



# Māori Economic Development Panel

Discussion Document



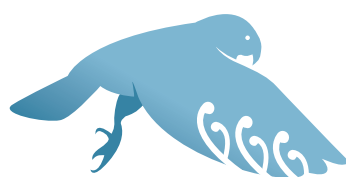
**Ka tangi te tītī** — *The migratory bird that searches the globe for economic opportunities, it is connected to the home, but with a global view.*



**Ka tangi te kākā** — *The bird of the forest resources the domestic market.*

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**How you can provide feedback on this discussion document:**

*You can provide feedback during the consultation hui, or by submitting written comments to: [MEDP@tpk.govt.nz](mailto:MEDP@tpk.govt.nz) or The Māori Economic Development Panel c/o Te Puni Kōkiri, PO Box 3943, Wellington by no later than 11 April 2012. Once we have had an opportunity to consider everyone's comments, we will develop our Strategy and Action plan for consideration by Ministers.*

# Foreword

He kai kei aku ringa<sup>1</sup> - to be self sufficient and responsible for the resources and capability you need to grow and develop.

This whakatauki tells us that Māori have a tradition of being self-sufficient and responsible for their own development. Māori have always been traders and entrepreneurs. The Māori Economic Development Panel is looking to recapture and reconnect to these concepts as part of its development strategy and vision to lift Māori economic outcomes.

Our intent is to develop a strategy and supporting initiatives to improve economic development outcomes for whānau, hapū and iwi Māori. This firstly means thinking about building the capability of our people across the board – starting with our mokopuna and rangatahi. Education, training, and improved labour market participation are significant areas of focus for us in seeking to lift Māori household incomes and therefore improve Māori socio-economic well-being. These are intergenerational initiatives which require changes in behaviour, the results of which we will see over the long-term.

In the short to medium term we also think there is significant potential to lift the performance of Māori enterprises and collective ventures (iwi, Māori trusts and incorporations) as key contributors to the Māori economy.

Growing the Māori economy will increase the resilience and growth of the New Zealand economy with significant flow-on benefits from a societal perspective.

The responsibility for achieving these gains lies not just with Māori or government alone. To be successful, Māori must take a leadership role with the involvement of the private sector and the enabling arms of government.

The well-known tauparapara whakatauki below reflects the key contributors to the Māori economy and underpins the Panel's view of whānau, collectives and enterprises working together to achieve prosperity for Māori:

***Ka tangi te tītī*** - the migratory bird searches the globe for economic opportunities; it is connected to the home, but with a global view.

***Ka tangi te kākā*** - the bird of the forest resources the domestic market.

***Ka tangi hoki ahau*** - the Māori household economy, a strong whānau / household leading to the development of Māori enterprises.

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<sup>1</sup> Self-generating well-being

To understand the potential of the Māori economy, we need your input. A series of questions are included for your consideration. We welcome your feedback on the direction we are proposing and the options we have developed in support of this.

The journey being undertaken by Māori in seeking economic self-determination is an exciting one and is vital to the ongoing prosperity of our country. Government, iwi and the private sector all have a role to play in helping Māori to realise their full economic potential. The potential captured in this document represents a snap-shot of that journey. We look forward to engaging with you to hear your views as the Strategy and Action Plan are developed over the next few months.

*Kanohi ki te kanohi, pokohiwi ki te pokohiwi, ka whawhai tonu ake*

Facing the issues, shoulder to shoulder, continually striving forward.



Ngāhiwi Tomoana



Greg Whittred

## MEMBERS OF THE MĀORI ECONOMIC DEVELOPMENT PANEL

Ngāhiwi Tomoana (Chair)

Greg Whittred (Deputy Chair)

Debbie Packer

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June McCabe

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# Overview

Māori and New Zealand are at a point in our economic journey where significant opportunities and challenges are at our doorstep. The Māori economy is growing and has great developmental potential, but Māori also experience socio-economic disparities that need to be addressed.

This is important both to achieve growth in the Māori economy but also to support the growth of the national economy. Addressing this and maximising Māori economic opportunities are especially important given the challenges faced by New Zealand in the current global economic climate and ongoing uncertainty following the Global Financial Crisis.

The Panel has been charged with developing a Māori Economic Development Strategy and Action Plan that:

- provides recommendations to improve the performance and productivity of the Māori economic sector;
- clarifies the role and identifies the contribution that the Government can make to improving the performance of the Māori economic sector; and
- considers the role and contribution of Māori to their own economic development.

In doing this, the Strategy and Action Plan will be:

- aligned to the Government's economic priorities; and
- founded on the Crown-Māori relationship (which is defined by the Treaty of Waitangi), and on securing and enhancing the rights, interests, and reciprocal obligations, of whānau, hapū, iwi and Māori as tangata whenua, and as Treaty partners.

The Panel considers that the Crown/Māori relationship, founded on the Treaty of Waitangi, is part of the basis on which Māori economic development initiatives might be developed. It is equally important that the protection and exercise of economic rangatiratanga is approached in a way that reflects Māori aspirations, preferences and norms.



Key messages underpinning the Panel's overall vision are:

***The New Zealand economy is underachieving - lifting economic growth is critical to increase incomes and improve living standards for all New Zealanders.***

The New Zealand Treasury notes that New Zealand's underlying economic performance has been poor for some time, pre-dating the onset of financial turmoil in 2008, with labour productivity and trend growth slowing over the past decade.

New Zealand's long-standing, large, net external liabilities, high levels of private sector debt and current large fiscal deficit expose the economy to ongoing financial risks. Building greater economic resilience and improving economic growth is critical for increasing incomes and improving the living standards of New Zealanders.<sup>2</sup>

***There must be an improvement in Māori participation and contribution to the New Zealand economy.***

BERL research shows that the asset base and labour market performance of Māori has improved in recent decades, but more needs to be done to realise the full potential of the Māori economy. The Māori population is also relatively young and it's growing.<sup>3</sup> Ensuring that Māori are equipped with the skills and education that will enable them to participate in the economy is critical. The country cannot afford for Māori human potential not to be realised - any underperformance in this area is a problem for all New Zealanders.

***There is enormous potential for the Māori economy to lead aspects of growth in the New Zealand economy...***

There is enormous potential to harness and improve the productivity of the Māori asset base. BERL estimates that "the Māori asset base totals at least \$36.9 billion".<sup>4</sup> Based on its scenario modelling, BERL estimates that if the level of productivity in the Māori economy is lifted to

equal the national average by 2061, the GDP contribution from the Māori economy could be \$12.1 billion higher than otherwise and there could be 148,000 more job opportunities in 2061.<sup>5</sup>

In addition, the Māori population is young and is predicted to grow by 20% over the next fifteen years from 2011 to 2026.<sup>6</sup> In the future, Māori will make up a larger proportion of the workforce,<sup>7</sup> meaning that young Māori today are in a position to influence and contribute to New Zealand's economic future.

***...but Māori socio economic outcomes are worse than for non-Māori – this is a cost to the community and to the economy, both today and in the future.***

There continue to be socio-economic inequalities between Māori and other New Zealanders at the individual and household level, including for education, health, income, life expectancy, child poverty, home ownership and crime.<sup>8</sup> For example, the Ministry of Education estimates that approximately 66% of year 11 Māori students meet the reading literacy and numeracy criteria for NCEA Level 1 compared to 79% for non-Māori and that 54% of Māori school leavers achieved NCEA Level 2 or above compared to 77% of non-Māori.<sup>9</sup>

Lifting Māori educational and skill levels and ensuring stronger Māori participation in the workforce is the best way to strengthen the Māori economy, improving whānau wellbeing and creating the conditions for whānau to be financially secure.

***It is commonly recognised that action is needed to realise the potential of the Māori economy - a shift of philosophy to encourage Māori to actively develop their own capacity.***

The Panel considers that individuals, whānau, businesses and collective entities must be encouraged



2 Treasury (2011) *Briefing to incoming Minister: Increasing economic growth and resilience* <http://www.treasury.govt.nz/publications/briefings/2011>

3 Te Puni Kōkiri (2010) *Kei Tua i te 2020: Te Taupori Māori: Beyond 2020: Population Projections for Māori*, Wellington, New Zealand

4 BERL (2011) *The asset base, income, expenditure and GDP of the 2010 Māori Economy*, Wellington, New Zealand.

5 BERL (2011) *The Māori economy, science and innovation*, Wellington, New Zealand.

6 Statistics New Zealand (2010) *National Ethnic Population Projections: 2006 (base)-2026 Update* Wellington, New Zealand.

7 The proportion of the workforce who are Māori is predicted to increase by 8.4%, from 13.1% in 2006 to 14.3% in 2026. See Statistics New Zealand (2010) *National Ethnic Population Projections: 2006 (base)-2026 Update* Wellington, New Zealand.

8 Ministry of Social Development (2010) *The Social Report. Wellington, New Zealand*

9 Ministry of Education (2011) *Education Counts*, [http://www.educationcounts.govt.nz/statistics/maori\\_education](http://www.educationcounts.govt.nz/statistics/maori_education)



to realise, or to continue to realise, their own goals and aspirations. This starts with lifting the performance and focus of the education system to deliver improved educational outcomes for Māori. The Panel acknowledges that this is a long-term government education objective, so is also looking at actions with more immediate effect on governance, management and entrepreneurial capability in Māori enterprises and collectives. As part of this approach the Panel is keen to leverage off the experience, influence and networks of developed collectives who can play a role in accelerating capability building for their peers and similar entities, as well as driving educational achievement within their whānau and encouraging Māori enterprises to grow.

### ***Whānau are the foundation of the Māori economy***

The Panel believes it is necessary to focus on the role of whānau, shifting the focus from relying on iwi for Māori economic development. This means developing actions and initiatives that allow whānau to achieve economic self-determination. Economic self-determination is achieved when whānau are well-educated and skilled, are participating meaningfully in the labour market and have access to ongoing training opportunities. These developments will lead to increased levels of income and, when combined with improved financial literacy, the entrenchment of a culture of savings and investment reflected in key indicators such as increased levels of home ownership.

### ***Collectives and enterprises will lead growth in the Māori economy.***

Where whānau are the foundation of the Māori economy and will bring the skills needed by collectives and enterprises to grow, collectives (iwi, Māori trusts and incorporations) and enterprises generate the economic opportunities and the jobs that will help lead growth in the Māori economy. Whānau will need prosperous and growing enterprises and collectives to help them realise their economic aspirations. The Panel considers there is both the need and the opportunity to:

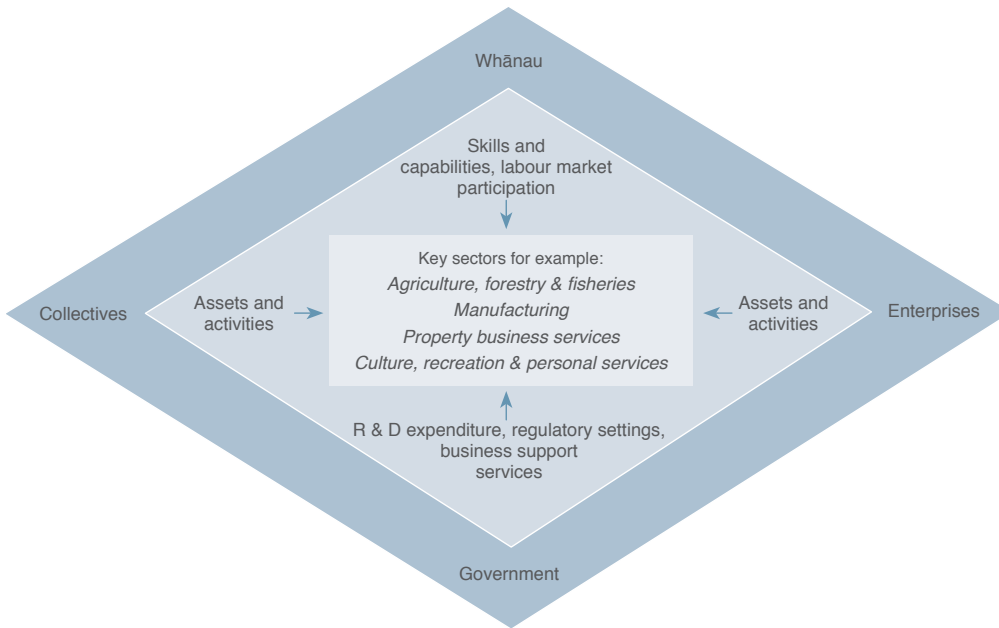
- improve coordination and collaboration between government and the actors within the Māori economy to better target and take advantage of growth opportunities;
- develop both managerial and entrepreneurial capabilities; and

- leverage existing knowledge, experience and resources to lead economic growth in the Māori economy.

In recognising the unique contribution of whānau, enterprises and collectives, the Panel wants to make the most of opportunities that are common between the three contributors to the Māori economy. Understanding the sectors in which these groups interact, and the role of government therein, as shown in Figure 1 (over page) is key to targeting initiatives or interventions that will have the greatest impact on all three groups.



**Figure 1: Contributors to the Māori economy<sup>10</sup>**

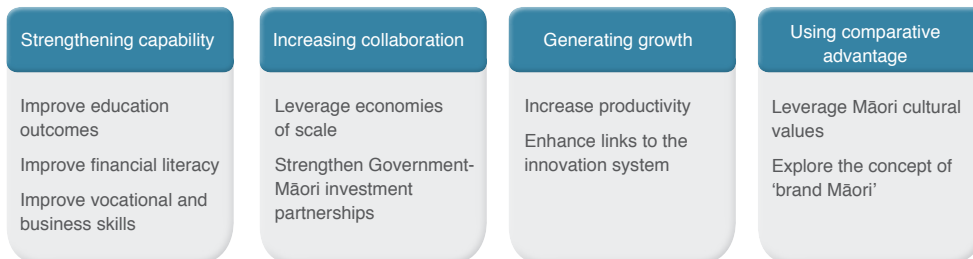


***What needs to be done to improve the performance and productivity of the Māori economy?***

Focus resources on strengthening capability, increasing collaboration, generating sustainable growth and better leveraging the Māori comparative advantage.

The Panel has identified four areas of focus that it considers will make the biggest improvements to the performance and productivity of the Māori economy. The Strategy aims to produce, within each area of focus, a suite of initiatives to address the challenges facing whānau, collectives and enterprises. Figure 2 below highlights the purpose of the actions sitting within each area of focus.

**Figure 2: Initiatives to improve the performance and productivity of the Māori economy**



<sup>10</sup> BERL, (2011) *The Asset Base, Income, Expenditure and GDP of the 2010 Māori Economy*, Wellington, New Zealand.

## SUMMARY OF EXAMPLE ACTIONS

To realise the potential of the Māori economy, the Panel has identified a range of example actions and opportunities whānau, collectives, enterprises, government and the private sector could lead. The example actions and initiatives in support of collectives and enterprises are more likely to deliver positive results for the Māori economy in the near-term, whereas those initiatives focused primarily on whānau take a much longer-term, and sometimes intergenerational focus.

A summary of the example actions is provided below.

Contributor	Example actions	Page references
<b>Whānau</b>	Reinforce Ka Hikitia (The Māori Education Strategy)	16
	Improve information flows between whānau, providers and employers	16-17
	Encourage a savings and investment culture	17-18
<b>Collectives</b>	Improve the ways in which government partners with collectives	21
	Introduce flexible assistance to lower transaction costs and increase Māori collectives investment in science and innovation	23
	Develop strategies for sectors where collectives' assets are concentrated	23-24
	Facilitate greater communication and collaboration between collectives	20-21
<b>Collectives and enterprises</b>	Work with existing organisations to develop a co-ordinated approach to building business leadership and governance capabilities	19
<b>Enterprises</b>	Establishment of a Māori enterprises intermediary to assist with access to capital, capital management and facilitate linkages to the innovation system	22-23
	Better leverage the opportunity presented by the use of Māori values in business	25-26
	Consider whether the current suite of services is focussed on effectively engaging and building capability	19

## SUMMARY

The success of the New Zealand economy is intertwined with the success of the Māori economy but more needs to be done to lift the performance and growth rate of the Māori economy. The aspirations and capabilities of whānau are key to realising the economic potential of Māori as this is where the human capability of today and tomorrow is sourced. Additionally, as this capability develops the capital and investment flows from higher incomes and greater levels of saving will benefit the wider New Zealand economy. This type of change is of necessity at least a generation from being achieved so, in the shorter term, iwi collective and private enterprises are vital to developing the jobs and economic opportunities necessary for economic growth. Government, iwi and the private sector all have a role to play in helping Māori to realise their full economic potential.

The Panel is seeking your feedback on the direction that the Māori Economic Strategy should take and the types of initiatives needed to ensure that the Strategy succeeds. What we propose is structured around four key areas of focus and some examples of what practical actions might look like. Your contribution is needed to start a debate relevant not just to Māori but to all New Zealanders concerned with our nation's economic direction and strategy.

We welcome your contribution.

# Background and context

## WHAT IS THE MĀORI ECONOMY?

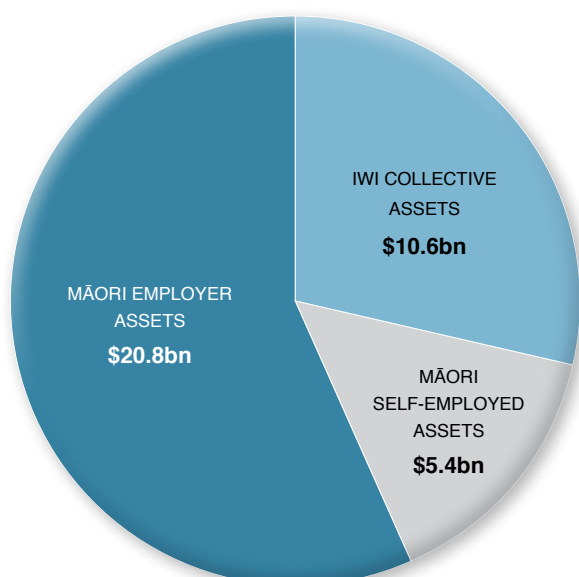
The Māori economy comprises all individuals, households, businesses and collectives that self-identify as Māori. This includes Māori entrepreneurs active in individually-owned businesses or small to medium enterprises, as well as the contribution of Māori employees' earned incomes.<sup>11</sup>

While the Māori economy is highly integrated into the New Zealand economy; there are features, such as demographics, cultural values and traditional knowledge that make the Māori economy different. These differences need to be recognised and acknowledged.

BERL's report estimating the size of the asset base, income, expenditure and GDP of the 2010 Māori economy found that the total Māori economy was at least \$36.9 billion in asset value. Much of this value lies within privately-owned Māori business enterprises, highlighting the important role of enterprises in influencing the growth of the Māori economy (Figure 3).<sup>12</sup>

**Figure 3: Value of assets attributable to Māori in 2010 (\$ billion)**

SOURCE: BERL (2011) The asset base, income, expenditure and GDP of the 2010 Māori Economy, Wellington, New Zealand



From a labour market perspective more Māori are employed in higher skilled jobs than a decade ago. Between 2003 and 2008, the number of Māori employed in highly-skilled and skilled occupations grew by 29% while the number employed in semi-skilled and low-skilled occupations grew by only 2%.<sup>13</sup> This has contributed to average annual growth in Māori average hourly earnings of 4.2% over the period.

<sup>11</sup> BERL, (2011) The Asset Base, Income, Expenditure and GDP of the 2010 Māori Economy, Wellington, New Zealand.

<sup>12</sup> Ibid

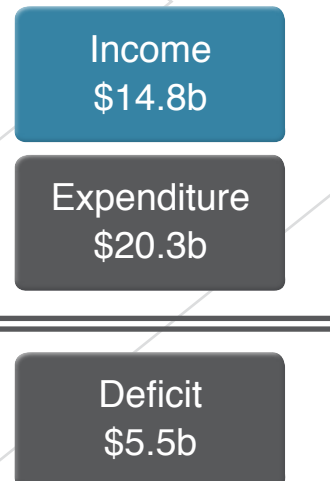
<sup>13</sup> Te Puni Kūiri (2008) Moni Utunga Māori – Māori – Māori Earnings, Information Sheet for Māori Economic Summit

Future potential for growth in the Māori economy is reliant on factors such as the use of the asset base, and up-skilling the emerging Māori labour force.

## WHĀNAU YET TO REALISE THEIR ECONOMIC POTENTIAL

Whānau play an integral role within the Māori and national economy through their contribution to the labour market and domestic consumption. However, the BERL report also demonstrated that there are some significant issues within the Māori economy and the position of Māori households that need to be addressed in order to fully realise their potential. Most pertinent is that total Māori household income was 27% (\$5.5 billion) less than expenditure. Comparatively, non-Māori households earned 1.6% (\$2.2 billion) less than total expenditure.<sup>14</sup> This means that most Māori households are not accumulating wealth.

**Figure 4: Income and expenditure in the Māori household sector**



In 2011, Māori average weekly income<sup>15</sup> was \$784, which is \$115 less than the national average weekly income of \$899. There are around 244,000 Māori in paid employment.<sup>16</sup>

<sup>14</sup> Ibid

<sup>15</sup> Earnings from employment (wages and self-employed) for all ethnic groups

<sup>16</sup> BERL (2012) If Maori performed at the average, Wellington, New Zealand.

Therefore, the total income weekly differential is around \$28 million. Te Puni Kōkiri estimates that if Māori earned the national average weekly income, they would add a further \$1.5 billion to total incomes. This is equivalent to a further 1.4% in incomes earned in 2011. There is also a significant difference between the average net worth of Māori and other New Zealanders.<sup>17</sup>

## UNIQUE STRENGTHS OF THE MĀORI ECONOMY

There are a number of attributes which are unique to the Māori economy that the Panel is looking to develop further in order to grow the Māori economy. Key examples are:

- The Māori population is young and is predicted to grow by 20% over the next fifteen years from 2011 to 2026.<sup>18</sup>

In the future Māori will make up a larger proportion of the workforce.<sup>19</sup> To realise this potential, Māori need to be equipped with skills and education that enable them to participate in New Zealand's future workforce.

- Cultural values are a unique feature of the Māori economy with the potential to influence growth. Māori culture generates assets, such as skills and products, as well as insight that contribute to the social, environmental and economic wellbeing of not only Māori communities, but the whole economy.
- The intergenerational focus of iwi and Māori collective organisations and the fact these organisations have strategic goals that encompass a multiplicity of outcomes. Iwi and collectives may also have a stronger inclination to focus their portfolios on domestic assets and enterprises located in their *rohe* or areas of influence.

Whānau economic wellbeing is intricately linked to whānau social and cultural wellbeing. Taking cultural values as a starting point, whānau economic wellbeing is not only centred on *whai rawa*, or simple financial gains for Māori. Rather, it is a proposal steeped in values such as *aroha*, *manaaki tangata* and *whanaungatanga*.

In considering Māori economic development, the values of kaupapa Māori include:

- *Tino rangatiratanga*: self-determination, ownership, active control. Personal self-determination and control and the exercise of whānau, hapū, iwi or Māori collective self-determination and ownership.
- *Whanaungatanga*: an ethic of belonging, kinship. This may include: business culture, systems and structures based on a whānau model; motivation to support and employ whānau; and benefits extended from networks and support for business from whānau. It acknowledges importance of networks and relationships.
- *Kaitiakitanga*: guardianship of natural resources. Principles of responsible environmental management and sustainable enterprises. Notion of caretaker over assets for future generations.
- *Kōtahitanga*: Māori unity, shared sense of belonging. Refers to decisions to identify and work as Māori, with Māori, for the benefit of Māori development.

The Panel want to better understand what the points of difference and barriers to growth are.

- What are the barriers for growth for Māori collectives and enterprises?
- What do you consider are the points of difference, strengths and opportunities that can contribute to economic development?
- Have we got the areas of focus right? Are there other areas we need to focus on

<sup>17</sup> Le, T, Gibson, J and Stillman, S(2010) Household wealth and saving in New Zealand: Evidence from the Longitudinal Survey of Family, Income and Employment, Motu working paper 10-06, Wellington, New Zealand.

<sup>18</sup> Total population refers to all people in New Zealand, including Māori, see Statistics New Zealand (2010), National Ethnic Population Projections: 2006 (base) -2026 Update, Wellington New Zealand.

<sup>19</sup> The proportion of the workforce who are Māori is predicted to increase by 8.4%, from 13.1% in 2006 to 14.3% in 2026. See Statistics New Zealand (2010) National Ethnic Population Projections: 2006 (base)-2026 Update Wellington, New Zealand.





# Setting priorities and taking action

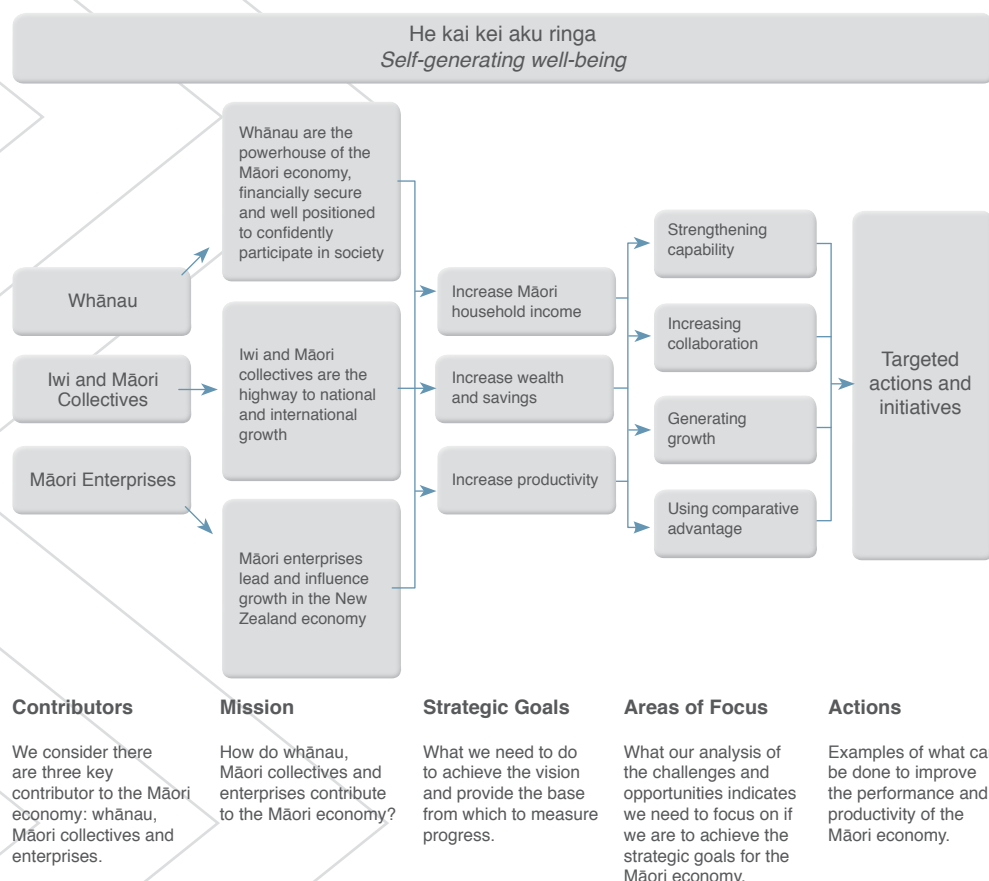
## A VISION FOR THE MĀORI ECONOMY

This section sets out the approach the Panel has adopted for thinking about ways to improve the performance and productivity of the Māori economic sector. The Panel has a vision *He kai kei aku ringa*<sup>20</sup> whereby whānau, hapū, iwi and enterprises are actively seeking opportunities to sustainably develop their resources (human and natural) to improve Māori economic performance. The benefits of these improvements will accrue for both current and future generations.

The Panel proposes three strategic goals: increasing Māori household incomes, increasing wealth<sup>21</sup> in the Māori economy and increasing productivity. The goals are measurable and can be used to demonstrate achievements against the final Strategy and Action Plan over time.

The Panel's analysis of the barriers to realising these goals has led it to develop four areas of focus for the Action Plan: strengthening capability, increasing collaboration, generating growth and using comparative advantage. Figure 5 summarises how the focus areas and strategic goals contribute to the overall vision for improving the performance and productivity of the Māori economic sector.

**Figure 5: Strategic Framework**



<sup>20</sup> Self generating well-being (providing food with ones' own hands)

<sup>21</sup> Achieving growth in the stock of assets and the return/ productivity of the assets, this includes all form of financial instruments and physical assets.



## ACHIEVING THE GOALS AND MISSION

There are three key contributors to the Māori economy: Whānau, Enterprises, and Māori and iwi collectives. Each is described below.

- Whānau are the basic unit of living for Māori with whānau providing the connection to marae, hapū, iwi and other Māori groupings. Through contribution of labour, ideas and savings/capital, whānau are the main economic engine of the Māori economy. To fully realise their potential for growing the Māori economy, whānau must be educated, develop a culture of saving, be financially secure and be participating meaningfully in the economy as highly productive workers and business owners. Ultimately, whānau underpin the success of both enterprises and collectives.
- Enterprises are the vehicle through which ideas, skills and capital are applied to achieve growth in the Māori economy. For the Māori economy to be successful, enterprises need people with the right technical and business skills in order to innovate, maintain competitiveness and attract new capital. For Māori enterprises, cultural values may provide an important differentiator from other businesses and a unique point of difference in the global market place.
- Iwi and Māori collectives bring mana and political influence to ensure greater access to decision-making and economic opportunities. Iwi and collectives also have a significant capital and asset base that underpins a significant part of the Māori economic contribution to the New Zealand economy.

The Panel is also seeking to understand where the economic interests of whānau, enterprises and collectives overlap. Identifying this area of overlap will help design interventions and initiatives that can impact on all three groups and create greater leverage of the underlying economic potential.

## AREAS OF FOCUS

To achieve the desired increases in household income, the wealth of the Māori economy and the productivity of workers and enterprises, the Panel sees a need to focus on four key areas. They are:



## 1. Strengthening capability of whānau, Māori collectives and enterprises

A highly capable and skilled Māori workforce with related opportunities generated by enterprises and collectives is critical to whānau ability to participate productively in the economy. People with the right technical and business skills are essential for companies to innovate, maintain competitiveness and attract new capital. The New Zealand Treasury notes that “skills and qualifications influence economic growth in two main ways, the influence they have on an individual’s participation in the labour market, and through their influence on that individual’s productivity as a worker.”<sup>22</sup>

Some Māori enterprises and collectives are achieving significant commercial success, and this Strategy and Action Plan aims to increase and build on this success across the Māori economy.<sup>23</sup> The Panel is interested in discussing how the success can be leveraged and how others that may encounter barriers can achieve similar growth.

## 2. Increasing collaboration between all players of the Māori economy

Collaboration is an enabler that can bring about greater scope and scale to exploit economic, social and commercial opportunities. Collaboration, though not an outcome in itself can be encouraged or made easier to undertake in order to bring greater leverage to a specific opportunity. Greater collaboration might mean working with the Government to reduce barriers to accessing essential services for whānau, and for enterprises, working with government to better align business support systems to improve the uptake of current programmes. It might mean collectives collaborating with each other to achieve economies of scale or for investment opportunities or with government for investment via public private partnerships. Developing connectivity between innovation system players (Crown Research Institutes, universities, private providers) and Māori enterprises is another key factor that can also increase the likelihood of achieving improved economic outcomes.

Increasing collaboration with government could also involve looking at the various mechanisms available to

public sector agencies to ensure the right elements of the Māori Economic Development Strategy and relevant actions are encapsulated in performance management structures and accountability regimes. In this regard greater transparency about performance will assist in underpinning the initiatives intended to improve economic outcomes for Māori.

## 3. Generating sustainable growth

For even the highest performing businesses and sectors there is room for further growth. This will require stronger connections between Māori enterprises and collectives with the innovation system, availability of productive resources, improved linkages with the domestic and foreign markets and access to high quality capital. One potential way of addressing this is the development of an intermediary that facilitates access for Māori enterprises to knowledge and information relevant to their development stage and improving their ability to access the right forms of capital and investors needed to grow. Strategic investment by the Government in business support for Māori enterprises, including leadership capability development, will also be required. This will in turn increase the ability of these Māori enterprises to drive growth in the economy as a whole.

## 4. Better leveraging the Māori comparative advantage

Cultural values provide an important differentiator and contribute to the success of whānau Māori collectives and enterprises. Concepts of kaupapa Māori are important elements for understanding commercial development opportunities for whānau, hapū and iwi. Leveraging these concepts and potentially taking this further to a tangible ‘brand Māori’ may provide a critical point of difference between Māori enterprises and other businesses. The power of the brand, its effective coordination internationally and developing culture-to-culture connections may provide leverage in future trade and export opportunities. There may also be a strong focus for the collective value of Māori institutions in terms of their ability to harness the buy-in of their communities for particular initiatives or projects. This might also be reflected in the use of whānau, hapū and iwi structures and entities to deliver services for communities more effectively than other providers.

<sup>22</sup> The New Zealand Treasury (2005) The context for Māori economic development, Wellington, New Zealand.

<sup>23</sup> Capital Markets and Enterprise Reference Group (2010) Māori enterprise and the New Zealand capital markets, scoping report for the Māori Economic Taskforce.

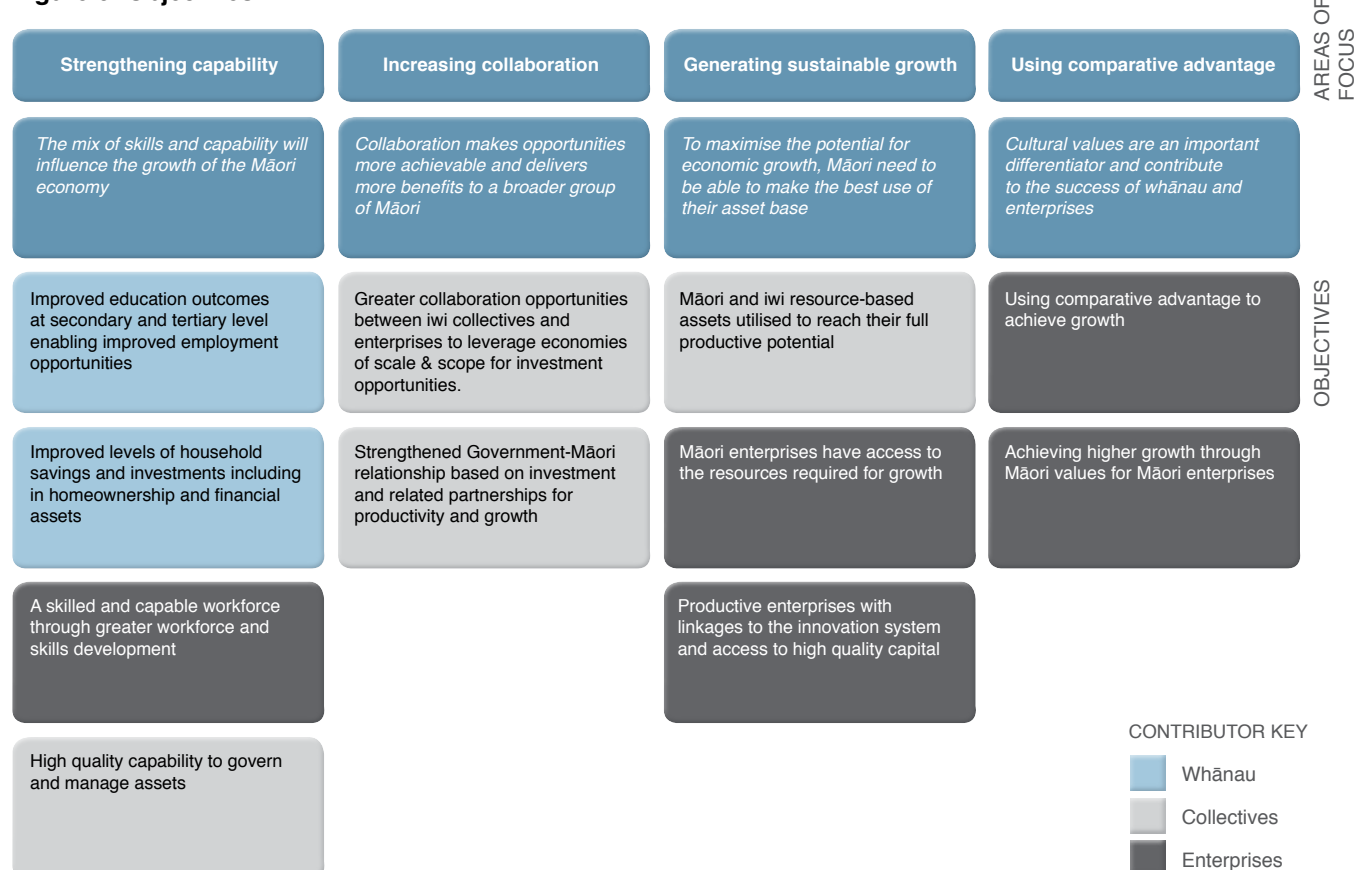


# Areas of focus – realising the potential of the Māori economy

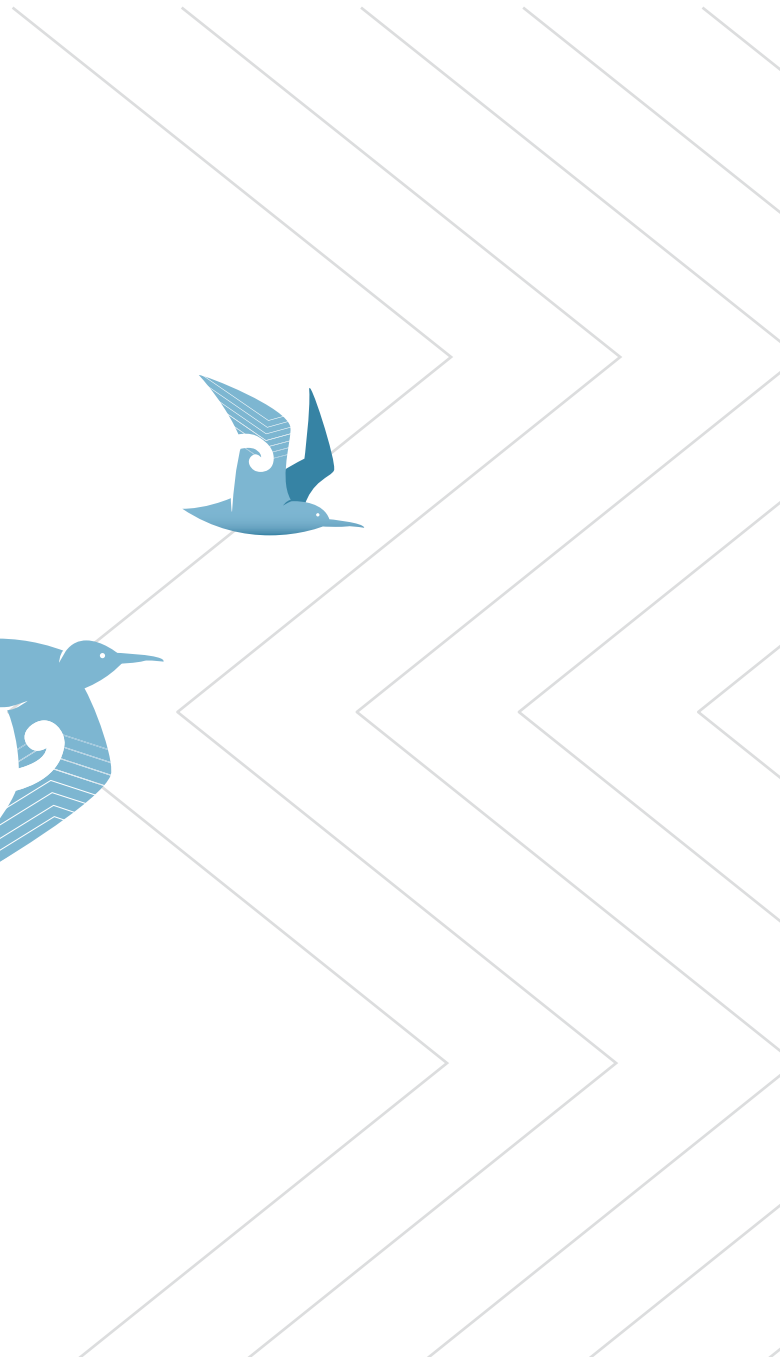
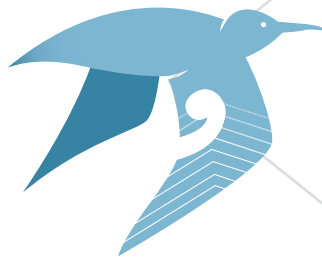
This section describes the actions relevant to the four focus areas. Each area provides a set of questions for discussion about what actions the Government, Māori and the private sector could take to improve the performance and productivity of the Māori economic sector.

Figure 6 illustrates how the actions, objectives and strategic goals flow from the Panel's focus areas. Where further evidence is required, the Panel proposes a research programme to investigate issues and deliver targeted actions.

**Figure 6: Objectives**



A mix of short and long term actions is proposed in each area of focus. Generally, short-term actions seek gains that can be made in the next 3-5 years. These actions generally focus on collectives and enterprises as the drivers of growth and economic opportunities in the Māori economy. Long term actions are more transformational, and are largely looking to make the generational change needed to realise the potential of whānau.



# Area of focus 1: Strengthening capability

## THE MIX OF SKILLS AND CAPABILITY WILL INFLUENCE THE GROWTH IN THE MĀORI ECONOMY

### 1. Improved educational outcomes enabling improved employment opportunities

Income enables households to participate in the economy and provide basic necessities required to participate in society. To increase household income and wellbeing, there is a need for improved education outcomes for Māori.

Evidence is clear that Early Childhood Education (ECE) can be a powerful tool to improve future educational outcomes (including school readiness) for all children. Achieving NCEA<sup>24</sup> Level 2 is the prerequisite qualification for tertiary study and skilled employment, but significant increases in income and employment for Māori are only achieved after gaining a NZQF<sup>25</sup> Level 4 qualification. The Panel is keen to see clear accountabilities and incentives put in place to ensure success for Māori learners.

Transition points within the education system are important to focus on because that is when learners are most likely to leave the system. In particular, successfully transitioning learners from compulsory schooling to further learning or work is vital to ensuring long-term sustainable employment for Māori. More involvement in the Youth Guarantee scheme,<sup>26</sup> industry training, and closer relationships between industry and tertiary education institutions will provide Māori stakeholders with opportunities to expand further, innovate more rapidly, and increase their contribution to the national economy.

The Panel wants to see Māori learners moving into employment related to the skills they have acquired, and for mentoring and guidance to turn into opportunities. If we get this right, young Māori leaving school will have a broader range of quality employment options available to them.

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<sup>24</sup> National Certificate of Educational Achievement

<sup>25</sup> New Zealand Qualifications Framework

<sup>26</sup> The Youth Guarantee Scheme is targeted at 16 and 17 year olds not currently engaged in education by providing them with improved access to study towards qualifications at levels 1 to 3 on the NZQF and to help improve the transitions between school, tertiary education and work <http://www.tec.govt.nz/Funding/Fund-finder/Youth-Guarantee/Purpose/>

The key questions for discussion are:

- *Given that Ka Hikitia – Managing for Success is the current strategy for enhancing educational outcomes for Māori, are there additional measures or improvements that could be made to the policy to improve its effectiveness? For example, by strengthening accountabilities, incentives and sanctions to ensure the targets are met.*
- *Educational success is supported when whānau and education providers are working together effectively. How can education providers be more responsive to whānau?*
- *How could whānau be better encouraged to engage more meaningfully with education providers so that students are getting the best at all levels?*
- *How can Māori and other businesses and industry engage with the education system to inform education and training provision and encourage positive transitions for learners from education to work?*
- *What is the ongoing value of Te Reo in economic development? For example, as a means of engaging better with whānau and enhancing the experience of Māori learners. How should Te Reo be best promoted within the compulsory education system to support economic development objectives?*

Some examples of actions that could deliver improved educational outcomes are:

1. Implement actions that will improve participation rates of Māori children, including the national evaluation conducted by the Education Review Office of Te Whāriki, the ECE curriculum. The aim would be to improve education quality in ECE, and the funding and information systems to ensure Māori children can access quality ECE services.
2. A partnership approach to Māori/iwi-delivered pastoral care and targeted mentoring, careers advice and guidance for Māori learners and whānau, such as education brokers.
3. Through initiatives such as the Youth Guarantee scheme, link skill development and skill utilisation with economic development initiatives to enable iwi and Māori organisations to better plan for their workforce needs.



4. Create greater voice from industry to inform compulsory education decisions made by whānau; for example, iwi and Māori business leaders' work with industry to identify future labour market needs in their rohe.

## 2. A skilled and capable workforce through greater workforce and skills development

Lifting Māori educational and skills levels and ensuring stronger Māori participation in the workforce is the best way to strengthen the Māori economy because this will improve whānau wellbeing and create the conditions for whānau to be financially secure.

The Panel also wants Māori who are already in employment to progress to higher skill levels and higher wage jobs and sees lifelong learning and up-skilling as a way to achieve this.

The key questions for discussion are:

- *Is there a case for collectives, Māori enterprises and other non-Māori enterprises to play a leadership role in determining and influencing the right mix of skills in a dynamic and flexible labour market? If so, how could this best be undertaken?*
- *Should Māori enterprises be encouraged to contribute towards workers' lifelong training and up-skilling and, if so, how should this be done?*
- *Stable employment is particularly important for apprentices who need to complete their training but are often the most vulnerable to economic downturns. How can we ensure that trainees have stable employment over the course of their apprenticeships?*

An example of actions to best align the Government and iwi investment in skills development include:

1. Encourage Māori enterprises to directly engage with education and training providers to ensure that students are being trained in the areas and skills needed. This could focus on under-skilled sectors and geographic regions, or on how to get more Māori skilled and involved in high value manufacturing sectors dominant in cities.
2. Develop strategic partnerships between education and training providers and Māori businesses in high-growth areas that enable the necessary 'on the job' training component required by some apprenticeships.

## 3. Improved levels of household savings and investments, including home ownership and financial assets

Economic self-determination is achieved when whānau are well-educated, are performing highly in labour markets, and are financially literate. Financial literacy can be reflected in increased rates of home ownership and other financial assets, for example Kiwisaver contributions. However, many Māori whānau are not currently in a strong financial position and are spending more than they earn, which constrains their ability to build financial assets. Increasing whānau income through higher paying employment is important, but so is increasing whānau financial literacy. For example, understanding the impact of consumer versus investment debt and developing a culture of saving. Increased levels of sustainable home ownership may indicate that whānau are building wealth while also providing the basis for whānau to develop their asset base (for example, by allowing whānau to leverage their home equity to build other investments). Home ownership is not the only mechanism for encouraging a savings and investment culture, but is a useful indicator.

The key questions for discussion are:

- *The panel recognises that increased education leads to increased incomes. There is also a need to build a savings and investment culture (including home ownership). How else can whānau increase their levels of savings and investment?*
- *What types of savings and investment activities should whānau be encouraged to engage in?*
- *How could the Government, iwi collectives and other players intervene to incentivise savings and asset creation, including home ownership?*
- *What actions need to be taken by the Government, iwi collectives and other players to encourage whānau to improve their levels of financial literacy?*

Examples of actions to improve levels of savings include:

1. Access Māori households and young people through current education sector initiatives to deliver programmes such as financial literacy.
2. Create options to convert income-based social assistance into capability development saving and investment, for example in education or home or other asset ownership. For example, low income earners could be given the option of converting



income support through *Working for Families* and other schemes into education or home ownership accounts to create a developmental pathway forward.

3. Replicate and encourage iwi/collective tertiary education and housing savings and investment schemes such as Ngai Tahu's Whai Rawa scheme.
4. Encourage collectives to develop different means of communicating the performance and value of their assets to shareholders and beneficiaries and encourage whānau to understand the value of their interest in those assets.

#### **4. High quality capability to govern, manage and grow assets**

*Governance, leadership and management capability, including portfolio management*

Good governance enables organisations to act more effectively. Collectives are vastly different in scale, scope of activity, and structural arrangements, but may have similar objectives such as inter-generational wealth creation and preservation. There is a wide spectrum of governance capabilities amongst Māori organisations with some building significant capacity and capability through their settlement experiences.

Management talent is an underlying determinant of productivity growth and performance.<sup>27</sup>

The Panel notes that there are differences in the approach to governance and management of Māori collectives compared with non-Māori organisations (for example, considering a quadruple bottom-line - financial, social, cultural and environmental).

Collectives also need to determine their portfolio mix to best balance risk with the needs of today's shareholders and the needs of future generations. Performance and accountability depends on defining appropriate objectives and mission, governance structures, investment strategy and distribution policies. Many collectives have already undertaken this work successfully. There may be opportunities, however, to facilitate access for less experienced entities to professional advisors and other iwi who have undertaken this journey.

<sup>27</sup> Ministry of Economic Development (2011) Management matters in New Zealand: how does manufacturing measure up? Wellington, New Zealand.

For example, drawing on the experience of post-settlement collectives to help recently settled collectives develop their corporate policies. Such a process will ensure iwi can share the lessons learnt by other entities, build their capability more quickly helping collectives to realise economic gains sooner for the benefit of their members, and reduce duplication of resources across collectives.

#### *Entrepreneurship*

*"An economy's prosperity depends greatly on a dynamic entrepreneurship sector".<sup>28</sup>* The Panel considers that there is a need to enhance the entrepreneurial culture amongst Māori. Part of this may involve bridging the gap between Māori businesses, government business development programmes and investors. Success in this may assist Māori businesses to commercialise marketable products and concepts that leverage the Māori comparative advantage.

#### *Business support services*

The Panel recognises that there are already a number of programmes being delivered by a variety of organisations that develop business capabilities, but there is also a risk of duplication, fragmentation and an inability to build organisation critical mass to effectively engage with Māori collectives and enterprises. There is currently limited data on the uptake by Māori enterprises of these programmes. Anecdotally, this is thought to be low. As such, there may be scope to develop a national online initiative to engage in capability building, innovation and entrepreneurship while also considering how existing programmes are better tailored or targeted.

The key questions for discussion are:

- *Are the current capability-building programmes (such as those offered by NZTE or the New Zealand Institute of Directors) engaging Māori enterprises? If not, how could they be consolidated or better targeted?*
- *Could a Leadership and Governance Institute or other national initiative which drew on collectives' experience and lessons learnt around portfolio management, governance and commercial*

<sup>28</sup> Donna J. Kelley, Slavica Singer, Michael D. Herrington, and the Global Entrepreneurship Research Association (2012) The Global Entrepreneurship Monitor, 2011 Global Report, London Business School, United Kingdom.



*structures better enable recently settled collectives to 'hit the ground running' than the programmes currently offered?*

- *How could the experience and learnings of some collectives be leveraged for the benefit of all collectives? For example, are there collective governance models that others can learn from, that successfully manage the trade-offs between economic and social objectives that could provide case studies?*
- *Is there a role for government and collectives to support other collectives in order to strengthen capability?*
- *How can government encourage greater entrepreneurial opportunities from education and skills development in entrepreneurship?*

Examples of actions for the Government to assist Māori enterprises and collectives to build their leadership and governance capability, accelerate managerial capability (including portfolio management) and raise levels of success as *entrepreneurs* might include:

1. Coordinate existing Māori, government and private sector initiatives through an institute and/or group of regional incubators. This could involve tertiary education institutions, collectives, other Māori organisations, New Zealand Trade and Enterprise / Ministry of Science and Innovation regional partner network, and the Institute of Directors. An institute or other coordinating mechanism could:

- work with enterprises to build business leadership, governance and management capability;
- work with industry, and industry training organisations, to develop workforce development plans; and
- coordinate longitudinal support (vocational pathways) for promising Māori individuals that use tertiary education, professional placements and exchanges into businesses and research institutions.

2. Leverage the experience and capability of iwi entities and other collectives who have managed settlement assets or developed commercial asset and enterprise bases to build capability across the Māori economy. Specific actions might include:

- Encouraging less experienced iwi and collectives to identify their strategic goals, including investment goals, and helping them develop balanced portfolios that manage risk against the requirements to generate returns for today's initiatives as well as managing capital for the needs of future generations.
- Identifying best practice Māori governance models and leveraging previous experiences in portfolio management and commercial structures, then sharing this knowledge and experience through case studies - potentially coordinated through a central agent - across collectives to help build capability;
- Considering how all iwi and collective entities can access their own experience pool and work with other advisors as appropriate to work, over time, towards portfolios that are balanced, flexible and risk-appropriate, given the strategic outcomes and objectives they wish to achieve.
- Providing greater support, advice and access to advice for entities that receive settlement assets.

3. Consider whether programmes focussed on business capability could be improved focussing on:

- education and skills development in entrepreneurship;
- how existing programmes could be consolidated and better targeted or tailored to support Māori entrepreneurs;
- information sharing between programmes, including who they engage with, fund and support;
- better understanding the leadership journey of current and future Māori business leaders, including the factors that led them to becoming leaders, to determine how this may be emulated and supported; and
- understanding how effective business incubators are, and the key lessons learned from these.



# Area of focus 2: Increasing collaboration

## COLLABORATION MAKES OPPORTUNITIES MORE ACHIEVABLE AND DELIVERS MORE BENEFITS TO A BROADER GROUP OF MĀORI

### 1. Greater collaboration opportunities between collectives and enterprises to leverage economies of scale and scope for investment opportunities

#### *Collaboration for investment*

While iwi / Māori collective entities share some common objectives, they also operate in diverse economic spheres and at differing scales. As an example, the five largest iwi or collective entities (in terms of asset holdings) each have over \$500 million in assets, but the range of entities also stretches to groupings with \$100,000 or less in assets. Given the fragmentation of small collectives and small Treaty Settlements, there may be an opportunity to increase collaboration to 1) pool capital to access greater leverage for larger investment opportunities and 2) consolidate currently underworked assets to achieve greater economies of scale.

Increasing collaboration between enterprises may deliver economies of scale for investment opportunities. Value added Māori enterprises are largely grouped in primary sectors such as agriculture and forestry and in manufacturing and property services.<sup>29</sup> There may be an opportunity to encourage collaboration across value chains generally both between Māori enterprises (such as in Māori tourism) and with non-Māori enterprises.

In light of the opportunities to deliver economies of scale through collaboration, the Panel notes that collectives could make greater use of joint venture vehicles for investment opportunities (such as consortia).

#### *Sharing resources*

Greater levels of communication and collaboration between collectives may also help reduce costs. For example, a number of collectives have independently established specialist units or engaged experts in areas such as natural resources which may unnecessarily duplicate niche or specialist expertise. Instead, sharing a pool of resources across collectives may help to reduce costs, and ensure all collectives have access to the best advice available. In addition, it may provide another mechanism through which experiences and lessons learnt can be shared for the benefit of all collectives.

<sup>29</sup> BERL (2011) *The asset base, income, expenditure, and the GDP of the Māori economy*, Wellington, New Zealand.

The key questions for discussion are:

- *Are there opportunities for Māori and non-Māori enterprises to collaborate across value chains to develop market opportunities? Are there any binding constraints for collaboration or joint ventures?*
- *What types of intervention might encourage greater cross-iwi collaboration in order to leverage economies of scale and scope?*

The following actions are provided as examples of how collaboration by collectives and enterprises could be increased:

1. Facilitate greater communication and collaboration between collectives to reduce costs across collectives and increase growth. For example: build joint venture approaches to new investment opportunities and explore the potential for shared services (including treasury functions, or in-house subject matter experts) for a number of collectives.
2. Encourage collectives to explore opportunities to work together, particularly within industries, this may include undertaking a study to explore the merits, barriers and limitations of engagement across collectives.
3. Review government business services to:
  - determine whether current programmes incentivising value chain and economy-of-scale cooperation engage Māori enterprises;
  - consider whether government could more actively encourage collaboration or clustering of enterprises; and
  - investigate the extent to which programmes are accessed by Māori enterprises and look for opportunities to better align programmes with the needs of Māori enterprises. This links to area of focus 1 which is concerned with capability programmes currently offered by government.

## **2. Strengthened Government-Māori relationship based on investment and related partnerships for productivity and growth**

Some Māori collectives are well placed to invest in public private partnerships and provide stable long-term investment partners for the Crown. Based on the Panel's experience Māori collectives experience high levels of fragmentation working with government and the Panel

considers that there is an opportunity to build off existing government/iwi collective business models (such as Whānau Ora) where funding and programme delivery is devolved and which is longer-term in basis. The Whānau Ora business model may provide an opportunity to consider how the Government can streamline inefficient contractual accountabilities and give communities greater flexibility around the application of resources. There may also be opportunities arising from new and innovative ways of delivering public services in ways that lift productivity and create business opportunities.

The key questions for discussion are:

- *What are the characteristics and attributes that lead to the best partnering and co-investment ventures? What attributes make collectives, iwi and government desirable partners?*
- *How can collectives best collaborate with government on economic development policy to ensure New Zealand remains an attractive investment destination for collectives?*

The following are examples of actions that could be taken to strengthen the government-Māori relationship:

1. Reducing contracting complexities for Māori collectives by adapting existing programmes and business models (such as Whānau Ora) across additional government agencies.
2. Introduction of medium-term (multi-year) investment planning between iwi and government. This may include links to longer-term infrastructure investment.
3. Policy work to consider options on how to improve the development of joint opportunities for government and iwi in areas of new commercial endeavour. This might involve government facilitating opportunities for iwi to work together; identifying new and emerging sectors where commercial opportunities exist and facilitating iwi to participate in these sectors; and ways of linking iwi investment to enhancing capability and creating opportunities at the whānau level.

# Area of focus 3: Generating sustainable growth

## TO MAXIMISE THE POTENTIAL FOR ECONOMIC GROWTH, MĀORI NEED TO BE ABLE TO MAKE THE BEST USE OF THEIR ASSET BASE

### 1. Māori enterprises have access to the resources and access to the right capital required for growth

Enterprises need capital to conduct research and development, build scale, export and expand into new markets and achieve their economic potential. Following on from the *Māori Enterprise and the New Zealand Capital Markets* scoping report<sup>30</sup> the Panel notes that for enterprises to access the capital they require, there needs to be high-calibre financial intermediaries (fund managers); smart capital (investors with product/market knowledge); capable enterprises that are investment ready; and better understanding by financial institutions of Māori business models and the specific commercial and regulatory issues affecting them (such as those in place for Māori freehold land).

To address some of these barriers to access, there may be a role for an intermediary to facilitate these services. Central to this, the intermediary will place enterprises and entrepreneurs into contact with the right services and experts appropriate to their stage of growth and development. The intermediary would have knowledge of Māori enterprises and commercial characteristics and be able to match the business with potential partners or advisors in the innovation system, business development programmes and capital markets.

The key questions for discussion are:

- *Are there barriers to accessing capital?*
- *What could be done to stimulate interest from capital providers in Māori enterprises?*
- *How can investors and debt providers support the work of the intermediary? Is there an opportunity to look at concepts of matched capital investment across public and private sector providers?*

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<sup>30</sup> Burleigh Evatt (2010) *Māori Enterprise and the New Zealand Capital Markets* for the Māori Investment, Capital Market and Enterprise Reference Group, Wellington, New Zealand.

The following actions are provided as examples of how the Government and iwi could improve access to capital.

1. Establish a Māori enterprise intermediary operating to connect Māori enterprises with the right people and services across the innovation system, government programmes and capital providers. It could be a virtual intermediary (such as a website portal), or a new entity. It could have the following functions:
  - knowledge and information provision;
  - networking;
  - pastoral care and mentoring; and
  - improving access to capital and investors.
2. Develop Māori economy and enterprise profiles to inform the investor community, and engage with capital markets and commercial banks to raise awareness of Māori enterprises.

## 2. Productive enterprises with linkages to the innovation system

Science and innovation will play an important role in future economic development,<sup>31</sup> however, BERL found that the “current science and innovation effort is not delivering the outputs needed to transform the Māori economy.”<sup>32</sup> Developing greater connectivity between the innovation system (Crown Research Institutes, universities, private providers) and Māori enterprises is needed to start this transformation.

To improve connectivity, the Panel considers that Crown Research Institutes need to take a more strategic approach to their engagement with Māori collectives and enterprises. In particular, the Panel considers that publicly funded research and development support needs to be more accessible for Māori enterprises. Additionally, research activity could be better targeted towards sectors where there are high concentrations of Māori assets and activity, with high potential for improved performance through developing value-add products (such as in the fisheries sector).

The key questions for discussion are:

- *Is there a problem with how Māori enterprises and collectives currently engage and are integrated into the innovation system?*
- *Is the value proposition of science and innovation recognised by Māori enterprises?*
- *What are the opportunities for co-investment or joint investment in science and innovation?*

Examples of actions to address this include:

1. Establish a Māori enterprise intermediary to put Māori enterprises in contact with the right linkages and supports across the innovation system, government programmes and capital providers (as outlined in Area of Focus 3 Objective 1).
2. Coordinate and provide flexible assistance to lower transaction costs of Māori collectives and enterprises procuring and consuming science and innovation. For example, providing “connector” services to bring together small parties to collectively develop joint R&D strategies, and later providing “advisor” services to help groups collectively fund the implementation stage.

## 3. Māori resource-based assets are productive and utilised to reach their full productive potential

Māori resource-based assets include land (farming and horticulture), forestry (including carbon credits) fisheries and energy resources. There is opportunity to improve the productivity and performance of these resources through better understanding their capability and by ensuring that there are appropriate legal and regulatory frameworks.

The Panel has identified several objectives for improving the contribution of Māori resource-based assets to the Māori (and New Zealand) economy. They are to:

- ensure Māori freehold land and other resources achieve their productivity potential in ways consistent with the owners’ objectives;
- ensure a legislative and regulatory framework for Māori collectives that is fit for purpose and productivity enhancing;

<sup>31</sup> BERL (2010) *The Māori Economy, Science and Innovation*, Wellington, New Zealand.

<sup>32</sup> Ibid



- ensure collective assets are properly identified and titled in ways consistent with optimal productivity; and,
- identify and overcome “binding constraints” that limit the productivity of Māori collectives. These may relate to legislative or regulatory barriers, skills or knowledge gaps, supporting infrastructure or other constraints.

Taking a long-term strategic approach to the management of natural resources may require coordination across enterprises, collectives and with Government to develop sector-wide strategies that prioritise and coordinate action. This is important because natural resources make up the biggest contribution to the Māori economy by both collectives and enterprises.<sup>33</sup> Where possible, these sector strategies should align to the government’s priorities in these sectors and reflect a coordinated approach across collectives to leverage economies of scale.

The key questions for discussion are:

- *What are the barriers to achieving greater productivity from Māori natural resource-based assets? What are the ‘binding constraints’ to improving the productivity of Māori land and other resource-based assets?*
- *How can government encourage Māori owners of land and other resources to improve productivity?*
- *Māori enterprises and collectives are heavily present in some sectors of the economy (agriculture, forestry, fisheries, aquaculture and tourism). Are there opportunities for these enterprises and collectives to move to more value added parts of these and other sectors?*
- *New Zealand has potentially valuable geothermal, oil, gas, mineral and other assets and resources that might be utilised for our economic development. Are the economic potential and direct benefits associated with the development of these natural resources understood, and is there confidence that the associated risks are being well managed? If not, what more can be done to assist Māori in making informed decisions about the management of their interests in natural resources?*

Examples of actions include:

1. Develop strategies for sectors where collectives’ assets are concentrated (such as forestry, energy, agriculture, aquaculture) to build common understanding of the issues, prioritise opportunities and coordinate action.
2. Legislative review and amendment, for example of the Te Ture Whenua Act and other relevant legislation, with the aim of removing constraints and lifting productivity without compromising Māori cultural values.
3. Assess whether the processes governing the identification of who owns what Māori land and other collective assets and the associated rights and obligations can be improved.
4. Develop a systematic process of surveying Māori land and related resources in ways linked to ownership entitlements. This might also address land access issues such as rights of way.

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<sup>33</sup> Such as agriculture, forestry and fishing.



# Area of focus 4: Using the comparative advantage

## CULTURAL VALUES ARE AN IMPORTANT DIFFERENTIATOR AND CONTRIBUTE TO THE SUCCESS OF WHĀNAU AND ENTERPRISES

### 1. Achieving growth through Māori values

Kaupapa Māori leads commercial development for whānau, hapū and iwi and is the 'point of difference' between Māori businesses and other businesses. This "*unique point of difference can be utilised as a comparative advantage over other traders.*"<sup>34</sup> In addition, Māori branding can add value and can create a niche product or service especially in "*overseas markets increasingly responsive to cultural distinctiveness.*"<sup>35</sup> Māori culture and values may be woven throughout Māori businesses. For example, some may openly promote Māori language, or will be based on leveraging tribal assets. Other businesses may appear to operate like a general business, but may incorporate Māori values such as whanaungatanga, kōtahitanga, and kaitiakitanga in their management or service delivery practices.

International and domestic business trends towards sustainable business practices, ethical corporate behaviour, intergenerational wealth creation and social responsiveness are well aligned with the cultural values in Māori business practices. This includes the management and governance practices of iwi collectives. These values could be more widely adopted by mainstream enterprises, both as a source of new business and to reflect global business trends.

The Panel proposes three objectives for achieving growth through Māori values:

- Māori enterprises act as a driving force in some sectors of the economy, participate in and shape the domestic market;
- improved responsiveness to, and incorporation of, Māori values in business; and
- Māori enterprises lead intergenerational wealth creation.

Māori values and social structures could also be leveraged to improve the responsiveness to initiatives or issues impacting on the community. In particular, working with whānau, hapū or iwi to design programmes and devolving delivery to the community may help improve the response to a programme, and its overall effectiveness (similar to the Whānau Ora approach).



34 Ibid.

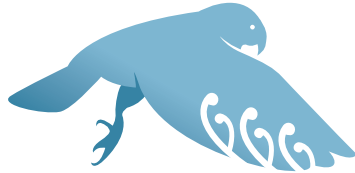
35 Māori Economic Taskforce (2011) *Kaupapa Māori and the Māori Economic Taskforce*, Wellington, New Zealand



The key questions for discussion are:

- *How could iwi, hapū and whānau structures be better leveraged to deliver programmes and initiatives and engage communities?*
- *How does the 'point of difference' between Māori businesses and other businesses contribute to the success of Māori businesses now, and what needs to be done to improve responsiveness to Māori values as part of business?*
- *How could Māori values influence other businesses within the New Zealand economy?*
- *Do you agree with the proposed objectives?*

Examples of actions for Government and Māori enterprises include:



1. Work with mainstream institutions to deliver messages around the positive influence of Māori values in enterprises.
2. Develop case studies demonstrating the successful use of Māori values by enterprises to show the opportunity presented by the incorporation of Māori values in business. This could be extended to upskilling non-Māori businesses and other public sector organisations in the use of tikanga in business practices.
3. Provide accountability by ensuring that performance management structures within public sector agencies reflect the Strategy and relevant actions.

## **2. Māori enterprises lead the way with global markets through 'brand Māori' and cultural connections**

### ***Cultural connections***

Increasing enterprise activity in off-shore markets is a key way to raise earnings and improve economic growth. Culture-to-culture connections provide a mechanism to leverage the points of difference in future export and trade opportunities. The 2010 Ministerial-led delegation to China for the Shanghai Expo confirmed a strong focus from both countries on culture before business. Consequently, developing kinship linkages was accorded time and reverence, and opportunities were taken to build trust-based relationships.

Recognising the advantage of the potential for cultural empathy between Māori and the growing export markets in Asia, New Zealand government agencies have indicated their intention to have stronger culture-to-culture strategies in future trade mission planning.<sup>36</sup>

### **Brand Māori**

Cultural connections may provide one entry point into new markets. However, the Panel considers that key to developing global markets is realising the opportunity presented by 'brand Māori'. The Panel notes that concepts of kaupapa Māori are inherent to a Māori way of doing business and "*Māori goods and services provides a 'unique point of difference' that can be utilised as a comparative advantage over other traders*".<sup>37</sup> However, the Māori Economic Taskforce heard that 'brand Māori' is currently an under-leveraged global value proposition.<sup>38</sup> With overseas markets increasingly responsive to cultural distinctiveness such as Māori branding, there is an opportunity to make more of this comparative advantage through trade opportunities in export markets such as China and India.<sup>39</sup>

The Māori Economic Taskforce initiated the development of a 'brand Māori' 'blueprint' that provides a roadmap for telling the 'brand Māori' vision and story, including exploring and reinforcing the value proposition for activating 'brand Māori' internationally. The roadmap highlighted ideas on design concepts, brand capability and management, and ways to activate the promotion of 'brand Māori'.

A single desk<sup>40</sup> approach would enable Māori brands to consolidate in an export market. It would provide a single point of contact and deliver economies of scale and scope in marketing. This approach potentially provides a more effective channel into key export markets and is a mechanism to grow the presence of 'brand Māori'. It would potentially facilitate higher export returns while helping to protect the integrity of the brand.

The key questions for discussion are:

- *Do you agree there is a Māori brand and that it has value? How would you describe the concept of 'brand Māori'? What does it mean to you?*
- *Do Māori values give enterprises competitive advantage in building connections in some markets (for example China)? If so, in what form does this take effect?*
- *Could Māori enterprises help develop effective channels into export markets? How are Māori values recognised and leveraged in New Zealand's approach into priority markets?*

Examples of actions to leverage the cultural connection and the concept of a 'brand Māori' include:

1. Continue to facilitate entry and growth of Māori enterprises in export markets. The proposed intermediary (see area of focus 3) may provide a mechanism for this.
2. Building on the existing work that produced a 'brand Māori' roadmap to realise the vision, and investigate the use of a single-desk, 'brand Māori' approach for offshore markets. This could be a joint private sector / government initiative targeted at markets where this is likely to have the most impact.



<sup>36</sup> Māori Economic Taskforce Summit, 2011 *Kaupapa Māori and the Māori Economic Taskforce*, Auckland, New Zealand.

<sup>37</sup> Māori Economic Taskforce Summit, 2011 *Increasing exports*, Auckland, New Zealand.

<sup>38</sup> Ibid

<sup>39</sup> Ibid

<sup>40</sup> Single desk refers to a single authority or organisation that markets and / or exports a commodity on behalf of a range of producers.





