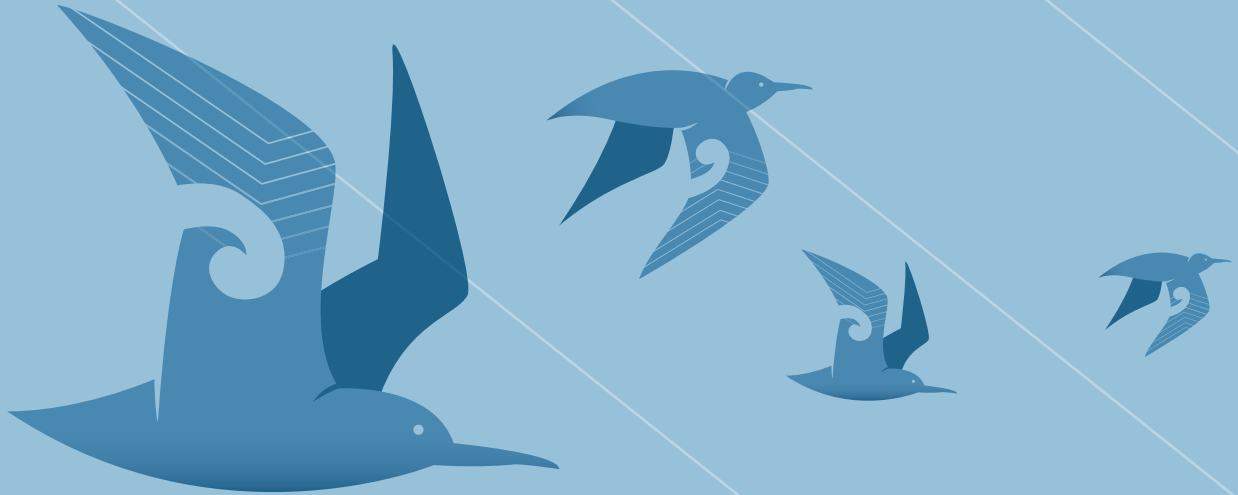


Strategy to 2040

*Māori Economic
Development Panel
November 2012*



He kai kei aku ringa

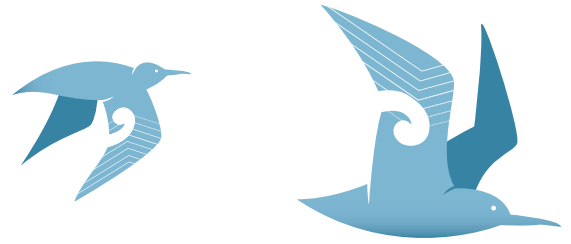
The Crown-Māori Economic Growth Partnership



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



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



Strategy to 2040

Māori Economic Development Panel
November 2012

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Foreword From Chair Ngāhiwi Tomoana

He kai kei aku ringa is an expression that was heard so often in our parents' generation when times were tough. They had endured two world wars, a Depression, massive land loss, and in their twilight years the devastation on Māori communities by government policies inimical to Māori development. They would say that despite the adversity, we still had the ability to gather and grow our own kai with our own hands. This was the metaphor for our resilience as a people. We may have been powerless but never hopeless; on the back foot but never backward. Strong whānau fought back the tides of despair to make vibrant hapū, muscular iwi and Māori co-operatives.

He kai kei aku ringa can also describe the intrepid migration of the ancient sailors who criss-crossed the Pacific, searching for new opportunities in trade and discovering new products.

Having traded and trafficked through every island and atoll, this practice or tikanga was continued here in Aotearoa amongst iwi and hapū, moving north, south, east and west with regularity. When Pākehā first arrived, trade and barter were at the forefront of all discussions. Fresh water, fish, flax, timber and foods were exchanged for fabric, tools, equipment and guns. These became the new trade dynamic.

The swamping of the Māori population by subsequent migrations, however, turned the Māori trading nation into a dependent one, struggling to retain land, language and the love of the cultural values intrinsic to us as a people. As a result we have spent the last 100 years or so in survival mode with concepts of mana motuhake and financial freedom at the fore but always at a distance.

The time has come. Maximising economic opportunities is especially important given the challenges faced by New Zealand in the current global economic climate. Māori have taken a foothold in the national economy with strong co-operatives and iwi entities, and can take the front foot in instigating the economic turnaround in all trade and commercial fields at home and abroad. So despite the huge negatives around Māori household incomes, unemployment levels and educational outcomes, *He kai kei aku ringa* predicts and prescribes that given the same tools and equality of support by government across the educational and economic sectors, including access to natural resources, then the New Zealand economy will surge to greater productive and financial outcomes, which will endure over future generations.

The foundation for this to occur is to recognise whānau-driven

achievement in education and enterprise by whānau working more intimately with or taking over these institutions to produce high-quality graduates from secondary and tertiary systems for inter-generational sustainability. By normalising economic talk and practice in whānau and hapū and iwi occasions alongside all our other tikanga and kawa to produce greater outcomes from our natural asset and resource base including land, water and minerals. By the use of language and culture in providing a unique value proposition for all New Zealand products and engaging the wider Māori Inc to provide greater texture and pattern to the New Zealand economy.

The Māori Economic Development Panel has not so much produced a Strategy and Action Plan for Māori economic development as a needle to activate the resilience of Māori and to catalyse accelerated change in all government sectors for the posterity of all New Zealanders.

Ngāhiwi Tomoana
Māori Economic Development
Panel Chair

Foreword From Deputy Chair **Greg Whittred**

The Panel's report provides a vision for a productive, innovative, internationally connected and export-oriented Māori economy. In this respect it is broadly consistent with the Government's recently released Business Growth Agenda. However, we did not start our journey from the same point. We started by exploring what the "Māori economy" looked like and what it would need to do to deliver economic uplift to Māori households and families, believing that this was a pre-requisite to any form of social uplift. That we ended up in the same place is perhaps not entirely surprising – but there is an important caveat. The report makes clear that economic uplift of the scale required to deliver the economic prosperity and quality of life we seek for all New Zealanders cannot occur without the full participation and engagement of Māori.

Part of this engagement is Treaty settlements which have resulted in assets of strategic significance to the nation being placed under Māori ownership and/or management. However, in economic terms this is not really the main game. The BERL report makes clear that Māori collectively-owned assets are but a small portion of the Māori (and indeed the New Zealand) economy. The asset base of Māori self-employed and employer groups is estimated to be much larger. Working the existing Māori economy harder, smarter, and faster will help – and many of the Panel's recommendations focus on building individual human capital along the education/training value chain with this in mind. In a sense this can be thought of as "supply-side" push. It is essential that there also be some "demand-side" pull; that there be Māori (and other organisations) creating wealth,

opportunity and demand for more highly skilled and upwardly mobile young Māori. Accordingly there are also recommendations concerned with enhancing and further developing the entrepreneurial, managerial and governance capabilities of Māori.

Engagement matters. So too does how it occurs. The Panel has adopted a "whānau-centric" approach. In the language of economics this can be seen as a small but a subtle shift in the unit of analysis from individual economic actors to "households"; but to Māori it is quite profound and it has potentially significant implications for how economic policy and related interventions are developed and executed and, ultimately, the effectiveness thereof.

For too long thinking about Māori and the Māori economy has been shaped by a deficit lens. The demographics that confront the nation – elsewhere described as its "ageing" and its "browning" – compel us to adopt an opportunity lens. Grasping the opportunity will require new and innovative collaborative models involving individual Māori, iwi, Government, business and the community. One of the most pleasing aspects of our kōrero and hui over the last nine months was the evident awareness of participants – Māori, Pākehā and Asian alike – of this imperative and their willingness to embrace the challenges it will no doubt create.



Professor Greg Whittred
Māori Economic Development
Panel Deputy Chair

MEMBERS OF THE MĀORI ECONOMIC DEVELOPMENT PANEL

Ngāhiwi Tomoana (Chair)
Greg Whittred (Deputy Chair)
Bevan Graham
Debbie Packer
Graham Stuart
Gina Rangi
Glen Tupuhi
June McCabe
Mark Solomon

He kai kei aku ringa:

The Crown-Māori economic growth partnership

Growing a more productive, innovative and internationally connected Māori economic sector will deliver prosperity to Māori, and resilience and growth to the national economy. This will be achieved by lifting per capita income and improving export performance, which will lift the Māori contribution to the New Zealand economy and improve quality of life for Māori and all New Zealanders.

He kai kei aku ringa

A VISION FOR MĀORI ECONOMIC DEVELOPMENT

Our vision for Māori economic development is he kai kei aku ringa – literally, to provide the food you need with your own hands – whereby whānau, hapū, iwi and enterprises are actively seeking opportunities to sustainably develop their own resources (human and natural) to improve Māori economic performance.

He kai kei aku ringa is possible when:

- Māori experience a transformational change in economic performance;
- Māori experience a transformational change in socio-economic outcomes;
- New Zealand experiences a transformational change in national economic direction.

Six goals

TO ACHIEVE HE KAI KEI AKU RINGA

- 1 Greater educational participation and performance
- 2 Skilled and successful workforce
- 3 Increased financial literacy and savings
- 4 Government, in partnership with Māori, enables growth
- 5 Active discussions about development of natural resources
- 6 Māori Inc as a driver of economic growth

Strengthening foundations

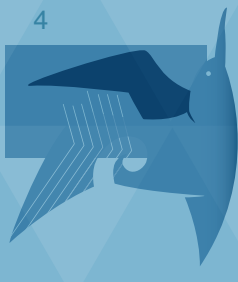
A NEW APPROACH TO ECONOMIC GROWTH

Our vision requires a different approach to economic development strategies of recent years. Māori economic growth requires an approach that is specifically tailored to Māori – an approach that enables and supports Māori to participate as equal partners in New Zealand's economic development. There are two key aspects to this new approach.

A WHĀNAU-CENTRIC APPROACH

recognises whānau as the foundation of the Māori economy and culture. This philosophy sees whānau taking the lead in decisions that affect their lives, and in delivering services, with the support of the community and Government.

MĀORI INC is a concept that brings together the actors who comprise the Māori contribution to the economy and influences the way they conduct themselves. It is the glue that sees these actors working together for true economic prosperity. Importantly, Māori Inc sees Māori not as passengers, but drivers of economic growth.



An enduring strategy and an evolving action plan

Taking action

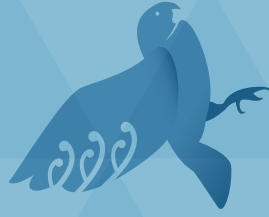
2012-2017

We have set specific and practical recommendations under each of our six goals. Some of our actions are bold and require transformational action. Others represent continuous improvement to existing activities. Our Action Plan is designed to be refreshed every five years, to reflect the progress we have made towards he kai kei aku ringa

Three transformational changes

OUR BOLDEST ACTIONS COVER EDUCATION, NATURAL RESOURCES AND MĀORI WORKING TOGETHER TO DRIVE GROWTH.

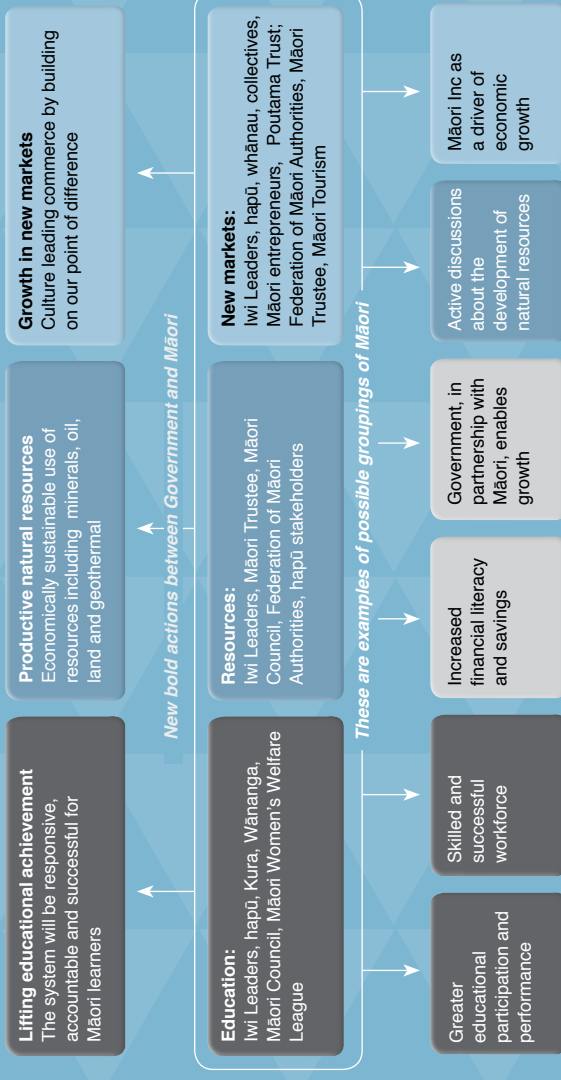
1. Government and Māori work together to consider new models of compulsory schooling that better meet Māori needs.
2. Government and Māori accelerate discussions on the development of natural resources.
3. Build relationships and manage logistics in export markets, particularly China.



Summary

- Action Plan 2012-2017
- Strategy to 2040

Crown-Māori Economic Growth Partnership Summary



Under each of our six goals are recommendations for continuous improvement of the existing system

Roles and responsibilities

WHĀNAU contribute labour, ideas and capital (savings) to the economy.

MĀORI INC can lead economic growth. Enterprises are the vehicle through which ideas, skill and capital are applied to achieve Māori economic growth. Iwi and collectives bring mana, co-ordination and political influence to ensure greater access to decision making and economic opportunities. Māori entrepreneurs create opportunities in domestic and global markets through innovation and ideas.

PRIVATE SECTOR is the engine for generating economic growth, and relies on the contribution of individuals and whānau.

GOVERNMENT influences and contributes to economic growth by creating a business environment conducive to a productive and globally competitive economy. Government is also able to support socio-economic achievements by providing equity of opportunity, as well as state services such as education and healthcare.





He kai kei aku ringa: A vision for Māori economic development

Growing a more productive, innovative and internationally connected Māori economic sector will deliver prosperity to Māori, and resilience and growth to the national economy. This will be achieved by lifting per capita income and improving export performance, which will lift the Māori contribution to the New Zealand economy and improve quality of life for Māori and all New Zealanders.

Our vision for Māori economic development is he kai kei aku ringa, where whānau, hapū, iwi and enterprises are actively seeking opportunities to sustainably develop their own resources (human and natural) to improve Māori economic performance. We see whānau and Māori Inc being empowered to create economic growth, enabled by Government.

He kai kei aku ringa is possible when:

- Māori experience a transformational change in economic performance;
- Māori experience a transformational change in socio-economic outcomes; and
- New Zealand experiences a transformational change in national economic direction.

HE KAI KEI AKU RINGA

Literally, to provide the food you need with your own hands – or in today's world, to be responsible for the resources and capability you need to grow and develop.

SIX GOALS TO ACHIEVE HE KAI KEI AKU RINGA

We have set six goals for lifting the Māori contribution to the economy to 2040.

- 1 Greater educational participation and performance
- 2 Skilled and successful workforce
- 3 Increased financial literacy and savings
- 4 Government, in partnership with Māori, enables growth
- 5 Active discussions about development of natural resources
- 6 Māori Inc as a driver of economic growth

Underneath each goal we have made a series of specific and practical recommendations for whānau, Māori, the private sector and Government. Some recommendations represent continuous improvement of existing activities – refining and reorienting settings to better deliver for Māori. Others are bolder – requiring significant change, but with the potential to completely alter the Māori economic development landscape. Our boldest actions cover education, natural resources and Māori working together to drive growth:

- Government and Māori work together to consider new models of compulsory schooling that better meet Māori needs.
- Government and Māori accelerate discussions on the development of natural resources.
- Build relationships and manage logistics in export markets, particularly China.



HOW WILL WE KNOW IF WE'VE MADE A DIFFERENCE?

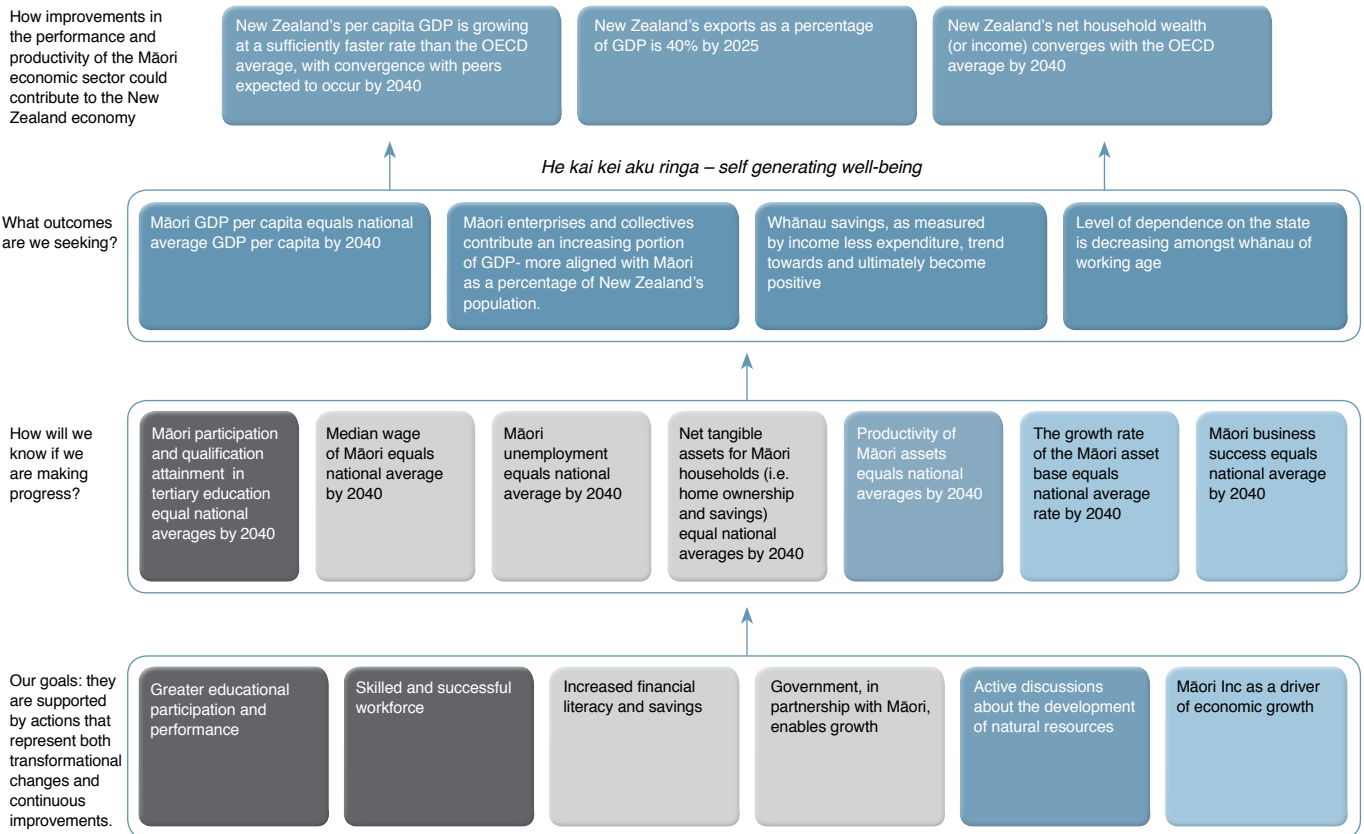
Our Strategy and recommendations are designed to deliver measurable and tangible outcomes for Māori and New Zealand. We have a portfolio of measures to track progress towards our goals (shown in the diagram below). The key areas we are looking to influence are:

- participation and skills – in education, the workforce and finance;

- connectivity – among Māori and between Māori and others; and
- new opportunities – in markets, resource use and ideas.

Achieving he kai kei aku ringa will see a higher-performing and more productive Māori contribution to the New Zealand economy. It will mean more prosperity for whānau and will contribute to a more competitive, dynamic New Zealand economy.

HOW WILL THE PANEL KNOW IF IT HAS MADE A DIFFERENCE?



Strengthening foundations

In order to achieve economic growth we need the right skills and education, effective institutions, access to resources and capital, and the ability to innovate. We expand on each of these in the attached Action Plan. These things are necessary, but not sufficient for the kind of economic shift we are looking for.

We have taken a new approach to achieving Māori economic development. We believe that achieving our vision requires a fresh approach to working with Māori – an approach that supports and enables Māori to participate as equal partners in New Zealand's economic development.

Where typical economic conversations consider individual motivations, we think a whānau-centric philosophy will best achieve lasting and meaningful change. While Māori are not homogenous we believe that whānau is an appropriate unit of analysis for Māori, and strengthening whānau is a critical pre-requisite for delivering economic change.

Through our unique approach to commerce – that is, Māori Inc – we can lead and stimulate growth nationally and in the global economy.

ECONOMIC SUCCESS FOR MĀORI IS ECONOMIC SUCCESS FOR ALL NEW ZEALAND

Growth in the economic contribution of Māori will contribute to the prosperity of Māori, and to a dynamic and internationally competitive New Zealand economy, by lifting per capita income and improving export performance.

A FOCUS ON WHĀNAU

In discussions around Māori economic development, the traditional focus has been on interacting with individuals or, as has been the case for many Māori, with iwi regarding Treaty settlements.

The Panel believes this approach is too narrow. Whānau are the driving force behind the Māori economy as they are the building blocks of

any iwi, they control incorporations and trusts, and they participate in the workforce and own enterprises. There is potential to further lift their participation and contribution. However, doing this will require Government and Māori to reframe economic initiatives so that whānau are the unit of interaction. This is particularly important in the education and skills sector so that Māori can participate on an equal footing in the labour force, be self-employed, or create further enterprises which employ staff.

A whānau-centric approach sees whānau taking the lead in decisions that affect their lives, and in delivering services with the support of the community

We offer some examples of what a whānau-centric approach could mean in practical terms below.

In an education setting this may involve strengthening whānau participation in mainstream education by supporting individual students' achievement and career planning, as well as in areas such as promoting a Māori world-view of knowledge, the curriculum and the overall approach to teaching. It could also mean implementing programmes to engage wider whānau in classroom learning, underpinned by kaupapa, tikanga and reo Māori.

In an economic context, employment-related policy is one area where looking at interactive effects within a whānau is particularly important. Instead of simply looking to move individuals into employment, enduring results can be better achieved where factors such as childcare and early childhood education needs are taken into account, and where the need for incomes to more than offset other costs associated with working (transport, childcare, etc) is acknowledged.

Tai Wānanga

Tai Wānanga is an example of a different model of secondary learning grounded in Te Ao Māori and a whānau-centric philosophy. Each learner is provided with an individually tailored learning plan and whānau and mentors are welcome in the classroom at any time, without the need for a formal appointment. Whānau are particularly encouraged to work with the school to support students' learning and career path aspirations. Two sites have been established and are now operational – TŪ TOA-Tai Wānanga at Massey University, and Tai Wānanga Ruakura in Hamilton. Tai Wānanga's overarching long-term goal is to transform families and our future generations into healthy and confident leaders and achievers.

MĀORI INC: PART OF NEW ZEALAND'S GLOBAL SUCCESS

There is an emerging awareness within Te Ao Māori of the importance of economic development. More and more, Māori are expressing their aspirations in economic terms. Māori economic development has often been thought of as being driven by iwi, when in reality it involves a much wider array of organisations, enterprises and people.

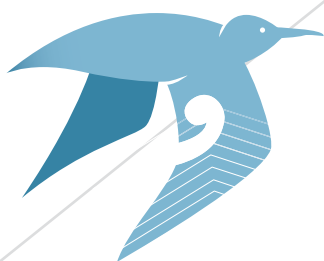
Māori Inc is a unifying concept that brings together the actors who comprise the Māori contribution to the economy: this can include trusts and incorporations, small to medium enterprises, iwi and collectives, self-employed Māori and other key influencers.

Māori Inc is also a concept that recognises the unique Māori features of these actors, such as:

- the unique advantage offered by brand Māori;
- an intergenerational focus on the collective good and longevity; and
- the multiple bottom-line approach.

Māori Inc is an organising framework that refers to the parties under its umbrella as well as the behaviour of those parties. In essence, it is the glue that will hold these actors together to achieve economic growth at a strategic as well as transactional level. Māori Inc is an aspiration that sees all Māori working together for true economic prosperity – as a valued and productive part of a dynamic and internationally competitive NZ Inc. As the concept develops and becomes operational, it will come to represent the Māori 'shop window' to the rest of the world.

Importantly, a well-functioning Māori Inc involves Māori not as passengers, but drivers of wider economic growth.



Roles and responsibilities

We believe that the actions of Māori (whānau as well as Māori Inc) will most fundamentally shape Māori economic well-being. However, the private sector and Government will also play an important role.

These roles are not discrete. Robust economic growth will rely on the inter-relationships between these contributors. Together, they form an interconnected whāriki, in which the success of one actor will contribute to the success of the others, delivering benefits to the entire economy.

WHĀNAU: *Participating in the workforce*

Whānau contribute labour, ideas and savings (capital) to the economy. To achieve their full potential, whānau need to have the skills, capabilities, information and opportunities to participate in higher-value employment and commerce, thereby increasing household income, savings and asset accumulation, and levels of self-determination.

A key message from our stakeholders was that there must be an improvement in Māori participation in, and contribution to, the New Zealand economy; that action is needed to realise Māori potential – and that Māori should be encouraged to actively develop their own capacity.

Our Action Plan sees whānau seizing opportunities for education, up-skilling and employment, and making informed decisions about their whānau income and assets.

MĀORI INC: *Leading growth*

Māori Inc describes both the collection of parties involved and Māori values creating a point of difference in commerce. Given New Zealand lacks scale in global markets, Māori working together and with other parties to create scale and scope, in a Māori way, is what Māori Inc is about.

Māori enterprises are the vehicle through which ideas, skill and capital are applied to achieve Māori economic growth. For a successful Māori economic sector, enterprises need people with the right technical and business skills in order to innovate, maintain competitiveness and attract new capital.

Iwi and collectives bring mana, co-ordination and political influence to ensure greater access to decision making and economic opportunities. They also hold a significant asset base.

A CHANGE IN CONVERSATION

We noticed a real change in conversation among Māori and other stakeholders – we found less focus on social services and interventions than in previous kōrero, and instead, a stronger spotlight on and interest in economic opportunities.

The Panel was inspired by the enthusiasm of Māori towards making the most of economic opportunities and contributing to their own economic development.

Māori Inc has a large role to play in Māori economic development. Primarily, its role will be coming together to collaborate and partner where scale is necessary, and/or where skills can be pooled in mutually beneficial ways. As the concept develops, parties within Māori Inc will be able to work with Government and the private sector to make the most of the Māori value proposition and to grow exports of Māori enterprises.

Māori Inc is also about working with each other – for example, we suggest iwi and collectives consider how they can best share their knowledge and experience for the benefit of others.

Iwi leaders will have a specific role in working with the Government and other parties as partners, to consider the best models of education, pastoral care services, skills needs, financial literacy services and service delivery models for their hapū and whānau.

Our Action Plan also sees iwi leaders and Māori Inc engaging with Government (and subsequently other parties, both domestic and international) to discuss sustainable economic development and possible co-investment projects.

PRIVATE SECTOR: *Increased connectivity*

The private sector is the engine for generating economic growth, and relies on the contribution of individuals and whānau.

Better engagement between Māori Inc and the wider New Zealand private sector is important for growth in the Māori contribution to the economy. Increased connection, commerce and joint ventures promise significant gains from trade, and will continue to improve understanding of respective ambitions, opportunities, challenges and value propositions.

Our Action Plan includes a role for the private sector in building industry workplace training, and in up-skilling existing staff to enable them to progress to higher employment and higher incomes, for the benefit of both employers and employees.

We also think enhanced engagement between private sector industry groups and Māori enterprises could lead to more partnerships and joint ventures, creating jobs and growth.

GOVERNMENT: *More than getting the settings right*

Government influences and contributes to economic growth by creating a business environment conducive to a productive and globally competitive economy. In this respect, our Action Plan outlines how Government could adjust particular policy and legislative settings to maximise the potential for economic growth.

In addition to setting market conditions, the Government's role should also be that of an enabler, stimulating growth in Māori enterprise in a way that benefits the New Zealand economy. Government could improve capability, innovation and co-ordination between sectors such as education and the labour market, capital market investment and international exports, in order to strengthen the attractiveness for those starting and growing businesses in New Zealand. Such a role is not inconsistent with the Government's Business Growth Agenda. We think Government has a significant role in facilitating growth in this respect – for example, by:

- linking Māori enterprises to the innovation system;
- supporting Māori enterprises in accessing export markets; and
- ensuring Māori cultural distinctiveness is a key part of New Zealand's brand 'story'.

The Government is also able to support Māori socio-economic achievements by providing equity of opportunity, as well as through provision of state services such as education, health care, housing and welfare services. We think this role for Government is particularly important for Māori economic development, and we make recommendations with regard to the delivery of education and other social services.

The Government also has a role as a Treaty partner and, as mentioned above, we believe that Government and Māori need to work together to consider sustainable economic development.

Economic snapshot

The Māori contribution to the economy comprises all individuals, households, businesses and collectives that self-identify as Māori. This includes Māori entrepreneurs active in individually owned businesses, as well as the contribution of Māori employees' earned incomes.

There is a distinct lack of official statistics relating to the Māori contribution to the economy. The most comprehensive profile of the Māori economy was commissioned by the Māori Economic Taskforce and produced by BERL in 2011.¹ BERL's report will influence the development of consistent and robust official data in future.

THE MĀORI CONTRIBUTION TO THE ECONOMY OFFERS HUGE POTENTIAL

It is hard to imagine a future prosperous New Zealand economy that does not include a productive and dynamic contribution from Māori. The Māori contribution to the economy offers three key areas of potential: workforce, productivity and assets.

MĀORI POPULATION INFORMATION

YOUNG POPULATION

Māori median age is 23.1, compared to 36.9 in the total NZ population^a

GROWING POPULATION

Māori population predicted to grow by 20% 2011-2026^b

LIFE EXPECTANCY

Māori life expectancy at birth lower than non-Māori by 8 years in 2005-07^c

POTENTIAL OF THE MĀORI CONTRIBUTION TO THE ECONOMY

WORKFORCE

EDUCATION OUTCOMES

52% of Māori leave school without NCEA Level 2^d

PARTICIPATION IN THE WORKFORCE

There are 298,400 Māori in the labour force, but unemployment is at 13.9%^e

GROWTH IN SKILLS

Māori employed in highly skilled and skilled occupations grew 29% 2003-2008^f

PRODUCTIVITY

PRODUCTION & GDP

Māori enterprises estimated to have generated \$10.3b in value added in New Zealand in 2010^g

GDP POTENTIAL

Estimates by BERL suggest that if Māori economic productivity matched the national average, the Māori GDP contribution to the economy could be \$2.6 billion higher than 'business as usual' in 2040^g

ASSETS

DIVERSE ASSETS

Resource-based assets include land, forestry, fisheries, energy resources

CULTURAL VALUES

The Māori way of doing business provides a unique point of difference. This offers benefit in domestic and global markets

ASSET POTENTIAL

Opportunity to improve productivity of assets. For example, a MAF study estimated up to 40% of Māori land may be under-utilised^d

¹ BERL (2011). *The Asset Base, Income, Expenditure and GDP of the 2010 Māori Economy*. Wellington, New Zealand.

^a Māori median age: Statistics New Zealand. Māori Population Estimates: at 30 June 1991-2011. Wellington, New Zealand. NZ median age: Statistics New Zealand. National Population Estimates: March 2012 Quarter. Wellington, New Zealand.

^b Statistics New Zealand (2008). National Ethnic Population Projections: 2006 (base)-2026. Wellington, New Zealand.

^c Statistics New Zealand. New Zealand Life Tables 2005-2007. Wellington, New Zealand.

^d 52% of 2010 Māori school leavers left with qualifications below NCEA Level 2. Data provided by Ministry of Education.

^e BERL (2011). *The Asset Base, Income, Expenditure and GDP of the 2010 Māori Economy*. Wellington, New Zealand.

^f Statistics New Zealand (2012). Household Labour Force Survey: March 2012 quarter. Wellington, New Zealand.

^g Information provided by BERL (2012).

^h Te Puni Kōkiri (2009). *Moni Utunga Māori: Māori earnings*. Information Sheet for Māori Economic Summit. Wellington, New Zealand.

ⁱ Ministry of Agriculture and Fisheries (2011). *Māori Agribusiness in New Zealand: A study of the Māori freehold land resource*. Wellington, New Zealand. The MAF report on Māori agribusiness in New Zealand provides a summary of the current state of Māori freehold land in New Zealand. The report is structured around a framework which was developed through the course of the study. The framework groups land ownership entities into three tiers: 1) well-developed businesses; 2) under-performing entities; and 3) under-utilised lands. The research was conducted through a series of meetings and interviews with relevant individuals and organisations. The proportion of land falling within each of the three tiers was reached by consensus following discussions with interviewees (refer page iv of *Māori Agribusiness in New Zealand: A study of the Māori freehold land resource*).

MĀORI ECONOMIC GROWTH CAN HELP THE NEW ZEALAND ECONOMY BE MORE COMPETITIVE

The income gap between New Zealand and richer OECD countries is reasonably large.² Closing it will require a number of years of performance consistently above the OECD mean.

Achieving this kind of performance will require the efforts of our entire economy. The Māori contribution to the economy can lead the way in lifting performance and productivity.

ADDRESSING SOCIO-ECONOMIC OUTCOMES WILL BE CRITICAL

Māori continue to experience lower socio-economic outcomes than non-Māori. This is a cost to the community, and to the economy, both today and in the future. We think addressing these disparities is a fundamental part of creating Māori economic growth. We have highlighted some key examples below.

Education outcomes

There is a well established link between education outcomes and employment, higher employment and, ultimately, higher incomes. Māori are over-represented in the

'long tail' of education outcomes, and this is impacting on their economic prosperity.

52% of Māori leave school without NCEA Level 2.³ Even worse, a larger proportion of Māori youth are not in employment, education or training when compared with other ethnic groups. This represents 22.2% of rangatahi Māori.⁴ Achievement at compulsory schooling level is critical for future further education and employment outcomes. We cannot expect to lift the Māori contribution to the economy without addressing these issues. Therefore we have focussed on this area in our Action Plan.

Unemployment

The Māori unemployment rate is currently 13.9% – more than double the general New Zealand unemployment rate.⁵ In whole numbers, if Māori had the same unemployment rate as non-Māori, there would be approximately 20,000 more Māori working right now.⁶



52%

Proportion of Māori who leave school without NCEA Level 2

20,000

Number of extra Māori working if Māori employment rate matched that of non-Māori

² Ministry of Economic Development, Treasury and Statistics New Zealand (2011). 2011 Economic Development Indicators. Wellington, New Zealand.

³ 52% of 2010 Māori school leavers left with qualifications below NCEA Level 2. Data provided by Ministry of Education.

⁴ Statistics New Zealand (2012). Youth not in employment, education or training: September 2011 quarter. Wellington, New Zealand.

⁵ Statistics New Zealand (2012). Household Labour Force Survey: March 2012 quarter. Wellington, New Zealand.

⁶ There are 298,400 people in the total Māori labour force. Of those, 41,600 are unemployed (13.9%). If the general unemployment rate (6.7%) is applied to the total Māori labour force, only 19,993 would be unemployed – a difference of 21,607. Data from Statistics New Zealand (2012). Household Labour Force Survey: March 2012 quarter. Wellington, New Zealand.

Employment and skills

Māori are over-represented in the occupations, industries and regions that are more vulnerable to recessions. The volatile construction and primary industry-based export industries hire many low-skilled Māori.⁷

Savings and wealth

Māori whānau have lower rates of home ownership and net worth than non-Māori households.⁸ A 2009 survey also indicated that Māori as a group have lower levels of financial literacy than other groups.⁹

LIFTING THE CONTRIBUTION OF MĀORI ENTERPRISES WILL BE CRITICAL

Māori collectives and enterprises will have a key role in lifting the Māori contribution to the economy, as vehicles to generate sustainable growth and leverage key Māori points of difference. They are a critical channel for increasing productivity through effective utilisation of Māori assets and people, often in ways that are consistent with Māori values and approaches. Investment in Māori enterprises, SMEs and self-employed Māori will be critical to generating the economic growth we are looking for.¹⁰

DOING NOTHING IS NOT AN OPTION

BERL's research included modelling various scenarios to demonstrate potential benefits (or costs) to the Māori economy, as well as to the wider New Zealand economy. As part of this, BERL modelled 'doing nothing'. This sees a 'running down' or devaluing of the Māori asset base of around \$0.6 billion by 2040. Looking out further, BERL's modelling indicates that in total, improved economic performance by Māori could lead to an additional \$25 billion in national GDP by 2061.¹¹

Furthermore, we know that the Māori population is young and growing. It is critical that we invest in education and skills development now, to enable our next generation to achieve its full potential. Improving socio-economic outcomes for Māori will be vital to reducing our unemployment rate and lifting the Māori contribution to the economy in the long term.

7 Department of Labour (2009). Identifying the Resilience of the New Zealand Workforce in a Recession. Wellington, New Zealand.

8 Home ownership data from 2006 Census, sourced from Statistics New Zealand. Net worth data from Retirement Commission and Statistics New Zealand (2001). The Net Worth of New Zealanders: their assets and debts. Wellington, New Zealand.

9 Colmar Brunton (2009). 2009 Financial Knowledge Survey. Commissioned by the Retirement Commission with support from ANZ. New Zealand.

10 In its study of the 2010 Māori asset base, BERL estimated that over half of the asset base was attributable to the enterprises of 5,690 Māori enterprises. BERL (2011). The Asset Base, Income, Expenditure and GDP of the 2010 Māori Economy. Wellington, New Zealand.

11 BERL (2011). The Māori Economy, Science and Innovation. Wellington, New Zealand.

Putting this into action

AN ENDURING STRATEGY

This Strategy to 2040 sets out our vision and goals for Māori economic development, our approach to achieving these goals, and our key conclusions about the Māori contribution to the economy, which have shaped our priorities for action and recommendations.

We are setting a new philosophy and course for Māori economic development, and we expect this new approach to last for a generation.

AN EVOLVING ACTION PLAN

Our Action Plan, on the other hand, is designed to be refreshed every five years, to reflect the progress we have made towards he kai kei aku ringa.

Our recommendations set out practical steps to starting the inter-generational change set out in the Strategy. The Action Plan will need to be flexible and adapt with changing times and needs. It is fitting that Government has a major role to play, at least initially, but ultimately there is an opportunity for whānau and Māori Inc to lead their own economic development.

Our recommendations should not be viewed in isolation – they are a package of interconnected and reinforcing changes. Our approach to Māori economic growth centres on interconnectedness – improvements in attendance, engagement and achievement in education are critical to growing a skilled and successful workforce that will grow our economy. The contribution of a skilled workforce from our whānau is essential for economic growth and increased GDP per capita. This economic growth will then lead to improved quality of life for our whānau and mokopuna.

Our actions also need to be viewed as cutting across all sectors. New Zealanders will only enjoy these improved economic opportunities if the economy has the infrastructure, resources, skills and innovation systems to competitively produce the people, ideas and products the world wants.

Referring back to the six goals and three key areas we are seeking to influence, the table below refers to the specific five-year recommendations in the accompanying Action Plan.

	Dimensions	Reference to Action Plan Recommendations
Skills and participation	Education, workforce, financial literacy, management capability, governance	Recommendations 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 14, 22
Connectivity	Partnerships, joint ventures, science and innovation, Crown-Māori relations	Recommendations 12, 15, 20, 21, 22, 24, 25
New opportunities	Performance, overseas markets, resource use and development	Recommendations 16, 17, 18, 19, 20, 21, 23, 25

IMPLEMENTATION AND MONITORING

While our recommendations are linked to specific agents, we think ongoing stewardship of the implementation of our Strategy and Action Plan is required.

We recommend the establishment of a Māori Economic Development Board, made up of external stakeholders, to independently monitor and evaluate the implementation of our Strategy and Action Plan.

We recommend this Board be administered through the Ministry of Business, Innovation and Employment (MBIE), so it is able to work both with MBIE and across the economic sector. Te Puni Kōkiri will also have a role as the government's principal advisor on Government-Māori relationships, and as the agency responsible for advising on policy affecting Māori wellbeing.

The Board will have a direct reporting line to the Minister of Economic Development and the Minister of Māori Affairs, and will provide regular reports to Ministers and stakeholders.





