



Tribal

**Manuka
Cooperative**

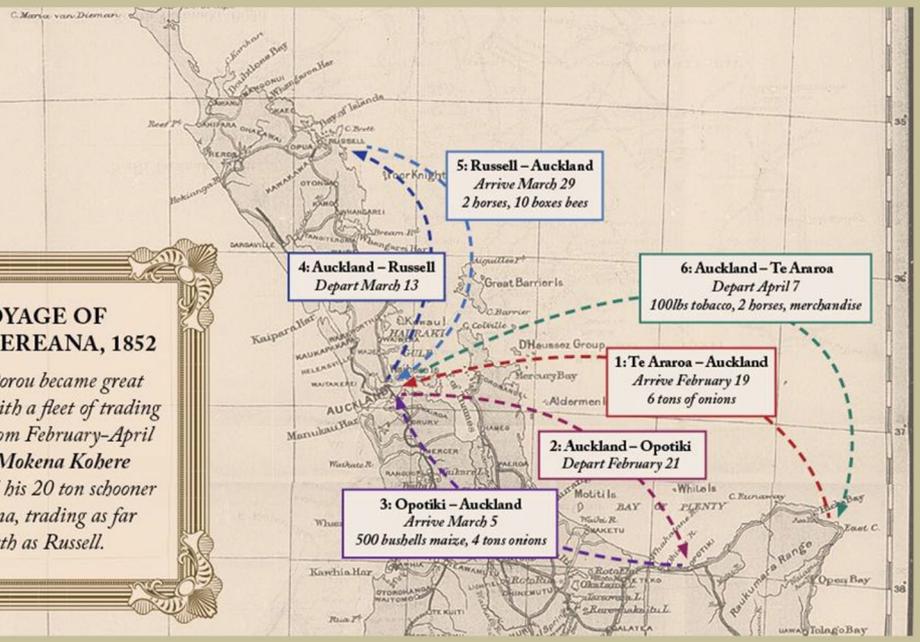
Unlocking wealth for Whanau-on-the-Whenua

This paper uses a 2013 research paper by Colin Knox of AUT on the application of the Cooperative business concept acceptance by the Maori peoples of Aotearoa/NZ. All intellectual property rights attributable to Knox/AUT is recognized and vests solely with such parties.



Sir Apirana Ngata-Acclaimed Maori Legend

BUILDING AN EQUITABLE BASE



VOYAGE OF THE MEREANA, 1852
Ngāti Porou became great traders, with a fleet of trading boats. From February-April 1852 Mokena Kohere captained his 20 ton schooner Mereana, trading as far north as Russell.

Tribal Manuka Cooperative Limited

A modern day cooperative agri-biz industry initiative

A tribute to the early commercial successes of Tūhoe, Te Upokorehe, Ngai Tai, Te Whanau A Apanui and Ngati Porou in creating and building Maori owned and operated land-based businesses, including a cooperative company as part of the widely acknowledged tradition of east coast Maori business entrepreneurship dating back to the early days of trade in Aotearoa when natives had full access to their tribal lands.

A tradition that the Tribal Manuka Cooperative Ltd, seeks to support by maximizing the economic return from natural resource taonga from whenua owned by middle class Maori whanau.

A tribute to Apirana Ngata, legendary Maori Rangatira, founder of the Waiapu Farmers' Cooperative Company. The first Maori owned and operated dairy cooperative in Aotearoa which together with the old Te Kaha Cooperative Dairy Co that proved Maori are skilled in the ways of Cooperative business operations that work for the benefit of all whanau and the entire community.

COOPERATIVE RESEARCH PAPER – DOC-810

EzyXchange Ltd-Capital Sponsor

Tribal Manuka Cooperative Ltd

10/28/2019

INEQUITABILITY SOWS THE SEEDS OF COMMERCIAL FAILURE

COOPERATIVES DELIVER SUSTAINABLE INTERGENERATIONAL EQUITABILITY TO MAORI

DID YOU KNOW?

That when the Treaty of Waitangi was signed between the colonial agents of Queen Victoria and the confederation of Maori chiefs of Aotearoa/NZ at Waitangi in 1840, Māori land holdings encompassed the entire land mass comprising **26.6m hectares, i.e. 100%**.

That within less than 100 years of colonial land dealing malfeasance, Māori land holdings had diminished to only **1.4M hectares i.e. less than 5%** of all land.

That this land was lost through a combination of (1) **controversial** private and Government purchases, (2) **corrupt** Native Land Court practices and (3) illegal **confiscation** of the land that made it difficult for Māori to own their land under **traditional, tribal ownership structures** according to Tikanga (*custom*) and the protocols of Kaitiakitanga (*intergenerational preservation*).

That manuka / kanuka bushland covers circa **720,000ha** of the country's land mass.

That over **85%** of the country's manuka production comes from this remaining 1.4M ha of Māori land of which more than 50% is covered in manuka / kanuka bushlands.

That Maori landowners own the manuka and kanuka resource of the country, but because of the **legislated obstacles** to Maori being able to use their land for capital formation and raising, it is the non-Maori, (Pakeha) who have dominated the commercialization of the sector.

That it is estimated that Māori receive **less than 15%** of the full commercial value of the manuka and kanuka extracted from their lands.

That foreign ownership/control of this commercialization process is increasingly moving to control and domination of the industry as local non-Maori investors **exit an industry** and Asian interests pay premiums to gain control of the manuka natural resource sector.

That this exit (*bailout*), momentum is delivering excellent capital gains for the early manuka sector movers who are selling out to foreign investors who have no knowledge of Maori culture, tradition or customary aspiration and unaware of the **long-term risks of inequitable** capital allocation.

That this growing non-Maori control of customary natural resources growing on Maori land is leading to a **growing backlash** from Maori landowners who are demanding a greater share of the financial benefits flowing from the manuka/kanuka sector.

That this demand for increased financial benefits **can be accommodated** through the establishment of cooperative ventures that work for the benefit of the landowners.

That university research has shown that a Cooperative business enterprise structure most closely fulfils **twelve identified cultural values** which appear to be accepted as fundamental to social organisation by the Māori nation. (*Refer Page 2 for details*).

AN EQUITABLE "SOCIAL CAPITAL" OPPORTUNITY EMERGES

With disciplined execution, an **equitably structured Cooperative** enterprise could become a \$1B MV manuka and kanuka agri-biz within one decade. One that delivers sustainable economic returns on an intergenerational basis to both landowners and investors through (1) **essential oil** farming, (2) **carbon credit** farming and (3) **apiculture** farming in accordance with Tikanga and Kaitiakitanga ensuring sustainable environmental protection for the generation of today and those yet to come.

Land Based Māori Business Cooperative

Equity engineering commercialized intellectual property
Advancing Iwi, Hapu, Whanau & Tangata economic wellbeing

Via emailed korero between NZ and the US back in May of 2015, EzyXchange Ltd was introduced to the Kaumatua / Rangatira of East Coast based, Te-Upokorehe hapu (*tribe*) who sought assistance to develop a Māori landowner focused Grower Member Shareholder company to help tangata-whenua landowners share in the profits of the booming mānuka industry. One that would enjoy long term access to mānuka and other oil & honey varieties through a cooperative commercial structure that enhances native plant agri-biz operations on Maori land with an intergenerational economic advancement kaupapa for the benefit of the Maori landowners of Aotearoa/NZ.

- ✓ The enterprise was to be based on traditional Māori relationships and social structures.
- ✓ It was to be established to assist Māori landowners to move beyond the relatively low income derived from leasing land to tenant beekeepers for minimal return, by establishing effective long-term business relationships with product channel partners through a Maori land-owner equity-participating structure.
- ✓ It being recognized by the kaumatua that it is natural and traditional for Māori to enter into cooperative relationships in order to share the risks and rewards of a developing industry.

In Maoridom, the Rangatira is required to demonstrate the skill, knowledge and personal qualities which would ensure the security and wellbeing of the people under his influence. These values have been described in various ways by different writers who generally conclude that there are twelve such values which appear to be accepted as fundamental to social organisation by Māori throughout the land. **These values are set out below:**

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

DIGITAL ECONOMY APPLICATION: The kaupapa of the Co-Op was to seek to seamlessly integrate capital raising techniques and business management skills with traditional land management practices that have as their Kaupapa, the intergenerational management and guardianship of tribal interests for the economic wellbeing of current and future generations.

Sir Apirana Ngata – Founder of the first Maori landowner Co-Op (1912)



The cooperative business structure has been a natural part of the social structures and cultural relationships in the Māori world for centuries.

The organisation of economic activity in Māori society is based on consensual decision making, with rangatira (chiefs) having considerable influence and respect but always subject to the **agreement of the people**. The Māori style of economic organisation allows every adult family

member with an interest in an event to play a part in discussing what should happen. The effectiveness of Māori style organisation is seen in the mounting of formal events such as funerals which typically extend over three days. While the gathering might appear to follow only the most essential protocols there is an underlying order which appears to require no explanation or rules. The first Māori cooperative company was created by **Apirana Ngata** in 1912. The Waiapu Farmers' Cooperative Company was owned and financed by Ngati Porou farmers and their incorporations, with shares also held by Te Whānau-a-Apanui and Ngai Tai. It began with an initial fund of £12,000 and by 1925 had 58 suppliers and an output of 61 tonnes of butter. Within 10 years it had 377 suppliers and an output of 743 tonnes. The *Weekly News* issue dated 28 May 1952 said the company was **“staffed and managed entirely by Maoris, and 90% of its cream supply comes from farms under Māori ownership and management”** In the 1840's Māori adopted European technology including new crops and farming techniques, new food processing equipment including flour mills, and new transport equipment including quite large ships. In 1858 36 ships were licensed to Māori, and Māori were the major suppliers of goods to the major towns and for export to Australia and other places. However, for many iwi trade came to a halt by 1864 for a number of reasons including the replacement of water driven flour mills by more efficient steam driven mills, the collapse of international commodity prices by 1860, and the confiscation or destruction of crops and the blockade of Māori controlled ports by government forces who were at war with many Iwi in order to force the alienation of land from Māori ownership. This paper will not cover the pain and devastation which were a consequence of land confiscations, legislation to alienate 95% of the most productive Māori land and then to protect the remainder from complete loss to the original owners. Suffice to say that settlements made possible by recognition of the Treaty of Waitangi by legislation in 1975 have allowed new Māori corporates to emerge. **More and more of these new Maori corporations are beginning to practice the ancient trading practices of their Māori ancestors and combine forces to increase their chances of success.**

UNDERSTANDING MAORI INTERGENERATIONAL GUARDIANSHIP CULTURE

A pakeha controlled Business Round Table report once suggested that: *“The transformation of Maori from members of a tribal-based, communal culture at the beginning of the nineteenth century to members of an individualistic capitalistic culture at the end of the twentieth century is the fundamental story of the change that took place in the Maori economy”*

In contrast to this pakeha business view, many Maori scholars report that this viewpoint is not shared with or practiced by many Maori corporate groups' whose objectives include non-financial issues and **definitely not individualistic capitalism**, as suggested by the pakeha driven Business Round Table. Quite the contrary, Maori business enterprises seek to maintain local control of local resource and support to hospices, education, marae and charities, based on the principle of maximising income and welfare **for all members**. An observation of the behaviour of Māori corporates indicates that their beneficiaries are likely to be a **wider group than just those members who have subscribed capital** as is common in the pakeha corporate world.

TRANSLATING “Cooperative Enterprise” INTO MAORI

What most long-lived cooperatives appear to have in common is that they originated from hardship which threatened the survival of their family groups. The natural instinct for people who share common ancestry and history to group together in order to give their family group a better chance of survival has translated over time from physical defence against natural dangers or common enemies to cooperation in order to increase the welfare of all members of the group. Those tribal groups which have survived as identifiable entities over a long period of time will probably share some fundamental ideas which contribute to survival against danger from outside and dissension from within. The tribal instinct is supported by the logic that a group is more likely to survive and prosper

if individuals can develop expertise in a particular area while gaining enough general skills to be part of an effective team – the whole being greater than the sum of its parts. A tribal group which has survived over many generations is likely to have developed clear roles and responsibilities with relationships which allow the confirmation of each role, and structures which reinforce the relative importance each role plays in the performance of the array of functions which make up a daily, monthly or yearly routine. This differentiation of roles and recognition of particular expertise which contributes to the welfare of the group is certainly characteristic of traditional Māori society. Land and strategic assets such as fishing nets and canoes were communally-owned and it was very difficult for individual whānau to survive outside the hapū structure. The seasonal nature of major economic activities such as planting and fishing emphasised the dependence of whānau on the larger institution of hapū. The strong feeling of community and responsibility among whānau and hapū led to a general willingness to cooperate in the tasks necessary to ensure adequate food supplies, waste disposal and defence or military enterprise. Te Rangi Hiroa describes this mutual help as “a fundamental expression of blood kinship as well as human kindness”. Another scholar stated that: “*Each family group had the right to use certain lands, fish certain waters, etc., so that clan and tribal boundaries were well known.*” The stability of the social structures depended on both a willingness of whānau to accept leadership of the Rangatira, and the effectiveness of sanctions which could apply to dissenters. E T Durie reports that there were values and ideal behaviours to which Māori generally subscribed and which had regular influence as principles and goals, often identified with the deeds and oratory of famous ancestors.

LOSS AND ECONOMIC DETERIORATION OF MAORI LANDS

Rural Māori are well aware that to break out of poverty they must aggregate property and develop it. However, the traditional leadership and social structures which would in the past have facilitated this have been weakened. The relatively few rural Māori land owning groups which have shown respectable profitability from agricultural enterprises are those which through strong leadership have been able to aggregate sufficient land to generate cash surpluses for investment in science and technology. Cooperative enterprises, with their relatively democratic processes for reviewing progress against goals making important decisions, may allow natural leaders to emerge and negotiate new ways of organising their resources, and new ideas borrowed from other cultures. The selection of the most capable person is a feature of traditional Māori society. A Rangatira (chief) had to constantly demonstrate the skill, knowledge and personal qualities which would ensure the security and wellbeing of the people under his influence. If the senior Rangatira was not able to deliver success in military and economic matters, then his role would be limited to spiritual and ritual duties associated with his status. Another Rangatira, usually a younger sibling, would take over leadership, subject to the consensus of the whenua.

COOPERATIVE IS THE MAORI WAY

To those familiar with the workings of a Māori marae (the place owned by all of the members of an extended family where public events and rituals take place), organisation on a cooperative basis is so entrenched as to be almost invisible. Very complex events are undertaken on the basis of minimal information as to numbers attending and their possible contribution to costs, and where the consequences of failure may attract significant loss of reputation and therefore influence. People whose employment status in the European economy is at a basic level may take up key management or representative positions in the context of the marae, dealing with literally hundreds of people over several days, making decisions with a dignity and humour which might be difficult to locate in the senior management ranks of many large corporations. The complexity of Māori cultural relationships and social structures taxes the comprehension of many non-Māori business-people who bring their own understanding of organisation and management into the rural Māori world. They may want to see “the person in charge”, or set up a meeting to “make a decision” without realising that they are communicating a strong possibility that any business relationship is likely to be fragile and short term. They may be bewildered when someone whose behaviour in the outside world may have suggested power or great influence is barely acknowledged by a group whose positioning and behaviour clearly marks them as the leaders on this occasion. They would be similarly bemused when the chief executive of a Māori business arrives at a marae with food or cash which is humbly presented, and then takes a position alongside others in its preparation or any of the other tasks required to make an event a memorable success.

What sort of social structures allow a person to be the spokesman on one occasion and yet be happy taking orders from the cook on another?

Putting it simply, they are the social structures which reflect the values of a group of people who have only themselves to rely on, who must stay united or perish, who must follow procedures which ensure that there is balance and harmony in all their dealings, and who must share all of their resources in order to ensure that the family group survives.

These principles are similar to those of a cooperative enterprise but expressed from a Māori point of view. In their private lives people can behave according to whatever rules they prefer, and in the context of the cooperative enterprise, symbolised in the Māori world by the marae, it is the welfare of the collective which is important beyond everything else. The satisfaction gained from being part of a successful team has been expressed so often by our top sports leaders that we tend to think of it as being beyond our reach in our daily lives. **The Māori cooperative organisation makes it an everyday possibility.**

WHY THE COOPERATIVE STRUCTURE WORKS IN MAORIDOM

A structural analysis of New Zealand's most successful cooperative enterprise, the New Zealand Dairy Board in its heyday, reveals parallels with a classic Māori tribal structure.

Beginning with the individual dairy farmer, the person with the Ohomaui to begin an enterprise and work at it every day, usually in partnership with a spouse, there is a close parallel with the individual, or tangata, who works in an enterprise supported by the immediate family.

- ✓ The individual farmer is in absolute control of the farm and is aware of the quality standards required for product supplied to the cooperative. This is a **direct parallel with the role of the whānau – the family unit.**
- ✓ A group of farmers will often arrange to meet locally in order to share equipment, advice, complaints, and will appoint one of their number to take any issues and represent the group at meetings with their local supply agent. This was once a locally owned cooperative dairy company, and this close association has necessarily become less immediate as companies have merged in order to reduce processing costs. This group is similar to an extended family, or whānau whānui. **The Māori cultural relationship is whānaungatanga.**
- ✓ The next level of organisation is the local company, and farmers are represented at the local company by people who have gained their respect. Each local grouping will have a person representing their interests within the company and the representative will report back to local farmer groups. At this level of a cooperative dairy company, the structure is **parallel to that of a hapū** – a group of extended families from the same locality who recognise their common interests in the collective group. The representative is the equivalent of the Rangatira.
- ✓ Finally there is the organisation responsible for the marketing, the financial and administrative functions necessary to operate an international organisation, and for providing research and development and technical services to the cooperative dairy companies. **This is similar to the functions of the iwi** – an organisation created to represent the political interests of the hapū which share common ancestry. The leaders of this organisation will have had considerable experience representing the individual farmers at the other levels of organisation and will have been selected because of their personal qualities, including their success in their own farming business. These leaders are responsible for the prestige and reputation of the whole enterprise, which in the Māori context is called tino rangatiratanga.

The strength of the cooperative enterprise is therefore not simply in the merit of the product being taken to market – *it is hard to imagine a raw material more indistinguishable than milk*. Neither is it in the skill of the executives of the companies, although this is important.

The real and enduring strength is in the structure which allows individuals the freedom to be innovative and entrepreneurial while providing the opportunity for groups to provide support for the individual farmers, and to take advantage of the commercial strength which derives from control of a major resource.

Māori have similar structures in place, and have control of a major resource in their land. Māori have had a great deal of experience of success and failure in cooperative businesses, and many cooperative Māori businesses have been in existence for decades. **Cooperative enterprise is the natural, traditional and preferred business structure for Māori.**

RANGATIRA – MAORI COOPERATIVE LEADER

There is a Māori concept called “ohomauri” which can be translated as “leaping into action”. The person who has the energy to do this, day after day, is capable of taking an idea and turning it into an enterprise. The enterprise may not be successful if it has not been well planned and painstakingly executed, but the person endowed with ohomauri will be back with another idea, and another to follow that. Leadership of a group of individual business owners takes more than energy and inspiration. It also requires the wisdom and experience to achieve desired results most of the time, the compassion to instil in others a sense of loyalty, and the authority to enrol others in the physical work required to be successful. The person who has these qualities is known in the Māori world as a Rangatira. The capabilities which the people sought from their Rangatira have been discussed by many scholars who all suggest that the expectations of the people are always high. As well as having an authoritative knowledge of whakapapa and tribal land boundaries the Rangatira was expected to demonstrate total commitment and identify with the extended family group and from this position resolve disputes, authorise and encourage adjustments to restore balance and harmony, show a high level of skill in some enterprise important to the family, be generous and magnanimous, and above all be a commanding orator.

These expectations of Rangatira have not changed over the decades and centuries although the social structures which supported them have been almost shredded by political ideas **supported by legislation which attempted to homogenise New Zealand society**. Notwithstanding the difficulties, a person who is not able to demonstrate most of these attributes most of the time will not have the mana to lead a significant cooperative organisation where the approval of the general membership can override the authority of a Chairman or Chief Executive. The following table expresses aspects of the increasing complexity of a business as it achieves success at a certain level and seeks cooperative partnerships in order to gain strength and diversity, increasing its ability to survive for the benefit of future generations. A critical aspect of this development is the change in leadership style and persona which must accompany the change in complexity. Most critically, the “tangata ohomauri” must metamorphose into “Rangatira” in order to develop the range of business relationships required in any complex and growing business.

Table 2: Business growth expressed as Tikanga

Social Unit	Tangata	Whānau	Hapū	Iwi
Tikanga Attribute	Ohomauri	Whanaungatanga	Rangatiratanga	Mana Motuhake
Project Phase	Concept to Initiating Proposal	First Implementation to Business Partnership	First duplication of Business to Clusters and Cooperatives	Diversification to Extension of Value Chain

COOPERATION CREATES / BUILDS THE COOPERATIVE

It is traditional for Māori entrepreneurs to cooperate with others who are able to extend the capacity and value of their businesses.

- ✓ At the local level, where businesses combine their resources and management capacity in order to achieve economies or increase their offering to the market, the level of complexity increases from “tangata” to “whānau”. Characteristic of this level of cooperation is the sense of family, retaining individuality while sharing resources and providing moral support.
- ✓ Where groups of businesses from different localities feed into a single supply company the structure achieves the complexity of “hapū”.
- ✓ The supply company will have arrangements with a number of cooperative companies in order to achieve a size which opens greater markets, or to provide security of supply where a customer depends on the product as an input into a different manufacturing process.
- ✓ At this level clusters of businesses which share common assets emerge. Activities at this level require the coordination of individual businesses or partnerships, and leadership of a group of activities becomes a key requirement for success.
- ✓ At the level of major contracts which may cross international borders the level of complexity is such that a single administrative function is required to coordinate the activities of all the local supply organisations.
- ✓ At that level of complexity, the structures are similar to that of “iwi”.
- ✓ At this level a major statement is being made about the strength and durability of the organisation – its ability to endure and to provide inter-generational opportunities for its members.

WHAT IS A COOPERATIVE BUSINESS?

The UK provided the model for most post-colonial enterprise in New Zealand, cooperative businesses began to emerge in the 18th century as working people struggled to find ways to overcome the harsh economic conditions as the 18th century gave way to the 19th. The prototype of the modern cooperative society is the Rochdale Equitable Pioneers’ Society which was founded in 1844 by a group of weavers who saw commercial advantage in pooling their resources. This society provided a set of principles which are still the basis of most cooperative commercial activity. These principles are:

- ✓ democratic control ("one Member, one Vote").
- ✓ open membership.
- ✓ distribution of surplus in proportion to a member's contribution to the society.
- ✓ cash trading only.
- ✓ selling only pure, unadulterated goods.
- ✓ providing for the education of members in co-operative principles.
- ✓ political and religious neutrality.

In NZ, the cooperative structure suited the mainly European dairy farmers and by the 1930’s there were more than 400 separate dairy cooperatives operating throughout the country with the NZ Cooperative Dairy Co going on to become the biggest and most commercially successful. Production cost savings needed to compete with heavily subsidised European dairy products led to a contraction of the number of cooperative dairy companies, today of which Fonterra is the industry heavyweight.

A NORTHLAND HONEY BIZ CASE STUDY

In April 2002 a study of a family centred in the far North of New Zealand began utilising Action Research methodology. This family of 600 collectively own three blocks of land in different parts of the district; 10 hectares of spectacular residential land, 13 hectares of land-locked bush with boat access only, and 26.5 hectares of undeveloped rural land with road frontage, covered with gorse and Manuka. During two meetings, each of three consecutive days, forty-six family members began to explore their situation and develop plans to ensure that their future contained better opportunities. The family had not previously met regularly and had a history of disagreeing about utilising their land. In the words of one family member, *“We hadn’t met one another, we didn’t really know one another, and suddenly we were agreeing on things like integrity, honesty, to maintain harmony and balance, to be caring of the environment and what’s around you. I think that started to make us realise that we all may be the same – that we all may hold the same values. If that’s the case, there may be some hope yet”*.

Overcoming years of misunderstanding and mistrust, the extended family made sufficient progress to establish a Whānau Trust, a legal entity which assumed ownership of all individual shareholding in the family land. At its second meeting the family appointed six Trustees to meet within one month and develop an action plan for their land, and for the family. The Trustees duly met with the researcher, and an external advisor who was able to give an experienced opinion of the potential uses of the land. As a result of this meeting the Trustees were able to report back to a further family meeting in 2003 with the following proposals to utilise their land “for the betterment of the whānau and the wider community”.

1. Ensure that our land is utilised for a positive return so that whānau members are employed at every level of our business including management, and our children and grandchildren have the resources to access the very best education.
2. Develop specific proposals for the land in order to sustain a better lifestyle in a rural setting, utilising outside advisers in order to gain perspective and provide expert input so that the land is retained by the family and utilised to the best advantage.
3. Develop and assess specific proposals for agriculture, horticulture and forestry on suitable land blocks, including surrounding land blocks where these can be combined with our own.
4. Identify legal processes to establish housing for our Elders adjacent to our Marae (traditional meeting place) and proposals for family and commercial housing.

In the course of the family meetings a natural entrepreneur emerged. In 2004 he introduced a small tourism business, which continues on a seasonal basis, and in 2005 a plan to house elders on the whānau land was launched. It took three years for the most suitable land to be surveyed, finances arranged, and houses including eco-friendly power supply and waste disposal systems to be built. The first two houses were opened with great ceremony and celebration in 2008. The first action undertaken was to fulfil obligations to the whānau and hapū rather than to the wider tangata. During the three-year period of the housing development our entrepreneur had begun assisting a local beekeeper with hives on family land and gained experience in managing over one thousand beehives. With it came the realisation that an apiary was an ideal business for some of the whānau land. By 2008 the realisation emerged that little progress would be made by the family if they limited their activities to renting land to beekeepers for the placement of beehives. He decided that in order for the whānau and hapū to **create a sustainable business over which they had control** it would be necessary for the landowners to become beekeepers, and so **retain more of the value of the honey produced on their land**. It had also become apparent that Manuka honey was rapidly becoming a premium product, with growing science-based value in health and medical applications such as wound dressings.

THE BUSINESS STARTS

The business began in 2009 with 80 hives located on family land. A limited liability company was formed, with four shareholders. The new company adopted objectives which included advancing the aspirations of the family,

creating employment for family members, and benefiting the wider community. It was clear that the benefits available to landowners leasing space for beehives would be relatively poor, compared to the income to be derived from beekeeping. However, understanding that the real value in Manuka honey was to be derived from innovative applications, the company decided to explore the benefits of the science developing around Manuka honey. Its challenge was to transform the Manuka honey industry in the far North so that Māori landowners could choose to participate at all levels of the value chain. This could only happen if a sufficient number of Māori landowners agreed to work cooperatively so that the distribution of a critical quantity of Manuka honey could be controlled. It could then be made available to processing companies willing to enter into joint venture or shareholding arrangements with the cooperative. These would include employment possibilities for the coming generations of Māori, at all levels of involvement.

MONEY IS IMPORTANT TOO!

It was not a simple matter to put a persuasive case to Māori landowners to work cooperatively for their common good. Years of disillusionment and failed government programmes to develop the Māori economy have bred suspicion of new attempts and those who promote them. The difference in this attempt was the strong commitment to whanau (*family*), which was always demonstrated with the clarity and careful planning which had been developed through the ongoing action research process. The wider family had been part of developing the strategy and provided the support needed to approach related landowners with the proposal for a cooperative approach to deepen their participation in the honey industry. However, it would require more than family loyalty and an appeal to traditional relationships to persuade Māori landowners to cooperate. The higher end of payments to Māori landowners by non- Māori beekeepers was \$15 per hive, and Māori owners whose land contained high value Manuka were not slow to negotiate a rental of \$25 per hive, which is 7.5% of the company's expected revenue per hive. Inevitably, the offer of significant rental provoked family disputes over land ownership, and progress in identifying landowners able to enter into legal agreements was delicate and slow. Land- holding whānau had to reach consensus in order to provide a clear mandate to proceed. Once the company had secured sufficient land from its own and related family holdings it was able to approach an investor involved in developing medical applications for Manuka honey.

A SHARED REVENUE BASED GROWTH STRATEGY

The company offered long term supply arrangements in return for an investment in beehives, a necessary strategy in the **absence of capital and little chance of raising it**. The company and the investor would (1) share net revenues equally, and (2) increase the number of beehives as the company gained experience. After several discussions and site visits an agreement was reached to place 500 hives under the care of the company in its first year of operation. As news spread of the rates being offered by the company, Māori landowners began advising beekeepers that the past arrangements were no longer satisfactory, and a new rate for the region of \$25 per hive was established for commercial honey operations utilising Māori land. The demand for Manuka honey is such that one large honey processing organisation offered \$50 per hive in order to secure land – **which was once gained for a few jars of honey**. To counter this commercial response to the threat of losing honey supply, the Māori company developed a business model which offers landowners reasonable hive lease fees, plus ownership of the number of hives which have been placed on their land for five years. The offer assumes that a conservative 50% of hives will be 'split' between harvesting seasons. This is a method of increasing hives by dividing a hive of two boxes of honeycomb by inserting a barrier to separate the boxes and placing a new queen bee in the newly created hive. The cost of creating a hive by this method was estimated at \$150, and the new hive having a value in excess of \$300. The proposal to landowners included an offer to employ family members in harvesting honey, and to train them as beekeepers. The income from revenues from 100 hives after 10 years was projected to be \$144,300 compared to \$50,000 from land lease (at \$50 per hive), with a further net gain in value of \$90,000 because the 100 hives will have multiplied to over 750. The calculations at the time did not include income earned by family members who took part in the honey harvest.

The company's offer to 'gift' ownership of a significant number of hives is completely in **accordance with Māori traditions**, where valuable items were often presented to cement long lasting alliances. The terms of the company offer includes a supply agreement to the company for ten years, and within this time the company was to develop a stable cooperative structure to be owned by participating Māori landowner/beekeepers. As a consequence,

Māori would become shareholders in a Māori cooperative Manuka honey company which could become a dominant source of the Manuka honey produced in the far North. **The approaches to landowners to be involved in the Manuka industry in this way received a very positive response.** The company received information regarding family remedies utilising Manuka and Manuka honey, and there was growing excitement at possibilities for further business opportunities. Issues of risk and loss were raised by landowners, and one group has proposed a research project to investigate the cumulative effects of multiple insecticide use in the region. They pointed to the scarcity of birds and insects in some places and questioned the viability of the honey industry in the long term if insecticide use was not curtailed.

When a critical number of Māori landowners became shareholders in a Māori Cooperative they would have the ability to direct the supply of honey to companies who were prepared to offer access to the Manuka honey value chain. The cooperative structure would allow Māori landowners to gain access to value created by innovations in Manuka honey products and new markets. Significantly, the company, having completed only one successful season as a start-up business, had received approaches from several honey processing organisations wishing to discuss joint venture or shareholding arrangements.

CONCLUSION

This case study from the Tai Tokerau region (Northland) is an example of how Māori honey cooperatives in their early stages of development tried to develop into cohesive business enterprises with the expectation that other areas of New Zealand would produce leaders who saw a major opportunity for Māori landowners to become a significant force in the international honey market. However, the attempts to setup a fully functional cooperative did not come to pass due primarily to the lack of trust that continued to plague the various whanau members, both within the immediate whanau unit as well as the broader whanau owned landowner collective.

To Māori, cooperative enterprise is not only a good idea, it is a natural extension of traditional social structures and cultural relationships.

CLOSING NOTE

One of the many issues confronting the participants and for which no solution was forthcoming, was the development of an exit strategy that was acceptable to all of the proposed members of the collective. In large part this appears to have been attributable to a lack of understanding how commercialized agri-biz assets could be Monetized, Capitalized and Realized in order to deliver a seamless exit by any one of the owners, (landowners / shareholders) that were to participate in the ownership structure. The structure of the Cooperative developed by EzyXchange (1) prevents single / dominant / dynastic whanau-centric control of the Co-Op, (2) provides both a shareholding value exit and/or accretion strategy that (3) gives the landowner the opportunity to buy/sell Common Voting Shares in the Cooperative through a share price discovery process, such sales/purchases determining their ongoing level of incoming profit distribution at any time without (4) in any way impacting on their right to continue to receive the contracted taonga delivery, farm gate price revenue share for so long as they remain as contracted Grower-Producer members of the Co-Op under long term supply agreements as landowning, Grower-Member, Transacting Member shareholders of the Cooperative.

*EzyXchange Ltd – Registered Crowdfunding Intermediary, CO, USA
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MAORI PARTICIPATION IN THE NATURAL RESOURCES SECTOR

NATURAL RESOURCES COMMERCIALIZATION – THE COOPERATIVES PLANNED INTERGENERATIONAL JOURNEY

With the advent of the compensatory damages claims process between the Maori Tribes and the Crown in rectifying breaches by the Crown under both the 1835 Independence Declaration and the 1840 Treaty, the Maori people are now flexing the commercial strength that generations of Treaty breach by the Crown suppressed to the economic detriment of the Maori. As with the Africans of South Africa, the Bumiputra of Malaysia, the Red Indians of North America, the Aborigines of Australia and other indigenous peoples around the world, restoration of land rights is fundamental to the foundation of original cultures. NZ continues to ever-slowly walk a pathway in restoring these rights and rectifying the wrongs that early day colonial capital & military might unlawfully suppressed.

Iwi Name "United Tribes"	Rohe (location)	Iwi Name "United Tribes"	Rohe (location)
Kāi Tahu - (see Ngāi Tahu below)	Northland	Ngāti Raukawa	Manawatu-Kapiti
Kāti Mamoe - or "Ngāti Mamoe"	South Island	Ngāti Rauru - or Nga Rauru	Taranaki
Moriori	Chatham Islands	Ngāti Rongomaiwahine	Mahia Peninsula
Muaupoko	Levin	Ngāti Ruanui	Taranaki
Nga Rauru - or Ngāti Rauru	Taranaki	Ngāti Ruapani	East Cape
Ngāriki Kaiputahi - or Ngā Ariki	Gisborne	Ngāti Tahu (Te Arawa)	Rotorua
Ngā Ruahine	Taranaki	Ngāti Tai - or Nga Tai or Ngai Tai	Hauraki Gulf
Ngāi Tahu (also Kāi Tahu)	South Island	Ngāti Tama	Wgtn-Chathams SI
Ngāi Tai - or Ngāti Tai	Hauraki	Ngāti Tāmanuhiri	Gisborne
Ngāi Tai - or Ngāti Tai	Bay of Plenty	Ngāti Tamaterā	Coromandel
Ngai Takoto	Northland	Ngāti Tara Tokanui	Hauraki Gulf
Ngai Tamanuhiri	Gisborne	Ngāti Te Ata	Manukau Harbour
Ngaiterangi	Matakana Island	Ngāti Te Wehi	Aotea Harbour
Ngai Tuhoe	Te Urewera-North Island	Ngāti Toa/Ngāti Toarangatira	Porirua
Ngāpuhi	Northland	Ngāti Tūtekohe	East Cape
Ngāpuhi ki Whaingaroa	Northland	Ngāti Tuwharetoa	Taupo
"Ngāti Ākarana"	Auckland	Ngāti Wai	Northland
Ngāti Apa	Manawatu-South Island	Ngāti Whakaue	Rotorua
Ngāti Awa	Kawerau-Bay of Plenty	Ngāti Whanaunga	Waihi
Ngāti Hako	Hauraki Gulf	Ngāti Whare	Murupara
Ngāti Hau	Wanganui	Ngāti Whātua	Kaipara Harbour
Ngāti Hauā	Waikato	Pakakohi	Taranaki
Ngāti Hauti	Rangitikei	Patukirikiri	Hauraki Gulf
Ngāti Hei	Hauraki Gulf	Poutini	West Coast
Ngāti Huia	Waikato	Rangitane	Northern South Island
Ngāti Kahu	Northland	Rongowhakaata	Gisborne
Ngāti Kahungunu	Hawke's Bay-Wairarapa	Rongomaiwahine	Mahia
Ngāti Koata	South Island	Tai Ngahu	South Island
Ngāti Kuaia	South Island	Tainui	Waikato
Ngāti Kurī	Northland	Tangahoe	Taranaki
Ngāti Mahuta	Waikato	Tapuika (Te Arawa)	Rotorua
Ngāti Mamoe	South Island	Taranaki	Taranaki
Ngāti Manawa	Bay of Plenty/Rangitaiki	Tarawhai (Te Arawa)	Rotorua
Ngāti Maniapoto	King Country Waikato	Te Aitanga-a-Hauti	East Cape
Ngāti Maru	Hauraki	Te Aitanga-a-Mahaki	Wairoa
Ngāti Maru (Taranaki)	Taranaki	Te Arawa	Rotorua
Ngāti Mutunga	Taranaki-Chathams	Te Āti Haunui-a-Pāpārangi	Whanganui
Ngāti Paoa	Hauraki Gulf	Te Āti Awa	Taranaki, Wellington
Ngāti Pīkiao (Te Arawa)	Rotorua	Te Aupōuri	Bay of Plenty
Ngāti Poneke	Wellington	Te Kawerau	Northland
Ngāti Porou	East Cape	Te Rarawa	Hokianga
Ngāti Pukenga	Tauranga	Te Roroa	Northland
Ngāti Pūkenga ki Waiau	Hauraki Gulf	Te Uri-o-Hau	Northland
Ngāti Rāhiri Tumutumu	Te Aroha	Te Upokorehe	Opotiki
Ngāti Ranginui	Tauranga	Te Whakatohea (Govt mandated)	Opotiki
Ngāti Rangiteaorere (Te Arawa)	Rotorua	Te Whanau-a-Apanui	East Cape
Ngāti Rangitihī (Te Arawa)	Bay of Plenty	Tuhourangi (Te Arawa)	Rotorua
Ngāti Rangiwewehi (Te Arawa)	Rotorua	Uenuku-Kopako (Te Arawa)	Rotorua
Ngāti Rārua	South Island	Waitaha (Te Arawa)	Rotorua

Amendments to the NZ Resource Management Act (RMA) in Dec 2015, makes it mandatory for all Regional & District Councils to engage with local (Maori) Iwi in all resource use planning. Having previously mandated access rights to other natural resources, the RMA will undoubtedly assist in addressing Maori rights to access the new "liquid gold" being generated through Manuka and kanuka bushlands. Part of the continuing journey to ensure national equitability in access to and enjoyment of the commercial benefit of the natural resources of Aotearoa/NZ. An issue that NZ must address as foreign interests are inexorably assuming ownership of this highly sought-after natural resource that NZ and its peoples, should retain ownership thereof through equitability in partnering.



THE INTERNATIONAL COOPERATIVE ALLIANCE STATEMENT ON COOPERATIVE IDENTITY

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

All over the world, cooperatives generally operate using these seven principles as guidelines by which they put their values into practice.

Voluntary and open membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic member control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights – one member, one vote – and cooperatives at other levels are also organised in a democratic manner.

Member economic participation

Members contribute equally to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and independence

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter to agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for community

While focussing on member needs, cooperatives must work for the sustainable development of their communities through policies accepted by their members.

The International Cooperative Alliance can be found online at www.ica.coop