



Te Puni Kōkiri
MINISTRY OF MAORI DEVELOPMENT

Te Matapaeroa 2021

Data on the Māori Economy

Executive Summary

Te Matapaeroa 2021 is the third and latest iteration in the Te Puni Kōkiri insights series about the Māori economy. This iteration included a review of the methodology, focused on establishing a sound methodological approach to identifying and counting parts of the Māori economy in Aotearoa New Zealand, leading to changes in how we identify and count businesses and sole traders in Te Matapaeroa.

In this report, we show data for the three types of businesses we report on: Māori-owned businesses, sole traders, and significant employers of Māori. We add the 2021 financial year to the data, as well as including more historical data going back to the 2001 financial year.

We have expanded our understanding of Māori business ownership by adding additional definitions of Māori-owned businesses, and present the timeseries of four Māori-owned business definitions in recognition of different definitions being appropriate for different purposes.

Te Matapaeroa 2020 reported on Māori-owned businesses as those where at least 50% of ownership income was paid to an individual of Māori ethnicity or descent. We add a definition which removes the threshold of ownership income – a business is Māori-owned if any ownership income is paid to an individual of Māori ethnicity or descent. We also add a variation to these definitions, whereby an owner is identified by Māori ethnicity, regardless of whether or not they have Māori descent. We also identify wāhine Māori-owned businesses as those where any ownership income is paid to a wāhine Māori owner.

In 2021, there were:

- **20,499** (or **11%** of all) businesses where any ownership income was paid to individuals of Māori ethnicity or descent.
- **17,889** (or **9.6%** of all) businesses where at least 50% of ownership income was paid to individuals of Māori ethnicity or descent.
 - *With this definition and old methodology, Te Matapaeroa 2020 reported **23,000** Māori-owned businesses, representing **8.8%** of all businesses.*
- **14,874** (or **7.9%** of all) businesses where any ownership income was paid to individuals of Māori ethnicity (regardless of descent).
- **9,132** (**4.9%** of all) businesses where there was any ownership income paid to wāhine of Māori ethnicity or descent.

Sole traders (often referred to as contractors or self-employed) are individuals in business where their business is not a legally separate entity and is instead considered an extension of the owner.

- In 2021, there were **9,303** (or **9.9%** of all) Māori ethnicity or descent sole traders.

A significant employer of Māori is a business where a substantial proportion of the workforce is made up of Māori employees.

- In 2021 there were **18,260** businesses where at least half of employee FTE was attributed to Māori, representing **11.0%** of businesses¹.

Disclaimer for output produced from the IDI

Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Data and Statistics Act 2022. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers. These results are not official statistics. They have been created for research purposes from the [Integrated Data Infrastructure (IDI) and/or Longitudinal Business Database (LBD)] which [is/are] carefully managed by Stats NZ. The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes.

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. The data is the most up to date information available as of August 2023, and is subject to change on availability of new data.

¹ Businesses with at least one employee, and disregarding ownership.



Introduction

Te Matapaeroa is a Te Puni Kōkiri insights series about the Māori economy. Te Matapaeroa identifies and describes different parts of the Māori economy, reporting statistics on Māori-owned businesses, Māori sole traders, and businesses that are “significant” employers of Māori.

Te Matapaeroa 2021 is the third and latest iteration in the series, adding data from the 2021 financial year, as well as including more historical data going back to the 2001 financial year.

We’ve reviewed our methodology for Te Matapaeroa 2021, expanding our understanding of Māori business ownership, refining how we identify and count sole traders, and changing the threshold for ‘significant employers’ of Māori.

This report introduces Te Matapaeroa 2021, describing the key changes to the methodology and definitions used, and showing data for the three types of business we report on: Māori-owned businesses, Māori sole traders, and significant employers of Māori.

Māori business data in Aotearoa New Zealand

Data about Māori business is important for Māori business networks, policy makers, and decision makers to be able to make informed decisions to support and build Māori enterprise and the Māori economy. This data is important for Māori business owners as well – it enables them to understand the economic environment they are operating in and to make informed decisions about how they operate.

Whilst there is high quality data about the economy and businesses generally for Aotearoa New Zealand, data specifically about Māori businesses has been lacking. A key reason for this has been the need for a definition of Māori businesses, so data can be collected and reported on consistently. Stats NZ have made progress in this area with the introduction of the Māori business standard, which includes an official definition and guidelines for collecting and reporting data about Māori businesses (Stats NZ, 2022).

Since 2014, Stats NZ have published the annual report Tatauranga Umanga Māori: Statistics on Māori businesses (TUM). Although largely focusing on Māori authorities, which are businesses involved in the collective management of assets held by Māori, TUM has more recently expanded to include some Māori businesses other than Māori authorities. These are businesses that have self-identified as a Māori business in the Stats NZ Business

Operations Survey, or identified through third-party lists provided to Stats NZ by Māori organisations. Recent updates to the TUM methodology, including the addition of new population sources, show Stats NZ continue to improve and expand on this work about Māori businesses (Stats NZ, 2023a).

Te Matapaeroa takes a different approach to TUM, one that aims to identify and count all businesses with Māori ownership in Aotearoa New Zealand, as well as identifying other key parts of the Māori economy. In doing this, Te Matapaeroa fills a data gap in providing key insights about the Māori economy. Te Matapaeroa looks at the distribution of Māori enterprise around the country, the industries they operate in, the proportion of all businesses that are Māori owned, and how these key characteristics have changed over time, along with other performance indicators.

The first iteration of the series (Te Matapaeroa 2019) established the feasibility of counting and describing Māori-owned businesses in Aotearoa New Zealand. For Te Matapaeroa 2020, the work was expanded to get a clearer picture of the extent and diversity of the Māori economy, in particular uncovering the importance of wāhine Māori-owned businesses. Te Matapaeroa 2021 includes a methodology review, focused on establishing a sound methodological approach to identifying and counting parts of the Māori economy in Aotearoa New Zealand.



Changes to how we identify businesses

Te Matapaeroa makes use of Stats NZ's Integrated Data Infrastructure (IDI), Longitudinal Business Database² (LBD), and the Fabling and Maré (2019) Productivity tables, to build a dataset with a collection of indicators for Māori business.

A business is an organisation or entity that is actively operating in Aotearoa New Zealand and is engaged in commercial, industrial, or professional activities. Common business types include limited liability companies, partnerships, and sole traders. The Māori-owned businesses referred to in Te Matapaeroa are primarily partnerships and companies.

Sole traders are a subset of business, which Te Matapaeroa reports separately from other businesses. In Te Matapaeroa 2019 and 2020 sole traders were identified as any individual with sole trader income³ which covers a range of scenarios where individuals are declaring this income – from individuals with 'side gigs' to their main employment, through to people whose main source of income is their sole trader income.

In Te Matapaeroa 2021 we identify 'established' sole traders. These are sole traders that have passed a threshold⁴ determined by Stats NZ, by which they are considered large enough to be businesses. Established sole traders are a smaller group than the wider and more variable group identified solely through reporting self-employed income. Sole traders were separated from other businesses to investigate whether this specific part of the Māori economy is different to other types of business.

Due to the change in how we identify sole traders, our count of sole traders is different to that reported in Te Matapaeroa 2020. We have also changed the way we identify Māori-owned businesses, which means that the counts and proportions of businesses that are Māori-owned also look different to previous years. These changes are described below.

How we identify businesses in the LBD

Businesses in the LBD are assigned a unique identifier which can be used to link information for an individual business across different datasets and over time. It is not uncommon for a business to have multiple unique identifiers, so that one individual business can appear to be, for example, three separate businesses. For Te Matapaeroa 2021 we used Fabling & Maré's (2019) work in which they assign new unique identifiers to businesses with multiple unique identifiers (also known as "permanent enterprise numbers", or PENTs). In using PENTs, we avoid double-counting individual businesses. This narrows the pool of businesses we use to identify Māori- and non-Māori-owned businesses.

There are also several other changes to the methodology (see Te Matapaeroa 2021 Methodology for more details). The main changes affecting business counts are:

- Ownership income directly reported to IR as ownership income is used to identify active owners, and the amount of a business owned. (Previously other sources besides ownership income were used).
- Including only private-for-profit businesses (previously businesses that were not private-for-profit businesses were included).

2 More information about Stats NZ's IDI and LBD can be found at <https://www.stats.govt.nz/integrated-data/>

3 Sole traders are identified from filing an IR10 form with IRD.

4 Established sole traders are those that meet one of the following criteria: annual expenses or sales subject to GST of more than \$30,000; more than three employees; are part of a group of enterprises; report over \$40,000 in their IR10.



Components of the Māori economy

This section gives an overview of our approach to defining and identifying Māori-owned businesses, sole traders, and significant employers of Māori.

Māori-owned businesses

Identifying Māori business owners

To identify Māori business owners, we connect businesses in the LBD to their owners' ethnicity

and descent in the IDI. Māori descent is self-reported in the census, while ethnicity may or may not be self-reported, and comes from a variety of sources.

While these Māori ethnicity and descent variables overlap significantly, there are people who only report one and not the other. Figure 1 shows how census reported ethnicity and descent overlap.

Figure 1 – Ethnicity and descent overlap

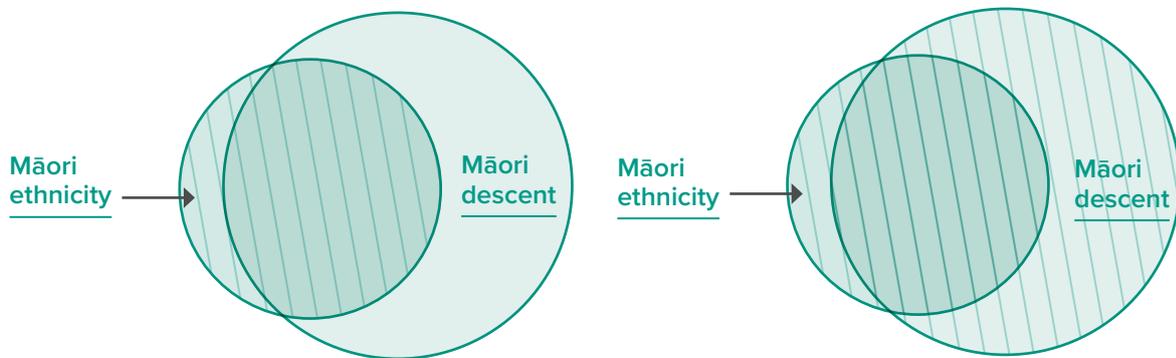


Figure 1: These two diagrams represent the overlap between Māori ethnicity and descent variables collected in the census. The left-hand side shows the group (shaded) of Māori ethnicity business owners, and the right hand-side shows the group of Māori ethnicity or descent business owners, that we use to identify Māori-owned businesses. (Diagram not to scale).

We use ethnicity and descent to identify two groups of Māori business owners. The first group is based on people who have reported Māori ethnicity, whether or not they also have Māori descent (the shaded group on the left-hand side of Figure 1), but will naturally capture many who have also reported Māori descent. The second is those who report having Māori ethnicity or descent – the right-hand side of Figure 1.

Defining Māori-owned businesses

Between the 2020 and 2021 iterations of Te Matapaeroa, Stats NZ consulted on and released the official definition and data standard for Māori businesses. The official definition is based on two criteria: self-identification as a Māori business by a representative of the business, and Māori descent of business owners (Stats NZ, 2022). Whilst we do include descent in our Māori-owned business definitions, we were constrained by data availability and couldn't consider owners' views on whether they would identify their business as a 'Māori' business.



Te Matapaeroa therefore takes a simplified approach to identifying Māori businesses based on Māori ownership. Te Matapaeroa 2020 reported on businesses with a minimum threshold for Māori-ownership – a business was Māori-owned if it at least 50%⁵ of the business was owned by a person or people⁶ with Māori ethnicity or descent.

In the 2021 iteration of Te Matapaeroa, we expand our classification of Māori-owned business by adding a definition without an ownership threshold: a business is Māori-owned if at least one owner⁷ has Māori ethnicity or descent. This means that at least one Māori person is an owner. By removing the requirement for a minimum level of ownership there will be more businesses identified as Māori-owned businesses under this definition.

We also add a variation to each definition described above, where the owners are identified by Māori ethnicity, the group shown on the left-hand side of Figure 1.

In addition to Māori-owned businesses, we identify businesses that have a wahine Māori owner. A business is wāhine Māori-owned if any ownership income goes to a wahine of Māori ethnicity or descent (this is the same definition used in Te Matapaeroa 2020).

Different definitions for different purposes

For Te Matapaeroa 2021 we have created a dataset with several definitions of Māori-owned business, because there is no single agreed upon definition that is appropriate for all purposes.

Most official population statistics are based on ethnicity rather than descent, so Māori-owned business definitions that use ethnicity are a better comparison if Māori-owned business statistics need to be compared to Māori population statistics.

Progressive Procurement policy defines a Māori business as a business with 50% Māori ownership⁸ (Cabinet Business Committee, 2020). The Te Matapaeroa 50% threshold definition using Māori ethnicity most closely aligns with the progressive procurement definition.

Stats NZ defines a Māori business as any business that is fully or partially owned by a person or people who have Māori whakapapa (Stats NZ, 2022). Whilst we don't have any data on whether owners characterise their business as 'Māori', the Te Matapaeroa definition "any ownership income going to a person of Māori ethnicity or descent" most closely aligns with the Stats NZ definition.

Prevalence of Māori-owned businesses

Figure 2 shows the prevalence of Māori-owned businesses in Aotearoa New Zealand under four different definitions for comparison. In 2021, there were:

- 20,499 (or 11% of all) businesses where any ownership income was paid to individuals of Māori ethnicity or descent.
- 17,889 (or 9.6% of all) businesses where at least 50% of ownership income was paid to individuals of Māori ethnicity or descent.
 - *With this definition and old methodology, Te Matapaeroa 2020 reported 23,000 Māori-owned businesses, representing 8.8% of all businesses.*
- 14,874 (or 7.9% of all) businesses where there was any ownership income paid to individuals of Māori ethnicity (regardless of descent).
- 9,132 (4.9% of all) businesses where there was any ownership income paid to wāhine of Māori ethnicity or descent.

⁵ This was adjusted from the 51% threshold used in Te Matapaeroa 2019, to align with the government's Progressive Procurement policy.

⁶ These owners must be receiving some ownership income for the business to be a Māori-owned business.

⁷ This owner must be receiving at least some ownership income for this to be considered a Māori business.

⁸ Progressive Procurement policy includes Māori authorities in their definition also.



Figure 2: Māori business ownership definitions

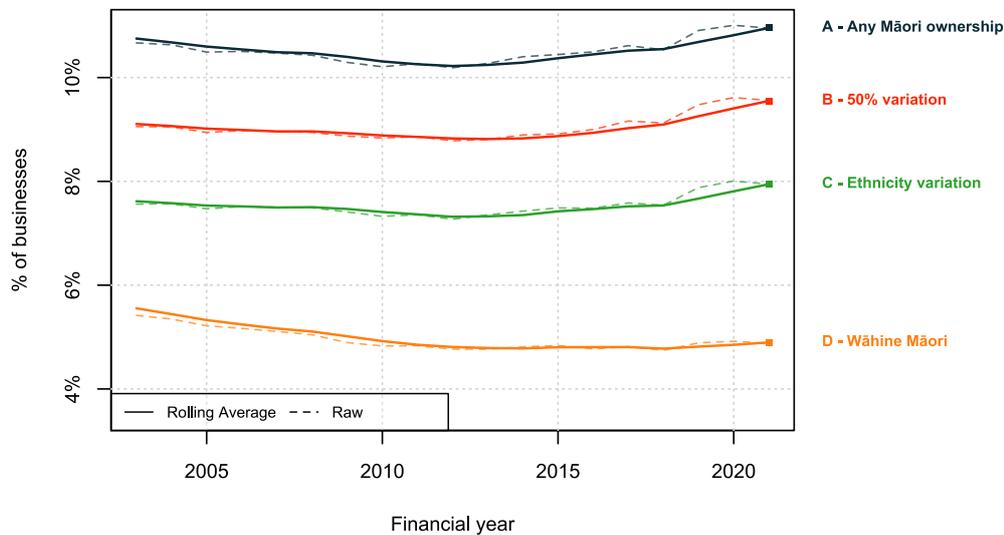


Figure 2: Four definitions of a Māori-owned business and their prevalence from 2001 to 2021. The four definitions are A: At least one owner of Māori ethnicity or descent is receiving some ownership income; B: At least 50% of ownership income is paid to owners of Māori ethnicity or descent; C: At least one owner of Māori ethnicity is receiving ownership income; D: At least one owner is a wāhine of Māori ethnicity or descent, and receiving ownership income.

With the exception of wāhine Māori-owned businesses, Figure 2 shows that:

- The different definitions follow the same trend over time: relatively stable, with a gradual decline over the first half of the measured period, and a more recent increase in prevalence.
- There’s a higher prevalence of businesses with ‘at least one Māori owner’ than those with the 50% ownership threshold definition (as expected).
- There’s a lower prevalence of Māori-owned businesses where owners have Māori ethnicity only (as expected).

Wāhine Māori-owned businesses stand out from the other Māori-owned businesses. The prevalence of wāhine Māori-owned businesses has shown a gradual decline over the period measured, levelling off in recent years.

Figure 2 shows the percentage of businesses with at least one owner of Māori ethnicity or descent (line A) is higher than the proportion of businesses identified as Māori-owned using the 50% ownership definition (line B). In 2021 this equates to 14.6% more businesses identified as Māori-owned. Most businesses (97.4%) in Aotearoa New Zealand are owned by just one or two people, so moving the ownership threshold from 50% to ‘any Māori ownership’ adds a relatively small number of businesses into the pool of “Māori-owned”.



Sole traders

Sole traders, often referred to as contractors or self-employed, are individuals in business where their business is not a legally separate entity and is instead considered an extension of the owner. Sole traders are identified for Te Matapaeroa through the tax form used to declare income to Inland Revenue.

Figure 3 shows the prevalence of established sole traders with different demographic characteristics.

As with business ownership, we look at Māori ethnicity as well as Māori ethnicity or descent, and wāhine sole traders. In 2021, there were:

- 9,303 (or 9.9% of all) Māori ethnicity or descent sole traders
- 7,158 (or 7.6% of all) Māori ethnicity sole traders
- 3,168 (or 3.4% of all) wāhine Māori (ethnicity or descent) sole traders
- 2,560 (or 2.6% of all) wāhine Māori (ethnicity) sole traders.

Figure 3: Sole trader demographics

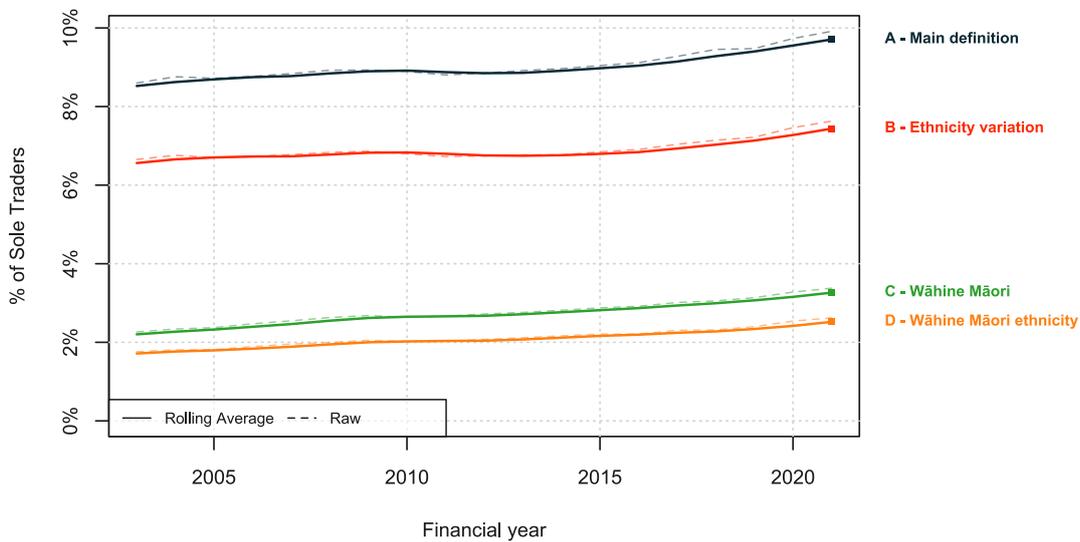


Figure 3: Prevalence of Māori sole traders by demographic group, from 2001 to 2021. The four lines represent A: A sole trader with Māori ethnicity or descent; B: A sole trader with Māori ethnicity; C: A wāhine sole trader with Māori ethnicity or descent; D: A wāhine sole trader with Māori ethnicity.

From Figure 3 we can see that the prevalence of Māori sole traders, regardless of particular demographics, have increased by about one percentage point over the last 20 years. Wāhine Māori represent about a quarter of Māori sole traders.

As expected, there is a higher prevalence of sole traders with Māori ethnicity or descent than with Māori ethnicity, and a higher prevalence of wāhine sole traders with Māori ethnicity and descent than Māori ethnicity.



Significant employers of Māori

Businesses that employ large proportions of Māori have the potential to be important players in the Māori economy. A business could be considered a ‘significant employer’ of Māori if the workforce is made up of a substantial proportion of Māori employees⁹. Significant employers of Māori can be both Māori- and non-Māori-owned businesses (or even businesses without any identifiable owner at all – see Te Matapaeroa 2021 Methodology for more details).

Te Matapaeroa 2020 reported on businesses where at least 75% of employees were Māori as significant employers of Māori. Figure 4 shows the

prevalence of significant employers of Māori for three different thresholds: 25% Māori employees, 50% Māori employees, and 75% Māori employees. Shifting the threshold down from 75% has the effect of including more businesses as significant employers.

With the overall prevalence of Māori in Aotearoa New Zealand estimated to be 17.1% (Stats NZ, 2023b), a business with 50% of their employees being Māori could reasonably be considered ‘significant’.

In 2021 there were 18,260 businesses where at least half of employee FTE was attributed to Māori, representing 11.0% of businesses¹⁰.

Figure 4: Prevalence of significant employers of Māori

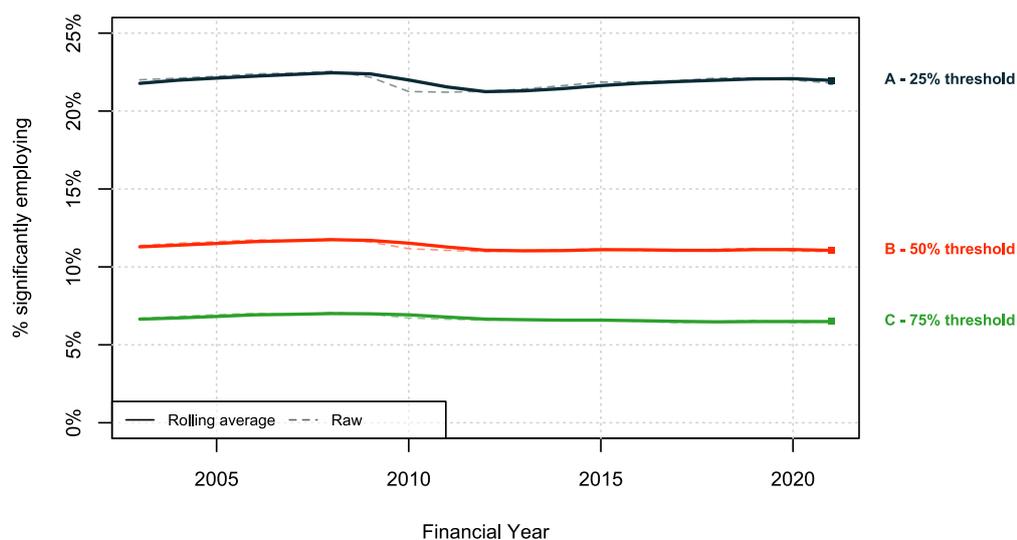


Figure 4: The prevalence of businesses at three different thresholds of Māori employees from 2001 to 2021. The three thresholds are (i) that at least 25% of FTE goes to Māori employees; (ii) that at least 50% of FTE goes to Māori employees; (iii) that at least 75% of FTE goes to Māori employees.

⁹ This is the proportion of FTE (essentially the hours worked) attributed to Māori employees, as opposed to a headcount of employees, as was used in Te Matapaeroa 2020.

¹⁰ Businesses with at least one employee, and disregarding ownership.

Summary

Te Matapaeroa is an insights series on the Māori economy, focused on establishing a dataset that can be used to consistently count and describe Māori-owned businesses.

In this iteration of Te Matapaeroa, we refined our methodology as well as adding the 2021 financial year and further historical data to the series. We added a definition of Māori business to our research to expand our understanding of Māori businesses, and present the timeseries of four Māori-owned business definitions in recognition of different definitions being appropriate for different purposes. We've shown the national trends for the main business types we focus on: Māori-owned businesses, sole traders, and significant employers of Māori. Read other reports in the series for more insights about these groups, describing key characteristics such as regions and industries, and additional performance indicators such as 'profit markup'. See the Te Matapaeroa 2021 interactive data visualisation to explore some of the data yourself.

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