

Expense and expendability

Some observations on the funding of iwi development and Treaty claims

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Jane Austen's novel *Sense and Sensibility* opens with Mrs Dashwood's rich stepson and his wife considering what provision they should make for her and her three daughters, since the unexpected death of Mr Dashwood has left them with very little capital. The estate entails upon the brother and he has promised his late father to make sure they are comfortable. His initial impulse to give £3,000 to the three daughters is gradually whittled down by his wife to helping them move house, giving them some furniture, and sending occasional presents of money, fish and game.¹ The history of government funding of Māori initiatives has exhibited rather the same pattern with an initial generosity giving way to niggardliness.

In this paper I intend to draw together two themes – the promises that were made to Māori tribes in the period from 1986 to 1989 and how these have been implemented in the following years, and to make some recommendations on how Treaty claims might be funded.

FUNDING THE DEPARTMENT OF MAORI AFFAIRS

Up until 1929 the Department essentially existed to service the Native Land Purchase Board, the Native Land Court and the Māori Land Boards, and to administer the £7,000 for native purposes in the Civil List.² Its role dramatically changed in 1928 when Ngata became Native Minister and inaugurated Māori land development. Although the Development Schemes absorbed the bulk of funding and the new staff appointments, Ngata wanted a wider role for the Department in encouraging Māori economic and social developments and his actual schemes aimed for what could be called community development.³ As a result of his initiatives the funding of the Department jumped from a lowly 0.2 % of government expenditure in 1929 to 1.29%

in 1931. Though there were slight drops in 1935 and 1936, the new Labour government was committed to maintaining the Development Schemes to promote Māori employment and expanded the Department's role by adding a housing function. This caused the Department's vote to reach the twentieth century historic high of 1.95 % of government expenditure in 1940.

When I first discussed this paper with the Taranaki claimants I had an impression that there was a pattern of declines and recovery in government expenditure, depending on the anxiety of the Government of the day to resolve Māori problems and therefore be willing to initiate new programmes and expand existing ones. Though the figures do show some yo-yo effects, with recoveries under Hanan, because of his housing and relocation programmes from 1961 to 1963, under Matiu Rata in 1974-76, and again under Koro Weterere from 1986 to 1990, an analysis of the long term trends shows that the Government's willingness to provide funding for the positive initiatives promoted through the Department has been in steady decline from the 1940s:⁴

Department of Māori Affairs Gross Expenditure by decade as a percentage of Gross Government Expenditure 1931-1990		
Decade	Average % over decade	Māori as a % of total population ⁵
1931-1940	1.284	5.2
1941-1950	0.8	5.8
1951-1960	0.88	6.3
1961-1970	0.582	7.5
1971-1980	0.307	8.6
1981-1990	0.352	8.9

Average expenditure 1931-1990: 0.7%

This analysis shows how the percentage allocated to the Department has been steadily reduced from 1941 onwards despite growth in the Māori population. It also explains the high regard in which Labour even in opposition was held by the Māori community, and the unprecedented loyalty given to the Labour candidates in the Māori seats for 50 years until Northern Māori's



defection in 1993. National in contrast was seen to be largely indifferent.

I should add that this analysis must not be construed as criticism or an attack on the present Ministry of Māori Development (Te Puni Kōkiri). In its briefing paper to the new Minister in 1993 the Ministry protested strongly about the shrinkage in its vote.⁶

I have not analysed the figures for the fiscal years from 1990/91 to 1995/96 – because of the great changes in government account and in institutional arrangements it is hard to draw comparisons with earlier figures. I note however that in the 1995/96 budget the Ministry of Māori Development's appropriations have fallen to \$48.4m which is only 0.13% of government revenue so there appears to have been no reversal of the trend. This incidentally is a lower level of expenditure than in the 1920s.

The figures in the table, of course, do not capture total expenditure on Māori. Even in 1931, both the Health Department and the Education Department had significant Māori programmes within their vote. However the problem with both these Departments was that they tended to be passive in their handling of Māori issues, and in the early decades were even dependent on funding through the Native Purposes Civil List and Māori Purposes Fund Board. Though Māori education became something of an issue in the late

Above: Taranaki Māori at Parliament in September 1975, petitioning the Prime Minister (Bill Rowling) for compensation for confiscated land. Evening Post.

1950s and the Education Department gnawed on the issue like a dog on a bone, the most obvious result was a series of reports, while the situation failed to improve. The most notable initiatives – the Māori Education Foundation and Kohanga Reo – owed more to Māori Affairs Department than the Education Department.

By starving the Department of Māori Affairs of funding the government was also putting a cap on new initiatives to try to solve the emerging problems and dissatisfactions of the period after 1968.

The great advantage the old Department of Māori Affairs brought to any problem was that it could analyse it in a holistic way and come up with lateral solutions. Other government agencies were constrained by their narrower brief and could only deal with problems that were directly related to the programme. Labour Department, faced with rapidly growing Māori unemployment, could not propose policies to directly influence the educational under achievement and family problems that were a significant factor in Māori unemployment.

Again I should note that since the new educational reforms, the Ministry of Education has taken a very active approach to fostering Māori language teaching and improving Māori educational performance. The new philosophy of educational management also gives Māori parents much more direct control than in the past. Yet there remains the problem that unlike the old Department which was able to take a holistic view of Māori problems, current government departments have

strictly limited spheres of operation and cannot make a comparable impact.

There is another important point to notice, too. Though the Department had promoted urbanisation it had not come up with new policies and programmes to help the economic and cultural development of new urban Māori. Even as late as the 1988 financial year, expenditure was hopelessly weighted in favour of the old centres of population. The two Auckland urban districts of Auckland and Wiri received \$14.9m less in their budgets than their population and rate of unemployment would have justified. Whangarei on the other hand received \$7.5 m more than was justified and Gisborne and Rotorua \$5.4m; a large proportion of money was also disbursed through Head Office.⁷ Although the department considered supplying significant programmes to rural districts and to Māori from those districts migrating to the cities, it did not take the next step of developing programmes to meet the needs of the urban generation. It would be fair to say that Kohanga Reo was the only programme that really benefited urban areas as much as rural. The failure to allocate additional resources led, in my view, to a fossilisation of spending programmes with no incentive to devise new programmes to meet urban needs.

While Māori frustration vented itself on other issues, a hidden factor of this discontent must be considered to be the lack of properly funded programmes that attempted to meet Māori aspirations. When I first considered this paper I believed that the average expenditure over the whole period would be close to 1% a year. That it was as low as 0.7% and had been decreasing since the 1931-1940 decade came as a major surprise to me. However, I think it also explains rather well the stagnation and frustrations of the 1970s and 1980s in Māori communities.

Looking at population growth and needs, it still seems to me that the required figure for a realistic funding was about 1%. Certainly it was in that magnitude during the periods when Māori Affairs was considered to be achieving results, 1931 to 1949 and again in the early 1960s (range was 0.73 to 0.89), and I consider it is the baseline figure that is necessary to achieve noticeable improvements.

MAORI ANALYSIS OF WHAT WAS WRONG

I need not outline events in the turbulent period of the 1970s and early 1980s. The important point here was that the new educated generation tried to analyse why Māori social and economic development had stagnated and what needed to be done to remedy the problems.

New Zealand Māori Council (starting from Sir Henare Ngata's paper in 1971 that identified that acts that breached the Treaty) argued for the Treaty as an

ancestral initiative that still retained mana. In particular in *Kaupapa: te whanga tuatahi* the council argued that the treaty was the "origin of British sovereignty and constitutional government in New Zealand", and that by it "the Crown extends its protection over the Māori people and guarantees them their assets". Thus, the New Zealand Māori Council proposed an interpretation of the Treaty from which we derive principles for determining codes of law on Māori lands and all other matters covered by the Treaty". In this way the New Zealand Māori Council recorded and shaped Māori views to the Treaty.⁸

The new Labour Government (1984-1987) responded to this well-nigh universal request from the Māori community to honour the Treaty, by better funding the Waitangi Tribunal and by extending its jurisdiction to hear claims from 1840, declaring that they wished to resolve Māori grievances and honour the Treaty.

I remember the high hopes that were held that the Waitangi Tribunal and the Treaty process would be a way of re-endowing Māori tribes. However, even at that time I had to point out in discussions that an undeveloped historiography and the natural cumbersome nature of any legal process would not make it a fast or easy process. I also wondered if it would benefit those tribes whose problems stemmed from their geography and the nature of social and economic development, rather than from overt government wrongdoing.

As an aside it should also be noted that it took the Labour government a long time to really understand the implications of the process they had begun. The Treaty of Waitangi Policy Unit was not established until early 1989, their fifth year in office, with the brief of coordinating the Government's policy on the Treaty. Later in 1989 it was given the task of conducting direct negotiations with claimants to honour the promise Richard Prebble had made to Tainui that they could have direct negotiations. At that point no provision had been made for claims settlements. Labour had not grasped the magnitude of the claims; it was thought that Cabinet would approve any settlements that were made and pay them through the Justice Department vote.⁹

It seems the assumption was that settlements would be of the magnitude of the Orakei settlement; it was not appreciated that the large claims of Ngaitahu, Tainui and Taranaki would be in the hundreds of millions of dollars.

NEGATIVE SPENDING AND WELFARE DEPENDENCY

There was another strand of Māori opinion that wrestled with the apparent stagnation in economic and social advancement of the 1970s. Strangely enough, sys-

tematic government underfunding was not identified as a problem, though the need for funding to be better deployed was part of the debate. Indeed the only area where there was a strong feeling, was in a belief that Māori were systematically deprived of capital, so they could not build up worthwhile assets and become significant players in the private sector. There was agitation for a Māori bank that could make large sums of money available to incorporations and Māori businesses. The MANA programme and the Māori Development Corporation were the fruits of this concern.

Instead, the debate tended to become focused on the mechanisms for delivering programmes and the need for better policies and programmes, and whether the present inadequate ones had locked Māori into a cycle of dependency and poverty. Implicit in this was a criticism of the role and nature of the Department of Māori Affairs. The lack of Māori control over the delivery of services was also commented on.

The unanimously endorsed Kawenata (Covenant) of the Māori Economic Summit Conference (Hui Taumata) held in December 1984 captured very well the thinking of the period of the early 1980s. Three key problems were identified:

1. Welfare dependency. Government policies were held to increasingly perpetuate this because these locked Māori into a welfare system that discouraged individual initiative and caused loss of group identity.
2. Too many Māori failed to benefit from the education system and the occupational opportunities it opened up.
3. Government financial resources were locked up in negative spending patterns that did not assist economic progress and therefore the attainment of economic and social equality.

It was estimated that some \$360 million was tied up in this negative spending. As solutions the Kawenata proposed:



Above: Reinforcements approaching Wellington during the 'Māori Tent Embassy' occupation of Parliament grounds in January 1976. Photograph Evening Post.

1. A conscious attempt to restore self-determination by progressively moving the resources devoted to negative outcomes into the tribal system.
2. The strengthening of the Māori tribal system to provide an environment for new social and economic initiatives.
3. A development decade to 'significantly reduce the imbalance between Māori and non-Māori in economic, social and cultural terms'.

Though ritual obeisance was made to the 'development decade' from time to time by the Department and the Minister of Māori Affairs, the 'decade' smacked too much of indicative planning to fit in with the new mood of Rogernomics and so was never important in the development of policy.

IWI DEVELOPMENT

Dr Reedy, Secretary of Māori Affairs, was an enthusiast for the tribal approach; the 1986 Annual Report of the Department advocated recognition of iwi and strengthening of the structures of whānau and hapū. The Department initiated the two new programmes, MANA and MACCESS, on a tribal basis.

The fourth Labour Government of 1984-1990 helped this approach by its desire to restructure the public service. Part of its policy was to separate commercial, operational, policy and regulatory functions. The government was also concerned that the centralised, interventionist, welfare state model New Zealanders had become accustomed to was costly and ineffective. The Department, with its mixture of regulatory (Māori Land Court), commercial, operational (Māori Trustee, Māori Land Development, Housing) and policy functions, and a culture marked by a paternal, bureaucratic attitude, clearly did not

fit. In addition, its reputation had been blighted by the 'Hawaiian Loans Affair' and the Labour Cabinet had some desire to get rid of it.

The new emphasis on efficiency, accountability and (most attractive of all from a Māori viewpoint) devolution, offered new opportunities for iwi development because it meant shifting responsibility for the delivery of services from centralised structures.

On 24 June 1987 Cabinet agreed that to achieve a true partnership between the Government and the Māori people, there had to be a devolution of responsibility to the Māori people themselves for the management of government programmes. Government proposals took the form of a discussion document *He Tirohanga Rangapū* (Partnership Perspectives). This emphasised partnership with iwi organisations in the development and operation of policies. It proposed establishing a new Ministry responsible for Māori policy to act as a control department on all Māori issues, in a role similar to Treasury and the State Services Commission. The Department of Māori Affairs was to be phased out and its operational programmes transferred to mainstream departments; these in turn were to improve their responsiveness on Māori issues.

There was extensive consultation in a series of 55 hui. These showed Māori were deeply opposed to the abolition of the Department of Māori Affairs and concerned with the mainstreaming of programmes because they felt mainstream departments would continue to be unresponsive to Māori needs.

In November 1988 the government issued a policy statement called *He Urupare Rangapū* (*Partnership Response*). The Ministry of Māori Affairs would remain, but the operational sections of Māori Affairs would be restructured into the Iwi Transition Agency. The new Agency would exist for five years to help iwi develop their operational base so that they would be better placed to receive programmes from the mainstream departments. The Māori Land Court would be transferred to the Justice Department. A Rūnanga Iwi Act was passed to help create legal entities from traditional tribal structures and to allow the Māori Land Court to resolve disagreements.¹⁰ Two contemporary references from semi-official sources sum up the easy optimism of this period:

1. The Board of Māori Affairs was disbanded. Programmes that were previously under board control such as Mana Business Enterprises and Māori Access Schemes are maintained by *Te Tira Ahu Iwi*, until iwi assume control.¹¹
2. The long-term demand of the Māori people that the rangatiratanga promised in the Treaty of Waitangi be honoured is met by the empowering of the iwi through legislation and through the resources of

the Iwi Transition Agency and other government agencies.¹²

DEMISE OF A POLICY

This was not to follow. Labour was a dying government and the Department was not abolished until 30 September 1989. Labour was replaced by National in October 1990. The new Minister, Winston Peters, summarily repealed the Rūnanga a Iwi Act. He issued a policy statement called *Ka Awatea* (*It is Day*) which was long on exhortation and short on practicalities. One concrete recommendation was for the creation of a Ministry of Māori Development that would handle policy, operations, auditing, liaison and strategic planning. The report seems to have assumed a continued existence for the Ministry of Māori Affairs and the Iwi Transition Agency since their Chief Executives were to be part of a Management of Change Executive.¹³

In the policy battles that took place over the report, the opportunity was taken to abolish both the Ministry and the Iwi Transition Agency and to replace them with a new Ministry of Māori Development. This was inaugurated on 1 January 1992.

Since then there has been a policy of constantly reducing the Ministry's budget by removing programmes, from the high point of the 1989-90 financial year (when \$254.5m was budgeted) to the 1995-96 financial year (when its budget has been reduced to \$48.34m).

At the flax roots I understand that the promised transfer of assets to the iwi has not taken place. The Taranaki Trust Board received an initial establishment grant of \$100,000 from the Iwi Transition Agency and since then it has lost MANA and MACCESS funding as both programmes have been disestablished.¹⁴

The claims process has however proved more robust, and the government has continued its commitment to settling Māori grievances. It has, of course, become clear that the settlements will be large. The problem of funding this has become an urgency for Cabinet and the fiscal envelope has been the result.

There seems to be a symmetry in the timings, that as the Ministry and Iwi funding is being shrunk, the Government is finding another large sum of money to meet Treaty claims through the fiscal envelope. Though, alas, there is not an exact equivalence (since the \$200m saved from departmental funding has not been wholly redirected to meet Treaty claims) the Government, as I understand the mechanism, is committing itself to spending \$100m a year. Fiscal constraint has also been met – the Government has saved \$100m.

It is hard not to feel that the essential Māori experience of government never changes – Machiavellian and intrinsically niggardly.

WHAT SHOULD BE DONE?

I have taken this long discursion because I want to remind readers that the Treaty claims process and the iwi development process were inextricably linked in Māori minds with a re-endowment of the iwi, so that they would have structures and resources to offer a better future to their people. The government has implicitly abandoned the iwi development policy and taken no steps to provide through mainstream departments the funding that was promised to the iwi. I do not believe that you can solve problems by throwing money at them, but properly formulated policies not translated into well-resourced programmes are mere academic exercises. The Māori community has seen few such programmes since the Hunn Report (1961), and if the Māori situation and race relations are to improve then there must be a real long-term financial commitment by government. The fiscal envelope does not represent such a commitment. Further, the sum and the method has proved unacceptable to the Māori people and irritating to the Pākehā majority.

Time has prevented me from analysing the annual accounts of the Iwi Transition Agency, and the Ministry of Māori Affairs between 1990 and the 1995/96 budget year to see what the exact deficit is. However looking at the contraction in spending I am left with the feeling that the fiscal envelope has been funded by the savings from the original vote Māori Affairs:

Amount available for Māori and Treaty claims if 1% of revenue was set aside, 1990 – 1996

1990	\$283.51m
1991	\$290.10m
1992	\$275.52m
1993	\$282.12m
1994	\$300.92m
1995	\$340.75m
1996	\$348.77m ¹⁵

It seems to me that another approach could be for the Government to acknowledge that it has traditionally allocated 0.7% of its expenditure to Māori purposes, that this amount was less than circumstances required, and that it would be prepared to allocate 1% of its revenue for Māori purposes. The first call, subject to Māori approval, would be to finance Te Puni Kōkiri, then to fund research on Waitangi claims, and finally to meet Māori claims. This would continue so long as there was a backlog of unsettled claims. An examination of Government finances suggests that on this basis the amount for 1996 would have been \$348m, not a mere \$48.34m.

I have suggested that revenue rather than expenditure be the base of the budget because it seems to better fit the fiscal discipline New Zealand is trying to achieve. A continuing allocation overcomes the resentment felt about trying to put a deadline on claims. This arrangement seems to me more manageable than the unprecedented multi-year appropriation that the Government has had to build into this year's budget. It has the advantages of fitting within the pattern of previous government expenditure and providing a proper level of funding for Treaty claims.

NOTES

- 1 *Jane Austen: Her Complete Works*. New York, Avenel Books, 1981, pp.3-8.
- 2 G V Butterworth and Hepora Young, *Māori Affairs/Ngā Take Māori*. Iwi Transition Agency, Government Printer, 1990, pp.73-77 and Appendix 5, Table 4, pp.127-129.
- 3 This claim is a little hard to document but Ngata started social and economic surveys of Māori communities, he appointed Māori Welfare Officers, and encouraged the building of Māori carved houses and the revival of language, haka and the arts of the marae. His letters to Te Rangihiroa document his ambitions.
- 4 Information is taken from Butterworth and Young, *Māori Affairs*, Appendix 4, Table 4, p.129. The figures for 1989 and 1990 are derived from the *New Zealand Official 1990 Year Book*, Department of Statistics, pp.649-50 and *New Zealand Official 1992 Yearbook*, Department of Statistics, p.434.
- 5 Population figures calculated from the mid-decade Census; that is the 1931-1940 decade figure is based upon the 1936 Census, and so on. Census figures calculated from *New Zealand Official 1990 Yearbook*, op cit, pp.129 & 159.
- 6 Te Puni Kōkiri (Ministry of Māori Development) Post-Election Briefing to the Minister of Māori Affairs, November 1993, pp.6, 29-41.
- 7 Butterworth and Young, *Māori Affairs*, op cit, Appendix 6, p.130 offers an elaborate analysis of district expenditure according to population, unemployment and urbanisation. The central conclusion is that the more urbanised districts were poorly funded.
- 8 Quoted in Andrew Sharp, *Justice and the Māori: Māori Claims in New Zealand Political Argument in the 1980s*. Auckland, Oxford University Press, 1990, p.88.
- 9 Based on information from Mr R. Hill, Office of Treaty Settlements, 13 June 1994.
- 10 This section summarises the account in G. V. Butterworth and Hepora Young, *Māori Affairs/Ngā Take Māori*. Iwi Transition Agency/Government Printer, 1990, pp.117-121.
- 11 *New Zealand Official 1990 Yearbook*, Department of Statistics, p.196.
- 12 Butterworth and Young, *Māori Affairs*, op cit, p.121.
- 13 *Ka Awatea: Report of the Ministerial Planning Group March 1991*. Wellington, 1991, p.96.
- 14 Information from Mr G. White, Taranki Trust Board, 9 June 1995.
- 15 *New Zealand Official Yearbook 1993*, Wellington, Government Printer, p.508, Table 25.3 Financing of Government Expenditure for the years 1990, 1991, 1992. *New Zealand Official Yearbook 1995*, Government Printer, Table 28.3 Government Finance: Cash Flows for 1993, 1994, 1995 and 1996 years. The last two are forecasts.