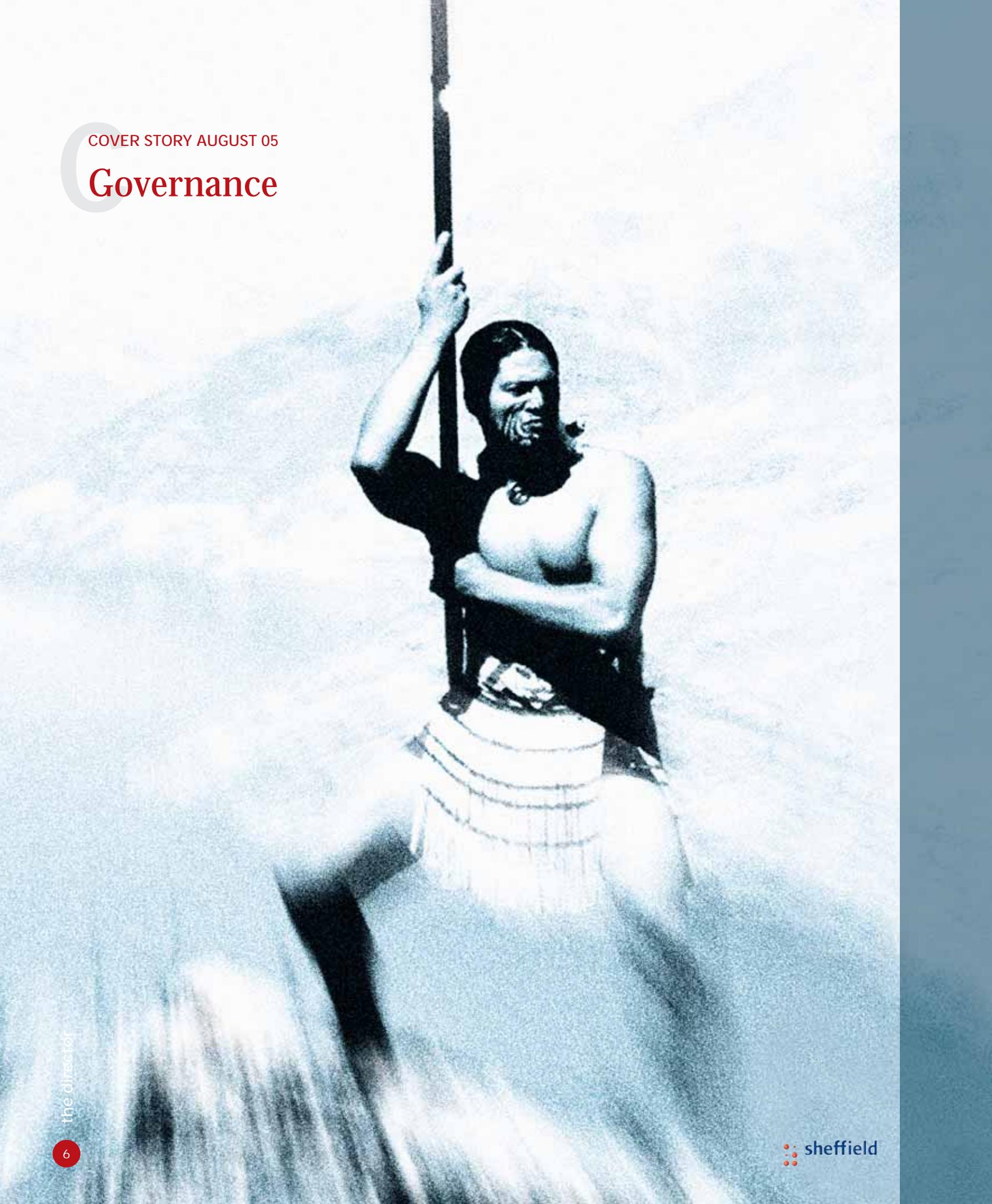


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Governance



MĀORI GOVERNANCE

Meeting the cultural challenge

How much of the outcome of best practice corporate governance should be fashioned by the process, and how much of the process should include 'things Māori'? The answers aren't always easy to find but an increasing number of Māori organisations are committed to the search. Some have been very successful and they may be the models for the future. Mark Story reports.

Māori organisations are grappling with a growing need to embrace the sometimes arcane but absolutely necessary practices of corporate governance. Iwi responsible for negotiating Waitangi Treaty claims suddenly find themselves administering multimillion-dollar settlements. And individuals find themselves thrust into roles as trustees and directors with clear legal and fiscal responsibilities and little or no experience or preparatory learning.

Waikato's Tainui tribe, for example, discovered the hard way that going from zero to \$170 million in cash assets overnight brings mixed blessings, particularly if governance structures are found wanting. Former iwi adviser, economist and now consultant with The Boardroom Practice, Brent Wheeler thinks high profile failures of several Māori organisations following Tainui's fall and subsequent rise, has provided a massive wake-up call for iwi.

Following losses of \$47 million a few years ago, Tainui suffered 15 months of public humiliation. And, says Wheeler, based on the popular perception that entities like Tainui repeatedly plunder "public money", it's hardly surprising Māori organisations hit the media spotlight whenever there's a hint of sloppy governance. And a growing realisation by iwi shareholders that Māori organisations will only get one crack at doing it right means good governance is suddenly in demand.

Māori interest in governance is driven both by the size and scope of Treaty settlements and a recognition of the need to develop best practice governance structures to profitably manage newly acquired assets. Nevertheless, it surprises Wheeler that the Fisheries Commission has never put up governance models for Māori organisations to compare, despite the more-than \$800 million in fishing quota assets recently allocated to iwi.

Not surprisingly, many Māori organisations feel singled out for trial-by-media, while equally failed mainstream companies seldom attract the same sort of media attention. Consequently, Wheeler stresses the importance of driving through the "emotive hype" to focus on the real issues. Being a Māori organisation is an unwarranted distraction when it comes to attracting attention.

MĀORI SUCCESS

Wheeler argues that in fact, it doesn't take much effort to discover more success stories for every one publicised Māori organisation that fails. Some of these include:

- The Whakatū and Mawhera trusts: Both have made inroads into dairy farming and property investment in Australia.
- Tohu Wines: A limited liability company owned by three Māori organisations, the Ngāti Rarua Atiawa Iwi Trust (Motueka), Wakatu Incorporation (Nelson-Marlborough), and the Wi Pere Trust (Gisborne).

STRUCTURAL ISSUES

TPK's Leith Comer thinks Māori organisations have significant and specific cultural considerations that impact on what constitutes organisational success. The unique Māori cultural considerations that contribute to successful governance outcomes are: communal ownership (and distribution of resources); guardianship over ancestral lands; resources (Taonga & sacred areas); non-transferability (out of the collective); and multiple accountabilities/relationships.

Incorporated societies, companies and cooperative companies, charitable and private trusts, Māori land trusts and incorporations, plus Māori Trust Boards all have structural limitations that can inhibit Māori collectives from successfully pursuing the full range of contemporary objectives.

For example, while the lifespan of private trusts lasts only 80 years, kaitiakitanga (guardianship) is an ongoing obligation to safeguard assets for future generations. The allocation of fisheries assets through Te Ohu Kai Moana Trustee Ltd – the successor body to the Waitangi Fisheries Commission – (starting this year) is another example. In order to meet the criteria set out under the Māori Fisheries Act 2004, iwi recognised under the Act may need to modify their existing constitutional documents.

They may, as part of that process, choose to change their existing structure. "That's why an investment in Māori cultural executive leadership and in the knowledge and participation of Māori as members of institutions that govern their interests are integral to the successful governance of these Māori institutions," says Comer.

- Kaikoura Whale Watch: A private company owned by Ngāi Tahu Holdings and the Kaikoura Charitable Trust.
- Te Rūnanga o Ngāi Tahu: The governing body that oversees South Island tribe activities comprising elected representatives from the 18 rūnanga or tribal councils.

According to Ngāi Tahu chairman Mark Solomon, Māori organisations are making "quantum leaps" in the governance stakes by sharing information and networking on both these success stories and past failures. The penny's finally dropped that Tikanga or "things Māori" – like songs



and prayers after a meeting – can make good governance look, at best, ambiguous, he adds.

In other words, Māori organisations now recognise that the “mana” (authority) individuals might have on a marae doesn’t necessarily equip them to manage millions of dollars in assets. And every Māori organisation these days, including maraes, is expected to turn a profit. “Just because you’re a Māori organisation doesn’t mean you’re above the law,” says Solomon, who’s charged with managing Ngāi Tahu’s almost \$500 million in assets. “We have the same compliance obligations as any mainstream business.”

The proliferation of Māori organisations established in response to recent treaty claim settlements is spreading the wealth of governance experience and judgement. Māori organisations, to varying degrees, are flat out learning the fundamentals and application of good governance Pākehā-style.

Solomon reports a greater willingness by today’s movers and shakers in Māori, like Paul Morgan (Federation of Māori Authorities), John Tamihere (Labour MP), and Shane Jones (Waitangi Fisheries Commission) to mentor across all levels of Māori. And because of their success, organisations like Ngāi Tahu, Tainui, and Tohu Wines are now considered blueprints for other Māori organisations. The “knowledge” is no longer concentrated in a handful of high profile Māori icons like Sir Tipene O’Regan, Doug Graham, Sir Paul Reeves or the late Matt Rata and Sir Robert Mahuta.

GOVERNANCE INITIATIVES

What, specifically, is Māori doing to learn more about governance processes? One of the most recent initiatives is the Trade and Enterprise NZ (TENZ) Biz Trustee Training Programme that focuses on the fundamentals of governance for Māori land trustees. It’s envisaged that several NZQA-recognised units currently being offered by polytechnics and other training providers will ultimately lead to a certificate in Māori Governance encompassing 60 credits over nine months.

In addition to Wānanga (best practice) courses, Māori business networks, and other embryonic public-arena initiatives – through Te Puni Kōkiri (TPK) aka the Ministry of Māori Development – tribal meetings like Hui Taumata 2005 also highlight governance as a key driver of Māori success. Strategies for advancing sound corporate governance were presented during Hui Taumata by keynote speakers, including chairman of the Business Roundtable Rob McLeod and public law expert Mai Chen. There’s also a growing vanguard of prospective Māori trustees being groomed for future governance roles through courses hosted by both the Institute of Directors (IOD) and the Government’s governance watchdog, the Crown Company Monitoring Advisory Unit (CCMAU).

But, says iwi adviser Jim Gray, while Māori have no hesitation attending these and similar courses, the course material might immediately be parked in the garage on the pretext it doesn’t relate to their experience. What, according to Gray, many non-Māori simply don’t understand is that for most Māori people the initial step into mainstream governance is often just “too big”.



Trustees of Māori organisations are all too often more preoccupied with power-plays than focusing on governance. “Tainui, for example, had to go through a painful process because they moved into areas of business based on traditional values and occupied governance positions by virtue of their local standing and genealogy,” says Gray who has sat on 26 Māori authorities over the past 15 years.

Much of the current debate within Māori is around relating governance to Māori situations. Iwi is, according to Gray, currently wrestling with how to recognise the unique features of Māori without compromising the fundamentals of good governance.

DEFINING MĀORI

A Māori organisation must be 51 percent or more owned by Māori. TPK estimates that Māori organisations collectively hold around \$9 billion in assets, and account for 1.4 percent of New Zealand’s economy. There are, apparently, 900 Tribunal claims currently outstanding which suggests the contribution Māori organisations make to the overall economy long-term will grow significantly.

From 1998 to 2001 the total income for Māori land trusts increased 55 percent to \$300 million. Gross profits for Māori land trusts improved by 122 percent to \$51 million, and total assets for Māori land trusts grew by 45 percent to \$1.52 billion.

But as the principles of any code of governance apply equally to Māori and non-Māori organisations, Wheeler doesn’t see Māori organisations developing their own model. He thinks Māori considerations relate less to commercial areas and have more to do with the distribution of resources. “The biggest hurdle is people saying – ‘because it’s Māori it’s different’. The expectation that Māori organisations will be treated differently or that Māori governance is fundamentally different is both intellectually bankrupt and fraught with danger.”

TPK’s chief executive Leith Comer doesn’t believe good governance should be shanghaied by culture. But he’s also quick to refer to international research that suggests governance bodies reflecting the cultural practices of a collective are more successful than those which don’t. The principles of effective corporate governance must be located within the Māori world view, he says. “There’s increasing recognition within Māori organisations that trustees must have expertise and experience in governance. But this shouldn’t be at the expense of the cultural interests of the Māori collective.”

CULTURAL VALUE-ADD

Instead of dismissing Tikanga as time-wasting, law firm Rainey Collins’ chairman of partners and adviser to many Māori organisations, James Johnston, suggests it’s more a question of finding “those things Māori” that add value to the governance process. It is, he says, simply wrong to assume that anything Māori has no place in the governance process.

Māori directors and trustees need the confidence to recognise that some aspects of Māori culture could be appropriate. For example, no other type of organisation is required to engage with each and every shareholder before making a decision. In Johnston’s opinion, juggling governance fundamentals with things Māori comes down to common sense.

The rules of good governance – like honesty, integrity and accountability – are colour blind but, says Johnston, it is possible to identify those cultural (Māori and non-Māori) aspects likely to enhance best practice models. “That’s especially true when Māori is joint-venturing with non-Māori or overseas partners. In addition to displaying good manners, recognising cultural differences could make for better governance and enhance the business climate for the best result.”

Gray agrees with this approach so long as Māori organisations don’t move so far from the norm that other businesses become wary of interfacing with them. Māori organisations must not confuse procedures or cultural protocols with governance structures and outcomes, he warns. Māori organisations often misunderstand that culture is only a form of process while the fundamentals of governance remain unchanged.

For example, while Māori authorities have to conform in terms of Māori land, how they go about it may vary. “Wanting to be seen as Māori is okay if you’re dealing with other Māori,” says Gray, who put the Māori corporate governance programme together for TENZ. “But if you’re trading with mainstream business you must look outward, not internally.”

The key to better governance of Māori organisations is, says Gray, having more people skills in both worlds – corporate situations and Māori land meetings – and leading by example. He doubts, however, that the hurdles associated with the release of equity from Māori-based authorities, and the low fees paid to trustees will encourage enough young, professional Māori to take up governance roles. “What incentives are there for people to invest nine months studying for a certificate in governance if it doesn’t even pay the bills?” 

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