

Contents

Statement of Intent	2
About the Lottery Grants Board	2
Role of Lottery Grants Board	3
The Board’s Vision	3
The Board’s Mission	3
Strategic Objectives	3
Guiding Principles	4
Operating Environment	4
Gaming and Lotteries Environment.....	4
Changing Policy Environment	4
Changing Needs and Wants.....	4
Public Awareness and Acceptance	5
Other Grant makers	5
Critical Success Factors, Risks and Management Strategies 5	
Outcomes Framework	5
Funding	5
Social change	6
Distribution Mechanism	6
Communications.....	8
Strategic funding.....	8
Looking Forward	9



STATEMENT OF INTENT 2008-2013

Lottery Grants Board

Statement of Intent

This document explains the structure and responsibilities of the Lottery Grants Board. It describes the business of the Lottery Grants Board, and the strategic direction in which the Board intends to run it.

About the Lottery Grants Board

The New Zealand Lottery Grants Board (the Board) is an independent statutory body governed by the Gambling Act 2003. The Board receives funding from the New Zealand Lotteries Commission (NZ Lotteries) to distribute for community benefit. Its work complements but does not overlap with government policies and programmes. It is a Crown Entity for the purposes of the Public Finance Act 1989, and is accountable to Parliament for management of the funds it receives. The six member Board comprises the Prime Minister (or representative), the Minister responsible for the Lottery Grants Board (currently the Minister of Internal Affairs) who is its Presiding Member, the Leader of the Opposition (or a representative) and three community members appointed by the Governor General for their relevant skills and experience. The Board's role¹ is to determine the proportions of profits of NZ Lotteries to be allocated to Lottery Distribution Committees and specified statutory bodies (Creative New Zealand, the New Zealand Film Commission, and Sport and Recreation New Zealand²).

The Minister responsible for the Lottery Grants Board establishes Distribution Committees as appropriate and appoints their members. Distribution Committees distribute the profits of New Zealand Lotteries as allocated to them by the Board to community members³, groups and organisations. The Presiding Members of the Distribution Committees form an advisory group to provide feedback that informs Board policy. Lottery Community Committees distribute funds to support local organisations in every region of the country and other initiatives at national level. Social sector committees fund health and social sector research, help to meet the need of individuals with disabilities, and assist to build capacity in provider groups working with ethnic communities. Other specialist facility-oriented committees fund environmental projects, cultural, heritage and community facilities, and larger projects with a wider community and national significance. A list of distribution committees is annexed.

Lottery grants are administered on behalf of the Lottery Grants Board by the Department of Internal Affairs under an annual Memorandum of

¹ See Gambling Act Section 274

² See Gambling Act Section 279

³ Lottery Individuals with Disabilities and Lottery Minister's Discretionary Fund may make grants to individuals

Understanding (MOU) that provides for policy advice, grants administration, public relations and information services. The MOU sets out performance standards for delivery of these services.

Role of Lottery Grants Board

The role of the Board is to govern and set the direction for the Lottery grants distribution system and to ensure lottery grants are made for 'community purposes' that contribute to the building of strong sustainable communities by encouraging or enabling:

- Community self-reliance, capacity building, and stability
- Opportunities for social, recreational, civil or cultural participation and reducing or overcoming barriers to such participation
- Community or environmental health
- Development and preservation of New Zealand's arts, culture, and national identity
- Sports and recreation.

The Board ensures responsiveness of its operations to the needs of:

- Māori
- Older people, Pacific people and other ethnic communities, women, youth and people with disabilities.

The Board's Vision

New Zealanders building strong, sustainable communities together.

The Board's Mission

To contribute funding to support its Vision in a responsive, considered timely way.

Strategic Objectives

In pursuit of its vision and mission the Lottery Grants Board will seek to maximise community value by aiming to be:

- Knowledgeable about the communities it serves, and responsive to community needs through appropriate policy interventions and a network of funding advisors
- Considered in its operations through continuous improvement in lottery grants structures and business process to reduce compliance costs in time and money
- Timely in its response to clients through meeting targets for processing of applications and payment of grants
- Strategic in its approach to grant making and focus on community outcomes
- Working in partnership and collaboration with other funders where this will contribute to positive outcomes
- A leader championing better practice in the philanthropic sector.

Guiding Principles

Lottery grants distribution policies and practices will reflect the following principles:

- Equity: aiming both to maximise benefit and minimise disparity in communities
- Sustainability: projects funded should have a clear strategy for enduring benefit
- Efficiency: funds should be efficiently administered and grants should represent value for money
- Collaboration and philanthropy: working with other grant-makers to avoid duplication and emphasise the value of co-operation
- Accountability: grantees and grants administration should adhere to principles of probity and transparency.

Funding decisions will be guided by:

- Alignment with LGB's mandate, vision, aims and resources
- Community need for the activity
- Community benefit assessment and support for the activity
- Feasibility of the planned activity
- Capability of the applicant to deliver a sustainable project that responds the above criteria.

Operating Environment

The key environmental challenges and opportunities that may help or hinder the achievement of the Board's vision include the Gaming and Lotteries environments, the changing needs and wants of society within its mandate, public awareness and acceptance of its operations, and the activities of other organisations involved in community development funding.

Gaming and Lotteries Environment

Attitudes to gambling, the attractiveness and ease of access to Lottery games, levels of affluence in society, and the economic situation all affect the behaviour of the gambling public. This in turn influences the level of lottery profits that the Board receives to distribute. Any change in lottery profit trends is a key strategic issue.

Changing Policy Environment

The Board works to complement government policies and programmes. Changes in the policy environment therefore affect what the Board funds or does not fund. The Board directs effort to activities that demonstrate additionality, that is, they avoid duplication and add value to the activities of government.

Changing Needs and Wants

The trend is for New Zealand's population to increase steadily, to become older, ethnically more diverse and more urbanised. At the same time,

relatively rapid changes in gender roles and family structure are occurring. Changing lifestyles are accompanied by changing health, cultural, sporting and recreational patterns to which the Board must respond to remain relevant.

Public Awareness and Acceptance

The Board's successful fulfilment of its role depends upon public awareness and acceptance of the origin of the funds it administers, and of its delivery mechanisms. A communications programme and an active marketing strategy will be cornerstones of awareness building.

Other Grant makers

The aims and operations of other philanthropic organisations influence the Board's positioning strategy. It seeks to avoid overlaps on the one hand, and to fill gaps on the other, in the priorities identified through its Distribution Committees. It actively seeks collaboration with other funders.

Critical Success Factors, Risks and Management Strategies

Its operational environment defines the factors critical to the Board's successful fulfilment of its mission, and directs its response to risks and risk management.

Outcomes Framework

Essential to the Board's achievement of its vision is a clear understanding of the societal transformations in the communities at which its operations are directed. Board grant-making will be focused on achieving two overarching outcomes:

1. Connected communities
2. A high quality of life.

The Board views its interventions as an investment in this future. It is working on a framework to operationalise an outcomes focus throughout its funding activities. This will result in streamlining grant-making process to place emphasis on the outputs and contribution to outcomes expected, rather than on inputs and budget line-items. This shift in emphasis will influence applicant behaviour, relieve grantees of the necessity to seek minor variations to the purpose of their grant, and will result in a reduction in apparent non-compliance with conditions, leaving more energy to be directed towards positive achievements.

Funding

To be responsive to its stakeholders, the Board recognises that assured funding is critical. The main risk to fulfilment of its mission is uncertainty of funding.

To manage this risk the Board will:

- Maintain an oversight of gaming and gambling trends and NZ Lotteries gaming and lottery revenues

- Review the potential impact of fluctuations in revenue, anticipate and respond to the opportunities offered when funding availability increases, and act to limit the adverse effects if funding declines
- Regularly review its minimum reserves policy to ensure it can meet obligations to grantees, and to protect as far as possible its ability to meet the future aspirations of the communities it serves
- Adhere to a prudent investment policy where its reserves portfolio is diversified in investments with no lower than a Standard and Poors A2 rating
- Provide timely advice of any foreseen impacts on their operations to its Distribution Committees and the Statutory Bodies it funds to enable them to adjust their funding strategies
- Develop a process to manage community expectations of funding in its public communications plan.

Recent rapid increases in available funds have seen the establishment of new Distribution Committees. Further increases in profits will contribute to valuable reserves and may provide resources with which to introduce multi-year funding to selected applicants or to enhance current funding streams.

Social change

The Board recognises the need to continuously review its response to changing community composition and development priorities to maximise the value of its operations. Strategic actions will include:

- Reviewing the relevance and effectiveness of all distribution committees through which its aims are to be realised, taking account of societal and local change and the benefits to be derived from funding streams. Regional Profiles prepared by the Secretariat will help to support decision making.
- Directing each distribution committee to report annually on the activities it has undertaken in reviewing its priorities and outputs, and to comment on the contribution these make to the Board's overarching outcomes focus.
- Developing the client and committee satisfaction surveys to enhance their usefulness as sources of business information, through a wider range of questions and more in depth analysis of findings.

Distribution Mechanism

The Board aims to support its activities with high quality efficient administrative tools and mechanisms. Best endeavours will be used to ensure that Distribution Committees have the personnel and receive the logistical and administrative support required to function efficiently.

The Board relies on a fair, accessible and efficient grant making and distribution process that:

- Distributes grants to eligible recipients for appropriate purposes. In this context the Board takes particular cognisance of the needs of Māori, and supports Māori, iwi and hapu self-development. Its community and social sector committees respond to the needs and aspirations of Pacific people and other ethnic communities, older people and youth, women and people with disabilities⁴.
- Minimises compliance costs while maximising the community benefit of grants. The Board aims to ensure responsiveness to community needs through appropriate policy interventions and through its network of funding advisors. It will be timely in its response to clients through setting and meeting targets for processing of applications and payment of grants.
- Distributes grants equitably across geographic and demographic boundaries. The Board aims to manage its funding allocations to reflect demographic and socio-economic change through adjustment to census-based information on population, deprivation and isolation factors. The grant application process will be reviewed to ensure application processes are tailored to needs.
- Complements government policy objectives and the policies of other funders. The Board takes an outcomes focused and strategic approach to grant making. It aims to work in partnership and collaborate with other funders where this will contribute to positive outcomes, and to be a leader in the philanthropic sector championing better practice.
- Maintains accountability for Lottery profits. The Board's business processes and policy development will be informed by the Better Funding Practice process developed by the Secretariat. The principles guiding better funding practice are:
 - Lawfulness
 - Accountability
 - Openness
 - Value for Money
 - Fairness
 - Integrity

Better funding practice balances the Board's aims to reduce compliance costs in time and money with the need for its accountability for both its funds and the community aims and outcomes its grants serve. Together with improved decision support systems, this will maximise funding available for distribution.

The establishment and maintenance of efficient information technology systems will be prioritised. An online facility for the lodgement and processing of grant applications and payments enables Lottery grants to have an anytime presence for potential applicants. It also enables application patterns and grant information to be more easily captured for analysis.

⁴ See Gambling Act 2003, Section 277

The Board will ensure that each Lottery Distribution Committee meets the requirement to provide a mid year strategic monitoring report and an end of year report accounting for its expenditure and contribution to its priorities for the Board's Annual Report to Parliament.

The Board will submit to Parliament an annual report on both its financial accountability and its progress towards achieving its overarching outcomes and will ensure all requirements and standards defined in all Acts pertinent to its business are met.

Communications

Achieving the Board's mission requires public awareness and acceptance. The Board's communications strategy will emphasise the community benefit that can derive from the profits of gambling through judicious community grant making. This will assist to manage the risk that the general public is not aware of the origins of the Board's funding, or does not accept the Board's mission.

The Board's mission also depends on communicating effectively to the public how to access funding. The Board's web-based information and its media contacts ensure that its aims, objectives and operations are well accepted and understood.

The Board will also strengthen interaction and communication with stakeholders through its members, its Distribution Committees and the work of its Secretariat.

To inform its policy making, the Board will design and carry out surveys of satisfaction of Lottery Distribution Committee members and applicants with the Lottery grants distribution processes. It aims to achieve at least 90% satisfaction.

Strategic funding

The Board will periodically have baseline surveys performed to provide a benchmark for its outcomes focus. Gathering and analysing information through its Distribution Committees about who is applying (or not applying) and why (why not) will also assist policy and operations planning. As community wants invariably outstrip the Board's resources, the Board will seek to maximise the value of its contribution to the community by building key relationships in the philanthropic sector. Funding strategically (for example by fully funding meritorious applications) also means that many worthy applications can not be funded. The Board will support funding forums with potential partners to maintain its awareness of the options for cooperation and co-funding. Partnering and collaborating with other philanthropic funders may enable client community groups to realise more ambitious projects that no single grant maker could finance alone.

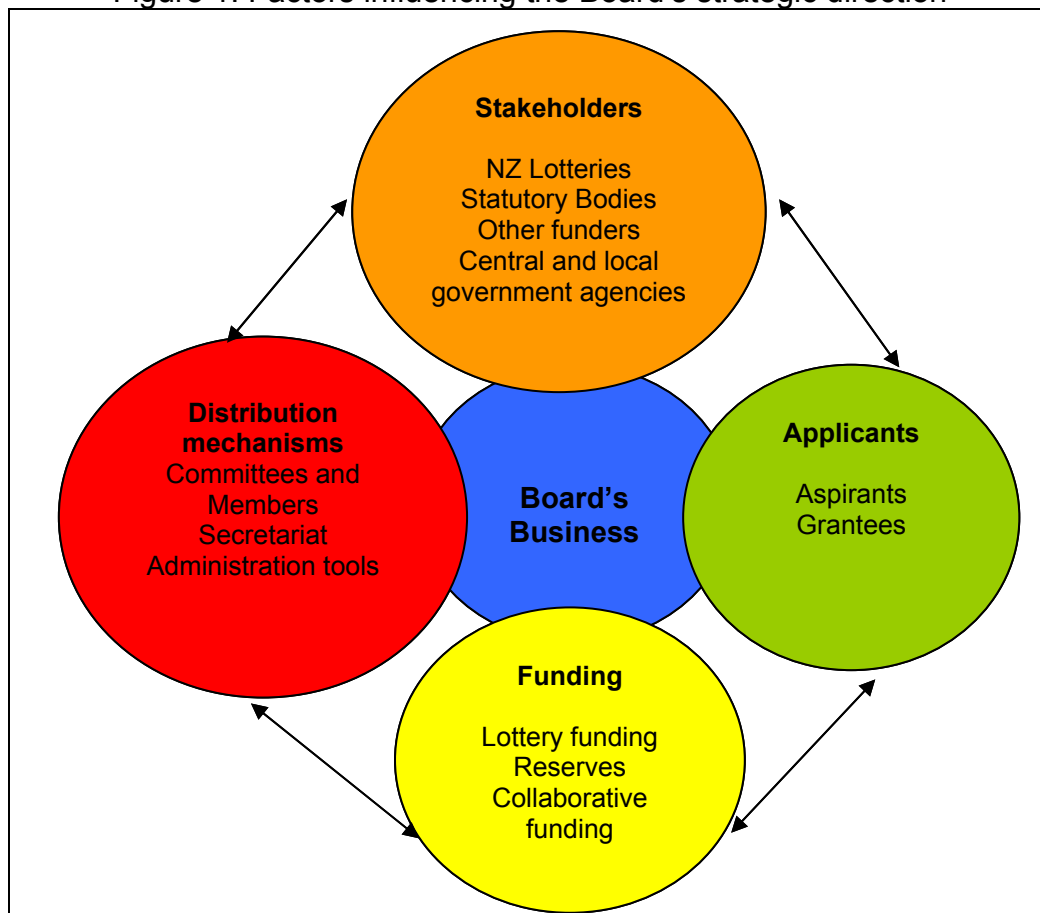
The Board will foster and maintain working relationships with central and local government stakeholders to meet common goals.

Looking Forward

The Board will continue to look for ways to meet opportunities by playing to its strengths, and will seek to avoid threats through anticipation and risk mitigation measures. The Board's principle strength is its role in using gambling profits for community purposes. The principle threats to the Board will continue to be in the uncertainty of the quantum of NZ Lotteries profits.

Influences on the Board's business that will form the focus of ongoing strategic planning are set out in the figure below.

Figure 1: Factors influencing the Board's strategic direction



Looking forward, the Board will examine each source of influence on its business and ensure that its policies and processes take account of the needs and potential influence of each. In analysing these influences, stakeholder and benefit analysis, consideration of strengths, weaknesses, opportunities and threats will inform the Board's assessment of how best to accentuate positive influences.

In moving towards its increased focus on community outcomes, the Board will place particular emphasis on improved information systems, evaluation of the effectiveness of its services, collaboration with other funders and sustainability of benefits from its grant funding.

This emphasis will assist the Board's understanding of its applicants and their aspirations, and enable strategic relationship and funding that will make enduring contributions to its overarching goals of connected communities and a high quality of life.

Annex

Statutory Bodies and Lottery Grants Board Distribution Committees

Statutory Bodies

Creative New Zealand
NZ Film Commission (NZFC)
NZ Film Archive (via NZFC)
Sport and Recreation New Zealand

Community Committees

National Community Committee
Northland
Auckland
Waikato
Bay of Plenty/Gisborne
Taranaki
Manawatu/Whanganui
Hawkes' Bay
Wellington/Wairarapa
West Coast/ Nelson-Marlborough
Canterbury/Kaikoura
Otago/Southland

Specialist Committees

Community Facilities
Community Sector Research
Environment and Heritage
Health Research
Individuals with Disabilities
Marae Heritage and Facilities
Minister's Discretionary Fund
Outdoor Safety
Pacific Provider Development Fund
Significant Projects