Stats NZ
Tatauranga Aotearoa

Stats NZ's Annual Report

For the year ended 30 June 2017

New Zealand Government

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Introduction from the Government Statistician and Chief Executive

Tukua te manu kia rere, kia ora
It is time to fly to new adventures and thrive.

Nau mai, haere mai ki tenei rīpoata o Tatauranga Aotearoa ō te tau nei.
Welcome to Stats NZ's annual report.

IT HAS BEEN a privilege to be part of Stats NZ's journey through 2016/17. As a data leader and innovator, we are continuing our journey to help New Zealand unleash the power of data; this has been an exciting year of innovation and improvement. I have enjoyed driving, watching, and sharing the success of Stats NZ, including cementing our place as world leader in the use of integrated data, with our Integrated Data Infrastructure now an indispensable tool for both researchers and government. To reflect our changing role, in March 2017 Statistics New Zealand became Stats NZ; with an update to our brand identity, we are interacting with customers in new and exciting ways.

But 2016/17 was not all plain sailing for us; the 14 November 2016 Kaikōura earthquake changed the landscape dramatically for Stats NZ. How well we handled this unexpected, enormous disruption to our systems and our people is a testament to the resilience and drive of Stats NZ staff, and the organisation as a whole. The earthquake saw significant damage to our Wellington headquarters, and a shutdown of our data centre. However, our back-up systems worked as planned, and we worked rapidly to get key systems online first, and to secure new, seismically sound accommodation for our people in Wellington.

You can read more about our recovery efforts in this report, but I would like to thank all our people for being so resilient following the earthquake. Thanks to them, we still managed to achieve an enormous amount in 2016/17, and deliver our core functions. Over the course of the year we put out more than 200 releases of data and statistics.

Crucially, we were able to release both Gross Domestic Product and Balance of Payments on 22 December 2016 – just over five weeks after the earthquake and only about a week later than scheduled.

The year ended with confirmation that I would take on the role of Government Chief Data Steward, with responsibility for the provision of data architecture, including technical data standards, and infrastructure across the government data system. The role has a priority focus on the economic and natural resource sectors. This is a fantastic reflection and endorsement of the progress we have made to unleash the power of data in New Zealand, and a challenge for us as we continue our journey.

I am pleased to present this annual report. While it can only cover some of our many successes, it shows what we have delivered and how we have progressed in 2016/17, progress we will build on further in the year ahead.

Liz MacPherson

Government Statistician and Chief Executive

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Stats NZ by the numbers

For the year ended 30 June 2017

New Zealand exported

253 million litres

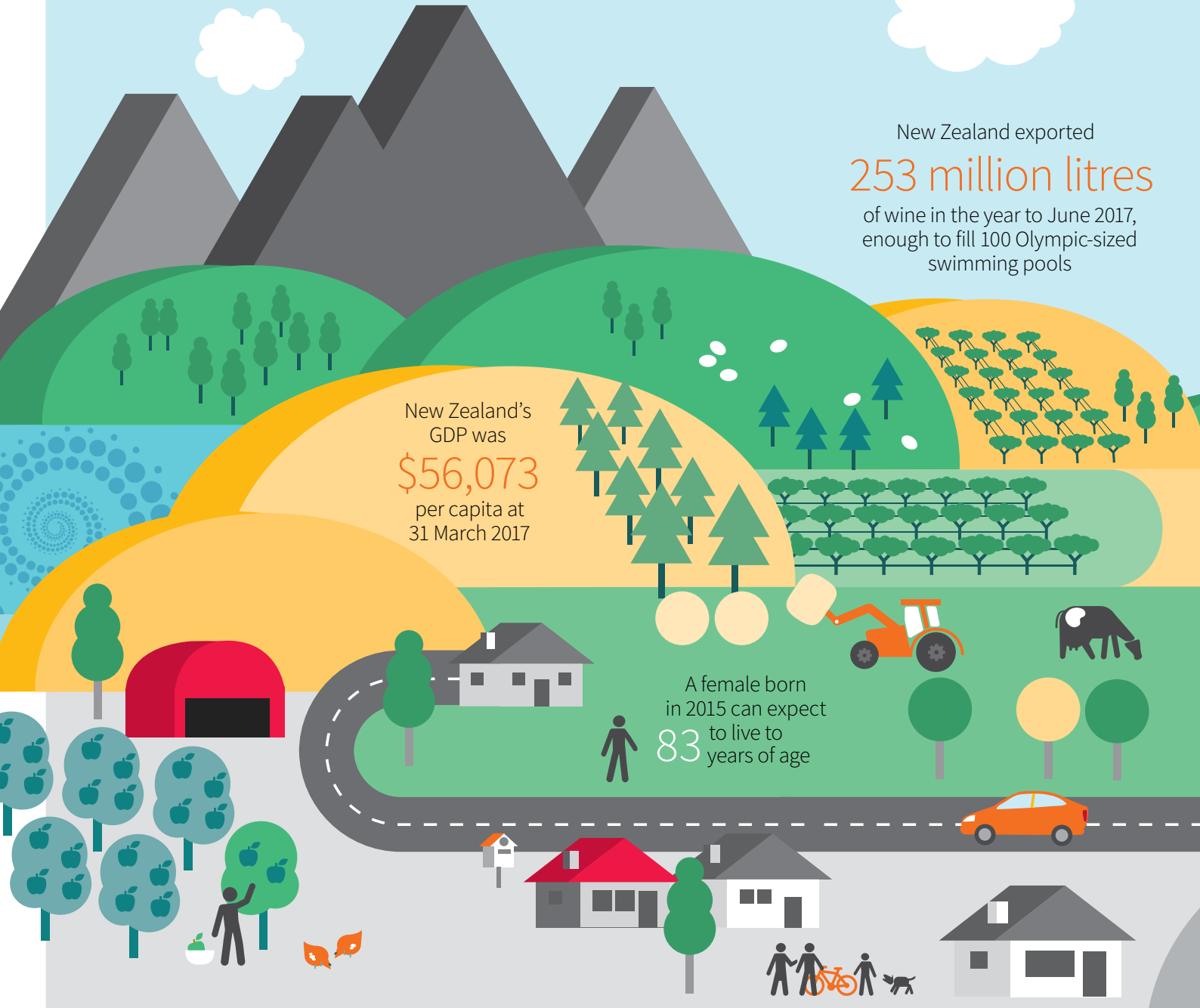
of wine in the year to June 2017, enough to fill 100 Olympic-sized swimming pools

New Zealand's GDP was

$56,073

per capita at 31 March 2017

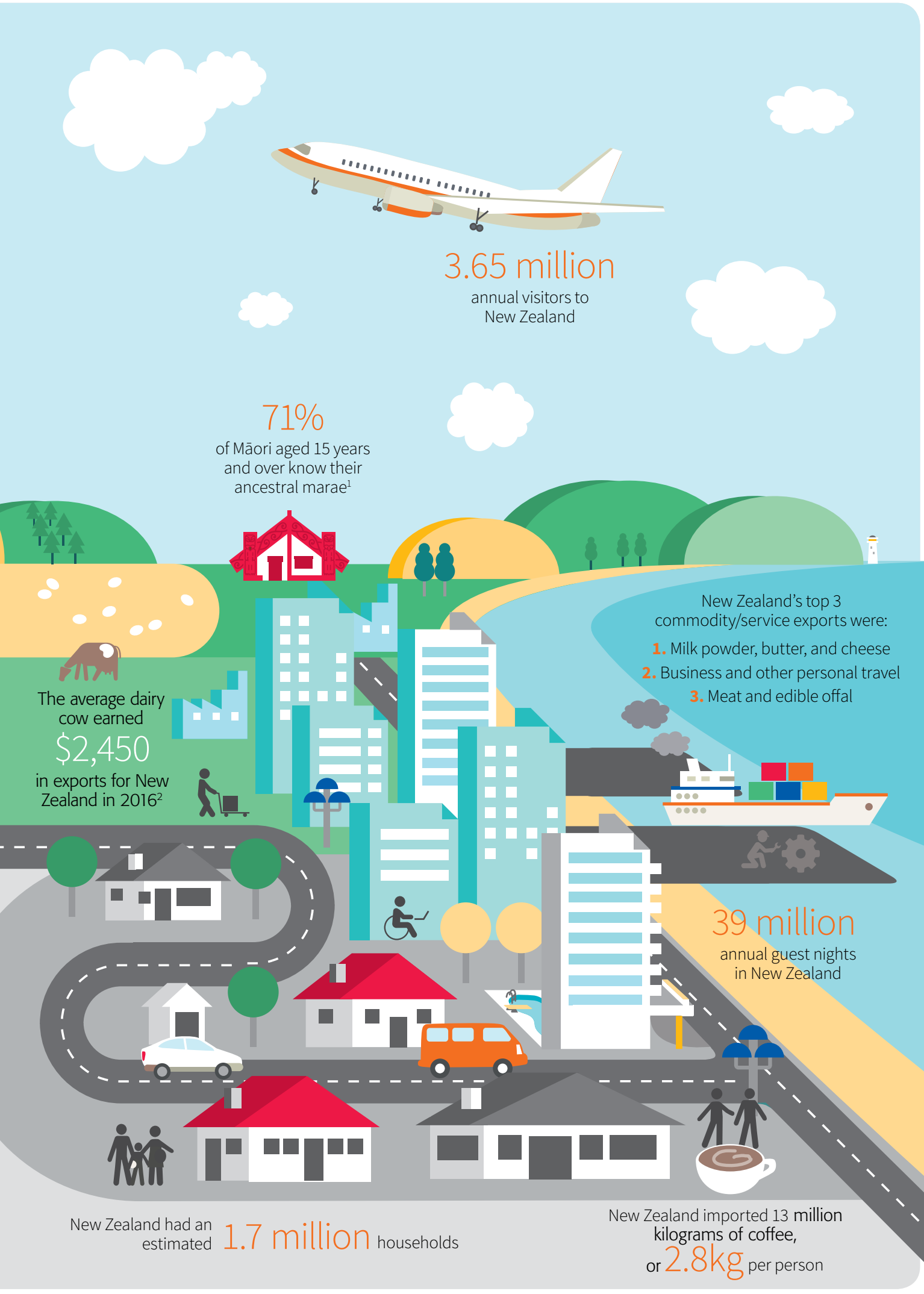
A female born in 2015 can expect to live to **83** years of age



Stats NZ in 2016/17

- We employed 924 people across New Zealand
- We collected 350,000 prices across 2,800 outlets
- Our Information Centre responded to 11,844 enquiries
- Our survey interviewers travelled 1.2 million km
- Our survey interviewers asked 2.9 million face-to-face questions
- We received 3.3 million visits to stats.govt.nz
- 130 Tier 1 statistics are in production
- Since 2002 we have reduced the number of businesses we survey by 71%

1. Te Kupenga 2013 2. Year ended December 2016


3.65 million
annual visitors to New Zealand
71%
of Māori aged 15 years and over know their ancestral marae[1]
The average dairy cow earned
$2,450
in exports for New Zealand in 2016[2]
New Zealand's top 3 commodity/service exports were:
1. Milk powder, butter, and cheese
2. Business and other personal travel
3. Meat and edible offal
39 million
annual guest nights in New Zealand
New Zealand had an estimated 1.7 million households
New Zealand imported 13 million kilograms of coffee, or 2.8kg per person

Who we are

STATS NZ IS a data agency in a data age. In 2017, *The Economist* recognised data as being more valuable than oil. Stats NZ has a critical role to play in unleashing the power of data to change lives through adding value to data – be it through system leadership, data services, or by providing robust and independent statistics.

Stats NZ is known for being reliable. We can be counted on to deliver statistics for critical decision-making in New Zealand. We also maintain our proud history of operating with integrity, and being fair, impartial, responsible, and trustworthy in everything we do.

Nevertheless we are a non-traditional statistical agency and seek to push the boundaries and lead the way for New Zealand's data future. We are building on our traditional role as a provider of statistics. We now have a new expanded remit as an enabler, innovator, and steward in the wider data ecosystem – to unleash the value and power of data.

Figure 1: Stats NZ strategic direction

Our strategic direction

In a dynamic age of digital disruption and data-driven demand, we are seizing the opportunity to remain relevant and add value in a world that is looking for answers

Our vision

Unleashing the power of data to change lives

Our purpose

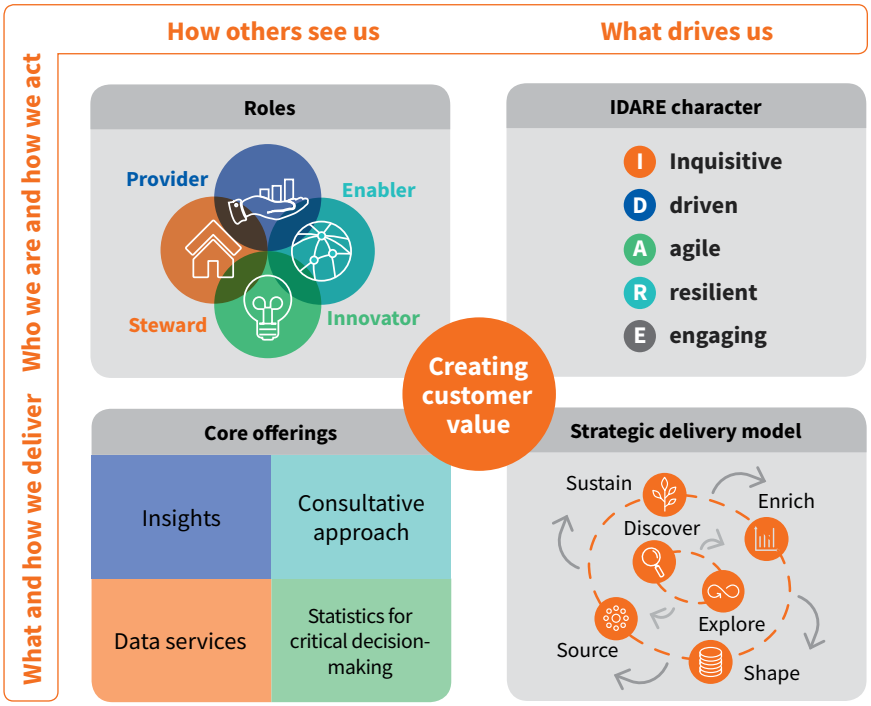
Empowering decisions by adding value to New Zealand's most important data

Our goals

To help improve outcomes for all New Zealanders, our goals are to:

- double the value of data provided by Stats NZ to New Zealand by 2018
- create a tenfold increase in value of the data provided to New Zealand by 2030

Our future state



Our current strategic direction was first fully articulated in our 2016–20 four year plan and is reflected in our 2016–20 strategic intentions, which were presented in the same document as our 2015/16 Annual Report. In essence, the direction describes the journey of who we want to be and how we are getting there. The body of this annual report focuses on what we have done in the past year on that journey.

Who we want to be

Our vision is ambitious – to move from an organisation that provides statistics on specific topics, to an organisation that now **unleashes data to change lives**. This vision underpins everything that Stats NZ does, and everything we will do in the future.

This vision expands and amplifies our traditional role of providing statistics for making critical decisions, enabling data to be unleashed for wider use. To this end, our purpose is to **empower decisions by adding value to New Zealand's most important data**, with the very ambitious goals of doubling the value of data provided by Stats NZ by 2018, and creating a tenfold increase in the value of data provided to New Zealand by 2030.

How we are getting there

We are making Stats NZ the home of data in New Zealand.

The future of Stats NZ depends on its people. Achieving our goal to **double the value of data provided by Stats NZ by 2018** is largely driven by organisational capability. This is why we are focused on continuing our journey to develop a culture that reflects our changing place in a changing data environment.

We are embedding an IDARE (inquisitive, driven, agile, resilient, engaging) culture, which embraces innovation, pace, and an appetite for acceptable risk. We will expand our ability (and the public perception of it) to provide the broader, fast-paced, value-adding, leadership being demanded in the data ecosystem. We will do this and still maintain our reputation for integrity and trust.

In September 2016, we embarked on a bold programme of work to challenge the way our organisation works, to encourage and foster innovation within Stats NZ. You can read more about this work in the body of this report; work such as investigating how we can enable more flexible data access and analysis, and make the most of automation to produce information for customers.

To truly unleash the power of data to change lives, we are growing our role. **Creating a tenfold increase in the value of data provided to New Zealand by 2030** is driven by system capability and is enabled through our focus on expanding stewardship and leadership.

In March 2017, we took responsibility for the Open Government Information and Data Programme, through which we work with government agencies to support, inform, troubleshoot, and advise on their release of open government data. We also work with data users to understand their needs, and connect users with relevant government contacts.

In June 2017, the Chief Executive for Stats NZ was confirmed as the Government Chief Data Steward. This functional lead role will help us further drive the delivery of tools and expertise to support the use of data, which includes developing a data roadmap for New Zealand, and ensuring Stats NZ and New Zealand's data ecosystem are fit for the future – by reviewing and updating the relevant legislation.

About this report: activity and performance

The remainder of this annual report highlights activity during the 2016/17 year, demonstrating how we are progressing our ministerial priorities and wider strategic aims, as well as our performance, as outlined in Stats NZ's Strategic Intentions 2016–20.

Our Ministerial Priorities

Stories and non-financial performance information in this report sit under the five ministerial priorities outlined in our 2016/17 Output Plan. They are:

Ministerial Priority 1:	Assume both a system and stewardship role by positioning the department as the centre of government excellence in the New Zealand data ecosystem
Ministerial Priority 2:	Enable customers, including decision-makers, to maximise the value of existing data
Ministerial Priority 3:	Experiment, test, and adopt innovative ways in which data is derived, collected, analysed, provided, and communicated, to improve effectiveness and efficiency
Ministerial Priority 4:	Partner and work with the private and non-government sector to explore opportunities to create additional value from data, and improve service delivery
Ministerial Priority 5:	Ensure Stats NZ is well-positioned to enable New Zealand to unleash the power of data to change lives.

Our key result areas and goals

TO PROGRESS OUR strategic direction, and become who we want to be, we focused on delivering against eight result areas and two goals in 2016/17. Progress against these result areas and goals is described here and under each of the five Ministerial priorities in this report.

To make it easier for readers to see at a glance which result area and goal each story addresses, icons accompany each performance story.

We are expanding our Data Services

Expanding our data services is key to our strategic direction. In 2016/17 we focused on improving our ability to provide data in various forms, including raw data. Expanding our Integrated Data Infrastructure (IDI), working towards a greater modular statistical production, digital data collections, machine-readable data, and use of application programming interfaces (APIs) to release existing published data are all parts of the way we worked towards this result in 2016/17.

We also created a new business group called 'Data Services' in March 2017 to bring together the key areas driving data services.

We deliver statistics for critical decision-making

Delivering statistics for critical decision-making is crucial to the continued relevance of official statistics in the data ecosystem.

This year, customer satisfaction measured through the net promoter score was 87 percent, compared with our target of 80 percent.

While some releases were delayed as we were recovering from the November 2016 earthquake, the release schedule was back on track by the fourth quarter of the year.

We know what stewardship means and how we will achieve it

Increasing our role as steward is part of our strategic direction. We put in place clear plans and policies about our stewardship role in 2016/17. Our stewardship work was incorporated into the wider system leadership role and continues the stewardship review work completed in 2015/16.

We have open, transparent, and trusting relationships internally, and with stakeholders, customers, and suppliers that support rapid change in the data ecosystem

Our relationships with our stakeholders, customers, and suppliers are key to us achieving our strategic direction. In 2016/17 we continued to build strategic relationships and deliver initiatives focused on customers. We continued internally implementing a relationship-management model with additional tools and guidance, supported by more regular meetings with key external customers, suppliers, and stakeholders.

The design of our physical space and technology supports a more collaborative, open, and outside-in culture

The Wellington Accommodation Project 2 (WAP2) redefined the way we use space – enabling internal collaboration and activity-based working.

Completion of the WAP2 project was disrupted by the damage to Statistics House in the November 2016 earthquake, although some of the activity-based-working approaches were carried through to our new accommodation in Wellington.

We operate in an 'IT as a Service' (ITaaS) way

We are changing the way our organisation uses technology. Operating in an 'IT as a Service' way means treating technology as a commodity, providing us with exactly the amount of hardware, software, and support we need. Delivery of ITaaS was affected by the November 2016 earthquake, and final delivery of this result is scheduled for 2017/18.

We offer data and statistical career pathways

We want to create a long-term career path for data experts alongside the statistical pathway at Stats NZ.

The ongoing job family review will ensure that we have the right workforce as our role in the data ecosystem evolves. This will result in clearly specified and transparent processes across the bands, and between statistics and data streams.

We maintain statistical relevance and organisational efficiency and effectiveness by improving and maintaining our systems, services, and products

We made both systemic and smaller improvements to systems, services, and products in 2016/17.

We developed a performance framework based on our strategic direction. New appropriation measures in 2017/18 challenge us to continue measuring our performance against customer need and perception.

We are increasing the value of data to help improve outcomes for all New Zealanders

Specifically our goals are to:

- double the value of data provided by Stats NZ to New Zealand by 2018
- create a tenfold increase in value of the data provided to New Zealand by 2030.

Confirmation of our role as Government Chief Data Steward, launch of the Data Leadership Hub, progressing the new data and statistics legislation, and our work to ensure New Zealand is open and transparent with its data and analytics are some of the ways we worked towards these goals in 2016/17.

Ministerial Priority 1:

Assume both a system and stewardship role by positioning the department as the centre of government excellence in the New Zealand data ecosystem

THIS PRIORITY INTENDS to provide enduring cohesion to the government data ecosystem. Stats NZ will steward and curate New Zealand's government data assets now and for the future. We will provide leadership by collaborating and partnering across the system, drawing on existing networks of data stewards and expertise, to anticipate needs for a responsive and sustainable data system and facilitate its development. Barriers will be removed and transaction costs associated with data and analytics reduced, ensuring others can deliver. We will support existing initiatives and help scale them for system use and impact.

When this priority is achieved, Stats NZ will have enabled data to be used to improve outcomes for New Zealand. Good practice and capability will be established and embedded across the system to manage and use data. Stats NZ will have created and be supporting a government data ecosystem that is trusted by New Zealanders.

Our key highlights for the 2016/17 year include:

- Government Chief Data Steward role confirmed
- launch of the Data Leadership Hub
- progress on new data and statistics legislation
- open data programme moves to Stats NZ
- international engagements.

Government Chief Data Steward role confirmed

This role will ensure government data is stewarded as a system asset leading to better outcomes through informed decision-making and evidence-based policy.

In recognition of Stats NZ's evolving role as a data agency, in late 2016/17 the State Services Commissioner delegated our Chief Executive and Government Statistician the role of Functional Leadership for Data – known as the Government Chief Data Steward.

This confirms our strategic direction and builds on our traditional role as a data provider, setting ourselves the additional roles of 'enabler, innovator, and steward' to assist us in unleashing the power of data.

The Government Chief Data Steward has responsibility for the provision of architecture, including technical data standards and infrastructure across the government data system, with a priority on the economic and natural resource sectors.

The intent of the role is to ensure that government data is stewarded as a system asset to help achieve better outcomes for New Zealanders, through informed decision-making and evidence-based policy. The Government Chief Data Steward will:

- empower agencies to use new data sources to drive new thinking and new opportunities
- put in place the system settings to realise the full potential of public sector data
- build capability by supporting agencies to design, manage, and use data
- co-develop shared approaches, practices, standards, and tools
- provide expert support and advice to sectors and agencies, targeting support where needed.

The Government Chief Data Steward will work alongside the Government Chief Digital Officer and the Chief Executive of the Social Investment Agency to ensure a shared-system approach to data.

The Data Leadership Hub

To help embrace the global data revolution, Stats NZ launched the Data Leadership Hub (the Hub). This is an external-facing service for data users (with an initial focus on central government), to promote good practice, grow capability, steward data, and provide support to agencies.

Still in the early stages of development, the Hub's potential value was showcased in June when we held two data standards workshops. Participants from more than 20 agencies worked together to understand how a framework for agreed system data standards could be designed together.

Initial gaps in data standards were identified and participants explored how these can be addressed by reusing, repackaging, or simplifying existing international, New Zealand, and agency standards.

Discussions highlighted the importance of standards, leading to the question "Why the duplication?" when people realised a number of agencies collect the same core set of data.

The Hub's benefits

- Data stewardship – we are working across government to develop a stewardship framework and supply tools.
- Data management – we are establishing a data consultancy service for government to build and grow their data asset-management capability, including understanding how they contribute value within and across agencies, and how datasets can be made available to others (eg as open data).
- Data standards – we will implement agreed, easy-to-follow, consistent standards for the way organisations capture data, leading to increased data sharing and enhanced value from that data.

Progress on new data and statistics legislation

The Statistics Legislative Review will add value to New Zealand's data system by removing any current barriers, enabling innovation, and preparing us to stay at the cutting edge of the data revolution.

Stats NZ worked with Māori and a wide range of stakeholders, including other government agencies, businesses, data innovation companies, non-government organisations, and academics to prepare for public consultation on key directions for the new legislation. This includes ways to make the legislation more responsive to changes in the data environment.

We will continue to work with these groups to develop policy options for public consultation in 2018. As well as new policy settings to support the efficient production of official statistics in a modern data environment, new legislation will support our wider responsibility to work with others to get the most from one of New Zealand's most strategic and precious assets – data.

Legislative review work is informing us on data acquisition, sharing, quality barriers in the data system that inhibit the ability to achieve greater value from data, and appropriate transparency, confidentiality, and security settings for maintaining trust and confidence.

Open data programme moves to Stats NZ

Open data is a cornerstone to achieving our vision to unleash data. It contributes to our work to ensure New Zealand is open and transparent with its data and analytics.

The Open Government Information and Data Programme transferred from Land Information New Zealand to Stats NZ in early 2017. The programme supports the government's objectives to release high value, non-personal, non-restricted data in usable formats.

Stats NZ has received funding of $7.2 million over three years to encourage and support agencies to release open data, where it is safe and appropriate to do so, ensuring that privacy and confidentiality is maintained.

It will cost some agencies very little to make their data more open, although others will need to invest to change existing infrastructure, which can be time consuming and costly.

Since the programme's transfer to Stats NZ, we have continued to engage with the open data community and supported central and local government to make more of their data available. We reviewed the framework supporting the release of open data and sought feedback from the community on priorities over the next three years. We will provide training and tools, support to prioritise data for release, build capability, and access to expertise to provide practical assistance.

Our international engagements

International engagement adds value to New Zealand's data system as we share good ideas about what we deliver and how we do it, engage across borders, and help New Zealand play its part as a responsible global citizen.

As New Zealand's guardian of official statistics, Stats NZ is part of an international community of national statistics offices. We are party to the United Nations Fundamental Principles of Official Statistics and are proud of the contribution we bring to the table internationally when it comes to data, analytics, and statistics. On the international engagement front, 2016/17 was a busy year for us. These are some of our engagement activities.

- Hosting the International Census Forum in Wellington in October 2016. Census teams from Australia, Canada, England (and Wales), Ireland, Scotland, and the United States spent four days learning lessons from the 2016 Australian, Irish, and Canadian censuses, sharing Stats NZ's plans for 2018, and hearing about the progress that England, Scotland, and the United States are making towards their 2021 Censuses.
- In August and September 2016, Stats NZ staff participated in several data-related meetings in Europe, including the International Population Data Linking Conference, and the UN Conference on Big Data for Official Statistics. They shared Stats NZ's experiences, learnt about developments with big data, and explored opportunities for further collaboration.
- In March 2017 a group of European researchers visited New Zealand to foster a joint project between New Zealand and the European Commission on Social Investment, a key priority for the government.
- In January 2017 Stats NZ staff visited the Statistical Development Division of the Secretariat of Pacific Community in New Caledonia to discuss social surveys in the Pacific Islands, as part of Stats NZ's broader data leadership role.
- Stats NZ officials attended the 48th United Nations Statistical Commission (UNSC) session in New York in March 2017. The session's theme was Better Data, Better Lives. Stats NZ had an influential presence at UNSC, actively participating in decision-making and presenting at an Open Data seminar. A number of nations gave positive feedback about Stats NZ's strategic direction around data leadership.
- In June 2017, representatives from Stats NZ attended the Conference of European Statisticians meeting in Geneva, where the two key discussion sessions, Measuring Poverty and The Next Generation of Statisticians and Data Scientists, were of particular interest to us.

Performance information

Achieving key milestones

Of the 26 key milestones set in our Output Plan for this priority, 84 percent were achieved in 2016/17, one is on track, two are delayed, and one was cancelled. In addition to the stories and case studies in this priority, we made the following progress.

- Stats NZ developed a new report on children's material well-being from new questions measuring children's non-monetary well-being. We introduced the new questions to the Household Economic Survey in 2016/17; the results were later included in the Ministry of Social Development's Incomes report.
- The Cloud Centre of Excellence programme was established. This involved Stats NZ working closely with the Department of Conservation, Department of Internal Affairs, SUPERU, Ministry for Culture and Heritage, New Zealand Transport Agency, and the Ministry of Education. The November 2016 earthquake resulted in this being put on hold, for review in 2017/18.
- We worked together with NZ Police on moving the recorded crime (RCVS and RCOS) data release from NZ.Stat to a new reporting tool accessible from the Police website (policedata.nz). The new tool presents data in a series of standardised, user–friendly, interactive reports and is now the official source of Tier 1 crime statistics.
- The Tier 1 statistics review was incorporated into the wider system leadership work and delayed, to ensure alignment with the data roadmap that is currently being developed.
- A test version of Stats NZ's new website became available. We invited users to visit the site and provide feedback. The current website will remain available until Stats NZ completes the new website, which will make it easier for customers to find, access, and use our statistics and data.
- Delayed relates to monitoring and reporting on implementing Tier 1 statistics:
  - Refresh of Tier 1 statistics.
- Delayed relates to support of the Government ICT Strategy 2015:
  - Completed data transfer proof of concept.
- Cancelled relates to chairing and supporting the cross-Government Information group:
  - Develop a cross-sector capability strategy – now included into system leadership work.

Achieving appropriation performance measures

The non-financial performance measures reported in Table 1 that relate to this priority are spread across two appropriations: the Official Statistics multi-category appropriation and the Data Futures Partnership appropriation.

Stats NZ's performance against our Output Plan (Purchase and Performance Agreement) with the Minister was positive. The Minister of Statistics indicated he was 'very satisfied' with the policy advice and ministerial servicing received in 2016/17.

However, the percentage of briefings submitted to the Minister, and responses to ministerial correspondence within agreed timeframes, were significantly below target mostly as a result of disruption from the November earthquake. By the fourth quarter of 2016/17 both measures were back on target.

The number of visits to the Stats NZ website continued to increase; the result was 30 percent above target (3.3 million visits), indicating that the number of people accessing statistics through this channel continues to increase.

The first-stage indicators of success within the first six months of establishing the Data Futures working group were achieved in the 2016/17 year, including development of objectives and goals for the initiative.

Revenue and output expenses for each appropriation are published with the financial statements on pages 89-92.

Table 1: Taking a stewardship role – performance information

Assessment of performance by measure	2015/16 result	2016/17 target	2016/17 result	Variance to target
Multi Category Appropriation – Stewardship of Government Data and Statistical Activities This category is intended to achieve leadership of the New Zealand data ecosystem and to facilitate awareness and use of statistical information.				
Satisfaction of the Minister of Statistics with the advice services, as per the Ministerial satisfaction survey	100%	100%	100%	N/A
Percentage of briefings submitted to the Minister within agreed timeframes	New measure	90%	84%	-6%[1]
Percentage of responses to parliamentary questions submitted to the Minister within required timeframes	New measure	100%	100%	N/A
Percentage of responses to ministerial correspondence submitted to the Minister within agreed timeframes	New measure	100%	83%	-17%[2]
Percentage of responses to departmental Official Information Act requests sent within statutory timeframes	New measure	100%	100%	N/A
100% web-based services provide people with access to free information about all statistical services, measured by the number of visits to the Stats NZ website	2.9 million	2.5 million	3.3 million	30%[3]
Requests for customised data	875	950	780[4]	-18%[5]
Microdata access enquiries	88	60	64	7%
Free telephone and email enquiries	10,941	11,500	11,844	3%[6]

Assessment of performance by measure	2015/16 result	2016/17 target	2016/17 result	Variance to target
Responses to statistical enquiries are provided within the timeliness standard and high-quality services are provided, measured through customer satisfaction	97%	80%	87%[7]	7%
Number of capability-building services, including outreach seminars, workshops and visits	41	150	139	-7%[8]
Appropriation enabling the activities of the Data Futures Partnership				
First stage indicators of success within 12 months of the establishment of the working group	New measure	On track	Achieved	N/A
Completion of in-depth review on progress and the success of the initiative, along with advice, ongoing funding levels and sources, within two years of the working group being set up	New measure	Achieved	On track[9]	N/A
Produce six-monthly report against the outcome success indicators	New measure	Achieved	Achieved	N/A
Deliver a set of catalyst data-use projects and additional projects over the next two years	New measure	Achieved	Achieved[10]	N/A

1 In quarter 1, 14 of 19 briefings (74%) were delivered within agreed timeframes and a further two (11%) were delivered a day later. In quarter 2, 20 of 24 briefings (83%) were delivered within agreed timeframes. In quarter 3, 14 of 17 briefings (82%) were delivered within the agreed timeframes. In quarter 4, 19 of 19 briefings (100%) were delivered within the agreed timeframes. The timeliness of briefings is measured as part of the Estimates for the first time in 2016/17.

2 In quarter 1, 100% of responses were submitted within the agreed timeframes. In quarter 2, 2 of 4 (50%) responses were submitted within the agreed timeframe. In quarter 3, 100% of responses were submitted within the agreed timeframe. In quarter 4, 100% of responses were submitted within the agreed timeframe.

3 The number of visits to the Stats NZ website has steadily increased over the past three years. A new website design to be launched in 2017/18 may further affect the number of visits in future.

4 This total includes data requests from international agencies, commonly known as international questionnaires.

5 It is normal that requests for customised data decrease in the later years of the census cycle.

6 Stats NZ does not include all free enquiries in this count, only those that are statistical/data enquiries.

7 This measure is reported through our 'Net Promoter Score' survey for customised data requests.

8 The nature of Stats NZ's capability services has changed, which is affecting reported numbers.

9 Two years from establishment is October 2017.

10 21 data catalyst projects have been co-funded since the Partnership was established.

Ministerial Priority 2:

Enable customers, including decision-makers, to maximise the value of existing data

THIS PRIORITY IS about Stats NZ being a customer-centric organisation, focused on bringing the outside in. It is about us creating an environment that means we are continually engaged with our customers, ensuring that maximising the value of data is central to our work. This priority is particularly aligned with our insights core offering in our strategic direction, as well as contributing to our goals to increase the value of data.

Our key highlights for the 2016/17 year include:

- expanding the IDI
- environmental reporting
- improving the timeliness of regional GDP
- new price indexes
- motherhood penalty report
- new version of Te Ao Mārama.

Expanding the IDI

The Integrated Data Infrastructure (IDI) provides a unique data resource for researchers. It brings confidentialised data together from an increasing number of sources and enables the open data approach that is fundamental to unleashing the power of data to change lives.

Demand for expanding the IDI has continued to increase, and its use has broadened to include a much wider range of researchers. This was a key driver for establishing the Integrated Data Advisory Group (IDAG). The IDAG was formed in January 2017 to 'enable the use of integrated data to inform decision-makers for improved outcomes for New Zealanders'.

The group's focus is to integrate the highest priority datasets into the IDI and Longitudinal Business Database, improve access to integrated data, encourage visibility of outputs and real-world outcomes, and demonstrate transparency around governance and dataset prioritisation. The IDAG has members from government and non-government sectors. The group balances the needs and viewpoints of stakeholders from a wide range of areas, to give a cross-sector overview of priorities and potential issues.

International interest in the IDI has also increased. New Zealand is being looked to by Europe, Singapore, Canada, and Australia as a world leader in linked government and non-government data. This includes our processes to ensure security best-practice standards are applied to maintain privacy and confidentiality. Stats NZ has hosted several international delegations this year, and continued dialogues beyond those visits.

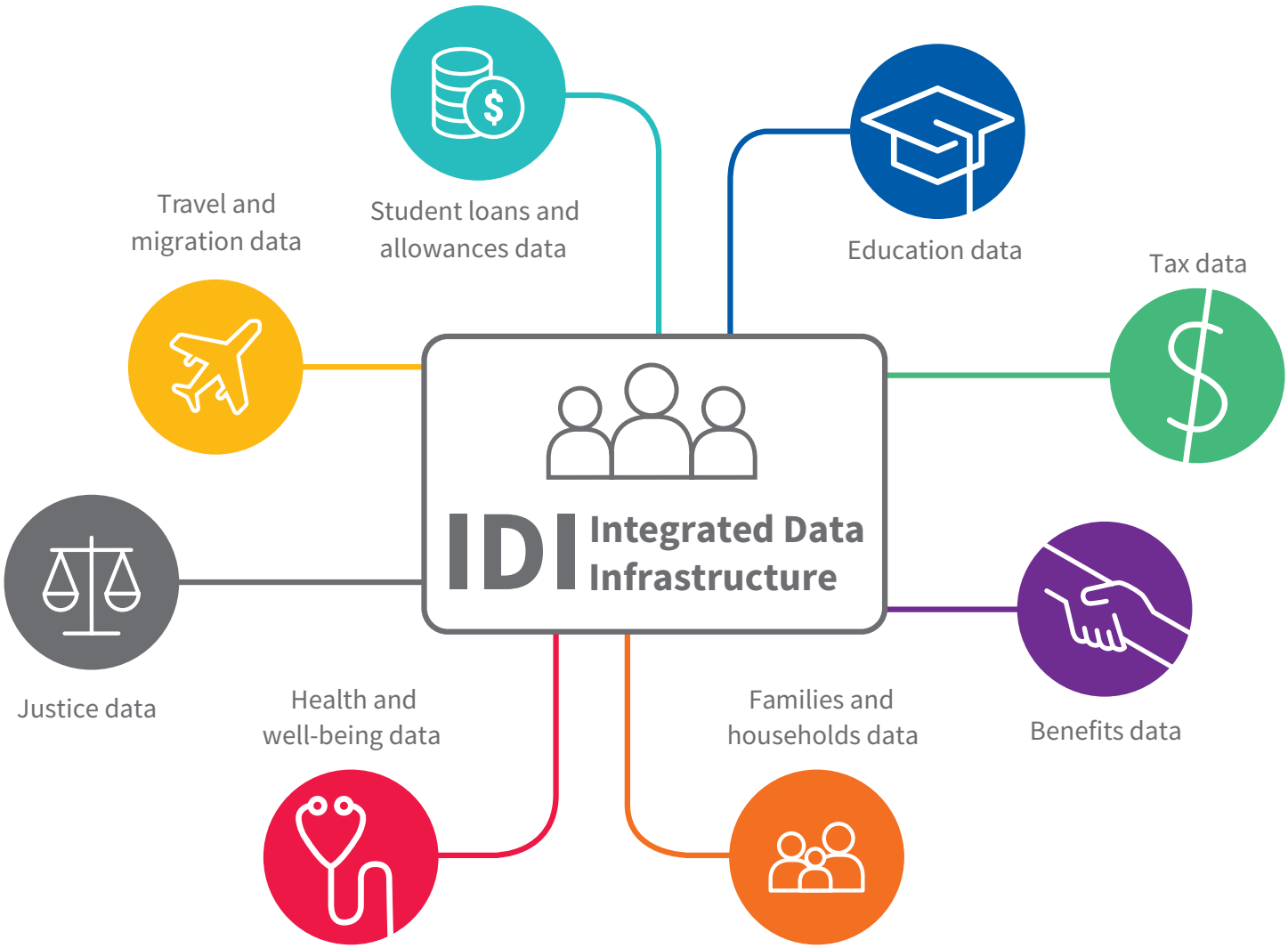
One example is a new partnership between New Zealand and the European Union. The Prime Minister and President of the European Commission agreed a scientific partnership on the value of social investment approaches using linked administrative data, led in New Zealand by the Office of the Prime Minister's Chief Science Advisor. In September 2016, Stats NZ staff attended a conference at the European Commission Joint Research Centre (JRC) about the use of big data. This was followed by a workshop and meetings in New Zealand in March where JRC officials, chief science advisors, Stats NZ, and participants from different agencies discussed concrete research projects. A further visit is planned for early July, where Stats NZ will host JRC researchers and the New Zealand research teams as the initial joint research projects begin.

In New Zealand, researchers using Stats NZ microdata applauded the Government Statistician's signal that we are moving toward an open data environment by encouraging the sharing of research findings. IDI staff worked with Government Statistician Liz MacPherson to email all current microdata researchers on 29 May 2017, asking that research findings, code, and tables (once confidentiality checked) are shared by default.

This sharing will help build communities of interest where researchers can work collaboratively, avoid duplication, and build capability. It will also provide transparency for how data collected through surveys and administrative sources are used, and accountability for taxpayer dollars spent on building datasets and databases such as the IDI.

Data in the IDI April 2017

Stats NZ's Integrated Data Infrastructure (IDI) is a large research database containing de-identified microdata about people and households.



The IDI contains person-centred microdata from a range of government agencies, Stats NZ surveys including the 2013 Census, and non-government organisations. For more information about data in the IDI, see **www.stats.govt.nz/idi-data.**

The Longitudinal Business Database (LBD) complements the IDI with microdata about businesses. For more information about data in the LBD, see **www.stats.govt.nz/lbd.**

Stats NZ operates a five-safes environment, balancing privacy and confidentiality with data insights.
For information about applying to use the IDI or to learn about how we keep the data safe, see **www.stats.govt.nz/idi**

Stats NZ
Tatauranga Aotearoa

Health and well-being data

- ACC injury claims – from 1994
- B4 School Checks – from 2011
- Cancer registrations – from 1995
- Chronic conditions – from 2007
- General medical services claims – from 2002
- Health tracker – 2006–13
- Laboratory claims – from 2003
- Mortality – from 1988
- Immunisation – from 2006
- National non-admitted patient collection – from 2007
- Pharmaceuticals – from 2005
- PHO enrolments – from 2003
- Population cohort demographics and addresses – from 2004
- Mental health and addiction – from 2008
- Publicly funded hospital discharges – from 1988
- National Needs Assessment and Service Coordination Information System (SOCRATES)

Justice data

- Recorded crime: offenders – from 2009
- Recorded crime: victims – from 2014
- Court charges – 1992–2013
- Sentencing and remand – from 1998

Benefits and social services data

- Benefits – from 1990
- Youth services – from 2004
- Auckland City Mission – from 1996
- Children's Action Plan – from 2013

Tax and income data

- Tax and income – from 1999

Education and training data

- Early childhood education – 2008–15
- Primary education – from 2007
- Secondary education – from 2004
- Tertiary education – from 1994
- Industry training – from 2001
- Targeted training – from 2001

Student loans and allowances data

- Student loans and allowances – from 1992

Travel and migration data

- Driver licence and motor vehicle registers
- Border movements – from 1997
- Visa applications – from 1997
- Departure and arrival cards – from 1997
- Migrant Survey – from 2012
- Longitudinal Immigration Survey of NZ – 2005–09

Family and household data

- 2013 Census
- Births, deaths, marriages, and civil unions – from 1840
- Child, Youth and Family – from 1991
- Household Economic Survey – from 2006
- Household Labour Force Survey – from 2006
- NZ Income Survey – from 2006
- Working for Families – from 2003
- Tenancy – from 2000
- Social housing – from 1980
- Survey of Family Income and Employment – 2002–10

New Zealand's marine environment at a glance

Our marine environment 2016

The number of seabirds, sea lions, and fur seals caught in fishing gear is decreasing. The risk of bycatch remains high for some rare species.

Decreased bycatch is likely due in part to mitigation measures, eg bird-scaring and sea lion exclusion devices.

The marine economy was worth $4 billion (1.9% of GDP) in 2013, almost half from offshore minerals (mainly oil and gas).

It sustained 102,400 jobs, mostly in shipping, fishing and aquaculture.

The number of new marine species arriving in coastal waters is growing.

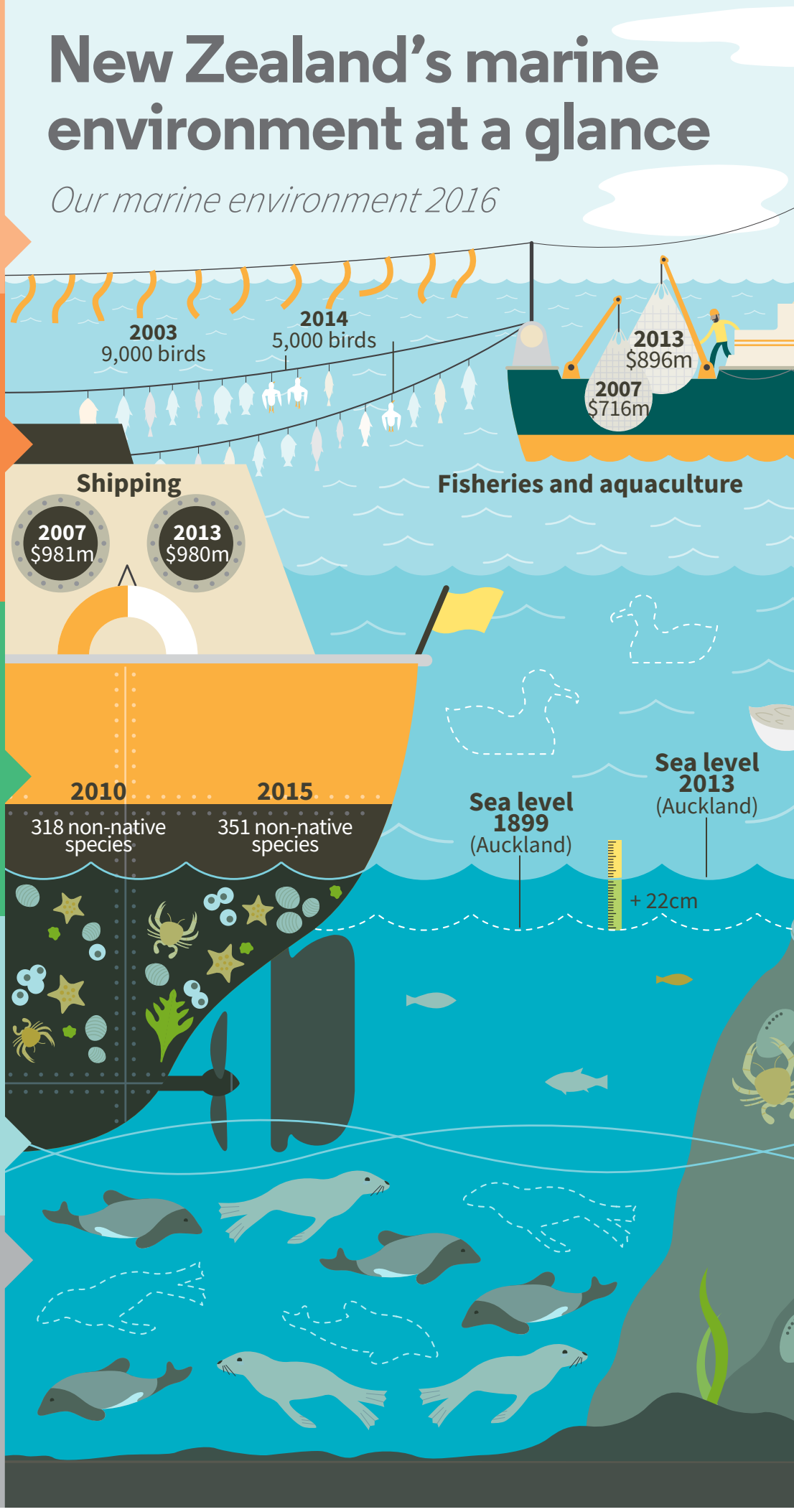
These species can compete with and prey on native plants and animals, alter environments, and affect marine industries.

Climate change is causing sea levels to rise around New Zealand's coastline.

Rising sea level is a cause of coastal erosion, which harms the habitats of shorebirds and other coastal dwellers, including people.

More than a quarter of our native marine mammals are threatened with extinction.

The greatest risks they face are from fishing impacts, marine pollution, and changes to food sources and habitats.



Climate change – driven by CO_2 and other greenhouse gas emissions – is a long-term threat to our marine environment by warming the water, and causing sea-level rise.

Globally, New Zealanders are the fifth-highest emitters per person of greenhouse gases.

Our coasts are under pressure from excess sediments, nutrients and other pollution running off the land.

Degraded coastlines compromise Māori values, recreation, and wildlife habitats.

90% of native seabirds and shorebirds are threatened with or at risk of extinction.

At sea, seabirds are threatened by marine pollution and fishing by catch.

On land, seabirds and shorebirds are vulnerable to introduced predators, storms, coastal development, and other human impacts.

New Zealand's ocean temperatures are rising due to climate change.

Warmer waters change the marine environment, eg driving fish to swim to cooler waters.

The ocean absorbs CO_2 from the atmosphere, making sea water more acidic.

Increased acidity can make it harder for shellfish to form shells, and reduce vital plankton populations.

Environmental reporting

Stats NZ's environmental reporting is adding value for New Zealand's decision-makers and the public by producing consistent, independent reports in partnership with the Ministry for the Environment.

Stats NZ and the Ministry for the Environment co-produce an environmental report every six months, rotating through reports on the state of Aotearoa New Zealand's air, marine, fresh water, atmosphere and climate, and land domains.

In October 2016 we jointly released *Our Marine Environment 2016*, which put New Zealand's oceans and coasts under the microscope. The report identified three top areas of concern:

- global greenhouse gas emissions are causing ocean acidification and warming – changes that will continue for generations
- most of our native marine birds and many mammals are threatened with, or at risk of, extinction
- our coasts are the most degraded of all marine areas, due to sediment and nutrients washed off the land, introduced marine pests, and seabed trawling and dredging.

A companion report produced by Stats NZ, *New Zealand's marine economy: 2007–13*, showed the marine economy contributed 1.9 percent, or $4 billion, to our gross domestic product in 2013, about the same as the 2 percent contribution in 2007.

In April, we released *Our fresh water 2017*, our second environmental reporting publication for 2016/17, following months of hard work from the environmental reporting team to complete the report and update the indicators.

- The report examined the increasing pressures on our rivers and lakes, and the threats to our biodiversity. Within 24 hours the report generated more than 80 news stories – including longer features and comment pieces.
- To coincide with *Our fresh water 2017* we also published a report showing the value of water and other renewable energy. See *Asset value of water resources and other renewables for electricity generation: 2007–15.*
- Our efforts to develop a freshwater 'swimability' measure are ongoing – our aim is for the measure to be robust for tracking changes over time.

Regional GDP – improving timeliness

Improving regional GDP timeliness provides value to government and businesses by arming them with a more comprehensive suite of information on regional New Zealand's industry in a more timely way.

Stats NZ has worked to improve the timeliness of the regional gross domestic product (GDP) measures, and annual data and statistics about the New Zealand economy and industry activity, by one full year.

Regional GDP estimates rely on annual financial data from businesses, which is sourced and shaped for our overall GDP outputs. The high number of data sources and complexity of processing methods have historically led to a long production cycle.

Until 2016, industry-level regional GDP was only available with a two-year lag. This piece of work reduced the lag to one year. More timely data can provide better insight into the dynamics of regional economic performance.

An additional $1 million in funding from Budget 2016 allowed us to speed up the delivery of these outputs. It also allowed us to produce detailed estimates of how 19 separate industries contribute to GDP in all 15 regions.

The increased timeliness is of particular benefit to MBIE, research companies, banks, and other organisations that use regional GDP to produce detailed region-by-region analysis.

New price indexes plug 20-year data gap

The innovative HLPI initiative adds value to New Zealand's data system by providing a more comprehensive dataset for critical decision-making.

October's release of the household living-costs price indexes (HLPI) background paper provided fresh insights into how 13 different groups in our society experience inflation.

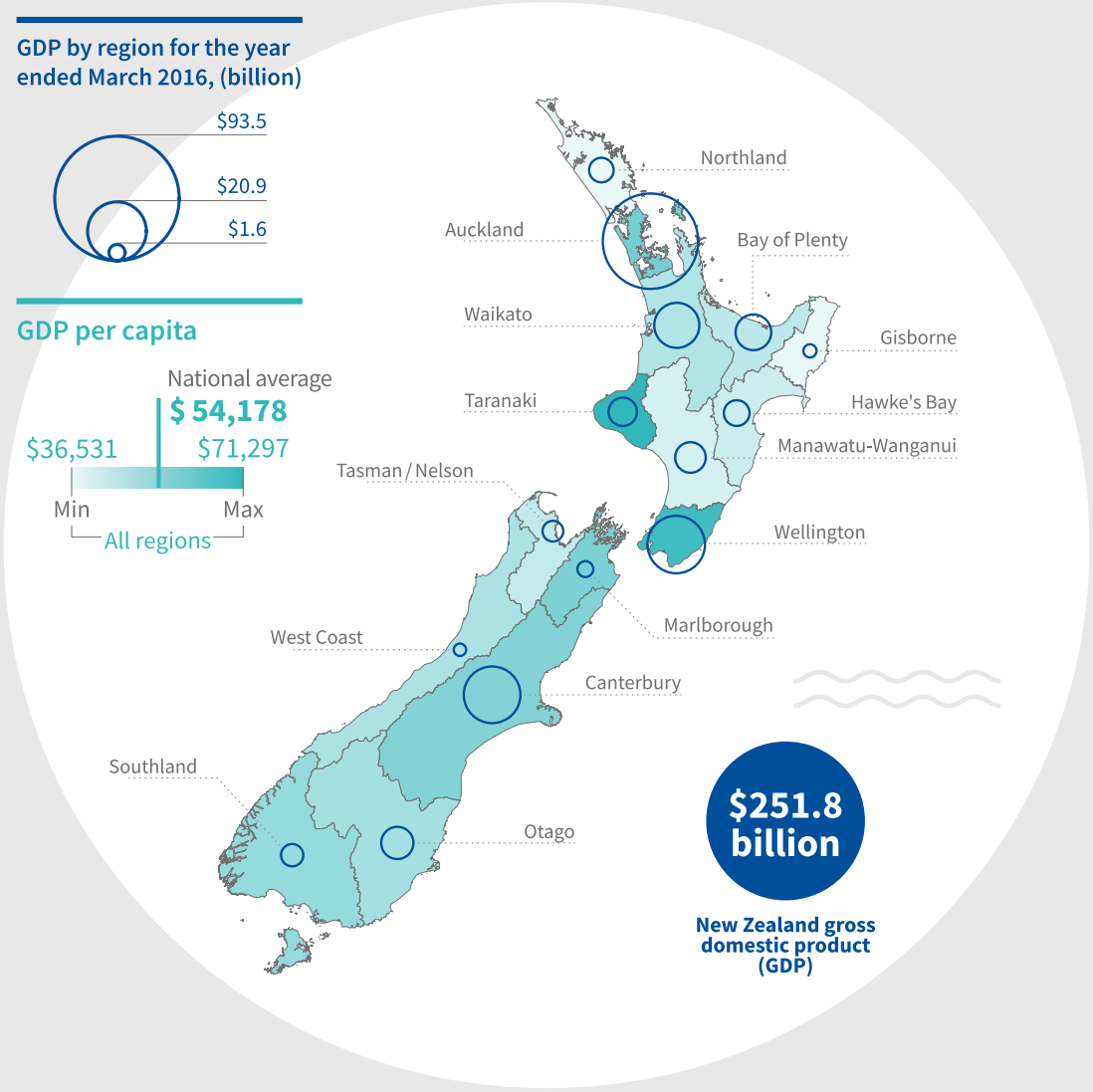
By breaking down inflation into these separate groups we unlocked analytics on the distribution of inflation – revealing the varied ways in which inflation affects different parts of society. This means we can compare the difference in inflation between the highest and lowest income households, or households with high levels of spending against more frugal households. No household experiences the same inflation rate as another as each has a slightly different spending pattern.

The 13 groups are: beneficiaries, Māori, superannuitants, five different income level groups (low to high), and five different expenditure groups (low to high). The HLPIs were designed to measure changes in the purchasing power of money; they capture owner-occupied housing costs by including interest payments and a link to market-value property prices. This means the indexes better reflect households' experience of inflation. The indexes are weighted differently for each household group to ensure they reflect the typical expenditure for that group.

We followed up the HLPI background paper, which included a historical series of the index, with a release of the series for the year to 30 September 2016. This revealed that between June 2008 and September 2016 superannuitants had experienced inflation of 19 percent, the highest of the 13 household groups, compared with 13 percent overall inflation.

The HLPI release also revealed the highest-expenditure group (top 20 percent of households ranked by expenditure) experienced 9.1 percent inflation, compared with 18 percent for the lowest-expenditure group. Varying home-ownership rates across the groups accounted for much of this difference.

New Zealand's regional economies | 2016

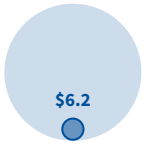


	GDP value, $(billion)	GDP per capita, $	Change in GDP, 2011–16, %
Northland	6.2	36,531	18.2
Auckland	**93.5**	58,717	31.1
Waikato	20.9	47,119	20.6
Bay of Plenty	13.1	44,997	21.7
Gisborne	1.8	36,955	14.8
Hawke's Bay	6.8	42,366	15.0
Taranaki	8.3	**71,297**	-4.3
Manawatu-Wanganui	9.6	40,645	12.1
Wellington	34.0	67,888	21.4
Tasman / Nelson	4.4	43,954	19.0
Marlborough	2.6	57,046	**32.3**
West Coast	1.6	48,156	1.1
Canterbury	33.1	55,727	31.9
Otago	10.7	49,407	22.3
Southland	5.1	52,497	3.7
		National average 54,178	National average 23.8

Gross domestic product by region, 2016

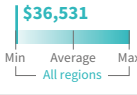
Northland
Regional GDP, 2016

GDP value, (billion)



2.5% of NZ GDP

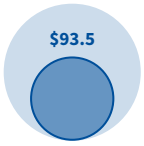
GDP per capita



Change in GDP, 2011–16

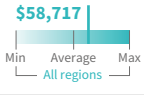
Auckland
Regional GDP, 2016

GDP value, (billion)

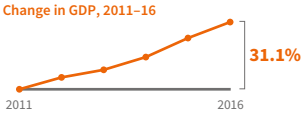


37.2% of NZ GDP

GDP per capita



Change in GDP, 2011–16

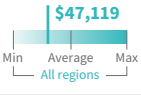


Waikato
Regional GDP, 2016

GDP value, (billion)

8.3% of NZ GDP

GDP per capita



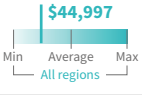
Change in GDP, 2011–16

Bay of Plenty
Regional GDP, 2016

GDP value, (billion)

5.2% of NZ GDP

GDP per capita



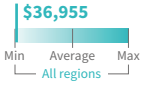
Change in GDP, 2011–16

Gisborne
Regional GDP, 2016

GDP value, (billion)

0.7% of NZ GDP

GDP per capita



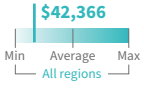
Change in GDP, 2011–16

Hawke's Bay
Regional GDP, 2016

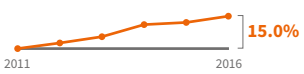
GDP value, (billion)

2.7% of NZ GDP

GDP per capita



Change in GDP, 2011–16

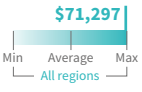


Taranaki
Regional GDP, 2016

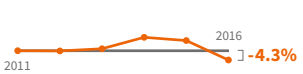
GDP value, (billion)

3.3% of NZ GDP

GDP per capita

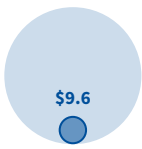


Change in GDP, 2011–16



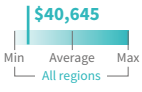
Manawatu-Wanganui
Regional GDP, 2016

GDP value, (billion)

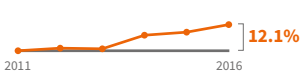


3.8% of NZ GDP

GDP per capita



Change in GDP, 2011–16

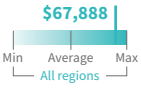


Wellington
Regional GDP, 2016

GDP value, (billion)

13.5% of NZ GDP

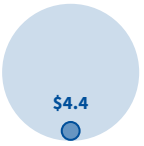
GDP per capita



Change in GDP, 2011–16

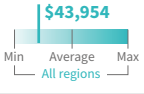
Tasman / Nelson
Regional GDP, 2016

GDP value, (billion)



1.7% of NZ GDP

GDP per capita



Change in GDP, 2011–16

Marlborough
Regional GDP, 2016

GDP value, (billion)

1.0% of NZ GDP

GDP per capita

Change in GDP, 2011–16

West Coast
Regional GDP, 2016

GDP value, (billion)

0.6% of NZ GDP

GDP per capita

Change in GDP, 2011–16

Canterbury
Regional GDP, 2016

GDP value, (billion)

13.2% of NZ GDP

GDP per capita

Change in GDP, 2011–16

Otago
Regional GDP, 2016

GDP value, (billion)

4.3% of NZ GDP

GDP per capita

Change in GDP, 2011–16

Southland
Regional GDP, 2016

GDP value, (billion)

2.0% of NZ GDP

GDP per capita

Change in GDP, 2011–16

Stats NZ
Tatauranga Aotearoa

Note: Figures may not sum to totals due to rounding.
Source: Stats NZ

Visit our website for more information

www.stats.govt.nz/regionalgdp

Motherhood penalty report

The motherhood penalty report is an example of the power of insights from data Stats NZ already holds. A result of collaboration with Ministry for Women, the report is evidence of growing insights activity as we work to achieve our strategic direction and expanded roles.

In February our Insights team released a report on the motherhood penalty. *Effect of motherhood on pay* showed that certain groups of women are significantly more affected by the gender pay gap. The report explored the overall negative pay consequences that come with motherhood.

The report found a 17 percent (or nearly $5 hourly) pay difference between how much, on average, mothers and fathers earn. That pay gap is 5 percentage points larger than the overall gender pay gap in New Zealand for working-age women and men.

We produced the report in collaboration with the Ministry for Women, after it was identified that the motherhood penalty was not a well understood phenomenon in New Zealand. Our intention was to contribute to discussion on the gender pay gap by adding another piece of the puzzle, through our research, to better understand the bigger picture of pay inequality.

We measured the difference in the gender pay gap between parents and non-parents of both sexes. In particular, we focused on the difference in the pay gap of mothers and fathers relative to women and men without children. We sourced this data from our Household Labour Force Survey.

New version of Te Ao Mārama available

Te Ao Mārama is an example of how data and insights can be tailored to the needs of key partners to enable decision-making. In this case it is to improve Māori well-being, a key part of our Treaty-informed partnership approach.

In 2016/17 we released a new version of Te Ao Mārama, a collection of statistics for and about Māori from a Māori perspective. This collection featured data from many Stats NZ sources, including information about Māori well-being from the 2013 Te Kupenga survey, and from our annual Tatauranga Umanga Māori report, which provides information about the economic activity of Māori authorities.

'Te ao mārama' is a Māori concept relating to wisdom and understanding. It derives from the myth in which Tāne separated his Sky Father (Ranginui) and Earth Mother (Papatuānuku) to create te ao mārama (the world of light). This allowed Tāne and his brothers to grow and better understand the world around them.

Te Ao Mārama 2016 contains information on Māori well-being and development across topics that include: population, cultural vitality, health and well-being, cultural connectedness, and treaty settlements. Following its release, *Te Ao Mārama 2016* was widely available, with copies distributed to Māori interest organisations, government departments and agencies, libraries, and schools. We also promoted it through our website, social media, in newsletters, and with media releases and videos.

Performance information

Achieving key milestones

Of the 10 key milestones set in our Output Plan for this priority, 80 percent were achieved during the year and two were delayed. In addition to the stories and case studies in this priority, we made the following progress.

- We updated our statistical geographies in the first major review since 1992. This update will produce data that better reflects places and communities and minimises the amount of data suppression we have to apply to smaller geographic areas. Users of geographic area data are diverse – central government agencies need it to monitor urban growth and decline, and local authorities need small area data to plan transport and infrastructure services.
- Additional information is now available on the effect of inflation on different household groups in society. We released the household living-costs price indexes, a new set of price indexes, to measure inflation experienced by groups of households, which include beneficiaries, Māori, and superannuitants.
- We also released annual balance sheet information. This was the first major deliverable in the Financial Flows and Balance Sheet work to improve New Zealand's financial flow and balance sheets data by producing a full suite of our country's quarterly national accounts.

Other key milestones included:

- publishing *Household net worth by ethnicity*, an article using data from *Household Net Worth Statistics: Year ended June 2015*
- designing the New Zealand statistical data property frame facility, although further work was delayed due to the November 2016 earthquake.

Delayed relates to implementing NZ Statistical Data Property Frame Facility:

- finalise the design of the maintenance and update procedures
- Integrated Data Infrastructure – boosting use.

Achieving appropriation performance measures

The November 2016 earthquake disrupted our business and our releases were initially suspended and then reprioritised. This delayed or cancelled some lower-level releases while we concentrated on delivering the most-significant ones, such as the balance of payments and quarterly gross domestic product. This resulted in the number of statistical releases, and their timeliness, being below the level achieved in 2015/16 and against our target.

During 2016/17 we also added the Household and Net Worth survey to our Tier 1 statistics, bringing the number to 130.

A number of the measures in the table are informed by the annual Use and Trust survey. It surveys a revolving set of customers to understand whether the products and services we provide retain high levels of use and trust – a good indicator of perceived value. The survey findings continue to show strong levels of satisfaction with the service Stats NZ provides, as well as high levels of trust in official statistics.

One of our key indicators of quality is freedom from significant errors. We achieved our target of 99 percent. We also achieved our target of 100 percent of releases being certified as meeting data quality standards.

Revenue and output expenses for each appropriation are published with the financial statements on pages 89–92.

Table 2: Enabling customers – performance information

Assessment of performance by measure	2015/16 result	2016/17 target	2016/17 result	Variance to target
Appropriations / Multi-category appropriation excluding Census The overarching purpose of this appropriation is to ensure the availability of, and promote the use of, the highest-priority data and official statistical information – to add value to decision-making.				
The number of users of official statistics is increased	20%	Increase the number of users	31%[11] Achieved	55%[12]
Ensure the right statistical information is produced by the Official Statistics System to better support decision-making and understanding	129	Maintain the number of Tier 1 Stats (129)[13]	130[14]	1%
The number of users who report that government has the information they need is increased	89%	Increase the number of users	91%[15] Achieved	2%[16]
Appropriations / Official Statistics – Multi-Category Appropriation excluding Census Economic and Business Data and Statistical Information Services and Population, Social, and Labour Market Data and Statistical Information Services				
Number of statistical releases: Economic and Business Data and Statistical Information Services	128	128	116	-9%[17]
Number of statistical releases: Population, Social, and Labour Market Data and Statistical Information Services	75	68	66	-3%[17]
Free from significant errors	99.5%	99%	99%	N/A
Certified by the responsible manager as meeting Stats NZ's data quality standards	100%	100%	100%	N/A
Percentage of statistical releases published on the advertised date as agreed with the Minister of Statistics in the Output Plan	100%	100%	92%	-8%[17]
Majority of responding customers trust a sample of official statistics	68%	>50%	86%[18]	72%[19]

11 This result is based on a 'use and trust' survey run by Colmar Brunton on behalf of Stats NZ in June 2017 that surveyed a sample of individuals from central government, local government, and business. A total of 603 people responded to the question 'In the last 12 months, how often have you used official statistics'; 31% answered at least every 2–3 months or more frequently.

12 Variance to last reported result. As a different sample of users is surveyed each year, this result is not fully comparable with last year's survey, which surveyed a broader range of people. The 2015 survey, which surveyed a more similar group of people, reported a result of 30%, a significantly smaller variance of 3% than last year's result, which achieved the target of an increasing number of users.

13 There are 161 Tier 1 statistics, of which 130 are in production; the remainder are in development or undergoing research.

14 The Household and Net Worth survey was added in 2016/17.

15 This result is based on a 'use and trust' survey run by Colmar Brunton on behalf of Stats NZ in June 2017 that surveyed a sample of individuals from central government, local government, and business. A total of 412 people responded to the question 'To what extent if at all do official statistics meet your information needs?'. 91% answered 'adequately', 'well', or 'very well'.

16 Variance to last reported result. There is consistency in results against this measure across years, even though a different sample of people was surveyed in 2016.

17 The Kaikōura earthquake disrupted our business and our releases were initially suspended and then reprioritised.

18 This result is based on a 'use and trust' survey run by Colmar Brunton on behalf of Stats NZ in June 2017 that surveyed a sample of individuals from central government, local government, and business. A total of 412 people responded to the question 'How would you rate official statistics on trustworthiness?; 86% answered 'good' or 'very good'.

19 Variance to target. As a different sample of users is surveyed each year, this result is not fully comparable with last year's survey, which surveyed a broader range of people. The 2015 survey, which surveyed a more similar group of people, reported a result of 86%.

Ministerial Priority 3:

Experiment, test, and adopt innovative ways in which data is derived, collected, analysed, provided, and communicated to improve effectiveness and efficiency

THIS PRIORITY IS about data accessibility and management, to support delivering our data services' core offering and to benefit the data ecosystem. When this priority is delivered, data will be perceived as a strategic asset rather than as a disposable commodity.

Our key highlights for the 2016/17 year include:

- modernising the 2018 Census
- General Government Finance Statistics brings us up to speed internationally
- travel and migration system improvements in action
- reducing the burden: our work on BPS Result 9
- testing and sharing a new way of population forecasting
- our Datarama hackathon.

2018 Census

A modernised 2018 Census will make it easier for New Zealanders to participate in the census. By being digital first it will be cheaper to run and manual processing will be reduced. Census data is some of the most valuable data gathered about the entire population.

A key part of modernising the census in 2018 is to alter the ways we collect census data. To do this we are:

- promoting and prioritising online completion of the census
- introducing mail-out letters (sending unique access codes to households across New Zealand)
- targeting our follow-up activity, with all field officers using hand-held devices to manage prioritised workloads.

This year, we continued our testing programme – to check the systems and processes we are building for 2018 will enable everyone in New Zealand to take part.

We also started our address checking process – making sure the address information we collected for 1.8 million addresses across New Zealand is accurate, and ready for our mail-out in 2018.

Census testing

Rigorous testing was conducted to ensure our systems are fit for purpose, robust, and will enable everyone in New Zealand to participate in the census, either online or on paper.

Public-facing census testing began in March 2016. We invited 22,000 households in Auckland, Waikato, Wellington, and Canterbury to participate in the first census test. The overall response rate after field follow-up was 59 percent. Of this group, 65 percent of households used an early version of our online form.

We held a second test in July 2016. Questionnaire content and a further test of the online and paper forms were the focus. This test provided useful data to help make final recommendations to the Government Statistician about which topics to include in the 2018 Census.

On 4 April 2017, 19,000 households in Whanganui participated in the third public-facing census test. This test also involved trialling the proposed marketing campaign. Despite a state of emergency being called in Whanganui on the day of the test, due to the threat of flooding, the test had a self-response rate of 36 percent, with 76 percent of participants using the online form. This test did not involve any field follow up.

Of people who completed the census online, 69 percent of responses were completed on a desktop computer, 17 percent by mobile, and 14 percent on a tablet. Participants took approximately eight minutes to complete their individual form online.

General GFS brings us up to speed internationally

The new way of releasing government financial statistics allows greater scrutiny of the data, enables international comparison, increases statistical value here and overseas, and meets international standards.

Last December's Government Finance Statistics (GFS) release represented a shift in the data we released – for the first time we produced a general government GFS, taking into account both the local and central tiers of government.

This allows international comparisons to be made about our government spending. The overall income and expenditure of our two tiers of government (central and local) can now be compared with, for example, Australia's three tiers (federal, state, and local). It also helps towards meeting the International Monetary Fund's (IMF) Special Data Dissemination Standard.

The release also met an international customer need by bringing together the financials for both tiers of government and effectively eliminating the funding flows between them.

Preparing the revised GFS release took the National Accounts team nearly two years. By the time November 2016 rolled around, not even the Kaikōura earthquake could stop the first general government GFS being released on schedule.

The combined release also needed to be significantly more timely than the individual central and local GFS releases had been – to satisfy IMF expectations. The combined GFS was released five (and seven) months earlier than the previous releases would have been.

Domestic customers, such as Treasury, also benefited from getting a more-timely view of government income and spending, which they can use in their forecasting and Budget work.

Travel and migration system improvements in action

Improvements to our international travel and migration processing system create value for our government customers by delivering more reliable and complete datasets.

In August 2016 we introduced a new international travel and migration processing system for our Capture and Logistics team in Auckland and our Christchurch-based processing team. The new processing system uses an improved methodology, which makes greater use of travellers' history in addition to the intentions that travellers state on their arrival and departure.

The main advantage of this new system is less manual processing of records, with more automation in classifying passenger types. It also moves us from sampled coverage to full coverage for some visitor departure and resident arrival variables.

We publish international travel and migration statistics weekly and monthly. Approximately 12 million passenger movements are scanned and processed each year. Insights into people's movements in and out of the country are of growing importance to policy makers. Migration is a key input into our population estimates and projections, and there is also growing demand from customers for insights into migration and tourism.

In 2016/17 we also continued our work to future-proof migration statistics by exploring alternative sources and methods that use the Integrated Data Infrastructure. In May we published a new experimental series. We have also worked on a predictive model to ensure our regular production remains timely.

Paper-based departure cards no longer match traveller expectations, so we have continued to work on modernising our approach. Ongoing work for departures aims to reduce compliance costs, improve traveller experience at the border, and deliver better value for money by reducing both printing and processing costs.

We will continue to work on developing more-efficient ways of gathering traveller information. However, any new methods will need to be thoroughly tested to ensure they are fit for purpose before we can move from paper departure cards.

Reducing the burden: our work on BPS Result 9

Our work to reduce survey sample sizes and place surveys online, where appropriate, has created value for businesses by streamlining their interactions with us and reducing the burden for them.

Stats NZ is committed to reducing the time, effort, and cost of dealing with government for business. This is one of the Government's Better Public Service (BPS) areas – R9 Better for Business.

We are one of 10 agencies with initiatives that contribute to achieving the R9 2017 target, which is a 25 percent reduction in business effort in dealing with government. In total the R9 Better for Business Road Map has 42 initiatives it measures.

Although we expect to always need to conduct surveys to fill gaps in administrative data in the foreseeable future, we have put significant effort into streamlining our surveys and reducing respondent burden. Between 2002 and 2016/17, the number of businesses Stats NZ surveys reduced from 268,000 to 74,000.

During 2016/17 we worked on optimising our sample size for several quarterly surveys that feed into the consumers price index. That work resulted in a 51 percent drop in the number of questionnaires mailed out for these surveys.

Sample sizes reduced for 13 price surveys across the housing, health, and miscellaneous New Zealand Household Expenditure Classification groups, resulting in the number of questionnaires falling from 550 to 267.

Over 85 percent of health survey respondents had received these surveys for five years or more. This proportion has now reduced to 5 percent.

The Agriculture Production Survey was the first survey we offered online, in 2015; it received 52 percent of its responses online. Since then we have offered three more business surveys online, with an online uptake of 95 percent. Stats NZ aims to be 'digital by default', so online becomes the main way people complete our surveys. In line with this, we have set ourselves an ambitious target of moving away from paper for all surveys by 2026.

Testing and sharing is a new way of population forecasting

This approach to population forecasting is an important building block for changing the future of census and other large-scale population surveys, which can lead to deriving valuable data for less expense. By making our code open source we allow other agencies around the world to use and improve their approach.

In a world-leading project, Stats NZ is developing an innovative way of estimating and forecasting the population by using a wider range of data sources. To get the most feedback on our approach and how we can fine-tune it, we made our early stage software code freely available online so others can test it, fix problems, and offer suggestions for improvements.

The new approach is being adapted by statistical agencies around the world. Longer-term, our Bayesian approach is a core component of delivering census-like results based on administrative data, which our Census Transformation programme is exploring and for which we received $4.5 million of extra operational funding in Budget 2017.

The packages are part of a wider effort to figure out how to produce population statistics from administrative data (eg tax data or the number of people enrolled in the health system). Population statistics are an essential input to thousands of decisions, from where to place a new maternity hospital, to how large to build a new bridge. The new methods also make it possible to produce statistics for smaller groups of people, such as life expectancy for people in individual cities or districts.

Stats NZ is building a reputation as an international pioneer in population statistics. We are particularly known for our use of Bayesian methods, a 250-year-old approach to statistics now making big inroads in the data analysis world. Stats NZ staff worked with others, including Jenny Harlow from the University of Canterbury and Dr Junni Zhang from Peking University, to develop the software used in the Bayesian model.

The early 'beta' version of the software was freely available through the Github software code repository from 30 September 2016. That version included most of the software's features, to allow testing and feedback before a more complete version is finalised.

Our Datarama hackathon

In late March 2017 Stats NZ hosted Datarama, a hackathon with a difference. Normally a 'hack' is a one or two-day event where self-selecting teams receive data and tools, and bring their own skills and resources to solve challenges. But at Datarama we wanted feedback rather than solutions. We wanted to hear from our customers about their experiences when accessing our data through our experimental open data APIs.

Stats NZ data experts, generalists, and technical experts who volunteered at this event were identified by the coloured lei worn (gaining us the nickname 'the Lei People').

It was great to see how our customers approach Stats NZ data, learn what data they want to see, and hear how they want to access our data. The event was also a useful way to hear about issues our customers have with using our data, and what they'd like to see more of.

We found that people generally wanted data at a level that challenges our current approach to confidentiality, as well as wanting just one place to find data. They also want to be able to easily access our metadata (data about our data). We also learnt people want to see our data visualised before accessing it through programming tools.

The day was worthwhile for all involved. Stats NZ is planning more hacks to explore more topics about open data – raw data that is human and machine-readable, freely shared, used, and built on, without restrictions.

Performance information

Achieving key milestones

Completed	On Track	Delayed	Cancelled
58% (15)	4% (1)	26% (7)	12% (3)

Of the 26 key milestones set in our Output Plan for this priority, 58 percent were achieved during the year, one is on track, seven were delayed, and three were cancelled. In addition to the stories and case studies in this priority, we made the following progress.

- The 2018 Census of Population and Dwellings will be different. In the past, Stats NZ has relied on staff to visit every home in the country and deliver forms before returning to collect them after census day. In 2018, we will send households a letter with a unique access code for them to complete their forms online. This should add value by reducing errors and speeding up data processing. Address canvassing for 1.8 million addresses began in 2016/17 to ensure the list is ready for the 2018 Census.

- The IDI moved to the All of Government Common Capability model to enable a rapidly scalable approach to meet growing customer demand. We delayed implementing the SAS Grid infrastructure to improve analytic performance and an automated solution for the application process due to the November 2016 earthquake.
- The earthquake also meant we needed to reprioritise all ICT capability activities. This resulted in halting our online survey programme, cancelling (for 2016/17) the expansion in using administrative data, and delaying the General Social Survey until 2017/18.

Other key milestones included:

- completing the first stage of the data feed from the Inland Revenue Transformation programme
- working with the Ministry of Business, Innovation and Employment on removing departure cards; to be completed in 2017/18
- releasing the first 2016 Business Demography data in October 2016.

Delayed relates to:

- Integrated Data Infrastructure – stabilising infrastructure:
    - Move the IDI to All of Government Common Capability model to enable a rapidly scalable approach to meet growing customer demand
    - Implement SAS Grid infrastructure to improve analytic performance across the IDI environment
    - Implement an automated solution for customers to submit and Stats NZ to manage the integrated data access application process, resulting in a faster service to customers.
- Integrated Data Services – design
- Expand the use of administrative data:
    - Run refreshes of existing datasets in IDI – March and June quarters
    - Include up to eight new datasets into the IDI – March and June quarters
    - Implement agreed enhancement of the IDI.

Cancelled relates to:

- Rolling out online surveys:
    - 15 more surveys online.
- Expanding the use of administrative data:
    - Run refreshes of existing datasets in the IDI – end of each quarter (December quarter refresh cancelled)
    - Include up to eight new datasets into the IDI – December quarter refresh cancelled.

Achieving appropriation performance measures

Due to the cyclical nature of the census, no reporting is required against the 2018 Census of Population and Dwellings multi-year appropriation in 2016/17. The coverage and response rates for the 2018 Census will be measured and reported in the 2017/18 Annual Report, after the census is run on 6 March 2018.

The Post-enumeration Survey is used to check the accuracy of coverage (undercount and overcount) and the response rate to the census. It will also be conducted after the 2018 Census.

Revenue and output expenses for each appropriation are published with the financial statements on pages 89–92.

Table 3: Experimenting, testing, and adopting innovative ways – performance information

Assessment of performance by measure	2015/16 result	2016/17 target[20]	2016/17 result	Variance to target
Multi-Year Appropriation 2018 Census of Population and Dwellings				
National coverage rate for the 2018 Census of Population and Dwellings[21]	N/A	N/A	N/A	N/A
National response rate for the 2018 Census of Population and Dwellings	N/A	N/A	N/A	N/A

20 Progress on the administration of the ongoing census programme is reported on pages 35 and 36.

21 These measures will be reported in the 2017/18 Annual Report after the completion of the 2018 Census

Ministerial Priority 4:

Partner and work with the private and non-government sector to explore opportunities to create additional value from data, and improve service delivery

THIS PRIORITY IS about working in partnership and using co-design approaches to develop and deliver our services. It also requires us to work 'outside in', which enables discovery and exploration with the private and non-government sector to create additional value from data.

Our key highlights for the 2016/17 year include:

- our partnerships and work alongside Māori and iwi groups
- review of iwi statistical standard
- cross-agency collaboration on modelling Auckland's population growth
- collaboration with Fairfax.

Our partnerships and work alongside Māori and iwi groups

Partnerships are at the core of our vision to unleash the power of data – by working with others we extend our reach, capability, and impact as New Zealand's statistics and data agency.

Our partnership work with Māori and iwi organisations helps both sides to better understand the data needs. In the past 18 months we helped run four data hui at Parliament, which focused on how partnerships can increase the value of data.

We take a Treaty lens to partnering and work directly with iwi leaders. We also work with and support the Iwi Leaders Group for Data, formed in 2016 as a sub-group of the Iwi Chairs' Forum.

We ran pilot partnership projects (PPP) with three iwi, Ngāi Tahu, Ngāi Tūhoe, and Ngāti Porou, as well as with two Māori organisations, Te Tihi o Ruahine and Te Mana Rauranga. We also collaborated with Waiora Pacific Ltd to expand the value of the IDI, and developed a PPP with Methodist Mission Southern (MMS).

In May 2017 our PPP partners gathered in Wellington for a hui to share and build on work done to facilitate access to data for iwi and NGOs. It provided a key opportunity for Stats NZ to understand the complexity of data that iwi, NGOs, and Māori decision-makers need. Benefits from these collaborations add value for similar organisations and help inform future collaborations and partnerships.

Feedback from the hui emphasised it is important to maintain these relationships after the PPP ends to ensure ongoing communication and involvement in Stats NZ's work.

The PPPs are:

Methodist Mission Southern
We worked with MMS to gather insights into ways to provide safe access to integrated data for NGOs. We're also looking at research issues for service delivery and policy settings for young mothers with no qualifications, and for profiling and locating youth in Otago who are 'not in education, employment, or training' (NEET).

Ngāi Tahu
Keen to extend the use of Stats NZ data beyond their 'State of the Nation' report, Ngāi Tahu wanted data to support a deeper analysis of their customary tribal regions (papatipu), with a particular focus on health, education, and employment. Ngāi Tahu embraced the opportunity to meet the Population Stats team in Christchurch, to strengthen the connection with more of our local staff.

Ngāi Tūhoe
The work with Ngāi Tūhoe was unique. The tribal leadership sought to use data to provide insights on Tūhoe children at risk and on the survival of te reo o Tūhoe. A report on Tūhoe interactions with Oranga Tamariki and a literature review of language retention and the challenges facing te reo o Tūhoe were the result. Tūhoe acknowledged the value of the data and the reports, and is using these insights to inform their decision-making.

Te Mana Rauranga
With a focus on how iwi want to see their data, the project with Te Mana Rauranga looked at developing a rohe-identification process for iwi and Stats NZ. The process will enable us to provide data within iwi-validated and defined rohe or 'areas of interest'.

Te Rūnanganui o Ngāti Porou
The partnership with Te Rūnanganui o Ngāti Porou was an opportunity for an iwi to test using the IDI to identify data to populate the social domain of the tribe's Outcomes Measurement Framework. The framework is a sophisticated model that uses data to establish baseline information about Ngāti Porou and Māori living in Gisborne, using health and educational data that can be updated over time.

Te Tihi o Ruahine
We worked with Te Tihi o Ruahine to build and improve their analytical and statistical capability. This was a valuable opportunity to broaden networks and support Te Tihi's ongoing and innovative work, including an interactive whānau well-being survey. Together we put a framework around data collection, questionnaire design, and created a measurement framework.

Waiora Pacific
We worked with Waiora Pacific to identify suitable data to populate Takiwa – a presentation platform that brings together a broad range of data that is shared in culturally enriched and visually powerful ways – for Waikato-Tainui iwi.

Review of iwi statistical standard

A revised iwi statistical standard, developed in partnership, provides opportunities for data for and about Māori to be better geared for planning, monitoring, and decision-making.

Over 2016/17, Stats NZ reviewed the statistical standard for iwi, in collaboration with Māori and other government agencies. The standard provides guidelines on how to collect, organise, and describe iwi information. It is used to produce iwi statistics, which can help iwi, government, and other organisations to plan, monitor, and make decisions, but has not been updated since 1994.

Our Classifications and Standards and Te Tohu Rautaki Angitu Māori teams held hui in April 2017 to discuss the revised standard with our Māori customers. We also put the draft out for public submissions. The standard itself was updated after a carefully considered process, which included public consultation in 2016.

Key changes include replacing the current iwi classification criteria with 'conditions for inclusion', to better reflect contemporary data needs for and about Māori. By updating the classification more frequently in the future we will keep pace with the evolving needs of Māori.

We expect the changes will result in more data becoming available for and about iwi and iwi-related groups when the revised standard is completed in September 2017, ahead of its use in the 2018 Census.

Cross-agency collaboration on modelling Auckland's population growth

By working on improving our population projections alongside the agencies responsible for managing Auckland's growth, their on-the-ground experience can be fed into our modelling, creating valuable partnerships and improving our data.

With Auckland's population growing by 120,000 over the past three years, questions about the city's infrastructure planning have at times turned to the value of demographic projections.

As a result, and in response to recommendations from a report into cross-agency collaboration on modelling Auckland growth, Stats NZ held two workshops in May 2017 in Auckland – focused on population projections. One was for decision-makers and the other for a technical audience. We facilitated discussion among central and local government agencies in Auckland and helped them understand our projection models.

All key stakeholders (including State Services Commission, MBIE, and Auckland Council) were present at the workshops, with over 40 representatives from local and central government. Discussions included how we manage short-term variability and account for policy changes in projections and estimates, how we can recognise and reflect structural changes in Auckland, and how to make our assumptions clear to users of our estimate and projections.

We also explored how the speed of production, frequency, and timing of estimates could be updated, and coordinating a regular forum with customers to discuss Auckland growth modelling.

The Receipt – collaboration with Fairfax

In May 2017, Fairfax's Stuff website launched an online tool to help ordinary New Zealanders drill down into their spending at home and see how it compares with other households. The Receipt is a calculator, produced by Stuff's data journalism team in partnership with Stats NZ and based on our Household Expenditure Survey (HES) data.

The target audience was different from the usual HES audience – rather than policy makers and business leaders we wanted to reach the general public and show them the data in a format that meant something to them, not just a percentage on a table or graph. The calculator allows people to input data about their household's spending then compare that with the mean spending for a household of the same size in the same income bracket.

Our Labour and Income Statistics team came up with the idea for the interactive spending calculator late last year. They wanted to make something "for the people, not just those who wear suits". By showing Stuff readers how their own spending compared with others in New Zealand, they could begin to see how they contribute to the wider HES figures.

"If we can give the user some insight into their own spending, maybe they can make some better choices to avoid financial stress or get closer to achieving their financial goals. We really wanted to help New Zealanders make use of our data and help themselves in everyday life."

Performance information

Achieving key milestones

Completed	On Track	Delayed
45% (4)	22% (2)	33% (3)

Of the nine key milestones set in our Output Plan for this priority, 45 percent were achieved during the year, two are on track, and three were delayed. Building on the stories and case studies in this priority, we have achieved the following successes.

- Stats NZ worked in partnership with Methodist Mission Southern (MMS) to report on youth in Dunedin who are not in education, employment or training (NEET). We also partnered with the Ministry for Women on outcomes for young mothers.
- Using the IDI, researchers looked more closely at areas in Dunedin that tended to have higher proportions of NEET youth, enabling MMS to better connect them with services that met their needs. Looking across different aspects of the young people's lives helped MMS understand their circumstances, which can be complex, and to develop tailored services to create positive change in their lives. Integrated data made this possible.
- While we had success with two pilot partnerships, the disruption caused by the November earthquake meant two others were delayed until 2017/18.
- Delayed relates to pilot partnership projects:
  - Implement, complete, and evaluate pilot partnerships with Te Mana Raraunga, Te Tihi o Ruahine and evaluate existing partnership with Ngāi Tāhu (researching life pathways for tribal youth).
- Delayed relates to partnering with Māori and iwi:
  - Partnership with Iwi Chair Forum and Iwi Leadership Group
  - Review of Statistical Standard for Iwi – published report.

Achieving appropriation performance measures

There are no appropriation measures for this priority.

Ministerial Priority 5:

Ensure Stats NZ is well-positioned to enable New Zealand to unleash the power of data to change lives

THIS STRATEGIC PRIORITY focuses on continually refreshing and redesigning the way we work, to deliver the best possible data outcomes to the data ecosystem and New Zealand. When we have achieved this priority, our processes will be best practice. We will be using technology as an enabler for what we do and will have the finances for what we need to do. We will have people with the right capabilities in the right roles for what we need to do. Our physical environment will support our culture and how we want to work.

Our key highlights for the 2016/17 year include:

- investing in our workforce
- unleashing our people and a quest for innovation
- quick start and accelerated shift to 'as a service' technology environment
- our continuing recovery from the Kaikōura earthquake.

Investing in our workforce

Investing in our people through the Statistical, Data, and Analytics Job Family review and training is preparing Stats NZ and, more broadly the New Zealand data system, for the data needs of the future. People are at the centre of New Zealand's data capability and our ability to unleash the power of data to change lives.

We have started to embed a high-performance organisational culture within Stats NZ that is responsive to change and embraces our value model. Our ability to attract and retain people of different age groups, cultures, backgrounds, and personality types is critical to achieving success in building and sustaining a high-performance culture.

This culture enables us to continue to deliver our core statistical office remit and expand into our new roles of enabler, innovator, and steward. We are replacing our out-dated performance management system with an agile, person-centric, coaching model that promotes and rewards our desired organisational culture.

This new Coaching for Performance model is built around developing each individual as a 'whole person' instead of focusing on applying skills and knowledge. The advantage of this approach is that the skills, knowledge, and tactics required to perform are constantly honed and adjusted, and people's cognitive, attitudinal, and belief systems are also aligned toward performance.

In September we launched the Statistical, Data, and Analytic Job Family review – a project designed to ensure that we have the right workforce as our role in the data ecosystem evolves. The review sought to design and describe the roles and skills needed in the department, and across the data and statistics sector, to provide appropriate career opportunities for data and statistical expertise.

In April and May 2017 we ran a discussion period for the review. Hundreds of our people, and other organisations, engaged in face-to-face information and engagement sessions, an online discussion forum, and by emailing our steering group. We expect to have a final version of the job family design completed by September 2017.

Unleashing our people and a quest for innovation

To be an innovative statistical agency that pushes traditional boundaries while maintaining reliable delivery, we are starting to redefine our approach, adapting agile and other innovation approaches to be as effective, efficient, and fun as possible.

In September 2016 we embarked on a bold programme of work to challenge the way our organisation works. The programme had two streams of work: Project Wero and Stats Unleashed (Agile Core).

Project Wero was designed to generate innovative ideas to help us implement our strategic delivery model, which is at the heart of our unleashing vision. We invited ideas from external vendors and from our own people. From external vendors we wanted fresh, 'outside-in' perspectives on how to implement our strategic delivery model; from within Stats NZ we wanted to harness our people's insights into how to improve ways we currently operate.

Innovation fairs at our three sites attracted more than 500 ideas. We assessed the ideas and proposals against how well they aligned with our strategic direction, their value for money, and their feasibility. By the end of the year, three of the Project Wero ideas had moved to a proof-of-concept stage – to be thoroughly road-tested with our partners by:

- providing a scalable data platform to enable more flexible data access and analysis
- enabling the automation of research methodology, so data research can be tested and repeated (an idea from our Population Statistics team)
- providing enhanced customer self-service data and analytics tools, and efficiency by automating business processes.

Sitting alongside Project Wero, Stats Unleashed (Agile Core) focuses on cultivating an agile innovation culture in Stats NZ as a key component of a high-performance culture. With the support of two strategic partners we have started on a journey to rapidly develop new ideas, and to solve problems by focusing on our customers. This will help us improve our agility as an organisation.

During 2016/17 we tested how ready our organisation was to innovate and adapt to change, made significant changes to how we set priorities and approached investment, and moved to activity-based working. We also saw Stats NZ teams respond by making time to focus on tackling customer and internal 'pain points'.

Quick start and accelerated shift to 'as a service' technology environment

Our ITaaS programme is delivering value by increasing the resilience of our systems and reducing the need for regular capital expenditure on IT hardware.

During 2016/17, Stats NZ made a significant shift to our technology environment by moving rapidly to an 'as a service' model. We used the November 2016 earthquake as an impetus to fast-track our planned IT as a Service (ITaaS) arrangements, pushing ahead at an accelerated pace. As a result we are achieving greater flexibility and resilience in our organisation. This is building a stronger foundation for implementing future changes to better meet customer demand.

The first step after the earthquake was to recover system capability. With the support of the Greek community in Wellington (who offered Stats NZ the use of their Community Centre) and our service providers, the Stats NZ Digital Business Services team successfully introduced an interim Desktop as a Service model for us to use within four days.

This included setting up a virtual desktop environment – a change we had expected would take 18 months to implement – so our people in Wellington, Auckland, and Christchurch could access the system to start working again, and our customers could access our website.

We kept up the pace and made significant strides with two key ITaaS projects, Workplace Online, and Data Centres and Networks. Workplace Online will deliver our people a more reliable and efficient desktop, email, and collaboration solution. It features Government Desktop-as-a-Service. The Data Centres and Networks project will overhaul our disaster-recovery capability and provide us with better network connectivity.

Although progress has been made, we continue to deliver in less than ideal circumstances, and our recovery continues to be a work in progress.

Our continuing recovery from the Kaikōura earthquake

When the Kaikōura earthquake struck in November 2016 our primary data centre in Statistics House initially seemed to be unscathed. But it didn't take long for our Digital Business Services (DBS) team to realise the data centre, and all the computer servers within it, weren't going to make it through the day. Although it was located on the opposite side of Statistics House to the north-eastern corner which bore the brunt of the quake, the cooling system for our data centre was severely damaged.

In the hours after the quake, with our people unable to venture into the damaged building, our data centre continued operating on generator power. But as the diesel ran low and the servers started warming up we decided to shut down the data centre to ensure we didn't lose any data. After that, the Stats NZ website went down, we couldn't send or receive emails, and almost all of our systems became inaccessible. It was an almost total shut-down of our IT systems. So how did we manage to get back to statistical processing (for some teams at least) within five days?

It took a lot of hard work by our DBS staff. It also helped enormously that we were able to set up a DBS command centre in Wellington's Greek Community Centre. From there, our DBS senior managers ran a tactical recovery operation to restore key systems on servers well away from Statistics House. The DBS team worked closely with our IT partners and scored some remarkably quick wins, including getting a virtual desktop up and running within four days, which allowed our people to get back online.

But marathon efforts to get us back on track weren't limited to what DBS achieved at the Greek Community Centre. We had teams meeting at homes, libraries, cafes, and even pubs throughout the Wellington region to get their part of the organisation up and running again.

We also made the most of generous offers of space to work – from dozens of government agencies, NGOs, and companies we work with. These offers were taken up on a team-by-team basis until we got settled in our present Gilmer Terrace accommodation.

Performance information

Achieving key milestones

Completed	Delayed	Cancelled
63% (10)	31% (5)	6% (1)

Of the 16 key milestones set in our Output Plan for this priority, 63 percent were achieved during the year, five were delayed, and one was cancelled. In addition to the stories and case studies in this priority, we made the following progress.

- To set ourselves up to achieve our strategic vision for the future, we refined our target operating model for data services and for producing official statistics through our structure. From March 2017, Stats NZ reorganised its leadership to bring more focus to key priorities. The group structures are now:
    - Data Systems Leadership (spearheads work with the data sector to co-design an enhanced approach to data and analytics system leadership)
    - Insights and Statistics (all statistical functions, 2018 Census, and collection activities)
    - Data Services (data services for external and internal customers, including integrated data)
    - Organisation Capability and Services (continues as our corporate support group)
    - Data Ventures (a small agile group is being established and will be led by an entrepreneur focused on converting Stats NZ's intellectual property and expertise into revenue – through innovative partnerships that use existing and new forms of data).
- To enable a cultural shift in our organisation we decided to adopt activity-based working (ABW). While we have continued with the principles of ABW, our shift into four separate buildings in Wellington caused disconnection and resulted in ABW being delayed. Our refit of the Wellington building in 2016/17 was cancelled due to the damage caused by the November earthquake; our work to understand and operate within our social licence also had to be put on hold.
- In July 2016 Cabinet confirmed new measures to accelerate adopting public cloud services across government. Stats NZ was already using both New Zealand-based and offshore cloud services to manage our core business, but not yet to store respondent data. To help guide our transition to using cloud services Stats NZ completed research with New Zealanders to understand their current views about using this service. Findings from the research, and our assessment of security improvements and efficiencies, will form the basis for our ongoing implementation in 2017/18.
- We had also intended to migrate the IDI to Desktop as a Service (DaaS); this was reprioritised due to earthquake disruption.
- Delayed relates to future-focused accommodation:
    - Shift to activity-based working.
- Delayed relates to sustainable infrastructure:
    - Complete migration of IDI to Desktop as a Service (DaaS) and Infrastructure as a Service (IaaS).

- Delayed relates to understanding and operating within our social licence:
  - Stakeholder engagement with other data agencies
  - Assessment of externally facing value of data.
- Delayed relates to information management, privacy, security and confidentiality:
  - Complete Cyber Security Strategy and roadmap.
- Cancelled relates to future-focused accommodation:
  - Refit the Wellington building.

Achieving appropriation performance measures

The services to other agencies RDA and capital expenditure appropriation measures are reported in this section.

The November 2016 earthquake had a significant impact on our infrastructure. Nevertheless, we succeeded in rapidly securing alternative accommodation. Stats NZ and the Ministry of Transport continued to deliver efficiencies under the shared accommodation arrangement between the two organisations.

Our capital expenditure targets were partially achieved as the earthquake had a significant effect on our plans for improvements at Statistics House in Wellington. The refit of the building was cancelled due to the damage. However, the earthquake accelerated Stats NZ's progress on infrastructure projects such as ITaaS (Information Technology as a Service).

Revenue and output expenses for each appropriation are published with the financial statements on pages 89–92.

Table 4: Ensuring we are well positioned – performance information

Appropriation	Assessment of performance by measure	2015/16 result	2016/17 target	2016/17 result	Variance to target
Services to other agencies RDA (M67)	Support the provision of shared services with other government agencies	Achieved	Achieved	Achieved	N/A
Capital expenditure	Optimise government-leased office space under the Wellington accommodation project	New measure	Achieved	Partially achieved	See paragraph above
Capital expenditure	Deliver infrastructure that supports our strategic vision and business processes	New measure	Achieved	Partially achieved	See paragraph above

Appendix: Diversity and inclusion

AS STATS NZ responds to the changing demand of customers and the challenges of our environment, maintaining a healthy organisation is paramount. There are a number of foundations that we will embed to support this aim and to sustain a healthy and diverse organisation.

Diversity and inclusion strategy

Stats NZ is committed to providing a work environment that recognises and values the different skills, abilities, and experiences of our people. We value the diverse community that we live in and encourage individual diversity in the workplace. We are incorporating the principles of this strategy into the way we design our culture and people policies.

Flexible work environments

Statistics House became part of the Wellington Accommodation Project-2 (WAP-2) in 2016; the Ministry of Transport moved into one floor in August 2016. Stats NZ intended to refurbish the remaining floors and take this opportunity to introduce more flexible work environments. However, these plans were significantly disrupted with the Kaikōura earthquake on 14 November 2016. We found suitable alternative accommodation for Wellington-based staff and are attempting to provide a variety of working environments.

Flexible work environments support choice by allowing staff to select from different working environments each day to best suit the work they are doing. Options are traditional desks, focus pods, open collaborative spaces, quiet areas for impromptu meetings on site, and working from home.

Ageing workforce

The public service is ageing, with the proportion of employees aged 55 and over doubling since 2000. The general trend for Stats NZ is the same. Supporting our older workforce and those caring for elderly relatives will be key issues for Stats NZ in the near future. We also need to consider developing strategies to maintain a healthy balance in the age range of our staff.

Diversity

Stats NZ's workforce has traditionally enjoyed good representation from people aged over 70 years, people of Asian ethnicity, and women – in particular, women's participation in executive management (tier 3 and above) exceeds the public sector norm. Over the next five years, the number of young Māori and Pasifika graduates in New Zealand is expected to increase markedly. Stats NZ has struggled to attract and retain Māori and Pasifika employees. We have an opportunity to develop an organisational culture and employment environment that will attract an increasingly diverse workforce. We need to be clear that we value diversity in thought and experience to drive creativity, innovation, and better engagement with our customers, stakeholders, and suppliers.

Gender pay gap

In 2017/18, Stats NZ will implement an action plan to address areas that are hampering our ability to provide fair and equitable terms and conditions to all staff – regardless of gender. Our analysis has shown that a large driver of our gender pay gap is occupational segregation, where women occupy lower paid roles. In 2016, 77.7 percent of our clerical and administrative roles were filled by women. We also have large gender disparities for survey interviewers, statistical processors, and application developers.

If the same proportion of men and women were in any one occupational group our gender pay gap would be reduced. Approximately 76 percent of our overall gender pay gap is explained by differences in the occupational profile. To a lesser degree, vertical segregation drives our gender pay gap. Despite having a similar proportion of men and women in 'Leader – People' positions, almost 30 percent more men than women are employed in 'Senior Leader – People' positions for the 35–39 and 50–54-year age groups.

Attraction strategy and plan

Stats NZ has consistently rated well in the annual Randstad job seeker survey (often in the top five public sector employers). We are perceived as offering secure employment with flexible, family-friendly policies. However, graduates and younger people have a low degree of awareness of Stats NZ.

The Statistical, Data and Analytic Job Family review helped us identify three predominant workforce segments (and from that, work style preferences). It also signalled a move towards job seekers with more advanced methodology, computer science, and insights skills.

We also know, from the work of demographers at Massey University and elsewhere, that over the next five years Māori, Pasifika, and women graduates will make up a greater proportion of job seekers with Master's degrees. During 2017/18 we will give special attention to identifying and removing barriers to these specific groups participating at Stats NZ.

Statement of responsibility

For the year ended 30 June 2017

I am responsible, as Chief Executive of Stats NZ, for:

- the preparation of Stats NZ's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by Stats NZ is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this annual report; and
- the accuracy of any end-of-year performance information prepared by Stats NZ, whether or not that information is included in the annual report.

In my opinion:

- the financial statements fairly reflect the financial position of Stats NZ as at 30 June 2017 and its operation for the year ended on that date; and
- the forecast financial statements fairly reflect the forecast financial position of Stats NZ as at 30 June 2018 and its operations for the year ending on that date.

Liz MacPherson

Government Statistician and Chief Executive
22 September 2017

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report

To the readers of Statistics New Zealand's annual report for the year ended 30 June 2017

The Auditor General is the auditor of Statistics New Zealand (the Department). The Auditor General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Department on pages 58 to 86, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2017, the statement of comprehensive revenue and expense, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Department for the year ended 30 June 2017 on pages 15 to 49 and 89 to 92; and
- the statements of expenses and capital expenditure of the Department for the year ended 30 June 2017 on pages 87 to 89.

Opinion

In our opinion:

- the financial statements of the Department on pages 58 to 86:
  - » present fairly, in all material respects:
    - its financial position as at 30 June 2017; and
    - its financial performance and cash flows for the year ended on that date; and
  - » comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- the performance information of the Department on pages 15 to 49 and 89 to 92:
  - » presents fairly, in all material respects, for the year ended 30 June 2017:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - » complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Department on pages 87 to 89 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.

Our audit was completed on 22 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Government Statistician and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Government Statistician for the information to be audited

The Government Statistician is responsible on behalf of the Department for preparing:

- financial statements that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.

The Government Statistician is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Government Statistician is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Government Statistician is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

The Government Statistician's responsibilities arise from the Public Finance Act 1989.

Responsibilities of the auditor for the information to be audited

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the relevant Estimates and Supplementary Estimates of Appropriations 2016/17 and the 2016/17 forecast financial figures included in the Department's 2015/16 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Government Statistician.
- We evaluate the appropriateness of the reported performance information within the Department's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Government Statistician and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Government Statistician regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Government Statistician is responsible for the other information. The other information comprises the information included on pages 3 to 14 and 50 to 52, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with the information to be audited, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Department in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Department.

Clint Ramoo

Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

Financial statements

Financial statements

This section reports on the financial performance of Stats NZ for the year ended 30 June 2017.

- Statement of comprehensive revenue and expense
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Statement of commitments
- Statement of contingent liabilities and contingent assets
- Notes to the financial statements
- Appropriation statements.

Statement of comprehensive revenue and expense

For the year ended 30 June 2017

2016 Actual $000		Note	2017 Actual $000	2017 Unaudited budget $000	2018 Unaudited forecast $000
	Revenue				
119,443	Revenue Crown		126,807	124,071	163,332
7,025	Revenue other	[2]	8,826	8,383	10,153
126,468	***Total revenue***		**135,633**	**132,454**	**173,485**
	Expenses				
77,658	Personnel costs	[3, 20]	82,723	82,321	111,272
31,515	Other operating expenses	[4, 20]	41,731	32,048	46,332
12,559	Depreciation and amortisation expense	[12–13]	13,226	12,270	13,254
4,831	Capital charge	[5]	3,821	4,865	2,627
1,940	Loss on disposal of non-current assets	[14, 20]	2,232	-	-
128,503	***Total expenses***		**143,733**	**131,504**	**173,485**
(2,035)	Surplus / (deficit)		(8,100)	950	-
(2,035)	**Total comprehensive revenue and expense**		**(8,100)**	**950**	**-**

Explanation of significant variances against the original budget 2016/17 are detailed in Note 21.

The accompanying accounting policies and notes form part of these financial statements.

Statement of financial position

At 30 June 2017

2016 Actual $000		Note	2017 Actual $000	2017 Unaudited budget $000	2018 Unaudited forecast $000
	Assets				
	Current assets				
5,005	Cash and cash equivalents		7,654	12,197	10,589
31,445	Debtor Crown		25,243	30,734	41,445
779	Debtors and other receivables	[6]	525	590	774
-	Derivative financial instruments		21	-	-
3,024	Advances and prepayments		1,877	2,700	2,524
40,253	***Total current assets***		**35,320**	**46,221**	**55,332**
	Non-current assets				
11,788	Property, plant, and equipment	[12]	14,101	20,022	12,772
27,689	Intangible assets	[13]	22,477	30,523	18,354
39,477	***Total non-current assets***		**36,578**	**50,545**	**31,126**
79,730	**Total assets**		**71,898**	**96,766**	**86,458**
	Liabilities				
	Current liabilities				
5,587	Creditors and other payables	[7]	7,793	4,600	9,245
-	Repayment of surplus to the Crown	[8]	-	950	-
1,290	Provisions	[9]	-	-	-
6,598	Employee entitlements	[10]	6,825	6,500	8,283
1,016	Goods and services tax payable		284	950	1,250
250	Deferred revenue	[11]	383	-	-
14,741	***Total current liabilities***		**15,285**	**13,000**	**18,778**
	Non-current liabilities				
6,205	Employee entitlements	[10]	5,929	5,500	7,869
6,205	***Total non-current liabilities***		**5,929**	**5,500**	**7,869**
20,946	**Total liabilities**		**21,214**	**18,500**	**26,647**
58,784	**Net assets**		**50,684**	**78,266**	**59,811**
	Equity				
58,784	Taxpayers' funds		50,684	78,266	59,811
58,784	**Total equity**		**50,684**	**78,266**	**59,811**

Explanation of significant variances against the original budget 2016/17 are detailed in Note 21.

The accompanying accounting policies and notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2017

2016 Actual $000		Note	2017 Actual $000	2017 Unaudited budget $000	2018 Unaudited forecast $000
60,386	Equity at 1 July		58,784	60,819	43,784
(2,035)	Total comprehensive revenue and expense		(8,100)	950	-
	Owner transactions:				
433	Capital injections		2,600	17,447	16,027
-	Capital withdrawals		(2,600)	-	-
-	Repayment of surplus to the Crown		-	(950)	-
58,784	**Equity at 30 June**		**50,684**	**78,266**	**59,811**

Explanation of significant variances against the original budget 2016/17 are detailed in Note 21.

The accompanying accounting policies and notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2017

2016 Actual $000		Note	2017 Actual $000	2017 Unaudited budget $000	2018 Unaudited forecast $000
	Cash flows from operating activities				
103,732	Receipts from Revenue Crown		133,009	109,071	138,332
6,599	Receipts from other revenue		9,212	8,370	9,903
(105,685)	Payments to suppliers and employees		(122,007)	(114,766)	(152,107)
365	Goods and services tax (net)		(732)	200	250
(4,831)	Payments for capital charge		(3,821)	(4,865)	(2,627)
180	***Net cash flow from operating activities***	[15]	**15,661**	**(1,990)**	**(6,249)**
	Cash flows from investing activities				
82	Receipts from sale of property, plant, and equipment		-	-	-
(8,290)	Purchase of property, plant, and equipment		(8,316)	(9,000)	(6,000)
(7,381)	Purchase of intangible assets		(4,696)	(8,000)	(3,275)
(15,589)	***Net cash flow from investing activities***		**(13,012)**	**(17,000)**	**(9,275)**
	Cash flows from financing activities				
433	Capital contribution		2,600	17,447	16,027
-	Capital withdrawals		(2,600)	-	-
(560)	Payment of operating surplus to the Crown		-	(237)	-
(127)	***Net cash flow from financing activities***		**-**	**17,210**	**16,027**
(15,536)	**Net increase/(decrease) in cash and cash equivalents**		**2,649**	**(1,780)**	**503**
20,541	Cash and cash equivalents at 1 July		5,005	13,977	10,086
5,005	**Cash and cash equivalents at 30 June**		**7,654**	**12,197**	**10,589**

The accompanying accounting policies and notes form part of these financial statements.

Statement of commitments

At 30 June 2017

Capital commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant, and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

2016 Actual $000		2017 Actual $000
	Capital commitments	
2,261	Leasehold improvements	-
2,261	**Total capital commitments**	-

Non-cancellable operating lease commitments

Stats NZ leases property, plant, and equipment in the normal course of its business, including as head tenant for office accommodation in Christchurch and Wellington. The majority of these leases are for premises, which have a non-cancellable leasing period ranging from one to 12 years.

Stats NZ moved into its new premises in Auckland in April 2017 on a 4-year lease.

As a result of the 2016 Kaikōura earthquake, Stats NZ leased temporary alternative accommodation in Wellington, with lease terms ranging from 20 months to three years. The Ministry of Transport is a sub-tenant.

Stats NZ's non-cancellable operating leases have varying terms, escalation clauses, and renewal rights. No restrictions are placed on the department by any of its leasing arrangements.

2016 Actual $000		2017 Actual $000
	Non-cancellable operating lease commitments	
6,219	Not later than one year	7,533
12,891	Later than one year and not later than five years	15,689
19,077	Later than five years	16,084
38,187	**Total non-cancellable operating lease commitments**	**39,306**

The accompanying accounting policies and notes form part of these financial statements.

Statement of contingent liabilities and contingent assets

At 30 June 2017

Contingent liabilities

2016 Actual $000		2017 Actual $000
	Contingent liabilities	
65	Employment-related matters	50
65	**Total contingent liabilities**	**50**

Contingent assets

An insurance claim will be made in 2017/18 for damaged assets and business interruption costs due to the 2016 Kaikōura earthquake. However, the quantification of the costs is not practicable at 30 June 2017 (2016: Nil).

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies for the year ended 30 June 2017

Reporting entity

Statistics New Zealand (abbreviated to Stats NZ or referred to as 'the department') is New Zealand's national data and statistics office, and operates under the authority of the Statistics Act 1975. Stats NZ is a government department as defined by section 2 of the Public Finance Act 1989.

Stats NZ's purpose is to empower decisions by adding value to New Zealand's most important data. Stats NZ does not operate to make a financial return.

Stats NZ has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The financial statements, which are prepared pursuant to the Public Finance Act, encompass the activities of Stats NZ for the year ended 30 June 2017, and were approved for issue by the Government Statistician on 22 September 2017.

Basis of preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Public Finance Act, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and Treasury Instructions.

These financial statements have been prepared in accordance with Public Sector PBE Accounting Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Changes in accounting policies

There have been no changes in the department's accounting policies since the date of the last audited financial statements.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the department are:

Financial instruments

In January 2017, the External Reporting Board issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The department will adopt PBE IFRS 9 in preparing its 30 June 2019 Financial Statements. The department has not yet assessed the effects of the new standard.

Summary of significant accounting policies

Revenue

Revenue is measured at the fair value of the consideration received, or receivable to the extent it is probable that the economic benefits will flow to the department and the revenue can be reliably measured. Revenue represents amounts receivable for goods and services provided in the normal course of business, once significant risks and rewards of ownership have been transferred to the buyer.

Revenue Crown

The fair value of revenue from the Crown is measured based on the department's funding entitlement for the accounting period. The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year, and certain other unconditional funding adjustments formally approved prior to balance date.

There are no conditions attached to the funding from the Crown. However, the department can incur expenses only within the scope and limits of its appropriations.

Sale of publications/customised outputs

The sale of publications/customised outputs is recognised when the product is sold to the customer. The recorded revenue is the gross amount of the sale.

Contract surveys

Revenue from contracted surveys is recognised to the extent that the service has been completed by Stats NZ.

Other income

Other sources of income are recognised when earned and are reported in the financial periods to which they relate.

Capital charge

The capital charge is recognised as an expense in the period to which the charge relates.

Leases

Finance leases

Leases in which Stats NZ assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets and liabilities are recognised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Assets acquired by way of a finance lease are included in property, plant, and equipment, and depreciated over their useful lives. If there is no reasonable certainty that the department will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign-exchange contracts are held) are translated into NZ$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and funds on deposit with banks with a maturity period of 90 days or less and are measured at carrying value.

The department is only permitted to expend its cash and cash equivalents within the scope and limits of its appropriations.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate, less impairment changes if relevant.

Impairment of a receivable is established when there is objective evidence that the department will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the receivable is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision for doubtful debts account, and the amount of the loss is recognised in the surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risk arising from the department's operational activities. The department does not hold or issue derivative financial instruments for trading purposes. The department has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured at their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit.

Foreign exchange derivatives are classified as current if the contract is due for settlement within 12 months of the balance date. Otherwise, the full fair value of foreign exchange derivatives are classified as non-current.

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique as provided by the New Zealand Debt Management Office, one of the department's approved banking counterparties.

Property, plant, and equipment

Property, plant, and equipment is recognised at the costs directly attributable to bringing the assets to the location and condition necessary to operate in the intended manner.

Property, plant, and equipment consists of computer equipment, leasehold improvements, furniture and fixtures, and office equipment. All property, plant, and equipment is shown at cost, less accumulated depreciation and impairment losses.

Individual assets, or group of assets, are capitalised if their cost is greater than $1,500. The value of an individual asset that is less than $1,500 and is part of a group of similar assets is capitalised.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Stats NZ and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item, will flow to the department and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Derecognition

An item of property, plant, and equipment is derecognised upon sale, retirement, or disposal. Realised gains and losses arising from derecognising property, plant, and equipment are recognised in the surplus or deficit for the period in which the transaction occurs.

The gain or loss is calculated as the difference between the carrying amount of the asset and the net disposal proceeds received (if any).

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. In determining an asset's useful life, consideration is given to its expected usage, its expected wear and tear, technical obsolescence, and legal or similar limits on its use.

The useful lives and associated depreciation rates of major classes of assets were estimated as follows:

Furniture and office equipment	5 to 7 years
Computer equipment	3 to 5 years
Leasehold improvements	remaining term of the lease or the estimated remaining useful lives of the improvements, but not to exceed 12 years – whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Stats NZ, are recognised as an intangible asset. Direct costs include the software development, employee and directly applicable operating costs.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive revenue and expense. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Software – acquired and developed	3 to 8 years

Impairment of non-financial assets

Property, plant, and equipment, and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined by the department as being the depreciated replacement cost for an asset. The non- financial assets of the department are designated as non-cash generating assets as they are not primarily dependent on the asset's ability to generate net cash inflows.

If an asset's carrying amount exceeds its recoverable service amount, the asset is impaired and the carrying amount is written down to the recoverable service amount. The total impairment loss is recognised in the statement of comprehensive revenue and expense.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee entitlements that Stats NZ expects to be settled within 12 months of balance date are measured at nominal values, based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, retiring and long-service leave entitlements expected to be settled within 12 months, and sick leave.

Stats NZ recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Stats NZ anticipates it will be used by staff to cover those future absences.

Stats NZ recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee entitlements that are due to be settled beyond 12 months, such as long-service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information; and
- the present value of the estimated future cash flows, using the three risk-free discount rates and a salary inflation factor as published by the New Zealand Treasury. The risk-free discount rates and the salary inflation factor are detailed in Note 10.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to the State Sector Retirement Savings Scheme, KiwiSaver, and the Government Superannuation Fund are accounted for as defined contribution schemes and are recognised as an expense in the statement of comprehensive revenue and expense as incurred.

Provisions

Stats NZ recognises a provision for future expenditure of uncertain amount or timing, when: there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Equity

Equity is the Crown's investment in Stats NZ and is measured as the difference between total assets and total liabilities.

Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in the statement of commitments at the value of that penalty or exit cost.

Goods and services tax (GST)

All items in the financial statements, including appropriation statements, are stated exclusive of GST except for receivables and payables, which are stated on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, Inland Revenue is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from Inland Revenue, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

Stats NZ is a government department and consequently is exempt from income tax. Accordingly, no provision has been made for income tax.

Statement of cost accounting policies

Stats NZ has determined the cost of outputs by using the cost allocation system outlined below.

Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified with a specific output in an economically feasible manner.

Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity. Personnel costs are either charged on the basis of actual time incurred using a time recording system, or assigned with other indirect costs to outputs based on the proportion of direct expenditure.

There have been no material changes to the costs allocation methodology since the date of the last audited financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements Stats NZ has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are referred to below.

Useful lives of software

The useful life of software is determined at the time the software is acquired or developed and brought into use. It is reviewed at each reporting date for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the department will receive benefits from the software, but not exceeding the licence term. For internally generated software developed by the department, the life is based on historical experience with similar systems as well as anticipation of future events, which may impact their useful life, such as changes in technology.

Long-service leave and retirement gratuities

An analysis of the exposure in relation to estimates and uncertainties surrounding long-service leave and retirement gratuities liabilities is disclosed in Note 10.

Critical judgements in applying Stats NZ's accounting policies

Management has exercised the following critical judgements in applying Stats NZ's accounting policies for the year ended 30 June 2017.

Assets affected by the November 2016 Kaikōura earthquake

Refer Note 20.

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards to the department. Judgement is required on aspects that include, but are not limited to: the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas with an operating lease no such asset is recognised.

Stats NZ has exercised its judgement on rental leases, and has determined them to be operating leases.

Budget and forecast figures

Basis of the budget and forecast figures

The 2017 budget figures are for the year ended 30 June 2017 and were published in the 2015/16 annual report. They are consistent with the department's best estimate financial forecast information submitted to Treasury for the Budget Economic and Fiscal Update (BEFU) for the year ending 2016/17.

The 2018 forecast figures are for the year ended 30 June 2018, which are consistent with the best estimate financial forecast information submitted to Treasury for the BEFU for the year ending 2017/18.

The forecast financial statements were prepared as required by the Public Finance Act to communicate forecast financial information for accountability purposes.

The budget and forecast figures are unaudited and were prepared using the accounting policies adopted in preparing these financial statements.

The 30 June 2018 forecast figures were prepared in accordance with PBE FRS 42 Prospective Financial Statements. The forecast financial statements were approved for issue by the Government Statistician on 5 April 2017.

The Government Statistician is responsible for the forecast financial statements, including the appropriateness of the assumptions underlying them and all other required disclosures.

While the department regularly updates its forecasts, updated forecast financial statements for the year ended 30 June 2018 will not be published.

Significant assumptions used in preparing the forecast financials

In preparing the forecast figures, estimates and assumptions were made about the future – based on the best information available to Stats NZ. These estimates and assumptions may differ from the subsequent actual results. The main assumptions are as follows.

- The forecasts were compiled on the basis of existing government policies and Ministerial expectations. The 2017/18 actual financial statements may include changes to the baseline budget through new initiatives or technical adjustments. Any such changes will affect Revenue from the Crown and Output Expenditure.
- Forecast sales to customers ('Revenue other' in the Statement of comprehensive revenue and expense) is based on the best available estimates but the actual financial result for 2017/18 is subject to demand fluctuations.
- The forecast personnel assumptions are based on the current salary costs, adjusted for any anticipated remuneration increases for the forecast year.
- Forecast expenditure is based on the assumption that Stats NZ will continue to realise efficiency and effectiveness savings in 2017/18. The department is focused on improved oversight of expenditure through enhanced planning, budgeting, and prioritisation processes.

2. Revenue other

2016 Actual $000		2017 Actual $000
3,514	Sale of publications/customised outputs	3,143
1,511	Contract surveys	1,730
836	Office rental income	1,563
510	Recoveries revenue	1,570
654	Other	820
7,025	**Total revenue other**	**8,826**

The increases in office rental income and recoveries revenue reflects the full-year's effect of revenue from sub-tenants in Christchurch together with a new sub-tenant in Wellington.

3. Personnel costs

2016 Actual $000		2017 Actual $000
71,908	Salaries and wages	78,178
2,328	Employer contributions to defined contribution plans	2,384
1,128	Increase/(decrease) in employee entitlements	(104)
2,294	Other	2,265
77,658	**Total personnel costs**	**82,723**

4. Other operating expenses

2016 Actual $000		2017 Actual $000
6,052	Operating lease and other rentals	6,530
798	IT outsourced services	6,041
5,926	Software licences and maintenance	5,935
-	Write-off of Statistics House work in progress[1]	4,184
3,503	Consultancy	3,206
3,725	Contracted and professional services	2,906
1,074	Telecommunications	1,844
816	Printing and photocopying	1,717
1,728	Domestic and Australia travel	1,870
1,817	Building services	1,657
347	Publicity and advertising	895
473	IT hardware – repairs and maintenance	641
759	Interviewer travel	554
93	Fees to Audit NZ for audit of the financial statements	95
4,404	Other operating expenses	3,656
31,515	**Total other operating expenses**	**41,731**

1. A further $1.479 million of assets at Statistics House was written off under the category 'Loss on disposal of non-current assets' in Note 14. The effects of the 2016 Kaikōura earthquake are detailed in Note 20.

The increase in IT outsourced services reflects a move from in-house to third-party hosting of Infrastructure as a Service (IaaS).

5. Capital charge

Capital charge for 2016/17 was $3,820,960 (2016: $4,830,880).

The department pays a capital charge to the Crown based on equity at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2017 was 7 percent from 1 July 2016 to 31 December 2016 and then 6 percent from 1 January 2017 (2016: 8 percent).

6. Debtors and receivables

2016 Actual $000		2017 Actual $000
784	Debtors and other receivables (exchange transactions)	530
(5)	Less: Provision for doubtful debts	(5)
779	**Net debtors and other receivables**	**525**

The carrying value of debtors and other receivables approximates their fair value. Movements in the provision for impairment are as follows:

2016 Actual $000		2017 Actual $000
5	Balance at 1 July	5
-	Additional provisions made during the year	-
5	**Balance at 30 June**	**5**

The provision for impairment has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

Stats NZ holds no collateral as security, or other credit enhancements over receivables that are either past due or impaired.

	2016			2017		
	Gross $000	Impairment $000	Net $000	Gross $000	Impairment $000	Net $000
Not past due	374	-	374	444	-	444
Past due 1–30 days	229	(1)	228	78	(1)	77
Past due 31–60 days	84	(1)	83	3	(1)	2
Past due 61–90 days	4	(1)	3	-	-	-
Past due > 90 days	93	(2)	91	5	(3)	2
Total	**784**	**(5)**	**779**	**530**	**(5)**	**525**

7. Creditors and other payables

2016 Actual $000		2017 Actual $000
1,555	Creditors (exchange transactions)	2,886
4,032	Accrued expenses and other payables (exchange transactions)	4,907
5,587	**Total creditors and other payables**	**7,793**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms.
The carrying value of creditors and other payables approximates their fair value.

8. Repayment of surplus to the Crown

Under the Public Finance Act, no operating surplus can be retained by Stats NZ. The return of the operating surplus to the Crown is required to be paid by 31 October each year.

There was no provision for the repayment of surplus to the Crown for 2016/17 (2016: Nil).

9. Provisions

	Restructuring $000	Onerous contract $000	Total $000
2016			
Opening balance at 1 July 2015	-	307	307
Additional provisions recognised	1,290	-	1,290
Amounts used	-	(307)	(307)
Unused amounts reversed	-	-	-
Closing balance at 30 June 2016	**1,290**	**-**	**1,290**
Analysed as:			
Current	1,290	-	1,290
Non-current	-	-	-
2017			
Opening balance at 1 July 2016	1,290	-	1,290
Additional provisions recognised	-	-	-
Amounts used	(1,231)	-	(1,231)
Unused amounts reversed	(59)	-	(59)
Closing balance at 30 June 2017	**-**	**-**	**-**
Analysed as:			
Current	-	-	-
Non-current	-	-	-

Restructuring provision

The restructuring provision relates to costs for organisational changes to Digital Business Services.

10. Employee entitlements

2016 Actual $000		2017 Actual $000
	Current employee entitlements	
4,468	Annual leave	4,705
505	Sick leave	514
1,625	Retirement and long-service leave	1,606
6,598	**Total current portion**	**6,825**
	Non-current employee entitlements	
6,205	Retirement and long-service leave	5,929
6,205	**Total non-current portion**	**5,929**
12,803	**Total employee entitlements**	**12,754**

The present value of the retirement and long-service leave obligations depends on several factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the risk-free discount rates and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

The department has used the actuarial models provided by the Treasury, including the applicable risk-free discount rates and salary inflation factor. Risk-free discount rates of 1.97 percent (year 1), 2.36 percent (year 2), and 3.92 percent (year 3 onwards), and a salary inflation factor of 3.10 percent were used. The risk-free discount rate used for year 3 onwards is based on the average of 20 forward rates (from year 3 to 22 inclusive) taken from the published table of discount rates as at 30 June 2017. The salary inflation factor is based on using a 1.7 percent medium-term inflation assumption plus 1.4 percent for long-term labour-productivity growth for the public sector.

If the risk-free discount rates were to differ by 1 percent from the department's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated $462,587 lower (1 percent increase) or $532,402 higher (1 percent decrease).

If the salary inflation factor was to differ by 1 percent from the department's estimates, with all other factors held constant, the carrying amount of the liability would be an estimated $616,378 higher (1 percent increase) or $544,613 lower (1 percent decrease).

11. Deferred revenue

Deferred revenue of $383,000 (2016: $250,000) is the portion of operating revenue received that relates to the ensuing financial year. It will be recognised as income when the services are provided or performed.

12. Property, plant, and equipment

Carrying amounts at year-end are stated at cost less accumulated depreciation and include work in progress relating to furniture and fixtures of $134,000 (2016: Nil) and computer hardware of $3,000 (2016: $4,000).

There are no restrictions over the title of Stats NZ's property, plant, and equipment. No items of property, plant, and equipment are pledged as security for liabilities.

	Furniture and fixtures $000	Leasehold improvements $000	Office equipment $000	Computer hardware $000	Total $000
Cost					
Balance at 1 July 2015	4,715	12,891	1,026	19,236	**37,868**
Additions	1,164	6,220	50	2,126	**9,560**
Disposals	(981)	(3,915)	(63)	(1,234)	**(6,193)**
Work in progress movement	-	(1,446)	12	(6)	**(1,440)**
Balance at 30 June 2016	**4,898**	**13,750**	**1,025**	**20,122**	**39,795**
Balance at 1 July 2016	4,898	13,750	1,025	20,122	**39,795**
Additions	3,182	2,923	41	2,555	**8,701**
Disposals	(4,462)	(7,030)	(787)	(14,270)	**(26,549)**
Work in progress movement	134	(507)	(12)	(1)	**(386)**
Balance at 30 June 2017	**3,752**	**9,136**	**267**	**8,406**	**21,561**
Accumulated depreciation and impairment losses					
Balance at 1 July 2015	3,708	8,746	933	16,581	**29,968**
Depreciation expense	358	1,162	57	1,887	**3,464**
Eliminate on disposal	(614)	(3,529)	(63)	(1,219)	**(5,425)**
Balance at 30 June 2016	**3,452**	**6,379**	**927**	**17,249**	**28,007**
Balance at 1 July 2016	3,452	6,379	927	17,249	**28,007**
Depreciation expense	679	1,249	36	1,946	**3,910**
Eliminate on disposal	(3,421)	(6,460)	(777)	(13,799)	**(24,457)**
Balance at 30 June 2017	**710**	**1,168**	**186**	**5,396**	**7,460**
Carrying amounts					
At 1 July 2015	1,007	4,145	93	2,655	7,900
At 30 June and 1 July 2016	1,446	7,371	98	2,873	11,788
At 30 June 2017	**3,042**	**7,968**	**81**	**3,010**	**14,101**

13. Intangible assets

	Software $000	Internally generated software $000	Total $000
Cost			
Balance at 1 July 2015	11,115	63,313	**74,428**
Additions	716	2,553	**3,269**
Disposals	(764)	(4,514)	**(5,278)**
Work in progress movement	-	3,628	**3,628**
Balance at 30 June 2016	**11,067**	**64,980**	**76,047**
Balance at 1 July 2016	11,067	64,980	**76,047**
Additions	77	9,465	**9,542**
Disposals	(5,347)	(3,876)	**(9,223)**
Work in progress movement	-	(5,299)	**(5,299)**
Balance at 30 June 2017	**5,797**	**65,270**	**71,067**
Accumulated amortisation and impairment losses			
Balance at 1 July 2015	9,321	33,966	**43,287**
Amortisation expense	595	8,500	**9,095**
Eliminate on disposal	(764)	(3,260)	**(4,024)**
Balance at 30 June 2016	**9,152**	**39,206**	**48,358**
Balance at 1 July 2016	9,152	39,206	**48,358**
Amortisation expense	669	8,647	**9,316**
Eliminate on disposal	(5,347)	(3,737)	**(9,084)**
Balance at 30 June 2017	**4,474**	**44,116**	**48,590**
Carrying amounts			
At 1 July 2015	1,794	29,347	**31,141**
At 30 June and 1 July 2016	1,915	25,774	**27,689**
At 30 June 2017	**1,323**	**21,154**	**22,477**

Carrying amounts at year-end are stated at cost less accumulated amortisation and include work in progress relating to internally generated assets of $3,406,000 (2016: $8,705,000).

There are no restrictions over the title of the Stats NZ's intangible assets. No intangible assets are pledged as security for liabilities.

14. Loss on disposal of non-current assets

During the period there was a loss on the sale and disposal of property, plant, and equipment, and intangible assets of $2,232,000 (2016: $1,940,000). The loss includes $1,479,000 (2016: Nil) of assets at Statistics House written off due to the 2016 Kaikōura earthquake.

15. Reconciliation of net surplus/(deficit) to net cash from operating activities

2016 Actual $000		2017 Actual $000
(2,035)	**Net surplus / (deficit)**	**(8,100)**
	Non-cash items	
12,559	Depreciation and amortisation	13,226
440	Movements in non-current employee entitlements	(276)
-	Net gains on derivative financial instruments	(21)
12,999	**Total non-cash items**	**12,929**
	Items classified as investing or financing activities	
654	(Gain)/loss on derecognition of work in progress	453
1,940	(Gain)/loss on disposal of non-financial assets	2,232
2,594	**Total items classified as investing or financing activities**	**2,685**
	Working capital movements	
(15,711)	(Increase)/decrease in debtor Crown	6,202
(248)	(Increase)/decrease in debtors and other receivables	254
(717)	(Increase)/decrease in advances and prepayments	1,147
1,439	Increase/(decrease) in creditors and other payables	2,206
365	Increase/(decrease) in goods and services tax payable	(732)
983	Increase/(decrease) in current provisions	(1,290)
688	Increase/(decrease) in employee entitlements	227
(177)	Increase/(decrease) in deferred revenue	133
(13,378)	**Net working capital movements**	**8,147**
180	**Net cash flows from operating activities**	**15,661**

16. Related-party transactions and key management personnel

Related-party transactions

Stats NZ is a wholly-owned entity of the Crown.

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier, or client/recipient, relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the department would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government departments and Crown entities are not disclosed as related-party transactions when they are consistent with the normal operating arrangements between government agencies, and undertaken on the normal terms and conditions for such transactions.

There were no related-party transactions that were not within a normal arm's length supplier or client/recipient relationship.

Key management personnel compensation

2016 Actual		2017 Actual
	Executive Leadership Team [1]	
1,658	Remuneration ($000)	1,636
6.0	Full-time equivalent members	5.7

1. Executive Leadership Team includes the Government Statistician.

There were no termination benefits and post-employment benefits paid to key management personnel for financial year ended 30 June 2017 (2016: Nil). The remuneration of any staff member permanently in a role or acting in a role within that team has been included for the period they were a member.

The above key management personnel disclosure excludes the Minister of Statistics. The Minister's remuneration and other benefits are not received only for his role as a member of key management personnel of the department. The Minister's remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by the department.

17. Events after the balance sheet date

There have been no significant events after the balance sheet date.

18. Financial instruments

Financial instrument categories

The carrying amounts of financial assets and financial liabilities in each of the categories are as follows:

2016 Actual $000		2017 Actual $000
	Loans and receivables	
5,005	Cash and cash equivalents	7,654
3,803	Debtors and other receivables	2,402
8,808	**Total loans and receivables**	**10,056**
	Fair value through surplus and deficit	
-	**Derivative financial instrument assets**	**21**
	Financial liabilities measured at amortised cost	
5,587	**Creditors and other payables**	**7,793**

Financial instrument risks

Stats NZ's activities expose it to a variety of credit and liquidity risks. The department has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Credit risk

A credit risk is the risk that a third party will default on its obligation to Stats NZ, causing the department to incur a loss. In the normal course of its business, credit risk arises from debtors and deposits with banks.

The department is only permitted to deposit funds with Westpac New Zealand (Westpac), one of the approved All-of-Government banking services, and enter into foreign-exchange forward contracts with the approved banking counterparties: New Zealand Debt Management Office (NZDMO) and Westpac. These entities have high credit ratings. The only concentration of credit risk is the deposits held with Westpac. For its other financial instruments, the department does not have significant concentrations of credit risk.

The department's maximum credit risk exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net debtors and other receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Liquidity risk

Liquidity risk is the risk that the department will encounter difficulty raising liquid funds to meet commitments as they fall due. In meeting its liquidity requirements, the department closely monitors its forecast cash requirements with expected cash drawdowns from the NZDMO. The department maintains a target level of available cash to meet liquidity requirements.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the department's financial liabilities (excluding derivatives) that will be settled based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are undiscounted and based on the contractual cash flows, and are equal to the carrying amounts.

	Carrying amount $000	Contractual cash flows $000	Less than 6 months $000	Between 6 months and 1 year $000	Between 1 year and 5 years $000	More than 5 years $000
2016						
Creditors and other payables (Note 7)	5,587	5,587	5,587	-	-	-
2017						
Creditors and other payables (Note 7)	7,793	7,793	7,793	-	-	-

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the department's forward exchange-contract derivatives into relevant maturity groupings, based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount $000	Asset carrying amount $000	Contractual cash flows $000	Less than 6 months $000	Between 6 months and 1 year $000	Between 1 year and 2 years $000
2016						
Gross settled forward foreign exchange contracts	-	-				
Outflow			-	-	-	-
Inflow			-	-	-	-
2017						
Gross settled forward foreign exchange contracts	-	21				
Outflow			373	373	-	-
Inflow			-	-	-	-

19. Capital management

The department's capital is its equity, which comprises the taxpayers' funds and revaluation reserves. Equity is represented by net assets.

The department manages its revenues, expenses, assets, liabilities, and general financial dealings prudently. The department's equity is largely managed as a by-product of managing income, expenses, assets, liabilities, and compliance with the Government budget processes, Treasury instructions, and the Public Finance Act.

The objective of managing the department's equity is to ensure that Stats NZ effectively achieves its goals and objectives for which it has been established, while remaining a going concern.

20. Effects of the Kaikōura earthquake

The event

The 14 November 2016, magnitude 7.8 Kaikōura earthquake caused significant damage to Statistics House in Wellington, including partial collapse of two floors. The building was assessed as 'entry prohibited' on the morning of 15 November 2016 and has been unoccupied since. Alternative accommodation was leased in Wellington for Stats NZ and the Ministry of Transport.

Nature of assets affected

Furniture and leasehold improvements

A refit was in progress under the Wellington Accommodation Project tranche 2 to optimise office space at Statistics House. The Ministry of Transport moved into a refurbished level one of Statistics House in August 2016. Three other floors were almost completely refurbished when the quake struck. No furniture or improvements have been recovered from Statistics House and these have been written off in the statement of comprehensive revenue and expense in the 2016/17 financial year.

Computer hardware

Aligned with the refit of Statistics House and a move to an agile working environment, Stats NZ made a significant investment in mobile technology in 2016/17. Most of this equipment was unable to be recovered from Statistics House and has been written off in the statement of comprehensive revenue and expense in the 2016/17 financial year.

Write-offs as a result of the earthquake

Total costs written off from Statistics House in the statement of comprehensive revenue and expense include the net book value of capitalised assets and work in progress (eg refurbishment in progress until completion, at which time these costs would have been capitalised). Write-offs in 2016/17 were:

2016 Actual $000		2017 Actual $000
-	Refit of Statistics House	2,967
-	Furniture	1,677
-	Computer hardware	1,009
-	Office equipment	10
-	**Total costs written off from Statistics House**	**5,663**

Costs as a result of the earthquake

Total costs expensed in the statement of comprehensive revenue and expense of $4.5 million include recovery activity and alternative accommodation costs to ensure business continuity as the result of the damage to Statistics House. The replacement of assets, primarily to set up alternative temporary accommodation ($4.7 million), and staff time are not included in this figure.

Vote Appropriation

The Supplementary Estimates of Appropriations 2016/17 included one-off operating funding of up to $15 million for costs related to the earthquake.

Insurance revenue

Stats NZ has material damages insurance and business continuity insurance with a three-year claim window. Stats NZ has advised its insurers that it will submit an initial claim in the 2017/18 financial year.

21. Explanations of major variances against budget

The following major budget variances occurred between the 2016/17 actuals and the 2016/17 budget. The budget figures for 2016/17 are those included in *The Estimates of Appropriations for the year ending 30 June 2017*.

Statement of comprehensive revenue and expense

Revenue Crown

Revenue Crown was greater than budget by $2.736 million. This was mainly due to additional funding received:

- $2.6 million for a capital-to-operating swap for changes in as-a-service technology costs classified as operating rather than capital.
- $1.3 million to optimise office space under the Wellington Accommodation Project tranche 2.
- $1.1 million for the Data Futures Partnership.

In addition, there was a timing variance delay in the recognition of $1.8 million of revenue in the 5-year Multi Year Appropriation programme that will deliver the 2018 Census of Population and Dwellings.

Other operating expenses

Other operating expenses was greater than budget by $9.684 million. This was mainly due to:

- $4.2 million of write-offs incurred after the 14 November 2016 Kaikōura earthquake caused significant damage to Statistics House – see Note 20 for further information.
- $3.8 million of additional costs, including leasing alternative office space, incurred after the earthquake – see Note 20 for further information.
- $1.1 million of expenses for the Data Futures Partnership funded through the 2016/17 Supplementary Estimates.

Loss on disposal of non-current assets

The loss on disposal of non-current assets includes $1.5 million of assets at Statistics House that were written off as the result of the earthquake – see Note 20 for further information.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents are $4.5 million lower than budget. This is in part due to Stats NZ paying earthquake-related costs in the expectation that cash will, in time, be replenished by insurance revenue.

Debtor Crown

Debtor Crown is $5.5 million lower than budget as cash has been drawn down to fund earthquake-related costs.

Non-current assets

Non-current assets are $13.9 million lower than budget due in part to the earthquake-related halt to a refit at Statistics House and the write-off of assets at Statistics House. Intangible assets are lower than budget with the move to Software as a Service.

Creditors and other payables

Creditors and other payables are higher than budget by $3.2 million. The variance is due to a high accounts payable balance at 30 June 2017, due to the timing of vendor payments and additional accruals resulting from earthquake-related delays to Stats NZ's work programme.

Taxpayers' funds

Taxpayers' funds are lower than budget by $27.582 million. This is mainly due to the deficit of $8.1 million, a reduction of $14.8 million in capital injections, and a $2.6 million capital-to-operating swap.

Appropriation statements

The following statements report information about the expenses and capital expenditure incurred against each appropriation administered by Stats NZ for the year ended 30 June 2017.

Statement of departmental budgeted and actual expenses and capital expenditure incurred against appropriations

For the year ended 30 June 2017

2016 Expenditure after re-measurement $000		2017 Expenditure before re-measurement $000	2017 Re-measurement $000	2017 Expenditure after re-measurement $000	2017 Approved appropriation[1] $000
Vote Statistics					
Departmental output expenses					
1,375	Data Futures Partnership	2,033	-	2,033	2,134
1,175	Services to other agencies RDA	2,806	-	2,806	3,500
2,550	**Total departmental output expenses**	**4,839**	**-**	**4,839**	**5,634**
Departmental capital expenditure					
15,017	Stats NZ capital expenditure - Permanent Legislative Authority (PLA) under section 24(1) of the Public Finance Act	12,558	-	12,558	17,000
15,017	**Total departmental capital expenditure**	**12,558**	**-**	**12,558**	**17,000**
Multi-category appropriation					
17,904	Stewardship of government data and statistical services	25,742	-	25,742	24,833
41,301	Population, social and labour market data and statistical information services	42,097	-	42,097	46,130
51,424	Economic and business data and statistical information services	53,353	-	53,353	59,021
110,629	**Total multi-category appropriation**	**121,192**	**-**	**121,192**	**129,984**
Multi-year appropriation					
15,323	2018 Census of Population and Dwellings	17,702	-	17,702	22,650
15,323	**Total multi-year appropriation**	**17,702**	**-**	**17,702**	**22,650**
143,519	**Total annual, multi-year and permanent appropriations**	**156,291**	**-**	**156,291**	**175,268**

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act. End-of-year performance information on these appropriations has been reported on pages 15–49.

Reconciliation of multi-year appropriations

For the year ended 30 June 2017

The 2018 Census appropriation was established from 1 July 2014 to 30 June 2019, to provide for flexibility in planning for the 2018 Census of Population and Dwellings as a single programme over a five-year cycle and to continue the Census Transformation work programme for 18 months.

Appropriation, adjustment and use	2018 Census of Population and Dwellings $000
Original appropriation	13,100
Adjustment for 2014/15	97,988
Total adjusted appropriation	**111,088**
Actual expenses in 2014/15	(7,024)
Actual expenses in 2015/16	(15,323)
Actual expenses in 2016/17	(17,702)
Total actual expenses	**(40,049)**
Balance of appropriation	**71,039**

Statement of departmental unappropriated expenditure and capital expenditure

For the year ended 30 June 2017

Stats NZ had no unappropriated expenses or capital expenditure for the year ended 30 June 2017 (2016: Nil).

Statement of departmental capital injections

For the year ended 30 June 2017

2016 Actual $000		2017 Actual $000	2017 Approved appropriation[1] $000
	Vote Statistics		
433	Stats NZ – Capital injection	2,600	2,600

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act.

Statement of departmental capital injections without, or in excess of, authority

For the year ended 30 June 2017

Stats NZ had not received any capital injections during the year without, or in excess of, authority.

Statements of revenue and output expenses

The overarching purpose of the official statistics multi-category 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.

The appropriation comprises the following output categories:

- stewardship of government data and statistical services
- population, social, and labour market data and statistical information services
- economic and business data and statistical information services.

Stewardship of government data and statistical services

The scope of this output category is limited to coordination of statistical and data services for government, through leadership of the OSS, oversight of the IDI, liaison with partners and customers, provision of ministerial services, statistical and data management advice, and the operation of access channels.

For the year ended 30 June 2017

2016 Actual $000		2017 Actual $000	2017 Approved appropriation[1] $000
18,482	Revenue from the Crown	25,696	20,823
315	Other revenue	378	1,160
18,797	Total operating revenue	26,074	21,983
17,905	Total output expenditure	25,742	24,833
892	**Net operating surplus/(deficit)**	**332**	**(2,850)**

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act. End-of-year performance information on these appropriations has been reported on pages 15–49.

Population, social and labour market data and statistical information services

The scope of this output category is limited to delivery of data and statistical information services relating to the population, environment, household economics, social conditions, and the labour market.

For the year ended 30 June 2017

2016 Actual $000		2017 Actual $000	2017 Approved appropriation[1] $000
39,174	Revenue from the Crown	36,490	37,937
941	Other revenue	954	2,944
40,115	Total operating revenue	37,444	40,881
41,301	Total output expenditure	42,097	46,130
(1,186)	**Net operating surplus/(deficit)**	**(4,653)**	**(5,249)**

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act. End-of-year performance information on these appropriations has been reported on pages 15–49.

Economic and business data and statistical information services

The scope of this output category is limited to the delivery of data and statistical information services relating to business and the economy.

For the year ended 30 June 2017

2016 Actual $000		2017 Actual $000	2017 Approved appropriation[1] $000
45,054	Revenue from the Crown	44,785	48,211
4,594	Other revenue	4,674	3,909
49,648	Total operating revenue	49,459	52,120
51,424	Total output expenditure	53,353	59,021
(1,776)	**Net operating surplus/(deficit)**	**(3,894)**	**(6,901)**

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act. End-of-year performance information on these appropriations has been reported on pages 15–49.

2018 Census of Population and Dwellings

This appropriation is limited to conducting the 2018 Census, and the administration and management of the ongoing census programme, as required under the Statistics Act 1975.

For the year ended 30 June 2017

2016 Actual $000		2017 Actual $000	2017 Approved appropriation[1] $000
15,323	Revenue from the Crown	17,702	22,650
-	Other revenue	-	-
15,323	Total operating revenue	17,702	22,650
15,323	Total output expenditure	17,702	22,650
-	**Net operating surplus/(deficit)**	**-**	**-**

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act. End-of-year performance information on these appropriations has been reported on pages 15–49.

Data Futures Partnership

This appropriation is limited to enabling the activities of the Data Futures Partnership. The Data Futures Partnership is intended to achieve the continued support of the independent, cross-sector Data Futures Partnership to ensure New Zealand's data is used effectively to create social and economic value for all New Zealanders.

For the year ended 30 June 2017

2016 Actual $000		2017 Actual $000	2017 Approved appropriation[1] $000
1,410	Revenue from the Crown	2,134	2,134
-	Other revenue	14	-
1,410	Total operating revenue	2,148	2,134
1,375	Total output expenditure	2,033	2,134
35	**Net operating surplus/(deficit)**	**115**	**-**

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act. End-of-year performance information on these appropriations has been reported on pages 15–49.

Services to other agencies RDA

This appropriation is limited to the provision of services by Stats NZ to other agencies, where those services are not within the scope of another departmental output expense appropriation in Vote Statistics. This appropriation is intended to achieve the provision of shared services with other government agencies for the efficient and effective management of the Crown estate, such as the provision of shared accommodation in Christchurch and Wellington.

For the year ended 30 June 2017

2016 Actual $000		2017 Actual $000	2017 Approved appropriation[1] $000
-	Revenue from the Crown	-	-
1,175	Other revenue	2,806	3,500
1,175	Total operating revenue	2,806	3,500
1,175	Total output expenditure	2,806	3,500
-	**Net operating surplus/(deficit)**	**-**	**-**

1. These are the appropriations from the Supplementary Estimates, adjusted for any transfers under section 26A of the Public Finance Act. End-of-year performance information on these appropriations is reported on pages 15–49.