Kellogg Rural Leadership Programme 2015

Industry Applied Project

Success of the Maori Primary Sector is Success for all New Zealand

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Introduction and background

The present National Government has identified policy and priorities relative to the New Zealand's economic outputs and opportunities. Within the set of priorities they further determined that the 'Maori economy' in particular has the ability to contribute significantly more to the overall economic strategy for New Zealand, both domestic and export. This view is reiterated and presented through government policy and subsequently by the various ministries including Treasury. This focus on the Maori economy is not new, however there is an increasing emphasis by this government and its political allies to 'grow' the Maori sector at a faster and improved rate to whatever other sectors it sits alongside.

Further to this the Government has set an ambitious goal for New Zealand; to increase the ratio of exports to GDP from the current 30% to 40% by 2025. This will require a concentrated effort to encourage investors to develop more internationally competitive businesses, in both the commodity and high-value technology-based sectors. Setting this goal ensures the Government remains focused on supporting the confidence and growth of our high productivity export firms (Hon. Ministers Joyce & English, The Business Growth Agenda, 2012).

The present National government instigated a Maori Economic Development Panel in 2012. This panel is mandated to seek to improve Maori GDP per capita to equal that of the average GDP per capita by 2040. GDP contribution by Maori needs to be proportionate to the Maori population, ~15%, at the very least (Strategy 2040, Maori Economic Development Panel, 2012).

Research Question

This report will attempt to answer the question: "*Is the Maori contribution to regional GDP through agribusiness appropriately understood and quantified?"*

For the purposes of this report it is necessary to first define the Maori Economy. The literature does not give a single definition however New Zealand's Treasury have identified some clear parameters they use as defining the Maori economy through the Maori Asset Base. They state:

> *The Maorieconomy and asset base has grown significantly over the last 100 years. As such Maoriand Iwi increasingly contribute and play a key role in New Zealand's economy. Maoricontribution to the New Zealand economy is multi-faceted and includes the primary sector, natural resources, small and medium enterprises and tourism.*
>
> *...the government's lead economic advisor, [he] is working with agencies across the public sector to support the growth and development of the Maorieconomy.*
>
> *In 2001 the asset base of the Maorieconomy was estimated to be worth $9.4 billion, this figure rose to $16.5 billion by 2006, and we now estimate it was worth at least $36.9 billion in 2010. The Maoriasset base includes:*
>
> - *Businesses of employers $20.8 billion*
> - *Other Maorientities $6.7 billion*
> - *Businesses of self-employed Maori$5.4 billion*
> - *Trust and incorporations $4 billion.*
>   (BERL (2010), The Asset Base, Income, Expenditure and GDP of the 2010 MaoriEconomy)

It should be noted that this definition of the 'Maori' economy specifically is drawn from political interests and does not necessarily meet the definition of those who identify as Maori and may or may not participate in the economy in the way policy and academics define. The Western worldview is somewhat reductionist and uses definitions to support a very specific understanding of terms and activities. Indigenous interpretations are generally more holistic in their definition, and, as an example, Maori would likely expect any definition of a Maori economy to somehow align to a cultural association ahead of any other factor. The policy definition of the Maori economy above will be held for this report.

Methodology

This project has employed a mix of methodological inputs including literature review work (using information from a variety of 'literature'; sources), case study research followed by a limited discussion including basic economic interpretation of some information gained. The most important information has been acquired in the context of preparing the case studies and the process of data collection which was thus employed.

Case study methodology

For this project there are three distinct case studies where the information pertaining to unique Maori business entities is each presented in an independent chapter effectively collating knowledge and other information sources into a story which responds to the research question. The case study process here is applied as a form of qualitative research in that the information from which it is based is subjective by nature and encompassed in some cultural bias i.e. acknowledging the Maori element as given.

The use of a case study has become an accepted qualitative method in certain research disciplines. Hamel *et al.* (1993) argue that the case study is an approach rather than a method and that as an approach it employs various methods including interviews, participant observation and field studies. In an anthropological study it allows the researcher to undertake a monographic study from which generalised conclusions can be drawn and discussed (*ibid.*).

Yin (2014) defines the case study as: *an empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and the context are not clearly evident* (p12). Furthermore, he notes that multiple case studies can be undertaken and used to compare the similarities and differences between cases (Yin, 2014) and that evidence drawn from multiple case studies is often considered more compelling and the overall study may therefore be considered more robust (*ibid.*). The perception of a lack of rigour in this research method often results from the subjective nature of the research based on observations, thoughts, or cultural world-views of both informants and researcher.

Yin (2014) identified six sources of evidence usually presented in a case study; documentation, archival records, interviews, direct observations, participant observation and physical artefacts. A mix of sources has been applied to the data collection process in the case studies for this report.

Primarily, informal interviews with representatives of each organisation have been undertaken. Where possible they have been referenced as personal communications but often they have been given under the consensus of several people rather than one alone.

Literature review

Historical data or 'documents of the past' (Adams & Schvaneveldt, 1991) from both primary (e.g. annual reports) and secondary (e.g. collated statistics or newspaper articles) sources have been drawn from to provide further insight into topics relevant to the research question. Some information such as the various Waitangi Tribunal reports are themselves the result of extensive enquiry at a high level and therefore can be considered the most definitive form of literature as background to regional factors and have been reviewed in that context. Contemporary data has been drawn from published information including demographic information from various economic and statistical publications.

Literature review

This section summarises information gained through a review of various information sources including published and unpublished sources. The sections on Maori identity and the Treaty of Waitangi are not intended to analyse information, rather it is a succinct summary to set the context for the overall report.

Maori Identity and Whakapapa

There are many myths, stories and anecdotes about the origin and whakapapa of Maori, in particular about the natural resources and sustainable elements such as plants that provide for our sustenance. To be Maori is to have whakapapa, a unique factor that exists solely in their cultural space. Whakapapa identifies people and provides context to Maori knowledge, relationships and all other cultural activities that occur. This is a good opportunity to introduce the many relationships that exist between the primordial gods of the celestial realm, matauranga Maori and today (Roskruge, 2007)

First, it is Papatuanuku who, as the 'Earth Mother' guaranteed to provide the necessities of life, food and shelter, for her offspring. Papatuanuku and her husband Ranginui are the primal or 'first' couple and according to most tribal mythology they produced 70 offspring, all sons. Many offspring are familiar, such as Tanemahuta and Tangaroa; some are less familiar such as Te Ihorangi, who represents aspects of the climate, especially the rain, critical to the success or otherwise of many plants and crops. Each son was assigned responsibility and it was Rongo-maraeroa who took responsibility for peace and agriculture including the production of crops (*ibid.*).

It is important to remember that in Te Ao Maori all things are connected, and whakapapa is one of the methods used to illustrate this point. As the primal family are all brothers they immediately have a common factor through their parents and through their gender. This therefore creates some equality across resources and reminds us that everything is intertwined and impinges on those around it – a fact well illustrated through the whakatauki or proverb *'ki uta ki tai'*, from the origins to the sea. This is an allusion to an awa or river that meanders through the landscape, eventually discharging into the sea. This metaphorical statement recognises that water is the giver of life, and is imperative to our future well-being or survival (*ibid*.).

In the beginning prior to the arrival of Europeans, Maori were subsistence horticulturists' dependent on the success of crops for the matters of survival, hospitality and health (Roskruge, 2007). Leach &

Stowe (2005) identify pre-European Maori as horticulturists and arboriculturists (including agroforestry) rather than agriculturists. This recognises the domestication and cultivation of food and utility crops in both annual and perennial systems.

1769 is accepted by Europeans as their first contact with Maori (not including Able Tasman): agriculture and horticulture were essentially the same thing – subsistence farming of crops, or managing natural resources for natural harvests and no grazing animals. Activity surrounding food production or harvesting was structured with a strong relationship to the gods for some crops. Tools were almost exclusively wooden, with a wide range of specialist implements for various aspects of production. Bartering was common, especially between tribes who lived among various resources', i.e., inland and costal tribes bartering forest foods for seafoods (Roskruge, 2015).

Treaty of Waitangi (Te Tiriti o Waitangi)

The period of post-European contact was a phase of dynamic history for Maori. William Hobson arrived in New Zealand in January 1840 and began drafting the Treaty of Waitangi in English. The Maori translation was entrusted to the missionary Henry Williams and his son and completed on 5th February 1840. The northern Maori chiefs were invited to sign on 6 February: 41 to 43 chiefs signed at Waitangi on this Day. On the 16th of February 1840 an English version of the treaty was forwarded to the British government (the first of several) (Orange, 1987 as quoted in Roskruge, 2007).

Over the next few months, representatives of the Crown (missionaries and officials) travelled the country acquiring the signatures of chiefs of other tribes. Not all tribes signed but between 540 and 545 signatures were obtained by July 1840. On 21 May 1840 Hobson proclaimed sovereignty over all New Zealand. Hobson did not acknowledge the non-signatory tribes, and in effect all Maori were to come under the umbrella of the treaty from this date. The treaty had three objectives – the protection of Maori; the promotion of settler interests; and, securement of strategic advancement for the crown (Roskruge, 2007).

The period of the Treaty of Waitangi brought a major influx of settlers and traders. It also brought an interest from both settlers and the British Crown in acquiring 'land'. Crop production boomed for Maori and they were the primary providers of produce to settlers, settlements and traders over much of the country – especially during the 1840s and early 1850s. The reliance on new tools and management techniques grew stronger (e.g. flour mills, grain harvests). Land was being cleared to cope with increasing demand for produce by settlers. Many coastal tribes including Ngati Mutunga of Wharekauri (Chatham Islands) were producing commercial crops which were being sold both locally and overseas to countries such as Australia (*ibid.*).

> *"the Maoris are our largest purveyors of foodstuffs. So large, indeed, as nearly to monopolise the market and exclude Europeans from competition."* (Quote from 'The New Zealander' Newspaper, 1848, given to Telstra Clear Biz (TV1), 1-9-2003).

In 1844 the iwi or tribe of Opotiki were observed by missionaries to be in possession of two small vessels used for trade and the iwi of Whakatane also owned one. This scenario was repeated in many parts of the country. Vegetables and grains were the key crops produced by Maori of this time. In 1857 many iwi had thousands of hectares in grain and potato crops to meet the demands of a growing society. Labour was in plentiful supply among young Maori and the key issue was the reduced land area being available for crops limiting good crop management. Pastoral opportunities began to appear in the 1850s and agriculture was becoming the primary land use in many regions (Jones, 1989).

The innate European interest in 'acquiring' title to land was becoming a focus of this era and eventually led to the so-called 'Maori wars' during the 1860s. Sinclair (quoted in Jones, 1989a) summed the situation up: *By the end of that decade* (1850s) *a consciousness that the land should not be sold grew in the Maori community.* The fighting caused Maori to be distracted from their routine of cropping to defending their resources. Confiscations of prime horticultural and agricultural land following the wars destroyed any Maori dominance in crop production (Roskruge, 2007).

In order to give some context to this complex subject it is important to turn to history, specifically to gain an understanding of what policy and legislation shaped the way Maori agribusiness is today.

The question of land in relation to any collective of people is often treated as a matter of pure economic interest, as if the sole concern of these folk lay in the productive power which the soil manifested for them. It is on this basis that many of the theories as to the evolution of property in land are constructed. In the hunting or collecting stage, there is assumed to be no idea of individual ownership, each man roaming freely over the territory of his group; it is only with the beginnings of a more settled life, associated with agricultural interests, the personal rights and claims in land commence to be strongly felt (Firth, 1973).

The position of land is peculiar, from its fundamental relationship to economic life – not only does it provide a home and dwelling place for the people, but it is also the source from which they draw the raw materials for the ultimate satisfaction of their needs (*ibid.*).

Cultural change for Maori was an inevitable one given the growing interaction with European during the late 1700's and early 1800's. The desire for cultural change grew as new technologies changed the way of everyday life. The exposure to European technologies had a twofold affect according to economist Raymond Firth (1973). In the first instance it familiarised Maori with the more general types of European tools and processes, which gave a new perspective with regards to material apparatus of culture. This in turn helped furnish Maori with a new set of economic values and aroused new desires and ambitions. Secondly this introduced Maori to a different system of economic standards, based on an individualistic outlook, and scheme of trade and exchange regulated by entirely different principles from those of which Maori were accustomed. Firth (1973, pg 435), talks of the introduction by the 'civilised' race of a system of education for the native people, also tends strongly towards the breakdown of old customs and beliefs. In such circumstances language must be regarded as one of the most powerful factors in promoting culture change, for the acquisition of new words leads to the formation of new concepts, the building of new systems of emotional values, and in many cases, in types of objects previously unknown (*ibid.*). To some extent the cumulative acquisition of these new cultural accessories produced changes in the vital structure of Maori society, but Firth (1973) argues that on the whole the organisation of economic activity by Maori remained virtually unaffected.

The year 1840 may also be looked upon in another way as opening a new period in the Maori economy: it marks the formal notification of the first steps towards comprehensive European control of the native lands, a process which inevitably led to a disturbance of economic equilibrium. To the Maori, land was the vital basis of economic life; any influence which affected ownership or control of them was fraught with grave consequences for his future welfare. Moreover land – and arguably all natural resources including water - represented not merely a matter of subsistence, but also stood for a mass of emotional values, many of ancestral significance (*ibid.*).

If you fast forward to the most recent renaissance of Maori which began in the 1960s and culminated in the 1975 land march and Treaty of Waitangi Act, there has been a considerable time period where the treaty has had little influence in the outcomes of government, especially as they affect Maori. The 1975 legislation created the Waitangi Tribunal, a forum to hear the grievances of

Maori against the government as a result of the Treaty of Waitangi. Much has changed in the economy of the country and also the participation of Maori in the same economy through the period following this legislative watershed period.

Policy & Legislation

Throughout New Zealand's relatively short history, and during the pre and post Treaty of Waitangi phase, there has been successive policy legislated into law which sought to enable Maori land utility in various ways – including alienation during the earlier decades.

The Native Land Court 1864 – 1909

The Native Land Court was one of the key products of the 1865 Native Lands Act. It provided for the conversion of traditional communal landholdings into individual titles, making it easier for Pakeha to purchase Maori land (New Zealand History Website: Native Land Court Created 1865; www.nzhistory.net.nz, retrieved 12 June 2015).

By 1873 (Native Land Act 1873) fragmentation of Maoriland ownership was wide spread and caused a large number of problems with the retention of Maoriland. By the time a Royal Commission investigated the situation in 1891, Maorihad virtually no land in the South Island and less than 40 % of the North Island. By the time a Royal Commission investigated the situation in 1891, Maorihad virtually no land in the South Island and less than 40 % of the North Island (Te Kooti Whenua Maori; The Maori Land Court: *Our History*. www.justice.govt.nz retrieved June 12, 2015)

In view of the 'success' of the Native Land Court in achieving the Crowns primary purpose, as described by the Native Department, 'to enable either the Government or private individuals to Native land, it is perhaps somewhat surprising that there were a number of protective mechanisms incorporated into Acts of Parliament and Crown Policy. Those purported to ensure Maori were not exploited and, in particular, that a 'sufficiency' of land remained available to them. Indeed, if the policy of the protective mechanisms had been vigorously adhered to and the wording of laws literally applied in a consistent manner, it would not have been possible for the Crown's overall colonisation objectives to have been fulfilled to the extent that they were during the period from 1864 to 1909. The main protective mechanisms were:

1. The appointment of trust commissioners under the Native Lands Frauds Prevention Acts and other laws requiring inquiries to ensure there was sufficiency of land remaining to Maori vendors;

2. The imposition of alienation restrictions on many blocks of land, usually forbidding any form of alienation other than a lease for not more than twenty-one years; and
3. The re-introduction, either generally, or in specific regions, of the Crown's pre-emptive right to purchase land from Maori.
   (Williams 1999).

In 1947 (Under the MaoriPurposes Act 1947), the name was changed to the MaoriLand Court.

More recent legislation that directly impacts the development of Maori agribusiness include the Resource Management Act, 1991 Te Ture Whenua Maori 1993, Local Government Act 2002 and others aligned to Waitangi Tribunal outcomes, Fisheries legislation and Environmental statutes such as the Environmental Protection Authority Act 2011, and Exclusive Economic Zone Act 2013. In addition there is also compliance legislation which affects all economic activity such as the Biosecurity Act 2003 and Health and Safety in Employment legislation.

Maori Economy – *What is known and quantified?*

When compared to New Zealand's total asset base of $256.1 billion (NZ Treasury, 2014), the value of the Maori economy at $36.8 billion equates to around 14.4% of the total value. In addition, the total GDP generated by Maori was estimated to be $10.6 billion in 2012 against total GDP of $209 billion (Statistics NZ, 2015), therefore the Maori contribution was 5 % which is disproportionate to the Maori population at 14 % (based on census statistics).

The Maori asset base of New Zealand has experienced significant growth over the past 15 years. In 2001 the Maori asset base was estimated to be worth $9.4 billion, this figure rose to $16.5 billion in 2006 (NZ Treasury, 2015). In 2012 Maori economy in New Zealand was estimated at $40.0 billion. This asset base is comprised of businesses of Maori employers of $23.3 billion (58 %), businesses of self-employed Maori of $5.9 billion (15 %) and assets of trusts, incorporations and other Maori entities of $10.8 billion (27 %) (TPK, 2014).

Maori Agribusiness

Various reports have been commissioned in order to understand the breadth of the Maori agribusiness economy. Land under Maori Freehold title is a known quantity of some 1.5 million hectares and has been categorised into 3 tiers based on the 2011 MAF report. According to that report 600,000 hectares is under-utilised lands, 600,000 is under-performing entities and 300,000 hectares is of well-developed businesses.

It is accepted that the greatest area for gain is Tier 2: Under-Performing Entities. Tier 2 entities when compared to tier 1 entities can be described as those with landholdings that are currently developed for productive use but which are clearly, often markedly, under-performing compared to similar enterprise benchmarks. The consensus from our discussions is that Tier 2 probably involves about 40 per cent of Maori freehold land (approximately 600,000 hectares) (MAF, 2011).

They have a number of factors influencing their underperformance and they involve a mix of:

- Governance deficiencies
- Lack of planning and strategic approaches
- Limited access to development capital
- Limited skill level on farm
- Under-developed on farm infrastructure (subdivision fencing, reticulated water supply etc.)
- Run down soil fertility and/ or pasture quality

While entities in this tier have governance structures in place that are actively engaged in the enterprise, they are often not providing effective directions and decision making to realise the full productive potential. Business and technical skills, along with specific agricultural knowledge, are usually not strongly represented in the governance structure.

Planning and strategic approaches vary in this particular tier. They range from limited planning and strategies in place through to no effective planning at all. This includes elements of being overly ambitious through to drifting with little aspiration for growth. These entities typically do not benchmark against similar enterprises regionally or nationally (MAF, 2011).

If plans are undertaken, the ability to give effect to those are often limited by available farm management and farm skills and access to skilled professional and technical advice, implementation can be hindered by limited access to capital and operating funds (*ibid.)*

There appears to be two camps of thought with regard to economic and social and cultural values. Through this discussion it is apparent that the foundation of a successful organisation that has a thriving social and cultural element is generally a profitable one. The challenge for many Maori organisations is to find the balance between the economic, social and cultural elements.

Regional Statistics

According to BERL, over the next decade Auckland's no-Maori population is expected to grow by an estimated 200,000, while the Maori population in Auckland is only expected to grow by an estimated 25,000 or 12.5% of the growth. At the same time New Zealand's regional non-Maori population, outside Auckland, is expected to grow only by 100,000 and the Maori population in the same locations by an estimated 60,000 or 60% of the growth (BERL, 2015).

The over representation of Maori in these regional growth statistics are concerning considering six out of ten new jobs are based in Auckland and two in Christchurch, leaving a further 2 jobs divide between all other regions (Lattimore & Eaqub, 2011).

From a regional perspective Maori agribusiness has the potential to have a significant positive economic effect on regional New Zealand (close to $8 billion of output over a 10 year period according to 2013 MPI Report) if we can get the key ingredients right, including competent governance and management structures, skilled labour, finance and advice.

A recent MPI report model depicting a 573 hectare Northland dairy conversion produced total output in nominal terms of just over $40 million over 10 years, and created 18 jobs over the same period. There were a number of assumptions made in the creation of this model production system, (MPI, 2013) however it highlights an opportunity worthy of further investigation. Te Tumu Paeroa (The Maori Trustee Office) is carrying out considerable work in this area by working alongside landowners to enable them to achieve their goals and aspirations. In doing so Te Tumu Paeroa will achieve their overarching objective of mobilising Maori land and assets to create this generation's legacy (Te Tumu Paeroa, 2015).

Two key issues of Maori owned land blocks is they are typically multiply owned with fragmented ownership. The other issue is that individual blocks they can be small and uneconomic stand alone. According to the 2011 MAF Report, there are 25,887 individual Maori Freehold titles nationally, with an average size of 59 hectares.

The challenge for many organisations including Maori entities and those who support this sector is build an in-depth understanding of this sector and develop strategies that will assist in unlocking the latent potential in Maori land. Maori agribusiness isn't necessarily broken. Where Maori agribusiness is today is reflective of the policies and legislative regimes of the past, e.g. small fragmented blocks with poor fertility.

Case Studies

Case Study:

Wakatu Incorporation (Tasman region)

Background - The Establishment

In 1842, NZ Company representative Samuel Stephens landed at Motueka in the northern region of the South Island to assist with the surveying in that district. He noted extensive cultivations in the area known as Te Maatu or the Big Wood from a point known as Te Kumara near the Motueka River mouth to several kilometres upstream (Mitchell & Mitchell, 2004:306). In his words *...the natives have a large potato clearing at this wood where they grow annually some hundreds of tons of potatoes... (ibid.)*. Phillipson (1995) noted that archival records indicate Pakeha witnesses gave evidence in 1844 that Maori residents in the Motueka district specified to the NZ Company representatives that settlers were not to interfere with their cultivations and that the whole of the 'Big Wood' was to remain exclusively in Maori hands. Evidence collected by the Waitangi Tribunal for its Northern South Island reports states that Stephens told Motueka Maori they would have 'tenths' in addition to their cropping land in the Big Wood but this area (the Big Wood) was later included and divided among the settler and tenths allotments (Phillipson, 1995).

The Tenths system of land allotment to Maori was the brainchild of Edward Gibbon Wakefield of the New Zealand Company, the earliest settlement company to establish themselves in Aotearoa/ New Zealand. The New Zealand Company's colonisation policy included reserving a portion of territory from land sales equivalent to one-tenth of the whole as an inalienable estate in an attempted to improve the social and material conditions of the indigenous population (*ibid.*). These reserves would be scattered among settler allotments on a random basis. The inspiration was drawn from the example used with American Indians whose isolated reserves did not encourage community participation. These reserves from the New Zealand Land Company were therefore meant to 'civilise' Maori through 'participation' in new ways of life and all the social amenities of the new community *(ibid).* As a consequence of redefinition by the company these tenths were in fact an eleventh (one block for every ten), not a tenth, of the land purchased by the company (Phillipson, 1995 & 1996).

Alongside the tenths, occupational reserves were created as a result of the 1842-45 Commissioner Spain hearings into the NZ Company purchases. It had become clear that Maori were not expected to actually live on their tenths reserves; they were seen as beneficiaries but without consideration given as to where they were supposed to actually live and sustain themselves (Mitchell & Mitchell, 2004). Thus the occupational reserves were created and Maori were to live and utilise them as needed. Sixteen 'tenths' sections covering 800 acres (364ha) in total at Motueka, mostly in Te Maatu were redesigned as occupational reserves for resident families living in Motueka.

The first economic census of Maori in the region in 1886 showed there were just 96 Maori living in the Tasman Bay (Nelson/ Motueka) region, subsiding on 41.5 acres (18.5ha) of potatoes and 89.25 acres (40ha) of other crops. They also had 50 acres (22ha) in sown grass, 400 sheep, 114 cattle and 107 pigs (Phillipson, 1996).

Establishing the Incorporation

The Wakatu Incorporation was established by a government order in council under Part IV of the Maori Affairs Amendment Act 1967 on 4 August 1977, to administrate around 1400 hectares of Maori reserved lands (to be known Corpus Lands). These lands were then valued at around $11 million and previously known as the "Nelson Tenths" and Motueka and Mohua (Golden Bay) occupational reserves located around Nelson and Motueka (Jones, 1998). The reserved lands all originated from the NZ Company policy of the tenths estate applied to Motueka district in the 1840s.

Prior to 1977 the land had been administered on behalf of its owners by a succession of Crown-appointed Boards, Commissions and Trustees. From the 1880s this land was subject to perpetual lease. The ownership and (perpetual) leasing arrangements for these blocks were originally established by over 40 pieces of legislation dating back to the 1850s. The terms and conditions of the leases were consolidated in the Maori Reserved Land Act 1955 which provided for perpetual leases on renewable 21 year terms, fixed rent over the 21 year period and rent fixed at 5% of the unimproved value for rural lands (TPK, 1997) under the control of the Maori Trustee.

Subsequent government enquiries found the leases unjust but no action was taken until a Royal Commission of Inquiry report of 1975 created the impetus from which Wakatu was born (TPK, 2003). With the passing of the Maori Reserved Lands Act in 1997, Wakatu Incorporation initiated the transition from perpetual leases managed under the legislatively provided conditions to normal renewable leases on market rentals with commercial conditions (TPK, 1997).

The land vested in Wakatu Incorporation is held in trust for the owners. In 1977 there were 1,668 owners, descendants of the original owners, all of Ngati Rarua, Ngati Koata, Ngati Tama and Te Atiawa tribes or iwi, who received shares in Wakatu Incorporation, and are now known as shareholders who receive dividends and not rents. The lands which Wakatu Incorporation administers now also include investments purchased since 1977.

Wakatu in the 21st Century

Wakatu Incorporation is a large private company governed by a board drawn from its more than 3,000 shareholders[1]. The organisation maintains a head office in Nelson and also maintains section groups comprised of subsidiary companies and joint ventures. The Wakatu board focuses on governance and section managers focus on management (Te Puni Kokiri, 2003).

The incorporation has evolved through strategic planning from a simple land owning company to an international marketing and export company. The Wakatu group of companies identify their core purpose as being to create wealth for its owners through developing a diversified asset base, while also upholding the tikanga of the owners and is now export focused, marketing all its products internationally (TPK, 2003). Wakatu Incorporation has become very successful in a number of ventures, including horticulture, viticulture, forestry and fisheries. The organisational structure is divided into three key areas; Manaaki, Whenua & Kono. Collectively the incorporation now manages over $250 million (Wakatu, 2013) of assets and is looking to diversify further into land and sea management alongside global marketing (Jones, 1998).

Wakatu Incorporation operates very much at the global level with their customer base and consequently carries out extensive business risk analyses including foreign exchange, interest rate hedging, economic, climate and other environmental factors in their general approach to business activities. The Incorporation uses both industry and internal analysis to create core strategies for each business arm. This is a formal planning cycle which involves reviewing and evaluating the previous year's operations, preparing business plans and forecast budgets and is very important as it dictates where Wakatu will allocate funds (Palmer, 2013).

Management has a monthly reporting responsibility at board meetings. In addition to this process, at least one member of the Wakatu board is on each subsidiary company board. This ensures clear communication and flow of information between the Wakatu board and its subsidiaries. Ultimately

[1] Figure taken from www.wakatu.org (site accessed on 24 May 2015)

the unique history that sits behind the incorporation means they have a responsibility to their shareholders (all members of five iwi groupings) and that includes the information flow between the business and beneficiaries as well as the maintenance of tikanga and cultural identity which is foremost for many shareholders.

Strategic & Operational Objectives

In 2011, Wakatu Incorporation carried out an organisational restructure in order to consolidate its operational and value-add business, allowing for joint ventures and other partnerships to develop in the future within their diverse industry participation. This strategy involved separating out the natural resources; land, commercial property, quota and sea based assets for long-term preservation. The incorporation now has three distinct sectors, all overseen by the board:

- Manaaki – Owners
- Whenua – Property and key land assets and sea based assets
- Kono NZ LP – Operational food and beverage business,

The Manaaki Sector is responsible for communications, education, including scholarship programmes, and associate directorship programme, along with cultural and political participation. A highlight of this sector has been the continued development of Te Pae Tawhiti, the incorporation's 100 year Vision, throughout the organisation (H. McGregor, 29 May, 2015).

Te Pae Tawhiti was adopted by the Wakatu Board in 2012, and is the incorporation's intergenerational plan which establishes the guiding vision for the organisation for the future. The key principles set out in Te Pae Tawhiti are being embedded throughout the incorporation. The vision and principles are:

Vision: *"Our purpose is to preserve and enhance our taonga for the benefit of current and future generations"*

- Talented People: we will recruit and retain skilled people and create an atmosphere of capability, innovation and achievement.
- Enhanced Wellbeing: we will provide for the diverse owner benefits, recognise and realise potential and develop pride in Wakatu's achievements.
- Connected Owners: promote knowledge of the Wakatu legacy, engagement with the land and Te Pae Tawhiti goals and interconnection between employees and owners.
- Taonga Tuku Iho: we will preserve our land resources and legacy and reinforce the intergenerational goals of our owners.
- Successful Workplace: our employees' talents and heritage will be valued and respected\, our workplace will have empathy with Maori culture and values.

- Iwi Relations: we will foster and develop closer commercial collaboration with Iwi.
- Environmental Sustainability: kaitiakitanga will be integrated into the management of our business and assets.
- Succession: we will increase momentum with Alumni and owner initiatives to enhance skills and desire to be involved in senior roles within Wakatu.
- Reputation: we will align with societal expectations and responsibilities. Give reference if a direct copy from somewhere.

Te Pae Tawhiti is the foundation on which the wider business strategy is now formed.

The Whenua Sector plays a vital role in managing core land and water assets, including quota, marine farm licences, vineyard and horticulture lands and processing facilities. The Whenua Sector is also responsible for the management of perpetually leased lands and the commercial and residential developments and subdivisions. Whenua & Wakatu Resources Sector is also responsible for the management and Kaitiakitanga (guardianship) of the incorporation's long-term strategic whenua and moana (land and sea) assets.

The key risk for this sector is the perpetual lease portfolio and the long-term viability of the rural lease tenants. Many of the perpetually leased lands are used for horticulture and there are a number of challenges facing the horticulture industry, particularly smaller owner-operators who have struggled with marginal or negative returns for a number of years. The Whenua sector actively works with tenants including their subsidiary Kono to ensure they remain on the land.

The recent consolidation of the food and beverage business into Kono NZ LP enables efforts to be concentrated on development of an international sales and marketing strategy. This is to ensure Kono NZ LP is well positioned in New Zealand, and internationally, as a premium food and beverage marketer (Keith Palmer, Wakatu CEO, 2013). Kono (Maori for food basket) NZ LP has been established as a standalone business from the rest of Wakatu, with the focus on adding value to the strategic primary assets it leases from Wakatu and other third parties, to produce food and beverage products for the global market (H. McGregor, 29 May, 2015).

Kono has three divisions; Beverages (including Tohu Wines), Horticulture and Seafood and exports to markets throughout the world. The long-term strategy is to develop Kono with an international portfolio of premium food and beverage products that has a strong relationship with key food retailers throughout the world (H. McGregor, 29 May, 2015).

Since inception in 2011, the focus has remained on further integration of the business, managing risk through diversification and building brand infrastructure and awareness (Keith Palmer, Wakatu CEO, 2013). In 2011, it was reported that Wakatu Incorporation spent $1.5 million on raising the profile for its new Kono NZ LP subsidiary, to chase food and beverages export dollars (annual report, 2011).

Accountability to shareholders

The board of Wakatu tries to maintain a balance between commercial and tikanga Maori skills. Commercial skills involve understanding business and its analytical requirements, sound judgement and decision-making. In a published response (Te Puni Kokiri, 2003) the then CEO explained that it has not always been easy finding people with the required commercial skills, but it has been easier to find people with skills in tikanga Maori.

The Boards overall performance is assessed using bottom line indicators such as net profit, return on investment from each asset group and net funds growth. The shareholders can assess the boards' performance by their own measures, cultural or otherwise, and determine the dividend at the twice yearly shareholders meeting. The company benchmarks its own performance against similar organisations, but also has independent goals to raise financial returns over a five-year programme (TPK, 2003).

Wakatu Incorporation contribution to the Regional Economy

Wakatu Incorporation is the largest private land owner in the Tasman region and have a large economic impact on the local economy (H. McGregor, 29 May, 2015). In terms of Wakatu being a Maori agribusiness contributing to the national GDP, because of its complex business structures, joint venture partnerships, and vertically integrated models, it is difficult to capture the true economic impact of this business. General discussion relating to the economic impact of Maori agribusiness will be examined in the main body of this report. However, what we do know is that in 2013, Wakatu Incorporation's revenue was $48.3 million. And therefore this can be viewed as their contribution to regional GDP. The Tasman-Marlborough regional GDP for the same period was $2.0 billion (Statistics NZ, 2014), therefore Wakatu's contribution to regional GDP was 2.4 %.

The Maori population in the Marlborough region was 5,049 in 2014 or 11 %, based on a regional population of 45,900. Regional GDP was $2.0 billion or $43,600 per capita. Although regional statistics pertaining to the Maori contribution to regional GDP could not be found, on a per capita basis Maori contributed to just over 10 % of the regions GDP for 2014. This is slightly under the aspirational target of the government assigned Maori Economic Development Panel, but a strong representation nonetheless. As a Maori owned organisation Wakatu incorporation are a long term intergenerational business who are focused on the long-term prosperity of their people (shareholders) and the Marlborough region and this contribution is a significant result for them.

The horticulture industry, including viticulture within the Marlborough region employed 1,695 people or a 5.6 % share of the total regional employment in 2013 (Statistics NZ, 2014), and Wakatu employed 343 FTEs in 3013 (Wakatu Incorporation, Annual Report, 2013). Therefor the Wakatu contribution to the regional employment for the horticulture sector was 20 %. This is a significant contribution and highlights just one example of the importance of Wakatu Incorporation for the local communities in the Marlborough region (H. McGregor, 29 May, 2015).

Wakatu clearly identify an obligation to support local economic development and promote participation throughout the entire value chain as a strategic aim. As a regional entity Wakatu encourage growth of local enterprise through partnerships and further advocate the growth and retention of talent. Their branding of products is aimed at creating an essence of the region, thereby promoting the whole region and what it has to offer (H. McGregor, 29 May, 2015).

In terms of industry support, Wakatu have relied on their business to business partnerships to strategically position themselves in global markets. Being an early adopter and vertically integrated business, the incorporation has vast export experience. Wakatu Incorporation has been exporting branded products for a long time and has built up significant strategic partnerships and industry IP that they rely heavily on for market penetration. They see benefit in relationships with New Zealand Trade and Enterprise and MFAT, largely as market commentators and intelligence providers. Wakatu work closely with BERL who provide information relevant to their commercial needs (H. McGregor, 29 May, 2015). On a national level, Wakatu Incorporation are working in partnership with the MPI's Primary Growth Partnership and SPAT NZ (Shellfish Production Technology New Zealand) to domesticate the greenshell mussel by selective breeding techniques to reduce disease and add size. This innovative collaboration by Sanford Ltd (50 per cent), Sealord Group (25 per cent) and Wakatu Incorporation (25 per cent) also has Government funding with support (Wood, 2011).

Wakatu Incorporation have emerged from the rigours of a complex and limiting history through a period of being an agribusiness entity to a developer of brands, IP and TVR and now see themselves as becoming a ‘house of brands’. The future of Maori agribusiness relies on effective leadership, innovative ecosystems and identifying opportunity by looking at the whole value chain. Wakatu are positioning themselves to be a market driven organisation focused on food and beverage comprising of integrated supply chains, different ownership models with solid management bringing together strategic partners to invest capital for supply chain development (H. McGregor, 29 May, 2015). They are major contributors to both regional and national economic outputs, especially those that align to Maori success.

Case Study:
Parininihi ki Waitotara Incorporation Taranaki Region

PARININIHI KI WAITOTARA
He Whenua He Tangata He Oranga

Background

Land conflict has continued in Taranaki, with little amelioration, for 155 years. On current estimates, some promises about land cannot be fulfilled for a further 63 years. The Waitangi Tribunal stated they were unaware of any other part of the country where a similar situation prevailed (Waitangi Tribunal, 1996).

Tension was evident in Taranaki from 1841 when the first influx of settlers arrived. Though the fighting that resulted was mainly between Maori, the precipitate influx of settlers and their attempts to acquire land will still the cause. When war broke out in 1860, there had already been 19 years of preceding turmoil, attempts to constrain settlers, and fighting among Maori groups. This was all the result of a colonisation process that had been programmed for Taranaki even before the Treaty of Waitangi was signed. In the other war districts, systematic settlements did not begin until after the confiscations had been made (Waitangi Tribunal, 1996).

The nub of the Taranaki complaint to the Tribunal was the land confiscation during and after the 1860s wars. In that respect, Taranaki stands with other places where lands were taken after war: south Auckland, Hauraki, Waikato, Tauranga, Whakatane, Opotiki, Urewera, Gisborne, and the East Coast to Hawkes Bay. Of these, the Waikato claims were settled ahead of Taranaki although the war began in Taranaki. It was the Kingitanga movement of Waikato that carried the burden of representing a common Maori position during the war decades (Waitangi Tribunal, 1996).

The essential feature of Taranaki, however, is that the wars began there before extending elsewhere, but they were over in south Auckland, Hauraki and Waikato, gone from Tauranga, finished in Whakatane, completed in Opotiki, done in Urewera, and ended throughout the East Coast, while during all this time the war in Taranaki carried on. Taranaki Maori suffered more as a result. In most districts, the fighting was over in months, but armed initiatives did not cease in Taranaki until after an unparalleled nine years (Waitangi Tribunal, 1996). Even then, the period of armed struggle was in fact much longer. History creates time slots to compartmentalise war, and 1860 to 1869 has been given for the Taranaki fighting; but just as conflict was apparent from 1841, it also continued after 1869. Military action on the Government's part did not end until the invasions of Parihaka in 1881. Thus, in Taranaki, conflict with the use of arms was spread not over a few months, as in most places, or even a decade, but over a staggering 40 years. The Tribunal noted that in no other part of New Zealand did a contest of that nature continue for so long or Maori suffer so much the deprivations of strife after British sovereignty was proclaimed (Waitangi Tribunal, 1996).

The tension did not cease with the abandonment of arms. The confiscations came with an undertaking that lands necessary for hapu survival would be returned without delay, but the promise was not to be maintained. In Taranaki, however, many hapu were left with nothing at all of their own to live on and became squatters on Crown land. More than a decade after the war, they had not received anything more than a promise of land. It was only after more conflict that some reserves were eventually defined. But they were given over to administrators to hold for Maori and 'the promotion of settlement'. They were then leased to settlers on perpetual terms, with the result that *'Taranaki Maori, and they alone, have still to receive the right to occupy the lands promised after the war'* (Waitangi Tribunal, 1996: summary).

Although competing equities now apply, it is clear that the promises of reserves made after the 1860s confiscations have yet to fully realise for Maori, over 180 years after they were made. It should be seen at once that this history is not a thing of the past. There is a distinctive Taranaki circumstance: if war is the absence of peace, then war has never ended in Taranaki, because that essential prerequisite for peace among peoples, that each should be able to live with dignity in their own lands, is still absent and the protest over land rights continues to be made (Waitangi Tribunal Report, 1996).

Introduction

Parininihi ki Waitotara Incorporation (PKW) was formed in 1976 following the passing of a resolution by owners at a meeting held in Hawera in 1974, supporting the incorporation of Parininihi ki Waitotara Reserve, formally the West Coast Settlement Reserve (Maori Land Court Document 5 April 1976). The move to incorporate PKW at the time demonstrated extremely courageous leadership given the hostile social and politicle environment towards Maori progression in Taranaki (D. Tuuta, personal communication, June 11, 2015). Parininihi ki Waitotara is now a significant Maori Incorporation formed to manage these Reserve Land leases. When the incorporation was formed it had $30 thousand cash and assets valued at around $5 million, now it has assets valued at over $300 million. Parininihi ki Waitotara currently has over 9,000 shareholders and is playing an increasing active leadership role in Taranaki's dairy industry (BERL, 2008; PKW, 2014).

The genesis of PKW stems from the Taranaki land wars and confiscations of the mid to late 1800s. Subsequent to this, various inquiries were set up to investigate the legality of the confiscations and the promises made by the then Governor, of land being returned to Maori ownership pursuant under the Treaty of Waitangi. The first West Coast Commission was set up in 1880 to inquire into consider what should be done (Waitangi Tribunal Report, 1996). The commission completed a series of reports recommending the Government create Maori reserves, which was later agreed and enacted legislation – the West Coast Settlement Act 1880. Crown grants were to be issued and provide for reserves, and the reserves were to be administered by the West Coast Settlement Reserves Act 1881, an act drafted by the commission, which provided that the reserves would be managed by the Public Trust, who could lease them to Europeans (Waitangi Tribunal, 1996).

The Maori Reserved Land Act 1955 set out to standardise the lease of Maori Reserves across New Zealand and aimed to deal with the rapidly fragmenting interests by fixing leases to perpetuity. In 1963 the West Coast Settlement Reserves were amalgamated into one mega-reserve, known as Parininihi ki Waitotara Reserve, then comprising 29,137 hectares. The Public Trustee was empowered to allocate to Maori such land thought necessary for their occupation and to lease the rest to Europeans generally to promote settlement. Subsequently, over a period of time, Maori land was made freehold and sold to leaseholders and acquired by the government until there was only about 20,000 hectares left (*ibid.*).

The Maori Reserved Land Amendment Act 1997 was a result of various commissions of inquiry regarding the validity of the Maori Reserved Land Act 1955. This Act now places owners and lessees of reserved land in a normal commercial relationship. Previously Maori reserved lands and the lease conditions, which included a fixed rate of return, a 21 year rent review period and the subsequent introduction of the right of perpetual renewal in favour of lessees, were imposed without the agreement of owners (TPK 1998).

Today, of the 20,000 hectares remaining, around 3,800 hectares is actively farmed by PKW, and the balance is leased in perpetuity. Parininihi ki Waitotara is the largest private supplier of milk in Taranaki to Fonterra. They operate fourteen dairy farms ranging from 150 to 900 cow herds, producing nearly 4 million kilograms of milksolids annually. Supporting the dairy operations are seven dairy support farms used for wintering-off cows, grazing dairy heifers and growing maize and other crops (Parininihi ki Waitotara, 2014).

The dairy farms are a mix of owner operator and 50:50. In total, 14 dairy farms were operated in a range of business structures during the 2014 season, including managed farms, variable order and 50:50 sharemilkers (*ibid.*).

As the farming operations have grown, so too has the need to build on-farm efficiencies. PKW have recently invested in automated calf rearing facilities which gives them the ability to rear 1,300 calves (PKW, 2013) for their replacements while the excess are either sold as weaners or carried through to meet future growth aspirations. In doing so, they are to a certain degree insulated from market volatility. The same principle applies to the dairy support farms; this enables PKW to mitigate the risk of substandard contract graziers and contract grazing price volatility and supply.

Whilst Parininihi ki Waitotara is a large agribusiness with assets in the dairy and drystock sectors, they have a diverse investment portfolio which also includes a small commercial property portfolio, perpetual lease portfolio and lobster. The lobster business is in the form of a general partnership called Port Nicholson Fisheries between PKW, Ngati Mutunga ki Wharekauri Asset Holding Company and the Iwi Collective Partnership. Port Nicholson Fisheries Limited Partnership have recentley formed a partnership with Aotearoa Fisheries Limited to form the largest Maori owned lobster processing business in New Zealand. The partnership represents approximately 44% of the North Island and Chathams TACC (Total Allowable Commericial Catch) and 23% of New Zealand's total live lobster exports (www.scoop.co.nz retrieved 12 June 2015). This equates to around 650 tonn processed annually. Through this partnership, PKW receives three income streams from its lobster investments including lease income for its quota assets, profit share form the processing business, and a rental stream from the processing facilities (Parininihi ki Waitotara, 2014).

The diversification strategy is based around balancing the asset classes which will ultermately see a lessoning in exposure to the dairy industry. The 2015 financial year has seen a decrease in revenue and asset values as a result of the volitility in golbal dairy markets. This has further prompted the discussion of diversity to protect the incorporation business interest,s and ensure volitility of future revenue streams are is mitigated (D. Tuuta, personal communications, 11 June, 2015).

Organisational Structure

Parininihi ki Waitotara is governed by a seven member committee of management, including two independent directors. Five of the board members are elected by shareholders, the process is political and based on shareholding; one share one vote. The two independent directors are elected by the committee of management. The board are charged with developing the long-term strategy for the incorporation and on behalf of its 9,000 shareholders. The core function of the committee of management is to act in the best interests of all the shareholders (PKW, 2014).

Untill 2008, the operational management/administration of PKW was contracted to an outside provider. Since then, PKW has developed the capacity to manage itself and they now have management and administration staff employed directly. This is encompassed in their He Whenua, He Tangata, He Oranga, Strategic Plan 2010-2020 (PKW, 2010). The management team consists of a Chief Operating Officer(CEO), who reports directly into the Committee of Management. Reporting into the CEO is the General Manager, Corporate Services who oversees the financial and administration functions of the incorporation; Operations Manager Dairy, and Operations Manager Drystock, who oversee the day to day operations of the dairy farming drystock operations. Parininihi ki Waitotara also employ a Community Development Manager who is charged with implementing the strategy around shareholder engagement, scholarships and community interaction.

In 2010, PKW issued a draft document titled *He Whenua, He Tangata, He Oranga* (Land, People, and Prosperity). This set out to create a pathway for the proceeding 10 years by which the incorporation could achieve its vision. This vision focusses on 8 key areas:

- We are 100% owned by our shareholders and we have integrated shareholder participation in the business at all levels – from the boardroom to the farm gate.
- Our emphasis on building positive relationships with all Taranaki Iwi and Hapu is reflected in joint ventures both within and outside Taranaki which provide a range of economic opportunities and social benefits to shareholders and nga uri o nga Iwi katoa o Taranaki alike.
- Our land-based businesses are profitable, environmentally sustainable and our lands are secure as a source of prosperity for future generations.
- We have reclaimed active control over our whenua through successfully bringing an end to the perpetual lease regime.
- We have sensibly diversified our investments both by asset class and geographical location to manage risk effectively and ensure intergenerational profitability for shareholders.
- We have successfully located 100% of our missing shareholders and paid out all unclaimed dividends and shareholders value their connection to PKW as a meaningful contribution to their lives.

- PKW remains proudly Maori and closely tied to our cultural roots.
- The Incorporation is one of the largest employers of Maori in Taranaki and approximately 75% of its contracted services are provided by Taranaki Maori businesses. (PKW, 2010)

The overarching strategic direction of Parininihi ki Waitotara is:

'To regain full control of our ancestral land as a base for the commercial development of our Incorporation and to benefit our shareholders'.

Since 2010, and following further devlopment of their land assets, the business has performing and now needs people to fill the spaces created by an expanding business. Parininihi ki Waitotara have revised their strategic plan and in light of where the business is at, the whakatauki is now *He Tangata, He Whenua, He Oranga*, the incorporation have realised people are their most impoortant asset and they want to make the people the focus of their future strategy (D. Tuuta, personal communication, 11 June, 2015).

Parininihi ki Waitotara Incorporation have made some significant in-roads to achieving their vision. Since 1998, when they were first able to do so, the incorporation has purchased some 3,800 hectares of land, which has enabled them to gain control over the same land and farm on their own behalf. Employment opportunities for Taranaki Maori and PKW shareholders is at the forefront of consideration during the employment phase. While the notion of 'best person for the job' is correct and followed, there is a very strong desire to ensure that these people are connected to the incorporation. The incorporation employs a number of shareholders and those who whakapapa to Nga Iwi o Taranaki (Taranaki tribes, the common factor to all PKW shareholders). And through Parininihi ki Waitotara Trust, scholarships are awarded to support individuals (shareholders or those who whakapapa to a shareholder) who are seeking to further their education and have the ability to contribute back to the incorporation in some form in the future. By investing and supporting the future generations in this way PKW will achieve their vision of having integrated shareholder participation and being the largest employer of Maori in Taranaki.

Dion Tuuta believes the land based operations of PKW represents their investment in the social and cultural element because it is a way of actively connecting people with the whenua. If it were purely about economics, PKW would be better off selling their assets and generating interest from the $120 million deposit as a result. While this is a hypothetical notion, it highlights an important point. For PKW, and many other Maori Ahuwhenua Trusts and Incorporations it is about achieving and maintaining 'active control' of the whenua (D. Tuuta, personal communication, 11 June, 2015).

Maori Asset Base in Taranaki

The asset base of Maori businesses is based on Maori who are employers or self-employed as identified in the 2006 census combined with Annual Enterprise Survey data which allows analysts to determine the average assets per Full-time Equivalent (FTE) person employed by industry.

The combined Maori business contribution to the asset base of Taranaki in 2006 was $337 million, with around a third of this asset base in the primary sector. Relative to all business assets in Taranaki, Maori account for approximately 2.7 % of the total asset base of Taranaki businesses (Maori in the Taranaki Region: An economic Profile, BERL, 2008). Collectively, iwi Maori – Uri o Taranaki (Descendants of Taranaki) own a range of assets, mainly land, in strategic areas of the region. This is supported by other involvement in the region relative to economic development, investment, labour etc. Of the eight iwi, six have already received settlements from the Treaty of Waitangi claims process and two are currently in the negotiation phase.

The dairy sector (dairy farming and processing) accounts for around 14 % of employment and 17 % of regional GDP in Taranaki. Adding other land based industries and their associated processing increases this to around 27 % of employment and 37 % of GDP (BERL, 2008).

Maori, with their collective asset base, have the potential to be significant players in these industries as shown by PKW in dairy and some initial forays into oil and gas exploration sector. However, Maori are often overlooked as a player in the economic development of the Taranaki region. With a significant population and asset base, one could expect Maori businesses and organisations to be at the forefront of economic development in the region. The lack of awareness and involvement of Maori suggests that the region is not leveraging its assets to their full capacity in its drive for economic growth (BERL, 2008).

Economic Contribution by Maori to GDP in Taranaki

In 2008, Venture Taranaki Trust & Tui Ora Limited commissioned BERL to carry out a report titled *'Maori in the Taranaki Region: An Economic Profile'.*

Maori make a significant contribution to the Taranaki region economy. Maori make up 15 % of the population with close to 15,800 people who identify as Maori, from a total population of 104,124 (NZ Statistics, 2006). This is higher than the national average of 14 %. Maori account for 12.4 % of the working age population in the region and make up 11.9 % of the Full Time Equivalents (FTE).

The Maori population in Taranaki was close to 15,800 according to the 2008 BERL report. Maori make up around 15 % of the population compared to the national average of 14 %. The overall contribution by Maori to the Taranaki regional GDP is $459 million. Based on the region's total GDP of $4.6 billion, Maori contribute around 10 % on a regional basis. Based on the government initiated Maori Economic Development Panel's aspiration of GDP, Taranaki Maori need to achieve around $690 million to achieve a GDP contribution that is equal to the regional Maori population.

As an organisation, PKW's first responsibility is to its shareholders and conducting business activities that provides sustainable dividends to its shareholders is paramount. A consequence of these activities is the contribution to regional GDP (pers. comm., Dion Tuuta, CEO PKW, 2015).

On an individual business basis, Parininihi ki Waitotara's contribution to regional GDP in the 2014 financial year was $29 million based on their total revenue. The Taranaki regional GDP for the same period was $9.1 billion, a 50 percent increase from GDP in 2008 when the BERL report published regional GDP figures at $4.6 billion. PKW's contribution therefore, during the 2014 period was 0.3 percent, against the total contribution from Maori being 10 percent or $916 million, assuming the Maori economy experienced the same rate of growth as regional GDP. Maori contribution to GDP in 2008 was $459 million. While a significant portion of Taranaki Maori land assets are captured through PKW, there is still a significant amount of multiple Maori owned land in the region. The Maori Trustee manages a total of 3,059 hectares under 169 separate titles. The titles range in size from 1.5 hectares up to 150 hectares (BERL, 2008,).

The Future

Given what we know about the Taranaki economy, how do Parininihi ki Waitotara, as flagship organization and leader in regional and national Maori agribusiness grow the wealth and asset base of Taranaki Maori? According to Dion Tuuta, CEO of PKW, it is a combination of things. Paramount to the regional success of Maori is collaboration between iwi, hapu and ahuwhenua trusts. Collaboration is one of those subjects that is easy to talk about, however to achieve true collaboration you need absolute trust in the strategic direction and in those who are driving the outcome. An example of this collaboration is a recent partnership formed with whanau land owners in the Rimutauteka blocks. There is around 400 hectares of Maori land in various titles close to and neighboring PKW land blocks. Until now, these properties have been leased to neighboring farmers in an ‘isolated or closed market’ where there had been no outside competition for the leases. Through successive discussions with the various whanau groups, PKW have gained agreement to lease a number of the properties on a long-term basis of 14 years. The key here has been the ability for PKW to work collaboratively with these groups, providing a vision for the future which could see the formation of a business partnership, whereby PKW invest jointly with these whanau groups to create potentially the largest farming operation in North Taranaki (D. Tuuta, 11 June, 2015).

Further opportunities that exists is for PKW to partner with the different iwi of Taranaki who have settled their Treaty of Waitangi claims. Combining the skills and experience within PKW and Iwi organisations, and co-investment provides real potential for Taranaki Maori to be significant investors in regional and nation infrastructure and export focused businesses (D. Tuuta, personal communication, 19 May, 2015).

Parininihi ki Waitotara have a heavy bias towards land based operations, specifically dairy and as such the majority of their asset base and revenue is generated from the dairy industry. This is an industry that is plagued by market volatility; a case in point being the 2014 financial year where dairy prices dropped by 50 percent, albeit on the back of record dairy prices in 2013. While PKW will continue to purchase their lease-hold properties, this will be done in a strategic way, whereby blocks are already identified as being suitable either to incorporate into existing operations of a size large enough to develop an economic stand-alone unit. Because PKW will never sell its property, primarily for cultural purposes, capital gains are irrelevant and the focus is on high free cash returns on the dairy and drystock operations (D. Tuuta, pers. comm., 19 May, 2015).

Given the heavy bias towards the dairy industry, PKW have considered the need to diversify and form strategic partnerships with like-minded organizations (D. Tuuta, pers. Comm., 19 May, 2015). A good example of this has been the relationship with Ngati Mutunga ki Wharekuri and Iwi Collective Partnership in the form Port Nicholson Fisheries General Partner Limited. In 2014 Port Nicholson Fisheries processed 240 tonnes. This business is set to grow with interest from other Maori lobster quota owners wishing to join the General Partnership (Parininihi ki Waitotara, 2014).

A key aspect of the Taranaki region is the Treaty of Waitangi settlements. Of the regions eight iwi, Nga Iwi o Taranaki, six have settled for a total of $255.9 million. Table 1 shows the settlements or stage of negotiations as of early 2015:

Table 1: Summary of Nga Iwi o Taranaki Settlements

Nga Iwi o Taranaki	Settlement Status	Date Settlement Legislated	Settlement Quantum
Ngati Tama	Settled	2003	$14.5 million
Ngati Ruanui	Settled	2003	$41.0 million
Nga Rauru Kiitahi	Settled	2005	$31.0 million
Ngati Mutunga	Settled	2006	$14.9 million
Te Atiawa	Settled	2014	$87.0 million
Ngaruahinerangi	Settled	2014	$67.5 million
Ngati Maru	In advanced negotiations		
Taranaki Tuturu (Iwi)	Negotiations begun		
Total Settled			$255.9 million

Using a compounding interest rate of 10 % over a 10 year period for each settlement entity, the total value of the combined treaty settlements would be $663.7 million.

In 2008 the Maori asset base in Taranaki was calculated at $767 million and Maori GDP was $459 million (Leung-wai & Sanderson, 2008). On this basis the potential GDP generated form the total treaty settlements to date of $497.7 million (adjusted for $166 million previously accounted for in the BERL report) is an estimated $297 million. This combined with the current Maori regional GDP levels equates to $1.21 billion. This equates to 13.3% of GDP contributed by Maori which is close to the Maori Economic Development Panels aspiration of GDP equal to population.

The opportunity for PKW and therefore for Taranaki Maori interests lies in identifying strategic investment that can catalyse improved performance of existing Maori owned assets. This will require developing processes and structural arrangements that are compatible with both Maori cultural views and commercial efficiency. There is widespread consensus that appropriate and effective governance enables the delivery of owners' aspirations in incorporations such as PKW (including realising productive capacity) and that a lack of appropriate and effective governance accentuates management challenges. Further, there is a need for upskilling Maori to ensure they participate across the range of roles in Maori agribusiness. There needs to be greater investment by Maori organisations in continual up-skilling of their people, their governors and their staff.

Case Study:
Miraka, Mokai

Background

Miraka is a Maori owned milk processing plant situated at Mokai, 30km North West of Taupo.

The genesis of Miraka came about in 2009 through founding shareholders from large central North Island Ahu Whenua Trusts & Incorporations aspiring to take greater control of their destiny; in Maori terms this is an expression of tino rangatiratanga. Collectively these trusts and incorporations believed they could achieve this through developing a vertically integrated business that processed, manufactured and exported their primary goods better than the incumbent industry model which was largely controlled by Fonterra. The history of land ownership, confiscation and ultimately the creation of trusts and incorporations in this region through relevant Maori Land Court processes is long-standing, complicated and remains an issue for iwi and hapu of the region relative to their relationship with the land resources. Notwithstanding this historical element, the evolution from a generic set of Maori land management entities to a company of the calibre of Miraka with an international market is the key point of interest when considering their contribution to the present economy.

The initial Information Memorandum issued by Miraka in 2010 sought supply of 20 million kilograms of milk solids from an estimated 55,000 cows. This was deemed the critical mass required for the greenfields operation. In year 1 (2011) Miraka processed some 15 million kilograms milk solids from 49 suppliers. The initial premise was to encourage and seek supply from Maori farmers / agribusinesses in the central North Island catchment, and while the uptake from local Maori Trusts and Incorporations was positive, interest from other Maori agribusinesses outside the immediate area was that of conservatism. The current Miraka CEO, Richard Wyeth, puts this down to trust and having a proven track record (R. Wyeth, personal communication, 28 May 2015). Miraka was a new and innovative concept, the board and CEO were both looking to do something others had not been successful at doing, and despite criticism from opposition, Miraka went on to make a net profit after the first year of operation.

Today, Miraka processes 22 million kilograms of milk solids or around 264 million litres into whole milk powder and Ultra Heat Treated (UHT) milk products, exporting 37,000MT to the Americas, Africa, Asia and the Pacific. As an industry New Zealand produced 20.7 billion litres of milk for the year ending June 2014 (DairyNZ). This activity turns over $250 million for Miraka annually. The company employs around 100 people, and while the economic impact of a manufacturing plant is not easily quantified, the annual wages paid by Miraka is $4 million. In terms of employment, Miraka account for less than 0.9% of all dairy processing employees, which in 2013 was an estimated 10,750 (iFAB 2013 Dairy Review). Of this Fonterra equated to 85% of the employee base.

Since 2010, Miraka have had assistance from a number of public sector organisations to assist and develop their business strategy and export potential, including Te Puni Kokiri, New Zealand Trade & Enterprise, the Callaghan Institute, Ministry for Primary Industries and Ag Research. The focus of this assistance has been specifically centred around product research & development, training and education, market research and regulatory oversight of the supply chain. Chief Executive Officer, Richard Wyeth estimates the collective cost (not value) to be $300,000. Richard also credits the success of Miraka to the Board, who were selected for their expertise in the dairy processing sector and green fields' projects. From an outsiders view it is apparent the CEOs previous experience in the dairy processing industry at an executive level also contributed to Miraka's success.

Unique Value Proposition

Maori have a unique relationship with the natural environment through their whakapapa connection to Papatuanuku and Ranginui, and for any large scale Maori farmer, having control of the product throughout the supply chain enables a realisation for value added opportunities. As an aside to this, Miraka has provided the opportunity for large scale farming organisations to diversify beyond the farm gate into the food producing sector and export markets. This level of diversity and vertical integration is important as it enables shareholders to own and participate throughout the supply chain from 'pasture to plate' or 'nuku to Puku' (R. Wyeth, 28 May, 2015).

It is important in all Maori agribusinesses that the cultural element is represented appropriately in their systems and any marketing of product. This is reiterated through the reporting processes which shareholders expect and also ultimately through the wider iwi relationship of the company to its natural resource base (R. Wyeth, 28 May, 2015).

Miraka have experienced a number of successes and awards in recent times, one of which was the Maori Excellence in Export Award. The Hon Te Ururoa Flavell (Minister of Maori Development) presented Miraka with the inaugural MaoriExcellence in Export Award *He kai kei aku ringa* at the 2015 New Zealand International Business Awards in Auckland.

"It's great to celebrate the giants of the Maorieconomy like Miraka, Sealord and Kono that make a significant contribution to the Maoriand national economy", says Mr Flavell (Scoop, 25 March, 2015).

Founding Shareholders

One of the key success factors for Miraka has been the shareholder suppliers. As stated this group consists of some large central North Island Ahuwhenua trusts and incorporations, who had the ability to provide a critical mass of milk supply, along with the capital investment to progress development plans.

Given there was no capital commitment required to supply Miraka, non-shareholder suppliers saw Miraka as an opportunity to exit their existing supply contract, and in the situation where they supplied Fonterra, they could sell the supplier shares and use the capital for other requirements.

Cornerstone shareholders include Tuaropaki Trust, Wairarapa Moana Incorporation, Vinamilk and Te Tumu Paeroa (Maori Trustee). Other shareholder suppliers include, Waipapa 9 Trust, Hauhungaroa Partnership, Tauhara Moana Trust, Huiarau Trust, Te Awahohonu Forest Trust, Global Dairy Network and Te Putahitanga o Nga Ara Trust.

A good profile of one supplier can be found in Wairarapa Moana Incorporation, a large scale central North Island farming operation with tribal links to Ngati Kahungunu ki Wairarapa. This incorporation is milking over 10,000 dairy cows and produces in excess of 4million killograms of milk solids annually.

In 1925, as a result of land confiscations in the mid to late 1800s for European settlement in the Wairarapa region, Maori were forced to accept 10,695 hectares of land near Mangakino in South Waikato as compensation. This land was isolated, unproductive and predominantly covered in bush and scrub. Maori felt they had to accept or would risk further delay in compensation and during this whole time there was never universal acceptance by the owners of these arrangements with the Government.

Wairarapa Moana Incorporation has developed significantly over the subsequent 90 years and more specifically since its incorporation. In 2002, following the approval of the 3000 shareholders of Pouakani II Trust and Mangakino Township Incorporation, these two entities were amalgamated and Wairarapa Moana Incorporation was formed. The core purpose of the organisation is to manage and grow the assets of the Incorporation and to pay adequate dividends to its shareholders. Another key driver is the need to protect and enhance the land asset with no adverse impact on the environment or succeeding generations enjoying benefits from their assets.

Miraka Board

Miraka is a Limited company made up of 72,800,000 shares. There are 4 majority shareholders equating to 78.8%, with the balance made up of smaller trusts. A board of 5 directors was established initially based on skill and experience in the food manufacturing sector to deliver the expertise required for a green-fields project such as Miraka.

Chief Executive Richard Wyeth, sees the opportunity for Maori Agribusiness being the development of skilled and experienced directors who have the courage, desire, and drive to create change and do something different. At the very essence of this notion is education of young Maori and experience in commercial organisations where the key output contributes to Maori economic opportunity. This coupled with an inherent sense of whakapapa, tikanga and cultural presence make for a well-rounded Maori agribusiness.

The future for Miraka is now to build on its solid foundation of commodity products and develop higher value products, such as it UHT Milk and nutritional formulas. This future growth is reliant on strategic international partnerships that enable capital investment into the supply chain, supplying high valued products to high value global markets (R. Wyeth, 28 May, 2015).

Strategic Partnerships

Another important factor to Miraka's success has been the strategic international partnerships it has formed (R. Wyeth, 28 May, 2015). The first was with Vietnamese company Vinamilk, who manufacturer and supply milk products to a population of around 86 million. Miraka is Vinamilk's first off-shore investment owning close to 20 percent of the shares in Miraka. As a client, Vinamilk takes around one-third of the whole milk powder produced by Miraka. The relationship is seen as mutually beneficial as it provides access for Miraka to a growing market and it provides Vinamilk with a secure and reliable source of whole milk powder (MFAT, NZ Inc ASEAN case study 14, 2013).

Miraka has also formed a partnership with Shanghai Pengxin, a Chinese multinational and owner of Milk New Zealand, a large privately owned farming operation that supplies milk to Fonterra, Synlait & Miraka. Shanghai Pengxin has invested into Miraka's UHT plant enabling Miraka to process and sell milk products into new markets. As a result of this partnership, Milk New Zealand also supplies Miraka milk from some of their Central North Island farms.

Miraka's business is underpinned by the values of tikanga, kaitiakitanga, innovation, excellence and integrity. Miraka works closely with all its suppliers, monitoring and supporting them to ensure its high environmental standards are met. The price premium Miraka pays its milk suppliers has seen an additional $7 million injected into the local rural economy over the past 4 years (R. Wyeth, 28 May, 2015).

This case study has focused on a relatively new Maori business that is targeting global export opportunities. Miraka is a good example of entrepreneurship, and of the diversity of opportunity that can be found in Maori agribusiness. Strategic partnership between Maori and global partners has been attributed to Miraka's success thus far.

Miraka has become a flagship of Maori success both locally and nationally by bringing Maori together to achieve success in an industry dominated by non-Maori participants. While the cultural element of Miraka is strong, their primary focus is a commercial one. Miraka exists to deliver the highest returns to its shareholders as possible, in a sustainable and environmentally way.

Discussion

The government's objectives of export led GDP growth have focused the eyes of policy makers on the Maori economy, specifically the agribusiness sector. The vast areas of Maori land that is classified as underperforming, has highlighted the perceived latent potential in Maori land, and therefore there has been a large focus on improving it's productivity. For this reason there is a reasonable amount of data from recent studies carried out pertaining to the productivity and future potential of the Maori primary sector, based largely on educated guess work involving 'environmental science'. However, the economic impact through the success of these businesses is not very well understood in terms of the follow on effect in the regional economy. The Maori primary sector is believed to have huge potential in-terms of future growth, and according to the 2013 MPI report, gross output in the pastoral sector relative to MPI's baseline expectations over a ten year period is projected to be just under $8 billion.

Case Study Discussion

The three case study businesses provide examples of how Maori contribute at a regional and national level. For instance, Parininihi ki Waitotara is essentially a large scale primary producer encapsulated in the Taranaki region. A unique aspect of PKW is that the beneficiaries understand their relationship and connection to the land, central to this is Taranaki Maunga – a personal relationship and identity. PKW have made a real effort to support Taranaki whakapapa, enabling not only shareholders but also those who whakapapa to Nga Iwi o Taranaki to benefit financially from PKW. While PKW exists to provide financial returns for their shareholders, they are an organisation who actively support the growth of all Maori in the Taranaki region which is also unique. Furthermore, they see their land based activities as a way of actively connecting Taranaki Maori with their whenua.

Wakatu is essentially based on the tenths system, whereby the land they possess is result of a compensatory approach. Unlike PKW their shareholders have a relatively aloof relationship with the whenua. From a commercial perspective, Wakatu realised early on the benefit of brands and being involved in export markets. Wakatu have continued refined their business as opportunities have arisen to take advantage of more appropriate structures as their business has grown and evolved. In their diverse business portfolios, some sectors out perform others, for instance seafood versus horticulture, which balances the returns across the whole organisation.

By comparison, PKW has less diversity, and are currently relying on the dairy sector as their strength, so have been in a positive space in recent times. But looking to the future this creates some risk with the volatility continually experienced in global dairy markets, therefore they are actively looking for opportunities to partner with other like minded organisations to diversify their investments and revenue streams. Their second strength lies in their relationship and contribution to all Iwi in Taranaki which stems from PKW's initial formation. One of the unique aspects of Maori business is the way they can contribute back to their own people and rohe through processes such as scholarships and marae grants and employment. These factors alone are good reasons to quantify and acknowledge the regional impact of these businesses.

The rise of a new type of Maori agribusiness can be seen in Miraka. Here you have business that is separate to the land base but takes advantage of the opportunity the land base provides, and looks to exploit the ever increasing global consumer base. It is a very good example of Maori starting to occupy a space they haven't traditionally been involved in. Like the other two case studies, Miraka is a major contributor to the regional economy. All three entities have contributed to their respective regional communities through employment and the purchasing of goods and services, although the economic benefit is not well understood.

Regional View

With regard to the Miraka case study, the Maori asset base in the Waikato region for 2012 was estimated at $6.2 billion or 15% of the total Maori assets in New Zealand. This was comprised of businesses of Maori employers of $2.6 billion (43%), business of self-employed Maori of $668 million (11%), and assets of trusts, incorporations and other Maori entities of $2.9 billion (46%) (TPK, 2014). The total Maori collectively owned assets in the Waikato region in 2012 were worth $2.9 billion. This equates to 26% of total Maori collectively owned assets in New Zealand ($10.8 billion) (TPK 2014).

In 2012, Maori business contributed $1.4 billion to the GDP of the Waikato region. This represents an 8% contribution to the total GDP of the Waikato region (TPK 2014). The Maori population of the Waikato region in 2013 represented around 13.6% (TPK , 2014) of New Zealand's total Maori population and 23.8% (Statistics NZ, 2014) of the general population for the region. According to the

Maori Economic Development Panel Report in 2012, 'Strategy 2040' the inspirational contribution of Maori to the economy is that equal to its population per cent. Therefore the Waikato Region has some way to go to achieve this aspiration.

The 2014 Te Puni Kokiri report states that all recorded Maori collectively owned processing assets in New Zealand are located in the Waikato region and were valued at $573 million in 2012. The primary industry (agriculture, forestry, processing and fishing, energy and mining) contributes 60% to overall collectively owned assets in the region. Within the primary industry, large contributors to the Maori collectively owned asset base in the Waikato region were agriculture, contributing 25 per cent of the asset base, and dairy processing contributing 20 per cent. Manufacturing assets held by Maori in the region made up 30% of all manufacturing assets in the Maori asset base. The Miraka whole milk processing plant located on Tuaropaki land in Taupo is the main contributor of Maori manufacturing assets in the region. The TPK report goes on to say that value add by Maori manufacturing in the Taupo district was $16 million.

Maori Asset Base in New Zealand

The Maori economy is biased to the primary sector, and has a long-term intergenerational outlook with goals of resuming ownership of historical assets which include large blocks of economic land. Given that most Maori entities do not farm for capital gain but rather for free cash flow returns (as a consequence of not selling land) Maori entities will strive to increase productivity and cash yield while being environmentally sustainable, sustainable, socially responsible and maintaining intergenerational accountability but also positioning themselves in order to capture economic rents within relevant value chains beyond the farm gate.

To be a successful Maori business we must be able to satisfy quadruple bottom line accounting – cultural, social, environmental and economic. This means we must take into account profits, revenues, environmental impacts, while at the same time considering the health, the vitality, and the social justice for the people around us.

The case studies provided all tout to the contribution of Maori agribusinesses to the economy of New Zealand, and also importantly to the 'Maori' economy in several ways. Each case study focuses on Maori entities who are specialist producers of product within regions and therefore the role they play regionally. This needs to be seen in a wider context first through their contribution – and potential contribution – nationally and internationally. As an example Miraka Ltd is focussed primarily on production of dairy products.

Economic interpretation

It is estimated that Maori business generated more than $10.6 billion in value added in the New Zealand economy in 2012. The Maori contribution to New Zealand's economy has steadily increased over the past two decades (TPK, 2014).

GDP is the country's total income: if we add everyone's income, from household wages to business profits and government surpluses we get GDP. GDP can also be measured as the value of all the goods and services produced in the economy. In New Zealand this is the preferred measure of economic activity (NZIER, 2015).

To measure the value of goods and services we can calculate the total expenditure on consumption, investment and exports, less the spending on imports. This is probably the most intuitive way to think about the economy: our production is determined by how much people are willing to spend (*ibid.*).

GDP is an excellent measure of how much we produce, but it is important to remember that production and spending are all it measures. It is not a measure of the standard of living, although it is often used as such. Standards of living also depend upon the amount of leisure time we have and the wage rate. In addition, GDP tells us nothing about how the incomes are distributed: it may be that most of it goes to only a few people (*ibid.*).

These are not reasons to ignore GDP, which is a vital economic measurement, but it is important to realize that the state of the economy is too complex to be summed up with a single number (*ibid.*).

For this project it was important to understand the economic impact of the case study organisations. While data pertaining to this is limited, we can make some calculated assumptions about their economic impact. For instance, measuring the velocity of money in an economy gives an indication of how many times money is spent on goods and services. In calculating this we can estimate the economic impact of a business on a local community.

While there is no specific data available pertaining to the velocity of money in the regions where our case studies are located; Waikato, Taranaki and Marlborough regions, for the purpose of this report we will calculate the velocity of money using a theory by Arnold (2014). There are a number of methods for calculating the velocity of money, however in a large economy it is difficult to calculate the number of times money changes hands, so a simple approach is as follows:

- First we calculate NZ's GDP which was $229 billion in 2014.
- Next we calculate the money supply (M2) which is the supply of money in the economy and a key indicator used to forecast inflation.
- Finally we divide GDP by the money supply to obtain velocity (V)

$$V = \frac{GDP}{M2}$$

$$V = \frac{229.7 \text{ billion}}{124.1 \text{ billion}}$$

$$V = 1.8$$

Therefore the velocity of money in the New Zealand economy for 2014 had a multiplier 1.8 times.

Table 2 gives an estimate of the economic impact of the three case studies, treating their gross revenue equivalent to GDP and multiplying by the velocity.

Table 2. Economic Impact of Case Study Organisations.

Organisation	Output $ million	Velocity	Economic Impact $ million
Parininihi ki Waitotara Inc.	29	1.8	52
Wakatu Incorporation	48.3	1.8	86.9
Miraka	250	1.8	450
TOTAL	**372.9**	**1.8**	**588.9**

The information contained in this table tries to highlight the economic impact the three case study businesses have on the economy. Because we have used national GDP and M2 (money supply) figures, we can only comment on the impact the multiplier effect has on the national economy. For future studies it would be valuable to better understand the commercial benefit of Maori business on regional communities as it could well be more than what is highlighted above.

This exercise has shown the value of quantifying the contribution of Maori to the economy generally and to the Maori economy specifically. It's clear that the regional contribution to GDP is not well understood and this is apparent through the difficulty in locating quality information for this report.

There have been some big assumptions made by government about the ability of Maori land to contribute to the national economy that require more 'rigour'; an estimated $8 billion over a ten year period . While recent reports highlight an opportunity worthy of further investigation, the government are despite to grow the economy, and Maori need to proceed with caution because there is a risk associated with becoming caught up in the hype of development. It is essential therefore that competent governance and management structures are in place, and prudent due diligence of any business opportunity is carried out.

However, to support the government's objectives it would be beneficial for the policy makers to understand the contributing factors to Maori participation, looking to the future.

Ko haere whakamua, haere whakamuri; you need to look to the past to see the future
(whakatauki or proverb given by Te Atiawa ki Taranaki)

Conclusion

Is the Maori contribution to the regional GDP through agribusiness appropriately understood and quantified? Based on the information presented, the Maori contribution to the regional economy through agribusiness is not well understood or quantified, and there is considerable room for improved information generation in future. The risk is that if we do not seek to understand this sector better then we will struggle to benefit regionally and as a nation from the full potential.

Enhancing Maori agriculture and unlocking the economic potential will benefit not only owners of the land but also the wider economy within New Zealand. Unlocking the Maori land base will provide employment, good farm management processes and systems and increased demand for services, it creates wealth for rural communities and businesses and improved export returns which improves New Zealand’s prosperity. While there is good data available on the productive potential of Maori land, there is little information that highlights the beneficial economic impact on regional communities. Given the expected decline in regional population over the next decade, Maori agribusiness and the economic benefits associated, are significant. The lack of information available from regional perspectives may indicate where the regional economies outside Auckland sit on the government’s priority list.

Maori agribusiness success will not be achieved alone and the opportunity exists for Maori to partner with industry, strategic investors and likeminded individuals and entities for mutual benefit to improve the utilisation of Maori land which in turn will contribute to greater economic prosperity.

The future of Maori Agribusiness is brighter than ever, but will not be without its challenges. Maori asset holders are faced with bigger growth opportunities than ever before and the prospect to optimise the performance of existing land holdings. Along the way there will be casualties as there has been throughout history. It’s important we learn from both our mistakes and our successes.

The key to Maori agribusiness success will be a combination of inspirational strong capable leadership; a greater investment in workforce education and training; and increased management and governance capability. Managed well, these opportunities can be turned into jobs, increasing incomes and better livelihoods for Maori throughout the country, and indeed for all New Zealanders.

***Ko haere whakamua, haere whakamuri*;** you need to look to the past to see the future.

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