

Improving Value for Money in the State Sector – “Line-by-Line” Review of Expenditure

Vote: Māori Affairs
Minister: Hon Dr Pita R Sharples
Associate Minister: Hon Georgina te Heuheu

Vote Baselines Overview (at 2008 OBU)

Departmental		Non-Departmental	
Expense Appropriations (\$m)	Net Assets at 30 June 2008 (\$m)	Expense Appropriations (\$m)	Capital Appropriations (\$m)
62.623	4.764	138.442	1.922

1. Entities funded through Vote Māori Affairs include:
 - a. Crown Entities; Te Mangai Paho (Māori Broadcasting Funding Agency) and Te Taura Whiri I Te Reo Māori (Māori Language Commission); and
 - b. Māori Television Service, a statutory corporation.

Summary of Review Findings

2. A review of both Departmental and Non-Departmental expenditure within Vote Māori Affairs has been undertaken by Te Puni Kōkiri. A summary of the Review findings is discussed below and responds specifically to the direction given to Chief Executives by Cabinet (refer CBC Min (08) 32/6, paras 4.1 to 4.7).
3. The supporting evidence is provided as an appendix to this report.

Available savings for Budget 2009

Provisional Savings (\$m)	2008/09	2009/10	2010/11	2011/12	2012/13+
Departmental Operating Expenses	1.047	-	-	-	-
Non-Departmental Capital Expenses	0.500	(1.512)	1.922	1.922	1.922
Total Provisional Savings	1.547	(1.512)	1.922	1.922	1.922

Departmental Appropriations

4. One-off savings from current 2008/09 appropriations totalling \$1.047 have been identified. These savings relate to the following:
 - a. EEMED Establishment \$0.803m – funding initially transferred from 2007/08 to progress the establishment of a new entity; Māori Business Aotearoa New Zealand (MBANZ). We understand that this is not a priority for the Government. There is no related baseline funding beyond 2008/09.
 - b. Māori Trust Office Transition \$0.244m – the Māori Trust Office (MTO) received new funding in 2008/09 and out-years to strengthen current capability/capacity. Due to delays in recruitment to vacant and new positions

there will be permanent underspend in 2008/09 only of \$0.444m. Approval is sought through the Budget 2009 process to transfer \$0.200m of the MTO underspend to support the establishment of a Ministerial Advisory Group in 2008/09. The net underspend of \$0.244m is what has been represented in this review.

5. It is intended to formally return these savings to the Crown, through the March Baseline Update (MBU) process.
6. Note that Te Puni Kōkiri continue to face budget pressures, requiring continual oversight and management to ensure core departmental activity is sustained within baseline.

Non-Departmental Appropriations

7. Two Vote Māori Affairs budget initiatives being progressed seek to re-prioritise funding available through the 'Rural Lending' capital expense appropriation.
8. The Rural Lending appropriation (\$1.922m per annum) is for advances to Māori land owners for compensation loans granted under the provision of Part II of the Māori Affairs Restructuring Act 1989. Calls on this appropriation are dependent on the number of outstanding compensation leases due to expire each year.
9. The proposed initiatives will result in a permanent reduction of the Rural Lending appropriation, a net savings of \$4.6m over 5 years.

Programme alignment to Government Priorities

10. To further specific Government initiatives Te Puni Kōkiri expect that some programmes may be subject to future refinement, while retaining the underlying programme outcomes. In particular;
 - a. The Kaitātaka ā Rohe (KaR) and Kapohia ngā Rawa (KNR) programmes with annual departmental expenditure of approximately \$5m. The KaR and KNR programmes are expected to be part of on-going discussions with the Minister to ensure they meet the Government's required objectives. Both programmes are focused on Māori development at the community level through the provision of Māori development workers and mentors.
 - b. The Non-Departmental funding programmes, referred to as the 'Māori Potential Funds'¹, provide for annual investments in Māori development initiatives of \$22m. A refined Investment Strategy is scheduled to be agreed with the Minister as part of the 2009/10 Statement of Intent to ensure future investments are aligned to the specific outcomes of the Government.

Efficiency and Effectiveness of Programmes

11. In specific response to the government's objective to improve value for money (VFM) within the State Sector, Te Puni Kōkiri has instigated an internal VFM review programme that will run over the next 6 to 12 months. The review programme is to look at new opportunities for improved efficiencies and effectiveness in the areas of policy production, programme management, relationships and information and corporate compliance.
12. These VFM reviews will build on a strong culture of self-reviews over recent years that considered efficiency and effectiveness:

¹ Non-Departmental Output Expenses; Rawa, Whakamana and Mātauranga

- a. Te Puni Kōkiri 'Change Programme' (2003/04) - a substantial review process resulting in a new strategic direction (agreed in Nov03) and establishment of the current organisational and output expense appropriation structures.
 - b. Māori Business Facilitation Service (2005/06) – the review validated the functions of the Business Development Directorate (BDD) and the role of Te Puni Kōkiri in Māori business development within the greater government sector. The Review also confirmed the alignment of BDD's strategic direction with the Māori Potential Approach and other business development services being undertaken across Te Puni Kōkiri regional offices. Changes to the BDD management/overhead structure were made as a review outcome.
 - c. Māori Trust Office Baseline Review (2006/07) – the review concluded that due to the lack of investment in the MTO, the Office has had to operate to a minimal level of activity in the servicing of its clients and been unable to appropriately invest in processes, systems and infrastructure to support the delivery of services to its clients. These findings resulted in new capability/capacity funding received in Budget 2008.
 - d. Te Puni Kōkiri Sustainability Review (2006/07) – an internal review instigated in response to growing baseline pressures. The purpose of the review was to establish whether Te Puni Kōkiri had the optimum cost structure to efficiently and effectively carry out the tasks asked by Government. The findings led to a range of improvement initiatives that have allowed Te Puni Kōkiri to maintain existing outputs within current baselines.
 - e. Financial Review of Te Taura Whiri I Te Reo Māori (TTW) (2006/07) – a review commissioned by Te Puni Kōkiri and reported to the Minister of Māori Affairs and TTW Board. The review identified a number of areas for improvement in the wider corporate support function within TTW.
13. Over the last two years, Te Puni Kōkiri has been undertaking an Evaluation Programme that seeks to demonstrate the contribution the Māori Potential Funds make to high level outcomes of Te Puni Kōkiri and to ensure the Fund is operating efficiently. The agreed programme targets specific investment areas for evaluation. Those either completed or currently underway include evaluations in the following areas; Rangatahi (Youth), Governance, Commercial Development and Culture.

Unfunded Initiatives

14. There are two initiatives instigated by the previous government that are currently unfunded and will be the subject of new budget initiatives in Budget 2009:
- a. Tūranganui-a-Kiwa Capacity Building Fund (\$5m over 10 years) - The Crown and Tūranga signed an Agreement in Principle in August 2008 to settle all historic Treaty of Waitangi claims. The previous Minister of Māori Affairs and Minister in Charge of Treaty of Waitangi Negotiations also signed a side letter confirming the Crown's intention to provide the Tūranga post-settlement governance entity \$500,000 per year for ten years to assist with building capacity. The source of the funding was not agreed at the time.
 - b. Stand Alone Māori Trustee (\$0.645m per annum) – a Budget 2008 contingency sum was set aside for certain corporate service functions to enable the Maori Trustee to operate as a stand-alone organisation. The funding was to be contingent on the passing of the legislation that would

separate the Maori Trustee as a stand-alone organisation. The legislation is expected to be passed within the current legislative programme.

Line-by-Line Review of Expenditure – Supporting Information

Alignment to Government Priorities

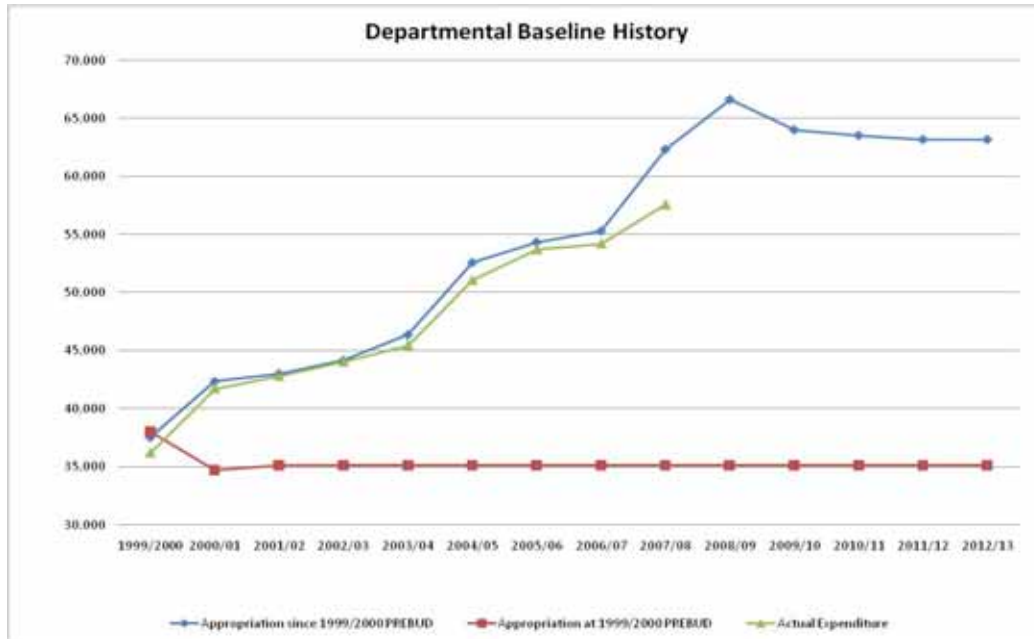
1. Vote Māori Affairs is in a unique position. Government Māori Affairs policy is evolving, as the two directly concerned parties progress discussions and identify areas of mutually agreed priority. Based on discussions to date, and the pre-election Māori Affairs policy of each of these parties, priorities have been distilled as described below. Te Puni Kōkiri strategic outcomes, and the existing work programme, are consistent with these priorities. Areas of work that are inconsistent with Government priorities have been identified as part of this review, and at this stage are limited to proposals of the previous government to establish an independent entity to enhance Māori economic development (MBANZ).
2. Te Puni Kōkiri's Statement of Intent 2008-09, at page 7, depicts the strategic framework that guides Te Puni Kōkiri's current work programme, and clearly demonstrates the alignment of this work with the priorities described below.

Government Priorities

3. *He Aha te Mea Nui o te Ao? He Tangata, he tangata, he tangata.* Realising Maori aspirations and potential, with a principal focus on:
 - Whanau Ora: Investing in Maori people, to enable Maori to succeed as Maori; improving the quality of Maori participation in all aspects of society; and improving the quality of social, cultural and economic outcomes experienced by Maori individuals, whanau and communities.
 - Economic Prosperity: Investing in Maori assets, enterprises, and people to achieve even greater economic expansion, growth and productivity, while recognising and respecting Maori property rights.
 - Te Tiriti o Waitangi: Te Tiriti o Waitangi is the founding document of NZ, and establishes the basis for the future of NZ. Key areas of focus include the settlement of historical grievances, building an inclusive society that respects the Treaty, and fostering the Crown-Maori relationship.
 - Te Ao Maori: Valuing the importance that Maori culture and identity brings to Maori, and wider NZ; fostering and investing in the growth and evolution of culture.

Departmental Appropriations

4. Departmental appropriations have grown by \$31.5m (90%)² since 1999/2000.



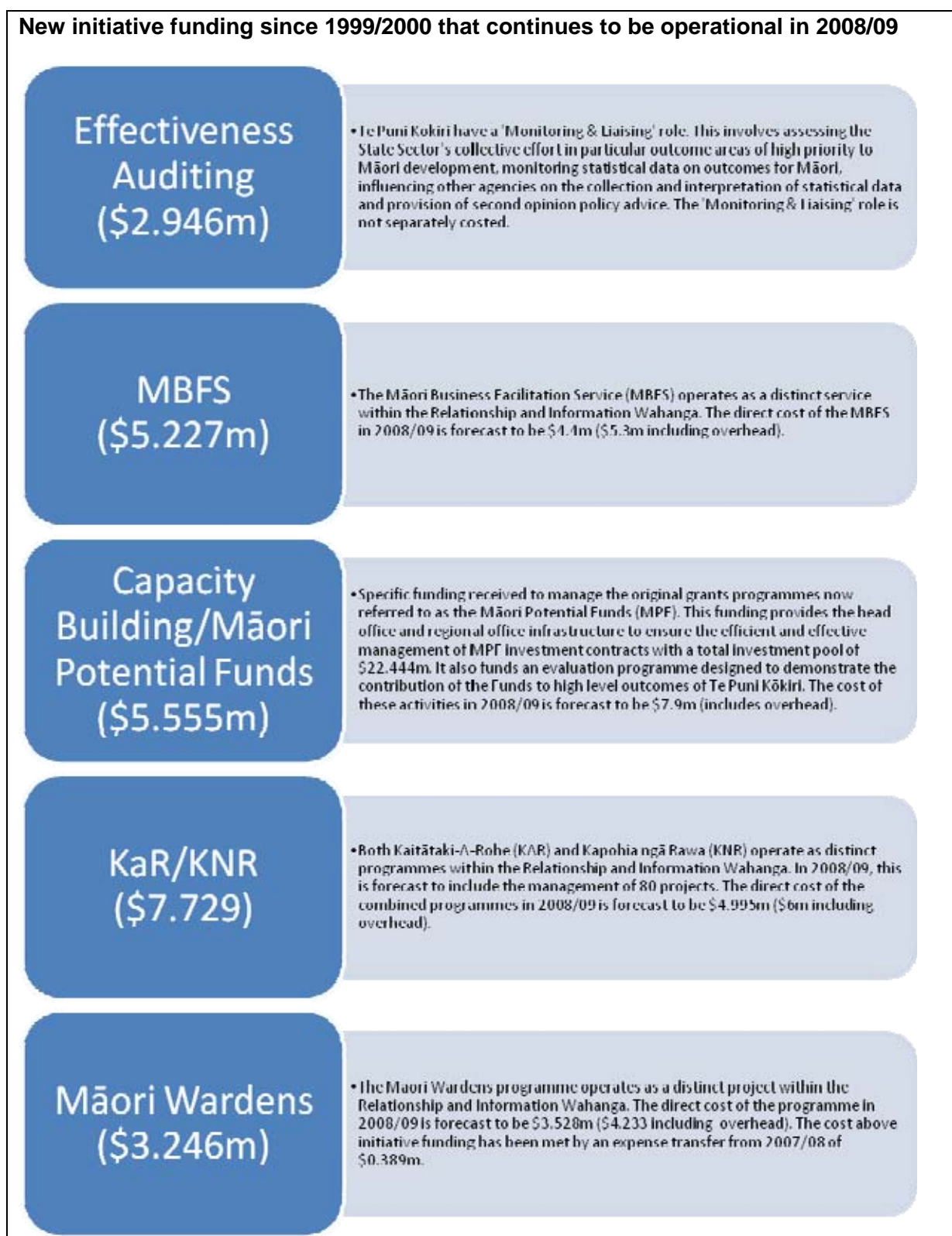
5. The one-off increase shown in 2008/09 relates to expense transfers from 2007/08 totalling \$2.112m. The transfers are the result of implementation delays to the Māori Wardens Programme, Māori Trust Office transition and EEMED establishment, the latter two due to delays in the government's legislative programme.
6. The significant budget initiatives leading to the sustained growth in departmental appropriations are summarised in the table below:

Summary New Initiatives by Programme/Activity	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Socio-linguistic survey	-	-	(140)	(140)	(140)	(140)	(140)	(140)	(140)	(140)	(140)	(140)
Management of Māori Reserve Land Amendment Acts	-	-	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)	(2,448)
Effectiveness Auditing Function	1,933	2,694	2,770	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946	2,946
Māori Business Facilitation Service (MBFS)	2,560	2,560	2,560	2,560	4,338	4,338	5,227	5,227	5,227	5,227	5,227	5,227
Dis-establishment of M-Commerce (NDOE admin)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)	(649)
Capacity Building (NDOE admin)	2,622	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756	2,756
Māori Development Workers (KAR) - FNA trsrfr from NDOE	-	-	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
Te Puni Kōkiri Change Management & Capability Funding	-	-	-	2,222	1,334	1,334	1,334	1,334	1,334	1,334	1,334	1,334
Māori Potential Funds (NDOE mgmt & admin)	-	-	-	-	2,799	2,799	2,799	2,799	2,799	2,799	2,799	2,799
Kapohia ngā Rawa (KnR) programme	-	-	-	-	-	2,913	3,004	4,429	4,429	4,429	4,429	4,429
Māori Wardens Programme - funded from MPFs	-	-	-	-	-	-	-	2,530	3,246	2,334	2,078	1,802
Māori Trust Office: Transition	-	-	-	-	-	-	-	2,207	4,669	5,071	4,843	4,769
Other	167	109	139	139	1,441	2,592	1,539	1,858	1,919	1,919	1,919	1,919
TOTAL	6,634	7,469	8,288	10,686	15,677	19,741	19,668	26,149	29,388	28,878	28,394	28,044

7. The TPK & MTO funding highlighted represents new funding for CORE capability/capacity. As at 2008/09 this represents only \$6m (17%) of the appropriation increase since 1999/2000. The majority of initiative funding received is for NEW departmental functionality. As at 2008/09, funding for NEW departmental functionality accounts for approximately \$23m (67%) of the appropriation increase since 1999/2000.

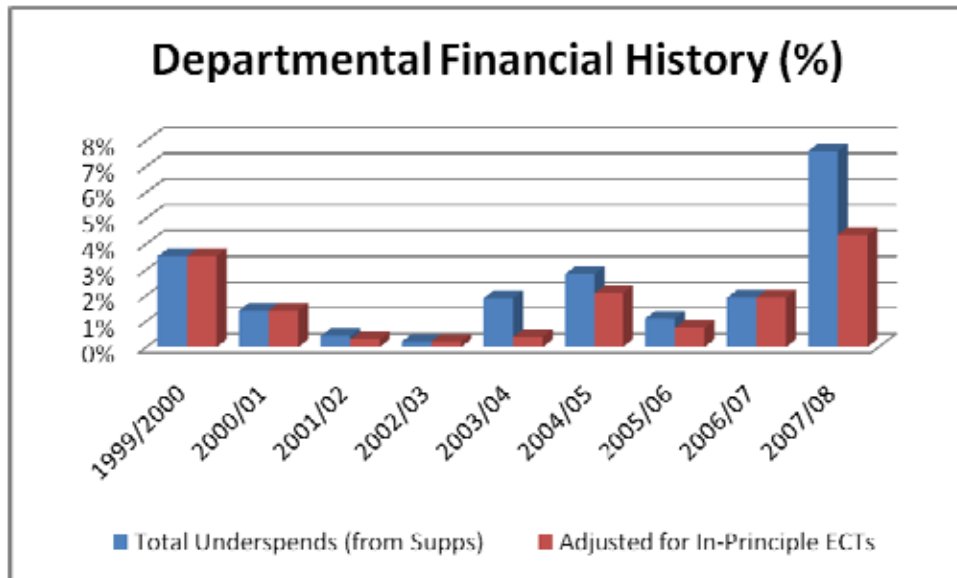
² Current appropriations based on FY2008/09 OBU

8. The diagram below summarises the associated activity/programmes as they operate in 2008/09.



Financial Management

9. With the exception of the 2004/05 and 2007/08 financial years, departmental expenditure has fallen within 2% of appropriation since 1999/2000. This demonstrates a good financial record, particularly in light of the number of new initiatives that Te Puni Kōkiri has implemented during the period.



10. The reasons for the proportionately higher underspends in 2004/05 and 2007/08 are:
- 2004/05: the first year of implementing organisational change post undergoing a substantial review during 2003/04. To support the 'Change Programme', Te Puni Kōkiri reprioritised spending within the existing baseline and received additional baseline funding in Budget 2004 of \$1.333m per annum for increased capability/capacity. Personnel costs in particular were significantly lower than expected due to delays in recruiting to new positions. The delays in implementing the change programme resulted in expense transfers into 2005/06 totalling \$0.400m.
 - 2007/08: Te Puni Kōkiri received new funding for a pilot Māori Wardens Programme, review and transition funding for establishing a stand-alone Māori Trustee entity and funding for the establishment of a new Māori economic entity (MBANZ). Delays in all these activities resulted in a larger than normal underspend, contributing a total of \$2.4m (4%). The delays resulted in expense transfers into 2008/09 totalling \$2.112m.

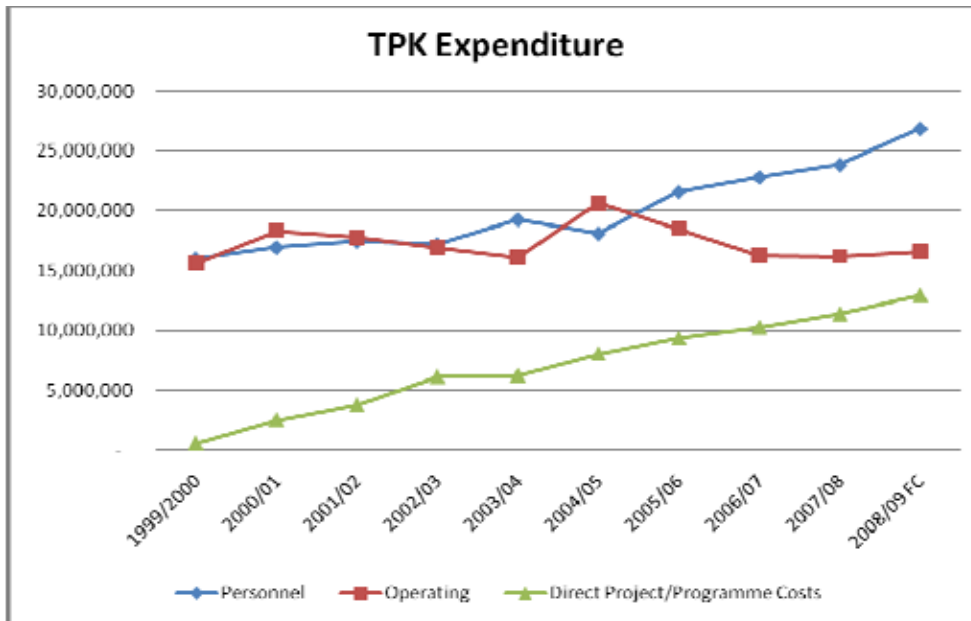
Financial Position in 2008/09 and Out-Year Forecasts

11. For the purpose of this exercise, departmental expenditure of the Māori Trust Office (MTO) is separated from the rest of Te Puni Kōkiri expenditure. The separate treatment reflects the independent nature of MTO operations and anticipated separation of MTO as

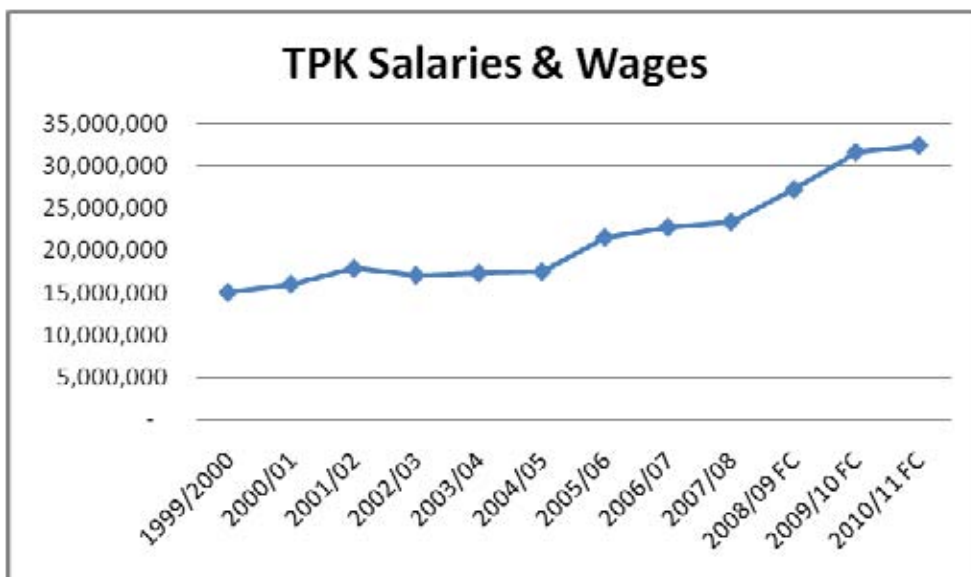
a stand-alone entity³. The MTO is funded through a separate departmental output expense appropriation; “Services to the Māori Trustee”.

Te Puni Kōkiri

12. Te Puni Kōkiri is facing increasing budgetary pressures to sustain core departmental activity within current baselines. As evidenced from the graph below, progressive operational efficiencies and budget cuts have reduced operating expenditure⁴ to allow for the continued growth in salaries.



13. Salaries and Wages⁵ have increased by \$8.3m (55%) since 1999/2000, and forecast to increase a further \$3.8m in 2008/09 (\$4.4m in 2009/10 and \$0.792m in 2010/11).

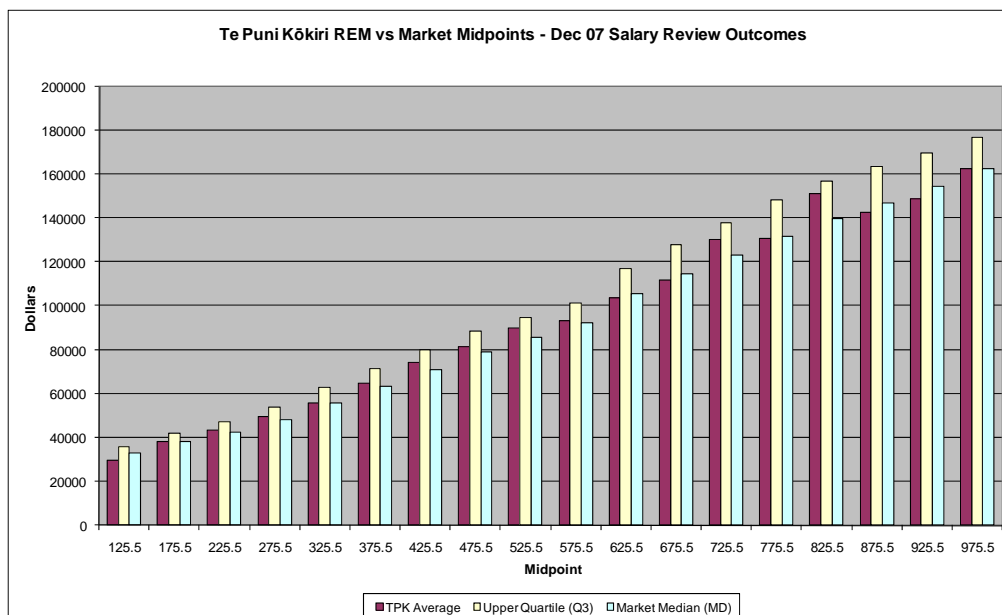


³ The Māori Trustee Amendment Bill currently before the House establishes the Maori Trustee as a stand-alone, independent organisation.

⁴ Operating expenditure includes the cost of consultants and contractors.

⁵ Excludes the cost of contractors and consultants.

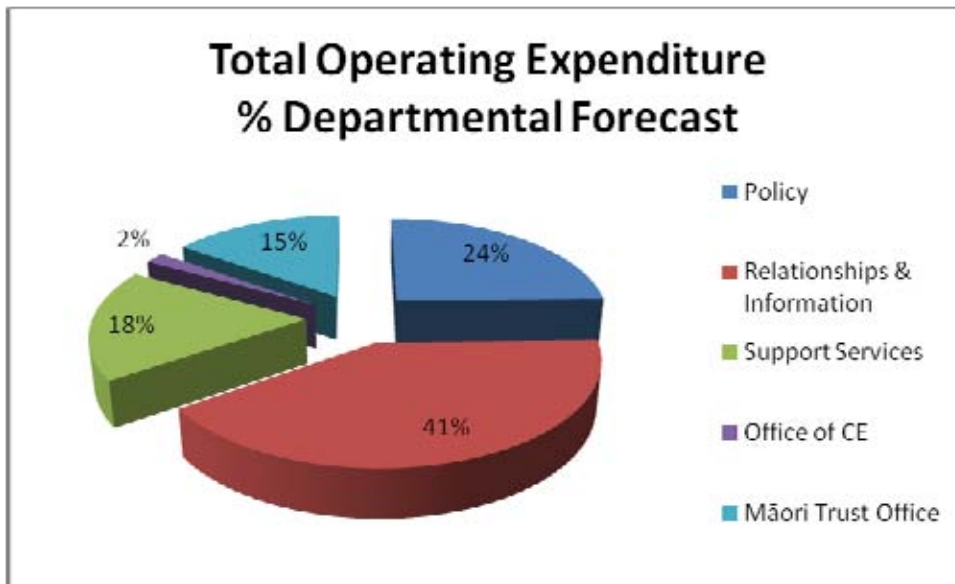
14. The largest proportional increase in salaries and wages prior to 2008/09 was experienced in 2005/06, a direct result of the organisational review (2003/04) and implementation of the 'Change Programme' (Feb 04).
15. To support the 'Change Programme', Te Puni Kōkiri reprioritised spending within the existing baseline and received additional baseline funding in Budget 2004 of \$1.333m per annum for increased capability/capacity to:
- strengthen regions with increased contract management and information analysis capability;
 - strengthen policy to recognise a change in focus to lead and influence Māori public policy;
 - strengthen Ministerial servicing to increase service performance in this area;
 - establish a Risk and Assurance team; and
 - establish a dedicated research and information function.
16. A People Capability Strategy was developed which highlighted staff turnover and retention as a significant issue for the organisation. As a result a remuneration strategy was introduced. This strategy included salary increases to the public service upper quartile as a means to remain competitive in the recruitment market.
17. During 2007/08 the remuneration strategy was revised in light of improved retention and budget pressures to realign salaries to just above the market median with the exception of 'at risk' positions which have been retained closer to public sector upper quartile. The current salary profile as compared to public sector market midpoints is illustrated in the graph below.



18. The large increase in forecast salaries in 2008/09 and out-years relate to:
- New staff positions created. The full year cost impact of these positions will not be felt until 2009/10:
 - Māori Warden Regional Co-ordinators – 14 FTEs funded from Budget 2008;
 - Rugby World Cup 2011 Project Manager – 1 FTE funded from baseline; and

- iii. Contracting and Ministerials – 2 FTEs funded from baseline (were previously filled by contractors).
 - b. A 1% reduction in staff turnover from 2007/08 to 31 December 2008.
 - c. Impact of the additional employee leave provisions agreed by Cabinet in 2008 with the provisions being rolled out to staff in the 2007/08 and 2008/09 years. The cost in 2008/09 is \$0.264m with incremental increases forecast in out-years (\$0.107m in 2009/10, \$0.133m 2010/11, \$0.162m in 2011/12 and \$0.195m in 2012/12).
 - d. Staff competency increases – on average there is usually a 2.5% increase in staff competency levels and therefore their relative position within their salary range. This is applied as part of our formal performance review process for the 6 months ended 31 December and back-dated to 1 January, therefore a 6 month impact on the current financial year; and
 - e. Market increases – remuneration rates are revised based on market data received from the Hay Group, using the prior September quarter and relativities within the public sector market, as per the graph below. For the current review process (December 2008) an average 3% is expected to meet contractual obligations with the PSA and realign salaries within the market. There are no contractual obligations beyond the current year and forecasts for 2009/10 and 2010/11 have assumed a 0% market movement based on inflation figures and current fiscal constraints across the public sector.
19. The current full year forecast for 2008/09 shows a budget deficit position of \$0.804m (1.4%). The deficit is being actively managed to ensure expenditure is within appropriation and will require some internal re-prioritisation.
 20. Out-year forecasts indicate growing fiscal pressures with salaries forecast to increase incrementally as noted above.
 21. The 2008/09 forecast deficit excludes one-off savings from 'EEMED establishment' funding of \$0.803m. The funding is specifically for the establishment of a new entity; Māori Business Aotearoa New Zealand (MBANZ). We understand that this is no longer a current Government priority. There is no related baseline funding beyond 2008/09.
 22. These savings have been identified for return to the Crown through the March Baseline Update process. Although noting that the extent of savings available in MBU is provisional on the outcome of the Māori Economic Workshop⁶ and the Ministerial job summit. Initiatives agreed as a consequence of these summits may have a legitimate 'first call' on the above savings.
 23. Based on current forecast expenditure for 2008/09, the departmental operating budget is spread across Wahanga (business units) as follows:

⁶ Held on Wednesday, 28 January 2008



24. With Support Services at only 18% of the total operating budget and the largest proportion of expenditure funding operational activities within the Relationships and Information Wahanga (41%), the proportional split is believed to be appropriate for the size and activities of Te Puni Kōkiri.
25. This was supported by a benchmarking exercise undertaken during the Te Puni Kōkiri Sustainability Review (2006/07). The benchmarking exercise compared Te Puni Kōkiri support services to a number of similar agencies⁷ and found in every comparison surveyed⁸, except for Ministry of Fisheries training cost and Treasury's telephony cost, Support Services outperformed all the other surveyed agencies.

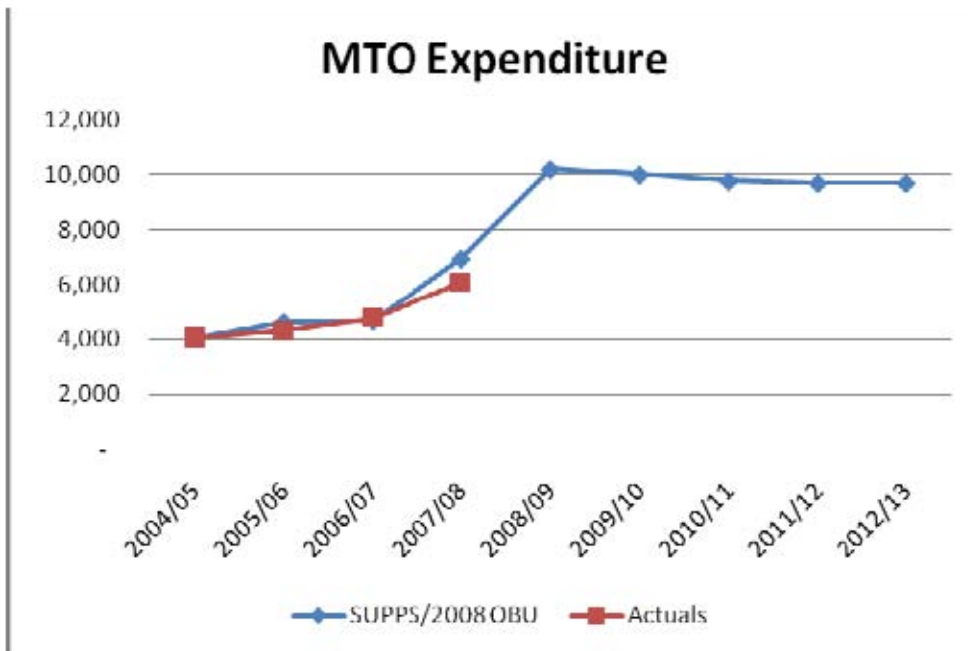
Maori Trust Office (MTO)

26. Prior to receiving one-off transition funding in 2007/08 and capability/capacity funding from 2008/09 (Budget 2008), the MTO have received only small appropriation increases. These have largely related to meeting their new responsibilities associated with the new Maori tax regime of \$0.283m per annum (impacting Budget 2005) and introduction of the State Sector Retirement Savings Scheme of \$0.040m per annum. A one-off increase in 2006/07 of \$0.300m to fund remuneration increases was also received⁹.

⁷ Comparative data was sought from The Treasury, Ministry of Justice, Ministry of Fisheries, Department of Conservation, Ministry of Economic Development and New Zealand Trade & Enterprise about Policy Analysts, the cost of Regional/District Offices and Support Services staffing and costs. With the exception of Doc & MED all invited agencies contributed.

⁸ The benchmark exercise surveyed the following support service components: staff numbers by function, training costs, personnel costs, telephony costs, domestic travel and conference costs.

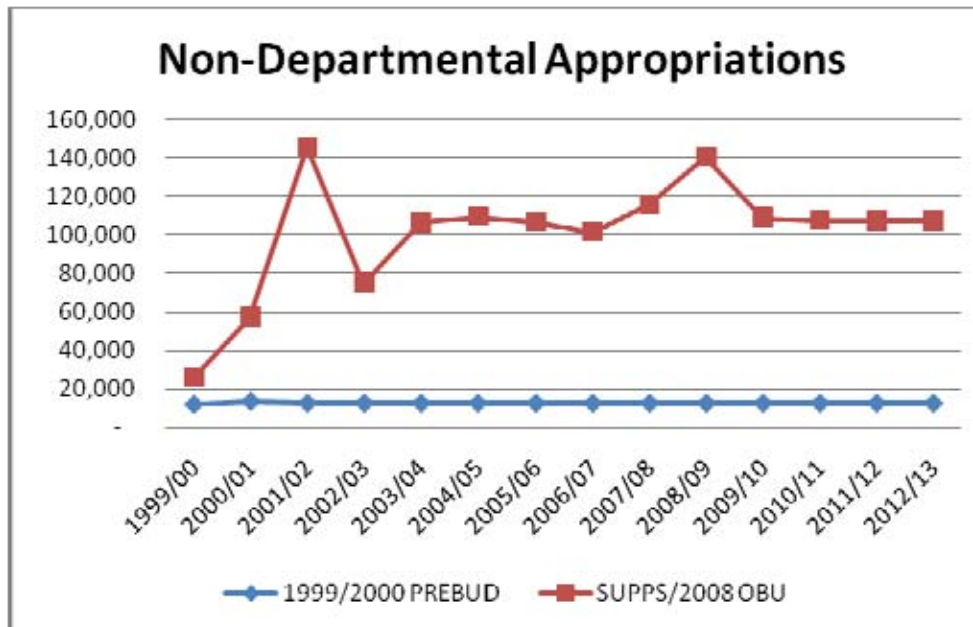
⁹ Funded through a fiscally neutral adjustment from TPK departmental outputs.



27. The proportionately large baseline increase from 2008/09 was the result of a budget bid in Budget 2008. The baseline increase reflected:
- the fact that the MTO had been severely underfunded for a number of years pending the outcome of the Māori Trustee review;
 - a Cabinet decision confirming that the Crown has an obligation to fund specific functions of the Māori Trustee;
 - Cabinet agreement that MTO was to increase activities relating to the location of beneficiaries and increased focus on incorporating Māori land into collective ownership structures; and
 - completion of an independent review and detailed costings based on the functions of the Māori Trustee as agreed by Cabinet.
28. During 2008/09, MTO have progressed their transition to a fully functional operation and in readiness for an anticipated separation from Te Puni Kōkiri as a stand-alone entity. However, due to delays in recruitment to vacant and new positions there will be permanent savings in 2008/09 only of \$0.444m.
29. While it is intended to return these savings to the Crown through the MBU process, approval is sought through the Budget 2009 process to transfer \$0.200m of the MTO underspend to support the establishment of a Ministerial Advisory Group in 2008/09. The net underspend of \$0.244m is what has been represented in this review.

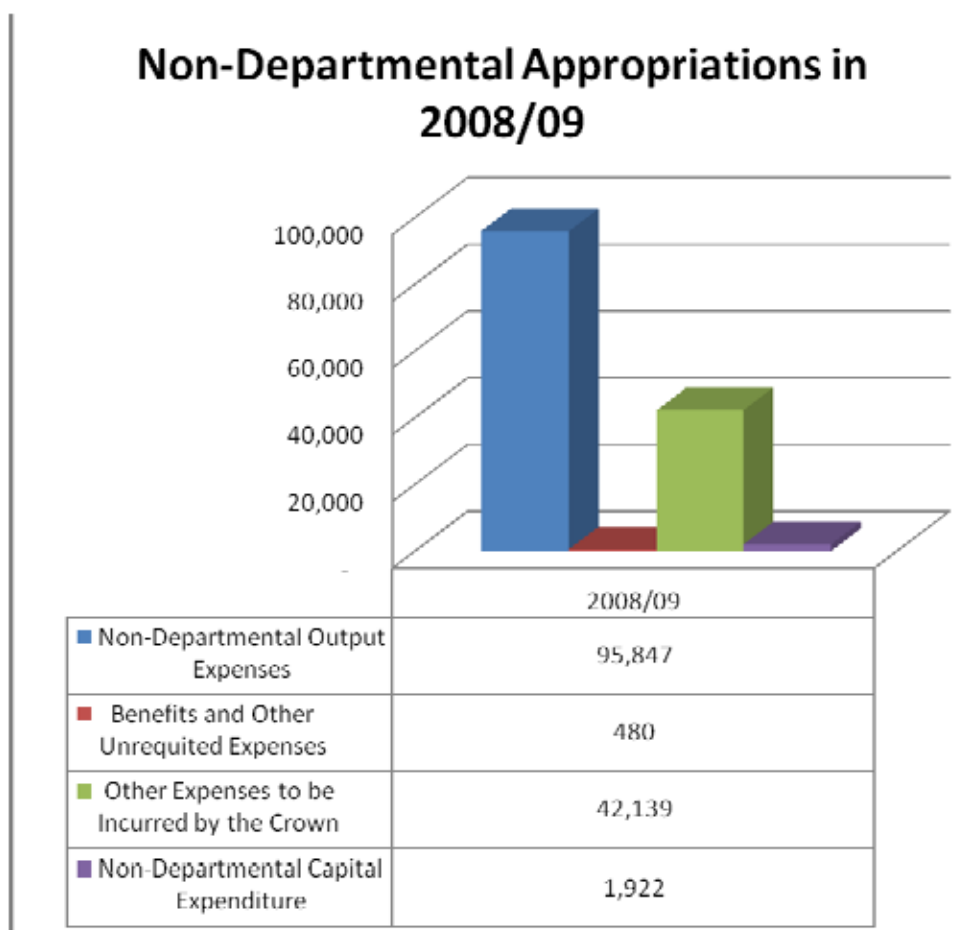
Non-Departmental Appropriations

30. Non-Departmental appropriations have grown by \$127.929m from a base of only \$12.459m since 1999/2000 (PREBUD).



31. The large one-off increase in 2001/02 relates to compensation paid under the Māori Reserved Land Amendment Act 1997 of \$76.15m.
32. The slight reduction in 2005/06 and 2006/07 reflects the change in GST treatment for non-departmental appropriations (shown GST excl from 2005/06). Previously, appropriations were shown inclusive of GST.
33. The most significant baseline increase reflects the transfer of responsibility for Te Mangai Paho (TMP) from the Ministry of Economic Development in 2000/01, in addition to the advent of the Māori Television Service:
- Te Mangai Paho's baseline has gone from \$30.8m in 2000/01 to \$53.204m in 2008/09, an increase of \$22.4m.
 - The Māori Television Service has gone from initial funding of \$3.9m in 2001/02 to \$16.539m in 2008/09, an increase of \$12.639m.
 - The remaining increases since 2001/02 largely relates to new funding programmes now referred to as the 'Māori Potential Funds'¹⁰, totalling \$22.444m in 2008/09. Prior to 2006/07 these programmes consisted of seven separate 'Other Expense' appropriations; Local Level Solutions (LLS), Direct Resourcing of Local Level Solutions (DR), Capacity Building & Capacity Assessment (CA/CB), Whānau Development – Action Research (WD-AR), Whānau Development Enterprise (WD – Enterprise) and Whānau Development – Sport & Culture (WD-SC).
34. The current Non-Departmental appropriations for 2008/09 total \$140.388m.

¹⁰Non-Departmental Output Expenses; Rawa, Whakamana and Mātauranga



35. These appropriations can be separately categorised as follows:

	Funding Category	Description	2008/09	2009/10	2010/11	2011/12	2012/13
Operating	Promotion of Māori Language & Broadcasting	Direct funding to Crown Entities & other agencies mandated to promote Māori language & broadcasting	73,078	73,113	72,830	72,830	72,830
	Investments/Grants Programmes	Discretionary funding for allocation of investments/grants to further Māori development	23,380	23,380	23,380	23,166	23,166
	Specified Funding	Individual appropriations payable to specified Māori entities	4,027	4,027	4,027	4,027	4,027
	Legislative Payments	Annuity payments specified in legislation	52	28	28	28	28
	Other	Rural lending & MTO debt	4,929	4,929	4,929	4,929	4,929
	Time Limited Funding	One-off appropriations	33,000	-	-	-	-
			138,466	105,477	105,194	104,980	104,980
	Funding Category	Description	2008/09	2009/10	2010/11	2011/12	2012/13
Capital	Promotion of Māori Language & Broadcasting	Direct funding to Crown Entities & other agencies mandated to promote Māori language & broadcasting	-	1,400	-	-	-
	Other	Rural lending	1,922	1,922	1,922	1,922	1,922
			1,922	3,322	1,922	1,922	1,922

36. The 'Investments/Grants Programmes' referred to with annual funding of \$23.38m per annum are discussed in more detail below:

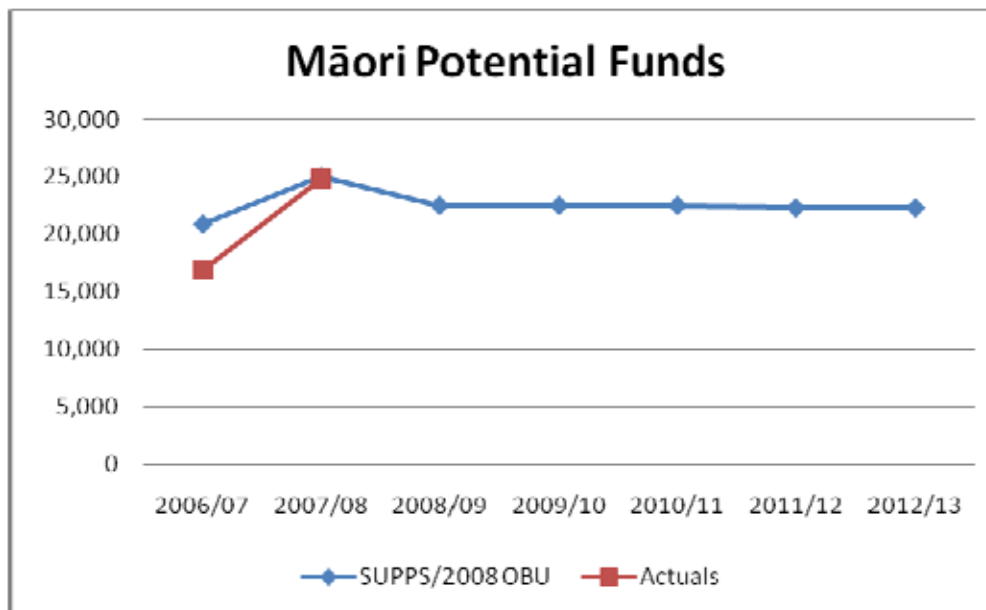
Māori Potential Funds

37. The Māori Potential Funds consist of three non-departmental expense appropriations; Rawa (\$7.168m), Whakamana (\$8.108m) and Mātauranga (\$7.168). As noted above, the Funds were first established in 2006/07 having previously been seven separate 'Other Expense' appropriations.

38. The Funds provide for annual investments in Māori development initiatives at national, regional and community levels. Investments are targeted towards priority areas

identified through the Statement of Intent and translated into regional plans. A revised Investment Strategy will be agreed with the Minister through the development of the 2009/10 Statement of Intent to ensure investments in 2009/10 and out-years are aligned to the specific outcomes of the Government.

39. An evaluation programme instigated in 2007/08 has been designed to demonstrate the contribution of the fund to achieving the high level outcomes of Te Puni Kōkiri. In particular, to ensure that:
- Investments made through the fund are aligned to real needs;
 - Investments are well designed and likely to improve outcomes;
 - The quantity, quality and coverage of investments align with Te Puni Kōkiri intervention logic;
 - Near-term results and outcomes are improving in the areas anticipated; and
 - Change has resulted from investments.
40. The evaluations also include a 'value for money' component to determine whether the Fund is operating efficiently at an investment category level.
41. The overall evaluation of the fund is scheduled to be completed in 2009 and will specifically cover evaluations in Rangatahi (Youth), Governance, Commercial Development and Culture.
42. The financial history since inception of the funds is summarised in the graph below.



43. The underspend experienced in 2006/07 was the direct result of an initial delay in making investments pending development of new accountability processes/systems to manage the new funds. The delays in implementing the new funding programme resulted in expense transfers into 2007/08 totalling \$1.977m.
44. The reduced appropriation in 2008/09 and out-years was the result of a fiscally neutral transfer to partially fund the Māori Wardens project, negotiated during Budget 2008 of \$6.782m (over 5 years).

Rangatiratanga Grants

45. There has been no change in baseline funding for the Rangatiratanga Grants during the period (from 1999/2000)¹¹. The annual appropriation is \$0.480m. Typically oversubscribed, the Grants provide financial assistance for a large range of community groups and individuals to promote and enhance initiatives for the social, economic and cultural advancement of Māori.

¹¹ Excluding the adjustment for GST in 2005/06