



Office of Hon Hekia Parata

Minister of Education

18 JUN 2015

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Tēnā kōrua, otirā, koutou katoa

In recent days there has been a return of media focus to the Trust and to what progress has been made in the past 12-18 months. Rather than engage in communications via that medium I am writing to be emphatically clear about my continuing, and consistent expectations. This letter is also a fuller response to your letter of 27 March, and to the intentions outlined in the final milestone report for the Master Agreement, which was provided to Ministry officials on 17 June.

Without rehearsing all the issues that have been canvassed in the reviews and reports conducted by Ernst and Young, the Charities Services, and the Serious Fraud Office, I am concerned that your representatives have, in recent days, dismissed these very legitimate issues as having been concluded with the receipt of the reports. Those reports, while clearing the Trust and Te Pātaka Ohanga from criminal or unlawful activities found a number of unacceptable practices, made very serious observations and provided recommendations that require remedial and sustained steps to be in place.

I am assured through the monthly milestone reporting and discussions with officials that steady progress is being made in this regard. I am also aware that you have recently strengthened your management team with the appointment of a new chief executive.

These are necessary and welcome steps in the process of adopting established and acceptable management practices. They are also necessary to restoring the confidence of kōhanga whānau, the public, and the Government.

The next essential step is to complete the process of establishing the modern governance that has been the subject of repeated communications and interactions, and, I had understood, agreement by the Trust. That agreement was reflected in the convening of the advisory group last year to develop modern governance options, the subsequent hosting of the national hui at Tūrangawaewae to consider that group's report, the national consultation process undertaken by your board through March and early April this year. That understanding was anchored by the discussions that took place directly between us. That understanding needs to be honoured, and a modern model of governance put in place in the very near future.

It will not be enough, as your letter of 27 March and subsequent public statements suggest, to assert that kōhanga whānau are happy with the current arrangement, or that an intention to migrate to a more modern form by the end of 2017 should suffice. Both the general public, and the Government must also be satisfied. I am not.

As I have said in past correspondence, and repeated publicly on a number of occasions, the actual governance model that is settled upon is a matter for the board and kōhanga whānau. However, that model must reflect the principles of modern governance with representativeness, transparency, accountability and auditability. The Board's responsibility in this matter is both to the kōhanga whānau and to the Government. It is the Government on behalf of the Crown that makes a significant investment in kōhanga reo, in excess of \$89 million a year. The Government is accountable for this public funding, as is the board.

I also draw your attention to guidance provided by Te Puni Kōkiri, Office of Treaty Settlements, Department of Internal Affairs and the Law Commission on governance of Māori organisations. This guidance sets out the Crown's interest in governance and I encourage you to give it careful consideration. That guidance and how it is reflected in your final governance changes will inform my decision on returning to the WAI 2336 process.

Unless and until there can be clear assurance as to the significant investment the Government currently makes in kōhanga reo through the Trust, discussions about subsequent matters are moot. No consideration will be given to resuming further discussions until this prior matter has been concluded. The timing of these processes is completely within the Board's mandate to determine.

Specifically on the matter of resuming the WAI 2336 process, let me be clear again. It is a matter for the new governance entity as to who should represent the Trust and kōhanga whānau in that process. A misapprehension seems to have developed, reflected in the 36 petitions that have been received by my office – at no stage has there been any intention that the Government appoint a representative to the new governance entity or that entity's negotiation team.

Finally, I understand that Charities Services will be completing their monitoring of Te Pataka Ohanga this year. When Ernst and Young was engaged to review financial controls within the Trust, the terms of reference included a follow up review to ensure any recommended actions had been addressed. Once the new governance entity is in place, I have asked the Ministry of Education to discuss with you undertaking that follow-up review towards the end of this year.

I urge you to implement the governance changes with urgency; I ask that you update me in person or in writing by 30 June 2015 on the specific governance changes and the timeline for implementation before the end of 2015.

Heoi anō rā



Hon Hekia Parata
Minister of Education

cc Hon Te Ururoa Flavell, Minister for Māori Development