

**OUR LAND
AND WATER**

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REPORT ONE

THE DEVELOPMENT OF AN INDICATOR FRAMEWORK TO MEASURE ENABLERS AND CONSTRAINTS ON MĀORI AGRIBUSINESS

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Whakapapa māi Te Po. ara i te tīma-
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Introduction

As part of the Our Land and Water National Science Challenge Programme, the project Toitu te Whenua, Toitu te Koira, Toitu te Tikanga – Whenua, Life, Values (from here on WLV) – is focused on creating a decision-making tool for Māori trust and incorporation farms that will allow them to overcome, avoid, mitigate or ameliorate the constraints and take advantage, amplify or target the opportunities in their sector and their situation. WLV has mapped the specific constraints and enablers Māori agribusinesses face, producing a set of indicators to measure these restraints and opportunities which will then be used to develop the tool for Māori agribusiness.

To produce the indicators and develop the tool the project first conducted a literature review. This delivered an overarching outline of the Māori agribusiness sector from which four pillars and five domains were determined. These pillars – the dominant Māori values that shape and constrain Māori farming – and domains – the most important yet conflicted areas that determine the success or failure of an operation – were then used to develop a set of interview questions. A Māori agribusiness expert then conducted 15 key informant interviews with a representative range of Māori agribusiness leaders. Following the key-informant interviews the central pillars and domains were further refined to accurately reflect the current state and operations of Māori agribusiness, and how the businesses relate to one another. A survey is currently being conducted to provide further insight into the pillars from the interviews. Using the results from the above analysis an indicator suite that directly relates to Māori agribusiness goals and operations was developed. Finally, an online application will be developed that will allow Māori agribusinesses to create infographics demonstrating the tensions and synergies between various agribusiness pressures, drivers, and opportunities. This infographic tool will be used to guide strategic planning and operational decision-making.

This report will cover the literature review, the interviews and the thematic analysis of the interviews, with the follow up report examining the survey design and indicator development.

Literature Review

The first stage of the project was the literature review. From this review, four key pillars – the most important Māori principles of action that shape and constrain the governance, managerial and operational practicalities for Māori trust and incorporation farms – were determined. These are: **whai rawa** – the principle of financial profitability; **kaitiakitanga** – the principle of protecting the environment; **mana whakahaere** – the principle of leading well; and, **whānaungatanga** – the principle of caring for the community. As well as the four pillars, five key domains – the most important yet conflicted areas that determine the success or failure of an operation – were delineated. These are: **financial capacity** – the ability of a trust or incorporation to access working capital; **skills and knowledge** – the required skills and knowledge needed for the successful operation of a farm and the governance of the board; **relationships and trust** – the relationships and networks Māori trusts and incorporations require, both internally and externally, with an emphasis on social capital and trust; **paths to market** – the farm’s access to and use of the supply chain, from processors through to the market, as well as the use of branding and marketing; and, **regulatory environment** – the influence of key pieces of legislation on the operation, specifically key pieces of law such as the RMA and the Te Ture Whenua Māori Act, as well as the bodies charged with compliance and enforcement of these Acts. To find these pillars and domains, the literature review examined works that covered the general agribusiness sector in New Zealand, works that concentrated on Māori land utilisation, and works focused specifically on the dynamics of Māori trusts and incorporations. The aim was to develop a holistic overview of the constraints and enablers that Māori trusts and incorporations face farming their land.

There has been a large amount of time devoted to the first of these bodies of work, unsurprising considering agriculture’s contribution to New Zealand’s GDP. Much of the work in this area is focused on two key domains: environmental issues, and particularly the regulatory environment in which these are regulated such as the Resource Management Act and the regional councils who are in charge of compliance and enforcement; and, finding new paths to market that will enable producers to earn a premium, which covers everything along the supply chain from access to processors through to market end issues such as the creation and control of branding, marketing, tracing and authentication. The environmental issues are often framed as a constraint in the literature, while the paths to market as opportunities. Certainly, one of the main constraints noted regarding the RMA was the complexities it placed on operations, and how difficult this was for farmers who lacked the skills and knowledge to successfully navigate compliance – here one

domain informing another. However, some of the work also notes that there are some synergies between these two, with the elevated environmental credentials of New Zealand agricultural operations delivering a highly desired credence attribute in overseas markets, as long as they can be effectively communicated to the consumer. In this general literature there were sometimes references to opportunities specific to Māori agribusiness, specifically that because of their unique cultural traits, and their emphasis on environmental guardianship, places them in a powerful position with regard to marketing and branding. There was, then, a connection between two of the domains and a fundamental pillar.

The literature focused on Māori land utilisation is somewhat more limited than that dedicated to agriculture in general, and much of this is focused on the development of Māori land more generally rather than the specifics of operating a farm once the land had been developed. In other words, a lot of the literature looks at those trusts and incorporations that are struggling – what would be termed in the MPI’s report the ‘under-utilised lands’ – and where there was a focus on actual farming operations they were what the MPI would term ‘under-performing entities’. This provided insight into the constraints and, to a lesser degree, the enablers. Specifically, from this body of literature several key pillars and domains were determined. With regard to pillars, the three most prominent and common were regarding profitability, governance and community. Profitability was a central pillar when it came to these under-performing entities, as they were by definition not meeting the necessary outputs to maintain a viable business and where therefore failing to deliver whai rawa. While all five domains played a role in issues relating to profitability, there were two domains that were most critical as highlighted by the literature – access to finance and capabilities. Firstly, as noted by most works, many Māori trusts and incorporations struggled to raise capital – often because of the regulatory environment within which they operated. Second, one of the key constraints on profitability as noted by the literature was the lack of skills and knowledge amongst boards and farm employees. As well as problems with profitability, as was frequently stated in this literature, many Māori trusts and incorporations have issues with mana whakahaere. This pillar also connects with the domain of skills and knowledge, with these trusts and incorporations often lacking the skills and knowledge necessary to make timely and effective decisions. The major issue relating to community was the relationship between trust and incorporation boards and their shareholders. The pillar of whanaungatanga was therefore connected to the domain of relationships, where it was critical that the governing entity maintained a relationship of trust with its shareholders so that it was able to make expedient decisions and take prudent risks.

Finally, the literature that examines Māori trust and incorporations specifically was even smaller than that interested in Māori land utilisation but this was still a fruitful area as it provided an insight into the internal dynamics, particularly the interaction between the different Māori values. This literature offered insights into all four pillars. Mana whakahaere and whānaungatanga were both referenced as important values to maintain though the most common and impactful thematic references were to the dynamic between whai rawa and kaitiakitanga. Interestingly, this is essentially the core dynamic of the Our Land and Water Programme as well, the interaction between profitability and sustainability. The literature outlined how these two pillars were often in conflict within Māori trusts and incorporations, particularly as they are focused on the managing and developing their land as well as meeting shareholder expectations. This dynamic also highlighted several domains, most importantly the capabilities of the board and the relationships within the board and between the board and the shareholders. The third most commonly referred to pillar in this body of work was whānangatanga, specifically as often the conflicts that arose out of profitability versus sustainability often saw the board and the wider community falling out with each other.

The literature review provided a rough outline of the four pillars and five domains, the next step for the WLW Project was to test and refine these through the 15 interviews.

Interviews

A set of guiding questions were developed from the literature review for use during the interviews, though the interviewer was instructed to guide rather than lead the discussion and participants were encouraged to discuss any and all enablers and constraints they could identify rather than staying on the questions. The questions for the interview are as follows:

About the interview participant

1. Please tell me about yourself and your role within the farm?
 - a. How did you come to be involved?
 - b. How long have you been involved?
 - c. What position do you hold?
 - d. How long have you been in that position?

About the farm enterprise

2. Please tell me about the farm?
 - a. What is the land area covered by the farm?
 - b. What is the name of the farm?
 - c. Where is the farm located?
 - d. What type of legal entity owns/manages the farm?
 - e. What types of activities are on the farm?
 - f. Stock: How many stock units do you farm and what stock classes do you carry?
 - g. What's the farm's focus, breeding/finishing?
 - h. What other types of activity are on farm (e.g., crops, forestry)?

Opportunities and constraints

3. What do you see as the main opportunities facing the farm?
4. What do you see as the main constraints facing the farm?

Role of culture?

5. What are some of the ways in which culture – tikanga, te reo, Māori knowledge and traditions – play a role in the farm?
 - a. In what ways is Māori culture an opportunity or a strength for the farm?
 - b. In what ways does Māori culture constrain the farm?

- c. What tensions do you see, if any, between commercial objectives (profitability) and Māori values in the farm?
- d. How are those tensions resolved or managed? Can you please provide an example?

Relationships

6. Please tell me about the farm's relationships with whānau, hapū, iwi, owners?
 - a. What is the relationship like with beneficial owners and shareholders?
 - b. How does the farm interact with whānau, hapū, and iwi?
 - c. What opportunities are there to improve relationships with whanau and owners?
 - d. What constraints do you see with relationships within the farm?

Capabilities

7. Please tell me about your farm's experience with access to?
 - a. Financial capital
 - b. Skilled workers
 - c. Technical or industry expertise
 - d. Industry partners and alliances
 - e. Government advice, support, regulation
 - f. Emergency assistance

Farm operations

8. Please tell me about how the farm is governed and managed?
 - a. Who governs the farm and how does the board work?
 - b. What are the long term aims and aspirations for the farm?
 - c. Who manages the farm and what is involved in that?
 - d. How many staff are employed and what do they mainly do?
 - e. What kind of advice does the farm obtain and who provides that?
 - f. How do you track performance of the farm?
 - g. What partners, if any, does the farm mainly work with?
 - h. What benefits does the farm provide staff (e.g., housing) for staff?

Markets and industry

9. Please tell me about the markets and industries the farm works within?
 - a. What markets do you supply (local and overseas)?

- b. How do you distribute your products and services to those markets?
- c. Who are your main customers (end-users) and how do you know what they want?
- d. What constraints do you experience, if any, with market access and distribution?
- e. What opportunities do you see with markets and distribution?
- f. What kind of quality assurance programme, if any, does the business use?
- g. What kind of processing and packaging is involved in your products?
- h. Does the farm have an interest in participating further up the value chain?
- i. How you would describe the state of competition for your farm?

Māori land

10. Please tell me about what it is like to farm on Māori land?
- a. What proportion of the farm is on Māori land?
 - b. What is different and special about working on Māori land?
 - c. What constraints do you experience with Māori land?
 - d. What opportunities do you see with Māori land?
 - e. How does the Māori Land Court affect the farm?
 - f. How does the local council affect the farm?

Environment

11. Please tell me about your farm's approach to managing its environment?
- a. What are the main environmental priorities for your farm?
 - b. What environmental opportunities for the farm?
 - c. What are some environmental constraints for the farm?
 - d. Does the farm incorporate Māori values into its environment? How so?
 - e. How does the Resource Management Act affect the farm?

The interviewer is a Māori agribusiness expert who used his professional and personal networks to find a selection of interviewees. There were 13 interviewees in total – six current or former board chairs, seven board members and one Māori leasee of a trust farm. Most of the farms that these interviewees were involved with were high performing operations, likely classified by the MPI as 'well-developed businesses'. This provided the project with a useful contrast to the literature review where, as noted, much of the work focused on Māori land utilisation was directed at those 'under-utilised lands' and 'under-performing entities'.

Thematic Analysis

Once the interviews were transcribed a ‘thematic analysis’ was conducted, which sought to examine the five domains to ensure these were the most important and that the way they had been defined and differentiated was most accurate. TA is a fundamental method for qualitative analysis. It lends itself to examining interviews as it emphasises pinpointing, examining, and recording patterns – or ‘themes’ – in a data set. There are a number of ways to conduct TA. A hybrid deductive-inductive approach was used for this project, with theme development directed by the existing concepts and theories that had been identified during a literature review and then adapted and tailored during the familiarisation and operationalisation processes that occurs during the TA process. This approach fitted the data and overarching project as while the general parameters of the themes were known, how they enabled and constrained development, and in what sub-thematic ways they did this, required clarification through analysis of the interviews. The five domains, or ‘themes’ here, have many potential subthemes and these can either enable or constrain development. Thus, the hybrid approach provided the best approach as it allows for inductively refining deduced themes into enabling and constraining subthemes.

The TA process is iterative, allowing the honing of the themes and subthemes. First, the interviews were read through several times by both coders as a process of familiarisation. During this process the already identified themes were noted, as were any other emerging themes and the various subthemes. While the five key themes were confirmed as the most dominant by both coders, there were changes in the scope and borders of each as some subthemes were excluded and others included. Following this process the two coders discussed the various identified themes and operationalised these using the informed understanding gained through the familiarisation process, outlining the parameters of each theme with a specific focus on any overlapping areas. Once this operationalisation had been conducted both coded one interview and then compared the results. After several minor issues were clarified the two coders both coded the 14 interviews. Once this was done the results were compared and where the counts were different the coders reviewed the theme and came to an agreement on how to code these disagreements. While the operationalisation and coding was as thorough as possible, this remains a relatively subjective process and any numbers or references to amounts should be taken as a general guide rather than an accurate determination. The paper does not want to focus on the specific numbers of each subtheme but rather the big picture they paint.

There is not enough space to detail the entire operationalisation process. A brief outline of each theme will be provided before an examination of the findings, here a description of some of the general principles and rules followed will be provided. Ensuring the themes were relatively coherent, mutually exclusive in scope and well defined was important for ensuring the coding provided useful insights and a number of decisions were made. First, to be coded as an enabler or constraint all the interviewee needed to do was name or identify the subtheme and, while this was not common, this could be a single word. Second, each reference to an enabler or constraint was counted once, no matter whether it was a single word, sentence or paragraph, but if the interviewee mentioned the issue more than once during the interviewee they were counted each time. Third, generally speaking if the degree of enabling or constraining was negligible the reference was not coded, though this negligible constraining will be briefly referenced in the legal framework theme. Fourth, any reference to a historical constraint that was connected with a current enabler – or vice versa – was coded for both, though a relatively arbitrary cut off line for historic issues was made – if the point was focused on anything before the twenty-first century it was excluded, or if the individual responsible was not the interviewee or the previous occupant of their role, it was also excluded. While subthemes were not counted, the frequency of domains and whether they constrained or enabled was:

	Financial Capacity	Skills & Knowledge	Relationships & Trust	Paths to Market	Regulatory Environment
Enable	61	18	38	42	5
Constrain	30	8	43	17	39

Thematic Analysis of Interviews

Regulatory Environment

The regulatory environment is focused on several specific pieces of legislation: the Resource Management Act (RMA), the not yet enacted Zero Carbon Act (ZCA) and the Te Ture Whenua Māori Act (TTWMA). Inclusion of the TTWMA also requires examining the role played by the Māori Land Court (MLC) as this is judicial arm tasked with enforcing this piece of legislation. This pillar seeks to understand whether these two acts enable or constrain Māori agribusinesses. As with finance, this was a more specific and narrow pillar, but one that was also chosen because of the influence these two pieces of legislation have on Māori Trusts and Incorporations.

Problems with these pieces of legislation are common in the literature (MPI 2014; OAG 2004; Phillips et al. 2014; Reid 2011; TPK 2014). The RMA has been highlighted as a constraint on development across the New Zealand agricultural sector due to the costs and complexities of compliance (Daigneault et al. 2018; Jay and Morad 2007). The Minister for the Environment noted in 2013 that “the Government continues to hear concerns that resource management processes are cumbersome, costly and time-consuming, and that the system is uncertain, difficult to predict and highly litigious”.¹ More specifically, “regional council regulations are viewed as a threat to further Māori development and expansion” (Phillips et al. 2014, 31). There is widespread criticism of the TTWMA and MLC in the literature. The TTWMA is acknowledged as stemming the tide of Māori land alienation and providing new methods of managing and organising Māori land when it was enacted in 1993 (Kingi 2008; Reid 2011). However, critics note that it has lowered the value of Māori land, made access to finance difficult, and the governance structures it creates are not flexible enough to encourage development (NZIER 2003, Hitchcock 2008; WT 2016). Likewise, the MLC has been criticised for having too much control over the governance of trusts and incorporations, of taking too long to make decisions and of lacking the necessary skills and knowledge to make decisions, particularly relating to farming operations (MPI 2014; Phillips et al. 2014; WT 2016)

There were only 5 references to these acts enabling and 39 references to them constraining, suggesting that the regulatory environment is viewed in a largely negative way.

Enablers: There were very few enablers referenced with regard to the regulatory environment and those that were are considered very weak. When asked about the RMA, several interviewees noted that they had not had any issues with it and that they were able to comply with relative ease. In reality they did not refer to the RMA as an enabler as such but rather that they were not constrained by it. As will be outlined below, some did mention the RMA as a constraint but then went on to state that it was barely a constraint, meaning that the difference between these statements and the ‘enabling’ references were not that great. The reason for even covering these slightly positive statements is that they were all made with the caveat that the reason they did not struggle to comply with the RMA was that they were a profitable operation. This reinforces the connections made above that profitability is the core enabler. One interesting enabler, which was more frequently referenced as a constraint, was the ZCA. One participant noted that once their farm was certified

¹ <https://www.beehive.govt.nz/speech/improving-our-resource-management-system>

as ‘zero carbon’ they would be able to use this in their marketing as a means of countering environmental issues such as ‘food miles’.

Constraints: The major constraint noted was the T’TWMA and MLC. The T’TWMA was viewed as a constraint by a number of participants, who believed that the increasing fragmentation of ownership was going to further hamper the board’s decision-making capacity. The T’TWMA is also seen as being out of date and out of step with contemporary farming and trust issues by several participants. A number also said that the rules around leases are a constraint for trusts, often inhibiting infrastructure expenditure and causing bureaucratic and legal delays between trusts and leasees. While the numbers of criticisms of the Māori Land Court were similar to those of T’TWMA they were more vociferous, with a number having no respect for the Court or the judges, citing them as a major inhibitor to strategic and operational decision-making and development. Some saw the Court’s mandate as being far too broad and that judges lacked knowledge of farming in general and the issues Māori trusts and incorporations faced.

The RMA is seen as constraining by some participants, with the ZCA mentioned as another potential constraint by several participants. While most farms do not struggle with the RMA, a few participants do find it constraining and these constraints are largely around several specific requirements that they are finding hard to meet rather than the entire act. Of more interest, a number of interviewees reference the ZCA and discuss the potential issues they would face if it was enacted. Some went as far as to say that it would put them out of business, while others expressed frustration that this was something developed by people with little to no knowledge of farming.

Financial Capacity

Financial capacity here is concerned with access to capital through savings, bank loans and other sources. It also covers profitability, though the main focus is on the ability to obtain and utilise working capital.

This is a common issue noted in the literature. Māori trusts and incorporations have traditionally struggled to access finance (Hitchcock 2008; Kingi 2008; MPI 2014; NZIER 2003; Reid 2011; Whitehead and Annesley 2005). There are a number of issues, or subpillars, here:

“[Māori trusts and incorporations] face higher costs when borrowing capital because of land ownership constraints, due to the sections of the Te Ture Whenua Act and the consequent oversight function of the Māori Land Court. A reliance on retained earnings as their primary source of funds for development has seen dividend and benefit payments reduced in an effort to build equity reserves. Furthermore, the absence of a market in which landowners can trade shares has resulted in a lack of means to value equity” (NZIER 2003, 85).

The banking sector is said to lack confidence in the governance capabilities of Māori authorities, views the marginal and isolated nature of much Māori land as high risk, and has concerns that they would face issues undertaking a mortgagee sale on Māori land following a default (NZIER 2003). Historically, the most common method of accessing finance has been changing the status of the land from Māori to general (Hitchcock 2008). However, more recently Māori trusts and incorporations have been able to overcome some of these issues by using stock, infrastructure or products as collateral security (NZIER 2003). Still this remains an issue, with the Labour-led Government creating an investment fund in 2019 because, as Regional Development Minister Jones explained, “[a]ccess to capital remains a challenge for Māori landowners”.²

The thematic analysis found that there were 18 references to financial capacity as an enabler and 8 references to financial capacity as a constraint, suggesting that the trustees interviewed do not have as many issues with finance as has been noted in the past.

Enabler: Almost every interviewee explained that they have access to capital currently, though a number explained that historically banks had been reluctant to lend. Many noted that their trust has little to no debt, often having paid it down over the past decade or so after a period where they had been more indebted. Most trusts have savings they can draw on and that they do not struggle to access loans through banks and other institutions. One interviewee noted that Māori trusts and incorporations have become such significant players in the agricultural sector that if any do struggle to access finance then there was an opportunity for equity to come from other Trusts and Incorporations. Most references to debt were connected to recent land purchases or infrastructure improvements rather than due to covering any operational losses, with trusts using

² <https://www.beehive.govt.nz/release/100-million-investment-support-m%C4%81ori-landowners-and-drive-regional-growth>

the equity in their assets to purchase property or update or expand infrastructure, leveraging to gain working capital.

One crucial point made by half the interviewees was that profitability, and the working capital this delivers, is key to achieving positive outcomes in many of the other pillars, such as relationships with shareholders, RMA compliance, ability to act on diversification strategies. Most of the participants were involved with successful operations and this provided an insight into the central importance of liquidity and access to working capital, as it provides not just the obvious direct benefits but also enables success across the other pillars. Unsurprisingly, profitability can be seen as the fundamental enabler.

Constraints: There were several farms that are not as successful financially and this has limited their ability to access loans through the normal channels. One noted that they are leasing most of their block out as it is too small to be economically successful and while they are attempting to get back into farming the land themselves, their ability to raise capital was constrained by the lease income that were receiving. One participant, whose farm was less financially successful, explained how this constrained their ability to develop and sustain relationships with whānau, again showing how important profitability and working capital are to achieving successful outcomes in other pillars.

Skills and Knowledge

Skills and knowledge refers to the possession, drive to acquire or lack of the necessary skills and knowledge in governance, farm management, agricultural production, sustainable resource management, and soft interpersonal skills such as trust building and conflict resolution. As well as references to the skills and knowledge themselves, this section also encapsulates the use of methods and measures that ascertain or increase skill and knowledge levels such as the use of KPIs and other assessments. With regard to locus, it includes both references to the interviewee's own capabilities and the board or farm employees' capabilities but does not include the shareholders, which is included in the relationship pillar as this section is focused on the direct and practical application of skills and knowledge.

Issues regarding necessary skills and knowledge is a key pillar in the literature (Hall 1991; Hitchcock 2008; Kingi 2008; MPI 2014; OAG 2004; Phillips et al. 2014; Reid 2011; TPK 2014). There are a number of key subpillars identified in the literature regarding capabilities. Firstly, many boards are

identified as lacking the skills and knowledge needed to govern (Phillips et al. 2014; Reid 2011). This is often board members are elected due to their standing amongst shareholders rather than because they have any particular business or farming experience (Kingi 2008). Because of this lack of capability, boards have been criticized as being too reliant on external consultants or, conversely, relying too heavily on their own inadequate capabilities (Phillips et al. 2014). A wider issue in New Zealand agriculture is sourcing skilled employees (Ang 2010; Trafford and Tipples 2011).

The thematic analysis found that there were 61 references to necessary skills and knowledge as enablers and 30 references to necessary skills and knowledge as constraints. This was the highest number of enablers and the largest gap between enablers and constraints. Drilling down into this provides some insight into the different ways in which these enablers and constraints manifest.

Enablers: The three most discussed enablers with regard to necessary skills and knowledge were the use of external consultants and advisors to supplement capability, the use of KPIs and other metrics to measure performance, and knowledge that guides the formulation of diversification strategies. Almost all interviewees use external consultants and advisors, with most observing that they did not believe this is a problem as they did not think those in a governance role needed to have operational knowledge of farming. The use of metrics such as KPIs to assess governance, management and operations was common, with interviewees noting how useful these are not just as a decision-making tool but also as a means of spotting capability gaps and communicating with shareholders. Diversification strategies, and the knowledge needed to develop and implement them is also prominent. Often these strategies are the result of surveys of land and analysis of the operational metrics – they require knowledge to develop. Diversification is seen by many as critical for maximising profit in marginal areas, with land use shifts towards both other forms of primary production (e.g. forestry and honey) and more diverse incomes streams (tourism – accommodation and activities).

These three skills and knowledge enablers all relate to governance itself, and while governance is not mentioned specifically very often, there are a number of statements discussing the need for boards to focus on both the internal capabilities needed for good governance amongst board members, which included cultural competencies as well as the strategic and operational understandings, as well as the necessary skills and knowledge needed to communicate effectively with shareholders. On the latter, a number of interviewees talked about the importance of transparency, with one explaining that it is important for the board to communicate the ‘good, bad

and ugly'. One of the critical skills mentioned, and one that connects with communicating with shareholders, is the ability to foster and maintain relationships, showing the interactions between the pillars. The skill to encourage and sustain relationships is noted as being particularly important for the Māori agribusinesses because of the core Māori values and the complex ownership structures. Overall, the capability of the board, their governance skills and knowledge, was stressed as a critical component in operational success by several participants – this was further reinforced by the long lists of innovative, decisive, and adaptive strategies noted by many participants.

Constraints: The single biggest constraint highlighted by participants is the difficulty of finding capable staff, both in whānau or in the general population. This is a near-universal issue, with the only farms not experiencing this being those near the larger population centres. The other main constraints dovetail into two of the enablers outlined above, showing that these subpillars are not easily divided into positives and negatives but rather have a variety of different components that are good and bad. Several participants mentioned a lack of capability at board level with regard to knowledge regarding governance or business skills, which often meant there was either a paralysis of decision-making or increased risk aversion. Also, while many explained that those in governance roles do not need to have operational knowledge of farming, there is also recognition from many interviewees that modern farming is becoming so technically complex that boards struggle to make informed strategic decisions, which leads to the consequent belief that there did need to be improvement in the general knowledge of board members relating to both on-farm operations and the wider value chain. Another constraint that many discussed was the issues with communicating with shareholders, particularly either not getting the right information from the board or not getting enough information needed to for shareholders to understand the status and direction of the trust and farm.

Relationships and Trust

This pillar is focused on examining the key relationships and networks Māori trusts and incorporations have both internally and externally, with an emphasis on social capital and trust as an enabler. That is, the positive trusting relationships inside the organisation as well as strong and supportive relationships outside the organisation, such as connections with other farms, groups, and councils for catchment initiatives and connections and relationships with industry – excluding the enabling or constraining aspects of these relationships with regard to paths to market. As noted above, this includes any shareholder issues, including their capacity or expectations to understand and appreciate operations as these are seen as fitting better in this category than in capacity as the

shareholders are not directly involved in the operation or governance of the farm. Discussions regarding an individual or group's ability to create or maintain relationships are included in the capability pillar.

The need for New Zealand farms in general, and Māori trusts and incorporations in particular, to focus on building social networks and social capital within and beyond their organisation is a common pillar in the literature (Barrett-Ohia 2010; Heron et al. 2001; Lawson et al. 2008; MPI 2014; Phillips et al. 2014; Reid 2011; Sligo and Massey 2007). A lot of the literature on Māori trusts and incorporations has indicated that these entities experience dysfunctional relationships, particularly amongst board members and between the board and shareholders (Dell 2017; Kingi 2008; Phillips et al. 2014; Reid 2011). These negative relationships emerge out of deep historical grievances as well as more contemporary issues regarding capability problems amongst the board, economic and environmental failings on-farm, and clashes between personalities or value sets (Dell 2017; Reid 2011). More generally, current literature has examined and emphasized the importance of 'horizontal' relationships between farmers in New Zealand as a key means of sharing capabilities, building capacity and accessing new paths to market (Heron et al. 2001; Sligo and Massey 2007; Phillips et al. 2014). There are both possible constraints and potential enablers identified.

The thematic analysis found that there were 38 references to relationships and trust as enabling and 43 references to relationships and trust as a constraint, suggesting there were more problems with relationships and trust than the previous three pillars.

Enablers: There were four positive relationships mentioned the most in the interviews, within boards, with other Māori Trusts and Incorporations, with local farms and with councils – all of which may be partly explained due to the success of these farms, and which also may help explain their success. The positive relationships within boards does go against the dysfunctionality of trust and incorporation boards that has been noted previously, but while many participants did indicate that there was one or two members who were problematic they were generally positive about the relations within their board, with a number discussing how they were able to have fairly frank and open dialogue without acrimony or major grievances. The positive relationships with other Māori trusts and incorporations can be seen as intrinsically connected with the benefits gained through acting collectively and the similarities these organisations have that mark them out as different from the wider agricultural community. Every single reference to other Māori trusts and

incorporations was positive across the interviews, with many emphasizing the central importance of these relationships. Also of interest was the general positivity with which the interviewees discussed their relationships with local farms who they collaborated with for various land management strategies and general operational discussions. These relationships were generally informal and emerged out of shared practical issues relating to working in the same locality. Often fostered by the farm manager, these relationships were also seen as positive by the board members and were actively encouraged. The final positive set of relationships were with councils. When asked most participants were very positive about their interactions with their local and, particularly, regional councils, though there were several who were more ambivalent. Like the internal board relations, this was somewhat unexpected as historically speaking there has been mistrust between Māori trusts and incorporations and councils. As will be outlined below, part of this positivity seems to emerge out of the fact that most of the farms in the interview had experienced little to no issues in complying with the RMA.

Constraints: The single biggest constraining relationship is with shareholders. This is not universal as some interviewees said they had few problems with their shareholders; however, as often the reason for the positive relationship was noted as being due to the board capability and general success of the operation and because this relationship was more commonly expressed as a constraint, with some seeing it as one of the most significant constraints they faced, it will be examined as such. There were several components to this negative relationship. The first was what was perceived to be a growing disconnection between shareholders and their land, often both a physical and spiritual disconnection. As a number noted, more and more shareholders live in cities and do not feel any connection with the land, which in turn makes building positive relationships with them more difficult. The other major issue noted, and this may be related to the first problem, was that many shareholders had unrealistic expectations with regard to the trust or incorporation and the farming operation. Some interviewees noted that many shareholders were primarily focused on personal financial benefits, wanting more money than the organisations were able to offer through either dividends or other forms of payment. Conversely, others talked about how shareholders had unrealistic expectations about environmental standards, demanding the organisation either implement uneconomic or unattainable sustainability strategies, with some even demanding the entire farm be returned to native forest. Another issue raised by interviewees was that many shareholders felt they had a right to access the land whenever they want without notifying management, an issue that caused or exacerbated negative relations between the board and shareholders.

Paths to Market

The paths to market pillar is focused on the trust's connection to and control or influence of their supply chain, covering access to processors and consumers as well as marketing and branding – which includes provenance and authentication. It also looks at the role of collective action amongst Māori Trusts and Incorporation with regard to the supply chain and the utility of the various industry bodies with regard to providing support or creating these paths to market. This pillar is interested in both the current existing paths to market as well as the trust's ability or potential to connect with different supply chains and the influence and usefulness of collaboratives and industry bodies in facilitating or supporting supply chains or any of the components of supply chains. There is some potential crossover with the relationships pillar when considering collaboratives and industry bodies, but to be coded in this pillar the reference had to be to how these entities enabled or constrained paths to market.

Issues regarding access to processors as well as the need for Māori, and more generally all New Zealand, agribusinesses to control their supply chain and to brand and market themselves to obtain a premium are also common in the literature (Barrett-Ohia 2010; Beverland 2007; Brackeridge 2016; Cottrell 2016; Kingi 2013; Saunders et al. 2016). Because Māori land is often remote, accessing a variety of processors to find optimal financial and supply chain outcomes can be problematic (Cottrell 2016). Likewise, the small size of many Māori trust and incorporation farms makes vertical integration and branding and marketing difficult (Phillips et al. 2014; Saunders et al. 2016). The need for New Zealand farmers to find new paths to market, to control their supply chain and to effectively and authentically brand and market their products overseas to gain a premium is emphasised in the literature and is the focus of a number of government efforts to raise export earnings (Brackeridge 2016; Saunders et al. 2016). More specifically, Māori culture has been identified as having powerful credence values with international markets, presenting an opportunity (Saunders et al. 2016). There are a number of potential constraints regarding paths to market, though there are also important opportunities if these constraints can be overcome.

The thematic analysis found that there were 42 references to paths to market as an enabler and 17 references to paths to market as a constraint, showing that most participants saw more positives than negatives.

Enablers: There was one key enabler mentioned with regard to paths to market: Māori collectives. Working collaboratively, whether under formal or informal agreements, was the most frequently discussed enabler with regard to paths to market. Many interviewees explained that these collaborations were an essential for them, that these connections provided essential scales of economy, diversity of land types and influence needed to integrated the supply chain and effectively brand and market. Collective action, in other words, was the fundamental enabler of paths to market. The point is that singularly these operations do not have the capacity to find alternative paths to market but collectively they do, both in terms of ensuring consistent supply and in working together to create a brand – these are only possible working collectively. Scale is critical, but as many noted, so too is shared values and situation. As the participants explained, working collectively is congruent with core Māori values and makes sense practically as they share both these values and wider contexts. The converse of this will be outlined in the constraints below.

There were three key aspects of collective scale the interviewees saw as enabling. One was the ability to brand and market products, providing a means to add value and communicate provenance. Most of the participants who discussed this benefit were in the developmental stages of this process but saw collaboration as an essential enabler as it gave them the scale and reliability to be able to deliver enough product to capture the degree of market share needed and to create a brand and effectively market this brand. A number discussed the unique position Māori were in, that they had a powerful narrative that could be communicated to consumers but this was not something that individual trusts had the capacity to conduct on their own. The second was the ability to gain both production scale and a diversity of land types that help increase access to processors. By working collectively the trusts were able to ensure they would be able to fulfil contracts with processors, which gave them a greater choice. Some talked of how useful it was to be able to finish stock on partner operations, which in turn meant they were able to access more processors than they might have been able to on their own as many farms are marginal and in remote locations. Connecting with increasing capacity through measures and metrics, the third benefit noted by a number of participants was that collaborating meant they were able to access better ways of measuring and benchmarking their operation, particularly as this allowed them to compare like with like rather than the false comparisons that might be made with non-Māori farms.

Constraints: There were two major constraints noted by participants, processors and industry bodies. A number of participants discussed problems they had experienced with their processor.

Because of the geographical proximity of a number of the participants, there was one particular processor that had caused problems and this might mean that this is not a more widely representative constraint. The non-Māori processor had intended to help with a number of supply chain factors, such as lowering input prices as well as providing a shared brand, but several interviewees noted that while this had worked well for several years it had become dysfunctional and this had left these particular trusts more wary of collaboration than many of the others who were involved with other Māori authorities. Taken with the positive outcomes of acting with other Māori trusts and incorporations this does suggest that the best form of collective is with other Māori Trusts and Incorporations. One participant also stressed that he thought any focus on trusts building their own processing facilities was risky and not worth the costs.

With regard to industry bodies, a majority of participants said they were of little to no value, with many stating that they wanted to stop paying the levies. It needs to be noted that several participants did express that they had experienced positive outcomes with regards to monitoring by industry bodies, but in terms of paths to market the experiences were unanimously negative. A number said that they had received no help or even contact from these industries bodies. Several believed that the industry bodies did not cater to or understand Māori Trusts and Incorporations, which they believed explained the lack of help and contact, while several others believed that these bodies were years behind with regard to insights into paths to market.

Summary of Thematic Analysis

The thematic analysis provided a number of interesting insights. Rather than summarise all the findings, it is more useful to examine what might be seen as the most important, interconnected, unexpected and, particularly, useful. First, however, it needs to be stated that while this analysis is limited to some degree by the relative financial success of the interviewees' operations, this more narrow focus also provides a potential 'roadmap' for less successful operations and this intent will guide the conclusion. The focus will be on how the other pillars can contribute to financial success.

Financial success appeared to be largely the product of skills and knowledge at the governance level, even if part of that capability was the recognition of gaps in skills and knowledge within the board and the use of consultants as a means of complementing and overcoming these issues. Many participants noted that the use of consultants and metrics that measure performance had helped their operation to improve, though another key component appeared to be various strategies developed by the board to communicate with shareholders, improving the relationship and thus making governance easier. The connections between governance capability and financial success was clear in the analysis and of all the various pillars, these two seem to be the most important and interconnected. The constraints around skilled farm workers threatens much of this, as if successful operations struggle with this then it must be exacerbated for less successful operations, both in terms of finding and retaining staff as well as overcoming the operational issues created by inferior staff.

Positive trusting relationships also seemed fundamental to success. Within the board they can be seen as facilitating the use of skills and knowledge, meaning that rather than getting caught in acrimonious debates the board could focus on tasks at hand. This holds true regarding relationships with shareholders, with many of the same dynamics at play. Managing the relationship between the board and shareholders requires governance capability and in turn a positive relationship means that the board are better able to exercise their skills and knowledge with regard to decision-making. The key external relationship appeared to be with other Māori trusts and incorporations as these networks are critical for achieving the scale necessary to access new paths to market, as well as providing both an informal horizontal collaboration network and benchmarking standard. That said, the good relations with local and regional councils, while somewhat surprising, is also seen as a positive with regard to financial success as it indicates that the Māori trusts and incorporations have the capabilities necessary for interacting with these bodies.

Māori collectives were the dominant enabler when it came to paths to market, and this connected with the positive relationships the participants said they had with other Māori Trusts and Incorporations. However, it also had a more pragmatic aspect to it, which was that acting as a collective provides capacity through scale that these operations do not have on their own, also helping to mitigate the marginal and isolated nature of many farms. While the more formal collectives, with shared agreements with processors, finishing arrangements and joint branding and marketing, may not be an option for struggling farming operations, less formal relationships offer a relatively low cost means of improving future outcomes. They can help by building skills and knowledge through the use of metrics and horizontal flows of information. In other words, relationship building is seen as a first step in gaining new paths to market for less successful operations.

It is unsurprising that the regulatory environment is seen as the biggest constraint. However, while these key Acts do not enable development to any great degree, that most of those interviewed do not see the RMA as a significant constraint is positive for farms that are seeking to become more profitable as this shows that with the right strategies in place they can overcome any issues they face. More encouraging is the optimistic, though minority, view that the ZCA could be useful as a means of branding and marketing. By aligning their operations with core Māori values relating to environmental care, operations that are less successful can add value to their products, though of course they will need some working capital to put some of these measures into place, as well as the skills and knowledge and relationships to access these new paths to market.

Next Phase of Project

The thematic analysis of the interviews provided insight into the domains, and particularly the various constraints and opportunities these offer to Māori agribusinesses. The next phase of the project was developing a survey that would help better determine the relationships between these domains and with the pillars with the aim of determining the best, and most parsimonious, indicators. This process and the results are covered in the next report.

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