

Kellogg Rural Leadership Programme 2015

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**Growing the Maori Primary Sector
A Critique of National and Regional Strategies**

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Executive Summary

New Zealand is made up of sixteen regional economies, of which Auckland, Wellington and Christchurch are the main urban centres, the other thirteen regions are predominately rural in location and are resource based economies which are the drivers of our primary production.

Māori have significant interests which span the width and breadth of the primary sector, the potential for growing the Maori primary sector assets is massive, the “size of the prize” is understood by central and local government representatives and as such have identified the growth of the Maori primary sector as a key theme to economic growth in the regions.

Central to discussions are the strategies put in place at a national and regional level that aspire to grow the Maori primary sector, discussions will identify barriers to growth and how the implementation of the strategies intend to lower the barriers to growth.

Key considerations to be discussed will focus on: the implementation of the growth strategies; who has ultimate responsibility for implementation; the level of collaboration required by central government, resource owners and key regional community stakeholders to realise growth: and the level of resource allocation required to leverage opportunities.

Introduction

New Zealand relies heavily on the primary industries to excel in order to provide for our economic, social and environmental well-being. Māori have an integral part to play and are major contributors to New Zealand’s primary sectors. There are huge opportunities and growth potential in Maori agribusiness and, in particular, the Māori freehold land resource. This is land which is collectively owned and administered under the Te Ture Whenua Māori Lands Act 1993.

Te Puni Kokiri commissioned BERL Economist to provide a report on, *“The Asset Base, Income, Expenditure and GDP of the 2010 Maori Economy”*. The findings reveal Māori held an estimated \$10.6 billion in primary sector assets. These assets were held in agriculture, horticulture, forestry, fisheries and aquaculture. In December 2014, the Ministry of Primary Industries released a report by Price Waterhouse Cooper (PWC) *“Growing the Productive Base of Maori Freehold Land”*, which updates and refines estimates around the potential value of Maori freehold land. The report estimates that between 2013 and 2025, improvements in the performance of Maori freehold land could provide an accumulated real increase in GDP of *\$2.3 billion*. On top of this, forestry could provide an additional accumulated real increase in GDP of *\$1.2 billion* for the period 2013-2055.

The Maori Development Minister Te Ururoa Flavell stated the report confirms the value of Maori landowners working with the private sector and government agencies. He said *“the report aligned with the Maori Economic Development Strategy: He Kai Kei Aku Ringa (HKAR) which sets out a blueprint for growing the Maori economy to 2040.”* He also highlighted the importance of the current reform of Te Ture Whenua Act, asserting that, *“it would make it easier for collective Maori land owners to make decisions over land use and development.”*

The Primary Industries Minister Nathan similarly fanned the fires of expectation, noting that *“developing the potential of Maori agribusiness will have major social and economic benefits*

for New Zealand, particularly in the regions, and will be an important part of our goal to double the value of primary sector exports by 2025.” Thus, growing the Maori Primary Sector (MPS) is a key action under the Government’s *Business Growth Agenda (BGA)* and the *HKKAR Strategy*.

The objective of this project is to critique both national and regional strategies for growing the MPS, with a view to assessing whether the Government has the appropriate mechanisms (funding and personnel) in place to achieve the targets set out in the PWC report and the aspirations articulated in the *HKKAR Plan*.

Background

In a recent report by the Ministry of Business, Innovation & Employment, titled the *Regional Economic Activity Report 2014* the Government stated that “to achieve economic growth and higher living standards, every part of New Zealand’s economy will need to realise its potential.” *Māori economic activity is a growing part of the economy and will play an increasingly vital role in achieving our economic outcomes as a nation.*” The Government’s approach to boosting economic growth is two pronged:

- a) The Business Growth Agenda (Hon. Minister Joyce & English, *The Business Growth Agenda 2012*), which is designed to lift economic growth across the country, and which has specific current and new initiatives that target regional New Zealand; and
- b) The Regional Growth Programme; (Ministry of Business, Innovation & Employment website: *Regional Growth Programme*; www.mbie.govt.nz/info-services/sectors-industries/regions-cities/regional-growth-programme) a work programme of intensive engagement and support with particular regions (Northland, Bay of Plenty, East Coast, Manawatu-Wanganui) that have areas with long-standing challenges.

The Maori Approach to economic growth have been articulated through such forums as the Hui Taumata 2005, Iwi Leaders Forum and the Māori Land Productivity Initiative, *Te Kokiri mo te Whaingā Hua o Nga Whenua Māori*, which is the private sector’s response to the *HKKAR Action Plan* recommendation 17 to raise the productivity of Māori land. This initiative is Maori led by the Federation of Maori Authorities, Te Tumu Paeroa in collaboration with Fonterra, ZESPRI, and Massey University.

Methodology

The methodology is to critique the national and regional approaches to economic growth and more specifically MPS growth include:

1. undertaking a literature review of information focused on national and regional strategies designed to grow the MPS. This literature review examines relevant publications, reports, websites and information that national and regional entities utilise to develop their approach to MPS development;
2. comparing specific growth actions at a national level under the *HKKAR* and at a regional level under the *Bay of Connections Maori Economic Development Strategy-He Mauri Ohooho*. The purpose of this comparative exercise is to assess the areas of focus for growing the MPS (the “what”); understand who has the onus for implementing those actions (the “who”) and whether there are sufficient implementation tools to carry out those actions (the “how”).

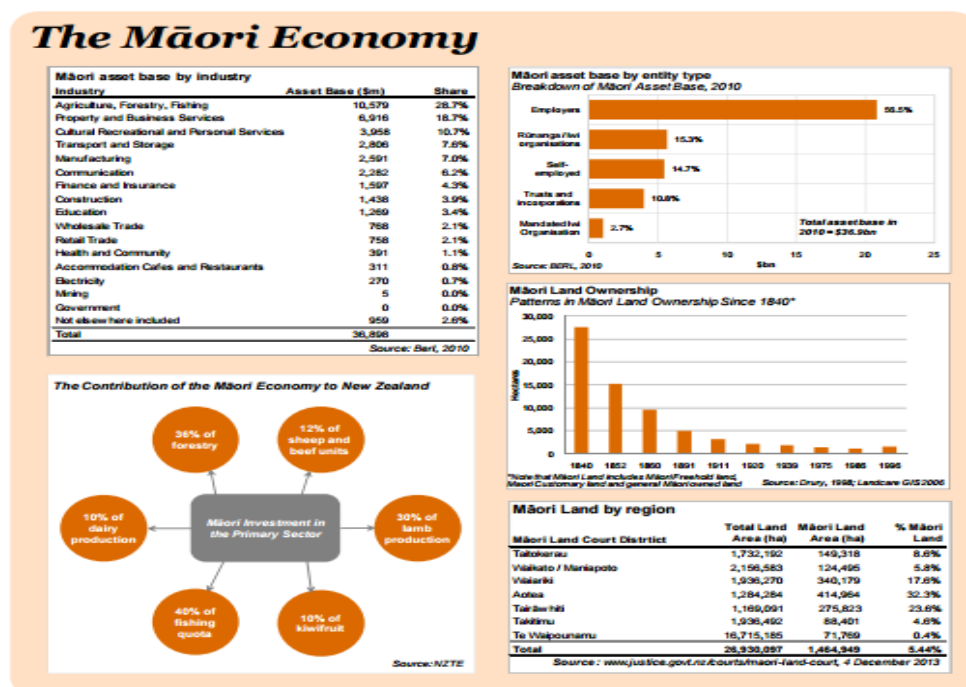
3. contrasting the Government's approach to MPS growth with the strategies and actions outlined by non-Government appointed Maori leaders such as the Iwi Leaders Forum and the Federation of Maori Authorities. The purpose here is to discern whether there is an alignment between the Government and iwi leaders on actions to accelerate growth.
4. comparing the amount of central government resource (funds and staff) allocated to MPS initiatives against the total budget.

What is the Maori Primary Sector?

In his speech to the New Zealand International Business Awards in March 2015, Te Ururoa Flavell the Minister of Maori Development stated that the *"the Maori asset base is now valued at over \$42 billion and growing fast"* of which \$10.5 billion is attributed to the Maori primary sector asset base which comprises approximately 1.5 million hectares. However the PWC 2013 report *"Growing the Productive Base of Maori Freehold Land;"* details that only 20 percent of Māori freehold land (approximately 300,000ha) can be described as well-developed businesses with the potential for further growth, the considerable rump (approximately 1,200,000ha) being described as either under-performing or under-utilised lands.

The rise of improved Maori land utilisation could potentially generate an additional \$8 billion in gross outputs, this points to the real possibility of sizable tangible benefits borne out of developing the MPS asset base.

Figure 1: Snap shot The Maori Economy



Source: <http://www.mbie.govt.nz/info-services/infrastructure-growth/maori-economic-development/documents-image-library/maori-economic-fact-sheet.pdf>, 19 October 2015

What are the national strategies to grow the MPS?

The key policy platform for the government to build a more productive and competitive economy is the Business Growth Agenda (BGA) (Hon. Minister Joyce & English, The Business Growth Agenda 2012). Consistent with a free market approach, the BGA recognises that the private sector is the engine room for generating economic growth. In the Government's view, this is critical to creating business opportunities, more jobs, and higher wages, and ultimately a higher standard of living for which New Zealanders aspire.

The BGA initiatives are business orientated with six key focus areas:

Figure 2: BGA six key focus areas



Source: www.mbie.govt.nz/info-services/business/business-growth-agenda, 19 October 2015

One of the key drivers behind the BGA is that it will enable the New Zealand economy to take advantage of some significant opportunities in emerging markets, such as China and the Asean economic communities. Being more linked into global flows of people, capital, trade and ideas will help New Zealand to overcome some of the obstacles created by size and distance. While attracting businesses and people depends on continually improving productivity across the whole economy, becoming more globally connected will boost productivity. This has resulted in the government setting an ambitious target to double exports by 2025.

He Kai Kei Aku Ringa- The Crown- Maori Economic Growth Partnership

The BGA frames Maori economic development as a *Cross-Cutting Theme*- in other words a topic that is embedded across all six focus areas. The articulation of the Maori growth agenda is found in He Kai Kei Aku Ringa- the Crown- Maori Economic Growth Partnership (HKAR), a report prepared by a Government appointed Board of Maori leaders- the Maori Economic Development Panel.

He kai kei aku ringa-literally means, to provide the food you need with your own hands. The Maori Economic Development Panel Chair-Ngahiwi Tomoana described this as, “a metaphor for the resilience of Maori people, having to endure massive land loss and the marginalisation of Maori communities by government policies. Despite this adversity Maori still had the ability to gather and grow their own kai with their own hands.”

The Panel’s report provides a vision for a productive, innovative, internationally connected and export oriented Māori economy. In this respect it is broadly consistent with the Government’s BGA. However, as noted by the Panel’s Deputy Chair Greg Whittred, the starting point for the Panel’s report was not the same. The strategy has as much a social imperative as it does an economic agenda.

“We did not start our journey from the same point. We started by exploring what the “Māori economy” looked like and what it would need to do to deliver economic uplift to Māori households and families, believing that this was a pre-requisite to any form of social uplift. That we ended up in the same place is perhaps not entirely surprising – but there is an important caveat. The report makes clear that economic uplift of the scale required to deliver the economic prosperity and quality of life we seek for all New Zealanders cannot occur without the full participation and engagement of Māori.”

The HKKAR vision is to enable a productive, innovative, internationally connected Maori economy. The Strategy comprises six goals, which align with the focus areas of the BGA. These six goals (below) are underpinned by an Action Plan which makes 26 recommendations to create the right settings and opportunities to enable Maori to be the driver of economic growth. The Action Plan is refreshed every five years where it measures progress achieved against the six HKKAR goals.

Figure 3: HKKAR six goals



Source: www.mbie.govt.nz/info-services/infrastructure-growth/maori-economic-development/documents-image-library/maori-economic-development-strategy.pdf, 19 October 2015

To support the HKKAR goals, the BGA outlines additional Crown initiatives to support the growth of the Maori primary sector. These include:

- the promotion of best practice for governance models for collectively held resources,
- partnering with Maori to advance the productivity of Maori agribusiness, which was informed by a series of *Maori Agribusiness Prototypes Projects* that took place in 2011

- establishing a forum to discuss opportunities related to natural resources,
- achieve improved Maori participation in natural resource management,
- development of an investment fund for commercial discovery processes from Maori collectively owned land; and
- a Review of Te Ture Whenua Maori Act 1993

The implementation of HKKAR is the responsibility of the Ministers of Economic Development and Māori Affairs. Minister's subsequently appointed the Maori Economic Development Advisory Board (MEDAB) to provide ongoing stewardship, monitoring and evaluation of the strategy and how it will be implemented. The board comprises six members¹ who provide regular reports to the Ministers of Economic Development and Māori Affairs, as well as an annual report on progress to the chief executive of the Ministry of Business, Innovation and Employment (MBIE).

The HKKAR is touted as a partnership between Māori and the Crown with both parties needing to make contributions to the vision. As a result, engagement led by Māori through the MEDAB across and with the public sector on common issues relating to Māori economic development has occurred. The catalyst for this engagement has been HKKAR, but the challenge will be how service delivery across a large public sector is coordinated, integrated and then delivered? How does the public service provide a level of service that is coherent and collaborative to a new and relatively unknown group of stakeholders in the MPS?

What are the regional strategies to grow the MPS?

Regional Growth Programme

The regional growth programme is the Government's approach to stimulate economic growth in the regions, particularly those that face specific challenges in the primary sector. One of the key aims is to identify, assess and develop opportunities for investment. Regional growth initiatives under the programme have three components:

1. independent growth studies which identify investable opportunities and challenges ;
2. the development of a Maori economic development strategy
3. regionally led action plans designed to create growth based on findings in the studies

Led jointly by the Ministry for Business Innovation and Employment, the Ministry for Primary Industries and the supported by Hon. Te Ururoa Flavell as Associate Minister for Economic Development, the regional growth programme has a particular focus on developing the Maori economy.

Four regions are the focus of the programme: Northland, Bay of Plenty, East Coast and Manawatu-Wanganui. Parts of these regions face persistent social and economic disadvantage, but they also have strong primary sector bases to build from. For the purpose of this project, the regional growth programme for the Bay of Plenty, the *Toi Moana Bay of Plenty Growth Study* is put under the spotlight in addition to the recently announcement of the *Toi Moana Bay of Plenty Economic Action Plan* which drives the region's growth programme.

Collaboration is a key theme that is emphasised throughout the strategies and action plans:

¹ Ngahiwi Tomoana (Chair), Linda Tuhiwai Smith, Hilton Collier, Debbie Packer Ngarewa, Pania Tyson Nathan and Kingi Smiler.

“Growing our communities means working together...As implementation begins remember the power of connectedness and the incredible impact that can result” - Graeme Marshall from the Bay of Connections Governance Group

“Successful implementation will be a job for us all-councils, economic development agencies, Bay of Connections, Maori, industry and government all working together to make these opportunities a reality.” - Doug Leader, Bay of Connections


Maori engagement is seen as critical to the success of the programmes, particularly where regional Maori populations are large and youthful. For example Maori in the wider Bay of Plenty region make up 28 percent of the population totalling some 77,000 people the medium age for Maori in the region is 25 compared to 41 for non-Maori.

Engagement of Maori leadership is also important to mobilise resources and develop capabilities to realise aspirations. A collaborative approach will be required between Maori, local and central government and regional agencies to actively work to raise the utilisation and productivity of Maori land, increase skills, employment and incomes especially of those that represent the poorest whanau.

Figure 4: Regional GDP per capita

Regional gross domestic product, GDP per capita:	SHARE OF NATIONAL GDP	GDP PER CAPITA
Auckland	35.3%	53,759
Wellington	13.2%	62,021
Christchurch	13.1%	53,054
Waikato	9.0%	48,098
Bay of Plenty	5.2%	42,213
Otago	4.3%	46,684
Taranaki	4.0%	80,297
Manawatu-anganui	4.0%	39,442
Hawkes Bay	2.8%	40,091
Northland	2.5%	34,825
Southland	2.4%	57,135
Tasman / Nelson	1.8%	42,695
Marlborough	1.0%	51,051
West Coast	0.7%	52,306
Gisborne	0.7%	34,602

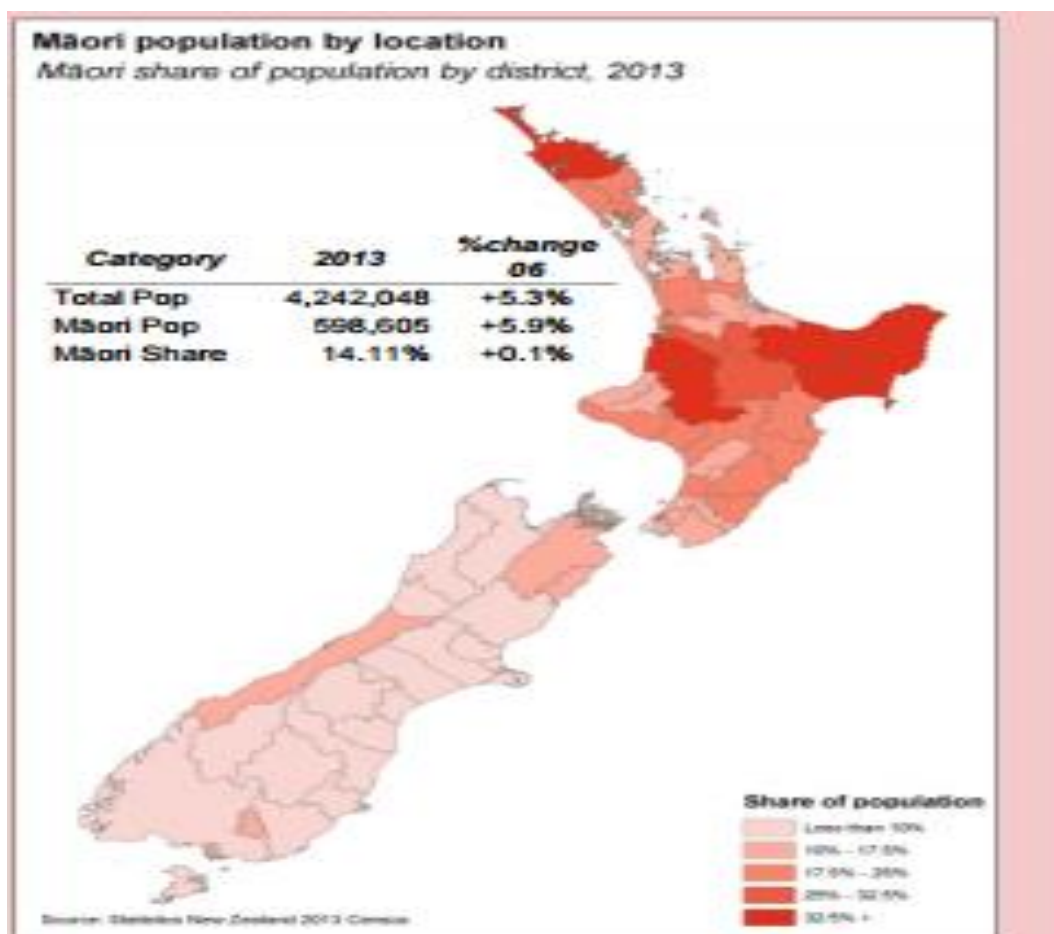
\$230 BILLION TOTAL NEW ZEALAND GDP (2014)



Source: Statistics New Zealand

Source: Statistics New Zealand 2015

Figure 4: Maori population by location

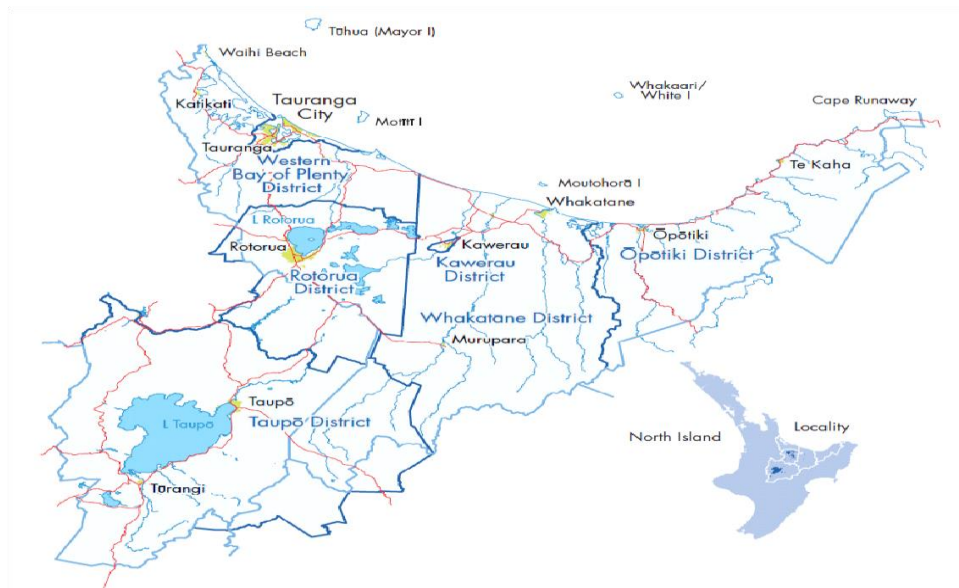


Source: Statistics New Zealand 2013 Census

The Bay of Connections Regional Growth Strategy

The Bay of Connections is the economic strategy for the wider Bay of Plenty region. It includes industries and sectors from the Eastern Bay of Plenty, Rotorua, Tauranga and Taupo and the Western Bay of Plenty.

Figure 5: Toi Moana Bay of Plenty region



Source: Bay of Connections 2014

The priority areas identified in the development of this strategy are:

1. Strategic Leadership
2. Collective Asset Utilisation
3. Business Networks
4. High Value Business Growth
5. Capital Investment
6. Education and skill development

The strategy is led by a Governance Group, supported by the region's Economic Development Agencies, New Zealand Trade and Enterprise and the Bay of Plenty Regional Council. It also works with local and national agencies and businesses.

He Mauri Ohooho - Maori economic strategy

Within the Bay of Connections strategy is a specific pathway for Maori to create wealth, jobs and prosperity across the region. The goal is to have Maori individuals and households in the Bay of Plenty meet or exceed the New Zealand average on key wealth and wellbeing measures by 2030 (income, employment, health and education). A key challenge for the region is to reverse Maori non-performance in a range of measures such as unemployment, incomes and health compared nationally to other Maori and non-Maori.

It is worth noting that the values underpinning the development of *He Mauri Ohooho* are specifically cultural as opposed to economic:

- Rangatiratanga-Self-determination
- Wairuatanga-Cultural advantage
- Whanaungatanga-Connectivity
- Manaakitanga-Collectivity
- Kaitiakitanga-Intergenerational Sustainability

Figure 5: Toi Moana Bay of Plenty Action Plan-Maori land utilisation action plan

Opportunity	Actions	Lead Agency	Key partners	Estimated Timeframes
1. To build a Māori land eco-system to support optimisation.	a. Enable leadership and governance of HMO over the implementation of this action plan.	Māori Advisory Group & HMO Implementation Team	MBIE	3 years
	b. Appropriately resource the coordination capacity required to implement this action plan.	Māori Advisory Group, HMO Implementation Team	Priority 1, BOPRC, TPK, MBIE, MPI	3 years
	c. Establish and maintain a stocktake of Māori land utilisation initiatives both nationally and within the region.	HMO Implementation Team	Iwi, Te Tumu Paeroa & Māori trusts, MPI, TPK, MBIE, Statistics NZ, DairyNZ, Beef + LambNZ, FOMA, CRIs	3 months
	d. Enable knowledge transfer that effectively provides updates on this action plan, shares learnings, showcases success and draws new ideas into the region through initiatives such as a Wahine Leadership Forum, Youth Forum, Industry Forum & HMO Annual Economic Forum.	HMO implementation Team	FOMA Others: MPI, TPK, MBIE, Callaghan Innovation, NZTE, EDAs, CRIs, DairyNZ, Beef + Lamb NZ, corporate sponsors	Over 3 years

	e. Match existing government co-investment programmes with Māori land optimisation and downstream value chain opportunities.	HMO Implementation Team	MPI, TPK, MBIE, NZTE, TPK, Callaghan Innovation and other regional agencies	Ongoing
	f. Develop a land-use optimisation toolkit to assist Maori Trusts and landowners.	HMO Implementation Team,	Te Tumu Paeroa, Māori trusts & Iwi, MPI, TPK, MBIE, Callaghan Innovation, CRIs, DairyNZ, Beef + LambNZ	Over 3 years
2. Māori Land Cluster Project – engage and support Māori land optimisation at enterprise level in the region.	a. Engage and support five land cluster projects that seek to fast-track optimisation and innovation; one cluster for each sub-region for example Whakatāne, Rotorua, Western BOP, Eastern BOP, Taupō.	Māori Advisory Group,	HMO Implementation Team & Māori trusts Other: MPI, TPK, MBIE, CRIs, DairyNZ, Beef + LambNZ	12-24 Months
3. To undertake sector benchmarking and understand the potential of Māori land optimisation.	a. Establish industry partnerships, undertake benchmarking of Maori Trusts, develop and implement performance improvement programmes.	He Mauri Ohooho Implementation Team & Māori trusts.	MPI, TPK, MBIE, DairyNZ, Beef + LambNZ	12-24 Months

4. To build Māori governance and operational capacity.	a. Draw on successful governance and competency diagnostics programmes and facilitate fit for purpose action plans to increase Māori governance and operational capacity and capability.	He Mauri Ohooho Implementaton Team	Māori trusts, FOMA, Te Tumu Paeroa & Iwi, MPI, TPK, MBIE, CRIs, DairyNZ, Beef + Lamb NZ	2015-2018
5. Lifting the performance of under-utilised Maori land	a. Engagement of key stakeholders, complete an inventory of underutilised land, identify trusts, options and support landowners to develop a pathway to improved productivity.	He Mauri Ohooho Implementation Team	Māori trusts, FOMA, Te Tumu Paeroa & Iwi, MPI, TPK, MBIE, CRIs, DairyNZ, Beef + Lamb NZ	12-24 Months
6. Maori youth in skills capability	a. Establish a greater uptake by Maori youth in skills and development training that aligns to employment opportunities through youth incubator, scholarships, internships, youth ambassador, and integration into existing sector your initiatives.	He Mauri Ohooho Implementation Team	MOE, MSD, TPK, MBIE, MPI	TBC

Source: Toi Moana Bay of Plenty Economic Action Plan Summary 2015

What are the challenges facing MPS growth?

Governance- increasing commercial leadership skills

The Ministry of Agriculture 2011 report *Maori Agribusiness in New Zealand: A Study of the Maori Freehold Land Resource* states that common governance issues include:

- lack of entity structure to enable appropriate and effective governance;
- the need for professional development of governors generally (roles and responsibility)
- the need for agribusiness-specific professional development to empower decision making;
- implement a voting system that incorporates pre-requisites for skill and experience.

Recommendation 14 of the HKKAR Action Plan 2012-2017 supports the government reviewing the structures currently available to the governance of collectively owned Maori assets. However, additional effort by government agencies will be required to support the creation of new commercially orientated self-governing institutions. For example, the government spends considerable resources in maintaining and enhancing the institution of limited liability companies. The laws are continuously reviewed and updated, the government invests heavily in skills related to the governance of such institutions. The outcome of this is that commercial self-governance is easy for the general public. The structure can be purchased 'off the shelf' at a very modest cost to the participants.

By contrast, little investment of this kind takes place in Māori institutions — structures that would be able to reconcile Māori cultural preferences with the demands of the market place. Rather than being able to access 'standard' options, Māori have to invest in case-specific solutions, often requiring special legislation.

Post Settlement entities no substitute for Government's role

Treaty settlements have seen Maori land holdings across the country grow significantly over the last decade. In the Central North Island (CNI) 176,000 hectares of forestry interest transferred to Maori as part of the CNI forestry settlement, along with accumulated rentals of \$250 million. Financial redress resulting from Treaty settlements total \$450 million, this does not include the transfer of land or accumulated rentals.

Treaty settlements in the region began in 2002, with the majority taking place in the last five years, iwi who have received recent settlements are still in the early stages of implementing their post settlement investment strategies meaning the full effect of Treaty settlement in the region will not be realised for some time. Tuwharetoa, Whakatohea and Te Whanau a Apanui iwi have yet to settle their historical treaty grievances with the Crown, once completed this will increase the financial redress quantum coming into the region in addition to the likelihood of more land holdings transferred as part of the Treaty settlement packages.

The Treaty relationship between Māori and the Crown entails an enhanced role for the government in Māori economic development. The Treaty settlements of the last 20 years has helped create strong and economically powerful Maori commercial entities- Ngai Tahu Holdings, Waikato-Tainui Incorporation, PKW, Wakatu Incorporation to name but a few. The creation of post settlement entities is an alternative to dependence on the centralised state. However, the burgeoning of Maori commercial entities and the move to commercial independence should not imply a reduced role for the government in growing the Maori primary sector.

Restricted Access to Capital on Maori land

Due to land ownership constraints, restrictive sections of the Te Ture Whenua Act and the consequent oversight function of the Māori Land Court. A reliance on retained earnings as the primary source of funds for development has seen dividend and benefit payments reduced in an effort to build equity reserves. Furthermore, the absence of a market in which landowners can trade shares has resulted in a lack of means to value equity.

The location of Māori trusts may also count against their ability to attract commercial loan finance. Many Māori land blocks are located within the Eastern Bay of Plenty, the East Coast, and Northland regions. The large number of Māori-land blocks in these areas which are under developed also means that the trustees of these blocks would have little or no cash-flow to service bank overdrafts, further reducing their ability to attract finance. Historically there has been a perception within the banking sector that it is often 'too hard' to lend to Māori trusts.

Access to Innovation

Callaghan Innovation is one of key agencies identified in *Six Monthly Report to the Ministers of Economic Development and Maori Affairs (2013)* that will assist with the growth of the MPS, acknowledging that R&D investment is key to Māori business growth.

Government agencies like MBIE, TPK and MPI concern themselves with building capability and capacity in Maori organisations so those charged with delivering on aspirations of their beneficiaries are in the best position to do so. However to take advantage of high end, high value opportunities innovation looking at new products, ideas and technology will need to be considered. Callaghan Innovation's general manager Māori economy, Hemi Rolleston. says, *"the clever use of technology is critical for example, across agricultural and horticultural industries, it could be making clever use of drones, robotics and sensing technologies."*

Then there are products and stories that can be unique to Māori– Kawakawa derived pharmaceuticals, and manuka and kanuka honeys, *"Māori have a great story around many products because of the tie to the land, the longevity of outlook, and the fact that most of the profits go back to the people and to education,"* says Rolleston.

Countries such as China and the ASEAN economic communities see real value in knowing the story of the product, being assured of its origin of the product and its sustainability.

Comparing Approaches: Methodology

In order to assess *He Kai Kei Aku Ringa* (Maori Economic Development Panel, 2012) which sets out a blueprint for growing the Maori economy to 2040, the specific actions related to the Maori Primary Sector were identified and compared with those specific actions identified by the Iwi Leaders Forum at Waitangi in February 2015. To develop the discussion further, the actions for the MPS as set out in the Bay of Connections Maori Economic Development Growth Strategy were also considered in the comparative analysis. This comparison was done by way of a table set out below.

Figure 6: Comparison of national and regional strategies

NATIONAL STRATEGY			REGIONAL STRATEGY	
<i>HE KAI KEI AKU RINGA 2012</i>	ACTIONS	IWI LEADERS FORUM 2015	BOP MAORI ECONOMIC STRATEGY	ACTIONS
Govt, in partnership with Maori enables growth	Govt agencies to demonstrate how they will achieve increases in wages, exports, asset development; review maori business initiatives; improve linkages with cris, collect more data; review governance structures; support maori to enter and grow in exports	Establish Economic Partnership group and Technical advisors based on Whanau Ora Group	Strategic Leadership	Establish leadership team; advisory board; agree to employment and outcome targets for 3 years; funding determined, raise awareness of maori development; address management capability gap; coordinate training and mentoring, best practice governance
Active discussions about the development of natural resources	Establish Resources Development Forum; MPI and TPK to target land block development; establish a new fund;	Enhance Te Tumu Paeroa to include an Iwi appointed Board	Collective Asset Utilisation	BOC Maori Assets and Land Scoping Study; Economic Potential; benchmarking, success stories, create opportunities for asset owners, collaborative project, BOC Sector strategies with Maori; work collectively as a region; regular reporting against KPIs
Maori Inc as a driver of economic growth	Establish a collaborative model to facilitate business entry and growth into China; iwi to prepare a menu of co-investment deals; Maori Trustee, Poutama, FOMA and NZ Tourism to develop shared model; establish Maori economic development board	New Te Ture Whenua legislation which runs in sync with RMA amendments; Set up a \$1billion Fund by the Govt for investment into Maori land trusts and Inc	High Value Business Growth	Identify, support Maori business to grow assets, increase engagement of Maori with leading innovators in the region; invest in best practice, increase support for Maori in the region, training opportunities, collate sources of funding; identify gaps including for a regional VC fund for Maori, creating wealth and transfer by active investment

The Government's MPS growth strategies success or failure?

- **Who's in charge? Ministerial Responsibility**

Ministerial responsibility for growing the Maori Primary Sector falls on the shoulders of Primary Industries Minister Nathan Guy. In charge of the Ministry of Primary Industries (MPI), the Minister oversees the only programme specifically targeted at growing the MPS. The Māori Agribusiness Programme is aimed at working with Maori to grow the productivity of Maori primary sector assets in agriculture, forestry, fisheries and aquaculture and horticulture. In addition, Minister Guy is responsible for the regional growth strategies, for which Maori regional development strategies, such as the Bay of Plenty Action Plan are also promulgated.

Economic Development Minister Steven Joyce shares responsibility for MPS growth as the lead for the Government's Business Growth Agenda and the Ministry of Business, Innovation and Enterprise. Minister Joyce was the joint sponsor of the Crown-Maori Economic Growth Partnership- *He Kai Kei aku ringa (HKAR)* and the appointment of the Maori Economic Development Panel. The out of Cabinet Minister of Maori Development Te Ururoa Flavell was the other responsible Minister for HKAR - a strategy which required a multi-agency approach. It also required collaboration with Māori and key sector organisations such as Te Tumu Paeroa (the new Māori Trustee) and the Federation of Māori Authorities.

Finally, it could be said that Minister for Treaty Settlements Chris Finlayson has a residual interest in growing the MPS. By way of example, within the MPI Maori agribusiness programme around \$67million has been allocated for the settlement of Treaty-based claims in aquaculture. It is also reported on the MPI website that the growth of the Maori Primary Sector is expected to increase as a result of the last 20 years of Treaty Settlements.

It is argued here that while the growth of the Maori economy is a cross-cutting policy issue that sits across a number of agencies, there are risks involved with having ultimate responsibility shared by several Ministers. The Minister of Maori Development would have been the most logical responsible Minister, but he is neither in Cabinet nor has the portfolio to drive MPS growth. Maori land and asset holders are natural constituents of a Minister of Maori Development and would most likely call on him to advance aspirations and/or complain if there are issues. Mainstreaming Maori economic development aspirations means that the growth of the MPS will necessarily be ranked among the priorities of three very busy mainstream Ministers, this situation will be exacerbated when, by nature of the competitive budget bid process the government is required to rank its funding priorities against each other to stay within fiscal settings.

- **Who will deliver? A cross agency approach**

The comparative table above finds that national growth strategies for the MPS is spread across multiple agencies. The MPI website states that growing the MPS will require a multi-faceted approach involving a range of agencies and entities both within government and within Māoridom. Figure 5: Toi Moana Bay of Plenty Action Plan- Maori land utilisation action plan (as above) demonstrates the relationships and level of co-ordination required to develop the Maori primary sector assets base. Considering that both sector and environmental enablers will need to be utilised this means that Maori will need to deal with the likes of Te Puni Kōkiri, New Zealand Trade and Enterprise, Tertiary Education Commission, Ministry of Education, Ministry for Social Development, Statistics New Zealand, Ministry of Economic Development,

Office of Treaty Settlements, Beef + Lamb NZ, Dairy NZ, Horticulture NZ, Training institutes and universities, Māori organisations and associated incorporated societies, Farming consultants, Economic Development Agencies, Callahan Innovation and other local government agencies to name a few. The level of co-ordination is not to be underestimated.

There is little doubt that a strong programme of communication between government agencies and Māori organisations is required in order to deliver MPS growth. The majority of Māori freehold land is either underutilised or underdeveloped. There have been a number of government programmes developed in recent years, such as High Country Erosion programme, East Coast Forestry Programme, Permanent Forest Sink Initiative etc, that are directly applicable to these classes of country. It is important that Māori are provided with the opportunity to participate in these schemes. Sustainable Programmes advisers within MPI are key to the success of awareness, understanding and uptake of programmes specific to MPI as viable options for Māori organisations. In terms of other organisations, awareness of applicable programmes and available resources needs to be communicated to Māori organisations.

Some commentators have suggested there is a need for a more co-ordinated approach to public sector service delivery, and further evaluation of outcomes as a result of public spending. These issues are likely to have an effect on MPS growth and precisely what role TPK has in these initiatives will be important. Continuing involvement and interaction with both delivery and policy agencies will also be important.

In this context, what role that should be played by TPK which holds the lionshare of the Maori economic development funding is unclear. TPK has a crucial role as part of the bureaucracy, in their capacity as the 'voice of government' in dealings with Maori. TPK could also be seen as advocates for Māori in their dealings with 'the Crown'. The key issue is how to move away from the entrenched view of Māori issues being a form of social and Treaty risk management, and towards a co-ordinated focus on primary sector growth.

The multi-agency approach runs the risk of increasing administrative functions of those who are recipients of Crown funding. This is due to government agencies requirement to put in place contracts that reflect the particular contribution the agency will make to a project, if there are four agencies involved in funding a common project this will necessitate four contracts that will have similar outcomes. Innovative ways will need to be thought of to mitigate such circumstances.

- **Where's the money? Limited funding to implement MPS growth strategies**

While it is useful to have high-level strategies and actions, the success of these are necessarily determined by the provision of resources (both financial and human) to implement the actions. As part of this critique, the level of government funding dedicated to the MPS as indicated by the 2015/16 Vote Estimates was included. The Vote Estimates data was collated from the Treasury website, under the section Budget 2015. This project conducted a search for the word "Maori" within each of the Votes. All initiatives for Maori were subsequently included in the table below.

The information on staff employed to deliver the MPS actions in the public sector was much harder to find as there was no breakdown available under State Services Commission data for public sector employees dedicated to growing the MPS. For the purpose of this project, enquiries were made with the relevant agencies on the number of Maori staff (FTE's) employed within divisions of the Ministry of Maori Development, Ministry of Primary Industries (Maori agribusiness) and the Ministry of Business, Innovation and Enterprise. This information was added to the comparative table as follows (though it is acknowledged that the staff estimates data is incomplete).

Figure 7: “Maori” vote estimates 2015/16

VOTE ESTIMATES 2015/16	TOTAL BUDGET	MAORI MPS BUDGET	MAORI STAFF (FTES)	%	MPS ACTIONS		
VOTE PRIMARY INDUSTRIES	\$7.43 Billion	\$67.33* million	14	0.9 0.02	SFF Maori Agribusiness \$1.33m	Aquaculture Settlements 66.3m*	
VOTE TOURISM	\$130 million	none		nil			
VOTE MAORI DEVELOPMENT	\$223 million	\$14 million	20	3.2	total of over \$10 million to purchase the services of the Māori Trustee	over \$3 million to assist Māori landowners improve the productivity of their land	total of over \$1 million to strengthen and promote Māori Tourism
VOTE BUSINESS, INNOVATION AND ENTERPRISE	\$2 Billion	\$14.5million	2	0.73	Vision Maturanga Capability Fund and Maori innovation fund-10m	Science and Innovation- He Kai Kei Aku Ringa \$2m	
VOTE TERTIARY EDUCATION	\$4.2 Billion	\$12.9 million		0.3			
VOTE EDUCATION	\$10.8 Billion	\$15.75 million		0.15			

Source: www.treasury.govt.nz, 19 October 2015

There is a plethora of Maori economic development papers that have highlighted problems faced by Māori organisations when accessing finance for primary sector growth initiatives. Many of these problems relate to management skill, information gaps, and the size of the business so are similar to those issues faced by many non-Māori organisations. Other constraining factors specific to Māori include economic status, culture and organisational structure and contribute to the underdevelopment of the Māori commercial asset base. Māori trusts and incorporations — important organisational structures in relation to Māori development — face unique access to finance problems. Multiple ownership, asset location, asset specificity and quality, and a perception of higher risk lending among financial institutions, may place a greater constraint on asset development.

Ultimately, the solutions have called for the Government to establish a funding mechanism such as a Maori capital venture fund (Hui Taumata 2005), a Maori Development bank or corporation (MDC in 1990s), and/or a Maori loans scheme (Mana loans in 1980s). Earlier this year, the Iwi Leaders Forum requested a \$1billion Government investment scheme into Maori lands and incorporations.

The findings in the table above are perhaps the most significant for the purposes of this project in that not only has the government ignored Iwi leader calls for a billion dollar investment into growing the MPS, but its current funds for MPS fall woefully short. The proportion of funding for MPS initiatives (excluding aquaculture claims) within Vote Primary Industries is 0.02% of the total MPI budget or **\$1.33 million** for the SFF Maori agribusiness fund. The Vote MBIE funds are little better with **\$2million** for the HKKAR initiatives and **\$10million** for Maori innovation. This accounts for 0.73% of MBIE's total vote. On closer inspection, the \$10million investment into Maori innovation is not directly available to Maori asset holders. Rather, the funds are funnelled through either CRI's (such as Callaghan Innovation) and/or paid to preferred providers such as commercial advisors under the Te Punaha Hiringa Scheme.

Vote Maori Development provides better funding for MPS growth at **\$14million**, the bulk of which is to purchase services from the Te Tumu Paeroa-Maori Trustee, \$3million for Maori landowners and \$1million to strengthen and promote Maori Tourism. This funding accounts for 3.2 percent of Te Puni Kokiri's total annual budget.

In 2013, Minister Guy released the report *Growing the Productive Base of Māori Freehold Land*. It estimated that lifting productivity to average industry benchmarks could result in an additional \$8billion in gross output and 3,600 new jobs for the primary sector. To achieve the estimated gains an investment in the land of just under \$3 billion would be required. From the comparative table above, we find that in 2015 Minister Guy's investment of \$1.3 million falls well short of what is required.

Will the regional approaches do any better?

There is a great deal of alignment between the national and regional approaches to MPS growth. Both approaches focus on strategic leadership, high value business growth and specifically in the case of Maori land- collective asset utilisation. Funded by MBIE at the national level, the regional growth plans ensure that national and regional efforts are coordinated and singing from the same song sheet. The problem is that there are little to no instruments available to deliver the aspirations which have been so carefully crafted and collated.

Shamubeel Eaqub, a former principal economist at NZIER, in a guest lecture on regional prosperity in March 2015, notes that gaps between New Zealand's regions are increasing. *"If we rank our regions internationally, Auckland, Wellington and Canterbury are comparable to France, Finland and Saudi Arabia respectively. But the smaller regions look like Timor-Leste (Northland), Greece (Manawatu-Whanganui and Gisborne) or other emerging economies such as Cyprus and the Seychelles."*

"Many local economies are stagnating, some are faced with grave decline and just a select few are advancing. Deep-seated economic forces such as an ageing population, technology developments and urbanisation, are driving these tectonic-like shifts." To make his point he lists the following few facts:

- Wellington and Auckland have a huge range of incomes from low to high, whereas the incomes in the regions are largely low across the board.
- While New Zealand's population has grown hugely in the same period, New Zealand agriculture employs as many people as it did 100 years ago. This is the result of specialisation of technology, industries and transport. This has contributed to the flocking of young people to cities for jobs.
- Over the last 10 years, 80% of new jobs were created in Auckland, 20% in Canterbury.
- To cross-pollinate ideas, people need to be close together – for example, this is what's enabled the rapid growth of Auckland, and future growth will continue here. That's why you can't just export jobs to, say, Hamilton.
- Wellington and Auckland have economic complexity which makes them resilient. Many regions are focused on one narrow industry which makes them vulnerable and exposed to shocks. This difference makes national economic policy-making hard too: Auckland and Wellington are in their own hemisphere with different economic pressures to the rest of the country.
- 80% of growth in New Zealand is now in the service sector. This means we have atomised our economies into contractors, for example Xero, and that's why cities are so powerful because they enable this. And outside of centres with tertiary institutes, it's very hard to create a hub (e.g. a biotech hub) if you don't have a healthy service sector to support it.

He argues that if there is an opportunity, it will attract people. But interventions should only be made to resolve market failures, and only if a community has a credible chance to build a self-sustaining cluster.

Recommendations

- **Role of Government - the road ahead**

Ministerial responsibility for the growth of the MPS is within the responsibility of the Minister for Primary Industries, however initiatives are potentially spread across several Ministers, the level of co-ordination, effort and commitment displayed by these Ministers will set the tone for how central government agencies work together.

Crown agencies like MPI and MBIE have a primary role to play in the development of the MPS, it could be argued that MPI's role is more critical to the development of MPS than the Ministry for Maori Development. The role that the Ministry for Maori Development plays in developing the MPS needs to be clarified and reviewed to ensure that the constituents that it purports to serve; are able to be served.

It may be too early in the lifetime of the Business Growth Agenda, the Regional Growth Programmes and the HKKAR Plan to definitively say they are going to be successful or not, however what this project has revealed is that a high level of co-ordination and collaboration is required of central government agencies to be positioned to give effect to implement the goals of these strategies.

The implementation of the above strategies require both economic and social service orientated Crown agencies to work together. This will require communications processes to be agile enough to cater for fast moving developments, particularly when vote appropriation across Crown agencies are being committed to certain programmes.

The level of collaboration required amongst government agencies is new territory for many, however reporting against vote appropriations remain the same. This means that new ways of working is required of many but reporting remains the same, which could entrench silo thinking.

The above discourse has solely focused on the collaboration required of government agencies to work together to meet the desired goals, in addition to this and just as important is the level of collaboration required with resource owners and the myriad of other key community stakeholders that need to be engaged.

- **Increase vote to match MPS aspirations**

The aspirations, goals and recommendations of the national and local level strategies are clear and concise, as are those that have particular focus on MPS development. What is also clear from the reports sighted in this project is that a considerable investment is required of the government to resource the development of the MPS. The PWC report: Growing the Production Base of Maori Freehold Land 2013 states that as much as \$3 billion is required to develop the 1.2million hectares of under-developed or underutilised Maori free hold lands. Having analysed vote estimates for 2015/16 year the government has committed \$27.3 million to the development of the MPS, this compared to the stated \$3 billion required to fully develop the MPS seems to be woefully inadequate.

It is going to be difficult to increase the vote to match MPS aspirations given current financial constraints and the fact that the Minister for Maori Development sits outside Cabinet and is not privy to budget bid conversations that take place at Cabinet level. There is going to be a heavy reliance on Post Settlement Governance Entities (PSGE) to use settlement redress to resource the development of the MPS, it will be interesting to understand the extent to which PSGE's responds to such overtures.

- **Support MPS regions through specific regional economic development initiatives**

The goals contained in the Toi Moana Bay of Plenty Action Plan-Maori land utilisation action plan still need to be converted to implementable initiatives. This will require central and local government agencies, resource owners, the private sector and industry good organisations

like Beef + Lamb NZ to work together to design suitable initiatives that can be co-funded by multiple agencies to realise the particular action plan item.

This means that agencies will need to work at a similar pace to ensure that funding is available if it is coming from multiple sources. This will require high levels of administration for the body that is receiving the funding as reporting back to each funder against each funding contract will be required. Innovative ways will need to be thought of to mitigate the resources that are going to be required to report on the initiatives, which risks the amount spent on realising the actual initiative being decreased. A customer focused approach will need to be considered when attempting to mitigate the potential increase in administrative function of those receiving funds from multi government agencies. The most practical course would be to construct a “one contract” approach, where all government agencies involved in a particular project feed their funding requirements into one contract that serves as the sole point for the fundable dollar to be delivered and reported on.

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Appendix 2: List of Acronyms

BOPRC	Bay of Plenty Regional Council
BGA	Business Growth Agenda
CNI	Central North Island
CRIs	Crown Research Industries
EDAs	Economic Development Agencies
FOMA	Federation of Maori Authorities
GDP	Gross Domestic Product
HKKAR Action Plan	He Kai Kei Aku Ringa: The Crown-Maori Economic Growth Partnership-Action Plan 2012-2017
HKKAR Strategy	He Kai Kei Aku Ringa: The Crown-Maori Economic Growth Partnership-Strategy to 2040
HMO	He Mauri Ohooho
MEDAB	Maori Economic Development Advisory Board
MPS	Maori Primary Sector
MBIE	Ministry of Business, Innovation and Employment
MOE	Ministry of Education
MPI	Ministry for Primary Industries
MSD	Ministry for Social Development
NZIER	New Zealand Institute for Economic Research
NZTE	New Zealand Trade and Enterprise
PKW	Parininihi ki Waitotara Incorporation
PSGE	Post Settlement Governance Entities
PWC	Price Waterhouse Coopers
SFF	Sustainable Farming Fund (MPI)
TPK	Te Puni Kokiri
TTP	Te Tumu Paeroa