

# **Hon James Shaw, Minister of Statistics**

## **Overview of the Official Statistics Multi-Category Appropriation**

August 2019

These documents have been proactively released:

- 25 July 2019, Overview of the Official Statistics Multi-Category Appropriation, Hon James Shaw
- 25 July 2019, GOV-19-MIN-0033, Cabinet Office

Redactions have been made under section 9(2)(j) of the Official Information Act, to safeguard the ability for Stats NZ to enter negotiations without prejudice or disadvantage.

The table on page 16 contains several products under consideration for discontinuation at the time Stats NZ's budget was submitted for Budget 2019. At this point in time, these products are no longer under active consideration for discontinuation.

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## Office of the Minister of Statistics

Chair

Cabinet Government Administration and Expenditure Review Committee

## **OVERVIEW OF THE OFFICIAL STATISTICS MULTI-CATEGORY APPROPRIATION**

### **Proposal**

- 1 This paper responds to the Committee's request for advice regarding how the Official Statistics Multi-Category Appropriation is being used by 30 June 2019, including cost breakdowns, performance benchmarks and accountability arrangements [CAB-19-MIN-0174.39].

### **Executive Summary**

- 2 The Government funds a significant proportion of its data, statistics and analytical capability through the Official Statistics Multi-Category Appropriation. This ensures the production of official statistics to fulfil Stats NZ's statutory requirements, meet international obligations, and inform critical decision making for government, businesses and communities.
- 3 However, we know there are still critical data gaps that will need to be filled in the future, so we can measure the impact of our policies on key segments of our communities, and empower them to make evidence-informed decisions. I intend to approach Ministers and agencies over the coming months to discuss current data gaps and how to prioritise filling them over the coming years. I also propose that Stats NZ continue to work closely with Central Agencies to ensure that data priorities continue to be sustainably resourced.
- 4 This appropriation also supports data stewardship, ensuring the development and production of high-quality data across our government agencies, something that's increasingly essential to accurate forecasting, innovative research and the effective delivery of government services.
- 5 Stats NZ are subject to a range of existing performance measures and accountability arrangements, both domestic and international, that strike the right balance between preserving independence and maintaining public trust and confidence in the Government Statistician.

### **Data and statistics are the lifeblood of decision-making**

- 6 Our initiatives to grow the economy fairly, lift children from poverty and improve wellbeing need to be informed by robust data and evidence.
- 7 Making a meaningful difference to critical issues like child poverty and climate change requires an understanding of what's happening in our regions and communities. Initiatives like Indicators Aotearoa New Zealand and Environment Aotearoa 2019 provide us with the evidence we need to measure our progress, ensuring our initiatives are well-targeted and effective.
- 8 Beyond government decision-making, business and community organisations also rely on data and statistics to make decisions about investment, and to identify new and innovative ways of delivering their services. Data-driven innovation has been estimated as contributing an additional economic benefit of \$2.4 billion to the New Zealand economy, with the potential to add a further \$2.1 billion<sup>1</sup>.

<sup>1</sup> Schiff et al (2015) "Data-driven innovation in New Zealand"; Sapere/Covec

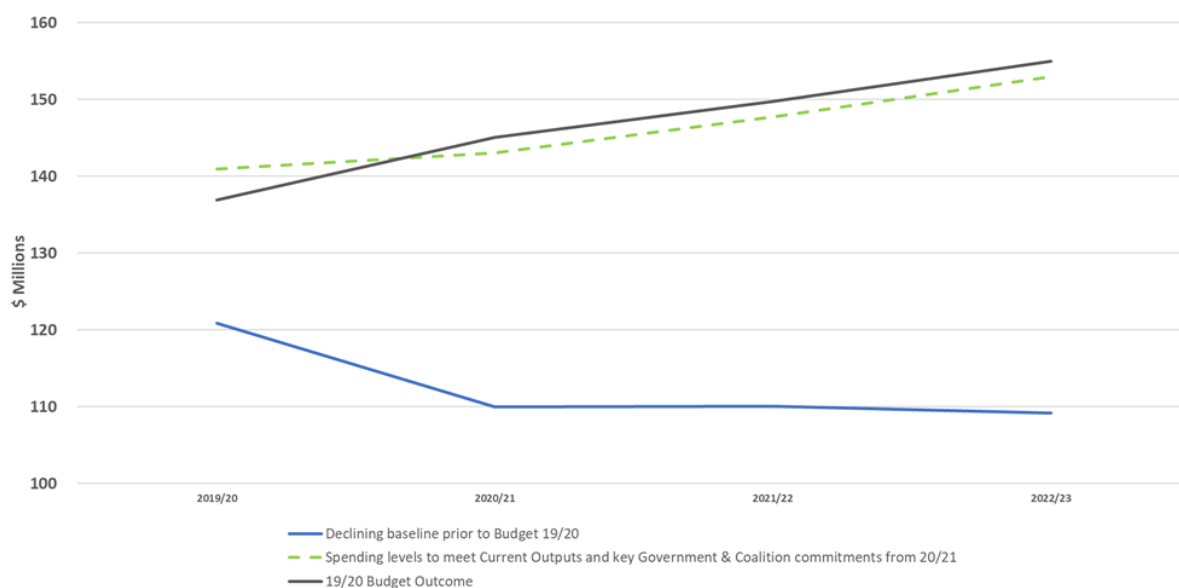
- 9 Because of its importance to our daily lives, the demand for data and statistics has significantly increased in recent years.
- 9.1 Downloads of Stats NZ's publicly available statistics and data tables reached 6.3 million in 2018; an almost tenfold increase on the three years before.
- 9.2 There are currently more than 280 active research projects from government agencies, NGO's and business, using the Stats NZ integrated data infrastructure (IDI), a fivefold increase on five years earlier.
- 9.3 Stats NZ are currently processing more than 500 requests for customised data from both public and private sector customers – a demand that remains relatively constant.
- 10 This is just the tip of the iceberg. The volume of data globally is forecast to increase tenfold by the year 2025, matched by a global shortage for those skills both to analyse data, and utilise it to its full potential in decision making. Demand for workers with specialist data skills, like data scientists and data engineers, has more than tripled over the last five years alone.<sup>2</sup>
- 11 Accordingly, I believe that building and maintaining high quality data and statistics, and ensuring that we have strong analytical capabilities, is essential to the future prosperity of New Zealand.

#### **Our government has provided funding stability for New Zealand statistics and data**

- 12 The Government funds a significant proportion of its data, statistics and analytical capability through the Official Statistics Multi-Category Appropriation which equates to roughly 0.1% of total government spending annually.
- 13 The graph below illustrates that prior to Budget 2019 the ongoing resourcing of Stats NZ through this appropriation was not sustainable, due to a combination of factors:
- 13.1 Significant rising rental and technology costs (more than double that of 2011 due to increasing data volumes) and additional costs associated with the Canterbury and Kaikōura earthquakes and with the need to re-establish Stats NZ information technology systems.
- 13.2 Cumulative cost pressures, reflecting the scarcity of data and analytics capability and capacity. For example, the cost of running the Integrated Data Infrastructure, which many government agencies rely on for data modelling and forecasting, is approximately \$9 million, and forecast to increase to \$13 million over the next few years. However, \$7 million has been funded to establish and deliver an expanded tool, and Stats NZ is working with agencies on how to ensure sustainable access.
- 13.3 The Stats 2020 initiative, established by a previous government, provided for an increase in funding in 2011, with a declining envelope premised on future efficiencies. However, the increased funding was absorbed through increased demand, changing government priorities, and cost pressures related to the significant changes that have occurred in New Zealand over the last decade.

<sup>2</sup> The Royal Society (2019) "Dynamics of Data Science Skills: How can all sectors benefit from data science talent"

### MCA Summary 2019/20 to 2022/23



- 14 Budget 2019 appropriated further multi-year funding for the Official Statistics Multi-Category Appropriation. This included an increase to baseline funding equal to \$136.5 million over four years to meet cost pressures.
- 15 Without this funding Stats NZ would have needed to significantly reduce products and services, including stopping major products, reducing stewardship activities and reducing staffing by up to 20 percent. The table below details total revenue for 2018/19 (including supplementary estimates).

Multi-Category Expenses and Capital Expenditure*	2018/19
<b>Official Statistics MCA (M67)</b>	Total \$000
The overarching purpose of this appropriation is to ensure the availability and promoting the use of the highest priority data and official statistical information to add value to decision making.	<b>138,385</b>
<b>Departmental Output Expenses</b>	
<i>Economic and Business Data and Statistical Information Services</i>	
This category is limited to the delivery of data and statistical information services relating to business and the economy.	52,260
<i>Population, Social and Labour Market Data and Statistical Information Services</i>	
This category is limited to delivery of data and statistical information services relating to the population, environment, household economics, social conditions, and the labour market.	53,028
<i>Stewardship of Government Data and Statistical Activities</i>	
This category is limited to coordination of statistical and data services for government, through leadership of the Official Statistics System, oversight of the Integrated Data Infrastructure, liaison with partners and customers, provision of ministerial services, statistical and data management advice, and the operation of access channels.	33,097
*Including Supplementary Estimates	

- 16 The Budget 2019 funding has ensured that Stats NZ can continue to provide the following products and services:

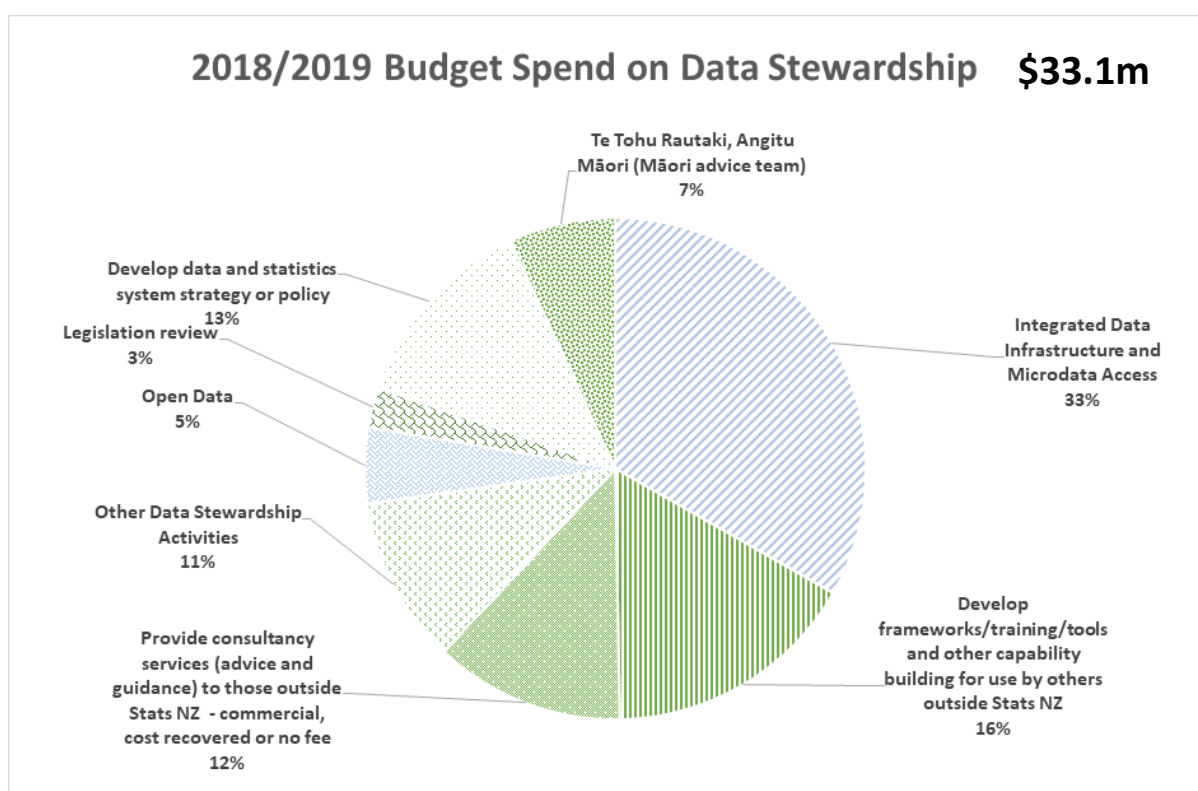
- 16.1 economic and business data and statistical information services including maintaining the production of official statistics to fulfil Statistics New Zealand's statutory requirements and the international obligations associated with New Zealand's participation in global systems;
  - 16.2 population, social, environmental and labour market data and statistical information services and maintaining the production of official statistics to deliver on priority needs, including the expanded Household Economic Survey program for measuring child poverty;
  - 16.3 stewardship of government data and statistical activities to fulfil Statistics New Zealand's data stewardship role.
- 17 The following sections provide a detailed breakdown of how each part of the appropriation is applied across the categories of data stewardship, economic and business data, and population and social data. Further detail on the specific costs funded through the appropriation, and third-party revenue sources, is included in Appendix one.

### **A trusted, credible, data system is essential to a well-functioning government**

- 18 Across the world, many National Statistics Offices have been trying to balance the production of statistics, with the challenge of establishing and supporting government data systems that are increasingly essential to the delivery of services to citizens. For some time now, Stats NZ have been expanding the scope of their role to include data stewardship in line with many of our international partners.
- 19 It's evident that future government agencies will need to utilise existing information about citizens, (administrative data), rather than relying on regular individual data collections, as the cost of data collection continues to increase.<sup>3</sup> It is important that we ensure we position ourselves to be able to use administrative data, and other new and innovative sources of data rather than continuing to rely on traditional surveying methods.
- 20 This means that it's essential that our government agencies are working together, developing the necessary capabilities to share high-quality administrative data.
- 21 Since 2011, New Zealand has recognised this need and broadened its leadership of the Official Statistical System to encompass government data and analytics. In response to the demand across government for data and analytics to drive decision making, the State Services Commissioner established the Government Chief Data Steward (GCDS) role in 2017 as the functional leader for data across government.
- 22 Our government further recognised that trusted and credible data is a critical asset for government and subsequently asked the Government Chief Data Steward to set mandatory standards and direct the adoption of common data capabilities across government [CAB-18-MIN-0432].
- 23 Functional leadership is essential for a high performing government data system. It serves to maximise the benefits and reduce the overall costs to government of common business activities by finding ways to:
- 23.1 Drive efficiencies (through economies of scale, leveraging buying power in whole-of-government contracts, setting common standards and approaches, and reducing duplication).
  - 23.2 Develop expertise and capability (through centres of expertise, co-ordinated professional development, deploying capability to where and when it is most needed).

<sup>3</sup> For example, collecting information from the last 4 percent of the respondents to one cycle of the New Zealand Household Labour Force Survey, was more than 10 percent of the total cost.

- 23.3 Improve services and service delivery (through sharing and coordinating activities and facilities, joined up service delivery).
- 24 In their data leadership capacity Stats NZ support and empower government agencies to use data more effectively through its functional role as GCDS. This involves creating new tools and resources to increase capability, removing roadblocks to data and reducing costs. Key stewardship initiatives include:
- 24.1 Two large integrated databases; The Integrated Data Infrastructure contains de-identified information about people and households, and the Longitudinal Business Database (LBD) contains de-identified information about businesses. Both are critical tools in the government's efforts to reduce poverty, improve health, and provide a growing, inclusive economy.
- 24.2 The Open Data Action Plan reinforces the Government's commitment to openness and transparency by assisting agencies to implement an 'open by design' approach to data. The plan aims to accelerate the release and reuse of open government data so New Zealand can maximise the value of that data.
- 24.3 Stats NZ has also been partnering with the Ministry of Foreign Affairs and Trade, New Zealand Customs Service, the Ministry of Business, Innovation and Employment, and other government agencies to grow capability in the Pacific and improve the data and statistics available to decisionmakers.

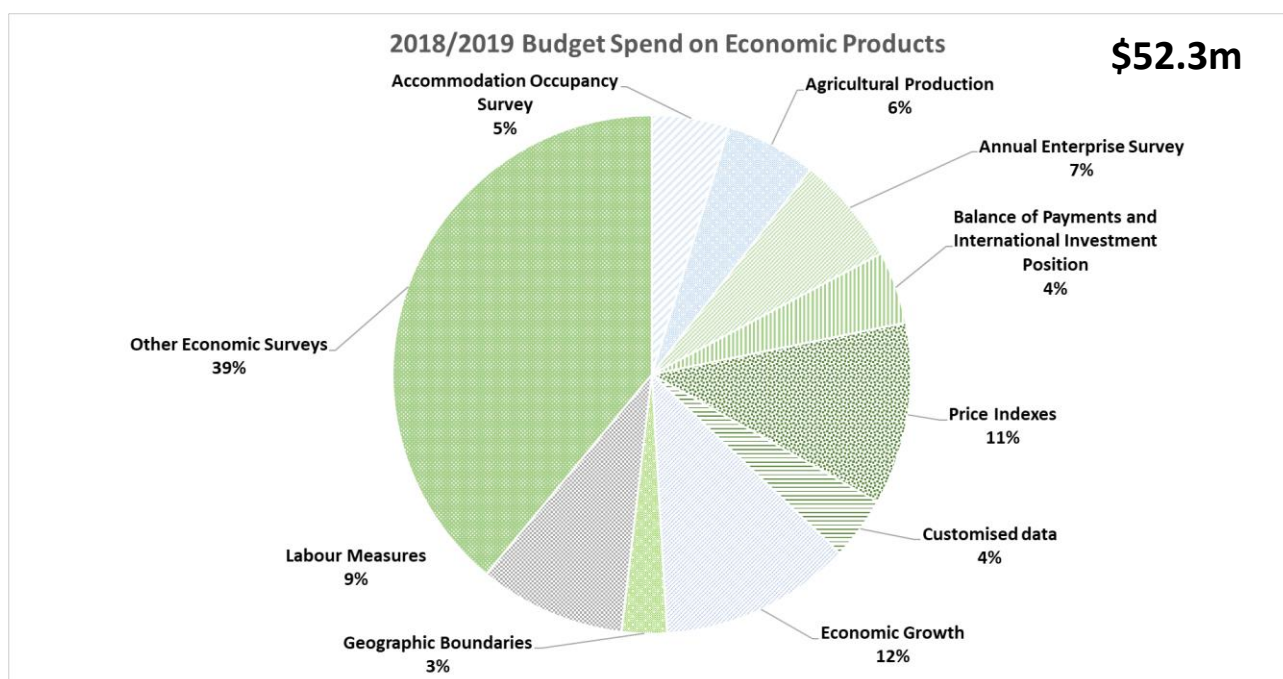


### Taking a stewardship and leadership role – performance information

Assessment of performance by measure	Current	2017/18 Result	2017/18 target	2016/17 Result	Variance to target
Satisfaction of the Minister of Statistics with advice service	TBC	100%	100%	100%	0%
Requests for customised data	600	735	900	780	-22%
Number of users accessing microdata	600	737	500	New Measure	+47%
Social licence: Stats NZ maintains the support of its stakeholders as a trusted steward of the New Zealand's data and information <sup>+</sup>	TBC	85%	TBC	New Measure	N/A
The percentage of Stats NZ's published data available at a 5-star open data standard	96% of level 3	96% of level 3	TBC	New Measure	N/A
17/18 year measures and targets are those published in the latest Stats NZ annual report. Current progress is indicative only <sup>+</sup> 85.5% of people who knew about Stats NZ's work had some level of trust in the organisation					

### Data helps to drive a strong and fair economy

- 25 Economic statistics are keenly awaited by investors, economic commentators and market economists and their release can cause movements in financial markets. Accordingly, these statistics are subject to strict security to ensure their integrity and independence.
- 26 Economic statistics are generally divided into two categories – short term monitoring and structural statistics:
- 26.1 Short term monitoring statistics are typically monthly or quarterly statistics which include changes over time and include whole-of-economy measures such as Gross Domestic Product (GDP) and Consumer Price Index. These statistics are used by government for short term monitoring of the economy, and by business for planning and forecasting.
- 26.2 Structural statistics are typically produced annually and provide more breadth and depth, including information about various sectors of the economy, including government, households and businesses. This encompasses statistics about savings and wealth, the financial performance of businesses and industries, at all levels of the economy.



*Other Economic surveys include: Building Consents, Business Demography, Goods and Services by Country, Regional GDP, Research and Development in New Zealand, Retail Trade, Wholesale Trade.*

- 27 The production of cardinal data and statistics are subject to a regular, rigorous, external scrutiny to ensure they are fit-for-purpose. This scrutiny takes the form of OECD and IMF country reviews where questions and/or concerns about aspects of New Zealand's data and statistics can be raised and are expected to be addressed.
- 28 Stats NZ has also recently set performance measures which reflect the drive to make data collection interactions less burdensome, by moving to online, digital formats. In coming years this will be an area of focus for Stats NZ.

### Economic and business data – performance information

Assessment of performance by measure	Current	2017/18 result	2017/18 target	2016/17 result	Variance to target
Number of statistical releases: economic and business data and statistical information services	136	133	125	116	+6.4%
Free from significant errors	99%	100%	99%	99%	+1%
The number of and percentage of businesses that chose to provide Stats NZ data in digital format – economic and business data	25% (45,234)	25.6% (44,156)	TBC	N/A	N/A
The number of and percentage of Stats NZ-run economic and business data surveys that are completed online	4 (11%)	11%* (4)	TBC	N/A	N/A

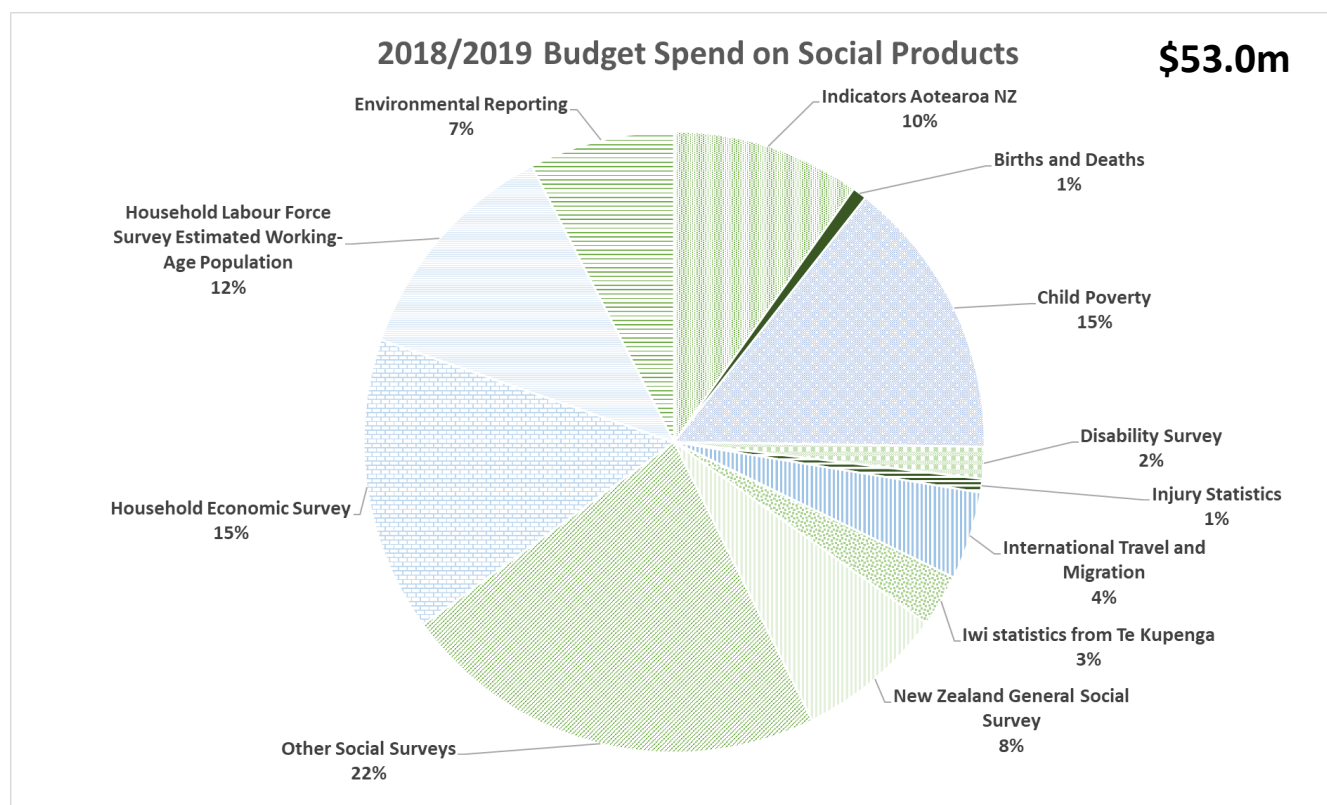
17/18 year measures and targets are those published in the latest Stats NZ annual report. Current progress is indicative only  
 \*Four surveys in this appropriation category are online – Agricultural Production Census, Quarterly Economic Survey of Manufacturing, Quarterly Survey of Wholesale Trade, and Quarterly Business Survey. Other business surveys will be online in 2018/19.

### We need to understand our people and environment to plan for the future

- 29 Social and population statistics reflect New Zealand society – individuals, families and households - and how they're changing:

29.1 Populations statistics tell us about who lives in New Zealand, capturing information on births and deaths, migration as well as information about people's age, ethnicity, and sex. As well as being the foundation for government planning in everything from infrastructure to education, these statistics can be used to provide important insights for business and non-government organisations.

29.2 Social statistics provide us with a richer picture of life in New Zealand, including things like physical and mental wellbeing, language, crime and justice, and housing. Instruments like the General Social Survey can provide insights that are invaluable to researchers and planners who consider diverse topics such as poverty and wealth, culture and the arts, human rights and multiculturalism and the impacts of agriculture and tourism.



30 These statistics also provide us with valuable insights into our environment, including the impact of climate change, the health of our soil and waterways, and native plants, animals and eco-systems which is measured through our environmental reporting programme with the Ministry for the Environment.

## Population and social data – performance information

Assessment of performance by measure	Current	2017/18 result	2017/18 target	2016/17 result	Variance to 17/18 target
Number of statistical releases: population and social data and statistical information services	70	71	75	66	-5.3%
Free from significant errors	99%	100%	99%	99%	+1%
The number of and percentage of households and individuals that chose to provide Stats NZ data in digital format – population, social, and labour market data	0%	0%	TBC	N/A	N/A
The number of and percentage of Stats NZ surveys that are completed online – population, social, and labour	0%	0%*	TBC	N/A	N/A
17/18 year measures and targets are those published in the latest Stats NZ annual report. Current progress is indicative only. *No surveys are available online for this appropriation category					

## Robust assurance and accountability settings support public trust and international credibility

- 31 Public trust and confidence in the integrity of official statistics is essential to ensure citizens' participation. It is also essential to have a politically-neutral source of information. Both public trust and confidence in official statistics and a politically neutral source of information are key contributors to democracy. For this reason, the Government Statistician has statutory independence in relation to the production and provision of statistics. However, there are several ways that Stats NZ works to ensure appropriate levels of accountability and assurance, such as mobilising external expertise and capturing diverse perspectives from outside government.
- 32 An example of this approach was the recent development of a definition of child poverty measure. Through engagement with a range of communities, and consulting with independent experts, Stats NZ recognised that factors other than income can also affect material well-being. By measuring things like food, clothing, accommodation, heating, and transport it's possible to derive a more direct measure of the actual day-to-day living conditions of our households.
- 33 An example of how Stats NZ has mobilised external expertise on a regular basis is the advisory group to collaborate on producing economic and labour market statistics. This has operated since 2016. The group consists of senior economists and labour market research managers to ensure that changes and improvements will meet the needs of critical decision-makers and any transitions are well-managed.

## International partnerships allow for global consistency in statistics and data

- 34 International partnerships also provide an important level of accountability in the production of statistics. Stats NZ is helping to modernise official statistics at the United Nations and partnering with other National Statistics Offices and international organisations to deliver globally comparable data and statistics. This enables the development of consistent methodologies, standards, classifications and the sharing of expertise.
- 35 There are also statistical reporting obligations as part of New Zealand's membership of the United Nations (UN), the Organisation for Economic Co-operation and Development

(OECD) and International Monetary Fund (IMF) to meet international standards and to regularly provide data and statistics.

- 36 For example, the recent Recommendation of the OECD Council on Good Statistical Practice is seen as a key reference for assessing national statistical systems and applies to all OECD countries.
- 37 Another example is New Zealand's participation in the United Nations Statistical Commission, a functional UN committee who ensure that official statistics build trust and confidence with citizens to ensure that they have good factual information for decision-making. It is the highest standard-setting body for official statistics and it is working closely with the High Level Political Forum at a global level to measure the Sustainable Development Goals (SDG).

### **We need to determine future data priorities and ensure we have appropriate oversight**

- 38 The additional funding allocated to the Stats NZ Multi-Category Appropriation through Budget 19 has provided a sustainable footing for the agency to produce the statistics and undertake the data stewardship activities outlined in this paper. However, the work done as part of Indicators Aotearoa New Zealand, and the review of Tier One Statistics, has revealed a number of data gaps not covered by this appropriation.
- 39 As Minister of Statistics, I work with the Chief Executive of Stats NZ to establish priorities for the work of the agency. However, as the data gaps identified by Stats NZ are likely to have implications for progressing work across a range of ministerial portfolios, I intend to approach Ministers and agencies over the coming months to discuss current data gaps and how to prioritise filling them over the coming years.
- 40 An important part of this process will be ensuring that the resources our Government dedicate to statistics and data are appropriate and sustainable in the future. This includes ensuring that every government funded survey has a clear purpose and rationale within these priorities, and that where appropriate, costs are being recovered from third parties.
- 41 I understand that the Treasury has worked closely with Stats NZ on the business case for Budget 19, and as a part of continuing work on Census 2018 and 2023. I propose that Stats NZ continue to work closely with Central Agencies to increase their understanding of the data and statistical work programme, and to ensure that data priorities continue to be sustainably resourced.
- 42 In addition, it's essential that data and statistics priorities are informed by advice from outside government. The Government Statistician is forming an independent Challenge Group to test ideas, seek innovative approaches and make suggestions for improvement. This cross-disciplinary group will bring a range of diverse perspectives to proactively and positively challenge Stats NZ's thinking and help to shape and improve the future data environment.
- 43 If further changes to the governance of Stats NZ to strike the right balance between preserving independence and maintaining public trust are needed, I will bring these to Cabinet later this year as part of the package of policy proposals for new data and statistics legislation to replace the Statistics Act 1975.

**Consultation**

44 The Treasury has been consulted on this paper. As a part of this consultation, further detailed information about cost-pressures was requested by the Treasury and provided by Stats NZ.

**Financial Implications**

45 There are no financial implications arising from this paper.

**Human Rights**

46 There are no Human Rights implications arising from this paper.

**Legislative Implications**

47 There are no legislative implications arising from this paper.

**Regulatory Impact Analysis**

48 A regulatory impact analysis is not required for this paper.

**Gender Implications**

49 There are no gender implications arising from this paper.

**Treaty of Waitangi Implications**

50 There are no Treaty of Waitangi implications resulting from this paper.

**Disability Perspective**

51 There are no disability implications arising from this paper.

**Publicity**

52 I propose to proactively release this paper as per standard practice, subject to any redactions made under the Official Information Act (1982).

## Recommendations

53 I recommend that the Committee:

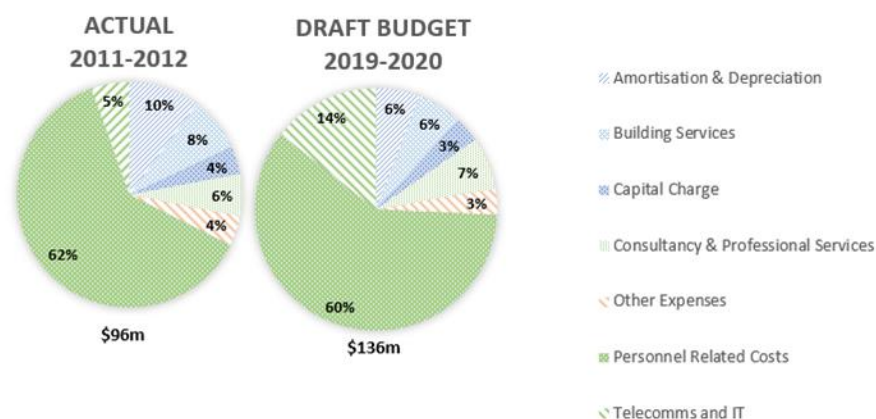
- 1 **note** that the Government funds the Official Statistics Multi-Category Appropriation to ensure that Stats NZ produces and maintains high quality, robust data products and services, to underpin critical decision making in the public and private sector
- 2 **note** that there are a range of existing performance measures and accountability arrangements that aim to preserve independence and maintain public trust in the Government Statistician.
- 3 **note** that I intend to approach Ministers and agencies over the coming months to discuss data gaps and how to prioritise filling them over the coming years.
- 4 **note** that Stats NZ continues to work closely with Central Agencies regarding its process for prioritisation of data and statistical activities, and to ensure that data priorities continue to be sustainably resourced.
- 5 **agree** that the Minister of Statistics will proactively release this paper, subject to any redactions made under the Official Information Act (1982).

Authorised for lodgement

Hon James Shaw  
**Minister of Statistics**

## APPENDIX ONE – Detailed breakdown of costs and revenue

As with many public sector organisations, the Stats NZ spending profile is predominantly driven by personnel costs. The below graph illustrates that while the total budget has increased since 2011/12, telecoms and information technology are the only costs to have increased significantly as a proportion of the budget.



### *Personnel related costs*

These costs relate to remuneration and capability growth, which is the primary driver of cost pressure moving forward. Stats NZ continues to ensure remuneration practices and strategy meet the expectations of central agencies and Ministers, however the growth of demand for data analytic capability is having significant impacts. Competition for the skilled staff is high, the changing skill set required for the new data environment requires investment in capability and higher remuneration levels. There is no planned increase to personnel resulting from the Budget 19 increase.

### *Telecoms and IT costs*

Stats NZ are heavily reliant on technology in an environment with growing IT and telecommunication costs. As a digital agency their technological changes (such as cloud-based services) combined with the Government ICT strategic direction have changed the nature of Stats NZ's capital expenditure significantly in recent years as innovative IT and digital technologies have been implemented (for example *Infrastructure as a Service*, *Telecommunication as a Service* and *Enterprise Content Management*). This shifts their investment profile to one with higher operational costs as significant parts of IT are moved to "as a service model". The impact is shown in the Telecommunication and IT costs growing from 5% to 14% of an increasing baseline.

### *Building rental*

Historically Stats NZ has seen annual rental growth of about 1% across the offices. The North Canterbury Earthquake had a significant impact on Wellington rental costs, with expected increase of costs in 2021/2022 of approximately \$2 million along with annual rental growth across other sites, in Christchurch and Auckland. Faced with increasing rental prices Stats NZ has adopted Activity Based Working approach which has enabled Stats NZ to reduce sqm in

Wellington and Auckland. CIGA the Christchurch office is a shared space with other government agencies which has associated costs for Stats NZ as lead agency.

### *Maintaining efficiency across the appropriation*

Stats NZ has reprioritised funding and focused on efficiencies within the core statistical areas to help fund the shortfall and meet customer demand. To illustrate how Stats NZ has done more with less, a comparison with 2010/2011 has been modelled below.

In 2010/2011 Stats NZ's MCA was \$87m of which \$12.3m was for coordination of the statistics system, with \$75m for production of official statistics. At that time Stats NZ did not operate the Integrated Data Infrastructure, nor was the Government Chief Data Steward function in place.

In 2011 Stats NZ was funded to improve four strategic priorities, with each priority aimed at transforming Statistics NZ into a fit for purpose National Statistical Office (NSO):

- Lead the Official Statistics System (OSS) so that it efficiently produces the information that New Zealand needs;
- Obtain more value from the country's investment in official statistics;
- Transform the way Statistics NZ delivers statistics;
- Be a more responsive, customer-focused, influential, and sustainable organisation.

At the time this funding was provided, Stats NZ was an agency that was focused on the effective and efficient delivery of statistics. The funding enabled Stats NZ to ensure the relevance of those statistics (through improvement of methodologies and maintenance), implement new systems and drive efficiency across our core statistical areas (with a reduction of more than 20% for the underlying Full Time Equivalent (FTE) personnel supporting core statistics).

Utilising the figures from 2010/2011 Stats NZ had 921 FTE and \$75m (Vote Statistics 2010/2011). Comparably in 2018/2019 Stats NZ delivered 'the same' statistics with 734 FTE and approximately \$105m (Estimates Vote Statistics 2018/2019), after adjusting for the time value of money and funding of new work, Stats NZ are 10% more efficient than in the 2010/2011 year for a comparable level of production.

Core Statistics - Statistical Information Services (Millions)	2010/2011	2018/2019	Variance	Variance %
As per appropriation	\$ 75	\$ 105		
Adjustment for salary increases and inflation		-\$ 20		
Adjusted for funding received for new work		-\$ 9		
Adjustments for IT costs		-\$ 11		
Adjustment for depreciation and amortisation costs		\$ 1		
<b>Comparison</b>	<b>\$ 75</b>	<b>\$ 67</b>	<b>-\$ 8</b>	<b>-10%</b>

Co-ordination of Government Statistical Activities (Millions)	2010/2011	2018/2019	Variance	Variance %
As per appropriation	\$ 12	\$ 33		
Adjustment for salary increases and inflation		-\$ 3		
Adjusted for funding received for new work		-\$ 12		
Adjustments for IT costs		-\$ 3		
Adjustment for depreciation and amortisation costs		\$ -		
<b>Comparison</b>	<b>\$ 12</b>	<b>\$ 14</b>	<b>\$ 2</b>	<b>13%</b>

9(2)(i) New funding \$10m (approximately \$10m across Environmental Reporting, Child Poverty and Financial Flows and Balance Sheets) Adjustment for IT cost differentials of \$10m or 10%

### *Future Implications*

Budget 19 has allowed Stats NZ to continue to fulfil its statutory requirements and international obligations related to production of official statistics, as well as provide ongoing stewardship of government data and statistical activities, however, it does face some continued financial challenges to deliver to Government priorities.

This means that Stats NZ has needed to sequence some activities related to these priorities, specifically:

- a. The development of a child poverty persistence measure will begin in 2020/21, following the collection and review of detailed survey data, on track for delivery in 2025. Some conceptual work will be undertaken in 2019/20 to ensure successful delivery in 2025.
- b. The functional leadership role relating to government data will be refocussed with an immediate focus being placed on how to address gaps on iwi affiliation data arising from Census 2018.

Stats NZ has reviewed a range of products to ensure that funding is prioritised to cardinal statistics and data that agencies have indicated is essential to their work. The below products (shaded) have been stopped to enable Stats NZ to refocus on core offerings.

Stats NZ is working with the responsible agency to find ways to close the gap between the amount currently funded for a number of other products (unshaded), and their true cost.

<b>Stopped Products</b>		
<b>Product</b>	<b>Relevant Minister</b>	<b>Impact as described by responsible agency</b>
New Zealand Energy Use	Minister of Energy and Resources	The survey cycle is currently on hold. A review is underway to ensure that the right information is being collected to feed into the policy needs as we work with various sectors and regions on the Just Transitions program of work.
Internet Service Provider	Minister for Government Digital Services	Ministry of Business Innovation and Employment agrees with stopping this survey
Screen Industry Survey	Minister of Arts, Culture and Heritage	The screen survey is used to monitor the growth of the screen sector – in terms of financial, employment and regional dispersal. The government has several targeted grants in this area so this is a key monitoring tool as to the impact that this investment is having.
Accommodation Occupancy Survey	Minister of Tourism	This is a census of commercial accommodation providers (hotels, motels and campgrounds) – it does not include Airbnb, book-a-bach or other sharing type accommodation.

Products under review with responsible agency		
Product	Relevant Minister	Impact as described by responsible agency
Research and Development in New Zealand	Minister of Research, Science and Innovation	The R&D survey runs every second year and measures the R&D spend across the various sectors of the New Zealand economy. It is an important indicator of growth and development and increases in R&D spend is linked to improved economic performance.
Business Operations Survey	Minister of Economic Development plus wide range of other Ministers	If this survey was to stop it would impact a wide range of research areas – from business practices, firm level productivity, value of IT adoption to businesses, employment practices, international engagement. It would seriously impact our ability to conduct research into businesses
Regional Gross Domestic Product	Minister Regional Economic Development	This is a key data source for monitoring regional economic development. It helps understand what is driving the various regions and how they are the same or different.
Tourism Satellite Account	Minister of Tourism	This is a key measure for the Tourism industry and helps break down both the value of the tourism sector as well as the various sectors that are contributing and how this is changing with the changing face of tourism
Cruise Survey	Minister of Tourism	No impact provided.

Stats NZ are subject to a number of non-discretionary cost pressures. The table below shows sets out current modelling of these cost pressures, and lists the basis for assumptions.

Modelled Cost Pressures non discretionary	2019/2020 \$M	2020/2021 \$M	2021/2022 \$M	2022/2023 \$M
<b>Cost Pressures</b>				
Building Rent Inflation	0.09	0.17	0.22	0.32
Rental Increase Wellington (New building as approved from 21/22)	-	-	1.63	1.76
		9(2)(j)		

Per Vote assessment funding difference in numbers have occurred as we have refined our model

#### Notes

Building inflation approx 1% pa based on previous experience of market changes

9(2)(j)

New Building as per signed lease