



**economics**

Report to:

**Bay of Plenty Regional Council**

**SITUATIONAL ANALYSIS:  
MĀORI CONTRIBUTION AND POSITION IN THE BAY OF  
CONNECTIONS ECONOMY**

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# Situational analysis: Māori contribution and position in the Bay of Connections economy

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# 1 Summary

Business and Economic Research Limited (BERL), Tahana and Te Kotahi Research Institute were commissioned by the Bay of Plenty Regional Council (BOPRC) on behalf of the Bay of Connections Governance Group to develop a Māori Economic Development Strategy and Action Plan.

This report outlines, and identifies key issues arising from, the available empirical, quantitative evidence as to the nature of the Māori economy in the Bay of Connections region. This demonstrates the significance of Māori in the Bay of Connections and the role Māori can play in influencing economic change and direction for the Region. It details the value of the Māori economy to the region and assesses the Māori economy in terms of its asset base, employment, income, spending and GDP (Gross Domestic Product) within the Region.

## 1.1 Bay of Connections strategy

The goal of the Bay of Connections strategy is to grow employment at a faster rate than what would be achieved without the strategy. The strategy has also identified thirteen sectors of focus. Strategies have already been launched by the Bay of Connections in aquaculture, forestry and wood processing, energy and freight logistics.

This report is part of a broader process and will be used in discussions with the BOPRC and Māori to help identify key areas of focus for the development of the Māori Economic Development Strategy and Action Plan.

## 1.2 Key findings on the Māori contribution to the Bay of Connections economy

### Māori economy

#### *GDP*

*In 2010, Māori contributed GDP of \$1.2 billion to the Bay of Connections region's economy. This amounts to 11 percent of total GDP in the Bay of Connections economy.*

#### *Industry*

The biggest industry contributors to GDP from Māori economic activities in the Bay of Connections were forestry, health and community services, manufacturing, tourism, agriculture and education.

## **Māori asset base**

*In 2010, the Bay of Connections Māori asset base was \$8.6 billion, almost a quarter (23 percent) of total Māori assets in New Zealand.*

Māori businesses account for the largest proportion of assets in the Bay of Connections (52 percent). These businesses are participating in a wide variety of industries within the economy.

The Bay of Connections Māori also has a relatively large proportion of their assets in collective ownership. The Māori collective asset base, accounted for 37 percent of the Bay of Connections asset base. This is significantly higher than the national comparison of Māori collectively owning 29 percent of the total Māori asset base in New Zealand.

## **Māori Population**

*The Bay of Connections has a large Māori population.*

Māori account for around 15 percent of the New Zealand population. In 2006, Māori made up 28 percent (77,800 people) of the total population in the Bay of Connections; Bay of Connections accounts for around 11.8 percent of Māori in New Zealand. The Māori population is also young and it is estimated that approximately 34 percent of the Māori population are less than 15 years of age.

## **Māori employment**

*Māori made up 23 percent of total employment in the Bay of Connections in 2010, with 27,000 Māori employed in various industries.*

The top five industries that employed Māori were manufacturing, retail trade, education, construction, and health & community services. The income information (below) suggests that within these sectors Māori were in positions with lower earning potential and had access to relatively fewer skilled occupation opportunities

## **Māori household income and spending**

*Māori households in the Bay of Connections earned less from paid employment and received more social security and assistance benefits than other households in the Bay of Connections. Further, Māori households in the Bay of Connections earned less from paid employment and received more social security and assistance benefits than Māori in the rest of New Zealand.*

The majority of Māori household income in the Bay of Connections came from paid employment. In 2010, the Māori average weekly income in the Bay of Connections was \$522. This was \$25 less than what Māori in all of New Zealand received every week (\$547) and \$116 less than the average mean income of all other ethnicities (\$638) in the Bay of Connections. This gap is reflected in Māori households that spend their income on immediate consumer needs at the expense of long term investment opportunities. Māori households in the Bay of Connections are dissaving a total of \$547 million a year. This is not dissimilar to Māori households in the rest of New Zealand.

### **1.3 Māori economy by Sub-area**

This report has investigated the Māori economy in the Bay of Connections at a District level. The report divided the Bay of Connections into three Sub-areas. These areas are:

- Central Sub-area: Rotorua, Taupō
- Western Sub-area: Tauranga City, Western Bay of Plenty
- Eastern Sub-area: Whakatane, Kawerau, Opotiki District

#### *Central Sub-area*

The Central Sub-area (Rotorua and Taupō) had the highest proportion of the Māori asset base. The Sub-area also had a significant proportion of the collective asset base, largely in the forestry and energy industries, totalling \$2.8 billion in 2010. The collective assets of the Central Sub-area accounted for 88 percent of the total collective assets in the Bay of Connections or 26 percent of the total collective assets in New Zealand.

Within the Sub-area, Rotorua has been the biggest contributor to the Māori economy in the Bay of Connections. In 2010, Rotorua contributed \$387 million (33 percent) to the total Māori GDP in the Bay of Connections. Also, most Māori in the Bay of Connections live in the Rotorua District (25,800 people)

#### *Western Sub-area*

The Western Sub-area (Tauranga and Western Bay of Plenty) had the lowest proportion of the collective asset base, but a significant asset base in the services industry. Tauranga city had a significant proportion of Māori businesses and provided substantial employment for Māori in the Bay of Connections.

### *Eastern Sub-area*

The majority of assets in the Eastern Sub-area were in agriculture and forestry. 7 percent of the total collective assets in the Bay of Connections or 2 percent of the total collective assets in New Zealand are found in the Eastern Sub-area. The Eastern Sub-area has a significant proportion of Māori in the population, with the Kawerau District and Opotiki District where more than half of their respective populations identified as Māori (62.8 percent or 4,300 people and 58.2 percent or 5,300 people, respectively).

Māori employment in the Eastern Sub-area was significant in the manufacturing sector. Pulp paper and converted paper product manufacturing was the biggest employers in the Sub-areas' manufacturing sector in 2010.

#### **1.4 Summary**

The situational analysis has shown the importance of Māori to the Bay of Connections economy. The analysis showed that Māori make up a significant proportion of the Bay of Connections economy in relation to population, employment, GDP and assets.

The analysis has also showed that Māori make a significant contribution to GDP through forestry, health and community services, manufacturing, tourism, education and agriculture. The analysis also showed that Maori have a substantial share of the fishing industry in the Bay of Connections. It also showed that there was a relatively strong collective asset base in the Bay of Connections, concentrated in the Rotorua and Taupō districts within agriculture, forestry and energy.

However, Māori in the Bay of Connections are not doing as well as the general population in the Bay of Connections. Further Māori in the Bay of Connections are not doing as well as the general Māori population in New Zealand.

## 2 Introduction

Business and Economic Research Limited (BERL) was commissioned by the Bay of Plenty Regional Council (BOPRC) on behalf of the Bay of Connections Governance Group to develop a situational analysis of Māori within the Bay of Connections.

### Purpose of report

Māori economic development is important not only for Māori, but for the Bay of Connections overall economic performance. For the Bay of Connections economy to achieve its long-run potential growth, it must make the best use of all available resources. As they make up a large proportion of; and own a significant asset base across key sectors in; the Bay of Connections economy, Māori can make a considerable contribution to the future growth of the region.

To develop a Māori Economic Development Strategy, the project has been divided into four work streams:

Work Stream 1: Establish Project Scope

Work Stream 2: Synthesis of existing information and development of draft strategic framework

Work Stream 3: Stakeholder engagement and consultation

Work Stream 4: Finalise and validate strategy and action plan

This report was prepared as part of Work Stream 2. It assessed the contribution of the Māori economy to the Bay of Connections' economy.<sup>1</sup> The Māori economy in the Bay of Connections has many dimensions. This report estimated the size of the Māori economy across some of these dimensions, and illustrated the relationships between the Māori economy in the Bay of Connections and the wider New Zealand economy. Various dimensions are presented to stress the importance that the contribution of the Māori economy cannot be summarised by one number or percentage.

The participation in, and contributions to, an economy of an industry, sector or population group can be described across many dimensions. This report explicitly looks at the Māori economy from the perspective of the:

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<sup>1</sup> The Bay of Connections economy includes the contribution from the following Districts: Rotorua District, Taupo District, Whakatane District, Kawerau District, Opoitiki District, Tauranga City, and the Western Bay of Plenty District.



- Asset base.
- Income, spending and GDP<sup>2</sup>.
- Links to other sectors of the wider New Zealand economy.

The information provided in this report provides an up to date and comprehensive collection of quantitative data to inform development of the strategy and ensure it is grounded good empirical evidence about the nature and state of the Maori economic contribution. It will assist in understanding and establishing the most significant drivers of future economic success for Māori in the region. This will be combined with inputs from consultation hui, interviews and our Advisory Group to develop the strategy and action plan.

### **Method**

This report has been compiled using various sources of data and modeling. In particular it relies heavily on the methodology, modeling and research from BERL's:

- 'Asset base, income, expenditure and GDP of the 2010 Māori economy' report commissioned by the Māori Economic Taskforce in 2011; and
- 'Māori Asset Base in the Waiariki Economy' report commissioned by Te Puni Kokiri.

The first report gathered information on the overall Māori database, while the second report provided information on the value of the Māori economy in the Bay of Connections at a regional level.

#### *Value of the Māori economy*

Information on the value of the Māori economy was estimated using the Social Accounting Matrix (SAM) for the Māori economy, the main modeling approach applied in the 'Asset base, income, expenditure and GDP of the 2010 Māori economy' report. Within the working tables of the SAM Bay of Connections activity has been isolated to determine the Māori contribution from the Bay of Connections.

#### *Māori asset base*

The asset base of Māori for the Bay of Connections was measured by rohe. The rohe for the Bay of Connections is the Waiariki.<sup>3</sup> This asset is split into three components:

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<sup>2</sup> GDP is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

- the assets of trusts, incorporations and other Māori entities;
- businesses of self-employed Māori; and
- businesses of Māori employers.

The Waiariki rohe encompasses the territorial authorities of the Western Bay of Plenty District, Tauranga City, Rotorua District, Whakatane District, Kawerau District, and Opotiki District.

The Māori asset database was used to estimate the value of Māori assets in relation to the Bay of Connections and to New Zealand. The Māori asset database has been updated by incorporating the 2010 to 2012 settlements in the Bay of Connections.

All information is presented in 2010 values as this is the latest information available for the asset base.

The rest of the report is presented as follows: Section 3 outlines the size of the Māori economy in the Bay of Connections and then focuses on the contribution of Māori assets in the Region. Section 4 investigates describes the contribution of Māori to employment in the Bay of Connections. Section 5 investigates the expenditure and income patterns of Māori in the Bay of Connections. Finally, section 6 summarises the key findings from the analysis.

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<sup>3</sup> The asset base of the Waiariki rohe includes the assets of the following iwi: Te Whanau a Apanui, Ngaitai, Whakatohea, Tuhoe, Ngati Awa, Ngati Tuwharetoa (BoP), Ngati Pukenga, Ngaiterangi, Ngati Ranginui, Ngati Pikiāo, Ngati Whakaue. The asset base of Ngati Tuwharetoa has not been included as part of the Te Arawa waka.

### **3 Māori contribution to the Bay of Connections economy**

*In 2010, the Māori economy contributed about \$1.2 billion or 11 percent to the Bay of Connections economy. Rotorua was the largest contributor to the Māori economy within the Bay of Connections.*

This section looks at the contribution of the Māori economy to the Bay of Connections economy in terms of GDP, compares this contribution to the overall New Zealand Māori economy, and then assesses the Māori economy in the Bay of Connections at a District level.

#### **3.1 Key Industries for Bay of Connections Māori**

In 2010, it was estimated that the Māori economy contributed \$10.3 billion to the New Zealand economy. Māori contribution to the New Zealand economy has steadily increased over the past decade. This is reflected in the gradual growth of the share of Māori GDP from 1.4 percent in 1996 to 5.9 percent in 2010.<sup>4</sup>

At \$1.2 billion, Bay of Connection Māori accounted for 11 percent of total Māori GDP of \$10.3 billion.

Table 3.1 illustrates GDP by Māori in the Bay of Connections in relation to total GDP by Māori to the New Zealand economy by industry.

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<sup>4</sup> Maori Economic Taskforce, 2011. Extracted from <http://www.tpk.govt.nz/en/in-focus/archive/taskforce/econdev/>

**Table 3.1 Share of Māori value-added<sup>5</sup> in the Bay of Connections to the total Māori GDP in New Zealand, 2010**

<b>Māori value added by industry (2010 \$m)</b>			
	Bay of Connections	New Zealand	% share of Bay of Plenty to Total Māori GDP NZ
Agriculture	67	644	10%
Forestry	145	509	29%
Fishing	7	91	8%
Mining	0	2	5%
Manufacturing	108	1007	11%
Elect, gas & water	5	42	11%
Construction	67	602	11%
Wholesale trade	24	256	9%
Retail trade	46	398	12%
Accommodation	21	177	12%
Transport	61	538	11%
Communications	37	540	7%
Finance services	29	397	7%
Property and business services	165	1774	9%
Education	99	712	14%
Health and Community Services	161	1837	9%
Cultural and Recreational Services	88	276	32%
Personal and Other Services	46	454	10%
<b>Total Māori GDP</b>	<b>1,177</b>	<b>10,255</b>	<b>11%</b>

Note: Excludes gov't administration and defense

Source: BERL

GDP in relation to total Māori activity, Bay of Connections Māori activity is relatively high in cultural and recreational services (32 percent), forestry (29 percent) and education (14 percent). Although the highest value adding is property and business services this includes the sub industry Ownership of Owner-Occupied Dwellings. By definition, this sub-industry is included in the GDP figures to reflect the rental value of owner-occupied property - but it does not employ people.

#### *Tourism*

Tourism is a significant contributor within the cultural and recreational services, accommodation and transport. The most popular regional tourism destination visited by

<sup>5</sup> Value-added is a measure of output

international Māori cultural tourists was Rotorua with 337,600 tourists (or 86 percent of all international Māori cultural tourists) <sup>6</sup>.

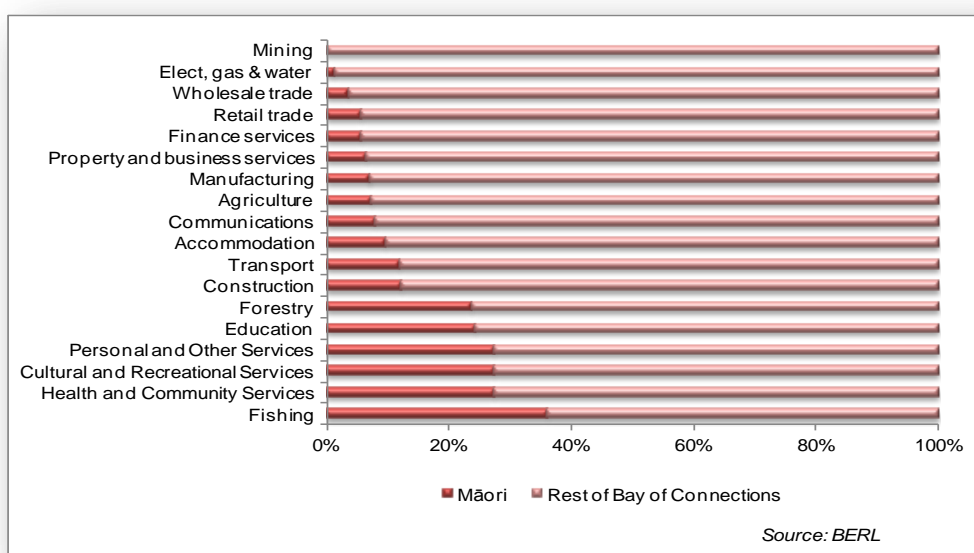
### Forestry

Māori in the Bay of Connections represents 29 percent (\$145 million of \$509 million in 2010) of the total Māori contribution from forestry. Māori own some \$2 billion of forestry assets and are set to have a substantially larger role and influence in the future of New Zealand forestry.<sup>7</sup> The forestry industry has supported about 1,800 full time equivalent jobs, of which about 16 percent (281 FTEs) <sup>8</sup> were Māori.

### 3.2 Māori GDP (contribution) to the Bay of Connections GDP

Figure 3.1 illustrates Māori share of GDP by industry in the Bay of Connections in 2010.<sup>9</sup>

**Figure 3.1 Māori GDP share of industry in the Bay of Connections, 2010**



<sup>6</sup> Ministry of Tourism, 2009. Tourism Sector Profile, Series B4. In 2008, 477,000 tourists participated in Māori cultural activities according to the Ministry of Tourism. According to the Ministry, the majority were international tourists (361,600 or 76 percent).

<sup>7</sup> Parker, Warren, CEO, SCION, 2012. Scion Connections Issue 3. Maori bring new forestry perspective

<sup>8</sup> BERL estimate using proportion of Maori employment from Table Builder, *Employment and Labour Status*, compiled by Statistics New Zealand from 2001 and 2006 Census of Population and Dwellings, applied to FTE numbers from the BERL Regional Database.

<sup>9</sup> The industry classifications used in this research are the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006. This is a hierarchical classification with four levels: divisions (the broadest level), subdivisions, groups and classes. For the purposes of this research we have examined industries at the division level. This level provides 18 industries and provides a broad picture of the economy.

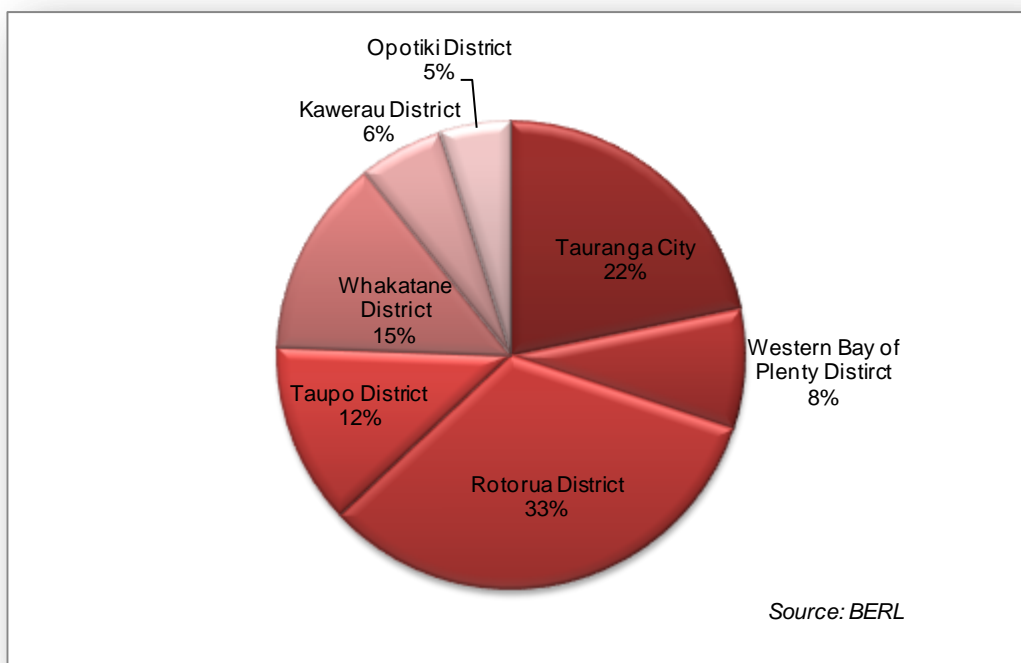
In 2010, Māori contributed GDP of \$1.2 billion is 11 percent of total GDP in the Bay of Connections.

The fishing industry is relatively small compared to other industries in the region, but Māori participation in the industry is about \$7 million (36 percent of the total GDP from the industry in the Bay of Connections area).

### 3.3 Contribution by Māori to GDP by Bay of Connections District

Figure 3.2 below presents the contribution of Māori to GDP by District.

**Figure 3.2 Distribution of Māori GDP by Bay of Connections District, 2010**



Rotorua has been the biggest contributor by the Māori economy within the Bay of Connections. In 2010, Rotorua contributed \$387 million to the total Māori GDP in the Bay of Connections. This contribution came largely from activities in the forestry (\$64 million), property & business services (\$51 million), health & community services (\$50 million) and cultural & recreation services (\$46 million). These industries made up more than half of the total Māori GDP in Rotorua and eight percent of total GDP in the District in 2010.

The second largest contributor to the Māori economy within the Bay of Connections was Tauranga City. In 2010, Māori contribution to Tauranga City was \$256 million or 22 percent of the total Māori GDP to the Bay of Connections. The five biggest activities from the Māori

economy in Tauranga City were property & business services<sup>10</sup> (\$48 million), health & community services (\$43 million), manufacturing (\$23 million), transport & storage (\$22 million) and construction (\$22 million). Compared to Māori in Rotorua District, the Māori economy within Tauranga City is concentrated in industries providing services and support to other business in the Bay of Connections.

Whakatane District made up 15 percent of the Māori economy in the Bay of Connections. This contribution was largely from health & community services, education and property & business services. In the Kawerau District, Māori GDP (\$68 million) was mainly from the forestry industry (\$28 million). At \$58 million, Māori in the Opotiki District's contribution to the Māori economy in the Bay of Connections is 5 percent.

Agriculture contributed about \$11 million (19 percent of the total Māori valued-added in the District).

Agriculture (mostly dairy and beef farming) and horticulture are major export activities, providing significant employment throughout the region. The region's fertile soils support a variety of horticultural activities including kiwifruit orchards, market gardens and apple and avocado orchards especially in the Eastern and Western sub-areas.

Table 3.2 presents the Māori economy in the Bay of Connections per District.

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<sup>10</sup> The Property Services industry, includes the sub industry Ownership of Owner-Occupied Dwellings. By definition, this sub-industry is included in the GDP figures to reflect the rental value of owner-occupied property - but it does not employ people.

**Table 3.2 Māori economy in the Bay of Connections by District, 2010**

	Māori value added by industry (2010 \$m)							
	Tauranga City	Western Bay of Plenty District	Rotorua District	Taupo District	Whakatane District	Kawerau District	Opotiki District	Bay of Plenty
Agriculture	7	14	11	10	14	0	11	67.2
Forestry	2	2	64	30	14	28	6	145.4
Fishing	4	0	0	1	0	0	1	6.9
Mining	0.01	0.02	0.02	0.04	0.02	0.00	0.00	0.1
Manufacturing	23	12	34	13	15	10	2	108.0
Electricity, Gas and Water Supply	0.3	0.0	2.4	0.8	1.1	0.2	0.2	4.8
Construction	22	7	15	9	8	2	3	66.5
Wholesale Trade	7	3	8	2	2	1	1	23.8
Retail Trade	12	3	14	6	7	1	2	46.0
Accommodation, Cafes and Restaurants	4	1	9	5	2	0	1	21.4
Transport and Storage	22	6	17	6	7	2	2	61.1
Communication services	12	2	13	4	3	1	1	36.7
Finance services	8	3	9	2	5	2	1	29.5
Property services	48	13	51	16	22	7	8	165.0
Education	16	7	30	10	23	6	8	99.3
Other services	70	25	109	34	39	8	11	295.3
<b>Total</b>	<b>256</b>	<b>98</b>	<b>387</b>	<b>148</b>	<b>162</b>	<b>68</b>	<b>58</b>	<b>1,177</b>

Source: BERL



## 4 Māori asset base in the Bay of Connections

*The Bay of Connections Māori asset base for 2010 was estimated at \$8.6 billion, accounting for 23 percent of the total Māori assets in New Zealand. The majority of the Māori asset base in the Bay of Connections is within the Central District (Rotorua and Taupō).*

This section provides the value of Māori in terms of its asset base in the Bay of Connections. It also details the type of Māori assets and the industries they are in at a District level.

### 4.1 Māori asset base in New Zealand

The total asset base of the 2010 Māori economy was estimated at \$36.9 billion. This comprised assets of trusts, incorporations and other Māori entities of \$10.7 billion, businesses of self-employed Māori of \$5.4 billion and businesses of Māori employers of \$20.8 billion.<sup>11</sup>

### 4.2 Māori asset base composition in the Bay of Connections

The Bay of Connections Māori asset base for 2010 was estimated at \$8.6 billion, accounting for 23 percent of total Māori assets in New Zealand.

This comprised assets of trusts, incorporations and other Māori entities of \$3.2 billion, businesses of self-employed Māori of \$934 million and businesses of Māori employers of \$4.5 billion. Figure 4.1 shows the composition of Māori assets in the Bay of Connections.

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<sup>11</sup> BERL, 2011. The asset base, income, expenditure and GDP of the 2010 Māori economy.

**Figure 4.1 Māori asset base in the Bay of Connections, 2010**

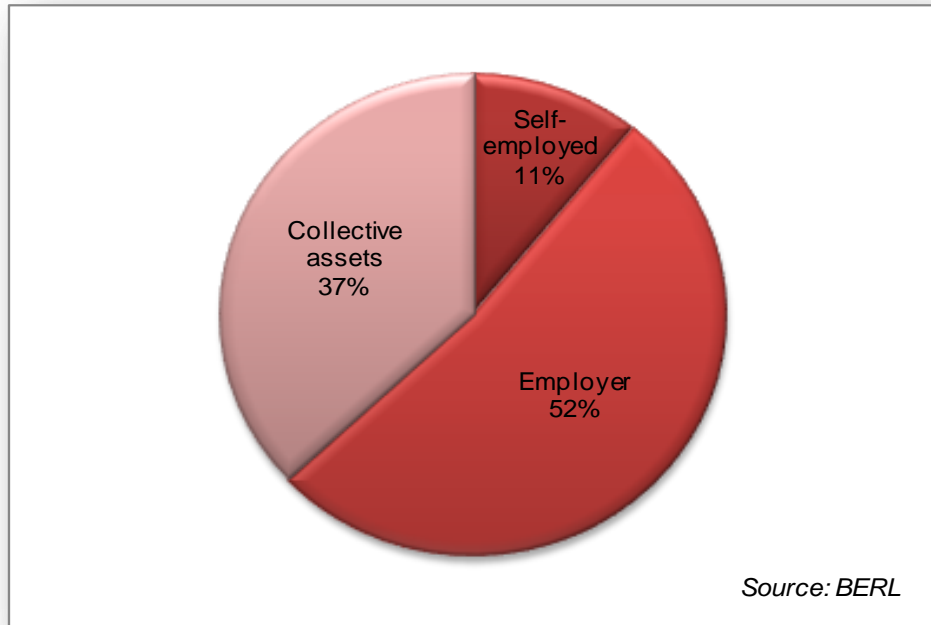


Figure 4.1 shows that Māori employers (Māori businesses) are the biggest asset holders (52 percent), followed by collective assets (37 percent) and self-employed Māori (11 percent).

Sixty three percent of the Māori asset base is made up of businesses. The majority of the assets in Māori businesses are in finance & insurance assets (43 percent), agriculture, forestry & fishing (13 percent), property & business services (12 percent) and transport & storage (7 percent).

#### **4.3 Māori asset base composition in the Bay of Connections by Sub-area**

Table 4.1 shows the Māori asset base in the Bay of Connections areas across three areas: Central (Rotorua and Taupō); Eastern (Whakatane, Kawerau, and Opotiki); and Western (Tauranga and Western Bay of Plenty).

**Table 4.1 Māori asset base by Sub-area, 2010 (\$m)**

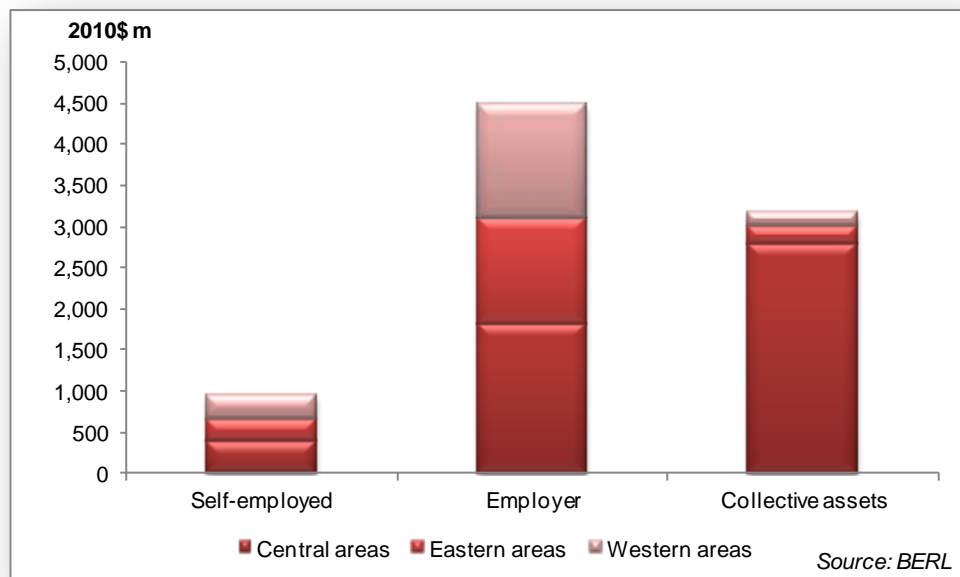
Source	Central areas	Eastern areas	Western areas	Rest of NZ	NZ
Self-employed	380	268	285	4,506	5,440
Employer	1,822	1,285	1,364	16,366	20,837
Collective assets	2,784	224	169	7,658	10,835
Total	4,986	1,778	1,817	28,531	37,112

*Source: BERL*

More than half of the Māori assets in the Bay of Connections are in the Central Sub-area. The remaining 42 percent are split relatively evenly between the Eastern and Western Sub-area. Most of the assets in the Central Sub-area are within the collective asset base, but in the case of Eastern and Western areas, their assets are concentrated in Māori businesses.

Figure 4.2 presents the distribution of the Māori asset base by source and Sub-area in the Bay of Connections. The Central Sub-area has the highest proportion of the total asset base including Māori self-employed, businesses of Māori employers and collective assets.

**Figure 4.2 Distribution of Māori asset base by source and Sub-area, 2010**



#### 4.4 Māori collective assets in the Bay of Connections by Industry

Māori collective assets in the Bay of Connections were \$3.2 billion in 2010. This accounted for 29 percent of the total Māori collective assets in New Zealand. A breakdown of collective assets in the Bay of Connections and the rest of New Zealand is shown in Table 4.2.

**Table 4.2 Māori collective assets by industry in New Zealand, 2010 (\$m)**

Industry	Bay of Connections	Rest of NZ	NZ
Agriculture	1,268.5	1,261.7	2,530.3
Forestry	795.6	1,616.2	2,411.9
Fishing	38.7	996.2	1,034.8
Energy	222.4	48.0	270.4
Mining	0.0	4.6	4.6
Processing	573.5	0.0	573.5
Property Development	37.5	808.0	845.6
Services	232.7	2,923.7	3,156.5
Others (e.g. Cash)	8.0	0.0	8.0
Total	3,177.0	7,658.6	10,835.5

Agriculture is a significant collective asset for Bay of Connections Māori. It accounts for 40 percent of the collective assets in the region. Further, it accounts for half of all agriculture owned collectively by Māori.

Energy is also important in that Bay of Connections Māori own 83 percent of all collective Māori energy assets.

Forestry (25 percent of region assets and 33 percent of total industry), and processing (18 percent of region assets and 100 percent of total assets) are also significant industries from a Bay of Connections perspective.

Figure 4.3 shows the share of each industry as a proportion of total Māori collective assets in the Bay of Connections region.

**Figure 4.3 Māori collective assets in the Bay of Connections, 2010 (\$m)**

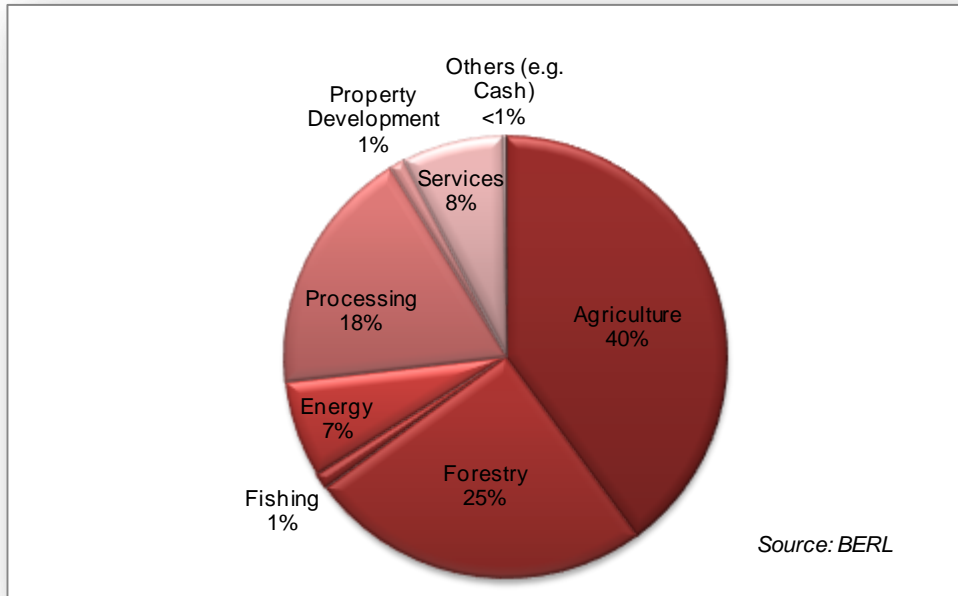
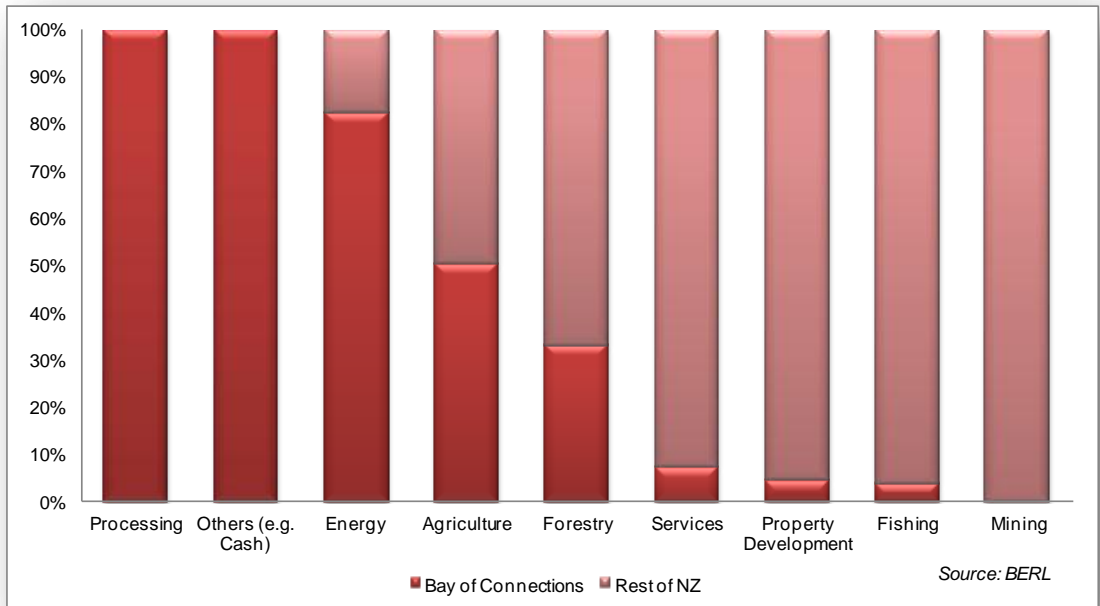


Figure 4.4 shows the share of collective assets as a proportion of all collectively owned assets by industry.

**Figure 4.4 Māori collective assets by industry in New Zealand, 2010 (\$m)**



All New Zealand collective assets in processing industry were found in the Bay of Connections. This collective asset is in the dairy processing industry, amounting to \$573.5 million, is located in Central Bay of Connections.

The majority of collective assets in the energy industry (82 percent) were found in the Bay of Connections. The collective assets in energy industry, which were all geothermal in nature, are located in Rotorua and Taupō.

Half of the Māori total collective asset base in agriculture is in the Bay of Connections. Also, one-third of the total Māori collective asset base in forestry is found in the Bay of Connections. Less than 10 percent each of the Māori total collective assets in services, property development and fishing industries are found in the Bay of Connections.

#### 4.5 Māori collective assets in the Bay of Connections by Sub-area

Table 4.3 presents Māori collective assets by industry by sub-area in the Bay of Connections areas, which amounts to \$3.2 billion in 2010 and accounts for 29 percent of the total Māori collective assets in New Zealand.<sup>12</sup>

**Table 4.3 Collective asset by industry by Sub-area, New Zealand, 2010 (\$m)**

Industry	Central BoC Areas	Eastern BoC Areas	Western BoC Areas	Rest of NZ	NZ
Agriculture	1,216.6	51.9	0.0	1,261.7	2,530.3
Forestry	623.2	172.4	0.0	1,616.2	2,411.9
Fishing	38.7	0.0	0.0	996.2	1,034.8
Energy	222.4	0.0	0.0	48.0	270.4
Mining	0.0	0.0	0.0	4.6	4.6
Processing	573.5	0.0	0.0	0.0	573.5
Property Development	7.5	0.0	30.0	808.1	845.6
Services	102.0	0.0	130.7	2,923.7	3,156.5
Others (e.g. Cash)	0.0	0.0	8.0	0.0	8.0
<b>Total</b>	<b>2,783.9</b>	<b>224.4</b>	<b>168.7</b>	<b>7,658.6</b>	<b>10,835.6</b>

Source: BERL

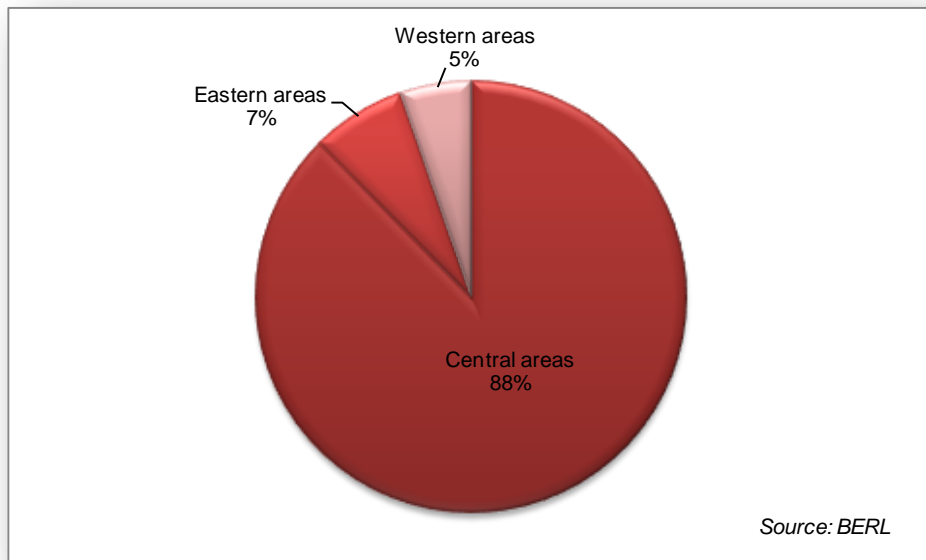
Central Bay of Connections had the largest collective asset base among the three Sub-areas in the Bay of Connections, totalling \$2.8 billion in 2010. The collective assets of the Central Sub-area accounted for 88 percent of the total collective assets in the Bay of Connections or 26 percent of the total collective assets in New Zealand.

<sup>12</sup> The Bay of Connections areas are divided into three groups: Central (Rotorua and Taupo); Eastern (Whakatane, Kawerau, and Opotiki); and Western (Tauranga and Western Bay of Plenty).

This is followed by the Eastern Sub-area with \$224 million in collective assets and the Western Sub-area with \$169 million in collective assets.

7 percent of the total collective assets in the Bay of Connections or 2 percent of the total collective assets in New Zealand are found in the Eastern Sub-area, with the remaining 5 percent of the total collective assets in the Bay of Connections in the Western Sub-area or 2 percent of the total collective assets in New Zealand as shown in Figure 4.5.

**Figure 4.5 Māori collective assets by Sub-area, 2010**



Among the Districts in the Bay of Connections, the Western District is the only district that has reported a cash settlement (\$8 million). The collective assets of the Eastern District are concentrated in agriculture and forestry. In the case of the Western areas, their collective assets are in services aside from cash settlement. Collective assets in agriculture and forestry are higher in the Central areas than the Eastern areas.

## 5 Māori employment in the Bay of Connections

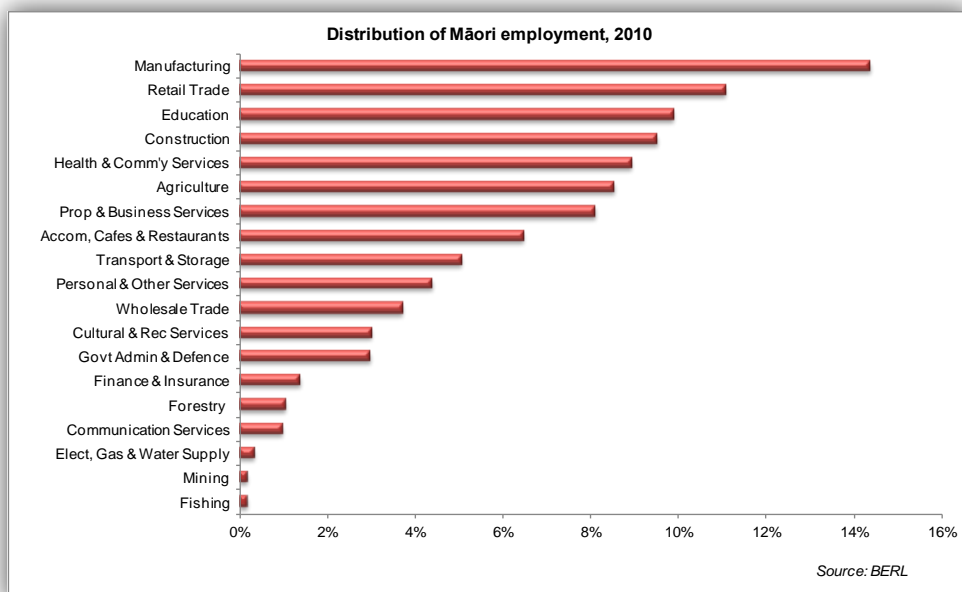
*In 2010, Māori made up 23 percent of total employment in the Bay of Connections, with 27,000 Māori employed in various industries. Māori employment in the Bay of Connections was concentrated in the Central District. Māori are employed in lower earning and less skilled occupations.*

This section describes the value of Māori in terms of employment in the Bay of Connections. It describes the industries that employ Māori by Sub-area and provides the income earned by Māori.

### 5.1 Māori employment by Industry in the Bay of Connections

The top five industries where Māori working in the Bay of Connections were employed were in manufacturing, retail trade, education, construction and health & community services as illustrated in Figure 5.1.

**Figure 5.1 Distribution of Māori employment in the Bay of Connections, 2010**



Most of these industries offer lower earning potential and relatively fewer skilled occupation opportunities. Māori Employment by District in the Bay of Connections Regional employment is concentrated in the Central Sub-area. From the 27,000 Māori employed in the Bay of Connections, 11,722 were employed in the Central District. Table 5.1 summarise Māori employment by District in the Bay of Connections region.



**Table 5.1 Māori employment per region per industry, 2010**

	Māori employment 2010 (FTEs)							
	Tauranga City	Western Bay of Plenty	Rotorua	Taupo	Whakatane	Kawerau	Opotiki	Bay of Plenty
Agriculture	253	486	399	347	480	0	369	2333
Forestry	3	4	123	58	27	54	12	281
Fishing	29	1	1	3	3	0	7	44
Mining	6	7	9	17	7	0	0	46
Manufacturing	823	421	1226	468	561	365	59	3923
Elect, Gas & Water Supply	6	0	45	14	20	3	3	89
Construction	854	269	603	343	309	90	133	2601
Wholesale Trade	299	122	338	79	102	33	43	1015
Retail Trade	796	230	917	373	469	93	152	3030
Accom, Cafes & Restaurants	290	67	719	427	156	40	70	1769
Transport & Storage	493	137	375	143	156	41	35	1379
Communication Services	85	16	94	31	19	9	9	264
Finance & Insurance	100	33	116	30	60	23	13	375
Prop & Business Services	643	179	685	214	294	90	102	2208
Govt Admin & Defence	164	53	315	66	148	23	39	808
Education	434	195	827	259	619	150	217	2701
Health & Comm'y Services	656	260	757	214	374	78	97	2437
Cultural & Rec Services	157	37	429	105	59	12	19	818
Personal & Other Services	239	99	341	212	195	47	61	1193
<b>Total</b>	<b>6,328</b>	<b>2,616</b>	<b>8,319</b>	<b>3,403</b>	<b>4,057</b>	<b>1,151</b>	<b>1,442</b>	<b>27,316</b>

Source: BERL

### **5.1.1 Māori employment in the central Districts**

Māori employment was concentrated in the manufacturing and tourism related industries including retail trade and accommodation, hotels and restaurants. In 2010, over 1,600 Māori were employed in manufacturing, most of which were in wood product manufacturing, while about 1,200 were in retail trade.

### **5.1.2 Māori employment in the eastern Districts**

Māori employment was also significant in manufacturing. Pulp paper and converted paper product manufacturing were the largest employers in the Districts' manufacturing industry in 2010. In the retail trade industry, most Māori were in food and beverages, accommodation and other store-based retailing.

### **5.1.3 Māori employment in the western Districts**

The top three employment hubs for Māori were manufacturing, retail trade and construction, employing about 3,400 Māori in 2010. Within these industries, food product manufacturing, food retailing and other store-based retailing and construction services were the largest employers.

## **5.2 Individual income**

In 2010, the Māori average weekly income<sup>13</sup> in the Bay of Connections was \$522.<sup>14</sup> This was \$25 less than the Māori average weekly income in all of New Zealand (\$547) and \$116 less than the average weekly income of all other ethnicities (\$638) in the Bay of Connections. The average weekly income of Māori in the Bay of Connections area was:

- 95 percent of New Zealand Māori mean weekly income
- 82 percent of the mean weekly income of other ethnicities in the Bay of Connections
- 76 percent of the mean weekly income of other ethnicities in New Zealand.

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<sup>13</sup> Weekly income is the income received before tax from all sources, such as wages, salary, self-employment, government transfers, private superannuation and pension schemes, annuities and investment income. Average weekly income is the total weekly income for the working population divided by the working-age population.

<sup>14</sup> The Māori average weekly income is sourced directly from Income Tables of Statistics New Zealand. Available at: [http://www.stats.govt.nz/tools\\_and\\_services/tools/TableBuilder/tables-by-subject.aspx](http://www.stats.govt.nz/tools_and_services/tools/TableBuilder/tables-by-subject.aspx). All other ethnicities' average weekly income in 2010 is estimated by calculating the weighted mean of the average weekly income of other people who identified themselves as belonging to European, Pacific, Asian, Middle Eastern/Latin America/African (/MELAA) and other ethnicities.

## 6 Māori household income and expenditure

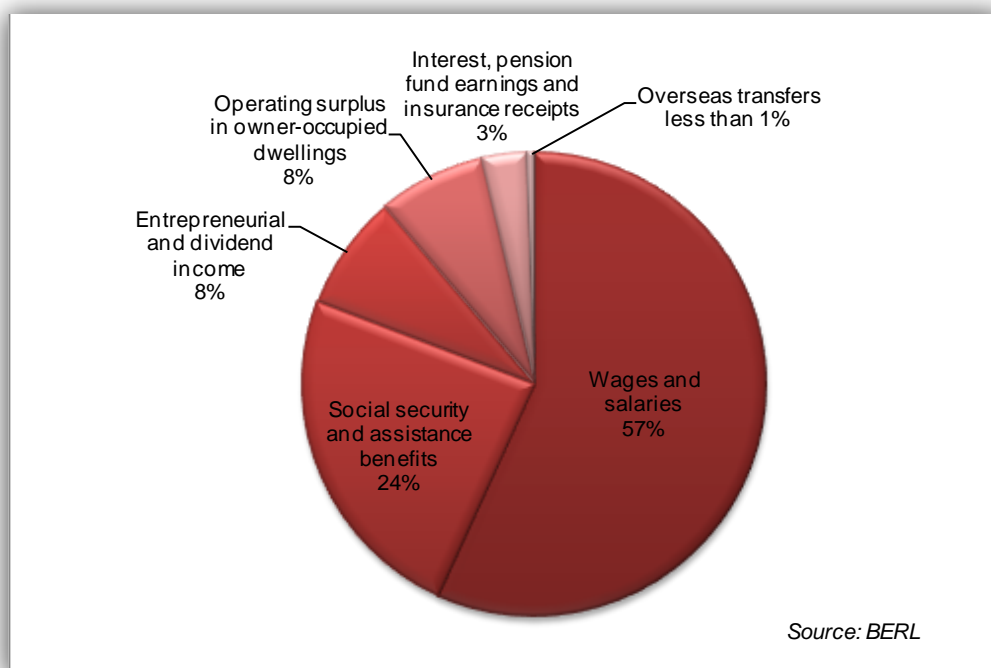
Māori households in the Bay of Connections earn less from paid employment and receive more social security and assistance benefits than their counterparts in the rest of New Zealand. With outlays exceeding income, Māori households in the Bay of Connections spent \$547 million more than they received in 2010.

This section describes Māori contribution to income and expenditure within the Bay of Connections.

### 6.1 Māori source of income

In 2010, household income for all Māori in New Zealand was \$14.7 billion.<sup>15</sup> Of this total, the share for Māori households in the Bay of Connections was 11 percent or \$1.7 billion. Figure 6.1 presents a breakdown of this income by source.

**Figure 6.1 Share of whānau income, Bay of Connections**



The majority of Māori household income in the Bay of Connections was from paid employment. At 57 percent, wages and salaries made up the largest slice of the Māori household income while entrepreneurial contributions were marginal.

<sup>15</sup> Estimate based on an earlier work BERL has completed for Te Puni Kōkiri in 2011.

The second major source of income for Māori households in the Bay of Connections area was social security and assistance benefits. The Government contributed 24 percent to Māori household income in 2010. This was also significantly higher than the 21 percent nationally for Māori households.

Compared to the national proportion, Māori households in the Bay of Connections:

- earned less from paid employment with the proportion of whānau income from paid employment (57 percent versus 60 percent nationally);
- received more from social security and assistance benefits (24 percent versus 21 percent nationally);
- earned less from entrepreneurial activities (eight percent versus nine percent nationally).

These findings suggest that Māori households in the Bay of Connections earn less than their counterparts in the rest of New Zealand and that a significant portion of Māori households are also dependent on benefits. In December 2010, 15,591 working-age Māori were recipients of a main benefit (52.9 percent of the total working aged recipients in the Bay of Connections), 3,037 of which were receiving unemployment benefits (58.9 percent of the total unemployment benefit recipients in the region).<sup>16</sup>

## 6.2 Māori household expenditure

Māori households in the Bay of Connections spend the majority of their incomes on consumer goods and services, including expenditure on durable goods.

In 2010, total consumer expenditure was \$1.7 billion or 77 percent of the total Māori household spend (\$2.2 billion) in the Bay of Connections. The second biggest outlay was income taxes, social security contributions, fines and penalties (\$286 million). This makes up about 13 percent of the total Māori household spend or 17 percent of the total Māori household income in the Bay of Connections. Pension fund contributions and overseas transfers make up a minor part of household spend.

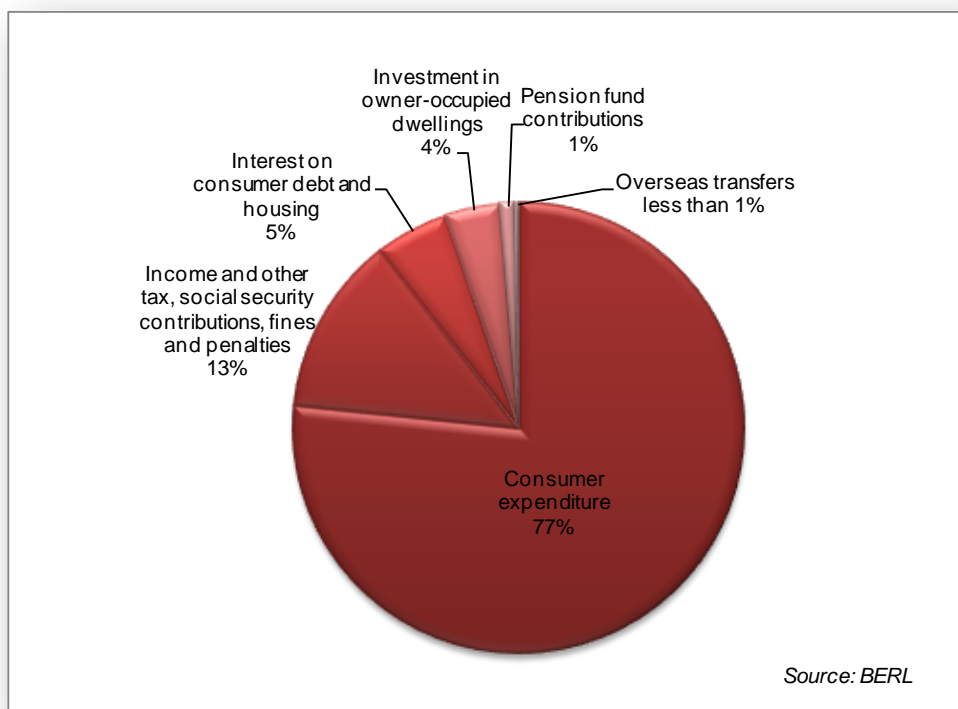
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<sup>16</sup> Ministry of Social Development, *Work and Income Region Factsheets 2010*, <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/2010-wiregion-benefit-factsheets.html> (4 October 2012).

Māori households in the Bay of Connections have a similar spending pattern to Māori Households in the rest of New Zealand. Figure 6.2 below breaks down household spending in the Bay of Connections.

Māori households in the Bay of Connections have similar spending patterns to Māori in New Zealand, spending slightly more on taxes, social security contribution, fines and penalties.

**Figure 6.2 Whānau Outlays, Bay of Connections**



### 6.3 Māori household savings

Table 6.1 compares Māori household income and outlays in the Bay of Connections in 2010.

**Table 6.1 Māori household income and outlays, 2010**

Māori	
Income (2010 \$m)	Bay of Connections (BOC)
Wages and salaries	945
Social security and assistance benefits	400
Entrepreneurial and dividend income	134
Operating surplus in owner-occupied dwellings	125
Interest, pension fund earnings and insurance receipts	52
Overseas transfers	8
<b>Sub-total</b>	<b>1,665</b>
<b>Less Outlays</b>	
Consumer expenditure	1694
Income and other tax, social security contributions, fines and penalties	286
Interest on consumer debt and housing	116
Investment in owner-occupied dwellings	87
Pension fund contributions	23
Overseas transfers	5
<b>Sub-total</b>	<b>2,212</b>
<b>Net savings</b>	<b>-\$547</b>

Source: BERL

Māori households spend their income on immediate consumer needs at the expense of their long term investment opportunities. This consequence is reflected in Table 6.1 with the Māori households having a \$547 million dissaving (deficit).

This is not dissimilar to Māori households in the rest of New Zealand.<sup>17</sup> Dissavings also limit the households' ability to make investments and engage in other entrepreneurial activities.

<sup>17</sup> Based on an earlier work BERL has completed for Te Puni Kōkiri in 2011.

## 7 Key observations of the Bay of Connections Māori economy

The situational analysis of Māori in the Bay of Connections economy has provided some noteworthy insights into the contribution and participation of Māori in the region. Māori play a significant role in the Bay of Connections economy, contributing about 11 percent to the GDP of the region.

The Bay of Connections has a significant Māori population (28 percent), compared to 15 percent for all of New Zealand. Most Māori in the Bay of Connections live in the Rotorua District (25,800 people). However, the Māori population was greatest concentration in the Kawerau District (63 percent or 4,300 people) and Opotiki District (58 percent or 5,300 people).

### 7.1 Areas of concern from the situational analysis

*A high proportion of economic activity comes from salaries, wages and consumption.*

Research over the past decade has shown that Māori are not participating in the entire economy. This has also been illustrated in the Bay of Connections with the majority of the Māori contribution to the economy coming from salaries, wages and consumption.

*The Government contribute 24 percent to Māori household income*

The Government contributed 24 percent to Māori household income in the form of social security and assistance benefits. Māori in return contribute 12 percent (or \$2.6 billion) of their household expenditure to income tax, social security contributions, fines and penalties.

*Significant proportion of Māori are employed in lower paid and low productive industries*

Māori often work in industries such as low technology manufacturing, tourism, construction, retail and hospitality that have low incomes and are often vulnerable to either downturns or to long term decline.

*High level of Māori household debt*

Māori households spend a higher proportion their wealth on consumer goods and essentials, instead of saving and investing, compared to other households. This consequence is reflected in the Māori households' balance sheet, with a \$547 million dissaving (deficit) in the Bay of Connections. This is consistent with Māori in the rest of New Zealand.

## **7.2 Areas of strength for the Māori economy in the Bay of Connections:**

### *A strong collective Māori asset base*

The total Māori asset base in the Bay of Connections for 2010 was \$8.6 billion, accounting for 23 percent of the total Māori assets in New Zealand.

The proportion of the total asset base derived from Māori collective assets in the Bay of Connections was \$3.2 billion in 2010. This accounted for 29 percent of the total Māori collective assets in New Zealand. Most of the Māori collective assets were in agriculture, forestry, processing services (dairy plant) and energy.

### *Māori businesses hold 63 percent of the total Māori asset base*

This is a significant shift away from thinking that the collective asset base is the major contributor to the Māori asset base. Businesses of self-employed Māori hold \$934 million of assets and businesses of Māori employers holds \$4.5 billion of assets. Māori businesses have assets across a wide variety of industries within the economy.

### *Māori population are young*

Māori are a young demographic and are therefore important to the Bay of Connection's future labour market participation and productivity. It is estimated that approximately 34 percent of the Māori population are less than 15 years of age.

## **7.3 Māori economy in the Central Sub-area**

The Central Sub-area had the highest proportion of the Māori asset base. The District also had a significant proportion of the collective asset base, largely in the forestry and energy industries. The most important industries for the Māori economy based on assets, employment and contribution to the Bay of Connections in the Central Sub-area were forestry, energy, education and tourism.

## **7.4 Māori economy in the Western Sub-area**

The Western Sub-area had the lowest proportion of the collective asset base, but a significant asset base in the services industry. Tauranga city was significant in relation to providing employment for Māori in the Bay of Connections. The most important sectors for the Māori economy based on assets, employment and contribution to the Bay of Connections in the Central Sub-area were fishing, tourism, manufacturing, education and health & community services.



## **7.5 Māori economy in the Eastern Sub-area**

The majority of assets in the Eastern Sub-area were within agriculture and forestry. Māori employment was also significant in manufacturing. Pulp paper and converted paper product manufacturing was the biggest employers in the Sub-areas' manufacturing sector in 2010. The most important sectors for the Māori economy based on assets, employment and contribution to the Bay of Connections in the Central Sub-area were forestry and agriculture.

## 8 Appendix: Methodology

### 8.1 Data

The BERL Māori asset database was developed using data from the following sources:

- Statistics New Zealand 2001 and 2006 Censuses of Population and Dwelling;
- Annual Reports/ Internal Organisation Reports/Interviews/Personal Communications (activity, asset holdings and income of Māori Trusts, Incorporations, Organisations, Boards, PGSEs, MIOs and Holding Companies);
- Māori Land Court (size of land holdings and values of Māori Trusts and Incorporations);
- Te Puni Kōkiri (TPK) - main activity, value of assets, income, expenditure and rohe of Māori entities; and
- Charities Commission data (i.e. value of assets, income, expenditure, main activity and rohe of charitable organisations active in the Māori economy).

BERL estimated the number of businesses of self-employed Māori and businesses of Māori employers in the Bay of Connections areas using the ratios and proportions of the available data on the number of businesses of self-employed Māori and businesses of Māori employers in New Zealand in the BERL Māori asset database.

### 8.2 Definitions

The asset base of the Waiariki rohe includes the asset base of the following iwi: Te Whānau-a-Apanui, Ngaitai, Whakatōhea, Tūhoe, Ngāti Awa, Ngāti Tūwharetoa (BoP), Ngati Pūkenga, Ngaiterangi, Ngāti Ranginui, Ngāti Pīkiao, Ngāti Rangiteaorere, Ngāti Rangitihī, Ngāti Rangiwewehi, Tapuika, Tūhourangi, Waitaha, and Ngāti Whakaue. The asset base of Ngati Tuwharetoa has not been included as part of the Te Arawa waka.

For the purposes of the Statistics New Zealand Census of Population and Dwellings, Māori is defined as people who identify with the Māori ethnicity. Because ethnicity is self-perceived, people can identify with Māori ethnicity even though they are not descended from a Māori ancestor. Conversely, people choose to not identify with Māori ethnicity even though they are descended from a Māori ancestor. Ethnicity is not the same as birthplace.

In this report, the numbers in the total employed columns in the industry and occupation tables do not add up because the Not Elsewhere Included category may include some Māori as Statistics New Zealand makes adjustments to their ethnic breakdown calculations. In

other words, the not elsewhere included category is deducted from the total. This procedure is adopted for calculating ethnic proportions since we don't know how many Māori or non-Māori fall into the not elsewhere included category. This method is used by Statistics New Zealand when providing ethnicity proportions.

### **8.2.1 9.2.1 Waiariki rohe**

The Waiariki rohe encompasses the territorial authorities of the Western Bay of Plenty District, Tauranga City, Rotorua District, Whakatane District, Kawerau District, and Opotiki District.

Regional data is provided for the Bay of Plenty region, while the territorial authority data includes information on the Western Bay of Plenty District, Tauranga City, Rotorua District, Whakatane District, Kawerau District, and Opotiki District. The Bay of Plenty region includes these Districts as well as Taupō District and parts of the South Waikato District.

There are no good estimates in New Zealand of total asset values by region let alone rohe. However, the share of land ownership by Māori gives one indication of the importance of Māori in the Waiariki economy.

### **8.2.2 Industry classification**

The industry classifications used in this research are the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006. This is a hierarchical classification with four levels: divisions (the broadest level), subdivisions, groups and classes. For the purposes of this research we have examined industries at the divisional level. This level provides a limited number of categories that show a broad picture of the economy and suitable for the publication of summary tables of official statistics. It should be noted that there is various categories under each of these classifications such as food and wood processing are classified under manufacturing.

### **8.2.3 Employment**

In regards to employment, employed in the Statistics New Zealand Census of Population and Dwellings refers to people who are aged 15 years and over and usually resident in New Zealand. They may be employed in either full or part-time labour.

Full-time employment refers to a person who usually works 30 hours or more per week, while people who are employed part-time usually work fewer than 30 hours per week, but more than 1 hour per week.

Self-employed includes people whose main earnings in the tax year came from self-employment. Self-employment includes people who operate their own enterprise or engage independently in a profession or trade, and receive earnings from this. Self-employed and without employees refers to people who operate their own economic enterprise or engage independently in a profession or trade (including partnerships) and hire no employees. Employed is related to work in the seven days prior to the Census date in 2001 and 2006. This table shows the job a person worked the most hours in.

Working age population refers to the population aged 15 years and over who may be in the workforce.

Unemployed refers to all people in the working-age population who during their reference week were without a paid job, were available for work and had actively sought work in the past four weeks ending with the reference week or had a new job to start within four weeks.

Income is what a person aged 15 years and over receives before tax for a financial year from all sources, e.g. wages, salary, social welfare payments, interest, dividends, commission, pre-tax business or farming income (less expenses).

#### **8.2.4 Households**

A household is defined by Statistics New Zealand as either one person usually living alone, or two or more people usually living together and sharing facilities (e.g. eating facilities, cooking facilities, bathroom and toilet facilities, a living area), in a private dwelling. A Māori household is therefore a household where at least one occupant is of Māori ethnicity.

#### **8.3 Rounding**

This data has been randomly rounded by Statistics New Zealand to protect confidentiality. Individual figures may not add up to totals, and values for the same data may vary in different tables.

The numbers in the total employed columns in the industry and occupation tables do not add up because the Not Elsewhere Included category may include some Māori as well as Non-Māori.

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