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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Te Puni Kōkiri
Four-year Plan
2013 - 2017

20 December 2012

TE PUNI KŌKIRI FOUR-YEAR PLAN

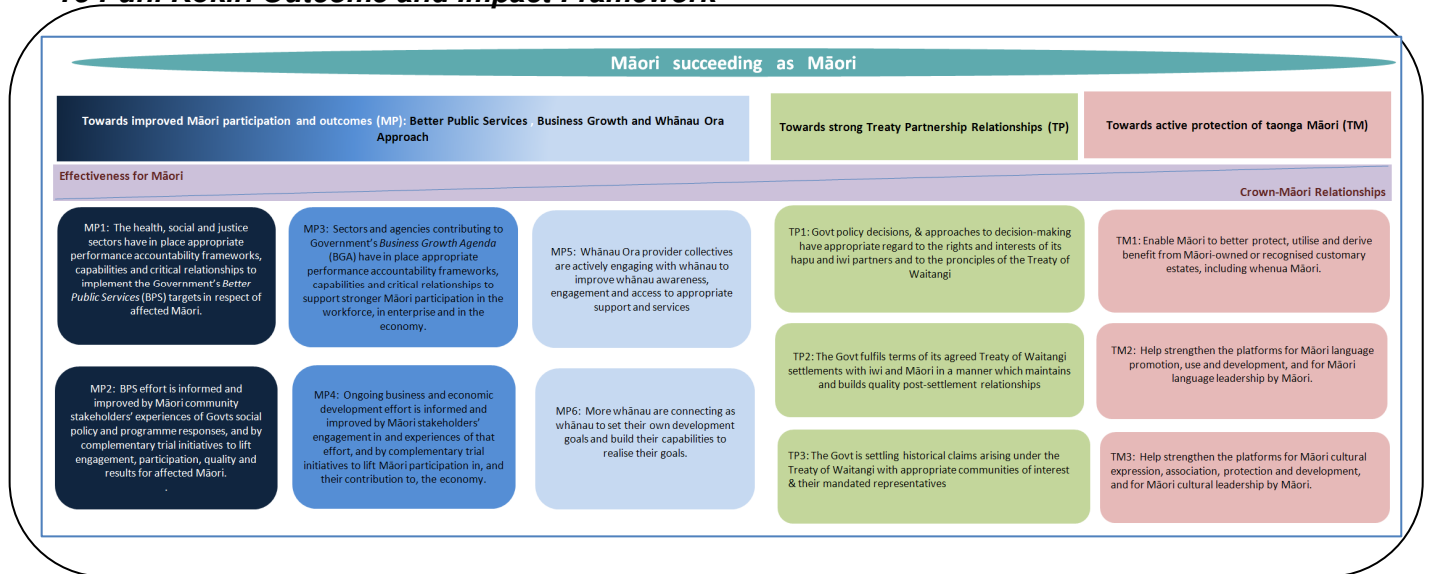
Te Puni Kōkiri Overview

1. Te Puni Kōkiri is a policy-led Ministry with a statutory role to promote improved outcomes for the Māori population in education, health, training and employment, and economic resource development.
2. Alongside this the Ministry has acknowledged experience and expertise in iwi and Māori community relationships and dynamics, and applies this capability to supporting the Government manage its relationships with iwi, hapū and Māori communities.
3. Te Puni Kōkiri is the Government's principal advisor on Crown – Māori relationships. It has a broad policy remit, and its advisory function legitimately spans multiple sectors: social, economic, natural resource, and culture and heritage; and the view it brings to its advice to government is shaped both by the special, constitutionally-based interests held by hapū and iwi; and by the disparities across key indices that Māori experience as a population group.

Evolving Responsibilities

4. Since its establishment, the Ministry's core functions have evolved, consistent with changing approaches to Māori Affairs' policy and associated decisions of governments of the day. Currently, those functions include:
 - i. leading and influencing public policy affecting Māori;
 - ii. assisting Government to manage its relationships with Māori;
 - iii. monitoring aspects of government performance with respect to Māori;
 - iv. delivering a discrete set of programmes on behalf of government, including its leadership role in the implementation of the cross-sectoral Whānau Ora Approach; and
 - v. partnering Māori initiative with investment and facilitation to support the priorities and aspirations of Māori.
5. Following a review of Whānau Ora and a wider ranging review of the future focus of Te Puni Kōkiri, the Ministry has been actively managing its operational arrangements to ensure it is poised to give effect to Ministers' decisions, and any associated organisational change, in respect of these reviews. More immediately, the Ministry has charted its forward path, including with a sharpened outcome and impact framework to align with the nexus of emerging government priorities and the priorities of Māori communities of interest. Central to this outcome framework is the Ministry as a knowledge and ideas innovator, bringing unique value to how government conducts its business with and for Māori. This sharpened framework is described below.

Te Puni Kōkiri Outcome and Impact Framework



Towards strong Treaty Partnership Relationships

Within this priority focus area Te Puni Kōkiri will advise and assist Ministers and lead sector agencies to ensure:

- Government policy decisions, and approaches to decision-making, have appropriate regard to the rights and interests of its hapū and iwi partners and to the principles of the Treaty of Waitangi.
- The Government fulfils the terms of its agreed Treaty of Waitangi settlements with iwi and Māori in a manner which maintains and builds quality post-settlement relationships.
- The Government is settling historical claims arising under the Treaty of Waitangi with the appropriate communities of interest and their mandated representatives.

Towards active protection of taonga Māori

Within this priority focus area Te Puni Kōkiri will advise and assist Ministers and lead sector agencies to ensure Government policy, regulatory frameworks and investment approaches:

- Enable Māori to better protect, utilise and derive benefit from Māori-owned or recognised customary estates, including whenua Māori.
- Help strengthen the platforms for Māori language promotion, use and development, and for Māori language leadership by Māori.
- Help strengthen the platforms for Māori cultural expression, association, protection and development, and for Māori cultural leadership by Māori.

Towards improved Māori participation and outcomes: Better Public Services and Business Growth

Within this priority focus area Te Puni Kōkiri will advise and assist Ministers and lead sector agencies to ensure:

- The health, social and justice sectors have in place appropriate performance accountability frameworks, capabilities and critical relationships to implement the Government's *Better Public Services* (BPS) targets in respect of affected Māori.
- Ongoing BPS effort is informed and improved by Māori community stakeholders' experiences of Government's social policy and programme responses, and by complementary trial initiatives to lift engagement, participation, quality and results for affected Māori.
- Sectors and agencies contributing to Government's *Business Growth Agenda* (BGA) have in place appropriate performance accountability frameworks, capabilities and critical relationships to support stronger Māori participation in the workforce, in enterprise and in the economy.
- Ongoing business and economic development effort is informed and improved by Māori stakeholders' engagement in and experiences of that effort, and by complementary trial initiatives to lift Māori participation in, and their contribution to, the economy.

Towards improved Māori participation and outcomes: Whānau Ora Approach

Within this priority focus area Te Puni Kōkiri will coordinate Government's investment in the Whānau Ora Approach to ensure:

- Whānau Ora provider collectives are actively engaging with whānau to improve whānau awareness, engagement and access to appropriate support and services.
- More whānau are connecting as whānau to set their own development goals and build their capabilities to realise their goals.

Better Public Services

Outline how your agency/sector is contributing to BPS results. Include whether you have a functional/sector lead role

6. The Government is committed to delivering high-quality public services in a challenging fiscal environment, and has published a set of 10 results and associated result targets. Te Puni Kōkiri has actively sought to be closely involved in the result areas, including involvement in the development of result action plans and their on-going implementation (most particularly the result areas related to boosting skills and employment, reducing benefit dependency, vulnerable children and criminal justice).
7. Māori are disproportionately represented at the lower end of social and economic indices measured through the BPS programme of work, including for example over-representation in benefit dependency and criminal justice, and under achievement in education, employment and health measures. As a consequence, Māori are relatively high consumers of publicly funded services, and present the government with an associated disproportionate future liability. If government is to achieve the targets it has set for the public service, it is imperative that it achieves results for Māori. The Ministry's work programme supports this through:
 - Its advisory functions, and trialling of alternative approaches to social service provision, focused on seeking to improve Māori participation and outcomes;
 - Its leadership of Whānau Ora;

- Its shared responsibility for a number of result areas through membership to key governance and senior officials fora, for example the Vulnerable Children’s Board;
 - Its programme of work aimed at improving the transparency and accountability of sector agencies for results for Māori, and therefore the improved effectiveness of government as a whole for Māori.
8. From an internal perspective, the Ministry is committed to:
- achieving its own efficiency dividend targets and ensuring value for money across all areas of expenditure;
 - progressing a demonstrably results-focussed work programme;
 - developing and maintaining the capabilities, systems, innovation and flexibility to achieve these objectives; and
 - reducing duplication of functions within the Māori Affairs portfolio
9. The Ministry does not have a BPS functional leadership role. Given its broad policy remit, it contributes across sectors to BPS result areas, but does not have a specific sector leadership role.
10. The Ministry also has an active programme of policy, operational and monitoring related work that contributes to other key priorities of government, including the Business Growth Agenda and Rebuilding Canterbury.

1.1 Operating or Business Model

11. Currently, the Ministry is configured into four Wāhanga which together discharge the range of functions across the Ministry. Those Wāhanga, and their principal functional responsibilities are:
- Policy Wāhanga: provides policy leadership and advice across all sectors, excluding the social sector; and oversees the Ministry’s research and statutory monitoring functions. Currently has a total of 83 FTEs;
 - Whānau and Social Policy Wāhanga: provides policy leadership and advice across the social sector, and leads the development and implementation of Whānau Ora. Currently has a total of 36 FTEs;
 - Relationships and Information Wāhanga: across 10 regional offices, facilitates and brokers relationships between iwi, hapū and Māori communities and the government, community and business sectors; delivers a discrete set of programmes on behalf of government; and oversees (including contract managing) the Ministry’s investments in Māori community led projects. Currently has a total of 166 FTEs;
 - Support Services Wāhanga: provides the range of corporate and support services necessary to ensure the effective and efficient operations of the Ministry; including monitoring of Crown entities within the Māori Affairs portfolio, evaluation of the Ministry’s programme and investment initiatives and management of the lands administered under Part Two of the Māori Affairs Restructuring Act 1989. Currently has a total of 77 FTEs.
12. The four Wāhanga work closely together to deliver a mix of policy, operational, investment and relationship management services that are geared towards the Ministry’s outcome objectives, or respond to emerging government priorities (for example, work undertaken during the latter policy, consultative and legislative stages of the Mixed Ownership Model included efforts across the Policy, Relationships and Information and Support Services Wāhanga). The extent to which this

organisational form endures will be considered by the Chief Executive, following decisions by Ministers on direction and role for the Ministry.

13. As government priorities have evolved over the course of the year, the Ministry has refined its outcome framework and aligned its priorities and work programme to those areas where government and Māori community priorities intersect. While the reviews of Whānau Ora and the future focus of Te Puni Kōkiri, are expected to impact to varying degrees on the direction, functions, organisational form and appropriations available to the Ministry, the refined outcome framework and associated work programme form the current direction for the Ministry, and the outcome framework is expected to be enduring.
14. Functionally, the Ministry's existing suite of interventions, comprising policy advice, relationship management, trialling new approaches to improving Māori outcomes (through both community based investments and programme delivery) and monitoring are broadly compatible with the recommendations arising from the review of the future focus of the Ministry, that is: as principal advisor on Crown – Māori relationships (*Kaitohutohu* role); as an innovator in designing and testing alternative service provision models that more clearly reflect Māori norms and preferences (*Kaiuaha* role); and in bringing a focus to whole of government effectiveness for Māori through its policy advice and monitoring related work (*Kaitiaki* role). These functions are applied across the Ministry's priority focus areas (which are also consistent with the review document and likely to have some durability), which are seeking to move towards:
 - Strong Treaty partnership relationships;
 - Active protection of taonga Māori; and
 - Improved Māori participation and outcomes.
15. During the period since the reviews, the Ministry has maintained a consistent organisational structure with both a central government presence and a national network of regional offices that share responsibilities across its mix of functions. This combination enables Te Puni Kōkiri to discharge its functions in an integrated manner, ensuring that policy advice is anchored in the realities facing Māori communities, and that our service delivery and investment functions are sharply aligned to the priorities and challenges currently being faced across the state sector.
16. Given the potential for future change, the Ministry has carefully managed its operational arrangements, to ensure that new medium term commitments are minimised, and that it is able to respond quickly to Ministers' decisions about two reviews.

1.2 Operating Environment and Strategic Challenges

17. The Ministry's immediate operating environment carries some uncertainty, including the medium to long term role, shape and position of Te Puni Kōkiri. While the role based recommendations arising from the recent reviews are broadly aligned with the Ministry's current roles and functions, there are a number of recommendations relating to structure, capability and emphasis which together speak to a programme of organisational change and sharpened prioritisation of work programme. The areas of likely potential change are future delivery arrangements and appropriations for Whānau Ora, strategic emphasis in the policy function and innovation emphasis in the investment function. Effecting agreed change, including building depth of capability (vis-à-vis broad based sector coverage), and managing expectations to align with a more sharply focused work programme present some medium term challenges. Ministerial support, particularly in terms of agreeing work programme trade offs, will be important to the future success of the Ministry. Other external factors likely to impact on our future state include:
 - The Government's wider drive for delivering on its Better Public Services, Business Growth Agenda and Rebuilding Canterbury commitments, and managing the associated expectations of Te Puni Kōkiri within our capacity limits;

- The Relationship Accord and Confidence and Supply Agreement between the National Party and the Māori Party, and emerging political commitments between parties within government; and
- The changing Māori and iwi representational landscape, and the increased level of sophistication that these parties have in articulating their expectations of government.

18. In terms of the fiscal environment, our challenge remains significant. The Ministry's financial forecast identifies a cost reduction shortfall equivalent to approximately 50 positions, or approximately 14% of the overall staffing establishment. To date this is being absorbed through a mix of natural attrition and a continuous review of current vacancies. Our work programme is continuously prioritised to ensure resources are applied to best effect, and short term measures are taken to meet work programme obligations within fiscal constraints.

Please outline the top strategic challenges that would prevent you from achieving your strategic direction. Link the challenges to the intentions(s) in Section 2.0 that will help to address these.

19. The most significant strategic challenge facing Te Puni Kōkiri at the present time is establishing clarity about its medium to long term role, shape and position going forward. Although the Ministry has positioned itself and continues to be well placed to advise on and respond to the two most recent reviews, the extent to which Te Puni Kōkiri is able in the short term to build upon its current leadership role in critical areas of Māori achievement and success remains open. This is a mix of immediate capability issues, and a broad set of both Ministerial expectations in terms of current work programme.

20. Following review decisions by Ministers, the Ministry will need to ensure it has the right capability mix to deliver on agreed directions. The time and investment required to achieve this is dependent on the nature of decisions taken, but is expected to include building capability depth in areas of agreed emphasis, and shifting regional capability towards a stronger relationship focus. In regards to the latter, the current and necessary effort consumed with contract management is a significant challenge in effecting this shift.

| Baseline profile – OBU 2012 | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating expenditure – departmental | 62.657 | 56.873 | 56.873 | 55.973 | 55.973 |
| Operating expenditure – non-departmental | 156.002 | 146.642 | 145.642 | 140.662 | 140.662 |

1.3 Decision Points and Trade-offs

Please outline how you will deliver on your strategic direction. Outline where there is more than one option to deliver on strategy noting any key decision points and trade-offs that need to be made. Note key dependencies where relevant.

21. The Ministry has aligned its priorities and work programme to those areas where government and Māori community priorities intersect, but expects a programme of change including working programme reprioritisation. The particular trade-offs are not known at this point, but are expected to reflect a sharper and deeper effort across a narrower range of sectors, and issues within sectors.

2.0 Medium-term Intentions

Please use the table below to summarise key material changes to your agency's/sector's outputs, services or delivery through the next Four-years. **You will need to complete Section 6.1 before completing this section.**

Note that this is a summary of the intended changes that you have worked through in Section 6.1.

2.1 Summary of Medium-term Intentions – Intended Changes

Cut and paste from the templates in Section 6.1 to populate the table below.

| Intention (Name and brief description) | Type of Action | Success measures (Text) |
|---|---|---|
| A | <i>Māori Language Strategy Initiatives including</i> | |
| | <ul style="list-style-type: none"> • <i>He Kāinga Kōrerorero</i> and • <i>Mā Te Reo</i>: –Reprioritised funding from Māori Potential Fund \$4.0m per annum in 2013/14 and outyears. | Change Active Protection of Taonga Māori – strengthening platforms for Māori language promotion, use and development, and for Māori language leadership by Māori. |
| B | [6] | |
| | | New Active Protection of Taonga Māori – strengthening platforms for Māori language promotion, use and development, and for Māori language leadership by Māori |
| C | | |
| | [6] | |
| D | <i>Māori Economic Development initiatives including</i> | |
| | <ul style="list-style-type: none"> • Consideration of expansion of Cadetships following evaluation (due for completion 15 December 2012). CAB Min (12) 3/3(21) refers. | Change Supporting stronger Maori participation in the workforce, in enterprise and in the economy, and trial initiatives to lift Māori participation in, and their contribution to, the economy. |
| | <ul style="list-style-type: none"> • Implementation of the recommendations of the Māori Economic Strategy and Action Plan. | New Supporting stronger Maori participation in the workforce, in enterprise and in the economy; and trial initiatives to lift Māori participation in, and their contribution to, the economy. |

2.1.1 Summary of financial implications from medium-term intentions – intended changes

Note that this is a summary of the financial impacts that you identified in Section 6.1.

| Financial implications arising from changes to outputs, services or deliveries | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating impact – departmental | - | - | - | - | - |
| Operating impact – non-departmental | - | [6] | 2.500 | 2.500 | 2.500 |
| Capital impact – departmental | - | - | - | - | - |
| Capital impact – non-departmental | - | - | - | - | - |

2.1.2 Summary of new funding sought from the centre

Note that this is a summary of the new funding sought from the centre that you have identified in Section 6.1.

| Value of new funding sought | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operational expenditure – departmental | - | - | - | - | - |
| Operational expenditure – non-departmental | - | [6] | 2.500 | 2.500 | 2.500 |
| Capital expenditure – departmental | - | - | - | - | - |
| Capital expenditure – non-departmental | - | - | - | - | - |

2.2 Core Business, Continuous Improvement and Other

Please provide a broad overview of your outputs, services and delivery that has not been covered in the summary of changes section 2.1. This will include your 'business as usual' activity that is not planned for major change and a broad overview of any changes that were not considered material or key enough to include in Section 2.1.

Any cost pressures on your business as usual activities should be discussed in Section 6.2

Overview – medium term change expectations

22. The complex and changing environment in which Te Puni Kokiri and the wider state sector is operating, sees the Ministry regularly assessing its approach to determine how, within the resources available to us and across the government, we can most effectively contribute to improving Māori outcomes.
23. Alongside this, and as signalled in section 1, Te Puni Kōkiri has been the subject of two significant review processes: Whānau Ora and the future focus of Te Puni Kōkiri. Although Ministerial decisions on these reviews are yet to be taken, our immediate focus and work programme have been charted.
24. The Whānau Ora review presents the potential for organisational change, in terms of delivery and appropriation arrangements. The Minister for Whānau Ora, through a process of consulting with other Ministers, Whānau Ora stakeholders, and officials is signalling a shift in emphasis to rebalance the Whānau Ora from a main focus on provider consolidation and transformation to a stronger focus on building family and whānau capability; consideration of a stand-alone commissioning agency; and options for strengthening Whānau Ora for Pacific communities in ways that are appropriate to them.
25. The review of the future focus of Te Puni Kōkiri in many ways reframes and sharpens existing roles and functions of the Ministry. The three key roles proposed in the review are: principal advisor on Crown – Māori relationships; steward of state sector results for Māori and related good practice; and innovator of better results and relationship practices for application by the state sector. The review report reflects on a need to refocus and strengthen the Ministry's regional operation, with the review panel considering the regional presence is a necessary component to discharge all three proposed roles, but most especially the principal advisor on Crown – Māori relationships role. The Ministry agrees with this view. The policy and innovation functions are both signalled as requiring a more strategic emphasis, which will have implications for prioritisation of the work programme, and in how investment activities are undertaken (with a stronger innovation and investment emphasis, and less transaction burden). There is a broad level of support amongst sponsoring Ministers for the review report.
26. While these reviews are likely to result in change within the Ministry, including for example, some reshaping emphasis, organisational form, and appropriations, they are not expected to significantly impact on the intended outcomes the Ministry is seeking, or the broad nature of the roles the Ministry discharges. Those outcomes are improved Māori participation and outcomes, stronger Treaty partnership relationships, and active protection of taonga Māori. In our view, these intentions fit well with both government and Māori priorities, and as such will be enduring. The manner in which they are given effect to is, however, less certain. Material changes to our medium term operating intentions (as opposed to outcome intentions) are therefore not able to be signalled at this time.
27. Similarly, it is not feasible to provide a considered assessment of workforce and financial implications that may arise. However, the Ministry is poised, through careful vacancy management and minimising longer term commitments, to respond to review recommendations. The extent of funding needed to fund change will depend on the level of change agreed by Ministers, however there is \$2.0 million set aside specifically for the change implementation plan.

Core work programme

28. To the above ends, the Ministry's current core work programme will shift in emphasis to align with a sharpening of the government's Māori Affairs and Whānau Ora portfolio priorities. Our most critical risks in delivering on these points of intersection are: managing expectations to fit within resource constraints; maintaining necessary capability in an environment of uncertainty; and retaining the confidence of colleague agencies to ensure an inclusive approach across the state sector in tendering advice to Ministers. On this latter, the better public service reforms are demanding high levels of collegiality within and across sectors, and the Ministry actively seeks involvement and representation across a number of senior officials groups governing cross agency work programmes.
29. Given expected future organisational changes, we have deliberately crafted a work programme consistent with recent years, but with a sharpened focus on government and Māori priorities. It is expected that this work programme will require prioritising and adapting following Ministers' review related decisions. Core elements of the work programme are outlined below.

Legislative reform

30. The Ministry has an active programme of review of Māori Affairs legislation, much of which is out-dated and not fit for current purposes. We will continue to progress Māori Affairs legislative reform. Current legislative reviews include: the Māori Television Service Act (awaiting 1st reading); Te Ture Whenua Māori (review panel due to report); Māori Community Development Act (consultation on select committee recommendations pending) and Māori Reserved Lands Amendment Act (scoping). Future reviews of discrete Acts within the Māori Affairs portfolio will form part of our on-going discussions with the Minister of Māori Affairs. In addition, there are a number of other legislative priorities, including progressing the Mokomoko Pardon Bill (currently before select committee), and Māori Purposes Bill. Emerging issues which may require legislative amendment, include possible changes to the Ministry of Māori Development Act and the Māori Language Act (depending on the nature of decisions taken on the reviews of Te Puni Kōkiri and the Māori Language Strategy respectively).

Treaty partnership relationships

31. The Ministry has a central role in advising on Crown – Māori relationship issues and risks, and in supporting government manage its wider relationships with iwi, hapū and Māori. This role has become increasingly important, particularly as a result of the accelerated rate of the Treaty settlements programme, and the range of issues that government is confronting that go to the heart of the Treaty partnership as they impact on iwi and hapū proprietary interests.
32. The Ministry's role in Crown – Māori relationships will continue, and will be further strengthened during the immediate to medium term through strengthened leadership, co-ordination and support for the whole-of-government effort in terms of its relationships with iwi and Māori communities. Te Puni Kōkiri remains the only agency of state that has the experience and expertise to fulfil this role across government, along with a whole-of-government remit and perspective. The continued ability to draw on the local level intelligence and expertise that is provided through our regional infrastructure is critical to the effective discharge of this role.

Better Public Services and Business Growth Agenda

33. The Ministry has an existing and future focused body of policy and operational work that aligns with government's Better Public Services and Business Growth Agenda priorities. This work continues to be focused towards achieving better outcomes for Māori, and in respect of the Business Growth Agenda, has a Crown – iwi relationship risk dimension in relation to rights and interests in natural resources. Effectiveness for Māori has been a feature of the Minister of Māori Affairs' priorities over the last two years, and in the short to medium term the Ministry will continue to progress this work on three key fronts: uptake of policy advice across key social and economic areas; seeking to more closely locate the responsibility and accountability for results for Māori with key sector agencies; and testing innovative approaches to service design and provision, with the view to public services becoming more reflective of Māori norms and preferences. This integrated

policy, accountability and investment approach is broadly consistent across sectors in which the Ministry is engaged, and with the role related recommendations arising from the review of Te Puni Kōkiri.

Whānau Ora

34. In the immediate term, the Ministry will continue to provide leadership of the Whānau Ora approach and delivery across government, and advise on and action decisions of Ministers in relation to the Whānau Ora review. This may have implications for delivery and appropriation arrangements. Consistent with the Minister's intentions, the more medium term emphasis for Whānau Ora will be to rebalance the investment towards more effort in building whānau capability, broadening sector participation in and support for Whānau Ora, and bringing a stronger focus to capturing results data and shared stories of results transformation for participating whānau. The key implications of this shift is an expected increase in contracting volumes, and associated monitoring and assurance requirements for the administering agency.

Māori Potential Fund

35. In the medium term the Ministry will continue to deliver Māori Potential Fund investments into Māori communities. The future focus will be to better align these investments with agreed functional areas for the Ministry arising from Ministers' review related decisions, seeking to activate cross-sector investment and effort in trial approaches to service design and provision, and strengthening evaluation of fund investments. A stronger emphasis on knowledge and innovation will be a feature of the Ministry's approach to Māori Potential Fund investments.

Programme delivery

36. The Ministry currently, and will continue to, directly deliver a range of programmes on behalf of government. In the immediate term, operational settings will be considered to ensure they align as closely as possible to government's Better Public Services and Business Growth Agenda priorities.

3.0 Organisational Capability and Workforce

3.1 Organisational/Sector Capability

37. Te Puni Kōkiri has enjoyed a number of external reviews and assessments and the favourable results are summarised in the following table:

| Measure / Review | Outcome / Result |
|---|---|
| Independent Review of Policy Advice for year ended June 2012 | 4.97 out of a possible 6 |
| Treasury led Benchmarking Administrative and Support Services (BASS) report | Compares Te Puni Kōkiri favourably with other agencies with a similar profile. Trend data shows continual improvement in both efficiency and effectiveness over time. |
| SSC Human Resources Capability Survey Report | Released by SSC in October 2012. Compares Te Puni Kōkiri positively with the core public sector. |
| SSC PIF Report | Undertaken in 2010. Of the 15 + agencies reviewed since, Te Puni Kōkiri compares favourably. As a matter of continuous improvement, a follow-up self-assessment will be undertaken. |
| 2011/12 Stakeholder Surveys | Key Regional Stakeholders Survey - 4.5 out of possible 5 |

| | |
|---|---|
| | MBFS Client Satisfaction Survey – 3.9 out of possible 5 |
| Independent Audit Ratings of our Management Control Environment | <p>Based on Audit NZ ratings for 2011/12</p> <ul style="list-style-type: none"> • Financial information, systems, and controls very good (2011: very good) • Management control environment good (2011: good); and • Service performance information, systems, and controls needs improvement (2011: needs improvement). |

38. While the above organisational capability indicators reflect strong organisational performance, the Leadership team are cognisant that the recent reviews include a number of recommendations relating to structure, capability and emphasis which together speak to the need for a programme of organisational change.
39. With respect to emphasis, the review recommendations include a sharpened prioritisation of work programme. The particular trade-offs within the work programme are not known at this point, but are expected to reflect a sharper and deeper effort across a narrower range of sectors, and issues within sectors.
40. The time and investment required to achieve the capability requirements in the areas of confirmed emphasis is dependent on the nature of decisions taken, but is expected to include building depth in areas of agreed emphasis, and shifting regional capability towards a stronger relationship focus. In regards to the latter, the current and necessary effort consumed with contract management is a significant challenge in effecting this shift.

3.1.1 Change leadership

41. Te Puni Kōkiri recognises, and is responsive to, the reform of its strategic focus, role and functions proposed by its Responsible Minister; and the prospect of fundamental change to its implementation responsibilities in respect of the Government's Whānau Ora Approach.
42. A key theme underpinning recommendations arising from the independent refocus review of Te Puni Kōkiri is the expectation that the new chief executive will be tasked with developing formal change proposals in response to the Government's decisions on the review.
43. To that end the Chief Executive has held preliminary scoping discussions with the Responsible Minister and will establish a parallel and complementary process of engagement with the Minister for Whānau Ora. These processes are intended to clarify and confirm portfolio ministers' reform expectations and how these may be appropriately balanced and delivered on by the Ministry.
44. The Chief Executive has also initiated a process of internal stakeholder engagement to set a regular platform for vision and mission sharing, values inculcation and performance expectation-setting as key elements of the expected change process.
45. This engagement stream also anticipates and responds to staff uncertainties and anxieties ahead of change proposals being developed and, following consultation, final change decisions being made and implemented. Te Puni Kōkiri has also ensured an open and constructive relationship with the Public Service Association, which represents approximately a third of the Ministry's staff, and will ensure all related protocols are maintained pre and post change implementation.
46. Appropriate engagements with other government agencies and with iwi and Māori community stakeholders will also be important elements in the Ministry's change and communications programme. Te Puni Kōkiri will be concerned to ensure that its public service colleague agencies are well informed of material changes made to its role and functions and how these align to, and complement, lead sector and agency effort and accountability; and, through well established

relationships with iwi, Māori community and non-government sector leadership build awareness and support for its change decisions and expected outcomes.

3.1.2 Culture and Change

47. The prospect of impending change has inevitably had an impact on the Ministry's organisational culture. The 2010 Staff Engagement Survey saw Te Puni Kōkiri enjoy results that were as good as or better than any in the core public sector. The results of our 2012 survey however, saw a shift in Te Puni Kōkiri's results from the high end of the state sector to the middle range or 'average'.
48. The Leadership team remains alert to the effects of the changing environment across both the state sector and within the Ministry itself and considers the shift in staff attitudes during this period can be attributed for the large part to this circumstance. What the results do demonstrate however is that Te Puni Kōkiri staff continue to be resilient in the face of uncertainty and have largely remained engaged through the process of preparing for change.
49. The Ministry is focused on ensuring a shift in staff perceptions and one that demonstrates their renewed focus, energy and commitment to the strategic direction of the Ministry. We expect the final Ministerial decisions on the reviews and the ensuing change programme that may result will be a critical first step in achieving this objective.
50. Changing the way we do things, and the way we think about things within an organisation can be complex and, on occasion, challenging for staff. For any change programme to succeed, our staff will need to believe in the need for change and be willing to share in the process of achieving it.
51. The leadership team are committed to the development of a resilient workforce that is able to position itself to respond to the changing and often challenging circumstances being faced across the state sector today. Our people-centric focus will ensure that our culture, skills, systems and relationships continue to underpin the Ministry's ability to achieve its strategic direction and government's priorities.
52. The introduction and subsequent induction of new employees to our workforce, either to existing positions, or to new roles that may be developed as a consequence of the review will be key to strengthening and shaping the on-going organisational culture. Te Puni Kōkiri has robust induction processes in place, and these will be further refined to give effect to any agreed change.





3.2 Workforce







53. Following the commencement of the reviews and the announcements by the Government in terms of spending / savings targets, Te Puni Kōkiri has taken a cautious approach to recruitment. Over the past 18 months, the Ministry has deferred recruitment to new vacancies and the combination of natural attrition and minor structural changes during this period has resulted in some 70 positions (19% of establishment) not being permanently recruited to.
54. For the present, these positions are either being covered by temporary or contract personnel, or have been left unfilled. This will, in turn, provide scope, once final decisions on the future focus of Te Puni Kōkiri are confirmed, to commence a targeted recruitment campaign focused upon the skills and capabilities identified as necessary to fulfil the Ministry's agreed role and functions.
55. We remain mindful however that we are in an employment market that will see us competing for skilled staff in market segments which remain constrained and that there is a strong demand across the state sector for our talented employees.
56. The current budget pressures do mean that our future workforce will also likely be smaller than our current establishment. The previous Chief Executive announced a year ago that a reduction in staff numbers, over the next four years, of 50 FTE would be likely. Until the outcomes of the reviews are known, it isn't feasible to be more specific than this; however as acknowledged, we

are prudently managing our most significant cost area (vis-à-vis 70 positions without permanent staff) and are committed to operating within baselines.

3.2.1 Workforce capacity and capability impacts – intended changes





Please use the table below to summarise the impact on workforce capacity and capability highlighted in your medium term intentions-intended changes (section 6.1). This can be shown as an overall summary or itemised where there is one or more intended change that has a significant workforce impact. See key below.



| Capacity Change | Capability Change | Context | Change in Capability |
|---|---|---------|-----------------------|
| Māori ICT Fund | | See 6.1 | Unknown at this stage |
|  |  | | |
| Māori Cadetships | | See 6.1 | No change |
|  |  | | |

| Key Capacity Change | | | Capability Shift | | |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| Neutral | Decrease | Increase | High | Medium | Low |

3.2.2 Workforce capacity and capability impacts – whole of organisation/sector

Use the second summary table below to illustrate direction of workforce capacity and capability at a whole of organisation or sector level. This should be an overall summary that covers your workforce requirements for 'business as usual' as well as the change section above. You can present this section in any way that makes sense based on how you organise your workforce, for example, by business line or grouping, by output or by key capability/occupational group.

| Capacity Change | Capability Change | Context | Change in Capability |
|---|---|---|---|
| Reduction of 50 FTE over four years | | The Ministry's fiscal forecast identifies a cost reduction shortfall equivalent to approximately 50 positions or 14% of overall staffing | Currently being managed with minimal impact at present. This circumstance may change once Future Focus of Te Puni Kōkiri and ensuing strategic priorities confirmed. |
|  |  | | |
| Contract Management | | The increasing demand across the state sector for highly skilled contract management staff familiar with government purchasing and procurement standards has seen Te Puni Kōkiri compete with other agencies to recruit staff skilled in this area. | Te Puni Kōkiri has seen a significant increase in the volume and level of contracts it administers. To ensure the Ministry continues to effectively manage this high profile area of its business, it has sought to increase the skill levels of its contract management personnel. |
|  |  | | |

| | | | |
|---|---|--|---|
| High level Policy Analysis | | <p><i>In common with agencies across the state sector, Te Puni Kōkiri is constantly seeking to build its complement of highly skilled policy staff, all of whom are in strong demand across the public sector.</i></p> | <p><i>The departure of a number of key talented staff members in recent months has reinforced to the Ministry the importance of building a core level of policy expertise within its workforce. A number of recent shifts in the public sector may create opportunities for Te Puni Kōkiri when it recommences recruitment once the review decisions have been confirmed.</i></p> |
|  |  | | |

3.2.3 Capability

57. Te Puni Kōkiri intends to implement a two pronged strategy to address any the identified capability gaps following review decisions. This includes a focus of targeted recruitment, including in particular new employees and thought leaders with key identified skill sets; and, the participation in the range of specialised training interventions, created specifically to support state sector professional development, to further build the competencies of our existing talented staff.

3.2.4 Capability pressures

58. As signalled previously, Te Puni Kōkiri often finds itself competing with other state sector agencies to recruit appropriately experienced and qualified applicants with a true Māori world view, to positions within the Ministry. The Leadership team considers however, that the opportunities presented by the current review and the ensuing change process may create a level of momentum that in turn attracts motivated and skilled individuals, who find the opportunity to contribute to improving outcomes for iwi-Maori in a changed environment compelling.

59. Other capability constraints Te Puni Kōkiri faces in the employment market include.

| Capability Gap/Pressure | Reason for capability gap/pressure |
|-------------------------|---|
| Contract management | The number of contracts that Te Puni Kōkiri administers has dramatically increased, requiring a higher proportion of our staff to have a higher skill level. It is now frequently a key competency required during recruitment and (as other agencies increase their requirement for this competency) the market is becoming tighter. |

| | |
|----------------------------|---|
| High level policy analysis | The competencies required at the high end of a policy analyst's career progression have long been in strong demand, as is subject matter expertise. The recent reduction in demand from a number of agencies in Wellington has created a "breathing space", but the issue will return with strength if entry-level positions and career opportunities continue to be as limited as they are in the current environment. |
|----------------------------|---|

3.2.5 Capacity

60. The current budget pressures do mean that our future workforce will likely be smaller than our current establishment. The previous Chief Executive announced a year ago that a reduction in staff numbers, over the next four years, of 50 FTE would be likely. Until the outcomes of the review processes, and in particular the Future Focus review, have been confirmed, it isn't possible to provide a considered assessment of workforce and capacity requirements.

3.3 Total Workforce Costs

61. Within its profile of departmental expenditure the Ministry's main input cost driver is personnel related costs, which represent some 52% of expenditure and is the major determinant of other operating costs. Although some \$2.0 million per annum has been identified in cost saving initiatives to address efficiency savings, as noted above, a reduction in staffing of up to 50 FTE over four years has been estimated as being required to remain within existing baselines.

62. The Collective Employment Agreement Te Puni Kōkiri has with the Public Service Association (PSA) expires on 31 March 2013. This Agreement covers positions below the top three tiers of management (and Business Managers) being over 90% of current positions. Approximately one third of staff are members of the PSA.

63. The prudent fiscal management strategy Te Puni Kōkiri has employed over the last 2-3 years has seen our remuneration costs actively managed, and fiscal forecasts within this Plan include our obligations under the Collective Employment Agreement.

3.3.1 Total workforce costs

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Workforce costs – departmental | [9] | | | | |
| Workforce costs – non-departmental | - | - | - | - | - |
| Total workforce costs | [9] | | | | |

3.3.2 FTE numbers

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--------------------------------|------------|------------|------------|------------|------------|
| FTE numbers – departmental | 361 | 361 | 361 | 361 | 361 |
| FTE numbers – non-departmental | - | - | - | - | - |
| Total FTE numbers | 361 | 361 | 361 | 361 | 361 |

4.0 Summary of Total Financial Impact

This is a summary of total financial impact derived from other sections of the framework as indicated in the table below.

Operating – Departmental

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Current operating expenditure baseline</i> | 62.657 | 56.873 | 56.873 | 55.973 | 55.973 |
| Financial Implication of Planned Changes and Cost Pressures | | | | | |
| Financial implication arising from changes to outputs, services or deliveries (copy from table in Section 2.1.1) | - | - | - | - | - |
| Direct employment cost pressures (copy from table in Section 6.2.1.1) | - | [9] | | | |
| Operational cost pressures arising from capital (copy from table in Section 6.2.1.2) | - | - | - | - | - |
| Other operational operating cost pressures (copy from table in Section 6.2.1.3) | - | 1.205 | 1.716 | 2.282 | 2.542 |
| <i>Total of all changes and pressures on operating expenses</i> | - | [9] | | | |
| Funding for Changes and Cost Pressures Available From | | | | | |
| Operational efficiencies/reprioritisation (copy from tables in Section 6.2.2.1) | - | 3.138 | 4.630 | 6.205 | 7.505 |
| Changes to third-party revenue (copy from table in Section 6.2.2.2) | - | - | - | - | - |
| Transfers to/from other Votes (copy from table in Section 6.2.2.3) | - | - | - | - | - |
| <i>Total funds available</i> | - | 3.138 | 4.630 | 6.205 | 7.505 |
| Savings required but not yet identified | | - | - | - | - |
| Savings required as % of baselines | | - | - | - | - |
| New Funding Sought from the Centre | | | | | |
| Total new funding sought (copy from table in Section 2.1.1) | - | - | - | - | - |
| <i>Savings required if new funding received</i> | - | - | - | - | - |

Operating – Non-departmental

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Current operating expenditure baseline</i> | 156.002 | 146.642 | 145.642 | 140.662 | 140.662 |
| Financial Implication of Planned Changes and Cost Pressures | | | | | |
| Financial implication arising from changes to outputs, services or deliveries (copy from table in Section 2.1.2) | - | [6] | 2.500 | 2.500 | 2.500 |
| Direct employment cost pressures (copy from table in Section 6.2.1.1) | - | - | - | - | - |
| Operational cost pressures arising from capital (copy from table in Section 6.2.1.2) | - | - | - | - | - |
| Other operational operating cost pressures (copy from table in Section 6.2.1.3) | | 4.000 | 4.000 | 4.000 | 4.000 |
| Total of all changes and pressures on operating expenses | | [6] | 6.500 | 6.500 | 6.500 |
| Funding for Changes and Cost Pressures Available from | | | | | |
| Reprioritisation from the Māori Potential Fund (copy from tables in Section 6.2.2.1) | - | 4.000 | 4.000 | 4.000 | 4.000 |
| Changes to third-party revenue (copy from table in Section 6.2.2.2) | - | - | - | - | - |
| Transfers to/from other Votes (copy from table in Section 6.2.2.3) | - | - | - | - | - |
| Total funds available | | 4.000 | 4.000 | 4.000 | 4.000 |
| Savings required but not yet identified | - | - | - | - | - |
| Savings required as % of baselines | - | - | - | - | - |
| New Funding Sought from the Centre | | | | | |
| Total new funding sought (copy from table in Section 2.3) | - | [6] | 2.500 | 2.500 | 2.500 |
| Savings required if new funding received | - | - | - | - | - |

Capital

Capital expenditure

| | Increase/(Decrease) | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Departmental Expenditure | | | | | |
| Opening balance funding available | 2.410 | 0.585 | 0.662 | 1.107 | 1.107 |
| Depreciation funding | 0.684 | 0.796 | 0.912 | 1.044 | 0.917 |
| Sale of assets | - | - | 0.020 | 0.140 | - |
| Other (please specify) | - | - | - | - | - |
| Total baseline funding available (a+b+c+d) | 3.094 | 1.381 | 1.594 | 2.291 | 2.024 |
| Capital investments funded from baselines | 2.344 | 0.585 | 0.662 | 1.107 | 0.662 |
| New capital funding sought from the centre (copy from table in Section 2.1.2) | - | - | - | - | - |
| Closing baseline funding available | 0.750 | 0.796 | 0.932 | 1.184 | 1.362 |

| | Increase/(Decrease) | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Non-departmental Expenditure | | | | | |
| Baseline funding available for the purchase or development of Crown capital assets | - | - | - | - | - |
| New capital funding sought from the centre (copy from table in Section 2.1.2) | - | - | - | - | - |
| Capital investment in organisations other than departments | - | - | - | - | - |
| Total | - | - | - | - | - |

5.0 Key Operational Risks

There is a risk over the next 3-5 years that:

| Risk Identified | | Comment | Measures <i>(delete as appropriate)</i> | Planned Treatment |
|-----------------|---|--|--|--|
| Strategic Risks | Te Puni Kōkiri may lose sight of its objectives Leading to..... | A collective vision which is embedded in the organisation and is shared by all of its stakeholders is integral to Te Puni Kōkiri's continued success. One consequence of the uncertainties created by the current changing environment, may be a level of ambiguity and confusion created among Te Puni Kōkiri staff as to the core purpose role and function of the organisation. As a consequence, Te Puni Kōkiri may have difficulty providing leadership, delivering cohesive high quality policy advice and effective services. | Likelihood Likely Consequence Moderate Risk Rating Moderate | <p>On starting in December, the Chief Executive has already initiated group meetings with all staff for Jan-March 2013 period, including all regional offices.</p> <p>Te Puni Kōkiri leadership expects to engage with all staff immediately following pending Ministerial decisions concerning the future focus of Te Puni Kōkiri, including a series of workshops for all staff members.</p> <p>Regular communications and updates have begun and will continue as final decisions are implemented.</p> <p>New staff will receive a comprehensive induction upon joining the Ministry.</p> |
| | Uncertainty among Te Puni Kōkiri's external stakeholders, and the wider public as to the Ministry's role and functions. | A lack of clarity among external parties as to the Ministry's role purpose and function may create a lack of confidence and related perception risks for the Ministry among stakeholders who consider Te Puni Kōkiri is failing to meet their expectations. In these situations, there remains a further risk that key relationships may become challenged or strained, in turn, compromising Te Puni Kōkiri's ability to effectively deliver on its strategic priorities. | Likelihood Almost certain Consequence Severe Risk Rating Very High | <p>The Ministry expects to undertake a comprehensive programme of proactive communications aimed at ensuring our wider stakeholders are aware of the role and functions of Te Puni Kōkiri including at a community level.</p> <p>The consistent messaging that will be a part of this process will ensure we are able to successfully manage the diverse expectations of our wide ranging stakeholders.</p> <p>Kōkiri, our external publication, due out in January starts this process.</p> |
| | Staff becoming disengaged in their work or the strategic direction of Te Puni Kōkiri | In an environment of change and uncertainty the risk of staff disengagement is very real. The current fiscal challenges being faced within Te Puni Kōkiri and across the state sector more widely have created a level of disquiet among staff that can be exacerbated at critical times. | Likelihood Likely Consequence Severe Risk Rating High | <p>See response for first identified risk above. Our plans to engage regularly with staff including through workshops and feedback loops are aimed at restoring the confidence of staff, where this may have been called into question, to reinforce the value the Ministry places on their contribution, and the confidence it has in their ability to achieve the Ministry's strategic direction and the governments priorities and targets.</p> |

| Risk Identified | | Comment | Measures <i>(delete as appropriate)</i> | Planned Treatment |
|-----------------------|--|--|---|---|
| | | | | Over the past two years Te Puni Kōkiri has also prepared managers for managing through change by accessing more management training (and specific management of self through change training) than previously. This has been done through collaboration with other Departments and Ministries (including MSD, DoC, LINZ) to both give Te Puni Kōkiri staff access to courses those other agencies provide and by developing new training interventions that meet the needs of several organisations and are delivered jointly. Te Puni Kōkiri has also broadened the range of staff able to access these training opportunities, providing the opportunities to staff who have been identified as future managers and leaders. |
| Risk Identified | | Comment | Measures <i>(delete as appropriate)</i> | Planned Treatment |
| Capacity Risks | We are unable to recruit the appropriate mix of skilled and capable people to enable the Ministry to deliver on its strategic direction and the government's priorities Leading to..... | The ability of the public service in general to recruit and maintain a skilled and capable workforce is constantly being challenged. Te Puni Kokiri shares in these challenges, which are compounded for this Ministry by the high regard and the high demand in which its skilled professionals are held across the public sector. | Likelihood Likely Consequence Severe Risk Rating High | Te Puni Kōkiri has historically been able to attract a high quality of applicant, for most vacancies that are recruited too. The nature of the work is attractive to both Māori and non-Māori, who wish to make a positive contribution to the Nation. The Te Puni Kōkiri brand is strong in the niche markets we usually recruit from. The organisation also has a history of positive engagements with contractors, who are able to meet any gaps in internal capability, either because of the short term that their skills are required for, or because they have skills not available in the permanent employment market. Te Puni Kōkiri has a strong record in providing Professional Development and for promoting from within, while also providing stretch opportunities through both project work and secondments. These practices continue to make Te Puni Kōkiri an attractive employer. |
| | The management and effective monitoring of key projects becoming compromised. | The implications of any perceived or actual short comings in the implementation, management and monitoring of government programmes or initiatives for Māori can be wide reaching – ranging from a lack of confidence in the initiative itself; a lack of | Likelihood Possible Consequence Severe | Te Puni Kōkiri is concerned to ensure its systems are robust and are adhered to, its project management methodology is understood and applied by staff and that timely and appropriate information particularly in relation to risks is being supplied to the Executive Leadership and the Minister |

| Risk Identified | | Comment | Measures <i>(delete as appropriate)</i> | Planned Treatment |
|-------------------------|--|--|--|--|
| | | confidence in the Ministry and its systems. | Risk Rating High | at all stages of the project. This in turn will allow the Executive Leadership to intervene to manage risks in the event a project is demonstrably failing to meet its objectives. Further initiatives to build and develop the project implementation and monitoring capability and skills of relevant staff are planned for the coming period. |
| Functional Risks | The Ministry's systems and processes for collecting and managing significant volumes of personal and third party information may fall short of current government standards and reported best practice | The Privacy Act requires Te Puni Kokiri to safeguard and protect all personal information the Ministry collects, stores and holds. The 2012 Annual Report of the Privacy Commissioner has made it clear that the state sector cannot afford to be complacent in the way in which it manages the personal information it holds about New Zealanders. The Commissioner noted that 2012 has been marked by a number of major public sector data breaches. | Likelihood | The Leadership team has confirmed Te Puni Kokiri's Personal Information policy. A staff awareness raising campaign is currently underway to ensure that any staff with responsibility for, or with access to the personal information of other people is aware of the requirements for safe guarding this information and that the necessary protections are firmly in place to ensure the Ministry complies with its obligations under the Privacy Act 1993. : Where appropriate, training is then made available and regular systems of audit and review are undertaken to ensure a consistent practice is maintained. |
| | | | Possible | |
| | | | Consequence | |
| | | | Severe | |
| | | | Risk Rating | |
| | | | High | |
| Financial Risks | There remains a risk that the level of change required to implement the Ministry's new strategic direction, once this has been confirmed, exceeds the funding being set aside for this purpose | Te Puni Kōkiri is committed to ensuring it has an appropriate mix of skills and capabilities available to it to meet the requirements of its new strategic direction. Until this is confirmed and the Chief Executive has had an opportunity to determine the most affective organisational structure to deliver on the government's priorities and those of Māori communities, it is not possible to assess the level of financial commitment that may be required to achieve this goal. | Likelihood | Potential remuneration strategy costing is underway, the details of which will be confirmed once the Ministry has a direction from the government as to its new strategic priorities and is in a position to confirm the skills and capacity that will be required to achieve these and the changes that may need to be made to the Ministry's organisational structure as a consequence. A total of \$2.0m, however, has been set aside in 2012/13 for organisational change, and is considered a reasonable sum for funding a change process. Work programme prioritisation will have to be determined cognisant of fiscal capacity constraints. |
| | | | Unlikely | |
| | | | Consequence | |
| | | | Severe | |
| | | | | Risk Rating |
| | | | Moderate | |
| | Funding gaps result | The financial environment of the last five years has created | Likelihood | In the event that new monies were not available to progress |

| Risk Identified | | Comment | Measures <i>(delete as appropriate)</i> | Planned Treatment |
|-----------------|--|--|---|--|
| | from the Minister of Māori Affairs new-initiatives proposals | significant challenges for the government which has, in turn, taken an increasingly measured approach to the appropriation of new monies. There remains a risk that other demands from across the government means that the Minister's proposals are not approved. This will have implications for the ability of Te Puni Kōkiri to achieve the Minister's and correspondingly, the government's priorities for Māori language and economic development. | Likely Consequence Moderate Risk Rating Moderate | the Ministers priorities in 2013/14, (through either Vote Māori Affairs or other appropriations) work across each of these key areas would need to be reprioritised or scaled back significantly and a new timeframe developed towards their achievement. |
| | The savings sought by the signalled reduction of staffing (being an estimated 50 FTE over four years) may not be realised. | There will be a significant funding gap if cost pressures are higher than forecast and the change programme does not deliver the FTE savings required to deliver within baseline. The Ministry will also need to lift the capability and competencies of the existing staff if it is determined that a gap exists between our current capability and that required to deliver upon our future strategic direction. This will in turn create additional cost pressure through the drive to increase capability; higher training costs and potentially higher salaries. | Likelihood Unlikely Consequence Severe Risk Rating Moderate | The Leadership remains committed to operating within the Ministry's approved baselines and the forecast funding implications will be a critical consideration in determining how to give effect to the Change Implementation. Work programme prioritisation will have to be determined cognisant of fiscal capacity constraints. |

Likelihood: Use the scale below to estimate the probability of risk events

| Likelihood of risk event with existing controls in place | |
|--|---|
| Almost certain | The event is expected to occur in most circumstances. Probability: 80%–100% expectation that the event will occur. |
| Likely | The event will probably occur in most circumstances. Probability: 50%–80% expectation that the event will occur. |
| Possible | The event could occur at some time. Probability: 30%–50% expectation that the event will occur. |
| Unlikely | The event could occur at some time. Probability: 5%–30% expectation that the event will occur. |
| Rare | The event may occur only in exceptional circumstances. Probability: Less than a 5% expectation that the event will occur. |

Consequences: Use the scale below to identify and assess consequences

| Magnitude of consequences | |
|---------------------------|---|
| Major | Extensive senior management attention or resources diverted to recovery from a crisis event affecting service quality, a programme or major project, the viability of the agency overall. This level of risk would have extreme consequences for the organisation both financially and politically. |
| Severe | Significant senior management attention to manage issues or prevent a crisis that may threaten the viability of a branch, service quality, programme or project. This level of risk would have very high consequences for the organisation financially and/or politically. |
| Moderate | Consequences could require review or changes to operating procedures with management effort required to prevent escalation. Although the consequences would not threaten the viability of the programme or organisation, service quality or performance could be affected. |

Determine level of risk exposure

| Level of risk exposure | | | | | | |
|------------------------|---------------------|----------|----------|----------|----------------|-----------|
| Consequences | Major | Moderate | High | High | Very high | Very high |
| | Severe | Moderate | Moderate | High | High | Very high |
| | Moderate | Low | Moderate | Moderate | Moderate | High |
| | Minor | Very low | Low | Low | Moderate | Moderate |
| | Routine | Very low | Very low | Low | Low | Moderate |
| | Rare | Unlikely | Possible | Likely | Almost certain | |
| | Likelihood of event | | | | | |

6.0 Detailed Activity and Financial Planning

6.1 Medium-term Intentions – Intended Changes

The Māori Language Strategy

64. The development of the Māori Language Strategy remains a key priority for the Minister of Māori Affairs in 2013. The Strategy goes to the heart of ensuring the survival of Māori culture, identity and knowledge. Accordingly, the Minister is proposing to reprioritise over 20% of the Māori Potential Fund towards achieving particular goals within the Māori Language Strategy, the details of which are set out in the initiatives tables below. He has also been engaging closely with the Minister for Education on further components of the new Māori Language Strategy. To this end, the Ministry of Education and Te Puni Kōkiri along with Te Taura Whiri i te reo Māori are working together to look at the most effective and efficient use of existing funding to support Māori language and Māori language education. This work will not be complete until early 2013 and may have fiscal implications for Budget 2013.

| | |
|--|---|
| The Māori Language Strategy: | |
| <ul style="list-style-type: none"> i. He Kāinga Kōrerorero ii. Mā Te Reo | |
| <i>Strategic outcome(s) related to this intention:</i> | |
| TM 2: Active Protection of Taonga Māori – strengthening platforms for Māori language promotion, use and development, and for Māori language leadership by Māori. | |
| Type of action <i>(Insert : New/stop/change)</i> | Change |
| Motivation for change <i>(circle)</i> | Generating funds for reprioritisation |
| | Seeking greater efficiency/performance from current spending |
| | Responding to government priorities re Māori Language Development |
| | These proposals are included among a number of system changes proposed for the new Māori Language Strategy. |
| <i>Describe the intended change including timeframes of the intended implications:</i> | |
| <p>The Minister of Māori Affairs proposes to transfer \$4.0 million between appropriations within Vote Māori Affairs Non Departmental Output Expenses in 2013/14 and out-years as follows:</p> <ul style="list-style-type: none"> • \$1.5 million per annum in support of the <i>He Kāinga Kōrerorero</i> programme currently administered by Te Taura Whiri i Te Reo Māori under the framework of the Māori Language Strategy; and • \$2.5 million per annum in support of the <i>Mā te Reo</i> community language initiative currently administered by Te Taura Whiri i Te Reo Māori under the framework of the Māori Language Strategy. | |
| <i>He Kāinga Kōrerorero</i> | |
| <p>This programme is designed to support the acquisition and use of Māori language skills in the whānau and the home and involves the partnering of whānau with Māori language mentors to develop language acquisition plans and assist whānau with strategies and opportunities for their daily language usage.</p> | |
| <i>Mā te Reo</i> | |
| <p>This programme which was established by the Minister of Māori Affairs in 2001, provides financial support for community-originated projects that increase language use, proficiency and strengthens the ability of communities' to lead language regeneration.</p> | |
| <p>The proposed transfer of funding from "<i>Matauranga</i>" (Knowledge) - for the purchase of "partnered interventions, tools and investigative studies to support Māori in the acquisition, creating, maintenance and transferral of traditional and contemporary knowledge required to accelerate Māori development" to "<i>Promotion of the Māori Language</i>" - for the purchases of initiatives to revitalise and develop the Māori language in New Zealand reflects the intention of the Minister of Māori Affairs to strengthen arrangements for both Mā Te Reo and He Kainga Kōrerorero, and build momentum for the new Māori Language Strategy by supporting Te Taura Whiri in the delivery of these valuable community driven initiatives.</p> | |

Describe and quantify the financial impacts of the intended change:

Nil impact as funding reprioritised from Māori Potential Fund - \$4.0 million in 2013/14 and out-years

[6]

[6]

[6]

Māori Economic Development

| | |
|--|---|
| Name: Cadetships | |
| <p><i>Note strategic outcome(s) related to this intention:</i></p> <p>MP3:supporting stronger Maori participation in the workforce, in enterprise and in the economy; MP4:ongoing business and economic development effort is informed and improved by Māori stakeholders' engagement in and experiences of that effort, and by complementary trial initiatives to lift Māori participation in, and their contribution to, the economy.</p> | |
| Type of action <i>(change)</i> | Change |
| Motivation for change <i>(circle)</i> | Responding to government priorities – Skills and Employment |
| <p>Te Puni Kōkiri's Cadetship Initiative was implemented in response to the Government's 2009 Job Summit. The Job Summit sought to generate actions for measurable improvement in employment outcomes, acknowledging the impacts of the global economic recession, particularly for Māori.</p> <p>Since 2009, there have been more than 350 cadets engaged across a range of industries including the telecommunications, infrastructure and energy sectors. A minimum of 250 cadets will be engaged in 2012/13, which was confirmed by Cabinet as part of Budget 2012 Vote Māori Affairs [CAB Min (12) 13/3 (21) refers].</p> <p>Since 2011/12, the focus has been on key industries where there is skills shortage such as energy, telecommunications and infrastructure sectors. This is consistent with labour market forecasts and skills</p> | |

forecasts. Similarly, the Māori in Infrastructure Industry Training Initiative with Infratrains focuses on infrastructure where government investment continues to stimulate the labour market.

The Cabinet Minute for Budget 2012:Vote Māori Affairs [CAB Min (12) 13/3 (21) noted, in relation to the Māori Cadetship Extension Initiative that *“the number of cadetships offered and the potential for further extension will be re-examined based on the findings of the external review and the evidence of the current success of this cadetship scheme”* and *“invited the Minister of Māori Affairs and the Minister of Tertiary Education, Skills and Employment to report to the Cabinet Economic Growth and Infrastructure Committee on the effectiveness of the cadetship programme and its integration with other employment and skills programme”*.

An evaluation of the Cadetship Initiative is being conducted in two phases, with each phase focusing on the process and outcomes of the initiative. Phase One of the evaluation covers the 2009/10 and 2010/11 cadetship participants and employers and was completed on 30 June 2012. Findings from Phase One included that:

- The Initiative created employment opportunities for cadets that otherwise may not have been available
- All cadets were still in employment at the time of the evaluation (not necessarily with their Cadetship employer).
- Levels of confidence and motivation increased among the cadets.
- Formal training and on-the-job support was provided by employers to cadets. This ranged from access to short- and long-term courses through to workplace mentoring.
- Cadets had the opportunity to extend their networks.
- Involvement in the Initiative enabled cadets to give consideration to their future career pathway options.
- Employers appear to have benefited through having the opportunity to access Te Puni Kōkiri’s networks and knowledge about Māori population, cultural, and workforce characteristics.

Phase Two includes the 2011/12 cadetship intakes and integrates the findings from Phase One of the evaluation. The final report is due on 15 December 2012.

A report back on the effectiveness of the Cadetship Initiative and its possible integration with other employment and skills programme will be developed in early 2013 to respond to the invitation to report to the Cabinet Economic and Growth Infrastructure Committee.

| Financial impact of intended change | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating impact – departmental | - | - | - | - | - |
| Operating impact – non-departmental | - | 2.500 | 2.500 | 2.500 | 2.500 |
| Capital impact – departmental | - | - | - | - | - |
| Capital impact – non-departmental | - | - | - | - | - |

If this intention requires new funding from the centre, please:

- explain why the activity cannot be funded from within existing baselines or balance sheets
- refer to the ‘New Funding’ information at the bottom of this section, and
- complete the following table.

Implementing the Recommendations of the Māori Economic Strategy and Action Plan

Note strategic outcome(s) related to this intention:

MP3:supporting stronger Maori participation in the workforce, in enterprise and in the economy;

MP4:ongoing business and economic development effort is informed and improved by Māori stakeholders' engagement in and experiences of that effort, and by complementary trial initiatives to lift Māori participation in, and their contribution to, the economy.

| | |
|---------------------------------------|---|
| Type of action <i>(change)</i> | Change |
| Motivation for change <i>(circle)</i> | Responding to government priorities – Skills and Employment |
| | |

The Māori Economic Strategy and Action plan brings together four years of work from the 2009 Māori summits, the Māori Economic Taskforce and the Māori asset Base report. The Minister of Māori affairs is currently appointing members to the Māori Economic Development Board and a Māori Unit is being established in the Ministry of Business, Innovation and Employment, which, among its other responsibilities will be tasked with implementing the recommendations of the Strategy and Action Plan.

Costings for this work, including the implications for Vote: Maori Affairs, will be developed as part of the further work directed towards implementing the recommendations.

| Value of new funding sought from the centre | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating expenditure – departmental | - | - | - | - | - |
| Operating expenditure – non-departmental | - | [6] | 2.500 | 2.500 | 2.500 |
| Capital expenditure – departmental | - | - | - | - | - |
| Capital expenditure – non-departmental | - | - | - | - | - |

Describe any implications for workforce capacity and capability of the intended change:

[6]

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i
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Cadetships is an existing initiative and there are no workforce capacity or capability issues

Describe any other significant capability implications of the intended change (eg, IT):

N/A

Describe how the success of the intended change will be known or measured, including the value of spending:

[6]

The Cadetships Initiative contributes to:

- improved employment outcomes for Māori – this includes reducing the number of unemployed Māori and improving the skills/knowledge of employed Māori to ensure they are less likely to become unemployed during economic downturns;
- increased numbers of Māori employed in growth industries, ensuring they are able to take up opportunities stimulated by government and private sector investments, and where significant skill shortages exist;
- increased numbers of Māori with qualifications, ensuring they are less likely to become unemployed during economic downturns, and contributing to the development of a skilled national workforce (as Māori will comprise over 16% of the working age population by 2021).

6.2 Fiscal Implications

Please note this section is designed to capture marginal changes from baselines, not total costs.

6.2.1 Cost pressures

65. Through a rolling expenditure review programme in effect over the last two financial years, Te Puni Kōkiri has identified and managed cost pressures to fund the 3% efficiency saving. The Ministry's remaining, and most significant cost pressures, under its current operational settings, are forecast movements in remuneration and inflation.

6.2.1.1 Direct employment costs

66. Within its profile of departmental expenditure the Ministry's main input cost driver across the forecast period are *personnel related costs*, which represent some 52% of forecast expenditure and are the major determinant of other operating costs.

67. Te Puni Kōkiri's collective agreement with the Public Service Association requires it to stay no further than 3% below the public sector market median across all non-managerial salary grades. Forecast figures have taken account of Collective Agreement obligations.

68. The current budget pressures do mean that our future workforce will likely be smaller than our current establishment. The previous Chief Executive announced a year ago that a reduction in staff numbers of up to 50 FTE would be likely, over the next four years. Until the outcomes of the review processes are known it is not possible to be more specific than this. Current forecasts reflect existing establishment, however, financial impact of organisational change is further discussed below.

Summary of direct employment cost pressures (summary of white boxes below)

| | 2012/13 (\$0.000m) % | 2013/14 (\$0.000m) % | 2014/15 (\$0.000m) % | 2015/16 (\$0.000m) % | 2016/17 (\$0.000m) % |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Total departmental direct employment cost pressures | - | [9] | | | |
| Total non-departmental direct employment cost pressures | - | - | - | - | - |
| Cost pressure as a result of (<i>eg, negotiated settlements</i>): [9] | | | | | |
| Describe pressure in further detail: The Te Puni Kōkiri/PSA Collective Employment Agreement expires early in 2013 and a new one will be negotiated. | | | | | |

6.2.1.2 Operational cost pressures arising from capital

Summary of capital/property-related cost pressures (summary of white boxes below)

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total departmental depreciation/capital charge cost pressures | - | - | - | - | - |
| Total non-departmental depreciation/capital charge cost pressures | - | - | - | - | - |

6.2.1.3 Other cost pressures

Summary of other operating cost pressures (summary of white boxes below including residual box)

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total departmental other operating cost pressures | - | 1.205 (38%) | 1.716 (37%) | 2.282 (37%) | 2.542 (34%) |
| Total non-departmental other operating cost pressures | - | [6] (100%) | 2.500 (100%) | 2.500 (100%) | 2.500 (100%) |

Cost pressure as a result of: Inflation on other direct and operating costs.

Describe pressure in further detail: This cost assumption relates to inflationary pressure on *other direct and operating costs* and is based on inflation rate of 2.5% in 2013/14 and 2.4% in 2014/15 and outyears.

| Value of cost pressure | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Departmental | - | 1.205 (38%) | 1.716 (37%) | 2.282 (37%) | 2.542 (34%) |
| Non-departmental | - | - | - | - | - |

Cost pressure as a result of: Māori ICT Development Fund

Describe pressure in further detail: \$40 million of new initiatives funding within Vote Māori Affairs Non-Departmental Output Expenses for the purpose of establishing a new Māori ICT Development Fund.

| Value of cost pressure | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Departmental | - | - | - | - | - |
| Non-departmental | - | [6] | - | - | - |

Please copy and paste more white boxes as appropriate.

| Cost pressure as a result of: Expansion of Cadetships | | | | | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Describe pressure in further detail: Expansion of cadetships following evaluation [CAB Min (12) 3/3(21)] | | | | | |
| Value of cost pressure | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Departmental | - | - | - | - | - |
| Non-departmental | - | 2.500 | 2.500 | 2.500 | 2.500 |

6.2.2 Offsetting operational funding from reprioritisation/third-party revenue/vote transfers

6.2.2.1 Reprioritisation

Where savings are generated from significant changes to services/outputs/delivery, please record these in Section 6.1. Any other reprioritisation of funding should be captured here (eg, from building rationalisation).

Summary of funding available from reprioritisation (summary of white boxes below)

| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.00m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------|
| Total departmental reprioritised funding | - | 3.138 | 4.630 | 6.205 | 7.505 |
| Total non-departmental other operating cost pressures | - | 4.000 | 4.000 | 4.000 | 4.000 |

Please copy and paste more white boxes as appropriate.

| Reprioritised funding available as a result of: Sub-lease 2 floors in TPK Head Office | | | | | |
|---|-------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Describe reprioritisation in further detail: Subleasing 2 floors in TPK Head Office and using the rental revenue to offset the building rental costs rather than returning to Crown as other revenue (assume 1 January 2014 start). | | | | | |
| Value of available reprioritised funding | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Departmental | - | 0.200 | 0.400 | 0.400 | 0.400 |

Reprioritised funding available as a result of: Rolling Expenditure reviews/All of Government Contracts savings

Describe reprioritisation in further detail: The Rolling Expenditure Review Programme includes an analysis of all direct operating expenditure, with facilities management and travel expenditure reviews recently completed. Initial savings targets of 4% have been set for 2013/14 and out years and are considered achievable. (Includes forecast savings from All of Government contracts).

| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Value of available reprioritised funding | | | | | |
| Departmental | - | 1.114 | 1.134 | 1.134 | 1.134 |

Reprioritised funding available as a result of: Organisational Change

Describe reprioritisation in further detail:

The indicative figures set out in the table below summarise operational savings, taking in a reduction of 50 FTEs and position holders phased over the next two financial years.

These figures are subject to further work and confirmation of Ministerial decisions on both the Whānau Ora and Future Focus reviews of Te Puni Kōkiri.

A change programme of this magnitude is likely to incur significant one-off costs. Te Puni Kōkiri sought approval to transfer funds from its capital budget to its departmental operating budget in the last financial year and this remains available.

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Value of available reprioritised funding | | | | | |
| Organisational Change | - | 1.824 | 3.095 | 4.671 | 5.971 |

Non-Departmental reprioritised funding

Reprioritised funding available as a result of: Reprioritising of funding from the Māori Potential Fund to fund He Kāinga Kōrerorero (\$1.5m per annum ongoing) and Mā Te Reo (\$2.5m per annum ongoing)

Describe reprioritisation in further detail:

| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Value of available reprioritised funding | | | | | |
| Non-departmental | - | 4.000 | 4.000 | 4.000 | 4.000 |

6.2.2.2 Third-party revenue

Summary of third-party revenue changes (summary of white boxes below)

| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Total departmental third-party revenue changes | Nil | Nil | Nil | Nil | Nil |
| Total non-departmental third-party revenue changes | Nil | Nil | Nil | Nil | Nil |

Please copy and paste more white boxes as appropriate.

| Appropriation name and type affected: | | | | | |
|--|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Describe third-party revenue changes in further detail: | | | | | |
| Value of change in third-party revenue increase/(decrease) | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Departmental | Nil | Nil | Nil | Nil | Nil |
| Non-departmental | Nil | Nil | Nil | Nil | Nil |

6.2.2.3 Transfers from/to other votes

| | \$m Increase/(Decrease) | | | | |
|-----------------|-------------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Total transfers | Nil | Nil | Nil | Nil | Nil |

Please copy and paste more white boxes as appropriate.

| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| From/to: | Nil | Nil | Nil | Nil | Nil |
| Vote, appropriation name and type affected: | | | | | |

7.0 Savings Ideas

The Government has set itself the target of returning the Crown's accounts to surplus in 2014/15, subject to any shocks. Global economic uncertainty may put pressure on government revenue and make it more challenging to identify this goal. As a result, Cabinet agreed that departments should identify savings that could be used to maintain the track to surplus, should the economy perform worse than expected. Please identify options which could provide savings equivalent to 5% of your current expenditure.

Te Puni Kōkiri is currently forecasting remuneration and inflation cost pressures within its existing baselines of 5.5% (based on Treasury forecast assumptions). Options have been identified to manage these cost pressures, as set out in the preceding tables. There are no further departmental savings initiatives identified at this time.

Non-departmental appropriations can not be considered until the outcomes of the respective review decisions are confirmed.