



## **BRIEFING NOTE: Background information to Enriching Pasifika Whānau Early Childhood Centre TAP Funding**

<b>To:</b>	Hon Aupito William Sio, Associate Minister of Education		
<b>Date:</b>	5 August 2022	<b>Priority:</b>	High
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1290766
<b>Drafter:</b>	Shona Humphrey	<b>DDI:</b>	9(2)(a)
<b>Key Contact:</b>	Karen Walfisch	<b>DDI:</b>	9(2)(a)
<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	No

### **Purpose of Report**

1. On 20 June 2022, I (Karen Walfisch) provided an oral update to you regarding the Targeted Assistance for Participation (TAP) contract with Enriching Pasifika Whānau Limited. Further to that discussion, you asked for some more information, in particular focussing on three questions, which are addressed within this briefing note.

### **Proactive Release**

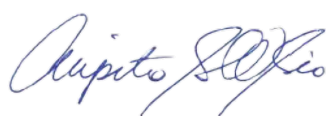
**Agree** that this Briefing will be proactively released.

**Agree / Disagree**



Karen Walfisch  
**Associate Deputy Secretary**  
**Te Pae Aronui**

04/08/2022



Hon Aupito William Sio  
**Associate Minister of Education**

~~22/12~~ 2022

2. The Secretary wishes to update you on a situation that we are currently working through so there are no surprises if this comes to your attention.
3. Targeted Assistance for Participation (TAP) is a property works funding stream that contributes towards establishing new child places in Māori, Pacific, low socio-economic (inclusive of migrant and refugee communities), or rural/isolated communities. Where participation rates are low and there are insufficient child places available. TAP funding supports participation in high quality early learning that is responsive to the needs of tamariki.
4. In 2014 the Ministry entered into a Targeted Assisted Participation (TAP) funding agreement (Agreement) with Engaging Pasifika Whānau (EPW). The purpose of this Agreement was to fund EPW to establish a Tongan Early Childhood Education (ECE) Service for 40 children (Project), and provide this service for a minimum period of ten years.
5. From this contract EPW have been paid 9(2)(j) (exclusive of GST) for which EPW has:
  - a. purchased a property at 14 Taratoa Street, Point England, Auckland on 14 October 2014 for 9(2)(j) and is the registered owner of the property on the certificate of title;
  - b. obtained resource and building consents for the Project;
  - c. demolished the existing building on the property.
6. In September 2021 EPW advised the Ministry it now considered the Project financially unviable, and 'indicated its intentions to return the Ministry's funds used to source the piece of land', that is, 9(2)(j)
7. The Ministry advised EPW that in the circumstances (which includes significant increase in construction costs since the outbreak of COVID-19) it was inclined to agree to EPW's request to be relieved of its contractual obligations under the Agreement, provided the parties could reach satisfactory terms of settlement.
8. The parties have since reached an agreement in principle that the land will be sold, and the Ministry will recover, at a minimum, the 9(2)(j) that was paid to EPW, from the proceeds of the sale.
9. The risk is that while the land was bought for 9(2)(j) in 2014, its value in 2022 is estimated at 9(2)(j). While the land is registered in EPW's name, the Ministry's position is that the land was bought using Crown funding earmarked for education of Pacific children and ECE service should have commenced some years ago and operated for a minimum period of 10 years. It would be inappropriate for a private entity such as EPW to receive a financial windfall due to capital gain on land funded entirely by the Crown, for a project which they failed to deliver on.
10. The Secretary has agreed that the Ministry pursues an agreement with EPW to sell the land and retain all proceeds of the sale, less any out of pocket expenses incurred by EPW from its own funds.
11. We have commenced the negotiation process with EPW however, we also appreciate that since EPW purchased the property there has been a significant increase in property prices. 9(2)(j)
12. The Ministry's position is that the proceeds should be repurposed towards establishing new child places in Māori, Pacific, low socio-economic (inclusive of migrant and refugee

communities), or rural/isolated communities. Where participation rates are low and there are insufficient child places available.

13. At this stage the Secretary has not made a decision as to next steps if EPW does not agree that the Ministry retain all proceeds of the sale.

#### Questions Raised by the Minister

---

##### **What's the structure of Enriching Pasifika Whānau?**

14. EPW is a limited liability company listed on the NZ Companies website (521608). Mele Ki Ileini Taione (Mele) and Johnny Grattan Vaea Taione (Johnny) are listed as the directors and two of three shareholders, the third shareholder is API Fakakoloa Educational Services Limited (API) (4581459). Mele is listed as the sole director and both Mele and Johnny are equal shareholders of API.

##### **Reasons for the timeframe for briefing the Minister**

15. Since September 2021, we have been working with EPW to reach an amicable agreement. The purpose of bringing this issue to your attention now is so that you are informed of the situation should EPW come to your office for advice or support and so you are aware of the Ministry's position noted in points 3 and 12 above.

##### **Why did it take so long to manage the risks?**

16. EPW had successfully delivered on two other TAP projects and until EPW contacted the Ministry in September 2021 we had no reason to believe that this contract was at risk.
17. As this is a significant building contract delays are not unexpected including some outside of the control of both parties ie. Territorial requirements, resource consent.
18. Covid restrictions and delays have added a level of complexity to many building contracts including this one.