

# Improving Māori Access to Capital Issues Paper.

Public feedback: Individual Submissions.

8 December 2022





1 November 2022

Adrian Orr

Governor

Te Pūtea Matua - Reserve Bank of New Zealand

## Improving Māori Access to Capital Issues Paper

E te rangatira e Governor

He mihi tēnei ki a koe e roto i ngā tini āhuatanga o te wā. Nei ra te mihi ki a koe me to rōpū o Te Pūtea Matua e hāpai ana i a tātou katoa o Aotearoa. Ka tika ki te mihi atu ki a rātou kua rongou atu ki te karanga o Ihoa, auē rā auē rā. Rātou ki a rātou, tātou kua mahue mai nei ngā uri whakatupu. Tēnā koe, tēnā koutou, tēnā tātou katoa.

*Greetings to you at this time.*

*I acknowledge you and members of Te Pūtea Matua Reserve Bank of New Zealand in the work you do to support and guide us all in Aotearoa New Zealand. I pay homage to those who have passed on beyond the veil. I acknowledge those passed and to us who remain. Greetings to you, greeting you, greetings to us all.*

Thank you for the opportunity to have input into the recently released Improving Māori Access to Capital Issues Paper (**Issues Paper**).

I'd like to acknowledge Te Pūtea Matua for its leadership and thank you for the opportunity to engage with your team during the development of the Issues Paper to support Māori whanau, iwi, hapu and the wider Māori economy.

ANZ New Zealand acknowledges the importance of this kaupapa to help shape solutions that can address longstanding challenges that Māori face. The Issues Paper has highlighted a significant opportunity for the financial services sector to support economic growth in Aotearoa New Zealand by improving access to capital by Māori.

While the financial services sector has made great strides across the last decade at ANZ New Zealand we accept there is more work to be done to ensure Māori have equitable access.

At ANZ New Zealand CEO Antonia Watson has driven significant change in this area in recent years.

Along with her and members of her New Zealand Leadership Team, we've engaged in rangatira korero at our Te Kahui Rangatira; Rangatira Ki Te Rangatira Hui in December 2021.

This newly formed forum with Māori Chair's and CEO's from across the motu helped us understand the key issues they're facing and how together we could lift the Māori economy.

I'm proud to advise that from that milestone hui we approved ANZ New Zealand's very first Te Ao Māori Strategy and this was launched in June 2022.

The strategy, Tākiri-Ā-Rangi; ANZ's Te Ao Māori Strategy 2040 (Tākiri-Ā-Rangi), is attached for your information. Within the strategy you will see a work programme, which includes looking for a way to unlock the potential of collectively owned land.

Tākiri-Ā-Rangi is our commitment to Māori and our nation's economic growth as we chart our course to 2040.

This is about us trying to live our company's purpose: ***"Kia hanga i te ao e ora e tupu ai te tangata me te kainga - To shape a world where people and communities thrive"***.

ANZ New Zealand valued the engagement with the Te Pūtea Matua Reserve Bank of New Zealand team around the Issues Paper and would welcome further opportunities as we deliver on our strategy.

I would, therefore, like to extend an invitation to you to attend our next Te Kahui Rangatira; Rangatira Ki Te Rangatira Hui on the [REDACTED]. Please let my office know if you wish to attend.

Heoi anō

Sir John Key  
Chair  
ANZ Bank New Zealand Limited

Kia ora Toni,

This is not the formal MBIE response and is view from the Kānoa – RDU Investment Team, which has executed and is managing a number of live loan and equity transactions with various Māori collectives and companies. Please take these comments in the spirit of trying to be constructive and I am happy to discuss any of this if it is unclear or you would like me to elaborate on any of the points we have made. Well done on starting this important work, which we are all supportive of.

- Does this paper capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified? As it appears to focus on parties that have not been able to receive funding, there is a risk that they may not have been made aware of the real reason(s) as to why they were unsuccessful in attracting support. Perhaps as a next step would be engaging with entities that were successful in receiving access to loan finance from the PGF or other funds but not from banks, as this may give insights as to the specific technical reasons financial institutions are unwilling to lend. While we agree that the system is not supporting Māori, the general Seekers perspective that “We noted the collective mindset of banks and government towards seekers was one of the biggest barriers to accessing capital. At best, the fixed mindset prevalent in Aotearoa New Zealand reflects an unconscious bias. At worst it reflects systemic racism.” is difficult to reconcile against the millions of dollars in successful loans to Iwi/Hapū/Land Trusts/Businesses made by the Crown. While this is probably accurate in many circumstances inferring that this is the case across the whole system is likely incorrect. In addition the piece of work does not seem to have focussed on those initiatives that have been successful and so ignores much of the learnings that already exist to support this transition. This is likely damaging as ignoring it will likely set the process back years as a re-invention of existing approaches occurs.
- Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included? Unfortunately, they don’t appear to be recommending tangible interventions and may be pointing towards further study of a problem that is well understood by other parts of the crown.
- Are there particular interventions that should be prioritised and by whom? The theme of Capability (by TPK) and Capital (led by Kānoa as the only party successfully lending to the Māori collectives that are a subject of this paper, with representation from TPK and RBNZ, other) should be accelerated as it is already understood what could be done. A carefully structured fund could fairly quickly address a number of the issues and agencies have already been successful in partnering with Māori collectives to provide loan and equity funding.
- Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways? The theme of “using Whenua Māori as loan collateral” is likely fatally flawed as it will likely result in separating Māori collectives from their whenua and is a typical banking construct that is not acceptable to most Māori collectives (unless the land is free title). It would be better to approach security in a way that would encourage repayment from cashflows and rather attach the movable assets to mitigate risk (General Security Deeds and GP/LP structures similar to those used in the kiwifruit sector could achieve this). As Māori collective views are closely aligned with that of economic development there is little need to take a hard enforcement of security approach.

- Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori? As Financial institutions are largely not engaging in this form of lending the Crown will likely have to intervene for a number of years to show a track record of viable lending before the mainstream financial institutions will be tempted to undertake this work on a risk basis. As banks typically have a different approach to Whenua as strictly a form of security to reduce losses in the event of default, that may be fundamentally at odds with a Māori world view. The Crown, which has a closer alignment to pursuing a broad based outcome, will be better positioned to engage with Māori collectives initially. This approach has already delivered a significant number of successful loan outcomes and a standardised loan product managed by the Crown could likely provide an immediate capital intervention if designed correctly.

Kind Regards

Jason

**Jason Hall**

Investment Director

Investment Team

Kānoa – Regional Economic Development and Investment Unit  
Ministry of Business, Innovation & Employment

[REDACTED]

[REDACTED]

NZBN 9429000106078



New Zealand Government

Kia ora koutou,

This is a submission in respect of the Improving Māori Access to Capital Issues paper.

Submission questions:

1. Does this paper capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified?  
I believe that this paper captures a broad range of fundamental challenges to Māori access to capital.
2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?  
The interventions need a long term focus on raising inequity standards and reporting. Māori continue to represent below average outcomes for attainment in higher education and the associated benefits of access to knowledge and capital in a post colonial society. While the economic systems continues to favour a Pakeha world view and systems of business involvement, lifting the rate of Māori involvement in business at senior levels could help level the playing field. Issues of poverty, education, living standards, length of life and other metrics need a holistic approach to raising economic value.
3. Are there particular interventions that should be prioritised and by whom?  
Access to capital and education outside of Māori business, i.e. to lift personal value can then extend the ability of Māori to participate in the wider economy more.
4. Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways? No
5. Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?  
Banks need to step up. This is a good start, but regulator intervention to force reporting on Māori in banking, address pay disparity and highlight Māori leadership in finance is a must. Banks must also accept a new way of viewing and participating in the Māori economy, instead of forcing Māori to participate in the banks way of doing things. Internal policy and processes need to be examined for biases against Māori and products need to be updated to account for Māori ways of viewing finance.

Thanks for your time and consideration.

Sean Hamilton

# Improving Māori Access to Capital

## Issues Paper

Feedback Submission to the Reserve Bank of New Zealand – Te Pūtea Matua on the  
*Improving Māori Access to Capital Issues Paper* by:

**Tori McNoe - Poutaki Hononga | Commercialisation Development Lead**  
**Paraone Luiten-Apirana - Kaitātari Tauhokohoko | Māori Commercialisation Analyst**

**Of Auckland Uniservices Limited**

*Go to any marae or hui in the country and you will hear speakers talk about “taonga tuku iho” – “the treasures handed down to us by our ancestors.” And the future-facing version of this which is “Mō ngā uri kei te heke mai nei” – “for the descendants that come after us”.*

*“The responsibilities of Iwi and Māori businesses are to serve **the shareholder who never dies** [the descendants that come after us]. The basic task of the Māori economy is different and distinct from the economy it sits within. It has a multi-generational time horizon and thus a fundamentally different requirement from its capital. It must produce wealth over the long term and not just for the generation in which it finds itself.”*

- Tā Tipene O’Regan on Intergenerational Wealth - New Zealander of the Year 2022

## Context

The nature of this submission is through a Commercialisation lens from two Rangatahi Māori at Auckland UniServices Limited: Tori McNoe - Poutaki Hononga | Commercialisation Development Lead (25) & Paraone Luiten-Apirana - Kaitātari Tauhokohoko | Māori Commercialisation Analyst (23). We feel essential to this submission, is the recognition of a limited understanding of the nuance of Financial Systems that come with the longitudinal experience we don’t possess. However, our strength comes from determining the long-term impacts we face as the generation that inherits the outcomes of this report as Rangatahi Māori.

UniServices is a wholly owned subsidiary of The University of Auckland | Waipapa Taumata Rau, and the Commercialisation Team has the specific task realising the commercial potential of research. Investment and Commercialisation Pathways are critical areas of expertise for our team. From proof of concept and seed stage, through to at least series A, several functions enable our capability. This capability includes a selfregulated Investment Fund, a series of Investment

Committees (accessible to innovation projects nationally), and expertise spanning Intellectual Property through to deep technological experience giving UniServices a unique view to nurturing Commercialisation. The roles of Poutaki Hononoga | Commercialisation Development Lead and Kaitātari Tauhokohoko | Māori Commercialisation Analyst are focused on the indigenisation of these processes led by the question - What does this look like from a Māori World View?

With this experience behind us, we view the *'Improving Māori Access to Capital Issues Paper'* through this lens - What does this look like, from a Māori worldview, a Te Tiriti-led worldview, and ultimately, a rangatahi worldview?

## Submission

This response has two focuses, particularly on Capital Investment and Innovation related interventions:

- What we tautoko/support and why
- What we feel is missing or additional interpretations to findings and why

## Māori Owned Funds

The notion of 'Establishing a Maori-owned and led capital investment fund with appropriate risk appetite, and cultural and financial capability' fits squarely into a space we know is contentious but necessary to address. In our experience in this space, we have seen that the differing Te Ao Māori and Te Ao Pākehā worldviews result in different interpretations of 'return on investment'. The sovereignty of Māori to choose outcomes for business led by Te Ao Māori is critical in creating a space where two worldviews can work in parallel with one another. We see this action as addressing that need and in line with Te Tiriti-led intervention.

## Seed Capital

The promotion and access to seed capital – whether from Government, philanthropic trusts, individuals, or broader Māori organisations is essential. Seed capital is exactly that, the seed that something is grown from, and it arguably sits at the beginning of all innovation from a financial perspective making it important to address properly because of its downflow effects. Without effective seed capital access, innovation is stifled significantly. We tautoko this intervention but have additional observations not included in this issues paper. We submit, that working in this space, specifically approving preseed funding on behalf of the government, many of the processes and policies built to access seed capital could be seen as conflicting with Te Tiriti. While these processes aren't strictly the remit of the Reserve Bank, as the regulating body for the financial functioning of Aotearoa, and as the institution unearthing so much evidence proving the need for access to seed funding, we ask that recognition of policy and process change to allow for more equitable access to seed capital is specifically advocated for through this issues paper. These policy and process issues can include, but are not limited to:

- Change to Policy and Processes that pose issues with the amount of Intellectual

Property considered needed in return for seed capital, particularly where Technology Transfer out of Universities and Crown Research Institutes are concerned. Often small amounts of capital are accessed for excessive equity to the institute, deterring Māori-related Innovation.

- Change to Policy and Process that upholds the aggressive need for return on financial investment with a lack of understanding of the social and community outcomes. The perception of risk in engaging with Māori Innovation is exacerbated because of the above. This is another reason why driving the use of ESG Investment principles is critical as noted in this paper.
- The parties making decisions about seed capital being the majority, *not* Māori. This is different from the point made in this paper about increasing the amount of Māori shareholders and leaders and talks more to the Investment Committee context having a minority Māori view that is often superseded by the dominant viewpoints around the table. Considering completely alternative structures and co-governance around this point could be explored.

We note that this may also be aligned to the intervention of 'Building a Coherent Map for the Māori Funding Ecosystem' but is not specifically addressed within it.

## Decision-Making and Leadership

Central to 'Reducing Myopia in Decision-Making' interventions in the issues paper is the idea that 'To be effective, capital providers need to understand Māori businesses and the Māori economy'. We ask you to take this one step further and not only understand Māori Business and Economies but actively commit to including them. This is to say, while cultural awareness is important as laid out by this intervention, cultural *inclusion* is missing. Our interpretation of the data supporting this intervention could conclude that perhaps the system of banking is failing Māori so significantly because of the lack of regulation control Māori have over their own needs with finances - solving this is about cultural inclusion not just awareness within the current sector leaders. One of the major flaws with thinking cultural awareness and competency on its own is an effective intervention is that it's simply extractive. It says that non-Māori leadership can simply 'do it for Māori' rather than acknowledging the need for Māori capability building to participate in the sector. Actively building capable Māori leaders into decision-making tables and making room for Māori decision-making entities is the only way change can truly occur in line with Te Tiriti and for the sector to meet Māori needs. This has directly been acknowledged partially in the Long-term Focus and Leadership Priority area with the 'promotion of greater representation, but not explicitly as Māori having better regulatory control Māori over their own needs with finances.

## Data

Collecting 'More and Better Data on Māori Businesses' is an enabling intervention that transforms the action people can take given how informed (or not informed) data makes them. While we tautoko this action, with a Te Tiriti lens, seeing a stated intention of this intervention in line with data sovereignty is needed. The power and intention of data intake are important, but the power lies in who has access to the data. Data Sovereignty is mentioned as an issue, but not an intended outcome of the intervention and should be.

## **Geographical Location**

One of the problems with access to capital from a Māori perspective highlighted by this paper is Geographical Isolation. We see this issue as unaddressed by this paper focussing on already built structures being given capability instead of areas that lack access now. We challenge the Reserve Bank to consider how capability is being taken to these places to enable these communities. What role should the Reserve Bank play in taking capability to these communities?

## **Conclusion**

This submission says one clear thing: Think longer term and consider the role of the Reserve Bank larger than it is. We observe the interventions proposed by this paper as all necessary there is nothing we fundamentally disagree with. Generally, we believe this issues paper should double down on the capacity building for Māori. We don't necessarily need the Reserve Bank to create solutions for Māori, but to consider where Māori need space and opportunity to build it for themselves and where the Reserve Bank's role lies in providing the capability for this as a crown entity. Where we submit a wider scope of thinking or additional interpretations of findings, the conclusion can be made that they hold a longer timeframe or wider interpretation of the role of the Reserve Bank in providing capability.

We note this paper as short and needing expansion in some areas to understand and are open to engagement where any of the points here are not understood fully or need to be evidenced further.

We are led by the notion Tā Tipene O'Reegan holds center to the purpose of Māori Economies being for The Shareholder that never dies - our descendants. As Rangatahi Māori, we see this work as important and thank the Reserve Bank for its efforts in considering a future that we will inherit.

Kia ora Toni

Firstly, I would like to acknowledge the very thorough, insightful, and valuable mahi you and your team have undertaken regarding this issue. We very much value being included in the hui and kōrero and appreciate the time you and your team have given to NBS.

NBS acknowledges and accepts the key research findings and summations that have led to current inequities in Maori businesses accessing debt and financing solutions, compared to non-Maori businesses.

Please see below for our thoughts on the specific questions you are seeking around the *Issues Paper*.

**1. Does this *Paper* capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified?**

Whilst the *Paper* is comprehensive, we would suggest that not enough consideration or recognition has been given to size and scale of most businesses in regional Aotearoa New Zealand. At NBS, 90% of our business clients have 1-5 employees and our client base will no doubt correlate with other regions. Most of these small businesses raise working capital via equity in their home. Whilst we note the *Paper* does mention current economic adversity faced by Māori driven by key socioeconomic barriers (and highlights lower home ownership rates), we suggest a clear statement around the inequities in home ownership for Māori as being a significant issue constraining access to capital should be strongly highlighted. We see this issue as being the most significant limitation in the regions for small 'Mum and Dad' Māori businesses being able to access capital and at the lowest cost (secured vs. unsecured).

**2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?**

To expand on the above, we prefer to focus on the interventions and actions that need to be taken to improve home ownership for Māori.

**3. Are there particular interventions that should be prioritised and by whom?**

We believe that building financial literacy and wellbeing capacity is key to achieving the goal of lifting home ownership. At NBS we are looking to partner with organisations that have successful programs which support future Māori clients of NBS to become 'mortgage ready'. E.g. Ka Uruora which is starting in Te Tau Ihu. Government agencies need to continue to support organisations that build said capacity.

We are also sponsoring Te Tauhui Māori Business Network with the goal to provide local, face to face banking options.

More focus needs to be given to the development of non-traditional home ownership models such as shared equity loans. Te Pūtea Matua should consider providing capital to organisations successfully providing these types of products, again who are in partnership with Māori, at a low cost.

The reluctance by lenders to accept Māori Land to secure capital could be better alleviated with Guarantees to capital providers for a portion of the funding sought. This would better match the risk appetite and/or regulatory and prudential requirements imposed on lenders.

#### 4. Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways?

We support and highlight the following potential pathways (detailed in your report) to explore solutions to increasing home ownership as:

- Invest in cultural awareness education and targeted priority training across the sector. Invest in financial awareness training within Māori business.
- Promote and provide access to seed capital – whether from Government, philanthropic trusts, individuals, or broader Māori organisations – to enable innovation, with a Māori led approach.
- Establish a Māori-owned and led capital investment fund with appropriate risk appetite, and cultural and financial capability.
- Increase investment, tailoring and availability of lending products such as shared equity and low deposit options.

In terms of leadership, structure, and resourcing, we reiterate the importance of government agencies supporting successful Māori owned and led organisations.

#### 5. Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?

We support and congratulate Te Pūtea Matua and their collaboration with other government agencies in firstly raising this issue, and then engaging with the banking industry to find solutions.

To improve inequities, with a lens to support home ownership, we encourage Te Pūtea Matua and other government agencies to support capacity building, along with encouraging the sector to develop non-traditional lending products. We would support Te Pūtea Matua exploring changes to lenders prudential requirements for capital to actively motivate banking institutions to design lending products suitable to meet the needs of Māori, Iwi, and their related businesses.

At NBS, we are motivated to partner with Iwi and expand our relationship. An example of this commitment is our recent approval of a \$3M loan to support a 20 home Papakāinga Project at Te Āwhina Marae. This development is on leasehold land, owned by Wakatu, so not a traditional commercial lending proposal. We anticipate that the Marae will draw this facility down in mid-2023 to assist them in completing the \$15M development. We are also involved in several land development projects where the commercial arm of Ngati Koata is a shareholder.

As you have correctly highlighted in the *Paper*, **the goal should be to enhance financial and cultural capabilities.**

Ngā mihi

**Howie Timms**

General Manager - Commercial  
**Nelson Building Society**



# Ngāti Torehina Ki Mata-ure Ō Hau

Ngāti Torehina Ki Mata-ure Ō Hau c/o



20/08/2022

Email to RBNZ:



RE: Feedback to RBNZ Improving Māori Access to Capital Issues Paper

Thank you for the invitation to provide feedback.

“We are interested in broad feedback from the public on the issue of Māori access to capital. However, to help improve our understanding of the issues and potential pathways, we would value feedback on a number of key themes”

Please find feedback to the 5 key themes of your paper on behalf of Ngāti Torehina Ki Mata-ure Ō Hau as follows;

**1. Does this paper capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified?**

The paper covers a wide range of challenges, it would have been good to see more information relating to the assumed misgivings of banking and other business related services in relation to underlying reasons that Māori do not have good working relationships with such.

As an Iwi we are surprised that no contact was made with us in any of the research stages for this paper, and conclude that many other Māori have had no form of consultation either which suggest the outcomes will not be as purposeful as could have been.

**2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?**

The proposed pathways do not capture any thoughts from Ngāti Torehina Ki Mata-ure Ō Hau, therefore we are suggesting some ideas that should be considered as feedback in the following question relating to banking, securities ideas of issuing Iwi backed trade-able land bonds as a potential lending risk mitigation concept.

Given more time to respond, we would also liked to have looked closer at Insurance products and policies for Māori and some ideas related to Financial Markets for Māori. We hope there will be a future time and place for the consideration of such things.

### **3. Are there particular interventions that should be prioritised and by whom?**

Banking institutions have historically treated the multiple ownership of Māori land as too complicated or not meeting their lending security policies, one supposes banks designed these policies to meet the banking license obligations to the RBNZ over providing common good services to Māori.

We have observed the affects of government intervention in this area connected to our wāhi tapu whenua known to most as Matauri Bay. One might assume under the leadership of Dion (Dover) Samuels an intervention by legislation with the Securities Act (Matauri Bay Properties Limited) Exemption Notice 2007, effectively legalised an outcome amounting what seems to be the transfer or theft of Māori land via a new ability to raise capital.

Proceeds enabled by this new legislation appear to have given unchecked access to land secured funding, and what seems to be a failed water bottling investment on the surface, but in hindsight reads more like an outcome designed to fail, money lost to still unchecked overseas destinations, and ultimately the forced reclassification/sale/transfer of land to satisfy lending contracts entered into by people using a pakeha contrived legal entity called "Matauri X" owned and/or governed by people who do not whakapapa to the land through their father.

Here is a brief article printed in the Northern Advocate for more background on the above scenario; <https://www.nzherald.co.nz/northern-advocate/news/ruling-allows-tribal-land-to-be-sold/GWAHTS55GIUQMJQQ5XJXVM2DHU/>

As you might agree, we are very concerned for any future government interventions to ensure outcomes are carefully designed to include transparent governance that can show expected purpose and follows through with monitoring and audit-able outcomes.

### **4. Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways?**

We think the Maori Land Courts could be involved in planning of some aspects of leadership and structure to support transparency where any finance aspects that affect an Iwi or their members.

### **5. Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?**

#### **Banking Entities**

On inspection of the RBNZ registered banks listing, we find 27 registered banks, 5 banks would seem to be NZ owned, not one bank appears to be wholly owned by Māori.

#### **Registered New Zealand Banks by the Numbers**



### **NZ Owned Banks\***

1. Heartland Bank Limited
2. Kiwibank Limited
3. Southland Building Society
4. The Co-operative Bank Limited
5. TSB Bank Limited

\* Assumptions of ownership based on general knowledge;

Source data: <https://www.rbnz.govt.nz/regulation-and-supervision/cross-sector-oversight/registersof-entities-we-regulate/registered-banks-in-new-zealand>

It would appear that an obvious opportunity exists for a Māori wholly owned bank to be given some serious consideration by all concerned about the Māori economy. A Māori wholly owned bank would likely better service the needs of Māori. The RBNZ does not appear to require registered banks to adhere to anything in the least relating to the 1835 Confederation of Chiefs or 1840 Treaty of Waitangi, of which Ngāti Torehina Ki Mata-ure Ō Hau are living signatories to both.

The NZ government has ownership of Kiwibank Limited, it also has experience with selling non core assets. It would seem that a potential carefully planned sale of Kiwibank to an interested Iwi or combined Iwi group could provide a major step up for Māori into the banking industry, or similar if the better lessons learned from building Kiwibank could be repeated into a new bank entity for interested Iwi as a start-up called "Iwibank Limited" for example. We assume every assistance possible was given to Kiwibank Limited by RBNZ and NZ Government to fast track their startup, and could be repeated for a new Māori wholly owned bank.

### **Bank Lending Securities**

We think there needs to be research undertaken by RBNZ to evaluation some concepts of what banks can or must accept as lending security for lending services.

The NZ Government has for many years assigned management of shared Iwi assets such as the Crown Forestry Rental Trust to protect land from sale on behalf of Iwi pending outcomes from Waitangi Tribunal Claims. We think a similar scheme could work by taking a combined lending security approach.

Allowing multiple Iwi to nominate amounts of Māori land into a nationwide pool. Māori land can be traded from Iwi to Iwi, under the existing rules of Trustees via the Māori Land Courts. Lending

security to the said shared Māori land pool could be managed as a proxy system of bonds or some other new Māori financial market product for Māori. The RBNZ could enable such a security to be deemed useful/acceptable to all banks for lending purposes.

When a loan default occurs with said security, the Iwi affiliated with the Māori borrower could transfer a relative amount of the pool to all other Iwi pool members, and if a loan is needing immediate repayment to a lender, funds could be drawn from shared income aspects of the land trust, either rental or perhaps future environmental services such as carbon sink/farming models.

We believe some lending repayment defaults and business failures are unavoidable, but we also believe that a Māori borrower will be less likely to default knowing the outcome is woven with their Iwi as a whole when compared to a individual working with a faceless bank.

All Iwi without the pathway to a living Rangatira must embrace democracy, their involvement and governance of a Māori land pool would require agreement from all members to ensure transparency, fairness and propensity to risk.

Thank you for considering our feedback. We are happy to discuss these concepts in greater detail and hope they help to unfurl more ideas from others in future.

Nga mihi,

Ngāti Torehina Ki Mata-ure Ō Hau



# Submission to Te Pūtea Matua

RBNZ

20 September 2022

[kpmg.com/nz](https://www.kpmg.com/nz)



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# 1 Foreword

As a firm we are inspired to see **Te Pūtea Matua** (RBNZ) taking a leading role in bringing to the fore barriers faced by Māori in accessing capital and, in particular, debt finance in Aotearoa, New Zealand and your consultation with several stakeholders to produce the Issues Paper presented.

KPMG is also committed to working with the financial services sector to serve society, drive better customer and financial outcomes for the prosperity of New Zealand as a whole, with Māori playing a very important part in that society. We agree that there is a need to change the way investment and lending decisions are made, so that environmental, social and economic factors are integrated and so that negative impacts, both immediate and long term, are avoided. KPMG has committed to Economic and Social Development (ESD) to improve the lives of New Zealanders by partnering with Māori, public, and private sector organisations and communities to support major social reforms and investments that reduce inequities, increase inclusion and improve lives. This commitment has resulted in the ESD framing He Raupapatanga and ESD guiding principles. He Raupapatanga has been developed with an external expert panel inclusive of knowledge and experience in Mātauranga Māori, the public sector, academic leadership and community leadership.

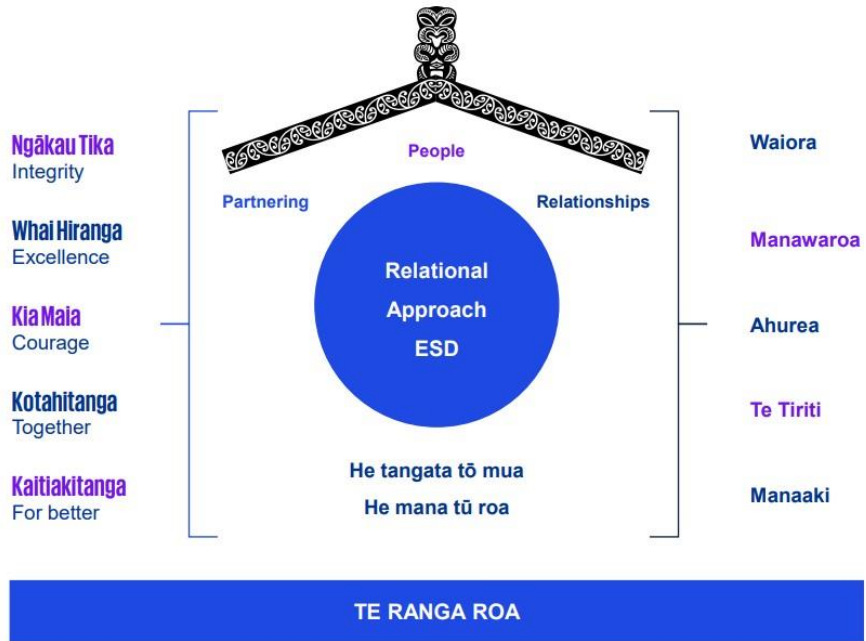
## He Raupapatanga

He raupapatanga speaks to the relational model that is ESD. ESD is centred on putting people at the forefront of everything we do, "he tangata tō mua, he tangata tū roa".

High trust relationships and values aligned partnerships will be fundamental to fostering openness and influence change through our ESD offering.

The ESD principles are design considerations to use with our clients when developing solutions in the interest in better outcomes for Māori. These principles give integrity and authenticity to our model, we are committed to them.

Our KPMG values guide our behaviours and decision-making.



The recommendations of this response (refer to Section 2) are based on this framing and ESD principles and our desire to support the financial services sector to better serve society.

## The ESD Principles

KPMG has identified the following expertise and technical capability as essential to position as social reform partner. Incorporating traditional knowledge and expertise with Te Ao Māori methodology by redesigning and developing KPMG methodology and underpinning expertise and capability.



In general, KPMG are of the opinion that lending products and services need to evolve in line with regulatory agencies' and the banking sector's own strategies for collective and inter-generational growth, and that all stakeholders in the economic system need to have a stake in the solutions for this. The banking sector cannot take on the full risk of doing **this**, we would suggest the Government and Te Pūtea Matua (RBNZ) need to play a role as well as experts in the field of Mātauranga Māori specifically pertaining to economics and finance.

Additionally, to be able to move the Issues Paper forward in a meaningful way that generates actual initiatives and outcomes to improve access to finance for Māori, there needs to be a programme of ideation, investigation, validation, and formulation which involves multiple stakeholders, including Māori individuals and collectives, regulatory agencies, governmental departments and the banking sector and their advisers.

## 2

### Submission Response

#### 2.1 Does this paper capture correctly and in full, the key challenges around Māori access to capital? If not, what could be improved or clarified?

We note that the Issues Paper provides an array of potential pathways to address the issues and barriers identified in Māori gaining access to capital. We are supportive of those identified.

We acknowledge there are suggestions for the tailoring and availability of lending products and services to Māori. The Issues Paper references challenges with lending regarding collectively or tribally owned

land and using whenua Māori as security. We would like to explore this further, focusing on finding solutions to lending for Māori collectives and placing a particular focus on access to capital specifically for housing and whenua.

The Māori economy has potential and growing resources to make a significant contribution to the Aotearoa New Zealand economy. Current estimates of the Māori asset base are at NZ\$**69 billion** (BERL, 2018)

When investigating, creating, and validating solutions for lending to Māori, it is important to understand the Māori social make up and be mindful that the social make up is not a fixed hierarchy; rather, it is more complex, dynamic, and evolving. Kin ties were activated depending on circumstances of the time and were most often galvanised for support in times of crisis (Manuka, 1988). Māori kin groups and the impetus behind economic survival relied on the dynamic and fluid nature of the traditional tribal ecosystem (Ballara, 1998) (Metge, 2002) (Petrie, 2006). **Kin**-based groupings made up the social organisation of Māori society, where individuals affiliate to ancestral lines from various iwi-Hapū-whānau **kinship groupings**, based on whakapapa or genealogical descent from an eponymous ancestor (Dell, 2018). Māori relationships with each other held the system together, governing the use of and access to resources. Access to resources focused iwi, Hapū and whānau attention and energies on nurturing relationships and genealogical alliances (Dell, 2018). The structure and relational underpinnings of traditional Māori society provide the foundation to the economy of mana.

The economy of mana concept is important to this discussion, developed by Henare (2011, 2014, 2016), and has the following themes:

- (a) it emanates from a Māori worldview and is informed by traditional Māori **economics**.
- (b) it is inspired by four well-beings — spiritual, ecological, kinship, **economic**.
- (c) it is embedded in the ecological system that sustains it;
- (d) it requires a multidisciplinary approach to its research.
- (e) it is a system that is capable of reorganising itself to create new futures; and
- (f) it manifests as reciprocity and gift exchange.

It is the understanding of the Māori social organisation, Māori relationships and the economy of Mana, that give life to the recommendations of collective financing and increasing the access of capital for Māori. KPMG feels the Issues Paper could have addressed this **more**. **An** integrated system view of how potential pathways relate to each other and how they should work together to drive change is needed. That is an important concept in Te Ao Māori and **is** important to the success of these initiatives, that they mutually reinforce each other and are able to be viewed together as a system. One of the challenges we see is overlooked relating to the system, is that it is not being set up to lend to collectives of whānau members who are not formally incorporated .

With this understanding we propose that the Government and the Te Pūtea Matua (RBNZ) play a role in collaborating with experts in the field of Mātauranga Māori specifically pertaining to economics and finance. Also ensuring partnerships with Māori are established in the ideation phase through to investigation, validation, implementation, evaluation, and governance.

## 2.2 Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?

We believe the proposed pathways do capture the majority of areas for greater Māori access to capital and welcome further research, solution ideation and validation be undertaken.

For KPMG, we want to be part of and support a financial sector that aligns with our purpose of Fuelling New Zealand's Prosperity. Te Pūtea Matua's (RBNZ) remits under the Reserve Bank of New Zealand Act 2021 include financial innovation and new investment for a productive economy, and the allocation of resources to maximise long-term sustainable growth for the economy, which includes Māori and the Māori economy. We acknowledge many financial institutions also have Environmental, Social and Governance (ESG) strategies in place to improve New Zealander's financial literacy, financial wellbeing and provide sustainable and positive inter-generational impacts for all New Zealanders. The Issues Paper states that some banks have begun to experiment with innovative lending products and arrangements in this space, which is positive. The longer-term view is central to these remits and strategies and must be kept front of mind when looking for innovative solutions for the sector.

With this in mind, we recommend the Government, Te Pūtea Matua (RBNZ) and the banking sector investigate whether a Funding for Lending type facility, or an innovative form of that, could be established that supports the improved provision of finance to Māori. Or underwrite access to capital in some way would be an alternative, and they should look at alternative ways of doing that and work out which best suits Māori needs.

We have seen Te Pūtea Matua (RBNZ) use policy tools to ensure the stability and longevity of the New Zealand economy. Recently, the RBNZ introduced the Funding for Lending Programme (FLP), a monetary policy tool that has been put in place to assist in stabilising the New Zealand economy through the COVID19 pandemic, aiming to address inflation and support employment (one of several initiatives put in place to respond to the pandemic). The act of funding banks at the official cash rate, which is lower than both deposit and wholesale funding, aims to ensure that access to credit continues to be available to New Zealanders at lower interest rates. This is an initiative with a finite period of application. Whilst there have been critics of this programme (i.e., some state it has been inflationary in nature), the ability of the Government and Te Pūtea Matua (RBNZ) to introduce tools to support the economy towards desired economic and market outcomes, cannot be ignored. The aim of a facility along these lines would be for the Government and the RBNZ to play a part alongside the banking sector to provide finance to Māori, a sharing of the credit risk. With all key stakeholders contributing and committing, the risk is shared, and it does not all fall on one party to improve access to finance. As with the FLP, scheme criteria, governance and credit policy standards would be established and adhered to, but these standards would also need to be informed by Te Ao Māori principles and unique ownership and collateral characteristics of Māori businesses and collectives.

Second, we recommend further investigation be undertaken in respect of collective lending. Collective lending more typically relates to individuals forming groups to borrow from financial institutions and those institutions taking benefit from group / shared guarantees rather than security against land. We think this is a valid area of further research so that lending products can evolve with differing ownership structures and in pursuit of inter-generational financial wellbeing. This type of lending has proven to be unworkable to date due to legal conditions, the specificity of know-your-customer regimes, and the need for these organisations to act as responsible lenders (be it to an individual or a group). But the

financial services sector needs to take a significant step to better understand these structures, so that they can service this core part of our society and educate their teams on how they can provide finance to these groups. You can compare this to the need for financial institutions to upskill their teams on climate change and climate risk and how this is to be absorbed into lending products and services. An emphasis on upskilling is required, however the way banks organise themselves to deal with Māori lending beyond training is also required.

The CCCFA responsible lending obligations could be a challenge for this type of non-traditional lending. Although we fully support what CCCFA is trying to achieve in consumer protection, which is imperative for vulnerable and specific groups of customers, it is very prescriptive and therefore isn't necessarily set up to reflect Māori homeowner/ borrower needs.

Further to the above, we acknowledge that Aotearoa New Zealand has a housing shortage. House ownership is at its lowest in 70 years (Stats NZ, 2020), there is a highly competitive rental market, with the sixth highest rents in the world (relative to average incomes) (MacFie, 2021), and house prices are overinflated. Social housing is also in short supply, due to years of neglect, with 26,000 households waiting for a property. Over 40 per cent of children now live in rental accommodation, with insecure tenancies and unhealthy housing standards causing stress for whole families (MacFie, 2021). Māori and Pasifika are disproportionately affected, entrenching existing social inequities. For Māori the ability to access capital and utilise whenua Māori to build housing is almost impossible.

Better access to financing and capital to build homes on whenua Māori through collective lending would contribute to transformational change for a generation that is moving further away from home ownership. Therefore, longer term/intergenerational lending specifically on whenua Māori might make lending more affordable for whānau with lower repayments over longer periods of time. Restricting this to housing on whenua Māori (subject to 'fit for purpose' lending criteria), manages any inflationary impact as it restricts the pool of people who might qualify (those who whakapapa to the whenua) and does not apply to broader market.

### 2.3 Are there particular interventions that should be prioritised and by whom?

Banks should exist to serve society and banks should be incentivised to meet the needs of a diverse range of society not just the ones that it's easy to lend to or suits their lending criteria. Māori are not well catered for either in the cultural competency of frontline lenders, or through structural lack of D&I in bank's governance/management, or in how the banks innovate in terms of products to meet Māori need, or in terms of education around how to lend to Māori and their **businesses**, and they should be. In particular, they should take into account a **respect** and understanding of intergenerational disadvantage and intergenerational wealth transition. **Banks** have a responsibility to do this better, and **they** need to be encouraged to do a better job of it. From an **economic return** perspective, the returns are there, and the commercial opportunity is there if designed appropriately. Banks need to be encouraged to drive the right customer outcomes for all customers and all society.

**Te Pūtea Matua** (RBNZ) need to take responsibility for developing a vision for what needs to be achieved and how access to capital should look in the future, informed extensively by a Te Ao Māori view, followed by developing a roadmap with specific actions from multiple stakeholders to achieve this.

## 2.4 Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?

We believe all stakeholders in the economic system need to have a stake in the solutions for this. The banking sector cannot take on the full risk of doing this – experts in Mātauranga Māori, finance and economics, the Government and Te Pūtea Matua need to play a role in the ideation phase through to investigation, validation, implementation, evaluation, and governance. This collaborative effort will also need to be informed by Māori principles and unique ownership and collateral characteristics of Māori.

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**POUTAMA TRUST**  
**IMPROVING MĀORI ACCESS TO CAPITAL ISSUES PAPER**  
**AROTAKE / FEEDBACK**

**KAUPAPA / PURPOSE**

As part of the consultation process, provide written feedback on Te Pūtea Matua's Improving Māori Access to Capital Issues Paper.

**KO WAI MĀTOU / WHO WE ARE**

Poutama Trust (Poutama) is proud to be a long-standing charitable trust established in 1988 - by Māori and the Crown as a treaty response to inter-generational Māori economic recovery.

Poutama is self-funded. We are independent, pan-iwi and apolitical.

Poutama's core kaupapa is to drive the advancement of Māori enterprise: culturally, socially, and economically for the benefit of current and future generations.

For 34-years, Poutama has delivered business development support to Māori enterprises.

Poutama has allocated over NZ\$35 million of funding to support more than 3,300 Māori owned and operated businesses across Aotearoa.

Poutama is connected and networked to Māori business activators throughout Aotearoa. The organisation's connecting ability links across all business assistance agencies with Poutama maintaining local, regional, and national reach.

**AROTAKE / FEEDBACK**

Our broad feedback on the key themes noted in the Paper are outlined below.

**1. Does this paper capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified?**

- The issues paper clearly identifies the barriers and systemic issues that limit, restrict and hold Māori enterprises back from reaching their potential.

**2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?**

- Poutama is keen to work with Government on the four priority areas and the potential pathways that better enable Māori enterprises to access capital.
- The Government should use existing entities, in particular Māori entities to achieve this outcome. The creation of new entities to facilitate Māori access to capital would only lead to further fragmentation and duplication in the Māori economic eco system.

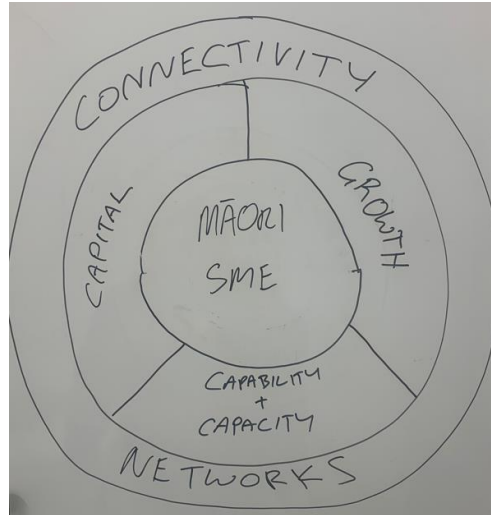
**3. Are there particular interventions that should be prioritised and by whom?**

- **Promote and provide access to seed capital:** from Government to establish access to capital initiatives will be essential.
- The Canadian model (Aboriginal Enterprise Programme (AEP) in Canada – a programme delivered by a network of Aboriginal Financial Institutions (AFI) received an initial government investment of CAD\$240 million. If this Canadian model is considered a suitable model for Aotearoa and Māori enterprises, the government can be expected to provide an initial investment to get any future programme underway.
- Also, this programme can be directly supported with capital contributions from iwi/Post Settlement Governance Entities, Māori Trusts, and Incorporations and third partners (nonMāori entities) interested in supporting Māori enterprise as well. This would create the fund that could be operationalised by an appropriate Māori entity. Then, this capital could be made available through various lending products and services – along favourable commercial terms – to Māori enterprises.
- Interventions should be Māori-led i.e. developed and designed 'by Māori for Māori'.

- **Scale-up micro-finance:** we've had some informal kōrero with other Māori and non-Māori entities about potential lending solutions for Māori enterprises. There are some innovative ideas on how we can work together to help unlock the potential of Māori enterprise.

#### 4. Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways?

- Poutama is keen to partner with the Government and other Māori entities to contribute to the solutions. We've had some informal kōrero with others and there are some innovative ideas on how we can all work together to help unlock the potential of Māori enterprise. We look forward to participating in this mahi going forward.
- The current thesis is that the Māori economic eco-system is fragmented and not as coordinated as it could be. The creation of an eco-system infographic would be useful to help assess if this is the case. This would help identify existing entities and the scope of their respective support available to Māori enterprises.
- An eco-system infographic may also help identify both gaps and areas of crossover/duplication.
- A current and integrated resource of this kind does not exist. BDO New Zealand has a publicly available resource listing business support available to Māori enterprise [here](#). While not exhaustive, it is another view than the listings (of support) at TPK's website [here](#).
- The Government should use existing entities (that were already established and mandated by the Government), rather than create new entities that lead to further fragmentation and duplication within the current eco system.
- A Māori Enterprise Framework that takes a business centric view could include three core elements; together these may provide an effective eco-system of support:
  - o Capital
  - o Growth
  - o Capability & Capacity



**5. Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?**

- Each has a role to play to help ensure a level playing field for Māori enterprises - being able to access capital.
- Interventions, however, must be Māori-led i.e. developed and designed 'by Māori for Māori'.
- We encourage the Government to use existing entities (that were already established and mandated by the Government), rather than create new entities that lead to further fragmentation and duplication within the current eco system.
- The Canadian model (referred above) received an initial government investment of CAD\$240 million. If this Canadian model is considered a suitable model for Aotearoa and Māori enterprises, the government can be expected to provide an initial investment to get any future programme underway.
- We look forward to participating in this mahi going forward.



20 Mahuru 2022

Adrian Orr



Tēnā koe

### **Response to the RBNZ Issues Paper on Access to Capital**

Thank you for the opportunity to respond formally to your issues paper “Improving Māori Access to Capital”. It is nearly four decades since the Hui Taumata in 1984 set out an economic summit that fostered discussions that covered social, cultural and economic policies, marking a launchpad for a decade of positive development. In 2005 there was an opportunity to revisit progress twenty years on from that Hui Taumata with another. Again, it gave impetus to considerable efforts to lift Māori potential through workforce policies and training programmes. If there was another Hui Taumata on the horizon it would seem apt that it takes more of a focus around business and the potential of Māori entrepreneurship.

Your issues paper on Access to Capital is therefore a timely and thoughtful contribution, which accords well with our own work underway through our Long-term Insights Briefing to consider what are the areas we should look to shift the dial on if whānau are to be thriving in 2040. It is clear from this work we all have a part to play in lifting Māori wellbeing, government, iwi, business and communities.

Given that Te Puni Kōkiri was intimately involved in the work, we will largely summarise the feedback we have provided throughout our joint engagement.

We congratulate the RBNZ team and contributing stakeholders for the delivery of what Te Puni Kōkiri considers is a critical milestone in the discussion around access to capital for the Māori economy.

Whereas previously the “issue” was much hypothesised over, we consider that the report establishes in both a qualitative and quantitative sense, that Māori and therefore the Māori economy have suffered long term inequity in terms of access to the capital needed for economic growth. A key achievement is the statistical research that quantifies the additional long-term cost of the capital that Māori have been able to access – noting the report’s qualification that this research will not have captured the infinite additional cost to those for whom access to capital has been completely denied. The data on the underrepresentation in business ownership, which aligns well with Te Puni Kōkiri Te Matapaeroa research and is a demonstration of the significant economic dividend that may be available if we can address that underrepresentation.

In acknowledging that much of the observable difference in the cost of capital – i.e. relative economic drag – suffered by the Māori economy relative to the mainstream economic system, can be explained by the “characteristics” of Māori businesses, we concur with your hypothesis that many of these characteristics will have their origin in related comparative socio-economic disparities, such as the amount of personal funding or assets that a typically younger, less experienced Māori entrepreneur or business owner is likely to have. In our view, this reinforces the need for some form of intervention to effectively “break the cycle” of relative economic disadvantage. Whether that intervention is most effectively targeted through direct investment or capability building, or a combination of both, we agree remains a valid field for further policy work, data and insights gathering, along with the development and piloting of innovative approaches within the sector.

Building on this, we concur with your view that differing time horizons, whānau-centred business models and Māori values represent one side of a clear product-market fit mismatch. Given the collective nature of Māori asset ownership, the natural tendency for Māori enterprises to consider a wider range of community and social outcomes than entity profit alone, government should not be surprised that the existing capital markets’ products and services, struggle to serve the Māori economy and its communities well. It is critical that Māori, along with other New Zealanders, have confidence in the capital markets to service their needs.

Shifting our minds to next steps, we consider that the solution pathways canvassed in the issues paper are comprehensive. Many, such as requirements for better reporting from banks would seem to be progressive and beneficial and should proceed in any case. However, in terms of more direct intervention in the market, we would advocate for a further process of ideation, innovation, and piloting – recognising that there is significant capacity for innovation in the capital markets/fin-tech sectors, several interesting international indigenous financing models etc. that could be drawn upon.

This aligns with our view that we should resist an approach that assumes that central government needs to intervene, rather look for ways that government can help catalyse innovation in product-market fit on the capital supply side and leverage existing capacity and capability programmes on the demand side – particularly for Māori SME. Our work in the Progressive Procurement policy is demonstrating that capability building and awareness raising with Māori businesses has been just as important as intervention on the government agency side.

In summary, the issues paper places an important stake in the ground, around which government and key stakeholders must now prioritise an ongoing programme of work. Given current aspirations for economic transformation within Aotearoa New Zealand, access to capital and the ability to de-risk the innovation needed to adapt, is a fundamental issue for the overall economic strategy. Not just to ensure that the fastest growing sector within it – the Māori economy – can achieve its full potential. For the benefit of whānau, hapū, iwi, Māori and the whole of Aotearoa New Zealand.

Ngā mihi

Geoff Short

Hautū, Kaupapa Here | Deputy Secretary, Policy Partnerships



A submission to The Reserve Bank in response to **Issues Paper: Improving Māori Access to Capital**, September 2022

From the Whāriki Māori Business Network (Whāriki)

### **Introduction:**

Based in Tāmaki Makaurau and with a sister network in Te Taitokerau, Whāriki is one of the largest network of Māori business owners with a network database of approximately 3000+ Māori SME owners across multiple sectors. Within an economic development context, Māori business owners need to be part of the design of our economic development agenda. The current support system has produced a proliferation of narrow, inadequate, under-resourced programs working in isolation of one another that are not aligned to Māori business aspiration. Responses to support Māori business owners have been based on insufficient data and generalised macro-economic frameworks that do not address the underlying issues that have compounded over time, effectively creating an environment that holds problems in place i.e. limited access to capital for Māori business owners, stubborn unemployment, fragmented business support system, under-performing assets

We provide a response to the following questions:

**1. Does this paper capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified?**

Yes. However, the paper would benefit by dissecting the specific structures used by Māori to conduct business and aligning each of the issues accordingly. This includes Iwi PSGE's, Māori Land Trusts, Māori SME Firms, Māori NGO'. A better understanding of the spectrum of structures being used would allow tighter identification of relevant issues and more bespoke solutions that are relevant to each structure. Yes, there will be

overlap, but this approach recognises that there is no 'one size, fits all' when determining solutions. Issues relating to land tenure and Māori land as security are less relevant to a Māori SME seeking working capital. We highlight the following issue to be included in the analysis.

### **Cost to Service by Banks:**

It is our experience that the ability for 'the banks' to service the SME market is constrained by 'cost to service'. In short, micro-businesses and SME's present a challenge for the banks to service in a costefficient manner, therefore the level of service required to support this segment is negligible. With Māori SME's being relatively smaller and with less security available, support from mainstream funding sources is incredibly challenging.

### **2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?**

We do not present a specific solution for consideration. However, any solution regarding access to capital cannot be defined in isolation. A holistic approach needs to be taken that includes equal parts investment into stimulating

- **Growth** – both domestic and international. This includes policy initiatives such as progressive procurement and further investment into supporting international trade aspirations.
- **Capacity & Capability** - Current capability building support ecosystem is confusing, difficult to access, and is poorly coordinated across govt agencies. The impact is low engagement by Māori accessing capability building programmes, inaccessible funding, and training programmes.
- **Capital** – Access to capital underpins business growth and needs to work in unison with the two elements above.

### **3. Are there particular interventions that should be prioritised and by whom?**

As per above. Interventions to improve access to capital need to be understood across the spectrum of Māori commercial structures. There is no one-size-fits-all. However, we would submit, particular attention is required to addressing access to capital issues relating to Māori land and Māori SME's need to be addressed.

### **4. Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways?**

As a Māori organisation we will always advocate for Māori led solutions, alongside enabling partners from within govt and the private sector. Engagement with the Māori business community is critical to the design and implementation of any solution. This requires an understanding of

urban vs regional dynamics, sectoral idiosyncrasies, issues relating to Māori landowner's vs Māori SME's (acknowledging that in some instances they maybe one in the same).

**5. Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?**

As already shown Te Pūtea Matua (TPM) can play a significant leadership role as well as technical expertise to support the design and implementation of a relevant solution(s). TPM has significant influence across public and private sector stakeholders and has the ability to provide an informed and credible view to the market as to the issues that need to be addressed.

Ngā Manaakitanga,

Heta Hudson

Chair

Whāriki Māori Business Network.



19 September 2022

Te Pūtea Matua

Reserve Bank of New Zealand

P O Box 2498

Wellington 6140



E ngā kaihautū, tēnā koutou i ngā tini āhuratanga o te wā

## SUBMISSION ON IMPROVED MĀORI ACCESS TO CAPITAL ISSUES PAPER

Te Matarau a Māui is the Māori economic development strategy Te Matarau: Collaborative Pathways to Māori Economic Futures for Te Ūpoko o Te Ika. The development of the strategy was instigated by the mana whenua forum of the Greater Wellington Regional Council in 2017 and in earlier this year, Māori, supported by GWRC incorporated an independent charitable trust as a platform for the strategy's implementation and renewal. The Board includes Māori experienced in business, education, employment, economic development, iwi development, government procurement, finance and governance.

***Mahia te kaheru matarau – Utilise the spade of a hundred blades***

This whakatauki underpins our work programme requiring the collaboration of a wide range of key partners in order for the pathway to Māori Economic Futures to be effective and sustainable. Te Matarau works closely with the four Māori business networks, six iwi entities and eight LTAs across the region as well as WellingtonNZ, the region's Council controlled economic development agency.

The work programme for Te Matarau is guided by five Pou or key opportunity areas:

1. Iwi, Māori collectives and Māori business growth
2. Investing in education, training and employment for Māori
3. Innovative infrastructure and information
4. Enabling strong Māori communities and environments
5. Māori leadership, governance and collaboration.

We congratulate the Te Pūtea Matua project team on the Improved Māori Access to Capital Issues paper and are grateful for the opportunity to make this submission.

Issues Paper and responses to table 1 priority areas, issues and proposed pathways

**1. Future goals, data and reporting**

We agree with the issues and the potential pathways outlined for this priority. The proposed pathways will provide Māori with improved data and information to undertake our mahi and will hold those responsible for providing financial services and lending to Māori accountable to the Māori partner.

**2. Market functioning**

We agree with the issues and potential pathways outlined for this priority area.

Our Māori business networks and their Māori business members also acknowledge the support of whānau in the provision of seed funding and capital for micro and SME operations. This informal gifting and lending is very common. Unfortunately, there are instances where this informal investment has proven to be ill-fated. Causes include poor planning, budgeting, business management by the entrepreneur and a lack of financial literacy or understanding by the lender, often an elderly relative. With this in mind, we would like to see increased investment in financial literacy education and business management support for whānau Māori. This should include added support for Māori entrepreneurs to develop meaningful proposal for investment to corporate and informal lenders.

### 3. Long-term Focus and Leadership

The issues identified were unexpected as Māori entrepreneurs and networks we engage with have consistently spoken about being guided in their decision-making by a vision for inter-generational benefits. Having said that, we support the potential pathways identified as they will strengthen the capability of Māori business in this respect.

We strongly support the development and promotion of tools for the incorporation of cultural outcomes in decision-making processes and our members draw on a number of kaupapa based frameworks other than Treasury's He Ara Waiora.

Similarly, we strongly support investment in cultural awareness education and targeted priority training across the sector. As discussed previously, we also support investment in financial awareness training within Māori business.

### 4. Public Sector Interventions

We agree with the issues and potential pathways outlined for this priority area.

Improved transparency around available public sector interventions, resources and support is desperately needed to simplify and reduce the inefficiencies and costs for Māori investigating funding and financial options. As stated in the paper, it will also provide for more transparency around availability of resources and uptake. This is long overdue.

Te Matarau a Māui is a strong advocate for focusing on ‘by Māori, of Māori, for Māori’ approaches to supporting Māori aspirations for tino rangatiratanga and encourages Te Pūtea Matua and its leadership team to incorporate this philosophy across all areas of their responsibility.

We thank you for the opportunity to provide this feedback and look forward to seeing this initiative progressing.

Noho ora mai i koutou i roto i ngā manaakitanga katoa.

Nāku i runga i aku mihi ki a koutou

Daphne Luke

Chair

[Redacted signature block]

**Name:** Willie Te Aho

**Representing the organisations below:**

- Raekahu 17B,
- Tawaroa Toopu Trust
- Te Waiti 2B2B, 86h,
- Wai o Kaha Gold JV General Partner Limited

**Introductory Statement:**

The Minister of Finance needs to be acknowledged for outlining in April 2021 that Maori Access to Capital is one of his priorities for the Reserve Bank of NZ.

The Governor of the Reserve Bank of NZ needs to be congratulated for:

1. Committing to the development of this paper;
2. Working with and attending the National Iwi Chairs Forum and the Iwi Assets & Maori Land Symposium from November 2020 to May 2022 to discuss issues which are covered in part in this paper;
3. Supporting members of his team to travel the country and meet face to face with Iwi, Maori land and Maori businesses to discuss issues which are covered in part in this paper; and
4. Producing this paper for discussion.

The Pou Tahua or Economic Arm of the National Maori Chairs Forum needs to be acknowledged for their **Māori Access to Capital Papers which were provided to and** discussed with the Minister of Finance on 11 July 2022. There are two papers:

1. **Māori Access to Capital - Issues Paper.** This paper sets out the rationale for Crown intervention to remove barriers to Māori access to capital. It captures the historic issues **to accessing capital and what has been enabled when Capital has been available for Māori;** and

2. **Achieving Māori Access to Capital** - Implementation Plan. This paper sets out the framework and plan that we would like to see actioned by the Crown in the coming months. The paper suggests a work programme that focuses on 5 areas, Regulatory framework, Investment capital, Investment readiness, Work with financial sector and Crown-lwi programme oversight.

The Māori Access to Capital Papers are fully supported and this submission should be read in conjunction with those papers.

## Willie Te Aho Chair Raekahu 17B Trust

<b>Q1. Does the paper by the RBNZ 'Improving Maori Access to Capital' correctly capture the key challenges around Maori Access to capital?</b>
No.
<b>1.1 If not, what are some other considerations?</b>
<p>There is a lack of context around the requirement for permanent capital (Equity) and investment in of Maori land blocks in rural areas with productive areas of approximately 23 ha (out of a total of 24ha). This may be due to a lack of detailed data on these types of Maori land blocks. Accordingly the nature of these types of Maori land blocks and their development options do not appear to be well understood.</p> <p>A further key issue is that the paper considers all Maori businesses to be the same. That is not the case. The nature of Maori land, the business type on the land, the stage of development and the scale of development have an impact on needs for capital.</p> <p>The assumption that land is available as collateral for Maori business is flawed when the main problem is the attitude of lending institutions to use such land as collateral.</p>
<b>Q2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Maori to access capital?</b>
In part yes, but overall no.
<b>2.1 If not, what else could be included</b>
Adjacent to the key interventions proposed, Maori need to have our own provider of capital to invest in and support Maori land based businesses across the range from equity to structured credit which will provide the banking sector with required levels of capitalisation on which to make quality lending decisions.
<b>Q3. Are there particular interventions that should be prioritised and by whom?</b>

See answer to 2.1 above

**Q4. Do you have any suggestions on the right leadership, structure and resourcing needed to support the delivery of potential solutions?**

A number of Iwi have invested into the finance sector which can be leveraged to provide solutions and ongoing capability building. Thought should be given to the governance and structure of an Iwi capital provider that includes finance, transactional, governance, and strategic experience.

Hapu in Te Whanau a Apanui where our Maori land block is based have provided part or all of their on account Tiriti o Waitangi settlement funds to secure government funding (originally Provincial Growth Fund and now known as Ka Noa) which has in turn provided confidence in the private sector (Seeka) to invest in kiwifruit development of land blocks where no bank would provide capital.

**Q5. Do you have a view on the role of the RBNZ, capital providers including banks, broader government and Maori?**

We would like the RBNZ to monitor regulated entities on their performance as a result of this issues paper and MBIE needs to develop a coherent Maori Funding Ecosystem Map for Government investment.

All parties also need to work together to deliver solutions and capture data. While the RBNZ has a part to play and government support would be welcomed, developing an understanding of the Maori land business eco-system like Raekahu 17b would provide a data series that can be monitored.

There are many examples on how capital can be arranged or institutionalised and Maori landowners in conjunction with other parties need to consider how to establish a focused capital provider to drive growth in the Maori land business eco-system. I believe that the policy settings, financial structures and legal frameworks now provide a suitable environment for Maori landowners, through Iwi, to develop, manage and execute their own establishment of an Iwi led capital provider.

## Specific Responses to the RBNZ report

*The below needs to be read alongside the RBNZ Improving Māori Access to Capital Issues Paper.*

Priority Area	Issues	Potential Pathways	Your Comments
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<p><b>Future goals, data and reporting</b></p>	<p>No identified goals or measures of financial efficiency and inclusion for Māori entities.</p> <p>No intermediate indicators of achieving identified efficiency and inclusion goals.</p> <p>No data or measurement being reported to advance business and policy making decisions.</p>	<p>Develop a forum of government, banking organisations and Māori to:</p> <ul style="list-style-type: none"> <li>• develop financial efficiency and inclusion goals for Māori access to capital, and indicators of these goals being achieved</li> <li>• require banks and other financial services providers to identify and provide information on these indicators; and</li> <li>• establish long-term partnership relationships between financial firms and Māori entities, with Te Tiriti o Waitangi expectations embedded.</li> </ul> <p>The goal should be to enhance financial and cultural capabilities.</p>	<p>While the first two points are nice to have and are good at understanding the situation, they are unlikely to deliver a solution. What happens if goals aren't being achieved.</p> <p>The partnerships proposed in the third point are happening already which is helping to build support and capability systems.</p> <p>In the housing space this is evident with the government partnering with Iwi through a Heads of Agreement signed by Ministers and then a Programme Delivery Partnership Agreement (PDPA) signed by CEs. The government has 3 of these Heads of Agreement and PDPAs with a total financial investment commitment of over \$140m in the last financial year alone. This has in turn sparked the interest of banks who are now in discussion about financial tools and lending to one of these organisations (Toitu Tairāwhiti Housing Limited) which is the entity that operates in the area where this land block is located. This provides an example of where Maori has the land; the government provides funding and a 3<sup>rd</sup> party (banks) then join.</p>
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<p><b>Market functioning</b></p>	<p>The complexity and breadth of the Māori economy means that it is necessary for all forms of capital (debt and equity) and financial innovation to be accessible and inclusive.</p> <p>At present, market, product, and expertise gaps exist in financial risk assessment, and product and partner solutions.</p>	<p>Widen the scope of investment opportunities made available to Māori entities – for example using government procurement frameworks; enabling ‘right of first refusal’ clauses to be exercised.</p> <p>Develop aggregated ‘corporate treasury’ capability and responsibility for Māori in assisting participants in the management of asset, liabilities, liquidity, and funding for Māori entities.</p> <p>Establish a Māori-owned and led capital investment fund with appropriate risk appetite, and cultural and financial capability.</p> <p>Increase investment, tailoring and availability of lending products and services – such as the Kāinga Whenua Loans and Cash-flow lending.</p> <p>Promote and provide access to seed capital – whether from Government, philanthropic trusts, individuals, or broader Māori organisations – to enable innovation, with a Māori led approach. Scale-up micro-finance and social enterprise</p> <p>Assess longer-term pathways to operate more effectively within Te Ture Whenua Māori Act 1993 e.g., financial products that use future cashflows as collateral.</p>	<p>Widening the scope will not necessarily lead to greater investment. A significant level of investment opportunities is already being offered to Iwi. The Maori eco-system needs to develop further such that Maori have secured their base portfolio position (whenua) and the structures required to be investment ready, and then can turn their mind to investing in other ventures. This will take time. For example, few Iwi have tried and tested Statement of Investment Policy and Objectives (SIPOs) in place.</p> <p>Certainly, for smaller Iwi groups the concept of centralized treasury has merit.</p> <p>The establishment of a Maori-owned and led capital provider is key to supporting the development of Maori businesses and should be a key priority. but it needs to be driven by Maori with support from wider government, and the private sector.</p> <p>Such an entity needs to take a portfolio approach from seed to growth capital.</p> <p>We are less sure that micro-finance (crowdfunding and peer to peer lending) can be scaled further. The market is currently functioning, but an option could be that the capital provider can underwrite offers so they are successful.</p>
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			Banks are already offering loans supported by long term leases, so the market is already ahead of the thinking.
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<p><b>Long-term Focus and Leadership</b></p>	<p>Focusing capital on the short-term can promote negative longer-term outcomes and missed investment opportunities. It can also promote a vicious circle of profit maximisation at the cost of longer-term growth, sustainability, inclusion and cohesion.</p> <p>Currently decision-making is largely driven by short-term financial performance – often not factoring in cultural, social and environmental outcomes.</p> <p>A fundamental change to the business leadership and culture is needed to focus on long-term value creation for all stakeholders including Māori.</p>	<p>Promote greater representation of Māori across the governance, leadership and operation of organisations.</p> <p>Incorporate ESG (environmental, social and governance) criteria and cultural issues into business decisionmaking processes, including cultural awareness of customers’ needs - ‘He Ara Waiora’ framework prototyped by Treasury will be instructive.</p> <p>Invest in cultural awareness education and targeted priority training across the sector.</p> <p>Invest in financial awareness training within Māori business.</p>	<p>We are not sure how the RBNZ would deliver this. For a number of years there has been a focus on diversity driving the government and the likes of the IOD</p> <p>This should continue in a business-as-usual manner.</p> <p>Yes. But until you change the structure of a Maori capital provider, there will be no real incentive for banks to invest.</p> <p>Yes. But this needs to be led by Maori business for Maori business.</p>
<p><b>Public Sector Interventions</b></p>	<p>The allocation of public sector initiatives to support access to capital and its allocation is complex, not well understood, and potentially sub-scale.</p>	<p>Partner with Māori to streamline the public sector interventions to make them known, accessible and relevant.</p> <p>Monitor the use and outcomes of these interventions to enhance policy decision making.</p>	<p>Yes. The key here is that all interventions are available and understood under one roof.</p> <p>Yes. Maori have to be a part of designing the monitoring; monitoring and collating the data/learnings.</p>

## Other comments / Feedback

Overall, the paper presents a good start however there does not seem to be any focus on timeframes or identification of outcomes from the various initiatives. I understand that this may come out of the next phase of this process the commitment needs to be locked down in this political term because there will not be another time when one political party has the majority in Parliament and the ability to influence the change needed.

Raekahu 17B Trust Land Profile:



Figure 3 - Raekahu 17B Location.

### Overall recommendations

Summary recommendations are displayed in the tables below for the individual property. The Te Kaha soils were ground-truthed near the eastern boundary of this block.

#### Crop and land use areas for this block:

Total area of block	25ha
Horticultural land	19ha
Pastoral land for irrigation (excludes Horticultural land)	4ha

#### Recommendations of crop and land use for this block – individual options:

Crop / land use	Values Rating (out of 15)	Gross Margin (\$/ha)	Net Present Value (\$/ha)	Comments
Kiwifruit (Gold)	10.5	77,900	477,341	Min 1 ha – partnership opportunities
Avocados	9.5	30,570	266,075	
Macadamias	11	15,500	115,150	Processing facility being developed nearby. Irrigation is not required. Partnership opportunities
Kiwifruit (Green)	10.5	24,100	20,189	Min 1 ha – partnership opportunities
Passionfruit	9.5	9,500	14,450	Suitable for small areas – but potential issue of oversupply
Hemp	8	n/a	n/a	Legal framework still to be determined. Partnership opportunities

If this block was to partner with neighbouring blocks the following land uses could be considered:

#### Recommendations of crop and land use for block if partnering with neighbouring blocks:

Crop / land use	Values Rating (out of 15)	Gross Margin (\$/ha)	Net Present Value (\$/ha)	Comments
Hops	10	21,570	262,050	20-40 ha needed would support the necessary facilities for grading, packing and storing. Partner with: All Raekahu blocks or Tawaroa Toopu
Asparagus	10	14,110	174,022	40 ha needed would support the necessary facilities for grading, packing and storing. Partner with: All Raekahu blocks or Tawaroa Toopu
Blueberries	10	29,240	154,620	40 ha needed would support the necessary facilities for grading, packing and storing. Partner with: All Raekahu blocks or Tawaroa Toopu
Dairy cows	8.5	5,681	16,559	Dairy support only. Could partner with: Te Poito 9 or Tawaroa Toopu

These recommendations for horticultural and pastoral land uses have been developed based on the available information presented in this study. A soil sample was taken on the boundary of this property where similar soils representative of the site were analysed, confirming the desktop analysis conducted and verifying the recommendations presented here.

The figure below compares each crop and land use option in terms of the relative net present value for options against the overall rating from the multi-criteria analysis. Each colour indicates the size of the operation needed to be economic. NPV values have been taken from the relevant tables throughout the main report. The NPV is an index to compare how various land use options stack up against one another will allow the land owner to make the most informed decision that best suits their situation. The actual numbers are indicative; these numbers would change for individual properties once a decision has been made and further detailed analysis and accounting advice provided to find the true costs associated with the land use option.

Information specific to these recommended activities is provided on the information sheets. Please refer to the main report for detail on the investigations and methodology used.



# **Wai o Kaha Gold JV Limited Partnership**

Report September 2022



## Orete – KPIN 7279

### Progress to Date

Development			
	Ag beam	Complete	All Ag Beam has been installed
	Canopy Wires	Complete	Most of orchard completed.
	Irrigation	Complete	All irrigation installation completed
	Perimeter Cables	Complete	All perimeter cable installed
	Undervine Fast Track Shelter	Complete	All undervine shelter has been installed
	Plants in ground	Complete	All planting completed
	Row Numbering	Complete	All row numbers completed
	High Shelter	Planning	Booked in
	Toilet Installation		Delivered to Te Puke – awaiting transport and installation
Winter Tasks & Events			
	Cutting back of weak plants	Complete	Completed week ending 31st July
	Lime Application	N/A	No lime to be applied
	Grafting	Planning	Grafter to begin 1st September
	Spray Guards (weeding around plants)	Complete	Completed week ending 31st July

	Compost	Complete	Completed in March/April
	Replacement Plants	Complete	Completed 1st September
	Taping and training leaders/trunks	Complete	Completed week ending 31st July
	Cutting back leaders to pencil thickness	Complete	Completed week ending 31st July
	Removal of root stock suckers	Complete	Completed week ending 31st July
	Poles and strings	Planning	To be completed after grafting
	Winter Base Fertiliser	Planning	Ordered
Spring Tasks & Events			
	Fertiliser - CAN	Planning	
	Budbreak		
	Vine training	Planning	
	Twirling	Planning	
	Ambitious Spray Application	Planning	
	Removing Graft tapes	Planning	
	Removing water shoots	Planning	
	Taping	Planning	

	Leader work	Planning	
	Weed Spraying	Planning	
	Mowing	Planning	

- High artificial shelter booked in
- Toilet has been made, waiting for delivery and installation
- Replacement planting/grafting completed



# Tawaroa – KPIN 9044

## Progress to Date

Development			
	Ag beam	Complete	All ag beam has been installed
	Canopy Wires	In progress	Currently in progress
	Irrigation	Complete	All irrigation installation completed
	Perimeter Cables	In progress	Perimeter cable installed. Needs tightening
	Undervine Fast Track Shelter	Complete	All undervine shelter has been installed
	Plants in ground	Complete	All planting completed
	Row Numbers	Complete	Row numbering completed
	High Shelter	Planning	Booked In
	Toilet Installation	Planning	Delivered to Te Puke – awaiting transport and installation
Winter Tasks & Events			
	Cutting back of weak plants	Complete	Completed
	Lime Application	Complete	Completed Sunday 28th August
	Grafting	Planning	Grafter arriving Thursday 1st September
	Spray Guards (weeding around plants)	Complete	Completed

	Compost	Planning	Awaiting compost delivery
	Replacement Plants	Complete	Completed 30th August
	Taping and training leaders/trunks	Complete	Completed
	Cutting back leaders to pencil thickness	Complete	Completed
	Removal of root stock suckers	Complete	Completed
	Poles and strings	Planning	Poles have arrived. To be started after Planting
	Winter Base Fertiliser	Planning	Ordered
Spring Tasks & Events			
	Fertiliser - CAN	Planning	
	Budbreak		
	Vine training	Planning	
	Twirling	Planning	
	Ambitious Spray Application	Planning	
	Removing Graft tapes	Planning	
	Removing water shoots	Planning	
	Taping	Planning	
	Leader work	Planning	
	Weed Spraying	Planning	

Mowing

Planning

- High artificial shelter booked in
- Boundary fencing works completed
- Toilet has been made, waiting for delivery and installation
- Replacement planting completed, re-grafting where required underway

# Tawaroa



# Otaimina - KPIN 4147

## Progress to Date

Development				
	Ag beam	Complete	All ag beam has been installed	STRUP
	Canopy Wires	Planning	Wires not completed	STRUP
	Irrigation	Complete	All irrigation installation completed	IRRIP
	Perimeter Cables	Planning		STRUP
	Undervine Fast Track Shelter	Complete	all undervine shelter has been installed	ARTSP
	Plants in ground	Complete	All planting completed	PLANP
	Row Numbering	Complete	All row numbering completed	GENLP
	High Shelter	Planning	Booked In	ARTSP
	Toilet Installation	Planning	Delivered to Te Puke – awaiting transport and installation	
Winter Tasks & Events				
	Cutting back of weak plants	Complete	Completed	VINEP
	Lime Application	Complete	Completed Sunday 28th August	FERTP
	Grafting	Planning	Grafter arriving Thursday 1st September	GRFTP
	Spray Guards (weeding around plants)	Complete	Completed	WEEDP
	Compost	Complete	Completed in March/April	FSPRP

	Replacement Plants - Planting	Complete	Completed 31st August	PLANP
	Taping and training leaders/trunks	Complete	Completed	VINEP
	Cutting back leaders to pencil thickness	Complete	Completed	VINEP
	Removal of root stock suckers	Complete	Completed	VINEP
	Poles and strings	Planning	Poles have arrived. To be started after Planting	POLEP
	Winter Base Fertiliser	Planning	Ordered	FERTP
Spring Tasks & Events				
	Fertiliser - CAN	Planning		FERTP
	Budbreak	N/A		HICAP
	Vine training	Planning		VINEP
	Twirling	Planning		VINEP
	Ambitious Spray Application	Planning		SPRYP
	Removing Graft tapes	Planning		GRAFP
	Removing water shoots	Planning		VINEP
	Taping	Planning		VINEP
	Leader work	Planning		VINEP
	Weed Spraying	Planning		WEEDP
	Mowing	Planning		MOWGP

- High artificial shelter booked in
- Toilet has been made, waiting for delivery and installation
- Replacement planting completed, re-grafting where required underway

# Otaimina



# Toopu - KPIN 5545

## Progress to Date

Development			
	Ag beam	Complete	Ag Beam completed
	Canopy Wires	Planning	Wires not completed
	Irrigation	Complete	All irrigation installation completed
	Perimeter Cables	Planning	
	Undervine Fast Track Shelter	Complete	all undervine shelter has been installed
	Plants in ground	Complete	All planting completed
	Row Numbering	Complete	All row numbers completed
	High Shelter	Planning	Booked in
	Toilet Installation	Planning	Delivered to Te Puke – awaiting transport and installation
Winter Tasks & Events			
	Cutting back of weak plants	Complete	Completed August
	Lime Application	Complete	Lime Completed August 27th
	Grafting	Planning	Grafter Arriving 1st September
	Spray Guards (weeding around plants)	Complete	Completed August
	Compost	Complete	Completed in March/April

	Replacement Plants	Planning	To be completed week ending 4th september
	Taping and training leaders/trunks	Complete	Completed August
	Cutting back leaders to pencil thickness	Complete	Completed August
	Removal of root stock suckers	Complete	Completed August
	Poles and strings	Planning	Poles have arrived. To be started after planting
	Winter Base Fertiliser	Planning	Ordered
Spring Tasks & Events			
	Fertiliser - CAN	Planning	
	Budbreak		
	Vine training	Planning	
	Twirling	Planning	
	Ambitious Spray Application	Planning	
	Removing Graft tapes	Planning	
	Removing water shoots	Planning	
	Taping	Planning	
	Leader work	Planning	
	Weed Spraying	Planning	
	Mowing	Planning	

- High artificial shelter booked in
- Toilet has been made, waiting for delivery and installation
- Replacement planting/grafting where required underway
- Sheep still getting into orchard, unsure of how they are getting through fences which have been reinforced.

# Toopu



## Raekahu 15 & 17B – KPIN 1516

### Progress to Date

Development				
	Ag beam	In Progress	Ag beam installation currently in progress	STRUP
	Canopy Wires	Planning	Wires not completed	STRUP
	Irrigation	Complete	All irrigation installation completed	IRRIP
	Perimeter Cables	Planning		STRUP
	Undervine Fast Track Shelter	Complete	All blocks now completed	ARTSP
	Plants in ground	Complete	All planting completed	PLANP
	Row Numbering	Complete	All row numbers complete	GENLP
	High Shelter	Planning	Booked in	ARTSP
	Toilet Installation	Planning	Delivered to Te Puke – awaiting transport and installation	
Winter Tasks & Events				
	Cutting back of weak plants	Complete	Completed	VINEP
	Lime Application	Complete	Completed Saturday 27th August	FERTP
	Grafting	Planning	Grafter arriving Thursday 1st September	GRFTP
	Spray Guards (weeding around plants)	Complete	Completed	WEEDP
	Compost	Complete	Completed March/April	FSPRP

	Replacement Plants	Planning	Will be completed week ending 4th September	PLANP
	Taping and training leaders/trunks	Complete	Completed	VINEP
	Cutting back leaders to pencil thickness	Complete	Completed	VINEP
	Removal of root stock suckers	Complete	Completed	VINEP
	Poles and strings	Planning	Poles have arrived. To be started after Planting	POLEP
	Winter Base Fertiliser	Planning	Ordered	FERTP
Spring Tasks & Events				
	Fertiliser - CAN	Planning		FERTP
	Budbreak			
	Vine training	Planning		VINEP
	Twirling	Planning		VINEP
	Ambitious Spray Application	Planning		SPRYP
	Removing Graft tapes	Planning		GRAFP
	Removing water shoots	Planning		VINEP
	Taping	Planning		VINEP
	Leader work	Planning		VINEP
	Weed Spraying	Planning		WEEDP
	Mowing	Planning		MOWGP

- High artificial shelter booked in
- Toilet has been made, waiting for delivery and installation
- Replacement planting and re-grafting underway
- Boundary fencing underway to keep stock out of orchard

# Raekahu



# Orete

## Budget to Actual

BUDGET							ACTUAL						
ORETE - 7279													
Hectares	6.70	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	Total	Variance
<b>Manager budget costs</b>													
Fert & chemicals	\$103,757	\$23,357	\$14,070	\$22,110	\$22,110	\$22,110	\$20,405	\$7,993	\$112			\$28,510	\$75,247
General growing expenses	\$486,580	\$57,620	\$46,900	\$58,323	\$123,876	\$199,861	\$31,034	\$57,931	\$7,252			\$96,217	\$390,363
Irrigation	\$140,700	\$140,700	\$0	\$0	\$0	\$0	\$132,350	\$8,261				\$140,611	\$89
Licence fee	\$0	\$0	\$0	\$0	\$0	\$0						\$0	\$0
Plant stock	\$87,100	\$87,100	\$0	\$0	\$0	\$0	\$84,675		\$282			\$84,957	\$2,143
Planting	\$162,746	\$110,620	\$52,126	\$0	\$0	\$0	\$79,197	\$21,565	\$1,279			\$102,041	\$60,705
Shelter	\$448,515	\$448,515	\$0	\$0	\$0	\$0	\$38,344		\$27,500			\$65,844	\$382,671
Structures	\$347,786	\$191,010	\$156,777	\$0	\$0	\$0	\$215,528	\$95,666	\$2,208			\$313,402	\$34,384
Vine training	\$160,800	\$0	\$80,400	\$80,400	\$0	\$0	\$127	\$59,364	\$21,905			\$81,397	\$79,403
<b>Total</b>	<b>\$1,937,984</b>	<b>\$1,058,922</b>	<b>\$350,273</b>	<b>\$160,833</b>	<b>\$145,986</b>	<b>\$221,971</b>	<b>\$601,660</b>	<b>\$250,782</b>	<b>\$60,538</b>	<b>\$0</b>	<b>\$0</b>	<b>\$912,979</b>	<b>\$1,025,005</b>
<b>Other costs</b>													
Land preparation	\$134,000	\$134,000	\$0	\$0	\$0	\$0	\$108,846		13K for tree removal- Stage 2			\$108,846	\$25,154
Toilet and GlobalGAP	\$10,710	\$10,710	\$0	\$0	\$0	\$0		\$432				\$432	\$10,278
Track and load pads	\$15,000	\$15,000	\$0	\$0	\$0	\$0	\$129,994	Track into orchard - additional cost not budgeted for				\$129,994	-\$114,994
Water source	\$65,000	\$65,000	\$0	\$0	\$0	\$0	\$52,503					\$52,503	\$12,497
<b>Total other</b>	<b>\$224,710</b>	<b>\$224,710</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$291,343</b>	<b>\$432</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$291,775</b>	<b>-\$67,065</b>
<b>TOTAL COSTS</b>	<b>\$2,162,694</b>	<b>\$1,283,632</b>	<b>\$350,273</b>	<b>\$160,833</b>	<b>\$145,986</b>	<b>\$221,971</b>	<b>\$893,003</b>	<b>\$251,214</b>	<b>\$60,538</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,204,754</b>	<b>\$957,940</b>

# Tawaroa 1

## Budget to Actual

BUDGET							ACTUAL						
TAWAROA 1 - 9044													
Hectares	6.20	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	Total	Variance
<b>Manager budget costs</b>													
Fert & chemicals	\$96,302	\$21,902	\$13,020	\$20,460	\$20,460	\$20,460	\$16,831	\$9,827	\$112			\$26,770	\$69,532
General growing expenses	\$450,268	\$53,320	\$43,400	\$53,971	\$114,632	\$184,946	\$30,920	\$53,046	\$7,217			\$91,183	\$359,085
Irrigation	\$130,200	\$130,200	\$0	\$0	\$0	\$0	\$142,219	\$4,613				\$146,832	-\$16,632
Licence fee	\$0	\$0	\$0	\$0	\$0	\$0						\$0	\$0
Plant stock	\$72,540	\$72,540	\$0	\$0	\$0	\$0	\$72,012		\$282			\$72,294	\$246
Planting	\$148,603	\$90,883	\$57,720	\$0	\$0	\$0	\$74,447	\$24,201	\$1,586			\$100,234	\$48,369
Shelter	\$493,204	\$493,204	\$0	\$0	\$0	\$0						\$0	\$493,204
Structures	\$321,832	\$176,755	\$145,077	\$0	\$0	\$0	\$195,444	\$21,011	\$35,674			\$252,128	\$69,704
Vine training	\$148,800	\$0	\$74,400	\$74,400	\$0	\$0		\$36,697	\$49,870			\$86,567	\$62,234
<b>Total</b>	<b>\$1,861,749</b>	<b>\$1,038,804</b>	<b>\$333,617</b>	<b>\$148,831</b>	<b>\$135,092</b>	<b>\$205,406</b>	<b>\$531,873</b>	<b>\$149,395</b>	<b>\$94,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$776,009</b>	<b>\$1,085,740</b>
<b>Other costs</b>													
Land preparation	\$124,000	\$124,000	\$0	\$0	\$0	\$0	\$57,547					\$57,547	\$66,453
Toilet and GlobalGAP	\$10,168	\$10,168	\$0	\$0	\$0	\$0						\$0	\$10,168
Track and load pads	\$15,000	\$15,000	\$0	\$0	\$0	\$0	\$59,280	\$5,250				\$64,530	-\$49,530
Water source	\$65,000	\$65,000	\$0	\$0	\$0	\$0	\$55,593	\$622				\$56,215	\$8,785
<b>Total other</b>	<b>\$214,168</b>	<b>\$214,168</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$172,420</b>	<b>\$5,872</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$178,292</b>	<b>\$35,876</b>
<b>TOTAL COSTS</b>	<b>\$2,075,917</b>	<b>\$1,252,972</b>	<b>\$333,617</b>	<b>\$148,831</b>	<b>\$135,092</b>	<b>\$205,406</b>	<b>\$704,293</b>	<b>\$155,267</b>	<b>\$94,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$954,301</b>	<b>\$1,121,616</b>

# Otaimina

## Budget to Actual

BUDGET							ACTUAL						
OTAIMINA - 4147													
Hectares	4.90	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	Total	Variance
<b>Manager budget costs</b>													
Fert & chemicals	\$75,882	\$17,082	\$10,290	\$16,170	\$16,170	\$16,170	\$27,919	\$112				\$28,031	\$47,851
General growing expenses	\$407,623	\$56,840	\$35,280	\$43,634	\$104,289	\$167,580	\$49,369	\$4,541				\$53,910	\$353,713
Irrigation	\$112,700	\$112,700	\$0	\$0	\$0	\$0	\$121,024					\$121,024	-\$8,324
Licence fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0					\$0	\$0
Plant stock	\$92,365	\$92,365	\$0	\$0	\$0	\$0	\$92,365	\$282				\$92,647	-\$282
Planting	\$116,974	\$116,974	\$0	\$0	\$0	\$0	\$72,269	\$1,318				\$73,587	\$43,387
Shelter	\$353,677	\$353,677	\$0	\$0	\$0	\$0	\$10,230					\$10,230	\$343,447
Structures	\$262,568	\$139,694	\$122,875	\$0	\$0	\$0	\$148,156	\$157,880				\$306,036	-\$43,468
Vine training	\$117,600	\$58,800	\$58,800	\$0	\$0	\$0	\$9,835	\$21,922				\$31,757	\$85,843
<b>Total</b>	<b>\$1,539,389</b>	<b>\$948,132</b>	<b>\$227,245</b>	<b>\$59,804</b>	<b>\$120,459</b>	<b>\$183,750</b>	<b>\$531,168</b>	<b>\$186,055</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$717,222</b>	<b>\$822,167</b>
<b>Other costs</b>													
Land preparation	\$98,000	\$98,000	\$0	\$0	\$0	\$0	\$52,114					\$52,114	\$45,886
Toilet and GlobalGAP	\$13,249	\$13,249	\$0	\$0	\$0	\$0	\$53					\$53	\$13,196
Track and load pads	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$65,957					\$65,957	-\$15,957
Water source	\$50,000	\$50,000	\$0	\$0	\$0	\$0						\$0	\$50,000
<b>Total other</b>	<b>\$211,249</b>	<b>\$211,249</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$118,124</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$118,124</b>	<b>\$93,125</b>
<b>TOTAL COSTS</b>	<b>\$1,750,638</b>	<b>\$1,159,381</b>	<b>\$227,245</b>	<b>\$59,804</b>	<b>\$120,459</b>	<b>\$183,750</b>	<b>\$649,292</b>	<b>\$186,055</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$835,346</b>	<b>\$915,292</b>

# Toopu

## Budget to Actual

BUDGET							ACTUAL						
TOOPU 5545													
Hectares	7.00	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	Total	Variance
<b>Manager budget costs</b>													
Fert & chemicals	\$108,403	\$24,403	\$14,700	\$23,100	\$23,100	\$23,100	\$33,674	\$112				\$33,786	\$74,617
General growing expenses	\$582,319	\$81,200	\$50,400	\$62,335	\$148,984	\$239,400	\$51,291	\$7,192				\$58,483	\$523,836
Irrigation	\$161,000	\$161,000	\$0	\$0	\$0	\$0	\$129,948	\$1,034				\$130,981	\$30,019
Licence fee	\$0	\$0	\$0	\$0	\$0	\$0						\$0	\$0
Plant stock	\$131,950	\$131,950	\$0	\$0	\$0	\$0	\$129,025	\$282				\$129,307	\$2,643
Planting	\$167,105	\$167,105	\$0	\$0	\$0	\$0	\$31,678	\$15,998				\$47,675	\$119,430
Shelter	\$505,253	\$505,253	\$0	\$0	\$0	\$0	\$38,440					\$38,440	\$466,813
Structures	\$375,098	\$199,562	\$175,536	\$0	\$0	\$0	\$176,653	\$104,330				\$280,983	\$94,115
Vine training	\$168,000	\$84,000	\$84,000	\$0	\$0	\$0	\$14,512	\$52,300				\$66,812	\$101,188
<b>Total</b>	<b>\$2,199,128</b>	<b>\$1,354,473</b>	<b>\$324,636</b>	<b>\$85,435</b>	<b>\$172,084</b>	<b>\$262,500</b>	<b>\$605,220</b>	<b>\$181,247</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$786,467</b>	<b>\$1,412,661</b>
<b>Other costs</b>													
Land preparation	\$140,000	\$140,000	\$0	\$0	\$0	\$0	\$103,194	\$24,424				\$127,618	\$12,382
Toilet and GlobalGAP	\$13,230	\$13,320	\$0	\$0	\$0	\$0	\$15					\$15	\$13,215
Track and load pads	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$39,826					\$39,826	\$10,174
Water source	\$50,000	\$50,000	\$0	\$0	\$0	\$0						\$0	\$50,000
<b>Total other</b>	<b>\$253,230</b>	<b>\$253,320</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$143,035</b>	<b>\$24,424</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$167,459</b>	<b>\$85,771</b>
<b>TOTAL COSTS</b>	<b>\$2,452,358</b>	<b>\$1,607,793</b>	<b>\$324,636</b>	<b>\$85,435</b>	<b>\$172,084</b>	<b>\$262,500</b>	<b>\$748,255</b>	<b>\$205,671</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$953,926</b>	<b>\$1,498,432</b>

## Raekahu 15 & 17B

### Budget to Actual

BUDGET							ACTUAL						
RAEKAHU 15 & 17B - 1516													
Hectares	15.40	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	Total	Variance
<b>Manager budget costs</b>													
Fert & chemicals	\$238,486	\$53,686	\$32,340	\$50,820	\$50,820	\$50,820	\$121,178	\$232				\$121,410	\$117,076
General growing expenses	\$1,281,102	\$178,640	\$110,880	\$137,137	\$327,765	\$526,680	\$100,450	\$16,124				\$116,574	\$1,164,528
Irrigation	\$354,200	\$354,200	\$0	\$0	\$0	\$0	\$279,242	\$5,514				\$284,756	\$69,444
Licence fee	\$0	\$0	\$0	\$0	\$0	\$0						\$0	\$0
Plant stock	\$290,290	\$290,290	\$0	\$0	\$0	\$0	\$290,376	\$376				\$290,752	-\$462
Planting	\$367,632	\$367,632	\$0	\$0	\$0	\$0	\$84,306	\$16,210				\$100,516	\$267,116
Shelter	\$1,111,557	\$1,111,557	\$0	\$0	\$0	\$0	\$67,920	\$31,218				\$99,138	\$1,012,419
Structures	\$825,215	\$439,037	\$386,178	\$0	\$0	\$0	\$309,802	\$328,592				\$638,394	\$186,821
Vine training	\$369,600	\$184,800	\$184,800	\$0	\$0	\$0	\$30,218	\$39,258				\$69,476	\$300,124
<b>Total</b>	<b>\$4,838,082</b>	<b>\$2,979,842</b>	<b>\$714,198</b>	<b>\$187,957</b>	<b>\$378,585</b>	<b>\$577,500</b>	<b>\$1,283,493</b>	<b>\$437,524</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,721,017</b>	<b>\$3,117,065</b>
<b>Other costs</b>													
Land preparation	\$308,000	\$308,000	\$0	\$0	\$0	\$0	\$293,188	\$7,588				\$300,776	\$7,224
Toilet and GlobalGAP	\$13,244	\$13,244	\$0	\$0	\$0	\$0	\$38					\$38	\$13,206
Track and load pads	\$95,000	\$95,000	\$0	\$0	\$0	\$0	\$101,093					\$101,093	-\$6,093
Water source	\$50,000	\$50,000	\$0	\$0	\$0	\$0						\$0	\$50,000
<b>Total other</b>	<b>\$466,244</b>	<b>\$466,244</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$394,319</b>	<b>\$7,588</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$401,907</b>	<b>\$64,337</b>
<b>TOTAL COSTS</b>	<b>\$5,304,326</b>	<b>\$3,446,086</b>	<b>\$714,198</b>	<b>\$187,957</b>	<b>\$378,585</b>	<b>\$577,500</b>	<b>\$1,677,812</b>	<b>\$445,112</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,122,924</b>	<b>\$3,181,402</b>

**END**



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20 September 2022

Improving Māori Access to Capital Review

Reserve Bank of New Zealand

Te Pūtea Matua

By email: [maoriaccess2capital@rbnz.govt.nz](mailto:maoriaccess2capital@rbnz.govt.nz)

Dear Sir / Madam

Thank you for the opportunity to provide a submission in response to the Improving Māori Access to Capital Issues Paper released by the Reserve Bank of New Zealand (the Review).

FINSIA – the Financial Services Institute of Australasia – is the leading professional body in the financial services industry in Australia and New Zealand with a membership base of more than 10,000 members across the two markets. Our members operate in a range sectors across the

financial services industry including; banking, institutional markets, funds management, securities, and professional financial advice. Our purpose, since 1886, has consistently been to support the financial services industry by driving the highest levels of professionalism for the betterment of our community through consistent standards of competency and conduct.

FINSIA's response to questions contained in the Issues Paper is set out below.

**Does this paper capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified?**

In our view, the paper appropriately captures the central issue relating to the under representation of access to Capital for Māori, and also the relative percentages by which that under-representation is evident. The paper also captures the problem of securitising small size assets that Māori own. One observation is that the paper misses the history of why Māori are under-represented in the business space. In our view, this was driven by a 40-year government strategy (post WW2 to the 1980s) that has, in essence, subsidised Māori to move from country provinces into the metropolitan areas for (typically) low-skilled employment opportunities. This strategy was underpinned with low-cost housing through the state, which ultimately meant that Māori did not have the property asset base to loan against when they went into businesses later in their working life.

What the paper could look to do is to address the educational gap Māori face in entering businesses and their confidence to undertake business activities. It could consider, for example, how increases in the representation of Māori undertaking tertiary education in order to build the education and skill base. An additional consideration is to explore how business management skills of Māori could be improved through tertiary or other forms of vocational education. This challenge is clearly a multigenerational issue, and as such, will require a long-term and consistent approach to policy settings that will help to address the systemic issue for the benefit of future generations.

**Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?**

Yes, in our view the paper captures the key issues relevant to exploring how the existing Māori asset base can be more productively utilised. What isn't mentioned is Māori still occupy a large percentage of rural areas, for example, Northland and the East Coast. These communities generally lack economic opportunities that the metropolitan cities offer, however, governments can play a role in assisting them and there are many examples where targeted support for Māori businesses can be highly effective. Some contemporary examples include avocado developments and berry enterprises all being run by local Iwi/hapu who in turn employ local Māori which supports local economies.

What needs to be added for these enterprises is business-skill development so workers make it a self-sustaining enterprise that can be run and resourced by Māori for long-term intergenerational prosperity. This would also be supported by training and development of Māori people to go onto the governance boards of such businesses, bringing with them the skills to oversee and guide the management of the enterprises.

**Are there particular interventions that should be prioritized, and by whom should they be prioritised?**

If a new entity is going to establish itself as a lender of first/last resort for Māori enterprises, then there is a risk that the RBNZ could also then be captured by other smaller groups who also want the same solution to address an under-representation of access to capital. That said, there is a compelling argument that targeted support for our indigenous communities is an appropriate area of focus to commence with. There is a historical precedent for targeted support to Māori through the work of organisations such as the Development Finance Corporation and the Māori Development Corporation – these organisations played a key role during the period from the 1960s to the 1980s.

One consideration for the RBNZ itself is to explore how it might reallocate capital requirements for Māori business enterprises. For instance, when Māori want to lend on assets that they consider to be of equal merit as other non-Māori enterprises they can do so. It could be argued that NZ-based banks are not appropriately skilled to assess credit and extend lending to Māori business enterprises, not because of any deliberate strategy to avoid providing capital support, but instead, a result of a sizable gap in knowledge and experience. The RBNZ could play a central and important role in upskilling banks and providing support to assist with managing the challenges in this area. Professional

bodies such as FINSIA could also play an important role in this context, and we would welcome an opportunity to explore this further with RBNZ as part of this review.

**Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways?**

In our view, there exists already a strong base of leadership within Corporate Māori enterprises, which exists as a result of post-treaty settlement entities adopting well designed governance processes over the medium and longer-term. The key challenge that exists in our view is within the smaller Māori enterprises part of the market; typically those who do not have equal access to capital and highly skilled people with relevant business experience.

This challenge is by no means unique to NZ, and indeed it appears to be a common challenge confronting indigenous communities in many jurisdictions around the world such as in North America as well as Australia.

**Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?**

We believe that Te Pūtea Matua should ensure that a strong alignment and co-ordination strategy exists across the community of regulators, for example, the FMA is itself developing a targeted response to the challenges confronting Māori businesses.

It is also evident that NZ-based banks are, in different ways, developing their own Māori business strategy. It does appear to be the case that there is no central co-ordination and alignment oversight across these various initiatives. While there is clearly different role for regulators and governments as compared with the private sector, it should still be possible to ensure alignment and synergy exists in order to maximise the community-wide positive impact for Māori.

Iwi finance focussed strategies seem to be working well, perhaps owing to the fact that these larger entities have financial processes and disciplines that allow them to enter large financial transactions with a degree of 'seamlessness'. The issues lay in the SME space as it is not a

scalable proposition at this point for the banks in general. It is clear that, at the moment, it is not possible to aggregate the Māori SME sector in the same way that other sectors such as farming, building, forestry, etc, can be. This will need to be addressed in reviews of the Credit Contracts and Consumer Finance Act.

We do not believe that a separate (or new) government financial institution should be established to own responsibility for improving access to capital for Māori. The role already played by KiwiBank is a vitally important one, and we believe that any Māori-centred finance strategy should be developed on a cross-industry basis to enable all NZ-based banks share responsibility for providing support in this area.

## **Closing**

We trust that you find the points and recommendations made above helpful in your deliberations as part of this Review. We look forward to continuing to provide input to you over coming weeks and months. If you have any specific questions in respect of the views set out in this submission please contact me or Mr Bernie McCrea (Chair of FINSIA's NZ Council) on [REDACTED]

Yours sincerely

Yasser El-Ansary

Chief Executive Officer & Managing Director

FINSIA

Comments on the Issues Paper *Improving Māori Access to Capital* and the Analytical Note *Ethnic variations in firm financing*.

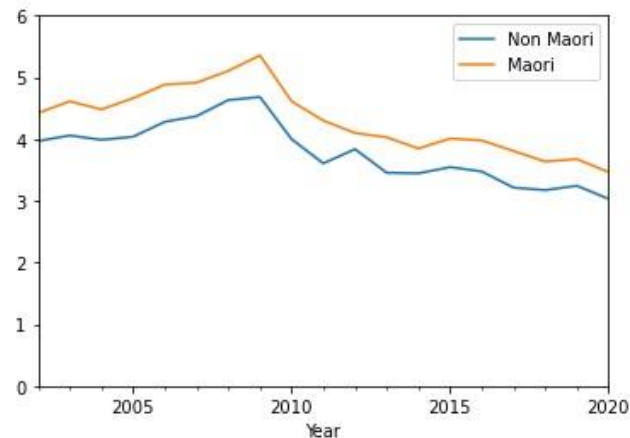
By Martien Lubberink.

Some weeks ago, the RBNZ published, for consultation, an Issues Paper *Improving Māori Access to Capital* jointly with an Analytical Note *Ethnic variations in firm financing*. The documents explore these questions: do **Māori** face barriers when seeking funding, and if so, what can be done to improve funding conditions? The results of the exploration indicate that **i) Māori are underrepresented in business ownership, ii) Māori businesses face higher funding costs than non-Māori businesses. iii) Compared with non-Māori businesses, Māori firms tend to have business characteristics that raise financing costs.**

To address these problems, the Issues Paper offers solutions along the following five directions:

**i) improve the ability to use whenua Māori as loan collateral; ii) collect more and better data on Māori businesses; iii) improve Māori firm capability, scale and coordination; iv) build a coherent map to the Māori firm funding ecosystem; and v) reduce myopia in decision-making and leadership.**

The Analytical Note and the Issues Paper prominently feature the following graph, which shows that **Māori businesses** face higher interest rates:



In the current context, with its emphasis on the Treaty of Waitangi, both documents raise important questions. Given the importance, one would expect the Reserve Bank of New Zealand, **Pūtea Matua**, to make a genuine effort to address these questions, for example, by going to great lengths to acquire relevant high-quality data and by employing cutting-edge methods to support policy initiatives.

However, after having read the documents, I am concerned that the RBNZ did not meet these expectations. It appears that the design of the empirical study, which is the main pillar of the exploration, is flawed: important variables and data are missing, and the research design has some significant weaknesses. As a result, the Issues Paper relies on two other pillars: the consultation with **Māori entities, financial institutions, and government agencies** and the **solutions wānanga**. This is fine with me, and the two other pillars offer sensible ways forward. However, the Issues Paper would be much more compelling had the empirical research been more rigorous.

Below I will offer some specific comments on the research and the inferences drawn.

## Comments

In writing the two documents, the RBNZ took a three-pronged approach. First, the Bank conducted an empirical examination of Māori and non-Māori access to capital. Part of this examination is a review of the literature on access to capital of minority and indigenous groups. Second, the RBNZ consulted with **Māori entities, financial institutions, and government agencies**. Lastly, the Bank and these groups formulated policy initiatives or solutions. My comments focus on the first and most prominent prong: the empirical study.

### *The empirical study*

One observation is that the Analytical Note shows, with a few exceptions, how small the differences between Māori and non-Māori firms are. Table 1 in the Analytical Note shows strong similarities for many of the variables used in the analyses. Of the 17 variables used, only a few stand out: the number of firms with negative equity, the debt ratio, and the age of working proprietors. For Māori these are higher, higher, and lower, respectively. The authors of the Analytical Note also mention that the labour productivity for Māori firms is lower, but the values reported in Table 1 are 10.512 and 10.498, which, even if you exponentiate these logged numbers, is a difference of less than 2 percent. The Issues Paper **acknowledges that selection bias may be an issue here**: “We are missing **information on how potential Māori business owners navigate the start-up process**, including accessing early stage capital.” **However, the IRD data is comprehensive and includes a wide range of firms, from small to big. Moreover, the Analytical Note appears to contradict the Issues Paper when it mentions that “we conclude that selection bias is likely to have minimal impact on our analysis.”**

The key results, derived from a multivariate analysis, confirm the similarities between **Māori and non-Māori firms**: There is no statistically significant difference in the implied interest rates paid by both groups of firms. The differences between the two lines in the above picture are the result of factors such as age, size financial performance, leverage, productivity.

However, I am not sure what to make of these results. First, the authors use data from the IRD. These are mainly financial. Important variables that affect the cost of borrowing, such as education and access to collateral, are missing from the analyses. The result of the limited data is visible in Table 6 of the Analytical Note. That table basically mirrors the lending criteria of banks. Debt ratio, for example, loads positive: more debt entails higher credit risk for the bank, which translates into higher interest rates. The same applies to size, measured by log of employment: larger firms are a lower credit risk, which then

explains the negative coefficients on this variable. Towards the bottom of Table 6 are the coefficients on ethnicity. These are generally insignificant, which, if you think about it, makes sense. If these coefficients were negative for non-Māori and positive for Māori firms, then our banks would be embarrassed. Again, Table 6 appears to mirror the lending criteria of banks, and because banks are not supposed to discriminate on ethnicity, the coefficients generally do not load.

Second, it looks like the authors did not adjust for the tax rate. They used pre-tax interest expenses, but it is known that the after-tax interest burden more validly reflects the cost of borrowing. This omission by the authors is not inconsequential: firms use debt to lower the tax bill. At the same **time, the authors notice that Māori firms are more likely to have negative equity, which is a sign of** past losses. Provided that I am right that the authors ignored the tax consequences of the interest **rate, this could mean that the interest burden for some Māori firms may be higher than the above** picture suggests: a firm needs profits (and a high tax rate) to benefit from tax loss carry forwards and tax deductibility.

Thirdly, and this is a more technical point: the authors do not adjust for endogeneity. The suggested causality of the Analytical Note runs from **Māori** to interest rates: Being a **Māori** firm entails paying higher interest rates. However, the causality could potentially run the other way. Higher interest rates could attract **Māori** firms, for example, because of poor education or less experience (and Table 1 of the Analytical Note shows that there are more start-ups among **Māori** firms, and their proprietors are younger). Factors such as education and talent, and how to deal with them in an empirical study, are well documented, see for example Fraser 2009.<sup>1</sup> Similar endogeneity issues apply to tax rates and debt.

Lastly, the Analytical note only shows results for the entire measurement period. As a result, we do not learn what happened over time. However, looking at Table 1 and the regression results it appears that some factors point to a narrowing of the interest rates differential over time: **Māori** businesses are growing, and size lowers the cost of borrowing. The age of **Māori** proprietors increases over time and age lowers interest rates too.

## Conclusion

In all, I commend the RBNZ for publishing the Issues Paper and the Analytical Note. The issues addressed by the documents are important and deserve attention. That said, the documents would be more compelling had the empirical analysis been executed with better quality data and a more up to date research design. The current no-result research design is not very helpful for policy making, also because the multivariate analysis in the Analytical Note (Table 6) does not show any over-time trends.

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<sup>1</sup> Fraser, “Is There Ethnic Discrimination in the UK Market for Small Business Credit?”

Lastly, based on the evidence of the two documents, it is tricky to change lending standards, such as allowing businesses to pledge future cash flows as collateral. With the Global Financial Crisis fresh in mind, I would worry about such a suggestion, see for example the footnoted work of Calomiris and Haber who devote considerable attention to New Zealand lending standards.<sup>2</sup>

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<sup>2</sup> Calomiris and Haber, *The Political Foundations of Scarce and Unstable Credit*; Calomiris and Haber, *Fragile by Design: The Political Origins of Banking Crises and Scarce Credit*.

27 September 2022

**Māori Access to Capital** Policy Team  
Reserve Bank of New Zealand – **Te Pūtea Matua**  
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A member of the  
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of Australia Group

Tēnā koe,

## Improving Māori Access to Capital

ASB Bank Limited (**ASB**) supports the Reserve Bank taking steps to facilitate the Māori economy realising its full potential. The growing Māori economy is estimated at just under \$69b and is no longer a separate segment of the Aotearoa economy. Māori culture and language are a key part of New Zealand's national identity, and there is growing recognition of the value that a Māori worldview and core cultural values can bring to businesses.

The purpose of ASB's Te Ao Māori strategy is to accelerate the prosperity of Māori. The core pillars of this strategy are:

- *Te Ao Māori – The Māori World*: Authentically embrace and elevate Māori language, culture, and customs.

- *Rangatiratanga – Leadership*: Increase Māori representation throughout our business to better reflect the communities we serve and improve outcomes for Māori.
- *Ōhanga Māori – The Māori Economy*: Improve access to capital for Māori businesses and improve financial wellbeing for whānau to accelerate the prosperity of Māori communities.

ASB welcomes the opportunity to respond to the Reserve Bank of New Zealand's Issues Paper on Improving Māori Access to Capital (the **Issues Paper**).

Our key feedback relates to:

1. The need for Government support to facilitate lending against multiple-owned Māori land.
2. A recommendation that the Reserve Bank consider the merits of potential incentives to lend, such as different capital treatments.
3. The challenges in data collection are considered not just from a privacy and data sovereignty perspective, but in the context of significant other data demands on banks.
4. Opportunities for private company procurement to support Māori businesses.
5. Our learnings from our own work to uplift cultural capability, recognising that designing these programmes requires significant resource and even more to embed.

We would be happy to discuss this submission with you if that would be of assistance. If so, please contact Jennie Cade, Senior Manager, Government Relations and Regulatory Affairs [\[redacted\]](#)

ASB does not seek confidentiality in respect of this submission, other than the redaction of the personal information in this letter.

Ngā mihi,

Tim Deane  
Executive General Manager, Business Banking  
**ASB Bank Limited**

## Responses to questions in the Issues Paper

*1. Does this paper capture correctly and in full the key challenges around Māori access to capital? If not, what could be improved or clarified?*

ASB agrees with many of the challenges identified in the Issues Paper. The ability to use whenua Māori as a loan collateral; the need for more and better data on Māori businesses; Māori firm capability, scale and coordination; understanding of the Māori funding ecosystem; and decision-making and leadership encompass the core barriers that exist in improving the performance of the Māori economy and contributing to Māori and New Zealand's wellbeing.

ASB considers there are opportunities to be bolder in considering the pathways through these challenges, to create a more equitable market for Māori in accessing capital. We outline some suggestions in our response to Question 2, below.

*2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?*

### **Whenua Māori as a loan collateral**

ASB agrees more can be done to support the use of whenua Māori and other forms of collectively held assets to access finance. The status quo may otherwise impose a world view that is inconsistent with Te Ao Māori (e.g., multiple-owned titles).

ASB's Lending Standard provides for Māori Freehold Land to be an acceptable security. But without Government support, ASB can only apply this where owners are a sole owner, joint tenants or owners in common (up to a limited number of owners), Māori Land Act Trusts or Incorporations. Lenders need Government backing to be able to lend against multiple-owned Māori land, to assist Māori to achieve home ownership on multiple-owned Māori Land.

We understand from our discussions with the policy team in April 2022 that the Reserve Bank was giving some consideration to options related to the calculation of risk-weighted assets, that might help support or incentivise lending that supports the Māori economy. Reduced risk-weightings (for the purpose of calculating capital requirements) for lending to businesses/entities that are achieving kaupapa Māori and sustainability outcomes could support the Reserve Bank's objectives. We would be interested to understand the Reserve Bank's views on this topic, appreciating that the impact on the Reserve Bank's safety and soundness objectives would need to be carefully considered.

### **More and better data on Māori businesses**

ASB agrees with the assessment of the challenges that exist, encompassing different potential definitions of a Māori business, data sovereignty and privacy. We agree Statistics New Zealand's work to define Māori businesses and establish consistent data points for Māori business will help address the issue.

If the Reserve Bank will require banks and other financial services providers to gather new data, the roll out of any new requirements will need to recognise the privacy and data sovereignty concerns that customers will have and establish a solution at an industry level. Furthermore, regulatory data collection and reporting is an area of regulatory change that is extremely crowded currently. Financial services providers are expecting to deliver significant changes in climate reporting, consolidated customer data (under changes expected in the Deposit Takers Bill), customer data under a potential future Consumer Data Right, granular loan level data and cyber risk data to the Reserve Bank, and well as annual returns under new conduct and financial advice legislation. These changing data requirements necessitate amendments to core customer information systems. It is essential for regulators to prioritise and coordinate initiatives that require new data collection and reporting.

### **Māori firm capability, scale and coordination**

ASB agrees there is a need to lift the understanding and experience of some Māori businesses in accessing capital markets, both in terms of businesses' financial experience and knowledge and understanding of lenders' expectations and requirements.

ASB agrees that Te Kupenga Hao Pāuaua (the progressive government procurement partnership project between Te Puni Kōkiri and the Ministry of Business, Innovation & Employment (MBIE)), together with the target to encourage public service agencies to cast the net more widely when awarding contracts, will help improve the scale of Māori businesses and capital access. In the same way that Government is seeking to be a better Te Tiriti partner, private companies, too, can support supplier diversity through strategic partnerships that open up procurement from businesses that may have less access to customers and markets, such as those owned by Māori.

### **Understanding of the Māori funding ecosystem**

ASB agrees with the assessment in the Issues Paper regarding awareness of the full ecosystem of funding. ASB supports the work being undertaken by the Ministry of Business, Innovation and Employment to improve visibility of the Māori business support that is available across Government agencies and identify any gaps.

ASB also considers there is an opportunity, when this work is complete, for a single agency to act as a centralised repository for information sharing on the funding ecosystem. Te Puni Kōkiri has previously undertaken this type of role and may be well placed to reprise it.

## Decision-making and leadership

ASB supports the proposed focus on investing in cultural awareness education and targeted priority training across the sector. ASB's experience is that cultural capability is of significant importance for organisations that can support the Māori economy. ASB would be happy to share learnings from our work to uplift organisational cultural capability. A key insight for ASB has been the importance of adequately resourcing cultural capability uplift, recognising the amount of design work that is needed to successfully deliver this support. It is easy to underestimate the resource that is needed to support frontline staff to work with customers in a culturally empowering way. As you increase an organisation's cultural understanding and capability, staff will identify opportunities for improvements, for example, with how we engage with customers in our culturally rich communities.

ASB also supports the proposed pathway to promote greater representation of Māori across the governance, leadership and operation of organisations. In our view, uplifting cultural capability and increasing representation go hand in hand: organisations need to build their cultural capability in order to give new staff the best experience of working in culturally aware environment, that fosters a sense of inclusion and belonging. Initiatives such as the Institute of Directors 'Future Directors Programme', in which ASB participates as a Host Board, give organisations the benefit of the different skills and perspectives of a Future Director while supporting the growth of the diverse talent needed to sustain future boards.

### *3. Are there particular interventions that should be prioritised and by whom?*

ASB considers that interventions related to Whenua Māori as loan collateral, and decision-making and leadership are the most important. We suggest those be prioritised.

ASB has no additional feedback to provide at this stage on the delivery of the potential pathways or particular feedback on the roles of different stakeholders.

**Name:** Shayne Walker

**Organisation:** Ngati Porou Holding Company

**Organisation Type:** Iwi, PSGE

<b>Q1. Does the paper by the RBNZ 'Improving Maori Access to Capital' correctly capture the key challenges around Maori Access to capital?</b>
No
<b>1.1 If not, what are some other considerations?</b>
<p>1.1a The paper doesn't consider that pathway of whānau to financial literacy. Another 'potential pathway' is more māori medium and focused educational foundational materials that are available for tamariki and mokopuna during their kura / schooling journey. The challenge here is that MoE is failing our people re education and mathematical statistics and therefore financial literacy.</p> <p>1.1b More regulatory direction for capital providers, particularly the main banks. Lack of representation at governance and executive levels effects the policies and strategies to engage and enable māori economic development. Similarly, to the green bonds that have emerged, banks should consider cultural bonds or funding policies that enable culturally focused outcomes to be funded at rates that are sustainable for the nature of their business, social enterprise or charity. The report points to ESG as evidenced in enhancing economic prosperity but often Māori get lost inside the S. We should highlight the C for culture or I for Indigenous and regulate the need to support the growth of our māori cultural economy, separate to the E and the S.</p> <p>1.1c. Te Tiriti partnership has not been realised. As below, this is likely the most important component as it can effect change, ongoing.</p> <p>1.1d. Collateral. Banks have never responded appropriately to the support of whenua māori collateral. This has improved slightly in the past few years but the funding policies that sit inside the big banks are still onerous and impractical and not well understood by the frontline and re the ROI for the bank not supported well in head offices. These need to be consistent, the RBNZ has a role to ensure that these are enabling and not restrictive and monitor the % of successful applications. It shouldn't be assumed that whenua is also the main or opportunity for collateral despite needing some work and direction, collateral in general is misunderstood by bankers due to the bias that sits generally with banks and bankers (as identified) and more needs to be done to improve these conversion rates. Māori have had poor experiences and therefore don't challenge the banking system for better support.</p>
<b>Q2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Maori to access capital?</b>
No
<b>2.1 If not, what else could be included</b>

As above.
<b>Q3. Are there particular interventions that should be prioritised and by whom?</b>
As above
<b>Q4. Do you have any suggestions on the right leadership, structure and resourcing needed to support the delivery of potential solutions?</b>
The Tiriti partnership is the opportunity costs in the sector as it is yet to be realised. This is an opportunity to form a partnership to address the issues that have been identified and to monitor the implementation of the potential pathways that become the confirmed pathways.
<b>Q5. Do you have a view on the role of the RBNZ, capital providers including banks, broader government and Maori?</b>
As above re interventions and Tiriti partnership but ultimately regulate and monitor the capital providers as in 1.1b and in partnership with māori.

## Specific Responses to the RBNZ report

*The below needs to be read alongside the RBNZ Improving Māori Access to Capital Issues Paper.*

Priority Area	Issues	Potential Pathways	Your Comments
<b>Future goals, data and reporting</b>	<p>No identified goals or measures of financial efficiency and inclusion for Māori entities.</p> <p>No intermediate indicators of achieving identified efficiency and inclusion goals.</p> <p>No data or measurement being reported to advance business and policy making decisions.</p>	<p>Develop a forum of government, banking organisations and Māori to:</p> <ul style="list-style-type: none"> <li>• develop financial efficiency and inclusion goals for Māori access to capital, and indicators of these goals being achieved</li> <li>• require banks and other financial services providers to identify and provide information on these indicators; and</li> <li>• establish long-term partnership relationships between financial firms and Māori entities, with Te Tiriti o Waitangi expectations embedded.</li> </ul> <p>The goal should be to enhance financial and cultural</p>	

		capabilities.	
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<p><b>Market functioning</b></p>	<p>The complexity and breadth of the Māori economy means that it is necessary for all forms of capital (debt and equity) and financial innovation to be accessible and inclusive.</p> <p>At present, market, product, and expertise gaps exist in financial risk assessment, and product and partner solutions.</p>	<p>Widen the scope of investment opportunities made available to Māori entities – for example using government procurement frameworks; enabling ‘right of first refusal’ clauses to be exercised.</p> <p>Develop aggregated ‘corporate treasury’ capability and responsibility for Māori in assisting participants in the management of asset, liabilities, liquidity, and funding for Māori entities.</p> <p>Establish a Māori-owned and led capital investment fund with appropriate risk appetite, and cultural and financial capability.</p> <p>Increase investment, tailoring and availability of lending products and services – such as the Kāinga Whenua Loans and Cash-flow lending.</p> <p>Promote and provide access to seed capital – whether from Government, philanthropic trusts, individuals, or broader Māori organisations – to enable innovation, with a Māori led approach.</p> <p>Scale-up micro-finance and social enterprise</p> <p>Assess longer-term pathways to operate more effectively within Te Ture Whenua Māori Act 1993 e.g., financial products that use future cashflows as collateral.</p>	
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<p><b>Long-term Focus and Leadership</b></p>	<p>Focusing capital on the short-term can promote negative longer-term outcomes and missed investment opportunities. It can also promote a vicious circle of profit maximisation at the cost of longer-term growth, sustainability, inclusion and cohesion.</p> <p>Currently decision-making is largely driven by short-term financial performance – often not factoring in cultural, social and environmental outcomes.</p> <p>A fundamental change to the business leadership and culture is needed to focus on long-term value creation for all stakeholders including Māori.</p>	<p>Promote greater representation of Māori across the governance, leadership and operation of organisations.</p> <p>Incorporate ESG (environmental, social and governance) criteria and cultural issues into business decision-making processes, including cultural awareness of customers’ needs - ‘He Ara Waiora’ framework prototyped by Treasury will be instructive.</p> <p>Invest in cultural awareness education and targeted priority training across the sector. Invest in financial awareness training within Māori business.</p>	
<p><b>Public Sector Interventions</b></p>	<p>The allocation of public sector initiatives to support access to capital and its allocation is complex, not well understood, and potentially sub-scale.</p>	<p>Partner with Māori to streamline the public sector interventions to make them known, accessible and relevant.</p> <p>Monitor the use and outcomes of these interventions to enhance policy decision making.</p>	

### Other comments / Feedback

Overall, the paper presents a good start however there does not seem to any focus on timeframes or identification of outcomes from the various initiatives. While we understand this may come out of the next phase of this process.

# TSB

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Kia ora

Improving Māori Access to Capital

TSB welcomes the opportunity to provide feedback to the recent paper from the Reserve Bank of New Zealand Te Pūtea Matua ('RBNZ') "Improving Māori Access to Capital" ('Paper') and commends the work that is being undertaken on this important issue.

TSB is a New Zealand owned bank, operating for more than 170 years, owned by Toi Foundation, a philanthropic trust, which invests our dividends in the Taranaki community. We believe in the importance of the economic prosperity of Māori and appreciate the role that lenders such as banks have in facilitating that by making capital available, both for the success of Māori and for New Zealand.

TSB agrees with the RBNZ that change is required to address this issue. We think the responsibility for making this change sits across the private and public sector. We offer some suggestions below to investigate further — notably, to reduce the barriers of using whenua Māori as loan collateral. As a wider consideration, TSB recommends that the RBNZ link in with the Council of Financial Regulators ('CoFR') on this initiative for the alignment and co-ordination of a meaningful response.

## General Comments on the Paper

The Paper asks two key questions:

- 1) What barriers do Māori firms face when seeking finance?
- 2) What are the potential options available to Māori entities, the private sector and wider government to address any barriers to capital access?

TSB agrees that the barriers and pathways to improve Māori access to capital sit within the following five themes:

- I. Improve the ability to use whenua Māori as loan collateral
- II. Collect more and better data on Māori businesses
- III. Improve Māori firm capability, scale and coordination
- IV. Build a coherent map to the Māori firm funding ecosystem, and (v) Reduce myopia in decision-making and leadership.

### Using Whenua Māori as Loan Collateral

TSB acknowledges that the first theme, using whenua Māori as loan collateral can present significant practical barriers. This joint ownership structure and/or transfer restrictions on such land can mean it poses greater complexity to value and administer and can create extra risk to lenders as collateral for loans. This can result in lending being unavailable and/or at higher interest rates for Māori businesses, relative to non-whenua Māori. We have considered potential solutions to this and invite the RBNZ to investigate the following options:

- Regulatory capital relief: In order to encourage and enable banks to lend to businesses using whenua Māori as capital, could the RBNZ offer some capital relief for such loans? This might enable the banks to offer more loans and/or at lower interest rates, thus improving the flow and cost of capital for Māori businesses using whenua Māori.
- Crown Guarantees: In the same way the Crown has offered retail deposit guarantee schemes from time to time (for example in the Global Financial Crisis) could the Crown offer a number a capped guarantees for loans to Māori business over whenua Māori that meet certain criteria? This might counterbalance the risk weighting for such land and enable banks to offer more loans and lower interest rates.
- Crown Loans: Could the Crown, perhaps through Te Puni Kokiri or other agents lend to Māori business directly? We note that Te Puni Kokiri already plays a role in this - for example, through the Māori

Women's development programme which offers low interest loans to Māori wahine to enable and assist them to enter into and commence business and/or to grow and restructure their existing businesses. Could this be expanded and centralised in one agency, perhaps in partnership with the private sector?

Looking forward if the RBNZ decides to offer a central bank digital currency ('CBDC') deposit facility in the future, it will also have a deposit base from which to make loans. Could the RBNZ, directly or via another agency offer CBDC loans to Māori business using that capital at attractive rates?

- Pooled IP: We understand that some private sector lenders have developed unique ways to lend over whenua Māori. Could this intellectual property (IP) be shared or made 'open source' for the common good, much like patents are sometimes shared. Could the Crown play a role in co-ordinating or acting as a repository for this IP so that lenders who wish to consider making such loans could easily utilise the options? This would promote competition and ease of access for Māori businesses using whenua Māori. Smaller Māori businesses and banks do not often have the resources to undertake such research and development activity themselves.
- CoFR: Some of the lending challenges fall across multiple regulatory regimes. For example lenders may need to comply with the prudential requirements under the RBNZ and the responsible lending Criteria under the Credit Contracts and Consumer Finance Act ('CCCFA') with the Commerce Commission. Could CoFR consider how it might co-ordinate and support the above options. Could it investigate what 'joined up' regulatory settings might facilitate this. We would encourage the Crown to take a 'whole of government approach', for example in the same way this is being used to fight carbon emissions.

### Collect more and better data on Māori businesses

We understand the desire to have access to better data indicators on Māori access to capital. Can you please clarify if this would mean collecting customer ethnic data linked to lending activity? We appreciate more data would enable deeper consideration and monitoring of this issue, to inform policy making decisions and drive better outcomes. However, we would encourage the RBNZ to consider the requirements of the Privacy Act. This only permits agencies, such as banks, to collect information that is necessary for a lawful purpose connected with the agency's function or activity. Banks do not currently collect this data and would need to be respectful of how customers may perceive such requests. We wonder whether some customers may object to being asked to provide this data.

If the RBNZ does intend to pass legislation requiring lenders to collect this data, we ask that this be carefully coordinated with the other data requirements being put upon financial institutions. For example the Deposit Takers Bill, AML/CFT Act and the CCCFA all require financial institutions to

collect detailed customer data. This can be expensive and challenging to implement and maintain across complex bank systems. This can be particularly onerous for smaller financial institutions, especially if it involves collecting data this from existing customers.

## Next Steps

We appreciate that some of these suggestions are novel and some are outside the direct statutory mandate of the RBNZ. However, we think a broader and bolder approach is needed if we are to make substantive change in this area.

If it would be helpful, we could organise a meeting with members of senior management to discuss this further. You may also wish to meet with Mr Dion Tuuta, who sits on TSB's Board and is the Chair of the Parininihi ki Waitotara Incorporation and CEO of Te Kotahitanga o Te Atiawa Trust.

We look forward to hearing from you.

Ngā mihi

Graeme Scrivener  
Acting Chief Executive

Kia Ora Koutou

*Please read this from beginning to end to understand it in full context, it captures the next steps identified in Improving Maori Access to Capital Issue paper. This should be taken from a point of view in relation to 'Te Ao Maori' seen through the eyes of an average working-class Maori.*

*It is important to point out that this paper has captured most challenges around Maori access to Capital, but there are particular interventions the RBNZ and Government can explore that can be prioritised and needed to create a more equitable market for Maori in accessing capital. This is a suggestion on a possible leadership structure and solution, but is going to take resourcing and help to support the delivery of a potential pathway, that could be one of many.*

### **Introduction**

"I have been in the meat industry for almost 30 years now and before me my father was a Meat Inspector for 30 years in a little town called Taumarunui, so I am a second generation freezing worker. I am a Maori, in a workforce that has a high representation of Maori who fall into the middle to lower income bracket of society. We come from various Hapu/Iwi and in many cases are Mana whenua and 'Kaitiaki' of the surrounding land in which the meat processor draws stock and all natural resources from in order to function, which has flow on effects for business in our communities and peoples jobs.

Our workforce collectively represent the "heart beat" of the many Hapu, Iwi, Mana whenua, we are in every meat processing plant in Aotearoa. During Tangi, Hui at any Marae we are the demographic of people that gather Kai, and work to provide for our Manuhiri/guests in the realm of Te Ao Maori, we work together to uphold the Mana of our people.

In our local community we are engaged with local sport teams and community projects, were we have relationships with our non-Maori friends, together we are the true face that help to keep the 'home fires burning'.

We are the same people that are the representatives of the trusts, and are shareholders, owners that connect back through 'whakapapa' to the large natural Maori resources, we have real influence on decisions that are made regarding the direction of our Hapu/Iwi at a local and national level. We are he tangata, he tangata, he tangata, bound together by Aroha".

### **Social Capital/Trust**

How is the monetary system seen in the eyes of our Maori people, and how do we get Maori to trust this system?

Te Ohanga Maori 2018 report identified Social Capital which incorporates 'Trust' under the Living Standards Framework as one of the four capitals depictions of the stock of resources or Tonga that the RBNZ have under their guardianship.

Without a doubt 'Trust' is going to be a key driver moving forward in the acceptance of capital by Maori because 'trust' enables 'buy in' which encourages engagement, that formulates participation from the people who collectively own and partake in the care of our large Maori resource.

To Improve Maori ability gain access to capital is only one part of the equation, the other mitigating factor that has to be considered is? Not every Maori wants to expand their resource through the accrument of capital from which revenue can be gained because the perception of some is that any revenue generated seems only go to the selected few, and the land/resource is Turangawaiwai / place of belonging or standing with intrinsic values.

*"For us, our relationship with Papatuanuku, mother earth is very important. What is the best land use for her? For us, the land tell us what she can do, what she can't do, how to care for her". (Ref: Red Meat Profit Partnership/Maori engagement strategy report)*

The damage intensive dairy farming, draining of natural wetlands, pollution of lakes, rivers, depopulation of some of our native species, is seen by Maori as being the result of greed and money, the result of 'Te Ao Pakeha'.

So with an average of 110 owners per land block it is a challenge to have everyone agree on the direction of the resource and is usually why the resource stagnates in its ability to produce an equal beneficial outcome for all. Amplified by the historical events (land confiscations, land wars, the inequity in the distribution of land and capital by past governments, current politics eg in-acceptance by some around co governance etc) it is easy to see why some Maori reject the system of 'Te Ao Pakeha'.

So I reiterate the importance of 'trust' that has to be built between the public sector (RBNZ and government/'Te Ao Pakiha') and private sector (in this case, 'Te AO Maori').

The recent Covid vaccination programme stood testimony to this. Our government's perception was, they could talk to certain Maori and a large portion of Maori would get vaccinated but this wasn't the outcome. This is because views of Maori leadership vary among the people. It was only when the Kaitiaki/caretakers at ground level in the local communities got involved Maori started getting vaccinated.

These Kaitiaki/caretakers exist in many different walks of life, they can be the doctor in the local community or the ex-gang member, to the freezing or forestry worker. These are some of our leaders, the people that have to be won over by 'trust' in Te Ao Pakeha because they have the ability to improve firm capability, scale and coordination of the people through 'trust' and respect that has been built over a period of time. *'Myopia is in the eye of the beholder'*.

## Acknowledgement

A public submission and discussion around this topic has been long overdue and in my view the time is right, fill credit to Adrian Orr for taking on this challenge dispute the negativity out there around this issue from the few **'Kia kaha I hoa, kia kaha I tenei mahi'**.

As we face global events such as: post covid 19, global warming, worldwide inflation, stagflation, wars, energy crisis, food shortages, etc. They have caused a paradigm shift in mind set of global business leaders who are Members of the World Economic Forum from 'capitalism' - which has not been favourable for Maori, to 'stake holder capitalism' which incorporates sustainability a practice 'Te Ao Maori' has been living for generations now.

The 3 pillars of sustainability (People, Planet, Profit) co-exist with the principles of the Treaty Of Waitangi (Partnership, Participation, Protection) providing there is 'trust' between Te Ao Maori and Te Ao Pakeha stakeholder capitalism can be beneficial for all New Zealanders helping the RBNZ achieve its obligation to 'promote the prosperity of New Zealanders and contribute to a sustainable and productive economy'.

### **The Future of Jobs.**

We are at the start of the journey to stakeholder capitalism, and there is a lot of educating to do as we move into this space. What we are going to encounter in the future is mass job loss for the 'average kiwi' if we don't act now in the transition from an industrial work force, were we have a high representation of Maori (eg Manufacturing, Construction, Freezing Works, Forestry, Agriculture, Horticulture etc) to an information based workforce.

Industrial jobs will eventually be replaced by robotics or artificial intelligence's (AI), but before this happens there is a space were information gathering for the further development in (AI) will have to be done. This includes computer modelling around our natural resources as a customer requirement, in the claim around the sustainability of a product brand or label.

If we reflect on the past 6 months on the weather extremes nationally (eg flooding, costal erosion, droughts etc). These acts of nature are having a direct effect on Maori because they are being witnessed by our local Maori communities / Manu whenua, an example is the consideration around Maori Uru PA, Marae, and surrounding houses being moved due to sea level rises on the east coast of the North Island. Global warming is here in Aotearoa and will shape the future of global business. Because what Maori are witnessing first hand, is what the world is witnessing.

Amplified by the change in the mind set, of our future business leaders, millennial's our Rangatahi / Tamariki, who are part of a world-wide movement in a response to climate change. It is not hard to see that information around a business claim to sustainability will have to be available and proven.

This is a good space for Maori because it is 'Te Ao Maori' we don't have to change our business practice just provide the information around sustainability, which gives us a chance to set a global standard and attract ESG investment.

This process of information gathering, monitoring, auditing etc, can create new jobs and a new age revenue flow from our large Maori Natural Resource, adding more value to our products and the 100% NZ Pure brand which is beneficial to all New Zealanders .

### **Union & Community engagement**

Before May 15 1991 prior to the introduction of The Employment Contracts Act.

Unionization enabled a fair and equitable income for Maori and there was a collective community voice in the industries that Maori worked in (eg freezing works) which created a succession culture of jobs in local Maori communities. Good paying jobs enabled the purchase of first homes, 'the corner stone of capital'. Resulting in the security benefits that come with owning a home. (eg children attending the same school, being part of a wider community, friendships and community support, wellbeing etc).

Post May 15 1991, unionization has diminished this has been a contributing factor in pay disparity within our Maori communities, where the minimal wage has been paid for labour intensive jobs that haven't been able to keep up with inflation and the cost of housing. This has been a contributing factor in a direct correlation between low income and the over representation of Maori in the negative statistics of Aotearoa (eg, incarcerations, mental well-being, unemployment, children in state care, child sickness & poverty etc) this begins a cycle of inequality which has further resulted in a Maori generational inability to develop 'trust' in 'Te Ao Pakeha'.

*"Many Maori have lost hope, without hope there is no vision on what can be accomplished in life, so you have nothing to aim for. If you work hard every day, there should be hope in the ability to provide for your Whanau, and not just in day to day living, but being able to buy your own home, take your family on holiday, just the simple things in life, without hope there is nothing. There should be no such thing as the working poor in Aotearoa".*

Were a union in a workforce has remained strong so has an employee's conditions and all the above community benefits with the ability for on-going constructive engagement between an employer and employee and the community an employee is connected to, (community engagement).

An example of this is in the Public Services Association (PSA Meat Inspectors Union) Throughout the history of the meat industry the PSA has remained strong with around 98% membership, the largest membership numbers in the PSA, which encompasses a high representation of Maori throughout Aotearoa providing an ability for the PSA to connect to the Maori community of the employee.

Meat Inspectors enjoy work conditions that are 'currently' fair and equable, because of good past leadership of union in pay negotiations, workplace policy, worker representation etc. This has resulted in a level of 'trust' within the collective membership and associated communities.

This has not been without its fair amount of past challenges, despite this our members continue to work in constructive open dialog with the employer. Asurequality, we all contribute to help provide an essential service to New Zealand's food production.

### **Asurequality (The State Owned Enterprise)**

**Vision** – Build to become the integrated food assurance partner.

**Purpose** – Help Aotearoa build a better food world.

Asurequality has had a long proven history in the food world that incorporates an ability to add value to the fruits of our natural recourse in Aotearoa. As customer demand changes toward a more sustainable and ethical outlook in the way our food is produced Asurequality have developed the broadest range of assurances services right across our natural resource and acquired the ability to gather the required information for Aotearoa to adhere to the global expectations around sustainability which includes; Inspection, Laboratory testing, Certification services, Organic certification, Agribase system, Assurance marks etc.

Asurequality have the ability and/or develop ways to collect more and better data on Maori businesses to improve Maori firm capability, scale and coordination around the increased focus on environmental, social and governance factors in investing which could flow into improving Maori access to capital.

### People

Asurequality has values that are in line with 'Te Ao Maori' in supporting communities for example, the current partnership with 'Kura Kai' line up with the value of Manaakitanga. The employment of 1800 staff spread across Aotearoa in our communities. A working relationship with different unions spread across the sector. Working with Maori in union to understand the future of jobs with further training and development.

### Planet

Their contribution to Conservation Volunteers. Joined Tetoitu carbon emissions program. Introduction of electric vehicles across their fleet. (PSA union hope to work alongside Asurequality in the development of Hapu / Iwi lead initiatives and perspectives around the environment)

### Profit

Asurequality has had a positive balance sheet over the past 2 years with a net profit excess of 20 million dollars. Currently provide services to big branded customers eg The Cosco supermarket chain, Mc Donalds, Frontera, Silver Fern Farms etc. They have joint global business operations in South East Asia eg, Vietnam, Singapore, Thailand who are seen as our emerging economies of the world and who Maori share values and cultural ties to. They also have the ability to create the new future jobs with their wide range of assurance services that have the potential to added value to the product of Aotearoa in the realm of sustainability.

**Asurequality/PSA/Maori**

The PSA Meat Inspectors Union andASUREquality are currently in the process of formulating a 'Maori Runanga Group', this has been done in the hope to provide the link from Mana whenua, Hapu, Iwi to ASUREquality for sustainable future job creation under the Brand 'Kaitiaki Kai'.

The ability for the PSA to do this derives from a high representation of Maori within its membership that are geographically spread throughout Aotearoa in every meat processing plant in many of our rural / regional communities where Maori work, reside and have relationships with other Maori who along with our PSA members are the shareholders, owners, trustees of the Maori natural resource through whakapapa and are active in this space.

The Red Meat Profit Partnership report states under (The importance of Maori Land and Dealing with Maori in Business).

*"Everybody will have a shareholding or whakapapa in some piece of land somewhere. It may not be large. But it brings you into governance early, even if you are only sitting at the feet of others. You are surrounded by discussions that are important, not just about you, but about the greater good of the people"*

*"If working with Maori people in different geographical areas, find respected people in those areas who know the district and know the local whakapapa to assist you".*

Whether the investment in 'Kaitiaki Kai' is financial or in other forms, it gives the ability to establish shared clarity, about what the objectives are and the equitability around the rewards for all stakeholders.

In this particular case, sustainable future job creation under the brand 'Kaitiaki kai' in all our Maori communities from increased revenue through services provided by ASUREquality to Mana whenua / Iwi /Hapu.

If Maori see first-hand new job creation, training and development in our Rangatahi under stakeholder capitalism that incorporates the care of People, Planet, Profit further 'trust' can be developed in a brand 'Kaitiaki Kai' and those associated to the brand.

### **The Co-Operative / Partnership**

I would like to start by acknowledging the importance of Co-operatives / Partnerships in business are to Aotearoa. According to the 2021 New Zealand Co-operative Economy report, the top 30 co-ops generate revenues of approximately 13% of the value of the country's GDP (42 billion) and employ more than 41,000 kiwis they support customers, shareholders and communities.

A Co-operative / Partnership is owned and controlled by the people who use it. With the benefits generated on the bases of supply and/or usage (patronage), the business model is committed to the development and empowerment of people and communities and is suited to finding new ways to sustain growth in an uncertain and rapidly changing environment.

A Co-operative / Partnership business model between the PSA / Asurequality / Iwi, Hapu, provides all the above opportunities, that can enable certification through achieving ESG targets as a result of various sustainability indicatives and programmes. The model is aligned enabling, improving the lives and livelihoods of its members which supports ESG targets to drive long term value creation that can impact access to capital (eg Silver Fern Farms and SL Financing where financial incentives are given as the business delivers pre-agreed and pre-defined sustainability targets).

This Co- operative is helped by a public sector intervention (Asurequality / PSA) that can enable Iwi / Hapu capitalise on the cultural awareness because of significant similarities that 'Te Ao Maori' have with the model of sustainability. Currently there is no standard that shows the link between Hapu / Iwi that is represented at large scale in a business's claim to sustainability, so this purposed Co-operative / Partnership is unique.

### **Maori access to Capital**

The single assurance brand 'Kaitiaki Kai' can enable Maori to work as a single entity. With 'Kaitiaki Kai' applied to their products and natural resources (eg Te toitu carbon monitoring on farms). 'Kaitiaki Kai' / Asurequality with additional state sector intervention (eg MBIE, Te Puni Kokiri) have the ability to provide information for not only ESG targets, but also show revenue flows for each brand or business they are connected to. 'Kaitiaki Kai' can enable better data collection on all aspects of Maori business to improve Maori firm capability, scale and coordination.

Maori brands, products could be sold at a premium because of the association to a collective collaborative measured approach in the claim of sustainability and the cultural significance in the relation to Te Ao Maori and what 'Kaitiaki Kai' represents'. A report by the University of Auckland – The future of food & the primary sector: The journey to sustainability research indicated:

*"That our national product branding needs to be refreshed and not just seen as a slogan, instead, it needs to be linked to measurable progress on key indicators of value to consumers. These are likely to be both origin and environmentally linked. British consumers clearly trust food produced by Maori enterprises, and are willing to pay a premium price. A cohesive strategy needs to be developed to connect to quality assurance if high value is to be sustained"*

*"New Zealand needs to develop and market a national accreditation scheme that reflects the nature of our future food production and is evidence based. We also need to consider how to better link our brand to the unique cultural identity of Aotearoa and promote our aspirational social cultural and environmental values".*

A premium price paid for Maori products can generate additional capital and revenue flow within the co-operative / partnership and a percentage of revenue can be redistributed back for Maori business development, for example low interest loans, or enable cash flow lending from banks through better data collection in regard to revenue flow back to the Maori entity through 'Kaitiaki Kai'.

The use of 'Kaitiaki Kai' ('**may be able to**') improve the ability to use whenua Maori as collateral through the brand being liable for any short fall in repayments that may result in the inability to service a loan. This can be recovered by the brand through leasehold clauses for the use of the whenua Maori for periods of time that the shortfall in payments are repaid to banks. This way the land is not lost but is used to re-pay the debt. When the debt is repayed in full the land is returned.

This has the ability to develop relationships between Maori and financial institutions because while the debt is being paid back by the Co – Operative / Partnership employment continues in the community and whenua Maori is eventually returned to Hapu / Iwi / Manu whenua.

There are 4 types of Maori business indicated in, The key Business Characteristics for Maori report: Tribal Bodies, Maori collective Business, Pan or localised Maori Services, Private Enterprise. It is important to start this co-operative at the base of most Maori business development and that is with the land / natural resource.

The Red Meat Profit Partnership Report indicated four groupings of Maori Farming:

- The top tier are those that built their business and are seeking to grow inside or outside the farm gate. Eg Wairarapa Moana Inc 27% shareholder in Miraka, Mangatu Blocks – integrated foods etc. They have created their wealth and are trying to engage in marketing and adding value outside the farm gate, they take collective action together to gain size and have created processing capability (eg Miraka).
- A middle tier that are still in development phase but have a governance structure these are the farms that were returned back to Maori in the mid 1980 some dealt with debt fast and well and some did not.
- The third group that are associated with Maori land which is administered by a Maori Trustee that leases out the land at very low lease rates.
- A fourth an individually owned family farm.

In order for a co-operative like this to work it is important that engagement happens between the top tier indicated, Asurequality and the PSA and other identified key stakeholders. Because it then can be driven top down from our Iwi / Hapu leaders and bottom up through Iwi / Hapu leaders in the communities through unions etc.

This is about having the right people, at the right place at the right time. If stakeholders see the potential benefits in job creation it is the best way to promote the co-operative and generate Maori revenue. It then can be marketed through our people who are/or whakapapa back to trustees/shareholders/owners of the smaller tiers indicated above, who talk with each other at Hui, Marae gatherings, at work, sporting events etc. To build the necessary momentum moving forward and bring up our 2nd, 3rd and 4th tier businesses through the co-operative.

This is the start of a business model that can build a coherent map to Maori firm funding ecosystem and reduce myopia decision making and leadership, because revenue flow will be dependent on the established business model and criteria of the Co-operative in 'Kaitiaki Kai'.

## Conclusion

To conclude, this is not a silver bullet solution, but it is an idea from an average Maori in the freezing works, who has Aroha for all our people and is chipping away in the back ground to try and bring ideas to fruition for the benefit of all our people (*it is hard work from my position*). Things are going to be challenging over the next 1 to 3 years but when we come out the other side of what we are about to experience, there is a real chance for 'extraordinary growth' for our people, but we must start now, not just on one idea but many. Moving forward it would be good to see key stakeholders (explained above) come together in some way in the near future to start a conversation on what this could look like.

## Summary

"The PSA Union who can also work with other unions (eg meat workers union) represent the Maori people and their communities who are also owners/stake holders/Kaitiaki through whakapapa in the large Maori natural resource throughout Aotearoa, protect it, and have the ability to give Asurequality on going sustainable business.

Asurequality is a state owned enterprise owned by all people of Aotearoa represented by the government, because of increased new business through Maori Iwi / Hapu, can help with new sustainable jobs for the owners of the large Maori natural resource and all associated people within our communities. *The owners are the customer for the organisation they work for, that look after People, Planet, Profit in the realm of Te AO Maori, this is a Co – operative / Partnership of sustainability".*

Nga Mihinui

Tahupotiki Morehu (PSA Meat Inspector National Delegate)

Nagti Pikiao, Nagti Whakaue, Nagti Rangikoanake, Nagti Tahu/Whaoa



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**TO:** Reserve Bank of New Zealand, Te Pūtea  
**DATE:** 20 September 2022  
**SUBJECT:** Improving Māori Access to Capital Issues Paper  
**SUBMITTED BY:** Māori Kiwifruit Growers Incorporated ('MKGI') and Zespri International Limited (Zespri)  
**SUPPORTED BY:** New Zealand Kiwifruit Growers Inc

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## 1. Introduction

Māori Kiwifruit Growers Incorporated ('MKGI') in partnership with Zespri welcomes the opportunity to provide feedback on the Reserve Bank of New Zealand, Te Pūtea Matua issues paper 'Improving Māori Access to Capital' from August 2022.

MKGI was established in 2016 to achieve leadership at all levels of the industry, increase returns and production, and improve access to information on Māori orchard performance within the industry. MKGI is a representative body that provides a Māori voice and connection for Māori kiwifruit growers across Aotearoa New Zealand. MKGI represents Māori kiwifruit growers in Aotearoa, with representatives from nine regions – Tauranga Moana, Te Puke, Te Whānau-a-Apanui, Rangitaiki, Ōpōtiki, Te Tai Tokerau, Te Tau Ihu, Te Matau a Māui and Te Tai Rāwhiti.

MKGI has a vision of “He Whenua Rangatira, He Oranga Tangata” which points to the responsibility of caring for the land, gaining benefit and sustenance from the land to drive and uplift well-being for Māori communities.

Zespri International Limited is the world’s largest marketer of kiwifruit, selling kiwifruit in more than 50 countries. Zespri retains the exclusive rights to export kiwifruit from New Zealand to all countries other than Australia, through its single point of entry (SPE) regulated structure. Since our establishment, we’ve been able to deliver solid and sustainable returns to growers, make increasingly positive contributions to our communities, and provide premium-tasting and premium-quality kiwifruit to the world.

Zespri works with around 2,800 New Zealand and 1,500 international growers and post-harvest companies to source the best-quality Zespri Kiwifruit, which we supply through our distribution partners to wholesale and retail customers. Kiwifruit is a significant contributor to regional New Zealand returning \$2.25 billion directly to rural communities last year. The industry employs 10,000 permanent employees and up to 25,000 jobs during the peak season.

Zespri’s purpose is to help people, communities, and the environment thrive through the goodness of kiwifruit.

## 2. Message in support

Zespri and kiwifruit growers support the Reserve Bank’s desire to lead a conversation around the challenges of Māori access to capital and to search for ways to improve. We want to do our part to help ensure the benefits of growing kiwifruit are available to a wide range of landowners, including collectively owned Māori land.

### 3. Issues and potential pathways

MKGI and Zespri agree with the Reserve Bank's identification of the issues holding back Māori economic development. We also agree with the Reserve Bank's potential pathways for addressing economic and policy issues.

Māori currently comprise ten percent of the kiwifruit industry and have ambitious targets to grow this proportion. The MKGI 2019 annual report includes a target of Māori growers making up 20 percent of the kiwifruit industry. Many of the current Māori growers in the Te Puke and Tauranga region stem from initiatives begun in the 1980s when the Department of Māori Affairs provided loans. Newer Māori orchards were funded either through private financing, partnerships or owners diversifying their existing assets, such as forestry.

As identified in the issues paper, traditional capital providers such as banks, are reluctant to lend for development on Māori land. While this is not a total roadblock for capital, banks providing capital would make planting and developing kiwifruit orchards easier and quicker, meaning Māori landowners could achieve their aspirations sooner.

### 4. Kiwifruit is a key industry for enabling Māori economic prosperity

The kiwifruit industry delivers among the highest returns in the primary sector. Zespri's total sales volumes reached 181.5 million trays of New Zealand and non-New Zealand kiwifruit in 2021/22, a ten percent increase on the previous financial year. Global revenue generated by fruit sales increased by fourteen percent to \$4.03 billion.

Zespri's total fruit and service payments (including the loyalty premium) to New Zealand growers increased by fifteen percent to \$2.47 billion in 2020/21. For Māori-owned orchards specifically, these payments totalled more than \$220 million. We are a high-value, socially conscious and environmentally friendly industry that has the potential to deliver enormous, ongoing benefits to our Māori orchards.

While the industry is facing barriers to growth seen across the economy including access to labour and rising costs, Zespri is on track to meet our goal of \$4.5 billion in sales in 2025, and we believe we could double or triple this by 2030 if the operating environment is right. This is a significant opportunity for New Zealand. Maori growers will be among the key drivers of this growth, and access to capital will enhance their ability to do so, generating stronger returns for Maori communities.

Zespri and the kiwifruit industry are developing high value kiwifruit varieties which are driving strong consumer demand and generating high returns for growers. These are licenced varieties with limited annual release based on the level of demand in the market and the ability of our supply chain to meet that demand. The maintenance of the balance between supply and demand is what is allowing Zespri to send both more fruit to market and to deliver higher returns per piece of fruit every year i.e. growing both volume and value. Green (hayward) kiwifruit is not licenced though generates a significant premium over other brands of hayward kiwifruit.

Licences to grow Zespri varieties is issued through an annual tender process. The high price of licence for the high-earning SunGold variety creates a barrier to entry for some growers, including some Māori growers. The cost of licence for Zespri RubyRed, the recently commercialised red variety, is much lower given it is a new variety which is not as proven in market, has more associated risks, and which is more challenging to grow.

Zespri is currently reviewing the licence methodology and consulting extensively with growers to increase accessibility, transparency, certainty and equality of opportunity within the allocation process for the future. Unique Māori land ownership structures and financial barriers to accessing licence for Māori are recognised in the review and will be crucial to retaining and growing Māori participation in the industry and preventing conversion to lower-performing land uses.

One of the advantages of the SPE industry structure is the innovation, research and support provided to kiwifruit growers through all aspects from cultivation, harvest, packaging, sustainability and export. As a result, smaller players can enter the market and lean on Zespri and post-harvest support and Zespri's scale and brand power to achieve high returns. This is particularly attractive to Māori landowners who may not otherwise have the experience to run an end-to-end horticultural export business or achieve the scale necessary to access export returns.

## 5. Research and case studies on successful orchards operating on Māori land

## Māori in Horticulture – 2020 research report

Te Puni Kōkiri, the Ministry of Primary Industries and Horticulture New Zealand commissioned economic consultancy BERL in 2020 to estimate the size and share of Māori within the horticulture sector.

The report states Māori own approximately 400,000 hectares of land in ‘farms engaged in primary production activities’; less than one percent of this land is in horticulture. The extent of Māori horticulture operations has limited data availability; however, the report finds the crop with the largest Māori share is kiwifruit, with just over nine percent of the total area. Kiwifruit is also the product with the largest magnitude of Māori involvement, with 1,150 hectares of kiwifruit grown by Māori farmers and organisations.

The report notes the significant employment opportunities flowing from kiwifruit. The equivalent of one full-time worker is required for every two hectares of kiwifruit. This varies based on the type of kiwifruit, with green kiwifruit requiring 0.46 Full-Time Equivalent workers (‘FTEs’) per hectare and gold kiwifruit requiring 0.64 FTEs per hectare. This equates to the equivalent of 600 people employed directly by Māori-owned orchards.

## Māori Investments Limited and diversification

Māori Investments Limited (‘MIL’) was created in 1966 by merging 15,416 hectares of land across 44 blocks with 4,500 landowners into a single block called ‘Tarawera No 1’. MIL entered a forestry partnership with the Crown and Tasman Pulp and Paper. The project was financially successful, and in 2004, MIL bought out its partners to become a proudly 100 percent Māori-owned business.

MIL is committed to its growth and business sustainability. In 2017, MIL expanded into horticulture by purchasing 18.2 hectares comprising two gold kiwifruit and four berry orchards. They currently employ over 100 locals, predominantly Māori, to manage and take care of the orchards and other enterprises, making them a considerable contributor to the regional economy. The organisation is well set up to create long-term career pathways for whanau, to guide them into managerial, advisor and governance board roles.

## Te Kaha 15B Hineora Orchard

Te Kaha 15B is a Māori freehold land block located near the Te Kaha township in the Eastern Bay of Plenty. The main operation is an eight-hectare kiwifruit orchard producing just over 133,000 trays of Zespri SunGold Kiwifruit annually.

The owning Trust has worked hard to secure investment for land and business development without risking land ownership. The Trust joined the original Te Kaha Gold (TKG) joint venture orchards in 1999 as one of six Māori land blocks to enter into an innovative joint venture development with investors who provided capital to develop each orchard to the equivalent value of the land. Decisions in the partnership were made, and profits were shared, on an equal 50/50 basis, with the investors joining the partnership for 20 years. This was extended slightly to enable more capital investment to overcome the challenge of the PSA vine disease 10 years ago. Shortly the partnership will end, and the operation will vest 100 percent with the Trust.

The venture is financially successful, allowing the build-up of an economic base to support local community development. For example, they have diversified into Te Kaha Gold, a spraying business, and the Te Heriko Nursery. This diversification means alternative revenue streams as well as different jobs available locally. The Trust is actively working to improve whānau's employment opportunities and income security. The Trust has created over 100 jobs, papakāinga housing, education and training.

## Research paper: 'It's much more than just kiwifruit'

Jessica Smith wrote a 2018 research paper examining the impact of the kiwifruit industry on Te Whānau Apanui, a kiwifruit community just north of Ōpōtiki. Jessica's research involved interviews with dozens of individuals and residents and found employment opportunities is one of the key benefits locals expect to see from rural kiwifruit development.

People are attracted to the prospect of greater employment opportunities in their hometown which may entice some families back to their rohe if they can secure work. A growing industry gives locals more full-time job opportunities, ancillary support service job opportunities, and more ability to supplement seasonal kiwifruit jobs with other employment. There is also an appetite for on-orchard and management pathways, particularly for Māori, to pursue if there are a growing number of orchards. With greater economic opportunities, people say they aspire to higher standards of living with key services and amenities coming closer to home, negating the need to drive long distances for the basics like groceries, petrol and healthcare.

The paper concludes that any economic development must come with respect for the community it exists in. This is why Māori-owned land is particularly advantageous for this role, through having a close connection to the land and upholding the role of being the kaitiaki of the land, air and water. A role protecting the land for this generation to the next. Orchards like Te Kaha 15B, profiled above, demonstrate this through employment, training and economic benefits flowing directly to their own community.

## **6. Challenges for Māori landowners to enter the kiwifruit industry**

Kiwifruit is a rewarding industry for landowners but requires a large investment of capital up-front to plant the vines and wait until they bear fruit. The characteristics of Māori communally held land means traditional bank lending is far more difficult due to the inability of banks to use the land as security. As a result, such enterprises tend to pay higher capital costs than would otherwise be the case.

Capital raising is still possible. For example, the Te Kaha 15B Hineora Orchard began as a joint venture with private partners providing the capital and the Māori Trust providing the land.

However, Zespri and MKGI encourage the commercial lending industry in New Zealand to recognise the unique features of communally held Māori land and to continue to design products that work well. If commonly used and understood products can come to market, it will significantly assist with unlocking the opportunities available.

## **7. Benefits of success to Māori economy and NZ Inc.**

There is immense potential in the kiwifruit sector for all growers and for Māori. Capital product reform has the potential for thousands of hectares of land around New Zealand suitable for kiwifruit to be unlocked, bringing economic opportunities to rural communities outlined above.

These opportunities extend beyond a direct return on capital and include education, training and sustainable employment. In addition, horticulture brings the environmental benefit of green belts around growing urban areas. It is a high value crop with a low carbon footprint and an industry focused on supporting communities.

For Māori landowners, kiwifruit allows diversification away from the traditional forestry industry while still engaging in an environmentally sustainable business.

## 8. Conclusion

We thank the Reserve Bank for its work on this issue and are happy to provide any further information on this submission as required.

Yours sincerely

**Māori Kiwifruit Growers Incorporated**  
**Zespri International Limited**  
**September 2022**

For further information, please contact:

Anaru Timutimu Chair, MKGI [REDACTED]

Michael Fox

Head of Global Public Affairs, [REDACTED]

Name: Antony Royal    Organisation Type: Iwi, PSGE    Organisation: Ngāti Tamaterā Treaty Settlement Trust    Date: 19 September 2022

Q1. Does the paper by the RBNZ 'Improving Māori Access to Capital' correctly capture the key challenges around Māori Access to capital?
No
1.1 If not, what are some other considerations?
<p>While the paper captures good context around Māori businesses looking to raise debt funding, there is a lack of context around the requirement for permanent and enduring capital (Equity) and investment in such businesses. Further and this is most likely due to a lack of data, the Māori business landscape does not appear to be well understood. There is still a lack of understanding and discrimination within the financial sector toward Māori business and therefore disadvantages Māori businesses whereby anecdotally Māori businesses distance themselves as being a Māori business to gain a competitive advantage.</p> <p>A further key issue is that the paper considers all Māori businesses to be the same and while we understand this approach in the high-level paper, business type, stage and scale also have an impact on needs for capital investment. The assumption that land is available as collateral for Māori business is flawed.</p> <p>There is a major differentiation between Māori business that is a collectively owned enterprise to a privately owned enterprise, and we need to ensure equity at all levels and phases. Financial institutions favour more enduring procurement opportunities such as maintenance contracts where they forecast a guaranteed income of 5- 10 years as opposed to a one-year term. A challenge highlighted is the fact that some procurement contracts will have for example a one month exit clause whereby financial institutions will not favour.</p>
Q2. Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori to access capital?
No
2.1 If not, what else could be included
<p>Adjacent to the key interventions proposed, Māori need to work together to establish in their own right a provider of capital to invest in and support businesses across the range from equity to structured credit which will provide the banking sector with required levels of capitalisation on which to make quality lending decisions. A fit for purpose enduring Investment Fund that takes into consideration new Green and Blue Enterprise opportunities for Māori business to engage and participate.</p>

**Q3. Are there particular interventions that should be prioritised and by whom?**

See answer to 2.1 above

**Q4. Do you have any suggestions on the right leadership, structure and resourcing needed to support the delivery of potential solutions?**

A number of Iwi have invested into the finance sector which can be leveraged to provide solutions and ongoing capability building. Thought should be given to the governance and structure of an Iwi capital provider that includes finance, transactional, governance, and strategic experience.

**Q5. Do you have a view on the role of the RBNZ, capital providers including banks, broader government and Māori?**

We would like the RBNZ to monitor regulated entities on their performance as a result of this issues paper and MBIE needs to develop a coherent Māori Funding Eco-system Map for Government Funding and in particular enduring Investment Funding. The challenge is that Māori business require Investment support in real time and just do not have the luxury of time to wait for policy and system change which could take up to 5-10 years to see real tangible results. A mechanism that shares risk as a partner (Investor) would also be beneficial.

All parties also need to work together to deliver solutions and capture data. While the RBNZ has a part to play and government support would be welcomed, developing an understanding of the eco-system would provide a data series that can be monitored and measured against.

There are many examples on how capital can be arranged or institutionalised and Māori in conjunction with other parties need to consider how to establish a focused capital provider to drive growth in the eco-system. We believe that the policy settings, financial structures, and legal frameworks now provide a suitable environment for Iwi to develop, manage and execute their own establishment of an Iwi led capital provider.

## Specific Responses to the RBNZ report

The below needs to be read alongside the RBNZ Improving Māori Access to Capital Issues Paper.

Priority Area	Issues	Potential Pathways	Your Comments
<b>Future goals, data and reporting</b>	<p>No identified goals or measures of financial efficiency and inclusion for Māori entities.</p> <p>No intermediate indicators of achieving identified efficiency and inclusion goals.</p> <p>No data or measurement being reported to advance business and policy making decisions.</p> <p>No identified timeframes.</p> <p>The global financial community is increasingly turning to sustainability – the balance of people, planet and profit – as a guiding investment strategy something of which is intrinsic to Māori.</p>	<p>Develop a forum of government, banking organisations and Māori to:</p> <ul style="list-style-type: none"> <li>develop financial efficiency and inclusion goals for Māori access to capital, and indicators of these goals being achieved</li> <li>require banks and other financial service providers to identify and provide information on these indicators; and</li> <li>establish long-term partnership relationships between financial firms and Māori entities, with Te Tiriti o Waitangi expectations embedded.</li> </ul>	<p>While the first two points are nice to have and are good at understanding the situation, they are unlikely to deliver a solution. What happens if goals aren't being achieved.</p> <p>The partnerships proposed in the third point is happening already which is helping to build support and capability systems.</p> <p>The goal should be to enhance financial and cultural capabilities within an identified timeframe.</p> <p>The over-arching goal of any investment is to create sustainable prosperity and intergenerational well-being.</p>
<b>Market Functioning</b>	<p>The complexity and breadth of the Māori economy means that it is necessary for all forms of capital (debt and equity) and financial innovation to be accessible and inclusive. At present, market, product, and expertise gaps exist in financial risk assessment, and product and partner solutions.</p>	<p>Widen the scope of investment opportunities made available to Māori entities – for example using government procurement frameworks. enabling 'right of first refusal' clauses to be exercised.</p>	<p>Widening the scope will not necessarily lead to greater impact in investment. A significant level of investment opportunities is already being offered to Iwi. The Māori eco-system needs to develop further such</p>

	<p>With the burgeoning economy and intergenerational outlook, Māori are well-positioned for future investments and partnerships.</p>	<p>Develop aggregated 'corporate treasury' capability and responsibility for Māori in assisting participants in the management of asset, liabilities, liquidity, funding and investment for Māori entities.</p>	<p>that Māori have secured their base portfolio position (whenua) and the structures required to be investment ready, and then can turn their mind to investing in other ventures and broaden their portfolio. This will take time. For example, few Iwi have tried and tested Statement of Investment Policy and Objectives (SIPOs) in place. Certainly, for smaller Iwi groups the concept of centralized treasury has merit. The establishment of a Māori-owned and led capital provider is key to supporting the development of Māori businesses and</p>
	<p>[Redacted]</p>	<p>Establish a Māori-owned and led capital investment fund with appropriate risk appetite, and cultural and financial capability. Increase investment, tailoring and availability of lending products and services – such as the Kāinga Whenua</p>	

		<p>Loans and Cash-flow lending. Promote and provide access to seed capital –whether from Government, philanthropic trusts, individuals, or broader Māori organisations – to enable innovation, with a Māori led approach.</p> <p>Scale-up micro-finance and social and sustainable enterprise.</p> <p>Assess longer-term pathways to operate more effectively within Te Ture Whenua Māori Act 1993 e.g., financial products that use future cashflows as collateral. Identify enduring partnerships with central and local government who share long term investment outlook and have genuine commitment to sustainability.</p>	<p>should be a key priority. but it needs to be driven by Māori with support from wider government, and the private sector. Such an entity needs to take a portfolio approach from seed to growth capital. We are less sure that micro-finance (Crowdfunding and peer to peer lending) can be scaled further.</p> <p>The market is currently functioning, but an option could be that the capital provider can underwrite offers so they are successful. Banks are already offering loans supported by long term leases, so the market is already ahead of the thinking.</p>
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<p><b>Long-term Focus and Leadership</b></p>	<p>Focusing capital on the short-term can promote negative longer-term outcomes and missed investment opportunities. It can also promote a vicious circle of profit maximisation at the cost of longer-term growth, sustainability, inclusion and cohesion. Currently decision-making is largely driven by short-term financial performance – often not factoring in cultural, social, and environmental outcomes.</p> <p>A fundamental change to the business leadership and culture is needed to focus on long-term value creation for all stakeholders including Māori.</p>	<p>Promote greater representation of Māori across the governance, leadership and operation of organisations. Incorporate ESG (environmental, social and governance) criteria and cultural issues into business decision-making processes, including cultural awareness of customers' needs - 'He Ara Waiora' framework prototyped by Treasury will be instructive. Invest in cultural awareness education and targeted priority training across the sector. Invest in financial awareness training within Māori business.</p>	<p>We are not sure how the RBNZ would deliver this. For a number of years there has been a focus on diversity driving the government and the likes of the IOD This should continue in a business-asusual manner. Investing in enduring capacity and capability initiatives is key.</p>
<p><b>Public Sector Interventions</b></p>	<p>The allocation of public sector initiatives to support access to capital and its allocation is complex, not well understood, and potentially sub-scale.</p>	<p>Partner with Māori to streamline the public sector interventions to make them known, accessible and relevant. Monitor the use and outcomes of these interventions to enhance policy decision making.</p>	<p>The key here is that all interventions are available and understood under one roof.</p>

*Other comments / Feedback*

Overall, the paper presents a good start however there does not seem to be any focus on timeframes or identification of outcomes including the alignment and interface from the various initiatives. While we understand this may come out of the next phase of this process.

We have a purposeful approach to building local economies and proactive job creation that is aligned with the global need to create sustainable communities in a postpandemic world.

It is expected that Māori will invest approximately NZ\$1.5-\$2 billion annually over the next 10 to 15 years, and some of that investment will be enhanced through joint ventures and partnerships with other domestic and international parties. Māori need to have improved, succinct, and easy access to investment and venture capital in order to engage and participate within growing our local, regional, national economies.

Antony Royal

Chair Ngāti Tamaterā Treaty Settlement Trust



# Submission to the Reserve Bank of New Zealand on the Issues Paper

## Improving Māori Access to Capital

Date: 20 September 2022

## Kiwibank submission to the Reserve Bank of New Zealand on the Issues Paper Improving Māori Access to Capital

### Date: 20 September 2022 Introduction

1. Kiwibank provided feedback on the RBNZ's preliminary findings and welcomes the opportunity to comment on the published Issues Paper. Kiwibank is committed to improving Māori access to capital and has already commenced a number of initiatives to support this. Kiwibank welcomes the RBNZ's interest in the issue and is keen to engage further.

### Feedback on the Issues Paper

2. Kiwibank acknowledges that some of the issues highlight the need for multilateral initiatives and Kiwibank is keen to participate in meaningful dialogue to progress those initiatives. However, Kiwibank also considers improvement can occur through early intervention by the RBNZ where possible and would support this being built into the pathways. Taking some unilateral steps now would not only start to improve Māori access to capital but it may also, in turn, improve trust and confidence of Māori businesses in the wider financial system and support the success of longerterm solutions. The suggestions that we make in paragraphs 3 to 5 below are actions which we think the RBNZ could progress now.
3. Reduction of risk weightings is integral, in Kiwibank's view, to enabling products such as Kāinga Whenua loans and non-housing backed business lending which in turn supports Māori SME access to capital. The RBNZ risk weightings favour property backed lending. We would welcome the RBNZ prioritising reviewing the risk weighting system for non-property secured business lending with a view to moving towards a scaled risk approach that considers exposure, industry and other factors.
4. The feasibility of using whenua Māori as security should be explored further.

5. The potential impact on Māori of current and future financial measures should be routinely considered. For example, introducing a DTI may disproportionately impact Māori as well as Pasifika and new migrant communities (these groups are more likely to have lower household incomes), and this would be inconsistent with aims to improve Māori access to capital.
6. Kiwibank welcome increased investment by capital providers in cultural awareness education and increased representation of Māori in leadership roles. Kiwibank has already commenced initiatives within its business to improve cultural competency and engage better with Te Ao Māori. Kiwibank has also set targets to increase representation of Māori and Pasifika kaimahi across the business. Kiwibank considers that banks should retain autonomy on how to achieve such goals.
7. Education of all Tamaraki, by ensuring that financial literacy is part of the school curriculum, is, in Kiwibank's view, an essential tool for improving the financial capability of all Kiwi, including Māori, for the longer term and should feature within the potential pathways.

## Conclusion

Kiwibank is motivated to engage with the RBNZ in this opportunity to effect real change to improve Māori access to capital and is happy to discuss the above further with the RBNZ. Please contact

Teaho Pihama,  
Head of Māori Advisory



## Improving Māori Access to Capital

September 2022



New Zealand Council Of  
Christian Social Services

Contact Name:	Nikki Hurst Hamish Jarvie
Organisation Name:	New Zealand Council of Christian Social Services (NZCCSS)
Organisation Description:	<p>The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on Improving Māori Access to Capital. NZCCSS has six foundation members: the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches. Through this membership, NZCCSS represents over 250 organisations providing a range of social support services across Aotearoa. We believe in working to achieve a just and compassionate society for all, through our commitment to our faith and Te Tiriti o Waitangi. Further details on NZCCSS can be found on our website <a href="https://nzccss.org.nz/">https://nzccss.org.nz/</a></p>

### Tirohanga Whānui | Overview

In the current economic circumstances and housing crisis in Aotearoa, as noted in the issues paper, Māori are more likely to be economically disadvantaged than tauwiwi. While this consultation is focused on Māori businesses, the issues faced by this cohort are demonstrative of the barriers faced by Māori as a disenfranchised group in our economy and society. This submission intends to build upon and tautoko the Māori

voices which exist in this space. NZCCSS welcomes the opportunity to submit on the issue of improving Māori access to capital and holds high hopes for an equitable future in our economy.

Greater access to loans for iwi/whānau owned capital development:

Research into the access to loans for group-held land development is imperative. Collectively held land loan specialists should be available at all banks.

Systemic disadvantage within the debt space must be addressed:

The debt inequity experienced by Māori/Iwi led firms is symptomatic of a financial system weighted against Māori.

### **Taunakitanga | Recommendations**

Greater access to loans for iwi/whānau owned capital development:

The primary issue which has most visibly affected Māori capital development and Iwi development in general has been access to bank loans for capital ventures. Māori communal development often does not fit within the bounds of individual notions of ownership and the definitions of a successful investment, as the intention is generally to ensure wellbeing over profits.

A further complication in the access to capital for iwi is communal ownership. [Recently a number of issues](#) have been brought to light around the access to loans for the purposes of papakāinga (communal housing). Due to the differing Western and Māori perspectives of ownership mortgages are more difficult to access for iwi intending to provide housing, as individual ownership is less prevalent. This situation is antithetical to a system already struggling to provide housing for many, especially for Māori, and puts major roadblocks in the way of those intending to provide a solution.

NZTE recognises an [adaptation](#) from iwi which have received settlements through the Waitangi Tribunal, diversifying assets and partnerships due to a lack of readily available capital. While this is testament to the adaptability of Māori enterprise, it may diminish the autonomy of Māori investments and force them to work harder/against tikanga for returns on investments.

As the banking system is inherently a for profit endeavour, it is the role of central government to ensure that Māori businesses and individuals are treated fairly and are able to access the capital necessary to thrive. Legislative and regulatory mechanisms are necessary, possibly including a requirement for specialists in this area to be available at all major banking organisations.

Systemic disadvantage within the debt and interest space must be addressed:

As the discussion document notes, debt is more difficult to access and manage for Māori/iwi firms as interest rates tend to be higher. As the Official Cash Rate has risen to combat inflation, Māori accessing loans are further disadvantaged by these higher rates. In the discussion document this is linked to the issue of access to loans, and it is stated interest rates will become more accessible and fairer in the case that access becomes more equitable. While it is logical that this may ease the gap in interest rates, it shows a perceived higher risk for lenders in Māori investments – despite evidence of strong returns for many [iwi](#) and significant provision for their members.

Both of these issues are symptomatic of an economy and banking system which inherently does not value Māori contribution, and which views investment in it as higher risk than investing in Pākeha business. This is a lingering, latent legacy of the colonial history of Aotearoa, and must be addressed not only in the business lending space but in the personal and iwi space (which often crosses over between business and charitable activities).



Tena koe

Te Taumata are the premiere voice for Maori on international trade through systematic engagement across the country over 2019-21.

Access to capital has arisen continuously as a barrier hindering Māori development enabled through international trade with essential high value markets of the world.

Te Taumata has been embedded into all international trade negotiations over 2019-2022 and responsible for representing Maori exporter interests into the newly signed FTA's with the United Kingdom and the European Union; two of the largest markets of the world.

Discussions are ongoing with other large and high value markets of the world. I commend our submission to you.

Chris Karamea Insley Tiamana

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# About Peter Rice

- Ngati Whakaue, Ngati Whaoa
- Born and raised in Putaruru, Aotearoa/New Zealand.
- LLB (Law) – University of Auckland, BBus (International Business Economics) - Queensland University of Technology, MSc (Economic Development Studies) - University of London.
- Peter is founder/director of a small boutique banking and finance advisory firm in London. He and his team provide advice and support to boards and executive management on corporate governance legal and regulatory risk for treasury operations, securities firms and asset managers issuing, investing, managing and trading in treasury funding products, investment funds, capital markets and derivatives.
- His work includes advising on the trade and development (industrial strategy policies) (see recent publications).

- In Aotearoa, Peter is an executive member of the Te Arawa Federation of Māori Authorities and a non-executive director for Te Arawa Fisheries group of companies and an advisor to Te Taumata.

## Recent Publications

- Meade, R and Rice, P. 'Identifying Māori interests in a UK/NZ FTA' Te Taumata, April 2021.
- 'Finance and Climate Change: A progressive green finance strategy for the UK', A report of the independent panel commissioned by the Shadow Chancellor of the Exchequer John McDonnell MP., Labour UK, 2 November 2019.
- Griffith-Jones, S. and Rice, P. 'Taking a National Investment Bank Forward', Progressive Economy Forum, 13 September 2019.
- Turner, G. Rice, P. et al. 'Financing Investment: Final Report' GFC Economics and Clearpoint Advisors, 20 June 2018.
- GFC Economics and Clearpoint Advisors, 'Financing Investment: Interim Report' GFC Economics and Clearpoint Advisors, 11 December 2017.

# Executive Summary

Te Taumata congratulates Te Putea Matua on its Improving Maori 'Access to Capital' issues paper (the 'Paper'). The engagement process that developed this paper was extensive and welcomed.



will spur some innovation in the finance space. It is headed under the key themes.

### Background

- Developing a financial system that is also fit for purpose for Māori – whether to make good on the Te Tiriti partnership or because it makes economic sense - will more quickly grow the economy and improve resilience benefitting all of Aotearoa.
- Issues of bias do exist for Māori seeking to access capital. Resolution, while difficult, still needs to be attempted. More specific oversight on this issue by Te Pūtea Matua may be appropriate. It remains an issue for bank boards to be more actively engaged.
- A whenua Māori lending product would in our view, release pent up demand and substantially fulfil the housing aspirations of Māori.
- A Māori development bank model through creating a new division in Kiwibank would have the potential to solve many issues raised by the Paper. We encourage the RBNZ to explore a development bank option with further engagement including with Government.

### Submission

This submission presents a summary of our responses and solutions to the key feedback issues highlighted by Te Pūtea Matua for the development of a final issues paper we hope

- A.** Our key points (in the executive summary) highlight solutions that are not difficult to implement. A lack of access to finance stifles economic and human development and reduces productivity. It directly impacts wellbeing in our communities. In the past we have solved the very issues of housing and SME financing with mass social and private housing initiatives and a development bank, the Development Finance Corporation, to spur innovation and venture capital for SMEs.
- B.** Denmark, Finland, Singapore, Sweden and Norway still use development banks to support the transformation of their economies – trade is a key factor. The Productivity Commission highlights the weaknesses of our ‘frontier’ firms against these high performing small advanced economies.\*
- C.** These issues do not occur in a vacuum. Te Taumata’s engagement with Iwi across Aotearoa on trade issues, highlights too the need for capital if Māori are to make any of the direct gains from the new UK-NZ FTA and the EU-NZ FTA. Our improved market access needs to be followed with improved capital access. For Māori, access to capital will solve housing deprivation and the need for innovation. It is a key driver for raising our national wellbeing.

\* [Productivity Commission | New Zealand firms: Reaching for the frontier](#)

Does this paper capture correctly and in full, the key challenges around Māori access to capital? If not, what could be improved or clarified?

#### The barriers

1. The Paper highlights the barriers to access finance:
  - Socio-economic disparities;
  - Use of indigenous land as collateral for finance; and
  - Bias in the financial system; (together “Barriers”).
2. Regional access to branches and relationship managers is another direct barrier impacting Māori.
3. Although the analysis undertaken in relation to interest rate differentials is useful, the conclusions drawn in the Paper that: “there is no compelling evidence across established businesses that the financial sector penalises firms just because they have Māori ownership.” cannot be made.

4. The conclusion needs to be qualified. There is a difference between a capital seeker having secured a loan and a capital seeker applying for a loan.
5. Your analysis only refers to the capital seekers that successfully have taken on a loan. It does not address capital seekers who have not got through to that stage. You are using a data subset of capital seekers to draw your conclusions. We believe there is a cohort of 'discouraged capital seekers' that needs recognition in any assessment.<sup>1</sup>
6. We can agree that, of businesses having secured debt finance, there is no compelling evidence that the financial sector charges higher rates of interest to Māori owned firms.

### Discouraged borrowers

7. The Barriers to access finance (paragraph 2), more than likely contribute to a cohort of Māori SME businesses that too are discouraged from applying for loans.
8. This 'discouragement factor' adds to the perception of declining credit demand, when the issue is one of lack of 'access to finance' Survey work should be undertaken to understand the magnitude and impact to the Māori economy. Studies undertaken in the UK shows this to me an issue for SME borrowers.<sup>2</sup>

### Bank behaviours

9. We propose to use home-lending to Māori as a proxy for the behaviours of the banking sector as it relates to Māori owned SME businesses seeking capital.
10. Results from a cohort of 200 Māori seeking home loans who met eligibility criteria but with some additional nuances showed significant dis-interest/bias by front-line banking staff in providing support.<sup>3</sup> These negative customer experiences are far too common.
11. Policies invoked by front line staff of some banks also negatively categorise Māori communities 'as 'high risk'
12. The community of Murupara is an example. A tier one bank staff member explained how Murupara was high risk because such places are majority Māori communities and in the bank's view it is 'high risk'.<sup>4</sup> We acknowledge there is a risk in collateral recovery/saleability if non-Māori are not interested in purchasing homes.
13. On the face of it there is a logic, but that does not mean its ethical. Once the logic is tested the policy shows itself to be racially biased.
14. The 'high risk' factor might mean a 40% - 50% loan to value requirement, despite the fact that there is and continues to be demand for housing in Murupara and valuations and sales indicating such demand. Such policies strongly support rental investors rather than potential homeowner.

### Impact on Māori SME lending

15. We would posit that behaviours of front line banking staff to Māori are unlikely to differ between home-lending services and business lending services.
16. Unnecessarily restricting access to home loan products has multi-generational impacts including reducing the opportunity to use one's home as security for a business loan.
17. We agree that the factors of:
  - the leverage and risk businesses face;
  - the quality of collateral provided for lending;
  - the current and expected financial performance of the firm;
  - the skills and experience of business owners and investors; and
  - the quality of information provided to lenders on the business; are key determinants of a bank's lending decisions; the question is whether bias factors are coming into play is not addressed by this Paper.

18. There are also factors that discourage supply of credit that impact regional Māori such as branch closures and the absence of local business bank managers. Lending decisions are now more likely taken through telephone banking. SME lending is always a more difficult proposition for banks.
19. The absence of an 'on the ground' relationship manager means some of the most important data points – the quality and drive of the SME owner – the business viability /competition within the local economy - are missed by lenders, who are likely to then take a more conservative lending approach.
20. The commodification of business banking services and the disconnection from business owners in the 'regions' and local economic conditions reduces access to finance for Māori.

Do the proposed pathways capture the key interventions needed to create a more equitable market for Māori in accessing capital? If not, what else could be included?

#### Kāinga Whenua loans

21. Kiwibank has not been the right vehicle for Kāinga Whenua loans. Only 70 loans have been issued in 12 years <sup>5</sup>, with passive and active discouragement of Māori seeking Kāinga Whenua loans by front office Kiwibank staff. <sup>6</sup>
22. This is a failure. It speaks to the dis-interest of executive management of Kiwibank. We think the Government has not done nearly enough to address this issue. A specific mandate by the shareholder may be required to force change at this institution.

#### Whenua Māori lending

23. We agree that the banking internal models-based approach to calculate risk-weighted asset in particular have a degree of flexibility could be better utilised in assessing whenua Māori. We do not see the RBNZ needing to make any changes to prudential regulations.

24. A whenua Māori lending product is viable. It would require 'more moving parts' in its design. It would use simple financial structuring to maintain security for the lender; ownership with Māori and opportunity for an Iwi investor fund or an ESG pension fund to take some 'equity' risk in the credit structure.
  
25. We acknowledge there will be more credit structuring issues with such a product. Its development needs support in order to role this out.
  
26. Commoditising it and making the product structure fully transparent would spur the supply side (capital providers) and prepare the demand side – for example, ahu whenua landowners etc - to take up loans and develop their whenua.
  
27. Initially a whenua Māori product may be suitable for larger ahu whenua trusts and Māori enterprises primarily with the goal of housing development. Lenders would access a new market.
  
28. An ongoing issue is whether there is sufficient interest by the banks to take on such initiatives. In all likelihood this product development will only be taken forward by Iwi or government. We encourage Te Pūtea Matua to facilitate this process.
  
29. The absence of a whenua Māori product despite high Māori housing demand speaks to market failure.

30. We accept this is not just a banking issue. This is a legal issue around Māori landownership and governance and the role of the Māori Land Courts as adjudicator and often facilitator.
31. There are higher built-in costs (time and money) in preparation of whenua Māori for the taking of loans and giving of security. For some ahu whenua entities the Māori Land Court (MLC) will be a key element in the preparation of whenua Māori: adjudicating on owners rights and re-organising the legal structures. The MLC should be appropriately funded. We do not advocate any need for the transformation to general title land.
32. Nevertheless there are many ahu whenua entities that would be willing and ready to borrow through a whenua Māori lending product.
33. New Zealand banks have for decades been at the top end of most profitable in the world. The latest KPMG FIPS report 2021 confirms again record profits for the banking sector.
34. This also perhaps speaks to a sector that is not taking sufficient risk to meet its systemic function to SMEs as a provider of credit in a market with too few competitors.

#### Data and machine learning

35. We strongly support the issues raised by Te Pūtea Matua in the design and collection of data to fill in the 'gaps'.
36. Like in the United Kingdom, 'Open Banking' presents many opportunities for more digitally agile banks to understand their customers.<sup>8</sup> Machine learning, a branch of Artificial intelligence (AI), increasingly provides an effective way to reduce credit risk and service customers needs.<sup>9</sup> Machine learning algorithms We support more research on uses of AI in banking, but very cognisant of the need for strong data privacy and ethics policies around AI use. This will require auditability of algorithms.

37. Banks will need to ensure that with the use of big data analytics they will have to appropriately cover off issues of governance and accountability, fairness, transparency and disclosures.
38. With our proposal of a Māori development bank, data surveys, collection and curation; all support building better awareness of the local economy and local businesses in the risk assessment phase.

### Capital markets

39. Building on finance capabilities within Māori SMEs is a vital step to secure bank lending and access capital markets.
40. Accessing capital markets is a more complex task for an equity or debt issuer with much higher transaction costs. Having an active secondary market for SME debt/equity is key to building such market.
41. The design of a SME listed equity/debt market with a template process and documentation to cap costs would strongly support well run and organised SMEs looking to expand their domestic and export markets.
42. Many Māori owned trusts and incorporations have low debt levels and could benefit from a funding and listing process that is more transparent to expand their business operations.

### Progressive Procurement Policy

43. The Te Kupenga Hao Pāuaua, Progressive Procurement Policy is a positive step. We hope to see my activity on this front. As of March 2022, there have been no new procurement contracts signed with Māori businesses since the policy's inception.

# Are there particular interventions that should be prioritised and by whom?

44. We support the prioritisation of Māori business development. A development bank model would be the preferred path.
45. It will be up to Māori to develop a whenua Māori lending product that could be rolled out through a development bank in the absence of tier one bank interest.
46. The Paper highlights the difficulty of supporting Māori business at a Government level. We concur that collectively the government agencies are not set up or equipped to support Māori business development.
47. An alternative is urgently required. An appropriate development bank model would meet the issues that block access to finance for whenua Māori lending.

Do you have suggestions on the right leadership, structure and resourcing needed to support the delivery of potential pathways?



### Māori development bank

48. A dedicated Māori Development Bank <sup>11</sup> - would spur growth of Māori SME businesses. It would obviate the need for second best solutions of many and various Government agencies acting as grant providers and financiers.
49. The Government already have a bank – Kiwibank – creating a mandate for a new division of Kiwibank would be a highly cost effective way to take this forward.
50. There would have to be a sufficient allocation of capital to this new division. \$250 million of additional tier 1 regulatory capital sold to private investors/pension funds would allow a Māori Development Bank to lend to up to circa \$2 billion <sup>12</sup> to SMEs and Whenua housing development projects.
51. The fundamental change would be a new mandate in addressing the long-term funding and knowledge gaps for Māori SMEs.
52. Its mission would be to provide finance, training and skills support, including grant funding, to deal with the financial capability gaps.
53. Having a Māori Development Bank as a local source of expertise in communities would have significant flow-on effects in developing the rohe including supporting the transition to low carbon, climate change resilient sustainable businesses.
  - This is premised on a development bank model with appropriate capability to finance lending at Government debt rates. It would be peopled with strong finance, business and tikanga Māori skills at the local level presence in certain designated with a Kiwibank branches. It would have a head office with that is designed as a business development bank –for example the British
  - Assuming risk weighted assets are categorised at 100% and including the RBNZ capital requirements.
55. The ability of a Māori Development Bank to carry out local data surveys and collection through time will be invaluable to development of the Māori economy.

56. A Māori Development Bank would present co-investment opportunities for local investors too. Its mere presence signals support for private and iwi investment into local and regional development. The absence means private and iwi capital sits on the side-lines.
57. With its technical skills and know-how, it would support business project viability and help de-risk private sector and iwi investment.
58. The Ngā Iwi I Te Rohe o Te Waiariki aquaculture programme<sup>13</sup> is a prime example of how a development bank could engage from grant funding and scoping of the projects to supporting the investment process and operationalising the project.
59. Dealing with multiple government agencies as is required for new and large infrastructure projects. Even with the best efforts of the bureaucracies, project viability and economic development is put at risk. The government agencies are not project finance specialists; are not as well funded as development banks.

13. <https://smartmaoriaquaculture.co.nz/> Development bank funded aquaculture - Europe



# Do you have views on the role for Te Pūtea Matua, broader government, capital providers including banks, and Māori?

Supporting access to finance

60. We commend Te Pūtea Matua for the undertaking of this work.
61. In its unique position, Te Pūtea Matua as facilitator presents invaluable opportunities for stakeholders to come together to explore and research new ideas to these on-going issues.

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**ENDORSEMENT**

62. Supporting faster growth of Māori enterprises and therefore Māori employment helps solve issues of equity and fairness.
63. We are very supportive of Te Pūtea Matua continuing to raise issues and promote broader access to finance generally and for Māori.

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ENDORSEMENT**

**A Māori development bank**

64. The Government as the new owner of Kiwibank should upgrade its mandate. Kiwibank does nothing that a standard tier one bank doesn't already do.
65. We do not need more of the same banking - we need transformational banking.
66. A mandate to improve Māori access to finance through the creation of a development banking division, would more actively contribute to faster economic growth of Māori businesses. Done right this would support productivity, a key ingredient of wealth creation.
67. It requires the Government to recognise that the absence of a development bank in Aotearoa is an anomaly for a modern economy and that there are good economic reasons why we need one in Aotearoa.
68. Aotearoa needs scale businesses. They need to have the skills to produce high value add export products. Exporting logs will not transform our economy.
69. A development bank with a long term investment horizon would support private sector businesses to invest in infrastructure needed for value add production.
70. The private sector on its own cannot fund large infrastructure investments, but a development bank and pension funds with a long term outlook – patient capital – would provide a base for private sector and iwi co-investment.

# Does this paper capture correctly and in full the key challenges around Māori access to capital?

If not, what could be improved or clarified?

## Bias

71. Te Pūtea Matua and the Government still need to seek ways of identifying bias through appropriate surveys.
72. There is clearly a lack of understanding and oversight by bank executives of what happens on the 'shop floor'.
73. There is in our view insufficient understanding of how standard policies can create bias by not taking into account Māori societal values, with a desire for banks to use a 'cookie cutter' approach to bank lending.

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- 74. Recruiting more Māori bank staff to support Māori customers would be a good step to overcome the continuing cultural bias within banks.
- 75. Racial bias needs to become a governance issue that capital providers are actively measured on by Te Pūtea Matua.

Māori business and finance skills

- 76. Improving business and finance skills in Māori enterprise is critical. More work is needed by our Māori Trusts and incorporations to empower Māori business graduates to take on manager and leaderships roles in Māori business.
- 77. More structured training is need to develop Māori graduates in new business roles, which should be supported by Māori enterprises and relevant Government agencies to raise the pool of skills in Aotearoa.

4Pou

- 78. The alignment of business and 4 Pou principles<sup>14</sup> already sets up many Māori enterprises to be ESG ready. A Māori development bank could work on actualising 4 Pou into metrics to promote the sustainability and ESG characteristics of the business and its products for export to sophisticated consumer markets.

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79. Financing for such innovations will be required to allow Māori enterprises to combine best business practices and 4 Pou principles to secure higher value add markets.

14. 4 Pou means:

Te pou tuatahi, ko te pou tangata - The

importance of growing our people Te pou

tuarua, ko te pou Taiao – Taking care of our

land, our rivers and our moana Pou Tikanga –

Is embedding our culture into everything we

do.

Pou Tahua – Is maximising returns to our shareholders and providing the highest quality products