



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 9(2)(a) @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

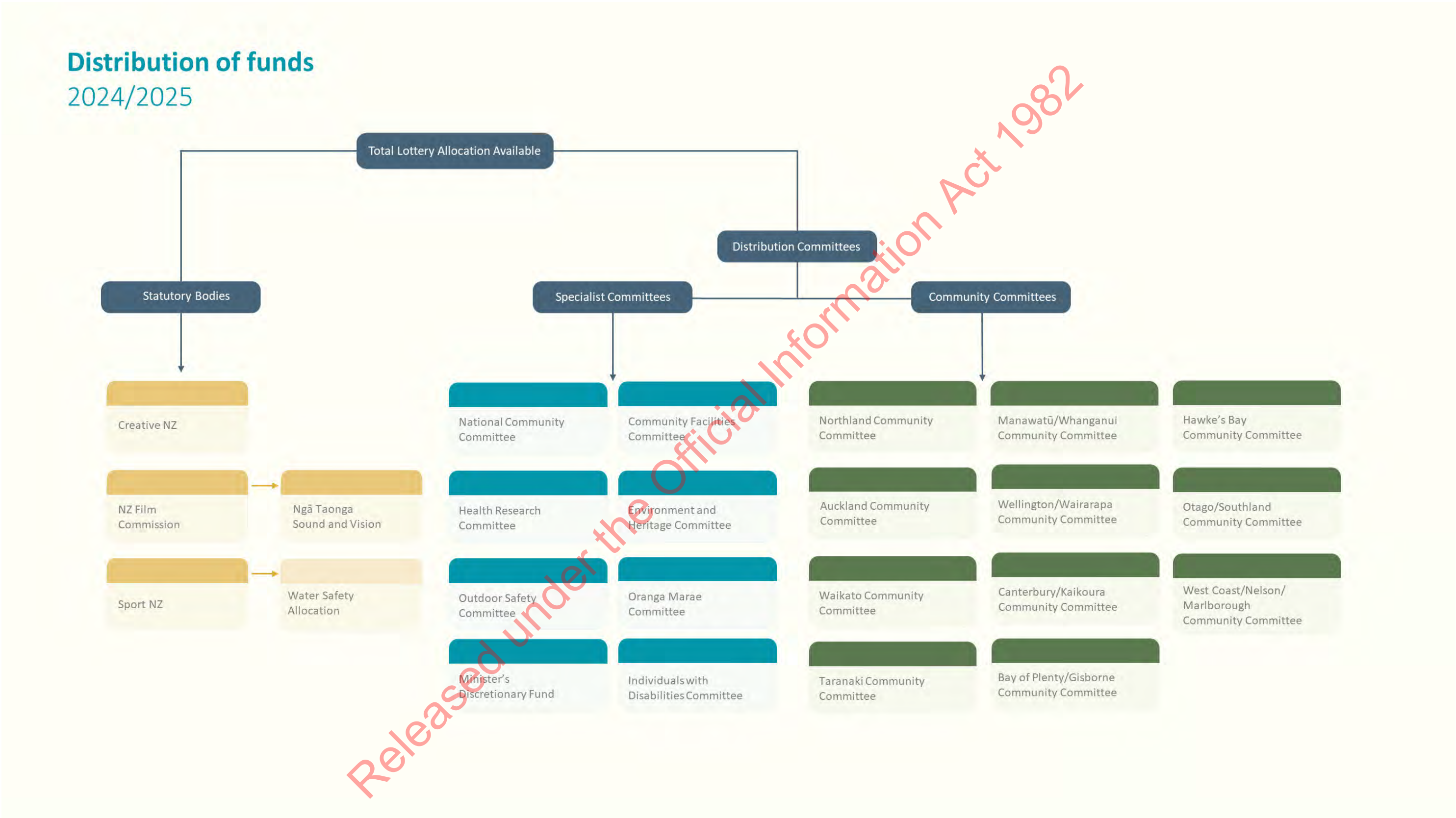
27. We recommend that you:

- | | |
|---|---------------|
| 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 OperationsHon Brooke van Velden
Minister of Internal Affairs

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



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

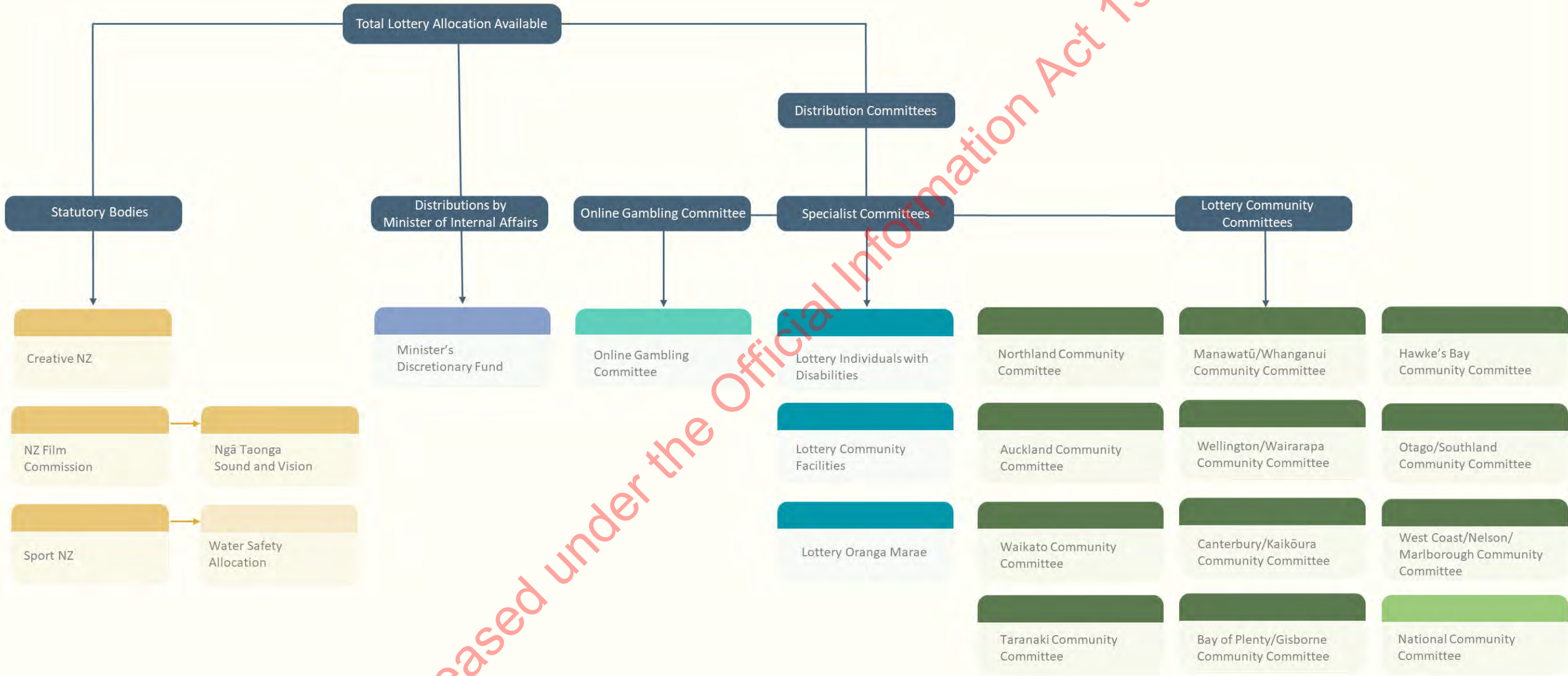
Appendix B: Current distribution committees – purpose and granting data (FY2024/25)

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.			

Appendix C: Proposed future Lottery distribution committee structure

Proposed Lottery Grants Board distribution committee structure from FY2027/28



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
- 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.	The LNC and LC regional committees.⁴	- 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.	- 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
- 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.	Future requests for health research funding could be considered through the MDF, providing they meet the qualifying conditions.	- 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.	- 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.

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
- 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.	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	- 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.	- 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

⁶ Requests for projects that benefit one region would be considered by 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 Mārae committee (OM)	Yes. The Board's SOI expresses a commitment to Te Tiriti o 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: **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

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

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.

Timeframe

30 October 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:	9(2)(a) @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 orientated 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 LCSR 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 |

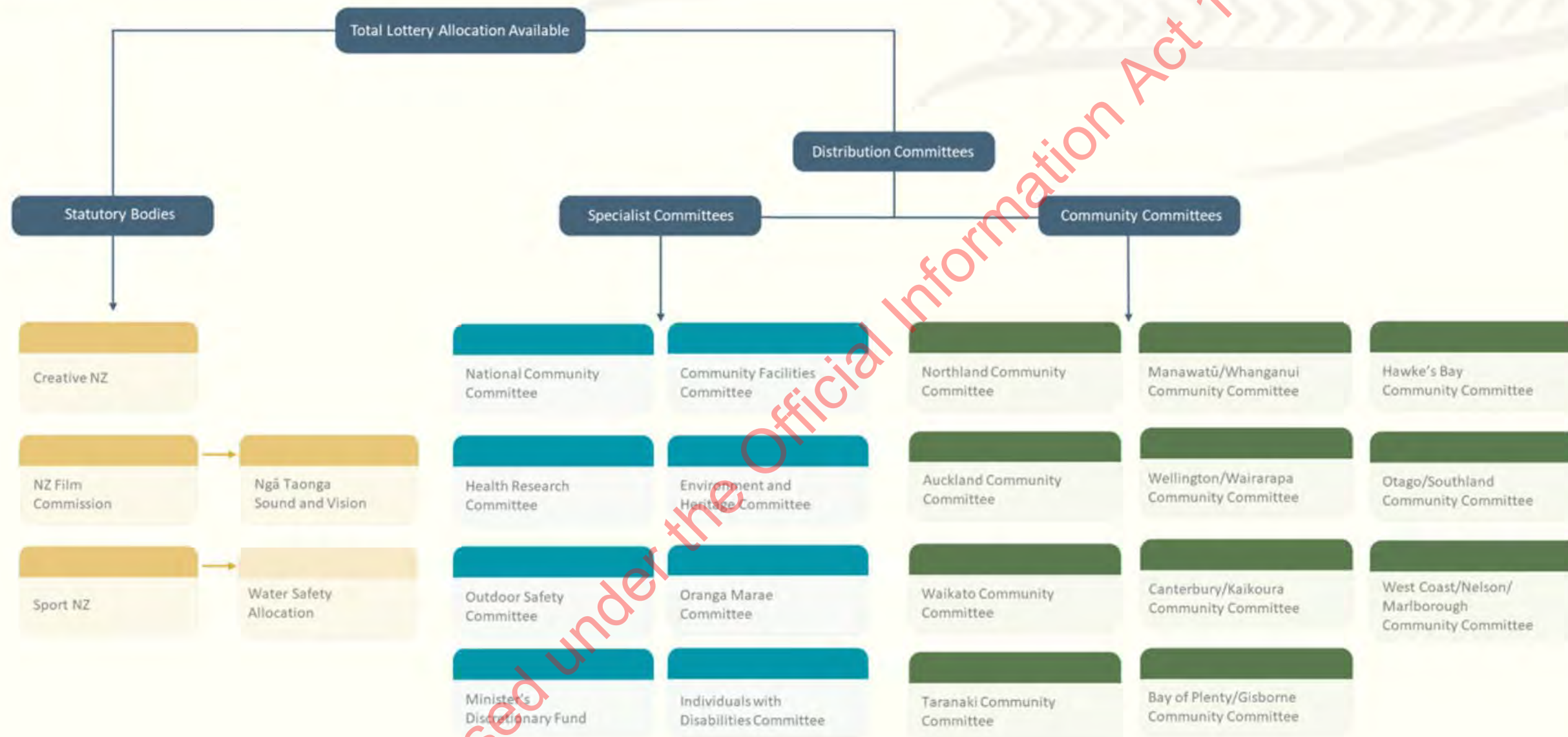
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Gina Smith
General Manager Community Operations

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.

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	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'.	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.	Ongoing
	Multi-year funding is considered best practice for a high trust model; however, the requirements of the Gambling Act make this problematic.	Committees can award funding for a maximum of 2 years for FY2024/25.	Complete
Aligning committee structure to the Board's new strategic direction	The Board's funding of one-off events is responsive to need but lacks in strategic direction.	Implement a policy for determining the Board's support of one-off events.	Complete: Included as a subsection in the Board: Allocation of lottery profits policy.
	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.	The Department work with the Ministry of Transport to identify options to support water safety sector and the wider outdoor safety sector.	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.
	Lottery Significant Projects (LSP) and Community Sector Research funds (LCSR) in their current form do not align well with the Board's strategic direction.	Keep Lottery Significant Projects and Lottery Community Sector Research committees in recess for FY2024/25.	Complete
Making decision-making more efficient and effective.	While the Funding for Change (FfC) approach enables responsive and flexible funding, there are concerns about transparency and accessibility.	The Board authorise committees to allocate up to 10% of their total allocation to (FfC) for FY2024/25.	Complete and applied to FY2025/26
	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.	Implement a policy where sub-committees must include at least 1 distribution committee member.	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.

Lottery Significant Projects (LSP) and Lottery Community Sector Research (LCSR) are inefficient

9(2)(g)(i)

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.



Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: **Additional papers for the Lottery Distribution system changes**
Date: 15/5/2026

Key issues

This briefing seeks your decisions on the governance, policy, and transitional settings needed to implement the new Lottery Distribution Committee structure agreed in April 2026.

In April 2026, you agreed to a simplified structure comprising a single-fund model delivered through one National and six Regional Lottery Distribution Committees. To implement that structure, further decisions are needed to establish clear governance arrangements, introduce a simplified funding framework, and maintain funding continuity during the transition.

The current lottery funding arrangements are complex, with multiple overlapping funds, criteria, and priorities. While recent decisions have simplified parts of the outcomes framework, the system remains difficult to navigate and administer. We therefore propose a single, integrated fund purpose and clear criteria to improve clarity, consistency, and strategic decision-making.

The briefing also seeks your decisions on key transitional and discretionary matters, including:

- formal disestablishment of existing committees from 1 July 2026
- the future role of the Minister's Discretionary Fund
- the treatment of the Water Safety allocation
- whether any targeted, time-limited prioritisation is required for sectors previously supported through specialist committees

These decisions are needed to ensure the new fund can operate effectively from 1 July 2026 while maintaining confidence in funding continuity for communities, hapū, and iwi.

Action sought	Timeframe
Agree to the new lottery fund purpose. Agree to the new lottery fund criteria. Note the proposed changes to lottery fund exclusions. Agree and sign the Gazette notice to disestablish the existing committees from 1 July 2026. Confirm the approach to the Minister's Discretionary Fund. Confirm the approach to Water Safety funding. Confirm the approach to implementing all changes from 1 July 2026 without time-limited prioritisation. Note the draft Terms of Reference for the Presiding Member Advisory Group (PMAG) and Lottery Distribution Committees.	By 18 May 2026

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Aiolupotea Sina Aiono	Secretary to the Board and General Manager Community Operations	9(2)(a)	✓
Margot Dow	Chief Advisor to the Lottery Grants Board	9(2)(a)	
Return electronic document to:	9(2)(a) @dia.govt.nz		
Hukatai reference	 Lottery Committee purpose and criteria briefing May 2026.docx		
Ministerial database reference	IA202612094		

Purpose

1. On 5 April 2026, you approved changes to the lottery distribution committee structure. This briefing seeks decisions on the key settings needed to implement the new funding distribution system. We seek your decisions and direction on:

Policy framework and criteria

- 1.1. the new fund purpose
- 1.2. the new lottery fund criteria

Transitional settings

- 1.3. the disestablishment of existing committees through a gazette notice
- 1.4. the approach to Minister's Discretionary Fund (MDF)
- 1.5. the approach to Water Safety funding
- 1.6. the approach to funding into current sectors such as Environment, Heritage, Marae, Facilities, Outdoor Safety, Water Safety

Executive summary

2. In early April 2026, you agreed to significant changes to the lottery grants system, including a move to a single-fund model with one purpose and criteria delivered through one National and six Regional Lottery Distribution Committees. This briefing seeks your decisions on the key governance, policy, and transitional settings needed to operationalise the new system for the 2026/27 financial year.
3. These changes replace the current complex system of multiple funds, criteria, and priorities, improving clarity for applicants and enabling more consistent and strategic decision-making across the system.
4. On 29 April 2026, the Lottery Grants Board agreed to remove the near-horizon outcomes (approximately 180), further simplifying the framework. From 1 July 2026, the system will retain the Board's far-horizon and mid-horizon outcomes and replace the complex set of short-term outcomes with a simplified set of funding descriptors. This will provide clearer guidance for funding decisions and make the system easier for communities, hapū, and iwi to understand.
5. The proposed framework aligns with the Gambling Act 2003 and the Lottery Grants Board's vision and supports the Board's decision to adopt a strengths-based, community-focused approach to funding. It provides clearer guidance on eligibility and prioritisation while retaining enough flexibility for committees to respond to diverse community needs.
6. To support implementation, this briefing proposes formal governance arrangements through Terms of Reference for the Presiding Member Advisory Group (PMAG) and the Lottery Distribution Committees. The new committee model more clearly distinguishes between National and Regional roles and introduces PMAG to support consistency and stronger strategic focus across the funding system.
7. The briefing seeks your decisions and direction on several transitional and discretionary matters necessary to manage system change.

Board policy framework

Legislative context

8. Under sections 280(1) and 280(3) of the Gambling Act (2003) (Act), the Minister of Internal Affairs has the authority to establish and disestablish distribution committees, including determining fund purpose, funding criteria and the scope of who and what can be funded.
9. Section 277 of the Act sets out that lottery funding must be distributed for community purposes of a public nature, contributing to the building of strong, sustainable communities. This includes supporting activities such as community participation, capacity building, environmental and cultural wellbeing and sports and recreation.
10. The Act requires decision makers to have regard to the needs of Māori and as appropriate Pacific peoples, other ethnic communities, women, youth, older people and people with disabilities when distributing lottery funding. This is operationalised through:
 - The Outcomes framework which embeds equity, Te Tiriti o Waitangi and the needs of these populations; and
 - Committee decision making requirements, where applications must demonstrate how they support or benefit these populations.
11. While consideration of these groups is mandatory it is not applied through fixed quotas. Instead, it forms part of a broader, balanced decision-making framework that combines legislative requirements, outcomes alignment, and committee judgement.

Rationale for change – current framework

12. The current lottery funding framework has evolved into a complex, fragmented system that is difficult for applicants, committees, and administrators to navigate. It includes multiple overlapping components, including:
 - statutory requirements under the Act
 - the Lottery Grants Board Statement of Intent
 - multiple fund purposes, objectives, criteria, and principles
 - an outcomes framework
 - decision-making criteria at Board, fund and committee levels
 - committee specific priorities and lower priority settings.

We recommend a simplified, cohesive framework aligned with the Board's strategic goals and legislative requirements

13. In response to your request for a simplified, cohesive framework for the new Lottery fund, we have developed a revised framework aligned with the Act and the Board's strategic goals. It will apply across all Lottery Distribution Committees and any future committees established by the Minister.
14. This framework gives effect to section 277 of the Gambling Act 2003 by supporting community purposes of a public nature and enabling benefits for communities, hapū and iwi across New Zealand.

15. It aligns with the Lottery Grants Board's vision to build strong, sustainable communities and is intentionally broad, enabling a wide range of activities and applicants to be supported. It is designed to be clear and user-focused, improving accessibility and understanding for applicants and stakeholders.
16. We recommend implementing a simplified framework for the single-fund structure consisting of three core elements:
- Fund purpose – defining the long-term outcome the fund seeks to achieve
 - Fund outcomes – outlining the medium-term outcomes the fund contributes towards; and
 - Fund criteria and framework, including:
 - Descriptors of the types of projects, activities and initiatives that may be funded
 - What the Board does not fund – setting out ineligible activities and eligibility requirements;
 - Eligibility distinctions between national and regional committees. This includes the types of capital works that regional and national committees will consider.
17. A proposed fund purpose has been created for your approval that is strongly aligned to the Board's vision.
- To build strong, sustainable New Zealand communities by enabling community, hapū and iwi to deliver activities, projects, facilities and marae that enhance social cohesion, community wellbeing and collective self-determination.*
18. Following the Board's decision to remove the near-horizon outcomes, the new framework will use only the Board's approved far-horizon and mid-horizon outcomes. A simple set of activity and project descriptors has been developed to bridge the gap between those high-level outcomes and on-the-ground delivery. This provides clearer guidance on what can be funded and helps communities, hapū, and iwi see themselves within the lottery system.
19. We also propose updating the Board's policy on what the Board will not fund. These changes address policy gaps created by the disestablishment of the MDF and align with the Board's strategic intent and the new single-fund model. The proposed updates are:
- Ambulance service and rural fire services: The Board does not fund operational costs or project costs for ambulances and rural fire services.
 - Overseas travel costs: The Board does not fund overseas travel.
 - Food for food banks: The Board does not fund food for foodbanks.
 - Multiple applications for the same purpose: The Board does not fund multiple applications for the same purpose lodged with more than one committee by the same organisation.
 - Funding covered by other sources: The Board does not fund where the needs are already covered by other funding sources.
 - Services that primarily benefit an individual

- Primary benefit is to closed or exclusive membership groups, rather than the wider community.
20. We will seek Board approval at the Board's June meeting to update the existing Board policy.
 21. Criteria to determine the types of applications the new regional and national committees will consider is proposed. This is based on the current Lottery community criteria which effectively channels applications that pan regions to the national community committee.
 22. Clarification on how capital works will be considered is proposed. Projects of national significance, pan-regional impact, or relevance across multiple zones will be referred to the National Committee. All other capital works requests will be considered by a regional committee.
 23. The new fund purpose, descriptors, eligibility criteria and distinctions between national and regional committees have been provided in **Appendix A**.
 24. **Appendix B** shows how the simplified funding framework maintains alignment with the Lottery Grants Board outcomes framework while improving clarity. Far Horizon (Ngā Pae Tawhiti) and Mid Horizon (Ngā Pae Tata) outcomes remain unchanged, while the Near Horizon outcomes have been replaced with a smaller set of descriptors that translate outcomes into clear funding criteria.
 25. This ensures a direct line of sight from long-term outcomes to funding decisions, while simplifying how the system operates for applicants, committees, and administrators.

Transitional settings

System change update

26. We remain on track to disestablish all current lottery distribution committees in July 2026, following the final meetings in June 2026.
27. A Gazette notice to disestablish the current committees has been provided for your approval in **Appendix C**.
28. Further advice on the administration and distribution committee budget, allocation of funding between National and Regional committees, the number of funding rounds, and the approach to multi-year commitments will be provided by the Department at the Board's June meeting.

Minister's Discretionary Fund (MDF)

29. Under section 282 of the Act applications for funding from lottery profits are to be assessed by a committee. Where no appropriate distribution committee exists, applications may be referred to the Minister.
30. Section 278 of the Act allows the Board to allocate lottery profits for the Minister to distribute in these circumstances. This provides a mechanism for the Minister to allocate funding where no other suitable funding pathway is available. The MDF can be established at any time if the Board allocate money for the Minister to make grants.
31. The Board's allocation of lottery profits policy states the purpose of the Board's reserve is to mitigate against the risk of profit forecast reductions. This means funding

could be drawn from the Board reserve to support MDF. However, this would need to occur after Lotto NZ has advised the Board that profits will match or exceed forecasts for the year. This would typically occur later in the financial year.

32. In April 2026, you indicated a preference not to retain the Minister's Discretionary Fund (MDF) in light of the committee structure changes. The new single-fund model, supported by broader descriptors and committee coverage, is expected to reduce the number of applications that fall outside the fund's parameters. We therefore consider a separate allocation no longer necessary.
33. We have presented two options to enable the Department to provide allocation advice to the Board at its June meeting:
 - proceed without an MDF allocation;
 - retain an allocation to the MDF for FY26/27.
34. Whatever you decide, this does not prevent a later allocation to Emergency Disaster Relief or the MDF during the financial year. The Department will update the Board if a need for such funding arises.

Water Safety Allocation

35. The March 2026 briefing (IA202611481) did not address the Water Safety allocation. We now seek your direction on how funding for this sector should be managed under the new committee structure.
36. Since 2013, the Board has supported water safety education and sector leadership through a tagged allocation administered to Sport NZ. This approach was taken due to the absence of an alternative sector wide governance arrangement for Water Safety NZ.
37. In May 2024, the Board agreed that the allocation of funding to Sport NZ would no longer be appropriate once responsibility for Water Safety NZ was transferred to Ministry of Transport (MoT) on 1 July 2025.
38. In April 2025, we advised the Board that, following a change in Ministerial priorities the move to MoT would not be progressed. As a result, oversight of Water Safety NZ remained with Sport NZ and the current funding mechanism and Memorandum of Understanding continued in the short term.
39. The total FY2025/26 Water Safety allocation was \$4,884,511, comprising a standard allocation of \$2,999,814 and an additional allocation of \$1,884,697.
40. Under the proposed new lottery fund purpose and criteria, organisations supporting water safety initiatives would be eligible to apply through the new National and Regional committees. On that basis, two options are available:
 - Continue the existing tagged Water Safety allocation to Sport NZ for FY26/27 to provide transitional stability for the sector with a view to integrating funding into the new committee model from FY27/28; or
 - Discontinue the tagged Water Safety allocation from 1 July 2026 with water safety initiatives to be funded through the new national and regional committees under the new fund purpose and criteria.
41. We will seek the Board's approval on a preferred option at the June meeting.

Transitional funding of previously funding specialist areas

42. Under the new funding structure, applications previously considered by specialist committees may now be considered by the new National and Regional committees, except for funding to individuals (Individuals with Disabilities, Lottery Health Research) and some elements of the MDF. Organisations supporting the disability sector will be able to apply to the new committees.
43. The proposed fund purpose, outcomes, and criteria are designed to ensure that the intent of former specialist funds — including Lottery Community Facilities (LCF), Lottery Environment and Heritage (LEH), and Oranga Marae (OM) — is clearly reflected in the new simplified structure. This removes the need for separate or ring-fenced prioritisation while maintaining continuity of support for the activities those funds previously supported.
44. The Department will work with the new lottery committees to support consistent interpretation and application of the criteria. This will ensure populations and activities previously supported through the specialist committees are fairly and appropriately considered in funding decisions.
45. The new committee structure is designed to support more strategic, informed decision-making, with broader regional coverage and stronger alignment to nationally agreed priorities. Committees will be expected to use their judgement to balance regional and national needs. They are best placed to decide how Board allocations should be used to respond to community needs.
46. The Presiding Member Advisory Group (PMAG) will provide an additional mechanism for cross-committee insight, strategy setting and system-level learning. This will support visibility of how previously specialist areas are being considered in practice and enable advice to the Board on any future adjustments if required.
47. However, if you wish to introduce targeted ring-fencing or transitional prioritisation, this could be applied in a time-limited and proportionate way. For example, the Board could prioritise up to a capped percentage of committee allocations, similar to the former Funding for Change approach.
48. The former Funding for Change approach allows a ringfenced allocation of up to 10% of the Committee allocation to be spent on flexible, responsive and innovative responses.
49. If you are interested in this approach, we will include options in the June 2026, Board papers on how this could be operationalised in a way that aligns with your objective of a simpler, more strategic funding system.

Governance - Terms of Reference***You have agreed to establish a Presiding Member Advisory Group***

50. As part of the new committee model, you agreed to establish a Presiding Member Advisory Group (PMAG) to provide strategic input across the system. PMAG is intended to strengthen alignment, coordination, and system-level insight across the National and Regional Lottery Distribution Committees while preserving independent decision-making.
51. PMAG will operate as an advisory forum, bringing together the presiding members of the National and Regional committees to provide collective advice on emerging

community needs, funding pressures, and system-wide issues. It will support more consistent and strategic decision-making, enable shared learning between committees, and provide a mechanism for identifying risks, gaps, and opportunities at a national level.

52. In April 2026, the Lottery Grants Board requested that a Terms of Reference (ToR) for PMAG be prepared for the June Board meeting. A draft Terms of Reference has been developed and is provided at **Appendix D**.

Terms of Reference for Distribution Committees

53. In April 2026, the Board also requested a Terms of Reference for the Lottery Distribution Committees for consideration at its June meeting. The draft Terms of Reference sets clear expectations for committee roles, responsibilities, and decision-making, including stewardship of public funds, strategic contribution, and maintaining public confidence in the grants system. The draft is provided at **Appendix E**.

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Recommendations

54. We recommend that you:

- | | | |
|-----|--|-----------------------|
| a) | agree to the new fund purpose | Yes/No/Discuss |
| b) | agree to the new lottery fund criteria | Yes/No/Discuss |
| c) | note the proposed changes to lottery fund exclusions | Yes/No/Discuss |
| d) | agree and sign the gazette notice to disestablish existing committees (effective 1 July 2026) | Yes/No/Discuss |
| e) | CONFIRM APPROACH | |
| i. | retain an allocation to MDF in FY26/27 | Yes/No/Discuss |
| | OR | |
| ii. | proceed without an allocation to the MDF for FY26/27 | Yes/No/Discuss |
| f) | CONFIRM APPROACH | |
| i. | retain the tagged Water Safety allocation to Sport NZ for FY26/27 as a transitional arrangement | Yes/No/Discuss |
| | OR | |
| ii. | discontinue the Water Safety tagged funding to Sport NZ | Yes/No/Discuss |
| g) | confirm the approach to implementing all changes from 1 July 2026 without time-limited prioritisation | Yes/No/Discuss |
| h) | Note the draft ToR for the new Presiding Members Advisory Group (PMAG) | Yes/No/Discuss |
| i) | Note the draft ToR for the Lottery Distribution Committees | Yes/No/Discuss |

9(2)(a)



Aiolupotea Sina Aiono
**General Manager,
Community Operations**

Hon Brooke van
Velden
**Minister of Internal
Affairs**

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Appendix A: Lottery Fund Purpose and Criteria information

This appendix sets out the Lottery fund purpose, outcomes, criteria, and eligibility framework to be applied by Lottery Distribution Committees operating under the single-fund model delivered through one National and six Regional committees.

Fund Purpose

To build strong, sustainable New Zealand communities by enabling communities, hapū, and iwi to deliver activities, projects, facilities, and marae that enhance social cohesion, community wellbeing, and collective self-determination.

Fund Criteria

The fund criteria are guided by the far and mid horizon levels of the Outcomes framework.

Far Horizon Outcomes Ngā Pae Tawhiti

- Social Cohesion
- Community Wellbeing
- Collective Self-Determination

Mid Horizon Outcomes Ngā Pae Tata and Near Horizon Outcomes Ngā Pae Poto

- Capability, capacity and self-reliance are enhanced
- Locally led sports and recreation are supported
- Economic wellbeing is strengthened and diversified
- Cultural wellbeing is enriched through arts, culture, heritage, and national identity
- Environmental wellbeing is protected and enhanced
- Collective health, safety, and wellbeing are advanced
- Connection, collaboration and inclusion are supported
- Māori will design and develop initiatives as defined by and for Māori
- Intergenerational connections and learning are promoted

Fund descriptors

Requests are more likely to be funded if they align with at least one descriptor. These should be read alongside what Lottery will not fund.

Organisation support

- Strengthen governance, build capability, and support innovative, sustainable not-for-profit organisations with a social service focus through funding organisational costs

Community wellbeing projects and initiatives

- Enable community-led events, gatherings, and shared activities including place-based and kaupapa Māori approaches that foster belonging, social connection and wellbeing
- Improve accessibility, participation, inclusion and social cohesion including culturally appropriate opportunities

- Strengthen intergenerational sharing of knowledge, skills, values, and identity by developing sustainable platforms and approaches that enable connection and learning across generations
- Enhance governance, leadership, and organisational development, including capability, resilience, innovation and sustainability planning
- Enable community-led planning and development initiatives, including initiatives that strengthen community resilience and emergency preparedness
- Develop volunteers, workforce capability, and skills through training and capacity building initiatives

Community, Sport and Recreation facilities

- Improve access to activities and facilities that are open, inclusive and accessible to the wider community
- Develop, maintain or upgrade community-based sport and recreation facilities where there is a demonstrated regional or community need
- Provide shared and accessible community spaces and facilities, including the construction, improvement, or extension of facilities, and feasibility studies to assess community need and viability

Arts, culture and heritage

- Strengthen cultural identity, connection and understanding, including Māori cultural heritage
- Protect and conserve New Zealand's physical and cultural heritage, including wāhi tapu and taonga
- Support heritage planning, research, and specialist assessments required to guide conservation or restoration
- Develop, upgrade, or sustain heritage facilities and collections, including museums, galleries, archives, and memorials

Environment

- Protect and conserve New Zealand's native flora and fauna
- Deliver ecological restoration and enhancement, including pest and predator management
- Undertake planning and feasibility work that supports positive environmental outcomes
- Provide education and awareness initiatives that build understanding of the natural environment
- Develop supporting infrastructure and interpretation where this contributes to protection or promotion of native ecosystems

Outdoor and water safety

- Deliver outdoor and water safety initiatives led by organisations whose primary purpose is safety

- Prevent or reduce risk in outdoor or water environments
- Provide education and training and awareness initiatives that promote safety and harm prevention
- Support search, rescue, and emergency response activities in outdoor or water settings

Kaupapa Māori

- Strengthen Māori identity, wellbeing, and mātauranga
- Strengthening marae as centres of Māori identity, wellbeing, and mātauranga
- Māori-led planning and capability, including marae planning and supporting technical advice
- Essential repairs and capital works that keep marae safe, functional, and fit for purpose
- Enable intergenerational knowledge sharing and learning, including mātauranga Māori

What Lottery funding will not fund

Some activities are not eligible for funding due to Lottery Grants Board (the Board) policy. The below exclusions were last approved by the Board in December 2024.

Alcohol: The Board does not fund alcohol and similar substances (for example kava).

Capital investment: The Board does not fund capital investment, which includes investments in real estate, stocks, bonds and other financial institutions or trust funds.

Commercial, political, and religious objectives: The Board does not fund requests or projects that look to promote or advance:

- commercial aims with the sole purpose of profit making which includes employment or business initiatives (private pecuniary gain)
- political aims which include political advocacy and projects that look to change legislation; or
- religious aims that support religious activities. Funding requested for social services and activities provided to this community or the wider community, by religious organisations, is not considered a religious aim.

Retrospective funding: The Board will not approve projects or activities that are already completed before you are notified of the request decision.

Private pecuniary gain: The Board does not fund requests that seek to generate private pecuniary profits or gain for an individual or body, except to the extent that the profit or gain is incidental.

Debt repayment: The Board does not fund debt servicing.

Loans, deposits, or underwriting projects: The Board does not fund requests that include costs related to refinancing existing loans or deposits or underwriting projects.

Overseas aid and disaster relief: The Board does not fund requests for overseas aid or overseas disaster relief.

Medical expenses: The Board does not fund medical expenses, operations, or treatments.

Redistribution of funds or fundraisers: The Board does not fund applications from fundraisers or organisations where the purpose is to redistribute it to a third party. The third party should apply on their own behalf and may be supported to do so by a fundraiser.

Additional exclusions from 1 July 2026

- **Ambulance service and rural fire services:** The Board does not fund operational costs or project costs for ambulances and rural fire services.
- **Overseas travel costs:** The Board does not fund overseas travel.
- **Food for food banks:** The Board does not fund food for foodbanks.
- **Multiple applications for the same purpose:** The Board does not fund multiple applications for the same purpose lodged with more than one committee by the same organisation.
- **Funding covered by other sources:** The Board does not fund where the needs are already covered by other funding sources.
- **Services that primarily benefit an individual:** *For example, Lottery funding may support the operating costs of a service that delivers benefit to many people (such as organisation staffing, programme delivery, or service coordination). However, it does not fund direct services provided to, or costs incurred for, a specific named individual.*
- **Primary benefit is to closed or exclusive membership groups, rather than the wider community.** *For example, facilities or activities that are gated, locked, or otherwise restricted to members. In contrast, community groups that are open, inclusive, and accessible to others — including cultural, ethnic, or Pacific groups that do not restrict access or charge membership fees — are considered to provide a broader community benefit.*

National vs Regional Committee eligibility criteria

Regional Committees consider applications where:

- Projects, activities, services, facilities, or marae primarily operating within one distribution committee area; and
- local knowledge is central to assessing need and impact.

The National Committee considers applications where:

- the application is for a project or service with a nationwide benefit, or
- the application benefit is in two or more local distribution committee's areas.
- funding applications that involve significant capital investment or risk.

Capital works funding

Applications for capital works projects will be assessed through six regional committees and one national committee using a characteristic-based approach, rather than a strict monetary threshold.

Regional committees will consider capital projects that are primarily locally or regionally focused. Decisions will draw on their strengthened population-based coverage, local knowledge, and access to advisory and technical expertise to assess community impact, value for money, and potential duplication.

Capital projects with national or pan-regional impact will be referred to the National Committee to ensure appropriate strategic oversight and consistency for higher-impact investments decisions. This approach enables sizeable but locally significant capital projects to remain with regional decision-making, while ensuring nationally important projects are evaluated at a national level, balancing regional insight with coherent, system-wide decision-making.

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Appendix B: Alignment with the Outcomes framework and the simplified funding strategic Framework

This document demonstrates how the simplified funding framework aligns with the existing Lottery Grants Board (Board) outcomes framework while reducing complexity.

The current Outcomes framework and link to the SOI

- Far Horizon (Ngā Pae Tawhiti) which describe long term system goals; and
- Mid Horizon (Ngā Pae Tata), which describe what outcomes funding will contribute to in the medium term.
- Near Horizon outcomes, (Ngā Pae Poto) which describe what outcomes funding will contribute to in the near term.

The near horizon outcomes have contributed to fragmentation and increased complexity of the system. The Board have given a directive to remove these.

The future system

The Board's Statement of Intent will continue to be anchored in the Far and mid horizon outcomes in the future system. The 180 near horizon outcomes (Ngā Pae Poto) have been removed and replaced with a simplified set of descriptors.

The descriptors provide a clear and practical translation of the outcomes into what community, hapū and iwi deliver, support and enable through the services and projects.

The new descriptors provide:

- a clear and practical translation of outcomes into what community, hapū and iwi deliver day to day.
- a clear line of sight from long-term outcomes through to funding decisions
- a clear, more consistent way of guiding funding decisions across all committees.
- improved clarity, consistency, and ease of use for communities, hapu, iwi, committees and the Department.
- enable community hapū and iwi to see themselves and their contributions in the system.

The table below shows how the descriptors link to the far and mid horizon outcomes.

Far Horizon Outcome Ngā Pae Tawhiti

Outcome	How the new descriptors contribute
Community wellbeing	Delivered through community activities, environment, arts and culture, and facilities
Collective self-determination	Supported through community-led activities, organisational support, and kaupapa Māori initiatives
Social cohesion	Strengthened through inclusive community activities, intergenerational connection, and accessible spaces

Mid Horizon Outcomes Ngā Pae Tata

Outcome	Descriptor alignment
Capability, capacity and self-reliance are enhanced	Support for organisations and communities to strengthen governance, leadership, skills and long-term sustainability so they can deliver effectively
Connection, collaboration and inclusion are supported	Activities and services that bring people together, improve access and participation, and strengthen inclusive community connections
Locally led sports and recreation are supported	Locally led sport and recreation programmes that enable participation and active communities
Economic wellbeing is strengthened and diversified	Community-based initiatives that support financial resilience, local participation, and the sustainability of not-for-profit organisations and community services
Cultural wellbeing is enriched through arts, culture, heritage, and national identity	Activities, organisations, and facilities that protect, promote and share arts, culture and heritage
Environmental wellbeing is protected and enhanced	Projects and initiatives that protect, restore, and care for the natural environment
Collective health, safety and wellbeing	Activities and initiatives that improve safety, prevent harm, and support the health and wellbeing of communities
Māori will design and develop initiatives as defined by and for Māori	Kaupapa Māori - Māori-led initiatives that strengthen marae, Māori capability, identity and wellbeing
Intergenerational connections and learning are promoted	Activities that bring different generations together to share knowledge, skills, culture and experience

Work will be undertaken to align operational policy and practice to the new ways of working.

Appendix C: Gazette Notice**Gazette Notice****Gambling Act 2003****Disestablishment of a Lottery Distribution Committee**

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

- Lottery Community Facilities Committee.
- Lottery Community Sector Research Committee.
- Lottery Environment and Heritage Committee
- Lottery Health Research Committee.
- Lottery Individuals with Disabilities Committee.
- Lottery Outdoor Safety Committee.
- Lottery Oranga Marae Committee.
- Lottery National Community Committee.
- Lottery Northland Community Committee.
- Lottery Auckland Community Committee.
- Lottery Waikato Community Committee.
- Lottery Bay of Plenty/Gisborne Community Committee.
- Lottery Taranaki Community Committee.
- Lottery Hawke's Bay Community Committee.
- Lottery Manawatu/Whanganui Community Committee.
- Lottery Wellington/Wairarapa Community Committee.
- Lottery West Coast/Nelson/Marlborough Community Committee.
- Lottery Canterbury Kaikoura Community Committee.
- Lottery Otago/Southland Community Committee.

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

Dated at Wellington this 15th day of May 2026.

Hon Brooke van Velden, MINISTER OF INTERNAL AFFAIRS

Appendix D: DRAFT Presiding Member Advisory Group (PMAG) Terms of Reference

The Presiding Member Advisory Group (PMAG) is established to support strategic alignment, coordination, and system-wide oversight across the Lottery Distribution Committee structure.

Purpose

The purpose of PMAG is to:

- Strengthen coherence between the one National and six Regional Lottery Distribution Committees; and

Enable strategic, consistent discussion and the sharing of lessons across the lottery grants system while preserving the independence of decision-making committees.

Advisory Forum

- The PMAG is an advisory forum, not a statutory committee under the Gambling Act (2003).
- The PMAG is advisory only and has no grant making authorisation.
- The PMAG does not replace, duplicate, or override the roles of:
 - The Lottery Grants Board;
 - Regional Lottery Distribution Committees;
 - The National Lottery Distribution Committee.

Advice provided by the PMAG is non-binding and is offered to:

- The Lottery Grants Board (as appropriate);
- The National Lottery Distribution Committee; and
- The Department.

Membership

PMAG comprises the Presiding Member of the National Committee and the Presiding Member of each of the six Regional Lottery Distribution Committees:

1. Upper North Island
2. Central and Western North Island
3. Eastern North Island
4. Lower North Island
5. Canterbury/Kaikōura (including Chatham Islands)
6. Rest of South Island.

Relationship to the National Committee

- PMAG regional members are not members of the National Lottery Distribution Committee by virtue of their PMAG role.

Relationship to Lottery Grants Board Liaison members

- Board Liaison members are not members of PMAG; however, they may be invited to attend PMAG meetings if the group requests it.

Functions and Responsibilities

The PMAG will provide:

Strategic Coordination

- Discuss strategic alignment, shared understanding and alignment of practice across the committees
- Discuss pan regional and national issues, trends and opportunities.
- Support dialogue on balancing regional responsiveness with national consistency.

Strategic Advice

- Share and discuss community needs and funding pressure system challenges.
- Discuss funding priorities with cross regional or national relevance.
- Provide observations to support system-level understanding of risks and improvement opportunities.

Capital and National Grants

- Share perspectives of capital grant
- Support discussion of national or multi-regional projects
- Ensure duplication is effectively managed.

System Oversight and Improvements

- Identify system-wide risks, gaps, and improvement opportunities.
- Share insights to support continuous improvement of grant making effectiveness, strategic coherence and operational efficiency.
- Promote collective stewardship of lottery funding

Reporting and Engagement

- Provide periodic high-level insights into the Lottery Grants Board on a six-monthly basis.
- Engage with the Department of Internal Affairs on system wide policy or operational matters.

Te Tiriti responsibilities

- Support Te Tiriti informed grant making practices
- Actively monitor and manage access by Māori to grant funding opportunities

Operational information

- The PMAG will meet every six months.
- Meetings can be conducted in person and virtually.
- A quorum is a majority (four of the seven members). In the absence of a quorum the meeting will be rescheduled.
- The Department will provide secretariat support to ensure PMAG can deliver on it's advisory role. This includes;
 - Preparation of agendas, papers, minute taking and actions register
 - provision of high-quality analysis (drawn from data insights, trends and system level reports) to inform discussions

Appendix E: DRAFT Terms of Reference: Lottery Distribution Committees

Purpose

Lottery Distribution Committees are established to make independent, equitable, and robust decisions on the allocation of Lottery grants to maximise community benefit. Decisions must be consistent with the purposes of the Gambling Act 2003 and with directions set by the Minister of Internal Affairs and the Lottery Grants Board. Committees operate with delegated decision-making authority and are collectively accountable for the quality, integrity, and consistency of their decisions.

Role of the Committee

Each Lottery Distribution Committee is collectively responsible for:

Grant Decision-Making

- Assessing eligible applications against:
 - statutory requirements;
 - approved fund outcomes and criteria; and
 - available funding allocations.
- Have regard to the needs of Māori and, as appropriate, Pacific peoples, ethnic communities, older people, women, youth, and people with disabilities.
- Making impartial, well-reasoned, and evidence-based funding decisions.
- Ensuring funding decisions maximise public value and community impact.

Operational information

- Committee meetings will be held quarterly.
- Meetings can be conducted in person and virtually.
- A quorum is a majority (three of the five members). In the absence of a quorum the meeting will be rescheduled.
- The Department will provide secretariat support to ensure Committees can deliver on their role. This includes;
 - Preparation of agendas, papers, minute taking and actions register
 - provision of high-quality analysis (drawn from data insights, trends and system level reports) to inform discussions

Strategic Contribution

- Apply a strategic view of funding needs within the committee's remit (regional or national).
- Identify trends, gaps, duplication, and emerging priorities.
- Balancing responsiveness to local needs with broader system considerations.
- Remain mindful of Te Tiriti responsibilities and Māori access to funding.

Stewardship and Assurance

- Acting as stewards of public lottery funds.
- Managing funding and reputational risk.
- Ensuring decisions are consistent, legal and transparent.

Integrity and Public Trust

- Upholding public confidence in the lottery grants system.
- Conducting business fairly, respectfully, and free from undue influence.

Role and Expectations of Individual Members

Each committee member is expected to:

Review requests and contribute to shared decision making

- Review all meeting papers thoroughly in advance of the meeting including applications.
- Apply independent judgement to each application.
- Actively contribute to discussions and participate in collective decision-making.

Act Independently and Impartially

- Make decisions in the public interest, not as representatives of any organisation, sector, or community.
- Do not advocate for personal, organisational, or regional interests and ensure regional perspectives are considered alongside public interest.

Behave Ethically

- Declare actual, potential, or perceived conflicts of interest.
- Manage conflicts appropriately, including withdrawing when required.
- Always maintain confidentiality.

Contribute to Continuous Improvement

- Engage constructively with feedback, learning, and evaluation.
- Support improvements in grant-making practice and system performance.

Confidentiality and Conduct

Members are expected to:

- Keep all committee information confidential unless authorised.
- Comply with codes of conduct, information security, and privacy requirements.
- Behave in a manner that protects the reputation of the lottery grants system.

Time Commitment and Remuneration

Members are expected to:

- Undertake preparatory reading and training.
- Attend scheduled meetings.
- Contribute to additional activities where required (e.g. induction, learning sessions).
- Remuneration and expense reimbursement are determined in accordance with the Cabinet Fees Framework and relevant determinations.

Relationships and Information Flows

Operate within a wider governance system including:

- The Lottery Grants Board;
- The Department of Internal Affairs; and
- Presiding Member coordination mechanisms.

Conflicts of Interest

All members must:

- disclose conflicts of interest promptly.
- Follow agreed practices to manage COI in accordance with applicable policies.
- Failure to appropriately manage conflicts may result in removal from deliberation or further action.

Role of the Presiding Member

The Presiding Member has additional responsibilities to:

- Lead meetings effectively and ensure fair, collaborative and balanced discussion.
 - Facilitate consensus decision-making.
 - Support high standards of decision-making and committee conduct.
 - Act as the primary point of contact with the Department of Internal Affairs; and
- and other Presiding Members, including through the Presiding Member Advisory Group.
- Support the committee operates in accordance with its Terms of Reference.
 - Manage conflicts of interest and meeting processes.

Role of Board Liaison Members

Purpose of the Board Liaison Role

- A Board Liaison member is appointed to strengthen connection, understanding, and information flow between the Lottery Distribution Committees, PMAG and the Lottery Grants Board.
- The role supports alignment and assurance without compromising committee independence.

Frequency of attendance at Committee meetings

Board Liaison members may attend up to one meeting a year with their allocated regional or national committee.

Role and Expectations of Board Liaison Members

A Board Liaison member is expected to:

- Share and discuss insights into Lottery Grants Board priorities, expectations, and system-level issues.
- Support mutual understanding between the Board and committees.
- Observe and support the quality of governance and decision-making.
- Share high-level observations with the Board on system performance and risks (not individual grant decisions).

Boundaries of the Role

Board Liaison members:

- Do not direct or influence individual grant decisions.
- Do not override committee decision-making authority.
- Do not act as representatives or advocates for applicants.
- Must respect the committee's independent statutory and delegated role.

Conflicts of Interest

All members must

- disclose conflicts of interest promptly.
- Follow agreed practices to manage COI in accordance with applicable policies.
- Failure to appropriately manage conflicts may result in removal from deliberation or further action.

Review of Terms of Reference

The Terms of Reference and frequency of meetings will be reviewed:

- After the first year and then every 3 years; or
- at the direction of the Minister, the Lottery Grants Board, or the Department.

Internal Affairs briefing

Hon Brooke van Velden
Minister of Internal Affairs

Title: Update to the additional papers for the Lottery Distribution system changes

Date: 22/05/2026

Key issues

You have sought reassurance that the Gambling Act 2003 will form the primary basis for the purpose of the new lottery distribution committees, eligibility criteria and exclusions, and that the Department is prioritising stability, fairness and simplicity in implementing the new distribution committee structure.

This briefing seeks your decisions on the updates to the purpose statement and eligibility criteria. These decisions are needed to ensure the new system can operate effectively from 1 July 2026.

9(2)(g)(i)

Action sought

Agree to the updated purpose

Agree to the updated eligibility criteria

Agree to retain the current exclusions list

Note the exclusions list will be shared with the Lottery Grants Board for noting at its 24 June 2026 meeting

Note individuals with disabilities will continue to be provided for under the new distribution committee structure

9(2)(g)(i)

Timeframe

By 25 May 2026

Contact for telephone discussions (if required)

Name	Position	Contact Number	Suggested 1 st contact
Hoani Lambert	Deputy Secretary	9(2)(a)	✓
Aiolupotea Sina Aiono	General Manager, Community Operations	9(2)(a)	
Return electronic document to:		9(2)(a) @dia.govt.nz	
Hukatai reference		R6PDY3V423JP-1754682986-402	
Ministerial database reference		IA202612274	

Purpose

1. To seek your approval of:
 - 1.1 the updated purpose for lottery distribution committees, funding eligibility requirements and associated categories following your feedback on the earlier briefing *Additional papers for the Lottery Distribution system changes, 15 May 2026*, and
 - 1.2 9(2)(g)(i)

Reorienting the purpose to the legislation

2. You have sought reassurance that the Gambling Act 2003 (the Act) will form the primary basis for the purpose of the new lottery distribution committees and that the Department is prioritising stability, fairness and simplicity in implementing the new distribution committee structure.
3. As Minister of Internal Affairs, you have the power to set the purposes for which distribution committees are established, funding criteria and allocation mechanisms, within the statutory framework set by the Act.
4. Section 277 of the Act sets out the *purposes for which profits* from New Zealand lotteries may be distributed, requiring that all funding is applied for community purposes only and delivers a community benefit of a public nature. This section also provides guidance on what does not meet this statutory test.
5. To date, the statutory requirements have been operationalised through a suite of Board approved policies that inform and guide committee decision making and applicants wishing to apply. This includes the outcomes framework, Board Statement of Intent and the Board fund exclusions list.
6. Noting the concerns you have raised with the current policy settings, the Department will support you to engage with the Board on these matters.

The new purpose of the lottery distribution committees will be based on the essentials of the Act

Section 277 – Purposes for which profits may be distributed

7. A new fund purpose has been developed for your approval, grounded in the requirements set out in section 277 of the Act.
8. Establishing a fund purpose aligned to the Act enables the Department to:
 - 8.1 ensure appropriate system settings for applications with the Grant Client Management System (GCMS);
 - 8.2 provide clear and consistent guidance to communities applying for lottery funding; and
 - 8.3 give effect to the statutory requirements that define what lottery funding can and cannot be used for.
9. We propose the following fund purpose for the new lottery distribution committees, based on the wording of section 277, subsections (2) and (3):

To distribute the profits of New Zealand lotteries for community purposes only, to projects, initiatives and activities that deliver community benefit of a public nature, and contribute to the building of strong, sustainable communities in New Zealand.
10. As outlined in section 277(2)(a)-(e), distribution is for community purposes if it would contribute to the building of strong sustainable communities by encouraging or enabling –

- a) community self-reliance, capacity building, and stability; or
 - b) opportunities for social, recreational, civil, or cultural participation and reducing or overcoming barriers to such participation; or
 - c) community and environmental health; or
 - d) development and preservation of New Zealand's arts, culture, heritage, and national identity; or
 - e) sports and recreation.
11. In considering these matters, under section 277 (4)-(5) a distribution committee must have regard for the needs of Māori, and as appropriate, older people, Pacific people and other ethnic communities, women, youth and people with disabilities.
12. Attached at **Appendix A** is the updated purpose statement for the new lottery distribution committees and associated categories that outline eligibility requirements and the activities that funding can be allocated for. These have been drawn directly from the Act.
13. The updated appendix, if you approve, will be used to guide communication with communities, set up the system requirements of the GCMS, and support with committee decision making in the future.

We recommend that the current fund exclusions list remains without additional exclusions

14. To further support committee decisions and provide guidance to communities, in December 2024, the Department sought the Board's approval on a list of exclusions.
15. This list is based on the statutory requirements under the Act and Board decisions taken to ensure that the Department could provide clarity to communities on what can and cannot be funded under the Act.
16. In the last briefing that we shared with you on 15 May 2026, we included the current list that had previously been agreed to by the Board, and additional exclusions we were recommending following the disestablishment of the specialist committees.
17. We have noted your concerns about any additional exclusions being included beyond those already approved by the Board previously.
18. We recommend that the current list is retained (included in Appendix A), without the additional exclusions, to maintain continuity of guidance for communities through transition. We suggest that this list is provided to the Board for noting at the upcoming 24 June Board meeting.
19. In the future you may like to consider a review and update of the current exclusions.

Individuals with disabilities will continue to be provided for within the new structure

20. The Department has confirmed with key stakeholders and interested parties that individuals with disabilities will continue to be considered within the new structure.
21. Under the Act, decision-makers are required to have regard to the needs of people with disabilities alongside other population groups. The Department has noted your preference for applications from individuals with disabilities to be considered at a regional level alongside the disability sector organisations that we currently fund.
22. Currently, the Department receives (on average) over 1000 applications annually from these individuals to the specialist committee, making up about one-fifth of all current applications received for Lottery Grants Funding.

23. Assessment of these is undertaken by committee members with disability sector experience or health professionals. Given this, ensuring that regional committees have the required guidance to support decision making is important.
24. The Department will continue to support committees to assess these applications and seek advice from specialist capabilities, including partner agencies, where needed.

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



Next steps

29. The Department would welcome the opportunity to discuss the content of this briefing with you at the next IA Officials meeting and address any remaining areas of concern.

Recommendations

30. We recommend that you:

- a) **agree** to the updated purpose
- b) **agree** to the updated eligibility criteria
- c) **agree** to retain the current exclusions list
- d) **note** the exclusions list will be shared with the Board for noting at its 24 June 2026 meeting
- e) **note** individuals with disabilities will continue to be provided for under the new structure
- f) **note** the Department will provide you with a separate briefing on the proposed approach to the review of the outcomes framework and statement of intent

Yes/No/Discuss

Yes/No/Discuss

Yes/No/Discuss

Yes/No/Discuss

Yes/No/Discuss

Yes/No/Discuss

9(2)(a)



Hoani Lambert
Deputy Secretary Partnerships and Commissions

A handwritten signature in blue ink, appearing to read 'Bv'.

Hon Brooke van Velden
Minister of Internal Affairs

24 / 05 / 26

Appendix A: Updated purpose and associated categories

Purpose of the Lottery Distribution Committees

To distribute the profits of New Zealand lotteries, for community purposes only to projects, initiatives and activities that deliver community benefit of a public nature, and contribute to the building of strong, sustainable communities in New Zealand.

What Lottery funding will fund

Projects, initiatives and activities that encourage or enable:

- community self-reliance, capacity-building, and resilience
- opportunities for social, recreational, civil or cultural participation and reduce or overcome barriers to such participation
- community and environmental health
- development and preservation of New Zealand's arts, culture, heritage and national identity
- sport and recreation.

Who must be considered in the distribution of funding

Under the Gambling Act 2003, the following groups of people must be considered in the distribution of funding: Māori, older people, pacific people and other ethnic communities, women, youth and people with disabilities.

What Lottery funding will not fund

Some activities are not eligible for funding.

Alcohol: The Board does not fund alcohol and similar substances (for example kava).

Capital investment: The Board does not fund capital investment, which includes investments in real estate, stocks, bonds and other financial institutions or trust funds.

Commercial, political, and religious objectives: The Board does not fund requests or projects that look to promote or advance:

- commercial aims with the sole purpose of profit making which includes employment or business initiatives (private pecuniary gain)
- political aims which include political advocacy and projects that look to change legislation; or
- religious aims that support religious activities. Funding requested for social services and activities provided to this community or the wider community, by religious organisations, is not considered a religious aim.

Retrospective funding: The Board will not approve projects or activities that are already completed before you are notified of the request decision.

Private pecuniary gain: The Board does not fund requests that seek to generate private pecuniary profits or gain for an individual or body, except to the extent that the profit or gain is incidental.

Debt repayment: The Board does not fund debt servicing.

Loans, deposits, or underwriting projects: The Board does not fund requests that include costs related to refinancing existing loans or deposits or underwriting projects.

Overseas aid and disaster relief: The Board does not fund requests for overseas aid or overseas disaster relief.

Medical expenses: The Board does not fund medical expenses, operations, or treatments.

Redistribution of funds or fundraisers: The Board does not fund applications from fundraisers or organisations where the purpose is to redistribute it to a third party. The third party should apply on their own behalf and may be supported to do so by a fundraiser.

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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.	By 21 April 2026
Agree to either the four-zone, five-zone, or six-zone model for regional lottery distribution committees set out in Appendix A.	

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:	9(2)(a) @dia.govt.nz		
Hukatai reference	H2CSPSDHOWZF-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)}
- 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
This option best meets the population base criterion, establishing committees that represent four large population sets. 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. This approach is weakest on the community representation and managing workload criteria.	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. 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). It also rates second best on the 'community representation' criterion.	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. This option significantly reduces the workload for committees servicing the South Island compared with the four and five zone options. It also represents an improvement on community representation by splitting up the South Island into two zones.

<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. 9(2)(g)(i) [REDACTED]
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 9(2)(g)(i) [REDACTED]
- 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) [REDACTED]
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
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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. 9(2)(f)(iv)

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

/ /

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.

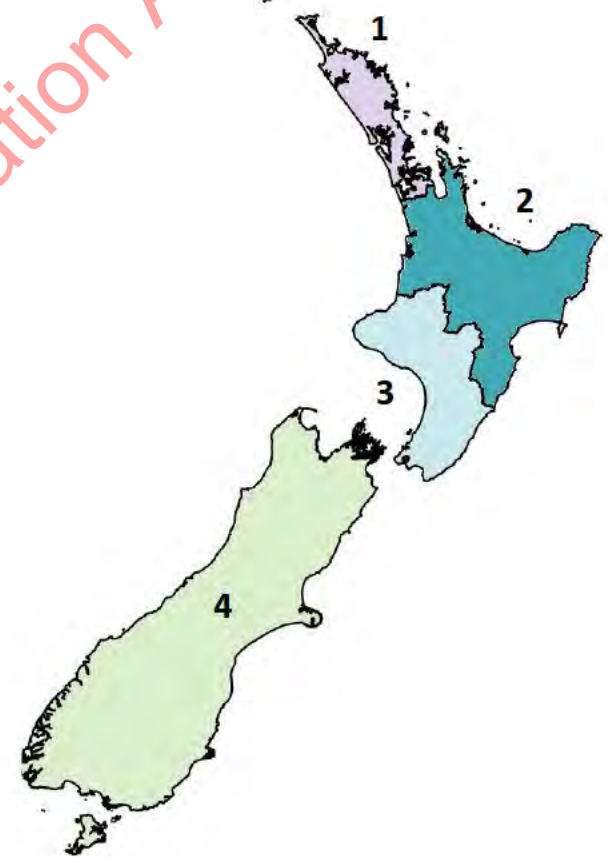
76. These factors could contribute to a different approach, where the South Island is split into two zones under the five-zone model. The full set of zones under this alternative approach is outlined below:
- 76.1 Upper North Island (2.02 million)
 - 76.2 Central & Eastern North Island (1.12 million)
 - 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.

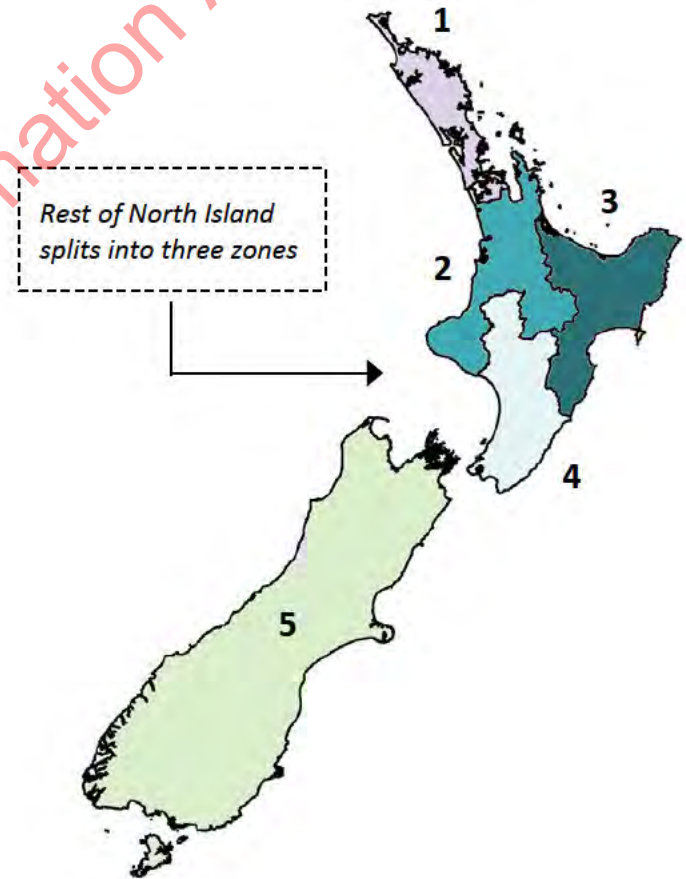
Four zone model

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%)



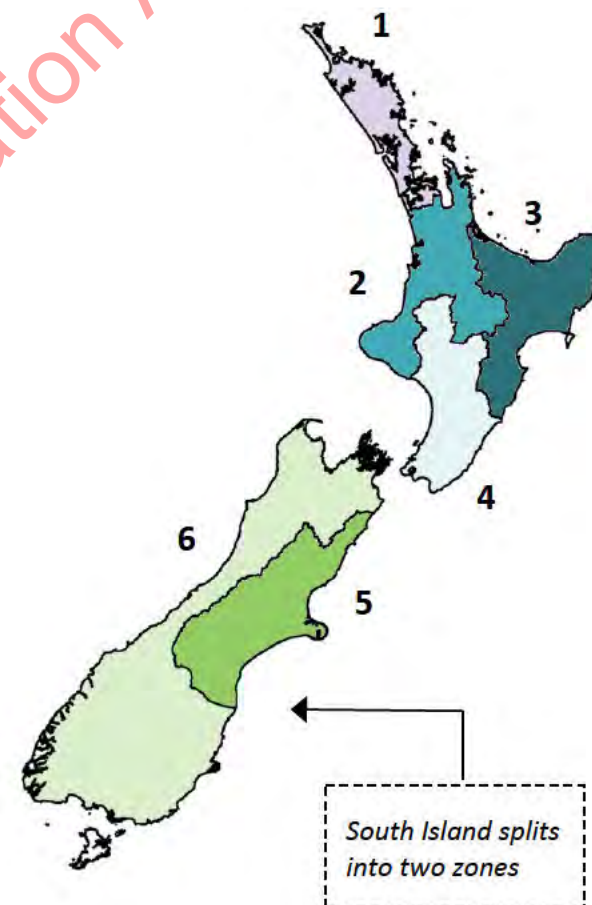
Five zone model

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%)



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/Southland	536,000 (10.49%)



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

Four zone	Five zone	Six zone
Zone 1: Upper North Island - Far North district - Whangārei district - Kaipara district - Auckland	Zone 1: Upper North Island: - Far North district - Whangārei district - Kaipara district - Auckland	Zone 1: Upper North Island: - Far North district - Whangārei district - Kaipara district - Auckland
Zone 2: Central and Eastern North Island - 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 - Kawerau district	Zone 2: Central and Western North Island - 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 Zone 3: Eastern North Island - Western Bay of Plenty district	Zone 2: Central and Western North Island - 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 Zone 3: Eastern North Island - Western Bay of Plenty district

Four zone	Five zone	Six zone
- Ōpōtiki district - Gisborne district - Wairoa district - Hastings district - Napier city - Central Hawke's Bay district	- Tauranga city - Rotorua district - Whakatāne district - Kawerau district - Ōpōtiki district - Gisborne district - Wairoa district - Hastings district - Napier city - Central Hawke's Bay district	- Tauranga city - Rotorua district - Whakatāne district - Kawerau district - Ōpōtiki district - Gisborne district - Wairoa district - Hastings district - Napier city - Central Hawke's Bay district
Zone 3: Lower North Island		
- 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	- 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	- 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
	Zone 4: Lower North Island	Zone 4: Lower North Island

Four zone	Five zone	Six zone
- Masterton district - Carterton district - South Wairarapa district	- Wellington city - Masterton district - Carterton district - South Wairarapa district	- Wellington city - Masterton district - Carterton district - South Wairarapa district
Zone 4: South Island	Zone 5: South Island	Zone 5: Canterbury/Kaikōura
- 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	- 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	- Kaikoura district - Hurunui district - Waimakariri district - Christchurch city - Selwyn district - Ashburton district - Timaru district - Mackenzie district - Waimate district - Chatham Islands territory - Waitaki district
		Zone 6: Rest of South Island
		- Tasman district - Nelson city - Marlborough district - Buller district - Grey district

Four zone	Five zone	Six zone
- Queenstown-Lakes district - Dunedin city - Clutha district - Southland district - Gore district - Invercargill city	- Central Otago district - Queenstown-Lakes district - Dunedin city - Clutha district - Southland district - Gore district - Invercargill city	- Westland district - Central Otago district - Queenstown-Lakes district - Dunedin city - Clutha district - Southland district - Gore district - Invercargill city

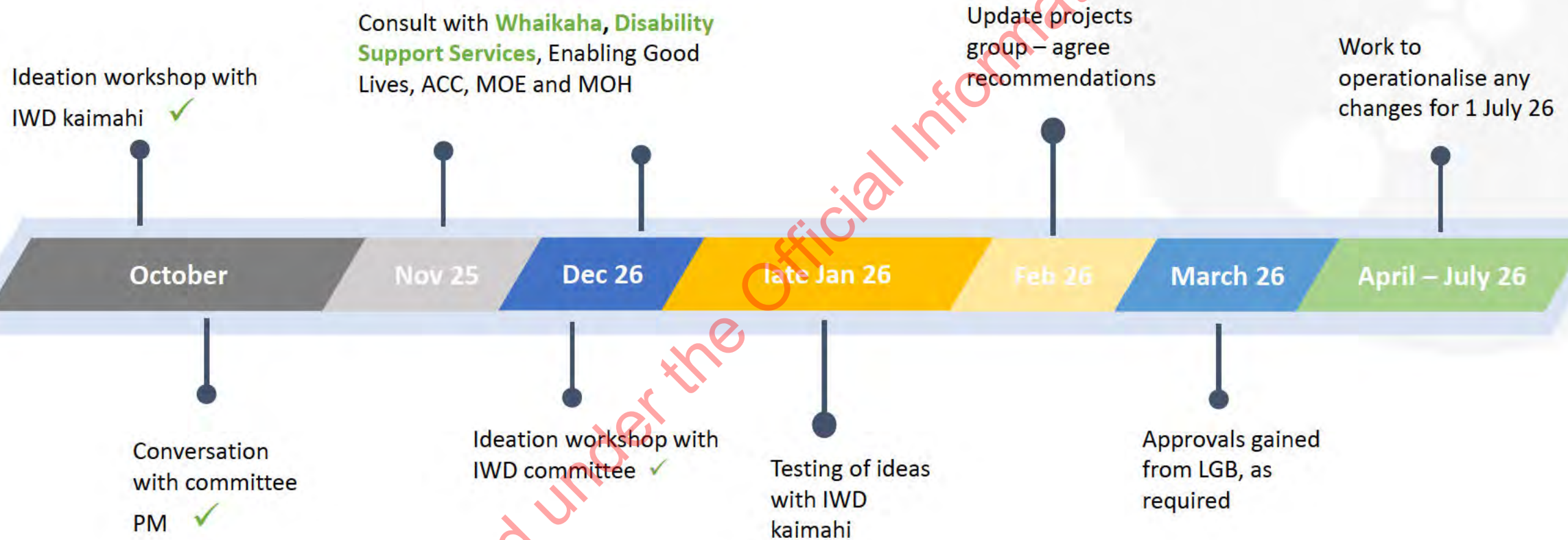
Lottery Individuals with Disabilities Fund

Update to project group



Released under the Official Information Act 1982

Timeline



What we've heard so far:

Kaimahi

- There are operational challenges – including a disconnect between policy and practice and admin workload (e.g. different decision-making processes which require 3 different spreadsheets)
- Applicants often require support with request process which is time consuming for kaimahi
- Scope of the fund is wide and we are seeing wider variety of requests (neurodiversity requests increasing)
- Technology available is improving and cost is therefore increasing
- Nature of the requests and interactions with customers can have an impact on the wellbeing of kaimahi (there is a need to think about support is made available should individuals continue to be funded)
- There are opportunities for:
 - Collaborative funding
 - Better communicating our funding criteria to other funders
 - A targeted funding approach (better define scope and find our niche)
 - A mixed-model – organisations and individuals

What we've heard so far:

IWD presiding member

- There are opportunities to streamline the review process – no longer a need for scoring system if requests can be grouped in alignment with priorities
- Funding for accessibility is an issue across the sector
- Moving towards a mixed model would require a very specific criteria for organisations
- There are opportunities to:
 - reduce pressure/burden on applicants e.g. could we streamline vehicle funding by providing directly to other providers or could another agency apply for funding on behalf of an individual for the component of funding they are unable to provide
 - reconsider the scope of the fund
 - Moving towards a mixed model would require a specific criteria for organisations (accessibility could work)
 - How would demand for funding be managed?

What we've heard so far:

Whaikaha

- 2023 Stats NZ survey indicated 1/6 people in NZ have a disability (using social model definition)
 - \$50,000 people can access DSS funding due to strict criteria
- The NZ Disability Strategy is currently in draft – there could be opportunities for alignment here
- Funding for accessibility is difficult to acquire – Whaikaha are working on a Accessibility Work Program, alongside Access Matters Aotearoa
- There are opportunities:
 - Funding accessibility initiatives (capital works, brail, NZSL, digital accessibility etc.)

What we've heard so far:

Disability Support Services (DSS)

- Will fund vehicles and modifications to the value of \$12,165 (towards each) – need is much beyond funding available
- Funding must be for:
 - Getting to/from full time employment
 - Getting to/from tertiary education or vocational training.
 - Undertaking their role as main carer of a depending child or children
- Funding for modifications can be considered for disabled children aged 15 years or under where it is essential to enable:
 - the child to get in and out of the vehicle safely
 - travel in a vehicle safely.
- Funding is also available for mobility in and around the persons home – this is predominately wheelchairs as scooters have a larger footprint
- DSS contract providers to manage request and granting process. Same driving assessors used for IWD.
- Applicants will often go to IWD to raise remaining funds (?)
- There are opportunities to:
 - Streamline request forms so OT's/driving assessors do not have to complete two different request forms

Ideas forming:

- Better **define the scope** of the fund to enhance impact of fund and reduce pressure on fund
- Move to a **mixed-model funding approach**, funding organisations and individuals 1 July 2026
 - Funding organisations for one-off accessibility projects (operational costs continue to be funded through LC)
- **Stop funding vehicles** 1 July 2027 (would leave significant gap)
 - reduces risk profile
 - core responsibility of DSS?

What next?

- Reconnect with Whaikaha – test ideas around accessibility
- Continue engagement with other government agencies
- Workshop with IWD committee in **December**
- Update/testing ideas with IWD kaimahi late **Jan 26**
- Recommendations to this group for agreement **Feb 26**
- Paper to LGB **March 26**

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