



KELLOGG
RURAL LEADERSHIP
PROGRAMME

Māori in Governance of Agricultural Co-operatives in Aotearoa New Zealand

Has contribution led to representation?



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1.0 EXECUTIVE SUMMARY

Māori are significant and substantial long-term participants in the primary sector of Aotearoa New Zealand.

They are kaitiaki of significant tracts of land for future generations, just as previous generations were kaitiaki for them. This concept of stakeholders' past and stakeholders' future links Māori to the whenua through whakapapa and means that they will never sell their land assets.

The Māori economic engine is significant in terms of both asset holding and in generating activity for the economy of Aotearoa New Zealand. Despite this Māori have almost no presence in the governance of the Agricultural cooperatives, despite these being businesses that they are significant suppliers and customers of and hold equity in.

The purpose of this report is to understand the reasons behind this, identify ways to re-engage Māori at governance levels with the cooperatives and understand the benefits and costs to each from doing so.

The methodology used within this report included literature reviews of Māori economic performance and how contemporary corporate governance models fail to meet the needs of Māori governance.

In the context of this research topic, it is important to determine the contribution made by Māori to the economic activity of Aotearoa New Zealand generally and to the primary sector specifically as this project investigates the premise that it is reasonable to achieve representation if there is a contribution.

The review of Māori governance included discussion around the kaupapa and tikanga that provide a framework to Te Ao Māori and how this influences the decision-making of Māori governance entities.

Semi-structured interviews were conducted with eight Māori governors including participants in cooperative director elections. These were conducted to understand the view of Māori who had experience with governance in both Māori and non-Māori entities and in a cooperative election process.

The answers were then critically analysed with themes developing from the analysis.

A structured survey was supplied to members of Cooperative Business New Zealand. It was important to assess the view held by cooperatives around levels of Māori engagement at a governance level.

These were analysed with themes developing from the analysis.

The results from the structured survey and the semi-structured interviews were then analysed together to identify areas of commonality or divergence.

1.1 KEY FINDINGS

1.1.2 MĀORI MAKE SIGNIFICANT CONTRIBUTIONS TO THE PRIMARY SECTOR AND AOTEAROA NEW ZEALAND

The scale of Te Ohanga Māori (The Māori Economy) is significant, contributing 6.5% of the GDP of Aotearoa New Zealand in 2018. This is on par with the primary sector which also contributed 6.5% of the 2018 GDP with Māori contributing NZD 2.700 billion dollars (or 14%) to the primary sector GDP.

Further in 2017 10% of dairy production and 30% of meat and fibre production were sourced from assets owned by Māori.

These statistics are important as they prove that Māori is significant contributors to the economy and primary sector of this country. The lack of Māori representation in cooperative governance seems incongruent with the level of contribution made by Māori.

1.1.3 MĀORI HAVE LOW TRUST IN COOPERATIVES AND ELECTIONS

Lack of engagement by Māori with the cooperatives appears to be seated in a level of distrust by Māori in the cooperatives (although the Institution of the Cooperative may be acting as a proxy for its Pākehā shareholding base) This is a result of (real or perceived) racial bias over time with a general feeling in the interviews with Māori agribusiness leaders that the cooperatives are Pākehā-centric institutions with a low understanding of the needs of Māori.

There was a general feeling that the Māori would struggle in an election process as the Pākehā majority would favour other Pākehā over Māori no matter the skills Māori may offer.

1.1.4 COOPERATIVES RECOGNISE THAT MĀORI ARE UNDERREPRESENTED IN GOVERNANCE

Cooperatives are generally aware that their existing governance fails to adequately represent the contribution made by their Māori stakeholders to their businesses.

They generally believe it is important that there is Māori representation in their governance bodies, however, the responses indicate that no cooperative has established a strategy to change this.

1.1.5 OPPORTUNITY EXISTS FOR BOTH PARTIES IF RELATIONSHIPS CAN BE STRENGTHENED

- For the cooperatives, the opportunities are twofold:

Operationally they partner with Māori to secure long-term multigeneration supply relationships at a time when production is falling in response to climate change initiatives and land use change.

Strategically they gain insight into what appears to be a shift away from laissez-faire and liberal market theory to a growing ESG investment paradigm that is more rooted in equitable returns to social and natural capital as well as real (economic) capital. This is due to ESG concepts largely mirroring the pou or drivers of Māori governance models

- For Māori, the opportunity lies in attaining influence in an industry they already participate in and in a business in which they may already hold equity.

Influence is important to ensure that Māori maintains a level of control over the use of Tikanga, Kaupapa, Te Reo, and Mātauranga Māori – those things that make Māori unique in the world and are effectively the Intellectual Property of Māori.

Māori are afforded the opportunity to bring Te Ao Māori into the dominant mainstream so that it is valued and practised in an authentic way.

1.2 RECOMMENDATIONS FOR COOPERATIVES

Cooperatives face distinct challenges to overcome the lack of trust that Māori have expressed in the election process and in the cooperatives. This will require rebuilding trust levels and relationships

- Decide if the organisation believes the lack of Māori representation is an issue that requires addressing.
- Develop strategies to effect **cultural change** so that all shareholders perceive their treatment to be equal with clear and demonstrable intolerance of intolerant.
- Build manaakitanga with Māori by being institutionally intolerant of any form of racial bias.
- Organise wananga with Māori stakeholders so they can learn who you are, and you learn who they are.
- Engage in whakawhanaungatanga. This will facilitate discovery and understanding as the first step in relationship building (whanaungatanga)
- Learn and understand Te Ao Māori, Mātauranga Māori, Tikanga and Kaupapa – these are the things that will guide relationship building with Māori.
- Develop methods to provide governance opportunities for Māori within your organisation – training options and assistant/future director opportunities.
- Use a Māori lens in decision-making – a celebration milestone for Pākehā could have been at the expense of Māori interests for example. This is also important when using taonga in commercial ways.
- Ensure that the cooperatives are not structurally racist – for example, check to see if election rules could exclude Māori from standing in a director election. This is important given the unique nature of some Māori ownership structures.

1.3 RECOMMENDATIONS FOR MĀORI

- Practice rangatiratanga by using the voting powers that come with ownership
- Be open to building whanaungatanga with cooperatives - maintain a focus on attaining influence by taking roles in the governance of these businesses
- Show kohtahitanga and manaakitanga by voting for rangatira who stand for election to these boards.
- Māori voting for Māori in elections dominated by Pākehā demonstrates rangatiratanga.
- Continue to develop governance skills in Rangitahi.

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APPENDIX GLOSSARY OF MAORI TERMS

3.0 INTRODUCTION

The major businesses servicing the primary sector in Aotearoa New Zealand are owned cooperatively, often by the suppliers or customers of that business.

It would not be unreasonable to postulate that Māori Agribusiness interests are, on aggregate, significant suppliers, customers, and shareholders in these businesses. This is especially true where supply rights are linked to holding equity in a cooperatively owned processor or supplier.

There is a strong perception that there are low numbers of Māori involved in the governance of agricultural cooperatives in Aotearoa New Zealand, though this is hard to quantify.

It is impossible to assess from a photograph on a director's profile page if that person is Māori – it is one's whakapapa that determines if one is Māori, not the physical features one has.

This has made it difficult to determine who on a cooperative board is Māori and who is not. Board information packs often do not include the whakapapa of the directors to confirm their ethnicity.

This should not preclude a study of the *perceived* low number of Māori working at a governance level within the agricultural cooperatives of Aotearoa New Zealand – perception is reality after all.

Given the economic contribution made by Māori to both the broader economy of Aotearoa New Zealand and to the primary sector, it would seem incongruent that, so few Māori seem to hold governance roles within the cooperatives and levy-funded bodies.

The aim of the research is to review the role of Māori in the governance of agricultural co-operatives in Aotearoa New Zealand and to assess if the contribution of Māori to the primary sector has led to a commensurate level of governance representation.

4.0 AIMS AND OBJECTIVES

The aim of the research is to

- Determine if current levels of Māori representation in the governance of Agri-cooperatives in Aotearoa, New Zealand is commensurate with the level of the economic contribution made by Māori.
- If not, it is important to identify the reasons for this and assess methods to remediate the position.
- Assess the benefits that could accrue to both Māori and cooperatives from an increased presence of Māori in the governance of those businesses.

5.0 METHODOLOGY

5.1 METHODOLOGY LITERATURE REVIEW – TE OHANGA MĀORI / THE MĀORI ECONOMY

A Literature review was completed to assess the size and contribution of Te Ohanga Māori to the broader economy of Aotearoa New Zealand in 2018.

The analysis included the contribution of primary sector activity within Te Ohanga Māori to primary sector activity within the economy of Aotearoa New Zealand in 2018.

The level of contribution has been quantified as the percentage share of Gross Domestic Product attributable to Māori.

This analysis was completed to quantify the contribution made by Māori to economic activity within the broader economy of Aotearoa New Zealand and to primary sector GDP.

Significant levels of contribution by Māori to the broader economy of Aotearoa New Zealand and specifically in the primary sector should lead to a discussion of Māori representation on boards of cooperative businesses that operate in that space. It is reasonable that contribution should lead to representation.

5.2 METHODOLOGY LITERATURE REVIEW – MĀORI GOVERNANCE

There is little research available on the contribution of the Māori minority acting as governors in businesses dominated by the European majority that displaced Māori 200 years earlier.

Although it may have been possible to consider if similar work had been completed overseas this would assume a degree of homogeneity amongst displaced Indigenous minorities.

The research focussed on a Māori response to an issue facing Māori.

A review of the available literature to determine the nuances and drivers of the governance of intergenerational Māori entities.

The objective is to consider the decision-making environment that Māori entities operate in and to assess if these skills required by Governors in Māori businesses are transferable to a non-Māori business in an era where non-financial results are becoming increasingly important as an investment screening tool for owners and managers of capital.

5.3 METHODOLOGY THEMATIC ANALYSIS – MĀORI SEMI-STRUCTURED QUALITATIVE INTERVIEWS

Data was collected via semi-structured qualitative interviews that were conducted with eight experienced and developing Māori governors. Seven had been through the Director selection and election process with one or more of the cooperatives or had been appointed to related sector boards. All were experienced in the governance of Māori held entities. Seven were experienced in the governance of non-Māori entities.

The interviewees covered a range of ages and experiences from those starting down a governance path to those who were closer to retirement. They were selected for their experience in both Māori and non-Māori governance and for having been through the cooperative director election process.

The interviews were conducted in a semi-structured manner to allow the conversation to flow into other areas which may not be captured by the original questions. The first interviews consisted of 25 questions that had been set prior to the commencement of the interviews.

Data was collected and transcribed and then analysed using a thematic analysis model (Braun & Clarke, 2013). This allowed the data to be critically analysed and coded to find themes that related to the research question.

Results and discussion followed this analysis.

Sample size n = 8.

5.4 METHODOLOGY THEMATIC ANALYSIS – COOPERATIVE STRUCTURED QUALITATIVE SURVEY

Data were collected via a structured qualitative written survey.

Cooperative Business New Zealand assisted greatly with the electronic dissemination to the agricultural cooperatives who are members of their organisation.

All surveys were conducted with full anonymity. It is not known who completed the return, the organisation they work for or the role they hold within the organisation. This was to allow full and complete answers to be made whilst managing the reputational risk for individuals and cooperatives.

Replies were received from 4 respondents.

As in section 5.2 Data was collected and transcribed and then analysed using a thematic analysis model (Braun & Clarke, 2013). This allowed the data to be critically analysed and coded to find themes that related to the research question.

Results and discussion followed this analysis.

Sample size $n = 4$.

6.0 LITERATURE REVIEW: CONTRIBUTION OF MĀORI TO THE ECONOMY OF AOTEAROA NEW ZEALAND

In the scope of this report, which has a core theme of contribution enabling representation, it is important to understand the *contribution* of Māori to the economic activity of both the wider economy of Aotearoa New Zealand and the primary sector. Quantifying that contribution can then lead to further discussion around if their contribution has, indeed, led to representation.

That the Māori Economy / Te Ohanga Māori is a significant component of the New Zealand economy is well documented in a report released by The Reserve Bank of New Zealand (Te Putea Matua) in 2021. The RBNZ sponsored this report as a part of their role as kaitiaki of the financial system of Aotearoa New Zealand by contributing to a sustainable and productive economy.

This report, “Te Ohanga Māori (The Māori Economy) 2018,” (Nana, et al., 2021) follows earlier work (Nana, Khan, & Schulze, 2015) demonstrating the contribution of Māori economic activity within the broader economy of Aotearoa New Zealand.

Māori economic activity was measured across the fiscal periods ending 2010, 2013, and 2018 and covers the following metrics:

- GDP Contribution
- Asset Base Holdings
- Employment

For this report, the contribution of Te Ohanga Māori to the economy of Aotearoa New Zealand will be assessed on the contribution to Gross Domestic Product (GDP). GDP remains the primary measure of economic activity in New Zealand.

The scale of assets held within Te Ohanga Māori at NZD 67.7 billion in 20018 is significant and is examined as part of a granular assessment of Māori operations within the primary sector.

Although Employment is an important measure of economic connectivity, activity derived from this will already be captured within GDP measures. The contribution of employment within Te Ohanga Māori to the broader economy will not be directly assessed.

6.1 GROSS DOMESTIC PRODUCT

Gross Domestic Product (GDP) is the official measure of growth within the New Zealand economy. (Nana, et al., 2021)

It is assessed by measuring the total value of goods and services produced within an economy over a specific period. This provides a measure of economic activity over that period which assists in understanding and managing the New Zealand economy. (Statistics New Zealand, 2022)

Although there are multiple ways to calculate GDP, Statistics New Zealand uses the production and expenditure approach to calculate activity within the economy of Aotearoa New Zealand.

Nana (Nana, et al., 2021) used the production approach extensively throughout the 2018 report.

Accordingly, a comparative analysis between Te Ohanga Māori and the broader economy of Aotearoa New Zealand has been conducted using the same production measure of GDP.

Gross Domestic Product (GDP) can be measured in three ways:

GDP (Production) – This measures the total value of goods and services produced in Aotearoa New Zealand less the costs of goods and services used in the production process. This measure is also known as the Value-Add approach (Statistics New Zealand, 2022)

GDP (Income) – This measures the market value of returns flowing to resource owners in the form of rents, profits, wages, or other labour compensation (Statistics New Zealand, 2022)

GDP (Expenditure) – These measures the final purchases of goods and services produced in Aotearoa New Zealand with positive adjustments made for exports (as they represent goods and services produced within Aotearoa New Zealand) and negative adjustments made for imports (as they represent goods and services produced in other economies.) (Statistics New Zealand, 2022)

6.2 TE OHANGA MĀORI – CONTRIBUTION TO GROSS DOMESTIC PRODUCT

Nana (Nana, et al., 2021) showed that between 2013 and 2018, Te Ohanga Māori increased its share of GDP, in dollar terms, by NZD 6.1 billion to NZD 17.1 billion. This represents an increase in the share of GDP to 6.5% of GDP in 2018, an increase from 5.6% of GDP five years earlier (Fig 1)

	2018		2013	
	GDP NZD \$ Bn	% GDP	GDP NZD \$ Bn	% GDP
TE OHANGA MAORI	\$ 17.1	6.5%	\$ 11.0	5.6%
OTHER ENTERPRISES	\$ 246.0	93.5%	\$ 184.0	94.4%
AOTEAROA NEW ZEALAND	\$ 263.1	100.0%	\$ 195.0	100.0%

FIG 1: TE OHANGA MAORI: CONTRIBUTION TO NZ GDP 2010 - 2018

Source: Nana, G., Dr. Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). RBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]
Production GDP Adjusted for other elements (Indirect Taxes on Final Demand)

This represents a 37% increase in real growth in GDP share from 2013. In comparison, the whole economy (including Te Ohanga Māori) was limited to a 20% increase in real growth over the same five-year period. This indicates that the Māori economy has grown significantly faster than the overall economy. (Fig 2)

	2018	2013	Δ %	
	GDP NZD \$ Bn	GDP NZD \$ Bn	NOMINAL	REAL
TE OHANGA MAORI	\$ 17.1	\$ 11.0	55.3%	37.2%
OTHER ENTERPRISES	\$ 230.2	\$ 171.0	34.6%	18.8%
AOTEAROA NEW ZEALAND	\$ 247.3	\$ 182.0	35.8%	19.9%

FIG 2: TE OHANGA MAORI: COMPARISON VS NZ GDP GROWTH 2013 - 2018

Source: Nana, G., Dr. Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). RBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]
Production GDP Adjusted for other elements (Indirect Taxes on Final Demand)
GDP Growth Data excludes Govt Administration and Defence Spending
GDP Deflator adjustment made for conversion from Nominal to Real GDP Growth

The bulk of the gain in Te Ohanga Māori's share of GDP has been driven through gains in manufacturing and construction. It should be noted that the nominal 34.7% growth in the Māori primary sector is on par with growth over the broader economy through the reference period. (Fig 3)

	2018	2013	
	GDP	GDP	
	NZD \$ Bn	NZD \$ Bn	Δ %
PRIMARY SECTOR	\$ 2.4	\$ 1.7	34.7%
MFG & CONSTRUCTION	\$ 3.3	\$ 2.0	67.8%
OTHER SECTORS	\$ 11.4	\$ 7.2	57.0%
TOTAL TE OHANGA MAORI	\$ 17.1	\$ 10.9	55.3%

FIG 3: TE OHANGA MAORI: CHANGE IN SECTOR GDP CONTRIBUTION 2013 - 2018

Source: Nana, G., Dr. Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). RBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]

In aggregate, Te Ohanga Māori makes a significant minority contribution to GDP though the rate at which this has been growing outpaces the broader economy. If this rate of change holds relative to the broader economy, then the share of economic activity by Te Ohanga Māori will increase further over time.

It is important to demonstrate the significant and growing contribution of Te Ohanga Māori to the broader economy of Aotearoa New Zealand. This analysis shows clearly that Māori makes a real and significant contribution to the economic prosperity of Aotearoa New Zealand.

6.3 PRIMARY SECTOR INVESTMENT BY MĀORI

It is important to understand the investment made by Māori in the primary sector as the dollar value of assets held by Māori in this sector demonstrates the commitment by Māori to the primary industries and leads to an analysis of the contribution made by Māori to the primary sector GDP.

This further links to a discussion around the share of representation (based on contribution) by Māori in the governance of entities that operate within the sector.

	NZD \$ Bn	%
PRIMARY SECTOR	\$ 23.4	34%
MANUFACTURING	\$ 4.9	7%
CONSTRUCTION	\$ 3.1	4%
REAL ESTATE	\$ 16.7	24%
OTHER SECTORS	\$ 20.7	30%
TOTAL TE OHANGA MAORI	\$ 68.7	100%

FIG 4: TE OHANGA MAORI: ASSET BASE VALUE BY SECTOR 2018

Source: Nana, G., Dr. Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). RBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]

Nana (Nana, et al., 2021) showed that in 2018 Te Ohanga Māori held assets approaching NZD 68.7 billion dollars. This is a 61% increase in nominal value from 2013. (Fig 4)

	2018	2013	
	NZD \$ Bn	NZD \$ Bn	Δ %
PRIMARY SECTOR	\$ 23.4	\$ 11.2	109%
MANUFACTURING	\$ 4.9	\$ 2.7	81%
CONSTRUCTION	\$ 3.1	\$ 1.2	155%
REAL ESTATE	\$ 16.7	\$ 8.2	103%
OTHER SECTORS	\$ 20.7	\$ 19.3	7%
TOTAL TE OHANGA MAORI	\$ 68.7	\$ 42.6	61%

FIG 5: TE OHANGA MAORI: CHANGE IN ASSET BASE VALUE BY SECTOR 2013 - 2018

Source: Nana, G., Dr. Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). RBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]

Notably primary sector assets remain the single largest investment class held by Māori at NZD 23.4 billion dollars. This represents 34% of total holdings within the Māori economy in 2018. (Fig 5)

	NZD \$ Bn	%
KIWIFRUIT	\$ 0.7	3%
OTHER HORTICULTURE	\$ 0.5	2%
SHEEP AND BEEF	\$ 8.6	37%
DAIRY	\$ 4.9	21%
FORESTRY	\$ 4.3	19%
FISHING & AQUACULTURE	\$ 2.9	13%
OTHER AGRICULTURE	\$ 1.5	6%
TOTAL TE OHANGA MAORI	\$ 23.4	100%

FIG 6: TE OHANGA MAORI: PRIMARY SECTOR ASSET VALUE BY SUB-SECTOR 2018

Source: Nana, G., Dr, Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). RBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]

The highest concentration of primary sector investment within Te Ohanga Māori remains in pastoral farming with NZD 13.5 billion dollars invested in the Sheep, Beef and Dairy sectors. (Fig 6)

In their 2017 report, Chapman Trip (Chapman Trip, 2017) showed the significant levels of primary production attributed to Māori primary producers (Fig 7) with an estimated 10% of New Zealand dairy products and 30% of New Zealand sheep, beef and lamb production coming from primary sector assets owned by Māori. This is important as production levels are closely linked to the generation of primary sector GDP (Easton, 2016).

ASSET CLASS	SHARE
LAMB	30%
BEEF AND SHEEP	30%
DAIRY	10%
FORESTRY	40%
FISHING QUOTA	50%
KIWIFRUIT	10%

FIG 7: TE OHANGA MAORI: PROPORTION OF PRIMARY SECTOR ASSETS OWNED BY MAORI 2017

Source: Chapman Trip - Te Ao Māori Trends and Insights Piripi 2017

6.4 THE ECONOMIC CONTRIBUTION OF MĀORI TO PRIMARY SECTOR GDP

In terms of this research topic, it is important to understand the contribution made to primary sector economic activity by Māori. This is based on the premise that the share of GDP could a justifiable measure to consider Māori representation on boards within that sector.

This is especially applicable to cooperatives that Māori, as suppliers and customers, often already hold ownership in.

In 2018 the primary sector contributed 6.35% of GDP at NZD 17.2 billion dollars. (Fig 8)

	2018		2013	
	NZD \$ Bn	%	NZD \$ Bn	%
TE OHANGA MAORI ¹	\$ 2.4	14%	\$ 1.7	14%
OTHER ENTERPRISES ²	\$ 14.8	86%	\$ 10.3	86%
AOTEAROA NEW ZEALAND	\$ 17.2	100%	\$ 12.0	100%

FIG 8: TE OHANGA MAORI: CONTRIBUTION TO PRIMARY SECTOR* GDP 2018

¹Source: Nana, G., Dr, Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). RBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]

²Source: Statistics New Zealand website (www.statistics.govt.nz)

* AGRICULTURE / FISHING / FORESTRY EXCL MINING

Within this Te Ohanga Māori contributed NZD 2.4 billion dollars or 14% of primary sector economic activity. This share of activity is consistent with 2013 levels.

GDP growth to 2018 within Te Ohanga Māori mirrors that of the broader primary sector. (Fig 9)

	2018	2013	
	NZD \$ Bn	NZD \$ Bn	Δ %
TE OHANGA MAORI ¹	\$ 2.4	\$ 1.7	41%
OTHER ENTERPRISES ²	\$ 14.8	\$ 10.3	44%
AOTEAROA NEW ZEALAND	\$ 17.2	\$ 12.0	43%

FIG 9: TE OHANGA MAORI: CHANGE IN CONTRIBUTION TO PRIMARY SECTOR GDP* 2013 - 2018

¹Source: Nana, G., Dr. Reid, A., Schulze, H., Dixon, H., Green, S., & Riley, H. (2021). FBNZ - Te Ohanga Māori 2018 (The Māori Economy 2018) [Periodical Report: Reserve Bank of New Zealand Te Pūtea Matua]

²Source: Statistics New Zealand website (www.statistics.govt.nz)

* AGRICULTURE / FISHING / FORESTRY EXCL MINING

This is important as it demonstrates quite clearly that Māori contribution to the primary sector economy is significant – one-seventh of economic activity within the primary sector is driven by Māori. Given the significant level of contribution – in terms of both physical production and primary sector economic activity it is reasonable to question why every board of every primary sector cooperative does not have some form of Māori representation at the governance level.

6.5 CONCLUSIONS AND THEMES

It is important to quantify both the level of investment, attributable levels of agricultural production and contribution to primary sector GDP made by Māori.

This demonstrates the significant contribution Māori make to the New Zealand primary sector and leads to the discussion of Māori representation on boards of cooperative businesses in that they may already hold equity.

Key Findings:

- Te Ohanga Māori contributes the same (or more) to the broader GDP of Aotearoa New Zealand as the wider primary sector
- Te Ohanga Māori grew almost twice as fast as the broader economy from 2013 to 2018.
- Māori contribute 15% of the primary sector GDP
- Māori assets are significant producers of agricultural output.

The review demonstrates the significant contribution of Te Ohanga Māori to the broader economy of Aotearoa New Zealand and to economic activity within the primary sector.

As of 2018 the contribution of Te Ohanga Māori (NZD 17.1 billion dollars) to economic activity within the New Zealand economy. This equates to 6.5% of GDP in that year. This was equal to the level of activity generated by the primary sector at NZD 17.2 billion dollars of activity which contributed to 6.5% of GDP.

It should be noted however that within the NZD 17.2 billion dollars that the primary sector contributed to GDP in 2018 *NZD 2.4 billion dollars was driven by Te Ohanga Māori.*

Adjustment for comparison by allocating Māori primary sector economic activity away from the primary sector and held only in Te Ohanga Māori would see the primary sector contribution to GDP fall to NZD14.8 billion dollars or 5.6% of GDP, ninety basis points lower than Te Ohanga Māori at a 6.5% of GDP.

Te Ohanga Māori is growing at a significantly faster rate than the broader economy.

The broader economy of Aotearoa New Zealand grew 19.9% (in real terms) between 2013 and 2018. In contrast at 37.2% growth (in real terms), Te Ohanga Māori is growing at almost twice this rate over the reference period.

The literature shows Māori are significant investors in the primary sector, are significant sources of production in the primary sector and are significant contributors to economic activity within the primary sector (as measured by GDP)

Māori are the owners of primary sector assets producing 10% of dairy products and 30% of red meat and fibre production (Chapman Trip, 2017) it is reasonable to assume that Māori are significant suppliers, customers, and shareholders in the primary sector cooperatives*.

It is reasonable to expect Māori to hold representation within the governance of primary sector cooperatives given the significant level of contribution made by Māori.

In the context of this research topic, it is important to determine the contribution made by Māori to the economic activity of Aotearoa New Zealand generally and to the primary sector specifically as this project investigates the premise that it is reasonable to achieve representation if there is a contribution

* Cooperatives are significant participants within the New Zealand pastoral farming sector – both as processors (Fonterra, Silver Fern Farms, Alliance) or service providers (FMG, Farmlands, Ravensdown, Ballance). In many cases, farming businesses supplying or using these cooperatives will hold equity in the business. In the case of Fonterra, as an example, farms supplying milksolids to the cooperative are required to acquire a shareholding in the business to maintain supply rights. (Fonterra, 2022) On this basis Māori are likely to hold equity positions within the cooperatives

7.0 LITERATURE REVIEW: AN OVERVIEW OF MĀORI GOVERNANCE

The economic (Institute of Directors New Zealand, 2019) contribution may not be the only metric by which to assess Māori governance representation within the cooperative businesses operating in the primary sector.

This section will explore the possible non-financial contribution Māori governance can make to businesses in a period where the paradigms around investment decisions appear to be changing. (KPMG, 2020) (Stiglitz, 2020)

This will include an assessment of the distinctive features and drivers of Māori governance models and how these compare with contemporary governance models.

7.1 CONTEMPORARY CORPORATE GOVERNANCE – A MODEL FIT FOR THE PURPOSE OF MĀORI?

Corporate governance has variously been described as the “system by which companies are directed and controlled” (Institute of Directors New Zealand, 2019) to “the principles, practices, and processes that determine how a company is directed and controlled” (Financial Markets Authority, 2018) to “the Framework of rules, relationships, and processes within and by which authority is exercised and controlled inside organisations” (Martyn, 2016)

General themes become evident when describing the role of corporate governance:

- | | | |
|-------------|-----------------|------------------|
| - Control | - Relationships | - Framework |
| - Direction | - Process | - Rules |
| - Authority | - Principles | - Accountability |

Joseph (Joseph, 2007) states that at its most fundamental level, corporate governance is about power, relationships, and accountability – who holds influence, who holds the authority to decide and how those decision-makers are held accountable for their decisions.

If these definitions accurately describe the function of corporate governance – the “what” of corporate governance – they fail to discuss the “why” – that is the reason why corporate governance exists.

At its essence, governance exists to act as an agent on behalf of the principals of a business or corporation.

The principals (the owners of a business) delegate agency to governance to work with management in the running of the company in such a way as to maximise shareholder wealth.

This is known as Shareholder Primacy Theory (or the Friedman Doctrine) and provides the framework where governance and Management must act in a manner that places the interests of the shareholders above all other considerations.

7.3 SHAREHOLDER PRIMACY – AN OVERVIEW OF THE FRIEDMAN DOCTRINE

Shareholder Primacy, otherwise known as The Friedman Doctrine, is a theory of business ethics promulgated by (and named after) Milton Friedman (1912 – 2006). (Smith, 2003)

Friedman was a Nobel prize-winning American economist who was one of the principles of the Chicago School of Economics – a school of thought that advocates free market and laissez-faire

economic policies, limited government, economic freedom, political freedom, and freedom of speech (Douma, 2018) (Renshaw, 2014)

Accordingly, Friedman is strongly associated with right-wing (or Neo-liberal) economic policy and his views are often linked to policies of economic liberalism, free trade, globalisation, deregulation, privatisation, and market-based reform. (Niskanen, 1992) His views gained ascendancy following the 1970s energy crisis and inflation shock with widespread adoption by western democracies throughout the 1980s. (Greenspan, 2007)

These policies became known as a portmanteau of the name of the leader responsible for advancing these policies and the word “economics” - Reganomics (USA), Thatchernomics (United Kingdom) and Rogernomics (New Zealand) (Holley, 2009)

The basis of the Friedman Doctrine is that a company holds no social responsibility to the public or society; its only responsibility is to its shareholders. (Friedman, 1970)

Although the concept was raised by Friedman in his seminal book “Capitalism and Freedom” in 1962, it gained broader traction in 1970 when the New York Times printed his essay “The Social Responsibility of Business Is to Increase Its Profits,” where he wrote:

“There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception fraud.”

Under this paradigm of shareholder primacy, the only group that the business holds a responsibility to is its shareholders. As such, the only goal of the firm is to increase profitability to maximise the wealth of its shareholders.

Shareholder primacy has attracted criticism in recent years, with critics arguing that businesses must not only take onto account the effect of their actions on their shareholders but also on their *stakeholders* (Stout, 2012), (Freeman & Reed, 1983)

It has been claimed that the Friedman Doctrine is responsible for a variety of social ills, ranging from social inequality, unfair distribution of wealth and power; materialism, repression of workers and trade unionists, social alienation, economic inequality, unemployment, and economic instability” (Stout, 2012) to promulgating unethical business behaviour (Mishel, 2020) in the pursuit of short term profits that “creates inequality, environmental damage, and social fragmentation” (Alexander, 2020)

It has also been claimed that Shareholder Primacy limits the ability of firms to consider investments over long time horizons as shareholders seek to deliver faster, short-term returns. (Bower & Paine, 2017)

These criticisms sheet back to Shareholder Primacy as a proxy for neo-liberal capitalism as an economic system.

Joseph Stiglitz, a Keynesian economist, (Stiglitz, 2020) noted at the 2020 World Economic Forum in Davos Switzerland the growing disenchantment with the increasingly dominant American model of shareholder-first, profit-maximising firms and that “Milton Friedman’s successful advocacy of shareholder capitalism led directly to the crises we face today and the political divisions they have fuelled At the root of the problem is neoliberalism’s excessive faith in markets In short, unfettered capitalism has played a central role in creating the multiple crises confronting our societies today.”

Stiglitz called for a new kind of capitalism embracing the role of business as a component of, and with responsibilities to, wider society as opposed to Friedmans (Friedman, 1970) view where the only responsibility of business is to its shareholders.

This form of capitalism, which Stiglitz called “progressive capitalism” seeks to move the economic paradigm away from Friedman towards Keynes and pivots the role of business to be expanded from maximisation of shareholder wealth to include protection of the environment, ethical support of society and communities as stakeholders and increased (as opposed to maximised) shareholder value (Stiglitz, 2019)

Despite the criticism, and a significant increase in ESG (Environmental, Social and Governance) and CSR (Corporate Social Responsibility) principles to direct capital investment (KPMG, 2020), the concept of shareholder primacy continues to hold true – especially in contemporary liberal economies where it is considered a foundational concept in corporate behaviour.

This concept of normality of shareholder primacy is explored by Rhee (Rhee, 2017) who opined:

“ Shareholder primacy is the most fundamental concept in corporate law and corporate governance. It is widely embraced in the business, legal, and academic communities. Economic analysis and policy arguments advance a normative theory that corporate managers should maximize shareholder wealth. Academic literature invariably describes shareholder primacy as a “norm.”

7.4 ESG INVESTMENT

Environmental, Social and Governance (ESG) investing is a screening tool used to differentiate investment vehicles. These metrics move investment assessment beyond those based on economic performance to encompass the environmental, social and governance credentials of a firm.

Environmental criteria cover the effect that a business has on the natural environment. This may include how a company may address climate change, bio-diversity loss, deforestation, and energy efficiency.

Social criteria may include how the business manages its relationships with employees, suppliers, customers, and the communities in which it operates, diversity, human rights, and animal welfare.

Governance covers items such as leadership, internal controls, shareholder rights, employee compensation and relations and executive compensation.

The ESG market has seen significant growth in recent years with the value of the Assets Under Management (AUM) held by US Sustainable Funds increasing from USD 10 billion in 2015 to USD 360 billion in 2021 (Fig 10)

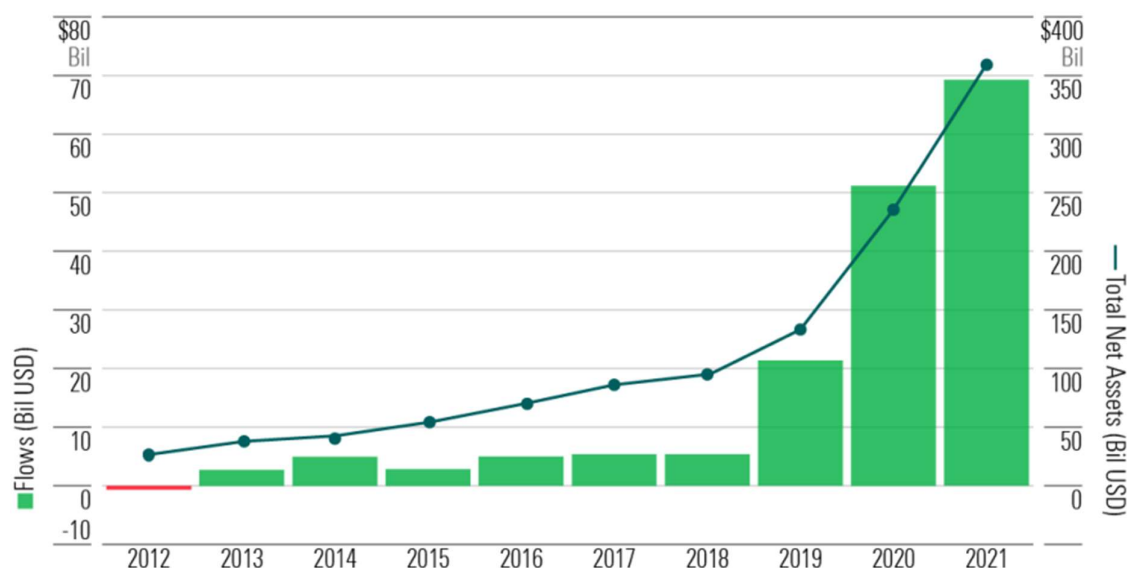


FIG 10: US SUSTAINABLE FUNDS ASSETS UNDER MANAGEMENT AND FLOW 2012 - 2021

Source: MORNINGSTAR DIRECT 12/2021

ESG credentials have become increasingly important over time with PwC noting in 2020 that 96% of the world's 250 largest businesses by revenue (as defined in the 2019 Fortune 500 rankings) report on sustainability. Increasingly the costs of ESG obligations are being monetised, with 56% of these businesses acknowledging the risk of climate change in their financial reporting standards. (KPMG, 2020)

7.5 TE AO MĀORI - WHY CONTEMPORARY CORPORATE GOVERNANCE MODELS DO NOT MEET THE NEEDS OF MĀORI GOVERNANCE

Theoretical dominance of shareholder primacy as the core function of contemporary corporate governance is a model that is unlikely to meet the governance needs of Māori entities.

This is because the objective of a Māori enterprise goes beyond the pursuit of individual economic wealth.

Nicholson (Nicholson A, 2012) quotes both Spiller (Spiller C, 2011) and Henare (Henare, 2011) "the objective of a Māori enterprise goes beyond the pursuit of individual economic well-being. The purpose of Māori business is the creation of wealth in its holistic sense encompassing spiritual, environmental, socio-cultural, and economic well-beings"

Henry (Henry, 2007) observed that traditional Indigenous communities such as Māori hold collectivist principles and social objectives underpin that entrepreneurial activity to improve the wealth and well-being of the community, not just the individual.

As collectivists, therefore, the aspiration of Māori is driven by the expectations of their community – that is expectations of whanau, hapu and iwi. Crucially, through the concept of whakapapa, this community includes their community past (*Tupuna*) and community future (*Rangitahi*).

This is a crucial divergence from mainstream Pākehā entrepreneurship (Phillips, Woods, & Lythberg, 2016) and by doing so, Māori act in a way that is the inverse of the Friedman doctrine but cogent with ESG Investment principles.

Rather than acting in the belief that they hold no responsibility to society other than to maximise the (economic) wealth of its shareholders, Māori enterprises act in a way such that their responsibility to the collective, past, present, and future, is the core reason for their existence.

For this reason, contemporary corporate governance models are unlikely to fit the needs of Māori entities.

Indeed in 2011, Sir Tipene O'Regan (Akuhata, 2011) spoke about how any thinking around opportunities and challenges for iwi in a post-Treaty settlement era "must have as its outcome norms of Māori governance which can work effectively for the long-term benefit of Māori. This will not be achieved by merely relabelling existing Pākehā governance norms in Te Reo."

Continuing, he noted that the norms of good governance are appropriate for Māori organisations. Still, the Māori governance model must be designed and structured to suit the fundamentally particular aims and requirements of Māori. In design and practice, the ethos of Māori governance models should be Māori and not "imitative of generally articulated Pākehā values and principles."

These points are evident in the earlier work of Joseph (Joseph, 2007) who writes that good Māori governance requires an understanding and alignment with the values, institutions, and cultural norms prevalent within Māoridom.

In the case of Māori, the drivers of communal expectations reflect the holistic view of Te Taiao – that is the Spirituality, Society, Culture, and the Natural Environment are inextricable, interlinked, interconnected processes that cannot and should not be seen in isolation (Spiller C, Pio, & Erakovic, 2011)

Understanding this concept of interdependence and interconnectivity is important as it lies at the heart of Māoritanga and the Māori worldview.

7.6 THE ROLE OF TIKANGA

Tikanga Māori is the traditional body of rules and values developed by Māori to govern themselves (Joseph, 2007)

Tikanga, then is the values and norms that determine appropriate conduct and behaviour.

Tikanga is about doing things in a distinctly Māori way. Tikanga is how Māori can hold the ways of doing things and the thinking that underpins behaviours and actions to be just and correct by using principles that have evolved over multiple generations and have been established by precedent.

Joseph (Joseph, 2007) attributes Tikanga as being the base for Māori culture and embodies core governance values and principles that reflect doing what is proper and correct. He notes that while the principles are entrenched, there remains scope for interpretation and application. Tikanga is not static nor fixed but was open to being reinterpreted according to the circumstance.

Nicholson (Nicholson A, 2012) notes the interconnectedness of the Māori worldview and uses Henare's (Henare, 2001) (Henare M. , 2003) matrix "He Korunga o Nga Tikanga" to demonstrate the interdependence of Tikanga and Māori world principles (Fig 11)

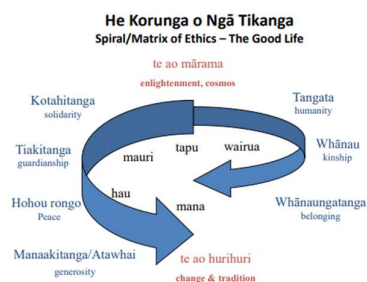


FIG 11: HE KORUNGA o NGĀ TIKANGA

Source: Nicholson A, Woods CR and Henare M: "Umanga Whanaungatanga: Family Business"

Journal of Australian Indigenous Education 2012

SPIRAL / MATRIX OF MAORI ETHICS

Just as in the wider Māori view of interconnectedness all ethics are interdependent, illustrating that “to understand the whole one must understand the parts and to understand the parts, one must understand the whole” (Nicholson A, 2012)

The concept of interconnectedness and the importance placed by Māori on this is essential and clearly illustrates why it would be inauthentic for Māori to ascribe to the Friedman doctrine alone.

7.7 WHY CAPITAL OTHER THAN ECONOMIC CAPITAL IS IMPORTANT – COMMONALITY BETWEEN TE AO MĀORI AND ESG PRINCIPLES

To singularly concentrate on one measure at the expense or degradation of all others is at odds with the Māori worldview of interconnectivity. To do so would be demeaning of mana and is a crucial reason increasingly Māori look for returns not only from real (economic) capital but also from other forms of social and natural capital.

When considering the return of these forms of capital it should be noted that may not necessarily be the doing of something to achieve another thing. The return may be doing nothing to prevent something else that would demean the mana of the collective or of the asset itself.

- Cultural and Spiritual Capital

Kamalnath (Kamalnath, 2021) identifies the Tikanga principles of Taonga Tuku Iho (the recognition of the treasures and knowledge that has been passed down by Tupuna to the current generation who in turn ensure it is passed on to the next generation of Rangitahi), Māoritanga (the uniqueness of being Māori) and Mana (influence and standing in the community) as being examples of Cultural capital. The inclusion of Wairuatanga (the nature and essence of spirituality) is another example.

- Natural Capital

Maunga (Mountains), Whenua (Land), Awa (Rivers) and Moana (Sea) are fundamental to Māori identity and culture through whakapapa.

Māori, as Tangata Whenua and Mana Whenua, exercise Kaitiakitanga (Guardianship) over significant areas of Aotearoa New Zealand. By supporting the mauri (life source or essence) of the natural environment Māori not only support natural capital they enable well-being for future generations.

Te Ao Māori emphasises stewardship over ownership, the collective over the individual, the obligations towards current and future generations over short-term gains in the present and the need to manage resources in a way that is sustainable in the long term

- Human and Social Capital

This value acknowledges the importance of the community and the collective. This can be expressed through the concepts of Kotahitanga (Solidarity), Manaakitanga (Generosity) and Whanaungatanga (Belonging).

Whakapapa (Genealogy) establishes inclusion and belonging to the collective and brings with it opportunity. Because of whakapapa the relationships and inclusion of individuals within the collective extends through time – both into history (Tupuna) and into the future (Rangitahi)

Tino Rangatiratanga – the expression of self-determination and leadership is another form of Human capital.

- Economic Capital

Professor Graham Smith spoke at a symposium in 2011 (Akuhata, 2011) where he commented that “sustainable economic development is fundamental to enabling a more self-determining existence.

It is important to understand that Māori do not discount the value of economic viability. To ignore the reality of the need to be profitable ignores the obligation to provide for the collective. Māori will take considerations other than the economic returns into account when making investment decisions and may accept sub-maximal economic returns to protect the other forms of social and natural capital.

The basis of these sources of capital can be found, again, in the interconnectivity of the Māori worldview.

These forms of capital contribute to the “quadruple bottom line,” where the measure of success is the delivery of outcomes other than but, not exclusive of, economic returns.

The importance of delivering non-financial goals, even if doing so compromises economic outcomes, contrasts with the dominant Anglo-NZ model of profit/production maximisation. This was noted by Philips (2016) who wrote:

“Performance is not solely related to financial decisions but includes the social construct of social, environmental, cultural, and spiritual objectives which are at times in competition.”

Indeed, Philips (2016) indicates that financial performance may not be the highest priority or measure of success.

Managing the competing needs of each form of capital can be challenging. However, this may be made more manageable by the application of a long-term view that is an inherent part of intergenerational collective ownership and through the use of *Tikanga*

Both Henare (2009) (2010) (2013) and Philips (2016) identified four *pou* (markers) as being key drivers in Māoritanga (Henare M) and Māori Business (Phillips, Woods, & Lythberg). These are similar to those identified as contributing to the quadruple bottom line to measure performance and are congruent with the three principles of ESG investment. (Fig 12)

HENARE ¹	PHILLIPS ²	ESG PRINCIPLES ³
Ecological	Environment	Environmental
Spiritual	Community	Social
Kinship	People	Governance
Economic	Profit	

FIG 12: POU OF TE AO MAORI, MAORI BUSINESS AND ESG INVESTMENT

¹ Source: Henare M (2011) Lasting peace and the good life: economic development and the 'Te Atanoho' principle of Te Tiriti o Waitangi. In: Tawhai VMH and Gray-Sharp K (eds) Always Speaking: The Treaty of Waitangi and Public Policy. Wellington: Huia, pp. 216-275.

² Source: Phillips, T., Woods, C., & Lythberg, B. (2016). An investigation into the aspirations.

³ Source: "ESG (Environmental, Social and Governance)". Corporate Finance Institute 2020

The congruent features between all three models are notable. Henare and Phillips are interchangeable as a model of Te Ao Māori governance practice which the ESG model fits with.

The implication is that Māori governance models operate in a manner that is highly reflective of the ESG model. This is not surprising given the holistic viewpoint of Te Ao Māori where the concepts of kaitiakitanga, kohtahitanga, maanakitanga and rangatiratanga are interlinked.

It can be argued that those experienced in the governance of Māori entities in a Māori environment bring the ability for businesses to more fully function in a world where investment performance is increasingly being linked to non-financial outcomes.

If ESG investment is a recent innovation in western capital markets and business, it should be noted that Māori have been functioning under similar models and drivers since the arrival of Kupe.³⁷

When overlaid with the core values of *Whakapapa* (genealogy) and *Tikanga* (customs, traditions, protocols of behaviour), Phillips suggests this also links the wisdom of tupuna to modern contemporary practice by Māori.

This linkage to the past reinforces the long-term, intergenerational, collective ownership within Māori entities.

The concept of long-term intergenerational ownership should not be discounted.

Sir Tipene O'Regan (Akuhata, 2011), speaking at a 2011 symposium, discussed the need for Iwi to "construct a uniquely Māori paradigm centred on the intergenerational requirements of the tribe" while observing a unique characteristic of Māori enterprises is that "ultimately they are not for sale."

This emphasis on intergenerational ownership underpins the Māori view that they are not owners of the resources they control but instead are stewards and custodians of those assets for those in the future, just as their tupuna were in the past for them.

This is a point noted by (Phillips, Woods, & Lythberg, 2016) who wrote, "Capital Gain is important to most farmers, but as Māori land is not sold, Capital Gain is not a business driver for Māori."

7.5 DEVELOPMENT OF MĀORI-CENTRIC GOVERNANCE MODELS

As noted, Sir Tipene O'Regan (Akuhata, 2011) has opined that Māori must develop appropriate governance structures and models that work for the unique drivers inherent in Māori businesses.

"Brownwashing" existing models of corporate governance will fail to meet the non-financial Key Performance Indicators (KPI) that are imposed on Māori by Tikanga, Whakapapa and the Māori world view of the interconnectedness of all things

These structures must reference the long-dated intergenerational nature of the entities that the current generation holds custody over.

Joseph (2007) notes “Still, it is important that Māori traditions and values be recognised and accommodated in a way that contributes to good governance rather than undermines it. Good Māori governance requires an understanding and alignment with the values, institutions, and cultural norms prevalent within Māoridom”

7.6 ARE THE SKILLS REQUIRED TO GOVERN A MĀORI ENTITY DIFFERENT TO THOSE REQUIRED TO GOVERN A COOPERATIVE ENTITY?

There are significant areas where Māori and Cooperative governance intersect.

Because both have a strong focus on meeting the needs of multi-generational stakeholders, they plan over long-dated and extended time horizons. (Fonterra Governance Development Programme, 2020)

The cooperatives, like Māori, know whakapapa. Fonterra for example can trace its whakapapa beyond the amalgamation of NZDG and Kiwi Dairies twenty years ago to a small dairy farm in Otago one hundred and fifty years ago.

Like Māori cooperatives are also likely to not operate with a bias to maximising shareholder wealth through maximising profitability – in fact, the opposite holds true by maintaining a model where the Cost of Goods Sold is sustainably maximised to support product prices paid to their suppliers.

There is nothing to suggest that a good Governor in a Māori entity would not possess the skills to lead a Cooperative entity. The Māori world view would seem to make decision-making and the need to drive consensus more complicated than might be seen in businesses with a stronger profit motive

An argument could be made that with an increasing societal focus on ESG investment Māori Governors may already hold experience in managing off-balance-sheet capital in ways acceptable to society.

7.7 CONCLUSIONS AND THEMES

The skills required to effectively govern Māori entities are made complex by those things that are uniquely Māori – Māoritanga, Mātauranga, Tikanga and Whakapapa overlay the decision-making frameworks at all levels.

Whakapapa reinforces the intergenerational nature of the ownership of these assets forcing Governors to make decisions that are referenced not only in the medium term but also into the past as well as into the distant future.

This long-dated investment horizon however enables Māori governors to consider a strategy that is not solely determined by short-run economic cycles and returns. The literature shows that Māori considers the returns to economic capital to be no more important (and in some cases less important) than returns to natural and social capital.

This approach seems congruent with a changing worldview that is rejecting the liberal market theories of capital and shareholder primacy in favour of more equitable distribution of the returns to real capital to drive social outcomes (Piketty, 2013) and the preservation and protection of natural capital because of environmental degradation and climate change.

This is consistent with Proudfoot (2021) who comments “Te Ao Māori and its ability to connect the natural and spiritual world with the outcomes we seek for our environment, our communities, and

our whanau. The growing recognition that the wisdom inherent within Te Ao Māori is New Zealand's unique superpower”

Given the complex social nature of Governing Māori entities and alignment by society towards the behaviours exhibited by Māori in the treatment of their asset base, it is likely that the skills of Māori Governors are readily transferable into non-Māori business structures – this is especially important as non-financial metrics become an increasingly important component of investment decision making by holders of capital.

- *Existing corporate governance models are unlikely to meet the needs of Māori*
- *Cultural imperatives influence and may complicate decision-making in a Māori governance environment*
- *Financial performance is unlikely to be the only measure of success for Māori businesses*
- *Māori entities operate to long-dated multi-generational timeframes*
- *Commonality exists with Cooperative businesses, particularly around intergenerational ownership*
- *Skill sets of Māori governors would appear to be readily transferable into businesses with a stronger profit motive.*
- *Te Ao Māori governance models demonstrate significant commonality with ESG principles, a strength given the significant capital flows into ESG-compliant businesses.*

8.0 THEMATIC ANALYSIS – MĀORI GOVERNOR SEMI STRUCTURED QUALITATIVE INTERVIEWS

Semi structured qualitative interviews were conducted with eight experienced and developing Māori Governors.

Seven had been through a director selection and/or election process with one or more of the cooperatives or had been appointed to related sector boards.

All had experience in governance of Māori institutions and businesses.

Of the interviewees two had been successful in securing an elected role to a cooperative board.

One had successfully secured an elected role in shareholder representation outside of the cooperative board.

Two had experience in appointed roles within the primary sector – one outside of the board, the other held an appointed directorship. Neither had contested a cooperative director election.

Two had not been successful in securing elected governance roles with cooperatives.

8.1 THEMES WERE DEVELOPED FOLLOWING ANALYSIS OF THE SURVEY QUESTIONS:

The Importance of Diversity
Experience of the Election process
Māori Enfranchisement

Representation of Māori Interests
The Influence of Racial Bias
Why so few Māori governors?

8.1.2 The Importance of Diversity

Diversity is important as the variation in thought, skills and experiences brings the capacity to the challenge existing norms within an organisation (Castelán, 2018) It has been argued that greater diversity enhances information resources and broadens the cognitive and behavioural range of the board (Idoya Ferrero-Ferrero, 2013)

This theme developed from the thoughts of the interviewees around the importance of board diversity and if they believe that the current cooperative boards truly reflect diversity of thought, skills, and experience.

“Is there true diversity of thought and experience if directors are simply coming from Epsom Girls rather than Kings?”

“Diversity at a governance level brings an ability to challenge “conventional” thinking – an outsiders view allows management to be challenged in ways that may not otherwise be possible, or even identified”

“Diversity is important but that must occur for the right reasons. We have to be in a role because we bring the right mix of skills beyond being Māori or we run the risk of being seen as only being able to contribute at one level which would be detrimental over time”

“The use of quotas or wards would likely be untenable to the shareholder base but conversely governance cannot become a Gentleman’s club”

“Diversity is important but not at the cost of not having the right skill sets in place”

“In a purely commercial environment acumen must beat kaupapa”

Diversity of thought and experience was considered of high importance to all interviewees.

There was a feeling that without diversity of thought and experience that businesses were subject to group think which was dangerous to the long-term viability of the businesses that Māori are shareholders in.

One interviewee did comment that diversity works both ways and that Māori entities needed to be open to diverse views as well, though they were unsure if it would be more challenging to be Māori on a Pākehā board or to be Pākehā on a Māori board.

There was a general feeling that Cooperative Boards were of a Pākehā -centric bias and that although there was gender diversity there was an element of selection from the same demographic base. Several interviewees commented that Board selection seemed to come down to the same people or families across multiple cooperative businesses, though it was recognised that this occurred in Māori governance as well.

Most were opposed to the use of diversity targets or quotas although one experienced director suggested that in an age of increasing co-governance that societal pressure could drive businesses down that path.

Conclusions:

- Diversity of thought and experience matters but not at the expense of appropriate skill sets and abilities - No one wanted to be there because they filled a diversity metric.
- It was felt that diversity quotas would be unpalatable and could result in that person being marginalised or otherwise ineffective.
- Group think is dangerous, diversity allows for concepts to be challenged
- It was felt that there was limited diversity at best – gender diversity was clearly demonstrated, ethnic diversity was very limited to non-existent.

8.1.3 Representation of Māori Interests

As demonstrated in section 7 of this report the literature shows that Māori use tikanga as guide to decision making – the kaupapa which sits behind this reflects those values that are inherent to the Te Ao Māori worldview. Likewise, section 6 shows that Māori are a significant contributor to the economic activity of Aotearoa New Zealand and to the primary sector of the country.

Given these factors it would seem important that those interests of Māori are represented at governance levels. This theme developed from the interviewee's views around if Māori interests and needs are well represented in the governance of the agricultural cooperatives of Aotearoa New Zealand.

This is important for the cooperatives' as engaged shareholders are more likely to be open to forming long standing relationships (whanaungatanga). Māori, as with any group, have an intrinsic interest in seeing their needs represented in the organisations that they participate in.

“Does the Business value Māori? Probably Yes, but then in an environment of falling supply with ability to go elsewhere it's in their interest to do so”

“Are Māori adequately represented in senior Management or in governance? No definitely not. Do they (business) see value in having Māori involved in governance? At a high level yes, but delivering on that in a way that is palatable to the shareholder base is difficult”

“There is a real onus on Māori to provide capable, talented people if we want to participate at this level. To not have skilled capable people to fill these roles does a disservice to Māori and demeans our mana”

“Not critical to be at the Board table so long as there is the ability to influence”

“At times I felt that I had simply ticked the diversity box for them”

“Sending your management team on a six-week Te Reo course doesn’t mean you understand the motivations and drivers of Māori”

“They need to truly understand us as Māori”

There was a general feeling that the interests of Māori were not the same as non-Māori because the drivers were not necessarily the same – especially regarding the connectedness of Te Taiao and the long-term intergenerational focus where Māori were stewards and custodians rather than owners of the whenua. Most interviewees were unsure that this was well understood by businesses.

Four noted that Māori needed to ensure that there was a pool of qualified, capable people to select from and that this would require investment and training

The ability to Influence decision-makers was seen as being important. Having influence means you can affect the result of more votes than just your own.

It was noted that it would be in the interests of business to understand the needs and drivers of Māori. By doing so they would gain an insight into Māoritanga which would bring advantages at many levels including trade and securing long-term supply.

It was felt that the (potential) contribution of Māori in governance roles was appreciated the further up the command chain one went – but there would still be resistance within the shareholder base.

This was countered by another Governor saying that they felt they had little influence and had ticked a diversity box for the business.

Conclusions:

- The talent pool of capable people is thin and needs to be expanded if Māori want to fill these roles
- Drivers for Māori are different from those for non-Māori, but it is likely that this is not well understood by Businesses – but there would be real benefits to the business if they did – Te Ao Māori is the only unique point of difference Aotearoa New Zealand has.
- There remains a perception that is cooperative shareholder resistance to Māori representation, even if this is not the case at senior management and governance
- Business needs to strengthen relationships with Māori suppliers.
- With production levels falling in response to land use change and deintensification of production systems advantages would accrue to businesses to hold strong relationships with multigenerational farm owners.

8.1.4 Experience of the Election process

This theme explored the experiences of those who have stood for elected roles within the cooperatives. It highlights their views of the process and their views on what is necessary to successfully win election to a board position.

This section is important to understand how the views of the interviewees have been shaped by experience.

“As the minority we are always going to be subject to the democratic tyranny of the majority”

“I felt that there wasn’t a great deal of support offered by the business. On the one hand they were saying to me yeah, we absolutely want Māori involved, but on the other they are saying you’re just the same as everyone else”

“The preselection process was horrible. It felt like they didn’t really want to understand the attributes and qualities I bring, instead they focussed on the fact that I brought some diversity to the business”

“Strategy is key – you need to be planned and organised and courageous. Don’t just rely on your ability or skills or networks to get elected, that won’t work.”

“Know the process inside out. Know how the voting system works. Know who you need to talk to and then talk to them. You need to outthink and out hustle the competition”

“Leadership isn’t a straight line. Standing in an election takes courage and bravery. Be Brave”

“We demonstrate Rangatiratanga just by standing – my mana is enhanced whether I win or not”

“I was treated in exactly the same way as every other candidate was – no different, equally”

One experienced governor thought that Māori would continue to struggle to get representation due to the election process, but this would improve over time due to intermarriage

Three Governors discussed how strategy is a key component to electoral success. They outlined at length how individuals need to know and understand the electoral rules, the voting system, and the mechanics of the election process. Campaigning was instrumental but given time is finite you need to know whom to target and how to approach them.

Two interviewees talked of how it takes courage to stand for an elected role, however they felt that simply by standing in the election they demonstrated rangatiratanga (leadership).

Two interviewees discussed how they felt marginalised in the preselection process, with the feeling they had was that the business primarily saw them as a means to prove they were a progressive organisation.

Another discussed how he felt there was little to no support offered by the existing leadership of the cooperative with comments made to him that they had to be seen as being impartial – and yet the following year a Pākehā candidate was endorsed by the chair.

Conclusions:

- To be elected to a role strategy and knowledge are paramount – without a coherent well-thought strategy and campaign it is unlikely that a candidate will be successful.
- Courage is a key attribute to standing for an elected position but even if unsuccessful it expressed leadership and rangatiratanga
- Democracy favours the majority but closer familial links between Māori and non-Māori would see this gap close over time.
- Business needs to be aware of the skills individuals offer and not simply view Māori as a means to “tick a box” to demonstrate that they are a progressive organisation.

8.1.5 The Influence of Racial Bias

That racial bias against Māori exists within Aotearoa New Zealand is a confronting issue, however (Pack, Tuffin, & Lyons, 2016) shows that the perception of Māori is that “Racism was reified as universal, endogenic and unavoidable” with participants of that study noting that their experiences ranged from “‘subtle’ racism to the overt and highly offensive.”

This theme developed from the views held by the interviewees and their experiences.

It is important to discuss as any perception of racial bias skews the ability for all parties to fully participate in an organisation.

“Did it have an effect? To a degree probably. New Zealand is a racist country, to deny that would be wrong”

“There is an element of racism undoubtedly, but I felt it was a very small minority of people who didn’t affect the outcome”

“We know that we have to be better than a Pākehā if we want to be effective outside of Māoridom”

“The racism today is probably more covert than overt, but who knows what gets said behind closed doors”

“Pākehā will tolerate us. They’ll let us advance as far as they’re comfortable letting us advance. There is a real element of Pākehā who are scared of Māori being in authority”

“They don’t realise I’m Māori because I’m not dark – that’s why I make sure I show my whakapapa on my company director profile. The flip side is that sometimes I feel that being Māori is more important to them than the skill I offer. In the past I’ve had media releases that talk of my ethnicity and nothing of my abilities”

“Of course, there is racism – look what happens every Māori Language Week, someone complains about the TV using Te Reo”

All interviewees spoke of encountering some form of negative racial bias at some point.

One interviewee talked about how everything is normally distributed and that there are those at the end of the bell curve who will never shift their views.

There was a general feeling that rural New Zealand holds generally biased views and that this carries over into their voting decisions.

Several commented that this would be subject to generational change with increasing intermarriage and children of mixed ethnicity.

Only one said that they thought race was not a factor in an election they contested, though this was qualified by them saying that they had already built a profile and were known to Pākehā and that this may have offset any bias.

One interviewee commented how institutions need to be mindful of structural racism, particularly election qualification rules that did not account for Māori ownership structures that could preclude participation by Māori.

Three interviewees talked of how they had been told by cooperative staff that there were always some complaints made by shareholders if advice from the cooperative used te reo salutations, such

as “Kia ora” or “Nga mihi” although they advised the complaints came from a small minority of people.

Conclusions:

- Racial bias, or at the very least the perception of bias, exists in the interaction between Pākehā New Zealand and Māori.
- Institutions and businesses should be aware of this and seek to build stronger relationships with their Māori shareholders and suppliers
- They should consider if any of their operations could be structurally biased.
- All organisations should call out racism – no one should be afraid to offend bigots and doing so would assist in building stronger relationships with Māori.
- As noted in 8.1.3 there is a perception by Māori that even if governance and senior managers of the cooperatives are supportive of increased engagement with Māori there is likely to be resistance by shareholders

8.1.6 Māori Enfranchisement

Despite this paper taking an aggregate view of Māori economic and productive contribution of Māori it would be wrong to consider Māori as a single homogenous group.

Although Māori societal structure may be stratified into iwi, hapu and whanau it would be incorrect to assume that all decision making is necessarily made in aggregate at any or all of those levels.

This theme developed from interviewees thoughts and discussions within the interview process.

With 10% to 30% of production in the pastoral sector coming from Māori farming businesses¹ they potentially hold significant bloc voting power (this does not infer that Māori hold 10% - 30% of the voting rights in any or all cooperatives, but given that supply rights are often backed with equity in the cooperative it would not be unreasonable to assume there is some ownership scale held by Māori)

“If we could get Māori voting as a bloc, I think that representation would increase markedly – though it’s unlikely that would be enough on its own to get someone elected”

“Māori don’t vote”

“I think that voting in cooperative elections is a bit of “we’re not going to have any influence, so why bother””

“Were Māori supportive of me? Yes - definitely – but that doesn't mean they voted for me”

“Given the delegated management of many Māori farming businesses there are potentially a number of gatekeepers to get through – Consultants, Managers etc”

“I’ve seen it before when voting papers show up mid-meeting cycle, so they aren’t considered until after the election has closed”

“Having Māori on one of these boards because we got together and voted would be us determining our own futures. That’s rangatiratanga – enhances everyone’s mana”

Five interviewees discussed how they felt that Māori were not sufficiently engaged with the cooperatives to vote at director elections even if there were Māori standing for a position.

One interviewee with considerable experience in governance of Māori entities noted how sometimes voting advice could get caught up in the “system” – such as voting windows occurring mid-cycle in board meeting schedules or held by administration functions of the business and not supplied to the decision makers.

The same person discussed how in businesses with delegated management there may be other “gatekeepers” such as accountants, lawyers or farm consultants that may vote on behalf of the entity, or simply not make voting papers available in time.

Two interviewees pointed out that commonly 30% +/- 5% of the shareholder base vote in cooperative elections and that tactical voting by an organised group could carry a significant amount of influence in an election – particularly if the voting method were proportional rather than FPP.

One expanded on this further by commenting that organised bloc voting demonstrates rangatiratanga, whilst practicing kohtahitanga and manaakitanga. Both however commented that securing such a voting bloc would not be easy.

Conclusions:

- Māori, as shareholders in cooperatives, are enfranchised and hold the ability to vote in elections.
- Anecdotally most interviewees believed Māori did not exercise this right.
- They thought that this was due to low levels of engagement by Māori with the cooperatives, though this was not limited to Māori only.
- Māori may hold significant political power were they to organise and bloc vote tactically.
- This would be a clear demonstration of rangatiratanga whilst practicing kohtahitanga and manaakitanga
- Māori need to manage their delegated agents and business procedures to ensure they are able to vote

8.1.7 Why are so few Māori engaged as Governors in the cooperatives?

It is important to get the view of Māori themselves as to why they think that there are so few Māori on the governance boards of cooperatively owned agribusinesses in Aotearoa New Zealand.

This is because ultimately there will only be more Māori on the boards of these businesses if Māori want to be on the boards of those businesses.

It is also important because when industry and cooperative leaders have been asked this question in the past by the writer the default answer seems to include the statement “MĀORI just don’t stand” with little thought about why this is.

This theme developed from commentary within the interview process.

“We’re busy already with mahi for our people”

“I don’t really know if they want us if I’m perfectly honest”

“Capacity is a factor – there is already a few of us spread quite thin over a number of businesses. The good news is that the pipeline is growing with some very bright, skilled young people coming through now”

“Māori don’t need so much to back them (the cooperatives) as we need to back ourselves”

“It’s clearly not a skills thing – after all Māori are already doing it”

“It’s a pity – but Māori don’t vote”

“They aren’t going to vote for me (Pākehā)I’ve tried already I’ve got better things to work on”

There is a real feeling that a Māori candidate is much more likely to be unsuccessful in an election than a Pākehā candidate, no matter the skillset the Māori candidate may bring. Three interviewees talked of the 2018 Fonterra election runoff as confirming that bias amongst their wider peer group.

One interviewee with extensive governance experience in both Māori and non-Māori entities talked of how elections are always difficult when you are the minority. In their view a major reason that Māori had made significant gains in the industry that they were closely involved in was due to statutory intervention.

The two interviewees who secured elected places on the boards commented that they had to work significantly harder to secure their positions, though one commented that that was just how politics worked.

All touched on low levels of engagement by Māori with the cooperatives as being a significant reason there were few Māori governors within those businesses.

One commented that the low levels of engagement in part might be due to farm ownership historically being a Pākehā phenomenon from which Māori were largely excluded (outside of providing manual labour) and opined that even as Māori increasingly farmed more of their own whenua that attitudes may take longer to change.

Another further noted that a number of Māori owned farms only returned to the management of Tangata Whenua in the last 50 years, during which time Māori themselves have become more urbanised (Meredith, 2015) This calls into question the relevancy of agricultural cooperatives to the bulk of Māori who are now urban based.

One interviewee pointed out that the lack of engagement is not a reflection of ability as Māori are already processing and exporting products themselves.

Capacity constraints were noted – the talent pool is already quite thin with other work within Māori organisations to be completed, which some Māori may find more satisfying. Five interviewees commented that the talent pool is growing, and that the next generation of Māori governors will be drawn from a much deeper and highly qualified pool.

Four commented that Māori enrolment in the various sector / cooperative governance courses would be valuable, with three opining that even with that Māori need to continue to practice rangatiratanga by developing governance skills in their people themselves.

Conclusions:

The interview process seemed to indicate that low levels of Māori involvement in the governance of the primary sector cooperatives appears to be tied to three key points:

- Lack of Trust by Māori in the cooperatives
- Relevancy to a largely urban Māori population
- Capacity constraints were noted although it is noted that Māori are growing this talent pool.

The lack of trust by Māori in the cooperatives seems to be based around two factors: historic exclusion from roles (beyond manual labour) within the primary sector and experience of racial bias

negatively impacting on expectations to successfully win an elected position against a Pākehā opponent.

Agricultural cooperatives operate in a sector that is dominated by Pākehā and that has largely excluded participation by Māori for much of the two-hundred-year post-colonial history of Aotearoa New Zealand.

Although in the cases of some Iwi the exclusion from physically farming their whenua is passing it is questionable if attitudes within the shareholder base of the cooperatives are changing at a similar pace with anecdotal discussion around negative shareholder feedback from the use of Te Reo in communications with them is one indication that some level of bias remains.

There is a general view by Māori that cooperative elections are already skewed in favour of non-Māori simply by demographics. The perception is that the probability of successfully winning an elected role was skewed to the downside due to bias and irrespective of skill sets.

The concept of low relevancy to Māori due to urbanisation was interesting– though it seems reasonable to think that Māori would not seek to offer themselves in an election to a cooperative business they feel a little affinity to, in a sector that has historically excluded Māori participation and that will be decided by the shareholders, some of whom Māori suspect will discount them based on race, not ability.

9.0 THEMATIC ANALYSIS – COOPERATIVE STRUCTURED QUALITATIVE SURVEY

It was important to understand how the cooperatives viewed their relationships with Māori.

This would allow the cooperatives' view of their relationship with Māori to be compared and contrasted with the view Māori hold of their relationship with the cooperatives.

Data was collected via a structured qualitative written survey.

Cooperative Business New Zealand assisted greatly with the electronic dissemination of the survey to the agricultural cooperatives who are members of their organisation.

All surveys were conducted with full anonymity. It is not known who completed the return, the organisation they work for or the role they hold within the organisation.

Replies were received from four respondents.

As in section 5.2 Data was collected and transcribed and then analysed using a thematic analysis model (Braun & Clarke, 2013). This allowed the data to be critically analysed and coded to find themes that related to the research question.

Results and discussion followed this analysis.

9.1 THEMES WERE DEVELOPED FOLLOWING ANALYSIS OF THE SURVEY QUESTIONS:

The Importance of Diversity

Role of Māori in existing cooperative governance

Representation of Māori Interests

Why are there so few Māori Governors in the agricultural cooperatives?

9.1.2 The Importance of Diversity

It is important to understand the view of the cooperatives on diversity. If they do not believe that diversity, in its many iterations, is an important quality of a highly functioning board then this would indicate there is little appetite to change the status quo.

As with Māori survey interviewees the cooperatives noted the importance of diversity to a highly functioning board. All commented that diversity brought alternate experience and thought, which was viewed as a positive by all respondents.

Three of four respondents however felt that the boards of their organisations were largely gender diverse with one advising they were gender diverse only, the other responding they held high levels of gender diversity and low levels of ethnic diversity. A further respondent characterised board diversity in their organisation as “poor” without further elaboration to assess what this represents.

One of four reported diversity in their organisation as “pretty good” however there was no further granularity in the answer to assess what this represents.

Conclusions:

The cooperatives appear to fully understand the benefits that diverse thought and experience bring to their governance bodies with all respondents replying positively when questioned on the importance of diversity on a modern highly functioning board.

In practice, however, it appears that diversity has largely been limited to gender diversity with three of four noting little to no ethnic diversity present on their current boards. One advised that diversity was Only one advised that diversity on their board was good.

9.1.3 Relationship with Māori

It is important to understand the cooperatives view of the relationship they hold with Māori. If they believe that the existing relationships are adequate, then this could indicate there is little need or incentive to change.

Four of four respondents advised that none of their businesses used Te Tiriti o Waitangi to contribute to the culture of their organisations, however one advised that they were starting to consider doing so.

Another respondent replied that although they did not have a formal policy in place, they respected Te Tiriti within in their business activities and sought to actively partner with Māori.

A third advised that they did not use Te Tiriti per se, but the Māori view around protection of the natural environment resonated with their organisation. The final respondent advised that they had just begun considering the use of Te Ao Māori within their working culture.

All respondents agreed that it is important that Māori were engaged with the cooperatives, two commented that the reason Māori should be engaged is that they are as impacted by the performance of the cooperative as any shareholder would be. Another advised that shareholder engagement was low across the whole business, inferring lack of engagement was not specific to Māori shareholders.

Only one respondent discussed the importance of active participation by Māori to capture diversity of thought in decision making.

Conclusions:

Although none of the organisations that the respondents replied on behalf of formally recognised Te Tiriti o Waitangi in the development of their organisational behaviours all were either considering starting or were already informally using concepts of Te Ao Māori within their businesses. This indicates that the cooperatives are open to changing culture to adopt elements of Māoritanga.

There was generally favourable appreciation of the importance of the relationship with Māori, although this was largely reflective of a view that all shareholders are equal and are equally impacted by decisions made by the cooperative. Surprisingly, given the answers in 9.1.3 around the importance of diversity, only one commented that the relationship between Māori and the cooperatives was important to bring diverse thought and skills to decision making by the business.

9.1.4 Role of Māori in current cooperative governance

It is important to understand the belief of the cooperatives of the role Māori currently hold within the governance structures of their organisation. This is because if the cooperatives believe that the status quo is an acceptable level then this would likely reduce any propensity to change.

Three of four respondents felt that it was important that Māori have representation on a cooperative board with one of four opining that Māori representation was not necessary as all shareholders get to elect the best candidates.

Three of four respondents advised that the composition of the current governance teams did **not** accurately represent that contribution made by Māori as shareholders, suppliers, or customers of their business with one advising that their business did. This respondent, however, qualified this opinion by advising that they thought it likely that Māori would disagree with this (personal) assessment.

The remaining three respondents thought Māori would agree with their view that Māori were underrepresented under existing governance with one noting that it was considered a weakness in their strategy.

Respondents advised that there is no strategy in place in any of the cooperatives to rectify the issue of existing governance failing to accurately reflect the contribution made to their businesses from Māori stakeholders

There was low commonality of answers when the respondents were asked why they thought Māori were underrepresented in governance within their businesses.

One answered that no Māori offered themselves for any governance roles, another commented that there was no need identified for specific Māori representation.

One opined that this was because they (the cooperative) had not yet developed a strategy congruent with Te Tiriti o Waitangi (but were considering doing so).

The fourth most detailed answer centred on long standing historic issues around land ownership and tenure, low representation regionally and on the staff of the cooperative and a lack of opportunities.

When the question was expanded as to why there seemed, so few Māori involved in the wider agricultural cooperative sector one queried if this was true, but if so, did not know why.

Two gave much more detailed answers, with one respondent opining that a lack of opportunity to develop governance skills resulted in a knowledge gap that excluded Māori in the election process.

The other respondent discussed how agriculture is a traditionally Pākehā business and that low Māori representation in the governance of the cooperatives goes back to ill feeling with land being confiscated or given to Pākehā.

Three felt that low levels of Māori governance participation in the wider cooperative context was an issue that should be addressed. They felt that training and education were the key to developing skills sets alongside cooperative initiatives such as provision of targeted training and future director opportunities.

Conclusions:

The cooperatives themselves generally believe that Māori are underrepresented in their governance bodies. They viewed representation by Māori as being important with suggestion that a lack of engagement with Māori as a weakness in strategy.

Given that the cooperatives have recognised the issue of under representation it was surprising that none of the responding cooperatives had developed a strategy or plan to rectify this.

Interestingly views around why there was a general lack of Māori in governance included discussion of ill feeling between Māori and a Pākehā over historic land grievances. A lack of opportunity to develop governance skills was also mentioned.

The fact that cooperatives have identified that Māori are not well represented on their boards proves the perception of low levels of Māori participation in the governance of the agricultural cooperatives to be true.

No one will be more aware of a situation within a business than those who are inside the business.

10.0 DISCUSSION – THE BENEFITS OF IMPROVED ENGAGEMENT BY COOPERATIVES WITH MĀORI AND THE COSTS OF NOT

Benefits could accrue to both the cooperatives and to Māori were Māori to be more fully engaged in governance in these businesses.

As shown in section 6.2 Māori are a significant economic power in both the wider economy of Aotearoa New Zealand and within the primary sector.

With Māori GDP contribution at NZD 2.4 billion dollars in 2018 (or 15% of total primary sector activity) it would be sensible for cooperatives to secure strong relationships with Māori on the strength of that number alone.

However, there remain other factors that would strengthen the reasons to do so further.

One example is in a political and social environment where climate change is driving New Zealand agriculture to de-intensify production systems, often through land use change away from pastoral farming, it makes sense for processing firms to secure long-term relationships with the one sector of Aotearoa that will retain land ownership into perpetuity.

Māori are not going to sell their farms, land use may change over time, but that has been a constant over the two hundred years pastoral farming has been practiced in Aotearoa New Zealand.

However, the real benefit to the agricultural cooperatives could be a much deeper understanding of Te Ao Māori.

Proudfoot (2021) shows that Te Ao Māori has the ability to deliver the post-COVID outcomes sought for the environment, for society and for families – however, this will require a deeper understanding, effort, and engagement with Māori.

This will require a significant pivot away from the tokenistic consultation and misappropriation of te reo and cultural taonga to a deeper connection to Te Ao Māori.

Cooperative businesses are ideally placed to embed this – Māori are already owners in the business after all, but a deeper level of engagement will only come if the cooperatives build trust and strengthen relationships with Iwi, hapu and whanau.

The semi-structured survey results with Māori indicate that historic perceptions of racial bias cloud the relationship between Māori and the cooperatives who function as a proxy for wealthy, privileged Pākehā farming entities.

The cooperatives are Pākehā -dominated institutions that can whakapapa to the displacement of Māori. The concern should be that the appropriation of Māori assets didn't stop two hundred years ago – it is still happening today.

An example of this is the appropriation by Fonterra of the name Tuteremoana to brand its premium cheddar cheese without consultation with Iwi, hapu and whanau. (Anthony, 2019)

For their part, the cooperatives recognise that Māori are underrepresented in the composition of their own boards and most felt that it was important that Māori held representation at a governance level.

However, no cooperative had developed a strategy or plan to deliver on this.

If, as Proudfoot (2021) notes, the benefits of embedding the authentic use of Mātauranga Māori will lead to long-term future social, environmental, and economic success then that will also be the cost to the cooperatives if they fail to build trust with Māori. With foreign capital still accessible there is nothing to prevent Māori from partnering with overseas firms and

The benefits to Māori from greater engagement include influence over how Te Ao Māori is used and applied.

Failure to engage by Māori runs the risk of further appropriation of cultural assets without consultation – if two hundred years ago Māori lost their whenua then it is vitally important that they retain influence over the use of Te Ao Māori, Mātauranga Māori, Tikanga and Kaupapa today.

11.0 CONCLUSIONS

The initial question asked at the outset of this project was “Has contribution led to representation?”

It is well documented that with the contribution it is reasonable to expect that representation will follow.

Indeed “No Taxation without Representation” was the rallying cry of the 1773 Boston Tea Party that eventually led to the American War of Independence between the American Colonies and Great Britain two years later.

Unequivocally Māori contribute significantly to the primary sector economy as demonstrated in section 5.1 of this report.

Consider the following:

- In 2018 Māori generated NZD 2.4 billion dollars or 14% of the primary sector GDP.
- Chapman Tripp estimated that 10% of all milk flows and 30% of the red meat and fibre production came from assets owned within the Māori economy in 2017

By any measure, Māori are a significant contributing factor in the primary sector and yet even the cooperatives admit Māori hold limited influence around the Board tables of the cooperative businesses in which they hold equity.

If the question is “Has contribution led to representation?” the answer cannot be anything other than “No”.

This was confirmed by the cooperatives themselves who consider Māori to be under-represented in the governance of their businesses.

The key finding here was a general but deep lack of trust by Māori in the cooperatives as institutions.

There was a general perception that if the cooperatives aren’t racist then at least a part of the supplier/shareholder base is – which became a key reason for Māori not wanting to offer themselves in electoral competition.

This is reinforced by failure of cooperatives to develop an inclusive culture that encourages Māori participation. Anecdotal feedback from the cooperatives, independent of the research in this report, indicates minority but vocal opposition to the use of te reo on shareholder correspondence as one example of this. This was also mentioned within the survey of Māori governors.

Māori felt it unlikely that Pākehā will vote for Māori over another Pākehā so there was little point in even trying - the tyranny of the majority is the price of democracy that is paid for by the minority.

The lack of trust by Māori in the cooperatives should be of concern to the businesses on several levels.

At an operational level short to medium-term supply constraints are likely to become more marked as Agricultural Production systems are made less intensive in response to climate change obligations and land use change.

Section 7.0 of this report shows how Māori are inextricably linked to the whenua by whakapapa and tikanga.

This means Māori are long-term multigenerational owners of their land assets – they are exactly the right group cooperatives should partner with over long-dated time horizons – after all they aren't going anywhere, they're not selling their farms (but that doesn't mean they cannot take supply or custom to other competing businesses.)

At a strategic level, the cooperatives should be aware of the opportunity they have if they re-engage Māori at the highest levels within their businesses.

The age of the primacy of capital seems to be past its zenith as ethical investment becomes increasingly mainstream. The liberal economic theory that was embraced by Reagan, Thatcher and Douglas is being replaced by a softer form of economic management that has gained traction in a post-COVID world.

Social and Natural Capital now seem to be as important as Real Capital. Social Equity and Environmental Protection are gaining traction as measures of importance and success as we realise that Social Capital, Real (Economic) Capital and Natural Capital are not siloed but interlinked and intertwined.

These are all congruent with Te Ao Māori – the Māori World view. The cooperatives can build strong deep relationships with Māori at a time when this way of thinking is gaining wider traction. This insight could deliver a significant advantage, even if that advantage cannot be directly measured in dollar terms today.

By engaging Māori in governance, the cooperatives could gain insight into the new economic paradigm before competitors do.

This will, however, be unlikely to come about without cultural change within the cooperatives.

For Māori, the advantage is that they attain influence within a sector they are already operating in.

Māori get to influence how their Taonga and Kaupapa are used. They build mana and have the opportunity to embed Te Ao Māori and Mātauranga Māori into everyday life in Aotearoa New Zealand (Proudfoot, 2021)

This will only happen if the current levels of mistrust are replaced with respect and reciprocity – two cornerstones of Māori relationships.

12.0 RECOMMENDATIONS FOR COOPERATIVES

Cooperatives face distinct challenges to overcome the lack of trust that Māori have expressed in the election process and in the cooperatives.

- Decide if the organisation believes the lack of Māori representation is an issue that requires addressing.
- Develop strategies to effect **cultural change** so that all shareholders perceive their treatment to be equal with clear and demonstrable intolerance of intolerant.
- Build manaakitanga with Māori by being institutionally intolerant of any form of racial bias.
- Organise wananga with Māori stakeholders so they can learn who you are, and you learn who they are.
- Engage in whakawhanaungatanga. This will facilitate discovery and understanding as the first step in relationship building (whanaungatanga)
- Learn and understand Te Ao Māori, Mātauranga Māori, Tikanga and Kaupapa – these are the things that will guide relationship building with Māori.
- Develop methods to provide governance opportunities for Māori within your organisation – training options and assistant/future director opportunities.
- Use a Māori lens in decision-making – a celebration milestone for Pākehā could have been at the expense of Māori interests for example. This is also important when using taonga in commercial ways.
- Ensure that the cooperatives are not structurally racist – for example, check to see if election rules could exclude Māori from standing in a director election. This is important given the unique nature of some Māori ownership structures.

13.0 RECOMMENDATIONS FOR MĀORI

- Practice rangatiratanga by using the voting powers that comes with ownership
- Be open to building whanaungatanga with cooperatives - maintain a focus on attaining influence by taking roles in governance of these businesses
- Show kohtahitanga and manaakitanga by voting for rangatira who stand for election to these boards.
- Māori voting for Māori in elections dominated by Pākehā demonstrates rangitiranga.
- Continue to develop governance skills in rangitahi

“Iti noa ana he pito mata”

From the withered tree a flower blooms.

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APPENDIX I GLOSSARY OF MĀORI TERMS

Kupu Māori

Kupu Māori	English
Hapū	A social unit comprised of related families based in a geographical area, who whakapapa to a common ancestor, although people affiliated to a hapū may not live in that area.
Hauora	Health, wellness, vigour.
Iwi	A number of related hapū sharing a territory, a confederation of tribes.
Kaitiaki	Guardian.
Kaitiakitanga	Guardianship, stewardship, and protection of the environment.
Kaumātua	An older person within a whānau.
Kawa	Protocol and customs for particular events, such as opening of new houses or on the marae.
Kōhanga reo, Te	Preschool operating under Māori cultural customs and using te reo Māori as the language medium.
Kotahitanga	Unity, togetherness, and collective action.
Kura kaupapa Māori	Primary school operating under Māori cultural customs and using te reo Māori as the language medium. Wharekura are immersion secondary schools.
Mana	Prestige, status, authority, mandate.
Manaakitanga	Hospitality, generosity, showing respect and care for others.
Marae	Meeting place for where formal greetings are exchanged and discussion takes place. Can be more generally thought of complex of buildings surrounding this meeting place. Can also be broader term to encompass the institution combining community, physical, and spiritual support for Māori, culture, language, identity.

Kupu Māori**English**

Mātauranga Māori	Māori body of knowledge that arises from a worldview based upon kinship relationships between people and the natural world. Humans are not seen as superior to the natural order but rather as existing within it (Royal Society).
Mauri	Life force, vital essence - the essential quality and vitality of a being or entity. Also used for a physical object, individual, ecosystem or social group in which this essence is located.
Mokopuna	Child or grandchild of a son, daughter, nephew, niece, etc., or descendant.
Noa	To be free from the extensions of tapu, unrestricted, ordinary.
Ora	Health, wellbeing, vitality.
Papa kāinga	Communal Māori land.
Pēpi	Baby, infant.
Rohe	District or region, or area of land.
Rūnanga	Council, tribal council or assembly.
Takiwā	District, area, territory.
Tamariki	Children.
Tangata whenua	Local people, hosts, indigenous people - people born of the whenua, i.e. of the placenta and of the land where the people's ancestors have lived and where their placenta are buried.
Tangihanga	Funeral rites for the dead - one of the most important institutions in Māori society, with strong cultural imperatives and protocols.
Taonga	Something of value, may include goods or possessions, resources, ideas, and valuable items (culturally, socially, or financially).
Tapu	To be sacred, restricted, set apart.
Te Ao Māori	The Māori World.
Te Ōhanga Māori	The Māori economy.
Te Reo Māori	The Māori language.

Kupu Māori**English**

Tikanga	The correct procedure, custom, way, protocol - the customary system of values and practices that have developed over time and are deeply embedded in the social context.
Toi	Art, knowledge.
Urupā	Burial ground, cemetery.
Wairua	The non-physical spirit or soul, separate from the body and the mauri (life force).
Wānanga	Educational forum, learning, tertiary institution that caters for Māori learning needs.
Whakapapa	Lineage, genealogical descent.
Whānau	Family.
Whanaungatanga	Family connections, kinship rights and obligations, close and reciprocal relationships.
Whare	House, home, building.
Wharekai	Dining hall, usually in context of a marae.
Whenua	Land, ground, country.

Source: Adapted from www.maoridictionary.co.nz