

3 September 2025

Independent Review into alleged inappropriate use of public funds appropriated for Whānau Ora – Te Pou Matakana

Te Puni Kōkiri

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1. Background/Introduction

Te Pou Matakana Limited (Te Pou Matakana) was a Whānau Ora Commissioning Agency contracted by Te Puni Kōkiri under an Outcomes Agreement to undertake commissioning services to deliver Whānau Ora outcomes for Te Ika a Māui; and an Outcomes Agreement - Ngā Tini Whetū to deliver Whānau Ora commissioning services for a prototype focused on outcomes for families with children, in their first 1,000 days.

On 25 June 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 and raise issues of public sector integrity (in particular political neutrality), and conflicts of interest.

The 30-minute advertisement encourages Māori to enrol on the Māori electoral roll. Some shorter clips also state that the more Māori voters are enrolled on the Māori roll, the more Māori seats there are in Parliament.

The Outcomes Agreement for Whānau Ora commissioning with Te Pou Matakana Limited expired on 30 June 2025. A review was therefore commissioned to obtain answers immediately.

2. Limitations and Matters out of Scope

This Review is limited to assessing the complaints as they are referred to in the Terms of Reference dated 27 June 2025.

The Review does not comment on the extent to which Te Pou Matakana has delivered services under the Whānau Ora Outcomes Agreement it had with Te Puni Kōkiri, nor the Ngā Tini Whetū Outcomes Agreement.

The following matters 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 or Pasifika Futures with any other agency.

We acknowledge that Te Pou Matakana engaged with the Review and provided comment on the allegations. They were also provided a copy of a draft report for natural justice purposes, prior to this report being finalised. Comments provided by Te Pou Matakana 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.

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 Te Pou Matakana through 9(2)(a) and Lawyers.
- Conduct interviews with 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.
- Conduct a desk-top review of relevant outcome agreements and other documents supplied by Te Puni Kōkiri.

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.

Te Puni Kōkiri describes Whānau Ora as "a culturally-grounded, holistic approach to improving the wellbeing of whānau as a group and addressing individual needs within the context of whānau". It seeks to put "whānau and families in control of services and [the] supports they need to build on their strengths and [to] achieve their aspirations". It is a funding model that allows providers to work with clients across the full range of their needs and aspirations (e.g. health and housing and education).

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. Te Pou Matakana was not successful in its bid for a contract and its Outcomes Agreement expired on 30 June 2025.

We were advised that Outcomes Agreements used for the funding years to 30 June 2025 for Te Pou Matakana 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. 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 discuss future adjustments or repayment if necessary. In practice we were advised that operating costs were generally not scrutinised to the same level as commissioning funding were, and the focus was more on the outcomes to be achieved through the annual investment plan and the associated reporting against the plan.
- 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 general performance and breach provisions of the new contract.

The Outcomes Agreement imposes different obligations on Te Pou Matakana as regards "commissioning funds", which must be spent directly and entirely on agreed Whānau Ora outcomes, and "operating costs" which it may use for its own general and administrative purposes.

As regards commissioning funds, Te Pou Matakana 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.

As regards operating costs, the Agreement provides that Te Pou Matakana may apply an amount capped at 20% of the total amount of funding received from Te Puni Kōkiri toward

operating costs. It contains provisions relating to the application of unspent or surplus amounts of operating costs, which are discussed further below.

Te Pou Matakana objected in its feedback on a draft version of this report to the use of the word “surpluses” to describe the funds used to pay for the advertising campaign. This topic is discussed further in footnote 3 below.

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

Te Pou Matakana continue to hold a contract to deliver the Ngā Tini Whetū service, discussed below.

5. About Ngā Tini Whetū

Ngā Tini Whetū is a whānau-centred early-intervention support service designed to strengthen families and improve the safety and wellbeing of children. There are two phases of Ngā Tini Whetū – a prototype phase and a test phase.

The prototype phase commenced in 2020 securing \$42.2M of pooled funding between Te Puni Kōkiri, Oranga Tamariki, and ACC. The focus of the prototype was to support whānau with tamariki where early signs of risk of state care intervention have been identified. The trial supported 700 whānau. The government approved \$64.4m over four years in funding as part of Budget 2023 to support the implementation of the Ngā Tini Whetū test phase. Currently, early-intervention support to 700 whānau is provided across Te Ika-ā-Māui by Te Pou Matakana in partnership with Te Puni Kōkiri and ACC (until 30 June 2025).

Oranga Tamariki and ACC stopped funding Ngā Tini Whetū in 2022 and end of June 2025 respectively due to needing more quantitative data collection and analysis on their specific outcomes.

Key characteristics of the prototype included:

- Joint funding across government agencies
- Broader, unique approaches to measurement and reporting whānau progress towards wellbeing outcomes
- Measurement and reporting against agency specific outcomes
- Lower navigation to whānau ratio (providing more intensive support to whānau)
- Shared discretionary funding
- Greater flexibility for whānau and provider collectives to develop and deliver services.

The Ngā Tini Whetū testing phase seeks to provide targeted and intensive support for pēpi and whānau during the First 1,000 Days (using the key characteristics outlined above). This supports the government's objectives under the Child Youth Wellbeing Strategy.

The testing phase formally commenced in March 2024.

The Ngā Tini Whetū testing phase seeks to provide targeted and intensive support for pēpi and whānau during the First 1,000 Days (using the key characteristics outlined above). This supports the government's objectives under the Child Youth Wellbeing Strategy.

Te Puni Kōkiri has a contract with Te Pou Matakana for Ngā Tini Whetū through to 30 June 2027. Unlike the Whānau Ora general commissioning outcomes agreement, Ngā Tini Whetū does not allow for any amount to be spent on operating costs.

6. The advertising campaign

Te Pou Matakana commissioned and paid for a series of advertisements in May and June 2025, including short and longer video segments (including one running to 30 minutes), billboards, posters and a website. For convenience, this report refers to the video segments, billboards, posters and website as the advertising campaign. The advertising campaign contained "Whānau Ora" branding.

The video segments featured 9(2)(a). In the video segments, 9(2)(a)

9(2)(a)

The billboards and posters focused on the "answer the call" message. The website contained similar information and a tool to help users enrol on either roll, or switch from the general roll to the Māori roll. We understand that, as part of the campaign, other prominent Māori figures were approached and agreed to disseminate the advertising by social media.

7. Te Pou Matakana's position

Te Pou Matakana's response to receiving the terms of reference for the Review was an email that in part said;

"you will note a contractual paragraph that license's our Civic Duty campaign, in overt and direct terms . By the way, this term was over several years and it is posted on your present Crown Agents website. Notwithstanding and read in line with the above we can and will deploy our surpluses as we see fit."

Through its lawyers Te Pou Matakana also said;

"The moneys used to pay for the Advertisement were sourced from returns on WOCA's¹ own investments, not Funding as that term is defined in the Outcome Agreement. In this case the source of the moneys was net interest earned on money WOCA deposited from 1 July 2024 to May 2025 in its general ledger for the Civic Duty Campaign. The net interest earned during the above period was \$1,131,615.04;

Because Funding was not used to pay for the Advertisement, there can be no breach of the Outcome Agreement even if Te Puni Kōkiri forms the view that encouraging Māori to vote on the Māori Electoral Roll, is not a Whānau Ora Outcome."

9(2)(a) that encouraging Māori to enrol on the Māori roll is consistent with Whānau Ora outcomes, as their outcomes agreement specifically refers to 'civic engagement' outcomes. This is also referenced by Te Pou Matakana's lawyers who have said;

Even if Funding was used to pay for the Advertisement (denied), the use of Whānau Ora funds to increase Māori participation in the electoral system is a Whānau Ora Outcome.

For the reasons that follow, Te Puni Kōkiri cannot sensibly argue that there has been a breach of the Outcome Agreement, when:

(a) it is a specific purpose and outcome of Whānau Ora, to encourage Māori to vote

¹ Te Pou Matakana also uses the name Whānau Ora Commissioning Agency or WOCA.

and to increase Māori participation in the electoral system; and

(b) Te Puni Kōkiri has allowed the use of Whānau Ora funds to increase the participation of Pacifica people in the electoral system."

Te Pou Matakana further said:

Funding is the sum of the total general commissioning funds and funding of Activities and cannot exceed total funding available as set out on page 38 and appendix 1 part A of the Outcome Agreement. The Funding can only be the amounts listed on page 38 as updated annually.

The word "surplus" or "surpluses" has a specific meaning under the Outcome Agreement. Surplus under the Outcome Agreement is unspent/underspend of Total Funding ("Surplus" or "Surpluses"). Surplus(es) under the Outcome Agreement is an under-spend to which appendix 5 applies. Every year TPK receives a separate financial reporting that includes the surplus as is defined above. Every year TPK reviews and accepts the surplus. Appendix 5 acknowledges surpluses may be retained/available for [Te Pou Matakana's] general use.

Income earned by [Te Pou Matakana] from investment of Funding is not Funding, nor is it surplus.

[Te Pou Matakana's] general ledger account is an accumulation of monies from Funding and other sources of funding from other purchasing agencies such as ACC, MSD, Stats NZ, Oranga Tamariki, Te Pūtea Whakatupu Trust, Te Whatu Ora, and Te Aka Whai Ora (General Ledger).

At no time has [Te Pou Matakana] indicated that the General Ledger account comprises solely Funding. Interest received on those monies held in the General Ledger account cannot be Funding (Interest Ledger).

[Te Pou Matakana] accounts for all interest received from its General Ledger account every year in its audited accounts. Those audited accounts report the interest received as retained earnings. Generating an income from investment, is not an under-spend to which appendix 5 engages.

The Audited accounts have been provided to TPK every year since 2014. In [Te Pou Matakana's] first 6 years of operation it was audited twice by two different auditors, one on behalf of TPK and one private, KPMG. The reports of both auditors were provided to TPK. Interest received on the investment of government agencies funding (including Funding) is reported as a separate line item in each set of financial statements. There has been no occasion on which TPK has asserted that interest received on general commissioning funds is itself "commissioning funds", "funding", or "Funding".

Te Pou Matakana confirmed it paid for the advertising campaign, but told us it was not funded directly from Whānau Ora commissioning funds and was in any event within the intended use of Whānau Ora funds.

Te Pou Makana further said:

[Te Pou Matakana] has submitted AIPs² and the Review has considered AIPs for the years 2021 – 2025. TPK has approved those AIPs. TPK has not in those years indicated it requires reporting of interest received on Funding, nor has TPK required interest received on Funding to be brought forward for reinvestment in the following funding period.

[Te Pou Matakana] has advised the Review that over the last 10 years of [Te Pou Matakana] submitting AIPs and TPK approving those AIPs, TPK has not once indicated

² Agreed Investment Plans – described in 8.2 below.

it required reporting of interest received on Funding, nor has TPK required interest received on Funding to brought forward for reinvestment in the following funding period.

8. Can Providers invest unspent or not yet spent Whānau Ora funding and retain investment gains for their own purposes?

Te Pou Matakana's primary response is that it was entitled to invest unspent Whānau Ora funding and retain interest earned, which could then be spent for purposes that did not necessarily meet the purposes of the Outcomes Agreement.³ It is therefore necessary and appropriate for the Review to consider the source of the funds for the advertising campaign (8.1) below, and the terms of the Outcomes Agreement (8.2 below).

8.1. The source of the funds for the advertising campaign

Te Pou Matakana told us it had commissioned an external advertising agency to design and execute the advertising campaign. Te Pou Matakana advised there were no payments made or expected in relation to the campaign other than those to the advertising agency. Te Pou Matakana advised us that the agency made the decision to engage 9(2)(a), including 9(2)(a).

Te Pou Matakana objected to an inference drawn in the first draft of this report that 9(2)(a) made the decision to commission the advertising campaign.

Te Pou Matakana then said:

This is another example of the Inquiry not having asked a question and therefore it not having been answered then drawing an adverse inference from the silence to a question that has not been asked. It is only appropriate for an inquiry to draw inferences based on proven fact not on speculation.

The questions we asked were:

Please advise who was responsible for approving the funding for the advertisement and provide related minutes, declarations of interests or conflicts of interest and any other information your client considers relevant to the approval of the funding.

...

Our previous letter asked you to advise who was responsible for approving the funding for the advertisement and provide related minutes, declarations of interests or conflicts of interest and any other information your client considers relevant to the approval of the funding. ... please can you provide that information.

Te Pou Matakana's final substantive response was that:

[The agency's] invoice dated 26 May 2025 was approved for payment by the accounts payable department of WOCA, having first been received by 9(2)(a) The

³ In its comments on the draft version of this report, Te Pou Matakana objected to the use of the word "surpluses" as being imprecise. That term was used by 9(2)(a) in the email quoted in section 7, which asserted a general entitlement to accrue and retain surplus unspecified funding for its own benefit, which is addressed at footnote 5 below. 9(2)(a) said: "we can and will deploy our surpluses as we see fit". In comments on a draft version of this report Te Pou Matakana said 9(2)(a) does not say WOCA is entitled to accrue and retain surplus Whānau Ora funding for its own benefit. 9(2)(a) does say WOCA/ Te Pou Matakana ("our") is entitled to retain and expend its own surpluses i.e profit.

payment recommendation was then reviewed by 9(2)(a)

The Review therefore proceeds on the basis that:

- a) 9(2)(a) decided the campaign would be funded from interest earned in the circumstances described below; and
- b) If any other relevant information exists in relation to the decision to commission and fund the advertising campaign, Te Pou Matakana has elected not to provide that to the Review, despite the invitation in correspondence to provide other information it considered relevant to the funding decision, and having had the opportunity to comment on two draft versions of this report which addressed the issue of who commissioned the campaign.

Te Pou Matakana explained it had paid for the advertising campaign from interest earned on a term deposit. It provided evidence of the first payment being made to the agency, including an invoice and bank statement, and also provided copies of its ledger and internal records supporting its explanation. It advised that it expected to receive a second and final invoice.

Te Pou Matakana also provided evidence of the reserves and investments it held, including bank statements showing interest earned on a term deposit. Those records appeared to be consistent with its publicly available audited financial statements for the previous financial year (ended 30 June 2024), which showed a cash balance of \$9.7 million, a separate investment in a term deposit of \$8.5, and interest earned of \$997,000.

The interest earned by Te Pou Matakana on investments exceeded the amount spent on the advertising campaign. We therefore accept that Te Pou Matakana funded the campaign from this source.

Te Pou Matakana say that the funds invested were sourced from [Whānau Ora] Funding and other government contracts. ... the funds in its general ledger account were also sourced from ACC, MSD, Statistics NZ, Oranga Tamariki, Te Pūtea Whakatupu Trust, Te Whatu Ora, and Te Aka Whai Ora.

8.2. Provisions of the Outcomes Agreement

Te Pou Matakana was party to successive Outcomes Agreements with Te Puni Kōkiri, under which it received funding that it must apply for the purpose of the outcomes stated in the Outcomes Agreement. The most recent amended and restated Outcomes Agreement was entered into in 2020. It was varied and extended from time to time, with a final term ending on 30 June 2025.

The Outcomes Agreement imposes different obligations on Te Pou Matakana as regards "commissioning funds", which must be spent directly and entirely on agreed Whānau Ora outcomes, and "operating costs" which it may use for its own general and administrative purposes.

As regards commissioning funds, Te Pou Matakana is 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" (AIP), 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. Te Pou Matakana asked that this Review confirm that it complied with its reporting obligations by submitting AIPs. We have reviewed the AIPs for the 2021 to 2025 years. It is outside the scope of this Review to say whether Te Pou Matakana complied with its reporting

obligations more generally, and we note that most of the content of the AIPs was not relevant to the Terms of Reference of this Review.

As noted, as regards operating costs, the Outcomes Agreement provides that Te Pou Matakana may apply an amount capped at 20% of the total amount of funding received from Te Puni Kōkiri toward operating costs. It contains provisions on the application of unspent or surplus amounts of operating costs, which are discussed further below.

Contracts such as the Outcomes Agreement need to be interpreted in context, in accordance with what the terms would convey to a reasonable person with full knowledge of the background facts, including any negotiations. The parties' understanding of what the contract means may be demonstrated by their conduct after the agreement is entered into, and in particular their mutual subsequent conduct.

It is outside the scope of this Review to make a final determination on what the Outcome Agreement and AIP meant, where there are different possible interpretations. That would require a determination of a court after hearing full evidence and submissions from the parties.⁴ Nevertheless, our view is that the Outcomes Agreement does not permit a commissioning agency to obtain a benefit from investing as-yet unspent funds. We consider that explaining our understanding of the Outcomes Agreement is necessary to answer the Terms of Reference, while recognising that a final determination is not possible within the scope of this Report.

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 or operating costs to support the delivery of those services.
- c) On both issues above 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 not possible to make a final determination on the parties' rights under the Agreement on the basis of the information provided to date

⁴ Te Pou Matakana mischaracterised the approach of this Review in its comments on a second draft report, as follows: "Mr Craig has determined that the contract terms are not clear and that contract terms must be demonstrated by the parties' subsequent conduct and understanding. Mr Craig says he must look at background facts and negotiations. Mr Craig opened the door. Having made this determination Mr Craig, then Mr Craig should have sought the understanding of the parties." The point of the statement referenced above is that the Review is *not* in a position to carry out the type of exercise that a court would conduct to finally determine what the Outcomes Agreement means on relevant issues. As Te Pou Matakana acknowledged, the Review did, in any event, seek its view, which is recorded on page 11 below and further at footnote 6.

- d) .However, we think 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.⁵

We reviewed documents in each year in which Te Pou Matakana reported spending on commissioning and operating costs, and underspends on commissioning funds, which it referred to as "rollover" (being unspent funding agreed to be carried over and spent in the following year) and operating costs. It was not clear on the face of those documents whether Te Pou Matakana had accounted for interest earned on unspent funds from previous years, but Te Pou Matakana told us it did not. Te Pou Matakana confirmed in response to a draft of this report that it did not consider interest income to come within the requirements of the Outcome Agreement, that it did not include the interest amounts in its reporting to Te Puni Kōkiri. Its position was that its reporting was transparent in what it did and did not contain, and that Te Puni Kōkiri had never insisted on any additional reporting or disclosures.

Te Pou Matakana made the point that the interest earned on its investments was not Whānau Ora funding. It said that "Funding" (which was not a defined term in the Outcomes Agreement) was only the stated amount paid each year in commissioning funds and operating costs. It also said there was no ambiguity in what funds were subject to the Outcomes Agreement.⁶ As noted above, Te Pou Matakana had also reported "rollover" funding to Te Puni Kōkiri, being approved total commissioning funding for a year, where services were later agreed with Te Puni Kōkiri to be provided in the following year (which it called an "extended deliverable").

Te Pou Matakana say that what it called "Funding" excluded interest earned on any part of that Funding money that was invested before being ultimately spent on Whānau Ora outcomes, whether as an extended deliverable or in the same financial year, and interest earned was not subject to the spending requirements of the Outcomes Agreement at all. As Te Pou Matakana put it:

⁵ While Te Pou Matakana does not say it has spent a surplus of commissioning funds for its own use, we note that we do not think that surpluses on commissioning funds may be retained for a commissioning agency's own general use. We presume that is a reference to the following clause:

No funding made available to the Commissioning Agency under the Outcome Agreement may be applied for any purpose that is not directly connected to the performance of the Outcome Agreement. In the case of any funding which the Commissioning Agency is entitled to apply to operating costs, the Commissioning Agency must at all times act reasonably and in good faith (which shall require the Commissioning Agency to consider whether the anticipated application of such public funding is appropriate, including after taking into account the remaining period until the scheduled expiry of the Outcome Agreement). In this respect, particular care will be required when the Commissioning Agency is assessing whether to incur capital expenditure and/or retain any portion of its operating cost allocation as surplus that will be available for its own general use.

In context, we think it is clear that the reference to surplus being "available for its own general use" means only surplus on operating costs, not commissioning funding.

⁶ Te Pou Matakana was asked to set out its position on what the Outcomes Agreement meant, and replied stating its view that the Outcomes Agreement clearly contemplated that funding could be spent on increasing Māori participation in the electoral system. It also provided us with a copy of a letter from Te Puni Kōkiri in which Te Puni Kōkiri declined to express a view on that issue while the Review was on foot. Te Pou Matakana then asked whether the Review had sought the view of the Secretary for Māori Development on the issue, and when told that the Review had not, took the position that the Review should, having received Te Pou Matakana's view, proceed to determine the issue without the Secretary's view. The Review did so. In its comments on a second draft version of this report, Te Pou Matakana then took a contradictory position and said the Review should have sought the views of the Secretary and two other named public servants on the meaning of the Outcomes Agreement on that issue and another issue relating to the meaning of the Agreement (and whether it contemplated that interest earned on Whānau Ora funding could be retained for Te Pou Matakana's own purposes). It was not explained why the personal views of any of the three individuals was relevant to what the Agreement meant. It was also far too late for Te Pou Matakana to seek that the Review take the opposite approach to the one it had urged the Review to take earlier.

Income earned by WOCA from investment of Funding is not Funding, nor is it surplus.

The Outcomes Agreement did not deal expressly with any investment income earned on funding paid under the Agreement. However, it did not contemplate any profit component for providers and generally provided that *"No funding made available to the Commissioning Agency under the Outcome Agreement may be applied for any purpose that is not directly connected to the performance of the Outcome Agreement."*

While Te Pou Matakana focused on the interest income earned on commissioning funds, it did not initially address why it was entitled to invest commissioning funding for its own purposes. It then said:

Ownership of the Funding vest in WOCA immediately upon payment being made. What WOCA does with that Funding is only constrained by the caveats as to its application set out in the Outcome Agreement particularly appendix 1 part A and appendix 5. There is no caveat in relation to investment of Funding or any part of it pending application of that Funding for its purpose.

Te Pou Matakana then said that if it could not invest the funds, it would have to keep them in a non-interest bearing account, which would make no sense. We accept it is likely that Te Pou Matakana was entitled to keep the funds in an interest-bearing account, and it was prudent to do so. The point was that it is not clear it could, itself, benefit from the investment of public funds paid under the Outcome Agreement.

In the circumstances, we doubt that Te Pou Matakana was entitled to apply interest earned on unspent or not yet spent commissioning funds for its own purposes, unconnected with the performance of the Outcomes Agreement.

On the other hand, Te Pou Matakana correctly pointed out its audited financial statements account for interest separately from funding received from Te Puni Kōkiri and other government agencies. It also said that it had reported annually to Te Puni Kōkiri on Whānau Ora funding received, spent and retained as required by the Outcomes Agreement, and did not view itself as required to report on interest earned on Whānau Ora funding as the interest was not Whānau Ora funding. It had accordingly excluded interest from its reports to Te Puni Kōkiri. It further said Te Puni Kōkiri had never raised any issue with the fact that it did not report interest, nor ever asserted that interest was required to be applied as directed in the Outcomes Agreement.

In the circumstances, we are not in a position to finally determine whether Te Pou Matakana was entitled to apply interest earned for its own purposes.

Te Pou Matakana also objected to this Review commenting on what the Outcomes Agreement meant, as regards whether it was entitled to invest funds that were received (in part) from Te Puni Kōkiri as Whānau Ora funding. We do not agree that the Review should not comment on this issue at all. The Review is required to report on:

(c) whether Te Pou Matakana ... 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:

...

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

....

Te Pou Matakana objected to the Review commenting on the issue whether it could apply interest for its own purposes at all. However, it made two main points in its initial response to the Review, being that a) the funds applied, being interest, were not subject to the Outcomes Agreement and b) that the funding was in any event applied for a Whānau Ora purpose. We think the Review was required to address these points.

Our conclusion therefore remains that it is not clear Te Pou Matakana was entitled to apply interest earned on investments derived (in part) from commissioning funding for its own purposes.

9. Were the advertisements a permitted use of Whānau Ora funding?

Given the doubt as to whether Te Pou Matakana was entitled to accrue and use interest earned on investments of Whānau Ora funding for purposes outside the Outcomes Agreement, we discuss below the statement by its lawyer that:

"Even if Funding was used to pay for the Advertisement (denied), the use of Whānau Ora funds to increase Māori participation in the electoral system is a Whānau Ora Outcome."

9.1. Permitted uses of commissioning funds

The Outcomes Agreement requires Te Pou Matakana to apply commissioning funds toward Whānau Ora outcomes stated in the Whānau Ora outcomes framework, as agreed in advance in AIPs, which identify investments and spending to be made toward those outcomes.

The Whānau Ora outcomes were most recently updated in 2022. Relevantly, one of the goals and a success indicator are:⁷

Whānau are participating in society

Increased number of whānau exercising their right to vote in national and local council elections.

Te Pou Matakana stated that its AIPs recorded civic participation and voting as an outcome and a use to which commissioning funds should be put. It further said that the advertising campaign was a consistent and appropriate use of funding under those plans.

The 2022 AIP listed the following outcome and definition of success or potential indicators of success:

Outcome: Whānau participating in the community

Definition of success:

...

whānau vote in local and national elections

There was no express reference to voting or civic education in in the 2024-2025 AIP, being the operative AIP (nor in the 2022-2023 or 2023-2024 AIPs). Te Pou Matakana referred us to the following parts of the AIP, which referenced the Whānau Ora outcomes framework generally:

⁷ <https://www.tpk.govt.nz/en/nga-putea-me-ng-a-ratonga/Whānau-ora/Whānau-ora-kaupapa>

The Next 12 Month Priorities

Strengthen Social Investment Capability and Modelling

Deepen a systems approach and reporting culture that goes beyond traditional conceptions of short to medium impact of interventions, and illustrates the total context of change and contribution of effort to achieve sustained and enduring generational whānau outcome

Policy, Advocacy & Advice

The research unit informs national and state Māori policy development and engages and advocates for Māori well-being. Independent policy briefs, participation in public submissions, and hui are of utmost importance in bringing whānau voice and Mātauranga Māori to the table. The Research team will provide a selection of policy briefing papers on priority issues for Māori. [Te Pou Matakana] undertakes policy review, advocacy, research, and evaluation activities, measuring and monitoring whānau progress through the WOCA [Whānau Ora] outcomes framework.

On the face of the AIP it is not clear that Te Pou Matakana intended to conduct a civic engagement campaign. The references to the Outcomes Framework appear to be in the context of developing tools for reporting on outcomes, and conduct research and make submissions.

The Outcomes Agreement generally requires funding to be allocated as agreed in the AIP, with associated reporting.

In its feedback on the second draft of this report, Te Pou Matakana said:

It is therefore inappropriate for the Inquiry to attempt to:

- a) Diminish the importance of both the Whānau Ora Outcome framework and the Outcome Agreement; and*
- b) To overstate the priority of purpose given to the AIP*

We do not accept the Review has overstated the significance of AIPs. Te Pou Matakana has referred repeatedly to the AIPs, as well as the Outcomes Agreement and Whānau Ora Outcomes, in support of its position that the expenditure on the advertising campaign was consistent with the Outcomes Agreement. As noted above, 9(2)(a) email said:

you will note a contractual paragraph that license's our Civic Duty campaign, in overt and direct terms . By the way, this term was over several years and it is posted on your present Crown Agents website. Notwithstanding and read in line with the above we can and will deploy our surpluses as we see fit.

Te Pou Matakana's lawyers said:

6.7. TPK, through its successive approval of Whānau Ora annual investment plans (AIP) has successively acknowledged that Whānau engagement in civic affairs and Whānau participation in society, comprise key outcomes.

- 6.8. WOCA's approved AIP for the 2017/2018 year, states on page 18, row 3 (Whānau participation in the community), column 3 (outcome areas), engagement in civic affairs.
6.9. WOCA's approved AIP for the 2018/2019 year, states on page 26, row 2 (Whānau participation in the community), column 3 (outcome areas), engagement in civic affairs.
6.10. Whānau participating fully in society is reported at page 29 of Whānau Ora, Te Kahu o Matariki 2022/23 as a key outcome.

In its feedback on the first draft of this report, Te Pou Matakana referred to the pages of the 2024-2025 AIP quoted on page 13 above.

In any event, we accept that a campaign that encourages Māori to enrol to vote could contribute to the achievement the Whānau Ora outcome set out above. There is a further question however, as to whether a campaign that encourages Māori to enrol on a particular electoral roll – here the Māori roll – falls within that objective. Te Pou Matakana referred us to information on the Electoral Commission's website about what it means for voters to be on the Māori or General roll, and how to change between the Māori and General rolls,⁸ which it said "actively encourages" Māori to choose. Even if the information can be read as encouraging voters to make an active choice, the Commission does not suggest that voters should choose either roll.

Te Pou Matakana may well have taken the view that the interests and outcomes of Māori would be better advanced by increased participation on the Māori roll, more Māori seats in Parliament, and therefore more members who are answerable solely to a Māori electorate.

That is a value judgement on which opinions might reasonably differ. Te Pou Matakana may therefore have taken the view that that outcome is not inconsistent with Whānau Ora outcomes. There is nevertheless a question as to whether the Whānau Ora outcome of increased participation in society and, higher numbers of Māori voting in elections, was an end in itself, or whether it encompassed other, wider aims.

Ultimately, we acknowledge Te Pou Matakana's view that the advertising campaign was within the permitted purposes of commissioning funds, noting for completeness that the campaign was funded from the interest earned on investments which included accrued underspends of Whānau Ora funding, or Whānau Ora funding not yet spent.

A definitive view on this would require a detailed consideration of the parties' interactions and expectations both before and during the period of the Outcomes Agreement. Te Puni Kōkiri may wish to explore this issue further with relevant agencies in order to bring greater clarity to the matter.

10. Management of Conflicts of Interest

The next question is whether actual or perceived conflicts of interest were appropriately considered.

In our view the key question is whether actual or perceived conflicts of interest were dealt with appropriately, given (1) Te Pou Matakana's links to Te Pāti Māori, and (2) the prospect that the advertising campaign could influence voter participation in a way that benefits Te Pāti Māori.

⁸ https://vote.nz/maori-electoral-option/about-the-option/about/?gad_source=1&gad_campaignid=22469404754&gbraid=0AAAAADrff18rwSJ8aK5PLdl5KBTz6XU4U&gclid=CjoKCCQjw64jDBhDXARIsABkk8J56ywtuxmgVcCzjTEqqBq5RLio4zJw_lUgNAfsTY1adsg8ld1UK-p8aAknQEALw_wcB

Te Pou Matakana objected to any discussion in this report of the 9(2)(a) as being outside the Terms of Reference. We do not agree. The Terms of Reference state:

The [media] 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.

The media reporting of 25 June 2025, which is referenced in the Terms of Reference, referred expressly to the 9(2)(a) of 9(2)(a), and records a complaint by a senior Member of Parliament that the advertising campaign aligns too closely with Te Pati Māori, and attributes comments to 9(2)(a).⁹ The Review is therefore required to consider this issue.

10.1. Te Pou Matakana's links with Te Pāti Māori

Te Pou Matakana stated that 9(2)(a) were not part of the decision-making process (to fund the campaign). Public comments were attributed to 9(2)(a)

9(2)(a)

We understand that 9(2)(a) While the Review has not been able to definitively establish who within Te Pou Matakana was involved in the decision to fund the advertising campaign, we have been told that the invoice was reviewed by 9(2)(a) (see 8.1 above). Accordingly, we do not agree that this issue is outside the Terms of Reference.

10.2. Advertising campaign

As Te Pou Matakana acknowledged, the advertising campaign encourages Māori to join the Māori Roll.

Media reporting questioned whether the funding of the advertising campaign came from Whānau Ora commissioning funds, whether this was appropriate, and whether conflicts of interest had been managed appropriately. These issues were raised given 9(2)(a)

which are discussed below in terms of the management of conflicts of interest.

10.3. Potential benefit to Te Pāti Māori from the advertising campaign

It is outside the scope of this Review to summarise or comment on the development of Māori representation and Māori seats in Parliament, or the electoral system generally.¹⁰ However, it is relevant that:

- a) The number of Māori seats is tied to the number of voters enrolled on the Māori roll, with the number of voters in the Māori electorates being proportionate to the number of voters in the general electorates.

⁹

9(2)(a)

¹⁰ See generally <https://teara.govt.nz/en/nga-mangai-maori-representation/page-2>

- b) A 2022 legislative change (effective from March 2023) enabled people of Māori descent to switch between the Māori and general rolls at any time other than during the three months before an election.

We accept that the benefit to Te Pāti Māori from the campaign, if any, would be indirect. If the campaign was successful, the number of Māori seats might increase, and if so, Te Pāti Māori would have an opportunity to increase its presence in Parliament, which would in turn be contingent on voters' choices on election day. As Te Pou Matakana correctly observes, other parties also contest the Māori seats and they have at times been held entirely by other parties.¹¹

Nonetheless, given the dual roles of those involved, the commissioning and funding of the campaign had the potential to raise questions, and perceptions about the motivations and intentions of the decision makers who approved the advertising campaign. Indeed, Te Pou Matakana acknowledged there was a possible perception of conflict in relation to [REDACTED]

In the end, as already noted, we are not required to make a definitive finding on this issue.

10.4. Conflict of interest management was not optimal

The Outcomes Agreement provides for Te Pou Matakana to apply public sector-standard governance and conflict standards, which requires it (amongst other things) to retain an interest register, and to provide the register and any other information sought to Te Puni Kōkiri on request.

Te Pou Matakana told us that it had a conflict of interest policy and provided a copy. As noted, it properly acknowledged that 9(2)(a) [REDACTED] could conceivably give rise to a perception of conflict, given 9(2)(a) [REDACTED] within Te Pou Matakana. It said that the perception of a conflict was considered, but given the advertising campaign was designed to meet a Whānau Ora Outcome, and no political policy or political party was referred to in that campaign, Te Pou Matakana determined that no conflict arose.

For the reasons outlined above, we consider that there was at least a strong risk of a perceived conflict of interest arising from the potential benefit to Te Pāti Māori from the advertising campaign.

Even if strictly outside the requirements of the conflict of interest management reporting, to mitigate and avoid damage to the reputations of both parties, and to the Whānau Ora programme, we consider it would have been preferable if:

- a) The decision whether to commission the campaign had been taken using Te Pou Matakana's conflict procedures, with 9(2)(a) [REDACTED] not taking part in the decision-making or discussion and this being recorded;
- b) Before the decision to commission the campaign was taken, it had been discussed with Te Puni Kōkiri and explicitly agreed in the AIP.

We are aware that part of the context also included sensitivities during a procurement process, and then litigation between Te Puni Kōkiri and Te Pou Matakana. In that circumstance it is understandable that communication may not have been as free as it might otherwise have been.

¹¹ For example, the Labour Party held all Māori seats after the 2020 General Election.

We understand that 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.

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. Te Puni Kōkiri staff advised us that this was a conscious judgement which has ultimately led to the changed contractual terms now in place.

We understand that Te Puni Kōkiri intends to give more active consideration of possible conflicts of interest and require 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.

Findings and Observations

With regard to the matters identified as a result of our analysis of the information provided to us and the interviews of senior Te Puni Kōkiri staff we carried out, we make the following findings and observations;

1. The advertising campaign was paid for from interest on deposit. The deposit accrued in part from funds received by Te Pou Matakana under its Whānau Ora Outcomes Agreement.
2. While it is not possible in this Review to form a definitive view, we do not believe that Te Pou Matakana was entitled to invest Whānau Ora funding, retain the interest for its own purposes, and then apply that interest to purposes outside the Outcomes Agreement.
3. However, we think it is at least arguable that Te Pou Matakana is correct in its secondary argument: that the advertising campaign was within the purposes of the Whānau Ora Outcomes framework, which contemplates civic engagement outcomes. It is also arguable that a campaign directed at encouraging Māori to enrol on a particular electoral roll is outside those purposes. A definitive view on this would require a detailed consideration of the parties' interactions and expectations both before and during the period of the Outcomes Agreement.
4. The advertising campaign had a prospect of benefitting Te Pāti Māori, at least indirectly. With the benefit of hindsight and thinking about the nature of the relationship that needs to exist between providers and government agencies, especially in the context of Whānau Ora, it might have been more prudent for Te Pou Matakana to have proactively raised its plan for the advertisement and to disclose its funding source, in the interests of transparency and to avoid unhelpful speculation.
5. We understand that Te Puni Kōkiri intends to give more active consideration of possible conflicts of interest and require proactive disclosure of any arrangements within its provider structures or personnel which might give rise to a conflict of interest, or a perception of a conflict of interest.

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. Agreed back-office 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.
3. 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.
4. 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.
5. Te Puni Kōkiri may wish to explore further the issue of whether the advertising campaign was consistent with the civic engagement outcomes with relevant agencies in order to bring greater clarity to the matter.

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.

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