



*Making sense of the numbers*

# **Emissions Reduction Plan - Impact on the Māori economy**

Pipiri 2021

**Author: Hannah Riley**

All work is done, and services rendered at the request of, and for the purposes of the client only. Neither BERL nor any of its employees accepts any responsibility on any grounds whatsoever, including negligence, to any other person.

While every effort is made by BERL to ensure that the information, opinions and forecasts provided to the client are accurate and reliable, BERL shall not be liable for any adverse consequences of the client's decisions made in reliance of any report provided by BERL, nor shall BERL be held to have given or implied any warranty as to whether any report provided by BERL will assist in the performance of the client's functions.

## Introduction

Business and Economic Research Limited (BERL) was commissioned to provide baseline Māori economy data to the Climate Change Commission. This document is a summary of the data that was provided. The aim of this summary document is to inform the Climate Change Commission’s advice report and evidence reports.

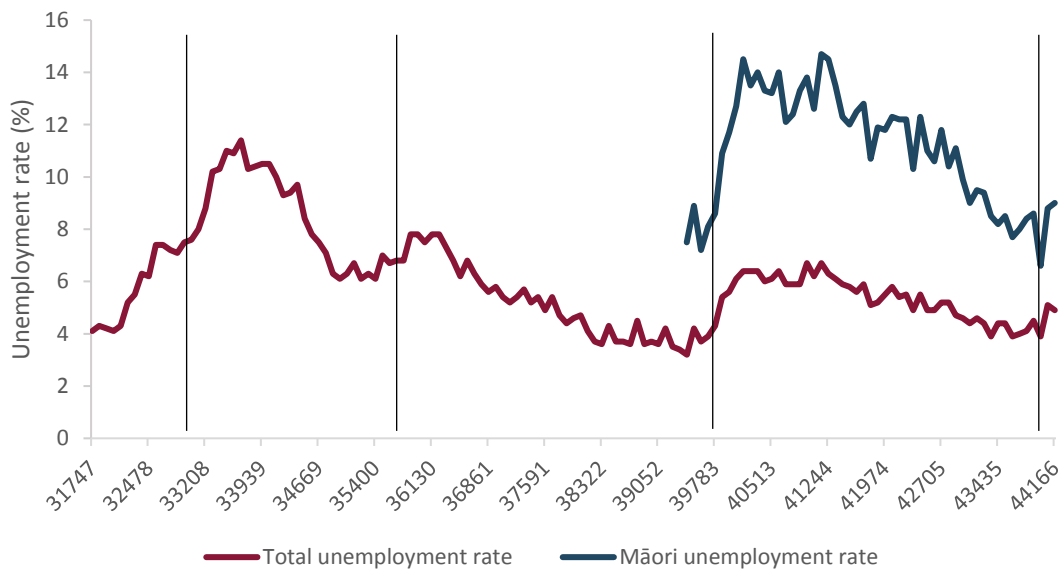
## Overview

Under the Treaty of Waitangi, the relationship between the Government and Māori is underpinned by the principles of partnership, participation, and protection. The Government’s emissions budgets and reduction plan must also be underpinned by these principles.

## Walking backwards

Research has shown that Māori are adversely affected by economic shocks, as inequities have positioned Māori as highly vulnerable to economic fluctuations (BERL, 2020). This is demonstrated in Figure 1, which shows that the Māori unemployment rate was significantly higher than the total unemployment rate following the Global Financial Crisis. The pathway to a low-emissions economy is likely to result in a sizeable economic transformation; if this transition is poorly managed, Māori are likely to be disproportionately impacted again.

Figure 1 Unemployment rate, 1986 - 2020



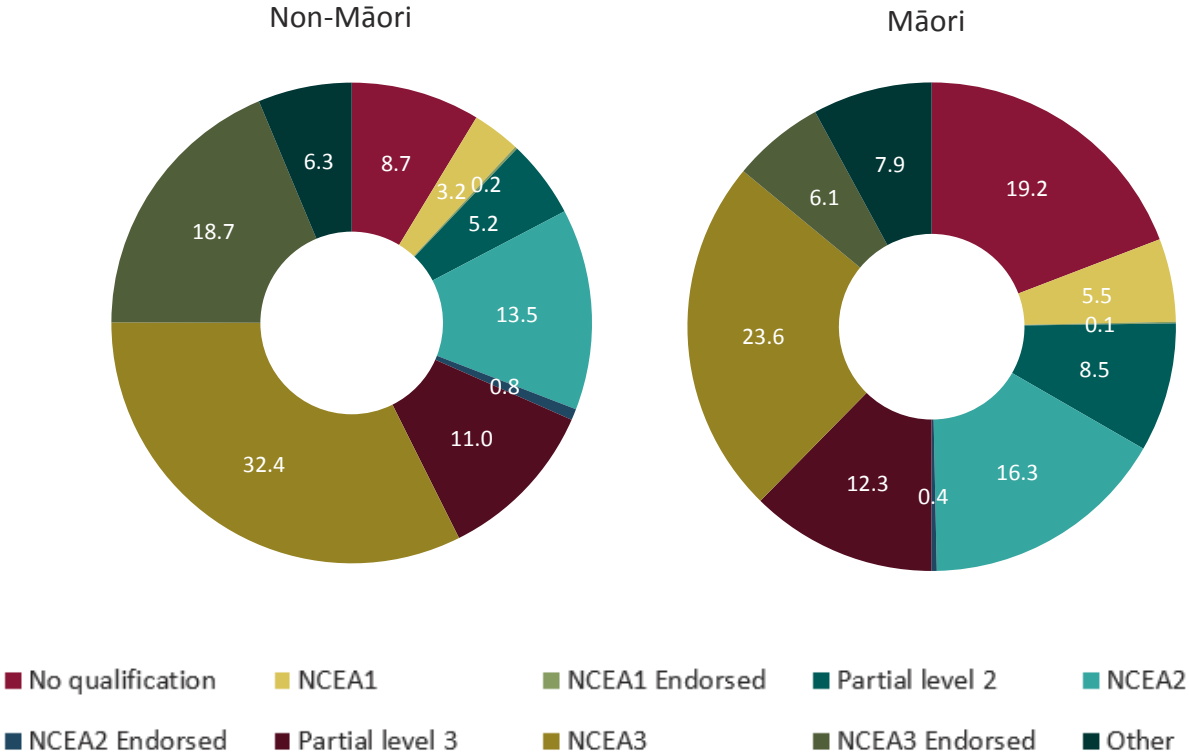
Source: Statistics New Zealand (2018). Household labour force survey.

Inequities faced by Māori have historical and systematic causes, including the land sales and confiscations that followed the New Zealand Wars, and other consequences of colonisation (BERL, 2020). These events have had long lasting and severe effects that are still felt today; Māori are more likely than non-Māori to be low-income, low-wealth and low-skilled.

Māori face inequalities in education and skills. Figure 2 shows that half of Māori school leavers left with a NCEA level two qualification or below in 2018, while this number was 31 percent for non-Māori. A significant proportion of Māori left school without any qualifications (19 percent compared to nine percent of non-Māori). At the other end of the qualification scale, six percent of Māori achieved NCEA level three with an endorsement, compared to 19 percent of non-Māori.

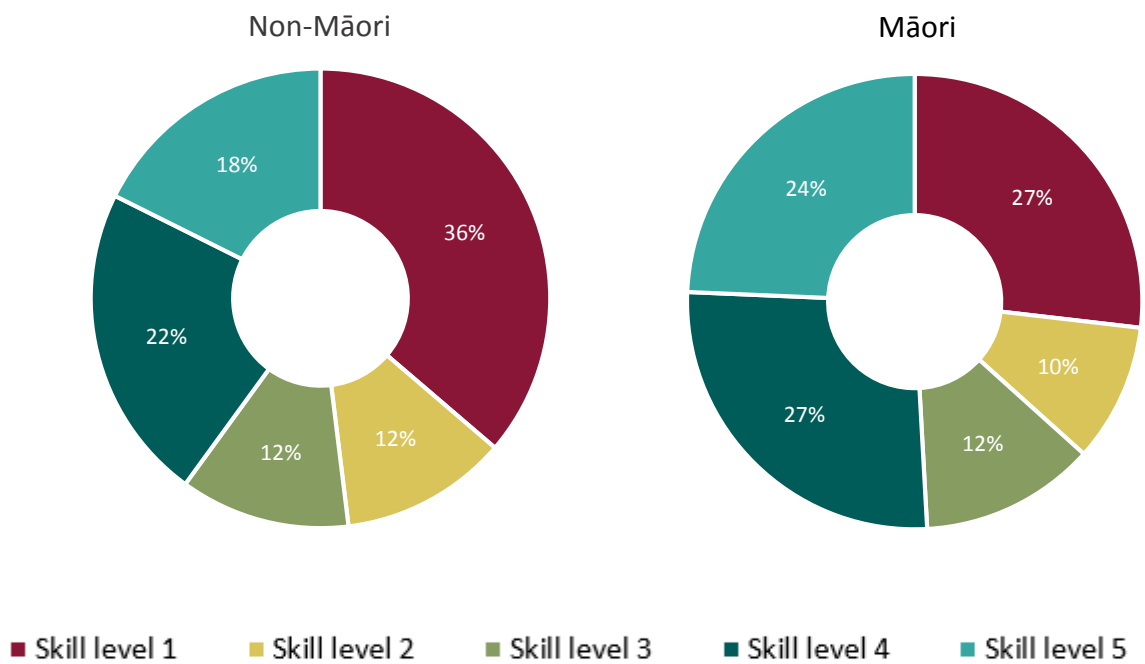
Māori were also over-represented in lower-skill jobs compared to non-Māori in 2018; 50 percent of Māori were employed in lower skilled jobs (skill-level four and five), compared to 40 percent of non-Māori. Low-income and low-skill jobs are more likely to have low-job security and be subjected to automation. The Emissions Reduction Plan will significantly influence the labour market; jobs will be created, eliminated, substituted or transformed. Comprehensive education and labour market policies that support disadvantaged groups to develop appropriate skills are required in the transition to a low-emission economy (International Labor Organization, 2018). This is particularly important for Māori, otherwise the transition may leave many Māori behind, further entrenching inequalities.

Figure 2 School qualification for school leavers, 2018



Source: BERL (2019). *Education Awa: Education Outcomes for Māori*.

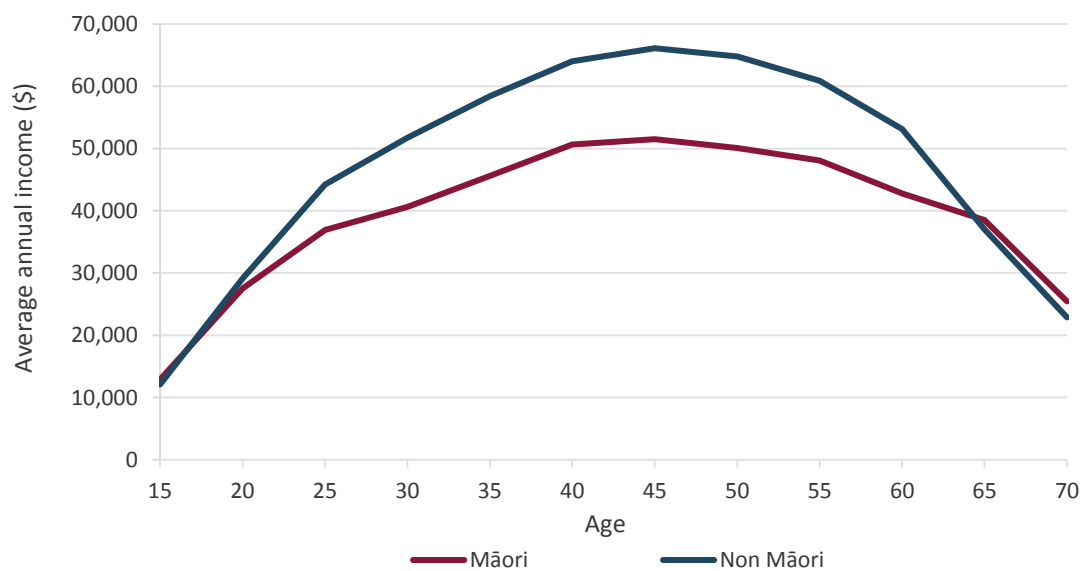
Figure 3 Share of labour force by skill level, 2018



Source: Reserve Bank of New Zealand and BERL (2020). *Te Ōhanga Māori 2018: The Māori Economy 2018*.

Education and skills are important for accessing high-income jobs. As shown in Figure 4, average incomes for Māori were significantly less than for total New Zealand in 2018. At 50 years of age, Māori on average earned nearly \$15,000 less than non-Māori a year.

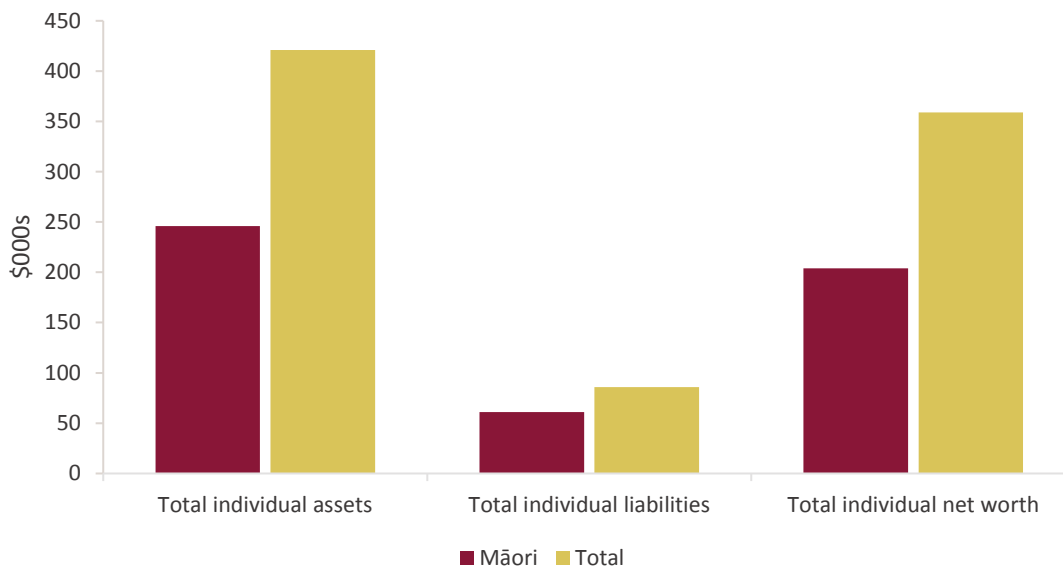
Figure 4 Income equity gap, 2018



Source: BERL (2020). *Whano: Toward futures that work: How Māori can lead Aotearoa forward*.

Figure 5 highlights the major wealth disparity between Māori and total New Zealanders; the mean value of Māori net worth is \$204,000 compared to \$411,000. This is a difference of \$207,000. These income and wealth gaps mean that cost will be a barrier for Māori households in adopting expensive low-emissions technologies in the transition to a low-emissions economy. As such, Māori are likely to be disproportionately impacted by the Emissions Reduction Plan if there is not specific policy developed to consider price points or additional supports.

Figure 5 Wealth equity gap, 2018



Source: Statistics New Zealand (2018). Household net worth statistics: Year ended June 2018.

## Walking forwards

BERL’s latest Māori economy report highlighted that the future is Māori. The report found that there was a significant increase in the Māori population and workforce between 2013 and 2018. The Māori population increased by 30 percent, compared to eight percent in the non-Māori population. While the Māori workforce increased by 40 percent, compared to eight percent. This growth is projected to continue.

Figure 6 Change in population and employment, 2013 to 2018



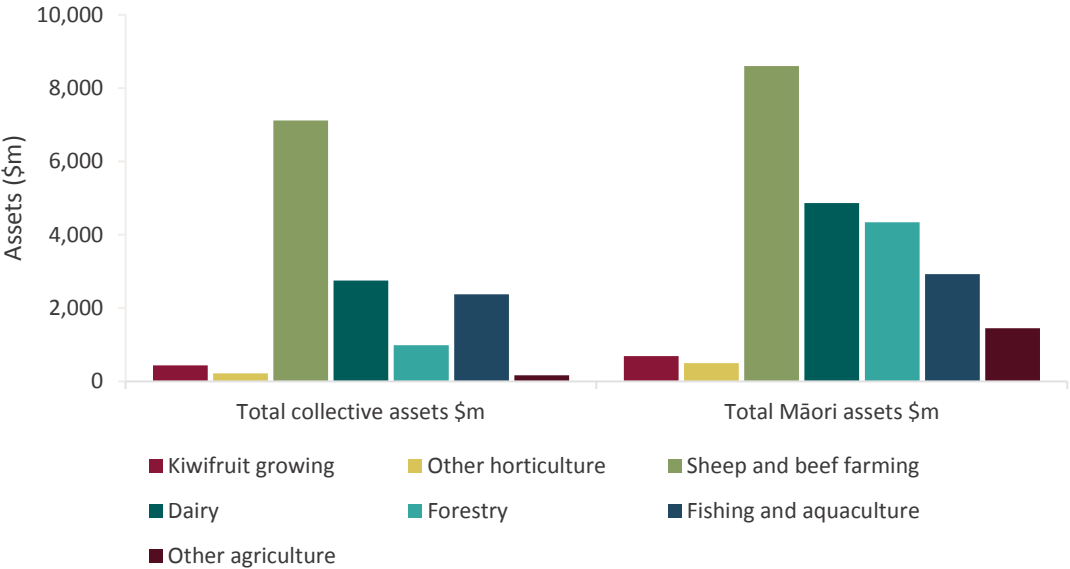
Source: Reserve Bank of New Zealand and BERL (2021). *Te Ōhanga Māori 2018: The Māori Economy 2018*.

The Māori economy is a fast growing economy. Value added (Gross Domestic Product) by Māori enterprises grew 9.2 percent between 2013 and 2018, compared to six percent in non-Māori enterprises. The Māori economy is a “significant and increasingly important contributor to the wider economy of Aotearoa” (BERL, 2021). The report also highlighted that the Māori economy is delivering positive outcomes for the wellbeing of Māori and non-Māori in various ways.

The report also highlighted the increasing diversity of the Māori asset base (BERL, 2021). However, a significant proportion of the asset base is situated in the primary sector; \$24 billion of the \$69 billion asset base is in agriculture, forestry, and fishing. Collectives (iwi, Māori trusts and incorporations) hold over half of this primary sector asset base.

Figure 7 highlights that Māori are heavily invested in sheep and beef, dairy and other agriculture industries. The Emissions Reduction Plan will therefore significantly impact the Māori asset base if not given support to transition.

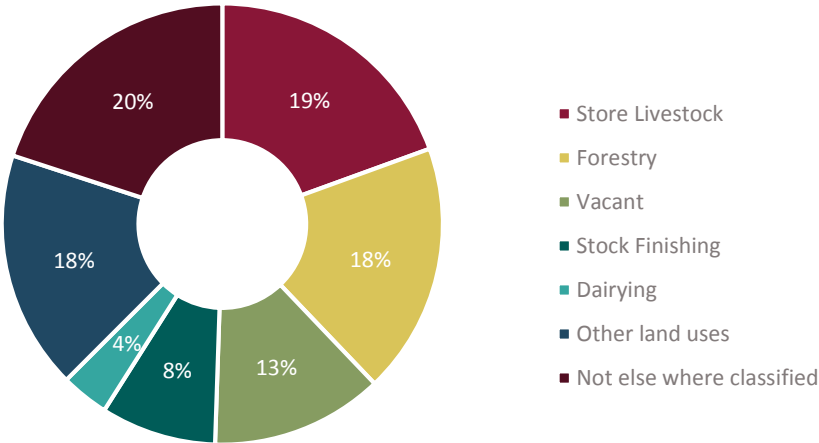
Figure 7 Māori asset base by agricultural industry, 2018



Source: Reserve Bank of New Zealand and BERL (2021). *Te Ōhanga Māori 2018: The Māori Economy 2018*.

Based on CoreLogic data, Māori freehold land is 1.4 million hectares. This is approximately five percent of New Zealand’s total land area. Land use capability analysis of Māori freehold land highlights that almost 60 percent of this land is considered marginal land (land use capabilities of six, seven, or eight). As shown in Figure 8, 18 percent of the freehold land is used for forestry and 19 percent is used for livestock (i.e. sheep and beef). This is consistent with research that has estimated that the majority of Māori land is in the marginal land classes (Controller and Auditor-General, 2004). This is non-arable land that cannot be used productively for agriculture or horticulture; land that can only be used for limited productive uses. This research also found that up to 30 percent of Māori land could be landlocked, preventing this land from being accessed and used.

Figure 8 Share of Māori freehold land by main land use



Source: Māori Land Court, CoreLogic and BERL (2021)

Today, the majority of Māori freehold land was not acquired by settlers or the Crown in the 1800's, as land alienated to settlers fell outside of Native Land Court jurisdiction (Williams, 2013). Bringing a land claim to the Native Land Court was expensive, and some Māori were forced to sell valuable land to pay for the costs of bringing the claim. Additionally, the onus was on Māori to present claims for land ownership, and the preference of individual rights and title meant individual Māori alienated their shares in land without considering customary law.

Hence, the large percentage of marginal and isolated land is a direct consequence of forced land sales and confiscations, which has locked Māori into particular land-uses, and consequently specific industries, such as sheep and beef. The perception of limited choice in land-use has had economic consequences because a significant proportion of this land is seen as unproductive and under-developed. However, this perception is also likely an impact of historical land trauma (Dell, 2017).

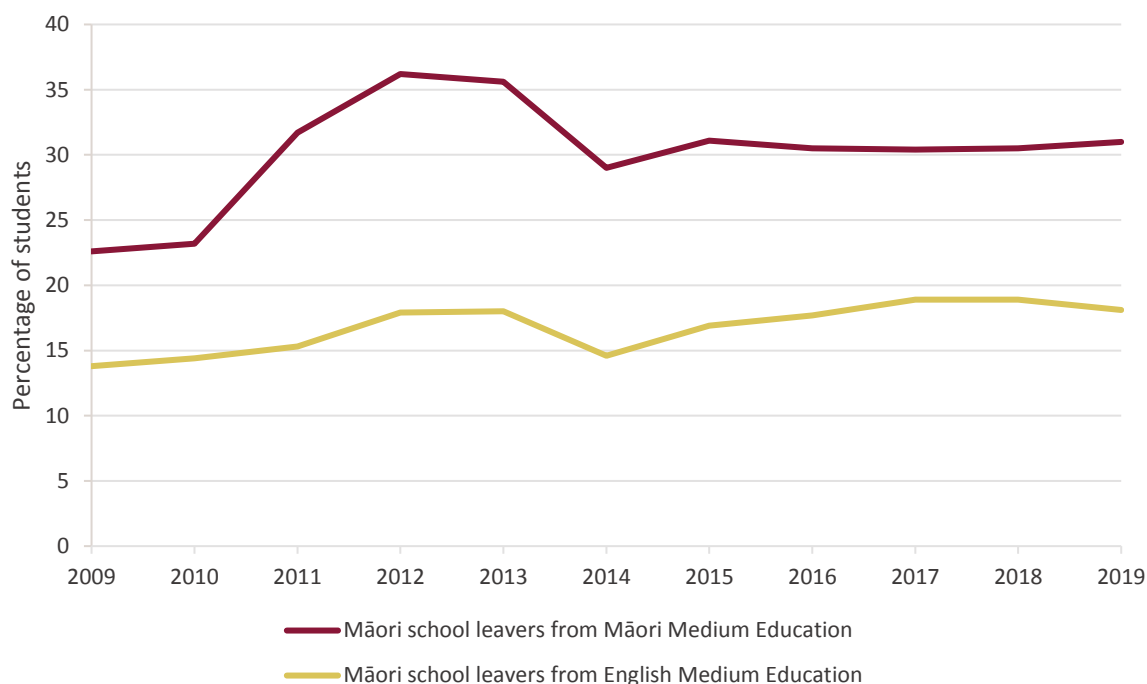
The Māori economy report acknowledges that land has a greater significance for Māori than financial; land delivers wellbeing, including cultural wellbeing. Nonetheless, it is important that Māori are able to decide how to use the land. There are many barriers preventing Māori from doing so. Te Puni Kōkiri identified the following six barriers:

- Collective ownership
- Access to information
- Access to finance
- Access to land
- Governance/management issues
- Rating of Māori land (Controller and Auditor-General, 2004).

Māori are likely to be impacted by the Emissions Reduction Plan because of the sectors the Māori land profile is concentrated in, but it may also provide Māori with opportunities in the transition to a low-emissions economy. It is important that barriers are addressed to enable Māori to realise opportunities. Policy makers should not view this as an opportunity to use Māori land for offsets and solutions, rather they should view it as an opportunity to resource Māori-led initiatives.

As Māori are likely to be disproportionately impacted by the Emissions Reduction Plan, to honour the Treaty of Waitangi principles, it is crucial that Māori are a key part of the conversation and decision-making. Furthermore, initiatives led by Māori, for Māori, and in Māori ways have been shown to create outcomes that are more equitable. For example, longitudinal research found that Māori students that attended te kura kaupapa Māori had significantly better education outcomes than those that didn't (see Figure 9). The transition to a low-emissions economy is a great transformation, which warrants innovative approaches to partnering with Māori.

Figure 9 Percentage of Māori students with university entrance, 2009 - 2019



Source: BERL (2019). *Education Awa: Education Outcomes for Māori*.

## Conclusions

This summary document highlights that ongoing inequities have positioned Māori as highly vulnerable to future economic shocks. The Emissions Reduction Plan could exacerbate or reduce these inequalities. There is therefore an opportunity to approach the transition in a way that seeks equity. This involves providing greater support for Māori (individuals, whānau, collectives, etc.) to transition.

Support should be viewed holistically, and be widely interpreted. This is especially true for low-income households that may face cost barriers to transitioning. Addressing inequity in education, welfare, health, the labour force, etc., will influence the ability of Māori individuals and their households to transition to the low-emission economy. This is also important for enabling Māori to participate in Māori-led initiatives. If inequities are not addressed, it is likely that Māori will face resourcing constraints (time, finances, information, etc.,) that will prevent them from participating.

## References

- BERL (2019). *Education Awa: Education Outcomes for Māori*. <http://www.maorifutures.co.nz/wp-content/uploads/2020/08/BERL-Education-Awa-Education-Outcomes-for-Maori.pdf>.
- BERL. (2020). *Whano – Towards futures that work: How Māori can lead Aotearoa forward*. <https://berl.co.nz/sites/default/files/2020-07/Whano%202020%20-%20portrait.pdf>.
- Controller and Auditor-General. (2004). *Māori land administration: Client service performance of the Māori Land Court Unit and Māori Trustee*. <https://oag.parliament.nz/2004/maori-land-court/docs/maori-land-court.pdf>.
- Dell, K. (2017). *Te hokinga ki te ūkaipō: Disrupted Māori management theory-Harmonising whānau conflict in the Māori Land Trust* (Doctoral dissertation, ResearchSpace@ Auckland).
- Reserve Bank of New Zealand and BERL. (2021). *Te Ōhanga Māori 2018 – The Māori Economy 2018*. <https://berl.co.nz/sites/default/files/2021-01/Te%20%C5%8Changa%20M%C4%81ori%202018.pdf>.
- Statistics New Zealand (2018). Household labour force survey.
- Statistics New Zealand (2018). Household net worth statistics: Year ended June 2018.
- Williams, D. V. (2013). Ko Aotearoa Tēnei: Law and Policy Affecting Māori Culture and Identity, *International Journal of Cultural Property*, 20, 311-320.