budget figures are those approved by the Minister of Internal Affairs at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Secretary for Internal Affairs for the preparation of the financial statements.

Revenue

Revenue comprises profits from the New Zealand Lotteries Commission. Revenue is recognised when earned and is recorded in the accounting period to which it relates.

Board Expenses

Board expenses are the costs of the Board including room hire, sundry expenses, Members' travel costs and fees.

GST

These financial statements have been prepared on a GST exclusive basis.

Changes In Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies applied are consistent with those used in the previous year.

NEW ZEALAND LOTTERY GRANTS BOARD

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

| | Note | Actual 2006 \$ | Budget 2006 \$ | Actual 2005 \$ |
|---|------|---------------------------|---------------------------|---------------------------|
| <i>Revenue</i> | | | | |
| Lotto and Lottery Profits | | <u>138,589,000</u> | <u>114,000,000</u> | <u>123,396,540</u> |
| Total Revenue | | <u>138,589,000</u> | <u>114,000,000</u> | <u>123,396,540</u> |
| <i>Less Expenditure</i> | | | | |
| Board Members' Meeting Fees | 4 | 14,310 | 19,935 | 5,580 |
| Committee Members' | | | | |
| Fees for Presiding Members' Meetings | 4 | 12,963 | 30,105 | 4,610 |
| Other Expenses | | 12,733 | 13,250 | 16,711 |
| Distribution to "Profits of New Zealand Lotteries" | 1 | 138,548,994 | 113,936,710 | 123,369,639 |
| Total Expenditure | | <u>138,589,000</u> | <u>114,000,000</u> | <u>123,396,540</u> |
| Net Disposable Income | | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Surplus / (Deficit) | 2 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

NEW ZEALAND LOTTERY GRANTS BOARD

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

| | Note | Actual 2006 \$ | Budget 2006 \$ | Actual 2005 \$ |
|------------|------|----------------------|----------------------|----------------------|
| Net Assets | | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

NEW ZEALAND LOTTERY GRANTS BOARD

Statement of Commitments as at 30 June 2006

At its meeting on 21 June 2006 the New Zealand Lottery Grants Board approved allocations to the distribution committees, the Minister of Internal Affairs (Discretionary Fund) and the statutory bodies amounting to \$124,328,032 for the year ending 30 June 2007. (Meeting held on 4 May 2005, allocations of \$110,120,000 for the year ended 30 June 2006).

The 2006/07 allocations will be funded by profits of \$125,000,000 based on estimates given at this time, to be received from the New Zealand Lotteries Commission. (Profits received during 2005/06 were \$138,589,000).

The Board has no other significant commitments at 30 June 2006. (2005 Nil)

The attached accounting policies and notes to the accounts form part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1

EXPENDITURE

Revenue less Board expenses is reported in the financial statements of "Profits of New Zealand Lotteries".

NOTE 2

OPERATING SURPLUS/(DEFICIT)

The New Zealand Lottery Grants Board ("the Board") had nil surplus or deficit for the year ended 30 June 2006 (2005: Nil), neither did it have assets, liabilities or equity as at 30 June 2006 (2005: Nil). The Board expenses were paid from a bank account operated by "Profits of New Zealand Lotteries".

Therefore it is not appropriate for the Board to produce a Statement of Movements in Equity or Statement of Cash Flows.

NOTE 3

RELATED PARTIES

The New Zealand Lottery Grants Board exists to make decisions on the allocation of profits received from New Zealand Lotteries. The operations of the Lottery distribution committees are reported in the financial statements for "Profits of New Zealand Lotteries".

The operations of the statutory bodies are reported in the annual accounts of these entities. The Secretary for Internal Affairs is Trustee of the profits received from the New Zealand Lotteries Commission under the Gambling Act 2003.

The Department of Internal Affairs provides administrative services to the New Zealand Lottery Grants Board, the distribution committees and the Minister of Internal Affairs on an arms length basis.

These transactions are reported in the financial statements of "Profits of New Zealand Lotteries".

NOTE 4

DISCLOSURE OF FEES

The total fees paid to the New Zealand Lottery Grants Board and Committee Presiding Members for attendance at Board and Presiding Members' meetings during the year 1 July 2005 to 30 June 2006, are shown below.

| | 2005/06 \$ | 2004/05 \$ |
|---|--------------------|-----------------|
| Lottery Grants Board Members Fees | Total Fees (Gross) | |
| For attendance at Board meetings and as Board Liaison at Distribution Meetings | | |
| Harington, P | 4,860.00 | 3,600.00 |
| Karanga, J | 0.00 | 450.00 |
| Mohi, M M | 4,140.00 | 630.00 |
| Nowland-Foreman, G | 5,310.00 | 900.00 |
| Total | <u>14,310.00</u> | <u>5,580.00</u> |
| Distribution Committees' Presiding Members' Fees | | |
| For attendance at the Presiding Members Policy Advisory Group Meetings | | |
| Austin, M | 390.00 | 130.00 |
| Coghlan, P | 780.00 | 0 |
| Dale, P.C. | 910.20 | 390.00 |
| Dick, A | 1,040.00 | 130.00 |
| Diver, F | 1,040.00 | 390.00 |
| Jackson, B | 870.00 | 435.00 |
| Kerridge, P | 1,160.00 | 145.00 |
| Le Gros, G.S. | 202.50 | 0 |
| Mulqueen, M.F. | 390.00 | 390.00 |
| Riseborough, A.J. | 420.00 | 0 |
| Sharp, Y.L. | 1,040.00 | 650.00 |
| Shields, M.K. | 1,080.00 | 0 |
| Thomas, B.A. | 1,040.00 | 650.00 |
| Thompson, J | 780.00 | 520.00 |
| White, J.J. | 1,040.00 | 390.00 |
| Wright, J.A. | 780.00 | 390.00 |
| Total | <u>12,962.70</u> | <u>4,610.00</u> |

AUDIT REPORT

TO THE READERS OF THE PROFITS OF NEW ZEALAND LOTTERIES' FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of the Profits of New Zealand Lotteries. The Auditor-General has appointed me, J R Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Profits of New Zealand Lotteries, on his behalf, for the year ended 30 June 2006.

Unqualified Opinion

In our opinion the financial statements of the Profits of New Zealand Lotteries on pages 80 to 94:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Profits of New Zealand Lotteries' financial position as at 30 June 2006; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 27 October 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Secretary for Internal Affairs and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Secretary for Internal Affairs;
- confirming year-end balances;

- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Secretary for Internal Affairs and the Auditor

The Secretary for Internal Affairs is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Profits of New Zealand Lotteries as at 30 June 2006. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Secretary for Internal Affairs' responsibilities arise from the Public Finance Act 1989 and the Gambling Act 2003.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Profits of New Zealand Lotteries.



J R Smail
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the New Zealand Lottery Grants Board for the year ended 30 June 2006 included on the Department of Internal Affairs' web site. The Secretary for Internal Affairs is responsible for the maintenance and integrity of the Department of Internal Affairs' web site. We have not been engaged to report on the integrity of the Department of Internal Affairs' web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 27 October 2006 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PROFITS OF NEW ZEALAND LOTTERIES

Statement of Responsibility

The Secretary for Internal Affairs is responsible for the preparation of the financial statements and the judgements used therein.

The attached financial statements have been prepared on the basis of generally accepted accounting principles and are consistent with the Public Finance Act 1989 and Section 290 of the Gambling Act 2003.

Internal control procedures are considered to be sufficient to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion these financial statements fairly reflect the financial position, the results of operations and the cashflows of the profits of New Zealand Lotteries for the year ending 30 June 2006.

Christopher Blake
Secretary for Internal Affairs
27 October 2006

Morag Woodley
Secretary, New Zealand Lottery Grants Board

Statement of Purpose

These financial statements comprise the accounts of the Profits of New Zealand Lotteries.

New Zealand Lotteries are Lotteries promoted, organised and conducted by the New Zealand Lotteries Commission under Part 3, subpart 2 of the Gambling Act 2003 (the Act).

The profits of New Zealand Lotteries, less any costs of administration and miscellaneous expenditure, are distributed by Lottery distribution committees and the Minister of Internal Affairs for community purposes, and are expended on specified statutory purposes by the three statutory bodies named in Section 279 of the Act, being Creative New Zealand, Sport and Recreation New Zealand (SPARC) and the New Zealand Film Commission.

The New Zealand Lottery Grants Board allocates the profits of New Zealand Lotteries to the Lottery distribution committees, the Minister of Internal Affairs (Discretionary Fund) and the three statutory bodies in accordance with Sections 276, 278 and 279 of the Act.

PROFITS OF NEW ZEALAND LOTTERIES

Statement of Accounting Policies for the Year Ended 30 June 2006

Reporting Entity

Under the provisions of the Gambling Act 2003, the Secretary for Internal Affairs is responsible for keeping the accounts of the Profits of New Zealand Lotteries. These accounts are prepared consistent with the Public Finance Act 1989.

Measurement System

These financial statements have been prepared on the basis of historical cost.

Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Budget Figures

The budget figures are those approved by the Minister of Internal Affairs at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Secretary for Internal Affairs for the preparation of the financial statements.

Revenue

Revenue comprises the profits of the New Zealand Lotteries Commission, income from investments and other miscellaneous revenue.

Profits from the New Zealand Lotteries Commission are recognised when advised by the Commission, while investment and other revenue is recognised when earned and is reported in the financial period to which it relates.

Depreciation

The Department of Internal Affairs owns all of the fixed assets used by staff servicing the New Zealand Lottery Grants Board, the distribution committees and their subcommittees. An asset service charge is paid which represents the depreciation expense of the assets used.

Financial Instruments

The Secretary for Internal Affairs is party to financial instrument arrangements as part of the every day management of the Profits of New Zealand Lotteries. These financial instruments include Bank Accounts, Investments, Accounts Receivable, Accounts Payable and Loans.

All financial instruments are recognised in the Statement of Financial Position, all revenue and expenditure associated with Financial Instruments is recognised in the Statement of Financial Performance.

Investments

Premiums or discounts on investments are amortised over the life of the investment on a yield to maturity basis.

Statement of Cashflows

Cash means cash held in bank accounts, call deposits and other highly liquid investments, which Profits of New Zealand Lotteries invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Profits of New Zealand Lotteries, and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities are those activities relating to changes in equity and debt capital structure of Profits of New Zealand Lotteries and those activities relating to the cost of servicing Profits of New Zealand Lotteries equity capital.

Grants Approved

The net grants approved by the distribution committees in the financial period are recognised as an expense in the Statement of Financial Performance.

GST

These financial statements have been prepared on a GST exclusive basis, except for accounts receivable and accounts payable in the Statement of Financial Position, which are GST inclusive.

Receivables

Accounts Receivable are recorded at estimated realisable value.

Taxation

Profits of New Zealand Lotteries are exempt from the payment of Income tax in terms of the Income Tax Act 1994. Accordingly, no charge for Income tax has been provided for.

Changes In Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies applied are consistent with those used in the previous year.

PROFITS OF NEW ZEALAND LOTTERIES

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2006

| | Note | Actual 2006 \$ | Budget 2006 \$ | Actual 2005 \$ |
|-------------------------------------|------|----------------------------|-----------------------------|----------------------------|
| <i>Revenue</i> | | | | |
| Lotto and Lottery Profits | | 138,548,994 | 113,936,710 | 123,369,639 |
| Interest Revenue | 1 | 3,845,766 | 2,000,000 | 2,316,445 |
| Sundry Income | | 701 | 0 | 54,919 |
| Total Revenue | | 142,395,461 | 115,936,710 | 125,741,003 |
| <i>Expenditure</i> | | | | |
| Administration Expenses | | 2,941,850 | 3,401,176 | 2,918,103 |
| Asset Service Charge (Depreciation) | | 246,127 | 232,786 | 142,971 |
| Audit Fee | | 33,627 | 33,627 | 32,065 |
| Distribution Committees' Fees | 9 | 89,995 | 158,377 | 114,754 |
| Personnel | | 3,925,693 | 4,122,786 | 3,309,392 |
| Public Relations | | 164,874 | 163,800 | 154,669 |
| Total Expenditure | | 7,402,166 | 8,112,552 | 6,671,954 |
| Net Disposable Income | | 134,993,295 | 107,842,158 | 119,069,049 |
| Less Grants Approved | 2 | 109,698,659 | 110,120,000 | 102,303,825 |
| Net Surplus / (Deficit) | | <u>\$25,294,636</u> | <u>(\$2,295,842)</u> | <u>\$16,765,224</u> |

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

PROFITS OF NEW ZEALAND LOTTERIES

STATEMENT OF MOVEMENTS IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

| | Note | Actual 2006 \$ | Budget 2006 \$ | Actual 2005 \$ |
|--|------|----------------------|----------------------|----------------------|
| Net Operating Surplus / (Deficit) for the year | | 25,294,636 | (1,307,100) | 16,765,224 |
| Total recognised revenues and expenses | | 25,294,636 | (1,307,100) | 16,765,224 |
| Movements in Equity for the year | | 25,294,636 | (1,307,100) | 16,765,224 |
| Equity brought forward as at 1 July | | 40,553,605 | 40,553,605 | 23,788,381 |
| Equity as at 30 June | 3 | <u>\$65,848,241</u> | <u>\$39,246,505</u> | <u>\$40,553,605</u> |

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

PROFITS OF NEW ZEALAND LOTTERIES

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

| | Note | Actual 2006 \$ | Budget 2006 \$ | Actual 2005 \$ |
|--|------|----------------------|----------------------|----------------------|
| Equity | | | | |
| Funds Allocated to Distribution Committees | 3 | 1,614,099 | 800,000 | 1,311,258 |
| Accumulated Funds | 3 | 64,234,142 | 38,446,505 | 39,242,347 |
| Total Funds Employed (Equity) | 3 | \$65,848,241 | \$39,246,505 | \$40,553,605 |
| Assets | | | | |
| <i>Current Assets</i> | | | | |
| Cash, Call Investments | 5 | 1,350,757 | 1,500,000 | 1,527,518 |
| GST Receivable | | 3,353,890 | 2,200,000 | 2,434,884 |
| Accounts Receivable | 6 | 24,589,000 | 230,000 | 9,396,540 |
| Accrued Interest | | 661,178 | 0 | 219,163 |
| Investments | 5 | 57,159,821 | 54,286,505 | 45,520,138 |
| Total Current Assets | | 87,114,646 | 58,216,505 | 59,098,243 |
| Total Assets | | 87,114,646 | 58,216,505 | 59,098,243 |
| Liabilities | | | | |
| <i>Current Liabilities</i> | | | | |
| Related Parties Accounts Payable (Department of Internal Affairs) | 7 | 938,190 | 750,000 | 1,007,944 |
| Accounts Payable (Other) | | 170,986 | 220,000 | 165,057 |
| Grants Payable | 2 | 20,157,229 | 18,000,000 | 17,371,637 |
| Total Current Liabilities | | 21,266,405 | 18,970,000 | 18,544,638 |
| Working Capital | | 65,848,241 | 39,246,505 | 40,553,605 |
| Net Assets | | \$65,848,241 | \$39,246,505 | \$40,553,605 |

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

PROFITS OF NEW ZEALAND LOTTERIES

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2006

| | Note | Actual 2006 \$ | Budget 2006 \$ | Actual 2005 \$ |
|--|------|----------------------|----------------------|----------------------|
| Cash Flows from Operating Activities | | | | |
| <i>Cash was Provided From:</i> | | | | |
| Lottery Profits | | 123,396,540 | 123,396,540 | 129,450,554 |
| GST Received | | 0 | 234,884 | 0 |
| Interest Received | | 3,403,751 | 3,489,163 | 2,155,575 |
| Sundry Receipts | | 700 | | 54,919 |
| | | <u>126,800,991</u> | <u>127,120,587</u> | <u>131,661,048</u> |
| <i>Cash was applied to:</i> | | | | |
| Grants Paid | 2 | 106,913,067 | 110,002,895 | 101,682,672 |
| Administration Expenses | | 7,501,990 | 8,315,553 | 6,285,033 |
| Expenses paid on behalf of the New Zealand Lottery Grants Board | | 4,006 | 63,290 | 26,901 |
| GST paid | | 919,006 | 0 | 189,614 |
| | | <u>115,338,069</u> | <u>118,381,738</u> | <u>108,184,220</u> |
| Net Cash Flows from Operating Activities | | 11,462,922 | 8,738,849 | 23,476,828 |
| Cash Flows from Investing Activities | | | | |
| <i>Cash was provided from:</i> | | | | |
| Net Sale of Term Investments | 8 | (11,639,683) | (8,766,367) | (23,723,863) |
| Net Cash Flows from Investing Activities | | <u>(11,639,683)</u> | <u>(8,766,367)</u> | <u>(23,723,863)</u> |
| Cash Flows from Financing Activities | | | | |
| <i>Cash was provided from:</i> | | | | |
| | | 0 | 0 | 0 |
| <i>Cash was applied to:</i> | | | | |
| | | 0 | 0 | 0 |
| Net Cash Flows from Financing Activities | | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Increase / (Decrease) in Cash Held | | (176,761) | (27,518) | (247,035) |
| Add Opening Cash | | 1,527,518 | 1,527,518 | 1,774,553 |
| Closing Cash | | <u>\$1,350,757</u> | <u>\$1,500,000</u> | <u>\$1,527,518</u> |
| Cash, Call Investments | | 1,350,757 | 1,500,000 | 1,527,518 |
| Closing Cash | | <u>\$1,350,757</u> | <u>\$1,500,000</u> | <u>\$1,527,518</u> |

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

**RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS
WITH NET SURPLUS / (DEFICIT) FROM OPERATING ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2006**

| | Note | Actual 2006 \$ | Budget 2006 \$ | Actual 2005 \$ |
|---|------|----------------------|----------------------|----------------------|
| Net Surplus/(Deficit) per Statement of Financial Performance | | 25,294,636 | (1,307,100) | 16,765,224 |
| Add/(Deduct) movements in working capital items | | 0 | 0 | 0 |
| (Decrease) / Increase in Grants Payable | | 2,785,592 | 628,363 | 621,153 |
| (Decrease) / Increase in Accounts Payable | | (63,825) | (203,001) | 386,921 |
| Decrease / (Increase) Accrued Interest | | (442,015) | (10,837) | (160,870) |
| Decrease / (Increase) Accounts Receivable | | (15,192,460) | 9,396,540 | 6,054,014 |
| Decrease / (Increase) GST Receivable | | (919,006) | 234,884 | (189,614) |
| Net Cash Flows from Operating Activities | | \$11,462,922 | \$8,738,849 | \$23,476,828 |

Statement of Commitments as at 30 June 2006

There were no significant commitments at 30 June 2006. (2005: Nil)

Statement of Contingent Liabilities as at 30 June 2006

There were no contingent liabilities at 30 June 2006. (2005: Nil)

The attached accounting policies and notes to the accounts form part of, and should be read in conjunction with, these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

NOTE 1

INTEREST FROM INVESTMENTS

| | Actual 2006 \$ | Actual 2005 \$ |
|-------------------------------------|----------------------|----------------------|
| Bank of New Zealand Current Account | 11,048 | 10,689 |
| Money Market Investments | 3,834,718 | 2,305,756 |
| | <u>\$3,845,766</u> | <u>\$2,316,445</u> |

NOTE 2

GRANTS PAYABLE

| | Actual 2006 \$ | Actual 2005 \$ |
|-------------------------------|----------------------|----------------------|
| Balance as at 1 July | 17,371,637 | 16,750,484 |
| Plus Grants Approved | 109,698,659 | 102,303,825 |
| | <u>127,070,296</u> | <u>119,054,309</u> |
| Less Grants Paid ¹ | (106,913,067) | 101,682,672) |
| Balance as at 30 June | <u>\$20,157,229</u> | <u>\$17,371,637</u> |

¹ Grants approved is net of write backs (grants not fully utilised) and refunds.

NOTE 3

COMMITTEES' FUNDS

| | | | Actual 2006 \$ | Actual 2005 \$ |
|---|---|---------------|----------------------|----------------------|
| Undistributed Committees' Funds as at 1 July | | | 1,311,258 | 615,873 |
| Transfers (to)/from to Accumulated Funds from Minister's Discretionary Fund | | 0 | | (200,000) |
| to Accumulated Funds from Defunct Committees | | (118,500) | (118,500) | (1,300,790) |
| | | | | (1,500,790) |
| Funds after Transfers | | | 1,192,758 | (884,917) |
| Add Funds Allocated for the year | 4 | 110,120,000 | | 104,500,000 |
| Less Grants Approved for the year | 2 | (109,698,659) | | (102,303,825) |
| Transfer from accumulated funds | | | 421,341 | 2,196,175 |
| Undistributed Committees' Funds as at 30 June | | | \$1,614,099 | \$1,311,258 |

ACCUMULATED FUNDS

| | | | Actual 2006 \$ | Actual 2005 \$ |
|---|---|---------------|----------------------|----------------------|
| Accumulated Funds as at 1 July | | | 39,242,347 | 23,172,508 |
| Net Surplus / (Deficit) | | | 25,294,636 | 16,765,224 |
| Transfers (to)/from to Accumulated Funds from Minister's Discretionary Fund | | 0 | | 200,000 |
| to Accumulated Funds from Defunct Committees | | 118,500 | 118,500 | 1,300,790 |
| | | | | 1,500,790 |
| Add Grants Approved for the year | 2 | 109,698,659 | | 102,303,825 |
| Less Funds Allocated for the year | 4 | (110,120,000) | | (104,500,000) |
| Transfer to Committee Funds | | | (421,341) | (2,196,175) |
| Accumulated Funds as at 30 June | | | \$64,234,142 | \$39,242,347 |
| Total Equity as at 30 June | | | \$65,848,241 | \$40,553,605 |

NOTE 4

ALLOCATIONS

| | percent of Total 2006 | percent of Total 2005 | Actual 2006 \$ | Actual 2005 \$ |
|--|--------------------------|------------------------------|----------------------|----------------------|
| Distribution Committees | | | | |
| Community Committees | | | | |
| National | 9.8 | 10.3 | 10,800,000 | 10,800,000 |
| Outdoor Safety | 6.0 | 5.7 | 6,650,000 | 6,000,000 |
| Regional | | | | |
| Northland | 0.9 | 0.7 | 965,875 | 749,473 |
| Auckland | 4.3 | 3.6 | 4,735,683 | 3,739,116 |
| Waikato | 1.7 | 1.5 | 1,862,123 | 1,576,855 |
| BOP/Gisborne | 1.5 | 1.2 | 1,606,280 | 1,272,636 |
| Hawkes Bay | 0.8 | 0.6 | 834,256 | 571,069 |
| Taranaki/New Plymouth | 0.5 | 0.4 | 568,464 | 426,243 |
| Manawatu/Whanganui | 1.0 | 0.8 | 1,066,883 | 871,118 |
| Wellington | 1.6 | 1.7 | 1,781,887 | 1,781,887 |
| Canterbury | 1.9 | 1.9 | 2,035,638 | 1,953,002 |
| West Coast/Nelson-Marlborough | 0.9 | 0.9 | 1,043,892 | 932,607 |
| Otago/Southland | 1.2 | 1.1 | 1,312,019 | 1,141,994 |
| Lottery Environment and Heritage | 6.7 | 6.3 | 7,349,000 | 6,630,000 |
| Lottery Health Research | 2.3 | 2.2 | 2,560,000 | 2,310,000 |
| Lottery Marae Heritage & Facilities | 5.0 | 4.8 | 5,531,000 | 4,990,000 |
| Pacific Provider Development Fund | 0.2 | 0.0 | 200,000 | |
| Lottery Welfare – Individuals with Disabilities | 3.2 | 3.1 | 3,547,000 | 3,200,000 |
| Minister of Internal Affairs | 0.1 | 0.1 | 150,000 | 150,000 |
| Statutory Bodies | | | | |
| Creative New Zealand | 16.9 | 17.8 | 18,600,000 | 18,553,000 |
| Sport and Recreation New Zealand (SPARC) | 25.6 | 27.0 | 28,220,000 | 28,217,000 |
| New Zealand Film Commission | 7.9 | 8.3 | 8,700,000 | 8,634,000 |
| Total Allocations | 100 | 100 ^{Note 4} | \$110,120,000 | \$104,500,00 |

NOTES

\$110,120,000 was allocated for 2005/06 by the New Zealand Lottery Grants Board on 4 May 2005.

No other allocations have been made during the year ended 30 June 2006.

NOTE 5**FINANCIAL INSTRUMENTS****Fair Value**

Financial instruments are disclosed in the Statement of Financial Position at their carrying value.

The carrying value of investments at 30 June 2006 was:

\$57,159,821 (2005:\$45,520,138)

The market value of investments at 30 June 2006 was:

\$ 57,350,488 (2005: \$45,606,585)

Currency and Credit Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

There is no currency risk given that all the financial instruments dealt with are denominated in New Zealand dollars.

Credit risk is the risk that a third party will default on its obligation, causing profits of New Zealand Lotteries to incur a loss.

Credit risk is reduced by investing up to fixed limits, only in New Zealand Government Stock, Government Guaranteed Stock Bank Deposit, Promissory Notes carrying a Standard and Poors rating of not less than A2 and Commercial Paper issued or endorsed by selected registered banks in New Zealand. These limits reduce the credit risk exposed to any one financial institution and/or financial instrument.

Concentration of credit risk with respect to accounts receivable is high, due to the reliance on the NZ Lotteries Commission for 99 percent of revenue for the Profits of New Zealand Lotteries. Reliance is placed on the fact that the NZ Lotteries Commission is a going concern. In addition the allocation of grants by Committees is closely monitored to ensure that commitments are matched by revenue.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Board's investments in money market investments and NZ Government Guaranteed Stock give rise to interest rate risk.

Interest rate risk is managed through investing only in short term instruments.

The following maturity and interest rate information applies to investments held at 30 June 2006:

| | Effective Interest Rate percent | June 2006 Under 1 Year \$ | Effective Interest Rate percent | June 2005 Under 1 Year \$ |
|----------------------------------|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|
| Investments: Short Term | | | | |
| Term Deposits | 7.34 | 15,000,000 | 6.97 | 10,000,000 |
| Commercial Paper | 7.50 | 42,159,821 | 7.07 | 35,520,138 |
| Total Current Investments | | 57,159,821 | | 45,520,138 |
| Cash, Call Investments | 7.25 | 1,350,757 | 6.75 | 1,527,518 |
| Totals | | \$58,510,578 | | \$47,047,656 |

NOTE 6

ACCOUNTS RECEIVABLE

| | Actual 2006 \$ | Actual 2005 \$ |
|---|----------------------|----------------------|
| Extra profits from New Zealand Lotteries Commission | 24,589,000 | 9,396,540 |
| Total Accounts Receivable | \$24,589,000 | \$9,396,540 |

NOTE 7

RELATED PARTIES

The Secretary for Internal Affairs is Trustee of the profits received from the New Zealand Lotteries Commission under the Gambling Act 2003.

The Department of Internal Affairs provides administrative services to the New Zealand Lottery Grants Board, the distribution committees and the Minister of Internal Affairs on an arms length basis.

The services provided include personnel, the provision of assets, accommodation, administration and other services costing \$7,172,866 in the 2005/06 year. (\$6,414,644 in the 2004/05 year)

At 30 June 2006 Profits of New Zealand Lotteries owed \$938,190 in relation to services provided. (30 June 2005 \$1,007,944)

NOTE 8

STATEMENT OF CASHFLOWS NET OFF

In order to summarise the investment flows, thereby providing a more meaningful disclosure, the investment inflows/outflows have been netted.

NOTE 9**DISCLOSURE OF FEES**

The total fees paid to the Distribution Committee Members for the year 1 July 2005 to 30 June 2006 are shown below.

Distribution Committee Members' Fees

For attendance at Meetings and Reading Fees
2005/06

| | 2006 Total Fees | 2005 Total Fees |
|----------------------|--------------------|--------------------|
| Anderson, T | 540.00 | 810.00 |
| Austin, M A | 1,040.00 | 1,690.00 |
| Bennett, S M | 2,311.25 | 752.50 |
| Bradley, M P | 1,200.00 | 1,100.00 |
| Bridgeman, N C | 900.00 | 1,300.00 |
| Burdon, M C | 900.00 | 1,250.00 |
| Canning, J W | 540.00 | 1,300.00 |
| Coughlan, P | 500.00 | 1,625.00 |
| Cram, F | 780.00 | 810.00 |
| Cuthbert, B G | 1,612.50 | 1,881.25 |
| Dale, P C | 1,170.00 | 1,625.00 |
| Dick, A J | 1,430.00 | 1,430.00 |
| Diver, F I | 1,170.00 | 1,820.00 |
| Fagaloa, T C | 210.00 | 0.00 |
| Faitotonu, S | 1,200.00 | 1,550.00 |
| Fitzmaurice, V | 1,200.00 | 1,300.00 |
| Foley/Gallagher, J M | 900.00 | 1,400.00 |
| Fox, R | 900.00 | 900.00 |
| Ghani, A | 900.00 | 500.00 |
| Grammer, B | 735.00 | 1,732.50 |
| Greening, W A J | 1,200.00 | 1,300.00 |
| Hanley, W P | 600.00 | 1,050.00 |
| Henry, L A | 1,900.00 | 1,900.00 |
| Holloway, L | 1,080.00 | 1,440.00 |
| Houkamau, A | 0.00 | 1,451.25 |
| Howe, T | 2,520.00 | 2,152.50 |
| Issacs, O | 900.00 | 1,250.00 |
| Jackson, B | 2,465.00 | 2,610.00 |
| Jones, A S | 900.00 | 1,100.00 |
| Kahotea, D T | 1,558.75 | 1,935.00 |
| Kerridge P E | 1,812.50 | 2,900.00 |
| Kingi, I | 1,012.50 | 1,147.50 |
| Kirby, G | 1,012.50 | 1,620.00 |
| La Grouw, J M | 900.00 | 950.00 |
| Lawton, B | 540.00 | 0.00 |
| Le Gros, G | 810.00 | 1,080.00 |
| Lee, M | 600.00 | 700.00 |
| Leutele, S S | 1,000.00 | 1,667.50 |
| Manuel, R T | 900.00 | 1,000.00 |
| Mayor, T | 300.00 | 1,000.00 |
| McAllister, E | 900.00 | 0.00 |
| McConnell, A C | 700.00 | 1,160.00 |
| Mulqueen, M F | 1,170.00 | 1,690.00 |
| Muru, J | 900.00 | 900.00 |

NOTE 9...contd

DISCLOSURE OF FEES

| | 2006 Total Fees | 2005 Total Fees |
|---|--------------------|---------------------|
| Nicholl, W L | 2,100.00 | 2,100.00 |
| Olsen, S N | 900.00 | 650.00 |
| Paewai, O N M | 1,200.00 | 800.00 |
| Pardoe, M E | 900.00 | 1,250.00 |
| Poynter, C | 600.00 | 0.00 |
| Pugh, S L | 1,200.00 | 1,300.00 |
| Pyke, M | 400.00 | 1,100.00 |
| Raleque, U L | 525.00 | 0.00 |
| Rasalingam, N | 645.00 | 1,881.25 |
| Rea, L J | 2,100.00 | 1,900.00 |
| Reilly, K M | 1,200.00 | 1,300.00 |
| Rigarlsford, A J | 735.00 | 0.00 |
| Riseborough, A J | 1,400.00 | 2,870.00 |
| Ryan-Bell, M E | 600.00 | 1,100.00 |
| Sarich, A | 0.00 | 800.00 |
| Scott, R E | 2,100.00 | 1,700.00 |
| Scott, R S | 900.00 | 1,250.00 |
| Severinsen, G R | 400.00 | 900.00 |
| Sharp, Y L | 780.00 | 1,430.00 |
| Sharpe, P | 1,200.00 | 1,550.00 |
| Shelford, T K | 0.00 | 300.00 |
| Si'ulepa, N I | 700.00 | 0.00 |
| Skelton, C | 600.00 | 800.00 |
| Soper, D E H | 900.00 | 1,400.00 |
| Sorrensen, D | 525.00 | 0.00 |
| Sunitsch, T | 900.00 | 1,400.00 |
| Talbot, K. W | 1,612.50 | 2,152.50 |
| Tankersly, L | 806.25 | 1,000.00 |
| Taylor, D W | 1,785.00 | 2,045.00 |
| Te Hira, N | 1,200.00 | 1,451.25 |
| Thomas, B A | 1,170.00 | 1,430.00 |
| Thompson, J Y | 2,440.00 | 2,470.00 |
| Thompson, S M | 600.00 | 1,400.00 |
| Tuuta, C B | 600.00 | 1,300.00 |
| Urlich, C E | 600.00 | 1,100.00 |
| Van der Heyden, A R | 900.00 | 1,100.00 |
| Walsh, V | 2,497.50 | 2,970.00 |
| Wetere, K T | 810.00 | 2,790.00 |
| White, J J | 1,560.00 | 1,690.00 |
| Williams, H M | 161.25 | 1,236.25 |
| Wilson, L | 2,362.50 | 2,700.00 |
| Wright, J A | 1,560.00 | 2,015.00 |
| | 89,995.00 | 113,411.25 |
| Fees Paid in 2004/05 year but relating to meetings in 2003/04 year | 0.00 | 1,342.50 |
| Total fees for 2005/06 | \$89,995.00 | \$114,753.75 |

NOTE 10**TRANSITION TO NEW ZEALAND EQUIVALANTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The New Zealand Lottery Grants Board will be adopting New Zealand International Financial Reporting Standards (NZ IFRS) for the first time in its audited financial statements for the year ending 30 June 2008. This timetable is in line with the adoption of New Zealand equivalents to IFRS in the financial statements of the Government reporting entity. The New Zealand Lottery Grants Board will be adopting the accounting policies of the financial statements of the Government.



NZ Lottery Grants Board
TE PUNA TAHUA

Distributor of NZ Lottery Profits