

Unlocking the potential in our whenua



Arama Kukutai (Ngāti Tipā, Ngāti Maniapoto, Te Aupōuri) has been an agribusiness entrepreneur for more than two decades and global thought leader in agrifood sustainability and investment trends. He is Chief Executive Officer of Plenty and co-founder of pioneering agritech venture fund Finistere Ventures. He was previously Executive Chairman of PKW Farms and a lead for New Zealand Trade and Enterprise in North America.

When I went to California in the year 2001, Te Puni Kōkiri | Ministry of Māori Development and economics consultancy BERL estimated the value of Māori assets at around NZ\$2 billion. 25 years later, it's \$126 billion, including Māori entity commercial assets of around \$41 billion. There's a big delta between that and the original \$2 billion, plus around \$3 billion of Treaty settlements in that time.

The Māori economy is very strong in food and fibre, but the fact is that the country's biggest land base remains minimally invested and unrealised with enormous potential. With nearly 1.6 million hectares under Māori freehold title, you could say that Māori entities remain dirt rich and capital poor.

Waking the giant

More than a million hectares of land is an incredible resource for driving growth to the benefit of not just Māori but the wider economy. Although Māori land title remains a Gordian knot, it's an area that's overdue for better engagement with the private finance sector. Much of this whenua is in the care of perpetual trusts where the trustees act on behalf of a large number of beneficiaries. The trustees take a blend of kaitiakitanga (guardianship) alongside a development approach, and the ability to mortgage or sell whenua Māori is a major factor limiting growth economically.

I believe we can do both and need to be more innovative about partnering with private capital. We see the potential growing every year in the Ahuwhenua Trophy – the annual

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showcase of Māori farming pride and potential. We also see it in examples like Parininihi ki Waitōtara – a comprehensive agribusiness company encompassing dairy, sheep and beef, crayfish, horticulture and a Māori co-investment fund, operating 30 farms with a total land base across 20,000 hectares and embedding strong sustainability principles at every level.

Another example is Te Awanui Huka Pak – a Tauranga horticulture business delivering on the aspirations of around 16 collaborating trusts with around 600 hectares of kiwifruit under canopy and one of the largest players in our burgeoning kiwifruit industry. There are many others representing owners and iwi across the nation with exciting and noteworthy Māori trusts that are not household names doing amazing things, especially in primary industry.

The private banking sector can do more to figure out how to bank and lend capital to Māori. Traditional financing models requiring cross-securitisation and default/sale provisions do not work for Māori land. There are around 300 Māori incorporation and whenua Māori trusts that make up the bulk of this land resource. Many are members of the Federation of Māori Authorities, which has a key role in promoting more capital development.

Te Tumu Paeroa | Office of the Māori Trustee looks after around 70,000 hectares of mainly fragmented land with many beneficial owners – many can't be located and haven't succeeded to their interests. It plays a trusted role and has launched innovative programmes like Huakiwi, matching Māori land with investors and partnerships. It can be a complex landscape for non-Māori to understand, but this is also part of the opportunity for those like Rabobank making the investment of time and effort.

The issue of generational succession is not novel to New Zealand. For example, there are 2 million family-owned farms in the US but only around 100,000 active farming businesses. The US Department of Agriculture estimates more than 60% of farmland is now leased, with independent capital coming in to operate and invest and get a return on the land.

I see opportunities for Māori to play a diverse role in farming as the operator, acquirer, lessor and downstream partner, particularly with the generational succession expected over the next decade as current Kiwi farmers retire or consider exit options. Māori entities are oriented to the long term. As sophistication builds, I believe we will be (and are) seeing alternative funding models and partnerships that generate access to global capital markets.

Getting braver

Even if the current land title structures have been slow to evolve, there is room to add layers of entrepreneurship. Another important factor to consider is Māori demographics – 70% of the population is aged 30 or under. That's in contrast to the rest of the New Zealand and other OECD economies. We have a store of young Māori talent with potential for leadership and skill development to attract into the food and fibre sector and make sure it's seen as exciting and cool to be part of.

The next generation can be leaders in advanced technology such as genetics, innovations in farm land productivity, reduction of climate change impact and more. The combination of robotics and AI is going to reduce labour while lifting insight and intelligence. In New Zealand, we are seeing great advances in agritech. The reset of the science, innovation and technology sector is the most profound in the last 30 years. New Zealand has lagged behind other countries in adopting technology to benefit industry, and our productivity measured in GDP per filled job can be in part blamed on our lack of investment and success in commercialising science. Māori are stepping into this sea change and will be essential to reversing the slide.

Across the motu

Climate change isn't coming – it's here. Weather is the biggest risk to farming. The US has federal crop insurance with a US\$10–12 billion premium per year. In New Zealand, we have insurance pools funded by the grower – we need a better approach for managing risk. I think we're going to see an increase in covered cropping and vertical farming along with fintech innovation to manage crop loss risks.

Climate impact is an opportunity for New Zealand to figure this out. At the moment, the Emissions Trading Scheme (ETS) is mostly seen as a tax, not an opportunity. Voluntary carbon markets are a big opportunity. The ETS market in Europe is worth \$1 trillion in traded carbon. Obviously, we have a small impact on global carbon dioxide emissions, but we can be a leader in the use of tech and new markets as we develop new innovations we can take to the world.

Adding an F

We already have food, fibre and fishing. This fuel crisis should bring us to ask whether we need to add another F – advanced fuels. We currently import \$1.3 billion of aviation fuel and similar amounts of diesel. As a country, we need to seriously explore whether we can gain greater resilience and independence in this space – for example, with bio-based sustainable aviation fuel. We have the feedstock and we need to develop access to the technology. Only 1% of the world's aviation fuel is biofuel, but this will be changing as nations evaluate their energy strategies. We could become independent and even an exporter of jet fuel if we can figure out how to unlock our natural resources and attract talent and capital to diversify our primary industries as Māori.

We are in a world of unprecedented change and challenge but also opportunity. As one generation prepares for retirement, another prepares to take up the reins to lead.