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A DISCUSSION PAPER FOR THE 2008 MAORI PROPERTY RIGHTS CONFERENCE.

"IMPROVING THE DEVELOPMENT OF MAORI ASSETS"

"Toitu te whenua whatu ngaro ngaro he tangata".

"The land remains, while man disappears".

By Vance Winiata

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Executive Summary

This paper has been prepared for the Maori Property Rights conference 2008. I welcome the opportunity to contribute to this important forum focusing on challenges Maori face to improve their asset development and performance.

Improving the development of Maori Assets has direct positive benefits to Maori and the NZ economy.

Influencing factors are governance / management, legislation, economic and environmental factors, financial constraints, the physical characteristics of the asset and networking / globalisation.

These drivers play a key role in improving the possibility of the assets development to increase its productivity and capitalisation.

Ideally the development of Maori assets will be inclusive, sustainable, innovative, flexible and protected.

There are 4 critical components to ensuring success :

1. Strong Governance and Management.

2. Internal and External stakeholder support.

3. Diligent asset utilisation / diversification.

4. Globalisation & Networking.

Maori have a unique labour force across a range of entities such as Trusts, Recognised / Mandated Iwi Authorities and Incorporation's. This represents a strong network of information and experience to draw from.

Given the current resource base (land and labour) and the strength of Maori networks, Maori are well placed to continue the path of positive and rewarding development of Maori assets and achieve the key objectives of Whakatipu Tangata (enhancement) and Mana Maori (self determination).

– "He aha te mea nui? He tangata, he tangata, he tangata".

Introduction

E nga mana, e nga reo o te motu, tena koutou katoa.

Kia ora koutou e rangatira ma

Tēnā rawa atu koe i runga i ō tātou tini aituā, o ia marae, kua whetūrangitia.
Kei te mihi atu, kei te tangi atu.
Rātou te hunga mate ki a rātou.
Tātou te hunga ora ki a tātou.
Tēnā anō tātou katoa.

Mauri ora kia tatou.

The purpose of my paper is to provide background that will help inform discussion, offering some solutions that will stimulate debate among those involved at the forum and subsequent readers. My paper focuses on providing some contextual information, identifying factors that impact asset development and highlight issues for further discussion.

Over the past 20 years I have participated in a cross section of private and public sectors witnessing varying degrees of governance / management, land utilisation and third party interests.

My fascination and frustration by the scope and utilisation of Maori assets led me to Iwi involvement in 2002.

In this context, my work experience over the past two decades and looking ahead is highly relevant to the theme of the forum.

There are two parts to my paper :

A: Maori Land / Assets
  a. Maori Land defined
  b. Concept of Value

B: Limitations to the development of Maori Land.
  a. Collective Ownership
  b. Governance and Management
  c. Governance Structures
  d. The Rating Valuations Act
  e. Financial Constraints
  f. Physical characteristics of the land
  g. Globalisation and Networking.

Part A: Maori Land / Assets

The Asset Base

Maori land is defined by Te Ture Whenua Maori Act 1993 (the Act). Maori Land includes both Maori Freehold land and Maori Customary land.

The Act was enacted to … *"recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu : And whereas it is desirable to maintain a Court and to establish mechanisms to assist the Maori people to achieve the implementation of these principles"* [Te Ture Whenua Maori Act 1993 – Preamble].

Maori land mass is estimated at 1.5 million hectares.

The asset base in Maori ownership is constantly growing and has made significant ground in recent years and months as a result of Treaty Claim settlements being progressed / concluded through the willingness of both Crown and Iwi to reach settlement.

Maori assets extend beyond land and include Real Property (land and buildings); Chattels (plant, equipment and machinery); financial instruments (shares, equities, term deposits) and intellectual property (knowledge and skills). The assets are represented across the primary, secondary and service sectors.

Total Maori owned commercial assets have increased by 83% to $16.5 billion between 2001 and 2006. The largest percentage increase over the period in Maori Commercial assets was due to the increase in land prices in the dairy and grazing sectors. *[source : TPK Fact Sheet 001 – 2008].*

Given the recent Treaty claim settlements, Fisheries and Forestry settlements, passage of time / inflationary escalation, improved capitalisation from prudent governance and management and recognised alternative (highest and best use) land uses – I would suggest the asset base in Maori ownership would now be close to $20 billion.

Maori Concept of Value

There is a fundamental difference between the perception of 'value' as adopted by the Valuation profession and that as perceived by Maori.

The traditional or tikanga value is viewed somewhat differently to the valuation definition of Market Value.

Land provides iwi with their sense of identity, belonging and continuity. It is the people's link with their iwi and as tangata te whenua of the land. Maori land represents turangawaewae.

The bundle of rights associated with tikanga Maori land includes spiritual and cultural links and is outside the scope of accepted valuation methods.

This concept of value limits the alienation of the land and ownership, the exchange and concept of value for land are unique to Maori.

There are varying definitions of Market Value, however, the commonly understood application of Market Value for Valuers is :

> *" Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein both parties have acted knowledgeably, prudently and without compulsion.*

There is a failure for some to come to grips with the legal fiction created by the 'willing seller – willing buyer' principle.

The concept of Market Value reflects the collective perceptions and actions of a market. Market Value is a market supported estimate of the most likely price that will be paid for the property at a given time.

General revaluations are assessed on a mass appraisal basis. This is on the notion of information and analysis of known market sales evidence considered to have features comparable to the property being assessed.

To this end, I consider the depth of evidence to be too shallow in assessing a value for Maori Land given the limited (if any) comparable 'sales' evidence. Applying an adjusted analysis to take into account special measures of the property becomes very subjective and may distort the property's true market value.

The following Land Valuation Tribunal decisions illustrate how the Court of Appeal in *Valuer General v Mangatu Inc* [1997] 3 NZLR 641 has been applied in practice. *[Source: The Maori Law Review – June 2000].*

> *The Mangatu case involved a Court of Appeal decision concerning the Mangatu blocks (Valuer General v Mangatu Inc [1997] 3 NZLR 641 which required the Land Valuation Tribunal to take into account the statutory restrictions on the sale for Mäori freehold land when determining its value. A discount of between 5 – 15% was made in recognising the historical links with the land, a large unidentified class of preferred alienee and the ownership structure.*
>
> *In Houpoto Te Pua Forest v Valuer General & Houpoto Te Pua Trustees [LVP 27/96 Gisborne LVT 31 May 1999] the Mäori owners argued against any discount, which would see a reduction in rents received from the land. The tribunal accepted that the land was extremely significant to the iwi, however concluded that only a 3½% discount was required, because the land was vested in trustees and sales would require approval only from a majority of trustees, not from shareholders directly, and the long term lease arrangement indicated that the owners accepted that commercial arrangements were possible in respect of the land.*
>
> *In Fisher & Wakeman v The Mäori Owners & Valuation NZ. [LVP38/96. North Auckland LVT. 5 August 1999] the lessees sought a reduction in the land value and a consequent lowering of the rental to be paid to the Mäori owners. The tribunal found that no discount should be made on account of the legal status of the land, because it was a single small site in a "very desirable location" with a small number of Mäori owners. There would be no shortage of preferred alienees and with the means to purchase the land. There was no evidence that the site was of historic or particular significance to Mäori as an urupä or land site or similar.*

Recent LVT decisions suggest the Mangatu decision has little impact in practise as a result of evidence of sales of Mäori freehold land which have taken place in recent years suggesting Mäori freehold land was being sold reasonably regularly on the open market, despite the restrictions of Te Ture Whenua Mäori Act. There seems to be quite a bit of proof suggesting that the Mäori Land Court is vigilant to ensure that open market value is being paid.

Any discount reflects the extra costs incurred around sales depending on the particular circumstances of each block as opposed to the perception of non saleability.

Part B: Limitations to the development of Maori Land / Assets

Collective Ownership

Most Maori land typically has a large number of beneficial Owners. As succession continues the owners will continue to multiply which create difficulties.

Increased owner numbers raises difficulties around getting information to everyone, arranging hui and diminishing share values.

It will always be a challenge for multiple owned land Owners to reach agreement about its land use and reluctance in any plan to be promoted as a result of lack of magnified benefit.

Governance and Management

Whakatipu tangata (enhancement) and Mana Maori (self determination) are seen as the key outcomes and values of a Maori Entity. The strategic direction of a Maori Entity should consider the aspirations of all stakeholders as well as a clear appreciation of the available resources and competencies.

Improving the quality of Governance and Management has been identified as a key way to improve Maori asset productivity and the ability to meet cultural and social responsibilities. The performance of an asset is dependent on strategic guidance (governance) and the implementation of that direction (management).

The potential for positive benefits from the assets can be achieved by applying skilled management and strong leadership.

The importance of well managed assets transpiring to sound development is that the assets are then positioned to be productive and strengthen the equity base for possible additional leverage.

A contributing factor to the growth of the Maori asset base has been the maturity in the Governance and management of a number of long established and evolving Iwi organisations. Importantly too is the recognition of some Iwi authorities to learn from past errors / judgement.

Strategic planning is a long term issue and is needed to protect and develop the future leadership abilities of an organisation.

There is, I believe a clear appreciation that a pure strategy focused on the development of Maori assets is unlikely to be entirely effective unless there is an alternative branch for the prosperity to be channelled. In more recent years we have seen separate commercial entities established within Iwi organisations which are in effect given the commercial freedom to work in a commercially aggressive manner – yet maintaining accountability to the Iwi Governance.

Every asset type requires a certain set of skills and people mix to drive and develop those assets.

We are sometimes faced with a dilemma of a representation mix that satisfies representation of whanau and hapu but may not necessarily have the ideal set of skills for the governance and /or management body.

Governance and Management can and should be distinct. The relationship of a Board and the Management team is critical for a smooth business operation. It helps if both groups have a clear understanding and buy in to the strategy and business plan – the design, implementation and likely impact.

The decision making frameworks of both Governance and Management needs to be clearly understood with an appreciation and commitment to the parameters. This leads onto the need for discipline between the participants to the policies and procedures to ensure a transparent and accountable position has been adopted.

Getting the mix of skills at either Governance or Management may come from within the organisation, however other options should be considered. Specialist advice can be sought from external resources, developing internal people or outsourcing. The important message here is to learn from that advice which links back to Mana Maori (self determination).

Maori face the same challenges as any other business in attracting, retaining and increasing their management skill base. Asset development can occur at a pace quicker than the knowledge / skills necessary to drive those assets. Assets will continue to take on different shapes as markets and technology emerge and although the immediate prerequisite skills may be on hand from the internal Maori labour pool – it is important we position ourselves for a diversified knowledge base.

Leadership and management are key in organisational performance and in turn asset development. There is a strong correlation between management and productivity.

Although a business or assets failure may be pointed towards external factors such as exchange rate, product prices and or climatic changes, a common reason for any demise can be aligned to the leadership and management.

Good management will have strategies in place to moderate and position the business / asset in the face of market forces and supportive governance which has the foresight to anticipate changes as signalled by market indicators.

The broad principles for an effective governance body include :

- Protection of Shareholders interests
- Transparency
- Accountability
- Timely and accurate reporting.

These principles are non negotiable irrespective of the organisation.

Challenges facing Maori entities in relation to governance include :

(i) Cultural sensitivity v Commercial freedom.
In recognising the difference in the overture of an asset in the context of its tikanga value and modern day 'monetary value' – it would be fair to say Iwi have adapted and structured their organisation which allows both streams of the organisation to work in cognisance.

(ii) Responsiveness
The ability to make well informed decisions quickly to take advantage of opportunities and to minimise risks.

(iii) Short v Long term demands
Satisfying short term demands yet positioning the business/ asset to have the capacity for future benefits.

Recent models for Maori Governance are focused on maintaining autonomy and taking a skill based approach as an organisation's asset base evolves.

Governance Structures

The type of structures and their accountability / disclosure are discussed below:

1. Principle Types of Maori Ownership Entities are :

   - Companies (Board of Directors)
   - Incorporations (Management Committee)
   - Trusts(Trustees)

   a. A Company structure is set up under the Companies Act 1993 to pursue commercial activities. This is generally preferred by Lenders as they are generally familiar and comfortable with the Company as a 'borrowing entity'. The Company can give a mortgage over assets. A Company sits outside the statutory jurisdiction of the MLC although is subject to the scrutiny of the general courts as provided for in the Companies Act 1993

b. Maori Trusts and Incorporations are subject to scrutiny of the Maori Land Court in their management decisions – this creates an element of uncertainty to a Lender and as such impedes the extension to commercial engagement.

   Should Maori land be managed through a Maori Incorporation or a Trust available under Te Ture Whenua Maori 1993 (TTWM), then the MLC will continue to play a role in the land management. The judicial discretion by the MLC is seen as a problematic issue for external interests.

   A potential impediment with Trusts may be the liability exposure on Trustees. This may in turn influence the Trustees risk taking decisions and as such hinder their position on the commercial frontier.

2. Accountability & Disclosure

   a. Under a Company structure, in the absence of a Constitution, the rights, powers, duties and obligations are determined by Section 27 of the Companies Act. A constitution allows for modification to the Companies Act sections to suit a particular organisation. It must not however contravene or be inconsistent with the Companies Act (Sec 21).

      The common law duties of Directors are codified in the Companies Act which also includes disclosure, financial reporting and distribution provisions.

   b. Maori Incorporations have very wide powers – albeit within the fetters contained in Sec 253 of TTWM. There is a potential problem in that essentially the Incorporation must exercise its trust obligations in the best interests of the shareholders (Sec 253b TTWM). This is subjective.

      Apart from the financial obligations as set out in Sec 276 of TTWM, the duties and responsibilities of Committee Members are not expressly set out in the TTWM, nor does their exist a body of general law on Incorporations as there is for Trusts.

      A recent case demonstrating the freedom of Incorporations to access funds and the consequential exposure to the Shareholders is highlighted in the Matauri X Incorporation case.

      The case involved the Matauri X Incorporation, which borrowed over $3 million to invest in a water bottling business but subsequently found itself unable to make the repayments. Security for the loan was a mortgage over the incorporation's land at Matauri Bay. Matauri X argued before the Court of Appeal that the loan was beyond its powers and void.

Bridgecorp had taken security over Matauri-X's land but the Court of Appeal found that the mortgage was unauthorised because the company's objects did not allow it to enter into loan and security arrangements for this type of business.

Bridgecorp was granted leave to appeal to the Supreme Court on the basis that it was not required to enquire as to the necessity of the loan or its application.

The Court of Appeal pointed out, Matauri X may have enjoyed a victory in one battle, but it may yet lose the war.

The case then moved into the Maori Land Court, which has made orders allowing Matauri-X to refinance to repay the outstanding loan. Taking the Court of Appeal's decision into account, the Maori Land Court found that the mortgage was outside Matauri-X's powers and so its constitution had to be altered by the Maori Land Court to allow repayment.

[Abridged extract from Bell Gully Newsletters – 09 & 12 Financials].

The resulting outcome of this case is that the Bridgecorp loan was refinanced by another loan which has allowed the ownership of the land to be retained by Matauri X.

The land has since been developed into a coastal subdivision of 139 leasehold lots. The lots have commencement asking rentals of $7500 pa (CPI adjusted) of which $5000 goes to Matauri X. The lease is for 52 years with no intermediary rent reviews apart from the CPI annual adjustment. Matauri X has the right of renewal at the expiry of the 52 years. If Matauri X does not exercise the RoR in favour of the lessee, they (Matauri X) must then buy out the lease – this includes ALL improvements (buildings, driveways, landscaping as well as subdivision roads, open area improvements and utilities (power, telecommunications, sewer and water).

The test in this ‘modern lease’ will be whether Matauri X will be in a position to compensate the lessee’s for the value of their improvements – individual and common.

The problematic area will be who will control the extent of improvements to ensure they will be within purchase reach. Also – will they be valued on ‘added value’ or cost less depreciation basis.

c. Trusts (as for Incorporations) may have limiting legal power and capacity in accordance with the Trust Deed.

The TTWM does not codify duties and obligations of Trustees. The accountability of Trustees is provided in general law or the Trust Deed.

The Maori Trustee has assumed the management of many blocks where no suitable governance structure is in place. A lot of the blocks are held under Maori trustee leases, which although may provide a regular annual contract of the land value, the rents may not be market indicative and also the land is frozen from Owner development.

3. Co-operative Structure as an option.

a. A Co Operative option should be considered as opposed to the common forms of Maori Authority structures.

A Co Operative is an entity in which the owners either supply or purchase a key business ingredient (for example land and the produce from that land). The level of ownership and capital is linked to the volume of supply and purchase transactions with the co operative. Fonterra for example is a supplier co operative in which the owners supply milk to the Company. Foodstuffs is an example of a buyer co operative whereby Foodstuffs buy groceries on behalf of its owners.

By contrast, a conventional company is owned in proportion to the shares held, which in turn is determined only by the level of risk capital invested.

The reason why the amalgamation of Maori land holdings should at least be considered under a co operative structure is three fold.

1. The principal value driver is land. If ownership is determined by the quantity and quality of land contributed that maximises the incentive of owners to acquire and contribute land to the Co operative thereby making the Co operative more profitable.

2. Economies of scale and Buyer / Seller negotiation.

3. Under a Co-operative the land ownership is still retained by the individual owners whereas under a company model, they would alienate the land to a company in return for shares. I understand this was in fact a key reason why the Apirana Ngata co-operatives in Ngati Porou were set up that way.

To assist in equality to contribution of land, I would suggest the following basis of value / interest apportionment:

a. Undertake a market valuation of the rentable value of the land to be contributed to the co operative

b. The rents paid in a. are apportioned on a percentage basis for equity interests (adding up to 100%).

c. The assessment of rentals are to be on a uniform mutually independent basis.

d. Calculate net profits at the end of the fiscal year and notionally allocate to the shareholders on the basis of percentages in b.

e. Dividends should be set as a percentage of profit but treated as a withdrawal of capital and subtracted from the notional capital balance.

Aside from the type of structure and the impediments around the governance and management, it should be noted Maori Entities are well positioned to maximise legislation to their advantage in particular structuring the entity to satisfy Charitable Trust status.

The Rating Valuations Act

The long standing valuation principle assumes a notional sale by a willing (but not anxious) seller to a willing (but not anxious) buyer in assessing the ‘Land Value’ or ‘Capital Value’ of a property which in turn is used a the basis of setting the rates on a property.

The definition of Capital Value, Land and Land Value is described in Section 2 – Interpretation of the Rating Valuations Act 1998.

Maori land is generally not seen as a tradable commodity and as such is difficult to apply the concept of ‘value’ in determining Land or Capital values.

I consider this basis of assessment to be inconsistent amongst property types and unfair to Maori Land owners and as such places an unnecessary burden on development.

The Rating Valuations Act 1998 makes special mention to land subject to ‘trees and minerals’ (Section 20) and land subject to lease (Section 21) – whereby, the provisions or circumstances of a lease (for example) or circumstances particular to the property concerned that do not reflect the prevailing market conditions at the date of valuation are to be disregarded.

The concern being that if there was a special rateable value for properties such as multi unit housing, industrial, commercial or rural – then, why has Maori Land also not given a similar practical application.

My understanding of the intention of special mentions or values is for Local Authorities to seek to preserve uniformity with contemporaneous roll values – as such establishing 'comparable parcels of land'. The Rating Valuations Act does not appear to mention such basis of assessment to be applied to Maori Land.

As such I believe the assessment of either 'Land Value' of 'Capital Value' of Maori Land for the purpose of rate setting must take into account circumstances particular to the property.

> *An example illustrating the inequalities of the Rating Valuation approach is in regard to a coastal – rural property in the Bay of Islands.*
>
> *On one hand there is a property undergoing a high class coastal subdivision development with a current Rateable Value of $20 million and a Special Rateable Value of $4 million as farming unit. The property is rated on the Special Rateable Value of $4 million.*
>
> *Situated nearby to this property are a number of parcels of Maori land with a similar high coastal – rural value but no special rateable value although the blocks are in native bush / undeveloped state.*

The Rating issue is somewhat of a dilemma. On one hand as a result of improving a property it will attract increased rates as a result of the increased land or capital value or is the land left undeveloped in the avoidance of rates burden. The perceived rates burden may well be a limitation to encouragement to developing and improving Maori land.

Financial Constraints

Limitation to funds is a result of the perceived restricted alienation of the land and uncertainty in the Governance / Management structure and performance.

There are 3 key criteria tests applied by lenders in considering whether to make a loan:

1. The Borrower must have sufficient cash flow to repay the debt servicing on the loan.

2. The Borrower must have adequate security in the asset subject to finance or supported by a wider portfolio to give the Lender an assurance that they (the Lender) will recover their exposure in the event of the loan going into default or is not repaid on maturity. This is typically dictated by the 'value' of the asset and its saleability.

3. The Borrower must have sufficient quality of management to give the Lender confidence that the Borrowers business will be well managed. This links back to the Governance and Management mix which will demonstrate the 'right' mix of persons are involved to assure the Lender of the quality of the leadership and management wrapped around the asset.

The limitation to access funds can be reduced or eliminated by demonstrating a proven and sustainable management and a secure cashflow.

Physical Characteristics of the Land

This aspect of challenge to Maori land development is in my view the least of any problematic matter.

The reason I say this is that as a result of improved technology, accessibility and options for alternative productivity / land use, I would suggest this is the most manageable.

Diversification spreads investment risk. This may mean investing in different regions or asset types to insulate against climatic change, industry economics' and to limit exposure in any one particular income stream.

Maori entities should consider diversification of the land use to provide an income stream which may not currently be the case. The diversification may be a move away from the standard land uses but may be the only income stream for the Authority.

Maori land is already put to a varied scope of activities including forestry, cropping, horticulture, dairy, intensification, deer, organic, culture tourism, aquaculture, energy, viticulture and grazing.

There is no doubt substantial tracts of land could be better utilised and / or developed.

Globalisation and Networking

Maori entities should continue to develop closer working relationships and business networks.

There are a number of organisations which support Maori in developing better transfer of information across the Primary, Secondary and Service industries.

A good networking opportunity is from forming Iwi Collectives. This allows the group to negotiate better pricing based on the purchasing / selling power of the group as a whole.

Leading edge technology from all sources can be gained from information sharing. The accessibility and accuracy of information is crucial for the ongoing growth of Maori asset development.

In general I would say there has never been a better time for Maori to be taking their primary sector products to the international markets with the aim of obtaining higher returns and ensuring long term participation in the global village's commercial sphere.

Global is the key word here as it is Globalization that is the key driver in allowing many development nations to boom. This is taking place all over the world and is not expected to end anytime soon (assuming no massive social or political upheaval).

The booming growth is much greater in the developing world than the developed nations. That's especially true of China & India, it's also true of many Asian countries as well as many of the eastern European, Middle Eastern & Later American countries, and then there's Russia, the list goes on.

As the living standards rise people in these markets are able to buy things they couldn't afford before like food and cars. The growth in the developing markets has greatly increased demand for agricultural commodities and is not likely to change for years. There could not be a better time for NZ Maori, as an owner of primary goods supply to be formulating strategies as to how best exploit this trend.

One strategy to ensure a long term presence in the global trading markets would be the development of powerful Maori brands. The challenge we face is developing powerful brand in international markets for agricultural commodities that are mainly sold on price. Maori are well exposed and integrated globally or could perhaps joint venture through established known global brands.

Most people think the development of a powerful brand centers around a flash logo and millions of dollars spent on sexy advertising campaigns. While this may play a role I don't agree it is the primary value adder, I think its doing the basics well - just like rugby, when you up against a tough side (and the international market is a tough side) you have to do the hard yards up front before you can score the flashy tries out wide.

Key points to successful branding / globalisation :

1. Systems that ensure a consistent quality product is on supply all of the time.

2. Competitive logistics and supply chain that extends beyond NZ shores. Why is the majority of NZ international trade still done on a FOB basis?

3. Finance & insurance (NZ banks are considered to be difficult to deal with and not as savvy as foreign bands in international trade).

4. Setting up presences in overseas market to help increase commercial presence.

5. Innovative thinking (eg why not do the added value in foreign countries and then export from their shores to markets all around the world) the net benefit is still to Maori as you would collect dividends from these enterprises.

Risks associated with globalisation and International branding are:

1. Government regulations & policy changes in I foreign lands

2. Insufficient investment to see it through

3. Social unrest and political upheavals in foreign lands

4. Lack of skilled commercial people to be able to manage these strategies and able to understand strange cultures & languages.

5. Size simply not because enough for foreign markets to care

In Conclusion:

The improvement in Maori organisations is a result of strong leadership, clear strategies and business plans and investment in areas where that organisation may have a competitive advantage.

Limitations are recognised within Maori organisations.

The key is to identify the key stakeholders and what their expectations and measurement of success are based around key objectives. Fundamental to any perceptions or expectations is that the organisation must operate at a profit if they are to survive and financial indicators must be high on the list of objectives for a sustainable operation.

Governance is the starting point for success.

The Governance structure should be simplified to create legal certainty, a clear distinction between Governance and Management and offer transparency and accountability.

This flows onto recruitment of the management team who in turn engage the right staff to ensure the successful operation of the organisation. Performance of management must be continually monitored. Performance will be aligned with the long term strategic objectives and short term needs of the shareholders. The overarching issue for Governance and Management is to seek competence relevant to the roles around leadership and management.

The performance of a Maori entity should be compared with similar type operations – both Maori and non-Maori. I am confident many Maori entities are performing as well as, and better in some cases than their counterparts.

Amalgamation between land holdings (large and small) should be considered. This will enable better economies of scale while still retaining independent ownership of the land.

Information sharing and support is essential particularly for the smaller scale operations that may not have the resources to best utilise their assets. Governance and Management may also not have the capacity and skill to move the assets to a new level.

Due diligence of any business venture should be undertaken in seeking finance and also in regard to diversification. Finance is typically required and should be seen as a viable option recognising the risks associated to both parties. Certainty around cashflow and security are essential. In both cases a fallback position must be anticipated.

A Lender will consider the asset saleability, although the Governance / Management structure (and skill set) will have a major influence.

Effective well established business networks exist. Future business growth will be enhanced by better utilisation of existing networks and the development of new ones.

The exciting aspect of underdeveloped Maori land is that it presents an opportunity to be better developed which leads to being a vehicle and platform for governance / management / employment / education and productivity.

Nō reira, e te rangatira, kāore e kume roatia te kōrero, heoi anō, noho pai mai i roto i ngā manaakitanga katoa.

Nāku iti nei, nā

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