

Te Matapaeroa 2020



nicholson
CONSULTING



Te Puni Kōkiri
MINISTRY OF MĀORI DEVELOPMENT

Executive Summary

1. Māori Economic Resilience has been identified as a strategic priority to help Aotearoa New Zealand in the recovery from COVID-19, and improve the resilience of Māori against future economic shocks.
 2. Te Matapaeroa 2020 provides the baseline dataset for monitoring a set of indicators to track Māori Economic Resilience.
 3. Māori businesses are defined as one of the following:
 - a. Māori-owned business – 50% or more of shareholder wages are paid to shareholders of Māori ethnicity or descent. Or the business had being flagged by Statistics NZ as a Māori-owned business.
 - b. Significant employer of Māori – 75% or more of employees are individuals of Māori ethnicity or descent.
 - c. Māori sole trader – A sole trader that is indentified as being of Māori ethnicity or descent.
 4. Key insights for Māori-owned businesses:
 - a. There were 23,292 Māori-owned businesses.
 - b. Four industries accounted for 57% of Māori-owned businesses.
 - c. The indicative margin for net profit almost doubled to \$7.3 billion since 2010.
 5. Key insights for significant employers of Māori:
 - a. There were 10,143 significant employers of Māori.
 - b. Tāmaki Makaurau accounted for 18.1% of significant employers of Māori in Aotearoa New Zealand.
 - c. 59.6% of significant employers of Māori were paid a Covid-19 wage subsidy compared to 74.9% of non-significant employers.
 6. Key insights for Māori sole traders:
 - a. There were 38,280 Māori sole traders; 14.7% of all sole traders.
 - b. Tāmaki Makaurau accounted for 30% of all Māori sole traders in Aotearoa New Zealand.
 - c. The number of Māori sole traders has grown by approximately 10,000 sole traders since 2010.
 7. Gisborne region is heavily reliant on Māori businesses and employees with the highest proportions of Māori-owned businesses (23.8%), significant employers of Māori (26.8%) and Māori sole traders (43.3%).
 8. Māori-owned businesses in the Wholesale Trade industry made an average indicative margin for net profit of \$1 million – three times the average indicative margin for net profit of Māori-owned businesses in Aotearoa New Zealand.
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Table of Contents

Executive Summary	2
Authorship & Acknowledgements	5
Microdata Disclaimer	5
Introduction	6
Te Puni Kōkiri Strategy.....	6
What are the desired outcomes?	7
Why are we writing the report?	7
How do you define a Māori business?.....	10
Data sources to define Māori businesses	11
Findings.....	13
Māori Ownership.....	13
Regional Distribution	14
Industry Distribution.....	15
Wāhine Māori Active Shareholders.....	15
Indicative Margins for Net Profit.....	17
Indicative Margins by Industry.....	17
Wāhine Māori by Industry.....	19
Longitudinal Analysis	20
Covid-19 Wage Subsidy	21
Covid-19 Regional and Industry Distribution	21
Significant Employers of Māori	22
Regional Distribution	23
Industry Distribution.....	25
Significant employers of wāhine Māori.....	27
Longitudinal Analysis.....	30
Covid-19 Wage Subsidy	31
Covid-19 Regional and Industry Distribution	31
Māori Sole Traders.....	33
.....	33

Regional Distribution	34
Wāhine Sole Traders	35
Wāhine Māori Regional Distribution	36
Longitudinal Analysis	37
Covid-19 Wage Subsidy	37
Covid-19 Regional Distribution.....	38
Māori Authorities.....	38
Appendix A.....	40
Defining a business using the IDI and LBD	40
Ways of identifying a Māori business.....	41
Māori businesses based on Stats NZ identifier	42
Majority shareholders are Māori.....	43
Māori sole traders	43
Significant employers of Māori.....	44
Data dictionary	44
References.....	52

Authorship & Acknowledgements

This report was commissioned by the Te Puni Kōkiri, with Nicholson Consulting carrying out the analysis, interpretation, and writing. All data was sourced from the Integrated Data Infrastructure, managed by Statistics New Zealand.

We would like to acknowledge the Productivity Commission for providing a review of the definitions used, the code and the overall approach to the report by Nicholson Consulting.

Microdata Disclaimer

The results in this report are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI), managed by Statistics New Zealand.

The opinions, findings, recommendations, and conclusions expressed in this report are those of the author(s), not Statistics NZ or individual data suppliers.

Access to the anonymised data used in this study was provided by Statistics NZ under the security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business, or organisation, and the results in this report have been confidentialised to protect these groups from identification and to keep their data safe.

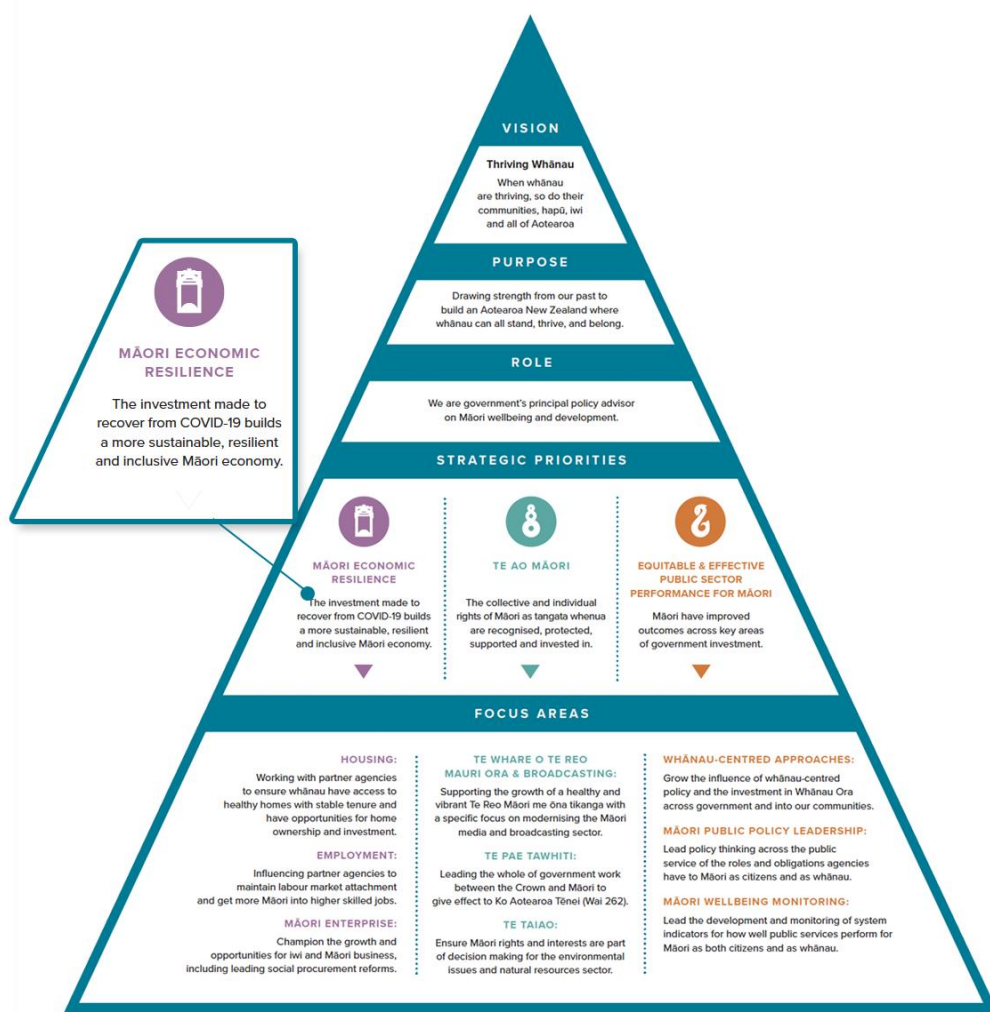
Careful consideration has been given to the privacy, security, and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

The results are based in part on tax data supplied by Inland Revenue to Statistics NZ under the Tax Administration Act 1994. This tax data must be used only for statistical purposes, and no individual information may be published or disclosed in any other form or provided to Inland Revenue for administrative or regulatory purposes. Any person who has had access to the unit record data has certified that they have been shown, have read, and have understood section 81 of the Tax Administration Act 1994, which relates to secrecy. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data's ability to support Inland Revenue's core operational requirements.

Introduction

Te Puni Kōkiri Strategy

Māori Economic Resilience has been identified as a strategic priority to help Aotearoa New Zealand in the recovery from COVID-19, and improve the resilience of Māori against future economic shocks. The Te Puni Kōkiri Māori Economic Resilience Strategy focuses on enabling Māori to recover and thrive post COVID-19, and on building a more sustainable, resilient and inclusive economy for Māori.



Source: Te Puni Kōkiri (2021), 2020–2024 He Takunetanga Rautaki | Strategic Intentions

The Māori Economic Resilience Strategy has three primary workstreams:

- Developing the data, analytics and qualitative evidence approach that will ensure the public sector properly identifies and effectively responds to the right issues for Māori recovery and resilience.
- Working with other agencies on priority policy and programme design that will deliver the required impact for Māori, against Skills & Workforce, Community Resilience & Infrastructure, and Enterprise.
- Monitoring a set of indicators to track Māori Economic Resilience, including capturing the baseline and working with the appropriate agencies to design the indicator where an appropriate one does not currently exist.

For the Māori Enterprise pou of the Māori Economic Resilience Strategy, the following indicators will be used to monitor the effectiveness:

Māori Enterprise
The number of Māori enterprises with 3+ employees
Māori enterprise business growth
Māori business representation across industry sectors
Asset base of Māori enterprises
Māori enterprises R&D investment
The number of Māori enterprises exporting goods and services overseas

What are the desired outcomes?

It is envisaged this report will help inform these outcomes

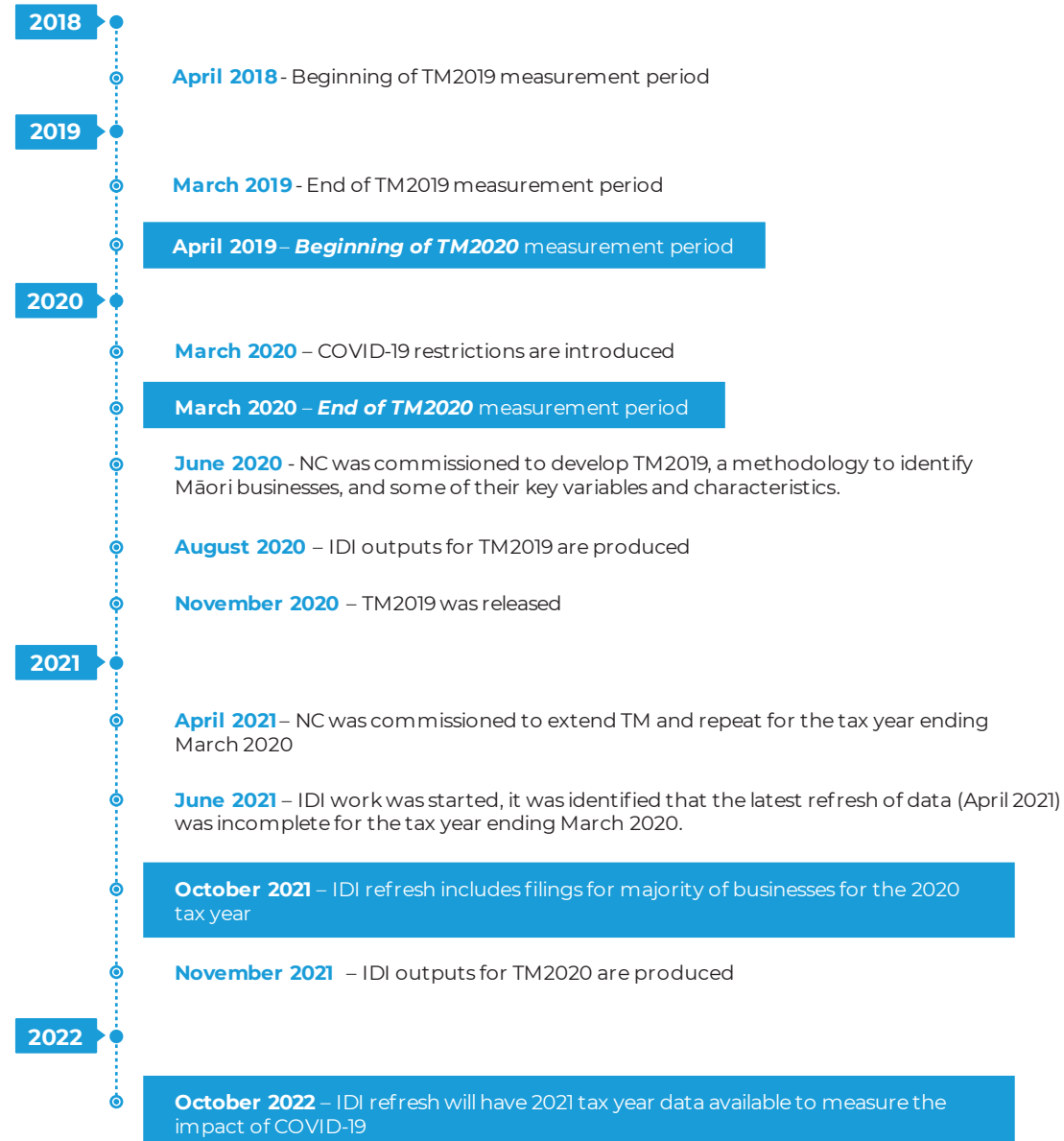
- Māori businesses navigate through COVID-19 economic shocks, survive, and thrive.
- Māori Small-to-Medium sized Enterprises (SMEs) and emerging enterprises are well supported to grow.
- Enable more proportionate participation for Māori in resilient and future focused sectors of the economy.

Why are we writing the report?

Nicholson Consulting has been commissioned to build the baseline data set for Māori enterprise information. The work is able to produce indicators for employee size, growth, representation across sectors and financial information. In time R&D and exports could be explored when more data is available. This report and the corresponding data contribute to forming the evidence base for measuring the

economic contributions of Māori enterprises in Aotearoa New Zealand and understanding the regional and industry diversity of Māori businesses. This baseline data set can be used to paint a picture of the landscape of Māori businesses and start conversations around how to best support Māori businesses so that they continue to thrive into the future. Subsequent iterations of this report can be used to understand how Māori businesses are operating in a COVID-19 world and look at what additional support they may need to thrive.

Timeline



How do you define a Māori business?

This definition casts a wide net capturing as many businesses as possible.

Māori-Owned businesses are defined as either:

- i) a business with at least 50% of shareholder wages being paid to directors, partners or active shareholders that are identified as being Māori through ethnicity data in the IDI or as being of Māori descent through the NZ Census 2013,
- ii) or a business is an enterprise and is flagged as Māori by Stats NZ and used in their Tatauranga Umanga Māori reports.

Māori Sole Traders

A sole trader identified as being Māori through ethnicity data in the IDI or as being of Māori descent through the NZ Census 2013. For consistency with historical IDI practices, sole traders identified through IR3 filings that receive a combined amount of zero income from partnership, self-employment and shareholder salary are excluded. This excludes sole traders where the above is zero, but rental income is not.

Significant Employers of Māori

A business where at least 75% of the total number of employees are individuals identified as being Māori through ethnicity data in the IDI or as being of Māori descent through the NZ Census 2013. This excludes businesses that are identified as sole traders.

Exclusions

Other whakaaro on what constitutes a Māori business extends beyond ownership whakapapa or significant employers of Māori. Ahuatanga or characteristics such as Māori governance or applying Māori values to the business could also be considered alongside self-identification. This data is not available in the data sources we used and was excluded from the analysis.

The following enterprise business types are excluded from our analysis:



Central
government
organisations



Government-
owned trading
entities



Local government
organisations



Local government
trading enterprises



Consulates and
Foreign
Embassies

For more information on how Māori businesses are defined and identified, please see Appendix A.

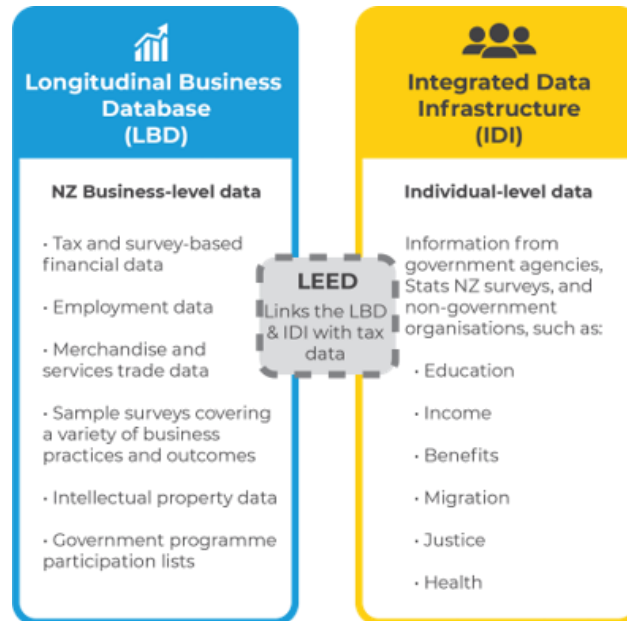
Data sources to define Māori businesses

There are vast quantities of available data about businesses in New Zealand. In particular, the Longitudinal Business Database (LBD) contains over a decade of information pertaining to economically significant enterprise's activities and characteristics, derived from a range of survey and administrative data sources.

Alongside this, Stats NZ's Integrated Data Infrastructure (IDI) offers individual-level person data. This includes data from the NZ Census, social sector administrative sources such as health, welfare, education, employment, and justice, as well as a range of survey-based data sources.

As shown below, the IDI and the LBD are linked through Linked Employer-Employee Data (LEED). This means enterprise data is linked to individuals - both active shareholders and employees. Using these linked databases, we have ascertained several ways of identifying Māori businesses, or businesses important to the Māori economy. These include:

- Māori-owned businesses
- Māori sole traders
- Significant employers of Māori.



These definitions have been constructed using a set of chosen bounds, but readers should be aware these bounds can be easily changed for different purposes. This paper serves as a description of what is possible with the IDI and LBD, noting different definitions of Māori businesses can and should be used for different purposes.

Definitions	Nicholson/ TPK (IDI/LBD)
Uses complete registered business data	✓
Uses all Māori authorities (Stats NZ indicator)	✓
Uses Poutama supplied list (Stats NZ indicator)	✓
Uses Business Operations Survey (Stats NZ indicator)	✓
Māori sole traders (ethnicity and descent)	✓
Uses IDI and LBD link to identify Māori business owners - shareholders (ethnicity and descent)	✓
Employers and self-employed (self-identified from census)	✗ <i>Captured via IDI and LBD</i>
Captures desk-based search of: Known Māori businesses (for example Iwi), Māori land, TPK provided list (30 top enterprises), Charities commission	✗ <i>Captured via IDI and LBD</i>

Findings

Māori Ownership

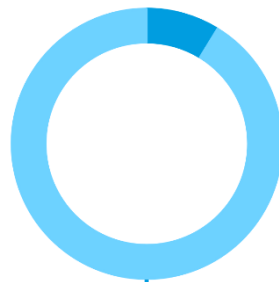
What is a Māori-owned business?

A Māori-owned business is defined as a business with an income source code for companies and partnerships (of either C00, C01, C02, P00, P01, or P02) that has at least 50% of shareholder wages being paid to individuals of Māori ethnicity or descent. These businesses are identified through company directors/shareholders and partners receiving PAYE deducted income or Withholding tax deducted income or identified through income filed through IR4S or IR20 tax forms.

Alternatively, and in conjunction to the above definition we have also included Māori-owned businesses identified through the Statistics New Zealand indicator which flags businesses as either Māori or Non-Māori.



23,292
Māori-owned
businesses

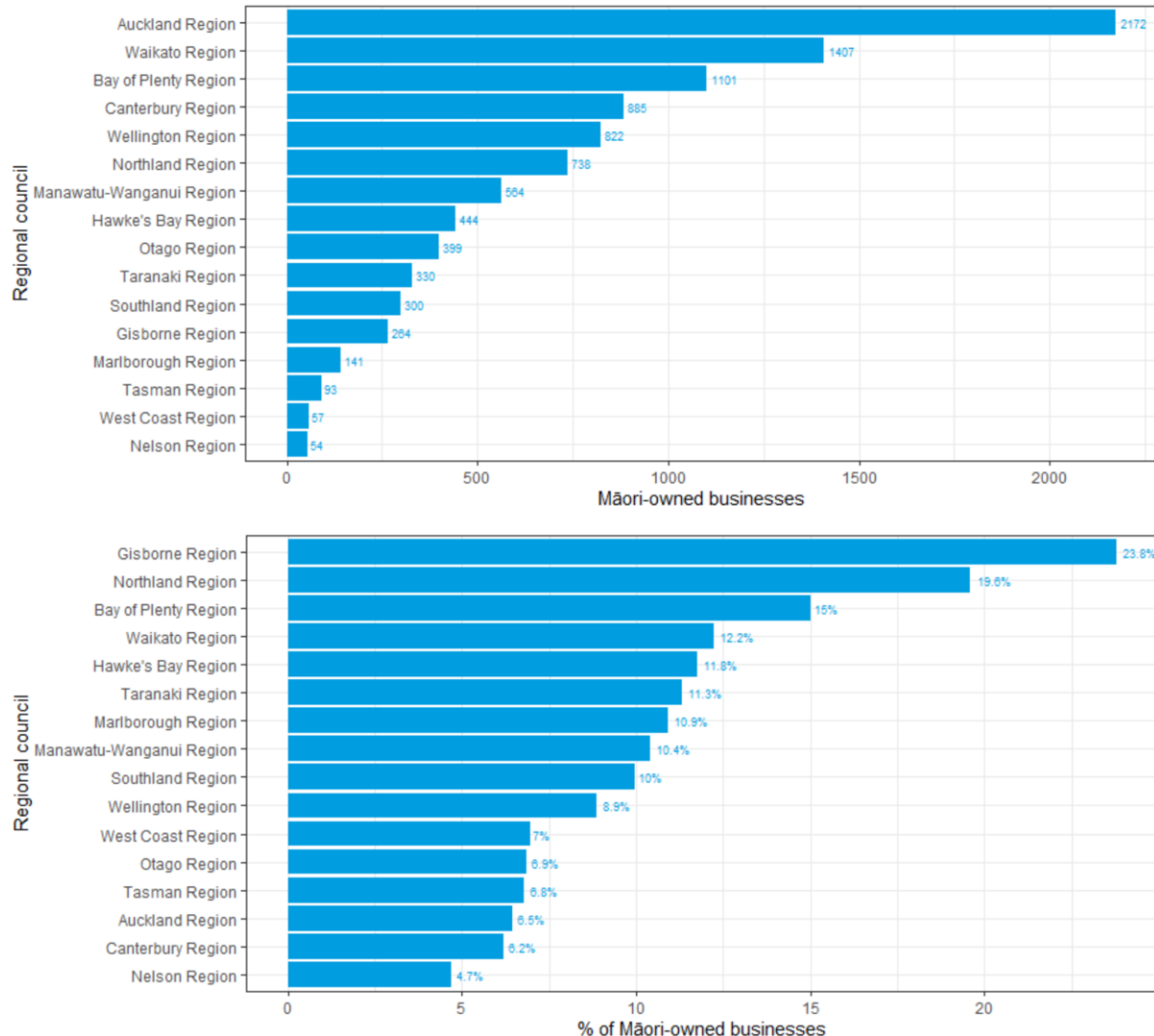


8.8% of
businesses with
shareholder data



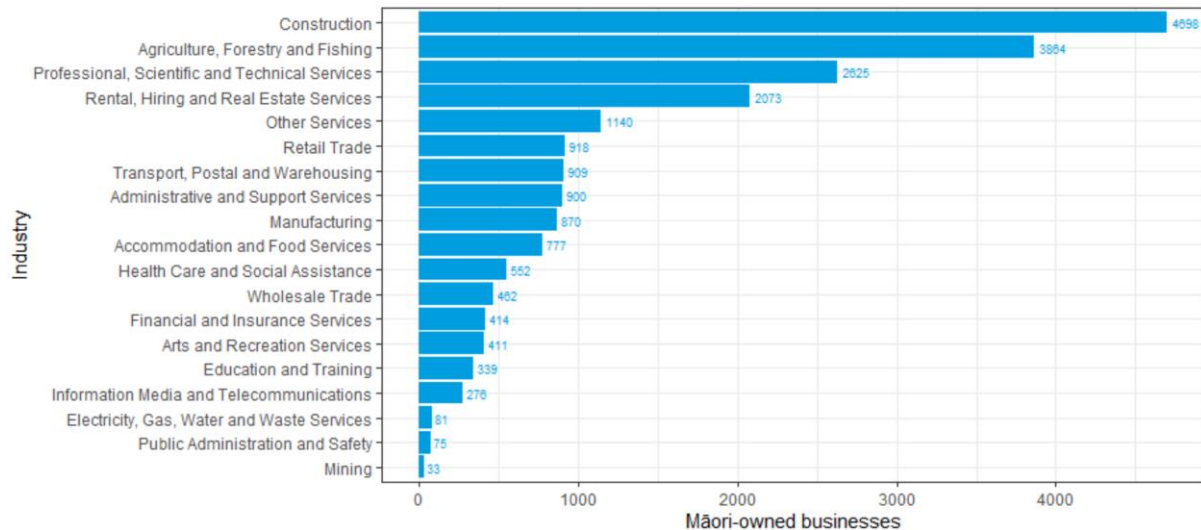
33.1% were
paid a Covid-19
wage subsidy

Regional Distribution



Tāmaki Makaurau has the highest number of Māori-owned businesses in Aotearoa New Zealand with **2,172** businesses (**6.5%** of all businesses in Tāmaki Makaurau with shareholder data and **9.3%** of all Māori-owned business). Gisborne region has **264** Māori-owned businesses – at **23.8%** of all businesses in Gisborne with shareholder data. Waikato region and Bay of Plenty region round out the top 3 regions for the highest number of Māori-owned businesses, with **1,407** and **1,101** businesses respectively. Northland region and Bay of Plenty region round out the top 3 regions for proportion of businesses with shareholder data being Māori-owned– at **19.6%** and **15%**, respectively.

Industry Distribution



The Construction industry has the highest number of Māori-owned businesses in Aotearoa New Zealand with **4,698** businesses for the tax year ending 31 March 2020. Māori-owned businesses account for **11.5%** of construction businesses with shareholder data. 'Agriculture, Forestry and Fishing' and 'Professional, Scientific and Technical Services' round out the top 3 industries with the highest number of Māori-owned businesses at **3,864** and **2,625** businesses respectively.

Of note, **57%** of Māori-owned businesses are in the top 4 industries of Construction, 'Agriculture, Forestry and Fishing', 'Professional, Scientific and Technical Services' and 'Rental, Hiring and Real Estate Services'.

Wāhine Māori Active Shareholders

What is a business with wāhine Māori active shareholders?

A business with wāhine Māori active shareholders is defined as a business with an income source code for companies and partnerships (of either C00, C01, C02, P00, P01, or P02) that has more than 0% of shareholder wages being paid to individuals that are both female and of Māori ethnicity or descent. These businesses are identified through company directors/shareholders and partners receiving PAYE deducted income or Withholding tax deducted income or identified through income filed through IR4S or IR20 tax forms.

Are wāhine Māori present as active shareholders?

■ Māori-owned ■ Non-Māori-owned



Wāhine Māori shareholders



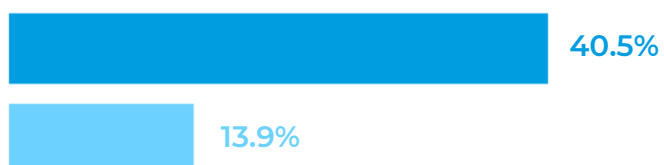
Wāhine shareholders

Ownership among wāhine

Of all businesses with available shareholder data for the 2020 tax year, **12,192** businesses had at least one wāhine Māori active shareholder and **142,317** businesses had at least one wāhine active shareholder. The proportion of Māori-owned businesses with at least one wāhine Māori active shareholder was **30x** higher than non-Māori-owned businesses. This was not reflected at the same scale for wāhine active shareholders in general, although Māori-owned businesses did have a higher representation of wāhine shareholders than non-Māori-owned businesses.

Does ownership impact on employee ethnicity or employee numbers?

■ Māori-owned ■ Non-Māori-owned



Māori employees



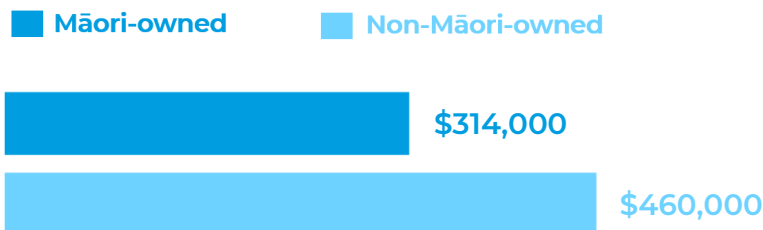
3+ employees

Proportion of Māori employees

The proportion of Māori employees for Māori-owned businesses was almost **3x** higher than for non-Māori-owned businesses. For Māori-owned businesses, the proportion of Māori employees was **40.5%**, for Māori-owned businesses with wāhine Māori active shareholders this proportion increased to **42.7%**; for Māori-owned businesses with no wāhine Māori active shareholders the proportion of Māori employees decreased to **37.8%**.

Indicative Margins for Net Profit

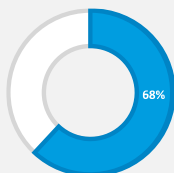
Is there a difference in Indicative Margins for Net Profit?



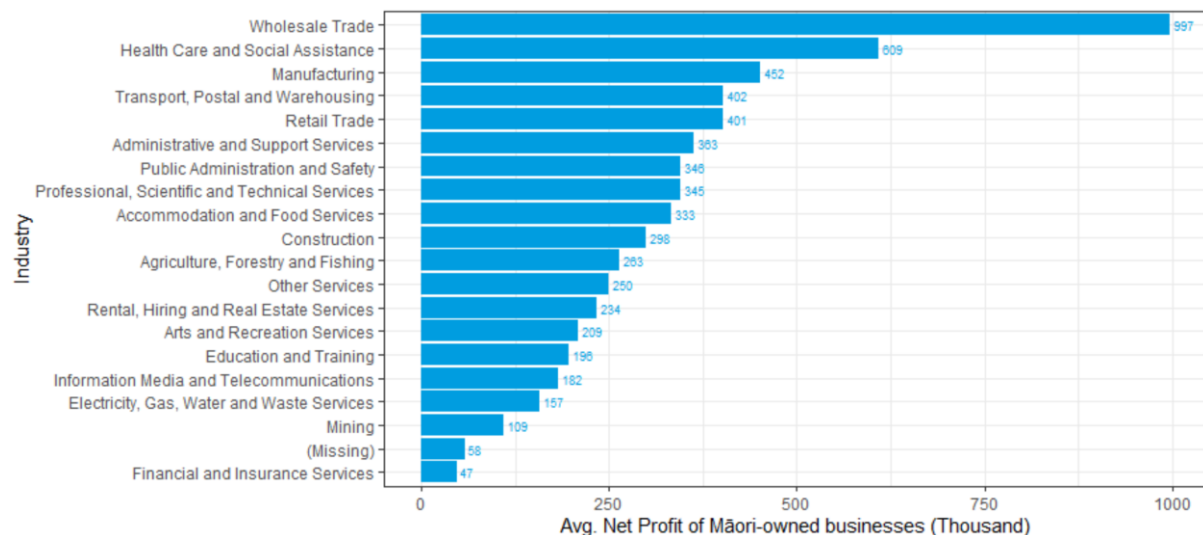
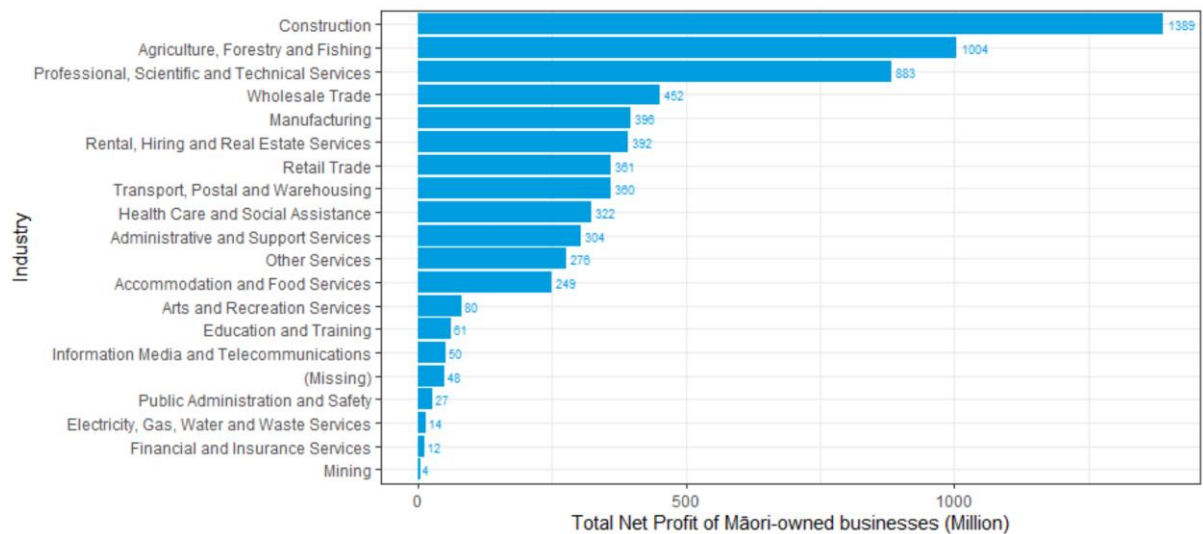
Average indicative margin

Indicative margins

Of all businesses with available shareholder data for the 2020 tax year, Māori-owned businesses made an average indicative margin for net profit of **\$313,938** compared to non-Māori owned businesses average indicative margin for net profit of **\$459,672**.

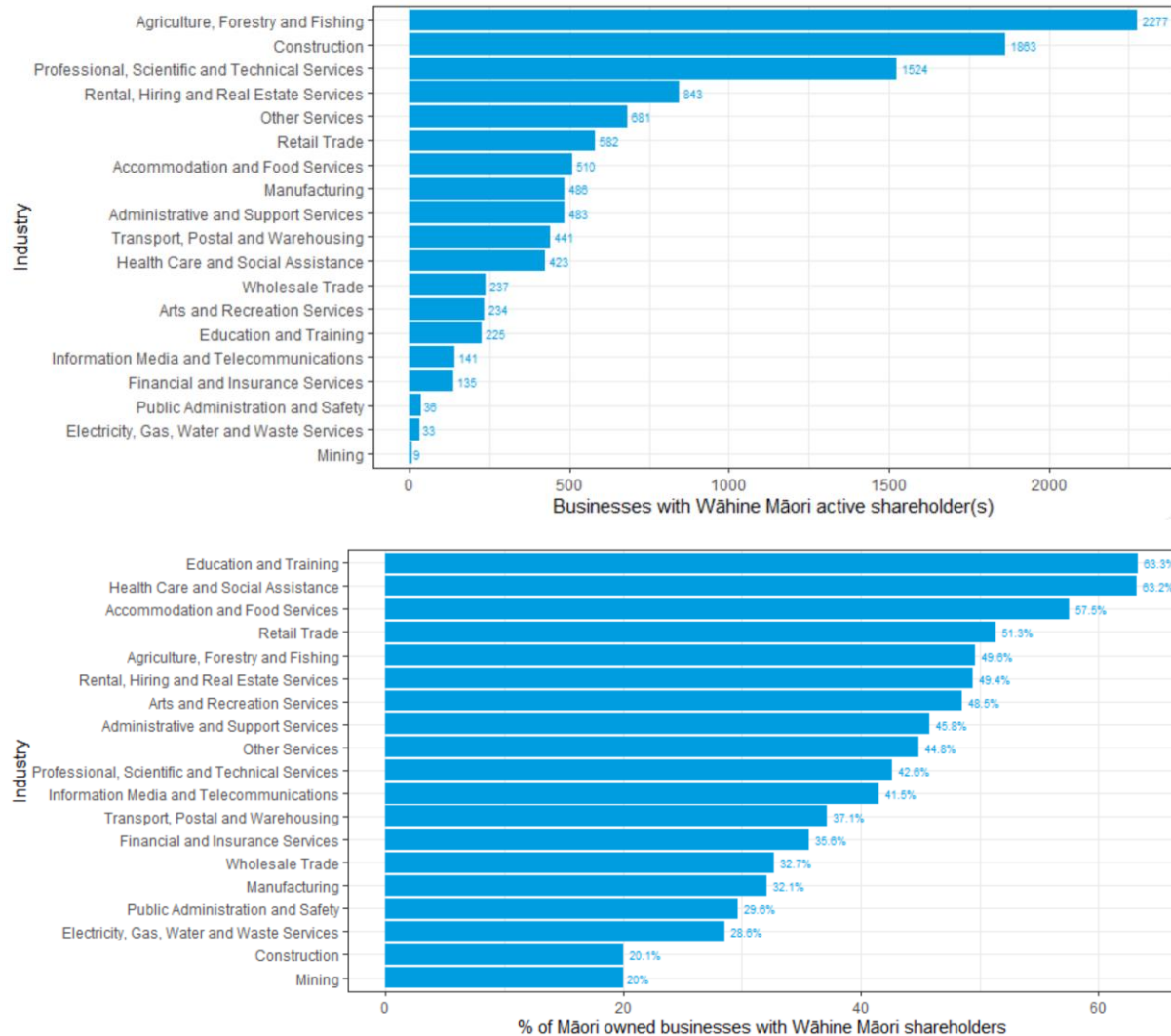


Māori-owned businesses made on average, approximately **68%** of the indicative margin for net profit that non-Māori businesses made in the 2020 tax year.



Māori-owned businesses in the Construction industry produced the highest total indicative margin for net profit of approximately **\$1.4 billion** for the year ending March 2020. Wholesale Trade had the highest average indicative margin across Māori-owned businesses with approximately **\$1.0 million** for the year ending March 2020 – this is almost **3x** the average indicative margin for Māori-owned businesses. Of note, there were four industries where Māori-owned businesses made a higher average indicative margin than non-Māori businesses – ‘Healthcare & Social Assistance’, ‘Rental, Hiring and Real Estate Services’, ‘Arts and Recreation Services’, and ‘Accommodation and Food Services’. Māori-owned businesses in the Healthcare and Social Assistance industry made an average indicative margin for net profit that was **39%** higher than non-Māori businesses.

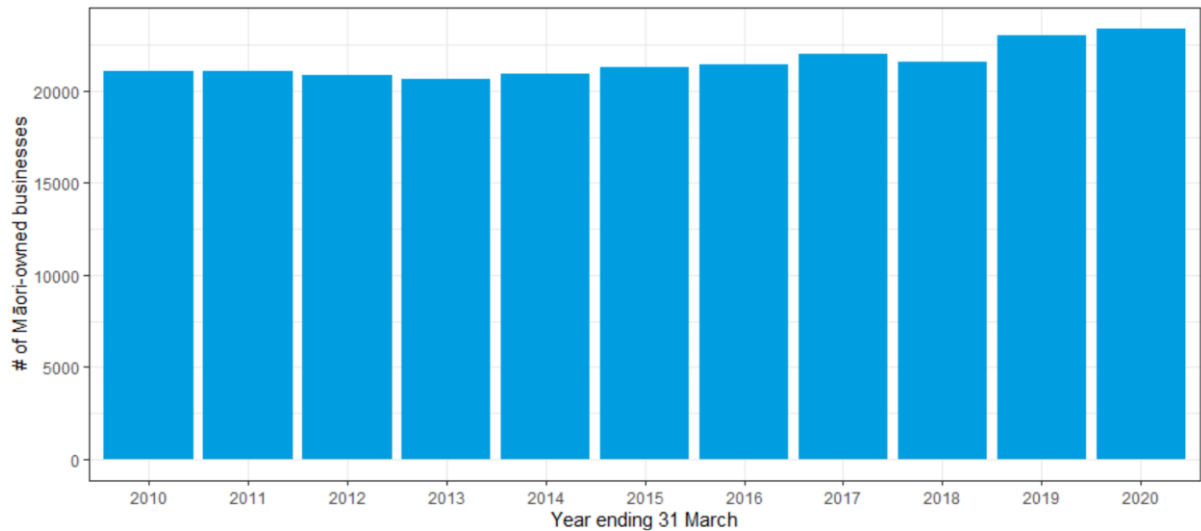
Wāhine Māori by Industry



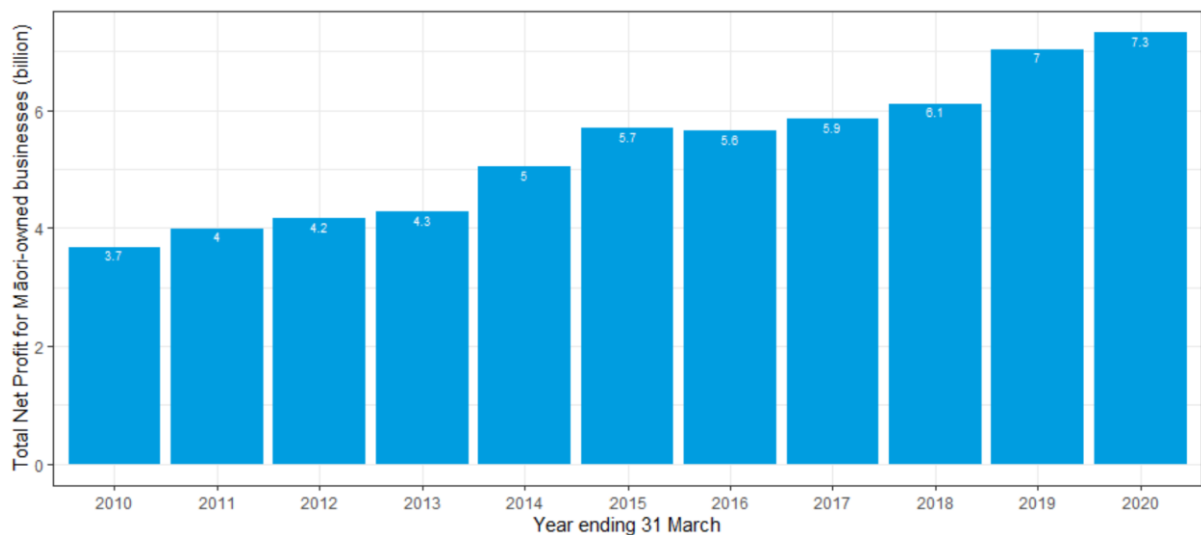
The highest concentration of businesses with wāhine Māori active shareholders is in the 'Agriculture, Forestry and Fishing' industry followed by Construction and 'Professional, Scientific, and Technical Services' at **2,277, 1,863, and 1,524** businesses, respectively. These three industries account for **46%** of businesses in Aotearoa New Zealand with available shareholder data that include wāhine Māori active shareholders.

Of Māori-owned businesses, the 'Education and Training' industry had the highest proportion of businesses with wāhine Māori active shareholders – at **63.3%**. This is followed by 'Health Care and Social Assistance' and 'Accommodation and Food Services' industries with **63.2%** and **57.5%** of Māori-owned businesses, respectively.

Longitudinal Analysis



The number of Māori-owned businesses has remained steady over the period from 2010 to 2020 – the proportion of all businesses that are Māori-owned has also remained consistent between **7.8%** and **9.3%** of all businesses with available shareholder data. The most significant change over time has come from the indicative margin for net profit as shown below:



The indicative margin for net profit has increased steadily from **\$3.7 billion** in 2010 to **\$7.3 billion** in 2020. 2020 reported the highest indicative margin for net profit across the 11 years included in the longitudinal analysis. The proportion of the total indicative margin of all businesses with shareholder data attributable to Māori-

owned businesses has remained consistent over the 11-year period – reporting between **6%** and **7.2%** of the indicative margin in Aotearoa New Zealand. The proportion of indicative margin attributable to Māori-owned businesses in 2020, was **6.9%**.

Covid-19 Wage Subsidy

Has the Covid-19 wage subsidy being paid proportionately?

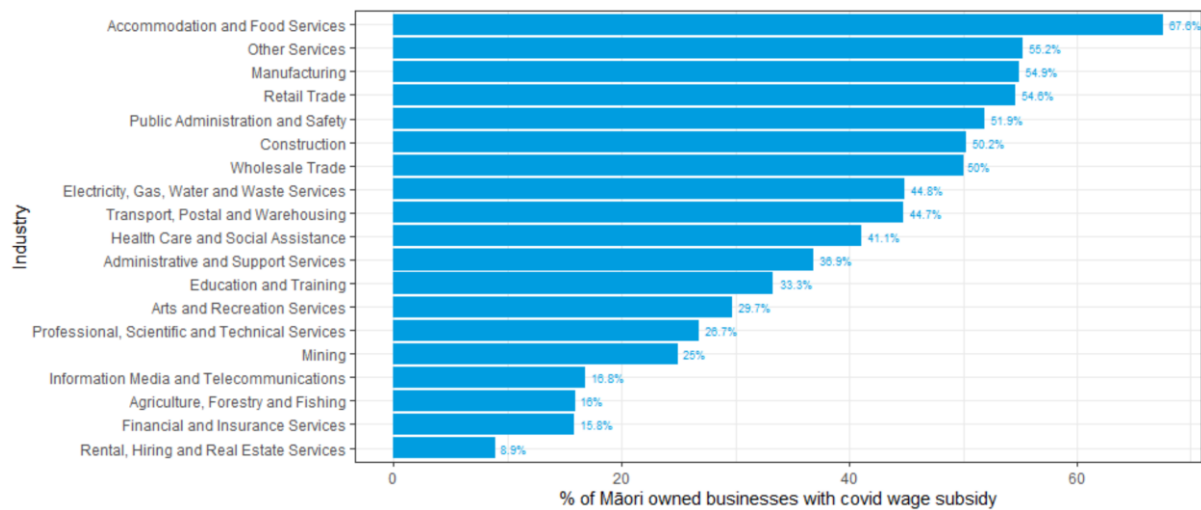
■ **Māori-owned** ■ **Non-Māori-owned**



Paid a Covid-19 wage subsidy

Covid-19 Regional and Industry Distribution





For Māori-owned businesses, the proportion of businesses paid a Covid-19 wage subsidy varies amongst regions and industries. Tāmaki Makaurau has had the highest uptake of paid subsidies at **87.9%** of businesses whilst Gisborne has the lowest at **63%**. 'Accommodation and Food Services' has had the highest uptake of paid subsidies at **67.6%**, with 'Other Services' and 'Manufacturing' rounding out the top three industries, with **55.2%** and **54.9%**, respectively. Four industries had fewer than 20% uptake – 'Information Media and Telecommunications', 'Agriculture, Forestry and Fishing', 'Financial and Insurance Services', and 'Rental Hiring and Real Estate Services', with the latter having **8.9%** of Māori-owned businesses being paid a Covid-19 wage subsidy.

Significant Employers of Māori

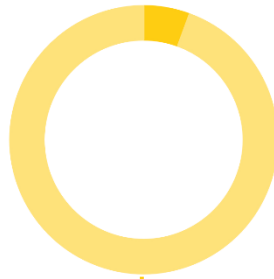
What is a significant employer of Māori?

A significant employer of Māori is defined as a business where at least 75% of the total number of employees within the last tax year (April 1st to March 31st) were identified as being individuals that are of Māori ethnicity or descent. All significant employer measures are inclusive only of businesses with available employment data sourced from the Inland Revenue Employee Monthly Schedule – this is to determine the count of total employees and count of Māori employees for the 75% threshold rule.

Note: Businesses identified as sole traders (as per the definition in this report) are excluded from this definition of significant employers.



10,143
Significant
employers of Māori

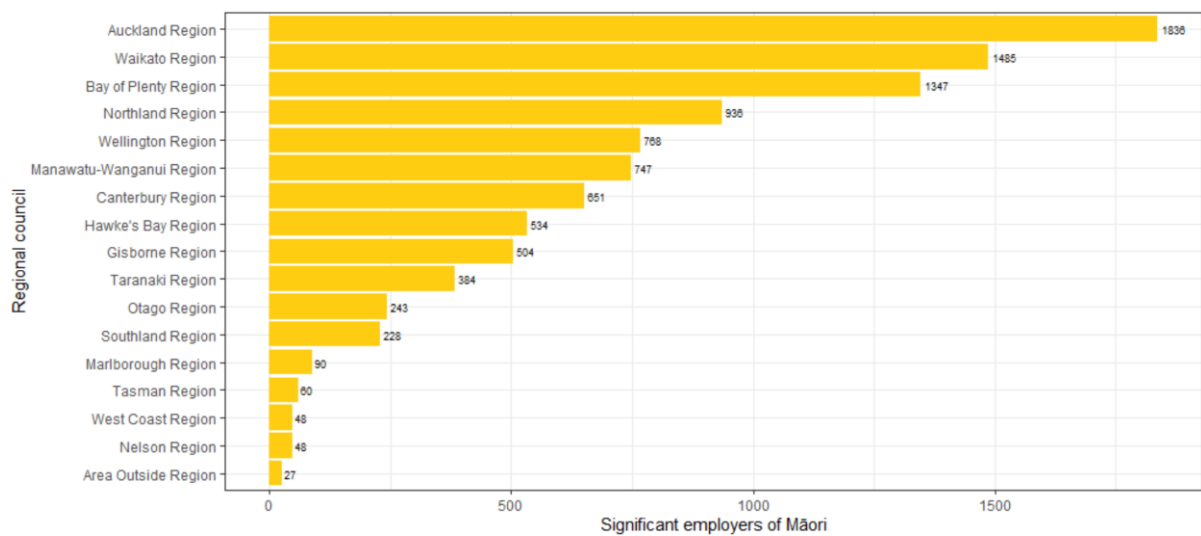


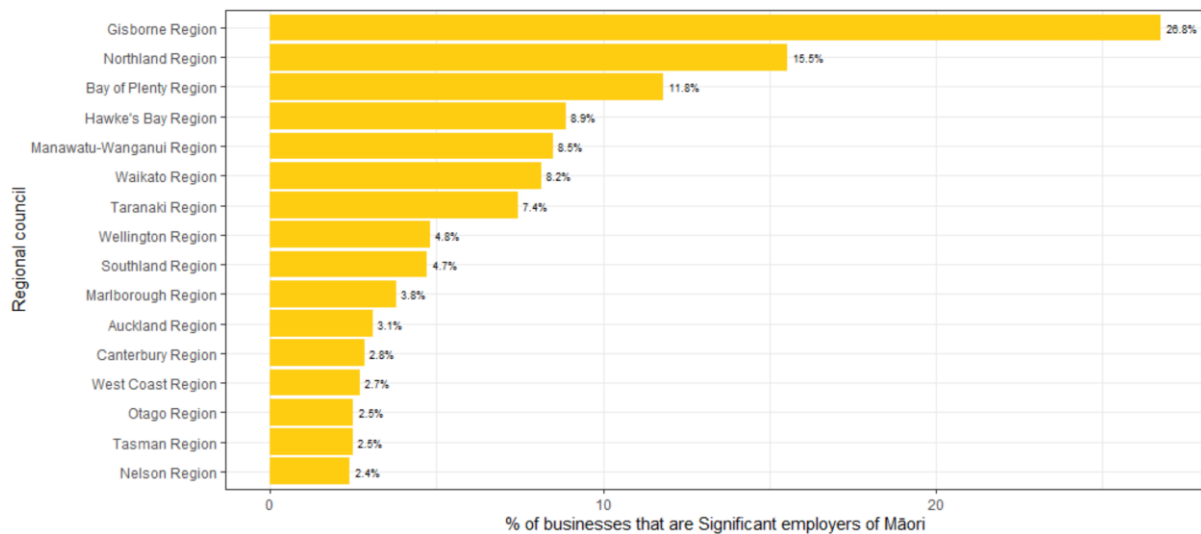
5.6% of
businesses with
employment data



59.6% were
paid a Covid-19
wage subsidy

Regional Distribution

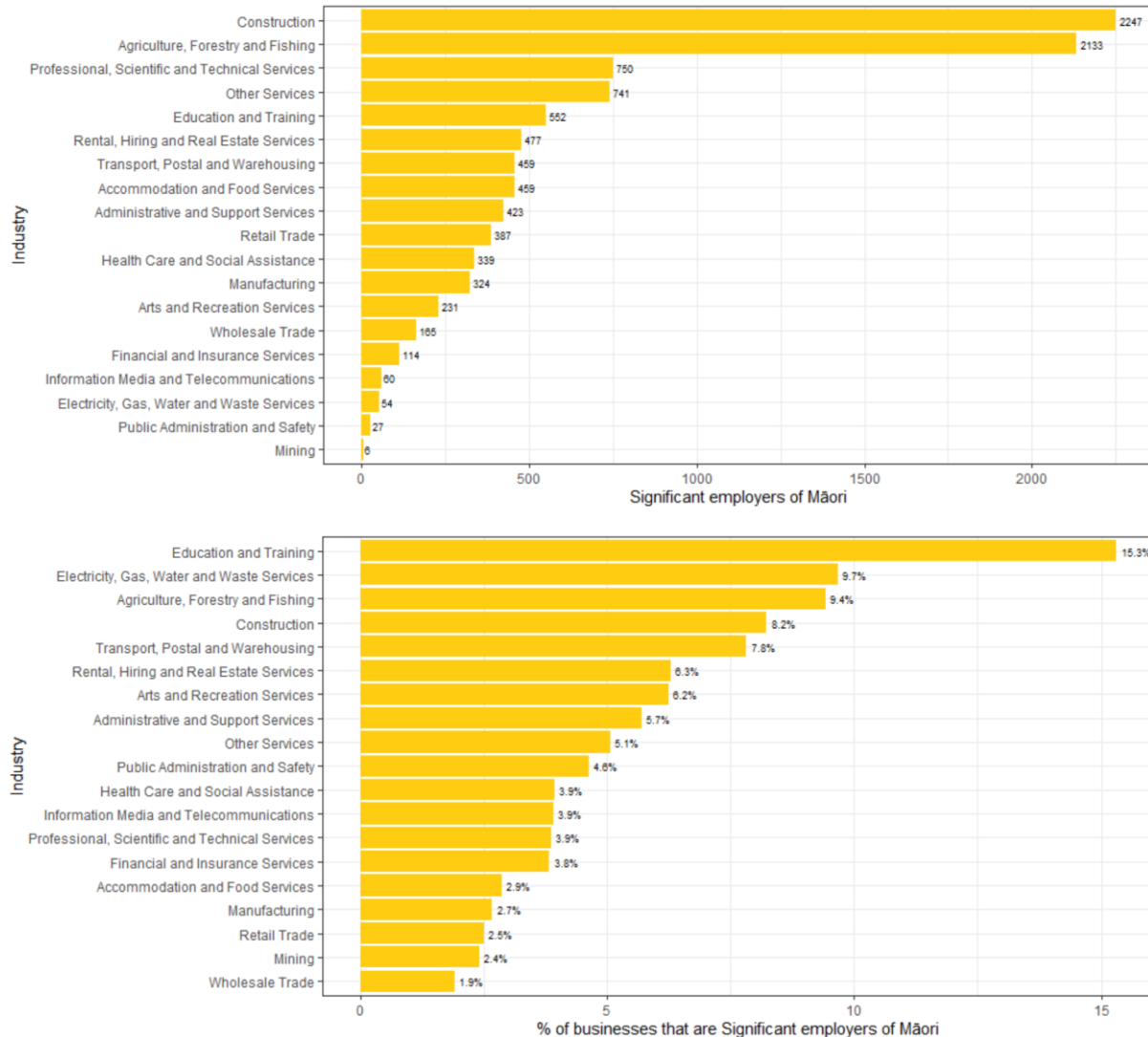




Tāmaki Makaurau has the highest number of significant employers of Māori in Aotearoa New Zealand with **1,836** businesses (**3.1%** of all businesses in Tāmaki Makaurau with employee data). Gisborne region has **504** significant employers of Māori – at **26.8%** of all businesses in Gisborne with employee data. Waikato region and Bay of Plenty region round out the top 3 regions for the highest number of significant employers of Māori, with **1,485** and **1,347** businesses respectively. Northland region and Bay of Plenty region round out the top 3 regions for proportion of significant employers of Māori – with **15.5%** and **11.8%**, respectively, of all businesses with available employee data.

It is important to note that while significant employers of Māori comprise just 3.1% of businesses in Tāmaki Makaurau with available employee data – the number of businesses accounts for **18.1%** of significant employers of Māori in Aotearoa New Zealand.

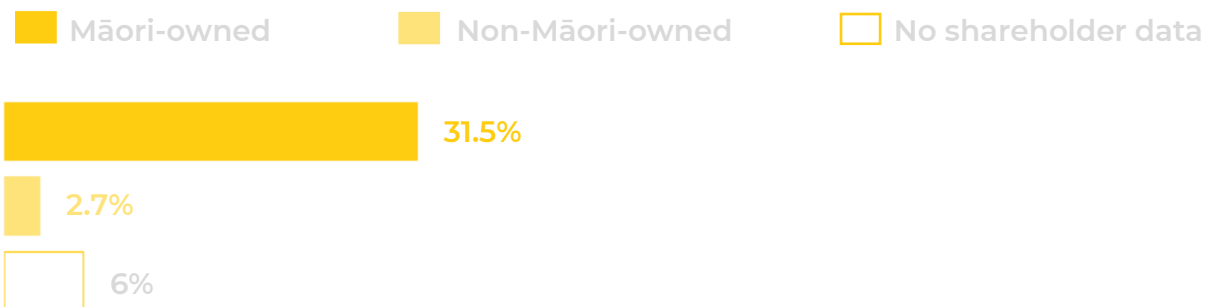
Industry Distribution



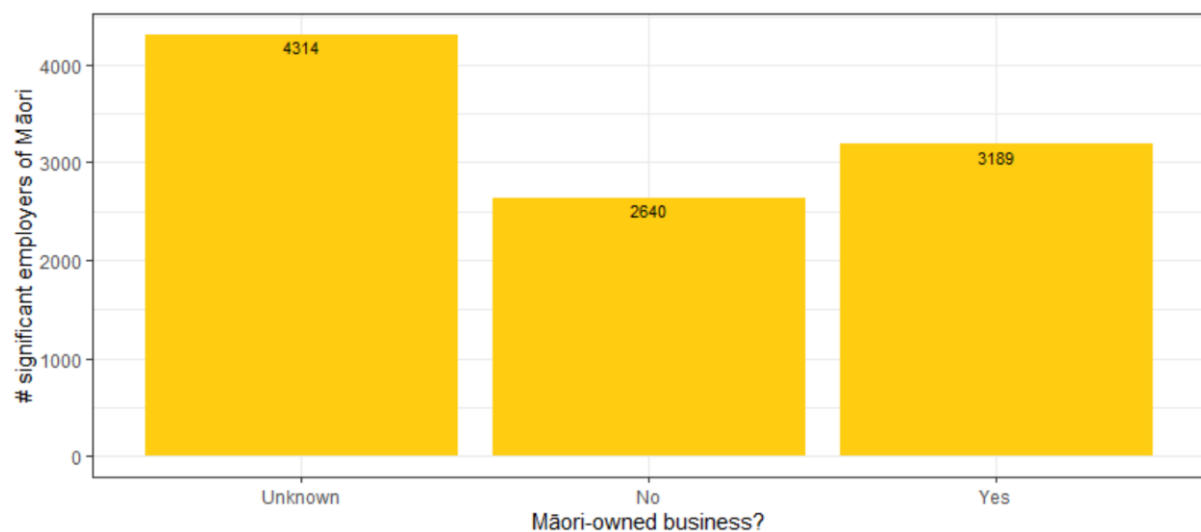
The Construction industry has the highest number of significant employers of Māori in Aotearoa New Zealand with **2,247** businesses for the tax year ending 31 March 2020. Significant employers of Māori account for **8.2%** of construction businesses with employee data. 'Agriculture, Forestry and Fishing' and 'Professional, Scientific and Technical Services' round out the top 3 industries with the highest number of significant employers of Māori at **2,133** and **750** businesses, respectively. Notably, **50.6%** of significant employers of Māori are in those 3 industries.

Education and Training is distinct in that **15.3%** of businesses are significant employers of Māori, this is notably higher than the industry with the second highest proportion of businesses that are significant employers of Māori - 'Electricity, Gas, Water and Waste Services' at **9.7%**.

What businesses are employing Māori?

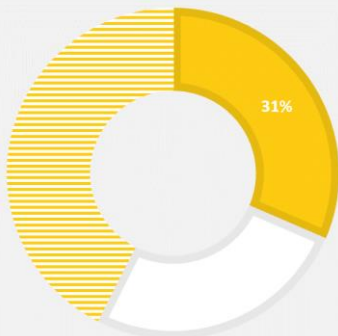


Significant employers of Māori



Significant employers of Māori by ownership

The proportion of significant employers of Māori by ownership varies widely with **31.5%** of Māori-owned businesses being significant employers through to **2.7%** of non-Māori-owned businesses being significant employers of Māori - that is more than **11x** higher.



31.5% of significant employers of Māori are Māori-owned businesses – that is **3,189** businesses. A further **2,640** significant employers of Māori are identified as non-Māori-owned businesses, and **4,314** significant employers of Māori are businesses with no shareholder data.

Significant employers of wāhine Māori

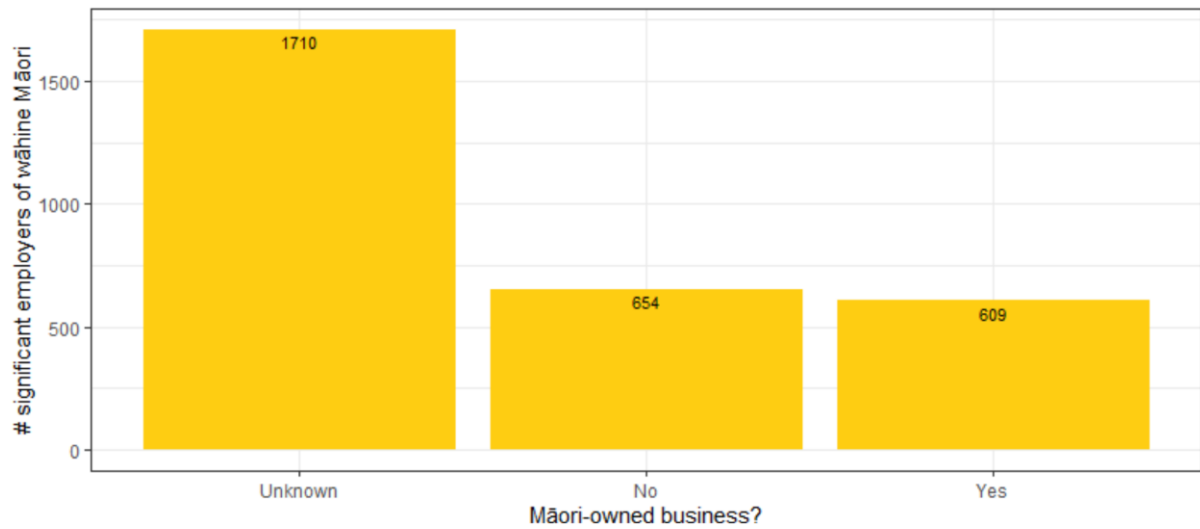
What is a significant employer of wāhine Māori?

A significant employer of wāhine Māori is defined as a business where at least 75% of the total number of employees within the last tax year (April 1st to March 31st) were identified as being individuals that are both female and of Māori ethnicity or descent.

What businesses are employing wāhine Māori?

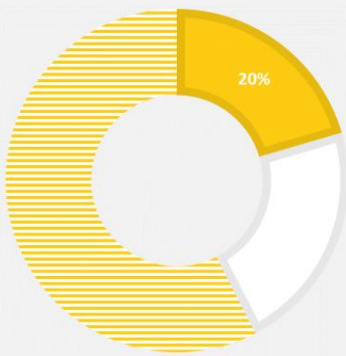


Significant employers of wāhine Māori



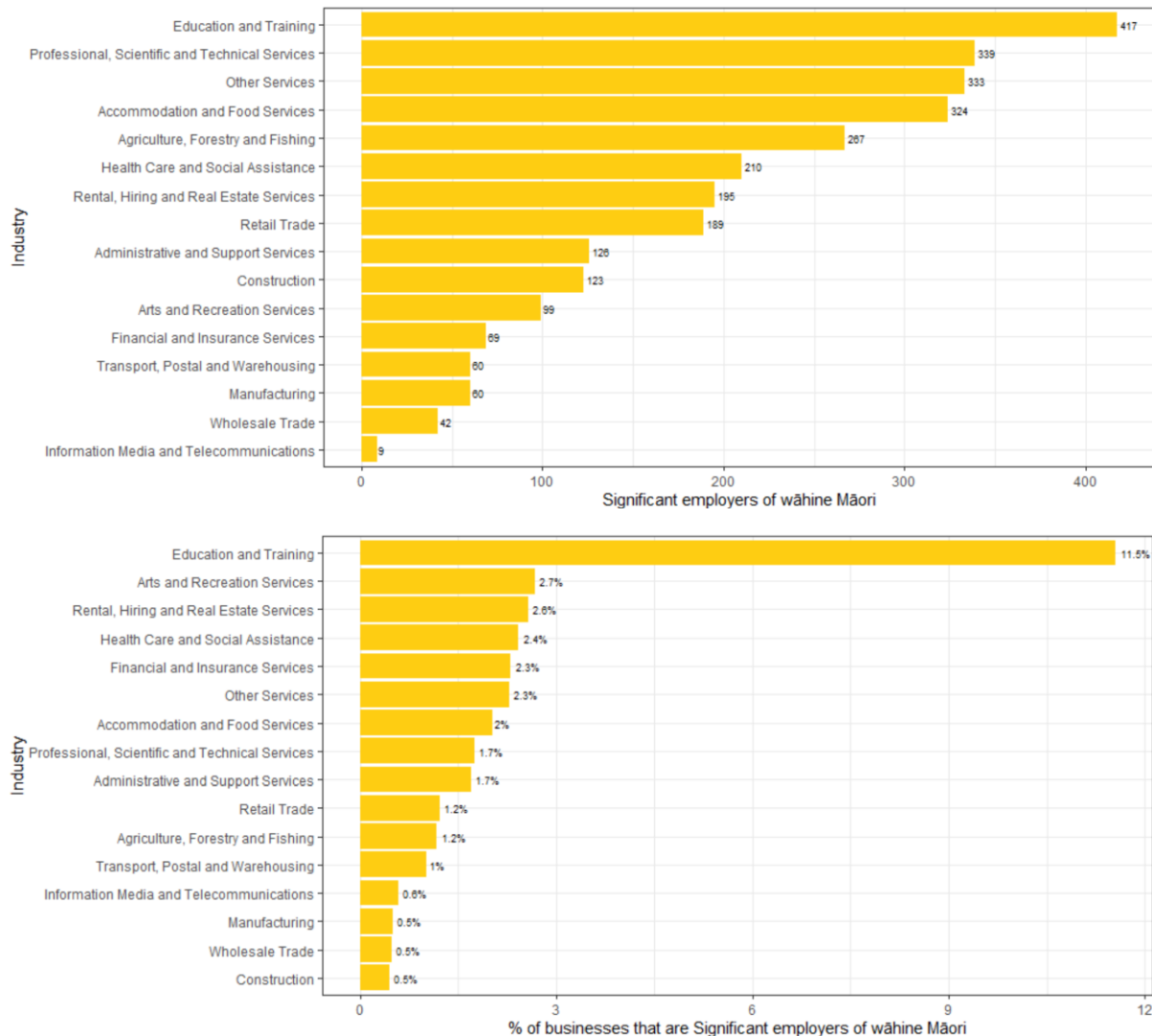
Significant employers of wāhine Māori by ownership

There are **2,973** significant employers of wāhine Māori in the 2020 tax year. The proportion of significant employers of Māori by ownership varies widely with **6%** of Māori-owned businesses being significant employers through to **0.7%** of non-Māori-owned businesses being significant employers of Māori.



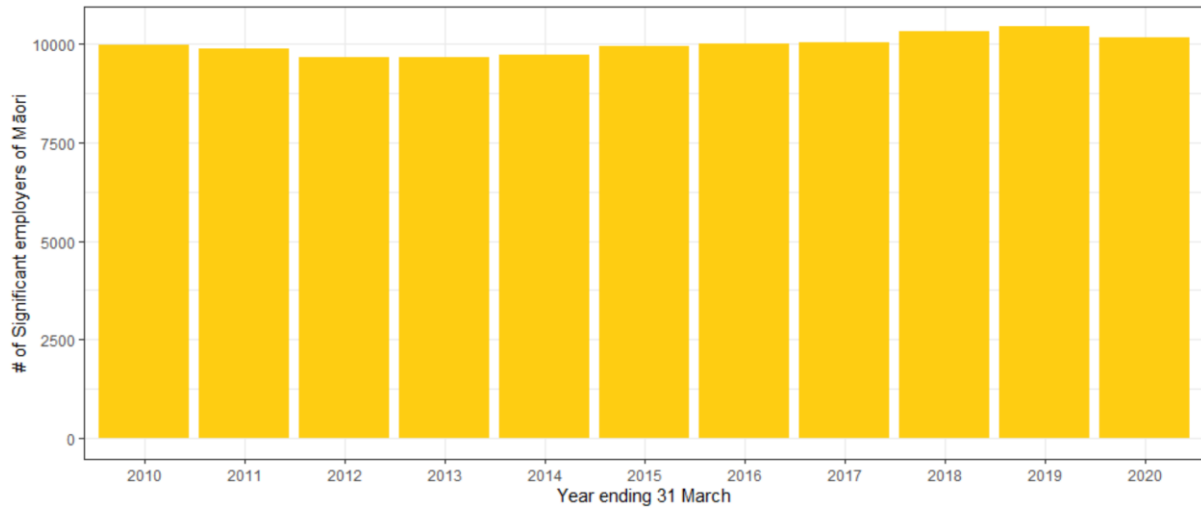
20% of significant employers of wāhine Māori are Māori-owned businesses – that is **609** businesses. A further **654** significant employers of wāhine Māori are identified as non-Māori-owned businesses, and **1,710** significant employers of Māori are businesses with no shareholder data.

The regional distribution of significant employers of wāhine Māori differs little from the distribution of significant employers of Māori. Where there are interesting differences, is with the distribution by industry.

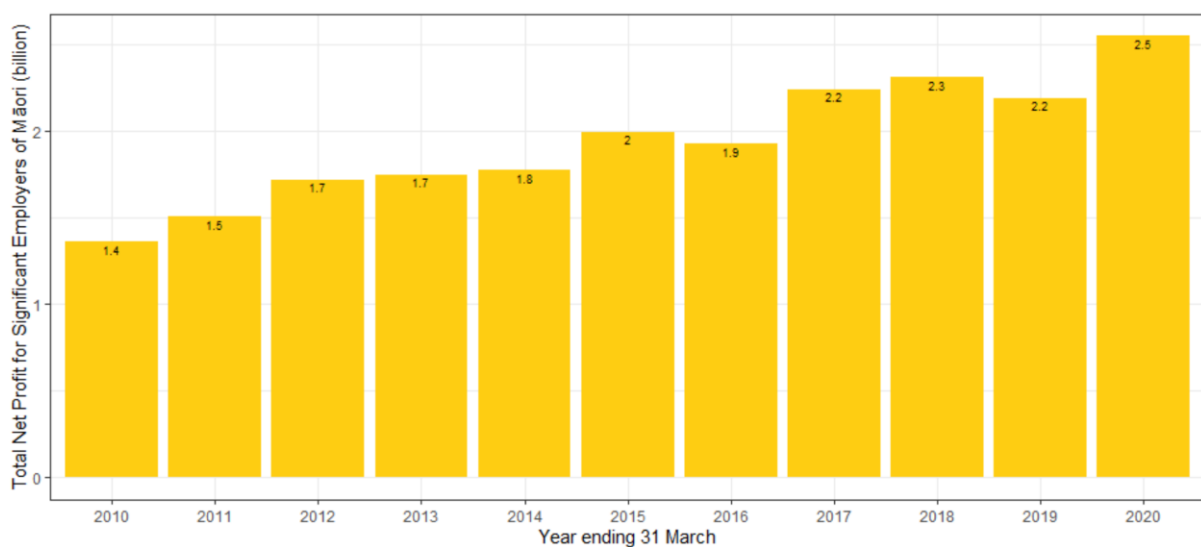


The industry with the highest concentration of significant employers of wāhine Māori is 'Education and Training' with **417** businesses. This is followed by 'Professional, Scientific and Technical Services' and 'Other Services' at **339** and **333** businesses to round out the top 3. Most notable, is that **11.5%** of 'Education and Training' businesses with available employee data are significant employers of wāhine Māori – this is approximately **4x** the industry with the second highest proportion of businesses that are significant employers of wāhine Māori – which is 'Arts and Recreation Services' at **2.7%**.

Longitudinal Analysis



The number of significant employers of Māori has remained steady over the period from 2010 to 2020 at around 10,000 businesses each year – the proportion of all businesses that are significant employers of Māori has also remained consistent at between **5.6%** and **5.8%** of businesses with available employee data. The most striking change over time has come from the indicative margin of net profit as shown below:



The indicative margin for net profit has increased quite steadily from **\$1.4 billion** in 2010 to **\$2.5 billion** in 2020. In 2020 the highest indicative margin for net profit was recorded in the longitudinal analysis. The proportion of the total indicative margin

of all businesses with employee data attributable to significant employers of Māori has remained consistent over the 11-year period – reporting between **0.9%** and **1.1%** of the indicative margin in Aotearoa New Zealand. The proportion of indicative margin attributable to significant employers of Māori in 2020, was **1%**.

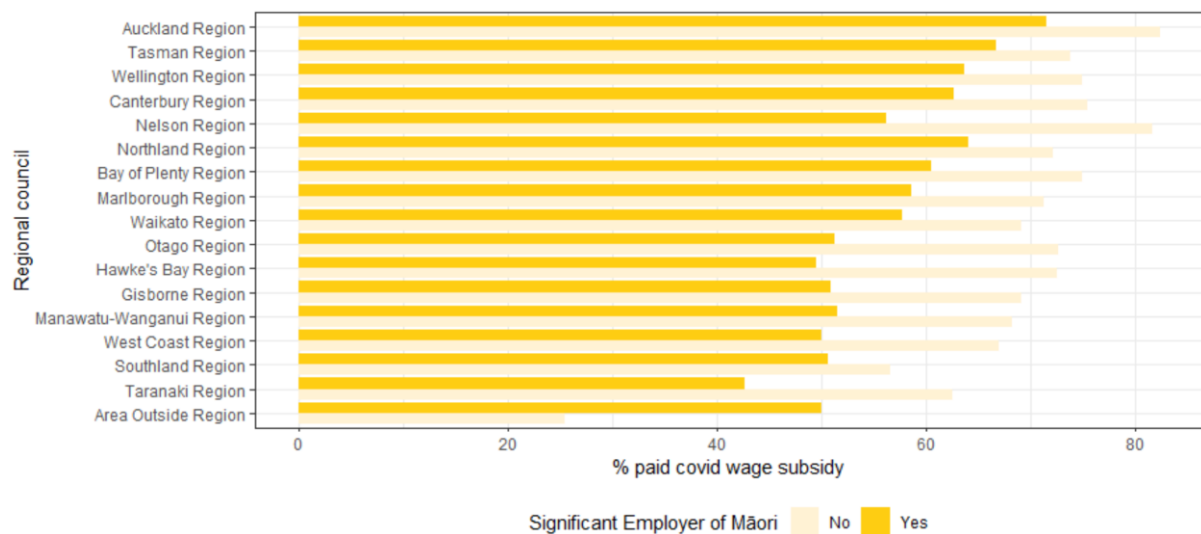
Covid-19 Wage Subsidy

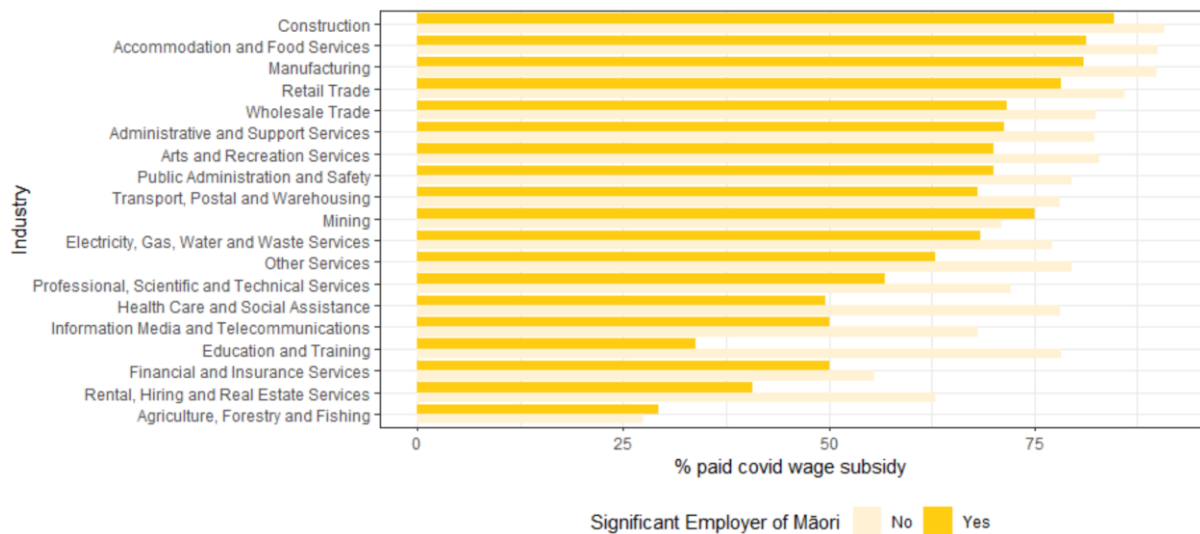
Has the Covid-19 wage subsidy being paid proportionately?



Paid a Covid-19 wage subsidy

Covid-19 Regional and Industry Distribution





Amongst the regions, significant employers of Māori had a smaller proportion of businesses paid a Covid-19 wage subsidy than businesses that were not identified as being significant employer of Māori – this is true for all regions aside from Areas Outside Region. Tāmaki Makaurau has had the highest uptake of paid subsidies at **71.5%** of businesses whilst Taranaki has the lowest at **42.6%**. The industry distribution followed a similar pattern with significant employers of Māori in all industries but Mining and 'Agriculture, Forestry and Fishing' having a smaller proportion of businesses being paid a Covid-19 wage subsidy. Construction has had the highest uptake of paid subsidies at **84.7%**, with 'Accommodation and Food Services' and 'Manufacturing' rounding out the top three industries, with **81.4%** and **81.1%**, respectively. Five industries had fewer than 50% uptake – 'Health Care and Social Assistance', 'Financial and Insurance Services', 'Rental Hiring and Real Estate Services', 'Education and Training', and 'Agriculture, Forestry and Fishing', with the latter having **29.3%** of significant employers of Māori being paid a Covid-19 wage subsidy.

Māori Sole Traders

What is a Māori Sole Trader?

A Māori sole trader is defined as a business with an income source code of either S00, S01, S02, S03. Sole traders with an income source code of S01 and S02 businesses are identified through the Inland Revenue Employee Monthly Schedule (EMS) data in the IDI and S00 and S03 are identified through IR3 filings. They are defined as followed:

S00 – sole traders receiving self-employment income

S01 – sole traders paying him/herself PAYE deducted income

S02 – sole traders receiving withholding tax deducted income

S03 – sole traders receiving rental income

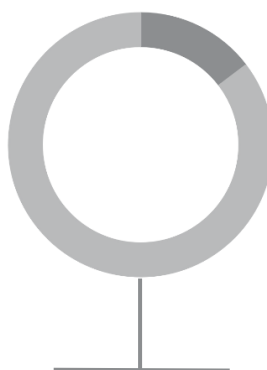
Sole traders with an income source code of S00 and S03 must of had an IR3 filing that showed a non-zero income across the sum of self-employed income, shareholder income and partnership income. Sole traders with an S00 income source code also have the added condition of requiring a non-zero self-employment income in the IR3 filing, while S03 have the added condition of requiring a non-zero rental income in the IR3 filing. The businesses are identified through individuals who are recorded in the IDI as being of Māori ethnicity or descent.

Note: This definition exlcudes sole traders that receive rental income but who do not recieve a non-zero income for the sum of self-employed income, shareholder income and partnership income.

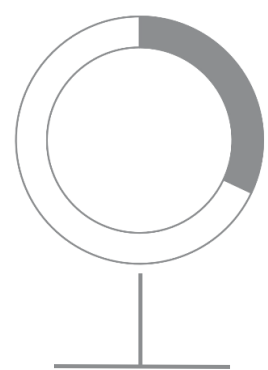


38,280

Māori Sole Traders

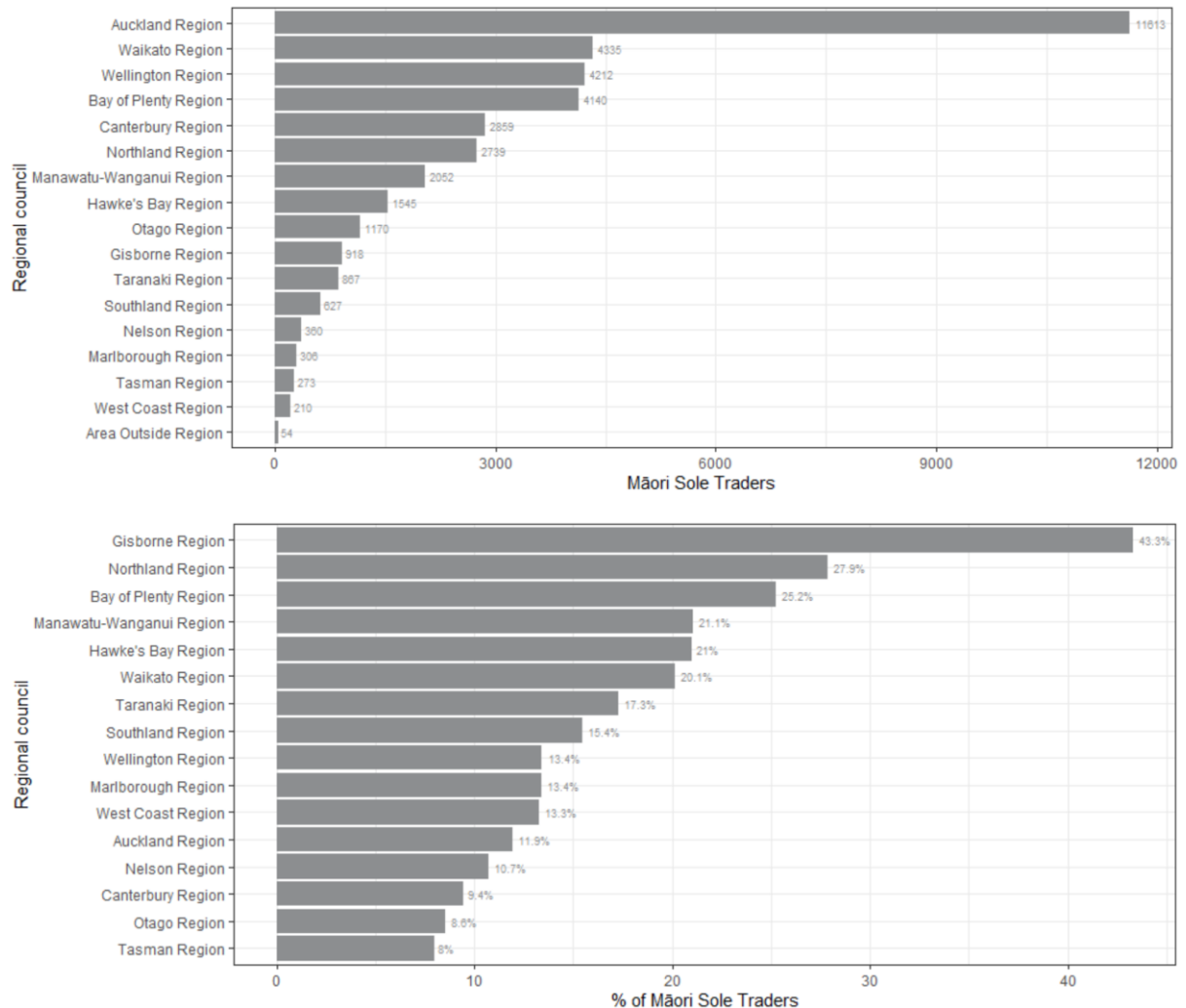


14.7%
of Sole Traders



32% were paid a
Covid-19 wage subsidy

Regional Distribution



Tāmaki Makaurau has the highest number of Māori sole traders in Aotearoa New Zealand with **11,613** sole traders (**11.9%** of all sole traders in Tāmaki Makaurau and 30% of all Māori sole traders in New Zealand). Gisborne region has the highest proportion of sole traders who are Māori at **43.3%** - that is **918** Māori sole traders. Waikato region and Wellington region round out the top 3 regions for the highest number of Māori sole traders, with **4,335** and **4,212** Māori sole traders, respectively. Northland region and Bay of Plenty region round out the top 3 regions for proportion of sole traders who are Māori – with **27.9%** and **25.2%** Māori sole traders, respectively.

Wāhine Sole Traders

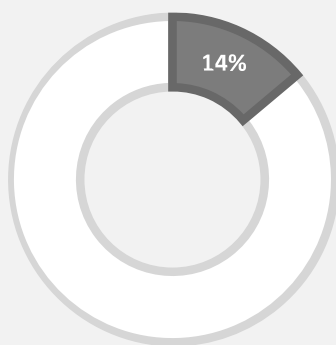
What is the proportion of wāhine sole traders by ethnicity?



Wāhine Sole Traders

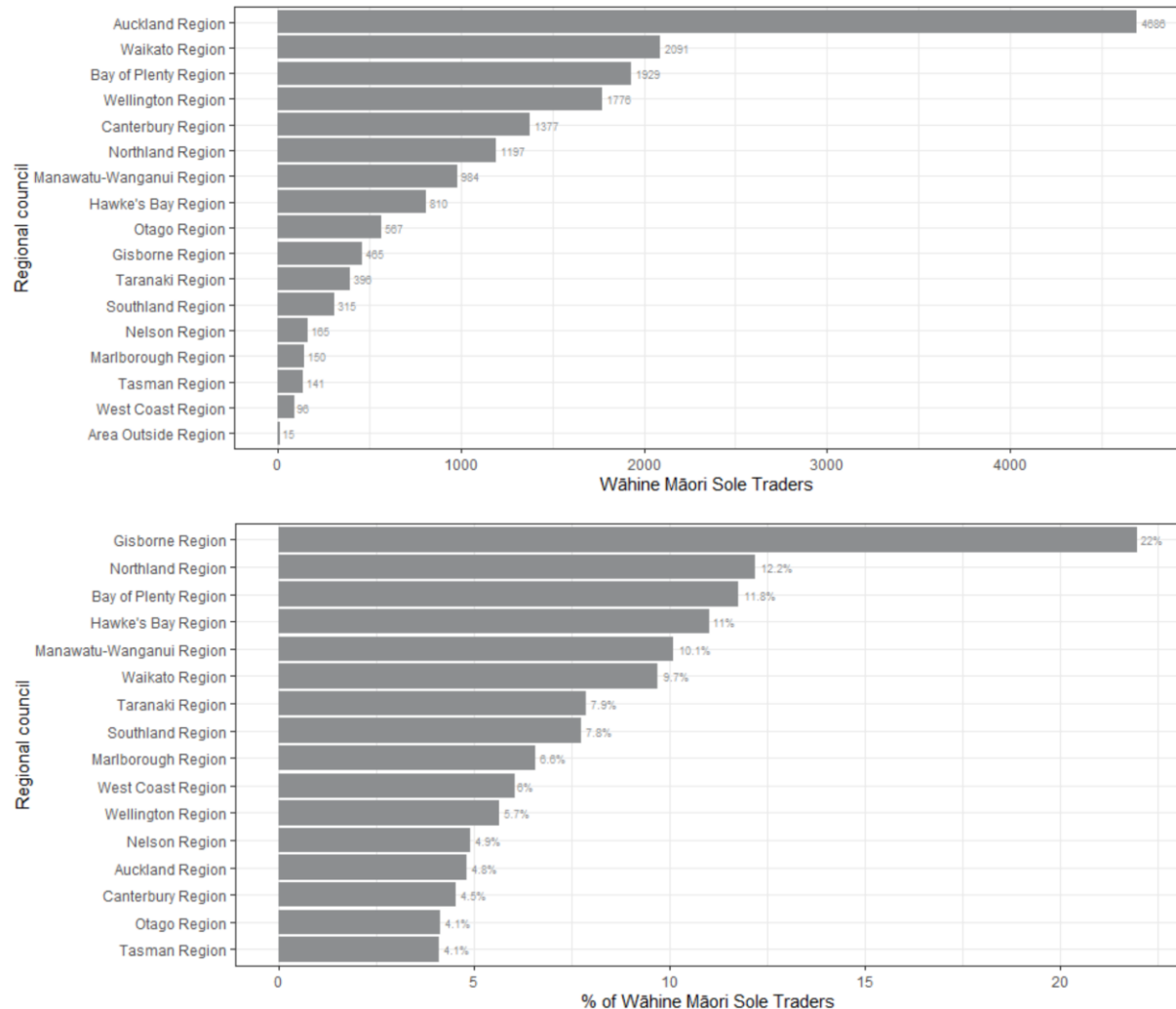
Wāhine Sole Traders

In Aotearoa New Zealand, wāhine Māori account for **6.6%** of all sole traders. The overall proportion of sole traders who are wāhine was **47.8%** for the tax year ending 31 March 2020. The proportion of Māori sole traders who are wāhine Māori is **44.8%**.



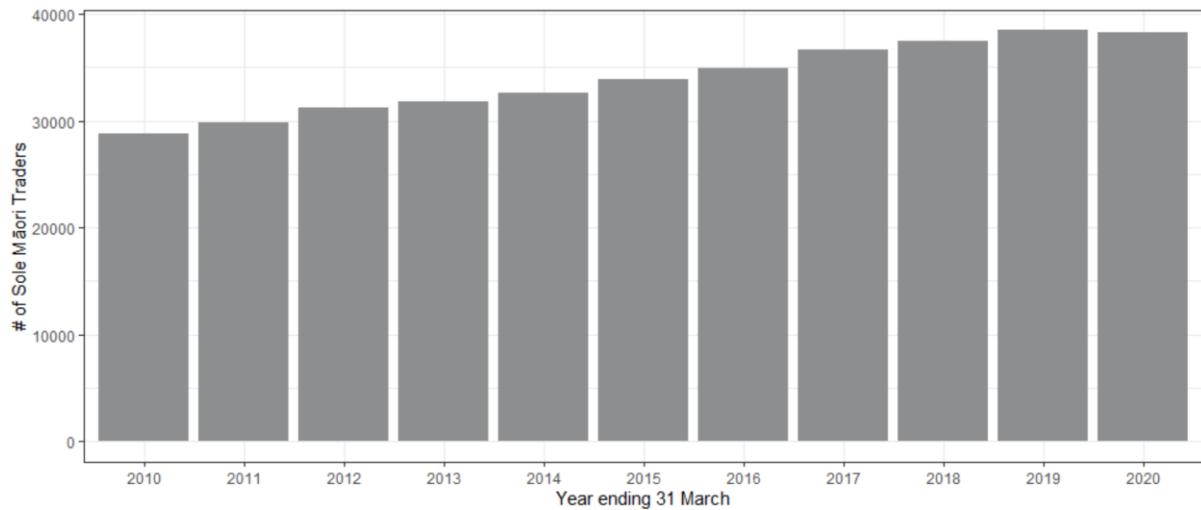
Of all wāhine sole traders in Aotearoa New Zealand, **13.8%** are wāhine Māori.

Wāhine Māori Regional Distribution



Unsurprisingly with wāhine Māori sole traders comprising almost 45% of Māori sole traders, the regional distribution follows a similar pattern. Tāmaki Makaurau has the highest number of wāhine Māori sole traders in Aotearoa New Zealand with **4,606** sole traders (**4.8%** of all sole traders in Tāmaki Makaurau and **26.8%** of all wāhine Māori sole traders in New Zealand). Gisborne region has the highest proportion of sole traders who are wāhine Māori at **22%** - that is **465** wāhine Māori sole traders. Waikato region and Bay of Plenty region round out the top 3 regions for the highest number of wāhine Māori sole traders at **2,091** and **1,929**, respectively. Northland region and Bay of Plenty region round out the top 3 regions for proportion of sole traders who are wāhine Māori – with **12.2%** and **11.8%** wāhine Māori sole traders, respectively.

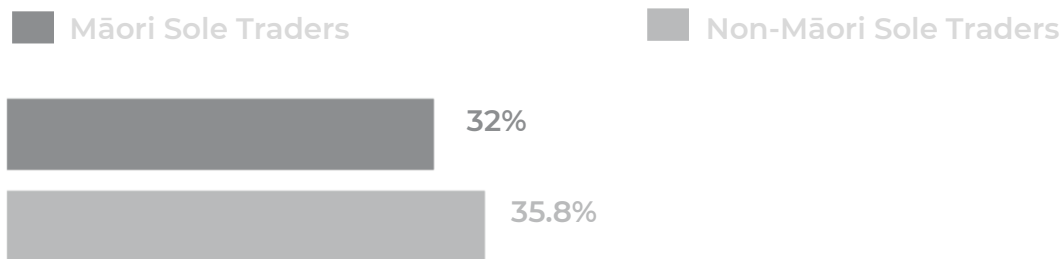
Longitudinal Analysis



The number of Māori sole traders has steadily grown over the period from 2010 to 2020, with the lowest number of Māori sole traders being **28,788** in 2010 to the highest being **38,439** in 2019. The proportion of all sole traders that are Māori has remained consistent over that same period, between **13%** and **14.7%**, with the 14.7% being attributable to the 2020 tax year.

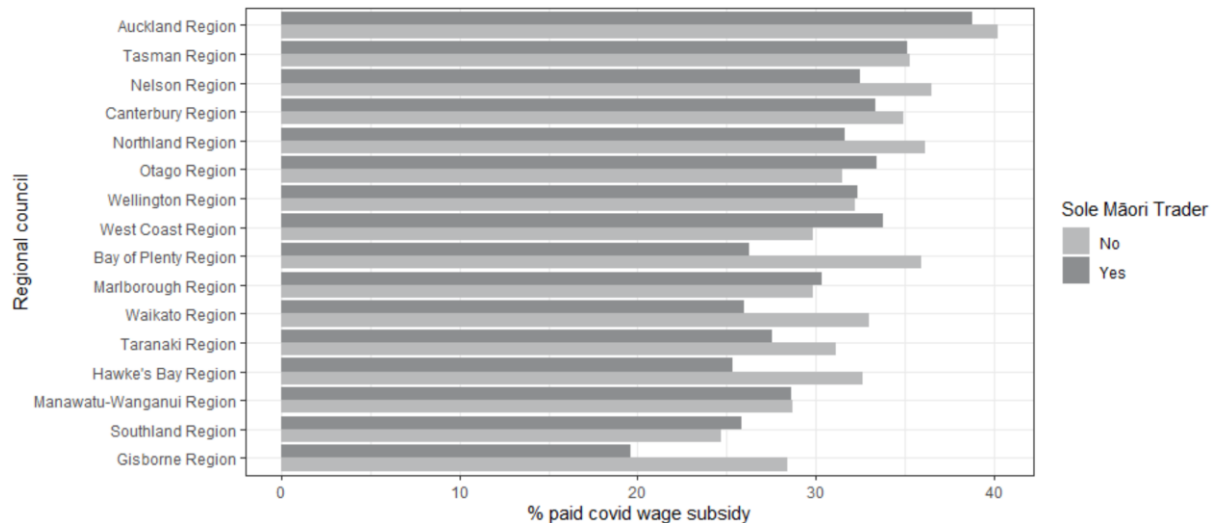
Covid-19 Wage Subsidy

Has the Covid-19 wage subsidy being paid proportionately?



Paid a Covid-19 wage subsidy

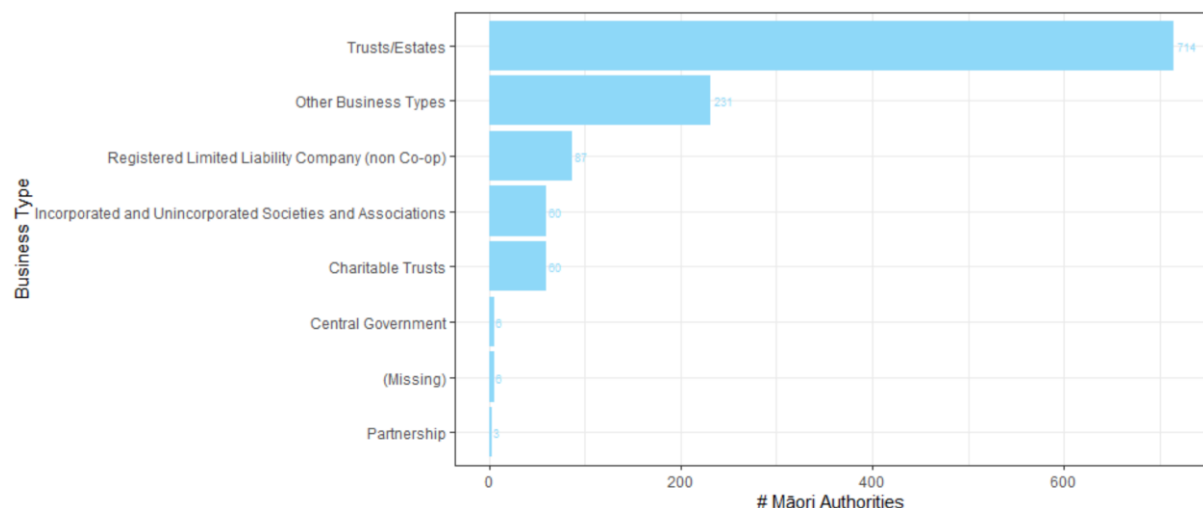
Covid-19 Regional Distribution



Amongst the regions, Māori sole traders and non-Māori sole traders had variable levels of sole traders being paid a Covid-19 wage subsidy. Māori sole traders in Gisborne had the lowest proportion of subsidy recipients at **19.6%** - the only region under 20%. Tāmaki Makaurau had the highest proportion of paid subsidies at **38.8%** of Māori sole traders.

Māori Authorities

There are **1,170** Māori authorities in Aotearoa New Zealand, with **62.1%** classified as Trusts/Estates as shown below:



53.3% of Māori authorities are attributable to the 'Rental, Hiring, and Real Estate Service' industry, followed by **23.2%** in 'Agriculture, Forestry and Fishing'. All other industries make up **23.5%** of Māori authorities.

Appendix A

Defining a business using the IDI and LBD

In this report we identify businesses as all significantly economic enterprises in the LBD, who are not:

- Central government organisations
- Government-owned trading entities
- Local government organisations
- Local government trading enterprises
- Consulates and foreign embassies.

A business can be called an “enterprise” if it has an enterprise number in the LBD and an IRD number.

Enterprises are considered “economically significant” if they meet any of the criteria in Table 1.

An economically significant enterprise meets at least one of the following:
Greater than \$30,000 annual GST expenses or sales
More than 3 paid employees
In a GST exempt industry, other than residential property leasing and rental
Part of a Business Register (BR) group
Has a new GST registration and has registered for salaries and wages PAYE but has not yet started filing GST
returns or has a new GST registration and part of an IRD GST group return. The former has a 12-month
window of being considered an enterprise before the other criteria in this table are applied.
Has a live GEO classified to agriculture
IRD10 income is greater than \$40,000

Table 1: Stats NZ criteria for a business to be classified as an economically significant enterprise

Businesses in this report include:

- Branches of Companies Incorporated Overseas
- Charitable Trusts
- Co-operative Companies
- Incorporated and Unincorporated Societies and Associations
- Individual Proprietorships
- Joint Ventures and Consortia

- Other Business Types
- Partnerships
- Registered Limited Liability Companies (non-Co-op)
- Trusts/Estates.

No economically insignificant enterprises have been included

Within Stats NZ microdata (the LBD and IDI) non-economically significant businesses can be identified but have been excluded from this analysis.

Ways of identifying a Māori business

Our approach to identify Māori businesses was to link businesses to Māori individuals.

We identified Māori individuals if they were either of Māori ethnicity in the IDI (collected via a range of survey and administrative sources) or identified as having Māori descent from the NZ Census 2013.

The approach of using ethnicity and descent to identify Māori businesses is consistent with Stats NZ approach, as for both businesses registered with Poutama Trust and NZ Māori Tourism (key inputs to Tatauranga Umanga Māori) there is a requirement they are owned by Māori.

From the Business Operations Survey (BOS) from 2015 to 2018, respondents were asked to self-identify if their business was Māori and selected a reason for this choice. Māori ownership and Māori employees or management were both among the most popular reasons as to why a business self-identified as Māori. This provides reasoning for this approach.

From the available data, we can identify businesses, and Māori individuals. Using these linked sources, we developed three ways of identifying Māori businesses:

- Māori owned businesses
- Māori sole traders
- Significant employers of Māori.

For some purposes, users may require a definition of Māori businesses based on more abstract concepts, such as cultural connectedness. The approach of this report was to begin with less complex data, that could be used immediately. Further work is possible to include aspects such as culture into these definitions using survey-based data such as Te Kupenga or the General Social Survey.

As a result of the available data, we identified a Māori owned business if it meets at least one of the following criteria:

- Māori business based on Stats NZ identifier

The business is an enterprise and is flagged as Māori by Stats NZ and used in their Tatauranga Umanga Māori reports.

- Majority shareholders are Māori

A business where at least 50% of wages paid to directors, partners or active shareholders are to individuals of Māori ethnicity or descent

We also identified:

- Māori sole traders

A sole trader of Māori ethnicity or descent

Finally, to identify businesses that were not Māori owned by were significant to the Māori economy, we identified:

- Significant employers of Māori

A business where at least 75% of the total number of employees are individuals of Māori ethnicity or descent.

Māori businesses based on Stats NZ identifier

In the LBD Stats NZ provides an indicator for Māori enterprises that are economically significant. This definition encompasses companies, incorporated clubs and societies, state-owned enterprises, trusts, central and local government bodies, sole traders and partnerships.

A Māori enterprise can be further split into two broad sub-categorises:

1. An enterprise that is a Māori Authority or is eligible for the tax code MA/MT, is majority owned by a Māori Authority, or whose business operations supports Māori Authority's business and social activities and sustains or builds a Māori Authority's asset base.
2. A small-to-medium size enterprise (fewer than 100 employees) that is not owned by another enterprise and is not a Māori Authority, where the owner has self-identified the business as Māori in the BOS or either Poutama Trust or New Zealand Māori Tourism has identified the enterprise as Māori.

Businesses meeting these criteria are identified as Māori enterprises by Stats NZ. We filtered out state-owned enterprises and central and local government bodies.

This criterion excludes the case where a Māori enterprise that was not a Māori Authority was owned by a non-Māori enterprise – in other words, has a non-Māori parent enterprise.

The BOS coverage was also limited to enterprises with at least 6 employees, a higher employee cut-off than that listed in Table 1 as the definition of an economically significant enterprise.

Any individual of Māori ethnicity or descent that was a small sole trader was not recognised in this criterion.

Majority shareholders are Māori

To identify Māori businesses that are Māori-owned used shareholding data from IR4S and IR20 filings, along with IR number relationship mappings.

The available shareholder data in the LBD does not provide information on distribution of shares between multiple shareholders. However, it does provide wages paid to active shareholders, partners, or directors. We identified a Māori owned business if at least 50% of wages to active shareholders, partners or directors of a business were paid to individuals of Māori ethnicity or descent.

Wages were identified through IR4S filings, along with the employer-employee relationship of either directors, shareholders, or executive office holders. Partnerships were identified through IR20 filings and the employer-employee relationship of the partner.

Since this classification looks at IR filings, it captured both enterprises and non-enterprises in our definition of a Māori business, although most of these businesses were enterprises. This ownership criterion was only applied to an individual enterprise and not to any child or parent enterprise. We also filtered out state-owned enterprises and central and local government bodies. Many businesses do not have available shareholder data.

Māori sole traders

To identify Māori sole traders, we used derived data tables (based on EMS data and IR3, IR4S and IR20 tax filings) in the IDI that examine payee-payer relationship data to identify self-employment income. Additionally, we used IR3 tax filings to apply exclusion criteria to different sub-categories of sole traders. Sole traders identified through IR3 filings excluded any businesses that made a combined amount from partnership income, shareholder income and self-employment income of zero. Additionally, where those sole traders identified through IR3 filings had an income source code of 'S00' only those that had a self-employment income of non-zero

were included. And where those sole traders identified through IR3 filings had an income source code of 'S03', only those that had a rental income of non-zero were included.

The count of sole traders was taken as the count of businesses which met this criterion.

Significant employers of Māori

To identify businesses that may not be owned by Māori but represent a significant employer to Māori, we also identified enterprises who employ high proportions of Māori individuals. While not all these businesses are Māori-owned, they are important to the Māori economy.

To do this we defined a large Māori employer as any business where at least 75% of the total number of employees within the last tax year (April 1st to March 31st) comprised of individuals that are of Māori ethnicity or descent. This is an easily moveable bound.

This criterion of a large Māori employer was applied at the individual enterprise level and not to any child or parent enterprise. Although this definition captures enterprises that employ a large proportion of Māori individuals, it may exclude enterprises that have large seasonal variations in employment which are important to the Māori economy. Further work could be undertaken on seasonal employers.

Data dictionary

These details relate to output variables that were used to describe Māori businesses. The title of the variable is given, while the variable name as it appears in our output is in parentheses.

Māori active shareholder business indicator (ownship_maori_biz_ind)

Our derived indicator that is true ("1") when a business met our definition of a business that had 50% or more of shareholder wages paid to Māori shareholders, and false ("0") when less than 50% of wages were paid to Māori shareholders.

If there was no shareholder data available, then there was no way to determine whether the business was Māori owned or not. For these instances, the indicator was set to "(Missing)".

Wāhine active shareholder business indicator (ownship_wahine_as_ind)

Our derived indicator that is true ("1") when a business met our definition of a business that had more than 0% of shareholder wages paid to wāhine shareholders, and false ("0") when less than or equal to 0% of wages were paid to wāhine shareholders.

If there was no shareholder data available, then there was no way to determine whether the business was had wāhine active shareholders or not. For these instances, the indicator was set to "(Missing)".

Wāhine Māori active shareholder business indicator (ownship_wm_as_ind)

Our derived indicator that is true ("1") when a business met our definition of a business that had more than 0% of shareholder wages paid to wāhine Māori shareholders, and false ("0") when less than or equal to 0% of wages were paid to wāhine Māori shareholders.

If there was no shareholder data available, then there was no way to determine whether the business had wāhine active shareholders or not. For these instances, the indicator was set to "(Missing)".

Stats NZ Māori business indicator (statsnz_maor_ind)

An indicator in the LBD where a business is flagged either Māori ("y") or non-Māori ("n") by Stats NZ. If there was no determination by Stats NZ if the business was Māori or not, the flag was "(Missing)".

Māori owned business indicator (combined_ind)

Our derived indicator that combined the majority Māori shareholder business indicator and the Stats NZ Māori business indicator. This allowed us to compare the business activities between Māori owned and non-Māori owned businesses. Businesses were identified as either Māori owned ("1") or non-Māori owned ("0").

A positive indicator meant that either the Stats NZ flag or our majority Māori shareholder business indicator was positive. A negative indicator meant any of the following:

- Both the Stats NZ flag and our majority Māori shareholder business indicator were false.
- The Stats NZ flag was false, and our indicator was "(Missing)"
- Our indicator was false, and the Stats NZ flag was "(Missing)"
- If both indicators were "(Missing)", this indicator was set to "(Missing)".

Significant employer of Māori indicator (sig_emp_maor_ind)

Our derived Māori indicator for enterprises based on employee headcounts that is true ("1") when an enterprise meets the 75% threshold of Māori employees and false ("0") if the percentage of Māori employees is less than 75%. This indicator allowed us to compare the business activities between significant employers of Māori and other businesses.

Since our criterion for a significant employer of Māori is dependent on the availability of employee data, if there was no employee data then there was no way to determine whether the business was a significant employer of Māori or not. For these instances, the indicator was set to "(Missing)".

Significant employer of wāhine indicator (sig_emp_wahine_ind)

Our derived wāhine indicator for enterprises based on employee headcounts that is true ("1") when an enterprise meets the 75% threshold of wāhine employees and false ("0") if the percentage of wāhine employees is less than 75%. This indicator allowed us to compare the business activities between significant employers of wāhine and other businesses.

Since our criterion for a significant employer of wāhine is dependent on the availability of employee data, if there was no employee data then there was no way to determine whether the business was a significant employer of wāhine or not. For these instances, the indicator was set to "(Missing)".

Significant employer of wāhine Māori indicator (sig_emp_wm_ind)

Our derived wāhine Māori indicator for enterprises based on employee headcounts that is true ("1") when an enterprise meets the 75% threshold of wāhine Māori employees and false ("0") if the percentage of wāhine Māori employees is less than 75%. This indicator allowed us to compare the business activities between significant employers of wāhine Māori and other businesses.

Since our criterion for a significant employer of wāhine Māori is dependent on the availability of employee data, if there was no employee data then there was no way to determine whether the business was a significant employer of wāhine Māori or not. For these instances, the indicator was set to "(Missing)".

Māori sole trader indicator (sol_maor_ind)

Our derived indicator to identify whether a sole trader was Māori ("1") or otherwise ("0"). This allowed us to compare Māori sole traders with non-Māori sole traders. Sole traders were also further categorised on whether they received rental income or not.

There was no overlap between our Māori-owned indicator and the sole trader indicator since sole traders do not have partnership or shareholder data.

Wāhine sole trader indicator (sol_wahine_ind)

Our derived indicator to identify whether a sole trader was wāhine ("1") or otherwise ("0"). This allowed us to compare the wāhine sole traders to non-wāhine sole traders. Sole traders were also further categorised on whether they received rental income or not.

Wāhine Māori sole trader indicator (sol_wm_ind)

Our derived indicator to identify whether a sole trader was wāhine Māori ("1") or otherwise ("0"). This allowed us to compare the wāhine Māori sole traders with non-wāhine-Māori sole traders. Sole traders were also further categorised on whether they received rental income or not.

Counts of businesses (count_ent_rr3, agg_empct_exist_rr3, agg_gst_exist_rr3)

To count the number of Māori owned businesses, non-Māori owned businesses, Māori sole traders, non-Māori sole traders and significant employers of Māori, businesses counts were defined. Suppressed and random-rounded (to base 3) counts of enterprises were used.

'Live' businesses in the LBD can be counted as the number of businesses that have GST data (IR filing) or the number of businesses that have employment data (EMS). These two counts overlap significantly but are not always equal.

Where a bulk count of businesses (i.e., number of businesses in a region) was required, the overall count of enterprises was used (count_ent_rr3).

Where determination of employment metrics was required (i.e., business size by employee count), the count of businesses was taken as the number of businesses with employment data (agg_empct_exist_rr3).

Where determination of financial metrics was required (i.e., business size by GST count or average net profit), the count of businesses was taken as the number of businesses with GST data (agg_gst_exist_rr3).

Region (rc_name_text)

The geographic location of the business in terms regional council areas was taken from the LBD. This is because smaller geographic divisions (i.e., territorial authorities) could lead to suppressed output from the LBD.

Enterprises in the LBD do not have geographic location. To solve this issue and to identify where enterprises are located, we assumed that the location of an enterprise corresponds to that of its permanent business number (PBN). This also allowed for regional comparisons of both employment and financial metrics of businesses, since financial metrics (i.e., net GST, total sales, and total purchases) are only available at the enterprise level.

Majority of enterprises exhibited a one-to-one enterprise to PBN relationship. For these enterprises, we created a one-to-one relationship between an enterprise and its geographical unit (GEO) and corresponding PBN in the LBD.

For the enterprises that had a one-to-many relationship between the enterprise number and PBN, the enterprise was assigned to the region corresponding to the PBN that had the greatest number of employees. By doing this, we localised an enterprise to the region where it had the most employees. However, this may not be the same region (PBN) that has the highest GST turnover, which is potentially an equally adequate measure of business activity. Since we were more interested in characteristics and distributions Māori employees, we went with the former method to localise enterprises.

In the case of a sole trader, the residential address of the individual employee was used to assign region. In the case of a business which had no employee data, an address was more difficult to ascertain since IR filings were the only method of identifying a business's geographic location. In some circumstances, IR forms of these businesses had multiple addresses. On these occasions, it was deemed there was no determination of the business's region, and it was set to "(Missing)".

Employee Counts (agg_emp_count)

Total employee headcounts were derived by averaging over 12 months of EMS data. Values were suppressed for an average monthly employee count of less than 20.

Where an enterprise had multiple PBNs, employment data was summed over the enterprise level to account for the total number of employees across an entire business.

A unique IRD number that appears on an Employer Monthly Schedule (EMS) represents an employee of that business. This captured employees at any position of that business.

Employee counts were done over the tax year (April 1st – March 31st) and consisted of employees that had worked in any capacity for that business, including under

full-time, part-time, or casual contracts. The average monthly count of employees was then summed to get the total number of employees within the year.

As a result, this was an over-estimation of the number of employees that a business has, and a more accurate method of deriving full-time equivalence (FTE) for each employee may be pursued later. Additionally, any employees that work two different jobs were double counted in this method since they would appear as a unique IRD number on two separate business' EMS filings.

Māori Employee Counts (agg_mao_emp_count)

The number of Māori employees were a subset of the employee count. To quantify the number of Māori employees, if an individual (manifested as a unique IRD number) had indicated that they were of Māori descent in the 2013 NZ Census or if they were otherwise of Māori ethnicity, we considered them to be Māori.

Industry (overall_division_description, overall_subdivision_description, overall_group_description)

Industry was taken from ANZSIC06 codes and subdivision codes from the LBD.

We assumed that the industry ANZSIC06 code at the enterprise level corresponded to activity that was occurring at the GEO level. This assumption follows on from our previous method of using PBNs to identify the locality of the enterprise.

Since ANZSIC06 codes only exists for enterprise numbers, the industry of non-enterprise businesses and sole traders was set to "(Missing)". There were a small minority of instances where businesses had shareholding data but had no ANZSIC06 code.

Total Net GST (ent_tot_netgst)

To quantify business size, annual net GST was used. This was found from a company's IR filing and is available if a business has an enterprise number in the LBD.

Total Sales (ent_tot_sales_inc)

The total sales in NZ dollars were available from the LBD for enterprises with GST data.

Total Purchases (ent_tot_purc_exp)

The total purchases in NZ dollars were available from the LBD for enterprises with GST data.

Net Profit (net_profit)

For net profit, total purchases (a negative amount) and total sales (a positive amount) were summed. This information was available for all businesses that have an enterprise number and have GST data. Where average net profit was used, the total net profit was divided by the number of enterprises with GST data.

In the case of a sole trader, their finances were only quantified as their total annual income. Because of this difference in methodologies, sole trader profits were not compared to business profits.

Enterprise size (ent_size_emp, ent_size_gst)

To compare the size and distribution of businesses, categories of business size were developed based on employee counts and GST data. The sizes for employee counts are seen in Table 2, and the sizes for net GST data is given in Table 3.

Number of employees
XS ≤ 5
S >5 to ≤ 10
SM >10 to ≤ 20
M >20 to ≤ 100
L >100

Table 2: size of enterprises based on employee size.

Net GST
NEG <0
XS ≥ 0 to $\leq \$5,000$
S $> \$5,000$ to $\leq \$20,000$
M $> \$20,000$ to $\leq \$60,000$
L $> \$60,000$

Table 3: Size of enterprises based on GST turnover.

Sole traders who have rental income indicator (rental_ind)

Our derived indicator that identifies whether a sole trader (as defined prior) has received non-zero rental income ("1") or not ("0") on an IR3 form.

Covid wage subsidy recipient indicator (cov_wag_sub_ind)

Our derived indicator that identifies whether a business has received a covid wage subsidy where the final status was "Paid" ("1") or not paid ("0"). Where businesses

did not have a corresponding covid wage subsidy record the indicator was set to ("Missing").

Three or more employee's indicator (three_plus_emp)

Our derived indicator that identifies whether a business has 3 or more employees ("1") or less than 3 employees ("0"). Where businesses did not have employee counts available the indicator was set to ("Missing").

Enterprise business type (ent_business_type96_text)

Enterprise business type was taken from business_type96 codes from the LBD.

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