



cutting through complexity

ADVISORY

Independent Māori Statutory Board

Independent assessment of
expenditure incurred by
Auckland Council to achieve
Māori outcomes

May 2014

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Mihimihi

Tēnā Tātou

Nā te hohonutanga o te whakapapa o ngā hapu o te rohe nei, me rātou anō ngā uri nō ngā hau e wha – ko Mataawaka, ka tu tonu te mauri o te iwi Māori ki tēnei whenua. Ka oho mai tēra mauri I te mana o rātou kua wehe atu kē – na reira, ka mihi. Ka piki mai te mauri kei waenga I a koutou, a, kei waenga I a tātou anō ngā tauwiwi nō tāwāhi ke. Nā ōu koutou hononga ki te whenua, nā ōu koutou hononga ki te moana, nā ou koutou hononga ki te iwi, ka ora tonu te mana Māori ki tēnei wāhanga ki Aoteroa. He mihi tēnei, ki te hononga rā. He mihi anō ki ōu koutou tūturutanga ki ngā tikanga o nehera, hei oranga mā te iwi katoa. E ai kii ngā korero nō ngā tipuna Māori, “Nā tou rourou, Nā tōku rourou, ka ora ai te iwi.” Ka tika, ānei he koha pounamu, hei whakanui I te tuituinga o ngā iwi Māori, hei whakamana I te rautaki o te tōnuitangi I ngā pāinga Māori hoki, ki tēnei rohe, ko Tāmaki Makaurau. He korero rangatira, hei mihi whakamutunga “Mō Mātou, Mō Rātou, Mō Tātou.” Tihei Mauriora.

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This commitment reflects our passion and belief that together New Zealand can maximise its potential, and that by helping inspire a market full of successful enterprises, we will in turn inspire a country we can be more proud of.

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Executive summary

Thank you for the opportunity to be a part of this engagement with the Independent Māori Statutory Board – 'IMSB'. We are very pleased to present our report on the independent assessment of expenditure incurred by Auckland Council 'the Council' in FY2012/2013 to achieve Māori outcomes. A detailed background for this review is described in section 1.

We would like to thank Council, CCOs, and IMSB staff for their cooperation during this review.

Objectives

The objectives of this review were:

- Identify plans and related activities, initiatives, projects and related expenditure directed toward achieving Māori outcomes that are included in the Council's Long Term Plan 'LTP' 2012/2022 with greater focus on the 2012/2013 year and assessing the 2012/2013 end of year results.
- Assess whether Council's processes and expenditure incurred supported the activities, initiatives and projects identified and communicated.
- Report on the expenditure gaps identified and areas where process and systems could be improved generally and more particularly for the 2015/2025 LTP process.

Scope

The detailed scope of the review included:

- Meetings with a large number of stakeholders from the Council, Council Controlled Organisations 'CCOs' and external party (refer to Appendix 1 for list of interviewees).
- Review of key documents provided by the Council, CCOs, IMSB and publically available information (refer to Appendix 2 for list of documents reviewed).
- Validation of actual expenditure on Māori outcomes in FY2012/2013.
- Adherence to Council policies and procedures related to the delivering of Māori outcomes.
- Adequacy and accuracy of reporting to Council Committees.
- Review of initiatives in place to improve the processes and controls for delivering Māori outcomes.

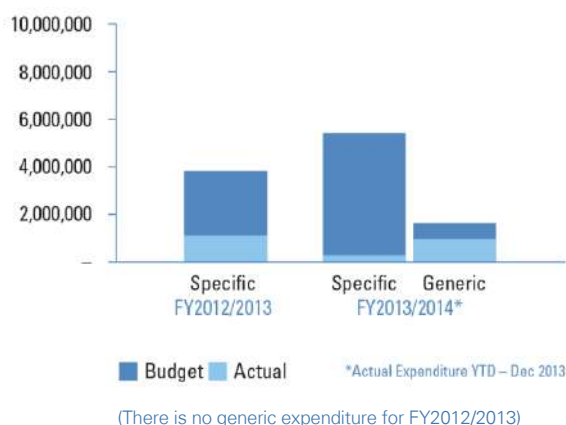
Key findings

Although the Council has indicated a strong interest to significantly lift the social and economic wellbeing of Māori in Auckland in the Auckland Plan, there is a lack of clear alignment of Council's intent to strategy and delivery of specific Māori initiatives.

EXPENDITURE ASSESSMENT

Overall, there has been significant under spending on Māori outcomes in FY2012/2013 and for the six months ended December 2013.

BUDGET AND ACTUAL COMPARISON – MĀORI EXPENDITURE



FY2012/2013

A budget breakdown for expenditure on Māori outcomes was not prepared by the Council for FY2012/2013. Accordingly, budgeted expenditure of \$39.73 million (exclusive of \$10.64 million relating to staff costs), identified by the Council as directly contributing to Māori outcomes over the ten-year period in the LTP was used as a reference point for budget expenditure in FY2012/2013. Based on this, as shown above, expenditure on Māori outcomes for FY2012/2013 was significantly below the extrapolated budget of **\$3.97 million** for specific expenditure.

In the absence of a report by Council detailing total expenditure on Māori outcomes, actual expenditure of **\$975,634 (excludes staff costs)** was identified for specific projects that contribute to Māori outcomes from information provided by the Council departments and CCOs.

FY2013/2014

As shown in the graph for the FY2013/2014, a budget of **\$7.33 million** (specific **\$5.44 million** – 74% and generic **\$1.89 million** – 26%) was identified for expenditure on Māori outcomes.

43% (**\$2.33 million**) of the specific Māori outcomes budget of **\$5.44 million** is overstated as it relates to stormwater and daylighting projects. The Council reclassified the budget for stormwater from specific to generic in the Quarter 2 reporting on Māori outcomes. Whilst the stormwater projects contribute to the preservation of Māori values, they are not specific Māori projects as there are other key drivers apart from satisfying the Māori outcome.

Inaccuracies were also identified in the first quarter report for FY2013/2014 (September 2013) prepared by the Council for expenditure on Māori outcomes which had reported inflated expenditure in Quarter 1 by approximately \$200,000.

SURPLUS CAPITAL EXPENDITURE BUDGET IN FY2012/2013

According to the Council's Annual Report for FY2012/2013, a surplus budget of **\$300 million was reported on capital expenditure** partly attributable to delays in project commencement. This represents a capital expenditure budget surplus of approximately **19%** compared to a budget surplus of approximately **81%** for delivery of specific Māori outcomes for the same period.

Given the significant level of under spending towards Māori outcomes in FY2012/2013, there may have been opportunities to increase the level of spending to deliver Māori outcomes.

Key findings (cont.)

In addition to the findings from the expenditure assessment, the table below sets out all of the findings identified in other key areas: strategy, people, processes, monitoring and oversight. Priority ratings assigned to the findings are based primarily on the criticality of the finding in contributing towards successful delivery of Māori outcomes and the timeframes within which the action plans should be implemented. To ensure consistency of priority ratings for findings in this review, we have applied the priority ratings agreed by the IMSB for the Treaty of Waitangi Audit outlined below the table of key findings.

FRAMEWORK ELEMENT	FINDING TITLE	PRIORITY RATING	PAGE REF.
EXPENDITURE ASSESSMENT	Significant under-spending on Māori related outcomes in FY2012/2013	SIGNIFICANT	16
	Incomplete allocation of budgets across Council and CCOs in FY2012/2013	SIGNIFICANT	16
	Budget for Māori specific expenditure for FY2013/2014 is overstated	SIGNIFICANT	20
	Inaccuracies in quarterly reporting for FY2013/2014	SIGNIFICANT	20
	Expenditure in other areas in FY2012/2013 – potential reprioritisation	HIGH	17
STRATEGY	Takes a 'bottom up' approach when a 'top down' view is critical	SIGNIFICANT	25
	Māori outcomes are not clearly articulated in strategic documents	HIGH	26
PEOPLE	Limited capability	HIGH	29
	Lack of clear KPIs, incentives and rewards	HIGH	29
	Staff time not included in Māori related expenditure	MODERATE	30
PROCESS	Inadequate processes for capturing spend on Māori outcomes	HIGH	33
	Inadequate processes for compiling reports on Māori outcomes	HIGH	33
	Incomplete policies and procedures	HIGH	34
	Māori Engagement Framework – fragmented approaches to engaging with Māori	HIGH	35
	The Annual Plan does not articulate specific Māori projects	HIGH	35
	Alignment of Māori Responsiveness Plan to the Māori Plan is work in progress	HIGH	35
	Improvements in the planning and budgeting process have not been properly embedded	HIGH	36
	No proper consideration of Māori outcomes in project delivery	HIGH	36
	Lack of clarity around the criteria for measuring Māori outcomes	HIGH	37
	The ongoing debate – outputs vs. outcomes	HIGH	37
	Risk not identified and mitigated effectively	MODERATE	38
MONITORING AND OVERSIGHT	Poor quality of reporting to Council Committees	SIGNIFICANT	42
	No proactive monitoring of Māori expenditure	HIGH	42

Priority ratings

RATING	DEFINITION
SIGNIFICANT	A significant weakness or gap which is almost certain to compromise the delivery of Māori outcomes and should therefore be addressed as a matter of some urgency. Issues of this nature relate to fundamental weaknesses in the core building blocks of a robust control framework, or critical elements required to give effect to Council to achieving Māori outcomes.
HIGH	A serious weakness or gap in process or control which is likely to compromise the delivery of Māori outcomes and should therefore be addressed as a matter of importance.
MODERATE	A moderate weakness or gap in process or control which may compromise the delivery of Māori outcomes and should therefore be addressed as a medium term priority.
MINOR	A minor weakness which is unlikely to compromise the delivery of Māori outcomes, however may improve or refine a process.

Key recommendations

We have identified a number of areas of improvement for the Council to consider in its delivery of Māori outcomes. Detailed recommendations with respect to spending on Māori outcomes, strategic alignment, strengthening processes, uplifting the capability and capacity of the Council and regular monitoring and oversight of Māori outcomes are detailed in the respective sections of this report. A high-level overview of the recommendations is as follows:

- A top down view by the Governing Body is required to ensure there is clear financial commitment and understanding of Māori priorities.
- The Provisional IMSB Budget Estimates for Māori Outcomes and Activities document (\$295.2 million) presented to the Council in November 2011 for consideration should be refreshed in close consultation with the Council. The updated budget will assist IMSB to advocate for specific projects and expenditure to be allocated to Māori outcomes.
- Shortfall in spending on Māori outcomes in prior years should be rolled forward to the future.
- IMSB and the Council to agree a budget for specific Māori expenditure for FY2013/2014 excluding stormwater.
- A list of Māori specific projects and budget should be agreed with the IMSB and included as part of the Annual Plan to simplify the identification and monitoring thereof Māori outcomes.
- The 2015-2025 LTP along with the Local Board planning process is an excellent opportunity to better align Māori outcomes to Council's strategies. The 2015-2025 LTP should clearly articulate expenditure to be allocated towards delivering specific outcomes. This should be developed on the basis of specific projects linked to Māori outcomes.
- The Council should consider rolling out a consistent Māori engagement framework across the Council and CCOs. The framework would ideally take into account the underpinning principles of effective engagement with iwi and results from the Māori Strategy and Relations survey.
- There is a need for a transformational uplift in capability and cultural awareness of staff in the Council and CCOs. More focussed training should be provided to Council and CCOs staff to uplift their knowledge and awareness of the Treaty of Waitangi obligations, Māori Responsiveness Framework 'MRF', Māori Plan and Māori values/culture.

Key recommendations (cont.)

- Whilst improvement initiatives have been introduced to improve the processes over budgeting, planning, delivery and reporting of Māori outcomes, these have not been fully embedded in the Council's and CCOs daily operations.
- There is a need to improve the quality of reporting to the Council Committees to present a fair view of the Councils progress against the Māori outcomes budget.
- To ensure alignment of Council's MRF response programmes to the Māori Plan, policies and procedures should be updated for the 13 areas of gaps identified by TWA.
- The role of TWA should be clearly specified and communicated and their mandate clearly defined to ensure clarity of their role, manage expectations of stakeholders regarding levels of service and ensure proper accountability.
- A need for proactive monitoring on a regular basis by Council and CCO Management on progress against budgeted expenditure for Māori outcomes. This will allow Management to identify any early warning signals of low levels of spending so that corrective measures can be put in place to ensure Council delivers on its commitments for Māori outcomes.

Next Steps – Roadmap

To help with the mobilisation of recommendations contained within this report, we have put together a roadmap on the following page which reflects the key phases in addressing the detailed recommendations to achieve Māori outcomes effectively and within a reasonable timeframe. The roadmap is based on the known timing of key process within council, such as the finalisation of the 2015-2025 LTP, refresh of the FY2014/2015 Plan and the prioritisation of our recommendations.

Roadmap

Q3 – FY14/15

Consider a follow-up review to assess progress made against the implementation of the action plans agreed as part of this report.

Q1 – Q4 FY14/15

Consider a high-level review and validation of the progress reports on a quarterly basis until the level of accuracy and completeness of the information in the progress reports are improved.

Q1 – Q2 FY14/15

Perform a review of expenditure on Māori outcomes for FY2013/2014.

Q4 FY13/14 – Q3 FY14/15

Determine budget allocation and specific projects for delivering Māori outcomes in 2015-2025 LTP.

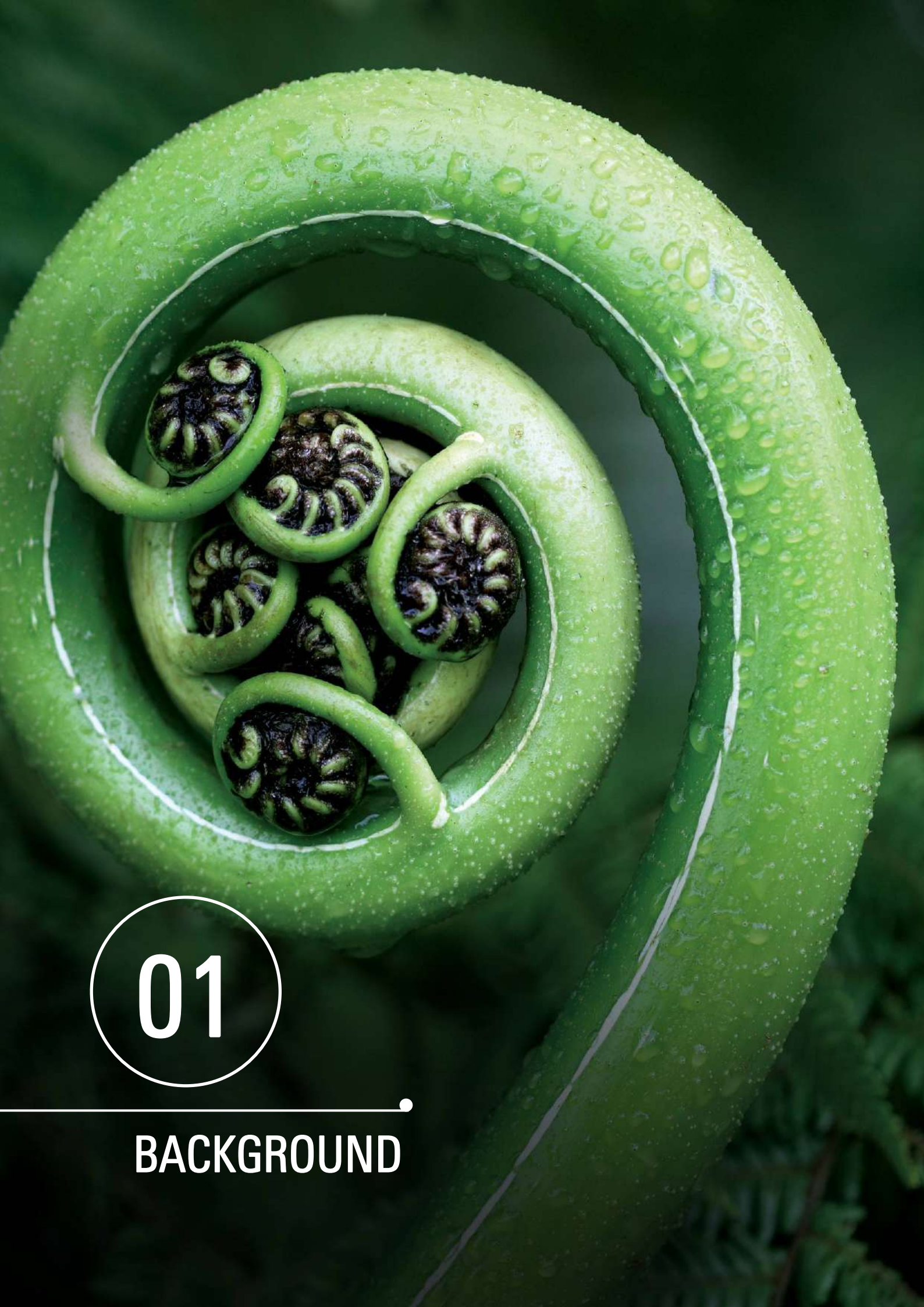
Q4 – FY13/14

Determine action plans including completion dates and clear accountabilities for the implementation of recommendations.

Agree to roll forward the unspent budget for Māori specific expenditure for FY2013/2014 to FY2014/2015.

Agree specific Māori outcomes to be delivered in Q4, FY2013/2014.

Agree specific Māori outcome budget for FY2014/2015.



01

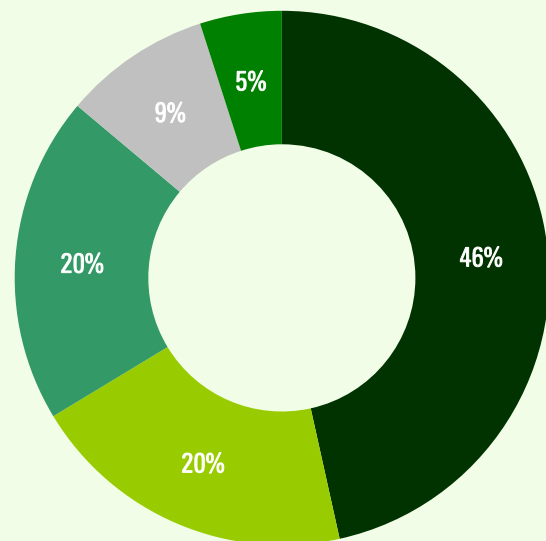
BACKGROUND

Background

On 1 November 2010 the region's seven city and district councils and one regional council amalgamated into one 'super council'. Under the Council's guidance are seven substantive CCOs. Budgets were consolidated from a bottom up approach from all parts of the Council and CCOs during the amalgamation.

AUCKLAND COUNCIL EXPENDITURES FY2012/2013

Expenditure by the Council and CCOs is significant to the region. For the year ended 30 June 2013, as per the Council's Annual Report, \$1.3 billion was spent on capital expenditure. The breakdown of the expenditure is depicted below:



- Transport
- Water supply and wastewater
- Other
- Community infrastructure
- Stormwater and flood protection

Auckland Council have showcased a strong commitment to Auckland Māori throughout their strategic documents. These documents set precedence for the vision the Council has for their relationship of Mana Whenua and Mataawaka in Tāmaki Makaurau and also expectations regarding initiatives that Auckland Council will deliver.



Source: Auckland Plan

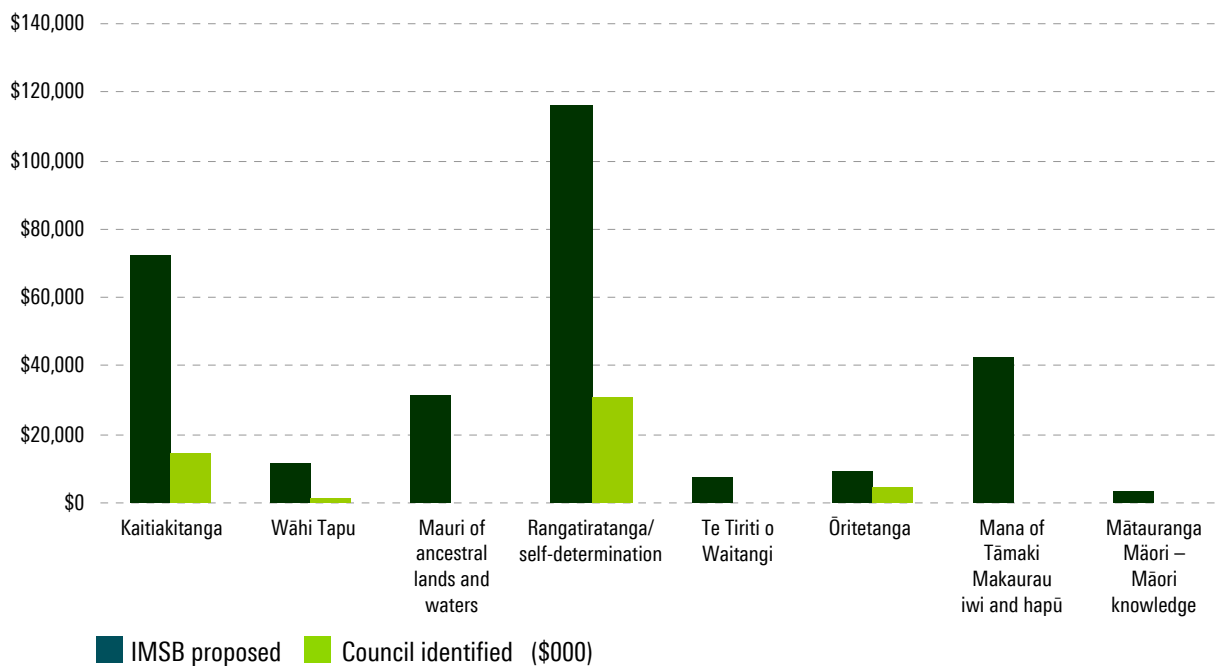
The Council envisions a prosperous and rich Māori culture that benefits the well-being of Auckland. This shows that city-wide mutual benefits can be gained by forming sustainable partnerships. The Council aims to ensure Māori interests are reflected in the decision making process by engaging with Māori to make smarter decisions that best support their priorities and create an empowered Māori organisation.

The IMSB was established in 2010 under the Local Government (Auckland Council) Act 2009. IMSB's objective is to ensure the Council acts in accordance with statutory provisions referring to the Treaty of Waitangi and to assist the Council to make decisions, perform functions, and exercise powers by promoting economic, environmental, cultural and social issues of significance for Mana Whenua groups and Mataawaka of Tāmaki Makaurau.

In November 2011, IMSB recommended **\$295.2 million** be allocated within Council's 10 year Long Term Plan budget (2012 to 2022) to activities that would specifically contribute to a set of Māori outcomes.

This expenditure was divided into eight key outcome priority areas. The Council identified **\$50.37 million** (includes \$10.64 million relating to staff costs) of budget expenditure relating to direct Māori outcomes. The activities and expenditure identified were attributable to only four of the key outcome areas as follows:

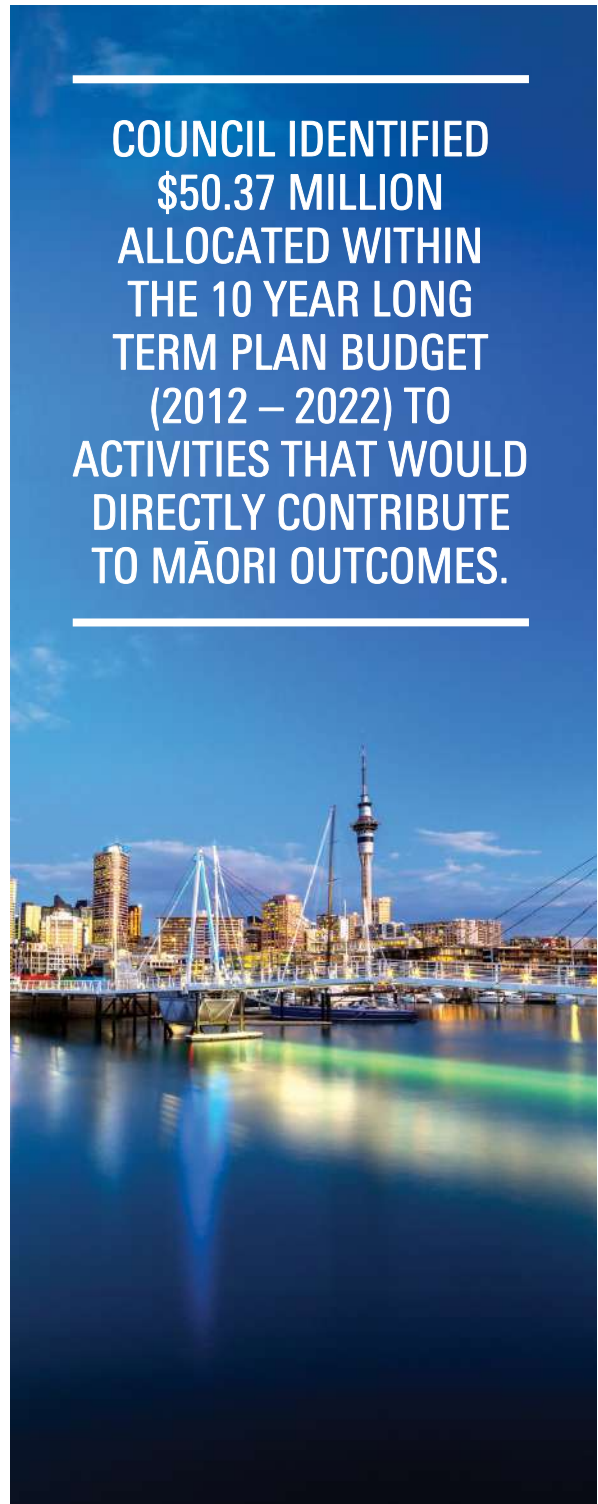
BUDGET ESTIMATES (10 YEARS) FOR MĀORI OUTCOMES AND ACTIVITIES



In May 2012, the Council endorsed the implementation and rollout of improvements to the LTP planning, budgeting and reporting processes to better capture how activities, programs, or projects contribute to Māori outcomes. These improvements included improved guidance to Council employees, changes to financial systems and processes, and training of staff on the importance of Māori outcomes and how to identify projects and programmes that contribute to outcomes.

Following concerns on the low level of resources allocated to activities contributing to Māori outcomes and the effectiveness of these changes, the IMSB has commissioned this review being an independent assessment of expenditure incurred by the Council to accommodate projects and/or initiatives that would directly or indirectly achieve Māori outcomes.

**COUNCIL IDENTIFIED
\$50.37 MILLION
ALLOCATED WITHIN
THE 10 YEAR LONG
TERM PLAN BUDGET
(2012 – 2022) TO
ACTIVITIES THAT WOULD
DIRECTLY CONTRIBUTE
TO MĀORI OUTCOMES.**





02

**EXPENDITURE ON DELIVERING
MĀORI OUTCOMES IN FY2012/2013**

Expenditure on delivering Māori outcomes in FY2012/2013

Key findings

Significant under-spending on Māori related outcomes

SUMMARY OF KEY BUDGET AND ACTUAL EXPENDITURE

	COUNCIL BUDGET	ACTUAL EXPENDITURE	SHORTFALL
Projects with specific Māori Outcomes	\$3,973,000	\$975,634	\$2,997,366

Budget for Māori related expenditure

- The Strategy and Finance Committee report in February 2012 noted a budget expenditure of **\$39.73 million** (excludes \$10.64 million relating to staff costs) identified by the Council that directly contributes to Māori outcomes over a 10 year period. The report also included a budget expenditure of **\$96.75 million** identified by Council as being of general benefit to Māori over the 10 year period. In May 2012, \$39.73 million (excluding staff costs) identified by the Council directly contributing to Māori outcomes was carried by the Council but there was no mention of the \$96.75 million identified as expenditure of being general benefit to Māori .
- A report detailing the budget breakdown on delivering Māori outcomes was not prepared for FY2012/2013. TWA confirmed that there was no tracking of expenditure against the budget for FY2012/2013.
- Based on our interviews and discussions we are not aware of any unusual phasing of expenditure across the 10 year period and accordingly have determined the FY2012/2013 budgets based on an even phasing of expenditure i.e. **\$3.97 million** for specific outcomes.

Incomplete allocation of budgets across Council and CCOs

A consolidated budget on delivering Māori outcomes was not completed, although some individual Council departments and CCOs did track individual budgets on expenditure related to specific Māori outcomes for FY2012/2013. These individual budgets totalled **\$1.543 million**, which was significantly lower than the budget approved by the Strategy and Finance Committee. The following breakdown of budgeted expenditure was obtained from information captured by TWA as part of the budget submission reporting process, Statement of Intent (2012-2015) and through discussion held with Council departments and CCOs.

ENVIRONMENT STRATEGY AND PLANNING

PROJECT/PROGRAMME	BUDGET FY12/13
Wai Ora – Wai Māori Tamaki Makaurau	20,000
Unitary Plan	480,000
Area plans	21,000
Parks Open Space Strategy	6,000
Heritage	80,000
The Built Environment Unit	60,000
Water Strategic Action Plan	20,000
CLAW	293,000
Rural Urban Boundary	50,000
CDSAP	3,000
CYSAP	15,000
Quality of Life	20,000
Kaipara Harbour Hydrodynamic Modeling Phase 3	10,000
Māori Wellbeing Plan	5,000
Alternative Transport Funding	30,000
Economic Development Strategy	40,000
Digital Leadership Forum	5,000
Total	\$1,158,000

WATERFRONT

PROJECT/PROGRAMME	BUDGET FY12/13
Daldy/Halsey	50,000
Matariki Festival	85,000
Shed 10	150,000
Place making, Activation Strategy and events, Public Art	50,000
Māori Engagement including Consultation	50,000
Total	\$385,000

Actual expenditure analysis on specific Māori outcomes

Due to a lack of reported expenditure on Māori outcomes for FY2012/13, we requested the CCOs and Council departments to provide details on expenditure related to specific Māori outcomes in FY2012/2013. Through this analysis we identified a total expenditure of **\$975,634**, excluding staff costs associated with this expenditure, which was significantly short of the budgeted level. Detailed breakdowns by CCOs and Council departments are below:

ENVIRONMENT STRATEGY AND PLANNING

PROJECT/PROGRAMME	ACTUAL FY12/13
Wai Ora – Wai Māori Tāmaki Makaurau	28,000
Total	\$28,000

WATERFRONT

PROJECT/PROGRAMME	ACTUAL FY12/13
Shed 10	96,500
Māori Engagement including Consultation	7,385
Māori Technical Input, Specialist Advice	1,687
Total	\$105,572

COMMUNITY DEVELOPMENT, ARTS AND CULTURE

PROJECT/PROGRAMME	ACTUAL FY12/13
Public Arts Project at Judges Bay	6,000
Matariki Festival	139,000
Community Development Project Leader, Māori Responsiveness	20,000
Te Ora O Manukau Funding Agreement	22,500
Total	\$187,500

AUCKLAND TRANSPORT

PROJECT/PROGRAMME	ACTUAL FY12/13
Contractors	4,465
Māori Engagement	225,516
Professional Services	34,581
Total	\$264,562

UNITARY PLAN DEVELOPMENT

PROJECT/PROGRAMME	ACTUAL FY12/13
Engagement with iwi	390,000
Total	\$390,000

Grand Total	\$975,634
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Expenditure in other areas – potential reprioritisation

Surplus budget in FY2012/2013

According to the Council's Annual Report for FY2012/2013, **\$1.3 billion** was spent on capital expenditure against a budget of **\$1.6 billion**. This represents a surplus budget of **\$300 million** which, as per the FY2012/2013 Annual Report, was partly due to delays in project commencement. Given the significant level of under spending towards Māori outcomes in FY2012/2013 there may have been opportunities to increase the level of spending to deliver Māori outcomes.

The Council also rolled over under-expenditure on Treaty Audit Response Programme for Marae Development (FY2013/2014) of approximately \$700,000.

Examples of expenditure in other areas

Based on a high-level review of a sample of project expenditure by the Council in other areas (non-Māori specific expenditure), there are a number of standout projects with significant expenditure. Given the transformational shifts set out in the Auckland Plan, there may have been opportunity to refocus expenditure towards Māori outcomes. Examples include:

SPORTS FIELD CAPACITY DEVELOPMENT (SFCD) PROGRAMME

Council has highlighted expenditure of **\$190 million** in the LTP into developing, upgrading and renewing sports field across the Auckland. The programme is a combination of regionally funded projects and local board identified and funded projects. It will include installing artificial turfs and sand carpet fields, renewing existing fields, lighting, draining and new field development. An additional **\$84.9 million** has been allocated towards increasing sports field capacity. In FY2012/2013 actual expenditure on the SFCD Programme was **\$5.686 million**.

DEVELOPMENT AND REFURBISHMENTS OF LIBRARIES

In May 2012, the Accountability and Performance Committee approved an additional budget of **\$2.885 million** for FY2012/2013 to cover a shortfall in the Local Board budget for the construction of Devonport and Waiheke Library.

Budget allocations in the 2012-2022 LTP for library developments in Auckland amounted to approximately **\$31 million**.



TRANSFORMATIONAL
SHIFT VI – SIGNIFICANTLY
LIFT MĀORI SOCIAL AND
ECONOMIC WELL-BEING.

A collection of seven wooden paddles with white tips, arranged on a sandy beach. The paddles are of various sizes and are positioned in a roughly parallel line, with the largest ones on the right and the smallest on the left. The sand is light brown and shows some footprints.

03

FY2013/14 EXPENDITURE TO DATE
ON DELIVERING MĀORI OUTCOMES

FY2013/14 expenditure to date on delivering Māori outcomes

Given the lack of reporting on Māori outcomes in FY2012/2013, KPMG analysed the reporting on Māori outcomes in FY2013/2014 to determine the improvements made in Council processes to better plan, capture and report expenditure on Māori outcomes.

Expenditure on Māori outcomes as per the Quarter 1 and 2 reported to the Finance and Performance Committee is presented below:

	BUDGET FY2013/14	YTD – SEPT 2013 (Q1)	YTD – DEC 2013 (Q2)	SPEND Q2 (OCT – DEC 13) – BASED ON Q1 AND Q2 REPORTING
Capital expenditure				
Specific	3,546,433	747,679	–	(747,679)
Generic	709,000	3,743	732,582	728,839
	4,255,433	751,422	732,582	(18,840)
Operating expenditure				
Specific	1,894,730	78,200	84,500	6,300
Generic	1,183,000	216,922	251,067	34,145
	3,077,730	295,122	335,567	40,445
Total	\$7,333,163	\$1,046,544	\$1,068,149	\$21,605

Key findings

Budget for Māori specific expenditure is overstated

The approved budget for FY2013/2014 for specific Māori outcomes is **\$5.44 million**. **\$1.89 million** for general outcomes for Māori was also assigned. Based on a high-level analysis, 43% (**\$2.33 million**) of the Māori specific budget of **\$5.44 million** relates to spending on stormwater and daylighting projects.

As per the Māori Outcomes Guidance Summary developed by TWA, stormwater and daylighting do not qualify as a specific Māori impact project as there are other key drivers apart from satisfying the Mauri outcome for the Mana Whenua and Mataawaka. In addition 80% of the actions or expenditure is not focussed on Māori.

As a result, the budget for specific Māori related expenditure for FY2013/2014 stands at approximately **\$3.12 million**, significantly lower than expected level of budget towards Māori specific activities of **\$3.97 million**, the annual average of the 10 year budget approved by Council.

Inaccuracies in Quarterly Reporting

We identified the following inaccuracies in the quarterly reporting to the Finance and Performance Committee and IMSB which raises strong concerns over the reliability and integrity of the financial reporting processes and controls.

1. Quarter 1 expenditure reported in the 'specific expenditure' was overstated by approximately **\$200,000**. This has highlighted another breakdown in the reporting of expenditure whereby expenditure reported is not always 'actual' as amounts reported include both accrued (expected spend in that period) and actual expenditure.
2. Stormwater was incorrectly included as part of the specific expenditure category which makes up the bulk of the specific expenditure.
3. Specific capital expenditure from quarter 1 has been reallocated to generic expenditure although there is a mismatch between the amounts reallocated. As a result of the reallocations, there has been minimal operating expenditure (**\$84,500**) on specific Māori outcomes in quarter 2 and no spending on specific Māori capital expenditure.

Recommendations

We outline below our recommendations for each of the findings listed above.

- IMSB and the Council to agree a budget for specific Māori expenditure for FY2013/2014 excluding stormwater.
- Any shortfall in spending on Māori outcomes in prior years should be rolled forward to the future.
- IMSB and the Council need to confirm their position on the categorisation of stormwater to avoid any misrepresentation of budget and/or actual expenditure in progress reports.

Refer to other sections for related recommendations.



04

**MĀORI OUTCOMES
DELIVERY FRAMEWORK**

Māori outcomes delivery framework

The Māori Outcome Delivery Framework set out below was used for the purpose of assessing underlying structures supporting Māori initiatives and expenditures by the Council. Recommendations and performance improvement opportunities have been derived from gaps or shortfalls identified from applying the framework to the Council's current processes and procedures for delivering Māori outcomes.

ENABLE MĀORI ASPIRATIONS THROUGH RECOGNITION OF TE TIRITI O WAITANGI / THE TREATY OF WAITANGI AND CUSTOMARY RIGHTS





05

STRATEGY
ALIGNMENT

Strategy alignment

Based on our various interactions across the Council and the CCOs during this review, it was consistently apparent that there is a strong intent to contribute towards Māori outcomes and “significantly lift Māori social and economic wellbeing” in Tāmaki Makarau. However, as Gordon Price, ex councillor of Vancouver, said at the recent LTP scene setting, “visions were only rhetoric until there were budgets put behind them.” It is the journey between the intent and successful delivery of the desired outcomes, which needs to be put in place effectively and as quickly as possible. The conduit we believe is clear and well-defined strategies, budgetary allocation and solid Māori Responsiveness Plans that have the buy-in from the relevant stakeholders. Strategy is a high-level approach that carves the path towards a vision and gives direction towards achieving desired outcomes. A thorough and well-defined strategy will lead to actions across the Council.

This section details the findings and recommendations in relation to alignment of strategy to deliver on Māori outcomes.

Key findings

Takes a ‘bottom up’ approach when a ‘top down’ view is critical

The Council and CCOs have largely referred to the MRF for guidance to enable them to incorporate Māori outcomes in the planning processes. The key purpose of the MRF is to act as a general framework and provide broad guidance on areas of priority for Māori.

There is a lack of clear direction and leadership from the Governing Body in terms of specific budget for Māori outcomes and actionable targets to ensure successful delivery of Māori outcomes.

This has resulted in a ‘bottom-up’ approach in compiling budgetary information and delivering on Māori outcomes. Given that not all areas of Council are well placed to contribute towards Māori outcomes, a decentralised approach is not effective. In particular, this could result in expenditure not being aligned to Māori aspirations. The CCOs and the Council submit information on activities and projects that may either have direct or indirect linkages to delivering Māori outcomes. These are then consolidated and after review by TWA and the planning teams, other projects where there are potential linkages to Māori outcomes are added to the list. The list then forms the basis of the budget for Māori outcomes. The 2012-2022 LTP was also developed with a more ‘bottom up’ approach with the Council feeding capital and operational expenditure to the LTP Team based on the Auckland Plan and budget allocations were made based on areas of priorities.

From discussions with Council and the CCOs, it was apparent that in certain instances they were not aware of the budget expenditure within their projects that directly contribute to Māori outcomes. This is also evident in the projects analysed, which indicates a passive approach taken to incorporate Māori outcomes into existing CCOs projects rather than having specific initiatives targeted at Māori outcomes.

Māori outcomes are not clearly articulated in strategic documents

Within the Council's suite of strategic documents and programmes, there are unclear linkages to Māori outcomes and how these will be delivered in the context of wider Council activities. As more strategic documents and plans are added to the Council's suite, it creates even greater expectation gaps and confusion, not just within the Council, but amongst stakeholders (i.e. IMSB and iwi).

The lack of understanding and alignment of Māori outcomes in Council's strategic documents was further evidenced in the Māori Council Strategy Relations Survey that took place in May 2013 by TWA. None of the surveyed iwi felt the Council's priorities reflected iwi priorities and areas of concern.

Outlined in the table below are further detailed findings in relation to certain strategic documents and frameworks.

STRATEGIC DOCUMENT/Framework	FINDING
<p>Māori Responsiveness Framework</p> <p>The Māori Responsiveness Framework was affirmed by the Governing Body in December 2012 as part of the Treaty Audit Response Work Programme.</p> <p>It articulates the Council's position on Te Tiriti o Waitangi, guides the Council's role in contributing to Māori well-being and includes the legislative framework applying to the Council.</p>	<ul style="list-style-type: none"> • There is a general lack of understanding of the MRF and how the Council and CCOs can use it in the day-to-day business, culture and planning processes to respond more effectively to Māori. • A Māori Responsiveness Plan 'MRP' for each of the CCOs and Council has not been put in place. Therefore, there is still a gap as to how the needs and aspirations of Māori will be addressed. • We understand four pilot programmes were launched in 2013 to formulate a MRP for Libraries, Environmental Strategy and Policy, Auckland Council Property Limited and Parks. The objective was to roll out MRPs to the wider Council and CCOs in FY2013/2014 so that the MRPs can be used to inform the planning process for FY2013/2014. • The pilots have not been completed yet and the rollout to wider Council may not occur with the end of FY2013/2014 around the corner. Without a clear and concise MRP, it is unclear how the Council and CCOs will be able to address Māori outcomes in their business plans.
<p>Long Term Plan (2012-2022)</p> <p>The LTP put together for a 10-year period is revised every three years and prioritises the key projects and programmes to be delivered in the scoping period.</p> <p>The Council's Annual Plan 2012/2013 is reflected in the first year of the LTP 2012-2022 as an Annual Plan is not produced in the years the LTP is produced.</p>	<ul style="list-style-type: none"> • For FY2012/2013, no specific budgetary allocations for delivery of Māori outcomes were identified in the LTP. • As the last LTP was prepared soon after the amalgamation exercise, Auckland Council's LTP was effectively a consolidation of the legacy Councils. As a result, there was a lack of alignment of the LTP to key stakeholder requirements such as IMSB, Mana Whenua and Mataawaka. • There was also very limited engagement with iwi to understand and identify priority outcome areas. <p>We understand that as part of the upcoming LTP process, Council is focussing on engaging with iwi and IMSB throughout the process. To be able to deliver tangible outcomes at the end of the day, engagement has to be complemented with clear MRP's as to what outcomes and how these will be delivered.</p>
<p>Statement of Intent (2012-2015)</p> <p>The Statement of Intent 'SOI' is a legislative document that details the activities and intention of the CCO and provides an opportunity for the Council as shareholders to influence the direction of the CCO. The SOI's are presented to the CCO Governance and Monitoring Committee for review.</p>	<ul style="list-style-type: none"> • The letter of expectation from the Mayor's office clearly stipulated the need for CCOs to consider their contribution to Māori outcomes, the SOIs for FY2012/2013 acknowledged their desire to deliver on the MRF, they did not identify any budget allocations or specific projects that the CCOs will be undertaking to deliver Māori outcomes. • Reporting on progress against the SOI to the CCO Governance and Monitoring Committee did not identify spend on Māori outcomes. • CCOs are also not capturing actual expenditure incurred in delivering Māori outcomes.

Recommendations

We outline below our recommendations for each of the findings listed above.

- The Provisional IMSB Budget Estimates for Māori Outcomes and Activities document (**\$295.2 million**) presented to the Council in November 2011 for consideration should be refreshed in close consultation with the Council. The updated budget will assist IMSB to advocate for specific projects and expenditure to be allocated to Māori outcomes.
- The Governing Body should provide clear budget to be allocated to Māori specific projects to the CCOs and the Council.
- The 2015-2025 LTP along with the Local Board planning process is an excellent opportunity to better align Māori outcomes to Council's strategies. The 2015-2025 LTP should clearly articulate expenditure to be allocated towards delivering specific outcomes. This should be developed on the basis of specific projects linked to Māori outcomes.
- There is a need for more training and coaching for the CCOs and the Council to help them understand and align their detailed plans and budgets (including MRP actions) to the Council strategies and MRF, and IMSB's Māori Plan.
- MRP actions need to be implemented for the CCOs and the Council within a reasonable timeframe. Learnings from the four pilot programmes should be reviewed with the IMSB and any potential gaps addressed to ensure successful delivery of Māori outcomes.
- SOIs should clearly define the budget allocations for Māori related expenditure and projects.



06

PEOPLE

People

Māori have specific cultural values and perspectives through a wealth of specialised knowledge developed over many generations. One of the underpinning Māori values is Whanaungatanga – relationships. Paramount to culture and relationships is the people in an organisation. Similarly, for the Council, it's the people that will drive the Council towards achieving its Māori outcomes. In order for the Council to effectively achieve momentum in meeting its goals for Mana Whenua and Mataawaka, it must ensure that its people are motivated, have the cultural competence to understand the Māori culture to be able to integrate Māori outcomes in their day-to-day business and have the capability to function effectively, and respectfully, when working with iwi. Based on the discussions we have had across the Council and the CCOs, there is still work to be done to increase the level of maturity in the Council at all levels to be able to effectively deliver relevant outcomes from a Mana Whenua and Mataawaka perspective.

This section outlines the findings and recommendations relating to the capability and capacity of people to respond effectively to the needs of Māori.

Key findings

Limited capability

Although staff seem broadly aware of the MRF, Māori outcomes and the legislative requirements, it was evident from discussions we had across the Council and CCOs that staff did not feel 'culturally competent' to be able to understand Māori needs and identify projects that would help contribute towards Māori outcomes. There is a need for more focussed training across the Council and the CCOs. Council recognise that it is imperative to roll out tailored training programmes. We understand initiatives are being considered to develop programmes that would include training on Māori outcomes and the MRF however, these need to be expedited.

Lack of clear KPIs, incentives and rewards

There are two fronts where clear measures of performance against strategic targets and at the business unit level are lacking.

STRATEGIC

There is a need and value in Council having and agreeing with IMSB an effective performance management framework for Māori outcomes. This would define the measures to enable strategic objectives with respect to Māori outcomes to be tracked. By agreeing this with IMSB, it would move the discussion from 'what have we achieved' to 'how could we do better?'

STAFF

Currently there is a lack of accountability and no incentive to encourage staff to deliver on Māori outcomes. In an environment where the Council and the CCOs are working within tight budgets and timeframes to deliver their day-to-day business upon which they are measured, these aspects will naturally take priority. Through interviews, we understand that currently there are no consequences for failing to achieve Māori outcomes.

Staff time not included in Māori related expenditure

Engagement with iwi is one of the most critical components of a holistic approach towards delivering Māori outcomes. This has also been an area of focus for the Council in FY2013/2014. Currently staff time spent in engaging/consulting with iwi, planning and delivering projects are not captured as part of the expenditure reported for delivering Māori outcomes. Whilst we agree that overhead costs incurred in setting up the systems and processes to deliver Māori outcomes should not be included, consideration should be given to the inclusion of staff time incurred in engagement with iwi, planning and delivering on projects with direct benefit to iwi. Based on an analysis provided by the Financial Planning Team, staff costs of \$37 million make up approximately 9% of the capital project's costs.

Recommendations

We outline below our recommendations for each of the findings listed above.

- More focussed training should be provided to Council and CCOs staff to uplift their knowledge and awareness of the Treaty of Waitangi obligations, MRF, Māori Plan and Māori values/culture. This will allow staff to:
 - Appreciate Māori culture and values and its importance to the Council's successful delivery of the Auckland Plan.
 - Understand how their area of work is best placed to contribute to achieving Māori outcomes.
 - Understand and apply tikanga Māori methodologies.
 - Embed their MRP in the daily operations.
 - Consult effectively with iwi.
- The Council and IMSB need to agree on the treatment of staff costs incurred in Māori specific projects for the purposes of reporting on Māori related expenditure.
- At a strategic level, the Council and IMSB need to agree on clear performance measures to assess performance relating to Māori outcomes.
- At the staff level, the performance management framework should be enhanced to include KPI's, incentives and rewards relating to successful delivery of Māori outcomes.

Effective measures drive the right behaviours, decisions and actions in order to deliver the strategic objectives and thereby delivering strategy. The measures need to be understood and designed as part of an overall coherent performance management framework. This framework is illustrated opposite.

The framework begins with the Council's strategic thinking and objectives (left hand side of diagram opposite). The purpose is to take this strategy and funding and ultimately drive the necessary behaviours, decisions and actions to deliver outcomes for Auckland, including improved outcomes for Māori, and to provide the evidence that supports them.

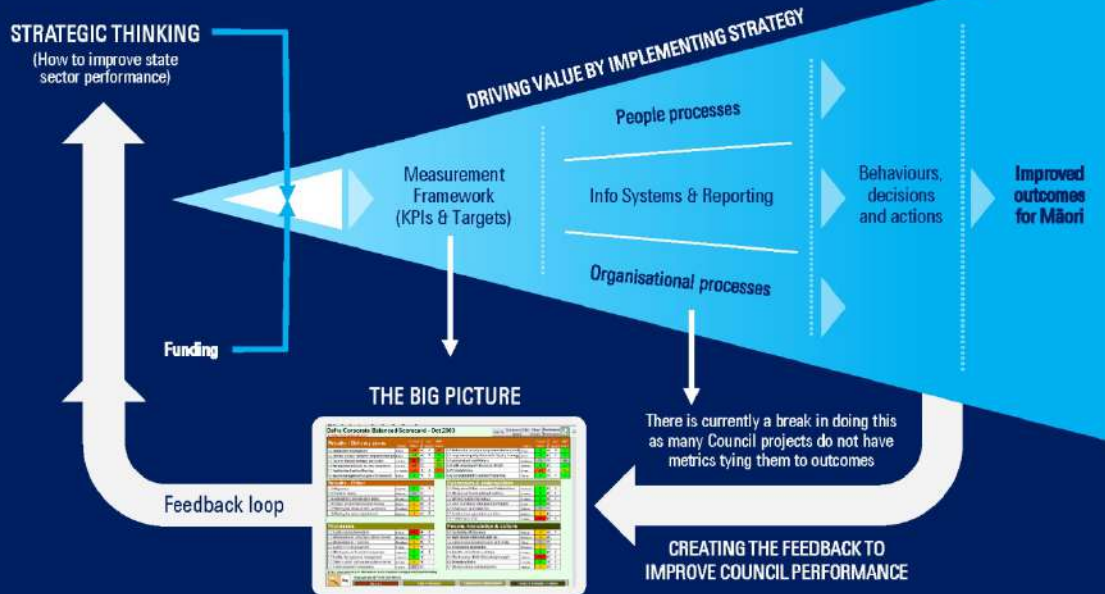
HOW TO IMPLEMENT STRATEGY: STRATEGIC PERFORMANCE MANAGEMENT FRAMEWORK – FROM STRATEGY TO VALUE

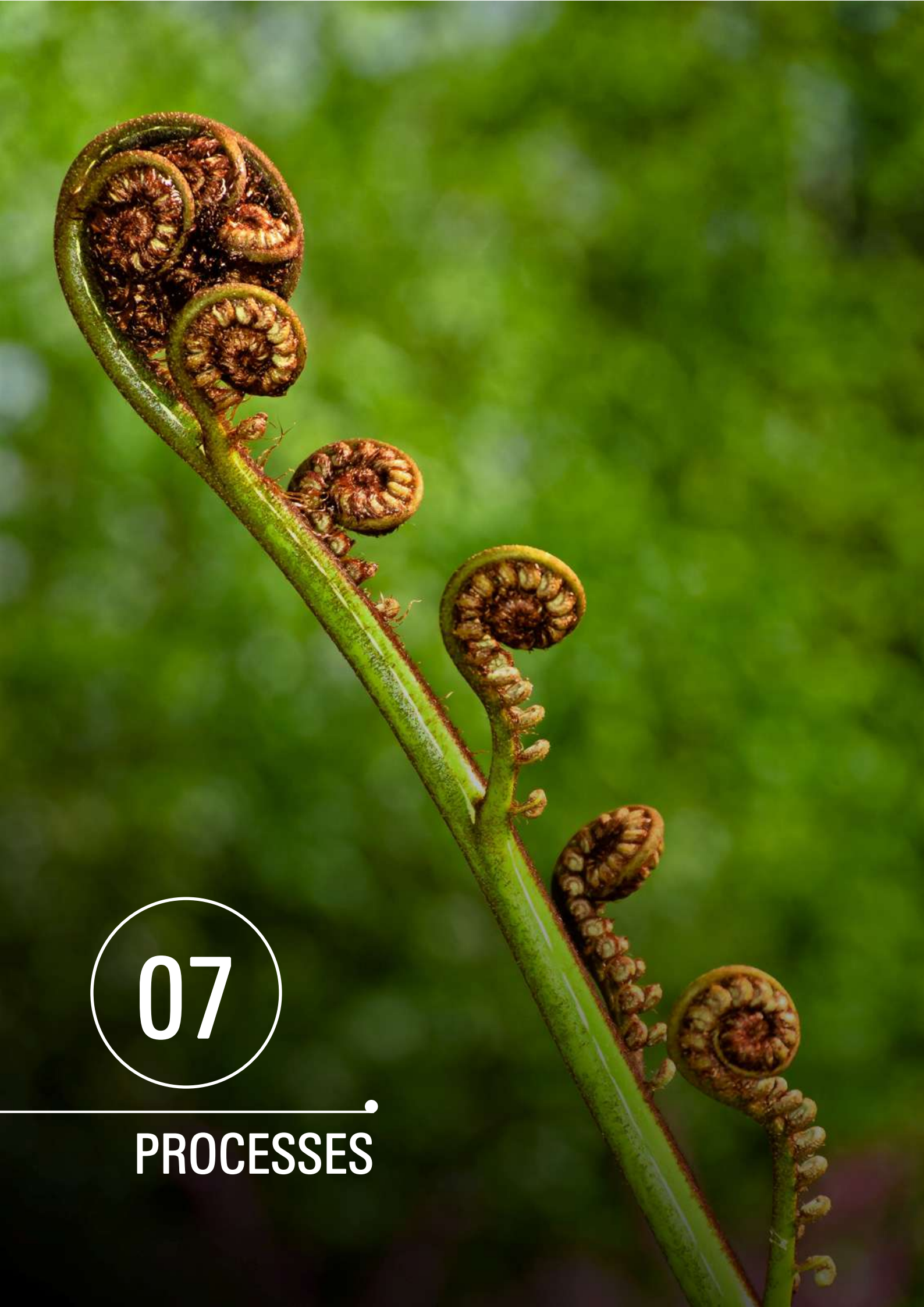
PEOPLE PROCESSES:

- Recruitment/retention
- Culture
- Training/capabilities
- Individual PM

ORG PROCESSES:

- Budgeting/resource allocation
- Projects/initiatives
- Operational strategy





07

PROCESSES

Processes

Process is the systematic and detailed approach that collates the tasks and activities required to produce the desired outcome. This is the action phase of the strategy. For Auckland Council, the Annual Plan are the actions to be implemented over the forthcoming year. Progress made against the Annual Plan are reflected in the Annual Report.

In completing this review, we obtained a holistic view of the end-to-end processes relating to identification through to delivery of successful Māori outcomes. Based on the current state of Council's processes, an overall assessment of the end-to-end process is fairly ad-hoc and passive. There is a general sense of disconnectedness amongst the individual activities and people that are involved in the delivery of Māori outcomes. There is an array of confusion in relation to responsibilities for different parts of the process, guidance and support available from a cultural learning and awareness perspective, processes relating to identification and allocation of budget/expenditure, compiling progress reports and overall monitoring and ownership of delivering on Māori outcomes in the business.

In May 2012, the Accountability and Performance Committee endorsed an initiative to improve the Council's budgeting and reporting processes to better capture how activities, programs or projects contribute to Māori Outcomes. Council have indicated that focus is being placed on significantly improving the robustness of processes and reporting in FY2013/2014.

Based on our understanding of the end-to-end process, we have identified the following areas where we believe processes are lacking along with recommendations to address the process gaps.

Key findings

Inadequate processes for capturing spend on Māori outcomes

CAPITAL EXPENDITURE – INSUFFICIENT TAGGING OF MĀORI RELATED EXPENDITURE

There is limited recording of Māori related expenditure at the capital projects level. This is particularly challenging as Māori related expenditure is not explicitly defined or captured in the business cases or programme of work.

Expenditure incurred to engage/consult with iwi was not tagged at the project level. Reporting in this respect was largely narrative in the quarterly reporting to the Council Committees and also in the Council's Annual Report for FY2012/2013.

OPERATING EXPENDITURE – INCONSISTENT USE OF GENERAL LEDGER CODES

In order to increase visibility on the funding allocated towards Māori outcomes, the Council initiated the use of three general ledger codes (Māori Technical, Koha and Māori Engagement) in FY2012/2013 to capture operational costs. Currently this process is used by project owners to assess potential contribution towards Māori outcomes as these are not clearly defined in the overall programme of work.

The general ledger codes are not consistently used. For example, Auckland Transport only uses one code, Watercare does not use any of the codes and Community Development Arts & Culture use it inconsistently.

Inadequate processes for compiling reports on Māori outcomes

There are varying degrees of reporting by the CCOs and Council on Māori outcomes. The process to compile the data for the quarterly reports for the CCO Governance and Monitoring Committee is fairly ad-hoc and cumbersome which results in varying levels of reporting by the CCOs and Council on activities they undertook to deliver Māori outcomes. A lot of time is required to follow up and validate the data before the information is submitted by the CCOs and Council. The report generated by Finance on operational expenditure captures the information from the three general ledger codes and any other general ledger code that was initially setup as a project that delivered on Māori outcomes. Given that the list does not

capture all the Māori outcomes related spend, the Finance team contact Council and CCOs' staff to confirm the completeness of the financial data and also obtain other spend on projects that are not included in the general ledger extracts.

More specifically the following issues were identified:

- As highlighted earlier in this report, there were no specific guidelines or requirements to report on actual expenditure in FY2012/2013. Since a budget was not developed for FY2012/2013 for delivering Māori outcomes, no specific tracking was performed of actual expenditure.
- There is a general lack of clarity on reporting of projects that deliver Māori outcomes. This is due to a lack of cultural understanding/awareness and difficulty attributing projects and programmes to Māori outcomes and costs reliably. The Council does not tag capital expenditure on general projects that deliver Māori outcomes.
- Processes relating to review and validation of the reports presented to the Council Committees are not clearly defined. Although TWA and the Finance department are informally performing this quality assurance role, they are not accountable for any misrepresentations and inaccuracies in the reports.

Incomplete policies and procedures

In pursuit of compliance with obligations relating to Treaty principles and Māori legislative rights, the Council has prioritised its focus on addressing any policy gaps with respect to its Treaty obligations. Whilst there are bound to be some overlaps in policy requirements to suffice Treaty obligations and delivering on Māori outcomes, there are some areas with policy and procedure gaps in relation to Māori outcomes.

The TWA has already undertaken a gap analysis between the MRF and Māori Plan. Results from this work were reported in a paper prepared by TWA on 20 December 2013:

“FURTHER WORK IS NEEDED WITH RESPECT TO SOME ASPIRATIONS IN THE MĀORI PLAN TO MAKE THESE LINKAGES MORE EXPLICIT; AND CONSIDERATION OF THE COUNCIL’S POTENTIAL ROLE IS NEEDED WHERE THERE IS NO CURRENT POLICY OR CLEAR ALIGNMENT.”

The paper identified 48 specific Māori Advancement Plan actions of which 13 actions did not have a specific Council policy to assist with the delivery of the actions. Broadly, the 13 actions with policy gaps were:

- 1 / Community Hall Funding to include marae in Tamāki Makaurau
- 2 / Working with marae to develop capacity and procedures to be able to respond to civil defence emergencies
- 3 / Establishment of Tāmaki Marae forum, including secretarial services, to enable collaboration between marae
- 4 / Development of iconic Cultural Arts Centre in Tāmaki Makaurau to promote Māori art and culture locally and internationally
- 5 / Formulating scholarships, residency programmes, overseas exchanges and career pathways for developing Māori Artists
- 6 / Development of a Māori led, international indigenous arts festival in Tāmaki Makaurau
- 7 / Advocacy for the establishment of a Māori Educational Institutes Committee (kōhanga reo, kura kaupapa Māori and wānanga) to develop a regional plan for Tāmaki Makaurau
- 8 / Partnering with the John Walker Foundation to create opportunities for Rangatahi to live healthy, active lifestyles
- 9 / Identification of strategic forums and health forums to ensure there is effective Māori representation and participation at decision making level
- 10 / Partnership with Mana Whenua and Mataawaka advocate for programmes and activities that promote home ownership and financial literacy
- 11 / Financial literacy programmes and growing of management capability to ensure Māori business success
- 12 / Inclusion of Māori on steering committees for climate change and energy sustainability
- 13 / Partnership with Mana Whenua, Mataawaka and the private sector to initiate a secondment programmes with engineering, design and resource management companies

Māori Engagement Framework – Fragmented approaches to engaging with Māori

Underpinning the MRF and the success of delivering Māori outcomes is effective and timely engagement with iwi. The following gaps were noted in the current engagement models in place or evolving in Council and the CCOs.

UNCLEAR ROLES AND RESPONSIBILITIES

Roles and responsibilities relating to engaging with Māori appropriately are not clear. This has resulted in fragmented approaches to engaging with iwi which is over-burdening for them and not an efficient use of Council's resources. This was further corroborated by the results in the Māori Council Strategy Relations Survey that took place in May 2013. Several themes in the report suggested that of iwi surveyed, the majority felt they did not have formalised relationships in place with the Council.

Some of the models in place are:

- Watercare utilises the Mana Whenua Kaitiaki Forum.
- Auckland Transport utilises its internally developed Māori Engagement Framework.
- Waterfront Auckland has periodic consultation with selected representatives of iwi.
- ATEED is in the process of developing an engagement model for consulting with iwi.

LACK OF AWARENESS OF SUPPORT AVAILABLE

TWA has coordinated the development of an Umbrella Service Agreement which would assist the CCOs in negotiating with iwi on projects and obtaining technical inputs. Watercare and Auckland Transport are not part of the Umbrella Service Agreement and have made similar, but separate arrangements. Based on discussions held, CCOs are not aware of the Umbrella Service Agreement. TWA needs the buy-in from the CCOs to work towards a more efficient and effective collaboration and engagement with iwi. A lack of consistency of engagement with iwi over-burdens them and may result in misalignment of engagement priorities.

There is a general expectation and reliance on TWA for many Māori related matters. However, there is no formal mandate or charter outlining the roles and responsibilities of TWA. We understand that since its establishment in 2010, their role has been evolving.

The lack of support and guidance from TWA to the CCOs was a pervasive feedback theme across the CCOs. Anecdotally CCOs' staff indicated that they do not believe the TWA has the mandate or resource to proactively engage and support the CCOs and Local Boards, although there was recognition that TWA responded and provided support as relevant when the CCOs and the Local Board sought their assistance. The absence of any requirement for the TWA to support the CCOs and Local Boards needs to be considered in the context that their capital expenditure budgets make up about 88% of the Council's total budget.

MONITORING THE QUALITY OF ENGAGEMENT

There are no measures/KPIs to assess the quality of engagement with iwi and the resultant outcomes. The results in the Māori Council Strategy Relations Survey conducted in May 2013 also suggested the need for mechanisms to be put in place to measure the quality of engagement to demonstrate successful consultation. Respondents also stated that the Council did not take responses from iwi on board and move to action as a result. None of iwi surveyed felt that Council's priorities reflected iwi priorities and areas of concern.

The Annual Plan does not articulate specific Māori projects

The FY2012/2013 Annual Plan did not have budget allocations for specific Māori outcomes. This has resulted in CCOs largely taking a passive approach to delivering Māori outcomes by incorporating Māori outcomes in its existing projects as identified in their respective SOIs. Since the Annual Plan acts as the action plan as to how the Council will deliver on their strategic imperatives set out in the LTP, it is expected that delivering on Māori specific outcomes would be linked to specific projects in the Annual Plan.

Alignment of Māori Responsiveness Plan to the Māori Plan

The IMSB's role is to promote the cultural, economic, environmental and social issues that are significant to Māori using its schedule of issues by obtaining the views of Māori and setting them out in the Māori Plan (includes their aspirations, indicators and actions).

The Māori Plan for the Tāmaki Makaurau is a critical document to assist key partnerships with the Council to deliver for Māori communities in the Auckland region. This was based on extensive engagement and consultation with the Mana Wheunua and Matawaaka.

The Council performed a high level gap analysis between the Māori Plan and the MRF and noted that while many of the aspirations expressed in the Māori Plan were complementary to Council's agreed work programmes under its MRF, there were a number of areas that needed to be addressed through policies (also refer Incomplete policies and procedures). It is also important to note that the Council has not provided a formal response to IMSB on the Māori Plan. With the Council implementing Māori Responsiveness Plans for the CCOs and the Council, there is a risk of the Māori Responsiveness Plans not being relevant and creating a duplication of effort resulting in ineffective use of human and financial resources if input from the Māori plan is not extensively considered.

Improvement in the planning and budgeting processes have not been properly embedded

There were inadequate processes relating to planning and budgeting of Māori related outcomes for FY2012/2013. During the year, a number of initiatives were introduced by the Council to improve the planning and budgeting processes in the following areas:

- Engagement with iwi during LTP
- Activity statements
- Service profiles
- Investment proposals
- Asset management plans
- Project business cases
- Budget and business plan process
- Procurement plan

During the review we identified inconsistent applications of the improvements identified above tested through the FY2013/2014 planning and budgeting processes. There is a need to embed the above improvements in the day-to-day business operations.

No proper consideration of Māori outcomes in project delivery

Māori outcomes are not identified clearly at an individual project level where the outcomes are either partial or generic. The current process involves a more retrospective review of project spend to identify any associated Māori outcomes and costs.

The following is not defined clearly during planning and delivery of projects:

- How to define the difference between generic and specific projects that deliver Māori outcomes (whilst there are some guidelines from TWA, these are not widely known and accepted).
- How to share project spend where the outcomes from generic projects that partially achieve Māori outcomes. For example, stormwater projects have several outcomes including satisfying the Mauri outcome.
- Allocation of project spend where outcomes are generic.
- Supporting audit trail that should be maintained for the information in the quarterly progress reports. For example, how Māori outcomes are considered at project planning stages and corresponding outcomes that a project will generate for Māori.
- Knowledge repository – sharing of feedback from iwi to ensure key learning are incorporated in future projects.

Lack of clarity around the criteria for measuring Māori Outcomes

A review of the quarterly reports prepared by the CCOs and the Council's Annual Report FY2012/2013 highlighted the inconsistent application of the Māori Outcomes Guidance Summary developed by the Council. Some CCOs were not aware of this guidance material.

The Māori Outcome Guidance document was prepared to improve processes that capture how activities, programmes and projects contribute to Māori outcomes. This initiative was endorsed by Strategy and Finance and later adopted by the CCOs via the Accountability and Performance Committee.

As per the document, projects that meet the 'specific' contribution criteria have the following:

- "Actions must be directly aligned to a Māori outcome area with at least 80% of the actions or expenditures focussed on Māori.
- The action directly benefits Mana Whenua or Mataawaka (not taking a percentage of the population approach).
- Contributes directly to an Auckland Plan or Long Term Plan Māori measure.
- Has Māori values, kaupapa Māori or matauranga Māori in the design.

In order to be classified as a 'general' impact, the project or programme would focus on all population groups but would require some Māori engagement, consultation, specialist knowledge or Koha."

The ongoing debate – outputs vs. outcomes

The nature of some projects is such that outcomes derived from the respective project may not be measurable by the project spend. A pervasive theme throughout the review has been distinguishing between outcomes and outputs and reporting thereon. Processes / methodologies are not clearly stipulated to enable outcomes and outputs to be measured reliably.

The following are examples where the spend in generating the outputs may be less than the outcomes generated for Māori.

The most recent example is the resource consenting:

REGIONAL AND LOCAL PLANNING – MANA WHENUA CULTURAL IMPACT ASSESSMENT

In 2014 a new rule requiring homeowners and businesses to seek iwi approval to work on sites of cultural and heritage value to Māori was implemented. As per the new requirement, a cultural impact assessment 'CIA' will be required for all resource consent applications that meet the set criteria. The CIA will document the cultural value, interests and associations with an area and/or natural resource.

A direct output of the CIA will be a report outlining the potential impacts from the proposed activity on those values and offer solution to address those impacts. Outcomes over time from this new rule provides for the relationship of Māori, their culture and traditions, with their ancestral lands, water, sites, wahi tapu and other taonga.

Whilst the costs reported in setting up this new CIA requirement may be minimal, the Māori outcomes generated overtime will be significant. It is not clear in the current reporting processes as to how the value of outcomes overtime should be captured.

ATEED – MĀORI TOURISM TRADE 2012

In September 2012, ATEED partnered with Air New Zealand to deliver Māori Tourism Trade 2012, a trade show for Māori tourism businesses at the Auckland Maritime Museum. The event attracted five Auckland based Māori tourism companies and a further 17 from around the country. From the original Tourism Trade event, a trade-marketing programme to increase Māori tourism business engagement with travel trade has been established by ATEED, Air New Zealand, and Te Puni Kōkiri. Over FY2012/13, seven companies nationwide (four from Auckland) took part in the programme. As a result of participation, the four Auckland businesses have now achieved Qualmark status. Over the short to medium term, it is expected that this status will significantly improve opportunities for these businesses to engage with the travel trade and grow their product offering.

ATEED – V8 SUPERCARS ITM 400

At the outset of planning for the V8 Supercars ITM 400 for April 2013, ATEED with advice from IMSB worked with local Mana Whenua, Ngāti Tamaoho. ATEED introduced Ngāti Tamaoho to V8 Supercars Australia (V8SCA) and managed the relationship between the two organisations to ensure the concept of Mana Whenua was included in the planning and implementation of the Pukekohe event.

The V8SCA and Ngāti Tamaoho have developed a strong relationship which is demonstrated in the benefits offered to Ngāti Tamaoho for the 2014 event:

- Internship opportunities for up to six Ngāti Tamaoho rangatahi (young people).
- Provision of a site within the venue for fundraising and/or information.
- V8SC to produce a short information video profiling Ngāti Tamaoho to be played on the big screens in venue and profile Ngāti Tamaoho in the event programme by way of a welcome message in Te Reo Māori and English.
- An on-grid kapa haka performance including a live broadcast of the haka to approximately 135 countries.
- V8SC to explore opportunities for utilising existing education resources (e.g. Student On Track) to support ongoing Ngāti Tamaoho education activities.

Risk not identified and mitigated effectively

The successful delivery of Council's vision is contingent on achieving outcomes for Mana Whenua and Mataawaka. This is also underpinned by Council's legislative requirements relating to Māori. Therefore, any risks of not achieving the desired outcomes and legislative obligations need to be managed effectively. There is a lack of risk management process to identify and manage risks of the Council not being able to deliver on its obligations to Māori in Tāmaki Makarau as contained in the legislations and the strategies relating to Māori outcomes. In the absence of formal risk management processes mitigation strategies may either be non-existent or not sufficient to manage key risks.

Recommendations

We outline below our recommendations for each of the findings listed above.

- Procedures in relation to tagging of expenditure related to Māori outcomes should be clearly defined and communicated across the Council and CCOs. The Council should consider creating some generic ledger codes associated with projects similar to the three codes created for capturing operating expenditure.
- Council should reiterate that the use of the three ledger codes for capturing operating expenditure in relation to technical advice, koha and engagement is mandatory. There should be regular monitoring by Finance department to ensure the consistent use of these codes by the Council and CCOs.
- Processes along with timelines, roles and responsibilities relating to the compilation of progress reports should be clearly defined and communicated to the Council and CCO staff to avoid reports being prepared in an ad-hoc and untimely manner.
- Specific requirements around the level of information to be furnished by the Council and CCOs in their progress reports on Māori outcomes should be stipulated and communicated to relevant parties.
- Supporting evidence for the expenditure reported in the progress reports should be maintained by the Council and CCOs.
- Ownership and accountability for accuracy of the progress reports presented to Council Committees need to be established.
- Until the business maturity increases in relation to the accuracy and completeness of the progress reports, the Council should consider independent review and validation of the reports, possibly by TWA.
- Clarity of procedures and ongoing coaching and training is required for staff in respect of the following areas:
 - Defining Māori outcomes in terms of generic and specific.
 - Proportioning project spend where the outcomes from the project partially achieve Māori outcomes. For example, stormwater projects have several outcomes including satisfying the Mauri outcome.
 - Allocation of project spend where outcomes are generic.
- Knowledge repository – sharing of feedback from iwi to ensure key learnings are incorporated in future projects.
- Treatment of staff time costs incurred in project delivery.
- A list of Māori specific projects and budget should be agreed with the IMSB and included as part of the Annual Plan to simplify the identification and monitoring of Māori outcomes.
- Implement a consistent **Māori engagement framework** – Council should consider rolling out a consistent Māori engagement framework across the Council and CCOs. The framework would ideally take into account the underpinning principles of effective engagement with iwi and results from the Māori Strategy and Relations survey. We appreciate that the approach taken by the Council and CCOs may need to be tailored. However, the Māori engagement framework can be used as the basis to determine Council and CCO approach to engagement with iwi. A consistent Māori engagement framework will ensure:
 - That key elements of effective engagement with iwi have been considered.
 - Clarity for CCOs and the Council regarding roles and responsibilities in engaging with iwi.
 - The guidance is available as to which iwi to consult with to avoid engaging with the wrong iwi on a particular subject.
 - An efficient utilisation of resources at Council and CCOs by not duplicating effort in developing multiple engagement frameworks.
 - Avoid over-burdening iwi with multiple and competing engagement clarifications.
- The Council and CCOs need to be made aware of the **Umbrella Service Agreement** (developed by TWA to assist CCOs in negotiating with iwi on projects and obtaining technical inputs).
- The role of TWA should be clearly specified and communicated and their mandate clearly defined to ensure clarity of their role, manage expectations of stakeholders regarding levels of service and ensure proper accountability were required.

- TWA should facilitate the creation of measures/mechanisms to assess the quality of engagement with iwi and address any areas of concern. This will ensure that any feedback from iwi is taken into account and steps taken to address any gaps.
- The Annual Plan provides an opportunity for the Council to review its budgetary allocation for Māori outcomes and outline projects dedicated specifically to achieve the desired outcomes. The FY2014/2015 Draft Annual Plan sets out the following six mayoral priority areas for Māori were identified with budget allocations for some of the priority areas to be considered. We do note that funding for stormwater is of generic benefit to all Aucklanders.

MAYORAL PRIORITY AREA	ANNUAL BUDGET 2013/2014	DRAFT ANNUAL BUDGET 2014/15
Event	150,000	50,000
Transport	230,000	Yet to be defined
The Southern Initiative	177,000	Yet to be defined
Unitary Plan	200,000	770,000
Tāmaki Transformation Programme	193,000	Yet to be defined
Stormwater	3,334,300	3,850,000
Total	\$4,284,300	\$4,670,000

The above projects deliver a combination of specific and generic Māori outcomes. In the Annual Plan, the Council should clearly outline Māori specific projects and the associated budgets. The Māori Plan can be used as a guiding document as it identifies potential projects in key areas of interest to Māori. The Council should also actively engage with IMSB to seek their input in identifying Māori specific projects.

- Council should consider providing a formal response to the IMSB on the Māori Plan. The response should clearly articulate how the Council plans to align their activities and actions to the Māori Plan.
- To ensure alignment of Council's MRF response programmes to the Māori Plan, policies and procedures should be updated for the 13 areas of gaps identified by TWA.

- There is a need to embed key improvement initiatives implemented in the planning and budgeting processes. Changes to procedures as a result of these improvement initiatives being implemented need to be communicated to staff across the Council and the CCO are to ensure consistent application.
- Project delivery – we understand that Council's project management framework has been reviewed to include consideration of Māori outcomes in the project management tools. To ensure consistency of approach in considering Māori outcomes in projects, staff across Council and the CCOs need to be coached on the changes to the project management framework. Officers approving the project business cases need to ensure that Māori outcomes have been considered and clearly articulated in business cases.
- The Council and IMSB need to agree on how to measure and report on outcomes where the project spend may not be a fair representation of the contribution towards Māori. The Council should consider a Māori outcomes measuring methodology to provide a more formal structure and guidance in measuring Māori outcomes.
- An awareness of the Māori Outcome Guidance across the Council and the CCOs is required. There is also a need for more coaching and up-skilling of staff to help identify Māori outcomes and distinguish between specific and general outcomes.
- **Risk assessment** – the Council should undertake a risk assessment to identify the risk of failing to achieve its strategic objectives and outcomes for Māori and to deliver on the Treaty of Waitangi obligations. This will enable the Council to identify:
 - Internal and external factors that are potential risks to Council achieving their vision and strategy in relation to Māori.
 - Adequacy of current mitigants in place to reduce potential risks to an acceptable level.
 - Identify gaps in processes/controls to mitigate risks identified.
 - Areas where risks are above the risk appetite of Council and where further mitigations are required.

There should be regular monitoring and reporting on risks relating to Māori outcomes and action plans taken to address the risks.



08

**MONITORING
AND OVERSIGHT**

Monitoring and oversight

Adequate monitoring and oversight will allow the Council to gain an understanding of how they are tracking towards achieving Māori outcomes. It will provide for the necessary supervision to ensure CCOs and the Council will be held accountable for their actions towards progress. In September 2012, the Accountability and Performance Committee endorsed that regular reporting on Māori outcomes be initiated. This was later reaffirmed in May 2013 and quarterly reporting to the Accountability and Performance Committee on contributions to Māori outcomes began in September 2013. In addition, CCOs performance is monitored through the CCO Governance and Monitoring Committee whereby the CCOs prepare a quarterly report, which highlights their performance against the SOI. A significant uplift is required in the quality of reporting to the Council Committees to ensure that timely, relevant and accurate information on Māori outcomes are reported.

This section highlights findings and recommendations relating to the monitoring and oversight function of the Council.

Key findings

Poor quality of reporting to Council Committees

With respect to FY2012/13 there was no monitoring and oversight by Council of expenditure on Māori outcomes. Formal reporting (covering CCOs and Council) to the Finance and Performance Committee commenced in September 2013. The CCO Governance and Monitoring Committee reporting was also enhanced in 2014 to include progress on Māori outcomes and expenditure.

Despite these enhancements, we identified gaps in the quality of reporting to Council Committees:

- Errors reported in quarter 1 – FY2013/2014 (as described in section 3).
- There is a lack of clarity regarding assignment of responsibility to confirm the accuracy and relevance of the reports presented to the Council Committees.
- The quarterly reports prepared by the CCOs to track their performance against the SOIs do not provide actual expenditure incurred in delivering specific Māori outcomes. Reporting is largely in qualitative terms and does not articulate specific Māori outcomes delivered. Based on discussions with the CCOs there were no specific guidelines or requirements to report on actual expenditure in FY2012/2013. Since budgets were not allocated for delivering Māori outcomes, no specific tracking was performed against actual expenditure.

No proactive monitoring of Māori expenditure

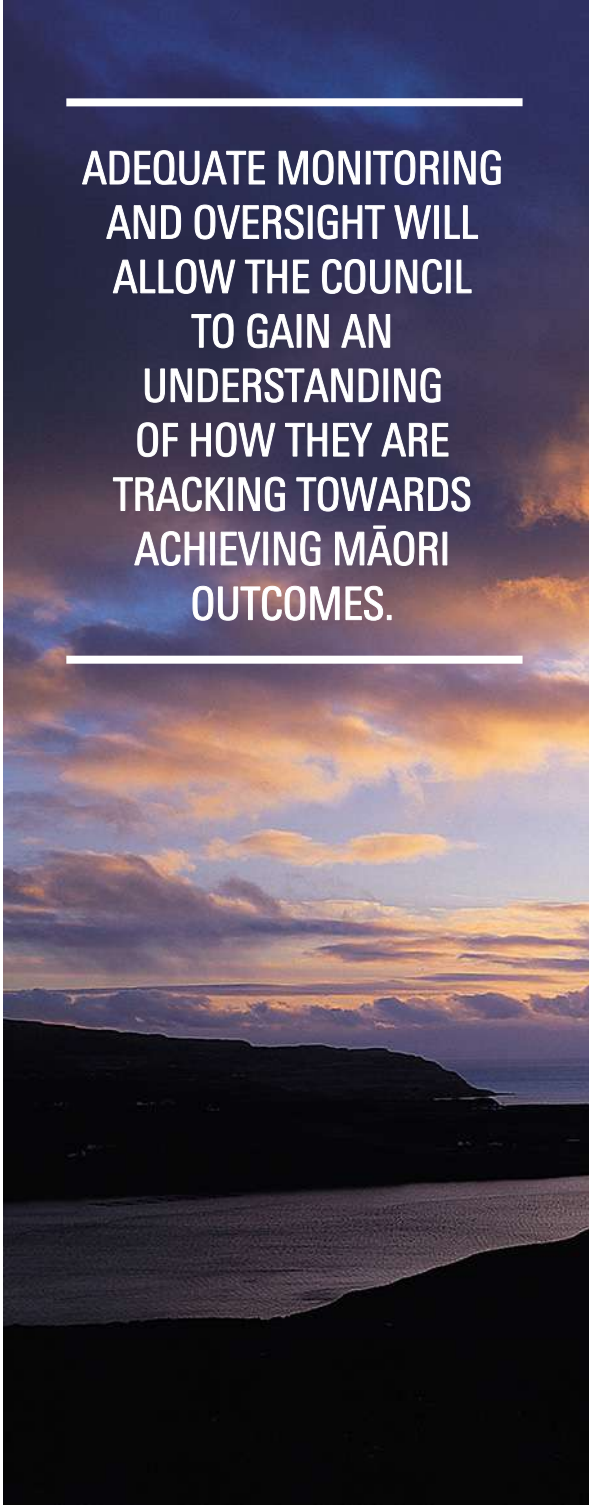
There is no proactive monitoring of Māori expenditure by Management to ensure agreed budgets are being met. The current process involves identifying actual expenditure at the end of each quarter and reporting against the budget. This has resulted in significant under-expenditure in FY2012/2013 and FY2013/2014, as identified in sections 2 and 3 respectively.

An example noted was TWA's contribution to Māori capacity whereby the Council has allocated funds to build the capacity of the 19 iwi (total budget of **\$950,000**). KPMG was advised that the majority of the expenditure (**\$850,000**) will be provided in quarters 3 and 4.

Recommendations

We outline below our recommendations for each of the findings listed above.

- The Council should identify a responsible party to independently validate the progress update reports prepared for the Council Committees to ensure the completeness and accuracy of information. This will also ensure consistent categorisation of the Māori outcomes between generic and specific.
- Quarterly reporting to Council Committees should be improved to provide a more accurate and fair representation of expenditure in relation to Māori outcomes.
- Council should consult with IMSB regarding the level of information to be made available in progress reports.
- Quarterly reports prepared by the CCOs to track their performance against the SOIs should include actual expenditure incurred in delivering specific Māori outcomes.
- There is a need for proactive monitoring on a regular basis by Council and CCO Management on progress against budgeted expenditure for Māori outcomes. This will allow Management to identify any early warning signals of low levels of spending so that corrective measures can be put in place to ensure Council delivers on its commitments for Māori outcomes. Ongoing monitoring of Māori outcomes will also assist in making the quarterly progress reporting process more efficient, effective and accurate.



**ADEQUATE MONITORING
AND OVERSIGHT WILL
ALLOW THE COUNCIL
TO GAIN AN
UNDERSTANDING
OF HOW THEY ARE
TRACKING TOWARDS
ACHIEVING MĀORI
OUTCOMES.**

**“TE HAU O TE WHENUA,
TE HAU O TE TANGATA –
A MĀORI IDENTITY THAT
IS AUCKLAND'S POINT OF
DIFFERENCE IN THE WORLD.”**

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APPENDIX 1

Stakeholders interviewed

NAME	ORGANISATION
Robert Irvine	Auckland Council
Anna Bray	Auckland Council
Justine Smith	Auckland Council
Matthew Walker	Auckland Council
Jason Merriman	Auckland Council
Ross Tucker	Auckland Council
Kevin Wilkie	Auckland Council
Grant Taylor	Auckland Council
Gary Swift	Auckland Council Investments Limited
Caitlin Borgfeldt	Auckland Council Property Limited
Kelvin Norgrove	Auckland Council, Consultant
James Robinson	Auckland Tourism Events and Economic Development
TeMahau Kingi	Auckland Tourism Events and Economic Development
Charmaine Ngarimu	Auckland Tourism Events and Economic Development
Leanna Covacich	Auckland Tourism Events and Economic Development
Pauline Dwight	Auckland Tourism Events and Economic Development
Kiri Letteron	Auckland Tourism Events and Economic Development
Alan Howard-Smith	Auckland Transport
Tracey Berkahn	Auckland Transport
Tui Gilling	Auckland Transport
Kiri Wilson	Auckland Transport
Julian Michael	Auckland Transport
Roger King	Business Support, Auckland Council
Catherine Syme	CCO Governance and Monitoring, Auckland Council
Louise Mason	Community Development, Arts and Culture
Lou Lennane	Community Development, Arts and Culture
David Taylor	Economic Development, Auckland Council
David Hawkey	Economic Development, Auckland Council
Megan Patrick	Environmental Policy and Strategy, Auckland Council
Ludo Campbell-Reid	Environmental Strategy and Policy, Auckland Council
Chris Hatton	Environmental Strategy and Policy, Auckland Council
Noel Reardon	Environmental Strategy and Policy, Auckland Council
Tim Watts	Environmental Strategy and Policy, Auckland Council

Mary Reid	Environmental Strategy and Policy, Auckland Council
Tanya Stocks	Planning and Policy, Auckland Council
Penny Pirritt	Planning, Auckland Council
Patrick Cleaver	Regional Facilitates Auckland
Simon Tran	Regional Facilitates Auckland
Paul Brewer	Regional Facilitates Auckland
Joy Hames	Te Waka Angamua, Auckland Council
Johnnie Freeland	Te Waka Angamua, Auckland Council
Shane Cook	Te Waka Angamua, Auckland Council
Mike Taitoko	Consultant – Tuia Group
Brian Monk	Watercare
Rebecca Chenery	Watercare
Kirsty Datson	Waterfront Auckland
Brenna Waghorn	Waterfront Auckland
Alan Gray	Waterfront Auckland
Maxine Waugh	Waterfront Auckland

APPENDIX 2

Documents reviewed

The following is a comprehensive list detailing all source documents involved in the Independent assessment of expenditure incurred by Auckland Council to achieve Māori outcomes 2012/2013.

Auckland Plan	Overview of Proposed Auckland Unitary Plan Notified 30 September 2013
Sections of the Draft Unitary Plan	Long Term Plan (2012 – 2022)
Annual Plan 2013/2014	Annual Report 2012/2013
Draft Annual Plan 2014/2015	Annual Implementation Update
Māori Responsiveness Framework	The Māori Plan
Māori Responsiveness Plans	CCOs Statements of Intentions 2012/2015
CCOs Statements of Intentions 2013/2016	CCOs Quarterly Report to Council FY2012/2013
CCOs Quarterly Report to Council FY2013/2014	Local Board Plans 2011
Local Board Plans 2012	Local Board Plans 2013
Schedule of Issues of Significance to Māori in Tāmaki Makaurau	Independent Māori Statutory Board Open Agenda 18 November 2013
IMSB Provisional Budget Estimate for Māori Outcomes and Activities (10 year budget)	Governing Body Meeting 20 December 2012 Agenda Items 18-22
Strategy and Finance Committee Open Minutes 16 December 2011	Strategy and Finance Committee Open Addendum Agenda 29 November 2012
Strategy and Finance Committee Open Minutes 23 May 2012	Finance and Performance Committee Quarterly Update 12 December 2013
Finance and Performance Committee – Quarterly Update: Business Improvements to identify Auckland Council contributions to Māori Outcomes – 12 December 2013	Finance and Performance Committee – Performance Report December 2013
Finance and Performance Committee Open Minutes 20 February 2014	Finance and Performance Committee Open Minutes Item Attachments 20 February 2014
Budget Committee Minutes 27 March 2014	CCO Budget Submission Reports FY2013/2014
Accountability and Performance Committee Open Agenda 12 December 2012	Accountability and Performance Committee Open Minutes 18 April 2013
Auckland Council Memo to Senior Manager – 24 March 2014	Update on the six Māori priority project areas
Auckland Council Environmental Strategy and Policy Department Business Plan FY2012/2013	Summary reporting on contributions to Māori Outcomes from CCO Q2 2013 report
Council Controlled Organisation Governance and Monitoring Committee Open Agenda 03 December 2013	Summary of Annual Plan 2012/2013 Expenditures on Māori Outcomes (TWA)
Te Waka Angamua Business Plan 2014	Māori Strategy and Relations Survey (TWA)
Māori Outcomes Guidance Summary (TWA)	Contract for the provision of Professional & Consulting services (Iwi Technical Engagement) between Auckland Council and Ngāti Manuhiri Treaty Settlement Trust

Ngāti Manuhiri Funding Agreement	Project Execution Plan – ESP Māori Responsiveness Plan
ESP Māori Outcomes Contribution	Māori Economic Development Programme Stage One Summary Presentation
Summary of Key Iwi/Māori Economic Development Initiatives	Statement of Financial Performance For Economic Development Department – For Year to November FY2014
Progress update on Auckland's Economic Development Strategy 22 April 2013	Letter of Expectation 2013/2014
Progress Update on Auckland's Economic Development Strategy 22 April 2013	Māori Values Assessment Guidance Note (Auckland Transport)
Te Tiriti o Waitangi Audit	Māori Outcome Reporting Half Year 2014 (Auckland Transport)
Māori Engagement Framework (Auckland Transport)	ACPL Māori Responsiveness Current State Assessment 2013
Māori Outcome Reporting FY2012/2013 (Auckland Transport)	Albert-Eden Local Board Open Agenda 04 September 2013
Wynard Central Design Guidelines 01 August 2013	Mangere-Otahuhu Local Board Open Minutes 27 June 2012
Auckland Council Local Governance Statement June 2011	Papakura Local Board Open Minutes 29 January 2014
Mangere-Otahuhu Local Board Open Minutes 14 August 2013	Rodney Local Board Portfolio Action Plan DRAFT
Maungakiekie-Tamaki Local Board Open Minutes 28 May 2013	Stoney Homestead Grant Application
Rodney Local Board Open Minutes 12 August 2013	Rodney Local Board Open Agenda 13 May 2013

Mihimihi translation

Because of your spiritual and genealogical connections to each other, and to this area, a wider sense of belonging is very much alive and present. This sense of connection, has reignited the important memories and practises of those whom have since past on, and we acknowledge how important that is. The awareness of this connection, has not only grown amongst yourselves, but has spread to include those of us whom don't share a genealogical connection, but have chosen NZ as our home. We are now aware, that your connection to the land, to the sea and to each other, keeps your customs and practises alive, which is important for all of us. A maintenance of these practises is important for the growth and development of all people. As reiterated in the proverbial saying "With your food basket and my food basket, the people will thrive." We wholeheartedly agree with this statement, as this report is our small contribution to the bringing together of the people, it's also our contribution to uplifting the strategy of advancing the interests of Māori within Auckland city. As you have articulated, so well: "For us, for them, for everybody." May this kaupapa now thrive.

Contact us

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