

**Information for community
organisations about the
2019 Community Organisation Grants
Scheme (COGS) funding round**

New Zealand Government



Te Tari Taiwhenua
Internal Affairs

2019 changes to COGS

- COGS funding allocations
- Introduction of multi-year funding (MYF)
- Clarification of eligibility to COGS - continued focus towards small organisations



Introduction of Multi Year Funding

Background

- Community organisations asked for greater access to MYF during a series of community roadshows in 2017
- In August 2018 the Department consulted 3,500 individuals, community groups, Local Distribution Committees (LDCs), the National COGS Committee (NCC) and staff on a proposal to introduce multi-year funding
- 94 per cent of respondents supported the introduction of MYF to COGS.



Key features of MYF

Community organisations can apply for a:

- single year grant as usual
- multi-year grant for two or three years

LDCs:

- will continue to base their decisions on alignment to local priorities
- can fully fund, partially fund or decline applications
- can fund for a shorter period of time than requested



Benefits of MYF

- community organisations who receive multi-year grants will not need to apply annually
- allows community organisations to focus on delivery
- provides a longer-term level of financial assurance to community organisations



Eligibility for MYF

To be **eligible** for COGS MYF, a community organisation must:

- meet general COGS criteria
- have been established for at least two years
- demonstrate a history of good grant management with the Department and/or other funders
- have experience in delivering the service/activity/project it is seeking funding for
- be a legal entity if the **application is in excess of \$10k for any one year.**



MYF application form

AMOUNT REQUESTED

If you are GST registered, the amounts should be exclusive of GST.
If you are not GST registered, the amounts should be inclusive of GST.

How many years are you requesting funding for?

3 years

Year 1 amount

\$0

Year 2 amount

\$0

Year 3 amount

\$0

AMOUNT REQUESTED

If you are GST registered, the amounts should be exclusive of GST.
If you are not GST registered, the amounts should be inclusive of GST.

How many years are you requesting funding for?

3 years

Year 1 amount:

\$2,000

Year 2 amount:

\$2,000

Year 3 amount:

\$2,000

Total amount requested:

\$6,000

The number of 'Year x amount' fields displayed will be equal to the number of years entered.

'Total amount requested' will automatically be calculated and will only be visible in Edit mode

MYF supporting documentation

Multi-year funding applications must include standard COGS supporting documentation:

- **A budget with a start and end date** showing all anticipated income and expenditure for a financial year. A budget can be for your current financial year or the next financial year.
- If a multi-year grant is awarded, the organisation will need to provide an updated budget for the year ahead before receiving the next year's payment
- **Financial accounts** - the most recent set of annual accounts, financial statements or performance report
- For information on required documentation visit www.communitymatters.govt.nz

Key points about MYF

- after the decision meetings applicants will be notified of the decision and the terms of the grant (years and amount)
- multi-year grant recipients will still need to report annually
- second and third year payments are made only after a satisfactory results report and budget is received
- annual LDC allocation = total allocation - committed money
- the COGS scheme and future multi-year grant payments are dependent on future government funding



**Clarification of eligibility to
COGS -
continued focus towards small
organisations**

Background

- the Cabinet agreed purpose of COGS is to support small organisations
- currently large organisations regularly receive COGS funding
- COGS makes up a small percentage of these large organisations' overall annual income



Change of COGS criteria

- In June 2018, NCC and the Department distributed messaging to LDCs to focus COGS towards small organisations

2018 COGS decision making

- There was a moderate change in decision making
 - less LDCs distributed funding to large organisations
 - 130 organisations with annual operating expenditure over \$2m received grants – all have been written to re the change
 - \$1.1m of the total COGS allocation was distributed to these organisations
 - feedback showed some LDCs were already setting lower thresholds to exclude large organisations.

Clarification of COGS criteria

- Organisations with an **annual operating expenditure of \$2 million** or more for **each of the past two years** will be ineligible to apply to COGS
- \$2 million threshold aligns with tier one and two Charities Services reporting framework
- An organisation includes branches of national or umbrella organisations without separate legal entity status



What is annual operational expenditure?

Annual operating expenses are expenses required for the day-to-day functioning of an organisation. It includes rent, salaries and administration costs. These will be different for each organisation. Annual operating expenditure does not include capital expenses or accounting concepts such as depreciation or money an organisation owes.

Why are branches without separate legal entity status included as part of the national organisation when they provide local services?

Branches without separate legal entity status are included as they are considered part of the one organisation.

Does this mean branches should become separate legal entities?

It is not the role of the Department to advise organisations on legal structures. If staff are asked they should direct the organisation to contact an organisation that has the expertise to advise organisations on these matters.

What does this mean for large organisations?

For the large organisations COGS makes up a small percentage of their annual income. The Department has contacted past applicants who may be impacted by this change. National organisations have been encouraged to discuss funding options with their branches.

For all COGS applications the applicant organisation will be assessed by staff to determine if they are eligible. A regional advisor will make contact with the applicant to withdraw their application if the organisation is ineligible. These applications will not be considered by LDCs.

Large organisations are encouraged to contact a local Advisor to discuss other funding options

Why weren't organisation told earlier about this change?

A review of the 2018 funding round needed to be completed before any recommendation could be made to NCC and the Minister. The Minister is responsible for setting overall funding policies and criteria for COGS. A final decision was made in December 2018. Large organisation were contacted in early January 2019.

Can LDCs set a threshold lower than \$2m?

The \$2 million annual expenditure threshold applies to who can apply to COGS. LDCs can make decisions based on an applicant's alignment to local priorities. LDC members can distribute their allocation where they determine it benefits their community the most. This may mean organisations who are below the \$2million annual expenditure do not receive funding. Previously this LDC has focused it's decision making towards.....



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Further enquiries
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