

He Manukura

Insights from Māori frontier firms

April 2021

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Key points

This report explores the opportunities and challenges facing Māori businesses in relation to innovating, growing and lifting productivity. It summarises the findings of in-depth interviews with 17 experienced iwi and Māori business people. The findings have informed the Productivity Commission's inquiry into New Zealand's "frontier firms".

- Most interviewees were involved with Māori entities managing collectively held assets, though a few were also owners and operators of their own businesses built around privately-owned assets, and world-class products and services. Discussions focused on the opportunities and challenges facing these entities and businesses in relation to innovating and growing, and how they have grappled with these and other aspects of business productivity.
- Māori entities and firms often endeavour to incorporate Māori values and principles into their strategic goals and approach to the governance, management and operations of their business. Some of the values, principles and concepts identified as relevant and beneficial to Māori businesses included kaitiakitanga (guardianship), rangatiratanga (leadership, ownership), manaakitanga (hospitality), and whanaungatanga (relationship/kinship).
- The need to serve multiple bottom lines brings a long-term focus to decision making by Māori enterprises. This, in turn, can be a strong driver of ambition in Māori firms, which can also flow through to expectations on suppliers.
- Māori firms operate within a unique Māori business ecosystem. Challenges arise from having to navigate the complexity of governance structures, relationships and other dimensions. However, common values and features also help bring Māori businesses together around shared goals. A range of formal and informal networks among Māori businesses help diffuse knowledge, and enable innovation and collaboration.
- The governors of Māori businesses managing collectively owned assets are accountable to multiple owners and shareholders. These heightened accountability requirements can promote more transparent and rigorous decision making.
- The need to preserve assets returned as redress through Treaty settlements, as well as achieve commercial objectives, can prompt entities to seek innovative investment opportunities. However, a lack of investment experience, and low tolerance of failure, can hold back risk-taking.
- Many Māori land-based businesses face legislative constraints to developing their land, and consequent difficulty accessing capital. Interviewees described the innovative ways in which Māori firms are overcoming or working around the various constraints and challenges they face.
- Some interviewees emphasised the significance of settlement entities being able to leverage the Māori-Crown relationship and the Crown's Treaty obligations. They pointed to government procurement as a vehicle for doing this.
- Interviewees expressed concerns about the difficulty of navigating government agencies and supports for business, including those for Māori business. Some called for government support and resourcing for Māori to lead work on optimising the Māori business ecosystem.

Part 1

About this report

Ko tā te Manukura, hei para huarahi.

The Manukura is the bird that forges the way forward.

This report presents the themes from in-depth interviews with 17 experienced iwi and Māori business people. Discussions focused on the opportunities and challenges facing Māori businesses in relation to innovating and growing, and how they have grappled with these and other aspects of business productivity.

Most interviewees were involved with Māori entities managing collectively held assets. However a few were also owners and operators of their own businesses built around privately-owned assets, and world-class products and services.

All interviewees are listed in Appendix A and the interview questions are set out in Appendix B.

This report is an important part of the evidence base for the Productivity Commission's inquiry into New Zealand's "frontier firms". Frontier firms are the most productive firms in the economy, and the inquiry examined how their economic contribution can be maximised, through their own performance and the way they diffuse new technologies and business practices to other domestic firms.

The inquiry included specific consideration of the challenges and opportunities facing Māori frontier firms, and how the diffusion of technology or practices from Māori frontier firms may be different from other frontier firms.

The authors wish to thank all those who participated in interviews for this study. Other iwi and Māori business stakeholders also participated in the Productivity Commission's frontier firms inquiry, and those people are listed in the inquiry report *New Zealand firms: Reaching for the frontier*.

The authors also wish to thank Jo Smith, Principal Advisor at the New Zealand Productivity Commission, for her valuable help with this report.

More information on the inquiry, including the inquiry report, is available on the Commission's website, see www.productivity.govt.nz/inquiries/frontier-firms/

Part 2

Māori values and approaches in business

Māori values

Māori entities and firms often endeavour to incorporate Māori values and principles into their strategic goals and approach to the governance, management and operations of their business. This presents both challenges and opportunities for them.

Interviewees said that one challenge they face is how to define the kaupapa Māori values for the business, and whether and to what extent they would make a difference.



How do we run our businesses with a real kaupapa Māori approach? It is a real discipline for many of us because we are commercial business people... Entities with Māori leadership values are most successful, but at this point a

lot of Māori businesses are running a conventional western governance model... So it is well worth Māori governors taking a step back and taking the time to wananga about what is important to the business from a kaupapa Māori perspective.

Traci Houppapa, Federation of Māori Authorities (FOMA)

Some of the values, principles and concepts identified as relevant and beneficial to Māori businesses included kaitiakitanga (guardianship), rangatiratanga (leadership, ownership), manaakitanga (hospitality), and whanaungatanga (relationship/kinship).

Māori values translate into an intergenerational view, which in turn is reflected in long-term business strategies and approaches.

Our business is based on certain fundamental Māori principles and values. Rangatiratanga – leadership and ownership. These are cultural things inherently in our DNA. Our continuous effort is to take the tikanga of the balance sheet and put our Ngāi Tai korowai over it.

James Brown, Ngāi Tai

The primary purpose of mainstream businesses is to stay in business, increase the value and possibly sell the business. The Māori purpose is to look after our people and strengthen the business for the next generation... Most businesses are outwards looking inwards – Māori businesses are inwards looking out.

Robin Hapi, Māori Economic Development Advisory Board (MEDAB), Te Wānanga o Raukawa

Balancing multiple bottom lines

Māori businesses and iwi commonly refer to a “multiple bottom line” approach. This approach balances multiple values and objectives – spanning social, cultural, financial, environmental, spiritual and political domains.

Most interviewees didn’t see multiple bottom lines as a disadvantage for their business.

He waka eke noa – we’re all in this together. Focus on the UN’s SDGs [Sustainable Development Goals] – climate change commitment programme. Good model for front-end engagement with government and other businesses globally... However, for a lot of Māori businesses, balancing the environment with commercial goals is more about how environmental goals improve the commercials.

Traci Houpapa, FOMA

It can also drive relationships and expectations with suppliers.

Multiple bottom lines – we do have these; they are not an excuse for failure. These are dealt with by having a clear strategy and communication with owners and suppliers so that those multiple bottom lines are implicit in the supplier relationships (such as raising employment for iwi members).

Everyone knows that Pukeroa Oruawhata aims to have its own people employed wherever that is possible. We set that expectation with our suppliers and providers, and expect no trade-off for costs for our business because the contractors accept this in deciding to work or partner with us. This is now accepted in our market and not seen as an unusual request. Pukeroa also strive for community buy-in to its business and new developments. It forms these expectations through its visibility and stake in the city and the associated relationships. Our primary duty is to our owners, and communication there is key.

David Tapsell, Pukeroa Oruawhata Trust

Morris Pita explained his focus and commitment to Māori wellbeing, in relation to his company’s design development of software to manage Covid-19 vaccinations.

One of the things our team designed was a vaccine equity dashboard. The whole point of that was to make sure that when Covid vaccines hit the ground they would be delivered equitably to our people, to our communities, and we didn’t end up seeing health inequities perpetuating themselves once again as part of this global pandemic. The purpose of the tool is to empower a decision maker, a policy maker, a community leader, to see in real time, how equitably their community is actually being vaccinated (or not). For example, it would allow you to see how many Māori or how many Pacific people were vaccinated in your rohe in the past hour, day, week, whatever parameter you wanted. The purpose of that is to immediately identify areas where not enough is being done and more effort and resource needs to be deployed to correct an inequitable outcome for a specific group in a specific place. There would be zero guess work about what “was” and “was not” working. As a leader, you would be able to watch it unfold in real time in front of you, and steer the vaccine-waka in the most efficient and fair way possible – in a way that dodged the potholes of our past.

However, to drive equitable access, you need to have equity as a business driver, not an accessory. For us, as a kaupapa Māori health-tech company, we know that when we design software, it’s not just from our minds but also our hearts. What I mean by that is we aim to create tech that will work for the whanau and communities we grew up in. We know then we are building software that is truly unique to Aotearoa, that we are creating a solution that will move the needle firmly over to equity. That’s all second nature for us because those are our people; those are our communities.

Morris Pita, Ngāti Wai

The drive to balance multiple bottom lines can help spur innovation. For example, Jason Ake said that

[t]here are huge shareholder/stakeholder expectations. Many of their constituents are at the bottom of socio-economic ladder and they justifiably expect to receive direct benefits from tribal business. It’s a careful balancing act between managing the assets to grow them and giving back to our people. We measure our success and productivity on how innovative we can be in balancing those bottom lines.

Jason Ake, Waikato Tainui

Box 1 How Māori values helped forge a frontier partnership

The Tawapata South Incorporation is a Māori entity that runs Onenui Station, a 10 000 acre farming block on the Māhia Peninsula. Tawapata South formed a partnership with the aerospace company Rocket Lab, setting aside land for Rocket Lab to use as its launch site. Tawapata South operates a competing values or multiple bottom lines approach, which played an instrumental role in developing the partnership with Rocket Lab.

Tawapata South operates under a competing values framework... Our business has competing values: control vs innovation, economics vs environmental and social objectives. Most Māori don't go into business to make lots of money – it's more about protecting taonga Māori... Our people are becoming more astute – sustainability – must ensure that they're not investing in unsustainable businesses.

George Mackey, former Chair of the Tawapapa Incorporation

This Māori approach played an important role in confirming the formal land use and [per launch] payment arrangement between the parties.

After much bouncing back and forth of the draft agreement between our respective lawyers it seemed like we were no closer to finalising an acceptable agreement. So at that point we invited Peter Beck [CEO of Rocket Lab] to meet with us in person [in Wairoa] to see if we could nut out our differences and find a solution that was consistent with our [Māori] way.

The decision to partner with and lease the land was challenging for our shareholders because Rocket Lab was an unknown quantity and their business was foreign and unfamiliar to our shareholders

Trust and a commitment to a culturally informed solution was hugely important for us to confirm the relationship and as it turned out – it resonated with Peter too.

Peter also liked our five bottom lines to assess the implications of the proposition: economic, social, cultural, environmental, political.

George Mackey

The success of the venture has built the confidence of Tawapata South's committee and owners, and led to further opportunities.

The Tawapata South committee and owners have changed their perspective significantly on the scope of options and opportunities for the farm business as a consequence of our partnership [with Rocket Lab]. The partnership has expanded our horizons massively.

Success breeds success. As a consequence of our partnership, we have been able to develop and implement:

- funded conservation initiatives with MfE [Ministry for the Environment] and DoC [Department of Conservation];
- significant roading infrastructure developments with the PGF [Provincial Growth Fund] – which included social procurement elements;
- an ag-research model using MBIE's [Ministry for Business, Innovation and Employment] science and innovation funding to gather and combine data with a neighbouring farm for R&D to identify potential innovations on both our farms.

George Mackey

Innovation is in our DNA

Ian Taylor emphasised the natural fit of STEM (science, technology, engineering and maths) and mātauranga Māori (traditional knowledge) in fostering and building innovation, and the opportunity to use them in our education settings to foster innovation in young Māori.

Because STEM is actually part of a much bigger vision – a Māori world view which is mātauranga – being at one with the universe, at one with papatūānuku. Understanding that is so important. I used to think that the success of our company lay largely in the hands of the “clever white people” I had surrounded myself with. What I have learned is that, as a Māori in business, I bring that special something called mātauranga. It is at the core of us and highlights that innovation is in our DNA as Māori.

We need to start inspiring our young Māori and Pasifika to think that this stuff is not just STEM, it is mātauranga Māori and it's in our DNA. It's a bigger mātauranga and it's the future for high value jobs – it's the future in New Zealand and globally. And it's our point of difference.

Mātauranga.co.nz is the educational platform that we have gifted to our schools as a starting point for helping young Māori and Pasifika to understand the importance of that history and our traditional knowledge. The response has been phenomenal,

and the whole purpose is to say, here's a story that hasn't been told and it's a story of science, technology, engineering and maths. And it started 3 500 years ago with your tīpuna and here it is and here's what they did.

And with mātauranga, we connect that story to success like the America's Cup. So Te Rehutai follows in the footsteps of the waka hourua. So, we get school kids discussing and talking about the stories and the important mātauranga for our history and today. They start to understand that this is fun and inspiring, and actually if they did that, we can do that.

I had planned to call this whole concept “a nation born of sailors” I remember telling Cliff Curtis about it. And he said you can't call it that mate. And I said, “why not?” And he said – they weren't sailors, our tīpuna were voyagers. You have sailors on a race boat, but on a voyaging waka you have a team – botanists, astrologers, astronomers, someone who understands the universe around them. They had to be a team of innovators to push off from Hawaiki nui and sail across uncharted waters, and they had to be innovators when they reached their destination because that's what they had to do to survive and thrive with their mātauranga in their new environment. Our first step is to tell the untold story.
Ian Taylor, Ngāti Kahungunu



Image supplied by: Animated Research Ltd

Box 2 Māori values provide the agility to respond to change

Animated Research Ltd (ARL) is a world leading technology company founded by Ian Taylor in 1992. Among other things, ARL provides live computer-generated graphics for coverage of major international sporting events including the America's Cup, international golf tournaments and around 3 000 games of Major League Baseball a year. Ian explained how ARL had to innovate and respond to the changes presented by Covid-19 in 2020, including the importance of retaining his entire team.

As an example, when Covid hit us, I never thought of the challenges of Covid, I thought this is papatūānuku, this is part of the mātauranga we need to think about and understand. It isn't an attack from our natural environment, we're not at war with papatūānuku – as the Covid situation is often characterised. Take the attitude that we're at war with mother nature – good luck with that!

So, from a business perspective, if we say, "let's lie in the hull, as our celestial navigators did, and see where this is taking us, what does this mean?"

One of the things we learned fast was that all of the contracts we lost, would be available again. But they may only be available with the borders still closed. And if they were, under our existing business model, we wouldn't be able to fulfil them.

ARL's model relies on us being at location of the events we covered. Covid changed all that. You could say papatūānuku was sending us a message. Our carbon footprint was enormous – she was showing us a new direction. We needed to go remote and work from Dunedin.

So something that probably would have taken us four or five years, took just six weeks. Because we felt the environment change and we had to move. And the decision to spend the \$250 000 we need to spend on the hardware to make this happen, when we'd just lost all of our sport contracts, was a no-brainer. We had been shown the way forward that would not only secure the jobs of our team but create a far more secure future.

But you know – he waka eke noa – we're all in this together – and once you lay anyone off – when the Covid storm breaks, you'll be left with a gaping hole in your waka that you will need to fill, and you may not be able to fill it. So you keep everyone on board. And you do whatever you need to – and that's what we did.

The only costing we did, related to a special piece of equipment we had to build that had to go to America to help us operate our new model. We also had to build a studio in Dunedin. This was all done in six weeks and it cost [a lot of money], but there was no debate about that because we had to do it.

So when we came out of Covid, our waka was flying. And the borders are still closed but it doesn't matter because we don't have to go anywhere to do our work. This year we will cover almost 500 days of golf all around the world, and do it all without leaving home.

That's the innovation we had to design, build and implement in six weeks. But we didn't sit around a table and analyse a new business model or do any intensive financial analysis. What we trusted was our mātauranga. There was a new direction we had to sail the waka and the A Team took us there.

Ian Taylor, Ngāti Kahungunu

Whanaungatanga in Māori business networks

Interviewees explained that Māori firms operate within a unique Māori business ecosystem. Challenges arise from having to navigate the complexity of governance structures, relationships and other dimensions.

Māori business people are like “swamp navigators”. To be successful they have to be able to effectively navigate the complex ecosystem of Māori entities including the structures, accountabilities, relationships and multiple bottom lines.

George Mackey, Tawapata South

Waikato Tainui has multi-layered iwi governance structures with different roles, but all have parts to play and therefore need to be navigated with their different priorities.

Jason Ake, Waikato Tainui

However, common features and values, such as whanaungatanga, also help bring Māori businesses together around shared goals. Interviewees raised the importance of the range of formal and informal networks among Māori businesses for diffusing knowledge, exploring innovations and enabling collaboration. These networks can be innovations in themselves.

Powerful Māori networks and models for working together create larger commercial, social and cultural opportunities. There is a huge opportunity in property for iwi and Māori throughout our region and there is lots of whanaungatanga going on between the tribes to take advantage of this.

James Brown, Ngāi Tai

Te Pūia Tāpapa collective is an example of an innovative network. It's a de-politicised vehicle for investment, [and] gives exposure to capability and sidecar investment opportunities. It is a learning experience and provides Māori entities with ready access to deal flow. It's taking the politics out of the decision making and allows the group to jump on opportunities by having funds committed upfront, so the collective can pounce.

Simon Karipa, Ngā Wairiki Ngāti Apa/Te Atihaunui a Pāpārangi



Project Whetu was set up by Taupō Moana Investments/ IWInvestor to help Māori land trusts and settlement entity commercial arms to better understand the language of funds management and investment. Project Whetu is

designed to increase knowledge, network with other groups, promote investment education at trustee/ director/executive level, and discuss innovation that might enhance returns. Collectivisation and co-investing are not general practice, but can provide an opportunity to share knowledge and develop stronger relationships, and can improve financial investment returns by pooling capital.

Debbie Birch, IWInvestor

There is huge opportunity in property for iwi and Māori throughout our regions, and there is lots of whanaungatanga going on between the tribes to take advantage of this.

Jason Ake, Waikato Tainui

Richard Jones, outgoing CEO of Poutama Trust, referred to the importance of Poutama's role in facilitating and supporting Māori business collectives, how they take time to build trust, and how successful they can be.

Successful ventures among Māori business take time – they often take “1 000 cups of tea”. For example, Poutama helped 11 Māori business entities over five years to coalesce and form a collective to invest in a geothermal-powered dairy farm. Poutama put in \$5 million risk equity itself and others came on board too.

Waiū Dairy is a collaborative effort by 12 businesses, 11 of which are Māori businesses; in the Bay of Plenty. Some [are] milk suppliers to the dairy plant. Together they hold 66.66% shareholding in Waiū Dairy. Imanaka is part of our whanau of 12 businesses. Imanaka is a 138-year old family owned Japanese business based in Nagoya. Imanaka also has a presence in Australia, Singapore, China, Thailand and Vietnam. Imanaka brings product and sales experience, and market connections in the Asia Pacific region. Imanaka is represented as a 33% shareholder in Waiū Dairy by Cedenco Dairy Ltd.

Richard Jones, CEO Poutama Trust

Wayne Mulligan discussed the Nuku ki te puku programme, a Callaghan Innovation-supported initiative to build collaborative networks and foster ideas in the Māori food and beverage sector.

Nuku is a platform for sharing and partnering with existing resource/ distribution channels. There's a lot of work on design... ideas, innovative products, IP, building new high skills and productivity

Wayne Mulligan, Te Ātiawa

Opportunities for Māori firms

Interviewees said that Māori values in business present opportunities in meeting growing consumer demand for sustainable products, including those with provenance and traceability features.

Māori entities are well positioned to take advantage of the global trend that places significant value on the provenance of products. Huge export opportunities. There is so much value and it taps into all key global science, innovation, and sustainability goals... it is consistent with iwi and Māori values (kaitiakitanga, sustainability etc).

Wayne Mulligan, Te Ātiawa

Bio-economy and science is a big opportunity for Māori business that aligns with our values (eg, kaitiakitanga)

Traci Houppapa, FOMA

People saw opportunities for Māori firms to diversify and move up the value chain, towards higher value-added products.

The world has moved. Things are happening in our lifetime, [that] weren't possible in our parents' lifetimes. The opportunities that come with advances in science, technology, transport and innovation are huge and so our options to grow the value of our assets and business go well beyond the traditional focus on sheep and beef farming and forestry for export of basic low value products.

David Tapsell, Pukeroa Oruawhata Trust

Wayne Mulligan spoke of shifting Māori forestry towards high value wood manufacturing.

Trying to move product up the refining chain, not harvesting – so profit is high but also the jobs are better paid for Māori... Introduce science and technology to make full use of every tree. Big companies are looking for alternative products, with certainty, innovative business and capital. We need overseas investors to own the forests while we maintain ownership of our lands.

Wayne Mulligan, Te Ātiawa

Wayne also talked about the need for Māori firms to consider alternative ways of capturing value, such as through licensing arrangements for intellectual property of products and processes.

To take advantage of these opportunities, Māori firms need to have a clear understanding of global trends and opportunities, and the skills to seize these opportunities.

Governance needs to know about global trends. Māori firms need to know about and recognise the right management skills for innovative business. We need to invest in our people to help them understand innovation and ideas.

Wayne Mulligan, Te Ātiawa

Benefits for all New Zealanders and firms

Simon Karipa observed that Māori values and concepts are increasingly being recognised and adopted in the non-Māori economy.



Operating in a Māori ecosystem – with the values that are engrained in Māori business is a positive... and their worth is demonstrated by the fact that key concepts are being adopted by non-Māori businesses as well (for good or ill).

Simon Karipa, Ngā Wairiki Ngāti Apa/Te Atihaunui a Pāpārangi

Morris Pita, founder of the Emergency Q software company, considered that being Māori in business presents a competitive advantage because Māori values in business and service design produce empowering outcomes for all New Zealanders.

We have a competitive advantage in that we look at the world through Māori eyes. And so, when you mix that with commercial experience and technical know-how, you're able to deliver transformational change in a way that has a much higher likelihood of impacting our people in a good way. And when we do that, we know we are creating something that is not only awesome for Maori and Pacific whanau, but for all kiwis.

For example, look at kaupapa Māori health services. A lot of people who go to those clinics are often Pasifika, Asian and a wide range of ethnicities – not just Māori. But one thing they have in common is they prefer that model of care.

So I guess I would summarise by saying, by being unapologetically Māori in the way we design and build tech solutions, we create software and processes that attack old problems in a fresh way and for everyone's benefit. My view is that if you are truly operating your business based on the teachings of our old people, it's almost inevitable you will help not only Māori but everyone else who comes into contact with your service. That's because the Māori world view is premised on key values like whanaungatanga and manaakitanga, it is by definition inclusive, it is about thinking of the needs of everyone. So, by empowering our people and communities with the highest levels of need, we hit equity head-on, and that means we all win as New Zealanders.

Morris Pita, Ngāti Wai



Nuku ki te Puku, Callaghan Innovation's Māori economy programme L-R: Tiaki Hunia, Dr Bruce Campbell, Steve Saunders, Prof David Hughes, Miriana Stephens, Roger Bourne, Kim Witehira, Richard Jones, Hemi Rolleston, Wayne Mulligan and Jason Witehira.

Part 3

Governing collectively owned assets

Separating governance and management

It has become the standard approach for Māori businesses managing collectively owned assets to set up their organisational arrangements to clearly separate governance from management functions. Interviewees explained that entities do this for a range of reasons.

Our commercial and social subsidiaries allow separation and transparency (for our iwi members) between our tribal leadership and the proper management of our assets.

James Brown, Ngāi Tai

To avoid strategic ambiguity and mixed objectives and responsibilities, it is essential to keep governance and management separated. This can be a legal or operational separation which will depend on the circumstances.

David Tapsell, Pukeroa Oruawhata Trust

Māori businesses these days seek to achieve the optimal dividend, and then leave it to shareholders to work out what they do with it.

Robin Hapi, MEDAB, Te Wānanga o Raukawa

It's a myth that we have to take our people with us. It would be ideal to take owners with them, but boards are the ones that make decisions (and they must make them). Ultimately, we need good people who can make decisions and our people, the owners will support us as governors and managers.

Traci Houpapa, FOMA

Some people said that the separation of governance and management also facilitates better management of multiple bottom lines.

With Kokiri Construction consortium, we will create a property company to build houses for our people and the people of Auckland with zero additional investment and risk to our assets. The arrangement will wash its face, build value and create more opportunities for productivity and growth. We will give effect to rangatiratanga with high quality kāwanatanga.

In addition to the commercial returns, and the value we are adding to our assets with this consortium arrangement – we're asking how many Māori can we employ in these developments and how many Māori can we house in these places we develop... A line of proposals based on aspirations, values and benefits for Māori is our focus.

James Brown, Ngāi Tai

The importance of transparency and communication

The governors of Māori businesses managing collectively owned assets are accountable to multiple owners and shareholders, sometimes numbering in the thousands. However, this is not necessarily seen as detrimental to the strategy, objectives or innovation in the business of these Māori entities. In fact, it can be seen as a strength in that it drives transparency around decision making and the impact of decisions.

Māori entities have a closer relationship with owners (most often governors and owners are related and personally known to each other) – this makes for strong transparency and accountability. This is a strength for governance accountability and sense of impact of decisions. These things don't inhibit innovation – they just focus innovation in the business rather than the governance. Shareholders are very close to the business, especially if the shareholders live in the area/location of the asset. It has been part of their lives and will always be part of their lives.

Robin Hapi, MEDAB, Te Wānanga o Raukawa

Māori entities are what they are – we should not have a position that they are challenged vs other entities – the characteristics are just what they are. The multiple ownership of Trust assets and accountability of the trust and subsidiary governors is not detrimental to the business – in fact it has been in the most part a positive element, presenting opportunities to achieving the overarching vision and goals of Pukeroa Oruawhata.

David Tapsell, Pukeroa Oruawhata Trust

Several interviewees emphasised the importance of good communication and transparency with shareholders.

Our core business comprises commercial leases over a single site mall and another retail site. The underlying land for these was returned by the Crown in very poor condition so we had a battle to get everything moving in a productive way, [for] nearly a decade. Those sites are now providing nicely for our owners. Right now, in the middle of a tourism crisis, we are embarking on a significant tourism build due to complete in 2022! In each case we have explained to our owners what we are doing, why, and what it means for them and our people. The key to the success of our governance and business to date is "communication, communication, communication". We clearly and continuously communicate our big vision, what we have done or are doing to achieve it, and what we intend to do to grow the value and income from our assets.

David Tapsell, Pukeroa Oruawhata Trust

Māori businesses are set up to be more transparent. We'll show our iwi, our partners the balance sheet of the [Kokiri Construction] consortium with our commercial partners seven days a week – because we are confident about our achievements and we need that level of transparency to bring our people along on the journey.

Independence, transparency and process turned the nemesis of our previous internal struggles into a strongest advantage for Ngāi Tai development.

James Brown, Ngāi Tai

Engagement with shareholders can also allow good boards to test ideas, as well as gain buy-in for direction and proposals for the business.

Generally speaking, a very small percentage of our shareholders don't agree on a regular basis with what we propose to do, leaving the vast majority who do agree. However, this minority view is really important, it challenges us to test our thinking and keeps us on our toes which is actually a positive mechanism and exercise for the Trustees and directors. We would be stuffed if we got disconnected from our shareholders – even a relatively small minority.

David Tapsell, Pukeroa Oruawhata Trust

Robin Hapi said that the governors of Māori businesses are more exposed to “frank and fierce” feedback from their owners/shareholders, than non-Māori businesses.

The corporate veil doesn't exist for Māori firms – directors can't hide behind the structural limitations of their responsibilities afforded to non-Māori company directors. In this way, Māori investments are stranded investments. The only way we can follow the value of our assets is to follow the people managing them.

Robin Hapi, MEDAB, Te Wānanga o Raukawa

The accountability challenges faced by Māori businesses, including close direct scrutiny from shareholders in decision-making, can contribute to the resilience of Māori businesses.



The difficulties/complexities of Māori businesses are a crucible in which resilience is forged.

Robin Hapi, MEDAB,
Te Wānanga o Raukawa

Image by: David Unwin/Stuff

Changes in shareholders' expectations

Some interviewees described an evolution in shareholder interests, expectations and capabilities.

There has been a shift in engagement with the Committee of Management from older shareholders who understand the detail of the farming business and are focussed on economic return, to younger shareholders who are more preoccupied with the social benefits and access to the land. This has changed the nature of how we think about our strategic direction, the priorities and how we address shareholder concerns in the way we do our business.

For example, the farm has 27 km of coastline – and we have more shareholders now asking, why can't I go on the land? This poses practical issues (such as health, safety and security) for our business, but it also creates tension because it is a fair question for people who whakapapa to the land.

George Mackey

Debbie Birch suggested that these changing shareholder expectations call for a similar evolution in the composition of governance.

Governance models for Māori entities have not changed and brought on new talent and fresh eyes. That must be done with a wider mix of ages, genders and skills, that reflect shareholder expectations.

Debbie Birch, IWIinvestor

Attitudes to risk

The owners and governors of collectively held assets are typically regarded as conservative investors, who are reluctant to put their whenua at risk. The interviews explored the nuances behind this characterisation.

The influence of Treaty settlements

Some interviewees described the risk aversion arising from assets returned as redress in Treaty settlements, and the tension this creates with commercial objectives. The need to strike a balance between preserving these assets and achieving commercial objectives can spur entities' commercial arms to look for creative investment opportunities.

There are challenges, as a commercial subsidiary, of having to give consideration to the values and appetite of the parent entity – where there sometimes is an “innate conservatism”. This can be worked through, however, with open and transparent dialogue between the entities.

Simon Karipa, Ngā Wairiki Ngāti Apa/Te Atihaunui a Pāpārangi

There is a strong general message from our members that it has taken a long time to have stolen land returned and therefore it should be held even if not “usable” or commercially viable (for leverage). This drives us to seek diverse opportunities and non-traditional investment types (necessity is the mother of inventiveness) – Waikato Tainui is expected to hold the land and generate wealth... There is an uncomfortable discussion to be had on assets held, because our commercial people will feel the pressure to dispose of those that aren't working for us.

Jason Ake, Waikato Tainui

Wayne Mulligan characterised Treaty settlement entities as being “new to innovation”, and currently more focused on growing assets rather than growing jobs, compared to Māori private equity vehicles. However, they can go through a strategic refocus as they mature, tipping them more towards commercial objectives.

Waikato Tainui has had two or three governance pivots over its 25-year settlement history (and it is one of the largest by asset value – \$1.4 billion).

Jason Ake, Waikato Tainui

As firms mature, their views on bottom lines mature too. Iwi and Māori firms' attitude moves from – we must ensure we can provide social and financial (sometimes cultural) dividends to our owners, however – we must make money and build the value of the asset before we can do any of these other things. As entities have matured so have the bottom lines – employment, environmental sustainability as well as financial returns.

Robin Hapi, MEDAB, Te Wānanga o Raukawa

James Brown said that Treaty settlement mechanisms have created unique investment opportunities, as well as providing a unifying influence on iwi.

Ngāi Tai was spectating/an observer to the carousel options for Crown properties [Treaty settlement Right of First Refusal process for Auckland iwi] and thinking about the property opportunities for some time after our settlement. Had to choose our time to get on the train. We needed the strategic and technical capability to make the right decisions at the right time, particularly with the extremely dynamic property prices in Auckland. I've [now] been involved with big Auckland property projects, and for 20 years I've been involved in Ngāi Tai business.

Settlements have been a unifying influence to allow tribal economic, social and cultural development to occur. Eleven years ago, our people were at war with each other – and there were leaders who weren't accountable. People representing positions without a mandate, transparency or well-informed. Ngāi Tai has started from scratch. As interim representatives, we had to go to our iwi members with nothing at the beginning because we had no clear information about what had happened under the previous leadership. Ngāi Tai has been reunified through the settlement process.

James Brown, Ngāi Tai

Capability, experience and confidence

The capabilities and experience of entities also influences their investment strategies. Interviewees said that a lack of commercial investment experience can result in poor decisions or a passive approach.

A possible explanation of “investment conservatism” – if governors do not have the experience (or understand investments) they either make a mistake or “do nothing”.

David Tapsell, Pukeroa Oruawhata Trust

Some Māori entities feel more confident in staying with familiar investments that provide more guaranteed returns.

There are examples of entities focusing on what they know – they are not diversifying; this is not risk averse but sticking to what they know and keeping grounded in what their intergenerational owners expect them to focus on... Longevity comes from sticking to our knitting and being grounded in the business that we know.

Robin Hapi, MEDAB, Te Wānanga o Raukawa

Responses to failure

David Tapsell suggested that risk appetite is also tempered by how failure is perceived. He said that if a business venture fails (and sometimes ventures do fail, even with the best advice and planning), it is personalised. This “knocking dynamic” can deter skilled people from participating in Māori business ventures.

Māori don’t like to fail. If we fail in business, it can spell the end of our business careers and reputation among our people. There is a “knocking dynamic” in Māori business. It makes risk taking harder for Māori and that complexity also discourages those with skills to participate – they can work for non-Māori entities and not face that personalised criticism or complexity.

David Tapsell, Pukeroa Oruawhata Trust



Part 4

The Māori-Crown relationship

Māori businesses face constraints to developing their land

Some interviewees discussed the constraints faced by Māori land-based businesses stemming from the Māori land tenure and compliance requirements of Te Ture Whenua Māori Act 1993, and consequent difficulties accessing capital. Although generally dissatisfied with these constraints they described ways to work round or mitigate the constraints so they could operate their businesses in an effective and optimal manner.

We have the legislative constraints associated with being a Māori Incorporation. However, our shareholders whakapapa to this land, so they generally accept the kaupapa of Te Ture Act – to promote land retention in the hands of its owners and for this and other reasons are really risk averse. Like most Māori land, we can't use the incorporation's primary assets for security for debt finance. This limits our options for development of our primary farm business significantly.

A work-around we have explored with another Māori incorporation is to jointly establish a limited liability company to combine our cash resources to buy and use neighbouring private land. The company will give us the agility to take further opportunities through more streamlined decision-making and allow us to use its freehold land asset for security. It provides part of a solution, but it would be good to have the banks recognise the value of our land in the same way that they do for private land.

George Mackey

Simon Karipa said that the banks do have some discretion, but for the most part choose not to allow Māori land to be used as security for debt finance because "banks like to deal with businesses whose business offers less hassle".

Debbie Birch pointed to Te Tumu Paeroa's use of a variation of the Build, Own, Operate, Transfer (BOOT) investment model as an example of an innovative way of overcoming challenges to accessing capital. This example involves Māori land in the Bay of Plenty and Gisborne area, which is held by a collective of 95 landowners. Te Tumu Paeroa and Quayside Holdings temporarily lease the land from the collective and operates a kiwifruit business. They manage the financial risk and establish new enterprises without taking the land out of the hands of the Māori landowners. Full ownership of the orchards is expected to transfer to the collective landowners once a targeted rate of return on capital has been achieved.

Another example cited by Debbie is the formation of the Te Puia Tapapa Fund which comprises 26 Māori investing entities. The Fund invests alongside large institutions and experienced business operators into unlisted large New Zealand companies that require expansion capital. Not only is there access to investment opportunity through this investment vehicle but other investment partnerships have been formed since its establishment. The largest kiwifruit orchard in New Zealand was purchased by a partnership of three entities and the financing of the Sky Waka Gondola at Whakapapa ski field by 10 investment entities, by way of a bond issue. Many of these investing entities would not otherwise have had access to these opportunities.

James Brown described other constraints, arising through the course of the Treaty settlement negotiations process.

[W]e still have to pay for our stolen goods (through tax). The structures we have available to us are not ideal. The market value of the property assets increased significantly, which meant the value of our cash quantum to buy available and RFR properties diminishes overtime.

Ngāi Tai asked the Crown to bank the value of properties during negotiations because the \$16 million value of properties we wanted when we started negotiations sky-rocketed to \$70 million in value before the settlement was reached.

James Brown, Ngāi Tai

Leveraging the Māori-Crown relationship through government procurement

Some interviewees emphasised the significance of settlement entities being able to leverage the Māori-Crown relationship and the Crown's Treaty obligations. They pointed to government procurement as a vehicle for doing this.

Ngāi Tai's win with the seminal decision against DoC in the Supreme Court recognised the true intent of section 4, the Treaty Clause, of the Conservation Act... The outcome of [that decision] needs to be energized as part of the unlock. Get rid of the third world businesses operating low value, low investment activities on conservation land – and realise the partnership that DoC should have with Māori... We do a better job than the existing concessionaires. Trust is a big issue. Treaty procurement (as a consequence of provisions like section 4) should be a policy alongside any social procurement policy.

James Brown, Ngāi Tai

[The] conventional government procurement process needs to be decluttered to allow Crown-Māori business partnerships to be pursued and realised more effectively (in all areas of development). We need help from government to unblock red tape and the jostling caused by artificial procurement

processes. Māori are the perfect private partner in development partnerships because we own the land, we can bring the investors, we care about the communities and holistic support, and we have an intergenerational view of effort and success.

James Brown, Ngāi Tai

A large proportion of Māori businesses are social services providers, and the potential to grow that number through a proactive and effective social procurement approach by government is significant... Government procurement panels are being refreshed currently; it is really important to get more Māori on these panels. Because then they have clear visibility of procurement opportunities, they can embed themselves into the pipeline of work, build their networks in that ecosystem and gain the experience to succeed and build on success.

Matthew Tukaki, Executive Director New Zealand Māori Council

Matthew said there are barriers for Māori businesses to participate effectively in public procurement processes. He said these barriers include:

- difficulty navigating Crown procurement processes;
- a government focus on value for money driving down prices below what is required for fair value cost, and quality service delivery;
- a cashflow lag between tendering and award of contracts, to payment to suppliers; and
- a lack of capacity in Māori service providers.

James Brown also cited unconscious bias in government procurement, towards non-Māori businesses. He said that the government also has a natural conservatism and "DNA of gatekeeping" that favours large incumbent suppliers over new, emerging and innovative businesses.

Matthew Tukaki pointed to the Supply Nation model that supports Aboriginal and Torres Strait Islander businesses, as an efficient and effective way of working with the indigenous business sector. Supply Nation is funded by government, corporate and not-for-profit organisations. It provides a verified database of indigenous businesses, and provides business improvement support, awards and recognition for success, and business networks for those businesses.

Since 2009, Supply Nation has worked with Aboriginal and Torres Strait Islander businesses along with procurement teams from government and corporate Australia to help shape today's emerging and rapidly Indigenous business sector... This is based on building partnerships to create supplier networks not just with Government agencies but also business and industry – this centralised and coordinated approach makes it easier for Indigenous businesses to be engaged while at the same time providing a central repository for networking, knowledge and information sharing.

Matthew Tukaki, Executive Director New Zealand Māori Council

Morris Pita explained some of the challenges with government procurement processes in the health sector.

I regularly come into contact with talented individuals working throughout the health sector and in different parts of the government machine. That said, notwithstanding the quality of the individuals, I don't think I would be the first to observe that contracting with government can be challenging. It's no secret

that the current health system is highly fragmented, and for software vendors innovating from the outside, and focusing their efforts on supporting the delivery of the highest quality, most equitable and efficient outcomes, the process of taking your software from one DHB to another is hugely resource intensive, distracting, time consuming and repetitive.

Morris Pita, Ngāti Wai

Pelenato Sakalia said that building business capability is essential to enabling Māori and Pacific businesses to participate effectively in government and private sector procurement processes. He said this support needs to comprise a business community platform, well-designed and responsive support services, and quality data. The Pacific Business Trust (PBT) provides a local model for this, which is tailored to the New Zealand procurement environment (see Box 3).

Social procurement isn't about a lowering of the requirements of the buyer. It's about raising the capability of businesses to participate more effectively.

Pelenato Sakalia, CEO Pacific Business Trust

Box 3 Procurement support and services for Pacific businesses

The Pacific Business Trust provides a database of registered Pacific-owned businesses. Participating businesses have access to a network of providers offering technical and business advisory supports, as well as workshops and events, and an online community platform with around 3 000 member businesses.

In 2019, the PBT engaged Deloitte to develop an evaluation and diagnostic tool for assessing Pacific business capability. This tool assesses a business's readiness to participate in mainstream procurement processes. It informs the provision of tailored, culturally appropriate support plans for each business so they can meet procurement prequalification standards. Procurement support services cover aspects such as health and safety, environment and sustainability, legal advice, risk management, tendering and pricing, and management system development.

The PBT is funded by central government, and private sector partners. The services are free for participating businesses, but businesses must complete a business profile and provide up-to-date information about their engagement and process (such as the impact of services on their capability and ability to secure contracts). The PBT uses data from its business platform to provide quarterly insight reports to inform the MBIE procurement team's policy development. The insights include how business engage with PBT's interventions, the impact on their capability, and their ability to secure contracts and work from buyers.

Supporting Māori business development through rangatiratanga and mana motuhake

Rakikia Tau, Head of Strategic Relationships at Te Runanga o Ngāi Tahu, explained a vision for a Ngāi Tahu economy, as distinct from the Māori economy to which most commentators refer. His ideas contemplated a self-contained iwi economy, that had powers of a local authority, and was able to take full advantage of traditional and contemporary elements of business.

Rather than thinking of the Māori economy as a subset of the New Zealand economy, I see Ngāi Tahu as an economic ecosystem – which could create and support its own financial mechanisms (such as a Ngāi Tahu or Māori card, and banking and investment funding services to create wealth among our whanau and their businesses) – and to provide its own jurisdiction or control, ie, the ability to control taxes, rates. Rangatiratanga can be expressed through this “economy level” control.

Take the muttonbird economy for example – the supply of services were all Māori/Ngāi Tahu-controlled and driven and value (through payment, koha and payment in kind) was exchanged only between Ngāi Tahu. This is a closed Māori economic system that needs to be encouraged and supported.

A primary aim of this approach is to minimise “leakage” to the non-Māori economy, and place any support and development on the value of a more distinct Māori and Ngāi Tahu economy. I am supportive of an open economy, but what we, Ngāi Tahu and Māori, must ensure is that we don’t have excessive leakage from our economies. We must ensure the Māori and Ngāi Tahu dollar bounces (ie, the multiplier effects) several times within the Ngāi Tahu and Māori economy before the eighth bounce goes into the non-Māori economy. The Ngāi Tahu and Māori economy has always welcomed external revenue coming into its economy, but we just don’t want it leaving on the second bounce.

Canadian and American indigenous peoples have geographical control over areas (reserves) – where the economic control lies with the indigenous people, providing clear control over strategic investment, business activities, and regulation and levies with the jurisdiction.

The RMA sections 33 and 34 provide for the transfer of functions and authority to iwi, but it has never been given practical effect in any region or iwi’s area of interest.

Rakihia Tau, Ngāi Tahu

Richard Jones and Koroninia Dickinson shared a proposal that the Poutama Trust had put to government in 2019. The proposal was specific about the challenges for Māori businesses and how they could be better supported.

The proposal addresses the challenge of how best to support and grow Māori enterprises in the provinces. This rather simplistic exposition must satisfy several somewhat complex conditions. First, growing Māori enterprises must be done in ways that enhance Māori aspirations for self-determination, substantive freedom, human potentiality and sustainable development.

This first condition is otherwise expressed as kaupapa Māori, where human endeavour is founded upon a Māori world view, tikanga and te reo Māori are accepted as valid and legitimate and the “lived realities” of Māori shape policy and practice.

Second, achieving the government’s objectives for Māori in ways that enhance the honour of the Crown as a Treaty partner, its standing under international conventions, which seek to protect the rights of indigenous peoples, and respond to the needs and aspirations of Māori appropriately, effectively and generously.

Third, interventions ought to be fair and just, efficient and effective, and right and proper in the circumstances considering historical loss, contemporary disadvantage and ongoing rights and obligations Māori retain as treaty partners. This condition acknowledges Māori as collectives and citizenry, as consumers and producers, as taxpayers, investors and business owners.

This proposal advocates for a partnership-based approach to transforming regional Māori economies using the combined resources, capabilities and frameworks of the Crown and Māori. The essence of the proposal is the formation of Poutama Capital, to provide development finance for catalysing co-investments in medium-large scale collaborative Māori ventures. Poutama seeks a Crown contribution of \$50 million, which when combined with Poutama’s equity of \$32 million, represents approximately \$80 million of capital that could be leveraged and invested into Māori enterprise development across Aotearoa.

Consolidation and better coordination of government support

Several interviewees expressed concerns about the difficulty of navigating government agencies and the plethora of supports for Māori business. They called for consolidation and better coordination of supports and funding.

Pukeroa don't engage with the Crown that often and just go about our business growing our asset base for our owners. When we do engage with the Crown it is often difficult to navigate and understand who (in the Crown) is in charge of what. In our view Crown assistance needs to be better coordinated. At the very least one department needs to know and coordinate what the others are doing for Māori businesses. That agency needs to have the single goal to drive the Māori economy by assisting and providing guidance to participate in the market. Ultimately I believe it would be better to actually collapse... the Crown effort and spend across multiple Crown agencies into the Māori economy into a single entity (a CCO or such like), which has the authority and resource (annual Crown appropriations that were otherwise spread across the Crown on this kaupapa) to assist growth and productivity within the Māori economy that is apolitical and governed and run by Māori.

David Tapsell, Pukeroa Oruawhata Trust

Need to consolidate and "simplify" all government funding and support to Māori business – across the board – from SMEs to large frontier firms. We should integrate and consolidate the wide range of current funding for Māori enterprise and business, possibly more than 90 funds... Create a Māori super fund – and utilise it to establish and maintain a national Māori enterprise and business hub... No additional money would be required – just organise and simplify current funding.

Jason Ake, Waikato Tainui

A couple of people called for government support and resourcing for Māori to design work to optimise the Māori business ecosystem.

Māori should be supported to define a model for the Māori economy. Support a Māori model and get out of the way. The PM and Government should back something like that over 20 years. A Māori wealth, cultural and prosperity model. Get a bunch of smart, connected Māori in a room to define and design the Māori economy. What does it comprise, what are the opportunities and how do we address the challenges? The "Māori economy" is wider than business – it is a Māori ecosystem. Resource Māori to define and optimise the ecosystem.

Traci Houpapa, FOMA



It would be helpful to establish regular engagement with the government or a government supported group of like-minded experienced business people to discuss commercial opportunities and how the parties could bring key elements together to pursue mutually beneficial opportunities. A "summit" could be a way to start this process.

Jason Ake, Waikato Tainui

The concept of a Hui Taumata was then discussed with other interviewees, and was met with general support.

A Hui Taumata could be a good idea to discuss ideas for building Māori business and the Māori economy, but there is a risk it could become a talkfest. Any hui should have a clear focus and outcome of action to give purpose and participation. It could usefully build a mandate for action. I would suggest a big bold theme such as: "The future of the Māori economy – using Covid-19 to diversify, invest in growth and build back stronger".

Matthew Tukaki, Executive Director New Zealand Māori Council

The government could help build capability

A strong theme from the interviews was the pressing need to build significant capability, skills and experience for the governance and management of Māori entities and businesses. Interviewees described a small (but growing) pool of Māori with the necessary skills and experience. At the same time, the demands on this talent pool are increasing, due to the growing number of Treaty settlements and entities managing collectively owned assets, as well as competing demand from non-Māori organisations for Māori business skills.

In our time, we've seen a small increase in the number of Māori with skills and experience in wealth creation and business at the higher end, a reduction in the number of Māori in the broad middle sector of our communities, and a significant increase in the number of Māori at the lower end of the socio-economic spectrum of New Zealand society and therefore capabilities... to govern... the commercial businesses that manage our assets.

During the same period there has an exponential increase in the number of PSGEs [Post-Settlement Governance Entities] and other entities managing collectively owned iwi and Māori assets, creating great demand for these people. It's a simple supply and demand challenge... Incorporations and trusts, many of which are 100 years plus, previously had generations of natural succession built into governors coming through after years of attending AGMs and understanding the historical context of the entity and owner expectations. There was natural mentoring over time. This has been lost with the demand side pressure to fill positions.

The right capacity and capability is the key to success. We need the right people with skills and experience, particularly in the key commercial management positions

David Tapsell, Pukeroa Oruawhata Trust

Securing and retaining and quality governance and management capability is a challenge – there is a limited pool and we compete in areas with non-Māori entities for Māori talent.

Jason Ake, Waikato Taunui

Interviewees were keen to grow the pipeline of Māori business talent, including in older age groups and in key technical sectors as well as management/governance roles. People suggested that mentoring initiatives could be useful.

Support by government or business programmes and networks can be helpful. Educational and training and mentoring initiatives are important to address the skill supply challenges facing Māori businesses. However, some government interventions can be ineffectual or even harmful. If a business needs help to establish and maintain its commerciality, it shouldn't be in business. A primary focus of [government] coordination should be to "grow the middle" for the supply of skilled and experienced business people. People to work in the businesses and on the businesses.

David Tapsell, Pukeroa Oruawhata Trust

Capability is an issue. We bring a lot of cash to the table. But we don't bring a lot of capability to the table. Government could help us to develop our own people – particularly at a management level... Where are the sectors we have a shortage? Corporate finance, science, engineering, tech sector – what are the skill sets we need into the next five, ten, twenty, fifty... years?

Simon Karipa, Ngā Wairiki Ngāti Apa/Te Atihaunui a Pāpārangi

Debbie Birch cited the New Zealand Trade & Enterprise/Stanford boot camps for primary sector businesses and Project Whetu for Post-Settlement Governance Entities' commercial arms and other land trusts, as initiatives that help build investment capabilities and build networks/relationships/future partnerships.

Māori [are] in the all the right places now, but more innovation and support is needed. The wananga is a productive frontier firm because it has maintained its true iwi Māori values but is always looking for innovation, technology and excellence for the customers in the education sector. It's an example of where government could support Māori business by recognising the value of the model, fund the whole model directly and let the wananga get on with it. A true rangatiratanga model that would encourage further innovation.

Robin Hapi, MEDAB, Te Wānanga o Raukawa

High quality data and analytics are essential

Several interviewees emphasised the need for high-quality data and analytics, to inform Māori business innovation and development.

We need access to the best data for innovation. We need innovation to ensure the corpus/our important assets are not put at risk.

Wayne Mulligan, Te Ātiawa

Data and analytics of Māori business and the Māori economy are important – we currently lack key data on the Māori economy. Nothing will change unless you measure it.

Debbie Birch, IWInvestor

Consolidated, useful datasets, including Poutama's own database, do exist but they are disparate. Some datasets are outdated and redundant. They need to reflect current realities such as a post-Covid economy and business environment.

Koroninia Dickinson, Poutama Trust

Part 5

Reflections



We began this research with a number of hypotheses about the challenges facing Māori firms managing collectively held assets. The insights from interviewees supported some of these hypotheses but not others.

For example, we expected to find that the need to consult widely with a diverse ownership base would slow down innovation and change, leading to missed opportunities. While interviewees acknowledged the time and effort required to engage with shareholders and other Māori businesses to make decisions and form partnerships (“1 000 cups of tea”), most did not see it as a constraint. Rather, people thought that these heightened accountability requirements promote more transparent and rigorous decision making. Interviewees also described how the desire to satisfy multiple bottom lines has spurred innovation.

We also expected to hear that Māori entities managing multiply held assets are risk averse, and that this conservatism can stifle investment in innovation. Interviewees explained some of the nuances behind this common perception. For example, shareholders of these entities can have high expectations, which drive ambition for commercial returns and other benefits (such as social outcomes). The need to preserve assets returned as redress through Treaty settlements, as well as achieve commercial objectives, can also prompt entities to seek innovative investment opportunities.

However, a lack of investment experience, and low tolerance of failure, can hold back risk-taking and steer Māori business away from investment in the key science and technology sectors.

The interviews did support some research priors. For example, they emphasised the pressing need to grow the pipeline of talent needed to manage and govern Māori businesses. They also showed that many Māori land-based businesses face legislative constraints to developing their land, and consequent difficulty accessing capital.

Interviewees described the innovative ways in which Māori firms are overcoming or working around the various constraints and challenges they face. However, we note that the Māori governors and managers of land and other collectively owned assets have been subject to regulatory and other frameworks that have set the context for over a century. We could not help thinking that Māori business people have come to accept these challenges and seek to optimise their businesses within this context, rather than hoping for system change to reduce or remove the constraints.

Appendix A Interviewees

Jason Ake

- General Manager Communications and Engagement, Waikato Tainui
- Director, Native Voice

Debbie Birch

- Director, Te Puia Tapapa Fund
- Director, Tourism Holdings Ltd
- Board Chair, Raukawa ki te Tonga AHC Ltd
- Board Chair, Taupō Moana Investments Ltd (IWInvestor)
- Director, LGNZ Independent Assessment Board
- Director, Ngāti Awa Group Holdings Ltd

James Brown

- Executive Director, Ngāi Tai ki Tamaki Whenua Limited
- Board Chair, Ngāi Tai ki Tamaki Tribal Trust

Koroninia Dickinson

- Incoming Chief Executive, Poutama Trust

Robin Hapi

- Board Chair, Māori Economic Development Advisory Board
- Amokapua/Chair, Te Wānanga o Raukawa

Traci Houpapa

- Board Chair, Federation of Māori Authorities
- Board Chair, Landcorp

Sam Inglis

- General Manager Investments, Te Runanga o Ngāi Tahu

Richard Jones

- Outgoing Chief Executive, Poutama Trust

Simon Karipa

- Chair, Te Ngakinga o Whanganui Investment Trust
- Chair, Whanganui Iwi Fisheries Ltd
- Director, Whanganui District Council Holdings Ltd
- Director, Maara Moana GP Ltd
- General Manager, Ngāti Apa ki te Rā Tō Trust

George Mackey

- Former Chair, Tawapata South Māori Incorporation

Wayne Mulligan

- Chief Executive, Fomana Ltd
- Director, Anagenix
- Director, Creative HQ
- Director, NZ Bio Forestry
- Director, Nuku ki te Puku Ltd
- Taranaki Whanui
- Taranaki iwi
- Ngāti Maniapoto
- Director, WellingtonNZ

Morris Pita

- Founder and Chief Executive of Emergency Q

Pelenato Sakalia

- Chief Executive, Pacific Business Trust

David Tapsell

- Commercial Lawyer, Company Director
- Deputy Chair, Pukeroa Oruawhata Trust
- Deputy Chair, Pukeroa Group of Companies
- Director, Te Arawa Management Limited
- Director, Te Puia/New Zealand Māori Arts and Crafts Institute
- Trustee, Poutama Trust
- Deputy Chair, Lotto NZ

Rakihia Tau

- Group Head Strategic Relationships, Te Runanga o Ngāi Tahu

Ian Taylor

- Founder and Chief Executive, Animation Research Ltd (ARL) and Taylormade Media

Matthew Tukaki

- Executive Director, New Zealand Māori Council
- Chair, National Taskforce on Access to Industry and Employment
- Chair, National Māori Authority

Appendix B

Interview questions

The interviews were semi-structured, and conducted either face-to-face, by phone or by Zoom. The following was an exhaustive list of possible interview questions. Not all were asked – interviewees were asked an initial open question in each category, with follow-up questions depending on their responses.

Entity information

- What is the name of your firm, business or organisation?
- What type of entity is it (Trust, company, created by legislation)?
- Summary of assets, operation, purpose, objectives, owners.

Ownership

- What is your ownership structure and what instrument provides for it?
 - how many owners/shareholders?
 - are there other stakeholders (beneficiaries)?
 - are they local regional, national, international?
 - fractionalised (as opposed to private firms dealing with institutional investors)?
 - diverse pockets or factions with competing objectives?
- How easy is it to communicate, with them, and how do you do it?
- Do you need to engage owners more than other non-Māori firms might or as required by your constitution?
- Do you feel an informal expectation to consult beyond what is formally required?
- What are the primary challenges posed by your ownership base in approving strategic direction?
- Have you proposed a “radical strategy” shift and what was outcome?

- Long term view – do shareholders express views on strategy, risk balancing (prefer low risk to profits) or seek incremental only change?
- Do you have examples of owner engagement affecting change or impacting innovation either positively or negatively?
- What assistance (services, interventions, legislative change etc) might be helpful to ease or overcome issues with owners?
- Can your ownership structure assist with innovation and implementing productivity gains which other non-Māori firms do not benefit from?
- Do you have challenges in accessing finance on your assets?
 - If so, how do you overcome these challenges?
- What interventions could government (or other third parties) provide to assist with ownership management/engagement requirements and achieving better productivity?

Governance (and management) capability

- How do you recruit governors?
- Do you need to recruit from a specific pool?
- Do you think you have all the required skills on your board?
- Do you feel you need to choose “owners” over third parties with skills?
- Do you think you can recruit the appropriate skills – what are barriers (geography, money, lack of management capability/ time required, non-Māori candidates are uncertain if they should apply)?
- Do your governors need additional “skills” or “characteristics” for your particular entity eg, understanding of Māori issues/owner concerns/ history/purpose of entity?

- Networks – does your governance (or management) bring networks to support innovation or strategic productivity ideas?
- Have you used third parties to augment governance or management capability, if so, what was successful and what was not, and why?
- What is the attitude of the board to:
 - implementing change to strategy;
 - risk taking;
 - downside risk mitigation vs profit upside; and
 - seeking owner consultation?
- What has influenced their views, if they feel constrained by any of these factors?
- Do you have examples of governance capability challenges stifling changes or impacting productivity innovation?
- What services or interventions might be helpful to overcome issues with governance capability?
- What interventions could government (or other third parties) provide to assist with governance capability requirements and achieving better productivity?

Business objectives

- Do you think your constitution/trust deed imposes restrictions on your board and its flexibility of strategy and productivity innovation?
- Are there “unwritten” considerations for governance decisions (eg, tikanga Māori) that restrict or make more challenging innovation or productivity gains?
- Do you have examples of business objectives that challenge or stifle changes or impact productivity and innovation?
- What services or interventions might be helpful to overcome issues with your business objectives?

Exposure to innovation

- How does your board get exposed to innovation and ideas to increase productivity? If not, why not? If yes, what worked well?
- When exposed to ideas, are they immediately useable or do they require significant amendment to be suitable to your firm’s objectives, owner expectations, risk appetite or capital capability?
- How does your management and board generate, assess and progress proposals for innovation/productivity and do you have the internal capability to make that assessment?
- Do you have examples of innovations or productivity gains, which worked elsewhere, did not work for your firm. If they didn’t work, why not?
- What services or interventions might be helpful to provide you with exposure to innovation and productivity gain mechanisms?

Downside risk protection

- Would you value downside risk protection over upside (profit) gains? If so, how does that impact on considering implementing innovative strategies, investments and operational actions?
- Has there been an instance where you reversed the consideration, if so, why?
- Why do you value downside risk protections over upside gains?
- What mitigations to these reasons would permit you higher risk taking for implementing innovation?

Capital flexibility

- Do you have unfettered access to your firms' balance sheet value (eg, can sell assets or use as security for debt financing and redeploy those funds into more innovative or productive investments)? If not, why not?
- If those restrictions are not prohibited in writing, what has made your board come to that view?
- If you do not have that flexibility, what opportunities has your entity missed out on?
- What mitigations would permit you to access your balance sheet value and redeploy that value into more innovative and productive investments?
- What government or third-party interventions could assist with accommodating any capital structure requirements to achieve better productivity?

Legislated mechanisms

- Do you face more legal restrictions (either company constitutional, trust deed or legislation) than non-Māori firms?
- If so, what is the impact on your business in implementing innovation or productivity gain mechanisms?
- What mitigations would permit you to overcome these restrictions and move as quickly and as widely as non-Māori firms to implement more innovative and productivity gain mechanisms?
- What government or third-party interventions could assist with accommodating these legal requirements and achieving better productivity?

Multiple bottom lines

- What "bottom lines" do you consider for business outcomes, strategy, implementing innovation, and making productivity gains?
- What has been the impact of these wider bottom lines for implementing innovation and productivity gain mechanisms (such as reducing labour numbers or choosing a higher cost option because of tikanga/ principle/ non-financial consideration)?

- Is there a way you can balance these wider considerations and still be the equal of firms that focus only on financial outcomes?
- If trade-offs are made on achieving greater productivity, are they explicitly measured and reported to the board and owners?
- What government or third-party interventions could assist with accommodating these multiple bottom lines and achieving better productivity?

Management and operational capability pipeline

- Do you plan longer term for succession and recruitment of management and operational technical skills?
- How do you normally recruit, especially for technical skills?
- Do you try to recruit technical skill that also has particular characteristics that align with your entity and business approach (such as connection with the entity, affinity for Te Ao Māori). If so, does that limit or inhibit recruitment?
- Could a pipeline of Māori graduates with technical skills be helpful? Would you be able to employ graduates, or would you seek staff with a number of years post-qualification experience?
- What government or third-party interventions could assist with accommodating these technical capability requirements and achieving better productivity?
- Can your technical capability requirements assist with innovation and implementing productivity gains that other non-Māori firms do not benefit from?

