



Performance audit report

Government planning and support for housing on Māori land

*Ngā
whakatakotoranga
kaupapa me te
tautoko a te
Kāwanatanga ki te
hanga whare i
runga i te whenua
Māori*





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kaupapa me te tautoko
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This is the report of a performance
audit we carried out under section
16 of the Public Audit Act 2001

August 2011

ISBN 978-0-478-38311-9 (print)
ISBN 978-0-478-38312-6 (online)

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Foreword

Toitū te whenua, whatungarongaro te tangata. Man shall disappear, but land will always remain.

It's not just about houses, it's about our survival ...

Despite Māori identifying the barriers to housing on Māori land, we are faced with the same barriers 30 years later – in particular, capacity, planning, and finance.

It is from this perspective that the Māori Advisory Group commend the work of the Office of the Auditor-General. This is a significant report because it is the first review of how well government agencies as a group support Māori to build on their multiply-owned land. The findings of this report will help to illuminate not only the issues and barriers that exist for many Māori when working with government agencies but also highlight practices that work to enable whānau, hapū, and iwi to foster and grow innovative developments. We acknowledge that, despite the myriad of issues and barriers facing Māori communities, many have identified a range of solutions. These include mutually beneficial high-trust relationships, targeted support, and resourcing that will enable whānau, hapū, and iwi to build quality houses on Māori land.

This report also poses a challenge for government agencies to seriously address the issues identified – in particular, variable service delivery and organisational responses experienced by Māori who wish to build houses on their own land. To address the housing needs of Māori, and to unlock the resource potential that exists within whānau, hapū, and iwi, requires tailored support and focus by the relevant public entities. They must consider how to foster the development of Māori capacity to contribute to the decision-making processes of local and central authorities.

“He whare tū ki te paenga, he kai nā te ahi, ā, te whare maihi i tū ki roto i te pā tūwatawata, he tohu nō te rangatira” aptly describes this. “A house that stands alone and derelict is good for the fire; an ornate, protected, and well-supported house is the sign of a rangatira.”

We wish to thank all whānau, hapū, iwi, and agencies who have contributed to this report.

Tiwana Tibble
Rahera Ohia

Paul White
David Perenara-O'Connell

Ngā Kupu Whakataki

Toitū te whenua, whatungarongaro te tangata.

Ehara te take nei mō ngā whare noa iho, engari mō tō mātau oranga motuhake.

Ahakoia kua roa kē te Māori e kōrero ana mō ngā taumahatanga e pā ana ki te hanga whare ki runga i te whenua Māori, kei te tāmia tonu tātau i aua taumahatanga ēnei toru tekau tau ki muri – e hakune nei, ko te āheitanga, ko te whakatakotoranga kaupapa, ko te pūtea hoki.

Nā tēnei āhuatanga hoki ka tino mihi te Rōpū Tohutohu Māori ki ngā mahi a Te Mana Arotake. He ripoata tino whakahirahira tēnei nō te mea koinei te tirohanga hou tuatahi kia āta titiro kua pēhea te tautoko a ngā tari kāwanatanga ki te iwi Māori mō te hanga whare ki runga i te whenua he maha ngā kaupupuri pānga o roto. Ko ngā hua o te ripoata nei hei whakaatu i ngā taumahatanga me ngā take tautohe i te wā e mahi ngātahi ana te Māori me ngā tari kāwanatanga. I tua atu i tēnā, ka whakaarahia ngā āhuatanga katoa hei whakapakari i ngā whānau, i ngā hapū, i ngā iwi, i a rātau e ngaki ana, e whakatū ana he kaupapa hou. Kei te mōhio anō tātau, ahakoia ngā taumahatanga me ngā take tautohe, he nui anō ngā painga kua puta mai. Ko ētahi o ēnei ko te taumata teitei mō ngā tūhonotanga, ko ngā waihanga tuku pūtea kia tau tōtika tonu ki te kaupapa, ko te whakawātea he rawa kia kaha ai ngā whānau, ngā hapū, me ngā iwi hoki ki te hanga i ngā whare tino pai ki runga i te whenua Māori.

He wero anō tēnei ripoata ki ngā tari kāwanatanga kia āta titiro ki ngā take i whakaaturia - e hakune nei, ko te rerekētanga o te tuku ratonga ki ngā kaitono, tae noa hoki ki ngā whakautu o ngā tari whakahaere ki ngā Māori e tono ana ki te hanga whare i runga ake i ō rātau nei whenua. Arā, ki te āta tirohia te hiahia ā-whare o te Māori, me te whakatūwhera atu i ngā māiatanga kei roto i te whānau, kei roto i te hapū, kei roto hoki i te iwi, me tino hāngai te titiro me te tautoko a ngā tari kāwanatanga. Me āta titiro hoki rātau he pēhea ka taea e rātau te whakapakari ngā māiatanga a te Māori ki te hoatu whakaaro, ki te whai wāhi hoki ki ngā mahi whakatau kaupapa e whakahaerehia ana e ngā tari kāwanatanga ā-rohe, ā-motu.

E tino hāngai ana ki tēnei kaupapa te pēpeha nei: “He whare tū ki te paenga, he kai nā te ahi, ā, te whare maihi i tū ki roto i te pā tūwatawata, he tohu nō te rangatira.”

Kei te tino mihi ake mātau ki ngā whānau, ki ngā hapū, ki ngā iwi, me ngā tari kāwanatanga i takoha mai ki te ripoata nei.

Tiwana Tibble

Rahera Ohia

Paul White

David Perenara-O’Connell

Auditor-General's overview

Multiply-owned Māori land accounts for between 4% and 6% of land in New Zealand. Not all of this land is in remote rural locations – it includes quite a lot of very desirable land close to major centres.

In selecting this topic for a performance audit, I was aware of the desire for better housing, the consequences of poor housing, and the cultural significance of land. Throughout the audit, people we met reinforced to us the primary importance of land to cultural and social identity and its status as a taonga tuku iho to be safeguarded for future generations. In their words:

... it feels awesome to be on my land. The land of my ancestors. I know I can contribute something back to the marae and my children have a home to come back to ...

Prosperity for Māori is defined as a place of warmth and belonging, where a man can raise his children as free and proud indigenous people in a healthy environment. For the land and culture is not ours to sell, pollute, or desecrate. It is our children's inheritance and our future generations' ...

We want a place to live, we have land, and we want to be connected to the marae.

I thank all the people who so generously welcomed my auditors and shared with them their experiences in dealing with the various government agencies and the barriers they saw in the system.

As could be expected, owners of Māori land want to use their land to build high-quality, healthy houses and strengthen their communities. Yet, despite such aspirations, most Māori who wish to build on Māori land do not fulfil that goal. This is disappointing for Māori and for government agencies.

My staff examined the effectiveness of government support for Māori seeking to build housing on their land. We examined the work of a broad range of public entities, including how they work to provide Māori with effective information and advice and how easy it is for Māori to secure the approvals and funding they need.

This report lists the various initiatives to support Māori housing during the last 80 years. We audited the three current initiatives: Kāinga Whenua loans, the Māori Demonstration Partnership fund, and Special Housing Action Zones.

We found that, despite good intentions, the process to build a house on Māori land is fraught. Lessons have not been learned from past attempts, so the initiatives are not effectively targeted and the processes are not streamlined.

Overall:

- Although some individuals in agencies provide high-quality advice to guide people through the maze of agencies and processes, agency staff generally lack the knowledge and depth of understanding to do this well.
- There are complicated and disconnected processes for getting the necessary approvals and funding for putting housing on Māori land. Central and local government do not always work together in a co-ordinated way.
- Getting consent to build on Māori land can require approval from multiple shareholders who can be hard to locate.
- Without adequate financial support, the upfront costs required by local authority consent processes can pose a significant challenge for Māori landowners.
- Banks are reluctant to accept Māori land as security for a loan, state lending programmes could be better targeted to the financial circumstances of Māori households and organisations, and houses built on Māori land tend to lose rather than gain value because there is a limited market for them.

The current financial products available for building houses on Māori land are extensions of earlier programmes that were designed for different population groups and needs. Kāinga Whenua loans are an extension of the Welcome Home Loan scheme, and Māori Demonstration Partnerships are an extension of the Housing Innovation Fund.

The Kāinga Whenua loan programme is an encouraging development, despite having only one loan made to date. However, as the programme is currently designed, most people who can afford the loan cannot get it and most people who can get the loan cannot afford it. Likewise, the Māori Demonstration Partnership fund could help more Māori into affordable housing on their land but needs some improvements to meet its full potential.

Programmes and initiatives for housing on Māori land are under review, and are being transferred to the Department of Building and Housing. I encourage the Department of Building and Housing and others involved in supporting housing on Māori land to carefully consider the recommendations in this report.

I thank the various agencies in the state sector and local government for their time. I would particularly like to acknowledge the wisdom and depth of experience provided by my advisory group: Tiwana Tibble, Rahera Ohia, Paul White, and David Perenara-O'Connell.

My staff will now return to the places where we audited to share our findings, and I look forward to seeing the good practice and improvements recommended to owners of Māori land and the agencies being used to build more houses.

A handwritten signature in black ink, appearing to read 'Lyn Provost', with a stylized, flowing script.

Lyn Provost
Controller and Auditor-General

15 August 2011

Te Tirohanga Whānui a te Tumuaki o te Mana Arotake

Ko ngā whenua Māori he maha ngā kaipupuri pānga o roto, ka eke i waenganui i te whā me te ono ōrau o ngā whenua katoa o Aotearoa. Kāhore te katoa o ēnei momo whenua i ngā rohe hapori kāhore he tangata – ko ētahi tonu o ngā whenua nei he tata tonu ki ngā tāone kaitā, ā, he whenua e tino hiahia ana.

I te whakaritenga ko te kaupapa whare hei arotake, i te mōhio ahau mō te tino hiahia ki te whakapai i te āhuetanga e pā ana ki te nohoanga whare, ki te kore hua o te ao rawakore, tae noa hoki ki ngā tikanga Māori e mau ana ki te whenua. Mō te katoa o te arotake nei, i tautoko ngā tāngata katoa i hui ai mātau mō te pūmautanga o te whenua ki ngā tikanga, ki te tū tangata hoki, me te kī he taonga tukuiho hei tapuwae mō ngā whakatupuranga kāhore anō kia whānau mai. I roto hoki i ō rātau ake kupu:

... he āhua tino mīharo ki te tū ake i runga i tōku ake whenua - te whenua o ōku tipuna. Kei te mōhio ahau ka tarea e ahau te takoha atu ki te marae, ā, he kāinga kei konei mō ngā tamariki ka hoki mai ...

Ki tā te Māori, ko te huanui ka whakaarohia he wāhi mahana, he ūkaipo, ka tarea e te tangata te whakatipu i ana uri he tangata whenua māia, herekore hoki i roto anō i te taiao hauora. Kāhore hoki te whenua me ngā tikanga ā-iwi e hokaina, kāhore hoki e poke, ā, kāhore e maukinohia. He taonga hei tukuiho ki ngā uri, ki ngā whakatupuranga kei te heke iho mai ...

Kei te hiahia mātau he wāhi noho; kei a mātau te whenua, ā, kei te pirangi tonu mātau ki te noho here atu ki te marae.

Kei te mihi atu ahau ki ngā tāngata katoa i maioha mai ki aku kaiarotake, arā, ka kōrero mai mō ngā āhuetanga katoa e pā ana ki ā rātau whakapātanga ki ngā momo tari kāwanatanga me ngā taumahatanga i kitea e rātau i roto i ngā mahi kāwanatanga katoa.

Kāhore e kore kei te hiahia tonu ngā rangatira e pupuri pānga whenua ki roto ake i ngā whenua Māori he maha ngā kaipupuri pānga kei roto, ki te hanga i te whare tino pai, ki te hanga i te whare hauora hoki me te mōhio hoki mā ēnei momo mea ka pakari kē atu ō rātau hapori. Ahakoa ēnei wawata, ko te nuinga o ngā Māori e hiahia ana ki te hanga whare i runga ake i ō rātau whenua, kāhore anō he kiko mō tēnei momo whāinga. He tino pōuri tēnei mō te Māori, mō ngā tari kāwanatanga hoki.

I āta titiro aku kaimahi ki te waihanga tōtika mō te tautoko a te kāwanatanga ki ngā Māori e hiahia ana ki te hanga whare ki runga ake i ō rātau whenua tonu. I āta titiro hoki mātau ki ngā āhua o te mahi tahi o ngā whakahaere kāwanatanga whānui me te āhua o to rātau tuku i ngā kōrero whakamōhio ki te Māori, me te

āhua anō hoki o te tohutohu. I āta titiro anō hoki mātau pēhea te ngāwari o ngā tikanga whakamana me te whiwhi pūtea e hiahiatia ana e ngā kaitono Māori.

Kei te mau ki roto i tēnei ripoata ngā kaupapa kua kōkiritia hei tautoko i te hangatanga o ngā whare Māori mō ngā waru tekau tau ki muri. I tino arotakehia e mātau ngā kaupapa e toru kei te whāia ināianei, arā, ngā pūtea tārewa Kāinga Whenua, te pūtea *Māori Demonstration Partnership*, me ngā rohe SHAZ (*Special Housing Action Zones*).

I roto i tēnei, ahakoa ngā koronga pai, he tino taumaha ngā ara mahi kia tū he whare ki runga i te whenua he maha ngā kaupupuri pānga kei roto. Kāhore anō kia mau te māramatanga o ngā take tautohe o ngā kaupapa whare o mua. Nō tēnei nā, kāhore aua waihanga e whakaorohia kia hāngai te titiro, ā, kāhore anō kia whakangāwaritia ngā tikanga mahi. Ko te mutunga:

- Ahakoa kei reira ētahi tāngata e kaha ana ki te tuku tohutohu tino mātau hei tautoko i ngā kaitono i ngā āhuatanga hei whakangāwari ai i te tono, ko te nuinga o ngā kaimahi kāwanatanga kāhore e āta mōhio me pēhea taua mahi, ā, kāhore i a rātau ngā pūkenga tika e tutuki pai ai te mahi.
- He mahi tino uaua, tino tupurangi hoki mō te whakatau kia mau ai ngā whakamanatanga me te pūtea hei hanga whare ki runga whenua Māori. Kāhore ngā kāwanatanga ā-rohe me te kāwanatanga matua e āhei ana ki te mahi ngātahi i ngā wā katoa.
- Mehemea kāhore e mōhio kei whea ngā rangatira e mau pānga whenua e noho ana, he tino uaua kia riro mai te whakaae o te katoa kia hangaia he whare ki runga whenua Māori.
- Mehemea korekau he pūtea hei tautoko i ngā kaitono, ko te taumaha o te utu tōmua e hiahiatia ana kia whiwhi whakamanatanga mai i ngā kāwanatanga ā-rohe, he tino wero ki ngā kaupupuri whenua Māori.
- Kāhore ngā pēke e whakaae ana kia mauhere te whenua Māori hei pūnga mō te pūtea, ā, me āta hāngai te āhua o ngā kaupapa tuku pūtea tārewa mai i ngā tari kāwanatanga kia here ai ki te āhua o ngā kainoho kāinga Māori me ngā rōpū Māori. I tua atu i tēnei, ko ngā whare ka hangaia ki runga i te whenua Māori, ka heke kē te wāriu nō te mea kāhore e tino hiahiatia aua kāinga e ngā kaihoko whare.

Ko ngā tūmomo pūtea e wātea ana ināianei mō te hanga whare ki runga i te whenua Māori he toronga o ngā kaupapa tahito, ā, i hangaia mō te nuinga o ngā tāngata he rerekē ā rātau hiahia me te āhua o te nuinga tāngata. Ko ngā pūtea taurewa Kāinga Whenua he toronga o te kaupapa *Welcome Home Loan*. Ko te kaupapa *Māori Demonstration Partnership* he toronga o te pūtea *Housing Innovation*.

Ko te kaupapa pūtea Kāinga Whenua, he ahunga whakamua pai ahakoa kotahi anake te moni whakatārewa kua whakaaetia i tēnei wā tonu. Engari nō te āhua o te waihanga o taua kaupapa ināianei, ko ngā tāngata he rawa ā rātau, kāhore e whakaaetia ngā tono, ā, ko ngā tāngata ka whakaaetia, kāhore ā rātau ngā rawa e hiahiatia ana. Pērā anō te kaupapa *Māori Demonstration Partnership*: ka nui kē atu ngā tāngata ka taea te tautoko ki roto i te whare i runga ake i ō rātau whenua mehemea ka āhua whakapaingia ngā tikanga whakahaere, kia taea ai ā rātau wawata katoa.

He tirohanga hou kei te uhia ki runga i ngā kaupapa katoa hei hanga whare ki runga i te whenua Māori, ā, kei te nukua aua kaupapa ki te Tari Kaupapa Whare (Department of Building and Housing). Kei te poipoi ahau i taua Tari me ētahi anō hoki kei te tautoko kia tū he whare ki runga whenua Māori kia āta titiro ki ngā tūtohu kei roto i te ripoata nei.

Kei te mihi atu ahau ki ngā tari kāwanatanga ā-motu me ngā tari kāwanatanga ā-rohe mō ō rātau whakapau kaha. Ana kei te tino mihi anō hoki ahau ki taku rōpū tohutohu mō te hōhonutanga o ngā whakaaronui me te wheako: ko Tiwana Tibble, ko Rahera Ohia, ko Paul White, me David Perenara-O’Connell.

Ā te wā ka hoki aku kaimahi ki ngā wāhi i arotakehia e mātau ki te whakatō i ā mātau whakataunga. Ko te tūmanako, ka kite tātau katoa i ngā tino hua ka puta mai i runga i ngā whakapainga me ngā tikanga mahi pai kua tūtohua i ā mātau mō ngā rangatira o ngā whenua Māori me ngā tari kāwanatanga. Ko te wawata hoki kia nui kē atu ngā whare ka hangaia.



Lyn Provost
Tumuaki o te Mana Arotake

15 Here-turi-kōkā 2011

Our recommendations

1. We recommend that the agencies involved in providing advice and support co-ordinate what they do locally by:
 - having one organisation act as a single point of contact for Māori who want to build housing on their land;
 - agreeing a shared process that sets out who will work with Māori who want to build on their land and when; and
 - having staff with the relevant expertise and knowledge available to provide high-quality information and advice.
2. We recommend that local authorities build appropriate flexibility into their district plans to allow housing to be built on Māori land.
3. We recommend that local authorities identify and work with landowners who have particularly suitable land blocks and who want to build housing on Māori land.
4. We recommend that the Department of Building and Housing better target financial support programmes by:
 - better matching the support available to the financial circumstances of Māori, so that it is available and affordable for more Māori organisations and households;
 - making financial support available when costs are incurred; and
 - structuring the financial support to make housing developments sustainable.
5. We recommend that the Department of Building and Housing, working with other agencies, build the capacity of Māori organisations that plan to participate in housing. This includes their ability to project manage a housing development through the legal and practical processes required to successfully build houses on Māori land.

Ko ā Mātau Tūtohu

17

1. Kei te tūtohu mātau ki ngā tari kāwanatanga kei te tautoko i te kaupapa nei me te tohutohu kia whakakotahitia ā rātau mahi ā-rohe kia:
 - kotahi noa iho te rōpū hei pūtahi whakapā mō te Māori e hiahia ana ki te hanga whare i runga ake i ō rātau whenua;
 - whakaaetia tētahi tikanga mahi hei whakarite ko wai, mō āhea hoki ka mahi ngātahi me ngā Māori e hiahia ana ki te hanga whare i runga i ō rātau ake whenua;
 - whakatūria he kaimahi pūkenga nui, ā, he tino mōhio ki tēnei mahi, kia tino pai ai ngā whakamōhio me ngā tohutohu ka puta ai.
2. Kei te tūtohu mātau kia āhua ngāwari kē atu ngā mahere ā-rohe e whakatakotoria e ngā tari kāwanatanga ā-rohe kia taea te hanga whare i runga i te whenua Māori.
3. Kei te tūtohu mātau kia āta kimihia e ngā tari kāwanatanga ā-rohe ngā rangatira whenua kei ā rātau ngā whenua pai, ā, e hiahia ana kia hangaia he whare ki runga whenua Māori, kia pai ai hoki tā rātau mahi ngātahi me aua tāngata.
4. Kei te tūtohu mātau kia āhei te Tari Kaupapa Whare kia tōtika tonu tā rātau tuku pūtea hei tautoko kaupapa:
 - kia tau te tuku tautoko ki te āhuatanga ā-pūtea o te kaitono Māori kia nui kē atu ngā rōpū Māori me ngā nohoanga kāinga ka whiwhi pūtea;
 - ki te whakawātea he pūtea tautoko mehemea he here utu kei te tāmi i te kaitono;
 - kia waihangatia te pūtea tautoko kia tū motuhake te kaupapa hanga whare.
5. Kei te tūtohu anō mātau kia mahi tahi ai te Tari Kaupapa Whare ki ngā tari kāwanatanga hei whakapakari i ngā rōpū Māori e hiahia ana ki te hanga whare, e hiahia anō hoki ki te whakatō i taua kaupapa. Kia tau anō tēnei āhuatanga mā ngā Māori he whakahaere te kaupapa whakatū whare ki te āhua o ngā ture me ngā mahinga, kia oti pai ai te hanga ki runga whenua Māori.

Part 1

Introduction

Wāhanga Tuatahi – Te Whakatuwheratanga

- 1.1 In Part 1, we discuss:
- why we carried out our audit;
 - the audited entities and the activity we audited;
 - the scope of our audit;
 - how we carried out our audit; and
 - the scenarios used in later parts of this report.

Why we carried out our audit

- 1.2 We carried out a performance audit of government support for, and regulation of, affordable housing on Māori land because:
- Māori as a group experience disproportionately poorer housing situations compared with the rest of the population;
 - some Māori landowners have aspirations to build on their land;
 - Māori land can provide affordable housing, particularly near some urban areas;
 - there is a long history of government assistance with mixed success;
 - support for Māori housing is complex and involves multiple agencies working together; and
 - we could provide a cross-sector perspective on how to improve effectiveness.

The audited entities and the activities we audited

- 1.3 We examined the work of various public entities, including Housing New Zealand Corporation (HNZC), Te Puni Kōkiri¹ (TPK), and local authorities. We considered the work of the Māori Land Court but not its decisions or decision-making processes. We also met with a range of other organisations, including the Māori Trustee. Part 4 explains the roles of these organisations further.
- 1.4 Figure 1 sets out the relevant performance objectives of the agencies that have funding programmes for housing on Māori land.

1 The Ministry of Māori Development.

Figure 1
Performance objectives of agencies that have funding programmes for housing on Māori land

Agency	Māori housing outcome	Activities	Performance measures	
Housing New Zealand Corporation	“New Zealanders in need are helped along their pathway towards housing independence.”	“Use [Housing Innovation Fund] (Māori Demonstration Partnership) and Kāinga Whenua loans for housing on multiple-owned Māori land.”	2009/10	2010/11
	“The Crown’s resources are managed in the most efficient and effective manner – leveraging private sector investment.”	Develop new housing supply initiatives with other partners (Māori and iwi, community groups, investors, local authorities, and third party providers).	“The first five [Māori Demonstration Partnerships] will be initiated by June 2009 ... 5-15 substantial grants to Māori organisations approved.”	“Increase over a baseline to be established in 2010/11.”
Te Puni Kōkiri	Increased Māori home ownership is a Whānau Ora indicator and contributes to the outcome of “enhanced levels of economic and social prosperity for Whānau and Māori”.	Iwi Housing Support (through [Special Housing Action Zones]; \$456,000 in 2010/11).		

Source: Housing New Zealand Corporation’s and Te Puni Kōkiri’s most recent statements of intent.

The scope of our audit

- 1.5 We looked at whether the Government's support for, and regulation of, housing developments on Māori land was effective and efficient. We did not look at the work that Māori trusts and individuals must do to get the agreement of multiple shareholders before building on multiply-owned Māori land, as these are private matters. Our audit was structured around four main audit criteria:
- Are programmes well designed?
 - Are programmes implemented effectively and is development made as easy as possible?
 - Is planning appropriate and supportive?
 - Can the costs of building houses on Māori land be reduced?
- 1.6 We did not audit the processes or decisions of the Māori Land Court, because our role is to examine the effectiveness and efficiency of government agencies and not the courts.

How we carried out our audit

- 1.7 To examine the effectiveness of government support of, and regulation for, housing on Māori land, we carried out fieldwork in four regions. These were:
- Te Tai Tokerau (Northland);
 - Tāmaki Makaurau (Auckland);
 - Tauranga Moana – Mataatua (Bay of Plenty); and
 - Ōtautahi and Waimakariri (Canterbury).
- 1.8 We selected these regions because each has different circumstances, challenges, and issues. We were also aware that the agencies in each of these regions had taken different approaches to housing on Māori land.
- 1.9 In each region, we:
- examined the planning and regulatory function of local authorities;
 - used a consistent interview schedule to interview regional staff in the public entities that are directly involved in housing on Māori land: HNZC, the Māori Land Court, and TPK;
 - carried out in-depth interviews with a sample of Māori organisations and individuals (at least five in each region), ranging from large iwi rūnanga to individuals who have or are building houses on Māori land;
 - interviewed a range of other organisations involved in Māori housing, including building firms with experience of Māori housing projects and banking consultants from Kiwibank Limited (Kiwibank); and
 - collected and reviewed regional documents and research on Māori housing.

- 1.10 The quotes that appear throughout this report have come from the interviews that we carried out.
- 1.11 Nationally, we examined the work of the main government departments responsible for delivering Crown programmes for housing on Māori land. We also talked to other interested parties, principally the Department for Building and Housing. Our examination included:
- reviewing evaluations and assessments of previous and current programmes;
 - interviewing programme directors and senior management of the main entities;
 - analysing the costs of implementing programmes and initiatives; and
 - examining the lending criteria for loan schemes available for building on Māori land and comparing these with household income statistics.

Scenarios used in this report

- 1.12 In Parts 4, 5, and 6, we use three scenarios to describe the effect that the current support for, and regulation of, housing on Māori land has on individuals and Māori organisations. We chose these scenarios because they illustrate the experience that groups with different aspirations and size will have. The scenarios are:
- An individual or whānau who has shares in Māori land and wants to build or move a single house on to part of the land. The individual or whānau has a low income and wants to apply for a Kāinga Whenua loan.
 - A small ahu whenua trust² that plans to build a small number of houses on its land. The trust has little cash and needs voluntary work to help with administration.
 - A larger Māori trust or iwi governance organisation that has plans to build housing for its beneficiaries. This iwi governance organisation does not own land but has beneficiaries who do.

² An ahu whenua trust is set up to “promote and facilitate the use and administration of the land in the interests of the persons beneficially entitled to the land.” The land, money, and other assets of an ahu whenua trust are held in trust for the owners entitled to the land, in proportion to their interest in the land. For more information, see section 215 of Te Ture Whenua Māori Act 1993.

Part 2

Māori housing needs and history, and current government programmes

Wāhanga Tuarua – Ko ngā hiahia, ko ngā tāhuhu kōrero me ngā kaupapa kāwanatanga onāianeī mō te whare Māori

2.1 In this Part, we discuss:

- Māori housing needs;
- the significance of Māori land;
- types of Māori land;
- how Māori land can provide affordable housing;
- the barriers to building houses on Māori land;
- the history of government programmes and their results; and
- the objectives and performance of government agencies.

Māori housing needs

2.2 Māori are disproportionately represented on state housing waiting lists. They are more likely to live in housing of poor condition compared with the rest of the population. Māori are also less likely than non-Māori to own their own house.

2.3 The Department of Building and Housing (DBH) has identified that there is already a significant undersupply of affordable housing. Because Māori have disproportionately low incomes, they are likely to struggle more to find affordable housing. This is particularly true in areas where the Māori population is predicted to grow at a rate higher than that of the general population (such as Whangarei and the Bay of Plenty).

The significance of Māori land

2.4 Throughout the regions where we audited, there was significant demand from Māori individuals and organisations to use their land for housing, given appropriate support and regulation. Māori land is considered to be taonga tuku iho, a treasure handed down through the generations. Māori land has significant cultural and social value, and the desire to live on the land is often described in terms of fostering well-being for the community and as a source of mana. Figure 2 provides a Māori perspective about Māori land, using quotes from interviews we conducted with Māori whānau and trusts.

Figure 2
Some of the values associated with living on Māori land

... we have a different understanding ... we want a home not for investment, we want a home for our kids and grandparents to be warm ... we're never going to sell the home.

I belong, I feel good, I see the urupā, it feels awesome to be on my land. The land of my ancestors. I know I can contribute something back to the marae and my children have a home to come back to.

We want a place to live, we have the land, want to be connected to the marae ...

Prosperity for Māori is defined as a place of warmth and belonging, where a man can raise his children as free and proud indigenous people in a healthy environment. For the land and the culture is not ours to sell, pollute, or desecrate. It is our children's inheritance and our future generations' ...

Source: Our interviews with Māori groups involved in housing.

Types of Māori land

2.5 In this report, we use the term “Māori land” to refer to the following types of land that are owned by Māori:

- *Māori customary land* – land that has always been owned by Māori and has never been assigned individual title. Māori customary land cannot be bought or sold.
- *Māori freehold land* – defined by Te Ture Whenua Māori Act 1993 as “Land, the beneficial ownership of which has been determined by the Māori Land Court by freehold order”. Māori freehold land has strict provisions governing decisions about being bought, sold, and used.
- *General land owned by Māori* – other land owned by Māori may be multiply-owned but held in General Title. Typically, this is Māori freehold land that was converted to general land by the Māori Affairs Amendment Act 1967. Because it is general land, it is not affected by the special provisions that govern the sale or “alienation” of Māori land in Te Ture Whenua Māori Act 1993.
- *Māori Reserves* – land that has been officially set apart for purposes that include village sites, marae, meeting places, recreation grounds, sports grounds, places of historical significance, or places of special significance according to tikanga Māori.

2.6 The intention of Te Ture Whenua Māori Act 1993 is “that powers, duties, and discretions conferred by this Act shall be exercised, as far as possible, in a manner that facilitates and promotes the retention, use, development, and control of Maori land as taonga tuku iho by Maori owners, their whanau, their hapu, and their descendants”.

- 2.7 The restrictions on selling Māori freehold land are significant for this report. In most circumstances, Māori land cannot easily be sold on the open market. Instead, shares in the ownership of Māori land are passed down through generations. A descendant of a deceased Māori landowner must apply to the Māori Land Court to establish their right to shares in the land. This is known as applying for a succession order.

The potential for Māori land to provide for affordable housing

- 2.8 Outside the main cities, some areas that have large Māori populations also have large clusters of Māori land (such as Northland, Bay of Plenty, and Hawke's Bay). Māori in these areas are keen to use their land for housing. Between 4% and 6% of New Zealand is multiply-owned Māori land, and about 30% of Māori land is in or near to towns.
- 2.9 Māori land is an asset that can make building a house more affordable for those who hold shares in the land. Where Māori already own the land, the costs of developing housing are reduced. This reduction can range from 15% to 40%, depending on land values.
- 2.10 Potentially, Māori land could be used to provide houses in areas where population growth is expected to be high. For example, a high increase in the Māori population in the Bay of Plenty is expected by 2021 (see Part 3 for details). There are blocks of Māori land in this region that would be suitable for housing around some of the main centres, particularly Tauranga and Whakatane. In the Bay of Plenty, the Smart Growth strategy has objectives and targets to realise this potential, and Whakatane District Council has a district plan that emphasises the importance of Māori land.

The barriers to building housing on Māori land

We want a place to live, we have land, we want to be connected to the marae. We believed we could achieve these goals. Five years later the expectancy has watered down, you can see the disappointment. Whānau acknowledge the hard work to get houses which is acceptable, the issue has been the length of the process to get people into a house. Nowhere else in the world would people wait for five years, especially when we own the land!

- 2.11 Despite the potential, many of the plans and aspirations that whānau, Māori trusts, hapū, and iwi have for building housing on their land are yet to be realised. This is frustrating to many families and trusts, as well as for many staff of the public entities that are involved.

- 2.12 There are many issues confronting a household, whānau, or trust seeking to build housing on Māori land. These are well known and have been documented by a range of studies, including our 2004 performance audit of the Māori Land Court and Māori Trustee³. Figure 3 sets out the main issues and the government responses that are intended to overcome them.

Figure 3
Barriers to building housing on Māori land

Issue	Response
Difficulty in raising finance: Banks have been reluctant to lend money for mortgages on Māori land. Although they can take Māori land as security for a loan, if the bank needs to take the land because of default on the loan, it is difficult to sell the land to recover the money lent.	Kiwibank has a loan called Kāinga Whenua, which is specifically designed for home loans on multiply-owned Māori land. HNZN underwrites the loans. HNZN also provides finance for housing developments on multiply-owned Māori land through the Māori Demonstration Partnership fund (the MDP fund), a contestable fund to which iwi and hapū organisations can apply.
Planning restrictions: A lot of Māori land is in rural areas or on the outskirts of towns. Traditionally, it has been used for agriculture or has not been used at all. Because of the conditions and use of Māori land, it is often zoned as rural. This restricts the number of houses that can be built and can affect designs and plans for housing developments. District planning has not traditionally looked at Māori land as providing a means for housing development, so resource consent applications can prove costly.	Local authorities are revising their district plans. Some are using the revisions to change their approach to planning for and zoning Māori land.
Rates arrears: Over time, rates arrears have built up on Māori land. Although rates assessed on Māori land account for only about 0.3% of all rates, the arrears of rates on Māori land make up 29% of all arrears. Owners of Māori land are sometimes reluctant to put housing on land because they fear they will become responsible for paying the arrears.	Local authorities have rates remission policies that can overcome this barrier. Land around a new house can be “apportioned” so the household is responsible only for the rates due on the land around the house and not the whole of the land block.
Infrastructure: Because of its rural zoning and its location, Māori land is often poorly connected to main services such as water, stormwater, electricity, and waste-water. The costs required to install the necessary infrastructure can prove prohibitive and delay housing developments.	Some of a Kāinga Whenua loan can be used to fund some infrastructure. MDP fund applicants include infrastructure costs in their proposals.

³ The report, *Māori Land Administration: Client Service Performance of the Māori Land Court Unit and the Māori Trustee*, is available on our website – www.oag.govt.nz.

<p>Gaining consent to build where there are many owners: There can be many, sometimes hundreds, of shareholders in a block of multiply-owned Māori land. On average, there are 86 owners for each land title. Contacting these shareholders can be costly and time consuming. Sometimes, shareholders do not agree what should be done with the land, delaying or even stopping plans to build housing.</p>	<p>Principal Liaison Officers in regional offices of the Māori Land Court provide advice and support to people seeking to contact their fellow shareholders in blocks of multiply-owned Māori land. Clients of the Court can also post notices on the Māori Land Court website.</p> <p>The Māori Land Information System was introduced in 2000. This provides information on title holders of all Māori land blocks. In 2011, a Māori Land Geographic Information System was introduced that provides detailed information about all Māori land in written and picture form.</p> <p>In 2004, we recommended that the Māori Land Court compile a database of addresses of shareholders of Māori land. A database has been made available. However, the Māori Land Court relies on shareholders to update the information. Some of the information is therefore incomplete or outdated.</p>
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2.13 As well as these barriers, legislation about Māori land has affected its development. We set out some of the main points in the Appendix.

The history of government interventions and their results

2.14 Over the years, government agencies have invested in many programmes to help owners of Māori land to overcome these barriers. Despite some successes, the barriers remain. Figure 4 sets out information about the main programmes for building houses on Māori land.

Figure 4
Past and present programmes for building housing on Māori land

Government programme (Entity)	Duration	Description	Results and resourcing
Native Affairs homes	1929-1945	This housing was generally rural and developed in association with the development of whānau dairy units. Houses were built on multiply-owned land as part of what was labelled the Ngata land development schemes. Nominated occupiers took responsibility for loans alongside farm development.	We estimate that there were at least 293 mortgages for Māori Affairs homes. The actual figure is likely to be much higher.
Māori Affairs homes (Former Department of Māori Affairs)	1945-1980s	<p>This housing was largely in urban areas and towns to support the migration of Māori to the towns and cities for work after the Second World War. Houses were built on Māori land on the fringes of small towns, but owners were required to partition out their shares and obtain an individual title. The main emphasis was in the cities where families were assisted to buy houses in new subdivisions. From the 1970s, kaumātua flats on marae were built on Māori land.</p> <p>The Department of Māori Affairs provided loans for building houses on Māori land. These houses typically used quality building materials and those that have been maintained are still in good condition today.</p> <p>The programme was recalled by many interviewees as leading to better-quality housing outcomes than later programmes.</p> <p>Concerns were raised with us that prudential lending criteria were much looser, resulting in more defaults than later programmes.</p>	

Government programme (Entity)	Duration	Description	Results and resourcing
Papakāinga Lending Scheme (HNZC)	1985-2008	<p>Loans to individuals to build houses on Māori land.</p> <p>Applicants had to meet the loan conditions, which included a 15% deposit. Limited support or training was provided to applicants or loan recipients.</p> <p>In its later years, this programme largely serviced the areas that were not targeted under the Low Deposit Rural Lending programme, which in part explains its low uptake in the years we have information for.</p>	44 loans between 2000 and 2009.
Low Deposit Rural Lending (HNZC and contracted (often Māori) providers)	1994-2008	<p>Home loan for low-income households with 3% deposit.</p> <p>Applicants completed a home ownership education course and had to prove that they could service a loan. Information and coaching/ brokering support was provided for up to five years to help manage defaults in the most common default period.</p> <p>The comprehensive support and guidance under this programme had a positive effect on the number of loan defaults and helped people into housing who otherwise would not have been able to own a house.</p> <p>Recipients had to be within target areas (Northland, East Coast, Bay of Plenty).</p> <p>Participants included clients such as seasonal workers, welfare beneficiaries, and single parents.</p> <p>Many of the houses built through the 1990s used low-quality materials and have required high maintenance or replacement (generating costs for the Rural Housing Programme).</p>	142 loans were provided between 2000 and 2009 for houses on multiply-owned Māori land.

Government programme (Entity)	Duration	Description	Results and resourcing
Special Housing Action Zones (TPK)	2000-present	<p>This was originally a much larger programme, a joint initiative between TPK and HNZC. TPK was responsible for the capacity support to Māori communities and organisations, and HNZC was responsible for the capital funding for a suite of housing initiatives developed by Māori communities and organisations able to enter into contractual arrangements.</p> <p>Funding was used for a range of purposes, including paying for professional services such as planners and architects, and funding home maintenance programmes.</p> <p>This programme demonstrates a better approach to partnerships than many other housing interventions.</p> <p>The support provided is highly valued by its recipients. Several stated that they would not have been able to participate in housing without it.</p>	<p>Has been instrumental in progressing a number of housing developments. This includes two of the successful Māori Demonstration Partnership fund projects in 2010/11.</p> <p>\$456,000 in 2010/11.</p>
Rural Housing Programme (HNZC and contracted (often Māori) providers)	2001-2011	<p>Loans and grants to upgrade, renovate, and replace housing.</p> <p>The programme was designed to:</p> <ul style="list-style-type: none"> • improve the quality of housing in rural areas within the Northland, Bay of Plenty, and East Coast regions; • increase the supply of affordable, quality houses; and • help communities to manage their own housing needs. <p>Much of the focus of the programme was on Māori communities and finding solutions to the problems of poor housing on multiply-owned Māori land.</p> <p>A review commissioned by DBH concluded that, although living conditions have improved for some families, the programme did not provide good value for money because the improvements were not sustainable.</p> <p>DBH is developing policy options for a replacement to this programme.</p>	<p>2900 houses repaired between 2001/02 and 2010/11.</p> <p>\$139.5 million between 2001 and 2010.</p>

Government programme (Entity)	Duration	Description	Results and resourcing
Community Owned Rural Rental Housing Loans (HNZC)	2002-2008	<p>Loans for community-based organisations to build their rental housing stock.</p> <p>Units were leased back to HNZC for the first 10 years of their existence.</p> <p>This was the first HNZC programme that provided loans to Māori trusts and, as such, represented a step forward for encouraging trusts to provide housing on Māori land.</p> <p>The skills and financial capacity of some Māori land trusts was limited, which held up some of the housing developments.</p>	<p>\$6.6 million provided to Māori trusts in low-cost loans.</p> <p>Results are unclear, but the programme spent less than the target amount for each year.</p>
Māori Demonstration Partnership fund (HNZC)	2008-present	<p>Contestable fund that provides grants and low-cost loans to Māori organisations to help them develop housing on multiply-owned land.</p> <p>Funding can be used for almost all the costs involved, including building houses and infrastructural services.</p> <p>Capacity funding was initially available to help trusts pay for professional services needed as part of planning the development. This capacity funding is no longer available.</p> <p>Māori organisations must contribute 50% of the project's equity in the form of land, funds, or labour.</p> <p>The fund has not always been managed in keeping with the principles of partnership.</p> <p>There is no overall strategy for capturing, disseminating, or using learning from partnerships.</p> <p>The fund is a part of the Housing Innovation Fund, currently managed by HNZC.</p>	<p>Four partnerships.</p> <p>15 houses, 28 kaumātua houses, and a large communal building (at the time of our audit, these were yet to be built).</p> <p>\$5 million each year.</p>

Government programme (Entity)	Duration	Description	Results and resourcing
Kāinga Whenua (HNZC and Kiwibank)	2010-present	<p>Home loans are provided by Kiwibank to build on multiply-owned Māori land. HNZC provides the security for loans.</p> <p>Applicants must be first-home buyers, and the maximum income of a two-income household is \$85,000.</p> <p>Some of a Kāinga Whenua loan can be used to fund some infrastructure.</p> <p>Loans provide, for the first time, a mechanism for owners of Māori land to access finance from a mainstream bank – one of the most commonly recognised barriers to building on Māori land.</p> <p>Kāinga Whenua is not well matched to the incomes of Māori households. Loan uptake in the first year has been well below expectations.</p>	<p>One loan between February 2010 and 3 December 2010.</p> <p>HNZC's implementation costs are about \$100,000 plus staff time.</p> <p>Kiwibank's costs are not reported here because they are commercially sensitive.</p>

The objectives of government agencies

- 2.15 HNZC, TPK, the Māori Land Court, and local authorities all have objectives and responsibilities to provide support and guidance and to regulate the development of housing on multiply-owned Māori land.
- 2.16 HNZC and TPK refer to housing on Māori land in their Statements of Intent (SOI).
- 2.17 HNZC's *Statement of Intent 2010–13* includes the impact of “Increased use of multiple-owned Māori land for housing purposes”. HNZC measures its performance by monitoring the use of MDP fund and Kāinga Whenua loans for housing on multiply-owned Māori land. HNZC underwrites Kāinga Whenua loans. They are provided by Kiwibank and require either no or a low deposit. The Māori Demonstration Partnership fund (the MDP fund) is a contestable fund of \$5 million a year, which provides grants and loans to Māori housing providers. The MDP fund is a part of the Housing Innovation Fund (HIF), which was managed by HNZC at the time of our audit.
- 2.18 In its *Statement of Intent 2010-13*, TPK includes “increased levels of home ownership amongst Māori” as one indicator for its outcome “Whānau Ora: Whānau and Māori achieve enhanced levels of economic and social prosperity”. In 2010/11, TPK received an appropriation of \$456,000 to provide capacity-building support to Māori groups who want to develop housing in Special Housing Action Zones (SHAZ).

- 2.19 Another Crown programme, the Rural Housing Programme, also administered by HNZN, provided funds to organisations to upgrade, renovate, and replace housing in Northland, Bay of Plenty, and the East Coast. The Rural Housing Programme was wound down in 2010/11. DBH is preparing policy options for replacing this programme.
- 2.20 HNZN has had responsibility for administering the MDP fund and Kāinga Whenua. These are Crown initiatives that formed only a small part of HNZN's business operations. HNZN's core role has been, and will continue to be, to manage state housing for those in greatest need.
- 2.21 Cabinet has reviewed the role HNZN will have in Crown housing programmes. The Housing Shareholders Advisory Group, which was set up at the request of the Minister of Housing, recommended that HNZN focus on delivering state housing to those in greatest need. Crown programmes that intend to support and promote housing development on multiply-owned Māori land are being transferred to the Department of Building and Housing.

Part 3

Land and population issues in specific regions

Wāhanga Tuatoru – Ko ngā take e pā ana ki te whenua me te nuinga tāngata o ētahi rohe tūturu

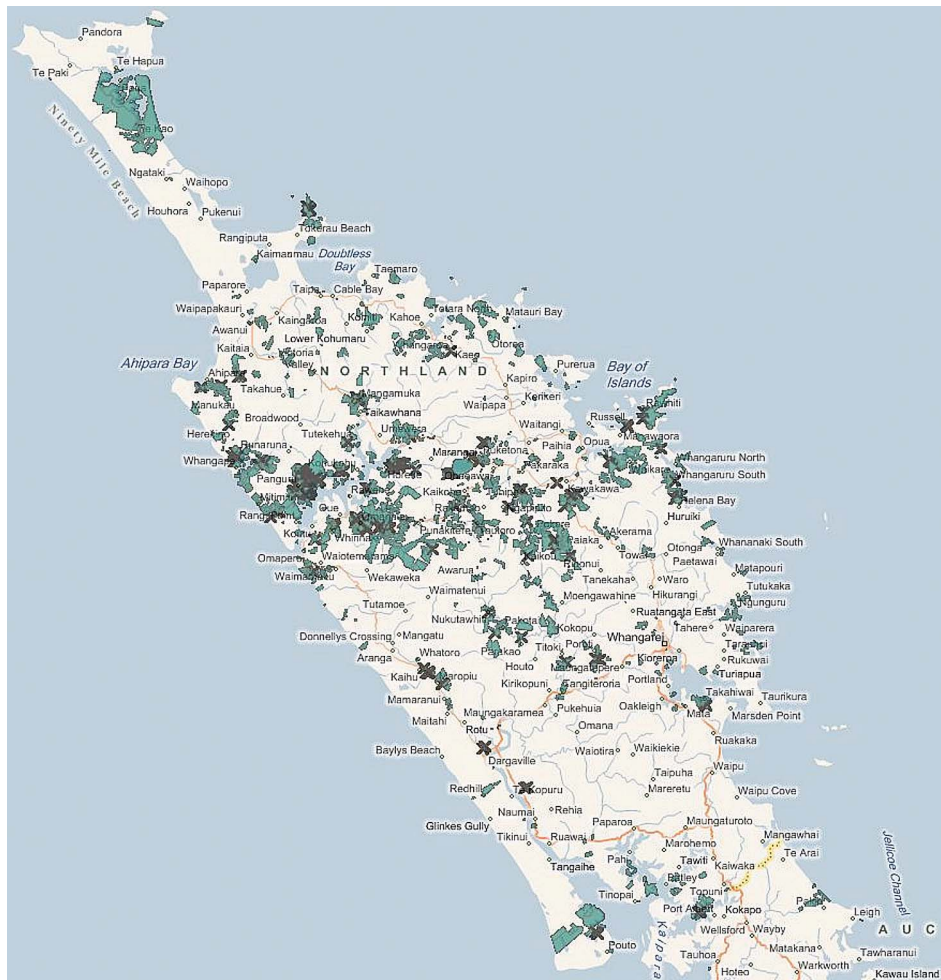
35

Te Tai Tokerau

Māori land in Te Tai Tokerau

- 3.1 There are 144,491 hectares of Māori land in Te Tai Tokerau. This represents 11.38% of all land in the region. Figure 5 shows where the larger land blocks in Te Tai Tokerau are. Figure 6 sets out land by local authority.

Figure 5
Māori land in Te Tai Tokerau



Source: Te Puni Kōkiri, Māori Land Online.

Figure 6
Māori land in each local authority area of Te Tai Tokerau

Local authority	Size (and proportion) of Māori land	Land description
Far North District Council	130,000 hectares (17%)	Māori land is heavily concentrated around Hokianga and the Western ward, with significant blocks of land near the growth area of Bay of Islands/Kerikeri.
Kaipara District Council	9,600 hectares (3%)	230 blocks of Māori land, mostly around Waipoua, Kaihu, Pouto, Ounawhau, Tinopai, and Oruawhau.
Whangarei District Council	11,000 hectares (4%)	Māori land is generally along the coast and clustered in rural areas.

Māori population of Te Tai Tokerau

- 3.2 An estimated 50,800 people in Northland were Māori in 2011, using projections based on the number of people who identified as Māori in the 2006 Census. The Māori population in Te Tai Tokerau is expected to grow relatively little. Figure 7 sets out the projected population increase for each local authority area.

Figure 7
Māori population and growth trends for each local authority area of Te Tai Tokerau (using 2006 Census data)

Local authority	Māori population (% of population)	Population growth	Expected Māori population growth
Far North District Council	25,200 (43%)	The Māori population is expected to increase by 1000 people (4% of current Māori population) by 2021. The total population is expected to increase by 2.5% to 60,500 by 2021.	Low
Kaipara District Council	4,400 (23%)	The population is expected to remain stable.	Low
Whangarei District Council	21,200 (26%)	The Māori population is expected to increase by 3700 (or 17.5% of the current Māori population) by 2021. The total population is expected to increase 8% to 87,700 by 2021.	Moderate

- 3.3 Not all of these people will whakapapa to the local area, and they will not all have shares in local Māori land (nor will all those who do come from the local area). Figure 8 shows the number of Māori from the region's iwi, as an approximation of how many Māori might be "eligible" for housing on Māori land in Te Tai Tokerau.

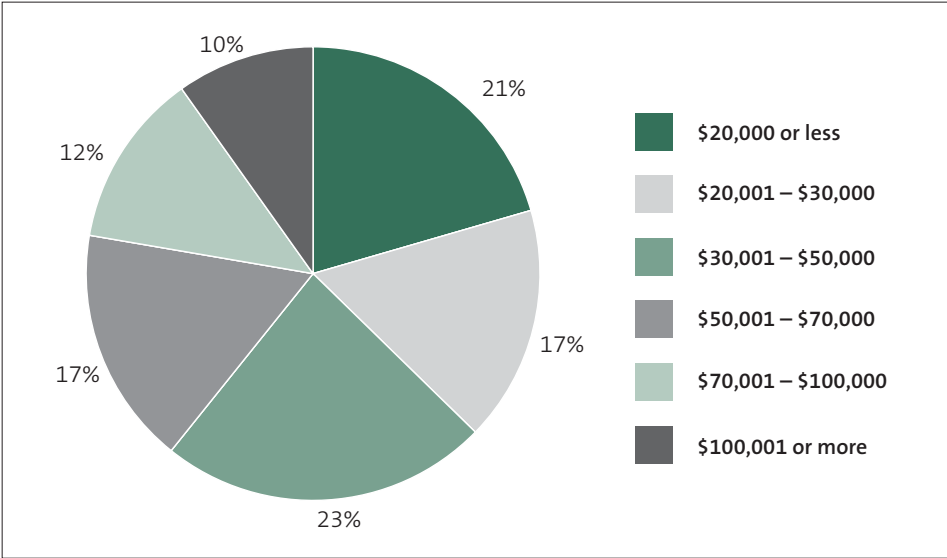
Figure 8
Te Tai Tokerau iwi and their population resident in Te Tai Tokerau (using 2006 Census data)

Iwi	Population resident in region	Population resident elsewhere in New Zealand
Te Aupouri	2412	9333
Ngati Kahu	2628	8313
Ngati Kuri	1899	5757
Ngāpuhi	24,909	122,214
Te Roroa	507	1170
Ngāpuhi ki Whaingaroa-Ngati Kahu ki Whaingaroa	615	1746
Te Rarawa	4458	14,892
Ngai Takoto	345	771
Ngati Wai	1830	4866
Ngati Whatua	3324	14,721
Te Uri o Hau	399	1074

Māori household incomes in Te Tai Tokerau

3.4 In Te Tai Tokerau, 61% of Māori households have a yearly income of less than \$50,000, and 37.5% of Māori households have a yearly income of less than \$30,000. Figure 9 shows the proportion of Māori households by income bracket.

Figure 9
Incomes of Māori households in Te Tai Tokerau (using 2006 Census data)



Note: “Not stated” responses have been removed from this pie chart.

Particular challenges and features of Te Tai Tokerau

3.5 The challenges and features of Te Tai Tokerau include:

- Infrastructure – the availability of reticulated water and wastewater services is limited in some areas. Because of low population densities in the rural areas, it is relatively more expensive for local authorities to provide these services than in other local authorities, which has led to higher development contributions (fees paid to local authorities).
- Employment – Te Tai Tokerau has struggled with the recession. As well, most of the new employment opportunities are in the eastern ward, but many Māori, and most Māori land, are in the western ward.
- Building skills and trade training – the region has difficulty recruiting and retaining the skilled tradespeople needed for building houses. This, in turn, can delay building or make building more expensive.
- State of rural housing stock – poorly maintained rural housing (including housing on Māori land) contributes to the need for affordable housing interventions. Some of these houses require total replacement.

Tāmaki Makaurau

Māori land in Tāmaki Makaurau

3.6 There are 4390 hectares of Māori land in the wider Tāmaki Makaurau region. This represents about 0.88% of all land in the region. Figure 10 shows where the larger land blocks in the Tāmaki Makaurau region are. Figure 11 sets out land by local authority.

Figure 10
Māori land in Tāmaki Makaurau



Source: Te Puni Kōkiri, Māori Land Online.

Figure 11
Māori land in each local authority area of Tāmaki Makaurau

Local authority	Size (and proportion) of Māori land	Land description
Auckland Council	4390 hectares (0.88%)	The little Māori land remaining in the region is fragmented into small, isolated blocks. This means that there is limited land available for development, with the main option being to build upwards. In Auckland City, there are a few parcels of land that would be suitable for housing development. In Manukau, there are a few parcels of undeveloped Māori land, mainly in rural and coastal areas.

Māori population of Tāmaki Makaurau

3.7 An estimated 174,300 people in Tāmaki Makaurau were Māori in 2011, using projections based on the number of people who identified as Māori in the 2006 Census. The Māori population in Tāmaki Makaurau is expected to grow relatively little in the former Auckland City Council area, but moderately in the former Manukau City area (these two areas are where we carried out our fieldwork in Tāmaki Makaurau). Figure 12 sets out the projected population increase for each former local authority.

Figure 12
Māori population trends in each local authority area of Tāmaki Makaurau (using 2006 Census data)

Local authority	Māori population (% of district)	Population growth	Expected Māori population growth
Former Auckland City Council	36,500 (8%)	The Māori population is expected to increase by 3000 people (8% of current Māori population) by 2021. The former Auckland City's population is expected to increase by 64,700 people (14% of current population) by 2021.	Low
Former Manukau City Council	59,200 (15%)	The Māori population is expected to increase by 10,300 people (17% of current Māori population) by 2021. The former Manukau City's population is expected to increase 19% to 457,600 by 2021.	Moderate

3.8 Not all of these people will whakapapa to the local area, and they will therefore not all have shares in local Māori land (nor will all those who do come from the local area). Figure 13 shows the number of Māori from the region's iwi, as an

approximation of how many Māori might be “eligible” for housing on Māori land in Tāmaki Makaurau.

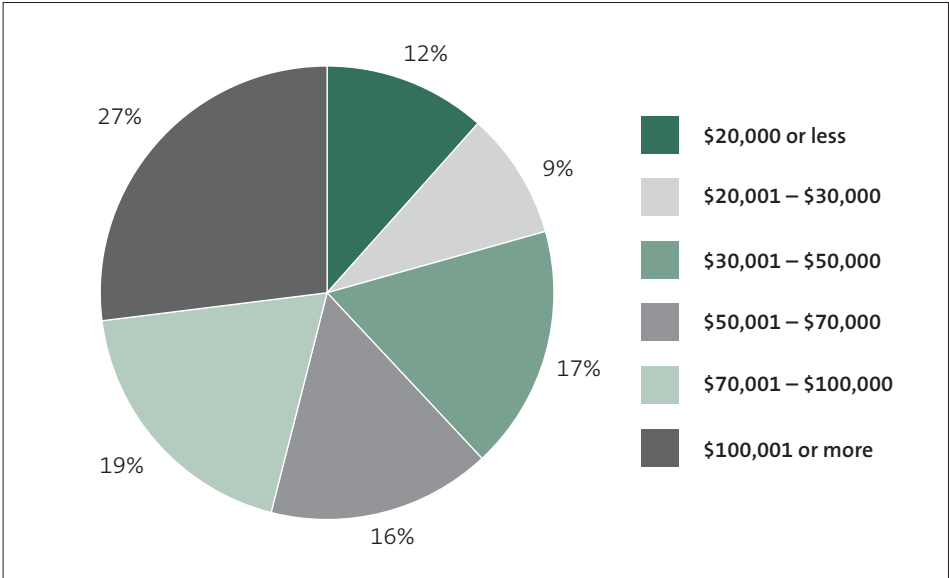
Figure 13
Tāmaki Makaurau iwi and their population resident in Tāmaki Makaurau (using 2006 Census data)

Iwi	Population resident in region	Population resident elsewhere in New Zealand
Ngati Whatua	7152	14,721
Te Kawerau	81	123
Tainui	Insufficient information	Insufficient information
Ngati Paoa	Insufficient information	3375
Ngati Rehua	Insufficient information	Insufficient information

Māori household incomes in Tāmaki Makaurau

3.9 In Tāmaki Makaurau, 38% of Māori households have a yearly income of less than \$50,000, and 21% of Māori households have a yearly income of less than \$30,000. Figure 14 shows the proportion of Māori households by income bracket.

Figure 14
Incomes of Māori households in Tāmaki Makaurau (using 2006 Census data)



Note: “Not stated” responses have been removed from this pie chart.

Particular challenges and features of Tāmaki Makaurau

3.10 The challenges and features of Tāmaki Makaurau include:

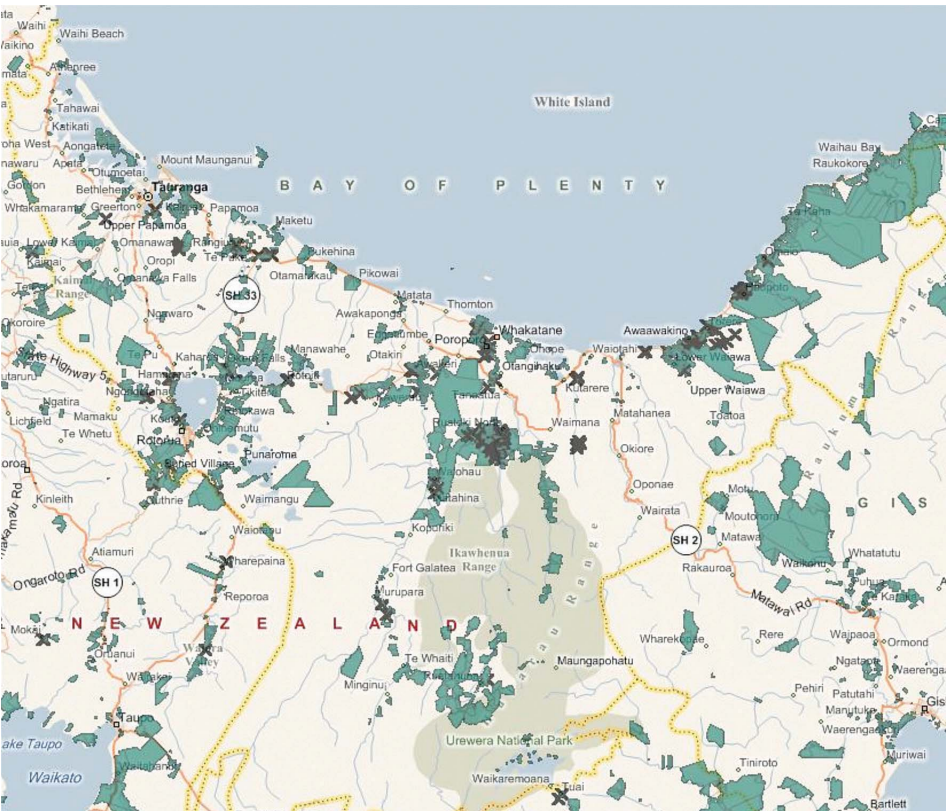
- Within Auckland City, there is very little unused land (of any sort) available for “greenfield” housing development. This means that, although there is relatively little Māori land, it is still important for improving the housing situation.
- Because of the scarcity of land for housing compared with demand, single-storey relocatable houses are an inefficient use of the available land. This poses a challenge for people wanting to use programmes that require houses to be relocatable (see Part 6).
- The significant area of Māori freehold land at Orakei is well placed for increasing the supply of housing for Orakei beneficiaries. However, current government programmes may not be enough to match the aspirations for developing that land.

Tauranga Moana – Mataatua

Māori land in Tauranga Moana – Mataatua

3.11 There are 337,971 hectares of Māori land in the Tauranga Moana – Mataatua region. This represents 27.58% of all land in the region. Figure 15 shows where the larger Māori land blocks are in Tauranga Moana – Mataatua. Figure 16 sets out land by local authority.

Figure 15
Māori land in Tauranga Moana – Mataatua



Source: Te Puni Kōkiri, Māori Land Online.

Figure 16:
Māori land in each local authority area of Tauranga Moana – Mataatua

Local authority	Size (and proportion) of Māori land	Land description
Rotorua District Council	57,528 hectares (22%)	The Council reports that most Māori land is in bush-type blocks.
Tauranga City Council	1,965 hectares (14.6%)	79 hectares of the Māori land is zoned commercial/industrial, 73 hectares conservation/green belt, 181 hectares papakāinga/marae, 1442 hectares rural/rural residential, and 189 hectares urban/residential.
Western Bay of Plenty District Council	20,178 hectares (9.5%)	Less than 1 hectare of the Māori land is zoned commercial/industrial, 94 hectares conservation/green belt, 150 hectares papakāinga/marae, 19,835 hectares rural, 94 hectares urban/residential, and 4 hectares is zoned other.
Whakatane District Council	54,614 hectares (13%)	

Māori population of Tauranga Moana – Mataatua

- 3.12 An estimated 78,700 people in Tauranga Moana – Mataatua were Māori in 2011, using projections based on the number of people who identified as Māori in the 2006 Census. The Māori population in Tauranga Moana – Mataatua is expected to grow at variable rates. For Tauranga City, the rate of growth is expected to be relatively high. For Rotorua district, the rate of growth is expected to be relatively low. Figure 17 sets out the projected population increase for each local authority.

Figure 17
Māori population trends in each local authority area of Tauranga Moana – Mataatua (using 2006 Census data)

Local authority	Māori population (% of the district)	Population growth	Expected Māori population growth
Rotorua District Council	25,800 (37%)	The Māori population is expected to increase by 2000 people (8% of current Māori population) by 2021. The total population is expected to grow 1.3% to 70,100 by 2021.	Low
Tauranga City Council	20,200 (17%)	The Māori population is expected to increase by 4900 people (24% of current Māori population) by 2021. The total population is expected to grow by 16.5% to 136,500 by 2021.	High

Western Bay of Plenty District Council	8300 (18%)	The Māori population is expected to increase by 1200 people (14% of current Māori population) by 2021. The total population is expected to grow by 11.7% to 51,500 by 2021.	Moderate
Whakatane District Council	14,800 (43%)	The Māori population is expected to increase by 700 people (5% of current Māori population) by 2021. The total population is expected to decline marginally to 34,300 by 2021.	Low

3.13 Not all of these people will whakapapa to the local area, and they will therefore not all have shares in Māori land (nor will all those who do come from the local area). Figure 18 shows the number of Māori from the region’s iwi, as an approximation of how many Māori might be “eligible” for being housed on Māori land in Tauranga Moana – Mataatua.

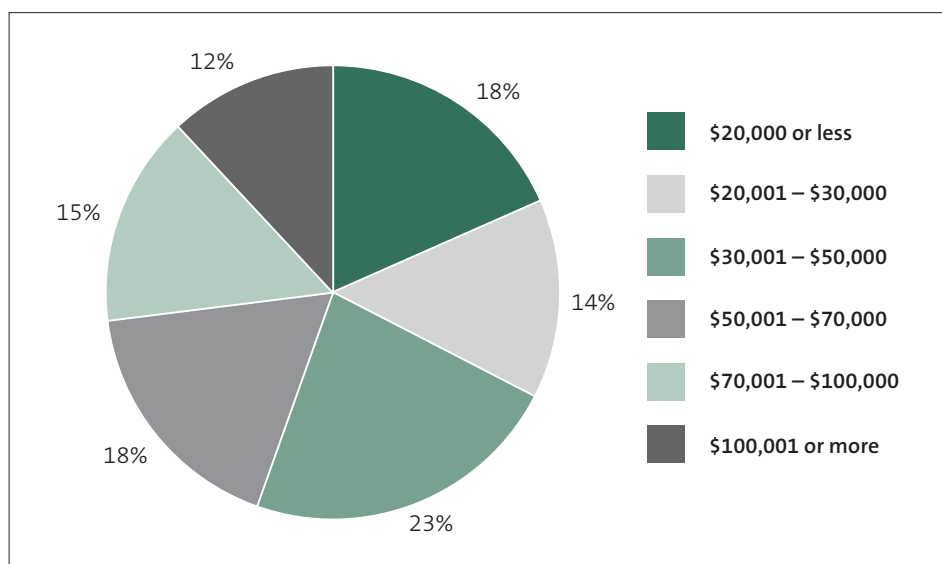
Figure 18
Tauranga Moana – Mataatua region iwi and their population resident in Tauranga Moana – Mataatua (using 2006 Census data)

Iwi	Population resident in region	Population resident elsewhere in New Zealand
Ngaiterangi	5079	12,201
Ngai Tuhoe	10,860	32,670
Ngati Ranginui	4071	7644
Ngati Manawa	963	1938
Ngati Pukenga	726	1785
Ngati Whare	5049	1281
Ngati Rangitihi	762	1536
Whakatohea	5049	12,069
Ngati Tuwharetoa	5151	34,674
Ngai Tai	900	2316
Ngati Awa	6780	15,258

Māori household incomes in Tauranga Moana – Mataatua

3.14 In Tauranga Moana – Mataatua, 55% of Māori households have a yearly income of less than \$50,000, and 32% of Māori households have a yearly income of less than \$30,000. Figure 19 shows the proportion of Māori households by income bracket.

Figure 19
Incomes of Māori households in Tauranga Moana – Mataatua (using 2006 Census data)



Note: "Not stated" responses have been removed from this pie chart.

Particular challenges and features of Tauranga Moana – Mataatua

3.15 The challenges and features of Tauranga Moana – Mataatua include:

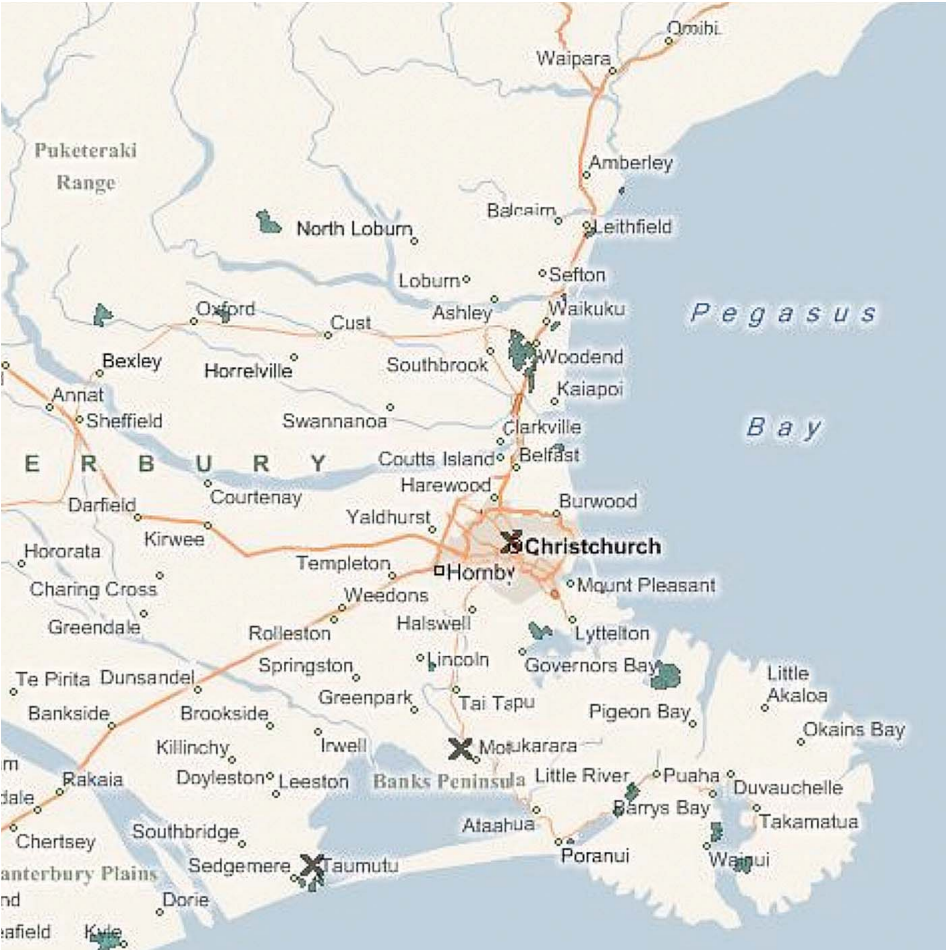
- Tauranga and Whakatane have a high concentration of Māori land around their periphery. To grow, they will need to increase the development of Māori land, including for housing. Population growth is expected, particularly in Tauranga.
- In the past, one local authority has built infrastructure expecting a planned development to proceed. Because it did not, the local authority is now skeptical about the value of supporting these developments.
- The New Zealand Transport Authority (NZTA) is reluctant to allow additional junctions on state highways because they reduce the speed with which people can travel. A number of state highways bisect blocks of Māori land. Difficulties in connecting to the road network make it more difficult to develop these blocks for housing.
- Due to the geothermal activity around Rotorua, some Māori land lacks the strength to support the foundations of larger developments. In other local authorities, land is situated where there are flood risks or soft soil. The local authorities, not unreasonably, are reluctant to allow building to proceed in these areas.

Ōtautahi and Waimakariri

Māori land in Ōtautahi and Waimakariri

3.16 There are 76,924 hectares of Māori land in the region the Māori Land Court calls Te Waipounamu. This includes Ōtautahi and Waimakariri as well as most of the rest of the South Island. Figure 20 shows where the larger land blocks in Ōtautahi and Waimakariri are.

Figure 20
Māori land in Ōtautahi and Waimakariri



Source: Te Puni Kōkiri, Māori Land Online.

Māori population of Ōtautahi and Waimakariri

3.17 An estimated 35,200 people in Canterbury were Māori in 2011, using projections based on the number of people who identified as Māori in the 2006 Census. The Māori population in Ōtautahi and Waimakariri is expected to grow at a relatively high rate. Figure 21 sets out the projected population increase for each local authority.

Figure 21
Māori population trends in each local authority area of Ōtautahi and Waimakariri (using 2006 Census data)

Local authority	Māori population (% of the district)	Population growth	Expected Māori population growth
Christchurch City Council	31,700 (8%)	Before the earthquakes of 2010 and 2011, the Māori population was expected to increase by 7100 people (22% of the current Māori population) by 2021. The total population was expected to grow by 25,600 (6.8%) by 2021.	High
Waimakariri District Council	3500 (7%)	Before the earthquakes of 2010 and 2011, the Māori population was expected to increase by 800 people (23% of the current Māori population) by 2021. The total Waimakariri district population was expected to increase by 8100 (16.5%) by 2021.	High

3.18 Not all of these people will whakapapa to the local area, and they will therefore not all have shares in Māori land (nor will all those who do come from the local area). Figure 22 shows the number of Māori from the region’s iwi, as an approximation of how many Māori might be “eligible” for housing on Māori land.

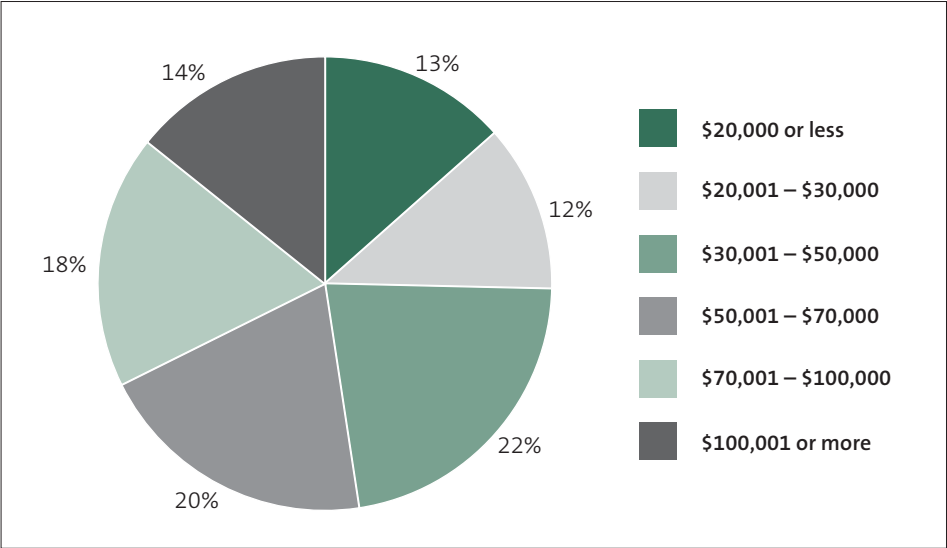
Figure 22
Canterbury iwi and their population resident in Te Waipounamu (using 2006 Census data)

Iwi	Population resident in region	Population resident elsewhere in New Zealand
Ngāi Tahu	13,683	49,185
Ngāti Mamoe	654	2877
Waitaha	246	972

Māori household incomes in Ōtautahi and Waimakariri

3.19 In the Ōtautahi and Waimakariri region, 48% of Māori households have a yearly income of less than \$50,000, and 25% of Māori households have a yearly income of less than \$30,000. Figure 23 shows the proportion of Māori households by income bracket.

Figure 23
Incomes of Māori households in Ōtautahi and Waimakariri (using 2006 Census data)



Note: "Not stated" responses have been removed from this pie chart.

Particular challenges and features of Ōtautahi and Waimakariri

- 3.20 The challenges and features of Ōtautahi and Waimakariri include:
- There is little Māori land in the region, but some is highly suitable for housing.
 - The lack of connection to reticulated water and wastewater is a source of ill-feeling. The Māori Reserve at Tuahiwi is one of the few places in the Waimakariri district yet to be connected. Costings for connecting households to reticulated water supply have varied, and have been as high as \$25,000 for each house. Waimakariri District Council told us that the most recent estimates for connecting to the reticulated water system are between \$6,000 and \$7,000 for each property.
 - Having a large and well-established iwi rūnanga means there could be a close relationship between Māori and the local authorities. Already, representatives of Ngāi Tahu meet weekly with Christchurch City Council. Waimakariri District Council also has a strong relationship with Te Rūnanga o Ngāi Tahu.

Part 4

Getting information and advice from government agencies

Wāhanga Tuawhā – Te kōhi kōrero me ngā tohutohu mai i ngā tari kāwanatanga

- 4.1 In this Part, we describe the experience that owners of Māori land have when seeking information and advice about building on Māori land from government agencies. Specifically, we discuss:
- how Māori currently experience information and advice;
 - the processes that owners of Māori land experience when they need information and advice services;
 - good practice in providing information and advice;
 - the effect of advice and guidance on those who want to use Māori land for housing; and
 - critical success factors for effective information and advice.
- 4.2 Building housing on Māori land is a challenging task. Owners of Māori land often lack experience in building housing and will be unfamiliar with processes for building on Māori land. Therefore, it is important that they can easily access good information and advice.
- 4.3 No single agency provides owners of Māori land with information and advice. Instead, they have to interact with a wide range of organisations. Often, landowners will also have to contact the other shareholders in the land to get their consent to build.

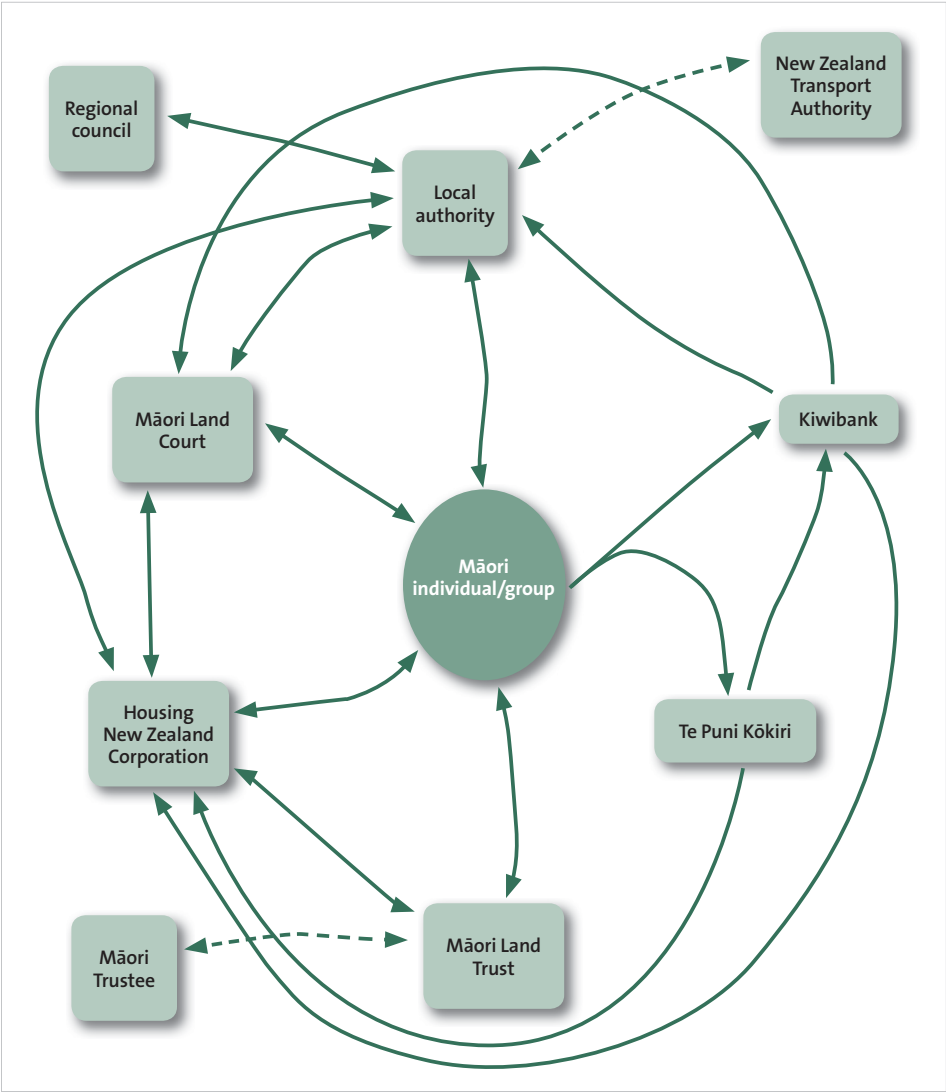
How Māori currently experience information and advice services

- 4.4 Owners of Māori land who need information and advice about building houses on their land have to speak with at least three but usually more agencies to get the information they need. This includes their local authority for planning and compliance information, HNZA for information on funding initiatives, Kiwibank if they are seeking information on a Kāinga Whenua loan, and the Māori Land Court for information on Māori land administration and law. In addition, Māori landowners will often seek advice from TPK, their local Māori trust board, or iwi governance organisation.
- 4.5 The different agencies do not adequately understand each other's processes, policies, and requirements. This means that owners of Māori land cannot get all the information they need without visiting all the different agencies. Overall, we found that:
- government agencies are not working together in a co-ordinated way, which makes it hard for Māori to get effective advice and guidance to help them build housing on their land;

- although some individuals provide high-quality advice to Māori, agency staff do not generally have the depth of understanding necessary to guide them through the entire process well; and
- in some places, agencies have recognised the benefits of working together to support owners of Māori land, which helps to streamline processes and makes support more effective.

4.6 In Figure 24, we set out the different government agencies that owners of Māori land normally have to interact with when they begin planning a housing development. The diagram shows how owners of Māori land will normally have to contact several agencies to get the information they need to build on their land. We then describe the experience that Māori landowners have of the different agencies they approach for support with their housing projects.

Figure 24
Government agencies that owners of Māori land interact with when they decide to build on Māori land



The processes that owners of Māori land experience when they seek information, advice, and guidance

At Te Puni Kōkiri

If we didn't receive funding from TPK, we wouldn't have gotten anywhere.

- 4.7 Many Māori approach TPK for advice on housing issues because they see this public entity as their natural “first port of call”. TPK staff will provide general advice, but they are not trained in housing issues. TPK staff refer enquirers to the SHAZ Manager (who is based in Wellington), to the enquirer’s local HNZN office, or to Kiwibank.
- 4.8 Many of the Māori landowners we interviewed regarded the work of the SHAZ fund highly. Many of the whānau and trusts who are carrying out housing projects have received help from it. In many cases, they would have struggled without the help they received from TPK and the SHAZ fund. However, nationally, only one TPK staff member is assigned to manage the SHAZ fund of \$485,000, so the level of support that can be given to owners of Māori land is limited.

At the Māori Land Court

We went to the Māori Land Court [...] to apply for an Occupation Order. We went at least five times, and were required to provide different or more information at each visit.

When I received direct help from a staff member like [...] it felt good, I felt like I had accomplished something.

It's taken us a year to get a hearing. Continually going in every month ... 12 December 2009 we held a special meeting where we wanted to get our designated area held. We didn't get heard until 20 December 2010 [...] a year later. We put in the application and when I came to check the progress, the application got lost, so I had to redo. Travel and time costs a great deal.

- 4.9 To build and live on Māori land, shareholders need to comply with Te Ture Whenua Māori Act 1993. Landowners will need to contact the Māori Land Court to get information on what type of order or licence they should get so they can live on the block of land in question.
- 4.10 Each local Māori Land Court has a Principal Liaison Officer whose role is to advise owners of Māori land. Principal Liaison Officers are also responsible for relationships between the Māori Land Court and other relevant agencies, including HNZN, TPK, and local and regional authorities. The Māori Land Court publishes a range of booklets that explain the law about Māori land and the different options available to owners of Māori land who want to develop it.

- 4.11 Mostly, Māori Land Court staff do not have a good grasp of local authority planning requirements. This means that landowners will not know whether their plans will comply with the district plan, even after they have secured the necessary legal rights to build on the land.
- 4.12 The service, advice, and guidance that landowners receive from Māori Land Court offices varies. Our interviews with Māori trusts and landowners indicate that some people found it hard to get the advice and support they needed. In one Māori Land Court office, the Principal Liaison Officers have not been able to provide as effective a service as they would like because of a backlog of work for their particular district.
- 4.13 In our 2004 report on the Court's administration, we noted a need for better communication and co-ordination between the Court and the other agencies involved with Māori land issues.⁴ Principal Liaison Officers in the regions where we audited are increasingly working with local authorities to improve co-ordination, but there is scope for much more effective communication between the Court, HNZC, and local authorities.
- 4.14 Even a small block of multiply-owned Māori land can have hundreds of shareholders. And, for the land to be developed, a majority of shareholders need to approve the proposal, either directly or through their election of a land trust. Nearly 70% of Māori land titles have no trust or management structure. This means that shareholders who want to live on a block of land have to contact their fellow shareholders to get their approval before submitting an application for an Occupation Order.
- 4.15 If there is a trust in place to manage the land, the process is usually simpler. The shareholder applies for a Licence to Occupy from the trust, which (if granted) has only to be noted by the Māori Land Court.
- 4.16 If there is no trust or governance organisation over the land, the Māori Land Court needs to be satisfied that most shareholders have had the opportunity to consider any plans to develop the land before granting an Occupation Order. Contacting the shareholders can be challenging – many will not live on or near the particular block of land, and some will be overseas.
- 4.17 In 2004, we recommended that the Court create a centralised database of Māori landowner addresses so that people could more easily contact shareholders.⁵ In 2011, the Court introduced a Māori land Geographic Information System. This provides detailed information about all Māori land in written and picture form,

⁴ Controller and Auditor-General (2004), *Māori Land Administration: Client Service Performance of the Māori Land Court Unit and the Māori Trustee*, Wellington, page 14.

⁵ Controller and Auditor-General (2004), *Māori Land Administration: Client Service Performance of the Māori Land Court Unit and the Māori Trustee*, Wellington, page 14.

where this information is known. The Māori Land Court relies on shareholders to update their contact information. The information in the database is not always complete. The Court provides help with contacting shareholders and makes its website available for shareholders to advertise notices about Occupation Orders. Despite this, finding and contacting other shareholders remains a barrier to gaining consent to build on Māori land.

At the local authority

[I] went and visited [the District Council] at the Office, they were very helpful, they granted the OK to build and informed me that I didn't have to pay resource consent as it was the second dwelling on the land.

- 4.18 Local authorities regulate land use in their area through the district plan. They also set Development and/or Financial Contributions (which can be required under the Local Government Act 2002 and the Resource Management Act 1991, respectively). Owners of Māori land will need to find out from their local authority how their land is zoned. They will need to discuss their intentions with staff to find out whether they need to apply for resource consent and also whether there are any other matters that need to be managed (such as road access or environmental concerns).
- 4.19 Staff at local authorities can advise on housing plans and explain what needs to be done to comply with local planning regulations. Owners of Māori land have found that Māori Land Court and local authority officers do not understand each other's processes and roles well, which has meant that the owners have to visit the Māori Land Court and local authority offices repeatedly.
- 4.20 Māori landholders get better service where there is communication between local authorities and Māori Land Court offices. In Whakatane, Whangarei, and Tauranga, the local authorities and the Māori Land Court have met to better understand each other's processes and to consider how to co-ordinate their support.
- 4.21 In Part 6, we describe how local authorities plan and regulate Māori land.

At the Māori Trustee

- 4.22 The Māori Trustee⁶ administers or manages an estimated 105,000 hectares of Māori freehold land. It collects around \$18 million each year in rent and other income on behalf of owners and holds several million dollars of unclaimed money. Generally, the Māori Trustee does not provide advice on housing issues. Many of the trusts and whānau we spoke with said that they would like to see the Māori Trustee take more interest in proposed housing projects on Māori land.

6 See www.maoritrustee.co.nz.

At Housing New Zealand Corporation

HNZC gave us the spirit, and ensured we were focused on what they needed.

- 4.23 At the time of our audit, HNZC was the main source of advice about getting finance to build housing on Māori land. HNZC currently manages the two main sources of finance for building on Māori land – Kāinga Whenua loans (which are issued by Kiwibank but underwritten by HNZC) and the MDP fund. In the case of Kāinga Whenua loans, HNZC received no extra funding to provide support and advice for applicants, which it says constrained its ability to help people through the process.
- 4.24 Because of funding constraints, HNZC was restricted in the training it could provide to front-desk staff on advice and guidance about housing on Māori land or the financial products that HNZC manages. HNZC told us that, even if it were funded to provide that advice, it is unlikely that it would have trained their front-desk staff, because it is too complicated an area. We expected that front-desk staff in regions likely to receive a higher number of enquiries would be trained to have at least a basic working knowledge of the financial support products.
- 4.25 HNZC has useful information on its website, including a booklet that explains how to apply for a Kāinga Whenua loan. However, this information is not usually publicly available in HNZC's local branches.
- 4.26 In each region, an HNZC project manager gives support to applicants for the MDP fund and Kāinga Whenua. The project managers' work is well regarded by trusts and whānau, but regular staff changes have damaged relationships. The project managers have a wide-ranging role that includes liaising with third-sector housing providers and managing Housing Innovation Fund (HIF) applications.
- 4.27 In Part 6, we describe how HNZC has managed the Kāinga Whenua loans and the MDP fund.

At Kiwibank

- 4.28 Kiwibank provides the Kāinga Whenua loans. The bank assesses applicants according to eligibility criteria set by HNZC and its own credit policies. Not all Kiwibank staff and not all NZ Post's front-desk staff are trained in how Kāinga Whenua works. Normally, Kiwibank's contact centre staff and NZ Post's front-desk staff would refer customers to the specialist lenders so customers can receive more detailed information. This is because the comparatively low number of enquiries to the contact centres and any given PostShop means that it is

inefficient to train all staff. Any front-desk staff member who does receive an enquiry about Kāinga Whenua will, in most cases, not have had such an enquiry before.

- 4.29 We consider that targeted training of staff in those regions most likely to receive inquiries could improve the customer experience.

At other agencies

[Our] primary contact [with the New Zealand Transport Authority] was via phone. Provided the OK that road access wasn't an issue. The lady was prompt and got the information to me on the same day.

- 4.30 Owners of Māori land will often contact other organisations. For example, local authorities will sometimes advise landowners to check any road access issues with the NZTA. The Ministry of Health's Healthy Housing Programme can also be used to help improve housing on Māori land. Some Māori trusts and trust boards provide social and health services and can also provide advice and guidance on housing issues.

Good practice in providing advice and guidance

If the Council have an issue they can talk to us or we can invite them to the marae for a hui. We have a good relationship at a hapū level.

There is unseen value of getting people out to the communities, to meet whānau, show where their lands are, there is a need for wrap around support, to sit down with local communities, attend monthly meetings, go to marae hui and ask the people what their housing problems and solutions are.

Update the information they have on offer.

Ensure reception staff are trained to help "on to it", that they know their job and not whakahihi – arrogant.

- 4.31 When agencies meet to discuss Māori land issues, landowners get a better level of service. In some areas, agencies have recognised the need to take a co-ordinated response to housing proposals on multiply-owned Māori land. Local authorities, in particular, are well placed to co-ordinate a more-aligned support structure for people who want to build housing on Māori land. They have a valuable knowledge of growth, spatial planning, and land-use strategies as well as awareness of some of the local barriers to developing Māori land for housing.

Our people are vulnerable to changes of personnel; over the years it has been the good will of agency staff willing to work with Māori that has been vital to

housing development. I have seen that on the ground it is hard for collaboration to occur between agencies and Māori.

- 4.32 Figure 25 sets out some examples of good practice in providing information and advice about housing on Māori land.

Figure 25
Examples of good practice in providing information and advice

Learning about each other's procedures and legislation

Whangarei City Council and the Māori Land Court have met to inform each other of the processes and policies they have and to consider how they can streamline the advice and guidance they provide to owners of Māori land. Communicating more effectively has helped both agencies improve the services they offer.

Supporting the sharing of knowledge and experience

TPK used SHAZ funds to help a group in Auckland who were planning a housing development to visit a completed development in Tauranga. This allowed them to see what a successful housing development looks like and also to learn good practice and what to avoid.

Joint agency stakeholder group – Manukau

Agencies effectively supported a small hapū housing development when they were brought together as a stakeholder group. The group included HNZN, TPK, Manukau City Council, and non-government organisations. Bringing the different agencies together gave the trust the information it needed to apply for MDP funding. It also helped it to access expertise that it did not have.

Responding jointly – The Bay of Plenty Joint Agency Working Group for Māori Housing

The Joint Agency Working Group (JAG) was formed in 2009 to co-ordinate the work of the range of entities involved in housing on Māori land in the Bay of Plenty. Initially, JAG focused on one particular block of multiply-owned Māori land where there was a proposal to build houses around an existing marae. JAG includes TPK, the Māori Land Court, Western Bay of Plenty District Council, Tauranga City Council, HNZN, and some Māori land trusts.

Western Bay of Plenty District Council co-ordinates the Group, which is chaired by the Council's Group Manager. Bringing together the main agencies involved in housing on Māori land has allowed JAG to pool resources and share knowledge about each other's role. Specifically, the outputs of JAG have been:

- Te Keteparaha mo ngā Papakāinga – This toolkit for housing development on Māori land provides guidance to trusts on the different stages of developing land for housing. It is available on the Western Bay of Plenty District Council's website.
- Establishing the Papakāinga Focus Group – This group of Māori land trusts with interests in developing their land for housing contributed to changes in how Māori land is zoned for housing in the revisions of the district plans at Western Bay of Plenty District Council and Tauranga City Council.

Recommendation 1

We recommend that the various agencies involved in providing advice and support co-ordinate what they do locally by:

- having one organisation act as a single point of contact for Māori who want to build housing on their land;
- agreeing a shared process that sets out who will work with Māori who want to build on their land and when; and
- having staff with relevant expertise and knowledge available to provide high-quality information and advice.

The effect of information and advice on those who want to use Māori land for housing

4.33 Figure 26 sets out the effects of current information and advice on our three scenarios for trying to build housing on Māori land.

Figure 26
Effect of current information and advice on three types of Māori groups seeking to build housing on their land

<p>An individual or whānau with shares in Māori land and wants to build or move a single house on to part of the land block.</p> <p>The whānau has a low income and wants to apply for a Kāinga Whenua loan.</p>	<p>There is no single provider of advice on how to get finance or what they need to do to build on their land, so the whānau will visit or contact at least four different agencies to get their plans under way – HNZN for general funding information, Kiwibank to get provisional acceptance for a loan, the local authority for planning and compliance information, and the Māori Land Court.</p> <p>When the whānau visit their local HNZN branch, front-desk staff are unlikely to be able to help with specific questions about Māori land. Although HNZN has published a booklet on Kāinga Whenua, copies are not normally available in the HNZN branches. The staff have not been trained in how Kāinga Whenua works; nor do they know about Māori Land Court processes or local authority procedures. They may book an appointment for the whānau to meet with the local HNZN project manager, who will be able to talk to them about their plans and discuss Kāinga Whenua. This is unlikely to be on the day that the whānau have visited.</p> <p>Generally, HNZN project managers have good knowledge about the MDP fund and Kāinga Whenua. However, some project managers know more than others about Māori land issues and requirements of the Māori Land Court.</p>
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	<p>At their local Māori Land Court, the whānau can get information on what it should do to be able to build on the land and comply with Te Ture Whenua Māori Act 1993. However, they will not be able to get information on the local authority requirements. If there is no trust over the land, the whānau will have to contact most of the shareholders to get their consent for a Licence to Occupy. This could mean contacting hundreds of shareholders. The database of shareholders contains incomplete information, so the whānau may have to carry out research to find out where other shareholders live. The whānau can get some help from Māori Land Court staff and can use the Māori Land Court website to advertise notice of meetings about its housing plans.</p> <p>The whānau will have to visit their local authority planning team to find out how its land is zoned and whether they need resource consent. Some local authorities have trained their staff on Māori land issues and can provide the whānau with good advice on what to do. In other local authorities, the planning staff know very little about Māori land and the requirements of the Māori Land Court.</p> <p>At the local TPK office, the whānau may be able to get some general advice but they are likely to be advised to visit their local Māori Land Court or HNZA. TPK may note the enquiry and forward the information to the SHAZ staff at the TPK office in Wellington.</p>
<p>A small ahu whenua trust that plans to build a small number of houses on their land.</p> <p>The trust has little cash and requires voluntary work to help with administration.</p>	<p>The trust will be able to get some advice from its local HNZA project manager, who will explain the criteria for the MDP fund and advise the trust about whether it would be eligible. However, front-desk HNZA staff are unlikely to know much about the MDP fund.</p> <p>At TPK, the trust will be able to get some basic information and will be directed to the manager of the SHAZ fund. The manager is based in Wellington but travels regularly. It is the type of trust the SHAZ normally supports to help plan and design a housing project.</p> <p>The Principal Liaison Officer at the local Māori Land Court will discuss the different options the trust has to apportion the land and what types of orders will be applicable.</p> <p>Because the trust plans to build more than one house, the trustees will need to check how the land is zoned. It is likely that resource consent will be required. The local authority planning staff will also have information on servicing and infrastructure. Some local authorities, such as Whangarei and Western Bay of Plenty District Councils, have staff with specialist knowledge about housing on Māori land.</p>
<p>A larger Māori trust or iwi governance organisation with plans to build housing for its beneficiaries.</p> <p>This iwi governance organisation does not own land but has beneficiaries who do.</p>	<p>The organisation can discuss with beneficiaries who own land about using it for housing. The organisation will be able to apply for MDP funds to help pay for the development. Staff from HNZA are likely to meet with it to discuss what type of housing development it proposes to build and how this might be done in partnership with HNZA.</p> <p>Iwi authorities that have completed their settlements may be in a position to purchase expert advice and consultancy in the design for their project. Some may use part of their settlement as matched funding for partnerships with government agencies.</p>

Critical success factors for effective advice and guidance

Information and advice: Critical success factors for agencies

- 4.34 Information and advice is more likely to be provided in an effective manner where:
- agencies meet as a group to decide how best to respond jointly to housing plans on Māori land;
 - there is an agreed protocol for providing a simple support package for owners of Māori land who want to use their land for housing;
 - where possible, funding is pooled so that it can be used more effectively;
 - agencies know about each others' processes and requirements – in particular, all agencies involved have a relevant knowledge and understanding of the process owners of Māori land would need to go through under Te Ture Whenua Māori Act 1993 and the Resource Management Act 1991; and
 - agencies communicate regularly with owners of Māori land to find out about their plans for their land.

Information and advice: Critical success factors for owners of Māori land

- 4.35 Māori landowners are more likely to successfully make their way through the process where they:
- speak with other landowners who have built on their land to find out what worked well;
 - consider establishing a trust if there is no trust for the block of land (the local Māori Land Court can advise them about how to do this);
 - bring the different agencies together to discuss their housing project and to find out what type of support they can offer; and
 - use the free guidance available, such as the Māori housing toolkit from Western Bay of Plenty District Council and Hastings District Council's papakāinga guide.⁷

⁷ Readers can find these online by searching Hastings District Council's website (www.hastingsdc.govt.nz) for the "papakāinga development guide", and Western Bay of Plenty District Council's website (www.westernbay.govt.nz) for the "Maori housing toolkit".

Part 5

Gaining consent to build

Wāhanga Tuarima – Te tono mō te mana whakaae kia hangaia he whare

5.1 In this Part, we examine:

- how local authorities plan for housing on Māori land and the regulatory costs to owners of Māori land;
- how rates and development contributions are charged;
- how owners of Māori land have been involved in district planning;
- the advice and support owners of Māori land can access from local authorities to help them build on Māori land;
- our conclusion on how local authorities respond to housing proposals on multiply-owned Māori land;
- the effect of local authority regulation on those who want to use Māori land for housing; and
- critical success factors for effective advice and guidance.

5.2 Local authorities have important roles in the development of Māori land for housing. Local authorities are responsible for planning land use in their districts in ways that ensure that the land is used in a sustainable and appropriate way. They have oversight and responsibility for major infrastructure and community facilities, which they collect rates to fund. Local authorities also charge development and financial contributions to pay for the extra infrastructure needs that new developments will place on the district. Owners of Māori land can also get help and advice from local authorities about what they need to do to build housing on Māori land.

5.3 Overall, we found that:

- local authorities take different approaches to planning for housing on multiply-owned Māori land and the planning costs for Māori seeking to build on their land vary considerably depending on the approach, which can be a barrier;⁸
- local authorities are increasingly taking a more proactive approach to enabling housing on multiply-owned Māori land, and some have specific consultation processes and planning regulations that are intended to make it easier for Māori to build housing on their land;
- local authorities can do more to explain the planning costs associated with building on multiply-owned Māori land, including the exemptions and remission policies that apply to them, to reduce barriers created by confusion about the costs; and
- some local authorities are taking on a leadership role, calling the different agencies together to provide a more co-ordinated approach to supporting Māori who want to build houses on their land.

⁸ Planning costs may also be problematic for development on general land. However, Māori land is more likely to be zoned in a restrictive way because of its historical uses and locations.

How local authorities plan for housing on Māori land and the regulatory costs to Māori land owners

5.4 Figure 27 sets out the different approaches that local authorities take towards housing on Māori land. Several of these local authorities were reviewing their district plans at the time of our audit and intended to include provisions that would make it easier to build housing on Māori land. Many have specific policies and objectives for housing on multiply-owned Māori land, some of which are set out in their long-term plans (formerly known as long-term council community plans, or LTCCPs).

Figure 27
Approaches taken by local authorities to regulating housing development on Māori land

Local authority	Regulatory approach to housing on Māori land	Permission status
Far North District Council	No separate zone for building houses on Māori land. Potential to apply for more intensive development as <i>Integrated Residential Development</i> in some zones.	Varies according to scale and zone the land is located in. Integrated residential development is a <i>discretionary</i> activity, where it is provided for in the particular zone. Requires a full resource consent process.
Kaipara District Council	Separate zone for building houses on Māori land – <i>Māori Purposes</i> zone.	<i>Permitted</i> (up to three dwellings) or <i>Discretionary</i> (more than three dwellings).
Whangarei District Council	No separate zone for building houses on Māori land. Carried out a plan change during our audit, to move to approving developments on the basis of a suitable land management plan.	Varied according to scale and zone the land is located in. Under changed plan, housing developments on Māori land are now a discretionary activity.
Former Auckland City Council	Separate zone for building houses on Māori land – <i>Special Purpose 4 (Orakei)</i> zone.	<i>Permitted</i> . Would not require a full resource consent process.
Former Manukau City Council	Separate zones for building houses on Māori land. <i>Papakāinga Zone</i> for tāngata whenua. <i>Māori Purposes Zone</i> for taurahere (Māori who whakapapa to outside the Manukau area but live in Manukau).	Varies according to scale.

Western Bay of Plenty District Council	At the time of our audit fieldwork, separate zone for building houses on Māori land – named <i>Papakāinga Zones</i> and based around existing marae. Reviewing district plan and has since removed these zones in favour of general provisions in the rural zones that will allow for developing housing on Māori land.	Varies according to scale.
Tauranga City Council	Separate zones for building houses on Māori land. <i>Rural and Urban Marae Community Zones</i> and a specific <i>Ngāti Kahu Papakāinga Zone</i> . Was reviewing the district plan to provide opportunities in rural zone for building more houses on Māori land.	Varies according to zone and scale.
Rotorua District Council	Separate zone for building houses on Māori land. <i>Rural C (Kaingaroa Papakāinga) Zone</i> . One other potential area identified.	Varies according to scale.
Waimakariri District Council	No separate zone for building houses on Māori land.	Varies according to scale and zone the land is located in.
Christchurch City Council	Separate zone for building houses on Māori land. <i>Papakāinga Zone</i> .	Varies according to scale.

We are not real estate developers, this is a brand new language, we are not conditioned to work with councils, Māori need a process, we followed all the steps, were knocked over because we were alternative, we have different issues regarding finance/loans, we have a different understanding – alternative thinking, we want a home not for investment we want a home for our kids and grandparents to be warm!

For our whānau the consent process with the Council has been hugely detrimental, we started our project anyway – the extra costs would have broken the project.

- 5.5 The costs and processes involved in getting resource consent and building consent for a housing proposal are often described as barriers to using Māori land for housing. Local authorities “zone” land areas in district plans for particular purposes. The rules that go with those zones can affect the number of houses and the housing density allowed on any given piece of land.

- 5.6 The different levels of restriction will affect how much regulatory costs owners of Māori land will have to pay. Where Māori land is very strictly regulated – for example, if no further houses are allowed to be built without resource consent – landowners will incur extra costs to get the necessary consent or permission to build. Because of its location and historical uses, Māori land is more likely to be zoned for purposes other than housing, which can make it difficult to gain consent.
- 5.7 We commissioned a planning firm to examine the degree to which these costs vary and to test what proportion of the overall costs of developing houses on Māori land these costs are. We also analysed records of actual developments.
- 5.8 Our planning consultants developed three development scenarios in nine selected local authorities. They then assessed what the costs would be for each. The scenarios identified that the average contribution to total development costs from resource consent, building consent processes, and development and/or financial contributions (what we refer to as the total planning costs) are on average around 4.5% of a total development. Most of this cost tends to be the cost of development and/or financial contribution charges (on average, 3.5% of the total development cost).
- 5.9 Although a smaller proportion of total development costs, the total planning costs can be considerable and significant, potentially \$25,000 for each house. These are costs that owners of Māori land need to be able to pay at the early stage of a development – normally before any funding or finance has been secured, which can result in owners of Māori land deciding not to progress with their building plans.
- 5.10 Some local authorities have specific planning regulations for Māori land that are intended to help make it easier for Māori to build housing on their land. A 2009 review by TPK found that about 60% of local authorities have provisions in their district plans to support housing development on Māori land. Having provisions in district plans makes the planning costs and processes much more certain for owners of Māori land. Some regional policy statements and development plans also have objectives to increase the use of Māori land for housing. For example, in the Bay of Plenty, the Smart Growth Strategy has a goal to house 16,000 people through housing on Māori land. Including specific objectives in local authority plans helps to foster a more proactive and supportive approach to building proposals.

- 5.11 The planning costs that owners of Māori land must pay will depend on the particular approach to planning of Māori land. We identified three approaches that local authorities were taking or intending to take. These were:
- no zoning or separate recognition for housing on Māori land;
 - zoning particular areas of Māori land for housing on Māori land; and
 - not zoning for papakāinga housing, but general provisions included in current zones and/or approval on the basis of land management plans.
- 5.12 Figure 28 sets out the advantages and disadvantages of the different approaches.

Figure 28
Advantages and disadvantages of different approaches to planning for housing on Māori land

Planning approach	Advantages	Disadvantages
No zoning or recognition for housing on Māori land.	None.	Makes housing on Māori land an average \$10,000 more expensive for each house than zoning for it.
Zoning particular areas of Māori land for housing (sometimes referred to as “papakāinga zones”).	Makes housing on Māori land an average \$10,000 cheaper for each house. Provides certainty to those who wish to develop houses that fall within the permitted numbers and other standards.	Developments of an intensity greater than that intended by the zone would still have to go through a resource consent process. All Māori land would have to be included in the zones. This is uncommon and not very flexible where land is returned to Māori after zoning has been decided.
Not zoning for housing on Māori land, but general provisions included in current zones and/or approval on the basis of land management plans.	Greater flexibility in designing the development (especially its intensity), and possibly better resource management outcomes from the development plans.	Some increased cost because of compulsory land management plan. Whether this is a disadvantage depends on who bears the cost and what assistance is available. The plan may or may not have been required for the development anyway.

- 5.13 Recognising housing developments on Māori land in district plans (by including zones) makes developing houses on Māori land cheaper than if there had been no recognition in the district plan. Our planning consultants concluded that developments in local authorities that included zones for housing on Māori land were on average about \$10,000 cheaper for each house than those in local

authorities that had made no specific provision for housing on Māori land in their district plan.

- 5.14 Because a “papakāinga zone” is for housing on Māori land, it is likely to have more permissive rules (such as the number of houses allowed on a particular area of land) than zones with no specific provisions for housing on Māori land. However, a planned development that would exceed the permitted number of houses would also require a more-expensive resource consent process (or even an entire plan change).
- 5.15 For zoning to be effective, it requires that all Māori freehold land be appropriately zoned. Zoning can also be problematic when Māori groups receive land under treaty settlements, which can require further re-zoning. This lack of flexibility in the zoning approach can increase rather than decrease costs for owners wishing to build housing on their Māori land.
- 5.16 In two local authority areas (the former Manukau City Council⁹ and Waimakariri District Council), a change to the district plan would sometimes be needed to develop housing on Māori land. In the former Manukau City Council, there is a “papakāinga zone” but there are also pockets of Māori land outside that zone that are zoned as rural and subject to more restrictions. A landowner wanting to build housing there would have to apply to change the zone to a “papakāinga zone”, which would cost \$30,000–\$50,000 if the change were simple and there were no objections. It could cost considerably more if the change required hearings and public consultation or if it escalated to the Environment Court.
- 5.17 The drawbacks to providing for housing on Māori land through zoning have led several local authorities to try a more flexible approach, which may ultimately prove cheaper (especially for large-scale developments). The main features of a more flexible approach involve moving away from using papakāinga zones and instead either including rules in all relevant zones (such as the rural zone) or allowing more intensive development where there is a management plan for the land block, or both. Figure 29 sets out the specific approaches three local authorities take in the regions where we audited.

⁹ Although Auckland’s local authorities had been amalgamated at the time of our audit, the district plans for each of the amalgamated authorities were still current, and will remain so until reviewed by Auckland Council.

Figure 29
More flexible approaches taken by some local authorities

Local authority	Current district plan provisions	Future district plan provisions
Far North District Council	No specific zones for housing on Māori land. Has rules for housing on Māori land included in some current zones. The Council also has an integrated development rule, which allows for more intensive development as a discretionary activity. This requires a management plan for the development.	Not applicable.
Whangarei District Council	Had no provision for housing on Māori land in the district plan.	Plan change 94 sets out policies and objectives for developing houses on Māori land. These include using a land management plan to determine the density and other factors for a development, based on what the land can sustain. This case-by-case approach provides maximum flexibility for developing sustainable housing, without using prescriptive rules.
Western Bay of Plenty District Council	Had specific “papakāinga zones” around marae (removed from district plan during our audit).	Proposed district plan removed these zones, replacing them with general provisions in the rural zone that allow for housing development on Māori land.

5.18 Land management plans could result in increased costs for those who apply for consent to build housing on Māori land. In the one instance we saw, the plan cost about \$30,000. We note, though, that larger-scale intensive developments require a certain level of planning anyway, that the plan would include other resource consent requirements (such as an assessment of environmental effects), and that a comprehensive plan can save cost and problems later in the development process.

Recommendation 2

We recommend that local authorities build appropriate flexibility into their district plans to allow housing to be built on Māori land.

How rates and development contributions are charged

- 5.19 The charging of rates on Māori land is controversial. There is a high level of rates arrears on Māori land blocks. The wider issues around the rating of Māori land are beyond the scope of this audit. However, rates arrears are often perceived as a barrier to building housing on Māori land.
- 5.20 Māori groups have expressed concern that, once a house is built on the land, the family owning that house will be subject to a large rates arrears bill. They are concerned that the relevant local authority would charge the individual household for the rates owed on the whole block.
- 5.21 All of the local authorities we visited had rates remission policies for Māori land that they were prepared to use to encourage development. Typically, this meant that, if an individual or whānau built a house on Māori land, the local authority would, if requested, remit the rates owing on the part of the block that the house was on. The local authority would charge that household in the future for only the rates owed for the part of the block their house was on.
- 5.22 The local authorities in the regions where we audited have information on their websites about rates remission policies, as well as publicly available leaflets. However, we consider that they could do more to communicate to owners of Māori land how these policies work and how the owners can apply for a remission to allow housing developments to go ahead.
- 5.23 Local authorities charge people who build houses a fee called either a “development contribution” or a “financial contribution”. These contributions are intended to help pay for the cost of increased demand on infrastructure (including sewerage, water, stormwater, roads, and public amenities like reserves and libraries) that will happen as a result of more houses being built.
- 5.24 In our interviews with owners of Māori land, development and financial contributions were cited as an extra cost that can be a reason for some developments not going ahead. Some landowners expressed concern at being charged when their land is poorly connected to infrastructure. One organisation saw development contributions as a “tax” on developers who will make a profit from their developments – a category that most Māori housing developments do not fall into.

- 5.25 We examined how local authorities charged development and financial contributions on housing developments on Māori land. The Local Government Act 2002 makes no distinction between commercial or other developments for setting development and financial contributions. Instead, these contributions are supposed to be determined by:
- who will benefit from the services they fund;
 - when the benefits will occur; and
 - whether the actions or inactions of anyone has contributed to the need for the services to be funded by the development or financial contributions.
- 5.26 In addition, development and financial contributions must be tied to specific local authority activities – they cannot act as a general “tax”.
- 5.27 The development and financial contributions policies of all local authorities in the regions where we audited had tied specific development contribution charges to specific infrastructure needs. The policies included exemptions from development and financial contributions if a development will not be connected to that infrastructure.
- 5.28 The two local authorities with the most Māori land in them were also two of the three local authorities in our sample with the highest development and financial contributions. This may in part explain the level of concern Māori expressed to us. Development and financial contributions were not higher in these local authorities because of the amount of Māori land. Instead, the contributions were driven by the location and state of present infrastructure, anticipated growth, and the difficulties arising from relatively low population densities.
- 5.29 We consider that local authorities could reduce the confusion around rating, development, and financial contributions, and possibly encourage the development of Māori land, by:
- raising awareness of their rates remission policies;
 - providing information about how they set development and financial contributions; and
 - providing information about what the money is used for.
- 5.30 The local authorities in the regions where we audited had done this to greater and lesser extents. For example, Tauranga City Council has explained to Māori trusts in the city how development fees are charged and why they are charged.

How Māori landowners have been involved in district planning

Locally we formed a papakāinga group at a time when city councils were reviewing council rules. Our tangata whenua group was able to review these rules. Local council included and accepted tangata whenua recommendations. The outcome was we were able to change [regulations] ...

It is vital to nurture meaningful relationships with Māori communities as they are aware of their own housing issues and have the capacity to respond to their needs if supported appropriately.

Councils will go to Papatipu for consultation yet the actual land owners may not be included in that dialogue ... This may be due to convenience rather than a lack of resources.

- 5.31 Both the Resource Management Act 1991 and the Local Government Act 2002 require local authorities to consult with tāngata whenua so that they have the opportunity to contribute to the local government decision-making process. In our discussions with local authorities and Māori landowning groups, we found that there is a tendency to focus consultation on engaging with iwi and larger hapū groups. Doing so risks missing out on the views and the aspirations of most owners of Māori land, whose land is not normally vested in iwi or hapū organisations.
- 5.32 If they consult effectively, local authorities can acquire valuable knowledge about the plans and aspirations of local owners of Māori land. In doing so, they can begin to form relationships that can lead to more co-ordinated approaches to developing Māori land. We found examples of this in the Western Bay of Plenty and Northland.
- 5.33 Close engagement with trusts and whānau from the earliest possible stages can lead to better understanding by local authorities of the intentions, aspirations, and plans owners have for developing housing on Māori land. Early discussions and negotiations about these plans can avoid costs later on. Figure 30 sets out some examples of good practice in this area.

Figure 30
Examples of good practice in local authority support for housing on Māori land

Former Manukau City Council – supporting housing on Māori land by providing advice and expertise

A small hapū in Auckland wanted to develop their land for housing. The hapū had little experience in housing development. Manukau City Council took an active interest in the project, which linked to the Council's community objectives and outcomes. The Council provided the hapū with a policy analyst to help with project management, provided access to engineering expertise in the Council, and helped the hapū to develop relationships with other entities. The hapū also contributed to regional planning revisions.

Whangarei District Council – consultation on planning for housing on Māori land

Whangarei District Council has recognised the difficulties that owners of Māori land experience when they want to live on their land. The Council was concerned that the previous planning rules were not catering for papakāinga development and that those rules were contributing to some of these difficulties. In response, the Council has made a plan change aimed at supporting the development of Māori land for housing. Council staff decided to get the views of Māori landowners, other government agencies, and the public on how planning policies could be improved to allow for more sustainable development of Māori land for housing. The Council sent out a brochure to owners of Māori land that described some of the barriers to using Māori land for housing, along with a questionnaire, and asked for the views of landowners on how these barriers could be overcome.

A papakāinga housing steering group was set up that included owners of Māori land and others with experience in housing developments on Māori land. The Council also met with the Māori Land Court, TPK, HNZN, and the other local authorities in Northland to decide how policies, support, and guidance could be better aligned. Once the Council had some proposed objectives, staff presented at local marae hui.

The plan change will mean that the Council will consider applications to build housing on Māori land on a case-by-case basis. The Council intends to help owners of Māori land to develop their plans, offering access to the Council's expertise in land use planning. The plan changes will incorporate objectives that include:

- recognising Māori desire to maintain and enhance their traditional and cultural relationship with their ancestral land;
- providing for housing development on ancestral Māori land in a manner that is sensitive to the sustainable management of the land resource;
- allowing maximum flexibility for Māori to develop their ancestral lands, while ensuring that appropriate health, safety, and amenity standards are met;
- enabling Māori to establish and maintain traditional settlement patterns, communities, and economic development opportunities; and
- encouraging Māori to develop housing on Māori land and land use development plans.

The advice and support owners of Māori land can access from local authorities to help them build on Māori land

5.34 The resource consent and building consent processes can appear daunting and jargon laden. If local authorities can help Māori through these processes, Māori land developments are more likely to be completed. Some local authorities provided specific guidance to Māori interested in building on their land through basic brochures or toolkits. Figure 31 includes other examples of good practice in supporting Māori through the planning stage of their housing development.

Figure 31
Examples of good practice in supporting Māori through the planning stage of their housing development

Example of supporting Māori through the process	Local authorities
Providing a dedicated specialist planner for building on Māori land	Former Manukau City Council Tauranga City Council Western Bay of Plenty District Council
Training all frontline staff	Rotorua District Council Tauranga City Council Western Bay of Plenty District Council
Providing staff time for advice and guidance at no charge	Rotorua District Council Far North District Council Tauranga City Council Western Bay of Plenty District Council Whangarei District Council
Providing support in developing concept and land use plans	Whangarei District Council

Our conclusion on how local authorities respond to housing proposals on multiply-owned Māori land

- 5.35 In our view, the local authorities in the regions where we audited are taking steps to improve the way they approach their planning for Māori land. Some provide free advice to landowners, show flexibility in how they charge development fees, and provide rates remission so that rates arrears do not become a barrier to development.
- 5.36 Local authorities that include objectives and measures to help Māori to realise their aspirations for their land and link these to wider community outcomes provide more proactive and positive support to owners of Māori land.

5.37 Because of their key role in land use planning, and the relations that they are obliged to build with tāngata whenua, local authorities are well placed to foster better joint agency approaches to supporting owners of Māori land who want to use their land for housing.

Recommendation 3

We recommend that local authorities identify and work with landowners who have particularly suitable land blocks and who want to build housing on Māori land.

The effect of local authority regulation on those who want to use Māori land for housing

5.38 Figure 32 describes how local authority regulation can affect three different types of Māori organisation.

Figure 32
The effect of local authority regulation on Māori housing proposals

An individual or whānau who has shares in Māori land and wants to build or move a single house onto part of the land block	A small Ahu Whenua trust that plans to build 5 houses on their land	A larger Māori trust or iwi governance organisation with plans to build housing for beneficiaries
<p>The whānau are unlikely to know about planning and building consent requirements. So they will need to visit their local authority to find out what restrictions are in place.</p> <p>In most cases, a one-house development will need only a building consent (and not resource consent).</p> <p>The whānau can get some free advice from the local authority planning staff. In some local authorities, planning staff have specialist knowledge about Māori land.</p> <p>The whānau may be worried about rates arrears on the land block, and fears that it could become liable for the arrears may put them off pursuing their plans. The local authority explaining its rates remission policy would reduce these fears.</p>	<p>The trust will need to check with their local authority to see how their land block is zoned or what restrictions are placed on it.</p> <p>In most cases, resource consent will be needed. The costs will need to be met before an application to the MDP fund could be made.</p> <p>The trust can get some free advice from the local authority about the process and might be eligible for a free pre-application assessment (where this is available). This would help the trust find out if their plans are likely to be approved.</p>	<p>The application is likely to require a full resource consent process or possibly a plan change. Plan changes are likely to be prohibitively expensive.</p>

Critical success factors for effective local authority regulation

Critical success factors for local authorities to effectively support and regulate housing on Māori land

- 5.39 Local authorities are more likely to effectively support and regulate housing on Māori land when:
- they know who oversees the Māori land in the area and discuss the plans that the owners have for their land – if the owners plan to build houses, the local authority explains what they will need to do and how to go about it;
 - their planning staff know about the Te Ture Whenua Māori Act 1993 and Māori Land Court processes;
 - they effectively communicate their rates remission and development fees policies to Māori landowners and explain how those policies work;
 - they call the different agencies together so that there is a coherent and joint response to the plans of owners of Māori land; and
 - they build appropriate flexibility into their district plan to consider more intensive development of Māori land that might previously have been used for agricultural purposes.

Critical success factors for owners of Māori land

- 5.40 Owners of Māori land are more likely to get the information and support they need from their local authority when they visit the local authority early and arrange to meet with the planning team to discuss ideas about using the land for housing. Landowners can also ask staff about:
- rates remission policies;
 - likely development contributions and what they will be used for;
 - likely resource consent costs; and
 - what type of support and access to expertise the local authority might be able to provide.

Part 6

Financial support to help Māori landowners build housing

Wāhanga Tuaono – Te pūtea tautoko kia kaha ai ngā kaipupuri whenua Māori ki te hanga whare

77

A key issue for trusts is that we have land, yet no cash resources.

6.1 In this Part, we:

- assess Kāinga Whenua loans – financial support for households;
- assess the MDP fund – support for Māori trusts;
- assess the effectiveness of SHAZ;
- describe critical success factors for effective funding programmes; and
- discuss the effect of funding programmes on those who want to use Māori land for housing.

6.2 It is very difficult to get finance to build housing on Māori land. The main reason is that banks will not normally accept Māori land as security against a loan because it cannot easily be sold. This means that banks have been reluctant to provide mortgages for housing developments on multiply-owned Māori land.

6.3 The Government has recognised this barrier and has designed two sources of finance for housing on Māori land. Kāinga Whenua loans (with Kiwibank) provide finance to individual households who want to build on Māori land. The MDP fund provides funds to Māori organisations (ranging from small land trusts to large iwi governance organisations). Additionally, SHAZ is a small fund, managed by TPK, that is used to help Māori landowners develop their housing plans.

6.4 Overall, we found the following:

- The Kāinga Whenua loan scheme is the first bank lending scheme for individual Māori households that offers mortgages for building or buying houses on their land. However, the loans are either unaffordable or not available for most individual Māori households, and uptake of the loans has been very low.
- For some individuals, because the market for any particular house on Māori land is restricted, building on their land will involve trading-off financial gain against social and cultural well-being. The longer the borrower commits to living in the home, the more the financial drawback of this trade-off reduces. It is also a trade-off that some Māori are comfortable making. Agencies could better inform and support Māori in making this choice.
- Funding provided to Māori organisations through the MDP fund has enabled some Māori housing developments. However, the programme is out of reach of many smaller Māori organisations that have land but do not have the capacity or finances needed to prepare eligible project plans.
- Implementation of the MDP fund has not been well resourced or managed, but

the programme could be improved by using what has been learned from its implementation so far.

- The SHAZ fund has helped some smaller Māori organisations to apply for MDP funding, but SHAZ has sometimes been used to fund applications that did not meet the fund's basic eligibility criteria.

Kāinga Whenua loans – financial support for households

Kāinga whenua was very difficult to understand, we found there was no special provisos as a product, no key points of difference so we chose not to use it.

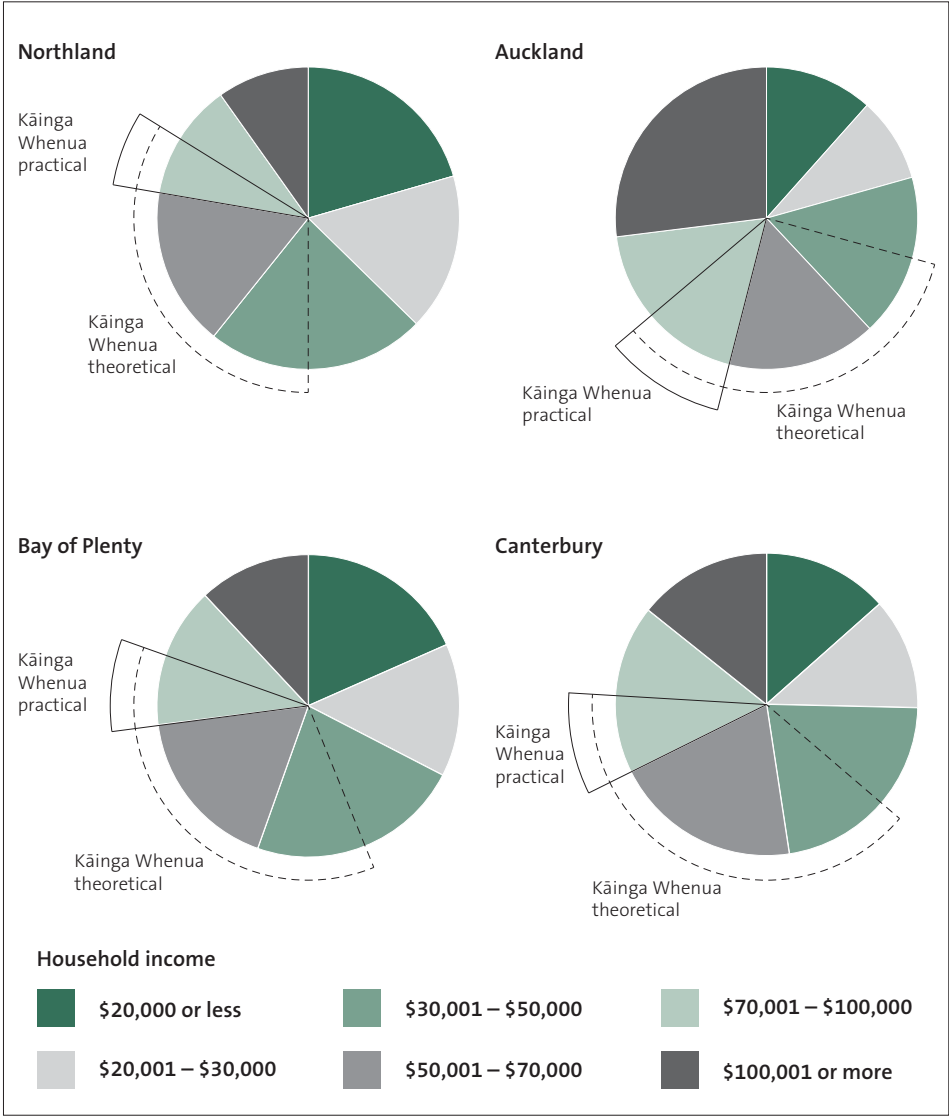
- 6.5 Kāinga Whenua loans are intended to provide mortgage loans to households that have shares in Māori land. The loan scheme was launched in February 2010. Kāinga Whenua loans are an extension of the Welcome Home Loan programme (a no-deposit or low-deposit loan for first-home buyers) for houses built or put on Māori land. The loans are provided by Kiwibank and underwritten by HNZN.
- 6.6 Introducing Kāinga Whenua loans was an important step in addressing the financial barriers to housing on Māori land. This loan scheme is the first to offer finance from a mainstream bank to owners of Māori land – which is one of the most commonly cited barriers to building on Māori land.
- 6.7 Kāinga Whenua loans have yet to meet the expectations of owners of Māori land or of the agencies involved. Only one Kāinga Whenua loan has been made since the scheme was launched in February 2010. A further two have reached final approval, and eight are at the preliminary approval stage.¹⁰ Although no formal target was set, Kiwibank and HNZN staff thought that there could be 15-20 loans made in the first year.
- 6.8 The low uptake of the loans is not because of a lack of interest or demand. When the scheme was first launched, HNZN, TPK, and Kiwibank experienced a higher level of interest in the loans. We have identified several reasons for the low uptake of Kāinga Whenua loans:
- Many Māori households have low incomes and cannot afford to service a home loan.
 - Eligibility criteria preclude those who could afford a loan.
 - Getting consent to build on the land from other owners is difficult without land trusts.
 - Owners of Māori land have found it hard to get advice and information about applying, and there was limited support available to people who applied.

¹⁰ This means that Kiwibank agrees that it is willing to lend a certain amount to a borrower if they can find a home for that amount and successfully complete the other processes they need to go through (such as getting consent from the other owners of the land for them to build on it).

Servicing a home loan is unaffordable for many Māori households

- 6.9 According to the lending criteria for Kāinga Whenua, a household with an income of \$45,000 would be eligible for a Kāinga Whenua loan of \$170,000 (enough to build a typical three-bedroom kitset house and provide associated infrastructure) so long as the applicants have a good credit rating and meet other criteria, such as living in “commutable distance” to their work. However, many low-income Māori households cannot afford to service a home loan of this size because their income is too low, they have existing debts, or would not be able to meet their other financial commitments as well as loan repayments.
- 6.10 To determine who would be able to repay a Kāinga Whenua loan, Kiwibank uses a hypothetical monthly living allowance (set by HNZC). This approach is standard lending practice. The living allowance, along with the mortgage repayments and other financial commitments (for example, student loan and credit card repayments) is compared with the household’s income to calculate whether the household could afford to repay a Kāinga Whenua loan.
- 6.11 The monthly living allowance used to calculate eligibility for Kāinga Whenua is set at a low level. The allowance assumes that a household can raise a child on \$26 a week. This allowance makes it look like more families are eligible for the loan than in practice could access it. In theory, four-person families on about \$45,000 a year could take out a Kāinga Whenua loan (for the \$170,000 three-bedroom kitset house described above). For the family situation we tested, the mortgage repayments would be 33.94% of the household’s income in the best case and 36.99% in the worst case. This is above the 30% affordability threshold used by the Department of the Prime Minister and Cabinet’s House Price Unit, and indicates that these households would be under financial pressure.
- 6.12 We recalculated who was likely to be able to afford a Kāinga Whenua loan using a monthly living allowance closer to what banks might use for an ordinary home loan. This indicates that the same four-person family on a single income is likely to need to be on least \$70,000 a year (depending on the mortgage’s conditions) for Kāinga Whenua to be affordable.
- 6.13 Figure 33 shows the approximate proportion of Māori households eligible in theory, in the regions where we audited, for a Kāinga Whenua loan according to current criteria, and the proportion of Māori households we consider likely to be able to afford the loan in practice.

Figure 33
Proportion of Māori households likely to be eligible for a Kāinga Whenua loan, in theoretical and estimated affordable terms



Note: These diagrams assume an even income distribution within categories. Because the average (mean) income of Māori households is typically low, this is a conservative assumption.

6.14 In all four of the regions where we audited, we estimate that about a third of Māori households had an income between the minimum theoretical eligibility (\$45,000) and the maximum income for a two-income household (\$85,000). This is shown by the segment marked with a dotted line in Figure 33. However, we

estimate that about or less than an eighth of Māori households would be able to afford a Kāinga Whenua loan.¹¹ This is shown by the segment marked with a solid line.

Eligibility criteria preclude those who could afford a loan

- 6.15 Applicants must be first-home buyers or in the same financial position as typical first-home buyers in terms of assets and income, and the maximum income for a two-income household is \$85,000. This restriction means that many people who want to build housing on Māori land are excluded, even though they meet normal Kiwibank lending criteria. An email survey HNZN conducted in selected regions identified about 30 applicants who were turned away because their income was too high but who would have been otherwise eligible. We were also told of an applicant who asked their employer for a pay cut so that they would meet Kāinga Whenua eligibility criteria.
- 6.16 HNZN has acknowledged that the income cap has proved a barrier to providing loans to applicants who would otherwise be eligible for a Kāinga Whenua loan. It has provided proposals to raise the income cap in the eligibility criteria to the Minister for Housing. The Minister approved these proposals in principle, and they are now with DBH for further consideration.

Getting consent to build on the land from other owners is difficult without land trusts

- 6.17 Not having a land trust for a block of Māori land makes it significantly more difficult to get a Kāinga Whenua loan.
- 6.18 To get a Kāinga Whenua loan, an applicant needs the consent of other landowners to a Licence to Occupy and the tripartite agreement with HNZN. The tripartite agreement means that the house remains a chattel of the borrower, not an improvement to the land (which would mean it would be owned by all the landowners). This allows it to be used as security for the loan and means that it can be repossessed if there is a default on the loan.
- 6.19 Every landowner needs to sign both of these contracts when there is no trust over the land. This is practically impossible when there are many owners – especially as some may not have known contact details or may be deceased and their shares not legally succeeded to.
- 6.20 However, when there is a land trust (typically an ahu whenua trust), the trustees can sign on behalf of all the owners. Despite the importance of land trusts for enabling use of the land, about 70% of all Māori land titles (which is about 40% of

11 Actual results will depend on the household compositions in each region, and the financial circumstances (including credit history, account behaviours, and other debts) of individual households.

all Māori land by hectare) do not have a trust or other management structure over them. Figure 34 sets out how much Māori land does not have a trust over it.

Figure 34
Number and percentage of Māori land blocks with a trust over them, and the total area vested in those trusts, by Māori Land Court region.

Māori Land Court region	Total blocks	Number of blocks without trust	% of blocks without trust	Total land area (ha)	Land area not vested in a trust (ha)	% of area not vested in a trust
Taitokerau	5463	4316	79.0%	145,911	67,040	46.0%
Waikato Maniapoto	3823	2387	62.4%	125,805	51,561	41.0%
Wairariki	5211	3409	65.4%	314,036	118,056	37.6%
Tairāwhiti	5289	4026	76.1%	261,981	147,703	56.4%
Takitimu	1356	670	49.4%	87,970	15,039	17.1%
Aotea	3668	2377	64.8%	421,407	161,584	38.3%
Te Waipounamu	2369	1082	45.7%	68,771	23,047	33.5%
Total	27,179	18,267	67.2%	1,425,879	584,031	41.0%

Source: Māori Land Court – Māori land update June 2011.

Difficulties getting advice, information, and support

- 6.21 The process of applying for a Kāinga Whenua loan is long and complicated. We estimate that there are up to 30 steps involved. Applicants will need to interact with a range of agencies and organisations, including local authorities, the Māori Land Court, Māori land trusts and shareholders, HNZA, and Kiwibank.
- 6.22 When Kāinga Whenua was launched, HNZA staff did not know enough about the product to provide effective advice and guidance to applicants. HNZA did not receive any extra funding to support applicants through the process and told staff that they had only a limited role in providing advice. HNZA staff were further instructed to direct enquirers to Kiwibank's 0800 telephone number.
- 6.23 Kiwibank's contact centre staff would ask some basic clarifying questions and then refer the applicant on to a specialist lender (including a Kiwibank Mobile Mortgage Manager, a Home Loans Direct Lender, or an NZ Post Banking Consultant). Because of the relatively low number of enquiries for Kāinga Whenua that met the eligibility criteria (compared to other Kiwibank products), some of the specialist lenders were unlikely to be greatly experienced in dealing with Kāinga Whenua customers.

- 6.24 HNZC and Kiwibank focused on setting the financial and legal criteria for the loans. HNZC did not receive extra funding to provide support to applicants. In their view, this limited their consideration of how applicants would get advice and guidance. HNZC has acknowledged that there was not enough support and advice available to applicants when Kāinga Whenua was launched. Evidence from the Low Deposit Rural Lending (LDRL) programme shows that investing in support and guidance can improve uptake and reduce the risk of defaults on loans.
- 6.25 Figure 35 sets out good practice in supporting owners of Māori land with home ownership.

Figure 35

Example of good practice in supporting owners of Māori land when they start home ownership

There is evidence from the LDRL programme that investing in support and advice for potential borrowers can be effective and reduce defaults on loans. LDRL provided 142 loans for houses on multiply-owned Māori land between 2000 and 2009. The main difference between LDRL and the Kāinga Whenua loan scheme was that a coach/broker supported applicants for LDRL throughout the process.

People who wanted to apply for a loan under LDRL had to go through a training course that covered the financial implications and responsibilities of home ownership and were advised how to clear debts, save a 3% deposit, and be ready for home ownership.

This support continued through the first five years of the mortgage, based on evidence that, if a borrower can be helped to not default during these years, they are likely to not default during the rest of the mortgage term.

- 6.26 To improve advice, guidance, and support, HNZC has held workshops in regions where there is Māori land that people want to develop for housing, such as Whangarei and Rotorua. The workshops have covered the application process, what needs to be signed and when, how lending criteria can be applied, and the support HNZC project managers are able to provide.
- 6.27 The workshops include Kiwibank staff, the local authority, Māori Land Court staff, a lawyer, and people who have experience in working with Māori housing projects. The intention is to have more consultation and training with and for Kiwibank staff and to clarify roles and responsibilities for providing advice and guidance.
- 6.28 Since Kāinga Whenua was launched, HNZC staff have also taken on a greater role in providing the necessary support and advice. Some HNZC regional project managers talk people through the process and provide one-to-one support with their applications. Despite this support, we consider that there could be much better and clearer communication between HNZC, Māori Land Court, Kiwibank,

and local authorities so that people who want to apply for a Kāinga Whenua loan can easily get consistent information and advice.

Risks to households borrowing money to build a house on Māori land

... we have a different understanding – alternative thinking, we want a home not for investment ... we want a home for our kids and grandparents to be warm!

- 6.29 There are particular financial risks that owners of Māori land are exposed to when they get a mortgage to build a house on Māori land. Because the right to occupy Māori land is restricted, it is difficult to sell a house on Māori land. The limited market for houses on Māori land means that a house on Māori land is likely to lose rather than gain value.
- 6.30 If forced to sell, the owner is unlikely to get more than the salvage price for the house (about \$35,000 for an average relocatable house). This is because whānau are unlikely to pay much more than the salvage value, in case they are left in the situation where the only way to sell the house is by salvaging it. If circumstances change or the borrowing household cannot meet its mortgage payments, they could be left with a large debt that they cannot repay by selling the house.
- 6.31 It is important that owners of Māori land who do borrow to build a house on Māori land receive advice and guidance to ensure that they do not default. Figure 35 gave an example of how this was achieved under the LDRL programme.
- 6.32 HNZA underwrites the loan made by Kiwibank so that, if there is a default, HNZA will pay the value of the Kāinga Whenua loan to Kiwibank. This minimises Kiwibank's risk and makes it possible for Kiwibank to participate in the scheme. HNZA can then, in turn, repossess the borrower's house to recoup its costs, under the tripartite agreement it signs with the borrower and the relevant land trust.
- 6.33 If a household does default on the loan, the most likely consequence is that HNZA will have to remove the house. This leaves the household without a house and usually causes HNZA to incur a loss. Further, if the house sale price does not pay off the debt in full, HNZA will require the borrower to enter into an arrangement to pay off the remaining debt. Investing in support for borrowers to minimise this risk is likely to prove more beneficial for both parties.

Our conclusions on the effectiveness of the Kāinga Whenua loan scheme and ways it could work better

- 6.34 Kāinga Whenua loans have, so far, not proved effective in helping to overcome the difficulties Māori landowners experience when seeking finance to build or to buy houses on Māori land. The uptake has been very low, and the scheme has cost HNZC at least \$100,000 to set up (excluding staff time). Kiwibank has also incurred costs in designing the product. As we have described, there are a range of reasons for the low uptake, some of which HNZC is now addressing.
- 6.35 Setting up Kāinga Whenua as an extension of Welcome Home Loans placed significant limitations on its design and implementation. The loan product was not designed using evidence of Māori household incomes and what Māori households could afford. Adequate testing and analysis of the product, which should have included consultation with Māori organisations, could have foreseen the problems with the current design of Kāinga Whenua.
- 6.36 The Government underwriting loans to gain access to private finance for building houses on Māori land is an innovation. Many of those we spoke to were keen that the Kāinga Whenua loan scheme be improved rather than removed. We note that the kind of guarantee used under Kāinga Whenua may be a useful tool for helping to finance housing on Māori land under future programmes.

The Māori Demonstration Partnership programme – support for Māori trusts

- 6.37 Lending to individual households to build on Māori land has had only mixed success. A recent review of the Rural Housing Programme commissioned by the DBH (see Part 2, Figure 4) questioned whether “homeownership is a realistic option for many whānau” because of low household incomes.
- 6.38 The MDP fund provides finance to Māori trusts, organisations, and service providers. Government programmes that target trusts, rather than individuals, can lead to more-sustainable housing solutions. The Rural Housing Programme review concluded that developing Māori land on a house-by-house basis was costly and had not resulted in well-planned developments linked to employment and services. The review recommended that house-by-house approaches be “replaced by a community redevelopment approach”.
- 6.39 The primary financial risks for individuals who build on Māori land are not present for trusts, because Māori trusts are inextricably linked to the land. This means that the risks to individuals posed by possible changes in personal circumstances are not present.

- 6.40 Working with an established group rather than individuals enables a “community redevelopment” approach. The group can provide housing developments that have a mixed tenure – ranging from houses that are owned, rented privately, or leased to HNZC as state housing. The MDP fund is intended to support these types of developments. Trusts that have experience in delivering social or health services can provide wraparound social services to help whānau maintain their house, improve their well-being, and avoid defaulting on the terms of the agreement for living in the house.
- 6.41 The MDP fund is a contestable fund that is part of the HIF. In 2009/10, \$5 million of the \$20 million HIF fund was set aside for MDP fund projects. These housing projects are funded by a combination of Crown funds (in the form of low-cost loans and grants) and Māori organisations. Māori organisations are expected to contribute 50% of the equity needed for the project. The equity can be in the form of land, funds, or labour (often referred to as “sweat equity”). According to HNZC:
- The Māori Demonstration Partnerships will create traction in building housing, primarily on multiple owned Māori land, and, in doing so, work with Māori land trusts and iwi authorities who are in a position to provide equity and forms of security to develop sustainable and affordable housing. The partnerships will also assist in addressing housing issues in isolated areas where there are ongoing supply and quality issues, alongside projects in urban areas.*
- 6.42 The funding is typically a loan that has an extended interest-free period (of up to 10 years). The loan can be used for building houses and for infrastructural services to the houses. Capacity funding was made available to the successful applicants, who typically used it to pay for professional services needed as part of planning the development (for example, architectural drawings). Capacity funding is no longer available.
- 6.43 Some important aspects of the MDP fund were still being decided when the fund was implemented. For example:
- Selection criteria were still being worked out when trusts were invited to apply for funds.
 - It was not clear whether the MDP fund would provide grants or loans.
 - It was not clear whether Māori land could be used as equity.
 - In some cases, HNZC and TPK funds were used to support trusts to apply that were later deemed to not meet eligibility criteria.

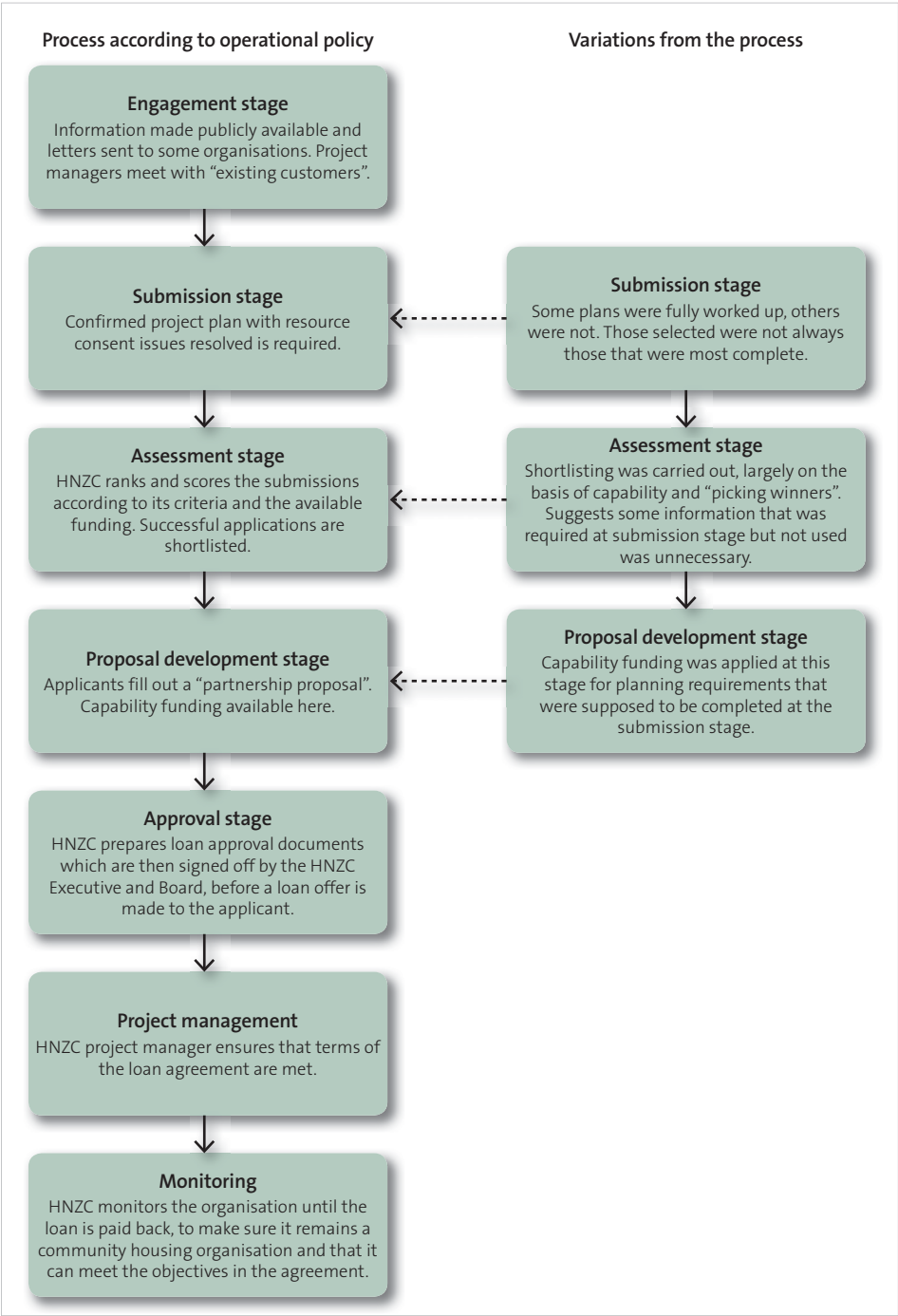
... in the beginning, we had to find our own information regarding MDP. Due to internal changeover, [the trust] didn't receive critical information which didn't come until the last three weeks prior to shut-off ...

- 6.44 In the first year of the MDP fund, trusts found it difficult to get clear and consistent information on how to apply and what they had to do to be eligible for funding. The information that local HNZN provided them with did not always correspond with that of the national HNZN staff.
- When key decision-making was with the national office, it was unclear who had delegated authority at a regional level which added to the uncertainty. When decision-making came back to the region, it was easier to work collaboratively. The Trust needs to know clearly what the rules are and what's required. With HNZN there is room for improvement and flexibility.*
- 6.45 In 2008, DBH commissioned a review of the HIF, of which the MDP fund is a part. The review raised concerns about the lack of transparency in decision-making. After this review, a decision-making framework that scores and ranks all submissions was introduced. This framework was further updated after the first year of the MDP fund, when it became apparent that the MDP fund needed more tailored criteria. In 2010/11, these were:
- being a Māori or iwi organisation;
 - having the capability to provide housing-related services;
 - having a project that generates a new supply of housing;
 - having a project that is ready to begin before 2012; and
 - being able to contribute 50% equity to the project cost.
- 6.46 Introducing a transparent framework for deciding which applications would be considered and accepted for the shortlist is a step forward. However, several trusts we spoke with were still unclear about what criteria they had to satisfy to be accepted from the shortlist to receive MDP funding.
- 6.47 As currently structured, the MDP funds tend to go to trusts that already have existing capacity. There is a risk that trusts with land that is suitable for housing but lacking either strong organisational capacity or financial income will remain unable to access funds to develop their land for housing. The main reasons for this are:
- high upfront costs before Māori trusts receive any funding; and
 - the MDP fund being administered less as a partnership and more like a standard contestable fund.

Design of the MDP fund makes it difficult for smaller land trusts to apply for funding

- 6.48 Māori trusts that have applied for MDP funds have had to incur high costs before they could submit their initial plans. HNZN's operational policy requires a project plan with resource consent issues resolved at the submission stage (see Figure 36). Under the operational policy, trusts had to meet this requirement before receiving any capacity funding to help with developing their proposals.
- 6.49 Successful MDP fund applicants paid between \$110,000 and \$215,000 to resolve resource consent issues and get a confirmed project plan. Such amounts can be a challenge for trusts to pay before receiving finance from the MDP fund. Typically, Māori trusts that have applied for MDP finance do not expect to begin receiving an income from houses until 12 to 18 months after building begins. This means that Māori trusts need to have significant amounts of cash available to pay for the development. Many trusts do not have enough finance to pay this cost. HNZN allows this cost to be included as part of the applicant's equity contribution. However, this presumes that a trust has enough money to pay those costs without any capacity funding.
- 6.50 If the operational policy were rigidly adhered to, some trusts would not have been able to participate. In practice, the planning process for the MDP fund involved applicants seeking capacity funding from HNZN (to greater and lesser extents) to meet the application requirements. This meant that the successful applicants did not have "a confirmed project plan with resource consent issues resolved" as part of their initial submission. Although this flexibility on HNZN's behalf is to be commended (because without it, viable projects would not have progressed), there are three other conclusions that can be drawn:
- Not sticking to the operational policy may explain some of the confusion MDP fund participants noted about what was required in the selection process.
 - There was not a smooth transition between stages, which was inefficient.
 - The process can be streamlined. Information that was originally required was not needed or was not needed until much later.

Figure 36
 Housing New Zealand Corporation’s process for Māori Demonstration Partnership fund applications



- 6.51 The current two-stage approval process (submission and then proposal development) is designed to reduce the risk that trusts invest heavily in a plan that will not be approved. We consider that, if project managers could invest more time in building their understanding of and relationship with a trust, they should be able to assess and advise on eligibility much earlier, before planning has progressed far. Likewise, stronger relationships would reduce the need for some information currently required by HNZN for assessing MDP fund applications.
- 6.52 Capacity funding is no longer available as part of the MDP fund. In our view, this is unfortunate. Most Māori landowning trusts are small and unlikely to have the skills and knowledge necessary to develop housing projects without support.

The MDP fund has been administered less as a partnership and more like a contestable fund

... it is important for HNZN to live up to the true meaning of Māori Demonstration Partnerships – working with Māori as Māori, understanding and being cognisant of Māori protocols and processes of doing things, demonstrate what you can and will do, and work in true partnership – utilizing the values of trust, honesty, integrity.

- 6.53 In our review of HNZN documents and our discussions with HNZN staff, we did not find a definition for “partnership”. An internal evaluation of the MDP fund commissioned by HNZN also found that the MDP fund could be improved by clarifying “partnership”.
- 6.54 HNZN National Office staff went further, telling us that the MDP fund is not a partnership at all and that they administer the MDP fund to get the most “leverage” for Crown funds. We understand “leverage” in this context to mean the ratio of private sector or Māori funds to taxpayer dollars spent on a housing development. It also refers to maximising the number of houses and bedrooms built for that money.
- 6.55 The MDP fund operates on an annual funding basis because the funds come from an annual appropriation. This means that successful trusts must work within tight timeframes. It also compromises the development of partnerships between HNZN and Māori organisations because HNZN is reluctant to invest much time in developing partnerships and building the capacity of organisations when they do not know whether the programme will be running from one year to the next.
- 6.56 HNZN regional project managers have varied in their approach to these “partnerships”. In some cases, HNZN managers have worked very closely with trusts to provide expertise and professional assistance to help them with their

housing projects. In other cases, HNZN managers have focused on checking whether trusts meet HNZN criteria. Some trusts expressed frustration at regular staff changes in HNZN and the different approaches that different project managers have taken to working with them.

The state [agencies] also needs to notice the care that needs to be taken in relationships, and building sustained relationships at a local whānau up approach ... look at the natural structures that exist within communities, we have our own infrastructure, whakapapa relationships [are] strong. There is a willingness to work in partnership.

- 6.57 HNZN also told us that the requirement for the Māori organisation and HNZN to each contribute 50% of the equity for a project is an example of partnership. However, the 50% equity provided by a Māori organisation is a cost, while the 50% provided by HNZN is largely a loan that the Māori organisation pays back with interest. Therefore, we do not consider that the equity contribution shows “partnership”.
- 6.58 HNZN needs to be clearer about what it means by “partnership” in a Māori context, so that it does not create expectations that it may not intend to meet. Because “partnership” has various connotations in the context of Crown–Māori relationships, HNZN needs to better define what it means and better explain this to its staff. Figure 37 analyses the MDP fund by looking at its different parts and describes the experience that Māori trusts have had. HNZN’s management of the MDP fund has not always met the expectations of Māori organisations for what a “Māori Demonstration Partnership” would be.

Figure 37
Māori trusts' assessments of the Māori Demonstration Partnership fund

	Expectations	Performance
Māori	<ul style="list-style-type: none"> • Māori potential is realised. • Māori land, where appropriate, is used for housing. • The programme is designed and targeted according to Māori needs and aspirations. • Tikanga: Māori protocols are understood and practised by HNZA. 	<p>Templates and paperwork for MDP fund applications were taken from the HIF. There was little space on applications to describe what projects would do to support Māori.</p> <p>Two of the four accepted applicants in 2010 are projects on general land, not Māori freehold land.</p> <p>The MDP fund's design does not take into account the peculiarity and legal complexity of Māori land well. For example, HNZA was unsure about how Māori land would be valued when used as a contribution to a partnership – well after the launch of the MDP fund.</p>
Demonstration	<ul style="list-style-type: none"> • Shows what can be done. • Good practice is identified. • Innovation: Different approaches are taken – risk is managed not avoided. • Learning is captured, disseminated and applied to future projects. 	<p>There is no overall strategy for capturing, disseminating, or using what has been learned from partnerships.</p> <p>It is not clear how the MDP fund will be used to help further partnerships between Māori and HNZA (or DBH).</p>

	Expectations	Performance
Partnership	Trust Honesty Integrity Both sides bring something to the table	<p>The capacity-building support provided by the MDP fund was highly valued. Trusts say that they would have really struggled without it, but the capacity-building support was provided well into the process. Trusts had to meet high upfront costs before they could access capacity funding. This may have excluded smaller trusts.</p> <p>Trusts were encouraged to expect expert support (such as project management, design, and engineering) and professional guidance from HNZN. These expectations were not fully met.</p> <p>Managing the partnerships has been driven by financial considerations.</p> <p>The approach HNZN has taken to managing the MDP fund has been to manage risks by supporting trusts with robust financial and organisational structures.</p> <p>The MDP fund has yet to result in ongoing partnerships between HNZN and Māori organisations.</p> <p>There is no medium- or long-term vision or strategy for the MDP fund. Funding is annual, so HNZN is reluctant to work with trusts that are not yet ready to submit applications.</p>

What has been learned from Māori Demonstration Partnership fund projects

6.59 The four MDP fund projects that had approved funding at the time of our audit have each approached the challenge of building on Māori land differently (see Figure 38). Two are using Māori freehold land, and the other two are using general land that they have purchased. Some of the partnerships are exploring new ways to enable home ownership, while others are participating in HNZN’s House Leasing Programme (commonly referred to as a leaseback arrangement).¹²

12 Under leaseback arrangements, HNZN would lease the homes built from the MDP trust for 10 years to use as state housing. After the 10 years, the homes can be returned to the trusts that own them, to rent or sell as they see fit.

- 6.60 These different approaches are likely to improve knowledge about how to effectively use Māori land for housing. However, because there is no system to capture and share knowledge, there is a risk that the knowledge will not be used.

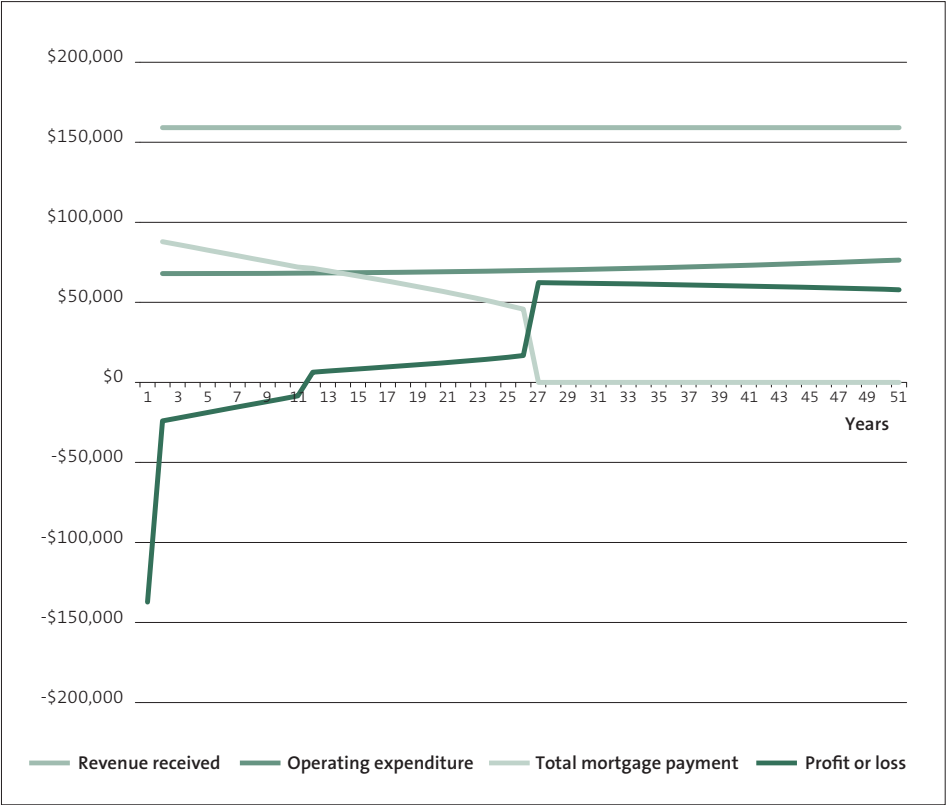
Figure 38
The four Māori Demonstration Partnership fund projects approved in 2010/11

Trust	Summary of the project
Ngati Hine Health Trust	<p>Eight rental houses for kuia/koroua houses, and two transitional home ownership houses, \$899,675 Crown funding (includes loan, grant, and capacity grant).</p> <p>The transitional home ownership houses will be used for whānau whose home-ownership aspirations are out of their reach. Whānau would stay in the houses for up to two years, during this time receiving social service support and home-ownership education, so that they are ready and can achieve home ownership. Ngati Hine Health Trust refers to this as a “landlord plus” approach.</p>
Te Rūnanga o Ngati Awa	<p>Ten kaumātua housing units, five houses for home ownership, \$1,032,000 Crown funding (grant).</p> <p>Te Rūnanga o Ngati Awa is taking a shared equity approach, where the rūnanga provides financial support to those who are unable to purchase a property using traditional home loan products. It intends using a rolling lease approach, with tenure secured by an underlying agreement for the trust to either purchase back or renew the lease at sale or end of lease. Setting up a secure rolling lease arrangement will provide lenders with the security to lend and home owners security of tenure while the trust retains ownership of the underlying land. This approach also works within Te Ture Whenua Māori Act 1993 because it does not trigger alienation provisions.</p>
Mangatawa Papamoa Blocks Inc (MPBI)	<p>Ten kaumātua housing units, \$2,140,000 Crown funding (including a loan and a grant).</p> <p>MPBI has secured a commercial loan from a mainstream bank to help with the initial cost of the project. MPBI intends to lease the units back to HNZC to be used as state housing for the first 10 years.</p>
Te Rūnanga o Te Rarawa	<p>Seven standalone houses and a large communal building, \$1,554,562 Crown funding (loan).</p> <p>Te Rūnanga o Te Rarawa are piloting a “Paa Kāinga” approach – a community potentially using an extended whānau model (although not necessarily with an extended whānau) for members of Te Rarawa to live together in. The intention is to use this more traditional style of living for further future developments, which would provide a more supportive whānau environment.</p>

Targeting financial support

- 6.61 Most government support is targeted at getting more houses built on Māori land. In particular, central government's support is targeted at providing access to finance.
- 6.62 This emphasis on getting houses built is not without merit. It takes considerable effort to overcome the barriers to housing on Māori land, which is the first hurdle in increasing the supply of affordable housing on Māori land. However, for trusts to be able to afford to build housing, they need to be confident that they have the ability to manage and pay for the development in the long term.
- 6.63 Apart from the building costs, a trust will incur other costs through managing a rental housing development throughout its lifetime. A trust must be able to afford not just the initial costs and the ongoing loan conditions but also associated costs, such as:
- rates;
 - insurance on the houses;
 - maintenance of the properties;
 - tenancy management; and
 - some contingency for vacancy and bad debts.
- 6.64 We carried out some financial modelling to determine the long-term costs of managing an affordable housing development. It is important to consider and plan for these costs if affordable housing on Māori land is to lead to sustained improvements in the quality of life of those housed on them. A criticism of past programmes is that those housed could not or did not maintain the houses. This has been costly for communities and governments, and is a driver of the need for housing solutions. Figure 39 sets out the results of our modelling.

Figure 39
Income and expenses for a trust providing 10 rental houses on Māori land in today’s dollars



Note: The second kink in the profit and loss line is explained by the trust paying interest at the 10-year mark. Because the interest is tax deductible, the profit the trust receives increases.

- 6.65
- The main difference between this model and a development on general land is that we have not included any increase in the property value as part of the income for the trust (commonly referred to as “capital gain”). For a development on general land, the increase in the property’s value over time would offset at least some of the additional costs of running the development. Because the realisable value of a house on Māori land is likely to be less than the cost of building it, this option is not available to many Māori land trusts.
- 6.66
- The graph indicates that under current MDP fund assistance (primarily loans that are interest-free for the first 10 years), trusts developing housing on Māori land will require another income stream in the initial years of the development to cover the costs involved. This may require further government assistance, may constrain

which trusts can get involved, or could risk resulting in poor management of the development (such as not maintaining the houses) because of the financial constraints.

6.67 Figure 40 sets out the assistance currently available with these costs.

Figure 40
Assistance currently available for long-term development costs

Elements of both the MDP fund and a mainstream programme, the Home Leasing Programme, can make housing developments on Māori land more affordable.

The loans made under the MDP fund are interest-free for the first 10 years.

Interest is calculated only on the principal still to be paid after the first 10 years. Trusts can therefore “frontload” their principal payments, and reduce overall the amount of interest they would have to pay on the loan. This, in turn, helps trusts to reduce their costs and begin to break even at an earlier point than if the loans had been on purely commercial terms.

Under the Home Leasing Programme, HNZC can lease houses from a trust (or individuals) to use as a state house for up to 10 years. HNZC finds the tenants from its applicants for a state house and provides lease income to the trust, based on market rent less tenancy management fees. This gives the trust an assured income from the development and is commonly referred to as a “leaseback arrangement”.

These programmes reduce the overall costs of building houses and provide a stable income from those houses.

6.68 We consider that there is still a gap in the support to Māori land trusts in the area of developing capacity for ongoing management of social housing. As well, addressing the gap between when capacity funding can be accessed and when costs are incurred may reduce the barrier of upfront costs.

Recommendation 4

We recommend that the Department of Building and Housing better target financial support programmes by:

- better matching the support available to the financial circumstances of Māori, so that it is available and affordable for more Māori organisations and households;
- making financial support available when costs are incurred; and
- structuring the financial support to make housing developments sustainable.

Our conclusion on the Māori Demonstration Partnership fund

6.69 The MDP fund has had some successes – four partnerships were approved in 2010/11 that should deliver 44 houses. As a product that seeks to work with Māori groups and offers financial assistance for the costs associated with building

houses on Māori land, it represents a step forward for HNZN. The four projects under way could provide sustainable housing solutions.

- 6.70 The annual funding cycle for MDP creates uncertainties about the future of the programme. This has meant that HNZN has not been able to invest heavily in partnerships with trusts.
- 6.71 The MDP fund has been relatively costly to implement. Based on HNZN's Crown Programmes Review, we estimate that, in 2009/10, HNZN spent \$2.6 million administering the \$5 million available under the MDP fund.
- 6.72 The way in which HNZN managed the fund did not match the expectations of partnership that HNZN had raised amongst Māori organisations. This damaged the trust between some Māori organisations and HNZN. More needs to be done to capture what has been learned from the approach taken by each of the different projects about what works well and what does not.
- 6.73 The DBH is now responsible for managing the MDP fund or any initiative that replaces it. There is a risk that the knowledge and learning HNZN built up through administering the fund could be lost.
- 6.74 One of the challenges for the MDP fund has been that many trusts that manage land blocks suitable for housing lack the project management, technical skills, and cashflow to be eligible for funding. This means that, although they have potentially viable and effective plans for housing on multiply-owned Māori land, the plans are not going to be realised under the present programme. These trusts can be characterised as land rich but cash poor. Unless the MDP fund can be redesigned to address this issue, it will not reach its full potential to increase the supply of affordable houses on Māori land.

Recommendation 5

We recommend that the Department of Building and Housing, working with other agencies, build the capacity of Māori organisations that plan to participate in housing. This includes their ability to project manage a housing development through the legal and practical processes required to successfully build houses on Māori land.

The effectiveness of Special Housing Action Zones

Without the funding of SHAZ, the project wouldn't be where we are now.

The Special Housing Action Zone funding assisted greatly in research, without it we wouldn't have been able to do a feasibility plan. We were able to identify who are ready to move forward with specific trusts including those who could possibly move to Māori Demonstration Partnerships ...

- 6.75 SHAZ is a fund managed by TPK. SHAZ was set up in 2000 in response to several fatal fires in Northland arising from substandard accommodation. SHAZ rapidly grew beyond the initial zones and eventually led to the Rural Housing Programme being established in three regions – Northland, East Coast, and Bay of Plenty. At the time of our audit, TPK managed a fund of \$456,000. TPK uses this for building the capacity of Māori groups to address housing issues.
- 6.76 The approach TPK has taken to implementing SHAZ reflects better partnership principles than many other Māori housing interventions. The first step in the process is for TPK staff to visit trusts with housing aspirations and to discuss their plans. TPK staff then advise the trust on developing their plans and begin to assess what kind of assistance, financial or otherwise, the trust needs.
- 6.77 HNZA and TPK have agreed that TPK will work with Māori groups until they have the capacity to apply to the MDP fund. HNZA will then work with the groups to develop their projects. SHAZ funding has been used to pay for planning and design work as part of trust applications to the MDP fund.
- 6.78 Despite the relatively small amount of funds available, trusts value SHAZ funds and the support of TPK highly, particularly in terms of turning their aspirations into costed and professionally developed plans. SHAZ has been integral to many MDP fund applications, both successful and unsuccessful (see Figure 41). The fund has been used to:
- develop a tool kit for building houses on Māori land;
 - help landowners to prepare feasibility plans;
 - identify trusts that would be suitable for MDP funds; and
 - support several hapū groups to develop concept plans and to employ staff to implement their housing plans.

Figure 41
The effect of funding programmes on those who want to use Māori land for housing

An individual or whānau who has shares in Māori land and wants to build or move a single house onto part of the land block	A small ahu whenua trust that plans to build a small number of houses on its land	A larger Māori trust or iwi governance organisation with plans to build housing for its beneficiaries
<p>The whānau can apply for a Kāinga Whenua loan, but a one- or two-earner household whose income is over \$85,000 will not be eligible and will struggle to get finance.</p> <p>Any whānau who have a poor credit history will not be able to get a Kāinga Whenua loan.</p> <p>Whānau can get some support with their application and guidance through the process from the local HNZN project manager.</p>	<p>The trust will struggle to access finance from the MDP fund, because of a lack of skills and experience in housing.</p> <p>The project could continue with funding by each household taking an individual Kāinga Whenua loan. This would be time-consuming and, because each of the loans will come at different times, will not realise potential economies of scale.</p>	<p>The organisation will be well placed to meet MDP fund criteria. There will be audited accounts, and the organisation will be able to buy professional skills and support.</p> <p>The cost of these houses is likely to be cheaper (for each house) because of economies of scale. We estimate that the average economy of scale between a small (two to four houses) development and a large (20 houses) development was \$6,737 for each unit, with a range of \$3,828-\$11,681.</p>

Critical success factors for effective funding programmes

Critical success factors for government funding initiatives

- 6.79 Government funding is more likely to be effective when:
- it is tailored to the particular circumstances of Māori landowners – for example, Kāinga Whenua loans would be more successful if the income cap were raised and other solutions were developed for low-income households;
 - different ways of funding allow for a mix of tenure options to enable people from across the socio-economic spectrum to be housed (helping the “community redevelopment” approach proposed for replacing the Rural Housing Programme);
 - funding is available when costs are incurred so that upfront costs, particularly for planning, can be funded;

- funding is realistic about long-term costs (building on the success of the 10-year interest-free loans available with the MDP fund); and
- the capacity of Māori trusts to manage their housing developments is built, to improve the contribution that housing can make to longer-term social outcomes.

Critical success factors for owners of Māori land

6.80 Māori landowners will be best placed to take full advantage of funding initiatives for housing on Māori land when:

- they are committed to living on their land for the long term (selling the house may be difficult because it is on Māori land);
- if there is more than one family who wants to build on the land block, they work together (which will be cheaper); and
- small trusts build their skills. TPK can help identify the type of skills training that can be accessed, so that the trusts are well placed to apply for funding.

Appendix

Summary of legislation about Māori land

Tāpiritanga – He whakarāpopototanga o ngā ture e pā ana ki te whenua Māori

This Appendix summarises how some legislation has affected Māori land and its use.

Early legislation focused on encouraging European settlement and individualising Māori land titles, replacing customary communal ownership. The trend towards individual ownership created problems for retaining Māori land. By 1891, Māori had virtually no land in the South Island and less than 40% of the North Island. Much of the land still held by Māori was poor quality and hard to develop.

Native Lands Act 1862	The Act created the Native Land Court (renamed the Māori Land Court in 1947) to identify ownership interests in Māori land and to create individual titles in place of customary communal ownership. This change made sales of Māori land easier and saw the beginning of fragmented ownership interests in Māori land. The Act also allowed for up to 5% of Crown-granted Māori land to be taken for public works without compensation.
Native Lands Act 1865	This Act replaced the 1862 Act and reflected a stronger push toward individualising Māori land title and fragmented ownership. For example, certificates of title could be issued to no more than 10 owners. The Act also expanded the ability to take 5% of Crown-granted Māori land for public works without compensation to include all Māori-owned land.
Native Land Act 1873	Under this Act, title could no longer be held by iwi or hapū. All individuals with an ownership interest had to be named in the title. Individual Māori received blocks of land that were partitioned and repartitioned into uneconomic parcels of land. Fragmentation and loss of land continued.
Native Townships Act 1895	This Act was passed to promote settlement and open up the interior of the North Island. It allowed the Government to establish townships without first acquiring land from Māori. The Crown could compulsorily acquire land Māori would not sell.
Māori Lands Administration Act 1900	This Act provided for the formation of Māori Block Committees to investigate the ownership of customary land. Māori Land Councils were established to decide what amount of land was enough to support every individual owner (papakāinga). These inalienable reserves were set aside for individuals to encourage productive use of the land. Māori lost control of non-papakāinga land because it had to be vested in the Māori Land Councils responsible for administering land for settlement purposes.

Māori Land Settlement Act 1905	This Act modified the Māori Lands Administration Act 1900. It renamed Māori Land Councils to Māori Land Boards. Board members were nominated rather than elected. Māori “surplus” land was to be vested in the boards, which were required to set apart inalienable reserves and then lease the land for settlement. This was compulsory in the Tokerau and Tairāwhiti Māori Land Districts. Other areas used a voluntary system for placing land in the the boards’ administration. Private leases were allowed with the consent of the boards.
Native Land Settlement Act 1907	This Act required Māori Land Boards to sell 50% of surplus lands vested in them and lease 50%.
Native Land Act 1909	This Act consolidated 69 existing Acts and introduced private dealing in Māori land with provisions for decisions on sales and leases to be made by majority shares.
Native Land Amendment and Native Land Claims Adjustment Act 1927	This Act repealed the right to take up to 5% of Māori land for public works without compensation.
Native Land Amendment and Native Land Claims Adjustment Act 1929	This Act provided for large-scale development of Māori land. It set up the Native Land Development scheme.

By the 1950s, some legislation included provisions to protect Māori land. However, some legislative changes and future amendments led to further loss of Māori land, especially in the drive to force “productive” use of Māori land.

Māori Affairs Act 1953	<p>Anyone who could show the Māori Land Court that a good piece of Māori land was not being used could apply to have it vested in trustees. Māori whose shares in land were of low value were forced to sell them to the Māori Trustee.</p> <p>This Act remained the governing legislation for Māori land for 40 years</p>
Māori Affairs Amendment Act 1967	<p>This allowed for Māori freehold land with fewer than five owners to have its status changed to general land. This enabled the land to be sold or mortgaged.</p> <p>The Act increased the powers of the Māori Trustee to compulsorily acquire and sell so-called “uneconomic interests” in Māori land.</p>

Various Public Works Acts and planning legislation contributed to further losses of Māori land.

Public Works Acts	Public Works Acts generally set out provisions and conditions for taking land for public works. Both the Crown and local authorities had powers to take land for public works, in some cases without having to provide compensation to Māori landowners. Definitions of public works expanded over time, leading to further loss of Māori land. Often, there was little consideration for traditional uses of the land and how public works might affect those uses. Under the Public Works Act 1928, Māori customary land was excluded from exemptions on compulsory takings and from other requirements such as the requirement to notify owners.
Town and Country Planning Act 1953	<p>This Act consolidated previous town planning legislation and created planning provisions that covered all land, not just urban areas. District schemes under this Act began to control the use of Māori land. Processes such as designated use, zoning, subdivision requirements, and public reserve contributions affected how Māori land was used and retained.</p> <p>When dealing with planning matters under its jurisdiction, the Māori Land Court was required to have regard for the requirements of district schemes.</p> <p>The Act did not provide for Māori interests to be taken into account in developing district schemes.</p>

More recent legislation provides for some recognition of Māori interests in Māori land and for protection of these interests. However, some planning processes remain as barriers to Māori using the land.

Town and Country Planning Act 1977	This Act introduced the first recognition of Māori interests within planning legislation. It provided for social and cultural issues to be balanced with physical land use planning matters. While giving some recognition to Māori values, planning legislation did not always address alienation issues. Processes such as zoning still restricted Māori land use.
Resource Management Act 1991	This Act provided stronger recognition for issues of importance to Māori. Under this Act, authorities preparing district plans are required to have regard to any relevant planning document recognised by an iwi authority.
Te Ture Whenua Māori Act 1993	This Act is the guiding legislation for the Māori Land Court. It recognises that land is a taonga tuku iho of special significance to Māori people and aims to promote retaining Māori land and its use for the benefit of its owners, their whānau, and their hapū. The Act provides for Māori land to be managed by various trustees.
Local Government Act 2002	This Act is the guiding legislation for local authorities. It sets out the purpose of local government and includes special provisions for involving Māori in decision-making processes (section 81). Section 102 of the Act requires local authorities to have a policy on remission and postponement of rates on Māori freehold land. ¹³ Section 108 sets out the requirements for that policy.

13 Although local authorities are required to have a policy, that policy can be to not allow the remission of any rates.

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