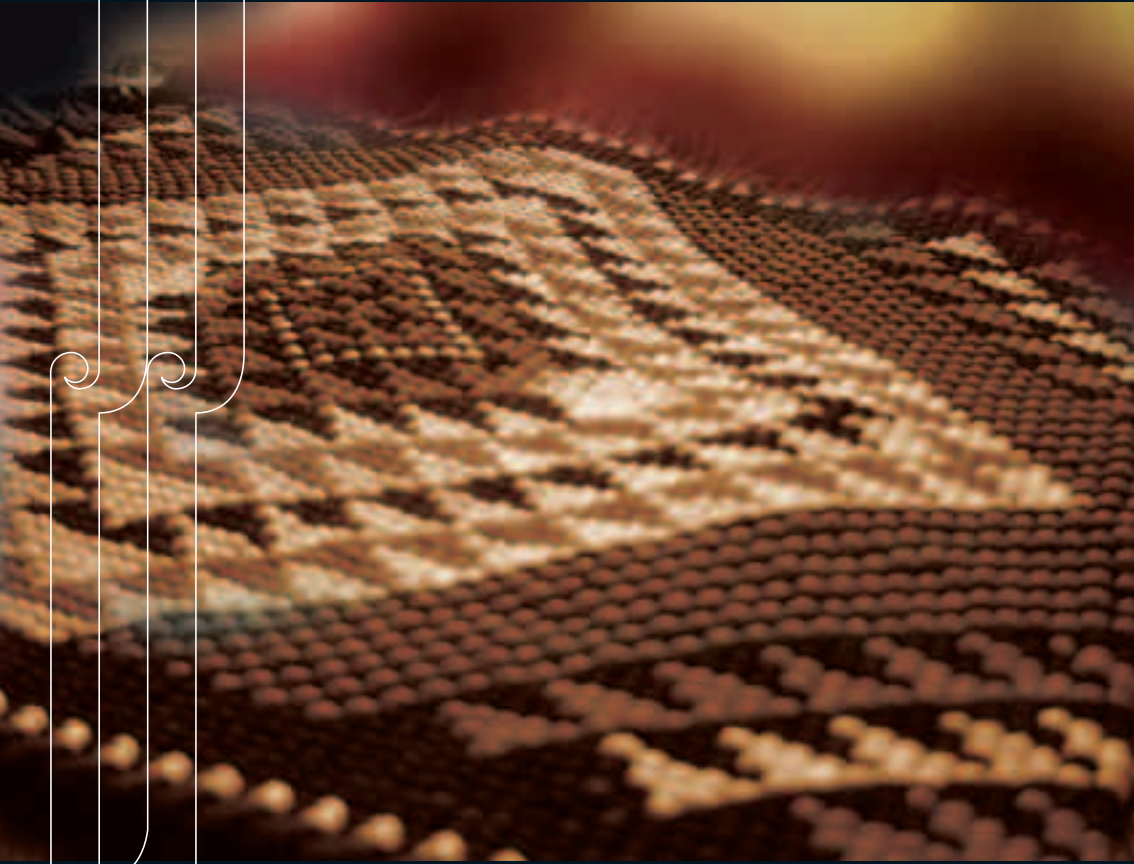


Annual Report | for the year ended
30 June 2005



Te Puni Kōkiri



Annual Report of



Te Puni Kōkiri

*for the year ended
30 June 2005*

Presented to the House of Representatives
pursuant to the Public Finance Act 1989



Minister of Māori Affairs

I have the honour to present to you the Annual Report of Te Puni Kōkiri for the year ended 30 June 2005.

A handwritten signature in cursive script, appearing to read 'Leith Comer'.

Leith Comer
Chief Executive

Contents

From the Chief Executive.....	4-5
New look Executive Leadership Team 2004/05.....	6
Key Developments in the Past Year	7-11
• Statement of Responsibility	12
• Report of the Auditor-General	
o Audit Report.....	13-15

STATEMENT OF SERVICE PERFORMANCE

• Policy and Monitoring - Social and Cultural.....	20-23
• Policy and Monitoring - Economic and Enterprise	24-27
• Policy – Crown Māori Relationships.....	28-29
• Relationships and Information.....	30-34
• Operations Management.....	35-41
• Services to the Māori Trustee	42
• Ministerial Servicing	43-45

FINANCIAL STATEMENTS

• Statement of Accounting Policies.....	49-53
• Statement of Financial Performance.....	54
• Statement of Movements in Taxpayers' Funds.....	55
• Statement of Financial Position.....	56
• Statement of Cash Flows	57
• Reconciliation of Net Operating Surplus to Net Cash Flows from Operating Activities	58
• Statement of Commitments	59
• Statement of Contingent Assets and Liabilities	60
• Statement of Unappropriated Expenditure.....	60
• Statement of Departmental Expenditure and Appropriations.....	60
• Notes to the Financial Statements.....	61-69
• Non-Departmental Financial Statements and Schedules	70
• Statement of Non-Departmental Accounting Policies.....	70-71
• Schedule of Non-Departmental Revenue	72
• Schedule of Non-Departmental Expenses	73
• Statement of Non Departmental Expenditure and Appropriations....	74-75
• Statement of Non Departmental Assets.....	76
• Schedule of Non-Departmental Liabilities	77
• Schedule of Non-Departmental Commitments	77
• Schedule of of Non-Departmental Contingent Liabilities.....	78
• Notes to the Non-Departmental Financial Statements and Schedules	78-81
• Report on Effectiveness in Reducing Inequalities	82

From the Chief Executive

This has been an important year for Te Puni Kōkiri – a year of consolidation following the organisational changes implemented in the previous year.

It was the year when a **new look Executive Leadership** team joined me at the helm – Hekia Parata, Deputy Secretary Policy, Alison Thom, Deputy Secretary Relationships and Information and Craig Owen, Deputy Secretary Support Services. I am particularly grateful to this team for leading progress in key areas, some of which are outlined below.

It was the year when we worked to confirm and embed our **Strategic Direction**. This involved confirmation of the strategic outcome - *Māori succeeding as Māori* and the role of Te Puni Kōkiri as principal advisor on government-Māori relationships, leading Māori Public Policy, and managing relationships and information.

It was the year when Māori gathered for the **Hui Taumata** in March. I am pleased to acknowledge Te Puni Kōkiri's contribution to the Hui Taumata, particularly the work of our staff who helped make the hui a success. It was also pleasing to have the outcomes we are working towards mirror those that emerged from the Hui Taumata.

This was a year when Te Puni Kōkiri **developed the Māori Potential Approach**, and its key component, the Māori Potential Framework. The Approach represents a significant step towards effecting a fundamental paradigm shift in Māori Public Policy, which would see a greater emphasis on achieving balance between realising potential and remedying deficit. The Approach will be tested and refined in 2005/06 and made available for use by other state sector agencies once refinement is completed.

This was a year when we **strengthened our Relationships and Information capacity** by establishing the Information Advisor positions in our regional offices and reconfirming the important role our staff in the regions have in the development of Māori Public Policy. Complementing policy development is another important role - managing relationships between Māori and others who are critical to Māori success. To this end, we engaged in preliminary work in developing our **Relationship Management Strategy**. This will be further developed and implemented in 2005/06.

Finally, in the past year, building our capability has also been a key focus, which has led to the development and implementation of our **People Capability** and **Knowledge Management Strategies**, including work to improve our Information Technology support systems.

In summary, we have confirmed our Strategic Direction and role within government. We have developed the Māori Potential Approach which provides guidance for the work we do, and has the future potential to guide the work of government in contributing to Māori succeeding as Māori. We have begun our work in strengthening capacity to manage relationships and information. And we have developed initiatives that are critical to building our capacity.

I wish to thank Te Puni Kōkiri staff who have worked hard on all facets of our work in the past year, and have helped lay the foundation for optimism as we approach the coming year.



Leith Comer
Chief Executive

New Look Executive Team



From left: Alison Thom, Deputy Secretary Relationships and Information; Craig Owen, Deputy Secretary Support Services; Leith Comer, Chief Executive; Hekia Parata, Deputy Secretary Policy.

Key Developments in the Past Year

CONFIRMING OUR STRATEGIC DIRECTION

In 2004/05, we confirmed our Strategic Outcome, Role, Purpose and Approach, outlined below.

STRATEGIC OUTCOME

MĀORI SUCCEEDING AS MĀORI

To this end, our efforts have been directed towards the Strategic Outcome which recognises the importance of Māori as individuals and collectives achieving a sustainable level of success. The term 'sustainable success' refers to a state and level of success that can be achieved and maintained consistently over time, such that this state might be defined as the norm.

Māori succeeding as Māori is demonstrated by Māori:

- participating in and benefiting from education and economic opportunities, including employment, that assist them to reach their full potential
- institutions that are robust and effectively managed
- flourishing as people within a strong culture
- flourishing in enterprise
- creating and maintaining healthy families
- being innovative models for other businesses, organisations, communities, or countries
- having beneficial partnerships with local, national and international stakeholders, including businesses.

In the past year, the contribution of Te Puni Kōkiri has been centred on:

- leading and influencing policy advice
- strengthening relationships, and
- improving capability.

ROLE

TE PUNI KŌKIRI IS PRINCIPAL ADVISOR ON
GOVERNMENT-MĀORI RELATIONSHIPS,
LEADING MĀORI PUBLIC POLICY,
AND MANAGING RELATIONSHIPS AND INFORMATION

As we are a state agency solely focused on Māori, this places Te Puni Kōkiri in a unique position to provide leadership and support to its stakeholders in making the most effective contribution to the Strategic Outcome. This is achieved by leading and supporting government through high quality policy advice, effective monitoring, and building and maintaining strong relationships.

In the past year, Te Puni Kōkiri has made key contributions to *Māori succeeding as Māori* in a number of ways. Notably through continued leadership of the Māori Language Strategy, key work in Māori Broadcasting, development of the Governance Strategy to assist Māori to improve the governance of Māori organisations, including the launch of the Effective Governance Website, development of tools to improve Crown-Māori Relationships, and development of the Māori Potential Approach.

We have monitored areas relating to Health and Education, and Te Puni Kōkiri's own programmes. And we have focused on building and maintaining strong relationships, through for example, leading whole of government fora in the regions (Regional Inter-sectoral Fora), and hosting, facilitating and co-ordinating hui for Māori, government and other key stakeholders.

PURPOSE

'REALISING MĀORI POTENTIAL'

In the past year, Te Puni Kōkiri has developed the Māori Potential Approach to realising Māori potential. The principles of the Māori Potential Approach (outlined in the *Te Puni Kōkiri Statement of Intent – 1 July 2005*, p8) underpin all work of Te Puni Kōkiri.

APPROACH

TE PUNI KŌKIRI 'MOVING FORWARD TOGETHER'

Te Puni Kōkiri means 'a group moving forward together'. This has two components, internal and external collaboration.

To enhance internal collaboration, Te Puni Kōkiri introduced a new organisational structure that took effect on 1 July 2004. This structure comprises three main business units (wāhanga) and the Māori Trust Office. These business units are supported by staff in National Office, Wellington, and ten regional offices across the country.

In order for Te Puni Kōkiri to work effectively, we recognise the need for all parts of the organisation to work with a common purpose, commitment and focus. This is why confirming our Strategic Direction has been an important aspect of our work.

To enhance external collaboration, Te Puni Kōkiri has also recognised the importance of **strengthening relationships** with:

- Māori
- the state sector
- business and communities.

Our work that was aimed towards strengthening relationships included initial work on the development of the Relationship Management Strategy, to be further developed and implemented in 2005/06; and as already mentioned, leading Regional Inter-sectoral Fora; and hosting, facilitation and co-ordination of hui for key stakeholders, such as, the co-ordination of Māori participation at the Aichi World Expo.

Building our Capability

The strength of our capability is critical to the effectiveness of the agency. To this end, we have undertaken a number of initiatives in 2004/05 that will be further progressed in 2005/06.

These initiatives are outlined below:

- **A new organisational structure.** This included the integration of the monitoring and policy groups into one wāhanga, strategic integration of some regional offices, and the creation of new Information Advisor positions for each regional office. Gathering and disseminating information from the regions to inform our policy advice is a key role of the advisors.
- **People Capability Strategy.** This focuses on recruitment and retention of staff, and also includes leadership development. The Strategy will be further refined and implemented in 2005/06.
- **Knowledge Management Strategy.** Quality Knowledge Management will enable staff to maximise the knowledge Te Puni Kōkiri can access, create, and share – particularly with key stakeholders. Preliminary work had begun to develop this strategy in 2004/05, and will be further developed and implemented in 2005/06.
- **Relationship Management Strategy.** High quality relationships and the generation of relevant information will assist Te Puni Kōkiri to achieve the Strategic Outcome. Our network of regional offices and how they contribute to high quality policy interventions is being strengthened. Preliminary work has also begun to improve this strategy in 2004/05, which will be further developed and implemented in 2005/06.

The Hui Taumata in March 2005 was important in many ways, one of which was to affirm to us our Strategic Direction. For instance, the Strategic Outcome *'Māori succeeding as Māori'* and the Te Puni Kōkiri Approach of *'Realising Māori Potential'* were consistent with the thinking at the hui.

Key messages from the hui have also affirmed to us, our work in developing the Māori Potential Approach, the important role Te Puni Kōkiri plays in strengthening Māori cultural identity, through for example, the Māori Language Strategy and Māori Broadcasting, and supporting development in Māori communities through our brokerage, facilitation and investment.



Statement of Responsibility

In terms of the Public Finance Act 1989, I am responsible, as Chief Executive of Te Puni Kōkiri, for the preparation of the Te Puni Kōkiri financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining, and I have established and maintained, a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

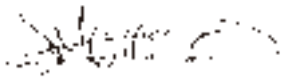
In my opinion, these financial statements fairly reflect the financial position and operations of Te Puni Kōkiri for the year ended 30 June 2005.



Leith Comer
Chief Executive

30 September 2005

Countersigned by:



Julie-Anne Morrison
Group Manager Finance

30 September 2005

Audit Report

To the readers of the Financial Statements of Te Puni Kōkiri

for the year ended 30 June 2005

The Auditor-General is the auditor of Te Puni Kōkiri. The Auditor-General has appointed me, H C Lim, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of Te Puni Kōkiri, on his behalf, for the year ended 30 June 2005.

Unqualified opinion

In our opinion the financial statements of Te Puni Kōkiri on pages 17 to 81:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the financial position of Te Puni Kōkiri as at 30 June 2005;
 - the results of its operations and cash flows for the year ended on that date;
 - its service performance achievements measured against the performance targets adopted for the year ended on that date; and
 - the assets, liabilities, revenues, expenses, contingencies and commitments managed by Te Puni Kōkiri on behalf of the Crown for the year ended 30 June 2005.

The audit was completed on 30 September 2005, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed our audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in the opinion.

Our audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Chief Executive;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Chief Executive and the Auditor

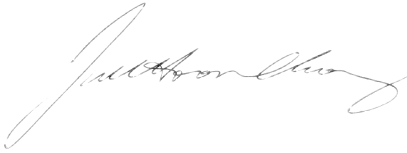
The Chief Executive is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of Te Puni Kōkiri as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. In addition, they must fairly reflect the assets, liabilities, revenues, expenses, contingencies and commitments managed by Te Puni Kōkiri on behalf of the Crown for the year ended 30 June 2005. The Chief Executive's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

During the year, we undertook an assurance related engagement over a tendering process for Te Puni Kōkiri, which are compatible with those independence requirements. Other than this assignment and the audit, we have no relationship with or interests in Te Puni Kōkiri.



HC Lim
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Te Puni Kōkiri for the year ended 30 June 2005 included on the Te Puni Kōkiri web-site. The Chief Executive is responsible for the maintenance and integrity of the Te Puni Kōkiri web site. We have not been engaged to report on the integrity of the Te Puni Kōkiri web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 September 2005 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



STATEMENT OF SERVICE PERFORMANCE



Statement of Service Performance for the year ended 30 June 2005

Introduction

The Statement of Service Objectives for Te Puni Kōkiri is detailed in the *Statement of Intent – 1 July 2004*. This forms the output objectives for the year against which this service performance statement reports.

Output Classes

New output classes were created for 2004/05 in support of the outcomes described in the *Statement of Intent – 1 July 2004*.

Our Work Focus

Policy and Monitoring – Social and Cultural

Within this output class the Minister purchased policy advice on the development of policies and programmes that specifically impacted on the social and cultural status of Māori people and resources.

Te Puni Kōkiri policy advice included strategic advice to government on the effective use of resources and interventions in order to enhance Māori social and cultural development.

Key outputs included:

- Governance Strategy
- development of the Māori Potential Approach, including the Māori Potential Framework
- implementation of the Māori Language Strategy
- Māori Broadcasting.

These outputs are detailed below.

Governance Strategy

In 2004/05, Te Puni Kōkiri has developed a Governance Strategy aimed towards assisting Māori to strengthen the governance of their organisations. This work has come from the recognition that effective, well-governed Māori organisations are a key factor in achieving sustainable economic, social and cultural success for Māori. Overseas experience has shown that well functioning organisations that reflect the cultural practices of the collective are more likely to be successful than those that do not.

Te Puni Kōkiri has also recognised the increased responsibilities of Māori as a result of Treaty and fisheries settlements, and Māori land development. Strengthening Māori governance will positively impact on social and economic outcomes not only for Māori, but all New Zealanders.

Work has included:

- development of the Governance Strategy
- a discussion document outlining proposals for a new governance structure for Māori organisations (as part of the Governance Strategy) was released on 30 October 2004 at the Federation of Māori Authorities annual conference and publicly released on 30 November 2004
- targeted consultation with Māori and other key stakeholders on proposals within the Strategy.

The legislation proposed to be introduced into the House by 30 April 2005 was deferred. A report to Cabinet with finalised policy proposals for the statutory framework and the governance policy framework is planned for November 2005.

Māori Potential Approach

In 2004/05, Te Puni Kōkiri led the development of this macro-policy approach to Māori Public Policy, which gained Cabinet endorsement in November 2004. When completed, the Māori Potential Approach will help identify priority areas for policy intervention, purchasing decisions, research, monitoring and evaluation, measuring performance and outcomes reporting, through the application of its key component and tool, the Māori Potential Framework.

Work has included:

- completion of the Whānau Development Framework on time, by 30 September 2004
- the development of the Māori Potential Approach, staff training in December 2004 and January 2005
- initial testing of the Approach by applying it to the development of the People Capability Strategy and Whānau Development Action and Research.

The Māori Potential Approach is currently being tested in preparation for implementation across the state sector from July 2006.

Māori Language Strategy

In 2004/05, Te Puni Kōkiri continued to lead the implementation of the Māori Language Strategy (MLS). The MLS articulates the goals and roles of government in supporting the growth and development of the Māori language. It also allocates responsibility for the roles of government to various agencies.

Te Puni Kōkiri is responsible for inter-agency coordination and monitoring.

Also in 2004/05, Te Puni Kōkiri undertook a series of meetings with MLS agencies to support the planning and implementation work of other agencies as a 'critical friend', and hosted various fora to discuss interagency coordination around Māori language issues. Te Puni Kōkiri also oversaw the implementation of the Māori Language Information Programme, and the administration of *Tukutuku Kōrero*, a whānau language development trial programme.

Two key items of work have been deferred until 2005/06 relating to research and the establishment of five-year goals agreed to by lead agencies. The intention of Te Puni Kōkiri was to complete primary research on official language options by 30 November 2004. The research was completed by 30 June 2005, and the findings will be included in an overarching report with options for progress, in 2005/06. Although work on details for the implementation of the Māori Language Strategy has been completed on time (by 30 June 2005), engagement to seek agreement with lead agencies continues.

Māori Broadcasting

Te Puni Kōkiri has strategic and operational responsibilities in Māori broadcasting. In the past year, Te Puni Kōkiri progressed work to strengthen the strategic context of Māori broadcasting; and has completed a proposal to progress the development of a Māori Broadcasting Strategy, to be progressed in 2005/06. The proposal also included a report on issues related to the Māori Broadcasting Strategy that was completed later than intended (March 2005, rather than 31 October 2004), and reflects the movement of senior staff.

In 2004/05, work also included an ongoing programme of research, commissioned to describe the history, current status and future directions of Māori broadcasting (see Monitoring below).

A major focus was the review of the operational status and requirements of the Māori radio network. This work contributed to the approval of additional funding to support the development of iwi radio stations. In addition, Te Puni Kōkiri continued to monitor the performance of Māori broadcasting organisations.

MONITORING

Also within this output class, the Minister purchased monitoring of other state sector agencies' initiatives, aimed at influencing policies and programmes that delivered equitable social and cultural outcomes for Māori.

Specific outputs included:

- The report on the *Tauranga District Truancy Service*, approved by Cabinet March 2005.
- The report on the *Contracting of School Support Services*, January 2005 was agreed with the Ministry of Education, and will be released upon Cabinet approval.
- *Māori Health Workforce Development: Effectiveness Audit Report* has been completed and will be released upon Cabinet approval.
- Policy advice provided on time to the Minister of Māori Affairs, on the quarterly reports completed by Te Taura Whiri i te reo Māori, Te Māngai Pāho, and the Māori Television Service.

FINANCIAL PERFORMANCE

There are no 2003/04 comparatives due to the restructuring of output classes in 2004/05.

(figures are GST exclusive)

30/06/04 Actual \$000		30/06/05 Actual \$000	30/06/05 Supp Estimates \$000	30/06/05 Main Estimates \$000
0	Revenue Crown	6,637	6,637	10,580
0	Total Other Revenue	174	166	0
0	Total Revenue	6,811	6,803	10,580
0	Total Expenses	6,415	6,803	10,580
0	Net surplus/(deficit)	396	0	0

Policy and Monitoring – Economic and Enterprise

Within this output class the Minister purchased policy advice on the development of policies and programmes that specifically impacted on the economic and enterprise status of Māori people and resources.

Te Puni Kōkiri policy advice included strategic advice to government on the effective use of resources and interventions in order to enhance Māori economic development. The aim of these policies was to help ensure the retention and development of the Māori resource base for future generations.

Specific outputs included:

- Policy advice on Māori Land Development
- Policy advice on Māori Tourism
- **Māori Business Development Services**
 - o investment in the Māori Business Facilitation Service (MBFS)
 - o administration of the Whānau Development Enterprise Fund (WDEF)
 - o establishment of a Governance Website
 - o investment in Governance Mentoring Programmes
 - o administration of the Nominations and Appointments process
 - o investment in the Land Facilitation Mentoring Programme.

POLICY ADVICE

Māori Land Development

Te Puni Kōkiri is leading the development of policies for assisting Māori to progress the development of their land. This is in recognition that Māori land is a significant resource for economic, social and cultural development. While in some cases, Māori land is being optimally utilised, and some Māori are benefiting from land-based businesses and exploring ways of obtaining greater benefits; there are other cases where the potential for Māori land to support sustainable success remains latent and the land resource is under-utilised.

In 2004/05, outputs included a proposal to develop strategies to assist Māori to enhance Māori Land Development, and consultation with state sector colleagues. However, a report to the Minister relating to land sectors and

options for future development that was to be completed by 30 June 2005 has been deferred until November 2005.¹

Māori Tourism

Policy advice involved completion of a revised programme plan for Māori Tourism. This also met the timeliness requirement of 31 October 2004.

MĀORI BUSINESS DEVELOPMENT SERVICES

Māori Business Facilitation Service (MBFS)

In 2004/05, \$5.1m was expensed (from a departmental budget of \$5.5m) for MBFS. This included \$2.8m to mentor aspiring and existing Māori business, and \$2.0m for Business Development Services. This included establishment of pilot initiatives for MBFS specialist mentoring and specialist advisor turnaround, governance, and land facilitation projects. These are new initiatives based on the MBFS model.

Outputs included:

- a total of 997 registrations (target 1,000) were received for MBFS assistance
- 192 new and existing Māori businesses received business start up assistance (although the initial target was 250 new businesses)
- 149 businesses entered specialist mentoring or specialist advisor turnaround assistance
- the design and development of the governance and land facilitation pilots was initiated during the year, and as such, the methodology of capturing data on participation and progress is still being constructed.

Whānau Development Enterprise Fund (WDEF)

In 2004/05 \$1.134m was expensed (from \$1.7m appropriated) to support 19 proposals from organisations that support network and collaborative based activities or promote Māori business. Expenditure was lower than appropriated due to the implementation details associated with how the WDEF appropriation would be operationalised taking longer than expected.

Governance Website

A new governance information website was launched at the annual conference of the Federation of Māori Authorities (FOMA) in Wellington on 30 October

¹ See [CAB Min (05) 14/4].

2004. The new “Effective Governance” website (*governance.tpk.govt.nz*) is an information source for directors and trustees. It offers best practice resources, including material from the Institute of Directors, the Stock Exchange, the Securities Commission and *Management* magazine. This initiative has allowed an opportunity to provide a comprehensive information source about governance to people, including Māori.

Governance Mentoring Programmes

Research has shown the importance of governance to the success of organisations. The aim of this programme is to assist Māori organisations to strengthen the area of governance. In 2004/05, a total of six Māori organisations received mentoring as part of the Governance Mentoring Programme pilot, one more than the initial target of five.

Nominations and Appointments processes

In 2004/05, Te Puni Kōkiri progressed work in leading the development of a nominations and appointments process across the government sector, by developing a database for state sector use, and including a trial of a process prototype. Emerging from the trial are ongoing enhancements that will be progressed in 2005/06.

Land Facilitation Mentoring Programme

A total of seven land holding organisations received mentoring by 30 June 2005, involving at least 17 individual land blocks at various stages of development. Te Puni Kōkiri had intended to mentor 20 land holding organisations.

MONITORING

Also within this output class, the Minister purchased monitoring of other state sector agencies’ initiatives, aimed at influencing policies and programmes that delivered equitable economic and enterprise outcomes for Māori.

Specific outputs included:

- a report on the formative evaluation of the Capacity Building - Strengthening Management and Governance programme. This was to be completed by 31 March 2005, and following an agreed extension, was referred on time, to the Minister of Māori Affairs on 30 June 2005.
- a formative evaluation of the Whānau Development – Action and Research Programme that was due for completion on 30 April 2005 was referred to the Minister of Māori Affairs on 2 May 2005.

- an internal report approved by the Chief Executive on 11 November 2004, on a process evaluation of the Kaitātaki-Ā-Rohe programme undertaken during the 2003/04 financial year.
- a report on the evaluation of the Local Level Solution programme, was referred to the Minister on 25 January 2005. The initial expectation was for 30 December 2004.
- a report on the impact evaluation of the Direct Resourcing programme, was completed on time, on 31 October 2004.
- regular (including quarterly) reports on the progress and achievements of proposed Māori Business Facilitation projects were provided to the Minister of Māori Affairs.

Information on the key findings and what these mean for the programme are contained in each report that can be obtained from Te Puni Kōkiri.

FINANCIAL PERFORMANCE

There are no 2003/04 comparatives due to the restructuring of output classes in 2004/05.

(figures are GST exclusive)

30/06/04		30/06/05	30/06/05	30/06/05
Actual		Actual	Supp Estimates	Main Estimates
\$000		\$000	\$000	\$000
0	Revenue Crown	13,479	13,479	12,437
0	Total Other Revenue	142	142	–
0	Total Revenue	13,621	13,621	12,437
0	Total Expenses	12,944	13,621	12,437
0	Net surplus/(deficit)	677	–	–

Policy – Crown Māori Relationships

Within this output class the Minister purchased policy advice on the relationship between Māori and the Crown, and on the links between that relationship and outcomes for Māori. It included all Treaty policy issues and advice on the impact of legislation not addressed in any other output class.

Also within this output class, Te Puni Kōkiri led the development of a Relationships Framework. A key output related to this is the Crown Māori Relationship Instruments (CMRI), outlined below.

Specific outputs included:

- Crown Māori Relationship Instruments² Policy to Crown Entities: development of a policy framework and associated advice was the subject of papers to be completed by 30 June 2005. These papers were completed in advance and approved by Cabinet in August and November 2004
- Foreshore and Seabed legislation: policy advice on negotiations, negotiations policy and customary rights
- Treaty of Waitangi claims: provision of facilitation and other support to a number of iwi involved in negotiations
- Treaty of Waitangi settlements: formal mandate advice on three claimant representatives
- Te Rūnanga o Ngāti Awa Bill: a report to the Māori Affairs Select Committee on the Bill
- Resource Management Reform Bill: provision of advice and participation in officials' processes for drafting of the Bill.
- However, policy advice to develop a strategy to streamline the operation of the Māori Trust Office has been deferred until 2005/06.

2 The agreed definition of a CMRI is 'a documented agreement or arrangement, signed by both parties, that establishes or recognises an ongoing collaborative relationship between Ministers, government agencies or Crown entities, and a whānau, hapū, iwi, Māori organisation and Māori community. [CAB Min (04) 25/8].

FINANCIAL PERFORMANCE

There are no 2003/04 comparatives due to the restructuring of output classes in 2004/05.

(figures are GST exclusive)

30/06/04 Actual		30/06/05 Actual	30/06/05 Supp Estimates	30/06/05 Main Estimates
\$000		\$000	\$000	\$000
0	Revenue Crown	7,310	7,310	3,755
–	Total Other Revenue	252	142	0
0	Total Revenue	7,562	7,452	3,755
0	Total Expenses	7,109	7,452	3,755
0	Net surplus/(deficit)	453	–	–

Relationships and Information

This class of outputs involved working actively at a local level to assist Māori to achieve aspirations. It included interacting with whānau, hapū, iwi, Māori, Māori communities and organisations, other state agencies, local government, non-government and the private sector.

Te Puni Kōkiri has a network of approximately 100 regional staff who work with whānau, hapū, iwi, Māori communities and organisations to broker, facilitate, and co-ordinate opportunities to accelerate Māori development.

Work in this output class also included the effective flow of information to and from National Office to ensure the views of Māori in the regions were informing policy advice and activities. The flow of information from regions to National Office is an aspect of ongoing work relating to the Relationship Management Strategy.

In 2004/05, Te Puni Kōkiri began preliminary work to improve our Relationship Management Strategy through, for example, the appointment of Information Advisors in the regions. The Relationship Management Strategy will be further developed and implemented in 2005/06.

Specific services included:

- leading whole of government fora within each region, such as, convening Regional Inter-sectoral Fora
- completing inter-agency projects
- updating regional profiles
- brokerage of information and resources for Māori
- brokerage and facilitation of access by Māori to government resources and services
- development opportunities for local and regional economic, social and cultural development
- administration of Capacity Building funds
- provision of general information and advice to the public.

SERVICES

Leading whole of government fora within the regions

Te Puni Kōkiri co-ordinated Regional Inter-sectoral Fora (RIF), to enable and enhance inter-agency collaboration on common issues. Although Te Puni Kōkiri aimed to have at least one RIF operating in each region by 30 June 2005, RIFs were established in seven of ten regions. However, some regions established more than one RIF, for example, Tamaki Makaurau with seven, so that overall, 17 RIFs were established by 30 June 2005.

It was intended to submit reports from at least two regional offices to the Capacity Building Senior Officials Group (CBSOG) each month, and this was achieved up until late 2004, when the decision was made to review the role of CBSOG. This review is continuing into the 2005/06 year.

Inter-agency projects

Te Puni Kōkiri co-ordinated inter-agency projects. Although the aim was for completion of two inter-agency projects for each region, seven of ten regions completed at least two projects by 30 June 2005, while one region had four projects in progress. In total, 24 inter-agency projects were completed.

Updating regional profiles

As part of the Relationship Management Strategy, Te Puni Kōkiri has been updating its regional profiles. These updates focus on strengthening information sets to assist in relationship building and brokerage, and development of policy.

Te Puni Kōkiri aimed to have regional profiles updated in each region by 30 June 2005, five of ten regions have been updated. Profiles for two regions have been deferred until 2005/06, due to further restructuring that affected both regions in particular.

Other examples of activities within Te Puni Kōkiri regional offices are outlined below.

- **Ngā Moana** - assistance with the Eastern Bay of Plenty floods/earthquake response and recovery. During the flooding and earthquakes that struck the Eastern Bay of Plenty region during July/August 2004, staff from the Ngā Moana region played a critical role in working with and successfully

brokering relationships between Māori, local and central government agencies.

This enabled appropriate responses from government agencies to welfare and housing needs for those families and communities affected by the emergencies, particularly Māori and rural communities. Affected communities, in partnership with government, have since developed and refined plans/strategies designed to respond to future emergencies created by large-scale natural disasters.

- **Takitimu** - development of four Special Projects in the region has seen local organisations contracted to complete regional Environmental Scans (macro-approach) in 3 areas: Rangatahi development; Te Reo Māori (Māori language), Tikanga (Māori culture), and Kaumātua development; and Economic development, including labour market and education opportunities.
- **Tamaki Makaurau** - convened a successful Problem Gambling and Māori Community Training Seminar on 30 May 2005, with representatives from the University of Auckland, Community Health Section, the Minders Education Group Trust, Oasis Centre for Gambling, and Hapai Te Hauora.
- **Tauranga** - co-ordinated a substantial amount of Māori Land Trusts in the Western Bay of Plenty to identify Economic Development Opportunities including aquaculture, joint ventures and horticulture. A key role was to broker relationships between Māori Land Trusts and other government agencies.
- **Te Tairāwhiti** - the first hui on the Rates forum was held, with participation from Gisborne, Wairoa and Ōpōtiki District Councils. Key issues included developing an acceptable early intervention method in instances of rates arrears for Gisborne, 2005 valuations and their impact, and rates arrears on Māori Land.
- **Te Waipounamu** hosted a Taura Here rōpū hui. The outcomes included an expression of desire from the rōpū to come together regularly – and a request to Te Puni Kōkiri to continue facilitation of further hui.

- **Whanganui A Tara**
 - o through the **Capacity Building Programme** assisted the **Hokotehi Moriori Trust** to fund a cultural development programme, develop the **Hokopapa registration programme**, co-ordinate the official celebrations of Kopinga Marae, and develop a strategic plan (5 years) for tourism on the Island. The **opening of Kopinga Marae** in January 2005, was a success and was commented on in the media as “Chatham celebrations biggest since 1835...”.
 - o **Wainuiomata Project** - this project involved nine government agencies co-funding a pilot project in partnership with Te Rūnanga o Taranaki Whānui. The project targeted Māori children and the wider Wainuiomata community. It provided opportunities for positive role modelling and mentoring influences for Māori children aged six to nine years. The main activity centre where the project was based doubled as a multi-government information centre, so that key information about government services filtered down into the community.
- **Waikato** - facilitated a hui at Parawera Marae, attended by 45 people. Following a unanimous agreement to re-establish the Waikato Māori District Council, an Interim Working Party was established from the hui. The group was tasked with organising a hui in November 2005 to invite further Māori groups and organisations who may have an interest in the council’s re-establishment.

PERFORMANCE

Quantity

- Regular proactive reports at least quarterly, on all regional issues and/or activities were prepared and referred to the Minister
- Monthly reports on the status of deliverables in regional work programmes were provided to the Deputy Secretary of Relationships and Information wāhanga and included in the monthly reports to the Chief Executive. The reports included:
 - o information on the number of interventions completed
 - o key dates when tasks were completed.

- Time spent on interventions conducted by regional offices was captured through the Information Research Management System (IRMS) and reported to National Office.

Quality

- Informal feedback was obtained from the network of Kaiwhakarite (fieldworkers) and other staff in the regions, through the programme evaluations which informed our working relationships with whānau, hapū, iwi, Māori communities and organisations.
- Feedback from key stakeholders that indicated a general satisfaction with services provided was also gained from meetings in each region, attended by the Chief Executive.

These processes superseded our initial intention to measure increased satisfaction through formal surveys in all regional offices.

Timeliness

- The specified deliverables in the *Te Puni Kōkiri Output Plan 2004/05* were assessed by comparison against deadlines set in the output plan as modified during the course of the year. Timeliness in relation to deadlines set has been commented on for specific outputs included in this Annual Report.

FINANCIAL PERFORMANCE

There are no 2003/04 comparatives due to the restructuring of output classes in 2004/05.

(figures are GST exclusive)

30/06/04 Actual		30/06/05 Actual	30/06/05 Supp Estimates	30/06/05 Main Estimates
\$000		\$000	\$000	\$000
0	Revenue Crown	8,812	8,812	8,793
–	Total Other Revenue	–	–	–
0	Total Revenue	8,812	8,812	8,793
0	Total Expenses	8,702	8,812	8,793
0	Net surplus/(deficit)	110	–	–

Operations Management

This output class provided high quality services to support Māori development through the design, delivery, and management of community investment programmes.

The output class complemented the Relationships and Information services by providing programmes, funding, and operational support. It also supported future policy advice development by providing information on ‘flax-roots’ learning experiences.

As part of our approach to enabling Māori to participate and succeed as Māori, in 2004/05 Te Puni Kōkiri delivered a number of funding programmes to groups.

These included:

- Departmental³ Programmes
 - o Kaitātaki-Ā-Rohe (KAR)
 - o Special Housing Action Zones (SHAZ)
- Non-Departmental⁴ Programmes
 - o Capacity Building (CB)
 - o Whānau Development – Action and Research Programmes
 - o Whānau Development – Sport and Culture
 - o Local Level Solutions/Development (LLS)
 - o Direct Resourcing of Local Level Solutions (DR)
 - o Māori Regional Tourism Organisation (MRTO)

PROGRAMMES

Kaitātaki-Ā-Rohe (KAR)

In 2004/05 \$2.941m was expensed (from a \$3.713m departmental budget). A total of 50 KAR Māori development workers completed projects that advanced Māori development. Te Puni Kōkiri had initially aimed to support 55 Māori development workers.

³ Departmental Programmes are funded from within the Vote Māori Affairs Departmental Appropriation: Operations Management.

⁴ Non-Departmental Programmes are funded from Vote Māori Affairs Non-Departmental Expenditure and Appropriations.

The KAR programme sought to create an environment where government could work together with whānau, hapū, iwi, Māori organisations and communities to progress their development requirements through the assistance of a Māori development worker. To this end, this programme also serves to reduce inequalities.

The programme responded directly to Māori development by providing a development worker who was able to be:

- selected from, work with, and be accountable to their communities
- engaged on community directed development initiatives
- jointly supported by Te Puni Kōkiri and the community.

Special Housing Action Zones (SHAZ)

In 2004/05 \$0.499m was expensed (from a \$0.500m departmental budget). Twenty housing projects were supported with SHAZ operational funding, exceeding the initial intention of nine projects for the year.

The primary objective of the SHAZ Programme was to resolve serious housing need within a designated Special Housing Action Zone by facilitating and resourcing a hapū, iwi, and/or an appropriate community response.

A secondary objective was to ensure each housing intervention produced at least one parallel intervention relevant to the Government's social policy goals, such as, improved health, employment or training opportunities for hapū, iwi, and local community members, and reducing inequalities.

Capacity Building (CB)

In 2004/05, the Capacity Building programme consisted of two Non-departmental appropriations; Capacity Assessment (\$1.1m appropriated) and Building Capacity in Māori Communities (\$7.5m appropriated). These appropriations were applied as follows:

Capacity Building - General

In 2004/05, \$7.464m was expensed (\$6.6m was budgeted and later increased to \$7.5m). The initial intention to support an estimated 700 projects was optimistic. A total of 513 projects met the criteria for funding. Of these, 223 were for projects under \$2,000, and 290 projects were funded for amounts between \$2,000 and \$150,000.

The primary objective of Capacity Building - General was to strengthen the ability of whānau, hapū, iwi, Māori organisations and communities. To this end, this programme also serves to reduce inequalities. A key focus area for the capacity building fund was to support the development of strategies, structures, systems and skills that enable Māori to achieve their own development aspirations.

The capacity that Te Puni Kōkiri was assisting to build was the ability of whānau, hapū, iwi, Māori organisations and communities to prepare for and respond to their own opportunities and challenges.

Capacity Building - Strengthening Management and Governance (SMG)

In 2004/05, \$1.1m was expensed (\$1.1m was budgeted with the remaining \$0.800m reallocated to Capacity Building - General). A total of 53 organisations were assessed through this programme.

The primary objectives of the programme were to:

- ensure Māori organisations involved in the delivery of government service contracts achieved high quality outcomes and were accountable to stakeholders
- contribute to the growth of strong Māori organisations able to meet organisational goals and take advantage of future opportunities, including reducing inequalities.

The target group were those Māori organisations that:

- were in the 'Development', or 'Established' stages of the business life cycle
- had significant responsibilities for service delivery and/or asset management
- had an annual revenue of \$0.800m or more, in service contracts with government.

The SMG programme provided organisations with an independent confidential analysis of their performance in key governance and management areas.

Whānau Development – Action and Research Programmes (WDAR)

This programme relates to the development and strengthening of whānau in order to realise their social, cultural and economic potential and is based on testing the hypothesis that whānau are the core unit of Māori society.

Arguably measures that strengthen whānau are also likely to strengthen the foundations of Māori society and support Māori development. Successful whānau will realise their own potential, and will lead to optimal and sustainable success for the communities of which they are a part.

Accordingly, understanding who whānau are, what they define as success, what motivates them, how they measure their own outcomes, and the nature of the continuum that these diverse entities locate along are key understandings that they are necessary to effective policy development. The prevailing view of whānau as the core units of Māori society deserves some substantial investment to both test this proposition, and to create policy that is responsive to the outcomes. The WDAR initiative provided this opportunity for Te Puni Kōkiri.

Through WDAR in 2004/05, Te Puni Kōkiri partnered with 50 co-producers (both Iwi authorities and Māori organisations) to engage with whānau to develop and test interventions and find solutions that will have a positive effect on whānau growth and development. All WDAR interventions were expected to contribute to identifying and supporting what makes whānau strong.

Eleven out of 13 interventions were implemented across 10 Te Puni Kōkiri regions to 30 June 2005, with \$8.119m of an \$8.500m appropriation expended. The remaining 2 interventions were deferred until 2005/06. The interventions that were implemented included; whānau connections, whānau development local initiatives, whānau enterprise, whānau Māori language development, learning communities, early childhood education, and natural resources – collective decision making.

The intention in 2005/06 is to provide whānau and those working with whānau with a means of exploring in detail a variety of different approaches to whānau development. It is intended that this process will itself provide long-term benefits for whānau. In addition, the development of the reports,

plans and proposals will provide a basis for further intervention decisions to be taken by Te Puni Kōkiri in future budget years.

Whānau Development Sport and Culture

In 2004/05 \$1.685 was expensed (from \$1.7m appropriated). Te Puni Kōkiri invested in over 100 Whānau Development Sport and Culture initiatives at a national, regional and local level.

This contestable fund was focused on providing support and assistance to community led and/or based sports and cultural activities aimed at strengthening whānau.

Initiatives focussed on research, planning, development and delivery of programmes or events that promoted Māori participation in sport and culture; and included mentoring support for industry development, kapa haka, manu kōrero festivals (speech competitions) as well as supporting traditional initiatives such as Taa Moko (the art of Māori tattoo), Mau rākau (the art of Māori combat and self defence) and Raranga wānanga (teaching Māori weaving).

Local Level Solutions (LLS)

In 2004/05 \$5.254m was expensed (\$4.297m was appropriated and then increased to \$5.438m in the Supplementary Estimates). A total of 20 projects were funded.

The primary objective of Local Level Solutions (LLS) was to develop Māori communities simultaneously by funding initiatives developed at the local level by Māori. LLS responded to whānau, hapū, iwi, Māori organisations' and communities' self-identified priorities, and assisted them to continue their work and achieve long term goals for those communities. This programme also serves to reduce inequalities.

Direct Resourcing (DR)

In 2004/05, \$4.262m was expensed (\$6.550m appropriated and then increased to \$7.114m in the Supplementary Estimates). Eleven Māori organisations were participating in the DR programme. This programme was designed to pilot a funding mechanism that ensured resources could be made directly available to hapū, iwi and Māori to support their own development goals and aspirations.

An in-principle transfer of \$2.852m to the 2005/06 financial year was agreed by Ministers in May 2005, reference CAB Min (05) 17/7.

Māori Regional Tourism Organisation (MRTO)

In 2004/05 \$0.277m was expensed (from \$0.281m appropriated) to support 11 Māori Regional Tourism Organisations (MRTO's). Te Puni Kōkiri had initially proposed to support 12 MRTO's.

The purpose of this fund was to assist MRTOs to complete plans that:

- developed business capabilities within Māori tourism businesses
- enhanced the quality of Māori tourism in the regions
- promoted the interests of Māori tourism within key industry organisations
- strengthened relationships with existing regional tourism organisations.

Quality

This was monitored through:

- reporting on progress and achievements of the programmes within the monthly reports from each region to National Office
- monitoring of programmes (see page 26).

Stakeholder surveys

- Informal feedback obtained from the network of Kaiwhakarite (field workers) and other staff in the regions, by way of programme evaluations which informed our working relationships with whānau, hapū, iwi, Māori communities and organisations.
- Feedback from key stakeholders indicating a general satisfaction of services provided was also gained from meetings in each region, attended by the Chief Executive.

These processes superseded our initial intention to measure increased satisfaction through formal surveys in all regional offices.

Quality Standards

- Work was generally produced according to quality standards outlined in the Te Puni Kōkiri *Capacity Administration Guidelines* manuals in relation to the administration of capacity building programmes
- Work was produced according to quality standards set out in the *Te Puni Kōkiri Effectiveness Audit Standards* for all evaluation audits.

Timeliness

- The specified deliverables in the *Te Puni Kōkiri Output Plan 2004/05* were assessed by comparison against deadlines set in the output plan as modified during the course of the year. Timeliness in relation to deadlines set has been commented on for specific outputs included in this Annual Report.

FINANCIAL PERFORMANCE

(figures are GST exclusive)

30/06/04 Actual		30/06/05 Actual	30/06/05 Supp Estimates	30/06/05 Main Estimates
\$000		\$000	\$000	\$000
11,112	Revenue Crown	11,813	11,813	11,788
–	Total Other Revenue	–	–	–
11,112	Total Revenue	11,813	11,813	11,788
11,052	Total Expenses	11,642	11,813	11,788
60	Net surplus/(deficit)	171	–	–

Services to the Māori Trustee

This output class involved the provision of full office services to the Māori Trustee, including personnel, accommodation and corporate support.

The Māori Trustee (as established by The Māori Trustee Act 1953) exists:

- to protect and enhance the interests of Māori clients and their resources
- to manage the adverse effects of fragmented and multiple ownership of Māori land
- to provide fair, proper and prudent administration and management of clients' assets within the principles and obligations of trusteeship and agency.

The Māori Trustee's assessment of the services provided by Te Puni Kōkiri was sought, and he indicated that he was more than satisfied with the level of services provided by and agreed to, with Te Puni Kōkiri. The cost of the services provided did not exceed the fee for services negotiated with the Māori Trustee at the beginning of the financial year.

FINANCIAL PERFORMANCE

(figures are GST exclusive)

30/06/04 Actual		30/06/05 Actual	30/06/05 Supp Estimates	30/06/05 Main Estimates
\$000		\$000	\$000	\$000
3,756	Revenue Crown	4,067	4,067	4,067
–	Total Other Revenue	–	–	–
3,756	Total Revenue	4,067	4,067	4,067
3,743	Total Expenses	4,066	4,067	4,067
13	Net surplus/(deficit)	1	–	–

Ministerial Servicing Performance

Te Puni Kōkiri met the agreed ministerial servicing timelines across all output classes as outlined below, in 87% (target 95%) of cases in 2004/05. This is an improvement on 2002/03 and 2003/04 performance where 79% and 86% of ministerial documents respectively met the timelines. This upward trend is expected to continue.

Outputs	Delivery Timeframe
Responses to Ministerial correspondence	Within one month
Parliamentary questions	Individually agreed
Briefings	Individually agreed
Speech notes	Individually agreed
Official Information Act requests	Within 20 working days
Cabinet Submissions	Individually agreed
Ombudsman Complaints	Within 20 working days
Reports to the Māori Affairs Committee	Individually agreed

QUALITY ASSURANCE

The Te Puni Kōkiri approach to quality is to ensure our written and oral policy advice is of a consistent standard which meets the expectations of the Minister of Māori Affairs.

Te Puni Kōkiri sought formal feedback from the Minister of Māori Affairs, via a survey, on his assessment of the quantity, quality and timeliness of policy advice (including oral advice). This was in addition to the regular meetings between the Chief Executive and his officials and the Minister of Māori Affairs throughout the year, where oral feedback was obtained and detailed discussions on issues or priorities occurred. The Minister said he was satisfied that “good” progress had occurred in the quality and timeliness of papers received. On a scale of 1-6, “good” rates as 4, where 1 rates as poor and 6 rates as excellent.

Quality

In addition to the Minister’s satisfaction survey, the completion and referral of high quality policy advice (as defined by the quality characteristics) was assessed throughout the year by an independent expert in Public Sector

policy. The reviewer assessed written policy advice produced by Te Puni Kōkiri for the three policy output classes on three occasions.

The assessment was based on the quality of criteria outlined in the *Te Puni Kōkiri Quality Assurance Handbook*. The assessed papers were chosen at random or for their potential significance. Where a policy document received a review of less than satisfactory, the manager responsible was required to provide the Deputy Secretary Policy with a response or explanation for the quality of the paper.

The independent reviewer rated the quality of policy advice on a scale of 1 to 6, where 1 = poor, 2 = adequate, 3 = satisfactory, 4 = good, 5 = very good, and 6 = excellent. The results are reported below:

Assessment Criteria	Target	Score
Purpose	3.00	3.65
Logic	3.00	3.00
Accuracy	3.00	3.16
Options	3.00	3.07
Consultation	3.00	3.06
Practicality	3.00	3.29
Presentation	3.00	3.21
Average	3.00	3.21

In addition, all advice provided was supported by a quality management process listed below:

- internal peer review
- adherence to the standards of the Te Puni Kōkiri Quality Assurance Handbook which defines quality standards; describes how the standards are determined, assessed and reported; describes the process of developing quality policy advice; and outlines the corporate support for these practices and processes
- all Cabinet papers complied with the Cabinet Office Manual.

External Stakeholder Survey

An independent research study was undertaken by telephone, in November 2004, to obtain feedback from stakeholders and other people about their satisfaction with Te Puni Kōkiri.

Specifically, respondents were selected to be representative of the government agencies that interacted with Te Puni Kōkiri, Māori organisations, and the media. In addition, a number of Māori electors were interviewed as representatives of the general Māori public.

A number of key findings were presented in terms of the objectives of the research study however the two general conclusions that arose were the need for Te Puni Kōkiri to:

- continue working on developing its stakeholder relationships
- more actively manage its identity.

Performance Agreements

Performance agreements are developed annually for permanent staff. The performance agreement forms the basis for six monthly (as at December and June) individual performance reviews. The core competencies that are in the agreement have been identified as skills fundamental to the work of Te Puni Kōkiri. This process is an important part of the organisation's evaluation of each individual's contribution to the work of Te Puni Kōkiri, and is an effective vehicle for continuous improvement.



FINANCIAL STATEMENTS



Statement of Accounting Policies

for the year ended 30 June 2005

Reporting Entity

Te Puni Kōkiri is a Government Department as defined by section 2 of the Public Finance Act 1989.

These financial statements have been prepared in accordance with section 35 of the Public Finance Act 1989 (as if that section had not been amended by the Public Finance Amendment Act 2004 (PFAA)), in accordance with section 33 of the PFAA.

In addition, Te Puni Kōkiri has reported the Crown activities that it administers.

STATEMENT OF DEPARTMENTAL ACCOUNTING POLICIES

Measurement System

Measurement and recognition rules applied in the preparation of the Departmental statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies. The financial statements have been prepared on an historical cost basis.

Accounting Policies

The following particular accounting policies that materially affect the measurement of financial results and financial position have been applied.

Budget Figures

The budget figures are those presented in the Budget Night Estimates as amended by the Supplementary Estimates and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

Comparatives

To ensure consistency with the current year, certain comparative information has been restated or reclassified where appropriate. This has occurred:

- where classifications have changed between periods, and (if appropriate).

- where Te Puni Kōkiri has made additional disclosure in the current year and where a greater degree of disaggregation of prior year amounts and balances is therefore required.

Revenue

Te Puni Kōkiri derives revenue through the provision of outputs to the Crown and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cost Allocation

Te Puni Kōkiri has determined the cost of outputs using the cost allocation system outlined below.

Criteria for direct costs

'Direct costs' are those costs that are directly attributed to an output.

For the year ended 30 June 2005, direct costs accounted for 80% of Te Puni Kōkiri costs (2004: 74%).

Criteria for indirect costs

'Indirect costs' are those costs that cannot be identified in an economically feasible manner, to a specific output.

For the year ended 30 June 2005, indirect costs accounted for 20% of Te Puni Kōkiri costs (2004: 26%).

These include depreciation and capital charge which are charged to outputs on the basis of asset utilisation. Property and other premises costs, such as maintenance, are charged on the basis of floor area occupied for the production of each output. Personnel costs are allocated to outputs on the basis of budgeted staff hours.

Corporate overheads (including personnel) are allocated to outputs on the basis of staff hours budgeted in each output.

Debtors and Receivables

Debtors and receivables are recorded at estimated realisable value, after providing for doubtful and uncollectible debts.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the period in which they are incurred.

Fixed Assets

The initial cost of a fixed asset is the value of the consideration given to acquire or create the asset and any directly attributable costs of bringing the asset to working condition for its intended use. Fixed assets costing more than \$1,000 are capitalised and recorded at historical cost.

The profit or loss on disposal of a fixed asset is the difference between the net disposal proceeds and the net carrying amount. This is credited or expensed to the Statement of Financial Performance.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets, so as to allocate the cost of assets, less any estimated residual value, over their useful lives. The estimated economic useful lives and associated depreciation rates of classes of assets are:

Computer Equipment	4 years	25%
Motor Vehicles	5 years	20%
Office Equipment	5 years	20%
Furniture and Fittings	5 years	20%
Leasehold Improvements	5-12 years	8.3% - 20%
Software Development	3 1/3 years	30%

The cost of leasehold improvements is capitalised and amortised over the unexpired period of the building lease or the estimated remaining useful life of the improvement, whichever is shorter.

Employee Entitlements

Provision is made in respect of Te Puni Kōkiri's liability for annual leave, long service leave and retiring leave. Annual leave is recognised as it accrues to employees at the greater of current rates of pay or average daily earnings over the previous 52 weeks.

Statement of Cash Flows

Cash means cash balances on hand and held in bank accounts.

Operating activities includes cash received from all income sources of Te Puni Kōkiri and cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

Financial Instruments

Te Puni Kōkiri is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors and creditors. All financial instruments are recognised in the Statement of Financial Position and all revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

All foreign exchange transactions are translated at the rates of exchange applicable in each transaction. Te Puni Kōkiri does not carry any balances in foreign currencies.

Goods and Services Tax (GST)

The Statement of Unappropriated Expenditure and the Statements of Departmental and Non-Departmental Expenditure and Appropriations are inclusive of GST. The Statement of Financial Position is exclusive of GST, except for Creditors and Payables, and Debtors and Receivables, which are GST inclusive. All other statements are GST exclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Taxation

Government departments are exempt from the payment of income tax in terms of the Income Tax Act 1994. Accordingly, no charge for income tax has been provided for.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Net Operating Surplus

The net operating surplus for the period is repayable to the Crown and a provision for this repayment is shown in the Statement of Financial Position.

Taxpayers' Funds

This is the Crown's net investment in Te Puni Kōkiri.

Changes in Accounting Policies

There have been no changes to the accounting policies. All policies have been applied on a basis consistent with previous years.

Statement of Financial Performance

for the year ended 30 June 2005

The Statement of Financial Performance shows the components of revenue and expenditure (exclusive of Goods and Services Tax) relating to all outputs produced by Te Puni Kōkiri.

30 Jun 04 Actual		30 Jun 05 Actual	30 Jun 05 Main Estimates	30 Jun 05 Supp Estimates
\$000	Note	\$000	\$000	\$000
REVENUE				
46,190	Crown	52,118	51,420	52,118
40	Department	316	0	308
71	Other	1 252	0	142
46,301	Total Revenue	52,686	51,420	52,568
OUTPUT EXPENSES				
23,036	Personnel Costs	2 22,107	28,343	23,517
20,780	Operating Costs	3 27,232	21,229	27,275
1,262	Depreciation	4 1,270	1,541	1,466
286	Capital Charge	5 269	307	310
45,364	Total expenses	50,878	51,420	52,568
937	Net Operating surplus	1,808	-	-

The accompanying accounting policies and notes form part of these Financial Statements.
For information on major variances against budget refer note 11 on page 65.

Statement of Movements in Taxpayers' Funds

for the year ended 30 June 2005

The Statement of Movements in Taxpayers' Funds shows the reconciliation of funds at the beginning of the year with the funds at the end of the year.

30 Jun 04 Actual	30 Jun 05 Actual	30 Jun 05 Main Estimates	30 Jun 05 Supp Estimates
\$000	\$000	\$000	\$000
3,360 Taxpayers' funds as at 1 July	3,360	3,360	3,360
937 Net Operating Surplus	1,808	0	0
937 Total recognised revenues and expenses for the year	1,808	0	0
0 Capital Contributions	475	475	475
(937) Provision for repayment of surplus to the Crown	(1,808)	0	0
3,360 Taxpayers' funds as at 30 June	3,835	3,835	3,835

The accompanying accounting policies and notes form part of these Financial Statements.
For information on major variances against budget refer note 11 on page 65.

Statement of Financial Position

as at 30 June 2005

The Statement of Financial Position shows the major classes of assets and major classes of liabilities and equity of Te Puni Kōkiri. The difference between the assets and liabilities is the taxpayers' funds (net assets).

30 Jun 04 Actual		30 Jun 05 Actual	30 Jun 05 Main Estimates	30 Jun 05 Supp Estimates
\$000	Note	\$000	\$000	\$000
3,360	TAXPAYERS' FUNDS	3,835	3,835	3,835
	Represented by:			
	ASSETS			
	CURRENT ASSETS			
7,680	Cash	11,442	4,209	5,038
315	Prepayments	313	143	200
182	Short term receivables & advances	87	50	50
8,177	<i>Total current assets</i>	11,842	4,402	5,288
	NON-CURRENT ASSETS			
3,270	Physical assets	6 2,723	3,201	3,363
3,270	<i>Total non-current assets</i>	2,723	3,201	3,363
11,447	Total Assets	14,565	7,603	8,651
	LIABILITIES			
	CURRENT LIABILITIES			
4,410	Creditors & Payables	7 6,911	2,045	3,150
1,009	Provision for Restructuring	8 175	0	0
937	Provision repayment of surplus	1,808	0	0
1,565	Employee Entitlements	9 1,689	1,723	1,500
7,921	<i>Total current liabilities</i>	10,583	3,768	4,650
	NON-CURRENT LIABILITIES			
166	Employee Entitlements	9 147	0	166
8,087	Total Liabilities	10,730	3,768	4,816
3,360	Net Assets	3,835	3,835	3,835

The accompanying accounting policies and notes form part of these Financial Statements.
For information on major variances against budget refer note 11 on page 65.

Statement of Cash Flows

for the year ended 30 June 2005

The Statement of Cash Flows shows the cash received and paid by Te Puni Kōkiri during the year, from its activities.

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000	30 Jun 05 Main Estimates \$000	30 Jun 05 Supp Estimates \$000
CASH FLOWS-OPERATING ACTIVITIES			
Cash was provided from:			
Supply of outputs to			
46,190 Crown	52,118	51,420	52,118
0 Department	316	0	308
(28) Other	286	0	389
46,162	52,720	51,420	52,815
Cash was disbursed for:			
Production of outputs			
(23,204) Personnel	(22,002)	(21,730)	(29,386)
(19,064) Operating	(24,328)	(28,343)	(23,740)
(7) Net GST Paid	(340)	0	0
(286) Capital Charge	(269)	(307)	(310)
(42,661)	(46,939)	(50,380)	(53,436)
3,501	5,781	1,040	(621)
Net cash flows from operating activities			
CASH FLOWS-INVESTING ACTIVITIES			
Cash was provided from:			
70 Sale of physical assets	210	200	200
Cash was disbursed for:			
(571) Purchase of physical assets	(1,767)	(1,630)	(1,759)
(501)	(1,557)	(1,430)	(1,559)
Net cash flows from investing activities			
CASH FLOWS-FINANCING ACTIVITIES			
Cash was provided from:			
0 Capital Contributions	475	475	475
Cash was disbursed for:			
(18) Repayment of surplus	(937)	0	(937)
(18)	(462)	475	(462)
Net cash flows from financing activities			
2,982	3,762	85	(2,642)
Net Increase/(Decrease) in Cash Held			
4,698	7,680	4,124	7,680
Add opening cash balance			
7,680	11,442	4,209	5,038
Closing Cash Balance			

The accompanying accounting policies and notes form part of these Financial Statements.
For information on major variances against budget refer note 11 on page 65.

Reconciliation of Net Operating Surplus to Net Cash Flows from Operating Activities

for the year ended 30 June 2005

The Reconciliation of Net Operating Surplus to Net Cash Flows from Operating Activities shows the non-cash adjustments and other adjustments applied to the net operating surplus as reported in the Statement of Financial Performance on page 54 to arrive at the net cash flows from operating activities disclosed in the Statement of Cash Flows on page 57.

30 Jun 04 Actual	30 Jun 05 Actual	30 Jun 05 Main Estimates	30 Jun 05 Supp Estimates
\$000	\$000	\$000	\$000
937 Net Operating Surplus	1,808	0	0
Add: Non-cash items			
1,262 Depreciation	1,270	1,541	1,466
31 Asset Write-downs	895	0	0
1,293 Total non-cash items	2,165	1,541	1,466
Add/(Less) movements in working capital items			
(140) (Increase)/Decrease in debtors and receivables	95	0	132
(83) (Increase)/Decrease in prepayments	2	0	115
1,759 Increase/(Decrease) in Creditors & Payables	1,667	(501)	(2,269)
(269) Increase/(Decrease) in current employee entitlements	105	0	(65)
1,267 Net movements in working capital	1,869	(501)	(2,087)
Add/(Less) investing activity			
4 Loss/(Gain) on sale of fixed assets	(61)	0	0
4 Total investing activity	(61)	0	0
3,501 Net cash flow from operating activity	5,781	1,040	(621)

The accompanying accounting policies and notes form part of these Financial Statements.
For information on major variances against budget refer note 11 on page 65.

Statement of Commitments

as at 30 June 2005

The Statement of Commitments shows the future contractual obligations (exclusive of GST) of Te Puni Kōkiri that will become liabilities if and when the terms and conditions of existing contracts are met.

Te Puni Kōkiri has long-term leases on its premises in New Zealand. The annual lease payments are subject to regular reviews, ranging from one year to four years. The amounts disclosed below as future commitments are based on the current rental rates.

Operating leases include lease payments for premises and motor vehicles.

30 Jun 04		30 Jun 05
Actual		Actual
\$000		\$000
Accommodation lease commitments		
2,807	Less than one year	2,745
2,690	One to two years	2,557
7,336	Two to five years	6,999
2,752	More than five years	509
15,585	Total accommodation lease commitments	12,810
Other lease commitments		
287	Less than one year	72
78	One to two years	0
10	Two to five years	0
0	More than five years	0
375	Total other lease commitments	72
15,960	Total commitments	12,882

The accompanying accounting policies and notes form part of these Financial Statements.
For information on major variances against budget refer note 11 on page 65.

Statement of Contingent Assets and Liabilities as at 30 June 2005

As at 30 June 2005, Te Puni Kōkiri had no departmental contingent assets and liabilities. (30 June 2004: nil)

Statement of Unappropriated Expenditure as at 30 June 2005

As at 30 June 2005, Te Puni Kōkiri had no unappropriated expenditure (30 June 2004: nil)

Statement of Departmental Expenditure and Appropriations for the year ended 30 June 2005

The Statement of Departmental Expenditure and Appropriations show expenditure against funds appropriated by Parliament. Figures are GST inclusive.

30 Jun 04 Actual		30 Jun 05 Actual	30 Jun 05 Main Estimates	30 Jun 05 Supp Estimates
\$000		\$000	\$000	\$000
VOTE: MĀORI AFFAIRS				
Appropriation for classes of outputs				
11,856	Māori Development Policy	0	0	0
8,107	State Sector Performance	0	0	0
14,535	Facilitation and Brokerage	0	0	0
0	Policy and Monitoring - Social and Cultural	7,266	11,903	7,653
0	Policy and Monitoring - Economic and Enterprise	14,647	13,993	15,325
0	Policy - Crown Māori Relationships	8,054	4,224	8,384
0	Relationships and Information	9,804	9,892	9,913
12,441	Operations Management	13,119	13,262	13,290
4,213	Services to the Māori Trustee	4,574	4,575	4,575
51,152	Total Appropriations for Classes of Outputs	57,464	57,849	59,140

New Output Classes have been created during 2004/05 as a means of enhancing the reporting of the performance of Te Puni Kōkiri and to better align the work to the roles and responsibilities.

The accompanying accounting policies and notes form part of these Financial Statements.
For information on major variances against budget refer note 11 on page 65.

Notes to the Financial Statements

for the year ended 30 June 2005

Note 1: Revenue Other

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000
67 Rental on Surplus Properties	0
4 Gain on Sale of Assets	61
0 Other Revenue	191
71 Total Other Revenue	252

Note 2: Personnel Costs

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000
22,661 Salaries and Wages	21,652
375 Other Personnel Costs	455
23,036 Total Personnel Costs	22,107

Note 3: Operating Costs

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000
103 Audit fees for audit of financial statements	118
0 Other fees charged by auditors	2
2,798 Operating lease rentals	2,598
103 Overseas and Pacific Travel	162
1,677 Domestic Travel	1,837
783 Printing, Books and Publicity	889
1,569 Contract Workers	3,208
3,137 Consultancy Fees	4,748
1,057 MBFS Commission	1,206
3,438 Programmes	3,688
778 Telecommunications	928
297 Computer Related Expense	190
31 Asset Write-downs	895
5,009 Other Operating Costs	6,763
20,780 Total Operating Costs	27,232

Note 4: Depreciation Charge

30 Jun 04	30 Jun 05
Actual \$000	Actual \$000
392 EDP Equipment	396
205 Motor Vehicles	215
52 Office Equipment	53
37 Furniture & Fittings	31
217 Leasehold Improvements	232
359 Software Systems	343
1,262 Total Depreciation Costs	1,270

Note 5: Capital Charge

30 Jun 04	30 Jun 05
Actual \$000	Actual \$000
286 Te Puni Kōkiri pays a capital charge to the Crown on its taxpayers' funds as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2005 was 8.0% (2003/04: 8.5%).	269

Note 6: Fixed Assets

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000
EDP Equipment	
2,113 Cost	1,275
(1,392) Accumulated depreciation	(542)
721 EDP Equipment - net book value¹	733
Motor Vehicles	
1,002 Cost	1,270
(557) Accumulated depreciation	(278)
445 Motor Vehicles - net book value	992
Office Equipment	
628 Cost	245
(551) Accumulated depreciation	(226)
77 Office Equipment - net book value	19
Furniture and Fittings	
472 Cost	197
(322) Accumulated depreciation	(48)
150 Furniture and Fittings - net book value	149
Leasehold Improvements	
2,760 Cost	374
(1,539) Accumulated depreciation	(175)
0 Work in progress	307
1,221 Leasehold Improvements - net book value¹	506
Software Development	
3,174 Cost	1,556
(2,518) Accumulated depreciation	(1,232)
656 Software Development - net book value	324
Total Fixed Assets	
10,149 Cost	5,224
(6,879) Accumulated depreciation	(2,501)
3,270 Total net book value of fixed assets	2,723

1 The 30th June 2005 net book values are net of asset write-downs totalling \$0.895million. These write-downs represent assets now obsolete as a result of the TPK House re-fit and change to a wireless IT environment.

Note 7: Creditors and Payables

30 Jun 04	30 Jun 05
Actual \$000	Actual \$000
1,977 Trade Creditors	1,762
2,416 Accrued Expenses	4,777
17 GST payable	372
4,410 Total creditors and payables	6,911

Note 8: Provision for Restructuring

30 Jun 04	30 Jun 05
Actual \$000	Actual \$000
0 Opening Balance	1,009
1,009 Additional Provisions made during the year	0
0 Charged against provision for the year	(375)
0 Unused amounts reversed during the year	(459)
1,009 Closing Provision for restructuring	175

Note 9: Employee Entitlements

30 Jun 04	30 Jun 05
Actual \$000	Actual \$000
CURRENT LIABILITIES	
1,070 Annual Leave	1,105
495 Salaries and Wages	562
0 Retirement Gratuities	22
1,565 Total current portion	1,689
NON-CURRENT LIABILITIES	
166 Retirement Gratuities	147
166 Total non-current portion	147
1,731 Total employee entitlements	1,836

Note 10: Explanation for Significant Budget Changes

Refer to “The Supplementary Estimates of Appropriations for the year ending 30 June 2005” for an explanation of significant budget changes between the 2004/05 Main Estimates and 2004/05 Supplementary Estimates for Vote Māori Affairs (B.7 – Pages 353 and 354).

Note 11: Explanation for Significant Actual Variances

The following notes explain significant variances between Main Estimates and Actuals.

Statement of Financial Performance (page 54)

	30 Jun 05 Actual \$000s	30 Jun 05 Main Estimates \$000s	Variance
Personnel Costs	22,107	28,343	6,236
Operating Expenses	27,232	21,229	(6,003)

Personnel Costs - the variance mainly relates to the Te Puni Kōkiri Change Implementation Programme, particularly delays experienced in appointing staff to new positions.

Operating Costs – Additional operating costs were incurred as a result of the continuing Change Implementation Programme, including contract workers to temporarily fill vacancies. This was partially funded from an expense transfer from 2003/04 approved in the 2004 March Baseline Update (\$0.889m).

Statement of Financial Position (page 56)

	30 Jun 05 Actual \$000s	30 Jun 05 Main Estimates \$000s	Variance
Cash	11,442	4,209	(7,233)
Creditors & Payables	6,911	2,045	(4,866)

Cash – the increase in the level of cash is mainly attributable to the increase in anticipated levels of Creditors and Payables, the Net Operating surplus and the timing of cash requirements for the National Office fit-out.

Creditors and Payables – the variance reflects the initial delays experienced in implementing new non-departmental funding programmes resulting in more expenditure being incurred in the latter part of the year and work-in-progress estimates relating to the National Office fit-out.

Statement of Cash Flows (page 57)

	30 Jun 05 Actual \$000s	30 Jun 05 Main Estimates \$000s	Variance
Net cash flows from operating activities	5,781	1,040	(4,741)

The variance mainly relates to:

- (i) Additional Revenue Crown due to an expense transfer from 2003/04 approved in the 2004 March Baseline Update relating to the Change Implementation Programme (\$0.889m); and
- (ii) Less cash was disbursed for personnel and operating expenditure due to lower personnel costs than anticipated and higher creditor balances at year end as explained above.

Statement of Departmental Appropriations and Expenditure (page 60)

	30 Jun 05 Actual \$000s	30 Jun 05 Main Estimates \$000s	Variance
Policy & Monitoring – Social & Cultural	7,266	11,903	(4,637)
Policy – Crown Māori Relationships	8,054	4,224	3,830

The variance mainly relates to a realignment of strategic priorities between the above output classes. This particularly reflects the additional resource directed towards the “Crown Māori Relationship Instruments Policy to Crown Entities” and Foreshore and Seabed legislation.

Note 12: Financial Instruments

Te Puni Kōkiri is party to financial instrument arrangements as part of its everyday operations. These include instruments such as bank balances, accounts receivable and accounts payable.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Te Puni Kōkiri, causing Te Puni Kōkiri to incur a loss. In the normal course of its business, Te Puni Kōkiri incurs credit risk from trade debtors, and transactions with financial institutions and the New Zealand Debt Management Office (NZDMO).

Te Puni Kōkiri does not require any collateral or security to support financial instruments with financial institutions that Te Puni Kōkiri deals with, or with the NZDMO, as these entities have high credit ratings. For its other financial instruments, Te Puni Kōkiri does not have significant concentrations of credit risk.

Fair Value

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the return on investments or the cost of borrowing. Te Puni Kōkiri has no significant exposure to interest rate risk on its financial instruments.

Under section 46 of the Public Finance Act Te Puni Kōkiri cannot raise a loan without Ministerial approval and no such loans have been raised. Accordingly, there is no interest rate exposure for funds borrowed.

Note 13: Related Party Information

Te Puni Kōkiri is a wholly owned entity of the Crown. The Government significantly influences the roles of Te Puni Kōkiri as well as being its major source of revenue.

Te Puni Kōkiri enters into numerous transactions with other government departments, Crown agencies and state-owned enterprises on an arm's length basis. These transactions are not considered to be related party transactions.

Apart from those transactions described above, Te Puni Kōkiri has not entered into any related party transactions, except for where:

Te Puni Kōkiri staff who work in local communities may in a private capacity hold executive or advisory positions in local organisations. Some of these organisations may receive funding via Te Puni Kōkiri. These organisations are therefore considered related parties of Te Puni Kōkiri.

Te Puni Kōkiri staff are required to declare any real or potential conflicts of interest. Steps are then taken to ensure that staff members with a conflict of interest are not involved in any Te Puni Kōkiri decisions involving a group/organisation they may be involved with in a private capacity.

Note 14: Transition to New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)

Te Puni Kōkiri will be adopting NZ IFRS for the first time in its audited financial statements for the year ending 30 June 2008. This timetable is in line with the adoption of NZ equivalents to IFRS in the consolidated financial statements of the Government reporting entity.

Te Puni Kōkiri will be adopting the accounting policies of the financial statements of the Government, which have just been released in draft. Te Puni Kōkiri will evaluate during 2005/06 the differences, if any, between current policies and the draft policies of the financial statements of the Government.

Implementation of NZ IFRS will be managed within the Finance Group of Te Puni Kōkiri. At this stage no material issues have been identified. However, the actual impact of adopting NZ IFRS may vary from this initial assessment, and the variation may be material.

Note 15: Objectives specifying the financial performance

30 Jun 04 Actual		30 Jun 05 Actual	30 Jun 05 Budget Estimates ¹	
	Performance Indicators	Unit		
	OPERATING RESULTS			
71	Revenue: Other	\$000s	252	0
45,364	Output Expenses	\$000s	50,878	51,420
	Operating Surplus before Capital			
1,223	Charge	\$000s	2,077	307
937	Net Surplus	\$000s	1,808	0
	WORKING CAPITAL			
(59)	Net Current Assets	\$000s	946	634
101	Current Ratio	%	92	88
60	Average Debtors Outstanding	days	60	60
30	Average Creditors Outstanding	days	30	30
	RESOURCE UTILISATION			
	Physical Assets			
3,270	Total Physical Assets at Year End	\$000s	2,723	3,201
10	Value per Employee	\$000s	8	8
17	Additions as % of Physical Assets	%	65	51
	Taxpayers Funds			
3,360	Level at Year End	\$000s	3,835	3,835
10	Level per Employee	\$000s	11	9
	FORECAST NET CASH FLOWS			
3,501	Surplus/(deficit) Operating Activities	\$000s	5,781	1,040
(501)	Surplus/(deficit) Investing Activities	\$000s	(1,557)	(1,430)
(18)	Surplus/(deficit) Financing Activities	\$000s	(462)	475
2,982	Net Increase/(decrease) in Cash Held	\$000s	3,762	85
	HUMAN RESOURCES			
23	Staff Turnover	%	26	15
6.6	Average Length of Service	Years	5.5	5.1
337	Total Staff	No.	342	406

Budget Estimates ¹ - as provided in the 2004/05 Te Puni Kōkiri Statement of Intent.

Non-Departmental Financial Statements and Schedules

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000
11,752 Revenues and Capital Receipts	4,638
102,706 Expenses	104,761
32,137 Assets	43,367
14,207 Liabilities	14,207

The following non-departmental statements and schedules record the expenses, revenue and receipts, assets and liabilities that Te Puni Kōkiri manages on behalf of the Crown.

The Non-Departmental balances are consolidated into the Crown Financial Statements and therefore readers of these statements and schedules should also refer to the Crown Financial Statements for 2004/05.

Statement of Non-Departmental Accounting Policies

Measurement System

Measurement and recognition rules applied in the preparation of the Non-Departmental statements and schedules are consistent with generally accepted accounting practice and Crown accounting policies. The financial statements have been prepared on an historical cost basis.

Accounting Policies

The following particular accounting policies that materially affect the measurement of financial results and financial position have been applied.

Budget Figures

The budget figures are those presented in the Budget Night Estimates as amended by the Supplementary Estimates and any transfer made by Order in Council under section 5 of the Public Finance Act 1989.

Comparatives

To ensure consistency with the current year, certain comparative information has been restated or reclassified where appropriate. This has occurred:

- where classifications have changed between periods, and (if appropriate).
- where Te Puni Kōkiri has made additional disclosure in the current year and where a greater degree of disaggregation of prior year amounts and balances is therefore required.

Revenue

Te Puni Kōkiri derives revenue through the provision of outputs to the Crown and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Goods and Services Tax (GST)

The Statements of Non-Departmental Expenditure and Appropriations are inclusive of GST. The Statement of Financial Position is exclusive of GST, except for Creditors and Payables, and Debtors and Receivables, which are GST inclusive.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Creditors and Payables or Debtors and Receivables (as appropriate).

Debtors and Receivables

Debtors and receivables are recorded at estimated realisable value, after providing for doubtful and uncollectible debts.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

Schedule of Non-Departmental Revenue

for the year ended 30 June 2005

The Schedule of Non-Departmental Revenue shows budgeted revenue against actual revenue.

30 Jun 04 Actual		30 Jun 05 Actual	30 Jun 05 Supp Estimates
\$000	Note	\$000	\$000
Current Revenue			
<i>Non-Tax Revenue</i>			
95	Interest on Advances	155	170
232	Māori Land Development Interest	0	0
46	Miscellaneous Receipts	166	0
3,749	Māori Trustee	4,065	3,802
7	Mortgage Repayments Intended for Housing Corporation of New Zealand	7	10
4,129	Total Current Revenue	4,393	3,982
Capital Revenue			
187	Māori Land Development Principal	0	0
424	Repayment of Advances	245	325
7,012	Sale of Properties	0	0
7,623	Total Capital Revenue	245	325
11,752	Total Crown Revenue	4,638	4,307

The accompanying accounting policies and notes form part of these Financial Statements.

Schedule of Non-Departmental Expenses

for the year ended 30 June 2005

The Schedule of Expenses summarises Non-Departmental expenses that Te Puni Kōkiri administers on behalf of the Crown. Further details are provided in the Statement of Expenditure and Appropriations on page 74. Figures are GST inclusive where applicable.

30 Jun 04 Actual	Note	30 Jun 05 Actual \$000	30 Jun 05 Supp Estimates \$000
Non-Departmental Expenses			
Total Operating Annual Appropriations			
66,016	Total Non-Departmental Expenses	73,608	73,609
500	Total Benefits and Other Unrequited Expenses	500	500
34,843	Other Expenses incurred by the Crown	30,462	34,534
101,359	Total Operating Annual Appropriations	104,570	108,643
1,305	Capital Contributions	167	708
42	Appropriations for Other Expenses	24	42
<i>Provision for Write Off's</i>			
(24)	Rural Lending	24	0
613	Māori Land Development	0	0
4,216	Māori Trustee	1 (1,198)	4,066
4,805	Total Provision for Write Off's	(1,174)	4,066
107,511	Total Non-Departmental Expenses	103,587	113,459

The accompanying accounting policies and notes form part of these Financial Statements.

Schedule of Non-Departmental Expenditure and Appropriations

for the year ended 30 June 2005

The Statement of Non-Departmental Expenditure and Appropriations shows expenditure and capital payments incurred against funds appropriated by Parliament. Te Puni Kōkiri administers these appropriations on behalf of the Crown. Figures are GST inclusive where applicable.

30 Jun 04 Actual		30 Jun 05 Actual	30 Jun 05 Supp Estimates
\$000	Note	\$000	\$000
Operating Annual Appropriations			
<i>Non-departmental output classes</i>			
37,983	Māori Television Broadcasting	2 45,374	45,374
10,575	Māori Radio Broadcasting	3 10,575	10,575
1,609	Administration of Māori Broadcasting	4 1,809	1,809
2,371	Promotion of the Māori Language	5 2,371	2,371
498	Iwi Housing Support	499	500
12,980	Māori Television Channel	6 12,980	12,980
66,016		73,608	73,609
<i>Benefits and other unrequited expenses</i>			
500	Rangatiratanga Grants	500	500
500		500	500
<i>Other expenses to be incurred by the Crown</i>			
220	New Zealand Māori Council	220	220
200	Māori Wardens	200	200
1,100	Capacity Assessment	7 1,100	1,100
7,602	Building Capacity in Māori Communities	8 7,464	7,500
2,824	Māori Registration Service	9 639	639
1,658	Local Level Solutions/Development	10 5,254	5,438
4,865	Direct Resourcing of Local Level Solutions	11 4,262	7,114
7	Orakei Reserves Board Act	7	7
7	Payments to Housing Corporation of New Zealand	6	40
95	Te Putahi Paoho	95	95
331	Regional Tourism Organisations-Planning	277	281
7,300	Te Arawa Lakes	0	0
4,122	Disposal of Kokomiko Station	0	0
0	Whanau Development: Enterprise	12 1,134	1,700
0	Whanau Development: Action and Research	13 8,119	8,500
0	Whanau Development: Sport and Culture	14 1,685	1,700
4,512	Settlement of Haparangi A4 Civil Litigation	0	0
34,843		30,462	34,534
101,359	Total Operating Annual Appropriations	104,570	108,643

continued on next page ...

The accompanying accounting policies and notes form part of these Financial Statements.

... continued from previous page

30 Jun 04		30 Jun 05	30 Jun 05
Actual		Actual	Supp Estimates
\$000	Note	\$000	\$000
<i>Capital Contributions to other persons or organisations</i>			
516	Māori Land Development	0	0
789	Rural Lending	167	708
1,305	Total Capital Contributions	167	708
Appropriations for Other Expenses			
42	Payments to Trust Boards	24	42
42	Total Other Expenses	24	42
102,706	Total Non-Departmental Appropriations	104,761	109,393

The accompanying accounting policies and notes form part of these Financial Statements.

Schedule of Non-Departmental Assets

as at 30 June 2005

Non-Departmental assets are administered by Te Puni Kōkiri on behalf of the Crown. As these assets are neither controlled by Te Puni Kōkiri nor used in the production of Te Puni Kōkiri outputs, they are not reported in Te Puni Kōkiri's Statement of Financial Position

Non-Departmental Assets administered by Te Puni Kōkiri on behalf of the Crown include:

30 Jun 04 Actual \$000	Note	30 Jun 05 Actual \$000
Current Assets		
29,851		41,029
0		0
29,851		41,029
<i>Māori Trust Office</i>		
47,370	1	46,173
(47,370)	1	(46,173)
0		0
Investments		
156		156
<i>Rural Lending</i>		
4,275	15	4,352
(2,190)		(2,215)
2,085		2,137
<i>Māori Land Development</i>		
Investments comprise Advances to -		
179		179
(179)		(179)
0		0
2,241		2,293
Property Plant and Equipment		
45		45
45		45
32,137		43,367

The accompanying accounting policies and notes form part of these Financial Statements.

Schedule of Non-Departmental Liabilities

as at 30 June 2005

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000	30 Jun 05 Supp Estimates \$000
Current Liabilities		
10,424 Creditors and Payables	13,994	2,867
1,413 Other Liabilities	213	0
11,837 Total Current Liabilities	14,207	2,867

Schedule of Non-Departmental Commitments

as at 30 June 2005

The Schedule of Non-Departmental Commitments shows the future contractual obligations (inclusive of GST) that will become liabilities if and when the terms and conditions of existing contracts are met.

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000
Category	
5,834 Direct Resourcing	1,571
2,366 Local Level Solutions	586
8,200 Total Crown Commitments by Category	2,157
Out year commitments	
6,043 Less than one year	2,157
2,157 One to two years	0
0 Two to five years	0
0 More than five years	0
8,200 Total Crown Commitments by out year	2,157

The accompanying accounting policies and notes form part of these Financial Statements.

Schedule of Non-Departmental Contingent Liabilities

as at 30 June 2005

The Statement of Non-Departmental Contingent Liabilities shows amounts at balance date that could potentially become liabilities depending on the occurrence of one or more uncertain future events after 30 June 2005. It does not include general or unspecified business risks or conditions. This schedule is inclusive of GST.

30 Jun 04 Actual \$000	30 Jun 05 Actual \$000
0 Income Tax Indemnity	3,322
0 Public Liability Claims	100
0 Funding programmes	26
0 Total Contingent Liabilities	3,448

Where contingent liabilities have arisen as a consequence of legal action being taken against the Crown, the amount included is the amount claimed and thus the maximum potential cost. It does not represent either an admission that the claim is valid or an estimation of the possible amount of any award against the Crown.

Notes to the Non-Departmental Financial Statements and Schedules

for the year ended 30 June 2005

Note 1: Māori Trustee

The Crown incurs expenditure via the Te Puni Kōkiri departmental appropriation under the output class "Services to the Māori Trustee". There is an expectation that this expenditure will be repaid by the Māori Trustee to the Crown at some future date. A 100% provision against the Māori Trustee's debt is shown to reflect that the debt has not yet been "called".

The decrease in the Māori Trustee's debt and related debt provision as at 30 June 2005 reflects the write-off of GST incorrectly charged against the debt.

The accompanying accounting policies and notes form part of these Financial Statements.

Note 2: Māori Television Broadcasting-

Promotion of Māori language and Māori culture through television broadcasting

Note 3: Māori Radio Broadcasting

Promotion of Māori language and Māori culture through radio broadcasting.

Note 4: Administration of Māori Broadcasting

Purchase of administration services from Te Māngai Pāho to meet its statutory functions and deliver on the Government's Māori broadcasting policy.

Note 5: Promotion of the Māori Language

Purchase of initiatives to revitalise and develop the Māori language in New Zealand. This includes outputs from Te Taura Whiri I Te Reo Māori (Māori Language Commission) and involves the promotion of the Māori language in New Zealand.

Note 6: Māori Television Channel

Ongoing administration costs of the Māori Television channel.

Note 7: Capacity Assessment

To enable whānau, hapū, iwi, Māori organisations and Māori communities to undertake assessments of their current capacity and development needs.

Note 8: Building Capacity in Māori Communities

Capacity Building aims to assist Māori communities to develop the strategies, governance and infrastructures through which they can plan and undertake their own development.

Note 9: Māori Registration Service

Contribution towards the establishment of a national Māori registration service, which will assist in linking Māori with their tribes and tribal groups and compiling comprehensive and accurate registers of their members.

The accompanying accounting policies and notes form part of these Financial Statements.

Note 10: Local Level Solutions/Development

Local Level Solutions provides capable entities with resources to achieve particular aims, such as an improvement in services or asset management

Note 11: Direct Resourcing of Local Level Solutions

Direct Resourcing provides established Māori organisations with funding to allow them to act as umbrella organisations, acting as conduits for funding and taking care of accountability requirements on behalf of smaller, less established organisations.

Note 12: Whānau Development – Enterprise

To promote sustainable Māori business and sector networks

Note 13: Whānau Development – Action and Research

To support whānau determined initiatives aimed at strengthening whānau

Note 14: Whānau Development – Sport and Culture

To support community based activities that bring whānau together.

Note 15: Rural Lending

Rural Lending represents the remaining nominal value of the former Rural Loans Portfolio of the Department of Māori Affairs and Iwi Transition Agency programmes.

The only new advances being made under these provisions are those necessary to complete compensation obligations to lessees where compensation is payable in terms of leases issued under the provisions of Part XXIV of the Māori Affairs Act 1953.

Note 16: Explanation of Significant Budget Changes

Refer to “The Supplementary Estimates of Appropriations for the year ending 30 June 2005” for an explanation of significant budget changes between the 2004/05 Main Estimates and 2004/05 Supplementary Estimates for Vote Māori Affairs (B.7 – Pages 353 and 354).

Note 17: Explanation of Significant Actual Variances

The following notes explain significant variances between Supplementary Estimates and Actuals for Non-Departmental Expenditure.

	30 Jun 05 Actual \$000s	30 Jun 05 Main Estimates \$000s	Variance
Direct Resourcing of Local Level Solutions	4,262	7,114	2,852

The variance relates to delays in contracting of approved initiatives in 2004/05. An expense transfer into 2005/06 year has been approved.

Note 18: Crown Entities

In addition to the above, the Minister of Māori Affairs receives administration services in respect of the following Crown Entities:

- Te Māngai Pāho
- Te Taura Whiri I Te Reo Māori

The investment in these entities is recorded within the crown financial statements on a line by line basis. No disclosure is made in this schedule.

Please refer to the Annual Reports at the following websites:

Te Māngai Pāho at www.tmp.govt.nz

Māori Television Service at www.maoritelevision.com and

Te Taura Whiri I Te Reo Māori at www.tetaurawhiri.govt.nz.

for information on their financial performance and position.

The accompanying accounting policies and notes form part of these Financial Statements.

Report on Effectiveness in Reducing Inequalities

Te Puni Kōkiri contributes to the government's reducing inequalities policy and work programme by administering funding programmes for community development; by monitoring the effectiveness of government agencies; and by advising on government policy affecting Māori wellbeing.

The reduction of inequalities will be enhanced through the building of self reliance. Our community funding programmes (listed and described on pages 35-40 of this report) are accordingly designed to strengthen the ability of whānau, hapū, iwi and Māori communities in various ways to lead their own development.

It is considered, however, that an exclusive focus on disparity and disadvantage will not by itself realise the potential of Māori for self-fulfilment and contribution to New Zealand. During 2004/05 Te Puni Kōkiri developed the Māori Potential Approach to realising Māori Potential that will eventually lead to a stronger focus on identifying the levers of Māori success, and using this knowledge to inform policy development in the wider State sector.

Under the Māori Potential approach we are working alongside established provider organisations with the aim of learning from Māori communities what part the government should play in assisting them to achieve their goals.

The learnings from this experience will be used in our policy advice aimed at building a more success-oriented strategy to reducing inequalities among other agencies.