

Economic contribution of ethnic minority communities 2001 – 2023

Growing, skilled and contributing, but barriers remain

Report to:

New Zealand Government's Auckland Policy Office

Ministry of Business, Innovation and Employment

Ministry for Ethnic Communities

Waitakere Ethnic Board

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28 October 2025



EAQUB & EAQUB

Foreword

Kia ora,

Tui, tui-tuia ngā herenga tangata – weaving the threads that bind us together.

Since the release of the first report in 2021 commissioned by the Waitakere Ethnic Board, Aotearoa New Zealand has continued to evolve, and so too have the stories and contributions of our ethnic communities. What was once seen primarily through the lens of cultural celebrations is now increasingly recognised as a force shaping our nation's economy, innovation, and future.

This updated report again shines a light on the remarkable impact of New Zealanders of African, Asian, Continental European, Latin American, and Middle Eastern backgrounds. It highlights not only the richness of culture but also the skills, knowledge, and enterprise that strengthen Aotearoa in tangible, measurable ways.

Ethnic communities are no longer to be thought of as "add-ons" to our society – they are central to who we are and where we are heading. From driving businesses, to excelling in education, to enriching the arts and civic life, their role is both indispensable and inspiring.

On behalf of the Executive Committee of the Waitakere Ethnic Board, the Ministry for Ethnic Communities, the Ministry of Business Innovation and Employment and the Auckland Policy Office, we acknowledge and thank Shamubeel Eaqub, Statistics New Zealand and all those who contributed to this important body of work.

This report is for you – the individuals, families, and communities who bring your skills, your stories, and your spirit to Aotearoa. Share it proudly. It reflects not only your contributions to date but also the promise of what we will continue to achieve together.

Waiho i te toipoto, kaua i te toiroa – let us keep close together, not wide apart.

Ngā mihi

Gurdeep Talwar

President

Waitakere Ethnic Board

Mervin Singham

Chief Executive

Ministry for Ethnic Communities

Michael Quinn

Head of the Auckland Policy Office

Robyn Henderson

General Manager Economic Growth

Ministry of Business, Innovation and
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Key points

New Zealand's population is diversifying rapidly. Ethnic minority communities comprising Asian, European (other than NZ European/Pākehā), Middle Eastern, Latin American and African peoples are a fast-growing, highly qualified and youthful group. They represent a substantial economic opportunity, if harnessed.

Ethnic communities contributed \$87 billion or 22% of New Zealand's GDP in 2023. While this is below their 25% share of the population, the gap is closing over time, driven primarily by strong and improving labour market engagement.

Three key themes have emerged:

- **A changing demographic landscape:** Ethnic minority communities are growing faster (4.9% pa) than the Pākehā population (1.3% pa). They are younger, with a higher proportion of people in their prime working years (25–54), and are more likely to hold tertiary-level qualifications. While concentrated in Auckland, their presence is growing across all regions, particularly places with economic opportunities.¹
- **Successes and barriers in the labour market:** Ethnic communities are highly active in the workforce, with substantial increases in employment rates since 2001. Their presence is broadening across industries and occupations, although low-barrier industries show high concentration. But there are barriers – a large unexplained income penalty, some subgroups experience higher levels of unemployment and greater levels of part-time work.
- **Diversifying entrepreneurship:** While overall rates of entrepreneurship among ethnic minority communities are lower than the national average and have declined since 2001, there are hotspots of activity. This is diversifying beyond traditional sectors like hospitality and retail into a broader range of professional industries, indicating an untapped potential for business creation and innovation.

The data shows a clear picture of progress and potential. New Zealand's ethnic minority communities are an economic asset, bringing skills, youth and a strong work ethic. Their economic contribution is substantial and on a positive trajectory – but this potential could be harnessed further by reducing unexplained income disparities and barriers to career progression and entrepreneurship. Addressing these systemic barriers is not just a matter of fairness but an economic imperative for securing New Zealand's future prosperity in an increasingly diverse world.

¹ These trends can be looked at in greater detail in the Ethnic Communities Census 2023 data dashboard (noting the dashboard uses the Cabinet definition of ethnicity, not the Stats NZ classification): <https://www.ethniccommunities.govt.nz/our-communities/our-communities-in-the-data>

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1. Introduction

This report was commissioned² to understand the economic picture of New Zealand’s changing ethnic mix. The focus is on broader ethnic minority communities (those who are not Pākehā, Māori or Pasifika).

This report provides a broad approach to looking at the economic contribution of ethnic minority communities in New Zealand. This report only looks at direct economic outcomes, not wider contributions or costs through, for example, trade, cultural vibrancy and social inclusion. Other research projects are looking to shed light on some of these issues.³

For this report, the ethnic minority communities include the following broad groups and their constituents: Asian, European (other than NZ European or Pākehā), Middle Eastern, Latin American and African. This excludes those who choose the ethnicity category ‘other’, which is highly variable over time.

We exclude NZ European (Pākehā), Māori and Pasifika. Pākehā are the largest group, meaning this group’s effect dominates published data, and we exclude Māori and Pasifika as there are targeted institutions focused on these groups – specifically, Te Puni Kōkiri⁴ and Ministry for Pacific Peoples.⁵ At a policy and government level, the groups that are the focus of this report are represented by the Ministry for Ethnic Communities.

Ethnicity is a self-defined concept. The Stats NZ Census collects ethnicity information of all those living in New Zealand. Each person may pick more than one ethnicity. We report on the basis of those who identified as these ethnicities in the Census. The availability and quality of the data at detailed ethnicity levels is variable. We focus on ethnic group level data and provide commentary on groups that are particularly large (for example, Indian and Chinese ethnicities) or changing rapidly (Latin American ethnicities for example).

The Stats NZ classification differs from that defined by Cabinet for the Ministry for Ethnic Communities. We rely on a broad range of data from Stats NZ to derive these estimates, so it was not practicable to use the more detailed Cabinet definitions. There are also practical difficulties because of inconsistent ethnicity reporting in past years. This means that analysis in this paper is not directly comparable to the definitions and data published by the Ministry for Ethnic Communities.

² Commissioning partners are the New Zealand Government’s Auckland Policy Office, Ministry of Business, Innovation and Employment, Ministry for Ethnic Communities and the Waitakere Ethnic Board.

³ <https://www.ethniccommunities.govt.nz/our-communities/our-communities-in-the-data>

⁴ <https://www.tpk.govt.nz/en>

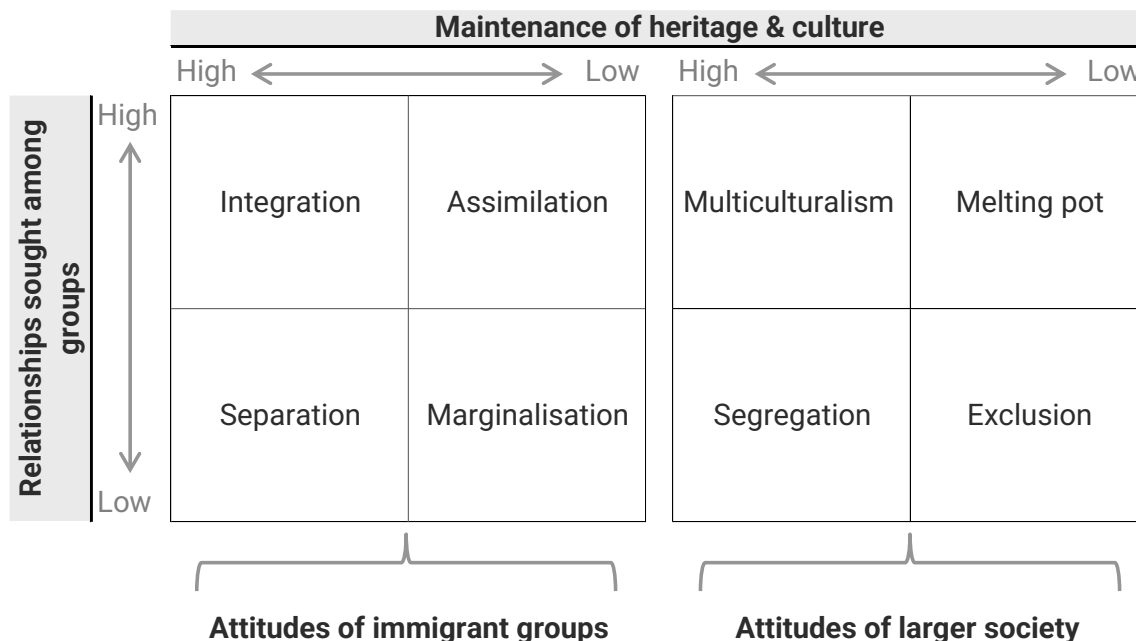
⁵ <https://www.mpp.govt.nz/>

There are tensions around what constitutes ethnicity, and this does not necessarily correspond to country of birth or culture, nor is it fixed. For example, Indian ethnicity can apply to those who are born in India, Fiji or New Zealand. The aggregated ethnicity classifications hide a multitude of variations. Asian ethnicities include Indian and Japanese ethnicities, with significant variation in culture and geography. Some people identify with different ethnicities over time. Therefore, ethnic groups should not necessarily be seen as distinct and separate identifiers.

Ethnicities and culture have complex interactions, both for the culture within ethnic groups and the culture of the wider society. In this report, we look to measure the visible economic aspects of this interaction – for example, any differences in participation in economic activity (through employment and entrepreneurship) and economic outcomes (through incomes earned, profits realised and career progression).

There is a much wider perspective of acculturation that is a useful framework (Figure 1) to understand the role of different cultures in a society, with a need to look at it through the perspective of a specific ethnicity (but applicable to any group or culture) and the perspective of the larger society. Which state we are in and which state we aspire to are the result of how different groups integrate into the economy and society. This process of integration involves adjustment and participation on the part of the host society as well as the newcomer.

Figure 1: There are many possible outcomes from a changing ethnic mix of a country and community



Source: Sam, D. & Berry, J. (2010). Acculturation: When individuals and groups of different cultural backgrounds meet. *Perspectives on Psychological Science*, 5(4), 472-481.

<https://doi.org/10.1177/1745691610373075>.

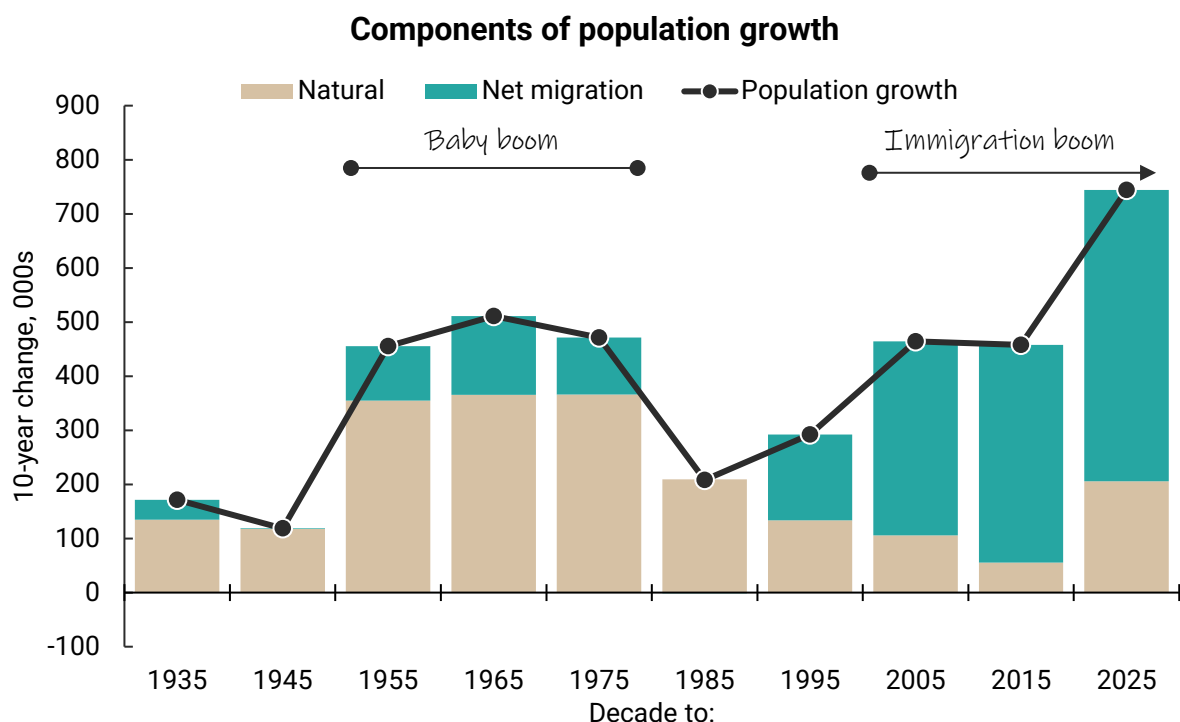
The focus of this paper is on what can be measured to create a common base to understand economic connection, contribution and opportunities for improvement. In addition to GDP, we provide a broader set of indicators to paint a picture of the make-up of different ethnicities and their contribution to the New Zealand economy. Our estimates of the contribution to gross domestic product (GDP) should be seen within this broader canvas.

2. Context: growth in diversity

New Zealand's ethnic make-up is changing rapidly through successive waves of immigration and changing fertility patterns – younger ethnic minority communities are having more babies.

Immigration has added more to the New Zealand population over the decade to 2025 than in any period in history (Figure 2). The last three decades could be described as a period of immigration boom, echoing the baby boom of the three decades post-WWII.

Figure 2: Immigration has been a major contributor to population growth in recent decades



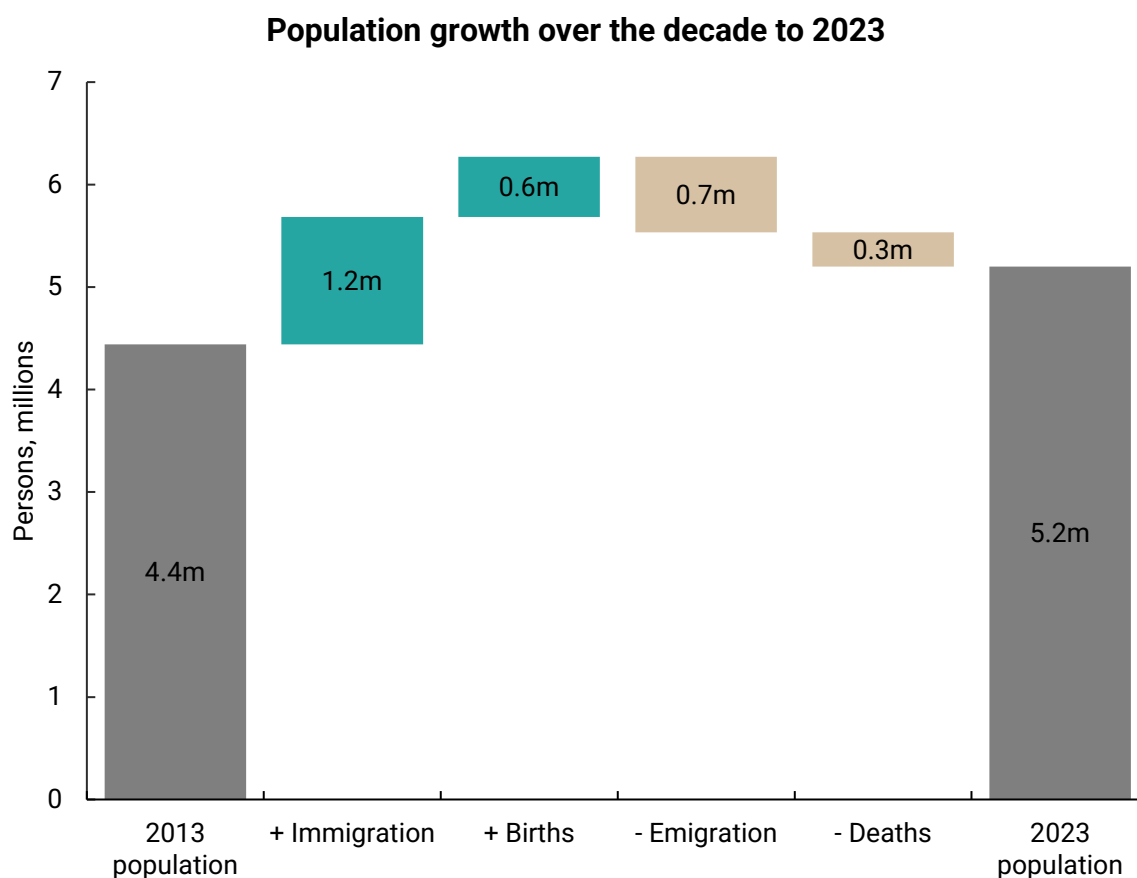
Source: Stats NZ.

The pace of changes in the decade to 2023 (the last Census period) has been undeniably fast. Natural population growth was modest at around 0.3 million (0.6 million births less 0.3 million deaths).

Gross immigration totalled 1.2 million people (Figure 3).

While emigration was around 0.7 million people, that is often seen less favourably, both because of younger New Zealanders pursuing opportunities offshore (mainly Australia and to a lesser extent the UK) and migrants leaving (for example, around 75% of people who arrived with a work visa – the largest visa class of migrant arrivals – have left after 5 years). This means inward migration on its own is not the only lens with which to consider population growth or changing ethnic mix.

Figure 3: Inward migration has added over 1 million people over the past decade, although it has been moderated by emigration (of both citizens and short-term migrants)



Source: Stats NZ.

There is a broader context of not just those who are entering and exiting the country but also what is driving population growth over time.

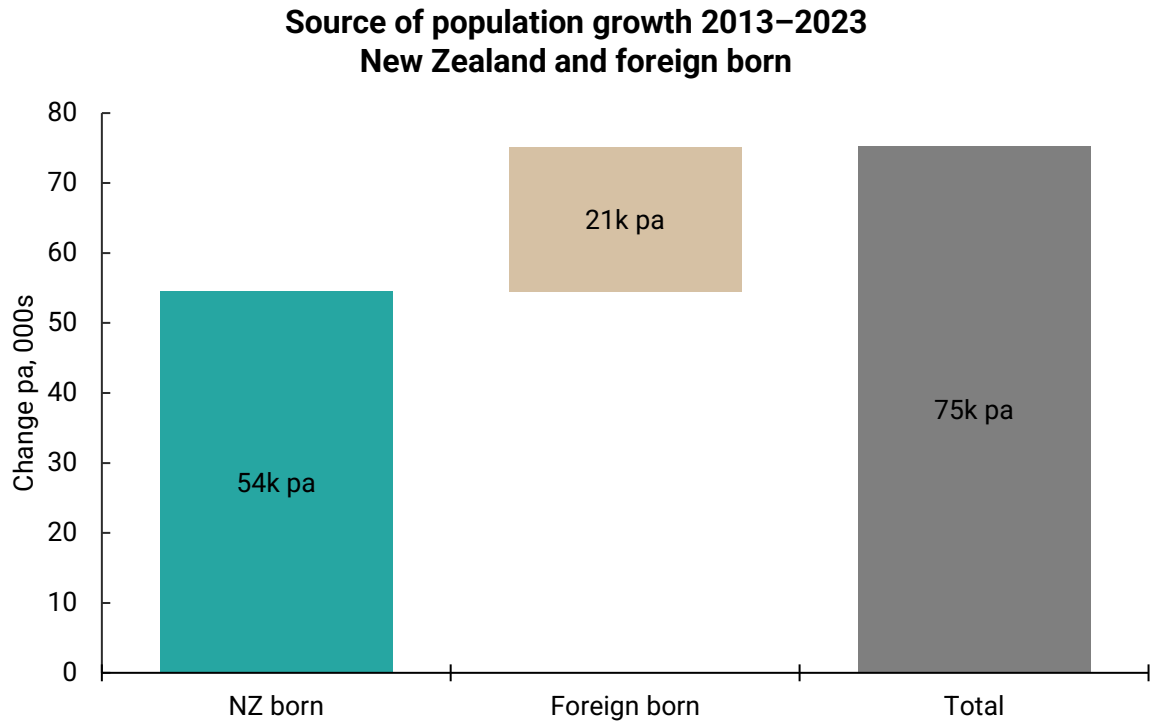
Over the decade to 2023, New Zealand's population has grown by an average of 75,000 people per year – over 70% of this growth was from those who are born in New Zealand (Figure 4).

Among foreign born, many have been in New Zealand for a long time. Figure 5 shows that 74% of ethnic minority communities in 2023 were born overseas, and around a third of them have lived in New Zealand for over a decade.

Duration of stay is not perfect, but it is often a proxy for economic and cultural integration. This is because initial barriers (such as language, qualifications, work experience and cultural competency) tend to reduce over time.

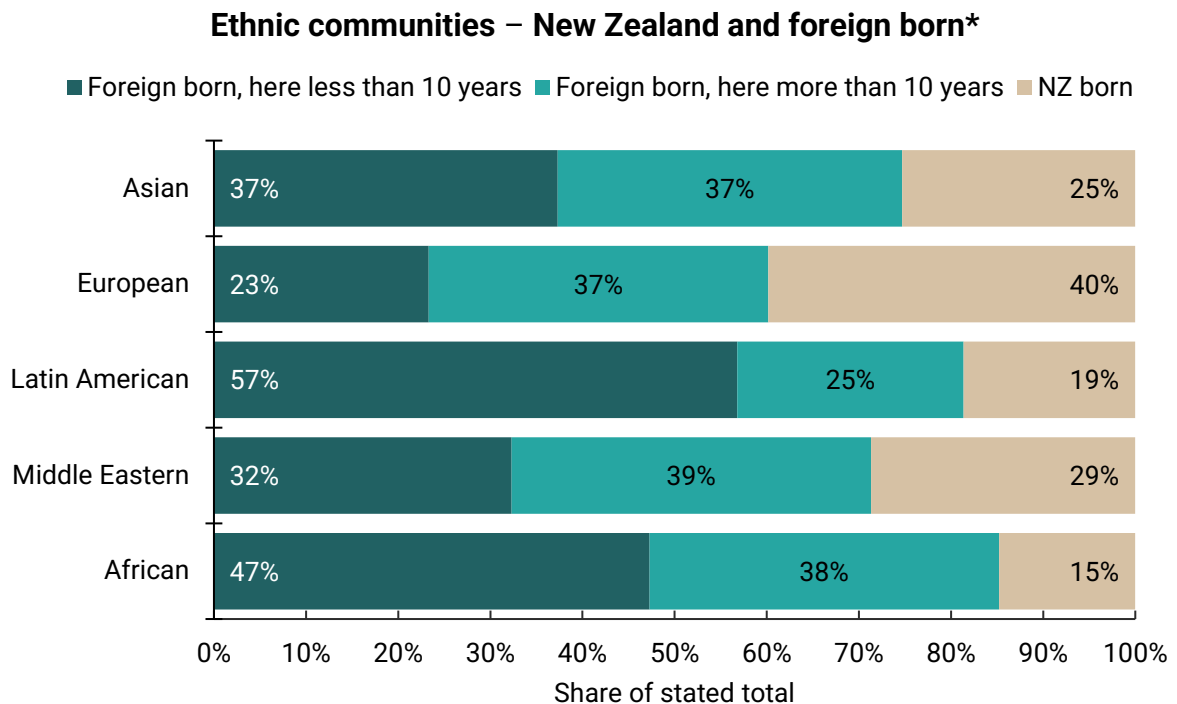
This context is important in understanding the economic participation and outcomes of ethnic minority communities, because ethnicity is a broad umbrella that hides significant variations across many dimensions and complexity.

Figure 4: Despite the very high levels of immigration, the population growth of New Zealand remains dominated by those born here



Source: Statistics New Zealand

Figure 5: Many migrants have been in New Zealand for a long time



Source: Ministry for Ethnic Communities, Stats NZ. (* Note that this is from the Ministry for Ethnic Communities definition of ethnicity rather than Stats NZ.)

3. Contribution to GDP

The economic contribution we look at is the measured variety. The headline metric is GDP because it is a broadly used metric. It does not capture benefits and costs of cultural diversity or non-monetary factors such as contributions to community, volunteering, cultural fabric and so on.

GDP alone gives a stilted picture. It is one measure to bring together many economic factors but it offers a good opportunity to delve into more human and business facing metrics.

GDP is effectively the sum total of the returns on labour and capital – the wages and salaries that accrue to workers and the profits (and mixed income) that accrue to entrepreneurs and business owners.

This report provides a richer picture than simply GDP. We look at the size, composition and change in the population over time. Where possible, we do this from 2001 onwards. (Some classifications have changed over time, making comparison challenging.) Looking at labour, we look at the population, including age, location, qualifications, participation in work and incomes.

3.1 Results

Our preliminary estimates show that ethnic minority communities contributed \$87 billion or 22% of GDP in 2023, below the 25% share of the population (Figures 6–8). The gap between population and GDP share is closing over time, mainly due to rising employment performance. However, there remains a gap in GDP per capita, largely reflecting lower incomes, lower levels of entrepreneurship and wealth (ownership of business and financial assets).

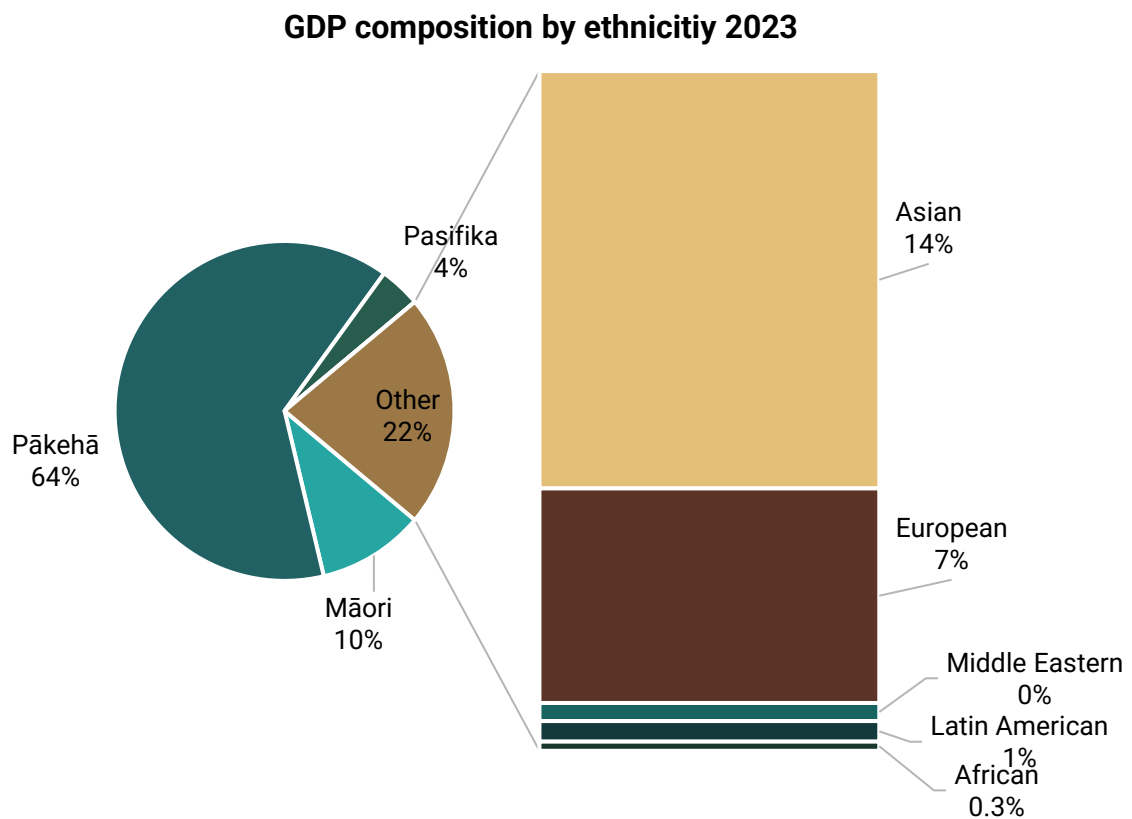
Figure 6: Ethnic minority communities contributed 22% of GDP in 2023

GDP contribution by ethnicity, 2023

	GDP		Population		GDP per capita
	\$m	% share of total	000s	% share of total	\$/capita
Māori	40,116	10%	887	18%	51,309
Pākehā	250,643	64%	3,100	62%	91,782
Pasifika	15,464	4%	443	9%	39,658
Minority ethnic communities	87,299	22%	1,239	25%	70,475
Asian	53,605	14%	862	17%	70,624
European	27,555	7%	284	6%	110,180
Middle Eastern	2,323	1%	33	1%	79,177
Latin American	2,639	1%	38	1%	78,520
African	1,177	0%	22	0%	61,278
Total	393,523		4,994		78,800

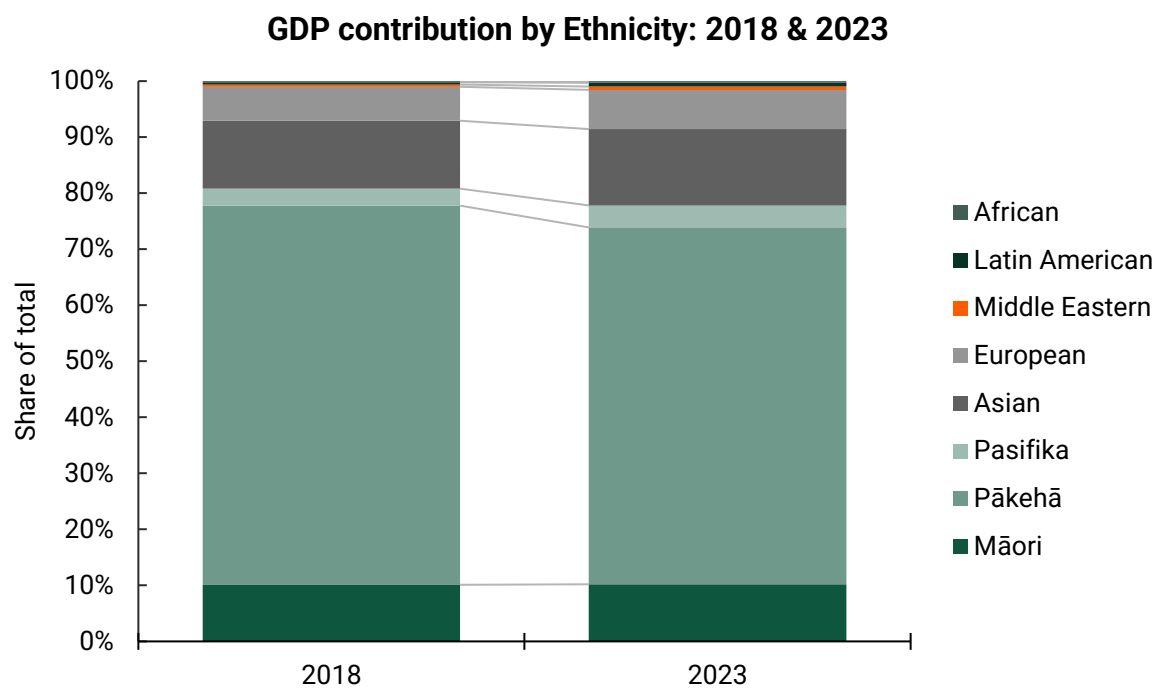
Source: Author's calculations.

Figure 7: Ethnic minorities make up 22% of the economy



Source: Author's calculations.

Figure 8: Pākehā economic contribution has been squeezed by rapid growth in other ethnicities that are more economically active



Source: Author's calculations.

Method and limitations

We estimate GDP contribution by broad ethnic group. This is built up from partial data on engagement in the labour market, incomes earned, entrepreneurship and ownership of businesses. We allocate national GDP to ethnic groups.

Most regularly measured economic contribution by an ethnic group is for Māori, reflecting the unique importance of tangata whenua in New Zealand. The latest report measured contribution to GDP (incomes and profits) but also highlighted the importance of tikanga and indigenous culture, which places greater value on capitals that are often poorly measured (social capital and natural capital in particular).⁶ Academic literature has argued for a wider wellbeing approach that also applies to Māori values,⁷ which may also be relevant for other ethnic groups.

This paper updates previous work on understanding and valuing the economic engagement of people and businesses by ethnic groups. Because the definitions are broad and the data quality variable, the estimates should be considered indicative.

To calculate the economic contribution of ethnic groups, we need to understand both their ownership of capital and supply of labour. This gives us an understanding of the contribution of the stock of economic drivers (capital and labour). This then allows us to understand the returns from these stocks, mainly in terms of income from work and profits from the ownership of businesses.

Income from labour: We allocate to ethnicity and region by Household Income Survey and Census data. While there is a body of literature on the value of unpaid and voluntary work, they are not captured in formal measures of economic activity. We acknowledge there is value of other work, but this is not captured in the following analysis.

Income from capital: We allocate to ethnicity and region by detailed estimates of self-employment, direct business ownership and indirect New Zealand business ownership through financial savings. This includes an estimated return on homeownership – a national accounts measure.

⁶ <https://www.mbie.govt.nz/business-and-employment/economic-growth/te-ohanga-maori-the-maori-economy>

⁷ <https://www.mbie.govt.nz/business-and-employment/economic-growth/tuhoe-economic-worldview-mapping-to-an-orthodox-framework>

4. Population trends: diversifying

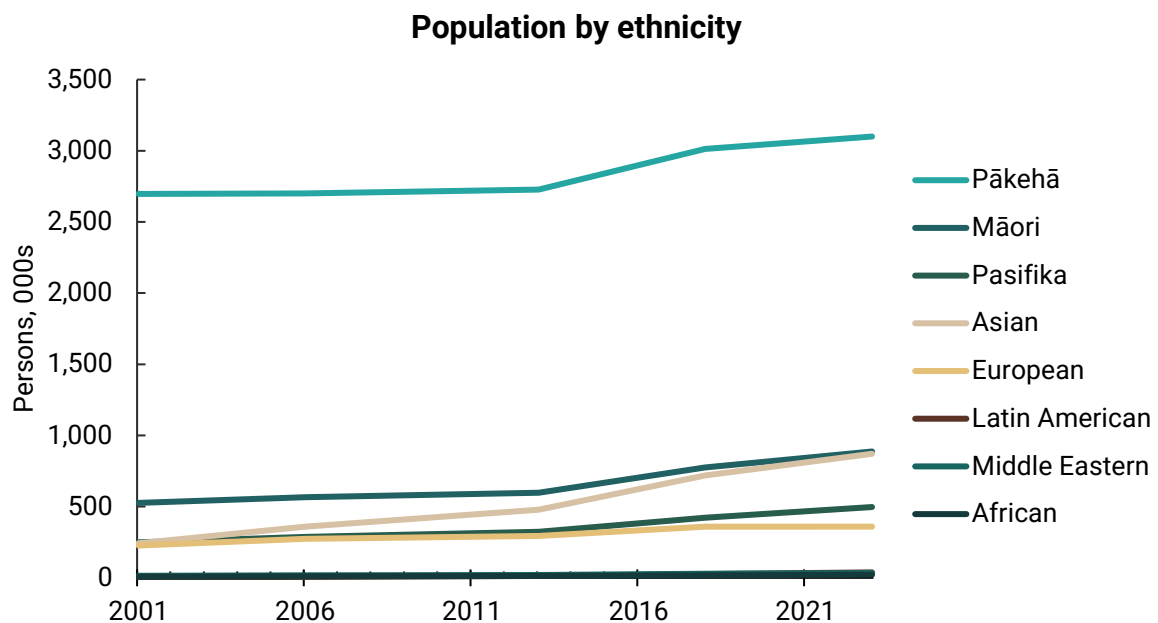
New Zealand's population has grown over the last decade, supported by growth across all ethnicities (Figure 9).⁸ Growth over the last decade is particularly sharp.

The result is an increasingly diverse population mix, with faster growth in non-Pākehā ethnic groups (Figure 10). While the Pākehā population has grown by 1.3% pa over the decade to 2023, ethnic minority communities have increased by 4.9% pa, Māori by 4.0% pa and Pasifika by 4.4% pa. It is not only about immigration but also changing fertility patterns across ethnic groups.

Among ethnic minority communities, the growth has been fastest for Asian ethnicities, although there has been growth across all ethnicities (Figure 11). This in turn has been driven mainly by rapid growth in Indian and Chinese ethnicities, consistent with recent immigration patterns.

This is projected to continue. Stats NZ's population projections are not forecasts but rather scenario analysis based on current known drivers. Based on current dynamics, the ethnic composition of future population growth will tilt further towards increasing ethnic diversity (Figure 12). The projections do not break down to more detailed ethnicities.

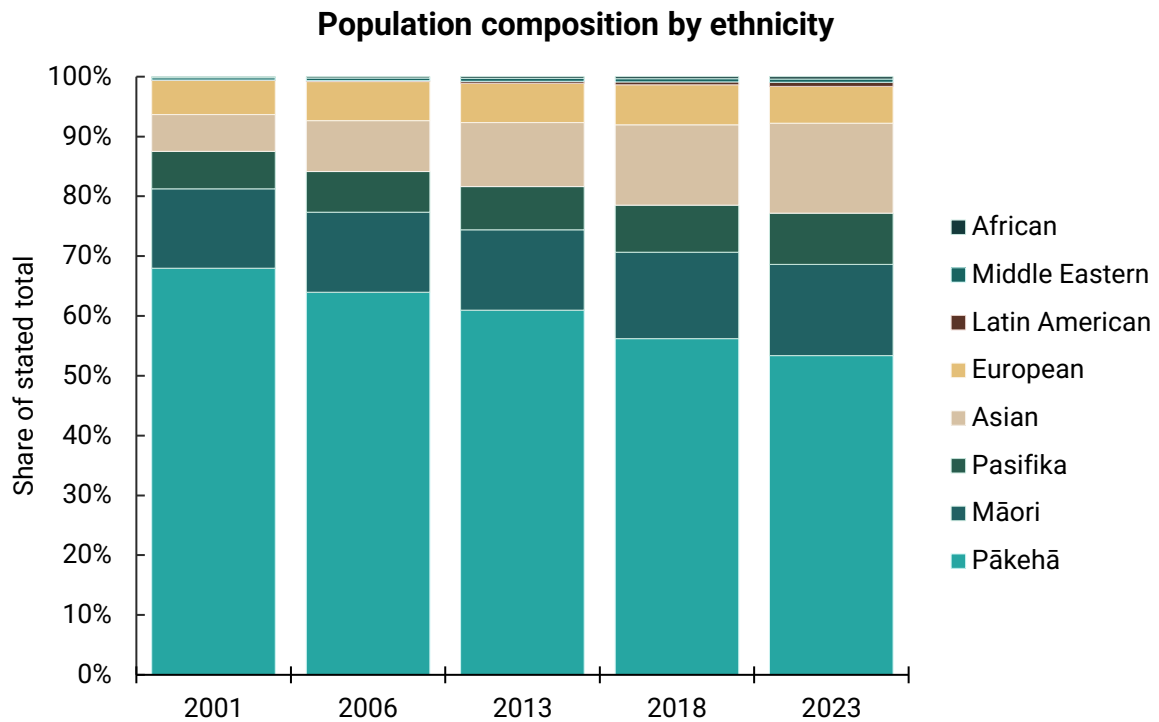
Figure 9: New Zealand's population is growing across all ethnicities ...



Source: Stats NZ.

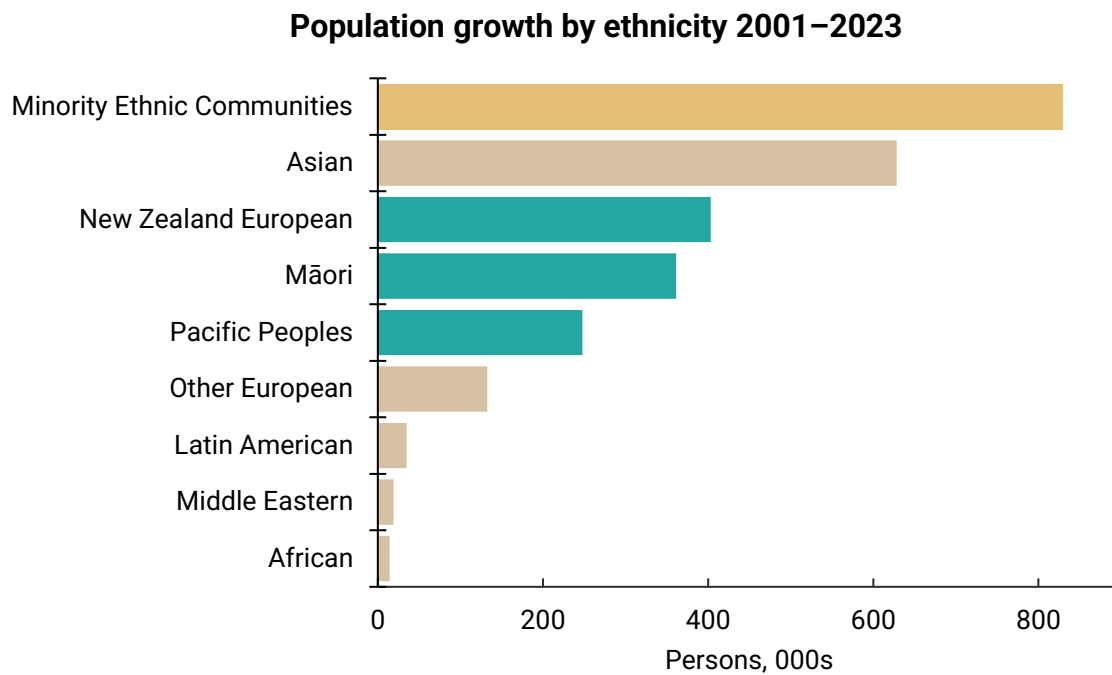
⁸ We make an adjustment for the 2006 Census, when many people used 'New Zealander' as their ethnicity, which reduced the number identifying as Pākehā/NZ European. Otherwise, there would seem to be a decline in the Pākehā population.

Figure 10: ... and the ethnic composition of population is becoming more diverse

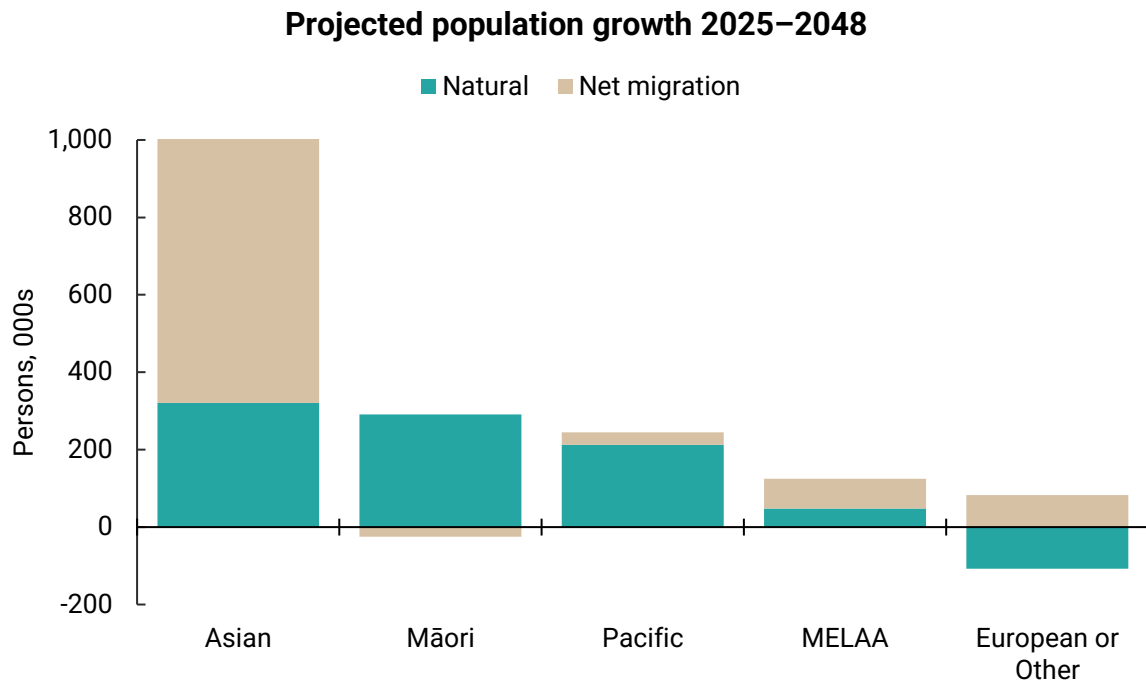


Source: Stats NZ.

Figure 11: Population growth has been dominated by Asian ethnicities (especially Indian, Chinese and Filipino, through immigration)



Source: Stats NZ.

Figure 12: New Zealand’s ethnic mix is projected to keep diversifying further

Source: Stats NZ.

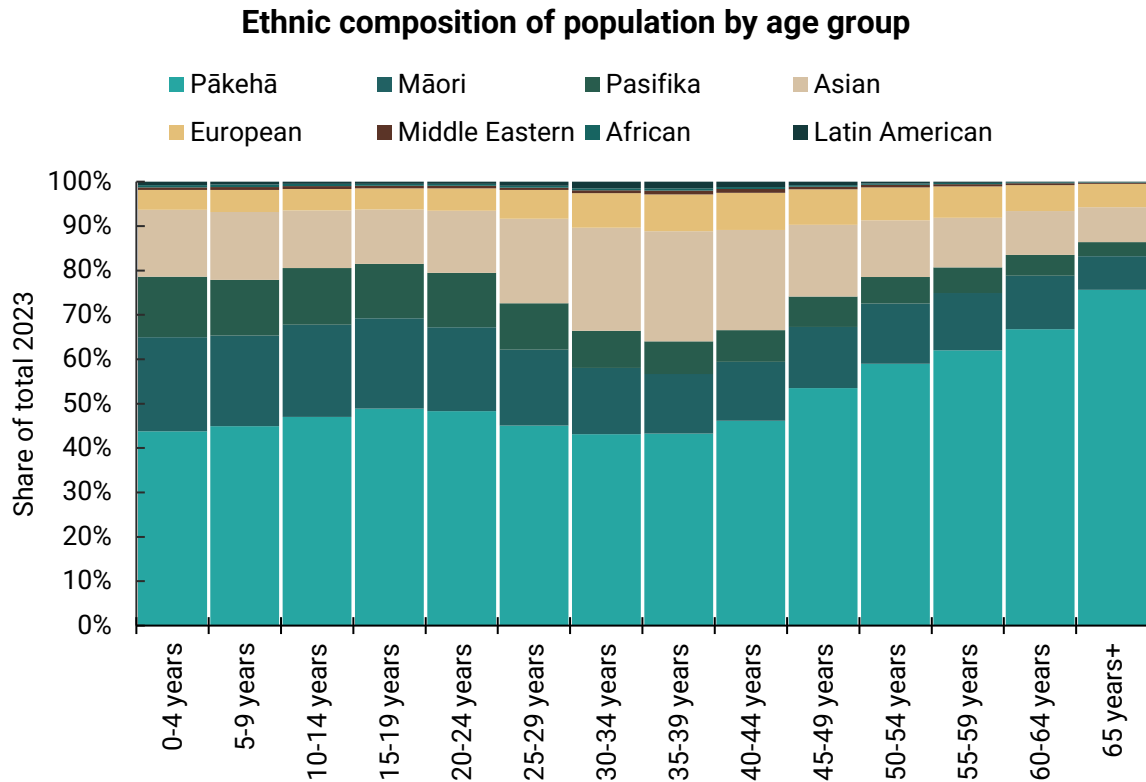
It is important to consider the drivers of population growth. Natural population growth is largely baked in, while immigration-related population growth is related to future policy settings (history suggests they will change). The future ethnic mix of the New Zealand population will be even more diverse than today, continuing the trend of recent decades.

4.1 Age structure: younger and prime working age

Ethnic mix differs significantly by age group, consistent with immigration policies that favour economic migrants (Figure 13). This is reflected in a much greater share of ethnic minority communities in the prime working ages (25–54, especially 30–44). In later analysis, we show they are more likely to be economically active, mainly as workers but also increasingly in entrepreneurship. As we see in lower pay and GDP per capita on average, this demographic opportunity is not being fully realised yet.

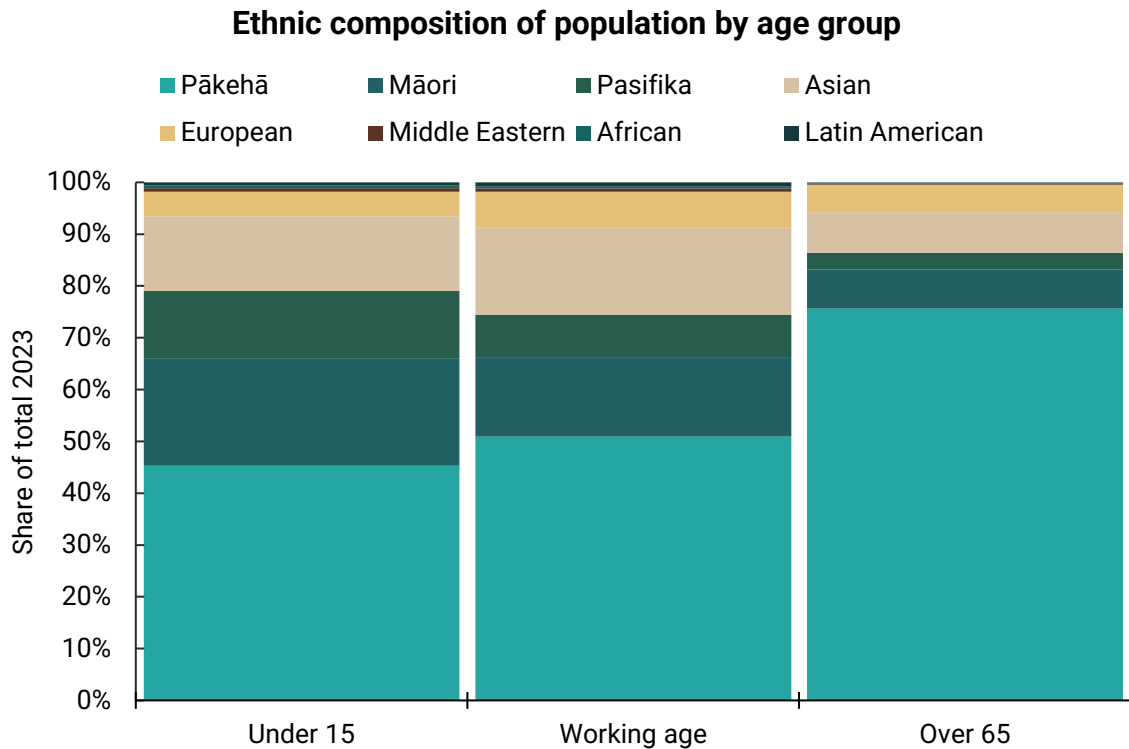
The difference in population composition is starkest when comparing the youth and elderly populations (Figure 14). New Zealand’s ageing population has an ethnic expression, and the future workforce will look very different, requiring educators, workplaces and policy makers to keep a cultural and ethnic lens when developing long-term plans and policies. As the Pākehā population ages, future economic growth and workforce sustainability will depend heavily on ethnic minorities. This is a strategic imperative for education, health and superannuation policy.

Figure 13: Ethnic minorities are more likely to be at prime working age ...



Source: Stats NZ.

Figure 14: ... more likely to be children and less likely to be elderly



Source: Stats NZ.

4.2 Regional distribution: Auckland mainly but growing in places with job opportunities

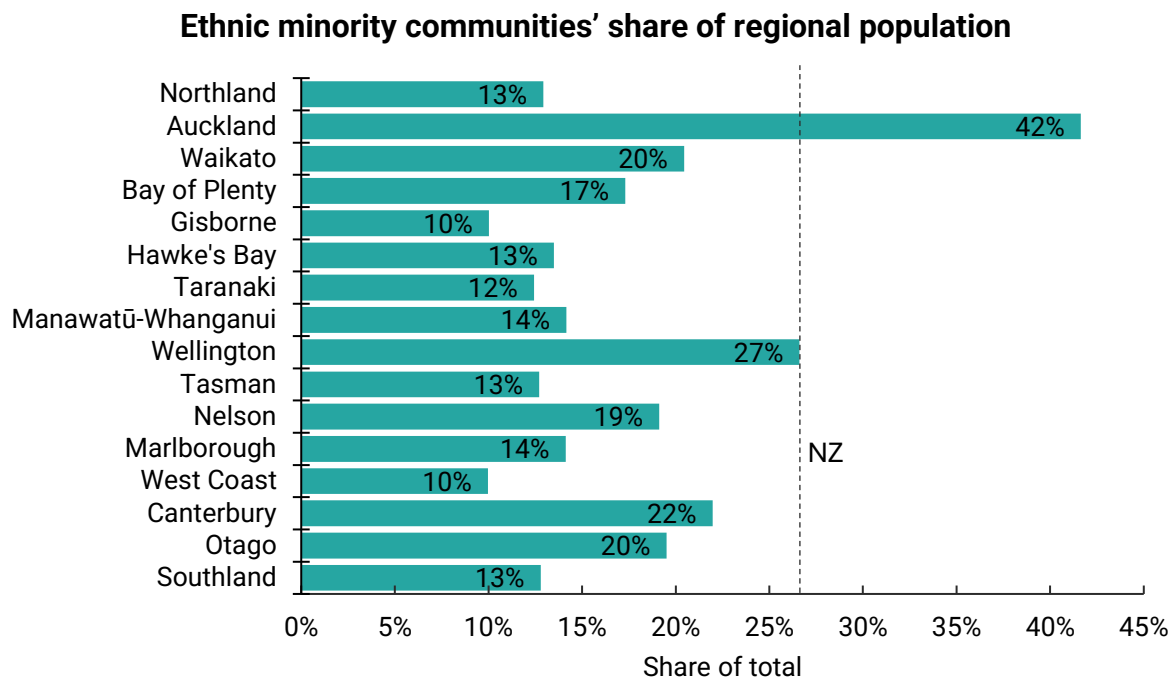
There are two ways to think about the regional distribution of ethnic communities:

- **Importance to region:** The size, share and change of an ethnic group in a region. For example, the share of the Auckland population that are of Asian ethnicities (32%), has more than doubled (from 12.5%) since 2001.
- **Importance to ethnic group:** The relative size and share change of an ethnic group across regions. For example, 8.5% of Latin American ethnicities live in Otago compared to a 4.6% share of all ethnicities, meaning the Otago region is more important to (or there is a high concentration of) Latin American ethnicities.

4.2.1 Importance to region: growing for all

Ethnic minority communities make up 27% of the population across New Zealand, with significant regional variation. Figure 15 shows the share of the regional population who identify with ethnic minority communities. Auckland, Wellington, Canterbury, Otago and Waikato have the largest share. Large urban centres and university towns also tend to have the highest share. Queenstown-Lakes stands out as a territorial authority with a high share, reflecting its attraction as a tourism, work and play destination for tourists and ethnic minority communities alike.

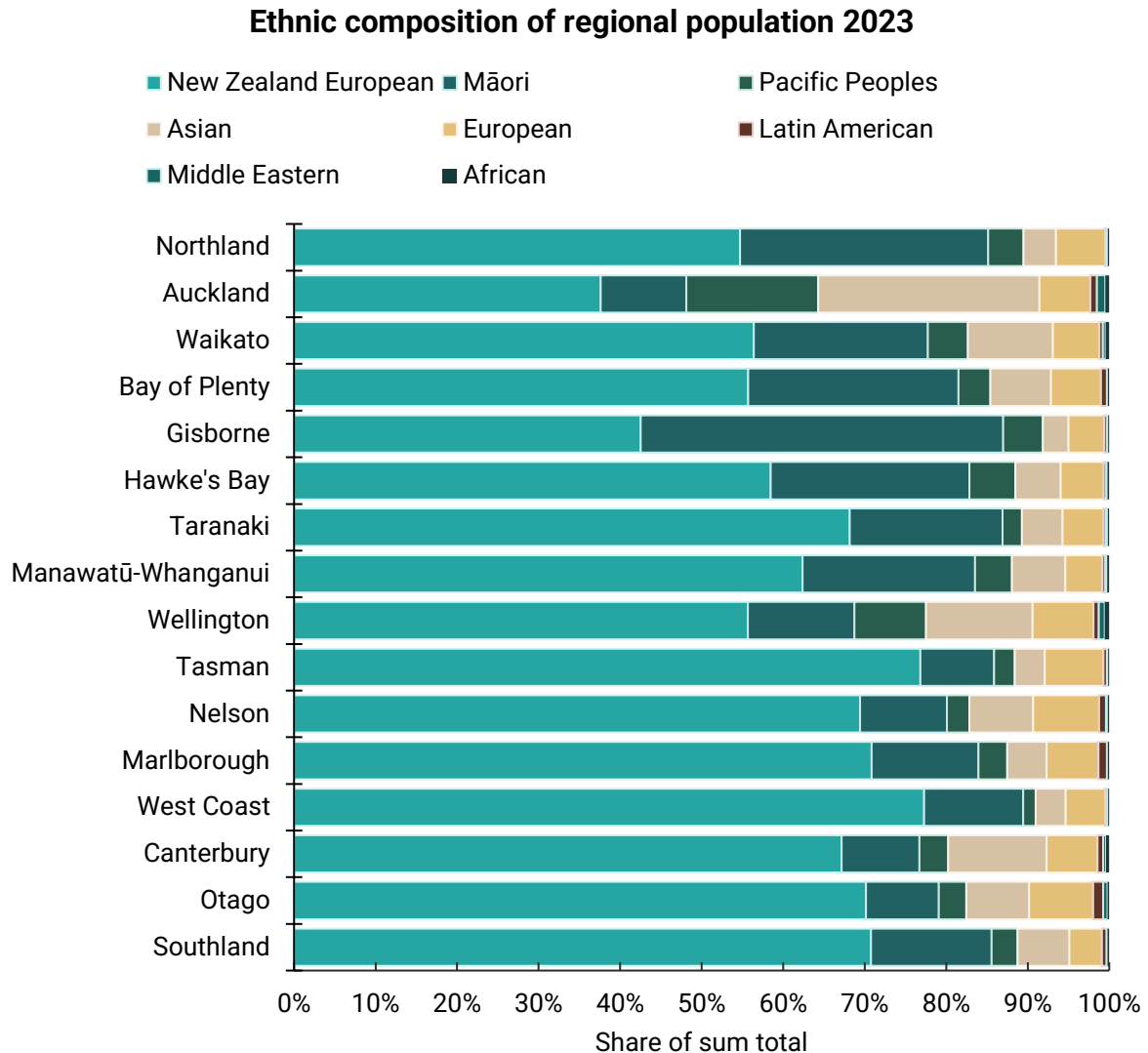
Figure 15: Major urban areas have the highest concentration ...



Source: Stats NZ.

Figure 16 shows the full ethnic composition of all ethnicities by region. It shows that ethnic diversity is broader than ethnic minority communities. There is greater ethnic diversity in the North Island compared to the South Island. Gisborne, Northland, Waikato and Bay of Plenty also have large Māori populations. Similarly, Pasifika populations are highly represented in Auckland, Wellington, Gisborne and Hawke's Bay.

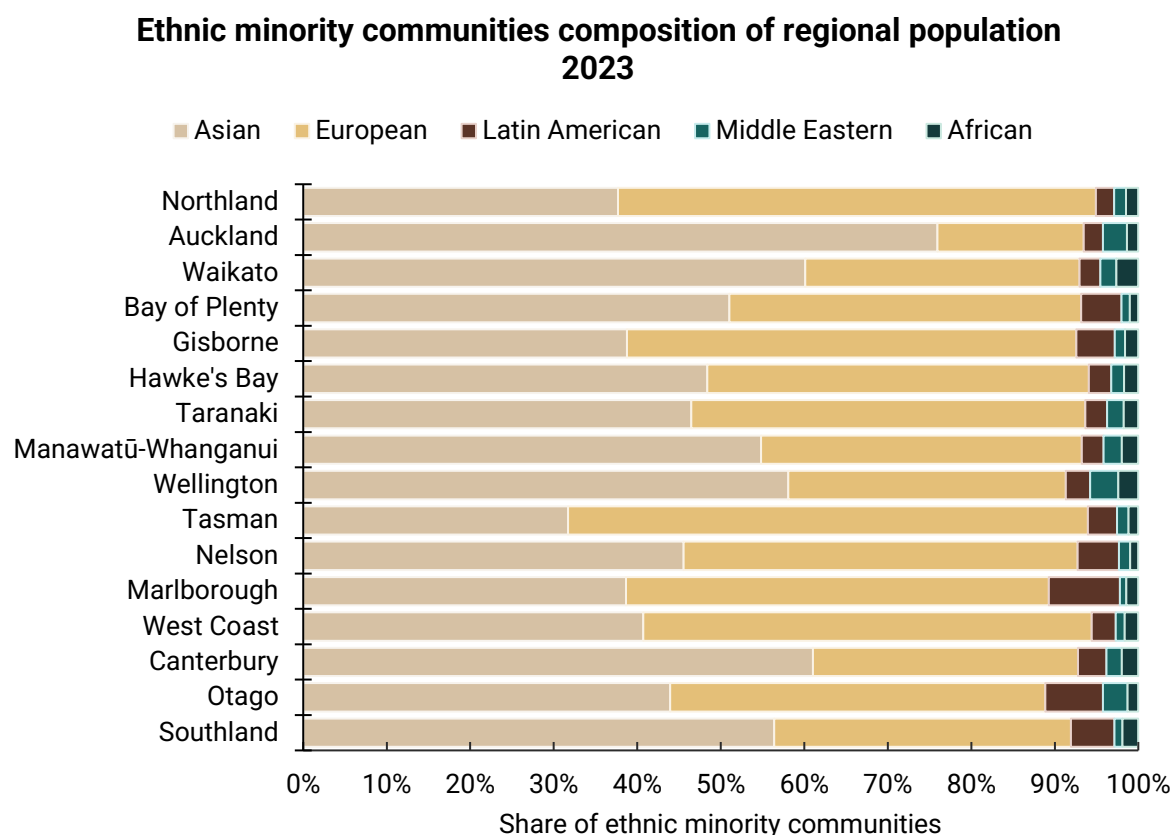
Figure 16: ... of ethnic minority communities



Source: Stats NZ.

Figure 17 focuses on the ethnic minority population only to show the relative distribution within ethnic minority communities. For example, this figure shows how 20% of the Otago population that identify with ethnic minority communities is distributed. Asian and European ethnicities make up the lion's share (nearly 90%), followed by Latin American, Middle Eastern and African ethnicities. Figure 18 shows the change in ethnicity composition towards increasing diversity is across the board.

Figure 17: A closer look shows ethnic minority communities are primarily made up of Asian and European ethnicities, but hospitality and primary sectors attract Latin American ethnicities to some places

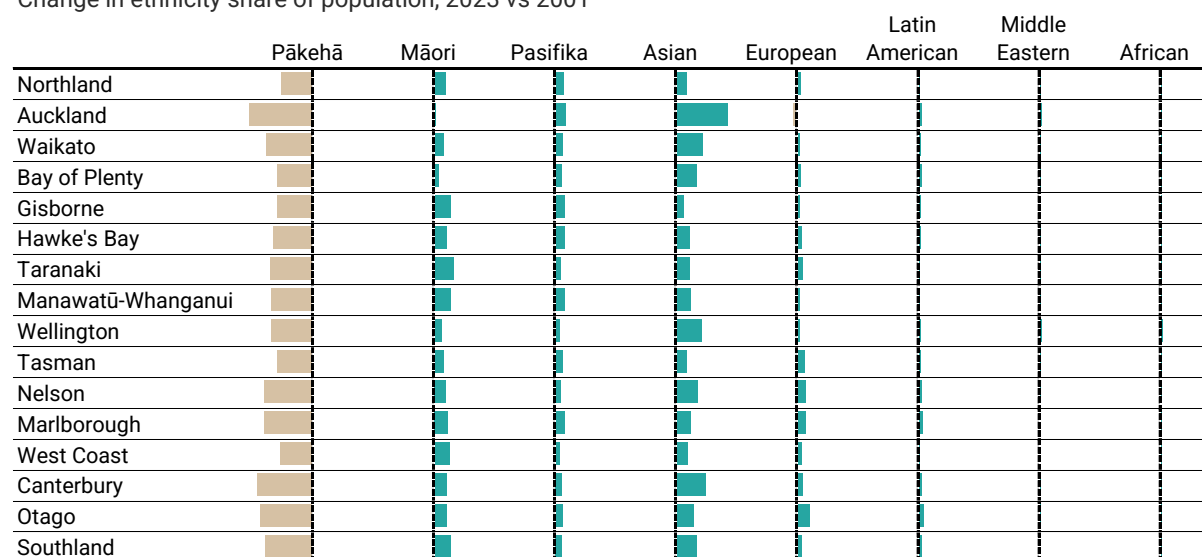


Source: Stats NZ.

Figure 18: The change in population mix across all regions is consistent

Regional ethnicity mix change from 2001 to 2023

Change in ethnicity share of population, 2023 vs 2001



Source: Stats NZ.

4.2.2 Importance to ethnicity: economic opportunities and pathways

Ethnic minority communities are most concentrated in Auckland (Figure 19). That is not the same thing as importance to an ethnic group – Figure 20 shows the relative importance of regions to each ethnic group. There are varying reasons for differing regional patterns. Latin American ethnicities appear to be finding jobs in hospitality and the primary sector (which explains results for Otago and the top of the South Island). African populations have been partly affected by refugee resettlement pathways. The importance of ethnicities to a region is not the same as the concentration of an ethnic group in a region. The latter can affect a sense of community, getting warm introductions to job opportunities and so on.

Figure 19: Auckland is the most important region ...

Importance of region to ethnicity

Ethnicity's share of population in region

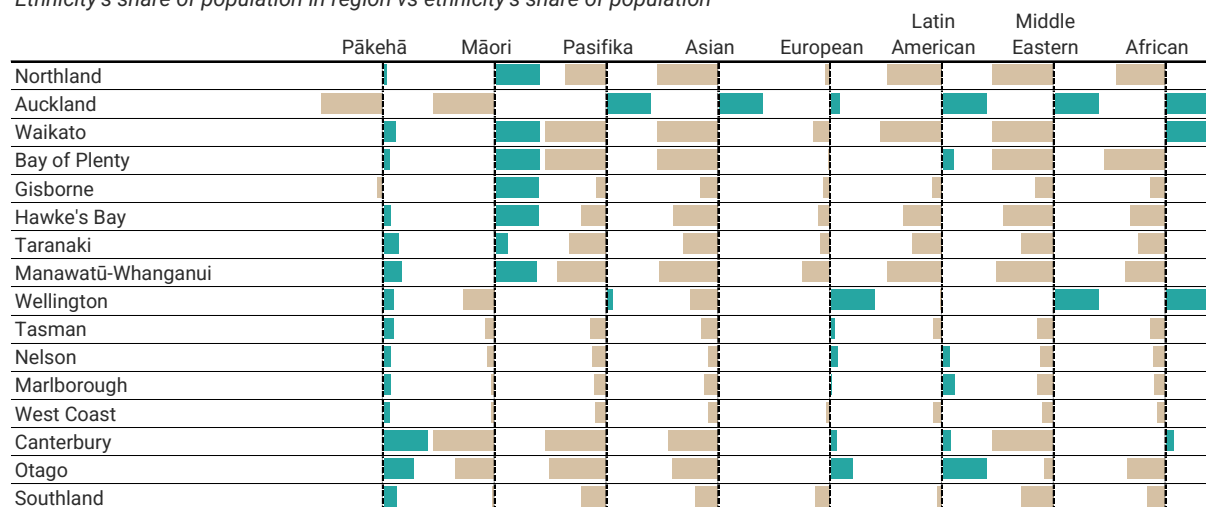
	Pākehā	Māori	Pasifika	Asian	European	Latin American	Middle Eastern	African	Total
Northland	4.2%	8.2%	2.1%	1.1%	3.9%	1.4%	1.1%	1.7%	4.1%
Auckland	23.5%	22.9%	62.9%	60.1%	33.7%	41.3%	59.4%	43.1%	33.3%
Waikato	10.7%	14.2%	5.8%	7.0%	9.3%	6.7%	5.9%	12.2%	10.1%
Bay of Plenty	7.1%	11.5%	3.1%	3.4%	6.7%	7.3%	1.7%	2.7%	6.8%
Gisborne	0.9%	3.2%	0.6%	0.2%	0.8%	0.6%	0.2%	0.4%	1.1%
Hawke's Bay	3.9%	5.6%	2.3%	1.3%	3.0%	1.7%	1.1%	1.8%	3.5%
Taranaki	3.2%	3.1%	0.7%	0.8%	2.1%	1.1%	0.9%	1.2%	2.5%
Manawātū-Whanganui	6.0%	7.1%	2.7%	2.2%	3.8%	2.5%	2.3%	3.2%	5.1%
Wellington	11.1%	9.1%	10.9%	9.2%	13.0%	10.5%	14.0%	15.3%	10.6%
Tasman	1.6%	0.6%	0.3%	0.3%	1.3%	0.7%	0.3%	0.4%	1.1%
Nelson	1.3%	0.7%	0.3%	0.5%	1.3%	1.3%	0.4%	0.5%	1.0%
Marlborough	1.3%	0.8%	0.4%	0.3%	1.0%	1.6%	0.2%	0.5%	1.0%
West Coast	0.9%	0.5%	0.1%	0.2%	0.5%	0.3%	0.1%	0.2%	0.6%
Canterbury	15.7%	7.8%	5.2%	10.0%	12.8%	12.9%	7.9%	12.8%	12.5%
Otago	6.1%	2.7%	1.8%	2.4%	5.7%	8.5%	4.2%	2.8%	4.6%
Southland	2.6%	1.9%	0.7%	0.8%	1.3%	1.7%	0.4%	1.1%	2.0%

Source: Stats NZ.

Figure 20: ... but there are also concentrations in various parts of New Zealand

Relative importance of region to ethnicity

Ethnicity's share of population in region vs ethnicity's share of population



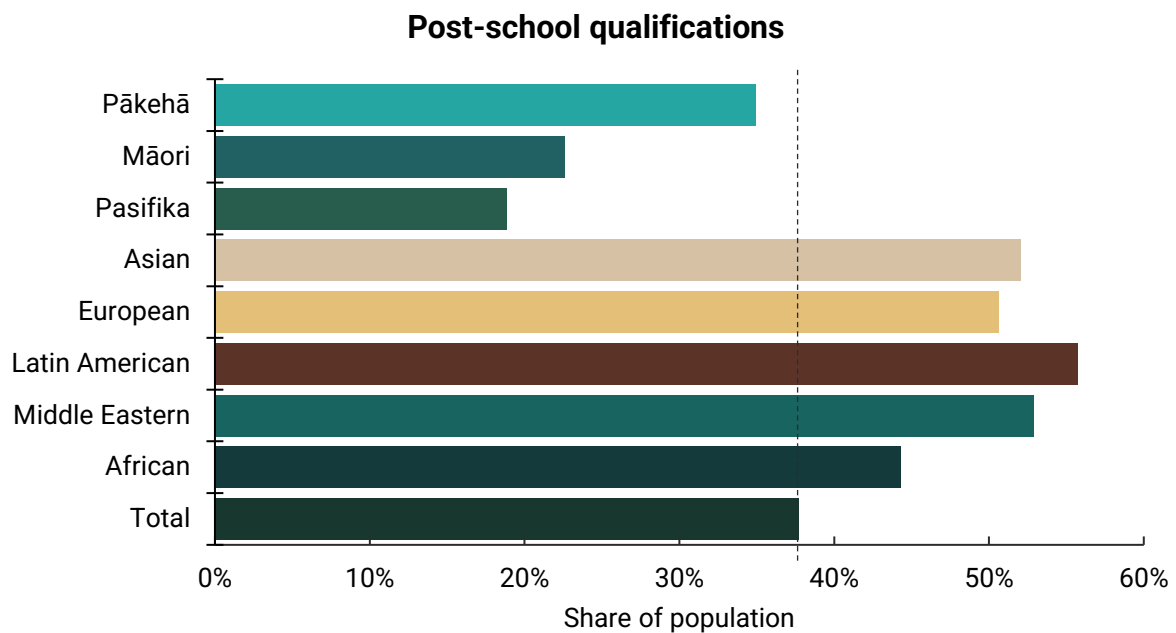
Source: Stats NZ.

4.3 Qualifications: highly qualified

Ethnic minorities are highly qualified in diverse fields. This, coupled with international connections, represents a potential engine for innovation, trade and export growth.

Ethnic minority communities contribute a huge amount of human capital potential – they are highly qualified (Figure 21) and are much more likely to hold graduate and postgraduate qualifications (Figure 22). While qualifications aren't everything, they are an important marker of formal education. When coupled with on-the-job training, learning by doing and occupation/industry-relevant qualifications, it should be a recipe for success. But not all qualifications are employed in relevant fields. This may be because of formal recognition of qualifications, because those qualifications aren't given the same recognition during hiring processes or due to discrimination. It is not easy to disentangle these different drivers.

Figure 21: Ethnic minority communities are more likely to be qualified ...

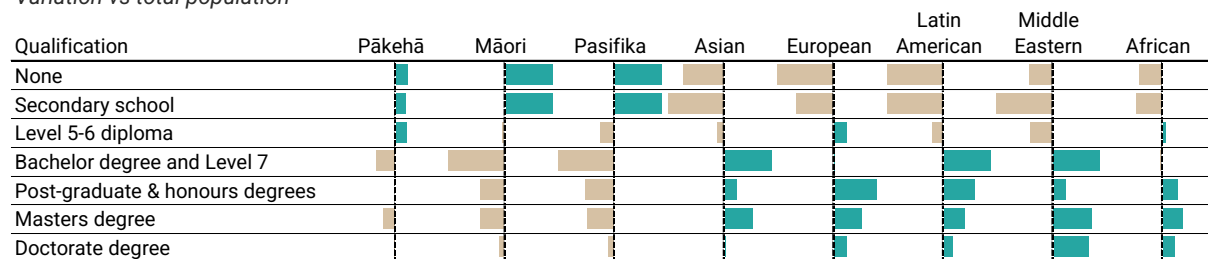


Source: Stats NZ.

Figure 22: ... especially tertiary level

Qualification level by ethnicity, 2023

Variation vs total population



Source: Stats NZ.

5. Labour market outcomes: successes and barriers

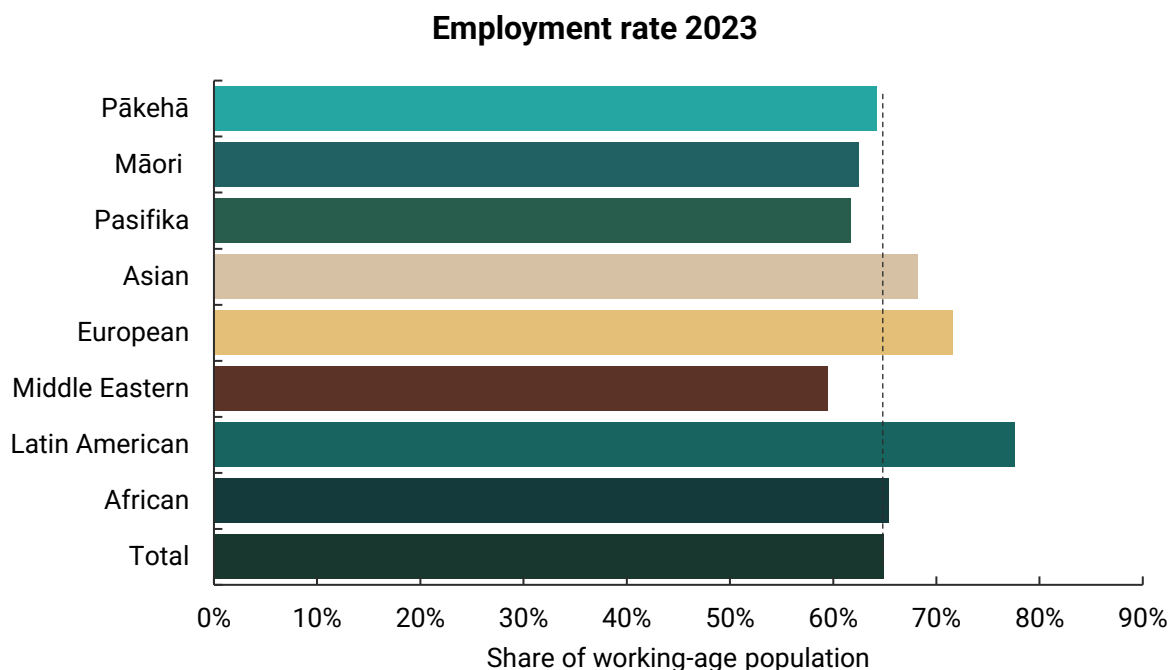
Employment is the most common means of economic participation for all age groups. Investigating this means looking at rates of employment, unemployment, labour force participation, concentration in industries and occupations, and incomes.

These indicators show that the ethnic minority communities are highly likely to be in work, but some subgroups are more likely to be in part-time work and more likely to be unemployed. There are high concentrations of employment in particular industries and occupations, reflecting immigration pathways (for professionals in health and technology for example) and low barriers to entry (for workers in hospitality and cleaning for example). Incomes are generally lower, which is not explained by usual factors such as location, industry, age and qualifications, suggesting a need to explore systemic issues, including potential discrimination.

5.1 Employment: highly active

The share of working-age people in work – the employment rate – is a useful measure to understand economic participation. All except Middle Eastern ethnicities are more likely to be in employment (Figure 23). For Middle Eastern ethnicities, it appears linked to a very youthful population (who are in study for example). This is a significant improvement since 2001 across all ethnicities (Figures 24–25), and some groups are more likely to be in part-time work (Figure 26).

Figure 23: Most ethnic minority communities are likely to be in work



Source: Stats NZ.

Figure 24: There has been an impressive increase in employment rates ...

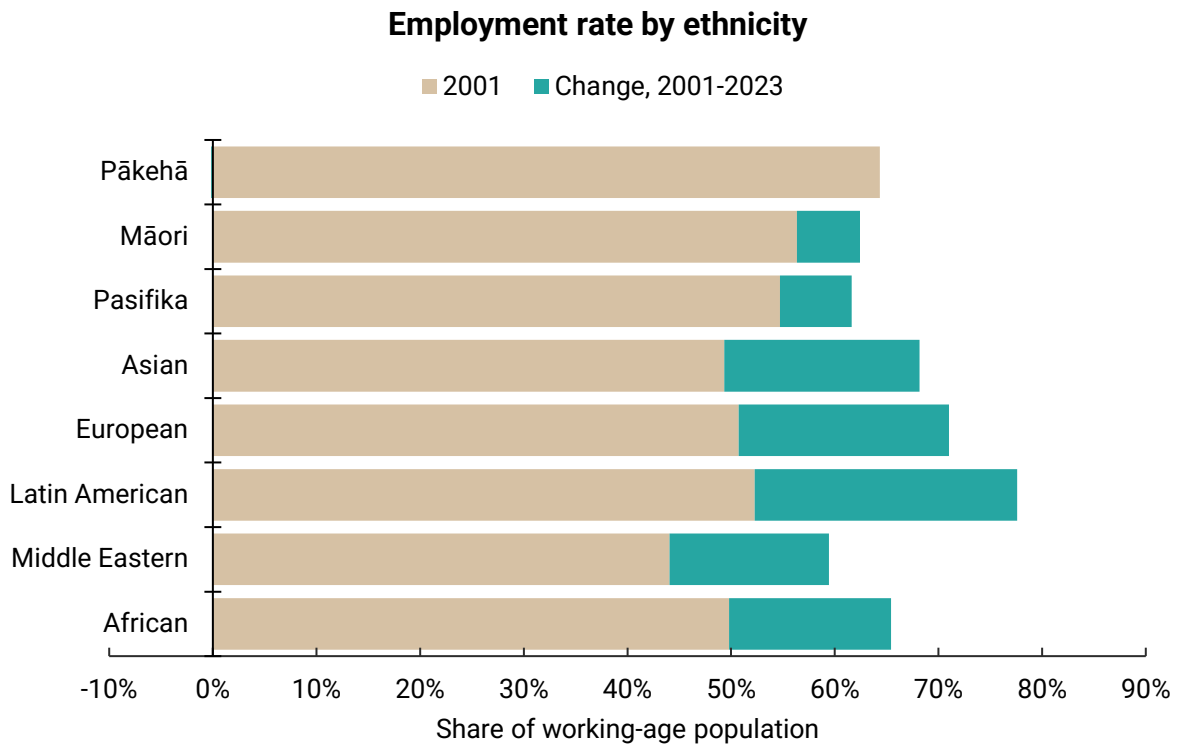
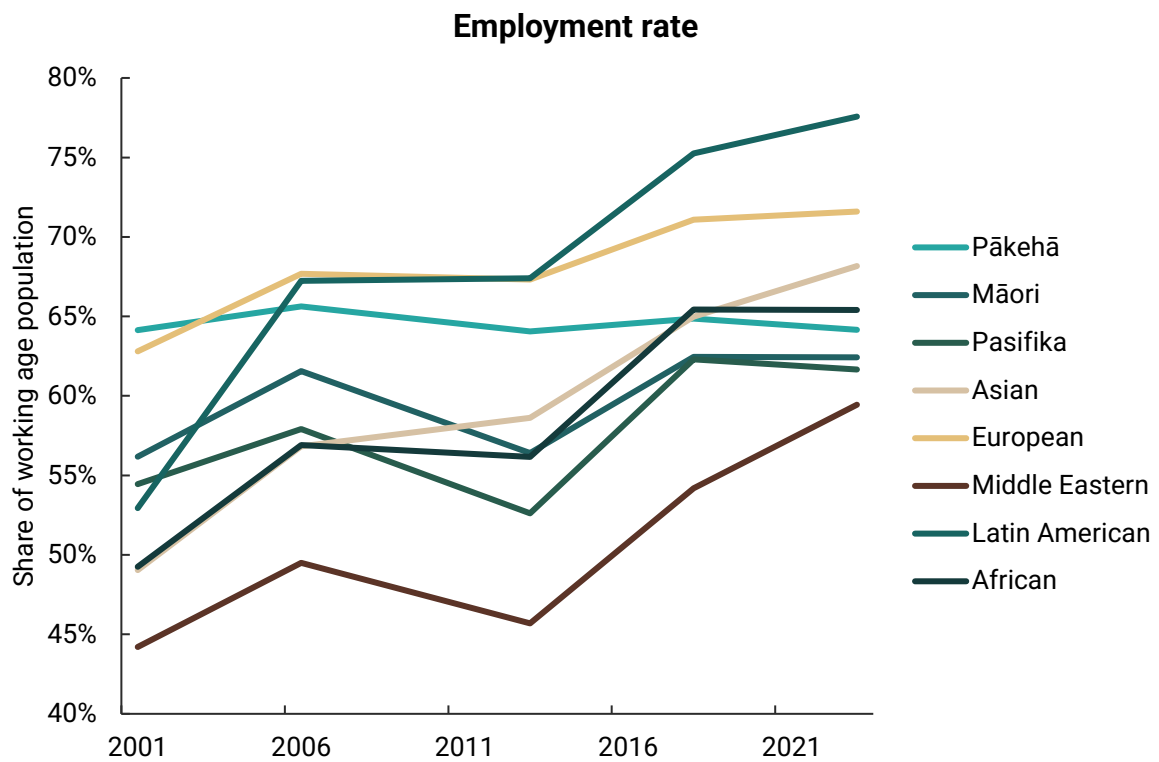
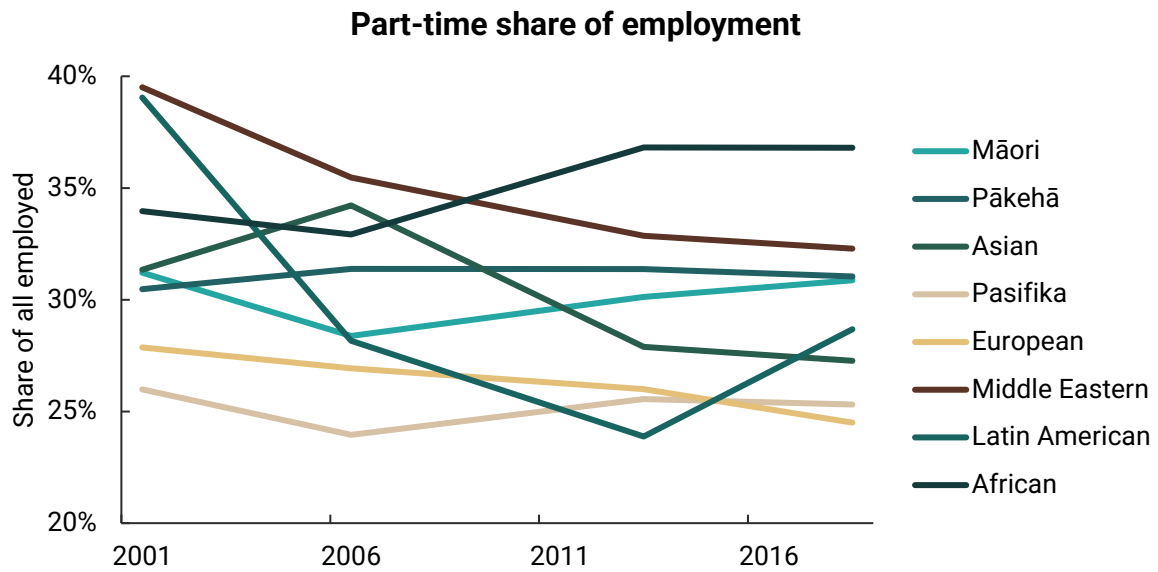


Figure 25: ... across all ethnic minority groups



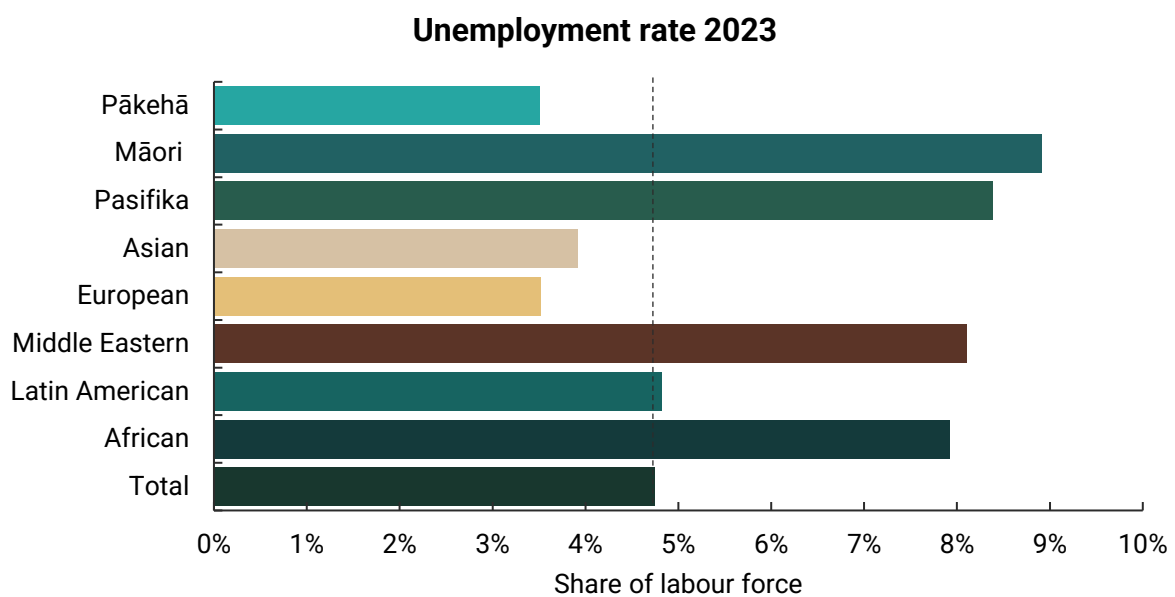
Source: Stats NZ.

Figure 26: Some groups are more likely to be in part-time work

Source: Stats NZ.

5.2 Unemployment and participation: suggestions of barriers

The unemployment picture is mixed. Asian and European ethnicities are less likely to be unemployed (out of work and actively seeking and available to work), but Middle Eastern and African ethnicities are more likely to experience higher unemployment (similar to Māori and Pasifika) (Figure 27).

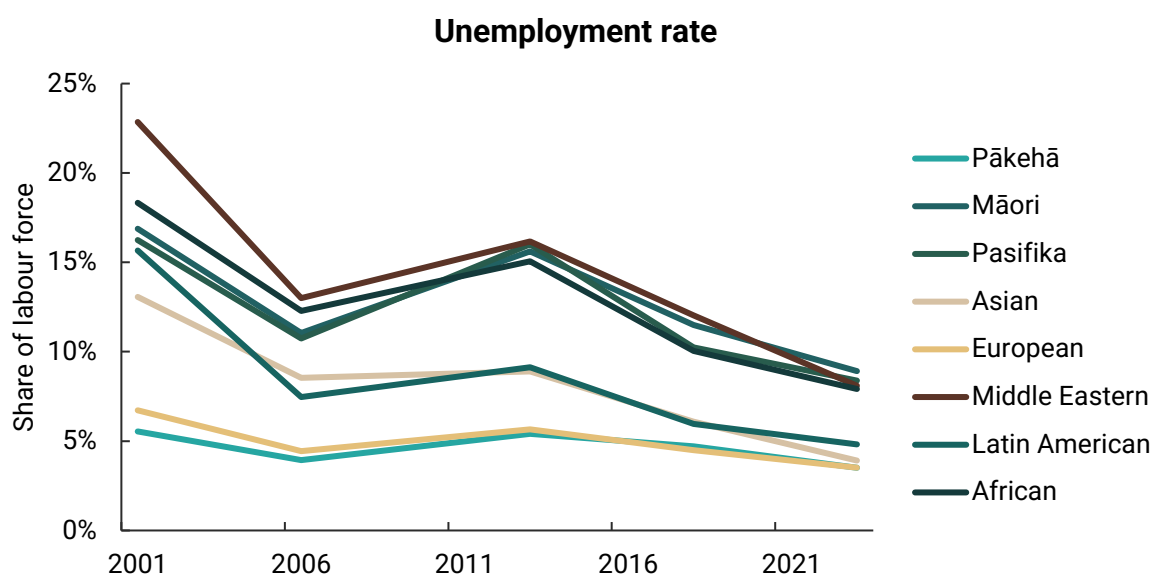
Figure 27: There is persistently higher unemployment among Middle Eastern and African ethnicities

Source: Stats NZ.

The divergence between ethnicities has reduced since 2001, suggesting ethnicity is a smaller driver of labour market participation. For example, the high-low range in 2001 was 17%, which has fallen to 5% in 2023.

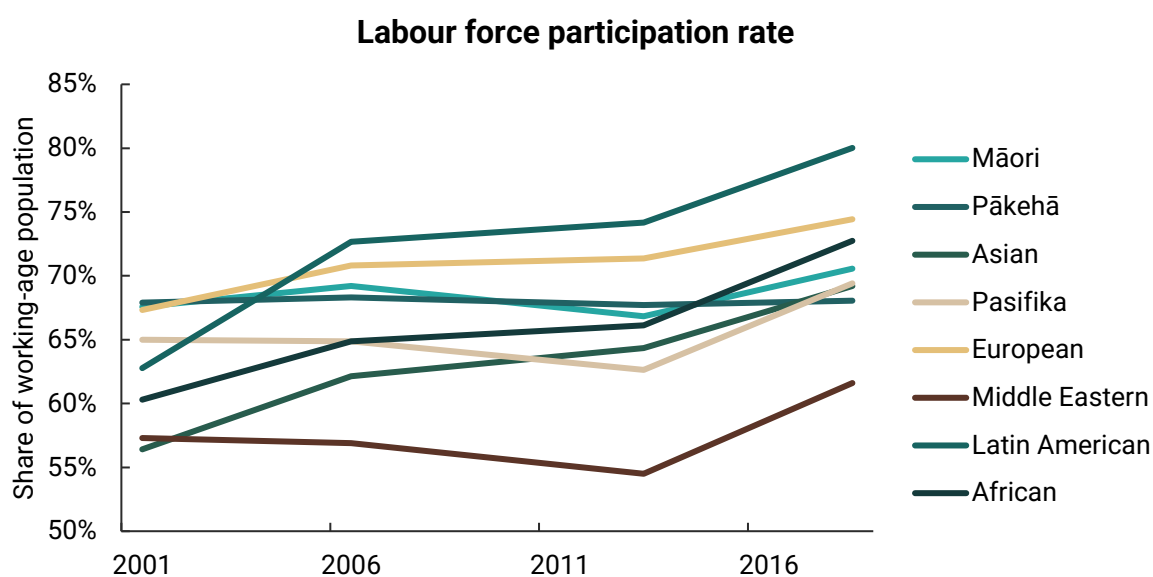
Labour force participation (those in work and those looking for work as a share of the working-age population) shows similar pattern of increased economic participation (Figures 28–29). Low participation by Middle Eastern ethnicities is concentrated among younger people, who are more likely to be in work.

Figure 28: Unemployment has trended lower and converged



Source: Stats NZ.

Figure 29: Labour force participation has trended higher



Source: Stats NZ.

5.3 Industries: immigration pathways and ease of entry

Industry of employment shows significant variation among ethnic groups. This should be considered along with the occupation data in section 5.4 as industries can hold many occupations.

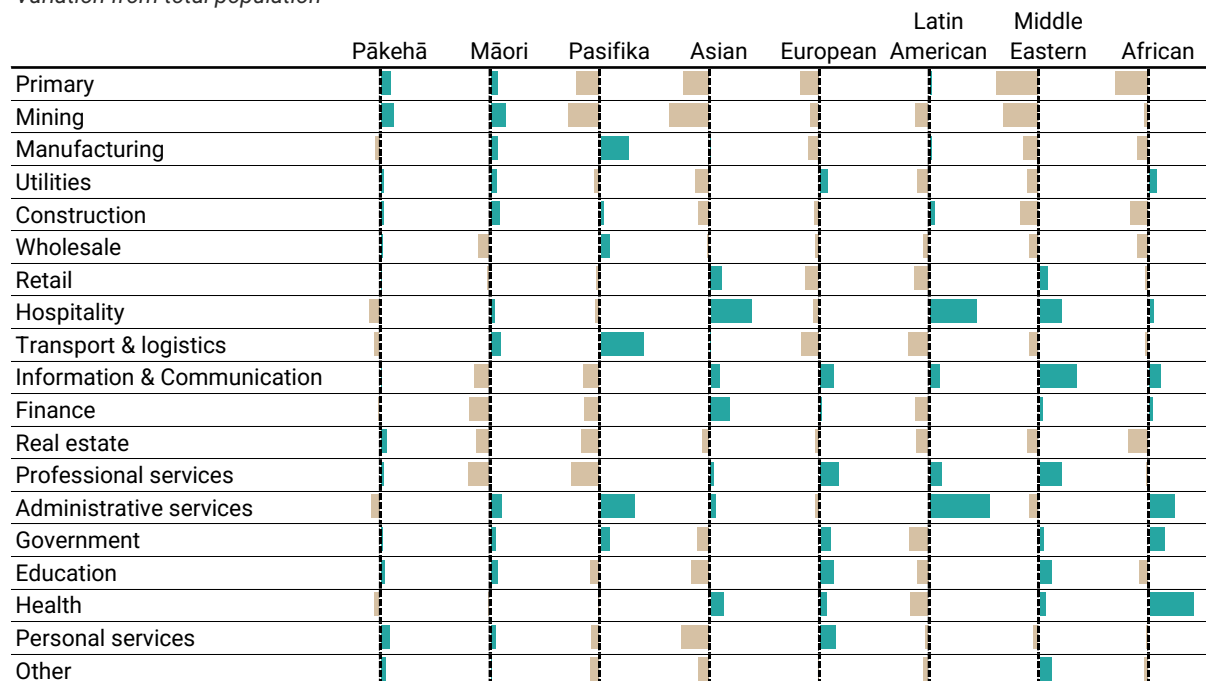
Industry is a useful lens because official statistics are more frequently collected on this basis rather than occupation. Identifying industry performance and industry exposure can help us understand potential risks and opportunities from industry trends. For example, an improving primary sector is of less direct benefit to ethnic minority communities because they are less likely to be employed in the sector. In contrast, they are more likely to be employed in professional and administrative services (Figure 30).

A more detailed industry breakdown for ethnic minority communities (Figure 31) shows greater propensity to be employed in various industries. There is no clear pattern but the most visible are pathways through work visas (for professional and skill shortages) and industries with low barriers to entry (retail and hospitality for example).

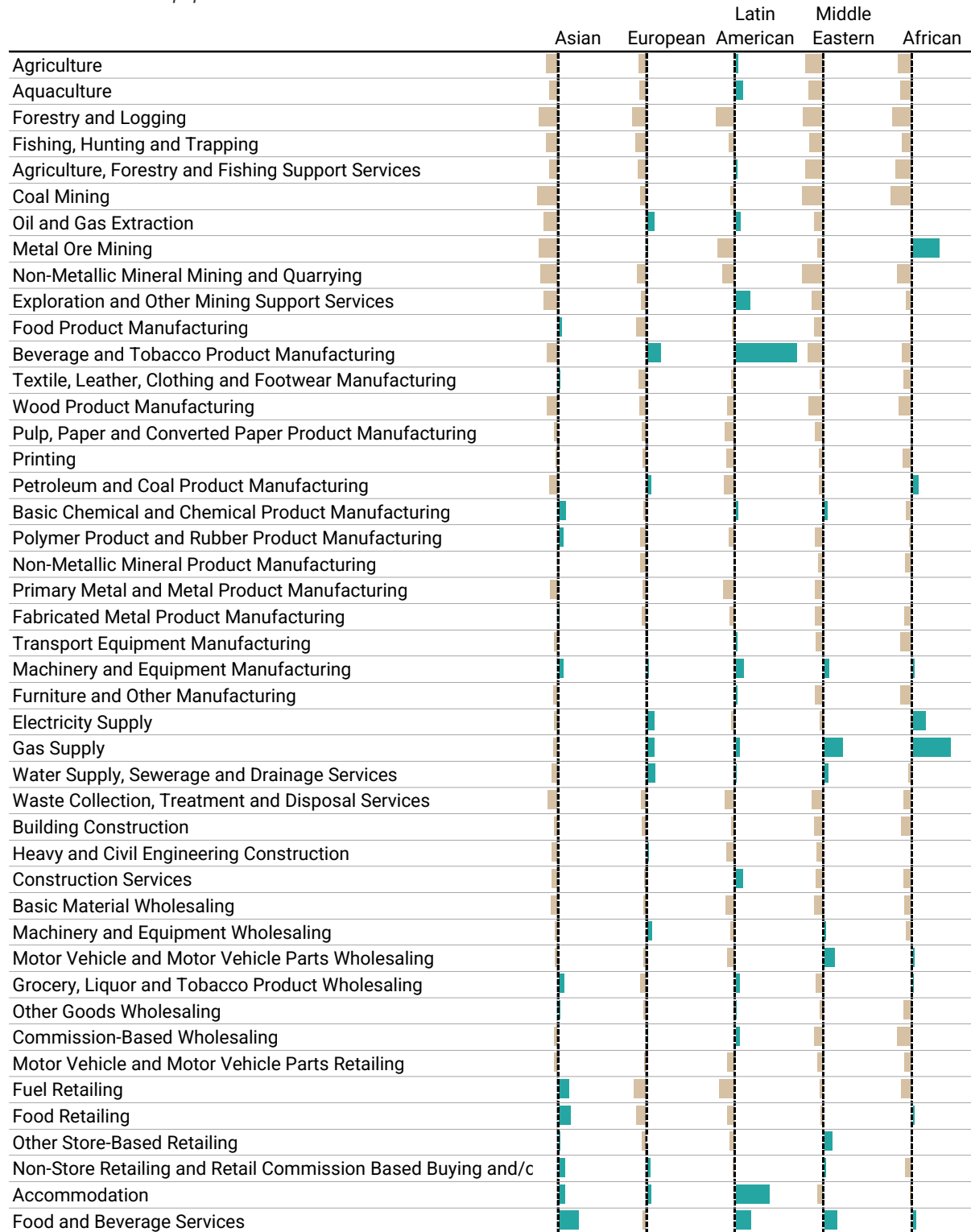
Figure 30: Ethnic minority communities are more likely to work in hospitality and many professional industries

Propensity of industry of employment by ethnicity

Variation from total population



Source: Stats NZ.

Figure 31: A more detailed industry breakdown shows concentrations of employment**Propensity of detailed industry of employment by ethnicity***Variation from total population*

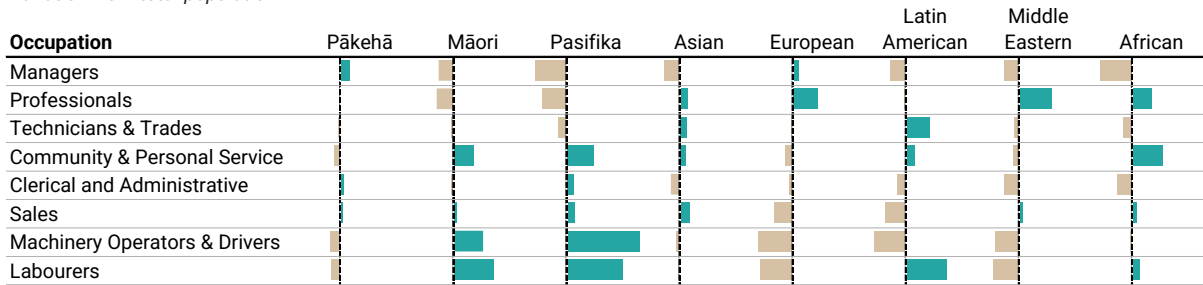
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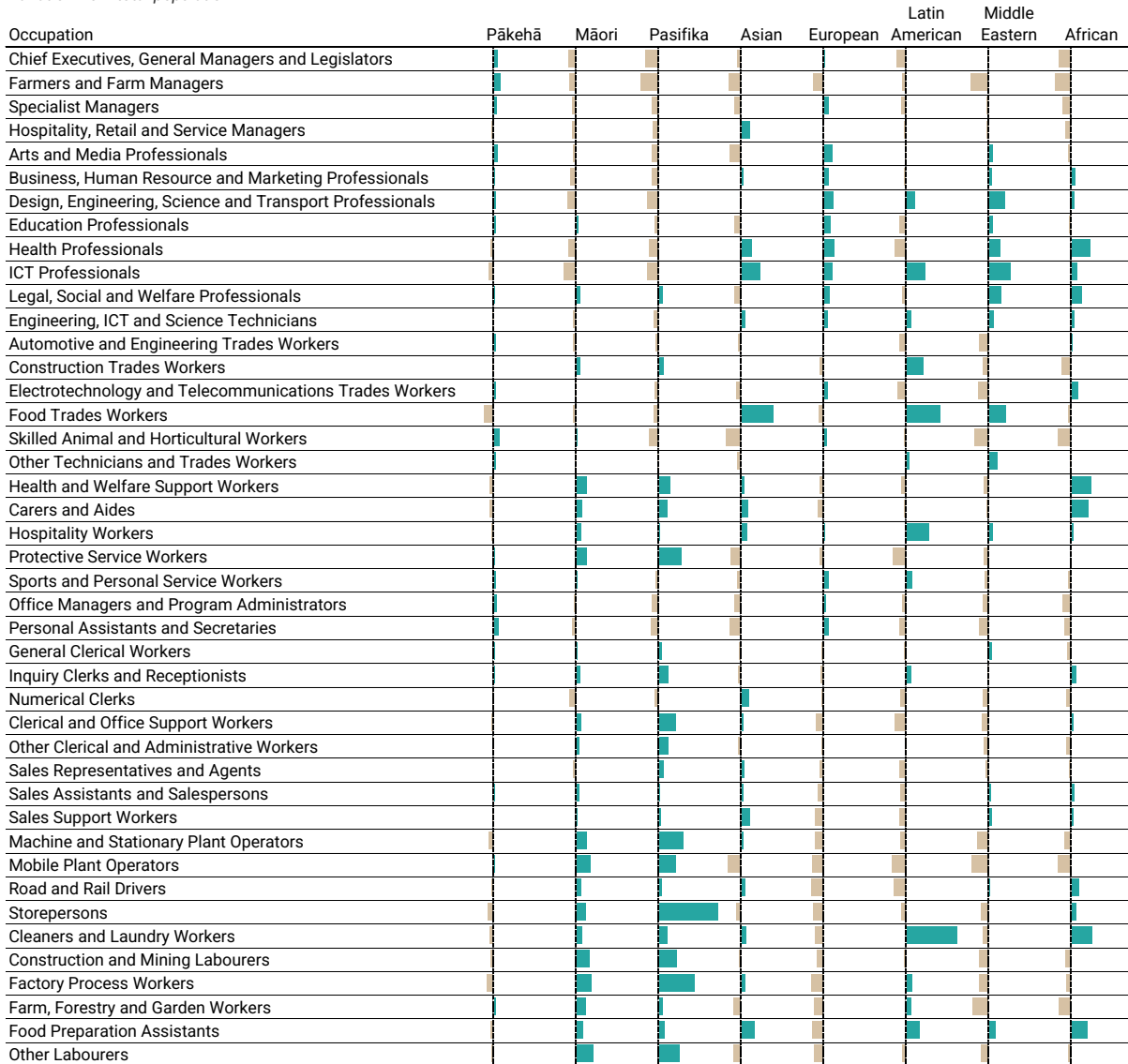
Source: Stats NZ.

5.4 Occupations: wide variations

Occupation of employment gives a greater richness in understanding the type of work where ethnic minorities are under-represented or over-represented. Combined with qualification data, there appear to be mismatches in qualifications and work. Figure 32 shows high-level occupation categories, while Figure 33 provides more detailed occupations.

Figure 32: Occupation differences ...**Propensity of occupation of employment by ethnicity***Variation from total population*

Source: Stats NZ.

Figure 33: ... paint a mixed picture of economic success and plenty of upside potential**Propensity of detailed occupation of employment by ethnicity***Variation from total population*

Source: Stats NZ

At the higher level, there is a clear under-representation of ethnic minorities, except European ethnicities, in manager occupations. While this may represent age and career progression, there may also be other barriers (including discrimination) that require greater study.

The occupation mix varies within ethnic minority communities. For example, Asian ethnicities are more likely to be slightly over-represented in professional, technical and sales roles. The more detailed breakdown shows high representation in health, ICT and hospitality-related roles. European ethnicities are more likely to be in manager and professional roles. Detailed occupations show over-representation across a swathe of professional and technical roles. Latin American ethnicities are more likely hold labourer, technical and community roles. This includes high representation in hospitality, cleaning and primary sector workers, but it hides that Latin American ethnicities are also more likely to work in engineering/transport and ICT. Middle Eastern ethnicities are highly represented in professional and technical roles, while African ethnicities are over-represented in health and legal for example.

The detailed occupation mix shows that, while ethnic minority communities are over-represented in easy-entry industries such as hospitality and related roles, there is also a very high representation in technical and professional roles. This is consistent with high qualification levels of ethnic minority communities, but the data suggests there is further potential to unlock by harnessing the existing qualifications in our population.

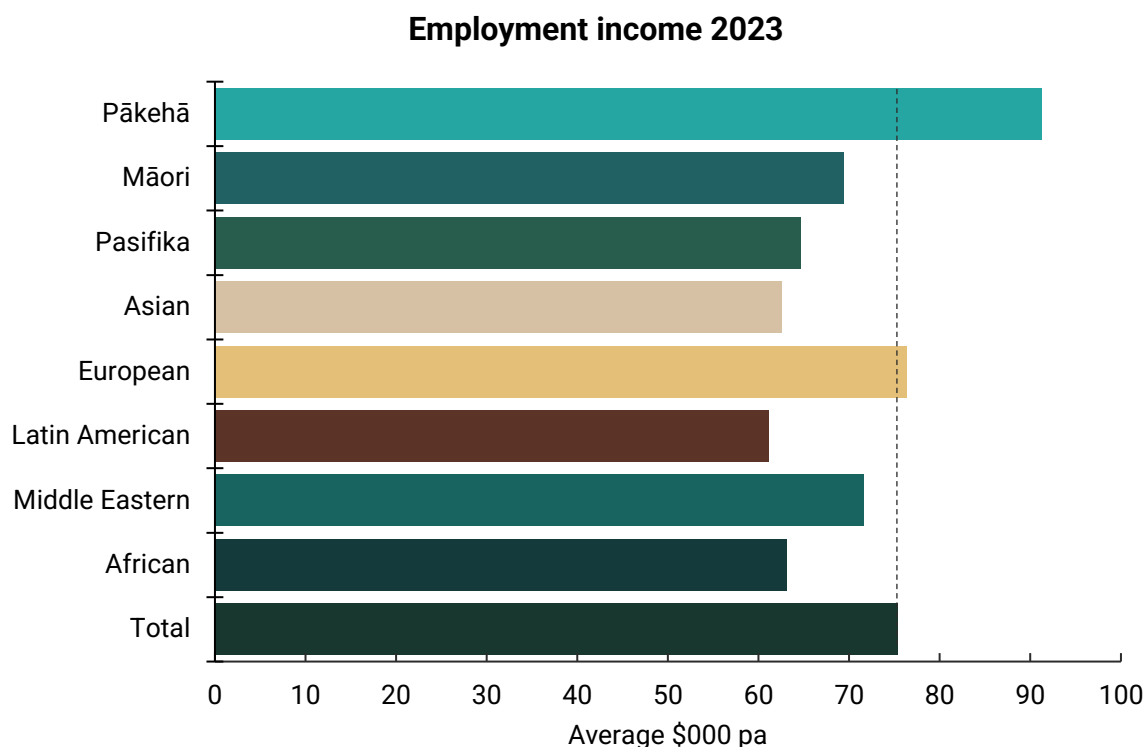
5.5 Incomes: large unexplained income penalty

Average incomes give us a picture of reward. Average incomes do not correlate well with qualifications of ethnic minorities, who are more likely to hold higher qualifications. Figure 34 shows that average incomes for ethnic minority communities tend to be below the population average, except for European ethnicities. We estimated this data from the Income Survey and Census data.

Income data in the Census is collected in ranges, which helps us see the distribution of incomes. We restricted the following analysis for 30–59 age group because we wanted to limit the impact of age composition on this analysis. Figure 35 shows that averages can hide differences in distributions. Latin American ethnicities tend to have u-shaped distribution – more likely to have low (under \$30,000) and high (over \$70,000) incomes. In contrast, Asian ethnicities are more likely to have low incomes (under \$30,000) but less likely to be in any of the other income groups.

This analysis does not mean that there are no Asian ethnicities in higher income brackets. Rather, the likelihood of being in higher income brackets is lower than the overall population.

Figure 34: Ethnic minorities on average earn less, except for continental European ethnicities ...

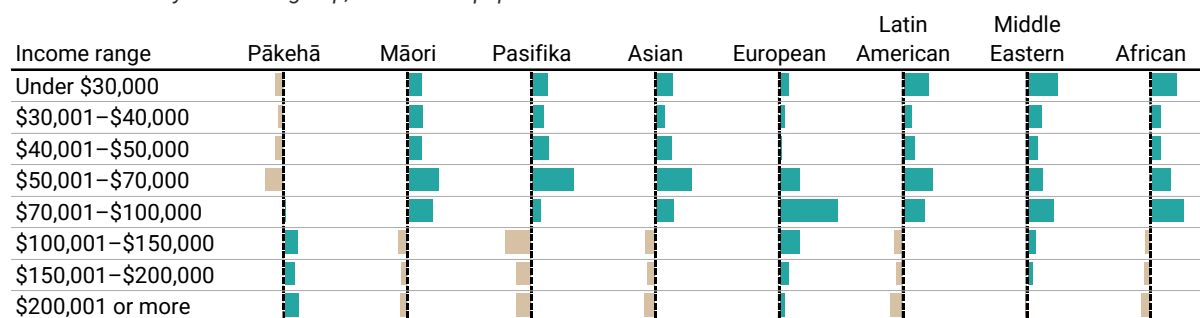


Source: Stats NZ.

Figure 35: ... reflected in the distribution of incomes

Personal income relative to population total, for those age 30-59

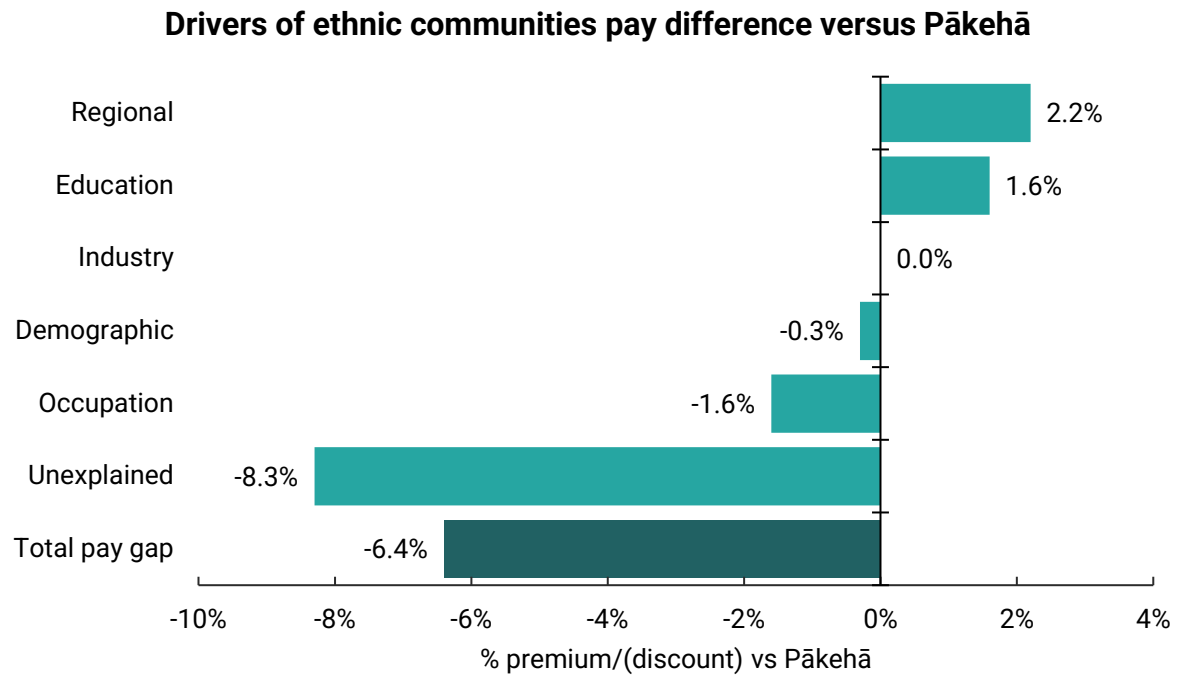
Share of ethnicity in income group, versus total population



Source: Stats NZ.

This difference can be partly explained by industry and occupation differences, but not all. Detailed analysis of hourly wages across ethnicities found a 7% gap for ethnic minority communities, which was not explained by region, industry, occupation, qualification and tenure (Figure 36). This shows a need to better understand why there are persistent differences in occupation and income outcomes of ethnic minority communities, despite outperforming on qualifications and being in higher-paying regions. Played – cha

Figure 36: Pay difference cannot be explained by typical drivers, suggesting systemic barriers



Source: Iusitini, L. & Meehan, L. (2025). *Pay gaps among ethnic communities in Aotearoa New Zealand*. New Zealand Policy Research Institute.

https://www.ethniccommunities.govt.nz/_data/assets/pdf_file/0027/82593/Pay-gaps-among-Ethnic-Communities.pdf

6. Entrepreneurship: low but diversifying

Entrepreneurship among ethnic minority communities is generally lower than the population average (Figure 37). There are hotspots of entrepreneurship, although broader trends in entrepreneurship have fallen since 2001 (Figure 38).

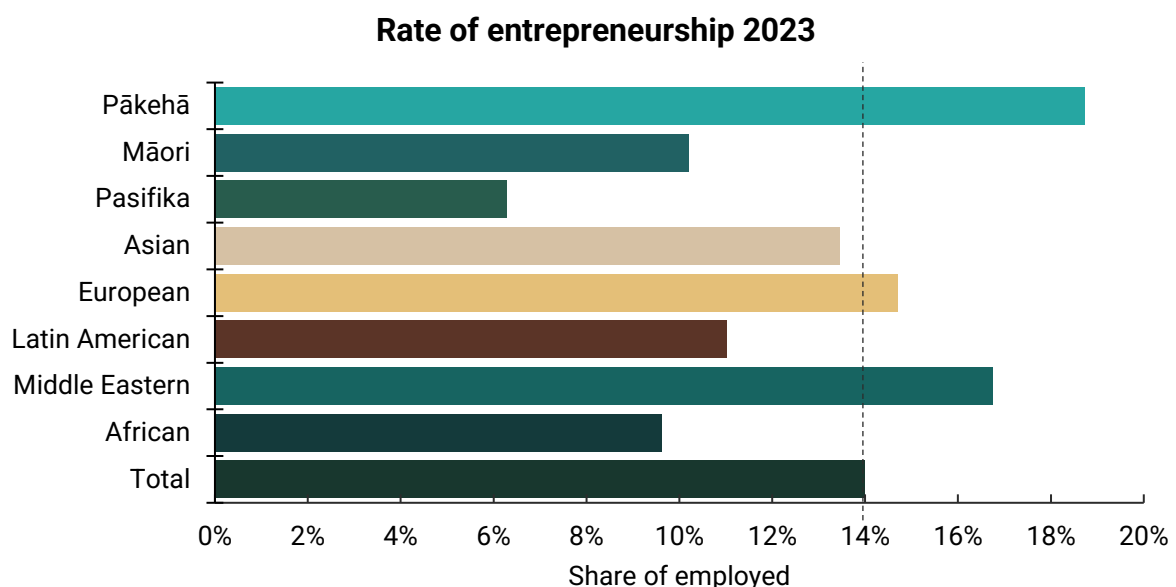
Research in the US and UK found high levels of entrepreneurship associated with migrant populations. However, New Zealand’s immigration policy over recent decades has been linked largely to employment and skills rather than entrepreneurship. This perhaps explains the relatively low levels of entrepreneurship.

Entrepreneurship can take two specific forms in our data – sole traders and those who employ others (Figures 39–40). Sole traders are generally highly productive, but this can be industry specific, for example, some sectors such as transport show relatively low incomes for sole traders but relatively high incomes for others such as legal or other professionals.

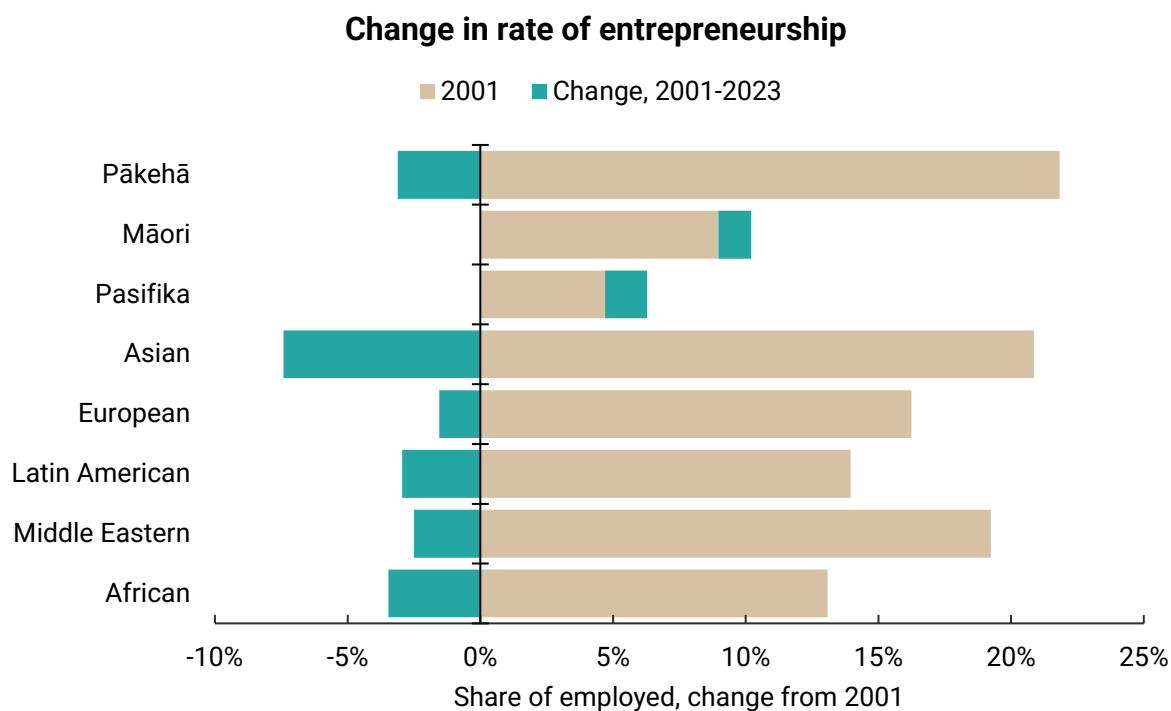
While overall entrepreneurship rates are low compared to the general population, Figure 41 shows that hospitality is more likely for minority ethnicities as an industry, and European ethnicities are more likely to be sole traders in professional services.

Figure 42 shows where the concentrations of entrepreneurship are. It’s not just hospitality and transport – there is a huge variety of industries with disproportionate concentrations. This suggests that, while overall entrepreneurship rates are lower than they were in 2001, this is happening in a broader range of industries.

Figure 37: Ethnic minority communities are generally less likely to be entrepreneurs



Source: Stats NZ.

Figure 38: Entrepreneurship rates have fallen from 2001 ...

Source: Stats NZ.

Figure 39: ... which we define as those who are sole traders and those who have employees**Entrepreneurship by ethnicity, 2023***Share of total employed by ethnicity*

	Pākehā	Māori	Pasifika	Asian	European	Latin American	Middle Eastern	African
Sole trader	12%	7%	5%	9%	11%	8%	12%	8%
Employer	6%	3%	2%	4%	4%	3%	5%	2%
Entrepreneurs	19%	10%	6%	13%	15%	11%	17%	10%

Source: Stats NZ.

Figure 40: European ethnicities are more likely to be sole traders, and Middle Eastern ethnicities are more likely to be both**Entrepreneurship by ethnicity, 2023***Variation vs total population*

	Pākehā	Māori	Pasifika	Asian	European	Latin American	Middle Eastern	African
Sole trader	12%	7%	5%	9%	11%	8%	12%	8%
Employer	6%	3%	2%	4%	4%	3%	5%	2%
Entrepreneurs	19%	10%	6%	13%	15%	11%	17%	10%

Source: Stats NZ.

Figure 41: Asian ethnicities are more likely to be in hospitality, and African ethnicities are more likely to be in transport and logistics

Propensity for entrepreneurship by ethnicity, 2023

Variation vs total population

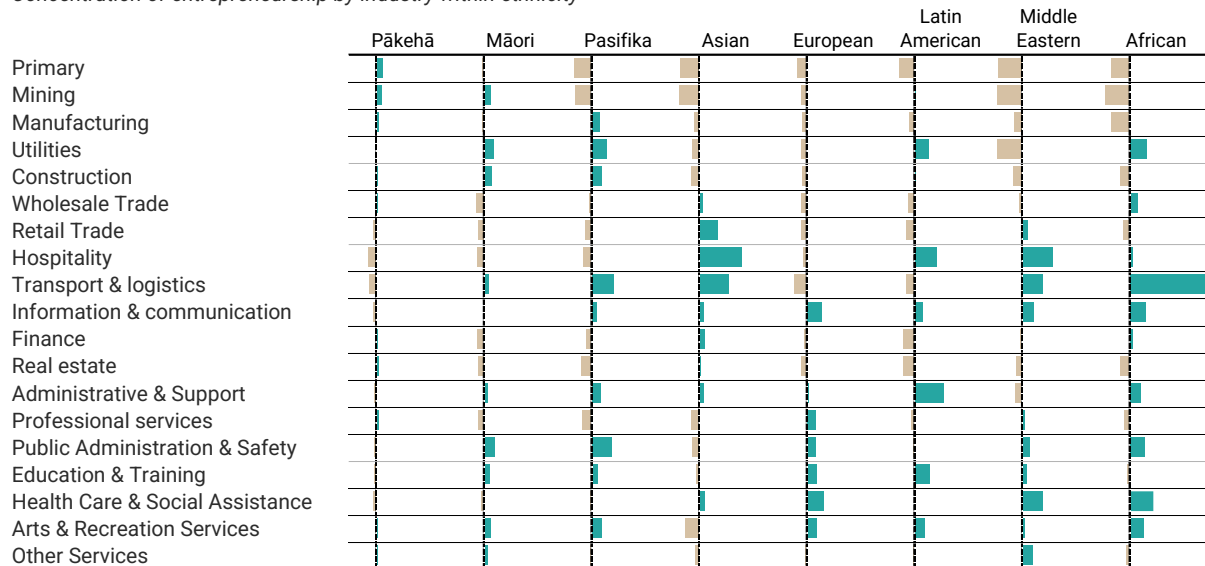


Source: Stats NZ.

Figure 42: Concentration of entrepreneurship shows interesting patterns

Concentration of entrepreneurship by ethnicity, 2023

Concentration of entrepreneurship by industry within ethnicity



Source: Stats NZ.

7. Conclusion: adapting to change

The latest data shows ongoing ethnic diversification of the New Zealand population. The economic outcomes of ethnic minority communities can be considered in two lenses – the contribution to New Zealand and the outcomes for themselves. On both counts, there are signs of improvement. While the ethnic minority communities' 22% contribution was smaller than the 25% population share, the gap has been closing over time. This has been mainly because of improving labour market participation. However, there are some barriers. There is a large unexplained gap in incomes for ethnic minority communities. Rates of entrepreneurship are still low.

Young, highly qualified and growing ethnic minority communities are an economic opportunity for New Zealand if we are able to unlock this potential. Right now, there are signs that some of this potential is not being fully utilised. A culturally responsive lens, applicable to both the ethnic minority communities and the host community, may help to reduce current barriers and magnify the improving trend in economic participation and performance.