

CHAPTER 17

DEVELOPMENT SCHEMES

17.1 Origins of the Schemes

The question of access to credit for Maori to develop their own land had become very much to the fore by the 1920s. Maori had not been included in the Advances to Settlers scheme launched in 1894 to support small farming ventures. In the context of the policy of setting apart land for Maori development from the 'surplus' for lease or sale, Carol and Ngata, in the 1905 and 1907 legislation, secured limited access for Maori farmers to revenue generated by Maori land vested in the Public Trustee and the Maori land boards. This had not amounted to very much at all and generally Maori still had to go to the private market, where interest rates ranged from eight percent to 15 percent or even 20 percent.¹ This was because of the complexities of title and because lenders considered Maori farmers to be bad risks. The issue of credit for Maori farming was said to be coming up at 'nearly every Cabinet meeting' in the 1920s.² The need amongst Maori was the more pressing because Maori returned soldiers from World War 1 were not eligible for rehabilitation funding as were Pakeha soldiers.

17.2 Consolidation Schemes

The 1909 Act provided for consolidation of scattered Maori interests in land. Consolidation was simply the pulling together of fragmented land holdings, whether by purchases, exchanges and sometimes sales. It was a legal process enabling disparate interests in land to be combined, but since this was a fundamental aspect to farming and other operations which followed after, consolidation schemes often became synonymous with development schemes in some areas.³ Ngata used the provisions of the 1909 Act to promote consolidation schemes on the East Coast and in the Urewera in the 1920s (see vol iii, ch 4).

In 1921 the consolidation provisions in the 1909 legislation were extended to allow Maori to exchange Crown land as well as Maori land to obtain usefully sized holdings. The intention was for a mutual benefit. The Crown was able to pull

1. NZPD, 1920, vol 187, p 967 [Patuki]

2. Tom Bennion, 'Maori land and the Maori Land Court, 1909–1953' draft report for the Waitangi Tribunal Rangahaua Whanui Series, September 1996, p 33

3. Ibid, p 38

together its various purchases and create economic holdings to on-sell to Pakeha settlers, and thus relieve the pressure to buy further Maori land. Maori, on the other hand, were no longer limited to Maori land for consolidation purposes.⁴

Bennion notes the piecemeal extension of legislation in the 1920s to assist development. The Native Trustee Act 1920 enabled the Trustee to establish a common fund from monies held by Maori Land Boards from rents and sales and retained while successors were being determined before distribution of the money. About £578,000 was held from sales and £262,000 from undistributed rents at the time.⁵

The Trustee made loans to Maori farmers who had partitioned out their interests and held individual title. It was a deliberate incentive towards individualisation and, as Bennion remarks, the Government did not put in any of its own money. The Boards themselves had certain development powers under the 1909 Act, usually related to preparing vested lands for sale or lease.

In 1922 Maori Land Boards were enabled, with the consent of the Minister, to loan their undistributed revenue on mortgage. Bennion notes that the mortgage required the signed consent of the numerous owners of blocks concerned, but that the Waikato – Maniapoto Board had registered 42 advances to Maori under this provision and the Waiariki Board had registered 47 advances by 1934.⁶

From 1926 the Boards could, with the Minister's approval, simply make advances charged against the land, rather than registered mortgages. Bennion notes that the Te Kao scheme in Taitokerau began with advances from the Board (Judge Acheson) *without* ministerial approval, retrospectively secured under the 1926 Act. This was part of a tendency in the whole process to load charges onto land without the owners' prior approval.

17.3 Ngata's Involvement

In 1928 Ngata became Native Minister. His own account of what followed shows how closely financed for land development was linked to the question of unpaid rates and other issues. Writing to Buck, Ngata stated:

the demand was that the Government allowed charging orders on lands for unpaid rates to be enforced by sale of the charged lands – the combination of many years of thrust and counter-thrust. It was the psychological moment. Our little force went gaily to the attack – a forlorn hope and we attacked the Government! . . . well, we won out. We conceded not an inch to the local bodies and obtained at length from the Government the following:

- (a) an undertaking that consolidation schemes be carried out in all districts commencing with Bay of Islands and the King Country.
- (b) Legislation

4. Bennion, p 39

5. Ibid, p 34

6. Ibid, p 39

- (i) writing off the old Native Land Rate Duty which is collected by way of stamp duty on alienations
- (ii) abolition of the right to take up to 5% of the area of any native block for public purposes without paying compensation . . .
- (iii) providing for heavy remissions of old survey liens and
- (iv) a promise that this session the state will provide up to 250,000 pounds to assist Maori farmers.⁷

New legislative steps were taken to support Ngata's initiative: in the 1928 Act more comprehensive provisions allowed boards to manage land, as farms, on behalf of the Maori owners. Either the consent of the majority of owners was required, or an order of the Maori Land Court, which had the same effect as the consent of the owners. The second option allowed farming initiatives to proceed, without explicit consent of the owners, and in this case no consent from the Native Minister was required.

The Native Land Amendment and Native Land Claims Adjustment Act 1929 further developed Ngata's policy. Under this Act the Native Minister was given power to overcome any difficulties arising from the state of titles of the land to be developed and was authorised to bring these lands under the scope of a development scheme. Once notification was given of this, owners were prevented from interfering with development work and private alienation of any of the land was prohibited. In other words, the difficulties of title were put aside in favour of the development of the land. Alienation was prevented but control moved substantially from the owners to the Minister and the Boards. The 1929 Act gave the Native Minister powers relating to improving, equipping and financing the land for settlement by Maori. The State provided the funds for development, all of which were interest bearing and secured by way of mortgage over the land concerned. They were restricted to three-fifths of the value of the land, or interests in land included in the mortgage.

The legislation had given the Minister the powers he had sought for some years, overcoming what he saw as a blockage due to the judicial authority of the Native Land Court judges. Ngata worked quickly and within a year of the first scheme beginning (by March 1931) 41 schemes were in operation over 591,524 acres of which 228,000 acres were thought to have been cultivable. By 1934 there were 76 schemes. Some £174,697 had been spent, including £6509 by the Trustee and £30,122 by the Maori Land Boards. Development proceeded in two ways depending upon the nature of the country and the size of the holdings:

- (a) the 'unit' system was applied in areas where Maori land tended to be widely scattered in small holdings. Title and occupancy were investigated and the area's suitability for development and the amount of material input required was assessed. The unit, or nominated occupier (normally nominated by the owners, with priority to one of their own number, with the approval of the agency running the scheme) was then provided with the necessary develop-

7. Ngata to Buck, 9 February 1928, *Na To Hoa Aroha*, vol 1, p 69 (cited in Bennion, p 41)

ment funds and the work was supervised by a field inspector. This system applied to numerous scattered families. For example Ngata found that in the Bay of Islands, partitions had created 1274 different sections that had to be dealt with 'and the same people occur in dozens of little pieces all over the Country, like volcanic ejecta spewed out of an irresponsible and devilish legal volcano'.⁸

- (b) the second method was used for large areas of (partially) unoccupied land, not necessarily under a single title. Here, development was undertaken usually by local owners employed by the Native Affairs Department. During the depression up to a quarter of the total Maori population benefited to some degree from this type of funding.⁹

Effort on consolidation of titles was greatly diminished in favour of both of these methods of development and settlement, complexities of title being over-ridden administratively in the short term, with the agreement of owners participating in the schemes. Some of the submerged complexities tended to re-emerge later, as whanau remembered where their interests were, and did not consider that they relinquished them to farmers from outside their lineage.

17.4 Review and Tighter State Control

The financial crisis of the great Depression meant that the Native Affairs Department, Maori Land Boards and Development Schemes could not escape review by the National Expenditure Commission after 1932. There was concern at the loose control on expenditure and relatively poor returns from the schemes. Concern at the extent of Ngata's direct authority resulted in legislation of 1932–1933 requiring that the Native Land Settlement Board, not just the Minister, approve mortgages by Boards and sales of land in Trust. The Settlement Board, comprising relevant ministers and department heads in Wellington, took over a number of the development schemes previously run by Maori Land Boards. The Native Trustee had been given power in 1930 to manage land under the Native Minister; now the Settlement Board took more oversight of the Trustee's work, including the appointment of managers and farm supervisors.¹⁰ Following a report of the Commission on Native Affairs in 1934, and Ngata's subsequent resignation, the Native Land Court and Native Trustee came increasingly under the control of the Native Department, and the Native Land Settlement Board.¹¹

8. *Na To Hoa Aroha*, vol 1, p 69 (cited in Bennion p 43)

9. Ashley Gould with Graham Owen and Dion Tuuta, 'Maori Land Development 1929–1954: an Introductory Overview with Representative Case Studies', report to the Crown Forestry Rental Trust (in association with the Waitangi Tribunal Rangahaua Whanui programme), (draft report) 1996, p 27

10. Bennion, p 50

11. *Ibid*, p 51. For the 'Report of the Commission of Native Affairs', see AJHR, 1934, g-11. The composition of the Native Land Settlement Board was the Native Minister and the Under-Secretary of the Native Department, the Under-Secretary of Land, the Valuer-General, the Financial Advisor to the Government, the Director-General of Agriculture, and two others appointed by the Governor-General.

17.5 Labour's Paternalistic Control

A Maori labour conference in 1936 called for increased control by the beneficial owners of matters affecting their land and increased Maori participation in the central and district administrative bodies. But Labour's paternalistic tendencies resulted rather in increased pakeha control, through the Board of Native Affairs (which replaced the Native Land Settlement Board in 1936, but with similar membership). The recommendation of the 1934 commission was adopted whereby Maori 'nominated occupiers' (or 'units') not necessarily chosen from the beneficial owners, could be put on the land. Owners were debarred even from entering the land without prior consent. The units were supposed to get leases, but because of the perennial difficulties with title and succession usually received what Bennion regards as revocable licenses instead.¹² Compensation for improvements was at least theoretically provided for, to be paid out of the profits of the scheme itself. Given the marginal nature of many of the farms, however, there were often no profits to the beneficial owners and no sinking fund to pay for improvements.

The 1936 Act circumvented the problem with multiple ownership even more dramatically than before. An official describing the effect of the legislation said that it 'suspends the operation of the ordinary law and gives the board of Maori Affairs an open mandate to develop and improve the land and place it under capable management . . . extraordinary measures of a more or less emergency nature.'¹³ Bennion goes on, 'in practice, the Board became simply a creature of the Department – Langston, the Minister, only occasionally attended and the Under Secretary, normally chaired it'.¹⁴ It was estimated in 1937 that some 1500 units were receiving Departmental assistance, charged against the land.¹⁵

Ngata was not happy with the trend of events:

People have the fear and feeling, not without justification, that all control of their land will pass from them and they will become the support of Pakeha supervisors and Boards . . . wherever Maori leadership should find scope it is denied it, and we as a race see all the practical measures taken for our good committed to Pakeha. The fact is that the Pakeha scheme of administration as it is interpreted in Wellington, does not permit of the Heads there sleeping soundly, unless the administrative positions right down to the humblest are held by Pakehas . . . Thus, altruistic schemes for the betterment of Maori are readily turned into magnified services by Pakeha supervisors, shepherds, inspectors, teachers and all who see opportunities for their own employment and fulfillment.¹⁶

Nevertheless considerable money continued to be advanced for the schemes, for development work which absorbed about 5000 Maori who would otherwise have

12. Bennion, p 54

13. Williams to Bland, 24 March 1952, ma 60/1 (cited in C Orange, 'A Kind of Equality: Labour and the Maori People 1935–1949', MA thesis, University of Auckland, 1977, p 70)

14. Orange, p 71, and see AJHR, 1937, g-9 for a full discussion of the board

15. Orange, p 74 (cited in Bennion, p 55)

16. Ngata to District Governor, Rotary International Auckland, 24 March 1939, Ngata Papers (cited in Orange, p 76)

been on social security. The annual wages bill of the Native Department was over £500,000.¹⁷ Government, however, generally declined Maori requests to buy Pa-keha land to include in the schemes.

17.6 The Schemes Start to Falter

By 1940 the dilemma underlining the schemes all along was becoming acute: were the schemes primarily intended to benefit the individual 'units' or the owners of the land? Ngata quoted the situation of the Waiapu Valley, 'where some 1300 people lived on a strip of land which, if fully subdivided would support fewer than 80 individual farms'.

The root of the problem was of course that a century of aggressive Crown and private buying of Maori land had left very little to support the Maori people, when at last significant state assistance was brought to bear to help them with development. Ngata's hope that the schemes would support a core of farmers amidst a larger number of people who mixed gardening with seasonal labour, was a forlorn one. By 1940 the modern Maori movement took towns in search of work begun and the war hastened the change.

Before the 1949 election, Opposition speakers pointed to the declining, not increasing, numbers of Maori small farmers on development schemes. At Hora-hora, outside of Rotorua:

there was at one time a number of Maori small farmers on a block of 3000 acres. That land had been subdivided and developed by the Native Department under Sir Apirana Ngata. But today, there is not one Maori farmer on it, the whole area being farmed by the Native Department in one large block.

People with houses on the block had apparently been moved off it.¹⁸

Rating was again an issue according to Bennion and the opposition picked on the trend for Maori to move to urban centres, suggesting it was a sign of the failure of land development.¹⁹

The Labour Government's review of Maori Land holding in 1948 showed that of an estimated four million acres of Maori land, there were:

(1) *Land gazetted for development schemes*

Under development 319,000 acres; suitable for further development 520,000 acres; unsuitable for further development 118,000 acres; total area gazetted 957,000 acres.

17. Orange, p 73 (cited in Bennion, p 55) see also AJHR, 1939, g-9, p 4

18. NZPD, 16 July 1947, vol 276, p 583 (cited in Bennion, p 64)

19. NZPD, 1949 vol 285, pp 512-513 (cited in Bennion, p 64)

(2) *East Coast Commission lands*

Of the 225,000 acres of East Coast Commission lands vested, 204,000 acres were under development (see vol iii, ch 5).

(3) *Maori land boards*

Land vested in boards for leasing mainly to Europeans 650,000 acres; farmed by Maori with assistance of boards 12,000 acres; Maori land board stations 40,000 acres.

(4) *Maori Trustee*

Maori reserves 94,000 acres; stations farmed by the Trustee 52,000 acres. The balance, 1,970,000 acres, comprised land occupied by Maoris, leased by Maori directly to Europeans, forest lands, unoccupied land and lands unfit for development.²⁰

The area farmed by Maori themselves was small, most of it being farmed by authorities on behalf of the Maori owners. Labour proposed to bring another 200,000 acres under development, mostly on the western side of Lake Taupo now that the cobalt deficiency in the soil had been identified. Priority was to go to Maori owners, or their kin, or other Maori approved by the owners. The National government which took office in 1949 continued this development, but with rather more emphasis on farming by returned soldiers, Pakeha or Maori. In 1953 the National government also abolished the Maori Land Boards.

17.7 Appraisal of the Development Schemes

A principal concern relating to the schemes is the degree of consent that owners of the land were able to exercise. Much land was put in by the owners themselves, inspired by leaders such as Ngata and Te Puea. A considerable amount of land, however, was committed to the schemes by decision of the administering authorities – the Minister, the Maori Trustee or the Maori Land Boards – with doubtful levels of consent or consultation with the owners.

Funds were also committed to the schemes and charged against the land by the administering authorities without full consent. In Gould's view some of the schemes were 'required to bear a burden of development costs beyond that which might have been considered prudent'.²¹ Much of this was Maori money – undistributed funds held by the Trustee or the Land Boards. The state however did put in considerable funds, commencing with the £250,000 voted in 1928, and eventually it wrote off a lot of its debts. Further research would be required to determine how much of the funds were from consolidated revenue and how much from Maori funds in trust.

20. Orange, pp 201–202 (cited in Bennion, pp 65–66, from original ma 38/1)

21. Gould, p 85

After repayment of loans there was often little cash return from the schemes either for the 'unit' – the farmer and his wife and children had to get up before dawn to milk cows – or for the beneficial owners of the land.

With or without formal consolidation of title, the schemes confused the underlying pattern of hapu interests. Some of this was based on consent of the parties at the time, some was not. The question of priority between the farmer and the beneficial owners was never adequately resolved; most units never got a secure lease to pass to their heirs or to encourage them sufficiently to invest their own capital and labour on making improvements. Commonly, 'strangers' were put on the land rather than one of the owners themselves. In a recent study of Taitokerau schemes, Aroha Harris argues that:

there were, inevitably, 'certain ambiguities and contradictions' in the supervision process. While the Department 'wanted farmers to become *independent* of a very protected environment into which the Department itself had placed those farmers in the first place' it also wanted 'to dictate the nature of the independence that it wanted farmers to achieve, that is, an independence brought on secure tenure, orderly land titles, and high productivity'.

Despite advocating self-reliance, initiative and confidence in Maori farmers, the Department would only allow farmers to show limited initiative:

This ambiguity had the Department performing a delicate balancing act, giving Maori farmers a measure of control over their farming activity but within an environment that imposed restrictions over stock, cream cheques and household spending. In many cases, Maori farmers experienced that balancing act as an overbearing Government patronising and lack of faith in Maori farmers, up to the point that they were treated as little more than employees of the Department'.

Furthermore, Harris argues that many in the Department:

harboured a negative attitude towards Maori farmers, basically believing that Maori people were simply incapable of being good farmers . . . the promise of equity, financial reward and farming way of life was a long term incentive 'generally unsuited to the Maori temperament'.²²

A certain insensitivity towards cultural values and the problems of Maori communities was also manifested amongst some farmer supervisors, for whom considerations of economic efficiency were no doubt always paramount.

The dilemmas of owners' rights and the Department's interests were illustrated by the Ranana scheme on the Wanganui River. In 1951, the scheme had a debt of £19,514 and the owners were calling for the return of their lands. During the 20 years of development they had received nothing in the way of rents or dividends for the land they had given up. A representative of the owners, H Marumaru, believed that the owners should receive something for the use of their lands from

22. Aroha Harris 'Maori Land Development Schemes, 1945–1974; with two case studies from the Hokianga', M Phil thesis, Massey University, 1996, pp 152–153

either the Department or the occupier. If they received nothing they felt that they should get their land back. Others were questioning why fully developed areas within the scheme were still under the auspices of the Department and had not been released. A compromise could not be reached; the Department was perceived as wanting owners to lay aside all concern for their family interest despite the fact that many wanted their children to farm their lands rather than amalgamate their titles with other blocks.²³

Even when the department retained control, they were not always able to return land in a good financial order despite the boom years of the 1950s and 60s. When the Te Haranui scheme in Taitokerau was returned to the owners in 1982, not only was the property in a bad state (the housing, the fencing, the forestry project, the pasture) but they inherited a debt of \$304,134 that was not of their own making.²⁴ In the Ngati Tuhekerangi scheme in Taranaki the land went into the scheme with unpaid rates as the only debt; when land was returned the debt was greater than the government valuation.

Other complaints about the schemes are that people lost use rights and were virtually obliged to relocate; that the employment of professional managers to make schemes profitable meant that owners did not acquire necessary skills; that the Crown (the Trustee, the Department or the Boards) bought out shareholders and became a major owner itself in some schemes; and that uneconomic shares were compulsorily consented.

Bennion provisionally concludes from his research that because in 1948 much more Maori land continued to be farmed or let by statutory authorities than was farmed by Maori themselves 'development [schemes] had been largely a waste of time'.²⁵

Yet this conclusion is too sweeping. Many factors operated to make it impossible for Ngata's high hopes to be realised, although those factors were not necessarily able to be appreciated in 1928. The most important was that there simply was not enough suitable land left to support a class of Maori small holders in reasonable prosperity even before the schemes started. Successive Governments over a century (including the Governments of 1910–28) had pushed ahead with purchase of Maori land before finance and technical support had been brought to bear on any serious scale to assist Maori farmers. Most of the Maori land which remained was high country, suitable only for extensive farming. It would have been foolish to bring that land out of existing tenures and attempt to sub-divide it. Rich lowlands of the West Coast Settlement Reserves, moreover, were locked up in perpetual leases under the Maori Trustee.

Related to this was demographic and social change. In 1928 it might have just been possible for Ngata and his supporters to believe that land development could support most of the Maori people in rural lifestyles, but few could doubt by then

23. Dion Tuuta, "'Something definite must be done': the Ranana development scheme 1930–1962', in Gould et al, pp 16–18

24. Harris, p 121

25. Bennion, p 65

that Maori numbers were increasing rapidly; in 1939 it was obvious that the remaining land could no longer support all of them. Ngata himself was of course a visionary; he hoped that rural Maori communities could be revitalised around their kainga and marae. In fact he succeeded in this to a remarkable degree. But he envisaged rural community lifestyles being supported by a mixture of farming, cultivating for food and seasonal labour; this was a lifestyle not all Maori desired by any means. Maori like most New Zealanders, wanted to live in reasonable comfort rather than struggle on marginal farms; they wanted well paid jobs, good housing and other opportunities in the towns. The booming post-war economy made this possible and the often very hard, precarious, rural lifestyles, with uncertain future for the children, began to be abandoned.

The efforts of the departments to take more control over the schemes, amalgamate the small farms and create efficient units more suitable to modern farming methods and more responsive to changing market conditions, were therefore not wholly inappropriate, even from the point of view of Maori owners themselves. Even so to see the land sold outside of the ambit of the beneficial owners, and even to Pakeha, was taking efficiency too far. As Ngata had commented it seemed increasingly as if the schemes were being run for the benefit of the national economy, rather than the beneficial owners.

Maori communities, now, therefore, in many cases, tend to look back on the schemes with a sense of bleakness and frustration. In many cases, especially in the early years, they had committed land voluntarily and with high hopes. Later they found that other land was being committed to many schemes without much consultation. By the 1980s there often seemed to be a little to show for the effort. Under those circumstances the exclusion of the owners from control of the land and the eventual alienation of some of it, is seen as a grievance and features in a number of Waitangi Tribunal claims.

There was no doubt bad planning behind many of the schemes. The New Zealand goal of a numerous and prosperous small farming society had always been a utopian one, as Dr Miles Fairburn has eloquently pointed out.²⁶ A great many soldier settlers as well as Maori, suffered from being put on uneconomic holdings over the years and being directed by bureaucracies. That trend persisted even after World War 2. Many of the farms which have survived have done so only on the basis of being amalgamated with neighbouring farms. Ngata was not wrong in assuming from the outset that farms could only be one part of an income stream for a rural Maori community. On the other hand, the swiftness of the demographic, social and economic changes after World War 2 was probably greater than governments could anticipate. The boom years after the second world war, helped small farms throughout the nation; the necessity to readjust afterwards ought perhaps to have been foreseen, but the complications of British entry into the European Community and the oil crisis, could not necessarily have been predicted.

26. Miles Fairburn, *The Utopian Society and its Enemies*, Wellington, Victoria University Press, 1989

There is also the point that in many schemes the outcome was by no means wholly unsatisfactory. There were about 136 schemes operating by 1939, with assistance going to over 2000 individual farmers and many thousands of contract workers receiving employment at the height of the development programme. Some of the owner/farmers, and occupiers/lessees, are still working on development scheme farms, having survived many vicissitudes and adjustments.

It is therefore, premature to conclude negatively about the development schemes overall and generally. They were a belated effort to help Maori become farmers, in many cases on their own land. There was certainly ineptitude in planning, and excessive paternalism in management. Some schemes were evident failures and led to land loss. How far this should be laid as a responsibility of the Crown and how far to general circumstances working against the schemes, is a judgment that is not possible to make without detailed investigation of each particular case.

Unlike other Crown policies (such as the concerted efforts to overcome evident and expressed Maori resistance to land selling) it is not possible, in the author's view, to conclude negatively on development schemes as a whole; each would need to be looked at for its particular features, for the balance of profit and loss to the communities concerned, to the amount of capital and land which Maori had put in and sometimes lost and the amount of capital which government had put in, sometimes to the advantage of the community.

