



Te Puni Kōkiri
MINISTRY OF MAORI DEVELOPMENT

Te Matapaeroa 2020

More insights into pakihi Māori



Kupu takamua

Foreword

I am pleased to introduce our updated picture of the contribution of Māori to the wider economy.

In June 2020 Te Puni Kōkiri commissioned Nicholson Consulting to undertake research on the number and breadth of Māori-owned businesses, resulting in our initial Te Matapaeroa report.

That information has now been updated and this new report reflects some encouraging trends among wāhine Māori-owned businesses, and the wider contribution made by many Māori-owned businesses.

Sharpening our understanding of the scale and makeup of the Māori economy will help us identify the untapped opportunities and needs.

This year we've invested in a data visualisation tool to allow users to generate insights that are of interest to them and their mahi.

The insights from the data will inform our policy work to help build the Māori economy, lift employment, improve Māori wellbeing, address equity of outcomes and deliver on our vision of Thriving Whānau.

It also supports our efforts to be the authoritative public sector voice on the status of Māori wellbeing.

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Te Puni Kaupapa Here,
Te Puni Kōkiri

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Māori-owned businesses are an important part of the New Zealand economy - they provide jobs and create wealth for Māori communities.

Last year Te Puni Kōkiri released *Te Matapaeroa 2019* which established, for the first time, a more realistic view of the size and scale of the Māori economy. This year we have fine-tuned our approach to data collection, explored historical trends and undertaken an in-depth analysis of the role of Wāhine Māori in Māori-owned business.

In *Te Matapaeroa 2020* we have been able to identify more than 23,000 economically significant¹ Māori-owned businesses – 13,000 more than were identified in *Te Matapaeroa 2019*. Māori-owned businesses are categorised as those businesses where at least 50% of director, partner and active shareholder (referred to as ‘shareholder’ from here on) wages were paid to someone of Māori ethnicity or descent.

Our timeline analysis indicates that the number of Māori-owned businesses is more stable than we had imagined, having grown only 11% over the last ten years. However, since 2016, the number of Māori-owned businesses has grown slightly faster at 2.2% per annum. By comparison, the number of non-Māori-owned businesses grew by 18% over the same ten-year period.

Using indicative margin (the dollar difference between revenue, and purchases and expenses) as a proxy for profitability, we note that the overall profitability of Māori-owned business has doubled over the 10-year period to 2020, and non-Māori-owned businesses indicative margins have increased by 75% over the same period. However, average indicative margin is lower for Māori-owned businesses than non-Māori-owned businesses.

In 2020, 35% of all Māori-owned businesses had an annual net GST of more than \$20,000, up from 19.0% in 2010. As a comparison, 33.8% of non-Māori-owned businesses had an annual net GST of \$20,000 or more. This was up from 21.6% in 2010. This indicates that, as a proportion, more Māori-owned businesses have become medium- to large-scale enterprises over the 10-year period compared to non-Māori-owned businesses.

¹ Economically significant businesses are businesses included in the Longitudinal Business Database (LBD). Businesses must reach at least one of seven criteria. More details can be found in the Ngā Taipitopito ā-kaupapa Technical details section.

Māori-owned businesses are more likely to have women as active shareholders (both Māori and non-Māori).

We already knew that Māori-owned businesses employed more Māori than non-Māori-owned businesses. However, when Māori-owned businesses have Wāhine Māori shareholders the difference is amplified. Māori-owned businesses with Wāhine Māori active shareholders employ a higher percentage of Māori than Māori-owned businesses without Wāhine Māori active shareholders.

Māori-owned businesses are important in employing a large proportion of the Māori population. Employment is a meaningful part of belonging to society, and contributes to whānau thriving as well as wellbeing. The regions have a large proportion of significant employers of Māori. Significant employers of Māori are businesses where at least 75% of the workforce are Māori.

By employing more Māori, these businesses offer opportunity for whānau and rohe to thrive. Unfortunately, not all our findings are positive.

While the overall “profitability” (as measured by indicative margin) of Māori-owned businesses overall are growing slightly faster than non-Māori-owned businesses, in absolute dollars, indicative margins are still smaller for Māori-owned businesses. There is also large variation across the regions. Understanding this difference and the reason for sectoral and regional variations will be a focus of our ongoing research.

We have some evidence that significant employers of Māori received COVID-19 wage subsidies at a lower rate than other businesses, meaning whānau may have missed out on vital income and support. However, we don’t yet have a full picture of the impacts of COVID-19 on Māori-owned businesses. By the end of 2022 more data will be available to better understand the impact of the pandemic.

These findings contribute to our understanding of Māori enterprise. This research will in turn inform policy work to support Māori-owned businesses to improve business performance, and build the capability of Māori-owned businesses to secure government procurement contracts.

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Kupu arataki

Introduction

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Māori play a significant role in New Zealand's economy. This *Te Matapaeroa 2020* mahi sits within a wider context of work to understand the size and characteristics of the Māori economy. *Te Matapaeroa 2020* has focused largely on the contributions of Māori-owned businesses to the Māori (and wider) economy.

Te Ōhanga Māori 2018 (a report on the Māori economy commissioned by the Reserve Bank of New Zealand and written by BERL) provides a wide view of the Māori economy. *Te Ōhanga Māori 2018* identified 9,850 Māori employers and 18,600 self-employed Māori using self-reported data from the 2018 Census². Due to different categorisation and methodology, BERL calculated a lower number than the combined 61,000 Māori-owned businesses and sole traders found in *Te Matapaeroa 2020*.

Tatauranga umanga Māori is a 2020 publication released by Stats NZ outlining the number of Māori authorities and Māori small- to medium-sized enterprises (SMEs). Stats NZ defines Māori SMEs as Māori-owned businesses with fewer than 100 employees. Stats NZ identified 471 Māori SMEs in 2020³.

Despite the differences in methodology and results, *Te Ōhanga Māori 2018* and *Tatauranga umanga Māori* provide additional valuable context as to how the Māori economy is performing. The aim of *Te Matapaeroa 2020* is to add to this kete of knowledge, and to highlight the successes and challenges for Māori-owned businesses.

The focus on Māori-owned business extends beyond just profits, to an interest in purpose, people and te taiao. This resonates with the way many Māori have always done business; running a Māori-owned business or employing a significant number of Māori can contribute to a sense of belonging and identity. Many Māori are championing a holistic view of business success based around self-determination,

² BERL calculated the number of employers and self-employed using question 39 in the 2018 New Zealand Census (Individual questionnaire). This question asks 'In that job [your main job] which one of these were you? A paid employee; self-employed and not employing others; an employer of other person(s) in my own business; working in a family business or family farm without pay.'

³ Māori SMEs are identified through a self-identification question in Stats NZ's Business Operations Survey. Additional businesses are identified through population lists received by Poutama Trust and New Zealand Māori Tourism in 2016. *Tatauranga umanga Māori* uses a self-identification process (largely) to identify Māori-owned businesses, whereas *Te Matapaeroa 2020* links businesses to the reported ethnicity and/or descent of individuals. Additionally, there is no maximum employee size for inclusion in *Te Matapaeroa 2020*, and as such we do not solely focus on SMEs.

intergenerational wealth creation and mobility, values-based business practices, and whānau wellbeing. Supporting Māori-owned business now will help accelerate their trajectory, ensuring a resilient future benefiting people, the economy, the environment and the cultural identity of Aotearoa in a sustainable way.

Te Matapaeroa 2020 is a research piece comprised of this narrative document, a more detailed technical report, and an interactive dashboard for more data exploration. It is designed to contribute to our understanding of Māori economic resilience by building a picture of the scale and scope of Māori-owned businesses. The aim of this research is to provide an evidence base about Māori in businesses to ensure they are supported to grow, to participate in resilient industries, and to champion a Māori view of business success.

The data insights in this document are designed to be used by Māori-owned business networks, by policy makers, and by decision makers. *Te Matapaeroa 2020* is a celebration of successes and a way to identify potential opportunities to further tautoko these businesses ensuring pakihī Māori continue to thrive.

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E hia kē nei ngā kōrero ngahau mō ngā pakihi Māori

There are many interesting stories about Māori businesses

In this section we present figures to describe the number of Māori-owned businesses using data held by Stats NZ and Inland Revenue for the 2019/2020 financial year.

We focus on:

- Māori-owned business, which are:
 - Businesses where at least 50% of shareholder wages go to Māori partners/directors/active shareholders, or
 - Businesses flagged by Stats NZ as a Māori-owned business
- Māori sole traders, and
- Significant employers of Māori (those employing at least 75% Māori).

Here Māori refers to both ethnicity and descent. More detail about these terms is in Ngā Taipitopito ā-kaupapa (technical details) at the end of the report.

In *Te Matapaeroa 2019* we used a Māori-ownership definition of 51% and over, while in *Te Matapaeroa 2020* we use 50% and over. This change was made to better align with other definitions of Māori-owned businesses being used, particularly the definition used in the Progressive Procurement kaupapa.

We have also changed the timing of our analysis to line up with Inland Revenue tax return filing dates, resulting in a more complete dataset. The updated definitions and change of analysis date mean there are even more Māori-owned businesses and sole traders than reported in *Te Matapaeroa 2019*. It is important to note this increase is not necessarily a real increase in the number of Māori-owned businesses.

The evidence presented in this section indicates that, overall, Māori-owned businesses are growing at a slightly faster rate than non-Māori-owned businesses. We also see wāhine have fewer barriers in Māori-owned businesses, and identify Māori-owned businesses as being significant employers of Māori in the regions.

Māori-owned businesses are performing strongly to provide more opportunities for mana motuhake and whānau to thrive. We begin our discussion with a summary of the number of Māori-owned businesses in the 2019/2020 financial year.

Figure 1 shows how many Māori-owned businesses, Māori sole traders, and significant employers of Māori there were in the 2019/2020 tax year. Māori-owned businesses make up 8.8% of all businesses with shareholder data, while Māori sole traders make up 14.7% of all sole traders. 5.6% of businesses with employment data are significant employers of Māori.

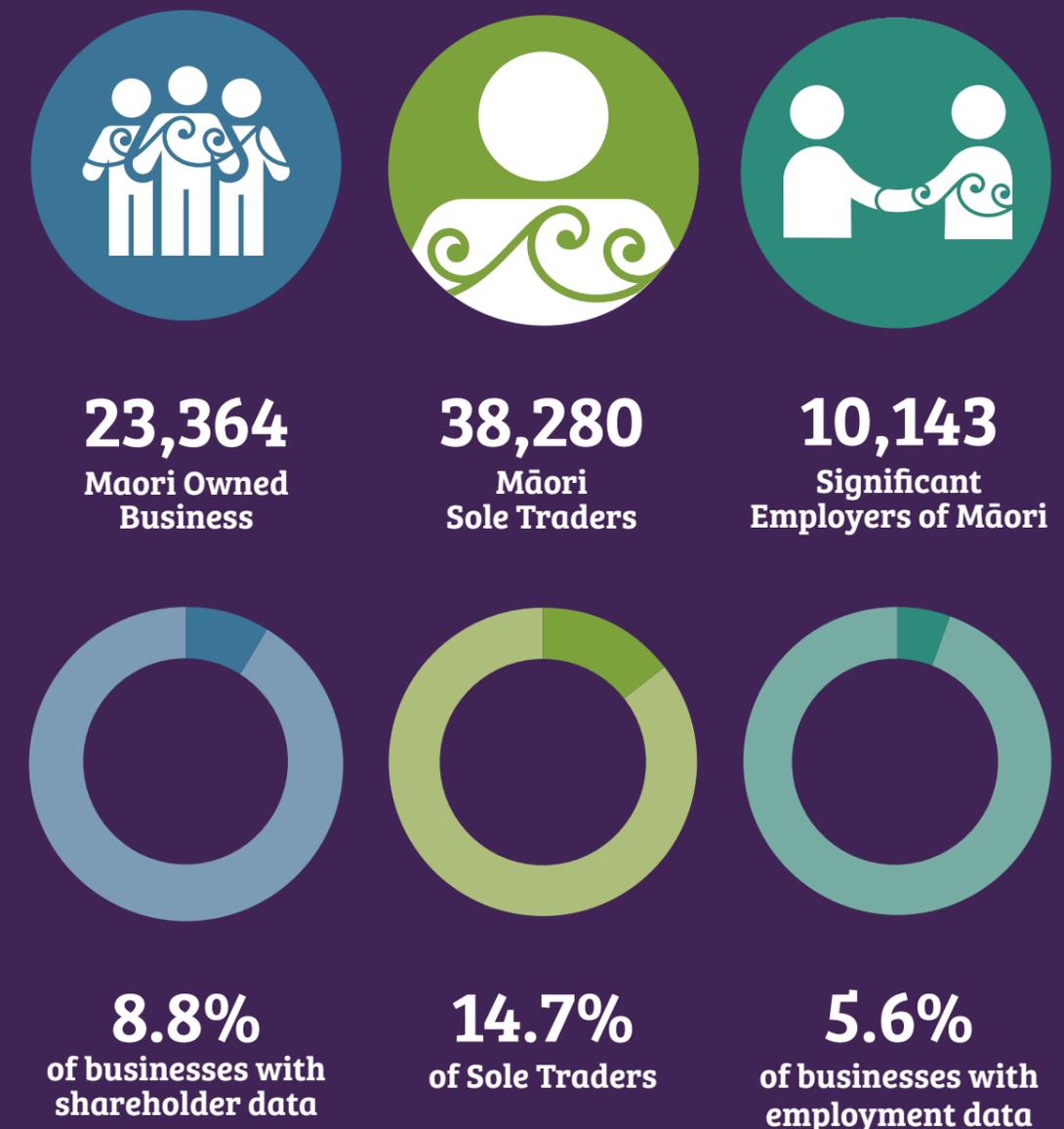


Figure 1: Summary of Māori-owned businesses in the 2019/2020 financial year

Figure 2 shows the number of Māori-owned businesses over the period from 2010-2020. Figure 2 demonstrates small increases in the number and percentage of Māori-owned businesses from 2019. In 2019, 8.6% of all businesses were Māori-owned, increasing to 8.8% in 2020. This increase continues a pattern of steady growth from 2016, after a decline in the proportion of Māori-owned businesses from 2010 to the year 2015.

By comparison, the number of non-Māori-owned businesses increased by 18.2% between 2010 and 2020.

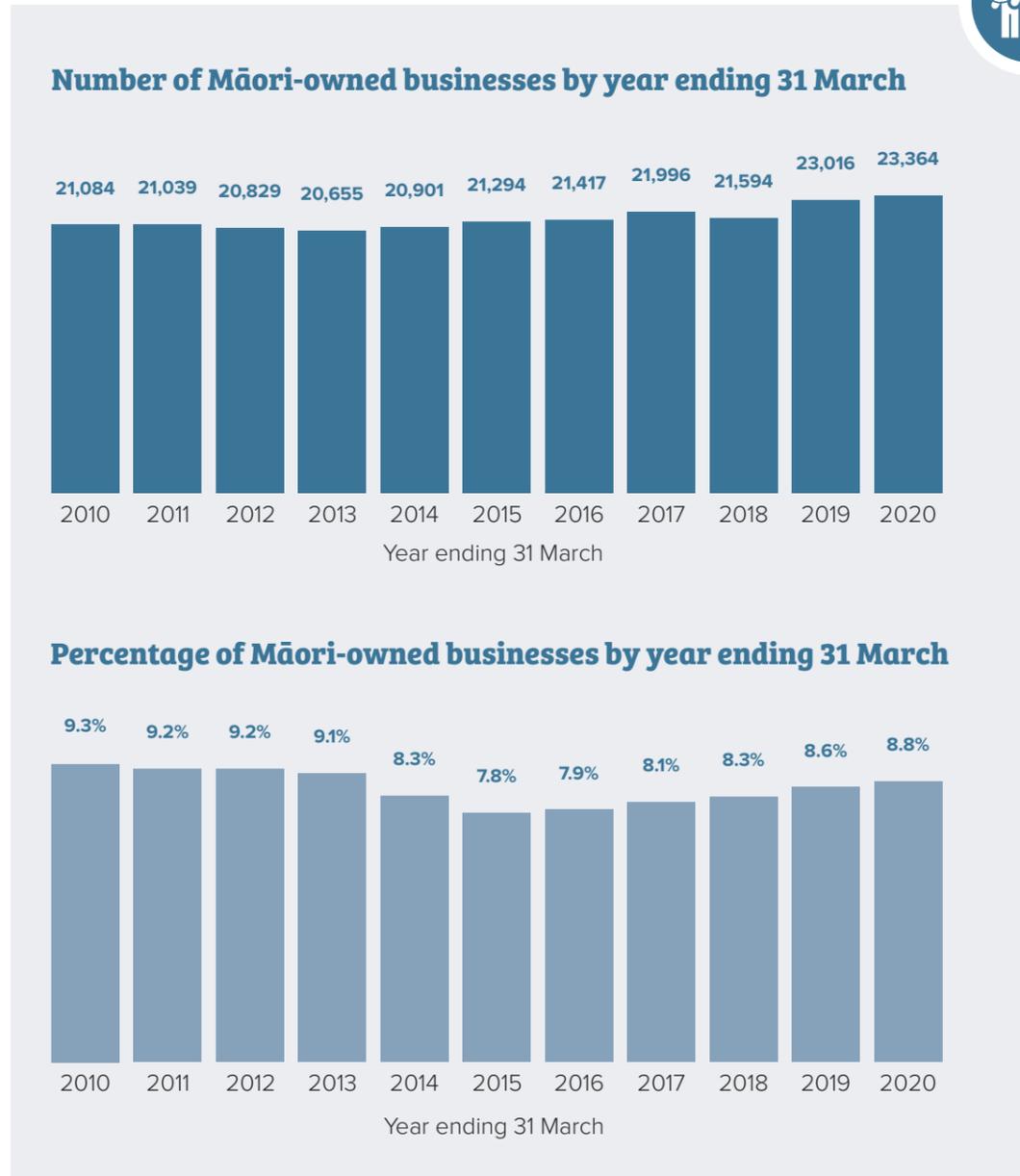


Figure 2: Number and percentages of Māori-owned businesses from 2010-2020

The total number of Māori sole traders declined between 2019 and 2020 from 38,439 to 38,280, a trend also evident in the overall number of sole traders. Due to this overall decline, Māori sole traders as a proportion of all sole traders increased from 13.7% in 2019 to 14.7% in 2020.

The percentage of all employers that are significant employers of Māori declined slightly from 5.7% in 2019 to 5.6% in 2020.

In *Te Matapaeroa 2019* we reported substantially fewer businesses and sole traders than we have here. The numbers have increased due to a change in timing of the analysis resulting in a more complete dataset. The change in definition from a 51% to a 50% ownership threshold has also played a part – approximately an additional 5,480⁴ businesses were included as Māori-owned businesses due to this change

⁴ The threshold changing from 51% to 50% has meant an increase in the number of Māori-owned businesses of 23.5%. This has been used to calculate an approximate number of additional businesses.

A growing economy

This section looks at how Māori-owned businesses have performed. One way to measure performance is “indicative margin” which reflects the total sales income less purchases and expenses. This calculation does not include wages and salaries paid.

Over a 10-year period the total indicative margin of all Māori-owned businesses has increased by almost 100% from \$3.7 billion to \$7.3 billion (Figure 3). Non-Māori-owned business experienced a 75% increase in total indicative margin over the same period.

Figure 3 shows the total indicative margin for significant employers of Māori also increased over a 10-year period though more slowly than for Māori-owned businesses, increasing from \$1.4 billion in 2010 to \$2.5 billion in 2020.

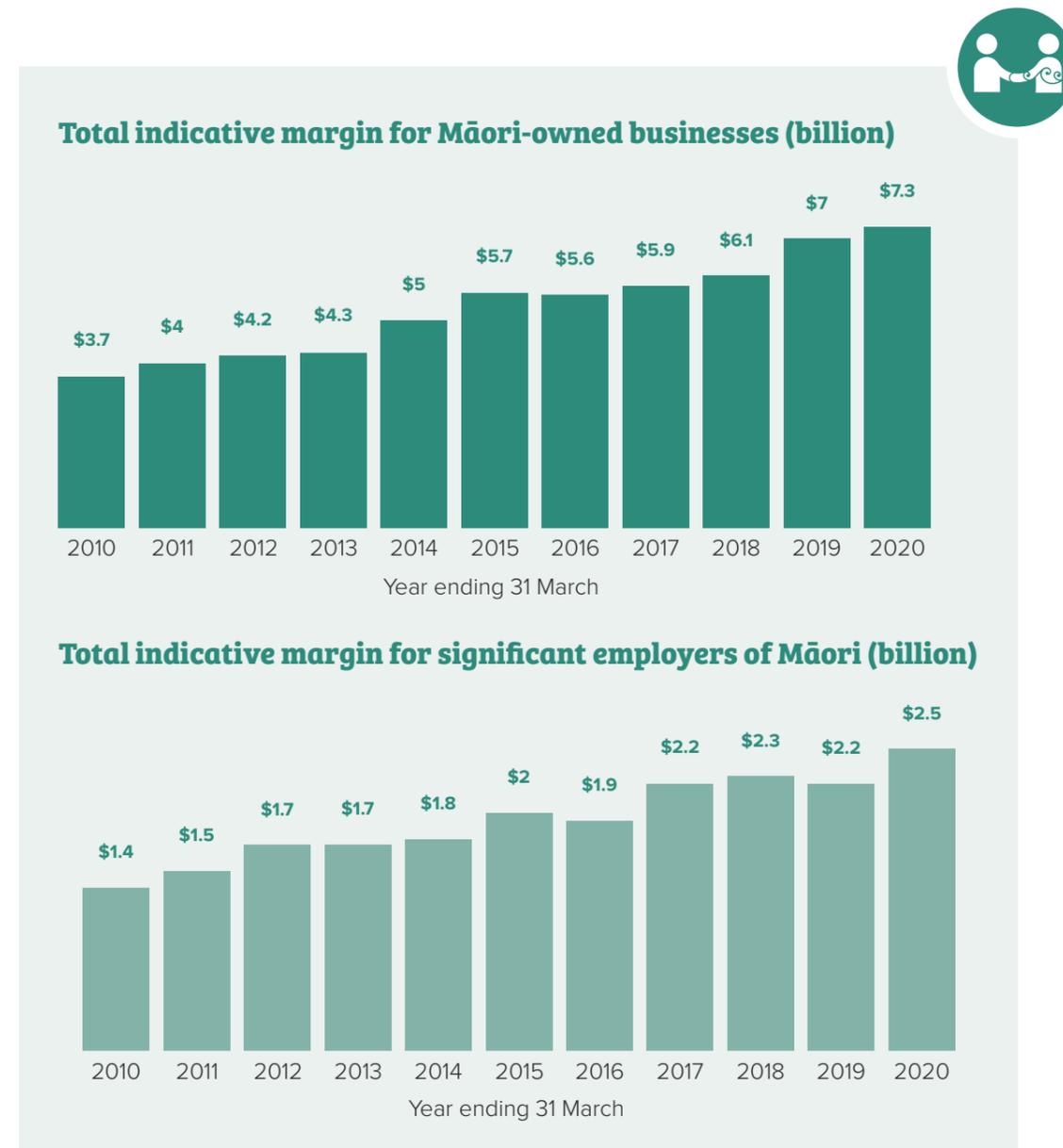
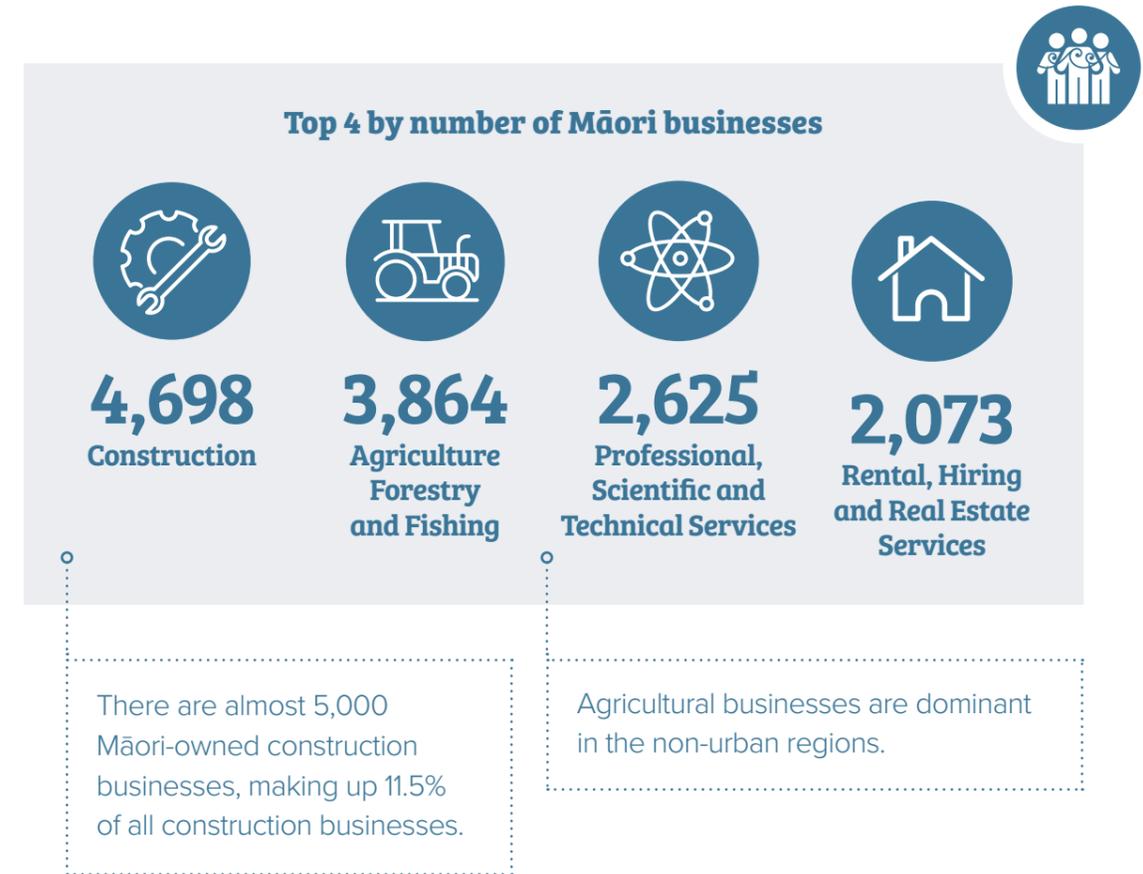


Figure 3: Total indicative margin for Māori-owned businesses and significant employers of Māori from 2010-2020

Māori-owned businesses operate in a diverse range of industries. However more than half are concentrated in four industries:



Another way to measure business performance is through examining the size of Māori-owned businesses, and how many of these are medium-large sized enterprises. Examining the GST takes of Māori-owned businesses provides more information about the growth of businesses. Figure 4 shows an increase in the percentage of Māori-owned businesses that are medium or large (i.e. those businesses with an annual net GST of more than \$20,000).

34.8% of all Māori-owned businesses in 2020 had an annual net GST of more than \$20,000, up from 19.0% in 2010. By comparison, 33.8% of non-Māori-owned businesses in 2020 had an annual net GST of more than \$20,000, up from 21.6% in 2010. This indicates, as a proportion, more Māori-owned businesses have become medium- to large-scale enterprises over the 10-year period compared to non-Māori-owned businesses.

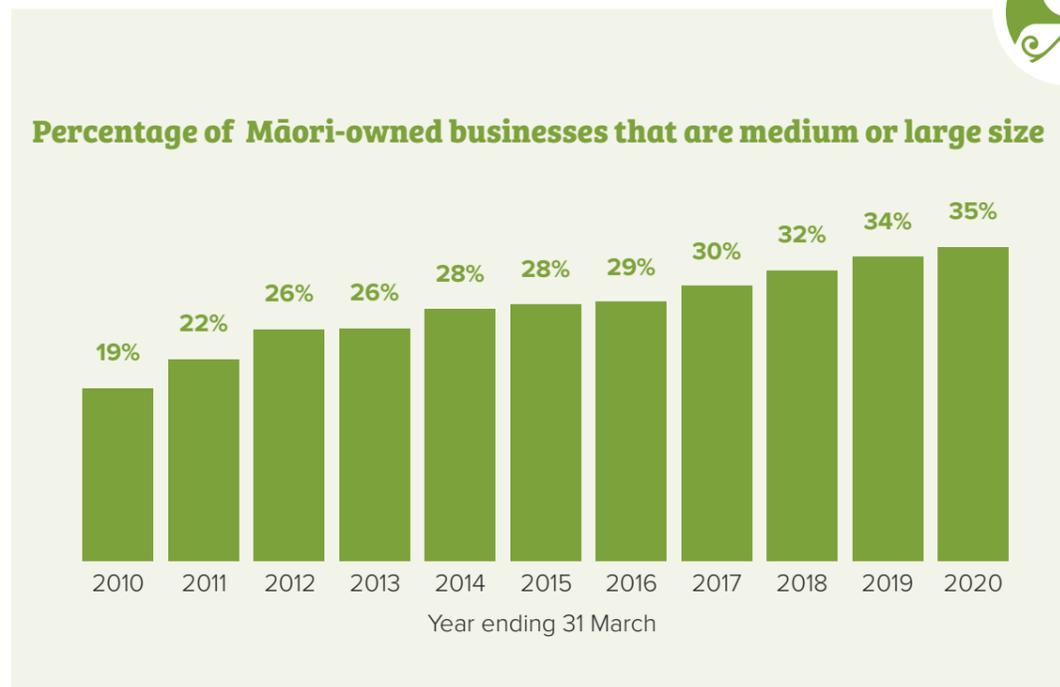


Figure 4: Percentage of Māori-owned businesses that are medium and large (i.e. with an annual net GST of more than \$20,000) from 2010-2020

Figure 5 shows the percentage of medium or large Māori-owned businesses (based on GST size) within each industry. The sectors with the highest proportion of medium and large sized Māori-owned businesses are:

- Health Care and Social Assistance (55% of Māori-owned businesses)
- Accommodation and Food Services (48%)
- Wholesale Trade (45%)
- Construction (44%)

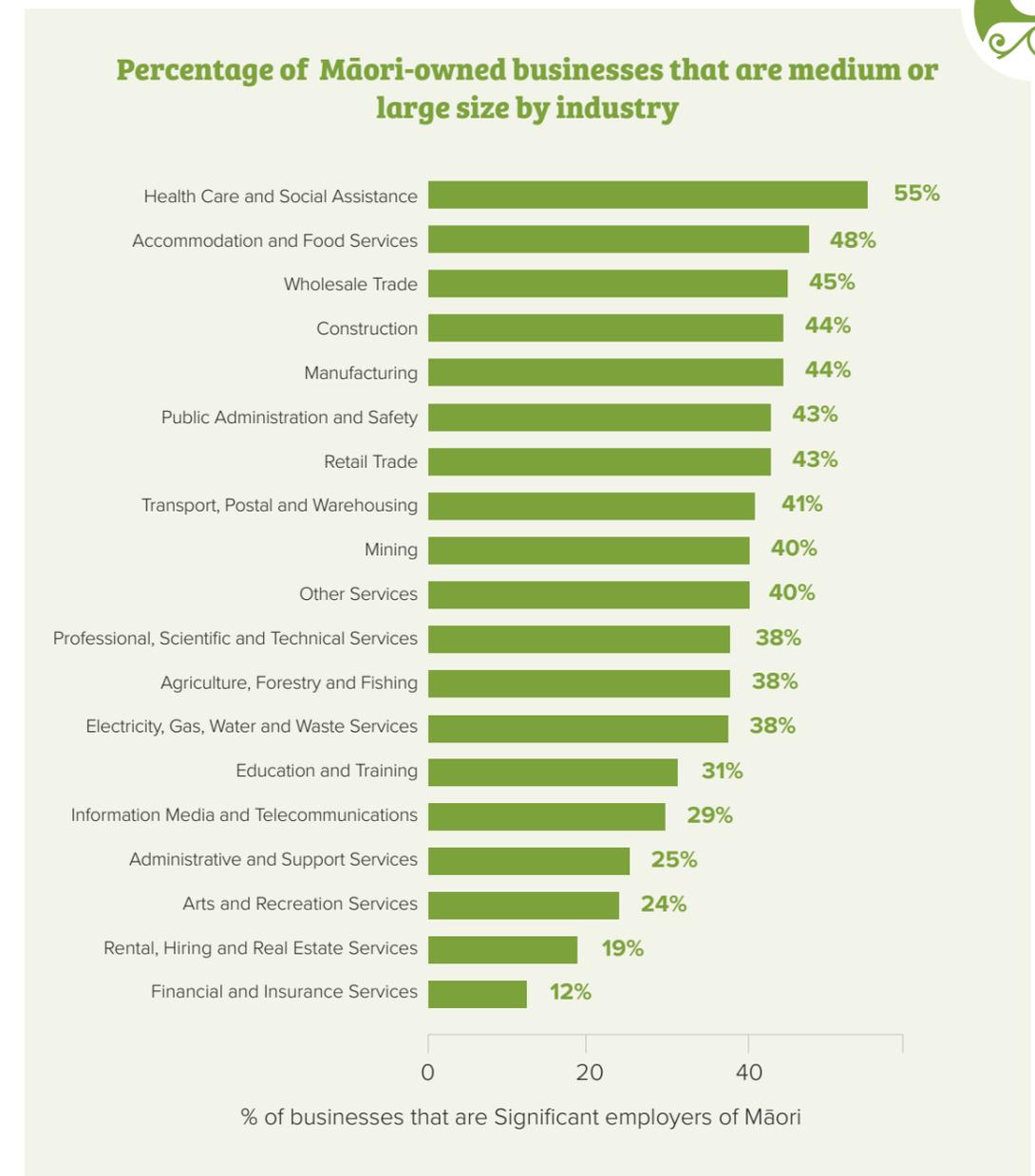


Figure 5: Percentage of Māori-owned businesses that are medium and large (i.e. with an annual net GST of more than \$20,000) in each industry for the 2019/2020 financial year

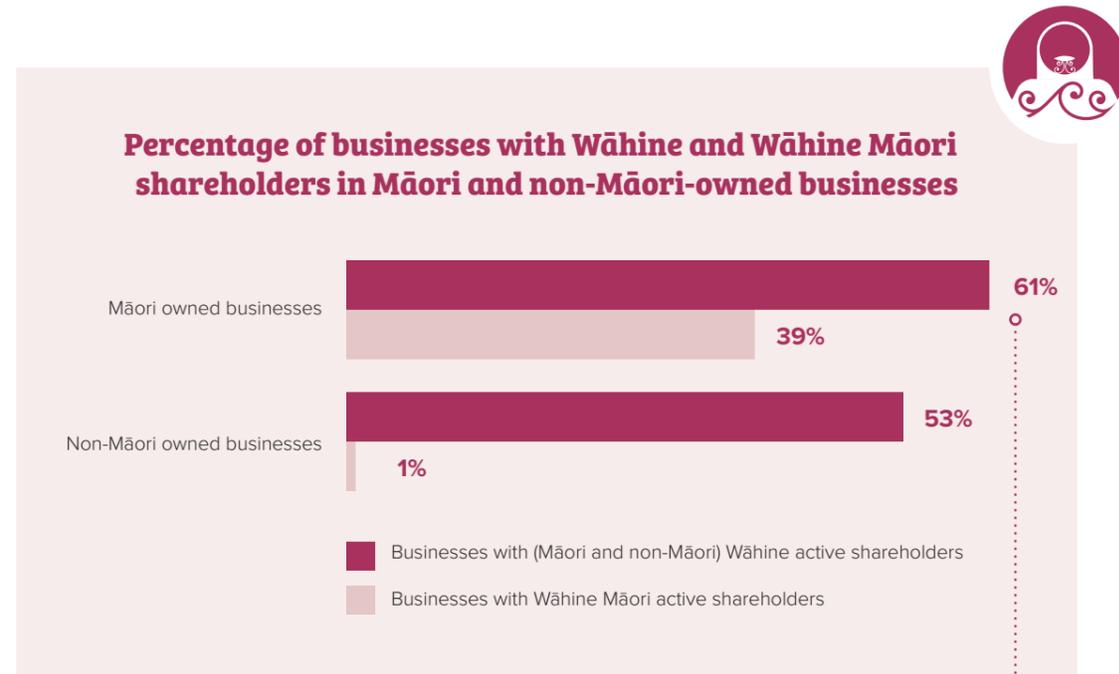
Māori-owned businesses and wāhine Māori

Wāhine Māori are involved in leading Māori-owned businesses; 39% of Māori-owned businesses have a wāhine Māori involved as an active shareholder.

Comparing women (both wāhine Māori and non-Māori women) in business provides useful insight into Māori-owned businesses and Wāhine Māori involvement in business. Figure 6 shows the proportion of Māori and non-Māori-owned businesses with women and wāhine Māori active shareholders.

61% of Māori-owned businesses have at least one woman (of any ethnicity) as an active shareholder, compared to 53% of non-Māori-owned businesses. Regardless of a woman's ethnicity, Māori-owned businesses are more likely to have women as active shareholders. While 39% of Māori-owned businesses have wāhine Māori active shareholders, wāhine Māori operating in non-Māori-owned businesses is rare (only 1% of all non-Māori-owned businesses have wāhine Māori active shareholders).

Compared to Māori-owned businesses, it appears that all women face greater challenges in becoming active shareholders of non-Māori-owned businesses.



You are more likely to find wāhine (both Māori and non-Māori) as active shareholders in Māori-owned businesses.

Figure 6: Proportion of Māori and non-Māori-owned businesses with Wāhine and Wāhine Māori active shareholders in the 2019/2020 financial year

Figure 7 compares the percentage of Māori employees in Māori-owned businesses with and without wāhine Māori shareholders, and non-Māori-owned business. Māori owned businesses overall employ a higher percentage of Māori than non-Māori-owned businesses. When wāhine Māori are involved as shareholders this difference is amplified. By employing more Māori, these businesses offer opportunity for whānau and rohe to thrive.

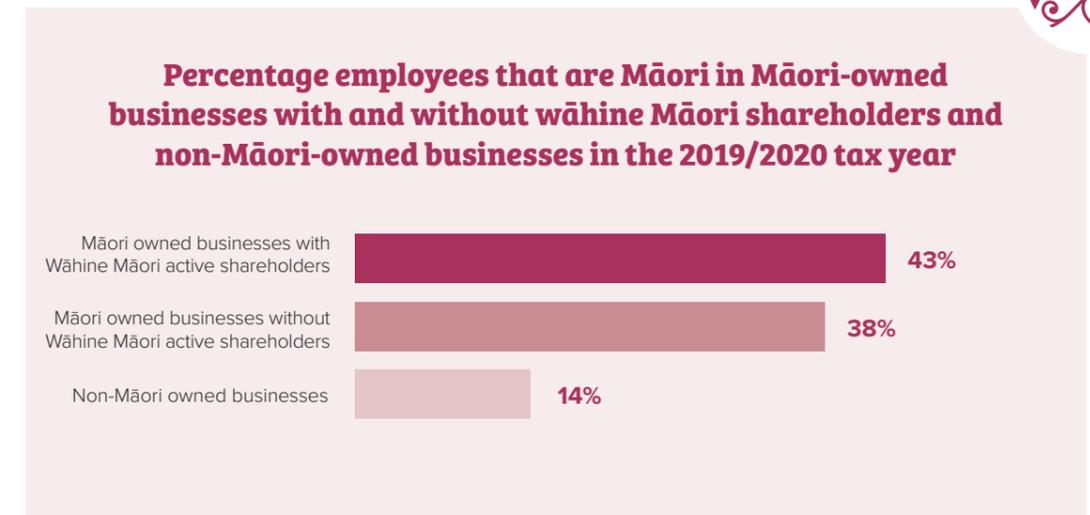


Figure 7: Percentage employees that are Māori in Māori-owned businesses with and without wāhine Māori shareholders and non-Māori-owned businesses in the 2019/2020 tax year

Figure 8 displays the percentage of Māori-owned businesses in each industry with wāhine Māori active shareholders. A large percentage of businesses with wāhine Māori active shareholders are in the Education and Training, and the Health Care and Social Assistance industries.



Figure 8: The percentage of Māori-owned businesses with Wāhine Māori active shareholders in each industry for the 2019/2020 financial year

The education sector has many businesses with wāhine Māori active shareholders. The education sector is also the largest significant employer of Māori, with a large proportion of wāhine Māori employees in particular. More than one in ten (11.5%) of all education and training businesses in New Zealand are a significant employer (at least 75% of a business' workforce is wāhine Māori) of wāhine Māori. Along with almost two thirds of Māori-owned businesses in this sector having a wāhine Māori active shareholder, these insights speak to the role wāhine Māori are playing in educating and training whānau.

Wāhine Māori Spotlight on Success

Ngahere Communities Ltd (founded May 2018) is a social enterprise located in South Auckland focused on cultivating communities that enhance creativity and innovation. Manawa Udy, founder and CEO of Ngahere was tired of the deprivation-based story that was so often told about South Auckland. Ngahere Communities was formed to highlight and support creativity and innovation in the area by using collaborative spaces, common values, and co-designed programmes.

The majority of the staff at Ngahere are wāhine Māori. Manawa believes in the value of hiring women because “when you invest in one woman you actually invest in a family and a community.”

Ngahere runs Konei, an online E-commerce platform which connects whānau owned creatives with consumers wanting to purchase their wares. Konei started as a set of pop-up stores after Ngahere recognised the value of these creatives working to “join their voices together”. Konei pivoted online during the first COVID-19 lockdown in March 2020. Konei is now operating in Australia and New Zealand and is providing an opportunity for Aotearoa brands to be showcased. Konei provided an opportunity for local Māori brands to stand out in a crowded digital marketing space.

Pivoting the platform online during the lockdown allowed Ngahere to retain staff when their other business avenues slowed. Establishing Konei online was something Ngahere had spoken about, but lockdown gave them the opportunity to take the leap “we gave it a crack – a lot of the time that’s what we do, we just come up with an idea and have a go, see if it sticks and it’s been sticking.”

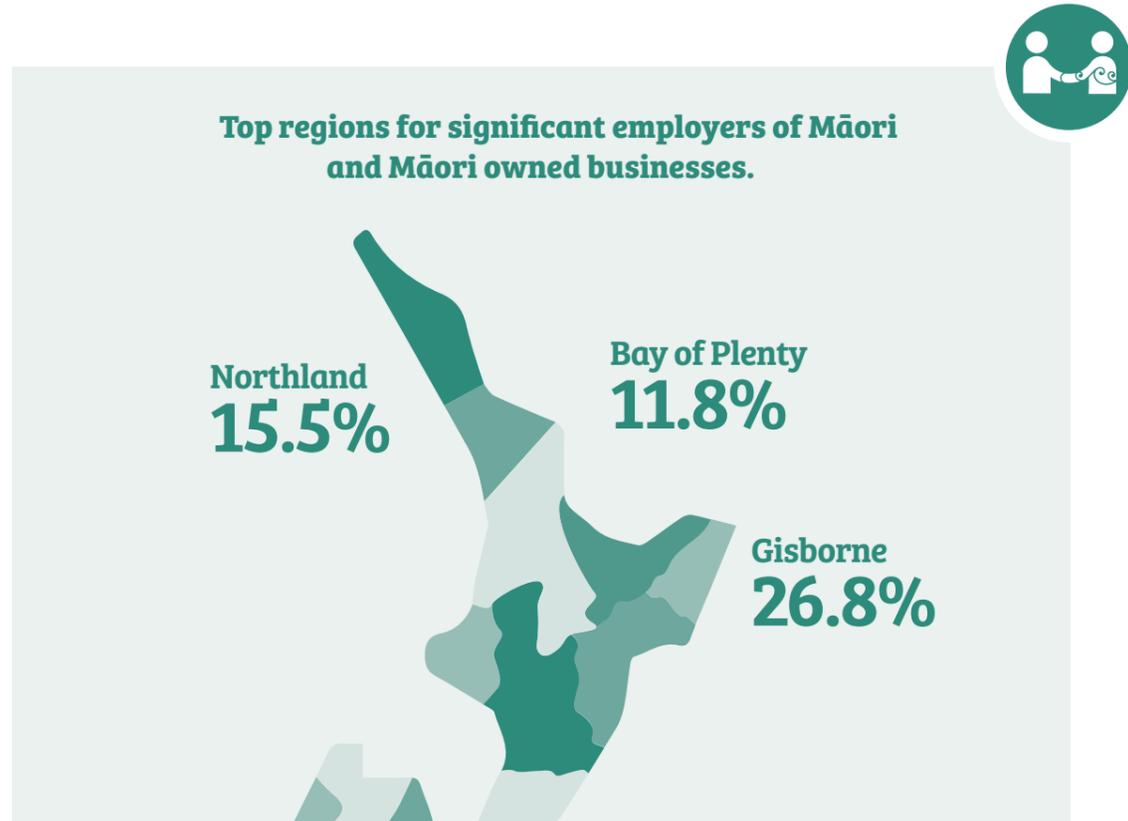
Significant employers of Māori in the regional economy

Encouraging, seeding, and creating regional economic opportunities and employment is vital - both for future resiliency and to enable compelling and fulfilling employment options for Māori.

Being employed is a meaningful part of contributing to society, having a sense of belonging, and maintaining wellbeing. As such, we have examined the role of significant employers of Māori. These are employers whose workforces are made up of at least 75% Māori employees.

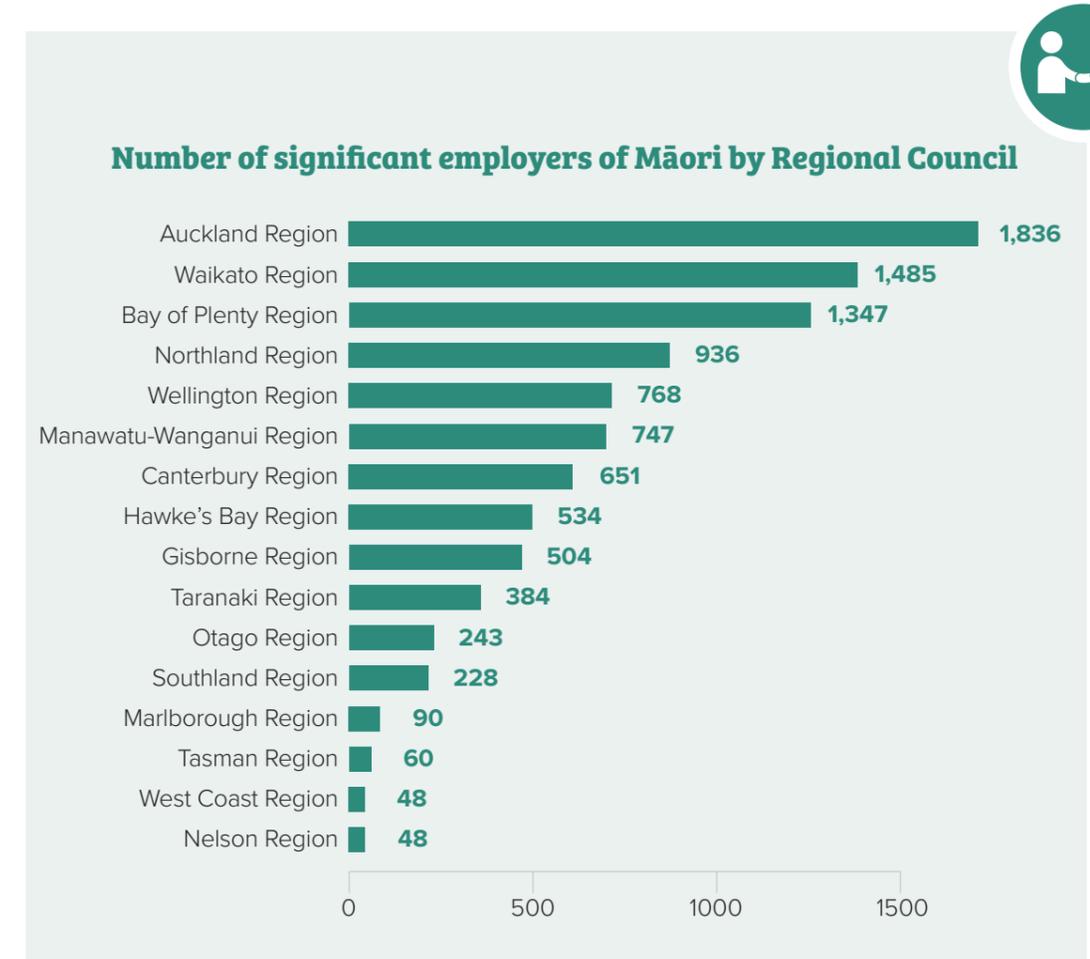
- There are 10,143 significant employers of Māori across the motu.
- Approximately 3,189, or roughly a third of these are Māori-owned businesses.
- Less than 3% of non-Māori-owned businesses are significant employers of Māori.

As with Māori-owned businesses, the largest number of significant employers of Māori are in Tāmaki Makaurau (Auckland).



Tairāwhiti (Gisborne), Te Tai Tokerau (Northland) and Te Moana a Toi-te-Huatahi (Bay of Plenty) have the highest proportions of all businesses that are significant employers of Māori.

Figure 9 shows the number and percentage of businesses that are significant employers of Māori by region. 1,836 businesses in Tāmaki Makaurau categorised as significant employers of Māori, making up 3.1% of all businesses in the country.





Percentage of businesses that are significant employers of Māori by Regional Council

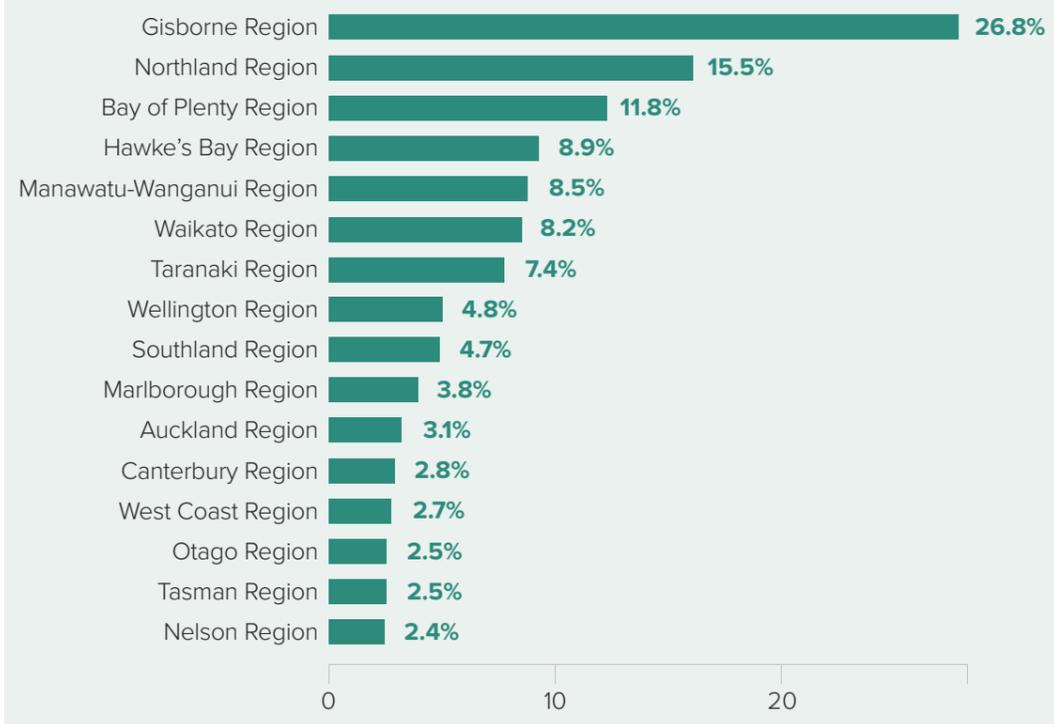


Figure 9: Number and percentage of significant employers of Māori by region for the 2019/2020 financial year

More than a quarter of employers in Tairāwhiti (26.8%) are significant employers of Māori. Most of these roles are in Agriculture, Forestry and Fishing, and Construction. The top industries are generally the same in the Bay of Plenty and Te Tai Tokerau.

Education and Training is also one of the top five industries for significant employers of Māori in Tairāwhiti, the Bay of Plenty and Te Tai Tokerau.

Wāhine Māori play a key role in Education and Training. This industry had the largest number of wāhine Māori active shareholders and the largest percentage of significant employers of wāhine Māori. There are good opportunities here for enabling whānau to succeed through a Māori led approach.

Significant employers of Māori contribute greatly to their communities. Their investment in hiring Māori benefits whānau, hapū and iwi.

Significant Employer of Māori Spotlight on Success

The asset holding company of Te Rarawa iwi, Te Waka Pupuri Pūtea, manages a portfolio of roughly \$90 million. A significant employer of Māori in Te Tai Tokerau, they hold assets in commercial and residential property, forestry, fisheries and agriculture, and horticulture.

While ensuring their investments are profitable is important, Te Waka Pupuri Pūtea uses a four pou approach, or a quadruple bottom line, when assessing the viability of an investment. These pou are Te Oranga (Social), Te Taiao (Environmental), Te Rarawatanga (Cultural) and Te Ōhanga (Economic).

Te Waka Pupuri Pūtea have a particular focus on developing capability within the rohe, with businesses they might work with, and staff they employ. Employing Māori and building capability within their iwi isn't a strategy or an 'add on' they have implemented, it is a core part of their operations. Stewart Otene, General Manager of Te Waka Pupuri Pūtea says that they develop capability "so we can help our Māori whānau to get skills to get into business. It's about enablement."

Kāpā e ngākau pai ana aua kōrero katoa

Not all the stories are positive

We have seen success stories of a growing Māori economy, with wāhine Māori employing more Māori and being active shareholders in Māori-owned businesses, and the regions containing a large proportion of significant employers of Māori.

However, the data also tells stories that are not so positive. The COVID-19 pandemic has changed the landscape, and Māori-owned businesses and significant employers of Māori are likely facing challenges. Further, while Māori-owned businesses are growing, they also tend to have smaller indicative margins. As the pandemic continues, it will be important to target supports and resources so businesses and owners can ensure they can create inter-generational wellbeing while augmenting community wellbeing now.

COVID-19 Support

While we can only count businesses for the year ending 31st March 2020, we can see which businesses were paid a COVID-19 wage subsidy up to late 2021. Results between Māori and non-Māori-owned businesses looked similar for owned businesses and sole traders but were quite different for significant employers of Māori. Figure 10 shows the percentage of Māori sole traders, Māori-owned businesses, and significant employers of Māori which received a COVID-19 wage subsidy relative to their non-Māori counterparts. It shows that significant employers of Māori received the COVID-19 wage subsidy at a lower overall rate than those who are non-significant employers of Māori. The difference is substantial, with 15 percentage point fewer significant employers of Māori receiving the wage subsidy.

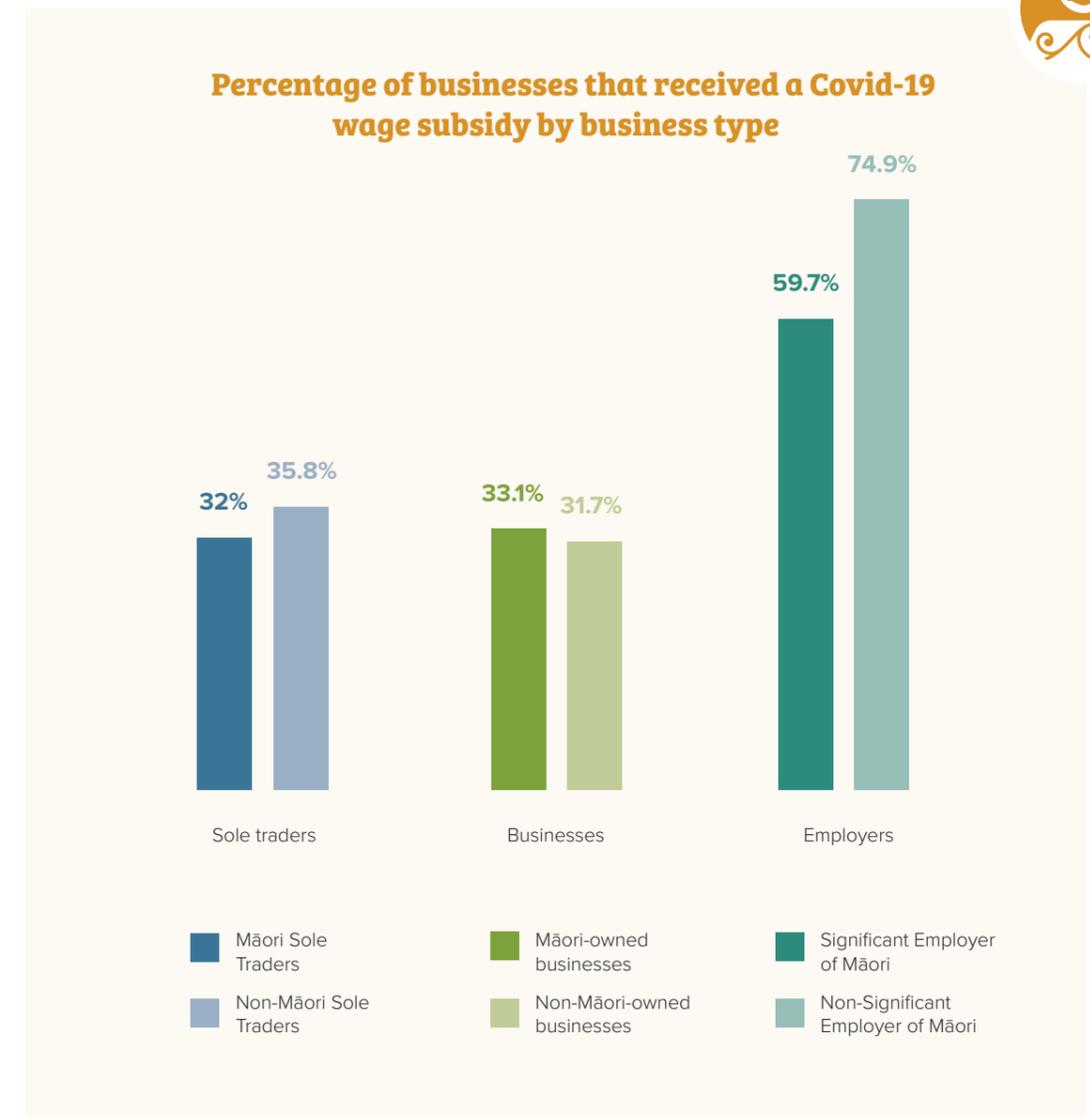


Figure 10: Percentage of Māori sole traders, Māori-owned businesses and significant employers of Māori receiving a COVID-19 wage subsidy relative to their non-Māori (or non-significant employers of Māori) counterparts

The difference in rates of receiving the COVID-19 wage subsidy cannot be explained by industry or regional differences. The lower rate of significant employers of Māori receiving the wage subsidy is concerning as it may have had an impact on employees and whānau throughout the pandemic – impacts that could extend into the future. We estimate if significant employers of Māori had received the wage subsidy at the same rate as non-significant employers of Māori, an additional 6,000 (mostly Māori) employees would have received the wage subsidy.

There are some large differences by industry. Significant employers of Māori in the education and training sector are receiving the COVID-19 wage subsidy at less than half the rate of non-significant employers of Māori.

Ensuring wealth flows to Māori owners

Over the past decade, the average indicative margin has increased for Māori-owned businesses, as identified in Figure 11. The rate of increase for Māori slowed after 2015, and since then the gap has widened for average indicative margins between Māori and non-Māori-owned businesses. As of 2020, Māori-owned businesses experienced roughly two-thirds the average indicative margin of non-Māori-owned businesses.

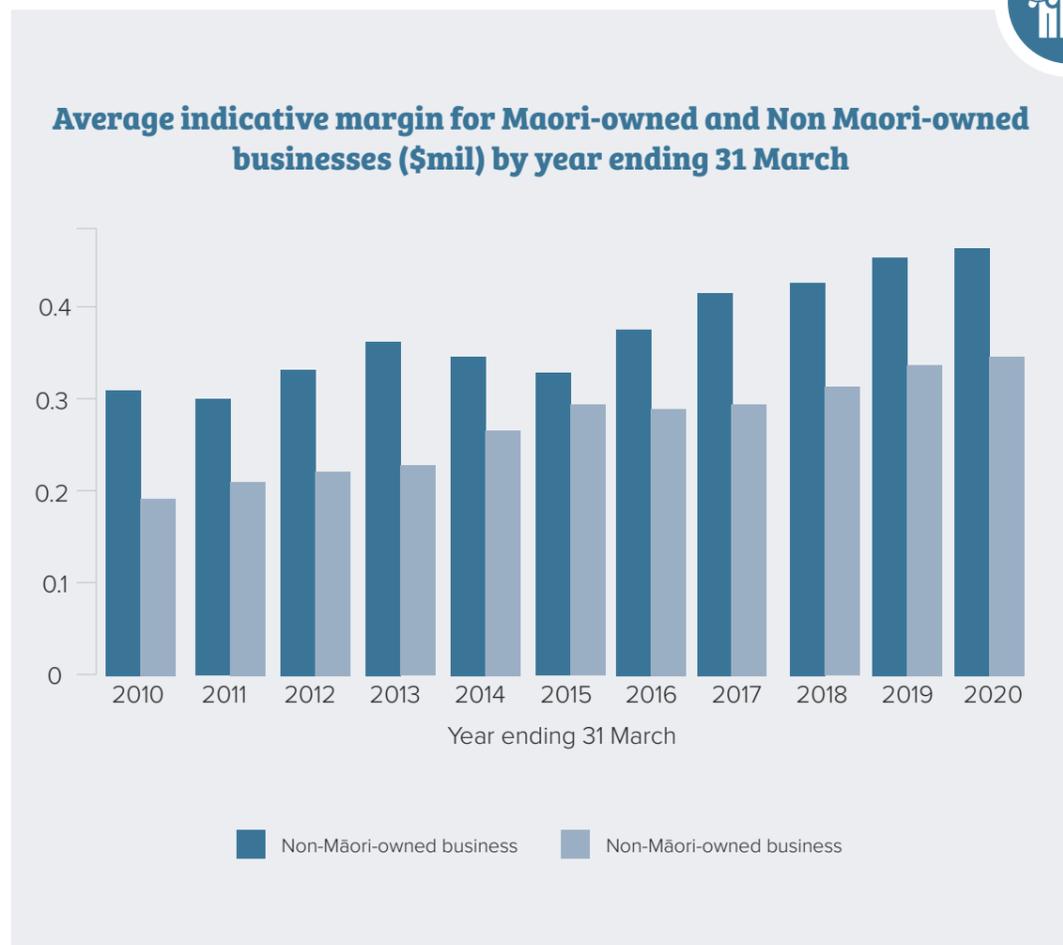


Figure 11: Average indicative margin of Māori-owned and non-Māori-owned businesses 2010-2020

Figure 12 shows the average indicative margin of Māori-owned businesses by industry. The sectors with the highest average indicative margin are Wholesale Trade, Health Care and Social Assistance, Manufacturing and Transport, Postal and Warehousing.

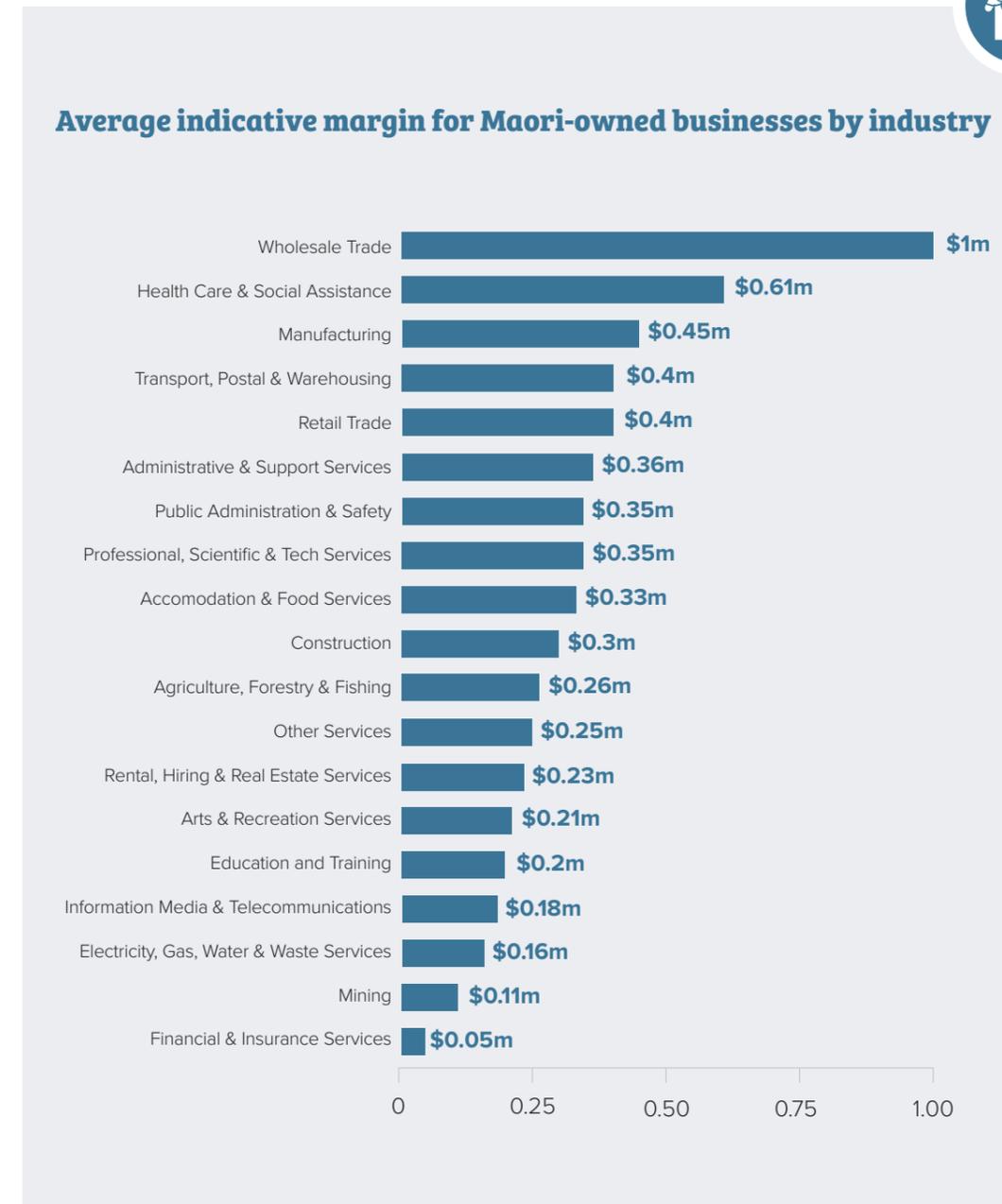


Figure 12: Average indicative margin of Māori-owned businesses by industry for the 2019/2020 financial year

We can see in Figure 13, Māori-owned businesses across all industries make less than 70% of the average indicative margin of their non-Māori-owned equivalents. Construction, Agriculture, Forestry and Fishing, Professional, Scientific and Technical Services, and Rental, Hiring and Real Estate are the largest industries by size for Māori-owned businesses, however they have lower average indicative margins.

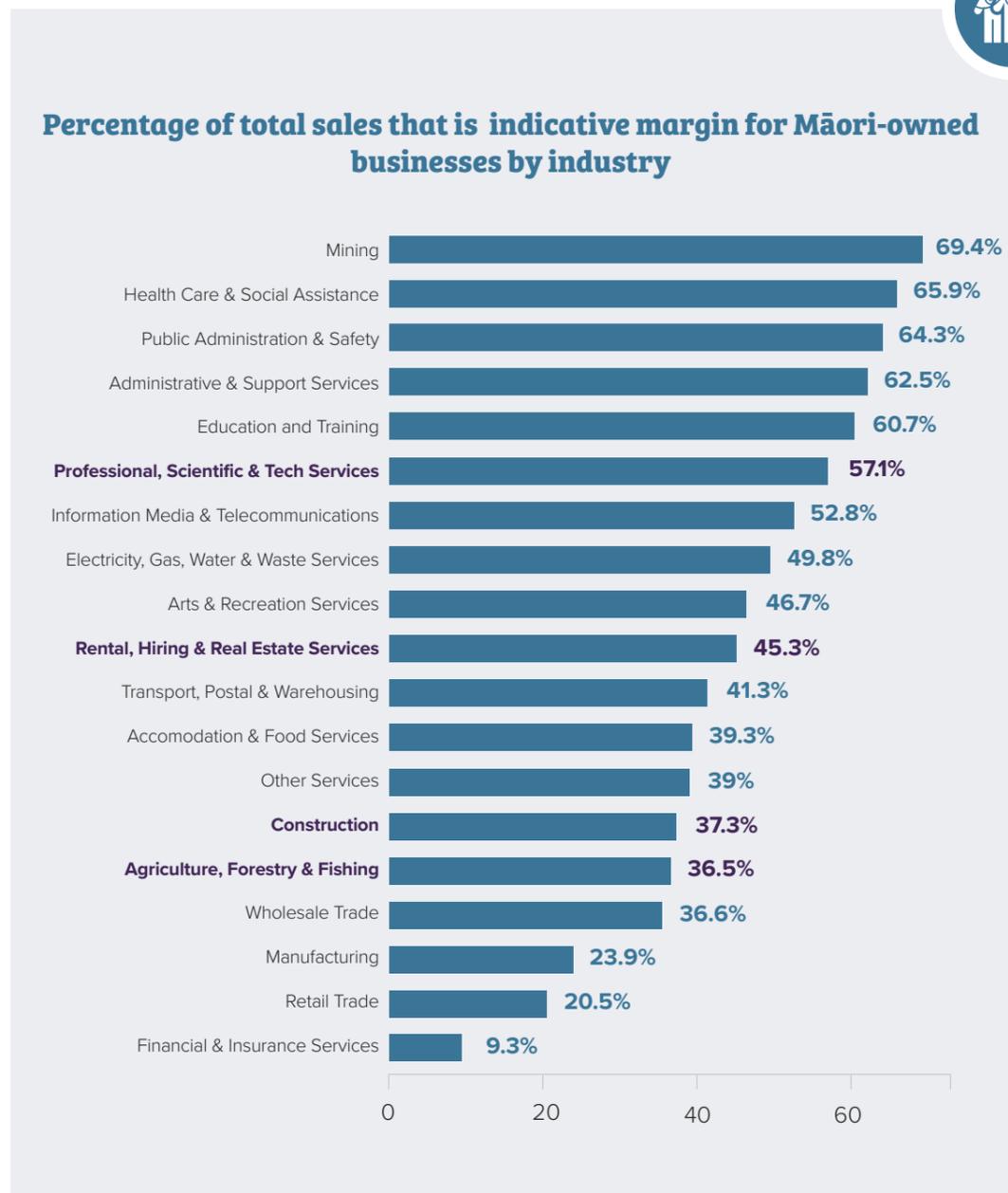


Figure 13: Proportion of total sales that is indicative margin by industry. Largest industries by count are in bold.

A Growing Business Spotlight on Success

Kohine Graham had never considered becoming a business owner when she was approached by the owner of Core Athletic. The owner said that he needed to sell the business but didn't want to see it go to anyone else. Kohine accepted his offer in 2018 and had a year transition with the existing owner before she took over the reins.

Core Athletic specialises in providing high quality sports apparel, with custom designed kōwhaiwhai. At the moment Kohine is running the business by herself, with her brother helping her in the evenings, balancing it with her position at New Zealand Māori Rugby League and whānau.

Kohine is looking to grow the business. To do this she will need to hire more staff so they can take on more orders and maintain the same high quality. Kohine is working closely with a business mentor to develop and implement the growth plan. Bringing on more staff will allow Kohine to balance her commitments and make her business a priority.

Supporting a variety of regions

Māori-owned businesses in some regions could do with more support. Figure 14 shows the average indicative margin of Māori-owned businesses by region in 2010 and 2020. Average indicative margin varies across regions and is closely tied to a region's industries. Regions with lower average indicative margins tend to have fewer businesses and these businesses are clustered in the industries with lower indicative margins such as Construction or Agriculture, Forestry and Fishing. This is the case for Tasman and the West Coast.



Average indicative margin of Maori-owned businesses in 2010 (\$million) by Regional Council



Average indicative margin of Māori-owned businesses in 2020 (\$million) by Regional Council



Figure 14: Average indicative margin for Māori-owned businesses by region in 2010 and 2020

Regions with higher numbers of businesses in industries such as Professional, Scientific and Technical Services and Health Care and Social Assistance tend to have higher average indicative margins. Canterbury, Auckland, and Waikato all have high indicative margins and more Māori-owned businesses in these industries, although how they compare to non-Māori-owned businesses may tell a different story.

Figure 15 examines how average indicative margins for Māori-owned businesses compare to non-Māori-owned businesses. The regional areas with average indicative margins closer to non-Māori-owned businesses include Hawke’s Bay, Marlborough, and Waikato. Those regions with lower indicative margins compared to non-Māori-owned businesses included Nelson, Auckland, and Tasman.

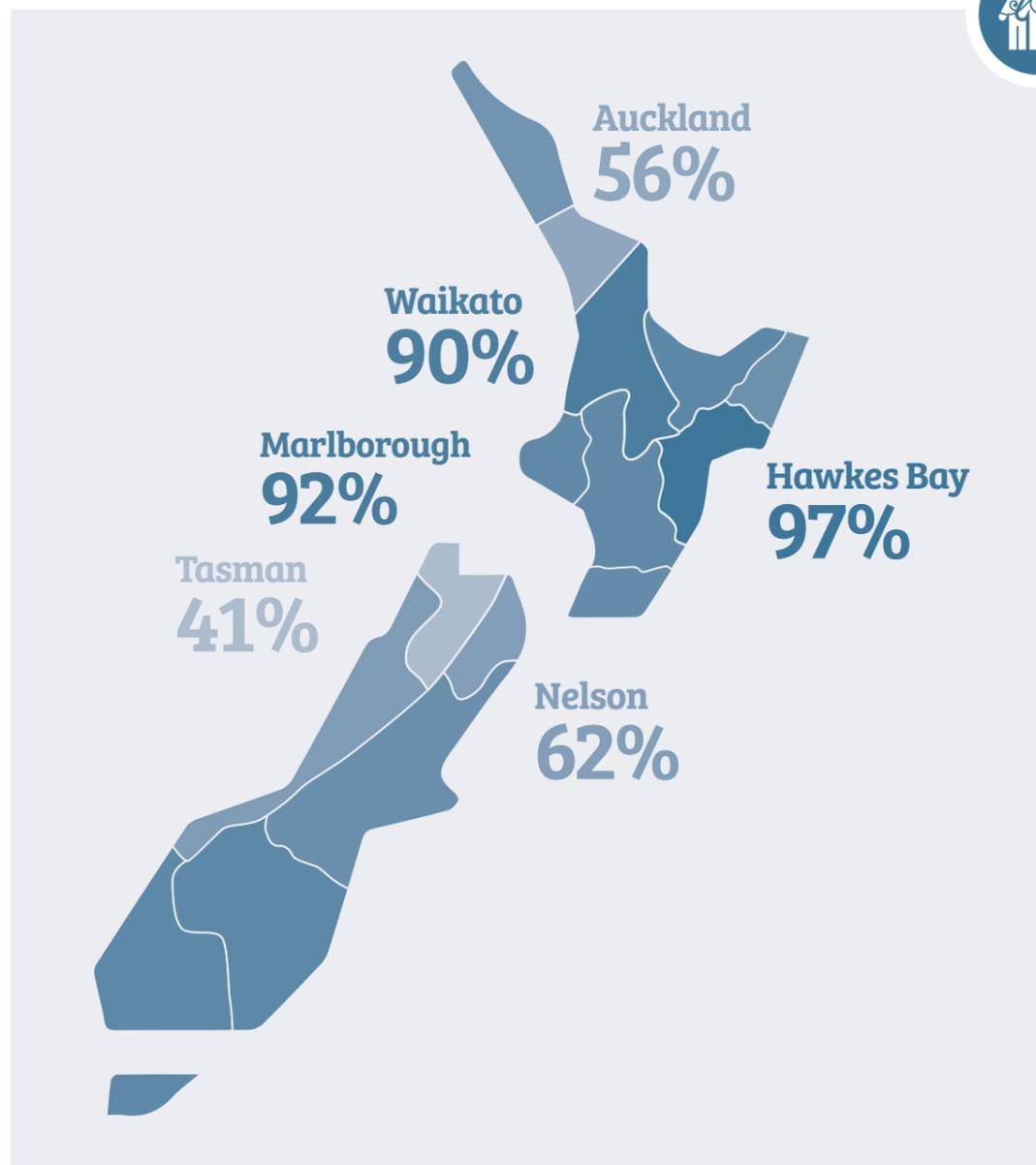
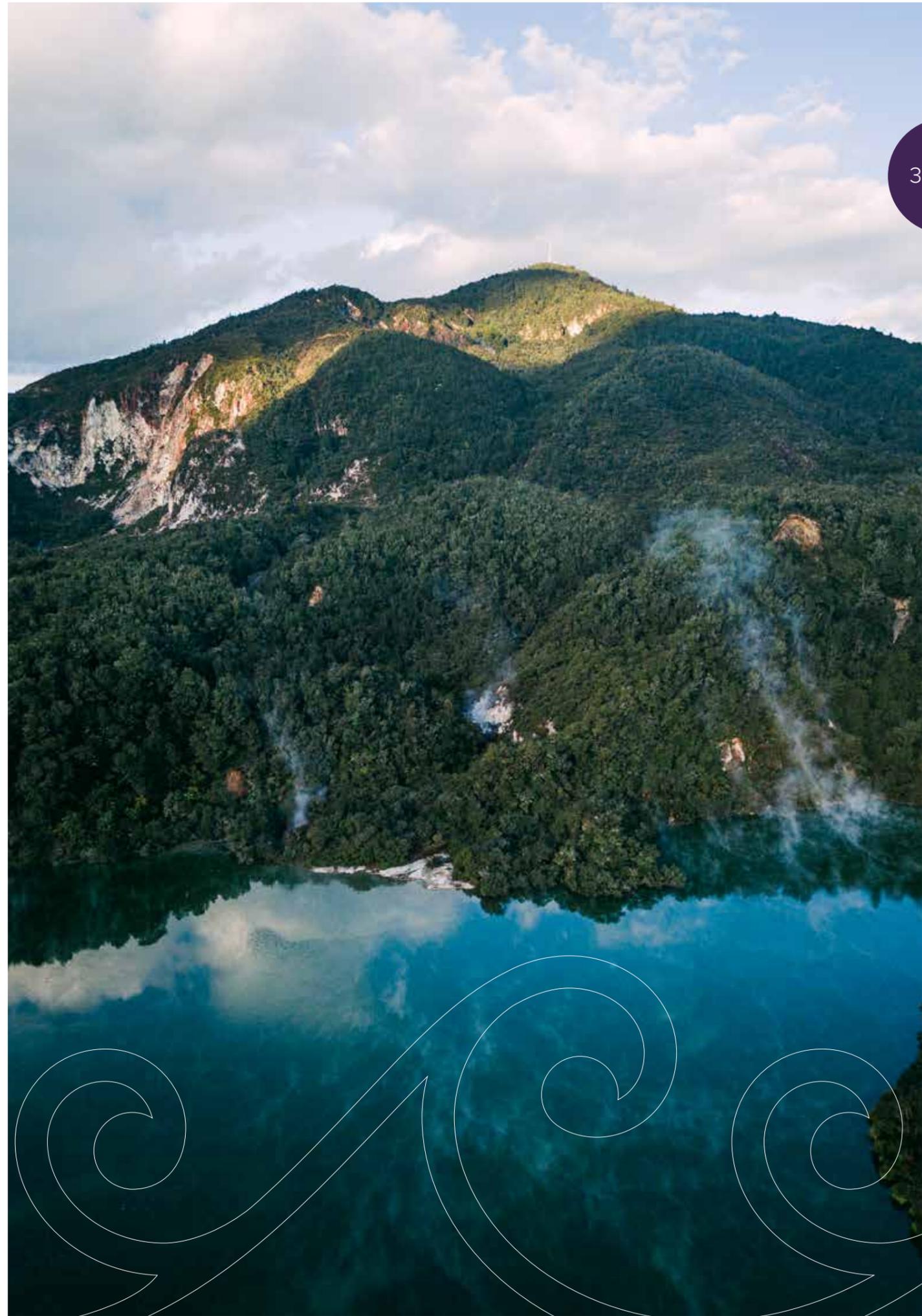


Figure 15: Percentage of average Indicative Margin for Māori-owned businesses relative to non-Māori-owned businesses by region in the 2019/2020 financial year

Note: There are some regions where Māori-owned businesses may require more support, either to thrive in their current industries or to diversify into industries with higher indicative margins.



Me whai whakaaro ki tā tātou tautoko i ngā pakihī Māori kia tōnui ai

We need to look at how we can support Māori-owned businesses to thrive

Te Matapaeroa 2020 highlights the important role Māori-owned businesses play in the economy, the rohe, and in communities. This research has identified the importance of wāhine Māori talent in Māori-owned businesses, and demonstrated how significant employers of Māori play an important role in employment in the regions.

Imagine what the future would look like with more Māori-owned business growth; more profit for Māori-owned businesses, more wāhine Māori in business, and more businesses thriving across the motu.

The following wero have been set to policy makers, decision makers and business support networks.

Look at business support for Māori during COVID-19

Examining the impact of the COVID-19 pandemic has just begun. We have only scratched the surface, and there are more questions to come. Future research should be undertaken to understand whether our concerns about the lower uptake of the COVID-19 wage subsidy by significant employers of Māori are well founded.

By the end of 2022, additional data will enable a better picture of the evolving impact of the COVID-19 pandemic on Māori-owned businesses. We'll be able to explore how many businesses were adversely affected, and where the bulk of the impact was felt. Stats NZ holds some data that indicates the overall number of businesses did not fall during the COVID-19 period. However more data will reveal impact of the pandemic on Māori-owned businesses.

The trends in indicative margin by region also show some regions need more support to diversify into industries with higher indicative margins or support businesses to thrive in existing industries. These growing inequities, and the arrival of COVID-19, highlight the need to build Māori economic resilience.

Choose a Māori-owned businesses to deliver goods and services

Progressive procurement is about buyers of goods and services looking beyond price to wider social and public value. It combines elements of social procurement, supplier diversity, indigenous procurement, and wellbeing measures. Te Puni Kōkiri, and the Ministry of Business, Innovation and Employment are developing a progressive procurement approach to increase the diversity of government suppliers, starting with Māori-owned businesses.

By procuring services from Māori-owned businesses, government agencies can provide vital income and build relationships with organisations basing their success on self-determination and mobility, values-based business practices, and whānau wellbeing.

The government has set a target for 5% of each agency's contracts to be awarded to Māori-owned businesses. Te Puni Kōkiri is helping some of these Māori-owned businesses to get tender ready, and are encouraging other government agencies to consider Māori-owned businesses for contracts.

Discover more stories

This narrative is one of the *Te Matapaeroa 2020* products. The others are a technical report and an interactive data explorer.

Readers will uncover more insights from the technical report and dashboard. Further exploration could identify success stories be shared and other areas where Māori-owned businesses can be better supported.

Visit www.tpk.govt.nz/en/o-matou-mohiotanga/maori-enterprise/te-matapaeroa-2020 for more details.

The future we aspire to is for thriving Māori and a thriving Māori economy to benefit future generations.

Method & data sources

Our definition of a Māori-owned business casts a wide net capturing as many Māori-owned businesses as possible, Māori sole traders and significant employers of Māori. Full details of definitions are available in the technical report.

Māori-owned businesses are defined as either:

- a business with at least 50% of shareholder wages being paid to directors, partners or active shareholders who are identified as being Māori through ethnicity or descent, or
- an enterprise flagged as Māori by Stats NZ and used in their Tatauranga umanga Māori reports.

The Māori owner definition has changed from *Te Matapaeroa 2019* which looked at majority ownership (51%).

Māori sole traders: An individual identified as Māori through ethnicity or descent. For consistency with historical Integrated Data Infrastructure (IDI) practices, sole traders are identified through individual income tax filings. It excludes those businesses with partnership, zero self-employed income, or rental and shareholder income.

Significant employers of Māori: A business with Employer Monthly Schedule data where at least 75% of employees are individuals identified as being Māori through ethnicity or descent. This excludes businesses that are identified as sole traders. While sole traders can employ others, they frequently only employ themselves. We did not want to include sole traders, consisting of a single person who identifies as Māori, being considered a significant employer of Māori with our 75% threshold definition.

The data in this report is found using government administrative data held securely by Stats NZ in the IDI and Longitudinal Business Database (LBD). These databases include business and individual data sourced mainly from Inland Revenue (IR) data or Stats NZ data. The LBD only includes information

on economically significant enterprises. To be classified as an economically significant enterprise, at least one of the following conditions must be met:

- Greater than \$30,000 annual GST expenses or sales
- More than three paid employees
- In a GST exempt industry, other than residential property leasing and rental
- Part of a Business Register group
- Has a new GST registration and has registered for salaries and wages PAYE but has not yet starting 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 list are applied.
- Has a live GEO classified to agriculture
- IRD10 income is greater than \$40,000

The LBD is yet to include changes in 2021 allowing businesses to self-identify as a Māori-owned through the New Zealand Business Register.

As part of safe use of data Stats NZ will suppress counts that are too small. This means that in some cases there are more Māori-owned businesses but we are unable to report on them for confidentiality reasons. Suppression is more likely in the detailed analysis when you are looking at multiple variables simultaneously.

Businesses can file their IR returns at different times. We have identified the best time to run the analysis to balance recency and completeness.

The new analysis date and changes to the definition of a Māori-owned business were two key changes to *Te Matapaeroa 2020* relative to *Te Matapaeroa 2019*. This has increased the number of Māori-owned businesses and sole traders reported. We have revised the figures from 2019 and earlier, the number of businesses year-to-year is largely stable.

This new optimal time for analysis and the change to the definition have been set as a baseline going forward to create a consistent way to calculate changes in Māori-owned businesses.

The different derivations could explain why there is an increase in sole traders but not significant employers of Māori. Sole traders rely on individual tax income return, whereas significant employers of Māori rely on the Employer Monthly Schedule and are averaged across the 12-month period. The Employer Monthly Schedule doesn't rely on businesses submitting their tax returns on time so it is less likely to be affected by changes in filing dates.

Based on the data, there haven't been any major changes to the composition of Māori-owned businesses, we have simply been able to see more Māori-owned businesses.

The following enterprise business types are excluded from our analysis:

The infographic displays five categories of excluded enterprise business types, each represented by a white icon on a dark purple circular background:

- Central government organisations**: Represented by an icon of a domed building with a flag on top.
- Government-owned trading entities**: Represented by an icon of a crown with a cross and a swastika-like symbol.
- Local government organisations**: Represented by an icon of a building with a flag on top.
- Local government trading enterprises**: Represented by an icon of a building with a flag on top.
- Consulates and Foreign Embassies**: Represented by an icon of a classical building with a dome and columns.

Financial information was derived from the LBD for enterprises with GST data. As a result of this approach, financial information is only available for businesses with an enterprise number and for which GST filing data is available.

More Information

For more information please email insights@tpk.govt.nz.



Disclaimer for output produced from the IDI

The results in this report are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD), 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 for 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.

Attribution

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