

The Tribal Korero—Election Issue

Winter (NZ) 2020 Summer (US) 2020

A Covid-19 era summation of how financially empowering the Māori nation of Aotearoa through the capitalization of their whenua holdings could help the country to quickly recover from the socio-economic scars of the pandemic, laying the foundation for building a sustainable “rock-star” economy that all citizens of our nation could equitably share in.

Q: Will the new class of “Election 2020” deliver on this kaupapa?

A: Yes, provided they deliver on the 5 steps below.

“Māori Lives Matter in our nation’s economy too!”

Step 1—Read this newsletter.

Step 2—Create the Māori Whenua Bank.

Step 3—Repeal the Te Ture Whenua Māori Act.

Step 4—Recognize Tikanga & transfer Māori land dealings to Marae.

Step 5—Pakeha politicians, please listen and do the right thing this time.

Well, the big spending promises have started. Each party trying to outspend the other with unsustainable debt backed, vote buying promises that just add to the nation’s expanding debt. In keeping with my promise to the late “Big Jim” I will vote for the party that promises **NZ\$1B** in funding to the “**Māori Whenua Bank**” to invest into middle class, rural Māori “*Whānau-on-the-Whenua*” for sustainable, tikanga compliant mānuka and kānuka agribiz operations on an intergenerational basis irrespective of whichever way the political winds blow.

Building a rock-star economy!

The flow-on effect of freeing 750,000 citizens from the restraints of wealth inhibiting land laws. Certainly not by adding billions of \$\$'s to our national debt as we go into election cycle promise season during an economic crisis.

It will not happen with this debt funded helicopter money thinking:

GREENS/LABOUR

“Socialism creep largesse creating greater debt funded fiscal deficits that contribute zero to our nation’s economic growth”.

NZ FIRST

“Politically nuanced, debt funded deficit spending / allocation of growth fund \$\$'s with no transparency or ROI accountability”.

NATIONAL

“Trying to reheat a Muldoon era souffle of debt funded deficit spending on think-big projects that do not drive sustainable GDP growth across the broad economy”.

THE OUTCOME OF THESE POLICIES?

Destabilizing our nations globally envied low debt to GDP ratio while increasing the burden on the taxpayer in a small country of only 5M people. A burden that could be avoided by re-engineering the political approach to that 15% of the nations population who own the key to a sustainable rock-star economy. C’mon all of you, where are your native whenua economic policies that will drive a sustainable rock-star economy for generations to come?

It will happen with just one long overdue change that politicians control:

MAORI LAND—CHANGE THE LAW!

My four+ years of working with Māori land value studies for agribiz based plans revealed that (1) Māori freehold land is typically valued at one tenth of the value of General Freehold Land, (2) that because of Māori land law, no bank, lender or investor will fund it with the archetypical response to an approach for Māori whenua agribiz being **“we have no appetite for that lending”**.



Prior to the colonial era land confiscations, Māori were very successful traders & seafarers, distributing food from their customary lands across the country & shipping to Australia. Then came the confiscations that destroyed a native nation.

MAORI LAND—JIMS BIG QUESTION—WHAT IS ITS FULL ECONOMIC VALUE?

The simple answer is “**nobody knows**” because no marketplace in Māori whenua has been able to develop to provide the answer. This attributes to Māori land laws that urgently need rewriting before the succession element alone of the law as it stands leads to the collapse of the system under the weight of conflicts that the atavistic Māori land Court system cannot resolve. The sooner our political parties wake up to the fact that Māori land should revert to a Tikanga based system through the Marae where all customary

rohe will be recognised & respected, the sooner the true value of Māori whenua will emerge, free of Pakeha influence, direction or control. As politics has a habit of creating some pretty strange bedfellows, hopefully one of the major parties will team up with a Māori political party and together create a political solution. One that will enable the value of whenua to emerge for the commercial benefit of the native owners. Not foreigners who control far too much of the taonga that grows on this country’s native lands.

Big Jim wanted another Jim Anderton “moment”

....“For goodness sake, give him his bloody bank”

(And so Kiwibank was born on May 4th 2001 under a Labour Govt)

THE MAORI-WHENUA BANK

Sitting on tens of millions of dollars belonging to Māori landowners, Te Tumu Paeroa is ripe, for conversion to a “Māori Whenua Bank” (MWB) supporting (1) middleclass rural Māori whanau agribiz, (2) the introduction of Fractional Titles in Māori land that could provide loan security and tradeable through a real-time digital exchange as a trading division of the MWB to enhance asset liquidity.



Such a bank would give 750,000 people of this nation their own multi-billion-dollar bank. Initially the bank would be Government (MOF) owned with Reserve Bank supervisory oversight. The MWB would attract a new genre of Māori depositors actively seeking to grow the value of their whenua for the benefit of their whanau on an intergenerational basis according to tikanga Māori. The Bank could be floated/listed on a Stock Exchange at a future date delivering further wealth back to the tangata whenua owners with such listing. In a world attuned to “Black Lives Matter” such a bank would be widely applauded & supported.

A NZ\$2.8B CAPITAL CREATION POOL FOR WHANAU-ON-THE-WHENUA

Through asset-backed securitization, MWB could monetize the circa 100,000 ha of Māori land that TTP now manages. However, the new MWB would need to be managed by skilled financiers with international banking experience, replacing the current civil service imbued TTP management. One whose track record is questionable, valuing the Māori land under its management at a paltry **NZ\$2k** per ha compared to the 2018 average general land market value of **\$28k** per ha. Valued at \$28k per ha, these

managed lands would provide a **\$2.8B** asset base that could be collateralized to support a securitized financial derivative platform that would give MWB, access to the global capital markets to arrange the funding needed to support the biggest middleclass whenua, native taonga resource based, economic renaissance in the history of Aotearoa/NZ. A rural awakening that would deliver an intergenerational “rock star economy”. One in which all would more equitably share as an equal opportunity nation.

WHANAU FRACTIONAL TITLE — TRADEABLE LAND BACKED SECURITY

Fractional Title ownership of multiple owner Māori Freehold Land would remove an oppressive and discriminatory colonial era restriction on the ability of the Māori nation to monetize, capitalise, realize and put to work, the many billions of dollars locked-up in commercially viable Māori freehold whenua. Land owned by circa 750,000 native inhabitants across the motu. Citizens to whom Fractional Title would deliver the freedom to deal in their titled whenua as they wish, free from the deliberately cumbersome Māori land law which has evolved from laws written by colonials. Early immigrants whose objective was to (1) extinguish native title,

(2) suppress Māori land values making it easier for immigrants to gain control of the natural resources of Aotearoa. Laws that delivered “legal” economic apartheid that continue to force all too many Māori landowners into subservient economic roles in respect of their whenua taonga due to lack of access to whenua secured capital. The current Minister of Māori Development expressed interest in the FT concept when Big Jim and I put it to her in early 2018 by way of inquiry as to how the new Minister was going to make capital available for middle class Māori out on the rural whenua who were unable to secure capital from any source whatsoever.

Let’s apply this Māori capital creation platform to the circa 1.4M ha of Māori freehold land across the country.

The value at general land value adoption is circa

NZ\$39,200,000,000

Now, where is the politician with the VISION to follow Anderton’s gutsy drive to (1) deliver this Māori bank, (2) privatize/interface TPK with MWB for whanau agribiz?

BUILDING A ROCK-STAR ECONOMY

Means building Stakeholder Capitalism

**Creating 500 rural whānau millionaires within 10 years.
Growing a natural therapeutic pathogen inhibitor.
Delivering a \$1B+ market cap agribiz Co-Op.**

To create within 10 years, 500 middle-class rural millionaire whānau earning an average EBITDA of **\$177,000 PA** (*in today's \$ terms*) from mānuka/kānuka oil 'n honey farming in the far-north. A remote region yet to fully expunge the colonial era commercial subservience that drove it to being one of the most economically marginalized areas of the country in terms of rural Māori whānau (*family*) income per capita. The direct result of successive Pakeha (*white-man*) political hegemony dating back 180 years to the colonial era that marked the beginning of racially discriminatory land law that to this day continue to make it challenging for banks to lend to Māori landowners.

Colonial era law that to this day renders Māori landowners to economic serfdom on their mānuka laden bushland which is classified as "uneconomic", forcing these landowners to accept less than optimal prices for natural resources such as the mānuka which grows wild on their lands. A rural land valuation classification that adds to the difficulty a Māori landowner faces when seeking a valuation of their mānuka bushland for agribiz operations. Despite the reality that mānuka oil 'n honey farming is more profitable than dairy farming. A farmer owned agribiz Co-Op enterprise delivers the solution to this culturally driven participatory issue.



A top producing dairy farm will yield circa NZD2.5k EBITDA per ha. Native mānuka bushland can deliver in excess of NZD4k per ha back to the farming whanau.

Mānuka honey retails for circa NS\$350 per kg. Mānuka and kānuka oil retails for circa USD2,000 per kg as a customary therapeutic remedy.

Coronavirus—A contagious pathogen

Mānuka and Kānuka—known pathogen inhibitors

Ongoing research continues to demonstrate that mānuka and kānuka oil are highly effective in the treatment of pathogens. Recent research has indicated that kānuka oil appears to be the most

powerful of these two native plant oils in inhibiting pathogens harmful to humans. This superior efficacy being attributed to the much higher terpene and terpenol counts present in kānuka oil.

Why is Mānuka and Kānuka Oil agribiz so suited to Whānau-on-the-Whenua?



Because at the end of the colonial land confiscation era, Māori hapū across the motu were mostly left with land not wanted by the colonials for European style farming. They were left with the “crappy” land that just kept growing unwanted scrub which was ripped out and used for firewood. That “scrub” was mānuka and kānuka, a plant that today produces (1) a premium priced honey and more recently, (2) essential oil. Taonga that yields greater earnings per ha than a top dairy farm. Two native trees that are found mostly on the unwanted land “left over” from the colonial land-grab era, remaining as Māori owned/controlled whenua. Now, highly valuable whenua in terms of what it produces, it is mostly occupied and inhabited by middleclass Māori whānau but remains classified by Government sponsored valuation for rating purposes as non-economic, thus giving this resource rich whenua a pitifully low valuation. Add to this the fact Māori land, is not considered suitable for lending purposes we have another “legal” roadblocking agribiz curveball.



THE NZ TAX AVOIDANCE GAME

Today, these whānau are having the last laugh. They live & work on whenua that grows high value taonga, i.e. Mānuka and Kānuka “scrub” with Mānuka honey fetching US\$300+ per kg & Mānuka / Kānuka oil retailing in the US for over US\$2,000 per kg/ltr. They are growing liquid gold that well capitalized foreign owned companies in NZ are now chasing, lowballing the raw taonga payments to the whānau who cannot get the capital they need for agribiz on their whenua. This forces them to accept the lowball pricing from Asian owned companies who through a simple transfer pricing process, show tax losses on their NZ supply operations, making and keeping the profit in Asia, effectively avoiding NZ taxation leaving both the country and growers “out of pocket”, again!

EXPORTING MAORITANGA TO THE USMCA FREE TRADE ZONE



Aotearoa/New Zealand enjoys a unique positive profile with the American people. They are fascinated by the Māori culture of Aotearoa. A current day fact conveyed to our family here in Aotearoa from our family in the US and experienced by us personally in the years we lived there. Americans embrace new ideas and products with the new USMCA free-trade marketplace of over 500M making the US the right place to launch a Māoritanga themed health and wellness consumer product range. Especially in the alternative health field in the Americas’ where hygiene is now becoming a top of mind issue for so many.

Oil grown by the whānau will be exported to the US for sale where a Florida based lab will conduct batch testing as part of the provenance validation required to guarantee US customers that the oil they are using is 100% pure, grown by “*Whānau-on-the-Whenua*” in Aotearoa/New Zealand, probably the most trusted agribiz provenance in an increasingly polluted world.

MAORI AGRIBIZ-AN HISTORICAL PERSPECTIVE

While we cannot undo the societal wrongs done in the 180 years since the Treaty between Māori & Queen Victoria, we can build an intergenerational enterprise that works towards better outcomes for middleclass rural landowners for the next 180+ years.



AN INEXORABLE CHANGE MOMENTUM IS EMERGING

But to understand the need for change, one need to understand the history that has given rise to this socio-economic change momentum, i.e.

1. That when the Treaty of Waitangi was signed between colonial agents of Queen Victoria and the confederation of Māori chiefs of Aotearoa/NZ in 1840, Māori land holdings encompassed the entire land mass comprising **26.6M hectares, i.e. 100%**.
2. That within less than **100 years** of colonial land dealing malfeasance, total Māori land holdings had diminished to only **1.4M hectares** i.e. **less than 5%** of all land.
3. That this land was lost through a combination of (1) **controversial** private & Government purchases, (2) **corrupt** Native Land Court practices and (3) illegal **confiscation** of the land that made it difficult for Māori to own land according to **traditional, tribal ownership structures** following Tikanga (*custom*) and protocols of Kaitiakitanga (*intergenerational preservation*).
4. That mānuka / kānuka bushland covers circa **720,000ha** of the North Island land mass.
5. That over **85%** of the country's mānuka production comes from this remaining 1.4M ha of Māori land of which more than 50% is covered in mānuka / kānuka bushlands.
6. That Māori landowners own the mānuka / kānuka resource of the country, but because of the **legislated obstacles** to Māori being able to use their land as security for capital formation and raising, it is the non-Māori, (Pakeha) who have dominated the commercialization of the manuka sector and its extraction from Māori land.
7. That it is estimated that Māori receive **less than 15%** of the full commercial value of the mānuka and kānuka extracted from their lands.
8. That foreign ownership/control of this commercialization process is increasingly moving to control and domination of the industry as local non-Māori investors **exit an industry** and **Asian interests pay premiums** to gain control of the mānuka natural resource sector.
9. That this exit (*bailout*), momentum is delivering excellent capital gains for the early stage mānuka sector movers who are selling out to Asian investors who have no knowledge of Māori culture, tradition or customary aspiration and unaware of the **long-term risks of inequitable capital allocation**.
10. That this growing non-Māori control of customary natural resources growing on Māori land is leading to a **growing backlash** from Māori landowners who are demanding a greater share of the financial benefits flowing from the mānuka/kānuka sector.
11. That this demand for increased financial benefits **can be accommodated** through the establishment of **cooperative ventures** that work for the benefit of the landowners.
12. That university research has shown a Cooperative business structure most closely fulfils **twelve identified cultural values** which are widely accepted as being fundamental to Māori social organisation. Nourish these values and watch a rock-star economy emerge as 750,000 natives are freed from decades of politically nuanced land edicts.

A MODERN-DAY AGRI-BIZ COOPERATIVE

SUPPORTING TIKANGA MAORI PROTOCOL

(Maori customary lore)



Collective Māori organizational values have been described in various ways by different writers who generally conclude that there are twelve such values that appear to be fundamental to the societal organisation of & by Māori throughout the land. An AUT research paper summarized it as follows:

Summary of Māori Values Relevant to an Organisation

| | |
|---------------------|--|
| Tikanga | Customary law |
| Mana | Honour – bestowed and earned |
| Whakapapa | Common ancestry |
| Kaupapa | Common objective |
| Wairuatanga | The integrated spiritual world |
| Kaumatuatanga | Elders providing community leadership |
| Utu | Ensuring balance and harmony |
| Kaitiakitanga | Guardianship & protection of what has been given |
| Whakawhanaungatanga | Strengthening family bonds |
| Manaakitanga | Generosity in all interactions |
| Whakarite Mana | Making agreements work |
| Hui | Full participation in decisions |

ESG INVESTMENT—NZ PERMANENT RESIDENCE

Equivalent to NZ\$3M, a US\$2M ESG investment in Aotearoa/NZ would support a US family office application for Permanent Residence in NZ in the investment category. However such applications take time and must meet all PR guidelines and requirements. Ideally, a Family Office could consider a convertible debt entry capital structure with a contractual exit if the application is not approved.

Agri-biz investing in NZ, the world's most trusted farming provenance



SOCIAL IMPACT KAUPAPA

AN ETHOS WITH A 112 YEAR WHAKAPAPA

Way back in 1905 Big Jim's tīpuna (*ancestor*) was elected as the Eastern Māori MP at the age of 31, and just seven years later in 1912, founded the Waiapu Farmers Company. An agribiz Co-Op he set up to help the growing numbers of Māori landowners in the rohe (*area*) to secure supplies, finance and market their produce. Although Sir Apirana died in 1950, the Co-Op remained on the Companies Office register until 1999, an 87 year history. The history books report that many of the actions and undertakings of Sir Apirana were considered as contentious for the times. Sometimes from a Māori perspective, sometimes from a Pakeha (*white man*) perspective. However, no one doubted his skills and ability to get the job done. None of us could ever hope to emulate the impact that he had on the history of Aotearoa/NZ, but as Big Jim said to me when we both paid homage to Sir Apirana at his graveside in 2017 *"we only have to follow in his footsteps and do our best to serve marginalized rural farming whānau who need help today just as much as they did 100 years ago"*. Against this background, a Co-Op would be the first one to be incorporated since 1912 to serve Māori whānau on the whenua who need help to earn a fair and decent living from the modern day taonga (*treasure*) that grows on their whenua (*land*) and now enjoying growing consumer demand. Mānuka & Kānuka.

ENVIRONMENTAL & SOCIAL IMPACT FOCUS

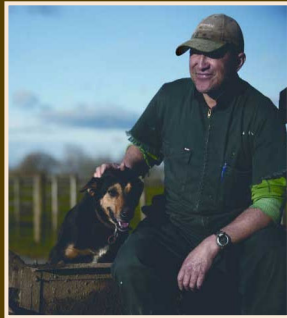
| | |
|---|--|
| <p>How would a Co-Op's kaupapa align with community priorities in remote rural areas?</p> | <p>It aligns with these aspects of the local era economic action plan:</p> <ul style="list-style-type: none"> ◆ Skills & education: Improving pathways to employment. ◆ Land & water: sustainably use land and water resources to increase productivity from current enterprises and shift resources to higher value uses. Support the development of Māori land as a priority for growth. ◆ Forests unlock the potential of Māori forestry innovation/aspiration in the care of native flora and fauna. Not exotic plants. ◆ Honey: Build capacity and capability in the region's apiculture industry. ◆ Manuka: Build Māori commercial interest in gaining greater economic yield and control over this taonga, NOT foreigners as at present! |
| <p>How would a Co-Op's kaupapa align with rural Maori needs?</p> <p><i>It would contribute to a number of social-impacts including:</i></p> <ul style="list-style-type: none"> ◆ <i>more jobs and economic activity</i> • <i>benefits to the community, and different groups in the community</i> • <i>increased utilisation and returns to Māori from their asset base</i> • <i>sustainability of natural assets (e.g. water, soil integrity, the health and ecological functioning of natural habitats)</i> • <i>mitigating or adapting to climate change effects, including transitioning to a low emissions economy</i> | <p>A Co-Op aligns with the objectives of the rural whanau, inter-alia:</p> <ul style="list-style-type: none"> • Create jobs immediately and as the operation gains traction. • Provide ongoing on the job training • Create employment for the unemployed in the local community. • Create income on Māori land that is currently unproductive. • Create community resilience; Whanau have strong links with the wider community seeking to improve infrastructure and community wealth for whanau and hapū. • Result in increased plantings of mānuka and kānuka. • Reduce water usage with modern distillation technology. • Support the development of affordable lodging on whānau owned agribiz units where resident labour is an important factor in the operations. |

FAMILY CAPITAL = PATIENT CAPITAL

Increasingly, Family Offices in the US support socio-economic activity which progressively seeks to improve the income and wealth of lower income whanau who live in economically marginalized rural communities. Investments that have an intergenerational focus is the preferred funding destination.

500 CO-OP MEMBERS @ WORK = NZ\$1B MV

Assuming that our politicians get their act together and make the capital available through the new “MWB” this is how 500 “Whanau-on-the-Whenua” could deliver a \$1B MV agribiz.



Standard modelling indicates that 500 rural “*Whanau-on-the-Whenua*” landowner, Grower-Producer whanau harvesting (1) on average 100 ha of mānuka/kānuka bushland per whanau giving access to (2) 50,000 ha of farmed, harvested taonga PA as part of a 10-year intergenerational rural agribiz kaupapa could (3) deliver a NZ\$1B market cap within a decade assuming (4) the application of current industry averages to this 50,000 ha of mānuka/kānuka bushland which (5) mathematically, would deliver the following calculated outcomes (*in 2020-dollar values*). (*Assumptions are not warranted*).

| | |
|------------|---|
| Harvesting | 100,000 tons of mānuka/kānuka foliage PA under controlled pruning programs according to tikanga for intergenerational benefit. |
| Producing | 300,000 kgs of mānuka/kānuka oil PA under a three-year plant harvesting cycle. |
| Paying | NZ\$90M PA, yielding NZ\$5,400 gross (circa NZ\$3,800 net) per hectare to the “ <i>Whanau-on-the-Whenua</i> ” Grower-Producers. |
| Creating | NZ\$180M PA in top-line sales for the whanau owned mānuka/kānuka oil extraction operations. |
| Earning | US\$600M PA in estimated retail sales in the USMCA region of branded, provenance accepted mānuka/kānuka oil. (<i>Based on circa US\$2.00 per ml as per sites such as Amazon and other sellers of NZ manuka oil in the US</i>). |
| Carrying | 50,000 hives producing on average 20kgs of mānuka honey, (generally) over two flowering periods PA in the winterless north. (<i>One hive per ha stocking rate</i>). |
| Yielding | 1,000,000 kgs of mānuka honey PA. |
| Returning | \$25M in farm gate payments PA to Grower-Producers for their mānuka honey, assuming an average Annual Farm Gate Price (AFGP) of NZ\$25 per kg, yielding retail sales of NZ\$250M assuming NZ\$250 RRP per kg. |
| Delivering | An NZ\$1,108B market cap enterprise within a decade, assuming that 119,750,000 CVS (Common Voting Shares) will have been issued (outstanding) at the end of the first decade, and trading at NZ\$9.26 per CVS through a P2P share price discovery and trading platform. |



Nic Iverson — Editor



A MEMORIAM TO BIG JIM

Toopi Kokere Wikotu 1940-2019



Long will I remember the day in 2016 that I met with my kaitiaki, Big Jim on the grounds of his beloved Rongopopoia Marae, ancestral home of his tīpuna where he said to me ***“Nic, I will die, not knowing the value of my whenua. I do not want this to happen to my mokopuna”***. Co-founder of the largest motor-cycle club in the country, he was right. Jim left last November to rejoin his ancestors in Waikikii. This egregious Maori whenua issue led to Jim studying Fractional Title as a way to try to resolve this ongoing source of friction between whanau forced into multiple land ownership through non-tikanga compliant law applied during the colonial land confiscation era. Law written to help immigrants lay claim to land over and above the traditional interests of the natives who had been resident in Aotearoa dating back more than 1,000 years. Jim also said that such a law change would not happen in his lifetime. Sadly, for Jim and countless others, he was right again!

JIMS WIP KAUPAPA—MAORI ECONOMIC ISSUES

FOREIGN CONTROL OF TAONGA

Jim often complained about the ever growing control that foreign commercial interests have gained over Moana / whenua resource. Taonga the tangata-whenua had a customary claim recognized by both the Legislative and Treaty processes. Control that his tīpuna Sir Apirana Ngata would have opposed. It was foreign (Pakeha) control of farm supplies to Maori farmers that saw Sir Apirana form the Waiapu Farmers Co in 1912 as a farmer Co-Op to help and support rural whanau, Jim’s kaupapa while working with me on the development of a Grower Producer member owned Co-Op.

MAORI COMMERCIAL ELITISM

Jim was a major contributor to the 1996 Te Upokorehe led claim on behalf of the Whakatohea tribal group. A claim that became the subject of a pernicious campaign to have it rejected. An action that the incoming Treaty Minister approved. Jim closely watched the nationwide Treaty process, noting the growing wave of connected Maori “leaders” who have worked their way into Iwi positions where they are creating elite Maori ruling whanau dynasties. A new and privileged 1% group that is now well entrenched because there are no office term limits in the law that governs Maori organizations.

AFFORDABLE HOUSING

Big Jim had two “pet hates”. These were (1) hard drugs and (2) abuse of children and women, this latter hate leading to his ongoing crusade to secure and provide affordable housing for Maori whanau. He was very active in the Treaty process setup to ameliorate the struggle that so many lower income Maori have to secure affordable housing, filing Treaty claims for housing and protection for women and children in the community. Jim constantly provided emergency lodging at Mataatua House as everyone in the rohe knew “Big Jim” would help.



Jim outside the Kahungunu Wharenui

JIMS LIFELONG WISH

(1) to rebuild the ancestral Wharenui of his whanau/tipuna at “Rongopopoia Marae, and (2) restore the ancient Kahungunu tribal wharenui at Maromahoe Marae. Success with the Co-Op’s Tiringa program will support this kaupapa.



The Rongopopoia Wharenui ruins



Jim’s wharenui “Mataatua House”, 153 Duke St,

Opotiki, 3122, Aotearoa/New Zealand