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Charitable Purposes and Tax Compliance Systems Programme

A Training Toolkit for Māori Charities in the application of the
FOMANA Charities Compliance Model ©



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Version Two, February 2010

*Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atākura
He tio, he huka, he hau hū
Tihei Mauri Ora.*

Mihi and Acknowledgements

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FOMANA gives special thanks to the members of the Māori Entity team and Governance and management leaders of the eight Māori Charitable entities for their commitment to the pilot programme. It has been a privilege to work alongside your organisations to build a deeper understanding of charities and tax compliance among your membership and wider Māori communities, particularly at the marae level. Thank you for your willingness to participate in the pilot, to share knowledge and personal experiences so that other Māori charities may benefit through the future delivery of this programme.

Tenei te mihi nui ki a koutou katoa.



Charitable Purposes and Tax Compliance Systems Programme

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Thanks to Piri Hira Tukapua of Taitoko Design & Print Ltd who is responsible for the stunning design work in this toolkit. Her original koru design is inspired by the whakatauki: *E hara taku toa i te toa takitahi, engari he toa takitini*. My strength derives from many, not just one. In Piri Hira's own words, "the oval part is the group/organisation, nurturing and growing together. The koru that reaches out represents charity/open-handed."

The background kete photo was taken by Kim Skelton. The kete raranga is part of Kim's taonga kete collection and was gifted to her by her late grandmother, Lulu Skelton.

Disclaimer

This Training Toolkit was developed for use by Māori charities. It was piloted in October 2009 by eight Māori Charitable entities participating in the Charitable Purposes and Tax Compliance Systems Pilot programme. It does not purport to provide specific legal advice for any entity on their legal obligations under or relating to the Charities Act 2005, the Income Tax Act 2007 and or any other relevant legislation and or case law. It should not be relied upon by any entity accordingly.

Contents

Section 1: Introduction	10
1.1 Background and overview of the FOMANA Pilot Programme for Māori charities	10
1.2 Pilot Programme participants (8 Māori charitable entities)	11
1.3 Training Objectives	13
1.3.1 Purpose of Training	13
1.3.2 Training Outcomes	13
1.3.3 Training Methodology	13
1.3.4 Who should attend the Training workshops?	14
Section 2: FOMANA Charities Compliance Model©	16
2.1 Overview of FOMANA Charitable Purpose Compliance Model©	16
2.2 Diagram of FOMANA Charities Compliance Model	16
2.3 Application of Model in Training	17
2.4 Definition of terms	18
Section 3: Constitution and NZ law	22
3.1 KNOWLEDGE & INFORMATION	22
3.1.1 Know your Rules	22
3.1.2 Duties and legal obligations of Trustees and Directors	23
3.1.3 Rules and Charitable Purposes requirement	24
3.1.4 Breaches of Trust or failure to act lawfully	24
3.2 WORKSHOP SESSION	25
3.2.1 Checklist Exercise - How well do you know your organisation and laws that apply to it?	25
3.2.2 Benchmark Exercise - Rate your organisation's performance or compliance against the benchmarks in Hallmark 2: A strong board	26
3.2.3 Questions from Trainer	27
3.2.4 Participant Questions	27
3.3 ACTION PLAN	28
Section 4: Charitable Purposes	30
4.1 KNOWLEDGE & INFORMATION	30
4.1.1 What are charitable purposes and the "four heads of charity"?	30
4.1.2 Public benefit test	35
4.1.3 Funds must be applied to advance charitable purposes	36
4.1.4 Charitable purposes (Marae & Trusts under Te Ture Whenua Māori Act)	36
4.2 WORKSHOP SESSION	37
4.2.1. Mini Quiz	37
4.2.2. Whiteboard Exercise	37
4.2.3 Questions from Trainer	37
4.2.4 Self-Assessment by Participants	38
4.2.5 Participant Questions	38
4.3 ACTION PLAN	39
Section 5: Stakeholders	42
5.1 KNOWLEDGE & INFORMATION	42
5.1.1 Who are your stakeholders?	42
5.1.2 Accountability to stakeholders	43
5.2 WORKSHOP SESSION	44
5.2.1. Whiteboard Exercise	44
5.2.2 Benchmarking Exercise	44
5.2.3 Questions from Trainer	45
5.2.4 Participant Questions	45
5.3 ACTION PLAN	46

Section 6: Charities Commission and Registration	48
6.1 KNOWLEDGE & INFORMATION	48
6.1.1 Charities Act and the functions of the Charities Commission.....	48
6.1.2 Registration as a charity and certification of Officers.....	49
6.1.3 Compliance after registration	50
6.1.4 Deregistration and loss of tax exemption	50
6.2 WORKSHOP SESSION	53
6.2.1 Workshop Exercise.....	53
6.2.2 Annual Return Form Exercise.....	53
6.2.3 Questions from Trainer	55
6.2.4 Participant Questions.....	55
6.3 ACTION PLAN	56
 Section 7: Inland Revenue Department (IRD) & Tax Exemption	58
7.1 KNOWLEDGE & INFORMATION	58
7.1.1 Role of IRD and registered charities.....	58
7.1.2 Tax related obligations for registered charities	59
7.1.3 Tax exemptions and benefits for registered charities	59
7.2 WORKSHOP SESSION	61
7.2.1 Benchmark Exercise - Rate your organisation's performance or compliance against the benchmarks in Hallmark 5: Financially sound and prudent.....	61
7.2.2 Questions from Trainer	62
7.2.3 Participant Questions.....	62
7.3 ACTION PLAN	63
 Section 8: Policies – Processes - People	66
8.1 KNOWLEDGE & INFORMATION	66
8.1.1 FOMANA 3Peez Method©	66
8.1.2 Policy Framework.....	67
8.1.3 Policy Checklist.....	68
8.1.4 Processes.....	70
8.1.5 People with Purpose	72
8.2 WORKSHOP SESSION	73
8.2.1 Whiteboard Exercise	73
8.2.2 Questions from Trainer	73
8.2.3 Participant Questions.....	73
8.3 ACTION PLAN	74
 Section 9: Risks	76
9.1 KNOWLEDGE & INFORMATION	76
9.1.1 Mitigating the risk of operating “outside of charitable purposes”	76
9.1.2 Danger Zone	77
9.1.3 Decision tool for managing risk around distributions.....	78
9.2 WORKSHOP SESSION	79
9.2.1 General Discussion	79
9.2.2 Questions from Trainer	79
9.2.3 Participant Questions.....	79
9.3 ACTION PLAN	80

Section 10: References	82
10.1 Charities Commission Information Finder - A summary of information sheets published by Charities Commission.....	82
10.2 Case Studies of eight Māori charitable entities, 30 June 2009.....	82
10.2.1 Ngāti Rārua Atiawa Iwi Trust Case Study	82
10.2.2 Taranaki Iwi Trust Case Study	82
10.2.3 Taranaki PHO Ltd Case Study	82
10.2.4 Te Aroha Medcare Ltd Case Study	82
10.2.5 Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust Case Study	82
10.2.6 Te Kaahui o Rauru Case Study.....	82
10.2.7 Te Rau Pani Māori Mental Health Trust Case Study	82
10.2.8. Tui Ora Ltd Case Study	82

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Section 1

Introduction

- 1.1 Background and overview of FOMANA Pilot Programme for Māori charities
- 1.2 Pilot Programme participants (8 Māori charitable entities)
- 1.3 Training Objectives



Section 1: Introduction

1.1 Background and overview of FOMANA Pilot Programme for Māori charities

1.2 Pilot Programme participants (8 Māori charitable entities)

1.3 Training Objectives

1.1 Background and overview of the FOMANA Pilot Programme for Māori charities

In August 2007, FOMANA Capital Limited recognised that an estimated 2,500¹ Māori charitable organisations would be affected by the Charities Act 2005, with a potential loss of tax exemption if those charities did not apply for registration with the Charities Commission by 1 July 2008.

FOMANA put together a proposal for a pilot programme with up to eight committed Māori charitable entities. The aim of the Charitable Purposes and Tax Compliance Systems programme is to assist the eight participating Māori charitable entities to:

- (a) increase their capability and understanding of the new charities and tax compliance regime;
- (b) protect their tax exemption status; and
- (c) provide quality assurance systems to their organisation, beneficiaries and stakeholders.

FOMANA approached key charitable sector agencies including IRD, Charities Commission, Office for the Voluntary and Community Sector and Te Puni Kōkiri to seek support for conducting the programme. The proposed programme was received positively by all the agencies, in particular by the Relationships and Information Directorate at Te Puni Kōkiri, who agreed to fund the programme over two years across three phases:

May – Sept 2008	Phase 1:	Research on Charities & Tax Compliance
Oct 08 – July 2009	Phase 2:	Risk Profiling and Systems Applications Models
Aug 09 – Mar 2010	Phase 3:	Training & Systems Adoption (for 8 Māori charitable entities)

¹ See table showing potential scale of Māori charities in FOMANA Preliminary Research Report One, 31 May 2008, page 22

This Training Toolkit was piloted in five training workshops held in October 2009. Based on feedback from those workshops and trainer observations, it has been refined and adapted to enable delivery to other Māori charities on a regional or national basis. It is intended primarily as a training workshop resource for hands-on use at training sessions and maximum value will be gained by those who are able to attend and participate in the training rather than simply reading the toolkit.

For those who wish to learn more about the background and context to the pilot programme or to gain a deeper understanding of charitable purposes and compliance, the authors recommend that you read the full series of reports and case studies produced as part of the pilot programme:

Report One:	Preliminary Research	31 May 2008
Report Two:	Research Report	30 September 2008
Report Three:	Risk & Audit Report	31 March 2009
Report Four:	Case Studies Report	31 July 2009
Report Five:	Training Toolkit version 1	September 2009
Report Six	Training Delivery Report	15 December 2009

The Reports are available on request from FOMANA Capital Ltd, info@fomana.co.nz.

1.2 Pilot Programme participants (8 Māori charitable entities)

Eight Māori charitable entities participated in the pilot programme. FOMANA acknowledges and expresses thanks to each of these charities for their continued commitment and positive participation in the programme. We particularly wish to thank the key contacts in each organisation for sharing their experiences, their knowledge and information so that other Māori charities could benefit. This is particularly evident in the Case Studies, which are intended to convey a broad range of experiences and challenges faced by Māori charities and also to highlight policies and practices that may assist other charities to benchmark their own practices and to maintain compliance with their charitable purpose.

Profile of the eight Māori charitable entities²

Legal Name of Entity	Māori Entity Team Key contacts for pilot	Charities Commission Register No. Registration date	Type of entity - Nature of activities	Size based on Income levels ³
4 Iwi entities				
Ngati Rarua Atiawa Iwi Trust Board (NRAIT)	John Charleton	CC 20248 13 Dec 2007	Statutory entity - Tribal lands management	Medium
Taranaki Iwi Trust	Tokatumoana Walden, Kerry Walsh	CC 39750 30 June 2008	Mandated Iwi Organisation (MIO) - Fisheries management	Medium
Te Atiawa Ki Te Upoko o Te Ika A Maui Potiki Trust	Morrie Love, Peter Reweti	CC 38312 30 June 2008	Mandated Iwi Organisation (MIO) - Fisheries management	Small
Te Kaahui o Rauru	Darryn Ratana, Hayden Potaka, Pania Winterburn	CC 34302 30 June 2008	Representative entity for Ngaa Rauru Kaitahi Iwi - Iwi development and tribal asset management	Large
4 Health entities				
Taranaki PHO Ltd (Hauora Taranaki PHO)	Pauline Cruikshank	CC 21526 4 March 2008	Primary Healthcare Organisation (PHO)	Large
Te Aroha Medcare Ltd	Hayden Wano	CC 32243 30 June 2008	General Practitioner Service	Medium
Te Rau Pani Māori Mental Health Trust	Hinemoerangi Ngatai Tangirua	CC 10717 30 July 2007	Specialist Māori Mental Health Service Provider	Medium
Tui Ora Ltd	Hayden Wano	CC20369 7 January 2008	Māori Development Organisation - Health	Large

³ Small (income under \$100,000); Medium (Income between \$100k - \$2.5m), Large (Income over \$2.5m) as per the descriptions outlined in The Review of the Financial Reporting Act Discussion Document Part II

1.3 Training Objectives

1.3.1 Purpose of Training

To provide training in the application of the FOMANA Capital Charities Compliance Model© to governance, staff and other key stakeholders of Māori charities. The Model, comprises seven interlinked elements and has been especially designed to assist Māori charities to:

- increase understanding of their charitable purpose and general legal obligations;
- assess their organisational risks in relation to these obligations; and
- put in place management systems to ensure compliance with their Constitution and legal obligations.

1.3.2 Training Outcomes

Participants will increase their knowledge and understanding of the seven elements of the Model, in particular:

1. **Constitution and NZ Law:** the core charitable purposes in their own Constitution and their general legal obligations;
2. **Charitable Purposes:** “charitable purposes” and the four heads of charity;
3. **Stakeholders:** their accountability duties to their stakeholders;
4. **Charities Commission and Registration:** their legal obligations under Charities Act to maintain registration;
5. **IRD and Tax Exemption:** their taxation obligations to maintain income tax exemption;
6. **Policies-Processes-People:** the policies, procedures and people needed to maintain charitable purposes compliance;
7. **Risks:** the key risks and consequences and risk mitigation strategies.

1.3.3 Training Methodology

Training is delivered by way of an interactive workshop (minimum 1 day). Each participant is given a copy of this Training Toolkit to use in the workshop, for action planning, and later as a personal reference book. Trainers are expected to use various presentation methods appropriate to the audience and to tailor the workshop to meet the particular needs of the Māori charitable organisation.

1.3.4 Who should attend the Training workshops?

Each organisation will need to determine which of its members will most benefit from this training. It is recommended that the participants include a mix of governance, management and key stakeholders to enable a wider appreciation of the compliance challenges over the different parts of the organisation. Based on the experience of the pilot programme, a smaller group of 10 to 15 persons is recommended to provide maximum opportunity for workshop discussions and sufficient time to answer questions. The trainers and participants in the pilot programme found that free-flow, yet facilitated discussions, added greatly to their overall learning and knowledge acquisition.

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Section 2

FOMANA Charities Compliance Model©

- 2.1 Overview of FOMANA Charities Compliance Model
- 2.2 Diagram of Model
- 2.3 Application of Model in Training
- 2.4 Definition of terms



Section 2: FOMANA Charities Compliance Model©

2.1 Overview of FOMANA Charities Compliance Model
2.2 Diagram of Model
2.3 Application of Model in Training
2.4 Definition of terms

2.1 Overview of FOMANA Charitable Purpose Compliance Model©

The FOMANA Charitable Purpose Compliance Model comprises the concept and intellectual property that weaves together seven constituent elements into a comprehensive charities compliance programme. It is designed in particular for Māori charities to ensure charitable purpose compliance and the retention of income tax exemption.

The seven elements are:

1. Constitution and NZ Law
2. Charitable Purposes
3. Stakeholders
4. Charities Commission and Registration
5. IRD and Tax Exemption
6. Policies – Processes - People
7. Risks

2.2 Diagram of FOMANA Charities Compliance Model



2.3 Application of Model in Training

The CORE of the Model is the fundamental starting position for charitable compliance, that is, the rules in your Constitution and your legal obligations under NZ law.

Each of the six subsequent outer rings links back to the central core, serving as a visual aid and reminder that all activities of the charitable entity must be consistent with the constitution, and its charitable purpose. The outermost ring is a RISK zone and illustrates that the further a charity goes from its charitable purpose, the greater the risk of non-compliance.

Sections 3 – 9 of this training toolkit provide more detail on each of the seven parts of the Model are presented and discussed in the Training workshops in three parts:

- Part One: Knowledge and Information
- Part Two: Workshop Session
- Part Three: Action Plan

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2.4 Definition of terms

The following definitions are used in this Training Toolkit:

Term	Definition
Board	Includes boards of directors, trustees, or other governance entity
Charities Act	Charities Act 2005
Commission	Charities Commission
Charitable Purpose	as defined in section 5(1) of the Charities Act 2005 includes: “...every charitable purpose, whether it relates to the relief of poverty, the advancement of education or religion, or any other matter beneficial to the community.”
Constitution	Governing document setting out the organisation’s purpose and objects and the rules for how it will operate, including matters such as the powers and duties of its officers.
Governance	Governance is about the direction and control of an organisation. Governance is about leadership and making decisions in the interests of the shareholders or beneficiaries. Governance requires strategic thinking skills to give shape to the future of the organisation. ⁴
Governors	Includes company directors, trustees, members of the charity’s governing body who are referred to as “Officers” on Charities Register. Governors focus on the big picture, not the fine detail or day-to-day matters. They give direction to management.
IRD	Inland Revenue Department
Māori charitable entities	Legal entities that are registered or eligible for registration with the Charities Commission and which are majority owned by Māori or whose members or beneficiaries, the majority of which are of Māori descent.

⁴ Te Puni Kokiri Good Governance Guide, Chapter 2

Term	Definition
Policy	A deliberate plan of action to guide decisions and achieve a rational outcome(s).
Procedure	A series of prescribed steps followed in a definite regular order which ensure adherence to the guidelines set forth in the Policy to which the Procedure applies.
Risk	The chance of something occurring that will, should the event occur, have an impact on the achievement of organisational objectives. It is measured in terms of the likelihood of something happening and the consequences if it happens.
Reputation Risk	The risk of damage to the organisation's credibility and reputation.
Compliance Risk	The risk of failing to meet government laws, regulations and standards.
Risk Management	A systematic and logical process of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable an organisation to minimise losses and maximise opportunities.
Stakeholders	Those individuals, groups, institutions etc (either internal or external to the organisation) who are or perceive themselves to be affected by a decision or activity.

Add any other terms here you would like to define:

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Section 3

Constitution and NZ Law

3.1.1 Know your Rules

3.1.2 Duties and legal obligations of Trustees / Directors

3.1.3 Rules and Charitable Purposes requirement

3.1.4 Breaches of Trust or failure to act lawfully

3.2 WORKSHOP SESSION

3.3 ACTION PLAN



Section 3: Constitution and NZ law

3.1 KNOWLEDGE & INFORMATION

Constitution and	3.1.1 Know your Rules
NZ Law	3.1.2 Duties and legal obligations of Trustees and Directors 3.1.3 Rules and Charitable Purposes requirement 3.1.4 Breaches of Trust or failure to act lawfully

3.1.1 Know your Rules

It is no accident that the Constitution is at the centre of the Model Diagram. It is the starting point and critical element for this compliance system. The Constitution formally establishes the organisation and will usually contain the rules for operation, although these may be in a separate document. The Rules will include:

- purpose / objects rules (charitable purposes must be clear and unambiguous);
- powers and duties of governors (including any limitations on exercise of those powers);
- meetings and voting procedures, appointment/election/removal of governors;
- reporting rules and stakeholder accountability procedures;
- rules for changing the Constitution and winding up provisions (for charitable purposes).

The **Duty to know (and obey) the Trust Deed** is one of the paramount legal duties of a Trustee. This duty is strongly reflected in Rule 6 of the NZ Trustees Association Code of Conduct.⁵

Rule 2: An appointed Trustee must uphold the lawfulness and integrity of the appointment.

Before accepting appointment a member shall review the Trust Deed together with all other legislation & documents setting out the terms and conditions, powers and responsibilities of the appointment. The Trustee should not accept an appointment without being able to provide the appropriate skills and time to execute the required functions in a prompt, efficient businesslike manner. The Trustee must be familiar with and comply with all legislative requirements affecting their appointment.

⁵ <http://www.nzta.org.nz/codeofconduct.html>

3.1.2 Duties and legal obligations of Trustees and Directors

In addition to knowing and adhering to the rules in your own Constitution, Trustees and Directors must abide by general duties imposed by common law and by relevant statutes:

Duties of Trustee ⁶	Duties of a Company Director ⁷
<p>Fiduciary Duties</p> <ul style="list-style-type: none"> • Duty to act in the interests of the Trust, consistent with trust rules and powers; • Duty of loyalty - to achieve the charitable purposes is paramount. <p>Duties of Care, Skill and Diligence</p> <ul style="list-style-type: none"> • Duty to act with reasonable care and skill, that is, to exercise the care and skill that a "prudent" businessperson would exercise in managing other people's affairs; • Duty to act impartially and fairly towards beneficiaries (may favour one charitable purpose over another); • Duty to disclose personal interests and to avoid a position of conflict of interest; • Duty to act personally and <u>not</u> delegate responsibilities except as expressly provided in Trust Deed; • Duty to take expert advice before making own decisions honestly and in good faith; • Duty to act unanimously in decision making or by majority according to Trust Deed; • Duty to <u>not</u> make a personal profit from Trust Funds (No private pecuniary gain); • Duty to invest promptly and prudently; • Duty to keep proper accounts and supply full information to beneficiaries. 	<p>Statutory Duties</p> <ol style="list-style-type: none"> 1. Duty to act in good faith and in the company's best interests at all times; 2. Duty to exercise their powers for a proper purpose; 3. Duty to exercise the care, diligence and skill that a reasonable director would exercise in the circumstances, taking into account the nature of the company, the decision and the nature of the responsibilities; 4. Duty to record the basis on which important decisions are made and to retain supporting information on which decisions are based (if question of compliance arises) 5. Duty to disclose interests which are listed in company's interest register as well as being disclosed to board and shareholders. <p>Directors must not:</p> <ul style="list-style-type: none"> • act or agree to the company acting in a manner that contravenes the Act or the company's constitution; • make use of or disclose any confidential information relating to the company; • agree to, cause or allow the company's business to be carried out in a way that is likely to create a substantial risk of serious loss to the company's creditors (so-called "reckless trading"). • agree to the company incurring an obligation unless the director believes on reasonable grounds that the company will be able to perform it. <p>The solvency test</p> <p>Directors must abide by a two-step test at all times:</p> <ol style="list-style-type: none"> 1. The company must own more assets than liabilities. 2. The company must be able to pay all its accounts as they fall due. <p>Note: A constitution will have no effect if it contravenes the Companies Act 1993.</p>

⁶ Various sources including Trustee Act 1956 and Keeping it Legal, Fact Sheet 4 on Trusts and Charitable Trust Boards

⁷ Obligations as a Director, www.companies.govt.nz and <http://keepingitlegal.net.nz/learn-more/companies/>

3.1.3 Rules and Charitable Purposes requirement

For the purposes of registration under the Charities Act 2005, the Charities Commission does not require specific wording in your rules. However, it must be satisfied that your organisation:

1. has a charitable purpose that falls within one of the four purposes set out in section 5(1) of the Charities Act;
2. provides a public benefit; and
3. is not carried on for the private pecuniary (financial) benefit or profit of an individual.⁸

“Charitable purpose” as defined in section 5(1) of the Charities Act includes: “. . . every charitable purpose, whether it relates to the relief of poverty, the advancement of education or religion, or any other matter beneficial to the community.” The meaning of charitable purposes relies on case law (decided by the Courts). Section 4 of the toolkit looks in detail at the four purposes (4 heads of charity) and what purpose are considered to be “beneficial to the community”.

3.1.4 Breaches of Trust or failure to act lawfully

Trustees are generally liable (jointly and severally) for the trust property and assets of the Trust. The beneficiaries can sue any trustee(s) for any loss incurred by improper or negligent acts of the trustee(s). The Attorney-General may also bring a High Court action against the trustee(s). The Court will deal harshly with trustees who wilfully, corruptly, or negligently apply trust funds; or fail to exercise proper due diligence in their duties. Trustees will be held personally and strictly liable to make good to the trust any losses arising from:

- using trust money for their own personal purposes;
- the destruction of any trust property;
- selling trust property without authority;
- acting negligently in allowing others to misappropriate trust property.

As well as ordering a trustee to make good any losses suffered by the trust, the Court has the power to remove a trustee if clear misconduct is proved (section 51 Trustee Act). For more information on personal liability of trustees, see Keeping it Legal Fact Sheet on Trusts and Charitable Trust Boards.⁹

⁸ Charities Commission Information Sheet “Your rules and the Charities Act” updated April 2008, <http://www.charities.govt.nz/guidance/rules.html>

⁹ <http://keepingitlegal.net.nz/learn-more/trusts/#trusts>

3.2 WORKSHOP SESSION

Constitution and
NZ Law

3.2.1 Checklist Exercise - How well do you know your organisation and laws that apply to it?

KEEPING IT LEGAL (KIL) Brochure 1: Legal Responsibilities of Voluntary Organisations in NZ
*Ignorance of the law is no defence to failing to comply with it. It's therefore important to identify the laws and regulations that apply to your organisation. You should also regularly review all your policies and procedures to make sure they take into account both changes to laws and regulations and changes in your organisation itself.*¹⁰

KIL Reference

Do you know what the legal form of your organisation is? – unincorporated group – incorporated society – trust – charitable trust board – company	Yes	No or unsure	KIL Brochure 2 Legal form
Do you know what matters are dealt with in your constitution, rules or trust deed? – requirements for annual meetings – size of committee and how it's elected – voting requirements (such as proxies) – allocation of tasks and responsibilities of officers – ability to change the constitution – appointment and exit procedures – property dealings – authorising contracts – annual reporting – financial reporting	Yes	No or unsure	KIL Brochure 2 Legal form
Do you know if your organisation has charitable status?	Yes	No or unsure	Brochure 2 Legal form
Do you understand the powers and obligations of members and decision-makers in these areas? – liability – ability to enter into binding contracts – authority to act for the organisation – legal administrative requirements – managing conflict of interest	Yes	No or unsure	Brochure 2 Legal form
Do you know about the legislation that applies to: – people in your organisation? – your organisation's clients and consumers? – your organisation's activities? – your organisation's premises and environment?	Yes	No or unsure	Brochure 3 Laws you need to know
Do you understand about civil liability (e.g. negligence and defamation) and criminal liability (e.g. criminal nuisance)?	Yes	No or unsure	Brochure 3
Do you have policies and procedures in place to ensure that your organisation complies with its responsibilities?	Yes	No or unsure	Brochure 4 Keeping on track
Do you understand about civil liability (e.g. negligence and defamation) and criminal liability (e.g. criminal nuisance)?	Yes	No or unsure	Brochure 3
Do you have policies and procedures in place to ensure that your organisation complies with its responsibilities?	Yes	No or unsure	Brochure 4

Note: Any No or Unsure answers should prompt some Action in your Action Plan

¹⁰ Acknowledge source material from Keeping It Legal http://keepingitlegal.net.nz/wp-content/uploads/2009/07/01_KIL_BRO.pdf

WORKSHOP SESSION

Constitution and

NZ Law

3.2.2 Benchmark Exercise - Rate your organisation's performance or compliance against the benchmarks in Hallmark 2: A strong board

Hallmark 2: A strong board

An effective charity is run by a clearly identifiable board or trustee body that has the right balance of skills and experience, acts in the best interests of the charity and its beneficiaries, understands its responsibilities and has systems in place to exercise them properly.

In order to demonstrate this, the charity:

RATING FOR YOUR CHARITY

a. ensures that the trustee body is constituted in accordance with the governing document;	1. Not compliant 2. Sometimes compliant 3. Always compliant
b. identifies the mix of skills, knowledge and experience necessary for the efficient and effective administration of the charity and ensures that the recruitment and appointment of new trustees provides adequate opportunities for re-assessing and achieving that mix;	1. Not achieved 2. Sometimes achieved 3. Always achieved
c. has a trustee body that is the right size for the charity – large enough to include the skills and experience needed to run the charity effectively, but small enough to allow effective discussion and decision making;	1. Not achieved 2. Sometimes achieved 3. Always achieved
d. has a clear understanding of the respective roles of the trustee body and staff with role descriptions for trustees and charity officers (such as the Chair and Treasurer);	1. Not achieved 2. Sometimes achieved 3. Always achieved
e. ensures that the charity's committees, staff and agents have clear and appropriate delegated authority to carry out their designated roles in delivering the charity's purposes. It also has systems in place to monitor and oversee the way in which delegated powers are exercised;	1. Not compliant 2. Sometimes compliant 3. Always compliant
f. undertakes all appropriate checks to ensure that a prospective trustee is both eligible and suitable to act in that capacity. NZ Charities must complete Officer Certification Form under Charities Act	1. Not compliant 2. Sometimes compliant 3. Always compliant
g. identifies and meets the individual induction, training and development needs of trustees and has in place a framework for evaluating board and trustee performance;	1. Not achieved 2. Sometimes achieved 3. Always achieved
h. ensures its trustees understand that they must act only in the charity's interests and that any conflicts of interest are identified and managed;	1. Not compliant 2. Sometimes compliant 3. Always compliant
i. identifies and complies with relevant legislation and takes professional advice where necessary.	1. Not compliant 2. Sometimes compliant 3. Always compliant

Note: Any ratings of 1 or 2 should prompt some Action in your Action Plan.

WORKSHOP SESSION

Constitution and 3.2.3 Questions from Trainer

NZ Law 3.2.4 Participant Questions

3.2.3 Questions from Trainer

(examples only to prompt interactive discussion and raise potential actions for organisation)

General:

Is there a purpose or objects section in your Constitution?

What does it say in your Constitution about charitable purposes or charitable objectives?

Are there specific objectives or broad charitable purposes?

Governors:

Is there a powers section in your Constitution?

In what ways are your powers limited by your Constitution?

What rules must you follow in order to change your Constitution?

Management / Staff:

How are you affected by the rules in your Constitution?

Have the Board / Trustees delegated authority to you in accordance with the Constitution?

Beneficiaries / Stakeholders:

How are you affected by the rules in your Constitution?

Has the Board / Trustees reported to you in accordance with the Constitution?

3.2.4 Participant Questions

(space for writing your own questions to ask the Trainer)

3.3 ACTION PLAN

Constitution and Top 5 actions to improve compliance and manage risk

NZ Law

Your name: _____

Date: _____

Your organisation: _____

What actions do you need to take to improve your compliance and to manage any risks of:

- operating outside the powers of your Constitution; or
- breaching your legal obligations?

Action to be taken:

Who is responsible: Due Date:

Action to be taken:	Who is responsible:	Due Date:
1.		/ /
2.		/ /
3.		/ /
4.		/ /
5.		/ /

Section 4

Charitable Purposes

4.1.1 What are charitable purposes and “4 heads of charity”?

4.1.2 Public benefit test

4.1.3 Funds must be applied to advance charitable purposes

4.1.4 Charitable purposes (Marae and Ture Whenua Trusts)

4.2 WORKSHOP SESSION

4.3 ACTION PLAN



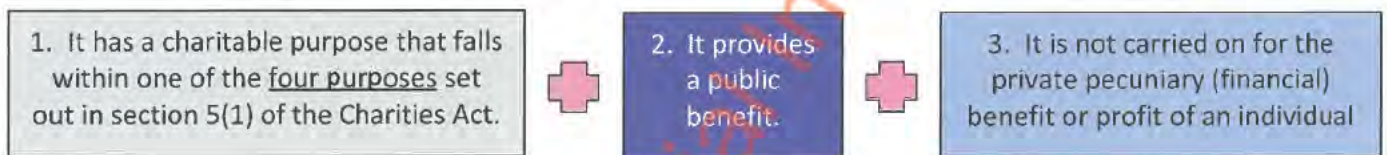
Section 4: Charitable Purposes

4.1 KNOWLEDGE & INFORMATION

Charitable Purposes	<p>4.1.1 What are charitable purposes and the “four heads of charity”?</p> <p>4.1.2 Public benefit test</p> <p>4.1.3 Funds must be applied to advance charitable purposes</p> <p>4.1.4 Charitable purposes (Marae and Trusts under Te Ture Whenua Māori Act)</p>
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4.1.1 What are charitable purposes and the “four heads of charity”?

This is the second element in the FOMANA Charitable Purpose Compliance Model because it is the key ingredient that the Charities Commission will check for in your rules or Constitution¹¹. The Commission must be satisfied that your organisation meets these three tests:



What are the four purposes or “four heads of charity”?

The “four heads of charity” have their origins in common law and a case that considered the meaning of charitable purpose in the context of income tax. In Pemsel’s case¹² the judgment of Lord Macaghten embedded into law the four categories of charitable purposes (or heads) of charity, being:

1. Relief of Poverty;
2. Advancement of Education;
3. Advancement of Religion;
4. Other matters beneficial to the community.

Pemsel's case held that for the purposes of exemption from income tax the definition of "charitable purpose" should be the legal and technical definition deriving from the Charitable Uses Act 1601, generally referred to as the Statute of Elizabeth.

¹¹ Charities Commission Information Sheet “Charitable Purpose” updated February 2008, http://www.charities.govt.nz/guidance/charitable_purpose.html

¹² House of Lords decision in *Commissioners for Special Purposes of the Income Tax v Pemsel*.6 [1891] AC 531.

The Preamble to the Statute of Elizabeth contained the following list of purposes considered charitable at that time:

relief of aged, impotent, and poor people; maintenance of sick and maimed soldiers and mariners; schools of learning; free schools and scholars in universities; repair of bridges, ports, havens, causeways, churches, sea banks, and highways; education and preferment of orphans; relief, stock or maintenance of houses of correction; marriage of poor maids; supportation, aid and help of young tradesmen, handicraftsmen, and persons decayed; relief or redemption of prisoners or captives and aid or ease of any poor inhabitants concerning payment of fifteens, setting out of soldiers and other taxes.

Current application of “four heads of charity” in New Zealand law

Subsequent cases have refined what comes within each category. In New Zealand the latest case, and incidentally the first appeal under the Charities Act 2005, is *Travis Trust v Charities Commission*¹³ in which Justice Williams considered whether the promotion of a horse race, or horse racing in general, was a charitable purpose (it didn't) and whether the Cambridge Jockey Club met the public benefit test (it didn't.).

In his judgment he said:

A trust to promote racing could only be charitable in nature if its deeper purpose was the pursuit of some other objective, either in principle or, in accordance with charities jurisprudence, a charitable purpose in its own right within the spirit and intendment of the Statute of Elizabeth. Thus, if it could have been established that the true intention of the support for this race was the promotion of health, education or perhaps even animal welfare, it might have satisfied the test. But it is clear that none of these purposes is the deep reason for this Trust, and counsel for the appellant quite rightly did not pitch his case on that basis.

It follows that the decision of the Commission is to be upheld and the appeal is dismissed.

The Charities Commission Information Sheet entitled “Charitable Purpose and community and economic development” published in October 2009 discusses other legal cases and the current legal position in NZ with regard to the charitable status of economic development organisations.¹⁴

¹³ HC WN CIV-2008-485-1689 3 December 2008

¹⁴ http://www.charities.govt.nz/news/fact_sheets/comecdev.htm

Purposes that may not meet “charitable purposes” and public benefit tests

Advocacy¹⁵	YES – charitable	NO – not charitable
<p>(a) <u>Person and representational advocacy</u> – for example, helping people access benefits as part of your charitable work; or</p> <p>(b) <u>political advocacy</u> - for example, advocacy for political change, for a political party or lobbying for a law change or enforcement.</p>	<ul style="list-style-type: none"> • if it is representational advocacy and part of the organisation’s charitable work, <p>or</p> <ul style="list-style-type: none"> • if it is political advocacy which is ancillary to your main charitable purpose. 	<p>if it is political advocacy and it is a main purpose of your organisation.</p>
<p>Sport</p> <p>For further information, see useful Information Sheet produced by the Charities Commission on Charitable Purpose and Sport and Recreation Organisations, updated February 2010¹⁶</p> <p>Generally there must be a link to the “four heads of charity”.</p>	<p>YES – charitable</p> <ul style="list-style-type: none"> • if purposes are to relieve poverty or promote health <u>through</u> sport and recreational activity and participation can be linked with improved health (and reduced adverse health); • to advance physical education for young people, schools or universities <u>through</u> sport; • by providing community or recreational facilities “in the interests of social welfare”¹⁷ or for purposes that “otherwise benefit the community” (public benefit test). 	<p>NO – not charitable</p> <p>gifts for sporting purposes were not charitable if the main purpose was considered to be the promotion of sports for entertainment, or amusement, or competitive reasons (usually for an individual or group) and not to advance some other recognised charitable object.</p>

In *Travis Trust v Charities Commission* Joseph Williams J held:

*In the area of sport and leisure, the general principle appears to be that sport, leisure and entertainment for its own sake is not charitable but that where these purposes are expressed to be and are in fact the means by which other valid charitable purposes will be achieved, they will be held to be charitable.*¹⁸

¹⁵ Charities Commission Information Sheet on “Advocacy” and the Charities Act, updated March 2008,

http://www.charities.govt.nz/news/fact_sheets/advocacy.htm

¹⁶ Charities Commission Information Sheet on “Charitable Purpose and Sport and Recreation Organisations, updated February 2010,

http://www.charities.govt.nz/news/fact_sheets/sportsrec_pos.html

¹⁷ Under section 61A of the *Charitable Trusts Act 1957*

¹⁸ HC WN CIV-2008-485-1689 3 December 2008, para 52

Summary of each of the four heads of charity¹⁹

<p>1st head of Charity</p> <p>Relief of Poverty</p> <p>To be charitable under this category, your organisation's purpose must —</p> <ul style="list-style-type: none"> • be directed at people who are poor, in need, aged, or suffering genuine hardship, and provide relief. 	<p>Courts have found these purposes to "relieve poverty" —</p> <ul style="list-style-type: none"> • caring for the aged, children, or orphans; • caring for the infirm, blind, war veterans, or disabled; • caring for the intellectually disabled, discharged prisoners, or alcoholics; • providing accommodation for elderly people, patients' relatives, staff at hospitals and emergency shelters; • helping other needy persons (for example, refugees) or providing disaster relief.
<p>2nd head of Charity</p> <p>Advancement of education</p> <p>To be charitable under this category, your organisation's purpose must —</p> <ul style="list-style-type: none"> • provide some form of education, and • ensure learning is passed on to others. 	<p>Courts have found these purposes to "advance education" —</p> <ul style="list-style-type: none"> • providing education through early childhood centres, schools and universities; • providing scholarships and prizes for academic achievement • founding and supporting schools, technical colleges, and universities; • providing or improving sporting facilities for schools or universities; providing museums and libraries; • developing the character of young people (for example some youth groups); delivering vocational training; • publishing and selling law reports.
<p>3rd head of Charity</p> <p>Advancement of religion</p> <p>To be charitable under this category, your organisation's purpose must —</p> <ul style="list-style-type: none"> • be for the benefit of a religion and • ensure a religious faith is passed on to others. 	<p>Courts have found these purposes to "advance religion" —</p> <ul style="list-style-type: none"> • celebrating religious services in public; conducting foreign missionary work; • providing and maintaining grounds and buildings to be used by churches or other religious organisations; • maintaining cemeteries or burial grounds for a particular religion; • providing superannuation schemes for the retirement of ministers of religion; supplying religious literature; • providing religious education through Sunday schools, theological colleges, and conducting religious retreats.

¹⁹ Information sourced from Charities Commission Information Sheet on Charitable Purpose, updated February 2008, http://www.charities.govt.nz/guidance/charitable_purpose.html

<p>4th head of Charity</p> <p>Another matter beneficial to the community²⁰</p> <p>To be charitable under this category, the organisation's purpose must be —</p> <ul style="list-style-type: none"> • very similar to the spirit and intent of those purposes listed in the Preamble to the Statute of Elizabeth (see above) or very similar to a charitable purpose as decided by the courts and • beneficial to the community. <p>Ref: Charities Commission Information Sheet "Guidance on the 'public benefit' test"²¹</p>	<p>Courts have found these purposes to be "beneficial to the community":</p> <ul style="list-style-type: none"> • promoting public health (such as providing education, counselling, and rehabilitation services); • providing public works and services (such as building roads, maintaining a water supply, and providing cremation or burial services); • providing <u>public</u> amenities and recreational facilities (such as public halls, libraries, museums, statues, fountains, playing fields, gymnasiums, swimming pools, parks, and botanical gardens); • protecting the environment (such as revegetation, afforestation, and conservation); • protecting human life (providing emergency rescue services) • preventing cruelty to, and protecting the welfare of, animals (eg. animal shelters or sanctuaries); • facilitating social rehabilitation (such as integrating people back into the community who have a disability or some form of deprivation); • promoting the efficiency of the armed forces.
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Development of law relating to charitable purposes and settlement of Treaty claims

In *Latimer v CIR* [2002] 3 NZLR 195, the High Court developed a new category of charitable purpose, recognising that CFRT assistance to Māori claimants was of a charitable nature.

The assistance purpose of providing the Waitangi Tribunal with additional material which will help it to produce more informed recommendations, leading in turn to the settlement of longstanding disputes between Māori and the Crown, is of that character. It is directed towards racial harmony in New Zealand for the general benefit of the community.

Citing this case, Justice Williams in *Travis Trust v Charities Commission*²² said:

The Court noted in addition that there were educational and relief of poverty effects of settling Treaty claims but there is no doubting that the Court established the pursuit of racial harmony and social cohesion as a new charitable category in New Zealand. Thus there is room for growth and development in appropriate cases.

²⁰ Information sourced from Charities Commission Information Sheet on Charitable Purpose, updated February 2008

²¹ http://www.charities.govt.nz/news/fact_sheets/benefitTest.htm

²² HC WN CIV-2008-485-1689 3 December 2008

4.1.2 Public benefit test²³

To provide a public benefit, there is a two-part test:

1. there must be an identifiable benefit



2. the benefit must be available to the general public, or to a wide section of the public

Benefit

Your organisation should be able to clearly identify its public benefit. Indirect benefits (where the benefit extends beyond the immediate beneficiaries) as well as direct benefits, may be taken into account in assessing whether you provide sufficient benefit to the public.

Test is not met if:

- your purpose is illegal or, if taking into account all the relevant facts and circumstances, there is a benefit outweighed by a greater harm to the community;
- your primary purpose is political.

Public

Your benefit must be to the general public, or to an appreciable section of the public. Beneficiaries may be defined by charitable needs, a particular geographical area, or other criteria provided the resulting number of beneficiaries is sufficiently open in nature. If it is difficult to describe your beneficiaries using objective and impersonal terms, this may indicate that your organisation is established for private rather than public benefit.

Blood relationship²⁴

Section 5(2)(a) of the Charities Act says that if beneficiaries of a trust or members of a society or institution are related by blood, this will not, of itself, prevent you from satisfying the public benefit requirement. This applies to all trusts, societies, and institutions.

Members as beneficiaries

Where your members are also the beneficiaries, any restrictions placed on who may become a member must be reasonable and justifiable in the circumstances. Benefits must still be provided to a wide section of the public, whether they are members or non-members. Courts have found that providing amusement, entertainment, or social activities for members of an organisation are private rather than public benefits.

²³ Charities Commission Information Sheet "Guidance on the 'public benefit' Test", October 2009, http://www.charities.govt.nz/news/fact_sheets/benefitTest.htm

²⁴ Charities Commission Information Sheet "Iwi / Maori organisations and the Charities Act", updated August 2009, http://www.charities.govt.nz/news/fact_sheets/iwi_maori_charities_act.html

4.1.3 Funds must be applied to advance charitable purposes²⁵

The Commission must be satisfied that all money and benefits flowing from your organisation are directed towards advancing your charitable purposes.

Ways to satisfy this requirement:

- clauses in your rules that ensure that the payment of money, advantage, or benefit (including salaries and wages) is directed at achieving your charitable purposes;
- If you are a trust wishing to make a payment or benefit to a trustee, your rules (trust deed) must clearly allow this payment;
- Winding-up clause in your rules must state that any remaining assets, after debts and liabilities have been settled, must be directed to a charitable purpose (or to another organisation with charitable purposes);
- Usual good governance rules apply. This includes the requirement for people not to be involved in decisions where they have a personal interest, financial or otherwise.

4.1.4 Charitable purposes (Marae & Trusts under Te Ture Whenua Māori Act)²⁶

Section 5 (2)(b) of the Charities Act says that a marae has a charitable purpose if the marae is on land that is a Māori reservation and the funds of the marae are used only for:

- (1) administration and maintenance of the land and the structure of the marae or
- (2) a charitable purpose or
- (3) a combination of points (1) and (2).

When applying for registration with the Commission, provide:

- a copy of the *Gazette* notice relating to the reservation of the land; or
- the legal description of the land.

Trusts under Te Ture Whenua Māori Act 1993²⁷

The Commission may be able to register trusts established under *Te Ture Whenua Māori Act 1993* if they can clearly show they have a charitable purpose. An order of the Māori Land Court under *Te Ture Whenua Māori Act* won't be automatically accepted as proof of charitable purpose under the Charities Act. The Commission will review the terms of the order and the trust deed in relation to the definition of "charitable purpose" in the Charities Act.

²⁵ http://www.charities.govt.nz/guidance/charitable_purpose.html

²⁶ For more information see article by MLC Judge Fox *Marae and Taxation Exemptions*, Pouwhenua, January 2008, <http://www2.justice.govt.nz/maorilandcourt/pdf/TePouwhenua43.pdf>

²⁷ http://www.charities.govt.nz/news/fact_sheets/iwi_maori_charities_act.html

4.2 WORKSHOP SESSION

Charitable	4.2.1 Mini Quiz
Purposes	4.2.2 Whiteboard Exercise
	4.2.3 Questions from Trainer

4.2.1. Mini Quiz

Name the four heads of Charity and 2 parts of public benefit test.

4.2.2. Whiteboard Exercise

Use your Constitution to create two lists (a) activities that comply and (b) non-compliant activities.

4.2.3 Questions from Trainer

(examples only to prompt interactive discussion and raise potential actions for organisation)

General

What is meant by “No private pecuniary profit”?

What does it say in your Constitution about no private pecuniary profit?

Governors:

How can you be sure that all money and benefits flowing from your organisation are directed towards advancing your charitable purposes?

Management / Staff:

What policies would be required to make sure funding applications advance charitable purposes?




Beneficiaries / Stakeholders

What are the criteria for marae to become registered with Commission?

WORKSHOP SESSION

Charitable Purposes	4.2.4 Self-Assessment by Participants 4.2.5 Participant Questions
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4.2.4 Self-Assessment by Participants

(a) How confident are you that all money and benefits flowing from your organisation is being directed towards advancing your charitable purposes?	Not confident  High Risk	Quite confident  Med Risk	Extremely confident  Low Risk
(b) What are your reasons for that assessment?			
(c) What would increase your confidence and lower the risk?			

Note: High or Medium Risk ratings should prompt some Action in your Action Plan.

4.2.5 Participant Questions

(space for writing your own questions to ask the Trainer)

4.3 ACTION PLAN

Charitable Purposes	Top 5 actions to improve compliance and manage risk
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Your name: _____ Date: _____

Your organisation: _____

What actions do you need to take to improve your compliance and to manage any risks of:

- operating outside of your charitable purposes as set out in your Constitution; or
- breaching your legal obligations?

Action to be taken:

Who is responsible: Due Date:

Action to be taken:	Who is responsible:	Due Date:
1.		/ /
2.		/ /
3.		/ /
4.		/ /
5.		/ /

Released under the Official Information Act 1982

Section 5

Stakeholders

- 5.1.1 Who are your stakeholders?
- 5.1.2 Accountability to stakeholders
- 5.2 WORKSHOP SESSION
- 5.3 ACTION PLAN



Section 5: Stakeholders

5.1 KNOWLEDGE & INFORMATION

Stakeholders	5.1.1 Who are your stakeholders? 5.1.2 Accountability to stakeholders
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5.1.1 Who are your stakeholders?

The next element in the compliance model is stakeholders²⁸, that is, those people or groups who have a stake (or interest) in how your organisation operates. Good communication by the governance group of your organisation with its stakeholders is likely to build trust, confidence, and public support for your charity. It is essential to risk management and compliance.

Identifying your stakeholders using the Constitution

Applying the Model, the first step in identifying stakeholders is to check your Constitution. Here are ten basic questions that might assist you to identify your stakeholders:

1. Which people or groups are specifically named in the Constitution?
2. Who do you have to account to in terms of annual or regular reporting obligations?
3. Who are the subsidiary or affiliated groups associated with your organisation?
4. Who provides funds or income to your organisation?
5. Which people or groups may receive benefits or services from your organisation?
6. Who is entitled to attend your meetings and what are their rights and responsibilities?
7. Who is entitled to vote or appoint governors of your organisation?
8. Who is eligible to be a governor or to hold office in your organisation?
9. Who prepares finance reports, audited accounts and other accountability documents?
10. Who do you employ or contract services from?

Stakeholders might be grouped as internal or external, for example (not inclusive):

Internal Stakeholders	External Stakeholders
Individual Members / Beneficiaries / Clients	Funders or donees
Wholly-owned subsidiary companies	Third party business partners
Affiliated Marae or Hapu organisations	Charities Commission, IRD and other Govt agencies
Kaumatua-Kuia or Internal Advisory committees	Professional Advisors (Legal, Financial etc)
Governors	Service contractors or suppliers of goods
CEO / Managers / Employees	Other iwi/ Māori organisations
Shareholder(s) / Parent organisation	Local government
	Media

²⁸ See Section 2 for definition of stakeholders for risk management purposes.

5.1.2 Accountability to stakeholders

Once stakeholders have been identified it is good practice to develop an annual Stakeholder Management plan setting out the communication needs for each stakeholder group, how these communications will be managed, and by whom. Some of the needs will be dictated by the terms of the Constitution, for example the annual reporting cycle. Others will be in response to an unforeseen event or crisis. The Te Puni Kōkiri booklet *Communicating with Stakeholders*.²⁹

Stakeholder Communications Management Plan

This need not be complicated and may take the form of a Schedule or table as follows:

Stakeholder:	Communication needs:	Communication process:	Person responsible:
Who will receive communication?	What do they want to know? What do we want to communicate? Formal reporting required? Informal communication needed?	How will we communicate – by hui/mailout/report/newsletter? How often will we communicate?	Who will prepare? Who will deliver?

Constitutional compliance example:

<i>Members of iwi</i>	<i>Formal requirement of Trust Deed to report on performance of Trust and on performance of Asset Holding Company.</i>	<i>Must present at Annual Meeting: a) Annual Report inc audited financial report; b) Annual Plan for next year; c) Asset Holding Company Annual Report.</i>	<i>Management; Auditor; Chairperson to preside at AGM</i>
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Reporting under the Charities Act 2005 and transparency on public register³⁰

The Charities Act 2005 requires all charities registered with the Charities Commission to file an Annual Return. The Annual Return asks for a copy of the charity's financial accounts and includes a statement of the financial performance of the charity. The information you provide in your Annual Return, including your financial accounts, will be publicly available on the Charities Register at www.charities.govt.nz. See the back page of each Case Study in the Reference section of this toolkit for an example of the information on the Charities Register as at 30 June 2009.

²⁹ <http://www.governance.tpk.govt.nz/docs/tpk-commicategwithstakeholders-2007.pdf>

³⁰ Charities Commission Information Sheet, Annual Returns under the Charities Act, updated October 2008, http://www.charities.govt.nz/guidance/annual_returns.html

5.2 WORKSHOP SESSION

Stakeholders	5.2.1 Whiteboard Exercise
	5.2.2 Benchmark Exercise

5.2.1. Whiteboard Exercise

Identify three stakeholders from your Constitution and create a Stakeholder Communications Management Plan.

5.2.2 Benchmarking Exercise

Rate your organisation's performance or compliance against the benchmarks in Hallmark 6: Accountable and Transparent³¹

Hallmark 6: Accountable and transparent

An effective charity is accountable to the public and others with an interest in the charity (stakeholders) in a way that is transparent and understandable.

In order to demonstrate this, the charity:

RATING FOR YOUR CHARITY

a) complies with its legal obligations (and best practice), to produce annual accounts and a report which includes an explanation of what the charity has done for the public benefit during the year;	<ol style="list-style-type: none"> 1. Not compliant 2. Sometimes compliant 3. Always compliant
b) explains in its Annual Report the extent to which it has achieved its charitable purposes in a way that people with an interest in the charity can understand;	<ol style="list-style-type: none"> 1. Not compliant 2. Sometimes compliant 3. Always compliant
c) has well-publicised, effective and timely procedures for dealing with complaints about the charity and its activities. These should explain how complaints and appeals can be made, and give details of the process and likely timescales;	<ol style="list-style-type: none"> 1. Not achieved 2. Sometimes achieved 3. Always achieved
d) can show how it involves beneficiaries and service users in the development and improvement of its services; the contribution may have been by way of the appointment of beneficiaries as trustees or their involvement through discussion, consultation or user group input;	<ol style="list-style-type: none"> 1. Not achieved 2. Sometimes achieved 3. Always achieved
e) has a communications plan which ensures that accurate and timely information is given to everyone with an interest in the work of the charity, including the media, donors and beneficiaries.	<ol style="list-style-type: none"> 1. Not achieved 2. Sometimes achieved 3. Always achieved

Note: Any ratings of 1 or 2 should prompt some Action in your Action Plan.

³¹ Benchmark Exercise has been developed using Hallmarks of an Effective Charity. Acknowledgement of source material to UK Charities Commission, <http://www.charity-commission.gov.uk/publications/cc10.asp>

WORKSHOP SESSION

Stakeholders	5.2.3 Questions from Trainer 5.2.4 Participant Questions
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5.2.3 Questions from Trainer

(examples only to prompt interactive discussion and raise potential actions for organisation)

General

Do you know the potential and actual size of your client base or membership numbers?

If not, who could obtain that information for you?

Who is responsible for maintaining your client or membership/ client / beneficiary database?

Governors:

Does your organisation have a communications policy that covers all of its stakeholders?

Do you have a media spokesperson?

Management / Staff:

How do you communicate with your stakeholders, and how often?

Beneficiaries / Stakeholders

What is your preferred method of communication?

How often do you receive communications from the Board / Governors? Is it easy to understand?

5.2.4 Participant Questions

(space for writing your own questions to ask the Trainer)

5.3 ACTION PLAN

Stakeholders

Top 5 actions to improve accountability and manage risk

Your name: _____

Date: _____

Your organisation: _____

What do you (your organisation) need to work on to improve your accountability to stakeholders and to manage any risks to reputation, trust or public confidence in your charity?

Action to be taken:

Who is responsible: Due Date:

Action to be taken:	Who is responsible:	Due Date:
1.		/ /
2.		/ /
3.		/ /
4.		/ /
5.		/ /

Section 6

Charities Commission and Registration

6.1.1 Charities Act & functions of the Charities Commission

6.1.2 Registration as a charity and certification of Officers

6.1.3 Compliance after registration

6.1.4 Deregistration and loss of tax-exemption

6.2 WORKSHOP SESSION

6.3 ACTION PLAN



Section 6: Charities Commission and Registration

6.1 KNOWLEDGE & INFORMATION

Charities Commission and Registration	6.1.1 Charities Act and functions of the Charities Commission
	6.1.2 Registration as a charity and certification of Officers
	6.1.3 Compliance after registration
	6.1.4 Deregistration and loss of tax-exemption

6.1.1 Charities Act and the functions of the Charities Commission

The Charities Act 2005 was passed in April 2005. The Act established the Charities Commission which came into being on 1 July 2005. The Commission's main functions are:

1. to establish and maintain a registration and monitoring system for charitable organisations; and
2. to provide support and education to the charitable sector on good governance and management.

Enforcement powers of the Commission³²

If a registered charity does not comply with the Act, the Commission has the authority to:

- impose administrative penalties
- issue warning notices
- publicise any non-compliance
- undertake further investigations
- deregister charities that have seriously or repeatedly failed to comply with the Act
- check that registered charities are complying with their described purposes.

³² Charities Commission Info Sheet A Guide to the Charities Act <http://www.charities.govt.nz/guidance/electronic-guide.htm>

6.1.2 Registration as a charity and certification of Officers

An organisation can register if:

- it is established and maintained for charitable purposes (A trust does not need to have exclusively charitable objectives. It must have at least one charitable objective, but it may have other objectives as well)
- it is not for the private profit of any individual or group
- it has a name that complies with the Act
- all the officers of the organisation are qualified to be officers under the Act.

Certification of Officers³³

To be registered, organisations must certify that each of their officers is qualified as an officer under the Charities Act 2005. Officers are all your Governors or current trustees (if Trust entity) or all your members of your highest governing body (if not a Trust).

To qualify, an officer **must not be:**

- (a) an undischarged bankrupt
- (b) younger than 16
- (c) convicted of a crime of dishonesty and sentenced within the last 7 years
- (d) disqualified from being an officer under the rules of their organisation
- (e) disqualified by the Commission under section 31(4) of the Charities Act
- (f) subject to a property order under the Protection of Personal and Property Rights Act 1988, or have their property managed by a trustee corporation under section 32 of that Act (this relates to people who are not fully able to manage their affairs)
- (g) prohibited from being a director or promoter of, or being concerned or taking part in the management of, an incorporated or unincorporated body under the Companies Act 1993, the Securities Act 1978, the Securities Markets Act 1988, or the Takeovers Act 1993
- (h) a body corporate that is being wound up, in liquidation or receivership or subject to statutory management under the Corporations (Investigation and Management) Act 1989.

Note: Any officers appointed under an Act or by the Governor-General, Governor-General in Council or a Minister automatically qualifies and these criteria do not apply.

³³ Charities Commission Information Sheet, Officer Certification, updated March 2008 and Officer Certification Form (Form 2), <http://www.charities.govt.nz/guidance/officers.html>

6.1.3 Compliance after registration

Annual Returns³⁴

Once registered, it is compulsory to file an Annual Return on the specified due date (no later than six months after the end of your financial year). Filing fee is \$50 online or \$75 for paper form.

The Annual Return consists of:

- a completed *Annual Return Form (Form 4)*;
- a copy of your accounts³⁵ (audited or un-audited);
- notification of changes to any of your organisation's details including officer changes.

Notice of changes and of date change came into effect³⁶

You have a duty to inform the Commission about changes in these six key areas using Form 3:

<ul style="list-style-type: none">• the name of your charity• the address for service• the balance date	<ul style="list-style-type: none">• the rules• the purposes of your charity• a change in the officers (including new appointments).
---	---

6.1.4 Deregistration and loss of tax exemption

Some of the changes notified may affect your organisation's entitlement to be registered and could lead to a decision by the Commission to de-register your charity. In that situation, the Commission will send you a formal notice to your address for service and give you the opportunity to have your say on the matter. If the Commission is still unable to accept your change, it will send a formal notice setting out the decision and the reasons for it.³⁷

The Charities Commission can also remove an organisation if:

- an organisation asks to be removed from the Charities Register;
- it no longer qualifies
- there is a significant or persistent failure by the organisation or one of its officers (or collectors) to meet its obligations under the Act, or
- the organisation engages in serious wrongdoing, or any person engages in serious wrongdoing in connection with the organisation.

³⁴ Charities Commission Information Sheet, "Annual Returns under the Charities Act" updated October 2008, http://www.charities.govt.nz/guidance/annual_returns.html

³⁵ http://www.charities.govt.nz/news/fact_sheets/new%20info%20sheets/HOW-ARHELP.pdf

³⁶ http://www.charities.govt.nz/news/fact_sheets/changes.htm

³⁷ Charities Commission Information Sheet, "Deregistration – removing charities from the Charities Register", September 2009 http://www.charities.govt.nz/news/fact_sheets/deregistration.htm

The Commission must not deregister it unless it is satisfied that:

- it is in the public interest to do so, and
- there are grounds to deregister the charity, or that the facts of the objection are not correct, or that the objection has been withdrawn or is trivial in nature.

Helpful tip– if your charity receives a notice saying that the Commission intends to remove it from the Register you have the right to object – but it is important that you do so within the timeframe stated in the notice. If the Commission doesn't hear from you it will begin steps to formally deregister the charity. Contact the Commission as soon as you can even if it is to confirm that you have received the notice and will be making an objection.³⁸

Consequences of Deregistration

The obvious and most dire consequence is loss of tax exemption and the severe financial implications that will have on your organisation. IRD Tax rates for non-exempt charities are:³⁹

If a charitable organisation ...	and ...	then ...
is incorporated under the Incorporated Societies Act 1908 or Companies Act 1993	does not qualify for a tax exemption	its income is taxed at the company rate - currently 30 cents in the dollar. (30% tax rate)
operates as a trust including trusts incorporated under the Charitable Trust Act 1957	is not tax-exempt	they are liable for tax at 33 cents in the dollar on trustees' income – IR288. (33% tax rate)
is not incorporated under a specific Act, and so is an unincorporated charitable organisations	it is not entitled to a tax exemption	it will be liable for income tax at the same rate as an individual taxpayer. However, it will not qualify for any of the tax credits (formerly rebates) that individual taxpayers can claim.

IMPORTANT NOTE ON INVESTIGATIONS BY CHARITIES COMMISSION

Charitable organisations will be required to assist the Commission with any investigations that it undertakes in performance of its statutory monitoring obligations. It will be an offence for any charitable organisation to fail, without reasonable excuse, to supply the Commission with information and documents that have been requested during an investigation.⁴⁰

³⁸ http://www.charities.govt.nz/news/fact_sheets/deregistration.htm

³⁹ <http://www.ird.govt.nz/charitable-organisations/chart-orgs-intro/>

⁴⁰ See Charities Commission Hot Topic – The Charities Act, fundraising costs and charitable purposes, August 2009

Deregistration and Loss of Tax Exemption – potential impact and risk mitigations

The following table was contained in the FOMANA Risk and Audit Report⁴¹ and is reproduced here, slightly modified, to illustrate and reinforce the necessity to have robust compliance systems.

Deregistration & Loss of Tax Exemption Potential Adverse Impact	Steps to minimise and manage Risk
<p>Financial costs</p> <ul style="list-style-type: none"> • Financial challenge (loss of cashflow) • Cost of paying back taxes (potentially back to the date of non-compliance or at least back to the date of deregistration) <p>Legal costs</p> <ul style="list-style-type: none"> • Legal action against governance entity <p>Reputational costs</p> <ul style="list-style-type: none"> • Loss of mana for organisation and individuals • Long-term stigma of de-registration and harm to likelihood of future registration • Loss of organisational reputation in eyes of stakeholders • Loss of public confidence in organisation • Loss of funding income from cautious funders 	<ul style="list-style-type: none"> • Annual external audit • Board of Governors / Officers appointed or elected with high levels of business acumen • Compliance monitoring and reporting • Educate all Trustees, beneficiaries and staff of charities requirements • Ensuring an annual return is submitted to the Commission within the appropriate timeframe; and • Ensuring officers remain qualified (as per the Act and the entity's Constitution) throughout their period of service to the entity; • Ensuring robust processes and policies are implemented, kept up to date and followed • Ensuring the Commission are notified of any changes to the Constitution; • Financial reporting and monitoring; • Good Internal and external controls; • Mechanism for reviewing all new activities against Constitution, and contractual obligations; • Operating within core activities as identified in the Constitution; • Proactive communication and relationship management strategies with relevant groups; • Staff responsibility for compliance clearly identified with appropriate resources allocated; • Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request.

⁴¹ FOMANA Risk & Audit Report, 31 March 2009

6.2 WORKSHOP SESSION

Charities	6.2.1 Workshop Exercise
Commission and Registration	6.2.2 Annual Return Form Exercise

6.2.1 Workshop Exercise

Identify 3 steps your organisation could take to comply with the following four obligations under the Charities Act 2005 and assign responsibility for the actions.

Charities Act obligations	Steps to ensure compliance (whose role?)
1. Governors / Officers remain qualified (as per the Act and the entity's Constitution) throughout their period of service to the entity.	1. 2. 3.
2. The Commission are notified of any changes to the rules, deed or constitution or officers. <i>(section 40 of the Act);</i>	1. 2. 3.
3. An annual return is submitted to the Commission within the appropriate timeframe. <i>(sections 41 & 42 of the Act);</i>	1. 2. 3.
4. Where applicable telephone or internet collectors for the entity must disclose its charitable registration number on request. <i>(section 39 of the Act).</i>	1. 2. 3.

6.2.2 Annual Return Form Exercise

Complete the Charities Commission Annual Return (Form 4)⁴² form for your organisation.

See Checklist on following page for information that you will require to complete this exercise.

⁴² Download Form 4 Annual Return for a charitable entity at http://www.charities.govt.nz/news/forms/form_4.pdf

Annual Return Checklist

Information needed to complete Form 4 includes:

- Your organisation's legal or most formal name.
- Other names (if any) that it is known by.
- Phone, fax, email and website details (these contact details are optional)
- Identifying number
- Your Charities Commission registration number.

Financial information

- End of financial year/balance date.
- A reasonable estimate of the percentage of funds sourced in New Zealand but spent overseas in your last financial year.
- A copy of your financial accounts for your last financial year (these do not have to be audited).
- The type of accounting method you use, cash or accrual.
- A statement of your financial performance and position set out in the template in Form 4. [See question 25.](#)
- See Charities Commission Info Sheet "Help Notes for completing Financial Information in your Annual Returns, http://www.charities.govt.nz/news/fact_sheets/new%20info%20sheets/HOW-ARHELP.pdf

Your Rules

- If your rules have changed you need to send us:
 - a copy of the amendment and
 - a copy of the record of the change. For example – minutes of the meeting showing the decision and the effective date of the change to the rules.

Your People

- The approximate number of paid full time and paid part time employees that work for you in an average week, and the approximate number of hours they work.
- The approximate number of volunteers that work for you in an average week, and the approximate number of hours they work.

Charitable Purpose

You will need to specify:

- the sectors your organisation operates in, for example – "health". Choose from the list on the form.
- your activities. For example – "makes grants". Choose from the list on the form.
- who benefits from your organisation? Choose from the list on the form.
- the geographical area your organisation operates in. Choose from the list on the form.

Officer details

- The names of any new officers.
- Reminder: an Officer Certification Form – Form 2 must be completed for each officer in your organisation and be signed by that officer or someone on their behalf.
- The name of any officer who is no longer an officer and their last date as an officer.

Information that may accompany your Annual Return (but is not essential):

- The name, phone and email details of the person you would like us to contact regarding any administrative matters. For example – if we find a question has been overlooked.
- A letter asking us to restrict public access to your information on the Register. See our information sheet [Restricting public access to your information on the Charities Register.](#)

WORKSHOP SESSION

Charities	6.2.3 Questions from Trainer
Commission and Registration	6.2.4 Participant Questions

6.2.3 Questions from Trainer

(examples only to prompt interactive discussion and raise potential actions for organisation)

Governors:

What would happen to your organisation if it lost its tax exemption?

What would be the financial implications if your organisation was deregistered?

What would be the reputational implications (for you and the organisation)?

How do you make sure that any appointed / elected Officers are eligible under the Charities Act?

Management / Staff:

Who has primary responsibility for filing the Annual Return?

What organisation / personnel changes must be notified to the Charities Commission?

Beneficiaries / Stakeholders

Have you checked your organisation's entry on the Commission's online Public Register (www.charities.govt.nz)?

Is the entry up-to-date and accurate?

Are the latest financial reporting documents available?

6.2.4 Participant Questions

(space for writing your own questions to ask the Trainer)

6.3 ACTION PLAN

Charities Commission and Registration	Top 5 actions to improve compliance and manage risk
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Your name: _____ Date: _____

Your organisation: _____

What actions do you need to take to improve your compliance and to manage any risks of:

- (a) Deregistration by the Charities Commission; or
- (b) Loss of tax exemption?

Action to be taken:

Who is responsible: Due Date:

Action to be taken:	Who is responsible:	Due Date:
1.		/ /
2.		/ /
3.		/ /
4.		/ /
5.		/ /

Section 7

IRD and Tax Exemption

- 7.1.1 Role of IRD and registered charities
- 7.1.2 Tax related obligations for registered charities
- 7.1.3 Tax exemptions and benefits for registered charities
- 7.1.4 Tax liabilities
- 7.2 WORKSHOP SESSION
- 7.3 ACTION PLAN



Section 7: Inland Revenue Department (IRD) & Tax Exemption

7.1 KNOWLEDGE & INFORMATION

IRD	7.1.1 Role of IRD and registered charities
and	7.1.2 Tax related obligations for registered charities
Tax Exemption	7.1.3 Tax exemptions and benefits for registered charities
	7.1.4 Tax liabilities

7.1.1 Role of IRD and registered charities

While the Charities Commission decides if an organisation qualifies for registration as a charity, Inland Revenue continues to administer **charitable tax exemptions**. Generally, Inland Revenue accepts the Commission's decision so that registration will, in most cases lead to tax exemption.

Many charities previously had letters from Inland Revenue confirming that they were tax exempt on charitable grounds. Because those letters pre-date the change to the tax law, those letters are no longer relevant.

Charities registered under the Charities Act are generally eligible for exemptions from income tax on some, or all, of their income. They do not need to apply to Inland Revenue for those exemptions. Once registered, they receive information from Inland Revenue outlining the exemptions they are entitled to and what they have to do to comply with the requirements for the exemptions. Inland Revenue has published [*Operational Statement OS 06/02 Interaction of tax and charities rules*](#)⁴³, covering tax exemption and donee status, which provides more information about the requirements for income tax exemption and donee status.

IMPORTANT NOTE ON INVESTIGATIONS BY IRD

Inland Revenue remains responsible for administering the Revenue Acts and retains the right to audit charities to ensure they continue to be eligible for tax exemptions.

- You must be able to show that you've complied with the relevant tax requirements.
- You must keep certain business records including financial records for seven years, a record of the sources of any donations, a record of how funds have been used in NZ or overseas.

⁴³ <http://www.ird.govt.nz/technical-tax/op-statements/os-interaction-tax-charities-rules.html>

7.1.2 Tax related obligations for registered charities

Your charity may still be liable for other taxes, such as GST, PAYE and FBT. Furthermore, you may have other tax-related obligations which could include:

- If your charity employs staff, it must register as an employer, deduct and pay PAYE.
- Registering for GST if carrying out taxable activity with \$60,000 plus annual turnover.
- Filing various return forms each year.
- Calculating the profit from any business to work out how much tax is due.
- Providing, when requested, a tax return showing all funds earned in any year with sufficient details of the source and application of those funds.

7.1.3 Tax exemptions and benefits for registered charities⁴⁴

The information in this section is sourced from the IRD Guide *IR 255 Tax Information for charities registered under the Charities Act 2005*. If your organisation is unsure about its tax obligations or has a technical question on a specific issue, you should contact IRD directly and promptly. There are Kaitakawaenga Māori at most IRD regional offices based regionally who may be able to assist.⁴⁵

Non-business (investment income) tax exemption

Charities are exempt from income tax on non-business income such as interest and dividends and rents. They may use this income for charitable purposes in and outside NZ. (*IR 255, page 26*)

Business income tax exemption

The portion of a charity's business income which is used for charitable purposes in NZ is exempt from income tax. If an organisation uses its business income for charitable purposes outside NZ as well, only the NZ part is exempt. (*IR 255, page 26*)

Charitable estates

The executor or administrator of a deceased person's estate may derive income from any money or assets left to charitable organisations while the will is being finalised. If the organisation benefiting from the will is entitled to an income tax exemption, the income derived while the funds are held is also exempt. (*IR 255, page 26*).

⁴⁴ IR 255 Tax Information for charities registered under the Charities Act 2005, May 2009, see also IR 256 Charitable Organisations – A tax guide for charities, donee organisations and other groups

⁴⁵ Call IRD 0800-377-774 if you have a query or want to arrange a visit by a Kaitakawaenga Maori (Maori Community Officer service) <http://www.ird.govt.nz/resources/2/3/23c0f3004bbe5875bae8fab8c87554a30/ir286.pdf>

Gift duty exemption

Any gift that is used to create a charitable trust, to establish an organisation exclusively for charitable purposes, or made to aid charitable organisations, is exempt from gift duty. (IR255 p27)

Donee Status and IRD approved Donee organisation

Inland Revenue must approve an organisation's donee status. Donee status means that individuals who make a cash donation to your charity can claim a tax credit (formerly rebate), and certain companies and Māori authorities can claim a deduction (limited to 5% of the company's or Māori authority's net income). (IR255, pages 28-30)

Resident withholding tax (RWT) – certificate of exemption

Banks and other financial institutions that pay interest are required to deduct RWT from the interest. Charities are eligible for an exemption from RWT but must apply to IRD for a certificate of exemption from RWT which can be shown to the interest payer. (IR255, page 20)

Fringe benefit tax (FBT) exemption

Charitable organisations are generally exempt from paying FBT on any benefits provided to employees while they are carrying out the organisation's charitable activities. (IR255, page 18)

7.4 Tax liabilities

It is important to note that charitable organisations are liable for income tax if:

- at 1 July 2008 they had not started registration process with the Charities Commission;
- they operate with no written rules, constitution or trust deed (may affect some Marae);
- they operate under a set of rules that doesn't meet requirements for tax exemption;
- they use business income for charitable purposes outside New Zealand.

Business income will be subject to income tax if anyone connected with the charity:

- receives or is able to receive any benefit or income from the organisation (this doesn't include reimbursement of expenses, or payment for services provided, as long as the payments are reasonable and at market rates)
- can influence any benefit or advantage they might receive from the business (for example, a trustee cannot be involved in setting the amount of their remuneration).
- is involved in a commercial transaction that is not conducted at commercial rates (for example, a trustee loans money to the trust with interest set at greater than market rates).

7.2 WORKSHOP SESSION

IRD and Tax Exemption	7.2.1 Benchmark Exercise - Rate your organisation's performance or compliance against the benchmarks in Hallmark 5: Financially sound and prudent
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Hallmark 5: Financially sound and prudent⁴⁶

An effective charity has the financial and other resources needed to deliver its purposes and mission, and controls and uses them to achieve its full potential.

In order to demonstrate this, the charity:

RATING FOR YOUR CHARITY

(a) has policies to control and manage its reserves, investments and borrowing, taking professional advice where needed;	1. Not achieved 2. Sometimes achieved 3. Always achieved
(b) integrates financial planning with wider organisational planning and management, ensuring that funds are available when the charity needs them and are used in the most effective way to the benefit of the charity;	1. Not achieved 2. Sometimes achieved 3. Always achieved
(c) ensures financial sustainability by managing cash flow and monitoring and reviewing financial performance during the year, taking timely corrective action where needed;	1. Not achieved 2. Sometimes achieved 3. Always achieved
(d) considers the sources of its income and has a strategy in place to raise the funds it needs - diversifying its sources of income as far as possible;	1. Not achieved 2. Sometimes achieved 3. Always achieved
(e) reviews its fundraising strategies and activities to ensure that they comply with good-practice standards, taking account of any relevant ethical issues;	1. Not achieved 2. Sometimes achieved 3. Always achieved
(f) is aware of the financial risks involved with existing and new ventures and manages the risk of loss, waste and fraud by having robust financial controls and procedures in place;	1. Not achieved 2. Sometimes achieved 3. Always achieved
(g) structures the charity's activities in a tax efficient way and minimises the operational risk to the charity from trading activities;	1. Not achieved 2. Sometimes achieved 3. Always achieved
(h) prepares its Annual Report and accounts in accordance with good practice requirements, and fulfils the legal requirements for filing in a timely fashion.	1. Not achieved 2. Sometimes achieved 3. Always achieved

Note: Any ratings of 1 or 2 should prompt some Action in your Action Plan.

⁴⁶ Benchmark Exercise has been developed using Hallmarks of an Effective Charity. Acknowledgement of source material to UK Charities Commission, <http://www.charity-commission.gov.uk/publications/cc10.asp>

WORKSHOP SESSION

IRD	7.2.2 Questions from Trainer
and	7.2.3 Participant Questions
Tax Exemption	

7.2.2 Questions from Trainer

(examples only to prompt interactive discussion and raise potential actions for organisation)

Governors:

If IRD selected your charity for an audit, how would you demonstrate compliance with the relevant tax requirements?

Management / Staff:

Does your charity keep its financial records for seven years? Who has responsibility?

Does your charity have approved Donee status? If so, do you have a record of the donees?

If requested, could your charity produce a tax return showing all funds earned in any year with sufficient details of the source and application of those funds?

Beneficiaries / Stakeholders

How would you be affected if the organisation lost its tax exemption?

7.2.3 Participant Questions

(space for writing your own questions to ask the Trainer)

7.3 ACTION PLAN

IRD and Tax Exemption	Top 5 actions to improve financial management systems and manage risk of loss of tax exemption
-----------------------------	--

Your name: _____

Date: _____

Your organisation: _____

What actions do you need to take to improve financial management systems and to manage any risk of loss of tax exemption?

Action to be taken:

Who is responsible: Due Date:

Action to be taken:	Who is responsible:	Due Date:
1.		/ /
2.		/ /
3.		/ /
4.		/ /
5.		/ /

Released under the Official Information Act 1982

Section 8

Policies – Processes - People

8.1.1 FOMANA 3Peez Method©

8.1.2 Policy Framework

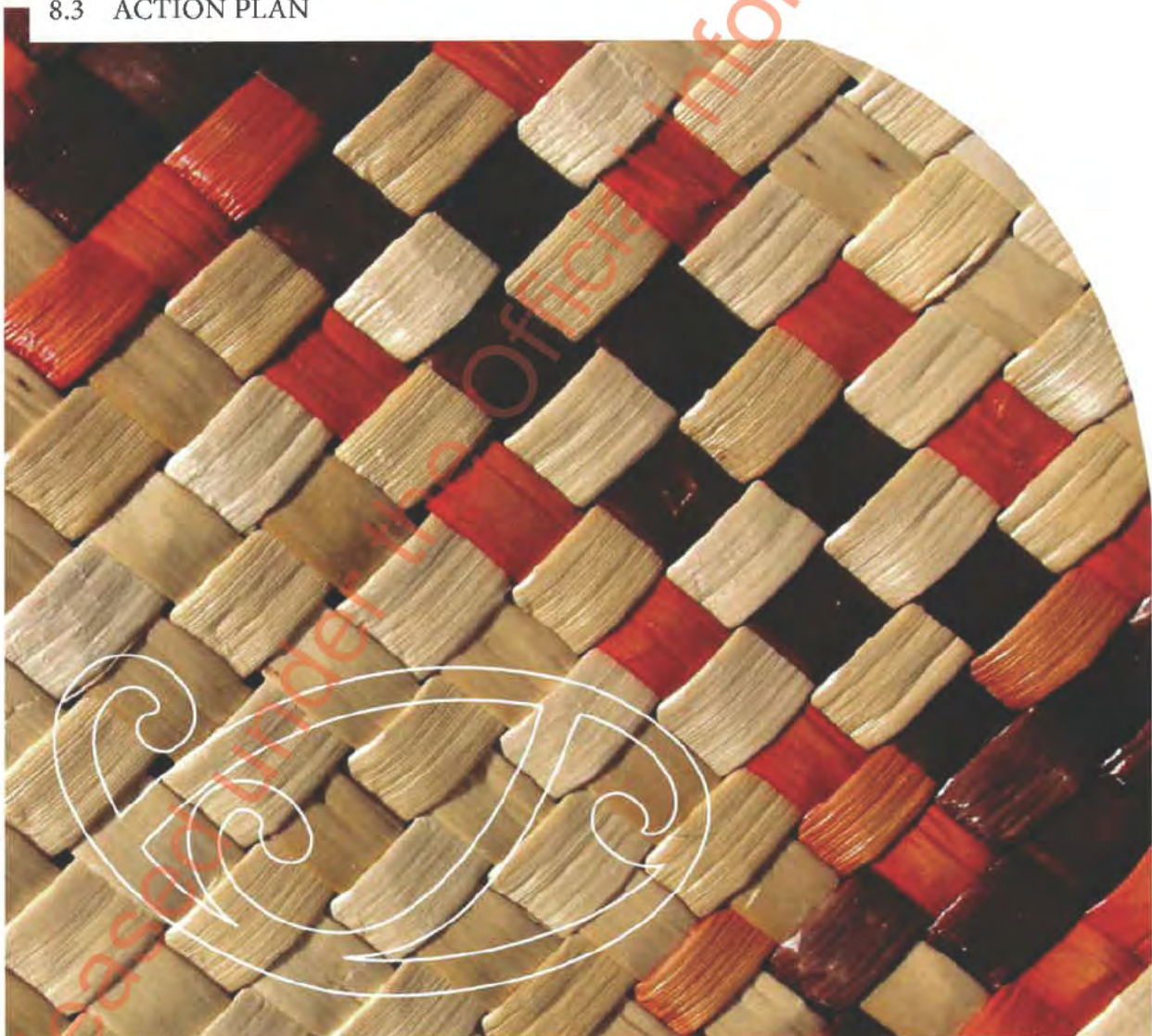
8.1.3 Policy Checklist

8.1.4 Processes

8.1.5 People with purpose

8.2 WORKSHOP SESSION

8.3 ACTION PLAN



Section 8: Policies – Processes - People

8.1 KNOWLEDGE & INFORMATION

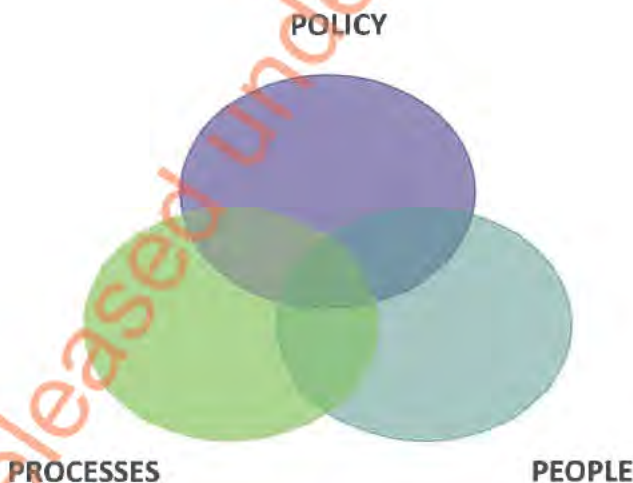
Policies	8.1.1 FOMANA 3Peez Method©
Processes	8.1.2 Policy Framework
People	8.1.3 Policy Checklist
	8.1.4 Processes
	8.1.5 People with purpose

8.1.1 FOMANA 3Peez Method©

This element in the Model is aimed at putting into place practical applications to support and secure charitable purpose compliance within your organisation. Having reviewed your Constitutional, legal, charitable purpose, stakeholder, Charities Act and IRD obligations, it is now critical to apply that acquired knowledge and heightened understanding into a risk-proof system of checks and balances that can be easily carried out by the people in your charity.

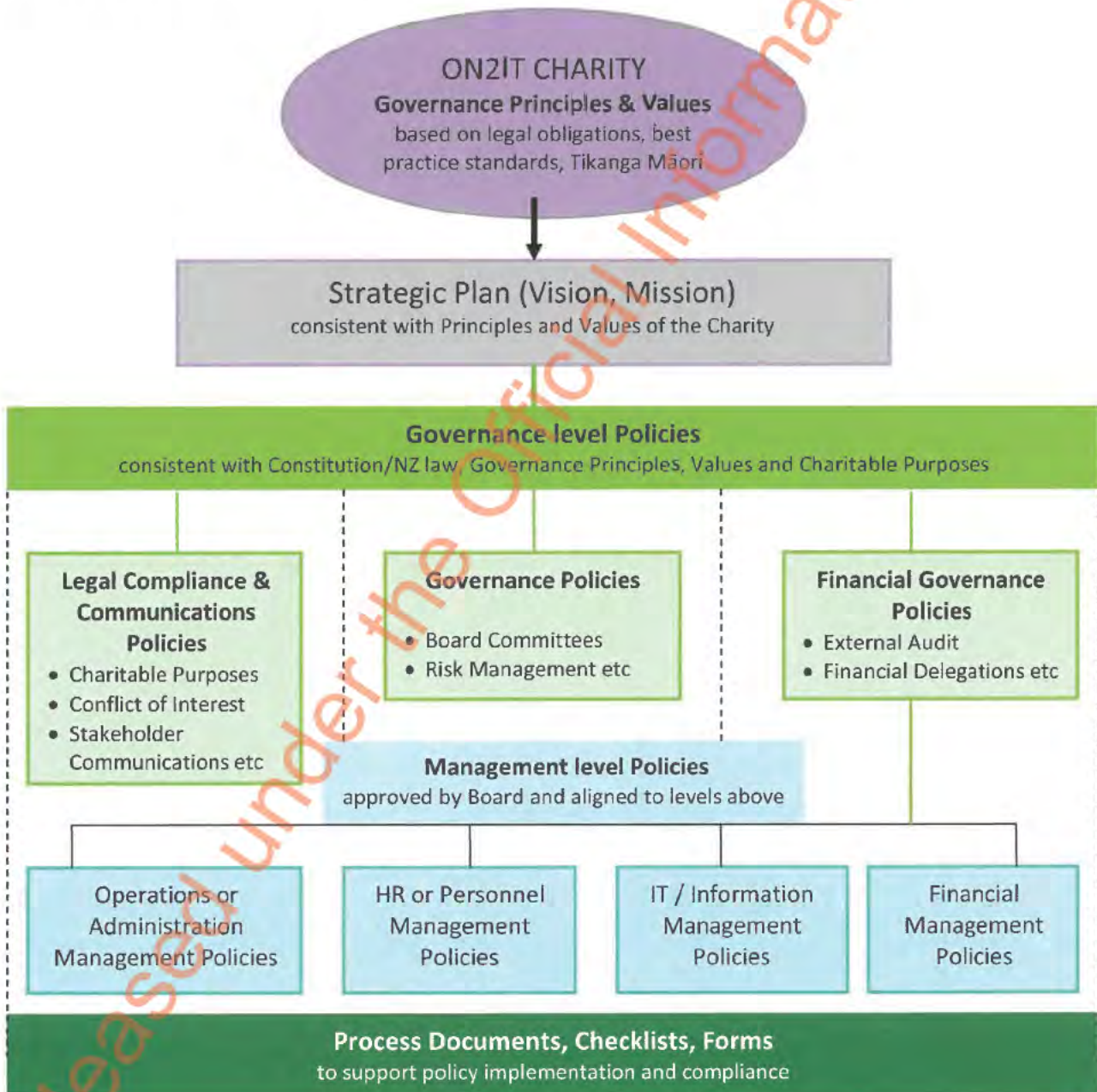
The FOMANA 3Peez Method©

- 3 because there are three components to the method
- First P stands for Policy (guidelines for decision-making to achieve set outcome)
- Second P stands for Processes (includes step by step procedures and paperwork)
- Third P stands for People with purpose (the magic ingredient to successful compliance)
- Eez for eezy to remember and easy to apply.



8.1.2 Policy Framework

Policies do not exist in isolation but as part of the broader organisational and compliance framework. Policies are usually developed out of the need to provide further clarity, or guidelines on standards of performance, than what is prescribed in the Constitution or in law. Therefore, all policies need to be consistent with the organisation’s rules and charitable purposes but also in alignment with the Strategic Plan and overarching vision for the organisation. This relationship approach is illustrated in the diagram⁴⁷ below:



⁴⁷ Diagram developed by Kim Skelton from ideas discussed by Whatarangi Winiata in Appendix to Te Wananga o Raukawa Charter and Diagram Layers of Policy-Making in Boards at Work by Terry Kilmister and John Carver’s policy/governance model.

8.1.3 Policy Checklist

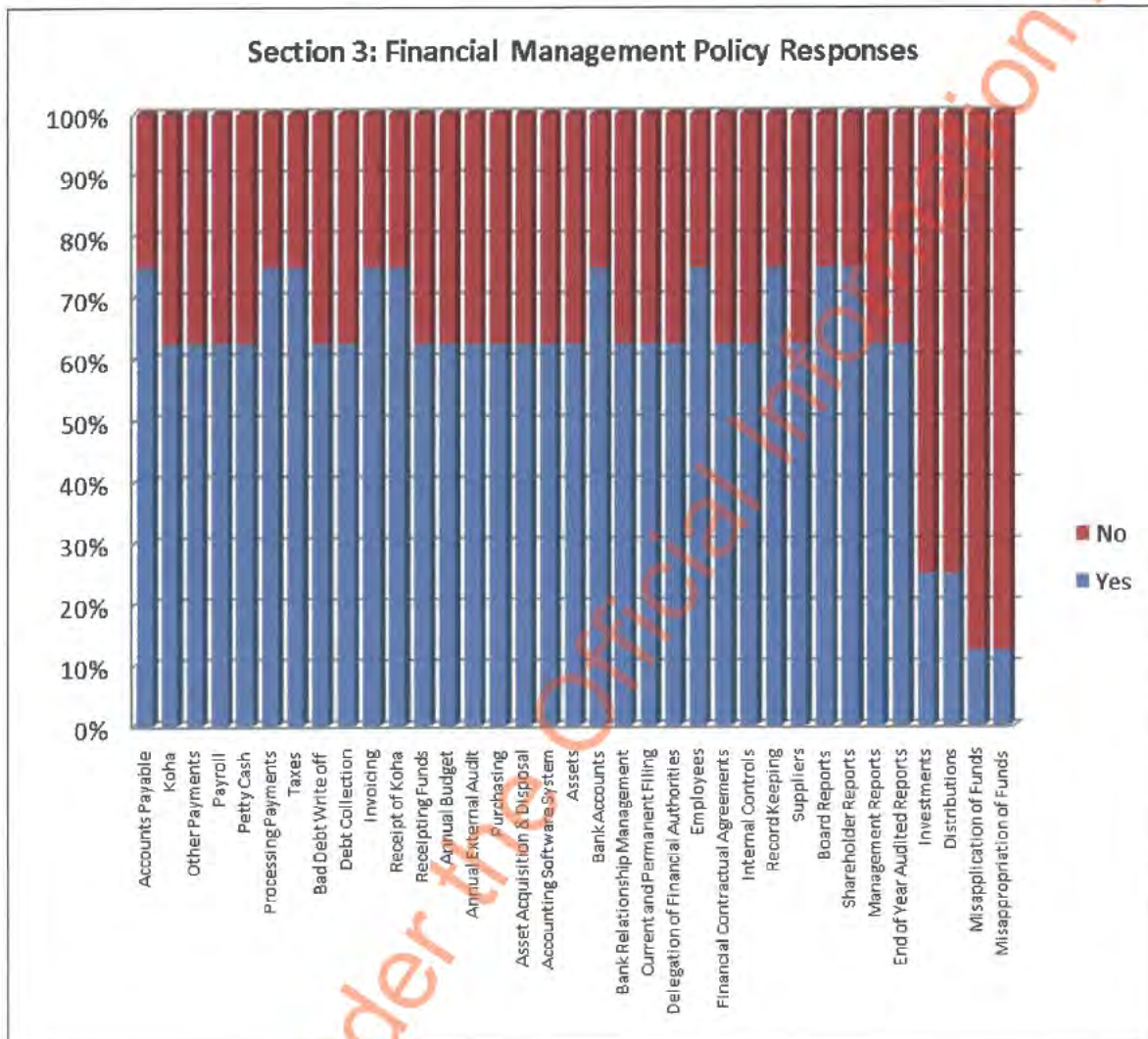
A Policy Checklist⁴⁸ was developed by FOMANA during the pilot programme to assist the 8 Māori charitable entities to review existing policies and to identify any gaps in policy coverage that might increase their risk of non-compliance with charitable purposes. While not all policies will be relevant to all charities, it compels the Board or Governors of your organisation to turn their minds to considering what is, and what is not, necessary for your circumstances.

Legal Compliance Policies	Personnel Policies	Financial Management Policies
<ul style="list-style-type: none"> Code of Behaviour Code of Conduct Code of Ethics Compliance with Legislation Conflict of Interest Delegated Authorities Disaster Mgt, Evacuation & Recovery Filing, Record Keeping & Archiving Good-faith reporting Health & Safety Privacy & Confidential Information Protection of Assets Intellectual Property & Copyright Public Relations Smoke Free 	<ul style="list-style-type: none"> Disciplinary Action Employees Travel & Reimbursement Equal Employment Opportunity Harassment Individual Employment Agreements Leave & Absence Leave Entitlement Performance Management Professional Development Recruitment and Appointment Remuneration Supervision Termination of Employment Time In Lieu Use of Employer Property Volunteers 	<p>Expenditure (Accounts Payable, Koha, Other Payments, Payroll, Petty Cash, Processing Payments, Taxes);</p> <p>Accounts Receivable (Bad Debt Write off, Debt Collection, Invoicing, Receipt of Koha, Receipting Funds);</p> <p>Financial Infrastructure (Accounting Software System, Assets, Bank Accounts, Bank Relationship Management, Current & Permanent Filing, Delegation of Financial Authorities, Employees, Financial Contractual Agreements, Internal Controls, Record Keeping, Suppliers);</p>
<p>Information Management Systems Policies</p> <ul style="list-style-type: none"> Information Technology Management Classifying Information & Data Computer and Internet Usage Information Technology Access Control Information Technology Hardware Security Information Technology Outsourcing Information Technology Records Management 	<p>Governance Policies</p> <ul style="list-style-type: none"> Board Membership Board Appointments and Induction Board Committees Board Education & Training Board Performance Evaluation CEO Performance - Board Evaluation Board Meetings and Record Keeping Board Recruitment Board Remuneration Board Responsibilities Reporting to the Board Resignation/Removal From Board Risk Management 	<ul style="list-style-type: none"> Annual Budget Annual External Audit Purchasing Asset Acquisition & Disposal <p>Financial Reporting (Board Reports, Shareholder Reports, Management Reports, Audited Reports);</p> <ul style="list-style-type: none"> Investments Distributions Misapplication of Funds Misappropriation of Funds
<p>Operations - Communications</p> <ul style="list-style-type: none"> Internal Communications External Communications Media 	<p>Operations</p> <ul style="list-style-type: none"> Customer Service Document Management and Control Drugs & Alcohol Facility Management House Rules Motor Vehicle Use Security 	

⁴⁸ This comprehensive (not exhaustive) Policy list is based on Standards (Australia/NZ) for Risk Management and Compliance Programs, proposed ISO 31000 Standards and principles for Good Governance (US Not for Profit Sector).

Financial Management Policy audit results for pilot programme participants

The Graph below illustrates the results of the Financial policy audit by eight Māori charities in Feb 2009.⁴⁹ It shows good approval rates for the standard range of Finance policies but poor policy uptake for Investments and Distributions (less than 25% of 8 entities), and Misapplication of Funds and Misappropriation of Funds (less than 15% of 8 entities).



Summary of Financial Management Policy Audit




Financial stewardship of resources through systems, policies and processes is central to good governance for any organisation, not least for charitable organisations. Overseas studies have found that a weak financial system was the highest ranking factor for non-compliance by registered charities⁵⁰. Accordingly, FOMANA considers this to be a high priority area for policy development and application of the 3Peez Method.

⁴⁹ As reported in FOMANA Report 3 Risk and Audit Report, 30 March 2009



⁵⁰ As reported in FOMANA Report 2 Research Report, 30 September 2009

8.1.4 Processes

Having identified a need among some of the Iwi entities for a Distributions or Funding policy, this section provides is a practical example of how to apply the 3Peez Method© to determine the key process steps and key people required to implement such a policy. Note this is a sample only and would need to be adapted to fit the specific needs and circumstances of your organisation:

	<p>SAMPLE Charitable Purposes Funding Policy for ON2IT Charity</p> <p>Policy purpose (why is this policy required?) The purpose of this policy is to:</p> <ul style="list-style-type: none"> (a) ensure that ON2IT Charity is compliant with the Charities Act 2005 and all other relevant legislation; (b) provide guidelines to affiliated member organisations or individual members seeking funding for projects or programmes that meet the funding eligibility criteria set out in this policy; (c) provide guidelines for the Board/Governors of ON2IT Charity to make funding decisions in the best interests of the Charity and in strict accordance with the charitable purposes of the Constitution; and (d) set out processes for application, assessment, and accountability. 	
		
<p>Step 1: Draft policy or review existing policy based on Board advice re: Funding priorities and \$ avail.</p>	<p>Manager and Expert Advisors (Legal/Financial)</p>	
<p>Step 2: Approve policy and associated paperwork.</p>	<p>Board / Governors</p>	
<p>Step 3: Open Applications process to members</p>	<p>Manager</p>	
<p>Step 4: Members complete Application Form and attach supporting documentation as prescribed in the policy and listed on the Application Form.</p>	<p>Members who may include:</p> <ul style="list-style-type: none"> Affiliated marae/hapu registered with Commission Affiliated organisations not registered (Risk) Individual members (e.g. to advance education) 	
<p>Step 5: Members sign Declaration agreeing to:</p> <ul style="list-style-type: none"> • use funds only for the charitable purposes and quotes for which they were approved; • provide invoices as proof of payment; • use all funds or return any unspent money; • file an Accountability Report on use of funds; • an audit of their organisation’s records; • immediately return all funds if any breach of funding agreement, and to pay costs. 	<p>Person authorised to sign such a Declaration on behalf of the member organisation; or Individual member</p>	

SAMPLE Charitable Purposes Funding Policy for ON2IT Charity continued

 <p>PROCESS Key Steps</p>	 <p>PEOPLE Key Roles</p>
<p>Step 6: Assess applications to check that:</p> <ul style="list-style-type: none"> • all parts of Application form completed; • all supporting documents attached; • eligibility requirements met; • funding level requirements met. • Declaration signed. 	<p>Manager/Staff with delegated authority from Board/Governors</p>
<p>Step 7: Assess applications using Board Checklist with set criteria to be met: e.g Is the funding to be used for purposes that are:</p> <ul style="list-style-type: none"> • compliant with the charitable purposes as set out in the Constitution; • compliant with all other provisions of the Constitution, and NZ law; • aligned to the priorities in the annual plan; • will not put at risk or harm the good reputation of the Charity etc. 	<p>Board/Governors <i>At a properly convened meeting and managing any conflicts of interest.</i></p>
<p>Step 8: Approve or Decline application:</p> <ul style="list-style-type: none"> • subject to any conditions agreed by Board • setting out reasons for declining application • stating if decision is final or if resubmit OK. 	<p>Board/Governors <i>Having turned their minds to their duties at law and considered fully that any decision to fund is in the best interests of the Charity in strict compliance with charitable purposes and rules in Constitution.</i></p>
<p>Step 9: Notice of decision sent to applicants using standard form letters.</p>	<p>Manager/Staff with delegated authority</p>
<p>Step 10: Funding agreement signed:</p> <ul style="list-style-type: none"> • by way of letter for smaller amounts; or • by way of Funding Contract for larger amounts. 	<p>Person authorised to sign such an agreement on behalf of the member organisation; or Individual member</p>
<p>Step 11: Payment made to recipient's bank account and proper financial records maintained.</p>	<p>Manager/Staff with delegated authority</p>
<p>Step 12: Accountability report filed by recipient as specified in the funding agreement.</p>	<p>Person authorised by member organisation; or Individual member</p>
<p>Step 13: Action taken if accountability report not filed or if breach of funding agreement and potential misappropriation of funds.</p>	<p>Manager/Staff with delegated authority Board/Governors Legal Advisors where necessary</p>
<p>Step 14: Monitoring and Evaluation by meeting with recipients and periodic survey of members</p>	<p>Board/Governors Member organisations or Individual members Other Stakeholders</p>

8.1.5 People with Purpose

The third P (for People) is actually the critical component in the application of the 3Peez Method. There is no heart or mind in a set of rules or policies – the magic comes from the people alone.

Without people of skill, honesty and integrity working in the best interests of your organisation, there is a high chance of failure and the risk of non-compliance and resulting financial loss or reputational damage increases considerably. This is true for all levels of the organisation, from the Governors, to finance managers, to the recipients of any benefits flowing from the charity.

Leading by example is a tried and true method for encouraging and instilling a “tika” culture. Governance members and Managers of your organisation should act as personal exemplars. This will be reflected in their words, their actions, and ultimately in the quality and prudence of their decision-making. With ever increasing asset bases, there is a lot at stake for Māori organisations, and especially for charitable organisations, who will be under pressure to distribute that growing tax-free income in a fair and reasonable way. Decision-makers have a tough job and will be held to account, not only by this generation but by future generations in turn. Giving due consideration to their organisation’s vision and values may to assist leaders to get it right (Ka Tika!), for example:

- Vision (including strategy, objectives and outcomes) *Doing the right thing*
- Values (including principles and accountabilities) *For the right reasons*
- Culture (including processes, protocols, and tikanga) *In the right way*⁵¹

Returning to the elements of the FOMANA Charitable Purpose Compliance Model©, let us consider what it means from a “people perspective” – what is your role and duty?

- | | |
|----------------------------------|--|
| Constitution and NZ Law: | Know your rules, know your legal duties and follow them always. |
| Charitable Purposes: | Apply funds and benefits only to advance your charitable purposes. |
| Stakeholders: | Be a responsible Governor & member - Accountability works both ways. |
| Charities Commission: | Registering is easy, maintaining it is not. |
| IRD and Tax Exemption: | 0% tax or 33% tax – it’s your choice. |
| Policies-Processes-People | Approve sound policies and Appoint skilled people to manage them. |
| Risks | Be constantly vigilant for risk and mitigate – the impact is not worth it. |

In essence, rules, laws and policies do not make the difference - our people do.

⁵¹ Te Puni Kokiri, *Making Decisions: A process guide for Boards*, page 15, www.governance.tpk.govt.nz

8.2 WORKSHOP SESSION

Policies	8.2.1 Whiteboard Exercise
Processes	8.2.2 Questions from Trainer
People	8.2.3 Participant Questions

8.2.1 Whiteboard Exercise

Use 3Peez Method to develop a Policy & process to address a risk issue in your organisation.

8.2.2 Questions from Trainer

(examples only to prompt interactive discussion and raise potential actions for organisation)

Governors:

Do you have a policy on how groups can access funding from your organisation?
How do you make sure that distributed funds are used only for charitable purposes?

Management / Staff:

What financial systems do you have in place to ensure proper record-keeping and to monitor accountability for payments?

Beneficiaries / Stakeholders

What are your expectations for receiving funding from your organisation?
What processes would give you confidence that the resources of the organisation were being spent wisely and in compliance with charitable purposes?

8.2.3 Participant Questions

(space for writing your own questions to ask the Trainer)

8.3 ACTION PLAN

Policies
Processes
People

Top 5 actions to improve policies and operational management systems and to manage risk

Your name: _____

Date: _____

Your organisation: _____

What do you (your organisation) need to work on to improve your policies and processes?
What actions do you need to take to ensure the right people do the right thing for the right reasons?

Action to be taken:

Who is responsible: Due Date:

1.		/ /
2.		/ /
3.		/ /
4.		/ /
5.		/ /

Section 9

Risks

9.1.1 Mitigating the risk of “operating outside of charitable purposes”

9.1.2 Danger Zone

9.1.3 Decision tool for managing risk around distribution

9.2 WORKSHOP SESSION

9.3 ACTION PLAN



Section 9: Risks

9.1 KNOWLEDGE & INFORMATION

Risks	9.1.1 Mitigating the risk of “operating outside of charitable purposes” 9.1.2 Danger Zone 9.1.3 Decision tool for managing risk around distributions
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9.1.1 Mitigating the risk of operating “outside of charitable purposes”

A key risk for charities, and one with serious negative financial and reputational consequences, is “operating outside of charitable purposes”. The table below shows both the impact of that risk on the charity, and outlines ways in which that risk can be minimised.⁵²

KEY RISK FOR CHARITIES:	
Operating outside of charitable purposes	
Consequences or potential Impact	Steps to Mitigate Risk
a) Financial challenge (loss of cashflow)	1. Compliance monitoring and reporting.
b) Loss of contracts (as a result of funders excluding on the basis no longer "not for profit")	2. Educate all Trustees of charities requirements. 3. Ensure all staff and all other important stakeholders are aware of the charitable purposes and that this information is readily accessible.
c) Loss of tax exemption	4. Ensure the Constitution is reviewed by the organisation regularly and referred to in strategic and annual business planning processes.
d) Pay back taxes, possibly penalties, interest and then subject to payment of tax thereafter	5. Ensure all business planning documents align to the charitable purposes of the organisation. 6. Ensuring robust processes and policies are implemented, are up to date and followed.
e) Reputation damaged on several levels, personal, professional etc	7. Ensuring the Commission are notified of any changes to the rules, deed or constitution or officers.
f) Adverse media attention	8. Mechanism for reviewing all new activities against Constitution, and contractual obligations. 9. Operating within core activities as identified in the Constitution.

⁵² A comprehensive schedule setting out 8 Risk Factors, Potential impact, and Risk mitigations can be found in the FOMANA Risk and Audit Report 3, 31 March 2009

9.1.2 Danger Zone

WARNING:

You are entering a danger zone of breach where costly and harmful outcomes are likely.

This final element in the FOMANA Charities Compliance Model comes with an R-rating for RISKS. It warns of the grave consequences for those who breach their duties and the law.

It and is intended to shock and compel your organisation to take preventative measures.

Fines and penalties

Charities Act 2005

Administrative penalties

- Non filing of annual returns or change notice

Offences

- Fine of up to \$10,000 for failure to supply or supplying false or misleading information

Income Tax Act 2007

Civil penalties:

- late filing penalties
- non-electronic filing penalties
- late payment penalties
- Shortfall penalties.

Court action - criminal convictions

Trustee Act 1956

Trustee liability for investment losses if breach of trust and failure to exercise care, diligence and skill of prudent business person.

Trustee personally liable for resulting losses if acted dishonestly, recklessly or in breach of trust.

Companies Act 1993

Penalties for failure to comply with Act, section 373

- (1) Offences with fines to \$5,000
- (2) Offences with fines to \$10,000
- (3) Offences with fines to \$50,000 or prison term of up to 2 years
- (4) Offences with prison terms up to 5 years and fines up to \$200,000

Income Tax Act 2007

Criminal penalties:

- Absolute liability offences (\$4,000);
- Obstruction (\$25,000)
- Knowledge offences (\$25,000)
- Evasion offences (up to \$50,00)
- Aiding or abetting another person to commit an offence
- Term of imprisonment up to 5 yrs for certain offences.

Loss of Mana and Damage to reputation

Costs to Governors

- Loss of personal mana
- Removal from office
- Loss of professional standing
- Struck off professional register
- Loss of income
- Disclosure of sensitive information

Costs to Organisation

- Negative publicity
- Irreparable or long-term damage to reputation
- Loss of stakeholder support and trust
- Loss of public confidence
- Loss of funding sources
- Long term or permanent damage to financial viability
- Disruption to ongoing business and services

9.1.3 Decision tool for managing risk around distributions

Principle

Board / Governors must be satisfied that any distribution of funds or benefits is made only to advance the charitable purposes of the organisation and is compliant with the law.

<p>1. <u>Charitable Purpose compliant</u></p> <ul style="list-style-type: none"> • 4 heads of charity • Public benefit • No private profit 	<p>1.1. Will project or programme to be funded meet one or more of the 4 heads of charity:</p> <ul style="list-style-type: none"> • Relief of poverty • Advance education • Advance religion • Other benefit to the community (as specified in your constitution)? <p>1.2. Will it benefit the public?</p> <p>1.3. Are there guarantees provided that no individuals will gain personal financial profit beyond reasonable expenses for services?</p>	<p>Yes Yes Yes</p>	<p>No No No</p>
<p>2. <u>Constitution compliant</u></p> <ul style="list-style-type: none"> • Powers and Authority • Seek Advice • Conflicts of interest • Major transactions 	<p>2.1. Do you have express powers in Constitution to make decision on this distribution of funds?</p> <p>2.2. Have you taken advice as necessary and made proper enquiry?</p> <p>2.3. If it is within definition of a major transaction, have you followed due process?</p> <p>2.4. Have real/perceived conflicts of interest been managed in line with Constitution & Policy?</p>	<p>Yes Yes Yes Yes</p>	<p>No No No No</p>
<p>3. <u>Legal Duties compliant</u></p> <ul style="list-style-type: none"> • Prudent person test • In best interests of Charity 	<p>3.1. Have you exercised skill, care and due diligence and acted as a prudent business person would in making this funding decision?</p> <p>3.2. Will funding this project or programme be in the interests of the Charity and its beneficiaries?</p> <p>3.3. In making this funding decision, have you acted fairly and impartially to and between beneficiaries?</p>	<p>Yes Yes Yes</p>	<p>No No No</p>
<p>4. <u>Legislation compliant</u></p> <ul style="list-style-type: none"> • Solvency test 	<p>4.1. Does your Charity have sufficient funds and would it meet requirements of solvency test?</p> <p>4.2. Have you taken into account financial commitments and maintaining real capital?</p> <p>4.3. Have you complied with all relevant legislation?</p>	<p>Yes Yes Yes</p>	<p>No No No</p>
<p>5. <u>Policy compliant</u></p> <ul style="list-style-type: none"> • Eligibility criteria • Registered charity • Funding levels 	<p>5.1. Does the applicant meet the eligibility criteria for receiving funds or benefits?</p> <p>5.2. If an organisation, is the applicant registered with the Charities Commission?</p> <p>5.3. Is the level of funding for proposed project fair and reasonable in the circumstances?</p>	<p>Yes Yes Yes</p>	<p>No No No</p>
<p>6. <u>Accountability (in & out)</u></p> <ul style="list-style-type: none"> • Declaration by applicant • No misapplication • No misappropriation • To IRD, CC & stakeholders 	<p>6.1. Has the applicant signed a Declaration agreeing to apply funds only for stated purposes and to indemnify the Charity?</p> <p>6.2. Has the applicant demonstrated full and proper accountability when receiving funds previously?</p> <p>6.3. Are you certain that your records will meet requirements for IRD, Charities Commission, Companies Office and any other public or stakeholder accountability purposes?</p>	<p>Yes Yes Yes</p>	<p>No No Yes</p>

9.2 WORKSHOP SESSION

Risks	9.2.1 General Discussion 9.2.2 Questions from Trainer 9.2.3 Participant Questions
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9.2.1 General Discussion

What is your reaction to the “Danger Zone” Penalties table (section 9.1.2)?

Do you know of any real cases where Trustees have been taken to Court and held personally liable for acting dishonestly, recklessly or in breach of trust?

9.2.2 Questions from Trainer

(examples only to prompt interactive discussion and raise potential actions for organisation)

Governors:

Do you conduct regular risk assessments? How often?

What risk management tools do you use in your organisation?

Management / Staff:

How do you mitigate risks of non-compliance with Charities Act?

How do you mitigate risks of misappropriation of funds?

Beneficiaries / Stakeholders

What policies would you expect to see in place to manage risks in your organisation?

9.2.3 Participant Questions

(space for writing your own questions to ask the Trainer)

9.3 ACTION PLAN

Risks

Top 5 actions to improve risk management systems

Your name: _____

Date: _____

Your organisation: _____

What actions do you need to take to improve your policies and internal processes to manage any risk of:

- Non-compliance with charitable purposes;
- Misapplication of funds for non-charitable purposes; or
- Misappropriation of funds distributed.

Action to be taken:

Who is responsible: Due Date:

Action to be taken:	Who is responsible:	Due Date:
1.		/ /
2.		/ /
3.		/ /
4.		/ /
5.		/ /

Section 10

References

10.1 Charities Commission Information Finder - A summary of information sheets and forms published by Charities Commission

10.2 Case Studies of eight Māori charitable entities, 30 June 2009



Section 10: References

10.1 Charities Commission Information Finder - A summary of information sheets published by Charities Commission

10.2 Case Studies of eight Māori charitable entities, 30 June 2009

10.2.1 Ngāti Rārua Atiawa Iwi Trust Case Study

10.2.2 Taranaki Iwi Trust Case Study

10.2.3 Taranaki PHO Ltd Case Study

10.2.4 Te Aroha Medcare Ltd Case Study

10.2.5 Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust Case Study

10.2.6 Te Kaahui o Rauru Case Study

10.2.7 Te Rau Pani Māori Mental Health Trust Case Study

10.2.8. Tui Ora Ltd Case Study

Information Finder

The Charities Commission has developed a series of information sheets that you may find useful in understanding its work, applying for registration, or fulfilling your obligations as a registered charity. You can find the documents by following the blue or grey links embedded in this document, by visiting www.charities.govt.nz, by requesting a copy from our free information line on 0508 242 748 or by emailing info@charities.govt.nz.

An overview of the Charities Commission

Information Sheet	Description	Related Information Sheets & Forms
The Board of the Charities Commission	Profiles each member of the Charities Commission Board.	
Key points for the media	Provides an overview of the Charities Commission, including its functions and purposes, the Charities Register, key people, and contact details.	A guide to the Charities Act

Information about the Charities Act and its implications for organisations

Information Sheet	Description	Related Information Sheets & Forms
Definitions for some commonly used terms	Provides a glossary of some of the terms used by the Charities Commission in its work.	
A guide to the Charities Act	Provides an overview of the Charities Act, its implications for charities, and the registration process.	Charitable purpose The name of your organisation Your rules and the Charities Act Officer certification
The Charities Register: what's in it for the public, funders and other users?	Provides an overview of the Charities Register and explains its benefits for the public, funders and other users.	The Charities Register: benefits for charities
The Charities Register: benefits for charities	Outlines the benefits of becoming a registered charity.	The Charities Register: what's in it for the public, funders and other users?
How the Charities Act affects your tax status	Explains how changes to tax laws affect charities and how charities must register with the Charities Commission to access charitable purpose tax benefits from 1 July 2008.	
How the Charities Act affects charitable trusts, incorporated societies and companies	Explains the implications of the Charities Act for charitable trusts, incorporated societies, and companies.	How the Charities Act affects your tax status
Iwi/Maori organisations and the Charities Act	Provides an overview of the Charities Act and registration for Maori/Iwi organisations.	
Sports and recreation organisations	Discusses the implications of the Charities Act for sports and recreation organisations, whether they need to register with the Commission, and registration requirements.	
International charitable activities and the Charities Act 2005	Outlines the implications of the Charities Act for organisations that conduct charitable activities overseas.	

Released under the Official Information Act 1982

Determining Charitable Purpose

Information Sheet	Description	Related Information Sheets & Forms
<i>Charitable purpose</i>	Discusses the legal criteria the Commission uses when determining if a charity has a charitable purpose.	<i>A guide to the Charities Act</i> <i>The name of your organisation</i> <i>Your rules and the Charities Act</i> <i>Officer certification</i> <i>The relief of poverty - examples of wording for purpose clauses</i> <i>The advancement of education - examples of wording for purpose clauses</i> <i>The advancement of religion - examples of wording for purpose clauses</i> <i>Purposes beneficial to the community - examples of wording for purpose clauses</i>
<i>Charitable purpose and sport and recreation bodies</i>	Discusses the legal criteria for charitable purpose that sports and recreation organisations must meet to be registered under the Charities Act.	<i>Sports and recreation organisations</i>
<i>Advocacy' and the Charities Act</i>	Outlines whether charities can engage in advocacy or have advocacy as a charitable purpose.	
<i>Political activities and registration under the Charities Act 2005</i>	Provides guidance for charities carrying out political activities	

Becoming a Registered Charity

Information Sheet	Description	Related Information Sheets & Forms
<i>Timing it right - when to apply for registration under the Charities Act</i>	Outlines factors charities should consider when deciding when to submit their application.	
<i>Registration checklist</i>	Summarises the information and documents an individual charity needs to provide in their application and lists information sheets they may find helpful.	<i>Form 1 Application for registration as a charitable entity</i> <i>Form 2 Officer Certification Form</i>
<i>Group registration</i>	Explains the group registration option - for organisations that are closely related, with similar charitable purposes - and outlines the registration process for groups. (Includes information on eligibility, powers and responsibilities of members, making changes, and filing Annual Return).	<i>Group Registration: Group Member Information</i> <i>Form 5 Application by a single entity for registration as a charitable entity</i>
<i>Backdating of registration applications</i>	Discusses section 20 of the Charities Act, which allows the Commission to backdate registration.	
<i>The name of your organisation</i>	Explains what is meant by the 'legal name' of an organisation and outlines the Charities Act's criteria for an organisation's name.	<i>A guide to the Charities Act</i> <i>Charitable purpose</i> <i>Your rules and the Charities Act</i> <i>Officer certification</i>
<i>Officer certification</i>	Explains who can be an officer of a registered charity and what to do when officers change.	<i>Form 2 Officer Certification Form</i> <i>A guide to the Charities Act</i> <i>Charitable purpose</i> <i>Your rules and the Charities Act</i> <i>The name of your organisation</i>

<i>Your rules and the Charities Act</i>	Discusses the elements of an organisation's rules and the Charities Act's criteria for rules, including those related to charitable purpose, private profit, and winding up.	<i>A guide to the Charities Act</i> <i>Charitable purpose</i> <i>The name of your organisation</i> <i>Helpful tips for writing rules</i> <i>The relief of poverty - examples of wording for purpose clauses</i> <i>The advancement of education - examples of wording for purpose clauses</i> <i>The advancement of religion - examples of wording for purpose clauses</i> <i>Purposes beneficial to the community - examples of wording for purpose clauses</i>
<i>Helpful tips for writing rules</i>	Provides drafting tips for organisations that need to write rules for their application.	<i>Charitable purpose</i> <i>Your rules and the Charities Act</i>
<i>The relief of poverty - examples of wording for purpose clauses</i>	Provides some examples of wording for 'relief of poverty' charitable purpose clauses that organisations can use as models when drafting their own rules.	
<i>The advancement of education - examples of wording for purpose clauses</i>	Provides some examples of wording for 'advancement of education' charitable purpose clauses that organisations can use as models when drafting their own rules.	
<i>The advancement of religion - examples of wording for purpose clauses</i>	Provides some examples of wording for 'advancement of religion' charitable purpose clauses that organisations can use as models when drafting their own rules.	
<i>Purposes beneficial to the community - examples of wording for purpose clauses</i>	Provides some examples of wording for 'community benefit' charitable purpose clauses that organisations can use as models when drafting their own rules.	
<i>Restricting public access to your information on the Charities Register</i>	Explains section 25 of the Charities Act on restricting public access to information on the Charities Register and outlines the process a charity should follow to have information restricted.	

Information for Registered Charities

Information Sheet	Description	Related Information Sheets & Forms
<i>What to do when something about your charity changes</i>	Outlines when charities need to notify the Commission of changes to their organisation and how to do this.	<i>Restricting public access to your information on the Charities Register</i> <i>Form 3 Notification of changes to charitable entity</i> <i>Form 6 Notification of changes: single entity</i>
<i>Annual Returns under the Charities Act</i>	Explains what an Annual Return is, and when and how to file with the Commission.	<i>Group Registration</i> <i>Form 4 Annual return for a charitable entity</i> <i>Form 7 Annual return for a single entity</i>
<i>Annual Return Checklist</i>	Summarises the information needed to complete an Annual Return	<i>Annual Returns under the Charities Act</i> <i>Form 4 Annual return for a charitable entity</i> <i>Form 7 Annual return for a single entity</i>
<i>Guidelines for promoting your unique registration number</i>	Provides examples of wording that registered charities can use to promote their unique registration number in their print materials and website.	



Ngāti Rārua Ātiawa Iwi Trust

About Ngāti Rārua Ātiawa Iwi Trust (NRAIT)

The Ngāti Rārua Ātiawa Iwi Trust is a statutory Trust with charitable purposes created under the Ngāti Rārua Ātiawa (NRAIT) Empowering Act 1993. In 1853, land originally owned by two hapū of Ngāti Rārua and one hapū of Ātiawa Iwi, was subject to Crown grants made to the then Bishop of New Zealand for the purposes of establishing a school. No school was ever erected on these lands but a school operated intermittently, supported by income earned from the land. The 1993 Act was the culmination of more than 140 years of complaint and grievance by the original owners and their successors. It finally gave effect to the resolution made by the Nelson Diocesan Synod of the Anglican Church to vest the assets of the Whakarewa School Trust Board in a new Charitable Trust for the descendents of the original owners. The Deed of Trust was duly signed on 7 May 1993.

The Trust currently has 1900 registered owners who are the direct descendents of the original owners. It is a hapū-based Trust and the assets are owned communally and not with individual shareholdings like other Māori land incorporations or Trusts. The Trust's core business activity is land management and it has interests in horticulture, pastoral operations and leasing land with a landholding of over 1200 acres, including land in interests across companies and associate interests.



Charitable Purpose Statement in Charity's own Constitution

TRUST

3. The Trustees declare that they shall hold the Trust property UPON TRUST to promote the education, vocational training, economic development, health, religious and spiritual welfare (including the promotion of Māoritanga), social services, hospital and residential care of beneficiaries and the relief of poverty and provision of social support and care for indigent or impoverished beneficiaries in each case in New Zealand.

Charity's Distribution policy and impact on Marae

A second change still in draft and awaiting approval, is the Trust's Distribution Policy. As Chairman, Paul Morgan, noted in the 2008 Annual Report "the Trust has reviewed our distribution process under the new Charities Act regime as it is essential that all distributions of a charitable nature are made to Charities compliant organisations to ensure our status is maintained. This has required the marae we support to complete registration, also with some being registered". The four Ngāti Rārua and Te Ātiawa marae affected are: Onetahua Marae at Takaka; Te Awhina Marae at Motueka (registered charity CC37457); Whakatū Marae at Nelson (registered charity CC38862); and Waikawa Marae at Picton. In addition to being registered as a charity, the funding application from marae will need to specify how the funds will be used, that is, for which one of the four charitable purposes. For example, are the funds to be used for a purpose that:

1. relieves poverty?
2. advances education?
3. advances religion?
4. is beneficial to the community?

John says that he is also drafting a checklist which can be easily used by Trustees to test that applicants meet the charitable purpose criteria. It's another plank in their risk management framework and John notes, "if audited, the Board's completed checklist can be produced as evidence of a sound process". Once the Distributions Policy has been approved and the Education and Marae Grant application forms updated, the Trust intends to communicate the changes to its members via the website www.nrait.co.nz, the quarterly newsletter, the Annual Report, and on the Grant Application Form.

Learnings for other Maori charities

Asked about particular challenges for kin-based Māori charities, John thinks "the big one is to ensure that they operate within charitable purposes and within the auspices of the Charities Act. Where, in the past distributions might have been a lot broader, they really have to put more thought into the process of making those distributions, otherwise they could become taxpayers and with it the loss of assets".

Impact of Charities Act 2005

When the Charities Act came into force in 2005, NRAIT Trustees considered the implications for the Trust and conscientiously decided to bring some of their existing practices into strict alignment with the new legislation. John says the Trustees took this "stringent line" in order to make sure that they kept their charitable status and maintained their tax exemption. One change is to align the broader eligibility criteria for Trustees under their own legislation with the narrower criteria for Officers under the Charities Act 2005. The Trust also maintains clear separation between its charitable (non-taxable) activities and the business (taxable) activities of associated companies (as a minor shareholder). These companies were established as separate legal entities to mitigate the risk of loss of Trust assets.

Charity's involvement in Pilot programme

Ngāti Rārua Ātiawa Iwi Trust was the first of the eight Māori charities to sign up for the pilot programme in September 2007. As John Charleton, Chief Operating Officer, recalls "we wanted to be able to benchmark ourselves against other entities and try to get best practice by comparing our policies and procedures with what others are doing". John is responsible for completing and filing the compliance returns with the Charities Commission including any change of Officers after the Trust's AGM in April and filing the annual returns due in June. He has found the Charities Commission process for annual returns fairly simple. "All you have to do is fill it in and make sure the Officers' names are up to date. It wasn't overbearing and only took an hour at the most to complete".

Charity's Organisation Structure and Links to Iwi community

Under the Trust's constitution, the Board consists of eight trustees, Ngāti Rārua with 80% (6 Trustees) and Te Ātiawa with 20% (2 Trustees). Trustees are elected at the AGM on a 3 year rotation. In 1999, NRAIT decided to separate its activities into two divisions, each with its own clear objective and focus. The first (Koru Investment Group Ltd) is to manage and grow the Trust's commercial assets and opportunities, and the second (Te Whanake) is to give new momentum and focus to social and cultural aspirations. Management of the Trust is undertaken by the Chief Operating Officer, John Charleton, assisted by a small team of 0.5 full time equivalent staff, and some external contracts.



9(2)(b)(ii)

Ngāti Rārua Ātiawa Iwi Trust Board
Listing on Charities Register as at 30 June 2009
www.register.charities.govt.nz/CharitiesRegister

Status: Registered

Date: 13/12/2007

Registration number: CC20248

IRD number: Restricted

Annual Return Due Date: 30/06/2010

Charity's street address: 5 Duncan Street, Nelson 7040

Note new Address to be updated on Register:

Charity's postal address: Level 2, Wakatu House, 28 Montgomery Square, Nelson 7040, P O Box 13

Phone: (03)5480770

Fax: (03)5390492

Email:

Website: <http://www.nrait.co.nz>

CHARITABLE PURPOSE Note: Main sectors, activities and beneficiaries are in brackets

Sectors: Arts / culture / heritage)
Accommodation / housing
Education / training / research
Environment / conservation
Economic development

Activities: (Makes grants / loans to individuals)
Makes grants to organisations (including schools or other charities)
Acts as an umbrella / resource body
Provides advice / information / advocacy
Provides buildings / facilities / open space

Beneficiaries: (Family / whanau)
Children / young people
General public

Areas of Operation: Nelson - Marlborough - Tasman

Officer Name & Effective Date:

Paul Morgan
13/12/2007

Russell Thomas
13/12/2007

John Morgan
13/12/2007

Robert Taylor
13/12/2007

Melanie McGregor
13/12/2007

Emma Park
26/04/2008

Rima Piggott
26/04/2008

Warren Kahukura
11/04/2009

Past Officers & Past Since:

Alan Willison 12/04/2009
Andrew Luke 26/04/2008
John Katene 26/04/2008
Robert Shore 12/04/2009

Exemptions:

This charity has been granted an exemption from filing an annual return by 30 June 2008 under Section 43 of the Charities Act 2005. The first annual return is due by 30 June 2009.

Notice of Change: Date: 29/07/2008 Reference: NOC002

Annual Returns: Due Date: 30/06/2008

FOMANA Capital Ltd acknowledge the support of Te Puni Kokiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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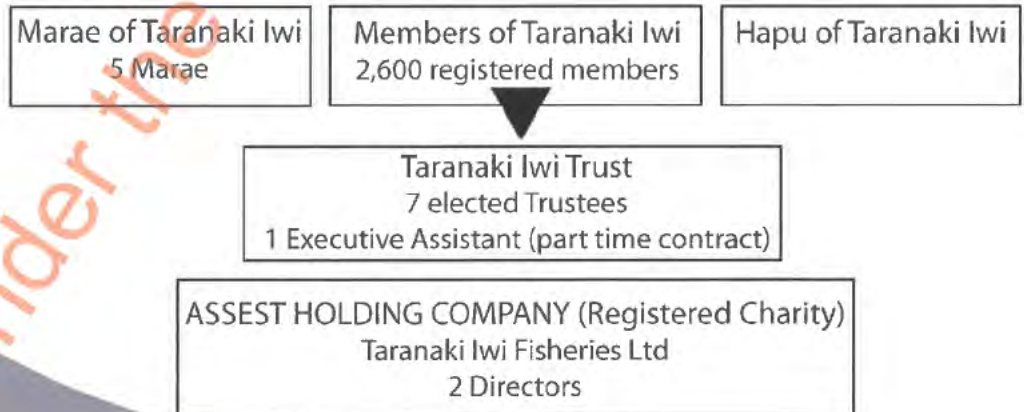
Taranaki Iwi Trust

About Taranaki Iwi Trust Taranaki Iwi Trust was established by Te Rūnanga O Taranaki Iwi Incorporated as the Mandated Iwi Organisation (MIO) for Taranaki Iwi under the Māori Fisheries Act 2004. At the Rūnanga AGM in December 2007, it was agreed to disestablish Te Rūnanga and have just one governing body for the iwi, the Taranaki Iwi Trust. The Deed of Trust was adopted on 3 September 2006 and there were 15 establishment Trustees. Since 2006, Taranaki Iwi Trust has held annual elections under the terms of the Trust Deed and there are now seven Trustees, elected for a term of 3 years by registered adult members, those 18 years and over.

As the mandated body to speak on matters affecting the collective interest of people who whakapapa to Taranaki Iwi, the Trust has certain political, social, cultural and economic responsibilities in addition to the asset management and distribution responsibilities brought about by the Fisheries settlements. The current Vision of the Trust is:

To enhance the Social, Cultural, Economic and Political aspirations of those who are whakapapa to Taranaki iwi.

Charity's Organisation Structure and Links to Taranaki Iwi community



Charitable Purpose Statement in Charity's own Constitution

3. Kaupapa/Purposes

3.1 The purposes for which the Trust is established are to receive, hold, manage and administer the Trust Fund for every Charitable Purpose benefiting Taranaki whether it relates to the relief of poverty, the advancement of education, or religion or any other matter beneficial to the community of Taranaki and all the Members of Taranaki irrespective of where those persons reside.

Clause 3.1 of the Deed of Trust for Taranaki Iwi Trust adopted 3 September 2006

Charity's involvement in Pilot programme Kerry Walsh, Executive Assistant, has been with the Taranaki Iwi Trust since its establishment in 2006 and has been the mainstay for managing the operational aspects of the pilot programme for the Trust. The Trust accepted the invitation to participate in the programme in October 2007 on the understanding that the organisation would benefit by:

- (a) increasing their capability and understanding of the new charities and tax compliance regime;
- (b) protecting their tax exemption status; and
- (c) providing quality assurance systems to their organisation, their beneficiaries and stakeholders.

Charity's compliance and risk mitigation strategies As a new entity, Taranaki Iwi Trust has had to start from scratch to develop its own operating systems, policies and procedures. While the Trust Deed sets out clear rules for some aspects of the Trust's activities (e.g. election process and annual reporting), there are few guidelines for the day to day management of the Trust. To its credit, the Trust has now drafted a substantial Operation Guidelines and Procedures Manual with key areas such as Governance, Membership, Operations (Admin, Finance, HR, and Information Management), Liaison and Advocacy and Subsidiaries. Kerry says the Trust intends also to draft specific policies for Delegation of Authority and Distributions.

To manage any risk of non-compliance with its charitable purposes while the distribution policy is being drafted, the Trust has decided not to make any distributions. Furthermore the Trust is not expecting to receive a dividend from its wholly-owned asset holding Company (Taranaki Iwi Fisheries Ltd) until the 2009-2010 year. Trustees have expressed an interest in learning more about the criteria for Marae to become registered with the Charities Commission and this will be addressed during the next pilot programme training session in August or September 2009.

Charity's distinctiveness and current or future challenges

A particular challenge for this organisation is the constitutional requirement to maintain an up to date register of Iwi members. Kerry says that this is an onerous task, as she needs to keep track of 2,600 registered members, "which can be really difficult if they don't update their addresses". To keep it manageable, she uses the Tuhono service and has recently installed a new membership database in the office. This was critical for the recent mailout to 1347 adult members as part of the Taranaki Iwi Trust's Strategic Planning process. In the words of the Chairman, Tokatumoana Walden "a draft version of the strategic plan will be presented at the next Annual General meeting later this year so our members are aware of our shared vision and future direction". (Letter dated 23 March 2009)

Charity's registration experience

Of the eight participating Māori charities in the pilot programme, Taranaki Iwi Trust has had to wait the longest for official confirmation of their registration with the Charities Commission. This was finally received on 22 June 2009 after more than 18 months in the queue. The Commission did raise one issue about the Trust's name being very similar to another Trust on the companies register but Kerry said that this issue was resolved many months ago. She's pleased that the Trust can now go forward with certainty about its charitable status. intends to inform Taranaki Iwi members and stakeholders via the Trust's regular communication channels, that is, the quarterly newsletter, the Annual Report, and the Trust's website – www.taranakiwi.org.nz. The other task before her, Kerry says, is to complete the annual return by 30 September 2009 and to notify the Commission of changes in Officers following last year's Trust election. She is hopeful that these compliance processes will proceed smoothly, as they have for the other pilot participants.



9(2)(b)(ii)

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Taranaki Iwi Trust

Listing on Charities Register as at 30 June 2009

www.register.charities.govt.nz/CharitiesRegister

Status: Registered

Officer Name & Effective Date:

Date: 30/06/2008

Tokatumoana Kevin Walden
23/08/2007

Registration number: CC39750

John Niwa
23/08/2007

IRD number: Restricted

Leanne Horo
23/08/2007

Annual Return Due Date: 30/09/2009

Charity's street address: 6351 Surf Highway 45
Pungarehu

David Tamatea
23/08/2007

Charity's postal address: P O Box 40
Pungarehu 4538

Keith Manukonga
23/08/2007

Phone: (06)7638550

CHARITABLE PURPOSE Note: Main sectors, activities and beneficiaries are in brackets

Peter Moeahu
23/08/2007

Sectors: (Economic development)
Education / training / research
Health
Environment / conservation
Marae on reservation land
Community development
Arts / culture / heritage
Sport / recreation

Fay Mulligan
23/08/2007

Activities: (Acts as an umbrella / resource body)
Makes grants / loans to individuals
Makes grants to organisations (including schools or other charities)
Provides advice / information / advocacy
Provides human resources (e.g. staff / volunteers)

PAST OFFICERS

Note: Register has yet to be updated with new Officers following last election in 2008:

Beneficiaries: (Other charities)
Children / young people
Older people
People of a certain ethnic / racial origin
Family / whanau
Hapu Iwi

Past Officer: Peter Moeahu
Current Officer: Diane Ratahi

FOMANA Capital Ltd acknowledge the support of Te Puni Kokiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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About Hauora Taranaki Primary Health Organisation (PHO) Hauora Taranaki PHO is the trading name for the limited liability company (Taranaki PHO Ltd) that was established in April 2003 with a clear not-for-profit status. Hauora Taranaki PHO is one of three PHOs located in Taranaki, and one of 81 nationwide. PHOs vary widely in size and structure but all work to bring doctors, nurses and other health professionals together in the community to serve the needs of their enrolled populations. With an enrolled population of 45,966 as at July 2008, Hauora Taranaki PHO is serving nearly half the total 104,000 plus population in the Taranaki DHB region and is considered one of the leading health care providers within Taranaki.

Charity's Organisation Structure and Links to Māori community Hauora Taranaki PHO has a complex and multi-layered structure. This reflects its accountability back to the community it serves, and also its unique network of primary health care services including GPs, dieticians, midwives, Kaupapa Māori services, and low cost practices with reduced patient charges.

Hauora Taranaki PHO is owned 50% by Taranaki Primary Health Provider Inc. (TPHP Inc) and 50% by Tui Ora Trust (TOT). TPHP Inc was formed early 2003 as a legal entity for a network of 18 General Practices that provide First Level health services across the Taranaki region. TOT was established in 1998 with four appointees from Te Whare Punanga Korero (representing each of the eight Iwi of Taranaki) and four appointees from Kotahitanga (representing sixteen Māori providers).

Charitable Purpose Statement in Charity's own Constitution

The charitable objects for which the Company is established are to:

(a) Improve community health outcomes in the Taranaki region in accordance with the MOH Service Specifications;

(b) Consolidate and integrate the delivery of services to more effectively to meet the needs of the population; and

(c) Pursue any other objectives which the Directors consider are consistent with the objectives set out in paragraphs (a) and (b) above.

Clause 2.2 Constitution of Taranaki PHO Ltd

Charity's involvement in Pilot programme

Pauline Cruickshank, Manager of Hauora Taranaki PHO, welcomed the opportunity to participate in the FOMANA led pilot programme and signed up her organisation in August 2008. When asked why she decided to engage in the programme, Pauline was clear that her Board directors were supportive and "from a personal point of view, she wanted to understand a little more about charitable purposes and the role of the Charities Commission".

As evidence of the PHO's commitment to increasing its capability and understanding of the new charities and tax compliance regime, both Pauline and Board Chairperson, Kura Denness, participated in the initial research phase interview, conducted late August 2008. Their responses indicated a high level of organisational and personal understanding of their charities and tax compliance obligations. For example, they readily identified these factors as important to maintaining tax exempt status:

- Activities meet requirements of constitution;
- Maintain not-for-profit status;
- Registration maintenance;
- Contractual arrangements that support or have evidence of not-for-profit status.

As part of the Risk and Audit phase of the programme (Dec 2008 – March 2009), Pauline carried out a review of the PHO's policies against a checklist of some 100 policies. Pauline said that the exercise forced them to consider the reasons why they did, or didn't, have policies in place. She says "we have changed our attitudes to why we have policies". For example, the charity's Governance Policies showed a mixed result with some areas already covered by the constitution (Board Membership and Board Meetings), one policy that was drafted but not yet approved (Board Performance Evaluation), and other policies that had never been considered but may be in future (Board Induction, Board Remuneration).

Learnings for other Māori charities

When asked what learnings there were from the pilot programme, Pauline was adamant that other charities must "make sure you've got good structures and processes". For Hauora Taranaki PHO, the challenge is to ensure we have a transparent process to stakeholders and Board. "We are a service provider so there's not the same challenge of applications from beneficiaries for distribution of funds. There is no pecuniary gain. Beneficiaries receive a health gain".

Charities Act compliance and relationship with Charities Commission

Pauline found "like everyone, registration with the Charities Commission was a slow one" but the process to submit notice of a change to Directors was "quite straightforward". The challenge will be to ensure that both the Companies office and the Charities Commission annual filing requirements are fulfilled, and not confused.

8 Risk factors relevant to Charities

1. Operating outside "charitable purposes"
2. Misappropriation of Trust funds
3. Missapplication of Trust funds
4. Penalties applied by IRD
5. De-registration by Charities Commission
6. Loss of tax exemption status
7. Loss of reputation
8. Legal action against Trustees/Directors

Hauora Taranaki PHO is well aware of the eight risk factors identified in the pilot programme. As a well-established charity with substantial infrastructure and resources, it has implemented a suite of solid risk management strategies. Overall, Pauline says "I don't think we've got a huge risk by virtue of the fact that it's not policy to pay out to any group". In addition she says "we manage risk through good governance, financial accountability, contracted services for Finance, IT and HR via service level agreements with Tui Ora, and by having a Risk Management Framework including an Audit and Risk committee".



When asked what learnings there were from the pilot programme, Pauline was adamant that other charities must "make sure you've got good structures and processes".

9(2)(b)(ii)

Taranaki PHO Limited

Listing on Charities Register as at 30 June 2009
www.register.charities.govt.nz/CharitiesRegister

Status: Registered	Officer Name & Effective Date:
Date: 04/03/2008	Eleanor Edwards 25/09/2008
Registration number: CC21526	Julie Brandt 24/09/2008
IRD number: Restricted	Kura Denness 04/03/2008
Annual Return Due Date: 31/12/2009	Diane Jones 04/03/2008
Charity's street address: 36 Maratahu Street, Westtown New Plymouth 4310	Lindsay MacLeod 04/03/2008
Charity's postal address: P O Box 8119, Westtown New Plymouth 4310	Wayne Mulligan 04/03/2008
Phone: 06 759 4064	Jamie Tuuta 04/03/2008
Fax: 06 759 1799	Marie Dwyer 04/03/2008
Email: admin@htpho.co.nz	Past Officers & Past Since:
Website: www.htpho.co.nz	William Hurlow 27/06/2008
CHARITABLE PURPOSE: Note: Main sectors, activities and beneficiaries are in brackets	Patrick Leary 26/09/2008
Sectors: (Health)	Exemptions:
Activities: (Acts as an umbrella / resource body) (Provides advice / information / advocacy)	This charity has been granted an exemption from filing an annual return by 31 December 2008 under section 43 of the Charities Act 2005. The first annual return is due by 31 December 2009.
Beneficiaries: (People of a certain ethnic / racial origin) (Children / young people) (Older people) (People with disabilities) (Family / whanau)	Notice of Change: Date: 01/04/2009 Reference: NOC002 Annual Returns: Due Date: 31/12/2008 Received Link to Return: Exemption
Areas of Operation: Taranaki	

FOMANA Capital Ltd acknowledge the support of Te Puni Kōkiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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Te Aroha Medcare Limited

About Te Aroha Medcare Limited Te Aroha Medcare was set up in 2001-2002 by two registered nurses (Pam Ritai and Christine Nicholas) to meet an identified gap in health care services to Māori. This need was verified by an independent analysis that found there were approximately 4,000 Māori people living in the New Plymouth area who were not registered with a General practitioner. The GP practice, Te Aroha Medcare, was constituted in July 2003 as a limited liability company with a stated charitable status.

In 2005-2006, Tui Ora Ltd and Taranaki PHO Ltd became the sole shareholders of the Company but have retained its original Kaupapa, as expressed in the mission and vision statements below:

- To work cooperatively with our patients in an environment of respect, support and openness;
- To provide and deliver a high quality health service that is accessible, at low cost and works in cooperation with other health service providers to improve our patients' health and wellbeing.

Te Aroha Medcare is an access funded GP Practice. It is one of the seventeen health provider organisations affiliated to Tui Ora, the Māori Development Organisation (MDO) operating as a "Lead Contractor" to meet the specific health needs of Māori in Taranaki. Currently, Te Aroha Medcare provides GP services for 1800 registered clients, 54% of those being Māori, and 72% of those 1800 are classified as "high needs" according to recognised health definition and economic deprivation criteria. In that sense "it is unique in that it is purely a high needs practice with a focus on Māori health, but not exclusively" says Hayden Wano, Chief Executive of Te Aroha Medcare.

Charitable Purpose Statement in Charity's own Constitution

The parties to this constitution wish to establish a charitable entity under the provisions of the Charitable Trust Act 1957 for the objects/aims described in clause 4 of this constitution or to develop, manage and promote health to the best advantage for all. The name of this entity shall be known as TE AROHA MEDCARE LIMITED with CHARITABLE STATUS.

Presentation and Clause 1 of Constitution dated 11 July 2003

Charity's road to registration with the Charities Commission

Te Aroha Medicare had submitted its constitution and application for registration as a charity to the Charities Commission well before the 1 July 2008 closing date. However, the Charities Commission was not completely satisfied with the constitution as submitted, and asked Te Aroha Medicare to strengthen the rules, in particular those relating to payment of dividends and restrictions on private pecuniary profit. Te Aroha Medicare duly sought legal advice and the following written resolution was adopted by the shareholders of the company, satisfying the Commission's registration requirements.

Clause 23A Payment of Distributions (Dividends)

None of the capital or income of Te Aroha Medicare Limited shall be paid or transferred directly or indirectly by way of dividend, distribution or otherwise for the private pecuniary profit of any individual. Provided however that nothing in this clause shall prevent:

- The payment in good faith of reasonable remuneration to any directors, shareholders or employees of Te Aroha Medicare Limited or to any other person for services rendered to Te Aroha Medicare Limited,
- The payment of interest to any person at a rate not exceeding the commercial rate of interest for the time being.

If approved by shareholders, the proposed alteration will affect the rights attaching to the shares held by Tui Ora Limited and Taranaki PHO Limited, being all the shareholders in the Company, in that payment of distributions (dividends) will not be made for the private pecuniary profit of any individual. Payment of distributions (dividends) will therefore be made only to shareholders with charitable status.

Alteration to Constitution by way of written resolution of shareholders of Company dated 26 Sept 2008



Risks facing this Charity and other Māori charities

Hayden was pleased to note that this financial year Te Aroha Medicare "will turn a profit for the first time in its life". It is still vulnerable however and he says the greatest challenge is retention of staff. He also noted that the organisation could suffer from changes in health funding policy that led to a shortening of planning and funding horizons. To manage these risks, Hayden says that they must be clear about what they're trying to achieve, to be able to demonstrate that they're making a difference and getting good results with public funds. And if they had to start paying tax? "We'd have to take a really good look at ourselves. We couldn't continue to do things the way we do them now".

Charity's involvement in Pilot programme Te Aroha Medicare agreed to participate in the pilot programme in August 2008 as part of the collective with Tui Ora Limited and Hauora Taranaki PHO. According to Chief Executive, Hayden Wano, there was also the incentive to ensure that Te Aroha Medicare achieved registration with the Charities Commission.

Charity's Governance and compliance policies and practices Responsibility for compliance with charitable purposes and the Charities Act falls with Governance, which is a common Board of Directors shared with Tui Ora and Hauora Taranaki PHO. Although Te Aroha Medicare is run as a separate legal entity with a separate balance sheet, reports are made to the Board and Hayden provides management support. Financial and HR policies are shared with Tui Ora, however Te Aroha Medicare has its own policies, for example, related to clinical safety practices.

Having said that, Te Aroha Medicare is looking at ways to improve its General Practice and is about to go through an independent Cornerstone accreditation process which, Hayden says, "will show areas where further development is required. It's a voluntary process but will identify how this practice stands up against best practice". Ultimately, it is planned to set Te Aroha Medicare on its feet and place it back into the community, within selected hands to ensure the right outcomes. Hayden recognises that it's not core business for an MDO like Tui Ora but it is one of the elements needed for a good Māori health programme.

the Charities Commission was not completely satisfied with the constitution as submitted, and asked Te Aroha Medicare to strengthen the rules, in particular those relating to payment of dividends and restrictions on private pecuniary profit. Te Aroha Medicare duly sought legal advice and a written resolution was adopted by the shareholders of the company, satisfying the Commission's registration requirements.



9(2)(b)(ii)

Te Aroha Medicare Limited
Listing on Charities Register as at 30 June 2009
www.register.charities.govt.nz/CharitiesRegister

Status: Registered

Date: 30/06/2008

Registration number: CC32243

IRD number: Restricted

Annual Return Due Date: 31/12/2009

Charity's street address: 36 Maratahu Street
New Plymouth 4310

Charity's postal address: P O Box 8119
New Plymouth 4310

Phone: 06 759 4064

Fax: 06 759 1799

Email:

Website: <http://www.nrait.co.nz>

CHARITABLE PURPOSE Note: Main sectors, activities and beneficiaries are in brackets

Sectors: (Health)

Activities: (Provides advice / information / advocacy)

Beneficiaries: (General public)
Children / young people
Older people
People with disabilities
People of a certain ethnic / racial origin
Family / whanau

Areas of Operation: Taranaki

Officer Name & Effective Date:

Kura Denness
20/06/2005

Marie Dwyer
04/09/2007

William Hurlow
26/05/2006

Diane Jones
26/05/2006

Patrick Leary
23/06/2006

Lindsay Macleod
26/05/2006

Wayne Mulligan
01/03/2007

Jamie Tuuta
24/11/2006

Exemptions:

This charity has been granted an exemption from filing an annual return by the 31 December 2008 under Section 43 of the Charities Act 2005. The first annual return is due by the 31 December 2009.

FOMANA Capital Ltd acknowledge the support of Te Puni Kokiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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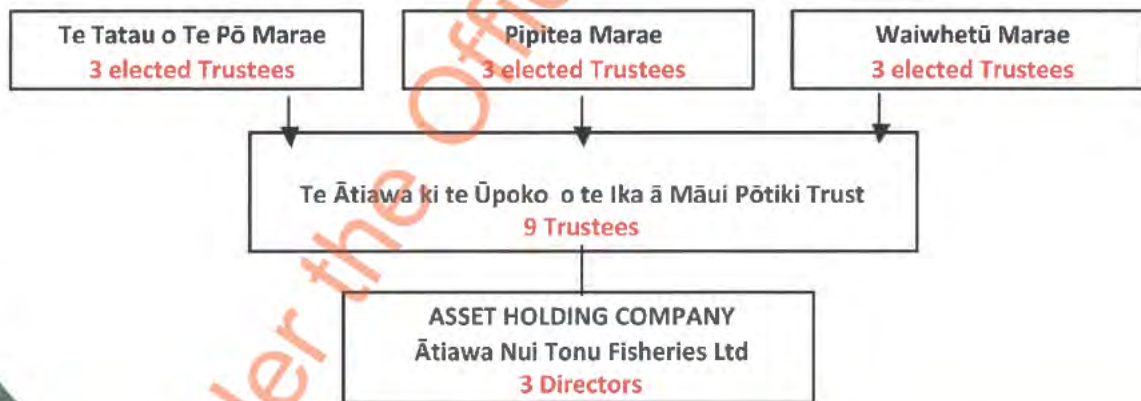




Te Ātiawa ki te Ūpoko o te Ika ā Māui Pōtiki Trust

About Te Ātiawa ki te Ūpoko o te Ika ā Māui Pōtiki Trust Te Ātiawa ki te Ūpoko o te Ika Trust was born out of the Māori fisheries claims settlement process and is the legal entity or Mandated Iwi Organisation (MIO) for the purposes of the Māori Fisheries Act 2004. Broadly, it is a charitable trust with an interest in both commercial and customary fisheries including the management of fisheries stock and access to fisheries for the iwi of Te Ātiawa ki te Ūpoko o te Ika (Wellington).

Charity's Organisation Structure and Links to Iwi community In essence, the Trust is structured around three constituent Marae, Pipitea Marae located in Wellington city and Te Tatau o te Pō Marae and Waiwhetū Marae located in Lower Hutt. Three Trustees for each marae are elected on a three year term by registered adult members of the iwi. Currently there are 2000 registered individuals, 1000 adults (18yrs and over) and 1000 children.



Charitable Purpose Statement in Charity's own Constitution

3. Kaupapa/Purposes

3.1 The purposes for which Te Ātiawa ki te Ūpoko o te Ika ā Māui Pōtiki Trust is established are to receive, hold, manage and administer the Trust Fund for every charitable purpose benefiting Te Ātiawa ki te Ūpoko o te Ika ā Māui whether it relates to the relief poverty, the advancement of education, or religion or any other matter beneficial to the community of Te Ātiawa ki te Ūpoko o te Ika ā Māui and all the members of Te Ātiawa ki te Ūpoko o te Ika ā Māui irrespective of where those members reside and for every Charitable Purpose benefiting:

- (a) Māori who are not members of Te Ātiawa ki te Ūpoko o te Ika ā Māui; and
- (b) Members of the community generally.

Clause 3.1 of the Deed of Trust for Te Ātiawa ki te Ūpoko o te Ika ā Māui Pōtiki, dated 2006

Charity's involvement in Pilot programme

Morrie Love, Trustee and Manager for Te Ātiawa ki te Ūpoko o te Ika Trust, said that the Trustees agreed in October 2007 to participate in the pilot programme as they saw that it could assist them in thinking through policies, to identify any gaps, and to check that their accountability processes were sufficient. "We were still in an early development phase and were hopeful that the experience of the other participating charities would be useful".

The initial part of the pilot programme involved a research interview with Morrie Love and fellow Trustee, Peter Reweti. The objective was to identify the level of organisational understanding and practice with regard to the Trust's obligations under the charitable purposes and tax compliance framework (Charities Act 2005). From these interviews, and additional research on the role and authority of the Charities Commission and IRD, a substantial report was produced by FOMANA and distributed for the information of all eight participating pilot charities. Te Ātiawa ki te Ūpoko o te Ika Trust has since completed a policy audit and received a risk profile based around the 8 identified risk factors for Charities:

1. Operating outside "charitable purposes"
2. Misappropriation of Trust funds
3. Misapplication of Trust funds
4. Penalties applied by IRD
5. De-registration by Charities Commission
6. Loss of tax exemption status
7. Loss of reputation
8. Legal action against Trustees/Directors

Risks to Charity and mitigation strategies

Morrie thinks that the greatest risk facing the Trust is related more to its size and capacity and that "it's inefficient to operate at this level and income generating capacity – it's too small". The way around this he thinks could be to look at other models, for example, working with other iwi and sharing the management of fishing quota. There is also a reasonable degree of commercial risk in the fishing industry and this is managed by both the Trust and its wholly owned Asset Holding Company through wise, strategic decision making. The Trust is also considering a reduction in the number of Trustees to six Trustees. Te Ātiawa ki te Ūpoko o te Ika Trust is not alone in facing these challenges, which apply to other MIOs and smaller Māori charities. If there are learnings from this pilot programme, Morrie suggests that others "look carefully at the implications for charitable purposes and develop a distribution policy".



Communications with
Charity's beneficiaries and
stakeholders

The Trust issues an occasional news sheet "Te Iti me te Rahi" to keep its stakeholders informed of strategies and events. An Annual Report and audited Financial Reports are produced in accordance with the rules of the Trust Deed and these are presented to the iwi members who attend the Annual General meeting. For transparency and accountability, the amount available annually for distribution is decided upon at the AGM.

Charitable Purpose Policy
development

Te Ātiawa ki te Ūpoko o te Ika Trust has taken the initiative to draft a policy designed to keep the Trust compliant with the charitable purpose Kaupapa of its Trust Deed. Morrie says that the policy is 'a work in progress' but will contain rules around distribution of Trust funds with strict requirements for application of funds for charitable purposes only.

One way they intend to manage a potential risk of 'misapplication' is to require that applicants are registered charities, or in the case of individuals, that funds are applied for the advancement of education or other charitable purposes.

Morrie has indicated that the policy will look at different classes of beneficiary. For example, the three constituent marae, iwi organisations for the enhancement of customary fisheries in the rohe, and individual members for educational advancement. At this stage, Pipitea Marae is the only constituent marae that has confirmed registration with the Charities Commission.



9(2)(b)(ii)

Te Ātiawa ki te Ūpoko o te Ika ā Māui Pōtiki Trust

Listing on Charities Register as at 30 June 2009
www.register.charities.govt.nz/CharitiesRegister

Status: Registered

Officer Name & Effective Date:

Date: 30/06/2008

John Warren
22/03/2006

Registration number: CC38312

Anania Randall
22/03/2006

IRD number: Restricted

Annual Return Due Date: 31/03/2010

Wayne Mulligan
22/03/2006

Charity's street address: 15 Balmoral Terrace
Wellington 6021

Te Rira Puketapu
22/03/2006

Charity's postal address: P O Box 16147
Wellington 6242

Joanne Korent
19/11/2006

Phone: 64 4 9709841

Fax: 64 4 9709841

Email: morrie@rauakura.co.nz

Website:

Ihaia Puketapu
19/11/2006

CHARITABLE PURPOSE Note: Main sectors, activities and beneficiaries are in brackets

Peter Reweti
10/11/2007

Sectors: (Customary Fisheries)
Environment / conservation
Community development
Economic development

Morris Love
22/03/2006

Activities: (Makes grants to organisations (including schools or other charities))
Sponsors / undertakes research

Beneficiaries: (Marae)
Children / young people
People of a certain ethnic / racial origin
Family / whanau

Areas of Operation: Wellington - Wairarapa

Exemptions:

This charity has been granted an exemption from filing an annual return by 31 March 2010 under Section 43 of the Charities Act 2005. The first annual return is due by 31 March 2010.

FOMANA Capital Ltd acknowledge the support of Te Puni Kokiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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Email kim@fomana.co.nz | Web www.fomana.co.nz





Te Kaahui o Rauru Ngaa Rauru Kiihahi Iwi

About Te Kaahui o Rauru Te Kaahui o Rauru is the iwi representative organisation for Ngaa Rauru Kiihahi Iwi located in South Taranaki with its office in Whanganui. Te Kaahui o Rauru was established on 27 November 2003 with the signing of the Deed of Settlement with the Crown, culminating four years hard work by the Iwi Authority, Ngaa Rauru tupuna, and uki to secure redress for wrongs committed by the Crown. The Constitution document (Te Kawa o Te Kaahui o Rauru) sets out the guiding principles of Te Kaahui o Rauru: *Kia rangatira te tuu a Te Kaahui o Rauru hei roopu whakatiinanai i ngaa rau wawata o te iwi Maaori, o te motu hoki.*

Charity's Organisation Structure and Links to iwi community Te Kaahui o Rauru is a marae based organisation with 12 constituent marae each electing 2 Marae Delegates (Trustees) to the Governance Board. Currently there are 2,600 registered adults (18yrs and over).



Charitable Purpose Statement in Charity's own Constitution

3. Objects of Te Kaahui o Rauru – specific objects set out in clause 3.1(a) – 3.1(o)

3.1 (p) any such charitable programmes and facilities that the Marae Delegates may at their discretion determine as being necessary for the promotion of any or all of the above objects.

4. Powers of Marae Delegates

4.1. Furtherance of the Objects

The Te Kaahui o Rauru Fund must be applied and used exclusively by the Marae Delegates for the Objects, and any other matters that benefit Uki, as the Marae Delegates from time to time decide upon their absolute discretion, subject to the need to maintain one or more charitable purposes.

Clauses 3 and 4 of Te Kawa o Te Kaahui o Rauru v.4, dated June 2007

Clause 4.1 amended to meet Charitable Tax Status by addition of words underlined (TKoR resolution #05/0240)

Charitable Purpose compliance and generic Distribution Policy

It is clear from the review of their policies and practices during the pilot that Te Kaahui o Rauru has a sound framework for maintaining compliance with charitable purposes and retaining tax exemption. Following advice from their lawyers, the organisation has adopted a comprehensive, coherent, and practical Distribution policy which requires Marae Delegates to take the following steps in relation to decisions on Distributions:

1. Charitable Objectives – satisfy themselves that Distribution furthers TKOR's charitable objectives;
2. Distribution Register – record specific charitable objectives of TKOR;
3. Resolution – approval and authorisation of Marae Delegates of Distribution to intended recipient;
4. Paper Trail and Audit – TKOR letter to intended recipient setting out conditions of Distribution;
5. Indemnity – Deed of undertaking and indemnity from intended recipient that it will apply Distribution for charitable purposes.

For ease of application, the Policy contains appendices with Key Definitions of TKOR Charitable Objectives, definition of Major Transactions, and useful Template forms for the Register, Marae Delegate Resolution, TKOR letter to recipient, and Deed of Indemnity from Recipient.

To date, Hayden says that the policy has only been applied to distributions to marae. Funds available for that distribution are limited to retained earnings from Fisheries income and are applied equally across 12 marae. There has been discussion on education grants and Hayden notes "at the moment we don't have an Education Grants policy but we are working on that in future. We are developing an iwi education profile and looking at education attainment as part of our 12 year Education Strategy (2008 – 2020)... the vision is to excel in education, to revitalize Ngaa Raurutanga through education". Investing in their tribal development and Te Reo is also a key priority and Hayden was justly proud of the recent achievement that saw 45 taurira graduate as fluent reo speakers after a one year full-time programme, designed by Ngaa Rauru and delivered on Ngaa Rauru marae. This fits well with the organisation's vision, its strategic objectives, and its charitable purposes.

Risks to Charity

According to Hayden, the greatest risk facing Te Kaahui o Rauru at present is the recession, which has meant the organisation has had to "put on hold" some of the projects it had planned to deliver this year. "We need to know how our people are faring in terms of jobs and what assistance we might be able to provide, to help them through these times...to see what we can do in our role as Kaitiaki". Te Kaahui o Rauru will hold a summit in August 2009 to discuss those specific issues. This hui is in addition to the annual hui-a-iwi in July and the annual survey where Iwi members are asked "Are we headed in the right direction?"

Charity's involvement in Pilot programme and registration of Marae with Charities Commission

Te Kaahui o Rauru joined the pilot programme in September 2007 at the initiation of former Kaiwhakahaere, Marty Davis. At the time Marty was developing a generic constitution, compliant with the Charities Act, which could be used by the 12 constituent marae for the purposes of becoming registered charities. Two years on, the Chairperson, Hayden Potaka, is pleased to note that most of the 12 marae have now been registered with the Charities Commission, or are in the backlog, awaiting registration. Hayden says that the Commission has been particularly interested in the "winding up" clauses, asking what will happen to the Trust funds or Marae assets if the marae ceases to exist. This caused some concern because "you can't really wind up a marae" Hayden recalls their initial reaction. However, these issues have been sorted to the satisfaction of the Commission and the marae. Te Kaahui o Rauru is keenly aware of "doing things in line with the Charities Commission" says Hayden and in terms of participating in this pilot programme, "if we're able to do things better, more efficient and effective for us, that would be great".

Learnings for other kin-based Maori charities

Hayden was adamant that "following the process in terms of legal compliance is quite crucial". He also advocated practical support for places like marae. For example, Te Kaahui o Rauru offered a generic constitution to its marae to facilitate registration, it provides templates for marae to use to access charitable funds, and it is working on a programme to provide marae with accounting and financial management assistance. Support services like these make it easier for marae to comply and to safeguard all parties.



9(2)(b)(ii)

Te Kaahui o Rauru

Listing on Charities Register as at 30 June 2009
www.register.charities.govt.nz/CharitiesRegister

Status: Registered

Date: 30/06/2008

Registration number: CC34302

IRD number: Restricted

Annual Return Due Date: 30/09/2009

Charity's street address: Suite 17
Wicksteed Terrace
Whanganui 5001

Charity's postal address: P O Box 4322
Whanganui 5015

Phone: 06 3484894

Fax: 06 3484087

Email:

Website: <http://www.ngarauru.org.nz/>

CHARITABLE PURPOSE Note: Main sectors, activities and beneficiaries are in brackets.

Sectors: (Iwi development)
Education / training / research
Environment / conservation
Social services
Arts / culture / heritage
Economic development
Fund-raising

Activities: (Iwi Development)
Makes grants to organisations
(including schools or other charities)
Provides advice / information / advocacy

Beneficiaries: (Ngaa Rauru uri)
Children / young people
Other charities
Older people
People with disabilities
People of a certain ethnic / racial origin

Areas of Operation: Family / whanau
Manawatu - Wanganui

Officer Name & Effective Date:

Kelvin Luke 09/12/2004

Te Pokiatua Ashford 09/02/2004

Perry Solomon 09/12/2004

William Gawler 09/12/2004

Bop Ngataierua 09/12/2004

Karen McGregor 09/12/2004

Watene Davis 09/12/2004

Mihipepene Davis 09/12/2004

Ngapari Nui 09/12/2004

Te Ringa Te Awhe 09/12/2004

Gloria Ashford 26/06/2005

Darryn Ratana 30/07/2006

Valencia Solomon 30/07/2006

Te Hui Hamilton 30/07/2006

Carolyn Young 30/07/2006

Jason Hina 30/07/2006

Toko Tutahione 30/07/2006

Desmond Canterbury 24/09/2006

Yvette McGregor 24/09/2006

Nan Pirikahu-Smith 17/01/2007

Sharlene Tapa-Mosen 03/02/2007

Tame Rangihaeata 31/03/2007

Hayden Potaka 30/07/2006

Te Aroha Waitai 09/02/2004

Registered status of Marae

As at 30 June 2009, a search of the online Charities Register showed that seven marae of Ngaa Rauru Kiihahi have been registered. It is understood that the other five marae are in the process of registration

FOMANA Capital Ltd acknowledge the support of Te Puni Kokiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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About Te Rau Pani Māori Mental Health Trust (Te Rau Pani)

Te Rau Pani traces its origins to a 2001 joint venture between three parties, Te Whare Puawai o te Tangata Trust, Taranaki District Health Board (TDHB), and Raumano Mental Health Trust, followed in 2002 by a joint agreement with the latter two parties only. By 2004, it was decided to establish a Charitable Trust and the Te Rau Pani Māori Mental Health Trust was constituted by Deed of Trust signed by five Original Trustees on 18 June 2004.

Te Rau Pani provides two distinct services to the Taranaki community:

1. Māori mental health service

A specialist Māori Mental Health Service based upon an integrated delivery model of Kaupapa Māori and Best Practice Principles.

2. Employment Service

A case managed programme designed to get paid employment for Taranaki people with experience of mental illness, that best suits the person's needs.



Charitable Purpose Statement in Charity's own Constitution

4. Objects of Trust (specific to the provision of Maori mental health services within the rohe of Taranaki).

5. General Objects:

(a) Those of a "Charitable Trust" (as those words are understood under the law applicable to New Zealand); in particular to provide financial and other assistance to and for the provision of Maori mental health services for the Taranaki Maori community.

(b) Recreational and similar purposes set forth in Section 61A of the Charitable Trusts Act 1957 or any Act of amendment passed in substitution therefore.

(c) "Charitable purposes" as those words are defined according to the general law of New Zealand.

(d) To perform all such other acts, matters or things as are incidental or conducive to the attainment of the foregoing objects.

Clauses 4 and 5 Deed of Trust Te Rau Pani Maori Mental Health Trust

Charity's involvement in Pilot programme

When Te Rau Pani joined the pilot programme in August 2008, it was Warren Nicholls, as Acting General Manager, who agreed to participation. He had just completed an internal review of the policy compliance position of Te Rau Pani and his initial assessment was that some work was needed in this area. The FOMANA programme was seen as a timely opportunity for external review and support for Te Rau Pani. Warren's completion of the research phase questionnaire and interview was the first step in that external review process.

In early 2009, Hinemoerangi Ngatai Tangirua was appointed to the position of General Manager and consequently took on the management of the pilot programme. One of her immediate tasks was to complete the Policy checklist requiring her to become quickly and intimately acquainted with the extent and status of Te Rau Pani's policies across six areas (Legal Compliance, Governance, Financial Management, Information Management Systems, Operations and Personnel). Following that policy review exercise and driven strongly by the Quality Health NZ accreditation process, Hinemoerangi says that "there's been some changes in the organisation and Te Rau Pani has made a commitment to make improvements". For example:

- Board membership has been changed;
- A lot of policies have been reviewed and updated;
- We have put in good systems in terms of quality improvement;
- We have made changes to our financial management.

Participating in the pilot programme meant that Te Rau Pani didn't have an internalised focus only. Using the Risk and Audit Report and Risk Profile for her organisation, Hinemoerangi was able to highlight for her Board of Trustees the policy areas covered by the Trust Deed, policy areas where improvements had been made in the last 18 months, and areas that required further policy development. As a result, she says that the Board has decided to look at drafting a policy for Investments. There is a growing sense of satisfaction in the lifting of standards and Te Rau Pani can be justly proud of not only retaining the Quality Health accreditation it has held since 2004 but also achieving a "5" rating, the highest being "7".

Learnings for other Māori charities

Understanding the risk and impacts of misapplication of Trust funds was a big learning for individuals in Te Rau Pani and also to know that failure to operate within your charitable purposes could mean, not only loss of tax exemption, but also a hefty tax bill that might go back for years, possibly with penalties being applied. Hinemoerangi was of the opinion that "there's a lot of work to be done" to raise awareness and educate Maori charities about these issues. For Te Rau Pani, she would like to see in 12 months "that we have credibility and a profile of compliance to account for and support delivery of service, not only to adults, but also that we are ready to engage and cater to children and adolescents affected by mental illness and/or addiction".

8 Risk factors relevant to Charities

1. Operating outside "charitable purposes"
2. Misappropriation of Trust funds
3. Misapplication of Trust funds
4. Penalties applied by IRD
5. De-registration by Charities Commission
6. Loss of tax exemption status
7. Loss of reputation
8. Legal action against Trustees/Directors

Hinemoerangi and her team set aside time to look at each of the 8 risk areas, the potential impacts of those risks on their organisation, and what risk management strategies were appropriate for Te Rau Pani. Where they found gaps or grey areas in their policies or compliance practices, they are working towards addressing these and in her opinion, "we're confident that we are on the journey for mitigating risk". Asked what would happen to the organisation if it had to start paying tax, Hinemoerangi suggested that it would negatively impact on the services that Te Rau Pani could provide and would undoubtedly increase costs, meaning people would miss out as "our consumers wouldn't be able to afford to pay".



Charity's distinctiveness and unique features

Te Rau Pani provides services right across the Taranaki region, has a strong relationship with other Kaupapa Māori providers, and has direct access to the inpatient service of the TDHB. Hinemoerangi notes also that "we have kaumatua who keep us realistically connected to Taranaki iwi". While she says "the service is primarily focussed on Māori, we do not exclude anyone who needs our mental health services". Te Rau Pani's key beneficiaries are the top 9 percent of those with acute mental health needs in Taranaki. With a Maori population of around 15,000 in Taranaki, there are potentially 1350 Tangata Whaiora in that highest threshold of need. Hinemoerangi pointed out that "over the last year we've supported 104 people", so it would seem that there may be many who are missing out on services.

9(2)(b)(ii)

Te Rau Pani Maori Mental Health Trust

Listing on Charities Register as at 30 June 2009
www.register.charities.govt.nz/CharitiesRegister

Status: Registered

Officer Name & Effective Date:

Date: 30/07/2007

Mihi Kahu
25/07/2007

Registration number: CC10717

IRD number: Restricted

Warren John Nicholls
25/07/2007

Annual Return Due Date: 31/12/2008

Christine Henare
25/07/2007

Charity's street address: 36 Maratahu Street
New Plymouth 4310

Paula Hakesley
25/07/2007

Charity's postal address: PO Box 5131, Westtown
New Plymouth 4343

Raukawa Rangihua Mamaeroa Simon
25/07/2007

Phone:

Fax:

Email: terry@teraupani.co.nz

Website:

Sectors: (Maori Mental Health)
Education / training / research
Community development
Health
Social services
Employment

Activities: (Provides services (e.g. care / counselling))
Acts as an umbrella / resource body
Provides advice / information / advocacy

Beneficiaries: (Other charities)
Children / young people
Older people
People with disabilities
People of a certain ethnic / racial origin
General public
Family / whanau
People of Maori origin

Current Officers not yet listed on Charities Register:

Moira Irving (Chairperson) - Appointed
Ngawai Henare - TDHB nominee
Peter Moeahu - Tui Ora nominee
Will Edwards - Appointed
Paula Hakesley - Appointed

Annual Returns: Due Date:31/12/2008

Areas of

Operation: Taranaki

FOMANA Capital Ltd acknowledge the support of Te Puni Kokiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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About Tui Ora Limited Tui Ora Ltd was officially launched 1 July 1998 following extensive consultation involving Iwi health representatives from Te Whare Punanga Korero and provider organisations. The Company was set up as a **not-for-profit** business and its ownership has been a hotly contested debate for many years. It is currently owned by the Tui Ora Trust, which is made up of 4 Māori Provider representatives and 4 Iwi representatives, each individually bound by the Trust constitution to act in the interests of Tui Ora.



Tui Ora Ltd is a Māori Development Organisation (MDO) operating as a "Lead Contractor" with a 'for Māori by Māori' focus, on the specific needs of Māori in Taranaki. There are a total of seventeen health provider organisations currently affiliated to Tui Ora. Tui Ora has also developed working relationships with non-affiliated Māori health provider organisations as well as non-Māori health care providers. It is an umbrella organisation for:

- Māori Health and Social Service Providers, providing support in contract negotiations with funders
- Māori workforce development.

Hayden is clear that the programme offers a really good business opportunity for other charities. He says that "one can see that it's providing a good discipline in the organisation by promoting best practice and the use of a policy checklist to identify areas for improvement".



Charity's involvement in Pilot programme

Hayden Wano, Chief Executive, says that Tui Ora was compelled to join the pilot programme as early as September 2007, partly due to Board support and encouragement, and mostly because it was critical that we had certainty about our charitable status and secured our registration. "We had some policy learnings during the registration process but it was pretty smooth".

We are distinctive from other participants in that, while we have a focus on health, in broader terms we work across agencies and have an interest in providing infrastructure support to iwi. As evidence of the depth and quality of its infrastructure resources, Tui Ora Ltd has provided contracted services to the programme in the form of tax and charities research, policy audits, risk profile development, and Information Technology applications.

Risks to Charity and risk management strategies

The greatest risk to Tui Ora is the ongoing uncertainty and debate over ownership because it's so volatile. That risk has been managed by a number of strategies, one being having a robust protocol for appointment of Directors (not representation based). As Hayden observes "we've managed to take tension out of the AGMs based on protocols of communication and strong planning processes".

There are also the regular reporting processes that provide accountability and transparency to stakeholders. Tui Ora produces quarterly and annual reports and Hayden also attends hui with Te Whare Punanga Korero, the iwi health forum with representatives from each of the eight Taranaki iwi.

Tui Ora Ltd works hard to maintain alignment with the constitution which is often pulled out and referred to especially during annual and strategic planning sessions and when questions are raised, often as a result of changes in the shareholding structure.



Learnings for other Māori Charities Hayden is clear that the programme offers a really good business opportunity for other charities. He says that "one can see that it's providing a good discipline in the organisation by promoting best practice and the use of a policy checklist to identify areas for improvement".

The major learning for Tui Ora Ltd and other Māori charities is in "realising that there's a real incentive, the monetary one, to retain tax exemption". He acknowledges this FOMANA led initiative as a positive one, it's an area that could easily be overlooked and left to drift.

Looking forward 12 months, Hayden has two goals, one being better performance and to reduce the variability in staffing. "When one person goes it can stop business in its tracks". The other is to drive different models of care, principally "to develop a continuity model of care rather than one-offs".

Charitable Purpose Statement in Charity's own Constitution

4. Objects of Company (related to improvement of health status of Maori and others in the Taranaki community.

4.1 (b) To act at all times in the interests of its shareholder for so long as the shareholders are entities which have been approved as having charitable status in terms of Revenue Acts administered by the Inland Revenue Department.

6. General Objectives (in addition to prime objects in clause 4)

(a) Those of a "Charitable Trust" (as those words are understood under the law applicable to New Zealand); in particular to provide financial and other assistance to and for the provision of Maori Health services in the Taranaki Maori community.

(b) Provision of facilities for public recreation and similar purposes set forth in Section 61A of the Charitable Trusts Act 1957 or any Act or Amendment passed in substitution therefore.

(c) "Charitable purposes" as those words are defined in both section 2 and section 38 of the of the Charitable Trusts Act 1957 or any Act or Amendment passed in substitution therefore so far as those terms are not inconsistent with what is charitable according to the general law of New Zealand and so far as those purposes are also acceptable to the Inland Revenue Department for the purposes of exemption from the Revenue Acts.

(i) To perform all such other acts, matters or things as are incidental or conducive to the attainment of the foregoing objects PROVIDED HOWEVER that if by reason of any alteration in the law relating to income tax it is at any time necessary to amend such purposes in order to preserve the right to exemption from income tax of the kind referred to in Sections CB4(1)9c) and CB4(1) (e) of the Income Tax Act 1994 such purposes shall thereupon be deemed to be amended to the extent necessary.

Clauses 4 and 6 Constitution of Tui Ora Limited

9(2)(b)(ii)

Tui Ora Limited

Listing on Charities Register as at 30 June 2009
www.register.charities.govt.nz/CharitiesRegister

Status: Registered

Officer Name & Effective Date:

Date: 30/07/2007

Mihi Kahu
25/07/2007

Registration number: CC10717

Warren John Nicholls
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IRD number: Restricted

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Christine Henare
25/07/2007

Charity's street address: 36 Maratahu Street
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Paula Hakesley
25/07/2007

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Raukawa Rangihua Mamaeroa Simon
25/07/2007

Phone:

Fax:

Email: terry@teraupani.co.nz

Website:

Sectors: (Maori Mental Health)
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Activities: (Provides services (e.g. care / counselling))
Acts as an umbrella / resource body
Provides advice / information / advocacy

Beneficiaries: (Other charities)
Children / young people
Older people
People with disabilities
People of a certain ethnic / racial origin
General public
Family / whanau
People of Maori origin

Current Officers not yet listed on Charities Register:

Moira Irving (Chairperson) - Appointed
Ngawai Henare - TDHB nominee
Peter Moeahu - Tui Ora nominee
Will Edwards - Appointed
Paula Hakesley - Appointed

Exemptions:

This charity has been granted an exemption from filing an annual return by 30 December 2008 under Section 43 of the Charities Act 2005. The first annual return is due by 30 December 2009.

Areas of

Operation: Taranaki

FOMANA Capital Ltd acknowledge the support of Te Puni Kōkiri for this pilot programme. For more information, contact Wayne Mulligan (CEO) or Kim Skelton (Project Manager)

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Email kim@fomana.co.nz | Web www.fomana.co.nz

knowVedge
FOMANA



Monitoring Report

for Installment Installment Eight report due on 26/02/2010

APPLICATION/ORGANISATION DETAILS

SmartFund Ref: NDOE/HO.374.20209.16081
 Project Name: FOMANA Charitable Purposes Project
 Organisation Name: FOMANA Capital Ltd
 Address: 108 The Terrace,
 Wellington,

MONITORED DETAILS

Short Outcome	Delivery of an effective training package to Maori charitable entities on the policy, processes, requirements and compliance systems of the charities/tax regime.
Output	Final training package on charities/tax compliance completed, published and distributed to enable delivery to Māori entities as agreed between the parties.
Success Indicators	Training package completed, published and distributed within timeline and budget.
Status	Achieved

Risk Monitoring	
Risk	The demand for the new standards and audit models for Maori is not met.
Risk Comments	Give the project is making steady progress, the new standard and audit model will be available as planned to meet the needs of Māori.
Status	Not Applicable

ASSESSOR COMMENTS

The Training Toolkit was piloted in five workshops held over October 2009 and subsequently refined in response to feedback received from participants and trainers.

QUALITY ASSESSOR COMMENTS

Report, which includes a copy of the Charitable purposes and Tax Compliance systems programme, is original & signed off by authorised person - Project Manager Kim Skelton.
 Following the pilot workshops with chosen Maori entities the training package was completely revised, refined and updated following trainer observation, conversation with the project sponsor and feedback from the pilot programme workshop participants. Prj Control group anticipate the changes better meet the outcome/output .
 It is a well researched and comprehensive compliance toolkit which will benefit many Maori charities.
 New risk
 How will Maori charities know about this toolkit, where do they get it from
 TPK will have ownership of the training kit

INVESTMENT MANAGER COMMENTS

concur with comments from Assessor and authorise payments

Assessor: _____

Date: _____

Quality Assessor: _____

Date: _____

Investment Manager: _____

Date: _____

Released under the Official Information Act 1982

Two copies of this review
were ~~given~~ returned, kept
one for all records, distributed
other one back to Janne S.

Tekau Plus Māori Agribusiness Project
Value for Money Review

Released under the Official Information Act 1982

Mihi

Heoi ano ra, ki a korua Pirika korua Hoani, tena korua. Na korua matau i tapa kia mahi i te mahi nei, na reira tena korua.

Otira tena tatau katoa i nga ahuatanga e whai, e piri nei tatou, tae atu ki whakaheke roimata poroporoaki ki a ratou kua haere ki tua o te arai. Me mihi atu ki ratou ka tika, na ratou i ohaaki mai nga tumanako me nga tikanga ma tatou e whakatutuki ai.

Kei nga whakatauaiki tawhito te tahu o te korero e whai ake nei

“Ko te amorangi ki mua, ko te hapai o ki muri”.

Ki te kore e tika nga mahi, a ki te kore mahi ngatahi tatou ahakoa he aha te mahi e kore e taea te tutuki i nga mahi a te Iwi

Tena koutou.

Released under the Official Information Act 1982

Table of Contents

Mihi.....	2
1. Executive summary.....	4
2. Background and approach.....	9
3. Contractual, institutional and governance arrangements	17
4. Management of interests.....	23
5. Tekau Plus Clusters	27
6. Value for money findings.....	36
7. Conclusions and recommendations.....	48

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1. Executive summary

Overview

1. This document is the Tekau Plus Value for Money Review Report (the Report) prepared by the Tekau Plus Review Panel (the Review Panel). Its purpose is to provide the Review Panel's formal response to the requirements set out in the Tekau Plus Value for Money Review Terms of Reference (the Terms of Reference) agreed to by the Review Principals (the Principals) being Mr John Paki, Māori Trustee (acting on behalf of the Tekau Plus Business Advisory Group) and Mr Leith Comer, Chief Executive, Te Puni Kōkiri (TPK).
2. The Terms of Reference is an important guiding document for the Review Panel and the findings in the Report are focussed on addressing the key requirements as set out below:

"The Review Objectives are:

- To determine whether value for money has been achieved in terms of the funding paid to the Māori Trustee on behalf of Tekau Plus pursuant to the Investment Agreement.
- To provide an assessment of the value for money to be achieved from the funds yet to be paid by TPK under the Investment Agreement and from funding paid to the Māori Trustee but yet to be expended on outputs under the Investment Agreement.
- To review:
 - a. the processes and approaches used to manage conflicts of interest as well as the governance of the Project, encompassing decisions made by Tekau Plus, relating to the Project's activities and outputs; and
 - b. the processes and assessments used to determine what proposals or initiatives were supported as part of the Project including but not limited to business/industry Clusters work."¹

3. The Terms of Reference are attached as Annex 1.
4. This report has been considered by the Principals in order to test for errors or omissions of fact. Specific feedback of this nature has been reflected in the report. Where the Principals have raised issues that are matters of interpretation or differing opinion on findings, the Review Panel has:
 - a. considered the comment or issue raised; and
 - b. either amended the report or satisfied itself that there is insufficient justification to adjust the issue or finding on the basis of the comment received.

Structure of this document

5. The organisation of the remainder of this document follows the outline set out below:
 - Background and Approach
 - Contractual, Institutional and Governance Arrangements
 - Management of Interests

¹ Tekau Plus – Value for Money review: Terms of Reference, page 1.

- Tekau Plus Clusters
- Value for Money Findings

Findings

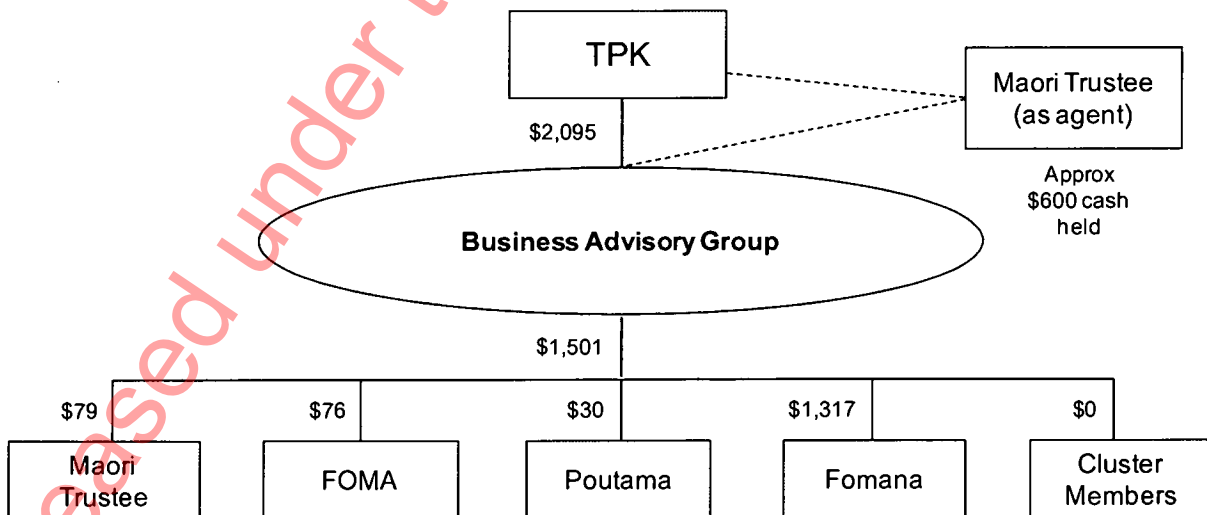
6. The Review Panel addresses each of the points raised above in summary, with further detail on the approach and analysis undertaken to reach these conclusions in the body of the report.

Overarching contractual arrangements

7. As an overarching consideration, the Review Panel notes that the contractual arrangements between Te Puni Kokiri and the Tekau Plus project stipulate:
- The composition of the governance body (Business Advisory Group), being representatives of the following three parties: Maori Trustee, Poutama Trust and Federation of Maori Authorities
 - The key personnel involved being Richard Jones, Paul Morgan, John Paki and Wayne Mulligan
 - FOMANA Capital Limited as the project manager
 - No requirement for an independent director
 - The need for a Memorandum of Understanding between the three parties noted above
 - The reporting requirements including outcomes, outputs and funding streams.

Was value for money achieved?

8. The Review Panel is of the view that the Tekau Plus project has achieved some value for the companies involved in the project, but that this has been at high cost having regard to current project outcomes. The diagram below summarises the financial flows to date and amounts allocated to the parties involved in the project:



Amounts shown are in \$'000s

9. The key concerns and observations of the Review Panel with regard to the value for money proposition are:
- A significant number of diverse activities and outputs have been delivered through the Tekau Plus project, but it is difficult to evaluate the relevance of many of these activities because of the lack of a clear performance measurement framework and set of key performance indicators to help assess the intermediate outcomes the project was trying to achieve, beyond its overall goal of ten businesses/brands earning ten million dollars of export sales each in ten years time.
 - To date little has been achieved in terms of direct, tangible benefits (\$1 million of new export sales are attributed to the Tekau Plus project by the project managers FOMANA Capital Ltd (FOMANA), although it is extremely difficult to confirm this has occurred as a result of the project interventions). In the absence of any framework that indicates to what extent direct benefits should have been achieved at this stage, the Review Panel can only say that progress in this regard has been limited.
 - The benefits that appear to have been experienced result from engaging with other companies with similar needs and aspirations and a positive response by participants who are seeking a service to support them in their export intentions and aspirations. There is value in supporting these aspirations, but it does not appear that enough of the companies involved in the Clusters and the project are in a position to achieve the growth trajectory necessary to meet the overall goals of the project.

Will value be achieved from the funding yet to be expended?

10. The Review Panel is concerned that the Tekau Plus project will not deliver value for money if it continues to operate under the same service model, performance framework and approach going forward. The key observations in this regard are that:
- The Review Panel considers the Tekau Plus project to have a relatively high cost delivery model that weights funding towards the provision of advisory services from FOMANA, rather than direct and customised support for Clusters to lead their own initiatives and ventures.
 - Further to the point above, the current delivery model supports a small team amounting to 2 or at most 3 full time equivalent resources (made up of part-time contributions by a larger number of individuals) that is required to cover a wide range of capabilities and support requirements for a very diverse group of project participants, all at differing stages in terms of their business development needs.
 - The Review Panel considers a range of other delivery models that have different cost and management structures could be put in place to reduce the cost of delivery, enhance the advisory capabilities available to the project and provide more tailored, front-line support for the businesses involved. The Review Panel notes that customised support was intended for businesses, but after cluster plans were approved. It remains unclear, however, the extent to which this support was available.

How effective were the processes used to manage conflicts and the selection of companies to engage with the project?

11. The Review Panel considers that the Tekau Plus governance lacked the rigour necessary to perform to expectation and that the accountability and governance mechanisms and arrangements in place for the project were such that actual and perceived conflicts of interest were managed to an inadequate standard.
12. In summary, the Review Panel considers the Tekau Plus project suffers from a range of governance, contractual and accountability deficiencies in terms of:

- Complex arrangements put in place to develop the contracting mechanisms for the Tekau Plus project, leading to unclear accountability arrangements around funding and project performance.
 - Poor management of actual and perceived conflicts of interest, including no clear and transparent process used to appoint FOMANA as the project manager and subsequent lead project provider given the interest held in FOMANA by a project governor.
 - A lack of effective mechanisms for providing independent, second-opinion advice at the governance level of the project.
13. In terms of other processes used to select companies and businesses to engage with the project, the Review Panel concludes that the framework put in place is reasonable. However, the extent to which the process helped establish a good foundation for project success in terms of high quality Clusters is unclear and cannot be said to be a definitive indicator of good value by itself.

Recommendations

14. The Review Panel is of the view that the project needs significant redesigning and refocusing and that it should not continue under the present governance, contracting, performance and institutional arrangements. The prevailing reasons why the Review Panel does not recommend the complete disbandment of the project are that:
- Commitments have been made, including financial commitments, to support businesses which became involved in the Tekau Plus project in good faith to support business and export development initiatives.
 - Some value, albeit at high cost, has been achieved for the Cluster participants in terms of their improved understanding of how they might advance their future export aspirations, as well as the development of networks and contacts that may prove valuable to future export and business development aspirations.
15. The Review Panel considers this progress, though limited given the funding expended so far, is worth preserving and supporting. Therefore, the recommendations of the Review Panel are that:
- A full stocktake of all commitments made to Cluster members be undertaken and these be met in good faith under the scrutiny of an independent advisor to ensure those companies involved in the project receive the recompense they entered into as part of supporting the project.
 - Consideration be had to a review of the contracting and monitoring capability of Te Puni Kōkiri with regards to contracts of this kind, in particular placing emphasis on ensuring the right contractual and accountability arrangements are put in place from the commencement of projects.
 - The Investment Agreement and service contracts be redesigned to focus on supporting the existing Clusters achieve a set of realistic and viable outcomes relevant to their aspirations and abilities to achieve export success.
 - A new funding and service model be designed that places emphasis on supporting Clusters directly, rather than supporting the provision of advisory services to the Clusters, so that more direct funding is available under carefully scoped parameters to undertake initiatives that improve the ability of businesses to achieve export capability and growth.
 - Consideration be had to re-tendering all the roles in the Tekau Plus project to ensure the right capability is appointed to support the re-scoped project and to ensure transparency around the appointment of advisors is achieved.

COMMERCIAL IN CONFIDENCE

- An independent director be appointed to the Tekau Plus governance body immediately to oversee the redesign and re-scoping of the project.

Released under the Official Information Act 1982

2. Background and approach

Background

Inception of the Tekau Plus project

16. The Tekau Plus project (the project) was established as a long-term partnership of the Māori Trustee, Poutama Trust (Poutama) and the Federation of Māori Authorities Incorporated (FOMA). Tekau Plus is neither a stand-alone entity, nor a formalised joint venture. It is best described as the branding for a project intended to:

“..develop Māori globally competitive, icon business in the agribusiness sector, focussing on developing businesses that have the scale and scope to develop niche products for the world markets..”²

17. Additionally, project documentation indicates that the “Strategic Objective” of the Tekau Plus project is to “..contribute to foreign earnings by having in 10 years at least 8 (10) iconic and successful Māori export organisations and brands earning \$10 m from foreign earnings.”³

18. A contract dated 14 September 2007 details the expected outcomes and outputs of the project and was signed by the Māori Trustee on behalf of himself, Poutama and FOMA. A Memorandum of Understanding (the MOU) was entered into on 8 October 2007 that further formalised the engagement between the three parties involved and sets out additional detail around intended outcomes and expectations. The MOU notes that the Māori Trustee, Poutama and FOMA are collectively known as the Business Advisory Group (BAG) in reference to their joint undertaking to progress the Tekau Plus project.

19. The BAG is also referred to by its members as the Board or the Tekau Plus Board, although in a formal sense the BAG is not a governance Board overseeing a formalised vehicle of any description.

20. In terms of BAG membership, the Māori Trustee John Paki and Poutama Trust representative Richard Jones (the Chief Executive of the Trust) have both been on the BAG since the project's inception.

21. The initial FoMA representative on the BAG was Mr Paul Morgan. Mr Morgan resigned from his position on the BAG at the end of May 2009, to be replaced by the new FOMA Chief Executive Rino Tirikatene. Mr Tirikatene stepped down as FOMA representative to the BAG upon resigning from his role as Chief Executive of FOMA in early 2010. He was replaced on the BAG by Traci Houppapa, Chairperson of the FOMA Executive. Ms Houppapa's tenure commenced after the project was suspended and she has had no direct involvement with the Tekau Plus project in terms of its inception, governance and operation prior to her replacing Mr Tirikatene on the BAG.

22. The project is presently being managed and substantively delivered by FOMANA Capital Limited (FOMANA). A contract dated 18 February 2008 formalises this arrangement and the performance expectations around the work to be undertaken by FOMANA. It should be noted that FOMANA is a 70% owned subsidiary of FOMA and that the minority shareholders are Mr Paul Morgan (a director of FOMANA) and Mr Wayne Mulligan (the Chief Executive of FOMANA). Both Mr Morgan and Mr Mulligan were involved in the preliminary thinking behind the Tekau Plus project and went on to play governance and delivery roles respectively for the project. It is noted that the

² Memorandum of Understanding for the Māori Global Agribusiness Development Project, page 1.

³ Investment Agreement for Māori Global Agribusiness Development Project, Schedule G, page 18. Note that, despite the 10 year timeframe of the Project, the funding was only provided for three years in accordance with the Investment Agreement and no further commitments for extension of funding have been made.

role of FOMANA as project manager is written into the base contract. It is also noted that the ownership arrangements were known to Te Puni Kōkiri as the funder of the project.

23. Further information on the genesis, rationale and intent of the Tekau Plus project, as well as the entities involved, is attached to the Report as Annex 2.

Project governance arrangements

24. The Māori Global Agribusiness Development Plan “Tekau Plus” indicates that:

“The Tekau Plus programme is for three years, with a budget allocated of \$3.04 million.⁴ Payment is aligned to agreed milestones and the reporting and accountability structure has three levels:

Level one is the sponsor and contract level, this involves Te Puni Kōkiri (TPK), the Māori Trustee and other Government departments.

Level two is the project governance: the Business Advisory Group (BAG) with key participants being Poutama, FOMA, Trust [sic]... and any other key personnel or entities.

The third level is the management and project co-ordination level. This is where BAG has engaged FOMANA to project manage the programme.”^{5, 6}

25. The document “FOMANA Statement of Work”, which forms part of the Investment Agreement, builds on this structure and allocates specific roles to parties, namely:

“Te Puni Kōkiri is the sponsor, supported by NZTE and other government departments.

Māori Trustee is the contract holder and part of the Business Advisory Group (BAG)

Poutama Trust is part of the BAG.

FOMA is part of the BAG

FOMANA is the project manager and reports to the BAG.

BAG reports to the Sponsor.”⁷

26. In addition, the “Investment Agreement for Māori Global Agribusiness Development Project” outlines the role of an Overview Panel. The purposes of the Panel are:

“...to provide assistance and support to the Project and including the work of the Business Advisory Group [sic], including advice on specific projects and work and liaison with other agencies;

⁴ Although Schedule G to the Investment Agreement refers to an allocated budget for the Tekau Plus programme of \$3.04m, on page 2 of the Investment Agreement Te Puni Kōkiri agrees to pay \$3.02m. The \$20,000 differential relates to an initial concept plan prepared by FOMANA, and was paid directly to FOMANA by TPK.

⁵ Investment Agreement for Māori Global Agribusiness Development Project, Schedule G, page 16.

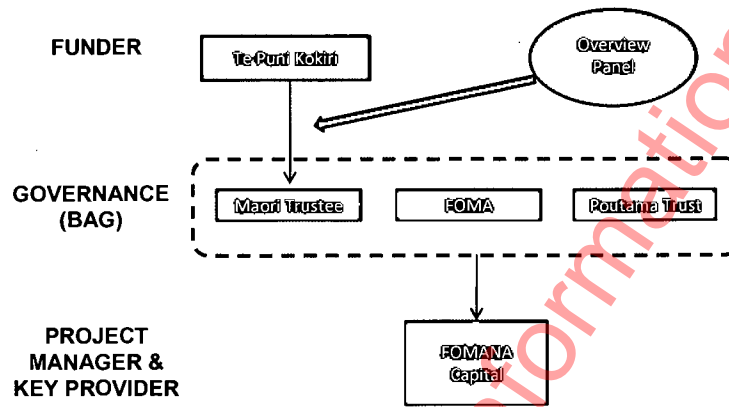
⁶ The Investment Agreement is dated 14 September 2007, although the role of FOMANA as service provider was not formalised until the Contact for Services was signed on 18 February 2008.

⁷ Investment Agreement for Māori Global Agribusiness Development Project, Schedule G, p 25.

to provide assistance and advice to Te Puni Kōkiri and the Māori Trustee, in terms of monitoring progress and implementation of the project, specifically through providing peer review and feedback on six monthly reports;

and to provide assistance and advice to the Business Advisory Group and Te Puni Kōkiri on the design and findings of the evaluation of the project.”⁸

27. The diagram below sets out the arrangements described above:



Events leading to this review

Performance issues and concerns raised by the funder Te Puni Kōkiri

28. Recognising that the conceptual genesis of the project was several months in advance of the date of the contract being signed, it is taken that the commencement of the project was September 2007. In that regard, the contract had been in operation for 11 months before an initial set of concerns were raised by the funder (Te Puni Kōkiri) on the performance of the contract with regard to:

- Failure to achieve June 2008 deliverables in relation to Clustering; and
- Identification and mitigation of risks around Cluster milestones.

29. A subsequent information request was made by TPK in September 2008, and payment of \$100,000 was withheld from the Tekau Plus project for failure to deliver the 1-2 Clusters required within the period to 30 June 2008. Towards the end of 2008 TPK and FOMANA negotiated a variation to the Investment Agreement, to allow for the delay in meeting deliverables. The proposed variation was not approved by the Tekau Plus Board at their meeting in early 2009. In April 2009 TPK received the six-monthly report to 31 December 2008, which reported that the first Cluster had been formed and therefore the June 2008 requirement of 1-2 Clusters had been met. However, TPK raised concerns regarding a potential conflict of interest, given that Paul Morgan was a director of the a company included in the first Cluster. Payment of the amount withheld was made on 11 June 2009, following the resolution of these conflict issues.

30. On 12 October 2009 TPK made a further information request, seeking:

- Financial accounts for the six-month period to 30 June 2009;
- Several reports and documents required as contractual deliverables; and

⁸ Investment Agreement for Māori Global Agribusiness Development Project, Schedule F, page 15.

- Detail pertaining to the inclusion of particular businesses in the Cluster programme.

31. Mr Paki's response on behalf of the BAG, received by TPK on 30 October 2009, was deemed insufficient by the project sponsor, and on 13 November 2009 the contract was suspended on the basis that:

"None of the information sought has been provided, despite the obligations on the part of the Māori Trustee, the Federation of Māori Authorities, and the Poutama Trust (collectively "Tekau Plus") to maintain the information sought and to provide copies upon request to TPK."⁹

Financial review of the Tekau Plus project

32. As a result of the concerns and issues raised above, in December 2009, PricewaterhouseCoopers (PwC) was contracted by TPK to "...consider and analyse the financial information available from Tekau Plus to assist TPK assess the financial performance and position of Tekau Plus in relation to the outputs that were generated from the project."¹⁰

33. This consisted of:

- Summarising the financial position and performance of the Tekau Plus project; and
- Commenting on the structure of the Tekau Plus project's bank accounts and validating the cash flows and position of the project.

34. The analysis found that all payments made to the Tekau Plus project from TPK were accurately accounted for and that the accounting records in relation to payment of funds are consistent between TPK and the Tekau Plus project. Further, PwC concluded that all payments from Tekau Plus to FOMANA, FOMA, the Poutama Trust and the Māori Trustee were approved by the BAG, paid as intended, and were accounted for accurately by the Tekau Plus project.

35. The analysis did not comment on the quality or value of the outputs delivered by the project as this was out-of-scope.

Value for money review and re-scoping of base contract

36. Following the submission of the PwC Financial Review, the BAG and Te Puni Kōkiri agreed that an exercise was required to:

- Re-scope the outputs and performance indicators for the existing contract.
- Undertake a "mid-point" Value for money Review to determine the value of the contract so far.

37. While the parameters for this exercise were being developed, a number of concerns were raised publicly by freelance journalist Mr Phil Kitchin.¹¹ These concerns particularly related to the governance of the project (with regard to how the interests of parties involved in governance and management of the Tekau Plus project were dealt with) and whether the Tekau Plus project was delivering on its contracted outcomes.

⁹ Letter Leith Comer to John Paki, "Māori Global Agribusiness Development Project, 13 November 2009, p 1.

¹⁰ Interim Report on Tekau Plus – Financial Analysis, p 2.

¹¹ \$3m project on hold after cash doubts Dom Post 22 March 2010; Results go missing in web of clichés Dom Post 22 March 2010; Conflicts of interest concern for director of halted project Dom Post 23 March 2010; Three businesses lined up for funding not Māori Dom Post 23 March 2010; "Value for money" audit of Tekau Plus Dom Post 24 March 2010; Questions on taxpayer bill for business meetings 24 March 2010; Tekau Plus operator yet to return \$70,000 payment, Dom Post 29 March 2010

38. Given that the BAG and Te Puni Kōkiri had already agreed to undertake a Value for Money exercise, the Māori Trustee and the Chief Executive of Te Puni Kōkiri announced that an independent review of the Tekau Plus project would be undertaken by Mr Tony Hartvelt, a Deputy Commissioner at the State Services Commission, Mr Whaimutu Dewes, independent consultant and PricewaterhouseCoopers (PwC). Mr Murray Coppersmith is the Partner acting on behalf of PwC with regard to the Review.
39. As set out in the Terms of Reference "The Review has been called for by Tekau Plus and Te Puni Kōkiri to ensure value for money of Tekau Plus is independently established and documented while also informing any final evaluation of the Project that occurs and to provide assurance for outputs delivered to date."¹²

Approach undertaken by the Review Panel to address the Terms of Reference

40. The Review Panel has used a number of approaches in developing its response to the key issues raised in the Terms of Reference.

Scope and focus of the review

41. It should be noted in this regard that the Review does not constitute a formal evaluation of the impacts of the Tekau Plus project. There is insufficient time and resource available to undertake a formal evaluation of the project using econometric and other quantitative assessment approaches. By admission of the project managers themselves, the project is in a nascent stage, being only two years into a planned ten year overall goal.
42. Given the data and information the Review Panel has had access to, the use of formal evaluation techniques would bring little further value at this time. We also note that direct benefits are not easily measurable at this point, with the project managers indicating to us that "Reports from businesses show that new orders, sales and foreign earnings of \$1m have occurred."¹³ The extent to which this figure of \$1 million can be attributed to the Tekau Plus project is difficult to establish at this stage. The project managers also comment that "Whilst the initial revenues may be modest they are a start. Research shows that export success can take many years to achieve."¹⁴
43. The Review Panel also wishes to clarify that it has not undertaken a benchmarking exercise or benchmarking study of the Tekau Plus project. The Review Panel considered whether or not some form of benchmarking exercise might help clarify the extent to which the Tekau Plus project has delivered value for money. The Review Panel is of the view that:
- We have been unable to identify relevant benchmarks that are sufficiently robust to illustrate a point of efficiency and/or effectiveness, due to a lack of useful data and information to undertake the necessary analysis.
 - Benchmarking should not be confused or described as the simple comparison of quantitative information in order to demonstrate or highlight an argument being made for a particular purpose. Benchmarking is an analytical approach that requires:
 - a. agreement in advance around what is being measured and what data is required to enable measurement
 - b. development of sound data collection instruments that are unbiased and have been designed to measure the subject of the exercise

¹²Tekau Plus – Value for Money review: Terms of Reference, page 1.

¹³ Tekau Plus Internal Performance & Value for Money: A Reference Document for the Review Panel, p 7.

¹⁴ Tekau Plus Internal Performance & Value for Money: A Reference Document for the Review Panel, p 7.

- c. a process for validating the data that has been collected through the statistical instruments applied
 - d. a strong qualitative and contextual view of what is being measured to ensure quantitative comparisons reflect the environmental conditions of the subject of the exercise.
44. Generally speaking, the data and information available about the Tekau Plus project is extremely limited in terms of providing robust benchmarks or comparators for further analysis. Additionally, the Review Panel would caution against the use of any benchmarking comparators given the nascent nature of the project and its unique combination of a range of concepts, none of which are easily comparable to other government-funded initiatives.

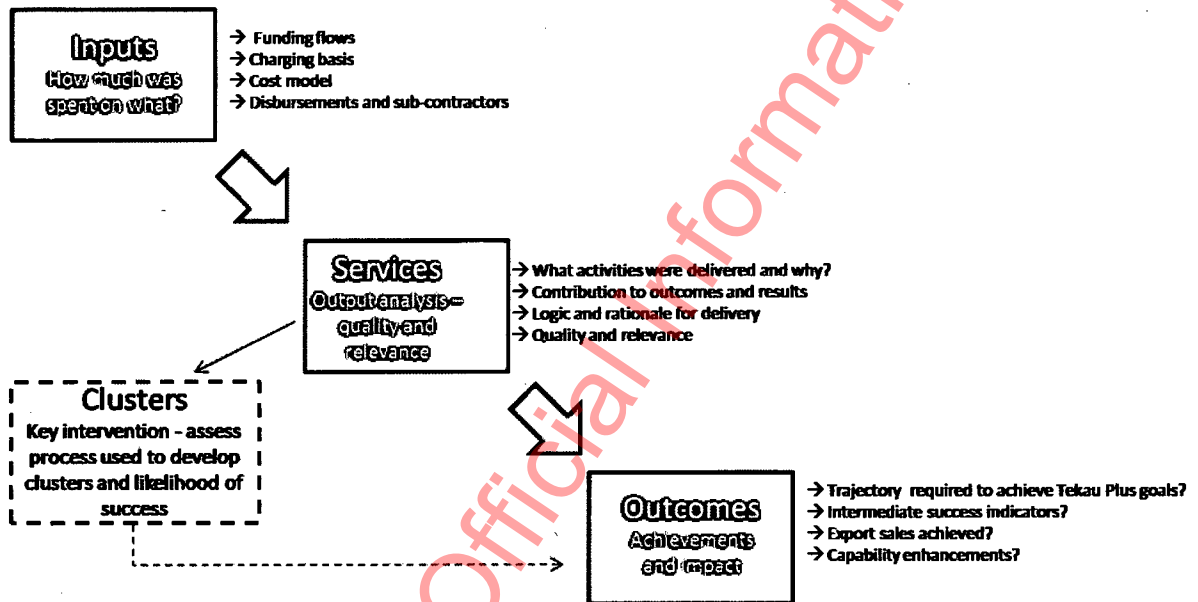
Analysis undertaken

45. A key constraint facing the Review Panel in developing its analytical approach is the lack of any form of performance framework that enables the intermediate outcomes of the Tekau Plus project to be articulated and then achievements assessed relative to this framework. The Review Panel finds itself having to develop such a framework itself and make judgements about progress against the overall objective of the Tekau Plus project (i.e. 10 businesses/brands earning \$10 million of export earnings each in 10 years time).
46. Given this constraint and the lack of performance information available, the Review Panel has looked to undertake the following analysis with relevant commentary regarding the Tekau Plus project:
- An assessment of the contractual, institutional and governance arrangements put in place by Te Puni Kōkiri and the parties constituting the BAG, including the operation of the Overview Panel.
 - An assessment of the processes used by the BAG to ensure conflicts of interest were managed appropriately.
 - An analysis of input costs and outputs delivered based on invoices, project reporting and other information the Review Panel has had access to. This analysis includes a summary of the funding flows of the project and the charging regime adopted by the main provider in the delivery of services. We also include commentary on the achievement of quantitative outputs against the contract for the Tekau Plus project relative to the Review Panel's assessment of the quality and relevance of the outputs delivered.
 - An assessment of the work undertaken through the Tekau Plus project to develop Clusters. The operation of successful Clusters is a critical element of the Project and represents a significant share of the funding agreed to by Te Puni Kōkiri to support the Tekau Plus project. In many respects, other outputs delivered by the Tekau Plus project are either drivers for the Cluster output or ancillary outputs to support overall project governance and reporting processes. In terms of assessing the Cluster output, the Review Panel has:
 - a. Considered the processes used to assess potential membership of Clusters with the aim being to ensure Clusters were likely to be successful given the goals and aspirations of the Project.
 - b. Engaged with a selection of Cluster members to seek their views on what services and benefits they received as being part of the Tekau Plus Clusters.

47. With regard to the Cluster output and associated activities, the Review Panel is very conscious that its views must reflect the quality of the Cluster in terms of the experience of its membership and the extent to which it can be evidenced in terms of what stage a particular Cluster might be at. In this regard, it is also acknowledged that many of the Clusters have only been in place for a few months, and the extent to which significant activity might have been undertaken is limited. Therefore, the Review Panel has had to use its own judgement as to what constitutes a viable Cluster, based on the engagement with the members, the discussions with the project manager and input from NZTE.

Assessment of value

48. Based on the analysis and lines of inquiry noted above, the Review Panel has adopted the following framework to help it make an assessment of the value of the project:



49. The Review Panel recognises that its assessment of the outcomes is a qualitative judgement. We also accept that discerning the value of a project that is in relatively early days of operation and in a field where it is difficult to attribute outcomes to specific interventions, presents a challenge when trying to make an overall assessment of value.

50. However, we also note that, in the absence of any strong set of KPIs or outcome indicators that would have provided a framework to gauge the progress of the Tekau Plus project towards achieving its ultimate outcomes, we are still required to provide an assessment of value. Therefore, it is the Review Panel's position that this is must be based on:

- A sense of what is reasonable to expect in terms of likely outcomes given, for example, the nascent stage of the project Clusters and the trajectory many of the companies involved would need to take to reach \$10 million of export sales over the remaining period of time.
- A view on the value of the services delivered through the Tekau Plus project that have strengthened the capability of Cluster members, reduced risk in terms of business or venture failure occurring and enhanced the ability of Cluster members to increase their exporting potential.
- The strength, quality and credibility of the Clusters developed to date relative to the funding expended.

51. This framework and set of judgements is used by the Review Panel to inform its view of what the next steps for the project might be and whether or not value might be achieved from the remaining funding yet to be expended.

The term value for money

52. As a final statement, the term "Value for Money" is a phrase used for a variety of purposes with a variety of meanings.
53. A typical approach is to look at the economy, efficiency and effectiveness of a programme of work to understand how well inputs were applied to produce the right outputs necessary to deliver the desired outcomes. The Review Panel acknowledges that taking too narrow an assessment approach for the Tekau Plus project could unfairly rule out a range of potential benefits that have accrued to companies participating in Clusters. However, we are not engaged in this Review to undertake an evaluation of the project. Additionally, our assessment of value must take into account the value achieved for the tax payer as the ultimate funder of the project versus the value participants in the project may have received.
54. In the absence of a suitably robust outcomes framework for the project, including potential intermediary outcomes to judge interim success for the Tekau Plus project, our judgements must be based on what we are able to observe, what we understand the ultimate goals and objectives of the project to be and the limited performance data we have had access to so far.

Released under the Official Information Act 1982

3. Contractual, institutional and governance arrangements

Overview

55. This section of the report looks at the base accountability arrangements put in place for the oversight and governance of the Tekau Plus project. The Review Panel's assessment of these arrangements is based on the overarching contractual, institutional and governance mechanisms initially established to enable project operations and activities to commence. The Review Panel also provides, in this regard, an assessment of how well these mechanisms functioned in terms of their ongoing effectiveness.
56. Our rationale for investigating these mechanisms is that they provide the foundations for ensuring the good, effective operation and monitoring of a project. Although the governance and accountability arrangements are not evidence of having delivered value for money, these mechanisms are enablers of project success. If the mechanisms are functioning well, the likelihood of success and value for money being achieved is enhanced.
57. Additionally, they are also relevant to – though not to be conflated with – how actual and perceived conflicts of interests are managed and appropriate independence at the governance level is maintained. The specific issue of management of interests at the governance level is dealt with in the next section of this report.
58. Having clear contractual, institutional and governance arrangements in place for a project with the special characteristics of Tekau Plus is important because:
- The governance arrangements in the form of the BAG, as constituted by the contract, did not adequately provide for an independent governor or robust source of second-opinion advice when considering governance issues.
 - The three organisations that each BAG member represents have differing organisational and legal characteristics (in terms of structure and powers for example). Therefore, being able to point to who is in charge of the project, who is accountable for its results and who is responsible for the prudent management of its funding is vitally important to inspire confidence in the arrangements put in place to oversee the Tekau Plus project and ensure that accountability for results is clear.
 - Contractual, institutional and governance mechanisms provide the framework for a project's success and help guide the formal and informal relationship interactions that make the framework an effective performance tool. In the absence of good or effective relationship protocols and interactions, the contractual and accountability mechanisms need to be clear to help resolve disputes and manage performance.
59. In considering these issues, the key findings in this section relate to:
- The complexity of the foundation contract documentation across a multiplicity of organisations and agreements did not enhance the ultimate accountability arrangements for the delivery of the project
 - The establishment of project management arrangements and project delivery mechanisms (including the identification of a provider) without a clear process for doing so, including an assessment of what capability was required to deliver on the project objectives in order to justify the decisions made around the appointment of providers¹⁵

¹⁵ Investment Agreement for Māori Global Agribusiness Development Project, p 5, para 2.14 provides that "Contracts undertaken with consultants or advisors as part of this Project which are over one hundred thousand dollars (\$100,000) will be tendered."

- The lack of independence at the project governance level, despite a strong initial commitment by the BAG to seek further independent members to provide input around governance
- The difficulties experienced in engaging the Overview Panel that was intended to provide an independent, cross-agency viewpoint of the Project, as set out in Schedule F of the Investment Agreement.
- The formal contract and accountability documentation not being updated or varied to reflect the changing nature of the project over time
- The deterioration of the relationship management protocols and the quality of the overall relationships between the funder and the BAG.

60. We address each of these issues in turn below.

Complex contractual mechanisms and accountability arrangements

61. The Review Panel considers that the initial contract set-up and establishment for the Tekau Plus project was not optimal in the sense that the multiple arrangements required to “bind” the parties together were complex and did not necessarily clarify accountability arrangements. Additionally, the decision not to formalise the Tekau Plus venture beyond a Memorandum of Understanding, separate to the mechanism by which funding was contracted, was not optimal in terms of establishing the right set of accountability mechanisms.
62. Having said this, we do not consider these issues to have been a fatal flaw in terms of the likely success or otherwise of the project. What we do wish to state, is that clarity and transparency around contractual establishment and accountability mechanisms is important. Taking the time to put in place the best possible mechanisms to achieve this would have assisted in providing the Tekau Plus project with a firm set of accountability arrangements upon which to base itself.
63. From our perspective, there were two key issues that clouded the accountability arrangements for the project and came about because of the contractual mechanisms put in place:
- The decision to utilise multiple instruments of engagement for the contract i.e. the Investment Agreement between Te Puni Kōkiri and the Māori Trustee for funding and the separate Memorandum of Understanding to formalise the Business Advisory Group (Poutama, FOMA and the Māori Trustee), without a strong sense of the BAG being accountable for the project funding arrangements.
 - Related to this point, the lack of formality around the status of the Tekau Plus project. The Tekau Plus project was not a formal vehicle of any description and, as such, the creation of the BAG seemed to be a substitute for what could have been organised as a joint venture established through a set of more formal corporate structures.
64. The Review Panel also considers that the decision to allocate a significant amount of funding to the three organisations constituting the BAG, through a contract/investment agreement mechanism, should have been made once the optimal set of accountability mechanisms was agreed upon. The Review Panel does not dispute the decision to allocate funding to the Māori Trustee and its BAG partners but advises that a more transparent process should have been arrived at that ensured the rationale and justification was clear on all supporting points for this decision.
65. There are mitigating points and rationale for why the mechanisms used to establish, fund and govern the Tekau Plus project – at least from the perspective of the funder and the BAG – were put in place. Key to this was how to use contracting mechanisms to formalise an arrangement by which three groups which do and should work closely together could join their collective capabilities and also be responsible for funding to support them in a significant undertaking. The

Review Panel acknowledges this desire, on behalf of TPK, to facilitate such a partnership. However, we cannot shy away from the fact that the arrangements put in place seemed complex and effectively diluted accountability for the Tekau Plus project by not having any one party fully responsible for the project and artificially separating the flow of funds from the body that was nominally providing project governance functions i.e. the BAG.

The establishment of project management and project delivery arrangements was not transparent

66. The Review Panel notes that FOMANA was appointed Tekau Plus project manager as per the documentation constituting the Investment Agreement. This role was embedded from the outset of the programme. The Review Panel also notes that there was no separate process that led to or formalised FOMANA's subsequent role as the virtual sole provider for the project. The Review Panel sees these roles as separate. In this regard, we have a number of concerns given that FOMANA and its principals were present both at the governance level of the project (the BAG) and in driving the conceptual design of the Tekau Plus project. Additionally, clarification from the funder on the exact role of FOMANA (project manager versus provider of professional services) should have been sought as part of good governance practice.

67. These concerns can be summarised as follows:

- Project documentation and accountability documentation does not clearly demonstrate when, why and how FOMANA became the lead provider for the programme, nor how this decision was independently assessed given the role of parties (Mr Morgan and Mr Mulligan) related to FOMANA in project governance and conceptual design.
- There is no evidence in the project charter that the BAG clearly articulated its expectations around the capability required to deliver the project and then undertook an independently-assessed process to align capability with a decision to appoint FOMANA, either as the project manager and then as lead provider for the project.

68. It needs to be noted that the Review Panel has not raised these concerns simply based on a view that contracts for public funding should be subject to public tender processes. Having said that, in the case of a substantive project such as Tekau Plus there would have been merit in pursuing a public tender process in this regard. If there was no contestable appointment process in place there should have been:

- A clear and transparent set of rationale, documented and available for scrutiny by independent parties, to justify what in essence looks to be a direct and uncontested appointment
- An independent assessment of the appointment of FOMANA to the project manager and lead provider roles (which in the view of the Review Panel are two separate roles) to support the BAG in its decisions.

The lack of independent input and insight at the governance level for the project

69. The BAG and FOMANA have both indicated that there should have been an independent voice providing strong second opinion advice at the governance level for the Tekau Plus project. Additionally, the Review Panel acknowledges that the Overview Panel was intended to be one such mechanism for maintaining independence and perspective.
70. Having said this, we do not accept that the Overview Panel would have played the role an independent director on the BAG would have. The absence of an independent director is seen by the Review Panel as a flaw in the BAG's governance function given:
- As discussed earlier, while the relationships enjoyed by the founding BAG members presents a number of advantages at the governance level – an independent director provides an additional source of perspective and input that helps improve the quality of governance, whilst providing a mechanism to deal with any concerns about BAG members not having sufficient distance from each other to operate independently arises.
 - The interrelationships between founding BAG members and FOMANA, particularly as FOMANA's role expanded beyond project manager to lead provider for the project.
71. The Review Panel is concerned about the perception that a high level of familiarity amongst the founding BAG members creates for external observers who do not see the positive aspects of such relationships. We also suggest there is value – though potentially at the expense of efficiency and ease of decision making at the governance table – in introducing strong, independent second-opinion advisors who will question and challenge aspects of the project. In the case of the Tekau Plus project, we feel this was an important safeguard that was not utilised by the BAG.

Difficulties experienced in engaging an effective Overview Panel

72. From the perspective of the Review Panel, the Overview Panel has not proved to be an effective means of providing second-opinion and cross-government agency input into the Tekau Plus project. We believe this view to be generally accepted by both the funder, TPK, and the BAG.
73. As discussed in the Introduction and Annex 2, the Overview Panel was established to provide assistance and support to the programme in relation to specific projects, liaison with other agencies, monitoring of progress and implementation and overall evaluation of the project.
74. There appear to be a number of issues with the Overview Panel that limited its effectiveness as an advisory and second-opinion body:
- Difficulties experienced in the Overview Panel meeting and being engaged frequently enough to execute its tasks and functions.
 - Changes in the Panel membership over time, without a strong sense there were processes in place to manage handover and the passage of institutional knowledge about the project.
 - Members not being clear about the purpose of the Overview Panel and its role in terms of providing advisory and cross-government agency input and actually commenting on the governance and effective management of the project.
75. There was an additional complication in that the role of TPK in the Overview Panel potentially overlapped with the funding accountability relationship between the Māori Trustee and TPK. It does not appear this issue was satisfactorily resolved to any of the parties involved and as much

reflects the multiplicity of accountability relationships as whether or not the role of the Overview Panel was clear in terms of the funding arrangements.

76. Our view is that the Overview Panel was not a body designed to oversee payment or detailed contract performance issues. However, the Overview Panel, if it had been well functioning, could have provided an additional second-opinion voice from a technical expert's perspective that may have assisted in improving the accountability mechanisms available for the project.). Furthermore, we suggest that the Overview Panel would never have been able to play a strong governance and project oversight role given it was:
- a. Made up of officials who were not full time or heavily engaged in the project itself
 - b. Would only be meeting quarterly at best (though based on our information the group only appeared to meet three times in two years).

The deterioration of the relationship management protocols and the quality of the overall relationships between the funder and the BAG.

77. Having read the correspondence between the BAG and the funder over the second half of 2009 and having had access to earlier work carried out by PwC as part of its financial review, it is clear to the Review Panel that the relationship between the funder and the BAG was not operating as well as it could have.
78. The correspondence and issues raised by TPK with regard to the Tekau Plus project have been described elsewhere in this report. The points the Review Panel would like to focus on with regard to relationship management processes are:
- The quality of the handover processes as new Investment Managers were introduced to manage the funding agreements between TPK and the Māori Trustee and whether this was robust enough to ensure a clear understanding on the part of the funder of project direction.
 - The quality of the "soft" relationship engagements and facilitation of knowledge transfer and sharing between the funder, the Māori Trustee and the Tekau Plus project, particularly once the foundation Investment Manager moved on from this project and new staff were introduced.

79. The Review Panel considers that the relationship engagement and quality between the funder and the Māori Trustee, as well as the BAG, deteriorated over time and there was no process or fall-back option in terms of appropriately elevating and mediating concerns for all parties. Having a mechanism or protocol in place that did not require fall back on termination clauses in the base contract, for example, would have been desirable in terms of managing concerns and disputes for the Māori Trustee, the BAG and TPK.

The formal contract and accountability documentation not being updated or varied to reflect the changing nature of the project over time.

80. The Review Panel notes that there were a number discussions and a strong willingness on the part of the provider FOMANA and the funder TPK to put in place a contract variation to recognise:
- Some slippage around the output deliverables in terms of time frames – driven largely by a late start to the project
 - How external circumstances and lessons from the early stage of the project's development were informing the thinking around project outcomes and deliverables.

81. Though timing variations are a part of normal contract management, from our assessment of the available documentation and material, no variations were developed that reflected, for example, a material change in thinking around the key objectives of the project or environmental changes. These environmental changes include the Global Financial Crisis and its impact on the domestic economy and, in particular, the implications of this on building Cluster memberships.
82. This viewpoint is consistent with the views of the lead provider FOMANA who indicated the need to “rethink” the project phasing, resourcing and outcome objectives once economic conditions changed and the complexity of what was trying to be achieved became more evident. Still, there was no formal variation or change made to the base accountability documentation to reflect this. The consequences of this decision are evident when attempting to align the contract documentation with the work undertaken, particularly over the past 12 months. For example, while the Year One work programme for the project is relatively clear, the following work programmes are more high level and do not necessarily reflect where the strategic and operational objectives of the Tekau Plus project were focussed.
83. With regard to this point, we remain concerned that the mechanism by which more detailed deliverables could have been organised and structured – the annual work plan – did not seem to have been well developed or shared with the funder in a formal sense. The annual work plan is an important deliverable and was cited by PwC as being a very necessary element for ensuring better transparency around the direction of the project and the deliverables various parties would be held accountable for.

Concluding remarks

84. The Review Panel has considered the governance, contractual and institutional arrangements put in place to oversee and manage the Tekau Plus project. These factors have been considered, not as direct indicators of “value for money”, but as enablers of good performance for the project. This includes having clear and transparent accountability arrangements and having sensible processes in place to justify key decisions around the expenditure of public monies.
85. The Review Panel does not consider that the Tekau Plus project was appropriately or adequately governed. In particular, the Review Panel does not consider good practice was being followed in terms of:
 - The complex arrangements put in place to develop the contracting mechanisms for the Tekau Plus project leading to some unclear accountability arrangements around funding and project performance
 - The process used to appoint FOMANA as the lead project provider
 - The lack of effective mechanisms for providing independent, second-opinion advice at the governance level of the project
 - The lack of functioning “informal” relationship mechanisms operating between the BAG, the Māori Trustee and TPK to ensure those responsible for funding the project also had the best opportunity to understand the project, its progress and objectives.

4. Management of interests

Overview

86. The Review Panel has been asked to investigate and comment on how potential conflicts of interest were managed by the the Tekau Plus project governors.
87. We have used the guidelines set out by the Office of the Auditor General to help frame and organise our assessment of this issue. It should also be noted that some of the issues raised in the previous section on contractual, governance and institutional arrangements will be relevant to our conclusions below.
88. Our commentary in this section relates to:
- Context and background to the potential for the perception of conflicts to arise.
 - What mechanisms the project had in place to manage conflicts of interest and how actively these were managed over the course of the project.
 - Whether there was any manifestation of a conflict of interest resulting in a material benefit for a related party.

Background

89. The Office of the Auditor-General's publication 'Managing conflicts of interest: Guidance for public entities' is a good practice guide and useful point of reference for this section.
90. The guide specifies that a conflict of interest exists where a person's duties or responsibilities could be affected by some other interest or duty that the member or official may have.
91. Although it is recognised that discretion and judgment are critical elements of conflict management, effective policies and procedures are crucial tools in this area.
92. In relation to conflict management, the guide indicates that:
- identification and disclosure of interests is primarily the responsibility of the member or official concerned, and must be done in a timely and effective manner;¹⁶
 - where necessary, action to mitigate the effects of a conflict are primarily the responsibility of the public entity;¹⁷
 - interest registers can be used to identify potential conflicts, but "...a register is no more than a tool to help... identify and manage conflicts before they create problems";¹⁸
 - where a potential conflict is deemed not to exist or to be too indirect or insignificant to warrant further action, the disclosure and assessment should be formally recorded or declared;¹⁹

¹⁶ Managing Conflicts of interest: Guidance for public entities, Office of the Auditor-General, p 7.

¹⁷ Managing Conflicts of interest: Guidance for public entities, Office of the Auditor-General, p 8.

¹⁸ Managing Conflicts of interest: Guidance for public entities, Office of the Auditor-General, p 24.

¹⁹ Managing Conflicts of interest: Guidance for public entities, Office of the Auditor-General, p 31.

- "...the reasonable perception of an outside observer of the possibility for improper conduct can be just as significant [as actual improper behaviour] when considering how to manage the situation".²⁰

The governance and management arrangements of the Tekau Plus project

93. The Review Panel considers that the special circumstances of the Tekau Plus project warranted particular caution and vigilance on behalf of the project governors to ensure potential conflicts of interest were well managed.

94. These circumstances stem from:

- As discussed earlier, the close relationships between the founding BAG members
- The material interest of FOMA as a majority owner of FOMANA
- The material interest of Mr Paul Morgan as a minority owner of FOMANA
- The governance interests of Mr Morgan in several companies that would become involved with the Tekau Plus project as "Cluster" members.

95. The Review Panel wishes to note in this regard that the relationships and expertise of the founding BAG members brings with it a number of strengths for the project, particularly with regard to engaging other entities and interests in the Tekau Plus project. However, the potential for external perceptions of a conflict of interest are high and, as such, needed to be monitored with a high degree of vigilance.

Were the tools and processes in place and utilised to manage conflicts of interest?

96. The Review Panel notes that tools and processes were in place with regard to the Tekau Plus project and the management of governor's interests. This includes the operation of a Risk Register.

97. The Review Panel is concerned that these tools and mechanisms were not applied as rigorously as they should have been. For example, it took four meetings for the Register of Interests to be completed by the founding BAG members. Perhaps more critically, there was no process in place to clearly demonstrate how the interest of Mr Morgan in FOMANA would be managed around discussions at the level of the BAG where FOMANA was reporting as the project manager and lead provider for the project.

98. This is with particular regard to how the BAG approved and authorised the payment of invoices to FOMANA for services delivered. At minimum we would have expected Mr Morgan to not be involved in moving or seconding any approvals for FOMANA, given his shareholding interest.²¹

99. The Review Panel also notes that declarations of interest and how these were managed were not accurately recorded in BAG project minutes. Mr Morgan is a Director of Tohu Wines Ltd and Aotearoa Seafoods Ltd, both of which are Cluster members. Although Mr Morgan's interest in these companies was declared in the Risk Register, there was no indication in the minutes as to how this relationship was managed during discussions around the involvement of these companies in the programme.²² The sole reference to Mr Morgan in the course of the discussions

²⁰ Managing Conflicts of interest: Guidance for public entities, Office of the Auditor-General, p 10.

²¹ Mr Morgan moved the approval for payment to FOMANA on 18 February 2008, and seconded approval for their payment on 15 April 2008.

²² By the time Aotearoa Seafoods Ltd first presented to the BAG in June 2009 Mr Morgan had already stepped down from his position as FOMA representative.

surrounding Tohu Wines documented in the minutes is that "...Paul noted conflict with Tohu & Kono."²³

100. These matters had to be dealt with by:

- Retrospectively noting that BAG minutes were incorrect in terms of how the potential conflict was managed four months after the initial meeting,²⁴ and
- A letter to TPK setting out how the interest was managed four months after the event (following specific questions being raised by TPK on this matter).²⁵

101. This does not represent good practice and the BAG should have managed these issues with more diligence and efficiency. In this regard the BAG did not adequately protect itself, nor provide reassurance that the issues had been documented and dealt with as a matter of record.

102. Mr Morgan's decision to step down as a member of the BAG makes sense in light of these issues, although his ongoing involvement in BAG discussions as a "second" for FOMA does not seem good practice. The Review Panel would have recommended Mr Morgan not involve himself in any governance role and ensure he was represented purely as an advisor for FOMANA with regard to the Tekau Plus project.

Conflicts of interest manifest and material benefits for related parties

FOMANA Capital

103. There was sufficient potential, because of the close relationships between Mr Morgan in his governance role on the BAG and his role as part owner of the lead provider for the Tekau Plus project, for perceptions of a conflict of interest to arise.

104. This potential was poorly managed, given there was no formal process that determined FOMANA's role as lead provider and the substantial sums of project funding that FOMANA would receive during the course of the Tekau Plus project.

105. As a result, the Review Panel considers Mr Morgan had a conflict of interest with regard to his minority ownership role. We note that Mr Morgan's interests were acknowledged by the BAG. We do not consider, however, this acknowledgement to be sufficient or proactive management of Mr Morgan's interests. FOMA itself is also culpable here in that it should not have sought to place and/or retain Mr Morgan in the position of a BAG member given his relationship with FOMANA.

106. As noted above, Mr Morgan's eventual decision to step down as a member of the BAG was appropriate. However, our view is that this should not have been required in the first place and represents a flaw and deficiency in the processes used to manage interests in this regard.

Clusters

107. With regard to Tekau Plus Clusters, there is no evidence that suggests any related party enjoyed a benefit resulting from the manifestation of a conflict of interest. It should be noted that the key area in this regard where such a conflict, or perception of a conflict could arise, was the provision of funding to Cluster members to support Cluster activities.

²³ Project Memo 17, 29 January 2009, p 5 (in Minutes from meeting 3 December 2008).

²⁴ Project Memo 21, Meeting Minutes 27 May 2009, p 4.

²⁵ Letter John Paki to Dave Samuels, 27 May 2009.

108. Although further comment is set out in the next section, the Review Panel understands that no funding has been paid out to Cluster members at this point in relation to Cluster plans. The Review Panel also notes that the funding is to be allocated in the form of a "co-payment" arrangement, where the businesses seek part reimbursement of costs incurred in undertaking Cluster activities.
109. Funding has, however, been "pre-committed" to support Cluster plans and we understand some costs have been incurred by individual businesses with regard to this funding. We are concerned that, although no funding has been paid to Clusters, the process used to determine pre-commitments was not as well managed - with regard to potential conflicts of interest - as it should have been. It is also noted that the commitments made by the businesses involved in the Clusters have been made in good faith to undertake Cluster activities. In this regard, the BAG has not done all it could have to ensure that the decisions it was making to potentially allocate funding could withstand the level of external scrutiny that comes with the allocation of public funding.

Concluding remarks

110. In concluding this section, none of the issues that arose leading to potential for concerns around conflicts of interest were or remain insurmountable or unmanageable.
111. Common sense and good judgement are just as important as having the tools and mechanisms to manage conflicts of interest or the perception of conflicts of interest emerging. It is the view of the Review Panel that a higher level of internal scrutiny and awareness was required with regard to the Tekau Plus project and the roles played by key members such as Mr Morgan.
112. Although we can find no evidence of an actual conflict of interest occurring with regard to the involvement of Cluster companies in the Tekau Plus project, we note that there was a conflict of interest with regard to Mr Morgan's interest in FOMANA and this needed to be dealt with more vigorously by the BAG. The best approach for managing this conflict would have been for it to never emerge in the first place i.e. through Mr Morgan not having a governance role in the project given the significant potential for both actual and perceived conflicts of interest to emerge around FOMANA. The fact this was not dealt with represents a flaw and deficiency in the governance processes put in place to manage the interests of BAG members.

5. Tekau Plus Clusters

Overview

113. Clusters are the critical vehicle adopted by the Tekau Plus project in the pursuit of the its ten-year objectives. They represent the key initiative and deliverable for the project and are the most important source of performance indicators for the Review Panel in considering the value delivered through the Tekau Plus project.
114. The Review Panel acknowledges that there has been considerable research undertaken and literature produced around Clusters and similar concepts with regard to business development, economic growth and innovation. The Review Panel notes it has not been engaged to comment on the conceptual thinking behind Clusters and does not express a view on what the best or optimal approach should be for business development in the Tekau Plus project. However, the Review Panel does wish to consider:
- The quality of processes used to develop Clusters, including the companies participating in each Cluster;
 - The contribution Clusters may have made to enhancing the likelihood of participants achieving the export-focussed long-term goals of the project.

What is a Cluster and how were they developed?

Background

115. A Cluster is defined by the Tekau Plus project as "a group of organisations/businesses formed by Participants to work towards the Tekau Plus Objects or a single business that is able to commence a process of achieving the Tekau Plus Objects and enables other Māori Entities to participate at a later date. Clusters may be either a soft or a hard network."²⁶
116. It was envisaged that the Clusters would facilitate knowledge sharing and collaboration, culminating in the development of a common ten-year plan. This tied in to the programme's "single channel" approach, which aimed to create a single access channel to market intelligence and research, and funnel commercial and government networks to a single group of Māori businesses.
117. Potential Clusters and Cluster members were identified early by BAG members and FOMANA, and entities became involved, either by registering their interest, or following direct approach from the BAG or FOMANA. Following this initial contact, potential members are given the opportunity to present their case to the BAG. Membership is conditional on the outcome of a due diligence process and development of a plan.

Development of due diligence framework

118. At the commencement of the project Clearwater Limited was commissioned to develop a framework for assessing Māori agribusiness projects for the Tekau Plus project. Clearwater had a good understanding of the background to and intent of the Tekau Plus project through undertaking a number of other studies in related areas, including a review of the documentation that went on to form the core of the Investment Agreement between Te Puni Kōkiri and the Māori Trustee.

²⁶ Project Memo 17, 29 January 2009, p 10.

119. Clearwater initially reported on an assessment framework in October 2007. The report led to a checklist to be used in the due diligence assessment of a potential Tekau Plus project participant. The checklist specified 40 Tests or areas of enquiry, grouped under eight headings. For each Test, potential participants were assessed against a 5 point scale, with scores ranging from 1 (does not meet the test) to 5 (fully meets the test). The overall quantitative scoring framework provided a score out of 200 (40 tests at up to 5 points each), with weightings as follows:

Area of enquiry (main heading)	No of specific tests / questions	Maximum score
1. Understanding Global Shifts	6	30
2. Understanding Business Structures and Relationships	6	30
3. Understanding Supply Chains	2	10
4. Understanding Alliances and Partnerships	3	15
5. Financial Capability	6	30
6. Leadership	6	30
7. Business and Strategic Planning Capability	6	30
8. Overall Risk and Fit Assessment	5	25
Total	40	200

120. The assessment framework also included an ability to provide qualitative comments on potential participants.

121. While the Review Panel's scope of enquiry does not include a detailed evaluation of due diligence processes, the Review Panel concludes that the framework put in place is reasonable. Having put such a framework in place for due diligence, the critical success factor is how the framework is applied and how the results are used in the assessment process.

Results of the due diligence process

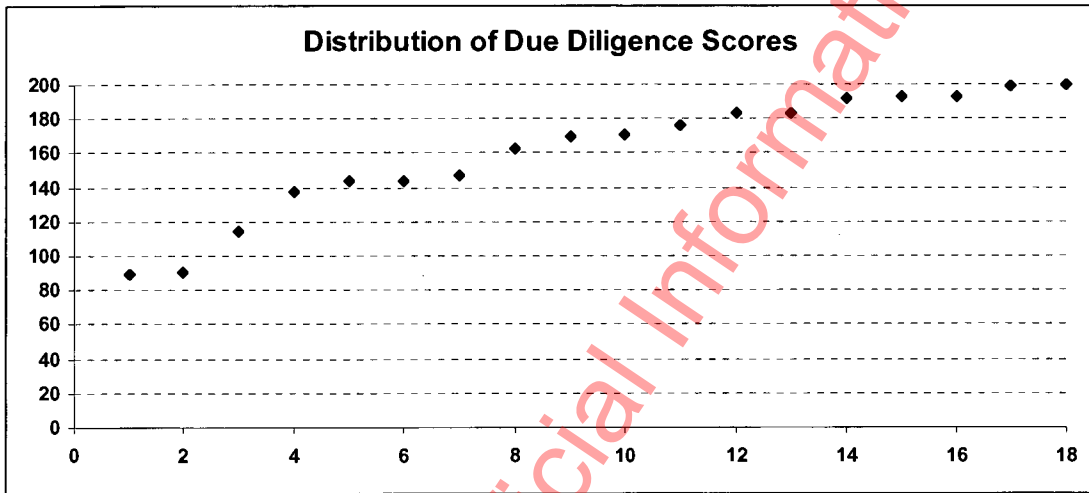
122. Due diligence assessments were undertaken by one of three people:

- Mark Ahn (PhD, Professor and Chair, Science and Technology Entrepreneurship, Faculties of Commerce & Administration and Science at Victoria University of Wellington), 1 assessment
- Peter Charleton (Staples Rodway and Director of FOMANA), 12 assessments
- Melissa Yiannoutsos (Managing Director of Kerasi Ltd and contractor of FOMANA), 5 assessments.

123. The first due diligence assessment was conducted in December 2008, with a large majority of the assessments completed in the second, third and fourth quarters of 2009. The enquiries made by the Review Panel with a sample of Cluster members confirmed that, for those cases, the due diligence process comprised a visit to the business by the assessor and that the assessor reviewed documentation provided by the Cluster member, including financial information, as well as undertook a range of discussions with the business.

124. The Review Panel has not discussed the due diligence process or results directly with any of the assessors.

125. In total, allowing for the different activities of the same business being in different Clusters, 18 due diligence assessments were completed. The distribution of scores, listed in ascending order, is shown in the graph below:



126. In relation to the due diligence process, the Review Panel makes the following observations:

- All businesses that were subject to due diligence have subsequently been accepted into the Tekau Plus programme (although some do not yet have formal approval following suspension of the programme)
- Based on our limited enquiry into the position of some of the businesses in the Clusters, the quantitative due diligence scores appear high
- Further, there seems to have been inconsistency in the application of the quantitative scoring system, with some larger, well-established exporters scoring much lower than business where products and services are at a formative stage.

Development of Cluster plans

127. Following satisfactory due diligence, Cluster members (or sub groups of Cluster members) are invited to prepare, in conjunction with FOMANA, a study programme specific to the circumstances and needs of the Cluster members. The study programme is a formal document which sets out the components of the programme including:

- Objectives
- Methodology/approach
- Expected outcome
- Resources required

- Any third party input (e.g. NZTE)
- Financial commitments of the Tekau Plus project and the participants.

Who is in the Clusters?

128. Cluster members range from companies with current export earnings of approximately \$20m per annum, to small "cottage-industry" family businesses with export aspirations and start-up companies still in the research and product development phase.

129. Nine Clusters have been established to date, involving 14 areas of study and 23 companies. Five companies are members of two separate Clusters. The composition and activities of the Clusters is outlined below:

- Sheep and Beef (two members)

The Sheep and Beef Cluster is comprised of two related entities engaged in the study of high value sheep milk protein.

- Dairy (one member)

The Dairy Cluster is comprised of one group established to develop organic dairy production.

- Indigenous Beverages (four members)

This Cluster is comprised of two individual studies: a 'wine study' with two members and an 'ale and ingredients study' with two members (although one of these companies went into liquidation at the end of 2009). Both studies are focussed on developing export markets, particularly in Asia.

- Kiwifruit/Horticulture and Fibre (three members)

There are two distinct areas of study within this Cluster. One relates to the indigenous branding of kiwifruit and has one member; while the other is developing fibre from native plants, with two members.

- Bio-Actives (five members)

This is the largest Cluster, and is made up of organisations operating in a diverse range of industries. All are focussed on the development and commercial utilisation of bio-active compounds.

- Apiary (three members)

The Apiary Cluster includes two areas of study, one pertaining to the development of high-value apiary business in the Northland region and the other focussed on value-add wound healing products. Both studies have two members, made up of three closely related businesses.

- Gourmet Food and Ingredients (four members)

There are two distinct studies within this Cluster, each with a different geographical focus. The 'gourmet food and luxury indigenous visitor experiences – America study' has two members (a seafood producer and a tour operator) and the 'gourmet foods and high quality ingredients –Asia study' has three members.

- Marine and Aquaculture (one member)

The Marine and Aquaculture Cluster currently has one member, which is engaged in a study of sea cucumbers.

COMMERCIAL IN CONFIDENCE

- Marketing and Future Food (three members)

This Cluster involves two studies, one with one member: an 'EU marketing study' and another with two members: a 'future foods China study'.

130. The table on the following page sets out the full Cluster membership, and key information around their formation, due diligence and commitments made in terms of resourcing (individual company names have been omitted).

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Cluster	Study Programme	Business/Brand	Present to BAG	Due Diligence	Plan BAG approval	Tekau Plus Commitment	Business Commitment																																																																																																																																		
Sheep & beef	High value sheep milk protein		27 Aug 2009	Nov 2009	Board resolved to take no decision on final approval 3/12/09	\$75k	\$45-\$70k (combined)																																																																																																																																		
			27 Aug 2009	Nov 2009				Dairy	Organic – World Study		25 Jun 2009	Aug 2009	29-30 Sep 2009	\$75k	\$75k	Indigenous Beverages	Wine		29 Jan 2009	28 Jan 2009	29 Jan 2009	\$75k	\$150k	Ale and Ingredients		27 May 2009	21 May 2009	27 May 2009	\$70k	\$70-\$90k (combined)	29 Jan 2009, 27 May 2009	Dec 2008	27 May 2009	Kiwifruit/ Horticulture & Fibre	Kiwifruit indigenous branding		27 May 2009	26 May 2009	27 May 2009	\$75k	\$100k	Harakeke-Ginseng fibre		25 Jun 2009	28 Jul 2009	27 Aug 2009	\$70k	\$50-\$70k (combined)	25 Jun 2009	Aug 2009	27 Aug 2009	Bio-Actives	Bio-Active compounds and proof of concept		25 Jun 2009	Aug 2009	27 Aug 2009	\$100k	\$100k (combined)	27 May 2009	26 May 2009	27 Aug 2009	25 Jun 2009	Jul 2009	27 Aug 2009	25 Jun 2009	Aug 2009	27 Aug 2009	25 Jun 2009	28 Jul 2009	27 Aug 2009	Apiary	Building a high-value apiary business – Northland		27 May 2009	Sep 2009	29-30 Sep 2009	\$70k	\$70-\$90k (combined)	High-value manuka honey and wound healing products		27 May 2009	Sep 2009	29-30 Sep 2009	27 May 2009	Sep 2009	29-30 Sep 2009	\$70k	\$70-\$100k (combined)	Gourmet Food and Ingredients	Gourmet Food and Luxury		25 Jun 2009	28 Jul 2009	27 Aug 2009	\$30k	\$30k (combined)	Indigenous visitor experiences – America		25 Jun 2009	26 Jul 2009	27 Aug 2009	Gourmet foods & high quality ingredients – Asia		25 Jun 2009	26 Jul 2009	27 Aug 2009	\$100k	\$40-\$60k (combined)	27 May 2009	26 Jul 2009	27 Aug 2009	25 Jun 2009	28 Jul 2009	27 Aug 2009			Marine & Aquaculture	Sea cucumber		29 Sep 2009	Nov 2009	Pending	\$70k	\$70k	Marketing & Future Food	EU Marketing		30 Sep 2009	Nov 2009	Board resolved to take no decision on final approval 3/12/09	\$70k	\$55k	Future Food China		29 Oct 2009	Nov 2009
Dairy	Organic – World Study		25 Jun 2009	Aug 2009	29-30 Sep 2009	\$75k	\$75k																																																																																																																																		
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	High-value manuka honey and wound healing products		27 May 2009	Sep 2009	29-30 Sep 2009																																																																																																																																				
			27 May 2009	Sep 2009	29-30 Sep 2009	\$70k	\$70-\$100k (combined)																																																																																																																																		
Gourmet Food and Ingredients	Gourmet Food and Luxury		25 Jun 2009	28 Jul 2009	27 Aug 2009	\$30k	\$30k (combined)																																																																																																																																		
	Indigenous visitor experiences – America		25 Jun 2009	26 Jul 2009	27 Aug 2009																																																																																																																																				
	Gourmet foods & high quality ingredients – Asia		25 Jun 2009	26 Jul 2009	27 Aug 2009	\$100k	\$40-\$60k (combined)																																																																																																																																		
			27 May 2009	26 Jul 2009	27 Aug 2009																																																																																																																																				
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Marine & Aquaculture	Sea cucumber		29 Sep 2009	Nov 2009	Pending	\$70k	\$70k																																																																																																																																		
Marketing & Future Food	EU Marketing		30 Sep 2009	Nov 2009	Board resolved to take no decision on final approval 3/12/09	\$70k	\$55k																																																																																																																																		
	Future Food China		29 Oct 2009	Nov 2009	Board resolved to take no decision on final approval 3/12/09	\$45 k	\$100k (combined)																																																																																																																																		
			29 Oct 2009	Nov 2009	Board resolved to take no decision on final approval 3/12/09																																																																																																																																				

How did the Review Panel engage with Cluster members?

131. The Review Panel spoke with seven people representing nine of the organisations participating in the Tekau Plus Clusters. This was not intended to be a comprehensive data-gathering exercise, although those interviewed comprised a representative selection of participants. Some of the people spoken to represented more than one of the Tekau Plus entities.

132. The purpose of the interviews was to learn more about how individual organisations engaged with the programme. In particular, the Panel focussed on:

- how the organisations heard about the Tekau Plus project and their involvement
- the process that the Tekau Plus project followed when assessing their operations
- the entities' planned involvement with other Cluster members
- their financial commitment to the programme, and
- the benefits that the organisations have received.

Feedback and themes emerging around Clusters

Overview

133. The Review Panel has not conducted a formal evaluation of the Clusters, nor has it applied a specific approach or methodology to attempt to develop conclusions around effectiveness. The nascent nature of the Clusters also makes it difficult to determine what should have been achieved at this point and the overall effectiveness of the intervention. In considering the Clusters, the Review Panel has used its limited interaction with the membership to develop a range of observations to help inform its views about the value of the project.

134. As an overall comment, the Review Panel notes that all Cluster representatives that the Panel spoke to reported positive experiences with the Tekau Plus programme. Key benefits arising from involvement in the scheme included:

- increased network establishment and access to buyers, resulting from the ability to leverage off other Cluster members, the relationships forged within Clusters, and facilitation undertaken by FOMANA;
- support, advice and expertise from experienced exporters within the Tekau Plus project; and
- commitment of financial support – although at this point no financial support has been paid out to Cluster members.

135. In this regard, the Review Panel can see some value has been achieved in terms of the benefits reported by the Cluster members. Whether or not it was worth the relatively high costs of the project is difficult to determine.

136. Although none of the entities spoken to have been able to identify tangible financial benefits directly attributable to the Tekau Plus programme, it is expected that these will emerge as the programme progresses. The businesses acknowledged that, while the Tekau Plus project may not yet have altered the trajectory of their export development, it has widened the scope of what they have been able to achieve in the timeframe to date.

NZTE perspective

137. As part of its considerations the Review Panel spoke to representatives of NZTE to seek advice on what the determinants of success should be for a project with the aspirations and focus of the Tekau Plus project. It should be noted that it is difficult to align the Tekau Plus project to any specific NZTE funded initiative. Additionally, the Review Panel does not wish to make any judgements or attempt to draw any conclusions around whether or not NZTE should have a programme that supports the businesses the Tekau Plus project has been working with. Our engagement with NZTE has been purely to obtain a second perspective on the project and to think about some other ways of understanding the value of this project.

138. NZTE provided us with two very useful high-level points to assist us in our thinking:

- As a starting point, the export readiness guidance used by NZTE to help make decisions about the capability and capacity required to engage in export activity may have ruled out some of the companies in Clusters if it were used as the entry-level requirement. Start-up firms and concepts and businesses are not considered good export prospects by NZTE and it is clear some of the companies involved in the Tekau Plus project are still at this level.
- That Clusters represent a form of business development and intervention support that can be difficult to achieve traction and results from. A key reason behind this is that a high-level of “co-investment” from the participants is required to achieve results. It is unclear in terms of the Tekau Plus project the real extent to which commitments have been made by the businesses involved.

Have the Clusters improved the likelihood of participant's achieving export success?

139. It is difficult to draw any conclusive findings about the success or potential for success of the Cluster initiatives. The Review Panel reiterates that the lack of a framework to understand what the Tekau Plus project was seeking to achieve in terms of intermediate success outcomes means the only judgements that can be made around tangible achievements are increased export sales. As stated earlier in this report, there are very few new export sales that can be attributed to the Cluster initiatives so far.

140. The Review Panel is of the view that, although the Tekau Plus project has delivered on the quantitative aspects of the contract in terms of Clusters, the strength and quality of the Clusters themselves is more difficult to judge. For example:

- A number of the Clusters only have one or two companies involved – in some instances a number of companies are listed as being in a Cluster but further investigation indicates the companies are related parties.
- The evolution of the Clusters in terms of the businesses involved is patchy. For example, one Cluster has no actual physical product available, while others are in essence “cottage industries”, yet to develop a product that has demonstrable commercial viability.
- The Clusters are universally nascent in their formation. Therefore, it is difficult to determine how much, if any, tangible progress in terms of increased export sales should have been achieved.

Comments on the Clusters

141. Based on a review of the documentation and discussions with a number of the Cluster participants, the Review Panel observations on the Clusters are:

- Many of the Clusters have only been in place for a short period, with a large majority of Cluster plans submitted to the BAG in August, September and December 2009

COMMERCIAL IN CONFIDENCE

- A number of the Clusters comprise only one business or, where there is more than one business, they are closely related
- While some Cluster members are already exporting, the number with a substantial, existing base is small and a similar number have some but relatively modest exports
- A number of the businesses have no current exports and some are focussed on products and services that are at the proof of concept stage
- Four of the businesses have been identified as “non-Māori” but are included in the Clusters as facilitators to Cluster development (these businesses do not receive any direct financial support)
- The initial focus of Cluster members was “... to develop Māori globally competitive icon businesses in the agribusiness sector, focussing on developing businesses that have the scale and scope to develop niche products for the world markets ...”,²⁷ but this definition was amended in 2008 to “... work with both existing exporters and to build a pool of future export businesses.”

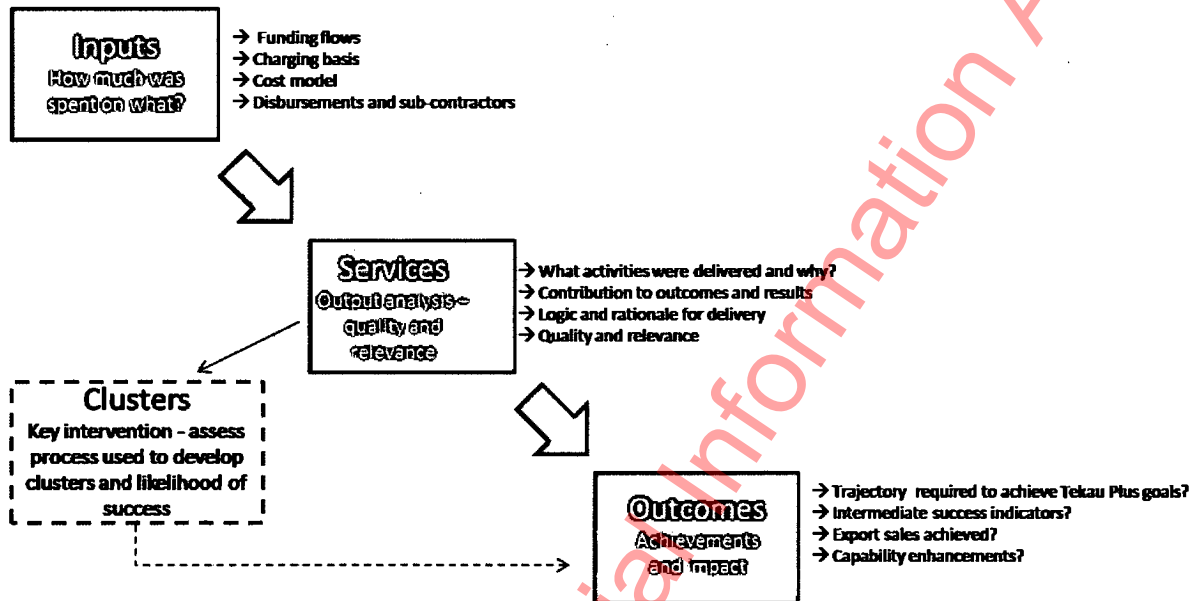
142. Overall, it is the view of the Review Panel that the ability of the existing Cluster members to meet the long term aspirations of the programme is at risk.

²⁷ MOU between Māori Trustee, FOMA and Poutama, p1 and Investment Agreement, p1.

6. Value for money findings

Overview

143. As set out in the introduction to this document, the Review Panel has adopted the framework below for assessing the value of this project:



144. We reiterate that the Review Panel is not undertaking a formal evaluation of the Tekau Plus project, nor providing any form of economic or quantitative analysis on its effectiveness and impact. The policy or intervention logic/rationale for the Tekau Plus project is also not under review at this point, as it is outside our Terms of Reference.

145. We do wish to acknowledge that there have been many positive experiences cited in our engagements with Cluster members working with the project. We also acknowledge that there appears to be, on the face of it, a service demand on the part of the businesses engaged by the Tekau Plus project to receive support for improving exporting potential and capabilities. However, we cannot provide a view that this, in itself, strengthens any value for money proposition for the Tekau Plus project. Moreover, we are not providing a view on the merits or otherwise of the government supporting business development projects for firms with exporting aspirations.

146. Our approach for this section of the review is to:

- Set out the financial analysis undertaken which sets out the funding flows for the project so far, as well as the basis upon which fees were charged for the project.
- Summarise the outputs delivered through the project, including the Review Panel's view on the quality of these deliverables in terms of execution and relevance in relation to the project objectives.
- Assess the value of the outputs delivered from the perspective of:
 - a. What is reasonable to expect in terms of likely outcomes given, for example, the embryonic stage of the project Clusters and the trajectory many of the companies involved would need to take to reach \$10 million of export sales within the timeframe set in the project objectives.

- b. The value of the services delivered through the Tekau Plus project that have strengthened the capability of Cluster members, reduced risk in terms of business or venture failure occurring and enhanced the ability of Cluster members to increase their exporting potential.

Financial/input analysis

Funds flow under the Investment Agreement

147. The flow of funds from TPK to the Tekau Plus project is managed pursuant to the Investment Agreement. Pursuant to the Investment Agreement a total contract value of \$3,020,000 (excluding GST), is payable by way of a fixed schedule of 12 quarterly payments. The BAG was responsible for management of the funds in achieving the objectives of the Investment Agreement.

148. The payment schedule set out in Schedule B of the Investment Agreement, which specified the output to be provided, the payment date and the payment amount is as follows:

No	Output	Payment date	Amount
1	Delivery of detailed three year plan and establishment of BAG	1 Aug 2007	100,000
2	Quarterly report	30 Dec 2007	260,000
3	Quarterly report	30 Mar 2008	180,000
4	Six-monthly report	30 June 2008	180,000
5	Quarterly report	30 Sept 2008	275,000
6	Six-monthly report	30 Dec 2008	275,000
7	Quarterly report	30 Mar 2009	275,000
8	Six-monthly report	30 Jun 2009	275,000
9	Quarterly report	30 Sept 2009	275,000
10	Six-monthly report	30 Dec 2009	275,000
11	Quarterly report	30 Mar 2010	275,000
12	Final report and evaluation	30 June 2010	375,000
Total			3,020,000

149. The Investment Agreement also allocated the total funding into five areas of activity as follows:

Activity	Funding allocation
Management and Governance: provide overall co-ordination and project management, including reporting and accountability	420,000
Strategy: development of strategy and buy-in to the strategic approach by participants	200,000
Communications: providing information to enable open participation and identification of partners	300,000
Analysis and Research: development of information and analysis to inform decisions and identify strategic pathways	500,000
Clustering: facilitation, brokerage and specific analysis is undertaken for Cluster projects	1,600,000
Total	3,020,000

150. Schedule E of the Investment Agreement has a different allocation of the funding but this appears to be an error. The allocation set out above is included in schedules G and H of the Investment Agreement and has been used in all subsequent analysis.

151. At the highest level, we note that the total investment allocation of \$3 million has as a primary output the development of 8 to 10 cluster proportions over the contract period. Viewed in simple terms, this amounts to between \$300,000 and \$378,000 per cluster.

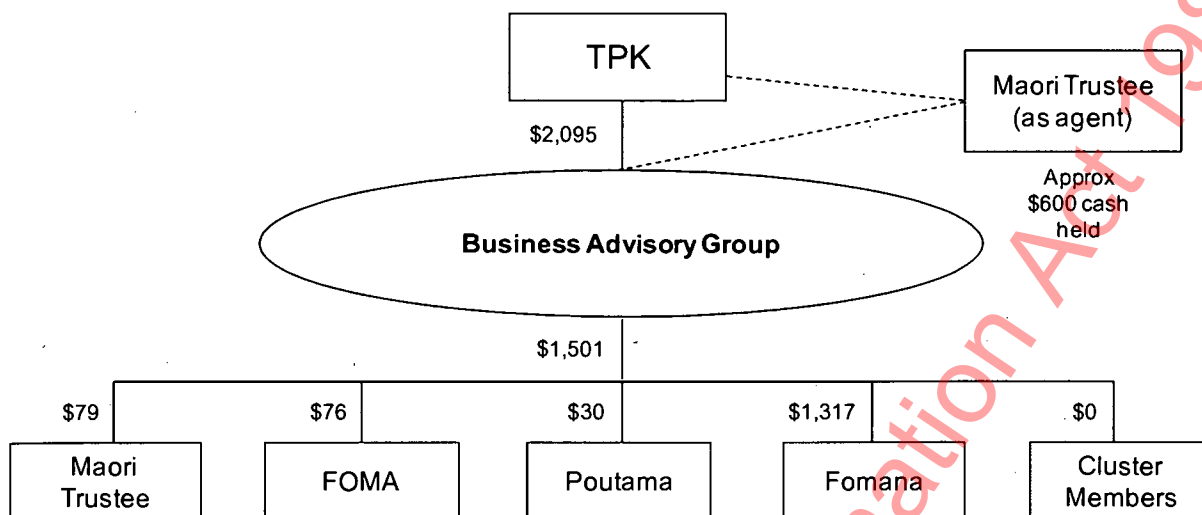
Funds flow to date

152. Up until suspension of the contract in November 2009, the first eight instalments, totalling \$1,820,000 (excluding GST) had been paid by TPK. Funds disbursed by TPK are held in accounts managed by the Māori Trustee on behalf of the BAG. The BAG is responsible for authorising payments from the account managed by the Māori Trustee.

153. Detailed analysis of the financial flows to date is included in the PwC report dated 18 January 2010. The material changes in cash flows since that time are that:

- After obtaining legal advice, TPK has paid the Maori Trustee instalment nine (\$275,000) pursuant to the contract, for the period ended 30 September 2009.
- The BAG has authorised the payment of creditor invoices amounting to \$217,025 for services provided in the period July to September 2009. These invoices were for services provided prior to the contract suspension.

154. A summary of the cash flows, including the two transactions noted above, is shown in the diagram below:



Amounts shown are in \$'000s

155. In summary:

- \$2,095,000 has been paid by TPK to the BAG
- The BAG has authorised payment of \$1,501,000 to various service providers
- Approximately \$600,000 remains in the the Tekau Plus project accounts, held at the Māori Trustee
- Taken together, the amount still held by TPK and the funds in the the Tekau Plus project accounts total over \$1.5 million, or approximately 50% of the total contract
- Cluster members have yet to receive any direct financial payments.

Basis for engaging and payment terms for service providers

156. The Tekau Plus project has, to date, used four service providers – the three parties to the MoU and FOMANA. The basis of engagement and services provided by each of these parties is described in the paragraphs which follow.

Māori Trustee, FOMA and Poutama

157. At its meeting on 18 February 2008, the BAG approved the following basis of charging for services to be provided by organisations whose representatives make up the BAG:

- A fixed fee of \$800 per meeting for Governance activities
- A fixed fee of \$2,500 per month for the Māori Trustee in relation to administration services
- \$250 per hour for work completed in other output areas

158. In addition to setting this basis of charging, the BAG entered into a separate Memorandum of Service Provision with each of the organisations which had a representative on the BAG.

159. Under this basis of charging the amounts paid to each party and the nature of services provided up to 30 September 2009 was as follows:

Activity	Māori Trustee		FOMA		Poutama	
	Mtgs / hrs	\$	Mtgs / hrs	\$	Mtgs / hrs	\$
BAG meetings	23	18,400	21	16,800	19	15,200
Monthly Administration		60,000				
Strategy			34	8,500	6	1,500
Communications	1	250	67	16,750	25	6,250
Analysis			18	4,500		
Clusters			117	29,250	16	4,000
Expenses		218				3,260
Total		78,868		75,800		30,210

160. Each of the parties submitted statements of work, quarterly in arrears. Detailed schedules of services for FOMA and Poutama are provided at Annex 3 and Annex 4.

FOMANA

161. The BAG entered into a Contract for Services with FOMANA dated 18 February 2008 (executed on 27 February 2008). The contract does not specify particular services but states that:

"During the term of the contract with Te Puni Kōkiri and the Memorandum of Understanding between the BAG parties, it is agreed that FOMANA Capital may provide services to and on behalf of the BAG, for which payment would be made.

Such agreements must be:

- a. Agreed by the BAG
- b. Duly specified in terms of the services to be provided and the payment for those services
- c. Minuted in the BAG minutes.

Where such an agreement is made it should be incorporated into the Schedule to this contract as a record of the services provided and the payment schedule.

BAG must approve any such payment made. Such approval must be minuted in the BAG minutes.²⁹

162. The contract did not include the basis of charging to be adopted by FOMANA.

163. In practice, FOMANA provided the BAG with schedules of work completed at the end of each quarter. In all cases these were approved by the BAG before payment was made.

164. The schedules provided an analysis of activities completed, grouped under the five activity areas described in the Investment Agreement and referenced to BAG minutes or Project Manager reports which described the activities. For each area a fee is provided. The fee amounts are generally round sums. For schedules of services from 1 April 2009, the amounts invoiced are supported by the numbers of hours. Where hours are provided, the associated fee represents the indicated hours, costed at \$250 per hour.

165. In order to understand the charging regime, the Review Panel asked FOMANA to provide detail for each period in terms of:

- A list of the individuals who provided the services listed
- A schedule of the hours for each person involved
- Detail of any sub-contractors that were used in the relevant period
- Detail of the amounts paid to the subcontractors
- Detail of any other expenses that make up the invoiced amount

166. Information on amounts paid to subcontractors and out of the pocket direct expenses (e.g. travel, accommodation and meeting expenses) is available. In summary, the amounts paid to FOMANA have been applied as follows:

	\$000
FOMANA	1,094
Subcontractors	93
Direct Expenses	130
	1,317

167. We are advised by FOMANA that personnel involved in the project did not complete timesheets and that no records are available for time spent by individuals. However, FOMANA has prepared an estimate of time spent by the principals (Mr Morgan and Mr Mulligan) and other staff, based on the amounts invoiced by quarter. The analysis, based on a charge rate of \$250 per hour for all inputs, indicates approximately 4,250 hours over a two year period. This amounts to approximately 2 or, at most, 3 full time equivalent people (made up of part time contributions by a larger number of people) over the contract period.

168. Based on the available information, the Review Panel observes that:

- Given the amount of funding received by FOMANA it is difficult to provide an assessment of what specific resource was allocated to the project in terms of who delivered services beyond a core team of 2 or at most 3 FTEs (made up of part-time contributions by a larger number of individuals).
- In terms of sub-contractors, very little external resource was applied relative to the total funding available to FOMANA.

- The costs per FTE for this project were relatively high given the bulk of the project appears to have been delivered by two or three individuals. We cannot provide any further analysis on these matters given the lack of information available to us on FOMANA's basis for charging and invoicing. This makes it difficult for us to determine if the value of the interventions provided was equivalent to or greater than the funding provided to FOMANA for this project.

What was delivered in terms of outputs? Were the outputs relevant and of good quality?

Overview

169. This sub-section focuses on the outputs delivered through the Tekau Plus project to ascertain:

- The extent to which the quantitative requirements of the project contract were delivered upon by FOMANA.
- Whether the outputs delivered were of high quality and the extent to which their relevance to the project outcomes can be determined.

170. The approach taken in this section is to:

- Utilise the output schedules developed by PwC through its initial financial review of the project to describe the broad nature of the outputs delivered by FOMANA in undertaking the Tekau Plus project.
- Provide an analysis based on the contract deliverables for the Tekau Plus project to determine the extent to which FOMANA has achieved quantitative outputs in terms of the outputs it was required to deliver.
- Provide commentary on the quality of the execution and delivery of the outputs and their relevance to and importance for achieving the project goals.

Outputs and services delivered through the Tekau Plus project

171. The key output groupings or output classes for the project, as set out in the contract documentation are: Governance; Strategy; Research and Analysis; Communications and Clusters.

172. There have been a significant number of diverse activities delivered across these areas in order to achieve the outcomes of the project. Notwithstanding the effort undertaken through a retrospective activity-based costing analysis by FOMANA, it has been difficult to further organise or rationalise these outputs, except under the original contract headings and then on an item-by-item basis. We discussed various methods with FOMANA but still found it difficult to develop an output model that clearly explains the logic of individual activities in terms of activity groupings that clearly link to the overall outcomes of the project.

173. In the absence of better information, the PwC output analysis from its financial review of the project (completed January 2010) is used to itemise the outputs delivered through the project. This itemisation is based on FOMANA invoices and schedules of work and is organised under the key output groupings used in the Tekau Plus contract. A full summary of this analysis and the amounts invoiced is attached to this report as Annex 5.

174. There are a significant number of diverse activities undertaken within the high-level output groupings. Sensibly organising this activity is difficult given the absence of a framework that clearly links outputs and groupings of outputs to the goals and objectives of the project. As a

means of illustrating the individual output items delivered through the project the Review Panel counted and aggregated the information available, as set out in the table below:

Output	Communications	Analysis/ research	Governance	Clusters	Strategy	Total
Meetings	222			28	3	253
Reports			2	3	8	13
Planning/ governance docs	4		6	10	3	23
Briefings	5					5
Promotional products	3					3
Hui	2			1		3
Presentations	1					1
Document/arti cle reviews		82	6			88
Briefing papers		5	4			9
Meeting papers			26			26
Symposiums/ Workshops					2	2
Attending conferences	4					4

175. The analysis shows a large volume of activity. The Review Panel notes that this analysis may not capture the logistics of managing the work, particularly with regard to managing relationships with clusters. There is no doubt a great deal of time was expended by FOMANA in fulfilling its role of project manager and lead advisor for the project. Unfortunately, it is very difficult to understand what this activity was designed to achieve and how it was linked in a rational, logical sense to the overall outcomes of the Tekau Plus project. In this regard, we consider the original PwC analysis of the FOMANA invoices to provide the most accurate form of output analysis, given the lack of other information available.

Output analysis undertaken by FOMANA

176. FOMANA has also undertaken an output analysis and review. As part of this work an activity analysis was developed by a party independent of FOMANA to help clarify the description of outputs and their costing. This work has been taken into consideration by the Review Panel in its deliberations.

177. The basis of the activity costing does not provide the Review Panel with particularly strong insights into how output activities might be more sensibly reorganised and considered when thinking about the value of the project. The key reasons for this are:

- The activity costing was developed retrospectively through the allocation of the existing output information on a percentage basis to a set of activity descriptions determined retrospectively.
- Certain activities have large costs attributed to them, making these activity descriptions no more or less useful in terms of understanding outputs than the basis upon which the original invoices were developed.

Assessment of quantitative outputs in the delivery of contracted outputs

178. The table attached as Annex 6 sets out what the Review Panel understands to be the contracted deliverables required of the project up to the point it was suspended. Our observations with regard to quantitative outputs against the contract are:

- Generally speaking, most outputs were delivered. In terms of meeting quantity measures, without applying any judgements around the strength, credibility and activities of individual Clusters, the numerical requirements for the Cluster deliverable have been exceeded.
- There are still some doubts over whether or not the items TPK was seeking evidence of delivery on for Period Four have actually been delivered. From our observations deliverables are available that can be linked to these output requirements, indicating compliance with the contract, but we cannot definitively say the quantitative aspects were 100% met and complied with. These areas include:
 - a. Strategy update for the Tekau Plus project
 - b. Niche studies for the Tekau Plus project
 - c. Business investment plans
 - d. The One-Channel framework and proposal.

179. Further to these points, the Review Panel observes that quantitative compliance against the contract is not particularly helpful in terms of trying to judge the quality of the outputs delivered so far. Quite clearly some of the output specifications in the project were expressed in quite general terms that make them difficult to align directly to the overall intent of the project.

180. Additionally, it is not always clear as to whether the most important output deliverables were being measured. This can be difficult to achieve when writing a contract that is being developed for a three year period. In this regard, the Review Panel notes that more stringent attention to the development of annual work plans and the utilisation of variation mechanisms to refine and/or change output deliverables was required to maintain the alignment of project outputs with desired project outcomes.

Were outputs of high relevance and quality?

181. The Review Panel has already provided an assessment of the Cluster output set out in the previous section. The Review Panel's observations around the remaining output groupings are:

- There were significant amounts of activity undertaken during the course of the project. A great deal of stakeholder engagement and communication activity was undertaken as the project went through its initial mobilisation and early development phases.
- The quality and relevance of the activities delivered is difficult to judge. This is because there is no clear translation available between the myriad of activities undertaken and the Tekau Plus strategy. Workshops, seminars and engagement in overseas activities based around China (presumably as a result of the Free Trade Agreement) form the bulk of many of the outputs listed by FOMANA. Why these activities were relevant, useful and valuable is difficult to judge based on the information we have access to.
- A great deal of analysis and research documentation is provided, though we observe much of it is information prepared by NZTE or other organisations reproduced either for Clusters or for governance purposes. This may have been of value for Cluster members who might not access this material itself, but the production of this material seems expensive when considered within the context of the total funding provided to FOMANA. We note approximately \$304,000 was invoiced for Research and Analysis activities up to September 2009, including pre-establishment fees.
- Key outputs such as the "One Channel" Framework only appear to have been clearly articulated as a result of the Review Panel's investigations – although this may indicate a quantitative compliance against the contract, we question the value of developing and documenting this concept after the project was suspended.

182. The Review Panel is of the view that, given the lack of a strong framework to link activities to broader outputs and then to outcomes, that the relevance of what was delivered cannot be fully clarified or justified. It is very difficult to avoid the conclusion that effort was relatively unfocused and tactical rather than strategic in its intent.

183. Furthermore, it is difficult to state, particularly in light of the concerns raised by TPK, that all of the outputs delivered were of sufficient quality given the resource made available for FOMANA.

Value and outcomes achieved

Overview

184. The Review Panel is required to make an assessment of the value delivered through the Tekau Plus project, given it is relatively "early days" for the project and that the field it is operating in is both long-term in its outlook and subject to a range of influencing factors and drivers that are well beyond the control of the project itself.

185. An issue that has hampered the ability of the Review Panel to assess value, is that the Tekau Plus project has not developed a framework by which intermediate results in terms of tangible benefits could be assessed. For example, what sort of level of export sales could be equated with success given that the project is only two years into a planned ten year operation period.

186. In this regard, we note that very few actual export sales have been achieved that can be clearly attributed to the project interventions at this time.

187. Our view, therefore, is that the project needs to be assessed through the application of judgements based on:

- What is reasonable to expect in terms of likely outcomes given, for example, the nascent stage of the project Clusters and the trajectory many of the companies involved would need to take to reach \$10 million of export sales over the next period of time.
- The value of the services delivered through the Tekau Plus project that have strengthened the capability of Cluster members, reduced risk in terms of business or venture failure occurring and enhanced the ability of Cluster members to increase their exporting potential.

Gauging progress in the absence of appropriate KPIs

188. The Tekau Plus contractual documentation and other related project documentation does not provide strong key performance indicators or other outcome-focussed indicators that give a sense of how progressed the project should have been with regard to:

- Achieving increased levels of export focussed activity, for example metrics after 2 years, 3 years or more
- The nature and characteristics of the foundations that should be in place in order to facilitate or enable export growth and sales for those companies and Clusters involved in the project.

189. This makes it difficult to find a suitable framework or set of indicators in the project itself to describe intermediate outcomes and what interim "success" should look like.

190. The Review Panel considers that, given the companies involved in the Tekau Plus project, the trajectory required to achieve \$10 million of export sales across 10 businesses/brands in 8 years is quite steep at this point in the project's life. It is almost impossible to judge which companies not already in the market are now well positioned to go on and start achieving further export growth. Additionally, while some of the companies exporting were doing so before the project started, any change in these sales figures cannot be directly attributed to the Tekau Plus project.

191. The Review Panel is required to make a subjective judgement about the quality of the foundation in place and the momentum achieved to date to help those companies involved in the Tekau Plus project achieve the project's ultimate goals. In that regard, the nature of activity is largely exploratory or formative in terms of identifying likely markets, showcasing and/or developing products for likely markets and facilitating the myriad connections and discussions required to achieve export success.

192. To this extent the Tekau Plus project has been successful in making connections of this nature though the expenditure required to achieve this has been substantial – over \$1.5 million over two years – with no strong evidence to suggest any of these connections and networks are going to deliver export sales, at least in the near future.

Has the Tekau Plus project delivered services that have strengthened the capability of Clusters and companies?

193. Tekau Plus has engaged with a group of companies who have been unable to obtain services they needed through other government funded initiatives. All of the companies have had access to the advisory services facilitated by the Tekau Plus project and been able to access the information that has been collated and compiled for the purposes of the project.

194. It is impossible to draw any direct or causal relationship, however, between these advisory services and the heightened ability of companies receiving these services to now engage in

export activities. For those companies already exporting, the impact to date will have been negligible as they were already engaged in the very activity the project is promoting. Without being able to attribute further export growth for those already exporting it is difficult to draw conclusions about value.

195. There is evidence to suggest that some companies have moved forward faster than they otherwise would have without the project, in terms of developing their understanding of export markets and product development. Additionally, other companies have used the Tekau Plus project to leverage further advantage for themselves in terms of accessing markets or presenting their products as part of a suite of "Tekau Plus" brands. Once again, however, we question the expense incurred to achieve this, particularly when no direct export impacts can be attributed at this time.

196. This does not mean no value has been achieved, but it does bring into question whether the additional expenditure can be deemed "valuable" relative to other priorities and whether or not a view can be formed of the future exporting capability of companies and Clusters involved in the Tekau Plus project.

Released under the Official Information Act 1982

7. Conclusions and recommendations

Overview

197. The Review Panel provides its conclusions and recommendations framed around the questions we were asked to address as per the Terms of Reference. This discussion is set out below.

Our assessment of whether value for money has been achieved in terms of the funding paid to the Māori Trustee on behalf of the Tekau Plus project pursuant to the Investment Agreement.

198. The Review Panel is required to make a judgement on the value of the project in the absence of both performance information and an intermediate performance framework. Our approach to understanding value for money is:

- What is reasonable to expect in terms of likely outcomes given, for example, the nascent stage of the project Clusters and the trajectory many of the companies involved would need to take to reach \$10 million of export sales over the next period of time.
- The value of the services delivered through the Tekau Plus project that have strengthened the capability of Cluster members, reduced risk in terms of business or venture failure occurring and enhanced the ability of Cluster members to increase their exporting potential.

199. The Review Panel notes that a number of positive experiences have been enjoyed by those engaged in the Clusters. We also note that the Clusters have developed – facilitated in part by the project – a range of connections and networks that may provide a useful foundation for future export growth. It is extremely difficult for the Review Panel to point to:

- Major changes in export sales trajectories or, indeed, access to the likely drivers of export sales growth that suggest the project is on track to develop a set of businesses that will achieve \$100 million of export sales over the next 7 or 8 years.
- Strong evidence the Cluster members are better positioned now in terms of capability to undertake major export initiatives, apart from those businesses who were already engaged in export activities. With regard to the latter group of businesses, it is unclear as to whether or not they have enhanced their own capabilities to grow on operations they already had underway at the commencement of the project.

200. Our assessment of input costs and outputs delivered suggests to us a high cost project undertaking with no strong evidence of significant capability development, growth momentum or other tangible evidence of indicators that export growth sales will increase to the extent required to achieve 10 businesses with \$10 million each of export sales. The project itself lacked a clear, disciplined programme of staged initiatives and investments with defined purposes and expected results to enable progress to be evaluated.

201. Having said this, we consider value has been delivered in less tangible forms for the Clusters in terms of the contacts, experiences and networks they have and are developing.

202. We are of the view, however, that more progress might have been expected in this regard for the substantial funding FOMANA has received over the course of the project to date. We also question whether or not more funding should have been allocated to the direct support of Clusters rather than supporting the project infrastructure and advisory services provided by FOMANA. We build on this comment in the sub-section below.

Our assessment of the management of conflicts of interest, the governance of the project as an enabler of likely success for the Tekau Plus project and the processes used to assess what proposals would be supported as part of the Project with a focus on Clusters.

Conflicts of interest were poorly managed

203. The Review Panel considers that the establishment of the Tekau Plus project presented a high potential for perceived and actual conflicts of interest. A strong focus being on the process by which FOMANA became the project manager and subsequently lead project advisor for the Tekau Plus project, given that a key BAG member Mr Paul Morgan was a minority shareholder in the company and a director.

204. It was unwise for the BAG not to have considered these relationships – from the outset – to be potentially compromising for the overall project. We note, however, that the BAG acknowledged the existence of the relationships. Although Mr Morgan eventually stepped down from the BAG, the Review Panel has concluded that Mr Morgan should never have taken a role on the BAG. Particularly once the FOMANA role expanded to a major advisory role and became the recipient of a large majority of the project funds.

205. As stated before, another potential area for perceived and actual conflicts of interest was the Tekau Plus Clusters given Mr Morgan's position as Director of Tohu Wines Ltd and Aotearoa Seafoods Ltd. The Review Panel does not consider that any actual conflicts of interest arose around the company Clusters, though the manner in which the BAG documented and managed these potential perceptions was untidy.

Independent governance and input lacking

206. The founding BAG was made up of a group of individuals with a wide range of networks and professional relationships. The Review Panel acknowledges that this provides the potential for a coherent, knowledgeable and unified governance voice to drive the Tekau Plus project, as well as accessing and leveraging a wide range of government and private sector networks. However, the lack of an independent voice at the governance table was a flaw in the governance arrangements, particularly with regard to ensuring the BAG could undertake credible self-critique, whilst also accessing new perspectives to support it in its overall governance role.

207. The Review Panel also notes that the Overview Panel did not function effectively as a body for providing independent second opinion advice and access to a range of expert advisors outside of the project itself. Ultimately, this responsibility rests with the BAG, as it was the BAG's role to ensure that the mechanisms put in place to support the project were functioning. The Overview Panel met infrequently and its members did not fully understand their roles or the purpose of the body they were asked to serve on.

208. The Review Panel is of the view that the Overview Panel was not a governance body in terms of being accountable for performance and funding matters. However, it could have played a very useful role in providing external advice to the project and its failure to do so has further compromised the effective oversight of the project.

Initial contractual and institutional arrangements complex and unwieldy

209. We do not consider that the mechanisms used to establishment accountability and funding relationships for the Tekau Plus project were optimal. The lack of organisational form of the Tekau Plus project and the need to have two contractual mechanisms operating for funding and for accountability was unwieldy. The Review Panel believes a more formal joint venture arrangement could have been developed to streamline accountability and contracting relationships and that these options were not thoroughly explored by the funder Te Puni Kōkiri.

Processes to manage and prioritise initiatives and participants

210. The Review Panel considers the process developed to assess which companies and businesses should be engaged in the Clusters initiative was sound. However, the application of the process seems inconsistent - with some companies being accepted into a Cluster, despite not having extensive exporting experience or, in some cases, no actual product to export.

Our assessment of whether value for money will be achieved from the remaining funding available to the project.

211. The Review Panel concludes that there is insufficient evidence available to lead us to recommend that the project be halted in its entirety and the project infrastructure, Cluster memberships and learnings and knowledge gained so far disbanded. In this regard, the Review Panel notes that it is not required to comment on the original concept itself, nor the validity of the policy rationale or intervention logic that led to the genesis of the Tekau Plus project. We also note, though this is again outside our Terms of Reference, that there appears – on the face of the limited engagement we have had with this sector – a demand from Māori businesses or businesses looking to leverage Māori and indigenous product and concepts, for support services in terms of developing export capabilities and capacity.

212. The Review Panel has significant concerns around the potential for the Tekau Plus project to achieve “value” if it continues to operate under the same set of governance, funding, contractual and performance mechanisms including the existing base contract.

213. The lack of formality and transparency around the appointment process for the main provider, the failure of the Overview Panel to operate effectively as an advisory group, the lack of independent input at the governance level and the untidy mechanisms used to manage conflicts of interest do not set the project in a good light and impacts on its ability to operate effectively going forward. In particular, we consider that the mechanisms put in place to establish and govern the project – including the existing base contract - have not delivered a suitable monitoring framework for understanding progress or allowing value to be determined in terms of impact of project interventions.

214. There needs to be strong assurance processes put in place to ensure these deficiencies are addressed and vigorously managed if the Tekau Plus project is to continue operating.

215. Additionally, the Review Panel considers that a closer consideration of the capability needed to deliver on a revised set of project activities is required. This includes tendering of the project manager and advisory services roles necessary to support a re-scoped project.

216. In terms of how the Project has been delivered to this point, the Review Panel considers the Tekau Plus project to have a relatively high cost project infrastructure that weights funding towards the provision of advisory services from FOMANA, rather than direct and customised support for Clusters to lead their own initiatives and ventures.

217. Having said this, for a relatively high cost project infrastructure there were two or at most three FTEs involved in the project who were required to cover a broad range of subject areas and initiatives and cater to the varied needs of participants at different stages of development. The Review Panel questions whether or not a range of other delivery models that have different cost and management structures could be put in place to reduce the cost of delivery and provide more tailored front-line support for the businesses involved.

218. The Review Panel recommends that:

- A full stocktake of all commitments made to Clusters members be undertaken and these be met in good faith under the scrutiny of an independent advisor to ensure those companies involved in the project receive the recompense they entered into as part of supporting the project.

COMMERCIAL IN CONFIDENCE

- Consideration be given to a review of the contracting and monitoring capability of Te Puni Kōkiri with regards to contracts of this kind in particular placing emphasis on ensuring the right contractual and accountability arrangements are put in place from the commencement of projects.
- The Investment Agreement and service contracts be redesigned to focus on supporting the existing Clusters achieve a set of realistic and viable outcomes relevant to their aspirations and abilities to achieve export success.
- A new funding and service model be designed that places emphasis on supporting Clusters directly rather than supporting the provision of advisory services to the Clusters so that more direct funding is available under carefully scoped parameters to undertake initiatives that improve the ability of businesses to achieve export capability and growth.
- Consideration be given to re-tendering all the roles in the Tekau Plus project to ensure the right capability is appointed to support the re-scoped project and to ensure transparency around the appointment of advisors is achieved.
- An independent director be appointed to the BAG immediately to oversee the redesign and re-scoping of the project.

Released under the Official Information Act 1982

Annex 1: Tekau Plus Value for Money Terms of Reference

Review Objectives

Tekau Plus was established as a long-term partnership of the Māori Trustee, Poutama Trust and the Federation of Maori Authorities Incorporated. This review has been called for by Tekau Plus and Te Puni Kōkiri to ensure value for money of Tekau Plus is independently established and documented while also informing any final evaluation of the Project that occurs and to provide assurance for outputs delivered to date.

To ensure the independence of findings, the Review is being undertaken by parties independent of Te Puni Kōkiri, the Māori Trustee, Poutama Trust and the Federation of Māori Authorities Incorporated.

The Review Objectives are:

- To determine whether value-for-money has been achieved in terms of the funding paid to the Māori Trustee on behalf of Tekau Plus pursuant to the Investment Agreement.
- To provide an assessment of the value-for-money to be achieved from the funds yet to be paid by Te Puni Kōkiri under the Investment Agreement and from funding paid to the Māori Trustee but yet to be expended on outputs under the Investment Agreement.
- To review:
 - (a) the processes and approaches used to manage conflicts of interest as well as the governance of the Project, encompassing decisions made by Tekau Plus, relating to the Project's activities and outputs; and
 - (b) the processes and assessments used to determine what proposals or initiatives were supported as part of the Project including but not limited to business/industry clusters work.

For the purposes of the Terms of Reference:

"Tekau Plus" means the Business Advisory Group established pursuant to the Investment Agreement. It comprises a representative of the Māori Trustee, the Poutama Trust and the Federation of Māori Authorities Incorporated.

"Investment Agreement" means the agreement dated 14 September 2007 between Te Puni Kōkiri and the Māori Trustee (on his own behalf and on behalf of the Poutama Trust and the Federation of Māori Authorities Incorporated).

"Value for Money" means the costs of inputs relative to the benefits/impacts of outputs produced and outcomes achieved. For the avoidance of doubt this includes:

- Were the objectives, success indicators and outputs of the Project being met?
- Were the outputs and activities that were undertaken achieving the objectives and outcomes of the Investment Agreement?
- What were the input costs for the outputs and were they reasonable?
- Benefits that may occur beyond the timeframe of the contract and not necessarily prescribed in the Investment Agreement documentation.

The "Project" means the Māori Global Agribusiness Development Project as set out in the Investment Agreement.

Review Governance

- The review findings will be reported jointly to the Māori Trustee as Chair of Tekau Plus and the Chief Executive of Te Puni Kōkiri (as the Tekau Plus funder).
- The review will be undertaken by Tony Hartevelt, Deputy Commissioner, State Services Commission, Mr Whaimutu Dewes, independent consultant and PricewaterhouseCoopers (collectively 'the Reviewers'). Murray Coppersmith will be the Engagement Partner on behalf of PricewaterhouseCoopers.
- The Reviewers are jointly responsible and accountable for the timely delivery of the review and the quality of review outputs.
- Regular, substantive updates will be made to the parties involved in the review by the Reviewers at dates to be agreed with the Maori Trustee and the Chief Executive of Te Puni Kōkiri.

Review Scope

The review of value for money will encompass the following areas:

- Considering the outcomes and outputs set out in the Investment Agreement and undertaking a collation and analysis of all outputs delivered/achieved relative to the requirements of the Investment Agreement and funding provided to date. This will include a consideration of outcomes and/or outputs that were delivered but not necessarily prescribed in the Investment Agreement.
- Considering the activities of Tekau Plus and its contracted providers including the processes followed and the assessments made to support the prioritisation of outputs and any other work under the Investment Agreement (for example, the identification of clusters). In considering those decisions regard is to be had to engagements with Te Puni Kōkiri (both formal and informal).
- An assurance review of Tekau Plus governance processes and those of its contracted providers to ensure conflicts of interest and other governance decisions, as these relate to the Project, were dealt with appropriately.

The review will require engagements with key stakeholders to be agreed to by the Reviewers, the Māori Trustee and Te Puni Kōkiri to provide further qualitative information on the value-for-money of Tekau Plus and its achievements.

The Reviewers will have the right to determine other priority areas for investigation and analysis during the course of the review, particularly as data and information becomes available and priority areas for further consideration are revealed.

The review is not an audit of Tekau Plus nor its contracted third party providers in order to provide a formal assurance opinion that the accounts of organisations involved in the Tekau Plus project are true and fair and free from material error. The review will limit itself to providing specific conclusions on those areas that are investigated as part of the review.

Access to information and third parties

- It is envisaged all parties involved in the review will provide prompt access to key personnel for interview purposes and requested financial, output and other information as deemed necessary by the Reviewers for the purposes of the review.
- Specifically, the Reviewers shall have access to information and records held or controlled by Tekau Plus which are relevant to Tekau Plus' performance under the Investment Agreement, including information and records that Tekau Plus has a right of access to under any contracts entered into by Tekau Plus in relation to the Investment Agreement.
- The Reviewers shall also have the right to interview members of the organisations that are represented in Tekau Plus in relation to Tekau Plus' performance under the Investment Agreement and Tekau Plus will make all reasonable efforts to facilitate interviews of third parties engaged to carry out work for Tekau Plus in performance of its obligations under the Investment Agreement.
- Commercially sensitive information will be treated as such and where appropriate or necessary confidentiality agreements may need to be entered into by the parties involved. Information made available by Tekau Plus will not be used, retained or distributed for any other purpose except for carrying out the Review.

Control of information and review deliverables

- It is expected that all parties involved in this review, including the Reviewers will maintain strict confidentiality and not disclose any draft products or other information to third parties without the approval of the Māori Trustee, the Chief Executive of Te Puni Kōkiri and the Reviewers.
- The distribution list for reviewing work undertaken by the Reviewers will be agreed by the Reviewers, the Māori Trustee and the Chief Executive of Te Puni Kōkiri. The Reviewers will maintain the distribution list of officers/recipients of drafts or excerpts from drafts or any other information in the course of the review.
- The Reviewers acknowledge that Te Puni Kōkiri will reserve the right to brief Ministers as appropriate and/or when requested by Ministers on the progress of this review or any other matters pertaining to the review.

Review timeline and approach

- All data collection and analysis for the review is to be completed by 30 April 2010 with a final draft prepared by the Reviewers by 30 April 2010.
- The final report is to be agreed to by the Reviewers, the Māori Trustee and the Chief Executive of Te Puni Kōkiri by 15 May 2010.
- In the event that, in terms of the preceding paragraph, agreement on the final report cannot be reached, the Reviewers reserve the right to report independently to Tekau Plus and the Chief Executive of Te Puni Kōkiri.
- The Reviewers, in consultation with Te Puni Kōkiri and the Māori Trustee, will have the right to renegotiate the timing of final deliverables if there are delays experienced in, for example, access to information and personnel required to undertake analysis and assessment of value-for-money and/or governance/accountability arrangements of Tekau Plus.

Annex 2: Background & Timeline

Genesis

Over the past few decades, a number of agencies (including NZTE, Treasury, Statistics NZ, NZIER and the OECD)³⁰ have raised the possibility of developing an export programme specifically for Maori business.

This, conflated with the fact that NZTE has narrowed its focus to larger exporters, provided the basis for the governing bodies' justification of the need for the Tekau Plus programme.

The Tekau Plus concept originates in a series of meetings between TPK, FOMA, Poutama and the Maori Trustee in late 2006, the focus of which was to develop strategies to improve Maori agribusiness competitiveness utilising research and the experience within the parties.³¹ Following TPK's agreement to a venture in principle, FOMA, Poutama and the Maori Trustee developed a formal proposal in March and April 2007.

Rationale

Tekau Plus was intended to fill a twofold gap in the market identified by the parties:

- The lack of a vehicle to "bring together Maori agribusinesses to drive strategic positioning (premium) in the export market",³²
- The failure of the current market to "bring private and governmental departments together with Maori who are pursuing export opportunities."³³

The original proposal elaborates on the need for the scheme by outlining a four-part rationale:

- Economic returns – Tekau Plus clusters would enable development of scale and scope, utilisation of extensive Maori landholdings, and the establishment of iconic brands and value-added products
- Market failure – in particular
 - Uncertainty and assymmetric information stifling innovation
 - Failure to invest in public goods
 - Externalities and spillovers to others where Maori brands distinguish NZ products
 - Moral hazard and adverse selection
 - Free riders

³⁰ FOMANA Capital Ltd Briefing Paper: Tekau Plus Context/Background, 21 April 2008, p 4.

³¹ Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 27.

³² Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 18.

³³ Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 18.

- Maori commercial leadership – the opportunity to demonstrate success within Maori business, and build a reputation in this area
- Actions covered by the programme are not dealt with by any other agency, and SMEs are typically too small and risk averse to invest in market research or physical capital on their own

Approach

The Tekau Plus project was established as an export development programme, with the objective of producing \$10m in export revenue for 10 iconic Maori agri-businesses within 10 years. It was established by Te Puni Kokiri, with a funding allocation of \$3.02m (excl GST) over a three year period (although it was anticipated that the project would extend beyond this). The target group for the scheme was originally identified in the Investment Agreement as the upper tier of the 5,000 Ahu Whenua trusts and incorporations in New Zealand.³⁴

In discussions with TPK in September 2008, the BAG said that cluster work would be with established businesses that were Maori owned and controlled. Later, the definition of a Maori entity was altered to include "either collectively owned entities under Te Ture Whenua Maori Act, or other specific legislation, or their subsidiary company; or a business which, in the Board's opinion, has the potential to advance the Tekau Plus Objects."³⁵

The Tekau Plus Project Charter articulates "a two-pronged approach consisting of:

- Leadership: providing strategies to develop scope and overall approach, and engaging with peak bodies and government; as well as providing information and engagement with Maori businesses.
- Business development: facilitating the development for 8-10 iconic Maori export businesses, including research, analysis and brokerage."³⁶

It was envisaged that the Tekau Plus project would progress through a three-stage process in order to create and leverage value:

- "Entry and establishment: This is the establishment of a soft network cluster. From this soft network a cluster proposition of likeminded business leaders converge to build a coherent strategy.
- Business network, research program and international workshops: Where clusters build a wider business network within and external to the Tekau Plus project. Where individual research is collated to the 'whole' research program can benefit all network clusters. Where the Tekau Plus project members receive a series of workshops from international speakers and where participants share their market research and process learning.
- Offshore studies and export FDI club: Where clusters develop their offshore market studies and leverage participation at trade fairs as well as building relationships with key market/import and distribution networks. Where the Tekau Plus project members develop and implement an Export and FDI Club to leverage market awareness and business opportunities."³⁷

³⁴ Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 28.

³⁵ Project Memo 17, 28 January 2009, p 10.

³⁶ Tekau Plus Board Project Operating Charter, version 4 updated 1 December 2008, p 4.

³⁷ 10+ Export Excellence brochure.

Entities and people involved

The Tekau Plus project is a three-party partnership between the Maori Trustee, Poutama Trust and FOMA. These three bodies are jointly and severally responsible for meeting the outputs of the Tekau Plus project. Each has a representative on the BAG, which functions as the governing body for the group. The three bodies entered into a MoU with each other in October 2007, and the Maori Trustee entered into an Investment Agreement on their behalf. The BAG asserts that the MoU enabled the Investment Agreement to be with the Maori Trustee, Poutama Trust and FOMA, but it is the Review Panel's view that this was not the case.

The three entities were brought together because they represent "a significant catchment of Maori enterprise, Maori land and asset holders as well as national and international networks, and the potential to attract foreign capital and invest capital."³⁸ It was originally envisaged that there would be 5-6 members of the BAG by April 2008, although this never eventuated.³⁹

Each of the three partners are outlined in more detail below:⁴⁰

- The Maori Trustee is a national body whose role is to protect and enhance Maori assets. It administers or manages about 7% of Maori land in NZ, and holds interests in capital investments. Originally the Maori Trustee was an independent statutory corporation sole serviced by the Office of the Maori Trustee, which was a part of TPK. In July 2009, the Maori Trustee was made a stand-alone organisation.
- The Poutama Trust was established in 1988 to foster the growth of small Maori-owned businesses. It provides a range of development services to enable Maori to capitalise on commercial opportunities in a variety of circumstances.
- FOMA is New Zealand's largest Maori business network, with in excess of 140 members comprised of trusts, incorporations, and large agri- and primary industry holdings. Its purpose is to advance the role of Maori organisations in New Zealand and globally.

In April 2007 FOMANA Capital was asked to work on the planning and project management framework.⁴¹ It was subsequently written into the Investment Agreement in this capacity, and has fulfilled the role of project manager and key provider.

FOMANA was established in 2007 with the principle aim of assisting in the growth of Maori business, particularly in an international context. The company's ownership structure is:

- 70% ownership by FOMA
- 15% ownership by Paul Morgan – Mr Morgan is a professional lobbyist, director and business mentor. He has experience in exporting and in building businesses for export.⁴²
- 15% ownership by Wayne Mulligan – Mr Mulligan has a Master of Management in systems thinking, and is a director and trustee for a number of Maori businesses.⁴³

³⁸ FOMANA Capital Ltd Briefing Paper: Tekau Plus Context/Background, 21 April 2008, p 6.

³⁹ Tekau Plus Board Project Operating Charter, version 4 updated 1 December 2008, p 5.

⁴⁰ FOMANA Capital Ltd Briefing Paper: Tekau Plus Context/Background, 21 April 2008, p 6.

⁴¹ Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 27.

⁴² FOMANA Capital Ltd Briefing Paper: Tekau Plus Context/Background, 21 April 2008, p 7.

⁴³ FOMANA Capital Ltd Briefing Paper: Tekau Plus Context/Background, 21 April 2008, p 7.

The Directors of FOMANA are Paul Morgan, Peter Charleton, Richard Orzecki and Stephen Hartevelde; Wayne Mulligan is the Chief Executive; and Paul Morgan is the Managing Director.

Business Advisory Group (BAG) members

Maori Trustee John Paki and Poutama Trust representative Richard Jones (the Chief Executive of the Trust) have both been on the BAG since the project's inception.

The initial FOMA representative on the BAG was Paul Morgan, as the Chief Executive of the Federation. Mr Morgan resigned from his position at the end of May 2009, to be replaced by new FOMA CE Rino Tirikatene. IMr Tirikatene later stepped down as FOMA representative to the BAG, and Traci Houpapa, Chairperson of the FOMA Executive, assumed the position.

Overview Panel

Schedule F of the 'Investment Agreement for Maori Global Agribusiness Development Project' provides for the establishment of an Overview Panel.

The purposes of the Panel are:

- "...to provide assistance and support to the Project and including the work of the Business Advisory Group [sic], including advice on specific projects and work and liaison with other agencies;
- to provide assistance and advice to Te Puni Kokiri and the Maori Trustee, in terms of monitoring progress and implementation of the project, specifically through providing peer review and feedback on six monthly reports;
- and to provide assistance and advice to the Business Advisory Group and Te Puni Kokiri on the design and findings of the evaluation of the project."⁴⁴

The Overview Panel is to be comprised of at least the Maori Trustee, Te Puni Kokiri and an independent person from another government organisation such as New Zealand Trade and Enterprise, Ministry of Economic Development or the Ministry of Foreign Affairs and Trade.⁴⁵

The original proposal envisaged that key stakeholder organisations such as TPK and NZTE would have a key role in the programme as part of the "governance panel".⁴⁶ Ultimately, however, the Overview Panel have met only three times: 27 February 2008, 28 July 2009, and 29 October 2009.

Overview Panel members

Originally the Overview Panel was composed of representatives from the Maori Trustee, TPK and NZTE. The first meeting was held as part of the Board meeting on 27 February 2008, with the following people attending:

- Ben Gordon (Maori Trustee)
- Evan Nathan and Carol Berghan (TPK)
- Liz Gibson (NZTE)⁴⁷

⁴⁴ Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 15.

⁴⁵ Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 15.

⁴⁶ Investment Agreement for Maori Global Agribusiness Development Project dated 14 September 2007, p 41.

⁴⁷ Jack Stephens was originally the NZTE representative on the Overview Panel, but Liz Gibson took over this role prior to the Panel's first meeting.

COMMERCIAL IN CONFIDENCE

The composition of the Overview Panel changed following this initial meeting. Attendant at the second meeting on 28 July 2009 were:

- Ben Gordon (Maori Trustee)
- Dave Samuels (TPK)
- Carole Wright (NZTE)
- Shane Hapimiraki (Department of Labour, standing in for Monique Dawson)

The third meeting of the Overview Panel was convened on 29 October 2009. The members present at this time (and continuing as members to the present, although no subsequent meetings occurred or advice was sought) were:

- Ben Gordon (Maori Trustee)
- Dave Samuels (TPK)
- Carole Wright (NZTE)
- Monique Dawson (Department of Labour).

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Timeline:

8 October 2007

The Maori Trustee, Federation of Maori Authorities and Poutama Trust enter into a Memorandum of Understanding to jointly complete the "Maori Global Agribusiness Development Project."

Investment Agreement signed by Maori Trustee (on behalf of himself, Poutama and FOMA) and TPK.

18 February 2008

FOMANA Contract for Services formalises FOMANA's role as service provider.

27 February 2008

First meeting of Overview Panel (Evan Nathan and Carol Berghan (TPK), Ben Gordon (Maori Trustee), Liz Gibson (NZTE)).

26 August 2008

Dave Samuels letter to John Paki asking for:

- Clarification regarding:
 - o What issues underlie the failure to achieve the June 2008 cluster deliverables?
 - o What discussions have taken place in terms of negotiating and agreeing a delay in the achievement of the clustering milestone?
 - o What risks have been identified that might affect achievement of the milestones relating to clustering and what mitigation strategies have been put in place?
- Provision of:
 - o Two quarterly reports not received by TPK
- Breakdown of financial expenditure to date regarding:
 - o Payments advanced to various parties to the MoU (and documentation and reports received to support those payments)
 - o Monies retained by Maori Trustee as primary contractor, and an explanation of the purpose of the retention

10 September 2008

Ben Gordon responds to Dave Samuels' letter of 26 August 2008.

24 September 2008

Dave Samuels met BAG for the first time in his role as investment manager.

24-26 September 2008

Email communication between TPK and FOMANA considering need to discuss clustering objective in contract to more accurately reflect reality.

2 October 2008

Agreement reached re contract variation:

1. Revision to contact schedules to ensure consistent, easy understanding of contractual requirements and to update the payment schedule to reflect the current timing envisaged on deliverables.
2. Clarify that the 6 month periods referred to in page 32 of schedule G of the contract align with the June and December 2008 timeframes for six-monthly reports, as set out in Schedule C of the contract.
3. Include a provision in the contract whereby from 1 January 2009, an annual Statement of Work will be produced and agreed by all parties to the contract, with milestones based on the planned activities for the year ahead. This Statement of Work would be revised annually for the term of the contract.

26 November 2008

Dave Samuels' letter to John Paki notifying that \$100,000 of invoiced \$275,000 is to be deferred pending achievement of contracted deliverable in relation to the implementation of 1-2 clusters.

3 December 2008

Management Report presented at Board Meeting states that it may be possible to avoid contract variation and continue with the existing reporting/payment schedule.

Paul Morgan notes conflict with Tohu and KONO, Board agreed that it would useful to get an independent review of the Cluster application, particularly to manage risk where a Board member has declared an interest.

13 May 2009

Dave Samuels letter to John Paki seeking assurance that conflicts of interest around Paul Morgan and Tohu Wine have been managed prudently.

27 May 2009

Letter John Paki to Dave Samuels outlining conflicts management.

Board passed a resolution to confirm that Paul Morgan abstained from voting on 29 January 2009 and 26 March 2009 on the issue of inclusion of TOHU wines in the Tekau Plus programme (Richard Jones/John Paki)

31 May 2009

Paul Morgan's resignation from FOMA's representative on the BAG is effective.

1 June 2009

Rino Tirikatene takes over as FOMA representative on the BAG.

28 July 2009

Second meeting of Overview Panel (Dave Samuels (TPK), Ben Gordon (Maori Trustee), Carole Wright (NZTE) Shane Hapimiraki (Department of Labour)).

29 September 2009

Paul Morgan moved and seconded several approvals at the BAG meeting.

12 October 2009

Leith Comer letter to John Paki requesting copies of:

- Financial accounts for six-month period to 30 June 2009, itemising all expenditure for each category of outputs
- The report arising from the strategy review and document recording "think piece"
- A copy of the One Channel and Brokerage System brochure
- Reports relating to niche studies and research projects that have been conducted and the draft business investment plan
- Further detail on how and why particular cluster businesses have been developed, and a copy of the strategic development programme

29 October 2009

Third meeting of Overview Panel (Dave Samuels (TPK), Ben Gordon (Maori Trustee), Monique Dawson (Department of Labour), Carole Wright (NZTE)).

30 October 2009

John Paki responds to Leith Comer's letter of 12 October 2009 referencing or attaching documents providing the information sought.

13 November 2009

Leith Comer letter to John Paki stating that information sought in letter of 12 October 2009 has not been provided and that Tekau Plus has seven days in which to provide it, during which time the Investment Agreement is suspended.

19 November 2009

John Paki responds to Leith Comer's letter of 13 November 2009 addressing the information request.

1 December 2009

Leith Comer letter to John Paki expressing dissatisfaction with his response and upholding suspension until the process of an independent review is resolved.

Annex 3: Schedule of Services in relation to FOMA

Period: October, November, December 2007 (Schedule of services, memorandum meeting # 5, 25 Feb 2008)

<p>Communications</p> <p>Representative Hours: 12 Invoiced: \$3,000</p> <p>Meetings:</p> <ul style="list-style-type: none"> NZTE , PPG management , DPM&C , 20/20 Primary industry conference, Agresearch, FoMA Dairy Cluster Mark Ahn, Lincoln Agribusiness General Sector engagement

Period: January, February, March 2008 (Schedule of services, memorandum meeting # 7, 15 April 2008)

<p>Communications</p> <p>Representative Hours: 20 Invoiced: \$5,000</p> <ul style="list-style-type: none"> Stakeholder meetings with: MFAT, Minister of Trade, Minister of Building and Construction, MoMA, Te Ohu Kaimoana & Aotearoa Fisheries Ltd, NZ Maori Tourism Council, Maori Party. Scion, NZ Fast Forward Science-food-farms, FoMa Executive, Workshop with Tom Reardon, Agresearch, Agmartd.
<p>Strategy</p> <p>Representative Hours: 4 Invoiced: \$1,000</p> <ul style="list-style-type: none"> E 10+ overview paper, 3 year overview milestone plan, Te Puna Strategy, 10+ Offer & Request for statement of Interest, 10+ Generic – Sponsorship paper.
<p>Governance</p> <p>Meetings: 3 Invoiced: \$2,400</p> <ul style="list-style-type: none"> 3 x BAG Board meetings
<p>Clusters</p> <p>Representative Hours: 2 Invoiced: \$500</p> <ul style="list-style-type: none"> Draft ToR for consultant Feedback on 10+ Offer and Request for Statement of Interest document

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COMMERCIAL IN CONFIDENCE

Period: April, May, June 2008 (Schedule of services, memorandum meeting # 12, 25 June 2008)

Communications Representative Hours: 10 Invoiced: \$2,500 <ul style="list-style-type: none"> Briefings MPs, CEO, TPK, Officials; B English, S Jones, J Fitzsimmons, T Grosser, L Comber, P Lund, D Carter, D Wollerton, T Turia, P Lewin, S Rimene, W Peters. 	
Analysis & Research Representative Hours: 18 Invoiced: \$4,500 <ul style="list-style-type: none"> Review of Documents; SCION, MFAT China, MFAT India, FTA, Mark Ahn 	Governance Meetings: 5 Invoiced: \$4,000 <ul style="list-style-type: none"> 5x Board Meetings
Clusters Representative Hours: 25 Invoiced: \$6,250 <ul style="list-style-type: none"> Cluster meetings: Nutraceutical, Sheep, Beef, Seafood, Dairy, Kiwifruit, Sealords/ AFL 	Strategy Representative Hours: 20 Invoiced: \$5,000 <ul style="list-style-type: none"> Tekau plus strategy TVNZ, FTA, Radio NZ, Symposium, Meetings, Sponsors and speakers, FoMA members

Period: July, August, September 2008 (Schedule of services memorandum meeting # 15, 22 October 2008)

Communications Representative Hours: 15 Invoiced: \$3,750 <ul style="list-style-type: none"> Stakeholder meetings with: Sealords, Aotearoa Fisheries, Maori export Council, Ngai Tahu, Parekura Horomia, Phil Goff, Tau Henare, Pete Hodgson, Tim Groser, Georgina Te Heuheu, Phil Heatley, Tariana Turia, Te Ururoa Flavell, MFAT Officials, NZTE, TPK CEO. 	
Analysis & Research Representative Hours: 0 Invoiced: \$0	Governance Meetings: 3 Invoiced: \$2,400 <ul style="list-style-type: none"> Preparation and attendance at board meetings x3
Clusters Representative Hours: 10 Invoiced: \$2,500 <ul style="list-style-type: none"> Cluster meetings with: AFL, Ngai Tahu, Sealords, Nutraceutical, Wairarapa Moana, Mangatu 	Strategy Representative Hours: 10 Invoiced: \$2,500 <ul style="list-style-type: none"> Feedback and work on sponsors and symposium; and reviewing documentation

Period: October, November, December 2008 (Schedule of services, memorandum meeting # 17, 29 January 2009)

Communications Representative Hours: 10 Invoiced: \$2,500 <ul style="list-style-type: none"> Meetings held with: PGG Wrightson CEO and Senior managers, Nick Smith, Pita Sharples, Georgina Te Heuheu, CEO TEC, NZTE, Tariana Turia, Leith Comer, MAF Officials, Dr Meto Leach, Kiwiwbank CE and Officials, Chris Finlayson 	
Clusters Representative Hours: 80 Invoiced: \$20,000 <ul style="list-style-type: none"> Cluster promotion meetings and road shows held in regions. Specific Cluster meetings with: Nutraceutical, Aquaculture, Crayfish, Kiwifruit, Agri Training Discussion with Chinese Company Manager around indigenous marketing and branding 	Governance Meetings: 2 Invoiced: \$1,600 <ul style="list-style-type: none"> Read papers and attend board meetings x2

COMMERCIAL IN CONFIDENCE

Period: January, February, March 2009 (Schedule of services, memorandum meeting # 19, 28 April 2009)

Governance
Meetings: 2 Invoiced: \$1,600
• Read papers and attend Board Meetings x2

Period: April, May, June 2009 (Schedule of services, memorandum meeting # 22, 28 July 2009)

Governance
Meetings: 3 Invoiced: \$2,400
• Read papers and attend Board Meetings x3

Period: July, August, September 2009 (Schedule of services, memorandum meeting # 25, 27 October 2009)

Governance
Meetings: 3 Invoiced: \$2,400
• Read papers and attend Board Meetings x3

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Annex 4: Schedule of Services in relation to Poutama Trust

1) Period: October, November, December 2007 (Schedule of services from memorandum meeting # 5, 25 February 2008)

<p>Communications Hours: 1, Invoiced: \$250</p> <ul style="list-style-type: none"> Meeting with CE and manager - NZTE 	<p>Governance</p>
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2) Period: January, February, March 2008 (Schedule of services from memorandum meeting # 7, 15 April 2008)

<p>Communications Hours: 3 Invoiced: \$750</p> <ul style="list-style-type: none"> Meetings with various stakeholders and potential speakers for 10+ symposium. Provided feedback on drafts of the following documents: E 10+ overview paper, 3 year overview milestone plan, Te Puna strategy, 10+ Offer & Request for Statement of Interest, 10+ Generic – Sponsorship paper 	<p>Governance Meetings: 2 Invoiced: \$1,600</p> <ul style="list-style-type: none"> Read papers and Chair Board Meetings x2
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We note that the Tekau Plus general ledger, as summarised in Table 4 of this letter, has categorised \$1,600 as "Meetings and Communications" and \$750 as "Governance & Systems".

3) Period: April, May, June 2008 (Schedule of services from memorandum meeting # 12, 25 June 2008)

<p>Strategy Hours: 4 Invoiced: \$1,000</p> <ul style="list-style-type: none"> Review and editing of reports Sourcing of speakers and review of reports for export symposium 	<p>Governance Meetings: 5 Invoiced: \$4,000</p> <ul style="list-style-type: none"> Read papers and Chair Board Meetings x5
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4) Period: July, August, September 2008 (Schedule of services memorandum meeting # 15, 22 October 2008)

<p>Communications Hours: 6 Invoiced: \$1,500</p> <ul style="list-style-type: none"> Te Arawa FoMA hui Uni Akld Business School Hui 	<p>Governance Meetings: 3 Invoiced: \$2,400</p> <ul style="list-style-type: none"> Read papers and Chair Board Meetings x3
<p>Clusters Hours: 2 Invoiced: \$500</p> <ul style="list-style-type: none"> Development of sheep/beef/dairy cluster 	<p>Strategy Hours: 2 Invoiced: \$500</p> <ul style="list-style-type: none"> Assistance at Tekau plus symposium

COMMERCIAL IN CONFIDENCE

5) Period: October, November, December 2008 (Schedule of services memorandum meeting # 17, 29 January 2009)

<p>Clusters Hours: 2 Invoiced: \$500</p> <ul style="list-style-type: none"> Meeting with interested sheep and beef farmers at FOMA conference Follow up arrangements for sheep and beef cluster hui 	<p>Governance Meetings: 1 Invoiced: \$800</p> <ul style="list-style-type: none"> Read papers and Chair Board Meetings x1
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6) Period: January, February, March 2009 (Schedule of services memorandum meeting # 19, 28 April 2009)

<p>Communications Hours: 1 Invoiced: \$250</p> <ul style="list-style-type: none"> Interview and story for KOHA magazine 	
<p>Clusters Hours: 5 Invoiced: \$1,000</p> <ul style="list-style-type: none"> Meetings with potential cluster businesses 	<p>Governance Meetings: 2 Invoiced: \$1,600</p> <ul style="list-style-type: none"> Read papers and Chair Board Meetings x2

7) Period: April, May, June 2009 (Schedule of services memorandum meeting # 22, 28 July 2009)

<p>Communications Hours: 4 Invoiced: \$1,000</p> <ul style="list-style-type: none"> Organisation of Mr Zenti visit 	
<p>Clusters Hours: 2 Invoiced: \$500</p> <ul style="list-style-type: none"> Meetings with potential cluster businesses; Awahina group 	<p>Governance Meetings: 3 Invoiced: \$2,400</p> <ul style="list-style-type: none"> Read papers and Chair Board Meetings x3

Period: July, August, September 2009 (Schedule of services, memorandum meeting # 25, 27 October 2009)

<p>Communications Hours: 10 Invoiced: \$2,500</p> <ul style="list-style-type: none"> Organisation and principal host to Mr Zenti during his visit to NZ 	
<p>Clusters Hours: 6 Invoiced: \$1,500</p> <ul style="list-style-type: none"> Meetings with potential cluster businesses: Big Picture wine, Big Picture and Ian Taylor 	<p>Governance Meetings: 3 Invoiced: \$2,400</p> <ul style="list-style-type: none"> Read papers and Chair Board Meetings x3

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Annex 5: Schedule of Services in relation to FOMANA Capital

Period: October, November, December 2007 (Schedule of services, memorandum meeting # 5, 25 Feb 2008)

This period includes fees incurred pre October 2007. These costs were incurred by FOMANA and approved for payment by the Board in October 2007. These costs totalled \$142,581.67 and have been allocated as \$50,000 to Strategy and Operations with the remaining balance to the categories in the analysis below as consistent with the General Ledger and noted as "Pre establishment fees".

<p>Communications</p> <p>Pre establishment fees: \$20,043.67</p> <p>Invoiced: \$40,000</p> <ul style="list-style-type: none"> • Plan developed • Stakeholder meetings with; • PGG Wrightson, NZTE, Victoria Uni, Ag Research, DPMC, FOMA Dairy Cluster, FORST, Morst, University of Auckland, Lincoln University, Massey University, Maori dairy cluster, Fonterra Manager, TPK, DPM&C, FOMA members AGM, • FOMANA Launch attendees, CRAG Board, Endeavour Capital, Lewin Strategies • Risk management program developed • Symposium outline arranged • Attended 20/20 PI Conference 	<p>Analysis & Research</p> <p>Pre establishment fees: \$45,000</p> <p>Invoiced: \$30,000</p> <p>Reviewed and Analysed:</p> <ul style="list-style-type: none"> • Paper- Structure and roles of the Peak Group and Working Groups • A model for commercialisation within research institutes - building common language procedures and partners • Maori Global Agribusiness Development- Tekau Plus Assessment Criteria (TPK Sponsored) • Maori Global Agribusiness Development Review paper (TPK Sponsored) • Strategic Foresight: Challenges and Opportunities - Draft report (Aug 2007) • Application of Technologies to Maori Agribusinesses (Aug 2006) • Maori Business Future Export Earnings (FOMA) • Cluster Guide: White Book • Economic Benefit Appraisal Tool NZTE • MoRST NZ Research Agenda Draft Oct 07 • MAF Future Focus (2007) <p>Research and briefing papers:</p> <ul style="list-style-type: none"> • NZTE- CEO • NZTE appointed Tekau plus manager
<p>Governance</p> <p>Invoiced: \$22,538.00</p> <ul style="list-style-type: none"> • Plan drafted and approved of 6 month implementation plan • Operating charter prepared and approved • Fortnightly project management meetings • Additional BAG membership report prepared 	<p>Clusters</p> <p>Pre establishment fees: \$5,000</p> <p>Invoiced: \$30,000</p> <ul style="list-style-type: none"> • Terms of reference agreed and consultant engaged

Period: January, February, March 2008 (Schedule of services, memorandum meeting # 7, 15 April 2008)

<p>Communications</p> <p>Invoiced: \$25,000</p> <p>Communications plan implemented and stakeholder meetings held with:</p> <ul style="list-style-type: none"> • PGG Wrightson: 3x including sponsorship for first workshop, PGG research findings and strategy to approach potential speakers. • NZTE: Wayne attended Beachheads Conference 28 Feb; Programme and update on Overview panel: Liz Gibson meeting 8 Feb, BAG 27 Feb. • Victoria Uni: Meeting with Admin staff to arrange 2nd Workshop. • Ag Research: First workshop meetings. • Agmardt: First Workshop meeting; Steve Mcauley. • Te Puni Kokiri: Communication Meeting. • FRST: Overview of 10+ meeting. • MRST: overview of 10+ meeting. • University of Auckland: 10+ overview. • FOMA Executive: Strategy 10+ overview report. • Capitalising on Research & Dev Action Group: 10+ strategies. • Endeavour Capital. Lewin Strategies: Export strategies meeting. • Ministry of Foreign Affairs. Minister of Trade. Minister of Building and Construction. Minister of Maori Affairs. • NZ Maori Tourism Council. Te Ohu Kaimoana and Aotearoa Fisheries Ltd. Maori Export Fund. Crop and Food Research. FoMA Network of Maori Authorities. Fomana website. Kiwibank. Hui Tumata Board. Finister Capital. Maori Party. Wairapa Moana Incorporation. Kia Kaha Ltd. Scion. <p>FOMANA also canvassed many speakers for the symposium planned in May.</p>	
<p>Analysis & Research</p> <p>Invoiced: \$10,000</p> <p>Read and analysed the following documents:</p> <ul style="list-style-type: none"> • Prof Thomas Reardon "The Supermarket revolution in emerging markets: Implications for the produce industry." • Tom Reardon CV. Rod Oram "The value of Maori Assets" Sunday Star Times. • Rod Oram State of the Nation speech at Te Tii Marae "We're all in this together: The Treaty, the economy and NZ's future in the world." • Rod Oram Opinion "the Value Chain." "Reality Bites." • Sunday Start Times, 2 & 16 March. Bob Edlin Opinion "What is the Maori economy and how do we measure it?" • Corolis Research Report prepared for FAME "Tesco, A case Study in Supermarket excellence." • New Zealand Fast Forward Strategy in Dom Post 11 March "Ideas are capital, distance is nothing." • Tama Potaka, "Time for Maori to fly in formation." • Peter Hunter Internationally competitive Science in NZ." • Obtained a list of exporters that are registered by NZ Food safety Authority Register. • Research commissioned by PGG Wrightson supports 10+ strategy. • Reviewed Case studies by Vic Uni concerning NZ Businesses that have created value added products through RST, entrepreneurship and issues faced. • Circulate email notice of events of relevance. 	<p>Governance</p> <p>Invoiced: \$25,000</p> <ul style="list-style-type: none"> • 6 documents reviewed by FOMANA for consideration and approval by BAG. Documents are consistent with the parent documents (MoU, TPK contract, Project Plan, Operating charter) and will provide a transparent and accountable system for contract administration and financial reporting and payments. • FOMANA prepared information to assist BAG discussion on appropriate level of remuneration to fairly reflect the "Governance" work of individual BAG Members for Tekau plus project and keep within the original budget levels. • Advice on skills and Minimum attributes for additional BAG members. • Discussed membership with Mark Ahn, Victoria University. • Updated register of interests of BAG Members and Management. • Prepared Proposed Forward meeting schedule for BAG • Drafted contract accountability documents and input into Quarterly report for TPK • Prepared board and meeting papers for BAG meetings 18 Feb, 27 Feb, 26 March.

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<p>Clusters</p> <p>Invoiced: \$20,000</p> <ul style="list-style-type: none">• Develop 8 success factors for business case criteria and due diligence process to incorporate into ToR for consultant• Refine ToR and LoE for consultant• Analyse draft report and provide feedback to Consultant• Review and analyse final report and give to BAG• Adapt criteria and selection process for inclusion into 10+ offer and request for statement of Interest document.• Seek peer review and circulate drafts to BAG.	<p>Strategy</p> <p>Invoiced: \$40,000</p> <p>Developed:</p> <ul style="list-style-type: none">• 10+ overview paper• 3 year overview milestone• Te Puna strategy• 10+ offer and request for statement of interest• 10+ generic – Sponsorship paper
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COMMERCIAL IN CONFIDENCE

Period: April, May, June 2008 (Schedule of services, memorandum meeting # 12, 25 June 2008)

<p>Communications</p> <p>Invoiced: \$25,000</p> <ul style="list-style-type: none"> • Updated communications plan • Lewin Strategies • Meetings and engagement with; • EDNZ – CEO. MED Officials. Wellington Chamber of Commerce. MAF Officials. MFAT Officials. Tourism NZ CEO. Ministerial Officials. NZTE CEO. Ministerial Officials. NZTE CEO. NZTE Officials. WCC Officials. Incubator Officials. News Articles. Crop & Food. Agresearch, IRL, Auckland University, Business NZ. Hui Taumata. Fast Forward Fund. FoRST. MoRST. Maori TV. TV 1-Te Karere. • Briefing Stakeholders • Briefing CRAG Committee • Briefing Ministerial Advisory group. 	
<p>Analysis & Research</p> <p>Invoiced: \$40,000</p> <p>Plus expenses of \$2,800</p> <ul style="list-style-type: none"> • Te Puna Research & analysis • China FTA Roadshow, Submissions, and Bill analysis • Review study group terms India FTA • Research Korea FTA options • Policy Development: Fundraising, Sponsorship, Associate system, networks. • Fast forward fund • FoRST- Analysis & Submission of Stable Funding Policy • MoRST policy R&D • Budget announcement analysis • Meeting MoRST R&D Tax credit • Analysis: R&D tax credit; Logo design; Website development; MAF policy; Hui Taumata workforce strategy. • 6monthly report • MAF- Emission trading papers • MED "Backing our strengths • Pastoral Farming China Document NZTE. 	<p>Governance</p> <p>Invoiced: \$15,000</p> <ul style="list-style-type: none"> • Meeting and Papers x5
<p>Clusters</p> <p>Invoiced: \$40,000</p> <ul style="list-style-type: none"> • Tekau Plus document – Cluster 10+10+10 • Te Puna Document • Cluster research Report • Printing off documentation • Cluster target group report • Cluster meeting and correspondence with: Kiwi fruit group; Nutraceutical group; Fibre group; Maori creative sector; Forestry; Dairy group; Horticultural group; Educational group. • Confidentiality deed • NZTE documentation 	<p>Strategy</p> <p>Invoiced: \$35,000</p> <ul style="list-style-type: none"> • International Economic Policy workshop: • China FTA, MFAT international policy, FAME, NZTE • Victoria university workshop planning and targeting key attendees • Symposium plan • Symposium project management: • Sponsor engagement; Speaker engagement; Venue management; Web registration.

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COMMERCIAL IN CONFIDENCE

Period: July, August, September 2008 (Schedule of services, memorandum meeting # 15, 22 October 2008)

<p>Communications</p> <p>Invoiced: \$17,000</p> <p>Meetings and engagement with:</p> <ul style="list-style-type: none"> Export Symposium Officials, Speakers, Sponsors Government Departments, Stakeholders industry, KOHA magazine, MAF Officials. MFAT Officials. Maori Tourism CEO. Hon. Minister Goff and Officials, NZTE CEO, NZTE officials, WCC officials, EDNZ – CEO, MED Officials, Wellington Chamber of Commerce, Tourism NZ CEO. News Articles. Crop & Food. Agresearch, IRL, Auckland University, Victoria University, Business NZ. Hui Taumata. FoRST, MoRST, Maori TV, TV 1- Te Karere, Radio – Watea, Meetings with clusters Briefing CRAG Committee Briefing Ministerial Advisory group. <p>Web and Launch:</p> <ul style="list-style-type: none"> Website fully established on 7 July at Exhibitions gallery. 40+ people attended. A successful evening and an accord was reached with Victoria University. Links have been made to Poutama, FOMANA and FoMA sites. Two Regional Hui have occurred in this timeframe. One was in Rotorua and the other in Auckland. Three presentations were provided: Tekau plus strategy & Cluster framework; Mary Boyd Tekau Plus Presentation; and Maori farm investment study in China. Another workshop is planned. 	
<p>Analysis & Research</p> <p>Invoiced: \$20,000</p> <p>Following Documents have been reviewed/ Analysed:</p> <ul style="list-style-type: none"> Food and Beverage taskforce paper; TPK contract review; MFAT – Meeting- Korean FTA, Indian FTA, MAF – Emissions trading proposal; Awatoru Maori Design; Pastoral farming China document NZTE; Pastoral farming Turkey; NZTECH documentation; Grow Wellington documentation; Economic Credit crunch reports; PGG Wrightson and Silver Fern Farms; Maori Aquaculture settlement valuation; Mfish Maori aquaculture consultation paper; Wool Company Launch; Six monthly report and P4; Quarterly report, TEC primary industry training paper. 	<p>Governance</p> <p>Invoiced: \$20,000</p> <ul style="list-style-type: none"> Preparation and distribution for Meeting Papers, Minutes, Input into Six monthly report and meetings with TPK.
<p>Clusters</p> <p>Invoiced: \$35,000</p> <ul style="list-style-type: none"> Cluster commitment documents drafted Cluster meetings with CEO Ngai Tahu Holdings, CEO Sealords, CEO AFL, FoMA Te Arawa, PKW Chair/CE, Nicholson Fisheries, Wakatu- Horoirangi marine group, Cluster research report, Wi Pere, Mangatu, PKW. Cluster correspondence with on beef, sheep and dairy clusters: Tiroa, Te Hape, Aohanga, Wairarapa Moana, Atihau Whanganui, Marino Nutraceutical group, Beverage Waituna Breweries, CNI forestry, Ngati Awa Holdings Corp, Ngati Ruanui, FoMA Dairy group, Horticultural group, Agri Training Cluster. Arranged Hui With: Northland groups, Nelson groups, Ngati Awa Board, Tauranga Moana collective. Kiwifruit, Seafood, Sheep and Dairy Meetings being arranged. Cluster meetings taken place as well as regional Hui 	<p>Strategy</p> <p>Invoiced: \$27,000</p> <ul style="list-style-type: none"> Symposium (11-12 September) – Project Management, Implementation and Follow up. Incubation development programme. Centres of Excellence: Dairy, Sheep, Beef, Marketing, Aquaculture, Horticulture, Channel, Fishing, Forestry. Victoria University accelerating. Maori High Value: FAME programme Maori Exporters Council Workshops.

Contract Payments

Invoiced: \$30,000

The Tekau Pus Board approved payment of \$30,000 of the approved \$70,000 budget for Symposium expenses at Board Meeting #15. The Maori Business Symposium was held in Wellington in September 2008 with 132 attendees. The Tekau Plus \$30,000 was used to promote workshops and communicate Tekau Plus through media and the KOHA magazine.

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Period: October, November, December 2008 (Schedule of services, memorandum meeting # 17, 29 January 2009)

<p>Communications</p> <p>Invoiced: \$15,000</p> <ul style="list-style-type: none"> Stakeholder Meetings with: Mark Ahn, Tiaki Hunia (Ngati awa), Matt Crawford, Alana Hudson (MFAT), Alan Haronga (Mangatu/ Wi Pere), Tem Hall (Taupo Moana Group/ Putake), Manuka Henare (UoA), Te Horipo Karaitiana (Wairarapa Moana & TWOA), Peter Charleton, Jamie & Dion Tuuta (PKW Farms), Greg Harwood (Paihamu), Ali & Kingi Hui (Babu), Jane Kennedy (Horoirangi), FoMa executive, Tom Rogers and Steven Tuawhare (IRL), Alan Groves, Hugh King (FAME), Greg Sitters (Venture Capital), NZTE, Adrian Orr – Matt Whineray NZ Super Fund, Tumanako Wereta (Tuaropaki), Tu Wyllie (AFL), Adrian Lockhart (Tohu), Simon Burney (Waituna Brewing Co.), Phil O'Reilly (BusNZ), Will Wilson (Nga Puhi), Reece Moores (FRST), Karl Wilcox (Awatoru), Ngatata Love (Wellington Tenths), CRAG, Taari Nicholas, Waka Vercoe, Brian Ward (Smesynthes) Draft article for Tu Mai KOHA Magazine Communication promoting tekau plus and video interviews prepared for: Tohu Wines, Waituna Brewing, Tuaropaki Trust, Tekau Plus chair, Richard Jones, AFL Maori Fisheries, Awatoru, ASL Maori aquaculture. 	
<p>Analysis & Research</p> <p>Invoiced: \$60,000</p> <p>Reports/ documents reviewed/ analysed</p> <ul style="list-style-type: none"> BERL economic update – December 2008, Awatoru Programme, Goldman Sachs – Bric and Beyond, NZ institute “NZ on the edge: Swan dive or Belly Flop? A draft strategy for coming out of the crisis stronger.” BERL Quarterly report, KPMG Australia, MFAT business link update, The National Business review “Maori/ Iwi Sector – The search for exciting companies.” NZ Listener best brightest and boldest power lists of the year’s most influential people. Joint venture quota investment company: 3 year plan summary presentation, “Quota Valuation – The driving factors.” NZ Herald, “Farming systems Uruguay capital raising put on hold.” Science and innovation policy statement. “New Zealand winegrowers is celebrating a double-record breaking month for worldwide exports.” New CRI- plant and food research institute. MAF briefing for incoming ministers. Tim Groser, Minister of Trade elect addresses NZ China Trade Association. NZ Insitute Essay, “The end of the golden weather, December 2008- Decade of subdued global growth.” 2008 Deloitte/ Unlimited Fast 50 awards list. NZTE monthly market report. Development High growth companies and NZ high case studies 	<p>Governance</p> <p>Invoiced: \$10,000</p> <ul style="list-style-type: none"> Preparation and distribution of 2 x Board Meeting papers and minutes. Update project operating charter and Register of Interests Draft 2009 Work programme and variation to contract schedules Contract management and meetings and email communications wit TPK on contract variations and payments.

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<p>Clusters</p> <p>Invoiced: \$80,000</p> <p>Documents developed or updated:</p> <ul style="list-style-type: none">• Due diligence question form & assessment form,• Indigenous Leverage Beverage Cluster overview document,• International study programme ToR,• Draft letter of Authorisation,• Confidentiality agreement. <p>Cluster development across following sectors:</p> <ul style="list-style-type: none">• Nutraceuticals, Honey & Wellness; Wool & Fibre products; Wine and ale products; Beef, Sheep, Kiwifruit, Dairy and offshore Investment; Aquaculture and Seafood; Agribusiness training Systems <p>Cluster meetings with:</p> <ul style="list-style-type: none">• Ngati Awa, Fibre Businesses, Tauranga Moana collective, Waituna Brewing co., Horticulture business, CEO Tohu Wines, Marino Nutraceutical group, Omega 3, Cosmeceticals, Primary industry training group.	<p>Strategy</p> <p>Invoiced: \$2,500</p> <p>Research and preparation of environmental scan paper to:</p> <ul style="list-style-type: none">• Provide an overview of the current economic setting• Leverage from the current situation and reports such as NZX & NZ institute.• Draft terms of engagement for consultant to undertake due diligence, develop commercial plans and advice on RS&T.• Meeting with NZ investment fund• Meeting with creative HQ, Grow Wellington Business incubator• Methodology developed for cluster participants.
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COMMERCIAL IN CONFIDENCE

Period: January, February, March 2009 (Schedule of services, memorandum meeting # 19, 28 April 2009)

<p>Communications</p> <p>Invoiced: \$30,000</p> <p>Meetings and engagement with;</p> <ul style="list-style-type: none"> MFAT, NZTE, Mark Ahn, Tiaki Hunia (Ngati awa), Matt Crawford, Alana Hudson (MFAT), Alan Haronga (Mangatu/ Wi Pere), Tem Hall (Taupo Moana Group/ Putake), Manuka Henare (UoA), Te Horipo Karaitiana (Wairarapa Moana & TWOA), Peter Charleton, Jamie & Dion Tuuta (PKW Farms), Greg Harwood (Paihamu), Ali & Kingi Hui (Babu), Jane Kennedy (Horoirangi), FoMa executive, Tom Roger and Steven Tuawhare (IRL), Alan groves, Hugh King (FAME), Greg Sitters (Venture Capital), NZTE, Adrian Orr – Matt Whineray NZ Super Fund, Tumanako Wereta (Tuaropaki), Tu Wylie (AFL), Adrian Lockhart (Tohu), Simon Burney (Waituna Brewing Co.), Phil O'Reilly (BusNZ), Will Wilson (Nga Puhi), Reece Moores (FRST), Karl Wilcox (Awatoru), Ngatata Love (Wellington Tenths), CRAG, Taari Nicholas, Waka Vercoe, Brian Ward (Smesynthes) Wayne Mulligan has been attending several meetings and conferences. KOHA magazine released. 	
<p>Analysis & Research</p> <p>Invoiced: \$30,500</p> <ul style="list-style-type: none"> Reports/ documents reviewed/ analysed & circulated BERL economic update; Awatoru programme, Goldman Sachs Bric and Beyond; "Angling for Fortune with Omega-3 fish waste venture." NZTE Market intelligence survey. NZ Institute "The emperor has no clothes: NZ's vulnerability in the face of the global economic crisis." "Heavy Mountain Weather: Funding risks for NZ and proposed solutions." NZTE Market intelligence briefing; Programme and Tekau plus presentation for Waiariki Maori economic Seminar; On the boil, Food trends document. Analysis of ASEAN FTA Documentation. Reports on Emerging Markets in China. Due Diligence conducted by independent reviewer for Tohu, NONO, Waituna and Taa Kawa international. 	<p>Governance</p> <p>Invoiced: \$15,000</p> <ul style="list-style-type: none"> Preparation and distribution of Board meeting and minutes Update project operating charter and Register of Interests Draft 18 month Forward work Programme with focus on cluster development an funding allocations Contract management Review and preparation for six monthly report
<p>Clusters</p> <p>Invoiced: \$55,000</p> <p>Cluster Development:</p> <ul style="list-style-type: none"> Agricultural Cluster, Beverage cluster, Seafood Cluster, Sheep and Beef cluster, Horticulture cluster, Value add RS&T Cluster, Fibre cluster, Market Cluster. Negotiations and research into these clusters Cluster design and development meetings. 	<p>Strategy</p> <p>Invoiced: \$6,000</p> <ul style="list-style-type: none"> Cluster focus: Continue to build networks, work on developing clusters and strengthening communications to promote cluster propositions. NZ business delegations Wayne Mulligan attended ASEAN FTA in Thailand to promote Tekau plus Wayne to accompany PM to China

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COMMERCIAL IN CONFIDENCE

Period: April, May, June 2009 (Schedule of services, memorandum meeting # 22, 28 July 2009)

<p>Communications Invoiced: \$24,375</p> <ul style="list-style-type: none"> Wayne Mulligan part of business delegation with PM Business trip to China Preparation of background information and drafting programme for Mr Gianluigi Zenti and Academia Barilla, to be hosted by Tekau Plus. Wayne Mulligan speaks at an economic development conference in Alberta, Canada Stakeholder meetings with: Primary industry taskforce, Awhina group, Tiroa Te Hape Trust, Toku Foods NZ Ltd, Mareroa C inc, NZTE, Earth 174, Aotearoa and Waituna Breweries, AgResearch, Scion and Biopolymer Network Ltd, NZ China trade association, Uniservices, Aotearoa Fisheries Ltd & Awatoru, Auckland Business school, IRL. 	
<p>Analysis & Research Invoiced: \$33,500</p> <p>Cluster development research:</p> <ul style="list-style-type: none"> Establishing soft network clusters; Working through issues with potential cluster participants; Developing a strategy for a clear strategy forward; Working through a detailed research and study programme; Developing the programme to meet the needs of stakeholders; Working on a business network approach to manage communication between cluster participants; Bigger picture value proposition; Ensuring offshore studies add value. <p>Documents reviewed/ analysed:</p> <ul style="list-style-type: none"> BERL forecasts, BERL "Gently does it" NZTE documents, NZ institute documents, Economist intelligence unit, Media articles distributed to Tekau plus board. 	<p>Governance Invoiced: \$28,250</p> <ul style="list-style-type: none"> Preparation and distribution of Board meeting and minutes Preparation and distribution of confidential cluster documentation to Board to support approval process. Prepare briefing paper for board meeting with Leith Comer. Prepare paper on role of overview panel Prepare documents to support Maori Trustee response to investment manager re: conflict of interest Contract management with TPK Meeting with TPK investment manager Update project operating charter and Register of Interests Provide Background papers to Rino Tirikatene
<p>Clusters Invoiced: \$53,130</p> <p>6 clusters:</p> <ul style="list-style-type: none"> Beverages Gourmet food and ingredients Horticulture and Fibre Apiary Dairy organic cluster Bio-activities cluster 	<p>Strategy Invoiced: \$4,750</p> <p>Tekau Plus Business plan strategy document developed and presented in draft to board</p> <ul style="list-style-type: none"> Goal and value proposition Clusters and cluster proposition Timelines and resource allocations Summary and contact details <p>Review added value benefits and prepare Report to board outlining 'Added Value' provided to date to Tekau Plus project and to Cluster participants</p>

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COMMERCIAL IN CONFIDENCE

Period: July, August, September 2009 (Schedule of services, memorandum meeting # 25, 27 October 2009)

<p>Communications</p> <p>Invoiced: \$47,375</p> <ul style="list-style-type: none"> Wayne Mulligan speaking at an Economic Development Conference in Alberta. Mr Gianluigi Zenti visit to Wellington; Co-ordinated Tekau Plus meeting and lunch hosted by Leith Comer and Te Puni Kokiri Senior Management., Organise dinner with invited Ministers and other Maori Business leaders. Co-ordinate workshop and lunch with E Tipu committee and members of staff and board of Te Ohu Kaiwana. Go global conference- co-ordinated board meeting. Continuing stakeholder relationship meetings and position Tekau Plus cluster participants to FHC Pathway to China: eight companies going to China for the pathway package and food- Hotel China program. <p>Stakeholder meetings:</p> <ul style="list-style-type: none"> Industrial research Ltd, AgResearch, Uniservices & Auckland business school, Seafood/Aquaculture cluster, Intergrated foods, Wi Pere Trust, Mangatu Inc, Tuaropaki, Tamarapa Lloyd, Project Manager of Primary Sector Committee, Awhina group, PKW, Te Wai Maori trust, E Tipu Task Force, Waituhi Kuratau, IRL-CEO, Tohu Wines, Big Picture Wine, FoRST, Minister of Trade, Aotearoa Breweries, NZ China trade association, TPK, Therapeutic foods, Israel ambassador, NZVIF, Niwa, Te Awe Wellington Maori Business Network, Grow Wellington, CEO Icehouse. 	
<p>Analysis & Research</p> <p>Invoiced: \$35,000</p> <p>Cluster Development Documentation:</p> <ul style="list-style-type: none"> Working through issues with potential cluster participants to develop clearer picture of Tekau Plus fit. Detailed research and study programme. Business network approach to multiple cluster communication "Cycle of Innovation" to be presented to the Board. <p>Following Documents reviewed / analysed:</p> <ul style="list-style-type: none"> NZTE: New Zealand Organics Sector Profile, Organics Sector overview, Indigenous Branding. BERL Monthly monitor. Dr Malcolm Cone: Presentation to Tekau Plus Board. Watson & Son : Buzz word newspaper. Economist Intelligence Unit: China Forecasting & China stimulus package 6 month report card. Documents relating to food and Hotel China Pathway package. NZ Middle East Business Council Newsletter. Various media articles and press releases 	<p>Governance</p> <p>Invoiced: \$23,250</p> <ul style="list-style-type: none"> Preparation and distribution of 3x Board meeting and papers and minutes Preparation and distribution of Confidential Cluster documentation to Board to support approval process Contract management with TPK Email communications with Overview Panel Work with Maori Trustee to prepare 6 monthly report, including a section on Added Value as requested by the Board.
<p>Clusters</p> <p>Invoiced: \$83,500</p> <ul style="list-style-type: none"> Communicated Board decisions to all approved cluster participants and completed confidentiality agreements. Engaged independent reviewers to conduct due diligence reports for: Natures country gold Ltd., Maraeroa C Inc, Toku foods NZ Ltd, Aotearoa Seafoods Ltd, Navigator Tours Ltd, Earth 174 degrees, Tafamea Ltd, Biopolymer Network Ltd. Biofarm Products Ltd, Watson and Murray Ltd, Watson & Son Ltd. Due Diligence commissioned: Waituhi Kuratu Trust, Waituhi Kuratu Ltd, Matatoki Farm Cheese Ltd. 	<p>Strategy</p> <p>Invoiced: \$10,000</p> <ul style="list-style-type: none"> Tekau Plus Business plan strategy document updated to reflect additional cluster participants approved for programme. A final and professionally designed public document will be available in the next quarter. Following comments by TPK investment manager on budget bids, reviewed Tekau plus programme to date and is preparing a programme continuation paper for consideration by the board for discussion with TPK.

Annex 6: Quantitative Contractual Outputs

(up to contract suspension on 13 November 2009)

Key:

Green = Quantitative measures for contract outputs satisfied

Amber = Quantitative measures for contract outputs unclear

Red = Quantitative measures for contract outputs not achieved

Programme	1 st 6 months	2 nd 6 months	3 rd 6 months	4 th 6 months
Governance	Governance structure	Networking with key stakeholders	12 month work programme	6 monthly report
	BAG members and project management and contract complete	6 monthly report	Project governance and management	Networking with key stakeholders
	Hui key stakeholders	Project governance and management		Project governance and management
Key milestone	Programme completed and structure finalised	Completion of 6 month report	Work programme completed	Completion of 6-month report
Strategy	Concept proposal	Hui with agribusiness, exporters, CRI, NZTE and private investors	Agribusiness workshop with CRR, NZTE and private investors	Strategy reviewed
	Plan prepared			Think piece developed to enhance strategy
	Strategic framework drafted			
Key milestone	Approved plan	Strategic players agree to support	Strategic workshop	Strategy updated
Comms	Communications, risk and stakeholder plan developed	Hui	Hui to illustrate research data and promote One Channel & Brokerage system	One Channel & Brokerage System brochure and Q&A
	Hui promotion material planned	Roadshow with Maori agribusiness		Media release
	Website planned	Web update and media release		
Key milestone	Approved communication, stakeholder and risk plan	Marketing to Maori agribusiness	Pool of key Maori agribusiness commit to participate	Key message for One Channel & Brokerage System established

Programme	1st 6 months	2nd 6 months	3rd 6 months	4th 6 months
Analysis & Research	Scoping contracts for One Channel/ Brokerage system Export market data Scope value chain and business case terms	Approved criteria and policies One Channel and Brokerage System finalised Research data and business case complete	Further market research Key niche studies implemented	Research projects and niche studies completed Business investment plans scoped
Key milestone	<i>Scoping document completed</i>	<i>Criteria, policy and One Channel & Brokerage system formed</i>	<i>Market research and key niche studies implemented</i>	<i>Investment planning underway and niche markets identified</i>
Clustering	Scoping and cluster identification Hui Diligence on likelihood	1-2 pilots implemented	Structural systems finalised for first cluster group 1-2 new clusters formed	2-3 clusters ready for structural and strategic development programme
Key milestone	<i>Scoping and clusters identification, hui and diligence on likelihood</i>	<i>1-2 pilots implemented</i>	<i>Cluster systems finalised</i>	<i>2-3 clusters implemented</i>

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REPORT 8

30 March
2010

Charitable Purposes and Tax Compliance Systems Programme

Results of Training Package delivery to Maori Charities Report

30 MARCH 2010

Received in R&I
National Office

- 8 APR 2010

Author:
Kim Skelton BA/LLB
Peer Review:
Wayne Mulligan MMgt

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Contents

Section One: Introduction.....	4
1.1 Purpose of Report.....	4
1.2 Format.....	4
1.3 Disclaimer.....	4
1.4 Limitation.....	5
1.5 Context and Previous Reports.....	5
1.6 Definitions.....	6
1.7 Acknowledgements.....	8
Section Two: Results of Training Package delivery to Māori charities in pilot programme.....	9
Section Two: Results of Training Package delivery to Māori charities in pilot programme.....	10
2.1 Section Introduction.....	10
2.2 Methodology for assessing results of Training.....	10
2.3 Purpose of Training assessment.....	12
2.3.1 Was the Training delivered according to the stated Purpose of Training?.....	12
2.3.2 Are any changes recommended to the stated Purpose of Training?.....	13
2.4 Expected Learning Outcomes assessment.....	14
2.4.1 Did participants achieve the stated Training Outcomes?.....	14
2.4.2 How did participants rate the Knowledge and Information received for each of the seven elements of the Compliance Model?.....	16
2.4.3 What changes were made to the training package as a result of the pilot?.....	18
2.5 Participant number and mix assessment.....	19
2.5.1 How did the number and mix of participants affect the training delivery and learning outcomes?.....	19
2.6 Participant issues and questions assessment.....	21
2.6.1 What issues and questions were asked by participants and how were these managed by the Trainers?...	21
2.6.2 Sample of some of the questions asked and how these were managed by the Trainers.....	22
2.7 Compliance by Māori Charities in pilot assessment.....	23
2.7.1 What actions have Māori charities taken to maintain compliance following the training delivery or as a result of the pilot programme?.....	23
2.7.2 What does the online Charities Register show in terms of compliance by Māori charities in the pilot programme?.....	24
2.7.3 Charities Register listing for Ngati Rarua Atiawa Trust at 30 March 2010.....	25
2.7.4 Charities Register listing for Taranaki Iwi Trust as at 30 March 2010.....	26
2.7.5 Charities Register listing for Taranaki PHO Ltd as at 30 March 2010.....	27
2.7.6 Charities Register listing for Te Aroha Medcare Ltd as at 30 March 2010.....	28
2.7.7 Charities Register listing for Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust at 30 March 2010.....	29
2.7.8 Charities Register listing for Te Kaahui o Rauru as at 30 March 2010.....	30
2.7.9 Charities Register listing for Te Rau Pani Māori Mental Health Trust as at 30 March 2010.....	31
2.7.10 Charities Register listing for Tui Ora Ltd as at 30 March 2010.....	32
2.8 Conclusion on results of training package delivery to Māori charities in pilot programme.....	33
Section Three: Appendices.....	35
3.1 Charities Commission Registration Update.....	36
3.2 Combined Bibliography and Information Sources for Pilot Programme.....	38
3.3 Information Sources for Effective Governance.....	44

REPORT 8

Section One
Introduction

Charitable Purposes and Tax Compliance Systems Programme

Section One: Introduction

Prepared by FOMANA CAPITAL LIMITED for Te Puni Kokiri



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Section One: Introduction

1.1 Purpose of Report

The purpose of this report is to fulfil the requirements of Output 12 of the Investment Agreement (“Agreement”) dated 1 May 2008 between Te Puni Kōkiri and FOMANA Capital Ltd. Schedule C of that Agreement sets out the reporting requirements for this Report:

Short Term Outcome	Output 12	Due Date
Delivery of an effective training package to Māori charitable entities on the policy, processes, requirements and compliance systems of the charities/tax regime.	Results of training package delivery formalised into a final report	30 March 2010

1.2 Format

The report is presented in the following format:

<i>Section One: Introduction</i>	Including purpose, format, definitions, acknowledgments
<i>Section Two</i>	Results of Training Package delivery to Māori charities
<i>Section Three:</i>	Charities Commission Update as at 30 March 2010
<i>Appendices & Bibliography</i>	Combined Bibliography and Information Sources for Pilot Programme

1.3 Disclaimer

This report presents the results of the training package delivered to Māori charities participating in this pilot programme. It is prepared for Te Puni Kōkiri only. It does not purport to provide specific legal advice for any entity on their legal obligations under or relating to the Charities Act 2005, the Income Tax Act 2007 and or any other relevant legislation and or case law. It should not be relied upon by any entity accordingly.

1.4 Limitation

This report is limited to providing Te Puni Kōkiri with a report on the results of the training package delivered to participating pilot Māori charitable entities in the application of the FOMANA Charities Compliance Model.

1.5 Context and Previous Reports

This report is the eighth and final in a series of reports for the Charitable Purposes and Tax Compliance Systems Pilot Programme and should be read in the context of the previous reports:

Report 1 31 May 2008	Preliminary research on the legal framework affecting Māori Charitable Entities under the Charities Act 2005 and the Income Tax Acts.
Report 2 30 September 2008	Research Report, Charitable Purposes and Tax Compliance Systems Programme
Report 3 31 March 2009	Risk and Audit Report
Report 4 31 July 2009	Case Studies Report
Report 5 28 August 2009	Training Toolkit for Māori Charities in the application of the FOMANA Charities Compliance Model©
Report 6 15 December 2009	Training Delivery Report
Report 7 26 February 2010	Final Training Package – A Training Toolkit for Māori Charities in the application of the FOMANA Charities Compliance Model© version 2, February 2010

1.6 Definitions

The following definitions are used in Report 8:

Term	Definition
Board	Includes boards of directors, trustees, or other governance entity
Charities Act	Charities Act 2005
Commission	Charities Commission
Charitable Purpose	as defined in section 5(1) of the Charities Act 2005 includes: “...every charitable purpose, whether it relates to the relief of poverty, the advancement of education or religion, or any other matter beneficial to the community.”
Constitution	Governing document setting out the organisation’s purpose and objects and the rules for how it will operate, including matters such as the powers and duties of its officers.
Governance	Governance is about the direction and control of an organisation. Governance is about leadership and making decisions in the interests of the shareholders or beneficiaries. Governance requires strategic thinking skills to give shape to the future of the organisation. ¹

Term	Definition
Governors	Includes company directors, trustees, members of the charity's governing body who are referred to as "Officers" on Charities Register. Governors focus on the big picture, not the fine detail or day-to-day matters. They give direction to management.
IRD	Inland Revenue Department
Māori charitable entities	Legal entities that are registered or eligible for registration with the Charities Commission and which are majority owned by Māori or whose members or beneficiaries, the majority of which are of Māori descent.
Policy	A deliberate plan of action to guide decisions and achieve a rational outcome(s).
Procedure	A series of prescribed steps followed in a definite regular order which ensure adherence to the guidelines set forth in the Policy to which the Procedure applies.
Risk	The chance of something occurring that will, should the event occur, have an impact on the achievement of organisational objectives. It is measured in terms of the likelihood of something happening and the consequences if it happens.
Reputation Risk	The risk of damage to the organisation's credibility and reputation.
Compliance Risk	The risk of failing to meet government laws, regulations and standards.
Risk Management	A systematic and logical process of identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function or process in a way that will enable an organisation to minimise losses and maximise opportunities.
Stakeholders	Those individuals, groups, institutions etc (either internal or external to the organisation) who are or perceive themselves to be affected by a decision or activity.

1.7 Acknowledgements

FOMANA wishes to acknowledge Te Puni Kōkiri for investing in this pilot programme over a two year period from 2007 - 2010. In particular, we mention the excellent support and professional service we have received from the Relationships and Information Directorate, specifically Managers, Alison Thom and Jeanette Harris, who recognised early on the significance of the new Charities Act on the Māori charitable sector and who actively promoted the value of the charities compliance and risk management training programme to their Regional Directors. FOMANA sincerely hopes that the Training Toolkit for Māori Charities and accompanying training workshops will be made more widely available through the Te Puni Kokiri Regional offices.

We also give our humble thanks to the eight Māori charities that participated in the pilot programme. We would especially like to acknowledge the support and commitment of our key contacts who gave freely of their time and personal experiences to help build a training programme and body of knowledge that is designed to assist other Māori charities to better understand their Charities Act obligations and to increase compliance and management of risk.

Māori charitable entity	Key contacts
1. Ngati Rarua Atiawa Trust	John Charleton, Selina Tait
2. Taranaki Iwi Trust	Tokatumoana Walden, Kerry Walsh
3. Taranaki PHO Ltd	Pauline Cruickshank, Sharyn Tamarapa
4. Te Aroha Medcare Ltd	Hayden Wano, Sharyn Tamarapa
5. Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust	Morrie Love, Peter Reweti
6. Te Kaahui o Rauru	Darryn Ratana, Pania Winterburn
7. Te Rau Pani Māori Mental Health Trust	Hinemoerangi Ngatai Tangirua, Terry Huntley
8. Tui Ora Ltd	Hayden Wano, Sharyn Tamarapa, Rangi Reddy

Finally, we thank all those who participated in the training workshops. Your *korero* and *whakaaro* added immeasurably to the learning outcomes and your evaluation feedback has helped FOMANA to amend and enhance the content and delivery of the training programme so that other Māori charities can benefit. *No reira, e rau rangatira ma, tena ra koutou katoa.*

Section Two
Results of
Training
Package
Delivery

Charitable Purposes and Tax Compliance Systems Programme

Section Two:

Results of Training Package
delivery to Māori Charities in
Pilot Programme



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Section Two: Results of Training Package delivery to Māori charities in pilot programme

2.1 Section Introduction

Section Two of this report will focus on the “results” of the training package delivery from the perspective of the trainers and based on responses on the evaluation forms and feedback from participants. It assumes that readers are familiar with both the content of the training package (Report 5: Training Toolkit for Māori Charities in the application of the FOMANA Charities Compliance Model©, August 2009). It does not provide further detail on the more practical aspects of how, where, and to whom the training workshops were delivered as these have been reported on and documented in Report 6: Training Delivery Report, 15 December 2009.

2.2 Methodology for assessing results of Training

In the absence of any prescribed method for measuring the “results” of the training package delivery, FOMANA has targeted five key areas for assessment and posed a set of questions to review and assess the effectiveness of the training:

Assessment Area 1: Purpose of Training assessment

1. Was the Training delivered according to the stated Purpose of Training?
2. Are any changes recommended to the stated Purpose of Training?

Assessment Area 2: Expected learning outcomes assessment

3. Did participants achieve the stated Training Outcomes?
4. How did participants rate the Knowledge and Information received for each of the seven elements of the Compliance Model?
5. What changes were made to the training package as a result of the pilot?

Assessment Area 3: Participant numbers and mix assessment

6. How did the number and mix of participants affect the training delivery and learning outcomes?

Assessment Area 4: Participant issues and questions assessment

7. What issues and questions were asked by participants and how were these managed by the Trainers?

Assessment Area 5: Compliance by Māori Charities in pilot assessment

8. What actions have Māori charities taken to maintain compliance following the training delivery or as a result of the pilot programme?
9. What does the online Charities Register show in terms of compliance by Māori charities in the pilot programme?

The information used to complete the assessment has been drawn from the Trainers' workshop notes, observations, information on the participant evaluation forms, and subsequent feedback from participants following the training workshops. Every effort has been made to give a fair and reasonable assessment of the effectiveness of the training across the above areas accepting that there is a degree of subjectivity based on the writer's involvement as a Trainer and as a developer of the Training programme.

2.3 Purpose of Training assessment

2.3.1 Was the Training delivered according to the stated Purpose of Training?

Purpose of Training

To provide participants from eight Māori charitable entities with training in the application of the FOMANA Capital Charitable Purpose Compliance Model²

Results Assessment 2.3.1

- From the Trainers' perspective, all participants received training in the application of the Model consistent with the stated Purpose of Training.
- All participants received their own Training Toolkit version 1 folder which sets out the seven elements of the Charitable Purpose Compliance Model in sections 3 – 9, the toolkit being the principal training resource although supplementary resources were used at the training workshops including copies of the organisation's own constitution document.
- The Compliance Model is introduced at the beginning of the training workshop programme and trainers explain the teaching and learning approach which comprises three parts:
 - Part One: Knowledge and Information (trainers delivery)
 - Part Two: Workshop Session (checklists, whole group exercises and discussion)
 - Part Three: Action Plan (self-directed action plan using booklet provided)
- One participant wanted *“more korero around the history and context of the implementation or the need for the Charities Register and the impact on Māori”*. FOMANA considers that this information was thoroughly covered in Report 1 and 2, which were included as Reference documents in the Training Toolkit received by all participants.

² FOMANA Charities Compliance Model© Training Toolkit for Maori Charities, Section 1.3

2.3.2 Are any changes recommended to the stated Purpose of Training?

Results Assessment 2.3.2

- It may be useful to include in the Purpose statement the words “training in compliance with the Charities Act 2005 and maintenance of income tax exemption” to provide further explanation and clarity as to the detail of the Model and what can be expected in Training.
- It is expected that the Compliance Model itself may need to be amended or extended to include other compliance elements and will require periodic updating to reflect any future changes in the charities/tax regime.
- We note that a revision of the Training Package has already occurred since the delivery of this training and up-to-date information was added to the latest version in February 2010. This is discussed more fully in section
- No changes are recommended to the concept of the Compliance Model & Diagram for training purposes as it was easily understood and accessible to all the participants.

2.4 *Expected Learning Outcomes assessment*

2.4.1 Did participants achieve the stated Training Outcomes?

Training Outcomes³

Participants will increase their knowledge and understanding of the seven elements of the Model, in particular:

1. **Constitution and NZ Law:** the core charitable purposes in their own Constitution and their general legal obligations;
2. **Charitable Purposes:** “charitable purposes” and the four heads of charity;
3. **Stakeholders:** their accountability duties to their stakeholders;
4. **Charities Commission Charities Act & Registration:** their legal obligations under Charities Act to maintain registration;
5. **IRD and Tax Exemption:** their taxation obligations to maintain income tax exemption;
6. **Policies-Processes-People:** the policies, procedures and people needed to maintain charitable purposes compliance;
7. **Risks:** the key risks and consequences and risk mitigation strategies.

Results Assessment 2.4.1

- A direct question was asked of the participants in the Evaluation Form: *“I have increased my knowledge and understanding of our compliance obligations: Yes? or No?”*.
- All participants responded YES indicating that everyone learnt something about their charities compliance obligations that they didn’t know before the training.

³ FOMANA Charities Compliance Model© Training Toolkit for Maori Charities, Section 1.3

Results Assessment 2.4.1 continued

- More difficult to assess is the extent to which participants increased their knowledge as there was no testing before the workshop, and nor do we recommend this approach. The material included in the Training Toolkit is intended to be accessible and stimulating for a wide range of participants, whatever their prior knowledge on charities and tax compliance.
- Clearly, it will be less valuable for those who have an intimate knowledge of risk management or financial management systems and general good governance procedures. None the less, it was made apparent during the pilot programme that there is definitely a need for this type of compliance training and more so where governors are inexperienced or do not have access to skilled or professional managers or advisors.
- In terms of effective learning outcomes for each of the seven elements of the Compliance Model, the results are uneven across the model and are mixed for each pilot entity.
- For example, if tested on their knowledge post-training, it would be expected that most participants would score highly in their understanding of Section 3 Constitution and NZ law and Section 4 Charitable Purposes as all workshops devoted a significant length of training and discussion time to these particular areas of compliance.
- Of significant was the variance among the participants in their existing knowledge of the Rules in their Constitution document. Many of the Governors had never taken the opportunity to fully read or analyse their Constitution document and some did not possess their own copy. This meant that more time was required to be spent on the Constitution and NZ Law section and resulted in less time being available for the other six elements of the Compliance Model.

Results Assessment 2.4.1 continued

- On a positive note and conducive to achievement of the learning outcomes was the high level of engagement shown by participants in the Workshop Exercise part of the Training. These included self-directed Checklists, Benchmark Exercises, Risk Assessments and Trainer or Participant initiated questions to stimulate discussion and issues pertinent to their organisation.
- Participants were not so ready to use the Action Plan booklet, preferring (we think) to talk than to write in this type of workshop. However there were exceptions and at least one Governance member made copious actions and notes as a result of the Training. It would seem to be a personal preference as to whether or not participants use the Action Plan. As a result of the pilot training, the Action plan sheets have been incorporated into the body of the Training Toolkit which may make them more readily accessible to participants.

2.4.2 How did participants rate the Knowledge and Information received for each of the seven elements of the Compliance Model?

Results Assessment 2.4.2

Training Objectives and Content of Workshop (See Appendix for complete Evaluation Form)

Please tick box to indicate rating:

- 8. Constitution and NZ Law:**
Knowledge & Information received on this topic:
- 9. Charitable Purposes:**
Knowledge & Information received on this topic:
- 10. Stakeholders:**
Knowledge & Information received on this topic:
- 11. Charities Commission and Registration:**
Knowledge & Information received on this topic:
- 12. IRD and Tax Exemption:**
Knowledge & Information received on this topic:
- 13. Policies-Processes-People:**
Knowledge & Information received on this topic:
- 14. Risks:**
Knowledge & Information received at workshop

Exceeded Expectations	Met most Expectations	Met some Expectations	Did not meet Expectations

Results Assessment 2.4.2 continued

- Ratings on Knowledge and Information received by participants were almost all in the green zone (“Exceeded expectations”) or the Yellow Zone (“Met most expectations”) except for one workshop where Section 6 Charities Commission and Registration and Section 7 IRD and Tax Exemption received a couple of lower ratings in the blue zone (“Met some expectations”). This was due to poor time management on the part of the trainers by allowing too much discussion on other sections and not allowing sufficient time to cover the material in the toolkit.
- Having piloted the programme, it is obvious that the timing of the workshops needs reworking and extending. The pilot workshops were only 4 -5 hours (half day) with 30 minutes allocated to deliver each of the seven sections of the Compliance Model. This has proved to be insufficient time in order to introduced the material, to facilitate the workshop session, and to achieve the expected learning outcomes.

- At least two participants made written comments on the need to extend the workshop time, for example:

“Perhaps to much material to process in the timeframe but I accept that this may be refined during the pilot project”

“longer time to cover all topics”

- It is suggested that the effectiveness of learning and knowledge transfer could be significantly increased by extending the timeframes for delivery of the workshop to a full day or possibly 1.5 days. Another option is to deliver modular training for each of the sections of the Compliance Model.

2.4.3 What changes were made to the training package as a result of the pilot?

Based on feedback from the pilot programme workshop participants, the training package was completely revised, refined and updated in February 2010 as follows:

Key changes made to the training package are:

1. Removal of some of the large Reference documents, namely Reports 1, 2, and 3;
2. Removal of superfluous pilot training workshop details in Introductory section;
3. Retention of Case Studies as value added reference documents;
4. Retention of the ten section format for simplicity and accessibility to information by previous and future training participants;
5. Revision and updating of section 1.3 Training Objectives to emphasise necessity toolkit use as an integral part of the training workshop which should be tailor-made for small mixed groups of 10 – 15 persons to maximise the learning and knowledge acquisition;
6. Incorporating the Action plan booklet pages into the body of the training package to reduce printing and production costs and to encourage participants to write actions as they complete the workshop session;
7. Replacement of folder type production to a booklet format for easier portability and reduced production costs;
8. Updating of all Footnotes to take into account recent additions and updates of pertinent information available on the Charities Commission website;
9. Addition of detailed Contents section for easier access to specific parts of package.

2.5 Participant number and mix assessment

2.5.1 How did the number and mix of participants affect the training delivery and learning outcomes?

Results Assessment 2.5.1

- In terms of total numbers (36 over five workshops) who were able to benefit from the pilot training, the results are disappointing and a lot lower than the 80 plus participants expected. It doesn't reflect the effort made by FOMANA and the key contacts in the pilot Māori charities to advertise the workshops a month in advance and to personally encourage attendance by members of those Māori charities. Overall the resultant effect is that there was less reach into communities and the transfer of compliance and risk management knowledge was under realised.
- Personal contact made a difference for the workshop with the highest attendance (10 participants) and this was close to the ideal numbers of 10-15 for this type of workshop.
- The lowest attendance at a workshop was 4 participants due to an unforeseen clash for Governance and Marae representatives who were obliged to attend another hui. Despite the low number of participants at this workshop it did have the unintended benefit of allowing the individuals a lot of time to raise and discuss compliance matters that they were grappling with at the marae level and to work out potential solutions. This probably wouldn't have occurred had they been part of a much larger group.
- For the training to achieve higher levels of reach into Māori charities and subsequent benefit to Māori communities, a concerted marketing strategy will be required to maximise the number of participants at future training workshops. This is probably best achieved by regional or local people, ideally with those who have completed the training who can work in with the needs of the organisation and to fit busy schedules of Governance and Management members.

Results Assessment 2.5.1 continued

- FOMANA recommends that the training is provided first to local administration staff or person in the Māori charity who is responsible for filing the annual return with the Charities Commission.
- One option to increase attendance numbers is to add this charities compliance training package as a mandatory component of a broader Governance and Trustee training programme for charitable organisations and Trusts. Certainly, the pilot programme demonstrated a high need for this level of training at the marae trustee and marae management level where financial systems training needs were seen as a priority.
- Better results were achieved in terms of the expected participant mix. The Training Objectives section of the Toolkit stated:
To maximise participation, FOMANA anticipates a group of 10 – 12 at each workshop comprising a mix of:
 - at least 3 members of the Governance team;
 - 1 - 3 Managers or staff with charitable purpose compliance responsibilities;
 - at least 3 members of the affiliated Marae (for the iwi organisations);
 - individuals from the organisation's beneficiaries and/or stakeholder group;
 - members of the Māori Entity team (see Training Schedule).
- All the workshops had a mix of Governance, Management and stakeholder/beneficiaries in attendance. This contributed positively to the learning outcomes as it enabled people with different perspectives to share their experiences and offer possible solutions on compliance or operational policy issues, and generally to increase the organisation's level of understanding about how to maintain compliance with its rules and charitable purposes.
- For organisations with a large number of Governors, Managers or Staff, it may be necessary to hold two or more training workshops to accommodate numbers and yet still retain a mixed group in each workshop to ensure cross-fertilisation of ideas and discussions around compliance and risk management.

2.6 Participant issues and questions assessment

2.6.1 What issues and questions were asked by participants and how were these managed by the Trainers?

Results Assessment 2.6.1

- There were two Trainers for each workshop which worked well. It enabled the trainers to share the delivery of different sections and to vary the flavour or delivery and presentation style. It also provided a broader response to some of the questions and issues that were raised, based on the skill base and experience of the trainers. For example, when participants raised specific questions on financial reporting, it was useful to have an experienced Finance Officer / Accountant who could offer practical and operational advice.
- At times there were questions that were beyond the knowledge or experience of the trainer and these were noted for follow up or referral was made to an appropriate agency, For example, several tax technical questions were asked in one workshop and these were promptly referred to IRD.
- At one workshop the marae trustee participants were interested in receiving more information about the registration requirements for marae on reservation land. FOMANA provided a number of fact sheets and relevant Māori Land Court article to the organisation for passing onto its Trustees.
- Another request was for additional legal compliance information arising out of the checklist exercise in Section 1 Constitution and NZ law. Some participants were keen to access further information on their legal obligations and thought it would be relevant to their other "hats" within other charitable organisations.

Results Assessment 2.6.1 continued

- Some participants were keen to receive specific training on how to manage conflicts of interest. This could be addressed as a workshop exercise in a future edition of the Training toolkit, or simply by providing participants with a sample Register of Interests Policy and Procedures document. Having said that, the hands-on experience is often better received in training than a paper-only approach.

2.6.2 Sample of some of the questions asked and how these were managed by the Trainers

1. If deregistered, can taxes and penalties be backdated? – referred to IRD
2. Compliance-wise, is it worth it for small entities (with low incomes) to register with the Charities Commission? – discussed as a group
3. Do you have an example of a case where beneficiaries have sued trustees?
4. Can whanau-based entities be registered as a charity? (how big do they have to be, any clarity on size, characteristics etc) – FOMANA to follow up with Charities Commission
5. If membership to an entity requires a subscription fee can that entity be registered as a charity? - FOMANA to follow up with Charities Commission
6. Does issuing a bonus to staff for performance constitute a "pecuniary gain"? - FOMANA to follow up with Charities Commission and/or IRD
7. What impact (if any) does the upcoming Information legislation have on the data held on iwi registers?
8. Is there any easy to read/use comparison available on what the requirements of the Te Ture Whenua Act & Charities Act is so that Marae trustees can work out what they need to comply with? – FOMANA provided specific information on registration for Marae.
9. GST registration – when is it worth it? – group discussed threshold for GST to be payable
10. Koha and charitable purpose activities – how is this best managed? – FOMANA to follow up with Charities Commission and/or IRD
11. How to draft Marae Charters and Constitutions that will be accepted for registration by the Charities Commission?– FOMANA provided sample documents and links to marae constitutions that are listed on the online Charities Register at www.charities.govt.nz

2.7 Compliance by Māori Charities in pilot assessment

2.7.1 What actions have Māori charities taken to maintain compliance following the training delivery or as a result of the pilot programme?

Results Assessment 2.7.1

- At least one organisation has made progress in the development and drafting of Policies and Operational checklists to strengthen their financial compliance, especially for the management of expenses and reimbursements. This was as a result of the training and direct use was made of the knowledge and information contained in Section 8: Policies – Processes – People to carry out this work. The Manager commented:
“the resource was invaluable. The information at the training was pertinent to where we were going”
- For some of the constituent marae associated with pilot Māori charities, registration with the Charities Commission is still a work in progress, however, they were appreciative of the follow up information provided by FOMANA following the training (refer 2.6 above)
- The Training Toolkit has been made available to Trustees who were unable to attend the training workshop and this has given rise to a demand for more training workshops so that all governors can benefit from the training. FOMANA has also received general enquiries from other organisations that are very interested in receiving the training and the toolkit.
- There have been a number of changes to the constitutions and rules of some of the participating Māori charities which is evidenced by the amended version of Rules on the Charities Register. During the pilot programme, at least two of the pilot Māori charities were required by the Charities Commission to amend their Constitution to meet registration requirements. Another group has amended the number of Trustees. While these changes may have occurred without the training, it is fair to say that the training has made Governance members sit up and take more notice of their Rules and to question their internal systems to see that their policies are up to date and compliant.

2.7.2 What does the online Charities Register show in terms of compliance by Māori charities in the pilot programme?

Results Assessment 2.7.2

- A search of the online Charities Register shows that all eight Māori charities participating in the pilot have maintained their Charities Act annual filing obligations.
- The following pages in this report show the actual webpage listing on the Charities Commission Register for each of the eight Māori charities as at the 30 March 2010:
 - Ngati Rarua Atiawa Trust
 - Taranaki Iwi Trust
 - Taranaki PHO Ltd
 - Te Aroha Medcare Ltd
 - Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust
 - Te Kaahui o Rauru
 - Te Rau Pani Māori Mental Health Trust
 - Tui Ora Ltd
- **Officers Record** – a transparent and accountable method by which stakeholders and general members of the public can identify who is responsible at the governance level of any registered Charity. Note that Officers need to sign that they are eligible under the provisions of the Charities Act to hold office. The record also lists both the present and past Officers (Governors/Trustees) and effective date of their appointment/election.
- **Supporting Documents Record** – another excellent record that provides easy downloading of the charity's Rules/Constitution and especially Financial reports which are required to be submitted as part of the Annual Return. It is important to note that failure to file the Annual return is a breach of the Act and can lead to removal from the Charities Register.

2.7.3 Charities Register listing for Ngati Rarua Atiawa Trust at 30 March 2010



Charities Register
[Search the Register](#)
[Register Online](#)
[Officer Certification](#)
[Login](#)

Charity Summary

These are the current details for: **Ngati Rarua Atiawa Iwi Trust Board**

Charity details

Legal name of the charity **Ngati Rarua Atiawa Iwi Trust Board**

Registration details

Status Registered
 Date 13/12/2007
 Registration number CC20248
 IRD Number Restricted
 Annual Return Due Date 30/06/2010

Address for services

Charity's street address 5 Duncan Street
 Nelson 7040
 Charity's postal address P O Box 13
 Nelson 7040

Charity's other details

Phone (day) (03)5480770
 Fax (03)5390492
 Email
 Website <http://www.nraat.co.nz>

Charitable purpose

NOTE: Main sectors, activities and beneficiaries are in **italics>**

Sectors (*Arts / culture / heritage*)
Accommodation / housing
Education / training / research
Environment / conservation
Economic development

Activities (*Makes grants / loans to individuals*)
Makes grants to organisations (including schools or other charities)
Acts as an umbrella / resource body
Provides advice / information / advocacy
Provides buildings / facilities / open space

Beneficiaries (*Family / whanau*)
Children / young people
General public

Areas of Operation

Nelson - Marlborough - Tasman

Officers

Officer Name	Effective Date
Paul Morgan	13/12/2007
Russell Thomas	13/12/2007
John Morgan	13/12/2007
Robert Taylor	13/12/2007
Melanie McGregor	13/12/2007
Emma Park	26/04/2008
Rima Piggott	26/04/2008
Warren Kahukura	11/04/2009

Past Officers

Officer Name	Past Since
Alan Willison	12/04/2009
Andrew Luke	26/04/2008
John Katene	26/04/2008
Robert Shore	12/04/2009

Exemptions

This charity has been granted an exemption from filing an annual return by 30 June 2008 under Section 43 of the Charities Act 2005. The first annual return is due by 30 June 2009.

Notices of Change

Date	Reference
29/07/2008	NOC002

Annual Returns

Due Date	Received	Link to Return
30/06/2009		
30/06/2009	<input checked="" type="checkbox"/>	ARD02
30/06/2010		


Supporting Documents

Date Created	Type	Document
08/05/2009	Supporting	Annual Return.PDF
08/05/2009	Officer	OCF_Warren Kahukura.PDF
08/05/2009	Financial	Financials.PDF
29/07/2008	Officer	OCF - Rima Piggott.PDF
29/07/2008	Officer	OCF - Emma Park.PDF
29/07/2008	Supporting	NOC_20080728.PDF
06/11/2007	Supporting	Application Form - IRD Withheld.pdf
04/11/2007	Officer	OCF - John Murray - Rejected.PDF
04/11/2007	Officer	OCF - Russel James.PDF
04/11/2007	Officer	OCF - Robert Shore.PDF
04/11/2007	Officer	OCF - John Morgan.PDF
04/11/2007	Officer	OCF - Paul Morgan.PDF
04/11/2007	Officer	OCF - Robert Taylor.PDF
04/11/2007	Officer	OCF - Melanie McGregor.PDF
04/11/2007	Officer	OCF - Andrew Luke.PDF
04/11/2007	Officer	OCF - John Katene.PDF
04/11/2007	Officer	OCF - Alan Willison.PDF
04/11/2007	Rules	Charity Rules.PDF

[Back](#)

2.7.4 Charities Register listing for Taranaki Iwi Trust as at 30 March 2010





[Home](#)
[About Us](#)
[Guidance for Charities](#)
[Charities Register](#)
[News & Publications](#)
[Contact Us](#)

Charities Register

Search the Register

Register Online

Officer Certification

Login

Charity Summary

These are the current details for: **Taranaki Iwi Trust**

Charity details

Legal name of the charity **Taranaki Iwi Trust**

Registration details

Status	Registered
Date	30/06/2008
Registration number	CC39750
IRD Number	Restricted
Annual Return Due Date	30/09/2010

Address for service

Charity's street address 6351 South Road
R D 35
Opunake 4685

Charity's postal address P O Box 40
Pungarehu 4358

Charity's other details

Phone (day) (06)7638550

Fax

Email admin@taranakiwi.org.nz

Website <http://www.taranakiwi.org.nz>

Areas of Operation

Taranaki

Officers

Officer Name	Effective Date
Tokatomoana Kevin Walden	23/08/2007
John Niwa	23/08/2007
Leanne Horo	23/08/2007
David Tamatea	23/08/2007
Keith Manukonga	23/08/2007
Fay Mulligan	23/08/2007

Past Officers

Officer Name	Past Since
Peter Moesahu	07/07/2008

Annual Returns

Due Date	Received	Link to Return
30/09/2009	<input checked="" type="checkbox"/>	AR002
30/09/2010		

Charitable purpose

(Note: Main sectors, activities and beneficiaries are in brackets)

Sectors (Economic development)
Education / training / research
Health
Environment / conservation
Marae on reservation land
Community development
Arts / culture / heritage
Sport / recreation

Activities (Acts as an umbrella / resource body)
Makes grants / loans to individuals
Makes grants to organisations (including schools or other charities)
Provides advice / information / advocacy
Provides human resources (e.g. staff / volunteers)

Beneficiaries (Hapu Iwi)
Children / young people
Older people
People of a certain ethnic / racial origin
Family / whanau

Supporting Documents

Date Created	Type	Document
13/10/2009	Supporting	2009_Form 4.PDF
13/10/2009	Financial	2009_Financial Statements.PDF
13/10/2009	Record	Application Record IRD removed 13 Oct 2009.pdf
04/11/2007	Supporting	Application Form - IRD Withheld.pdf

[Back](#)

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2.7.5 Charities Register listing for Taranaki PHO Ltd as at 30 March 2010




[Home](#)
[About Us](#)
[Guidance for Charities](#)
[Charities Register](#)
[News & Publications](#)
[Contact Us](#)

Charities Register

[Search the Register](#)

[Register Online](#)

[Officer Certification](#)

[Login](#)

Charity Summary

These are the current details for: **Taranaki PHO Limited**

Charity details

Legal name of the charity **Taranaki PHO Limited**

Registration details

Status	Registered
Date	04/03/2008
Registration number	CC21526
IRD Number	Restricted
Annual Return Due Date	31/12/2010

Address for service

Charity's street address **36 Maratshu Street
Westown
New Plymouth 4310**

Charity's postal address **Po Box 8196
New Plymouth 4342**

Charity's other details

Phone (day)	(06) 759 4364
Fax	(06) 759 4341
Email	admin@htpho.co.nz
Website	http://www.htpho.co.nz

Charitable purpose

Note: Main sectors, activities and beneficiaries are in brackets

Sectors	(Health)
Activities	(Acts as an umbrella / resource body) Provides advice / information / advocacy
Beneficiaries	(People of a certain ethnic / racial origin) Children / young people Older people People with disabilities Family / whanau

Areas of Operation

Taranaki

Officers

Officer Name	Effective Date
Eleanor Edwards	25/09/2008
Julie Brandt	24/09/2008
Kura Denness	04/03/2008
Diane Jones	04/03/2008
Lindsay MacLeod	04/03/2008
Wayne Mulligan	04/03/2008
Jamie Tuuta	04/03/2008
Marie Dwyer	04/03/2008

Past Officers

Officer Name	Past Since
William Hurlow	27/06/2008
Patrick Leary	26/09/2008

Exemptions

This charity has been granted an exemption from filing an annual return by 31 December 2008 under section 43 of the Charities Act 2005. The first annual return is due by 31 December 2009.

Notices of Change

Date	Reference
01/04/2009	NOC002

Annual Returns

Due Date	Received	Link to Return
31/12/2008		Exemption
31/12/2009	<input checked="" type="checkbox"/>	AR002

Supporting Documents

Date Created	Type	Document
17/11/2009	Financial	Financials.pdf
16/11/2009	Record	Application Record IRD removed 16 Nov 2009.pdf
03/04/2009	Supporting	20090403_NOC.PDF
01/04/2009	Supporting	20090401_NOC.PDF
01/04/2009	Officer	OCF_Eleanor Edwards.PDF
01/04/2009	Officer	OCF_Julie Brandt.PDF
04/11/2007	Rules	Charity Rules.pdf
04/11/2007	Officer	OCF - William Hurlow.pdf
04/11/2007	Officer	OCF - Lindsay McLeod.pdf
04/11/2007	Officer	OCF - Diane Jones.pdf
04/11/2007	Officer	OCF - Kura Denness.pdf
04/11/2007	Officer	OCF - Patrick Leary.pdf
04/11/2007	Officer	OCF - Marie Dwyer.pdf
04/11/2007	Officer	OCF - Wayne Mulligan.pdf
04/11/2007	Officer	OCF - Jamie Tuuta.pdf

[Back](#)

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2.7.6 Charities Register listing for Te Aroha Medicare Ltd as at 30 March 2010



Home About Us Guidance for Charities Charities Register News & Publications Contact Us

Charities Register
[Search the Register](#)
[Register Online](#)
[Officer Certification](#)
[Login](#)

Charity Summary

These are the current details for: **Te Aroha Medicare Limited**

Charity details		Areas of Operation																													
Legal name of the charity	Te Aroha Medicare Limited	Taranaki																													
Registration details		Officers																													
Status	Registered	Officer Name	Effective Date																												
Date	30/06/2008	Kura Denness	20/06/2005																												
Registration number	CC32243	Marie Dwyer	04/09/2007																												
IRD Number	Restricted	Diane Jones	26/05/2006																												
Annual Return Due Date	31/12/2010	Lindsay Macleod	26/05/2006																												
Address for service		Wayne Mulligan	01/03/2007																												
Charity's street address	36 Maratahu Street New Plymouth 4310	Jamie Tuuta	24/11/2006																												
Charity's postal address	P O Box 8119 New Plymouth 4310	Julie Brandt	24/09/2008																												
Charity's other details		Eleanor Edwards	25/09/2008																												
Phone (day)	06 759 4064	Past Officers																													
Fax	06 759 1799	Officer Name	Past Since																												
Email	pam.hikuroa@tuiora.co.nz	William Hurlow	27/06/2008																												
Website		Patrick Leary	26/09/2008																												
Charitable purpose		Exemptions																													
<p>Note: Main sectors, activities and beneficiaries are in brackets</p> <p>Sectors (Health)</p> <p>Activities (Provides advice / information / advocacy)</p> <p>Beneficiaries (General public) Children / young people Older people People with disabilities People of a certain ethnic / racial origin Family / whanau</p>		<p>This charity has been granted an exemption from filing an annual return by the 31 December 2008 under Section 43 of the Charities Act 2005. The first annual return is due by the 31 December 2009.</p>																													
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13/01/2010	Officer	Eleanor Edwards.pdf																													
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13/01/2010	Record	Application Record IRD removed 13 Jan 2010.pdf																													
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31/12/2009	<input checked="" type="checkbox"/>	AR002																													

[Back](#)

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2.7.7 Charities Register listing for Te Atiawa Ki Te Upoko O Te Ika A Maui Potiki Trust at 30 March 2010



Home About Us Guidance for Charities **Charities Register** News & Publications Contact Us

Charities Register

Search the Register
Register Online
Officer Certification
Login

Charity Summary

These are the current details for: **Te Atiawa ki te Upoko o Te Ika a Maui Potiki Trust**

Charity details		Areas of Operation	
Legal name of the charity	Te Atiawa ki te Upoko o Te Ika a Maui Potiki Trust	Wellington - Wairarapa	
Registration details		Officers	
Status	Registered	Officer Name	Effective Date
Date	30/06/2008	John Warren	22/03/2006
Registration number	CC38312	Wayne Mulligan	22/03/2006
IRD Number	Restricted	Te Rira Puketapu	22/03/2006
Annual Return Due Date	31/03/2010	Ihala Puketapu	19/11/2006
Address for service		Peter Reweti	10/11/2007
Charity's street address	15 Belmont Terrace Newtown Wellington 6021	Morris Love	22/03/2006
Charity's postal address	P O Box 16147 Wellington 6242	Paire Tomoana	15/11/2009
Charity's other details		Past Officers	
Phone (day)	64 4 9709841	Officer Name	Past Since
Fax	64 4 9709841	Anania Randall	15/11/2009
Email	morrie@raukura.co.nz	Joanne Korent	15/11/2009
Website		Exemptions	
Charitable purpose		This charity has been granted an exemption from filing an annual return by 31 March 2009 under Section 43 of the Charities Act 2005. The first annual return is due by 31 March 2010.	
Note: Main sectors, activities and beneficiaries are in brackets		Annual Returns	
Sectors	(Customary Fisheries) Environment / conservation Community development Economic development	Due Date	Received
Activities	(Makes grants to organisations (including schools or other charities)) Makes grants / loans to individuals Sponsors / undertakes research	31/03/2010	
Beneficiaries	(Marae) Children / young people People of a certain ethnic / racial origin Family / whanau	31/03/2008	<input checked="" type="checkbox"/>
Supporting Documents		31/03/2009	<input checked="" type="checkbox"/>
		31/03/2010	
Date Created	Type	Link to Return	
10/03/2010	Officer	Exemption	
10/03/2010	Record	AR003	
09/03/2010	Financial	AR002	
09/03/2010	Financial		
25/02/2008	Rules		

[Back](#)

2.7.8 Charities Register listing for Te Kaahui o Rauru as at 30 March 2010

Charities Commission

Home About Us Guidance for Charities Charities Register News & Publications Contact Us

Charities Register

Charity Search Register Register Charities Officer Certifications Login

Charity Summary

These are the current details for: **Te Kaahui o Rauru**

Charity details

Legal name of the charity: **Te Kaahui o Rauru**

Registration details

Status: Registered
 Date: 30/06/2008
 Registration number: CC03002
 IRD Number: Exempted
 Annual Return Due Date: 30/09/2010

Address for service

Charity's street address: 208 Victoria Avenue
 Whanganui 5500
 Charity's postal address: P.O. Box 4322
 Whanganui 4541

Charity's other details

Phone (day): 05 3484894
 Fax: 05 3484087
 Email: penia.winterburn@ngauru.org.nz
 Website: <http://www.ngauru.org.nz>

Charitable purpose

Notes: Main sectors, activities and beneficiaries are in brackets.

Sectors: (EVI development), Education / training / research, Environment / conservation, Social services, Arts / culture / heritage, Economic development, Fund-raising

Activities: (EVI Development), Makes grants to organisations (including schools or other charities), Provides advice / information / advocacy

Beneficiaries: (Ngaa Rauru uri), Children / young people, Other charities, Older people, People with disabilities, People of a certain ethnic / racial origin, Family / whanau

Areas of Operation

Manawatu - Wanganui

Officers

Officer Name	Effective Date
Te Parunga Davis	29/03/2009
Russell Teke	26/07/2009
Judith Cornallus	26/07/2009
Narlene Isaacs	26/07/2009
Kelvin Luke	09/12/2004
Te Pokiatia Ashford	09/02/2001
William Gawler	09/12/2004
Bob Ngataierua	09/12/2004
Karan McGregor	09/12/2004
Mihipepane Davis	09/12/2004
Ngapani Nui	09/12/2001
Gloria Ashford	25/06/2005
Te Hui Hamilton	25/07/2006
Carolyn Young	26/07/2006
Jason Hine	26/07/2006
Toko Tutahione	26/07/2006
Desmond Canterbury	24/09/2006
Yvette McGregor	24/09/2006
Shariene Tapa-Moson	03/02/2007
Te Aroha Waitai	09/02/2004
Ngaira Madams	11/09/2009
Kelly Keelan	26/07/2009

Past Officers

Officer Name	Past Since
Michael Nehe	20/11/2009
Perry Solomon	26/07/2009
Watene Davis	25/04/2009
Te Ringa Te Awhe	25/04/2009
Darryn Ratana	25/07/2009
Valencia Solomon	26/07/2009
Nan Pirkahu-Smith	20/11/2009
Tame Rangihaeata	03/08/2009
Hayden Potaka	20/07/2009

Notices of Change

Date	Reference
30/09/2009	NOC002
20/11/2009	NOC003
05/02/2010	NOC004

Annual Returns

Due Date	Received	Link to Return
30/09/2009	<input checked="" type="checkbox"/>	AR002
30/09/2010		

Supporting Documents

Date Created	Type	Document
05/02/2010	Officer	20100205102644.pdf
09/10/2009	Supporting	20091005_NOC.PDF
09/10/2009	Rules	Amended rules.PDF
30/09/2009	Financial	Financials.pdf
30/09/2009	Record	Application Record IRD removed 30 Sep 2009.pdf
14/03/2008	Supporting	Application Form - IRD withheld.pdf
06/11/2007	Rules	Charity Rules.PDF
06/11/2007	Officer	OCF - Jason Hine.PDF
06/11/2007	Officer	OCF - Perry Solomon.PDF
06/11/2007	Officer	OCF - Darryn Ratana.PDF
06/11/2007	Officer	OCF - Yvette McGregor.PDF
06/11/2007	Officer	OCF - Watene Davis.PDF
06/11/2007	Officer	OCF - Bob Ngataierua.PDF
06/11/2007	Officer	OCF - Desmond Canterbury.PDF
06/11/2007	Officer	OCF - Tame Rangihaeata.PDF
06/11/2007	Officer	OCF - Toko Tutahione.PDF
06/11/2007	Officer	OCF - Te Aroha Waitai.PDF
06/11/2007	Officer	OCF - Valencia Solomon.PDF
06/11/2007	Officer	OCF - Mihipepane Davis.PDF
06/11/2007	Officer	OCF - Te Pokiatia Ashford.PDF
06/11/2007	Officer	OCF - Te Ringa Te Awhe.PDF
06/11/2007	Officer	OCF - Gloria Ashford.PDF
06/11/2007	Officer	OCF - William Gawler.PDF
06/11/2007	Officer	OCF - Ngapani Nui.PDF
06/11/2007	Officer	OCF - Nan Pirkahu-Smith.PDF
06/11/2007	Officer	OCF - Karan McGregor.PDF
06/11/2007	Officer	OCF - Carolyn Young.PDF
06/11/2007	Officer	OCF - Shariene Tapa-Moson.PDF
06/11/2007	Officer	OCF - Hayden Potaka.PDF
06/11/2007	Officer	OCF - Kelvin Luke.PDF
06/11/2007	Officer	OCF - Te Hui Hamilton.PDF

[Back](#)

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2.7.9 Charities Register listing for Te Rau Pani Māori Mental Health Trust as at 30 March 2010



**charities
commission**
whānau kaupapa āwhenua



Charities Register

[Search the Register](#)

[Register Online](#)

[Officer Certification](#)

[Login](#)

Charity Summary

These are the current details for: **Te Rau Pani Maori Mental Health Trust**

Charity details

Legal name of the charity **Te Rau Pani Maori Mental Health Trust**

Registration details

Status Registered
 Date 30/07/2007
 Registration number CC10717
 IRD Number Restricted
 Annual Return Due Date 31/12/2010

Address for service

Charity's street address 36 Maratahu Street
Westown
New Plymouth 4310

Charity's postal address PO Box 5131
Westown
New Plymouth 4343

Charity's other details

Phone (day)
 Fax
 Email admin@teraupani.co.nz
 Website

Charitable purpose

Note: Main sectors, activities and beneficiaries are in brackets

Sectors (Maori Mental Health)
Education / training / research
Health
Community development
Social services
Employment

Activities (Provides services (e.g. care / counselling))
Acts as an umbrella / resource body
Provides advice / information / advocacy

Beneficiaries (Family / whanau)
Children / young people
Older people
People with disabilities
People of a certain ethnic / racial origin
General public
People of Maori origin

Areas of Operation

Taranaki

Officers

Officer Name	Effective Date
William Edwards	17/12/2008
Peter Moesihu	17/07/2008
Molra Irving	18/12/2008
Cristine Henare	25/07/2007
Paula Hakesley	25/07/2007

Past Officers

Officer Name	Past Since
Mihi Kahu	09/08/2008
Warren John Nicholls	18/12/2008
Raukawa Rangihua Mamaeroa Simon	09/08/2008

Notices of Change

Date	Reference
12/10/2009	NOC002

Annual Returns

Due Date	Received	Link to Return
31/12/2008	<input checked="" type="checkbox"/>	AR002
31/12/2009	<input checked="" type="checkbox"/>	AR003

Supporting Documents

Date Created	Type	Document
22/12/2009	Rules	Rules Amendment 2008.pdf
22/12/2009	Financial	2009 Financials.pdf
12/11/2009	Rules	Rules Amendment 2008.pdf
16/10/2009	Supporting	William Edwards.PDF
16/10/2009	Supporting	Molra Irving.PDF
16/10/2009	Supporting	Peter Moesihu.PDF
09/10/2009	Record	Public Application Record.pdf
24/12/2008	Financial	2008_Financial Statements.pdf
03/11/2007	Rules	Charity Rules.PDF

[Back](#)

2.7.10 Charities Register listing for Tui Ora Ltd as at 30 March 2010



- Home
- About Us
- Guidance for Charities
- Charities Register
- News & Publications
- Contact Us

Charities Register

Search the Register

Register Online

Officer Certification

Login

Charity Summary

These are the current details for: **Tui Ora Limited**

Charity details

Legal name of the charity **Tui Ora Limited**

Registration details

Status Registered
 Date 07/01/2008
 Registration number CC20369
 IRD Number Restricted
 Annual Return Due Date 31/12/2010

Address for service

Charity's street address 36 Maratahu Street
 Westown
 New Plymouth 4310
 Charity's postal address P O Box 8119
 Westown
 New Plymouth 4310

Charity's other details

Phone (day) (06)759 4064
 Fax (06)759 1799
 Email reception@tuiora.co.nz
 Website http://www.tuiora.co.nz

Charitable purpose

Notes: Main sectors, activities and beneficiaries are in brackets

Sectors (Health)
 Education / training / research
 Community development
 Social services
 Employment
Activities (Acts as an umbrella / resource body)
 Provides advice / information / advocacy
Beneficiaries (People of a certain ethnic / racial origin)
 Children / young people
 Older people
 People with disabilities
 Family / wharau

Supporting Documents

Date Created	Type	Document
23/12/2009	Financial	TOL Final Signed Annual Report 2008-09.pdf
04/11/2007	Officer	OCF - Kura Denness.pdf
04/11/2007	Officer	OCF - Hayden Wano.pdf
04/11/2007	Officer	OCF - Jamie Tuuta.pdf
04/11/2007	Officer	OCF - Lindsay MacLeod.pdf
04/11/2007	Officer	OCF - Wayne Mulligan.pdf
04/11/2007	Rules	Charity Rules.pdf

[Back](#)

Areas of Operation

Taranaki

Officers

Officer Name	Effective Date
Hayden Paul Waretini Wano	07/01/2008
Lindsay Rahiri Waitara MacLeod	07/01/2008
Kura Ann Denness	07/01/2008
Wayne Tamerangi Mulligan	07/01/2008
Jamie Grant Daniel Tuuta	07/01/2008

Exemptions

This charity has been granted an exemption from filing an annual return by 30 December 2008 under Section 43 of the Charities Act 2005. The first annual return is due by 30 December 2009.

Annual Returns

Due Date	Received	Link to Return
31/12/2008		Exemption
31/12/2009	<input checked="" type="checkbox"/>	AR002

2.8 Conclusion on results of training package delivery to Māori charities in pilot programme

The assessment across five areas shows that the training package delivery to Māori charities participating in the pilot programme was effective and met or exceeded the expectations of the thirty-six participants who attended the five workshops held in October 2009. All those who completed the evaluation forms have recommended the training to other charities.

Training Package and Toolkit

The training toolkit and information delivered at the workshops is considered a highly valuable resource by those who received copies and has become a sought after resource by those who did not attend the training.

According to one participant and Marae Trustee representative

"the training manual is excellent and has been used a lot by us"

Since the training was conducted, the training toolkit has been completed reviewed, updated and enhanced according to project sponsor, trainer observation and pilot participant feedback. It was provided as Report 7 to Te Puni Kokiri in February 2010.

Section
Three
Appendices

Charitable Purposes and Tax Compliance Systems Programme

Section Three: Appendices



Released under the Official Information Act 1982

Section Three: Appendices

- 3.1 Charities Commission Registration Update
- 3.2 Combined Bibliography for Pilot Programme
- 3.3 Information Sources for Effective Governance

3.1 Charities Commission Registration Update

<http://www.charities.govt.nz/>

Hot Topics

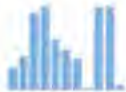
Regional Forums

Between April and June this year, the Charities Commission will be hosting 12 regional forums for charities across the country. The first forums will be held in Christchurch on April 26 & 27 for further details visit the [events page](#)

2009 Annual Forum DVD available now

A dvd of the Charities Commission 2009 Annual Forum is now available for purchase. The dvd includes the full presentations from all four forum speakers, accountant Craig Fisher who spoke about the need for charities to be accountable and transparent, and Nathalie Hofsteede (GiveaLittle), Bev Gatenby (Trust Waikato) and Murray Edridge (Barnardos) who contributed to a panel discussion on the topic *An effective charity is clear about its purposes and direction*. [View more](#)

Key statistics released



For the first time, the Charities Register has brought together up-to-date information about individual charities, from which we can obtain information about the charitable sector and its work. The numbers may surprise you - [take a look](#).

Payroll Giving

Payroll giving is a voluntary scheme that enables people to make donations directly from their pay to a chosen "donee organisation". People who donate through payroll giving receive immediate tax credits relating to the donations they make each payday. [View more](#)

The Charities Act, fundraising costs, and charitable purposes

Charities are sometimes asked "how much of the money donated to you is spent on your cause and how much goes to admin and other costs?" Charities balance the need to keep costs low with the need to provide the best possible outcomes for their beneficiaries. There are always costs associated with raising money and providing services and there is no law or rule of thumb about how a charity spends donations that have been given to it for the general purposes of that charity. [Read more](#) information about this topic.

New Information from Charities Commission as at 30 March 2010

[New information sheet - Guidance for charities - terrorism and money laundering](#)

[New information sheet - Publication of registration decisions - declines and deregistrations](#)

[New information sheet - The Charities Register - what's in it for funders?](#)

[New information sheet - Help notes for completing the financial information in your Annual Return](#)

[Updated information sheet - Group Registration](#)

[Information sheet for donors, supporters and volunteers](#)

[New information sheet - Deregistration – removing charities from the Charities Register](#)

[New information sheet - Charitable purpose and community and economic development](#)

[New information sheet - Guidance on the 'public benefit' test](#)

[Updated information sheet - Charitable purpose and sport and recreation organisations](#)

How many charities are currently on the register?

As at **8 March 2010** there were **25,048** charities on the Charities Register.

As well as providing searchable information about individual charities, the Charities Register can give a "snapshot" of the charitable sector in New Zealand. [Take a look](#), to see where charities are operating, their main activities, who they are helping, and the sectors they are operating in.

Annual Returns

Registered charities must file an Annual Return with the Commission, within six months of their balance date.

Annual Return information helps the Commission monitor registered charities to ensure they continue to qualify for registration and provides information to the public about how charities carry out their charitable purpose.

Annual Returns and accompanying financial information are published on the [Charities Register](#). View the [Annual Return info sheet](#) for more information about filing a return.

3.2 Combined Bibliography and Information Sources for Pilot Programme

Agency or Author	Title of Publication or Website	Date
Charities Commission	Statement of Intent 2009 – 2012	2009
www.charities.govt.nz	Information Finder - Guide to Commission Fact Sheets	January 2009
	http://www.charities.govt.nz/news/fact_sheets/new%20info%20sheets/Information_Finder_WEB_JAN09.pdf	
http://www.charities.govt.nz/news/fact_sheets.htm	<p>Charities Commission Fact Sheets</p> <p>Background information</p> <p>Guide to the Act</p> <p>Our Board</p> <p>The Charities Register - benefits for charities</p> <p>The Charities Register - what's in it for the public, funders and other users?</p> <p>The Charities Register - what's in it for funders?</p> <p>Key points for media</p> <p>key Statistics</p> <p>'How to' guides</p> <p>Registration checklist</p> <p>Timing it right</p> <p>Your rules and the Charities Act</p> <p>Helpful tips for writing rules</p> <p>Purposes beneficial to the community - examples of wording for purpose clauses in your rules</p> <p>The advancement of education - examples of wording for purpose clauses in your rules</p> <p>The advancement of religion - examples of wording for purpose clauses in your rules</p> <p>The relief of poverty - examples of wording for purpose clauses in your rules</p> <p>The name of your organisation</p>	

Agency or Author	Title of Publication or Website	Date
<p>Charities Commission</p> <p>Fact Sheets</p> <p>http://www.charities.govt.nz/news/fact_sheets.htm</p>	<p>Charitable Purpose</p> <p>Officer certification</p> <p>What to do when something about your charity changes</p> <p>Annual Returns under the Charities Act</p> <p>Annual Return Checklist</p> <p>Help notes for completing the financial information in your Annual Return</p> <p>Group registration - a guide</p> <p>How the Charities Act affects your tax status</p> <p>Restricting public access to your information on the Charities Register</p> <p>Guidelines for promoting your unique registration number</p> <p>How to make a complaint about a charity</p> <p>Deregistration – removing charities from the Charities Register</p> <p>The qualities of an effective charity</p> <p>Information sheet for donors, supporters and volunteers</p> <p>Guidance for charities - terrorism and money laundering</p> <p>International charitable activities and the Charities Act 2005</p> <p>How the Charities Act affects charitable trusts, incorporated societies and companies</p> <p>Iwi/Māori organisations and the Charities Act</p> <p>Political Activities</p> <p>Charitable purpose and sport and recreation bodies</p> <p>"Advocacy" and the Charities Act</p> <p>Charitable purpose</p> <p>Backdating</p> <p>Charitable purpose and community and economic development</p> <p>Guidance on the 'public benefit' test</p> <p>Publication of decline and deregistration decisions</p>	

Agency or Author	Title of Publication or Website	Date
Inland Revenue Department www.ird.govt.nz http://www.ird.govt.nz/charitable-organisations/	Tax and Charities – A Government Discussion on 2001 Taxation Issues Relating to Charities and Non-Profit bodies. http://taxpolicy.ird.govt.nz/publications/2001-dd-charities/overview	2001
	Technical tax area: Operational statements OS 06/02 Interaction of tax and charities rules, covering tax exemption and donee status http://www.ird.govt.nz/technical-tax/op-statements/os-interaction-tax-charities-rules.html	Dec 2006
	Tax information for charities registered under the Charities Act 2005 (IR256) http://www.ird.govt.nz/resources/d/f/dfa758804bbe5bbca08ff0bc87554a30/ir256-apr09.pdf	April 2009
	Charitable organisations (IR255) http://www.ird.govt.nz/resources/8/d/8d96e5004bbe59ba8970d9bc87554a30/ir255.pdf	May 2009
	Māori authorities: a guide to the new Māori authority tax rules (IR487) http://www.ird.govt.nz/resources/b/8/b86871004bbe5b539ba1dbbc87554a30/ir487.pdf	July 2009

Released under the Official Information Act 1982

Agency or Author	Title of Publication or Website	Date
<p>Office for the Community & Voluntary Sector</p> <p>www.ocvs.govt.nz</p>	<p>Mahi Aroha : Māori Perspectives on Volunteering and Cultural Obligations</p> <p>http://www.ocvs.govt.nz/documents/work-pragamme/encouraging-participation/volunteering-research/mahi-aroha.pdf</p> <hr/> <p>Office of the Community and Voluntary Sector research report- The New Zealand Non-profit Sector in Comparative Perspective</p> <p>http://www.ocvs.govt.nz/documents/publications/papers-and-reports/the-new-zealand-non-profit-sector-in-comparative-perspective.pdf</p> <hr/> <p>Office of the Community and Voluntary Sector research report – The history of the Non-Profit Sector in New Zealand</p> <p>http://www.ocvs.govt.nz/documents/publications/papers-and-reports/the-history-of-the-non-profit-sector-in-new-zealand.pdf</p>	<p>30 April 2007</p> <hr/> <p>12 Aug 2008</p> <hr/> <p>12 Aug 2008</p>
<p>Charity Commission for England and Wales</p> <p>www.charity-commission.gov.uk</p>	<p>Sound strategy for effective delivery: A Report on the views of key external stakeholders on progress since 2004</p> <hr/> <p>The Hallmarks of an Effective Charity</p> <p>http://www.charity-commission.gov.uk/Library/guidance/cc10text.pdf</p>	<p>Dec 2006</p> <hr/> <p>July 2008</p>

Agency or Author	Title of Publication or Website	Date
Canada Revenue Agency www.cra.gc.ca	Charities Good Practice Checklists (Canadian) www.cra-arc.gc.ca/tx/chrts/chcklsts/menu-eng.html Examples of online Checklists <ul style="list-style-type: none"> • RC206 Basic Guidelines for Maintaining Charitable Registration • Activities Checklist - Engaging in allowable activities • Keeping adequate books and records Checklist • Maintaining the charity's status as a legal entity Checklist 	
Family and Community Services (A Service of Ministry of Social Development)	Checklist of policies and procedures for not for profit organisations www.familyservices.govt.nz/documents/our-work/strong-families/family-start/setting-up/checklist-policies-procedures.doc	Feb 2009
Standards Australia/NZ	Australian/New Zealand Standard (AS/NZS) 4360:2004 Risk management HB 436, Risk Management Guidelines—Companion to AS/NZS 4360:2004 Australian Standard (AS) 3806-2006 Compliance Programs.	Jan 2009
Panel on the Nonprofit Sector Report (US)	Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations www.nonprofitpanel.org/report/principles/Principles_Guide.pdf	October 2007

Agency or Author	Title of Publication or Website	Date
Risk Mitigation Resources	<p>Examples of Risks, Impacts and Mitigations for Charities http://www.charity-commission.gov.uk/Library/investigations/pdfs/AppendixIII.pdf</p> <p>Risk Management for Charities http://www.voluntaryarts.org/uploaded/map519.pdf</p> <p>Running the Risk http://www.voluntaryarts.org/uploaded/map519.pdf</p>	March 2009
Policy Examples	<p>Legal Compliance http://www.canterbury.ac.nz/ucpolicy/GetPolicy.aspx?file=legalcompliancepolicy.pdf</p> <p>Risk Management www.canterbury.ac.nz/ucpolicy/GetPolicy.aspx?file=riskmanagementpolicy.pdf</p> <p>Governance and Board Remuneration http://www.goldminex.com.au/files/corporate_governance/gmx_board_remuneration_and_evaluation_policy_2008_10_17.pdf</p> <p>Financial Management and Misappropriation of Funds http://policy.vuw.ac.nz/Amphora!~policy.vuw.ac.nz~POLICY~000000002134.pdf</p> <p>Operations and Security & Facilities Mgmt Policy http://policy.vuw.ac.nz/Amphora!~policy.vuw.ac.nz~POLICY~000000000725.pdf</p> <p>Personnel and Equal Employment Opportunity http://policy.vuw.ac.nz/Amphora!~policy.vuw.ac.nz~POLICY~000000000043.pdf</p>	March 2009

3.3 Information Sources for Effective Governance

Resources that offer valuable information on this with a NZ perspective are: provided on the following <http://www.community.net.nz> website as selected publications and resources about best practice in governance and management of not-for-profit organisations.

Effective governance of Māori organisations - <http://governance.tpk.govt.nz/>

Te Puni Kōkiri's website for effective governance education, designed to help trustees and directors of Māori organisations with their responsibilities and role as guardians and leaders.

Indigenous Concepts of Governance -

<http://www.govis.org.nz/conference2003/presentations/robyn-kamira.pdf>

This paper by Robyn Kamira looks at indigenous models of governance and their relevance in contemporary settings, and in particular in relation to control of information by Māori in the health. Date updated: 30 June 2008

Nation Building and Māori Development - The Importance of Governance -

http://www.devnet.org.nz/conf2002/papers/Dodd_Materoa.pdf

In this paper, Materoa Dodd of School of Māori and Pacific Development, University of Waikato, outlines the importance of good governance in developing effective structures for Māori. Date updated: 30 June 2008

Managing Well resource catalogue -

<http://www.community.net.nz/communitycentre/managing-well/#index>

The Managing Well resource catalogue (online in the Community Centre section of this web site) includes references or links to manuals, websites, information sheets, books, and other documents.

Committees, roles and meetings -

This section of SPARC's Club Kit provides an overview of which organisations will need to form a committee, their roles and how to run successful meetings. Date updated: 9 October 2007

Six key competencies which lead to board excellence -

Six page article that identifies competencies which lead to board excellence. Based on a five year study of 20 U.S. nonprofits and schools by Richard Chait, Thomas Holland and Barbara Taylor.

Simple Policy and Procedures Manual

Why you need them, with examples of policies and procedures. Updated: 4 December 2006

Board development workbooks

Downloadable workbooks on developing job descriptions for board members, developing boards, developing policies and other topics. Date updated: 27 November 2005

Good Governance Guides

Chartered Secretaries New Zealand has prepared a series of Good Governance Guides in the area of corporate governance with the intention being to "provide value to individuals as a starting point.

Nine Steps to Effective Governance

This practical SPARC governance resource covers a wide range of governance functions: defining the role of the board; induction; board meetings; planning; board and CEO evaluation; and succession.

Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations (US)

The guide outlines 33 practices designed to support board members and staff leaders of charitable organisations to assist improve operations.

Charities Good Practice Checklist (Canadian)

Guidelines for maintaining registered status. Easy to follow checklists to help with the responsibilities of operating a registered charity.

Training Evaluation Form



Tenei te mihi atu ki a koe. Thank you for participating in this training workshop for Maori charities. Please take the time to complete this form as your feedback will help us to improve future training.

Name: _____ Role in Organisation: _____

Governance Manager/Staff Client/Beneficiary Marae Rep Stakeholder Other _____

Organisation and Facilitation of Workshop

Please tick box to indicate rating:

The training material I received at the workshop:

The location and venue chosen for the workshop:

The structure and timing of the workshop:

The trainers' ability to deliver training objectives:

Exceeded Expectations	Met most Expectations	Met some Expectations	Did not meet Expectations

Comments: Please indicate where improvements could be made:

Training Objectives and Content of Workshop

Please tick box to indicate rating:

1. Constitution and NZ Law:

Knowledge & Information received on this topic:

2. Charitable Purposes:

Knowledge & Information received on this topic:

3. Stakeholders:

Knowledge & Information received on this topic:

4. Charities Commission and Registration:

Knowledge & Information received on this topic:

5. IRD and Tax Exemption:

Knowledge & Information received on this topic:

6. Policies-Processes-People:

Knowledge & Information received on this topic:

7. Risks:

Knowledge & Information received at workshop

Exceeded Expectations	Met most Expectations	Met some Expectations	Did not meet Expectations

I have increased my knowledge and understanding of our compliance obligations: Yes No

I would recommend this training to other charities? Yes No

If yes, what changes (if any) would you like to see in the programme?

Released under the Official Information Act 1982

INST 9



SmartFund

Monitoring Report

for Installment Installment Nine report due on 30/03/2010

APPLICATION/ORGANISATION DETAILS

SmartFund Ref: NDOE/HO.374.20209.16081
 Project Name: FOMANA Charitable Purposes Project
 Organisation Name: FOMANA Capital Ltd
 Address: 108 The Terrace, Wellington,

MONITORED DETAILS

Short Outcome	Delivery of an effective training package to Maori charitable entities on the policy, processes, requirements and compliance systems of the charities/tax regime.
Output	Results of training package delivery formalised into a final report
Success Indicators	final report delivered within timeframe
Status	Achieved

Risk Monitoring	
Risk	The demand for the new standards and audit models for Maori is not met.
Risk Comments	n/a
Status	Not Applicable

ASSESSOR COMMENTS

Report meets requirements of the output by indicating components of the training package and offering some tentative impact valuation. Expenditure report indicates that all funding from Te Puni Kōkiri was fully expensed.

QUALITY ASSESSOR COMMENTS

I agree with the Assessors' comments in that the output has been completed. No new risks identified. Initial timeframes and budgets have remained on track. Satisfactory expenditure report received.

INVESTMENT MANAGER COMMENTS

approved

Assessor: 

Date: 22/4/10

Quality Assessor: 

Date: 22/04/10

Investment Manager: 

Date: 22/4/10