Just a small window to get some leverage: A critical examination of the rise of Te Wananga o Aotearoa with particular emphasis on the role of the State in the battle for control of this Maori tertiary educational institution

Bruce Bryant
Southern Cross University
‘Just a small window to get some leverage’

A critical examination of the rise of Te Wānanga o Aotearoa with particular emphasis on the role of the State in the battle for control of this Māori tertiary educational institution

Bruce S Bryant - MBA; MTaxS(Hons)

A thesis submitted to the Graduate College of Management, Southern Cross University, in partial fulfilment of the requirements of the degree of Doctor of Business Administration.

July 2009
Declaration of originality

I certify that the substance of the Thesis has not already been submitted for any other degree and is not currently being submitted for any other degree or degrees.

I certify that to the best of my knowledge any help received in preparing this work, and all sources used, have been acknowledged in the Thesis.

.................................................................
Acknowledgements

Without the inspiration of many people, there would be no story to consider, nor research to carry out. Aotearoa Institute (AI) and Te Wānanga o Aotearoa (TWOA) are first and foremost Māori initiatives, both calling on and needing āhuatanga and tikanga Māori to get the job done. This involved a huge amount of unpaid time by many, a lot of ‘dipping into their own pockets’ to provide student resources, and regularly, putting private property up as collateral for working capital.

Not the least amongst these people was Dr Rongo Wetere, and his children Susan, Kingi and William. Each is equally talented, and has contributed a great amount to Māori educational opportunities in Aotearoa New Zealand. It is hoped that their contributions will one day be recognised for what they truly are.

My sincere thanks to the Trustees of Aotearoa Institute, who made it possible for me to put the time into this research.

My heartfelt thanks to Kel Sanderson who taught me the value of graphs to make a financial point; to Professor Ian Shirley, a mentor who does not mince his words; to Paul Smith, who discussed writing styles with me; to Dr Ranginui Walker, who read every word and provided wonderful additional aspects to consider, and to William Wetere, whose understanding of what I was writing about, is complete. To you all, my thanks seem inadequate.

A massive thank you to my Supervisor Dr Wayne Dreyer who needed to get the accountant out of the dyslexic country boy. He was totally supportive, wonderful encouragement, and always there.
Finally my thanks and aroha to my wife Joanna, who gave me the space, and to our children, Angel and Jesse, who provided the inspiration.
Abstract

The 17 July 1863 saw a British military force led by Major General Cameron, with Crimean War experience, invade the Waikato of Aotearoa New Zealand, and essentially ending for Waikato Māori on 2 April 1864 at Orakau when Cameron with 1,200 troops, defeated a group of 300 Māori that included representatives of at least nine iwi, and women and children, led by Rewi Maniapoto.

In December 1863, well before the events of Orakau, the New Zealand Settlements Act of 1863 (NZSA) was passed into law. This Act’s only purpose was to confiscate 1,408,400 hectares of land from Māori; 486,500 hectares from Waikato Māori, of whom Ngāti Maniapoto are an important part. The Act deprived Māori of their traditional lands and the means to participate in the economy, with serious social and economic consequences for them well into the 20th century.

In 1993, tertiary educational status was granted to what was essentially an initiative of the people of Ngāti Maniapoto that began in 1983 to provide educational alternatives to young people, predominately Māori. This initiative became Te Wānanga o Aotearoa (TWOA). Over a period of six years from 1998, TWOA moved from being an insignificant tertiary educational institution to the largest in the country in terms of student and equivalent full time student numbers. By mid 2005, TWOA was under the control of the State, the first time such a situation had occurred in this country, and completely contrary to the independence provisions that the Education Act 1989 bestows on tertiary educational institutions.

This thesis is an examination of the State’s battle for control of TWOA, to consider
likely reasons why the State sought this control, and the tactics used by the State to achieve this outcome.

The thesis examines the part that knowledge and access to education plays in global economics in the late 20th and early 21st century, and will consider whether knowledge and access to education was as economically important to individuals in these times, as land was in 1863.

The fact that TWOA’s success was achieved completely within the parameters of the tertiary education policies of both successive Governments since 1998 was irrelevant to the NZ Labour Party led Government of 2005. They appeared to set out on a predetermined path to gain control, in order to neutralise TWOA’s growth and to then reshape the sector to ensure that such success did not happen again. The conclusion is that what was seen as a just a small ‘window’ to get some leverage, was thrown open, and very powerful levers then used, to achieve this end.
## Translations

<table>
<thead>
<tr>
<th>Māori Term</th>
<th>English Translation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahuatanga Māori</td>
<td>Māori tradition</td>
</tr>
<tr>
<td>Aroha</td>
<td>Love</td>
</tr>
<tr>
<td>Hapū</td>
<td>Sub-tribe</td>
</tr>
<tr>
<td>Hui</td>
<td>Meeting</td>
</tr>
<tr>
<td>Iwi</td>
<td>Tribe</td>
</tr>
<tr>
<td>Kaitiaki</td>
<td>Guardian</td>
</tr>
<tr>
<td>Kaumatua</td>
<td>Elder</td>
</tr>
<tr>
<td>Kaupapa</td>
<td>Philosophy</td>
</tr>
<tr>
<td>Kawanatanga</td>
<td>Government</td>
</tr>
<tr>
<td>Kingitanga</td>
<td>Kingship</td>
</tr>
<tr>
<td>Kōkiri</td>
<td>Enterprise</td>
</tr>
<tr>
<td>Kura</td>
<td>School</td>
</tr>
<tr>
<td>Mana</td>
<td>Integrity, charisma, prestige</td>
</tr>
<tr>
<td>Māori</td>
<td>Indigenous people of Aotearoa New Zealand</td>
</tr>
<tr>
<td>Marae</td>
<td>Meeting area</td>
</tr>
<tr>
<td>Matauranga</td>
<td>Knowledge</td>
</tr>
<tr>
<td>Ngāti</td>
<td>A word preceding an Iwi name</td>
</tr>
<tr>
<td>Ngāti Maniapoto</td>
<td>Iwi of the Taranaki and Waikato regions of Aotearoa New Zealand</td>
</tr>
<tr>
<td>Pākehā</td>
<td>A non-Māori person</td>
</tr>
<tr>
<td>Rangitiratanga</td>
<td>Autonomy, self determination</td>
</tr>
<tr>
<td>Tapu</td>
<td>Sacred</td>
</tr>
</tbody>
</table>
## Translations (cont)

<table>
<thead>
<tr>
<th>Term</th>
<th>Translation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tauira</td>
<td>Student</td>
</tr>
<tr>
<td>Te Reo Māori</td>
<td>Māori language</td>
</tr>
<tr>
<td>Tikanga Māori</td>
<td>Māori custom</td>
</tr>
<tr>
<td>Taonga</td>
<td>Treasure</td>
</tr>
<tr>
<td>Tohunga</td>
<td>Expert</td>
</tr>
<tr>
<td>Tumuaki</td>
<td>Chief executive</td>
</tr>
<tr>
<td>Wānanga</td>
<td>Learning, a series of discussions</td>
</tr>
<tr>
<td>Whakapapa</td>
<td>Genealogy</td>
</tr>
<tr>
<td>Whare</td>
<td>House</td>
</tr>
<tr>
<td>Whānau</td>
<td>Extended family</td>
</tr>
</tbody>
</table>
# Table of Contents

## Chapter 1  Introduction

1.1 Overview  
1.2 Problem orientation  
1.3 Research problem  
1.4 Research objective  
1.5 Research question  
1.6 Justification for the research  
1.7 Limitations of scope  
1.8 Participant observations  
1.9 Thesis outline  
1.10 Summary  

## Chapter 2  Land

2.1 Introduction  
2.2 Land and capitalism  
2.3 Capitalism and colonisation  
2.4 Colonisation and governance  
2.5 Land, colonisation, and Aotearoa New Zealand  
2.6 Summary  

## Chapter 3  Knowledge and Education

3.1 Introduction  
3.2 Knowledge and the transformation of capitalism  
3.3 Knowledge as an economic factor in the 20th century  
3.4 Economic development and education  
3.5 Societal disparities in Aotearoa New Zealand
### Table of Contents (cont)

<table>
<thead>
<tr>
<th>Chapter 3</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6</td>
<td>98</td>
</tr>
<tr>
<td>Tertiary education policy development in Aotearoa New Zealand</td>
<td></td>
</tr>
<tr>
<td>3.7</td>
<td>112</td>
</tr>
<tr>
<td>Political landscape</td>
<td></td>
</tr>
<tr>
<td>3.8</td>
<td>116</td>
</tr>
<tr>
<td>Te Wānanga o Aotearoa</td>
<td></td>
</tr>
<tr>
<td>3.9</td>
<td>121</td>
</tr>
<tr>
<td>Summary</td>
<td></td>
</tr>
</tbody>
</table>

### Chapter 4  Research Methodology  124

<table>
<thead>
<tr>
<th>Section</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Introduction</td>
<td>124</td>
</tr>
<tr>
<td>4.2 Research philosophy</td>
<td>127</td>
</tr>
<tr>
<td>4.3 Research methods</td>
<td>129</td>
</tr>
<tr>
<td>4.4 Research design</td>
<td>130</td>
</tr>
<tr>
<td>4.4.1 Type of investigation</td>
<td>131</td>
</tr>
<tr>
<td>4.4.2 Data-collection techniques</td>
<td>131</td>
</tr>
<tr>
<td>4.4.3 Primary data</td>
<td>132</td>
</tr>
<tr>
<td>4.4.4 Secondary data</td>
<td>133</td>
</tr>
<tr>
<td>4.5 Data analysis</td>
<td>133</td>
</tr>
<tr>
<td>4.6 Selected methods</td>
<td>135</td>
</tr>
<tr>
<td>4.6.1 Case study research</td>
<td>135</td>
</tr>
<tr>
<td>4.6.2 Historical - comparative research</td>
<td>139</td>
</tr>
<tr>
<td>4.6.3 Quantitative versus H C research</td>
<td>141</td>
</tr>
<tr>
<td>4.6.4 Unique features of H C research</td>
<td>144</td>
</tr>
<tr>
<td>4.7 Summary</td>
<td>148</td>
</tr>
</tbody>
</table>

### Chapter 5  Tertiary sector analysis  149

<table>
<thead>
<tr>
<th>Section</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Introduction</td>
<td>149</td>
</tr>
<tr>
<td>5.2 Data analysis</td>
<td>151</td>
</tr>
<tr>
<td>5.2.1 Data analysis methodology</td>
<td>152</td>
</tr>
<tr>
<td>5.2.2 Financial data analysis</td>
<td>153</td>
</tr>
<tr>
<td>5.3 Summary</td>
<td>162</td>
</tr>
</tbody>
</table>
# Table of Contents (cont)

<table>
<thead>
<tr>
<th>Chapter 6</th>
<th>Crisis or Not</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Introduction</td>
<td>166</td>
</tr>
<tr>
<td>6.2</td>
<td>Going concern considerations</td>
<td>167</td>
</tr>
<tr>
<td>6.3</td>
<td>TWOA Cash on Hand</td>
<td>169</td>
</tr>
<tr>
<td>6.4</td>
<td>Summary</td>
<td>178</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 7</th>
<th>Loans</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1</td>
<td>Introduction</td>
<td>179</td>
</tr>
<tr>
<td>7.2</td>
<td>Settlement deeds</td>
<td>181</td>
</tr>
<tr>
<td>7.3</td>
<td>Negotiations for release of Suspensory Loan</td>
<td>182</td>
</tr>
<tr>
<td>7.4</td>
<td>Crown Loan</td>
<td>197</td>
</tr>
<tr>
<td>7.5</td>
<td>Summary</td>
<td>200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 8</th>
<th>The State’s justifications</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1</td>
<td>Introduction</td>
<td>203</td>
</tr>
<tr>
<td>8.2</td>
<td>Aide Memoire</td>
<td>204</td>
</tr>
<tr>
<td>8.3</td>
<td>20 June 2005 letter</td>
<td>213</td>
</tr>
<tr>
<td>8.4</td>
<td>Summary</td>
<td>221</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 9</th>
<th>High Level Reports</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>Introduction</td>
<td>222</td>
</tr>
<tr>
<td>9.2</td>
<td>The Auditor General’s Report</td>
<td>223</td>
</tr>
<tr>
<td>9.3</td>
<td>Waitangi Tribunal – Claim 1298</td>
<td>230</td>
</tr>
<tr>
<td>9.4</td>
<td>Summary</td>
<td>231</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 10</th>
<th>Conclusions</th>
<th>Page Number</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Bibliography</th>
<th></th>
<th>Page Number</th>
</tr>
</thead>
</table>
Table of Contents (cont)

Appendices

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Title</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 1</td>
<td>Data analysis</td>
<td>261</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>MoRST – Knowledge, innovation and creativity</td>
<td>264</td>
</tr>
<tr>
<td></td>
<td>Excerpts</td>
<td></td>
</tr>
<tr>
<td>Appendix 3</td>
<td>Wai. 718 report - Excerpts</td>
<td>266</td>
</tr>
<tr>
<td>Appendix 4</td>
<td>Tertiary Education Strategy 2002-2007</td>
<td>267</td>
</tr>
<tr>
<td></td>
<td>Excerpts</td>
<td></td>
</tr>
<tr>
<td>Appendix 5</td>
<td>External observations –MOE 2003, NZIER 2003 and BERL 2004 - Excerpts</td>
<td>268</td>
</tr>
<tr>
<td>Appendix 6</td>
<td>Minister of Education Aide Memoire Feb 2005</td>
<td>272</td>
</tr>
<tr>
<td>Appendix 8</td>
<td>Waitangi Tribunal Report Wai.1298 - Excerpts</td>
<td>277</td>
</tr>
</tbody>
</table>
# List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 1</td>
<td>Sector analysis – 1998</td>
<td>155</td>
</tr>
<tr>
<td>Table 2</td>
<td>Sector analysis – 2001</td>
<td>156</td>
</tr>
<tr>
<td>Table 3</td>
<td>Sector analysis – 2003</td>
<td>157</td>
</tr>
<tr>
<td>Table 4</td>
<td>Summary of financial data</td>
<td>158</td>
</tr>
<tr>
<td>Table 5</td>
<td>Data summary - 2003</td>
<td>162</td>
</tr>
<tr>
<td>Table 6</td>
<td>Profitably of sector</td>
<td>169</td>
</tr>
<tr>
<td>Table 7</td>
<td>Month end balances</td>
<td>171</td>
</tr>
<tr>
<td>Table 8</td>
<td>Budgeted month end cash balances</td>
<td>173</td>
</tr>
<tr>
<td>Table 9</td>
<td>Budgeted month end cash balances less Suspensory Loans</td>
<td>174</td>
</tr>
<tr>
<td>Table 10</td>
<td>Graph interpretations - May 2005 – December 2005</td>
<td>177</td>
</tr>
<tr>
<td>Table 11</td>
<td>Actual cash – November 2004 – December 2007</td>
<td>177</td>
</tr>
</tbody>
</table>
# List of Figures

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1</td>
<td>Chapter 1 – Introduction - model</td>
<td>1</td>
</tr>
<tr>
<td>Figure 2</td>
<td>Graph - EFTS</td>
<td>8</td>
</tr>
<tr>
<td>Figure 3</td>
<td>Graph – Student numbers</td>
<td>8</td>
</tr>
<tr>
<td>Figure 4</td>
<td>Graph – EFTS $ value</td>
<td>28</td>
</tr>
<tr>
<td>Figure 5</td>
<td>Chapter 2 – Land – model</td>
<td>29</td>
</tr>
<tr>
<td>Figure 6</td>
<td>Chapter 3 – Knowledge and education – model</td>
<td>73</td>
</tr>
<tr>
<td>Figure 7</td>
<td>Chapter 4 – Research methodology - model</td>
<td>124</td>
</tr>
<tr>
<td>Figure 8</td>
<td>Chapter 5 – Data analysis of sector - model</td>
<td>149</td>
</tr>
<tr>
<td>Figure 9</td>
<td>Graph – Total EFTS funding</td>
<td>159</td>
</tr>
<tr>
<td>Figure 10</td>
<td>Graph – Total student fees</td>
<td>159</td>
</tr>
<tr>
<td>Figure 11</td>
<td>Graph – Total EFTS</td>
<td>159</td>
</tr>
<tr>
<td>Figure 12</td>
<td>Graph – Total student numbers</td>
<td>160</td>
</tr>
<tr>
<td>Figure 13</td>
<td>Pie chart – EFTS 2003</td>
<td>161</td>
</tr>
<tr>
<td>Figure 14</td>
<td>Pie chart – Student numbers 2003</td>
<td>161</td>
</tr>
<tr>
<td>Figure 15</td>
<td>Chapter 6 – Crisis or not - model</td>
<td>166</td>
</tr>
<tr>
<td>Figure 16</td>
<td>Chapter 7 – Additional funding – model</td>
<td>179</td>
</tr>
<tr>
<td>Figure 18</td>
<td>Chapter 8 – Justification - model</td>
<td>203</td>
</tr>
<tr>
<td>Figure 19</td>
<td>Chapter 9 - High level reports – model</td>
<td>222</td>
</tr>
</tbody>
</table>
## List of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AI</td>
<td>Aotearoa Institute</td>
</tr>
<tr>
<td>BERL</td>
<td>Business &amp; Economic Research Limited</td>
</tr>
<tr>
<td>CAG</td>
<td>Controller and Auditor General</td>
</tr>
<tr>
<td>EFTS</td>
<td>Equivalent full time students</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GNP</td>
<td>Gross national product</td>
</tr>
<tr>
<td>H-C</td>
<td>Historic – comparative</td>
</tr>
<tr>
<td>HLFS</td>
<td>Household labour force survey</td>
</tr>
<tr>
<td>KPI</td>
<td>Key performance indicator</td>
</tr>
<tr>
<td>M8</td>
<td>Eight New Zealand Universities</td>
</tr>
<tr>
<td>MOE</td>
<td>Ministry of Education</td>
</tr>
<tr>
<td>MORST</td>
<td>Ministry of Research, Science and Technology</td>
</tr>
<tr>
<td>NZIER</td>
<td>New Zealand Institute of Economic Research (Inc)</td>
</tr>
<tr>
<td>NZPD</td>
<td>New Zealand Parliamentary Debates - Hansard</td>
</tr>
<tr>
<td>NZQA</td>
<td>New Zealand Qualifications Authority</td>
</tr>
<tr>
<td>NZSA</td>
<td>New Zealand Settlement Act 1863</td>
</tr>
<tr>
<td>OAG</td>
<td>Office of Auditor-General</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PSET</td>
<td>Post secondary education training</td>
</tr>
<tr>
<td>PTE</td>
<td>Private training establishment</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and development</td>
</tr>
<tr>
<td>TAMU</td>
<td>Tertiary Advisory Monitoring Unit</td>
</tr>
</tbody>
</table>
## List of Abbreviations (cont)

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEAC</td>
<td>Tertiary Education Advisory Council</td>
</tr>
<tr>
<td>TEC</td>
<td>Tertiary Education Commission</td>
</tr>
<tr>
<td>TEI</td>
<td>Tertiary educational institution</td>
</tr>
<tr>
<td>TPK</td>
<td>Te Puni Kōkiri – Ministry of Māori Development</td>
</tr>
<tr>
<td>TWOA</td>
<td>Te Wānanga o Aotearoa</td>
</tr>
</tbody>
</table>
# List of Appendices

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Title</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix 1</td>
<td>Data analysis</td>
<td>261</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>MoRST – Knowledge, Innovation - Extracts</td>
<td>264</td>
</tr>
<tr>
<td>Appendix 3</td>
<td>Wai. 718 report - Extracts</td>
<td>265</td>
</tr>
<tr>
<td>Appendix 4</td>
<td>Tertiary Education Strategy – Extracts</td>
<td>266</td>
</tr>
<tr>
<td>Appendix 6</td>
<td>Minister of Education Aide Memoire Feb 2005</td>
<td>272</td>
</tr>
<tr>
<td>Appendix 8</td>
<td>Waitangi Tribunal Report Wai.1298 - Extracts</td>
<td>277</td>
</tr>
</tbody>
</table>
Chapter 1

Introduction

This chapter sets out the parameters and background for this thesis (See Figure 1).

The chapter has been planned to provide an introduction to the subject matter of the thesis and how the research question will be addressed.

Figure 1: Introduction model

1.1 Overview
   ↓
1.2 Problem orientation
   ↓
1.3 Research problem
   ↓
1.4 Research objectives
   ↓
1.5 Research question
   ↓
1.6 Justification for research
   ↓
1.7 Limitations of scope
   ↓
1.8 Participant observations
   ↓
1.9 Thesis outline
   ↓
1.10 Summary

Source: Bryant, 2009
1.1 Overview

In July 1863 the State initiated an attack on Māori of the Waikato region of Aotearoa New Zealand, and an invasion of their lands commenced. A matter of days later, proposals were in front of the New Zealand Parliament to confiscate over 486,500 hectares of this land as a punishment to Waikato Māori for defending their home lands and economic base. These proposals led to the introduction of the New Zealand Settlements Act (NZSA) in December 1863. The economic consequences of the Act and ensuring confiscation caused generational damage to Māori to the extent that the official Parliamentary transcripts of Aotearoa New Zealand records comments relating to the likely extinction of Māori as a race.

It must also be understood that the introduction of the NZSA was not an isolated incident in the history of Aotearoa New Zealand, and certainly resulted in only a relatively small acreage of land being taken from Māori in proportional to all that preceded and followed this Act. The extent of appropriation of land from Māori will be discussed in Chapter 2. The NZSA has been nominated for attention in this thesis due to the fact that it appears to have been a politically constructed solution for settlers to appropriate land. The Act had a real economic link, and it related to people of Ngāti Maniapoto.

One hundred and thirty years after the introduction of the NZSA, two of three Wānanga - tertiary educational institutions, were created as a result of the provisions of the Education Amendment Act of 1990. This Act was described by the Honourable Phil Goff, as ‘the most significant reform ever carried out in the history of the New Zealand system of tertiary education and training’ (NZPD,
1990, p. 1166). Essentially the Act gave to three Wānanga, similar status to that of Universities, Polytechnics and Colleges of Education, that is, tertiary educational institutional status (TEIs). These Wānanga, (Te Wānanga o Aotearoa, Te Whare Wānanga o Awanuiārangi and Te Wānanga-o-Raukawa) were therefore afforded all privileges and rights of these similar institutions. Their definition in the Act gave them the special function to assist the application of knowledge regarding āhuatanga Māori (Māori tradition), according to tikanga Māori (Māori custom). It should be noted that the same Act that introduced Wānanga to the definition of TEIs, also introduced the provision that capital funding would not be provided to new TEIs. The three Wānanga that were established, are the only new TEIs since the introduction of the Act.

Te Wānanga o Aotearoa (TWOA) is an entity that grew from an initiative that had a long history of struggle from very basic beginnings, to statutory recognition as a TEI. Dr Rongo Wetere, of Ngāti Maniapoto, conceived the idea that became TWOA in 1983 following a successful initiative to build a marae at Te Awamutu College. In this initial project he used expelled and unemployed former students of the college which led to the first incarnation of TWOA, by way of the Waipa Kōkiri Arts Centre.

The Centre (with the help of a grant from the Department of Māori Affairs) was built on the site of the rubbish tip of Te Awamutu College as a last resort, since opposition from local residents to having a ‘Māori organisation’ in their backyard had foiled plans to build on other sites. In 1988, as the Centre began offering a wider range of courses, it changed its status to Aotearoa Institute - Te Kuratini o Nga Waka Trust Board (Aotearoa Institute or AI), and became a charitable trust committed to the furtherance of Māori participation in, and access to, education.
Wānanga status was granted to AI by Gazette Notice in 1993, but it was a charitable trust. Due to the statutory obligations for a TEI, AI was not able to become a TEI. As a result of this and acting on advice received from representatives of the Ministry of Education, a new entity, TWOA was created in that year, and assumed at no cost, the infrastructure, the operations and staff, and the use free of charge (at that stage) of all of AI’s assets. Additionally, and with the full knowledge of the Ministry of Education, all the Trustees of the AI became Councillors of TWOA.

The status of TEI qualified the three Wānanga for Ministry of Education tertiary education funding and entitled TWOA to receive Equivalent Full Time Student (EFTS) funding, with Universities, Polytechnics and Colleges of Education. This funding was available to a TEI for each student enrolled in a course of study that had been approved by the New Zealand Qualifications Authority (NZQA) as to quality, and from 2002, by the Tertiary Education Commission (TEC) as to relevance. It should be noted that Universities follow a different process that has emerged from old English tradition and are able to approve their own courses for funding purposes. They do not have to submit new courses to the process described above.

This meant that a TEI offering a pre-approved course to which a student enrolled received the EFTS value assigned to that course. The basis of the calculation of EFTS value was Treasury driven, and in general terms, was calculated to provide approximately 85% as a contribution to the costs of delivery of the course by the TEI to the student, and 15% as a capital maintenance contribution. The significance of the capital maintenance contribution assumed that a TEI had a capital base, was not lost on the newly created Wānanga, who were created by an
Act that denied new TEI’s (Wānanga) the rights to State provided capital funding. Universities and Polytechnics in Aotearoa New Zealand have historically received and accumulate millions of dollars of capital funding.

By 1998 TWOA was operating from campuses in Hamilton, Mangere, Ngā Tapuwae Community Centre in Manukau City, Porirua, Rotorua, Te Awamutu and Te Kuiti. With the exception of the Ngā Tapuwae facility, all the campuses were owned by AI, and made available to TWOA, initially at no cost. In that year, the following courses were offered to the 909 students enrolled on full time programmes:

**Ministry of Education Programmes:**

- Bridging to Tertiary
- Māori performing arts
- National certificate in computing level 2 & 3
- Recreation and leadership skills
- Sports performance and training
- Te Kura Toi – Fine Arts
- Te Kura Toi – Whakairo Rakau
- Te Tohu Kaiako – Teacher training
- Te Tohu Matauranga / Te reo Māori
- Tourism - Level 3
- Travel - Level 3
- TV and documentation production

**Training Opportunities Programmes:**

- Employment in education
- Employment skills
- Engineering and fabrication
Introduction to Māori performing arts
National certificate in business administration and computing
Te Kura toi – Te Kakano
Te Miro – bridging to employment
Tourism – Level 2
Tourism and hospitality
TV & film production
Warehousing

In 1998, TWOA had 103.7 equivalent full time staff; total revenues of $4.3 million; a surplus of $49,939; $159,059 invested in buildings and net assets per student of $728 at 31 December 1998 (TWOA, 1998). By way of comparison, at the same date the University of Auckland had net assets per student of $23,809 (University of Auckland, 1998).

The fact that the State would not provide capital funding to new TEIs left the three newly created Wānanga with a dilemma. On one hand they had gained TEI status, which gave them access to EFTS funding, (which was calculated to compensate a TEI primarily for operational expenses, leaving a small amount for capital maintenance) and on the other, they had little or no capital to maintain. Therefore without a capital base, this funding mechanism was flawed for Wānanga.

As a result of many failed attempts to have the Government redress the capital funding issue, the three Wānanga joined together to challenged the State through the mechanism of the Waitangi Tribunal (Wai.718). This claim was based on the provisions of the Act that created them but at the same time denied capital funding to them. The Waitangi Tribunal was established as a result of the Treaty
of Waitangi Act 1975 and acts as part of a grievance resolution system designed to redress issues instigated by the State that are detrimental to Māori, such as the NZSA. The Tribunal findings from the Wānanga collective challenge resulted in recommendations to Government in 1999 that Wānanga be provided with capital funding from the Crown, on the basis of equity.

To expedite progress, TWOA negotiated in its own right with the Crown, and entered into two Deeds of Settlement being signed by Ministers of the Crown, the first in December 2000 and the second in November 2001. The November 2001 Deed provided for the Crown to pay TWOA $40 million as a capital grant, with an additional $20 million by way of Suspensory Loan should EFTS reach 10,900 by 2003. This additional funding was agreed by both parties as recognition that $40 million was probably sufficient for up to 10,900 EFTS. Numbers over that would require additional capital to provide for the needs of students that this number of EFTS represented.

TWOA achieved over three times that number of EFTS in 2003, which should have triggered the process for the release of the $20 million Suspensory Loan. The numbers achieved by TWOA are shown in Figure 2 on the following page, with the line cutting the shaded area at the 10,900 ‘trigger’ figure for the Suspensory Loan to become payable. The shaded area above the line shows EFTS achieved by TWOA over and above the performance measure trigger. Clearly TWOA had met the target set to trigger the Suspensory Loan.

From the inception of TWOA until 2004, Aotearoa New Zealand at the highest level of Government was embracing and heralding the international economic significance of knowledge to global economic development. The importance of a knowledge economy resulting from the transformation of capitalism away from
the traditional capital/labour mix, to the inclusion of a knowledge component, was internationally proclaimed as obvious, by leading international economists. This will be examined in detail in Chapter 3 of this thesis.

Figure 2: EFTS

![EFTS numbers](image)

Source: Bryant, 2009

The acceptance of knowledge and education as being critical to the economy of Aotearoa New Zealand was demonstrated by many Government policy documents examined for this thesis (such as Treasury papers and those of the Ministry of Research, Science and Technology). One of the key strategies was to increase participation in tertiary education.

Figure 3: Student numbers

![Student numbers](image)

Source: Bryant, 2009
By the end of 2003, TWOA had become the largest TEI in Aotearoa New Zealand in terms of EFTS, student numbers and profit. TWOA outperformed all other TEIs because students, on their own accord, enrolled in courses offered by TWOA. The student number growth at TWOA is shown in Figure 3.

The Council meeting of TWOA on 15 December 2004 was advised that if the proceeds of the Suspensory Loan were not received, TWOA would need to borrow in the New Year to cover a short term cash deficit situation. The amount of borrowings in question was an estimated cash shortfall of approximately $4 million, less than one half of the $10 million agreed as the first instalment of the additional $20 million Suspensory Loan due by the State to TWOA on 1 July 2004. To put this shortfall into perspective, at the time TWOA had annual turnover of over $170 million, all from a Ministry of the Crown, and had no other borrowings.

Following the above disclosures to the Council, on 17 December 2004, the Development Advisor appointed by the Crown (at the invitation of TWOA, to attend Council meetings of TWOA in an advisory capacity), had emailed on his behalf, the Manager, Tertiary Advisory and Monitoring Unit of the Ministry of Education saying that a ‘just a small window to get some leverage’ may exist (McNally, 2004a). The importance of these lines in that email has provided the title for this thesis. The extracts of the email do not explain why leverage would wish to be used, or what the objectives of such leverage might have been.

In February 2005, media attention focused on the Tumuaki (Chief Executive Officer) of TWOA, his close relatives, and senior executives of the TWOA regarding their behaviour in relation to the affairs and operations of the Wānanga. Allegations were made at the highest political level, and centred on charges of
nepotism, soft contracts to family members and associates, lack of financial accountability, a likely financial crisis, and according to the NZ Herald, (Taylor, 2005) quoting the Honourable Ken Shirley MP, ‘a series of rorts by Wānanga bosses through connections between them and outside companies’.

The accusations and innuendo regarding the possibility of illegal actions led to a comprehensive investigation of TWOA by the Office of the Controller and Auditor General of Aotearoa New Zealand (Auditor General). The resulting report of the Auditor General was released in December 2005, but well before that date, the State had full control of TWOA.

The thesis will investigate whether the possibility of withholding the Suspensory Loan by the State provided ‘just a small window to get some leverage’ as suggested by the Crown appointed Development Advisor to the Council of TWOA. Further, an examination will be carried out of the proposition that the success of TWOA in fulfilling the State’s requirement for increased participation in tertiary education in Aotearoa New Zealand, as the knowledge economy economic model required, created an imbalance in the tertiary education sector.

The proposition will be considered that the State used classic colonial political tactics to take control of TWOA, because of its extremely successful educational and economic model for Māori in particular and New Zealanders in general. The reasons for this will be considered in the conclusions.

In an attempt to understand the State’s actions, an examination will be carried out of the relationship that existed between land and capitalism in the 18th and 19th centuries, and whether or not knowledge in the 20th century, held a similar economic status. This will followed by an examination of the importance of land
to capitalism, and then to colonisation. In particular, how the colonists went about depriving Māori of substantial portions of their lands during the 19th century, and therefore excluding them from participation in the economic activities of the country, will be considered.

Detailed historical studies by Oliver, (1960) Walker (1990) and King (2003) have recorded the way in which the outcomes of policy machinations in the Aotearoa New Zealand context have advantaged Pākehā and disadvantaged Māori. The background to the introduction of the NZSA, being one of these machinations, will be reviewed to see what similarities there may be with the practices adopted by the State to gain control of TWOA.

At the time that TWOA was negotiating with the State regarding capital funding to assist with its development, Drucker continued to advance his theories on knowledge work and the knowledge worker (Drucker 1969, 1993). This work, in conjunction with that of other proponents of New Growth Theory in the 1980’s, and that of Romer (1990), brought together the concepts of what became known as the knowledge economy. In 1993, Drucker published his views on the transformation from an age when capitalism comprised capital and labour, to an age when knowledge became a significant economic factor. A transformation that he proposed was driven by a radical change in the meaning of knowledge. The publication of the above by Drucker was in the same year that the State ‘Gazetted’ the creation of TWOA.

The place of New Growth Theory and associated knowledge economy concepts in the political landscape of Aotearoa New Zealand in the late 20th century and early part of the 21st century will be examined. Consideration will be given to the relevance of the knowledge economy to the adoption of policies by the
Governments of Aotearoa New Zealand in order to understand why the State took actions against TWOA.

In 1998, Professor Whatarangi Winiata, Tumuaki of Te Wānanga o Raukawa, in support of capital funding for Wānanga, Claim 718, stated:

However the real tragedy is that the Wānanga is a wonderful opportunity for iwi throughout New Zealand and the Crown to work constructively together to provide tremendous educational outcomes for all New Zealanders regardless of race. This transcends individuals and petty politics. The diversity of the Wānanga’s roll is a credit to all New Zealanders and reflects their desire to learn in an environment that advances Māori culture and tradition. Why on earth would the Crown want to destroy that by cutting the Wānanga’s capital funding off at the knees and making it for Māori only?

It may have been that the State lost the financial battle in 1999 as a result of the Waitangi Tribunal’s recommendations to provide capital funding to TEI Wānanga contrary to the Education Amendment Act 1990. Six years later, by reneging on critical aspects of a Deed of Settlement, the State may well have won the war by taking control of TWOA, by then Aotearoa New Zealand’s largest TEI in terms of EFTS and student numbers. The State’s tactics to achieve this objective and the probable reasons behind these actions will be examined.

1.2 Problem orientation

TWOA, Gazetted in July 1993, had by 2003 changed the landscape of the tertiary education sector in the country. It attracted tens of thousands of people, both Māori and non-Māori who, in the main had little ability or desire, to join the ranks of traditional Universities.

TWOA was by many measures successful. However, it may be that it was too successful in attracting students that other Universities appeared unable to do. Further, this largely unpredicted success undoubtedly caused a blow-out of the Government’s tertiary education budget due to the open access and uncapped
nature of the EFTS funding regime leading up to 2003. There would appear to be little doubt that TWOA’s success would have gained the attention of people at a very high level of Government, and to other participants in the tertiary education sector.

On 15 February 2005, questions were raised in Parliament regarding the level of funding received by TWOA. One question was (NZPD, 2005a):

> Why does the massive level of funding of $239 million in 1 year continue when the Government’s own representative on the Wānanga council, Graeme McNally, advised in December that there has been a serious breakdown in financial management, with a prevailing culture of non-accountability and extravagance in Wānanga spending by senior management?

This was the first of a series of attacks against TWOA and an examination of NZPD records over the following months shows many damaging and derogatory statements directed towards TWOA and its staff. An outcome of these attacks was the State taking control of TWOA in March 2005, an action that would appear to have been politically constructed and unfair and something that no other TEI in Aotearoa New Zealand had to endure. Consideration will be given to the background and likely reasons that led the State to act as it did towards TWOA in 2005 and to consider similarities that may exist between these reasons and actions, to those that resulted in the introduction of the New Zealand Settlement Act in 1863.

It should be noted that the use of personal attack by politicians against supposed foes (as directed against Dr Wetere and evidenced by a search of the NZPD records, the NZ Herald archives, and Google), is not without precedent in Aotearoa New Zealand to achieve a political outcome, particularly as against Māori. King (1977) wrote that Sir Apirana Ngata, a 1920s Māori politician, held clear ideas of the kind of policies needed to lift Māori people into a position of
greater strength in relation to the European. These policies lay in incorporating schemes that allowed consolidation of Māori land titles fragmented by inheritance, and subsequently eligibility for loan finance to make improvements that would allow (or increase) production. In conjunction with the Prime Minister Coates, in 1929 Ngata as Minister of Native Affairs, brought about the Native Land Amendment and the Native Land Claims Adjustment Act that authorised the Minister of Native Affairs to advance money for the better settlement and effective utilisation of Māori land. These policies were a major innovation in New Zealand, and it was the first time that Parliament had agreed to make money available for this purpose to Māori land owners.

However, according to King, the political dissatisfaction with Ngata’s administration led to an investigation of his department in 1934 by the Royal Commission on Native Affairs that found no major scandals, but irregularities in expenditure and negligence in administration. The outcome was however, his resignation. Ngata’s land development projects involved accumulated expenditure of over £500,000, most of which was recoverable, at a time when £7 million had been written off on the soldier settlement scheme without anything like the outcry that greeted Ngata’s spending. King noted that the political demise of Ngata did not mean the scuttling of the land development projects, as they were extended and consolidated by subsequent Governments, who at the same time spoke as if they alone were responsible for its conception and success.

1.3 Research problem

This research will test the proposition that there is a carryover of colonialism in political and economic practices in Aotearoa New Zealand. The Brash Owera
speech of 2003, followed by the Foreshore and Seabed legislation of 2004 would indicate that there is still ‘political mileage’ in State sponsored ‘Māori bashing’ in Aotearoa New Zealand. The introduction of the New Zealand Settlements Act 1863 has been well documented and accepted by most commentators as anti-Māori and colonisation at work.

An examination of the events, reasons and methods used by the State that led to it taking control of TWOA in 2005, an entity created by the introduction of the Education Amendment Act 1990. The 1863 events are well recorded and will provide a valuable comparison to the issues that confronted TWOA in 2004 and 2005.

1.4 Research objectives

An examination will be made of the circumstances and the methods used by the State to take control of Māori land in 19th century Aotearoa New Zealand, and those exercised by the State to take control of the TWOA in 2005. Consideration will be given as to whether the overall purposes of both of these events, were to capture the economic and potential political state and progress being enjoyed and made by Māori in the respective eras.

An examination will explore the concept that political power and economic power are one and the same, and that the relationship between the two concepts are a fundamental platform of any form of colonial government. The study will explore whether the political processes in Aotearoa New Zealand have advanced very far since 1863, when Pākehā interests took precedence over those of Māori.
1.5 Research question

The core question to be addressed is:

Was the State’s intervention of TWOA in 2005 carried out for reasons similar to the State’s introduction of the New Zealand Settlement Act in 1863, and whether the two actions were driven primarily for economic reasons?

The 1863 issue related to the ownership of land (a tangible and tradable asset), and the 2005 issue related to access to education, which in the 20th century had become a major ingredient in the assets known as intellectual property and the knowledge economy. Both of the events involved the exercise of power at the highest political level, and use of this power for political and economic outcomes which placed dominant European values over those of Māori.

1.6 Justification for the research

TWOA was an extremely successful business model that by 2003 had total revenues of $187 million and a surplus of $33 million. This surplus was just under one half of the total surpluses of the eight Universities in Aotearoa New Zealand for that year. The 2003 surplus earned by TWOA included student fees of $3 million (private funding), whereas the surpluses for the eight Universities included total student fees of $584 million (private funding). The average student fee (private funding) for Wānanga students in 2003 was therefore $52, compared to $3,460 per student for those who attended the eight Universities in that year.

TWOA was successful in attracting to tertiary education, people who had not previously been part of the sector. This was during a period of uncapped funding, under policies introduced by the NZ National Party Government in 1990 (later
adopted and refined by the NZ Labour Party Government), designed to increase participation in the sector, as a matter of economic priority.

The students enrolling at TWOA did not necessarily affect the enrolment numbers of the other Universities of Aotearoa New Zealand, due to the type of courses offered. However, the amount of public funding that was being brought to TWOA by the student enrolments certainly affected these Universities. The largely unbudgeted funding that went to TWOA, distorted the sector in a significant way.

By 2003 TWOA was providing education opportunities to some 66,000 students, with an almost zero fees cost to students, as is shown in the financial data in Appendix 1. It provided high quality facilities, resources and attention to its students, employing over 300 kaitiaki (guardians) to provide support to students, often in the students’ homes. The quality of courses offered was never questioned during the attack process, although there was any amount of innuendo regarding substandard courses offered by other institutions.

Actions of the State against Māori organisations are often not recognised by non-Māori of Aotearoa New Zealand, and the overall justification for this research is the advancement of knowledge in the area of Māori and non-Māori relations, politics, power differentiation and control. The politically unacceptable ownership of land in Aotearoa New Zealand by non capitalist (Māori) which led to the introduction of the NZSA 1863, may coincide with the reasons for the political intervention by the State of TWOA in 2005.

1.7 Limitations of Scope

The thesis is focused on the events that led to the State taking control of TWOA
in March 2005. TWOA is a TEI in Aotearoa New Zealand defined as a Wānanga by the Education Amendment Act 1990. Wānanga are a category within the definition of TEIs as are Universities, Polytechnics and Colleges of Education. The tertiary education sector in Aotearoa New Zealand is also made up of other organisations that are outside of the definitions of Universities and Wānanga.

In this thesis, the focus is on TWOA and its achievements. As a comparison for these achievements, the thesis uses the data from the eight Universities of this country. It does not include any data relating to Polytechnics, Colleges of Education, nor other TEI Wānanga.

This does not detract from the contributions made to the sector as a whole by these excluded organisations. Polytechnics particularly contributed to increased participation in the sector after the 1998 ‘uncapped’ announcements, and some of these also came under what may be considered to be unjust treatment by the State, as a result of their entrepreneurial approaches.

The fact that the data of the other two TEI Wānanga of Aotearoa New Zealand has not been used in this thesis is not intended to be disrespectful to their contributions to Māori and to the tertiary education sector. They are both uniquely different to TWOA, and it should be noted that TEI Wānanga have always worked closely with each other.

The thesis does not deal with many of allegations that were made against TWOA, Dr Wetere, his family members and some key executives of TWOA. Those that may have appeared to have any merit were examined by the Auditor General and addressed in his 1 December 2005 report. Suffice to say, that there has never been any suggestion that investigations into criminal actions were warranted.
TWOA Council became aware in early 2005 that a head office staff member was providing information to the Honourable Ken Shirley MP. This staff member was identified. The reasons for these actions can only be speculated upon, and it is clear from the report by the Auditor General relating to many of them, that the information provided, or the way that it was construed, was either ‘dramatised’ or ‘enhanced’. It should be noted that the Minister of Education formally opened a ‘whistle blowers’ line in February 2005 to enable a confidential means by which information could be passed from within TWOA, to those outside of the organisation.

However, what has always been clear to senior managers at TWOA, was that the content of the emails of 17 and 21 December 2004 from the Development Advisor to the Ministry of Education, did not pass through TWOA in a time that would have made the contents available for the Honourable Ken Shirley MP on 15 February 2005. The first of these emails stated that there may be ‘just a small window for some leverage’.

1.8 Participant observations

The researcher has been a participant observer of many of the events discussed in this thesis. This unplanned role commenced in 1988, when, as a chartered accountant the researcher was asked to be an Aotearoa Institute Trustee. In 1993 he was appointed to the new Council of TWOA by the then Minister of Education (the Honourable Dr Lockwood Smith), as a Ministerial Appointee and served in that capacity until August 2003 when the second term of appointment ended. During this time, he was a member of the Executive Committee of the Council and a foundation member of the Audit and Risk Committee of Council. At the
completion of his second term on Council he was retained by the Council as an independent financial adviser and continued to attend meetings of the Executive Committee, Council and the Audit and Risk Committee, until May 2005.

In February 2005, the researcher was appointed by the Tumuaki to the role of Chief Financial Officer under a six month contract. This contract was terminated by the Crown Manager in April 2005, but he was then charged with the role of liaising with, and providing information to the members of the Auditor General’s staff for the purposes of his the investigation into the affairs of the Wānanga.

In 1998, he was appointed to the role of joint Chief Executive Officer of the Māori Employment & Training Commission, one of four Commissions set up by the Government of the day, to address Māori economic, health, education and employment issues. The Chair of the Employment & Training Commission was Dr Rongo Wetere, Tumuaki and founder of TWOA. This Commission, along with the other Commissions, were disbanded in 2000.

In 2002 and 2003, Dr Rongo Wetere, was actively sought to take the role of Vice President – Māori, of the NZ National Party of New Zealand. In 2003, frustrated by his dealings with both major political parties, Dr Wetere, with others, declared their intentions of forming a new political party, one that included representation of the interests of Māori, Pacific people and new immigrants. Meetings were held during 2003 and 2004, and significant private funding was pledged.

The actions of the State towards Dr Wetere, his family and TWOA cannot be fairly considered without knowledge of the above. Further, the perspective from which the researcher views events needs, to seen in light of a long association with Dr Wetere, some of his family members, the Aotearoa Institute and TWOA.
It must be understood that in his role as a senior member of the Executive Council of TWOA, he was privy to, and part of many important decisions and meetings, with Ministers of the Crown and others. Every effort has been made to take an objective approach to this research, to ensure this, the research document has been peer reviewed by the following:

Professor Ian Shirley. VC Research, Auckland University of Technology.
Paul Smith. Financial journalist and author.
Dr Ranginui Walker. Professor Emeritus, University of Auckland.
William Wetere. Aotearoa Institute Trustee.

Input from each has been considered by the researcher and acted upon where valuable to the content of the research.

1.9 Thesis outline
Chapter 2 is a literature review to examine the importance of land to capitalism in the period leading up to 1863, and the part that capitalism played as a key to economic participation and dominance at the time. It considers land’s relationship to capitalism, looks at the means that the capitalists used in Britain to remove people from ‘common’ land, will examine the relationship between capitalism and colonialism, and how capitalism needed colonialism to expand. The importance of governance to the colonists will then be examined in order to understand how the colonist were able to ‘capitalise’ on the opportunity in their new country, and gain control of the economic base that land provided. Finally Chapter 2 examines the relationship between land, colonisation, governance and how the process of gaining control of the economic base by way of controlling land, was achieved in Aotearoa New Zealand.
Chapter 3 discusses the significance of knowledge in the later part of the 20th century and how a transformation of capital emerged after the Second World War in most Western countries. The chapter proceeds to examine the role knowledge played as an economic factor in the 20th century, and the link between knowledge, education and economic development. It then considers the adoption of the knowledge economy as an important aspect of economic development in Aotearoa New Zealand, and the importance that Governments in this country placed on access to education in the late 20th century and early 21st century. The chapter then considers social disparities that were apparent in Aotearoa New Zealand’s society as a result of actions such as the NZSA. It looks at tertiary education policy development that led to Wānanga being brought into the tertiary education sector.

Chapter 3 then considers the political commitment that successive Governments from 1990 had to the progress and success of TEI Wānanga. Finally, Chapter 3 examines where TWOA was placed by 2003 in respect of the aspirations of the Governments of the period leading up to 2003, and the contribution that it may have made to the sector.

Chapter 4 explores the research methodology that will be adopted for this thesis. It provides the background to the methods that are available and the reasons for those selected for this thesis.

Chapter 5 is directed at financial data analysis relating to the University sector (being the eight Universities of Aotearoa New Zealand) and TWOA to arrive at conclusions as to the impact that TWOA may have had on this selected sector. Reference is made in Chapter 5 to external observations made of TWOA’s performances, which pertinent extracts are contained in detail in Appendix 5.
Chapter 6 considers whether there was a crisis at TWOA as portrayed by the State. It will examine the going concern question that the State relied on so heavily to justify its actions against TWOA, with a study of the cash positions budgeted for and achieved during 2004 and 2005 by TWOA. The relevance of the proceeds of the Suspensory Loan to the cash holdings and financial well being of TWOA will also be examined in this chapter.

Chapter 7 examines why the Suspensory Loan was included as an integral part of the second Deed of Settlement between the Crown and TWOA. It explores the circumstances of the failed negotiations for the release of this loan by the Crown, and the subsequent payment of a Crown Loan in lieu of the Suspensory Loan.

Chapter 8 scrutinises the justifications used by the State to take control of TWOA. This commences with an examination of the contents of the Minister of Education’s Aide Memoire of 28 February 2005 to Cabinet. This document formally announced that the Suspensory Loan would not be paid, as well as the Minister’s intention to appoint a Crown Observer. In June 2005, the Minister of Education wrote to TWOA threatening to dissolve the Council and appoint a Commissioner in its place. He justified his proposed action on the basis that TWOA had failed to meet several criteria against which TEIs performance and viability were measured. These criteria and their application to TWOA are examined and commented upon.

Chapter 9 is an interpretation of the reports of the Auditor General in December 2005 and the Waitangi Tribunal (Wai.1298). The former report was a result of an extensive inquiry into ‘certain aspects’ of TWOA that followed, amongst other things, adverse publicity directed at TWOA in February 2005. The second was the outcome of an urgent hearing granted to AI into the actions of the State
against TWOA in 2004 and 2005. The first of these reports refers directly to the operations of and actions of TWOA and its personnel as viewed by the Auditor General. The second; to the State’s treatment of TWOA as viewed by the Waitangi Tribunal.

Chapter 10 concludes the thesis. It highlights the relevance of the research in extending the knowledge relating to Government policies and legislation.

1.10 Summary

This chapter provides the background and justification for the research in order to consider whether in current times, the uses and perhaps abuses of political power against minority and often indigenous peoples, particularly Māori of the Waikato of Aotearoa New Zealand, are still prevalent in this country. As Oliver, (1960) Walker (1990) and King (2003) observe, historically the political history of this country since 1840, has been driven primarily for the economic benefit of non-Māori New Zealanders.

Whether or not the concept that political power and economic power are one and the same, and that the pursuit of one is almost always for the control of the other, needs to be kept in mind when reading this thesis. If the concept is correct, then the economic power given to politicians is almost unlimited. Perhaps this is best demonstrated by the plight of many indigenous peoples of the world, at the hands of colonial expansion.

Generally, the public has a view that conventional safeguards have been built into political systems to avoid abuses of political power. However, just as political power has been abused historically as a means to an end, in current times it appears that safeguards can be circumvented by carefully crafted and constructed
means of misinformation directed at an uninformed public.

This chapter briefly refers to the inroads made by TWOA to the increases in participation generally and Māori specifically, in tertiary education in Aotearoa New Zealand. At the time that the TEI Wānanga were establishing, this country had embarked on embracing the knowledge economy as a critical factor for the country’s economic development at a national level.

This thesis investigates whether there are similarities between the powers exercised by the Crown in 1863 to take ownership of Māori land and therefore to take from Māori their economic power, (not to mention mana and cultural factors) and those exercised by the State in 2005 to take control of the TWOA. The later event took from Māori, control over tertiary education opportunities (not to mention mana and cultural factors).

The thesis considers whether the overall purposes of both of these events, was to capture the economic and potential political state and progress being enjoyed and made by Māori. The 1863 episode related to land, the 2005 event to knowledge, both were important factors of capitalism in the respective eras.

The NZSA facilitated the confiscation of vast areas of land from Māori. This land was the means of survival for centuries, and provided for inclusion in economic activity that came with the settlers to this country. Such was the deprivation inflicted on Māori through acts such as the NZSA that by the late 19th century there was a widespread belief (King 2003, p 224) amongst both Pākehā and Māori; that Māori as a people and as a culture, were heading for extinction.

Much is written about international and local events relating to global economics and the part land played in economics generally leading up to 1863 (Buick, 1914;
Bryant, 1940; Briggs, 1959 and King 2003). Selected literature will be examined regarding the economics of land, and politics that led to the 1863 Act, in order to understand why the State acted as it did against TWOA in 2005. Since little is written about the State’s battle for control of TWOA, a scrutiny of the events leading up the introduction of the 1863 Act may assist in explaining the State’s role 142 years later which resulted in their actions against TWOA.

The western world, from where most of the settlers to Aotearoa New Zealand came, willing or unwillingly, embraced capitalism as the prime economic driver from the late 17th century. Land became a key ingredient of capitalism and a prized procession. This settler group often included people who had been economically and socially disadvantaged in their country of birth, in much the same way as they were to disadvantage Māori in a quest for land in their adopted country.

The scope of the thesis has been determined to fall into the broad headings recognising the economic importance of land in the 19th century and of economic importance of the access to knowledge and education in the 20th and 21st century. The process of legislative positioning (politics) that introduces factors of major economic importance, particularly in relation to the 19th century expansion that led to the introduction of the NZSA, and of tertiary educational policies and the knowledge economy in the 21st century in Aotearoa New Zealand, is the key determinant of the thesis.

A scrutiny of literature relating to the process of the transformation required to change the status of land through the advancement of capitalism, will be carried out. This scrutiny will test the concept that a process was needed to effect this transformation, that in the first place required a governing body to be formed to
legislate for this transformation; then membership ‘rules’ to decide who could participate in the governing body, followed by legislative enactment by that governing body to put the land into the hands of those whom the governing body considered were entitled to it.

The political processes that were put into place for this transformation in Great Britain may provide an understanding of the processes used to deprive Māori of land. It may provide a basis against which to judge the actions of the State against TWOA that resulted in the events of 2005. If it is concluded that the significance of land in the 19th century as an economic driver has similarities with the significance of knowledge and education in the 21st century, it may be possible to conclude that the political power and processes that were employed to enact the NZSA in 1863, were also considered appropriate for the State to gain control of TWOA in 2005.

Possibly the core reason for State intervention in TWOA was the fact that it became politically unacceptable to the Government of the day for a Māori based tertiary initiative to capture the hearts and minds of the many thousands of students, students who had previously been disenfranchised from this sector. The increase in student numbers undoubtedly caused significant unbudgeted expenditure in the sector. TWOA had received an accumulated figure of some $300 million of EFTS funding by the end of 2003, possibly restricting Government ability to fund other traditional tertiary educational institutions in the manner that they considered necessary.

Consideration is given to the proposition that the Government of the day saw a distortion arising as to who was embracing access to knowledge and education at the beginning of the 21st century. Perhaps the political consequences of a
previously suppressed people grouping together in the numbers that they did at TWOA, and in the environment of a well run tertiary educational institution, became politically and economically unacceptable?

From a monetary perspective, Figure 4 illustrates the sharp increase in the value of EFTS funding received by TWOA, which might have been why the State became so interested in this Māori TEI.

**Figure 4: EFTS $ Values**

![EFTS $ Values ($,000)](image)

Source: Bryant, 2009.
Chapter 2

Land

This chapter will examine literature relating to the significance of land, its relationship to capitalism, and capitalism’s relationship to colonialism, factors that the researcher contends were probable reasons for the introduction of the NZSA in 1863. This Act of Parliament enabled the Settler government to take control and ownership of some 1.4 million hectares of land from Māori, thereby denying Māori participation in an economy that they had, up to that time, been full participants and thrived. Acts committed such as this, led to a downward spiral of deprivation for Māori. Figure 5 sets out the way that Chapter 2 is structured.

Figure 5: Land - Model

<table>
<thead>
<tr>
<th>2.1 Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 Land and capitalism</td>
</tr>
<tr>
<td>2.3 Capitalism and colonialism</td>
</tr>
<tr>
<td>2.4 Colonialism and governance</td>
</tr>
<tr>
<td>2.5 Land, colonisation, governance and Aotearoa New Zealand</td>
</tr>
<tr>
<td>2.6 Summary</td>
</tr>
</tbody>
</table>

Source: Developed for this thesis
2.1 Introduction

Hobsbawn (1962) noted that in the early to mature stages of development, mankind lived in groups or communities that relied upon themselves for survival with little concept of individual title or ownership of land. Survival for the majority of mankind up to the middle of the 17th century, depended on what land could produce by way of food, shelter and clothing. In 1789 the world was overwhelmingly rural, with at least four out of five inhabitants in most European counties, living on the land.

Generally as groups, communities and tribes became stronger, competition for land increased as it became one of the most sought after commodities, yielding wealth by way of crops, timber, game, minerals, and later, oil. This intensified the competition for ‘control’ and ownership of land. However, as capitalism gained traction, particularly in the western world, land increasingly became one of the most prized possessions and an essential ingredient of capital. This coupled with the ownership of labour, became the powerful combination at the core of the concept of capitalism, the economic driving force that transformed both the power and economic bases of most of the western world from the mid 17th century. The concept of community and common ownership was the antithesis of the way capitalism viewed land and an impediment to its advancement (Corrigan and Sayer, 1985).

Therefore for this study it is important to consider what powers were used in Britain (because of Britain’s later involvement with the introduction of the NZSA) to move historic common and community (tribal) land into the hands of private ownership and as such identifiable by boundary, measurement and a title.
reference. Where tribal land had been taken by invasion by the British as was the case with Waikato Māori, a process was needed to make that conquered land definable and individually tiled so that it would be tradable, a process that by necessity, needed to be legislatively driven.

Aotearoa New Zealand has, from the start of the 19th century, built its economy on the basis of agriculture, and for at least a century up to the 1960s was considered to be the food basket of Britain. By the time of the introduction of NZSA in 1863, a political and economic system had been adopted by what was a numerical minority in Aotearoa New Zealand based on the Westminster system of government. It was geared towards capitalist principles that effectively replaced the monarchy led political system of Britain in the 17th century. In Aotearoa New Zealand, the system basically excluded Māori from participation in the political process of their country (Sinclair, 1959).

Whether or not the Treaty of Waitangi ever gave a mandate for what followed by way of the provisions of the Constitution Act of 1852 which provided for an individual land ownership qualification (that excluded Māori land) to participate in the democratic process (that is to vote) and for the introduction of the NZSA in 1863, is an ongoing matter of debate. However, what does appear apparent is that settler self-government was a cornerstone of colonisation policies being proposed in Britain long before 1840, as was the importance of land under the capitalist system that Britain was about to impose on Aotearoa New Zealand. After the introduction of the Constitution Act of 1852, one of the unresolved matters was the process of converting the Māori-owned lands like those in the Waikato, to a component of capitalism. It was a process totally at odds with Māori cultural values and fiercely opposed by them (King, 2003).
The circumstances and economic consequences to Waikato Māori of the introduction of the NZSA in Aotearoa New Zealand in 1863, needs to be seen in the context of 19th century expansionism. Any conclusions that can be drawn from reviewing pertinent literature in respect of the above areas of interest will then be compared to conclusions reached in areas that relate to the relationship between knowledge, education, and economic power in the 20th century.

The introduction of the NZSA in Aotearoa New Zealand in 1863 had significant and extreme detrimental effects, both economically and socially, on Māori, including those of the Waikato. The fact that over a million acres of land was first occupied by military invasion, and then taken from Māori by legislation and passed over to recent arrivals in the country was an event of massive proportions to Māori. Almost overnight it moved these traditional occupiers of the land, from a position of relative economic independence – with some dominance, to become second class citizens (King, 2003). It took well over a century for Māori to recover from this land theft, and the establishment of TWOA can be seen as one of the most obvious and successful examples of their recovery in terms of economic value and status.

Literature relating to the principles of capitalism and relating to the importance of land as an economic factor at that time will be examined. Further, thought will be given to the processes of transforming land from its pre-capitalist, community, or common status, to that of an essential component of capital. The next section will consider capitalism in general, and its relationship to land, and land ownership.
2.2 Land and capitalism

Land has not always been an important tradable commodity. In fact vast areas of land in the North American continent, Australia and New Zealand, were historically communal owned tribal lands. As the previous section of this thesis concludes, the ownership and status of land needed to change from common, community land for the advancement of capitalism. This section will consider literature relating to capitalism to better understand how and why this transformation of the status of land took place.

Hooker (1996) describes capitalism in its earliest form as mercantilism that originated in Rome and the Middle East around the first century. The term was basically used to define the distribution of goods bought at one site for a certain price, moved to another site and sold at a higher price in order to realise a profit. According to Hooker (1996) as the Roman Empire expanded, mercantilism correspondingly expanded. However, with the contraction of the Roman Empire from the 5th century onwards, mercantilism also contracted until by the 6th century it was not a substantial aspect of European culture and the European economies then tended to become localised. Arabic cultures enjoyed a long history of mercantilism due to their locations on the trade routes between three great empires, Egypt, Persia, and later Byzantium. With the spread of Islam from the 7th century across Northern Africa, Spain, the Middle East and Asia, Arabic mercantilism assumed an unprecedented global character. In Europe mercantilism gradually evolved into economic practices that would eventually be called capitalism. A concept based on the same principle as mercantilism, which is the large-scale realisation of a profit by acquiring goods for lower prices than they are sold.
Corrigan and Sayer (1985) state in relation to the poverty of 19th century England, that the late 18th and early 19th centuries marked the end of the traditions of feudalism in the economic life of society. It lingered on in the legal system with its emphasis on benevolence gradually to be replaced with the ideas of classical liberalism. The old paternalistic views were now those of a small minority and the new set of ideas (or ideology), were given their clearest expression in 1776 in Adam Smith’s *Wealth of Nations*. Corrigan and Sayer (1985) propose that Smith totally broke the hold of the older views. They argue that Smith reflected the desires of the new capitalist order at a time when it needed new capitalist to break the restraints on their production and trade that feudalism had maintained.

Corrigan and Sayer (1985) write that this was a period of great brutality and squalor for the victims of capitalism who under the new regime saw their standard of living drop. Thousands of men who formerly earned 20 to 30 shillings a week were now compelled to live on 4 or 5 shillings and even less a week, while their labour helped fuel the economic engine of capitalism in its growth.

Corrigan and Sayer (1985) add that in the 18th and 19th century, the ideas of economy of scale (it being cheaper to make a lot of one thing in one place, together with the desire to control a semi-rural work force) were the driving force behind the first factories. This, corresponding with the dramatic changes in agriculture (such as crop rotation and landlords enclosing fields that were previously communal) created vast profits for the landowners, who eventually invested it in new industries. They believe the great accumulation of capital was one of the events that marked the start of capitalism proper, and set the tone for its later developments.
Drucker (1993, p. 8) describes the capitalist society that had dominated the two hundred and fifty years prior to his publication, as one in which the basic economic resource was the means of production, that being capital and natural resources (the economist’s land) and labour. He describes the era as one dominated by two social classes, the capitalist who controlled the means of production, of which land was an essential component, and the workers, who provided labour.

Marx’s (1867 in Fowkes, 1976) view was that the circulation of commodities was the starting-point of capital and the production of commodities and their circulation in its developed form, namely trade, formed the historic presuppositions under which capital arises. Marx believed that world trade and the world market date from the 16th century, and it was from then that the modern history of capital started to unfold. Marx further notes that historically speaking capital invariably first confronts landed property in the form of money (in the form of monetary wealth, merchants’ capital and usurer’s capital). He describes the antagonism between the power of landed property (based on personal relations of domination and servitude), and the power of money both of which are impersonal and refers to the two French proverbs, ‘no land without its lord’ and ‘money has no master’ (Marx 1867, in Fowkes, 1976, p. 247).

Regarding the plight of the peasant in England, Marx (1867 in Fowkes, 1976, p. 906) noted that during the 15th century the independent peasant and the farm-labourer worked for himself as well as for wages, thereby enriching themselves by their own labour; and that as long as this was the case, both the farmer’s circumstances and his field of production remained mediocre. However, according to him, the agricultural revolution which began in the last third of the
15th century and continued through most of the 16th century enriched the farmer (who in the main enjoyed ninety-nine year occupancy contracts) and that the farmer by using common lands was able to greatly increase the stock that he was able to carry almost at no cost.

This together with a progressive fall in the value of precious metals, and therefore of money, brought golden fruit to the farmers, which coupled with lower wages paid, added to the profits of farms. By end of the 16th century there was a class of capitalist farmers (tenant farmers), who grew rich both at the expense of their labourers and their landlord. At the same time, it impoverished the mass of agricultural people (Marx in Fowkes, 1976).

Marx states (1867, in Fowkes, 1976 p. 908) that the intermittent but constantly renewed expropriation and expulsion of the agricultural population and the winnowing of independent, self-supporting peasants left a group that had to obtain the value of the means of subsistence from a new lord, the industrial capitalist, in the form of wages. As Marx published Capital, Volume 1 in 1867 the researcher concludes that his references to the expropriation and expulsion of the agricultural population, were as a result of the Enclosure Acts. These were the means used to transform the status of land in Britain at that time. Marx wrote of the impact the new industrial system had on social history, with the formation of a proletariat by the divorce of peasantry from the common rights in the land, the destruction of household industry by the growth of capitalist organisations and the steady increase in the size and power of these units of organisations.
Hardt and Negri (2001, p. 326) describe the functioning of capital as deterritorialising (globalisation) and immanent (a natural part of something) in the three primary aspects Marx had analysed, namely:

- That in the processes of primitive accumulation, capital separates populations from specifically coded territories and sets them in motion. This clears the Estates and creates a free proletariat, and in the process destroys traditional cultures and social organisations.
- Brings all forms of value together on one common plane and links them through money thereby reducing all previously established forms of status and title, replacing these with something measurable in quantitative economic terms, and
- The laws by which capital function are not separate and fixed laws. They are historically variable and are immanent to the very functioning of capital, those of the rate of profit, the rate of exploitation and the realisation of surplus value.

Hobsbawn (1962) wrote that what happened to the land determined the life and death of most human beings in the 18th century and he considered the impact of the dual revolution on landed property, that of land tenure and the commercialisation of agriculture, the most catastrophic phenomenon of the period. He proposed that neither the political nor the economic revolution could neglect land. He argued that revolutionary transformation was a necessary precondition of any rapid economic development and therefore at all costs land had to be freed up so that the soil could be ploughed by the forces of profit-pursuing private enterprise.

Briggs (1959) agreed with Hobsbawn that the agrarian problem was the fundamental one in the world of the 18th century, and he wrote that it was easy to see why the first systematic school of continental economists, the French Physiocrats, assumed as a matter of course that land, and the land rent, were the sole sources of all wealth.
Hobsbawn (1962) proposed three changes necessary to achieve the transformation. First land had to be turned into a commodity possessed by private owners and freely purchasable and saleable by them. Second, land had to pass into the ownership of a class of men willing to develop its productive resources for the market and impelled by reason, that is, enlightened self-interest and profit. Third, the great mass of the rural population had in some way to be transformed, at least in part, into freely mobile wage-workers for the growing non-agricultural sector of the economy.

Hobsbawn (1962) suggested that some of the more radical economists of the day were advancing a fourth desirable change, and that in an economy which assumed the perfect mobility of all factors of production, land, (a natural monopoly) did not quite fit since the size of the earth was limited. Its various pieces differed in fertility and accessibility, and those who owned its more fertile parts must inevitably enjoy a special advantage. However, he proposed that this burden could be removed or mitigated by suitable taxation, and by laws against the concentration of land ownership or even by nationalisation.

The transformation of the status of land and the concentration of land ownership in Britain is addressed by Gray (1997) who describes the many Enclosure Acts which were used to join strips of the open fields to make larger compact units of land. These were then fenced or hedged off from the next person’s land so that a farmer had contiguous land in one farm, rather than in scattered strips. Before about 1740, most villages in England were enclosed by implied agreements when the main owners of the land made private agreements to join their strips together. This kind of enclosure of land was relatively straightforward. However, where a number of smaller landowners provided determined opposition to enclosure by
agreement, an Act of Parliament had to be obtained and that between 1750 and 1850, approximately 4,000 Enclosure Acts of Parliament were passed (Gray, 1997).

Hobsbawn (1962) however holds the view that there were some 5,000 enclosures, under private and general agreements, enclosing some six million acres of common fields and common lands in Britain from 1760. Transforming these common lands into private holdings displaced thousands of people who had subsisted there for centuries. For these people, life then became intolerable, forcing them to migrate to any jobs offered, leading to a situation in the 1840s that saw several counties of Britain on the verge of an absolute loss of population. For the first time in the census of 1851, the urban population exceeded that of the rural (Hobsbawn, 1962).

Briggs (1959) again agreed with Hobsbawn that the main, but not the only sufferers from the Enclosure Acts, were villagers with few resources and without clear-cut legal rights. These people had enjoyed by custom, centuries of free access to the limited resources of these waste, and common lands. The national and capitalist claims of business like agriculture or an efficient supply of food meant nothing to these folk. Briggs concludes that England made the take-off into an industrial society with divided and discontented village communities in many parts of the country.

For practical purposes, the uniquely revolutionary British solution of the ‘agrarian problem’ had been found by the use of the Enclosure Acts. The results of these were that a relatively small number of commercially minded landlords almost monopolising the land, which cultivated by tenant-farmers employing the landless or smallholders. Farming was then predominantly ‘for the market’, with
agriculture transformed to carry out its three fundamental functions in an era of industrialisation. That is: i) to increase production and productivity so as to feed a rapidly rising non-agricultural population, ii) to provide a large and rising surplus of potential recruits for the towns and industries, and iii) to provide a mechanism for the accumulation of capital, to be used in the more modern sectors of the economy (Hobsbawn, 1962).

Thomson (1957) argues that the limited diffusion of landed property involved a correspondingly limited extension of political rights with a clear equation between land and political power. It was mainly the old aristocracy, the wealthy capitalist, and the most substantial peasant proprietors who gained most from the redistribution of land.

In Britain by the 18th century, the ‘landed aristocracy’ virtually monopolised state power within the House of Lords, reinforced by the generals, admirals and administrators of the Napoleonic war years, supported by the fast growing class of financiers, merchants, and manufacturers. It was from this pool that most ministers of the Crown were drawn preserving their control over legislation (Thomson, 1957, p. 107).

Further Thomson (1957) noted that through individual influence and patronage, the aristocracy also controlled a large share of the borough representation in the House of Commons. As Briggs (1959) explained, the independent country gentlemen considered themselves to be the pillars of the oldest and most natural interest of all, the landed gentry. Hobsbawn (1988) adds that by the middle of 18th century, politics was already geared to profit. On the whole it was accepted that money not only talked, but governed, and that the means industrialists needed
to be accepted among the governors of society (the landowners), was enough money.

By the middle of the 19th century the electorate was determined by an antiquated and complicated system of property qualifications which gave the vote to only some 400,000 men. Effective power was provided to the landed gentry in the countryside, and the large landowners and men of wealth in the towns. The Landed Property Qualification Acts dating from the 15th century stipulated that members of Parliament for the counties had to own a landed estate of at least £600 a year; and for the boroughs, a landed estate of £300 a year. The Reform Act of 1832 brought some improvements by increasing the number of individuals entitled to vote and extending the size of the electorate from 50–80%. This allowed a total of 653,000 adult males (around one in five) to vote, in a population of some 14 million (Thomson, 1957).

Hill and Wright (1981, p. 35) go into greater detail explaining that there was no uniform franchise (right to vote) up to the introduction of the 1852 Reform Act, and that County members were elected by all those who had freehold land worth 40 shillings per annum. The Boroughs had a variety of qualifications for voting, within ‘scot and lot’ Boroughs, any man paying poor rates could go to the poll; in ‘potwalloper’ Boroughs, of which there were very few, any man who had lived for the last six months in the borough and ‘had a family and boiled a pot there’ could vote. They proposed that there were Corporation Boroughs and Freeman Boroughs with only members of the Corporation (usually a self-electing body) and those who had become freemen (usually by inheritance, by marrying a freeman’s daughter, or simply by cash down) had a vote. Finally they stated that there were burgage boroughs, where the vote was attached solely to particular
pieces of property. The result was the uneven distribution of seats, not corresponding to population or geography. Further, in 1831, some 419,000 men had the vote, in a total United Kingdom population of about twenty four million a little at odds with Thomson’s (1957) figures described earlier.

Anderson (1961) concurs adding that the structure, number and influences of the landowning class, referred to narrowly as nobility, varied in different parts of Europe. In Britain the influence of the aristocracy and ‘squirearchy’ on government and the administrative system was profound. The House of Lords retained political influence and position in popular esteem, little if at all inferior to those possessed by the House of Commons. Further, the Commons consisted almost completely of land owners, and even at local government there was a dominance of the landowning class, through the Justices of the Peace system.

Briggs (1959, p. 13) concludes that even highly critical and searching writers like John Millar did not dispute the wisdom of the natural division into ranks and orders. Millar (in Briggs, 1959, p. 13) held firmly that any necessary reforms should be carried out within the framework of ‘those established distinctions of rank, which it is often unjust and always hazardous to abolish’.

Paley (1792) had similar views to Millar, proposing that in this era, the principal duty of the fortunate, that is those with property and ability, was to meet their social obligations to others, and that the principal duty of the poor was to be content with their lot on the basis that while property provided power and implied responsibility, poverty inculcated virtue. Paley advocates that (p. 2):

To abolish riches would not abolish poverty; but, on the contrary, to leave it without protection and resource. It is not for the poor man to repine at the effects of laws and rules by which he himself is benefited every hour of his existence; which secure to him his earning, his habitation, his bread, his life; without which
he, no more than the rich man, could either eat his meal in quietness, or go to bed in safety.

The literature indicates that capitalists succeeded in gaining control of land in England, as well as the political process, in order to advance capitalism, well before the Europeans started taking an interest in Aotearoa New Zealand. It would appear that the first step in the process of gaining control of common and community land was to capture the political process. The Landed Property Qualification Acts dating from the 15th century in England, which required a person to have land on individual title to be able to vote, would seem to have achieved this end. It would appear that land, and more land, was vital for the advancement of capitalism, and to gain control, the political structure needed to be put in place to ensure that the political process was directed towards the interests of those who owned land, and wanted more.

However, as Hobsbawn (1962) pointed out, the size of the earth is limited, and obviously so is the size of Britain. Therefore in order to continue to expand the capitalist capital base, other peoples’ land was needed, and colonisation provided the means to achieve this.

### 2.3 Capitalism and colonisation

The previous section dealt with the relationship between land and capitalism, and the transformation process adopted in Britain to make the status and ownership of land a key asset of the capitalists. The section ended with Hobsbawn’s (1962) proposition that for capitalism to flourish, it must continue to expand. This section will consider literature relating to the proposition that colonisation was a key aspect of this expansion process.
For the people of 19th century Britain, the Empire was a major topic of unembarrassed cultural attention, and played a major role in the imagination, economy, and political life as well as the social fabric of the country. Said (1995) uses the term imperialism to mean the practice, theory and the attitudes of a dominating metropolitan centre ruling a distant territory, and the term colonization, a consequence of imperialism, as the implanting of settlements in distant territories.

Hardt and Negri (2001) refer to the relationship between capital and colonial slavery, and propose that although capitalism’s ideology may be antithetical to slavery, in practice capital not only subsumed and reinforced existing slave production systems throughout the world, but it also created new systems of slavery on an unprecedented scale. They suggest that capital’s creation of slave systems was a kind of apprenticeship to capitalism, in which slavery would function as a transitional stage between the natural (that is, self-sufficient and isolated) economies that pre-existed European intrusion, and capitalism proper.

The argument put forward by Hardt and Negri (2001) also proposes that the scale and organisation of the 18th century Caribbean plantations did foreshadow in certain respects the 19th century European industrial plants. Slave production in the Americas and the African slave trade were not merely - or even predominantly - a transition to capitalism, but a pedestal of super-exploitation on which European capitalism stood. Further, Hardt and Negri (2001) suggest that there is no contradiction here, as slave labour in the colonies made capitalism in Europe possible, and European capital had no interest in giving it up.
Colonialism is described in the Stanford Encyclopaedia of Philosophy (2006) as a practice of domination, involving the subjugation of one people to another. One of the difficulties in defining colonialism is that it is difficult to distinguish it from imperialism because frequently the two concepts are treated as synonyms. The encyclopaedia states that like colonialism, imperialism also involves political and economic control over a dependent territory but that looking at the etymology of the two terms provides some suggestion about how they differ.

The term colony comes from the Latin word colonus, meaning farmer. The practice of colonialism usually involved the transfer of population to a new territory, where the new arrivals lived as permanent settlers while maintaining political allegiance to their country of origin. Imperialism comes from the Latin term imperium, meaning to command. The term imperialism draws attention to the way that one country exercises power over another, whether through settlement, sovereignty, or indirect mechanisms of control (Stanford Encyclopaedia of Philosophy, 2006).

In Marx’s opinion (1867, in Fowkes, 1976), colonialism was often based on the belief that the morals and values of the coloniser are initially superior to those of the colonised. His analysis of the concept that colonialism was a progressive force bringing modernisation to a backward feudal society, sounded to him like a transparent rationalisation for foreign domination.

According to Lenin (1916a, vol. p. 1) imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism. In his opinion, capitalism only became imperialism at a definite and very high state of its development: ‘the features of the epoch of transition from capitalism to a
higher social and economic system had taken shape and revealed themselves in all spheres’.

Lenin (1916a, p. 2) said that imperialism is ‘the highest stage of capitalism’ but he took issue with Karl Kautsky a person that he describes (1916a, p. 3) as ‘the principal Marxist theoretician of the epoch of the so-called Second International’ who (Kautsky) defined imperialism as:

a product of highly developed industrial capitalism. It consists in the striving of every industrial capitalist nation to subjugate and annex ever larger agrarian territories irrespective of the nations that inhabit them.

Lenin believed that Kautsky’s definition was one-sided, with the emphasis on the nation question, and industrial capital, rather than finance capital. However, the researcher concludes that both Marx and Lenin seemed to agree that imperialism described a historical stage of capitalism rather than a trans-historical practice of political and military domination.

Lenin (1916a) developed an analysis of Western economic and political domination, and he proposed that colonialism and imperialism relieved the stress on capitalism, and that colonisation had temporarily derailed history in so far that colonies were a safety valve for excess capital and over-production. He proposed that the development of pre-monopoly capitalism, of capitalism in which free competition was predominant, reached its limit in the 1860s and 1870s. This occurred during the enormous expansion of colonial conquests that Great Britain undertook between 1860 and 1880, with the struggle for territorial division of the world becoming very sharp. In his view (p. 2) that the exploitation of colonies enabled the capitalists to buy off the proletariat in the home countries, and that ‘it is beyond doubt therefore, that capitalism’s transition to the stage of monopoly capitalism, to finance capital, is connected with the intensification of the struggle
for the partitioning of the world’.

In Ferguson’s (2003) view the arguments against imperialism can be summarised as those that stress the negative consequences for the colonised, as opposed to those that stress the negative consequences for the colonisers. In the former category he places both the nationalists and the Marxists, from the 1789 Mughal historian Gholam Hossein Khan, author of the *Seir Mutgherin*, to the Palestinian academic 1978 writings of Edward Said, author of *Orientalism*. In the latter, he places the liberals from Adam Smith onwards, who in Ferguson’s opinion, maintained that the British Empire was, even from Britain’s point of view, a waste of money. He added that the central nationalist/ Marxist assumption was that imperialism was economically exploitative and every facet of colonial rule, including even the apparently sincere efforts of Europeans to study and understand indigenous cultures, was at its core designed to maximise the surplus value that could be extracted from the subject peoples.

According to Hardt and Negri’s (2001) position is that the forces of European domination resulted in massacres on scales never before imagined and the establishment of racial, political, and economic structures of European rule over the non-European world, driven largely by the development and spread of capitalism. They add that the global expansion of capitalism was neither a uniform nor a univocal process developing unevenly in various regions and among different populations, but (pp. 120-121):

Lurching forward, hesitating and retreating according to a variety of diverse paths and refers to the circuitous path traced by the history of large-scale colonial slave production in the Americas between the late seventeenth and mid-nineteenth centuries, a history that is not pre-capitalist but rather within the complex and contradictory developments of capital.
Ferguson (2003) agrees that colonisation had scant regard for indigenous peoples
and that it was quite inconceivable that the colonists could pretend that nobody
had been living in most of the colonised lands before their arrival. He quotes a
pamphlet ‘A Good Speed to Virginia’ by the Chaplain to the Virginia Company,
Robert Gray where he asked (pp. 63-65):

> By what right or warrant can we enter into the land of these Savages, take away
> their rightful inheritance from them, and plant ourselves in their place, being
> unwronged or unprovoked by them?

According to Ferguson, a Richard Hakluyt wrote that the Native Americans were
a people ‘crying out to us to come and help them’, and that further the seal of the
Massachusetts Bay Company in 1629 had an Indian waving a banner which read
‘Come over and help us’. However, Ferguson (2003) proposed that the reality
was that the British intended to help themselves, with sentiments such as those
expressed by Sir Francis Wyatt, Governor of Virginia, *Our first worke is
expulsion of the Savages to gaine the free range of the countrey for encrease of
Cattle, swine &c which will more than restore us, for it is infinitely better to have
no heathen among us.* (Italics used by researcher to emphasise language used).

Ferguson (2003) proposes that in order to justify the expropriation of the
resources of indigenous populations; the British colonists came up with distinctive
rationalisations (pp. 64-65). According to John Locke (1632-1704), ‘a man only
owned land when he had mixed his Labour with [it] and joyned it to something
that is his own’, and the convenient idea of ‘terra nullius’, nobody’s land, a term
introduced in Vattel’s 1758 publication, *The Law of Nations or the Principles of
Natural Law.*

According to Ferguson (2003), the British colonists adopted the view if land was
not fenced and farmed then it was ‘up for grabs’, and in the case of America, the
Native Americans were tolerated only when they were able to fit into the emerging British economic order. However, where the Indians claimed the ownership of agriculturally valuable land, co-existence was simply ruled out. In relation to Native American resistance to expropriation, Ferguson again quotes Locke ‘they should be destroyed as a Lyon or a Tyger, one of those wild Savage Beasts, with whom Men can have no Society or Security’.

Ferguson (2003) argues that what had happened in Central America where European diseases (such as smallpox, influenza, measles and typhus to which the native populations had no resistance), a cruel systems of forced labour, (such as the infamous haciendas and mining industry’s military), decimated the American population under Spanish control. This was repeated along the North Atlantic seaboard, in what was to become British North America. In the 16th century there were around 560,000 American Indians living in that region, which was reduced to half that number by the 18th century, a decline that was to affect the entire North American continent, as the area of white settlement spread westwards. Ferguson adds that whereas there were probably around two million indigenous people in the territory of the modern United States in the 16th century, 200 years later that was reduced to an estimated 750,000, and by 1820, to just 325,000 (Ferguson, 2003).

Hardt and Negri (2001) proposed that (p. 124):

> colonialism and racial subordination functioned as a temporary solution to the crisis of European modernity, not only in economic and political terms, but also in terms of identity and culture, and that colonial identity functions first of all through a Manichaean logic of exclusion.

Hardt and Negri (2001) cite Franz Fanon who argued (p. 124):

> the colonial world is a world cut in two. The colonised are excluded from European spaces not only in physical and territorial terms, and not only in terms
of rights and privileges, but even in terms of thought and values. The colonised subject is constructed in the metropolitan imaginary as other, and as far as possible, the colonised is cast outside the defining bases of European civilised values.

Further, they propose (p. 124) that with comments such as ‘we can’t reason with them’, ‘they can’t control themselves’, ‘they don’t respect the value of human life’, and ‘they only understand violence’ all too often heard in relation to indigenous peoples. This created racial difference that was ‘a sort of black hole that can swallow up all the capacities for evil, barbarism, unrestrained sexuality and so forth’.

British colonisation was described by Ferguson (2003) as a vast movement of peoples, a Volkerwanderung unlike anything before or since, with some quitting the British Isles in pursuit of religious freedom, some in pursuit of political liberty, some in pursuit of profit, and others with no choice, going as slaves or as convicted criminals. He emphasizes (p. 1):

That it should never be forgotten how the British Empire began: in a maelstrom of seaborne violence and theft. It was not conceived by self-conscious imperialists, aiming to establish English rule over foreign lands, or colonists hoping to build a new life overseas. Morgan and his fellow ‘buccaneers’ were thieves, trying to steal the proceeds of someone else’s Empire.

Both colonialism and imperialism were forms of conquest that were expected to benefit Europe economically and strategically. Colonialism was the settlement of places such as North America, Australia, New Zealand, Algeria, and Brazil that were controlled by a large population of permanent European residents. The term imperialism was used to describe cases in which a foreign government administers a territory without significant settlement, with typical examples being the land grabs in Africa in the late nineteenth century and the American domination of the Philippines and Puerto Rico (Ferguson, 2003).
The distinction between the two, according to Ferguson (2003) is not entirely consistent in the literature with some scholars distinguishing between colonies for settlement and colonies for economic exploitation. Others use the term colonialism to describe dependencies that are directly governed by a foreign nation and contrast this with imperialism, which involves indirect forms of domination. Aotearoa New Zealand was colonised by virtue of the power granted by the Constitution Act 1852. Current political power in Aotearoa New Zealand has evolved as a result of that colonisation.

The conclusion is that colonisation, certainly in respect of Aotearoa New Zealand, was a consequence of the advancement of capitalism. The indigenous people of Aotearoa New Zealand were not alone in being subject to invasion (not always military) by foreigners (settlers), people who generally thought their culture and values superior to those of the perceived (as the settlers considered) inconsequential long time inhabitants of the invaded lands.

2.4 Colonisation and governance

The previous section concluded that the literature reviewed supported the concept that colonialism relieved the stress on capitalism (Lenin 1916). Literature will now be considered relating to colonisation and governance, to establish an understanding of what was likely to happen in Aotearoa New Zealand with the arrival of the settlers.

In earlier sections of this chapter Thompson (1957) refers to the impacts of the Land Property Qualification Acts of 15th century in Britain. Hobsbawn (1962) and Gray (1997) both write of the use of the multitude of Enclosure Acts in Britain (driven in the main by parliamentary actions) to take some six million
acres of common and community land in that country and place it into private
ownership, causing untold misery and poverty to a large portion of the population.

The conclusion is that governance plays a very large part in who decides
ownership of land under capitalism and colonisation. In this section literature
relating to governance leading up to the colonisation of Aotearoa New Zealand
will be examined.

In relation to the exercise of power by Governments, Mill (1848 stated that (v8. p.
1):

Before we can discuss the line of demarcation between the things with which
government should, and those with which they should not, directly interfere, it is
necessary to consider the economical effects, whether of a bad or of a good
complexion, arising from the manner in which they acquit themselves of the
duties which devolve on them in all societies, and which no one denies to be
incumbent on them.

He further states:

That the first things that government should do is the protection of person and
property. There is no need to expatiate on the influence exercised over the
economical interests of society by the degree of completeness with which this
duty of government is performed. The security of person and property is as
much to say uncertainty of the connexion between all human exertion or sacrifice
and the attainment of the ends for the sake of which they are undergone. When a
person and property are to a certain degree insecure, all the possessions of the
weak are at the mercy of the strong.

In respect of laws relating to dependencies not originally settled by English
subjects, but acquired from other states by conquest or cession, May (1861) wrote
that they were governed according to the laws prevailing at the time of their
acquisition by the King in Council. He states (p. 524) that some of these
countries like Jamaica and Nova Scotia received the free institutions of England
and were practically self-governed, and that Canada, conquered from the French
in 1759 and ceded to England in 1763, had the administration of its affairs
entrusted to a council in 1774 appointed by the Crown. In 1791 it was divided into two provinces, to each of which representative institutions were granted.

In discussing these policies, May (1861) reports (p. 525) that the British Secretary of State for Foreign Affairs, Charles Fox, laid down a principle which was destined to become the rule of colonial administration. He said ‘I am convinced that the only means of retaining distant colonies with advantage is to enable them to govern themselves’. As free emigration developed, local legislatures were granted in the Crown colonies, whether they were acquired by conquest or cession and the dominion of the Crown was absolute. The authority of the Colonial Office was being exercised directly by instructions to the Governors and for the most part through the influence of the Governors and their Councils.

According to May (p. 528), self-government was there in theory, but in practice the Governors aided by dominant interests in the colonies, contrived to govern according to the policy dictated from England. He adds that just as in England, where the Crown, the nobles, and an ascendant party were supreme in the national councils, in the colonies the Governors and their official aristocracy were generally able to command the adhesion of local legislatures. In most cases May states these people were clearly oblivious to the needs and welfare of the indigenous peoples.

May added in his summary of colonial liberties (p. 537):

> The colonies have further enjoyed municipal institutions, a free press, and religious freedom and equality. No liberty or franchise prized by Englishmen at home has been withheld from their fellow-countrymen in distant lands, and that the transition from a state of control and pupilage to that of unrestrained freedom seems to have been too precipitate. Society - particularly in Australia - had scarcely had time to prepare itself for the successful trial of so free a representation. The settlers of a new country were suddenly entrusted with uncontrolled power, before education, property, traditions, and usage had given stability to public opinion. Nor were they trained to freedom, like their English brethren, by many ennobling struggles and the patient exercise of public virtues.
But such a transition, more or less rapid, was the inevitable consequence of responsible government, coupled with the power given to colonial assemblies, of reforming their own constitutions. The principle of self-government, once recognised, has been carried out without reserve or hesitation. Hitherto there have been many failures and discouragements in the experiment of colonial democracy; yet the political future of these thriving communities affords far more ground for hope than for despondency.

In Britain, the exercise of power according to Corrigan and Sayer (1985) had those dispossessed of land by the exercise of ruling class, eventually subjected to the economic power of the masters and a state penal code that was one of the cruelest and most brutal in the world. Corrigan and Sayer write that the law was used not only to privatise property that had once been commonly enjoyed, but also, to render as crimes what had been customary rights; to execute, transport or condemn to the hulks those subsequently criminalised.

They illustrate this with the fact that between 1688 and 1820, the number of capital offences grew from around fifty to over 200 with the bulk of the additions concerning offences against property. The Black Act of 1723 created fifty new offences and by 1740, it was a capital offence to steal property worth one shilling, and that food rioter and machine breakers faced the death sentence, or transportation. The enactment of these harsh policies lay very much in the hands of Justices of the Peace – who it can be argued, nakedly represented gentry’s interests.

This control was centred on the Assizes, which was the only point of contact for most people with the central State. It was characterised by occasions of great pomp and ceremony where the awesome centrepiece was the ritual surrounding the pronouncement of the death sentence. Executions were a public spectacle and ritual that was a necessary part of a system of social discipline where a great deal depended on theatre (Corrigan and Sayer, 1985).
The strict application of the law, and importantly the dispensation of mercy, helped over time to persuade people that the law was above everybody and fair. When the word of a gentleman could influence a jury not to convict, or a judge to recommend pardons or leniency, a mental structure of paternalism, cementing dependence with gratitude and qualifying the impersonal rigour of the law, was created (Corrigan and Sayer, 1985).

May (1861, p. 536) states ‘that to the Englishman may it not be said with even juster pride having won freedom for thyself, and used it wisely, thou hast given it to thy children, who have peopled the earth; and thou has exercised dominion with justice and humanity’, and adds:

There could be little doubt that the tendency of such societies would be favourable to democracy; and in a few years the limited franchise was changed, in nearly all of these colonies, for universal suffrage and vote by ballot.

A contrary view is expressed by Benmalek (2003) in the dedication of his book *The Child of an Ancient People*, to Truganini, he writes, ‘who died on 8 May 1876, the last representative of the Aborigines of Tasmania, a people wiped off the surface of the earth by a perfect genocide: its victims forgotten, the murderers free of blame’.

According to King, (2003) fourteen years elapsed in Aotearoa New Zealand before the franchise, or any form of suffrage was introduced to include Māori men into the political system. Well after Māori had been deprived of their lands and consequently, the economic power base that they had established.

Corrigan and Sayer (1985) quoting Braudel in a 1977 publication, state (p. 91):

The modern state, which did not create capitalism, but only inherited it, sometimes acts in its favour and at other times acts against it; it sometimes allows capitalism to expand and at other times destroys its monopoly. Capitalism only triumphs when it becomes identified with the State, when it is the State.
Britain had succeeded well before the beginning of the 19th century in constructing a society that was designed to be controlled by a few, for the benefit of a few. It was the machinations that resulted from this type of society that were to decide the future of the indigenous people of Aotearoa New Zealand. How this was carried out will be considered in the next section of this chapter.

2.5 Land, colonisation, governance and Aotearoa New Zealand.

The exercise of power for power’s sake may well be common as Foucault (1977) argues, but it would appear that structured, formalised political power has over the last three centuries at least, enjoyed a very close relationship to economic power. Literature referred to in the previous section, seems to support the proposition that political power was structured to achieve the objective of transferring land ownership at no cost, because of the significance of land to the economics of capitalism.

History shows that this transformation in hand with the Industrial Revolution in Britain created a massive number of very impoverished people. This may have underlined the interests shown by the British Government in considering the possibility of relieving the pressure of population in England, by assisting emigration to colonies.

Hobsbawn (1988) stated that between 1783 and 1867, the expansionist process continued unabated. Distant frontiers of adventure and exploitation drew Englishmen and English money from the restricting confines of what was a small island separated from the main landmass of Europe and dependent upon the ocean, as a gate-way to opportunity. As Hobsbawn observes, not all the
expansion was directed towards the formal Empire. The process of movement and growth needs to be considered as a whole and not as a series of official pronunciamentos about imperial interests, burdens and responsibilities.

Hobsbawn (1988) proposes that the European wars of 1793-1815, being the last and decisive phase of a century of Anglo-French duel, virtually eliminated all rivals from the non-European world for Britain, except to some extent the USA. Moreover, Hobsbawn states that Britain possessed an industry well suited to pioneering industrial revolution under capitalist conditions, and an economic state which allowed it to push and benefit from colonial expansion. Further, in the first two generations of the Industrial Revolution, the comfortable and rich classes of Britain accumulated income so fast and in such vast quantities as to exceed all available possibilities of spending and investment in that country.

Briggs (1959) explains that the revolt of the American colonies led to the establishment of penal settlements in New South Wales, Australia in 1788 and Tasmania in 1825. These settlements, he concludes, were little more than state prisons, without a constitution, and instead of being the homes of free Englishmen, were peopled by criminals sentenced to long terms of punishment and servitude. He advances the notion that while these colonies were without adequate non-indigenous populations, transportation was favoured by the settlers as the means of affording a steady supply of labour.

According to May (1861), the sending of convicts to New South Wales from Britain was discontinued in 1840, and then finally abolished in Tasmania in 1854. He adds that the following year, the constitutions of New South Wales and Victoria provided for a single chamber, with one third being nominated by the Crown, and two thirds elected under a franchise restricted to persons holding
freehold property. These moves disenfranchised the indigenous peoples of those new states, and of their community/tribal and historical lands.

Contemporary political power in Aotearoa New Zealand has its roots in English constitutional history, of which Chrimes (1948) states (p. 10) was based on a system that entrusted great powers to a small Cabinet or body of ministers who were periodically elected on a wide, popular franchise, and who were legally responsible under the law and were served by a corps of permanent civil servants. Chrimes (1948, p. 63) contends that the King or Queen’s subjects possessed no guarantees of freedom, that ‘rights of man’ were not guaranteed and not mentioned in English constitutional law, and that no written documentary constitution or declaration of the liberties of the individual exists.

Further he maintains that although various constitutions have been promulgated in other countries including the enunciation of noble principles of individual rights, these declarations have been proved to be not worth the paper on which they are printed. He notes (p. 63) that it is not difficult to bring about the suspension of written constitutions and of the guaranteed liberties along with them.

It is Chrimes’ (1948) opinion, the King or Queen’s subjects were in theory therefore, in a disadvantageous position compared with the citizens who live under a written constitution of this kind, but he contends that in practice, they are far better off. He proposes (p. 63) that English liberty rests on the fact that any subject is entirely free to do what they like and to speck as they wish, provided only that they did not break the law as it exists at any time. If a citizen’s freedoms were infringed, they had their remedies in the ordinary law of the land as enforced in the courts and could not be deprived of any of their liberties or remedies, except by Act of Parliament.
The literature reviewed would suggest that because of the dominant role capitalism played in the affairs of the Western world in the early 19th century, Māori of Aotearoa New Zealand were going to be subjected to the same treatment that the subsistence land occupiers of England endured with enactments of the Enclosure Acts, that is, deprived of their lands. It is not unreasonable therefore to consider that the main intention of the immigrant settlers of Aotearoa New Zealand, probably individually, and almost certainly collectively, was to own and control land in the country. This would appear to be a natural consequence of colonisation, and a societal norm of the day.

The literature discussed would suggest that to permanently and conclusively achieve the objectives of the settlers, (that is the control of land) political power had to be exercised to place those lands out of the reach of Māori. This being the case, first, political legitimacy had to be gained and second, a process had to be established that would justify an invasion that preceded the enactment of the NZSA.

Buick (1914), using the language of his ‘era’, suggests that the Treaty of Waitangi was the foundation of Aotearoa New Zealand’s nationhood. He describes it as the first diplomatic arrangement of the kind entered into between Britain and a savage race, and that it was a wise, politic, and humane measure, the justice of which has been vindicated with the lapse of time.

Buick did however add (p. 30) that a ‘new evil was at hand which threatened to sap the independence of the Māori and reduce them to a condition of speedy and abject poverty’. This ‘new evil’ was the hunger for land which, prior to 1840, had seized the white population of Australia. He concluded that in the public’s mind, there was a view that under the 1835 Declaration of Independence in New
Zealand, it would be possible to pursue in Aotearoa New Zealand the schemes of land aggregation that Sir George Gipps as Governor, had introduced in New South Wales, Australia in the 1844. According to Buick, (pp. 30-31) Gipps stated:

> What gold was to the Spaniards in Mexico the land at this period became to the English in these islands, and as the warlike aborigines most coveted the acquisitions of firearms, they divested themselves of their only processions in order to obtain those deadly instruments, which together with ardent spirits, were the most potent means for the destruction of their race. Almost every captain of a ship arriving in Sydney exhibited a piece of paper with a tattooed native head rudely drawn upon it, which described as the title-deed of an estate bought for a few muskets, hatchets, or blankets.

Sinclair (1959) argues that by the late eighteen-thirties, Australian imperialism was rapidly drawing New Zealand from the Polynesian into the British share of the world. Enterprising speculators, foreseeing that circumstances must soon dictate British annexation, hastened to stake their claims with Sydney trading houses sending over agents with blank ‘Deeds of Feoffment’ and supplies of trade to tempt Māori into selling their land. Sinclair writes that huge areas were alleged to have been purchased for a few muskets, blankets, or duck trousers. W.C. Wentworth, an Australian patriot, Sinclair reports (p. 51), took time off from the struggle for self-government to join a syndicate which bought the entire South Island and Stewart Island for a few hundred pounds.

At this time, Sinclair states that long drought in Australia, falling wool prices and stringent credit due to the withdrawal of British capital, were causing a serious crisis in the Australian pastoral industry. It resulted in squatters or would-be squatters turning to Aotearoa New Zealand in search of land where they might prosper, temporarily free from licence fees and variable taxes on their flocks that were imposed in Australia.

Sinclair writes that in the first decade of the 19th century the coastal tribes of Māori were brought into regular contact with Europeans, as they helped cut
timber for spars and to drag the tree trunks down to sea or river and to load them onto the ships. Some sailed in the whalers as crew, and a few, not always voluntarily left Aotearoa New Zealand and visited New South Wales and England.

Gradually, according to Sinclair, especially at the Bay of Islands, an extensive trade grew up, where potatoes, pork and women were exchanged for blankets, knives, and increasingly, guns. The relations between the two peoples soon deteriorated into what Thomson (1859), in the *Story of New Zealand: Past and Present-Savage and Civilised* called a ‘war of races’.

The *Taranaki Herald* remarked in 1855 (14 Feb, p. 1):

> The feeling generated in the mind of the actual settler, who is compelled to go miles back into the forest because he cannot obtain land, is one extremely unfavourable to continued peaceable relations with the Natives; and with the growth of European population, and the increased pressure for land, this feeling will become more bitter.

Durrer (2006) states that from 1829 to the 1860s, Edward Gibbon Wakefield applied domestic ideas of reform to the British Empire and successfully mobilised public opinion in favour of continued British imperial endeavours. Through a widespread dissemination of literature, Wakefield and his New Zealand Company reshaped British imperial ideas with the success of the Company’s organised public and political campaigns, encouraging settlers to travel to Aotearoa New Zealand. They mobilised public opinion in favour of the colonisation of Aotearoa New Zealand to the extent that the Company’s renewed propaganda in the mid-1840s changed the public and political discourse of imperialism, with the result that by the late 1840s, newspapers, journals, and Parliamentary Debates in England, were no longer discussing if colonisation should occur, but rather what British colonial practice should include.
King (2003) writes that European migration to Aotearoa New Zealand really got underway after 1840 with increasing waves of settlers arriving at the instigation of Wakefield and his company. They sent hundreds of English migrants to new settlements in Wellington, Nelson, Wanganui, New Plymouth, Canterbury (Christchurch) and Otago (Dunedin) modelled upon Wakefield’s vision of pre-industrial England. As King states, these new settlements were ambitious in their planning, but quite impractical, as little or no provision was made for the wishes of Māori, or for the inevitable conflict that resulted from land disputes.

King proposes that there was also deep seated antagonism between the New Zealand Company and the newly-established Crown who, in his opinion, were both effectively struggling for control of Aotearoa New Zealand. King points out that this was a struggle that Māori were largely excluded from and ignored.

Sinclair (1959) reports that Governor George Grey did everything he could to encourage Māori agriculture including making those private and public loans (which they almost invariably repaid) for the purchase of ploughs, mills or small vessels. According to Sinclair, throughout his governorship, Grey laboured to establish other measures calculated to improve the condition of Māori people and to elevate them in the scale of civilisation. Walker (1990) did not agree with Sinclair’s kind words about Grey; he describes Grey (p. 110) as ‘the author of colonial dispossession’. Maybe Sinclair’s view was formed after Grey had divested Māori of all of the land of the South Island, and a quarter of the North, as described by Walker.

However, pertinent to the subject of this thesis, Sinclair states that Māori competed directly with the settlers, and in agriculture, enjoyed considerable advantages as they owned most of the good land in the North Island, farmed
communally and therefore had little or no labour costs. As a result Sinclair states that up until the eighteen-sixties, Māori produced the greater part of the food crops consumed in New Zealand or exported to Australia. This good land was of course the lands of the Taranaki and Waikato regions, which as has been noted in this thesis, were the target and purpose of the introduction of the NZSA in 1863.

As Sinclair notes, beneath all the friendship between Māori and settlers, underlying all their mutually advantageous relations lay the stubborn fact that they were rivals competing directly for possession of the good arable land. In general, however, Sinclair suggests that the uses to which Māori and the settlers put the land were incompatible, insofar as Māori cultivated small areas, while relying on the extensive forests for berry, bird, and root; whereas the settlers burned forest and fern, then planted grass seed in the rich ashes. To the settlers, Sinclair argues (p. 110), land was money, but to Māori it was life itself. For Māori it was impossible to exaggerate their aroha for their tribal lands, scene of a thousand ancestral deeds or ancient legends which were recounted endlessly and in loving detail in the houses of learning and on marae.

Sinclair (1959) further adds (p. 84) that in the 19th century, in certain respects at least, Māori were thriving, as they owned most of the coastal shipping in the North Island, grew a large proportion of the food sold locally and exported considerable quantities of potatoes, wheat, and other foodstuffs to Australia. In the Waikato in 1853, Māori owned ten water-mills, while eight more were being erected, and they had thousands of acres planted in wheat.

However, according to Sinclair (p. 111), as Māori watched the white frontier encroaching on their soil, they grew increasingly uneasy about their future. Large numbers of Māori tried to ensure they would have a future by joining the anti-
land-selling movement, which, they hoped, would stem the tide of settlement before their land, if not their race, became submerged forever.

Sinclair concludes that the white settlers assumed their superiority over Māori, with the enlightened and evangelical considering this superiority merely as one of civilisation. But as most of the settlers were unenlightened, they brought a very different attitude towards Māori, calling them dirty, degraded, lazy, and immoral, ‘blacks’ or ‘niggers’, and in many parts of the country they also feared and hated them. Sinclair adds that Māori saw the settlers as greedy, arrogant, lacking in courtesy, selfish, and treating Māori women badly. Further, Māori considered the settlers were not half the warriors they were.

Walker (1990) adds that by 1839, with the arrival of yet more Europeans, land speculation in a free market, unregulated by law or a central administration, created new tensions with some tribes realising that they had surrendered too much land for too little. This was aggravated according to Walker by the plans of Wakefield’s New Zealand Company, who by Walker’s description had a theory of colonisation that was based on the capitalist principle of ‘buy cheap, sell dear’. Walker states (p. 89) that Wakefield sensed that unemployment, low wages and the grim living conditions in England described earlier in this chapter, were threatening social stability in that country, and that England could ‘ease her discontents by exporting large numbers of the discontent’.

Walker notes that the prime objective for what are referred to as the New Zealand Wars was to assert sovereignty and to acquire land. The NZSA was just part of this objective to the acquisition of land, but as Walker states, after the wars, there was still over sixteen million acres (six million, six hundred thousand hectares) in
Māori hands. Walker states that the method the settlers used to acquire this remaining Māori land was the institution of the Native Land Court, which was established by way of the Native Land Act 1862. Walker describes how this Act abolished the Crown right of pre-emption and made provision for a Native Land Court to decide the ownership of Māori lands.

The aim of this court, according to Walker, is defined in the Act as (p. 135):

Was to identify the owners of tribal land and transform communally owned land held under customary title into individual title cognisable in English law, so that Māori ownership would become assimilated into British law.

Walker notes that although the court was not constituted until the passing of the Native Land Act 1865, the following year the Chief Judge of the Land Court set 1840 as the time when tribal boundaries became fixed. The ‘owners’ were then meant to apply to the court for a hearing to grant them ‘ownership’ in the form of a certificate of title for land that they already owned. Walker proposed that the real purpose of the measure was to facilitate the purchase of land and its sale to settlers. It was so successful, according to Walker, that over the next thirty years, just less than ten million acres (four million hectares) had been acquired by settlers. That left six million acres, or two million, five hundred thousand hectares, as Māori land.

McIntyre (2008) states that with the signing of the Treaty of Waitangi in 1840 the British colonial government had assumed the exclusive right to purchase land directly from Māori. The Crown acquired the sole right to grant title to land and virtually monopolised the purchase of Māori land until 1865, when it relinquished that right.

McIntyre (2008, p. 104) refers to John C Weaver, who in 2003 wrote that within 15 years of the signing of the Treaty:
The government’s aggressive missions of land acquisition tainted its relations with Māori. The slide from protection and good intentions, through negotiations, to deception, and finally to the use of force showed that frontier avarice throttled principle.

Sinclair (1959) reported that the introduction of a representative constitution by way of The Constitution Act 1852 set up a parliamentary system based on the British Westminster model. The first elections under the Act were held in 1853, with the right to vote based on individual property ownership and Parliament sitting for the first time in 1854. He adds that Māori who possessed their land communally, were almost entirely excluded from voting for Parliament, and that although the 1852 legislation provided for native districts that allowed for some form of temporary, local self-government for Māori, none were established. The Constitution Act 1852 succeeded in excluding Māori from the political system; it now remained to exclude them from land ownership, which meant that various processes would be needed to at the least, in the researcher's opinion, give legitimacy to the continued ‘land grabs’.

According to McIntyre (2008) land was the core of provincial politics and finance by 1853, with the provinces aiming to open up and settle unoccupied lands which were regarded as a source of funds for development. McIntyre proposes that by 1856 the provinces had effectively gained for themselves the right to legislate on and administer Crown lands, and this enabled pastoralists to manoeuvre political and administrative institutions to advance their interests. The ‘Compact of 1856’, reports McIntyre, confirmed that the disposal of waste lands was a function of provincial councils. There is little doubt in the researcher’s mind that the ‘waste lands’ included significant areas of Māori owned land.
Then in 1858, according to McIntyre, came the Waste Lands Act which set down the general conditions by which Crown lands could be dealt with by the provinces. Subject to the approval of the governor, virtual control was wrested away from central government by the provincial councils, which were of course, as McIntyre noted dominated by settler farmers.

A further process was the New Zealand Settlements Act of 1863. This Act was introduced into the House of Representatives on 5 November 1863, attracting little debate with only two votes against it in each of the Lower and Upper Houses before it became law. The Bill was introduced by the Native Minister, Sir William Fox, who said its primary purpose was to suppress the ‘present rebellion’. This ‘present rebellion’ was of course Māori defending the encroachment of white settlers on their soil, as described by Sinclair (1959).

It should be noted that the invasion of the Waikato commenced on 17 July 1863, and was successfully completed from a settler point of view, with the battle of Orakau which ended on 2 April 1864 (Belich, 1986).

However, there seemed no good reason to wait for this outcome and the preamble to the Act provides the justification. That preamble states (New Zealand Statutes 1863, pp. 19-23):

Whereas the Northern Island of the Colony of New Zealand has from time to time been subject to insurrections amongst the evil disposed persons of the Native race to the great alarm and intimidation of Her Majesty’s peaceful subjects of both races and involving great losses of life and expenditure of money in their suppression, and whereby many outrages upon lives and property have recently been committed and such outrages are still threatened and of almost daily occurrence, and whereas a large number of inhabitants of several districts of the Colony have entered into combinations and taken up arms with the object of attempting the extermination or expulsion of the European settlers and are now engaged in open rebellion against Her Majesty’s authority.
The evil disposed persons of the native race were of course, in these circumstances, Māori of the Taranaki and Waikato, defending their lands, economic base and whanau from military invasion. The language used in the above preamble to an Act of Parliament is an example of the type of justification used by the politicians of the day to deprive Māori of their land, and the tail end of what was an orchestrated plan to incite support and sympathy for the forced taking of Māori owned land.

Walker (1990) states that with the removal of the Crown right of pre-emption, and the destruction of tribal mana by the power of the court to determine the retention or disposal of Māori land, land sharks, speculators and government land-purchase officers moved in to buy the land as soon as ‘owners’ got certificate of title. Walker (p. 137) quotes a W. L. Reesa Cour, ‘the records of Māori land transactions will make the cheeks of our children burn with shame for many generations’.

The above shows a remarkable successful ‘land grab’ by the settlers in Aotearoa New Zealand. In order to see what the future may have had in store for Māori as a result of having their land and economic base taken from them, a review of literature that discusses what happened to those in Britain that faced a similar fate some 100 years before 1863. Literature discussed above shows that by 1870, people predominately from the British Isles, had become the major political and economic players in Aotearoa New Zealand. These people included many that were no doubt descendants of those who had in earlier times, suffered from economic deprivation in their own country.
Hobsbawn (1962) noted that some 5,000 enclosures under private and general agreements enclosed some six million acres of common fields and common lands in Britain from 1760, transforming these common lands into private holdings and thereby displacing thousands of people who had lived on these lands. Hobsbawn relates that for these displaced people, life then became intolerable, forcing them to migrate to any jobs offered, leading to a situation that in the 1840s saw several counties of Britain on the verge of an absolute loss of population, and for the first time in the census of 1851, the urban population exceeded that of the rural.

Hobsbawn argued (p. 48) that as politically and economically successful as the social transformation of the many Enclosure Acts were in England, in terms of human suffering, a tragedy was unfolding. Deepened by the agricultural depression after 1815, which reduced the rural poor to demoralised destitution, this population was the most obvious source of labour in the cities, expanding as a result of the industrial revolution in Britain. Hobsbawn suggests that these people were initially unwilling to abandon their traditional way of life, but the effective whip of economic and social hardship changed that leading to societies as described by Dickens (1838) and others, with a large and impoverished underclass.

May (1861) argues that while the basis of power was narrow, rulers in their various guises had little sympathy with the people, and that the spirit of their rule was hard and selfish. The political system favoured the few at the expense of the many and protected privileges and abuses by which the governing classes profited. Further, May describes (p. 553) how as Great Britain advanced in wealth, lawgivers grew merciless to criminals, or those that the ruling class wished to count as criminals, and he states that life was cheap compared with
property. At the time of the death of George III, the criminal code had 187 capital offences in it. Murder, in the eye of the law was no greater crime than picking a pocket, purloining a ribbon from a shop, or pilfering a pewter-pot from ‘gentleman’.

Bryant (1940) states that during the period of transition from cottage to factory labour, the social structure was reversed with the breadwinner left idle in the home, while the wife and her children were being driven by want to the mill. He writes that in 1833, the cotton mills employed about 60,000 adult males, 65,000 adult females and 84,000 young persons of whom half were boys and girls of less than fourteen years of age. By 1844 of the 420,000 operatives, less than a quarter were men over eighteen and 242,000 were women and girls. He describes (p. 59) the results as appalling and that it was typical for a mother to work twelve or thirteen hours a day in a factory and have no time to give to her children who grew up, and quoting Engel’s words, like ‘wild weeds’ and were put out to be nursed with some ‘half-savage creature’ for a few pence a week, until old enough to become wage-earners.

In a country which had abolished slavery and was vigorously opposing the slave trade in every corner of the world Bryant (1940, p. 60) recounts that ‘strappers’ were kept to flog drowsy factory children to stop them from dropping asleep at their work, and that groups of pallid mites could be seen supporting each other home as they dragged their limbs up the dark cobbled lanes of the Lancashire and Yorkshire valleys.

Oliver Goldsmith said it well in his poem *The Deserted Village* in 1770 deploring rural depopulation:

> They hang the man and flog the woman
Māori of Aotearoa New Zealand were to suffer a similar fate, and this will be examined in detail when disparities between Māori and non-Māori in most social statistics, are referred to in Chapter 3 of this thesis.

2.6 Summary

Chapter 2, broadly referred to under the heading of land, discussed literature relating to the relationship between political and economic power, particularly leading up to the events in Aotearoa New Zealand in the 19th century. At that time, land was at the heart of the dominant economic state of capitalism, an economic state that in the previous one hundred years had changed the political and economic landscape of the Western world that Māori of Aotearoa New Zealand were to confront.

A summary of the literature discussed and commented on in this chapter would seem to support the contention that land in the 19th century, was a key factor of capitalism, and therefore a key factor of political and economic power. The aggregation of land that the capitalist demanded, misplaced large numbers of people who had survived for centuries as subsistence rural squatters in Britain, and it seemed inevitable it was to happen in Aotearoa New Zealand.

Communal and group ownership of land in Great Britain had no place in the capitalism equation and had been dealt with by the Enclosure Acts. Sooner or later, the settlers and their promoters would set their sights on Aotearoa New Zealand, and a ‘legitimate’ way had to be found to effectively transform the legal status of the Māori owned land of this country. There was a well tried and
practiced legal system in place in Great Britain to deal with such problems as may be confronted in Aotearoa New Zealand. As it transpired, there were similar outcomes for Māori, as the capitalists had inflicted on their own people as described above.

By the late 20th and early 21st century, the ownership issue of land in Aotearoa New Zealand was well settled. In 2000, Māori holdings were only a fraction of the North Island – perhaps as little as four percent (Walker, 1990). Being denied their land and therefore the means to participate in the dominant economic activity of the day (agriculture) created a social state for Māori not unlike those described in Britain by May, (1861) London, (1903) Bryant, (1940) Hobsbawn (1962) and of course Charles Dickens in his many works. In most respects Māori were left with nothing.

The literature discussed supports the proposition that Māori would ultimately be denied their land as a result of the arrival of immigrants. The NZSA was but one method used to alienate some 1,416,400 hectares for these settlers, when it appeared that all else had failed. But in fact, small change compared with what other devices were used to take land from Māori.

A key aspect of this research is an examination of the State’s battle for control of TWOA, which it achieved in 2005. Whether or not it is reasonable to conclude that the ability to participate in education (with its links to knowledge), particularly at tertiary level, and the benefits gained by this participation, may have been of equal or near equal value to the ownership of land in the 19th century, will now be considered.
Chapter 3

Knowledge and education

Chapter 2 concluded that land was an essential component of capitalism. In this chapter consideration will be given to whether a transformation of capitalism took place that resulted in a high value being placed on access to knowledge and education. An examination will be carried out to ascertain whether Aotearoa New Zealand adopted knowledge as an economic factor and adapted the education system to benefit from what knowledge and access to knowledge provided. The chapter will inquire into what policy development for education took into account, and how this led to the creation of TEI Wānanga generally and TWOA. A model for the chapter is set out in Figure 6.

Figure 6: Knowledge and Education - Model

<table>
<thead>
<tr>
<th>3.1 Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.2 The transformation of capitalism and knowledge</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.3 Knowledge defined as an economic factor in the 20th century</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.4 Economic development and education</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.5 Societal disparities in Aotearoa New Zealand</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.6 Tertiary education policy development in Aotearoa New Zealand</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.7 Political landscape</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.8 Te Wānanga o Aotearoa</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>3.9 Summary</td>
</tr>
</tbody>
</table>

Source: Bryant, 2009.
3.1 Introduction
In 1998 Durie commented that educational achievement is probably the most significant determinant of socio-economic advancement. This chapter will consider the proposition that access to knowledge and education at the end of the 20th century was as economically important as ownership of land in the previous century, and further that participation in education is now a key to economic inclusion.

3.2 Knowledge and the transformation of capitalism
Hardt and Negri (2001, p. 280) noted that since the 16th century, it has become common to view the succession of economic paradigms in three distinct moments, each defined by the dominant sector of the economy. The first paradigm was where agriculture and the extraction of raw materials dominated the economy; the second occurred when industry and the manufacture of durable goods became the dominating factor, and the third is one in which the provision of services and managing information are at the heart of economic production. Hardt and Negri posit that the economic industrialisation involving the passage from the dominance of agriculture to that of industry, followed by the passage from the domination of industry, to that of services and information. The later became known as the post-industrial society.

Drucker in 1993 argued that a new society existed, a post-capitalist society that was neither anti-capitalist nor non-capitalist. He proposed (pp. 7-8) a society had emerged in which the basic economic resources were no longer just capital or natural resources (the economist’s land) and labour, but also included knowledge. In this society, Drucker believed that wealth creation was not restricted to just the
allocation of capital to productive use, and labour; but included productivity and innovation, both which involved the application of knowledge.

Hardt and Negri noted (p. 264) that the form and substance of the capitalist management of international development for the post-war period, was conceived at a United Nations conference held in the United States at Bretton Woods in 1944, and resulted in a capital management system based on three fundamental elements. These elements started with the comprehensive economic hegemony of the United States over all the non-socialist countries; secured through the strategic choice of liberal development, based on relatively free trade. According to Hardt and Negri, (p. 264) the Bretton Woods conference dictated the establishment of a quasi-imperialist relationship of the United States over all subordinate non-socialist countries, with economic development within the United States, and stabilisation and reform in Europe and Japan. All this was guaranteed and maintained by the United States insofar as it accumulated imperialist super-profits through its relationship to the subordinate countries. However, Hardt and Negri contend (pp. 264-267) that as the ‘global confluence of struggles’ undermined the capitalist and imperialist capacities of discipline, the economic order that had dominated the globe for almost thirty years (the so-called Golden Age of United States hegemony and capitalist growth), began to unravel.

Given the intensity and coherence of the struggles of the 1960s and 1970s, Hardt and Negri (2001) believed that two paths were open to capital for accomplishing the tasks of placating the struggles and restructuring command. In their view the first path had limited effectiveness, (a repressive option) and was a fundamentally conservative operation aimed at completely reversing the social process, separating and disaggregating the labour market, and re-establishing control over
the entire cycle of production. Capital, in their opinion, thus privileged organisations that represented a guaranteed wage for a limited portion of the work force, fixing that segment of the population within their structures and reinforcing the separation between those workers and more marginalised populations.

Hardt and Negri contended that the fundamental technological transformation in the history of capitalist production (that is, the introduction of the assembly line and the mass manufacturing regime) involved crucial modifications to the immediate productive processes (Taylorism) and an enormous step forward in the regulation of the social cycle of reproduction (Fordism). They proposed (p. 267) that the technological transformations of the 1970s, with the thrust toward automatic rationalisation, pushed these regimes to the extreme limit of their effectiveness, and towards breaking point. Hardt and Negri posit that by the 1970s, the system of political and economic equilibria invented at the Bretton Woods conference was thrown into disarray, making it clear that the reconstruction of an international system of capital would have to involve a comprehensive restructuring of economic relations, and a paradigm shift in the definition of world command.

Therefore according to Hardt and Negri (p.267), a second path had to come into play, one that involved a technological transformation not aimed only at repression but at ‘changing the very composition of the proletariat, thus integrating, dominating, and profiting from its new practices and forms’. To understand the emergency of this second path of capitalist response to the crisis, Hardt and Negri suggested that it was necessary to look beyond the immediate logic of capitalist strategy and planning. It meant understanding that history would indicate that being left to its own devices, capital would never abandon a
regime of profit; that capitalism undergoes systemic transformation only when it is forced to, and when its current application is no longer tenable.

Hertz (2001) concluded that by the early 1980’s the role of Governments in England and America (and Aotearoa New Zealand) had fundamentally and irreversibly changed with free enterprise being seen as the key to economic success. (Reaganomics, Rogernomics, Thatcherism) The task of Governments in their view was now to ‘create a framework in which individuals and groups could successfully pursue their respective ends’. Hertz made special reference to Aotearoa New Zealand, when he expressed surprise that these transformations had been carried out in this country by a NZ Labour Party administration, and noted that this Party had earlier in its history, led the world in social democratic development. In respect of Aotearoa New Zealand he commented (p. 24):

One of the world’s most comprehensive social democracies became a neo-liberal state with an uncompromising neo-liberal ideology that animated a programme of social reform in which no major social institution was left unreconstructed.

Toffler (1990) referred to knowledge as the most democratic of power. He proposed that for at least the past three hundred years, the most basic political struggle within all industrialised nations had been over the distribution of wealth, such as who gets what. He believed that terms such as left and right, and capitalist and socialist, have all pivoted on this fundamental question and postulated that in the future, the struggle for power would increasingly turn into a struggle over the distribution of and access to knowledge.

Gilbert (2005) proposed that the saturation of world markets with the goods of a kind that could be made using industrial age methods produced a crisis in international capitalism in the latter part of the 20th century that led to new forms of capitalism. These were known as ‘fast’ capitalism and involved new methods
of production, products and ways of working. It was associated with new occupational categories, new forms of identity, and new ideas about knowledge that were the basis of the knowledge society. She added that the industrial age focus on mass producing standardised goods for standardised markets has now been replaced by a focus on constantly developing new products for small, diverse and increasingly sophisticated niche markets, and she proposed that the key words in fast capitalism were innovation and knowledge.

The New Zealand Ministry of Research, Science and Technology (MoRST, 2000) ascribed (p. 12) that a ‘knowledge society’ foregrounded and related to the contemporary conditions of globalisation and informationalism. MoRST explained that capitalism as an economic, social, and cultural system develops and expanded by finding ways of overcoming the contradictions that threatened to stall and destroy it. They also stated that capitalism’s first major steps towards the knowledge society were the interacting knowledges of consumer constitution (advertising) and the consumer accounting (market research) as these knowledges could then be deployed in niche production and branding. Both, in MoRST’s opinion, required further inputs of advanced knowledge such as design and aesthetics, and techniques of customer service. MoRST added that these trends were very logically followed by ever-increasing differentiation of information goods (cultural and media products) and of primary and bio-engineered consumables (p. 12).

MoRST stated that these responses could not have been achieved without contemporaneous advances in technology, specifically digital information and communications technologies and that (p. 12):

> What is distinctive to the configuration of the new technological paradigm is its
ability to reconfigure, a decisive feature in a society characterised by constant change and organisational fluidity.

The New Zealand Treasury (2001a) *Knowledge, Capabilities and Human Capital Formation in Economic Growth* referred to the neoclassical theory of growth developed by Solow and Swan that ‘centred macroeconomists’ attention throughout the 1960’s and 1970’s on tangible (physical) capital formation as the driver of economic growth. However Treasury stated (NZT, 2001, p. 12):

The theory showed that because of decreasing marginal returns in substituting physical capital for labour, the accumulation of capital would not indefinitely support a steady rate of growth in labour productivity.

Treasury indicated that technological change, not capital formation, held the key to sustained growth in average labour productivity. Furthermore they reported, growth accounting studies of the United States and other advanced nations in the 20th century confirmed that total productivity was generally attributed to technological progress, and not the rate of accumulation of tangible capital per unit of labour.

It is apparent (Drucker 1993, Hardt and Negri 2001 and Gilbert 2005) that following WW11 (World War II) changes commenced in world economic affairs that saw a transformation from industrial societies dominated by industry, to those of services, information, and knowledge. The literature review in this section supports the fact that in the twentieth century, capitalism was transformed to include knowledge as a key component of that economic system. What now needs to be considered is whether the above discussed transformation affected the importance of knowledge as an economic factor in the 20th century?
3.3 Knowledge as an economic factor in the 20th century.

An understanding of the importance of knowledge as an economic factor at that time needs to be considered, in order to consider the economic and political significance of TWOA in the early 21st century. In 1990 Toffler (1990) made his views on knowledge clear. He commented (1990 p. 20):

Knowledge is the most democratic source of power, and makes it a continuing threat to the powerful, even as they use it to enhance their own power, and that this explains to him why every power holder, from patriarch of a family to the president of a company or the Prime Minister of a nation, wants to control the quantity, quality, and distribution of knowledge within his or her domain.

The United Kingdom Department of Trade and Industry (1998) described the knowledge economy as one in which the generation and exploitation of knowledge plays the dominant part in the creation of wealth. It added that according to Romer, (1990) a country’s capacity to take advantage of the knowledge economy depended on how quickly it became a learning economy with the country not only using new technologies to access global knowledge, but by using these technologies to communicate with other people about innovation.

Romer (1990 cited in UKDTI, 1998) proposed that knowledge was a basic form of capital and that economic growth was driven by an accumulation of knowledge. He believed that new technological developments could create technical platforms for further innovation, and that these platforms could become key drivers of economic growth. The New Zealand Ministry of Economic Development (1999) proposed that enhancing human capital was critical for Gross Domestic Product (GDP) growth, and that in order to make investments in technology, a country must have sufficient human capital by way of formal education, training and on the job learning embodied in the workplace.
In 1999, Norris as Chair of the Information Technology Advisory Group (ITAG) in Aotearoa New Zealand wrote (Information Technology Advisory Group, 1999, p. i):

Today’s information age knowledge has become the gold standard and if New Zealand is to prosper in the third millennium it is vital that the implications of this change be understood.

Time is short as prices for the country’s commodity exports are in decline and that the country faces tight competition for markets and that it is unlikely that the traditional foundations of the New Zealand economy alone such as farming, forestry and fishing, can deliver the level of growth needed for the country’s future well being.

In that report, Norris noted that since 1984, Aotearoa New Zealand Government policy had focused on developing a modern open competitive economy in the expectation that this would encourage better use of the country's productive resources. In his opinion, those reforms were successful, despite not enough of Aotearoa New Zealand’s productive capacity having been moved to the knowledge-based industries that were delivering the fastest growth rates worldwide. Further, he advanced the proposition that the foundation stones of the knowledge economy were human ingenuity, skill and a commitment to innovation through research and development. He noted that the Government was investing heavily in the education system and funding well over 60% of the measured research and development carried out in Aotearoa New Zealand.

The future of this country according to Norris depended on the ability of the private sector to generate jobs and wealth. He saw the Government’s role as minimising impediments to this and believed that the issue for Government was to focus on ensuring that its interventions, such as in education and research and development (R&D), be as focused as possible on taking Aotearoa New Zealand into the knowledge society.
MoRST researchers (2000) proposed that the New Zealand Government was committed to devising policies that would facilitate the country’s continuing transition from a largely agricultural economy to a knowledge society. In such a society, they suggested that expert knowledge combined with information and communications technologies would create innovative products, including those derived from the value-added treatment of traditional primary production. They suggested (p. 1) that the success of this transition was perceived to depend on a cultural transformation of New Zealand society, with citizens becoming oriented to constant innovation in economic life while maintaining core cultural values and identities in social life.

Actions MoRST proposed were that the Government could take, are set out in Appendix 2, but of most relevant to this thesis is the recommendation relating to the investment in education, particularly for Māori and Pacific Island students in the seventh bullet point on Appendix 2. The Government of the day appeared to have acknowledged MoRST’s view that open access to public knowledge was a necessary condition for the development of a knowledge society, with the introduction of the tertiary educational policies of the early 21st century.

A New Zealand Immigration Service paper prepared by Colmar Brunton, Social Research Agency (2000) described a knowledge-based economy as one in which the generation and use of knowledge is the predominant force in wealth generation and comparative national advantage. ‘Knowledge is now regarded by many as being at least as important as physical capital, financial capital and natural resources as a source of economic growth’ (p. 7).

The Agency added that a knowledge-based economy is characterised by rapid changes in technology, greater investment in research and development, greater
use of information and communications technology, growth of knowledge-intensive businesses, and importantly, in terms of immigration, rising skill requirements. It concluded that a knowledge-based economy is a very broad concept not easily defined, but including some or all of the following elements:

- Organisations that utilise skills and experience to add value and innovation.
- Organisations that undertake world ranking projects or developments.
- The utilisation of knowledge and innovation for organisations to move forward, grow and develop.
- The application of specialist knowledge, skills and experience to provide a competitive edge.
- Organisations that utilise very specialist skills.
- Organisations that utilise information technology skills (p. 9).

The Ministry of Research, Science and Technology (2000) added that the emphases on social and cultural capacities were taken further by thinking of knowledge as a capacity for social action. In contrast to the modernist account of post-industrial society as rational, planned, problem-solving, and grounded in scientific and technical knowledge MoRST argued that:

- Knowledge societies are societies characterised, to an unprecedented degree, by self-made social relations and a self-produced future including, of course, the capacity to destroy themselves. The greater capacity to act has the inverse consequence in that it reduces the ability of administrative bodies for example to plan and repress or, from the perspective of the potential targets of planning.
- Knowledge is both a constant source of change and a principle of social organisation. Knowledge societies offer unprecedented means to empower social actors to add to the self-transforming capacity of society they are politically fragile, not because they are liberal democracies, as some would argue, but because they are knowledge societies (p. 13).

A Treasury paper on Knowledge,Capabilities and Human Capital Formation in Economic Growth (2001), stated that several points were required to understand the implications of conceptualising human knowledge as a form of capital, and
relating it in that way to economic development and growth. Treasury propose that (pp. 3-4):

- Knowledge can be viewed as an intangible economic asset, but this kind of capital is even less homogeneous than is the case among tangible capital goods; each and every ‘bit’ of knowledge is truly unique.

- A distinction can be drawn between the kind of knowledge that is manifested in the possessor’s specific capacities, or substantive ‘task competences’, and the kind that is reflected in more generically applicable capabilities referred to as ‘procedural competences’.

- Knowledge that underlies ‘task competence’ and ‘procedural competence’ can in many instances be codified and made available as information, but there are also some types of knowledge that may underlie either task competence or procedural competence. Both forms of competence, whether narrowly task specific or generically procedural, may thus resist being fully codified, but that too reflects the balance between economic benefits and costs.

- ‘Social capital’ is a form of knowledge that is more a relational asset than a personal attribute possessed by individual actors. Its properties are akin to those of so-called ‘public goods’ enabling social capital to be concurrently shared and to resist private appropriation. It may be viewed metaphorically as a species of ‘glue’ holding the constituent members of society together, and so permitting them to function more productively in the economic sphere. Social capital must be constructed jointly through direct human interaction, whereas such is not necessarily the case for other forms of human capital.

In the above Treasury proposed that social capital must be constructed jointly through direct human interaction, which it is noted was and is a key aspect of the teaching practices at TWOA. In 2004 Treasury publication on adult literacy developed this further saying that while there was reliable evidence that human capital investments contribute to the level of, or continuing growth in GDP, there was no consensus in the literature on which investments are better than others. Treasury (2004) raised the question of whether investments were better made at the upper reaches of the skills distribution (encouraging more post-graduate study, for example) or at the bottom of the distribution, and noted that in Aotearoa New Zealand, there had been a persistent concern about the number of poor performers in the tail of the skills distribution compared to other countries. Treasury
suggested that this factor might be restricting the country’s economic performance.

A later Treasury report (2005) stated that a complex concept like knowledge is difficult to define precisely, but the most useful working definition was that knowledge is a type of instruction or recipe that sets out how a good or service can be produced. They believed that an indication such an instruction should be interpreted broadly as it could be a blueprint for a particular product, a method of providing a particular service, a generic production process or organisational structure. According to this definition, Treasury proposed that knowledge is effectively another resource that a business can use in production, alongside physical capital, labour/human capital, and other inputs (NZT, 2005, p. 2).

Treasury (2005) conclude that knowledge can be interpreted as contributing towards how productive the other inputs are, and although the above definition of knowledge did not always capture other important characteristic of knowledge, it did demonstrate many of the features that are important from an economic perspective, and such aspects that make knowledge different from other types of goods. Treasury added that innovation was a key driver of long-run economic growth. They reported that innovation depended on the accumulation and application of knowledge. In their view, unlike standard economic commodities, knowledge has a number of special characteristics, adding to those that they reported in 2001. These additional characteristics are (NZT, 2005, p. 1):

- knowledge is non-rivalrous, meaning that once an idea has been developed, others can use the idea at no additional cost.
- that it is characterised to varying degrees by an inability to exclude others from using a particular idea, by uncertainty in the results of research, and by lags between when ideas are first formed and when they can be used commercially.
that knowledge is also cumulative in nature: it builds on past knowledge, and that these characteristics together create the potential for markets on their own to fail in delivering the best outcome for society, specifically: Knowledge can ‘spill over’ to those who did not create it, resulting in a social return to knowledge creation that is greater than the private return; and

• there is a tension between providing incentives to create knowledge, and encouraging knowledge to be made widely available after it has been created.

In respect of the importance of knowledge as an economic factor, Gilbert introduced the teachings of Lyotard, a French philosopher and she wrote (2005, p. 35):

Lyotard (1984) believed that knowledge would become a commodity, something valued according to whether what it produces can be sold, and that anything that could not be digitised would cease to exist as knowledge, and that the traditional idea that acquiring knowledge trains the mind, would become obsolete, as would the idea of knowledge as a set of universal truths.

Gilbert warned that some critics of knowledge-society developments said that the extension of ownership rights may end the free flow of ideas. These critics she proposed (p. 40), fear that knowledge, (instead of being a collective good, freely available to all, and used to develop better ways of living for everyone) may become a private good, available only to those who can pay for it and that it may be used mainly to generate new wealth for the already wealthy.

The above according to Gilbert, may have implications for education when it is publicly funded, for if education was publicly funded and knowledge flows from that education, the results of that education is freely available to all. Gilbert contended that an educated population is a public good, and that it was a collective responsibility for publicly funded education to develop links between the different parts of society, and in doing so, making it possible for everyone to move forward together.
The Treasury paper on *Adult Literacy and Economic Growth* of 2004 (NZT, 2004) referred to Prime Minister Helen Clark’s ‘recent Speech from the Throne’ and quotes (p. 1):

> My government sees its most important task as building the conditions for increasing New Zealand's long term sustainable rate of economic growth. Achieving that higher growth will require careful attention and energetic promotion of the key elements of economic transformation: human capital development, investment, innovation, export promotion and business and regional development. Increasing the quality and quantity of our human capital is the highest priority.

The above references confirm that knowledge and development of human capital became one of the highest economic priorities of politicians in the late 20th and early 21st century. The political implications of this and how knowledge and economic development were considered so important to education sector will be discussed in the next section of this chapter.

### 3.4 Economic development and education

The literature used as the basis for discussions in the earlier sections of this chapter, assumes the links to and the importance of knowledge to current economic development, and for participation in a country’s economy. Therefore it is appropriate to consider literature relating to the relationship between education and economic growth.

McLaughlin (2003) reported that as a part of Aotearoa New Zealand’s overall response to changing economic conditions in the 1980s, as was the case in many policy areas, Aotearoa New Zealand adopted more competitive, market-based policies for tertiary education. The neoliberal approaches that Roger Douglas forced on the public of Aotearoa New Zealand from 1984, were founded on the premise that demanded the ascendancy of markets as society’s prime
distributional tool. Furthermore, according to this doctrine, the allocation of resources should be based on competition and the responsibility for well-being is on the shoulders of the individual.

McLaughlin states (p. 6):

Due to increased private contributions coupled with a demand-driven system of public subsidies to institutions, the competitive policies of the late 1980s and 1990s resulted in significantly higher participation in tertiary education. New Zealand moved from more or less free tertiary education and relatively universal student allowances to a situation where fees are charged to students, student allowances are highly targeted by income and student loans are widely used. Government policy moved from subsidising a smaller number of students at a higher rate – often referred to as an elite system – to subsidising a larger number of students at a lower amount per student – often referred to as a mass system of tertiary education.

According to Andrews, Rose and Chase, (2000) in an attempt to measure the wide reaching benefits of education, researchers had tried to find evidence of a link between education and a country’s economic and social development. They quote Fagerlind and Saha (1992) who wrote that education had long been viewed by Governments and international organisations as the ‘crucial’ agent for economic growth, and the theoretical framework that underpinned this belief was sourced from the ‘human capital theory’. This theory they believed, contended that education was highly instrumental and indeed necessary to improve the productive capacity of an economy. For the theory to apply however they proposed there were two requirements, namely that improvement and greater efficiency of technology would result in greater levels of production, and that human resources must be utilised effectively alongside the technology (Andrews et al. 2000).

Andrews et al. (2000) refer to numerous studies (Fagerlind and Saha, 1992; Harbison, 1973) that showed consistent patterns between education and economic growth. By way of example they report that, school enrolment ratios at all levels
were shown to be considerably lower for the less developed countries than more developed countries. For them, there is little doubt some secondary and tertiary education in preparation for life is important for individuals, as is some level of education is important for the economic development of a country. They also believe that it is important for certain high level technical skills to be developed in advanced societies.

Andrews et al. (2000) warned that there are limits to what education can do for an economy, and question the usefulness of a largely expanded tertiary sector and therefore an over-educated workforce, where an economy does not have the capacity to absorb new skills. They state that economic growth cannot be met through a single path of education, because life in general, background, parents, siblings, peers, partners, and the structure of a society, all have considerable impact on an individual’s values, beliefs and attitudes (Fagerlind and Saha cited in Andrews et al. 2000).

Andrews et al. (2000) introduced the phenomenon known as the Law of Zero Correlation, which concludes that as levels of schooling attainment rise across the board, the relative social value of that level of educational attainment will decline. As a result they proposed, as more students stay on in secondary school and attain a seventh form qualification, the aggregate value of that particular level of qualification will diminish. They warn that not only do students aspire to higher and higher levels of education over time, but the social disparities between those who have the highest accepted form of education at the time, and those who do not, on an aggregate level, tend to widen.

Andrews et al. (2000, p. 27) refer to The New Zealand Experiment (Easton, 1995) which summed up Easton’s view as to the level of understanding of the link
between education and economic growth with:

The argument that universities are a major engine for growth is wonderful rhetoric, but hard to demonstrate in a scientific way, although it is equally hard to demonstrate scientifically the statement is not true. For practical purposes we can take advancement of knowledge to almost certainly be one of the components of economic growth.

In respect of the question relating to the rationale for public expenditure on education, Andrews et al. (2000) report on the difficulty in finding a consensus on the optimal subsidisation or level of funding of education. They propose that this is partly due to the problematic questions surrounding how much education is important for economic and social development, and what kinds of education is important for particular kinds of economic development.

Andrews et al. (2000) argued that opinions on levels of funding and subsidisation, are primarily a reflection of varying values that individuals, Governments and whole societies place on education, on the equity of access for participation at all levels of education, and how access barriers are best addressed. They suggested that imperfect capital markets may be the primary reason for Government intervention in education and suggest that Government provided funding by way of student loans, would be necessary because such funding would otherwise be unobtainable to many families if it was left to household sources and/or orthodox financial markets.

The difficulty in predicting the future income stream for individuals with varying returns to education meant that the risk premium attached to a loan provided by a bank would have to be almost prohibitive. Further that with high interest rates likely to deter individuals from participating in education, there was a likelihood that sub-optimal levels of education in terms of public benefits would occur which would necessitate Government intervention in the funding of education. Andrews
et al. (2000) concluded that the final decision regarding what proportion of education expenses should be met by private individuals, or by the Government, is largely left to political devices.

According to Treasury (NZT, 2001a), Aotearoa New Zealand’s ranking in educational attainment and skills were mixed, and although Aotearoa New Zealand had very high rates of tertiary enrolment, it ranked fifth in the Organisation for Economic Co-operation and Development (OECD) in terms of seventeen year olds expected years of tertiary education. Along with the United States and the United Kingdom, Aotearoa New Zealand ranked in the bottom third for rates of participation in education of young people aged sixteen to eighteen. Further Treasury concluded, on a range of internationally comparable measures of achievement, Aotearoa New Zealand (along with other English speaking countries) had a comparatively large proportion of low-skilled people - both at school and in the adult population, although Aotearoa New Zealand often ranks well in skill levels in the top half of the distribution (p. 33).

According to Treasury, there was more scope to increase average years of education, and to improve well-being directly, by focusing attention on the twenty percent of young people who left school without a recognised qualification of any sort. In particular they suggested the fifteen percent of young people who left school in the year that they turn sixteen, should be a focus. Treasury postulated that there is strong and consistent evidence that human capital is positively associated with well-being, both directly, and through raising economic performance and social capability. Across developed countries, an extra year of education was associated with increased individual earnings of between 5% and 15%. Furthermore they believed that there is evidence which shows a positive
association between education and a wide range of other outcomes - including health, lower criminal offending, participation in voluntary community activity, giving, concerns about equality of opportunity, political participation, trust, and direct measures of happiness (NZT, 2001a, p. 30).

Moreover, Treasury maintained (p. 30) that improving human capital in one generation appears to have positive flow-on effects to the next; that raising the general level of education in a community provided benefits to individuals in addition to those gained from their own education. A further important dimension Treasury noted was the over-representation of Māori and Pacific people amongst those with low skills. This created a risk of damaging social fragmentation, particularly to the extent that this was seen to be caused by social and economic processes that unfairly disadvantage them, and were outside of their control.

Gilbert (2005) proposed that education is not only a tool for maximising a country’s economic performance, but also that ‘public education is one of the few ways a society can reduce social disadvantage’. In respect of economic performance, she wrote (p. 36):

For Lyotard (1984) the primary purpose of education is to serve the needs of the economy: it is now just a tool for maximising a country’s economic performance.

From the numerous studies that Andrews et al. (2000) refer, (Harbison 1973, Lyotard 1984, Fagerlind and Saha 1992, Gilbert 2005) there seems consensus that there are acknowledged links between education and economic growth. The fact that school enrolment ratios were shown to be considerably lower for the less developed countries than more developed countries, that there seems little doubt some secondary and tertiary education in preparation for life is important for
individuals, there is a consensus that some level of education is important for the economic development of a country. Easton (1995) added an Aotearoa New Zealand perspective when he wrote of the link between education and economic growth, stating that the advancement of knowledge almost certainly was a component of economic growth. This study accepts the link between education and economic development was critical in Aotearoa New Zealand from the mid 1980s.

However, as has been ascertained in this study, with the comments of Featherstone in the 1870s, Māori were significantly marginalised in Aotearoa New Zealand by colonial practices to the extent of their likely extinction as a race and a culture. The Hunn Report of 1961 (Hunn, 1961) provided a mid 20th century perspective on this marginalisation, and before examining tertiary education policy developments of that led to the introduction of Wānanga into the Education Amendment Act 1990, disparities that existed in Aotearoa New Zealand between Māori and non-Māori, needs to be understood.

3.5 Societal disparities in Aotearoa New Zealand

The subject of disparities between Māori and non-Māori were brought to political attention when the Hunn Report (1961) signalled the enormity of the disparities in educational achievement between Māori and non-Māori New Zealanders. In the decades that followed, the increasing disparities across all social indices and educational achievement in particular, combined with the loss of cultural knowledge and language became part of the catalyst for renewed Māori resistance to the assimilatory agenda (NZT, 2001a, p. 25).
The disparities debate was continued by Te Puni Kōkiri who reported in the 1996 *Post Election Brief*, (TPK, 1996) that the gap in education participation and performance between Māori and non-Māori was multi-dimensional, although since the mid 1980s, Māori participation in all sectors of education had increased markedly. The Brief stated (p. 103):

> The gap in educational participation and performance between Māori and non-Māori is multi-dimensional. Under-achievement is evidenced by low retention in secondary schools and lower exit qualifications. In combination with a narrower range of vocationally-oriented subject choices, poorer qualifications contribute to relatively poor employment prospects. Although educational outcomes for Māori are improving, the rate of improvement and the overall disparities in participation and performance demand serious attention. Education achievement is the key ingredient required to improve Māori development in the social and economic sectors of society.

The Brief however warned that historically the scale of disparities between Māori and non-Māori participation and achievement had been so wide, that even improvements by Māori had a minimal impact on reducing the difference. TPK noted that compared to non-Māori, Māori were less likely to attend early childhood education, less likely to remain at senior levels of secondary school, and were less likely to attain a formal qualification upon leaving secondary school. Māori were also less likely to undertake formal tertiary training, particularly in Universities, and Māori who were in tertiary training, were more likely to be enrolled in second chance programmes.

In July 1998, Te Puni Kōkiri, the Ministry of Māori Development in *Progress towards closing social and economic gaps between Māori and non- Māori* wrote (TPK, 1998):

> The importance for the success of an individual in modern society is often linked to the level of education attained. As the 21st Century approaches, the level of specialisation and expertise required to operate in the technological age continues to increase. The last decade has seen a steady shift in the number of people accessing higher education as the demands of the workplace change. As has been the case throughout history, Māori have not kept pace with the rest of New Zealand in education and this has been reflected in unemployment figures during
the 1990s. As clearly identified by the Todd Taskforce, Māori will continue to be over-represented in the unemployment figures unless their level of educational attainment is first addressed. Tertiary attainment is increasingly becoming a prerequisite to employment so the focus here is on that sector. Māori participation in the ‘tertiary’ sector of New Zealand’s formal education system has consistently been well below that of non-Māori. While there have been some gains in recent years, these gains are not as positive as they may appear at face value and, combined with the history of poor participation and achievement, paint a very negative picture which will not be quickly or easily addressed (TPK, 1998, p. 6).

The term, ‘closing the gaps’ became politically unacceptable in Aotearoa New Zealand during the later part of the 1990s. However the term seemed to aptly describe what such initiatives as the introduction of Wānanga into the Education Amendment Act 1990, were attempting to address.

In respect of reducing social disadvantage, Gilbert (2005, p. 41):

Public education is one of the few ways a society can try to reduce social disadvantage and that if the responsibility for education falls solely on families, existing disparities will simply be replicated, and probably exacerbated, in the next generation and that while redesigning our education system to meet the human resource needs of the new knowledge-based society is important, on its own, it is not enough.

In respect of a disadvantaged underclass she wrote (pp. 41-42):

If we only do this, we will exacerbate our current education system’s tendency to produce large spreads in education achievement. The result will be a strongly two-tiered society. One tier will contain a well-educated, highly mobile elite of knowledge workers well equipped to compete in the global marketplace and highly likely to leave New Zealand for better opportunities. The other tier will comprise an under educated, under employed, underclass of people who, because their skills, dispositions, and knowledge are not valued in the global marketplace, will probably find themselves excluded from it and, as a result, dependent on New Zealand’s social welfare system.

Gilbert referred to the comments of Lyotard’s that the ‘primary purpose of education is to serve the needs of the economy: it is now just a tool for maximising a country’s economic performance’. Gilbert observed that this was a 1984 neo-classical opinion, and it follows that denying people access to education, denies them the opportunity to participate in the economy. It is noted that by the time of the TPK reports referred to above, Aotearoa New Zealand had
endured over a decade of neoliberal/neoclassical reforms and a two tiered society that Gilbert referred to, was a reality.

Stewart-Harawira (2005) provided an insight into the issues raised in the Hunn Report and by Te Puni Kōkiri by commenting that historically the primary goal of native policy in colonised territories, and the primary agenda in the provision of colonial education for indigenous peoples, was the acquisition of their land and labour. These were resources to be exploited for the expansion of capitalism (example NZSA). She added that the colonisation of indigenous minds and persuading or disciplining the populations to conform, were integral to the success of this mission.

Stewart-Harawira (p. 77) argued that the assimilation of indigenous minorities within occupied or colonised states was taken for granted, with education and social policies targeted with the integration and subsuming of indigenous practices and belief systems into the mainstream world view. Stewart-Harawira noted Judith Simon’s (1998) examination of the function of ideologies in missionary and state-provided education for Māori. Simon (1998) exposed the deliberate and systematic targeting of Māori modes of organisation through government policy, the deliberate relegation of Māori to second-class citizenship within what had become a Pākehā dominated society, and the concerted attack on Māori values of collectivity which were deemed a barrier to the acquisition of collectively owned Māori land under British law.

According to Stewart-Harawira (p. 80) the extinguishing of aboriginal land rights, the denial of the validity of treaties signed between sovereign nations, the discursive construction of sovereign indigenous nations as populations within
western-style states, and the disestablishment of indigenous frameworks for the study of specialist and metaphysical knowledge, were accompanied by the disciplining of minds and bodies. She suggested that the recruitment, training, education and employment of indigenous peoples and minorities (viewed as fundamental to achieving the goal of their construction as docile and productive providers of labour), was accompanied by the targeting of the fundamental elements of indigenous cultural values and forms of knowledge. This was seen by Stewart-Harawira as a means for dismantling indigenous political and social structures.

Stewart-Harawira (p. 108) adds that the drive for the development of resources and the resultant increased exploitation of indigenous lands and natural resources, saw indigenous peoples and their status ‘reconstructed’ by way of state education programmes. These programmes targeted indigenous peoples in terms of productivity in the labour force and their assimilation into the dominant culture. This developed a situation whereby education became the vehicle by which countries could achieve intellectual and eventually economic self-sufficiency.

The above observations and reports referred to appear to confirm the existence of the two-tiered society in Aotearoa New Zealand, with Gilbert warning of Māori being over represented in the lower tier of under educated, under employed, and an underclass. What now needs to be considered is how tertiary educational policy development was constructed to address these issues of disparities (in education). Treasury’s (2001a) advice was that to increase the quality and quantity of human capital development would require sound tertiary educational policies and institutions with tertiary educational institutions that specifically
aimed to redress these disparities that they had drawn attention.

### 3.6 Tertiary Education Policy Development

Before carrying out an analysis of the impact that TWOA may have had on the tertiary education sector, it is necessary to understand the background that led to the introduction of the Education Amendment Act 1990 that introduced Wānanga to the TEI sector. This Act was described by the then Minister of Education, the Honourable Phil Goff, as ‘the most significant reform ever carried out in the history of the New Zealand system of tertiary education and training’ (Wai.718, p. 26). It is in the context of an understanding of this background, that State’s fight to gain control of TWOA can be considered.

The Waitangi Tribunal (1999) reported that the tertiary education sector in Aotearoa New Zealand underwent major and significant changes leading up to and after the arrival of TWOA into the sector. Like many other sectors of the Aotearoa New Zealand economy, tertiary education was not immune from the sweeping reforms of the NZ Labour Party led Government after 1984. The pre-occupation of the respective Governments to freeing up the economy, moved towards a ‘bums on seat’ policy for tertiary education, supported by a State funded student loan scheme.

The Waitangi Tribunal Report of 1999 (Wai.718, p. 24) provided an outline of the tertiary education sector prior to 1990 and states that it was funded by the State providing capital funding to TEIs by way of the University Grants Committee and the Department of Education. Through these channels, an institution whose bid was accepted, received funding for land and buildings as well as for operational funding.
The Tribunal outlined details of how capital funding prior to 1990, to what are now TEIs, operated under two different systems (Wai.718, p. 24):

a) **Universities:** Capital funding for universities was managed through the University Grants Committee. This committee, operating under the Universities Act 1961, was given (by the State) an indicative quinquennial grant, appropriated annually, from which it then allocated funding. Universities applied directly to the committee for any capital expenditure, and the Grants Committee then decided between competing priorities from individual universities and managed its funding allocations within the overall appropriation voted by Parliament.

b) **Polytechnics, Institutes of Technology, Technical Institutes, Community Colleges, and Teachers’ Training Colleges:** The Department of Education managed the provision of capital funding for bodies that are now known as polytechnics and colleges of education. The Department received an annual appropriation from the State, and each institution made an annual case for capital development (major and minor capital works) to the department, which assessed competing priorities and made recommendations for capital expenditure within the constraints of the parliamentary appropriation.

The Tribunal reported that the apparent shortcomings of this process, was the lack of transparent criteria by which competing priorities were assessed. The Tribunal thought that the process for determining capital bids was too complex and detailed, with the resulting allocation depending solely on the department’s assessment of need. As a result institutions applying for capital funding resorted to political lobbying, and these representations added a further dimension that
department officials had to consider in making an assessment of priorities.

The Tribunal refers to several reviews (Hunn, 1961, Hawke, 1988) that were carried out concerning various aspects of tertiary education during the 1980s (p. 25). These culminated in a Working Group on Post Compulsory Education and Training in March 1988 chaired by Professor Gary Hawke, then the director of the Institute of Policy Studies at Victoria University. This group was charged with the task of drawing together all previous sectoral reports and making recommendations for comprehensive tertiary education reform.

In July 1988, the Tribunal notes that the Hawke Report (Department of Education, 1988, p. 25) and became the pivot for a significant turning point in New Zealand tertiary education. Key recommendations advocated a considerable degree of decentralisation, and giving those in charge of TEIs greater discretion over expenditure decisions. The improved funding system would provide greater incentives for decision-makers to use resources effectively, with a greater reliance on non-public financing that is student fees. The issues of greater discretion over expenditure decisions, and those relating to the effective use of resources would appear to have been recognised by Government and addressed by paragraph a) in the Education Amendment Act 1990.

In February 1989, the then Ministers of Education, the Right Honourable David Lange and the Honourable Phil Goff, released Learning for Life (Department of Education, 1989a). This document articulated the Government’s intended policies in relation to post compulsory education. Under the intended funding policy for TEIs, Learning for Life proposed that capital establishment grants be abolished and institutions funded by a bulk grant, from which they would meet their own costs, including capital spending (Wai.718, p. 25). This
recommendation was addressed by the Education Amendment Act 1990 abolishing capital establishment grants.

The *Learning for Life* policy proposed that the bulk grant would be calculated by a formula based on the nominal value of an equivalent full-time student (EFTS). This meant that the amount of money an institution received from the State would depend on the number of students enrolled at the institution, and the relative cost involved in teaching the courses that those students undertook. Although automatic establishment funding was to be abolished under the intended policy, the NZ Labour Party led Government decided to retain the ability to inject funds for capital purposes when it was satisfied of the need to do so (Wai.718, p. 26).

Following the release of *Learning for Life*, later that year *Learning for Life: Two* (Department of Education, 1989b), was released which unveiled the NZ Labour Party led Government’s finalised policy for post-compulsory education in late 1989. It signalled the NZ Labour Party led Government’s ideas for the promotion of education in Māori and within tikanga Māori, and also outlined three possible approaches for Māori tertiary education (Wai.718, p. 26):

- First, a department within an existing post-secondary educational training (PSET) institution offering education in Māori and within tikanga Māori. (This option was basically a continuance of the university Māori studies model).
- A second option suggested a separate campus alongside an existing PSET campus offering education in Māori and within tikanga Māori.
- The final option suggested a separate PSET institution offering education in Māori and within tikanga Māori.

Parliament added provisions to the Education Act 1989 relating to tertiary education and training and amongst things covered were the establishment and disestablishment of TEIs, the registration of PTEs, and the establishment of the
New Zealand Qualifications Authority and the Education Training and Support Agency (Wai.718, p. 27). Prior to 1990, many of what were to become TEIs had received significant capital funding from the Government for establishment, development, and expansion. That funding procedure however was to undergo dramatic and significant change with the passing of the Education Amendment Act 1990, which implemented the policy reforms articulated in *Learning for Life: Two*.

The NZ Labour Party led Government introduced the Education Amendment Act 1990, of which the Long Title is:

An Act to reform further the administration of education and, in particular, to reform tertiary education and training with a view to:

a) Giving tertiary institutes as much independence and freedom to make academic, operational, and management decisions consistent with the nature of the services they provide, the efficient use of national resources, the national interest and the demands of accountability, and

b) Establishing a consistent approach to the recognition of qualifications in academic and vocational areas; and

c) Encouraging greater participation in tertiary education and training, in particular by removing barriers to access for those groups of persons who have previously been under-represented; and

d) Contributing to a dynamic and satisfying society by promoting excellence in tertiary education, training, and research.

This Act provided for the creation of TWOA, and is the Act, in conjunction with the Education Act 1989; under which Wānanga as with other Tertiary Educational Institutions (TEI) operate in Aotearoa New Zealand. Of particular relevance to the subject of this research are the intent of a) independence, and c) increased participation in the sector of ‘those groups of persons who have previously been under represented’ (EAA, 1990).

Paragraph a) relates to the ability of the State to intervene in the affairs of a TEI,
and is very restrictive, insofar as it refers to ‘as much independence and freedom for operational and management decisions’, with the obvious proviso of a demand for accountability. This thesis will examine whether the State used the powers of this paragraph of the Act in order to gain control of TWOA, was reasonable. In respect of paragraph c), this thesis will examine whether or not TWOA succeeded with what was one of the stated reason for these reforms; ‘to encourage greater participation in tertiary education and training’, and to ‘remove barriers to access for groups previously under-represented’.

The 1990 Act introduced provisions for bulk funding under the EFTS funding system, provided the definition of Wānanga as TEIs alongside, and provided in most respects equal status, to Universities, Polytechnics and Colleges of Education. Section 50(5) of the Act repealed the Universities Act 1961, thereby abolishing the University Grants Committee and its role in the provision of establishment funding (Wai.718, p. 26).

It should be noted that there was a change in Government on 2 November 1990, with the NZ National Party gaining power. This left the implementation of The Education Amendment Act 1990 to a NZ National Party led Government, who therefore became the Government to which lobbying for capital funding was directed by the already established Māori Private Training Establishments, (PTEs) seeking Wānanga status.

McLaughlin (2003) reports in Tertiary Education Policy in New Zealand (p. 21) that the NZ National Party led Government policies continued after the introduction of the Education Amendment Act 1990, with Government as the primary funder of tertiary education, but an emphasis was put on the desire for:

- private returns to education,
• encouraged the goal of third party financing (including debt) to meet  additional costs,
• increased targeting of allowances,
• more student choice, and
• institutional autonomy to set fees.

McLaughlin notes (p. 22) that in early 1991 the NZ National Party led Government’s first tertiary review, chaired by a staff member of the Ministry of Education, was completed. Recommendations were that the Government would set public funds at eighty percent of costs, and private contributions at twenty percent but that institutions would be free to set their own fees. It also proposed that to reduce costs, student allowances based on income be introduced, looking at parental income for students up to twenty five years of age. Further, in order that students could pay the increased fees and living allowances, the report recommended introducing a student loan scheme that is private contribution towards tertiary educational costs, as opposed to the public contribution by way of EFTS funding (Ministry of Education, 1991).

McLaughlin lists (p. 22) the July 1991 policies announcement of the NZ National Party led Government in respect of tertiary education as:

• Eliminate Labour’s tuition fee of $1,300 and allow institutions to set their own fees. Also eliminate the means-tested fee subsidy (grant) for low-income students.
• Introduce the Study Right policy, which provided a larger payment to institutions for welfare beneficiaries and students who went on to tertiary education before the age of 22 to encourage institutions to attract these students.
• Continue funding institutions based on EFTS but institutions would set their own fees.
• Target allowances for students aged less than 25 years based on parental income to provide assistance to those most in need.
• Create a student loan programme with income-contingent repayment through the tax system, to be in place by 1992.
McLaughlin surmises (p. 22) that in anticipation of the continued increases in demand for tertiary education while facing fiscal constraints, the NZ National Party led Government set up a Ministerial Consultative Group to look at the appropriate balance between public and private contributions and the efficiency of providers. This group was known as the Todd Task Force and reported to the Government in May 1994. It suggested that in the 21st century all New Zealanders would require tertiary education and training. To meet this demand, they recommended continuing many of the existing policies, including the EFTS funding system, institutional fee setting, and targeted income support for students, and recommended a managed expansion of PTEs through public funding (Ministerial Consultative Group, 1994).

McLaughlin reports that on the key question of the appropriate balance between public and private contributions the group was split. The Task Force then presented two main options, with four members supporting one; four supporting the other; and two members not supporting either. These options were (p. 23):

- Option A would increase the private contribution from 20 percent to 25 percent and continue the student loan programme as is.
- Option B would increase the private contribution to 50 percent to finance the increased resources needed to address the under representation of Māori and low income.

According to McLaughlin (p. 23):

Private contribution did increase to an average of 25 percent of costs at that time and participation in tertiary education continued to rise as new programmes and institutions were added to the mix. Polytechnics significantly expanded their offerings, including the creation of degree programmes, taking advantage of their new autonomy, and although some were successful, others were not.

In 1997, the NZ National Party led Government carried out another major review of tertiary education policy under the then Minister of Education, Wyatt Creech. On 19 September 1997, a Green Paper entitled A Future Tertiary Education...
Policy for New Zealand: Tertiary Education Review (Ministry of Education, 1997) was released for public comment and outlined possible policy directions for tertiary education for the next two decades. The Green Paper was a consultative document designed to promote discussion and debate, in order that interested parties might provide feedback to the Government.

The Green Paper noted that although the Education Amendment Act of 1990 introduced the provision for Wānanga (and in fact by that stage, three Wānanga had been created), policy on Wānanga needed further development. The Report highlighted other issues relevant to Māori education and training. Notably, it questioned whether the term ‘Wānanga’ needed protection, and whether the relationship between the Crown and Wānanga could be better expressed through alternative arrangements to the standard Crown-TEI relationship (Wai.718, p. 33).

The Waitangi Tribunal Report 1999 in respect of Wai.718, reported (p. 33) that in setting the direction and priorities for the next two decades, the National Government’s Green Paper identified four objectives for tertiary education:

- Improving opportunities for participation.
- Improving the participation and achievement of currently under-represented groups.
- Improving incentives for quality of qualifications, programmes and providers.
- Encouraging value for the students’ and the Government’s financial contribution.

The Green Paper identified possible ways of meeting these objectives and, following further work by the National Government, in November 1998 a White Paper entitled Tertiary Education in New Zealand: Policy Directions for the 21st Century was released (Ministry of Education, 1998a). This White Paper proposed modifications to the legislation and was intended to establish a coherent
framework that would be the basis of tertiary education policy for the next twenty years. It outlined policies for the resourcing, quality assurance, research, information requirements, and governance and accountability arrangements of public TEIs. These policies would focus the tertiary sector on meeting the objectives set out in the Green Paper.

According to McLaughlin (pp. 23-24) the White Paper confirmed that tertiary education would be more and more necessary throughout one’s lifetime to achieve economic and social goals and reinforced the desire by the NZ National Party led Government to improve participation of under-represented groups. It also confirmed the general policy direction of Ministerial responsiveness to students’ needs and diversity of programme offerings, indicating that the government should fund all students wherever they studied as long as the programme met quality standards.

The Waitangi Tribunal (Wai.718) refers to the Ministry of Education’s Strategic Business Plan, 1998-2001 (Ministry of Education, 1998b) which set out the National Government’s goals for education until the year 2001. This plan stated that the educational achievement levels of all students must rise over time and that the significant disparity in the educational achievement of some groups in our community must be reduced. The plan also said (p. 35) that the Crown wanted to offer New Zealanders education that responds quickly and effectively to wider social and economic impacts and to the needs of different communities, society, and employers. The Waitangi Tribunal report concluded that the Ministry of Education recognised the need to contribute towards achieving better outcomes for Māori and that it had identified a need to focus more strongly on building relationships, on consultation, and on working alongside Māori communities.
McLaughlin records (p. 24) that in the 1999 election, the two main parties laid out different views for tertiary education policy and programmes. The NZ National Party campaigned on the success of its competitive approach tempered by changes suggested in the White paper and reducing the costs of student loans. On the other hand the NZ Labour Party (NZ Labour Party, 1999) campaigned on the need for big changes in tertiary education policy, promising to change tertiary education policy away from a competitive, marketplace environment. The NZ Labour Party raised concerns about the NZ National Party vision for tertiary education, the costs to students, and the quality of tertiary education, and argued that tertiary education needed a strategic direction to guide it. From the NZ Labour Party’s perspective if Aotearoa New Zealand was to be a knowledge-based society, it was vital that teaching, scholarship, and research in the tertiary sector be guided by a clear understanding of where the nation is headed.

Further, if elected, according to McLaughlin, (pp. 24-25) the NZ Labour Party promised to create an advisory group, the Tertiary Education Advisory Commission (TEAC) to develop and advise government on appropriate long-term strategic directions for the sector as well as immediate priority areas for additional funding. The NZ Labour Party also raised concerns about the costs to students of rising fees and student loans and indicated it would work to reduce debt and make the loan scheme fairer by, among other things, eliminating interest accumulation while students are studying reducing fees for students, and promising at least fee stabilisation in the beginning and further reductions later. As McLaughlin reports (p. 25):

Labour’s victory in November 1999 brought a shift in the Government’s attitude and policy towards tertiary education—away from a heavy emphasis on hands-off competition provided by the National Government, to one emphasising lower costs of student borrowing and lower fees as well as more coordination, strategic
direction and central steering, reflecting a change from growth for growth’s sake to an emphasis on meeting national objectives.

McLaughlin noted (p. 25) that while waiting for the newly created TEAC to complete its work, a number of policies that increased competition went into effect based on the decisions of the previous Government that the new Government did not reverse. Amongst these policies was the no cap volume for funding PTEs in order to provide an alternative for students wishing to enter the tertiary education sector. McLaughlin reports (p 25) that some first steps taken in early 2000 were:

- The Committee on Education and Science resolved in March 2000 to conduct an inquiry into student fees, loans, allowances and overall resourcing of tertiary education.
- Established TEAC in April 2000 to advise the government on the strategic direction for tertiary education.
- Eliminated interest accrual for full-time students and low-income students effective in April 2000.
- Implemented fee stabilisation by providing a 2.3 percent funding increase per student in 2001 for institutions agreeing to keep their tuition fees at 2000 levels.
- Introduced a bill, but did not pass it, to prevent any further polytechnics from becoming universities.
- The review of adult and community education and the review of the industry training strategy.

McLaughlin believed (p. 26) that TEAC concentrated more on the shape of the system and the funding of institutions than on the issues of access, equity, student support, or student learning. As a result of the Government’s terms of reference when creating TEAC, their activities were more focused on the tertiary institutions and the tertiary system rather than the student or learner.

The main recommendations of TEAC included (Tertiary Education Advisory Commission, 2000 & 2001):
- Create a Tertiary Education Commission to regulate, fund and monitor the performance of the tertiary sector.
- Develop a tertiary education strategy document.
- Use new regulatory instruments—institutional charters and profiles and desirability tests—to help steer the system towards the goals of the strategy.
- Continue institutional autonomy to set tuition fees but keep them at an affordable level.
- Develop a new funding formula with research and teaching separate.
- Create centres of research excellence and a performance-based research fund.
- Create an adult and community education fund.

In May 2002, the *Tertiary Education Strategy* (TES) (Ministry of Education, 2002) a high-level document designed to present a five-year vision for the tertiary system linked to the government’s broader vision for the nation’s economic and social development was published. The strategy, as Howard Fancy, Secretary of Education, indicated, was designed to be the guiding document for change across the tertiary sector and at all government agencies, not just at the Ministry.

The six goals of the strategy document were (p. 16):

- Strengthen system capability and quality
- Contribute to the achievement of Māori development aspirations
- Raise foundation skills so that all people can participate in our knowledge society
- Develop the skills New Zealanders need for our knowledge society
- Educate for Pacific Nations peoples’ development and success
- Strengthen research, knowledge creation and uptake for our knowledge society

McLaughlin notes (p. 28) that regulatory changes (including charters and profiles and assessments of strategic relevance) were designed to create the framework for the tertiary system while the funding mechanisms (including the basic funding formula and the performance based research fund) will determine where monies are allocated and on what basis.
On 2 July 2002, with a pending election on 27 July 2002, the NZ Labour Party released its Tertiary Policy Statement. The statement, *Connecting with Our Future* (NZ Labour Party, 2002), indicated that implementation of the new directions based on the TEAC recommendation would be a major focus of the NZ Labour Party led Government into the future. The NZ Labour Party also promised to increase student allowances and undertake a thorough review of student support in its second term. Re-elected, the NZ Labour Party led Government’s policies maintained many of the competitive aspects of the previous approach to tertiary policy but did so within a more centrally steered and regulated framework, and in line with many of TEAC’s recommendations.

What is apparent from the above is that prior to the introduction of the Education Amendment Act 1990 that provided for Wānanga to be included as part of the TEI sector, Aotearoa New Zealand had adopted a hands off, and market led approach to the economy. The advice given to Government was for greater discretion of TEIs over expenditure decisions, coupled with an improved funding system to provide incentives to better use resources. Advice also proposed that bulk funding would be provided on a formula based on the nominal value of an EFTS, and that establishment funding would be abolished. These key policies became important parts of the Education Amendment Act 1990.

What is further apparent, as is stated in the 1998 White Paper (MOE, 1998a) is at that time, there was an acknowledgement that tertiary education would be necessary throughout one’s lifetime to achieve economic and social goals desired by the Government of the day, and to improve participation of under-represented groups within society. This was followed in 1999 by the lifting of the restriction on the numbers of students that a TEI could enrol and be funded for in an effort to
increase participation in the sector. It was in this environment that TWOA set its goals and was provided with the ability to be involved in this sector which reports discussed in this study, would indicate were very important to Māori.

The question of the level of Government funding for tertiary education, may have been a very important factor in the actions of the State against TWOA in 2005. Decisions taken by the two Governments that had control over tertiary education funding, participation, and priorities influencing the events are to be examined in this study, as is the commitment of politicians representing these Governments.

### 3.7 Political Landscape

The history of TEI Wānanga in Aotearoa New Zealand, involved the two main political parties who controlled the Treasury benches in the period from the mid 1980s through to 2005. From July 1984 to November 1990 the NZ Labour Party led Government was in power. Their legacy from this period to the economic position and future of Aotearoa New Zealand is encapsulated by what is known as Rogernomics; explained earlier in this chapter as generally ‘creating a framework in which individuals and groups could successfully pursue their respective ends’. It was during this term that the Education Amendment Act 1990 came into being. This was an Act of Parliament that on the one hand created the provision for certain Wānanga to be included as Tertiary Education Institutions, and at the same time, ceased provisions for capital funding to ‘new’ institutions of which Wānanga were the only ones.

From November 1990 until November 1999, the NZ National Party led Government was in power and it was during this time that TWOA (with two others) came into being as a result of Gazette Notices in 1993 and 1995. It was
also during this period (1998) that the three Wānanga granted TEI status, collectively took their grievance of being denied capital funding (a provision of the Education Amendment Act 1990) to the Waitangi Tribunal. This Tribunal was set up in 1975 by the then NZ Labour Party led Government to redress grievances brought about as a result of many Acts of Parliament that were detrimental to Māori.

In the same year that the claim was lodged with the Waitangi Tribunal (1998) the NZ National Party led Government announced that ‘the cap’, the mechanism used to control increases in State funding to tertiary educational institutes, was to be lifted in 1999 (Creech, 1998). At this time, TWOA had been operating as a TEI, with little capital, for five years. Apart from repeated requests from the Ministry of Education for business plans from TWOA, little happened and no action was taken by NZ National Party led Government in respect of the Tribunal’s recommendations.

The commitment of successive Governments to TEI Wānanga is demonstrated by the fact that the definition of Wānanga was introduced into the TEI sector in 1990, along with the qualification that they would not be provided capital funding. Up to this time, each University in Aotearoa New Zealand, since their inceptions, had received large amounts of Government capital funding. The fact that it took until 1993 to create two Wānanga (with the other in 1995) ignores that each entity that became a TEI Wānanga, had been operating as a private educational provider for at least a decade up to 1993, were fully staffed and functional.

Despite the information contained in the TPK reports of 1996 and 1998 that contained comments that included ‘paint a very negative picture on Māori
participation and achievement in formal education’, the Minister of Education wrote to the Tumuaki of TWOA. As reported earlier, this letter confirms no capital funding would be made available to Wānanga but heralded an open access, fully funded regime for TEIs and states the following (Creech, 1998):

As I indicated when we met, your request for a Crown capital injection under current tertiary education funding policy has not been successful. At our last meeting, I explained how the Government's policy in this area works. I made it clear that the policy applies evenly to all - no one can justifiably claim the policy is unfair to them or their group. Given that, I outlined the process that I would pursue personally to see if there was a way we could address the issue raised by Te Tauihu o ngā Wānanga. I have reiterated these points in a letter that I sent to Turoa Royal, the Chair of the Te Tauihu o ngā Wānanga. A copy of this letter is attached.

However I trust Wānanga will see the benefit to them of the Government’s budget night announcement concerning the new Universal Tertiary Tuition Allowance policy. Under this policy, there will be no unfunded students; all students that you train in courses that meet the requisite academic and financial viability criteria will be funded for their enrolment. From 1999, the cap on tertiary tuition subsidies has been removed and the system will be demand driven. I understand that this will be of substantial benefit to Wānanga as they carry a higher number of unfunded student places than the national average.

The fact that the Minister stated that all students that are trained in courses that meet the requisite academic and financial viability criteria would be funded, and that the system will be demand driven, showed that the Minister either missed the point, or decided to ignore it. Capital funding was required by a TEI in order for the EFTS system of payment to TEIs work, whether the sector was ‘capped’ or ‘uncapped’.

The outcome for TWOA (and other TEI Wānanga) of the Creech letter was that on the one hand the lifting of ‘the cap’ and the notification of no unfunded students was beneficial to them, but on the other, with little or no capital funding, it meant that they could not resource these students. Therefore, Wānanga that were created as TEIs had little choice. In 1998 they collectively lodged a claim to the Waitangi Tribunal for capital funding from the Crown, on the basis of equity.
This claim was formally filed on 19 May 1998, shortly after followed by a request for urgency, which was granted. The first hearing took place in Otaki between 19 and 23 October 1998, a second on 4 and 5 November and the final on 7 December 1998. The Tribunal released its report (Waitangi Tribunal Report 1999 (Wai.718) on 22 April 1999, and noted (p. 10) that ‘Māori currently rank highly in the negative statistics of all social indicators from education to health’. The report also noted that (pp. 49-50):

In assuming the right to govern, the Crown took upon itself the duty actively to protect Māori interests. Further, that there can be no doubt that te reo Māori and matauranga Māori are highly valued and irreplaceable taonga for New Zealand and that it is clear that the three wānanga are playing an important role in studying, transmitting, and preserving these taonga. To meet its Treaty obligation to protect these taonga, the Crown should provide wānanga with adequate support and resources in an appropriate manner.

The Report on page 4 (detailed in Appendix 3), noted that Māori had always embraced the acquisition of knowledge as a means of maintaining their mana and enhancing their quality of life. They proposed that the proper maintenance and transmittal of knowledge to succeeding generations, was vital to the survival of iwi and hapū.

In November 1999 (seven months after the release of Wai. 718) the NZ Labour Party became the Government, and to their credit, a year later concluded the first of two agreements with TWOA, based on the recommendations of the Tribunal. The following year, in December 2001, the second Deed of Settlement with TWOA was concluded.

The NZ Labour Party led Government’s commitment towards Māori development was outlined in the Tertiary Education Strategy for 2002-07 (MOE, 2002) which set out the key priorities and strategic objectives for tertiary education over the next five years. The report contains references to Māori development and the
importance of a tertiary system that met the needs and aspirations of Māori communities, and the relevant paragraphs are included in Appendix 4.

The strategy document states that (p. 5), ‘our Wānanga are creating new and important pathways for Māori’. It refers on page six to the extensive engagement with Māori that had occurred in preparing the strategy document, and notes (p. 13) that ‘as a nation, we need to enable Māori to live as Māori, to be active global citizens and to improve their social well-being’.

With the above background, an understanding of TWOA is now required in order to consider the impact that it may have had on the economy, the sector, students and the State, and why it became important for the State to take control of this Māori initiative.

3.8 Te Wānanga o Aotearoa

An understanding of the history of TWOA since 1993, and the impact TWOA had on the tertiary education sector of Aotearoa New Zealand is important in order to examine the role of the State and its battle for control of the Institution. In 1983, Dr Wetere recognised that mainstream secondary education policies were failing many young Māori, and this was a problem that Māori had to address. He created the Waipa Kokiri Art Centre as a place that young people, who had been expelled from school, could undertake training.

In April 1990 the Honourable Phil Goff, Minister of Education in the NZ Labour Party led Government, announced the introduction of Wānanga into the Education Act 1989 as amended by the Education Amendment Act 1990. Wānanga were therefore placed alongside Universities in the tertiary educational sector of Aotearoa New Zealand.
Extracts of Clause 162(4) (b) of the Education Amendment Act 1990 states:

(iii) A university is characterised by a wide diversity of teaching and research, especially at a higher level, that maintains, advances, disseminates, and assists the application of knowledge, develops intellectual independence, and promotes community learning:

(iv) A wānanga is characterised by teaching and research that maintains, advances and disseminates knowledge and develops intellectual independence, and assists the application of knowledge regarding āhuatanga Māori (Māori tradition) according to tikanga Māori (Māori custom).

The distinctions between the definition for Universities and Wānanga principally relate to the last two lines of the definition for Wānanga, that is, ‘assists the application of knowledge regarding āhuatanga Māori (Māori tradition) according to tikanga Māori (Māori custom)’. Furthermore, the definition of Universities includes the provision to promote community learning, whereas for Wānanga it does not. Community is an integral part of Māori and whānau life, particularly as it applies/applied to land ownership, iwi, hapū and whānau. It is at the heart of āhuatanga Māori, and of community owned land. It is therefore argued that the inclusion of the word community was not necessary in the definition for Wānanga, as it was covered by the words āhuatanga Māori and tikanga Māori.

TWOA came into being on July 1993 when the following Gazette Notice (the 1993 Order) was published:

Education (Aotearoa Institute) Order 1993

1. Title and Commencement -

(1) This order may be cited as the Education (Aotearoa Institute) Order 1993.
(2) This order shall come into force on the 1st day of July 1993.

2. Aotearoa Institute established as a Wānanga -

However, Aotearoa Institute, as a charitable trust was not able to become a tertiary educational institution, and therefore a TEI, so a change was necessary to correct this mistake by the Minister. A new tertiary educational institution needed
to be created, and four years later this was formalised by the 1997 Gazette Notice.

Aotearoa Institute Change of Name

Pursuant to section 162(5) of the Education Act 1989, and following a recommendation of the Council of the Aotearoa Institute, I, Wyatt Beetham Creech, hereby give the following notice:

Notice

1. (i) This notice may be cited as the Te Wānanga o Aotearoa Te Kuratini o Nga Waka Notice 1997.

   (ii) This notice shall come into force on 1 June 1997.

2. The Aotearoa Institute, established as a Wānanga under the Education (Aotearoa Institute) Order 1993 (SR1993/183) shall now be called Te Wānanga o Aotearoa Te Kuratini o Nga Waka.

Dated at Wellington this 21 day of May 1997. WYATT CREECH, Minister of Education.

In fact, TWOA started operating as a Wānanga under that name in July 1993, and starting receiving EFTS funding. With the full consent and knowledge of the Ministry of Education, and no doubt with the knowledge of the Minister of Education, all Trustees of the charitable trust AI, became Councillors of TWOA, while remaining as Trustees of AI. Likewise, each AI staff member was appointed to TWOA in a similar role to that they had held in Aotearoa Institute, including the Tumuaki. From July 1993, AI ceased to operate as a private training establishment (PTE).

In 2003, TWOA achieved just over 34,500 EFTS from the enrolment of 63,000 students, making it the largest tertiary educational institute in Aotearoa New Zealand in terms of student numbers and EFTS. In that year the Ministry released the Participation in Tertiary Education report (MOE, 2003). Pages seven to fifteen contain many references to the success of TWOA in delivering what would appear to be what the NZ Labour Party led Government, professed they wished to
deliver to Māori, and enunciated in the strategy document of 2002. Extracts of these references are contained in Appendix 5, and include the comments that ‘growth was dominated for the second year running by TWOA’ and that ‘growth at this provider (TWOA) accounted for 61% of all growth (in the sector) in 2002 (p. 7). The report refers to the success of Wānanga (TWOA in particular) in attracting first-time Māori students into the sector, and the explosion in Māori participation at lower levels of the National Qualifications Framework (p. 13).

A private sector view was provided by Lattimore; Duncan; Ikin; Davies; Ballingall and Yeabsley (2003). Extracts of their report, set out in pages ninety one to ninety five of their report, are included in Appendix 5. On page ninety five the report states that TWOA may be seen as having a percentage impact on measurable percentage growth in GDP, and they concluded that TWOA’s effect on the GDP of Aotearoa New Zealand is already approaching the contribution of the forestry sector, or that associated with the foreign students New Zealand takes’.

It is noted that the same year that the Ministry of Education released the Participation in Tertiary Education (MOE, 2003) the Crown reintroduced a cap on new enrolments for tertiary institutions. This cap was set at fifteen percent of previous year’s enrolments or 1,000 EFTS. As no other TEI had achieved this sort of annual growth, this policy only affected TWOA, with the possible exception of Open Polytechnic of New Zealand, who was in a collaborative agreement with TWOA with a course that attracted large student numbers.

It would appear that the concerns regarding disparities between Māori and non-Māori, for most indicators of educational status referred to by the Crown’s the Ministry of Māori Development of 1998, were being more than favourably
addressed by Wānanga generally, and TWOA specifically. Further in a period
when the tertiary education sector was deemed by the Ministry of Education to be
in a period of growth, the Ministry attributed TWOA with providing 62% of all of
that growth. This outcome should have been the aim of the policies of both the
NZ Labour Party and NZ National Party led Governments, and the reason for
removing ‘the cap’ on student enrolments and fully funding all students. These
policies were announced by the NZ National Party led Government in 1998 and
adopted by the NZ Labour Party led Government when they came into power the
following year.

To get the importance of TWOA’s role in the tertiary education sector of
Aotearoa New Zealand, this study notes:

1) The Waitangi Tribunal was set up in 1975 as a Tribunal to assist
with settling grievance that Māori had against the State. The
Tribunal heard the TEI Wānanga collective case, under urgency.

2) Stewart-Harawira (2005, p. 77) noted that the assimilation of
indigenous minorities, within occupied or colonised states, had for
decades been taken for granted. The fact of Wānanga being
introduced into the Education Amendment Act 1990 was
understood by many to be in recognition of the need to change this.

3) The 1961 Hunn Report and the ‘Closing the Gaps’ reports of Te
Puni Kōkiri warned that the social and economic disparities
between Māori and non-Māori could no longer be ignored.

4) TWOA, having been created by statute in 1993, battled the State
for funding on the basis of equity, achieved a settlement eight
years later, and then two years after that was responsible for sixty two percent of the growth in the whole tertiary education sector.

In the space of a few years TWOA was created (1993); received capital funding from the State (2002); became the largest TEI in Aotearoa New Zealand in terms of student numbers and EFTS (2003), and was taken over by the State (2005), an action unprecedented in Aotearoa New Zealand’s tertiary education history. An examination of the reasons for the State’s actions, are at the core of this thesis.

3.9 Summary

From the literature discussed in this chapter it is apparent that capital had transformed over the 20th century to a situation where knowledge had become a very important aspect of capital and capitalism. As a consequence, both internationally and in Aotearoa New Zealand, access to knowledge had become an important economic factor in the late 20th century. Andrews et al. (2000) stated that in their view, there were numerous studies that linked education to economic growth, and further that there is little doubt that some secondary and tertiary education in life is important for individuals.

The Hunn Report (1961) signalled the enormity of the disparity in educational achievement between Māori and non-Māori New Zealanders, which translated into increasing disparities across all social indices. The Te Puni Kōkiri report of 1998 (TPK, 1998) confirmed that Māori participation in the tertiary sector was consistently below that of non-Māori. Stewart-Harawira (2005) gave her views on why these disparities existed from an historic perspective.

The Waitangi Tribunal rulings of 1999, wrote of the importance of learning to Māori, and of the duty of the State to protect Māori interests. The Ministry of
Research, Science and Technology (2000) proposed that the Government, amongst other things, should ensure that investment in education is made to enable all students, but particularly Māori and Pacific island students at this point in time, to develop the skills needed to participate in a knowledge society.

Treasury (2001) referred to the over representation of Māori and Pacific people amongst those with low skills, that resulted in social fragmentation to the extent that it was unfairly disadvantaging them. They postulate that there was more scope to increase average years of education, to directly improve well-being, by focusing attention on the twenty percent of young people of Aotearoa New Zealand, who leave school without recognised qualifications (p. 33).

The introduction of Wānanga into the tertiary education sector, as a result of the Education Amendment Act 1990 opened the way for previously established Māori education providers to apply for tertiary status. This was presumably an acknowledgment that there was a place for Wānanga in this sector, and an acknowledgment that Māori might achieve better educational outcomes if they learnt in an environment of āhuatanga Māori according to tikanga Māori that TEI Wānanga, by statue, were set up to provide.

In 1998, the NZ National Party led Government announced that the cap on student numbers would be lifted in 1999, a policy that was adopted and continued by the incoming NZ Labour Party led Government in 1999. That Government’s Tertiary Education Strategy for 2002 -07 stated that the policies that they were to put in place would result in a stronger emphasis on increasing Māori participation in higher education.
Reports discussed in this chapter suggest that TWOA was extremely successful in increasing participation in higher education generally and to Māori in particular. This objective appeared to have been at the core of tertiary education strategies of both Governments in Aotearoa New Zealand in the later decade on the 20th century. Chapter 5 is to examine in detail the progress of TWOA from 1998 until 2005 from a financial perspective.
Chapter 4

Research Methodology

4.1 Introduction

This chapter will discuss research philosophy, research methodology, research design, data analysis, and then provide justification for the selected methodology adopted. The chapter will conclude with a summary of the appropriateness of the strengths of the methodology to be used for this research.

A model for Chapter 4 is set below.

**Figure 7: Research methodology – Model**

```
4.1 Introduction
  ↓
4.2 Research philosophy
  ↓
4.3 Research methods
  ↓
4.4 Research design
  ↓
  4.4.1 Type of investigation
  ↓
  4.4.2 Data-collection techniques
  ↓
  4.4.3 Primary data
  ↓
  4.4.4 Secondary data
  ↓
4.5 Data analysis
  ↓
4.6 Selected methods
  ↓
  4.6.1 Case study research
  ↓
  4.6.2 Historical-comparative research
  ↓
  4.6.3 Quantitative --v-- Historical-comparative research
  ↓
  4.6.4 Unique features of historical-comparative research
  ↓
4.7 Summary
```

Source: Bryant, 2009.
This thesis relates to an examination of the State’s battle for control of TWOA, and is to consider reasons why the State sought this control, and the tactics it used to get it. As a comparison to the events of 2004 and 2005, the researcher wishes to examine another event in the history of Aotearoa New Zealand that seriously adversely affected Māori, in order to see what parallels can be drawn between the two. That event was the NZSA in 1863, an event that had serious adverse economic effects on Māori generally in Aotearoa New Zealand and those of Ngāti Maniapoto in particular.

TWOA over a period of five years (from 1999) moved from being an insignificant Tertiary Educational Institution in Aotearoa New Zealand operating under the provisions of the Education Amendment Act 1990 that created it, to the largest Tertiary Educational Institution in the country, in terms of student numbers and equivalent full time student numbers. TWOA was an initiative of Māori of the Ngāti Maniapoto. By mid-2005 it was under the control of the State, the first time such a situation had occurred in the country, and contrary to the independence provisions that the Education Act 1989 and the Education Amendment Act 1990, bestows on tertiary educational institutions.

TWOA captured the heart and minds of a very large number of New Zealanders, many of them Māori, and many of them entering tertiary education for the first time. Increases in participation in tertiary education clearly were policies of successive Governments in Aotearoa New Zealand as TWOA expanded. This thesis will investigate the economic and political consequences of TWOA’s role in this increased participation, and consideration will be given to whether the fact that it was a Māori initiative so readily taken up by Māori, had economic and political consequences that were unacceptable to the NZ Labour Party led
The conclusion drawn from literature reviewed in Chapter 2 is that the economic significance of land up to 1863, and the contribution being made to the economy of Aotearoa New Zealand by Māori as a result of the ownership of that land, was at the core of the reasons for the introduction of the NZSA. A similar conclusion is reached regarding the economic importance of access to knowledge and education at a tertiary level in the early 21st century. Whether or not the fact that Māori, by way of TWOA, were getting such a ‘stake’ in tertiary education in Aotearoa New Zealand by 2003, led to the State’s actions against TWOA, will be examined.

The research will therefore concentrate on:

- The economic contribution made by TWOA to the economy of Aotearoa New Zealand up to 2004, and the impact that TWOA had on delivering key objectives of Governments, particularly the NZ Labour Party led Government.
- The methods used and justifications made by the NZ Labour Party led Government to win the battle for control of TWOA.

Each of the above areas will be considered and then a comparison made with the circumstances relating to the economic value of land that was at the core of the reasons for the introduction of the NZSA of 1863.

This research will be carried out on a case study basis, with analysis of primary and secondary financial data, correspondence and meeting notes that are in the public domain, evidence provided to the Waitangi Tribunal, and information obtained under the Official Information Act 1982. The researcher was an
unplanned participant observer to many of the events examined in this study, and held very senior governance and operational positions in TWOA over many years. The actions of the State created an environment of fear, paranoia and insecurity for many people over many months, and some of this has carried on. For this reason, and due to the sensitive nature surrounding so many of the events examined, the use of interviews was considered inappropriate, and probably would have been unreliable. The time period to be examined is 1998 to 2005 which will entail historical-comparative research, and will be a mix of qualitative and quantitative research methods, in an underlying social inquiry context.

4.2 Research philosophy

There are two main philosophical bases or paradigms used in business research, these being positivist research and interpretivist research. Although the terms vary between authors the most important difference between the two research philosophies is the way in which each treats data (Brannen, 1992).

Positivist research is generally associated with quantitative data, belonging to the natural sciences where assumptions are made of all people sharing the same meaning when interacting socially with others. It is based on the formulation of hypotheses that are then proved or disproved during the course of the research. Quantitative data is collected using a precise non-flexible procedure and analysed using statistical methods. A good test for the robustness of the quantitative research is if other researchers can replicate the research and obtain similar results. Blaike (1993) suggests the ontology of positivism is that the world is made up of discrete, observable events and only what is experienced by your
senses can count for reality. Its epistemology is that knowledge is derived from sensory experience by conducting experiments and the like. Positivists construct theories and try to disprove them. Positivist research will clearly be the way that data analysis of TWOA, and the other tertiary educational institutions that will be included for comparison purposes, will be carried out.

Interpretive research is generally associated with qualitative data where the researcher assumes that people experience social and physical meaning in differing ways. It is focused on understanding the lived experience of individuals or groups of individuals. It involves the development of complex descriptions centred on how people think, react and feel in certain contextually specific situations. The developed descriptions are then analysed by the researcher. Blaike (1993) suggests interpretive research follows ontology in that social reality is a product of processes through which meaning is socially constructed through situations and actions.

The researcher wishes to make comparisons between two separate events in history. The purpose of the research is to critically examine the circumstances relating to the rise of TWOA, and the State’s battle to get control of it. It will then compare these actions of the State, and their likely reasons, to what the researcher concludes were the actions of the State and their reasons, in respect of the NZSA 1863. The 1863 event is well documented and provides a good platform against which to compare the State’s actions against TWOA.

The researcher intends to analyse financial data of the period 1998 to 2005 (by nature, historic) and documents from the same period (again, by nature historic). The research will be carried out within the two paradigms of positivist and interpretative research using a case study – historical/comparative structure.
4.3 Research methods

Methods of research are the actual techniques or procedures used to gather and analyse data related to a research question or hypothesis (Blaike, 1993). The two most common research methods available for the collection and analysis of data are quantitative and qualitative methods.

Mixing quantitative and qualitative research methods involves the use of more than one method of investigation and hence more than one type of data where triangulation is central to this research strategy. It can be argued that a mixture of methods allows more flexibility into a research design and exposes the researcher to a wider range of research methods (Brannen, 1992).

The use of qualitative methods to undertake this research enables:

- Investigations to be undertaken where other methods such as experiments are not practical or not ethically justifiable.
- Investigations to be undertaken of a situation where little is known about the subject under consideration.
- Exploration of complexities that are beyond the scope of more controlled approaches.
- Insight into the informal reality of those being observed which can only be perceived from the inside.
- Capture of the perspective of those involved in the case studies.
- Research into the processes leading to results rather than into the significance of the results themselves.

The financial data analysis to be undertaken in this thesis will be done within the discipline of quantitative research methods, whereas the interpretation of
documents will be qualitative. Thus a mix of quantitative and qualitative research methods is considered as appropriate for this research project, involving case study and employing specific techniques of, historical readings, data collection and analysis.

### 4.4 Research design

In order to answer the research question an understanding of literature relating to the following will be reviewed:

**What were the reasons for the introduction of the NZSA?**

To gain ownership of land. Why?

- Because of the economic significance of the land in question, and that it was held by Māori.
- Because as a result, Māori held an economic advantage over others.
- Because land represented wealth.
- Because wealth represented economic dominance, and therefore frustrated settler political control.

**What were the reasons for the State intervention into TWOA?**

To control the growth of Māori participation in education: Why?

- Because an advantage was swinging towards Māori participation in tertiary education.
- Because of the funding that students attracted to TWOA were bringing with them.
- Because this funding was largely unbudgeted for by the political party of the day.
- Because of pressure being brought on the State by ‘other’ Universities scrambling for a limited pool of funding.

A case study methodology approach based on the political and economic significance of land and knowledge will be carried out, to consider the following:
Land as a political and economic driver:

- Land and its relationship to capitalism.
- Capitalism and its relationship to political power.

Knowledge and education as a political and economic driver:

- Knowledge and education and its relationship to capitalism
- Knowledge and its relationship to economic power and the ‘knowledge economy’
- Tertiary education and Māori participation.

4.4.1 Type of investigation

In this research clarification investigation is used to gain a clearer understanding of the concepts of political intervention that involves the pursuit of economic gains for selected groups within a population. Exploratory and descriptive studies often follow this path (Cavana, Delahaye and Sekaran, 2001). The mix of quantitative and qualitative methods is used in this research to allow the researcher to explore issues in a flexible manner.

4.4.2 Data-collection techniques

The research is to be conducted in the field of political economics and historical events. In relation to the research problem, an understanding of the reasons for and the implementation of the State’s actions against TWOA has not been researched. The reasons and implementation of the 1863 event have been well researched. The research on TWOA is to be conducted by an analysis of financial data and associated documentation.

Both primary and secondary data were collected with a prime source being the
published Annual Reports of Universities of Aotearoa New Zealand, official publications of various State agencies, internal data from TWOA, information obtained under the Official Information Act, various daily and periodical publications, evidence presented to the Waitangi Tribunal, and documents held by the researcher as a result of his various roles within TWOA.

The lack of analysis of a vast majority of the primary and secondary data relating to the State’s battle for control of TWOA leading up to 2004 identified a gap in the body of knowledge and confirmed the validity of the research questions. The data used in this research (both primary and secondary) is analysed in order to consider the basic concept of the political/economic impacts that may be inflicted on minority groups in society, as a result of influences exercised by dominant groups.

It is hoped that the results and outcomes of the research will provide for a better understanding of what is likely to happen when a minority group within a society appears to be gaining an economic advantage over a dominant group. The researcher will collate and compare historic precedents, actual statistics and actual outcomes. The data will be analysed to chart the progress of TWOA from 1998 into 2005 from a financial perspective, using published Annual Accounts and management reports that the researcher has accessed. Data will be considered and conclusions reached regarding the achievements of TWOA, and data that the researcher believes relates to the ‘lever’ that the State used to win its battle for control of TWOA.

4.4.3 Primary data

Primary data bridges research gaps that may rise from the literature review. One
of the main thrusts of this research is to investigate political power and economic control and the key quantitative tool is primary data analysis, a data collection instrument which has been described as the essential source of information for the case study method (Yin, 1989). In this research, the primary data are sourced from public records, and internal management reports of TWOA.

### 4.4.4 Secondary data

Secondary data is the data previously collected for other purposes (Zikmund, 2000). In this research, secondary data was compiled by reviewing the related literature in the field or similar research. This identified the gap in the body of knowledge and confirmed the validity of the research questions. Secondary data was also sourced from organisational documents, journals, State publications, books, magazines and Government Department reports.

### 4.5 Data analysis

It has been suggested by Patton (1980 p. 268) that ‘there are no formal, universal rules to follow in analysing, interpreting, and evaluating qualitative data. Unlike quantitative analysis, qualitative data analysis is less standardised (Neuman, 2003). Therefore, in qualitative research researchers rarely know the specifics of the data analysis when they begin a project. According to Neuman, researchers can start analysis of data early in a research project, while they are still collecting data. The results of the early data analysis will then guide subsequent data collection. In this way, analysis is less a distinct final stage of the research than a dimension of the research which stretches across all stages. Nevertheless, it has also been argued that ‘we should continue to be concerned with producing texts that explicate how we claim to know what we know’
It is stressed that this researcher will be primarily focused on financial data analysis to understand the financial position of TWOA, and its place in the tertiary education sector. This is pure quantitative research. There will also be a qualitative aspect to the documents to be considered to try and understand the methods used by the State in its battle for control of TWOA. The results of the financial analysis to be undertaken are objective. By nature, the researcher’s interpretation of the documents will be subjective.

In respect of the integrity of qualitative research, two sets of criteria have been proposed by Guba and Lincoln (1994) for judging the goodness or quality of a constructivist inquiry. These are:

- The trustworthiness criteria of credibility (paralleling internal validity), transferability (paralleling external validity), dependability (paralleling reliability), and conformability (paralleling objectivity);
- The authenticity criteria for fairness and ontological authenticity (which enlarges personal constructions).

In respect of this research, financial data used for comparative purposes has been obtained from published, audited annual reports. It is considered by the researcher that this is credible data in the public domain. In respect of data used that was internally generated in TWOA, the researcher has endeavoured to verify the accuracy with a paralleled internal validity approach. A large amount of the data used by the researcher in the interpretation of circumstances leading up the State’s actions in 2005, and the methods used by the State to achieve their objectives, was presented, under oath, to a Waitangi Tribunal in September 2005 (Wai.1298).

In respect of the credibility of the data used, in qualitative research, the
credibility test asks if there is a correspondence between the way the respondents actually perceive social constructs and the way the researcher portrays their viewpoints (Mertens, 2005). The researcher sought to use as many of these strategies as possible, as mentioned in the preceding paragraph, because the goal is to provide evidence from a multiplicity of sources to enhance the credibility of the research.

4.6 Selected methods

As concluded in the section above, this research will involve a study of an historic event that took place in 2005, and compare aspects of this event with that of an earlier event of 1863. This will entail an historical-comparative research, and be a mix of qualitative and quantitative research methods, in an underlying critical social science context.

The rest of this chapter will discuss the case study methodology which will be at the basis of the research, followed by a discussion on historical-comparative (H-C) as research methodology. During this research, comparisons will be made between these two historical events, and details of the circumstances that led to the introduction of the NZSA, and the methods used by the State in achieving the outcomes that the Act was introduced for, compared to the methods used by the State to achieve the outcome that it required in the 2005 event.

4.6.1 Case study research

Research strategies can fall into the broad categories of exploratory, descriptive and explanatory. Yin (1994) argues that case studies can be used for each of these strategies as there may be exploratory case studies, descriptive case studies and
explanatory case studies or a mixture of case study types. Equally there may also
be explanatory, descriptive or exploratory experiments.

Three criteria used in determination of five different research strategies in the
social sciences, as developed by Yin shows the relationship between the five
strategies of experiment, survey, archival analysis, history and case study, against
the three criteria of:

- Research question posed.
- Researcher extent of control over behavioural events, and
- Degree of focus on contemporary events as opposed to historical
  events.

Case study is not methodological choice, but a choice of object to be studied
(Stake, 2003, p.134). The case study method is an investigation of a
contemporary, dynamic phenomenon and its emerging body of knowledge
(Bonoma 1985, Eisenhardt 1989, Romano 1989, Gable 1994, Yin 1994 and
doing research which involves an empirical investigation of a particular
contemporary phenomenon within its real life context using multiple sources
of evidence’. Stake (2003) states that a case study may be simple or complex
but the case is specific, to which Kidder (1982) adds that a case study can be
used to accomplish various aims: to provide description, test theory, and
according to Anderson (1983) and Pinfiled (1986), to generate theory. Stake
(2003) adds that the more the object of the study is a specific, unique, bounded
system, the greater the usefulness of the epistemological rationale. Zikmund
(2003) proposes that the primary advantage of the case study is that an entire
organisation or entity can be investigated in depth and with meticulous
attention to detail.
Stake (1995, p. 237) identified three types of case study, the intrinsic case study, the instrumental case study and the collective case study. First, intrinsic case study is a study that is undertaken because one wants better understanding of this particular issue. It isn't undertaken primarily because the case represents other cases or because it illustrates a particular trait or problem, but because, in all its particularity and ordinariness, the case itself is of interest. The purpose is not to come to understand some abstract contract or generic phenomenon. The purpose isn't theory building, though at other times the researcher may do just that. Study is undertaken because of intrinsic interest in the subject.

Second, instrumental case study, a particular case is examined to provide insight into an issue or refinement of theory. The case is of secondary interest; it plays a supportive role, facilitating our understanding of something else. The case is often looked at in depth, its contexts scrutinised, its ordinary activities detailed, but because this helps us to pursue the external interest. The case may be seen as typical of the other cases or not. The choice of case is made because it is expected to advance our understanding of that other interest. Because we simultaneously have several interests, often changing, there is no line distinguishing intrinsic case study from instrumental; rather, a zone of combined purpose separates them (Stake, 1995).

Third, collective case study is not the study of a collective but instrumental study extended to several cases. It has less interest in one particular case; researchers may study a number of cases jointly in order to inquire into the phenomenon. Individual cases in the collection may or may not be known in advance to manifest the common characteristic. They may be similar or dissimilar, redundancy and variety each having voice. They are chosen because it is believed
that understanding them will lead to better understanding, perhaps better
teorizing, about a still larger collection of cases (Stake, 1995).

A single case study has been chosen for the research because, the inquirer desires
to utilise the first type of case study, intrinsic case study, as the primary priority
where the researcher interest here is the case itself, and the secondary priority is
the expectation of the reasons for the State’s actions in the two events of history
that are the object of this research. Besides, the case study can be a very
worthwhile way of exploring existing theory. In addition, a simple, well-
constructed case study can enable us to challenge an existing theory and also
provide a source of new hypotheses (Saunders, Lewis and Thornhill, 2003).

Cross-sectional and longitudinal research, examines features on many people or
units, either at one time period or across time periods. In both, a researcher
examines a common set of features on many cases, usually expressed in numbers.
In case-study research, he or she examines, in depth, many features of a few cases
over duration of time. Cases can be individuals, groups, organisations,
movements, events, or geographic units. The data are usually more detailed and
extensive. Most involve qualitative data about a few cases. Qualitative and case-
study research is not identical, but almost all qualitative research seeks to
construct representations based on in-depth, detailed knowledge of cases
(Saunders et al. 2003).

In a case study, a researcher may intensively investigate one or two cases or
compare a limited set of cases, focusing on several factors. Case study uses the
logic of analytic instead of enumerative induction. In it, the researcher carefully
selects one or a few key cases to illustrate an issue and analytically study it (or
them) in detail. He or she considers the specific context of the case and examines
how its parts are configured. This contrasts with longitudinal studies in which the researcher collects data on many units or cases, and then looks for patterns in the mass of numbers. The researcher looks more for averages or patterns across many units or cases (Saunders et al. 2003).

Case studies help researchers connect the micro level or the actions of individual people, to the macro level, or large-scale social structures and processes and the logic of the case study is to demonstrate a causal argument about how general social forces shape and produce results in particular settings (Vaughan, 1992). Walton (1992, p. 129) argues that ‘case-study research raises questions about the boundaries and defining characteristics of a case. Such questions help in the generation of new thinking and theory. Case studies are likely to produce the best theory.

**4.6.2 Historical-comparative research.**

Neuman (2006) discusses that there are two basic modes of organising historical-comparative research reports: by topic and chronologically, with most writers mixing the two types. For example, information is organised chronologically within topics or organised by topic within chronological periods. Occasionally other forms of organisation are used by place, by individual persons, or by major events. If the report is truly comparative, the writer has additional options, such as making comparisons within topics.

Social scientific explanations of major societal processes rely on studies that use historical and comparative research. In addition, the historical-comparative approach brings clarity to many methodological concerns found in other forms of research. Researchers use it to address many exciting questions in social research.
It can reveal processes over long time periods and across societies, and also addresses many central issues in general theory (Mahoney, 2004). This makes H-C research vital to the expansion of fundamental knowledge, but students who are just beginning to acquire social science knowledge may not yet recognise its contributions.

The classic social thinkers in the nineteenth century, such as Emile Durkheim, Karl Marx and Max Weber, who are credited with founding the social sciences, used a historical and comparative method. This method is used extensively in several areas of sociology (such as social change, political sociology, social movements and social stratification) and has been applied in many others as well (such as religion, criminology, gender issues, race relations and family). Although much social research focuses on current social life in one country, historical and/or comparative studies have become more common in recent years.

H-C research is a powerful method for addressing big questions: How did major societal change take place? What fundamental features are common to most societies? Why did current social arrangements take a certain form in some societies but not in others? H-C researchers have addressed such questions as what caused societal revolutions in China, France and Russia (Skocpol, 1979); how major social institutions such as medicine, have developed and changed over two centuries; how basic social relationships, such as feelings about the value of children change; why public policy towards treatment of the elderly developed in one way instead of another in the United States; and what caused the failure of mass political (McNall, 1988).

Neuman (2006) argues that H-C research is suited for examining the combinations of social factors that produce a specific outcome (such as civil war),
and is also appropriate for comparing entire social systems to see what is common across societies and what is unique, and to study long-term societal change. An H-C researcher may apply a theory to specific cases to illustrate its usefulness. For example, if France has highly centralised power and high political dissatisfaction, whereas the United States is low on both centralised power and political dissatisfaction, a researcher can begin to build a causal account relating centralised power and dissatisfaction. Changes within a country over time in centralisation of power and dissatisfaction can verify causal links.

H-C research can strengthen conceptualisation and theory building. By looking at historical events or diverse cultural contexts, a researcher can generate new concepts and broaden his or her perspectives. Concepts are less likely to be restricted to a single historical time or to a single culture. General concepts can be grounded in the experiences of people living in specific cultural and historical contexts (Calhaun, 1996).

4.6.3 Quantitative versus historical-comparative research.

A source of the confusion is that some H-C researchers use a positivist, quantitative approach to study historical or comparative issues. Others rely on the qualitative, interpretative, or critical approaches. According to Ragin and Zaret (1983), a Durkheimian (or positivist) approach and a Weberian (or interpretive) approach to H-C research uses different logics.

This confusion is summarised by Øyen (1990, p. 7):

The vocabulary for distinguishing between different kinds of comparative research is redundant and not very precise. Concepts such as cross-country, cross-national, cross-societal, cross-systemic, cross-institutional, as well as trans-national, trans-societal, trans-cultural, and comparisons on the macro-level, are used both as synonymous with comparative research in general and as denoting specific kinds of search comparisons.
Neuman (2006) believes that a distinct, qualitative historical-comparative type of social research differs from the positivist approach. It also differs from an extreme interpretive approach which some field researchers, cultural anthropologists, and traditional historians advocate.

H-C researchers who use case studies and qualitative data may depart from positivist principles. Case studies, even on one nation, can be very important. Without case studies, scholars ‘would continue to advance theoretical arguments that are inappropriate, outdated, or totally irrelevant for a specific region’ (Bradshaw and Wallace 1995, p. 155). Case studies can elaborate historical processes and specify concrete historical details.

A distinct H-C approach borrows from ethnography and cultural anthropology, and some varieties of H-C attempt to recreate the reality of another time or place. Yet, borrowing from the strengths of ethnography does not require adopting the extreme interpretive approach (Biersack, 1989).

Neuman (2006) argues that the logic and goals of H-C researchers are closer to those of field research than those of traditional positivist approaches and details the similarities as follows:

First, both H-C research and field research recognize that the researcher’s point of view is an unavoidable part of research. Both involve interpretation, which introduces the interpreter’s location in time, place, and world view. Historical-comparative research does not try to produce a single, unequivocal set of objective facts. Rather, it is a confrontation of old with new or of different world views. It recognizes that a researcher’s reading of historical or comparative evidence is influenced by an awareness of the past and by living in the present.
Second, both field and H-C research examine a great diversity of data. In both, the researcher becomes immersed in data to gain an empathetic understanding of events and people. Both capture subjective feelings and note how every day, ordinary activities signify important social meaning. The researcher inquires, selects, and focuses on specific aspects of social life from the vast array of events, actions, symbols, and words. An H-C researcher organises data and focuses attention on the basis of evolving concepts. He or she examines rituals and symbols that dramatize culture (such as parades, clothing, placement of objects, and the like) and investigates the motives, reasons, and justifications for behaviours. For example, Burrage and Corry (1981) measured changes in occupation status in London between the fourteenth and seventeenth centuries using records of the official order of appearance of guilds at major public events (such as parades, pageants, feasts, royal visits, and the like).

Third, both field and H-C researchers often use grounded theory. Theory usually emerges during the process of data collection. Both examine data without beginning with fixed hypotheses. Instead, they develop and modify concepts and theory through a dialogue with the data, then apply theory to reorganize the evidence. Thus, data collection and theory building interact. Thompson (1978, p. 39) called this ‘a dialogue between concept and evidence, a dialogue conducted by successive hypotheses, on the one hand, and empirical research on the other’.

Fourth, both field and H-C research involve a type of translation. The researcher’s meaning system usually differs from that of the people he or she studies, but he or she tries to penetrate and understand their point of
view. Once the life, language, and perspective of the people being studied have been mastered, the researcher ‘translates’ it for others who read his or her report.

Fifth, both field and H-C researchers focus on action, process, and sequence and see time and process as essential. Both are sensitive to an ever present tension, the fluid-social action and changing social reality, and structure, the fixed regularities and patterns that shape social actions and perceptions. Both see social reality simultaneously as something created and changed by people and as imposing a restriction on human choice.

Sixth, generalisation and theory are limited in field and H-C research. Historical and cross-cultural knowledge is incomplete and provisional, based on selective facts and limited questions. Neither deduces propositions or tests hypotheses in order to uncover fixed laws. Likewise, replication is unrealistic because each researcher has a unique perspective and assembles a unique body of evidence. Instead, researchers offer plausible accounts and limited generalisations.

4.6.4 Unique features of historical-comparative research

Despite its many similarities to field research, some important differences distinguish H-C research. As the title to David Lowenthal’s *The Past is a Foreign Country* (1985) suggests research on the past and on an alien culture, share much in common. First, the evidence for H-C research is usually limited and indirect. Direct observation or involvement by a researcher is often impossible. An H-C researcher reconstructs what occurred from the evidence. Historical evidence depends on the survival of data from the past, usually in the form of documents
(such as letters and newspapers). The researcher is limited to what has not been destroyed and what leaves a trace, record, or other evidence behind. According to Neuman, (2006) H-C researchers interpret the evidence. The researcher becomes immersed in and absorbs details about a context. For example, a researcher examining the family in the past or a distant country needs to be aware of the full social context (such as the nature of work, forms of communication, transportation technology). He or she looks at maps and gets a feel for the laws in effect, the condition of medical care, and common social practices. For example, the meaning of ‘a visit by a family member’ is affected by conditions such as roads of dirt and mud, the inability to call ahead of time, and the lives of people who work on a farm with animals that need constant watching.

Another feature is that a researcher’s reconstruction of the past or another culture is easily distorted. Compared to the people being studied, a researcher is usually more aware of events occurring prior to the time studied, events occurring in places other than the location studied, and events that occurred after the period studied. This awareness gives the researcher a greater sense of coherence than was experienced by those living in the past or in an isolated social setting (Neuman, 2006). Lowenthal (1985, p. 234) states that ‘In short, historical explanation surpasses any understanding while events are still occurring, and the past we reconstruct is more coherent than the past when it happened’.

Ragin (1987, p. 13) summarized:

Most comparativists, especially those who are qualitatively oriented, are interested in specific historical sequences or outcomes and their causes across a set of similar cases. Historical outcomes often require complex, combinational explanations, and such explanations are very difficult to prove in a manner consistent with the norms of mainstream quantitative social science.
H-C research focuses on whole cases versus separate variables across cases. A researcher approaches the whole as if it has multiple layers, grasping surface appearances as well as reveals the general, hidden structures, unseen mechanisms, or causal processes. Neuman (2006) believes that an H-C researcher integrates the micro (small-scale, face-to-face interaction) and macro (large-scale social structures) levels. Instead of describing micro-level or macro-level processes alone, the researcher describes both levels or layers of reality and links them to each other. For example, an H-C researcher examines the details of individual biographies by reading diaries or letters to get a feel for the individuals: the food they ate, their recreational pursuits, their clothing, their sicknesses, their relations with friends and so on. The researcher then links this micro-level view to macro-level processes, increased immigration, and mechanisation of production, proletarianisation, tightened labour markets, and the like. Neuman (2006) argues that H-C research shifts between a specific context and a general comparison, with the researcher examining specific contexts, notes similarities and differences, generalises, then looking again at the specific contexts using the generalisations.

Comparative researchers compare across cultural-geographic units (such as urban areas, nations and societies). Historical researchers investigate past contexts, usually in one culture (such as periods, epochs, ages, eras), for sequence and comparison. Of course, a researcher can combine both to investigate multiple cultural contexts in one or more historical contexts. Yet, each period or society has its unique causal processes, meaning systems, and social relations, and this produces a creative tension between the concrete specifics in a context and the abstract ideas a researcher uses to make links across contexts (Naroll, 1968). The use of transcultural concepts in comparative analysis is analogous to the use
of transhistorical ones in historical research. In comparative research, a researcher translates the specifics of a context into a common, theoretical language. The comparative investigator can thus be regarded as fighting a continuous struggle between the ‘culture-boundness’ of system-specific categories and the ‘contentlessness’ of system-inclusive categories (Smelser 1976, p. 178).

Neuman (2006) proposes that an H-C researcher begins by becoming familiar with the setting and conceptualises what is being studied. The researcher may start with a loose model or set of preliminary concepts and apply them to a specific setting. The provisional concepts contain implicit assumptions or organising categories that he or she uses to see the world, package observations, and search through evidence.

If a researcher is not already familiar with the historical era or comparative settings, they conduct an orientation reading (reading several general works). This will help the researcher grasp the specific setting, assemble organising concepts, sub-divide the main issue, and develop lists of questions to ask. Concepts and evidence interact to stimulate research. For example, Skocpol (1979) began her study of revolution with puzzles in macro-sociological theory and the histories of specific revolutions. The lack of fit between histories of revolutions and existing theories stimulated her research.

Neuman (2006) believes that there is no single way to write a report on H-C research and most frequently, researchers ‘tell a story’ or describe details in general analytic categories. He states the writing usually goes beyond description and includes limited generalizations and abstract concepts.
H-C researchers rarely describe their methods in great detail. Occasionally, a book length report contains a bibliographic essay which discusses major sources used, and more often, numerous detailed footnotes or endnotes describing the sources and evidence. The charts, tables, and so forth supplement a discussion or give the reader a better feel for the places and people being described, and are used in conjunction with frequent quotes as one among several types of evidence. Historical-comparative reports rarely summarize data to test specific hypotheses as quantitative research does. Instead, the writer builds a web of meaning or descriptive detail and organizes the evidence itself to convey interpretations and generalisations. (Neuman, 2006) In conclusion, conducting H-C research does not involve a rigid set of steps and, with, only a few exceptions; it does not use complex or specialised techniques.

4.7 Summary

In summary, this chapter has described in detail the methodology adopted for this research. The research was conducted quantitatively by applying the case research method, based on the positivist paradigm. Since there is still wide debate on the addressed research problems, the exploratory research approach was appropriate, in which the data collection was carried out using the inductive approach. This research used the case study approach where the primary data was collected exclusively from publicly available sources. The themes were initially generated inductively from the raw information, and conclusions made relating to the State’s battle for control of TWOA, and compared to those made relating to the State’s actions in 1863.
Chapter 5

Tertiary sector analysis

5.1 Introduction

Chapter 5 will carry out an analysis of a segment of the tertiary education sector in Aotearoa New Zealand. TEIs that come under the definition of Universities and Wānanga in the Education Amendment Act 1990 will be examined, however those defined as Polytechnics and Colleges of Education will not be included.

The model for this chapter is set out in Figure 8.

**Figure 8: Data analysis of sector**

By excluding Polytechnics and Colleges of Education it is not intended to diminish or dismiss their importance in the sector, but rather it is intended to highlight the relevance of TWOA by a comparison with a smaller specific part of the sector, being those defined as Universities under in Act.

A detailed analysis of the financial results of the eight Universities in Aotearoa New Zealand, and include the results of TWOA in this analysis. This will enable the relevance or otherwise of TWOA to the tertiary education sector in the time...
The financial data analysis will be based entirely on information taken from the published, audited annual reports of the selected entities. This information is in the public domain, and each of the financial reports has been completed to the same accounting standards, which makes comparisons reliable.

It was in an environment of a ‘commitment to tertiary education’, the ‘raising of foundation skills’ and the adoption of strategies that assisted ‘to contribute to achievement of Māori development aspirations’, that TWOA entered the tertiary education sector. Whether or not TWOA was successful in delivering to the Government on the key objectives of its Tertiary Education Strategy, will now be considered by an examination of the financial reports of entities that made up a section of the tertiary education sector between 1998 and 2005. Such an examination is designed to show whether increases in participation in the sector, particularly by those TEIs providing for Māori aspirations, and providing for the raising of foundation skills, were achieved.

The time period selected for the financial comparison model has been done for the following reasons:

1) The NZ Labour Party led Government, so critical to the events of 2004 and 2005, were elected to power in November 1999.

2) In 1999, the cap on TEI student numbers was lifted, meaning that every student was funded for an approved course of study at a TEI.

3) In 1998, TWOA had 920 students, and EFTS of 693. Less than 0.76% of the total student numbers and EFTS of the eight Universities that is to be used in the comparison model.

4) By 2003, TWOA had 63,387 students and 34,280 EFTS.
5) By 2003 total student numbers at the eight Universities used in the comparison model had grown from 143,273 in 1998 to 169,008, an 18% increase.

6) In the same time the EFTS numbers of the eight selected Universities had increased from 102,368 to 123,404, an increase of 20%.

7) In the same period, TWOA student numbers increased nearly seven-fold and EFTS nearly five-fold.

8) TWOA’s EFTS funding grew by 2003 to be 22.6% of that paid by the State to the eight selected Universities.

A financial analysis of TWOA alone would not have had a great deal of significance, as it is only by comparison to peers in the sector, that the relevance of TWOA can be seen. The financial data analysis will also provide a platform from which the financial issues that were central to the State’s case against TWOA in 2005 can be put into context and understood.

5.2 Data analysis

In essence, the Education Amendment Act 1990 paved the way for Māori tertiary educational institutions, and the 2002 Tertiary Education Strategy document set out what the NZ Labour Party led Government wished all TEIs including Wānanga, would achieve. During the period under review, funding of TEIs was both public and private; by way of State provided EFTS funding (public) and by way of student fees, which came from both Aotearoa New Zealand and overseas students (private).

EFTS funding was based on a set amount payable to the TEI by the State for each
student that enrolled for a course of study. The course of study having been approved by the New Zealand Qualifications Authority (NZQA) as to quality, and from 2003, by the Tertiary Education Commission (TEC) as to relevance (Universities could approve their own, however). Once a course had been approved this way, then upon enrolment, the student ‘brought’ the EFTS funding to the TEI. There are safeguards as to what constitutes an enrolment, and generally this process is well audited. The amount funded for each course of study varies according to the calculated cost of delivery of the course and this variation is in the range of $5,000 to $15,000. A course can also be allocated a half EFTS; an example being six month courses, or a part time course of study. This is the reason why TEIs student numbers often exceed EFTS.

Student fees are a significant part of the revenues of TEIs, generally. As stated in the introduction to this chapter, the NZ Labour Party led Government wished to have an eighty twenty (80/20) funding ratio between public (EFTS) and private funding (student fees). It should be understood that a high portion of the student fees received by TEIs are as a result of students borrowing from the State under the Student Loan scheme. According to the Financial Statements of the Government of New Zealand; For the Six Months Ended 31 December 2005. – 17 February 2006, at 31 December 2004, the total amount of State debt as a result of student loans was $6.1 billion accumulated from the sector.

With this overview, a selective analysis of the tertiary education sector will be carried out, first by describing the methodology to be used, then to review the financial data of the eight Universities in Aotearoa New Zealand and TWOA.
5.2.1 Data analysis methodology.

Data analysis was carried out of the eight Universities of Aotearoa New Zealand for each of the calendar years 1998 to 2005. The results of this analysis were then compared to those of TWOA. However, for the purposes of examining the financial performance of TWOA and measuring this against the eight Universities, 1998, 2001 and 2003 financial results are used. 1998 was the year that the cap on enrolments being lifted was announced; 2001 was the year that TWOA negotiated to receive capital funding from the State (although not released until 2002) and 2003 was the year that TWOA surpassed all other TEIs in terms of student numbers and EFTS.

The data in Appendix 1 has been obtained from the audited, published Annual Reports of the chosen TEIs. Where comparative figures in the Annual Reports are different from those that appeared in the actual year reports, the updated comparative figures have been used. The rationale for this is that an error may have been detected in the subsequent year, therefore the updated comparative figure is deemed by the researcher to be more reliable.

The objective of including the data used in the Tables that follow, is to show the growth of the selected sector as a whole during the period under review (the eight Universities - referred to as M8 in this analysis), and of TWOA (abbreviated to TW). This growth is reflected by using EFTS, EFTS value, student numbers and student fees received. Student fees normally would not be considered as part of a growth analysis statistic, but the inclusion of these figures are relevant from a comparative perspective due to the virtual nil fee policy of TWOA, and should be taken into account when considerations relating to the financial position of TWOA are considered.
5.2.2 Financial data analysis.

The analysis is based on information contained in the audited, published Annual Reports of the TEIs have been coded as follows:

- A University of Auckland
- AU Auckland University of Technology
- C University of Canterbury
- L Lincoln University
- M Massey University
- O University of Otago
- V Victoria University
- W Waikato University
- TW Te Wānanga o Aotearoa

In order to understand the impact that TWOA may have had on the sector, and to draw conclusions as the how the achievements of TWOA ‘delivered’ to the State on key goals of the Education Amendment Act 1990, and the 2002 Tertiary Education Strategy, the following data from the Annual Reports of the M8 Universities and TWOA will be examined:

- Column 2. Gross EFTS funding $ values received, expressed in $000.
- Column 3. Gross student fees $ value received, expressed in $000.
- Column 4. Gross revenues $ value received, expressed in $000.
- Column 5. Gross expenditure $ value paid, expressed in $000.
- Column 6. Surplus / - Deficit $ value, as shown in Annual Reports.
- Column 7. Total EFTS numbers, expressed in numeric terms.
- Column 8. Total student numbers, expressed in numeric terms.

Note: Column 6 will not always be the result of subtracting Gross revenues, Column 4 from Gross expenditure in Column 5, due to extraordinary items that have been included in the calculation by the TEI of their ultimate Surplus/Deficit.
The researcher does not see a great deal of merit in comparing the Surplus/Deficits of the institutions due to the differences in modes of delivery, and costs of courses between the ‘traditional’ M8 TEIs and TWOA.

In 1998, the sector as described above shows the following in respect of that year:

Table 1: Sector analysis 1998 ($, 000)
(From Appendix 1 - Table 1)

<table>
<thead>
<tr>
<th>1998</th>
<th>EFTS$</th>
<th>S/F$</th>
<th>Rev$</th>
<th>Exes$</th>
<th>=/- $</th>
<th>EFTS#</th>
<th>SF#</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$160,574</td>
<td>$62,559</td>
<td>$311,958</td>
<td>$299,401</td>
<td>$2,431</td>
<td>21,618</td>
<td>26,110</td>
</tr>
<tr>
<td>AU</td>
<td>$49,195</td>
<td>$22,105</td>
<td>$101,234</td>
<td>$94,757</td>
<td>$6,477</td>
<td>10,685</td>
<td>24,878</td>
</tr>
<tr>
<td>C</td>
<td>$77,474</td>
<td>$29,488</td>
<td>$126,489</td>
<td>$130,817</td>
<td>-$4,328</td>
<td>11,678</td>
<td>12,541</td>
</tr>
<tr>
<td>L</td>
<td>$20,200</td>
<td>$10,889</td>
<td>$58,616</td>
<td>$55,221</td>
<td>-$169</td>
<td>3,286</td>
<td>3,918</td>
</tr>
<tr>
<td>M</td>
<td>$114,887</td>
<td>$47,616</td>
<td>$209,746</td>
<td>$197,160</td>
<td>$12,586</td>
<td>17,801</td>
<td>32,393</td>
</tr>
<tr>
<td>O</td>
<td>$110,834</td>
<td>$55,600</td>
<td>$264,897</td>
<td>$247,642</td>
<td>$17,255</td>
<td>14,981</td>
<td>16,945</td>
</tr>
<tr>
<td>V</td>
<td>$74,914</td>
<td>$30,904</td>
<td>$130,425</td>
<td>$128,092</td>
<td>$2,333</td>
<td>11,858</td>
<td>13,946</td>
</tr>
<tr>
<td>W</td>
<td>$67,332</td>
<td>$33,879</td>
<td>$135,233</td>
<td>$127,669</td>
<td>$7,564</td>
<td>10,461</td>
<td>12,542</td>
</tr>
<tr>
<td>Total M8</td>
<td>$675,410</td>
<td>$293,040</td>
<td>$1,338,598</td>
<td>$1,280,759</td>
<td>$44,149</td>
<td>102,368</td>
<td>143,273</td>
</tr>
<tr>
<td>SF to EFT</td>
<td>43.39%</td>
<td>43.39%</td>
<td>43.39%</td>
<td>43.39%</td>
<td>43.39%</td>
<td>43.39%</td>
<td>43.39%</td>
</tr>
<tr>
<td>TW</td>
<td>$3,134</td>
<td>$843</td>
<td>$5,447</td>
<td>$5,397</td>
<td>$50</td>
<td>693</td>
<td>920</td>
</tr>
<tr>
<td>TW % M8</td>
<td>0.46%</td>
<td>0.29%</td>
<td>0.41%</td>
<td>0.42%</td>
<td>0.11%</td>
<td>0.68%</td>
<td>0.64%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$678,544</td>
<td>$296,883</td>
<td>$1,344,045</td>
<td>$1,286,156</td>
<td>$44,199</td>
<td>103,061</td>
<td>144,193</td>
</tr>
<tr>
<td>TW %</td>
<td>0.46%</td>
<td>0.29%</td>
<td>0.41%</td>
<td>0.42%</td>
<td>0.11%</td>
<td>0.67%</td>
<td>0.64%</td>
</tr>
</tbody>
</table>

Note: -$ Denotes loss/deficit - SF is Student fees - =/- is surplus or deficit
Source: Bryant, 2009.

Key observations from Table 1

- There were 102,369 EFTS and 143,273 students enrolled in the M8 in this year.
- Student fees paid to M8s were $293 million, or 43.4% of Government funded EFTS funding received.
- There were 693 EFTS and 920 students enrolled in TWOA in this year.
- Student fees paid to TWOA were $843,000, or 26.9% of Government funded EFTS funding received.

Summary:

- TWOA was an insignificant player in the sector during this year.
2001, three years later, the year of the Deed of Settlement signed by the Crown and TWOA that initiated the release of capital funding to TWOA, albeit in November 2001, which released funds to TWOA in the 2002 calendar year. The results for this year are recorded in Table 2.

**Table 2: Sector analysis 2001 ($, 000)**

(From Appendix 1 - Table 4)

<table>
<thead>
<tr>
<th></th>
<th>EFTS$</th>
<th>S/F$</th>
<th>Rev$</th>
<th>Exes$</th>
<th>=/- $</th>
<th>EFTS#</th>
<th>SF#</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$168,960</td>
<td>$96,059</td>
<td>$416,046</td>
<td>$406,034</td>
<td>$10,015</td>
<td>24,338</td>
<td>29,465</td>
</tr>
<tr>
<td>AU</td>
<td>$6,305</td>
<td>$31,283</td>
<td>$125,676</td>
<td>$119,233</td>
<td>$3,789</td>
<td>10,294</td>
<td>24,836</td>
</tr>
<tr>
<td>C</td>
<td>$73,925</td>
<td>$31,783</td>
<td>$149,102</td>
<td>$153,388</td>
<td>-$4,289</td>
<td>10,439</td>
<td>15,343</td>
</tr>
<tr>
<td>L</td>
<td>$17,099</td>
<td>$12,446</td>
<td>$60,099</td>
<td>$60,848</td>
<td>-$749</td>
<td>2,774</td>
<td>3,561</td>
</tr>
<tr>
<td>M</td>
<td>$129,552</td>
<td>$78,056</td>
<td>$269,886</td>
<td>$255,699</td>
<td>$15,229</td>
<td>19,846</td>
<td>37,060</td>
</tr>
<tr>
<td>O</td>
<td>$122,970</td>
<td>$71,900</td>
<td>$304,170</td>
<td>$284,239</td>
<td>$19,931</td>
<td>15,343</td>
<td>17,598</td>
</tr>
<tr>
<td>V</td>
<td>$69,452</td>
<td>$36,469</td>
<td>$143,201</td>
<td>$137,874</td>
<td>$5,327</td>
<td>12,302</td>
<td>15,296</td>
</tr>
<tr>
<td>W</td>
<td>$62,857</td>
<td>$47,580</td>
<td>$147,268</td>
<td>$142,374</td>
<td>$4,894</td>
<td>10,884</td>
<td>13,260</td>
</tr>
<tr>
<td>M8</td>
<td>$651,120</td>
<td>$405,576</td>
<td>$1,615,448</td>
<td>$1,559,689</td>
<td>$54,150</td>
<td>106,220</td>
<td>152,555</td>
</tr>
<tr>
<td>SF to EFT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TW</td>
<td>$30,233</td>
<td>$5,631</td>
<td>$37,651</td>
<td>$35,778</td>
<td>$1,873</td>
<td>6,118</td>
<td>16,423</td>
</tr>
<tr>
<td>TW %</td>
<td>4.64%</td>
<td>1.39%</td>
<td>2.33%</td>
<td>2.29%</td>
<td>3.46%</td>
<td>5.76%</td>
<td>9.72%</td>
</tr>
<tr>
<td>Group</td>
<td>$681,353</td>
<td>$411,207</td>
<td>$1,653,099</td>
<td>$1,595,467</td>
<td>$56,023</td>
<td>112,338</td>
<td>168,978</td>
</tr>
<tr>
<td>TW %</td>
<td>4.44%</td>
<td>1.37%</td>
<td>2.28%</td>
<td>2.24%</td>
<td>3.34%</td>
<td>5.45%</td>
<td>9.72%</td>
</tr>
</tbody>
</table>

Note: -$ Denotes loss/deficit - SF is Student fees - =/- is surplus or deficit
Source: Bryant, 2009.

Key observations from Table 2

- There were 106,220 (1998, 102,369) EFTS and 152,555 (1998: 143,273) students enrolled in the M8 in this year.
- Student Fees paid to M8s were $406 million (1998: $293 million), or 62.8% (1998: 43.4%) of Government funded EFTS funding received.
- There were 6,118 (1998: 693) EFTS and 16,423 (1998: 920) students enrolled in TWOA in this year.
- Student Fees paid to TWOA were $5.6 million (1998: $843,000), or 18.6% (1998: 26.9%) of Government funded EFTS funding received.

Summary:

- M8 EFTS increased by 3,852 or 3.7% and student numbers increased by 9,282, or 6.47%.
TWOA EFTS increased by 5,425, compared with the 3,852 for M8 in the same period, and student numbers by 15,503, compared with 9,282 for M8.

2003, two years advanced from the 2001 analysis, and five years since the 1998 analysis, and the year that TWOA achieved more EFTS and more student numbers than any other TEI in Aotearoa New Zealand.

Table 3: Sector analysis 2003 ($, 000)
(From Appendix 1 - Table 6)

<table>
<thead>
<tr>
<th>2003</th>
<th>EFTS$</th>
<th>S/F$</th>
<th>Rev$</th>
<th>Exes$</th>
<th>=/- $</th>
<th>EFTS#</th>
<th>SF#</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$191,324</td>
<td>$134,871</td>
<td>$505,700</td>
<td>$490,393</td>
<td>$15,304</td>
<td>27,205</td>
<td>33,226</td>
</tr>
<tr>
<td>AU</td>
<td>$76,578</td>
<td>$67,261</td>
<td>$168,011</td>
<td>$161,645</td>
<td>$6,366</td>
<td>15,226</td>
<td>25,743</td>
</tr>
<tr>
<td>C</td>
<td>$80,018</td>
<td>$61,400</td>
<td>$173,439</td>
<td>$170,075</td>
<td>$3,362</td>
<td>12,388</td>
<td>12,748</td>
</tr>
<tr>
<td>L</td>
<td>$15,739</td>
<td>$23,862</td>
<td>$60,851</td>
<td>$59,663</td>
<td>$1,180</td>
<td>3,382</td>
<td>4,136</td>
</tr>
<tr>
<td>O</td>
<td>$139,234</td>
<td>$79,897</td>
<td>$330,553</td>
<td>$324,059</td>
<td>$6,494</td>
<td>16,632</td>
<td>18,927</td>
</tr>
<tr>
<td>V</td>
<td>$82,269</td>
<td>$37,662</td>
<td>$182,828</td>
<td>$175,246</td>
<td>$7,582</td>
<td>14,296</td>
<td>16,818</td>
</tr>
<tr>
<td>W</td>
<td>$60,067</td>
<td>$61,496</td>
<td>$176,268</td>
<td>$168,096</td>
<td>$8,172</td>
<td>11,959</td>
<td>14,405</td>
</tr>
<tr>
<td>M</td>
<td>$136,794</td>
<td>$118,366</td>
<td>$328,847</td>
<td>$312,242</td>
<td>$14,482</td>
<td>22,690</td>
<td>41,662</td>
</tr>
<tr>
<td>Total M8</td>
<td>$782,023</td>
<td>$584,815</td>
<td>$1,926,497</td>
<td>$1,861,419</td>
<td>$71,761</td>
<td>123,404</td>
<td>169,005</td>
</tr>
</tbody>
</table>

SF to EFT 74.80%

<table>
<thead>
<tr>
<th>2003</th>
<th>SF to EFT</th>
<th>TW</th>
<th>TW</th>
<th>TW</th>
<th>TW</th>
<th>TW</th>
</tr>
</thead>
<tbody>
<tr>
<td>TW</td>
<td>$177,026</td>
<td>$3,304</td>
<td>$187,660</td>
<td>$154,413</td>
<td>$33,247</td>
<td>$34,280</td>
</tr>
<tr>
<td>TW</td>
<td>22.64%</td>
<td>0.56%</td>
<td>9.74%</td>
<td>8.30%</td>
<td>46.33%</td>
<td>27.78%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$959,049</td>
<td>$588,119</td>
<td>$2,114,157</td>
<td>$2,015,832</td>
<td>$105,008</td>
<td>157,684</td>
</tr>
<tr>
<td>TW</td>
<td>18.46%</td>
<td>0.56%</td>
<td>8.88%</td>
<td>7.66%</td>
<td>31.66%</td>
<td>21.74%</td>
</tr>
</tbody>
</table>

Note: -$ Denotes loss/deficit - SF is Student fees - =/- is surplus or deficit
Source: Bryant, 2009.

Key observations from Table 3

- There were 123,404 (2001: 106,220) EFTS numbers and 169,005 (2001: 152,555) students enrolled in the M8 in this year.
- Student fees paid to M8s were $584 million (2001: $406 million), or 74.8% (2001: 62.8%) of Government funded EFTS funding received.
- There were 34,280 (2001: 6,118 EFTS) numbers and 63,387 (2001: 16,423) students enrolled in TWOA in this year.
- Student fees paid to TWOA were $3.3 million (2001: $5.6 million), or 0.6% (2001: 18.6%) of Government funded EFTS funding received.
Summary:

- Between 2001 and 2003, M8 EFTS increased by 7,184 or 5.82% and student numbers increased by 16,450, or 10.8%.
- Between 2001 and 2003, TWOA EFTS increased by 28,162 or 460.3%, and student numbers by 46,964 or 286%.

In order to simplify what the above tables show, a sector analysis, that is, the M8 universities in total and TWOA for the same periods, are shown below in Table 4.

Table 4: Summary of financial data ($, 000)

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>M8 EFTS</td>
<td>$675,410</td>
<td>$686,074</td>
<td>$684,515</td>
<td>$651,120</td>
<td>$741,409</td>
<td>$782,023</td>
</tr>
<tr>
<td>TWOA EFTS</td>
<td>$3,134</td>
<td>$4,458</td>
<td>$7,862</td>
<td>$30,233</td>
<td>$103,757</td>
<td>$177,026</td>
</tr>
<tr>
<td>Total EFTS</td>
<td>$678,544</td>
<td>$690,532</td>
<td>$692,377</td>
<td>$681,353</td>
<td>$945,166</td>
<td>$959,049</td>
</tr>
<tr>
<td>M8 S fees</td>
<td>$293,040</td>
<td>$344,607</td>
<td>$385,210</td>
<td>$405,576</td>
<td>$507,795</td>
<td>$584,815</td>
</tr>
<tr>
<td>TWOA S fees</td>
<td>$843</td>
<td>$1,934</td>
<td>$4,064</td>
<td>$5,631</td>
<td>$3,484</td>
<td>$3,304</td>
</tr>
<tr>
<td>Total S fees</td>
<td>$293,883</td>
<td>$346,541</td>
<td>$389,274</td>
<td>$411,207</td>
<td>$511,279</td>
<td>$588,119</td>
</tr>
<tr>
<td>M8 EFTS</td>
<td>102,368</td>
<td>104,341</td>
<td>103,104</td>
<td>106,220</td>
<td>116,195</td>
<td>123,404</td>
</tr>
<tr>
<td>TWOA EFTS</td>
<td>693</td>
<td>861</td>
<td>1,573</td>
<td>6,118</td>
<td>20,469</td>
<td>34,280</td>
</tr>
<tr>
<td>Total EFTS</td>
<td>103,061</td>
<td>105,202</td>
<td>104,677</td>
<td>112,338</td>
<td>136,664</td>
<td>157,684</td>
</tr>
<tr>
<td>M8 Student #</td>
<td>143,273</td>
<td>150,965</td>
<td>146,785</td>
<td>152,555</td>
<td>161,692</td>
<td>169,005</td>
</tr>
<tr>
<td>TWOA S #</td>
<td>920</td>
<td>1,008</td>
<td>3,127</td>
<td>16,423</td>
<td>44,158</td>
<td>63,387</td>
</tr>
</tbody>
</table>

Note: - S Fees is Student fees
Source: Bryant, 2009.

Figures 9, 10 and 11 appear on the next page. Figure 9 shows the total EFTS funding by dollar value received by M8 Universities (the top line) and that for TWOA (the bottom line). It is noted that the line representing the M8 Universities, was relatively flat for 1998, 1999 and 2000, then dipped slightly, before increasing quite significantly after 2001. TWOA showed a consistent and rapid rise from 1998. Figure 10 shows the total student fees by dollar value received by M8 Universities and TWOA in total; that for the M8 Universities (both represented by the top line) and that for TWOA (shown as the bottom line). In TWOA’s case, the student fees received barely register on the graph and as a result the total line and that of the M8 line, are almost one and the same.
Figure 11 shows the total EFTS attributed to the M8 Universities and TWOA in total (the top line); that for the M8 Universities (the middle line) and that for TWOA (the bottom line). Figure 11 on the following page shows that the TWOA accounted for most of EFTS growth in the selected sector in 2003.

**Figure 9: Total EFTS funding in $ value ($, 000)**

Source: Bryant, 2009.

**Figure 10: Total student fees in $ value ($, 000)**

Source: Bryant, 2009.

**Figure 11: Total EFTS**

Source: Bryant, 2009.
Figure 12 shows the total student numbers enrolled by M8 Universities and TWOA in total (the top line); that for the M8 Universities (the middle line) and that for TWOA (the bottom line).

**Figure 12: Total student numbers**

![Graph showing total student numbers](image)

Source: Bryant, 2009.

Figure 12 shows that the participation increases in the eight Universities of Aotearoa New Zealand were not dramatic between 1998 and 2003, as is shown by the middle line. Against this is the steep increase in the incline of TWOA with the bottom line, which consequently resulted in the steep incline in the total student number line.

Table 3 (p. 157) shows that by the end of 2003 TWOA consumed $177 million of State funded EFTS, compared to $191 million consumed by the University of Auckland, and that TWOA accounted for 18.46% of all EFTS funding paid by the State to the group under review. At 34,280 EFTS for 2003, compared to the 27,205 of the University of Auckland, TWOA’s share of State funded EFTS numbers was 21.74% of the total of the nine TEIs that comprise the group under review. The fact that TWOA had more EFTS than the University of Auckland, but received less dollar amount from the State is a reflection of the different type of courses, and therefore EFTS value, offered by the two TEIs.
A further indication to the type of courses offered is the fact that TWOA had 63,387 students enrolled in 2003, compared to the 33,226 enrolled at the University of Auckland, with a large number of the EFTS payments made to TWOA being half EFTS at around $2,600, whereas those for categories such as engineering, medicine as examples, offered by Universities of the sector, would have a higher $ value.

The size of TWOA in 2003 in the selected sector is well demonstrated by the Pie Charts in Figures 13 and 14. The EFTS that TWOA had in 2003, compared with the eight Universities is reflected in the Pie Chart in Figure 13, and the number of students that TWOA had in 2003, compared with the eight Universities is reflected in the Pie Chart in Figure 14.

**Figure 13: EFTS 2003**

![Figure 13: EFTS 2003](nanxnan)

Source: Bryant, 2009.

**Figure 14: Total student numbers 2003**

![Figure 14: Total student numbers 2003](nanxnan)

Source: Bryant, 2009.
The significance of TWOA and its size in terms of EFTS funding, net surplus for the year, EFTS and student numbers are demonstrated by the data summary in Table 5. This table shows that in 2003, TWOA’s EFTS funding was 22.6% of the eight Universities; its surplus 46.3%; EFTS numbers 27.8% and student numbers 37.5%. These figures show that TWOA was a very significant and profitable TEI in Aotearoa New Zealand in 2003.

**Table 5: Data Summary 2003 ($, 000)**

<table>
<thead>
<tr>
<th></th>
<th>2003 M8</th>
<th>SF to EFT</th>
<th>TW</th>
<th>TW Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFTS $</td>
<td>$782,023</td>
<td>$177,026</td>
<td>$147,732</td>
<td>$169,005</td>
<td></td>
</tr>
<tr>
<td>S fees $</td>
<td>$584,815</td>
<td>$3,304</td>
<td>$33,247</td>
<td>$37,987</td>
<td></td>
</tr>
<tr>
<td>Surplus $</td>
<td>$71,761</td>
<td>$33,247</td>
<td>$23,414</td>
<td>$33,247</td>
<td></td>
</tr>
<tr>
<td>EFTS #</td>
<td>123,404</td>
<td>34,280</td>
<td>27,78%</td>
<td>27.78%</td>
<td></td>
</tr>
<tr>
<td>S #</td>
<td>169,005</td>
<td>63,387</td>
<td>37.51%</td>
<td>37.51%</td>
<td></td>
</tr>
<tr>
<td>SF to EFT</td>
<td>74.80%</td>
<td>0.56%</td>
<td>46.33%</td>
<td>27.78%</td>
<td></td>
</tr>
<tr>
<td>TW</td>
<td>22.64%</td>
<td>0.56%</td>
<td>46.33%</td>
<td>27.78%</td>
<td></td>
</tr>
<tr>
<td>Group Total</td>
<td>$959,049</td>
<td>$588,119</td>
<td>$105,008</td>
<td>$232,392</td>
<td></td>
</tr>
<tr>
<td>TW</td>
<td>18.46%</td>
<td>0.56%</td>
<td>31.66%</td>
<td>27.28%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Bryant, 2009.

**5.3 Summary**

Financial ratios of TWOA at 31 December 2003 provided in the audited financial statements of TWOA were ($, 000):

- **Current Monetary Assets**: $37,377
- **Current Liabilities**: $14,667
- **Ratio**: 2.55:1
- **Public Equity**: $116,769
- **Total Assets**: $131,448
- **Ratio**: 0.89:1
- **Total Liabilities**: $14,679
- **Public Equity**: $116,769
- **Exposure to Liabilities**: 0.13:1
- **Net Results for year**: $33,247
The above shows an entity with total assets of $131,448 million; liabilities of 11.2% of that figure, with a surplus (profit) of $33,247 million, which represents a return on capital invested, of 25.3%. With revenues of $177,486 million in that year, making a surplus (profit) of 18.7 cents for each dollar of revenue received. By any measure, TWOA was an extremely soundly based entity, and a model of entrepreneurial success.

The financial data analysed shows that TWOA was extremely financially sound at 31 December 2003, with over $100 million of assets, revenues of $177 million, and a surplus $33 million earned in that year. TWOA was a large contributor to the tertiary education sector as the pie charts used in Chapter 5 show. However, TWOA’s prime purpose was not about achieving financial excellence, but about delivering value to students by way of access to and participation in tertiary education.

The financial data referred to above was available to The Ministry of Education, who released *Participation in Tertiary Education 2003* in October 2003 (Ministry of Education, 2003). Extracts of that report appear in Appendix 5, and give validation to the success of TWOA as is show by participation numbers and financial positions as demonstrated in this chapter. *Participation in Tertiary Education 2003* was authored by a Senior Analyst with the Tertiary Sector Performance Analysis & Reporting, Tertiary Education Group, of the Ministry of Education. This source must be considered reliable and unbiased towards TWOA.
During 2003 an independent report entitled *Ka Awatea Tuarua – An implementation of the New Dawn* was released by the NZ Institute of Economic Research (Inc) (NZIER) (Lattimore, Duncan, Ikin, Davies, Ballingall, Yeabsley, 2003), and in May 2004, a report entitled *Trends and projections for strategic development. Module 1a: Te Wānanga o Aotearoa* was released by the Business & Economic Research Limited (BERL) (Sanderson, Leung-Wai, Nana, 2004).

The reports from NZIER and BERL were commissioned by TWOA, and the independence and reputations of these two economic research organisations, place reliance on their data and conclusions, as being entirely credible. Extracts of both of these reports are shown in Appendix 5.

The report from the Ministry of Education acknowledged TWOA’s contribution to delivering to the Government on a key tertiary education policy of increasing participation in the sector. The report of NZIER acknowledges the contribution that TWOA made to the lives of students, and to the country’s economic well being, and BERL commented on the contributions made by TWOA to attracting women, wage or salary workers, and unemployed/beneficiaries to the sector.

There is a very strong link between what is reported above by the Ministry of Education, and the two independent, economic research organisations, each point towards TWOA as being a highly successful TEI delivering to the State exactly what two separate, consecutive Governments had previously expressed as the foundations for tertiary education in Aotearoa New Zealand.

In respect of student fees, the data analysed shows that the ratio of 80% public funding (EFTS) and 20% private (student fee income) as recommended by the Ministry of Education to the NZ National party led Government in 1991, (MOE,
1991) was in fact far different. In 1998, State funded EFTS for the eight Universities whose financial data was analysed, was $675 million and student fee income $293 million; that is 70% public and 30% private. In 2003, the eight Universities selected received $782 million in State funded EFTS and $584 million in student fees; an increase to the situation where student fees were 74.8% of State funded EFTS, or a 57/43 funding ratio. A similar analysis of the figures for TWOA shows State funded EFTS income received in 1998 of $3.1 million with student fee income of $843,000 (or 26.9% of EFTS funding). In 2003, State funded EFTS received of $177 million and student fees received of $3.3 million; or 1.9% of State funded EFTS, or a 98/2 funding ratio.

Early in 2005, the State, using language that included ‘financial mismanagement’ and a ‘pending financial crisis’, put in place a process that ultimately gave them control of TWOA. It view of the financial successes achieved by TWOA that is presented by the above data analysis, and the external confirmations of their achievements, it would when considering the language above, that something may have gone wrong between 2003 and 2005 for TWOA. The next chapter will examine what this might have been.
Chapter 6

Crisis or not

Chapter 6 will analyse in detail the financial situation of TWOA for 2004, and into 2005 to ascertain whether there was in fact a ‘pending financial crisis’. A model for Chapter 6 showing topics to be examined is set out on Figure 15.

Figure 15: Chapter 6 – model

<table>
<thead>
<tr>
<th>6.1 Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>↓</td>
</tr>
<tr>
<td>6.2 Going concern considerations</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>6.3 TWOA – Cash on hand</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>6.4 Summary</td>
</tr>
</tbody>
</table>

Source: Bryant, 2009.

6.1 Introduction

In 2005, the State commenced actions that brought into question the financial management of TWOA, and its financial viability. These actions led to the appointment of a Crown Observer in February 2005, who by March 2005 was the Crown Manager, with full control of the finances of TWOA. The perception of a financial crisis at TWOA appears to have been created by the State to justify its actions, and this chapter will examine data to test the validity of the State’s claims.

What first has to be considered is the going concern issues raised by the Minister of Education, which he stated was one of the main concerns and points of justification for his actions against TWOA. The going concern concept will be
discussed in the next section. Then consideration will be given to how TWOA’s financial position, actual and anticipated would at the time, have measured against the principles of the concept, with a study of anticipated and actual data of TWOA.

**6.2 Going concern.**

Any questions about going concern issues relate to what the future holds for an organisation. The issues relate to whether an organisation is likely to be able to continue into the future. TWOA was able to continue into the future, it is still operating and a viable entity. The questions of ‘whether or not it was reasonable for the Minister to raise doubts regarding the going concern aspects of TWOA?’, and ‘whether or not his actions in taking from TWOA’s Council the ability to control future funding availability, caused going concern doubts to have some merit?’, will now be considered.

The going concern test is at the core of the solvency test for an entity, and is well described and reported by in professional and academic publications. Venuti (2004) states that:

> While the United States still leads the International Accounting Standards Board (IASB) and the International Federation of Accountants (IFAC) in codifying accounting and auditing standards, IASB and IFAC are clearly ahead on the issue of the going-concern assumption. International Accounting Standard (IAS) 1, Presentation of Financial Statements, defines the going-concern assumption and requires management to make an assessment of an entity’s ability to continue as a going concern. The glossary of terms in the International Standards on Auditing defines the going-concern assumption as follows:

> Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading, or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The New Zealand Institute of Chartered Accountants in their publication New
Zealand Equivalent to International Accounting Standard 1 – Presentation of Financial Statements (NZ IAS 1), issued November 2004 and incorporates amendments up to January 2007, Clause 23, Going Concern, states:

When preparing financial statements, management shall make an assessment of the entity’s ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties relating to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern, those uncertainties shall be disclosed. When financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

Clause 24 states:

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, a conclusion that the going concern basis of accounting is appropriate may be reached without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

Clause 24 raises the point that when an entity has a history of profitable operations and ready access to financial resources, the conclusion that going concern basis of accounting is appropriate, may be reached without detailed analysis. The fact that TWOA had a history of ‘profitable operation’ is contained in the data detailed in Appendix 1, and summarised in Table 6 on the following page.

However, the ‘ready access to financial resources’ was something over which the State had complete control by way of the honouring or not the terms of the Deed of Settlement in respect of the Suspensory Loan payments. Further, to rely on placing in doubt ‘ready access to financial recourses’ as a result of ‘changes by government to funding priorities’ as pointed out by the Minister under Criterion
34 of his 20 June 2005 letter, is something that applies to all TEIs, and in fact to all organisations that rely on State funding.

**Table 6: Profitability of sector**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total M8</strong></td>
<td>$54,150</td>
<td>$60,554</td>
<td>$71,761</td>
</tr>
<tr>
<td><strong>TWOA</strong></td>
<td>$1,873</td>
<td>$29,299</td>
<td>$33,247</td>
</tr>
<tr>
<td><strong>Total of Group</strong></td>
<td>$56,023</td>
<td>$89,783</td>
<td>$105,088</td>
</tr>
<tr>
<td><strong>TWOA % of group</strong></td>
<td>3.34%</td>
<td>32.56%</td>
<td>31.66%</td>
</tr>
</tbody>
</table>

Source: Bryant, 2009.

TWOA would certainly have passed a history of profitable operations test for at least two years, with a profit of $33 million in 2003 and $29 million in 2002.

Whether or not TWOA had sufficient funds to stop it from becoming insolvent in the first few months of 2005, was completely in the hands of the State and their handling of the Suspensory Loan issues with TWOA. On 15 December 2004, the TWOA Council was told of the importance of the proceeds of the Suspensory Loan to their cash flow, and on 17 December 2004 the Development Advisor wrote to Ministry of Education (McNally 2004a) that there might ‘just be a small window to get some leverage’. The reality of the going concern test is of course in hindsight. In 2009 TWOA continues to operate as a viable TEI.

**6.3 TWOA – Cash on hand**

An examination will be carried out to ascertain the actual cash balances of TWOA held during 2004, and financial budgets that were reported to the Council of the TWOA in November 2004 through to June 2005, in order to see if there really was a pending cash crisis for TWOA. It was this period of time the State claimed there would be a cash crisis for TWOA and it was comments by the Minister of
Education relating to its financial position during this period that apparently justified the State taking control of TWOA.

An examination of the TWOA Council Meeting Papers for the meeting on 15 December 2004 shows that the Tumuaki noted in his report:

Negotiations have commenced with the Ministry of Education regarding a drawdown of the Suspensory loan facility agreed to by the Crown in the Deed of Settlement. It is hoped that some funds may become available before the end of this year.

The Financial Report - November Results 2004 (TWOA, 2004) presented to the same meeting noted:

Cash balances at 31 (sic) November amount to $20.1m for the Group compared to forecast of $38.7m. The reforecast includes an expected reduction in funding to occur because we were not meeting the 32,000 funded levels (sic). This reduction has not occurred and we have received an unexpected/unforecast $15m in funding included in the current $20,1m cash balance. The necessary adjustment in funding received may not now take place until January 2005. The excess funding has temporarily inflated cash balances. Considerable increased expenses and the purchase of stocks and fixed assets have given rise to a greater than expected cash outflow.

Further:

Working capital for the Group amounts to $8.5m. The Group currently has liability for MOE funding recorded at $13m. This liability is based on being funded for 29,796 efts to date compared to actual consumption to date of 27,471. This liability will reduce significantly as efts consumption increases although the expected return of funding has not yet occurred.

Further:

Capital expenditure for the parent is now over budget. Total spend on fixed assets amounts to $23.1m and the total budget for 2004 is $15.4m. The additional spend on fixed assets will impact on the current estimated depreciation charge for 2004.

Further:

The receipt of $5m in relation to the Suspensory loan of $20m has not been forecast to occur until December. The cash flow on page 12 and graph on page 10 provides an estimated reforecast cash flow. Given continued high expenditure cash balances are likely to fall to $22.9m (including the receipt of $5m Suspensory loan) from a forecast of $40.7m.
A summary of the above is that there were no cash flow issues apparent for the eleven months ended 30 November 2004, reported to the 15 December 2005 TWOA full Council meeting, at which the State’s Development Advisor was present. However, ample warning was given as to the importance of receiving the Suspensory Loan funding in a timely manner.


**Table 7: Month end cash balances ($, 000)**

<table>
<thead>
<tr>
<th>Month</th>
<th>Cash Balance ($, 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2004</td>
<td>$34,000</td>
</tr>
<tr>
<td>February</td>
<td>$33,923</td>
</tr>
<tr>
<td>March</td>
<td>$39,775</td>
</tr>
<tr>
<td>April</td>
<td>$34,275</td>
</tr>
<tr>
<td>May</td>
<td>$31,560</td>
</tr>
<tr>
<td>June</td>
<td>$31,642</td>
</tr>
<tr>
<td>July</td>
<td>$34,072</td>
</tr>
<tr>
<td>August</td>
<td>$38,312</td>
</tr>
<tr>
<td>September</td>
<td>$32,204</td>
</tr>
<tr>
<td>October</td>
<td>$26,411</td>
</tr>
<tr>
<td>November</td>
<td>$20,164</td>
</tr>
<tr>
<td><strong>Budgeted December 2004</strong></td>
<td><strong>$22,889</strong></td>
</tr>
</tbody>
</table>

Source: Council Meeting Papers, dated 15 December 2004,
December also noted under Financial Report (part 2) stated:

Total income for TWOA is budgeted at $4202m with a surplus of $8.87m generating a return on revenue of 4.37%. The earlier months of 2005 see a dramatic fall in cash balances. The return of efts funding is budgeted to take place in January and February (MOE funding based on 32,000 efts has been received) and a return of the excess funding will need to occur.

The Financial Report (Part 2) further stated:

This has a significant impact on the working capital of the organisation. However, provided budgeted targets are met the cash position will be improved towards the end of 2005. Given the repayment of funding, and capital spend; cash balances will fall from the opening position even given the receipt of the Suspensory loan.

Further:

The receipt of the Suspensory loan will be essential to the support of the Wānanga. An initial $5m is budgeted to occur late December 04 and a further $10 m of funds in (sic) budgeted to be received in April. The remaining $5m is not budgeted to occur until 2006.

The figures shown in Table 7 have been calculated according to where the lines used on the graph presented to the 15 December 2004 meeting, appear to cross a dollar value point. The actual figures used may vary from this interpretation of what these figures actually are, but any variance caused by interpretation would be insignificant. The difference between the Group and the Parent is MOI Limited, a fully owned subsidiary company of TWOA that operated the Mahi Ora and Mauri Ora distant learning programmes.

The figures used in Table 8 on the following page (Group and Parent positions including the Suspensory Loan draw downs) were submitted to the Council Meeting of 15 December 2004. Table 9 (page 174) shows what the cash positions would be if Suspensory Loan amounts were excluded from the budgeted cash figures shown in Table 8.

Table 8 shows no cash deficits predicted for the Group for 2005. Table 9 has been created to exclude the receipt of the Suspensory Loan funds that Table 8
notes say were included, to give cash balances as shown in Table 9, without the Suspensory Loan proceeds.

Table 8: Budgeted month end cash balances ($, 000)

<table>
<thead>
<tr>
<th>Group</th>
<th>Parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2004</td>
<td>$22,500</td>
</tr>
<tr>
<td>January 2005</td>
<td>$10,000</td>
</tr>
<tr>
<td>February 2005</td>
<td>$7,000</td>
</tr>
<tr>
<td>March 2005</td>
<td>$6,000</td>
</tr>
<tr>
<td>April 2005</td>
<td>$14,000</td>
</tr>
<tr>
<td>May 2005</td>
<td>$18,000</td>
</tr>
<tr>
<td>June 2005</td>
<td>$22,000</td>
</tr>
<tr>
<td>July 2005</td>
<td>$27,000</td>
</tr>
<tr>
<td>August 2005</td>
<td>$32,500</td>
</tr>
<tr>
<td>September 2005</td>
<td>$31,500</td>
</tr>
<tr>
<td>October 2005</td>
<td>28,000</td>
</tr>
<tr>
<td>November 2005</td>
<td>$26,000</td>
</tr>
<tr>
<td>December 2005</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

Note: - Denotes deficit – (font coloured red)
Source: Graph prepared by TWOA finance staff

Notes to the above Cash Flow – 2005 Budget were:

- Repayment of MOE funding budgeted to occur in January $12.8m.
- Receipt of Suspensory Loan budgeted - $5m in Dec. 04 and $10m in April.
- Cash Deficit for Parent budgeted to occur February/March.

Table 9 shows significant cash deficits for the Group in January to April 2005, if
On 17 December 2004 and then again on 21 December 2004, the Development Advisor emailed the head of TAMU (Tertiary Advisory Monitoring Unit of the Ministry of Education) that TWOA would be under financial pressure in January and February. The Chen Palmer and Partners ‘Key Documents from Ministry of Education relating to the Suspensory Loan’ memo of 26 July 2005 notes that on 17 December 2004 an email (McNally 2004a) sent on behalf of the Development Advisor included the following statements (Chen Palmer and Partners, 2005):

Table 9: Budgeted month end case less Suspensory Loan ($, 000)

<table>
<thead>
<tr>
<th>Month</th>
<th>Group Budget</th>
<th>Less: SL</th>
<th>Parent Budget</th>
<th>Less: SL</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2004</td>
<td>$22,500</td>
<td>$17,500</td>
<td>$17,000</td>
<td>$12,000</td>
</tr>
<tr>
<td>January 2005</td>
<td>$10,000</td>
<td>-$5,000</td>
<td>$4,000</td>
<td>-$9,000</td>
</tr>
<tr>
<td>February 2005</td>
<td>$7,000</td>
<td>-$8,000</td>
<td>$1,000</td>
<td>-$14,000</td>
</tr>
<tr>
<td>March 2005</td>
<td>$6,000</td>
<td>-$9,000</td>
<td>-$2,000</td>
<td>-$17,000</td>
</tr>
<tr>
<td>April 2005</td>
<td>$14,000</td>
<td>-$1,000</td>
<td>$7,000</td>
<td>-$8,000</td>
</tr>
<tr>
<td>May 2005</td>
<td>$18,000</td>
<td>$3,000</td>
<td>$11,000</td>
<td>-$4,000</td>
</tr>
<tr>
<td>June 2005</td>
<td>$22,000</td>
<td>$7,000</td>
<td>$12,500</td>
<td>-$2,500</td>
</tr>
<tr>
<td>July 2005</td>
<td>$27,000</td>
<td>$12,000</td>
<td>$17,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>August 2005</td>
<td>$32,500</td>
<td>$17,500</td>
<td>$22,500</td>
<td>$7,500</td>
</tr>
<tr>
<td>September 2005</td>
<td>$31,500</td>
<td>$16,500</td>
<td>$21,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>October 2005</td>
<td>$28,000</td>
<td>$13,000</td>
<td>$17,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>November 2005</td>
<td>$26,000</td>
<td>$11,000</td>
<td>$9,000</td>
<td>-$6,000</td>
</tr>
<tr>
<td>December 2005</td>
<td>$20,000</td>
<td>$5,000</td>
<td>$8,000</td>
<td>-$7,000</td>
</tr>
</tbody>
</table>

Note: – denotes deficit - (font colour red) and SL is Suspensory Loan.
Source: Bryant, 2009.
In summary, TWOA is forecasting a deficit of about 6 million dollars over 2004. There is a minor risk of TWOA having to seek approval for borrowing in Feb/Mar.

Rongo was very conciliatory and concerned – how could this have occurred?! (sic). He wants to discuss some issues in early January. I pushed the line of the impact on reputation and the risk of Crown intervention – particularly if borrowing approval was required – this struck a cord with Rongo.

Happy to give me (sic) details - just a small window to get some leverage.

The same document states that the 17 December 2004 email from the Development Advisor cites two emails from a recently appointed Crown member of the TWOA Council regarding poor council processes and in respect of the 2004 year end result. The writer of those emails said:

To be fair I would simply say that TWOA is not the only Council which has found itself in this situation – that goes right to the heart of the capability issues we talk of.

The recently appointed Crown member referred to was the CEO of a regional TEI, who appeared to understand capability issues that regionally based institutions had to face.

According to the Chen Palmer and Partner’s memo (Chen Palmer and Partners, 2005), on the 21 December 2004 the Development Advisor emailed the head of the Manager of TAMU:

(a) A deficit of up to 6 million dollars was reported to the December Council meeting of the Wānanga, the deficit will probably end up in the range of 4 million to 9 million.

(b) Principal reasons for the change in the Wānanga’s financial situation included the fact the EFTS are down and capital expenditure is likely to be 24 million dollars or 9 million dollars over budget; and

(c) There will be pressure on the cash flow position in January and February 2005.

The reasons that capital expenditure was over budget was due to TWOA significantly exceeding student numbers anticipated at the time that the Deed of Settlement was negotiated. Unpredicted student numbers were the core reason why the Suspensory Loan was introduced in the Deed of Settlement, as it was
recognised by both parties to the agreement, that more student numbers required more capital to support the student numbers. EFTS was used in the Deed of Settlement to measure the level of student numbers. TWOA could not hold back on capital expenditure and funded this from reserves, with the understanding that the additional capital expenditure would be covered by the proceeds of the Suspensory Loan. Put another way, TWOA did not want to tell students to go home and come back when TWOA had received the Suspensory Loan proceeds.

According to evidence presented to the Waitangi Tribunal in relation to Wai.1298, a Briefing paper to the Minister of Education on 25 February 2005 states (MOE, 2005):

> It is important to understand that there is a strong likelihood that TWOA will not exhibit any significant financial distress indicators later this year.

Further:

> Any intervention based on financial distress might therefore be very short-lived and indeed could be open to some challenge in that the current situation is not too dissimilar to that faced by many TEIs at some point or other.

Included with the Council Board papers for the meeting on 26 June 2005, was a graph entitled Cash Flow Forecast 2005 which showed likely month end cash balances at month ends for May through to December 2005. The interpretation of the graph shows balances at each month end in Table 10 on the following page.

An analysis of the actual cash balances of TWOA from December 2004 has been established and is set out in Table 11 on the following page. The 31 December amounts for 2004, 2005, 2006 and 2007 have been taken from the published, audited financial statements of TWOA. The amounts for November 2004, March, April and May 2005, are from Council meeting papers presented to the 26 June 2005 Council meeting.


Table 10: Graph interpretation May 2005 – December 2005 ($, 000)

<table>
<thead>
<tr>
<th>Date</th>
<th>Cash Balance ($, 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 May 2005</td>
<td>-$4,000</td>
</tr>
<tr>
<td>30 June 2005</td>
<td>-$2,000</td>
</tr>
<tr>
<td>31 July 2005</td>
<td>-$4,100</td>
</tr>
<tr>
<td>31 August 2005</td>
<td>-$2,000</td>
</tr>
<tr>
<td>30 September 2005</td>
<td>zero</td>
</tr>
<tr>
<td>31 October 2005</td>
<td>$1,800</td>
</tr>
<tr>
<td>30 November 2005</td>
<td>$3,800</td>
</tr>
<tr>
<td>31 December 2005</td>
<td>$3,600</td>
</tr>
</tbody>
</table>

Note: - Denotes cash deficit – (font colour red)
Source: Bryant, 2009.

Table 11: Actual cash balances – November 2004 – December 2007 ($, 000)

<table>
<thead>
<tr>
<th>Date</th>
<th>Cash</th>
<th>Working capital</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2004</td>
<td>$20,164</td>
<td>$8,942</td>
<td>Council</td>
</tr>
<tr>
<td>December 2004</td>
<td>$14,666</td>
<td>$4,855</td>
<td>Audited F/S</td>
</tr>
<tr>
<td>March 2005</td>
<td>$4,630</td>
<td>-$4,655</td>
<td>Council</td>
</tr>
<tr>
<td>April 2005</td>
<td>$5,320</td>
<td>-$1,414</td>
<td>Council</td>
</tr>
<tr>
<td>May 2005</td>
<td>$10,590</td>
<td>$956</td>
<td>Council</td>
</tr>
<tr>
<td>December 2005</td>
<td>$9,816</td>
<td>$2,919</td>
<td>Audited F/S</td>
</tr>
<tr>
<td>December 2006</td>
<td>$5,469</td>
<td>-$5,004</td>
<td>Audited F/S</td>
</tr>
<tr>
<td>December 2007</td>
<td>$21,861</td>
<td>$8,459</td>
<td>Audited F/S</td>
</tr>
</tbody>
</table>

Note: - Denotes negative working capital – (font colour red). F/S is financial statements
Source: Bryant, 2009.

Table 11 represented actual month end cash balances in the months stated, and show no cash deficits in those months despite what the figures show in Table 10 created from information provided to the 26 June 2005 Council meeting had predicted. There may have been cash deficits however in January and February 2005, but this information was not available.
6.4 Summary

The reality of TWOA’s position was that without the proceeds of the Suspensory Loan, TWOA would have had to seek permission from the Secretary of Education to borrow up to $4 million in early 2005.

The Cash flow Forecast 2005 (Table 10) confirms that at 31 May 2005, there was an anticipated overdrawn position of $4 million. However, the actual figure taken from the financial statements presented to the Council meeting of 26 June 2005, shows cash on hand of $10,590 million. This is $15 million more in cash than the Cash flow Forecast anticipated, (Table 10) which it is concluded, did not included the Suspensory Loan funds. However, the actual results indicate that TWOA did, during May 2005, received a significant unbudgeted, capital input. The source of this funding will be explained in the next chapter.
Chapter 7

Loans

7.1 Introduction

It is clear that TWOA anticipated the State honouring the terms of the Deed of Settlement relating to the Suspensory Loan. It was made clear to Council members, the Crown Development Advisor, and Ministry of Education that this funding was important, if not critical.

In order to understand the need for the additional funding, this chapter will consider the Settlement Deed that provided for the Suspensory Loan, and the negotiations that took place to try and get it released. As concluded in the previous chapter, TWOA did get access to outside funding in May 2005, and the source of, and circumstances of receiving these funds will also be considered in this chapter.

The structure of Chapter 7 is as shown by Figure 16.

Figure 16: Additional capital funding – model

| 7.1 Introduction | 7.2 Settlement Deeds | 7.3 Negotiations for release of the Suspensory Loan | 7.4 Crown Loan | 7.5 Summary |

Source: Bryant, 2009.
7.2 Settlement Deeds

TWOA entered into two Settlement Deeds with the State, based on the recommendations of the Waitangi Tribunal. (Wai.718) These Deeds are referred to as First Deed – Partial Settlement and Second Deed – Final Settlement.

First Deed - Partial Settlement

On 20 December 2000 the Crown and TWOA executed a Deed of Settlement to compensate TWOA for the expenditure of capital and labour that it had invested in land, buildings, plant and equipment, and to meet the costs of bringing the Waitangi Tribunal Claim. This Deed was completed 21 months after the date of the Waitangi Tribunal Report (Wai.718) and its purpose was in recognition of part (a) of the Tribunal’s recommendation, which was to compensate TWOA for past investment in land, buildings, plant and equipment. As a result of the Deed of Settlement of 20 December 2000, the Crown paid TWOA the sums of $6.459 million and $152,000 on or about 23 December 2001.

Second Deed - Final Settlement

On 6 November 2001 the Crown and TWOA executed the Settlement Deed under which the Crown agreed to make payments to TWOA sufficient to cover the cost of bringing its buildings, plant and equipment up to a standard comparable to other TEIs and commensurate with the needs of TWOA’s existing and anticipated student rolls over the next three years. This Deed was in recognition of part (b) of the Tribunal’s recommendations.

Clause 9 of the Settlement Deed states:

In respect of recommendation (b) of the Tribunal’s report the Crown -will as soon as reasonably practicable pay the claimant initial redress in the sum total of twenty-five million dollars ($25M) (excluding Goods and Services Tax (“GST”)), if any, and excluding any income tax that may be payable).
Additional redress will become due and payable upon the terms and conditions set out in Schedule A and payment shall be made at the times and in accordance with the conditions set out in Schedule A. (Settlement Deed, 2001, p. 2)

Under Schedule A of the second Settlement Deed, in addition to the $25 million referred to above, the Crown agreed to pay TWOA $15 million dollars in ‘additional redress’ ($10 million in 2002 and $5 million in 2003), conditional upon the ‘material achievement’ of certain performance targets set out in clause 4 of Schedule A of the Settlement Deed. One of those performance targets was that ‘at least 80% of students will be Māori’.

The payment of this additional redress is important to what actually transpires regarding negotiations for the release of the Suspensory Loan, as the payments were meant to be linked to the above performance target relating to percentage of Māori students at TWOA. The Crown paid the ‘additional redress’ as follows (Wetere, 2005):

1 February 2002 $4 million
1 July 2002  $6 million
13 March 2003 $3 million
1 July 2003  $2 million

In fact, the actual Māori content extracted from the 2002 and 2003 Annual Reports of TWOA were 77% in 2002, and 59% in 2003, which did not meet the 80% performance target referred to above.

The second Settlement Deed provided for payment of a Suspensory Loan, payable on the terms and conditions set out in Clause 7 of Schedule A of the Settlement Deed, of which pertinent aspects are:

7.1 In order to support the achievement of a higher growth path identified in negotiations with the Wānanga, the Crown agrees to the provision of additional capital by way of a suspensory loan on the following terms and conditions:

7.1.1 In the event that the Wānanga achieves a greater path such that EFTS
enrolments reach the figure of 10,900 EFTS by 2003, then, subject always to the achievement and maintenance of high quality standards the Crown, acting by and through the Ministers of Finance and Education, will enter into a suspensory loan in the sum total of $20M to be made available on a progressive basis to the Wānanga commencing in the year 2004 and ending in the year 2006.

7.1.3 Subject to clause 7.1.1 the amount of the suspensory loan shall be payable in the following tranches: $10 million drawable in the calendar year 2004;

$5 million drawable in the calendar year 2005;

$5 million drawable in the calendar year 2006.

7.1.5 The Secretary for Education shall agree with the Wānanga the terms and conditions of the loan and the conditions for the conversion of the loan to equity. Agreements for the loan and a performance agreement (covering similar items to Clause 4 of this Schedule) for the period 2004 to 2006 shall be complete prior to the provision of loan monies.

It was reported in the evidence provided to the Waitangi Tribunal, in respect of Wai.1298, that in 2001, Cabinet agreed to seek appropriations from Parliament for the sum of $20 million under Vote: Education. This was to be provided as a Suspensory Loan to TWOA, with $10 million payable in 2003/4, $5 million in 2004/5 and $5 million in 2005/6.

The process and progress of the negotiations between the State and TWOA will now be examined. It is noted that in 2002, well before these negotiations commenced, TWOA had achieved over 20,000 EFTS. This was nearly double the Deed of Settlement Clause 7.1.1 ‘trigger’ number that was set to be achieved by 2003.

**7.3 Negotiations for the release of Suspensory Loan**

TWOA met the conditions under clause 7.1.1 of Schedule A of the Settlement Deed that entitled it to receive the Suspensory Loan, when it reached 20,769 EFTS in 2002 and 34,280 EFTS in 2003, while maintaining high quality standards.
TWOA’s wish to receive the Suspensory Loan was raised by TWOA from time to time since February 2004 with a Senior Business Analyst at TAMU and TWOA/MOE Liaison Officer of the Ministry of Education (Wetere 2005, p. 24).

On 9 July 2004, the Tumuaki of TWOA wrote to the Senior Policy Analyst at TAMU, formally requesting the release of $10 million to TWOA under the Suspensory Loan. He stated that TWOA believed it had achieved and exceeded all of the preconditions under the Settlement Deed. The letter noted that the amount requested was to allow TWOA to fund current growth needs for 2004 and beyond (Wetere 2005, p. 25). From data examined in Chapter 6 of this thesis, it is clear that there was no pressure on TWOA’s liquidity at this time, or at any time during the 2004 year.

It was reported in evidence to the Waitangi Tribunal in 2005, that the State misplaced, mismanaged or lost TWOA’s application for the loan until September 2004 (Wetere 2005, p. 26). Further, Wetere stated that as he had not received a response to the request for release of the loan, he arranged to meet with the Minister of Education on 16 September 2004.

In preparation for this meeting, the Waitangi Tribunal (Wai.1298) evidence report that on 9 September 2004 the Tumuaki wrote to the Minister stating that:

a) TWOA wanted to draw down the full $20 million that year because TWOA had grown well beyond 11,000 EFTS in size;

b) TWOA had accelerated its acquisition of capital resources to better cope with student growth by utilising operational surpluses over the last two years; and

c) One of the key factors in TWOA’s success had been its endorsement by non-Māori students in New Zealand, who were likely to be 50% of TWOA’s total student intake in 2004.
The importance of b) above should not be overlooked. The Tumuaki made known to the Minister at this early stage that TWOA had accelerated expenditure on capital ‘to better cope with student growth’, growth that must have been apparent to the Minister and the Ministry. The Development Advisor wrote in his email 21 December 2004 that capital expenditure was over budget, when he wrote (McNally, 2004b):

Principal reasons for the change in the Wānanga’s financial situation included the fact the EFTS are down and that capital expenditure is likely to be 24 million dollars or 9 million dollars over budget;

It would appear that this additional expenditure on capital was signalled to the Minister of Education in the Tumuaki’s letter to him of 9 September 2004. To put the ‘9 million dollars over budget’ into perspective it is noted that the amount was $1 million less than the first drawdown of the Suspensory Loan understood by TWOA to have been due on 1 July 2004.

Another key point of the 9 September 2004 letter by the Tumuaki is that it signals to the Minister, that non-Māori were likely to make up around 50% of the students for 2004. This issue of ethnic percentage became an important issue in the later stages of the negotiations for the Suspensory Loan. Evidence presented to the Waitangi Tribunal (Wai.1298) report that the meeting scheduled for the 16th September was postponed until 11 November 2004 (Wetere 2005, p. 26).

Face to face negotiations for the release of the Suspensory Loan started on 13 October 2004 when the Manager of TAMU met with the Tumuaki of TWOA at Te Awamutu. The results and outcomes of the discussions, according to evidence presented to the Waitangi Tribunal in 2005 were (Wetere 2005, p. 27):
(a) The potential draw down of $20 million under the suspensory loan;
(b) The need to set and agree to key performance indicators before the suspensory loan could be agreed;
(c) The Manager of TAMU undertook to look into the payment of $20 million;
(d) The Manager of TAMU indicated that it may be difficult to obtain the full $20 million in the near future because the dates for payment stipulated in the Settlement Deed, but that $15 million should be released by the Crown as soon as the loan agreement was signed;
(e) The manager of TAMU did not give any indication that there would be any problems completing the loan agreement or that there would be any difficult issues to work through; and
(f) The Manager of TAMU emailed response to the Tumuaki’s letter of 9 July 2004 was discussed. This had not been received by TWOA, and the manager of TAMU undertook to send it again.

Following this meeting, on 20 October 2004, the Tumuaki wrote to the Manager of TAMU as TWOA had not received a formal response to its application for the Suspensory Loan, and that letter stated:

(a) TWOA’s intention was to draw down the whole $20 million due under the suspensory loan at the earliest possible time because the first instalment of $10 million due in the 2004 calendar year had not been received;
(b) TWOA has continued with its capital development plan funded from surpluses generated from operating activities over the past three years;
(c) To maintain a strong financial position TWOA required a further injection of cash; and
(d) TWOA believed it had fulfilled the quality standards under the Settlement Deed, and in particular, had exceeded the growth targets.

Evidence presented to the Waitangi Tribunal (Wai.1298) state that in a paper dated 4 November 2004, TEC advised the Minister of Education, the Associate Minister of Education and Minister of Māori Affairs that (Wetere, 2005):

(a) The Minister of Education was to meet with the Tumuaki of TWOA on 11 November 2004 (rescheduled from 16 September 2004);
(b) The 2001 Settlement Deed provided for additional capital of $20 million to be provided by way of suspensory loan;
(c) The suspensory loan was conditional on TWOA achieving 10,900 EFTS

185
by 2003 and achieving high quality standards;

(d) The Settlement Deed also contained a requirement that, should certain performance standards not be achieved, TWOA and the Crown would enter into a plan of action to address the variations from target;

(e) The terms and conditions of the suspensory loan would be agreed between TWOA and the Secretary for Education. This would include performance measures to be achieved. The performance measures were to cover similar criteria to the Settlement Deed for student numbers, student profile, educational outcomes, quality and financial performance;

(f) TAMU is currently in the process of preparing the suspensory loan agreement and reviewing the appropriate performance measures. This will then be discussed and agreed with TWOA; and

(g) Given the larger than expected growth in EFTs at TWOA, it has now sought the full payment of the suspensory loan as conveniently possible.

On 11 November 2004 the Tumuaki of TWOA met with the Minister of Education, the Associate Minister of Education and Ministry Officials. Evidence presented to the Waitangi Tribunal in 2005, state that the Associated Minister of Education (Tertiary Education) said that he understood TWOA had met the preconditions for payment of the Suspensory Loan and that he was surprised that the amount due, had not been paid (Wetere 2005, p. 28).

Wetere’s evidence record that officials from the Ministry of Education and TWOA entered into prolonged negotiations on an agreement for the Suspensory Loan with four meetings being held between the Ministry’s liaison officer and TWOA during November and December 2004, with a draft performance agreement substantially agreed by the parties at meetings on 23 November and 15 December 2004. In addition to the meetings referred to, email communications were extensive as is evidenced by what follows.

TWOA. This document states in Clause 10 ‘The Crown agrees to advance the sum of $20 million (GST, not applicable) to the Wānanga, for the purposes specified in Clause 12. The document in the Schedule to the Suspensory Loan – Performance Agreement, sets out under Student Profile: Māori Students >50%.

On 23 November 2004, the TWOA researcher (Te Moananui, 2004a) handling this issue of the Performance Agreement reported to the Management team of TWOA by email that he had met with Black that afternoon and that Black was quite amenable to most of the changes. On 26 November 2004, Te Moananui emailed (Te Moananui, 2004b) TWOA Management team that Black had phoned and said that she had received feedback from the Māori Liaison person (at the Ministry of Education) who had concerns about the funding percentages of Māori students (was 86% in 2001, now 46%) and that the Ministry contend that student ethnicity should be one of the main indicators of Wānanga success.

On 30 November 2004, Te Moananui emailed (Te Moananui, 2004c) Black stating that the issue that causes most concern was the Māori rate. He advised that TWOA had entered 60% into the Performance Agreement (excluding Kiwi Ora students). He added that if this was unacceptable, then they should meet again next week.

A file note of Te Moananui of 2 December 2004 (Te Moananui, 2004d) records a meeting with Black at Hamilton Airport on that date. It notes that Black stated:

- $5 million should be released by Xmas (sic)
- $10 million by early Feb
- $5 million July 05 > 05 budget
On 6 December 2004, Te Moananui emailed (Te Moananui, 2004e) Black stating, ‘I was just wondering if you have made any progress with the Māori student indicators?’ On 7 December 2004, Black emailed (Black, 2004b) Te Moananui replied ‘not really and I think that we are going to have to do more work on this. I think a discussion with the Māori Tertiary Manager (of MOE) as well would be useful; hence a visit to Te Awamutu is necessary. The Manager is quite busy, so it may have to be the week commencing 20 December 2004’.

On 8 December 2004, a Ministry of Education advisor (Sheppard, 2004) sent a memo to Ministry of Education manager negotiating with TWOA and stated ‘the Wānanga has an expectation that it will receive the loan monies having exceeded the EFTS figure’. Sheppard wrote in respect of the Suspensory Loan, and his conclusions are:

13. My understanding from reading the summary of the claim and the report, the Deed is that the Wānanga is to receive a total of $60m as follows:
   - $25m when the Deed was signed (as compensation) for expenditure and labour by the Wānanga in the establishment process (no performance targets apply for this payment);
   - $15m in 4 instalments (as per the Capital Payment Schedule in the Deed - which is performance related as to EFTS, numbers of Māori students, and quality through retention, completion, and stair casing), this is for additional redress and is for improving premises to bring them up to the standard for other TEI’s;
   - $20m as a suspensory loan over the period 1 January 2004 to 31 December 2006, this is for capital buildings etc. as a result of higher than projected growth. The loan may be for a period of 10 years i.e. to 31 December 2016 but that is not clear despite clause 7.1.4. It is also subject to performance targets of quality through retention, completion and stair casing. These conditions are to be negotiated with the Wānanga;
   - The failure by the Wānanga of the performance targets (at least enrolment) for the $15m (which technically should not have been paid) may cause the Crown to consider negotiations of the $15m on a pro rata basis depending on the number of Māori students;
• The opportunity to negotiate is available to the Crown as a result of the conditions required to be included in the suspensory loan agreement and the performance agreement.

The above ‘conclusions’ accept that TWOA was to receive $60 million, of which $40 million had already been paid, and that a further $20 million was available ‘for capital buildings etc. as a result of higher than projected growth’. The ‘conclusions’ also point out that there was the opportunity available to the Crown to negotiate further in respect of this loan.

According to evidence presented to the Waitangi Tribunal (Wai.1298) on 10 December 2004, Sargison wrote to Eppel and Rawiri of the Ministry of Education stating:

Rob came to me a few weeks ago and suggested that the process be slowed or alternatively that there be no hurry to provide the cash. As I said to him I can see no reason to delay… It may be that 80% Māori is the ‘right’ figure but I think we just made it up at the time.

The above statement that the process ‘be slowed’, recorded on 10 December 2004, suggests that at least by that date, there was dialogue within the Ministry of Education, that there should be ‘no hurry to provide the cash’.

Wetere in his evidence before the Waitangi Tribunal noted (p. 29) that the performance criteria that were the subject of negotiations related to the future conversion of the loan into non-interest bearing equity. He stated that at no point during the negotiations in November and December 2004 did Ministry of Education officials suggest that TWOA had failed to meet the precondition under the Settlement Deed that entitled it to receive the Suspensory Loan.

Wetere also stated (p. 29) that on the 13 December 2004, a Noting Submission was sent to the Minister of Education proposing that Ministers would approve the payment of $5 million under the Suspensory Loan once performance measures
were agreed and a Suspensory Loan agreement was signed. Attached to the Noting Submission was a draft paper from the Minister of Education to the Cabinet Social Development Committee, which sought approval to reappropriate $10 million for the Suspensory Loan from 2003/04 to 2004/05, because TWOA had not utilised the $10 million in the 2003/04 financial year. The reappropriations would have made available Suspensory Loan payments of $5 million in December 2004 (under the existing 2004/05 appropriation), $10 million in February 2005 (under the new 2004/05 appropriation) and $5 million in July 2005 (under the existing 2005/06 appropriation).

On 16 December 2004 Te Moananui emailed (Te Moananui, 2004f) TWOA management team, advising that he had met with Black the day before. She advised that the process for the payment of the Suspensory Loan was underway.

On 17 December 2004 the Crown appointed Development Advisor at TWOA, emailed the manager of TAMU that the Wānanga was forecasting a deficit of about $6 million over 2004 and that there was a minor risk of TWOA having to seek approval for borrowing in February or March 2005. He said that it was ‘just a small window to get some leverage’ (McNally, 2004a).

On 20 December 2004, the Development Advisor sought guidance from the Ministry of Education on the approval process for an overdraft borrowing facility. On the same day the Finance Director of TWOA told the Ministry of Education contact person that whether or not they needed to borrow depended on when the Suspensory Loan was paid.

On 21 December 2004, the Development Advisor emailed (McNally, 2004b) a
manager employed at TEC and stated that a deficit of up to $6 million dollars was reported to the December Council meeting, which would probably end up in the range of $4 million to $9 million. He stated that there would be pressure on TWOA’s cash flow position in January and February 2005.

It is apparent from the above that by mid-December 2004, Ministry officials became aware that TWOA faced financial pressure without access to the Suspensory Loan funding. On 22 December 2004, the issue was put beyond doubt as is evidenced by an email to the Development Advisor and the Ministry of Education liaison person by the Finance Director of TWOA. This email stated (Burney, 2004):

> The issue of whether or not we will have to borrow is very dependent on the timing of paying the suspensory loan. Can you please advise me of your expected dates and amounts for this?

On 22 December 2004, Black responded to the above email stating (Black, 2004d):

> As I mentioned to the Council meeting last week the release of the funds is based on a reasonable close agreement on the performance measures (i.e. we don’t have to have signed the loan agreement – tho the deed actually says it has to be – but I think we can work round it – but I will need to check that with Bob). Richard and I have been in discussion regarding that – and we still have some issues with the Māori student profile. I now need to discuss this with the MoE senior managers (including the Chief Exec) to get a minimum that will be acceptable to MoE to meet the intent of the treaty settlement

Later that day Black emailed (Black, 2004e) Te Moananui stating:

> Here is a Draft. As you can see the Māori profile is still an issue and at MOE we are still not convinced that 60% is acceptable. What is the process for you regarding getting management and Council sign off?

The revised Capital Contribution Agreement (Treaty Settlement) by way of Suspensory Loan – Draft 21 December 2004, again in Clause 10 sets out that the Crown agrees to advance the sum of $20 million (GST not applicable) to the
Wānanga and in Clause 11, set the payment dates at:

- $5 million in 2004 calendar year
- $10 million in 2005 calendar year
- $5 million in 2006 calendar year.

The above document, in the Schedule to the Suspensory Loan document, gave Student Profiles at 64% Māori students for 2004, and ‘to be discussed and agreed for both 2005 and 2006 years’.

On 18 January 2005 Wetere advised (p. 32) the Waitangi Tribunal (Wai.1298) that the TWOA’s Executive Committee resolved to agree to a Capital Contribution Agreement between the State and TWOA, which provided for payments by the State of $5 million in 2004 and $10 million in 2005, subject to certain performance measures. On the same day he wrote to the Secretary for Education attaching the signed Capital Contribution Agreement in anticipation of the Secretary for Education’s acceptance, and he requested an immediate draw down of $5 million, which TWOA had been told was available the preceding year, as a matter of urgency. He stated that he expected that a further payment of $10 million or $15 million would be finalised at a meeting with the Secretary for Education scheduled for 2 February 2005 in Wellington.

By 28 January 2005 the Ministry officials sought to impose more stringent performance requirements on TWOA before the Suspensory Loan would be paid. The Ministry of Education manager (Black) negotiating with TWOA in respect of the Suspensory Loan, sent a memo to the Secretary for Education that day and advised:

- (a) The Ministry had not been advised of the outcome of the meeting on 17 December 2004 between the Minister of Finance and Rongo Wetere;

- (b) The initial application for the loan made in July 2004 had been lost by the Ministry due to staff movements;
That in October 2004 TAMU had begun discussions with Aotearoa (sic) around the performance indicators to be attached to the loan agreement and that all indicators had been agreed except for the one which relates to the percentage of Māori students;

It was the intention in early December to agree the performance indicators and release $5 million; this was not followed through because the performance indicators had not finally been agreed to;

Rongo Wetere was in a ‘grievance mode’; and

Rongo Wetere commented that the Treaty relationship is a working partnership and the memorandum of agreement negotiated with the Crown in 2001 has not been ratified by the Crown. The Ministry is currently looking into this.

The same day Black sent a further memo to the Secretary of Education, which stated:

(a) The key performance indicators would include a new “governance” measure, which was not in the original Settlement Deed, and more explicit quality measures, although methodologies and targets were yet to be decided;

(b) A higher proportion of Māori students were required, because:
   i) Given the definition of a Wānanga provided in the Act, and the intentions of the Settlement, officials are of the view that the proportion of Māori students should be higher (than currently is the case at TWOA):
   (ii) If the key performance indicators and loan agreement were agreed, TWOA would receive $15 million in February or March 2005 and $5 million in March 2006.

In evidence given to the Waitangi Tribunal (Wai. 1298) Wetere advised that on 2 February 2005, the Tumuaki of TWOA met with the Secretary for Education to discuss the Suspensory Loan. On February 2005 despite the extensive negotiations throughout November and December 2004, the Secretary for Education (Fancy) had decided that TWOA did not yet meet the conditions that would ‘trigger’ their entitlement to the Suspensory Loan, and he wrote to the Tumuaki of TWOA stating that:

I would like to assure you that I too am keen that we make progress and reach agreement on the suspensory loan, and the trigger points which convert it to equity in 2007.

He added:
While I do not undervalue what TWOA is doing to meet the educational needs for non Māori, in the judgements I need to make, I need to assess KPI information relating to Māori participation and achievement.

Fancy stated that he was expecting a report from TAMU on actual performance against the performance indicators that would trigger the Suspensory Loan, so that he could judge that the performance criteria have been materially achieved. He concluded that once this was done to his satisfaction, the next step would be to agree terms of the Suspensory Loan and performance measures for conversion of the loan to equity in 2007.

Wetere advised the Waitangi Tribunal (p. 39) that on 22 February 2005, the Minister of Education wrote to TWOA advising of his concerns at the public profile of the Wānanga and of increasing issues of performance and accountability. He gave notice of his intention to appoint a Crown Observer under section 195C of the Education Act, and that further he would reconsider whether or not to appoint a Commissioner if the Observer’s intervention proved ineffective.

On 28 February 2005 the Minister of Education had decided that the Suspensory Loan should not be paid until the financial issues facing TWOA had been resolved. An Aide Memoire is set out in full in Appendix 6. Pertinent extracts relating to the Suspensory Loan are:

In summary, I intend to announce:
That as the wānanga have not met the conditions to access the suspensory loan, I will not be recommending to Cabinet that the wānanga be given access to the suspensory loan at this time.

On 9 July last year TWOA requested payment of the $20 million suspensory loan provided for in the Waitangi Tribunal settlement. The settlement agreement sets out conditions to be met for the payment of the suspensory loan. There was no report on achievement by established criteria and no proposal for future KPIs which are required to be used for considering converting the loan into equity. On 22 July the Ministry of Education reminded the wānanga of the need for an agreed performance agreement. The request came at a time when there was no obvious
pressure, on liquidity.

There were intensive discussions with the wānanga in November/December which really got into impasse around the issue of the proportion of students who were and would be Māori (currently under 50%). It was also clear that the issues both of achievement and of future KPIs did not have any strong basis in Council approved strategy. The Tertiary Advisory Monitoring Unit believes that there has been no substantive engagement by the Council on this issue.

The Ministry has told the wānanga Council in face to face meetings and followed up by letter that:

   a) the process regarding the suspensory loan requires both the Secretary to agree that the performance has at least substantially met the criteria established at the time of the agreement and for TWOA and the Ministry to agree on forward KPIs which may then be used to judge whether the suspensory loan will be converted into equity;
   
   c) the Settlement Deed was reached in the context of education for Māori. The main variance in performance and the major issue for the forward KPI is therefore the issue of the percentage of Māori students. The KPIs, it was suggested, needed to reflect the Council's strategy and to be related clearly to the original settlement's objectives;
   
   d) we would normally expect some engagement with the Council around thesissues and certainly the Council needs to agree to the set of indicators.

According to evidence presented to the Waitangi Tribunal, (Wai.1298) on 9 June 2005, Frecklington (Frecklington, 2005) of TAMU was of the opinion that the Minister of Education had no right to deny access to the Suspensory Loan on the grounds of ‘material achievements’. Frecklington said that the only measure not reached was student profiles, which was a delicate issue that Crown Law advice stipulated was not to be imposed on a TEI. This is demonstrated by Frecklington advice to Hipkins, Senior Adviser to the Hon Trevor Mallard which stated (Wetere, 2005):

   To be absolutely clear, none of the payments made under the Settlement deed were mistakes. They were made in accordance with the Deed os (sic) s/mmt.

   It was up to the Secty (of Education) to determine whether ‘material achievement’ had been reached. He could not deny payment solely because of one measure not being reached.

   Some measures were more significant than others. The most impt (sic) were ‘student numbers’ – ‘student profiles and ‘educational outcomes. The only one of these that was not meet was Student profile, which is the one that required 80% of students to be Māori. This was a delicate issue, and we had Crown Law advice that this stipulation was not legal to be imposed on a TEI. Therefore, no payments
were withheld simply because of the percentage of Māori students.

In respect of the Student Profile issue, the Minister of Education, who presented the 28 February 2005 Aide memoire to Cabinet, had a different view on the student profile issue with a response he gave to Parliament on 9 June 2005. The Minister of Education was asked the following question (NZPDe, 2005):

Has the Minister seen official advice tendered to him on 23 December 2004 that stated that the additional redress of $15 million was payable only on condition of certain performance measures, as indicated in the deed, being met; and as it now appears that the payments were made in 2002 and 2003 without performance measures having been met, why did he pay millions of dollars to the wānanga when it had not met the conditions for the payment?

The Minister responded by saying:

The specific condition that I am advised was not met was in relation to the proportion of students who were Māori. There was a requirement to have a minimum of 6,400 students who were Māori, as part of the deed of settlement requirements. The wānanga actually had 20,400 students who were Māori. With the proportions set out in the deed of settlement, there was a maximum of 6,800 Pākeha students. Unfortunately, there was a breach in that the wānanga had nearly 14,000 Pākeha students. I think that to withhold a payment—and, certainly, this is the advice that I have now received, confirmed by Crown Law—because too many white people were enrolled would have been unreasonable.

What is unclear is the date that the Minister received the Crown Law advice. The payments referred to were the additional redress amounts made in 2002 and 2003 under the same Deed of Settlement that provided for the payment of the Suspensory Loan. The additional redress payments and the Suspensory Loan had identical material achievement criteria, such as student profiles and educational outcomes.

The Minister in his Aide Memoire stated that a key reason for denying TWOA access to the Suspensory Loan was the percentage of Māori students. Yet he acknowledged in June 2005 that Crown Law had advised him that it was illegal to deny payment of the Suspensory loan on the basis of the percentage of Māori students. If he did not know that in February 2005, he should have.
The above makes it clear that from the date of the Aide Memoire, TWOA was not going to get the proceeds of the Suspensory Loan in the near or foreseeable future. However what is evident from the actual cash balances held by TWOA and shown in Table 11 in Chapter 6 (page, 177), TWOA did not have a cash deficit in the months that are included in Table 11, and there is no evidence that it ever did. In view of the conclusions drawn from Table 10 of Chapter 6 (page 177), which speculates on what the cash positions would be without the proceeds of the Suspensory Loan, it is apparent that TWOA did receive a cash injection in the first quarter of 2005.

**7.4 Crown Loan**

On 22 February 2005 the Minister of Education wrote to TWOA advising of his concerns at the public profile of TWOA and his increasing issues of performance and accountability at the Wānanga, giving notice of his intention to appoint a Crown Observer under section 195C of the Education Act 1989. The public profile issue will be considered in Chapter 9 when addressing the Auditor General’s inquiry. Shortly after the appointment of the Crown observer, his role was changed to Crown Manager, which gave to him, complete control over the finances of TWOA.

It is apparent from the data analysis carried out in Chapter 6 that a cash injection was made into TWOA. This is confirmed by the Statement of Financial Position as at 31 May 2005 of TWOA, forming part of the Council papers for their meeting of 28 June 2005. This Statement shows a Bank Overdraft of $12 million at 31 May 2005, and at the same date, funds at the bank of $10.590 million.

At 31 December 2005, the audited financial statements show Cash at Bank at
$9.816 million and a liability referred to as Crown Loan of $6 million. The Statement of Cash Flows for the year ended 31 December 2005 presented in the audited financial statements for the year ended 31 December 2005, shows that funds were received from a Crown Loan of $12 million and that cash was applied to a Settlement of Debt of $6.014 million. In view of the fact that the Statement of Financial Position shows a liability of a Crown Loan at 31 December 2005, it is concluded that in May 2005, a Bank Overdraft was negotiated of $12 million that was then repaid by the Crown Loan of the same amount, and then before 31 December 2005, $6 million of that loan repaid. The Crown Loan of $12 million was $3 million less than the amounts of the Suspensory Loan that the Deed of Settlement scheduled to be due for payment by the date that the Crown Loan was made.

The audited financial statements of TWOA for the year ended 31 December 2007 show by way of the Cashflow Statement, that the balance of the ‘Crown Loan’ was repaid during the financial year ended 31 December 2007, that is at 31 December 2007, there was no Crown Loan liability. Therefore, in the absence of the State honouring the terms of the Deed of Settlement in respect of the Suspensory Loan, the State made available $12 million to TWOA in May 2005, of which $6 million was repaid by 31 December 2005 and the balance by 31 December 2007.

Chen Palmer and Partners in their memo of 26 July 2005, ‘Key Documents from Ministry of Education relating to the Suspensory Loan’ (Chen Palmer and Partners, 2005), suggest that the strategy behind the State’s actions in denying the Suspensory Loan, but making available a Crown Loan, was demonstrated from a paper entitled *Te Wānanga o Aotearoa – update on requirement for Crown*
assistance, dated 29 April 2005, written by Allan Sargison of TAMU. Clause 15 of the Sargison paper states ‘the Council would have no option other than to agree to a short term loan from the Crown, and the conditions attached to it’.

The Crown Loan did come with conditions that were not part of the Deed of Settlement – Suspensory Loan clauses. These were (Wetere, 2005):

a) Restriction on TWOA selling assets, raising funds or granting security;

b) Regular reporting to the Ministry including monthly accounts, fortnightly update report on finances and operations, and weekly cash flow forecasts;

c) Continued appointment of the Crown Manager and payment of all of Crown Manager’s costs;

d) TWOA gives the Crown Manager power of attorney in relation to all matters governed by the Crown loan agreement and indemnifies the Crown and Crown Manager against any costs they incur arising from the exercise of the powers under the Crown loan agreement;

e) Introducing new procedures to improve governance and management accountability, reporting and performance;

f) Authorisation for the Crown to discuss TWOA’s financial affairs with TWOA’s auditors, advisers and bankers, and

g) A second ranking security interest (behind the Bank of New Zealand) in favour of the Crown.

The Statement of Claim in respect of Wai.1298 notes that the Crown Loan was approved for $20 million, that same amount as the Suspensory Loan, and was paid from the previously approved Cabinet appropriation for the Suspensory Loan. The Crown Loan was therefore the same money, from the same approved source that was meant to be the Suspensory Loan. What was different were the conditions that would have been attached to the Suspensory Loan if the Deed of Settlement terms were honoured (in fact, there were no conditions, just performance matters), and those conditions of the Crown Loan as set out above.
7.5 Summary

What gave leverage to the State was their ability to withhold the payment of the Suspensory Loan to TWOA. The fact that TWOA had net assets at 31 December 2004 of $93.186 million and $83.530 million at 31 December 2005, (as shown in the appropriate audited financial statements) and cash receipts from the Ministry of Education at above $170 million for both of those years, would have giving (with any degree of certainty regarding the continuation of that funding at those or similar levels) TWOA the ability to negotiate a ‘come and go’ financial facility from its bankers to cover short term cash requirements.

The State appeared to prevaricate in the final stages of the negotiations for the Suspensory Loan, by raising issues relating to material achievement and Māori quota. In fact, the Minister of Education gave as one of his reasons for not advancing the Suspensory Loan as being that TWOA had not meet the conditions of the Suspensory loan. These conditions that it would appear were being negotiated with a certain amount of goodwill until mid to late December 2004.

The Suspensory Loan issue is summarised:

1) The release of the Suspensory Loan of $20 million to TWOA was ‘triggered’ as early as mid 2002 as a result of the Wānanga achieving over 20,000 EFTS in that year. 10,900 was the trigger figure required to be reached in 2003. In that year, Wānanga achieved 34,500 EFTS, and successfully housed and resourced the students that made up these EFTS number.

2) The purpose of the Suspensory Loan was recognition that EFTS numbers over 10,900 would require additional capital that the 2001 Deed of Settlement provided. There was never any suggestion in
any of the documents examined for this thesis, or amongst the volumes presented to the Waitangi Tribunal in respect of Wai.1298, that TWOA did not deliver facilities and resources to its students. TWOA funded this capital from reserves created, and in anticipation of the State honouring the Deed of Settlement.

3) The Settlement Deed recognised that $40 million of State provided capital was appropriate for up to 10,900 EFTS, with an additional $20 million if they exceeded that figure. This equates to $60 million for 10,900 EFTS. With a total of 55,000 EFTS over 2002 and 2003, some 35,000 over what was predicted in 2001 for those two years, and the fact that the Deed of Settlement recognised that 10,900 EFTS justified a total of $60 million (that is the $40 million granted initially and $20 million Suspensory Loan), it might have been worked out by someone, that an extra 35,000 EFTS might justify a further $160 million of capital.

4) The withholding of the Suspensory Loan placed TWOA in a serious financial position. This, coupled with the ‘accusations’ under Parliamentary Privilege (that resulted in the Auditor General extending his enquiry that these accusations purported to be justified), gave to the Minister of Education the justification to do what he stated he would in his Aide Memoire to Cabinet on 28 February 2005.

5) Shortly after the Crown Observer/Crown Manager was in place, certainly by 31 May 2005, the State had provided $12 million to TWOA by way of a Crown Loan, with conditions attached.
Alongside the denial of access to the Suspensory Loan, were the issues associated with the adverse publicity that the Minister of Education had concerns with. Public accusations made against the Tumuaki and TWOA generally, led to the widening of an investigation being carried out by the Office of the Controller and Auditor General of New Zealand into potential conflicts of interest. These accusations were of the worst type, suggesting ‘rorts’ and serious financial mismanagement for personal gain.

By withholding the Suspensory Loan and creating a situation whereby TWOA would likely to become insolvent without State approval to borrow, the State was able to force control of the finances of TWOA away from the TWOA Council. The use of the previous Cabinet appropriation for the Suspensory Loan, as a Crown Loan to TWOA, gave the State the ability to provide conditions on TWOA that it otherwise did not have the ability to do.
Chapter 8

The State’s justifications

8.1 Introduction

The reasons and justifications for the State’s actions against TWOA were set out in the
Aide Memoire (dated 28 February 2005) presented by the Minister of Education to
Cabinet. A model for Chapter 8 is set out in Figure 17.

Figure 17: Chapter 8 – Justification model

The first substantive justification that the State gave for their actions against
TWOA were set out in the Aide Memoire by the Minister of Education to Cabinet of 28 February 2005 which is included in full as Appendix 6. This document set out the State’s position and intentions. The second substantive justifications were contained in the Minister of Education’s letter to TWOA Council on 20 June 2005.

The Aide Memoire was notification of the appointment of the Crown observer, who shortly after became Crown Manager. He justified his actions by a series of issues he noted, and his actions gave the State control over the finances of TWOA. In the 20 June letter, the Minister gave notice that he was considering dissolving the TWOA Council and appointing a Commissioner. He gave his justifications for this proposed action. Each of these documents will be examined to test the validity of the issues raised by the Minister on both occasions, to justify his actions.

8.2 Aide Memoire

There are five key aspects of the Memoire that need examining to test their validity and appropriateness. These aspects will be considered individually.

8.2.1 Access to Suspensory Loan by TWOA

The first key aspect of the justification used by the Minister to deny TWOA the Suspensory Loan was the ‘achievement by established criteria’ as he states in paragraph 4 of the Memoire. The Minister stated:

That as the wānanga have not met the conditions to access the Suspensory Loan, I will not be recommending to Cabinet that the wānanga be given access to the Suspensory Loan at this time;

The Minister states in the third paragraph of the Memoire that there was ‘no report on achievement’, which if this relates to Māori student numbers, is
incorrect as student profiles, which include percentage of Māori students, are published in each of the Annual Report for TWOA. Further, the comments seem to be at odds with the prolonged and detailed negotiations between TWOA and Ministry officials in the previous chapter. It may have been that the Minister meant that there were no established criteria on achievement agreed upon by the parties.

An email from an Advisor in the Governance Team of the Ministry of Education to the office of the Minister of Education on 9 June 2005 records (Frecklington, 2005):

> The only one of these that was not meet was Student profile, which is the one that required 80% of students to be Māori. This was a delicate issue, and we had Crown Law Advice that this stipulation was not legal to be imposed on a TEI.

The payments referred to were those that made up the $15 million which was referred to as ‘additional redress’ in the November 2001 Deed of Settlement, paid during 2002 and 2003, and as discussed in Chapter 7, being conditional upon ‘material achievement’ of certain performance targets, of which at least 80% of students were to be Māori, was one. The point made by the above Advisor was that the $15 million was paid even though 80% of students at TWOA were not Māori, because Crown Law considered such a distinction illegal, no doubt on discriminatory grounds.

The Minister of Education knew this quota question to be discriminatory as is indicated in his a reply to a question asked of him in Parliament on 9 June 2005 regarding why payments were made to TWOA under the Deed of Settlement in 2002 and 2003 (the $15 million) when the 80% figure for Māori participation was not meet. He replied (NZPDC, 2005):

> The matter was subject to Crown Law advice around whether conditions had
been met. The specific condition that I am advised was not met was in relation to
the proportion of students who were Māori. There was a requirement to have a
minimum of 6,400 students who were Māori, as part of the deed of settlement
requirements. The wānanga actually had 20,400 students who were Māori. With
the proportions set out in the deed of settlement, there was a maximum of 6,800
Pākeha students. Unfortunately, there was a breach in that the wānanga had
nearly 14,000 Pākeha students. I think that to withhold a payment—and, cern.
lly, this is the advice that I have now received, confirmed by Crown Law—
because too many white people were enrolled would have been unreasonable.

There was little or no justification to deny TWOA the proceeds of the Suspensory
Loan on the grounds that TWOA ‘had not meet the conditions to access the
Suspensory Loan’, as represented by the Minister. One of the main conditions that
the Minister relied on to not pay the Suspensory Loan was the Māori quota issue.
Despite the views he expresses in June 2005, and from the correspondence
discussed in Chapter 8, good progress in negotiations regarding the issue of Māori
percentage, or quota up the later part of December 2004.

Certainly by 9 June 2005 the Minister was aware of the Crown Law advice that the
quota requirement was illegal. The question is whether the Minister knew this at
the time of his Memoire to Cabinet. That aside, his 9 June 2005 reply in
Parliament seems to argue in favour of TWOA’s achievements by having 20,400
Māori students in 2003, not that envisaged of 6,400.

8.2.2 Agreement regarding conversion of the Suspensory Loan to
equity.

The second key issue of the Minister’s justification to not pay the
Suspensory Loan is in paragraph four of the Memoire and relates to future
KPIs for conversion of the loan to equity that had not been agreed on
between the Secretary for Education and TWOA.

Chapter 8 covered the negotiations between the State’s representatives and
members of TWOA in detail, which seemed to indicate a degree of goodwill at a
high level within the Ministry of Education to resolve issues regarding an agreement on criteria for the release of the Suspensory Loan to TWOA. To this end, two Draft Agreements were presented that were designed to address the KPI matters, and correspondence viewed shows very close agreement between the negotiating parties, until late December 2004.

Little attention seems to have been given by either party to what the KPIs would be for the conversion of the Suspensory Loan to equity. It may have been that it was not a highly important issue to TWOA, in view of the fact that if agreement could not be reached on the conversion factors, then they would have repaid the loan. Certainly TWOA had the ability to repay this amount, as it did with the Crown Loan of $12m discussed in Chapter 7, which was repaid in full by 31 December 2007.

8.2.3 Crown Observer appointment.

The third key issue raised by the Minister was his intentions to appoint a Crown Observer. His Memoire stated that he would use the provisions of section 195C of the Education Act 1989 to do so. Section 195C of the Education Act 1989 states:

Minister may appoint Crown observer:

(1) If the Minister considers on reasonable grounds that the operation or long-term viability of an institution is at risk, he or she may appoint a Crown observer to the Council of the institution.

(2) A Crown observer may not be appointed to the Council of an institution unless the Minister has first—

(a) Consulted with the Council; and

(b) Advised the Council that he or she is considering appointing a Crown observer; and

(c) Given the Council an opportunity to comment on the proposal.
(3) Every appointment under this section must be in writing and must state the date on which it takes effect.

(4) A Crown observer may—

(a) Attend any meeting of the Council or committee of the Council of the institution to which he or she is appointed; and

(b) Offer advice to the Council, or any committee or member of the Council; and

(c) Report to the Minister on any matter raised or discussed at any meeting that he or she attends as a Crown observer.

(5) A Crown observer must at all times maintain confidentiality with respect to Council affairs, except as authorised by paragraph (c) of subsection (4).

(6) A Crown observer is not a member of the Council or any committee of the Council, and may not—

(a) Vote on any matter; or

(b) Exercise any of the powers, or perform any of the functions or duties, of a member of the Council.

The Memoire states that the Crown Observer will by the end of March:

a) Advise whether there are appropriate, achievable financial plans in place for 2005;

b) On the basis of those plans and other information, advise whether the proposed Crown loan will be used appropriately to support the wānanga’s core education function. In this regard I will want assurances that it will not be used for payments to third parties other than as needed for core functions and is not simply to be used to offset poor or unjustifiably weak financial performance; and

c) Advise whether the institution is likely to face serious financial issues in 2005.

In respect of a) this does not appear to be covered by the criteria set out in Section 195C of the Education Act 1989 and detailed above, unless this is covered by paragraph (c) of subsection (4).

In respect of b) this does not appear to be covered by the criteria set out in Section 195C of the Education Act 1989 and detailed above. This may be covered by
paragraph (c) of subsection (4), but it does not appear that the dispersal of funds by a TEI for legitimate purposes is a justification for the use of the provisions of sec 195C. This is an issue that is at the core of the independence provisions for TEIs as pointed out earlier in this thesis, and given as one of the prime reasons by the Crown for the introduction of the Education Amendment Act 1990.

In respect of c) it appears that Section 195C gives the Minister the power to appoint a Crown Observer only if reasonable grounds that the operation or long-term viability of a TEI is at risk. Section 195C does not provide the power to appoint a Crown Observer to see if an institution is at risk. However, from the extracts of emails from the Development Advisor of 17 and 21 December 2004 to the Ministry of Education, it would appear that the Minister already had in that person, the powers that Section 195C was drafted to provide.

8.2.4 Proper use of funds

The fourth key issue identified was that relating to the Minister being given confidence that ‘funds will be properly accounted for’. The Public Finance Act, along with the International Financial Reporting Standards and the Crimes Act, apart from the rigours of an annual audit, generally ensure that ‘funds are properly accounted for’. What the Minister was referring to would appear to be that as reported in the NZ Herald on 25 February 2005 as follows (Thomson, 2005):

Sources say Dr Wetere approached Finance Minister Michael Cullen last year about accessing the Suspensory Loan facility and wanted to use the bulk of it to repay one of its subsidiary trusts for intellectual and capital property it had invested in the wānanga.

Critics claim this would be an abuse of taxpayers’ money and say it is one reason the Government is wary of approving the loan, which would not have to be paid back.

Chen Palmer and Partners has confirmed the wānanga had instructed it to advice on whether the settlement reached with the Crown was being honoured.
Accounting firm Ernst and Young is understood to have advised the wānanga council its proposal was viable.

In respect of this issue, the financial statements of TWOA for the year ended 31 December 2003 noted (p. 118) under the heading of Contingencies in the Statement of Commitments and Contingencies (TWOA, 2003):

Aotearoa Institute Charitable Trust have indicated that it intends making a claim against Te Wānanga o Aotearoa for intellectual property and artworks transferred to Te Wānanga o Aotearoa on its formation. At present the amount or eventual outcome of the claim is unknown and no provision has been made in the financial statements.

This unresolved issue would appear to be one of the main reasons that the Crown did not release the Suspensory Loan. The situation regarding this likely transaction was the subject of a letter from the Chair of TWOA (Coxhead, 2004) to the Minister of Education and Associate Minister of Education (Tertiary Education) on 25 November 2004. This letter states that the matter was brought to the attention of TAMU in letters of 20 July 2004, 15 September 2004 and 3 November 2004, and confirms that TWOA and AI had jointly funded the reports from lawyers, Bell Gully and accountants Ernst and Young, with the Chair of Ernst and Young (and the New Zealand Round Table), nominated to lead the review and valuation.

The letter reported that Bell Gully and Ernst and Young had recommended a midpoint valuation $12.3 million to compensate AI for the use of its intellectual property up until the date of their report, and an ongoing annual compensation amount paid by TWOA to AI, calculated at 10.2% of Te Ara Reo Māori course revenues.

To reiterate what the Minister of Education said:

The wānanga has increased pressure on the Crown to make this loan and retained Chen and Palmer to assist. I have made it clear that there can be no question of
the loan proceeding until due process has been completed, the case established and the Crown given confidence that the funds will be properly used.

It would appear that the Minister of Education was adverse to the idea that firms with the reputations of Bell Gully, Chen Palmer and Partners and Ernst and Young were involved, and the thought that Aotearoa Institute may be reimbursed for what it had made available to TWOA. The fact that the Coxhead letter indicated clear agreement between TWOA and AI to resolve this issue appears to have caused the Minister some concern. What a TEI does with money rightfully due to it, is an issue for the TEI Council, and not a matter for the Minister of Education to become involved.

8.2.5 Short term funding

The Minister stated in his Memoire that short term financial cash flow issues can and should be dealt with through overdraft facilities. While this may have been correct in ‘normal’ circumstances, it was not the case in February 2005 for TWOA after the huge amount of adverse publicity that this TEI received in that month.

This fact was recognised as shown in documents obtained by Chen Palmer and Partners from an examination of the Ministry of Education files in July 2005. A document ‘TWOA application for Crown Loan’ from the Crown Manager stated that the impact of the bad publicity that TWOA suffered in February 2005 resulted in the following for TWOA in regards to obtaining overdraft facilities:

The potential to arrange a borrowing facility with a commercial bank to meet the short term requirements has been considered [with BNZ]. It was apparent from the discussion that:

- Any application would receive very close scrutiny from the banks credit committee and they would be particularly cautious about advancing credit;
- They were generally nervous about the negative publicity
surrounding the institution.

A summary of the key issues raised by the Minister as justification for his action are:

- **Access to Suspensory Loan**: As reported by the Minister of Education to Parliament, the use of this student profile criteria was illegal. Whether the Minister knew this or not in February 2005 is unclear, but a precedent had been created with the payment of the $15 million ‘additional redress’ in 2002 and 2003, when the percentage of Māori students was below the Deed of Settlement benchmark of 80%.

- **Agreement regarding conversion of Suspensory Loan**: There would appear that there was no willingness for the State to do this after the ‘just a small window for some leverage’ email. The Crown Loan that took the place of the Suspensory Loan, advanced in May 2005 was repaid in full by TWOA by 31 December 2007, and enabled conditions that were not part of the Suspensory Loan agreement to be attached to the Crown Loan.

- **Crown Observer appointment**: It appears that the Minister already had the powers that Section 195C provides to him, by way of the Development Advisor. The reasons given by the Minister for the appointment of a Crown Observer appear to be outside of the scope of Section 195C of the Education Act 1989.

- **Proper use of funds**: This justification appears to relate to the proposed transaction that had been agreed to by the Council of TWOA and the Board of AI. The Minister’s involvement in an
issue of this nature would appear to be outside of the Minister’s powers.

- Short term funding. The importance of the Suspensory Loan monies for the ‘financial health’ of TWOA was apparent to the Tumuaki as early as September 2004 when he signalled to the Minister of Education that capital expenditure had been accelerated to provide for the growth that TWOA was experiencing. The Finance Director of TWOA in December 2004 also signalled this to the TWOA Council, the Ministry, and the Development Advisor in December 2004.

In fact, apart from a large amount of negative publicity about TWOA which commenced in February 2005 (see Auditor General’s report in Chapter 10), very little was put forward by the Minister of Education to justify his appointment (or as it transpires, the appointment by the TWOA Council under threat by the Minister) of the Crown Observer who then became Crown Manager. There were allegations such as a ‘pending financial crisis’ and comments made about adverse and negative publicity by the Minister, but no real justifications were put forward until the Minister of Education’s letter to the Chair of TWOA of 20 June 2005. (Mallard, 2005)

8.3 - 20 June 2005 letter

This letter expressed the ‘preliminary view that the Council should be dissolved and a commissioner appointed in its place’. The letter was written several months after the Crown Manager had taken control of the finances of TWOA. Therefore the reason for the letter, could not have related to financial issues.
The letter is important to this thesis as it provides justification for the action the minister was contemplating, in terms of the risk criteria published in the NZ Gazette under section 195A of the Act, specifically:

**Criterion 22.** The time period, (4 months) for submitting the 2004 audited financial statements had expired.

**Criterion 25.** That TWOA approved an unauthorised loan to Aotearoa Institute.

**Criterion 33.** There is no business plan for 2004 and 2005 financial years.

**Criterion 34.** Changes by government to funding priorities will likely expose the Institution to a material reduction of income.

**Criterion 35.** From May onwards, the cash flow indicated that (without assistance from the Crown in the form of a short term advance of $12 million on 16 May 2005) the institution is not likely to pay some or all of its debts as they become due in the ordinary course of business.

The Minister adds, ‘of these, I wish to make it clear that it is the viability of the institution as a going concern that I consider to be the main serious risk’. In this thesis the issue of going concern as it related to TWOA was considered in Chapter 6. However, the letter seems to set out the State’s issues with TWOA, deeming it necessary to take control of TWOA in February 2005, this warranting further examination as it relates to TWOA.

In respect of Criterion 22 consideration will be given to the position of the Crown appointed auditors regarding the completion of an audit within four months of balance. In particular exploring the notion of whether it was ever possible for TWOA to meet this criterion in view of the actions of the State.
In relation to Criterion 25, the circumstances and date of this issue will be discussed, and consideration given as to whether the disclosure of this loan over several years in the financial statements of TWOA, which were all accompanied by unqualified audit reports, made this issue a little moot.

In respect of Criterion 33, consideration will be given as to whether the Minister was factually correct in what he alleges regarding Profiles and Charters submitted by TWOA. The Education Act 1989 provides that TEIs will not receive EFTS funding if they have not submitted Profiles and Charters. TWOA certainly received EFTS funding, $177 million in 2003.

In respect of Criterion 34, consideration will be given as to whether the issue of TWOA being totally reliant on funding as a result of Government policy changes, was unique to TWOA.

The ‘going concern’ issue of Criterion 35 was signalled by the Minister as the main risk. This will be examined in detail through an analysis of the financial records of TWOA, during the period the Minister referred to. The going concern issue will be examined in depth in the next section of this chapter. Detailed comment of each of the Criterion used by the Minister follows.

**Criterion 22**

The Auditors of TWOA were appointed to act as agents of the Auditor General of New Zealand. The date of their appointment is unclear, but they audited the financial statements for the year ended 31 December the end of 2007. It is concluded that they had an understanding of the entity and its principal executives, because up to 31 December 2003 they had issued unqualified Audit Reports.
On 15 February 2005, an Act MP made a series of accusations in Parliament regarding the affairs of TWOA (2005, NZPDa). The following day, the NZ Herald stated that ‘Act MP Ken Shirley yesterday released an email from Government-appointed trouble shooter Graeme McNally’. The NZ Herald of 16 February 2005 in an article headed, ‘Wānanga chief pledges to open books to any inquiry’ (and reported almost daily from that date), included statements of a ‘nothing less than a disaster’; and ‘culture of non-accountability and extravagance’; with the following day’s edition referring to ‘a series of rorts by wānanga bosses through connections between them and outside companies’, and ‘a course was sold to the Te Wānanga o Aotearoa for an extraordinary seven-figure sum by the chief executive’s fiancé’ (Taylor, 2005).

These types of statements about an organisation would have raised serious concerns with any auditor of any organisation. Therefore it was unreasonable to expect the auditors of TWOA (or in fact any organisation) to have completed financial statements of TWOA for the year ended 31 December 2004, within four months of balance date.

The Controller and Auditor General, in his report ‘Inquiry into certain aspects of Te Wānanga o Aotearoa’, date 1 December 2005, stated (Controller & Auditor General, 2005):

We began an audit and inquiry into Te Wānanga o Aotearoa (TWOA) after receiving a request for assurance from the then Associate Minister of Education (Tertiary Education) in September 2004. There were concerns about possible conflicts of interest in transactions worth large sums of money. Other issues emerged as we began our inquiry.

Further, he stated:

In February 2005, then MP the Honourable Ken Shirley and the media made certain allegations. The then Minister of Education asked us to look into more matters. We reconsidered the scope of our work, released wider terms in March 2005, and continued with our inquiry.
With all of this in the public domain, it is no surprise that the audit for the year ended 31 December 2004 was not completed until 31 August 2007, by Deloitte, on behalf of the Auditor-General.

Observations by the researcher relating to Criterion 22 are:

1) An organisation being audited has little control over the date that the audit is completed. That is solely under the control of the auditors.

2) In view of the seriousness of allegations made against TWOA executives from the highest level of Government, it is quite understandable that the auditors would be extremely cautious and delay as long as possible the completion of their work to see what came from the auditor General’s inquiries. In this case it took 32 months to complete the audit.

3) The auditors of TWOA carried out their audit on behalf of the Auditor-General, who was himself, from late February, at the request of the Minister of Education, the researcher concludes, carrying out his own inquiry into certain aspects of TWOA.

4) There was an ‘unacceptable’ link between the auditors of TWOA, and the Crown appointed and paid Development Advisor. This was belatedly pointed out by the Auditor General. The Development Advisor was a partner in the firm that audited TWOA.

5) The 2004 audit, no doubt for many of the reasons referred to above, was finally signed off, on 31 August 2007. The same day the audit for the year ended 31 December 2006 was completed, by Audit New Zealand, on behalf of the Auditor-General.

In view of the nature of the accusations made in Parliament followed by the media
reports, it was impossible for an audit to be completed in the time referred to by the Minister of Education in his 20 June 2005 letter. The entry into the equation of the Auditor General, to whom the auditors of TWOA were under contract, made it more improbable. No auditor would sign off an audit report while investigations at that level were underway.

**Criterion 25**

This Criterion refers to an unauthorised loan to AI. As has been discussed earlier in this thesis, by 1993 AI had accumulated several buildings from which it had been carrying out its activities as an educational provider. In addition to land and buildings, it accumulated the normal chattels of an educational provider, such as vehicles, teaching resources, staff, intellectual property, infrastructure, and extensive artworks.

As has also been commented on, TEI status Wānanga collectively lodged a claim with the Waitangi Tribunal for capital funding and TWOA entered into two Deeds of Settlement, in December 2000 and November 2001. The first Agreement released $6.611 million to TWOA, who used this capital to increase resources for the TWOA students, not to purchase any assets of AI.

During the 2001 financial year, TWOA Council decided that a prominent presence in the Wellington region was important. They recognised that there was a large potential student target group in the Porirua region, an area with high unemployment and a population largely made up of Māori and Pacific Island people. What was known as the Todd building was available for purchase at approximately $12 million. This building was considered ideal, and an agreement for Sale and Purchase was entered into.
At this stage AI had a considerable asset base resulting from the pre-1993 land and building purchases. They also had a reasonable borrowing capability that TWOA lacked. The purchase was therefore settled in the name of the AI who provided $9 million dollars, and borrowed $3 million from TWOA. It should be noted that this purchase was settled before the Deed of Settlement of 6 November 2001 was completed, releasing $40 million to TWOA in 2002. Apart from EFTS funding, which is calculated to mainly cover operational and delivery costs, TWOA had no other funds.

The Public Finance Act requires TEIs to apply for approval to borrow in excess of $2.5 million. TWOA applied for this approval by notification to the Ministry of Education, and in a telephone call with the Secretary for Education (who is empowered to give that approval) approval was given to the Chairman of TWOA to proceed with the advance. In hindsight, it would appear that the correct process was not followed, but no advice regarding this was received from the Ministry, who unsurprisingly subsequently denied that such a request was made.

The Loan to AI was disclosed as is required, in the Financial Statements of TWOA for the years 2001, 2002, 2003 and 2004, as an ‘Advance to Aotearoa Institute’, and identified by a separate Note in the Notes to Financial Statements as is evidenced by Note 13 to the financial statements section of the 2003 Annual Report (p. 116).

These financial statements were all audited by the Auditor General’s contracted auditors, who issued unqualified audit reports for each of the years. Further the financial statements were also lodged with the Ministry of Education (a requirement of the Education Act). It should also be noted that the loan appeared in all monthly financial statements presented at the monthly Council meetings that
the Crown appointed Development Advisor attended.

A conclusion that can be drawn from the above is that the Ministry of Education failed both its Minister and TWOA in respect of advice given regarding this advance by TWOA to its parent and founding body to assist it to complete a purchase that was used solely for the benefit of TWOA students.

**Criterion 33**

TEIs are not required to submit Business plans, although there are very clear requirements to submit Profile and Charters. Under Section 159n and 159y of the Education Act 1989, a TEI cannot receive EFTS funding without having prior approved Profiles and Charters. TWOA was receiving that funding, and has continued to.

**Criterion 34**

This criterion could probably relate to any business or entity that is almost solely dependent on the Crown for funding. Clearly changes in Government policies are always a risk to those reliant on such funding. Any down side risk to this would entirely be the responsibility of the State, and not a factor that a TEI should be held accountable.

**Criterion 35**

The Minister in his 20 June 2005 letter stated under the heading of Criterion 35, ‘I wish to make it very clear that it is the viability of the institution as a going concern that I consider to (sic) the main serious risk’. As Chapter 6 revealed the going concern issue was not applicable to TWOA (Tables 8 and 9, pp. 173-174 in Chapter 6).
8.4 Summary

The actions of the State in relation to its dealings with TWOA, which included the actions of the Minister of Education, came under the scrutiny of the Waitangi Tribunal for a second time when AI lodged a claim under urgency in 2005. As a result of adverse publicity directed at TWOA in February and March 2005, which centred on serious financial misdemeanours, TWOA’s operations came under the increased scrutiny of the Auditor General in 2005. The Auditor General had been asked in September 2004 to examine a potential conflict of interest relating to a course run by TWOA in conjunction with a third party, but the adverse publicity referred to above, resulted in the Auditor General extending the scope of his inquiry in March 2005.
Chapter 9

High level reports

9.1 Introduction

The chapter will carry out an examination of the reports of the Auditor General into the affairs of TWOA, and also consider the findings of the Waitangi Tribunal into the actions of the State against TWOA in 2004 and 2005. An outline of how Chapter 9 is structured is set out in Figure 18.

Figure 18: Chapter 9 – High level reports model

<table>
<thead>
<tr>
<th>9.1 Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>↓</td>
</tr>
<tr>
<td>9.2 Auditor General’s Report</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>9.3 Negative aspects</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>9.4 Positive aspects</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>9.5 Wai. 1298</td>
</tr>
<tr>
<td>↓</td>
</tr>
<tr>
<td>9.6 Summary</td>
</tr>
</tbody>
</table>

Source: Bryant, 2009.

The Auditor General and Waitangi Tribunal reports were carried out by highly competent organisations with extensive powers and respected at the highest levels of Government. The Auditor General’s investigation into ‘certain aspects’ of TWOA was against a background of extremely serious allegations made in Parliament. These allegations suggested major corruption and ‘rorts’, with a clear inference of scandal of the highest order. With access to competent accounting and legal personal and very broad powers to obtain information, the auditor
General’s report into the ‘certain aspects’ of TWOA is an important document for this thesis.

The Waitangi Tribunal operates under court rules, and evidence provided to it is given under oath. The Tribunal has wide powers for examination and cross examination. As the founding organisation of TWOA, AI lodged a claim under urgency, (which was granted) in 2005 based on the way the State had threatened and dealt with TWOA. The Tribunal’s reports of the State’s actions are important and provide strong foundations from which to support conclusions of this research. It should be noted however, that both of these reports were released in December 2005, well after the State had control of TWOA.

9.2 The Auditor General’s Report

The allegations against TWOA, along with claims that TWOA faced a financial crisis, formed the basis for the justification of the State to intervene in the affairs of TWOA, and take control, and an investigation into TWOA’s affairs by the Auditor General. A review will be carried out of what the Auditor General reported as a result of his extended inquiry that emerged from the accusations that were made against TWOA, the Tumuaki and other key staff. The Terms of Reference for the Auditor General’s inquiry, set out on page 82 of his report, state (Controller and Auditor General, 2005):

Since September 2004, the Auditor General has been inquiring into potential conflicts of interest in relation to the Kiwi Ora programme at Te Wānanga o Aotearoa. As a result of this preliminary work, some other issues emerged. Further allegations have since been raised in the public domain, some of which have been the subject of requests for the Auditor General to extend his inquiry.
An example of the further allegation raised in the public domain are those from the Honourable Ken Shirley MP included in transcripts of Hansard (NZPD) and newspaper articles, such as those that follow.

On 15 February 2005, the Honourable Ken Shirley stated in the House of Parliament (NZPDa, 2005):

I think the House and the country at large is concerned at the lack of accountability that has been exposed in Te Wānanga o Aotearoa. The Government’s representative on the governing board, Mr. McNally, has described a culture of executive extravagance. Yet we have also learnt this week that, under this Labour Government, funding for the wānanga went from $8 million per year to $239 million last year. That is over a quarter of a billion dollars of taxpayers’ money.

Further:

Let us have a look at some of the governance issues. It is clear that a group of people in this organisation are getting very, very rich, at the taxpayers’ expense. When we look at the governance situation there are a number of issues. The key question is: why has the Government not moved to address these problems? One thing we do know is that one of the major programmes, the Mahi Ora programme, was developed by a staff member and sold to the wānanga for $7 million. That was $7 million of taxpayers’ money.

There are dozens of these shelf companies. If we look at the ownership structure of these companies—the shareholders and the directors—they are all cross-pollinated. It would seem that all the same people are cross-pollinating these companies, clipping the taxpayers’ ticket, and rorting the taxpayers of this country.

Further:

In light of the fact that the cap imposed by this Government saw the funding expand from $8 million to $239 million, can the Minister tell us what is his response to the fact that Te Wānanga o Aotearoa runs a corporate fleet of over 350 staff cars, including LTD limos?

On 16 February 2005, the Minister of Education stated in the House of Parliament (NZPDb, 2005):

I have concerns about that. My former Associate Minister, Steve Maharey, indicated that he had concerns about it. That is why the Auditor-General is looking into it. I think the Auditor-General is the appropriate person to look into conflicts of interest in tertiary institutions.
Further, in response to a question, the Honourable Minister of Education stated, ‘I think that we have another thing to add to our list of things that the Auditor-General is looking at’.

A NZ Herald article of 20 February 2005 stated that ‘in August, the then Tertiary Education Minister, Steve Maharey, asked the Auditor-General’s office to investigate potential conflicts of interest over the Kiwi Ora new migrant course’.

The article added (Cummings, 2005):

> The Education Minister Trevor Mallard told Parliament this week that he remained concerned about funding being channelled into subsidiary companies run by Wetere and family members. The Auditor-General was investigating.

A further NZ Herald of 22 February 2005 article stated: (Thomson, 2005):

> The Auditor-General has been investigating the matter for the past seven months. Mr Mallard has expressed serious concern about the institution, which has become the focus of allegations of financial extravagance and misuse of taxpayers’ money.

Further, that:

> Helen Clark said the Government was now examining its options to intervene in the running of the wānanga if the allegations were found to have basis and taxpayers’ money was suspected of being misspent.

It is noted that the Prime Minister, Helen Clark, and Minister of Education Trevor Mallard, became involved with seemingly negative comments about TWOA as early as 20 February 2005 in the case of Mallard (Cummings, 2005) and in the case of Clark, on 22 February 2005 (Thomson, 2005). It would appear that these senior politicians had taken a position against TWOA at a very early stage, before any requests for information were made from TWOA, and certainly before any extended investigation was stated by the Auditor General.

It was against a background of the above attention that the Terms of Reference for the Auditor General’s inquiry were set (p. 82), which abbreviated here are:
1) Procurement policies and practices, focusing on selected transactions where TWOA Councillors, employees and/or their close relatives are involved.

2) International travel policies.

3) Selected payments made to Councillors and/or employees of TWOA in relation to their involvement with entities controlled by TWOA.


5) The relationship and transactions between TWOA and AI and its subsidiaries.

6) The implementation of TWOA’s capital acquisition strategy.

7) Processes used by TWOA when employing close relatives of the Tumuaki.

8) Other issues that the Auditor General considers relate to or arise out of the above matters.

Although the Auditor General’s report is headed ‘Inquiry into certain aspects of Te Wānanga o Aotearoa’ it appears that 8) above gave him the power to investigate almost any issue that might involve financial mal-practice. The Auditor General began his investigation proper with a visit by members of his office and TEC, to TWOA in Te Awamutu on 6 and 7 April 2004. On 23 April 2004, a team of three accountants and a lawyer arrived in Te Awamutu representing him and commenced their examination of records of TWOA and of AI. The results of the investigations were published in his report released on 1 December 2005. A Summary of his report appears in full as Appendix 7.

A critical examination of the report shows that in the first section, the Auditor General outlines the background as to why he decided on the need for the inquiry, and he specifically refers to the allegations made by the Honourable Ken Shirley and certain media reports. He then sets out what his inquiry looked at, which broadly coincided with the terms of reference paraphrased earlier in this chapter.

The second page of his Summary (p 7) the Auditor General had completed his
preamble and made his first observation. This one line read:

We found practices that are unacceptable for a public entity.

This statement was immediately followed by:

However, the many negative comments in this report are explained by the selective nature of our inquiry. We have not conducted a comprehensive review of all of TWOA’s activities, but have reported only on issues of significant concern within the areas we examined. We do not want to detract unnecessarily from TWOA’s undoubted achievements.

A detailed examination of Auditor General’s report does not find any comments on any transactions that bear any resemblance to the allegations and media reports that he stated played a large part in extending the nature of his inquiry. The report did identify weaknesses in processes and in view of the fact that the organisation had grown so fast, this is probably not surprising. An analysis of what are considered to be the negative and positive aspects of the Auditor General’s report is:

Negative aspects

- My inquiry into Te Wānanga o Aotearoa (TWOA) found practices that are unacceptable for a public entity. I found poor record-keeping and a consistent lack of documentation. What documentation I did see was often incomplete.

- Three themes were common to many of the activities I looked at:
  - poor decision-making practices for significant expenditure;
  - inadequate identification and management of conflicts of interest;
  - unacceptable practices in senior management expenses concerning international travel and credit card expenditure.

- TWOA and the Aotearoa Institute Te Kuratini o Nga Waka Trust Board (the AI Trust), a private organisation, have a close and ongoing business relationship, which dates back to TWOA’s establishment. It covers many different transactions, some of which are informal and unclear. I
am concerned that TWOA has an unhealthy dependency on the AI Trust. TWOA could be left in a vulnerable position should its relationship with the AI Trust deteriorate or end. This creates significant risks for TWOA and its stakeholders.

- I consider that many of the individuals involved in TWOA have not appreciated the need to act with a public sector mindset.
- TWOA grew rapidly and significantly in recent years. During this time, it did not put in place appropriate systems and processes for such a large operation. Work is now being done on new policies and procedures, but it is taking too long to embed them into the culture and everyday practices of TWOA.
- TWOA needs to bring the same level of commitment to using its public resources responsibly as it has to pursuing its educational vision.
- Practices like those discussed in my report can be very damaging to the credibility of the public entity involved.

**Positive aspects**

- We note that the TWOA personnel we encountered displayed a strong commitment to, and passion for, TWOA, its educational goals, and its activities.
- However, the many negative comments in this report are explained by the selective nature of our inquiry. We have not conducted a comprehensive review of all of TWOA’s activities, but have reported only on issues of significant concern within the areas we examined.
- We do not want to detract unnecessarily from TWOA’s undoubted achievements
- Work is now being done on new policies and procedures, but it is taking too long to embed them into the culture and everyday practices of TWOA.
- TWOA has enabled thousands of learners to have a second chance at education.
- I encourage central government agencies to consider carefully whether further guidance for, and monitoring of, tertiary education institutions is
The Auditor General stated that he selected specific practices and transactions, and looked mainly at the 2002, 2003, and 2004. He noted that in the last five years, TWOA had grown rapidly, from just over 1,000 students in 1999, by 2003 it had 63,387 students enrolled (equating to 34,280 equivalent full-time students) and 1,232 equivalent full-time staff. Measured in enrolments, he noted that TWOA had become the largest tertiary education institution in New Zealand.

A key observation by the Auditor General was:

During this time, it did not put in place appropriate systems and processes for such a large operation. Work is now being done on new policies and procedures, but it is taking too long to embed them into the culture and everyday practices of TWOA.

This was a problem for TWOA, one encountered by many fast growing businesses. It was compounded by the difficulty that TWOA had in attracting staff to a small provincial town in rural Aotearoa New Zealand during the years 1999 to 2003, to keeping up with the demand of students as they chose to enrol with TWOA. The development of policies and procedures to match this growth was an issue, but this seemed to be acknowledged by the Associate Minister of Education in his 13 October 2004 letter, when he wrote:

The establishment of Audit and Risk Committee - strong Chair (John Storey) and independent member (Shane Jones) have been driving the development of a range of new policies and reviewing others, e.g. financial delegations, credit care usage, procurement etc. I understand they intend to move to a board risk analysis in the future.

The Auditor General’s only comment regarding conflicts of interest was that TWOA was inadequate in identifying and management of conflicts of interests. In respect of allegations such as ‘funding being channelled into subsidiary companies run by Wetere and family members’; ‘misuse of taxpayers’ money’; ‘rorts’; ‘one of the major programmes was developed by a staff member and sold
to the Wānanga for $7 million’, and ‘all the same people are cross-pollinating these companies, clipping the taxpayers’ ticket, and roting the taxpayers of this country’, he had nothing to say. The Auditor General’s final paragraph to the foreword to his report states: ‘I encourage central government agencies to consider carefully whether further guidance for, and monitoring of, tertiary education institutions is appropriate’. Whether or not this guidance or monitoring was provided by central government agencies to TWOA, was addressed by the Waitangi Tribunal as a result of claim Wai. 1298.

### 9.3 Waitangi Tribunal - Claim Wai.1298

Aotearoa Institute, as the founding body of TWOA, challenged the Crown for its actions against TWOA during 2004 and 2005. This gave the opportunity to present to the Tribunal AI’s views on how the State had treated TWOA.

The Tribunal report of December 2005 and Chapter 5: *Conclusions, Findings, and Recommendation* are contained in Appendix 8. Extracts from this chapter relating to the failings of the Crown, are included in the body of this thesis and state (p. 45):

#### 5.2 Summary of Findings

(d) We find that the claim is well-founded in that the Crown has breached the principles of the Treaty in **failing to protect the rangatiratanga of TWOA as a Wānanga**, with resulting prejudice to the claimants, by:

(i) attempting to define wānanga in such a way as to **confine** wānanga to the teaching of te reo and matauranga Māori to a predominantly Māori student body and **attempting to force** TWOA to comply with that mistaken definition through the charter process;

(ii) **failing** to ensure that a partnership/relationship agreement was concluded with TWOA in accordance with the Wai.718 deed of settlement;

(iii) **failing** to ensure that continuing consultation and negotiation took

*Underlined by researcher for emphasis purposes*
place between TWOA and the Crown at the level of the council and the Minister for Tertiary Education and Secretary for Education, so that issues could be dealt with appropriately;

(iv) failing to make adequate allowance in its dealings with this wānanga for TWOA’s vulnerability due to the disproportionate effect of the growth cap, the various reviews, and the timeframes for compliance imposed on the wānanga;

(v) failing to ensure that the founding iwi, in particular, and other communities associated with the wānanga were given adequate opportunity to consult on changes to the charter of TWOA by insisting on an unusually tight timeframe;

(vi) putting TWOA in a position where council members resigned in an attempt to avoid the appointment of a commissioner, leading to a council that could not undertake consultation with iwi and other stakeholders;

(vii) failing to ensure that Crown agencies dealt with TWOA in a coherent and properly co-ordinated way and in accordance with an ongoing Treaty relationship; and

It would appear that the Waitangi Tribunal believed the Crown acted in a manner that it should not have under the Treaty, with many of the Crown’s failings harmful to TWOA, and should have been avoided.

9.4 Summary

The failings of the Crown, according to the Tribunal and set out in 5.2(d) would appear to have been recognised by the Auditor General that prompted his comment referred to above. The Tribunal’s observation that the Crown failed to ensure that continuing consultation and negotiation took place between TWOA and the Crown so that issues could be dealt with appropriately (as set out in 5.2(d) (iii), would appear to be a direct reference to the protracted negotiation concerning the Suspensory Loan, and its non payment, as discussed in Chapter 7.
The Auditor General’s pointed to ‘poor decision-making practices for significant expenditure’; ‘inadequate identification and management of conflicts of interest’ and ‘unacceptable practices’ regarding management expenses on international travel, and he considered that many individuals involved in TWOA did not appreciate the need to act with a public sector mindset. However, he did acknowledge that TWOA grew rapidly and significantly and it did not put in place appropriate systems and processes for such a large operation. He also reported that TWOA had enabled thousands of learners to have a second chance at education, which is what TWOA was set up to achieve.

The Auditor General’s report was supportive of TWOA while recommending management and policy changes. The Waitangi Tribunal’s Wai. 1298 report was supportive of TWOA, and critical of the Crown. However, by the time that the both reports were made public, the State had control of TWOA, and the Tumuaki had resigned his position.
Chapter 10

Conclusions

Introduction

This thesis has investigated the reasons for the State’s intervention in the affairs of a leading Wānanga, TWOA. The State intervened under a number of pretences but underlying this is the statement made on page twelve that ‘maybe it was too successful?’ TWOA certainly was successful, as it grew from humble origins in the space of ten years to become the largest TEI in Aotearoa New Zealand.

There are number of fundamental themes that impact on the social-economic context of this thesis. The first is the impact of and at times insidious growth of capitalism. This study has ascertained that land was a critical factor in capitalism from the 17th century, and that the transformation of community land to individual title was a requirement of capitalism. A method used to carry out this change of the status of land in Britain, as described by Thomson (1957) and Hill and Wright (1981), was to create a legitimate governing body with restricted representation, and to give to that body the power to legislate.

Using these powers and to assist to fuel capitalism in Britain, Enclosure Acts were used to transfer common land into individual title and therefore into an economic resource. According to Hobsbawn (1962), there were an estimated 5,000 Enclosure Acts enacted for this purpose. The result was that the historical inhabitants of several centuries were forced to move from this land. The severe consequences that these forced evictions often imposed on those displaced, were described by Dickens (1838), Bryant (1940), Thomson (1957), Corrigan and Sayer (1985).
Lenin (1916a) believed that colonisation and imperialism relieved the stress on capitalism while Hardt and Negri (2001) and Ferguson (2003) refer to the brutality of colonisation on indigenous peoples. This brutality was not unlike that suffered by those forcibly removed from common land in Britain, graphically portrayed by Bryant, Corrigan and Sayer, Dickens and Thomson as discussed above.

In a symbiotic relationship with capitalism are the twin themes of the impact of colonisation and imperialism. Capitalism needed colonisation to expand and inevitably Aotearoa New Zealand, along with several other counties, came to the attention of the capitalists, people who did not want community or tribally held land. The NZSA of 1863 was an example of how commonly owned or tribal lands were ‘transformed’ in Aotearoa New Zealand to become an economic resource for the advancement of capitalism. This Act, along with other acts and Acts of Governing bodies such as the Provisional Councils, led to Māori being disenfranchised, disinherited, excluded from most parts of society, and left as a race seen on its way to extinction.

In this respect, King quotes Featherstone, a New Zealand politician, who prior to his death in 1876 said, with reference to Māori, that society should ‘smooth the pillow for a dying race’. This comment illustrates the harm that Acts such as the NZSA inflicted upon Māori, and the outcome of forcing these people from land, that for centuries had been an integral part of their ethos and culture, their means of economic participation and their means of survival as a people.

The thesis discussed in Chapter 2 how public opinion was successfully mobilised in favour of British imperial endeavours (Taranaki Herald, 1855, Durrer, 2006). There was also widespread dissemination of information at the time including
unfounded rumours of ‘Māori invasion of Auckland’ (Walker, 1990, p. 120) and Governor Grey’s declaration ‘that the Waikato tribes planned “indiscriminate slaughter” of the Europeans’ (Walker, 1990, p. 121).

The second major theme investigated by the thesis is the role of knowledge as an economic commodity. Toffler (1990), Drucker (1993), Hertz (2001) and Gilbert (2005) all argued that by the later decade of the 20th century, capital was no longer only natural resources (economist’s land) or labour, but included knowledge. Knowledge had become a commodity with boundaries existing between traditional disciplines and traditional methods of representing knowledge.

Toffler (1990) referred to knowledge as the most democratic of power, and noted that for the previous three hundred years, the most basic political struggle within industrialised nations had been over the distribution of wealth. He predicted future struggles for power will increasingly turn into a struggle over the distribution of and access to knowledge. Toffler maintained that knowledge is a continuing threat to the powerful and warned of the desire of holders of power to control the distribution of knowledge.

The importance of knowledge in the context of Aotearoa New Zealand was discussed in Chapter 3. It noted the then Prime Minister Helen Clark’s 2004 ‘Speech from the Throne’ confirmed that at the highest level of Government in Aotearoa New Zealand, knowledge and the development of human capital, was the ‘highest priority’. Chapter 3 also noted that Aotearoa New Zealand’s overall response to the global economic conditions of the 1980 was to adopt more competitive, market based policies for most sectors of the economy including the tertiary education sector (McLaughlin, 2003).
Chapter 3 discussed the links between economic growth and education and drew upon the contributions of Andrews et al. (2000), Harbison (1973), Lyotard (1984), Fagerlind and Saha (1992) and Gilbert (2005). It discussed the proposition that some level of education was important for the economic development of a country, and posited that this was part of critical policy development in Aotearoa New Zealand from the mid 1980s and an important part of educational policy development.

The third important theme considered by this thesis is the disparities in economic, social outcomes and educational achievement between Māori and non-Māori (see Hunn, 1961; TPK, 1996; TPK, 1998). It is noted that 127 years after the introduction of the NZSA, the definition of Wānanga was brought into the Education Amendment Act 1990. TEI Wānanga were then able to stand alongside Universities, Polytechnics and Colleges of Education to make up the tertiary education sector of Aotearoa New Zealand.

Faced with the importance of knowledge to the economy of a country and with the substantial evidence of under achievement by Māori in education (TPK, 1996; TPK, 1998), the Governments of the day introduced a number of measures aimed at increasing participation in education in general, and for Māori. Most important of these was removing the limit on the number of students that a TEI could enrol and be paid for by the State, and corresponding changes to the funding regimes of TEIs. It was in this environment that TWOA grew.

In any argument, the data needs to be considered and in this thesis the financial records of TWOA and the eight Universities of Aotearoa New Zealand were examined for the years 1998 to 2005. The 1998 analysis shows that in that year, TWOA was an insignificant contributor in the tertiary education sector with 920
students and 693 EFTS. However, by the end of 2003 TWOA had 63,387 students and 34,280 EFTS, making it the largest TEI in Aotearoa New Zealand in terms of student numbers and EFTS. At 31 December 2003, TWOA had accumulated $131 million of assets, $116 million of equity, and for the year ended 31 December 2003, made a surplus of $33 million.

This thesis examined three externally completed reports (MOE 2003, NZIER 2003, and BERL 2004) on the contribution made by TWOA to the tertiary education sector and to the economy in general. These reports confirm the position of this thesis that by 2003 TWOA was a major contributor to the tertiary education sector specifically and to the economy of Aotearoa New Zealand generally.

The question must be asked that if TWOA was so successful, why the State thought it necessary to intervene in the affairs of TWOA as it did. It is posited that there were two major reasons. First was the fiscal ramifications of the open access, fully funded policies for tertiary education, and the second was the distortion caused to the tertiary education sector, by so much funding going to TWOA as a result of the type of courses that TWOA offered. These courses were often foundation courses, directed to second time learners and those previously excluded from what was perceived to be an elitist system.

The actions that led to this intervention are discussed in detail in Chapters 6-9 and rest on the fact that the State announced that TWOA faced a financial crisis and was mismanaged. The question asked is whether this crisis was real or was it manufactured by State? This thesis posits that the crisis was perceived and manufactured so that it allowed the State to intervene in Aotearoa New Zealand’s largest TEI.
This research established that two days after the 15 December 2004 TWOA Council meeting, an email was sent to a senior Ministry of Education official on behalf of the Crown appointed Development Advisor to TWOA (McNally, 2004a). The advisor stated that there was a minor risk of TWOA having to seek approval for borrowing in February or March 2005, and that therefore there may be a ‘just a small window to get some leverage’. It was noted in this study that borrowing by a TEI of over $2.5m requires the prior approval of the Secretary of Education, so if TWOA did have to borrow over this amount, the Minister of Education, by way of the Secretary of Education, had the ability to deny this request. The advisor refers in his email to ‘just a small window to get some leverage’. Leverage, by definition, suggests the use of power. The use of such power by a Government Ministry over a TEI is contrary to the independence provisions of the Education Act 1989.

The medium through which the State exerted power was by withholding payment of the Suspensory Loan which TWOA claimed was due, and then alleging that TWOA on the verge of a financial crisis. On the basis of the allegation, the Crown appointed a Crown Observer to TWOA, who shortly after became the Crown Manager, and therefore gave the State control of TWOA. It is argued that this was unfair and placed real barriers in front of TWOA.

Simultaneous with the above actions of the State, were the unprovoked attacks in Parliament on the affairs of TWOA that resulted in the Government ordering an investigation into certain aspects of TWOA by the office of the Auditor General. It is posited that by these actions, the State in 2005 showed remarkable similarities with the mobilising of public opinion against TWOA, to the actions 141 years earlier, used in relation to the introduction of the NZSA in 1863.
TWOA was not destroyed by the above actions. After the Crown Manager was in place, in May 2005 TWOA received capital from the Crown under different terms, repaid this, and in July 2008, finally received the proceeds of the Suspensory Loan. The Council reduced to five by May 2005 due to resignations offered by several Councillors (mainly Māori) to avoid the Crown threat to disband the Council and appoint a Commissioner in its place, was slowly brought back to the number prescribed by legislation. For the year ended 31 December 2007, TWOA had 36,941 students, absorbed 18,578 EFTS and had gross revenues of $107 million. These numbers still have TWOA as a key provider in the tertiary education sector.

During 2008, in a private conversation with the writer, a senior partner in PriceWaterhouseCooper said that ‘the actions against TWOA were initiated by the Prime Minister, orchestrated by her private secretary and left the Minister of Education to execute’. If this is the case, there is a remarkable similarity with the involvement of Prime Ministers of Aotearoa New Zealand in both of the events examined for comparison purposes in this study. In the 1863 event, this study observed that it was the then Prime Minister Domett who introduced the NZSA, and in respect of the 2005 event, it would appear from the PriceWaterhouseCooper partner’s opinion, that Prime Minister Clark initiated the State’s actions against TWOA.

The research question addressed by this thesis is:

Was the State’s intervention of TWOA in 2005 carried out for reasons similar to
the State’s introduction of the New Zealand Settlement Act in 1863, and whether the two actions were driven primarily for economic reasons?

In simple terms this can be answered in the positive. There are similarities between these two events in Aotearoa New Zealand’s post colonial history. In both instances the impact of capitalism can be seen. In 1863 the issue related to the ownership of land (a tangible and tradable asset), and the 2005 issue related to education, which by the late 20th century, had become a major tradable asset of the knowledge economy. Both of the events involved the exercise of power at the highest political level, and the use of this power for political and economic purposes.

It is concluded that although economic and tertiary education policies from the late 1980s heralded the importance of knowledge, and policies were adjusted to allow unlimited, ‘open access’ to tertiary to benefit from what knowledge provides, this appears to have become unacceptable to the State if Māori were major benefactors of these policy changes.

It is also concluded that those in power, supported by a bureaucracy, in good faith introduced legislation to provide for open access, fully funded entry into tertiary education in this country, for the country’s economic welfare. However, it is concluded that as a result of the types of courses offered by TWOA, and the environment in which they were offered, gave increased student numbers to the sector which were unpredicted and unacceptable to Government and its Ministry. The fiscal impact of these increased numbers from a total Government budget and sector point of view, and the fact that the greatest group of beneficiaries of these policies were Māori enrolled in a Māori TEI, became unacceptable to the State and to others in the sector.
It was acknowledged by the Ministry of Education (MOE, 2003) that TWOA was extremely successful in delivering to the State the key policy platforms that led to the introduction of the Education Amendment Act in 1990, and official Government announcements since. These policies were advanced as they were considered to be vital to improve the economic and social position of Aotearoa New Zealand. They were also of considerable importance to Māori, who from 150 years earlier had been marginalised to the point of near extinction, by the implementation of European values over those of Māori. Those who created TWOA looked to these policy changes as an opportunity to redress the actions of the past, as did TWOA students.

The damaging effects of acts such as the NZSA on Māori were left unaddressed for over a century. It is concluded that any successes they may have been enjoyed by Māori in improving their plight themselves, such as TWOA, can only be tolerated if they conform to European values. Aotearoa New Zealand is still a nation that can be divided by actions such as the Brash Orewa speech of 2003 and the Foreshore and Seabed issue, both which are seen by many, as a continuation of ‘Māori bashing’, for political gain.

Despite the very poor economic, social and educational status of Māori as demonstrated by statistics provide to Government by high level reports (Hunn, 1961, TPK, 1996, 1998) there continues to be little political consensus on addressing these issues. It is concluded that the State lacked the intelligence and will to resolve any issues that it might have had with TWOA, either under the principles of the Treaty of Waitangi, or in terms of common decency and equity. The State constructed and implemented actions to remove the Tumuaki of TWOA, totally against the provisions of the Education Act 1989.
As Weaver observed in relation to land acquisitions of the 19th century Aotearoa New Zealand (in McIntyre (2008, p. 104), within 15 years of the signing of the Treaty:

The slide from protection and good intentions, through negotiations, to deception, and finally to the use of force showed that frontier avarice throttled principle.

In the latter parts of the 20th century and the early in this century, the Crown showed good intentions by creating the environment in which TWOA could be formed and flourish. These good intentions continued with the Treaty Settlements and the provisions for capital and a Suspensory Loan if needed. As it transpires, TWOA’s success did justify the release of the Suspensory Loan funds, and there were reasonably well intended negotiations regarding the release of these funds. However, the State then resorted to the use of deception with media releases, and finally to the use of force by the threatening to disband the Council and appoint a Commissioner to run the affairs of this Māori TEI. In doing so, the State showed a complete abandonment of principle in respect of its dealings with TWOA. Therefore, it is concluded that little has changed between 1863 and 2005 in the use of political power for the economic benefit of Pākehā over Māori in the political landscape of Aotearoa New Zealand.

However what this thesis adds to Aotearoa New Zealand is a major contribution in the advancement of knowledge in the area of Pākeha and Māori relations, politics power and control within the business education sector. By using a simple form of financial analysis of TEI annual reports, the researcher has identified the financial issues that led to the decisions made by the State. This it is concluded is the strength of the thesis. A deliberate decision was made not to include any human subjects as part of this investigation and therefore there is a fertile field for any future qualitative research into these events.
Bibliography


London.


Black, D 2004b, email 7 December 2004.

Black, D 2004c, email 8 December 2004.


Black, D 2004e, email 22 December 2004.

Blaike, Norman 1993, Approaches to social enquiry, Polity, Cambridge, MA.


Bryant, A 1940, English saga (1840-1940), Collins, London.

Buick, TL 1914, The Treaty of Waitangi or how New Zealand became a British Colony, S & W Mackay, Wellington.


Coxhead, C 2004, letter 25 November 2004

Cummings, G ‘Wānanga under heavy fire’, *NZ Herald*, 20th February 2005.


Dictionary of New Zealand Biography.


Frecklington, B, advice to senior adviser to Hon T Mallard, 9 June 2005.


Guba, EG and Lincoln YS 1994, ‘Competing paradigms in qualitative research’ in Denzin, NK and Lincoln, YS, *Handbook of qualitative research*, Sage Publications, Inc., USA, pp. 105-117


Lincoln University, Annual Report 1999.

Lincoln University, Annual Report 2000.


Lincoln University, Annual Report 2002.


Lincoln University, Annual Report 2005.


Mallard, T 2005c, letter to TWOA Council 25 June 2005


Massey University, Annual Report 1999.

Massey University, Annual Report 2000.


Massey University, Annual Report 2002.


Massey University, Annual Report 2005.


Mill, JS 1848, *The principles of political economy: With some of their applications to social philosophy*, John W Parker and Son, West Strand, London.


New Zealand Immigration Service 2000, *Cultivating the knowledge economy in New Zealand*, Colmar Brunton.

New Zealand Institute of Chartered Accountant 2004, *New Zealand equivalent to*
International accounting Standard 1 – Presentation of Financial Statements.


Tertiary Education Advisory Commission, 2000 and 2001, *Shaping a shared vision* (July 2000); *Shaping the system* (February 2001); *Shaping the strategy* (July 2001) and *Shaping the funding framework*, (November 2001), Wellington.


United Kingdom Department of Trade and Industries. 1998. *Building the knowledge driven economy*.


Victoria University, Annual Report 1999.

Victoria University, Annual Report 2000.


Victoria University, Annual Report 2002.


Victoria University, Annual Report 2005.


Waikato University, Annual Report 1999.

Waikato University, Annual Report 2000.


Waikato University, Annual Report 2002.


Waikato University, Annual Report 2005.


Walker, R 1993, *Tradition and change in Māori leadership*, University of Auckland, New Zealand.


## APPENDIX 1

### Detailed statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S FEES</th>
<th>GROSS R</th>
<th>GROSS E</th>
<th>SURPLUS</th>
<th>EFTS#</th>
<th>S/DENT #</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$67,332</td>
<td>$33,879</td>
<td>$135,233</td>
<td>$127,669</td>
<td>$7,564</td>
<td>10,461</td>
<td>12,542</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$77,474</td>
<td>$29,488</td>
<td>$126,489</td>
<td>$130,817</td>
<td>$-4,328</td>
<td>11,678</td>
<td>12,541</td>
</tr>
<tr>
<td>Vic</td>
<td>$74,914</td>
<td>$30,904</td>
<td>$130,425</td>
<td>$128,092</td>
<td>$2,333</td>
<td>11,858</td>
<td>13,946</td>
</tr>
<tr>
<td>Otago</td>
<td>$110,834</td>
<td>$55,600</td>
<td>$264,897</td>
<td>$247,642</td>
<td>$17,255</td>
<td>14,981</td>
<td>16,945</td>
</tr>
<tr>
<td>Auckland</td>
<td>$160,574</td>
<td>$62,559</td>
<td>$311,958</td>
<td>$299,401</td>
<td>$2,431</td>
<td>16,618</td>
<td>21,110</td>
</tr>
<tr>
<td>AUT</td>
<td>$49,195</td>
<td>$22,105</td>
<td>$101,234</td>
<td>$94,757</td>
<td>$6,477</td>
<td>10,685</td>
<td>24,878</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$20,200</td>
<td>$10,889</td>
<td>$58,616</td>
<td>$55,221</td>
<td>$-169</td>
<td>3,286</td>
<td>3,918</td>
</tr>
<tr>
<td>Massey</td>
<td>$114,887</td>
<td>$47,616</td>
<td>$209,746</td>
<td>$197,160</td>
<td>$12,586</td>
<td>17,801</td>
<td>32,393</td>
</tr>
<tr>
<td>Total M8</td>
<td>$675,410</td>
<td>$293,040</td>
<td>$1,338,598</td>
<td>$1,280,759</td>
<td>$44,149</td>
<td>102,368</td>
<td>143,273</td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>43.39%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$3,134</td>
<td>$843</td>
<td>$5,447</td>
<td>$5,397</td>
<td>$50</td>
<td>693</td>
<td>920</td>
</tr>
<tr>
<td>TWOA % M8</td>
<td>0.46%</td>
<td>0.29%</td>
<td>0.41%</td>
<td>0.42%</td>
<td>0.11%</td>
<td>0.68%</td>
<td>0.64%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$678,544</td>
<td>$293,883</td>
<td>$1,344,045</td>
<td>$1,286,156</td>
<td>$44,199</td>
<td>103,061</td>
<td>144,193</td>
</tr>
<tr>
<td>TWOA % of Total</td>
<td>0.46%</td>
<td>0.29%</td>
<td>0.41%</td>
<td>0.42%</td>
<td>0.11%</td>
<td>0.67%</td>
<td>0.64%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S FEES</th>
<th>GROSS R</th>
<th>GROSS E</th>
<th>SURPLUS</th>
<th>EFTS#</th>
<th>S/DENT #</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$64,938</td>
<td>$35,644</td>
<td>$138,717</td>
<td>$136,670</td>
<td>$2,047</td>
<td>10,527</td>
<td>12,483</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$77,827</td>
<td>$33,558</td>
<td>$140,466</td>
<td>$134,260</td>
<td>$6,206</td>
<td>11,761</td>
<td>12,196</td>
</tr>
<tr>
<td>Vic</td>
<td>$71,497</td>
<td>$34,182</td>
<td>$159,799</td>
<td>$140,340</td>
<td>$19,458</td>
<td>11,957</td>
<td>14,391</td>
</tr>
<tr>
<td>Otago</td>
<td>$114,247</td>
<td>$64,779</td>
<td>$284,917</td>
<td>$272,524</td>
<td>$12,393</td>
<td>15,214</td>
<td>17,133</td>
</tr>
<tr>
<td>Auckland</td>
<td>$157,714</td>
<td>$75,134</td>
<td>$351,567</td>
<td>$336,865</td>
<td>$6,720</td>
<td>22,113</td>
<td>26,985</td>
</tr>
<tr>
<td>AUT</td>
<td>$53,518</td>
<td>$26,454</td>
<td>$105,556</td>
<td>$99,743</td>
<td>$5,813</td>
<td>9,161</td>
<td>26,319</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$19,257</td>
<td>$12,074</td>
<td>$59,274</td>
<td>$57,697</td>
<td>$577</td>
<td>3,254</td>
<td>3,792</td>
</tr>
<tr>
<td>Massey</td>
<td>$127,076</td>
<td>$62,781</td>
<td>$241,379</td>
<td>$238,419</td>
<td>$17,933</td>
<td>20,354</td>
<td>37,666</td>
</tr>
<tr>
<td>Total M8</td>
<td>$686,074</td>
<td>$344,607</td>
<td>$1,481,675</td>
<td>$1,416,518</td>
<td>$40,157</td>
<td>104,341</td>
<td>150,965</td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>56.66%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$4,458</td>
<td>$1,934</td>
<td>$7,477</td>
<td>$3,251</td>
<td>$30</td>
<td>861</td>
<td>1,008</td>
</tr>
<tr>
<td>TWOA % M8</td>
<td>0.65%</td>
<td>0.56%</td>
<td>0.50%</td>
<td>0.23%</td>
<td>0.07%</td>
<td>0.83%</td>
<td>0.67%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$690,532</td>
<td>$346,541</td>
<td>$1,489,152</td>
<td>$1,419,769</td>
<td>$40,702</td>
<td>105,202</td>
<td>151,973</td>
</tr>
<tr>
<td>TWOA % of sum</td>
<td>0.65%</td>
<td>0.56%</td>
<td>0.50%</td>
<td>0.23%</td>
<td>0.07%</td>
<td>0.82%</td>
<td>0.66%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S FEES</th>
<th>GROSS R</th>
<th>GROSS E</th>
<th>SURPLUS</th>
<th>EFTS#</th>
<th>S/DENT #</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$62,674</td>
<td>$39,355</td>
<td>$141,745</td>
<td>$136,385</td>
<td>$5,360</td>
<td>10,527</td>
<td>12,750</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$74,176</td>
<td>$40,250</td>
<td>$149,678</td>
<td>$137,657</td>
<td>$2,021</td>
<td>10,695</td>
<td>11,483</td>
</tr>
<tr>
<td>Vic</td>
<td>$65,525</td>
<td>$39,953</td>
<td>$131,553</td>
<td>$135,684</td>
<td>$-4,131</td>
<td>11,608</td>
<td>13,999</td>
</tr>
<tr>
<td>Otago</td>
<td>$120,247</td>
<td>$67,140</td>
<td>$281,454</td>
<td>$274,390</td>
<td>$7,064</td>
<td>15,030</td>
<td>17,094</td>
</tr>
<tr>
<td>Auckland</td>
<td>$160,460</td>
<td>$85,994</td>
<td>$375,893</td>
<td>$364,735</td>
<td>$11,577</td>
<td>22,932</td>
<td>28,092</td>
</tr>
<tr>
<td>AUT</td>
<td>$56,504</td>
<td>$29,437</td>
<td>$114,861</td>
<td>$107,040</td>
<td>$6,972</td>
<td>9,655</td>
<td>23,288</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$18,303</td>
<td>$11,973</td>
<td>$58,858</td>
<td>$58,539</td>
<td>$-1,151</td>
<td>2,954</td>
<td>3,688</td>
</tr>
<tr>
<td>Massey</td>
<td>$126,626</td>
<td>$71,108</td>
<td>$253,715</td>
<td>$244,077</td>
<td>$5,699</td>
<td>19,666</td>
<td>36,391</td>
</tr>
<tr>
<td>Total M8</td>
<td>$684,515</td>
<td>$385,210</td>
<td>$1,507,784</td>
<td>$1,468,507</td>
<td>$33,211</td>
<td>103,104</td>
<td>146,785</td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>56.66%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$7,862</td>
<td>$4,064</td>
<td>$13,310</td>
<td>$13,459</td>
<td>$-148</td>
<td>1,573</td>
<td>3,127</td>
</tr>
<tr>
<td>TWOA % M8</td>
<td>1.15%</td>
<td>1.06%</td>
<td>0.88%</td>
<td>0.92%</td>
<td>-0.44%</td>
<td>1.53%</td>
<td>2.13%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$692,377</td>
<td>$389,274</td>
<td>$1,521,094</td>
<td>$1,481,966</td>
<td>$33,163</td>
<td>104,677</td>
<td>149,912</td>
</tr>
<tr>
<td>TWOA % sum</td>
<td>1.14%</td>
<td>1.04%</td>
<td>0.88%</td>
<td>0.91%</td>
<td>-0.45%</td>
<td>1.50%</td>
<td>2.09%</td>
</tr>
</tbody>
</table>
Table 4

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S FEES</th>
<th>GROSS R</th>
<th>GROSS E</th>
<th>SURPLUS</th>
<th>EFTS#</th>
<th>S/DENT #</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$62,857</td>
<td>$47,580</td>
<td>$147,268</td>
<td>$142,374</td>
<td>$4,894</td>
<td>10,884</td>
<td>13,260</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$73,925</td>
<td>$31,783</td>
<td>$149,102</td>
<td>$153,388</td>
<td>-4,286</td>
<td>10,439</td>
<td>11,479</td>
</tr>
<tr>
<td>Vic</td>
<td>$69,452</td>
<td>$36,469</td>
<td>$143,201</td>
<td>$137,874</td>
<td>$5,327</td>
<td>12,302</td>
<td>15,296</td>
</tr>
<tr>
<td>Otago</td>
<td>$122,970</td>
<td>$71,900</td>
<td>$304,170</td>
<td>$284,239</td>
<td>$19,931</td>
<td>15,343</td>
<td>17,598</td>
</tr>
<tr>
<td>Auckland</td>
<td>$168,960</td>
<td>$96,059</td>
<td>$416,046</td>
<td>$406,034</td>
<td>$10,015</td>
<td>24,338</td>
<td>29,465</td>
</tr>
<tr>
<td>AUT</td>
<td>$6,305</td>
<td>$31,283</td>
<td>$125,676</td>
<td>$119,233</td>
<td>$3,789</td>
<td>10,294</td>
<td>12,836</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$17,099</td>
<td>$12,446</td>
<td>$60,848</td>
<td>$60,099</td>
<td>$749</td>
<td>2,774</td>
<td>3,561</td>
</tr>
<tr>
<td>Massey</td>
<td>$129,552</td>
<td>$78,056</td>
<td>$269,886</td>
<td>$255,699</td>
<td>$15,226</td>
<td>19,846</td>
<td>37,060</td>
</tr>
<tr>
<td>Total M8</td>
<td>$651,120</td>
<td>$405,576</td>
<td>$1,615,448</td>
<td>$1,559,689</td>
<td>$54,150</td>
<td>106,220</td>
<td>152,555</td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>62.77%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$30,233</td>
<td>$5,631</td>
<td>$37,651</td>
<td>$35,778</td>
<td>$1,873</td>
<td>6,118</td>
<td>16,423</td>
</tr>
<tr>
<td>TWOA % M8</td>
<td>4.64%</td>
<td>1.39%</td>
<td>2.33%</td>
<td>2.29%</td>
<td>3.46%</td>
<td>5.76%</td>
<td>10.77%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$681,353</td>
<td>$411,207</td>
<td>$1,653,099</td>
<td>$1,595,467</td>
<td>$56,023</td>
<td>112,338</td>
<td>168,978</td>
</tr>
<tr>
<td>TWOA % of sum</td>
<td>4.44%</td>
<td>1.37%</td>
<td>2.28%</td>
<td>2.24%</td>
<td>3.34%</td>
<td>5.45%</td>
<td>9.72%</td>
</tr>
</tbody>
</table>

Table 5

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S FEES</th>
<th>GROSS R</th>
<th>GROSS E</th>
<th>SURPLUS</th>
<th>EFTS#</th>
<th>S/DENT #</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$59,734</td>
<td>$57,654</td>
<td>$160,526</td>
<td>$155,959</td>
<td>$4,567</td>
<td>11,543</td>
<td>14,044</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$76,044</td>
<td>$53,719</td>
<td>$158,372</td>
<td>$157,222</td>
<td>$1,450</td>
<td>11,519</td>
<td>12,046</td>
</tr>
<tr>
<td>Vic</td>
<td>$75,978</td>
<td>$35,539</td>
<td>$161,190</td>
<td>$152,397</td>
<td>$8,793</td>
<td>13,162</td>
<td>16,625</td>
</tr>
<tr>
<td>Otago</td>
<td>$129,836</td>
<td>$75,819</td>
<td>$326,377</td>
<td>$313,335</td>
<td>$13,042</td>
<td>15,623</td>
<td>18,026</td>
</tr>
<tr>
<td>Auckland</td>
<td>$179,747</td>
<td>$116,050</td>
<td>$460,421</td>
<td>$448,782</td>
<td>$11,683</td>
<td>25,979</td>
<td>31,502</td>
</tr>
<tr>
<td>AUT</td>
<td>$69,511</td>
<td>$56,584</td>
<td>$153,291</td>
<td>$112,452</td>
<td>$6,561</td>
<td>14,229</td>
<td>25,792</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$16,728</td>
<td>$17,998</td>
<td>$62,736</td>
<td>$64,737</td>
<td>-$2,001</td>
<td>3,061</td>
<td>3,912</td>
</tr>
<tr>
<td>Massey</td>
<td>$133,831</td>
<td>$94,432</td>
<td>$300,380</td>
<td>$282,288</td>
<td>$16,459</td>
<td>21,079</td>
<td>39,745</td>
</tr>
<tr>
<td>Total M8</td>
<td>$741,409</td>
<td>$507,795</td>
<td>$1,783,293</td>
<td>$1,687,172</td>
<td>$60,554</td>
<td>116,195</td>
<td>161,692</td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>88.20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$103,757</td>
<td>$3,484</td>
<td>$110,227</td>
<td>$80,998</td>
<td>$29,229</td>
<td>20,769</td>
<td>44,158</td>
</tr>
<tr>
<td>TWOA % M8</td>
<td>13.99%</td>
<td>0.77%</td>
<td>6.76%</td>
<td>4.80%</td>
<td>54.13%</td>
<td>17.87%</td>
<td>27.30%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$845,166</td>
<td>$511,279</td>
<td>$1,893,520</td>
<td>$1,768,170</td>
<td>$89,783</td>
<td>136,964</td>
<td>205,850</td>
</tr>
<tr>
<td>TWOA % of sum</td>
<td>12.28%</td>
<td>0.68%</td>
<td>5.82%</td>
<td>4.58%</td>
<td>32.56%</td>
<td>15.16%</td>
<td>21.45%</td>
</tr>
</tbody>
</table>

Table 6

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S FEES</th>
<th>GROSS R</th>
<th>GROSS E</th>
<th>SURPLUS</th>
<th>EFTS#</th>
<th>S/DENT #</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$60,067</td>
<td>$61,496</td>
<td>$176,268</td>
<td>$168,096</td>
<td>$8,172</td>
<td>11,543</td>
<td>14,044</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$80,018</td>
<td>$61,400</td>
<td>$173,439</td>
<td>$170,075</td>
<td>$3,645</td>
<td>12,388</td>
<td>16,625</td>
</tr>
<tr>
<td>Vic</td>
<td>$82,269</td>
<td>$37,662</td>
<td>$182,828</td>
<td>$175,246</td>
<td>$6,582</td>
<td>14,286</td>
<td>18,158</td>
</tr>
<tr>
<td>Otago</td>
<td>$139,234</td>
<td>$79,897</td>
<td>$330,553</td>
<td>$324,059</td>
<td>$6,494</td>
<td>16,632</td>
<td>18,927</td>
</tr>
<tr>
<td>Auckland</td>
<td>$191,324</td>
<td>$138,471</td>
<td>$505,700</td>
<td>$490,393</td>
<td>$15,304</td>
<td>27,205</td>
<td>33,226</td>
</tr>
<tr>
<td>AUT</td>
<td>$76,578</td>
<td>$12,746</td>
<td>$168,011</td>
<td>$161,645</td>
<td>$6,366</td>
<td>15,226</td>
<td>25,743</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$15,739</td>
<td>$23,862</td>
<td>$60,851</td>
<td>$59,663</td>
<td>$1,180</td>
<td>3,061</td>
<td>4,136</td>
</tr>
<tr>
<td>Massey</td>
<td>$136,794</td>
<td>$118,366</td>
<td>$328,847</td>
<td>$312,242</td>
<td>$14,682</td>
<td>22,690</td>
<td>41,662</td>
</tr>
<tr>
<td>Total M8</td>
<td>$782,023</td>
<td>$584,815</td>
<td>$1,926,497</td>
<td>$1,861,419</td>
<td>$71,761</td>
<td>123,404</td>
<td>169,005</td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>74.80%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$177,026</td>
<td>$3,304</td>
<td>$187,660</td>
<td>$154,413</td>
<td>$33,247</td>
<td>34,280</td>
<td>63,387</td>
</tr>
<tr>
<td>TWOA % M8</td>
<td>22.64%</td>
<td>0.56%</td>
<td>9.74%</td>
<td>8.30%</td>
<td>46.33%</td>
<td>27.78%</td>
<td>37.51%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$959,049</td>
<td>$588,119</td>
<td>$2,114,157</td>
<td>$2,015,832</td>
<td>$105,008</td>
<td>157,684</td>
<td>232,392</td>
</tr>
<tr>
<td>TWOA % Sum</td>
<td>18.46%</td>
<td>0.56%</td>
<td>8.88%</td>
<td>7.66%</td>
<td>31.66%</td>
<td>21.74%</td>
<td>27.28%</td>
</tr>
</tbody>
</table>
### Table 7

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S Fees</th>
<th>Gross R</th>
<th>Gross E</th>
<th>Surplus</th>
<th>EFTS#</th>
<th>S/Dent #</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$61,089</td>
<td>$64,660</td>
<td>$176,445</td>
<td>$175,105</td>
<td>$1,340</td>
<td>11,418</td>
<td>14,023</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$81,482</td>
<td>$68,346</td>
<td>$185,715</td>
<td>$179,620</td>
<td>$6,095</td>
<td>12,731</td>
<td>13,430</td>
</tr>
<tr>
<td>Vic</td>
<td>$86,178</td>
<td>$39,504</td>
<td>$205,799</td>
<td>$194,493</td>
<td>$101,306</td>
<td>12,580</td>
<td>16,442</td>
</tr>
<tr>
<td>Otago</td>
<td>$147,728</td>
<td>$88,495</td>
<td>$372,326</td>
<td>$343,288</td>
<td>$29,038</td>
<td>17,448</td>
<td>19,707</td>
</tr>
<tr>
<td>Auckland</td>
<td>$209,026</td>
<td>$155,117</td>
<td>$511,269</td>
<td>$492,797</td>
<td>$10,972</td>
<td>31,375</td>
<td>40,498</td>
</tr>
<tr>
<td>AUT</td>
<td>$78,018</td>
<td>$80,148</td>
<td>$187,566</td>
<td>$180,462</td>
<td>$7,104</td>
<td>15,728</td>
<td>24,742</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$16,094</td>
<td>$28,108</td>
<td>$82,455</td>
<td>$77,061</td>
<td>$5,394</td>
<td>3,649</td>
<td>4,811</td>
</tr>
<tr>
<td>Massey</td>
<td>$138,935</td>
<td>$126,577</td>
<td>$347,534</td>
<td>$337,387</td>
<td>$14,823</td>
<td>22,649</td>
<td>41,436</td>
</tr>
<tr>
<td>Total M8</td>
<td>$818,550</td>
<td>$650,955</td>
<td>$2,069,109</td>
<td>$1,980,213</td>
<td>$175,089</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>79.52%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$156,323</td>
<td>$3,386</td>
<td>$176,458</td>
<td>$217,541</td>
<td>-$6,083</td>
<td>29,671</td>
<td>66,756</td>
</tr>
<tr>
<td>TWOA % of M8</td>
<td>19.10%</td>
<td>0.52%</td>
<td>8.53%</td>
<td>10.99%</td>
<td>-3.45%</td>
<td>23.26%</td>
<td>38.13%</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$974,873</td>
<td>$654,341</td>
<td>$2,245,567</td>
<td>$2,197,754</td>
<td>$169,989</td>
<td>157,249</td>
<td>241,845</td>
</tr>
<tr>
<td>TWOA % of sum</td>
<td>16.04%</td>
<td>0.52%</td>
<td>7.86%</td>
<td>9.90%</td>
<td>-3.58%</td>
<td>18.87%</td>
<td>27.60%</td>
</tr>
</tbody>
</table>

### Table 8

<table>
<thead>
<tr>
<th>Year</th>
<th>EFTS$</th>
<th>S Fees</th>
<th>Gross R</th>
<th>Gross E</th>
<th>Surplus</th>
<th>EFTS#</th>
<th>S/Dent #</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waikato</td>
<td>$59,861</td>
<td>$65,659</td>
<td>$179,809</td>
<td>$171,313</td>
<td>$8,496</td>
<td>10,657</td>
<td>13,088</td>
</tr>
<tr>
<td>Canterbury</td>
<td>$82,716</td>
<td>$71,017</td>
<td>$197,690</td>
<td>$189,001</td>
<td>$9,690</td>
<td>12,654</td>
<td>13,555</td>
</tr>
<tr>
<td>Vic</td>
<td>$97,154</td>
<td>$44,724</td>
<td>$236,616</td>
<td>$228,688</td>
<td>$9,010</td>
<td>13,776</td>
<td>16,436</td>
</tr>
<tr>
<td>Otago</td>
<td>$158,949</td>
<td>$97,731</td>
<td>$396,990</td>
<td>$376,101</td>
<td>$20,889</td>
<td>17,739</td>
<td>20,057</td>
</tr>
<tr>
<td>Auckland</td>
<td>$240,897</td>
<td>$169,353</td>
<td>$587,439</td>
<td>$568,084</td>
<td>$19,355</td>
<td>30,800</td>
<td>39,402</td>
</tr>
<tr>
<td>AUT</td>
<td>$85,153</td>
<td>$86,259</td>
<td>$198,828</td>
<td>$191,655</td>
<td>$7,173</td>
<td>15,483</td>
<td>22,659</td>
</tr>
<tr>
<td>Lincoln</td>
<td>$16,094</td>
<td>$27,456</td>
<td>$72,587</td>
<td>$68,973</td>
<td>$3,614</td>
<td>3,396</td>
<td>4,268</td>
</tr>
<tr>
<td>Massey</td>
<td>$139,336</td>
<td>$118,162</td>
<td>$350,176</td>
<td>$345,010</td>
<td>$3,578</td>
<td>21,128</td>
<td>39,657</td>
</tr>
<tr>
<td>Total M8</td>
<td>$880,308</td>
<td>$680,361</td>
<td>$2,220,135</td>
<td>$2,138,825</td>
<td>$81,805</td>
<td>125,633</td>
<td>169,120</td>
</tr>
<tr>
<td>SF to EF Fee</td>
<td>77.30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TWOA</td>
<td>$142,490</td>
<td>$4,965</td>
<td>$161,716</td>
<td>$171,371</td>
<td>-$9,656</td>
<td>27,014</td>
<td>57,843</td>
</tr>
<tr>
<td>TWOA % of M8</td>
<td>16.19</td>
<td>0.73</td>
<td>7.28</td>
<td>8.01</td>
<td>-11.80</td>
<td>21.50</td>
<td>34.20</td>
</tr>
<tr>
<td>Total of Group</td>
<td>$1,022,798</td>
<td>$685,326</td>
<td>$2,381,851</td>
<td>$2,310,196</td>
<td>$72,149</td>
<td>152,647</td>
<td>226,963</td>
</tr>
<tr>
<td>TWOA % of sum</td>
<td>13.93%</td>
<td>0.72%</td>
<td>6.79%</td>
<td>7.42%</td>
<td>-13.38%</td>
<td>17.70%</td>
<td>25.49%</td>
</tr>
</tbody>
</table>
Appendix 2 – Appendix 8

Removed due to copyright restrictions

See p. xvi for details