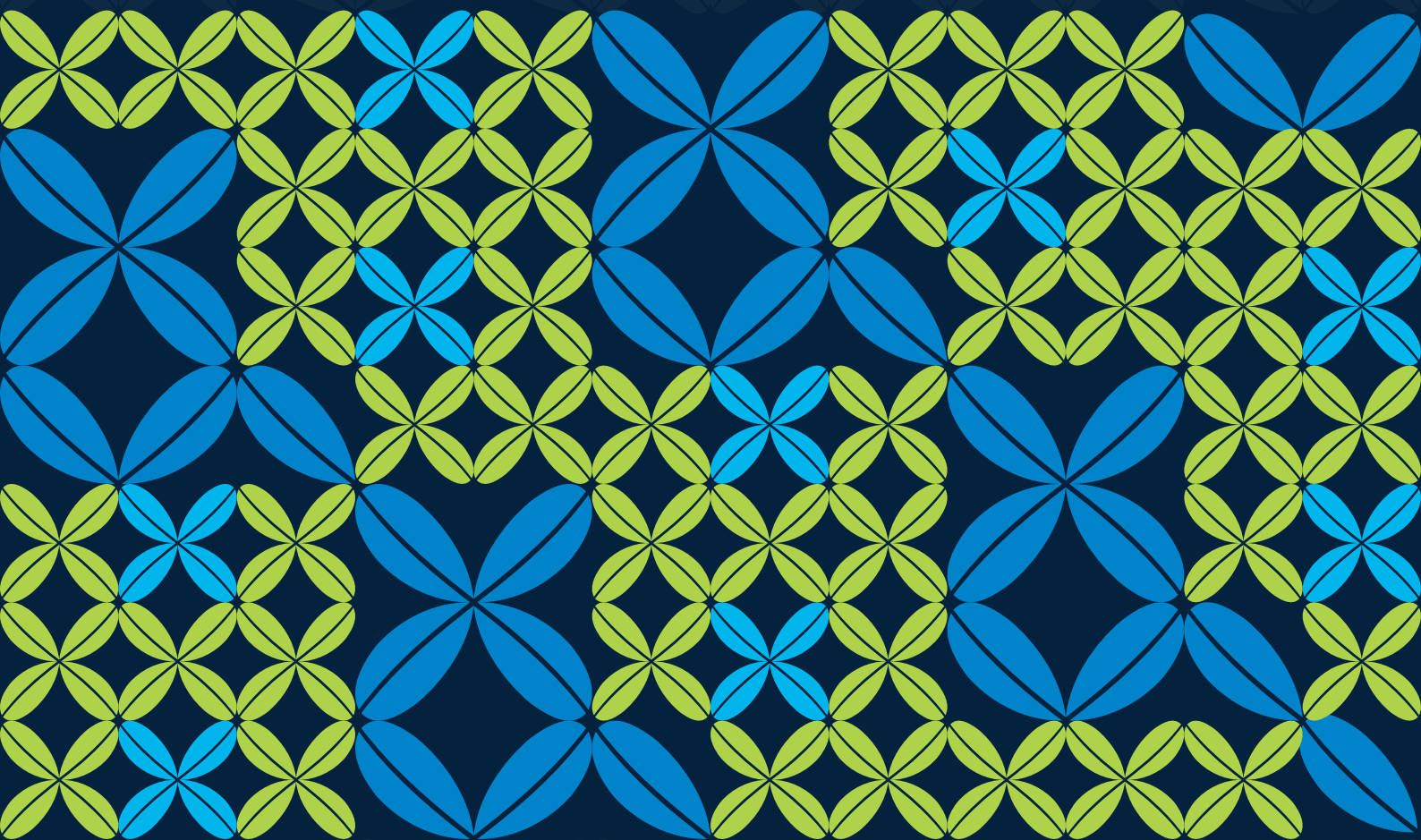


Quantifying the Pacific Economy

Prepared for Auckland Council



nicholson
CONSULTING



Table of Contents

Table of Contents	2
Nicholson Consulting.....	4
Auckland Council.....	4
IDI disclaimer.....	5
Executive Summary	6
1 Introduction	9
1.1 Purpose of this report	9
1.2 Related work	9
1.3 Structure of this report.....	10
2 Methodology.....	11
2.1 Defining and identifying businesses.....	11
2.1.1 Identifying Pacific businesses.....	12
2.1.2 Identifying significant employers of Pacific peoples.....	12
2.1.3 Identifying sole traders	12
2.1.4 Assigning ethnicity	13
3 Quantifying Pacific businesses and employers	14
3.1 Pacific businesses	14
3.2 Geographic concentration of Pacific businesses	17
3.3 Pacific businesses by industry	20
3.4 Detailed ethnicities of Pacific business owners and sole traders	23
3.5 Significant employers of Pacific peoples	24
4 Characteristics of significant employers of Pacific peoples	27
4.1 Are significant employers of Pacific peoples more likely to be Pacific-owned?.....	27
4.2 Are significant employers of Pacific peoples more likely to be in specific industries?..	28
5 Entering and exiting business ownership	31
5.1 Highest qualification when becoming a business owner	31
5.2 Business Survival Rates	34
6 Broader economic impact.....	38
6.1 Wages and salary from Pacific businesses.....	38

6.2 Wages and salaries of Pacific workers	40
6.3 Economic scale of Pacific businesses.....	41
6.4 Productivity of Pacific businesses.....	44
7 Summary	46
References	48
Appendix A: Technical notes and methodological details	49
A.1 Defining and identifying businesses	49
A.1.1 Identifying unique businesses	49
A.1.2 Defining types of businesses	50
A.1.3 Pacific businesses	51
A.1.4 Significant employers of Pacific peoples	52
A.1.5 Pacific sole traders.....	52
A.2 Demographics of business owners and employees	52
A.2.1 Identifying ethnicity and sex/gender	52
A.2.2 Identifying first-generation migrants.....	53
A.3 Key measures for businesses and sole traders.....	53
A.3.1 Location	53
A.3.2 Industry classification.....	53
Appendix B: Related code and documentation	54
Appendix C: Index of accompanying data	57

Nicholson Consulting

Nicholson Consulting is a multi-disciplinary consultancy that brings a progressive perspective to data. Its team has analysed nuanced datasets, informed the direction of many data-driven projects and built some of the largest algorithms in government. Nicholson Consulting offers expertise across data science, research, insights and Māori data and can work across disciplines to customise outputs based on what has the highest potential for positive impact; but its work is never just about the numbers. It's about the people the numbers represent.

Whether working with iwi, philanthropic organisations, or those in the private and public sectors, Nicholson Consulting is guided by its vision, mission and values and aspires to leave a lasting and positive impact on Aotearoa through the mahi it does.

Auckland Council

The *Quantifying the Pacific Economy* report was initiated by Tātaki Auckland Unlimited under its Teu Le Vā – Pacific economic development work programme. Included in this work programme is the delivery of Project Ikuna, an active labour market programme that supports Pacific workers in Tāmaki Makaurau Auckland into higher-skilled, higher-quality employment, funded by the Ministry of Business, Innovation & Employment (MBIE). This report is co-funded by Tātaki Auckland Unlimited and MBIE as part of their working relationship on Project Ikuna. To achieve the quantitative data in this report, Nicholson Consulting Limited was commissioned by Tātaki Auckland Unlimited in November 2024, to utilise its specialist skills in data analytics and understanding of the Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD).

On 12 December 2024, Auckland Council's governing body agreed as part of the Council Controlled Organisation Reform to transfer and integrate Tātaki Auckland Unlimited's economic development function to Auckland Council to strengthen council's ability to provide a more coordinated approach to wider economic development activities and improve productivity. The Economic Development Office was established 1 July 2025, where the Pacific economic development team is now situated. This office sits within the Group Strategy Directorate of Auckland Council.

The purpose of the Economic Development Office is to drive innovative, inclusive and resilient economic growth across Tāmaki Makaurau Auckland, contributing to a prosperous region where all Aucklanders can thrive.

IDI disclaimer

These results are not official statistics. They have been created for research purposes from the Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD) which are carefully managed by Stats NZ. For more information about the IDI and LBD please visit

<https://www.stats.govt.nz/integrated-data>.

The results are based in part on tax data supplied by Inland Revenue to Stats NZ under the Tax Administration Act 1994 for statistical purposes. Any discussion of data limitations or weaknesses is in the context of using the IDI for statistical purposes and is not related to the data's ability to support Inland Revenue's core operational requirements.

Access to the data used in this study was provided by Stats NZ under conditions designed to give effect to the security and confidentiality provisions of the Data and Statistics Act 2022. The results presented in this study are the work of the author, not Stats NZ or individual data suppliers.

Executive Summary

What does the Pacific economy look like in Aotearoa New Zealand, and in Tāmaki Makaurau Auckland specifically? This is the question the Pacific Economic Development team from the Economic Development Office within Auckland Council seeks to answer through the *Quantifying the Pacific Economy* report.

Auckland Council's Economic Development Office drives innovative, inclusive, and resilient economic growth across Tāmaki Makaurau Auckland, contributing to a prosperous region where all Aucklanders can thrive. Supporting the growth and resilience of Pacific businesses is a vital part of that mission.

With Auckland home to the largest population of Pacific peoples in Aotearoa New Zealand, Auckland Council has a key role to play in understanding and supporting the Pacific economy, locally and nationally.

This report draws on Stats NZ's Integrated Data Infrastructure (IDI) and Longitudinal Business Database (LBD) to develop a set of indicators that capture the contribution of Pacific businesses and workers to the broader economy. The definitions and analytical approaches used largely align with those developed in *Te Matapaeroa 2021 – Data on the Māori Economy* allowing for comparison across the reports.

In this report, we show data for three types of businesses: Pacific-owned businesses, Pacific sole traders, and significant employers of Pacific people. We surface data held by Stats NZ and Inland Revenue for the financial years ending 2013 to 2023.

In 2023, we have been able to identify:

Nationally

- **5,271** economically significant, private-for-profit, Pacific businesses in Aotearoa New Zealand comprised of:
 - **3,555** Pacific Businesses with Owners¹ (BwOs) - **67%** of Pacific businesses.
 - **1,716** Pacific sole traders (or **33%** of Pacific business)
- **4,242** businesses were significant employers of Pacific people², with 50% or more of their employees having Pacific ethnicity.
- Between 2013 and 2023, there has been an increase of **61%** in the number of Pacific-owned businesses nationally - an increase from **1.3%** to **1.9%** of all BwOs. Pacific-owned businesses are also more likely to be significant employers of Pacific peoples.
- Of the **3,555** Pacific-owned businesses in Aotearoa in 2023, **36%** were owned by a first-generation Pacific person, and **36%** had a female Pacific owner.



¹ Businesses with owners are defined as businesses where at least one owner receives some ownership income from the business and is recorded as having Pacific ethnicity.

² Businesses with owners and significant employers of Pacific peoples are not mutually exclusive. Businesses can both be owned by Pacific peoples and be a significant (or non-significant) employer of Pacific peoples.



Tāmaki Makaurau Auckland specifically

- **51%** (or **2,685**) of economically significant, private-for-profit Pacific business are based in Tāmaki Makaurau Auckland; **1,776** Pacific BwOs and **909** Pacific sole traders.
- Of the **1,776** Pacific BwOs in Tāmaki Makaurau Auckland, **42%** have a first-generation Pacific person owner, and **34%** have a female Pacific owner.
- **63%** (or **2,676**) of significant employers of Pacific peoples were in Auckland.
- Although Tāmaki Makaurau Auckland is the driver of New Zealand's Pacific economy, there is still opportunity for further growth of Pacific businesses. While in 2023 Auckland had **53%** of New Zealand's Pacific BwOs it had **63%** of the population of Pacific peoples aged 30-64 – the age group most likely to be business owners.
- In 2023, there were **1,089** Business with Owners in Tāmaki Makaurau Auckland who were also significant employers of Pacific peoples. Of these **465 (42.7%)** had a Pacific owner. That is, significant employers of Pacific peoples were around 13 times more likely to be Pacific-owned when compared with all BwOs that employ people.
- The industries with the largest proportion of Pacific-owned businesses in Tāmaki Makaurau Auckland are Construction (**35%**), Professional, Scientific, and Technical Services (**15%**), and Administration and Support services (**8%**).
- Significant employers of Pacific peoples are more likely to be concentrated in the Construction (**31%**), Administrative and Support Services (**9.3%**), Manufacturing (**8.6%**), and Transport, Postal and Warehousing (**7.1%**) industries.

The survival rate for Pacific-owned businesses is slightly lower than for businesses with no Pacific owners. Businesses with Pacific owners established in 2013 had a one-year survival rate of **86%** and a ten-year survival rate of **23%**, while those with no Pacific owners had a one-year survival rate of **90%** and a ten-year survival rate of **32%**.

The value of sales by Auckland Pacific-owned businesses with employees in 2023 was **\$1.798 billion** - about a third larger than the value of sales from Pacific-owned businesses with employees across the rest of New Zealand (**\$1.327 billion**). This suggests that Pacific-owned businesses in Tāmaki Makaurau Auckland are outperforming Pacific-owned businesses in the rest of Aotearoa in terms of revenue, with a similar pattern for GST receipts.

Productivity of Pacific owned businesses – as measured by the median value of sales revenue per unique employee – tends to be lower than for businesses with no Pacific owners. However, the same productivity measure is higher for businesses that are significant employers of Pacific peoples, compared to those which are not. The median value of sales per unique employee was **\$138K** for Pacific-

owned significant employers of Pacific peoples (and **\$179k** for Pacific-owned businesses who were not significant employers) compared with **\$192k** for non-Pacific-owned businesses that are significant employers of Pacific peoples (and **\$188k** for non-Pacific-owned businesses who were not significant employers).

The data highlights Tāmaki Makaurau Auckland as the heart of the Pacific economy in Aotearoa New Zealand. With more than 60% of New Zealand’s Pacific population living in Auckland, the region is not only home to a vibrant Pacific community but also a significant contributor to Pacific economic activity nationwide. This underscores the importance of place-based strategies and tailored support to unlock the full potential of the Pacific economy, for the benefit of Pacific communities and Aotearoa as a whole.

1 Introduction

1.1 Purpose of this report

The Economic Development Office within Auckland Council drives innovative, inclusive and resilient economic growth across Tāmaki Makaurau Auckland, contributing to a prosperous region where all Aucklanders can thrive. This includes driving investment and innovation to help Auckland businesses.

With the Auckland region being home to the largest population of Pacific peoples in Aotearoa New Zealand, Auckland Council has an important role to play in understanding and supporting the Pacific economy. This report provides Auckland Council with information that quantifies aspects of the Pacific economy, both across Aotearoa and within Tāmaki Makaurau Auckland. This information on Pacific businesses and workers can be used to inform strategy and decision making related to the Pacific economy and community.

1.2 Related work

This report builds on and adds to a growing body of knowledge about the economic scale and characteristics of Māori and Pacific populations in Aotearoa. *Te Matapaeroa* is a data and insights series³ produced by Te Puni Kōkiri that looks at Māori businesses, sole traders and significant employers of Māori. Now on its fourth iteration, Te Matapaeroa has a well-developed methodology for working with data to quantify businesses and owners. Where relevant, we have followed this methodology.

The New Zealand Treasury⁴ and the Ministry for Pacific Peoples⁵ (MPP) have also previously produced reports on the Pacific economy in New Zealand. While the Treasury report precedes Te Matapaeroa, (and in particular Te Matapaeroa 2021 which saw a substantial methodological update), the method employed by MPP for their reporting follows that of Te Matapaeroa.

*He Karapa Raraunga: Ōhanga Māori i Tāmaki Makaurau*⁶ is a data snapshot produced by Auckland Council and partner organisations that provides information on the Māori economy in the Auckland region.

Aligning the methodology used for this report with those in related work allows us to develop further analysis that can be applied in other contexts. A coherent and reproducible methodology also means that many of the results and statistics in this report can be compared with those in related work.

³ <https://www.tpk.govt.nz/en/nga-putea-me-ng-a-ratonga/maori-enterprise/te-matapaeroa>

⁴ <https://www.treasury.govt.nz/sites/default/files/2018-11/nz-pacific-economy-nov18.pdf>

⁵ <https://www.mpp.govt.nz/assets/Reports/Pacific-Women-and-Men-in-Business.pdf>

⁶ <https://knowledgeauckland.org.nz/publications/data-snapshot-tamaki-makaurau-maori-economy/>

1.3 Structure of this report

Section 2 of the report introduces the methodology used to define the populations of businesses and workers used for the report. More detailed methodological descriptions are provided as an appendix. Results and findings are presented in sections 3 to 6.

Section 3 quantifies the populations of Pacific business and employers in Aotearoa. We present counts of Pacific-owned businesses, Pacific sole traders, and businesses that are significant employers of Pacific peoples. We describe how Pacific businesses are distributed geographically (across Aotearoa and within Tāmaki Makaurau Auckland) and the industry sectors in which they operate. We compare these with the patterns for all businesses in Aotearoa and highlight the strengths and specialisations of Pacific businesses.

Section 4 provides more detailed analysis of who owns businesses that are significant employers of Pacific peoples and which industries they tend to operate in.

Section 5 explores some factors related to the successes of Pacific businesses: the qualifications of Pacific business owners when beginning business ownership and the survival rate of Pacific-owned businesses.

Section 6 describes some of the broader economic metrics related to Pacific businesses. We investigate the distribution of workers across wage and salary bands for both Pacific workers and for all workers at Pacific-owned businesses. Finally, we report on the scale and productivity of Pacific businesses using the metrics of number of workers, total sales, purchases and GST payments.

2 Methodology

This section introduces some of the key concepts and definitions used in the report, related to the definition of business populations. A more extensive version of the methods and definitions used, and their justification is given in Appendix A: Technical notes and methodological details.

Quantifying the Pacific Economy makes use of Stats NZ’s Integrated Data Infrastructure (IDI) and Longitudinal Business Database⁷ (LBD) to build a dataset with a collection of indicators for Pacific businesses and the people they employ. The definitions and approaches used here largely follow those developed and employed in *Te Matapaeroa 2021 – Data on the Māori Economy*^{8, 9}.

2.1 Defining and identifying businesses

A business is an organisation or entity that is actively operating in New Zealand and is engaged in commercial, industrial, or professional activities. Common business types include limited liability companies, partnerships, and sole traders. This report identifies three separate business types: **businesses with owners (BwOs)**, **businesses with employees** and **sole traders**. Businesses defined as businesses with owners and sole traders do not overlap. The definitions for both business types include the participation of at least one working proprietor; however, sole traders have income from IR3 tax filing only, while businesses with owners have shareholder, director, or partnership income and no IR3 income. Despite what their name might suggest, sole traders can also be employers.

Businesses in the LBD are assigned a unique identifier – an enterprise number (ENT) – which can be used to link individual businesses across different datasets and time periods. However, it is not uncommon for unique businesses in the LBD to end up with multiple ENTs for reasons such as a change in the legal status of a business¹⁰. For example, one individual business might have three different ENTs across time, giving the appearance of being three separate businesses.

In *Quantifying the Pacific Economy*, we follow the methodology of Fabling and Maré (2019)¹¹ where new unique identifiers – known as “permanent enterprise numbers” (PENTs) – are assigned to businesses, harmonising records where businesses have multiple unique identifiers or ENTs. By using PENTs, we avoid double-counting individual businesses.

⁷ Information about Stats NZ’s IDI and LBD is available at <https://www.stats.govt.nz/integrated-data/>

⁸ Te Matapaeroa 2021: Data on the Māori Economy. Report published by Te Puni Kōkiri.
<https://www.tpk.govt.nz/docs/tpk-tematapaeroa%20021.pdf>

⁹ Kulkarni, R., A. Prain and M. Berg. Te Matapaeroa 2021: Methodology report. Published by Te Puni Kōkiri.
<https://www.tpk.govt.nz/docs/tpk-tematapaeroa-methodology-report2021.pdf>

¹⁰ Fabling, R (2011). Keeping it Together: Tracking Firms in New Zealand’s Longitudinal Business Database. Motu Working Paper 11-01. March 2011.

¹¹ Fabling, Richard and David C Maré. 2019. “Improved productivity measurement in New Zealand’s Longitudinal Business Database.” Motu Working Paper 19-03. Motu Economic and Public Policy Research. Wellington, New Zealand. doi.org/10.29310/WP.2019.03

Comparing the results of our methodology with those of *Te Matapaeroa 2021*, using the same data release gives differences of less than 1% for the business populations considered¹². This means that where equivalent metrics are reported, they can be fairly and accurately compared between the publications.

In *Quantifying the Pacific Economy*, we report on businesses that are: **live** (i.e. active or currently trading); **private-for-profit** (this excludes e.g. Māori authorities, government organisations, and charities); **economically significant** (i.e. meeting a threshold defined by Stats NZ); businesses with a **working proprietor** (an identifiable owner who is actively working for the business).

2.1.1 Identifying Pacific businesses

We classify a business as Pacific-owned if it has at least one owner who receives some ownership income from the business and who is recorded as having Pacific ethnicity. This approach to classifying Pacific-owned businesses is analogous to the method introduced in *Te Matapaeroa 2021* for Māori-owned businesses. The definition is more inclusive, but also more broadly applicable, than alternative approaches such as requiring 50% of ownership income to go to owners of Pacific ethnicity.

Similar to our approach for classifying Pacific-owned businesses, we also identify business with one or more female Pacific owners, or where one or more owners are a first-generation migrant.

2.1.2 Identifying significant employers of Pacific peoples

When compiling the population of businesses that are significant employers of Pacific peoples we use a slightly different criterion for businesses: we exclude businesses with no employees, but we include businesses without identifiable owners if the business has employees. That is, a business can be a significant employer of Pacific peoples, regardless of the nature of its ownership or the (non-zero) number of people it employs.

Significant employers of Pacific peoples do not need to be Pacific-owned – the base population of businesses is all live, private-for-profit, economically significant businesses, regardless of ownership. From this base population, a business is classified as a **significant employer of Pacific peoples** if 50% or more of its employees have a Pacific ethnicity.

2.1.3 Identifying sole traders

A “sole trader” is a business enterprise where the enterprise is considered as an extension of the owner and is not a separate legal entity. Sole traders can include a wide range of business activity, including one-off contracts and “side-gigs”, through to an individual’s main employment and source of income. We are interested in those sole traders that are deemed to be economically significant and who have individually also exceeded the working proprietor earnings threshold¹³.

¹² The 1% difference is predominantly due to updates to the underlying data release between the publication of *Te Matapaeroa 2021* and the date of this analysis.

¹³ The development of working proprietors was based on logic created by Fabling and Maré in the IDI which set a minimum earnings threshold of \$15,000 for working proprietors based on the 2000 tax year. This has been adjusted each year for the Reserve Bank of New Zealand (RBNZ) Consumers Price Index (CPI).

2.1.4 Assigning ethnicity

We use Census data for individuals to identify the ethnicity of business owners and workers. We assign ethnicity as “total ethnicity” – that is, individuals can belong to more than one ethnic group. If any one of those ethnic groups is Pacific, then that individual counts as Pacific in our data.

3 Quantifying Pacific businesses and employers

In this section we present data that describe the number of Pacific-owned businesses, using data held by Stats NZ and Inland Revenue for the financial years ending 2013 to 2023.

3.1 Pacific businesses

In 2023 New Zealand had 3,555 businesses with Pacific owners and a further 1,716 Pacific sole traders giving a total of 5,271 economically significant, private-for-profit Pacific businesses. Around half of these were in Auckland: 1,776 Pacific BwOs and 909 Pacific sole traders. 4,242 businesses were significant employers of Pacific peoples, with 50% or more of their employees having Pacific ethnicity. 2,676 of these significant employers of Pacific peoples were in Auckland¹⁴.

Table 1: Counts of businesses with Pacific owners, significant employers of Pacific peoples, and Pacific sole traders in 2023, nationally and in Auckland. Percentages are relative to the counts of all businesses with owners, all businesses with employees, and all sole traders in Aotearoa and in Auckland respectively.

	Businesses with Pacific owners	Businesses that are significant employers of Pacific peoples	Pacific sole traders
National	3,555 (1.9%)	4,242 (2.5%)	1,716 (2.2%)
Auckland	1,776 (3%)	2,676 (4.6%)	909 (3.7%)

Pacific businesses are a growing part of the economy

Both the absolute number of businesses with Pacific owners, and the total proportion of businesses in New Zealand that are Pacific-owned, have been growing over time. In 2023 the 3,555 Pacific-owned businesses nationally comprised 1.9% of all BwOs.

This is an increase of 61% from the 2,205 Pacific-owned businesses nationally in 2013 when they comprised only 1.3% of all businesses with owners.

¹⁴ Businesses with owners and significant employers of Pacific peoples are not mutually exclusive. Businesses can both be owned by Pacific peoples and be a significant (or non-significant) employer of Pacific peoples.

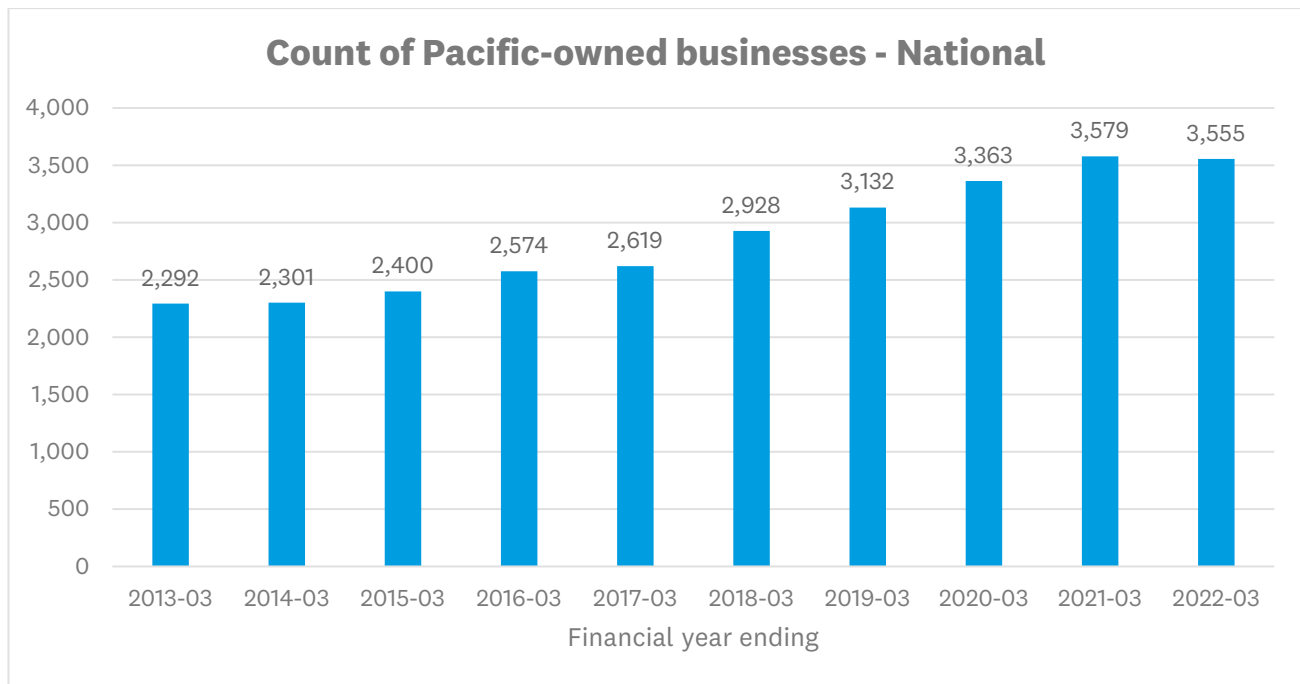


Figure 1: National counts of businesses with Pacific owners.

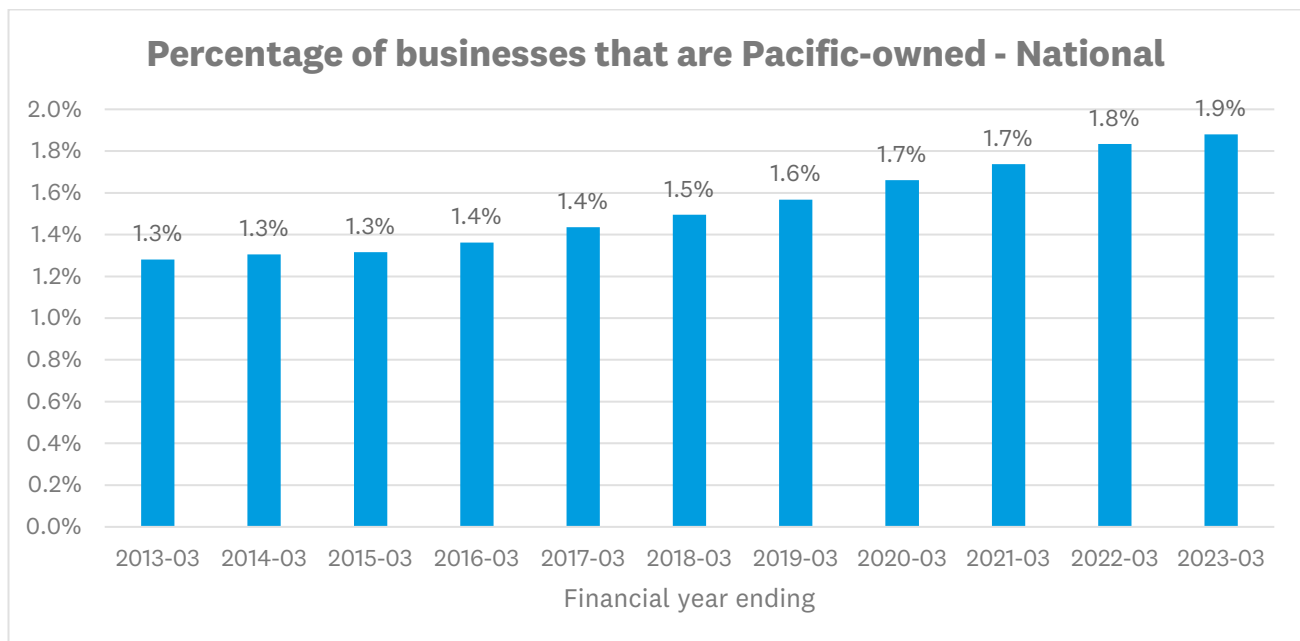


Figure 2: Businesses with Pacific owners, as a percentage of all businesses with owners. All of NZ.

Pacific sole traders make up a slightly higher proportion of all sole traders nationally (2.2%) compared with Pacific BwOs (1.9%). Like Pacific-owned businesses, Pacific sole traders have increased as a proportion of all sole traders since 2013 when they made up 1.3%.

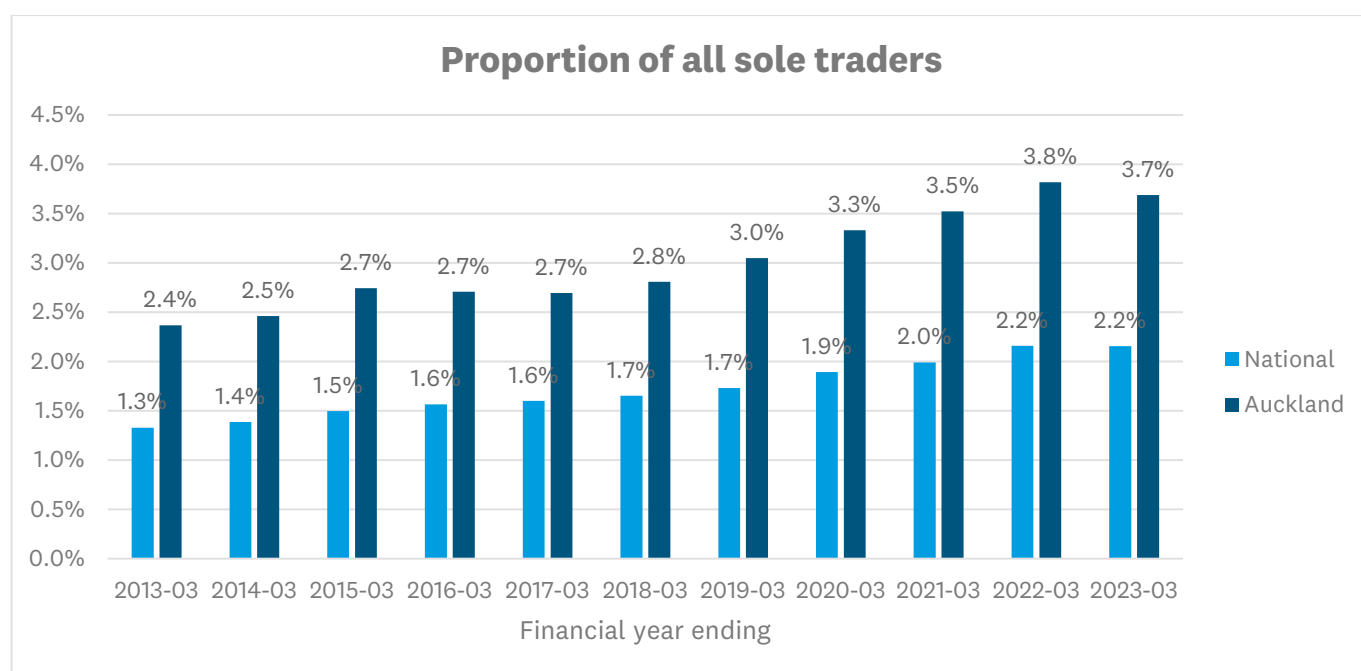


Figure 3: Sole traders with Pacific ethnicity as a proportion of all sole traders, nationally and in Auckland.

Auckland is the driver of New Zealand’s Pacific economy but even in Auckland there is further opportunity for growth of Pacific businesses

In 2023 Auckland was home to 32% (58,413) of all businesses with owners in New Zealand. However, it was home to 53% (1,776) of all businesses with Pacific owners in New Zealand. Pacific-owned businesses made up 3% of the businesses with owners in the Auckland region, compared with 1.9% nationally. A slightly higher proportion of sole traders in Auckland (3.7%) are Pacific, compared to 2.2% nationally.

It is worth noting here that in 2023, 63%¹⁵ of the Pacific population in New Zealand aged 30-64 lived in Auckland. Hence, even though Auckland has a high proportion of Pacific-owned businesses (53%), relative to the rest of the country, this is still lower than Auckland’s proportion of the Pacific population of an age that might be business owners¹⁶.

If we consider that 12.8% of Auckland’s population aged 30-64 are Pacific peoples, the fact that Pacific peoples account for only 3% of Auckland businesses (and 3.7% of sole traders) is an opportunity for further growth. Earlier research (e.g., Fabling 2018) also shows that Pacific peoples have the lowest likelihood of being self-employed.

With Pacific peoples accounting for 25% of Auckland’s population aged under 15, the region is likely to be even more reliant on Pacific peoples for business creation and entrepreneurial spirit in the future.

¹⁵ <https://explore.data.stats.govt.nz/>

¹⁶ 30-64 is the life-course age group most likely to be business owners. Data from Fabling (2018) shows that the propensity to be an entrepreneur is close to 0 at around 20 years old and starts to gradually increase after that, peaking at around age 45 for Pacific peoples and slightly older for other ethnic groups. It then drops significantly once people reach retirement age (65).

Demographics of Pacific business owners

Of the 3,555 Pacific-owned businesses in New Zealand in 2023:

- 1,284 (36.1%) were owned by a first-generation Pacific person, and
- 1,269 (35.7%) had a female Pacific owner.

In Auckland, the 1,776 Pacific-owned businesses included:

- 738 (41.6%) with a first-generation Pacific owner, and
- 606 (34.1%) with a female Pacific owner.

First-generation Pacific peoples are underrepresented amongst Pacific business owners. Fifty-four percent of the Pacific population in New Zealand aged 30-64 was born overseas but first-generation Pacific owners make up only 36.1% of Pacific-owned businesses nationally.

3.2 Geographic concentration of Pacific businesses

Pacific-owned businesses are unevenly distributed geographically, across New Zealand and within the Auckland region. Part of this pattern is explained by where Pacific peoples live but, particularly within Auckland – where commuting means that people may work, or own a business, in a different area from their home – other patterns are evident.

Pacific businesses within Auckland

Table 2 shows that the distribution of Pacific-owned businesses across Auckland looks quite different compared to the distribution of all businesses with owners in Auckland. In 2023, the largest proportion of Pacific-owned businesses were found in Henderson-Massey (10.6%), followed by the southern local board areas of Māngere-Ōtāhuhu (8.7%), Ōtara-Papatoetoe (8.1%) and Manurewa (7%). Waitemātā has 7% of Auckland's Pacific-owned businesses. However, the three local board areas in Auckland with the largest proportion of BwOs of all ethnicities were Waitemātā (10%), Howick (9.5%), and Hibiscus and Bays (7.6%).

Four of the five local board areas with the largest proportions of Pacific-owned businesses have higher relative concentrations of Pacific businesses within the local board than the regional average of 3%. The exception is Waitemātā with 2.1%. Māngere-Ōtāhuhu has the highest concentration of businesses with Pacific owners (12.8%) followed by Ōtara-Papatoetoe (8.1%) and Manurewa (7.8%). Figure 4 shows a map of Auckland local board areas, shaded by the percentage of Pacific-owned businesses in Auckland that are located within the local board (c.f. Table 2).

In Henderson-Massey (the local board area with the largest overall number of Pacific-owned businesses in Auckland), 6.1% of the businesses are Pacific-owned. This is the fourth highest percentage of businesses within an Auckland local board area that are Pacific-owned.

Pacific-owned businesses in Auckland are distributed somewhat differently to where Pacific peoples live. For example, while the three southern boards of Māngere-Ōtāhuhu, Ōtara-Papatoetoe and Manurewa accounted for 23.8 % of Pacific-owned businesses, they are home to 47% of Pacific peoples aged 30-64.

Table 2: Distribution of Pacific-owned businesses across Auckland local board areas, compared with the distribution of all businesses and the Pacific population aged 30-64. The four local board areas with the largest proportion of Pacific-owned businesses are highlighted.

Local Board Area	% of Pacific-owned businesses	% of all Auckland businesses with owners	% of Pacific population aged 30-64
Albert-Eden	5.8%	6.8%	3.3%
Aotea/Great Barrier	0.0%	0.1%	0.0%
Devonport-Takapuna	2.4%	4.7%	0.6%
Franklin	3.8%	6.1%	2.1%
Henderson-Massey	10.6%	5.2%	9.9%
Hibiscus and Bays	4.5%	7.6%	1.0%
Howick	5.7%	9.5%	4.4%
Kaipātiki	3.9%	5.3%	2.1%
Manurewa	7.0%	2.7%	13.6%
Maungakiekie-Tāmaki	5.7%	4.6%	7.4%
Māngere-Ōtāhuhu	8.7%	2.0%	17.6%
Papakura	3.3%	2.8%	4.8%
Puketāpapa	2.6%	2.7%	3.4%
Rodney	4.6%	6.6%	1.3%
Upper Harbour	2.7%	6.4%	0.9%
Waiheke	0.5%	0.9%	0.1%
Waitematā	7.0%	10.0%	2.1%
Waitākere Ranges	3.9%	3.2%	2.6%
Whau	5.8%	4.0%	6.2%
Ōrākei	3.3%	6.0%	1.2%
Ōtara-Papatoetoe	8.1%	3.0%	15.4%

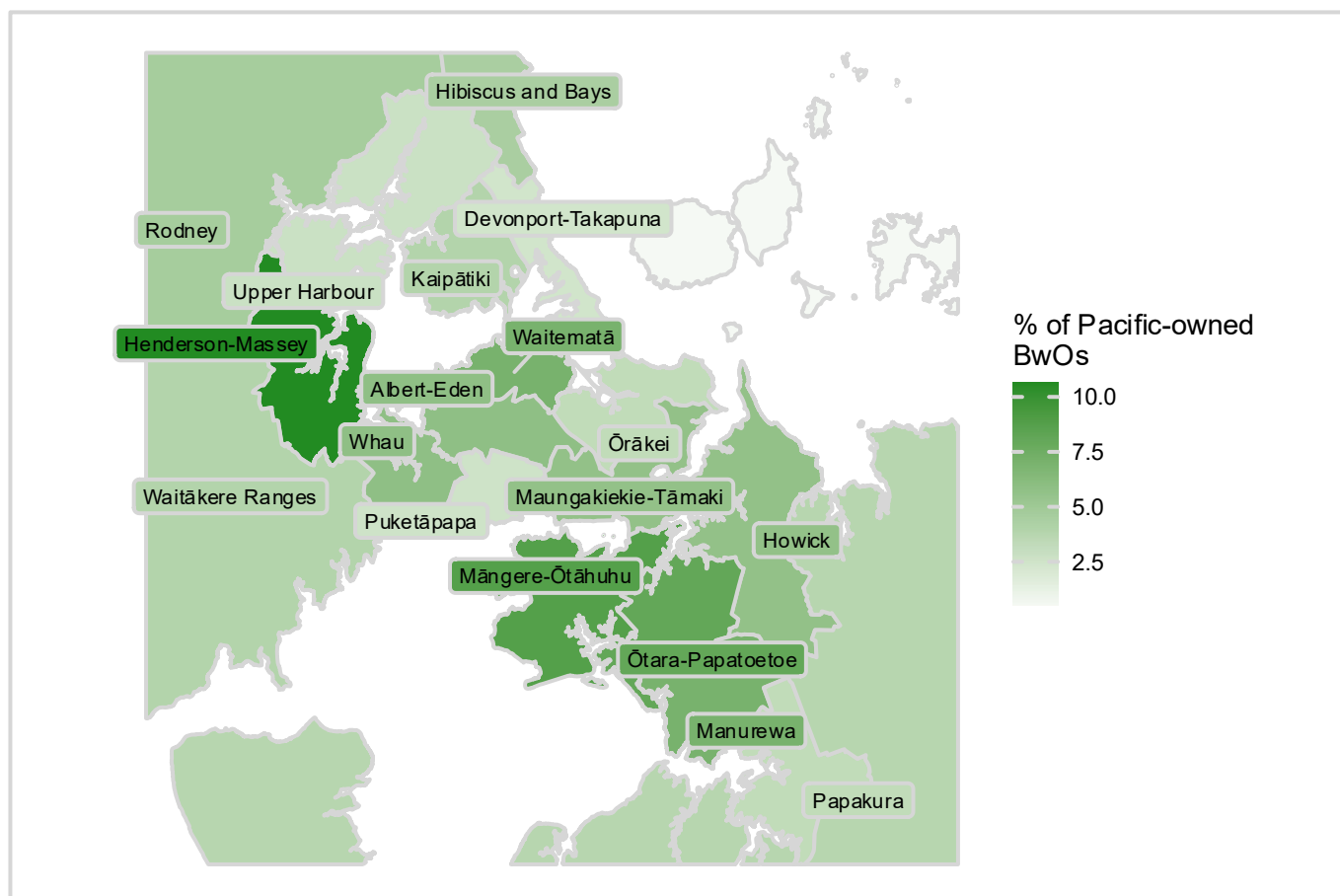


Figure 4: Map of Auckland local board areas shaded by the percentage of all Auckland Pacific-owned businesses located within the local board. See Table 2 for associated data. (Note – the outlying local board areas of Aotea/Great Barrier, Waiheke, and Franklin are not shown.)

Pacific businesses across New Zealand

Auckland accounts for 52.8% of New Zealand’s Pacific-owned businesses (and 56.8% of sole traders) but 63% of New Zealand’s Pacific population aged 30-64. This implies that Pacific people living outside of Auckland have a slightly higher rate of business ownership. This may be due to first-generation Pacific peoples being more likely to live in Auckland, while first generation migrants are also less likely to start a business. For all of New Zealand, 36.1% of Pacific businesses are owned by a first-generation Pacific owner. For Auckland alone this figure is around five percentage points higher (41.6%). This is not unexpected given that majority of Pacific peoples in Auckland aged 30-64 were born overseas (54%), while for New Zealand as a whole, the figure is 51%.

After Auckland (52.8%), the three regions with the largest proportions of Pacific-owned businesses in 2023 were Wellington (12.2%), and Waikato (8.2%) regions. Only 5.5% of Pacific-owned businesses were in Canterbury. In contrast, the three regional authorities with the largest proportion of all businesses with owners in 2023 were Auckland (32%), Canterbury (13.4%), and Waikato (10.9%).

The proportion of Pacific-owned businesses in the Wellington region (12.2%) is close to the 11% share of the Pacific population aged 30-64 in the region. Waikato stands out with 8.2% of Pacific-owned businesses but only 5.5% of the Pacific population aged 30-64.

Compared with the national average of 1.9% for the proportion of total businesses with Pacific owners, Auckland (3%), Wellington (2.6%), and Northland (2.0%) were the only regions to have a higher-than average proportion of Pacific-owned businesses.

3.3 Pacific businesses by industry

The industries with the largest proportion of Pacific-owned businesses are Construction (31.1% nationally; 34.6% Auckland) and Professional, Scientific and Technical Services (14.3% nationally; 15% Auckland), while the smallest are Electricity, Gas, Water and Waste Services (0.4% nationally; 0.5% Auckland) and Public Administration and Safety (0.8% nationally; 1% Auckland). However, these numbers do not account for the large amount of heterogeneity in the distribution of all BwOs across industries.

While Professional, Scientific and Technical Services is the second-largest industry for Pacific- owned businesses with 14.3% nationally, this is close to the figure for BwOs across all ethnicities (16.7%).

Nationally, Pacific business owners have significantly higher¹⁷ ownership rates than non-Pacific business owners in the industries of:

- Administrative and Support Services,
- Arts and Recreation Services,
- Construction,
- Electricity, Gas, Water and Waste Services,
- Information Media and Telecommunications,
- Public Administration and Safety, or
- Transport, Postal and Warehousing.

They have lower ownership rates in the industries of:

- Accommodation and Food Services,
- Agriculture, Forestry and Fishing,
- Manufacturing,
- Rental, Hiring and Real Estate Services,
- Retail Trade, or
- Wholesale Trade.

For businesses in Auckland, the distribution by industry is similar, in terms of both the relative proportions of businesses in each industry and in terms of those industries where Pacific business owners are over- or under-represented.

¹⁷ By a factor of 1.5 or greater.

Table 3: National - Proportion of businesses with owners by industry. Entries shaded yellow indicate industries where Pacific-owned businesses are over-represented by a factor of 1.5. Blue shading indicates under-representation by the same factor.

Industry (ANZSIC Level 1)	% of all businesses with owners	% of all Pacific-owned businesses
Accommodation and Food Services	4.3%	2.3%
Administrative and Support Services	4.2%	8.6%
Agriculture, Forestry and Fishing	15.3%	6.7%
Arts and Recreation Services	1.2%	2.5%
Construction	19.2%	31.1%
Education and Training	1.2%	1.6%
Electricity, Gas, Water and Waste Services	0.2%	0.4%
Financial and Insurance Services	2.0%	1.9%
Health Care and Social Assistance	4.3%	4.5%
Information Media and Telecommunications	1.0%	1.7%
Manufacturing	5.3%	3.5%
Other Services	4.9%	5.5%
Professional, Scientific and Technical Services	16.7%	14.3%
Public Administration and Safety	0.2%	0.8%
Rental, Hiring and Real Estate Services	7.7%	3.9%
Retail Trade	6.1%	3.3%
Transport, Postal and Warehousing	2.9%	5.7%
Wholesale Trade	3.0%	1.6%

Table 4: Auckland - Proportion of businesses with owners by industry. Entries shaded yellow indicate industries where Pacific-owned businesses are over-represented by a factor of 1.5. Blue shading indicates under-representation by the same factor.

Industry (ANZSIC 1)	% of all Auckland businesses with owners	% of Auckland Pacific-owned businesses
Accommodation and Food Services	3.8%	1.9%
Administrative and Support Services	5.4%	8.0%
Agriculture, Forestry and Fishing	2.5%	1.2%
Arts and Recreation Services	1.4%	2.9%
Construction	20.7%	34.6%
Education and Training	1.4%	1.4%
Electricity, Gas, Water and Waste Services	0.3%	0.5%
Financial and Insurance Services	2.8%	2.0%
Health Care and Social Assistance	5.4%	5.1%
Information Media and Telecommunications	1.7%	2.4%
Manufacturing	5.4%	3.4%
Other Services	5.1%	5.8%
Professional, Scientific and Technical Services	22.5%	15.0%
Public Administration and Safety	0.3%	1.0%
Rental, Hiring and Real Estate Services	7.0%	2.7%
Retail Trade	6.7%	2.9%
Transport, Postal and Warehousing	3.2%	7.0%
Wholesale Trade	4.4%	2.0%

Pacific sole traders by industry

The distribution of Pacific sole traders by industry is similar to that of businesses with owners, with a few notable differences:

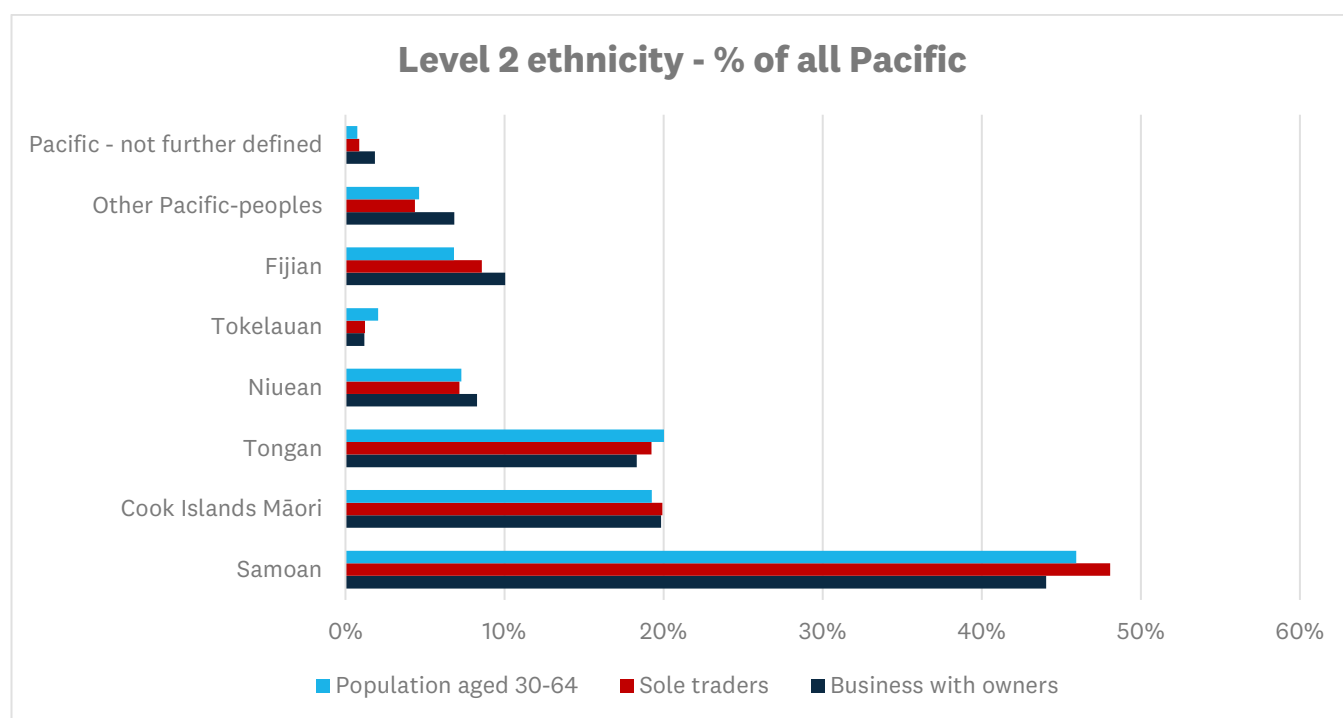
- All sole traders, including Pacific sole traders, are represented in the Health Care and Social Assistance at around double the rate of businesses with owners (e.g. 11.5% for Pacific sole traders in Auckland compared with 5.1% for Pacific business owners in Auckland).
- Nationally, 10.1% of all sole traders are engaged in the Agriculture, Forestry and Fishing industry compared with only 1.9% of Pacific sole traders.
- A higher proportion of Pacific sole traders are in the Transport, Postal and Warehousing industry (14.2% Auckland; 13.7% National) – around double the proportion of Pacific business owners.

3.4 Detailed ethnicities of Pacific business owners and sole traders

Pacific peoples in New Zealand come from a diverse range of ethnic backgrounds, with Auckland reflecting a similar breakdown of Pacific ethnic groups. Here we look in more detail at the ethnicities of Pacific business owners and sole traders. Figure 5 shows the percentage of Pacific peoples by level 2 ethnicity classification (e.g. Samoan or Tongan) for a Pacific business owner; Pacific sole traders; and the population of Pacific peoples in New Zealand aged 30-64 – the age group most likely to correspond to business owners. Because we use total ethnicity counts, individuals can have more than one ethnicity and hence the proportions can total more than 100%.

In 2023, Samoan business owners (44%) represented the largest proportion of Pacific owners. This proportion is slightly less than both the proportion of Samoan sole traders (48%) and of the population aged 30-64 (46%). The next largest proportions of the population of Pacific business owners were Cook Islands Māori (20% of Pacific business owners and Pacific sole traders; 19% of the 30-64 population) and Tongan (18% of Pacific business owners; 19% of Pacific sole traders; 20% of the 30-64 Pacific population).

Business owners who reported an ethnicity¹⁸ of Fijian, accounted for a notably larger proportion of Pacific business owners (10%) than they do the overall Pacific population aged 30-64 (7%).



¹⁸ Excluding the categories of Other Pacific peoples (6% of owners; 5% of 30-64 population) and Pacific not-further-defined (2% of owners; 1% of 30-64 population).

Figure 5: Proportions of Pacific business owners and Pacific sole traders by level 2 ethnicity in 2023. The Pacific-population aged 30-64 is included as a comparison. Because individuals can have more than one ethnicity, percentages can sum to more than 100%.

3.5 Significant employers of Pacific peoples

Businesses that employ many Pacific workers can be an important part of the Pacific economy, even if they are not Pacific-owned.

Here we consider all economically significant, private-for-profit businesses with employees. This includes those BwOs and sole traders from the previous sections, if they have employees, along with businesses which may be missing ownership information. We say that an employer is a significant employer of Pacific peoples if 50% or more of the unique employees at that business have a Pacific ethnicity. Note that we use counts of unique employees, not full-time-equivalent employee counts.

In 2023 there were 4,242 businesses that were significant employers of Pacific peoples nationally – 2.5% of all employers. Of these, 2,676 (64.7%) were in Auckland – comparable to the proportion of the Pacific population who live in Auckland (62%).

The proportion of employers who are significant employers of Pacific peoples in Auckland (4.6%) is almost double the proportion in Aotearoa as a whole. Both the count and the proportion of businesses who are significant employers of Pacific peoples has increased over time. In 2013, the 1,221 significant employers of Pacific peoples in Auckland made up only 2.7% of employers in the region. Figure 6 shows the increasing proportion of employers who are significant employers of Pacific peoples, over the past 10 years. Nationally, this rose from 1.4% to 2.5% - a 79% increase. Within Auckland this proportional increase is 70% (2.7% to 4.6%). The increase in the proportion of New Zealand's population who are Pacific peoples over the same period was 20%: Pacific peoples rose from 7.4% to 8.9% of the population nationally and from 14.4% to 16.6% in Auckland, a proportional increase of 15%.

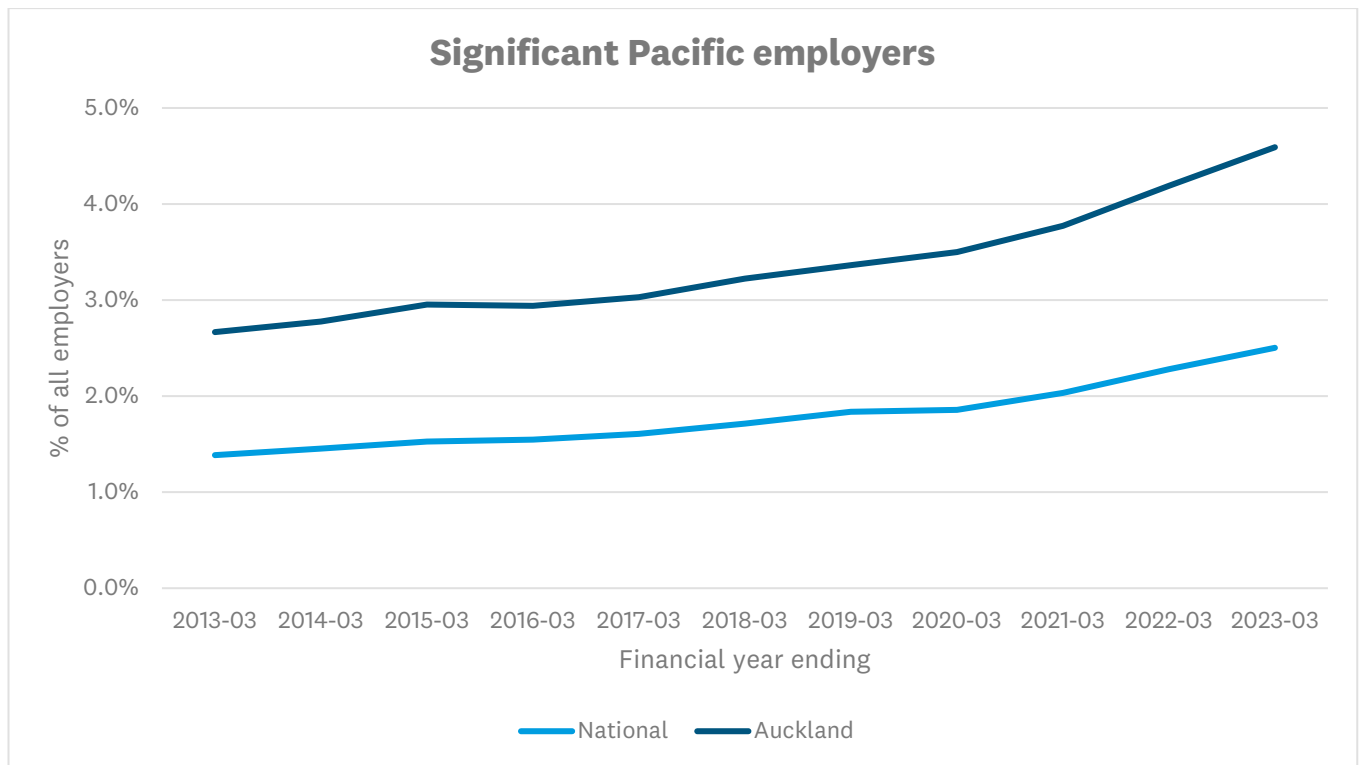


Figure 6: Significant employers of Pacific peoples as a percentage of all employers.

Distribution of significant employers of Pacific peoples within Auckland

As might be expected, Pacific peoples' locations of residence and locations of employment need not follow the same patterns. Of the 2,676 significant employers of Pacific peoples in Auckland, 29.3% (774 employers) were located in the southern local board areas of Manurewa, Māngere-Ōtāhuhu, and Ōtara-Papatoetoe. This is significantly less than the 47% of the Pacific working-age population who live in these three local board areas.

In contrast, the local board areas of Howick (207 significant employers; 7.8% of significant employers; 4.5% of Pacific working-age population) and Waitemātā (186 significant employers; 7.0% of significant employers; 2.1% of Pacific working-age population) have a higher proportion of businesses who are significant employers of Pacific peoples than their Pacific working-age populations might suggest.

Henderson-Massey local board is also home to a sizable number of significant employers of Pacific peoples (228 employers), though the proportion of 8.6% of significant employers is close to the proportion for the working-age Pacific population in the area (10.0%).

Table 5: Significant employers of Pacific peoples in Auckland. Local boards with many significant employers of Pacific peoples are shaded yellow (respectively blue) when the proportion of employers is higher (respectively lower) than the Pacific proportion of the population in the area.

Local Board Area	Count of significant employers	% of significant employers of Pacific peoples	% of Pacific working-age population (15-64)
Albert-Eden	126	4.8%	3.2%
Aotea/Great Barrier	0	0.0%	0.0%
Devonport-Takapuna	33	1.2%	0.6%
Franklin	117	4.4%	2.1%
Henderson-Massey	228	8.6%	10.0%
Hibiscus and Bays	63	2.4%	1.0%
Howick	207	7.8%	4.5%
Kaipātiki	66	2.5%	2.1%
Manurewa	210	7.9%	14.2%
Maungakiekie-Tāmaki	246	9.3%	7.3%
Māngere-Ōtāhuhu	276	10.4%	17.4%
Papakura	105	4.0%	5.0%
Puketāpapa	72	2.7%	3.3%
Rodney	72	2.7%	1.2%
Upper Harbour	75	2.8%	0.9%
Waiheke	12	0.5%	0.1%
Waitematā	186	7.0%	2.1%
Waitākere Ranges	66	2.5%	2.5%
Whau	132	5.0%	5.9%
Ōrākei	66	2.5%	1.2%
Ōtara-Papatoetoe	288	10.9%	15.3%

Industry sectors of significant employers of Pacific peoples in Auckland

Compared to all BwOs in Auckland, significant employers of Pacific peoples are more likely to be concentrated in the Construction (31%), Administrative and Support Services (9.3%), Manufacturing (8.6%), and Transport, Postal and Warehousing (7.1%) industries.

Construction, Administrative and Support Services, and Transport, Postal and Warehousing are also industries where the proportion of businesses who are significant employers of Pacific peoples are higher than expected, given the proportion of all businesses with employees in the industry. Conversely, Accommodation and Food Services, Professional, Scientific and Technical Services, Rental, Hiring and Real Estate Services, Retail Trade, and Wholesale Trade have lower proportions of significant employers of Pacific peoples compared with all employers in these industries. This follows a similar pattern to that seen in the concentration of Pacific-owned businesses by industry.

4 Characteristics of significant employers of Pacific peoples

Although they need not be Pacific-owned, significant employers of Pacific peoples play an important role in the Pacific economy. Here we look closer at some of the characteristics of businesses which are significant employers of Pacific peoples, including those who own them and the industries that they operate in. We focus on significant employers in Auckland where, in 2023, 2,676 (64.7%) of the significant employers of Pacific peoples in New Zealand are located. Of these, 1,089 were businesses with owners and 1,332¹⁹ were sole traders. We focus on businesses with owners (BwOs) as these tend to have larger numbers of employees than sole traders and hence play a larger role as employers of Pacific peoples.

4.1 Are significant employers of Pacific peoples more likely to be Pacific-owned?

This section focuses on a subset of the population of BwOs reported on in section 3.1. – the population of BwOs who also have employees. Restricting analysis to this sub-population ensures that our analysis is not skewed by including BwOs with no employees when comparing against numbers for significant employers.

Businesses that are significant employers of Pacific peoples are far more likely to also be Pacific-owned

In 2023, there were 1,089 BwOs in Auckland that were significant employers of Pacific peoples. Of these, 465 (42.7%) had a Pacific owner. In contrast, if we look at the population of all Auckland BwOs with employees, Pacific-owned businesses made up only 3.3% of the total population – 810 out of 24,705. That is, significant employers of Pacific peoples were around 13 times more likely to be Pacific-owned when compared with all BwOs with employees.

The proportion of Pacific-owned significant employers in Auckland has grown over time, increasing from 33.3% of all significant employers in 2013 to 42.7% in 2023 – a 28% increase. However, it has grown at a slower rate than the proportion of Auckland's Pacific-owned BwOs with employees, which has increased from 2.1% of all Auckland BwOs with employees in 2013 to 3.3% in 2023 – an increase of 59%.

¹⁹ The remaining 255 significant employers were private-for-profit businesses who were not sole traders but where no ownership information was available.

Table 6: Pacific-owned BwOs with employees as a proportion of all BwOs with employees and Pacific-owned significant employers as a proportion of all significant employers, for businesses in Auckland. In 2023, significant employers of Pacific peoples were 13 times more likely to be Pacific-owned when compared with all BwOs with employees.

Year	Pacific-owned BwOs with employees as a % of all BwOs with employees	Pacific-owned BwOs who are significant employers of Pacific peoples as a % of all BwOs who are significant employers	Count of BwOs who are significant employers of Pacific peoples – any owner	Count of Pacific-owned BwOs who are significant employers of Pacific peoples
2013	2.1%	33.3%	576	192
2014	2.2%	34.0%	645	219
2015	2.1%	33.9%	672	228
2016	2.2%	34.6%	693	240
2017	2.3%	34.8%	750	261
2018	2.5%	38.3%	759	291
2019	2.6%	38.5%	834	321
2020	2.7%	38.8%	873	339
2021	2.8%	41.5%	954	396
2022	3.0%	40.4%	1,062	429
2023	3.3%	42.7%	1,089	465

4.2 Are significant employers of Pacific peoples more likely to be in specific industries?

This section focuses on BwOs in Auckland that are significant employers of Pacific peoples, split by the industries they operate in. For BwOs in Auckland, we compare the proportion of BwOs that are significant employers of Pacific peoples in each industry with the average across all industries. Businesses in industries with a proportion higher than the average are more likely to be significant employers of Pacific peoples. In 2023, Auckland had 1,089 BwOs that were significant employers of Pacific peoples from a total of 24,705 BwOs with employees, giving an overall proportion of 4.4% for the region.

Table 7 and Figure 7 show the proportion of BwOs who are significant employers of Pacific peoples relative to all BwOs in the Auckland region.

The industry sector with the highest proportion of BwOs that are significant employers of Pacific peoples was Public Administration and Safety, with 13.7% of Auckland BwOs who are employers being significant employers of Pacific peoples. This is more than three times higher than the proportion

across all industries. In the Electricity, Gas, Water and Waste Services industry, 9.4% of Auckland BwOs with employees were significant employers of Pacific peoples, over twice the regional average.

Construction – one of the largest industries for Pacific businesses – had 1.5 times the regional average proportion of BwOs which were significant employers of Pacific peoples (6.9%), while the Arts and Recreation Services industry sector had 1.8 times the regional average (7.9%).

Industry sectors with a notably lower-than-average proportion of BwOs that were significant employers are: Accommodation and Food Services (1.6% - 0.36 of the regional average proportion); Rental, Hiring and Real Estate Services (1.8% - 0.41 of the regional average); and Professional, Scientific and Technical Services (1.9% - 0.44 of the regional average).

Table 7: Businesses with owners who are significant employers of Pacific peoples as a proportion of all businesses with owners who are employers in Auckland, by Level 1 ANZSIC industry. Industry sectors where the proportion of significant employers is over 1.5 times the regional average (4.4%) are shaded yellow; those that are more than 1.5 times lower than the regional average are shaded blue.

Industry (ANZSIC Level 1)	BwOs who are significant employers of Pacific peoples as a proportion of all BwOs who are employers.
Accommodation and Food Services	1.6%
Administrative and Support Services	7.5%
Agriculture, Forestry and Fishing	5.1%
Arts and Recreation Services	7.9%
Construction	6.9%
Education and Training	2.1%
Electricity, Gas, Water and Waste Services	9.4%
Financial and Insurance Services	3.1%
Health Care and Social Assistance	3.5%
Information Media and Telecommunications	3.4%
Manufacturing	5.0%
Other Services	5.0%
Professional, Scientific and Technical Services	1.9%
Public Administration and Safety	13.7%
Rental, Hiring and Real Estate Services	1.8%
Retail Trade	2.2%
Transport, Postal and Warehousing	7.8%
Wholesale Trade	2.9%

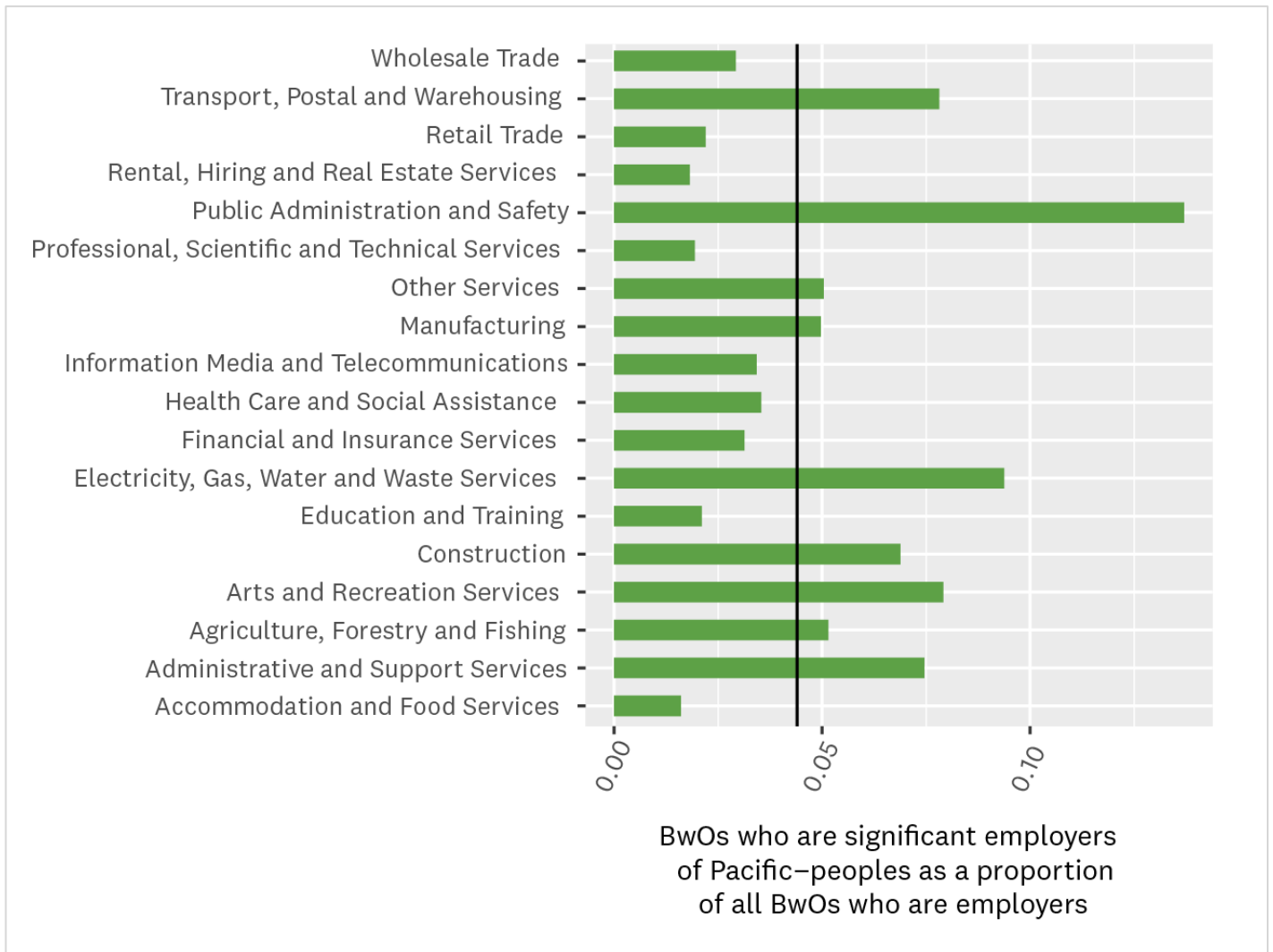


Figure 7: Businesses with owners who are significant employers of Pacific peoples, by industry, as a proportion of all businesses with owners who are employers. The vertical line indicates the regional average for Auckland of 4.4%. Values to the right of this indicate that an industry has more BwOs who are significant Pacific employers than would be expected by chance.

5 Entering and exiting business ownership

Here we look at factors along the path of business ownership for Pacific peoples: the level of their highest qualification when they became a business owner; and the survival rates of Pacific-owned businesses. We compare both against the general population of business owners.

5.1 Highest qualification when becoming a business owner

Education and qualifications of individuals may provide them with skills that support them to establish and run a business. We look at the highest qualification held by business owners in the year they become a business owner. To do this, in each year, we identify the set of business owners who were not owners in the preceding two years. We get data on their highest level of qualification at that point in time from the IDI Highest Qualifications Code Module.

Qualifications in New Zealand are split into 10 levels²⁰:

- Levels 1-3 are typically for secondary school qualifications like NCEA
- Levels 4-6 include certificates and diplomas. These are often vocational in nature
- Level 7 includes Bachelor's degrees, graduate certificates, and graduate diplomas
- Level 8 includes postgraduate certificates and diplomas and bachelor honours degrees
- Level 9 covers Master's degrees
- Level 10 qualifications are Doctoral degrees or equivalent.

Most Pacific business owners starting a business in 2023 had a highest qualification of either level 4 (19.5%) or Level 5 (17.3%), while 20.3% had a level 7 qualification or higher. Almost a quarter (24.1%) of Pacific business owners began their economically significant business without finishing a NCEA Level 3 qualification. In comparison, for non-Pacific business owners, 17.1% did not have a level 3 (or higher) qualification while 39.9% had a level 7 qualification or higher.

²⁰ For details on the NZ qualifications framework, see <https://www2.nzqa.govt.nz/qualifications-and-standards/about-new-zealand-qualifications-credentials-framework/> and <https://www2.nzqa.govt.nz/assets/Qualifications-standards/Understanding-NZQF/NZQF.pdf>

Table 8: Highest qualification of business owners starting a business in 2023.

Highest qualification	Non-Pacific owners	Pacific owners
Level 0	3.8%	4.5%
Level 1	7.2%	9.0%
Level 2	6.1%	10.5%
Level 3	9.6%	14.3%
Level 4	15.7%	19.5%
Level 5	12.2%	17.3%
Level 6	5.5%	4.5%
Level 7	23.1%	13.5%
Level 8	8.9%	3.8%
Level 9	6.7%	3.0%
Level 10	1.3%	-

Figure 8 shows the evolution over time of business owners' highest qualification in their initial year of business ownership. While the data has significant volatility, especially for the smaller number of Pacific business owners, there is a general trend of business owners having higher levels of qualifications in their first year of business ownership. For Pacific business owners, these tend to be certificates and diplomas (levels 4 to 6), which may be more vocational. Non-Pacific business owners' qualifications tend to be university Bachelors (Level 7) or higher (Levels 8 to 10).

Some of the differences in qualifications – such as Level 7 versus Levels 4 to 6 – are likely to align with the pattern of industry sectors where there is higher Pacific business ownership, such as construction.

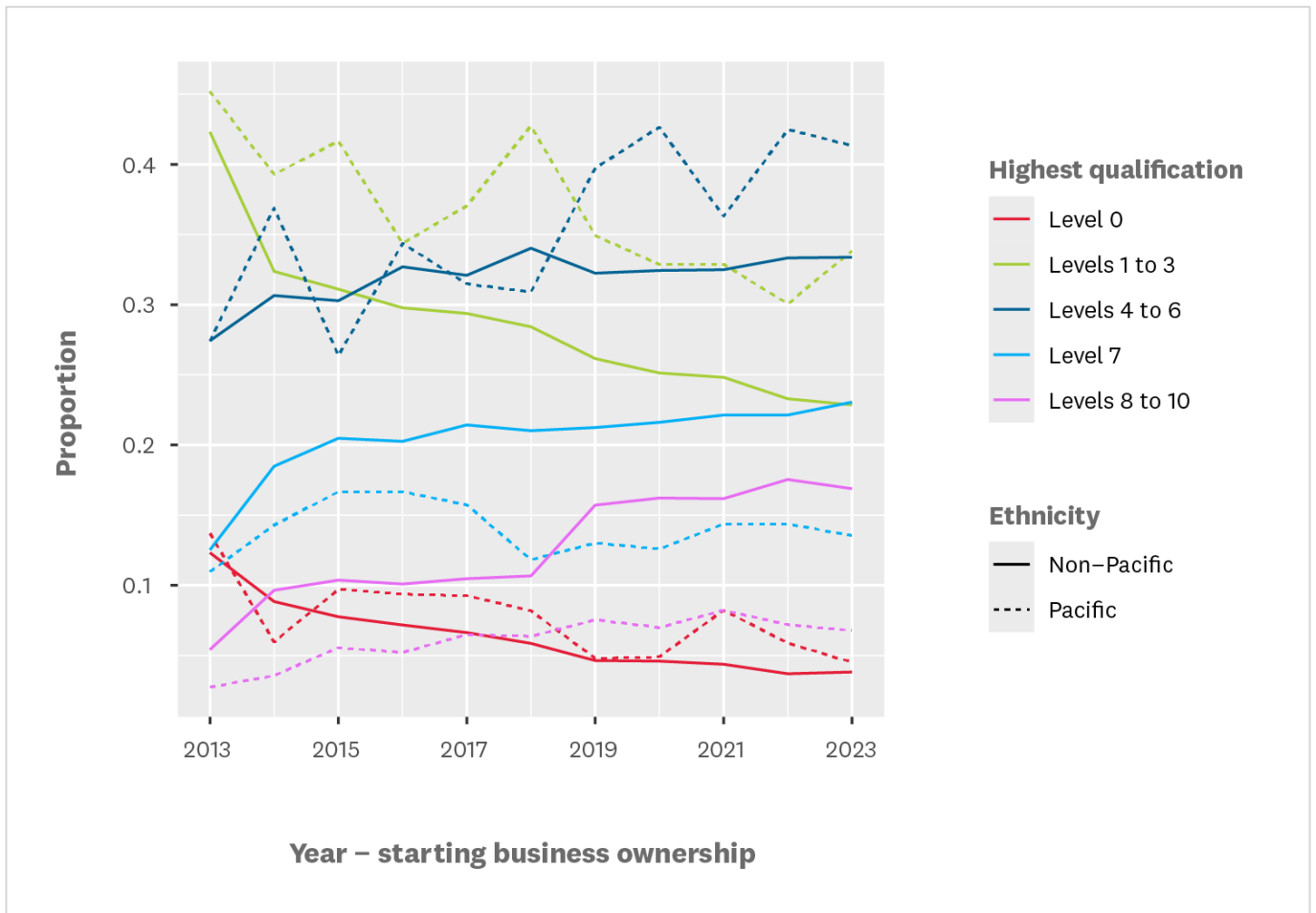


Figure 8: Proportion of business owners with a given level of highest qualification in the year of first business ownership.

There is a growing gap between Pacific and non-Pacific business owners with university qualifications (Level 7 and Levels 8 to 10). Figure 9 shows the difference between the proportion of Pacific and non-Pacific business owners in each group of qualifications. In 2013 the difference in the proportion of Pacific and non-Pacific owners starting a business with a Bachelor's degree was about -0.025 points (slightly more non-Pacific owners). By 2023 this had fallen to -0.1 points – an absolute difference of 10% in the proportions of owners. Although the data is again volatile, the opposite trend is true for qualifications in Levels 4 to 6 (certificates and diplomas). In 2013 a similar proportion of Pacific and non-Pacific owners held a Level 4-6 qualification when beginning ownership. By 2023 this had increased by 0.075 points indicating Pacific owners had a proportion of owners 7.5% higher (as an absolute value) with this type of qualification.

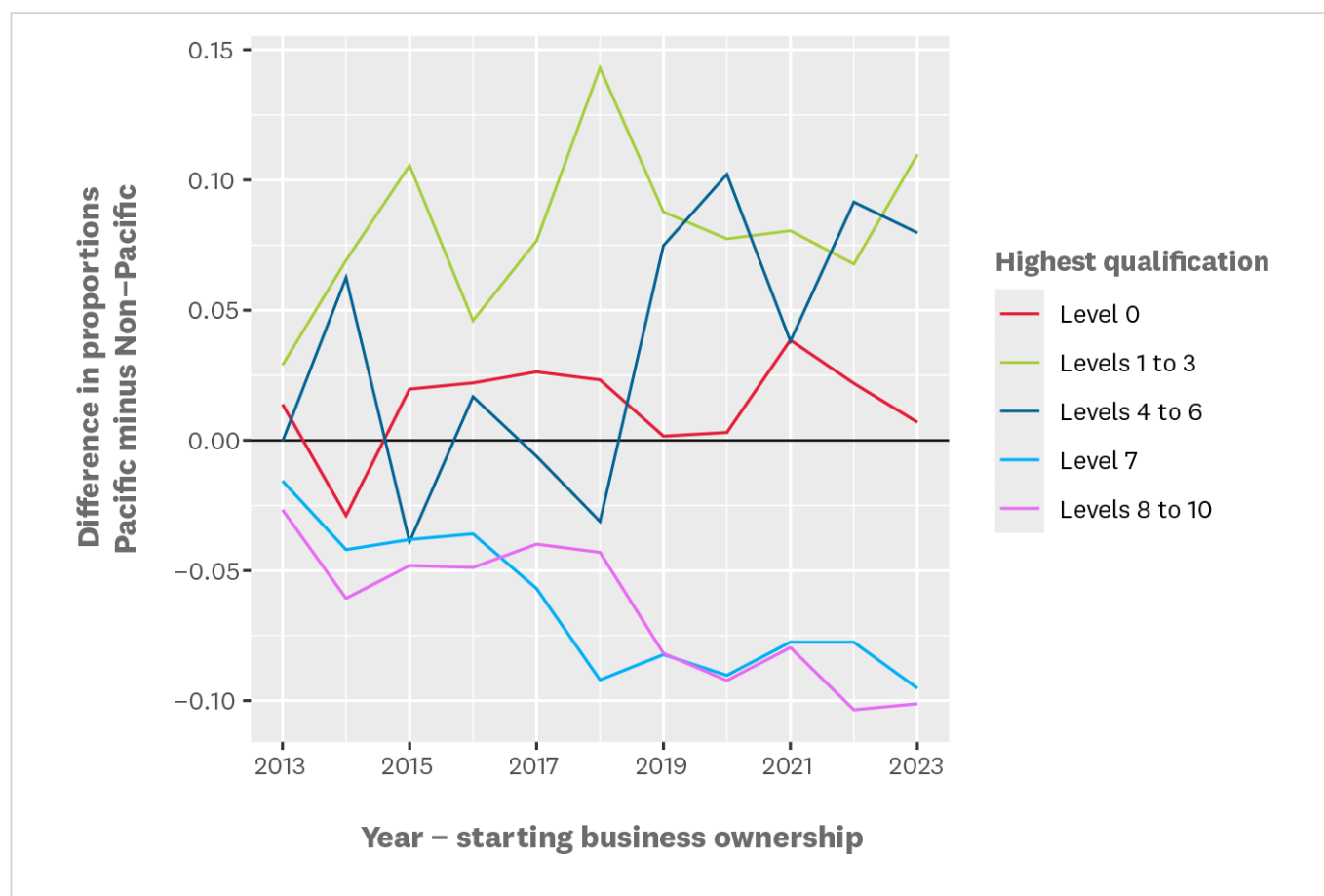


Figure 9: Differences in the proportions of Pacific and Non-Pacific businesses owners with a highest qualification at a given level in the year of beginning business ownership. Positive values indicate a large proportion of Pacific business owners with that qualification level.

5.2 Business Survival Rates

Business survival rates are the percentage of permanent enterprises with an owner that are established (i.e. business birth recorded in the business register) in each tax year that survive in the future tax years (surviving established businesses divided by the total businesses established for a reference tax year). It is important to recognise the nature of businesses operating within different industries and where businesses are established within different contexts – some with the view of operating for a fixed period and others with the goal of continued survival to offer goods or services far into the future. This analysis is the first step in understanding the overall business survival rate for Pacific-owned businesses; however, there are future opportunities to explore this further to capture and develop insights into businesses of different natures.

Calculating a 10-year business survival rate

Our analysis covers a 10-year period. Within the study period, only those businesses established in the 2013 tax year have a sufficiently long time-window post-establishment to allow for calculating a 10-year survival rate. To qualify as a business that has survived 10 years, a business must exist in every year between 2013 and 2023 and must have an identifiable owner in each of those years. To qualify as a Pacific-owned business after 10 years, a business established in 2013 with at least one Pacific owner must continue to have at least one Pacific owner across every year to 2023. Businesses established by

at least one Pacific owner in 2013 no longer meet the criteria for this metric in the survival year ($t + n$) where there is no identifiable Pacific owner.

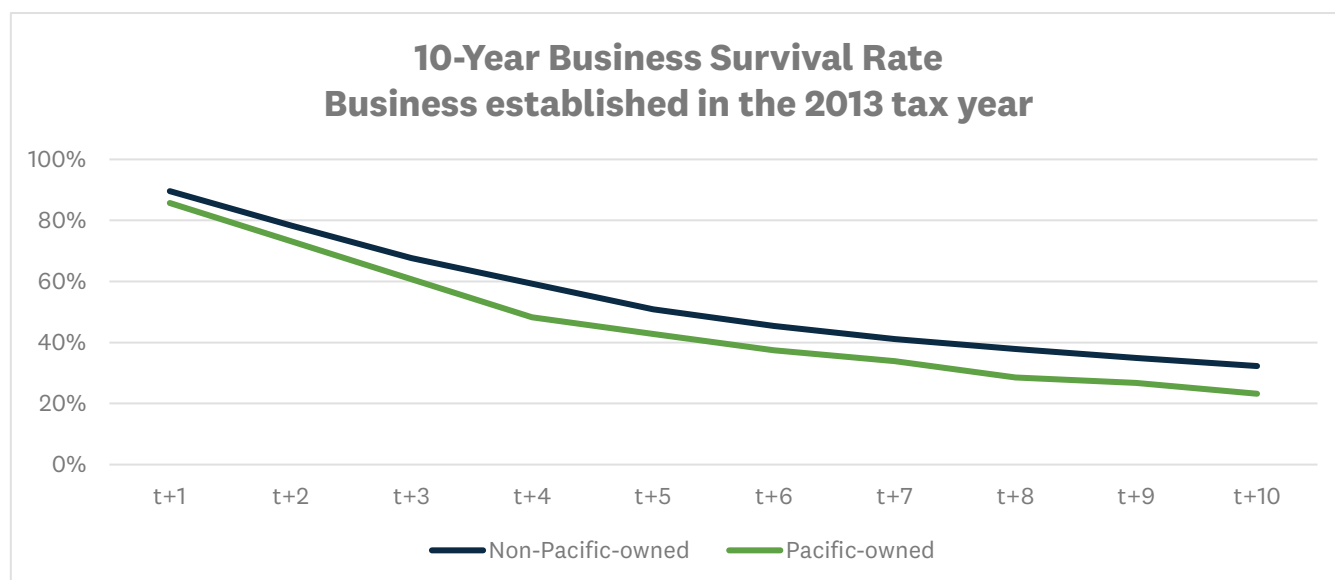


Figure 9: Proportion of businesses established in 2013 that survived across the following 10 years by ownership.

For businesses established in the 2013 tax year, 32% of non-Pacific-owned businesses survive 10 years while for Pacific-owned businesses the survival rate is 23% – a difference of 9.1 percentage points. The difference in survival rate between Pacific-owned and non-Pacific-owned businesses ranges from 3.9% at 1-year ($t + 1$) through 11% at 4-years where there is a sudden drop for Pacific-owned businesses (this corresponds to the 2017 tax year).

Calculating a 5-year business survival rate

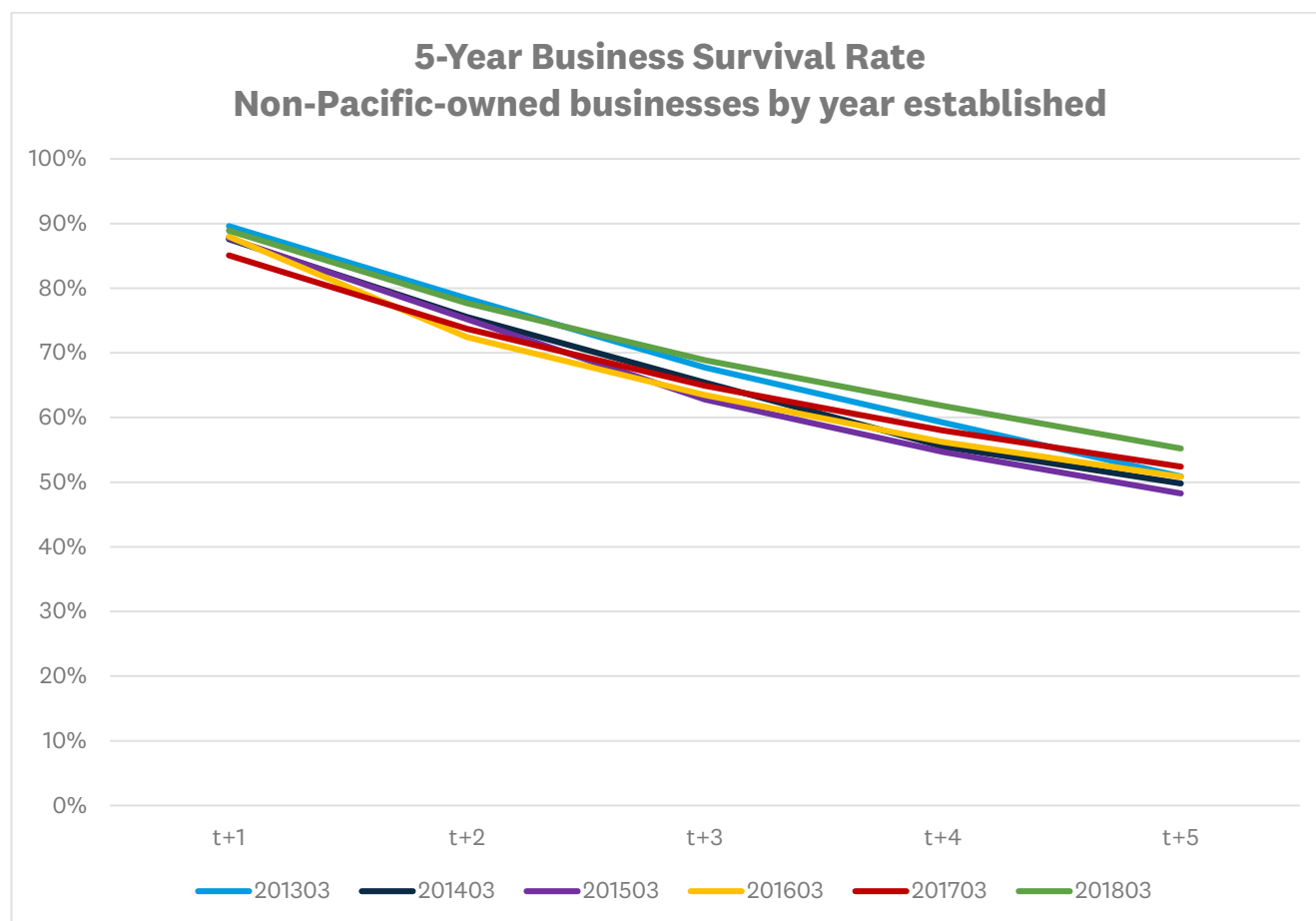


Figure 10: Proportion of non-Pacific-owned businesses survival over 5 years by establishment year.

For businesses with a 5-year lag period, (i.e. businesses established between 2013 and 2018), the non-Pacific-owned businesses established in the 2018 tax year had the highest 5-year survival rate (55%). The 2015 tax year had the lowest survival rate with only 48% of non-Pacific-owned businesses established in 2015 surviving through to 2020. The most dramatic drop in survival occurs between $t + 1$ and $t + 2$ with an average decrease of 13 percentage points. This is consistent with business survival rates of all enterprises, as observed in business demography data²¹. In comparison, the average decrease between $t + 4$ and $t + 5$ was just 6 percentage points.

²¹ Business survival rates in all industries in New Zealand 2015–2024, % of surviving enterprises in the reference year. Available here: <https://figure.nz/chart/mBoxAr1YlOeOcshS-XlCZPMMzubrrUxpp>

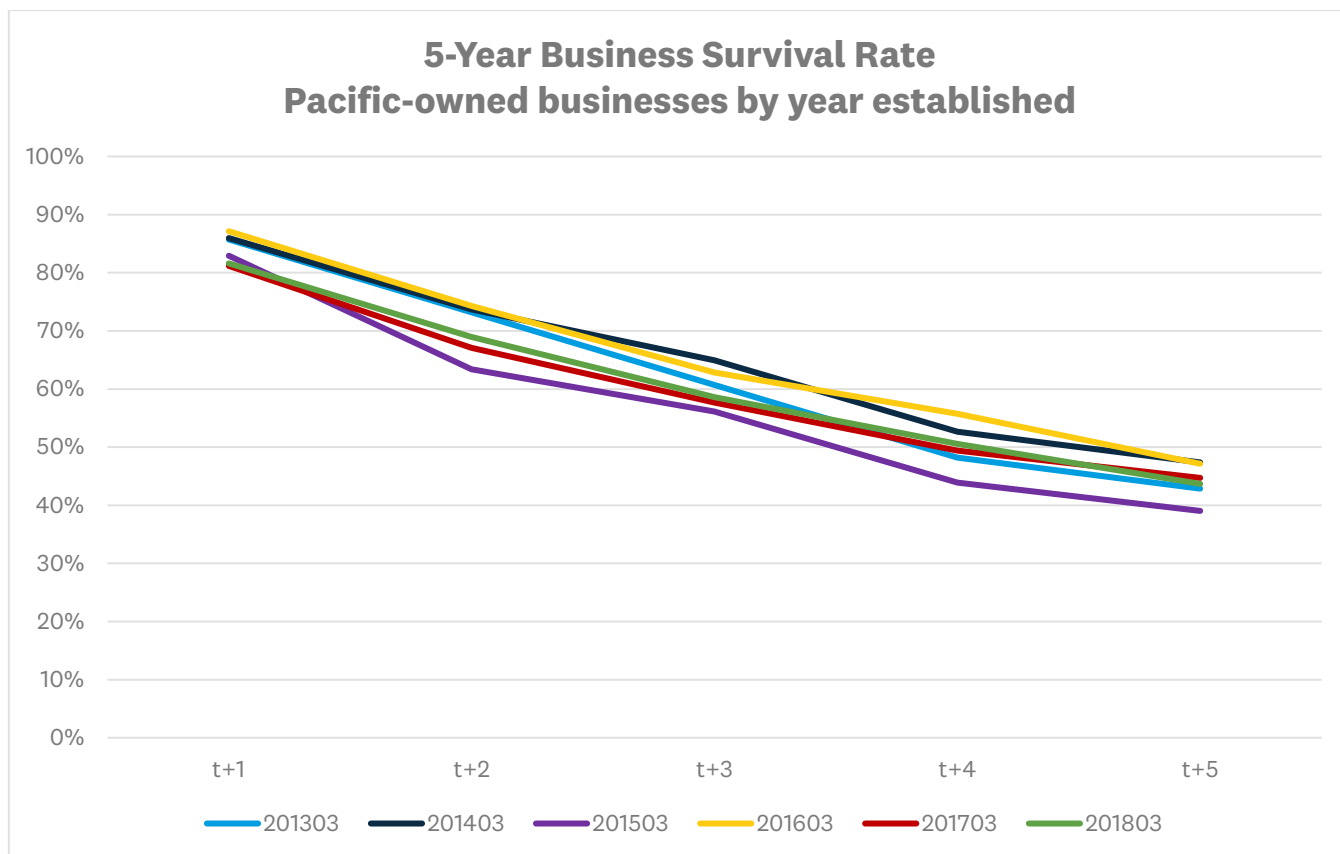


Figure 11: Proportion of Pacific-owned businesses survival over 5 years by establishment year.

Pacific-owned businesses established in the 2014 tax year had the highest 5-year survival rate (47%). The 2015 tax year had the lowest survival rate with only 39% of Pacific-owned businesses established in 2015 surviving through to 2020. The most dramatic drop in survival occurs between $t + 1$ and $t + 2$ with an average decrease of 14 percentage points. This is compared to an average decrease between $t + 4$ and $t + 5$ of just 6 percentage points.

Overall, there is an average difference in 5-year survival rate between Pacific-owned and non-Pacific-owned businesses of 7.1 percentage points²² – a range from 2.4 percentage points for businesses established in 2014 through to 11.5 percentage points for businesses established in 2018.

²² This finding is consistent with a similar observation in related research. Fabling (2018) reported that self-employed individuals with Pacific-only ethnicity are 16.5 percentage points less likely than European-only to still be self-employed five years after entry, with these survival gaps developing immediately after entry and growing over time. Differences between the population considered in Fabling (2018) and that considered here include the use of total ethnicity rather than Pacific-only or European-only and focusing on business ownership as opposed to self-employment.

6 Broader economic impact

Here we look at some of the broader economic contributions of Pacific businesses and workers. These include wages and salaries earned by Pacific workers and the scale and productivity of Pacific-owned businesses.

6.1 Wages and salary from Pacific businesses

Do Pacific-owned businesses tend to employ workers at higher or lower salaries than businesses with no Pacific owners? To answer this question, we calculated the proportion of all employment relationships (employee-employer) in Auckland by income band earned from that employment relationship in each tax year²³. Only wages and salary attributable to employment by BwOs are included. We then looked at the differences between these proportions for businesses with Pacific owners and businesses with no Pacific owners for the years 2016 to 2023.

Figure 13 shows the distribution of these differences. Positive values indicate that a worker employed at a Pacific-owned business is more likely to earn within that band than a worker at a business with no Pacific owners.

It is important to note that the incomes presented are derived from the unique employer-employee relationships and are not indicative of the total earnings of people employed by BwOs across an entire tax year. There are multiple scenarios which could result in appearing, for instance, in the \$0 to \$15,600 income band – a person may be employed on a part-time basis with that employer, the business may be seasonal and only hire employees for a limited period within a tax year, a person may change employment during the tax year (they may work just a day within a new tax year or almost a whole 12 months). There are future research opportunities that could be explored to give more context to the economic picture for wage and salary employees of Pacific and non-Pacific owned businesses in Auckland.

²³ We use bands that correspond to the brackets for income tax rates.

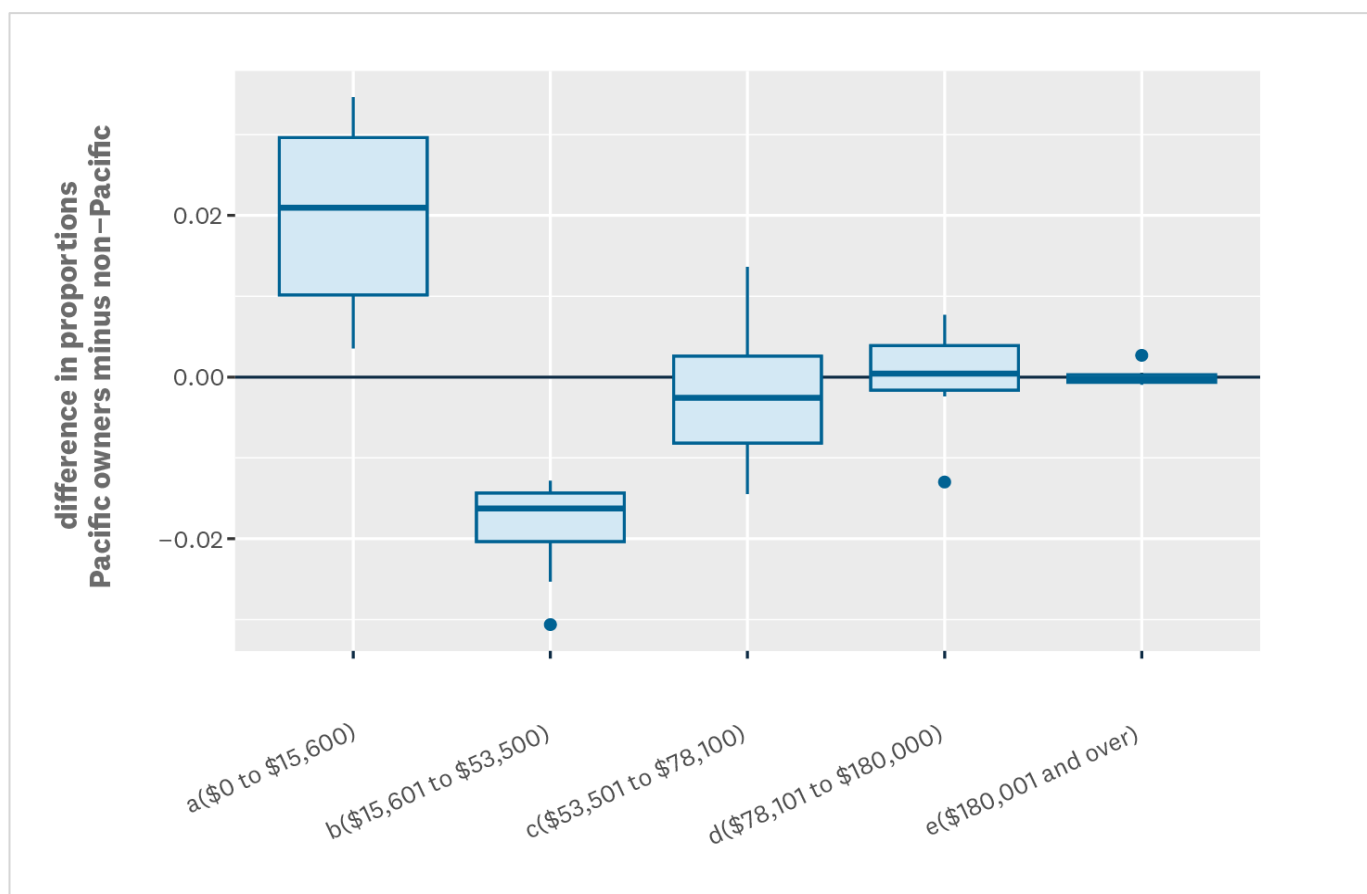


Figure 12: Differences in the proportion of workers at Pacific vs non-Pacific owned businesses in Auckland. Positive values indicate a larger proportion of workers at Pacific-owned businesses. Data for FY 2016-2023.

For workers earning in the highest band (\$180,001 and over) there is no significant difference in the proportion of employees earning in this band between Pacific-owned businesses and those with no Pacific owners.

A statistically higher proportion of workers at Pacific-owned businesses (an average of 41.9%) are earning in the lowest band (under \$15,600) compared with the proportion of workers at businesses with no Pacific owners (an average of 39.9%). Since this salary band is equivalent to well below the minimum wage for a full-time worker, this suggests that workers at Pacific-owned businesses are more likely to be working part-time or seasonally. “Seasonal” work is not only work that by its nature can only be carried out at a certain time of the year – it can also include work that is carried out during a certain time of the year due to worker availability (such as holidays for students).

Workers at Pacific-owned businesses are less likely (32.4%) to earn in the second lowest band (\$15,601 to \$53,500) when compared with workers employed at businesses with no Pacific owners (34.3%). This band overlaps with the minimum wage for a full-time worker and hence is likely to include a number of part-time employees.

For higher levels of wage and salary income, there is a smaller difference in the proportion of workers earning in those income bands between Pacific-owned businesses and those with no Pacific owners.

6.2 Wages and salaries of Pacific workers

The wages and salaries earned by Pacific workers also form part of the broader Pacific economy. Figure 14 shows the differences between the proportions of Pacific and non-Pacific workers across income bands for workers in Auckland. These are further split by whether workers are employed at a business with a Pacific owner or not. As in Figure 13 and the preceding section, this analysis is based on the income received from unique employee-employer relationships during a tax year and is not representative of the total income that Pacific workers may earn annually.

There is a clear pattern of Pacific workers being more likely to be in lower wage and salary bands²⁴, and less likely to be higher bands, with the exception of the highest (\$180,001 and over) band. The ethnicity of business owners appears to play no statistically significant role in differences in the distribution of Pacific workers' salaries. However, when making inferences from these results it is important to consider the findings set against contextual information such as the age breakdown for the Pacific and non-Pacific population in Auckland. Pacific peoples in Auckland skew towards a much younger population than the total Auckland population across all 5-year aged bands from 0 years through to 29 years. As a result, the median age (25.6 years) of Pacific peoples in Auckland is the lowest of all major ethnic groupings, and 10 years younger than the median for the total regional population (35.9 years). This context may offer insights into possible factors that influence income.

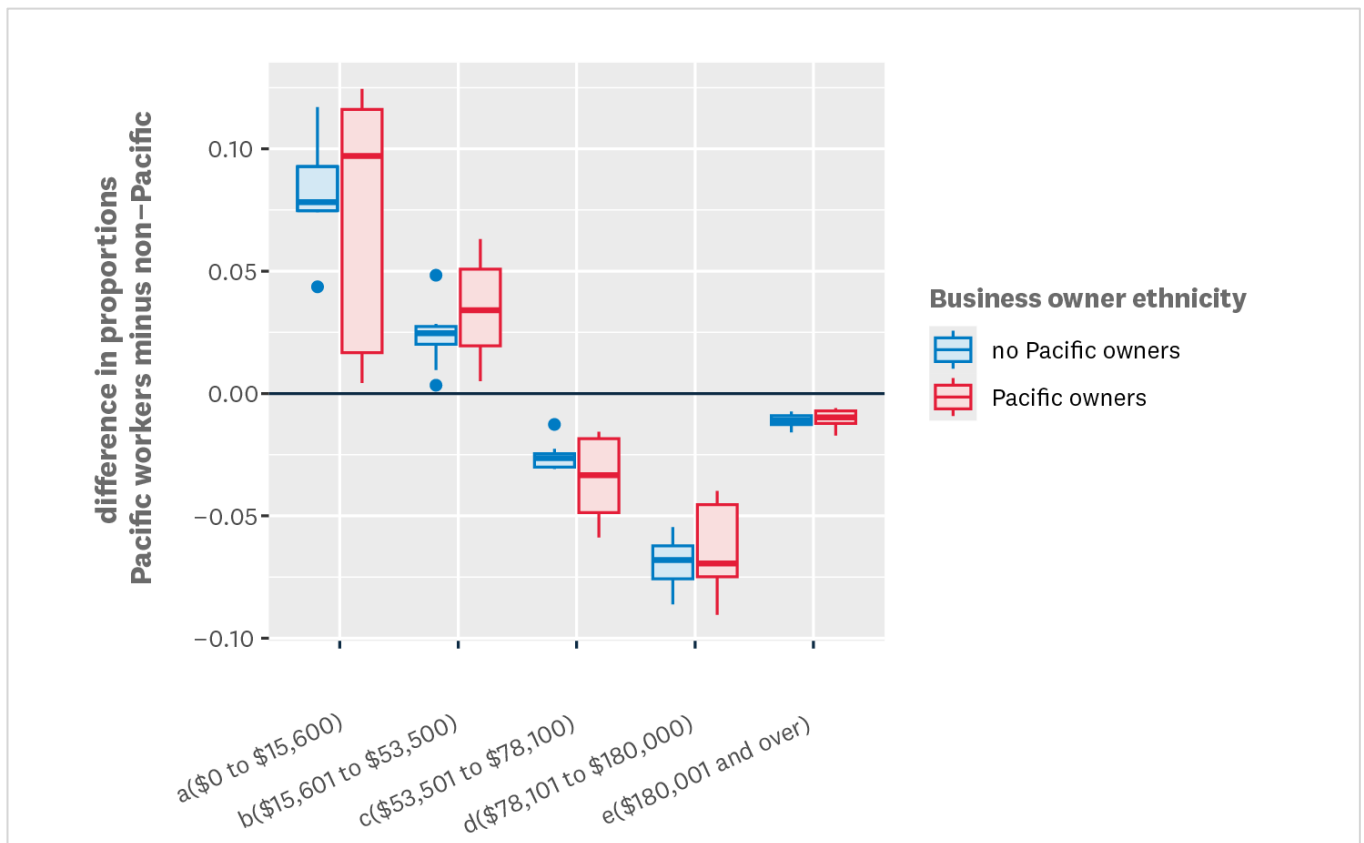


Figure 13: Differences between the proportion of Pacific and non-Pacific workers at businesses in Auckland. Positive values indicate a larger proportion of Pacific workers than non-Pacific workers in the category. Data for FY 2016-2023

²⁴ This includes those bands that imply not working full-time, or where workers may have multiple jobs across different employers.

6.3 Economic scale of Pacific businesses

Pacific-owned businesses make an economic contribution to New Zealand in a number of ways. At a simple level, they provide employment to workers, they contribute to the national tax base through GST and other tax payments, and their sales and purchases generate economic activity.

The population of businesses considered here differs from that used in some of the earlier sections of this report. Here we look at some aggregate economic measures for the population of businesses with Pacific owners *and* with employees. The requirement for businesses in this population to also be employers - similar to in section 4 - means that this is a smaller population of Pacific businesses than the population of all businesses with Pacific owners in section 3.

In 2023, Pacific-owned businesses in Auckland employed approximately 11,100 unique employees while Pacific-owned businesses in the rest of New Zealand (excluding Auckland) employed a further 10,400 unique employees. Note that this is not a count of full-time equivalent workers and, as we have seen in sections 6.1 and 6.2 it is likely that Pacific-owned businesses may have a larger proportion of part-time employees than non-Pacific owned businesses.

Table 9: Total unique employees of Pacific-owned businesses.

Year	Total employees of businesses with Pacific owners – Auckland	Total employees of businesses with Pacific owners – NZ excluding Auckland	Count of contributing businesses – Auckland	Count of contributing businesses – NZ excluding Auckland
2013	6,400	6,270	453	531
2014	5,900	6,710	489	549
2015	5,500	7,460	480	555
2016	6,500	8,270	510	561
2017	6,600	8,600	561	594
2018	7,300	8,960	597	627
2019	8,700	8,610	648	639
2020	8,200	8,690	651	642
2021	8,400	9,150	717	708
2022	10,000	10,100	783	777
2023	11,100	10,400	810	768

The value of sales by Auckland Pacific-owned businesses with employees in 2023 (\$1.798 billion) was about a third larger than the value of sales from Pacific-owned businesses with employees across the rest of New Zealand (\$1.327 billion). Given that business sizes are similar in terms of employees, it

suggests that Pacific-owned businesses in Auckland are outperforming the rest of Pacific-owned businesses in New Zealand relative to sales turnover and GST receipts.

In 2023, Pacific-owned businesses with employees were responsible for net GST payments of \$103 million from Auckland businesses and \$67 million from businesses in the rest of the country. The total value of purchases by Pacific-owned businesses with employees was \$825 million (Auckland) and \$692 million (rest of New Zealand) in the same year. Tables 10 through 12 show the total value of sales, purchases and net GST from Pacific-owned businesses with employees from 2013 to 2023.

Table 10: Total value of sales by Pacific-owned businesses with employees (\$M) from 2013 to 2023.

Year	Total sales (\$M) of businesses with Pacific owners – Auckland	Total sales (\$M) of businesses with Pacific owners – NZ excluding Auckland
2013	831	607
2014	654	645
2015	600	778
2016	593	762
2017	677	821
2018	705	827
2019	842	1,010
2020	1,182	983
2021	1,327	1,017
2022	1,515	1,205
2023	1,798	1,327

Table 11: Net GST paid by Pacific-owned businesses with employees (\$M) from 2013 to 2023. Note entries marked "S" have been suppressed according to IDI confidentiality rules.

Year	Total GST (\$M) of businesses with Pacific owners – Auckland	Total GST (\$M) of businesses with Pacific owners – NZ excluding Auckland
2013	S	24
2014	28	28
2015	25	34
2016	28	34
2017	32	37
2018	36	39
2019	47	44
2020	69	47
2021	80	51
2022	88	61
2023	103	67

Table 12: Total value of purchases by Pacific-owned businesses with employees (\$M) from 2013 to 2023. Note entries marked "S" have been suppressed according to IDI confidentiality rules.

Year	Total purchases (\$M) of businesses with Pacific owners – Auckland	Total purchases (\$M) of businesses with Pacific owners – NZ excluding Auckland
2013	S	S
2014	S	S
2015	S	S
2016	S	S
2017	S	S
2018	335	S
2019	370	S
2020	521	S
2021	587	595
2022	700	S
2023	825	S

6.4 Productivity of Pacific businesses

Measures such as the total value of sales for a given number of employees at a business can give information about a business' productivity. To get insight into the productivity of Pacific businesses we calculated the value of sales per unique employee for all businesses in our population of businesses with owners and employees. We then calculated the median value of sales per unique employee for four groups of businesses based on whether they had a Pacific owner or were a significant employer of Pacific peoples.

For Auckland businesses that were significant employers of Pacific peoples with Pacific owners in 2023, the median value of sales per unique employee was \$138,490. This is lower than the median value of sales per employee for businesses in all three other categories, which spanned from \$179,107 (Pacific owners; not significant employers) to \$192,490 (no Pacific owner but significant Pacific employer).

Table 13: Sales per unique employee – median value across all businesses in each category. Auckland businesses, 2023. The lowest median sales per employee (shaded yellow) is for businesses with Pacific owners who are also significant employers of Pacific peoples; the highest (shaded blue) is for businesses with no Pacific owners who are significant employers of Pacific peoples.

Sales per employee	Significant employers of Pacific peoples	Not significant employers of Pacific peoples
Businesses with Pacific owners	\$138,490	\$179,107
Businesses with no Pacific owners	\$192,490	\$187,733

Figure 15 shows the median values of sales per unique employee for businesses in Auckland over the period 2013 to 2023. This shows that the pattern of lower sales per employee for businesses with Pacific owners who are significant employers is consistent across the 10-year period. Pacific-owned businesses that are not significant employers of Pacific peoples also tend to have lower values of sales per employee, though this effect is less pronounced.

We saw earlier that it is likely that Pacific-owned businesses have a larger number of employees who are part-time. This is likely to explain the lower values for sales per employee observed here for Pacific-owned businesses.

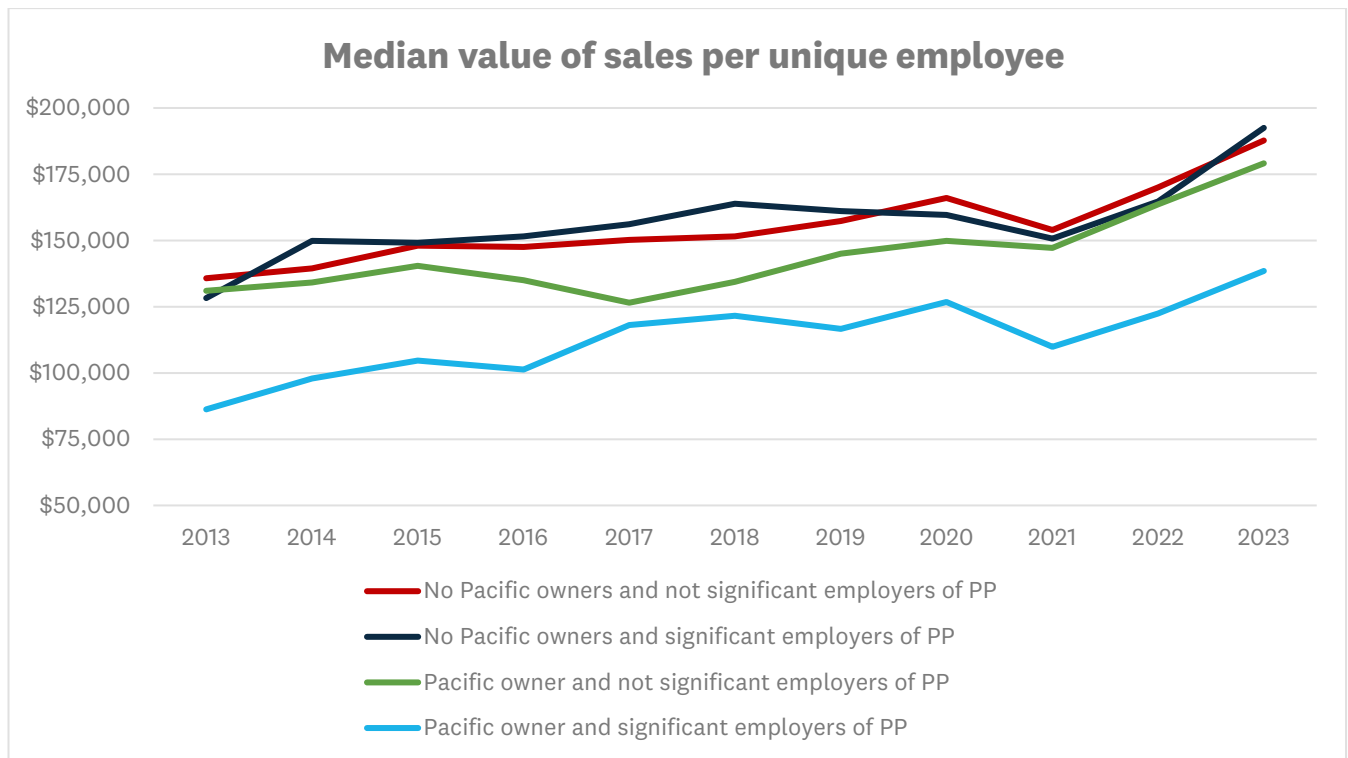


Figure 14: Median values of sales per unique employee for businesses in Auckland that are/are not significant employers of Pacific peoples and are/are not Pacific-owned.

7 Summary

Quantifying the Pacific Economy establishes a data set of populations and measures for Pacific-owned businesses, sole traders, and significant employers of Pacific peoples. The methodology follows that used for similar work such as *Te Matapaeroa: Data on the Māori Economy* and *Pacific Women and Men in Business* but has the advantage that it does not rely on third-party tables, enabling the data set to be recompiled and updated following data refreshes in the IDI and LBD.

Headline statistics include:

Nationally –

- 5,271 Pacific businesses and sole traders in New Zealand comprised of 3,555 Pacific businesses with owners and a further 1,716 Pacific sole traders
- 4,242 businesses, regardless of ownership status, were significant employers of Pacific people with 50% or more of their employees having Pacific ethnicity (noting that businesses with owners and businesses with employees are not mutually exclusive)
- Of the 3,555 Pacific businesses with owners in New Zealand in 2023, 36% were owned by a first-generation Pacific person, and 36% had a female Pacific owner.

Auckland –

- 51% (or 2,685) of Pacific businesses are based in Auckland; 1,776 Pacific businesses with owners, and 909 Pacific sole traders
- Of the 1,776 Pacific businesses with owners in Auckland, 42% have a first-generation Pacific person owner, and 34% with a female Pacific owner
- 63% (or 2,676) of the significant employers of Pacific peoples were in Auckland.
- In 2023 Auckland had 53% of New Zealand's Pacific BwOs but had 63% of the population of Pacific peoples aged 30-64 – the age group most likely to be business owners – indicating that there is still potential for further growth.

Employment –

- In 2023, there were 1,089 Businesses with Owners in Auckland who were also significant employers of Pacific peoples. Of these 465 (42.7%) had a Pacific owner. That is, significant employers of Pacific peoples were around 13 times more likely to be Pacific-owned when compared with all BwOs that employ people.
- Significant employers of Pacific peoples in Auckland are more likely to be concentrated in the Construction (31%), Administrative and Support Services (9.3%), Manufacturing (8.6%), and Transport, Postal and Warehousing (7.1%) industries.

Economic performance and contribution –

- The survival rate for Pacific-owned businesses is slightly lower than for businesses with no Pacific owners. Businesses with Pacific owners established in 2013 had a one-year survival rate of 86% and a ten-year survival rate of 23%, while those with no Pacific owners had a one-year survival rate of 90% and a ten-year survival rate of 32%.
- The value of sales by Auckland Pacific-owned businesses with employees in 2023 was \$1.798 billion - about a third larger than the value of sales from Pacific-owned businesses with

employees across the rest of New Zealand (\$1.327 billion). This suggests that Pacific-owned businesses in Auckland are outperforming Pacific-owned businesses in the rest of New Zealand in terms of revenue, with a similar pattern for GST receipts.

- The median value of sales revenue per unique employee for Pacific-owned businesses tends to be lower than for businesses with no Pacific owners. However, the same measure is higher for businesses that are significant employers of Pacific peoples, compared to those which are not. The median value of sales per unique employee was \$138K for Pacific-owned significant employers of Pacific peoples (and \$179k for Pacific-owned businesses who were not significant employers) compared with \$192k for non-Pacific-owned businesses that are significant employers of Pacific peoples (and \$188k for non-Pacific-owned businesses who were not significant employers).

While this report mostly focuses on the Pacific economy in 2023 – the most recent year for which complete data is available – the processed datasets that accompany this report span the period 2013 to 2023, with raw data for an additional two years (2011 & 2012) also available. This allows for historical analysis as well as identification of trends in the Pacific economy. For example, since 2013 there has been a 61% increase in the number of Pacific-owned businesses nationally (an increase from 1.3% to 1.9% of all businesses with owners).

Geographic coverage of the data includes national, regional, and sub-regional (Auckland local board area) breakdowns as well as industry classifications (ANZSIC06 Level 1). This shows that the industries with the largest proportion of Pacific-owned businesses in Auckland are Construction (35%), Professional, Scientific, and Technical Services (15%), and Administration and Support services (8%).

Metrics such as business survival rates and business owners' highest qualifications in the year of becoming a business owner can give additional insights into the opportunities for and challenges faced by Pacific businesses. With Pacific businesses and workers being a growing proportion of New Zealand's economy over time, analysis such as *Quantifying the Pacific Economy* will be increasingly important in informing decision making to support and foster Pacific businesses and workers.

References

Te Matapaeroa 2021: Data on the Māori Economy. Report published by Te Puni Kōkiri.

<https://www.tpk.govt.nz/docs/tpk-tematapaeroa%202021.pdf>

Pacific Women and Men in Business. Report published by Manatū Wāhine – Ministry for Women and Ministry for Pacific Peoples. <https://www.mpp.govt.nz/assets/Reports/Pacific-Women-and-Men-in-Business.pdf>

The New Zealand Pacific Economy: 13 November 2018. Report published by New Zealand Treasury.

<https://www.treasury.govt.nz/sites/default/files/2018-11/nz-pacific-economy-nov18.pdf>

Fabling, R. and D.C. Maré (2019) “Improved productivity measurement in New Zealand’s Longitudinal Business Database.” Motu Working Paper 19-03. https://motu-www.motu.org.nz/wpapers/19_03.pdf

Fabling, R. (2011). Keeping it Together: Tracking Firms in New Zealand’s Longitudinal Business Database. Motu Working Paper 11-01. https://motu-www.motu.org.nz/wpapers/11_01.pdf

Kulkarni, R., A. Prain and M. Berg. Te Matapaeroa 2021: Methodology report. Published by Te Puni Kōkiri. <https://www.tpk.govt.nz/docs/tpk-tematapaeroa-methodology-report2021.pdf>

Jaffe, A. and N. Chappell, (2018) Worker flows, entry, and productivity in New Zealand’s construction industry. Motu Working Paper 18-02 (March 2018). https://motu-www.motu.org.nz/wpapers/18_02.pdf

Fabling, R. (2018). Entrepreneurial beginnings: Transitions to self-employment and the creation of jobs. Motu working paper 18-12. https://motu-www.motu.org.nz/wpapers/18_12.pdf

Appendix A: Technical notes and methodological details

A.1 Defining and identifying businesses

This report makes use of Stats NZ’s Integrated Data infrastructure (IDI) and Longitudinal Business Database²⁵ (LBD) to build a dataset with a collection of indicators for Pacific businesses and the people they employ. The definitions and approaches used in this report largely follow those developed and employed in Te Matapaeroa 2021 – Data on the Māori Economy²⁶. In particular, we follow the methodology of Fabling and Maré²⁷ (2019) for assembling a population of “live” private-for-profit and economically significant businesses applied to the 202503 IDI refresh and 202410 LBD refresh.

A business is an organisation or entity that is actively operating in New Zealand and is engaged in commercial, industrial, or professional activities. Common business types include limited liability companies, partnerships, and sole traders. This report identifies three separate business types: businesses with owners, businesses with employees and sole traders. Businesses defined as ‘Businesses with owners’ and ‘Sole traders’ do not overlap – the definition for both business types include the participation of at least one working proprietor; however, sole traders have income from IR3 tax filing only while businesses with owners have shareholder, director, or partnership income and no IR3 income.

A.1.1 Identifying unique businesses

Businesses in the LBD are assigned a unique identifier – an enterprise number (ENT) – which can be used to link individual businesses across different datasets and time periods. However, it is not uncommon for unique businesses in the LBD to end up with multiple ENTs for reasons such as a change in the legal status of a business²⁸. For example, one individual business might have three different ENTs across time, giving the appearance of being three separate businesses.

For Quantifying the Pacific Economy, we followed the methodology of Fabling and Maré (2019) where new unique identifiers – known as “permanent enterprise numbers” (PENTs) – are assigned to businesses – harmonising records where businesses have multiple unique identifiers or ENTs. By using PENTs, we avoid double-counting of individual businesses.

²⁵ Information about Stats NZ’s IDI and LBD is available at <https://www.stats.govt.nz/integrated-data/>

²⁶ Te Matapaeroa 2021: Data on the Māori Economy. Report published by Te Puni Kōkiri. <https://www.tpk.govt.nz/docs/tpk-tematapaeroa%20021.pdf>

²⁷ Fabling, Richard and David C Maré. 2019. “Improved productivity measurement in New Zealand’s Longitudinal Business Database.” Motu Working Paper 19-03. Motu Economic and Public Policy Research. Wellington, New Zealand. doi.org/10.29310/WP.2019.03

²⁸ Fabling, R (2011). Keeping it Together: Tracking Firms in New Zealand’s Longitudinal Business Database. Motu Working Paper 11-01. March 2011.

Our approach follows the methodology²⁹ used in Te Matapaeroa 2021, with one main difference. While Te Matapaeroa 2021 uses the ad hoc Fabling and Mare Productivity tables³⁰, we implement the Fabling and Mare methodology in code that creates equivalent tables “on the fly” from underlying IDI/LBD source data. While our approach leads to an equivalent list of PENTs for businesses, it has the advantage of not being dependent on third-party tables and hence analysis can be easily updated following an LBD data refresh. Applying our methodology to the 202210 IDI/LBD data refresh generates a population of business denominators that differ from the productivity tables used in Te Matapaeroa 2021 by less than 1% in most instances. Te Matapaeroa 2021 made use of the 202210 Fabling and Maré productivity tables.

A.1.2 Defining types of businesses

For consistency with Te Matapaeroa 2021, we classify a ‘business’ as an entity where the employer and employee(s) are two distinct legal entities. Most of these businesses are Companies³¹ and Partnerships³². We refer to this population of entities as “businesses with owners (BwOs)” or simply as “businesses”. This definition does not include “sole traders” which we report on as a separate population. Additionally, “businesses with employees” encompass all live, economically significant private-for-profit businesses that can be linked to employees in IRD data, whether they have owners or not.

In *Quantifying the Pacific Economy*, we report on business that are:

- Live (currently trading or “active”)

Businesses are deemed to be non-live if they do not have any income, employment, or sale in the financial year of interest. A business that is categorised as live in one financial year may be categorised as non-live in other years.

- Private-for-profit (pfp)

We exclude businesses that are not private-for-profit. Examples include Māori authorities, government organisations, embassies, government or locally-owned trading entities, and charities.

- Economically significant

For the purposes of business demography, Stats NZ classifies a business as economically significant³³ if it meets any one of the following criteria:

²⁹ Kulkarni, R., A. Prain and M. Berg. Te Matapaeroa 2021: Methodology report. Published by Te Puni Kōkiri. <https://www.tpk.govt.nz/docs/tpk-tematapaeroa-methodology-report2021.pdf>

³⁰ The Fabling and Maré Productivity tables are created from tables in the LBD where the methodology of Fabling and Mare (2019) has been applied to harmonise records and to create PENTs, correcting for businesses with multiple unique identifiers. At the time of writing, the latest version of these tables in the LBD related to the 2022 financial year.

³¹ A company is an entity that is legally separate from the people who own and run the company. It is legislated under the Companies Act 1993.

³² A partnership is when two or more people (partners) form a business, with a partnership agreement setting out how they will share profits, debts, and work. A Partnership is legislated under the Partnership Law Act 2019.

³³ [Economically significant enterprise - Stats NZ DataInfo+](#)

- Annual expenses or sales (subject to GST) of more than \$30,000; or
- 12 month rolling mean employee count of greater than three; or
- Part of a group of businesses; or
- Registered for GST and involved in agriculture or forestry; or
- More than \$40,000 of income recorded in the IR10 annual tax return (this includes some units in residential property leasing and rental).

- **Businesses with a working proprietor**

The definition of businesses with owners (BwOs) require businesses to have at least one identifiable owner who is actively working for the business – a working proprietor (WP).

Jaffe and Chappell (2018)³⁴, describe a working proprietor as an individual who:

- Pays themselves in the EMS (i.e. The payer and payee identifiers are the same);
- Reports self-employment income in an IR3 tax form;
- Reports a share of partnership income in an IR7P tax form;
- Or is a company owner receiving payment in the IR4S tax form.

For ‘Business with owners’ we exclude businesses that are owned by other businesses because in such cases we cannot determine if a business is Pacific-owned or not. We also exclude businesses with no active owners because the LBD does not have information on inactive or non-working owners. In a small proportion of cases, where a business is owned by both an individual and by a trust or other organisation, we only consider the demographic information of the individual registered as the owner of the business. We also exclude working proprietors for businesses where there is a non-zero IR3 tax filing as these are considered separately as ‘sole traders’.

A.1.3 Pacific businesses

Classifying a business as a “Pacific business” is non-trivial. Most businesses are either companies or partnerships. Companies are owned by shareholders who may or may not be working in the business as “working proprietors”. Companies also have directors who run, but need not own, the business. Directors and shareholders can both receive wages or salaries. Following the approach of Fabling and Maré (and in line with the method employed in Te Matapaeroa 2021) we have attempted to identify the population of business owners who are working proprietors. We classify a business as Pacific-owned if it has at least one owner who receives some ownership income from the business and who is recorded as having Pacific ethnicity. This approach to classifying Pacific-owned businesses is analogous to the method introduced in Te Matapaeroa 2021 for Māori-owned businesses. This definition is more inclusive, but also more broadly applicable, than alternative approaches such as requiring 50% of ownership income to go to owners of Pacific ethnicity.

Businesses owned by women and by first generation Pacific migrants

Similar to our approach for classifying Pacific-owned businesses, we also identify business with one or more female Pacific owners, or where one or more owners are a first-generation migrant.

³⁴ Jaffe, A. and N. Chappell, Worker flows, entry, and productivity in New Zealand’s construction industry. Motu Working Paper 18-02 (March 2018). https://motu-www.motu.org.nz/wpapers/18_02.pdf

A.1.4 Significant employers of Pacific peoples

When compiling the population of businesses that are significant employers of Pacific peoples we use a slightly different criterion:

- Businesses with at least one employee

We exclude businesses with no employees, but we include businesses without identifiable owners, as long as the business has employees. That is, a business can be a significant employer of Pacific peoples, regardless of the nature of its ownership or the number of people it employs.

A business is classified as a significant employer of Pacific peoples if 50% or more of its employees have a Pacific ethnicity.

A.1.5 Pacific sole traders

A “sole trader” is a business enterprise where the enterprise is considered as an extension of the owner and is not a separate legal entity. Sole traders can include a wide range of business activity, including one-off contracts and “side-gigs”, through to an individual’s main employment and source of income. We are interested in those sole traders that are deemed to be economically significant and who have individually also exceeded the working proprietor earnings threshold³⁵. For this analysis, sole traders are identified as those working proprietors of economically significant, live, private-for-profit businesses who have IR3 income.

A.2 Demographics of business owners and employees

For both owners and employees of businesses, we also have information on demographic information such as ethnicity, sex/gender, and generational status with respect to migration.

A.2.1 Identifying ethnicity and sex/gender

We use Census data for individuals to identify the ethnicity of business owners and workers. We assign ethnicity as “total ethnicity” – that is, individuals can belong to more than one ethnic group. If any one of those ethnic groups is Pacific, then that individual counts as Pacific in our data. We assign ethnicity information to individuals at both level one (e.g. Pacific Peoples) and level two (e.g. Samoan, Tongan) classifications.

Individuals are assigned sex/gender from the Stats NZ ‘*person_detail*’ table which uses prioritised demographic information for an individual across data collections in the IDI³⁶. The sex gender code is

³⁵ The development of working proprietors was based on logic created by Fabling and Maré in the IDI which set a minimum earnings threshold of \$15,000 for working proprietors based on the 2000 tax year. This has been adjusted each year for the Reserve Bank of New Zealand (RBNZ) Consumers Price Index (CPI).

³⁶ For details, see

https://idiresearch.terourou.org/collections/IDI_Derived_Population_data?v=variable&id=snz_sex_gender_code&d_id=data.personal_detail

populated with the 'most common' sex or gender code from the highest ranked sources. It may be coded to the Stats NZ's Statistical Classification for Sex or Gender Identity depending on whether this derived data is pulled from sources that specifically collect sex or gender identity.

A.2.2 Identifying first-generation migrants

Pacific peoples in New Zealand include a significant proportion of people who are first-generation migrants. We use data from Census 2023 to identify those business owners and sole traders whose country of birth is not New Zealand. An individual's country of birth need not match their ethnicity. For example, a business owner in New Zealand who was born in Canada and had their ethnicity recorded as Samoan would be identified as a first-generation Pacific migrant business owner.

A.3 Key measures for businesses and sole traders

A.3.1 Location

Businesses can have activity at more than one geographic location or “geo”, these geos are identified through the primary business number (PBN). For example, an enterprise may have multiple plants and offices in different locations across different regional councils. For businesses with multiple PBNs, we classify the primary location of the enterprise in a given tax year, as the location with the highest mean monthly number of employees recorded in the business register during that tax year. This means that the primary geographical unit of a business can change over time.

We use the primary geographical unit of businesses and sole traders to assign them the following information:

- A binary classification as within Auckland regional authority, or not
- A Regional Council Authority (RA or region)
- For those enterprises within the Auckland RA, we also assign a Territorial Authority Local Board.

A.3.2 Industry classification

We report on industry classification of businesses and sole traders using the Australian and New Zealand Industrial Classification³⁷ (ANZSIC) at the top classification level. Like primary geographical unit, the industry classification of an enterprise can change over time. Enterprises with more than one PBN may have different industry classifications at different physical locations. We assign the “primary industry” of an enterprise following the same methodology used to assign the primary geographic location – the industry classification is taken from the PBN with the highest mean monthly number of employees in the reference tax year.

³⁷ See [1292.0 - Australian and New Zealand Standard Industrial Classification \(ANZSIC\), 2006 \(Revision 1.0\)](#) for details

Appendix B: Related code and documentation

File name	Description
readme.txt	Instructional document for executing and updating the analysis.
main.sql	Main data production and assembly script. Defines some parameters related to the data version. Runs a selection of other scripts for producing the base population and measures.
get_pents.sql	Get a list of Permanent Enterprise Numbers (PENTs) following the methodology of Fabling and Mare.
get_wps.sql	Construct a table of working proprietors with PENTs (to identify businesses) and snz_uids (to identify business owners and sole traders) following the methodology of Fabling and Mare.
live_pfp_pents.sql	Create table to filter PENTs that are live and private-for-profit businesses in each tax year.
business_owners.sql	Get PENTs associated with working proprietors each tax year based on income tax filing flags. Combinations of flags are used to identify if the working proprietor is a business owner or a sole trader.
pent_pbn_employees.sql	Creates the PENT wage and salary workforce population in each tax year from IR EMS data.
primary_pbn.sql	Primary geographic unit is the PBN with the highest average monthly count of employees each tax year (as per Business Register PBN employee count table). This allows us to identify the "primary" regional council and industry the business operates within.
pent_sales.sql	Get the GST return data for PENTs by calculating up the total sales, purchases and net GST for each tax year. Count the number of distinct months there is GST data for if we wanted to look at average values.
significant_pp_employers.sql	For PENTs with employees, get employee ethnicity. Count total employees and Pacific people employees and determine the proportion of Pacific people employees and set a flag if $p \geq 50\%$.

all_regions.sql	Identify all PBNs associated with PENTs in each tax year and create an output with each region possessing a binary indicator for if a PBN for that PENT operates within that region.
person_pacific_ethnicity.sql	Creates tables of [snz_uid] for individuals that have a specific Pacific peoples ethnicity code (level 1 and level 2 ethnicity codes).
person_age_sex_location.sql	Snz_uid lists for location (region, TALB, meshblock), sex, and age. Values for age and location are determined as at reference tax year.
person_first_gen_migrant.sql	List [snz_uid] that are "first generation migrants" with one or more pacific ethnicity. This currently uses a definition of individuals who were not born in NZ as recorded in [cen_ind_birth_country_code] but who had at least one ethnicity value recorded as Pacific peoples (level 1).
assemble_popn_and_measures.sql	Assemble all business/owner/employee/person data into a wide table.
aggregate_assembled_data.sql	Aggregates the annual assembled data tables from the 2011 tax year through to the 2023 tax year into a single table suitable for longitudinal analysis and ready for assembling summary statistics. The 2011 and 2012 tax years are included for the purposes of running the Business Survival Rate.
wages_and_salary.sql	For each tax year sum up the wage and salary income by person and business.
business_econ_attributes-table.sql	A view of the assembled data business and employee population with one entry per PENT and with some summary statistics for each pent on total sales, net GST, total expenses, and number of employees.
business_survival_rate.sql	Create business birth by tax year and business existence by tax year and determine survival for business with owners by Pacific/non-Pacific ownership.
business_summary_tables_one_to_ten.r	Creates summary tables for phase 1 analysis of businesses with owners, significant employers of Pacific peoples and sole traders.
business_summary_tables_eleven_to_fourteen_signifEmplCharsByInd.r	Creates summary tables with the characteristics of owners of businesses that are significant employers of Pacific Peoples and significant employers of PP with $n \geq 10$ employees.

business_summary_table_15_employee BinnedCounts.r	Create summary tables for significant employers of Pacific Peoples with average employee counts that have been binned.
business_summary_OwnerHighestQual -table16.r	Create summary tables with counts of business owners with a highest qualification at a given year and when they were not an owner in the previous 2 years.
business_summary_wage_and_salary.r	Produce summary data tables with binned wage and salary information for business with owners and employees.
business_summary_table_21-22_scale.r	Create summary tables for business scale measures.
business_summary_table_23-24prod.r	Create summary tables for business productivity measures (i.e. per employee metrics).
sln_function.r	Function for suppressing values and replacing with 'S' where values do not meet confidentiality rules.
rrn_function.r	Function for random rounding to base 3 for confidentialisation.
ppp_function.r	Function for p% rule for confidentialisation.

Appendix C: Index of accompanying data

File name	Contents
Book-01_Businesses_with_owners.xlsx	<ul style="list-style-type: none"> • National BwO: Counts of all BwOs, with demographic information • Auckland BwO: Counts of BwOs in Auckland, with demographic information • Regions - all BwOs: Counts of all BwOs, split by regional authority • Regions - Pacific BwOs: Counts of all Pacific-owned BwOs, split by regional authority • TALBs - all BwOs: Counts of all BwOs in Auckland region, split by local board area • TALBs - Pacific BwOs: Counts of Pacific-owned BwOs in Auckland region, split by local board area • ANZSIC L1 - National all BwOs: Counts of all BwOs, split by Level 1 ANZSIC industry classification • ANZSIC L1 - National Pac BwOs: Counts of all Pacific-owned BwOs, split by Level 1 ANZSIC industry classification • ANZSIC L1 - AKL all BwOs: Counts of all BwOs in Auckland, split by Level 1 ANZSIC industry classification • ANZSIC L1 - AKL Pacific BwOs: Counts of Pacific-owned BwOs in Auckland, split by Level 1 ANZSIC industry classification • BwO - L2 ethnicity: Counts of all BwOs with Pacific owners, split by level 2 ethnicity category
Book-02_Significant_employers.xlsx	<ul style="list-style-type: none"> • National significant employers: Counts of all significant employers of Pacific peoples • Auckland significant employers: Counts of significant employers of Pacific peoples in Auckland region • Regions - all employers: Counts of all businesses with employees, split by regional authority • Regions - signif empl of PP: Counts of all significant employers of Pacific peoples, split by regional authority • TALBs - all employers: Counts of all businesses with employees in Auckland region, split by local board area • TALBs - signif empl of PP: Counts of significant employers of Pacific peoples in Auckland region, split by local board area • ANZSIC - All employers: Counts of all businesses with employees, split by Level 1 ANZSIC industry classification

	<ul style="list-style-type: none"> • ANZSIC - Signif employers of PP: Counts of all significant employers of Pacific peoples, split by Level 1 ANZSIC industry classification • ANZSIC - AKL all employers: Counts of all businesses with employees in Auckland region, split by Level 1 ANZSIC industry classification • ANZSIC - AKL signif empl of PP: Counts of significant employers of Pacific peoples in Auckland region, split by Level 1 ANZSIC industry classification
Book-03_Sole_traders.xlsx	<ul style="list-style-type: none"> • National sole traders: Counts of all Pacific sole traders. • Auckland sole traders: Counts of Pacific sole traders in Auckland • Regions - all sole traders: Counts of all sole traders, split by regional authority • Regions - Pacific sole traders: Counts of all Pacific sole traders, split by regional authority • TALBs - all sole traders: Counts of all sole traders in Auckland region, split by local board area • TALBs - Pacific sole traders: Counts of Pacific sole traders in Auckland region, split by local board area • ANZSIC - All sole traders: Counts of all sole traders, split by Level 1 ANZSIC industry classification • ANZSIC - Pacific sole traders: Counts of all Pacific sole traders, split by Level 1 ANZSIC industry classification • ANZSIC - AKL all sole traders: Counts of all sole traders in Auckland region, split by Level 1 ANZSIC industry classification • ANZSIC - AKL PP sole traders: Counts of Pacific sole traders in Auckland region, split by Level 1 ANZSIC industry classification • STs - L2 ethnicity: Counts of all sole traders with Pacific owners, split by level 2 ethnicity category
Book-04_significant_employer_characteristics.xlsx	<ul style="list-style-type: none"> • Sig empl BwO – National: Counts of all BwOs who are significant employers of Pacific peoples • Sig empl BwO – Auckland: Counts of BwOs in Auckland who are significant employers of Pacific peoples • Sig empl STs – National: Counts of all sole traders who are significant employers of Pacific peoples • Sig empl STs - Auckland: Counts of sole traders in Auckland who are significant employers of Pacific peoples • ANZSIC BwO sig empl – National: Counts of all BwOs who are significant employers of Pacific peoples, split by ANZSIC Level 1 industry classification and by demographics of owners.

	<ul style="list-style-type: none"> • ANZSIC BwO sig empl - Auckland: Counts of BwOs in Auckland who are significant employers of Pacific peoples, split by ANZSIC Level 1 industry classification and by demographics of owners. • ANZSIC st sig empl - National: Counts of all sole traders who are significant employers of Pacific peoples, split by ANZSIC Level 1 industry classification and by demographics of owners. • ANZSIC st sig empl - Auckland: Counts of sole traders in Auckland who are significant employers of Pacific peoples, split by ANZSIC Level 1 industry classification and by demographics of owners. • Employer scales – National: Counts of all businesses with employees and businesses that are significant employers of Pacific peoples, split by business size (greater or less than 10 unique employees) • Employer scales – Auckland: Counts of businesses with employees and businesses that are significant employers of Pacific peoples in Auckland, split by business size (greater or less than 10 unique employees)
Book-05_Owner_qualifications.xlsx	<ul style="list-style-type: none"> • Owner qual - non-Pacific: Counts of non-Pacific business owners, split by level of highest qualification in the year that they became a business owner • Owner qual - Pacific: Counts of Pacific business owners, split by level of highest qualification in the year that they became a business owner
Book-06_Wages_and_salary.xlsx	<ul style="list-style-type: none"> • W&S band proportions: Proportion of wage and salary earners earning in a given band from a given BwO, split by whether the business had a Pacific owner and whether or not the BwO was in Auckland • W&S empl x owner - Nat: Proportion of all wage and salary earners earning in a given band from a given BwO, split by ethnicity (Pacific vs non-Pacific of both the employee and the business owner) • W&S empl x owner - AKL: Proportion of all wage and salary earners earning in a given band from a given BwO in Auckland region, split by ethnicity (Pacific vs non-Pacific of both the employee and the business owner)
Book-07_scale_and_productivity.xlsx	<ul style="list-style-type: none"> • Pacific busns - total employees: Total counts of unique employees at businesses with Pacific owners and number of businesses contributing to the count, split by Auckland and rest of NZ. • Pacific busns - total sales: Total sales from businesses with Pacific owners, split by Auckland and rest of NZ.

	<ul style="list-style-type: none"> • <i>Pacific busns - total GST</i>: Net GST payments from businesses with Pacific owners, split by Auckland and rest of NZ. • <i>Pacific busns - total purchases</i>: Total purchases from businesses with Pacific owners, split by Auckland and rest of NZ. • <i>median sales per empl – RoNZ</i>: The median value of sales per unique employee for businesses with Pacific owners in NZ, excluding Auckland. • <i>median GST per empl- RoNZ</i>: The median value of net GST payment per unique employee for businesses with Pacific owners in NZ, excluding Auckland. • <i>median purch per empl - RoNZ</i>: The median value of purchases per unique employee for businesses with Pacific owners in NZ, excluding Auckland. • <i>median sales per empl - Akl</i>: The median value of sales per unique employee for businesses with Pacific owners in Auckland. • <i>median GST per empl - Akl</i>: The median value of net GST payments per unique employee for businesses with Pacific owners in Auckland. • <i>median purch per empl - Akl</i>: The median value of purchases per unique employee for businesses with Pacific owners in Auckland.
Book-08_business_survival_rates.xlsx	<ul style="list-style-type: none"> • <i>Survival rate tables</i>: Pivot tables with survival rates for Pacific and non-pacific-owned businesses.

To find out more about the report, contact:

Authors

Dion O'Neale, Principal Data Scientist

Nicholson Consulting

dion@nicholsonconsulting.co.nz

Tori Van Loenhout, Senior Data Scientist

Nicholson Consulting

tori@nicholsonconsulting.co.nz

Auckland Council

Sarah Leo, Manager Economic Development – Pacific

Economic Development Office

sarah.leo@aucklandcouncil.govt.nz

Scott Jobson, Economic Intelligence Manager

Economic Development Office

scott.jobson@aucklandcouncil.govt.nz



nicholson
CONSULTING

