

Hon Tama Potaka

**Minister for Māori Crown Relations: Te Arawhiti and
Minister for Māori Development**

Enabling Good Government Through a Modernised Approach to Māori Development

Date of issue: 23 September 2024

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Title: Enabling Good Government Through a Modernised Approach to Māori Development

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The Hon Tama Potaka, Minister for Māori Crown Relations: Te Arawhiti and Minister for Māori Development is releasing the Cabinet paper and Cabinet Minutes.

Explanatory note:

Included in this release are the following documents:

- Cabinet Paper
- Cabinet Social Outcomes Committee Minute – SOU-24-MIN-0094
- Cabinet Minute – CAB – 24 – MIN – 0295

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Office of the Minister for Māori Development

Office of the Minister for Māori Crown Relations: Te Arawhiti

Cabinet Social Outcomes Committee

Enabling good government through a modernised approach to Māori development

Proposal

- 1 This paper briefly sets out my vision for a change in the Government's approach to 'Māori Development' comprising the economic, social, and cultural needs of Iwi and Māori and the need to support Te Tiriti o Waitangi – The Treaty of Waitangi (**Treaty of Waitangi**) policy. It should be read in conjunction with the companion paper *Clarifying agency functions*.
- 2 It also seeks Cabinet agreement to modernise our approach to Māori development to reset the policy and legislative framework for Māori success.

Relation to government priorities

- 3 The coalition Government has intentions for New Zealand to become a leading small, advanced nation by 2040. The Prime Minister has set out Government's intentions to create a more dynamic and productive economy with higher living standards, delivery of better public services evaluated through the lens of social investment, and comprehensively respond to climate change.
- 4 Recalibrating Government to a modern approach to Māori development will enable better delivery of public services, improved social investment outcomes, and economic growth.

Executive Summary

- 5 Good government means that Māori will enjoy economic success and equality of opportunity equivalent to all New Zealanders by 2040. This will also better enable the realisation of Article 3 of the Treaty of Waitangi. To achieve the government's intentions, Government needs to modernise the approach to the Treaty of Waitangi and Māori issues to significantly improve outcomes for and with Māori – Iwi, hapū, whānau and Māori organisations/communities.
- 6 Given New Zealand's population demographics, and the ownership and management of primary resources, a revised approach to boost the Māori economy and achieve equality of opportunity is necessary to realise Māori social and economic potential and enable New Zealand to better achieve the

STAFF IN-CONFIDENCE

government's intentions. My vision for Māori development encompasses Treaty of Waitangi issues, social, economic and cultural development, and ensuring the right institutional arrangements for success.

- 7 A refined Te Puni Kōkiri that operates with genuine clarity is the entity to carry the government's vision for Māori development forward.

9(2)(f)(iv)
confidentiality of
advice

Background

Māori economic growth will be a cornerstone to New Zealand's economy. Government should enable Māori to overcome barriers to economic growth

- 8 Māori dimensions of the New Zealand economy (often referred to as the Māori economy) include Māori owned businesses, self-employed Māori and collectively owned organisations, and comprised nearly \$70 billion worth of assets as of 2018. Current forecasts put this at nearly \$100 billion by 2030. Māori dimensions of the economy have been growing faster than the New Zealand economy generally.
- 9 Several iwi have significant and growing asset bases. For example, a recent report by TDB Advisory noted that Ngāi Tahu, Ngāti Whātua Ōrākei and Waikato-Tainui each hold assets over \$1 billion dollars.
- 10 Māori freehold land comprises nearly 5% of the total land mass with an average size land block being 53 hectares with 111 owners. Less than half of all Māori land blocks have a management structure and an estimated 20% is landlocked. Large tracts of Māori land in some areas (e.g. Taranaki) are under perpetual lease to a third party.
- 11 Collectively, Māori have significant investments across fisheries (estimated to be around 30% of the industry), forestry land, sheep and beef farming (estimated to be around 15% of the industry), dairy farming (estimated to be around 10% of the industry), horticulture (estimated to be 10% of kiwifruit industry for example) and increasingly commercial property (particularly in niche locations like Hamilton). Many of these investments have significant exposure to environmental risks including climate change.
- 12 Māori owned businesses generally have a higher proportion of Māori employees compared to other businesses. Māori business also continue to have disproportionate challenges with access to finance (and higher funding costs), access to government and local government procurement, sufficient capability to deliver productivity growth, and decision-making processes often compromised by legacy legislation. GDP per capita for Māori is estimated to be less than 50% of all New Zealanders. I have written to the Chair of the Finance and Expenditure Committee seeking to include Māori access to bank finance as part of the current banking inquiry.

STAFF IN-CONFIDENCE

- 13 The economic delta of Māori dimensions of the New Zealand economy compared to the rest of the economy is estimated to be around 60% on both a revenue per capita indicator and an asset per capita indicator – amounting to a \$39b revenue gap and a \$138b asset gap. Narrowing this delta will contribute significantly to the tax base, employment and procurement opportunities for Māori.
- 14 I am working with the Minister of Finance (and other Ministers, such as the Ministers of Regional Development and Economic Development) on Māori economic development that will springboard from the New Zealand Economic Strategy currently being curated. 9(2)(f)(iv) confidentiality of advice

Iwi and Māori have a significant contribution for New Zealand to become a leading small, advanced nation. When Māori do well, New Zealand will do well.

- 15 There are considerable differences in Māori population demographics, including social and economic dimensions, compared with New Zealand's population. Information concerning various Government targets demonstrate dramatic inequality of opportunity for Māori:
- 65% of persistent serious youth offenders are Māori;
 - 40% of all Jobseekers are Māori;
 - Māori academic performance at curriculum Year 8 for Mathematics and Statistics is 21% (circa half the rate of all New Zealand students);
 - Regular attendance by Māori children at school was 40% in Term 4 of 2023 (noting that less than 60% of Māori achieved NCEA Level 2 in 2023) and the cohort of New Zealanders of Māori descent; and
 - 50% of the households in Emergency Housing are Māori
- 16 The cohort of New Zealanders with Māori descent comprises nearly one million (17.3% of the entire New Zealand population as of June 2023 according to Stats NZ) and are diverse culturally, socially and economically. The cohort has a median age of 27.2 years (compared to 38.1 for the New Zealand population) which contributes to lower income levels and lower home ownership rates. The average age of first time Māori mothers is 25 (compared to 30 for all mothers) and 16% of Māori live in rural New Zealand. Around one in three school children in New Zealand are Māori.
- 17 Notwithstanding the enormous recent commitment of government resources to the economy, particularly the social sector, the Māori population as a broad cohort continues to experience considerably lower outcomes than the New Zealand population especially across health, education, employment, and economic resource development. The Government must do better to improve outcomes for Māori.

STAFF IN-CONFIDENCE

- 18 The Household Labour Force Survey in March 2024 notes that there are 637,900 working age Māori. There are 448,300 Māori in the labour force with 408,500 (91%) employed. 39,700, around 8%, are unemployed. This compares to about 4% of all New Zealanders being unemployed. Around one in three Māori households are welfare dependent. A 2021 report – Te Ara Mauwhare – noted that Māori home ownership rates are falling at a faster rate than for the total population. The median weekly salary of Māori is \$1199 compared to \$1273 for all New Zealanders.
- 19 The social delta of Māori incomes compared to the average income of all New Zealanders has been estimated to constitute at least \$2.5 billion (and possibly up to \$5 billion) per annum. This delta demonstrates potential for a material increase in revenue for whānau, an increased tax base, and reducing government liabilities through welfare payments. Ensuring Māori are increasingly engaged in a positive way through education, employment and training is fundamental to narrowing the delta. Doing the basics brilliantly in a targeted manner with Māori children and relevant workforce training over time, coupled with creation of significant investment, employment and procurement opportunities (e.g. Regional Infrastructure Fund, Budget 2024 infrastructure commitments), are critical to activate necessary uplift for Māori development.

My vision for Māori development

- 20 My vision for Māori development is to ensure that:
- a. government accelerates Māori economic growth using suitable and innovative levers that align with improving GDP per capita and reducing legislative/regulatory burdens (e.g. Māori land legislation) whilst activating opportunities for access to capital, utilising the potential of indigenous knowledge in emerging sectors (e.g. biotech) and growing the capability and pipeline of opportunity for Māori owned businesses especially in high value export markets;
 - b. government invests in an evidence-based targeted manner in Māori social development including Whānau Ora to ensure that Māori enjoy equality of opportunity;
 - c. government continues to provide adequate targeted support to protect, promote and revitalise Māori language and culture;
 - d. Te Puni Kōkiri is elevated to achieve strategic influence, focus more on providing high quality policy advice and hold other agencies to account for delivering public services to, for and with Māori particularly around the Government's targets.
- 21 This Government is committed to completing the settlement of historic claims under the Treaty of Waitangi by 2030. Finalising settlement negotiations is the responsibility of the Minister for Treaty of Waitangi Negotiations. However, it is important that my portfolios support this work including through the implementation of settlements. I consider that an elevated Te Puni Kōkiri will be

STAFF IN-CONFIDENCE

better placed to play this role.

- 22 By 2035, I want to see the size of the measured Māori economy double. Māori also need to have equality of opportunity that all New Zealanders enjoy with resulting uplift of social, economic and cultural value. This will better enable the realisation of Article 3 of the Treaty of Waitangi which accorded tangata whenua the same rights and privileges with British subjects.
- 23 By focusing on equality of opportunity for Māori (based on need and not ethnicity), my proposed approach also aligns with:
- a. the National and NZ First Coalition Agreement defence of the principle that New Zealanders are equal before the law, with the same rights and obligations, and with the guarantee of the privileges and responsibilities of equal citizenship in New Zealand;
 - b. the 'people-focused' and 'pro-democracy' decision-making principles of the National and Act Coalition Agreement and National and NZ First Coalition agreement (public services for New Zealanders will be designed around the needs of the people who use them - and equal citizenship); and
 - c. the Government focus to ensure the delivery of better public services; and
 - d. the Prime Minister's intention to improve unity across New Zealand.

Positioning Te Puni Kōkiri for strategic influence

Ensuring Te Puni Kōkiri is well-placed to succeed

- 24 An elevated Te Puni Kōkiri, that operates with genuine clarity, is the entity to carry the government's vision for Māori development forward. It has statutory responsibility for promoting increases in the levels of achievement attained by Māori with respect to education, health, employment and training, and economic resource development. It is also the department responsible for monitoring and liaising with other departments/agencies who provide or have a responsibility to provide services to or for Māori for the purpose of ensuring adequacy of those services. These dual responsibilities give statutory backbone for Te Puni Kōkiri to motivate and ensure government responsiveness to Māori success.
- 25 I expect Te Puni Kōkiri to lead evidence-based policy advice around Crown and Iwi (and Māori) relationships at a macro-policy level. The following actions will support this:
- a. I will deliberately work with Cabinet colleagues and their Government entities to improve Government investment and outcomes for and with Māori in light of the modern approach set out above; Government priorities (e.g. driving a more productive economy), Government targets (e.g. improving Māori school attendance) and suitable alternative operating models (e.g. Whānau Ora, devolution to Iwi Māori Partnership Boards in Health).

STAFF IN-CONFIDENCE

- b. I intend to commence this work with relevant Ministers to ensure transparent quarterly reporting of Māori population cohort information vis-à-vis Government targets. This requires Te Puni Kōkiri to reactivate a firm mentoring role and ensure a clear plan from each of the target owners that demonstrates how Government can substantively facilitate the Māori population cohort to achieve the target, noting that this may include delivery that is universal (e.g. through Government) and bespoke (e.g. through Whānau Ora, Iwi or similar collectives).
- c. However, I want to complement this mentoring role by elevating Te Puni Kōkiri's monitoring role alongside other central agencies. It is the poor performance of the system for Māori over many years that ought to drive our intentional focus in lifting outcomes across the targets and enabling greater transparency through the regular reporting on progress. This focus on performance is what drives Iwi and Māori relationships interests with the government, and their feedback indicates that they welcome this shift particularly because it effects devolution. I do anticipate through this process Te Puni Kōkiri can also draw on its experience and knowledge having worked previously with a small number of agencies on joint projects in housing, corrections, family violence and health and which have demonstrated positive impacts and what works for specific Māori cohorts.
- d. I will continue to support strengthening of relationships of Ministerial colleagues (starting with Ministers leading Government targets) with Iwi and Māori leadership who have credible experience in lifting Māori outcomes based on data and evidence-based engagement to deliver on needs. This requires Ministerial attendances at major forums like the Waitangi Week engagement, the annual Crown-Iwi Ministerial forums, Koroneihana at Tūrangawaewae Marae and attendances at the National Iwi Chairs Forum. Importantly, practical advice is needed from Te Puni Kōkiri to Ministers in relation to distinct Iwi/hapū rights and responsibilities, and the consequent opportunities for Government to enable targeted action where suitable. Te Puni Kōkiri is using the Māori public policy framework *Te Tautuhi ō Rongo* that can serve as a consistent policy tool across the public service. This policy capability alongside its regional network means Te Puni Kōkiri is well placed to provide this practical and relevant support to government.
- e. The Māori Development and Whānau Ora portfolios must intersect with Social Investment to deliver better public services to 'hard to reach' Māori and other communities. As a result, Te Puni Kōkiri has commenced formal engagement with the Social Investment Agency in relation to commissioning to ensure alignment and interrogation of successful delivery of public services within the Whānau Ora arrangements. Moreover, I expect that the experience derived from Te Puni Kōkiri's investment in whānau centered delivery approaches will help inform our social investment approach, 9(2)(f)(iv) confidentiality of advice
- 26 I note that this sets high expectations for the role and level of influence for Te Puni Kōkiri. I acknowledge that this will require building capability in certain areas

STAFF IN-CONFIDENCE

as well as appropriate systems being set up and agencies working closely together.

Elevating Te Puni Kōkiri to achieve its intended statutory role

- 27 My goal is to reaffirm the role of Te Puni Kōkiri to provide a single, strong Government voice to support other public service entities to deliver for, and with, Māori. This better reflects the initial settings that were put in place for Te Puni Kōkiri shortly after the *Ka Awatea* report was released and the Ministry of Māori Development Act 1991 passed.
- 28 The establishment of Te Arawhiti in 2019, has created some confusion and duplication with the responsibilities of Te Puni Kōkiri. There has also been scope creep as Te Arawhiti has taken on additional functions and programmes, including directly funding Iwi for contemporary matters, and the Government's engagement approach with Iwi/Māori has become disjointed and onerous for Iwi/Māori and for government agencies. By way of the companion paper (*Clarifying agency functions*) Minister Goldsmith and I propose options to help address this. We consider there are ways to more clearly separate functions focused on historic Treaty of Waitangi claims (Te Arawhiti) and future focus around cultural, social and economic development opportunities (Te Puni Kōkiri).

Recalibrating legislation

- 29 Te Puni Kōkiri manages 68 Acts and 28 pieces of secondary legislation, some of which it may be useful to look at in terms of its fit for purpose in modern day times. Amending and repealing some legislation over this Parliamentary term could enable low-cost changes to deliver greater efficiencies for the organisations and entities involved. Te Puni Kōkiri has begun scoping options for possible reform and given the time and resource required for this mahi timetabling in the House will need confirming. As a government I know we are focused on lifting the quality across all regulatory systems and aligning these responsibilities to good practice and in support of a modern, open market economy.
- 30 I will return to the Cabinet Committee before 1 October 2024 with recommendations around a legislative programme.

Risks and mitigation

- 31 The risks of retaining the status quo are high – the status quo will continue to produce the same inequality of opportunity outcome. Te Puni Kōkiri is currently not optimally placed to drive the Government's vision for Māori development forward. The proposals in this paper mitigate this. I have attended numerous hui and engaged extensively with Iwi and Māori leaders over the last 6 months. I consider there to be broad support for the changes outlined in this paper.
- 32 Iwi and Māori groups that have relied on Te Puni Kōkiri funding may find the consolidation and refocusing into macro-policy difficult. ^{9(2)(f)(iv) confidentiality of advice}

Cost-of-living Implications

33 The proposals in this paper do not directly impact on the cost of living.

Financial Implications

34 No immediate substantive financial implications arise from the proposals this paper.

Legislative Implications

35 There are no direct legislative implications from the proposals in this paper. Te Puni Kōkiri is exploring options for reforming legislation within the Māori development portfolio. This will inform a future legislative change programme to be proposed to Cabinet.

Tiriti o Waitangi – Treaty of Waitangi Implications

36 Modernising the Māori development portfolio in the manner proposed will deliver better public services, enhancing good government and exercise of Kāwanatanga.

37 The outcomes sought by undertaking more proactive roles in improving the achievement of Māori and effectively monitoring the delivery of public services to, with and for Māori, will support greater equality of opportunity for Māori.

Population Implications

38 The proposals in this paper have no direct changes resulting in negative implications for the rights and interests of non-Māori.

Regulatory Impact Statement

39 No regulatory impact statement is required as the proposals in this paper do not involve the potential introduction of new legislation or changes to or repeal of existing legislation.

Consultation

40 This paper has been prepared with Te Kawa Mataaho Public Service Commission and Te Puni Kōkiri. Te Arawhiti, the Ministry of Justice, the Treasury and Crown Law were consulted on this paper. The Department of Prime Minister and Cabinet was informed of this paper.

STAFF IN-CONFIDENCE

Proactive Release

- 41 I propose that this paper is proactively released as soon as practicable alongside the companion paper titled *Clarifying agency functions*.

Recommendations

I recommend that the Committee:

- 1 **note** that this paper sits as a companion paper to *Clarifying agency functions*, also before the Committee;
- 2 **agree** to my intention to modernise in the Government's approach to Māori development, including that:
 - a. government accelerates Māori economic growth using suitable and innovative levers that align with improving GDP per capita;
 - b. government invests in a targeted manner in Māori social development to ensure that Māori enjoy equality of opportunity;
 - c. government continues to provide adequate support to protect, promote and revitalise the Māori language and culture; and
 - d. Te Puni Kōkiri is elevated to achieve strategic influence.
- 3 **note** that my role as the Minister for Māori Development is to also:
 - a. collaborate with my colleagues to support their efforts to improve outcomes within their portfolios particularly around government targets and quarterly reporting of Māori population cohort information vis-à-vis the targets; and
 - b. support my colleagues to strengthen relationships with credible Iwi and Māori leadership to enable evidence-based engagement to deliver on needs – this will require Ministerial attendances and practical advice from Te Puni Kōkiri in relation to Iwi/hapū rights and responsibilities and opportunities to enable targeted action including the pending social investment approach.
- 4 **note** my intent to work with Cabinet colleagues to bring back to Cabinet papers in relation to a Māori economic development strategy and a Māori legislative reform programme by 1 October 2024 respectively.

STAFF IN-CONFIDENCE

- 5 **note** my intent to significantly strengthen the social, economic and analytical capability of Te Puni Kōkiri, and improve its data and evidence base to ensure it is capable of providing credible advice to inform needs-based targeting, enhanced by the experience and intelligence that its regional staff collect and report.

Authorised for lodgement.

Hon Tama Potaka

Minister for Māori Development

Minister for Māori Crown Relations: Te Arawhiti



Cabinet Social Outcomes Committee

Minute of Decision

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Enabling Good Government through a Modernised Approach to Māori Development

Portfolios **Māori Crown Relations: Te Arawhiti / Māori Development**

On 7 August 2024, the Cabinet Social Outcomes Committee:

- 1 **noted** that the paper under SOU-24-SUB-0094 is a companion paper to *Te Arawhiti and Te Puni Kōkiri: Clarifying Agency Functions* [SOU-24-SUB-0093];
- 2 **agreed** to the intention of the Minister for Māori Crown Relations: Te Arawhiti and Minister for Māori Development (the Minister) to modernise the Government's approach to Māori development, including that:
 - 2.1 government accelerates Māori economic growth using suitable and innovative levers that align with improving Gross Domestic Product per capita;
 - 2.2 government invests in a targeted manner in Māori social development to ensure that Māori enjoy equality of opportunity;
 - 2.3 government continues to provide adequate support to protect, promote, and revitalise the Māori language and culture; and
 - 2.4 Te Puni Kōkiri is elevated to achieve strategic influence;
- 3 **noted** that the Minister for Māori Development's role also involves:
 - 3.1 collaborating with his colleagues to support their efforts to improve outcomes within their portfolios, particularly around Government targets and quarterly reporting of Māori population cohort information vis-à-vis the targets; and
 - 3.2 supporting his colleagues to strengthen relationships with credible Iwi and Māori leadership to enable evidence-based engagement to deliver on needs, which will require Ministerial attendances and practical advice from Te Puni Kōkiri in relation to Iwi/hapū rights and responsibilities, and opportunities to enable targeted action, including the social investment approach;
- 4 9(2)(f)(iv) confidentiality of advice

- 5 **noted** that the Minister intends to significantly strengthen the social, economic, and analytical capability of Te Puni Kōkiri, and improve its data and evidence base to ensure it is capable of providing credible advice to inform needs-based targeting, enhanced by the experience and intelligence that its regional staff collect and report.

Jenny Vickers
Committee Secretary

Present:

Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis (Chair)
Hon Dr Shane Reti
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston
Hon Tama Potaka
Hon Nicole McKee
Hon Casey Costello
Hon Penny Simmonds
Hon Chris Penk
Hon Karen Chhour
Hon Nicola Grigg

Officials present from:

Office of the Prime Minister
Officials Committee for SOU



Cabinet

Minute of Decision

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Report of the Cabinet Social Outcomes Committee: Period Ended 9 August 2024

On 12 August 2024, Cabinet made the following decisions on the work of the Cabinet Social Outcomes Committee for the period ended 9 August 2024:

out of scope



SOU-24-MIN-0094

Enabling Good Government Through a Modernised Approach to Māori Development

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Portfolios: Māori Crown Relations: Te Arawhiti / Māori Development

out of scope



Rachel Hayward
Secretary of the Cabinet