



16 December 2016

Merepeka Raukawa-Tait
Board Chair, Te Pou Matakana Limited
1 Edmonton Road
Henderson
AUCKLAND 0612

Tēnā koe Merepeka

Te Pou Matakana: Verification of the 2015/16 incentive payment

Thank you for engaging with us throughout the verification process for the 2015/16 incentive payment for Te Pou Matakana.

I am writing to confirm that Te Puni Kōkiri has approved the 2015/16 incentive payment of **\$633,804.00** to Te Pou Matakana. This represents significant achievement, and I commend Te Pou Matakana for its performance against challenging targets.

I understand that some of the recommendations for improvements from the 2014/15 period have been implemented and were visible in 2015/16. While I appreciate there may have been a small number of areas identified for improvement from this period, I have agreed to the full payment. This recognises the commitment Te Pou Matakana makes to continuous improvement.

Our team has worked alongside Te Pou Matakana to describe a small number of areas for refinement. The attached summary report provides additional detail and more fulsome feedback.

Next steps

Upon receipt of an invoice from Te Pou Matakana for **\$633,804.00** (plus GST), we will process payment as soon as possible.

My team will continue to engage with yours to develop and agree the incentive payment mechanism for the 2016/17 financial year, bearing in mind the lessons learned from this year's verification process.



I would like to acknowledge the positive results you have achieved to date for whānau and families across Te Ika-a-Māui, and wish to thank you again for the effort involved in delivering this impressive milestone.

I look forward to our continuing engagement over the coming year.

Ngā mihi



Michelle Hippolite
Toihautū | Chief Executive

cc: John Tamihere – Chief Executive, Te Pou Matakana

Released under the Official Information Act 1982



06 Hakihea 2018

Te Minita Whanaketanga Māori
Minita mō Whānau Ora

HE PĀRONGO | AIDE MEMOIRE

Information regarding specific issues raised in Māori Affairs Select Committee on 5 December 2018

Te Puni Kōkiri contact: Alana Ruakere

Phone: [REDACTED] **Withheld under Section 9(2)(a)**

TPK tracking no: 38480

Purpose

1. This aide memoire provides you with information related to specific statements made by Joanne Hayes at the Māori Affairs Select Committee on 5 Hakihea 2018 regarding Whānau Ora contracts and financial expenditure.

Context

2. Te Puni Kōkiri officials appeared before the Māori Affairs Select Committee ('the Committee') on 5 Hakihea 2018 for the Annual Review of Te Puni Kōkiri. Committee members present included Chairperson Rino Tirikatene, Marama Davidson, Joanne Hayes, Harete Hipango, Tutehounuku (Nuk) Korako, Adrian Rurawhe and Meka Whaitiri.
3. At the Committee meeting, Ms Hayes stated that:
 - a. Commissioning Agencies' contracts with Te Puni Kōkiri "are not accessible to her"; and
 - b. She "has heard of a Commissioning Agency which gave out \$600,000 to shareholders from the Whānau Ora fund."

Comment

Access to Commissioning Agency contracts

4. On 31 August 2018, Ms Hayes was provided with copies of the contracts between Te Puni Kōkiri and each Commissioning Agency as a result of a request under Official Information Act 1982 (the Act). Some contractual information was withheld under the Act accordance with:
 - a. Section 9(2)(a), to protect the privacy of natural persons;
 - b. Section 9(2)(b)(ii), to protect information where the making available of that information would be likely to unreasonable prejudice the commercial position of the subject of the information; and

- c. Section 9(2)(i), to enable a Minister of the Crown or any department or organisation holding the information to carry out commercial activities without prejudice or disadvantage.
5. These redactions were minimal, and the bulk of contractual contents were provided to Ms Hayes.
6. Ms Hayes may have been referring to the contracts between the Commissioning Agencies and their networks of partners and providers (under which Whanau Ora services and support are actually commissioned). In line with the devolved nature of the commissioning approach, Te Puni Kōkiri does not have access to these contracts.

Payments to Shareholders

7. After reviewing records, officials are satisfied that the commissioning agency responsible for making payments to shareholders, referred to by Ms Hayes, is Te Pou Matakana. Te Pou Matakana's Annual Report for FY16/17 records a dividend payment of \$633,804 to its shareholders.
8. Officials have confirmed with Te Pou Matakana that payment was received as part of its incentive payment, as a reward for progress on priority and difficult issues, in the 2015/16 financial year. Te Pou Matakana are entitled to determine how to use or apply this particular payment.
9. Te Pou Matakana shareholders are:
- a. National Urban Māori Authority – a Charitable Trust, holding 88% of shares;
 - b. Te Whānau o Waipareira Trust – a Charitable Trust, holding 9% of shares; and
 - c. Manukau Urban Māori Authority – an Incorporated Society, holding 3% of shares.

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[Redacted] Withheld under Section 9(2)(h) [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

12. Officials note that all three of Te Pou Matakana's shareholders are charitable organisations that provide social services and support to particular New Zealand communities.

13. Officials also note that Te Pou Matakana has subsequently made a further payment to its shareholder, of \$988,000, in FY17/18. Te Pou Matakana has confirmed this also consisted of the incentive payment.

Next Steps


14. Officials have drafted key points, attached to this aide memoire, for Ministers' information.

Attachments

1. Key points on Te Pou Matakana's payments to shareholders.

Alana Ruakere

Alana Ruakere
Kaiārahi, Whānau Ora | Lead, Whānau Ora

NOTED	NOTED
	
Hon Nanaia Mahuta Te Minita Whanaketanga	Māori Hon Peeni Henare Minita mō Whānau Ora
Date: ____ / ____ / 2018	Date: <u>11</u> / <u>12</u> / 2018

Released under the Official Information Act 1982

Key Points on Te Pou Matakana's payments to shareholders

The Payments

1. Te Pou Matakana (TPM) distributed payments of approximately \$600,000 to its shareholders in FY16/17. Its shareholders are:
 - a. National Urban Māori Authority – a Charitable Trust, holding 88% of shares;
 - b. Te Whānau o Waipareira Trust – a Charitable Trust, holding 9% of shares; and
 - c. Manukau Urban Māori Authority – an Incorporated Society, holding 3% of shares.
2. Te Pou Matakana's shareholders are charitable organisations that provide services to whānau.
3. The payments are permitted under the contractual framework with Te Puni Kōkiri. It is permissible for payments derived from 'other activities', where agencies earn money for activities outside the contract with Te Puni Kōkiri, and incentive payments, which are essentially performance bonuses.

Incentive Payment Model

4. The Whānau Ora model is about commissioning outcomes for whānau. The model is intended to be innovative and results-driven.
5. The incentive payment mechanism is a form of 'payment by results' that was considered by Cabinet in 2013, and it has been in place since agreement of the first Whānau Ora Commissioning Outcome Agreements (contracts) in 2014.
6. An annual incentive payment mechanism was established to reward stretch performance, or performance in difficult priority areas, for supporting Whānau Ora wellbeing outcomes.
7. Incentive payments are considered a 'surplus' at the end of the financial year for accounting purposes. Whānau Ora Commissioning Agencies are entitled to determine how to use or apply these payments.

Additional information

8. Incentive payment mechanisms are incorporated into all of the three Commissioning Agency contracts.
9. The incentive payment comprises approximately 2 per cent of the total funding distributed to commissioning agencies each year.

Question No. 12—Whānau Ora

12. JO HAYES (National) to the **Minister for Whānau Ora**: Does he agree with the Prime Minister's statement on Whānau Ora incentive payments that "the Minister has said he is looking at the way that some of those arrangements work with Whānau Ora"?

Hon PEENI HENARE (Minister for Whānau Ora): Yes, I agree with the statement by our Prime Minister, including this statement in the same interview: "It was an incentive payment that the last Government set up with Whānau Ora."

Jo Hayes: Why, then, did RNZ report that he wasn't looking to make any changes to the contracts—

SPEAKER: Order! The member will resume her seat. It's really important that questions start off with an area that a Minister is responsible for, and no Minister is responsible for why Radio New Zealand does anything.

Jo Hayes: OK. Why was he not aware of the incentive payments in Whānau Ora contracts when first asked about it last week?

Hon PEENI HENARE: I was aware of the incentive mechanism in the contracts that are entered into with the commissioning agencies, as the member will be, seeing as they were released to her in the Official Information Act request I gave.

Jo Hayes: Has he made further inquiries with his colleague the Hon Willie Jackson about his involvement with the National Urban Māori Authority and the Manukau Urban Māori Authority, and any dividends he may or may not have received from incentive payments following yesterday's question in the House?

Hon PEENI HENARE: No.

Jo Hayes: When was he first made aware of his colleague's administrative error as it relates to his Whānau Ora portfolio?

Hon PEENI HENARE: I can't give the exact date of when I was made aware. However, I do understand that the resignation was received before my colleague the Hon Willie Jackson became a Minister, and that it took some time for the administration to catch up online.

Jo Hayes: Has he now received all of those facts in regards to incentive payments after his colleague Mr Jackson had said the Minister hadn't received any facts?

SPEAKER: Sorry, can the member repeat the question.

Jo Hayes: Has he now received all of those facts in regards to incentive payments after his colleague Mr Jackson said on *One News* that the Minister hadn't received all the facts?

Hon PEENI HENARE: I have always known about the incentive mechanisms in the contract.



10 Paenga-whāwhā 2019

Te Minita Whanaketanga Māori

Minita mō Whānau Ora

HE PĀRONGO | AIDE MEMOIRE

Public release of a letter from the Office of the Auditor-General

Te Puni Kōkiri contact: Fiona McBeath

Phone: [REDACTED]

TPK tracking no: 39140

Withheld under Section 9(2)(a)

Purpose

1. This aide memoire provides you with an advance copy of the final draft letter from the Office of the Auditor-General ('the OAG'), detailing the OAG's assessment of the incentive payments made by Te Puni Kōkiri to Whānau Ora Commissioning Agencies. The final letter will be provided to Michelle Hippolite, and published on the OAG website, on 15 Paenga-whāwhā 2019.

Background

2. Te Puni Kōkiri officials appeared before the Māori Affairs Select Committee ('the Committee') on 5 Hakihea 2018 for the Annual Review of Te Puni Kōkiri. Officials notified you of issues raised at the Committee hearing regarding the incentive payment mechanisms in the Whānau Ora contractual framework in Aide Memoire 38480 which is **attached** for your reference. At the hearing, one of the Committee members stated that they have "heard of a Commissioning Agency which gave out \$600,000 to shareholders from the Whānau Ora fund."
3. The \$600,000 payment referred to was made by Te Pou Matakana to its shareholders using payments it received through the contracted incentive payment mechanism. As noted in our previous Aide Memoire 38480 (attached), Commissioning Agencies are contractually entitled to determine how to use or apply this particular payment.
4. After the Committee meeting, a number of public questions and concerns were raised about the use of, and processes around, incentive payments. Consequently, the OAG reviewed the processes for assessment and distribution of incentive payments, and provided its findings and recommendations to Te Puni Kōkiri.
5. On 19 Hui-tanguru 2019, the OAG provided a draft letter, detailing its findings with respect to incentive payments, for comment by Te Puni Kōkiri. The OAG also signalled its intention

to publish the letter, once it is finalised, on the OAG website. Publishing the letters on their website is standard practice for OAG.

6. Following discussion and review, the OAG agreed to provide the final copy of the letter to Michelle Hippolite, and publish the letter on their website, on 15 Paenga-whāwhā 2019 and to provide Te Puni Kōkiri the opportunity to inform Ministers and Commissioning Agencies of the letter prior to its public release.
7. An advance copy of the letter is **attached** to this aide memoire for your reference. Officials intend to inform the Commissioning Agencies, and provide a copy, of the letter on the morning of 15 Paenga-whāwhā, prior to the public release of the letter that afternoon.

Comment

8. The letter from the OAG noted that no evidence was found that indicated Te Puni Kōkiri has incurred expenditure that is unlawful. In other words, the OAG did not identify anything that suggested payments were made in excess or outside the scope of Parliamentary appropriations or other legislative authority, or that Te Puni Kōkiri has otherwise acted with financial impropriety. In addition, the OAG were satisfied that Te Puni Kōkiri has appropriate processes and practices in place to ensure that the agreed outputs have been achieved, or delivered, before the incentive payments are made.
9. The OAG acknowledged that the objective of incentive payments is to encourage innovation and improve the delivery of Whānau Ora outcomes. To encourage and stimulate increased performance, the OAG noted that the incentivised targets should be suitably challenging but not so challenging that they are unobtainable. The OAG also noted that it is important that the targets are agreed at an appropriate time in the performance period.
10. The OAG considered it important for Te Puni Kōkiri to regularly review the incentive payment scheme, including the targets that are set to ensure they are suitably challenging, and the timing of the target-setting process. Officials agree with this finding and will endeavour to ensure this process is implemented in the future.
11. The OAG signalled that its Annual Work Plan includes undertaking a performance audit that will follow up on its previous audit of Whānau Ora. The audit will include further consideration of contract management systems and practices with Commissioning Agencies as part of the OAG's annual audit of Te Puni Kōkiri. Officials have noted the OAG's intention to undertake a performance audit and will work with the OAG to provide any information required.

Risks and mitigation

12. Commissioning Agencies have not yet been made aware of the letter from the OAG outlining its findings with regard to the incentive payment process. Commissioning Agencies may be dissatisfied with the content in the letter, or with the publication of the letter. Officials intend to mitigate this risk by providing a copy of the letter, and discussing the content of it, with Commissioning Agencies prior to the public release of the letter.
13. Although the letter acknowledges that the incentive payments were carried out without financial impropriety, officials consider that further action or scrutiny is likely to occur. In particular, the public release of the letter is likely to spur media and public attention on the Whānau Ora incentive payments. The findings within the OAG letter, or the key messages

put together after the Committee appearance on 5 Hakihea 2018 that are **attached** to this aide memoire, can be used to mitigate any risk of negative media or public perceptions with regard to the incentive payments.

Attachments

1. Final draft letter from the OAG regarding incentive payments made by Te Puni Kōkiri to Whānau Ora Commissioning Agencies
2. Aide memoire 38480 detailing issues raised at the Committee hearing regarding Whānau Ora incentive payments
3. Key messages put together after the Te Puni Kōkiri Committee appearance regarding incentive payments.



Fiona McBeath
Manahautū Tuarua Te Puni Tautoko | Deputy Chief Executive, Organisational Support

NOTED
Hon Nanaia Mahuta Te Minita Whanaketanga Māori
Date: ____ / ____ / 2019

NOTED
Hon Peeni Henare Minita mō Whānau Ora
Date: ____ / ____ / 2019



X April 2019

John Ryan

Michelle Hippolite
Toihautū/Chief Executive
Te Puni Kōkiri
PO Box 3943
WELLINGTON 6140

Email: hippm@tpk.govt.nz

Tēnā koe Michelle

INCENTIVE PAYMENTS MADE BY TE PUNI KŌKIRI TO WHĀNAU ORA COMMISSIONING AGENCIES

During the Māori Affairs Committee's Annual Review of Te Puni Kōkiri (the Ministry) in December, members of the select committee asked about an "incentive payment" that had been distributed to the shareholders of a Whānau Ora commissioning agency. Recognising the potential public interest in this matter, we have decided to review the arrangements.

We have since met with your officials responsible for the administration of Whānau Ora and have reviewed information we received, including the funding framework and agreements with Whānau Ora commissioning agencies.

This letter sets out our views on the matter, including some observations about the current incentive payment arrangements. Because other agencies in the public sector administer similar funding arrangements (including incentive payments), and the level of public interest in this matter, we have decided to publish this letter on our website.

Background

Te Puni Kōkiri commissions Whānau Ora outcomes through three non-Government agencies (called commissioning agencies): Te Pou Matakana, Te Pūtahitanga o Te Waipounamu, and Pasifika Futures. The commissioning agencies are not audited by my Office. Te Pou Matakana Limited and Pasifika Futures Limited are registered charities. Te Pūtahitanga o Te Waipounamu is registered with Companies Office.

The purpose of Whānau Ora is to achieve improved wellbeing for whānau using a whānau-centred, aspirational, and self-determining approach. The commissioning model was developed as a means to achieve the objectives of Whānau Ora, and is intended to encourage innovation.

The commissioning model gives the commissioning agencies a high degree of decision-making autonomy. Expected performance targets, payment amounts, and payment schedules are confirmed as part of negotiated Annual Investment Plans (AIPs), within a context of overarching Outcome Agreements, which cover a three-year term (renewed in 2017 and ending 30 June 2020). Following the AIP planning process, Te Puni Kōkiri and the commissioning agencies agree additional "incentivised" targets. The incentivised targets act as a form of "payment by results" that commissioning agencies may pursue. If these incentivised targets are met, the commissioning agency

is entitled to receive additional payments from Te Puni Kōkiri (some more detail about the payments made in recent years is contained in the Appendix to this letter).

Te Pou Matakana is one of the commissioning agencies that has received incentive payments from Te Puni Kōkiri. The incentive payments received by Te Pou Matakana in 2015/16 and 2016/17 (\$634,000 and \$988,000 respectively) were paid out in each of the following years as dividends to Te Pou Matakana's three shareholders, all of which are registered charities. Te Puni Kōkiri does not have any further information about how Te Pou Matakana's shareholders have used these payments.

What we did

We are interested in incentive payments because the funds being distributed by Te Puni Kōkiri are public funds, authorised by Parliament under an appropriation – *Vote Māori Development: Commissioning Whānau Ora Outcomes*. As the appropriation administrator, Te Puni Kōkiri is accountable to Parliament for the effective and efficient use of those funds.

We reviewed the largest incentive payments made to one commissioning agency – Te Pou Matakana, the commissioning agency for the North Island, but the funding arrangements are broadly similar for incentive payments to each of the commissioning agencies. Over the last three financial years, incentive payments made to Te Pou Matakana represent about 60% of all incentive payments paid out by Te Puni Kōkiri. Following assessment by Te Puni Kōkiri, Te Pou Matakana received 98% of incentive payments that were available to the agency during that time. Over the same period, other commissioning agencies received 29% and 69% of their respective potential incentive payments.

We have not found any evidence that indicates the Ministry has incurred expenditure that is unlawful. In other words, we have not identified anything that suggests payments have been made in excess or outside the scope of Parliamentary appropriations or other legislative authority, or that the Ministry has otherwise acted with financial impropriety. In addition, we are satisfied that Te Puni Kōkiri has appropriate processes and practices in place to ensure that the agreed outputs have been achieved, or delivered, before the incentive payments are made.

We have some observations about the current arrangements for incentive payments. Incentive payments, and other payment by results type arrangements, can deliver value for money, if the additional value of the increased service delivery is equal to or greater than the amount paid out as an incentive. In general, the use of incentives in contracts is intended to encourage service providers to perform at a higher level than they might do otherwise. We understand that the objective is to encourage innovation and improve the delivery of Whānau Ora outcomes.

In order to encourage and stimulate increased performance, the incentivised targets should be suitably challenging but not so challenging that they are unobtainable. It is also important that the targets are agreed at an appropriate time in the performance period. In our view, it is important for Te Puni Kōkiri to regularly review the incentive payment scheme, including the targets that are set (in particular to make sure that they suitably challenging) and the timing of the target-setting process. This will help to provide assurance that the additional value being sought from incentive payments is being realised.

Our Annual Work Plan includes that we plan to undertake a performance audit that will follow up our previous audit of Whānau Ora and we will include further consideration of contract management systems and practices with commissioning agencies as part of our annual audit of Te Puni Kōkiri. We are also considering how we might examine payment by results schemes in place at other public entities as part of our wider work programme about public sector procurement.

We thank you and your staff at Te Puni Kōkiri for the information and assistance that was provided to us.

Nāku noa, nā

John Ryan

Controller and Auditor-General

Released under the Official Information Act 1982

APPENDIX – FURTHER INFORMATION ON INCENTIVE PAYMENTS MADE BY TE PUNI KŌKIRI

Te Puni Kōkiri has confirmed that it has made incentive payments to Commissioning Agents in recent years. These payments are summarised in the table below:

Whānau Ora Commissioning Agencies – Incentive Payments Earned (\$m)				
	FY14/15	FY15/16	FY16/17	Total
Te Pou Matakana	0.315	0.634	0.988	1.937
Te Pūtahitanga	0	0	0.241	0.241
Pasifika Futures	0.185	0.361	0.538	1.084
TOTAL	0.500	0.995	1.767	3.262

Released under the Official Information Act 1982



06 Hakihea 2018

Te Minita Whanaketanga Māori
Minita mō Whānau Ora

HE PĀRONGO | AIDE MEMOIRE

Information regarding specific issues raised in Māori Affairs Select Committee on 5 December 2018

Te Puni Kōkiri contact: Alana Ruakere

Phone: [REDACTED]

TPK tracking no: 38480

Withheld under Section 9(2)(a)

Purpose

1. This aide memoire provides you with information related to specific statements made by Joanne Hayes at the Māori Affairs Select Committee on 5 Hakihea 2018 regarding Whānau Ora contracts and financial expenditure.

Context

2. Te Puni Kōkiri officials appeared before the Māori Affairs Select Committee ('the Committee') on 5 Hakihea 2018 for the Annual Review of Te Puni Kōkiri. Committee members present included Chairperson Rino Tirikatene, Marama Davidson, Joanne Hayes, Harete Hipango, Tutehounuku (Nuk) Korako, Adrian Rurawhe and Meka Whaitiri.
3. At the Committee meeting, Ms Hayes stated that:
 - a. Commissioning Agencies' contracts with Te Puni Kōkiri "are not accessible to her"; and
 - b. She "has heard of a Commissioning Agency which gave out \$600,000 to shareholders from the Whānau Ora fund."

Comment

Access to Commissioning Agency contracts

4. On 31 August 2018, Ms Hayes was provided with copies of the contracts between Te Puni Kōkiri and each Commissioning Agency as a result of a request under Official Information Act 1982 (the Act). Some contractual information was withheld under the Act accordance with:
 - a. Section 9(2)(a), to protect the privacy of natural persons;
 - b. Section 9(2)(b)(ii), to protect information where the making available of that information would be likely to unreasonable prejudice the commercial position of the subject of the information; and

- c. Section 9(2)(i), to enable a Minister of the Crown or any department or organisation holding the information to carry out commercial activities without prejudice or disadvantage.
5. These redactions were minimal, and the bulk of contractual contents were provided to Ms Hayes.
6. Ms Hayes may have been referring to the contracts between the Commissioning Agencies and their networks of partners and providers (under which Whanau Ora services and support are actually commissioned). In line with the devolved nature of the commissioning approach, Te Puni Kōkiri does not have access to these contracts.

Payments to Shareholders

7. After reviewing records, officials are satisfied that the commissioning agency responsible for making payments to shareholders, referred to by Ms Hayes, is Te Pou Matakana. Te Pou Matakana's Annual Report for FY16/17 records a dividend payment of \$633,804 to its shareholders.
8. Officials have confirmed with Te Pou Matakana that payment was received as part of its incentive payment, as a reward for progress on priority and difficult issues, in the 2015/16 financial year. Te Pou Matakana are entitled to determine how to use or apply this particular payment.
9. Te Pou Matakana shareholders are:
- a. National Urban Māori Authority – a Charitable Trust, holding 88% of shares;
 - b. Te Whānau o Waipareira Trust – a Charitable Trust, holding 9% of shares; and
 - c. Manukau Urban Māori Authority – an Incorporated Society, holding 3% of shares.

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Withheld under Section 9(2)(h)

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[Redacted]

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[Redacted]

12. Officials note that all three of Te Pou Matakana's shareholders are charitable organisations that provide social services and support to particular New Zealand communities.

13. Officials also note that Te Pou Matakana has subsequently made a further payment to its shareholder, of \$988,000, in FY17/18. Te Pou Matakana has confirmed this also consisted of the incentive payment.

Next Steps


14. Officials have drafted key points, attached to this aide memoire, for Ministers' information.

Attachments

1. Key points on Te Pou Matakana's payments to shareholders.



Alana Ruakere
Kaiārahi, Whānau Ora | Lead, Whānau Ora

NOTED	NOTED
	
Hon Nanaia Mahuta Te Minita Whanaketanga	Māori Hon Peeni Henare Minita mō Whānau Ora
Date: ____ / ____ / 2018	Date: <u>11</u> / <u>12</u> / 2018

Released under the Official Information Act 1982

Key Points on Te Pou Matakana's payments to shareholders

The Payments

1. Te Pou Matakana (TPM) distributed payments of approximately \$600,000 to its shareholders in FY16/17. Its shareholders are:
 - a. National Urban Māori Authority – a Charitable Trust, holding 88% of shares,
 - b. Te Whānau o Waipareira Trust – a Charitable Trust, holding 9% of shares; and
 - c. Manukau Urban Māori Authority – an Incorporated Society, holding 3% of shares.
2. Te Pou Matakana's shareholders are charitable organisations that provide services to whānau.
3. The payments are permitted under the contractual framework with Te Puni Kōkiri. It is permissible for payments derived from 'other activities', where agencies earn money for activities outside the contract with Te Puni Kōkiri, and incentive payments, which are essentially performance bonuses.

Incentive Payment Model

4. The Whānau Ora model is about commissioning outcomes for whānau. The model is intended to be innovative and results-driven.
5. The incentive payment mechanism is a form of 'payment by results' that was considered by Cabinet in 2013, and it has been in place since agreement of the first Whānau Ora Commissioning Outcome Agreements (contracts) in 2014.
6. An annual incentive payment mechanism was established to reward stretch performance, or performance in difficult priority areas, for supporting Whānau Ora wellbeing outcomes.
7. Incentive payments are considered a 'surplus' at the end of the financial year for accounting purposes. Whānau Ora Commissioning Agencies are entitled to determine how to use or apply these payments.

Additional information

8. Incentive payment mechanisms are incorporated into all of the three Commissioning Agency contracts.
9. The incentive payment comprises approximately 2 per cent of the total funding distributed to commissioning agencies each year.

Talking Points on Incentive Payments

5 December 2018

Incentive Payment Model

- 1 The Whānau Ora model is about commissioning outcomes for whānau. The model is intended to be innovative and results-driven.
- 2 The incentive payment mechanism is a form of payment by results that was considered by Cabinet, Treasury and TPK in 2013 and it has been in place ever since.
- 3 An annual incentive payment mechanism was established to reward stretch performance.

Te Pou Matakana payment for 2017/18

- 4 Te Pou Matakana engaged with more than 7,000 whānau in the last financial year.
- 5 The incentive payment comprises 2 per cent of the total funding Te Pou Matakana received from Te Puni Kōkiri in the last financial year.
- 6 Te Pou Matakana (TPM) incentive payment from the last financial year (\$600K) appears to have been distributed as a dividend payment to its shareholders, which is permissible under the contractual framework.
- 7 Commissioning Agencies may receive funding from organisations outside of Te Puni Kōkiri.
- 8 Dividends from Te Pou Matakana appear to have gone to their shareholder organisations (NUMA, MUMA and Waipareira)

Additional information

- 9 Te Puni Kōkiri continues to work with Commissioning Agencies and take advice from other Crown agencies on how best to contract outcomes for whānau.
- 10 Incentive payments are incorporated into all of the three Commissioning Agency annual contracts and plans.