

Kia Tipu, He Tipua

Evolving the lottery grants system



Kia Tipu, He Tipua Programme completion summary

December 2024

Te Kāwanatanga o Aotearoa
New Zealand Government



Te Puna Tahua
Lottery Grants Board
LOTTO FUNDS FOR YOUR COMMUNITY



Te Tari Taiwhenua
Internal Affairs

About

In August 2021, Te Puna Tahua Lottery Grants Board (Board) tasked the Department of Internal Affairs (the Department) with a programme of work to evolve the lottery grants system. Hāpai Hapori, the business unit within the Department that administers the lottery grants system, undertook this work known as Kia Tipu, He Tipua.

Kia Tipu, He Tipua, as a formal programme construct, closed on 30 June 2024 having completed its assignment. Driving the longer-term change on the Board's behalf however, endures.

This document provides a summary of what the programme achieved during its assignment that means the foundations for a lottery grants system that is strategy led, data driven and learns are now in place.

Kia Tipu, He Tipua – Evolving the lottery grants system

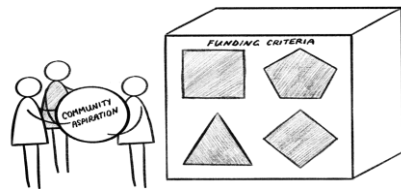
The Board is the largest single community grant funder in New Zealand. It plays a significant role in supporting community wellbeing and resilience through building strong, sustainable communities.

In 2021, the Board initiated a programme of work, known as ‘Kia Tipu, He Tipua’, to evolve the lottery grants system to one that is more strategic, responsive, inclusive and recognises Te Tiriti o Waitangi. This was the first time an end-to-end review had been undertaken since the Board was established over 35 years ago.

Unlocking the potential

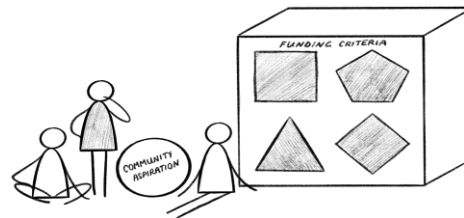
Kia Tipu is to activate the growth the Board sought through this programme. He Tipua encouraged us to engage more consciously in what it is that the lottery grants system is becoming – a system that is built with a Māori worldview, that is strategy-led and learns, that is high trust, leverages relationships, is flexible, devolves decision making and is funding for equity.

Through Kia Tipu, He Tipua the Board wanted to unlock the potential of the lottery grants system and activate its growth.



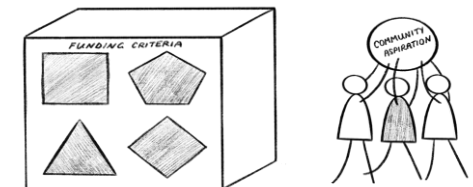
Positioning te ao Māori at the centre of this work

Te Kawa o Te Korekoreka (Te Korekoreka) provided us with a frame of reference grounded in te ao Māori. Te Korekoreka is a process for creating solutions, which had been gifted by Tokona te Raki the Māori Futures Collective. We applied Te Korekoreka throughout the programme, through analysis and alongside engagements to help us understand the shifts needed to support the Board’s future strategic direction.



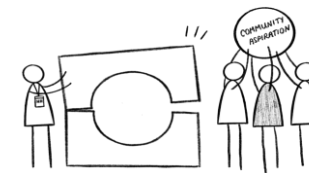
Designing the future system with people and communities at its heart

The voice and experiences of community, hapū, iwi, other funders and organisations is crucial to designing an improved future system. We engaged widely with those that operate within the lottery grants system and learned from others’ research and engagements. This allowed us to build a picture of what the good funding practice principles - High Trust, Community-Centred, Future-Focused and Equitable Outcomes - would look like in action and what stakeholders wanted to see in an evolved model.



Illustrations by Phoebe Morris

Executive Summary



Significant strategic opportunities were identified

Through our engagements and analysis, we identified clarity of strategic direction as the most important opportunity for the Board to unlock the potential of the lottery grants system.

Most of the strategic system design is now complete and the critical components to realising a system that is more strategic, inclusive and recognises Te Tiriti o Waitangi have been delivered. This includes:

- a draft Outcomes Framework based on the 3 key outcomes to guide the system (Community Wellbeing, Social Cohesion and Tino Rangatiratanga) and 9 medium-term outcomes;
- the Board's Te Tiriti o Waitangi policy, Equity policy and Accountability Framework; and
- a draft Statement of Intent (SOI) 2025-2029.



The Board and Hāpai Hapori have shifted towards realising the evolved lottery grants system

In July 2024, the Board took a deliberate step towards its aspiration by commencing targeted engagement with key strategic partners. Through this, the Board aims to strengthen and improve its draft SOI, with a view to finalising it for the start of the 2025/26 financial year.

A new Target Operating Model (TOM) for Hāpai Hapori was developed to support a strategy led, data driven and learning lottery grants system and community funding model. Implementation began in June 2024, with some changes to Lottery Community funds, and over the next 4+ years Hāpai Hapori activities and grant funding will become easier to navigate and more flexible to the needs of community, hapū and iwi.

The foundations for the evolved lottery grants system are now in place

We believe the Programme has met its objectives and the Board and Hāpai Hapori are well placed for continuing to evolve towards becoming strategy led, data driven and learns. Ultimately, this system aims to maximise benefits for New Zealand community, hapū and iwi.

Programme Overview

The current Lottery Grants System

\$5.5b

returned to communities, hapū and iwi since Lotto launched in 1987

\$376m

funded community activities and projects in 2021/22

The system is overly complex and has changed little in 35 years, although New Zealand communities have changed significantly.



- Barriers for communities, hapū and iwi
- Inefficiencies in the system
- Inequitable funding outcomes

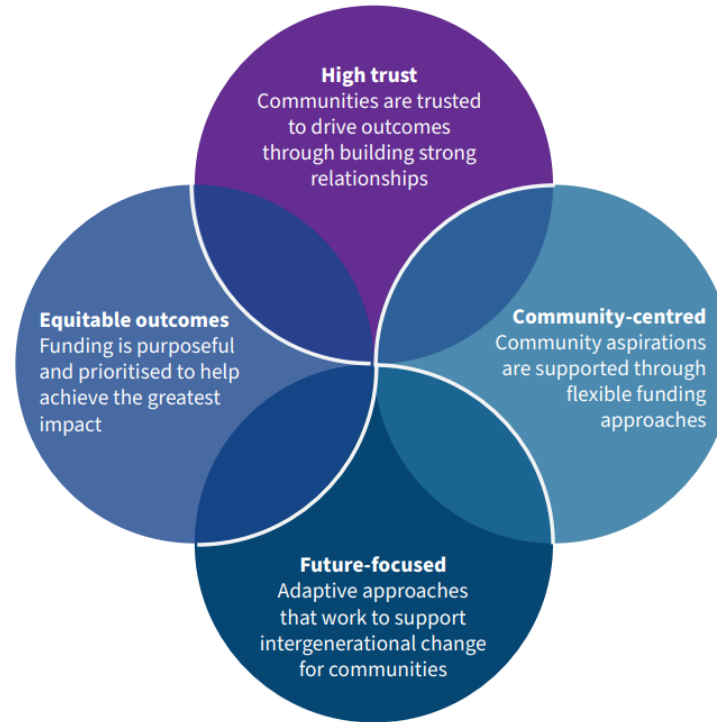
COVID-19

Highlights the need for more flexible and responsive funding

Kia Tipu, He Tipua Evolving the Lottery Grants System

Supporting a community funding and advisory system that is more responsive, inclusive, strategic and recognises Te Tiriti o Waitangi.

A programme of work is evolving the way lottery grants are distributed, using these good practice principles:



A future system that's easier and fairer

Key objectives are to:

- ensure the funding is accessible and responsive to communities' needs and priorities
- support the aspirations of Māori and uphold Te Tiriti o Waitangi
- ensure funding is distributed more equitably
- make the funding system more coherent and focused
- develop a funding system that allows for innovation and collaboration
- maximise community benefit through the distribution of lottery funding.

Te Puna Tahua New Zealand Lottery Grants Board distributes Lotto NZ's profits to help build strong, sustainable communities. It also sets policies for grants and provides a direction on how funding decisions should be made.



Lottery Grants Board
Te Puna Tahua
LOTTO FUNDS FOR YOUR COMMUNITY



Te Tari Taiwhenua
Internal Affairs

2020

Opportunity to evolve the system was identified

2021

Lottery Grants Board tasks Te Tari Taiwhenua Department of Internal Affairs with this programme of work

2022

Working with communities, hapū, iwi, funders, statutory bodies and other organisations to design the future state

2023

An evolved lottery grants funding system will start to be phased in

2024+

More significant change for communities, hapū and iwi

Kia Tipu, He Tipua

Evolving the Lottery Grants System

High Trust

Our Journey

Equitable Outcomes

Community Centred

Future Focused



FY2025/26+:
More significant change to the lottery grants system implemented over the 4-year SOI period.

July – Dec 2024
Targeted draft SOI engagement with key stakeholders and partners

March 2024
Equity policy approved

June 2024
Some changes to Lottery Community Fund implemented

Programme closure

July 2024
Hāpai Hapori Target Operating Model finalised

Sept 2023
Draft SOI and Te Tiriti o Waitangi policy approved

Feb & June 2023
Board workshops to progress system strategic design

April 2023
Distribution Committee input into Te Tiriti o Waitangi & Equity policies

Sept 2022
Strategic findings and interim recommendations agreed

Feb - June 2022
Stakeholder engagement – identify problems and opportunities

Feb 2022
Gifted the name Kia Tipu, He Tipua

Dec 2021
Te Kawa o Te Korekoreka adopted as guiding framework

Nov 2021
Programme Challenge Advisory Group established

August 2021
Programme established

April 2021
Good funding practice principles identified

October 2020 to Feb 2021
Discovery work and current state analysis

2020
COVID highlights need for more flexible and responsive funding

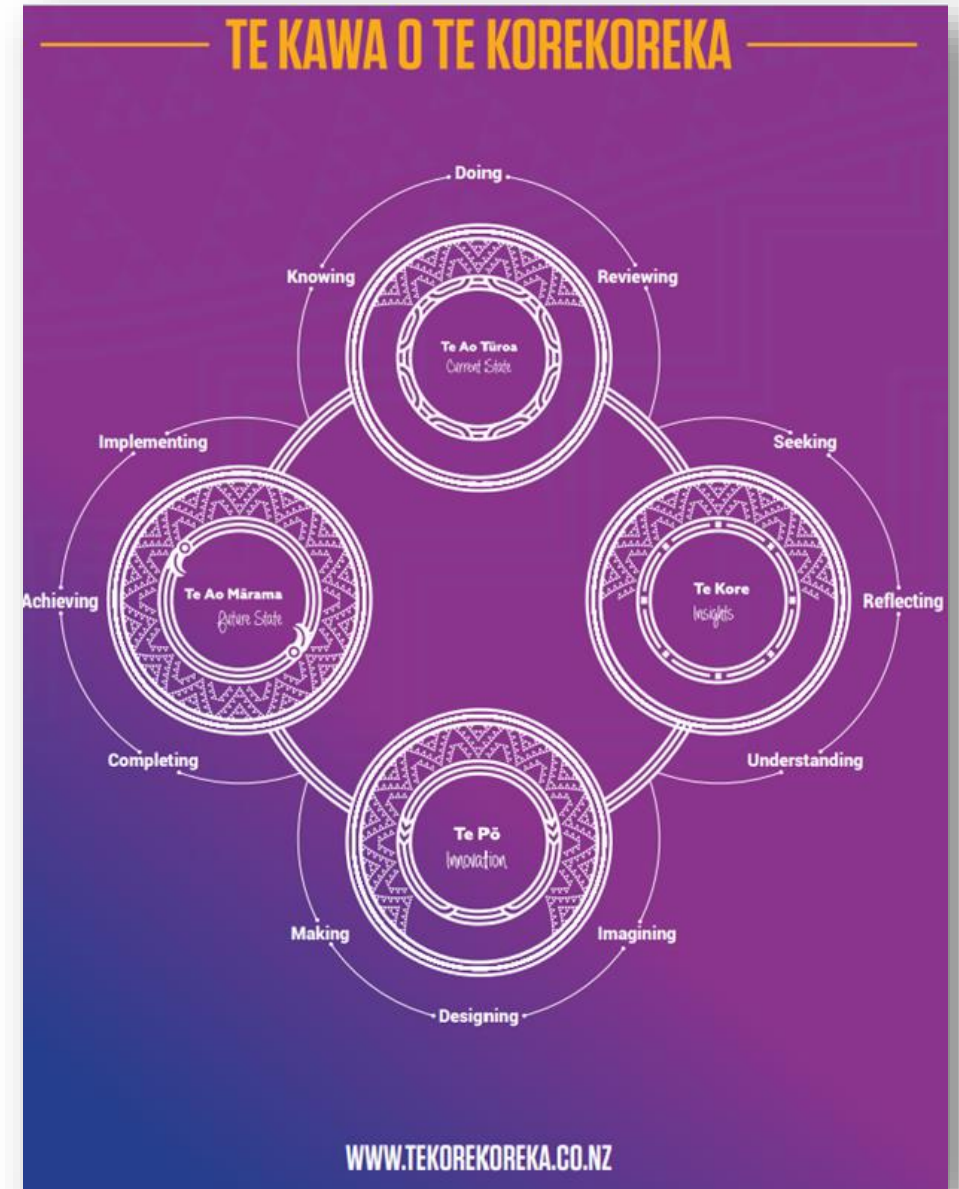
Positioning te ao Māori at the centre of this work

Te Kawa o Te Korekoreka provided a frame of reference grounded in te ao Māori

Te Kawa o Te Korekoreka (Te Korekoreka) was adopted in the early stages of the Kia Tipu, He Tipua programme as the guiding framework for imagining the evolved lottery grants system. Te Korekoreka is a process for creating solutions gifted by Tokona Te Raki the Māori Futures Collective. It combines conceptual wisdom and practical knowledge to support systems change within a te ao Māori paradigm.

We applied Te Korekoreka throughout the programme, through the analysis and alongside engagements to help us understand the shifts needed to support the Board's future strategic direction.

By moving through the four realms of Te Korekoreka, the lottery grants system has been explored, and we have been able to reimagine a new future state that is grounded in te ao Māori.



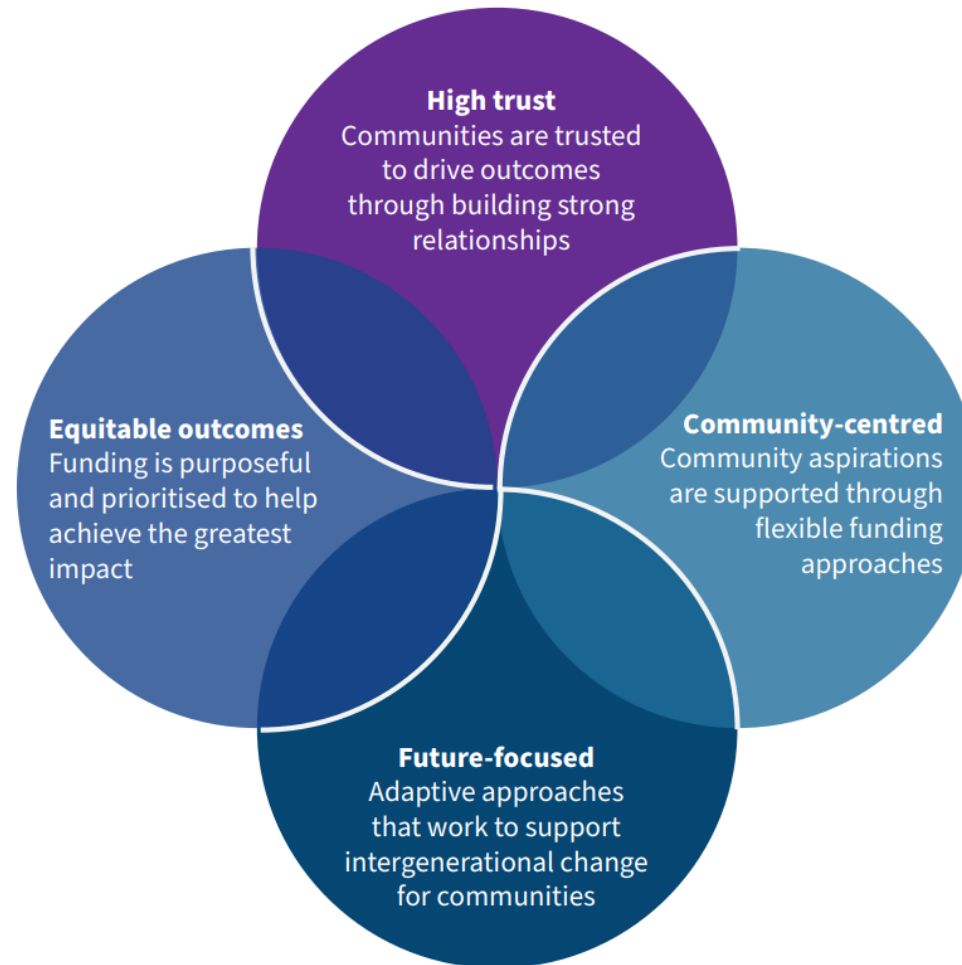
<https://www.tekorekoreka.co.nz>

Good Practice Principles

The Department identified four Good Practice Principles for community funding

The evolution of the lottery grants system is guided by the good practice principles for community funding below. These principles provided a view of what a future lottery grants system should look like.

Talking with community, hapū and iwi about their experiences and what the principles could look like in practice, has helped us to understand the opportunities for an evolved lottery grants system.



Designing the future system with people and communities at the heart

Understanding barriers and areas of opportunity for the lottery grants system

Between February and June 2022, we undertook targeted engagement and had over 30 group and individual conversations with:

- community, hapū and iwi groups
- lottery distribution committee members
- other funders
- Department staff.

Hāpai Hapori community advisors connected us with organisations to talk to, focusing on :

- hapū and iwi groups and Pacific and ethnic community groups
- those that had previous challenges accessing lottery funding.

Overall, we heard that a lottery grants system guided by the good practice principles would provide stability, increased opportunities and reduce the administrative burden for community, hapū and iwi.

For more information on what we learned through these engagements:

<https://www.communitymatters.govt.nz/assets/Kia-Tipu-He-Tipua/Engagement-summary-of-experiences-and-future-opportunities-for-the-Lottery-Grants-System.pdf>.

Stage	Shift from:	Shift to:
Explore	Communities, hapū and iwi doing all the work to seek funding	→ Communities, hapū and iwi being found and understood
Formalise group	A one-size fits all approach	→ Recognising and supporting existing community capabilities and structures
Application	Communities, hapū and iwi needing to translate their aspirations to fit the system	→ A system that receives their unaltered aspiration
Decision	Aspirations being interpreted and judged by decision makers	→ Aspirations being shared and nurtured
Outcome	Grant outcomes not matching aspirations	→ Tailored support regardless of the outcome of the application
Using grant/ Reporting	Prescriptive reporting of progress	→ Sharing stories, learning and growing

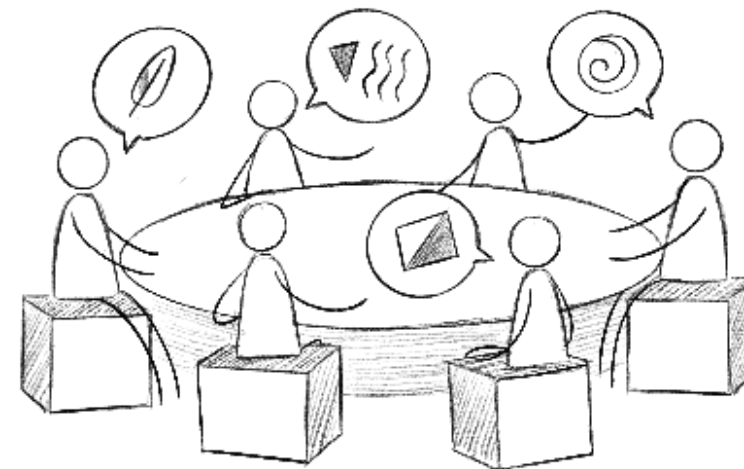
Stakeholders described a shift across the 6 key stages of the funding process as experienced by applicants

Designing the future system with people and communities at the heart

Knowledge, insights and experiences shaping the future system

The Programme had an **external Challenge Advisory Group** to test the direction of travel and seek advice on key issues. The group comprised of representatives from community and philanthropy sectors, lottery distribution committees, Te Atamira Taiwhenua (the Department's kaumātua group) and government agencies.

We met regularly with this group and their advice has been highly valuable and enabled us to test our thinking for the evolved model.



Ongoing engagement with **lottery distribution committee members** and **Hāpai Hapori staff** also brought valuable insights.

We had on-going connection with committee presiding members at their twice-yearly meetings, and in April 2023 strategic workshops were held at the first all lottery distribution committee members' hui.

Workshops with Hāpai Hapori staff brought crucial insights from their experiences working with **community, hapū and iwi**.

Learnings were also captured from previous community engagements and fund evaluations undertaken by Hāpai Hapori and other organisations with a focus on community grant funding.

Significant opportunities were identified for the lottery grants system to evolve strategically

Initially it was believed much of the opportunity to evolve the lottery grants system existed at an operational level. However, our engagements, analysis and review identified clarity of strategic direction as the Board's most significant opportunity. In September 2022, the Board approved a package of recommendations to evolve the system to one that is strategy led, data driven and learns.

Most of the strategic system design is now complete (as illustrated on the following slide which shows how the key strategic deliverables are linked).

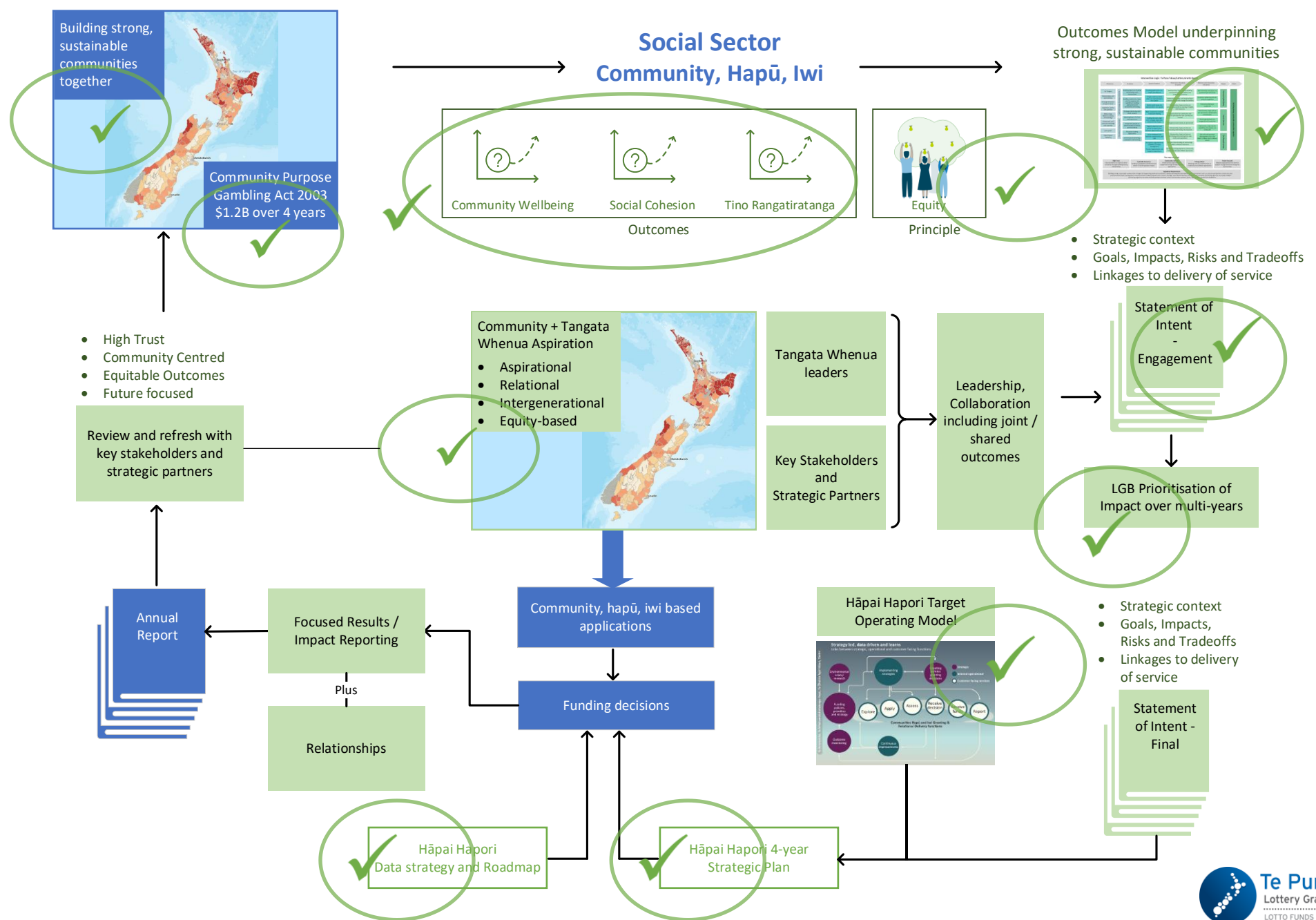
The critical components to realising a system that is more strategic, inclusive and recognises Te Tiriti o Waitangi that have been delivered include:

- **A draft Outcomes Framework** based on the 3 key outcomes to guide the system (Community Wellbeing, Social Cohesion and Tino Rangatiratanga) and 9 medium-term outcomes
- the Board's **Te Tiriti o Waitangi policy, Equity policy and Accountability Framework**; and
- a **draft Statement of Intent 2025-2029 (SOI)**.



The Board's vision, outcomes and intended funding priorities

Evolved system strategic design



Blue represents the existing system components
Green represents the new elements for the evolved system

E waihanga tahi ana i ngā hapori pakari

The Board is taking steps towards strengthening its leadership and strategic collaborations

Overtime the Board has grown to become the largest single community grant funder in New Zealand. As an independent organisation operating at scale across New Zealand's wider community grant funding ecosystem, the Board aspires to take a more deliberate approach to strategic collaboration with other funders and partners.

In September 2023, the Board partnered with Philanthropy New Zealand as one of the sponsors for their 2023 Conference. This partnership created a valuable opportunity to engage with other strategic partners, sharing learnings and insights about the Board's journey and future direction. It also served as a platform for valuable discussions on how the sector can strengthen leadership and collaboration across the sector.

A final programme deliverable was to support the Board to undertake genuine and transparent engagement with Māori community leaders and other key stakeholders to confirm or strengthen its draft SOI. This engagement began in July 2024 and runs for the remainder of the calendar year, with a view to finalising the SOI for the start of the 2025/26 financial year.

By gathering feedback and fostering collaboration, the Board can ensure it is making a meaningful difference where it matters most and ultimately maximises benefits for community, hapū and iwi.



Leonie Matoe, Kia Tipu, He Tipua te ao Māori Lead presenting as a keynote speaker at Philanthropy NZ's 2023 Conference

Building strong, sustainable communities together

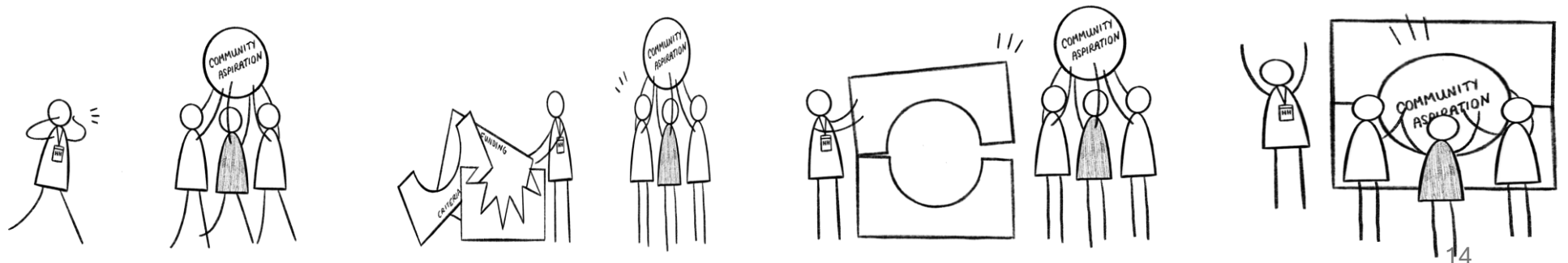
Realising the evolved lottery grants system

Supporting Hāpai Hapori to operationalise and deliver the Board's new strategic direction

In August 2023, work began to develop a Target Operating Model (TOM) for Hāpai Hapori that is strategy led, data driven and learns. This was finalised in July 2024 following a period of staff engagement.

The TOM describes evolved ways of working more focused on strategic priorities and more intentional about how diverse community, hapū and iwi groups are supported to access funding. Lottery grants are the largest portion of work and the starting place for Hāpai Hapori, but greater alignment across its other funding systems is also built into the TOM. Hāpai Hapori will implement the TOM over the next 4+ years.

Over time community, hapū and iwi groups will begin to see many benefits such as improved accessibility and experience when engaging with our online services, a simplified application and reporting processes and improved information and resources.



Implementing some initial changes to Lottery Community

In the 2024/2025 financial year, the Board and Hāpai Hapori took some deliberate steps to make it easier and fairer for community, hapū and iwi to access lottery funding.

Some changes were made to Lottery Community to create a more streamlined approach to both the application and reporting processes. Lottery Community is the Board's biggest volume fund, and starting here allows Hāpai Hapori to test and learn before rolling out changes across other funds.

Some key changes include:

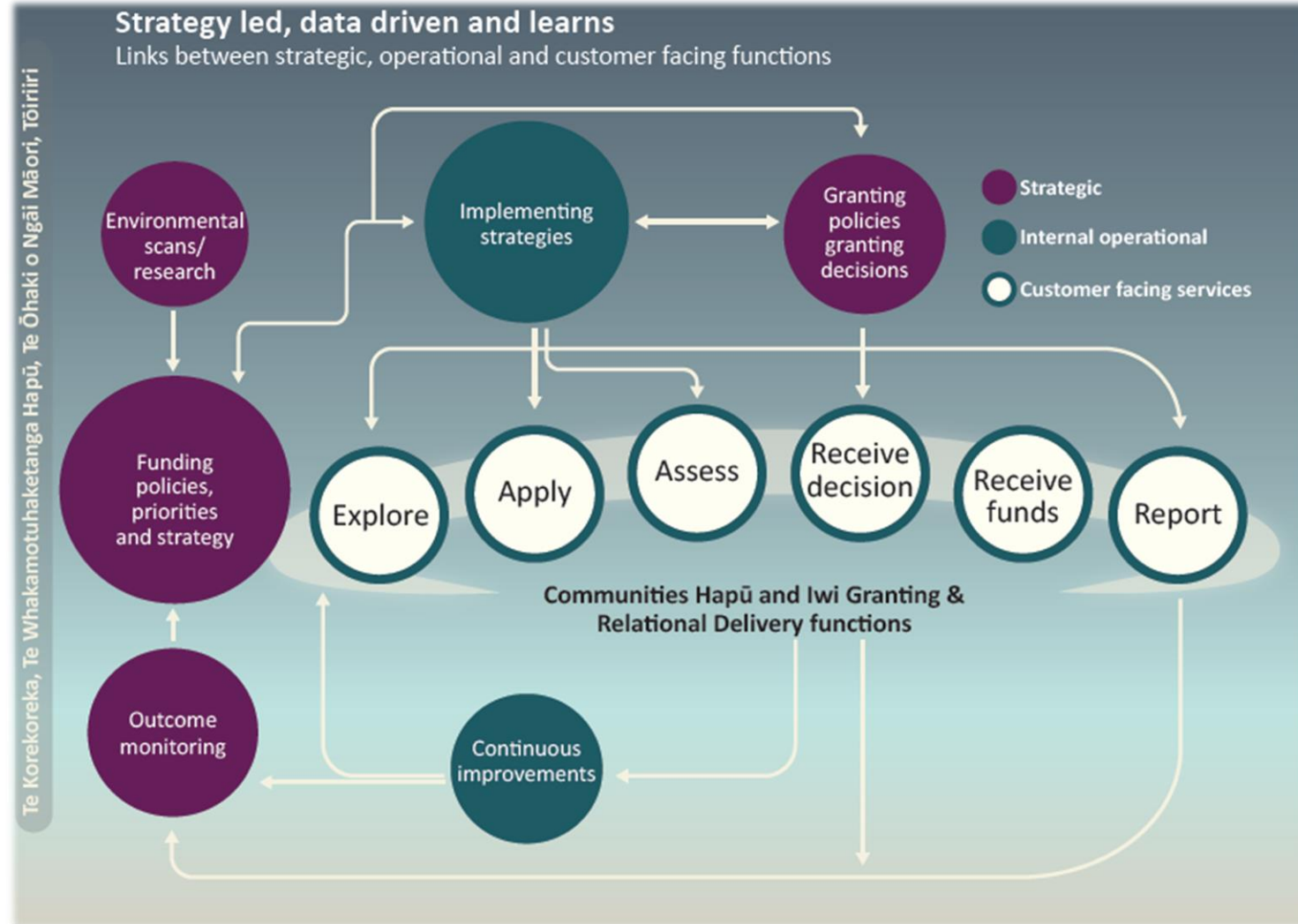
- **Application and reporting:** Simpler application and reporting processes with fewer questions.
- **Multi-year funding:** Available to apply for up to 2 years.
- **Budgets:** Budgets will not be required for funding requests under \$20,000.
- **Capital works projects:** Request for minor capital works only one quote required (reduced from 2).
- **Standardising advisory service plans:** Introducing a common framework for relational advisory services.

Realising the evolved lottery grants system

In our target state:

- Outcomes and priorities are set by strategic decision makers and informed by data and research (aiming for increased consistency across common fund management activities).
- Outcomes and priorities are operationalised into customer facing and internal operational delivery functions.
- We have an integrated set of customer facing functions that support both a low touch and relational approach to managing customers.
- We will be more dependent on data to manage customers differently and take a high trust approach to managing risk.
- Outcome and output monitoring and evaluation inform continuous improvement and future strategies, outcomes and priority setting.
- The same outcomes and priorities are used to inform output and outcome monitoring.

Hāpai Hapori Target Operating Model (TOM)



Identifying a lift in scope once underway, and therefore a greater depth of change, was a big shift

When the Programme commenced it had an operational improvement focus, and only once underway was the extent of change realised. When the focus expanded the Programme was able to replan and change focus, an ultimately successful pivot, but it did create some pressures.

An earlier focus on integration between the Programme and Hāpai Hapori would have helped

Another key learning was ensuring strong connection between the Programme and Hāpai Hapori business-as-usual occurred throughout the journey. The increased focus on integration made positive strides when there was a greater focus on implementation, however it would have been beneficial if this occurred earlier.

Te Korekoreka has provided a strong foundation to reimagine the future

Embedding Te Korekoreka at the beginning of the Kia Tipu, He Tipua journey was a critical success factor. Throughout our journey, Te Korekoreka guided us with holistic insights and practical wisdom grounded in indigenous knowledge, supported us to navigate challenges and allowed us to embrace a more integrated and meaningful approach to our work.

Te Korekoreka is now embedded in the Hāpai Hapori TOM and Hāpai Hapori's relational approach to advisory services, ensuring its wisdom will continue to guide the evolved system.

The right specialist expertise at the right time is a key enabler for success

Ensuring the right expertise was embedded at the right time was important. The adoption of Te Korekoreka is an example of this, as it was enabled by the Programme's te ao Māori Lead, signalling the importance of ensuring Māori expertise is embedded from the outset.

Embedding strong policy and communications expertise to support the Programme at the right times was also identified as a success factor.

The external Challenge Advisory Group provided critical support that will have an enduring impact

The group was formed to give the Board confidence the Programme had an appropriate level of external input; however, they were much more than this. Through our journey they offered a supportive and encouraging environment for ideas and direction to be challenged and strengthened.

At their June 2024 meeting, the group agreed to continue in its advisory role for the coming year, post-programme closure, to support the shift towards implementation. We are incredibly grateful for their time, commitment and the knowledge they have, and will continue to, share with us.

Thank you to those that shared their knowledge, experience and insights.



Further information on Kia Tipu, He Tipua – Evolving the Lottery Grants System:
<https://www.communitymatters.govt.nz/evolving-the-lottery-grants-system>