



# Mahi tahi tātou, kaha ake tātou.

**The Māori economy – obstacles and opportunities.**

Prepared for Westpac New Zealand by BERL and OpinioNative.

October 2021



# E ngā iwi, e ngā reo, e ngā karangatanga maha o ngā hau e whā, tēnei te mihi atu ki a koutou katoa.



The Māori economy is almost as old as Aotearoa itself. For centuries before Europeans arrived, Tangata Whenua were building, harvesting, crafting and trading in a way that was in tune with the land. Nowadays the Māori economy is a key component of New Zealand's wider economy, but there is still huge potential for growth. We will all benefit immensely if we can work together to remove the barriers to that growth.

With more than two-thirds of the world's indigenous population living in the Asia-Pacific region, APEC 2021 is the perfect forum for leaders and policy makers to explore how we can unlock this economic potential and build a model of inclusive prosperity where no groups are left behind.

As a Premier Partner of the APEC 21 CEO Summit and host of an APEC LIVE with Business event, that vision aligns closely with our aspirations at Westpac NZ. We know Aotearoa thrives when every community within it is thriving. Working together with communities helps us understand what they need to deliver greater outcomes for their people.

Those challenges and opportunities are laid out in this report. While the obstacles for growth in the Māori economy are diverse and complex – home ownership, barriers to education and lack of access to funding among them – they're more than outweighed by the potential for growth.

The Māori workforce is growing rapidly, but Māori small businesses continue to be underrepresented in the wider economy. By confronting the challenges and heeding the lessons of the successful Māori businesses showcased in this report, we hope we can help this important part of the economy to flourish.

As a major Kiwi lender we know we have an important part to play in supporting Māori business. We'd love to hear your feedback on what we're doing well, and where we could do better.

Mahi tahi tātou, kaha ake tātou – together we can help each other to be stronger.

A handwritten signature in black ink, appearing to read 'Simon Power'.

**Simon Power**  
Westpac New Zealand Acting CEO

# Executive summary

## Māori economy integrated into the New Zealand economy

The Māori economy is not separate, nor is it distinct; it is integrated and interwoven into the wider New Zealand economy. The Māori population is growing fast and is very young. Within the next fifteen years, a very large proportion of Māori will enter the labour force and play a pivotal role in the future of New Zealand – the future is Māori.

## Fast growing Māori population and labour force

Between 2013 and 2018, the Māori labour force grew by 40%. This growth will continue; in fact within the next fifteen years, an additional 30% of the Māori population will become of working age. Rangatahi (youth) will grow to be the future employees, employers, and self-employed.

As a nation, New Zealand has been built on small and medium enterprises, fuelled by employers and self-employed, driving the economy. In 2018, 99% of New Zealand business entities were either a self-employed individual, small enterprise or medium enterprise. However, as a proportion of New Zealand businesses, Māori are underrepresented.

## Māori SMEs are growing, but not fast enough

Through significant growth of assets and settlements with the Crown, Iwi have been able to develop diverse financial portfolios with a variety of growing assets. But, for Māori small and medium enterprises, the same significant growth has not yet occurred.

It is crucial to tap into the potential of growing Māori SMEs, and ultimately the Māori economy, through providing an enabling environment for current and future generations.

## Opportunities to tap into for the Māori economy

The New Zealand economy is built on SMEs. It is imperative that we grow Māori businesses to contribute to the wealth and wellbeing of their whanau (family) and the wider community. Fostering this growth starts with providing an enabling environment for young Māori. They are the future of business and the future of New Zealand.

Increasing the necessary support and resources available to young Māori should be a focus point. With improved skills and support, the Māori economy will have higher income levels and better home ownership rates, which will in turn improve the ability for Māori enterprises to leverage financial credit options. However, it will take a collective effort, from the Government, from Iwi, from business, and from every New Zealander to enable the significant growth of the Māori economy.

# Key observations

One of the goals of APEC is to support inclusive economic growth and prosperity in the Asia-Pacific region. APEC's work focuses on key inclusive growth drivers to help increase the participation of all members and communities in the region. The growth of Indigenous economies is aligned with APEC achieving its goal of inclusive economic growth and prosperity.

**The focus of this document is on the Māori economy.**

## The growing Māori economy

- The Māori economy is not a distinct or separate economy; it is interwoven into all parts of the New Zealand economy.
- Within the next fifteen years, a large proportion of Māori will enter the labour force, and play a pivotal role in the future of the Māori and wider New Zealand economy.
- It is important to provide an enabling environment to foster the successful growth of future generations.
- Māori employers and self-employed are a fast-growing part of the New Zealand economy.
- SMEs in New Zealand combined with self-employed enterprises made up 99% of all entities in the New Zealand economy in 2018. However, Māori are still significantly underrepresented in New Zealand SMEs.

## Barriers limiting the Māori economy

- The inability to access funding or capital severely limits the growth of small Māori businesses, and holds them back from reaching their full potential.
- On average, non-Māori employers earn a significantly higher income than Māori employers across New Zealand, with the exception of the unique Auckland Māori economy where Māori employers earn an income on par with non-Māori employers.
- Home ownership of Māori individuals was disproportionately lower than non-Māori in 2018 across most regions in New Zealand.
- Some Māori land is unable to be used as collateral to leverage financial support for Māori owners, and a misalignment between Iwi aspirations and commercial banks creates more resistance for access to finance.

## Opportunities for success

- Closing the income gap between Māori and non-Māori will result in an additional \$2.6 billion into Māori households (Tokona te Raki, 2017).
- Iwi and Collectives have developed significant investment portfolios and business operations which have enabled support for growth of current and future generations.
- The inspiring stories of Māori individuals have created a pathway for current and future Māori generations down different avenues of success.

The Māori economy is a growing and complex economy, and cannot be simplified.

Providing opportunities and supporting Māori in business will accelerate growth that will not only benefit the Māori economy but also the rest of the New Zealand economy.

# Contents

<b>1.</b>	<b>Introduction</b>	<b>7</b>
1.1	Purpose of this document	7
1.2	APEC – valuing Indigenous economies	7
<b>2.</b>	<b>The Māori economy: an integrated part of the New Zealand economy</b>	<b>8</b>
2.1	The Māori economy	8
<b>3.</b>	<b>Māori population is young and growing fast</b>	<b>10</b>
3.1	The Māori labour force is also growing fast	10
3.2	Impact of COVID-19 on Māori	13
<b>4.</b>	<b>New Zealand has been built by Small and Medium Enterprises</b>	<b>15</b>
4.1	Māori represent a very small proportion of New Zealand SMEs	15
4.2	Access to mainstream funding for Māori SMEs	16
<b>5.</b>	<b>Utilisation of Māori asset base</b>	<b>20</b>
5.1	An asset base composition different to the rest of the economy	20
5.2	A tale of two halves	20
5.3	Māori value add to the economy	22
5.4	Owners of collectively held Māori land	22
5.5	Iwi investments	23
5.6	Governance and management capability for Māori Collectives	23
5.7	Limited support for especially Māori SMEs	24
	<b>Case study: Āti hau-Whanganui Incorporated</b>	<b>26</b>
	<b>Case study: Silks Audit</b>	<b>27</b>
	<b>Case study: Waikato Tainui</b>	<b>28</b>
	<b>Case study: Cowessess Ventures Limited</b>	<b>29</b>
	<b>Case study: Manawa Honey NZ Limited</b>	<b>30</b>
	<b>Appendix: References</b>	<b>31</b>
	<b>Acknowledgements</b>	<b>32</b>

# Tables

Table 4.1: Growth in employment by ethnicity .....	15
Table 4.2: Average regional income by ethnicity, 2018 .....	18
Table 4.3: Regional home ownership by ethnicity, 2013 and 2018 .....	19
Table 5.1: Iwi investment strategies, 2019 .....	23

# Figures

Figure 3.1: Percent of age groups in population, 2018 .....	10
Figure 3.2: New Zealand labour force, 2018 .....	11
Figure 3.3: Skill levels as a proportion of total employment .....	12
Figure 3.4: Auckland Māori skill levels .....	12
Figure 3.5: Total Māori employment by industry, 2018 .....	13
Figure 4.1: Enterprise count by employee count, 2018 .....	15
Figure 4.2: Barriers for the Māori business sector (%), 2020 .....	16
Figure 4.3: Income groups by ethnicity, 2018 .....	17
Figure 5.1: Māori asset base, 2018 .....	20
Figure 5.2: Māori regional asset base, 2018 .....	21
Figure 5.3: Māori real value added, 2018 .....	22

# 1. Introduction

## 1.1 Purpose of this document

Business and Economic Research Limited (BERL) was engaged by Westpac NZ to provide deeper insights to support Westpac in chairing the Asia-Pacific Economic Cooperation (APEC) Live with Business series. The topic is focused on discussing challenges and opportunities facing Indigenous communities and options for which businesses and policy makers can put diversity and inclusion at the top of the economic agenda. This document focused on the Māori economy, its structure and its role within the New Zealand and the international economy.

## 1.2 APEC – valuing Indigenous economies

One of the goals of APEC is to support inclusive economic growth and prosperity in the Asia-Pacific region. The APEC Putrajaya Vision 2040 mandates APEC’s work on inclusion. This vision includes a pillar on Strong, Balanced, Secure, Sustainable and Inclusive Growth “to ensure that the Asia-Pacific region is resilient to shocks, crises, pandemics and other emergencies”. The vision will “foster quality growth that brings palpable benefits and greater health and wellbeing to all, including MSMEs (Micro, Small, and Medium Enterprises), women and others with untapped economic potential” (APEC, 2021).

APEC’s work focuses on key inclusive growth drivers to help increase the participation of all members and communities in the region. The growth of Indigenous economies is aligned with APEC achieving its goal of inclusive economic growth and prosperity. Research and analysis of Indigenous economies can increase domestic, regional and global awareness of the value that these economies bring, and highlight the opportunities within these Indigenous economies (APEC, 2021).



## 2. The Māori economy: an integrated part of the New Zealand economy

Māori are the tangata whenua (people of the land), the Indigenous people of New Zealand. They sailed across the seas to New Zealand around 1,000 years ago. Today, one in seven New Zealanders identifies as Māori. Their history, language and traditions are central to New Zealand's identity (NZ Tourism, n.d). The Māori economy is not new, having been established for several centuries. However, the term "Māori economy" has only been mainstreamed in the last few decades in New Zealand. The scope of the Māori economy is diverse and complex, making it hard to define. It is integrated into all parts of the New Zealand economy.

**The Māori economy is not a distinct or separate economy, it is interwoven into all parts of the New Zealand economy.**

The New Zealand economy has grown significantly over the previous few decades, with globalisation and technology driving change. New Zealand's small population, in comparison to most other advanced economies, can produce enough food to feed 40 million people (RNZ, 2021).

Māori are integrated into all parts of the New Zealand economy. The contribution of the Māori economy to the wider New Zealand economy is growing significantly, with unique aspects of the Māori economy driving this growth.

### 2.1 The Māori economy

#### 2.1.1 The Treaty of Waitangi is New Zealand's founding document

The Treaty of Waitangi was first signed on 6 February 1840 in the Bay of Islands. The Treaty represents an agreement between the British Crown and about 540 Māori chiefs. New Zealand's constitution is not founded on one document (Governor General, nd). Instead, it has a number of sources, including the Treaty of Waitangi, crucial pieces of legislation, several legal documents, and common law derived from court decisions, as well as established constitutional practices known as conventions. The Treaty of Waitangi was written in English and translated into Te Reo Māori. However, there are major differences between the two versions which has created tensions between the two interpretations.

The status of the Treaty of Waitangi has evolved over time. In recent history, successive governments have recognised the significance of the Treaty of Waitangi, as a result of Māori leaders and people stressing its importance. Consequently, the Crown has used the principles of the Treaty of Waitangi (Participation, Partnership and Protection) to engage with Māori (APEC, 2021).

#### Financial redress

Over the past 25 years, the Government and Iwi across New Zealand have been working to acknowledge historical grievances. In most cases, there has been a measure of financial redress for Crown wrongdoing and the return of culturally significant sites to Iwi; however, the value of redress is only a very small fraction of the value of the lands and other natural resources that were originally taken. The total value of all finalised settlements is \$2.2 billion. Two of the most significant settlements were finalised in the early part of the settlement process in the 1990s. Ngāi Tahu, in the South Island, and Tainui of Waikato, in the North Island, both agreed settlements with the Crown worth \$170 million.

Each settlement is different, but settlements usually provide three kinds of redress to the claimant group:

- 1) An historical account of the Treaty breaches, and Crown acknowledgement and apology.
- 2) Cultural redress (such as changing place names, transferring Crown land to the claimant group, and co-governance of lands, rivers and lakes).
- 3) Commercial and financial redress (cash, property, or a mixture of both).

Treaty settlements have created opportunities for Māori and have strengthened the Māori economy. Māori have used the money and land from these settlements to create businesses, support education and fund scholarships, create jobs, and provide social and cultural services. As such, Treaty settlements have supported the growth of the Māori economy.

**Treaty settlements are an important pillar of the Māori economy, but it is only one of many factors contributing to growing the Māori economy.** There are many trusts, incorporations, and businesses outside the scope of the Treaty settlements that are thriving and contributing to the growing Māori economy.

#### Collective structures

A post-settlement governance entity (PSGE) must be established before an Iwi receives its Treaty settlement assets. Once those assets are passed on to the PSGE, the trustees of the PSGE have the power and ability to do as they please with those assets (in accordance with the law and the Trust deed). PSGEs are generally set-up as trust holding entities.

There is a range of structures available to Māori which have been set up to hold or manage Māori owned land blocks. Share-based trusts hold shares in multiple owned or solely owned Māori land blocks, like Whānau Trust, Kaitiaki Trust and Pūtea Trust. Similarly, land-based trusts manage Māori owned land blocks on behalf of land owners, and include Ahu Whenua Trust, Whenua Tōpū Trust



and Māori Reservation. Lastly, a land based corporate structure with shareholders can be established as a company to manage over Māori land.<sup>1</sup>

### 2.1.2 Measuring the Māori economy

To measure Māori contribution to the economy, we define the Māori economy as all known assets owned, wealth generated and income earned by Māori.

Broadly meaning that the Māori economy comprises of people, assets and business:

- Māori people – Māori employed in the labour market as well as Māori employers.
- Māori assets – including assets from Iwi, Collectives, Trusts and Incorporations and business.
- Māori business – including Māori businesses<sup>2</sup> and Māori in business.

---

<sup>1</sup> Further information on the various structures is available at <https://maorilandcourt.govt.nz/your-maori-land/trusts-and-incorporations/#whanau-trust>

<sup>2</sup> Māori businesses include businesses that have evolved out of Collectives, Trusts and Incorporations

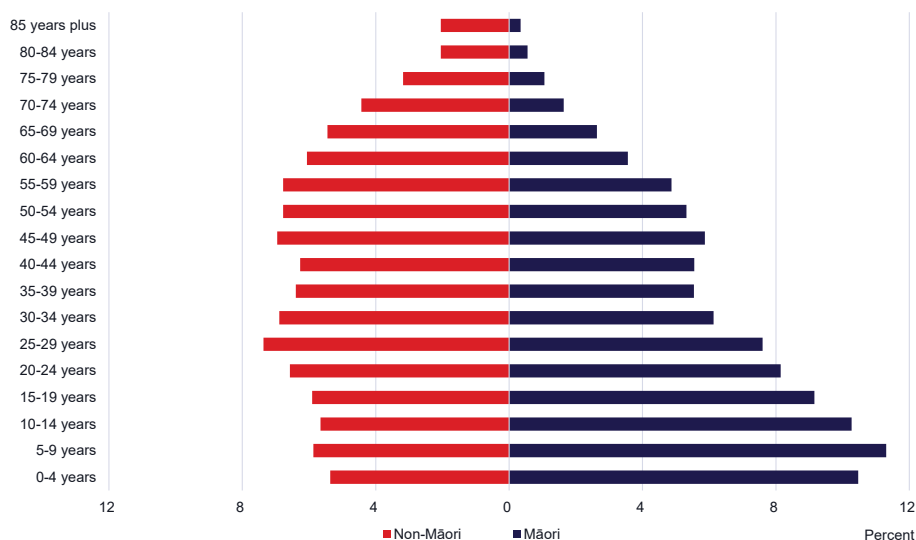
### 3. Māori population is young and growing fast

New Zealand's total population increased from 4.1 million in 2006 to 4.8 million in 2018, with Māori accounting for 16% (777,195) of the total 2018 population. This is an increase from 14% (566,496) in 2006. The Māori population is uniquely different to the non-Māori population:

- The Māori population is growing significantly faster.
- And is much younger.

Between 2006 and 2018, the non-Māori population grew by 11%, compared to the Māori population which grew by 27% – **growing at over double the rate of non-Māori**. Figure 3.1 depicts the age structure of the Māori and non-Māori population in 2018.

Figure 3.1: Percent of age groups in population, 2018



Source: BERL, Te Ōhanga Māori 2018

In 2018, 17% of the non-Māori population was over the age of 65 years, compared to only 6% of the Māori population. This resembles an aging non-Māori population and a much younger Māori population, which is also reflected through:

- 32% of the Māori population being under the age of 14 years, compared to only 17% of the non-Māori population.
- 49% of the Māori population being under the age of 29 years, compared to only 23% of the non-Māori population.

The fast growing characteristic of the Māori population is particularly reflected through the growth of the number of Māori under the age of 14 years, which increased by 20% between 2006 and 2018. The number of non-Māori under the age of 14 years grew by less than one percent across the same period.

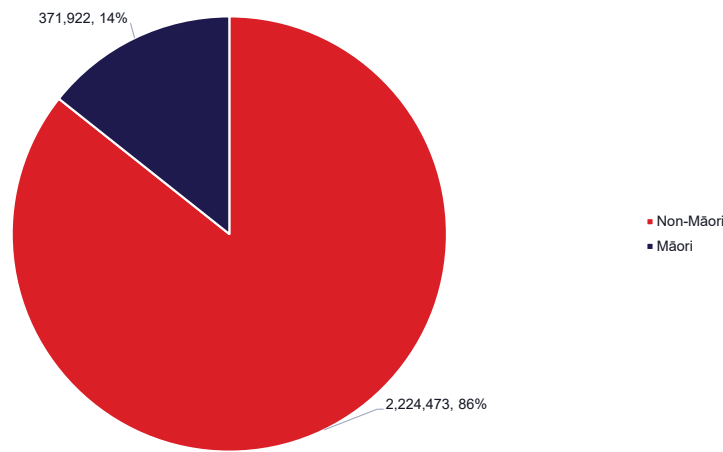
**Within the next fifteen years, this large proportion of Māori will enter the labour force, and play a pivotal role in the future of the Māori and wider New Zealand economy.**

It is important to provide an enabling environment through education, training and entrepreneurship opportunities for rangatahi to ensure future growth and success.

#### 3.1 The Māori labour force is also growing fast

In 2018, the New Zealand labour force totalled 2.6 million, an increase from 2.3 million in 2013. As presented in Figure 3.2, Māori accounted for 14% of the total New Zealand labour force in 2018 which is an increase from 11% in 2013.

Figure 3.2: New Zealand labour force, 2018



Source: BERL, Te Ōhanga Māori 2018

**Between 2013 and 2018, the Māori labour force grew by 40% compared to the non-Māori labour force which grew by 8%. This growth is more clearly reflected through the growth of employees, employers and self-employed who make up the labour force.**

## Employees

In 2018, there were 297,366 Māori employees in New Zealand, a 56% increase from 190,491 in 2013. The following industries accounted for the most Māori employees in 2018:

- Manufacturing (12% compared to 10% for non-Māori).
- Construction (10% compared to 9% for non-Māori).
- Health Care and Social Assistance (10% which is the same as non-Māori).
- Education and Training (9% compared to 8% for non-Māori).

A significant proportion of employees are employed in a small composition of industries, with these four industries accounting for 41% of all Māori employees in 2018.

### 3.1.1 Māori employers and self-employed (Māori SMEs)

In 2018, there were 9,849 Māori employers in New Zealand, a 45% increase from 6,777 in 2013. The construction industry accounted for 23% of Māori employers, while agriculture, forestry and fishing accounted for 14% of Māori employers.

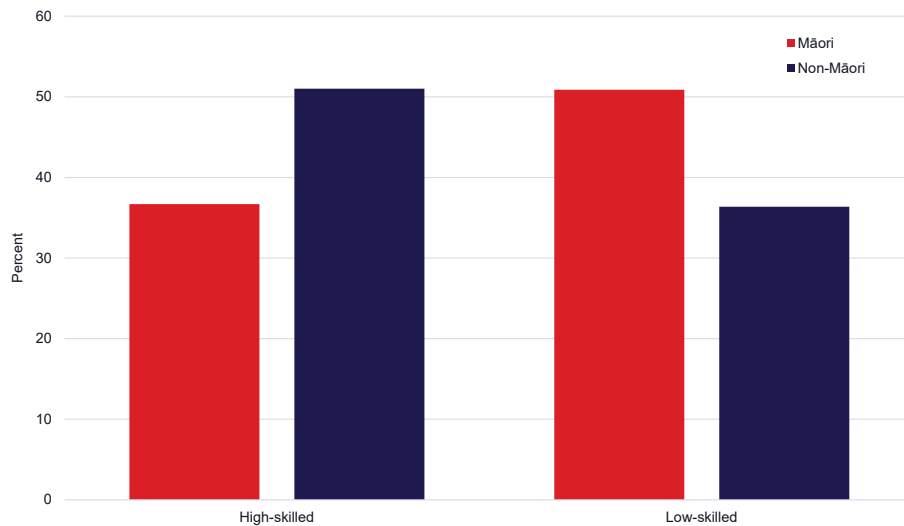
The number of self-employed Māori increased by 25% between 2013 and 2018. This represents 18,582 self-employed Māori, who are either independent contractors, sole traders, or small business owners who operate with zero employees. Self-employed Māori most commonly operated in Construction (19%), and Professional, Scientific, and Technical Services (10%).

**Māori employers and self-employed are a fast growing proportion of the New Zealand economy.** They are becoming an increasingly larger contributor to the wider economy which is built on employers and self-employed operating as Small and Medium Enterprises (SMEs).

### 3.1.2 Differences in skill levels

Skill levels are defined as a function of the range and complexity of tasks performed in an occupation, and measured by the individual's level of education and training, previous experience in a related occupation, and the amount of on-the-job training (Australian Bureau of Statistics, 2019).

Figure 3.3: Skill levels as a proportion of total employment



Source: BERL, Te Ōhanga Māori 2018

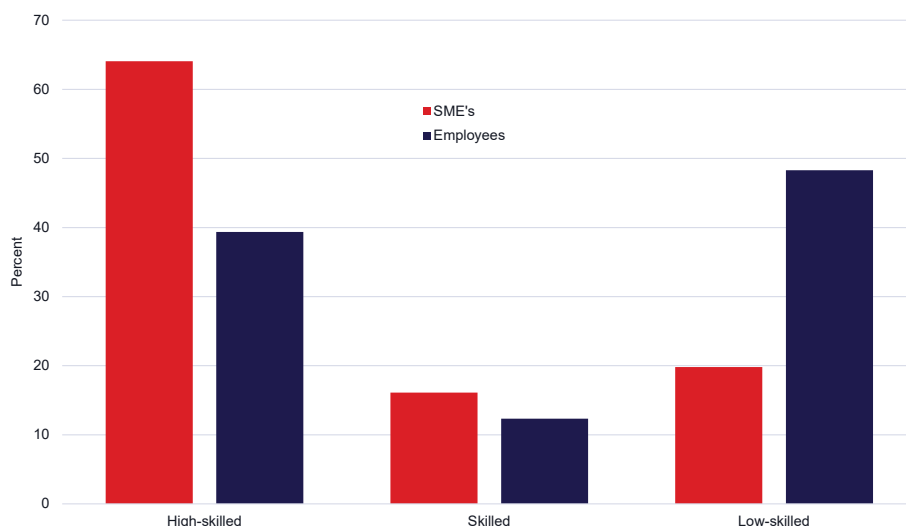
Figure 3.3 depicts low-skilled and high-skilled employment as a proportion of total employment in 2018 for both Māori and non-Māori. 51% of all Māori employed in 2018 were low-skilled, in comparison to just 36% for non-Māori. Māori were also underrepresented in the high-skilled category, with 37% of Māori high-skilled compared to 51% for non-Māori.<sup>3</sup>

The young Māori population is partly accountable for proportionately more Māori in the low-skilled category, as more Māori are employed in entry level/part-time occupations. **However, Māori are still significantly overrepresented in the low-skilled category with much larger proportions of low-skilled Māori compared to low-skilled non-Māori.**

## The unique Auckland Māori economy

Māori SMEs and Māori employees in Auckland are proportionately more high-skilled and less low-skilled than New Zealand Māori SMEs and employees. Figure 3.4 presents the skill level breakdown of Māori SMEs and employees in Auckland.

Figure 3.4: Auckland Māori skill levels



Source: BERL, Te Ōhanga Māori 2018

64% of Māori SMEs in Auckland are high-skilled, which means there are proportionately more high-skilled Māori SMEs in Auckland than Māori SMEs in New Zealand. This is mainly driven by Māori employers, with 81% of Māori employers in Auckland high-skilled. The proportion of high-skilled Māori employers in Auckland is higher than the proportion of high-skilled non-Māori employers in New Zealand (75%).

Similarly, the proportion of high-skilled Māori employees is higher in Auckland than the proportion of high-skilled Māori employees in New Zealand. The proportion of low-skilled Māori employees in Auckland is also lower than the proportion of total New Zealand low-skilled Māori employees.

<sup>3</sup> Remaining proportions are classified in the 'skilled' category.

These results are largely accounted for by the structure and composition of the Auckland economy. There is a variety of educational opportunities available to Māori in Auckland, through Te Wānanga o Aotearoa for example, and there are also more high-value occupations available. The reputation which Auckland has is also a factor. Living in Auckland is appealing to many individuals in more rural regions, which can lead to individuals with higher career aspirations moving to Auckland.

## 3.2 Impact of COVID-19 on Māori

Māori have always been disproportionately impacted by economic shocks in comparison to non-Māori. As seen with most Indigenous economies, they are hit much harder by economic shocks due to demographics, employment and connectedness to the wider economy.

### 3.2.1 Young Māori impacted greatly

The Māori population is young, as outlined in Section 3, with 41% of the population under the age of 19 years. Breaking this down, 9% of the Māori population is aged between 15 years and 19 years, which is a crucial deciding point in life.

This is a stage in life where rangatahi are faced with a hard decision which determines their future. Normally they must decide whether to seek further education, or go straight into work, or take a gap year. However, with the impact of COVID-19, the option of taking a gap year, or going straight into employment might not be a feasible option due to the lack of jobs in retail and tourism; traditionally sectors with high rates of employment for young people.

**Government, Iwi and business should step in and ensure reliable help and assistance to build and grow our rangatahi now, for the future.**

### 3.2.2 An employment composition which helped Māori

Historically, Māori are impacted more adversely by economic shocks than non-Māori. **However, the nature of the response from Government to COVID-19 and the employment composition of the Māori labour force has cushioned this impact.**

Figure 3.5: Total Māori employment by industry, 2018



Source: BERL, Te Ōhanga Māori 2018

Figure 3.5 breaks down total Māori employment by industries in 2018, which is a combination of employers, self-employed and employees. The top employment industries for Māori in 2018 were:

- Manufacturing, 38,580.
- Construction, 35,103.
- Health care and social assistance, 30,561.

### Industries with a relatively quick recovery

Māori employment numbers are high in manufacturing, construction, retail trade, and accommodation and food services, which are industries that felt the initial impact of COVID-19 hard. Lockdown completely halted business operations in these industries. However, once lockdown had ended, significantly high domestic spend and a growing housing market enabled a swift recovery. In particular, retail, accommodation and food services and tourism benefitted significantly from large amounts of domestic tourism and domestic expenditure.

Therefore, the initial lockdown would have presented challenges for Māori employed in these industries. However, once lockdown had passed and the swift recovery began, Māori employees would have been presented with the opportunities of more work through the growing demand.

Health care and social assistance employed 30,561 Māori in 2018. The significant presence of Māori in this industry meant that throughout the COVID-19 lockdown, many were required to continue working as this industry is essential to New Zealand.

This limited the adverse impact Māori usually experience during economic shocks, and meant many were able to continue working.

### **Māori might be less adversely impacted by COVID-19 in comparison to previous shocks**

The uniqueness and nature of the COVID-19 shock was much different to economic shocks experienced in the past. Particular industries felt the shock of COVID-19 comparably worse than others, and for longer periods of time, with international tourism still suffering significantly.

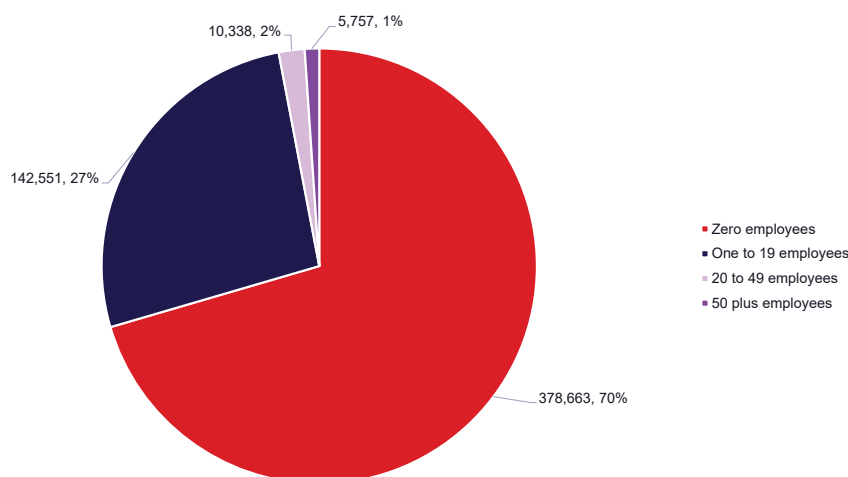
The Government response was also rapid and comprehensive. The Government introduced the wage subsidy scheme. This large fiscal policy package supported over 1.7 million jobs and paid out more than \$13 billion in New Zealand (RNZ, 2020). As a result of the uniqueness of the impact of COVID-19 on the economy, **the employment composition of Māori was able to assist the Māori economy in its continued recovery from COVID-19** (ANZ, 2021). However, Māori are still statistically worse-off than non-Māori in New Zealand, with the aided recovery from COVID-19 only slightly reducing the disproportionate impact economic shocks usually have on Māori.

## 4. New Zealand has been built by Small and Medium Enterprises

In New Zealand, SMEs are often defined as businesses with 49 or fewer employees, with small enterprises having fewer than 19 employees and medium enterprises having between 20 to 49 employees (OECD, 2020).

New Zealand is an economy built on SMEs, as depicted in Figure 4.1.<sup>4</sup>

Figure 4.1: Enterprise count by employee count, 2018



Source: Statistics New Zealand, Business Demography statistics, 2018

The New Zealand economy is dominated by self-employed enterprises (70%), followed by small enterprises, which account for 27% of the total enterprise count and further followed by medium enterprises which account for 2%. This is similar to Australia, a neighbouring country with an Indigenous economy, where SMEs account for 99.8% of all businesses (OECD, 2020). However, SMEs in Australia are defined as businesses with between zero and 199 employees.

**SMEs in New Zealand combined with self-employed enterprises, who fall under the definition of a small enterprise, made up 99% of business entities in the New Zealand economy in 2018.** This only further reflects how SMEs play an integral role in the New Zealand economy, driving the future growth of New Zealand.

### 4.1 Māori represent a very small proportion of New Zealand SMEs

The proportion of Māori businesses is growing, but not fast enough. We have measured Māori SMEs by comparing Māori self-employed and employers with the total in New Zealand.<sup>5</sup>

Table 4.1: Growth in employment by ethnicity

	2013	2018	% Change
<b>Māori</b>			
Employers	6,777	9,849	45
Self-employed	14,880	18,582	25
Sub-total	21,657	28,431	31
<b>Non-Māori</b>			
Employers	122,586	127,857	4
Self-employed	219,885	231,480	5
Sub-total	342,471	359,337	5

Source: BERL, Te Ōhanga Māori 2018

<sup>4</sup> Business demography data is available for 2020, but for the purpose of consistency and comparison across data used in this report, 2018 business demography data was used.

<sup>5</sup> BERL has used Māori employers and self-employed as a representation of Māori SMEs in New Zealand. There is no data currently available which presents businesses employee counts with an ethnicity indicator.



Table 4.1 depicts Māori and non-Māori employers and self-employed across two Census years, 2013 and 2018. Māori employers and self-employed grew by 45% and 25% between 2013 and 2018, respectively. In comparison, non-Māori employers and self-employed grew by 4% and 5% during the same period, respectively.

Although Māori employers and self-employed are growing significantly faster than non-Māori, they are still greatly underrepresented in the New Zealand economy. Māori employers and self-employed each accounted for 7% of total New Zealand employers and self-employed.

**The number of Māori businesses is growing, but not fast enough.**

## 4.2 Access to mainstream funding for Māori SMEs

Many small businesses need access to funding at some stage in their journey. Options for finance in New Zealand are narrow and commercial banks tend to be the main source. There are few alternative lenders offering finance at affordable rates and the equity and angel investment market in New Zealand is small.

The commercial banks tend to view small business lending as more risky than other segments such as housing and often require property as collateral for lending. Lower home ownership rates for Māori, which mean fewer have property available as collateral for business lending, compound these issues.

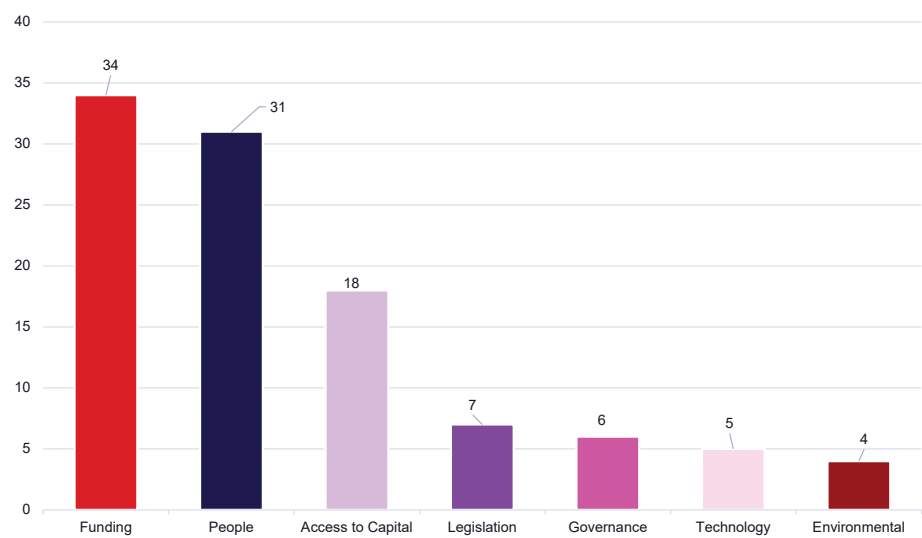
Figure 4.2 presents results from BDO’s Māori business survey. Māori businesses were asked “what are the main barriers for achieving planned outcomes?” The findings were:

- 34% believed funding was a barrier.
- 31% believed the capability and capacity of people was a barrier.
- 18% believed access to capital was a barrier.

These three findings are closely related, as the ability to access capital and receive necessary funding enables Māori businesses to employ people with the necessary knowledge and skills, or invest in their own people, through training and development.

**The inability to access funding or capital severely limits the growth of small Māori businesses, and limits them from reaching their full potential.**

Figure 4.2: Barriers for the Māori business sector (%), 2020



Source: BDO, Māori Business Survey Report 2020<sup>6</sup>

### Access to credit

Income is closely related to credit product availability. We do recognise that credit is dependent on not only income but also expenditure of individuals and or households. When strictly looking at income, there are different tiers of credit mostly available to specific income groups.

<sup>6</sup> Link to access BDO – Māori business survey report 2020, is located in Appendix A.

## Tier one, two or three credit options

These tiers include access to credit entities that provide consumer credit. Entities include registered banks, finance companies, credit unions, building societies, finance companies, pawn brokers and mobile traders. 15% of the Māori workforce earns between \$1 and \$15,000. Traditionally, individuals who earn between \$1 and \$15,000 annually will not have access to any of the traditional credit providers.

## Personal loans and mortgages

Personal loans and mortgages are typically only available to individuals who have a stable income above \$35,000 for personal loans, and above \$60,000 for mortgages. Mortgages are used in a way that allows consumers to secure a loan from banks to purchase a home, with the money loaned from the bank being paid back over time with an interest rate. Personal loans are typically used by lenders who need to make a large purchase like a car, and similar to mortgages will have an interest rate. Lenders must have a relatively high and stable income, with a good credit score, to be even considered for either of these credit options.

Only 23% of the Māori workforce earns above \$60,000 which **means that at present, the majority may not qualify for a mortgage.**

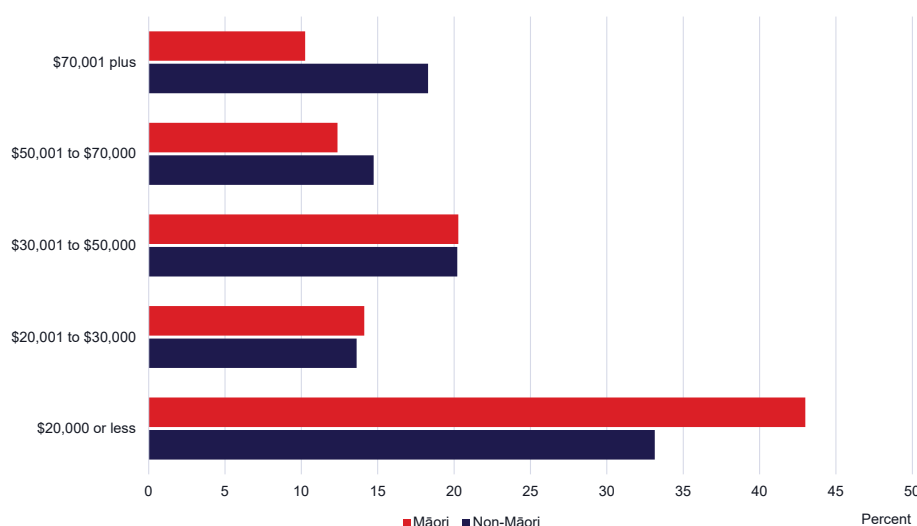
It must be noted that the young Māori population who are in part-time/entry level jobs will account for a notable proportion of Māori who cannot access a mortgage. But that doesn't fully explain the proportion of Māori who are unable to access a mortgage.

Clearly, the income gap between Māori and non-Māori flows on to much lower home ownership levels for Māori.

### 4.2.1 The income gap

**Māori on average earn less than non-Māori in New Zealand, and are over-represented in the low-wage economy.** The Māori population is very young, but on average is also less qualified and in lower skilled occupations than non-Māori (See Section 3.1.2). These reasons create an income gap between Māori and non-Māori, as represented in Figure 4.3.

Figure 4.3: Income groups by ethnicity, 2018



Source: BERL, Te Ōhanga Māori 2018

In 2018, 43% of working age Māori earned \$20,000 or less, in comparison to only 33% of non-Māori. This is a large reflection of the young Māori population in part-time or entry level occupations, but also the more low-skilled Māori population.

In 2018, 10% of working age Māori were earning above \$70,001, compared to 18% of non-Māori. Similarly, only 12% of working age Māori earned between \$50,001 and \$70,000, compared to 15% of non-Māori.

**Closing the income gap between Māori and non-Māori would see an additional \$2.6 billion into Māori households** (Tokono te Raki, 2017).

## 4.2.2 Differences in regional income for Māori

The income gap between Māori and non-Māori is persistent across all regions in New Zealand. Table 4.2 depicts the average income levels for Māori and non-Māori employers and self-employed by region in New Zealand in 2018.

Table 4.2: Average regional income by ethnicity, 2018

Region	Māori		Non-Māori	
	Employers	Self-Employed	Employers	Self-Employed
Northland	37,996	22,827	59,883	29,975
Auckland	82,156	41,503	84,090	41,052
Waikato	43,118	29,813	63,613	34,754
Bay of Plenty	59,911	27,512	66,906	36,623
Gisborne	14,240	16,613	57,171	28,988
Southland	28,199	18,457	63,828	34,352
Wairarapa	20,423	7,146	53,638	32,330
Manawatu-Whanganui	41,628	25,457	58,561	31,646
Wellington	51,290	43,188	84,272	54,644
Nelson	12,530	17,386	61,737	31,801
Canterbury	63,142	33,495	68,200	34,702

Source: BERL, Te Ōhanga Māori 2018

**On average, non-Māori employers earn a significantly higher income than Māori employers across New Zealand.** This is a reflection of the younger Māori population, but also the less skilled and less qualified Māori population in lower income employment industries.

Auckland is the outlier. Māori and non-Māori employers in Auckland earn an income that was relatively similar, with only \$2,000 separating the average income. This gap was significantly smaller than those seen between Māori and non-Māori employers throughout the rest of New Zealand.

**The Auckland Māori economy is uniquely different to the Māori economy in the rest of New Zealand.** With very little agriculture, forestry and fishing in Auckland, Māori employers have diversified into more high-value industries like manufacturing and professional, scientific and technical services. These industries have enabled more high-value growth opportunities for Māori employers, which has closed the income gap.

A significantly large income gap was recorded in Wellington, with Māori employers earning an average income of \$33,000 lower than non-Māori employers in Wellington. The average income of non-Māori employers in Wellington was higher than every region in New Zealand, but this does not fully explain the significant income gap between Māori employers and non-Māori employers in Wellington. What can explain this income gap in Wellington is the significant amount of non-Māori employers in high-value service industries which are available at New Zealand's capital city.

Another large income gap is seen between Māori employers and non-Māori employers in Nelson. However, this is largely accounted for by the major underrepresentation of Māori employers in Nelson.

An income gap also exists between employers and self-employed for both Māori and non-Māori. This gap reflects the difficulty and challenges that come with attempting to build from a self-employed business into a larger business with employees.

### 4.2.3 Low home ownership for Māori individuals

Home ownership for Māori individuals has been consistently lower than non-Māori for decades. Table 4.3 shows the comparably lower home ownership for Māori individuals compared to non-Māori individuals across two Census years, 2013 and 2018. The highest regional home ownership rate for Māori in 2018 was 43% in Southland, compared to the highest regional home ownership rate for non-Māori at 65% in Tasman.

**Across every region in New Zealand, Māori home ownership was disproportionately lower than non-Māori in 2018.**

Table 4.3: Regional home ownership by ethnicity, 2013 and 2018

Home ownership, (%)	2013		2018	
	Māori	Non-Māori	Māori	Non-Māori
Northland	32	63	34	64
Auckland	24	45	25	47
Waikato	26	55	30	57
Bay of Plenty	31	59	34	61
Gisborne	29	59	31	63
Hawkes Bay	28	60	31	62
Taranaki	32	60	35	63
Manawatu-Whanganui	29	57	34	60
Wellington	28	53	31	55
Tasman	37	64	39	65
Nelson	28	58	31	60
Marlborough	35	63	40	64
Canterbury	30	56	34	57
West Coast	40	60	42	61
Chatham Islands	49	43	42	43
Otago	33	55	36	56
Southland	39	61	43	62
Total	28	53	31	55

Source: BERL, Te Ōhanga Māori 2018

Total home ownership for Māori individuals has increased between 2013 and 2018 by only 2%. Māori home ownership was still significantly low, at 31% in 2018, compared to 55% for non-Māori in 2018.

## 5. Utilisation of Māori asset base

### 5.1 An asset base composition different to the rest of the economy

The Māori asset base totalled \$68.7 billion in 2018, which was an increase from \$42.6 billion in 2013 (BERL, 2020). The composition of this asset base was:

- \$39.1 billion assets in the businesses of 9,850 Māori employers.
- \$21.0 billion assets in Trusts, Incorporations, and other Māori entities.
- \$8.6 billion assets in the businesses of 18,600 self-employed Māori.

Agriculture, forestry, and fishing accounted for 34% of the Māori asset base which reflects the large shareholding and investment of Iwi and Collectives, including into non-commercial land for farming, particularly sheep and beef farming which accounted for \$8.6 billion.

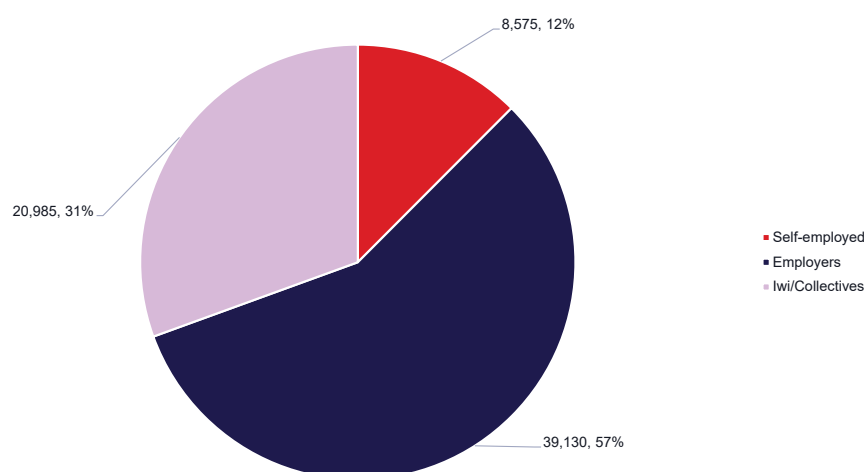
### 5.2 A tale of two halves

**The Māori asset base has grown significantly since 2013.**

Large Māori enterprises and Iwi/Collectives have developed and grown their existing asset base significantly over the past decade.

This growth has been partnered with legal and financial support, the same support which small Māori enterprises does not always have access to. Figure 5.1 breaks down the 2018 Māori economy asset base by Māori entity.

Figure 5.1: Māori asset base, 2018



Source: BERL, Te Ōhanga Māori 2018

#### Iwi and Collectives

As shown in Figure 5.1, Iwi and Collectives' total asset base in 2018 was \$21 billion, an increase from \$12.5 billion in 2013. The 2018 asset base was dominated by the following two industries:

- Agriculture, forestry, and fishing which accounted for \$14.1 billion (67%).
- Rental, hiring, and real estate services which accounted for \$4.8 billion (23%).

Iwi and Collectives manage billions of dollars, a task requiring increasing sophistication in their investment strategies. Asset classes of Iwi and Collectives have evolved from the properties, fisheries quotas, and cash they received through Treaty settlement process to now include major investments in private equity, infrastructure, and other financial assets. These asset bases are the product of growth from their whenua (land), and have enabled Iwi/Collectives to develop into large commercial organisations.

## Māori Employers

Māori employers accounted for 57% of the total Māori asset base in 2018 totalling \$39 billion, as shown in Figure 5.1. This is an increase from \$23.4 billion in 2013. The 2018 Māori employer asset base included:

- Rental, hiring, and real estate services which accounted for \$8.2 billion (39%).
- Agriculture, forestry, and fishing which accounted for \$7.5 billion (19%).
- Manufacturing which accounted for \$4.3 billion (11%).

Māori employers accounted for 49% of the wider Māori asset base in rental, hiring, and real estate services in 2018. This reflects the large investments in commercial property undertaken by Māori. Māori employers also contributed 32% to the wider agriculture, forestry and fishing asset base in 2018.

## Māori Self-employed

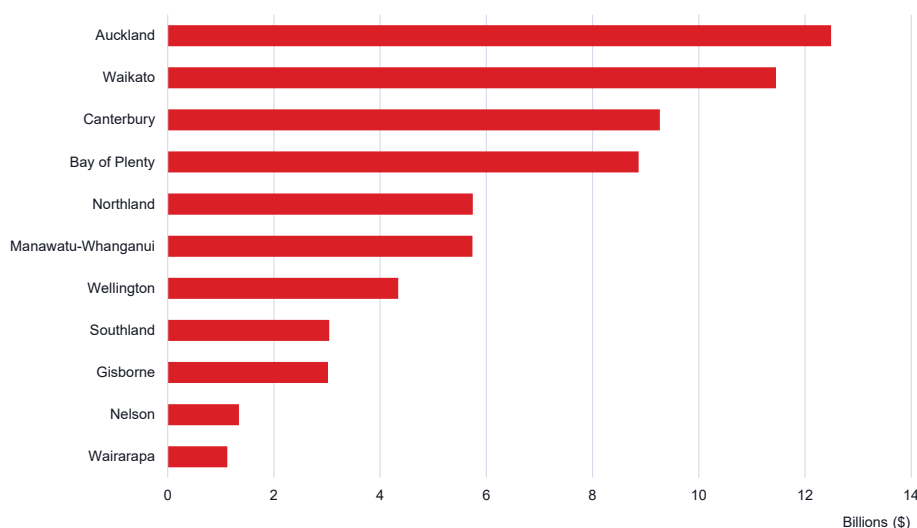
Māori self-employed accounted for only 12% of the wider Māori asset base in 2018. This 12% represented \$8.6 billion of assets spread across rental, hiring, and real estate services (43%), agriculture, forestry, and fishing (21%), and a variety of other industries.

The small share that Māori self-employed held in the wider Māori asset base is a reflection of the difficulties faced when trying to grow a business from self-employed, to one with employees, plus the difficulties faced when trying to access capital for Māori. The needed but missing support for Māori self-employed has limited their ability to reach full potential.

### 5.2.1 Differences in regional asset bases

The Māori asset base of New Zealand in 2018 is broken down by region in Figure 5.2. Leading regions in terms of their contribution to the overall Māori asset base in 2018 were Auckland (\$12.49 billion), Waikato (\$11.45 billion), and Canterbury (\$9.27 billion).

Figure 5.2: Māori regional asset base, 2018



Source: BERL, Te Ōhanga Māori 2018

The majority of the regional Māori asset base is dominated by agriculture, forestry and fishing, as expected with this sector accounting for 34% of the total New Zealand asset base. However, Auckland and Wellington have an asset base composition slightly different to the rest. Agriculture, forestry and fishing accounted for only 3% of the Auckland asset base and 13% of the Wellington asset base.

### Auckland – impact of urbanisation

Auckland's Māori asset base is uniquely different to most regions in New Zealand, being largely urbanised with very little agriculture. What drives the large asset base of Auckland is the high-value manufacturing and the significantly high-value commercial and residential property.

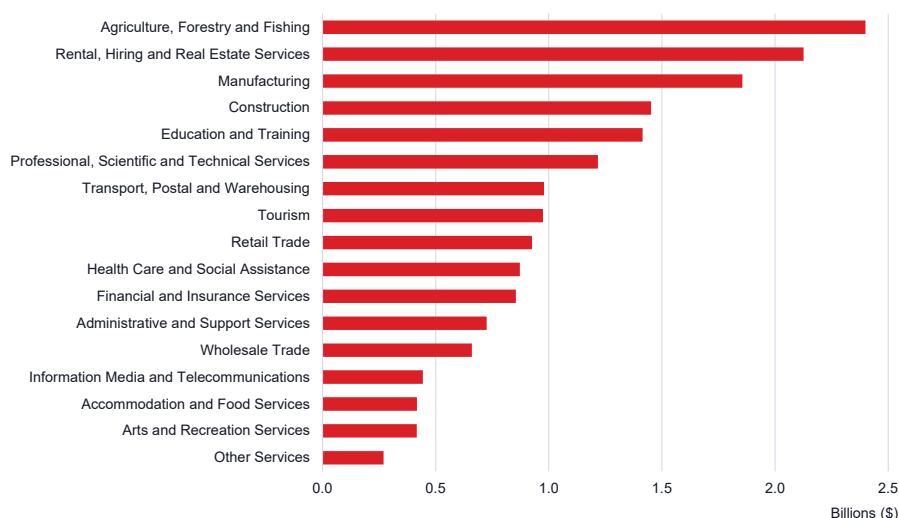
This difference in composition creates a very unique Māori economy in Auckland. Throughout New Zealand, agriculture, forestry, and fishing is one of the biggest industries for Māori employment, and in terms of assets. But this is not the case in Auckland.

This characteristic has opened different avenues for Māori in Auckland, with much more employment in other industries like manufacturing, or administrative related occupations. **These avenues are more high-value and have enabled Māori in Auckland to have higher incomes, particularly Māori employers (who earn just below non-Māori), than most regions in New Zealand.**

## 5.3 Māori value add to the economy

Real value add (Gross Domestic Product) is the value derived from production - it is the difference between the value of goods and the cost of materials used in production. Value add includes wages, salaries, interest, depreciation, rent, taxes and profit. For the Māori economy in 2018, value add totalled \$18 billion.<sup>7</sup>

Figure 5.3: Māori real value added, 2018



Source: BERL, Te Ōhanga Māori 2018

Figure 5.3 shows the value add from the Māori economy by industries in 2018. The largest contributors to value add for Māori in 2018 were:

- Agriculture, forestry and fishing, \$2.4 billion.
- Rental, hiring, and real estate services, \$2.1 billion.
- Manufacturing, \$1.89 billion.
- Construction, \$1.5 billion.
- Education and training, \$1.4 billion.

Māori value add in agriculture, forestry and fishing can be mostly accounted for by Māori Trusts, incorporations, and other collectively-owned Māori organisations. Agriculture, forestry, and fishing holds significant cultural value for Māori, who are integrally connected to the whenua (land), with farming operations dating back hundreds of years.

## 5.4 Owners of collectively held Māori land

There was a total of 3.83 million hectares of collectively owned Māori land in 2020, with ownership of Māori land split across different management structures. These management structures were established in 1993 under the Te Ture Whenua Māori act 1993.

Ahu Whenua Trust is a general land trust, operating to represent Māori land owners to promote the use of their land. Ahu Whenua Trust accounted for 1.78 million hectares (46%) of total collectively owned Māori land.

Māori Incorporations are established by Māori land owners after completing an application process with the Māori Land Court. They operate in a similar manner to the Ahu Whenua Trust, as once established, they operate to promote the use of Māori owned land. Māori Incorporations accounted for 1.55 million hectares (40%) of total collectively owned Māori land.

The remaining collectively owned Māori land was split with the Whenua Topu Trust, who accounted for 3.3 thousand hectares and 542.3 thousand hectares which was Māori land with no governance. The Whenua Topu Trust has a more Hapū and Iwi based focus in terms of land ownership as compared to the previous two management structures. For Māori land that has no governance, there are constant issues arising with ownership, which limits the ability to utilise the land in the most effective way.

<sup>7</sup> Te Ōhanga Māori report 2018 noted value added of \$17 billion – this figure excluded tourism.



## Barriers to land with no governance

Utilisation of Māori land with no governance is very difficult. There are collectively a large number of owners with conflicting views, which limits land from being utilised to its full potential. The two main barriers for Māori land with no governance are:

- Some Māori land consists of multiple owners.
- Not all of the land can be used as collateral.

Māori land is often split between many owners who may hold slightly different views towards how they would like to operate the land, or may only want to operate by themselves on their proportion of the land. This restricts the potential of the land as owners may be unable to come together to form collective operations.

Following this, **some Māori land is unable to be used as collateral to leverage financial support for Māori owners.** This restricts Māori land owners from building the foundations to grow their land to the benefit of themselves, their whanau, and also the Māori economy.

## 5.5 Iwi investments

The majority of Iwi hold very diverse asset base portfolios as presented in Table 5.1. Eight of the nine Iwi presented have more than five different asset classes in their portfolio, with only Ngāti Whātua Ōrākei holding one asset class, in property.

The leading Iwi in terms of total assets were Ngāi Tahu (\$1.830 million), Waikato-Tainui (\$1.428 million) and Ngāti Whātua Ōrākei (\$1.337 million). Property is the largest asset class in terms of value for these three Iwi as a result of property value skyrocketing over recent years.

Table 5.1: Iwi investment strategies, 2019

Iwi	Assets (\$m)	Asset classes	Largest asset classes	Management approach
Ngāi Tahu	1.830	Six	Property	Largely active
Ngāpuhi	65	Five	Fishing	Largely passive
Ngāti Awa	156	Six	Primary industries	Mixed
Ngāti Pahauwera	93	Five	Forestry	Largely active
Ngāti Porou	259	Six	Financial assets	Largely passive
Ngāti Whātua Ōrākei	1.337	One	Property	Active
Raukawa	183	Seven	Cash	Mixed
Tuhoe	373	Six	Financial assets	Largely passive
Waikato-Tainui	1.428	Six	Property	Largely active

Source: TDB, Iwi Investment Report, 2020<sup>8</sup>

COVID-19 was an unprecedented challenge for everyone in the world. For Iwi, the challenges COVID-19 brought directly impacted their whanau and their asset portfolio. As a result of these challenges, many Iwi were forced to make tough decisions. Ngāi Tahu were forced to close ten of their eleven tourism businesses, while Waikato-Tainui suffered an estimated \$11 million in losses. This is only capturing two notable results stemming from all the challenges COVID-19 brought.

However, it was the impact on whanau that hurt Iwi the most. COVID-19 placed significant pressure on whanau, with some losing their job, while others were unable to see their whole family for prolonged periods.

## Misalignment between Iwi aspirations and commercial banks

Iwi investments tend to be over a long period, and usually include social and cultural outcomes. The investments are seen as part of a long-term plan; maybe 30 years or longer. Banks tend to focus on a payback period, not longer than five years, with a significant rate of investment to support the ability to pay back the loan. This typically can come through commercial operations for which Iwi are seeking funding for, and where banks do tend to provide financial support. However, the main misalignment comes when Iwi are seeking funding for non-commercial objectives. This could be an area of further discussion to explore ways that the banking sector can work with Iwi to support more future investments.

## 5.6 Governance and management capability for Māori Collectives

Māori Collective boards typically include people who are passionate about protecting the land and other assets that the Collective owns, but sometimes lack the governance and management capability to make the best economic decisions. There is also an emphasis on geographic representation for Iwi with a large land base, which means that boards can be large or that places at the table for people with specialist skills may be limited.

<sup>8</sup> Link to access TDB – Iwi investment report 2020, can be found in Appendix A.

**Because Māori are not as well-represented in terms of commercial and governance education and experience, populating boards with suitably qualified people is a challenge.** As a result, often the same group of people are involved on multiple boards. This is not necessarily a weakness; it may well support opportunities for collaboration between Collectives. However, the lack of a larger pool of people with the right skills acts as a handbrake on maximising economic returns from the collective asset base (Westpac, 2016).

## 5.7 Limited support for especially Māori SMEs

There is some support for Māori SMEs, although the majority of the support is on capability and capacity building, rather than access to finance. The following are a few examples of the support available:

### Te Puni Kōkiri (TPK) – Māori business growth support

TPK is a governmental department which acts as the principal advisor on Māori wellbeing and development. Amongst their many duties, they connect Māori businesses with the necessary resources and support services to grow the wider Māori economy.

They do this in partnership with a range of other agencies who specialise in particular areas. This work is specifically targeted at Māori businesses, and getting the optimal benefits out of business operations for Māori, and the wider Māori community. Growth of Māori businesses is directly related to improving the wellbeing and development of Māori – which is TPK's main purpose.

### Te Tumu Paeroa

The Māori Trustee (Te Tumu Paeroa) established a Top-Up Māori Small Business Cashflow Loan Scheme, making an additional \$10m available for Māori SMEs to meet core operating costs (NZ Māori Tourism, 2020). The Top-Up Loan Scheme provided further assistance for Māori SMEs impacted by the COVID-19 economic shock to support their immediate cash flow needs and meet fixed costs.

Māori SMEs that have received a loan through the IRD administered Small Business Cashflow Loan Scheme were able to apply for 50% of the loan amount from the Māori Trustee on substantially similar terms, including an interest-free first year if the loan was repaid within 12 months. This scheme is now closed.

### Māori Women's Development Incorporation (MWDI)

MWDI is an Incorporation established to support Māori women and their whanau. They provide a variety of different support avenues for Māori women, which include:

- Loans to Māori women to assist them into business or restructure/expand existing businesses.
- A three day course which develops business skills, known as MWDI HineBoss.
- Te Aka which provide access to lifecoaching/mentorship with specialist advisors.
- Webinar session to support and develop diversity in business, known as Ngā Kete O Te Wānanga.

All four of these services aim to develop and support the growth of Māori women in business, which leads to the growth of whanau and the wider Māori community.

### Whai Rawa

Set up by Ngāi Tahu in 2006, Whai Rawa is a savings programme for Māori which acts as a medium-long term support service to help Iwi members save and grow financial literacy. This programme supports more than 30,000 members, with over \$122 million worth of funds in management.

Funds are invested in an Investment Trusts portfolio, with withdrawals from savings only being allowed for key purposes of the scheme. These key purposes are tertiary education, first home purchase, or aged 55 plus withdrawals.

Growing the financial literacy of whanau is a key component in gaining long-term success and wellbeing for young Māori who want to own a home, or gain further education. With already disproportionate home ownership rates, the programme which Whai Rawa runs looks to directly tackle this issue and give rangatahi better opportunities to seek further education and develop themselves.

### Poutama Trust

Established in 1988, the Poutama Trust is an independent charity which operates to achieve sustainable success for Māori businesses, and enhance economic growth for Māori. It supports more than 3,000 Māori businesses in New Zealand through an investment service which fosters the growth and resilience of Māori businesses.

To be eligible for Poutama investment services, a business has to have an annual turnover of at least \$120,000. Once eligible, businesses can apply for up to \$10,000 per calendar year up to two times.

## Progressive procurement

The Government has taken steps to support Māori SMEs through procurement. TPK and the Ministry of Business, Innovation, and Employment (MBIE) are running a joint programme to lead a progressive government procurement policy. The aim of this project is to connect Māori businesses with government agencies to support procurement of goods and services on behalf of the agency. This programme will enable sustainable development of Māori businesses which will see benefits flow into whanau and the wider Māori community.

Puka Ora is a Māori catering business providing lunches to more than 3,800 students as a part of the free lunch government initiative, Ka Ora, Ka Ako (Ministry of Education, 2021). Gaining this procurement contract has guaranteed a stable and secure income for the two Māori owners, and gave them additional leverage when needing to acquire a loan.

Similarly, Waka Kotahi NZ Transport Agency has partnered with Blackbee Contracting, a Māori owned contracting business, through government procurement. This partnership has enabled Blackbee Contracting the opportunity to provide quality training to employees, and since the contract, they have tripled in size.

**Progressive procurement is a channel with which the Government and large companies are able to uplift and empower Māori businesses in New Zealand.** The benefits which stem from these contracts are not limited to only financial benefits, but spread to cultural and wellbeing benefits for Māori employees, whanau and the wider Māori community.

# Case study: Ātihau-Whanganui Incorporated

**Relationships** are at the heart of Indigenous peoples' values systems and play a central role in how they do business. For Māori, relationships start with their pepeha and whakapapa. Whakapapa is how Māori organise their knowledge and their connections to the past, present, and future. It is through their whakapapa that many Māori enterprises will prioritise engaging at a culture-to-culture level in their commercial activities to set the right foundations for their success.

## Overview

Ātihau-Whanganui Incorporation is a collective of over 9,000 shareholders who are whānau of the Whanganui iwi, located at the foothills of Mount Ruapehu. Their market facing brand, Awhi, exports premium beef, dairy, wool, and honey products to the world. As one of Aotearoa's largest farmers, Ātihau made a conscious decision to focus their efforts on a volume to value strategy. As producers of premium goods that have strong provenance, coupled with an intergenerational mindset, this has positioned them well to move closer to their goal of being price makers and not price takers in future.

## Relationships matter across all parts of the business.

In achieving their goals, Ātihau are driven not only by financial outcomes but by the principles of kaitiakitanga (responsibility), manaakitanga (supporting people) and taonga tuku iho mō ngā uri whakatipu (guardianship of resources for future generations) and achieving the right balance between profit, people and planet.

## In practice...

Before they started exporting to their desired market in the US, Ātihau identified the Indigenous peoples whose territories they were hoping to export to.

**“We were entering someone else’s backyard and we wanted to introduce ourselves, inform them about what we were doing and why, and to acknowledge their role as traditional owners of the lands upon which we would be carrying out our commercial activities in the hope that we would be accepted and welcomed to their place.”**

*Mavins Mullins, Chair Of Ātihau-Whanganui*

This approach proved successful with both importer and exporter experiencing deep emotional connections and developing an unbreakable respect for each other that will position successive generations well to keep the relationship warm.

# Case study: Silks Audit

**Reciprocity** defines how Indigenous peoples use their natural and physical resources, and the various protocols that govern their management. Reciprocity is also expressed between people through manaakitanga and whanaungatanga, and through sharing the knowledge, know-how and physical resources we have to give back to our communities.

## Overview

Silks Audit owners Talia Anderson-Town and Cameron Town are partners in life and in business. Silks was first established in Whanganui in 1904. Both Cameron and Talia progressed from Junior Auditors to Audit Managers within Silks to eventually become joint owners of the business in 2010 and 2014 respectively. Under their ownership, Silks has grown from a staff of eight to 40, and the business is looking to expand further.

**“At Silks, we have a different lens about success and what it looks like.**

**We emphasise the future and our intergenerational impact.”**

*Talia Anderson-Town, Co-Owner, Silks Audit*

Silks is committed attracting more Māori and more young people into the accounting and auditing profession, and prioritises the hiring of graduates into their firm. Their goal is to share the experiences they had in their careers through Silks, which has enabled them to become economically independent and leaders of community development projects.

**Reciprocity** through social impact is the motivator behind Silks’ personal and business success.

## In practice...

As a result of their strong financial position, Talia and Cameron are giving back to their community by leveraging their assets to support nine local whānau into home ownership on their traditional tribal lands at Ratana.

For whānau to build at Ratana, they would've had to buy land and then find a way to finance the 30-40% deposit to build their whare.

Talia and Cameron already owned land and as asset owners were able to leverage those assets to finance the development. They plan to sell the properties at cost to those whānau.

This will mean whanau will only need a 10% deposit and will pay below market rate, thereby reducing the total size of their possible debt. To offset their not-for-profit residential development, Silks’ institutional lender has offered low interest and low fees on that loan.

Beyond becoming an asset owner, living back on tribal lands will support the community to become closer and rebuild the kainga for future generations.

**“I always look to the advice given from my grandmother: don’t forget where you came from and always look back to help others.”**

*Talia Anderson-Town, Co-Owner, Silks Audit*

# Case study: Waikato Tainui

**Responsibility** is about building an understanding around what it means to be an Indigenous person, an Indigenous business, or an Indigenous economy. It's about upholding the obligations bestowed by our ancestors for the benefit of future generations. It's about maintaining balance among all things and enabling all tribal members to be self-determining.

## Overview

The Tainui waka arrived in Aotearoa in 1350. From this time, the Waikato-Tainui economy began to flourish and by the 1800s the tribe had established strong domestic and international trade and economic relationships. However, the beginning of the land wars and the invasion of the Waikato in 1863 saw the brutal deaths of hundreds of tribal men, women, and children and the destruction of villages, crops, and livestock.

In 1995, the tribe signed a settlement package of \$170 million with the Crown.

Waikato Tainui were one of the first iwi to receive commercial redress that they could reinvest back into their tribal members.

With over 26 years' experience, the iwi has seen the ups and downs of its balance sheet and in the process has learned how to operate within the pakeha model and to thrive in an economy that is not based on the same values as the iwi. However, it is now positioned to re-design its economic modelling. In assessing the needs of tribal members, Waikato Tainui has diversified its focus areas and continues to operate ahead of the curve in terms of economic development.

The settlement also included a Relativity Mechanism clause that ensured its value remained relative to the total value of all Treaty settlements. In its 2020 Annual Report, the total asset value of Waikato-Tainui stood at \$1.43 billion.

The iwi has a **responsibility** to strengthen the tribal economy while ensuring the health and wellbeing of its people and environment.

A key area of focus for Waikato-Tainui can be traced back to the invasion and devastation of 1863: the destruction of villages, dispossession of lands resulting in the persistent demand for housing from tribal members in the Waikato region. Home ownership presented many challenges for tribal members, from affordability and availability of homes to access to the right kinds of finance and literacy about the financial products, services and behaviours required for home ownership.

## In practice...

Waikato Tainui's and Tainui Group Holdings Te Kaarearea housing project involved the development of 50 new homes in a Hamilton East subdivision on land returned to the iwi. Internal procurement strategies prioritised tribal businesses to undertake the trades and services work required. All the homes sold for below the \$550k cap for Kiwisaver, but on revalue they had a market price of \$800k for each home, increasing the asset value of the tribal economy and the equity of each new homeowner. Not only were whānau able to develop intergenerational wealth through the purchase of first homes, but the project helped build the skills, capability and employment prospects of tribal members and their businesses. It also resulted in better utilisation of the land, which had been previously tagged for commercial development.

## Key benefits

### Intergenerational wealth building

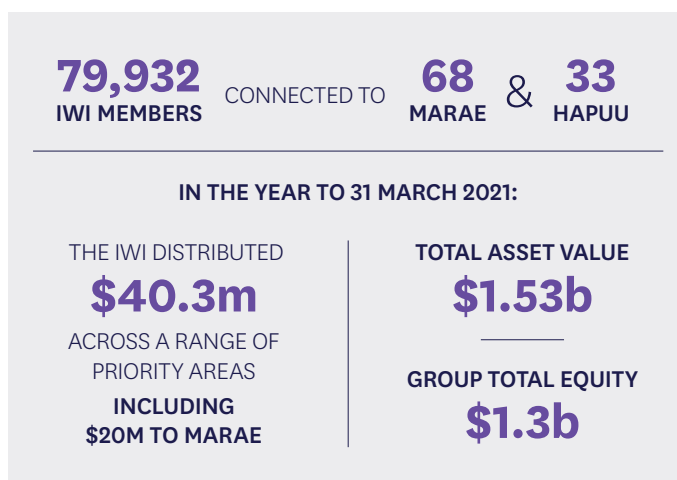
Many of the tribal members were first home buyers and are now contributing to the creation of intergenerational wealth for their whānau through home ownership.

### Access to financial products

Home ownership strengthens the ability of whānau to access credit and capital that can help them build and sustain their homes, communities, and businesses.

### Tribal business growth and development

Building the capacity, knowledge, and expertise of tribally owned businesses in procuring them to undertake the construction and services works required for the housing development.



Source: Waikato-Tainui Annual Report 2021

# Case study: Cowessess Ventures Limited

**Redistribution** is about how physical and financial resources are shared within and between Indigenous communities. While the redistribution of wealth inherently recognises the role of money as a pathway to economic independence, from an Indigenous perspective wealth also embodies lands, natural resources, culture and knowledge transmission, and the health and wellbeing of tribal members. It's also about the redistribution of power to ensure diverse leaderships across the tribe to more effectively meet the needs of all tribal members.

To provide global context, we've included the following case study of a successful Indigenous business venture in another APEC member country.

## Overview

Cowessess Ventures Limited (CVL) is a community organisation of Indigenous peoples in the Canadian Province of Saskatchewan that looks at all parts of the economic development ecosystem for its members. It strives to create a profitable investment portfolio that results in diversified economic success, enhanced employment, and organizational self-sustainability to achieve economic independence for Cowessess First Nation peoples.

Cowessess held its Treaty land for ten years before doing anything. It built its first store 25 years ago and a strip mall with a laundromat and post office that were the anchor for the small and remote community.

**Redistribution** of surpluses to the community through entrepreneur grants and for future projects is key to the economic advancement of Indigenous peoples.

## In practice...

In 2006, CVL worked with the Saskatchewan Research Council on a study into the viability of a wind turbine on its lands. In 2012, the construction of the Wind and Storage Demonstration Project began, and the site was fully commissioned by 2013 with a 1MW (one megawatt) 20-year Power Purchase Agreement with electricity supplier SaskPower secured. After four years in operation, Cowessess explored other options to increase productivity of the Wind and Storage Demonstration Project and in 2017 was granted funding to integrate solar energy with battery storage. In 2019, capacity was increased yet again with a 100kW Solar Add-on contract with the Power Generator Partner's Program.

The key steps for Cowessess were to create surplus for reinvestment in CVL and Awasis Solar by maintaining profitable operations. In 2021, Cowessess saw its first year of revenue from the power sold into the main grid, which it will use as capital for future projects.

“First Nations are often asset rich but cash poor. This means to access finance and grow their portfolio they need to also build up their off-reserve assets that they can use as security. For example, revenue generated on reserve is unencumbered by any leverage programme, so we have liquidity cash in the venture. But our off-reserve assets provide the balance as we are not able to capitalise on our on-reserve assets.”

*Lucy Pelletier, Chair, Cowessess Ventures Ltd.*



# Case study: Manawa Honey NZ Limited

**Respect** in business applies not only to relationships with people, but also respect for the environment, respect for values and respect for the communities through whom commercial activity is made possible.

## Overview

COVID-19 hit small businesses hard, but Manawa Honey NZ has hit back to grow its reputation as producers of some of the best-tasting honey in the world.

Maximising its time in lockdown, Manawa Honey set out to explore how to take its product range from land to brand. With borders closed, its target market – international visitors – had dried up and the businesses that once sold its products had closed shop or gone into hibernation.

**Respect** for cultural values and the communities you serve builds the integrity of your brand.

## In practice...

Manawa Honey's owners refused to compromise on quality. Instead, they believed in the economic value of local provenance and showed respect for their methods and ingredients. They set their sights on validating their products against international producers, to test their future exporting strategy.

In June 2021 they won the supreme award for their Rewarewa honey at the Black Jar International Honey Tasting Contest in the USA, beating hundreds of competitors from around the world. Despite years of being told to be more flexible with their values if they wanted to get their product to market, their active choice to hold tight to those values is helping them to take a step ahead in a market that prizes local provenance driven by ethical consumerism.

**“It’s neat to be able to align our values in what we produce with what customers want. When you get that alignment, it’s joyful”**

*Brenda Tahi, CEO, Manawa Honey Nz Limited*

## Key benefits

### Increased sales

As the only Māori honey company stocked in Countdown supermarkets across the country, winning awards has helped increase sales domestically.

### Product validated

Confirmation that its honey products are high end premium products shifting them up the value chain.

### Improved brand awareness

Achieved through increased media attention which was essential for building brand recognition and promoting the values that give the business its competitive edge for domestic and global marketability into high end ethically driven markets.

### Better market knowledge

Renewed focus on where products best fit and where they want to take the business.

**“We don’t have to play in the same markets as the rest of New Zealand.**

**There are lots of cultures that do business differently, who share our values and focus, who operate on high trust and who want to do business with us directly.”**

*Brenda Tahi, CEO, Manawa Honey Nz Limited*

## Appendix: References

- Tokono te Raki (2017). *Income Equity for Māori*. Retrieved from;  
<https://berl.co.nz/sites/default/files/2019-11/Tokona%20te%20Raki%20-%20Income%20Equity%20for%20Māori.pdf>
- APEC (2021). *Case Studies on Advancing Inclusive Economic Growth: Understanding and Valuing Indigenous Economies within APEC*, APEC SOM Committee on Economic and Technical Cooperation
- NZ Tourism (nd) *100% pure New Zealand*. Retrieved from;  
<https://www.newzealand.com/nz/Māori-culture/>
- Radio New Zealand (2021). *Calls to 'feed the 5 million first' before exporting NZ food*. Retrieved from;  
<https://www.rnz.co.nz/news/whoseatingnewzealand/447324/calls-to-feed-the-5-million-first-before-exporting-nz-food>
- Governor General (nd). *New Zealand's Constitution*. Retrieved from;  
<https://gg.govt.nz/office-governor-general/roles-and-functions-governor-general/constitutional-role/constitution/constitution>
- BERL (2020). *Te Ōhanga Māori 2018*. Retrieved from;  
<https://berl.co.nz/sites/default/files/2021-01/Te%20%C5%8Changa%20M%C4%81ori%202018.pdf>
- Australian Bureau of Statistics (2019). *Australian and New Zealand Standard Classification of Occupations, First Edition, Revision 1*. Retrieved from;  
<https://www.abs.gov.au/ausstats/abs@.nsf/0/598C2E23628BB8FDCA2575DF002DA6B8?opendocument>
- Radio New Zealand (2020). *More than \$13 billion paid out under government's wage subsidy scheme*. Retrieved from;  
<https://www.rnz.co.nz/news/political/421993/more-than-13-billion-paid-out-under-government-s-wage-subsidy-scheme>
- Australia New Zealand Research (2021). *NZ Insight: Māori employment during COVID*. Retrieved from;  
<https://www.anz.co.nz/content/dam/anzconz/documents/economics-and-market-research/2021/ANZ-COVID-Māori-Employment-20210721.pdf>
- OECDiLibrary (2020). *Financing SMEs and Entrepreneurs 2020, New Zealand*. Retrieved from;  
<https://www.oecd-ilibrary.org/sites/a819a8fe-en/index.html?itemId=/content/component/a819a8fe-en>
- OECDiLibrary (2020). *Financing SMEs and Entrepreneurs 2020, Australia*. Retrieved from;  
<https://www.oecd-ilibrary.org/sites/2bf6bc72-en/index.html?itemId=/content/component/2bf6bc72-en>
- MBIE (2019). *New Zealand small business strategy*. Retrieved from;  
<https://www.mbie.govt.nz/assets/the-new-zealand-small-business-strategy.pdf>
- BDO (2021). *Māori Business Survey Report 2020*. Retrieved via request from;  
<https://www.bdo.nz/en-nz/industries/Māori-business/Māori-business-survey>
- Westpac (2016). *Industry Insight*. Retrieved from;  
<https://www.westpac.co.nz/assets/Documents/Business/Economic-Updates/2016/Other/Industry-Insights-Maori-in-the-NZ-Economy-September-2016.pdf>
- NZ Māori Tourism (2020). *The Māori Trustee to fund a \$10m Top-Up package providing additional financial support for Māori SMEs*. Retrieved from;  
<https://maoritourism.co.nz/news/m%C4%81ori-trustee-fund-10m-top-package-providing-additional-financial-supportm%C4%81ori-smes>
- TDB (2021). *Iwi Investment Report 2020*. Retrieved from;  
<https://www.tdb.co.nz/wp-content/uploads/2021/02/TDB-Advisory-Iwi-Investment-Report-2020.pdf>
- Ministry of Education (2021). *Ka Ora, Ka Ako healthy school lunches programme*. Retrieved from;  
<https://www.education.govt.nz/our-work/overall-strategies-and-policies/wellbeing-in-education/free-and-healthy-school-lunches/>

# Acknowledgements

**Pages 7 to 25 were prepared for Westpac NZ by BERL.**

**Authors: Hillmarè Schulze, Hugh Dixon, and Connor McIndoe.**

All work is done, and services rendered at the request of, and for the purposes of the client only. Neither BERL nor any of its employees accepts any responsibility on any grounds whatsoever, including negligence, to any other person.

While every effort is made by BERL to ensure that the information, opinions and forecasts provided to the client are accurate and reliable, BERL shall not be liable for any adverse consequences of the client's decisions made in reliance of any report provided by BERL, nor shall BERL be held to have given or implied any warranty as to whether any report provided by BERL will assist in the performance of the client's functions.

©BERL

Reference No: #6237

August 2021

**Pages 26 to 30 were prepared for Westpac NZ by OpinioNative.**

**Author: Carrie Stoddart-Smith.**

All work is done, and services provided at the request of, and for the purposes of the client only. Neither OpinioNative nor any of its employees accept any responsibility on any grounds whatsoever, including negligence, to any other person. While OpinioNative has made every effort to ensure that the information, opinions, and insights provided to the client are accurate and reliable, OpinioNative shall not be liable for any adverse consequences of the client's decisions made in reliance of any report provided by OpinioNative, nor shall OpinioNative be held to have given or implied any warranty as to whether any report provided by OpinioNative will assist in the performance of the client's functions.

©OpinioNative

September 2021

