

3 September 2025

Independent Review into alleged inappropriate use of public funds appropriated for Whānau Ora – Pasifika Futures Limited

Te Puni Kōkiri

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1. Introduction/Background

Pasifika Futures Limited (Pasifika Futures) was a Whānau Ora Commissioning Agency contracted by Te Puni Kōkiri under an Outcomes Agreement to undertake commissioning services to deliver Whānau Ora outcomes across New Zealand.

On 18 June 2025, Te Puni Kōkiri received allegations in a media enquiry from the New Zealand Herald about Pasifika Futures allocating Whānau Ora funding to a professional rugby franchise, and other conflicts of interest in contracting decisions by a senior executive.

2. Limitations and Matters out of Scope

This Review is limited to reviewing and reporting on the allegations in accordance with the Terms of Reference dated 27 June 2025 (see Appendix 1).

The Review does not comment on the extent to which Pasifika Futures has delivered services under the Whānau Ora Outcomes Agreement it had with Te Puni Kōkiri.

The following matters are also out of the scope of the Review:

- (a) any comment on the performance or competence of any person in relation to the matters in scope of this Review, except to the extent this relates directly to contract management, or determining any disciplinary matters;
- (b) the fitness for purpose of any Te Puni Kōkiri policies or processes not directly related to this Review; and
- (c) contracts held by either Te Pou Matakana or Pasifika Futures with any other agency.

We acknowledge that Pasifika Futures engaged with the Review and provided comment on the allegations. A significant amount of information was also provided by Pasifika Futures to assist the Review. They were also provided with a copy of a draft report for natural justice purposes, prior to this report being finalised. Comments provided by Pasifika Futures were considered before this report was finalised.

Finally, we note that while the Terms of Reference cover allegations concerning Te Pou Matakana and Pasifika Futures Limited, we have treated these allegations separately. No information provided by either party, or their legal advisers has been shared with the other party nor their representatives. Pasifika Futures and Te Pou Matakana are not related entities and it has no relationship with Te Pou Matakana.

3. Approach

Our approach to the Review has been to:

- Conduct a desk-top review of relevant contracts, investment plans, publicly available financial statements and other documents supplied by Te Puni Kōkiri and the submissions from Pasifika Medical Association Group, through their ^{9(2)(a)} staff and their lawyers.
- Conduct interviews with relevant senior Te Puni Kōkiri staff responsible for Whānau Ora contracting, as required.
- Draft and seek feedback on a report that makes findings and recommendations that align with the purpose of the Review.
- Seek natural justice feedback from relevant parties prior to finalising the report.

4. About Whānau Ora

Whānau Ora puts whānau and families at the centre of the services and supports they need, to build on their strengths and achieve their aspirations. The Whānau Ora kaupapa has, over the last decade, delivered positive results for whānau across Aotearoa New Zealand.

Until 30 June 2025, Pasifika Futures was a Whānau Ora Commissioning Agency contracted by Te Puni Kōkiri under an Outcomes Agreement to undertake commissioning services to deliver Whānau Ora outcomes across New Zealand. Te Puni Kōkiri has recently undertaken a competitive procurement process to identify, select and engage Commissioning Agencies for the future delivery of Whānau Ora Commissioning Services.

As a result of this process, new commissioning agencies were selected to deliver the Whānau Ora Kaupapa from 1 July 2025. Pasifika Futures was not successful in its bid for a contract and its Outcomes Agreement expired on 30 June 2025.

We have been advised that the Outcomes Agreements used for the funding years to 30 June 2025 differ significantly from the agreements entered into with the new Whānau Ora providers.

For instance, we have been advised by Te Puni Kōkiri that:

- a) Under the former agreements, Te Puni Kōkiri could request details about business support or out-of-pocket costs funded under the Outcomes Agreement but used for other activities. For example, where Te Puni Kōkiri believed the Commissioning Agency's annual operating costs should be below a certain threshold (20%), it could request explanation and supporting evidence. The parties would then discuss future adjustments or repayment if necessary. In practice, we were advised that the operating costs component was generally not scrutinised to the level it was for commissioning funding and the outcomes to be achieved through the annual investment plan (or AIP) that was the focus of reporting.
- b) Under the new contract, the 20% threshold for operating costs no longer exists. Te Puni Kōkiri may still request information if it suspects the agency is not meeting its obligations, but this is now addressed under the general performance and breach provisions of the new contract.

The Outcomes Agreement imposes different obligations on Pasifika Futures: "commissioning funds" must be spent directly and entirely on agreed Whānau Ora outcomes, whereas "operating costs" may be used for its own general and administrative purposes.

As to the commissioning funds, Pasifika Futures was required to report to Te Puni Kōkiri on the purposes for which commissioning funds will be and are applied, and account for the amounts spent. It does so by submitting an annual "Agreed Investment Plan", and quarterly reports against that plan which explain the amounts of funding applied and how they have been applied. It also submits an annual report at the end of the financial year.

In respect of operating costs, the Agreement provides that Pasifika Futures may apply an amount capped at 20% of the total amount of funding received from Te Puni Kōkiri towards operating costs. It contains provisions on the application of unspent or surplus amounts of operating costs, which are discussed further below.

The Outcomes Agreement also contains provisions on governance and management of conflicts of interest.

5. The Allegations

On 18 Pipiri 2025, Te Puni Kōkiri received allegations in a media enquiry from the New Zealand Herald about Pasifika Futures allocating Whānau Ora funding to a professional rugby franchise, Moana Pasifika, and other conflicts of interest in contracting decisions by a senior executive.

Te Puni Kōkiri immediately wrote to Pasifika Futures seeking an urgent explanation and shortly thereafter issued terms of reference for this Review.

The New Zealand Herald's reporting on this matter focused on related party transactions totalling \$770,000 in each of the 2023 and 2024 financial years between Pasifika Futures and the Moana Pasifika Charitable Trust, and a loan of \$1.85 million from Pasifika Futures' parent organisation, Pasifika Medical Association Trust, to Moana Pasifika Limited, which held and still holds the licence to operate the Moana Pasifika Super Rugby team.

6. Pasifika Futures and its related entities, and Moana Pasifika

Pasifika Futures is a charity that operates through a trust structure, with a company – Pasifika Futures Limited – as its corporate trustee. As is recorded above, its parent is the Pasifika Medical Association Trust (PMA), which also operates through a trust structure with Pasifika Medical Association Limited as its corporate trustee. An organisational chart showing the Pasifika Medical Association Group structure is appended to this report (see Appendix 2).

There is overlap in personnel between Pasifika Futures and PMA. As at early 2024,

[REDACTED]

As at early 2024, Moana Pasifika Charitable Trust owned all of the shares in Moana Pasifika Limited, and that remained the case until 30 June 2024. As noted above, Moana Pasifika Limited holds the Super Rugby licence. 9(2)(a)

[REDACTED]

PMA acquired all of the shares of Moana Pasifika Limited from Moana Pasifika Charitable Trust effective 1 July 2024. At this point, 9(2)(a)

9(2)(a) and 9(2)(a). They made up half of the board

[REDACTED]

9(2)(a) continued in their roles at Pasifika Futures and PMA.

The Moana Pasifika Charitable Trust was wound up in September 2024.

7. Pasifika Futures' Response

We identified the following issues and transactions as being within the scope of the Terms of Reference, and Pasifika Futures proactively provided us with information and explanations about the transactions.

Pasifika Futures' response was provided primarily through its legal advisers and several

¹ 9(2)(a)

follow up questions were asked in response to the information provided. In essence, it was a detailed explanation of transactions across multiple related parties in furtherance of the Annual Investment Plan across multiple years. We were supported in the analysis of these transactions by both external legal and accounting advice.

We were aware of the following disclosures in Pasifika Futures' audited financial statements (with a 30 June balance date), in relation to funding to Moana Pasifika Charitable Trust:

- a) related party transactions totalling \$317,391 in the 2022 financial year;
- b) related party transactions totalling \$770,000 in the 2023 financial year; and
- c) related party transactions totalling \$770,000 in the 2024 financial year.

We were also aware of:

- a) a loan from Pasifika Futures to its parent, PMA, of \$2.9 million in the 2024 financial year; and
- b) a loan of \$2.49 million from PMA to Moana Pasifika Limited, as shown in Moana Pasifika Limited's 2024 financial statements (with a 31 August balance date).

7.1. Contracted spending

In essence, Pasifika Futures' response was the contracted spending was spent on community sports engagement activity, consistent with its Outcomes Agreement and their agreed AIPs, backed up by quarterly reporting to Te Puni Kōkiri.

We agree that community sporting engagement was a Whānau Ora outcome and that Pasifika Futures' Outcomes Agreement, AIPs and reporting supported Pasifika Futures' explanation that it had contracted community sports engagement services and provided those services. It is outside the scope of this Review to consider whether any particular contracting represented good business practices, provided value for money, or was effective.

It is also outside the scope of this Review to undertake a forensic analysis of the contracting arrangements and the money flows, noting that, for the 2021 to 2024 years, Pasifika Futures' financial statements were independently audited. The level of detail provided in the relevant contracts was not always sufficient for us to link the contracted payments with provision of services reported in the AIPs and reports. Payments followed the execution of formal agreements. In three instances, invoices were rendered before contracts were formalised (but Pasifika Futures explained that two of those were paid after the contracts were entered into), and in others, services were paid for in advance of being provided.

7.2. Our observations

We took the documents and explanations provided by Pasifika Futures at face value regarding its contracting arrangements that involved Moana Pasifika entities. These indicated that:

- a) Pasifika Futures contracted the Pacific Business Trust to assist Moana Pasifika (the entity was not specified) to set up community programmes, including community sporting initiatives over a two-year period from 1 July 2020 to 30 June 2022 (the **2021 Trust Agreement**). Invoices and a contract were provided. Some of the services were apparently provided in the year before the 2021 Trust Agreement was executed but we were told that, as the Trust was not a related party, the transaction was not reported as a related party transaction for auditing and disclosure purposes.
- b) Pasifika Futures spent \$17,391 purchasing rugby tickets from Moana Pasifika Limited in the 2022 financial year. It said these were given to children and young people in Pasifika Futures' community. Pasifika Futures provided an invoice and we were able to identify the amount in the audited financial statements.

- c) Pasifika Futures entered into the following agreements with Moana Pasifika Charitable Trust:
- A consulting agreement between Pasifika Futures and Moana Pasifika Trust (which we understand to be Moana Pasifika Charitable Trust) in July 2022 (the **July 2022 Agreement**), which provided for the development, coordination and delivery of a Moana Pasifika Community programme to Pacific athletes and their families living in New Zealand. We were provided with invoices totalling \$600,000 under this Agreement and were told that the first \$300,000 paid appeared in the related party funding disclosures in the audited financial statements for both the 2022 and 2023 years. The invoices we saw recorded payments for "Moana Pasifika Funding 2022" and "Moana Pasifika Funding 2023".
 - A variation dated June 2023 which provided for "establishment activities" (\$320,000), women's rugby initiatives (\$150,000), and mental health and wellbeing initiatives targeting young Pacific men including guest speakers, school events, and production of wellbeing video content featuring Moana Pasifika players (\$320,000) (**June 2023 Variation**). The total stated value of the contract was \$790,000.
 - A further variation agreement between the same parties (the **August 2023 Variation**), which increased the sums payable towards women's rugby initiatives from \$150,000 to \$300,000. The varied value of the varied contract then became \$940,000.
 - Pasifika Futures also entered into an agreement with Moana Pasifika Limited in October 2024 relating to a community sports strategy. It is described as a variation to the July 2022 Agreement (as varied by the August 2023 Variation, noting the counterparty was different). It contracted for the provision of rugby, netball, rowing and mental health programmes to school age athletes, for a total value of \$300,000 (the **October 2024 Agreement**).

Together, the total funding with respect to Moana Pasifika entities amounted to \$2,457,391 over the four financial years ended 2022 through 2025.

We were able to follow the explanations provided with respect to the 2022 and 2023 financial years. We were provided with two invoices for spending which appeared to relate to the 2024 financial year (totalling \$470,000), and one for the 2025 year (noting the financial statements were not available for 2025). There were three instances where invoices were issued before formal contractual arrangements were finalised. In at least two instances those invoices were paid after the agreements were entered into.

Leaving aside the purchase of rugby tickets of \$17,391, the reported related party transactions with Moana Pasifika Charitable Trust for the years 2022, 2023 and 2024 had a value of \$1,840,000 (with 2025 financial statements not yet available). The contracts provided for the period, as summarised above, contemplate spending of \$1,520,000.

We were told that there had been duplication in the audited financial statements, and an invoice for \$300,000 had been reported in both the 2022 and 2023 related party disclosures. That ultimately is not an issue we were able to resolve without confirmation from the independent auditors. We would not ordinarily expect funding amounts to be duplicated in the note disclosures.

7.3. The 9(2)(a) Agreement

Pasifika Futures provided a contract between PMA and 9(2)(a) dated April 2022 (the 9(2)(a) Agreement). This contract was within scope as

the 9(2)(a)

The part of the 9(2)(a) Agreement that specified the services provided was missing from the formal contract signed. Pasifika Futures provided us with a word copy of a services schedule. This listed consultancy services for a Whānau Ora Sports Strategy, including needs assessments, establishment activities, advising decision-makers and designing and implementing a work programme.²

7.4. Conclusion as regards contracted spending

We were not able to answer fully the question in the Terms of Reference:

- ii. the way in which the public funding from the Whānau Ora appropriation and paid under the Outcome Agreements was used, and whether it was used for purposes not associated with Whānau Ora;
- iii. whether, consistent with the Outcome Agreements and Annual Investment Plans, the use of public funds was appropriate;

We were able to follow Pasifika Futures' explanations about the source, contracting, and payment of funds for contracting to Moana Pasifika entities in the four years 2022 to 2025.

We were able to follow the explanations given and reporting on some of the community sporting programmes contained in the June 2023 Variation, the August 2023 Variation and the October 2024 Agreement. There were other areas where funds had been applied for the benefit of Moana Pasifika entities and it was not clear whether and to what extent Whānau Ora purposes were delivered in response. For example:

- a) Pasifika Futures appeared to pay under the 2021 Trust Agreement for the setup of the legal structure (being Moana Pasifika Charitable Trust) that would hold the professional rugby team, as well as community programmes. It was not clear whether there was any apportionment of costs.
- b) The July 2022 Agreement stated that it provided support to Pacific athletes residing in New Zealand and their families. The invoices stated, "Moana Pasifika Funding 2022" and "Moana Pasifika Funding 2023". Pasifika Futures told us none of the funds were spent on professional Moana Pasifika rugby players and their immediate families, who had separate funding arrangements.
- c) Rugby tickets were purchased from Moana Pasifika Ltd, and we were told these were given to school children.
- d) Finally, we noted that the June 2023 Variation provided for Pasifika Futures to have stall space at the stadium during Moana Pasifika games, and for Moana Pasifika players to create video content and speak to Pasifika young people on health and wellbeing.

With regards to the 9(2)(a) Agreement, there was limited information about what services were provided. However, we again were able to follow the explanations given and reporting on some of the community sporting programmes.

7.5. Loans

Pasifika Futures also identified a number of transactions including loans to Moana Pasifika Limited, the organisation responsible for the professional rugby team. The loans we sought to understand were:

² Pasifika Futures provided precise information which we have not included at its request to maintain commercial confidentiality.

- a) A loan of \$2.9 million from Pasifika Futures to its parent PMA in the 2024 financial year. Pasifika Futures stated that it had made the loan for cashflow purposes and provided copies of its ledgers showing progressive advances from early 2023 to mid-2024. It appears that the balance of the loan may have been greater than \$2.9m at some time, before then being offset or 'repaid' by other offsetting transactions. We asked what the current balance of the loan was but we were not given this information. We believe that such loan, more likely than not, has not been repaid. Pasifika Futures told us that the source of the funds advanced to its parent were, in part, prepayments of operating costs, being the 20% portion of funding Te Puni Kōkiri paid under the Outcomes Agreement that may be applied to administrative and operating costs rather than directly to Whānau Ora outcomes, and in part from surpluses on operating costs. It also told us that the amount advanced was otherwise from other sources, including other government contracts, and not commissioning funding from Te Puni Kōkiri. On the basis of the information provided, and without conducting a full audit, we were not able to fully accept or reject the explanation about the source of funding.
- b) A loan of at least \$3 million advanced by Pasifika Futures' parent PMA to Moana Pasifika Limited in the 2024 and 2025 financial years, which was converted into an equity investment on 30 June 2025. It was not suggested that the funds advanced went for purposes other than funding the professional rugby team. Pasifika Futures told us that PMA had sufficient resources and reserves independent of Pasifika Futures to make this advance. Again, we were not provided with sufficient information to accept or reject that explanation.

The Outcomes Agreement does not contemplate that commissioning funds may be used for any purpose unconnected with Whānau Ora outcomes. It appears at least possible that some of the commissioning funding was applied, at least in the short term, to assist with Pasifika Futures' parent organisation's cashflow. It is not clear how the funds lent were ultimately applied, nor whether and how they were repaid.

It is beyond the scope of this Review to conduct an audit of the sources and uses of funding. Without conducting a full forensic audit, we were unable to say whether the use of public funds was appropriate and/or consistent with the Outcome Agreement and AIPs,

In considering these loans, we have advised Te Puni Kōkiri to consider whether, in the future, such loans are the sort of transactions that it ought to require proactive disclosure of and/or approval of prior to them being entered into, and whether it would be appropriate to conduct an audit using its power to do so under the Outcomes Agreement.

We are also advising Te Puni Kōkiri to consider continuing to examine the expenditure and financial transactions where we have not been able to make a conclusive finding.

7.6. Conflict management

We were also provided with the Registers of Interest for the various entities associated with Pasifika Futures, the conflicts of interest policies and documented minutes/evidence of how these were managed and recorded. We return to this topic in section 9 below.

8. Can Providers Make Surpluses?

Critical questions that sit at the centre of this Review are:

- Can providers under the previous version of the Whānau Ora contract accrue surpluses, on either commissioning funds or operating costs; and
- If so, are surpluses, once accrued, able to be used at the discretion of the organisation?

Our understanding of the Outcomes Agreement is that:

- a) It contemplates that Whānau Ora providers may accrue small surpluses on unspent operating costs, for prudent financial management. The Agreement is unclear on whether the provider must report unspent surpluses on operating costs to Te Puni Kōkiri and obtain its agreement to retain these. The Agreement nonetheless requires providers to act reasonably and in good faith, and to consider whether the use of public funds is appropriate.
- b) It is unlikely that operating costs may be retained for the provider's own use, unconnected with the purposes of Whānau Ora funding and operating costs to support the delivery of those services.
- c) On both issues above, however, there are other potential interpretations of the contractual wording. Given that the wording is not clear, any final determination of the meaning of the Agreement would be for a court, after hearing evidence and submissions from the parties. It is outside the scope of this Review to make a final determination on the parties' rights under the Agreement and it would not be possible to do so on the basis of the information provided to date.
- d) The Agreement is reasonably clear that commissioning funds may not be used for any purpose other than Whānau Ora funding purposes. Surplus funds must be reported to Te Puni Kōkiri and, unless directed otherwise, applied to the following year's commissioning funding. However, Te Puni Kōkiri confirmed that, while underspends of commissioning funds were discussed with providers, the same conversations did not occur regarding operating costs.

8.1. Value for Money, Efficiency and Effectiveness – Not a Simple Concept

Generally, value for money (VfM) is defined from an accounting perspective, and the relationship between cost, efficiency, and effectiveness is considered. There tends to be a focus on the benefits and costs and the use of tools such as cost-benefit analysis, return on investment, net present value and whole-of-life costs. But VfM also needs to take account of the achievement of non-monetary benefits and outcomes.

Delivery of good value for money strikes the right balance in the optimal use of resources to achieve intended outcomes.

The former Auditor-General, John Ryan, has described the public sector's value for money challenge in this way:

Value for money (VfM) is a concept that most people consider they understand well. Put simply, it's all about getting "bang for your buck". As a measure of performance, VfM helps public organisations to strike the right balance between what is spent and what is achieved.³

We often see a lack of appropriate processes and information for identifying and demonstrating VfM, including:

- *issues with understanding the cost to deliver services, impacts, or outcomes;*
- *a lack of clarity in describing and evaluating effectiveness;*
- *little analysis of VfM or related measures, such as cost-effectiveness or productivity;*
- *a lack of efficiency measures; and*
- *incomplete, frequently changing, or complicated performance measures more generally.*

³ <https://oag.parliament.nz/2024/value-for-money>.

The term "value" can be expressed quantitatively or qualitatively. It can also relate to outcomes or objectives, or to services or outputs. There can be cultural, social, or environmental value as well as economic or monetary value.

There is also value in how well the public sector engages with New Zealanders and understands what is important to them, the trust that New Zealanders have in our public institutions, how we think about and plan for the long term, and how ethically public sector workers act

The term "money" can also include concepts such as the value of time, opportunity costs, the price of risk, weighted costs of funding, and whole-of-life costs. Some of these concepts might not be readily understood or meaningful to the general public.

The approaches that organisations have taken to assessing VfM vary considerably.

The Treasury's advice on assessing VfM discusses using quantitative cost-benefit analysis and well-being impacts, strategic alignment with Government priorities, risks, well-defined outputs, costings, assurance of effective delivery, and monitoring and evaluation.⁴

As noted, we were told the Outcomes Agreements used for the funding years to 30 June 2025 for Pasifika Futures differ significantly from the agreements entered into with the new Whānau Ora commissioning agencies.

For instance, under the former agreements, Te Puni Kōkiri could request details about business support or out-of-pocket costs funded under the Agreement but used for other activities: where Te Puni Kōkiri believed the Commissioning Agency's annual operating costs should be below a certain threshold (20%), it could request explanation and supporting evidence. The parties would then discuss future adjustments or repayment if necessary.

In practice, we were advised that the funding for operating costs was generally not scrutinised to the level it was for commissioning funding and the outcomes to be achieved through the AIP was the main focus of reporting. We note that the management of the risk of abnormal profits/surpluses should be managed through the mechanism of effective and robust procurement (setting the price and outputs/outcomes) and contract management (oversight and reporting on achievement and delivery under the contract).

Under the new contract, we were advised that the 20% threshold for operating costs no longer exists. Te Puni Kōkiri may still request information if it suspects the agency is not meeting its obligations, but this is now addressed under the general performance and breach provisions of the contract.

We also note that Pasifika Futures held a number of other contracts with other government agencies and that surpluses could, at least in part, have arisen through these contracts.

Whether the 20% funding for operating costs was the right amount is a different question to whether Pasifika Futures was entitled to make a surplus on the agreement.

8.2. Can surpluses on operating costs be spent at the discretion of the organisation?

Pasifika Futures advised us that it had accrued surpluses on the portion of funding allocated for operating costs (i.e. 20% of the total amount paid), by retaining a fixed amount of 5% of the operating cost allocation (being 1% of the total amount paid under the Outcomes Agreement) that it would otherwise pay to its parent, PMA, as group management expenses. We were not able to verify that claim based on the documents provided. While it may be correct, Pasifika Futures did not report any underspend of operating costs to Te Puni Kōkiri in the 2021 to 2024 years, and it was not apparent from its audited financial statements that the fixed 5% amount had been retained by Pasifika Futures. It is outside the scope of this Review

⁴ The Treasury (2021), T2021/2015: Value for Money Analysis in Budget 2022 and the Treasury's CBAX Tool, at treasury.govt.nz

to conduct a forensic audit to confirm Pasifika Futures' claim to have retained surpluses, or otherwise.

Pasifika Futures said it had not applied any underspends in commissioning funds to the loan. As noted above, we were not able to confirm where the loan funding was drawn from in the absence of an audit.

Pasifika Futures also said that it had retained surpluses and Te Puni Kōkiri had not raised an issue. It is correct that in some years, Pasifika Futures reported underspends on commissioning funds to Te Puni Kōkiri.

We note that the Outcomes Agreements are unclear or ambiguous on how surpluses on operating costs must be dealt with, and they do not clearly prevent surpluses on operating costs from being retained and applied for other uses. We were also advised that Te Puni Kōkiri was not active in monitoring surpluses as part of its contract management practices. We were also told this is a focus under the new Outcomes Agreements in place with the new commissioning agencies.

The apparent loan from Pasifika Futures was not the only transfer of funds from Pasifika Futures to PMA. Of the operational funding of 20% of the Whānau Ora contract, Pasifika Futures paid a "management fee" of around \$10m to PMA each year (and, as noted above, said that Pasifika Futures retained a small portion for "surplus purposes").

To the extent this occurred, this may be to meet any administration costs in Pasifika Futures, as opposed to PMA, and ensure that Pasifika Futures did not incur a deficit. We understand PMA provided services to PFL such as contract management, financial reporting and audit, staff services, communication services and other corporate and operational services. We have not been provided granular detail of the costs incurred by PMA on Pasifika Futures' behalf, but we understand the nature of those services provided by PMA to its subsidiary and there is no evidence to suggest that the services were not provided for an appropriate fee.

8.3. Investment Advisory and Risk Management

While the generation of surpluses and their application may appropriately remain within Pasifika Futures' purview, we note that Te Puni Kōkiri is actively lifting its capacity and capability to furnish Ministers with comprehensive investment advice regarding Whānau Ora commissioning arrangements.

9. Management of Conflicts of Interest and Perceptions of Interest

Our terms of reference also required us to determine whether any conflicts of interest existed, who those related to and how these were managed.

The relevant Outcomes Agreement required Pasifika Futures to follow public sector standard governance policies and adhere to the standards in the Public Service Standards of Integrity and Conduct (or similar), to maintain an interest register, and provide that to Te Puni Kōkiri if asked.

We asked who the decision makers were in relation to funding decisions. Pasifika Futures provided copies of its interest register at relevant times.

In general, the register recorded the conflicts we would have expected to see as regards personnel who had dual roles in Pasifika Futures and PMA and Pasifika Futures and all Moana Pasifika entities. It also recorded conflicts arising from family members' ownership of entities that contracted with Pasifika Futures. The register stated that those with dual roles in Pasifika Futures and Moana Pasifika entities would not take part in decisions relating to Moana Pasifika generally.

Pasifika Futures also told us it had robust conflict management policies and provided a copy of a policy dated October 2024 (after all but one of the relevant contracts were entered into).

We were advised that these policies were adhered to in relation to decision making and that this was recorded in minutes. We understand that, for most of the time, only the interest register applied and there was no separate formal policy.

We asked who was responsible for approving the entry of the contracts for provision of community sporting programmes. We were told that contracts for the amounts involved would be approved by 9(2)(a), and were approved by the contract signatories. The contracts were executed, and invoices approved, by 9(2)(a) 9(2)(a)⁵

While the generation of surpluses and their application may well be a matter for Pasifika Futures, taking a broader view, and understanding the context of Te Puni Kōkiri and potential public perceptions, it might have been better for Pasifika Futures to have communicated with Te Puni Kōkiri about its intended use of 'surpluses'. This is particularly given the risk of adverse media coverage and potentially political attention. This would have positioned Te Puni Kōkiri to more quickly brief their Minister and other stakeholders as to the background and the facts.

Having said that, we are also aware that part of the context also included sensitivities during a procurement process. In such circumstances, it is understandable that communication may not have been as free as it might have been.

In this instance, provisions existed in the contract, however, Te Puni Kōkiri did not engage the conflict-of-interest provisions during the term of the Outcomes Agreements and Annual Investment Plans thereby limiting their ability to act as a safeguard for any potential, actual or perceived conflicts of interest.

The Whānau Ora contracts with new commissioning agencies implemented on 1 July 2025 after the procurement process strengthened conflicts of interest provisions and implemented updated model standards. Te Puni Kōkiri could not, however, reasonably engage the existing contract provisions without affecting the (perceived or actual) impartiality of the procurement process underway in 2024 and early 2025, which could in turn have risked affecting the procurement process outcome. Had Te Puni Kōkiri attempted to change conflicts of interest terms or management during an active procurement process, litigation or other challenge could have ensued which could have delayed or stopped the procurement process.

The outcome of the procurement process, with new contractual terms, provided the best means to improve any ongoing conflict of interest and other contract management issues. This was a conscious judgement by Te Puni Kōkiri which has ultimately led to the improvement contractual terms now in place.

We understand that Te Puni Kōkiri intends to give more active consideration of possible conflicts of interest (for example, by requiring proactive disclosure of any arrangements within its provider structures or personnel which might give rise to a conflict of interest, or a perceptions of a conflict of interest).

⁵ We were not given any information about the payment date of the 2025 invoice, noting this was issued before the October 2024 contract was entered into.

Findings and Observations

With regard to the matters identified as a result of our analysis and the information provided to us, we make the following findings and observations;

1. The Review did not identify any evidence that money provided for delivering Whānau Ora commissioning outcomes was spent on matters not associated with Whānau Ora. Nevertheless, this Review has not been able to conclusively establish, in the time available, the answers to a number of complex questions including the source and use of certain funds investigated, and the permitted use of Whānau Ora funds retained as surpluses.
2. From the information provided to us by Pasifika Futures and its parent Pasifika Medical Association (PMA), it appears that \$600,000 was paid to a consultant to assist Moana Pasifika entities to establish community sports programmes in 2021; \$317,391 was paid to the Moana Pasifika Charitable Trust in 2022; \$770,000 was paid to the Moana Pasifika Charitable Trust in 2023 and likely \$470,000 in 2024, and \$300,000 was paid in 2025. This appeared to be for the purposes of the Whānau Ora Outcomes Agreement and consistent with the Annual Investment Plan agreed with Te Puni Kōkiri.
3. Records provided by PMA indicate that in 2024 a loan of at least \$3m was made from PMA to Moana Pasifika Ltd and this was subsequently converted to an 'investment', meaning that the loan is not repayable. It appears that this loan may have been ultimately funded from Pasifika Futures' balance sheet from funds accumulated over a number of years and funds paid to Pasifika Futures by Te Puni Kōkiri or other government agencies. The funding from Pasifika Futures to PMA does not appear to have been intended for the purposes of the Outcomes Agreement. Rather, Pasifika Futures' position appears to be that – to the extent it provided Whānau Ora funds to PMA – it was entitled to apply surpluses from Whānau Ora funds as it saw fit, and the remainder of the funds loaned came from sources that were not Whānau Ora funds.
4. In the absence of an audit, it appears at least possible that some of the commissioning funding was applied, at least in the short term, to assist with Pasifika Futures' parent organisation's cashflow. It is not clear how the funds lent were ultimately applied, nor whether and how they were repaid.
5. It is beyond the scope of this Review to conduct a forensic audit of the sources and uses of funding. Without conducting an audit, we were unable to say either way that, consistent with the Outcome Agreement and AIPs, the use of public funds was appropriate.
6. We also think it unlikely the Outcomes Agreement permitted any surpluses on operating costs to be dealt with in this way – i.e. as a loan or other payment to a parent entity, but nor did Te Puni Kōkiri clearly define what amounts from operating costs could be retained or applied for other uses.
7. We were unable to establish conclusively the source of the loan funds, to the extent the loan involved use of commissioning funds provided by Te Puni Kōkiri in the 2024 year. This was not permitted under the Outcomes Agreement and should have been at least discussed with Te Puni Kōkiri.

8. As a matter of good procurement practice, the risk of abnormal profits/surpluses should be managed through the mechanism of effective and robust procurement (setting the price and outputs/outcomes) and contract management (oversight and reporting on achievement and delivery under the contract).
9. Arrangements within the Pasifika Medical Group were complex and involved multiple people holding different roles across different entities (see Appendix 2), including 9(2)(a) [REDACTED]
[REDACTED] This created challenges for this Review, particularly because the name of the charitable trust that was operating the community programmes was similar to the name of the Super Rugby team, with the Moana Pasifika Charitable Trust also holding, at one point, the shares in Moana Pasifika Limited, which held the Super Rugby licence.
10. We were told there was duplication in Pasifika Futures' disclosures of funding to related parties in the 2022 and 2023 financial years, with an invoice issued in the 2022 year and paid in the 2023 year captured in the disclosures for both years. Pasifika Futures told us its auditor viewed this disclosure as nonetheless correct. Without undertaking a technical review or receiving an explanation from the auditor, we question whether the duplication of amounts across multiple years was appropriate and conveys an accurate picture to a reader of the financial statements.⁶
11. Management of Conflicts of Interest and perceptions of conflicts of interest should have been more closely attended to by Te Puni Kōkiri, given the known interrelated nature of the various entities and the multiple roles held by some individuals across those entities. Our review did not disclose any breach of the Outcomes Agreement conflicts policy,
12. In this instance, conflict-of-interest provisions existed in the contract. However, Te Puni Kōkiri did not engage these provisions during the term of the outcome agreements and AIPs, thereby limiting their ability to act as a safeguard for any potential, actual or perceived conflicts of interest. The reason for this was the judgement by Te Puni Kōkiri that it could not reasonably engage the existing contract provisions without affecting the (perceived or actual) impartiality of the procurement process underway in 2024 and early 2025, which could have risked challenge to the procurement process itself. We have been advised that the procurement process (now implemented) provided for improved contractual terms and conditions and the potential for improved contract management.

⁶ For completeness, we note Pasifika Futures told us the 2025 financial statements had not been completed, so we were unable to review the related party disclosures for that year.

Recommendations

We recommend that Te Puni Kōkiri take note of the following recommendations:

1. Future Whānau Ora contract management practices focus on the commissioning investment decision making and on measuring whether the investment is returning the expected shifts in outcomes.
2. In view of the residual uncertainty with respect to some matters relating to the loan from Pasifika Futures Limited and Pasifika Medical Association to Moana Pasifika Ltd, Te Puni Kōkiri should consider whether additional work should be undertaken to resolve those matters.
3. Agreed management fees should be based on a reasonable basis with the necessary modelling of administration and other costs, assessed as part of a robust procurement and contract management approach.
4. We understand that Te Puni Kōkiri intends to give more active consideration of and proactive disclosure of surpluses and arrangements for their application and use by providers. We recommend that this work take account of this Review's findings.
5. Risks including the management of conflicts of interest and perceptions of conflicts of interest should be proactively identified and appropriate mitigations discussed and implemented with providers. This should be on an ongoing basis and contracts should record the obligations on suppliers to notify and discuss these with Te Puni Kōkiri as changes to the business and provider structures occur.

Appendix 1 – Terms of Reference

Terms of Reference – Review into alleged inappropriate use of public funds appropriated for Whānau Ora

Dated: 27 Pipiri 2025

Appointment

1. The Secretary for Māori Development appoints Doug Craig, Director of RDC Group, as the independent reviewer to review matters relating to the alleged inappropriate use of public funds, and related matters.
2. These Terms of Reference also set out the background to the allegations, the matters in scope, out of scope, as well as the process to be followed in carrying out this Review.

Background

3. Te Puni Kōkiri received allegations from a media enquiry from the New Zealand Herald about Pasifika Futures Limited on 18 Pipiri 2025, and observed news media stories concerning Te Pou Matakana Limited on 25 Pipiri 2025 (**allegations**).
4. The Outcome Agreements for Whānau Ora commissioning with Te Pou Matakana Limited and Pasifika Futures Limited both expire on 30 Pipiri 2025. A rapid review is therefore required to obtain answers immediately.

Te Pou Matakana Limited

5. Te Pou Matakana Limited (Te Pou Matakana) is a Whānau Ora Commissioning Agency contracted by Te Puni Kōkiri under:
 - (a) an Outcome Agreement to undertake commissioning services to deliver Whānau Ora outcomes for Te Ika a Māui; and
 - (b) an Outcome Agreement - Ngā Tini Whetū to deliver Whānau Ora commissioning services for a prototype focussed on outcomes for families with children, in their first 1,000 days.
6. On 25 Pipiri 2025, Te Puni Kōkiri observed news media reports about Te Pou Matakana launching an advertising campaign encouraging Māori to enrol on the Māori Electoral Roll. The reports could raise questions as to the inappropriate use of funding under the outcomes agreements, public sector integrity (in particular political neutrality), and conflicts of interest.

Pasifika Futures

7. Pasifika Futures Limited (**Pasifika Futures**) is a Whānau Ora Commissioning Agency contracted by Te Puni Kōkiri under an Outcome Agreement to undertake commissioning services to deliver Whānau Ora outcomes across New Zealand.
8. On 18 Pipiri 2025, Te Puni Kōkiri received allegations in a media enquiry from the New Zealand Herald about Pasifika Futures allocating Whānau Ora funding to a professional rugby franchise, and other conflicts of interest in contracting decisions by a senior executive.

public sector integrity (in particular political neutrality), and conflicts of interest.

Matters in scope

9. You will review and report on the allegations of inappropriate use of Whānau Ora funding by Te Pou Matakana and Pasifika Futures.
10. The Review will be based on interviews as appropriate conducted with Te Puni Kōkiri, Pasifika Futures, and Te Pou Matakana, and information Te Puni Kōkiri provides you in respect of Te Puni Kōkiri, Te Pou Matakana, and Pasifika Futures, including:
 - (a) the Whānau Ora Outcome Agreement with Te Pou Matakana, the Whānau Ora Outcome Agreement with Pasifika Futures, and the Ngā Tini Whetū Outcome Agreement with Te Pou Matakana;
 - (b) the Annual Investment Plans under each of the Outcome Agreements and the requirements in the plans for use of the public funding;
 - (c) information provided by Te Pou Matakana and Pasifika Futures following requests for information under the Outcome Agreements;
 - (d) best practice guidance issued by the Auditor-General and public service agencies; and
 - (e) other relevant information requested by the reviewer.
11. You will review and report on:
 - (a) the contractual requirements in the Outcome Agreements, including the use of the public funding, relevant standards of conduct, and conflicts of interest management;
 - (b) the requirements in the Annual Investment Plans for use of the public funding;
 - (c) whether Te Pou Matakana and Pasifika Futures complied with all aspects of the Outcome Agreements, the requirements in the Annual Investment Plans, and any other requirements on these organisations, which includes assessing:
 - i. the knowledge held by relevant individuals at Te Puni Kōkiri, Te Pou Matakana, and Pasifika Futures, and when that knowledge was obtained;
 - ii. the way in which the public funding from the Whānau Ora appropriation and paid under the Outcome Agreements was used, and whether it was used for purposes not associated with Whānau Ora;
 - iii. whether, consistent with the Outcome Agreements and Annual Investment Plans, the use of public funds was appropriate;
 - (d) the adequacy of the contractual requirements and relevant Te Puni Kōkiri policies; and
 - (e) any recommendations, including recommended further actions by Te Puni Kōkiri, that you consider is necessary in relation to the above matters.
12. If the reviewer is contacted by third parties throughout the course of the review then, as appropriate, the reviewer will inform the third parties that the third parties can make a protected disclosure to the Secretary for Māori Development (or other appropriate authority).

Matters out of scope

13. The following are out of the scope of the Review:
- (a) any comment on the performance or competence of any person in relation to the matters in scope of this Review, except to the extent this relates directly to contract management, or determining any disciplinary matters;
 - (b) the fitness for purpose of any Te Puni Kōkiri policies or processes not directly related to this Review; and
 - (c) contracts held with either Te Pou Matakana Limited or Pasifika Futures Limited by any other agency

Process

14. The Review will commence immediately and provide a report as quickly as possible. An interim report on progress will be provided on 4 Hōngongoi 2025, and every week thereafter.
15. The Review will be carried out by you acting independently and using your own judgement as to a proper and appropriate process. You must act fairly and consistent with natural justice.
16. All relevant documents and information to assist you will be provided by Te Puni Kōkiri staff. Other assistance or logistical support will also be provided. Your key contact for the purposes of the Review is Steven Sutton, Deputy Secretary, Governance.

Report and Timing

17. At the conclusion of the Review, you will submit a section of a draft report on the matters set out in this Terms of Reference relevant to Te Pou Matakana, Pasifika Futures and any relevant officials at Te Puni Kōkiri for their review and comment.
18. Following the natural justice step above, you will provide the Secretary for Māori Development with the draft report for review and comment before finalisation.
19. The Secretary for Māori Development may release the final report, or a summary of findings from the report.

Conflict of Interest

20. I record that, through the contract we have entered into:
- (a) we have discussed relevant interests that could be, or give rise to, possible conflicts;
 - (b) any conflicts of interest identified to date are manageable and will not prevent them from undertaking review; and
 - (c) the reviewer will raise any interests that could give rise to possible conflicts for discussion on an ongoing basis, and resolve a management plan if needed.

Terms of Reference Approved

Dave Samuels

Te Tumu Whakarae mō Te Puni Kōkiri | Secretary for Māori Development

Appendix 2 – Pasifika Medical Group Organisational Scheme

9(2)(a)

