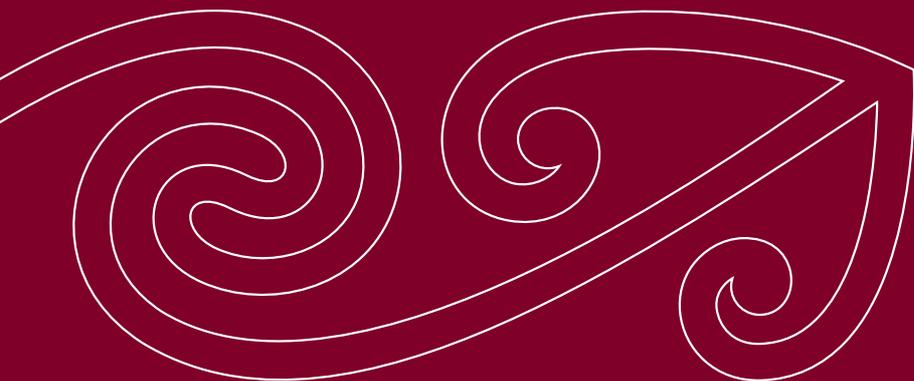




Annual Report
For year ended 30 June 2015





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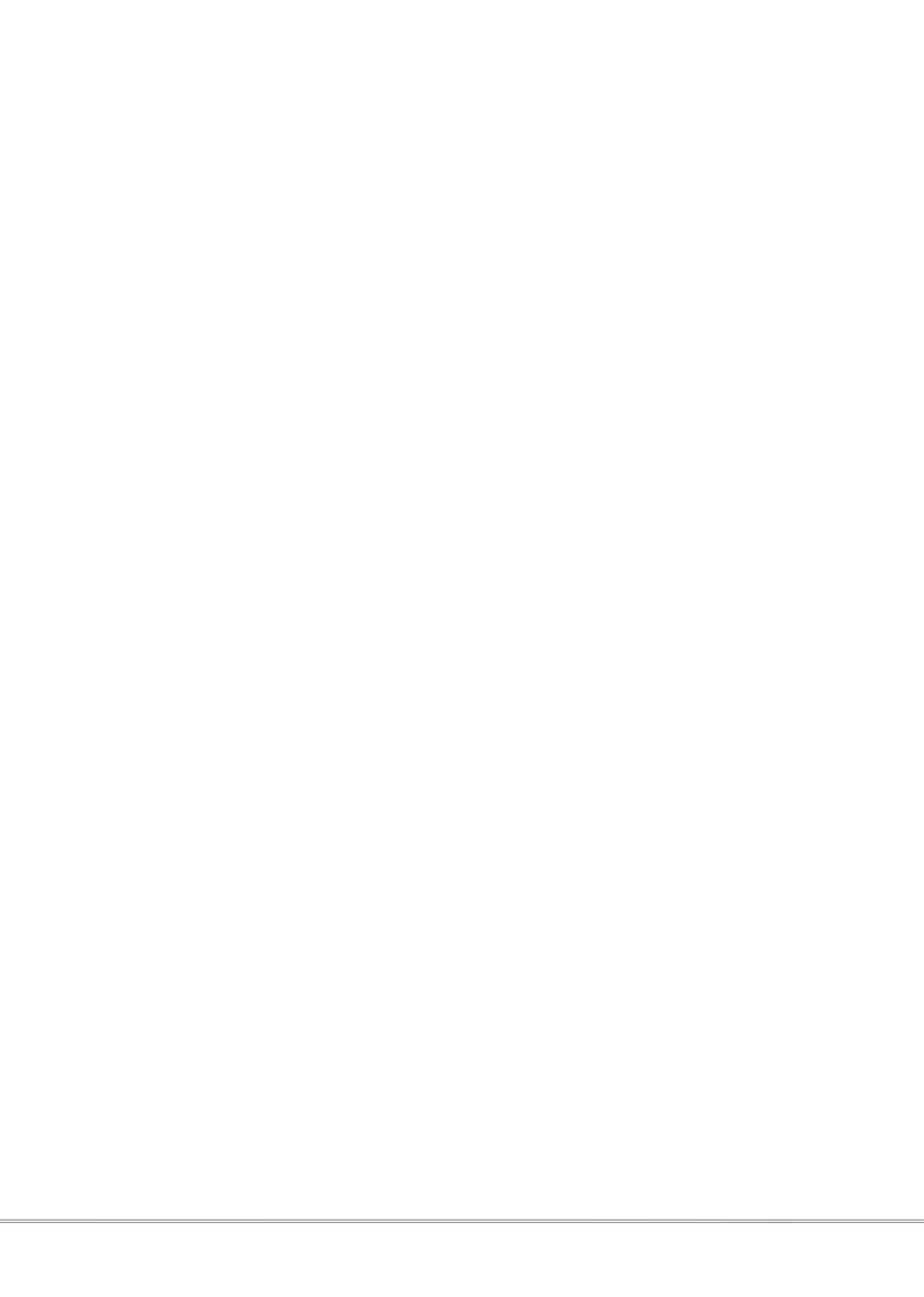
PŪRONGO Ā-TAU
ANNUAL REPORT OF



Te Puni Kōkiri
REALISING MĀORI POTENTIAL

MŌ TE MUTUNGA O TE TAU I TE
30 O NGĀ RĀ O PĪPĪRI 2015
FOR THE YEAR ENDED 30 JUNE 2015







MINISTER FOR MĀORI DEVELOPMENT

I am honoured to present to you the Annual Report of Te Puni Kōkiri
for the year ended 30 June 2015.

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

Michelle Hippolite
Toihautū / Chief Executive



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Mai i te Toihautū

From the Chief Executive

*Kua huri anō te tau, moe mai e te hunga mate, tēnā tātou te hunga ora, ngā iwi o te motu.
He maha ngā kaupapa mahi i tutuki i tērā tau, me, te mea whakahirahira, i hangaia tētahi
'whare' me ngā tikanga hou mō roto, mō waho, mō ngā mahi a Te Puni Kōkiri.*

I am pleased to present Te Puni Kōkiri's Annual Report for the year ended 30 June 2015, in which we report on our progress in respect of the outcomes we set ourselves in our 2014 – 2018 Strategic Intentions document, and our performance, including financial performance over the 12 months to 30 June 2015.

Towards the end of the first quarter, we welcomed the Hon Te Ururoa Flavell, as *Te Minita Whanaketanga Māori* – Minister for Māori Development and *Te Minita Whānau Ora* – Minister for Whānau Ora. The three months immediately following the Minister's appointment are best characterised as a rich tour of Aotearoa New Zealand, in which Te Puni Kōkiri supported him in a series of visits and hui, meeting whānau hapū and iwi to hear about what they think he, and in turn, Te Puni Kōkiri, can do to make a difference. It was through these hui whakahononga, which may become a regular feature of the next three years, that we have continued to gain an even greater insight as to the issues of significance for Māori communities and a first-hand local perspective on whānau hapū and iwi and Māori development and opportunities for regional economic growth.

We learned a lot from these engagements and it was equally clear to all of us in attendance, that the whānau ora approach must make its way into our vocabulary, our advice, and our kōrero with people.

Whānau are intrinsic to everything Te Puni Kōkiri does – whānau enterprise for economic wealth, whānau reo for cultural wealth, whānau mātauranga for skills and learning, whānau ora for family well-being and whānau oranga for an effective state sector to support Māori aspirations.

A key challenge for Te Puni Kōkiri is ensuring that a small to medium sized Ministry, like ours, can manage the wide range of issues that affect iwi, hapū and whānau Māori. To better position ourselves for this challenge, we have undergone an organisational transformation over the past 12 months to clarify our purpose, begin to embed a new operating model, identify the skills and knowledge we need to fulfil our role and strategic functions, and to meet the expectations that are placed on us from Ministers, our state sector colleagues through to Māori communities. This is to enable us to provide strategic leadership in policy design and implementation to support Māori collective success at home and globally.

As an organisation I consider we are now moving towards being a more valuable partner with Māori and collaborating with some public sector colleagues to achieve better long-term outcomes for iwi, hapū and whānau Māori.

This report highlights just a few of our significant achievements over the past 12 months, several of these are worthy of specific mention. These include:

- supported the progress of the Te Reo Māori Bill
- broadened the scope of Whānau Ora through the establishment of the three new commissioning agencies
- developed a Māori Housing Network
- supported progression of Te Ture Whenua Māori Bill
- supported regional economic growth initiatives across New Zealand.

I would like to acknowledge the leadership and commitment of all Te Puni Kōkiri staff for their contributions across the year. I am proud of the way we are working together and of our achievements over the past year. We look forward to the opportunities that lie ahead to foster an environment where iwi, hapū and whānau can succeed as Māori.



Ka mahi tahi mātou katoa, ki te whakatinana i ngā kaupapa here he painga mō ngāi Māori.

Ngā mihi

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

Michelle Hippolite
Toihautū / Chief Executive



Overview of Te Puni Kōkiri

Purpose

The primary purpose of Te Puni Kōkiri is to support the Government to strengthen Treaty of Waitangi partnerships and to facilitate iwi, hapū and whānau Māori to succeed at home and globally.

Te Puni Kōkiri was established under the Ministry of Māori Development Act 1991, and began operating on 1 January 1992. The Ministry's two main responsibilities as set out in that Act encompass:

- promoting increases in the levels of achievement attained by Māori with respect to: education, training and employment, health, and economic resource development
- monitoring and liaising with each department and agency that provides, or has responsibility to provide, services to or for Māori for the purpose of ensuring the adequacy of those services.

In the twenty three years since our establishment, Te Puni Kōkiri has successfully:

- led and influenced public policy affecting Māori
- assisted the Government to manage its relationships with Māori
- monitored aspects of government performance with respect to Māori
- delivered a discrete set of programmes on behalf of the Government
- partnered Māori initiative with investment and facilitation to support the priorities and aspirations of Māori.

Strategic leadership

Our strategic documents describe the three main ways in which we work across the public sector, and the decisions by Cabinet in November 2013 have further endorsed this approach:

- Ārahitanga – by providing strategic leadership advice and guidance to Ministers and the State sector
- Whakamaherehere – by providing evidence-based advice to Ministers and agencies
- Auahatanga – by developing innovative trials and investments to test policy and programme models designed to promote better results for Māori.

Cabinet also confirmed Te Puni Kōkiri's role in providing strategic leadership and guidance to Ministers and the State sector on the Crown's partnerships and relationships with iwi, hapū and whānau Māori.

Our values

As an organisation tasked with bridging and further enabling the relationship between the Crown and Māori, we are also guided closely by our values:

- Te Wero – we pursue excellence
- Manaakitanga – we value people and relationships
- He toa takitini – we work collectively
- Ture tangata – we are creative and innovative.

Te Puni Kōkiri refocus

Through 2014 Te Puni Kōkiri undertook an organisational refocus. The key objectives for remodelling the organisational structure and implementing new systems were to:

- improve our ability to deliver against our kaupapa
- make it easier for staff to connect with their peers across the Ministry
- leverage our existing strengths and build new capability where we need it
- ensure we remain sustainable and financially viable over the medium term.

Our new operating model envisages an increased level of collaboration and partnership not only with colleague agencies within and across the government sector, but also with the communities with whom we work.

Key priorities

Our activities over the past 12 months, have been given even sharper impetus with the appointment of the Hon Te Ururoa Flavell as Minister for both Māori Development and Whānau Ora. The Minister's focus on the three fundamental attributes of *Whānau*, *Whare*, and *Whenua* as the means by which Māori success will be achieved, has played a key role in shaping our strategic priority setting, our work programmes and our day-to-day operations. This has seen Te Puni Kōkiri advance the following five strategic priorities over the 2014/15 year within the context of our broader strategic outcome framework:

- te reo Māori – with a particular focus on advancing the Te Reo Māori Bill
- Whānau Ora – including the transition to commissioning Agencies
- Māori housing – developing a 'network' approach in anticipation of the transfer of Māori Housing programmes
- te whenua Māori – especially advancing the legislative reform for a new Te Ture Whenua Bill
- regional economic development – with a primary emphasis on regional growth studies.



Te Puni Kōkiri at a glance

300 staff

62% female / 38% male

72% NZ Māori ethnicity

66% of staff with more than 5 years of TPK experience

6 regions 18 offices

120 Official Information Act requests

192 parliamentary questions

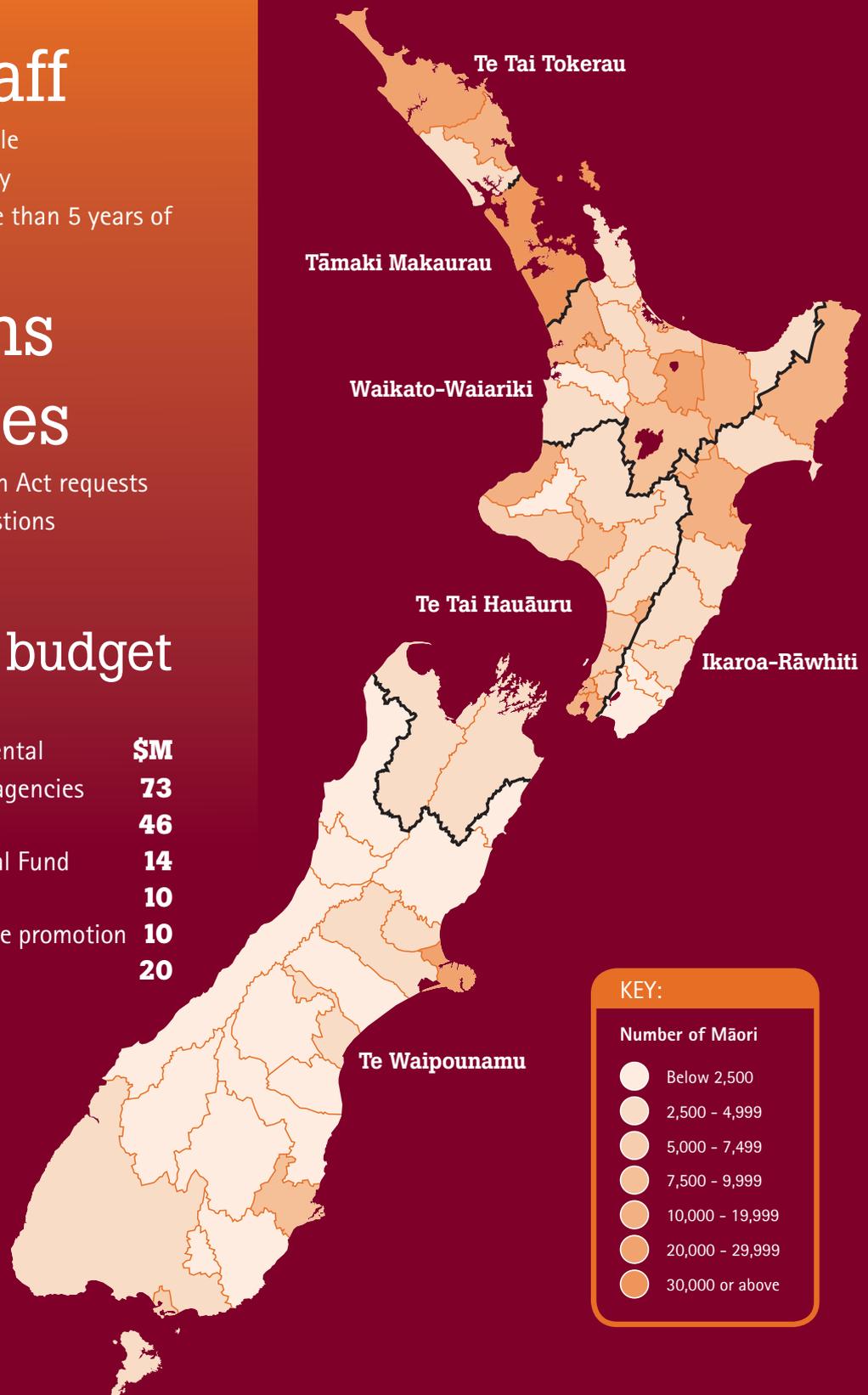
490 briefing papers

\$230m budget

\$57m Departmental

\$173m Non-departmental **\$M**

- Broadcasting agencies **73**
- Whānau Ora **46**
- Māori Potential Fund **14**
- Māori Trustee **10**
- Māori language promotion **10**
- Other **20**



Elements of our operating environment

\$42.5b

Māori assest base

1.4m

hectares of Māori freehold land - around five percent of all land in New Zealand

598,605

Māori in NZ, 6% growth on last census

\$591

Māori average weekly income (National average \$758)

77 years

Māori female average life expectancy (NZ female average 83.2 years)

73 years

Māori male average life expectancy (NZ male average 79.5 years)

50%

of Māori have broadband access at home

49%

Māori have Level 2 or above qualification

34%

Māori population under 15

28%

Māori live in a house they part own

23%

Māori speak Te Reo in conversation

Some of our achievements

1,653

training, resourcing and funding interventions supporting over 700 Māori wardens

1,500

whānau engagements by kaitoko and oranga navigators

333 cadets

placed in workplace schemes, 95% remaining in employment after six months

300

Māori businesses provided mentoring support

23

consultation hui for exposure draft of Te Ture Whenua Bill

15

regional hui to discuss the regulatory framework to support the Māori Language Strategy

3

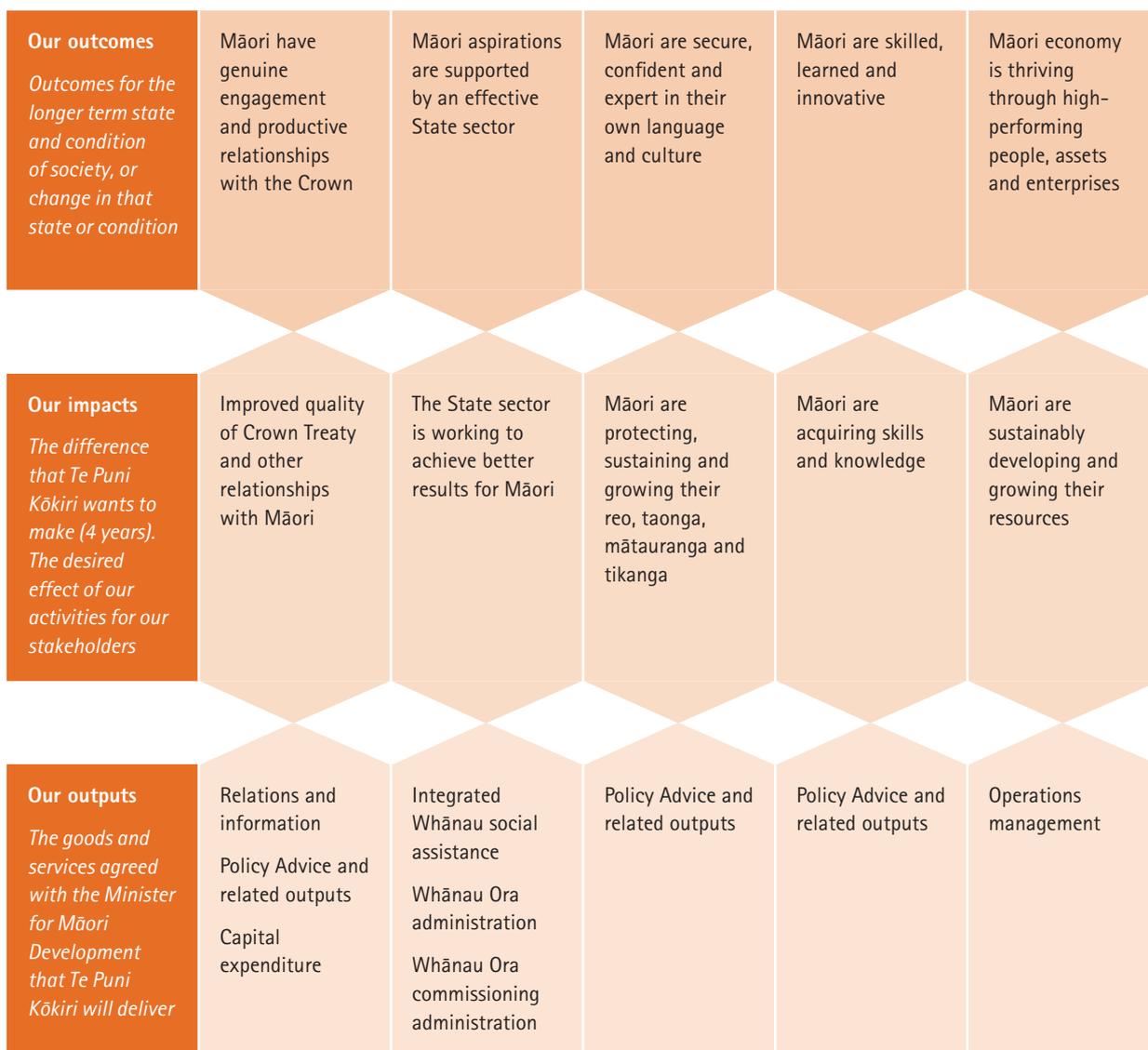
whānau ora commissioning agencies established to provide community-based leadership and decision making



Our outcome (kaupapa) framework

Our strategic intentions are captured in the following table:

| Partnership – Te Ara Rangapu | Protection – Te Tu Rangatira | Participation – Te Ara Whakamua |
|---|---|---|
| The Crown, iwi and Māori collectives enjoy relationships that support their shared and respective duties, interests and aspirations, and foster the economic interests of iwi and Māori collectives | Māori are more secure, confident and expert in their own language and culture | Whānau Māori are pursuing and realising an improved quality of life and citizenship for their members |

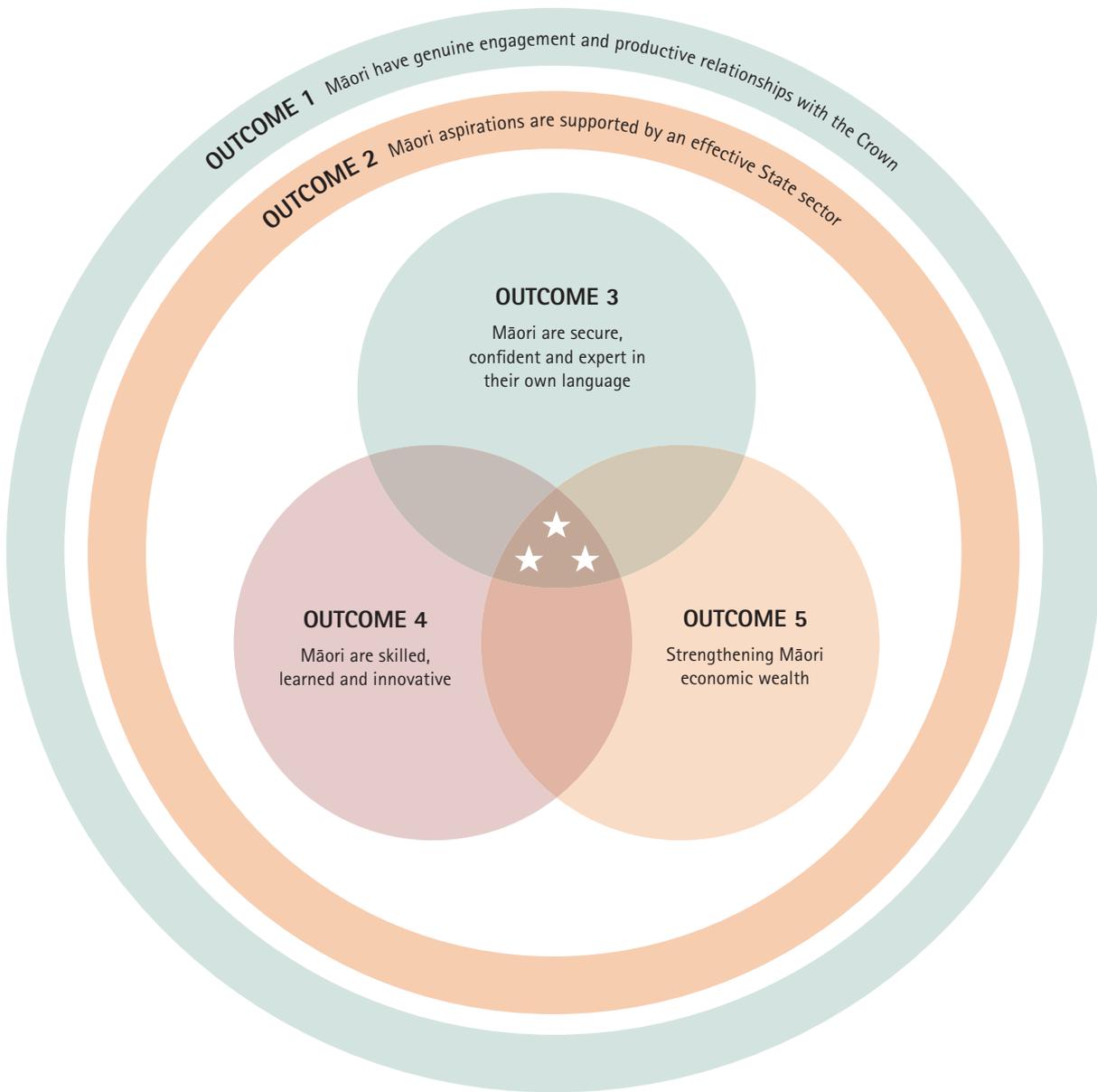


Our outcomes

The following diagram illustrates how our five strategic outcomes overlap significantly, and in particular, how Māori economic success, cultural wealth and skills, learning and education are mutually reinforcing. All need to be supported by an effective State sector

that is able to work constructively with iwi, hapū, whānau and Māori. And this is underpinned by a strong relationship between the Crown and Māori. The Ministry has promoted integrated solutions to advance the five outcome areas.

Inter-linkages between Te Puni Kōkiri's five kaupapa



Outcome One:

Māori have genuine engagement and productive relationships with the Crown

Crown and iwi, hapū and whānau Māori relationships exist across a wide range of interests and areas of government activity. These relationships operate at a number of levels – national, regional, local and sectoral – and traverse a range of contexts, each with their own unique set of circumstances, dynamics and pressures.

The Ministry provides strategic leadership and advice to Ministers on the Crown's relationships with iwi, hapū and whānau Māori, and assists in developing coordinated and streamlined approaches for engagement.

Te Puni Kōkiri achieves and influences Crown-Māori partnership outcomes through:

- supporting the Treaty settlement process – principally mandating and ratification
- supporting post-settlement relationships with the Crown
- advising on a broad range of Crown-Māori relationships, Treaty of Waitangi, constitutional and citizenship issues
- ensuring Māori interests, aspirations and rights within the international domain, are represented and considered.

A Treaty of Waitangi Framework

Early in 2015, Te Puni Kōkiri commenced the development of a *Treaty of Waitangi Framework* to support State sector agencies in their ongoing and evolving relationships with iwi, hapū and whānau Māori. This included engagement with the State sector to ensure that the Framework is a practical resource that meets the needs of its users. The objective of the project is to assist Crown agencies to navigate Treaty-based relationships so that iwi, hapū and whānau Māori have strong and productive relationships with the Crown.

It will have both immediate and long-term implications over the coming months as the Ministry engages with representatives of iwi, hapū and whānau Māori as well as other key individuals across Aotearoa New Zealand on the content of this framework.

Implementing Crown-Iwi accords and agreements

The Ministry has continued to both lead and participate in a number of formally established post-settlement relationships. Post-settlement accords arise from arrangements provided for within, or alongside, historical treaty settlements. They involve a series of agreed actions and commitments to build and strengthen an enduring relationship between the parties. During the year we contributed to five Crown-Iwi accords, either by leading the whole of Government relationships or implementing Māori development portfolio accords with those Iwi.

International engagement

As the principal advisor on Crown-Māori relationships, the Ministry provides advice that informs international work-streams that either directly concern or involve indigenous peoples. We work closely with other agencies, particularly the Ministry of Foreign Affairs and Trade (MFAT), to ensure Māori interests, aspirations and rights within the international domain are represented and considered.

As part of our international work programme, the Ministry hosted a meeting with indigenous specialists to support their participation in international mechanisms. We also led the Government delegations to the World Conference on Indigenous Issues 2014, and the

Permanent Forum of Indigenous Issues 2015. In February 2015, as part of a delegation led by the Hon Te Ururoa Flavell (Minister for Māori Development) we completed the installation of tukutuku panels at the United Nations Headquarters in New York.

Tukutuku panels unveiled at the United Nations

A series of 43 stunning Māori woven panels known as Tukutuku were unveiled at the United Nations (UN) in New York in February 2015. The panels will enhance the original rimu wall New Zealand gifted to the UN in 1952 and will be seen by more than 250,000 visitors to the UN each year.

The Tukutuku panels each tell their own unique story. Some are traditional and some have been designed especially for the UN. The weavers selected the same materials and applied the same techniques used for centuries. Native grasses and plants were bleached by boiling them in natural thermal pools, and the fibre was then woven on a lattice-like frame. The Tukutuku panels are on permanent display around the UN General Assembly – the world’s greatest meeting house.



Tukutuku delegation led by Hon Te Ururoa Flavell (Minister for Māori Development)



Tukutuku panels



Advice on historical Treaty settlement related issues

The Ministry provided advice to our own Minister, the Minister for Treaty of Waitangi Negotiations, and guidance to claimant groups seeking to meet the requirements of the Crown's mandating and ratification processes. We also provided advice on matters ranging from mandate strategies to appropriate governance models for the post-settlement environment. This included guidance to groups seeking recognition on the process for gaining their mandate for their negotiating bodies, as well as guidance to groups who were seeking to enter into negotiations with the Crown to settle their historical Treaty claims.

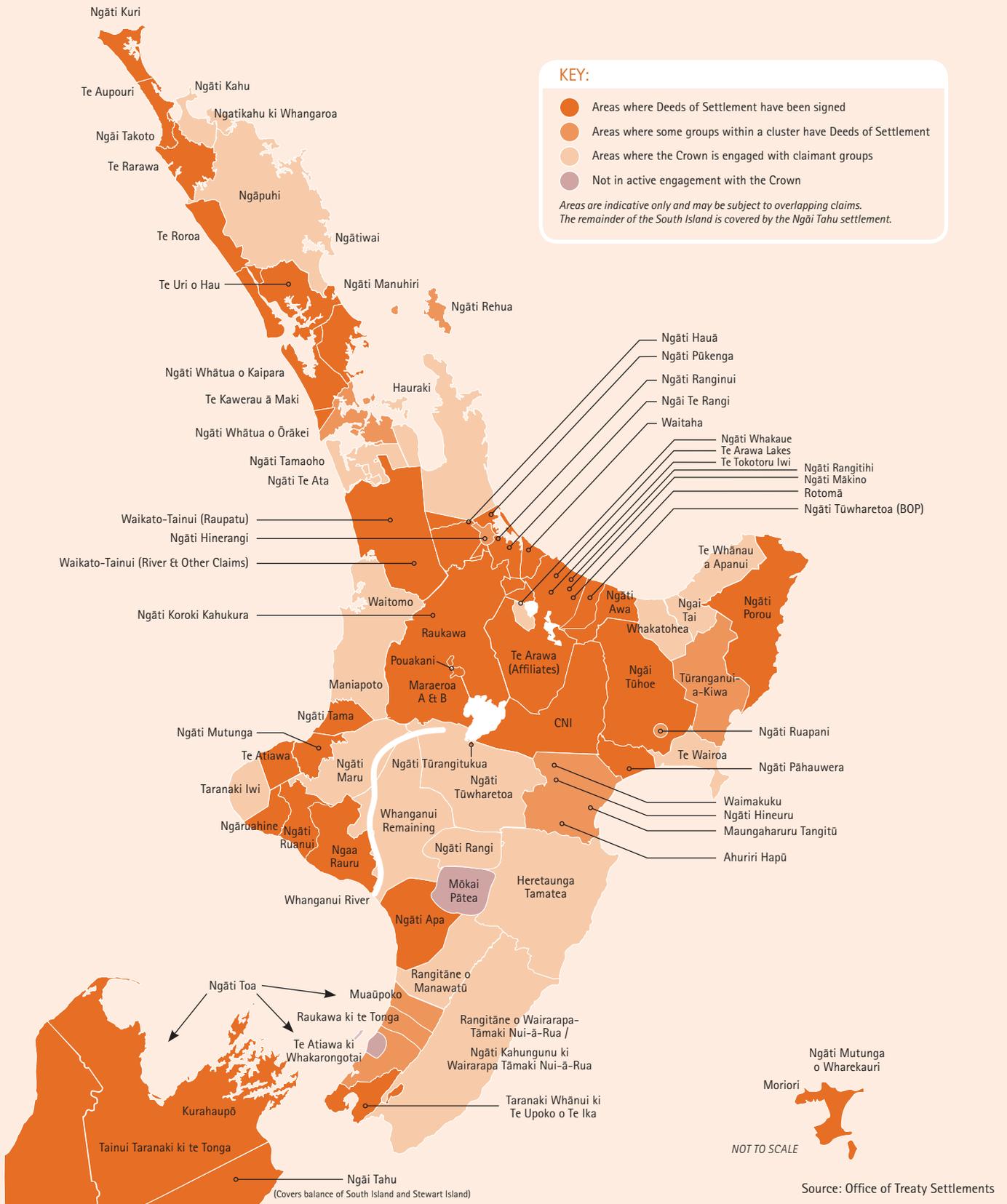
The map on the following page provides a snapshot of the progress made by the parties in negotiating historical Treaty claims.

Nominations service

The Ministry provides advice on appropriate candidates for appointment to government boards, committees, advisory groups and trusts. Board membership is a way to increase Māori participation in the governance of a wide range of important national interests, including social and environmental wellbeing, science, law and commerce. Māori have a vital role to play, and the Government is keen to ensure that qualified and experienced Māori voices are represented.

To this end our nominations service, informed also by our regional network which plays a key role in identifying appropriately qualified and experienced candidates, maintains a database of prospective nominees for such appointments.

Progress made on historical Treaty settlement negotiations



Measuring our Success

In measuring progress towards this outcome which anticipates increasing genuine and productive engagement between Māori and the Crown, we would expect to see evidence of stronger connections and understanding between Māori and the Crown:

| Over time we hope to see: | Desired trend | Latest result |
|---|---------------|----------------------|
| Stronger connection and understanding between Māori and the Crown | ↑ | See commentary below |

The past few years have seen a significant shift in the way in which the Crown through its Minister's and, in turn, the government through its agencies and its officials engages with its Treaty partner.

The annual Iwi Leaders Forum convened at Waitangi and attended by the Prime Minister, Senior Ministers and the wider iwi-leadership – where discussion is focused around progress against an agreed agenda of social, economic and cultural issues of priority, is one obvious example of the two Treaty partners seeking to explore new ways of engaging with each other.

Similarly, the establishment of specific iwi leadership working groups to work through often complex questions of Māori rights and interests across a range of national interest and other kaupapa, is another.

The various relationship instruments and post-settlement Accords developed in the context of historical Treaty settlements provide a further opportunity for mature strengths-based relationships between the parties to develop, and to do so against a backdrop of optimism and a clear pathway to successful futures.

Outcome Two:

Māori aspirations are supported by an effective State sector

In 2011, the Government announced that it was targeting ten results for New Zealanders as part of its Better Public Services (BPS) programme. Eight of these result areas relate to social policy issues in which Māori are disproportionately affected.

Although Te Puni Kōkiri is involved in the design and delivery of a select number of targeted programmes, the greater part of the State sector's policy development and subsequent service delivery expenditure, including for Māori, is led by other agencies. For the Ministry to make a meaningful difference in terms of improving Māori outcomes on a wider scale, it is essential that we partner and build collaborative relationships with our colleagues across the State sector – supporting them in the development of effective policy and service delivery for Māori. This includes ensuring Māori needs and aspirations are taken into consideration in service design. There are occasions where a 'one size fits all' will not always work and more tailored approaches are required.

He hui whakahononga

Throughout 2014/15 we worked closely with our Minister, the Hon Te Ururoa Flavell, who convened a series of regional fora across Aotearoa New Zealand to meet with local whānau, hapū, iwi and Māori. This enabled the Ministry to gather views about regional Māori development and to identify how we could most effectively work to enhance the lives of whānau and assist Māori in the regions to achieve their aspirations.

These forums confirmed for Te Puni Kōkiri the importance of its role as an influencer and an enabler in the wider State sector context. This remains critical to ensuring that the government's policy response to Māori social and economic development is effective in meeting the needs of regions, of communities and of whānau.



**Launch of Māori Language Week,
July 2015 at Waiwhetū Marae**

*From left to right: Dame Iritana Tawhiwhirangi,
Kara Puketapu, Michelle Hippolite, Minister Flavell*



Improved service delivery for Māori

Through the course of the year we continued to provide support to individual agencies to help them improve their capability and practices with the aim of achieving better results for Māori. This included preparing reports on the results of agency involvement in the design and delivery of key government programmes and services, such as: Vulnerable Children's work programme; Social Sector Trials; family violence; and the social housing reform programme.

Māori Housing Network

Māori are over represented in key measures of housing deprivation, with around 11,730 Māori experiencing severe housing deprivation. Poor housing outcomes impact negatively on health, education, employment and other socio-economic outcomes. Working towards realising the housing aspirations of whānau will have inter-generational benefits for both whānau and society as a whole. To this end, Te Puni Kōkiri has worked closely with the Ministry of Business Innovation and Employment over the past year in the lead up to establishing the Māori Housing Network - announced in Budget 2015. The goal of the Māori Housing Network is to support whānau Māori to access safe, secure and healthy homes, in turn contributing to *He Whare Ahuru He Oranga Tāngata* – the Government's Māori Housing Strategy.

The Māori Housing Network will manage up to \$14.491 million of funding for Māori housing, including new monies announced in Budget 2015. The Network will aim to invest in Māori housing initiatives that will lead to improved housing outcomes for whānau Māori across three focus areas:

- improving the quality of housing for whānau
- building the capability of whānau, hapū and iwi within the Māori housing sector
- increasing the supply of affordable housing for Māori.

Building on the strengths of the Whānau Ora approach, and our experience in managing the Special Housing Action Zones programme, the Māori Housing Network has adopted a community focussed whānau-centred approach to its work. Through this it will contribute to strengthening the government's relationships with Māori and enable whānau and communities to develop their own solutions, promoting collaboration, creativity and innovation. In addition to direct investment or support, the Māori Housing Network facilitates access to housing support from, or partnerships with central or local government, to ensure whānau receive the best response to their particular need as promptly as possible.

The work of the Māori Housing Network supports the *He Whare Āhuru Oranga Tangata* – The Māori Housing Strategy. The Network, and Te Puni Kōkiri more widely, intend to work closely with the Ministry of Business, Innovation and Employment, as the agency responsible for overseeing the implementation of the strategy across Government.

Whānau Ora

Whānau Ora is a whānau/family centred approach aimed at achieving better outcomes for whānau and families in need, with an emphasis on supporting whānau and families as a whole, as opposed to focusing simply on individuals. Taking a development rather than deficit approach, Whānau Ora seeks to empower whānau by assisting them to identify areas

for improvement and draw from their strengths and capabilities to achieve their goals.

Since its establishment, Whānau Ora has undergone considerable evolution. The introduction of Whānau Ora in 2010 established provider collectives and navigators that supported whānau to develop whānau plans and build whānau capability – described as phase 1. In 2013 Cabinet agreed to introduce a commissioning model to Whānau Ora which represents a new phase in the approach.

Phase two sees the devolution of decision-making closer to communities through the establishment of three non-governmental agencies that 'commission' (or purchase) outcomes for whānau. These outcomes focus on building whānau and family capability and include health, education, financial stability and whānau resilience outcomes, amongst others. In addition to the commissioning approach, more direct involvement has been retained through the deployment of navigators who work with whānau to identify and connect to services they require.

In May 2015 the Office of the Auditor-General released a report *Whānau Ora: The first four years*, identifying concerns with the implementation of phase one of Whānau Ora up to 2013/14, the penultimate financial year. Te Puni Kōkiri has taken the concerns outlined in that report on board as we continue to roll out phase two of Whānau Ora.

Whānau Ora collectives

The establishment in 2010 of a series of Whānau Ora collectives, comprising groups of service providers in the health, education and social sectors, has seen a transformational shift in the way in which core services are delivered through these providers. Whānau Ora providers ensure that their engagement is culturally

grounded and that whānau voices drive the decisions and outcomes they seek to achieve. The focus on whānau/family and not simply individuals, along with the intensive wrap-around support provided through Whānau Ora navigators, is the central difference between Whānau Ora-related support and that of other mainstream services.

We are committed to ensuring the Whānau Ora-focused learnings of the past five years play a part in informing the development of policy, service design and delivery approaches to engage and enable whānau success. Accordingly, a key focus for the Ministry during 2014/15 has been to undertake a thematic analysis, based on responses from over 260 research and monitoring reports, to better understand the development of whānau-centred approaches and how these led to whānau gains. The results of this analysis were presented in a report entitled, *understanding whānau-centred approaches*, in September 2015.

Whānau Ora Commissioning Agencies

In 2013, as part of the on-going development of the Whānau Ora approach, the Government supported the broadening of the scope of Whānau Ora, to provide more direct support for whānau, through the establishment of three non-government 'Commissioning Agencies'. The commissioning approach reflects the importance of community-based leadership and decision-making to the continued growth and success of Whānau Ora as a social, economic and cultural development approach for whānau and families.

A key milestone for the Ministry during 2014/15 has been overseeing the establishment of the three new Commissioning Agencies, and monitoring their progress during their first year of operation:



- Te Pou Matakana – commissioning outcomes for whānau in Te-Ika-a-Māui
- Te Pūtahitanga o Te Waipounamu – commissioning outcomes for whānau in Te Waipounamu
- Pasifika Futures – commissioning outcomes for Pasifika families across New Zealand.

These Commissioning Agencies, contracted for a three-year period, are tasked to draw upon their expertise, networks and knowledge in matching the needs and aspirations of whānau and families with initiatives that will assist them to recognise their strengths and increase their capability. During 2014 the Commissioning Agencies developed their Annual Investment Plans, in collaboration with Te Puni Kōkiri. These Plans outline annual investment priorities and objectives for each of the respective Commissioning Agencies, as well as the measures against which their performance will be evaluated.

Te Puni Kōkiri receives quarterly reports on their progress in commissioning Whānau Ora outcomes, in line with the priorities and objectives established in their Investment Plans.

Whānau Ora Navigators

A further element to the Whānau Ora approach, and one which has contributed to its overall success, has been the establishment of the Whānau Ora Navigator workforce. Practitioners are engaged to work directly with whānau to increase their capability in a range of areas. Whānau Ora Navigators provide intensive and continuous support to whānau seeking to negotiate pathways towards new life goals. These

may include (for example), income generation, employability, technological literacy, healthy lifestyles and health literacy, engagement in lifelong learning, communication, effective parenting, and cultural (language, customs and literacy) engagement.

Whānau Ora Navigators are also contact points for whānau to engage with the full range of both government and non-government services available to them in pursuit of these goals.

Whānau Ora Navigators have been a key component in achieving Whānau Ora outcomes since the first year of Whānau Ora in 2010. Examples of the types of positive outcomes the Whānau Ora Navigator team has been able to achieve alongside whānau include:

- *Te Oranganui Iwi Health Authority* assisting whānau members to secure full-time placements with AFFCO and Land Meats through pre-employment skills training and ongoing post-employment Navigator support
- *Te Kupenga Hauora-Ahuriri Navigators* piloting a group-wānanga approach to developing comprehensive whānau plans for those participating
- *National Urban Māori Authority* training Navigators providing whānau with access to integrated budgeting support services.

Supporting the Whānau Ora Navigator workforce

An additional \$49.8 million was made available in Budget 2015 to build upon the success of Whānau Ora Navigators and maintain the volume over the coming years to provide support and advocacy for whānau and families.

Whānau Ora Navigator – case study example

A seven member whānau faced a range of challenges, living in a small, two bedroom flat with no previous rental references and a bad credit rating. They needed to find a larger home, as space was a serious issue. This combined with the demands of new school uniforms and other schooling necessities compounded their financial and emotional stress.

With the support and facilitation skills of a Navigator this whānau contacted relevant individuals and agencies who were able to help them find a suitable rental property. The Navigator helped them to access a grant to cover the required bond and separately secured funding for school uniforms. The whānau registered with their iwi, where they were able to get a grant covering school camps and sporting involvement.

The Navigator referred the youngest daughter to a local mentoring programme and the daughter now meets with her mentor weekly. Whānau have noticed a positive change in her attitude and behaviour.

Navigator engagement resulted in better outcomes for housing, clothing and schooling, and by doing so has improved the lives and stability of this whānau.

Integrated whānau social assistance

Our Integrated Whānau Social Assistance programme: *Kaitoko Whānau* and its companion initiative *Ōranga Whānau*, has also played an important role over the last five years in supporting whānau and families who, although they may be facing immediate crisis and/or experiencing a range of hardships, are not always well placed to access the full range of service, resources and assistance that are available to them.

These initiatives, which also take a navigational approach, saw selected Māori social service providers engage advocates, *Kaitoko*, to work alongside whānau to assist them to cope with immediate problems and to develop plans and strategies to build their resilience and respond to future challenges. The *Ōranga Kaimahi* play a similar role, supporting young parents to develop the skills they need to ensure their babies health and well-being. Over the past 12 months our *Kaitoko* and *Oranga* navigators engaged with more than 1,500 whānau of which nearly 500 were new to the programme.

Vulnerable Children Act 2014

Under section 16 (c) of the Vulnerable Children Act 2014 we are required to report on the extent to which:

- our operations have implemented any child protection policy
- that contracts and funding arrangements have complied with section 16 (b) of this Act.

As the Ministry is not a child services provider it is not required to adopt a child protection policy under section 16(c)(i) of the Act. We intend to adopt child protection guidelines that take account of the national guidelines, which inform staff how to deal with incidents, including reporting, and the support mechanisms available to them.



The Ministry has identified the categories of contracts and funding arrangements that require child protection policies. Specific clauses relating to the requirement for a child protection policy are being inserted in these contracts when they are drafted and as they fall due for renewal. Accompanying cover letters to providers explains the requirement and the availability of guidance material.

Māori Wardens

Māori Wardens have been volunteering their services within the Māori community since 1860, by providing support, security, traffic and crowd control, first aid, and other services.

The Ministry, in partnership with the New Zealand Police, provides practical support to over 700 Māori Wardens throughout New Zealand by:

- appointing regional coordinators to provide advice at a local level
- developing and delivering targeted training programmes
- providing dedicated resources (including vehicles, uniforms and equipment) to support their day to day community duties.

Wardens today are given statutory recognition and authority through the Māori Community Development Act and a government review of this legislation was the subject of an urgent claim to the Waitangi Tribunal in September 2013. The Tribunal's report on the *Crown's Review of Māori Community Development Act 1962 and Role of Māori Wardens* was released in December 2014. The findings of this report are currently being considered by the Crown.

During the year we increased our support to Māori Wardens by providing an induction programme for newly appointed wardens, trialling new training initiatives, and by improving the distribution of uniforms, including the provision of wet weather gear, not previously a part of the Warden uniform.

Measuring our Success

As an agency responsible (among other things) for influencing policy development across the wider State sector, Te Puni Kōkiri has a critical role to play in ensuring that policy advice and the subsequent delivery of government services support the achievement of improved results for Māori.

| Over time we hope to see: | Desired trend | Latest result |
|--|---------------|----------------------|
| Increasing evidence of our influence across the State sector in the development of policy and process which lead to improved results for Māori | ↑ | See commentary below |

We recognise however, that our input is one of the many sources of guidance and advice available to agencies and to Ministers, and upon which they rely when making recommendations and decisions. Disaggregating the extent of our influence from the rich mix of inputs to the policy process is challenging, and it is for this reason we indicated in our 2014 Strategic Intentions Document, that measuring success in terms of this particular strategic outcome, – which envisages *Māori aspirations [being] supported by an effective State sector*, relies in part on the performance measurement indicators agreed upon across our remaining three outcome areas.

Formal responsibility for progress in relation to these indicators, each of which are discussed in more detail in the following sections, rests with the agencies directly responsible for policy and service delivery in these sectors. However through its day to day policy and other influence, Te Puni Kōkiri is a key stakeholder in and a contributor to those results.



Outcome Three:

Māori are secure, confident and expert in their own language and culture

Although iwi, hapū and whānau Māori are, and will always remain, the primary kaitiaki of their language and culture, the Crown has a number of clearly established obligations to actively protect and support the growth of all taonga Māori.

This includes, Māori knowledge – *mātauranga*, customs and culture – *tikanga*, and language – *te reo Māori*. In this context, the Minister for Māori Development and, in turn, Te Puni Kōkiri, have a key leadership role including:

- advancing the Government's Māori Language Strategy
- investing in the development of te reo and culture, particularly through Te Māngai Pāho, Te Taura Whiri i te reo Māori and the Māori Television Service (Crown and statutory entities)
- ensuring the right policy settings to support cultural growth are in place.

The Māori Language (Te Reo Māori) Bill

The Māori Language (Te Reo Māori Bill) was introduced into Parliament in July 2014 to update the Māori Language Act 1987 and give effect to aspects of the Māori Language Strategy, confirmed by Cabinet in 2014. Once passed, the new Māori Language Act will also see the establishment of *Te Mātāwai*, a representative iwi Māori body to oversee the three Māori language entities within Vote Māori Development – Te Taura Whiri i te reo Māori, Te Māngai Pāho and the Māori Television Service.

As the Bill has progressed through the Parliamentary process the Ministry has continued to provide support to the Māori Affairs Committee responsible for considering it and to the Māori Language Advisory Group, appointed to provide independent and expert advice to the Minister on the detail of the Bill. This has included working closely with the Minister's



Whānau have a key role in revitalising te reo Māori in our homes and communities.

Our whānau sit at the centre of language transfer to our tamariki. While many successes have been achieved in kōhanga and kura, these institutions can't replace the benefits of speaking Māori in the home and among whānau. For example, in any year, children are at kōhanga and kura for about 25% of their waking time; for the other 75% they are with their whānau.

The process of handing down the language to the next generation is vital for the future health of the Māori language. Parents and whānau that speak Māori to their children help te reo Māori become part of everyday life.

Advisory Group, as it consulted with Māori language stakeholders on the Bill, including fifteen regional hui across Aotearoa New Zealand, each of which contributed to further informing the overall shape and detail of the regulatory framework designed to support the Māori Language Strategy, and the respective efforts of the Crown and Māori to advance the revitalisation of te reo Māori.

Strengthening Māori Culture

Whakapapa and, through this culture, essentially define what it is to be Māori today in Aotearoa New Zealand. Māori culture similarly holds a central place within our country's broader culture, heritage and identity. It is a unique and distinctive contributor to both how we see ourselves and are recognised internationally. It also

reflects the central place of Māori within the overall fabric and history of Aotearoa New Zealand.

The increasing popularity and growing profile of significant cultural events, including for example the biennial Te Matatini National Kapa Haka Festival, Te Wiki o Te Reo Māori – Māori language week and annual Matariki celebrations across Aotearoa New Zealand are a further demonstration of the role of Māori culture in our burgeoning national heritage and identity.

As a result, the Ministry has completed scoping the objectives and requirements for developing a cultural revitalisation strategy. The strategy will assist the government to collaborate and coordinate more effectively, in supporting the advancement of whānau, hapū, iwi and hāpori Māori cultural priorities.

Measuring our Success

In measuring progress towards this outcome, which would see *Māori increasingly secure, confident and expert in their own language and culture*, we would expect in particular, to see increases in the proportion of Māori adults with some ability to speak te reo Māori:

| Overtime we hope to see: | Desired trend | Latest result |
|---|---------------|--------------------------|
| Increasing proportion of Māori adults with some ability to speak te reo Māori <small>(Source: Te Kupenga – Statistics New Zealand)</small> | ↑ | 55% (2013) 42% (2001) |

The 2013 Māori Social Survey, Te Kupenga, reported that 55 per cent of Māori adults have some ability to speak te reo Māori, a thirteen percentage point increase from the 2001 result of 42 per cent. It is expected that this

improving trend will continue as the impact from the Māori ICT development Fund and the passing of the Te Reo Māori Bill gathers momentum, when this indicator is measured again as part of the 2018 census.

Outcome Four:

Māori are skilled, learned and innovative

The Māori population has a youthful demographic. There is still much work to be done to ensure that the potential inherent in the Māori population is converted into economic and cultural success. In doing so it is vital also to increase Māori achievement of higher-level qualifications, particularly in growth industries and high-skilled sectors.

Māori achievement of higher-level qualifications

Increasing Māori achievement of higher-level qualifications is a key priority for the Ministry. Evidence shows that Māori with higher-level qualifications (NZQF Level 4 and above) enjoy better outcomes: they are more likely to be employed, earn more, and live up to ten years longer.

Te Puni Kōkiri engaged with education sector agencies during the year to participate in and influence key initiatives, such as:

- Count Me In – an initiative led by the Ministry of Education which aims to engage tamariki and whānau who are currently disengaged or sitting outside the education system
- key risk and predictive factors affecting tertiary outcomes – a programme of work being undertaken by the Ministry of Education.

Māori Future Makers trial

The Ministry identified a need for whānau to be better informed about education choices and careers information, based on learnings gained from research including *Tamakaiwānanga* (a report on Māori boys experience in education). This led to the launch in February 2013, of a Māori Future Makers website which aims to increase whānau awareness of training,

employment and business opportunities, and associated pathway options, by providing:

- advice for students on how they can have a successful year at school
- information on NCEA, including through video clips (e.g. *Achieve Together* aimed at girls 13-18 and *Stay Involved* aimed at boys 13-18)
- information on NCEA credits and how they apply to gaining University Entrance
- Steps to Success resources available for downloading.

The website is an interactive, practical, simple and engaging tool to support students and whānau to make informed decisions about education, training and careers. It is accompanied by a Facebook page, which is regularly updated with relevant articles and information, and has had larger visitor numbers (24,814 page views, with 15,835 unique page views in 2014/15) when promoted through Kōkiritia and our Te Puni Kōkiri website. The Future Makers tools have been particularly effective in providing information around understanding NCEA, with 94.8 per cent of referrals from external websites coming via Te Puni Kōkiri's URL.

During 2015/16 we will work directly with Careers NZ to refresh and promote the Māori Future Makers brand, which is likely to see the transferring of the hosting responsibilities for the website, content and associated resources to Careers NZ.

Steps to Success trial

The Steps to Success trial aims to increase whānau understanding and demand for NCEA education/ qualifications and supports the achievement of the Better Public Service target of all 18-year olds having achieved NCEA Level 2 or an equivalent by 2017. Resources developed as part of the trial include:

- a DVD featuring 15 prominent Māori people providing inspirational messages for rangatahi and whānau
- a flip-out wallet sized reference card for parents
- resources to help and encourage rangatahi to track their achievement of NCEA credits.

Over the past year, more than 1,800 resource packs have been distributed at a wide range of community and other events, such as the *Creekfest* (Porirua), *Te Matatini* National Kapa Haka Festival (Christchurch), and the *Te Hiku Careers Expo* (Kaitiāia). We are also working with the Ministry of Education to negotiate the release of these resources to support the implementation of their *Count Me In* initiative, which aims to increase the number of Māori completing NCEA Level 2 qualifications.

An online survey was carried out in early 2015 to gauge the effectiveness of the Steps to Success resources. Results from the survey indicate that more than half of the survey respondents believed that the Steps to Success resources were worthwhile, and felt that it provided rangatahi and whānau adequate support to make informed decisions about NCEA.

The survey, amongst other things, highlighted that these resources need to be provided to whānau earlier, preferably before their children enter NCEA, and

possibly even before secondary school. We will continue to tailor our resources to respond to these findings and better meet the needs of whānau.

Improving Māori boys literacy and learning

A report commissioned by Te Puni Kōkiri identified lifting literacy as one of a range of interventions that would enable stronger achievement of Māori students and recommended trialling an IT-based literacy intervention in a trial targeted at Māori boys.

During the year the Ministry commenced a trial involving 83 Māori boys spread over six schools – two primary schools, two intermediate schools, two secondary schools, including one Māori boarding school. The boys participated in Fast ForWord, an online reading intervention programme to increase their literacy skills. Provisional results from the draft final report completed in February 2015 indicate, that the average gain in reading age was approximately two years and gains in spelling age ranged from eight months to one year.

We intend to share the data gained from this initiative with the Ministry of Education to demonstrate the potential benefits of the pilot, and lessons for the implementation of similar programmes in future. The lessons learned from the trial include how to negotiate with schools to establish the programme, improving pre-programme assessments of students, and ensuring that programme supervisors have the requisite skills, including experience in engaging with Māori students.

Cadetships

The key purpose of our Cadetship Initiative is to provide an opportunity for Māori to gain valuable work experience and formal qualifications, with the goal of upskilling Māori in the work place to ensure increased



resilience during economic recessions. Our focus is to target Māori in the following groups:

- new to the work force
- limited in the qualifications they currently have
- qualified but want to enter a new industry
- searching for work after being made redundant
- parents returning to the workforce
- wanting to develop themselves further in their particular field.

To achieve this outcome, we partner with a broad range of contracted employers in the energy, infrastructure, primary and commercial industry sectors, offering a subsidy to assist in the recruitment, training, and mentoring of nominated cadets, and to provide at least six months paid employment.

Partner employers have given positive feedback about the cadetship initiative. A representative from Fulton Hogan said, "In the communities that we work within, it is important to have a good reflection of Māori in management roles. Daily we are dealing with local iwi, and daily we lead and manage large workforces of Māori staff. These cadetships allow us to invest in good staff who we hope will become future leaders in our business."

During 2014/15 all of the 333 cadets were placed with an employer to support them to develop work place skills, of these, 316 cadets (95 per cent) remained in employment after the six month period had ended. The table below provides a summary of the impact of our Cadetship initiative over the past six years:

| Year | Number of employers | Number of cadets | Remained employed | Further training | Other |
|---------|---------------------|------------------|-------------------|------------------|-------|
| 2009/10 | 14 | 65 | 71% | 20% | 9% |
| 2010/11 | 5 | 101 | 84% | 14% | 2% |
| 2011/12 | 9 | 133 | 98% | 1% | 1% |
| 2012/13 | 14 | 248 | 100% | - | - |
| 2013/14 | 15 | 350 | 100% | - | - |
| 2014/15 | 17 | 333 | 95% | - | 5% |

Measuring our success

In measuring progress towards this outcome, which envisages an environment in which Māori are recognised as being *skilled, learned and innovative*, we would expect in particular to see increases in the proportion of Māori aged 25–34 with NQF Level 4 qualification or higher and an improving Māori employment rate.

| Overtime we hope to see: | Desired trend | Latest result ¹ |
|--|---------------|--|
| Increasing proportion of Māori aged 25–34 with NQF Level 4 qualification or higher <i>(source: Statistics NZ – Household Labour Force Survey)</i> | ↑ | 31.6% (June 2015) 33.2% (June 2014) |
| Improving Māori employment rate ² <i>(Source: Statistics NZ – Labour Market statistics – Table 5)</i> | ↑ | 57.4% (June 2015) 58.3% (June 2014) |

Results from the June 2015 quarter report provided by Statistics NZ show a drop in the proportion of Māori aged 25–34 with NQF level 4 qualifications or higher, from 33.2 percent in June 2014 to 31.6 percent in June 2015. This is the only Better Public Service target where Māori achievement has declined. The reason for this, as well as the corresponding drop in the Māori employment rate, are being investigated.

The data for these two measures are collected on a quarterly basis and will be monitored closely, as will the impact of a number of initiatives that the Ministry is currently implementing to improve Māori qualification levels.

1 This is a benchmark that we will measure ourselves against in the future.

2 Employment rate measures potential labour force (ie. those of a working age, 15 years +) it includes those not in the labour force, for example; students studying full time, retired, caregivers, and those not looking for work.

Outcome Five:

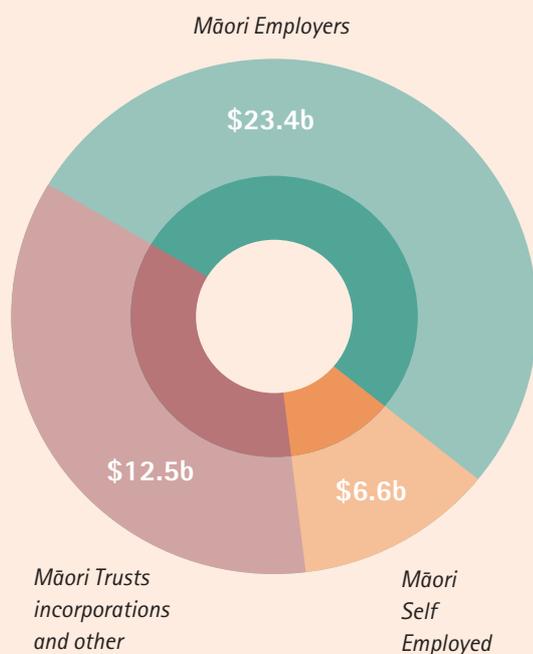
the Māori economy is thriving through high-performing people, assets and enterprises

The Māori economy is a significant and an increasingly important contributor to New Zealand's economy with an asset base in 2013 of \$42.5 billion. It is estimated that gross domestic product from the Māori economy topped \$11 billion in 2013 – equivalent to 5.6 per cent of New Zealand's total value-added production.

This outcome recognises that unlocking the potential inherent in the Māori asset base is a critical prerequisite to the establishment of a thriving Māori economy. This in turn, benefits the wider New Zealand economy, creating greater employment opportunities, resulting in higher incomes to an expanded tax base.

This outcome aligns to the Government's Business Growth Agenda goals related to Strategic Priority two: *Building a more productive and competitive economy*, and with the goals of *He kai kei aku ringa* – the Māori Economic Development Strategy and Action Plan.

Profile of Māori Asset Base



Māori Business Facilitation Service

Established by the Ministry in 2000, the *Māori Business Facilitation Service* or MBFS as it is commonly referred to, employs 13 regional field staff spread across New Zealand. This team works in partnership with contracted business mentors to support Māori businesses with access to information, advice, and mentoring support to enhance sustained business growth.

The MBFS is available to anyone who:

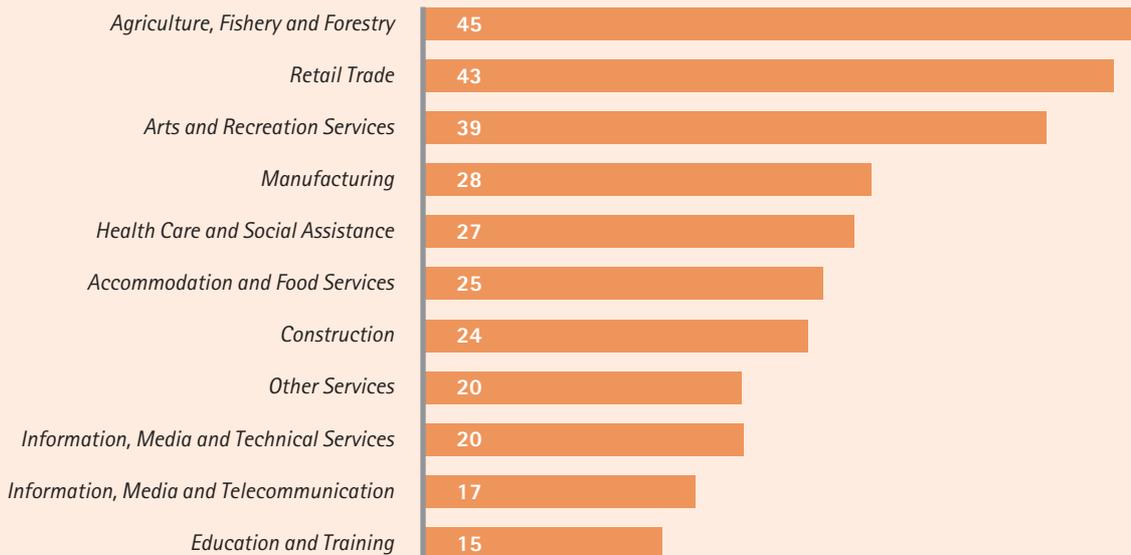
- is of Māori descent
- is a company director or business owner
- is living in New Zealand or intends to establish a New Zealand registered company
- has a business or a business idea that seeks commercial gain.

There continued to be high demand for the MBFS throughout 2014, with 343 client registrations received against an annual target of 300. A total of \$2.4 million was invested by MBFS in 300 of these projects to provide mentoring support, including business planning, financial literacy, investment advice, and specialist advice on exporting.

Results from a client satisfaction survey undertaken during the year indicate that 88 per cent of the respondents who completed the survey were highly satisfied in the business advisory and mentoring support provided by both the MBFS field staff and Ministry contracted business mentors.

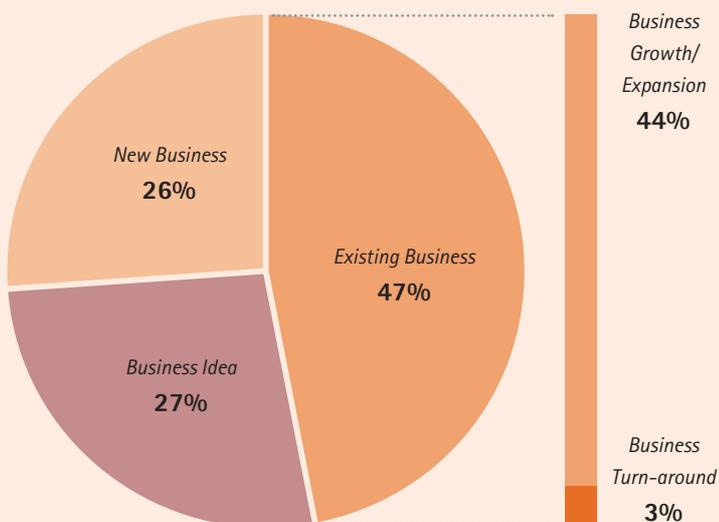
MBFS client's profile

Number of MBFS clients by industry classification for 2014/15



The businesses engaged in the primary sector (45 per cent), retail trade (43 per cent), and arts and recreation services (39 per cent) were the top three industries that MBFS clients were engaged in. The number of clients in the manufacturing sector is a close fourth as more businesses in the primary sector have been scaling up and engaging in food manufacturing activities.

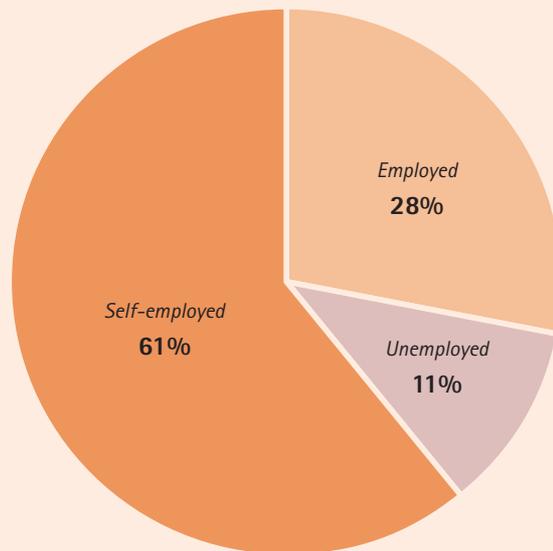
Number of MBFS clients by business development stage for 2014/15



About half (47 per cent) of the MBFS annual clients' base are existing businesses. These businesses sought business development support to grow their business either through expansion in both domestic and international markets, as well as into the development of new product, services and other income streams for their business. More than half (53 per cent) of the clients supported by MBFS were still in the business idea stage or in the early stages of trading.



Number of MBFS clients by employment status for 2014/15



More than 61 per cent of the MBFS clients for the year were self-employed. About a third (28 per cent) were still fully employed and 11 per cent were unemployed when they sought assistance from MBFS and considered going into business as an option to gain employment.

Collaboration with government agencies

New Zealand Trade and Enterprise

MBFS continues to strengthen its relationship with New Zealand Trade and Enterprise (NZTE) through a new strategic customer-focused approach that seeks to scale-up Māori businesses with export potential. Six Māori businesses are now closely engaging with NZTE regional staff, and additional clients are also being considered to commence engagement in 2015/16.

A closer working relationship with NZTE has also facilitated improved brokering relationships with clients, and opened up opportunities for clients to be eligible for NZTE's business and funding assistance. Some examples include:

- launching of Jade Creative Limited's (trading as Xeal Mobile) mobile web-building tool in Australia, United Kingdom and Canada with Google as its key partner
- approved funding investment for Okain's Bay Seafood under the NZTE's International growth fund.

Ministry of Foreign Affairs and Trade

During the year, MBFS partnered with the Ministry of Foreign Affairs and Trade to ensure that a better understanding is obtained of the benefits and value for Māori entrepreneurs of the various bilateral and multi-lateral free trade agreements that New Zealand has entered into. This led to the development and roll out of a communication plan to ensure Māori businesses were aware of and able to participate in, the New Zealand-Korea Free Trade Agreement. The Service also led the development of data-information exchange between the Ministry of Foreign Affairs and Trade and MBFS clients currently exporting, or in the initial stages of getting their products and services into the global market.

Ministry of Business Innovation and Employment

During 2014/15 we provided support, information and facilitation services to assist the Ministry of Business Innovation and Employment (MBIE) in undertaking Regional Growth Studies in the Tai Tokerau, Bay of Plenty, and the Manawatu-Whanganui Regions. As part of a coordination group supporting and informing this work at a national level, Te Puni Kōkiri has a role in promoting a collective understanding of the key drivers of growth, and the pivotal role Māori interests can play in future economic development.

At a local level, we continued to assist with the implementation of regional Action Plans, including facilitating relationships and organising engagement

with Māori stakeholders to improve outcomes for all parties. This has included assisting the Tai Tokerau Iwi Chief Executive's consortium to develop an Economic Growth Strategy for the Tai Tokerau Māori Economy.

MBFS continued to collaborate and provide insights to MBIE in relation to the establishment of regional business hubs, and progress reports on *He kai kei aku ringa* - the Māori Economic Development Strategy and Action Plan. MBFS has also been tasked to develop a pilot Māori-centric business hub, which will be advanced in the 2015/16 financial year.

Inland Revenue

In response to some of the issues around taxation and other business regulatory requirements raised during our Minister's regional visits over the course of the year, the MBFS conducted business tax workshops in collaboration with local IRD in the Ikaroa Rawhiti region. MBFS also assisted the Inland Revenue in distributing policy reform kits that incorporate changes in the New Zealand tax system.

Opportunities for Māori in the beekeeping sector

During the year MBFS developed concept papers on honey production - a rapidly growing and profitable sector - and the significant economic growth opportunities that beekeeping could present for Māori businesses.

There are some clear opportunities ahead to invest in the capability development of Māori businesses in this sector, and MBFS seeks to act as a bridge with other networks and business support infrastructure.

Examples of the types of capability support we can contribute to can be seen in the beekeeping wānanga

that MBFS organised to train whānau to a proficient level of beekeeping. These training workshops have been very successful and further workshops in 2015/16 are likely.



Waikato Māori Honey Wānanga

During the year MBFS managed a 10-part workshop training programme in the Waikato that focused on beekeeping and honey production. The key intention was to support Māori enterprise growth, by optimising land utilisation and improving productivity of marginal land owned by Māori, and to provide potential opportunities for graduates to move into self-employment. The twelve participants who completed the nine-month programme are now taking steps towards starting self-sufficient business on whānau whenua.

"Looking at honey for income for our youth, we used to think, let's cut the trees to make money. Not now."

(Feedback from a course participant)



Māori Potential Fund

The Māori Potential Fund seeks to support whānau, hapū and iwi Māori to succeed as Māori through three funds targeted at achieving specific outcomes:

- *Mātauranga*: Māori are skilled learned and innovative
- *Rawa*: Māori are resourced, wealthy and enterprising
- *Whakamana*: Māori are leading, influential and empowering.

Over the last 12 months Te Puni Kōkiri invested in more than 360 projects, totalling just over \$12 million through the three Māori Potential Funds. The focus during this time has been on supporting a broad range of projects at a community, regional and national level.

Key activities through this period included:

- engagement and development of networks and commercial investment opportunities for potential partnerships, with a consortium of over 13 iwi groups and the private sector
- partnered support towards the implementation of regional economic strategies that will enable increased employment and stronger business opportunities
- targeted investment towards increasing collaboration and co-operation between Māori enterprises as well as with private sector and government interests, to build scale and potential primary sector trade opportunities
- support towards improved skills and increase financial literacy. A project in Te Tairāwhiti was targeted towards rural communities who are isolated from accessing a range of services. The project focused on improving their life skills, including

budgeting and financial literacy, to improve whānau resilience and enable them to be more self-sustaining

- continuation of the industry targeted Cadetships Programme, with 35 Māori graduates being placed into internships with various private and public sector organisations, in many cases leading to longer term employment.

Te Puni Kōkiri remains focused on enabling and supporting Māori economic outcomes as a critical component of achieving the Government's wider business growth agenda goals for economic success. Our innovative investment programme, through the Māori Potential Fund, is a key tool to create the necessary change and galvanise partnerships within the State sector and with Māori communities, in order to achieve these outcomes.

Te Ture Whenua Māori Bill

All Māori land has intrinsic cultural value and much of it also has economic potential. Māori face unique challenges in the collective ownership of land, through the tenure system established by the Te Ture Whenua Māori Act 1993 and its preceding legislation. The legal framework applies to over 27,137 blocks of Māori freehold land comprising 1.4 million hectares - around five per cent of all land in New Zealand.

Following earlier consultation by a team, including Te Puni Kōkiri and representatives of the Iwi Chairs Forum and Federation of Māori Authorities, Cabinet agreed in September 2014, to advance proposals to improve the utilisation of Māori land through a new Te Ture Whenua Māori Bill.

The Ministry, working with the Parliamentary Council Office, developed an exposure draft of Te Ture Whenua

Māori Bill in May 2015 and subsequently released the Bill for public consultation. Key features of the exposure draft include:

- participating owners empowered and supported to make key decisions without Court involvement
- governance bodies formed/appointed by registration (court order not needed)
- facilitates owners ability to partition, amalgamate etc. – (court simply confirms due process)

- new alternative dispute resolution service – emphasis on mediation
- most successions processed administratively
- ensures the central focus of the Act will be the whenua and owners.

Feedback from the consultation process will help shape future progress of the Bill.

Measuring our Success

In measuring progress towards this outcome which anticipates *a thriving Māori economy* supported through *high performing people, assets and enterprises*, we would expect to see increases in the overall weekly Māori household income:

| Overtime we hope to see | Desired trend | Latest result ³ |
|--|---------------|--|
| Increasing Māori household income – weekly average <small>(Source: Statistics NZ: New Zealand income survey – Table T9)</small> | ↑ | \$1,216 (June 2014) \$1,145 (June 2013) |

Statistics NZ's June 2014 data confirms that Māori household weekly average income was \$1,216 an increase of \$71 per week (six per cent) over the 12 month period.

³ This is a benchmark that we will measure ourselves against in the future.



Organisational Capability

As a Ministry, we recognise that we do not have a monopoly in respect of solutions to enhance Māori wellbeing and development. Ensuring the Ministry is fit for purpose to manage the wide range of issues that affect iwi, hapū and whānau Māori is a significant challenge, and a key focus for us. To better position ourselves for this challenge, we have undergone an organisational transformation over the past twelve months intended to better align our structure, operating model and capability to deliver outcomes for Māori.

Organisational transformation

Key objectives for remodelling our organisational structure and putting into practice new ways of working were to:

- improve our ability to deliver against our kaupapa
- make it easier for staff to connect with their peers across the Ministry
- leverage our existing strengths and build new capability where we need it
- ensure we remain sustainable and financially viable over the medium term.

Our new operating model envisages an increased level of collaboration and partnership not only with colleague agencies within and across the government sector, but also with the communities with whom we work. Our new way of operating will enable us to both leverage off the skills and capabilities of others and to increase exposure to different and additional skills and expertise.

A new organisational structure, implemented alongside the operating model was developed with capacity, capability and cost as important considerations, in addition to ensuring there was sufficient flexibility in the deployment of resources to allow for capacity to be moved to align with changing priorities.

As this structure becomes embedded, we intend to progress a mix of targeted training and development across the Ministry, to enable us to further build the necessary depth of skills and capabilities required to fulfil our confirmed role and function.

Focusing on results

To achieve transformational outcomes as an organisation, we must focus on results. Being results-focused requires strong, informed strategic leadership and capable management, which will ensure the Ministry has a clear prioritisation criteria that will allow us to decide how to most efficiently and effectively deploy our resources.

Working proactively with others

A fundamental part of the Ministry's role is to act as a 'thought leader' – advising the Crown on the complexities that exist within Crown-iwi, hapū and whānau Māori relationships. In addition to our continued focus on building a learning culture we are seeking ways in which our staff can work proactively with others, both at a strategic level, and more directly in partnership with other agencies and beyond, to achieve better results for Māori.

Pooling our talent

Delivering Ministry-wide projects under our new operating model will require us to know our strengths and manage our resources differently. During the year we supported the identification and development of our talent by:

- establishing a graduate and intern recruitment programme to ensure that there are appropriate entry points for talented people to join the organisation

- participating in State sector schemes to attract Māori not just to our Ministry, but to the wider sector
- using a Team Management Profile tool to help teams to inform and assist with team dynamics, work style preferences and to assist with team planning.

Learning culture

To build a reputation as an organisation with a knowledgeable and skilled workforce, the Ministry recognises the need to develop an organisation-wide culture of learning and professional growth. To this end, we have developed a programme of work, *Ako Ahurea*, which is aimed at sharpening our analytical emphasis and modelling our new approach across all staff. During the year our initial focus was on building foundational skills in quality writing and machinery of government.

Organisational diversity

We have staff who are passionate about their work and who bring a depth of knowledge and understanding to their assignments. We acknowledge that whakapapa, tikanga and other cultural connections are part of the 'intelligence' that staff bring to their jobs and we welcome, respect and learn from that diversity.

The Ministry's diversity metrics are among the best in the State sector. There are a wide number of ethnicities represented in our workforce and 75 per cent of our staff identify as Māori. For some years women have filled 50 per cent or more of senior positions and the gender pay gap at Te Puni Kōkiri is one of the lowest in the sector.

Strategic property strategy

During the year we finalised our property strategy. The Ministry currently has 19 offices around the country totalling 10,456 sq. metres with the majority of the space (6,215 sq. metres) in National Office (Wellington). Over the year the Ministry has sub-leased a total of 729.6 sq. metres to other government agencies, representing a savings to the Ministry of \$219,000 per annum. Approximately 1,150 sq. metres of further space-reduction is planned in the 2015/16 financial year which is likely to save Te Puni Kōkiri a further \$184,000 per annum.

Access to information

Te Puni Kōkiri has been taking steps to make its reports and information more accessible to the public. The Ministry's website www.tpk.govt.nz has been extensively reviewed ensuring that content is clear, readily accessible, and easy to search for external audiences. The website architecture allows us to post information as is required by the business in a very timely manner. A similar initiative is scheduled for the Ministry's intranet in the coming months.

Te Puni Kōkiri and Statistics New Zealand have recently co-operated in the development of Te Whakahura a Kupe – Iwi and Rohe Profiles (<http://tpk.idnz.co.nz/>) which was released in late 2014. This is part of a conscious effort to package relevant Māori development indicators and profile information for internal and external use.

A focus on electronic publications in favour of former print media has also provided opportunities to access a broader audience and one that is not limited to



Aotearoa New Zealand. Most commissioned reports are now made available electronically, and where appropriate, the Ministry actively seeks Ministerial agreement to make Cabinet papers publically available.

Privacy and security

Te Puni Kōkiri has robust privacy policies and procedures in place for the protection of personal information. A privacy audit was undertaken in 2014 to confirm the nature and extent of personal information collected and held by Te Puni Kōkiri and to assess the protections that are currently in place to guard this information. The Ministry has also met with the Government Chief Privacy Officer to discuss the Government Privacy Framework and how Te Puni Kōkiri's current privacy approach aligns with the framework.

In the coming years, Te Puni Kōkiri will be looking to act upon the outcomes of the Privacy Audit Report and will work with the Government Chief Privacy Officer to ensure that the Ministry meets the core expectations of privacy practice set out in the Government Privacy Framework.

Te Puni Kōkiri has also sought to improve its information and physical security awareness and processes through assistance from New Zealand government security agencies.

The Protective Security and Privacy Requirements Governance Group was established in early 2015. Plans focusing on various aspects of operations and policy are being developed to improve the overall security and privacy environment and compliance levels.

Statement of Responsibility

I am responsible, as Chief Executive of Te Puni Kōkiri (the Ministry), for:

- the preparation of the Ministry's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the Ministry is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report
- the accuracy of any end-of-year performance information prepared by the Ministry, whether or not that information is included in the annual report.

In my opinion:

- the financial statements fairly reflect the financial position of the Ministry as at 30 June 2015 and its operations for the year ended on that date
- the forecast financial statements fairly reflect the forecast financial position of the Ministry as at 30 June 2016 and its operations for the year ending on that date.

Signed by



Michelle Hippolite

Toihautū / Chief Executive

30 September 2015



Independent Auditor's Report

To the readers of Te Puni Kōkiri's annual report for the year ended 30 June 2015

The Auditor-General is the auditor of Te Puni Kōkiri (the Ministry). The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf of:

- the financial statements of the Ministry on pages 58 to 83 that comprise the statement of financial position, statement of departmental commitments, statement of departmental contingent assets and liabilities as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Ministry for the year ended 30 June 2015 on pages 18, 25, 27, 31, 37 and 46 to 56;
- the statements of expenses and capital expenditure of the Ministry for the year ended 30 June 2015 on pages 90 to 93; and
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown on pages 84 to 89 that comprise:
 - the schedules of: assets; liabilities; commitments; contingent assets and liabilities; expenses; and revenue for the year ended 30 June 2015; and
 - the notes to the schedules that include accounting policies and other explanatory information.

Opinion

In our opinion:

- the financial statements of the Ministry:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year ended on that date;
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Reporting Standards.
- the performance information of the Ministry:
 - presents fairly, in all material respects, for the year ended 30 June 2015:
 - what has been achieved with the appropriation; and
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure;
 - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Ministry are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Ministry on behalf of the Crown present fairly, in all material respects, in accordance with the Treasury Instructions:
 - the schedules of assets; liabilities; commitments; contingent assets and liabilities; expenses; and revenue for the year ended 30 June 2015.

Our audit was completed on 30 September 2015. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the information we audited. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Ministry's preparation of the information we audited in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Chief Executive;
- the appropriateness of the reported performance information within the Ministry's framework for reporting performance;
- the adequacy of the disclosures in the information we audited; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited. Also, we did not evaluate the security and controls over the electronic publication of the information we audited.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Chief Executive

The Chief Executive is responsible for preparing:

- financial statements that present fairly the Ministry's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.



- statements of expenses and capital expenditure of the Ministry, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Ministry on behalf of the Crown.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

The Chief Executive is responsible for such internal control as is determined is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Chief Executive is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Ministry.

Ajay Sharma

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



 STATEMENT OF
SERVICE PERFORMANCE



Service Performance

The Ministry's 2014/15 service performance results by appropriation (as detailed in *Budget 2014: Estimates of Appropriations*) are outlined in this section of the Annual Report.

Integrated Whānau Social Assistance Appropriation

This appropriation is intended to provide community level social assistance:

- to connect whānau to appropriate and essential services
- to enhance the capacity and capability of Māori wardens.

Output performance measures and standards

| Assessment of performance | 2014/15 Target | 2014/15 Actual |
|--|----------------|--------------------|
| Our community level social assistance will result in a minimum number of whānau engagements by Kaitoko Whānau and Oranga Whānau advocates | 850 | 1,172 ⁴ |
| Our community level social assistance will result in a minimum number of Māori wardens receiving a mix of resources and support across a continuum of training and development opportunities | 700 | 1,653 |

Output statement for the year ended 30 June 2015

| | Previous year | Current year | | |
|-----------------------|----------------|----------------|-------------------------|------------------------|
| | | 2014/15 Actual | 2014/15 Mains Estimates | 2014/15 Supp Estimates |
| | 2013/14 Actual | 2014/15 Actual | 2014/15 Mains Estimates | 2014/15 Supp Estimates |
| | \$000 | \$000 | \$000 | \$000 |
| Revenue Crown | 6,989 | 6,983 | 6,600 | 6,983 |
| Revenue Other | - | - | - | - |
| Total Revenue | 6,989 | 6,983 | 6,600 | 6,983 |
| Total Expenses | 6,956 | 6,866 | 6,600 | 6,983 |
| Net Surplus | 33 | 117 | 0 | 0 |

⁴ Number of Whānau for the period 1 December 2014 to 30 June 2015.

Operations Management Appropriation

This appropriation is intended to design, deliver and manage our programme of community investments including the:

- Māori Potential Fund – involving the management and administration of the Ministry's three non-departmental expenses:
 - Whakamana (leadership)
 - Mātauranga (knowledge)
 - Rawa (resources).
- Māori Business Facilitation Service (MBFS) – providing information, advice and mentoring support to enhance business to develop, grow new businesses and sustain economic performance of existing businesses.

Output performance measures and standards

| Assessment of performance | 2014/15 Target | 2014/15 Actual |
|--|----------------|----------------------------|
| Provision of quarterly advice to the Minister of Māori Affairs on policy settings, implementation progress, performance information, regional priorities and system issues arising in the management of our community investment programmes including the MBFS | 4 reports | 4 reports |
| Stakeholder satisfaction surveys | 70% | 88% |
| Advice will be provided within agreed timeframes | 95% | Refer to commentary below* |

*In developing the Ministry's Output Plan for the 12 months to 30 June 2015, a decision was taken to incorporate each of the reporting deliverables set out under this and other similar departmental appropriations into the Ministry's Quarterly Performance Report against that Output Plan. This document is prepared at the close of each quarter and submitted to the Minister accordingly. Te Puni Kōkiri did not seek agreement to any specified timeframes in relation to these reports, which were prepared once relevant data and content was received.



Output statement for the year ended 30 June 2015

| | Previous year | Current year | | |
|-----------------------|----------------------------|----------------------------|-------------------------------------|------------------------------------|
| | 2013/14 Actual \$000 | 2014/15 Actual \$000 | 2014/15 Mains Estimates \$000 | 2014/15 Supp Estimates \$000 |
| Revenue Crown | 12,601 | 12,196 | 13,452 | 12,196 |
| Revenue Other | 108 | 222 | 176 | 176 |
| Total Revenue | 12,709 | 12,418 | 13,628 | 12,372 |
| Total Expenses | 12,549 | 12,367 | 13,628 | 12,372 |
| Net Surplus | 160 | 51 | 0 | 0 |

Relationships and Information Appropriation

This appropriation is intended to provide brokerage and facilitation services focused on the achievement of government objectives and priorities, including the strengthening of relationships between the Crown and iwi, hapū and whānau Māori.

Output performance measures and standards

| Assessment of performance | 2014/15 Target | 2014/15 Actual |
|---|----------------|--------------------------------|
| Provision of advice to the Minister of Māori Affairs on the nature and extent of brokerage and facilitation services provided by Te Puni Kōkiri | 4 reports | 4 reports |
| Stakeholder satisfaction surveys | 70% | 88% |
| Advice will be provided within agreed timeframes | 95% | Refer to commentary on page 47 |

Output statement for the year ended 30 June 2015

| | Previous year | Current year | | |
|-----------------------|---------------|-------------------------|----------------------------------|---------------------------------|
| | | 2014/15 Actual \$000 | 2014/15 Mains Estimates \$000 | 2014/15 Supp Estimates \$000 |
| Revenue Crown | 7,645 | 7,246 | 7,433 | 7,246 |
| Revenue Other | - | - | - | - |
| Total Revenue | 7,645 | 7,246 | 7,433 | 7,246 |
| Total Expenses | 7,645 | 7,026 | 7,433 | 7,246 |
| Net Surplus | 0 | 220 | 0 | 0 |



Whānau Ora Administration Appropriation

This appropriation is intended to achieve progress towards the Whānau Ora outcome goals that whānau and families are:

- self-managing
- living healthy lifestyles
- participating fully in society
- confidently participating in Te Ao Māori (the Māori world)
- economically secure and successfully involved in wealth creation
- cohesive, resilient and nurturing.

Output performance measures and standards

| Assessment of performance | 2014/15 Target | 2014/15 Actual |
|--|------------------|---|
| Provision of on-going and quarterly advice to the Minister for Whānau Ora on policy settings, implementation progress, performance information, and system issues including: <ul style="list-style-type: none"> • issues, barriers and opportunities • stakeholder engagement • results being achieved for whānau | Quarterly advice | Quarterly advice provided |
| The satisfaction of the Minister for Whānau Ora with the advice provided will be assessed through the Ministerial Satisfaction Surveys (Since September 2014, the Ministerial Portfolios of Whānau Ora and Māori Development have been the responsibility of one Minister, the Hon Te Ururoa Flavell.) | 95% | Refer to results reported in relation to Policy advice and Related Output Appropriations: Ministerial Servicing (page 54) |
| Advice will be provided within agreed timeframes | 95% | Refer to commentary on page 47 |

Output statement for the year ended 30 June 2015

| | Previous year | Current year | | |
|-----------------------|----------------------------|----------------------------|-------------------------------------|------------------------------------|
| | 2013/14 Actual \$000 | 2014/15 Actual \$000 | 2014/15 Mains Estimates \$000 | 2014/15 Supp Estimates \$000 |
| Revenue Crown | 11,406 | 5,060 | 5,585 | 5,060 |
| Revenue Other | - | - | - | - |
| Total Revenue | 11,406 | 5,060 | 5,585 | 5,060 |
| Total Expenses | 11,283 | 4,557 | 5,585 | 5,060 |
| Net Surplus | 123 | 503 | 0 | 0 |



Whānau Ora Commissioning Administration Appropriation

This appropriation contributes to commissioning to build the capability of whānau and achievement of the Whānau Ora outcomes goals that whānau and families are:

- self-managing
- living healthy lifestyles
- participating fully in society
- confidently participating in Te Ao Māori (the Māori world)
- economically secure and successfully involved in wealth creation
- cohesive, resilient and nurturing.

Output performance measures and standards

| Assessment of performance | 2014/15 Target | 2014/15 Actual |
|---|------------------|---|
| Provision of on-going and quarterly advice to the Minister for Whānau Ora on policy settings, implementation progress, performance information, and system issues arising in the administration of the Whānau Ora Commissioning approach including: <ul style="list-style-type: none"> • issues, barriers and opportunities • stakeholder engagement • results being achieved for whānau | Quarterly advice | Quarterly advice provided |
| The satisfaction of the Minister for Whānau Ora with the advice provided will be assessed through the Ministerial Satisfaction Surveys (Since September 2014, the Ministerial Portfolios of Whānau Ora and Māori Development have been the responsibility of one Minister, the Hon Te Ururoa Flavell.) | 95% | Refer to results reported in relation to Policy advice and Related Output Appropriations: Ministerial Servicing (page 54) |
| Advice will be provided within agreed timeframes | 95% | Refer to commentary on page 47 |

Output statement for the year ended 30 June 2015

| | Previous year | Current year | | |
|-----------------------|----------------------------|----------------------------|-------------------------------------|------------------------------------|
| | 2013/14 Actual \$000 | 2014/15 Actual \$000 | 2014/15 Mains Estimates \$000 | 2014/15 Supp Estimates \$000 |
| Revenue Crown | 750 | 2,625 | 2,000 | 2,625 |
| Revenue Other | - | - | - | - |
| Total Revenue | 750 | 2,625 | 2,000 | 2,625 |
| Total Expenses | 614 | 2,165 | 2,000 | 2,625 |
| Net Surplus | 136 | 460 | 0 | 0 |

Policy Advice and Related Output Appropriations

This appropriation is intended to achieve progress towards Māori:

- stronger connectivity and understanding between Māori and the Crown (Policy- Crown Māori Development)
- progress towards Māori (Policy- Māori Development):
 - protecting, sustaining and growing their reo, taonga, mātauranga and tikanga
 - sustaining growing and developing their resources
 - acquiring skills and knowledge.
- the provision of timely and high quality advice to Ministers, enabling them to discharge their portfolio responsibilities (Ministerial Servicing).

This appropriation covers the following outputs classes:

- **Policy – Crown–Māori Relationship** - provision of advice (including second opinion advice and contribution to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Crown–Māori Relationships
- **Policy – Māori Development** - provision of advice (including second opinion advice and contribution to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to Māori Development
- **Ministerial Servicing** - provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making responsibilities).

Output performance measures and standards

| Assessment of performance | 2014/15 Target | 2014/15 Actual |
|---|----------------|----------------|
| Technical Quality Assessment Score ⁵ | 70% | 69% |
| Ministerial Satisfaction Score ⁶ | 70% | 45.5% |
| Total cost per output per hour | \$135 | \$155 |
| Timeliness | | |
| Parliamentary questions timeframes met | 100% | 95% |
| OIAs timeframes met | 100% | 75% |
| Other timeframes met | 95% | 80% |

Cost of policy advice

The Ministry's policy output cost was estimated to be \$135 per hour for 2014/15, however the actual policy cost for the year was \$155. The significant organisational realignment that took place with the Ministry towards the end of 2014 contributed towards this variance.

Output statement for the year ended 30 June 2015

| | Previous year | Current year | | |
|-----------------------|---------------|-------------------------|----------------------------------|---------------------------------|
| | | 2014/15 Actual \$000 | 2014/15 Mains Estimates \$000 | 2014/15 Supp Estimates \$000 |
| Revenue Crown | 23,008 | 23,061 | 21,803 | 23,061 |
| Revenue Other | - | - | - | - |
| Total Revenue | 23,008 | 23,061 | 21,803 | 23,061 |
| Total Expenses | 22,386 | 22,669 | 21,803 | 23,061 |
| Net Surplus | 622 | 392 | 0 | 0 |

⁵ The technical quality of our policy advice was assessed by a survey with a methodological robustness of 90% (as administered by NZIER) in accordance with common policy indicator framework.

⁶ The satisfaction of the Minister of Māori Affairs with the policy advice provided was assessed through the Ministerial Satisfaction Survey.



Te Puni Kōkiri – Capital Expenditure Appropriation

This appropriation is intended to achieve the renewal, replacement and upgrade of life-expired assets to support the delivery of services by the Ministry.

Output performance measures and standards

| Assessment of performance | 2014/15 Target | 2014/15 Actual |
|---|----------------|----------------|
| Expenditure is in accordance with Te Puni Kōkiri expenditure plan | 100% | 100% |

Output statement for the year ended 30 June 2015

| | Previous year | Current year | | |
|---------------------------|-------------------------|-------------------------|----------------------------------|---------------------------------|
| | 2013/14 Actual \$000 | 2014/15 Actual \$000 | 2014/15 Mains Estimates \$000 | 2014/15 Supp Estimates \$000 |
| Total capital expenditure | 845 | 960 | 1,348 | 1,648 |



 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015



Financial Statements

For the year ended 30 June 2015

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2015

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

| 30-Jun-14 Actual \$000 | | Note | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget* \$000 | 30-Jun-16 Forecast* \$000 |
|------------------------------|---|------|------------------------------|-------------------------------|---------------------------------|
| Revenue | | | | | |
| 62,399 | Crown | | 57,171 | 56,873 | 57,773 |
| 108 | Other Revenue | 2 | 222 | 176 | 176 |
| 62,507 | Total Revenue | | 57,393 | 57,049 | 57,949 |
| Expenses | | | | | |
| 31,332 | Personnel | 3 | 26,407 | 33,589 | 29,987 |
| 29,106 | Operating | 4 | 28,039 | 22,011 | 26,348 |
| 625 | Depreciation and amortisation | 5 | 834 | 1,079 | 1,244 |
| 370 | Capital charge | 6 | 370 | 370 | 370 |
| 61,433 | Total Expenses | | 55,650 | 57,049 | 57,949 |
| 1,074 | Net Surplus / (Deficit) | | 1,743 | - | - |
| - | Other comprehensive revenue and expenses | | - | - | - |
| 1,074 | Total Comprehensive Revenue and Expenses | | 1,743 | - | - |

Explanations of major variances against budget are detailed in note 15.

The accompanying notes form part of these financial statements.

*The Budget figures are from the 2014 Budget Economic Forecast Update (BEFU), which was published in 2013/14 Annual Report. The 2016 forecast figures are for the year ending 30 June 2016, which are consistent with the best estimate financial forecast information submitted to Treasury for the 2015 BEFU for the year ending 2015/16. Both these numbers have not been audited.

Statement of Financial Position as at 30 June 2015

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-14 Actual \$000 | | Note | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget* \$000 | 30-Jun-16 Forecast* \$000 |
|--------------------------------|--------------------------------------|------|------------------------------|-------------------------------|---------------------------------|
| Assets | | | | | |
| Current Assets | | | | | |
| 12,880 | Cash and cash equivalents | | 10,178 | 6,848 | 8,925 |
| 115 | Debtors and other receivables | 7 | 45 | 250 | 250 |
| 234 | Prepayments | | 198 | 175 | 175 |
| 13,229 | Total Current Assets | | 10,421 | 7,273 | 9,350 |
| Non-current Assets | | | | | |
| 2,133 | Property, plant and equipment | 8 | 2,022 | 2,736 | 2,363 |
| 378 | Intangible assets | 9 | 597 | 466 | 378 |
| 2,511 | Total Non-current Assets | | 2,619 | 3,202 | 2,741 |
| 15,740 | Total Assets | | 13,040 | 10,475 | 12,091 |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| 4,095 | Creditors and other payables | 10 | 3,367 | 3,184 | 4,800 |
| 1,074 | Repayment of surplus | | 1,743 | - | - |
| 2,659 | Employee entitlements | 11 | 2,331 | 2,300 | 2,300 |
| 2,959 | Provision for restructure | 12 | 800 | - | - |
| 10,787 | Total Current Liabilities | | 8,241 | 5,484 | 7,100 |
| Non-current Liabilities | | | | | |
| 332 | Employee entitlements | 11 | 178 | 370 | 370 |
| 332 | Total Non-current Liabilities | | 178 | 370 | 370 |
| 11,119 | Total Liabilities | | 8,419 | 5,854 | 7,470 |
| 4,621 | Net Assets | | 4,621 | 4,621 | 4,621 |
| Equity | | | | | |
| 4,621 | Taxpayers' funds | | 4,621 | 4,621 | 4,621 |
| 4,621 | Total Equity | | 4,621 | 4,621 | 4,621 |

Explanations of major variances against budget are detailed in note 15.

The accompanying notes form part of these financial statements.

*The Budget figures are from the 2014 Budget Economic Forecast Update (BEFU), which was published in 2013/14 Annual Report. The 2016 forecast figures are for the year ending 30 June 2016, which are consistent with the best estimate financial forecast information submitted to Treasury for the 2015 BEFU for the year ending 2015/16. Both these numbers have not been audited.



Statement of Changes in Equity for the year ended 30 June 2015

The Statement of Changes in Equity shows the reconciliation of funds at the beginning of the year with the funds at the end of the year.

| 30-Jun-14 Actual \$000 | Note | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget* \$000 | 30-Jun-16 Forecast* \$000 |
|------------------------------|---|------------------------------|-------------------------------|---------------------------------|
| 4,621 | Balance at 1 July | 4,621 | 4,621 | 4,621 |
| 1,074 | Total comprehensive revenue and expenses | 1,743 | - | - |
| (1,074) | Repayment of operating surplus to the Crown | (1,743) | - | - |
| 4,621 | Balance as at 30 June | 4,621 | 4,621 | 4,621 |

The accompanying notes form part of these financial statements.

*The Budget figures are from the 2014 Budget Economic Forecast Update (BEFU), which was published in 2013/14 Annual Report. The 2016 forecast figures are for the year ending 30 June 2016, which are consistent with the best estimate financial forecast information submitted to Treasury for the 2015 BEFU for the year ending 2015/16. Both these numbers have not been audited.

Statement of Cash Flows for the year ended 30 June 2015

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

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget* \$000 | 30-Jun-16 Forecast* \$000 |
|---|---|------------------------------|-------------------------------|---------------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from: | | | | |
| 62,399 | Crown | 57,171 | 56,873 | 57,773 |
| (3) | Department(s) | 205 | - | - |
| 81 | Other | 70 | 176 | 176 |
| Payments to: | | | | |
| (29,187) | Suppliers | (28,650) | (22,951) | (26,874) |
| (31,027) | Employees | (29,048) | (33,319) | (29,942) |
| (370) | Capital charge | (370) | (370) | (370) |
| 465 | Goods and services tax (net) | (81) | 544 | 553 |
| 2,358 | Net Cash from Operating Activities | (703) | 953 | 1,316 |
| Cash Flow from Investing Activities | | | | |
| Receipts from: | | | | |
| 24 | Sale of property, plant and equipment | 35 | - | - |
| Purchase of: | | | | |
| (468) | Property, plant and equipment | (590) | (1,248) | (994) |
| (377) | Other non-current assets | (370) | (100) | - |
| (821) | Net Cash from Investing Activities | (925) | (1,348) | (994) |
| Cash Flow from Financing Activities | | | | |
| (1,790) | Repayment of surplus | (1,074) | - | - |
| (1,790) | Net Cash from Financing Activities | (1,074) | - | - |
| (253) | Net Increase / (Decrease) in Cash | (2,702) | (395) | 322 |
| 13,133 | Cash at the beginning of the year | 12,880 | 7,243 | 8,603 |
| 12,880 | Cash at the end of the year | 10,178 | 6,848 | 8,925 |

The accompanying notes form part of these financial statements.

*The Budget figures are from the 2014 Budget Economic Forecast Update (BEFU), which was published in 2013/14 Annual Report. The 2016 forecast figures are for the year ending 30 June 2016, which are consistent with the best estimate financial forecast information submitted to Treasury for the 2015 BEFU for the year ending 2015/16. Both these numbers have not been audited.



Reconciliation of Net Operating Surplus to Net Cash Flows from Operating Activities for the year ended 30 June 2015

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 Comprehensive Revenue and Expense on page 58 to arrive at the net cash flows from operating activities disclosed in the Statement of Cash Flows on page 61.

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget* \$000 | 30-Jun-16 Forecast* \$000 |
|------------------------------|--|------------------------------|-------------------------------|---------------------------------|
| 1,074 | Net Operating Surplus | 1,743 | - | - |
| | Add: Non-cash items | | | |
| 625 | Depreciation & Amortisation | 834 | 1,079 | 1,244 |
| 625 | Total non-cash items | 834 | 1,079 | 1,244 |
| | Add/(Less) movements in working capital items | | | |
| 171 | (Increase)/Decrease in debtors and receivables | 106 | - | - |
| 263 | Increase/(Decrease) in Creditors & Payables | (728) | (196) | (98) |
| - | Increase/(Decrease) in provision for restructure | (2,159) | - | - |
| 219 | Increase/(Decrease) in employee entitlements | (482) | 70 | 170 |
| 653 | Net movements in working capital | (3,263) | (126) | 72 |
| | Add/(Less) investing activity | | | |
| 6 | Loss/(Gain) on sale of fixed assets | (17) | - | - |
| 6 | Total investing activity | (17) | - | - |
| 2,358 | Net cash flow from operating activity | (703) | 953 | 1,316 |

The accompanying notes form part of these financial statements.

*The Budget figures are from the 2014 Budget Economic Forecast Update (BEFU), which was published in 2013/14 Annual Report. The 2016 forecast figures are for the year ending 30 June 2016, which are consistent with the best estimate financial forecast information submitted to Treasury for the 2015 BEFU for the year ending 2015/16. Both these numbers have not been audited.

Statement of Departmental Commitments as at 30 June 2015

The Statement of Departmental 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.

Operating leases include lease payments for premises.

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.

Capital commitments relate to the purchase and development of a new Financial Management Information System.

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|---|------------------------------|
| | Accommodation lease commitments | |
| 2,925 | Not later than one year | 2,712 |
| 9,687 | Later than one year and not later than five years | 6,967 |
| 13 | Later than five years | 198 |
| 12,625 | Total Accommodation lease commitments | 9,877 |
| | Capital commitments | |
| 259 | Intangible Assets – acquired software | - |
| 259 | Total Capital commitments | - |
| 12,884 | Total Commitments | 9,877 |

The accompanying notes form part of these financial statements.



Lease commitments as lessor

During the year ended 30 June 2015, Te Puni Kōkiri leased office space to two other organisations. The future minimum contractual lease rental receipts are as follows:

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------------|---|------------------------------|
| Lease commitments as lessor | | |
| 184 | Not later than one year | 219 |
| 734 | Later than one year and not later than five years | 591 |
| - | Later than five years | - |
| 918 | Total Lease commitments as lessor | 810 |

Statement of Departmental Contingent Assets and Liabilities as at 30 June 2015

The Statement of Departmental Contingent Assets and Liabilities shows amounts at balance date that could potentially become assets or liabilities depending on the occurrence of one or more uncertain future events after 30 June 2015. It does not include general or unspecified business risks or conditions.

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|-------------------------------|-------------------------------------|------------------------------|
| Contingent Liabilities | | |
| 25 | Personnel claims | - |
| 25 | Total Contingent Liabilities | - |
| Contingent Assets | | |
| - | Nil | - |
| - | Total Contingent Assets | - |

The accompanying notes form part of these financial statements.

Notes to the financial statements

Note 1: Statement of Accounting Policies

Reporting Entity

Te Puni Kōkiri is a Government Department as defined by section 2 of the Public Finance Act 1989 (PFA) and is domiciled and operates in New Zealand. The relevant legislation governing the Ministry's operations includes the PFA. The Ministry's ultimate parent is the New Zealand Crown.

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

The primary objective of Te Puni Kōkiri is to provide services to the public as opposed to making a financial return. Accordingly, the department has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the department are for the year ended 30 June 2015. The financial statements were authorised for issue by the Chief Executive of Te Puni Kōkiri on 30 September 2015.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The financial statements of Te Puni Kōkiri have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practices (NZ GAAP) and Treasury instructions.

These financial statements, including the comparatives, are the first financial statements that have been prepared in accordance with Public Sector (PBE)

Accounting Standards (PBE Standards) – Tier 1. These standards are based on International Public Sector Accounting Standards (IPSAS). Previously published financial statements have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards as appropriate for public benefit entities (NZ IFRS (PBE)).

There were no material adjustments arising on transition to the new PBE accounting standards as the impact of moving from NZ IFRS (PBE) to PBE Standards was not significant due to a strong degree of convergence between the two suites of standards.

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain assets and liabilities as identified in this statement of accounting policies.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Te Puni Kōkiri is New Zealand dollars.

Changes in Accounting Policies

Accounting policies are changed only if the change is required by a standard or interpretation or otherwise provides more reliable and more relevant information.

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

The Ministry has not adopted any revisions to accounting standards during the financial year.



Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

In May 2013, the External Reporting Board issued a new PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Te Puni Kōkiri has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not for profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Ministry will apply these updated standards in preparing its 30 June 2016 financial statements. The Ministry expects there will be minimal or no change in applying these updated accounting standards.

Significant Accounting Policies

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

The accrual basis of accounting has been used unless otherwise stated.

Revenue

Revenue Crown

Te Puni Kōkiri derives revenue through the provision of outputs to the Crown and for services to third parties. Revenue from the Crown is measured based on the Ministry's funding entitlement for the reporting period. Revenue from Crown is classified as non-exchange.

The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the Ministry can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

Rental Revenue

Rental revenue under an operating sublease is recognised as revenue on a straight-line basis over the lease term.

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

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. Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Financial Instruments

Financial assets and financial liabilities are initially measured at fair value plus transaction costs, unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit.

Te Puni Kōkiri is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, debtors and creditors. All financial instruments are recognised in the Statement of Financial Position and all revenue and expense in relation to financial instruments are recognised in the Statement of Comprehensive Revenue and Expense.

Designation of financial assets and financial liabilities by individual entities into instrument categories is determined by the business purpose of the financial instruments, policies and practices for their management, their relationship with other instruments and the reporting costs and benefits associated with each designation.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and funds on deposit with original maturities of less than three months with banks and is measured at face value.

The Ministry is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes.

Impairment of a receivable is established when there is objective evidence that the Ministry will not be able to collect amounts due according to the original terms

of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive revenue and expense. Overdue receivables that are renegotiated are reclassified as current (i.e. not past due).

Property, Plant and Equipment

Property, plant and equipment consist of leasehold improvements, furniture and office equipment, EDP hardware, software that are an integral part of running the hardware, and motor vehicles.

Property, plant and equipment is shown at cost less accumulated depreciation and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than \$5,000. The value of an individual asset that is less than \$5,000 and is purchased as part of a group of similar assets is capitalised.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.



In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Ministry and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| | | |
|------------------------|-----------------|-----|
| EDP Equipment | 4 years | 25% |
| Motor Vehicles | 5 years | 20% |
| Office Equipment | 5 years | 20% |
| Furniture and Fittings | 5 years | 20% |
| Leasehold Improvements | up to 12 years* | |

* Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Ministry, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs of software updates or upgrades are only capitalised when they increase the usefulness or value of the software.

Costs associated with development and maintenance of the Ministry's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available

for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

| | |
|-------------------------------|-----------------|
| Acquired software | 3 1/3 years 30% |
| Internally generated software | 3 1/3 years 30% |

Impairment of property, plant and equipment and intangible assets

Te Puni Kōkiri does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash generating assets

Intangible assets that have an indefinite useful life or not yet available for use at the balance sheet date is tested for impairment annually.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is the present value of the asset's remaining service potential. Value in use is determined using an approach based on either a depreciated

replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of comprehensive revenue and expense.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee entitlements

Short-term employee entitlements

Employee entitlements that the Ministry expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Te Puni Kōkiri recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Ministry anticipates it will be used by staff to cover those future absences.



The Ministry recognises a liability and an expense for performance payments where the Ministry has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense as incurred.

Provisions

The Ministry recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a

result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Equity

Equity is the Crown's investment in the Ministry and is measured as the difference between total assets and total liabilities. Equity is classified as taxpayers' fund.

Commitments

Expense yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the value of that penalty or exit cost.

Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Government departments are exempt from income tax as public authorities. Accordingly, no provision has been made for income tax.

Contingent Assets and Liabilities

Contingent assets and liabilities are disclosed at the point at which the contingency is evident. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

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.

Statement of cost accounting policies

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.

Criteria for indirect costs

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

These include depreciation and capital charges which are charged to outputs on the basis of average fulltime equivalents (FTEs) attributable to each output.

Personnel costs (excluding those of Organisational Support, the Strategy and Organisation Performance Te Puni (excluding Organisational Knowledge Team) and the Office of the Chief Executive) are allocated to outputs based on average FTEs attributable to each output. Property and other premises costs, such as maintenance, are charged to wāhanga (business units) on the basis of average FTEs.

Corporate overheads are allocated to outputs on the basis of average FTEs attributable to each output.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to below:

Long service leave

An analysis of the exposure in relation to estimates and uncertainties surrounding long service leave liabilities is disclosed in note 11.



Critical judgements in applying the Ministry's accounting policies

Management has not exercised any critical judgements in applying the Ministry's accounting policies for the period ended 30 June 2015.

Budget and Forecast figures

Basis of the budget and forecast figures

The 2015 budget figures are for the year ended 30 June 2015 and were published in the 2013/14 annual report. They are consistent with the Ministry's best estimate financial forecast information submitted to Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ended 2014/15.

The 2016 forecast figures are for the year ending 30 June 2016, which are consistent with the best estimate financial forecast information submitted to Treasury for the BEFU for the year ending 2015/16.

The forecast financial statements have been prepared as required by the PFA to communicate forecast financial information for accountability purposes. The budget and forecast figures are unaudited and have been prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2016 forecast figures have been prepared in accordance with, and comply with the *PBE FRS 42 Prospective Financial Statements*.

The forecast financial statements were approved for issue by the Chief Executive on 7 April 2015.

The Chief Executive is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the Ministry regularly updates its forecasts, updated forecast financial statements for the year ending 30 June 2016 will not be published.

Significant assumptions used in preparing the forecast financials

The forecast figures contained in these financial statements reflect the Ministry's purpose and activities and are based on a number of assumptions on what may occur during the 2015/16 year. The forecast figures have been compiled on the basis of existing government policies and Ministerial expectations at the time the Main Estimates were finalised.

The main assumptions, which were adopted as at 7 April 2015, were as follows:

- The Ministry's activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities
- Personnel costs were based on 300 full-time equivalent staff
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the Ministry's best estimate of future costs that will be incurred
- Remuneration rates are based on current wages and salary costs, adjusted for anticipated remuneration changes
- Estimated year-end information for 2014/15 was used as the opening position for the 2015/16 forecasts.

The actual financial results achieved for 30 June 2016 are likely to vary from the forecast information presented, and the variations may be material.

Note 2: Other Revenue

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|-------------------------------------|------------------------------|
| | Revenue from Exchange transactions: | |
| 108 | Rental Revenue | 205 |
| - | Gain on Sale of Assets | 17 |
| 108 | Total Other Revenue | 222 |

During the year, the Ministry disposed of two motor vehicles. The net gain on motor vehicle disposals were \$17,292.

Note 3: Personnel Costs

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget* \$000 |
|------------------------------|---|------------------------------|-------------------------------|
| 30,019 | Salaries and Wages | 24,629 | 32,006 |
| 778 | Employer contribution to superannuation | 675 | 700 |
| 535 | Other Personnel Costs | 1,103 | 883 |
| 31,332 | Total Personnel Costs | 26,407 | 33,589 |

The Budget for 2014/15 has been disaggregated to a more detailed level. This budget has not been audited.

*The Budget figures are from the 2014 Budget Economic Forecast Update (BEFU), which was published in 2013/14 Annual Report.



Note 4: Operating Costs

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget* \$000 |
|------------------------------|--|------------------------------|-------------------------------|
| 185 | Audit fees for audit of financial statements | 165 | 160 |
| 2,591 | Operating lease rentals | 2,574 | 2,579 |
| 198 | Overseas and Pacific Travel | 77 | 172 |
| 1,711 | Domestic Travel | 1,843 | 1,693 |
| 602 | Printing, Books and Publicity | 513 | 418 |
| 1,639 | Contract Workers | 5,169 | 1,200 |
| 6,693 | Consultancy Fees | 2,652 | 2,500 |
| 2,432 | Research | 556 | 613 |
| 2,016 | MBFS Commission | 2,399 | 2,000 |
| 4,975 | Programmes | 5,021 | 4,500 |
| 927 | Telecommunications | 875 | 930 |
| 401 | Computer Related Expense | 285 | 517 |
| 7 | Koha | 9 | 61 |
| 565 | Conference/Hui | 589 | 759 |
| 673 | Legal Fees | 294 | 329 |
| 131 | Māori Wardens uniforms | 223 | 130 |
| 1,427 | Building Maintenance/Heat, Light & Power/Rates | 1,793 | 1,200 |
| 219 | Motor Vehicle running costs | 261 | 220 |
| 329 | Software Maintenance | 557 | 327 |
| 6 | (Gain)/Loss on Sale of Assets | - | - |
| 274 | Honoraria/Meeting Fees | 290 | 322 |
| - | Constitutional Review | - | 800 |
| 1,105 | Other Operating Costs | 1,894 | 581 |
| 29,106 | Total Operating Costs | 28,039 | 22,011 |

The Budget for 2014/15 has been disaggregated to a more detailed level. This budget has not been audited.

*The Budget figures are from the 2014 Budget Economic Forecast Update (BEFU), which was published in 2013/14 Annual Report.

Note 5: Depreciation and Amortisation

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|--|------------------------------|
| 165 | EDP Equipment | 242 |
| 407 | Motor Vehicles | 393 |
| 8 | Office Equipment | 8 |
| 23 | Furniture & Fittings | 24 |
| 7 | Leasehold Improvements | 16 |
| 15 | Software Systems | 151 |
| 625 | Total Depreciation and Amortisation Costs | 834 |

Note 6: Capital Charge

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|---|------------------------------|
| 370 | 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 2015 was 8.0% (2014: 8.0%). | 370 |

Note 7: Debtors and other Receivables

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|---|------------------------------|
| | Debtors and other receivables from exchange transactions: | |
| 115 | Debtors and other receivables | 45 |
| 115 | Total debtors and other receivables | 45 |



The carrying value of debtors and other receivables approximates their fair value. The ageing profile of receivables at year end is detailed below:

| | 2014/15 | | | 2013/14 | | |
|--------------|----------------|---------------------|--------------|----------------|---------------------|--------------|
| | Gross \$000 | Impairment \$000 | Net \$000 | Gross \$000 | Impairment \$000 | Net \$000 |
| Not past due | 45 | - | 45 | 115 | - | 115 |
| Total | 45 | - | 45 | 115 | - | 115 |

The provision for impairment has been calculated based on a collective assessment of all receivables. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

There is a nil provision for impairment as at 30 June 2015 (2013/14: Nil).

Note 8: Property, Plant and Equipment

| | EDP Equipment \$000 | Motor Vehicles \$000 | Office Equipment \$000 | Furniture and Fittings \$000 | Leasehold Improvements \$000 | Total \$000 |
|---|---------------------------|----------------------------|------------------------------|------------------------------------|------------------------------------|----------------|
| Cost or valuation | | | | | | |
| Balance at 1 July 2013 | 982 | 2,098 | 296 | 1,145 | 2,131 | 6,652 |
| Additions | 434 | - | - | 25 | 10 | 469 |
| Impairment losses | - | - | - | - | - | - |
| Disposals | - | (41) | - | - | - | (41) |
| Other Movements | - | - | - | - | - | - |
| Balance at 30 June 2014 | 1,416 | 2,057 | 296 | 1,170 | 2,141 | 7,080 |
| Balance at 1 July 2014 | 1,416 | 2,057 | 296 | 1,170 | 2,141 | 7,080 |
| Additions | 364 | - | - | - | 226 | 590 |
| Impairment losses | - | - | - | - | - | - |
| Disposals | - | (57) | - | (1) | - | (58) |
| Other Movements | - | - | - | - | - | - |
| Balance at 30 June 2015 | 1,780 | 2,000 | 296 | 1,169 | 2,367 | 7,612 |
| Accumulated depreciation and impairment losses | | | | | | |
| Balance at 1 July 2013 | 666 | 297 | 261 | 1,028 | 2,094 | 4,346 |
| Depreciation expense | 165 | 408 | 8 | 23 | 7 | 611 |
| Impairment losses | - | - | - | - | - | - |
| Eliminate on disposal | - | (10) | - | - | - | (10) |
| Balance at 30 June 2014 | 831 | 695 | 269 | 1,051 | 2,101 | 4,947 |
| Balance at 1 July 2014 | 831 | 695 | 269 | 1,051 | 2,101 | 4,947 |
| Depreciation expense | 242 | 393 | 8 | 24 | 16 | 683 |
| Impairment losses | - | - | - | - | - | - |
| Eliminate on disposal | - | (40) | - | - | - | (40) |
| Balance at 30 June 2015 | 1,073 | 1,048 | 277 | 1,075 | 2,117 | 5,590 |
| Carrying amounts | | | | | | |
| At 30 June and 1 July 2013 | 316 | 1,801 | 35 | 117 | 37 | 2,306 |
| At 30 June 2014 | 585 | 1,362 | 27 | 119 | 40 | 2,133 |
| At 30 June 2015 | 707 | 952 | 19 | 94 | 250 | 2,022 |

Work in progress

The total amount of progress in the course of construction is \$0.226m for leasehold improvement (2013/14: Nil).



Note 9: Intangible Assets

| | Acquired software | Internally generated software | Total |
|---|-------------------|-------------------------------|--------------|
| | \$000 | \$000 | \$000 |
| Cost or valuation | | | |
| Balance at 1 July 2013 | 1,137 | 380 | 1,517 |
| Additions | 377 | - | 377 |
| Impairment losses | - | - | - |
| Disposals | - | - | - |
| Balance at 30 June 2014 | 1,514 | 380 | 1,894 |
| Balance at 1 July 2014 | 1,514 | 380 | 1,894 |
| Additions | 370 | - | 370 |
| Impairment losses | - | - | - |
| Disposals | - | - | - |
| Balance at 30 June 2015 | 1,844 | 380 | 2,264 |
| Accumulated amortisation and impairment losses | | | |
| Balance at 1 July 2013 | 1,121 | 380 | 1,501 |
| Amortisation expense | 15 | - | 15 |
| Disposals | - | - | - |
| Balance at 30 June 2014 | 1,136 | 380 | 1,516 |
| Balance at 1 July 2014 | 1,136 | 380 | 1,516 |
| Amortisation expense | 151 | - | 151 |
| Disposals | - | - | - |
| Balance at 30 June 2015 | 1,287 | 380 | 1,667 |
| Carrying amounts | | | |
| At 30 June and 1 July 2013 | 16 | - | 16 |
| At 30 June 2014 | 378 | - | 378 |
| At 30 June 2015 | 597 | - | 597 |

The total amount of intangible assets in the course of construction is \$0.032m and relates to acquired software (2013/14: \$0.377m).

There are no restrictions over the title of the Ministry's intangible assets. No intangible assets are pledged as security for liabilities.

Note 10: Creditors and Payables

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|---|------------------------------|
| | Creditors and Payables under exchange transactions | |
| 3,795 | Accrued Expenses | 3,148 |
| | Creditors and Payables under non-exchange transactions | |
| 300 | GST payable | 219 |
| 4,095 | Total creditors and payables | 3,367 |

Note 11: Employee Entitlements

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|------------------------------------|------------------------------|
| | Current Liabilities | |
| 1,312 | Annual Leave | 1,323 |
| 888 | Salaries and Wages | 724 |
| 279 | Long Service Leave | 205 |
| 180 | Sick Leave | 79 |
| 2,659 | Total current portion | 2,331 |
| | Non-Current Liabilities | |
| 332 | Long Service and Retirement Leave | 178 |
| 332 | Total non-current portion | 178 |
| 2,991 | Total employee entitlements | 2,509 |

For the calculation of long service leave, discount rates of 2.93% for year 1, 2.81% for year 2 and 4.39% for year 3 and onwards with a long term salary inflation factor of 3.0% were used. These rates and the model for calculations were provided by the Treasury.

If the discount rate were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$10,000 higher/lower.

If the salary inflation factor were to differ by 1% from the Ministry's estimates, with all other factors held constant, the carrying amount of the liability and the surplus/deficit would be an estimated \$16,000 higher/lower.



Note 12: Provision for restructure

The restructuring provision relates to stage two proposal for transforming the operating model of Te Puni Kōkiri, which was released on 17 June 2014 and confirmed with a decision document released on 22 August 2014.

| | Provision for Restructure \$000 |
|--------------------------------|---------------------------------|
| Balance at 1 July 2013 | - |
| Additional provisions made | 2,959 |
| Amounts used | - |
| Unused amounts reversed | - |
| Balance at 30 June 2014 | 2,959 |
| Balance at 1 July 2014 | 2,959 |
| Additional provisions made | 800 |
| Amounts used | (2,872) |
| Unused amounts reversed | (87) |
| Balance at 30 June 2015 | 800 |

Note 13: Related Party Transactions and Key Management Personnel

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.

Transactions with related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Ministry would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Te Puni Kōkiri staff

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.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Key management personnel compensation

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|--|------------------------------|
| 1,352 | Salaries and other short-term employee benefits | 1,396 |
| 46 | Post-employment benefits | 26 |
| 310 | Termination benefits | - |
| 1,708 | Total key management personnel compensation | 1,422 |
| 5 | Full-time equivalent staff | 5 |

Key management personnel include the Chief Executive and four Deputy Chief Executives, who are all members of the Executive Team.

Key management personnel compensation excludes the remuneration and other benefits the Minister for Māori Development receive. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Civil List Act 1979 and are paid under Permanent Legislative Authority (PLA), and not paid by Te Puni Kōkiri.

There were no related party transactions involving key management personnel in 2014/15 (nil 2013/14).

Note 14: Capital Management

Te Puni Kōkiri capital is its taxpayers' funds, which is represented by net assets.

The Ministry manages its revenue, expense, assets, liabilities and general financial dealings prudently. Its equity is largely managed as a by-product of managing the above, as well as compliance with the Government budget processes, Treasury instructions and the PFA.

The objective of managing the Ministry's equity is to ensure the Ministry effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.



Note 15: Explanation for Significant Variances

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

Statement of Comprehensive Revenue and Expense (page 58)

| Statement of Comprehensive Revenue and Expense | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget \$000 | 30-Jun-15 Variance \$000 |
|--|------------------------------|------------------------------|--------------------------------|
| Personnel | 26,407 | 33,589 | (7,182) |
| Operating | 28,039 | 22,011 | 6,028 |
| Depreciation & Amortisation | 834 | 1,079 | (245) |

Personnel: The Budget was based on full establishment of staff for 2014/15. The actual result largely reflects lower staff numbers due to the refocus of Te Puni Kōkiri and associated organisational change during the financial year. A number of positions remained vacant or took longer than expected to be recruited to.

Operating: The actual expenditure largely reflects higher than budgeted contractor costs to cover for vacancies during the year.

Depreciation and Amortisation: The timing of asset purchases relating to EDP hardware and leasehold improvements occurred later than forecast in the budget resulting in the reduced depreciation and amortisation expense.

Statement of Financial Position (page 59)

| Statement of Financial Position | 30-Jun-15 Actual \$000 | 30-Jun-15 Budget \$000 | 30-Jun-15 Variance \$000 |
|---------------------------------|------------------------------|------------------------------|--------------------------------|
| Cash and cash equivalents | 10,178 | 6,848 | 3,330 |
| Property, plant and equipment | 1,796 | 2,736 | (940) |
| Intangible assets | 823 | 466 | 357 |
| Creditors and other payables | 4,167 | 3,184 | 983 |

Cash and cash equivalents: The increase in cash is largely due to the net operating surplus and higher than anticipated year end accruals than originally forecast.

Property, plant and equipment: The decrease largely relates to delays in asset purchases relating to EDP hardware and leasehold improvements.

Intangible assets: The increase mainly reflects the planned upgrade of the Ministry's new Financial Management Information System.

Creditors and Payables: The increase is a result of higher year end accruals than originally forecast.

Note 16: Financial instrument

The carrying amounts of financial assets and financial liabilities in each of the financial instrument categories are as follows:

| 30-Jun-14 | | 30-Jun-15 | |
|---|------------------------------------|---------------|--|
| Actual | | Actual | |
| \$000 | | \$000 | |
| Loans and receivables | | | |
| 12,880 | Cash and cash equivalents | 10,178 | |
| 115 | Debtors and other receivables | 45 | |
| 12,995 | Total loans and receivables | 10,223 | |
| Financial liabilities measured at amortised cost | | | |
| 4,095 | Creditors and other payables | 3,367 | |

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry works in accordance with the Treasury Guidelines to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. The Ministry does not enter into any transactions that are speculative in nature.



Non-departmental statements and schedules for the year ended 30 June 2015

The following non-departmental statements and schedules record the revenue, expense, assets, liabilities, commitments and contingent assets and liabilities that the Ministry manages on behalf of the Crown.

Schedule of Non-departmental Revenue for the year ended 30 June 2015

The Schedule of Non-Departmental Revenue shows budgeted revenue against actual revenue. Figures are GST exclusive.

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Supp. Estimates \$000 |
|------------------------------|----------------------------|------------------------------|---|--|
| Revenue | | | | |
| 136 | Miscellaneous Receipts | 19 | 10 | 10 |
| 136 | Total Crown Revenue | 19 | 10 | 10 |

Schedule of Non-departmental Expense for the year ended 30 June 2015

The Schedule of expense summarises Non-Departmental expense that Te Puni Kōkiri administers on behalf of the Crown. Further details are provided in the Statement of Expenditure and Capital Expenditure Appropriations on pages 92 to 93. Figures are GST exclusive.

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Supp. Estimates \$000 |
|--|--|------------------------------|---|--|
| Non-Departmental Expense | | | | |
| Operating Annual Appropriations | | | | |
| 140,542 | Non-Departmental Output Expense | 149,663 | 154,979 | 154,979 |
| 417 | Benefits and Other Unrequited Expense | 477 | 480 | 480 |
| 6,408 | Other Expense to be Incurred by the Crown | 7,226 | 17,575 | 9,075 |
| 147,367 | Total Operating Annual Appropriations | 157,366 | 173,034 | 164,534 |
| 15 | Appropriations for Other Expense | 15 | 15 | 15 |
| 147,382 | Total Non-Departmental Expense | 157,381 | 173,049 | 164,549 |

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2015.

Schedule of Non-departmental Assets as at 30 June 2015

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 the department's Statement of Financial Position.

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

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Supp. Estimates \$000 |
|-------------------------------------|---|------------------------------|---|--|
| Current Assets | | | | |
| 2,742 | Cash | 7,652 | 882 | 2,873 |
| 32 | Accounts Receivable/Prepayments | 84 | - | - |
| 2,774 | Total Current Assets | 7,736 | 882 | 2,873 |
| Property Plant and Equipment | | | | |
| 490 | Land | 490 | 490 | 490 |
| 490 | Total Property Plant and Equipment | 490 | 490 | 490 |
| 3,264 | Total non-departmental assets administered by Te Puni Kōkiri | 8,226 | 1,372 | 3,363 |

Schedule of Non-departmental Liabilities as at 30 June 2015

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Supp. Estimates \$000 |
|--------------------------------|--------------------------|------------------------------|---|--|
| Current Liabilities | | | | |
| 7,807 | Creditors and Payables | 4,074 | 7,553 | 7,807 |
| Non-Current Liabilities | | | | |
| 425 | Other Liabilities | 425 | 425 | 425 |
| 8,232 | Total Liabilities | 4,499 | 7,978 | 8,232 |

Explanations of major variances against budget are detailed in note 2.

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2015.



Schedule of Non-departmental Commitments as at 30 June 2015

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

The Ministry on behalf of the Crown has no non-departmental commitments as at 30 June 2015 (2013/14 nil).

Statement of Non-departmental Contingent Assets and Liabilities as at 30 June 2015

The Statement of Non-Departmental Contingent Assets and Liabilities shows amounts at balance date that could potentially become assets or liabilities depending on the occurrence of one or more uncertain future events after 30 June 2015. It does not include general or unspecified business risks or conditions.

Contingent liabilities

The Ministry on behalf of the Crown has no contingent liabilities as at 30 June 2015 (2013/14 Nil).

Contingent assets

The Ministry on behalf of the Crown has no contingent assets as at 30 June 2015 (2013/14 Nil).

The accompanying notes form part of these financial statements.

For a full understanding of the Crown's financial position and the results of its operations for the year, refer to the consolidated Financial Statements of the Government for the year ended 30 June 2015.

Notes to the non-departmental financial statements

Note 1: Statement of Non-Departmental Accounting Policies

These 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 Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for 2014/15.

Basis of Preparation

The non-departmental schedules and statements have been prepared in accordance with the accounting policies of the Financial Statements of the Government, Treasury Instructions, and Treasury Circulars.

Measurement and recognition rules applied in the preparation of these non-departmental schedules and statements are consistent with New Zealand generally accepted accounting practice (Tier 1 Public Sector Public Benefit Entity Accounting Standards) as appropriate for public benefit entities.

These non-departmental statements and schedules are the first prepared in accordance with the new PBE accounting standards.

There were no material adjustments arising on transition to the new PBE accounting standards as the impact of moving from NZ IFRS (PBE) to PBE Standards was not significant due to a strong degree of convergence between the two suites of standards.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Te Puni Kōkiri is New Zealand dollars.

Accounting Policies

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

Revenue

Te Puni Kōkiri derives revenue through the provision of outputs to the Crown and for services to third parties. Revenue is measured at the fair value of consideration received.

Commitments

Future expense 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.

Goods and Services Tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis. In accordance with Treasury Instructions, GST is returned on revenue received on behalf of the Crown, where applicable. However, an input tax deduction is not claimed on non-departmental expenditure. Instead, the amount of GST applicable to non-departmental expenditure is recognised as a separate expense and eliminated against GST revenue on consolidation of the Financial Statements of the Government.

Budget Figures

The budget figures are consistent with the financial information in the Main Estimates. In addition, these financial statements also present the updated budget information from the Supplementary (Supp.) Estimates.



Note 2: Explanation for Significant Variances

The following notes explain the significant variances between the Main Estimates and Actual.

Schedule of Non-Departmental Assets

| | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Variance \$000 |
|------|------------------------------|--------------------------------------|--------------------------------|
| Cash | 7,652 | 882 | 6,770 |

As all appropriations as per the Supplementary Estimates were drawn-down during the year, the higher Cash balance reflects the impact of the underspends at year end.

Schedule of Non-Departmental Liabilities

| | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Variance \$000 |
|------------------------|------------------------------|--------------------------------------|--------------------------------|
| Creditors and Payables | 4,074 | 7,553 | (3,479) |

The variance is a result of lower year end accruals than originally forecast.

Note 3: Financial instruments

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 |
|------------------------------|---|------------------------------|
| | Loans and receivables | |
| 2,742 | Cash and cash equivalents | 7,652 |
| | Financial liabilities measured at amortised cost | |
| 8,232 | Creditors and other payables | 4,499 |

The Ministry's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Ministry works in accordance with the Treasury Guidelines to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. The Ministry does not enter into any transactions that are speculative in nature.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Ministry, causing the Ministry to incur a loss.

In the normal course of its business, credit risk arises from debtors, deposits with banks and derivative financial instrument assets.

The Ministry is only permitted to deposit funds with Westpac, a registered bank, and enter into foreign exchange spot and forward contracts with the New Zealand Debt Management Office or any counterparty that meets the minimum credit rating criteria. These entities have high credit ratings. For its other financial instruments, the Ministry does not have significant concentrations of credit risk.

The Ministry's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Note 4: Related Party Transactions

Te Puni Kōkiri provides funding through the Crown appropriation process to other entities controlled, significantly influenced, or jointly controlled by the Crown. Funding to these government-related entities for the year ended 30 June 2015 totalled \$95 million (2013/14 \$91 million).

Note 5: 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 Financial Statements of the Government on a line by line basis. No disclosure is made in this schedule.

For information on financial performance and position of these organisations, please refer to the Annual Reports at the following websites:

- Te Māngai Pāho:
www.tmp.govt.nz
- Te Taura Whiri i te Reo Māori:
www.tetaurawhiri.govt.nz
- Māori Television Service:
www.maoritelevision.com



Appropriation statements

Statement of departmental expenditure and capital expenditure appropriations for the year ended 30 June 2015

The Statement of Departmental Expenditure and Capital Expenditure Appropriations show expenditure (exclusive of Goods and Services Tax) against funds appropriated by Parliament.

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Supp. Estimates \$000 |
|--|--|------------------------------|---|--|
| VOTE: MĀORI AFFAIRS | | | | |
| Appropriation for classes of outputs | | | | |
| 7,645 | Relationships and Information | 7,026 | 7,433 | 7,246 |
| 12,549 | Operations Management | 12,367 | 13,628 | 12,372 |
| 11,283 | Whānau Ora Administration | 4,557 | 5,585 | 5,060 |
| 614 | Whānau Ora Commissioning Administration | 2,165 | 2,000 | 2,625 |
| 6,956 | Integrated Whānau Social Assistance | 6,866 | 6,600 | 6,983 |
| Policy Advice and Related Outputs Multi Class Output Appropriation (MCOA) | | | | |
| 7,847 | • Policy - Crown Māori Relationships | - | - | - |
| 13,145 | • Policy - Māori Development | - | - | - |
| 1,394 | • Ministerial Servicing | - | - | - |
| Policy Advice and Related Outputs Multi Category Output Appropriation (MCA) | | | | |
| - | • Policy - Crown Māori Relationships | 7,243 | 6,654 | 7,529 |
| - | • Policy - Māori Development | 13,613 | 12,149 | 13,648 |
| - | • Ministerial Servicing | 1,813 | 3,000 | 1,884 |
| 61,433 | Total Appropriations for Classes of Outputs | 55,650 | 57,049 | 57,347 |
| Departmental Capital Expenditure | | | | |
| 845 | Te Puni Kōkiri - Capital Expenditure PLA | 960 | 1,348 | 1,648 |

Performance information for Departmental appropriations is included in the Ministry's Annual Report.

Explanation for Significant Variances

| Statement of Departmental Expenditure and Capital Expenditure Appropriations | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Variance \$000 |
|--|------------------------------|---|--------------------------------|
| Departmental Expenditure | | | |
| Whānau Ora Administration | 4,557 | 5,585 | (1,028) |
| Operations Management | 12,367 | 13,628 | (1,261) |
| Policy - Māori Development | 13,613 | 12,149 | 1,464 |
| Ministerial Servicing | 1,813 | 3,000 | (1,187) |

The decrease in Whānau Ora Administration largely reflects a transfer to the Whānau Ora Commissioning Administration output to fund the implementation of the new Whānau Ora Commissioning approach.

The variances for the Operations Management, Policy - Māori Development and Ministerial Servicing outputs, largely reflect the fiscally neutral changes actioned by Te Puni Kōkiri in the 2015 March Baseline Update to align the resources with the planned work programme.

Statement of Departmental Unappropriated Expenditure and Capital Expenditure As at 30 June 2015

There was no unappropriated expenditure for the year ended 30 June 2015 (Nil for the year ended 30 June 2014).

Expense and capital expenditure approved under section 26B of the Public Finance Act 1989
Nil (Nil for the year ended 30 June 2014).

Expense and capital expenditure incurred in excess of appropriation
Nil (Nil for the year ended 30 June 2014).

Expense and capital expenditure incurred without appropriation or other authority, or outside scope of appropriation
Nil (Nil for the year ended 30 June 2014).

Breaches of projected departmental net assets schedules
Nil (Nil for the year ended 30 June 2014).



Statement of Non-departmental Expenditure and Capital Expenditure Appropriations For the year ended 30 June 2015

The Statement of Non-Departmental Expenditure and Capital Expenditure 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 exclusive.

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Supp. Estimates \$000 | Location of end-of-year Performance Information* |
|------------------------------|--|------------------------------|---|--|---|
| | Operating Annual Appropriations | | | | |
| | Non-Departmental Output Expenses | | | | |
| 40,332 | Māori Television Broadcasting | 40,332 | 40,332 | 40,332 | 1 |
| 10,744 | Māori Radio Broadcasting | 13,744 | 13,744 | 13,744 | 1 |
| 1,808 | Administration of Māori Broadcasting | 2,183 | 2,183 | 2,183 | 2 |
| 8,850 | Promotion of the Māori Language | 9,501 | 9,501 | 9,501 | 3 |
| 456 | Iwi Housing Support | 456 | 456 | 456 | 2 |
| 16,611 | Māori Television Channel | 16,611 | 16,611 | 16,611 | 4 |
| 10,347 | Māori Trustee Functions | 10,347 | 10,347 | 10,347 | 5 |
| 1,160 | Strengthening and Promoting Māori Tourism | 1,660 | 1,660 | 1,660 | 2 |
| 3,255 | Commissioning Whānau Ora Outcomes | 27,629 | 30,484 | 30,484 | 6 |
| 3,325 | Establishment of a Whānau Ora Commissioning Approach | 2,000 | 2,000 | 2,000 | 6 |
| - | Whānau Ora - Service Delivery Capability | 13,168 | 13,451 | 13,451 | 6 |
| | Whānau Ora-based Service Development MCOA | | | | |
| 22,663 | Service Delivery Capability | - | - | - | |
| 4,267 | Whānau Integration, Innovation and Engagement | - | - | - | |
| 26,930 | <i>Total Whānau Ora-based Service Development MCOA</i> | - | - | - | |
| | Māori Potential Fund | | | | |
| 5,355 | Mātauranga (Knowledge) | 5,650 | 5,668 | 5,668 | 7 |
| 7,843 | Whakamana (Leadership) | 4,718 | 4,894 | 4,894 | 7 |
| 3,526 | Rawa (Resources) | 1,664 | 3,648 | 3,648 | 7 |
| 16,724 | <i>Total Māori Potential Framework</i> | 12,032 | 14,210 | 14,210 | |
| 140,542 | Total Non-Departmental Output Expenses | 149,663 | 154,979 | 154,979 | |

Table continued

| 30-Jun-14 Actual \$000 | | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Supp. Estimates \$000 | Location of end-of-year Performance Information* |
|---|--|------------------------------|---|--|---|
| Benefits and Other Unrequited Expenses | | | | | |
| 417 | Rangatiratanga Grants | 477 | 480 | 480 | 2 |
| 417 | Total Benefits and Other Unrequited Expenses | 477 | 480 | 480 | |
| Other Expenses to be Incurred by the Crown | | | | | |
| 196 | New Zealand Māori Council | 196 | 196 | 196 | 2 |
| 1,067 | Māori Wardens | 1,063 | 1,178 | 1,178 | 2 |
| 626 | Māori Registration Service | 626 | 626 | 626 | 2 |
| 131 | Te Pūtahi Paoho | 131 | 131 | 131 | 2 |
| - | Te Ariki Trust | - | 21 | 21 | 2 |
| 1,867 | Māori Women's Development Fund | 1,867 | 1,867 | 1,867 | 2 |
| - | Ōrākei Act 1991 | - | 7 | - | |
| 7 | Ngāti Whātua Ōrākei Reserves Board | 7 | - | 7 | 2 |
| 5 | Administrative expenses for Crown Land | 7 | 49 | 49 | 2 |
| 500 | Tūranganui-a-Kiwa Capacity Building | 500 | 500 | 500 | 2 |
| 9 | New Zealand Wall Enhancement at UN | - | - | - | |
| 2,000 | Māori Language Research | 2,000 | 2,000 | 2,000 | 2 |
| - | Māori ICT Development Fund | 29** | 7,500 | 500 | 2 |
| - | Moving the Māori Nation - supporting Māori Culture and Sport | 800 | 2,500 | 1,000 | 2 |
| - | Xin and Tane Stage Production | - | 1,000 | 1,000 | 2 |
| 6,408 | Total Other Expenses to be Incurred by the Crown | 7,226 | 17,575 | 9,075 | |
| 147,367 | Total Operating Annual Appropriations | 157,366 | 173,034 | 164,534 | |
| Appropriations for Other Expenses | | | | | |
| - | Taranaki Māori Trust Board PLA (M46) | 15 | - | 15 | 2 |
| 15 | Payments to Trust Boards | - | 15 | - | |
| 15 | Total Other Expenses | 15 | 15 | 15 | |
| 147,382 | Total Non-Departmental Appropriations | 157,381 | 173,049 | 164,549 | |

* The numbers in this column represent where the end-of-year performance information has been reported for each appropriation administered by the Ministry, as detailed on the next page:



- 1 The Te Reo Whakapuaki Irirangi (Te Māngai Pāho) Annual Report.
 - 2 No reporting due to an exemption obtained under section 15D of the PFA.
 - 3 The Te Taura Whiri i Te Reo Māori (Māori Language Commission) Annual Report.
 - 4 The Māori Television Service Annual Report.
 - 5 The Te Tumu Paeroa (the Māori Trustee) Annual Report.
 - 6 To be reported by the Minister for Whānau Ora in a report appended to this report.
 - 7 To be reported by the Minister for Māori Development in a report appended to this report.
- ** The Māori ICT Development Fund was a Budget 2014 initiative with \$30 million initially committed over four years. The funding was allocated to a new non-departmental other expense in Vote: Māori Affairs – Māori ICT Development Fund.

Following Cabinet decisions in August 2014 the funding was adjusted to: \$0.500 million in 2014/15 (for set up costs), \$4.500 million in 2015/16 and \$5.0 million per annum from 2016/17 to 2020/21. It was also agreed at that time that the Crown entity Te Māngai Pāho would administer the fund. The \$0.500 million was transferred to them. It was subsequently determined that Te Māngai Pāho lacks the statutory authority to administer the fund as intended. This has had the dual effect of requiring new administration arrangements to be determined and delaying the roll-out of the fund. While \$29,000 was spent by Te Māngai Pāho, the rest has been returned to Te Puni Kōkiri.

Explanation for Significant Variances

Refer to "The Supplementary Estimates of Appropriations for the year ending 30 June 2015" for an explanation of budget changes between the 2014/15 Main Estimates and 2014/15 Supplementary Estimates for Vote Māori Affairs (B.7 – Pages 522 to 526).

The following notes explain the significant variances between the Main Estimates and Actual.

| Appropriation | 30-Jun-15 Actual \$000 | 30-Jun-15 Main Estimates \$000 | 30-Jun-15 Variance \$000 |
|--|------------------------------|--------------------------------------|--------------------------------|
| Commissioning Whānau Ora Outcomes | 27,629 | 30,484 | 2,855 |
| Rawa (Resources) | 1,664 | 3,648 | 1,984 |
| Māori ICT Development Fund | 29 | 7,500 | 7,471 |
| Moving the Māori Nation – supporting Māori Culture and Sport | 800 | 2,500 | 1,700 |
| Xin and Tane Stage Production | - | 1,000 | 1,000 |

Commissioning Whānau Ora Outcomes: An approved in-principle expense transfer of up to \$2.500 million is in place to transfer funding to 2015/16. The transfer will support adjusted phasing of funds distribution to reflect the implementation of innovative commissioning approaches and the development of whānau initiatives during the 2014/15 year, the first full year of Commissioning Agencies' operations. These initiatives will continue to be delivered in 2015/16.

Rawa (Resources): The total variance is made up of \$1.100 million that did not meet requirements for accrual inside the 2014/15 year. Most of this will be transferred to the 2015/16 financial year. Other components included: returns from entities who could not complete activity within the contract period; and finalising of outputs and agreed verification of achievement of these meant less activity and expenditure than originally forecast.

Māori ICT Development Fund: The Māori ICT Development Fund was a Budget 2014 initiative with \$30 million initially committed over four years. Following Cabinet decisions in August 2014 the funding was adjusted to: \$0.500 million in 2014/15 (for set up costs), \$4.500 million in 2015/16 and \$5 million per annum from 2016/17 to 2020/21. An approved in-principle expense transfer of up to \$0.471 million is in place for Māori ICT Development Fund to transfer funding to 2015/16.

Moving the Māori Nation – supporting Māori Culture and Sport: A total of \$1.500 million has been expense transferred for Moving the Māori Nation – supporting Māori Culture and Sport in the 2014/15 Supplementary Estimates. Approved in-principle expense transfer is also in place to transfer unutilised funding to 2015/16.

Xin and Tane Stage Production: An approved in-principle expense transfer of up to \$1 million is in place for Xin and Tane Stage Production to transfer funding to 2015/16 due to delays in progressing this initiative.

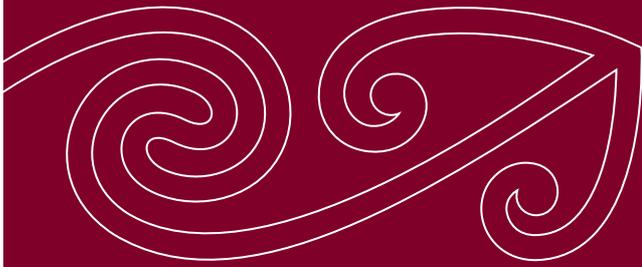


Statement of Non-departmental Unappropriated Expenditure and Capital Expenditure as at 30 June 2015

There was no unappropriated expenditure for the year ended 30 June 2015 (\$0.007 million for the year ended 30 June 2014).

| 30-Jun-14 Actual \$000 | 30-Jun-15 Actual \$000 |
|---------------------------------------|------------------------------|
| Non-Departmental Other Expense | |
| 7 Ōrākei Act 1991 | - |





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