

PRESIDING MEMBER'S COPY

Te Puna Tahua Lottery Grants Board meeting papers

Thursday 10 April 2025

3:30pm to 5:30pm

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Te Puna Tahua
Lottery Grants Board
.....
LOTTO FUNDS FOR YOUR COMMUNITY



Te Tari Taiwhenua
Internal Affairs

IN-CONFIDENCE

Agenda

Date and time: Thursday 10 April 2025 from 3:30pm to 5:30pm

Location: Executive Wing meeting room 2.1, Parliament Buildings, Wellington

Time	Agenda item	Action
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Out of Scope

4:15pm to 4:35pm
(20 minutes)

5 Committee structure and decision-making processes

Decision

Out of Scope

Time: 4:15pm to 4:35pm (20 minutes)

5

Committee structure and decision-making processes

Presented by Clare Toufexis, Secretary of the Board.

Purpose

1. This paper provides recommendations on changes to the distribution committee structure and decision-making processes. We are seeking the Board's endorsement of these recommendations.
2. An update on related workstreams is also provided, including changes to the frequency of committee decision-making, committee priority setting and the Lottery Individuals with Disabilities, Lottery Oranga Marae and Lottery Outdoor Safety funds.

Recommendations

It is recommended the Board:

- | | |
|---|---------------|
| a) note the contents of this paper | |
| b) endorse a move towards a regionally orientated committee structure and reduced number of specialist committees | Yes/No |
| c) endorse the disestablishment of the Lottery Significant Projects and Lottery Community Sector Research committees | Yes/No |

Committee structure and decision-making processes

Purpose

1. This paper provides Te Puna Tahua Lottery Grants Board (Board) with recommendations on changes to the distribution committee structure and decision-making processes. We are seeking the Board's endorsement of these recommendations.
2. An update on related workstreams is also provided, including changes to the frequency of committee decision-making, committee priority setting and the Lottery Individuals with Disabilities, Lottery Oranga Marae and Lottery Outdoor Safety funds.

The Board is interested in evolving the distribution committee structure

3. In September 2022, the Board directed the Department of Internal Affairs (the Department) to complete a review of the distribution committee structure as part of the Kia Tipu, He Tipua programme (the programme).¹
4. In May 2024, we provided the Board with a report on distribution committees, their decision-making and non-legislative policies.² The report was guided by the Board's desire for a simplified and more cost-effective system that is strategy-led, data driven, relational, equitable, flexible, collaborative and one that learns.³
5. Three areas for system improvement were identified:
 - strengthening the alignment of committee structure to legislation
 - aligning committee structure to the Board's new strategic direction, and
 - making decision-making more efficient and effective.
6. At that same meeting, the Board approved a draft 4-year Statement of Intent (SOI) for consultation and agreed that an outcomes framework be used as the basis for funding decision-making from 1 July 2025.
7. We committed to provide the Board with initial recommendations on changes to the distribution committee structure and decision-making processes, closely linked to the SOI,

¹ Lottery Grants Board findings and interim recommendations report. September 2022.

² Kia Tipu, He Tipua – Te Puna Tahua Lottery Grants Board Review and Recommendations Report: Distribution committees, decision-making and non-legislative policies. May 2024.

³ Community funding model work programme: Project plan and indicative budget proposal. August 2021.

outcomes framework and programmes findings, in early 2025.

There are currently 20 distribution committees

8. Excluding statutory arrangements, lottery funding is distributed through 11 regional committees, 1 national committee and 8 specialist committees. There are 6 active specialist committees as the Board has held 2 specialist committees in recess since FY2023/24.
9. While the Board is responsible for the strategic direction of funding distribution and generally endorses changes to the committee structure, the Minister of Internal Affairs (Minister) is responsible for the establishment and disestablishment of distribution committees.⁴
10. The Minister has the legislated discretion to determine committee structure. Any changes endorsed by the Board require Ministerial approval.
11. See **Appendix A** for an overview of the distribution structure. See **Appendix B** for a breakdown of the committee purposes.

We recommend a simplified committee structure

12. **Table 1** provides a high-level description of the recommendations being presented to the Board. A fuller description of each recommendation is provided in the following paragraphs.

Table 1: Overview of recommended changes to committee structure

Recommendations
1. Move towards a regionally orientated committee structure and reduce the number of specialist committees
2. Disestablish the Lottery Significant Projects and Lottery Community Sector Research committees

Recommendation 1: Move towards a regionally orientated committee structure and reduce the number of specialist committees

13. The May 2024 report identified devolving decision-making from national specialist committees to regionally orientated committees as an opportunity to improve system efficiency and effectiveness. We advised that this could be achieved through expanding the purpose of the existing 11 Lottery Community committees. We committed to further work to consider alignment with the Board's emerging SOI, the outcomes framework and the role of specialist committees in a devolved model.

⁴ Gambling Act 2003, section 280.

Devolved decision-making aligns with the Board's strategic direction

14. At its August 2021 meeting, the Board agreed to 5 fundamental system shifts as the basis of an evolved lottery grants system.⁵ These shifts map the change required to align the lottery grants system with the good funding practice principles and are reflected in the SOI.⁶ Devolved decision-making is amongst those system shifts.
15. Bringing decision-making closer to where outcomes are being delivered ensures a better understanding of local priorities and that the impact of the funding is maximised.
16. This is supported by the May 2024 report which found that regional lottery committees were more responsive to the aspirations of community, hapū and iwi, than specialist committees. While specialist committees were observed to have strong sector knowledge, their local connection and knowledge was less developed.

The outcomes framework reduces the need for specialist committees

17. The current distribution structure uses committee purpose as a tool to direct Board funding towards specific sectors. For example, the purpose of the Lottery Environment and Heritage (LEH) committee is to provide funding that will protect, conserve and promote New Zealand's natural, cultural and physical heritage. The LEH committee therefore prioritise funding towards requests that align with that purpose.
18. Contrastingly, an outcomes framework maps out the types of outcomes that will support the Board to achieve its strategic intent. Should the Board agree to adopt the SOI at this meeting, committees will prioritise funding towards requests which align with the framework and therefore, the Board's strategic direction, from 1 July 2025.⁷
19. This shift reduces the need for specialist committees to channel funding and supports the Board's desire for a more efficient and effective model. Should the Board support a move towards devolved decision-making, regionally orientated committees would be generalist in focus.
20. Some specialist committees may continue to serve a purpose within a regionally orientated model. For example, Lottery Oranga Marae (Oranga Marae) where decisions are made by Māori for Māori, supports the Board's strategic outcome of tino rangatiratanga and upholds the Board's commitment to Te Tiriti o Waitangi through its interim policy. Retaining Oranga Marae would support the Board to deliver its strategic intent.

Specialist input would still be required in a generalist model

21. We note that specialist capability and subject matter expertise would remain a critical feature of a generalist model. Currently Hāpai Hapori national community advisors provide,

⁵ The system shifts which were agreed by the Board as part of the 'Community funding model work programme: Project plan and indicative budget proposal – August 2021' are: A funding system that is strategy-led and learns, high trust and relational approach, funding for equity, devolved decision-making and flexible funding and collaboration to achieve the greatest impact.

⁶ The Good Practice Principles emerged from the Departments 'Community grant funding – current state analysis – February 2021' and the Board has since adopted them in its policies.

⁷ For FY2025/26 committees will set priority outcomes which align with the existing committee purpose. This will ensure that committees continue to distribute funding towards their approved purpose.

or facilitate, specialist advice to support decision-makers on specialist committees. For example, where a Lottery Community Facilities (LCF) request relates to sports, Hāpai Hapori staff connect with Sport NZ to provide expert commentary on the request. This commentary is then provided to the LCF committee to support their decision-making. In a generalist model this advice would be provided to regionally orientated decision-makers.

22. Should the Board endorse this recommendation, we will seek Ministerial approval and begin to identify the operational changes required. We will provide a proposed new structure for consideration in time for implementation from FY2026/27.

Recommendation 2: Disestablish the Lottery Significant Projects and Lottery Community Sector Research committees

23. The May 2024 report highlighted that the Lottery Significant Projects (LSP) and Lottery Community Sector Research (LCSR) committees have a pattern of undersubscription and low calibre requests. The report also challenged the impact of the Board's investment through LSP given the significant scale of the projects being supported. The Board has held these committees in recess since FY2023/24.
24. Disestablishing these committees would allow the Board to simplify the committee structure, with minimal impact on applicants.

Requests to these committees could be considered elsewhere

25. Recent data analysis of historic LCSR and LSP grants has shown the following:
 - while most grants awarded through LCSR align with the Board's outcomes, most awarded through LSP do not, and
 - where an LCSR or LSP grant did align with the Board's outcomes, it could have been considered by another lottery committee (e.g. Lottery Community or Lottery Community Facilities).
26. These findings are supported by the successful redirection of several potential LCSR and LSP requests to other lottery committees during the period of recess.
27. The period of recess and pattern of undersubscription means disestablishing these 2 funds is likely to have a low impact on community, hapū and iwi.
28. If the Board endorse this recommendation, we will provide this advice to the Minister for consideration, ahead of FY2025/26 and this will be a feature of the recommendations to the Board for allocation of funding for FY2025/26.

We are progressing other work relating to committee structure

29. We are also considering other matters which relate to committee structure and decision-making processes. These include changes to the frequency of committee decision-making, committee priority setting, and the Lottery Individuals with Disabilities (IWD), Lottery Oranga Marae and Lottery Outdoor Safety funds.

Frequency of decision-making will increase for some funds in FY2025/26

30. As noted above, the Board has committed to a more accessible and flexible funding system. We heard through the programme and SOI engagement that increasing the number of funding rounds is one way to achieve this. Lottery Community Facilities (LCF) and LEH committees have been identified as an opportunity to test this approach.
31. For FY2025/26, the LCF and LEH committees will hold three decision meetings, with applicants able to submit requests all year round. More responsive decision-making aligns well to project-based requests, by reducing long periods of uncertainty for community.
32. This supports the programme findings by enabling more accessible funding through small-scale system change. Testing this approach across the LCF and LEH committees enables manageable testing and learning which will inform future system shifts.
33. We project a small increase in administrative costs for committee members and resourcing. This will be absorbed within the Department's current resourcing for FY2025/26.

Committees will align their FY2025/26 priorities with the Board's outcomes framework

34. In line with the Act,⁸ committees must use the Board's strategic direction as a basis for their granting approach when setting priorities and making funding decisions.
35. As above, the Board has agreed that an outcomes framework will be used as the basis for funding prioritisation from 1 July 2025. The framework outlines the outcomes which seek to progress the Board's strategic direction. Distribution committees will be expected to prioritise funding towards requests which link to one or more outcomes in the framework.
36. Committees will be supported to use the outcomes framework to set their funding priorities for FY2025/26, should the Board confirm the framework through the adoption of its SOI at this meeting.

Work on Lottery Individuals with Disability fund will continue

37. In January 2025, the Board agreed to retain the current IWD committee for FY2025/26 while we continue to explore options for the Board's future funding in the disability sector. This follows the May 2024 report finding that IWD does not closely align to the Act.
38. To ensure a cohesive lottery grants system, any changes to the IWD committee must be considered in the context of the wider committee structure and decision-making process.
39. Should the Board endorse the Department to move towards a regionally orientated generalist committee structure, we will engage with the IWD committee as an input to ensure funding distribution has regard to the needs of people with disabilities in this model.

⁸ Gambling Act (2003), section 281.

Changes have been made to the Lottery Oranga Marae

40. The Oranga Marae programme was established in December 2017 as a partnership programme with funding from both Te Puna Tahua Lottery Grants Board and Te Puni Kokiri (TPK). The programme consists of 3 phases, with the Board allocating funding to the Lottery Oranga Marae committee for the final phase of the programme – marae development implementation.
41. Earlier this financial year TPK advised that they will no longer contribute funding to Oranga Marae due to a shift in priorities. Consequently, TPK funding towards the marae development planning and technical feasibility support has ceased.
42. Given this change, we are now adjusting the operational settings to ensure the programme continues to effectively support Māori. These operational setting changes will enhance the effectiveness of the Fund, including our learning over the last 8 years.
43. The Oranga Marae committee aligns well with the Board's SOI and is likely to play an important role in a future committee structure. We will provide the Board updates on this operational work via the Secretary's report.

The Board's funding of water safety remains appropriate

44. In May 2024 the Board agreed that the allocation of funding to Sport NZ, through the Lottery Outdoor Safety (LOS) committee, would no longer be appropriate once responsibility for Water Safety NZ was transferred to Ministry of Transport (MoT) on 1 July 2025.
45. The Board directed the Department to work with the MoT to explore options to support water and outdoor safety in a way that aligned with the Haumarū Tāngata Ki Uta Ki Tai - Recreational Safety and Search and Rescue - Review Report (August 2023).⁹
46. The Department engaged in initial discussions with the MoT, however due to a change in Ministerial priorities, the August 2023 recommendations are no longer being actioned. Therefore, oversight of Water Safety NZ will remain with Sport NZ and the Board's current funding mechanism remains in place. Given this, the Memorandum of Understanding in place with Sport NZ for the pass through of funding will be reviewed to ensure it is fit for purpose in the coming quarter.
47. As with IWD and Oranga Marae, the future of the LOS committee will be considered as part of the work to evolve the distribution committee structure, with recommendations presented to the Board in December 2025.

Next steps

48. Should the Board endorse the recommendations outlined in this paper, we will seek the

⁹ The August 2023 the Haumarū Tāngata Ki Uta Ki Tai - Recreational Safety and Search and Rescue - Review Report recommended that oversight of Water Safety NZ transfer from Sport NZ to the Ministry of Transport.

Minister's approval of the proposed changes.

49. Pending the Minister's approval, we will identify the operational changes required and provide a proposed evolved committee structure for consideration at the Board's December 2025 meeting.
50. This timing allows six months to prepare communities, hapū and iwi for the change.

Recommendations

It is recommended the Board:

- a) **note** the contents of this paper
- b) **endorse** a move towards a regionally orientated committee structure and reduced number of specialist committees **Yes/No**
- c) **endorse** the disestablishment of the Lottery Significant Projects and Lottery Community Sector Research committees **Yes/No**

9(2)(a)

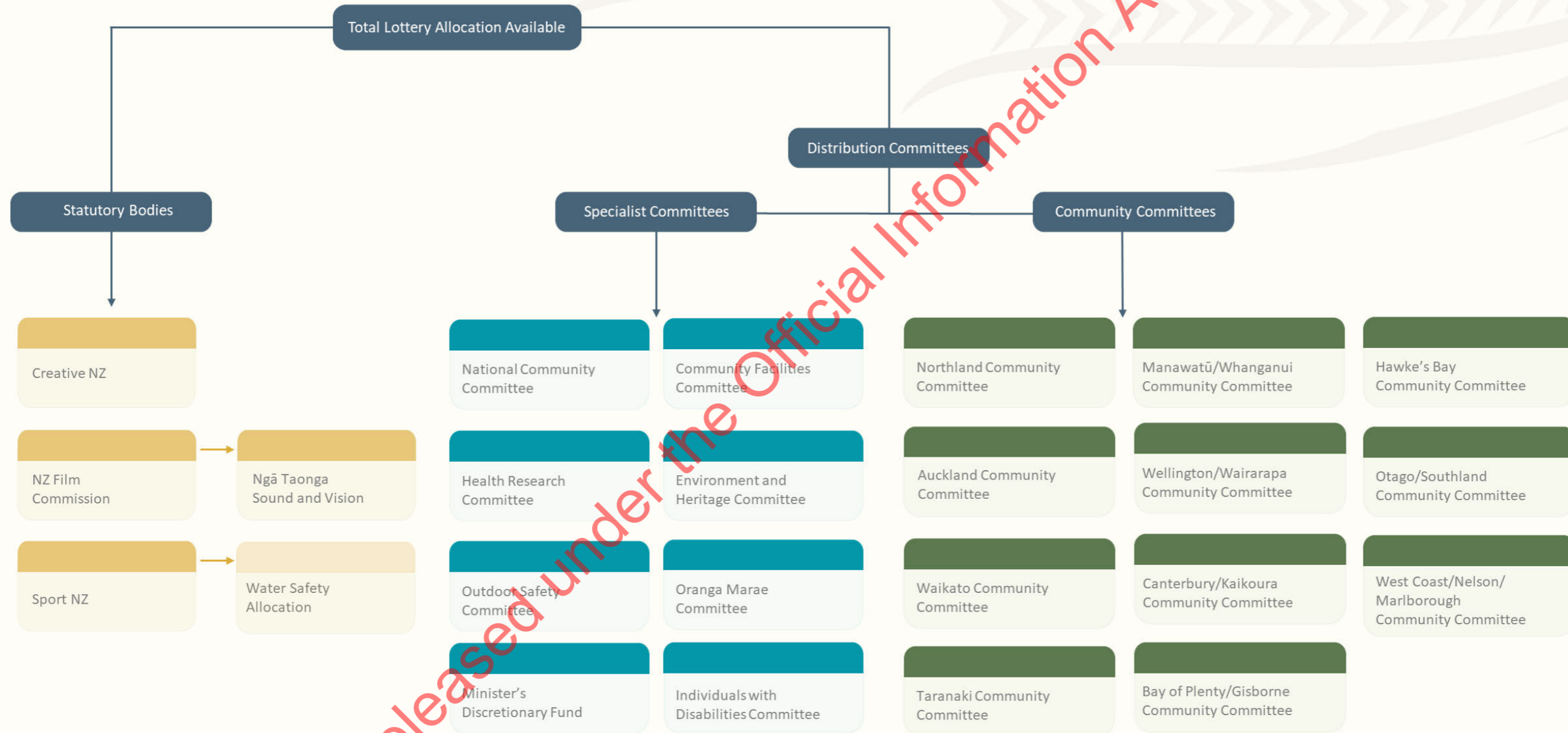
Clare Toufexis

Secretary of the Board

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Appendix A: Overview of Te Puna Tahua Lottery Grants Board distribution model FY2024/25

Distribution of funds 2024/2025



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*Significant Projects Committee and Community Sector Research are in recess 2024/25

Appendix B: Current makeup of distribution committees

Committee	Purpose
Lottery Minister's Discretionary Fund	The Minister of Internal Affairs approves grants to projects that fall outside the responsibility of the other lottery distribution committees.
Lottery National Community Committee	Distributes funding on a national basis for developmental or preventative projects, welfare, and support services, and for projects that improve community wellbeing.
Lottery Regional Community Committees (x11)	Distributes funding on a regional basis for developmental or preventative projects, welfare, and support services, and for projects that improve community wellbeing.
Lottery Environment and Heritage Committee	Distributes grants for projects that promote, protect and conserve New Zealand's natural, physical, and cultural heritage.
Lottery Health Research Committee	Distributes grants for research promoting the health of New Zealanders.
Lottery Individuals with Disabilities Committee	Distributes grants to people with mobility and communications-related disabilities for the purchase and adaptation equipment to enhance their participation in the community.
Oranga Marae	Distributes grants with the goal of supporting the physical and cultural revitalisation of marae, as centres of Māori identity and mātauranga.
Lottery Outdoor Safety Committee	Distributes grants to water safety and outdoor safety projects.
Lottery Community Facilities Committee	Distributes grants for building or improving community facilities that support participation and foster community cohesion. Emphasis is on facilities that are open for use to the wider community, or that can be used for a range of services and activities.

Committees in recess (FY2024/25)	
Lottery Community Sector Research Committee	Distributes grants for the undertaking and use of research and evaluation by, and for, community organisations.
Lottery Significant Projects Committee	This fund provides support to organisations undertaking major community-based capital expenditure projects in the areas of arts, culture and heritage, sport and recreation, conservation and the environment, economic development, and/or visitor services and tourism. Projects must have a total cost of over \$3 million. This fund is activated when allocation is available.

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MINISTER OF INTERNAL AFFAIRS

BRIEFING NOTES

&

AGENDA PAPERS

LOTTERY GRANTS BOARD
MEETING

THURSDAY 2 MAY 2024

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NOTICE OF MEETING

A meeting of Te Puna Tahua Lottery Grants Board will be held in room 12.03 at Department of Internal Affairs, 45 Pipitea Street, Wellington.

Thursday 2 May 2024, 4pm to 6pm

Agenda

	<i>Noting (N) Decision (D)</i>	<i>Item</i>	<i>Time</i>
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Out of Scope

6.	D	Evolving the lottery grants system	25	5:10pm
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Out of Scope

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EVOLVING THE LOTTERY GRANTS SYSTEM

Agenda item: 6

5:10 – 5:35

For **decision**.

This report is presented by the Clare Toufexis, Secretary of the Board. Clare may call in for a technical specialist to support the discussion.

The purpose of this paper is to provide options to evolve the lottery grants system regarding:

- structure and purpose of distribution committees;
- decision making processes; and
- non legislative policy.

Recommendations

It is recommended the Board:

- | | |
|--|---------------|
| a) agree to further work to continue exploring options to fund the disability sector in a way that is more closely aligned to the strategic outcomes and community purpose element of the Gambling Act 2003 | Yes/No |
| b) EITHER | |
| i. agree authorised distribution committees can approve multi-year grants for a maximum of two years in FY2024/25; and | Yes/No |
| ii. agree to update the Board's risk register and strengthen grant terms and conditions | Yes/No |
| OR | |
| iii. agree all committees can only approve single year grants for FY2024/25 | Yes/No |
| c) agree to keep Lottery Significant Projects and Lottery Community Sector Research committees in recess for FY2024/25 | Yes/No |
| d) agree for the Department to work with Ministry of Transport to identify options to support water safety and the wider outdoor safety sector for implementation FY2025/26. | Yes/No |
| e) agree to implement a policy for determining the Board's support one off events | Yes/No |
| f) agree to implement policy where subcommittees must include at least 1 distribution committee member | Yes/No |
| g) agree to the continuation of allowing approved committees to distribute up to 10% of the total allocation through FFC for FY2024/25. | Yes/No |

TE PUNA TAHUA LOTTERY GRANTS BOARD

EVOLVING THE LOTTERY GRANTS SYSTEM

Purpose

1. The purpose of this paper is to provide options to evolve the lottery grants system regarding:
 - structure and purpose of distribution committees;
 - decision making processes; and
 - non legislative policy.

Evolving the lottery grants system

2. In September 2022, Te Puna Tahua Lottery Grants Board (Board) approved 9 strategic recommendations to evolve the lottery grants system. In response to 3 of these recommendations, the Board agreed to complete further work to:
 - review the purposes and structure of distribution committees to ensure they meet the Board's strategic direction;
 - review the decision-making approach; and
 - simplify the non-legislative policies and criteria.
3. The Board also approved work on developing an outcomes approach to strategy setting. The Department continues to undertake this work including developing an intervention logic model. Further information on this is provided to the Board in agenda item 5.
4. This work will influence future decisions the Board will need to make regarding decision making and committee structures. This paper and the recommendations made take into consideration the outcomes framework and progress made to date.
5. The findings of work to date have been collated in the '*Board review and recommendations report: Distribution committees, decision making & non-legislative policies*'. This is provided as **APPENDIX A**.
6. The report includes:
 - current state and history of the distribution committee structure and the Ministers Discretionary Fund (MDF), decision making and non-legislative policy fund policy;
 - analysis of our insights and engagement with users of the system;
 - a summary of current approaches and processes within the system and the impact on system users; and
 - strategic recommendations now and in the future to make the lottery grants system easier and fairer for communities, hapū and iwi.
7. The focus of the initial recommendations is to strengthen alignment of the system to the legislation. I believe the recommendations proposed will enable the system to be more strategic, responsive, flexible, inclusive and recognise Te Tiriti o Waitangi.

Next steps

8. There is still work to be completed in several areas to design and deliver the evolved system. This will require some ongoing operational funding above business-as-usual should they be agreed to. The Board is considering this as part of agenda item 7.
9. The Department will operationalise any decisions made by the Board with appropriate policies and practices. The Board will be updated on progress through regular reporting.
10. The Board can expect the Department to seek further decisions to evolve the system over the coming 12 months.

Recommendations

It is recommended the Board:

- a) **agree** to further work to continue exploring options to fund the disability sector in a way that is more closely aligned to the strategic outcomes and community purpose element of the Gambling Act 2003 **Yes/No**
- b) **EITHER**
 - i. **agree** authorised distribution committees can approve multi-year grants for a maximum of two years in FY2024/25; and **Yes/No**
 - ii. **agree** to update the Board's risk register and strengthen grant terms and conditions **Yes/No**
- OR**
- iii. **agree** all committees can only approve single year grants for FY2024/25 **Yes/No**
- c) **agree** to keep Lottery Significant Projects and Lottery Community Sector Research committees in recess for FY2024/25 **Yes/No**
- d) **agree** for the Department to work with Ministry of Transport to identify options to support water safety and the wider outdoor safety sector for implementation FY2025/26. **Yes/No**
- e) **agree** to implement a policy for determining the Board's support one off events **Yes/No**
- f) **agree** to implement policy where subcommittees must include at least 1 distribution committee member **Yes/No**
- g) **agree** to the continuation of allowing approved committees to distribute up to 10% of the total allocation through FFC for FY2024/25. **Yes/No**

9(2)(a)

Clare Toufexis'
Secretary of the Board

APPENDIX A: Review and recommendations report: Distribution committees, decision making and non-legislative policy

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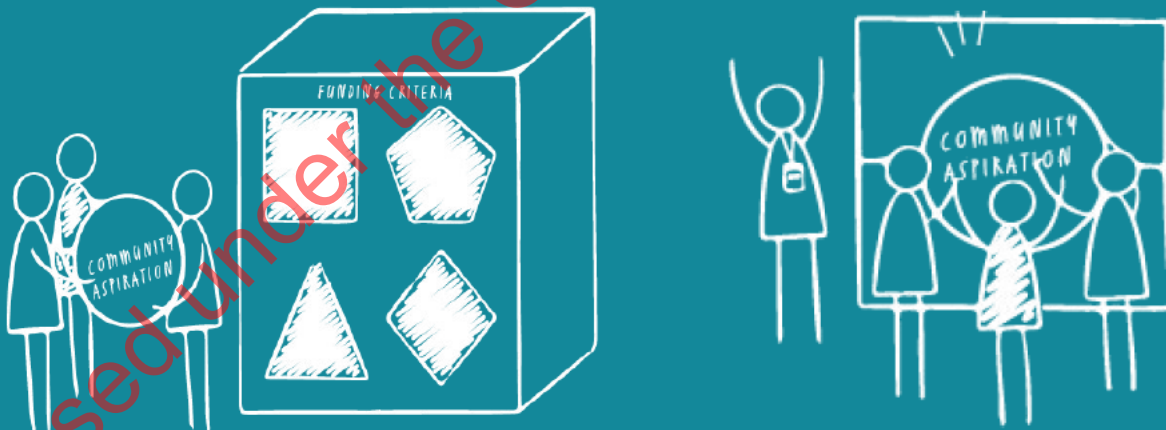
Kia Tipu, He Tipua

Evolving the lottery grants system

Supporting a lottery grants system that is more strategic, responsive, flexible, inclusive and recognises Te Tiriti o Waitangi.

TE PUNA TAHUA LOTTERY GRANTS BOARD
REVIEW AND RECOMMENDATIONS REPORT: DISTRIBUTION COMMITTEES,
DECISION MAKING & NON-LEGISLATIVE POLICIES

MAY 2024



Te Tari Taiwhenua
Internal Affairs

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Kupu Whakataki (Introduction)

Nā Te Pō	From Te Pō
Ko Te Ao Te Kitea	Te Ao is to be certain
Ko Te Ao Te Hakahaka	Te Ao is to be industrious
Ko Te Ao Tātari Rāia e	Te Ao is to actively review
Nā te Ao	From Te Ao
Ko Te Kore Te Whakataki	Te Kore for searching
Ko Te Kore Te Hurihuri	Te Kore for reflecting
Ko Te Kore Whaiwhakaaro e	Te Kore is to seek understanding
Nā Te Kore	From Te Kore
Ko Te Pō Te Aronui	Te Pō is for absolute imagination
Ko Te Pō Te Whakaahua	Te Pō is for designing with purpose
Ko Te Pō Waihaka e	Te Pō is for creating
Nā Te Pō	From Te Pō
Ko Te Ao Te Pūrakiaho	Te Ao Mārama is for seeing clearly
Ko Te Ao Te Pahawa	Te Ao Mārama is for achieving
Ko Te Ao Tutuki e	Te Ao Mārama is for bringing to fruition

Excerpt from Te Korekoreka, A Guide to Navigating Complexity from Tokona Te Raki.



Purpose of this paper

1. This analysis provides Te Puna Tahua Lottery Grants Board (Board) with options to evolve distribution committee purposes and structure, decision-making and non-legislative policies.
2. In September 2022, the Board approved 9 strategic recommendations to evolve the lottery grants system (System). This review responds to 3 of these recommendations:
 - simplify the Funding for Change (FfC) policies and criteria (rec 7);
 - review the purposes and structure of distribution committees to ensure they meet the Board's strategic direction (rec 8); and
 - review the decision-making approach (rec 9).
3. The focus is to simplify the lottery grants system and ensure lottery funding is strategy led, easier to navigate and more equitable.
4. Undertaking this work will enable the lottery grants system to better support the Board's Statement of intent (SOI). This will support the Board to achieve its vision of 'Building strong, sustainable communities together'.
5. The Board is concurrently considering advice from the Department of Internal Affairs (Department) on an outcomes framework that aligns with the engagement SOI (agenda item 5). This will drive future Board decisions on committee structure, decision-making and annual allocations. The Board is also considering how to allocate lottery profits to statutory bodies (agenda item 3). The Department will provide advice on matters relating to proposed changes to committee structure once the SOI work is completed.
6. The Department has focused this report on evolving the distribution committee structure. Changes to the committee structure and purpose will impact the Minister's Discretionary Fund (MDF). The Department will work with the Minister over the next 12-18 months to reshape MDF based on any changes to distribution committees and the SOI.

Te Kawa o Te Korekoreka (Te Korekoreka) provides a frame of reference grounded in te ao Māori

7. We have applied Te Kawa o Te Korekoreka throughout our work to date. Te Korekoreka is a process for creating solutions, which has been gifted by Tokona Te Raki the Māori Futures Collective. It combines conceptual wisdom and practical knowledge to support systems change within a te ao Māori paradigm.



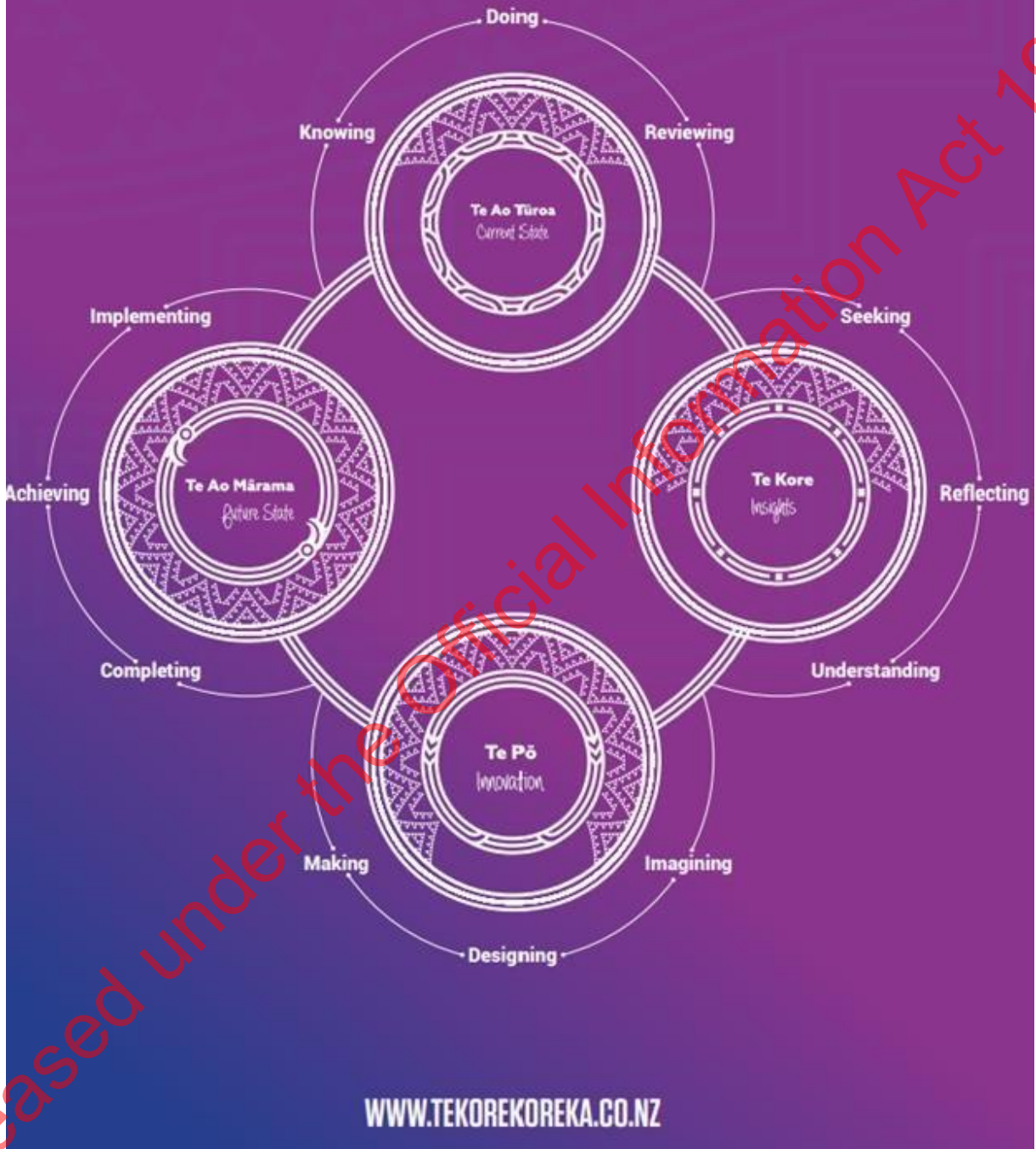
8. By moving through the four realms of Te Korekoreka, the lottery grants system has been explored. The four realms are:

- Te Ao Tūroa - Current state (knowing, doing, and reviewing)
- Te Kore – Insights (seeking, reflecting, and understanding)
- Te Pō – Innovation (imagining, designing, and making)
- Te Ao Mārama – Future state (completing, achieving, and implementing)

9. **Te Ao Tūroa** is a physical, tangible, material realm that we can see, touch and measure. Te Ao Tūroa is the longstanding world that is our current situation and our present time. In this realm we see the lottery grants system for what it is. Because this is where we spend most of our time, it is easy to become unconscious about what we are doing here and why we are doing it. This might look like being 'stuck' in old habits, reacting in an 'ad hoc' fashion, or repeating old ways of doing things.
10. **Te Kore** is seeking, reflecting, and understanding. It is a realm where we are making sense of what is happening in the lottery grants system. It is where we step back to reflect and gain a deeper understanding of why the system is the way it is. It can be an uncomfortable experience, because it is full of multiple data sources, perspectives and experiences, which at times can appear ambiguous and unwieldy. But that is also what makes it refreshing and re-energising, because Te Kore is where new potential emerges, and opportunities are identified.
11. **Te Pō** begins with an emerging sense of clarity about what it is we need to evolve the lottery grants system. It is a realm where we spend time imagining the future direction of the lottery grants system and figure out how we are going to achieve our vision. Te Pō requires testing ideas, new ways of thinking and doing which can be exciting, but Te Pō can also be a space of fear and failure. In Te Pō we acknowledge that we cannot do everything but finding out what we can do is an essential part of the creative design process.
12. **Te Pō** is for designing with purpose. The recommendations in this report, will help determine a pathway to lead, manage and embed change in **Te Ao Mārama**, a new realm bringing everything to fruition.



TE KAWA O TE KOREKOREKA



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Executive summary

13. The Board is in the process of evolving the lottery grants system to one that is more strategic, responsive, inclusive and recognises Te Tiriti o Waitangi. This is the first time an end-to-end review has been undertaken since the Board was established over 35 years ago.
14. The Board plays a significant role in supporting community wellbeing and resilience and is well positioned to optimise the potential of the System. It has grown to become Aotearoa New Zealand's largest single community grant funder, operating at scale across the community funding ecosystem and currently investing over \$300 million into communities, hapū and iwi each year.
15. The System currently includes 18 distribution committees and the MDF. The Kia Tipu, He Tipua review found most current distribution committees have their origins in the needs of communities as assessed nearly 2 decades ago.¹ There is also some duplication of funding where alignment to legislation is not strong and, in some instances, funding going to places that may be better served by another funder.
16. This analysis has explored distribution committee purposes and structure, decision-making and non-legislative policies and has identified 3 areas of opportunity to make the System easier and fairer by:
 - strengthening the alignment of committee structure to legislation;
 - aligning committee structure to the Board's strategic outcomes; and
 - making decision-making more efficient and effective.

Strengthening the alignment of committee structure to legislation

17. The Gambling Act 2003 (the Act) guides the System and how distribution committees operate. The primary function of distribution committees is to distribute lottery profits through grants.
18. This analysis found most committees are operating within legislation, but there are some areas where alignment to legislation could be strengthened.

Strengthen alignment between support for the disability sector, strategic outcomes and legislation

19. The Lottery Individuals with Disabilities committee (IWD) fills a valuable need within communities. However, it may be working outside the intent of the Act because grants benefit individuals directly.
20. The Act states that lottery profits allocated to distribution committees must be distributed for community purposes that are of a public nature.² The Act states committees must consider the needs of people with a disability as appropriate.

¹ Kia Tipu, He Tipua – Evolving the Lottery Grants System Findings and Interim Recommendations Report September 2022.

² Gambling Act (2003), section 277.



21. We believe there is an opportunity for the Board, through the Department, to work with the committee and leaders in the disability sector to identify options that would support the disability sector in alignment with legislation.

Confirm the approach for multi-year funding

22. Many users across the System value multi-year funding as it provides longer-term stability, reduces administrative burden and can build trust between the Board and community, hapū and iwi. It is considered a key part of best practice for high trust-based philanthropy.
23. Legal advice we've received outlines that the Act does not allow for allocations to be made for future years as the annual allocations for a 12-month period are based on Lotto NZ profits. There is a risk of overcommitting in the event lottery profits decrease. Currently this is addressed in grant terms and conditions.
24. The Department will provide options to the Board shortly on more permanent options on the use multi-year funding within the evolved system. As an interim measure we recommend the Board agree:
 - authorised distribution committees can approve multi-year grants for a maximum of two years in FY2024/25 or
 - all committees can only approve single year grants for FY2024/25.

Aligning committee structure to the Board's strategic outcomes

25. All current committees align to at least 1 of Board's 3 strategic outcomes, are meeting their purpose and have enabled the Board to prioritise investment into specific sectors over time.
26. However, a desk-top analysis showed some committee purposes are more closely aligned with the Board's outcomes than others. There is also evidence that some committees are covering gaps in central and local government funding.³ We have identified some areas where further work could be done to identify options to refocus committee structure more towards the Board's outcomes.
27. In 2023, Te Manatū Waka Ministry of Transport (MoT) led a review of the recreational safety and search and rescue sectors and recommended the oversight of Water Safety NZ transfers from Sport NZ to the Ministry. This new system stewardship structure is expected to go live from 1 July 2025, meaning the Board's current mechanism to providing funding to the sector, via Sport NZ, would be inappropriate as the sector leader would change.
28. If the Board agrees, the Department will work alongside MoT to develop an appropriate mechanism to continue to support the water safety sector. The Department will provide advice to the Board as this work progresses over the coming months.

³ Kia Tipu, He Tipua – Evolving the Lottery Grants System Findings and Interim Recommendations Report September 2022.



29. For FY2024/25, we recommend the Board keep the Lottery Significant Projects and Lottery Community Sector Research committees in recess.

Implement a policy for determining support for one off events

30. The Board has a history of responding to emergency events and can do this by establishing bespoke committees or, as it has done, establishing emergency natural disaster response (ENDR) as a subcommittee of MDF.
31. The Board generally provides support in the recovery phase of an emergency; however, it could be questioned whether this is the Board's role. If the Board chooses to continue to support emergency events, there are opportunities to reshape the Board's support to be more collaborative and equitable, and aligned to its outcomes framework.
32. The Board also has a history of supporting specific one-off nationally significant events, such as the 2023 Women's Football World Cup, America's Cup and Tuia 2000 celebrations. The Board does not have a clear strategy in place to support these types of events, meaning the approach to these decisions can be ad hoc. Now that the Board is providing information about your strategic direction via the SOI, the opportunity exists to be clear how one-off events connect with that.
33. We recommend the Board implement a policy for supporting one-off events that is aligned to the Board's strategic intentions.

Making decision-making more efficient and effective

Set policies to mitigate risk and potential bias in decision making

34. Specific managers, within Hāpai Hapori have been delegated decision-making in some funds, including Funding for Change (FfC) and ENDR. This enables fast decision-making and recognises the wealth of knowledge and understanding of local communities held within the Department's regional offices and national teams.
35. We heard that maintaining separation between the role of support agent and assessor and potential decision maker can be challenging. Managing potential conflicts of interest, and potential for bias, where staff are working closely with communities does require care.
36. The work undertaken to date to make the system easier, fairer and more responsive indicates FfC will not be necessary in an evolved system. However an evolved system will take time to fully implement.
37. As an interim solution, it is recommended the Board implement a policy where subcommittees must include at least 1 distribution committee member.
38. A recent internal review of FfC identified some learnings regarding the transparency and accessibility of this approach and that the non-contestable nature of the fund goes against the Auditor General's basic principles that govern the use of public funds.

This analysis is guided by the Board's strategic intentions

The Board wants to evolve the lottery grants system to one that is strategy led, data driven and learning

39. In early 2021, the Department completed a current state analysis of all the community funding it administers.⁴ This found that Aotearoa New Zealand's community grant funding system is complex, ad hoc and has limited strategic direction informing what is funded and why. This creates barriers and inefficiencies, driving negative and inequitable funding outcomes.
40. As a result of the findings, in August 2021, the Board tasked the Department with a programme of work, now known as Kia Tipu, He Tipua to evolve the system to one that is:
- strategy-led and learns
 - high trust and has a relational approach
 - funding for equity
 - devolving decision-making and provides flexible funding, and
 - collaborating to achieve the greatest impact.

Good funding practice principles grounded in te ao Māori in action

41. In 2021, the Department undertook a piece of work to understand "what 'good' funding looks like". As part of this work a set of four good funding practice principles were developed to guide decisions and processes. The principles are:
- **High trust:** Communities are trusted to drive outcomes, through building strong relationships
 - **Community centred:** Community aspirations are supported through flexible funding approaches
 - **Equitable outcomes:** Funding is purposeful and prioritised to help achieve the greatest impact
 - **Future focused:** Adaptive approaches that work to support intergenerational change for communities.
42. These principles, along with the specific shifts needed to make these changes, provide a clear view of what a future System should look like.
43. The principles are underpinned by a set of mātāpono (values): he tāngata (the people), whanaungatanga (relationships), kotahitanga (unity, togetherness), manaakitanga (hospitality), wairuatanga (spirituality) and kaitiakitanga (guardianship). These mātāpono (principles) are recognised and reflected in all funding approaches and strategies from their initial development.

⁴ Department of Internal Affairs (2021) Community Grant Funding – A Current State Analysis

44. **Appendix A** demonstrates how the shifts, principles and mātāpono provide a guide towards a System that is more strategic, collaborative and accessible.

The Board is committed to honouring Te Tiriti o Waitangi throughout the funding system

45. In September 2023, the Board approved an interim Te Tiriti o Waitangi policy. The policy recognises Te Tiriti as the founding document of Aotearoa New Zealand. It also demonstrates the Board's commitment to fulfilling the promise of Te Tiriti through its role, scope, and function as kaitiaki (guardian) of oranga (wellbeing)-centred community grant funding system.
46. The policy states that as a Tiriti partner the Board is committed to working alongside, and partnering respectfully, with whānau, hapū, iwi and community to achieve aspirations self-determined by tangata whenua. The Board supports a strength-based and relational approach where power-shifting, sharing, and positive relationships based on tangata whenua principles, values, and practices are prioritised.
47. In this analysis, Te Tiriti is interpreted via its articles and principles. The Board acknowledges that the articles and principles support meeting community, hapū and iwi rights, needs and aspirations.
48. To fulfil the Board's vision, this analysis aims to implement Te Tiriti Articles and Principles to deliver measurable improvements in oranga inspired outcomes through the purposes and structure of distribution committees and the decision-making approach.

The Board is committed to create equity throughout the system

49. In April 2024 the Board agreed an equity policy and statement which recognises different people with different needs require different approaches and resources to access lottery funding. A commitment from the Board was made to take a strength-based approach to creating equity in the system, through:
- promoting the availability and purpose of lottery grants to community, hapū and iwi;
 - making it easier to navigate the application process, by providing flexibility in application types, modes, and potentially, languages;
 - acknowledging and celebrating the richness of different cultural world views and making people comfortable enough to ask for help or advice with an application; and
 - finding ways to increase trust and transparency in grant-related processes.

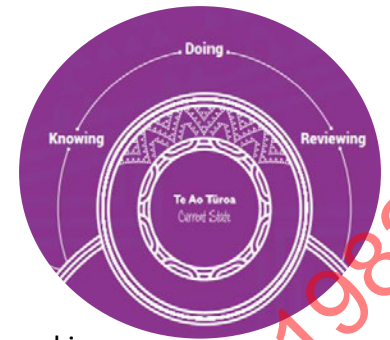
The Board has identified 3 strategic outcomes for the next 50 years

50. In June the Board agreed to establish an SOI and approved 3 new strategic outcomes: Tino Rangatiratanga, Social Cohesion and Community Wellbeing. Two further tiers of medium and short-term outcomes underpin these strategic outcomes.
51. The outcomes draw on a concept of horizons, reflecting the idea that progression through collective effort, rather than through the passage of time, will be necessary to support communities, hapū, iwi in leading the interventions.



Te Ao Tūroa (Current State)

Legislation guides the system and how distribution committees operate



52. The Board and the administration of the lottery funding is legislated by the Gambling Act (2003). In summary:

- The Minister can establish and disestablish committees and is responsible for appointing committee members.
- The primary function of distribution committees is to distribute lottery profits through grants. If there is no appropriate distribution committee, a qualifying application must be referred to the Minister.
- Lottery profits must be distributed for community purpose only and no one community purpose has precedence over another. Granting must be for a purpose that involves a community benefit of a public nature, a distribution will not be treated as being for community purposes if it involves private pecuniary profit or gain for an individual or body except to the extent that the profit or gain arises as a mere incident of the principal purpose or purposes of the distribution.
- The Minister and distribution committees must consider the needs of Māori in their decision-making and as appropriate consider the needs of older people, Pacific people and other ethnic communities, women, youth, and people with disabilities.
- Each distribution committee has a presiding member. Committee decisions are made by majority. Where there is a tie in voting, the presiding member has a casting vote.
- A committee can establish a subcommittee with equivalent powers to a committee, determine the time and place for meetings and can regulate their own procedures subject to parts of the Act.
- The Minister may instruct Lotto NZ to promote a New Zealand lottery for any legislated community purpose, that the Minister thinks fit.

The Act requires distribution committees to comply with Board policy

53. The Board sets policies that align to legislation and guide how the System operates, which distribution committees must comply with. The Department is currently developing the Board's accountability framework. Listed below are policies the Board has approved to date:

- Te Tiriti o Waitangi policy
- Equity policy
- Purpose and function of the Board and distribution committees policy
- Roles and responsibilities policy
- Media policy



- Board: Induction policy
 - Board: Meeting procedures policy
 - Committees: Meeting procedures policy.
54. Operational policy sits underneath Board policy and guides how funds are administered. There is general fund criteria policy that applies across all lottery committees.

The Board has grown to become Aotearoa New Zealand's largest single community grant funder

55. The Board is independent and unique. It is also the largest single grant funder, distributing \$5.2 billion in funding to community hapū and iwi over the past 35 years. Annually the Board investing over \$300 million into communities, hapū and iwi.
56. The philanthropic and grant-making sector was estimated at \$3.8 billion in 2018 (excluding local and central government grant funding). As a comparison, the Board allocated \$160 million (excluding statutory bodies) in FY2017/18, making up approximately 4% of the sector's total contribution.⁵

The current lottery grants system includes 18 distribution committees and the Minister's Discretionary Fund

57. The current distribution structure includes 11 regional committees, 7 specialist committees, the MDF, 3 statutory bodies and Ngā Taonga Sound and Vision.
58. The Lottery Community committee structure includes 1 national and 11 regional committees which are based on regional and local council boundaries. Regional committees consider requests from applicants within a specific region, whereas the Lottery National Community committee considers requests from applicants delivering services in more than 1 region.
59. There are 6 active specialist committees,⁶ which all have a national focus on a specific purpose. For example, enabling people with disabilities to be active in community, building and restoring community facilities, preservation and restoration of the environment and revitalisation of marae. There are 2 specialist committees currently in recess.
60. Decision meetings are held at various frequencies throughout the year. One meeting is held per year to determine the distribution of the Lottery Outdoor Safety allocation. Lottery Community, Lottery Community Facilities, Lottery Environment and Heritage and Lottery Health Research hold 2 meetings per year, and Lottery Oranga Marae and IWD hold up to 6 meetings per year. The Minister reviews MDF requests monthly.

⁵ [JBWere. \(2020\) *The New Zealand Support Report: The current state and significance of giving in New Zealand and the outlook for recipients.* Note – this report uses 2018 data.](#)

⁶ Lottey Community, Lottery Environment and Heritage, Lottery Community Facilities, Lottery Health Research, Lottery Outdoor Safety, and Lottery Oranga Marae.



61. The Kia Tipu, He Tipua review of the System found that while the System wasn't broken, it hadn't evolved strategically within the wider context it is operating within including:
- changes to the System over time have mostly occurred in response to political, legislative and economic factors, rather than adapting to many of the social, technological and environmental influences during this period;
 - most current distribution committees have their origins in the needs of communities as assessed nearly two decades ago; and
 - there is some duplication of funding across the System, and in some instances, lottery funding going to places that may be better served by another funder.

Multi-year funding is available to some committees

62. Multi-year funding (MYF) is the ability of distribution committees to provide grants to an organisation over more than one year, through a single application. MYF is widely used across the philanthropic sector.
63. The financial commitment falls in the year that it is to be paid. For example, a committee makes a grant of \$50,000 over 2 years. Of that, \$25,000 is committed and paid out of in the first year and the remaining \$25,000 would be committed and paid out of the following year.
64. In 2009, the Board approved the ability for Lottery Community distribution committees to approve grants of up to 3 years. In November 2018, it enabled MYF in the Lottery Outdoor Safety committee, although the committee never enacted this.
65. In June 2022, the Board agreed committees could approve MYF for a maximum of 2 years for the period FY2022/23 while work on the Kia Tipu, He Tipua programme was undertaken. The Board maintained this stance for FY2023/24.

The Minister's Discretionary Fund provides grants for projects that fall outside the scope of other lottery funds

66. The Minister is responsible for distributing the MDF allocation. MDF priorities are set by the Minister and cover a broad range of activities including overseas travel and is accessible to not-for-profit organisations and individuals. Historically, priorities have covered a broad range of activities, including overseas travel.
67. The number of requests considered by the Minister has steadily grown over time and extended sometimes into areas that could be covered by other Funds. This places additional burden on the Minister to make decisions. The Department has taken steps to redirect requests to appropriate committees to align with the intent of the Fund.
68. The Minister can delegate some of its functions to the Chief Executive of the Department through the Public Finance Act (section 5) who can then delegate that to authorised staff. If the delegation is significantly clear it is not necessary for the delegate to be individually named. The ENDR is an example of how this is enacted in the system as the regional managers have been delegated decision-making for these requests to enable more responsive decision-making following a state of emergency.



69. The Minister cannot delegate to an entire committee as someone would need to exercise the delegated power.

Support for communities impacted by emergency natural disaster events

70. At various times, the Board has established bespoke committees in response to emergency events. For example, COVID-19, Edgecombe earthquake and Rangitikei stop bank breach.
71. In 2021 the Board agreed to allocate \$3 million from the ENDR to the MDF to enable a more open ended and agile approach to making funding available when natural disasters impact communities. At the same time the Board also endorsed expanding the funding criteria for the MDF to include emergency disaster response.
72. The ENDR fund provides responsive support to communities experiencing adverse effects of an emergency natural disaster event. For example, the Auckland floods and Cyclone Gabrielle. ENDR funding can be utilised to support initiatives and activities that:
- assist community organisations that provide support services and have seen an increased demand for their services due to a natural disaster event;
 - repair, restore or revitalise community facilities that have been damaged by a natural disaster event; and
 - provide partnership funding for work with other government agencies or non-profit groups with a shared purpose of supporting communities affected by a natural disaster event.

The Board has supported a variety of one-off events overtime

73. Other Ministers and national bodies have at times approached the Board for funding to support a specific event or cause. Recent examples include: the Americas Cup, 2023 Women's Football World Cup and Tuia 2000 celebrations.
74. There is no current criteria or strategy that determines fit with the Board's strategy or other funding streams.

Funding for Change is responsive to community, hapū and iwi needs

75. Funding for Change (FfC) is a non-contestable application process designed to make accessing funding more equitable, flexible, and easier for community hapū and iwi. FfC is highly relational and uses the knowledge and relationships held by advisors to identify and support eligible applicants.
76. The types of initiatives FfC supports includes those that promote partnership and collaboration, new and innovative projects and prioritises Māori and Pacific people. These populations have historically been underrepresented in the system.
77. In June 2021, the Board approved FfC for Lottery Community Committees enabling up to 10 percent of the committee's allocation to be used for FfC projects and initiatives. FfC was expanded in 2023 to include Lottery Environment and Heritage and Lottery Oranga Marae, however neither of these committees have used this option to date.



The system is improving its support for Māori

78. According to the Act, the distribution committees and the Minister must have regard to the needs of Māori when making decisions.⁷ This does not mean that all decisions need to benefit Māori, rather that the needs of Māori must be considered.
79. The Act also states distribution committees, and the Minister must also have regard to the needs of the other groups (older people, Pacific people and other ethnic communities, women, youth, and people with disabilities) as appropriate. This indicates the need to regard these communities is not as imperative as the requirement to have regard to Māori.
80. In 2018, 16% of the total New Zealand population identified as Māori. Analysis of all grants made in FY2022/23 showed 29% (\$73.5m) of all lottery funding was distributed to organisations who self-identified as either kaupapa Māori,⁸ or Māori related.⁹ Of the \$73.5m, almost half 47.6% was distributed through the Lottery Oranga Marae committee.
81. Comparative data for FY2023/24, as at 31 March, shows 34% of lottery funding has been distributed to self-identified kaupapa Māori and Māori related organisations.
82. Because applicants self-identify, the Department cannot verify the data and relies on the applicants input to look at the ethnic distribution.¹⁰
83. We also know that Māori benefit from other grants made to non-kaupapa Māori organisations or Māori related applicants and vice versa. For example, the Presbyterian Support Trust East Coast is not a kaupapa Māori or Māori related organisation but provides services that benefit Māori within the community. Alternatively, a marae that receives a grant may provide emergency accommodation for Māori and non-Māori during an emergency event. It is difficult to collect this information in a form that can be easily measured.

The funding system could improve its supports for Pacific and ethnic communities

84. The Act also encourages funding and support to Pacific and ethnic communities. In the 2018 census, 8.1% of the population identified themselves as Pacific peoples and 15.1% as Asian. Statistics NZ predicts the Asian population is the fastest growing ethnic group in New Zealand.
85. Analysis of all grants made in FY2022/23 showed 4.1% (\$10.5m) of lottery funding was distributed to organisations who self-indicated as Pacific peoples, conversely 1.2% (\$3m) of funding went to Asian communities.

⁷ Section 277(4) of the Act.

⁸ A kaupapa Māori organisation is defined organisations that develop and provide services to either Māori individuals, whānau, hapū and/or iwi: Owned or governed by Māori; driven by Māori values and philosophy; active use of Māori language and culture; clear accountabilities to Māori and dedicated to meeting needs of Māori.

⁹ related means: the request indicated '1' on one or more of the following - ethnicity Māori, kaupapa Māori, hapū, iwi, marae.

¹⁰ There is a potential margin (probable difference between the self-identification and the actual ethnic makeup) of approximately 10%.



86. Comparative data for the FY2023/24 year, as at 31 March, shows 6.9% of lottery funding has been distributed to Pacific peoples and 1.7% to ethnic communities. As stated previously, due to applicants self-identifying, the Department cannot verify the data and relies on the applicants input to look at the ethnic distribution.¹¹

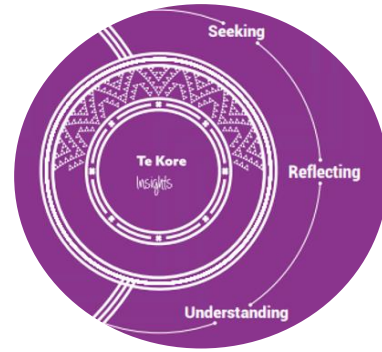
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¹¹ There is a potential margin (probable difference between the self-identification and the actual ethnic makeup) of approximately 10%.



Te Kore (Insights)

87. The System is contributing to supporting communities, hapū and iwi to achieve their aspirations.
88. With some enhancements the System will evolve to operate more strategically and equitably.
89. This section provides an overview of the insights to understand how the distribution structure, decision-making processes and policy can evolve. These findings are summarised under 4 key pou underpinned by Te Tiriti o Waitangi.



There are opportunities to:

- strengthen alignment of the lottery grants system to legislation
- align committee structure to the Board's strategic outcomes
- make decision making more efficient and effective
- strengthen and simplify the policies within the system.

There are opportunities to strengthen the systems alignment to legislation

Most committees are operating within legislation, but IWD grants are awarded to individuals which is not closely aligned with the intent of the Act

90. The Individuals with Disabilities (IWD) fund may be working outside the intent of the Act as it awards grants where individuals benefit directly.
91. IWD is a pivotal fund supporting people living with disabilities in the community to enable access to participate in their communities. The fund continues to make a significant difference towards social isolation and loneliness of disabled people, which are significant barriers to living a good meaningful life.
92. There is however significant oversubscription to the fund with 46% of eligible requests being declined. This is indicative of the high level of unmet need with regards to accessibility and participation. There are opportunities to explore options with other government agencies and communities on the way the Board supports the disability sector including whether individual benefit continues to be supported.

Overtime it won't be who, but the question will be how does this request align with the Board's outcomes". –
Board liaison member



Multi-year funding is considered best practice for high trust philanthropy but there are questions whether the Act allows it

93. We have heard users across the system value multi-year funding (MYF). It builds trust between funder and grant recipient, supports long-term stability of organisations and projects, and reduces administrative burden of all users. Conversely, some other users have expressed discomfort with MYF as they will be locked into a set grant amount and may miss opportunities for accessing further funding if lottery profits rise or if it is needed.
94. Legal advice we've received on the use of MYF outlines the Act does not technically allow for allocations to be made for future years, as the annual allocations for a 12-month period are based on the Lotto NZ profits. Consequently, determining distributions for future years before lottery profits have been confirmed for longer than 1 year is problematic. The Board is aware of this advice when considering MYF for funding statutory bodies.
95. MYF is very much considered a key part of best practice for high trust-based philanthropy and works well where there are increased profits from Lotto NZ. However, there is risk of overcommitting in the event lottery profits decrease. Currently the cashflow is addressed in the grant terms and conditions where it is stipulated future payments are subject to availability of funding.
96. The Department will provide options to the Board on the use of multi-year funding within the evolved system. As part of this the Board needs to consider this risk, and if it continues with MYF, further ways to minimise this risk should be considered. For example, approving a maximum percentage of the total committee allocation that can be committed in multi-year grants to minimise risk and ensuring the Board's risk register is updated.
97. If the Board wishes to continue supporting MYF, there are opportunities to support intergenerational change for community, hapū and iwi. This could include enabling more committees to award multi-year grants and the possible extension of multi-year grant terms.

There are opportunities to align committee structure and purpose to the Board's strategic outcomes

98. The Board has directed a system shift to deliver a strategy led, data driven system. The Board's SOI is inclusive of long- and short-term outcomes which will support the Board to achieve this.
99. All current funds align to at least one of Board's 3 strategic outcomes: Social cohesion, Community wellbeing and Tino rangatiratanga. However, there are opportunities to make some changes to the structure and criteria to further align committee structure and purposes to these 3 outcomes.

Refocus committees to support the Board's strategic outcomes

100. All committees are meeting their purpose and have enabled the Board to prioritise investment into specific sectors over time. There is evidence that some committees are covering gaps in central and local government funding.



101. There is an opportunity to reset the committee purposes to further enable the Board's strategic outcomes. Funds such as Lottery Significant Projects Fund and Lottery Community Sector Research which are currently in recess will be included in this work.

"We are a contributor to the 3 outcomes and need to understand that as well as know where we want to invest and how to measure our progress over time – *Board liaison member*

Align the Board's support of the water safety sector with the outcome of a recent review

102. Since 2013, the Board has invested into the water safety educational programmes and leadership of the sector through an allocation to Sport NZ. This mechanism was put in place as there was no other suitable sector leader at the time. The Act allows the Board to allocate to Sport NZ as one of the statutory bodies and it is within Sport NZ statute to distribute grants.
103. In 2023, Te Manatū Waka Ministry of Transport (MoT) led a review of recreational safety and search and rescue. The aim of this review was to assess the effectiveness and sustainability of the recreational safety and search and rescue systems. It also explored how to achieve greater alignment, focus and efficiency through delivering joined up search and rescue services and recreational safety activity.
104. One of the key recommendations of the report was the recreational safety and the search and rescue sector to connect as 1 system. The NZ Search and Rescue Council has been established to provide strategic leadership and direction to the sector. The Council is made up of chief executives of the government agencies from MoT, New Zealand Police, New Zealand Defence Force, Maritime NZ, the Civil Aviation Authority, Fire and Emergency New Zealand, and the Department of Conservation.
105. The Department believes a Ministry-led approach will bring the greatest benefits to the sector and aligns with the Board's agreed strategic approach to funding. We seek the Board's support for the Department to work alongside the NZ Search and Rescue Council to support their aspirations.
106. The report recommends that oversight of Water Safety NZ transfers from Sport NZ to the MoT which could be considered the new lead organisation within this new structure. The new system including the system stewardship and strategy is set to go live from 1 July 2025. As Sport NZ is no longer the sector leader based on this report, the current mechanism the Board has in place would be inappropriate.
107. Once we have the Board's support for this work, the Department will provide advice on how best to support the sector after discussions on options with the Secretariat for the NZ Search and Rescue Council. The Board can consider this advice against the SOI and other proposed changes committee structure changes.



Enhance the Lottery Community fund (regional)

108. Lottery Community has established a strong reputation for investing deeply into the community, hapū and iwi through funding into not-for-profit organisations. The largely regionally based structure enables opportunities for collaboration with local councils and other funders. The setup acknowledges each community has individual needs and empowers community-based solutions.
109. The fund's purpose is broad, the criteria is open and is 1 of a few funders providing funding for operational costs. Consequently, the fund annually attracts a high volume of requests from a broad range of service providers.
110. Opportunities to enable the fund to better support community, hapū and iwi achieve their aspirations could include:
- reframing the fund to focus on Board outcomes and build on community hapū and iwi strengths;
 - renaming the fund to better reflect Board's outcomes and Board's commitment to Te Tiriti o Waitangi;
 - refocusing funding and advisory services to focus on the Board's priority communities;
 - reviewing the frequency of meetings and non-transparency of decision making;
 - strengthening relationships with national funders;
 - resetting the geographic boundaries to support stronger connections between communities and funders; and
 - resetting the geographic boundaries to better align with standard data sets to deliver a data driven and equitable system.
111. Alternative decision-making model options have been explored including those based on civil defence emergency management, hapū, iwi, district health boards, Police and Ministry of Health models. These options were considered against factors such cost, resourcing administration requirements, complexity added to the system and community impact. After considering the pros and cons of these options, the current regional and national model with some modifications is considered the most appropriate model to enable the Board's outcomes.

Strengthen support for the aspirations of Māori across committees

112. As highlighted in a review of Lottery Oranga Marae in 2020, the fund is achieving its purpose of supporting the cultural and physical revitalisation of marae. As a result of significant investment from the Board and Department staff time, many marae have accessed funding to support their aspirations.
113. The committee has had a significant increase in funding over this time. The allocation for FY24 is \$35m compared to \$11.96m in 2020.
114. However, we have heard it can be hard for some marae to access funding. It can be challenging to access technology or support from Te Puni Kōkiri (TPK) or Department advisors to apply for funding particularly isolated rural marae.



115. Environmental factors such as impact of COVID-19 have increased building costs and applications budgets. Over recent years we have seen demand for expertise in this area drive up the cost of consultancy fees. These factors are placing greater demand on funding.
116. Having recently agreed to a new Te Tiriti policy and strategic intentions it is timely for the Board to consider ways it can further support Māori across the system. The Department will provide the Board advice on this at its September 2024 meeting. Any changes that impact Māori should be led and developed by and with Māori.

Develop a strategy to determine the Board's support of one-off events

117. The Board does not have a strategy in place to support one-off events which means these decisions can be ad hoc and may not align with the Board's strategic outcomes.
118. Ideally if the Board wishes to continue to fund into one-off events the decisions should be based on a clear strategy with alignment to the agreed outcomes.

Define the Board's position in relation to emergency relief

119. Typically, emergency response is the responsibility of central and local government. The Board's position to date is to provide support in the recovery phase of an emergency. We heard some Board members have questioned if the Board should have any role a natural disaster or emergency events.
120. Our initial findings indicate supporting these types of events does align with the Board's strategic outcomes. The Board's SOI reflects a preferred focus on preparedness rather than recovery. It corresponds with the mid-term outcome of community, hapū and iwi capability, capacity, and self-reliance are enhanced.
121. There are opportunities to shape the Board's support to be collaborative in nature and enable greater equity of access to those most in need, or to focus its support on resilience and preparedness.

There are opportunities to make the system more efficient and effective.

122. The section below provides advice on opportunities for the Board to reset decision-making to ensure better support for the Board's strategic outcomes.

Devolve decision-making to regional communities where possible

123. Lottery Community has 11 regional committees. This enables decision-making at a regional level, encourages community self-determination and responsiveness to supporting community hapū and iwi achieve their aspirations.
124. Specialist committees have centralised decision-making groups made up of sector experts. Committee members are well informed and connected to their sectors and have strategic oversight of their sector. Centralised committees provide a level of independence and neutrality from where the activity is taking place making potential conflicts easier to manage. We have observed the connection of specialist committees



to the local communities is not as strong as regional committees, however that does not mean those committees do not have connections to local communities¹².

125. Later this year, the Department will provide the Board with options to shift more decision-making closer to where outcomes are delivered by expanding the purpose of regional committees. This may mean some of the current specialist committees may not be required in the evolved system. This approach will further empower regional community representatives to determine how to best invest in their community based on its unique needs.
126. The Board would need to weigh these benefits against potential loss of specialist knowledge, cost to administer, demand on committee members and the SOI. We will engage with distribution committees on any proposed changes and will consider this feedback in our advice to the Board.

Funding for Change (FfC)

127. FfC was introduced as a way to support flexible, responsive and collaborative funding. That is because these characteristics are not widespread in the current system of funding.
128. FfC is well regarded by staff and the relatively small number of organisations that it has served. The approach has enabled much faster decision-making than standard funds and enabled collaboration with other funders in some cases.
129. Data from the review shows FfC has been successful in supporting Māori and Pasifika, and new applicants. This is a testament to the work of local advisors.
130. Embedding these positive FfC elements as standard practice within distribution committees, alongside the outcomes framework, would support an easier and more equitable system. It is envisaged this would be phased in over the term of the Board's SOI (4 years) and would ultimately mean that FfC as a concept would not be required.
131. A recent internal review of FfC highlighted some issues with transparency and accessibility. However, as FfC is in place to enable system characteristics, the Department's advice will be to phase it out once the System itself is more flexible, responsive and open to collaboration.
132. The review also highlighted some duplication with Lottery Community requests and that some applications took time to be submitted once they were identified. Potentially this adds unnecessary layers of complexity to the lottery system. Again, as the System evolves and becomes more responsive, the need for FfC will diminish.
133. The Department will provide the Board with distribution committee structure and decision-making options in the next financial year in time to make decisions and changes in the system prior to FY2025/26. FfC is currently providing a responsive funding option, therefore it is recommended the Board approve authorised committees can allocate up to 10% of the allocation to FfC projects for FY2024/25.

¹² Lottery Health research and Lottery Environment and Heritage committees highlighted the connection they have to their relevant sectors in correspondence to the Board, in August 2023.



Managing risks and potential bias

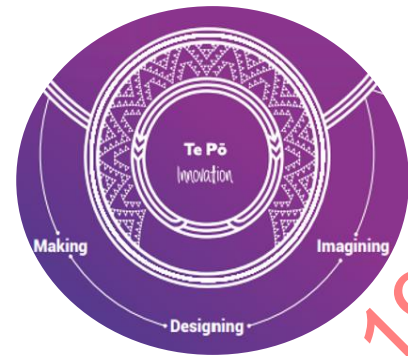
134. Authorised managers have been delegated decision-making in several funds including FfC and ENDR. This recognises the wealth of knowledge and understanding of local communities held within the Department's regional offices and national teams. The Department has been able to quickly make decisions and distribute funding to communities in need.
135. Generally, advisors provide recommendations to committees. This provides some level of separation between the those holding relationships with the groups applying and the decision makers.
136. Our insights show decision makers typically accept the advice of advisors. Where there are differences between the advice and decision, it relates to the amount granted rather than the decision to fund.
137. Board liaison members and staff told us maintaining separation between the role of support agent and assessor and potential decision maker can be challenging. Managing conflicts of interest and potential bias where staff are working closely with some communities requires careful management. We also heard that there are challenges being the sole decision maker.
138. The Board needs to balance quick, and equitable decision making, against its support for a fair and transparent approach to funding.

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Te Pō (Innovation)

139. In assessing the current state and insights we have identified areas of improvement to support the Board to evolve the System.
140. This report seeks the Board's approval for changes to be implemented in FY2024/25 and FY2025/26. The changes proposed are focused on aligning the system closer to the legislation.



It is recommended the Board:

- **Agree** to further work to continue exploring options to fund the disability sector in a way that is more closely aligned to the strategic outcomes and community purpose element of the Gambling Act 2003.
- **EITHER**
 - i. **Agree** to authorised distribution committees can approve multi-year grants for a maximum of 2 years in FY2024/25; and
 - ii. **Agree** to update the Board's risk register and strengthen grant terms and conditions.
- **OR**
 - iii. **Agree** to all committees can only approve single year grants for FY2024/25.
- **Agree** to keep Lottery Significant Projects and Lottery Community Sector Research committees in recess for FY2024/25.
- **Agree** for the Department to work with Ministry of Transport to identify options to support water safety and the wider outdoor safety sector for implementation FY2025/26.
- **Agree** to implement a policy for determining the Board's support one off events.
- **Agree** to implement policy where subcommittees must include at least 1 distribution committee member.
- **Agree** to the continuation of allowing approved committees to distribute up to 10% of the total allocation through FfC for FY2024/25.



Strengthen alignment of the lottery grants system to legislation

Strengthen alignment between support for the disability sector, strategic outcomes and legislation

141. We recommend further work to identify options to fund the disability sector in a way that strengthens the Board's support and provides wider community benefit, while aligning the fund more closely to legislation.
142. We recommend the Board retain the Lottery Individuals with Disabilities committee for FY2024/25. This approach will allow the Department to partner with leaders in the disability sector to reset the way the Board support the disability sector.

Confirm the approach for multi-year funding

143. We recommend the Board confirm its approach regarding the use of MYF for FY2024/25. The Board has 2 options for consideration.

Option A: Authorised committees can approve grants for a maximum of 2 years for FY2024/25

144. The Board has an option to allow authorised committees to approve multi-year grants, for a maximum of 2 years, in FY2024/25. The Board would knowingly take on the financial risks related to MYF if choosing this option.
145. This option would provide a level of funding certainty for community groups while work on the SOI is completed and the committee structure is confirmed.
146. If the Board chooses this option, the Board's risk register will be updated noting this risk, and we would strengthen grant terms and conditions to mitigate potential risks involved with MYF.

Option B: All committees can only approve single year grants for FY 2024/25

147. The Board may decide to allow committees to only distribute single year grants for FY 2024/25. This is a low-risk option and is a continuation of current practice. It also aligns with the Board's decision in June 2023 to not enable MYF for statutory bodies.

Align committee structure to the Board's strategic outcomes

148. The Department on behalf of the Board, has undertaken significant work on developing an SOI inclusive of an intervention logic model to support the evolved System. The outcomes framework will influence proposed changes to other parts of the system including the distribution structure.
149. In our initial work we have identified opportunities to reshape the committee structure to focus funding on these outcomes. However, further work on the SOI and logic model is still to be completed including engagement with community, hapū and iwi. Once this work is complete, we will provide options for committee structure changes over several future years for the Board to consider for implementation FY2025/26.



Maintain approach for Lottery Significant Projects and Lottery Community Sector Research

150. We recommend keeping the Lottery Significant Projects and Lottery Community Sector Research committees in recess whilst the ongoing SOI work is completed. This will enable the Board to be consistent in their decision-making and treatment of these 2 committees.

Approve the Department to work with Ministry of Transport to identify options to support water safety and the wider outdoor safety sector.

151. The search and rescue sector is set to undergo significant change over the next 12-18 months following the Haumarū Tāngata Ki Uta Ki Tai - Recreational Safety and Search and Rescue - Review Report. The Board, as a current funder of the sector, will be impacted by these changes.

152. We recommend the Board approves the Department to work with the NZ search and rescue sector and the Ministry of Transport to determine options on how the Board can best support the sector. These options can be provided to the Board for consideration along with other changes to committee structure.

153. We recommend the Board retain the current approach to supporting water safety and the Lottery Outdoor Safety committee for FY2024/25, with further advice provided to the Board in time for FY2025/26.

Implement a policy for determining support for one off events

154. The Board also has a history of supporting specific one-off nationally significant events, such as the 2023 Women's Football World Cup, America's Cup and Tuia 2000 celebrations. The Board does not have a clear strategy in place to support these types of events, meaning the approach to these decisions can be ad hoc and the alignment to the Board's priorities isn't always clear.

155. We recommend the Board implement a policy for supporting one-off events that is aligned to the Board's strategic intentions. If the Board agree the Department will include the policy within the Board's accountability framework.

Make decision-making more efficient and effective

Set policies to mitigate risk and potential bias in decision making

156. The Board desires an evolved System which is high trust, community centred and includes relational approaches to support priority communities. This will require targeted investment by staff working closely with community, hapū and iwi. The risk of bias in the System is increased where there is not clear role separation.

157. As an interim measure, it is recommended the Board approves the development of policy where all subcommittees must consist of at least 1 distribution committee member. This will help separate the role of decision makers and Department staff, while further empowering community, hapū and iwi to determine what is best for them.

158. This would impact several sub committees where the committee has approved managers to be sole decision makers for requests up to a certain level. Committee involvement is current practice in most committees and ensures a level of separation



between the roles of decision makers and Department staff. It also empowers community, hapū and iwi to determine what is best for them.

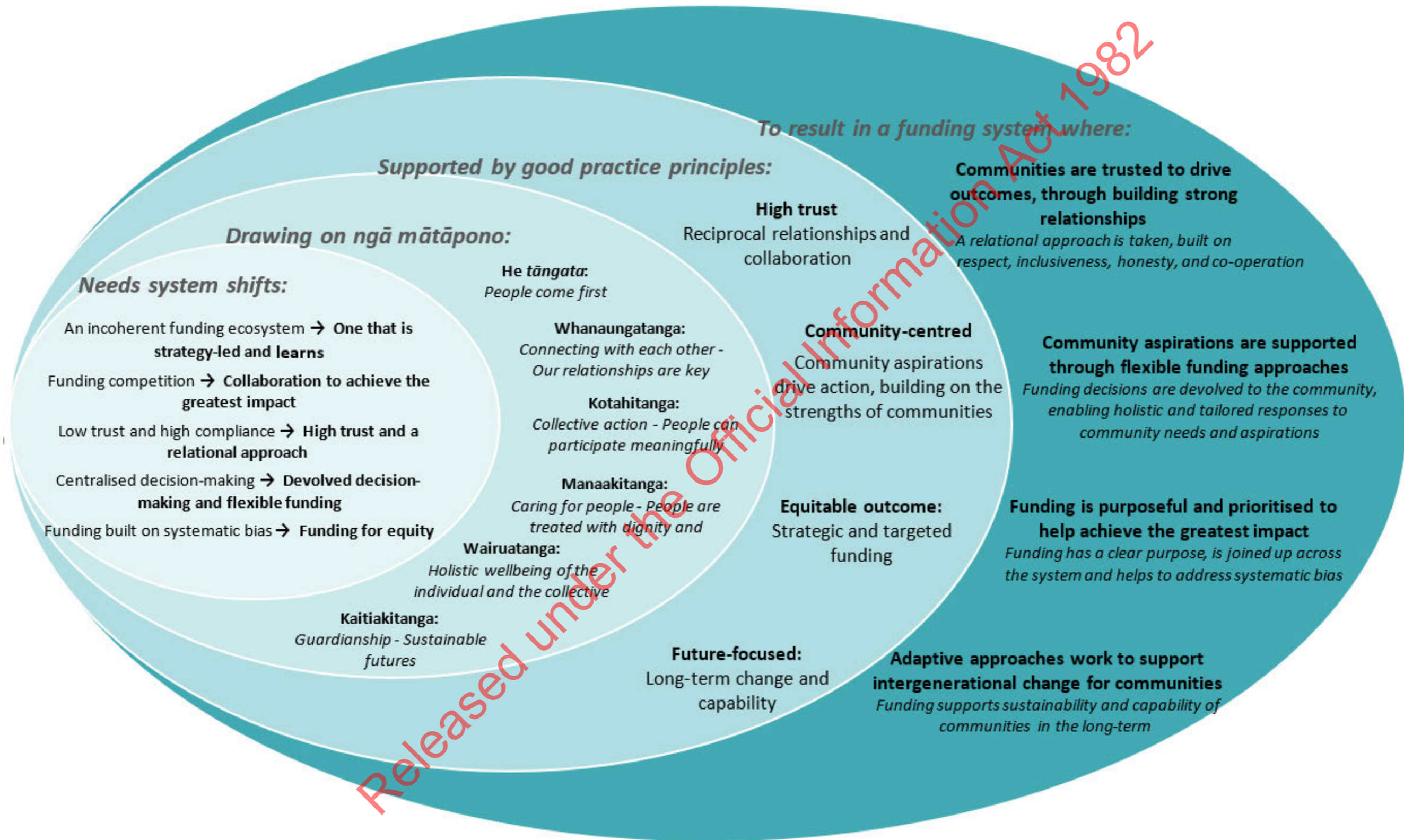
Increase responsiveness of grants to the needs of community, hapū and iwi

Continue allowing approved committees to distribute up to 10% of the total allocation through FfC for FY2024/25

159. FfC has been successful in enabling access to funding for priority communities including Māori and Pacific people. We recommend the Board approve the continuation of allowing approved committees to distribute up to 10% of the total allocation through FfC for FY2024/25.
160. If the Board agrees, we will continue to implement operational practices that address the findings from the recent review and work with committees to adjust existing FfC decision-making structures.

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Appendix A: Driving towards a more strategic, collaborative, and accessible funding system founded on te ao Māori



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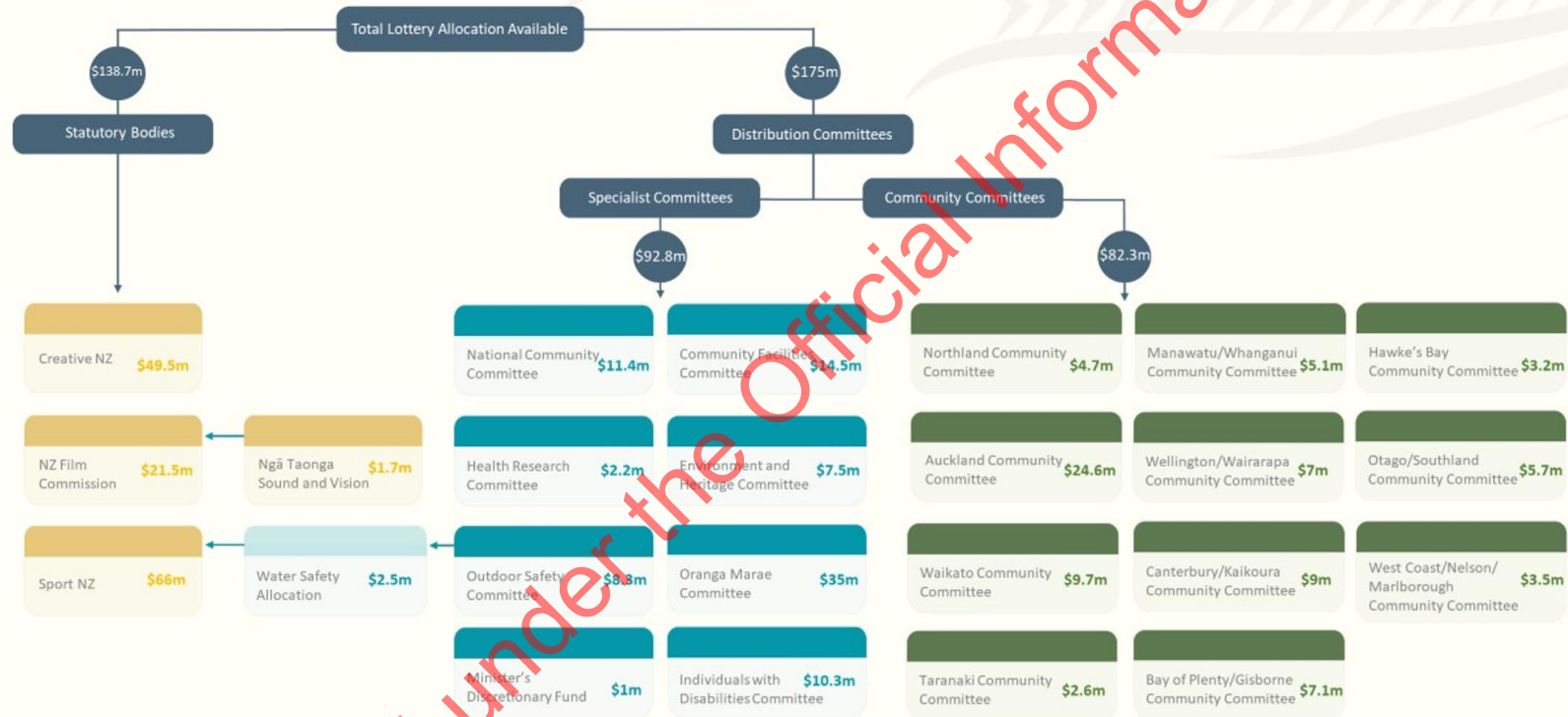
Appendix A continued

The Good Practice Principles for community grant funding

	High trust	Community-centred	Equitable outcomes	Future-focused
Descriptor of principle	<p>About reciprocal relationships and collaboration</p> <ul style="list-style-type: none"> Funding approaches are built on trusting and strong relationships. A relational approach is taken, which embodies core values of respect, inclusiveness, honesty, and cooperation. There is transparency of decisions, collaboration, and open and honest communication. Reporting requirements are proportionate and appropriate to the outcome funded for. Collaborative funding approaches reduces duplication and enables pooling of resources to achieve collective impact. 	<p>About community decision-making</p> <ul style="list-style-type: none"> Funding decisions are devolved to local levels, enabling holistic and tailored responses to community needs and aspirations (self-determination). Communities are put at the centre of funding approaches (over funder objectives). Funding is strengths-based (focusing and building off existing strengths and social infrastructure within the community). Funding is flexible, and recipients are supported to learn by doing (risk tolerance). Funding processes are participatory, empowering and respect the Māori/Crown partnership. Where possible, community-led, or place-based funding approaches are used. 	<p>About strategic and targeted funding</p> <ul style="list-style-type: none"> Funding distribution has a clear purpose and objective, and funding is prioritised for the greatest impact. Funding approaches achieve equitable outcomes and respect diversity. Funding approaches are accessible to all. Strategies identify and respond to systematic bias. Strategies support clear evaluation where outcomes are measures and insights shared, enabling a funding system that 'learns' based on critical reflection. 	<p>About long-term change and capability</p> <ul style="list-style-type: none"> Funding approaches support the sustainability and capability of a community in the long-term, while recognising different lifecycles and changing needs of communities' overtime. Funding levels match desired outcomes. Funding helps to build capability for long-term benefit to the community. Funding supports intergenerational change and self-sustaining communities over time.
What communities will see	<ul style="list-style-type: none"> Collaboration visible. Transparent and open communications. 	<ul style="list-style-type: none"> Communities have self-determination for services/projects. Community organisations are responsive and change when circumstances alter. 	<ul style="list-style-type: none"> Funding is prioritised to achieve the greatest impact. Co-ordinated and purposeful activity drives outcomes. Less unnecessary duplication of effort. 	<ul style="list-style-type: none"> Services are responsive to changing lifecycles of communities. Funding is outcome over project focused. Funding supports capability building for the community.
What funding recipients will see	<ul style="list-style-type: none"> Relationships are built and maintained. Funding processes are user friendly and accountability measures are proportional to the funding sought. Collaborative, not competitive approaches to funding. Transparent funding aims and decisions. 	<ul style="list-style-type: none"> Community-led approaches are embraced, with the right funding and supports put in place. Flexible funding. Funding decisions are made at the local level. Clear and agreed roles and responsibilities. Funding models are responsive to outcomes identified. Te Tiriti o Waitangi practice is built in. 	<ul style="list-style-type: none"> Funder strategies and priorities are clear. Equitable distribution aligned with transparent and clear strategic outcomes. Connections across the Lottery Grants Systems are made. Funding is accessible. Relevant (and real-time where possible) data is collected, analysed, and shared. 	<ul style="list-style-type: none"> Funding for outcomes with focus on long-term/intergenerational benefits. Funding supports capability building.
What the lottery grants system will see	<ul style="list-style-type: none"> Communities are trusted to drive outcomes, through building strong relationships. 	<ul style="list-style-type: none"> Community aspirations are supported through flexible funding approaches. 	<ul style="list-style-type: none"> Funding is purposeful and prioritised to help achieve the greatest impact. 	<ul style="list-style-type: none"> Adaptive approaches that work to support intergenerational change for communities

Appendix B: Lottery allocation of profits 2023/24

Lottery allocation of profits by amount 2023/2024



*Significant Projects Committee and Community Sector Research (In recess) 0%

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Appendix C: Committee specific information

Te Tahua Whakatinana Papakāinga | Lottery Community committees

<p>Purpose: To distribute funding for developmental or preventative projects, welfare, and support services, and for projects that improve the wellbeing of people in the community</p>		
<p>Outcomes: A committee considers how a request delivers one or the more of the following outcomes:</p> <ul style="list-style-type: none"> • support volunteers • help people to help themselves • promote community wellbeing • promote community or cultural identity • support vulnerable people • help people feel that they belong and can take part in their community. <p>Priorities: The Board approved priorities are projects, activities, resources, or services that focus on:</p> <ul style="list-style-type: none"> • parents/families/whānau • children and youth development • enhancing the quality of life of older people in the community • preventing violence • new migrants/refugees • people with a long-term/significant disability or illness • people who are considered to be at risk or disadvantaged • improving people’s knowledge and use of digital technology. 		
<p>FY2022/23 Request # - See table below</p>		<p>FY2022/23 Granted # - See table below</p>
<p>Allocation 2023/24: \$82.3m - Regional Committees \$11.4m - National Committee</p>	<p>Funding rounds: 2</p>	<p>Multi-year Funding: Yes</p>
<p>Decision maker: Committee</p> <p>FfC - hybrid of Committee, subcommittee of existing committee or MCAS as Manager Community Advisory Services</p>		

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Te Ao Tūroa current state

1. In 2001, the Board commissioned a review of the distribution committee structure in response to a series of strategic issues including: declining lottery revenue, implementing a new definition for distribution of lottery profits (as set out in the Responsible Gambling Bill, 2002), greater focus placed on meeting local community needs and interests in greater collaboration with other funding agencies.
2. The outcome of the review was a merger of the General Committee, youth, welfare, and aged committee into eleven Lottery community committees and one national community. These were established in 2003.
3. Lottery Community has built up a strong reputation for investing deeply into the community, hapū and iwi for nearly 20 years. The structure is effective in supporting community-based decision-making and enables opportunities for collaboration with councils plans and activities and community organisations can see they have a place and allows for the individual needs of communities and enabling community-based solutions.
4. The regional committee boundaries are based on regional council areas. Geographic size and manageable workloads for committees were other factors considered in the design. Overtime minor changes to the boundaries have been made to align with changes to local council boundaries.
5. Collectively the committees attract the highest number of applicants of any Lottery Community (3191 total requests in FY2022/23). This is driven by the committees broad purpose and limited.
6. Lottery Community committees are one of only a few funders that will fund operational costs. This includes core costs that keep an organisation running which may include, administration costs, salaries, and insurance.
7. Individual committees also develop annual priorities and low priorities, these are based on information prepared by the Department which is extracted from relevant community reports, census data and anecdotal evidence based on, on the ground knowledge and observations.
8. Applicants are required to show how their requests link to the fund priorities, purpose of the fund and must report on the outcomes of the grant.

Te Kore insights

Distribution structure

9. There are opportunities to improve the Committee boundaries, so they are more community centred and devolved to local communities.
10. We heard some applicants have difficulty identifying which committee they should apply to which creates administrative burden for applicants and staff. Renaming committees and clarifying boundaries could better reflect the ways community operate and collaborate.
11. We heard that most applicants received funding from multiple sources, such as philanthropic funders and government agencies like Ministry of Social Development, Ministry of Health, Community Trusts, and local councils and Lottery Community was a contributor to the outcomes the groups were aiming to achieve.

Decision making

12. Decision-making is done differently across the committees and there were opportunities identified to strengthen the decision-making process to make it easier and fairer for applicants that applied.
13. Multi-year funding has proven to be successful reducing administrative burden for community, committees, and staff. However, there were areas identified when reviewing the lawfulness of this approach as to whether this should be continued in its current form.

Non legislative policy

14. We heard the fund is highly valued by community, hapū and iwi and attracts a high percentage of the same applicants each year and that there were opportunities to make it easier for returning applicants.
15. There are opportunities to simplify the policy system, making it more balanced and outcome focused. There are multiple layers of policy that staff, community hapū and iwi must manoeuvre through within the fund. This provides complexity and confusion. In some cases, the policy is preventative of priority communities accessing funding. For example, applicants must be a legal entity to receive over \$10,000.
16. Through our engagement we heard priority setting enabled, transparent conversations with potential applicants. Committee members told us the priority setting enabled them to distribute funding towards local community needs. However, committee priorities made the system complex, added duplication and confusion. For example:
 - there are similarities in what the 11 community committees prioritise. Many committee priorities duplicate Board or fund priorities. For example, 8 of the 11 committees have at least priority relating to supporting Māori and 5 committees had social cohesion or belonging as a priority;
 - 8 of the 11 communities have identified lower priorities. For example, lower priority given to organisations that do not demonstrate wider community benefit beyond their membership (e.g. educational, arts, sports) and Wellington/Wairarapa lower priority to requests for events that are not programme related; and
 - community committee priorities are similar to those of specialist committees. For example, 2 committees prioritise the outcome of kaitiakitanga and care for the environment is enhanced. This aligns strongly with the Lottery Environment and Heritage outcome of natural heritage projects promote, protect and/or keep our native plants (flora) and animal life (fauna) safe from harm (including the on-going costs of pest and predator control).
17. There was evidence of some fund policies causing confusion and being applied inconsistently across the system and there were opportunities to strengthen operational policy and publicly facing information to make this information clearer. Examples included:
 - treatment of incorporated umbrella groups and fund holder entities, and their smaller non legal groups
 - whether it's appropriate to apply to regional or national committee

- non legal entities unable to apply for more than \$10,000
- applicants only able to receive one grant per year
- whether Lottery Community can fund social enterprise activities
- purchases of food for food banks are excluded
- training and development of staff can be funded through Lottery Community operational costs and may also be funded through MDF.

Impact of the funding

18. The table below provides information on requests and grants for FY2022/23 across the 11 regional and national Lottery Community committees.

Lottery Community committee	Allocation	Requests	Grants
National	\$21,161,205	433	349 (81%)
Northland	\$4,748,966	223	192 (86%)
Auckland	\$24,737,054	557	463 (83%)
Waikato	\$9,766,370	241	223 (93%)
Bay of Plenty/Gisborne	\$7,197,060	213	202 (95%)
Taranaki	\$2,577,887	119	109 (92%)
Hawke's Bay	\$3,207,997	110	84 (76%)
Manawatū/Whanganui	\$5,108,075	256	208 (81%)
Wellington / Wairarapa	\$7,058,926	233	201 (86%)
West Coast/Nelson/Marlborough	\$3,544,287	182	157 (86%)
Canterbury/Kaikoura	\$9,103,914	357	290 (81%)
Ōtago / Southland	\$5,764,537	267	249 (93%)

19. The largest regional year 1 amount approved in FY2022/23 was \$680,000 with the smallest year 1 amount approved being \$485. The Lottery National Community committee largest year 1 amount approved was \$749,225 with the smallest amount approved being \$3,500. The average grant across the committees ranged from \$22,000 to \$61,000.

20. The Fund is accessed by a variety of organisations delivering a broad range of services and programmes. Examples of grants awarded in FY2022/23 are:

Grant recipient	Grant	Purpose
Tapawera Connect	\$20,000	Contribution to costs to deliver a health and wellbeing expo in Tapawera
Parent to Parent New Zealand	\$400,000	Contribution to operational costs to deliver support services nationwide
Upper Hutt Foodbank Inc	\$3,000	Contribution to operational costs to run the local foodbank

Funding for Change (FfC)

Te Ao Tūroa current state

1. FfC was introduced to all Lottery Community Committees in 2021 following a successful pilot undertaken by the Wellington/Wairarapa Committee in 2017. It was agreed by the Board that the allocation of 10% of community committee funding would support a Funding for Change approach.
2. The purpose of FfC was to provide a responsive funding source to respond to immediate needs of community, hapū and iwi needs based on the following priorities:
 - promotes partnerships and collaborative funding – this includes collaborative funding with community organisations, other community committees, community funders, local and central government agencies, iwi, hapū and NGOs.
 - supports new initiatives and innovative projects – assists new organisations in establishing structures and services. It can also be used to help established organisations make transformational changes in purpose or services provided.
 - supports and prioritises Māori and Pasifika communities – prioritising communities that have historically seen the least equitable outcomes from Lottery funding.
3. In 2022 the Board agreed to continue with the allocation of 10% of regional committees and Lottery National Community and extend to Lottery Environment and Heritage. In 2023 this approach was extended to include Oranga Marae. To date Lottery National, Environment and Heritage or Oranga Marae have utilised the approach due to a decline in funding in FY2023/24.

Te Kore Insights

4. A review of FfC¹³ undertaken by the Department in 2023, identified FfC is enabling funding to be accessible and promoted equity in funding. In 2022 and 2023, 31% and 29% of FfC grants were awarded to new applicants, respectively. In those same years 74% and 82% of FfC grant recipients were Tier 3 and 4 organisations (organisations with annual expenses of less than \$2 million).
5. Staff told us it was great because they got to make decisions and respond to community needs however a review of grants made showed there were commonality with Lottery community and many applications could easily have been funded through standard Lottery community processes.
6. Applying FfC can be challenging in national funds because the nationally based community advisors are not working on the ground alongside community, hapū and iwi on a daily basis and have a high degree of fund processing work. These factors mean that they do not hear as often about suitable initiatives or have the time to spend working in the relational way that is required. Therefore, they rely on locally based community advisors and identify opportunities in the requests they receive through the usual funding rounds.

¹³ [FCC review 2023](#)

7. Other findings of the review were that FfC was:

- not accessible to all in the community, access to the fund is by invite only and information about the fund including criteria is not publicly available;
- recommendations were not well documented including how the request aligned with fund priorities;
- mostly fair (public entities have a public is highly relational and law obligation to act fairly and reasonably). However, as the fund is not accessible to all the community, it could be perceived there is bias to those communities known to the Department. Also, where advisor services and decision-making are undertaken by the Department it could be perceived that there is as imbalance of power; and
- where decisions have been devolved to manager there is no neutral panel or committee that reviews applications which would minimise unfairness and bias in the fund.

8. We heard there are concerns from staff on managing conflicts of interest with the FfC model. Concerns were raised about the need to keep staff safe and being seen to be neutral while supporting community, hapū and iwi.

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Te Tahua Hapori Ngā Whakaurunga | Lottery Community Facilities

Purpose: To support organisations to either build a new community facility or to improve an existing community facility.		
The committee provides grants:		
<ul style="list-style-type: none"> to improve or build new community facilities, or for feasibility studies to work out if plans to improve or build community facilities can be achieved and will benefit the community 		
Outcomes:		
<ul style="list-style-type: none"> providing more or better access to existing community services creating more services, or making a bigger range of services available improving the ability to respond to community needs improving community links and networks. 		
Priorities: The committee priorities projects which are:		
<ul style="list-style-type: none"> are community-led and well supported by your community will meet a community need is the right size for your community will provide new opportunities for people to be involved with and connected with the community, especially <ul style="list-style-type: none"> rural and isolated communities disadvantaged groups people who cannot easily access similar or suitable community facilities. 		
FY2022/23 Request # 190		FY2022/23 Granted # 142 (75%)
Largest amount approved \$800,000	Average amount approved \$185,174	Smallest amount approved \$15,570
Allocation 2023/24: \$14.5m	Funding rounds: 2	Multi-year Funding: No
Decision maker: Committee		

Te Ao Tūroa Current state

- The Lottery Community Facility (LCF) committee was first established in 1978. A decline in Lottery Profits led the Minister to disestablish the Committee in 2002. The Committee was reestablished in 2006 with the fund reopening in 2007 in response to growing demand for community facilities and the minor capital works cap was lifted to \$30k.
- In June 2023, the Board agreed to reduce the Committee allocation by over 46% due to a reduction in anticipated Lottery profits. Decisions like this have impact on community, hapū and iwi. Particularly those with applications in development.
- The Board has an MoU with Sport NZ which was established in September 2018 and formalises a process for Sport NZ to provide expert advice on relevant lottery grant

requests being considered by either the Lottery Community Facilities Committee or Lottery Significant Projects Committee.

Te Kore Insights

Distribution structure

4. We heard that there are opportunities to review the funds' purpose and criteria to ensure that the alignment with outcomes and priority communities is strengthened.
5. We heard that there is confusion from some Māori communities around whether they should come to this fund or Oranga Marae.

Decision making

6. We heard that the advice from Sport NZ is focused on how the requests support the Sport NZ outcomes which is primarily focused on participation. The advice is less focused on the Board's outcomes of community wellbeing connection and tino rangatiratanga and there were opportunities to align the fund closer to the agreed outcomes of the Board.
7. We heard that the majority of requests are classified sports, and this is wide ranging from schools to sport entities or groups such as riding for the disabled. Staff prioritise recommendations to Māori, Pasifika, and other priority communities. Sport NZ get the list of sport entities in the round and then comment on some not all of the requests.
8. Opportunities to extend relationships with others such as local and regional councils to enable the committee to be more strategic in the distribution and prioritisation of funding were raised. This could include involvement in the advisory, assessment, and decision-making phases of an application.
9. There was a suggestion having committee members with specialist building knowledge was useful. However, an understanding Te Tiriti o Waitangi, social, cultural, and economic environment issues, and community impact was of greater value.

Non legislative policy

10. We heard applicants can invest many months of planning, collating, and writing applications to this fund. For some requests staff invest hours over many months to support applicants.
11. We have heard national advisors provide valuable advice to committees. However, what can lack at times is the connection back to community and understanding the impact of the facility on the community. There are opportunities to extend the regional team's input in the assessment phase and understanding of regional context.

Impact of the funding

12. The fund is meeting its purpose. A review of grants shows funding is contributing to the development and refurbishment of community-based facilities.
13. Examples of grants awarded in FY2022/23 are:

Grant recipient	Grant	Purpose
Canterbury artificial surfaces trust	\$350,000	Contribution towards costs to resurface two water-based turfs.

Gisborne District Council	\$600,000	Contribution towards costs to install new hydro slide facility within exiting community water complex.
Te hau awhiowhio o Otangarei trust	\$400,000	Contribution towards costs to renovate an existing building that will provide a hub for the provision of community health services in Whangarei.

Released under the Official Information Act 1982

Te Tahua Rangahau Hauoratanga | Lottery Health Research Committee

Purpose: To provide grants to organisations for health research projects, scholarships, fellowships, and research equipment that will help improve the health of New Zealanders.

Grants: Lottery Health Research grants may support:

- translational research projects
- shared research equipment
- post-doctoral fellowships
- PhD Scholarships

Outcomes: A committee considers how a request delivers one or the more of the following outcomes:

- better understanding of the causes, prevention and treatment of disorders affecting New Zealanders
- new approaches in health and bio-medical science for the ultimate benefit of all New Zealanders
- developing and keeping a highly skilled workforce of health and bio-medical researchers in New Zealand.

Priorities: The priorities for the Committee are requests that:

- show how the research will translate into better health outcomes for New Zealand populations, including Māori and Pasifika, and other minority groups
- show why the health issue is significant for New Zealand
- addresses a unique gap in health research knowledge in New Zealand
- demonstrate partnerships between researchers and community organisations who will contribute to the New Zealand health sector over time.
- for those requesting grants for post-doctoral fellowships and PhD scholarships priority is given to:
 - researchers who are early in their career or entering and/or returning to the New Zealand work force
 - host organisations that how they will provide quality support, management, and supervision.
- for shared equipment and translational research project requests, priority is given to:
 - collaboration, particularly with significant pieces of research equipment, which should be shared between a number or research centres/institutions)
 - projects that have received support from other funders.

FY2022/23 Request # 99

FY2022/23 Granted # 41 (41%)

Largest amount approved
\$161,065

Average amount approved
\$101,101

Smallest amount approved
\$17,773

Allocation 2023/24: \$2.2m	Funding rounds: 2	Multi-year Funding: No
Decision maker: Committee		

Te Ao Tūroa Current state

1. The committee was established in July 1991, replacing the medical research committee.
2. This fund is specialist and requires expert health knowledge on the committee and due to these factors in 2016 the reading fee was increased to four times the meeting fee.
3. Due to the specialist medical and research knowledge required, staff (Funding Administrators and Advisors), do not complete 'assessments' or make recommendations to the committee. The extent of the 'assessment' is limited solely to ensuring relevant supporting documents are attached to applications. No specialist medical or academic knowledge is necessary.
4. In 2012, the Department investigated the merits of transferring Lottery funding to the Health Research Council to facilitate a more strategic investment in the health of New Zealanders. At the time it was not considered feasible and changes to the application criteria were made instead.
5. This fund is heavily oversubscribed and in FY2023/24 allocation decisions there was a 46% decrease in funding available compared with FY2022/23. The Board at this time prioritised funding to certain committees to increase equity in the system. This meant a greater focus on Māori, Pasifika and ethnic communities and those communities affected by Cyclone Gabrielle.

Te Kore Insights

Distribution structure

6. Opportunities identified included consideration of providing funding directly to the Health Research Council which is the main NZ funder for health research and has a strong equity focus on Pasifika and Māori communities.
7. This would minimise duplication of efforts by all parties and potentially contribute to more strategic funding into the health sector. The mechanism would need to be investigated alongside confirming the funds connection to the Board's new outcomes.

Decision-making

8. We heard that the applications received by the LHRC are very technical in nature. We also heard there are other health sector funders, creating duplication in the efforts of applicants and the administration of grant applications.

Non legislative policy

9. In FY2022/23 only 41% of requests were approved (41 applicants out of 99 requests). This provides an opportunity to the Board to review the fund criteria for the fund to minimise unnecessary administration from the customer.

10. If the Board wish to continue funding health research based on SOI, they could consider, other agencies to collaborate with, and explore alternative ways to continue to fund this sector while minimising administration requirements.
11. Insights around the link to the Board's outcomes saw opportunities to understand achieved through this fund and opportunities to broaden to support outcomes focused on public health and community health-based funding.
12. We heard that kaimahi understanding of the results reports received is limited, due to the academic nature of the reporting and an exploration on more appropriate reporting could be looked at.

Impact of the funding

13. Examples of grants awarded in FY2022/23 are:

Grant recipient	Grant	Purpose
Tetu Ora Health NZ Waikato	\$161,065	Contribution towards costs associated with trial to determine if preschoolers presenting to ED with wheezy respiratory illnesses have similar outcomes whether treated with 1- or 3-days of oral prednisolone.
University of Canterbury research and Innovation	\$85,050	Contribution towards costs related to a PhD research project that aims to investigate the health-related quality of life (HRQOL) and psychological wellbeing of those with endometriosis in Aotearoa New Zealand and how self-compassion and resilience may be positive self-management resources for those living with this condition
The University of Auckland	\$116,084	Contribution to costs related to research on associations between neighbourhood green space measures and wellbeing in a large sample of urban-dwelling adolescents, and inequities in urban green space across three major cities in Aotearoa New Zealand.

Released under the Official Information Act 1982

Te Tahua Taiao Ngā Taonga | Lottery Environment and Heritage Committee

Purpose: To provide funding for projects that promote, protect and conserve New Zealand’s natural, physical, and cultural heritage.

Priorities:

Natural heritage:

- protect and restore habitats and ecosystems for native plants or animals
- protect and conserve native plants or animals that are rare, in danger or at risk in their habitats
- improve public access and information about native plants and animals.

Physical heritage:

- restore and protect places, structures, or large built objects of significance to our history
- protect and conserve a place, structure, or large built object for the future
- improve public access and information about places, structures, or large built objects of significance to our history.

Cultural heritage:

- protect collections that are at risk of being damaged or lost
- make collections available to the community
- improve public access and information, particularly for young people to learn about and experience our cultural heritage
- conserve and protect moveable cultural property, such as photographs, paintings, furniture, and other artefacts.

FY2022/23 Request # 166		FY2022/23 Granted # 109 (66%)
Largest amount approved \$1,390,310	Average amount approved \$127,922	Smallest amount approved \$6,450
Allocation 2023/24: \$7.5m	Funding rounds: 2	Multi-year Funding: N/A
Decision making: Committee		

Te Ao Tūroa Current state

1. The committee was established in 1992.
2. In 2022 the Board agreed to allocate 10% of the fund to FfC. To date this has not been used by the Committee as a mechanism to fund.
3. In July 2022, the committee began accepting requests for the ongoing costs of pest and predator control.
4. Partnership funding is required to apply to the fund with at least one third of the total project cost available by the group. This is not required for feasibility studies, conservation plans or specialist report requests.

5. There are additional requirements for some projects depending on their nature such as resource consent, landownership, independent endorsement for the project.
6. This fund is heavily oversubscribed and in FY2023/24 allocation decisions there was a 46% decrease in funding available compared with FY2022/23. The Board at this time prioritised funding to certain committees that were centred on delivering equity for communities. This meant a greater focus on Māori, Pacifica and ethnic communities and those communities affected by Cyclone Gabrielle.

Te Kore Insights

Distribution structure

7. We heard that there are opportunities for increased Māori applications to the fund and that the way the fund is described and named could be strengthened.

Decision-making

8. We heard the committee members are well connected within the environment and heritage sector.
9. This knowledge and experience is valuable at the decision making.

Non legislative policy

10. An opportunity was identified regarding Climate Change and whether this could be looked at in the future.

Impact of the funding

11. Examples of grants awarded in FY2022/23 are:

Grant recipient	Grant	Purpose
Auckland war Memorial Museum	\$1,390,310	Contribution to costs to deliver the Toitū te Taiao, two new natural environment galleries, to empower communities to sustain and protect our natural environment and biodiversity in Tāmaki Makaurau, Aotearoa and the Pacific.
Waimarama Maori Committee	\$28,058	Contribution to project costs related to protecting and enhancing the Waingongoro awa's biodiversity and areas of cultural significance within the catchment.
Project Janszoon	\$187,400	Contribution to project costs related to protecting the Abel Tasman National Park and the unique species and ecosystems on adjacent limestone/karst landscapes by minimizing the impacts of feral goats on native vegetation and natural landscape features.

Te Komiti mo ngā Tāngata Hauā | Lottery Individuals with Disabilities

Purpose: To provide funding to people with disabilities for the purchase of equipment that enables them to better connect with, participate in and contribute to their communities		
Outcomes: The outcomes sought by this Committee are: <ul style="list-style-type: none"> • people with disabilities will actively participate in and have better access to their community; and • children and young people with disabilities and their families will be more connected to their community. 		
FY2022/23 Request # 974		FY2022/23 Granted # 522 (54%)
Largest amount approved \$69,000	Average amount approved \$18,953	Smallest amount approved \$159
Allocation 2023/24: \$10.3m	Funding rounds: 6	Multi-year Funding: No
Decision maker: Committee		

Te Ao Tūroa Current state

1. Funding IWD first started in 1991 through funding sub committees of existing funds.
2. In 2007 the Board agreed to gazette the IWD as a stand-alone committee. The change acknowledged there was not strong link with the parent committee and the subcommittee. The change also strengthened the link between committee to the Board and the transparency of the appointment process.
3. The fund receives approximately 1000 applications per year. It is highly administrative due to the volume of requests, the open criteria and acceptance of paper and online applications.
4. Applications require a verification of disability form completed by a registered health professional and a letter of support outlining how the applicant has previously contributed to the community.
5. The committee use an assessment tool to determine grant recipients. Requests are assessed against a range of criteria including need (based on individuals' disability), income levels and community benefit. It can be difficult to determine wider community benefit in these applications.
6. The committee applies standardised grant amounts for equipment. For example, wheelchairs \$6,000 power and \$1,200 manual, scooters \$5,500 - \$9,700, vehicles starting from \$30,000. There are life expectancies on equipment meaning that the applicant cannot return within the lifespan of the grant.
7. The disability sector remains an area of high needs across the country. Nearly 25% of the population have disability.
8. The Ministry of Disability have recently changed their settings for grants. This has the potential to increase demand on Lottery funding.

Te Kore Insights

Distribution structure

9. We heard that this fund is providing individual benefit as opposed to wider community benefit and the initial outcomes work has seen opportunities to realign this fund back to legislation and wider community benefit.
10. There are opportunities available for the Board to lawfully support the Disability community and these should be reviewed further by the Board.

Decision-making

11. We heard that if the Board does continue in its current form that increased connectivity with MoH and ACC would be required to get enhanced outcomes for those living with disability. Opportunities such as having Ministry of Health input through the assessment part of the process could enhance the process and allow for increased effective funding.

Non legislative policy

12. Insights from staff involved with the fund told us that the individuals supported through this fund were often high complex needs and without the appropriate health knowledge and wider health understanding of the individuals it is often difficult to make informed assessments and recommendations to the committee. An opportunity could be for referrals of these types of applications to MoH, ACC that has the appropriate expertise to assess these requests.
13. We heard that those have been supported by the fund tell us the difference it has made to their life by increasing their access to the community.

Impact of the funding

14. Examples of grants awarded to individuals in FY2022/23 are:

Grant	Purpose
\$46,000	Van with a Vertical Split Hoist
\$5,994.67	Motorised scooter to enable individual to be mobile
13,000	Assistance dog to support greater independency

Te Tahua Whakaruru-hau | Lottery Outdoor Safety

Purpose: To provide support for organisations and groups that have outdoor safety or water safety as the main purpose and core business of the organisation, rather than incidental outdoor safety or water safety activity.		
<p>Outcomes: The committee considers how a request delivers one or the more of the following outcomes:</p> <ul style="list-style-type: none"> • more capable and effective outdoor sector; and • increasing the skills base and knowledge of the general population in regard to outdoor safety. <p>Priorities: The committee priorities are requests that will:</p> <ul style="list-style-type: none"> • increase collaboration in the water or outdoor safety sector, including sharing knowledge, practices, and resources • maintain effectiveness and volunteer capability water or outdoor safety sector organisations • increase water or outdoor safety knowledge and skills in communities, hapū or iwi. <p>Funding to air-based rescue service providers is limited to projects that enable or enhance a service provider’s search and rescue capability, and search and rescue missions are a significant part of its operations.</p>		
FY2022/23 Request # 8		FY2022/23 Granted # 4 (50%)
Allocation 2023/24: \$8.3m	Funding rounds: 2	Multi-year Funding: Yes
Decision maker: Committee		

Te Ao Tūroa Current state

1. The committee was established in 2004 to provide funding for outdoor and water safety activity, which includes search and rescue activity, undertaken by organisations that have outdoor safety as their core business.
2. Multi-year funding has been available in the past for this committee. However, due work undertaken by the Kia Tipu He Tipua programme it is currently unavailable.
3. The Outdoor Safety committee used to consider requests for Water Safety until a review in 2013 by Martin Jenkins titled “Water Safety New Zealand: Positioning for leadership and change’ impacts on the distribution on Lottery funding.
4. This review highlighted concerns about conflicts of interests which instigated agreement from the Board to establish an MOU with Sport NZ to cover water safety sector strategy and water safety education programmes from FY2014/15.

5. In 2014, the Board agreed that 23% of any allocation to the Outdoor Safety Committee be given as a direct allocation to Sport NZ for the water safety sector strategy and water safety education programmes. They also agreed for a MOU to be in place between the Secretary for the Board and Sport NZ to define reporting and accountability requirements.
6. The MOU stipulates that the Board may allocate funding to Sport NZ for distribution via grants towards projects that strengthen the sector, this is in addition to the allocation to Sport NZ through Statutory Bodies allocation. Funding for this direct allocation is allocated by the Board to the Outdoor Safety Committee and then paid onto Sport NZ.
7. In addition to this MOU the Board also committed to continuing to allocate funding for water safety search and rescue services, surf lifesaving and the Royal NZ Coastguard from Lottery Outdoor Safety Committee.
8. There are four organisations that annually receive funding from this committee in addition to these organisations the allocation to Water Safety goes through this Committee to Sport NZ.

Te Kore Insights

Distribution structure

9. The review of this fund showed that while it has limited applicants the operations and community benefit of these organisations was far reaching and positively affected the lives of people in need of their services.
10. In relation to the Water Safety allocation, the Ministry of Transport undertook a review¹⁴ of the sector in 2023 and recommended that oversight of Water Safety NZ transfers from Sport NZ to Te Manatū Waka. The report recommends that Water Safety NZ could be the new lead organisation within this new structure. The new system including the system stewardship and strategy is set to go live from 1 July 2025 so any changes the Board makes should align with this date.
11. We heard that funding from multiple sources including gambling funding is under increased pressure which is challenging for this sector. The review advocated for increased government funding however none has been confirmed at the time of writing this report.

Decision-making

12. We heard there are opportunities to review the outcomes and decisions of this fund against the new outcomes framework to ensure that the funds are meeting the new direction agreed by the Board.

Non legislative policy

13. We heard that are opportunities to review funding to this sector and if these organisations are prioritised in the future in line with the SOI consider a different mechanism for funding the sector for example, Te Manatū Waka could be contracted or an MOU established that includes the water safety and outdoor safety organisations.

¹⁴ [Recreational Safety and Search and Rescue Review | Ministry of Transport](#)

14. Any changes made will need to have consideration of the auditor general guidelines on grants within the policy, particularly the principle of fairness.

Impact of the funding

15. Grants awarded in FY2022/23 are:

Grant recipient	Grant	Purpose
Surf Lifesaving NZ	\$2,700,000	Contribution to operational costs to lead and support surf lifesaving in NZ in partnership with member clubs.
New Zealand Land Search and Rescue	\$1,618,000	Contribution towards operational costs to provide effective and efficient land search and rescue services throughout New Zealand for the lost, missing and injured.
Royal New Zealand Coastguard	\$2,496,616	Contribution to operational costs to provide essential services to sustain one of the country's most popular recreational pastimes, saving lives at sea, and in the lakes, rivers, and waterways of Aotearoa.
NZ Mountain Safety Council	\$1,479,000	Contribution to land-based outdoor recreation prevention funding by increasing community outdoor safety knowledge and skills in communities.

16. In addition to this from time-to-time other requests come to the Committee however the last approved grant outside the above four organisations was in FY2019/20 to Taranaki Rescue Helicopter Board for \$10,000.

Released under the Official Information Act 1982

Oranga Marae

Purpose: To support the cultural and physical revitalisation of marae as centres of Māori identity and mātauranga.

Oranga Marae definition: ka ora ā-muri, ka ora ā-mua- sustaining the marae and sustaining the pae.

Grants: Applicants can apply for:

- Grants to support marae development planning
- Grants to obtain technical or feasibility reports
- Funds to implement both cultural and capital works on the marae.

Outcomes: A committee considers how a request delivers one or the more of the following outcomes:

- marae are safe and comfortable, contributing to the wellbeing of whānau, hāpu and iwi
- people are engaged on the marae through activities that ensure the transmission of mātauranga Māori
- marae increasingly contribute to the revitalisation of Te Reo and Tikanga Māori
- investment process enables whānau to work together to develop the Marae.

Priorities: The committee priorities are to support marae that:

- Hauora me te Haumarutanga, Tūtohutanga - Health and Safety, Compliance
- Ngā take aituā, ohotata ā-rohe ā-motu hoki, (urupare paetata, pae tawhiti) | Disaster and state of emergency events, (mid to long term recovery)
- Te whakamāhere te huringa āhuarangi - Climate Change Planning
- He wāhi nganahau te marae, mā te whānau whānui hei whakarauora, hei whakatinana i te ahurea - Marae are active and the wider whānau are engaged with the cultural and physical revitalisation of the marae.

FY2022/23 Request # 58

FY2022/23 Granted # 42 (74%)

Largest amount approved
\$2,550,304

Average amount approved
\$813,953

Smallest amount approved
\$38,814

Allocation 2023/24: \$35m

Funding rounds: 2

Multi-year Funding: No

Decision maker: Committee

Te Ao Tūroa Current state

1. Oranga Marae was designed in 2017 with Te Puni Kokiri (TPK) to enable marae to be able to access TPK's crown investment and the Departments Lottery funding grants from one place.

2. At the same time the Board dis-established Lottery Marae Heritage and Facilities. One of the benefits to marae at the time was that they no longer had the requirement to have partnership funding in place.
3. At the time the Board wanted to work more closely with other funders and simplify the applications process for marae.
4. Funding from TPK has always been significantly lower than the investment from the Board and TPK have overtime decreased their partnership contribution while the Board has continued to increase their investment into marae.
5. There is an agreement between the Department and TPK to provide feedback via the Grants Client Management System. Feedback is considered by the Department as part of the overall assessment of a request.
6. Events over recent years, including COVID-19 and Cyclone Gabrielle responses, have highlighted the role of marae as a cornerstone for communities, whānau, hapū and iwi.
7. In the FY2022/23 the Board boosted support for marae by allocating \$35 million to Oranga Marae, a 30% increase from the previous year and the same allocation was put in place in FY2023/24.

Te Kore Insights

Distribution structure

8. We heard the fund is making a difference in supporting marae. As one of the few funders providing financial and cultural resources in this space.
9. There is an opportunity to further define the purpose and longer-term vision of the fund and look at redesigning with Māori.
10. We identified the partnership with TPK has potential but is challenging. The partnership is unbalanced based on financial input and support provided by both parties. There is an opportunity to reset the relationship especially as TPK are reconsidering the resource they commit to OM. This may enable the Board to enhance OM and how it is currently operating.

Decision-making

11. The Committee members work well together and collectively they are focused on making decisions based on what is best for marae. For example, the committee prefers to fully fund projects.
12. We heard opportunities to further devolve decision-making and have more localised input, this could be through sub committees or through having separate committees established for Southern, Central and Northern as an example.

Non legislative policy

13. We heard there were examples of good collaboration between Hāpai Hapori advisors and TPK staff in the regions. These relationships were built up over time and illustrated high trust between advisors and shared purpose to support marae.
14. There are opportunities should a partnership agreement remain in place to ensure its reflective of a focus on te ao Māori values and methodology. The relationship has

evolved and should be monitored and evaluated based on the shared matapono we should have.

15. There are challenges around the stages of the programme and opportunities to reshape the programme and look at removing barriers and potentially capping some funding areas.
16. There are challenges with having all staff involved working in the same ways. There are differences across TPK and DIA staff which impacts the services provided to marae and consistency of information provided to decision-making committees.

Impact of the funding

17. Examples of grants awarded in FY2022/23 are:

Grant recipient	Grant	Purpose
Okapua Marae	\$709,321	Full funding towards to project costs related to build a new wharekai and kitchen that is fit for purpose, meets H&S guidelines and which will last for many generations.
Te Pahou Marae Committee	\$78,950	Contribution to costs related to renovation of the wharekai.
Tawhitinui Marae reserve Trust	\$1,500,000	Contribution to projects costs related to replacing the existing ablutions and renovation of the marae kitchen.

Released under the Official Information Act 1982

Emergency Natural Disaster Reserve (ENDR)

Te Ao Tūroa Current state

1. The ENDR has been utilised to respond to several events over the last 10 years including earthquakes, stop bank breaches, fires and flooding.
2. Up until 2021 the Board held two reserves, the General Reserve and the ENDR. In 2021 the Board agreed to allocate \$3 million from the ENDR to the Ministers Fund. This was to enable more open ended and agile approach to making funding available when natural disasters impact communities. At the same time the Board also endorsed expanding the funding criteria for the Minister's Discretionary Fund to include emergency disaster response.
3. In 2022 the Board agreed to allocate the full \$5 million in the ENDR to the Lottery Minister's Discretionary Fund as ring-fenced funding for natural disaster events.
4. The purpose of the ENDRF is to provide quick-access support to communities as they respond to the adverse effects of an emergency natural disaster event.
5. Funding can be utilised to support initiatives and activities that:
 - assist community organisations that provide support services and have seen an increased demand for their services due to a natural disaster event;
 - repair, restore or revitalise community facilities that have been damaged by a natural disaster event; and
 - provide partnership funding for work with other government agencies or non-profit groups with a shared purpose of supporting communities affected by a natural disaster event.
6. provide partnership funding for work with other government agencies or non-profit groups with a shared purpose of supporting communities affected by a natural disaster event.
7. The Minister has delegated decision-making of requests up to \$499,000 to a Hāpai Hapori Fund Manager in consultation with the regional Manager. The delegation allows Managers and their teams on the ground to use their knowledge and relationships to be able to quickly respond and support the short to medium needs of communities impacted by natural disasters.

Te Kore Insights

Distribution structure

8. We heard opportunities to confirm whether disaster relief is the role of the Board or a central/local government responsibility and whether they may have more appropriate systems in place to ensure funding is reaching the right parts of community.
9. We heard that when we have been involved in these types of events that in some regions, we are better placed with our advisory resource to do this than others due to locations of our staff and where weather events have occurred.
10. Feedback from Board Liaison members and staff said that there were opportunities to review the SOI outcomes and whether community preparedness, resilience was a more

appropriate area for the Board to fund due to the number of other agencies funding into the disaster relief, recovery space.

11. External stakeholders have also questioned the role of ENDRF in the immediate response funding. There was active funding from NEMA to support the emerging situation. There was some feeling that there was also a duplication of funding for example Civil Defence, Mayoral relief and MSD had funding for similar purposes.

Decision-making

12. We heard that the current form and decision-making of the funds management makes it difficult to ensure that funding is being appropriately allocated.
13. Insights from other funders and agencies said that collaboration in real time is crucial to enable transparent, flexible, and responsive funding.
14. Some but not all of the grants in the recent Cyclone funding were collaborative with other agencies, which is one of the core principles to reduce duplication and enable a pooling of resources for collective impact. There are opportunities to think about whether this is an ongoing requirement for funding.

Non legislative policy

15. We heard opportunities to review some of the reporting requirements of the fund such as the 9 months term as this was not responsive to some of the longer-term affect recovery efforts.
16. Insights from the community were that it was not transparent around how to access the funding available and there could be a collaborative opportunity with other funders to ensure that the reach of communication into communities is undertaken.

Released under the Official Information Act 1982

Kaupapa Hiranga Tahua | Lottery Significant Projects

Purpose: To provide grants for projects to purchase, create or improve capital assets of regional or national significance that help make communities stronger.		
Outcomes:		
<ul style="list-style-type: none"> • provide opportunities for people to take part in social, recreational, civil, or cultural activities at a regional or national level • reduce or overcome barriers that prevent people taking part in those activities, and/or • increase a region's ability to look after its own needs and grow stronger. 		
Priorities: requests must show that the project:		
<ul style="list-style-type: none"> • is well designed and planned and will be professionally managed • is almost ready to start. • is well supported by others, such as central government or local government, Iwi, or Māori organisations. • is proposed by an organisation that has the ability to: <ul style="list-style-type: none"> ○ successfully develop and deliver a project of this size and scope, and ○ manage and maintain the asset in the future, without needing more Lottery grants 		
Allocation 2023/24: In recess	Funding rounds: 2	Multi-year Funding: No
Decision maker: Committee		

Te Ao Tūroa Current state

1. **This fund is not currently active.**
2. The committee was established in 2007 in response to a cabinet request for Te Puna Tahua Lottery Grants Board to assume responsibility for funding significant community-based projects after the government's significant community-based projects fund was significantly oversubscribed.
3. The LSPF supports regionally and/or nationally significant capital expenditure projects with a total project cost of at least \$3 million. Capital expenditure is defined as expenditure on acquisition, creation of, or significant improvements to capital assets.
4. Due to fluctuations in profits and the necessity for this fund to have sufficient funding allocated to it for the size of requests the Board has put this fund into recess periodically and it was in recess 2009-2013 due to profit decreases during this period.
5. In FY2021, the Board widened the fund's scope by adding 'community wellbeing and resilience' to the sectors LSPF projects must benefit. Despite this, the LSPF committee saw a significant reduction in requests that were well targeted to the priorities of the fund.

6. Strong global competition for materials since COVID-19 (raw aluminium and steel in particular) and higher shipping costs increased the price of building products by 34% during 2021. This reduced the impact LSPF could make in the sector and made it more challenging for applicants to accurately forecast project costs and secure the balance of the funding required.
7. In FY2022/23 the fund was put into recess along with Community Sector Research and this resulted in \$16m being moved back into four funds – Facilities, Environment and Heritage, IWD and Oranga Marae.
8. The rationale for putting the fund in recess was to allow time for the Department to consider the wider strategic implications of funding significant capital works projects with an equity lens, in line with outcomes from the Kia Tipu, He Tipua work programme, and re-evaluating LSPF's current total project cost criteria and supporting documentation requirements.

Te Kore Insights

Distribution structure

9. We heard that there is a vested interest from other agencies for the Board to have this fund in place.
10. We also heard that there has been a noticeable reduction in both the number and calibre of projects able to reach the regional and/or national significance threshold of the fund.

Decision-making

11. Since the fund has been in recess a number of the potential requests to LSPF have gone to other lottery committees and have been supported.

Non legislative policy

12. A past review undertaken over requests in the FY21/22 year noticed the following about the applications received:
 - did not align well with the LSPF's purpose to purchase, create, or improve community assets of regional or national significance
 - did not fall within one of the LSPF's specific funding sectors, and/or
 - was not sufficiently ready for consideration by the committee. For example, had not secured the necessary resource consent(s) for the project.

Impact of the funding

13. Examples of grants awarded in FY2021/22 are:

Grant recipient	Grant	Purpose
Wellington City Mission	\$3,600,000	Contribution to project costs to build community facility known as Whakamaru to support individuals and whānau in our communities and improve community wellbeing throughout the Wellington region.

The Court Theatre trust	\$2,000,000	Contribution to costs related to replacing the Court Theatre in the Christchurch CBD.
Wellington Zoo Trust	\$811,702	Contribution to costs related to building a Snow Leopard enclosure at Wellington Zoo.

Released under the Official Information Act 1982

Te Tahua Rangahau mo ngā Hapo | Lottery Community Sector Research

Purpose: To provide grants for research projects, specifically research by the community, with the community and for the community.		
Priorities: The priorities for the committee are requests that show how the project will: <ul style="list-style-type: none"> • help address community priorities or needs, particularly for disadvantaged communities or minority groups • support community hapū or iwi led development initiatives • benefit more than one organisation, geographic community, or community of interest • involve community organisations or communities, hapū and iwi working together • build community knowledge or research skills. 		
FY2022/23 Request # 23		FY2022/23 Granted # 9 (39%)
Largest amount approved \$53,450	Average amount approved \$33,953	Smallest amount approved \$13,400
Allocation 2023/24: In recess was \$500,000	Funding rounds: Nil (was 2)	Multi-year Funding: No
Decision maker: Committee		

Te Ao Tūroa Current state

1. **This fund is not currently active.**
2. The Lottery Community Sector Research Committee (LCSR) was established as a lottery fund in FY2008/09 to fund research and evaluation projects, by, with and for community, hapū and iwi organisations.
3. Since inception it has only fully distributed its allocation once.
4. In 2017 the frequency of distribution Committee meetings was increased from one to four a year to make the fund more responsive to community needs. At the same time, an amendment to the LCSR funding priorities clarified the fund's support for community led development initiatives.
5. It was expected that these two initiatives would result in the LCSR distributing all of its allocation. This has not been the case.
6. In 2018 the Board agreed to increase the number of meetings to try and spend the allocation to the fund however this did not result in any increase in requests and less than half the allocation was expended.
7. This trend of underspend has continued, and the Board placed the committee in recess for the 2023/24 year due to limited eligible applications.

Te Kore Insights

Distribution structure

8. We heard that with the successful introduction of the Funding for Change (FfC) programme, there were signs that FfC is meeting a need previously met by LCSR, in a far more customer-centric way at the time the applicant requires funding.

Decision-making

9. We heard that this fund was administratively costly and had ongoing underspend due to a lack of suitable applications. LCSR was allocated \$500,000 for FY2022/23 and the fund was undersubscribed.

Non legislative policy

10. There are opportunities to look at a different model such as broadening the funding criteria of an existing fund such as Lottery Community to allow for applications that are related to research and evaluation should these funds priorities align with the strategic direction of the Board.

Impact of the funding

11. Examples of grants awarded in FY2022/23 are:

Grant recipient	Grant	Purpose
Volunteering New Plymouth Trust	\$30,750	Contribution costs to undertake a feasibility study to identify needs or gaps in the provision of, support for and recognition of volunteers in Central and South Taranaki.
The Centre at Kerikeri Limited	\$25,532	Contribution to costs associated with research on community needs to inform art and cultural programmes delivered through the Turner Centre
Carers New Zealand	\$53,450	Contribution to costs of undertaking research to evaluate our current services and obtain feedback from family carers about their support needs.

MINUTES OF TE PUNA TAHUA LOTTERY GRANTS BOARD MEETING
Thursday 2 May 2024

Meeting held in person at Department of Internal Affairs, Wellington.

Present

Hon Louise Upston	Minister for the Community and Voluntary Sector
Lemauga Lydia Sosene	Representative of the Leader of the Opposition
Karen Coutts	Acting presiding member for 2 May 2024 & Board liaison member
Colleen Tuuta	Board liaison member

Apologies

Hon Brooke van Velden	Presiding member/Minister of Internal Affairs
Sumati Govind	Board liaison member

Secretariat

Clare Toufexis	Secretary of the Board/General Manager, Hāpai Hapori Community Operations, Department of Internal Affairs
Sharyn Mitchell	Chief Financial Officer, Department of Internal Affairs
9(2)(a)	Manager Strategic Programmes and Partnerships, Department of Internal Affairs
9(2)(a)	Principal Advisor Te Puna Tahua Lottery Grants Board Operations, Department of Internal Affairs
9(2)(a)	Advisor, Strategic Programmes and Partnerships, Department of Internal Affairs (Meeting support)

In attendance

9(2)(a)	Private Secretary, Internal Affairs
9(2)(a)	Private Secretary, Community and Voluntary Sector
9(2)(a) (Agenda item 3 only)	Principal Policy Analyst, Regulation and Policy, Department of Internal Affairs
9(2)(a) (Agenda item 5 only)	Practice Lead, Outcomes, Department of Internal Affairs
9(2)(a) (Agenda item 6 only)	Process and System Design Lead, Kia Tipu He Tipua, Department of Internal Affairs
9(2)(a) (Agenda item 7 only)	Financial Accountant, Finance, Department of Internal Affairs

Agenda item 6: Evolving the lottery grants system

This report was presented by the Clare Toufexis, Secretary of the Board. This paper provided options to evolve the lottery grants system regarding:

- structure and purpose of distribution committees;
- decision making processes; and
- non legislative policy.

9(2)(a), Process and System Design Lead, from the Department of Internal Affairs, joined the meeting at 4:45pm to provide technical support for the discussions.

Discussion

Colleen Tuuta acknowledged the Department's support in helping her understand the recommendations.

Hon Louise Upston noted that she had considered whether she had any conflicts of interest, but determined there were none.

9(2)(a) outlined the report in Appendix A of the paper. She noted that this work needs to be considered in line with the outcomes work and that recommendations put forward in this paper were ones that won't need to be changed again in the next 12 months.

Karen Coutts, again noted the high quality of the paper and noted the importance of understanding the longer-term implications of this work and that good engagement on this is necessary.

Clare Toufexis stressed that the Department is not asking the Board to stop supporting the disabilities sector which Board members confirmed as understood from the papers.

Outcome

The Board:

- a) **agreed** to further work to continue exploring options to fund the disability sector in a way that is more closely aligned to the strategic outcomes and community purpose element of the Gambling Act 2003;
- b) **agreed to options:**
 - i) authorised distribution committees can approve multi-year grants for a maximum of two years in FY2024/25; and
 - ii) to update the Board's risk register and strengthen grant terms and conditions.
- c) **agreed** to keep Lottery Significant Projects and Lottery Community Sector Research committees in recess for FY2024/25;
- d) **agreed** for the Department to work with Ministry of Transport to identify options to support water safety and the wider outdoor safety sector for implementation FY2025/26;
- e) **agreed** to implement a policy for determining the Board's support one off events;
- f) **agreed** to implement policy where subcommittees must include at least 1 distribution committee member; and

- g) **agreed** to the continuation of allowing approved committees to distribute up to 10% of the total allocation through FFC for FY2024/25.

Moved: Colleen Tuuta; Seconded: Karen Coutts.

9(2)(a) left the meeting at 5pm.

Out of Scope

Released under the Official Information Act 1982



Internal Affairs aide memoire

Hon Brooke van Velden
Minister of Internal Affairs

Title: **Te Puna Tahua Lottery Grants Board distribution committee model**
Date: 21/11/2024

Key issues	
Your office has requested information on whether the current Te Puna Tahua Lottery Grants Board (the Board) distribution framework is the most efficient option for distributing lottery funding. This aide memoire provides a summary of a report provided to the Board in May 2024.	
Action sought	Timeframe
Note the content of this aide memoire	At your convenience

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Clare Toufexis	General Manager, Hāpai Hapori	9(2)(a)	✓
Leora Hirsh	Manager Strategic Programmes and Partnership, Hāpai Hapori		

Return electronic document to:	Kimberley Sweeney Kimberley.sweeney@dia.govt.nz
Cohesion document reference	Cohesion link
Ministerial database reference	IA20245049

9(2)(a)

Clare Toufexis
General Manager, Hāpai Hapori

Purpose

1. Your office has requested information on whether the current distribution committee (committees) model is the most efficient option for distributing lottery funding. We have provided your office with the full report provided to the Board in May 2024. The purpose of this paper is to provide a summary.

The Act guides the process of establishing and disestablishing committees

2. As the Minister of Internal Affairs (Minister) you can establish and disestablish committees. You can also vary the purpose of an established committee.¹ This was done in 2012 when the purpose of the Lottery Environment and Heritage Committee was temporarily varied to enable funding towards projects commemorating the centenary of World War One.
3. The Act prescribes the purposes for which lottery profits may be distributed.² The purpose of any new committee, or variation, must align with one of these purposes.
4. While not discussed in the Act, the convention to date has been the Board agrees to the establishment of a committee and its purpose and expected outcomes of the fund. The Minister subsequently enacts the Board's decision.
5. Committee members are appointed by you, based on their specialist skills, knowledge and experience related to the purpose of the committee.³ All appointments are subject to the usual Cabinet Appointments and Honours Committee processes.

There are currently 20 committees and the Minister's Discretionary Fund (MDF)

6. Lottery funding is currently distributed through 11 regional committees, 8 specialist committees, the MDF, and allocations to 3 statutory bodies and Ngā Taonga Sound & Vision. There needs to be a minimum of one distribution committee to comply with the Act.
7. The 11 regional committees are based on regional and local council boundaries and come under the umbrella of the Lottery Community Committee structure. Regional committees consider requests from applicants within a specific region, whereas the Lottery National Community Committee considers requests from applicants delivering services in more than one region.
8. There are 6 active specialist committees, which all have a national focus on a specific purpose. For example, building and restoring community facilities, preservation and restoration of the environment and revitalisation of marae. There are 2 specialist committees currently in recess.⁴
9. See **Appendix A** for a detailed breakdown of the committees and their respective purpose.

¹ Gambling Act 2003, section 280

² Gambling Act 2003, section 277

³ Gambling Act 2003, section 280

⁴ Lottery Significant Projects and Lottery Community Sector Research committees

Other jurisdictions fund similar areas, and the administrative costs are similar

10. A high-level review of lottery distribution structures in Australia and the United Kingdom has shown that while distributing bodies are bound by similar legislative requirements, structures are variable.
11. For example, profits generated by the National Lottery UK are held by the National Lottery Distribution Fund (NLDF). Like the Board, the NLDF is required by legislation to apportion funding to the arts, sports, heritage and community causes. The NLDF achieves this through 12 distributing bodies⁵ and at least 36 funding programmes.
12. Lotterywest in Western Australia, is Australia's only government operated lottery programme. Lotterywest distributes funding through statutory allocations to health, arts and sport sectors and 1 discretionary distribution body.⁶ All other Australian lotteries are run by privately-owned companies.
13. Earlier this year, the Department of Internal Affairs (Department) undertook a comparative analysis of the administrative costs of NLDF, Lotterywest and three other New Zealand-based philanthropic funders.⁷
14. Analysis showed the Board's operating costs were comparable to that of NLDF and Lotterywest and less than that of the philanthropic funders. This is consistent with similar analysis undertaken in 2014 and 2020.

We have identified opportunities for system improvement

15. In May 2024, the Board received a report on committees, their decision-making and non-legislative policies.⁸ Your office was provided a copy as part of the Te Puna Tahua Lottery Grants Board 2 May 2024 meeting pack.
16. We have identified three areas for system improvement.

Strengthening the alignment of committee structure to legislation.

17. The report identified that while most committees are operating within legislation, the Lottery Individuals with Disabilities fund does not strongly align with the intent of the Act. Specifically, that the fund's awarding of grants directly to individuals poses a challenge to the Act's requirement for lottery funding to be distributed for 'community purposes that are of a public nature'.⁹
18. The Board has agreed for the Department to undertake further work to identify options to fund the disability sector in way that support the Board's strategic outcomes and aligns more closely with legislation.

Aligning committee structure to the Board's new strategic outcomes.

19. In September 2023 the Board approved 3 new strategic outcomes: Tino Rangatiratanga, Social Cohesion and Community Wellbeing. They also agreed to

⁵ National Lottery Distribution Fund annual report and accounts (2023-2024) [National Lottery Distribution Fund annual report and accounts 2023 to 2024 - GOV.UK](#)

⁶ Lotterywest Annual Report 2023-2024: [D2435610LW AnnualReport2024 DigitalUpdate.PDF](#)

⁷ Analysis included: Lottery West (Western Australia), National Lottery Community Fund UK, Foundation North, Rata Foundation and the Tindall Foundation.

⁸ Kia Tipu, He Tipua – Te Puna Tahua Lottery Grants Board Review and Recommendations Report: Distribution committees, decision-making and non-legislative policies. May 2024

⁹ Gambling Act 2003, section 277

establish a 4-year Statement of Intent which sets out medium and short-term outcomes. There is an opportunity to reset the committee purposes and structure to better support delivery of the Board's strategic outcomes.

Making decision-making more efficient and effective

20. The report identified the following opportunities to reset decision-making to enable better support for the Board's strategic outcomes:
 - 20.1 devolving decision-making to regional committees, where possible
 - 20.2 increasing the flexibility and responsiveness of decision-making within the legislative framework, and
 - 20.3 enabling greater collaboration across funders

Work is progressing on all three areas

21. Next month we will report back to the Board on work relating to the Individuals with Disabilities Fund. In March 2025 we will present initial recommendations to the Board on evolving committee structure and decision-making processes. It is expected that advice will include the risks, opportunities and suggested timeframes for any changes.

Released under the Official Information Act 1982

Appendix A: Current makeup of distribution committees

Committee	Purpose
Lottery Minister's Discretionary Fund	The Minister of Internal Affairs makes grants to individuals and groups for projects that fall outside the responsibility of the other Lottery distribution committees.
Lottery National Community Committee	Distributes funding on a national basis for developmental or preventative projects, welfare, and support services, and for projects that improve the wellbeing of people in the community.
Lottery Regional Community Committees	There are 11 Lottery Regional Community Committees. They consider requests on a regional basis for developmental or preventative projects, welfare, and support services, and for projects that improve the wellbeing of people in the community.
Lottery Environment and Heritage Committee	Distributes grants for projects that promote, protect and conserve New Zealand's natural, physical, and cultural heritage.
Lottery Health Research Committee	Distributes grants for research promoting the health of New Zealanders.
Lottery Individuals with Disabilities Committee	Distributes grants to people with mobility and communications-related disabilities for the purchase and adaptation of vehicles, scooters and other mobility and communication equipment to enhance their participation in the community.
Oranga Marae	The Oranga Marae programme began in 2018, with the goal of supporting the physical and cultural revitalisation of marae, as centres of Māori identity and mātauranga.
Lottery Outdoor Safety Committee	Distributes grants to groups whose main purpose is water safety and outdoor safety projects.
Lottery Community Facilities Committee	Distributes grants for building or improving community facilities that support participation and foster community cohesion. Its main emphasis is on facilities that are open for use to the wider community, or that can be used for a range of services and activities.

Committees in recess (2024/2025)	
Lottery Community Sector Research Committee	Distributes grants for the undertaking and use of research and evaluation by, and for, community organisations.
Lottery Significant Projects Committee	This fund provides support to organisations undertaking major community-based capital expenditure projects in the areas of arts, culture and heritage, sport and recreation, conservation and the environment, economic development, and/or visitor services and tourism. Projects must have a total cost of over \$3 million to be considered for this fund. This fund is activated when allocation is available



Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: **Lottery Grants Boards distribution committee structure**

Date: 9 October 2025

Key issues

In April 2025, the Lottery Grants Board Te Puna Tahua (Board) endorsed a simplified distribution committee structure. This briefing seeks your view on the changes endorsed by the Board. Additionally, this briefing seeks your view on removing the priorities for the Lottery Minister's Discretionary Fund (MDF).

Action sought

Timeframe

Agree the Department progress work to propose changes to committee structure which reflect a regionally orientated model, with fewer specialist committees

30 October 2025

Agree the Department commence the process to disestablish Lottery Community Sector Research committee and Lottery Significant Projects committee.

Agree the priorities for the Lottery Minister's Discretionary Fund be removed, as of 1 July 2026.

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Gina Smith	General Manager Community Operations	9(2)(a)	✓
Leora Hirsh	Manager Strategic Programmes and Partnerships	9(2)(a)	

Return electronic document to:	Kimberley Sweeney kimberley.sweeney@dia.govt.nz
Hukatai reference	Briefing IA20259393 - LGB distribution committee structure.docx
Ministerial database reference	IA20259393

Purpose

1. As the Minister of Internal Affairs (Minister), you hold statutory responsibility for establishing and disestablishing lottery distribution committees (committees).¹ In April 2025 the Lottery Grants Board Te Puna Tahua (Board) endorsed a simplified distribution committee structure.
2. This briefing seeks your view on the structure endorsed by the Board. Should you agree with the direction endorsed by the Board, we will provide proposed structural changes for your consideration, ahead of the Board's January 2026 meeting. Alternatively, we will be guided by you for the future direction of this work.
3. Additionally, there are opportunities to better align the Lottery Minister's Discretionary Fund (MDF) with the intent of the Gambling Act 2003 (Act). This briefing seeks your view on removing priorities for the MDF.

There are 20 distribution committees and the MDF

4. Lottery funding is currently distributed through 11 regional community committees, 1 national community committee, 8 specialist committees, the MDF and allocations to 3 statutory bodies and Ngā Taonga Sound & Vision.¹ A minimum of one distribution committee is required to comply with the Act.
5. The 11 regional committees are based on regional and local council boundaries and come under the umbrella of the Lottery Community committee structure. Regional committees consider requests from applicants within a specific region, whereas the Lottery National Community Committee considers requests from applicants delivering services in more than one region.
6. There are 6 active specialist committees, which all have a national focus on a specific purpose. For example, building and restoring community facilities, preservation and restoration of the environment or revitalisation of marae. There are 2 specialist committees currently in recess.
7. See **Appendix A** for an overview of the distribution structure. See **Appendix B** for a breakdown of the committee purposes.

We have completed a review of the lottery distribution committee structure

8. In September 2022, the Board directed the Department of Internal Affairs (the Department) to undertake a review of the distribution committees, decision-making and non-legislative policies as part of the Kia Tipu, He Tipua work programme (the programme).
9. The review was guided by the Board's desire for a simplified and more cost-effective system that is strategy-led, data driven, relational, equitable, flexible, collaborative and one that learns.
10. The programme explored historic reviews of committee structure, grant data, alternate funding models, the good funding practice principles, and consulted with a wide range of stakeholders. Groups inputting to the analysis included Board liaison members, distribution committee members, Community Operations Hāpai Hapori operational business managers and community, hapū and iwi.

¹ Gambling Act (2003), s 280

11. Initial findings were presented to the Board in May 2024. Your office was provided a copy of this report as part of the Board's 2 May 2024 meeting pack. In November 2024 we provided an aide memoire which summarised the report findings and opportunities for system improvement.
12. Several strategic level recommendations emerged in response to the programme's findings. See **Appendix C** for a summary of specific review findings, the related Board directives and delivery status.
13. Due to the concurrent timing of the Board's Statement of Intent work (SOI), a second stage of review was required to identify opportunities to align committee structure with the Board's strategic direction. We provided the Board with the findings of this review in April 2025.

There are opportunities to better align committee structure with the Board's strategic direction

14. The April 2025 review extended the analysis undertaken by the programme to include assessment against the following factors:
 - supports delivery of the Board's SOI
 - alignment with the Board's Te Tiriti o Waitangi and Equity policies, and
 - alignment with the Board's outcomes framework.
15. This analysis reached the same conclusion as the programme's high-level findings; the Board's desired system shifts could best be achieved through a modification to the current regional and national model. Notable modifications being, the devolution of decision-making to regionally oriented committees, a reduction in the number of specialist committees and the disestablishment of Lottery Community Sector Research (LCSR) and Lottery Significant Projects (LSP) which have been in recess since FY2023/24.
16. These findings formed the basis of recommendations to achieve a simplified committee structure. See **Appendix D** for a fuller summary of the analysis findings.
17. Your office was provided with a copy of the review findings as part of the Board's 10 April 2025 meeting pack.

The Board has endorsed a simplified committee structure

18. At its 10 April 2025 meeting the Board endorsed the following changes to committee structure:
 - move towards a regionally orientated committee structure and reduce the number of specialist committees, and
 - disestablish the LSCR and LSP committees.
19. Pending your approval, we committed to provide the Board with a proposed committee structure for discussion at its January 2026 meeting. It is intended that any change to committee structure would be implemented over several years.

Your view will direct the next stage of this work

20. As Minister, you have the legislated discretion to establish and disestablish committees. We are seeking your view on the changes endorsed by the Board in April 2025.
21. Should you agree with the proposed changes, we will progress work to propose a new committee structure, in line with the April 2025 recommendations. A paper proposing structural changes will be provided for your consideration in mid-November. Subject to the Board's decision at their October meeting, this paper will take into consideration the Board's work to explore a strategic investment approach.
22. Should you agree with the recommendations of the November paper, we will provide the proposed changes to the Board for discussion at their January 2026 meeting.
23. Alternatively, you may have a different view on the future direction of committee structure. Please advise us if you wish us to provide advice on alternative models.
24. As above, the Board has also endorsed the disestablishment of LSP and LCSR. The disestablishment of a committee must be published by notice in the New Zealand Gazette (Gazette).² We seek your agreement to commence the disestablishment of these 2 committees.

Review of the distribution structure has made specific findings relating to MDF

25. The MDF has been reviewed as part of the Department's review of the lottery distribution structure. These findings are being reported to you, given your statutory responsibility for applications referred through this fund.
26. The Act requires that all qualifying funding applications be referred to the Minister for consideration where there is no appropriate distribution committee.³ The MDF was established as the mechanism to manage this referral process.
27. Additionally, the Board holds an Emergency Natural Disaster Reserve (ENDR) for the purpose of providing quick-access support to communities affected by an emergency natural disaster event. The distribution of this funding is managed through a sub-programme of the MDF, the Emergency Natural Disaster Relief Fund (ENDRF).
28. The key review findings are:
 - The MDF is intended as a potential funding source for applications where there is no appropriate distribution committee. However, over time it has become a significant fund with its own set of priorities.
 - The number of applications to the MDF, to be considered by you as Minister, has steadily grown over time. The Department considers that this places a burden on you to make decisions on small local community activities instead of strategic opportunities that are not already provided for in other funds.
 - It is difficult to determine the wider community benefit of many of these activities/grant applications, which is a requirement of Lottery funding.
 - It is the Department's view that having fund priorities in the MDF may limit the ability of this allocation to operate as per the intent of the legislation.

² Gambling Act, s 280

³ Gambling Act, s 282

29. The Board's adoption of an outcomes framework, as part of the SOI, means that some of the current MDF priorities are now supported by other committees. For example, the MDF priority of *learning and development projects* now aligns with the mid-horizon outcome *capability, capacity and self-reliance are enhanced*. This means that organisations seeking funding for this type of activity can do so via other committees. Therefore, requests of this nature are no longer eligible to receive funding through the MDF, as there is an appropriate distribution committee available.
30. We are seeking your view on removing the MDF priorities to achieve better alignment with the intent of the Act. We anticipate this change would result in significantly fewer applications and a shift away from regular monthly briefings.
31. Qualifying requests, where there is no appropriate distribution, would still be referred for your consideration, as per the requirement of the Act. As the legislated decision-maker for such requests, it would be at your discretion to prioritise how the available funding is allocated.
32. Should you agree, we would recommend this change be effective as of 1 July 2026. However, as the MDF is open all year round there is flexibility and changes can be implemented at your discretion.
33. Alternatively, you may wish to retain priorities within MDF. In this instance, you may also wish to update the current priorities. The priorities can be updated at your discretion, and we will support you with this process.

Next steps

34. Should you agree with the recommendations endorsed by the Board in April 2025, we will provide proposed structural changes for your consideration ahead of the Board's January 2026 meeting. Alternatively, we will be guided by you as to our next steps in this programme of work.
35. If you approve the disestablishment of the 2 committees, we will update you on the timeline for publishing in the Gazette in November. Your approval of the Gazette notices will also be required.
36. Should you agree to remove the MDF priorities, we will initiate operational changes to make this effective as of 1 July 2026, or at a time determined by you. From this point, only applications where there is no other appropriate distribution committee would be presented to you for decision. If you wish to retain priorities within the fund, we will work with you update the priorities, at your discretion.

Recommendations

37. We recommend that you:

- | | |
|--|-------------------------------|
| a) agree the Department progress work to propose changes to committee structure which reflect a regionally orientated model, with fewer specialist committees | Agree/Disagree/Discuss |
| b) agree the Department commence the process to disestablish Lottery Community Sector Research committee and Lottery Significant Projects committee | Agree/Disagree/Discuss |
| c) agree the priorities for the Lottery Minister's Discretionary Fund be removed, as of 1 July 2026 | Agree/Disagree/Discuss |

9(2)(a)

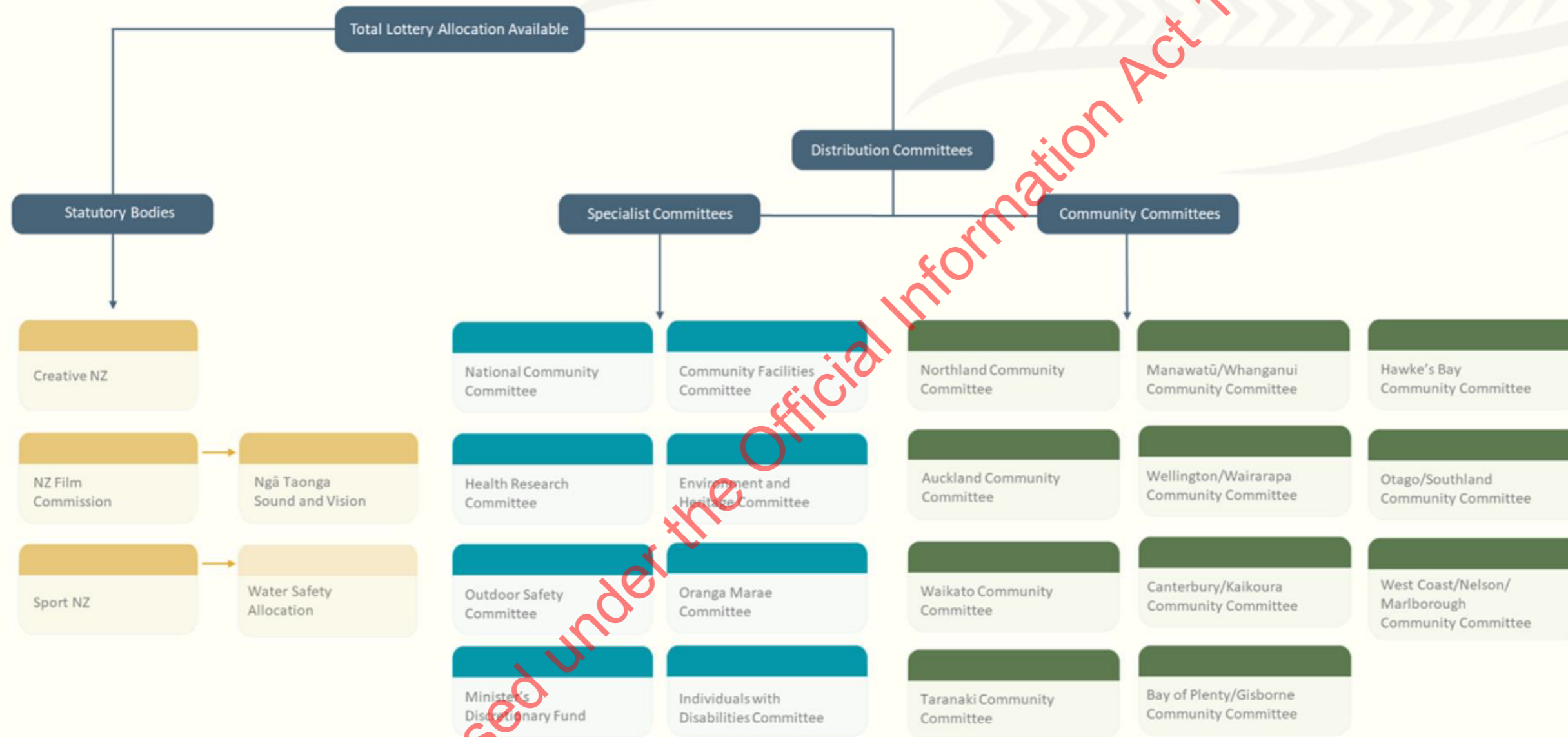
Gina Smith
General Manager Community Operations

Hon Brooke van Velden
Minister of Internal Affairs

_____/_____/_____
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Appendix A: Overview of Lottery Grants Board Te Puna Tahua distribution model FY2025/26

Distribution of funds
2025/2026



*Significant Projects and Community Sector Research committees in recess for 2025/2026

Appendix B: Current distribution committees and purpose

Committee	Purpose
Lottery Minister's Discretionary Fund	The Minister of Internal Affairs approves grants to projects that fall outside the responsibility of the other lottery distribution committees.
Lottery National Community Committee	Distributes funding on a national basis for developmental or preventative projects, welfare, and support services, and for projects that improve community wellbeing.
Lottery Regional Community Committees (x11)	Distributes funding on a regional basis for developmental or preventative projects, welfare, and support services, and for projects that improve community wellbeing.
Lottery Environment and Heritage Committee	Distributes grants for projects that promote, protect and conserve New Zealand's natural, physical, and cultural heritage.
Lottery Health Research Committee	Distributes grants for research promoting the health of New Zealanders.
Lottery Individuals with Disabilities Committee	Distributes grants to people with mobility and communications-related disabilities for the purchase and adaptation equipment to enhance their participation in the community.
Oranga Marae	Distributes grants with the goal of supporting the physical and cultural revitalisation of marae, as centres of Māori identity and mātauranga.
Lottery Outdoor Safety Committee	Distributes grants to water safety and outdoor safety projects.
Lottery Community Facilities Committee	Distributes grants for building or improving community facilities that support participation and foster community cohesion. Emphasis is on facilities that are open for use to the wider community, or that can be used for a range of services and activities.
Committees in recess (FY2025/26)	
Lottery Community Sector Research Committee	Distributes grants for the undertaking and use of research and evaluation by, and for, community organisations.
Lottery Significant Projects Committee	This fund provides support to organisations undertaking major community-based capital expenditure projects in the areas of arts, culture and heritage, sport and recreation, conservation and the environment, economic development, and/or visitor services and tourism. Projects must have a total cost of over \$3 million. This fund is activated when allocation is available.

Released under the Official Information Act 1982

Appendix C: Summary of findings and related decisions from the May 2024 review of distribution committees, decision-making and non-legislative policies

Areas for improvement	Review finding	Board directive	Delivery status
Strengthening the alignment of committee structure to legislation	<ul style="list-style-type: none"> The Lottery Individual's with Disabilities fund does not closely align with the intent of the Gambling Act 2003. The fund's awarding of grants directly to individuals poses a challenge to the Act's requirement for lottery funding to be distributed for 'community purposes that are of a public nature'. 	<ul style="list-style-type: none"> The Department work with disability sector leaders, on behalf of the Board, to evolve future funding to the sector in a way that better aligns with legislation and the Board's strategic direction. 	<ul style="list-style-type: none"> Ongoing
	<ul style="list-style-type: none"> Multi-year funding is considered best practice for a high trust model; however, the requirements of the Gambling Act make this problematic. 	<ul style="list-style-type: none"> Committees can award funding for a maximum of 2 years for FY2024/25. 	<ul style="list-style-type: none"> Complete
Aligning committee structure to the Board's new strategic direction	<ul style="list-style-type: none"> The Board's funding of one-off events is responsive to need but lacks in strategic direction. 	<ul style="list-style-type: none"> Implement a policy for determining the Board's support of one-off events. 	<ul style="list-style-type: none"> Complete: Included as a subsection in the Board: Allocation of lottery profits policy.
	<ul style="list-style-type: none"> The Board's current funding to the Water Safety sector through the Lottery Outdoor Safety, via an MOU with Sport NZ, is no longer appropriate given the findings of the Te Manatū Waka Ministry of Transport (MoT) review of recreational safety and search and rescue. 	<ul style="list-style-type: none"> The Department work with the Ministry of Transport to identify options to support water safety sector and the wider outdoor safety sector. 	<ul style="list-style-type: none"> Complete: The Department engaged in initial discussions with the MoT, however due to a change in Ministerial priorities, the August 2023 recommendations are no longer being actioned. We advised the Board in April 2025 that current funding mechanism remains appropriate. The Memorandum of Understanding in place with Sport NZ for the pass through of funding was updated and re-signed in July 2025.
	<ul style="list-style-type: none"> Lottery Significant Projects (LSP) and Community Sector Research funds (LCSR) in their current form do not align well with the Board's strategic direction. 	<ul style="list-style-type: none"> Keep Lottery Significant Projects and Lottery Community Sector Research committees in recess for FY2024/25. 	<ul style="list-style-type: none"> Complete
Making decision-making more efficient and effective.	<ul style="list-style-type: none"> While the Funding for Change (FfC) approach enables responsive and flexible funding, there are concerns about transparency and accessibility. 	<ul style="list-style-type: none"> The Board authorise committees to allocate up to 10% of their total allocation to (FfC) for FY2024/25. 	<ul style="list-style-type: none"> Complete and applied to FY2025/26
	<ul style="list-style-type: none"> The delegation of decision-making within FfC and the Emergency Natural Disaster Response fund (ENDR) to Departmental staff increases the risk of conflicts of interest and potential bias in decision-making. 	<ul style="list-style-type: none"> Implement a policy where sub-committees must include at least 1 distribution committee member. 	<ul style="list-style-type: none"> Complete: Committee: Meeting papers and procedures policy.

Appendix D: Additional information on the April 2025 recommendations

Devolved decision-making aligns with the Board's strategic direction

1. At its August 2021 meeting, the Board agreed to 5 fundamental system shifts as the basis of an evolved lottery grants system.⁴ These shifts map the change required to align the lottery grants system with the good funding practice principles and are reflected in the SOI. Devolved decision-making is amongst those system shifts.
2. Bringing decision-making closer to where outcomes are being delivered ensures a better understanding of local priorities and maximises the impact of the funding. This is consistent with the May 2024 review findings which reported that the regional lottery committees were more responsive to the aspirations of community, hapū and iwi. While specialist committees were observed to have strong sector knowledge, their local connection and knowledge was less developed.

The outcomes framework reduces the need for specialist committees

3. The current distribution structure is a blend of past and new practice. Previously committee purpose was used as the tool to direct Board funding towards specific sectors. For example, the purpose of the Lottery Environment and Heritage (LEH) committee is to provide funding that will protect, conserve and promote New Zealand's natural, cultural and physical heritage. The LEH committee therefore prioritise funding towards requests that align with that purpose.
4. Contrastingly, the new outcomes framework maps out the types of outcomes that will support the Board to achieve its strategic intent. The Board has directed that committees prioritise funding towards requests which align with the framework and therefore, the Board's strategic direction, from 1 July 2025. This shift reduces the need for specialist committees to channel funding and supports the Board's desire for a more efficient and effective model.
5. Some specialist committees may continue to serve a purpose within a regionally orientated model. For example, Lottery Oranga Marae where decisions are made by Māori for Māori, supports the Board's commitment to Te Tiriti o Waitangi through its interim policy.

[REDACTED] 9(2)(g)(i)

[REDACTED]

[REDACTED]

7. These findings are supported by the successful redirection of several potential LCRS and LSP requests to other lottery committees during the period of recess. The period of recess and pattern of undersubscription means disestablishing these 2 funds is likely to have a low impact on community, hapū and iwi.
8. Disestablishing these committees would allow for a simplified committee structure, with minimal impact on applicants.

⁴ The system shifts which were agreed by the Board as part of the [Community funding model work programme: Project plan and indicative budget proposal – August 2021](#) are: A funding system that is strategy-led and learns, high trust and relational approach, funding for equity, devolved decision-making and flexible funding and collaboration to achieve the greatest impact.

Out of Scope

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]



Internal Affairs
Te Tari Taiwhenua

From: Margot Dow <@..>
Sent: Monday, 18 May 2026 2:47 pm
To: Margot Dow <@..>
Subject: FW: LDC Briefing due 27NOV

Kind regards
Margot



Margot Dow | Private Secretary – Racing | Office of Rt Hon Winston Peters
Minister of Foreign Affairs | Minister for Racing | Minister for Rail | Leader of New Zealand First
7.4EW, Parliament Buildings, Wellington 6160, New Zealand

M: 9(2)(a) | DDI: 9(2)(a)
Email: @.. Website: www.Beehive.govt.nz

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From: Margot Dow
Sent: Tuesday, 25 November 2025 4:23 PM
To: 'Gina Smith' <@.>
Subject: RE: LDC Briefing due 27NOV

Perfect, thanks Gina!

Kind regards
Margot



Margot Dow

Private Secretary – Internal Affairs | Office of Hon Brooke van Velden
Minister of Internal Affairs
Minister for Workplace Relations
MP for Tāmaki

M: 9(2)(a) | DDI: 9(2)(a)
Email: <@.> Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Authorised by Hon Brooke van Velden, Parliament Buildings, Wellington

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From: Gina Smith <@.>
Sent: Tuesday, 25 November 2025 4:19 PM
To: Margot Dow <@.>
Subject: RE: LDC Briefing due 27NOV

Hi Margot

We can pull the committee priorities together. I will probably just leave it as a stand-alone paper and look to send it to you this week.

Gina

From: Margot Dow <@.>
Sent: Tuesday, 25 November 2025 2:35 pm
To: Gina Smith <@.>
Subject: LDC Briefing due 27NOV

Hi Gina, Minister's queried PMPAG priorities, and requests a list of priorities by committee please (based on Appendix A, PMPAG strategic feedback, I assume these were set in June?)

Can this be incorporated into the briefing due Thu? Or if you prefer, Hoani could bring it over for his session with Minister on Monday?

Otherwise, there was no feedback on today's meeting.. reference to the Korean Choir's recurring funding was understood but potentially problematic to 'carry over' funds year on year. So, no further action required on this. Ongoing interest in how the Community Matters website can be improved.

Hope this makes sense, please call me if not!

Kind regards

Margot



Margot Dow

Private Secretary – Internal Affairs | Office of Hon Brooke van Velden
Minister of Internal Affairs
Minister for Workplace Relations
MP for Tamaki

M: 9(2)(a) | DDI: 9(2)(a)
Email: m.dow@parliament.nz Website: www.Beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Authorised by Hon Brooke van Velden, Parliament Buildings, Wellington

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Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: **Proposed changes to Lottery Grants Board Te Puna Tahua distribution committee structure**

Date: 27 November 2025

Key issues

This briefing seeks your feedback on a proposed new distribution committee structure that includes disestablishing 3 specialist committees. We also seek your feedback on whether you wish to consider further changes to the regional committee structure. Your forthcoming proposal to Cabinet on community returns from online gambling may also impact the committee structure, and we will ensure any implications are reflected in future advice. There is also an opportunity to work with the Minister of Community and Voluntary Sector on ensuring the efficient distribution of funding to the community sector in relation to lotteries funding.

Action sought

Provide feedback on the proposed new structure which includes disestablishing the: Lottery Outdoor Safety committee, Lottery Health Research committee; and the Lottery Environment and Heritage committee.

Provide feedback on the timing of the proposed changes.

Indicate if you would like consideration of further changes to the regional committee structure.

Timeframe

11 December 2025

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Gina Smith	General Manager, Community Operations	9(2)(a)	✓
Leora Hirsh	Manager, Strategic Programmes and Partnerships	9(2)(a)	

Return electronic document to:	Kimberley Sweeney kimberley.sweeney@dia.govt.nz
Hukatai reference	Briefing Min IA IA202510063 - Proposed new LGB distribution committee structure - IN-CONFIDENCE.docx
Ministerial database reference	IA202510063

Purpose

1. As the Minister of Internal Affairs, you hold statutory responsibility for establishing and disestablishing lottery distribution committees (committees).¹ Consistent with the expectations you have set for strong governance, this briefing:
 - provides key findings from a review of the Lottery Grants Board Te Puna Tahua (the Board) distribution committee structure; and
 - seeks your direction on the proposed new committee structure and timing for implementation.
2. The briefing also signals areas where you may wish to consider alternative parameters for committee design, including a more fundamental rethink of the regional model, and outlines other developments and opportunities that may affect the future structure.

Lottery funding is distributed through a mix of regional and national committees

3. Excluding statutory arrangements and the Minister's Discretionary Fund (MDF), lottery funding is currently distributed through 11 regional Lottery Community (LC) committees, 1 national Lottery Community committee (LNC) and 6 active specialist committees, with a national scope.
4. The 11 regional committees are based on regional and local government boundaries. Regional committees consider requests from applicants within a specific region, whereas the LNC committee considers requests from applicants delivering services in more than one region.
5. Contrastingly, the 6 active specialist committees each have a national focus on a specific purpose. For example, building and restoration of community facilities; environmental preservation; and revitalisation of marae.
6. We refer you to **Appendix A** for an overview of the distribution structure, and to **Appendix B** for a summary of the committee purposes.

We have completed a 2-stage review of the lottery distribution committee structure

7. As outlined in the 9 October 2025 briefing (IA20259393), in September 2022 the Board directed the Department to undertake a review of the distribution committees as part of its Kia Tipu, He Tipua work programme (the programme). You were provided with a copy of the initial review findings as part of the Board's 2 May 2024 meeting pack.
8. Due to the concurrent timing of the development of the Board's *Statement of Intent* (SOI), a second stage review was undertaken to identify opportunities to align committee structure with the Board's strategic direction. You were provided a copy of the second stage review findings as part of the Board's 10 April 2025 meeting pack.

¹ Gambling Act 2003, section 280

9. Both stages of review concluded that the Board's desired system shifts² could best be achieved through a modification to the current regional and specialist (national) committee structure. Notable modifications being:
- the devolution of decision-making to regionally oriented committees; and
 - a reduction in the number of specialist committees.
10. The Board endorsed these modifications in April 2025.

We recommend continuing a mixed model of regional and specialist (national) distribution committees, with targeted changes to the specialist committees

11. In line with your expectation that the role, function, number, and purposes of Distribution Committees be fit for the adequate and efficient distribution of funds into communities, we recommend retaining a mixed model of regional and specialist (national) committees, with targeted changes to improve clarity, accessibility, and alignment with community needs. A summary can be described as follows:
- Disestablishing three specialist committees: Lottery Outdoor Safety (LOS), Lottery Health Research (LHR), and Lottery Environment and Heritage (LEH) - where functions can be more effectively supported through regional mechanisms or integrated into existing structures.
 - Retaining three specialist committees that serve core purposes and require targeted expertise: Lottery Individuals with Disabilities (IWD), Lottery Oranga Marae (LOM), and Lottery Community Facilities (LCF) - where specialist expertise is essential for delivering equitable and well-informed funding decisions.
 - Maintaining the 11 regional Lottery Community (LC) committees and the national Lottery Community (LNC) committee at this stage recognising their role in ensuring that funding designated for community is accessible to communities in a timely and locally informed way.
12. These proposed changes respond to your direction that the distribution committee system be streamlined, fit-for-purpose, and capable of delivering funding in a way that is efficient, community-centred, and aligned with the Board's statutory responsibilities under the Act.
13. These recommendations also reflect the Board's desired system shifts—particularly devolving decision-making closer to communities and simplifying the overall structure—while preserving targeted expert input where it remains necessary.
14. In conjunction with the 2 recessed committees disestablished as per the October 2025 briefing,³ this proposed change would result in a total reduction of 5 specialist committees. The total number of committees would reduce from 20 to 15, with 11 LC regional committees, the LNC committee and 3 specialist committees. **Appendix C** provides an illustration of what the proposed new committee structure would look like.

² These system shifts were determined by the Board as part of establishing the Kia Tipu, He Tipua programme and include a simplified and more cost-effective system that is strategy-led, data driven, relational, equitable, flexible, collaborative and one that learns.

³ The Lottery Significant Projects and Lottery Community Sector Research committees.

15. Detailed analysis of why these recommendations have been made are outlined in **Appendix D**.

We recommend retaining specialist committees that serve a core purpose

16. We recommend retaining 3 specialist committees within the proposed new structure: Lottery Individuals with Disabilities, Lottery Oranga Marae, and Lottery Community Facilities committees. This is because these 3 committees align well with the Board's SOI and:
 - progress the Board's strategic direction, and delivery of Board policy, in a way that is unlikely to be achieved without targeted funding, and/or
 - require subject knowledge expertise and/or lived experience that is unlikely to be available on a committee where the purpose is broad (such as Lottery Community) and could not be appropriately provided via advisory input.
17. See **Appendix E** for assessment of each specialist committee against the above conditions.

Alternatively, there is an opportunity to consider alternative parameters, including a more fundamental rethink

18. While the recommended changes reflect your expectations and the Board's current priorities, there is scope to consider more substantive changes to ensure their function, number, and purposes fully support adequate and efficient distribution of funds into communities.
19. You may wish to consider the committee structure against a different set of parameters, including whether a more substantive reconfiguration of the regional model is preferred, and if all three remaining specialist committees are required. We would welcome the opportunity to discuss this with you.

Emerging changes and opportunities to incorporate into the role and function of distribution committees

20. The Department also recognises the context within which support for community groups is evolving.

Online gambling community return

21. Your proposal to Cabinet on delivering community returns from online gambling could require structural adjustments depending on whether the Board becomes the allocation mechanism for this appropriation, and whether you choose to establish a new committee or embed this function within an existing one. We will incorporate the impact of those decisions into ongoing policy work on the role and function of distribution committees.

Cross-government funding coordination

22. As the Department's Chief Executive noted in his letter to you of 19 November, the Minister for the Community and Voluntary Sector is interested in how grants distribution could be more efficient. We have provided advice to the Minister about opportunities to improve coordination of community funding across government and with other sector funders. There is a complementary opportunity for you, as Minister

of Internal Affairs, to shape work on the efficient distribution of lotteries funding to the community sector.

23. We have recommended a meeting between you and the Minister for the Community and Voluntary Sector before Christmas to discuss alignment opportunities and to agree the parameters of any policy work you wish to progress.

We will explore operational level opportunities to improve system efficiency

24. In addition to the proposed structural changes, we intend to explore operational level changes over FY2025/26 and FY2026/27 to improve the efficiency and impact of lottery funding:

- adjusting the settings of the IWD committee to enable wider community benefit and reduce its risk profile,
- exploring the redirection of the Water Safety funding allocated to Sport NZ via the MOU to Lottery Community (or LOS should the committee be retained) for direct distribution,
- working with you and the Board to determine whether the settings of the Emergency Natural Disaster Relief Fund continue to reflect the Board's funding priorities and whether this remains the most appropriate mechanism for supporting communities following natural disaster events, and
- increasing the frequency of Lottery Community funding rounds to improve the responsiveness of funding.

25. We will update you at the appropriate time on our analysis of these operational changes and seek your direction prior to updating the Board.

Next steps

26. Depending on your preferred direction, next steps could include operationalising changes to the committee structure, reporting back with alternative configuration options, and/or supporting you to engage with the Lottery Grants Board on these or any other approaches you may wish to explore.

Recommendations

27. We recommend that you:

- | | |
|---|---------------|
| a) provide feedback on the proposed changes to the distribution committee structure | Yes/No |
| b) indicate if you would like consideration of alternative or additional changes to the distribution committee structure | Yes/No |
| c) agree to disestablish the Lottery Outdoor Safety committee | Yes/No |
| d) agree to disestablish the Lottery Health Research committee | Yes/No |
| e) agree to disestablish the Lottery Environment and Heritage committee | Yes/No |

9(2)(a)

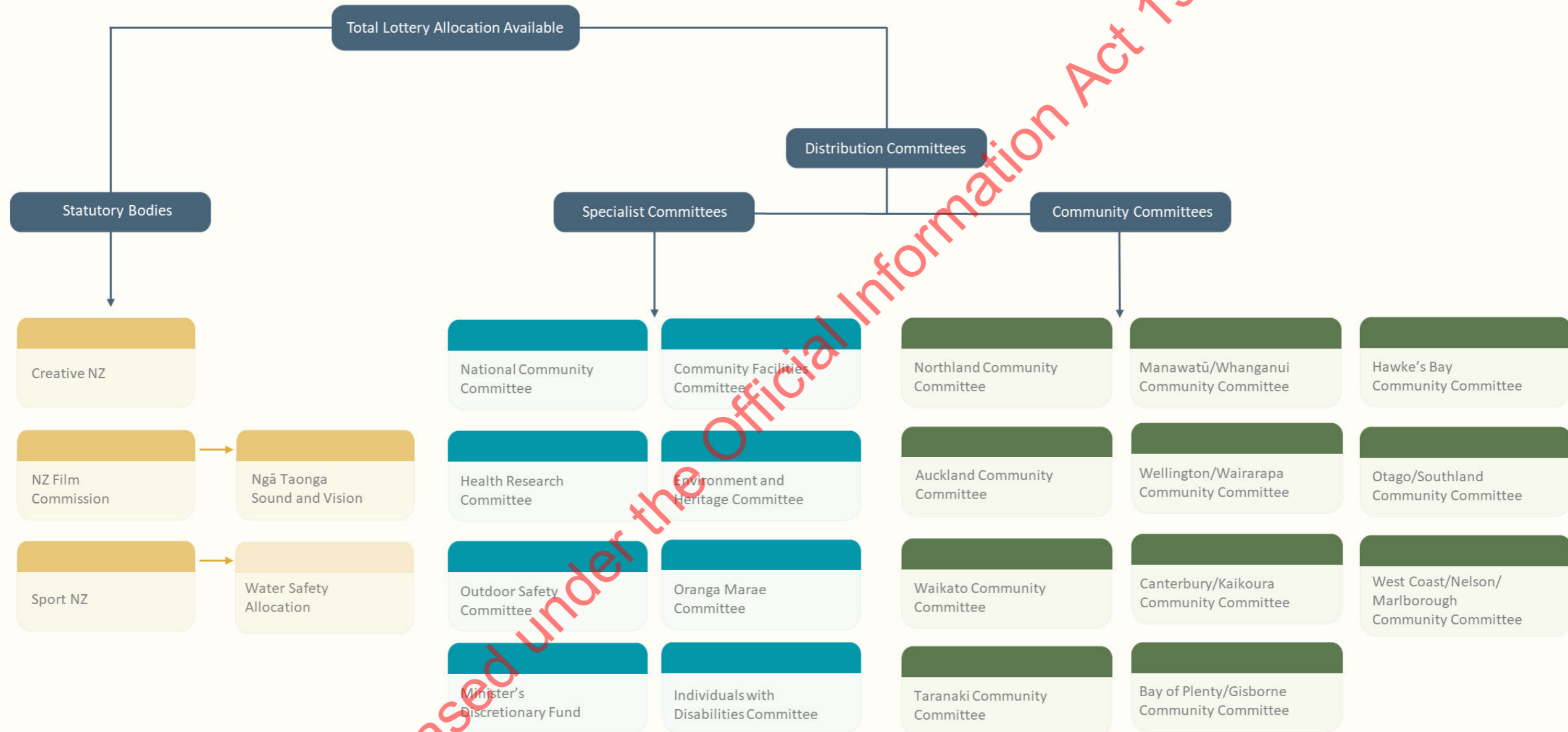
Gina Smith
General Manager, Community Operations

Hon Brooke van Velden
Minister of Internal Affairs

_____/_____/_____

Appendix A: Overview of Lottery Grants Board Te Puna Tahua distribution model FY2025/2026

Distribution of funds
2024/2025



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*Significant Projects and Community Sector Research committees in recess for 2025/2026

Appendix B: Current distribution committees – purpose and granting data (FY2024/25)

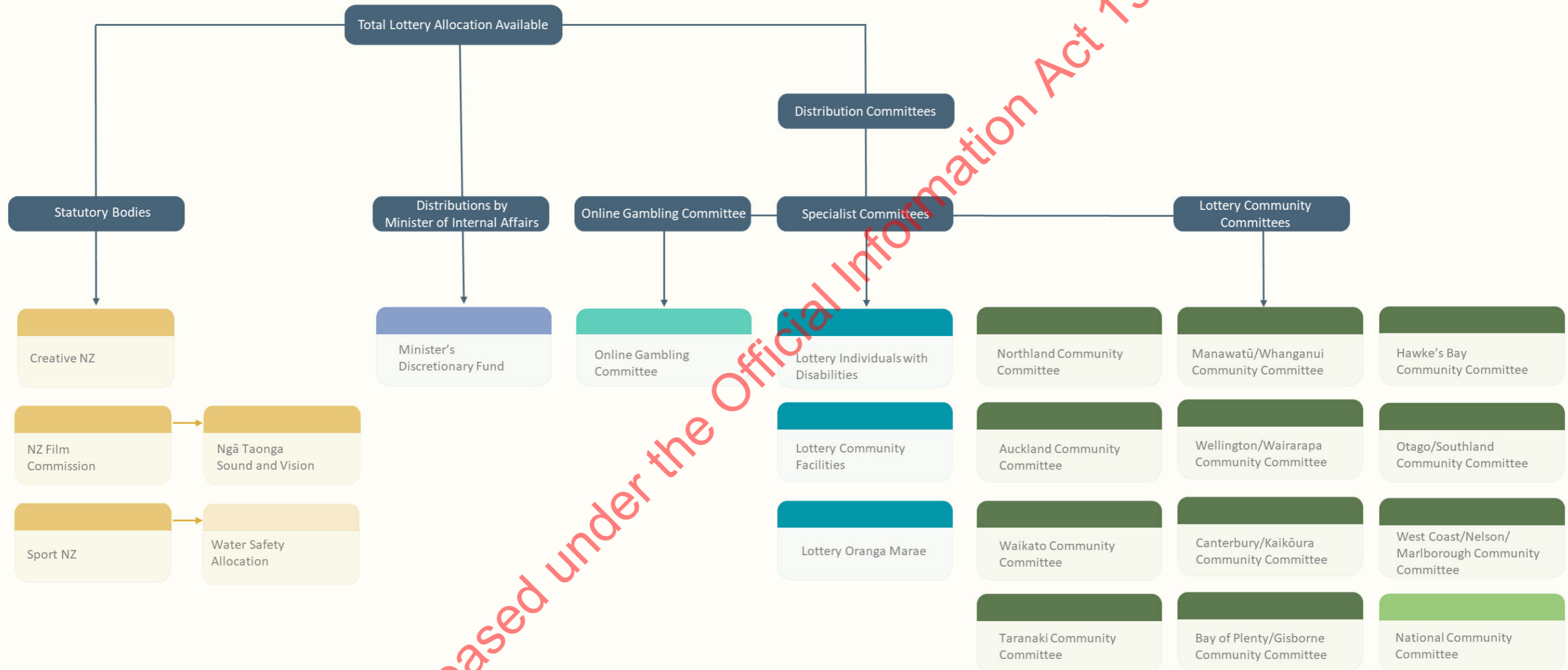
Committee	Purpose	Allocation amount FY 2024/25	Number of requests	Number grants awarded
Lottery Minister's Discretionary Fund	The Minister of Internal Affairs approves grants to projects that fall outside the responsibility of the other lottery distribution committees. The Emergency Natural Disaster Relief funding is also distributed via the Minister's Discretionary Fund.	\$ 6,000,000	55	46
Lottery National Community Committee	Distributes funding on a national basis for developmental or preventative projects, welfare, and support services, and for projects that improve community wellbeing.	\$ 27,274,699	417	293
Lottery Regional Community Committees (x11)	Distributes funding on a regional basis for developmental or preventative projects, welfare, and support services, and for projects that improve community wellbeing.	\$ 95,540,572	3,351	2,841
Lottery Environment and Heritage Committee	Distributes grants for projects that promote, protect and conserve New Zealand's natural, physical, and cultural heritage.	\$ 17,861,560	243	141
Lottery Health Research Committee	Distributes grants for research promoting the health of New Zealanders.	\$ 2,738,781	100	22
Lottery Individuals with Disabilities Committee	Distributes grants to people with mobility and communications-related disabilities for the purchase and adaptation equipment to enhance their participation in the community.	\$ 10,295,975	1096	550
Lottery Oranga Mārae	Distributes grants with the goal of supporting the physical and cultural revitalisation of marae, as centres of Māori identity and mātauranga.	\$ 43,000,000	75	48

Lottery Outdoor Safety Committee	Distributes grants to water safety and outdoor safety projects.	\$ 10,770,930	14	5
Lottery Community Facilities Committee	Distributes grants for building or improving community facilities that support participation and foster community cohesion. Emphasis is on facilities that are open for use to the wider community, or that can be used for a range of services and activities.	\$ 20,018,544	298	167
Committees due to be disestablished (recessed for FY2024/25)				
Lottery Community Sector Research Committee	Distributes grants for the undertaking and use of research and evaluation by, and for, community organisations.			
Lottery Significant Projects Committee	This fund provides support to organisations undertaking major community-based capital expenditure projects in the areas of arts, culture and heritage, sport and recreation, conservation and the environment, economic development, and/or visitor services and tourism. Projects must have a total cost of over \$3 million. This fund is activated when allocation is available.			

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Appendix C: Proposed future Lottery distribution committee structure

Proposed Lottery Grants Board distribution committee structure from FY2027/28



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Appendix D: Summary of proposed structural changes

The following table sets out detail on the three committees recommended for disestablishment—including rationale, where their functions would shift to, risks and mitigations, and proposed implementation timing—as well as the assessment supporting retention of the three specialist committees.

Recommendation 1: Disestablish the Lottery Outdoor Safety (LOS) committee				
Rationale	Function redirected to...	Risk	Risk mitigation	Effective as of FY
<ul style="list-style-type: none"> While grants awarded through the LOS committee align with the Boards SOI, the nature of requests also reflect the purpose and scope of the LNC committee. Importantly, the LOS and LNC committees are made up of the same committee members meaning the individual decision-makers would remain the same. Disestablishing the committee would streamline the current committee structure with minimal disruption to applicants or the decision-making process. 	<ul style="list-style-type: none"> The LNC and LC regional committees.⁴ 	<ul style="list-style-type: none"> Disruption of funding to the 4 regular recipients of LOS funding,⁵ prompting a negative reaction from the sector. The Board no longer has an appropriate mechanism to fund towards outdoor and water safety outcomes. 	<ul style="list-style-type: none"> Update the operational settings of the LNC committee to make clear the eligibility of those organisations which currently receive funding through the LOS committee. Option for the Board to consider that a portion of the LNC allocation be ring-fenced specifically for outdoor and water safety initiatives for a set period. This would ensure ongoing support for LOS recipients while the change embeds. 	2026/27
Recommendation 2: Disestablish the Lottery Health Research (LHR) committee				
Rationale	Function redirected to...	Risk	Risk mitigation	Effective as of FY
<ul style="list-style-type: none"> Analysis of funding distributed through the LHR committee has shown that few grants awarded focus on topics which specifically benefit the groups named in the Act and/or progress the Board's SOI. Health research funding is the core responsibility of the Health Research Council of New Zealand (HRC). The SOI notes that grant-making in areas considered the core work of other agencies is only prioritised when it aligns with the Board's outcomes and delivers additional impact. There is little evidence that LHR funding meets these conditions. 	<ul style="list-style-type: none"> Future requests for health research funding could be considered through the MDF, providing they meet the qualifying conditions. 	<ul style="list-style-type: none"> Tertiary sector institutions are the primary recipients of funding through the LHR committee, and this disruption to a well-established funding stream may prompt a negative reaction from the sector. Due to the complex nature of requests to this committee, it is likely that some will already have requests underway in anticipation of the FY2026/27 funding round. 	<ul style="list-style-type: none"> Targeted communications to tertiary sector institutions to raise awareness of the change and MDF as a potential funding source. Delay the disestablishment date to FY2027/28 to allow more time for the sector to adjust to the change. 	2026/27

⁴ The purpose of the LOS committee limits eligibility and has led to only 4 recipients receiving funding for several years. At the Board's October 2025 meeting the LOS committee (via Board liaison member Karen Coutts) raised concerns about the limited number of organisations receiving funding for outdoor and water safety. Should you agree to disestablish the LOS committee, we will revise the operational settings of the LNC and regional LC committees to ensure a wider range of organisations have access to funding for outdoor and water safety outcomes.

⁵ The regular recipients are Royal New Zealand Coastguard, NZ Mountain Safety Council, Surf Life Saving New Zealand and New Zealand Land Search and Rescue.

<ul style="list-style-type: none"> Disestablishing the committee would simplify the existing committee structure, without impacting delivery of the SOI. 				
Recommendation 3: Disestablish the Lottery Environment and Heritage (LEH) committee				
Rationale	Function redirected to...	Risk	Risk mitigation	Effective as of FY
<ul style="list-style-type: none"> The purpose and function of the LEH committee continues to align with the Board's SOI however, this could be delivered by other lottery committees. The Department's review of committee structure determined that bringing decision-making closer to where outcomes are delivered enables deeper understanding of local priorities and maximises funding impact. Disestablishing the LEH committee and redirecting some requests to regional committees would support a move towards regionally orientated decision-making The committee could be disestablished with minimal impact on the sector's access to funding or the Board's SOI delivery. 	<ul style="list-style-type: none"> The Board's funding towards environmental and heritage outcomes could be redirected through the LNC, LC and Lottery Community Facilities (LCF) committees. Disbursement of requests across these 3 committees would capture the varied nature of requests to the LEH committee and ensure current outcomes continue to be supported.⁶ 	<ul style="list-style-type: none"> Disruption of funding to the environment and heritage sector, prompting a negative reaction from the sector and the current committee members (who are highly connected to the sector). Decision-makers on the LNC, LC and LCF committees may lack the subject matter expertise required to make robust decisions. The Board no longer has an appropriate mechanism to fund towards environmental and heritage outcomes. 	<ul style="list-style-type: none"> Update the operational settings of the LNC, LC and LCF committees to make clear that the types of requests currently funded through LEH are eligible. Delay disestablishment of the committee until FY2027/28 to allow time for communications to the sector and to work with the committee to ensure a smooth transition of environment and heritage funding to other parts of the system. Explore mechanisms for incorporating external advisory input where subject matter expertise is required.⁷ Recommend to the Board that a portion of the LNC, LC and LCF allocations be ring-fenced to ensure continuity of funding towards environmental and heritage outcomes for a period. 	2027/28

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⁶ Requests for projects that benefit one region would be considered by to the respective regional LC committee, requests for projects that span across two regions would be considered by the LNC committee, and requests which relate to a capital works project above \$50,000 would be considered by the LCF committee. Additionally, at the Board's October 2025 meeting, the LEH committee (via Board liaison member Karen Coutts) raised concerns about the dual purpose of the committee and requested consideration be given to splitting the environment and heritage purposes across two committees. Redirecting requests across LNC, LC and LCF will provide an opportunity to clearly differentiate between environment and heritage outcomes through the adjusted operational settings of these committees.

⁷ This approach is already used effectively elsewhere in the system and has proven to enhance the quality and relevance of decision-making

Appendix E: Assessment of specialist lottery distribution committees against conditions for retaining committee

Specialist lottery committee	Set of conditions			Recommendation
	1. progresses the Board SOI in a way that is unlikely to be achieved without targeted funding	2. supports delivery of Board policy in a way that is unlikely to be achieved without targeted funding	3. requires specialist knowledge and/or lived experience that is unlikely to be available on a committee where the purpose is Board and/or cannot be appropriately provide via advisory input	
Community Facilities committee (LCF)	Yes. The Board's SOI commits to supporting locally led sports and recreation, in part through access to recreation facilities. An avenue for large scale capital works funding is required within the system.	No.	Yes. Difficult for more generalist committees to hold level of expertise regarding capital works project requirements. Level of subject matter input required to make a robust decision is beyond what would be considered 'advisory'.	Retain committee
Health Research committee (LHR)	No. Grants awarded through LHR committee are not well aligned with the Board's strategic direction.	No.	Yes. However, the value of this condition is undermined by the fund's lack of alignment with the Board's SOI.	Disestablish committee
Environment and Heritage committee (LEH)	No. Outcomes supported through the current LOS committee also fit within the parameters of Lottery Community committees.	No.	No.	Disestablish committee
Outdoor Safety committee (LOS)	No. Outcomes supported through the current LOS committee also fit within the parameters of Lottery National Community committee.	No.	No.	Disestablish committee
Oranga Marae committee (OM)	Yes. The Board's SOI expresses a commitment to Te Tiriti of Waitangi through the policies and processes of the system. The OM committee acts as one of the primary levers within the system for the Board to deliver this SOI commitment.	Yes. The Board's interim <i>Te Tiriti o Waitangi</i> policy acknowledges the Articles and Principles of te Tiriti o Waitangi and commits to using these to guide actions that improve the responsiveness and effectiveness of the system. ⁸ The OM committee acts as one of the primary levers within the system for the Board to deliver these policy obligations.	Yes. Decision-makers are required to have a strong understanding of te ao Māori, tikanga and mātauranga Māori. Provision of advisory input would not be sufficient for robust and equitable decision-making.	Retain committee
Individuals with Disabilities (IWD) committee	Yes. The Board's SOI commits to improved equity within the lottery grants system. This recognises that different people with different strengths require different approaches and resources. IWD committee members are appointed with sector knowledge in mind which enables more equitable decision-making. It would be difficult to uphold this with a more generalist committee.	Yes. The Board's <i>Equity</i> policy commits to improved equity within the lottery grants system. The IWD committee acts as one of the primary levers within the system for the Board to deliver these policy obligations in regard people with disabilities (a group specifically named in the Act).	Yes. Difficult for more generalist committees to hold level of expertise regarding barriers to participation for this sector. Provision of advisory input would not be sufficient for robust and equitable decision-making.	Retain committee

⁸ Lottery Grants Board Te Puna Tahua: Te Tiriti o Waitangi policy (interim)



Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: **Next steps for changes to the lottery grants system**

Date: 30 March 2026

Key issues

You have requested the Department support your initiative to make a range of changes to the lottery grants system. As part of this programme of change, you are seeking a new structure for the Lottery Distribution Committees and you have indicated that you wish to implement this new structure for the next financial year (FY 2026/27). This briefing focusses on the initial decisions you need to take to enable the transition to take place within this timeframe and to support your meeting with the Lottery Grants Board on 29 April 2026.

We note you wish to retain one national committee, the Ministerial Discretionary Fund and a consolidated number of regional committees. We propose three options for a consolidated number of zone committees (ranging from four to six).

You will need to appoint members to the new committees. A closed committee appointment process (inviting existing committee members only) would best support the timeframe of establishing the committee structure for FY 2026/27. An open process could be held concurrently so that skill gaps in committee membership could be filled after the general election.

The disestablishment of the specialist national committees may raise concerns from sectors that rely on funding from those committees. We have considered the broader funding needs and will prepare communications material and provide advisory support to these sectors. The Lottery Grants Board could also consider transitional measures to address these concerns.

Action sought	Timeframe
Forward this briefing to the Minister for the Community and Voluntary Sector prior to your meeting with her on 20 April 2026.	By 14 April 2026
Agree to confirm your decision to disestablish the specialist lottery distribution committees and retain one national lottery distribution committee and the Minister's Discretionary Fund. Agree to either the four-zone, five-zone, or six-zone model for regional lottery distribution committees set out in Appendix A .	By 21 April 2026

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Hoani Lambert	Deputy Secretary	9(2)(a)	✓
Gillian Ferguson	General Manager Policy	9(2)(a)	

Return electronic document to: Michael Kane, Michael.kane@dia.govt.nz

Hukatai reference: [H2CSPSDHQWZF-1607124833-221](#)

Ministerial database reference: IA202611481

Purpose

1. This briefing seeks your decisions on:
 - 1.1 a reconfigured set of lottery distribution committees;
 - 1.2 other design issues for the new committees; and
 - 1.3 the transition to the new lottery distribution committee structure.

Executive summary

2. As part of a broad programme of reform to the Lottery Grants system, you have indicated you wish to significantly restructure the Lottery Distribution Committees. We note you wish to disestablish the specialist committees, while retaining one national committee, the Minister’s Discretionary Fund, and a consolidated set of regional committees.
3. We propose you consider a range of between four and six regional zone committees. A four-zone model would prioritise increasing the population base and geographic area represented by each committee. A five or six-zone model would retain greater community representation and would mitigate the potential challenges of an increased workload per committee.
4. We propose that Presiding Members of the regional zone committees make up an advisory committee to the National Committee to support more coordinated, strategic funding decisions, but not to operate as members of that committee. We also propose that capital grant requests be referred to the National Committee based on national or pan-regional impact, rather than on a monetary threshold.
5. We advise that you appoint existing committee members to the new set of committees to accelerate the appointments process and allow the new system to take effect from early in the 2026/27 financial year. An open appointment process could be undertaken concurrently to fill in potential gaps in committee membership after the general election.
6. Strong communications and advisory support will be important to manage the disestablishment of the specialist committees, as the sectors they service may be concerned about losing access to funding. The Lottery Grants Board could also consider some transitional measures, such as ring-fencing funding for affected sectors, to ease the transition process.
7. **Table 1** outlines the paragraph numbers for key topics covered in the briefing.

Table 1: Key topics covered in this briefing

Topic	Paragraphs
Regional zones and other design issues	
Regional zone options	16-30 & Appendix A
Presiding Members as advisory committee	31-34
Capital grant requests	35-40
Minister’s Discretionary fund	41-42

Transitional Issues	
Appointment process	43-51
Managing the disestablishment of the specialist committees	52-60

Background

You are seeking broad changes to the Lottery grants system

8. You sought advice on options to improve the way the lottery distribution system functions. You have observed a range of issues with the current system, including:
 - 8.1 a lack of efficiency in the granting process;
 - 8.2 difficulties for customers navigating grant application process;
 - 8.3 limited assurance of oversight of the lottery grants system;
 - 8.4 limited pool of suitable candidates for appointment to each committee; and
 - 8.5 limited space for strategic thinking for funding.
9. You have given a clear direction that you want bold change to address these issues to improve the lottery grants system.

This briefing focusses on restructuring the Lottery Distribution Committees, which is one part of the broader work programme

10. We have made some changes to strengthen support of the Lottery Grants Board. These include the review of the Board's secretariat service delivered by the Department, the establishment of the Chief Advisor position to the Board following that review, 9(2)(f)(iv) and the establishment of a service review of the Community Operations business group.
11. In our joint briefing to you and the Minister for the Community and Voluntary Sector in February [IA202610864], we advised on a proposed work programme for improving community funding overseen by the Community Operations Group. This briefing focusses on key decisions needed for restructuring the Lottery Distribution Committees, which is one of the short-term milestones for the work programme.
12. There are a range of other operational measures that are being progressed including improvements to the Community Matters website.

You have indicated your preferences on key aspects of the new structure, so this briefing focuses on options for the number of regional 'zone' committees

13. We note you have indicated a preference for:
 - 13.1 significantly consolidating the set of regional committees.
 - 13.2 disestablishing the specialist committees;
 - 13.3 retaining a single national committee; and
 - 13.4 retaining the Minister's Discretionary Fund

14. We also understand that you wish to establish a subcommittee, within the new national committee, that will be allocated the proceeds from online casino gambling to distribute.
15. On this basis, we have limited our analysis to a narrow band of options for a consolidated set of regional committees. However, this briefing also seeks to formally confirm the full set of decisions you intend to take for restructuring the lottery distribution committees.

Regional zone options

We propose three options, ranging from four to six regional zone committees

16. We have developed three options that consolidate the regional committees into four, five, or six regional 'zone' committees to sit alongside the single national committee and the Minister's Discretionary Fund.
17. **Table 2** provides a high-level overview of how the zones would be split out across the options and provides their population levels. The options attempt to balance population levels, while aligning with existing regional areas. More details on the zones and their design are provided at **Appendix A**.

Table 2: Zone options (population, rounded to nearest 1,000)*

Four zones	Five zones	Six zones
1. Upper North Island (2.02 million)	1. Upper North Island (2.02 million)	1. Upper North Island (2.02 million)
2. Central & Eastern North Island (1.12 million)	2. Central & Western North Island (659,000)	2. Central & Western North Island (659,000)
3. Lower North Island (934,000)	3. Eastern North Island (588,000)	3. Eastern North Island (588,000)
4. South Island (1.26 million)	4. Lower North Island (804,000)	4. Lower North Island (804,000)
	5. South Island (1.26 million)	5. Canterbury/Kaikōura (721,000)
		6. Rest of South Island (536,000)

* Population levels are sourced from Stats New Zealand: *Subnational population estimates: As at 30 June 2025*

We propose 'population base', 'managing workloads', and 'community representation' as criteria for considering the zone options

18. A 'population base' criterion links to three of the issues you have identified with the current system:
 - 18.1 limited assurance of oversight of the lottery grants system;
 - 18.2 limited pool of suitable candidates for appointment to each committee; and
 - 18.3 limited space for strategic thinking for funding.
19. Currently, there are eleven regional committees and seven national/specialist committees. While these provide for a strong community voice in decision-making,

they present a fragmented distribution system that inhibits strategic funding decisions. There is also a continual challenge to attract suitable candidates for all these committees, particularly for the regions with lower population levels.

20. A more consolidated set of regional committees that represent larger population bases will enable more strategic funding decisions. Two of the strategic benefits of the consolidated committees are explained in **Table 3**.

Table 3: Examples of potential strategic benefits of consolidated regional committees

Strategic Benefit	Explanation
Avoiding duplication	A more consolidated set of regional committees helps reduce duplication by ensuring that similar projects are not repeatedly funded in different communities without clear need. With greater visibility across a wider area, committees can direct grants where they add the most value, rather than replicating investments already made elsewhere.
Identifying key gaps	A broader regional view makes it easier to spot service, or facility gaps that smaller committees might overlook. This supports more strategic prioritisation by directing funding to the areas of greatest unmet need.

21. The pool of candidates who have strong skills and experience in business, management, community groups and grant-distribution will likely increase as each committee will represent a larger population group. The reduced number of committees may also reduce complexity in assessing and reporting on assurance issues. This could support stronger decision-making across the committees over the long term. The larger the population base per committee, the more these benefits may be realised.
22. A '**managing workloads**' criterion links to two of the issues you have identified with the current system:
 - 22.1 a lack of efficiency in the granting process; and
 - 22.2 a limited pool of suitable candidates for appointment to each committee.
23. If the same number (or a similar number) of grant requests were directed to fewer committees, each committee's workload would increase substantially. In 2024/25, a total of 5,554 grant requests were considered across all committees. Individually, community committees dealt with between 128 and 692 requests each, with an average of 311 per committee. If the same number of requests had been allocated under the new committee structure (one national and four-six regional)—the average workload would rise to between 793 and 1,111 requests per committee.
24. If unmanaged, the increased workload could slow grant decisions and undermine efficiency. However, the Auckland Community Committee provides a useful test case that suggests the increased workload can be handled, as it considered 692 grant requests in 2024/25 and was effective in processing these.¹ We also think additional measures could mitigate the effects on workload and processing times, including:

¹ The Auckland Committee requires 3-4 weeks to review the grant requests across each of the two funding rounds. They have one decision meeting per funding round, which usually takes half a day. Other committees, with lower volumes, typically take two weeks for their review work.

- 24.1 improving our systems to make the decision-making quicker and easier ^{9(2)(f)(iv)}

9(2)(f)(iv)

- 24.2 targeting organisations for funding, rather than individuals. This could reduce the number of overall requests that come through; and

- 24.3 increasing the number of funding rounds to stagger the workload.

25. A subsidiary issue is that the higher workloads could make membership less attractive to potential candidates. This could negatively affect the quality of candidates available to be appointed as members. Higher fees for the additional work would only partly mitigate this issue, as the time commitment would be a more significant factor in deciding to join a committee for many people.

26. The workloads can be managed across all the options. However, the lower the workload is per committee, the more likely it is that grants will be processed quickly and the easier it will be to attract candidates to become committee members.

27. We have included a ‘community representation’ criterion as your directive for consolidated committees still incorporates regional representation, recognising there is value in knowledge about the regions being represented on the committees.

Analysis of the zone options

28. **Table 4** below provides a description of how well each option fulfils the criteria and provides basic ratings to support a comparison of the options.

Table 4: Zone option analysis

Four zone	Five zone	Six zone
<p>This option best meets the population base criterion, establishing committees that represent four large population sets.</p> <p>This approach would most emphasise obtaining candidates with the general skills sought for committee members - business, management, community groups and grant-distribution - and providing for a strategic approach to funding decisions.</p> <p>This approach is weakest on the community representation and managing workload criteria.</p>	<p>This option measures second best against the population base criterion. It provides committees that represent a mix of two large and three mid-sized population bases.</p> <p>This option measures second best against the workload criterion, but it does not reduce the workload of the two largest committees (Auckland and the South Island).</p> <p>It also rates second best on the ‘community representation’ criterion.</p>	<p>This option ranks worst on the population base criterion but is not significantly worse than the five zone option – the smallest population represented in the six-zone model is 536,000 compared with the smallest population in five-zone model being 588,000.</p> <p>This option significantly reduces the workload for committees servicing the South Island compared with the four and five zone options.</p> <p>It also represents an improvement on community representation by splitting up the South Island into two zones.</p>

<u>Four zone ratings</u>	<u>Five zone ratings</u>	<u>Six zone ratings</u>
Population base: ✓✓✓	Population base: ✓✓	Population base: ✓
Managing workload: ✓	Managing workload: ✓✓	Managing workload: ✓✓✓
Comm. representation: ✓	Comm. representation: ✓✓	Comm. representation: ✓✓✓

29. The range of options is narrow (four to six zones) and each represents a significant shift from the status quo. Overall, the differences between the options are small, and all are viable. For instance, each of the options represents a substantial improvement on the 'population base' criterion compared with the status quo.
30. The decision depends on how strongly you wish to prioritise each criterion. For instance, if you consider achieving a high population base across all the zone areas is critical, the four-zone model might be best. Conversely, if you want to mitigate the risks of excess workloads or retain more community representation then the five or six-zone models may be preferable to the four-zone model.

Other design decisions for the lottery distribution committees

We consider national and regional decision-making can be connected through a Presiding Member advisory committee

31. We note you have expressed an interest in a model where the presiding members of the regional committees make up most of the membership of the national committee, with an independent chair and infrastructure expert appointed in addition.
32. One initial challenge to this approach is that under section 280 of the Gambling Act 2003 the maximum number of committee members per committee is five. This means that only three presiding members could be appointed, with the additional two members.
33. We also consider that splitting the presiding members duties across the new regional and national committees would create a significant workload for these members – approaching the level of a part-time job. It may be difficult to attract candidates to take on this workload. Members may also choose to prioritise one aspect of the job (i.e. national committee duties) over the other aspect (i.e. leading the regional committee).
34. An alternative approach where the presiding members of regional committees make up an advisory committee for the national committee could work well. This grouping could also regularly report to the Lottery Grants Board (e.g. quarterly). This would be similar to the current Presiding Members Policy and Advice Group (PMPAG) but with a more strategic focus. This approach could facilitate coordination between regional and national decision-making, while containing the workload of these members. We can develop this idea further to ensure it meets your objectives.

We recommend capital grant requests are allocated to committees based on criteria of regional vs. national significance

35. We note you have indicated an interest in setting a monetary threshold for capital grant requests being considered by the National Committee. For context, **Table 5** shows the number of capital grants approved in 2024/25 at different cost bands.

Table 5: Capital project requests granted in 2024/25

Under \$500,000	\$500,000	\$1-2 Million	\$2 Million +	Total
101	45	23	11	180

36. Setting a monetary threshold aligns well with a model where the National Committee specialises in capital projects and regional committees focus on non-capital granting. This could also allow zone committees to prioritise regional representation over capital expertise. Under such an approach, a threshold of \$1 million or \$2 million could be chosen.
37. However, retaining the existing criteria for projects being referred to the National Committee is feasible and may have benefits:²
- 37.1 **Zone committees can reasonably hold the expertise needed for significant capex decisions.** They will represent larger population groupings than current regional committees and can draw on external experts and the Department’s advisory service for technical support.
- 37.2 **Zone committees have stronger insight into community impacts.** They are better placed to understand which projects will deliver the greatest value locally and where duplication may occur across neighbouring areas. This supports the expected strategic role of zone committees.
- 37.3 **A monetary threshold alone would not remove the need for mixed expertise across the committees.** The National Committee will still consider complex non-capital grants (e.g., national service providers). Likewise, zone committees would still deal with smaller capital projects, so would require some capital capability regardless.
38. We would expect higher value capital projects would qualify to be considered by the National Committee. However, it is feasible that a lower cost project, with national significance, could go to the National Committee, while sizeable but locally focused projects would remain with zone committees. For example, a \$1.5 million project may be of high value to one region but not nationally significant, whereas a \$1 million project with nationwide impact could be considered by the National Committee.
39. While this approach has drawbacks, these are manageable. With fewer committees, visibility and oversight of large capital decisions will improve, reducing the risk of poor decision-making on high value projects. Any potential uncertainty in the criteria for customers could be addressed through the improvements we are making to the Community Matters website, which aim to simplify navigation of the grant seeking process.
40. On balance, we recommend determining capital expenditure responsibilities based on the current criteria, as this preserves the value of regional insight while enabling appropriate national oversight on projects of national significance. The case for retaining the current criteria is stronger if you decide on a four-zone regional committee model, as this further prioritises strategic decision-making for these committees. You could also pursue a mixed approach, where the current criteria for

² The current criteria includes whether the project has ‘national significance’, is ‘shovel ready’, has impacts across multiple regional zones, or is a grant request from a national organisation.

referring grants to the national committee are retained but a high monetary threshold (e.g. \$2 million) is also incorporated.

You could consider reviewing the criteria for the Minister's Discretionary Fund

41. The Minister's Discretionary Fund currently provides funding for projects that fall outside the scope of the other Lottery funds, along with the specific priority areas of volunteer firefighting and emergency ambulance services, animal welfare, and learning and development.
42. Under the new committee structure, it is less clear that there would be projects that fall outside the scope of the other lottery funds. You could consider other additional priority areas, or other criteria for the Minister's Discretionary Fund.

An appointment process is needed to enable the transition to the new committee structure

Appointments should be made by August 2026, which is a tight timeframe

43. We note you wish to have the new lottery distribution committees established for the 2026/27 financial year (beginning 1 July 2026). This will enable allocations to be made to the new lottery distribution committees at the Lottery Grants Board meeting in late June 2026.
44. You will need to establish a new set of committees and disestablish the current set of committees. Between 25-35 appointments will need to be made to fill the new committees, depending on the number of zones you choose to establish.
45. To meet your timeframes for having the new committee structure in place for the 2026/27 financial year, you should prioritise completing the appointments by August 2026. This is because:
 - 45.1 this may be the last possible month where you could make appointments prior to the pre-election period of restraint; and
 - 45.2 it minimises the gap between funding rounds.

We recommend a closed process for initial appointments and an open process for later appointments

46. If you commence the appointment process shortly after your next meeting with the Lottery Grants Board (set for 29 April 2026), there would be three to four months to complete appointments. It would be difficult to secure good candidates within this timeframe, as the process normally takes six months.
47. Restricting the initial set of appointments to current lottery distribution committee members would make this timeframe feasible. There are currently 78 people on lottery distribution committees. If a reasonable proportion of these people applied, then this would provide a pool of experienced committee members to select from for the positions on the new committees.
48. You could commence an open appointment process at the same time as the closed appointment process. The closed process would fill in some of the appointment slots – 3 or 4 per committee prior to the election, and the open process would fill in the remainder after the election. This approach enables the transition to take place within your preferred timeframe, while enabling new committee members to be brought into

the system within the second half of 2026/27. Co-opting members could be used to fill in some membership gaps in the period prior to the completion of the open appointment process.

49. It is possible that very few of the existing committee members are willing to express interest in participating in the new committee structure. This would become apparent by the end of May (after the EOI process has concluded). If this occurs, we recommend reassessing the timeframe for operationalising the new committee structure to allow for an open appointment process to be completed.

We recommend establishing the new committees in April and disestablishing the existing committees in June

50. Under section 280 of the Gambling Act 2003, you must issue a Gazette notice to establish or disestablish Lottery Distribution Committees. We recommend that following the April meeting with the Lottery Grants Board you issue a Gazette notice to establish the new set of committees. This will enable you to commence the appointment process.
51. We recommend you wait until June to issue a notice to disestablish the current committees. This provides time to get a clear view of whether the new committees can be populated with suitably qualified candidates and would allow for a delayed transition to the new structure if that is necessary. This also allows time for the current committees to complete the last funding round for 2025/26.

Managing the disestablishment of the specialist committees

Affected sectors may be concerned by the disestablishment of the specialist committees

52. New sectors and communities may have greater access to lottery grants funding under the new committee structure, and through other initiatives to improve the lotteries funding system. [REDACTED] 9(2)(g)(i)

- [REDACTED] 9(2)(g)(i)
53. In particular, the sectors that are serviced by the specialist committees may see the changes as detrimental.³ Some stakeholders in these sectors rely on the stream of funding that comes through those specialist committees, which may not be guaranteed to the same extent through the new committee structure.

54. Out of the changes, there are two clear risks:

54.1

[REDACTED] 9(2)(g)(i)

- 54.2 An impact risk - if these changes lead to a sudden and large decrease in funding accessed by the sectors that are serviced by specialist committees (e.g. disabled people). Communities could be detrimentally affected by the change. These sectors will still be eligible for funding through the new committees, which mitigates the impact on these sectors, particularly if they are supported in applying to the new committees for grants.

³ The specialist committees include: Lottery Individuals with Disabilities, Oranga Marae, Lottery Environment and Heritage, Lottery Community Facilities, Lottery Outdoor Safety, and Lottery Health Research.

A range of measures could smooth the transition for affected sectors and help achieve community buy-in

55. The Department's advisory support function has strong relationships with the sectors serviced by the current specialist committees and can support them to access funding through the new committees and elsewhere. The advisory support function can also advise the new distribution committees of the broader funding needs in the region, including for those sectors.
56. There may also be ways to smooth the transition for these sectors through the Lottery Grants Board decision-making. One option would be to ring-fence a certain level of funding for the first year of the new committee structure for each of these specialist areas. Another option would be to issue a directive to the committees that these sectors should be prioritised for funding in the first year of the transition. These options could have a functional benefit (ensuring more funding gets to these sectors) and a communication benefit (signalling to these sectors that they are still catered to within the new committee structure).
57. **9(2)(f)(iv)**
58. Strong communications to affected sectors and committee members will be important to secure community buy-in. We will provide you some draft key messages in April, ahead of the commencement of the appointment process. These will cover:
- 58.1 the benefits of the new structure (e.g. strategic funding decisions); and
- 58.2 that sectors that will no longer receive funding from the specialist committees will still be eligible for funding from the new committees.
59. We can also provide a draft press release if you wish to make this a ministerial announcement.

The 2026/27 funding rounds will need to begin in August to enable system change

60. The first 2026/27 community funding rounds are currently planned for opening in July 2026. However, we consider this should be delayed to August to enable the grants management system to be updated with the new structure. We recognise this will increase the gap between funding rounds during the transition, which is not ideal for communities. However, it is important that there is time to get the system changes right before launch.
61. This also allows some time for the Department's advisory services to make necessary operational changes to support the new committee structure and to provide frontline communications to communities about what these changes will mean for them.

Next steps

Transition to the new committee structure

62. We note you wish to communicate your decisions on the restructure of the committees to the Lottery Grants Board at the April Board meeting. We recommend you provide a written memo communicating the Lottery Distribution Committee changes to Board members to support the discussion at the April meeting. We will provide additional materials to support the Board discussions in April and June, including on:

- 62.1 how existing multi-year funding commitments will be addressed under the new committee structure;
- 62.2 how allocations will be divided between the National Committee, Minister's Discretionary Fund and the Zone committees; and
- 62.3 the number of funding rounds for 2026/27.
63. We note you intend to meet with the Minister of the Community and Voluntary Sector, Hon Louise Upston, to discuss the changes to the Lottery Distribution Committee ahead of the Board meeting. We recommend you forward this briefing to her to support the discussion. We can also provide you with talking points if you would find this helpful.
64. We intend to provide you a briefing seeking your agreement to commence an appointment process in late April, so that a request for EOIs can be sent out in early May. We will attach communications materials to this briefing to support you when the changes become public.
65. We recommend you send letters out to the Lottery Distribution Committee members on 30 April, the day after the Board meeting, to explain the changes and the next steps of the transition process. Early, direct communication will help build support for the changes from committee members and will encourage capable and experienced members to apply for positions on the new committees. We can provide draft letters to you in late April if you wish to pursue this approach.
66. **Table 6** outlines the proposed sequence and timing for establishing the new committee structure:

Table 6: Indicative next steps for establishing new committee structure

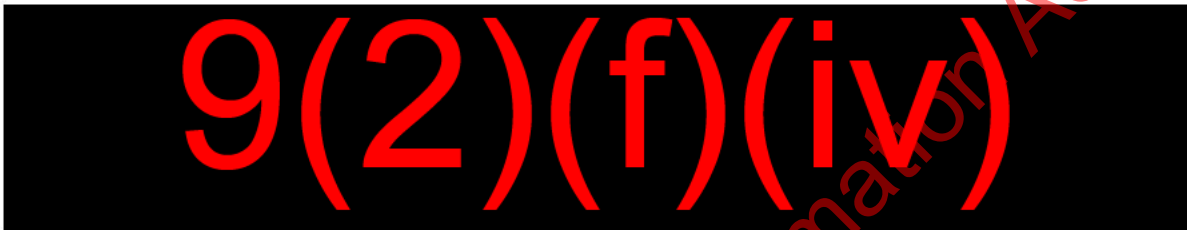
Milestone	Date
Minister of Internal Affairs decides on distribution committee structure	Mid-April 2026
Minister of Internal Affairs meets with the Minister for the Community and Voluntary Sector to discuss lottery distribution committee changes	20 April 2026
Department provides a briefing to commence appointment process and communications material to support the announcement of changes	Late April 2026
Minister communicates decisions with Lottery Grants Board	29 April 2026
Send letters to Lottery Distribution Committee members to communicate the decisions	30 April 2026
Establishment of new committees published in the Gazette and public announcement of changes	Early May 2026
Appointments process commences	Early May 2026
Lottery Grants Board meeting to allocate funding to new committees for FY 2026/27	Late June 2026
Appointments made to new committees under the closed appointment process	August 2026
First funding rounds for 2026/27 open for applications	August 2026

Appointments made to new committees under the open appointment process	Late 2026/Early 2027
--	----------------------

The work programme for lottery distribution improvements

67. Initial improvements for the Community Matters website will be completed by June 2026, and we will update the Board on this work in the April 2026 meeting. We intend to work towards more substantial changes to the website in 2026/27. One opportunity we are investigating is creating a 'single point of entry' to apply for a lottery grant. Under this approach, applicants would not need to interpret which specific committee they are eligible for on the Community Matters website, making the application process simpler.

68.



Recommendations

69. We recommend that you:

- a) **agree** to forward this briefing to the Minister for the Community and Voluntary Sector ahead of your meeting with her on 20 April 2026 Yes/No/Discuss

- b) **agree** to confirm your decisions to:
 - i. disestablish the specialist lottery distribution committees; Yes/No/Discuss
 - ii. retain one national lottery distribution committee; Yes/No/Discuss
 - iii. retain the Minister's Discretionary Fund; and Yes/No/Discuss
 - iv. disestablish the existing regional committees and replace them with a consolidated set of regional zone committees; Yes/No/Discuss
 - v. ring-fence online casino gambling proceeds to a subcommittee within the national lottery distribution committee; Yes/No/Discuss

- c) EITHER Yes/No/Discuss
 - i. **agree** to establish four regional zone committees as outlined in **Appendix A**;

OR

 - ii. **agree** to establish five regional zone committees as outlined in **Appendix A**; Yes/No/Discuss

OR

- iii. agree to establish six regional zone committees as outlined in **Appendix A**;
- d) agree to direct capex funding grant requests to the National Committee based on 'national significance' or having an impact across multiple regional zones; **Yes/No/Discuss**
- e) agree to the National Committee members to be made up of members that are not part of the regional committees; **Yes/No/Discuss**
- f) agree to a combined open and closed appointment process for the new committees; **Yes/No/Discuss**
- g) agree to provide a memo to members of the Lottery Grants Board communicating the changes to the Lottery Distribution Committee structure for the 29 April 2026 meeting; and **Yes/No/Discuss**
- h) agree to send letters communicating the changes to Lottery Distribution Committee members on 30 April 2026, the day after the Lottery Grants Board meeting. **Yes/No/Discuss**

9(2)(a)

Hoani Lambert
Deputy Secretary Partnerships and Commissions



Hon Brooke van Velden
Minister of Internal Affairs

05/04/26

Appendix A: Lottery distribution zone models

Notes on data and the design of the zone options

70. The current geographic areas of the Lottery Community Committees are based mostly on the boundaries of territorial local authorities (TLAs), clustered around regional council area – noting the boundaries of TLAs and regional councils do not match up perfectly.⁴ Some committees have boundaries that better align with the regional council boundaries (for instance Waitaki District Council area is split between the Canterbury/Kaikōura and Otago/Southland committees). Conversely, Taupō District is entirely assigned to the Waikato committee area but is split across three regional council areas.
71. The boundaries of the new zone areas could keep the same mixed approach of territorial local authority boundaries and regional council boundaries or shift to a purely territorial local authority/regional council boundary approach. We have designed the boundaries based on a purely territorial local authority boundary approach.
72. This approach allows for easier comparisons of data from Stats NZ to inform allocation decisions compared with the mixed model. The basis for territorial local authority boundaries (being based on shared communities of interest – with a focus on local services and facilities) is better aligned with the purposes of lottery grants than the basis of regional council boundaries (being based on water catchment areas – with a focus on environmental and transport issues). We have also kept the South Island zones separate from the North Island zones.
73. Within these parameters we have attempted to balance the population levels across the zones to the degree that is possible. This supports the broader objective of balancing the workloads of each of the committees and ensuring each committee is serving a large population.
74. The Upper North Island zone has an oversized population and remains static across the options as it represents Auckland and Northland (and the option design prioritises retaining contiguous geographic areas). It is plausible to split Northland out from Auckland as its own committee. However, the Northland population is small (approximately 201,000) – so doing so would run counter to the objective of establishing regional committees that represent a sizeable population base.

Possible variations on zone options

Possible alternative configuration for five zone model – where the South Island is split into two zones

75. In developing the five-zone model we have prioritised the overall balance of the population groups. However, the five-zone model creates a geographic imbalance between the South Island committee and the North Island committees. It may be challenging for a South Island committee to prioritise grant making across such a large geographic area, with many community and regional areas of interest.

⁴ Unitary authority areas are incorporated into appropriate regional groupings - e.g. Gisborne is part of the Bay of Plenty/Gisborne area. Auckland is the one example where a unitary authority has its own committee.

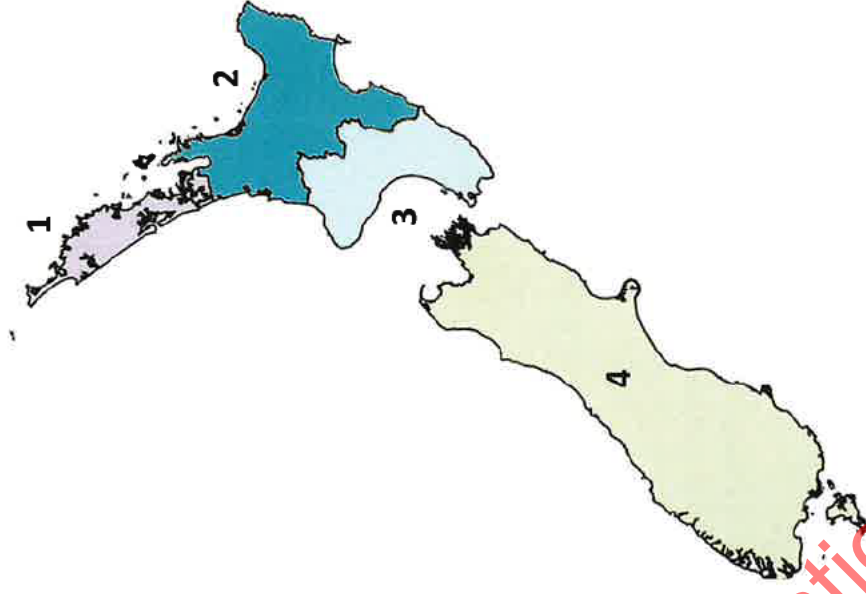
76. These factors could contribute to a different approach, where the South Island is split into two zones under the five-zone model. The full set of zones under this alternative approach is outlined below:
- 76.1 Upper North Island (2.02 million)
 - 76.2 Central & Eastern North Island (1.12 million)
 - 76.3 Lower North Island (934,000)
 - 76.4 Canterbury/Kaikōura (721,000)
 - 76.5 Rest of South Island (536,000)
77. The level of geographic balance is still limited, as the Rest of the South Island zone still represents an overlarge geographic area. We also recognise that the direction of travel is moving away from 'community representation', to strategic decision making. Overall, we consider prioritising the design of the five-zone model based on balanced population levels is best.

Possible alternative configuration for South Island zones

78. Splitting up the South Island into two zones creates a geographic imbalance as the Canterbury region would split off on its own – this would retain the existing Canterbury/Kaikōura committee as is. This approach best balances the populations among the different zones. To better balance geographic areas, an alternative could be to incorporate Marlborough into the Canterbury zone:
- 78.1 Canterbury, Kaikōura, & Marlborough population: 747,000
 - 78.2 Southland, Otago, West Coast, Tasman, & Nelson population: 485,000
79. The population of 485,000 is still significantly larger than the lowest populations represented by the current regional committees (Taranaki: 130,000; Hawke's Bay: 180,000; and Northland: 201,000). Mitigating the significant geographic imbalance could justify the relatively small loss in population balance under this alternative configuration. However, it would split up Marlborough from Nelson and Tasman, which is a natural grouping of regions. On balance, we would recommend keeping Marlborough with the rest of the South Island.

Four zone model

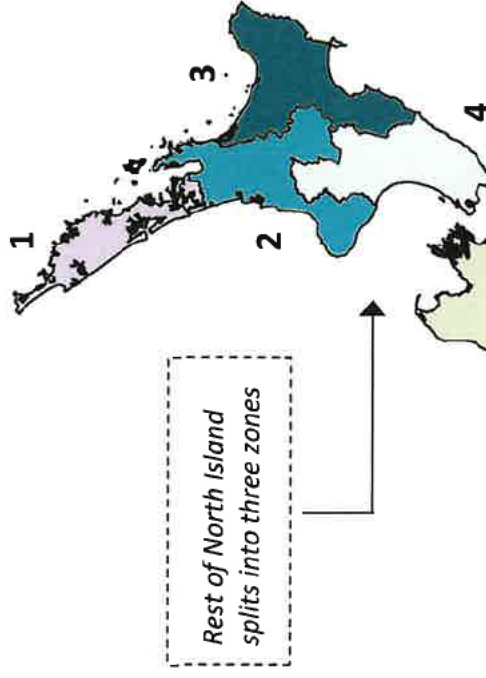
Geographic areas	Population est. 2025 (%)
Zone 1: Upper North island - Auckland - Northland	2,017,000 (37.90%)
Zone 2: Central & Eastern North Island - Waikato - Bay of Plenty - Gisborne - Hawke's Bay	1,116,000 (21.01%)
Zone 3: Lower North Island - Taranaki - Manawatu/Whanganui - Wellington/Wairarapa	934,000 (17.52%)
Zone 4: South Island	1,257,000 (23.64%)



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Five zone model

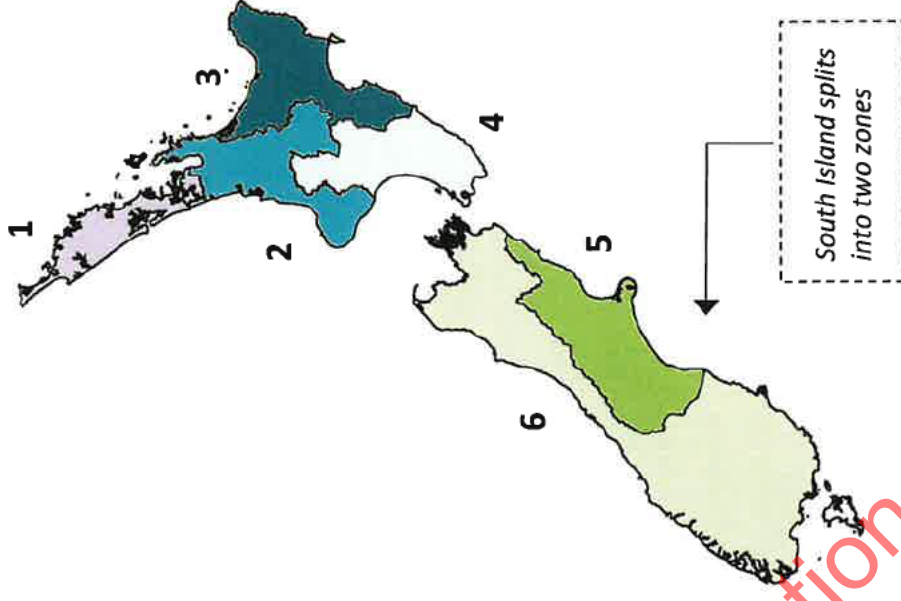
Geographic areas	Population est. 2025 (%)
Zone 1: Upper North island - Auckland - Northland	2,017,000 (37.90%)
Zone 2: Central & Western North Island - Waikato - Taranaki	659,000 (12.36%)
Zone 3: Eastern North Island - Bay of Plenty - Gisborne - Hawke's Bay	588,000 (11.05%)
Zone 4: Lower North Island - Manawatū/Whanganui - Wellington/Wairarapa	804,000 (15.12%)
Zone 5: South Island	1,257,000 (23.64%)



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Six zone model

Geographic areas	Population est. 2025 (%)
Zone 1: Upper North island - Auckland - Northland	2,017,000 (37.90%)
Zone 2: Central & Western North Island - Waikato - Taranaki	659,000 (12.36%)
Zone 3: Eastern North Island - Bay of Plenty - Gisborne - Hawke's Bay	589,000 (11.05%)
Zone 4: Lower North Island: - Manawatū/Whanganui - Wellington/Wairarapa	806,000 (15.12%)
Zone 5: Canterbury/Kaikōura (inc. Chatham Islands)	721,000 (12.78%)
Zone 6: Rest of South Island - West Coast/Nelson-Tasman/Marlborough - Otago/Southeast	536,000 (10.49%)



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List of territorial local authority and unitary authority areas represented by each zone committee

Four zone	Five zone	Six zone
<p>Zone 1: Upper North Island</p> <ul style="list-style-type: none"> - Far North district - Whangārei district - Kaipara district - Auckland <p>Zone 2: Central and Eastern North Island</p> <ul style="list-style-type: none"> - Thames-Coromandel district - Hauraki district - Waikato district - Matamata-Piako district - Hamilton city - Waipa district - Ōtorohanga district - South Waikato district - Taupō district - Western Bay of Plenty district - Tauranga city - Rotorua district - Whakatāne district - Kaverau district 	<p>Zone 1: Upper North Island:</p> <ul style="list-style-type: none"> - Far North district - Whangārei district - Kaipara district - Auckland <p>Zone 2: Central and Western North Island</p> <ul style="list-style-type: none"> - Thames-Coromandel district - Hauraki district - Waikato district - Matamata-Piako district - Hamilton city - Waipa district - Ōtorohanga district - South Waikato district - Taupō district - New Plymouth district - Stratford district - South Taranaki district <p>Zone 3: Eastern North Island</p> <ul style="list-style-type: none"> - Western Bay of Plenty district 	<p>Zone 1: Upper North Island:</p> <ul style="list-style-type: none"> - Far North district - Whangārei district - Kaipara district - Auckland <p>Zone 2: Central and Western North Island</p> <ul style="list-style-type: none"> - Thames-Coromandel district - Hauraki district - Waikato district - Matamata-Piako district - Hamilton city - Waipa district - Ōtorohanga district - South Waikato district - Taupō district - New Plymouth district - Stratford district - South Taranaki district <p>Zone 3: Eastern North Island</p> <ul style="list-style-type: none"> - Western Bay of Plenty district

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Four zone	Five zone	Six zone
<ul style="list-style-type: none"> - Ōpōtiki district - Gisborne district - Wairoa district - Hastings district - Napier city - Central Hawke's Bay district <p>Zone 3: Lower North Island</p> <ul style="list-style-type: none"> - New Plymouth district - Stratford district - South Taranaki district - Ruapehu district - Whanganui district - Rangitikei district - Manawatū district - Palmerston North city - Tararua district - Horowhenua district - Kapiti Coast district - Porirua city - Upper Hutt city - Lower Hutt city - Wellington city 	<ul style="list-style-type: none"> - Tauranga city - Rotorua district - Whakatāne district - Kawerau district - Ōpōtiki district - Gisborne district - Wairoa district - Hastings district - Napier city - Central Hawke's Bay district <p>Zone 4: Lower North Island</p> <ul style="list-style-type: none"> - Ruapehu district - Whanganui district - Rangitikei district - Manawatū district - Palmerston North city - Tararua district - Horowhenua district - Kapiti Coast district - Porirua city - Upper Hutt city - Lower Hutt city 	<ul style="list-style-type: none"> - Tauranga city - Rotorua district - Whakatāne district - Kawerau district - Ōpōtiki district - Gisborne district - Wairoa district - Hastings district - Napier city - Central Hawke's Bay district <p>Zone 4: Lower North Island</p> <ul style="list-style-type: none"> - Ruapehu district - Whanganui district - Rangitikei district - Manawatū district - Palmerston North city - Tararua district - Horowhenua district - Kapiti Coast district - Porirua city - Upper Hutt city - Lower Hutt city

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Four zone	Five zone	Six zone
<ul style="list-style-type: none"> - Masterton district - Carterton district - South Wairarapa district <p>Zone 4: South Island</p> <ul style="list-style-type: none"> - Tasman district - Nelson city - Marlborough district - Kaikoura district - Buller district - Grey district - Westland district - Hurunui district - Waimakariri district - Christchurch city - Selwyn district - Ashburton district - Timaru district - Mackenzie district - Waimate district - Chatham Islands territory - Waitaki district - Central Otago district 	<ul style="list-style-type: none"> - Wellington city - Masterton district - Carterton district - South Wairarapa district <p>Zone 5: South Island</p> <ul style="list-style-type: none"> - Tasman district - Nelson city - Marlborough district - Kaikoura district - Buller district - Grey district - Westland district - Hurunui district - Waimakariri district - Christchurch city - Selwyn district - Ashburton district - Timaru district - Mackenzie district - Waimate district - Chatham Islands territory - Waitaki district 	<ul style="list-style-type: none"> - Wellington city - Masterton district - Carterton district - South Wairarapa district <p>Zone 5: Canterbury/Kaikōura</p> <ul style="list-style-type: none"> - Kaikoura district - Hurunui district - Waimakariri district - Christchurch city - Selwyn district - Ashburton district - Timaru district - Mackenzie district - Waimate district - Chatham Islands territory - Waitaki district <p>Zone 6: Rest of South Island</p> <ul style="list-style-type: none"> - Tasman district - Nelson city - Marlborough district - Buller district - Grey district

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Four zone	Five zone	Six zone
<ul style="list-style-type: none"> - Queenstown-Lakes district - Dunedin city - Clutha district - Southland district - Gore district - Invercargill city 	<ul style="list-style-type: none"> - Central Otago district - Queenstown-Lakes district - Dunedin city - Clutha district - Southland district - Gore district - Invercargill city 	<ul style="list-style-type: none"> - Westland district - Central Otago district - Queenstown-Lakes district - Dunedin city - Clutha district - Southland district - Gore district - Invercargill city

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Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Community and Voluntary Sector briefing

Hon Louise Upston
Minister for the Community and Voluntary Sector

Title: Meeting to discuss community funding with a focus on the Lottery Grants Board [Redacted] **Out of Scope**

Date: 12 February 2026

Key issues
<p>You are meeting each other to progress work on improving the operation, efficiency and impact of the lottery funding system [Redacted] Out of Scope</p> <p>You have recently discussed simplification of the Lottery Grants Board (LGB) distribution committee structure with the LGB. You may like to discuss your preferences to progress this work including a reduction in the number of committees, along with some more medium- and longer-term priorities.</p> <p>[Redacted] Out of Scope</p> <p>[Redacted]</p> <p>[Redacted] Out of Scope</p> <p>[Redacted] To support your discussion, Appendices A and B provide options for changes to the LGB committee structure, a proposed work programme and discussion prompts.</p>

Action sought	Timeframe
Consider the information in this briefing prior to your discussion and advise officials of your direction	Prior to meeting on 17 February 2026

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Jayne Beggs	Policy Director	[Redacted] 9(2)(a)	✓
Gillian Ferguson	General Manager Policy	[Redacted] 9(2)(a)	

Return electronic document to:	Amanda Thornton, Amanda.Thornton@dia.govt.nz
Hukatai reference	W4PZUXXC3Q7S-1378433570-574
Ministerial database reference	IA202610864, CVS202611058

Purpose

1. This briefing provides information to support your continued discussion on improvements to the Lottery Grants Board (LGB) system and the potential for alignment of priorities and outcomes [redacted] **Out of Scope**

Meeting details

2. You are meeting each other on Tuesday, 17 February from 4:00pm to 4:30pm in 6.1. Executive Wing, Parliament Buildings. Officials are available to attend.

Executive summary

3. We understand you are both seeking to ensure the optimal operation of government community grant funding to ensure efficiency, and the effective distribution of funding to communities.
4. You have indicated your interest in ways to improve the Lottery Grants Board system (IA20256270) and identified the independence of the LGB from the Executive (IA20256915) and the LGB distribution committees' structure as key areas for further work (IA20259393). You have now directed work on changing the structure of LGB distribution committees as a priority.
5. Your previous meeting together on 10 December 2025 explored your respective views on priorities for community funding with a focus on lottery funding. **9(2)(ba)(ii)**

6. We understand that improvements to the LGB system are an Internal Affairs portfolio work programme priority. There are opportunities to progress improvements now on distribution committees, with implementation of some changes taking place over the longer term as they require legislative change. Consideration of LGB distribution committee structure is timely as a new distribution committee needs to be set up to manage community returns from online casino gambling.

7. [redacted] **Out of Scope**

8. [redacted] **Out of Scope**

Opportunity to modernise the community funding landscape [redacted] **Out of Scope**

9. We want to ensure that funds are supporting efficient and effective distribution to realise community outcomes. An aligned approach across these community funding structures will support public understanding of the systems and ease of access, and support efficient administration. This will enable the delivery of funding to communities for maximum impact. [redacted] **Out of Scope**

Out of Scope Appendix A outlines options for improvements to the lottery system.
Appendix B outlines a proposed Work Programme and includes discussion prompts.

10. [REDACTED] 9(2)(g)(i)
[REDACTED]
[REDACTED]
[REDACTED]
11. [REDACTED] 9(2)(g)(i)
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
12. [REDACTED] 9(2)(g)(i)
[REDACTED]
[REDACTED]
[REDACTED]

Proposed approach for improving the Lottery profits distribution system

Overview of proposed approach

13. To improve the lottery profits distribution system in alignment with the goals of efficiency, simplification and community impact, we propose a three-stage work programme. In the short-term, we propose to action changes to the lottery distribution committee structure and other operational actions to enable quick gains; in the medium-term, potentially review the Lottery Outcomes Framework, and in the longer-term progress any matters that require a change to the Gambling Act 2003.

Short-term pre-election 2026: distribution committee structure changes

Lottery distribution committee options

14. [REDACTED] 9(2)(f)(iv)
[REDACTED] Decisions to change the structure can be made in the short term, as the Minister of Internal Affairs may establish and disestablish lottery committees. Changes to committees can be made this financial year.
15. The following options have been developed and can be seen on **Appendix A** for discussion:
1. Refine current mixed model (enhance status quo, fewer specialist committees);
 2. Remove most specialist committees and strengthen a regional/national core;
 3. Reduce number of regional committees (national committees retained for national applications, specialist removed or combined);
 4. Fully national model (remove regional and specialist committees); or
 5. Fully regional model (no national or specialist committees).
16. The options are expressed at a high level and do not detail which committees might be removed, consolidated or changed. Further detailed advice will be provided subject to direction on your preferred option. We also note that some funds currently only distribute capital funding for infrastructure investment or repairs and others such as

the regional funds only fund operational expenditure, sometimes to support capital expenditure. Bringing these types of funding together in some instances would help with simplifying and streamlining.

Distribution of community returns from online casino gambling

17. [REDACTED] 9(2)(ba)(i) [REDACTED]
[REDACTED]
[REDACTED] Further information will be provided in including what the committee could fund and how the money will be transferred to the LGB prior to the next LGB meeting.

Operational improvements

18. As was discussed with the LGB, the Department is working to improve the Community Matters website by the end of June 2026. This will improve the customer experience and make information more accessible. [REDACTED] 9(2)(j) [REDACTED]
[REDACTED]
[REDACTED]

Medium-term 2026/27: Lottery Outcomes Framework

19. The Lottery Outcomes Framework has been part of the LGB Statement of Intent since July 2025 and articulates the outcomes the LGB is seeking from its funding in accordance with the requirements in the Gambling Act 2003 (nine mid-horizon outcomes). The Framework provides guidance to distribution committees on prioritisation. Distribution committees set their priorities against the Framework for the first time this year and are using these in applications assessments.¹

20. [REDACTED] 9(2)(g)(i) [REDACTED]
[REDACTED] Initial reporting to the LGB in mid-2026 on the progress of implementation of the Framework will provide a first opportunity for assessment. [REDACTED] 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED]

Longer-term 2027/28: legislative changes

21. Legislative changes could be made to amend the status and structure of the LGB. Work on this would need to be done in parallel to the above workstreams but changes would take longer to implement given that they would require legislative change. This could include work on the status and structure of the LGB to enhance LGB independence from government in a similar structure as other Public Finance Act 1989 Schedule 4 entities.
22. Initial advice was provided to the Minister of Internal Affairs on how to make the LGB more independent of the Executive [IA20256915]. There may also be value in considering whether the purpose of the lottery funding outlined in the Gambling Act 2003 is sufficiently clear to guide a more independent board in setting priorities.
23. To make the LGB more independent the least complex way would be to modify the existing governance removing elected representatives from the LGB and creating an

¹ There is an operational layer below the nine mid-horizon outcomes that describes the type of short-term activities which align with the nine outcomes. These are known as near horizon outcomes.

oversight relationship between the responsible Minister and an independent Board chair. The removal of elected members from the LGB would align it with other Schedule 4 organisations. The LGB would be governed by independent appointees while retaining government oversight.

24. [Redacted] 9(2)(f)(iv) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

[Redacted] Out of Scope [Redacted]
[Redacted]

- [Redacted]
[Redacted]
[Redacted]
[Redacted]

- [Redacted]
[Redacted]
[Redacted]
[Redacted]

- [Redacted]
[Redacted]
[Redacted]
[Redacted]

- [Redacted]
[Redacted]
[Redacted]

Next steps

29. [Redacted] Out of Scope [Redacted]
[Redacted]
[Redacted] We will also provide a briefing to the Minister of Internal Affairs to confirm decisions on next steps for the lottery system, prior to drafting a paper to inform LGB of the decisions at the next LGB meeting on 29 April.

30. As your work on community funding progresses, officials will continue to identify opportunities for you to discuss your views on improvements to community funding.

Recommendations

31. [Redacted] Out of Scope [Redacted] Agree/Disagree/Discuss
[Redacted]
[Redacted]

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32. We recommend that the Minister of Internal Affairs **discuss** the approach to improving lottery funding in this briefing with officials.

Agree/Disagree/Discuss

9(2)(a)

Jayne Beggs
Policy Director

Hon Brooke van Velden
Minister of Internal Affairs

_____/_____/_____

Hon Louise Upston
Minister for the Community
and Voluntary Sector

_____/_____/_____

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Appendix A: Options for improving the Lottery Distribution Committee Structure

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Appendix B: Proposed work programme and discussion prompts

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Appendix A: Options for improving the Lottery Distribution Committee Structure



Current issues and system-wide changes on the horizon are drivers for a substantive review of the committee structure that...

- MOVES AWAY FROM**
- Structural complexity and fragmentation
 - Regional model rigidity
 - Equity, consistency and clarity challenges
 - Inefficiency and resource intensity



- Simplicity and accessibility
- Efficiency and proportionality
- Local insight where it adds value
- Targeted expertise when essential
- Flexibility and future-proofing
- Alignment with legislative responsibilities & Ministerial expectations

INCREMENTAL CHANGE



TRANSFORMATIONAL CHANGE

Options*	Pros	Cons
(1) Refine current mixed model Status quo plus enhancements – reduce # of specialist committees	<ul style="list-style-type: none"> • Minimal disruption • Recognises regional value • Reduces specialist committees to simplify 	<ul style="list-style-type: none"> • Does not materially simplify the system or address structural efficiency concerns
(2) Remove most specialist committees and strengthen a regional/national core	<ul style="list-style-type: none"> • Significant simplification • Lower administrative burden • Clearer for applicants 	<ul style="list-style-type: none"> • Requires strong advisory mechanisms to maintain depth of expertise • Requires sector communication and transition support • Increased workload for core committees
(3) Reduce # of regional committees National committee retained for multi-regional/national applications and specialist committees either removed or integrated	<ul style="list-style-type: none"> • Modernises geographic footprint • Reduces workload imbalance • Enhances consistency - larger footprints can smooth variability in decision quality and grant sizes 	<ul style="list-style-type: none"> • Larger geographic areas may be perceived as less locally responsive • Boundary decisions will require careful navigation • Requires more transition support
(4) Fully national model Remove regional & specialist committees	<ul style="list-style-type: none"> • Maximum simplification and efficiency • Consistent decisions nationwide • Highly adaptable to future funding streams • Greatest clarity for applicants 	<ul style="list-style-type: none"> • Removes formal local decision-making mechanisms and local community knowledge • Would require the most extensive change effort • Significant workload for small number of decision-makers. Requests number over 5,500 per annum • Is least responsive approach to community feedback pertaining to accessibility of funding
(5) Fully regional model No specialist or national committees	<ul style="list-style-type: none"> • Emphasises local decision-making • Eliminates structural fragmentation • Clearer for applicants 	<ul style="list-style-type: none"> • Some funding areas may need technical expertise that regional committees cannot easily sustain • Potential variability in decision quality • Harder to fund national or multi-regional initiatives

* A separate committee is proposed for online casino gambling funds and not reflected in the options



9(2)(g)(i), 9(2)(f)(iv), 9(2)(j)

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Overview of the community funding landscape

1. Within the community and voluntary sector funding landscape there are a range of government, public, and private sources of funding for communities. The graphic below shows the current range of government, public and private sources of community funding.

The Lottery Grants Board

2. The LGB is a government administered grant scheme operating under the Gambling Act 2003 and as a Schedule 4 Crown Entity under the Public Finance Act 1989. The LGB includes the Minister of Internal Affairs (as presiding member) and two other Parliamentary members along with community representatives. Its function is to determine the proportions in which lottery profits are allocated for distribution, and to provide strategic direction to lottery distribution committees with Cabinet appointed members.
3. As New Zealand's largest community grant funder, the LGB allocates approximately \$200 million to specialist and community national and regional committees annually (not including funding to statutory bodies). Lottery profits must be distributed for community benefit.¹

Out of Scope

- [Redacted]
- [Redacted]

Out of Scope

- [Redacted]

1 [Redacted] Out of Scope

2 [Redacted] Out of Scope

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Overview of community funding sources

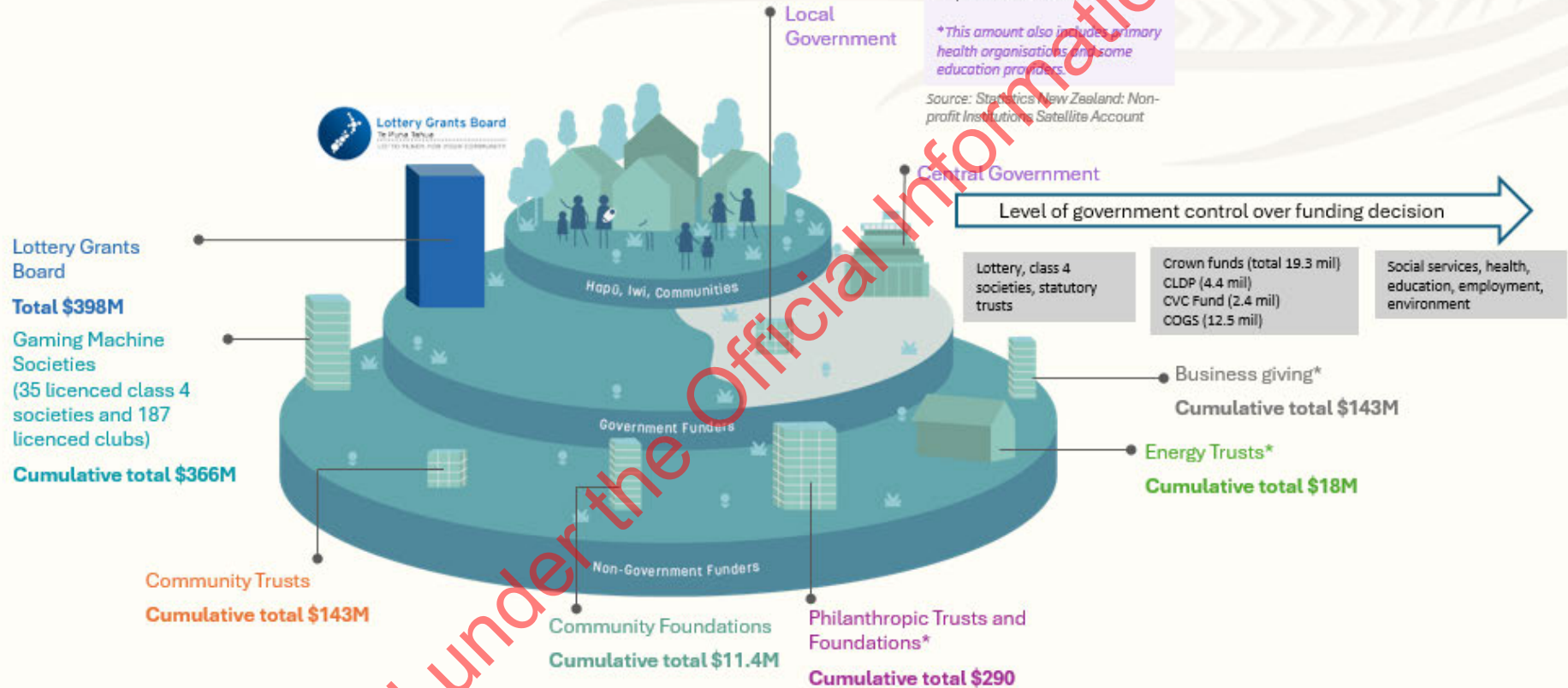
Overview of funding sources available to the community and voluntary sector

Top Funders 2023/24

Central and local government grants to not-for-profits amounted to \$1.89 billion in 2018.

*This amount also includes primary health organisations and some education providers.

Source: Statistics New Zealand: Non-profit Institutions Satellite Account



Source: Based on available 2024 data. JBWere Support Report New Zealand 2020 (using 2018 data)*. LGB data is from the LGB 2024/25 Annual Report

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From: [Jayne Beggs](#)
To: [9\(2\)\(a\)@parliament.govt.nz](#); [Gillian Ferguson](#)
Subject: RE: Briefing IA202610864 - to support meeting between Ministers van Velden and Upston
Date: Wednesday, 18 February, 2026 10:44:26 AM
Attachments: [image001.gif](#)

Thanks Margot – yes of course, will prob be part of the briefing we put up to advise on the wider committee changes, she will make the call and then it will go to the Board in a paper.

From: Margot Dow
Sent: 18 February 2026 10:37
To: Jayne Beggs ; Gillian Ferguson
Subject: Briefing IA202610864 - to support meeting between Ministers van Velden and Upston
Good morning, sorry I don't have a signed briefing for you.

There is however one note made alongside para 17 – “this needs to come to the Minister first, not the LGB.” Just for future reference.

Many thanks!

Kind regards

Margot



Margot Dow

Private Secretary – Internal Affairs | Office of Hon Brooke van Velden
Minister of Internal Affairs
Minister for Workplace Relations
MP for Tāmaki
M: [9\(2\)\(a\)](#) | DDI: [9\(2\)\(a\)](#)
Email: [9\(2\)\(a\)@parliament.govt.nz](#) Website: [www.Beehive.govt.nz](#)
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

Authorised by Hon Brooke van Velden, Parliament Buildings, Wellington

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Please note information about meetings related to the Ministers' portfolios will be proactively released (this does not include personal or constituency matters). For each meeting in scope, the summary would list: date, time (start and finish), brief description, location, who the meeting was with, and the portfolio. If you attend a meeting with the Minister on behalf of an organisation, the name of the organisation will be released. If you are a senior staff member at an organisation, or meet with the Minister in your personal capacity, your name may also be released. The location of the meeting will be released, unless it is a private residence. The proactive release will be consistent with the provisions in the Official Information Act, including privacy considerations. Under the Privacy Act 1993 you have the right to ask for a copy of any personal information we hold about you, and to ask for it to be corrected if you think it is wrong. If you'd like to ask for a copy of your information, or to have it corrected, or are concerned about the release of your information in the meeting disclosure, please contact the sender. You can read more about the proactive release policy at <https://www.dia.govt.nz/Proactive-Releases#MS>

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Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: **Additional papers for the Lottery Distribution Committees changes**

Date: 22 April 2026

Key issues	
This briefing provides additional papers to support items 11 and 12 (draft ministerial letters and media release) from the Internal Affairs aide memoire dated 15 April 2026. This also provides the gazette notice for your approval.	
Action sought	Timeframe
Forward these letters to Cabinet colleagues of portfolios impacted by the changes.	By 29 April
Publish a media release and note the reactive lines.	30 April
Agree and sign the gazette notice	30 April

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Margot Dow	Chief Advisor to the Lottery Grants Board	9(2)(a)	
Aiolupotea Sina Aiono	Secretary to the Board and General Manager Community Operations		

Return electronic document to:	Catherine Murray catherine.murray@dia.govt.nz
Hukatai reference	R6PDY3V423JP-1754682986-369
Ministerial database reference	IA202611934

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Purpose

1. On 5 April 2026, you agreed to change the structure of the Lottery Distribution Committees.
2. You received an Internal Affairs aide memoire from the Chief Advisor, Lottery Grants Board, with additional papers to support the Presiding Members' update at the Lottery Grants Board meeting on 29 April.
3. This briefing provides you the additional papers to support items 11 and 12 and 30 from the aide memoire:
 - 3.1 draft ministerial letters (Appendix A),
 - 3.2 suggested Cabinet colleagues of impacted portfolios (Appendix B)
 - 3.3 draft media release and reactive lines (Appendix C)
 - 3.4 gazette notice to establish the new committees (Appendix D)
4. We note that the Department will notify its staff of the changes on the morning of 30 April. Presiding members and Committee members will be notified of the changes via a conference call the afternoon 30 April. Both staff and committees will receive written communication after these meetings.

Recommendations

5. We recommend that you:
 - a) **agree** to forward these letters to Ministers of the impacted portfolios prior to Board meeting on 29 April Yes/No/Discuss
 - b) **agree** to publish a media release to announce the changes on or after 30 April. Yes/No/Discuss
 - c) **agree and sign** the gazette notice Yes/No/Discuss

9(2)(a)

Margot Dow
Chief Advisor to the Lottery Grants Board



Hon Brooke van Velden

Minister of Internal Affairs

28, 04, 26



29 April 2026

Hon Nicola Willis
Minister of Finance

Dear Nicola

I am writing to inform you of decisions I have made in my capacity as the Presiding Member of the New Zealand Lottery Grants Board Te Puna Tahua (the Board). At the meeting on 29 April, I will inform Board members of my decision to make significant changes to the structure of the Lottery Distribution Committees.

The current specialist, regional and national distribution committees will all be disestablished. In their place, six new regional and one new national committee will be established.

These changes will be effective from 1 July 2026.

My decisions address a number of longstanding issues with the current system including limited assurance, difficulty for communities navigating the application process, limited strategic thinking for funding, and a limited pool of candidates to distribution committees across New Zealand.

These changes are about improvement, not cost-cutting. Changes are intended to improve system performance and community outcomes and provide for greater oversight about who is being supported by funding allowing for more strategic funding in the future.

Importantly, the changes do not alter the statutory purpose of lottery funding groups identified in Section 277 of the Gambling Act 2003 – including Māori, older people, Pacific peoples and other ethnic communities, women, youth, and people with disabilities. They will continue to be supported through the new committee structure, and as is currently required, decision makers will continue to assess their applications in a consistent and auditable way.

Alongside these changes the Online casino gambling proceeds will be included in the new structure with subcommittee to the Lottery Distribution Committee – National established.

Statutory bodies, that are also allocated funding from the New Zealand Lottery Grants Board are not impacted by these changes. Crown funds such as COGS are not impacted.

A forthcoming review of the outcomes framework will strengthen alignment between funding decisions and the Board's strategic and operational policies.

In addition, Department of Internal Affairs' advisory support function has strong relationships with the sectors serviced by the current specialist committees and will be able to support community organisations identify other funding opportunities where appropriate.

I will publicly announce the changes through a media release on 30 April 2026, once Department staff and current committee members have been informed.

The Department is working through the funding model for the new national and regional committees and will share their recommendations with me ahead of the Board's allocation meeting in late June.

I am sharing this information with you for awareness given the broad community reach of lottery grants funding and the likelihood of sector interest across portfolios.

Yours sincerely

Hon Brooke van Velden
Minister of Internal Affairs

CC:

Hon Paul Goldsmith, Minister for Arts, Culture and Heritage, Minister for Pacific Peoples
Hon Scott Simpson, Minister for ACC
Hon Tama Potaka, Minister for Māori Development, Minister for Conservation
Hon Louise Upston, Minister for Disability Issues, Minister for Social Development and Employment, Minister for Community and Voluntary Sector
Hon Mark Mitchell, Minister for Ethnic Communities, Minister for Sport and Recreation
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29 April 2026

Hon Paul Goldsmith
Minister for Arts, Culture and Heritage
Minister for Pacific Peoples

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29 April 2026

Hon Scott Simpson
Minister for ACC

Dear Scott

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29 April 2026

Hon Tama Potaka
Minister for Māori Development
Minister for Conservation

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29 April 2026

Hon Louise Upston
Minister for Disability Issues
Minister for Social Development and Employment
Minister for Community and Voluntary Sector

Dear Louise

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29 April 2026

Hon Mark Mitchell
Minister for Ethnic Communities
Minister for Sport and Recreation

Dear Mark

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29 April 2026

Hon Erica Stanford
Minister for Education

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29 April 2026

Hon Simeon Brown
Minister for Health
Minister for Auckland

Dear Simeon

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Importantly, the changes do not alter the statutory purpose of lottery funding groups identified in Section 277 of the Gambling Act 2003 – including Māori, older people, Pacific peoples and other ethnic communities, women, youth, and people with disabilities. They will continue to be supported through the new committee structure, and as is currently required, decision makers will continue to assess their applications in a consistent and auditable way.

Alongside these changes the Online casino gambling proceeds will be included in the new structure with subcommittee to the Lottery Distribution Committee – National established.

Statutory bodies, that are also allocated funding from the New Zealand Lottery Grants Board are not impacted by these changes. Crown funds such as COGS are not impacted.

A forthcoming review of the outcomes framework will strengthen alignment between funding decisions and the Board's strategic and operational policies.

In addition, Department of Internal Affairs' advisory support function has strong relationships with the sectors serviced by the current specialist committees and will be able to support community organisations identify other funding opportunities where appropriate.

I will publicly announce the changes through a media release on 30 April 2026, once Department staff and current committee members have been informed.

The Department is working through the funding model for the new national and regional committees and will share their recommendations with me ahead of the Board's allocation meeting in late June.

I am sharing this information with you for awareness given the broad community reach of lottery grants funding and the likelihood of sector interest across portfolios.

Yours sincerely

Hon Brooke van Velden
Minister of Internal Affairs

CC:

Hon Nicola Willis, Minister of Finance, Minister for Economic Growth
Hon Paul Goldsmith, Minister for Arts, Culture and Heritage, Minister for Pacific Peoples
Hon Scott Simpson, Minister for ACC
Hon Tama Potaka, Minister for Māori Development, Minister for Conservation
Hon Louise Upston, Minister for Disability Issues, Minister for Social Development and Employment, Minister for Community and Voluntary Sector
Hon Mark Mitchell, Minister for Ethnic Communities, Minister for Sport and Recreation
Hon Erica Stanford, Minister for Education
Hon Simeon Brown, Minister for Health, Minister for Auckland
Hon Casey Costello, Minister for Seniors
Hon James Meager, Minister for Youth, Minister for the South Island
Hon Matt Doocey, Minister for Mental Health



29 April 2026

Hon James Meager
Minister for Youth
Minister for the South Island

Dear James

I am writing to inform you of decisions I have made in my capacity as the Presiding Member of the New Zealand Lottery Grants Board Te Puna Tahua (the Board). At the meeting on 29 April, I will inform Board members of my decision to make significant changes to the structure of the Lottery Distribution Committees.

The current specialist, regional and national distribution committees will all be disestablished. In their place, six new regional and one new national committee will be established.

These changes will be effective from 1 July 2026.

My decisions address a number of longstanding issues with the current system including limited assurance, difficulty for communities navigating the application process, limited strategic thinking for funding, and a limited pool of candidates to distribution committees across New Zealand.

These changes are about improvement, not cost-cutting. Changes are intended to improve system performance and community outcomes and provide for greater oversight about who is being supported by funding allowing for more strategic funding in the future.

Importantly, the changes do not alter the statutory purpose of lottery funding groups identified in Section 277 of the Gambling Act 2003 – including Māori, older people, Pacific peoples and other ethnic communities, women, youth, and people with disabilities. They will continue to be supported through the new committee structure, and as is currently required, decision makers will continue to assess their applications in a consistent and auditable way.

Alongside these changes the Online casino gambling proceeds will be included in the new structure with subcommittee to the Lottery Distribution Committee – National established.

Statutory bodies, that are also allocated funding from the New Zealand Lottery Grants Board are not impacted by these changes. Crown funds such as COGS are not impacted.

A forthcoming review of the outcomes framework will strengthen alignment between funding decisions and the Board's strategic and operational policies.

In addition, Department of Internal Affairs' advisory support function has strong relationships with the sectors serviced by the current specialist committees and will be able to support community organisations identify other funding opportunities where appropriate.

I will publicly announce the changes through a media release on 30 April 2026, once Department staff and current committee members have been informed.

The Department is working through the funding model for the new national and regional committees and will share their recommendations with me ahead of the Board's allocation meeting in late June.

I am sharing this information with you for awareness given the broad community reach of lottery grants funding and the likelihood of sector interest across portfolios.

Yours sincerely

Hon Brooke van Velden
Minister of Internal Affairs

CC:

Hon Nicola Willis, Minister of Finance, Minister for Economic Growth
Hon Paul Goldsmith, Minister for Arts, Culture and Heritage, Minister for Pacific Peoples
Hon Scott Simpson, Minister for ACC
Hon Tama Potaka, Minister for Māori Development, Minister for Conservation
Hon Louise Upston, Minister for Disability Issues, Minister for Social Development and Employment, Minister for Community and Voluntary Sector
Hon Mark Mitchell, Minister for Ethnic Communities, Minister for Sport and Recreation
Hon Erica Stanford, Minister for Education
Hon Simeon Brown, Minister for Health, Minister for Auckland
Hon Casey Costello, Minister for Seniors
Hon Nicola Grigg, Minister for Women
Hon Matt Doocey, Minister for Mental Health



29 April 2026

Hon Matt Doocey
Minister for Mental Health

Dear Matt

I am writing to inform you of decisions I have made in my capacity as the Presiding Member of the New Zealand Lottery Grants Board Te Puna Tahua (the Board). At the meeting on 29 April, I will inform Board members of my decision to make significant changes to the structure of the Lottery Distribution Committees.

The current specialist, regional and national distribution committees will all be disestablished. In their place, six new regional and one new national committee will be established.

These changes will be effective from 1 July 2026.

My decisions address a number of longstanding issues with the current system including limited assurance, difficulty for communities navigating the application process, limited strategic thinking for funding, and a limited pool of candidates to distribution committees across New Zealand.

These changes are about improvement, not cost-cutting. Changes are intended to improve system performance and community outcomes and provide for greater oversight about who is being supported by funding allowing for more strategic funding in the future.

Importantly, the changes do not alter the statutory purpose of lottery funding groups identified in Section 277 of the Gambling Act 2003 – including Māori, older people, Pacific peoples and other ethnic communities, women, youth, and people with disabilities. They will continue to be supported through the new committee structure, and as is currently required, decision makers will continue to assess their applications in a consistent and auditable way.

Alongside these changes the Online casino gambling proceeds will be included in the new structure with subcommittee to the Lottery Distribution Committee – National established.

Statutory bodies, that are also allocated funding from the New Zealand Lottery Grants Board are not impacted by these changes. Crown funds such as COGS are not impacted.

A forthcoming review of the outcomes framework will strengthen alignment between funding decisions and the Board's strategic and operational policies.

In addition, Department of Internal Affairs' advisory support function has strong relationships with the sectors serviced by the current specialist committees and will be able to support community organisations identify other funding opportunities where appropriate.

I will publicly announce the changes through a media release on 30 April 2026, once Department staff and current committee members have been informed.

The Department is working through the funding model for the new national and regional committees and will share their recommendations with me ahead of the Board's allocation meeting in late June.

I am sharing this information with you for awareness given the broad community reach of lottery grants funding and the likelihood of sector interest across portfolios.

Yours sincerely

Hon Brooke van Velden
Minister of Internal Affairs

CC:

Hon Nicola Willis, Minister of Finance, Minister for Economic Growth
Hon Paul Goldsmith, Minister for Arts, Culture and Heritage, Minister for Pacific Peoples
Hon Scott Simpson, Minister for ACC
Hon Tama Potaka, Minister for Māori Development, Minister for Conservation
Hon Louise Upston, Minister for Disability Issues, Minister for Social Development and Employment, Minister for Community and Voluntary Sector
Hon Mark Mitchell, Minister for Ethnic Communities, Minister for Sport and Recreation
Hon Erica Stanford, Minister for Education
Hon Simeon Brown, Minister for Health, Minister for Auckland
Hon Casey Costello, Minister for Seniors
Hon Nicola Grigg, Minister for Women

Appendix B: Suggested recipients of ministerial letters

Cabinet colleagues of impacted portfolios
Hon Nicola Willis, Minister of Finance, Minister for Economic Growth
Hon Paul Goldsmith, Minister for Arts, Culture and Heritage, Minister for Pacific Peoples
Hon Scott Simpson, Minister for ACC
Hon Tama Potaka, Minister for Māori Development, Minister for Conservation
Hon Louise Upston, Minister for Disability Issues, Minister for Social Development and Employment, Minister for Community and Voluntary Sector
Hon Mark Mitchell, Minister for Ethnic Communities, Minister for Sport and Recreation
Hon Erica Stanford, Minister for Education
Hon Simeon Brown, Minister for Health, Minister for Auckland
Hon Casey Costello, Minister for Seniors
Hon Nicola Grigg, Minister for Women
Hon James Meager, Minister for Youth, Minister for the South Island
Hon Matt Doocoy, Minister for Mental Health

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Hon Brooke van Velden Minister of Internal Affairs



30 April 2026

Changes made to the lottery grants system

Internal Affairs Minister Brooke van Velden has announced broad changes to simplify the structure of lottery distribution committees.

Current specialist and regional lotteries distribution committees will be disestablished. In their place, six new regional committees, and one new national committee will be established. These changes will simplify a fragmented system and allow for more strategic funding decisions and make it easier for applicants to navigate the system” says Ms van Velden.

“My aim is for the lottery grants system to be strategy led, data driven and continually learning to evolve to meet the changing needs of New Zealanders.

“Greater visibility across a wider area will mean that committees can direct grants where they add the most value. A broader regional view will make it easier to spot service or facility gaps which supports strategic prioritisation for the areas of greatest unmet need”.

DIA’s advisory support function will support sectors to access funding through the new committees and elsewhere and advise the new committees of the broader funding needs in the region, including those sectors.

“I have asked DIA to engage with current committee members, current and past applicants, community organisations, statutory bodies and government agencies regarding the improvements being made.”

Notes for the media

The lottery grants system returns profits from Lotto NZ games to benefit communities under the Gambling Act 2003.

The New Zealand Lottery Grants Board allocates profits to lottery distribution committees that distribute the funds in line with the Board’s strategic direction, policies and outcomes. The remaining profits are distributed through statutory bodies.

Department of Internal Affairs’ role is to support the Lottery Grants Board and its committees, to manage application processes and provide advisory services.

A new sub-committee, within the new national committee, will be established to distribute the proceeds from online casino gambling.

Statutory bodies, that are also allocated funding from the New Zealand Lottery Grants Board are not impacted by these changes. Crown funds and Trust funds are also not impacted.

These changes will be effective from 1 July 2026.

Ends

Media contact: Hoani Lambert

Reactive lines – to be used as needed

How will community representation on committees be maintained?

Community representation remains a core design principle of the new six regional committees and one national committee. The new committees will retain existing members with regional knowledge and experience, preserving local insight alongside stronger national oversight and coordination.

How will outcomes for Māori and people with Disabilities and other groups mentioned in the Act be supported if specialist committees are removed?

Regard to the needs of Māori, older people, Pacific people and other ethnic communities, women, youth, and people with disabilities will continue to be supported through the new regional committees and national committee structure.

A forthcoming review of the outcomes framework will strengthen alignment with Board's strategy, operational policies and supporting practices will encompass agreed outcomes, activities, and measures.

How will people know which committee to apply to?

The Department of Internal Affairs is working at pace to define the funding model and policy of the committees and will begin communicating what these are in July. Also, the advisory support staff have strong relationships with the sectors serviced by the current committees and will support them with the transition.

Why was a six-zone model chosen?

The six-zone model balances efficiency with community representation. It reduces duplication and fragmentation, increases the population base for more strategic funding decisions, and mitigates the risk of excessive workloads for the distribution committees that could arise under more consolidated models.

Will increased workloads for Committees slow grant decisions?

While workloads will increase for most committees there will also be an increase in the frequency of decision meetings during the year which will help to spread the workload across the year.

System improvements, clearer guidance and flexible funding rounds will all support the management of decision-making timelines.

What are the Treaty of Waitangi implications of these changes?

Māori communities will continue access funding through the National and Regional Committees. The six-zone model supports access and retaining regional knowledge will be part of the appointment process for the new committees. The new structure is designed to provide greater visibility of who is receiving funding to help support greater equity.

Will individuals be able to apply for funding?

Funding will be accessible through community organisations rather than individuals. Also, the advisory support staff have strong relationships with the sectors serviced by the current committees and will support them with the transition.

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Appendix D: Gazette notice

Gazette Notice

Gambling Act 2003

Establishment of a Lottery Distribution Committee

Under section 280(5) of the Gambling Act 2003, I hereby establish the following committees:

- Lottery Distribution Committee – National
- Lottery Distribution Committee – Regional – Upper North Island (Auckland, Northland)
- Lottery Distribution Committee – Regional – Central and Western North Island (Waikato, Taranaki)
- Lottery Distribution Committee – Regional – Eastern North Island (Bay of Plenty, Gisborne, Hawkes Bay)
- Lottery Distribution Committee – Regional – Lower North Island (Manawatū, Whanganui, Wellington, Wairarapa)
- Lottery Distribution Committee – Regional – Canterbury, Kaikōura and Chatham Islands
- Lottery Distribution Committee – Regional – Rest of South Island (West Coast, Nelson, Tasman, Marlborough, Otago, Southland)

The establishment of the above-named Committees is effective from the 1 July 2026.

Dated at Wellington this 1st day of May 2026.



Hon Brooke van Velden, MINISTER OF INTERNAL AFFAIRS

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Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: Lottery Distribution Committees: 2026 Appointment Round – Commencement Briefing

Date: 22 April 2026

Key issues	
<p>On 5 April 2026, you agreed to change the structure of the Lottery Distribution Committees (the Committees) and to a combined closed and open approach to fill the positions on the new Committees.</p> <p>This briefing provides you with draft letters for you to send to the current members of the Committees, communicating the changes to the Committees' structure.</p> <p>This briefing also seeks your preferred selection criteria for assessing the candidates.</p>	
Action sought	Timeframe
<p>Sign and send the attached letters to the current members of the Committees communicating the changes to the Committees' structure.</p> <p>Indicate your preferred selection criteria for assessing the candidates.</p>	By 4 May 2026

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Jeremy Cauchi	Manager, Monitoring and Appointments	9(2)(a)	✓
Gabrielle Gunawan	Policy Analyst, Monitoring and Appointments	9(2)(a)	
Return electronic document to:	gabby.gunawan@dia.govt.nz		
Hukatai reference	W2KPR5PYPUHV-1658979624-3127		
Ministerial database reference	IA202611891		

Purpose

1. On 5 April 2026, you agreed to change the structure of the Lottery Distribution Committees (the Committees) and to a combined closed and open approach to fill the positions on the new Committees.
2. This briefing provides you with draft letters for you to send to the current members of the Committees, communicating the changes to the Committees' structure.
3. This briefing also seeks your preferred selection criteria for assessing the candidates for the new committees to be established.

Background

4. Lottery Distribution Committees are established under the Gambling Act 2003 (the Act). The Committees are responsible for distributing the profits of New Zealand lotteries such as Instant Kiwi, Keno and Lotto. The current Lottery Community Committees distribute funds for community benefit in their respective regions, and the Lottery National and Specialist Committees distribute funds for a range of specified purposes throughout the country. Decision makers must have regard to the needs of Māori and as appropriate, older people, Pacific people and other ethnic communities, women, youth, and people with disabilities as listed on Section 277 (4) and (5) of the Act.
5. The Committees receive funding allocations from the New Zealand Lottery Grants Board.
6. You appoint between three to five members to each Committee, including one member as the Presiding Member.
7. Members are appointed for terms of office of up to three years. The Act is silent on the number of terms that a member may serve. However, members generally serve a maximum of two terms by convention.
8. Members continue in office until they resign, are reappointed, or are replaced. When a member resigns, passes away, or is removed from office, their replacement is appointed for the remainder of that member's term.

Change in the structure of the Committees

9. On 5 April 2026 [IA202611481 refers], you agreed to change the structure of the Committees which includes:
 - disestablishing the existing regional committees and replacing them with a consolidated set of six regional zone committees;
 - disestablishing the specialist lottery distribution committees; and
 - retaining one national lottery distribution committee with members who are not part of the regional committees.
10. You also agreed to send letters to the current members of the Committees communicating the changes to the Committees' structure [IA202611481 refers]. The draft letters are provided as **Appendix A**.

Approach to the appointment process

11. You agreed to a combined closed and open approach to fill the positions on the new Committees, initially considering appointing members of the current Committees to the new Committees and to open a call for nominations to fill any unfilled positions [IA202611481 refers].
12. The stages of the appointment process are outlined in **Appendix B**.

Selection criteria

13. Although specific candidate selection criteria are not set in the legislation, section 280 of the Act states that members of each Committee are to be appointed by the Minister having regard to the appointees' knowledge, skills, and experience relating to the functions and powers of the Committee.
14. The Department of Internal Affairs (the Department) notes the following skills and experience as relevant in relation to the functions and powers of the distribution committees:
 - strategic capability including the ability to take a whole of region/national perspective to inform decision making
 - first-hand experience in the not-for-profit sector, including an understanding of how community organisations operate, are governed, and are funded
 - understanding of regional/national needs including experience engaging with diverse communities including those groups named on Section 277 (4) and (5) of the Act¹
 - management and governance capability, including experience contributing to collective decision making
 - sound business or financial acumen to assess organisational sustainability and funding risk.
15. In addition to the skills and experience listed on the paragraph above, the Department considers the following skills and experience as beneficial but not essential to carry out the Committee's functions and powers:
 - experience with strategic prioritisation of funding
 - grant making, funding allocation, or investment experience
 - experience or understanding of capital projects for medium to large scale and an understanding of community-based projects and specialist sectors.
16. You are asked to select the criteria that you would like used in the assessment of candidates for the new Committee roles.

Next steps

17. Once you have made your decisions on the selection criteria, the Department will seek expressions of interest from members of the Committees under the current structure and assess them against the approved selection criteria.
18. The Department will provide you with a briefing providing information on the candidates and a shortlist of recommended candidates for you to select the members for the new set of Committees.

¹ The groups mentioned in the Act are Māori, Pacific, Ethnic communities, older people, women, youth, and people with disabilities.

Recommendations

19. We recommend that you:

a) **sign and send** letters to the current members of the Committees communicating the changes to the Committees' structure (**Appendix A**). Yes/No

b) **indicate** your preferred selection criteria:

Required

i. strategic capability including the ability to take a whole of region perspective to inform decision making Yes/No

ii. first-hand experience in the not-for-profit sector, including an understanding of how community organisations operate, are governed, and are funded Yes/No

iii. understanding of regional/national needs including experience engaging with diverse communities including with ~~including with~~ Māori, Pacific, Ethnic communities, older people, women, youth, and people with disabilities Yes/No

iv. management and governance capability, including experience contributing to collective decision making Yes/No

v. sound business or financial acumen to assess organisational sustainability and funding risk Yes/No

vi. other: _____ Yes/No

Desirable

vii. experience with strategic prioritisation of funding Yes/No

viii. grant making, funding allocation, or investment experience Yes/No

ix. experience or understanding of capital projects for medium to large scale and an understanding of community-based projects and specialist sectors Yes/No

x. other: _____ Yes/No

9(2)(a)

Jeremy Cauchi
Manager, Monitoring and Appointments



Hon Brooke van Velden
Minister of Internal Affairs

29/04/26

Appendix A: Draft letter to the current members of the Committees communicating the changes to the Committees' structure

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Appendix B: Proposed appointment process

Closed appointment process

Process		Responsibility
Commencement	Provide commencement briefing which includes: <ul style="list-style-type: none"> proposed appointment options. selection criteria. 	Department
	Sign commencement briefing and return to the Department.	Minister
Call for nominations	Call for expressions of interest from current Committee members.	Department
Decision stage	Provide decision briefing.	Department
	Signed decision briefing and return to the Department.	Minister
Consultation period	Provide draft APH paper and supporting documents for ministerial consultation.	Department
	Ministerial consultation period.	Minister
	Feedback from consultation.	Minister's office
APH and Cabinet	Upload final APH paper to Cabinet. (by Thursday 10 AM before APH meeting)	Department
	Provide document briefing which includes: <ul style="list-style-type: none"> APH talking points Draft letters of appointment 	Department
	Cabinet Appointment and Honours Committee meeting (Tuesdays)	APH
	Cabinet (Mondays)	Cabinet
Finalise	Sign and send letters of appointment.	Minister

Open appointment process for remaining roles

Process		Responsibility
Call for nominations	Provide documents for an open call for nominations including: <ul style="list-style-type: none"> • draft memo to caucus and coalition party colleagues; • draft candidate information sheet; and • expression of interest form. 	Department
	Send memo and attached forms seeking expressions of interest from ministerial colleagues.	Minister
	Open call for expressions of interest.	Department
Decision stage	Provide decision briefing and draft Cabinet paper.	Department
	Signed decision briefing and return to the Department.	Minister
Consultation period	Provide draft APH paper and supporting documents for ministerial consultation.	Department
	Ministerial consultation period.	Minister
	Feedback from consultation.	Minister's office
APH and Cabinet	Upload final APH paper to Cabinet. (by Thursday 10 AM before APH meeting)	Department
	Provide document briefing which includes: APH talking points Draft letters of appointment Draft thank you letters	Department
	Cabinet Appointment and Honours Committee meeting (Tuesdays)	APH
	Cabinet (Mondays)	Cabinet
Finalise	Sign and send letters of appointment.	Minister
	Terms commence.	NA

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Hon Brooke van Velden

MP for Tāmaki

Minister of Internal Affairs

Minister for Workplace Relations and Safety



Note: this letter was duplicated and sent to all 77 Lottery Distribution Committee members.

9(2)(a)

Dear 9(2)(a),

I am writing to inform you that from 1 July 2026, as part of a broad programme of reform, the Lottery Distribution Committees (the Committees) will adopt a new structure. The current specialist and regional committees will be disestablished and six new regional committees catering to a wider population and one new national committee will be established.

I have made this decision to simplify a fragmented system, to allow for more strategic funding decisions and make it easier for community organisations to navigate the system.

The regional zone-based committees will be as follows:

- Upper North Island
- Central and Western North Island
- Eastern North Island
- Lower North Island
- Canterbury/Kaikōura (including Chatham Islands)
- Rest of South Island

Unfortunately, this means that the currently functioning Committees will be disestablished from 1 July 2026 and your term of office as a member of the Lottery Auckland Community Committee will come to an end.

I will be inviting expressions of interest (EOI) from current committee members to take up positions on the new national committee or one of the six regional committees. I encourage you to seriously consider expressing interest in the new roles. I intend to make appointments for the new committees quickly. The EOI process will open from 4 May 2026 and the Department of Internal Affairs will provide you with further information about the process and how to apply in the next few days.

I would like to thank you for your commitment and contribution during your time on the Committee. The Committees have a crucial role ensuring that the profits of New Zealand Lotteries are used to make a real difference in New Zealand communities. They are reliant on the dedication and good judgement of individual committee members such as yourself.

Yours sincerely,

Hon Brooke van Velden
Minister of Internal Affairs



Internal Affairs aide memoire

Hon Brooke van Velden
Minister of Internal Affairs

Title: Preparation for the Lottery Grants Board Meeting 29 April 2026

Date: 24/03/2026

Action sought	Timeframe
Approve the draft Meeting Minutes for the 28 January 2026 Lottery Grants Board Meeting in Appendix A; and	2 April 2026
Provide direction and feedback on the proposed agenda for the 29 April 2026 Lottery Grants Board Meeting in Appendix B.	

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Duncan Boennic	Acting Deputy Secretary		
Margot Dow	Chief Advisor to the Lottery Grants Board	9(2)(a)	✓

Return electronic document to:	Margot Dow Margot.Dow@dia.govt.nz
Hukatai document reference:	R6PDY3V423JP-1754682986-296
Ministerial database reference:	IA202611644

Duncan Boennic
Acting Deputy Secretary Partnerships and Commissions

Purpose

1. To:
 - 1.1 Provide you with the draft minutes of the Lottery Grants Board (the Board) meeting on 28 January 2026 for your approval; and
 - 1.2 proposed agenda items for the Board meeting scheduled for 29 April 2026 for your direction and approval.

Approval of the previous Board minutes

2. The draft minutes have been attached at **Appendix A**.
3. As the presiding member we are asking you to approve the draft meeting minutes for inclusion in the next meeting pack. We will then seek the Board's final approval at its 29 April meeting.
4. Going forward the minutes will be provided to you for approval within two weeks of the meeting. Following your approval they will then be circulated to the Board for feedback ahead of final approval at its next meeting.

Proposed agenda for the 29 April Board meeting

5. A proposed agenda has been attached at **Appendix B**.
6. We are seeking your direction and feedback on the agenda. This has been annotated.
7. The items set out below are those we are seeking your specific feedback on, or noting of, due to the significance of the item, the decisions required or the impact that changes to the distribution committees will have on the timing of subsequent papers for the Board.

Pre-allocation decisions

8. [Redacted] **Out of Scope**
[Redacted]
[Redacted]
9. [Redacted] **Out of Scope**
[Redacted]
[Redacted]
[Redacted]
10. [Redacted] **Out of Scope**
[Redacted]
[Redacted]
[Redacted]
[Redacted]
11. [Redacted] **Out of Scope**
[Redacted]
[Redacted]
12. [Redacted] **Out of Scope**
[Redacted]

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Proposed item 3: Presiding Member's Update

13. As part of this next meeting, we have suggested that you provide the Board with:
- 13.1 an update on the outcome of your decision on future distribution committees, and
 - 13.2 [REDACTED] 9(2)(f)(iv)
[REDACTED]
[REDACTED]
14. [REDACTED] 9(2)(f)(iv)
[REDACTED]
[REDACTED]
15. [REDACTED] 9(2)(f)(iv)
[REDACTED]
[REDACTED]
16. [REDACTED] 9(2)(f)(iv)
[REDACTED]
[REDACTED]
17. Noting that you will receive a briefing for decisions on the distribution committees in late March from the Department, we are seeking your direction on whether you would like:
- 17.1 a supporting paper prepared for the Board that outlines your decisions, the new structure, next steps for implementation and seeks the Board's agreement to the review of the outcomes framework, or
 - 17.2 have this item as a verbal update only. The Department can provide you with talking points.
18. If you would like a supporting paper prepared, we are seeking your agreement that this paper can be a late paper to the Board.
19. This is due to the difference in timing of the briefing for your decisions on the future distribution committees and the standard process for delivery of the Board pack under the Gambling Act.

Out of Scope

Out of Scope

Additional items for consideration

Out of Scope

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Appendix A: Draft Lottery Grants Board meeting minutes 28 January 2026

Minutes of 28 January 2026 meeting

Date and time: Wednesday 28 January from 3:30pm to 4:30pm
Location: Select Committee Room 7, Parliamentary Precinct

Present

Hon Brooke van Velden Presiding member
 Hon Louise Upston Prime Minister's representative
 Lemauga Lydia Sosene Leader of the Opposition's representative
 Garth Clarricoats Board liaison member
 Karen Coutts Board liaison member (*until 4.28pm*)
 Parmindar Singh Board liaison member

Secretariat (Department of Internal Affairs)

Gina Smith Acting Secretary of the Board
 Brett Warwick Acting Chief Financial Officer

9(2)(a) Manager, Strategic Partnerships and Programmes
 9(2)(a) Principal Advisor
 9(2)(a) Financial Accountant

In attendance

9(2)(a) Private Secretary, Internal Affairs
 9(2)(a) Private Secretary, Community and Voluntary Sector

1 Welcome

The meeting started at 3.32pm

Hon Brooke van Velden formally opened the meeting and welcomed each of Lottery Grants Board Te Puna Tahua (Board) members.

2 Confirmation of previous minutes

Out of Scope

3 Presiding member's update

This item was led by the presiding member Hon Brooke van Velden who shared her intention to undertake a review of the distribution committee structure(s).

Discussion

The Board:

- Shared its support for the review and noted key areas of interest:
 - Future distribution of the community returns from the new online gambling regime and the separation of this funding from lottery funding, ensuring source of fund is clearly identified.
 - Alignment of competing funds, including across other parts of the sector.
 - Uplift in appointments and the appointments process.
 - Simplifying the structure and making it easier for communities to apply.
 - Board's role in response to natural disasters, ensuring alignment with government policy (e.g., should an area be deemed uninhabitable).

Outcome

The Presiding Member, as the Minister for Internal Affairs, will undertake work with the backing of the Board on future distribution committees and the structure, having taken into account the views of the Board.

4 Board liaison members report

[Redacted text block for item 4, containing multiple lines of blacked-out content.]

5 Secretary's report

[Redacted text block for item 5, containing multiple lines of blacked-out content.]

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Out of Scope

[Redacted]

[Redacted]

[Redacted]

[Redacted]

6 Financial report to November 2025

Out of Scope

[Redacted]

[Redacted]

[Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

- [Redacted]

8 Confirmation of next meeting date and general business

The next meeting is scheduled for **Wednesday 29 April, 3:30pm to 5:00pm**

The meeting ended at 4:32pm.

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Board action register

Out of Scope

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Appendix B: Annotated Agenda

Proposed Agenda – annotated

Date and time: Wednesday 29 April 2026 from 3:30pm – 5:00pm
Location: Select
Current running time: 65mins

Proposed time	Proposed item and content	For your direction
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Out of Scope

(15 minutes)

3 Presiding Member's Update

- Changes to distribution committees and structure
- Outcomes Framework review

For your direction:

- Supporting paper – late (recommended); or
- Verbal update only

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PRESIDING MEMBER'S COPY

Lottery Grants Board Te Puna Tahua meeting papers

Wednesday 28 January 2026

3:30pm to 4:30pm

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Lottery Grants Board
Te Puna Tahua
LOTTO FUNDS FOR YOUR COMMUNITY



Internal Affairs
Te Tari Taiwhenua

IN-CONFIDENCE

Agenda

Date and time: Wednesday 28 January 2026 from 3:30pm to 4:30pm
Location: Select committee room 7, Parliament Buildings, Wellington

Time	Agenda item	Action
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Out of Scope

3:45pm to 4:00pm (15 minutes)	3 Presiding member's update	Discussion
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Out of Scope

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Time: 3:45pm to 4:00pm (15 minutes)

3

Presiding member's update

Hon Brooke van Velden will provide an update for the Board on proposed changes to Distribution Committees.

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Presiding Member's talking points – Lottery Grants Board Meeting January 28

Item 3: Presiding Members update

For your information

- The Department has met with the Board liaison members who are aware that you will be seeking their initial thoughts at the meeting on proposed changes to the Distribution Committees.

Out of Scope

This decision provides an opportunity for a broader review of the Distribution Committee structure

- Late last year, the Department provided me with information on the lottery distribution system, including options to streamline processes and enhance value for money.
- Options for change included simplifying application procedures, leveraging digital technologies, improving investment outcomes and reviewing current distribution committee structures.
- I consider that it is timely to look at the lottery distribution system, to consider ways to modernise and improve system efficiency while maximising community impact.
- One of the priority areas I am interested in exploring is the current Distribution Committee structures.

- I have observed:
 - Challenges for community organisations navigating the current number of committees and identifying the fund that best meets their needs.
 - The ongoing administration burden of having a large number of committees, this includes ongoing training for members to strengthen capability, appointments and the costs associated with supporting that number.
 - A need to improve access and engagement through digital technologies, especially as we consider new ways in which communities are engaging digitally with public services.
- This review will enable me to consider whether the function, number, and purposes of the Committees fully support adequate and efficient distribution of funds into communities.
- There is an opportunity to further consider whether the Distribution Committees remain aligned to the purposes of the Gambling Act 2003 as the guiding legislation.
- I understand that there has been no significant changes to the Distribution Committees structure since the early 2000's.
- I have also noted current challenges that have been raised by Distribution Committee members through the Board Liaison members reports and my attendance at the Presiding Members Advisory Group meeting.
- Including lack of clarity around Committee purpose, inconsistent approaches to determining committee priorities, gaps in members skills and expertise, and some difficulties in aligning applications with outcomes.
- Exploring potential changes now will enable us to address some of those challenges alongside being in a better position to make the decisions required of the Board on the distribution of the online casino gambling funding in the future.
- I have asked officials to begin preparing options for consideration on potential changes and how the current structures could be improved to ensure funding is efficiently getting out to communities that need it.

Interested in your initial thoughts

- I am considering several different issues including: the overall number and purposes of committees, whether we need the specialist committees we have, the number of members on committees, regional committee size and reach, and the current approach to setting committee priorities.
- I am interested to hear your initial thoughts, including any opportunities for change or improvements that you may have identified.
- *Open to the members.*

Next steps

- Officials are working on options for discussion at the next Board meeting, including early advice on the future distribution of the online casino gambling funding.
- Information will be provided as part of the next Board meeting pack.

Item 4: Board Liaison Members report

For your information

- [Redacted] **Out of Scope**

Board Liaison report

- [Redacted] **Out of Scope**

[Redacted] **Out of Scope**

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

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Item 5: Secretary's Report

Out of Scope

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PRESIDING MEMBER'S COPY

Lottery Grants Board Te Puna Tahua meeting papers

Wednesday 29 April 2026
3:30pm to 4:45pm

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Lottery Grants Board
Te Puna Tahua
LOTTO FUNDS FOR YOUR COMMUNITY



Internal Affairs
Te Tari Taiwhenua

IN-CONFIDENCE

Agenda

Date and time: Wednesday 29 April 2026 from 3:30pm – 4:45pm

Location: Select committee room 7, Parliament Buildings, Wellington

Time

Agenda item

Action

Out of Scope

3:45pm to 4:15pm
(30 minutes)

3 Presiding Member's update

Discussion

Out of Scope

Time: 3:45pm to 4:15pm (30 minutes)

3

Presiding Member's update

Hon Brooke van Velden will provide an update for the Board on:

- changes to distribution committees and structure
- outcomes framework review.

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