

### INTRODUCTION

All grant applications are considered having regard to The North & South Trust Limited's (NSTL) authorised purpose, this policy (including the priority criteria), and the amount of funds available for distribution.

### DATE OF POLICY ADOPTION

This policy was adopted on 29 March 2017.

### REGULATORY BACKGROUND

The key legislative provisions are set out in schedule A.

### NET PROCEEDS COMMITTEE

All funding decisions are made by NSTL's net proceeds committee.

The net proceeds committee must be comprised of at least three persons who are society key persons (NSTL directors). All the directors of NSTL's Board are deemed to be members of the net proceeds committee, unless agreed and appointed otherwise.

A grant recommendation committee may be appointed by the net proceeds committee to look at each application in detail, and make a recommendation to the net proceeds committee. The grant recommendation committee does not, however, have the power to approve or decline grants, only a recommendatory power. NSTL may request advice from the Auckland Rugby Union (ARU) Board, or refer to the ARU Amateur Rugby Budget.

### MEETING PROCEDURE

Net proceeds committee meetings are normally held in person. If this is not possible, meetings may be conducted via telephone conference or email. A quorum of three persons is required.

Grant agenda reports, detailing applications to be considered, will generally be circulated prior to the meeting.

Signed minutes and resolutions are maintained for all meetings held.

Approved grant forms will not be individually signed by the net proceeds committee. Rather, a schedule of all approved grants will be signed by three members of the net proceeds committee.

### AUTHORISED PURPOSE

All grants must fall within NSTL's authorised purpose. NSTL's authorised purpose is:

- (1) The promotion and development of amateur rugby union football through direct support of the Auckland Rugby Football Union Incorporated, The Auckland Rugby Referees Association, the Auckland Primary Schools' Rugby Union, the

Auckland Secondary Schools' Rugby Union, and rugby clubs affiliated to, and sub-unions of, the Auckland Rugby Football Union Incorporated and deemed to have subscribed to and be bound by the constitution and rules of the Auckland Rugby Football Union Incorporated and the constitution and rules of the New Zealand Rugby Football Union Incorporated.

- (2) The promotion and development of any amateur sports played in recognised leagues or competitions, including but not limited to the provision of ground hire or maintenance fees, buildings and facilities, equipment and uniforms, travel and accommodation costs, tournament fees, referees and educational programmes.
- (3) To assist and benefit any charitable, educational, cultural or philanthropic purpose or any other non-commercial purpose that is beneficial to the public or a section of it.

Grants are not made for professional sport.

### **DISTRIBUTION AND TIMING**

The cut-off date for grant applications is the first of the month. Grant applications received in the prior month will be tabled at the meeting held in the following month.

The net proceeds committee generally meets in the fourth week of each month to consider grant applications. The committee will meet a minimum of once every three months.

Each financial year, NSTL must generate for authorised purposes a sum equal to 40% of its GST exclusive gross proceeds.

Every quarter, NSTL must distribute nearly all of the net proceeds generated. Within three months after the end of each financial year, any net proceeds remaining from the prior year must be distributed.

### **GRANT COMMITMENTS – MULTI-YEAR GRANTS**

Grants will only be made from available net proceeds. However, grants may be made by instalments in one or more years, if the following conditions are met:

- The grant commitment must not exceed four years; and
- The grant applicant must be made aware, on or before the time that the first instalment of the grant is paid, that payment of any future instalments of the grant is conditional on –
  - NSTL continuing to hold a licence; and
  - NSTL continuing to have available net proceeds; and
  - The specific authorised purpose for which the grant was made continuing to be lawful; and
- Each instalment of the grant must be re-confirmed by the net proceeds committee before payment; and
- The grant applicant must provide the net proceeds committee with documentary evidence that previous instalments of the grant have been spent for their intended purpose; and

- NSTL must disclose the existence of multi-year grants it has entered into in its financial accounts and publish the details of its multi-year grants with its other grant information on its website.

Subsequent instalments of multi-year grants are made in principle, i.e., the existence of the future instalments is strictly conditional upon the above criteria being met.

### **SECTION 113**

By law, NSTL's venue staff are not able to have any involvement in the grant process. Please do not jeopardise our venue's ability to host gaming machines by discussing grant applications with them. Do not return your grant application form to the venue.

The net proceeds committee's decision in relation to grants must not be influenced by a venue key person.

### **DISCLOSURE OF INTERESTS**

All net proceeds committee members must declare any interest in a grant application and where possible, refrain from the decision making for that grant application. If a net proceeds committee member has an interest in a grant recipient, this will be published on NSTL's website.

A net proceeds committee member has an **interest** in a recipient of a grant if:

- The member may derive a financial benefit from the grant or may have a financial interest in the recipient; or
- The member is a part of the immediate family of the recipient; or
- Where the recipient is an organisation, club, society, or association, the member is:
  - An officer or a member of the recipient; or
  - A part of the immediate family of an officer or a member of the recipient; or
  - The member is, or has been, the recipient's lawyer or is under a professional obligation to the recipient in another professional capacity; or
  - The member is, or has been, employed by the recipient, or is, or has been, indebted to the recipient, or is, or has been, involved in business or financial dealings with the recipient; or
  - The member is otherwise connected to or involved with the recipient in a way that can reasonably be perceived as having influenced the decision to make the grant to the recipient.

**Part of the immediate family** means a person who is the member's:

- spouse, civil union partner, or de facto partner; or
- parent, child, sister, or brother; or

who is the parent, child, sister, or brother of the member's spouse, civil union partner, or de facto partner.

## **GRANT APPLICATION FORM**

NSTL's grant application form complies with the minimum requirements for grant forms as set out in clause 17 of the Gambling (Class 4 Net Proceeds) Regulations 2004. All applications must be made using NSTL's official grant application form. The application form must be completed in full and signed.

Grant application forms are available at NSTL's venues, can be obtained by writing to NSTL, and can be downloaded from NSTL's website [www.nstl.co.nz](http://www.nstl.co.nz)

## **QUOTES**

If the application is for the purchase of goods or services, the application must be accompanied by competitive quotes, or other evidence that the sum of money sought is appropriate; or form part of the ARU's approved amateur rugby budget.

## **GOODS AND SERVICES TAX**

NSTL's grants are donations made as an unconditional gift. No portion is claimed by NSTL as a GST deduction.

If a grant applicant is GST registered, only the GST exclusive amount can be funded. If the grant applicant is not GST registered, the full purchase price of the item may be funded.

## **GRANTS MUST BE USED FOR THE SPECIFIC PURPOSE APPLIED FOR AND THE SPECIFIC PURPOSE GRANTED**

Grant money may only be spent in accordance with both:

- The specific purpose set out by the applicant in the grant form: clause 16(h) of the Gambling (Class 4 Net Proceeds) Regulations 2004; and
- The specific purpose nominated by NSTL when approving the grant: s 115A of the Gambling Act 2003.

If the funds are not spent for the specific purpose granted, NSTL will request a refund. If a funding surplus exists, the surplus must be returned to NSTL.

Breach of section 115A is a criminal offence. If the grant recipient has breached section 115A (failed to spend the funds on the specific purpose granted) and the money has not been returned, NSTL will consider referring the matter to its solicitors for recovery action, and/or to the Department of Internal Affairs for prosecution. Further, any other suspicion of fraud or potential criminal offending by a grant recipient will be notified to the Department of Internal Affairs.

Occasionally applicants who have not used all the funds will request permission to use the balance of the funds towards another project. In such cases, the applicants are informed that the regulations require unspent funds to be returned to NSTL and that it is not possible to amend the purpose of the grant.

## **ONLY NON-PROFIT ORGANISATIONS MAY APPLY**

NSTL will only make grants to non-profit organisations.

## GRANTS FOR OVERSEAS ITEMS

Because the spending of grant money outside New Zealand is likely to make the grant accountability and any subsequent Department of Internal Affairs audit difficult, NSTL will generally decline applications for items that are purchased direct from overseas suppliers.

## RETROSPECTIVE GRANTS

NSTL cannot make grants to reimburse money already spent by a grant applicant. If the grant applicant has spent money purchasing an item before the date the grant is approved, the grant money must be returned to NSTL.

## GRANT PRIORITY

In general, priority will be given to applications as follows:

| Priority | Criteria   | Likely Recipients   |
|----------|--|---|
| 1        | Amateur rugby competition programmes                                 | 1. ARU for amateur purposes<br>2. Clubs affiliated to ARU<br>3. Schools affiliated to ARU<br>4. Referees Associations affiliated to ARU<br>5. TLA for ground access and maintenance |
| 2        | Amateur ARU representative rugby teams and competitions              | 1. ARU<br>2. Secondary Schools Association  |
| 2        | Amateur rugby development programmes                                 | 1. ARU<br>2. Clubs affiliated to ARU<br>3. Schools Affiliated to ARU<br>4. ARU Maori Rugby Association  |
| 3        | Facilities development   | 1. ARU<br>2. TLA<br>3. Clubs affiliated to ARU<br>4. Schools affiliated to ARU  |
| 3        | Support organisations  | E.g., NZ Rugby Foundation   |
| 4        | Any other charitable, educational, cultural or philanthropic purpose | Only non-profit bodies<br>Salaries are a low priority   |

## REASONS – DECLINED APPLICATIONS

If NSTL decides to decline a grant application (either in full or part) the grant applicant will be provided with a reason for NSTL's decision.

## APPROVED APPLICATIONS

For approved applications, the approved purpose, payment amount, and date of approval will be stated on the approved letter.

Payment will generally be made direct to the grant recipient's bank account by the last working day of the month in which the grant is approved.

## AUDIT

Unless a later date has been agreed upon by NSTL, the grant accountability documentation (including invoices and bank statements) must be provided to NSTL within three months of the grant being made. The accountability documentation must confirm that the money has been spent in accordance with the specific purpose approved.

All grant recipients must supply the required audit documentation. All audit documentation received will be reviewed by NSTL. A random sample of grants will undergo a secondary audit in which NSTL independently verifies that the funds have been spent as stated in the audit documentation supplied. The verification may include telephoning grant recipient suppliers, visiting grant recipients, and reviewing photographs and other evidence supplied.

It is a condition of all grants that recipients allow full access to all information required to audit the grant.

NSTL will endeavour to obtain the return of money distributed when a grant recipient has:

- Received money from another source for the same specific purpose for which the NSTL money was distributed;
- Not used the money for the specific purpose which it was granted; and/or
- Not spent the money within the required timeframe, or where the actual cost incurred was less than the grant money received.

### **RECORD KEEPING**

The following data will be kept by NSTL:

- The date that each grant is made (the date of the meeting/decision);
- The specific purpose of the grant;
- The cheque number or direct bank payment transaction details;
- Grant request ID number;
- The signatures of the persons approving the grant (in the form of a signed schedule of grants); and
- Details of all grant refunds received.

NSTL will keep all the documents and data in relation to its class 4 gambling up to date, and will retain the information for a minimum of seven years.

### **REVIEW OF GRANT PROCESS**

NSTL will conduct a review, at least annually, of the criteria, methods, systems and policies it uses for consideration of grant applications. Generally, NSTL will conduct this review at the end of each financial year.

### **COMPLAINTS**

Complaints can be made to NSTL's Chairperson by writing to NSTL.

Complaints about the conduct of NSTL may also be made to the Secretary of the Department of Internal Affairs at: P O Box 10-095, Wellington.

## **WAIVER AND TIMEFRAMES**

NSTL may waive compliance with any requirement set out in this policy if it considers it pragmatic and reasonable to do so, and the waiver will not result in a breach of the Gambling Act 2003 or associated regulations.

The timeframes set out in this policy may be extended at NSTL's discretion.

## **SCHEDULE A**

The Gambling Act 2003 key sections include:

### **Section 106 – Corporate society must apply or distribute net proceeds from class 4 gambling to or for authorised purposes**

- (1) A corporate society must apply or distribute the net proceeds from class 4 gambling only to or for an authorised purpose specified in the corporate society's licence.
- (1A) To avoid doubt, the requirement in subsection (1) for a corporate society to apply or distribute the net proceeds from class 4 gambling is subject to the restriction in section 52A relating to the circumstances in which a corporate society may apply, rather than distribute, those net proceeds.
- (2) A corporate society that fails to comply with subsection (1) commits an offence and is liable on conviction to a fine not exceeding \$10,000.
- (3) A court that convicts a corporate society of an offence under this section may –
  - (a) make whatever orders are necessary to recover an amount of proceeds wrongly applied or distributed or to safeguard an amount not applied or distributed; and
  - (b) order the application or distribution of an amount of proceeds not yet applied or distributed.
- (4) The effect of a conviction under this section is that –
  - (a) the class 4 operator's licence and all class 4 venue licences held by the corporate society are cancelled; and
  - (b) the corporate society does not have a right to appeal the cancellation.

### **Section 109 - Annual review of criteria for distribution of net proceeds**

A corporate society that mainly or wholly distributes net proceeds to the community must, at least annually, review the criteria, methods, systems and policies it uses for consideration of applications for the distribution of net proceeds.

### **Section 113 - Key persons must not be involved in certain activities or decisions**

- (1) A key person in relation to a class 4 venue licence, the application for which was required under section 65(3) to be accompanied by a class 4 venue agreement, must not –
  - (a) provide application forms for persons or groups in the community to complete in order to apply for grants of net proceeds from class 4 gambling; or
  - (b) be involved in decisions about, or in managing, the application or distribution of net proceeds from class 4 gambling conducted by a corporate society that operates at the venue (whether or not the net proceeds derive from that venue); or



- (c) provide, or be involved in decisions about who will provide, goods or services to the corporate society that conducts gambling at the class 4 venue; or
  - (d) provide, or be involved in decisions about who will provide, goods or services to recipients of grants of net proceeds from class 4 gambling conducted by a corporate society at the venue if the goods or services constitute at least part of the authorised purpose for which net proceeds were granted; or
  - (e) be involved in decisions about who will provide goods or services to recipients of grants of net proceeds from class 4 gambling conducted by a corporate society that operates at the venue (whether or not the net proceeds derive from that venue) if the goods or services constitute at least part of the authorised purpose for which net proceeds were granted.
- (1A) Subsection (1)(c) does not apply –
- (a) to a person who is a key person in relation to the class 4 venue licence only because that person services gambling equipment at the class 4 venue; or
  - (b) to the provision of services listed in the class 4 venue agreement.
- (2) A key person in relation to a class 4 venue licence who contravenes this section commits an offence and is liable on conviction to a fine not exceeding \$10,000.
- (3) A key person in relation to an operator's licence or the holder of a class 4 operator's licence who knowingly allows a key person in relation to a class 4 venue licence to contravene this section commits an offence and is liable on conviction to a fine not exceeding \$10,000.