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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Budget 2014

**Statistics New Zealand
Four-year Plan 2014-2018**

**Vote Statistics
December 2013**

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1.0 Overview

Introduction

Statistics New Zealand leads the Official Statistics System (OSS) and is governed by and administers the Statistics Act 1975. It is also New Zealand's major producer of official statistics, delivering and disseminating the most important statistics that require the highest levels of credibility and integrity.

Statistics NZ's outputs are key enablers for government resource allocation and decision making. The Census provides data used extensively by central government agencies, local government, businesses, academics and community groups. The key uses of census data include:

- electoral boundaries
- resource allocation
- costing government programmes
- policy development and monitoring
- social and market research

Our regular scheduled release data provides New Zealanders with information on how New Zealand is performing against a range of social and economic indicators. Social indicators demonstrate whether government policies are achieving their intended aims, and areas that may require future policy development. Economic indicators are used to calculate and monitor the performance of the New Zealand economy including key indicators such as inflation, economic growth, labour market performance, innovation and investment. These measures are critical performance indicators domestically and present our economy to the world.

We lead the OSS to ensure that there are consistent standards for the collection and dissemination of statistical information by all government organisations. We lead the government in the development of practices that encourage open government, including making data more available to New Zealanders.

Cabinet has agreed to the list of Tier One statistics that are the most important statistics collected by government. We have worked with the justice agencies, for example, to ensure that the collection and dissemination of justice statistics are aligned with international best practice.

We are at the end of the first tranche of a ten-year transformation programme - Statistics 2020 - Te Kāpehu Whetū (Statistics 2020). At this stage of our transformation, we have taken the opportunity to review progress against our transformation objectives and plan for the next three years of the programme.

This four year plan outlines how we will transition from the first tranche of our transformation – laying the foundations to the second tranche of the transformation – transforming the way we work. Part of this transition is to consider the funding required and the sequencing of the second tranche of

the transformation and to organise ourselves in the most efficient way to deliver the Statistics 2020 programme. The 2015-2019 four year plan will be able to provide more informed data on our expenditure, workforce requirements and timing of the remainder of the Statistics 2020 transformation programme.

Our transformation journey - context

In Budget 2011, the Government invested in a ten-year transformation programme - Statistics 2020 - Te Kāpehu Whetū. This programme will get Statistics NZ on a sustainable footing, deliver increased value to customers, and ensure the continued supply of reliable and critical statistics. The programme is designed to:

- support the alignment of Statistics NZ outputs with government priorities;
- ensure we are an agile, customer focused and responsive national statistics office that is fit for the future;
- more effectively and efficiently meet our customers' needs (including Māori and iwi information needs); and
- obtain greater value from the Government's investment in official statistics.

Due to the length and complexity of the programme we have divided the programme into three tranches. The first tranche – laying the foundations, is due to be completed in 2014.

Tranche One (2011/12 – 2013/14) – laying the foundations

The first tranche of our transformation journey is laying the foundations for transformation through stabilising, designing, standardising and building systems and processes. By mid-2014 we will be on a more secure footing by:

- reducing our vulnerability to and reliance on legacy systems,
- designing a standard data collection structure,
- standardising our data processing and dissemination systems to transform delivery of information, and
- increasing shared statistical services across government.

Tranche One (2011/12 – 2013/14) – key achievements

During the first three years of the transformation journey some key achievements are:

- Updated key Tier One official statistics to reflect New Zealand's needs and performance measures.
- Achieved 35 percent on-line response to the 2013 Census.

- Made more data available visually and spatially through new geospatial infrastructure.
- Standardised data collection systems and introduced consolidated data processing and dissemination platforms to ensure continued production of quality statistics.
- Implemented an integrated dataset (the Integrated Data Infrastructure IDI) to enable more detailed analysis and a more cost effective way of providing access to data. This dataset forms the information engine for the Cabinet's agreed work on Analysis for Outcomes. It brings together and replaces a number of existing systems related to student loans, income tax, personal wellbeing and migration data.
- Replaced over half of our IT legacy systems.
- Shared statistical services such as:
 - data integration using Statistics NZ and other agencies' data (via the IDI and Analysis for Outcomes).
 - data dissemination, e.g. Ministry of Justice, New Zealand Police and Ministry of Transport use our data dissemination tool.
 - sample selection using the business frame and the household frame, e.g. Ministry of Primary Industries uses business frame for sampling forestry surveys and Ministry of Health uses the household frame for its New Zealand Health Monitor survey.
 - classification management and development, e.g. Inland Revenue, Companies Office and ACC use the Australia NZ Industrial Classification - to ensure the consistent coding of data across collections and over time.
 - metadata management to be expanded for use by other agencies.
 - data management advice and services, e.g. the data archive is used by Ministry of Justice and Ministry of Health.
 - training and development for official statisticians, e.g. the Certificate of Official Statistics, OSS Seminar Series.
- Changed the Statistics Act 1975 to enable us to increase access to micro data and streamline the approval process. Researchers can now remotely access microdata through a secure system.

Tranche One (2011/12 – 2013/14) – Financial Benefits

Although we have achieved some financial savings in the first tranche of the transformation, these have been lower than forecast in the original business case. This due to changes in the cost of delivering Statistics 2020 and the timing of programme benefits. The programme benefits (efficiency savings) were intended to be used to partially fund the cost of the programme. The scheduling of costs and benefits over the following tranches are being revised as part of the rebaselining exercise.

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The large programmes within the Statistics 2020 are still expected to deliver forecast benefits. The timing and level of the benefits from the large programmes are however expected to change in tranche two of Statistics 2020.

We are currently rebaselining the Statistics 2020 transformation programme in order to ensure that we meet our savings commitments to government by the end of the programme in 2020.

We have included more details on these actions in the *Responding to New Challenges* section later in this document.

Tranche Two (2014/15 – 2016/17) – Transforming the way that we work

The second tranche of the transformation journey is about changing the way we work and realising the benefits from establishing the foundations for transformation in the first tranche.

The majority of the benefits will be realised in the second tranche through the implementation of new business processes and systems. These new processes and systems will change the way that we work and reduce the resources that we require to produce our core outputs.

The key activities for the second tranche of the transformation programme are:

- Completing the removal and retirement of all legacy systems
- Enhancing the standardised statistical and IT infrastructure to further reduce costs and increase efficiencies

- Facilitating the linking and integration of data, enabling it to be reused and repackaged to create new information that was previously not possible
- Increasing the use of administrative data so that it will increasingly become the first source of information
- Increasing emphasis on analysis and interpretation of base statistical data to provide richer pictures of the economic and social environments
- Improving access to data and better understanding customer needs
- Strengthening Statistics NZ's own management information to drive performance
- Moving to be a smaller more highly skilled and productive organisation.

Tranche Three (2017/18 – 2019/20) – Consolidating the benefits

Tranche three of the transformation is scheduled to begin in 2017/18. In 2016/17 Statistics NZ will plan for the tranche three of the transformation programme, through consolidating the benefits from tranche two, scoping the work that needs to be completed in tranche three and planning for the completion of the transformation programme in 2020.

In tranche three we will increase our use of government information from new data sources, technologies and methods. This will help us to inform decisions on New Zealand's economy, community, environment and culture.

Leadership Opportunities

As well as delivering our core products and services and progressing our transformation programme, Statistics NZ has had a key role in a number of cross government initiatives. The most significant contributions relate to our role in Better Public Services (BPS) Result Areas 9 and 10 and our lead role in transforming the IDI as part of the Cabinet agreed Analysis for Outcomes initiative.

Statistics NZ contributes staff and other resources to BPS Result Area 9 – New Zealand businesses have a one-stop shop online for all government advice and support they need to run and grow their business and 10 – New Zealanders can complete their transactions with the government easily within a digital environment.

In August 2013, Cabinet agreed that Statistics NZ will expand the capacity of the IDI to create a more co-ordinated capability across government to share and use person-centred data to enable analysis of the impact of government services and interventions. This will be achieved by:

- Enhancing the IDI and microdata access analytical tools, capacity and support, making it easier for agencies to bring their own data into the IDI for research and statistical purposes.
- Taking advantage of existing privacy and security protocols and policies to provide safe and secure access for approved researchers to integrated, anonymised, multi-agency data.
- Extending the IDI over a two year period to include additional data from across government, with a focus on social sector data.

Transforming the Census

In Budget 2014, Statistics NZ is seeking funding to develop and deliver a modernised census in 2018.

We are recommending a modernised census in 2018. This option focuses on transforming how the census is delivered, the information collected and investment in systems and processes. The new system will support future census models using more administrative data within the current five year cycle.

As part of our work to modernise the census in 2018 we will investigate ways that we can reduce our dependence on census data. This work will enable us to collect less population data in future. From 2018, we will increasingly use administrative data to gather information about the New Zealand population.

Facing new challenges

Statistics NZ is proud of what it has achieved over the past three years. We are now a more responsive, dynamic and technologically stable organisation.

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The second tranche of the transformation will be a demanding period of benefit realisation and change for the organisation. New systems and processes need new ways of working and thinking. These changes are occurring, and will occur, unevenly across the organisation. Change management needs a strong focus and support throughout tranche two.

Tranche two will require a step change in the way that we deliver the transformation programme. To achieve this step change we are rebaselining the transformation programme to ensure that we have an integrated package of initiatives that delivers the required benefits and realises the savings that have been included in our appropriations.

At the same time the second tranche demands more outward focus to ensure that we can meet the needs of current and future customers.

At the end of the second tranche we will be in a position where we can anticipate the needs of our customers. We will be able to interact with customers in a more proactive way.

Since Statistics NZ set out on its transformation journey, the deferral of the census from 2011 to 2013, due to the Christchurch earthquakes has had a significant impact on the organisation. The deferral of the 2011 census meant that this large programme of work was required at the same time as key the Statistics 2020 foundation work. The damage to the Christchurch office and the decrease in productivity delayed enhancements to economic statistics and added unexpected costs. Cross government initiatives stretched finite resources of technical expertise in ways that could not have been anticipated in 2011.

If approved, the modernised census in 2018 will occur at the same time as the peak of activity in tranche two of the transformation programme. This will require us to focus on integrating the transformation programme and the delivery of the 2018 census using new collection methods and platforms.

It is becoming more difficult to collect information from businesses and individuals via traditional survey based collection methods. We have responded to these difficulties through the increased use of administrative data as a first option for data collection. The 2018 modernised census aims to significantly increase the online response rate from 35% in the 2013 Census.

The cumulative impact on all of these challenges will be an increased risk of failing to meet our objectives. [7]

Responding to the challenge - Rebalancing, rebaselining, regrouping

Statistics NZ needs a trajectory shift to ensure that we continue on our path to being a national statistics office for the future. We want to efficiently provide New Zealand with the information that it needs to grow and prosper. We need to be more flexible and agile, faster to respond to our changing environment and have a sharper focus on meeting our customers' information needs. We are committed to producing robust official statistics and will continue to produce the most important statistics through our transformation.

The combination of the need for more focused change management, disaster recovery impacts, and an emphasis on across government initiatives have put increased pressure on our forecast financial position. In 2013/14 it has been necessary to take a number of steps to ensure the organisation is on a

sustainable fiscal track into the future, in order to deliver the statistical products and deliver on the transformation commitments.

We are responding to these challenges by ensuring that 2013/14 spending and our out-year financial projections matched our appropriation (rebalancing), the transformation programme delivers all of its intended benefits at the agreed cost (rebaselining) [7]

and we are organised in a way to fully realise the benefits of transformation (regrouping). These responses will strengthen the foundation for the transformation programme and the delivery of our products and services into the future. This is the beginning of the process and we expect that there will be further refinements to budget, benefit realisation and structure as the transformation progresses.

Rebalancing

Financial planning for 2013/14 identified a risk of a potential overspend due to an overly ambitious work programme. A number of actions have been taken to address this. The first set of initiatives involved a recruitment freeze, identifying cost savings, reductions, and process improvement.

In addition the organisation is reducing dependence on contractors, sharpening procurement, and focusing our corporate resourcing to ensure that we are as efficient as we can be in the short term.

Rebaselining

We have successfully delivered on the majority of the projects that we initiated in tranche one of the transformation programme.

Looking ahead to tranche two, the transformation programme requires a continued focus on delivery as well as a very strong focus on ensuring change is embedded and the benefits of new infrastructure and systems are realised.

The transformation programme is being rebaselined. While Statistics NZ remains committed to achieving the benefits of this significant 10 year programme, it will require some rephasing and reprioritisation of project resources and funding in order to fully realise the benefits.

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Regrouping

To meet future needs and ensure that we are organised in a way that takes full advantage of the transformation programme, we need an efficient structure that is able to respond to future demands.

A change in the way that we organise ourselves was planned at the end of the foundation phase of our transformation journey.

The regrouping exercise is expected to contribute significantly to ensuring an on-going sustainable organisation.

The regrouping exercise will be conducted in two phases:

- Phase One – involves a review of all level two and three management positions and position that report directly to a level two position.
- Phase Two – focuses on the corporate functions (human resources, finance, information technology, corporate support, the transformation programme, communications, planning and reporting, and risk)

After Phase Two, we will align staff in the new structures. Change will become a continuing feature of the new organisation design. The results of the regrouping will be implemented in early 2014 and aligned with this will be the review of Statistics NZ bargaining strategy and remuneration forecasts.

As the one-off costs of change are likely to be greater than expected in the 2013/14 financial year, but realise some savings earlier than originally planned, we are likely to request an in-principle expense transfer as part of the March Baseline Update. This transfer would help us manage the uncertainty in both timing and amount of funding required for the two phases of management of change that are being initiated in 2013/14. In addition, the expense transfer will also ensure that any savings made through the regrouping process can be used in future years.

How this plan will assist Statistics NZ to meet its goals

The goals for the transformation programme are:

- Ensure we are a national statistics office that is fit for the future and positioned to take advantage of developments in big data

- More effectively and efficiently meet our customers' needs (including Māori and iwi information needs) and
- Obtain greater value from the Government's investment in official statistics.

These goals remain relevant moving into the second tranche of our transformation journey. This four year plan provides a path that retains a clear focus on these goals for the next phase of transformation.

At the same time, it needs to be acknowledged that this plan is a transitional one. It will need to be updated, following the rebaselining and rebalancing that is taking place in 2013/2014. In addition, early in the 2014 calendar year, we will be undertaking a refresh of our strategic direction. It is timely to consider the role of a national statistical office in an era of 'big data' and check that Statistics NZ's direction is one that will serve New Zealand well in given both technology and data developments.

The **Overview** section of the plan described our organisation, what we have achieved over the past three years of our transformation journey and how we propose to realise the benefits of the transformation journey within budget.

The **Strategic Direction** section outlines the context under which we operate, and our strategic priorities.

The **Strategic Delivery** section shows how we are putting our strategy into action through operational planning to ensure the delivery of our key outputs and our transformation programme.

The **Risks to Implementation** section outlines any barriers that may prevent us from obtaining our goals and our plans for mitigating these risks.

The **Financial Summary** section shows our four year financial forecasts.

Detailed information of how we are going to progress our strategic direction over the next four years is contained in the eight annexes attached to this plan.

Annex	Content
Workforce capability, capacity and cost information	How the Statistics NZ work force will need to change over the next four years in order for us to deliver on the Statistics 2020 transformation programme and remain sustainable in the short, medium and long term.
Supporting financial information	How we will manage within our appropriations in 2013/14 and beyond.
2014 Budget new initiatives	Outlines the capital and operating funding that Statistics NZ requires to run a modernised census in 2018. co-location of functions in Christchurch ¹⁷¹
Expected out-year funding requests	We have not requested any expected out-year funding as part of this four year plan.

Capital strategy and future intentions	Summarises Statistics NZ 10 year asset management plan.
ICT Strategy	Responds to the Government's ICT Strategy such as moving to a digital by default model, managing information as an asset, and shared investment and capability.
Risks	Identifies our strategic and operational risks to achieving our goals and how we will mitigate them.
Government Priorities	Statistics NZ's response to government priorities, in particular Result Areas 9: – New Zealand businesses have a one-stop shop online for all government advice and support they need to run and grow their business and 10 – New Zealanders can complete their transactions with the government easily within a digital environment.

2.0 Strategic Direction

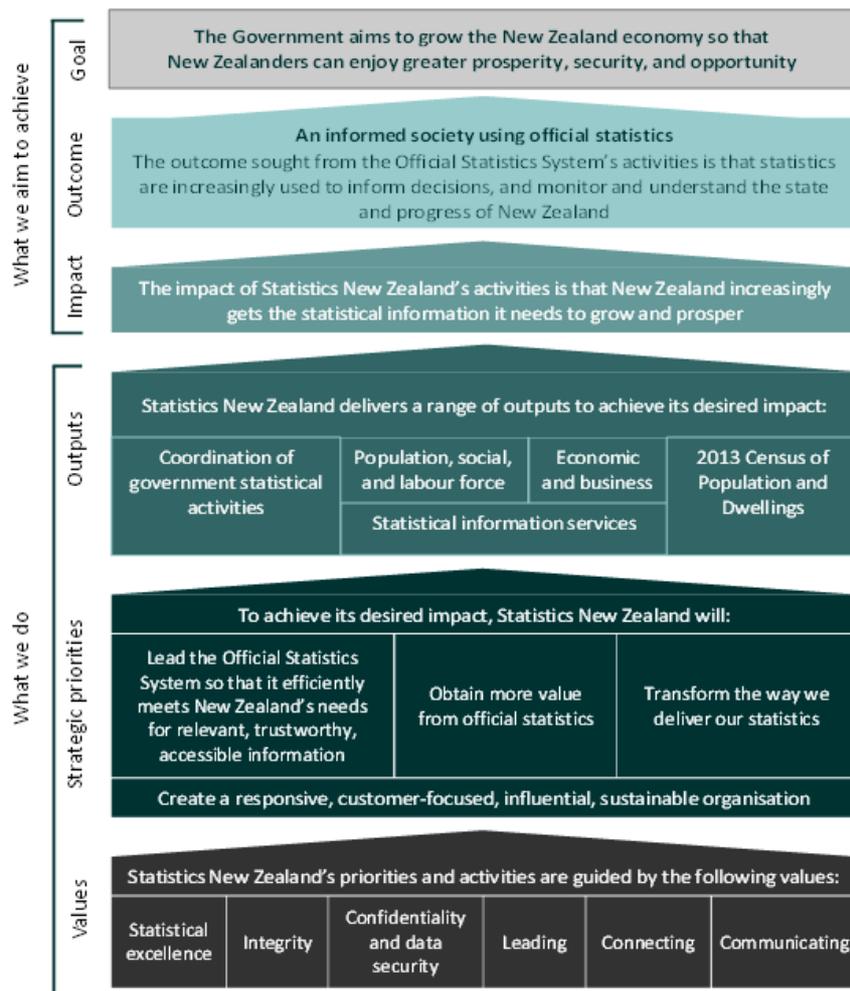
Context

Statistics NZ aims to increase the value of statistical information to New Zealand and New Zealanders. This reflects the desired outcome for the OSS of 'an informed society using official statistics'. For this to happen, the right information needs to be produced. While many government departments contribute to producing official statistics, as the leader of the OSS Statistics NZ has a particular role to play. We work with other OSS agencies to create an agile, responsive, and relevant statistical system that produces the information New Zealand needs.

We are transforming our organisation, to ensure we operate as effectively and efficiently as possible. At the same time as we look to standardise our business systems and processes, we need to look outwards, to check that we will be relevant now and in the future. We will refresh our ten-year strategic plan early in 2014, and will consider what further change we need to make as New Zealand's national statistical office.

Statistics NZ helps deliver better public services to New Zealand by working with departmental chief executives and sector leaders to identify priorities for the OSS's development.

The following diagram sets out Statistics NZ's current strategic framework.



Underpinning this strategic framework is recognising the uniqueness accorded Māori as tāngata whenua and the integrated implementation of the organisation's Effectiveness for Māori Strategy.

Statistics NZ's Strategic Plan 2010-20 provides our long-term vision. To ensure that our vision remains relevant, in 2014 we are refreshing, reviewing and extending our strategy. The new strategy will be reflected in the 2014-2024 Strategic Plan. The new plan will include changes in our environment since 2010. We will also refresh the strategy to reflect what we have delivered in tranche one of our transformation programme, review how we respond to our external environment and extend the plan to provide a vision for Statistics NZ to 2024.

The External Environment

Statistics NZ regularly engages externally to identify changes in the environment that may affect the organisation's activities or priorities. The table below illustrates these changes and our response to them:

External Environment Change	What we will do	Specific initiatives
Government expectation of better public services for New Zealanders	<p>Work with other agencies to address complex issues to improve how we deliver results.</p> <p>Provide leadership and expertise in areas including data linking, measuring outcomes and public sector performance.</p> <p>Lead the OSS to increase efficiency and produce better value for customers by using modern technology and shared services.</p>	<ul style="list-style-type: none"> • BPS result Areas 9 and 10 • Implementation of Government ICT Strategy • Lead the Analysis for Outcomes work • Manage Tier One statistics • Regular OSS Advisory Group meetings
Shifting customer demands in a fast-moving world	<p>Remain relevant to all customers.</p> <p>Meet the growing demand for large volumes of authoritative statistics.</p> <p>Assure customers that we can meet their need for accurate, timely, relevant data.</p> <p>Provide value for money for customers accessing statistics.</p>	<ul style="list-style-type: none"> • Seek customer feedback • Environmental scan • Seeking customer feedback • Expanded access to microdata • Review of the Statistics Act 1975 • Expanding the use administrative data • Review of the Statistics Act 1975
The needs of Māori in a post-Treaty settlement environment	<p>Support iwi by responding to the increasing demand for relevant information relating to Treaty of Waitangi claims.</p> <p>Work with Māori to ensure that they have the information needed to</p>	<ul style="list-style-type: none"> • Effectiveness for Māori Strategy • Integrated model of response to Māori strategy • Māori Statistics Advisory Committee

External Environment Change	What we will do	Specific initiatives
	succeed in all aspects of society.	<ul style="list-style-type: none"> • OSS leadership initiatives which contribute to meeting Māori information needs
The increasing availability of statistical information from different sources	Improve access to information through using new and innovative methods of delivery.	<ul style="list-style-type: none"> • Dissemination strategy • Review of the Statistics Act 1975
Rapid and pervasive technological advances	<p>Make statistics easy to find and relevant.</p> <p>Using multiple ways to collect statistics.</p> <p>Work with other agencies to ensure that data is only collected once.</p> <p>Use up-to-date and efficient technology to collect and disseminate data and information.</p>	<ul style="list-style-type: none"> • Leadership and co-ordination of the Official Statistics System • Transform Collections Programme • Review of the Statistics Act 1975 • Leadership and co-ordination of the Official Statistics System • Transform Collections Programme • Dissemination Strategy
The organisation's internal operating environment	<p>Modernise systems to reduce risk and provide a more agile and lower-cost response to emerging needs.</p> <p>Develop a skilled, responsive and agile workforce.</p>	<ul style="list-style-type: none"> • Retirement of legacy systems • Implementation of collection, analysis and dissemination platforms • People Strategy
The decentralised model of the OSS.	<p>Deliver an efficient and effective OSS that works for customers.</p> <p>Set standards, provide</p>	<ul style="list-style-type: none"> • Leadership and co-ordination of the Official Statistics System • Review of the Statistics Act 1975

External Environment Change	What we will do	Specific initiatives
	<p>quality assurance, and statistical advice.</p> <p>Manage Tier 1 statistics to ensure trust and confidence in official statistics.</p> <p>Promote common standards, classifications, and methodologies to improve the ability of customers to link statistics across government and increase the accessibility to official statistics.</p> <p>Build capability of both the customers of official statistics.</p> <p>Promote the effective use of administrative records as a key data source.</p>	<ul style="list-style-type: none"> • Standardised Data Dissemination Programme • Leadership and co-ordination of the Official Statistics System • Standardised Data Dissemination Programme • Leadership and co-ordination of the Official Statistics System • Leadership and co-ordination of the Official Statistics System • Expanding the use administrative data

High Level Strategic Objectives

In 2013, the Minister of Statistics agreed a set of priorities for the Statistics portfolio for 2013 and beyond. These priorities build on those progressed during 2011-13. They contributed to the Government's priorities, to: responsibly manage the Government's finances; build a more competitive and productive economy; deliver better public services to New Zealanders; and rebuild Christchurch. The priorities for Statistics NZ are:

- Planning and delivering the 2013 census and future census transformation
- Successful implementation of the Statistics 2020 Te Kāpehu Whetū transformation programme
- Building stakeholder confidence in key statistics
- Maximising the benefits from Government's investment in official statistics
- Improving access to government-held information

Good progress has been made across all of these priorities. Of particular note, are:

- Successful planning and delivery of the 2013 Census, including a significant increase in the number of people submitting census forms online
- Advancing options for the future of population and social statistics, including the 2018 modernised census
- Delivering the 2013 Census, initiating the Māori Social Survey, and Disability Survey
- Advancing the foundation phase of the Statistics 2020 transformation programme, by stabilising and standardising systems and infrastructure
- Combining the release of employment statistics so that customers can make meaningful comparisons across datasets
- Working with the Treasury and Reserve Bank to maintain and update New Zealand's system of National Accounts
- Cabinet agreeing to the list of Tier One statistics by Cabinet in June 2012
- Establishing two OSS Reference Groups - Strategy and Policy, and Technical
- Enhancing and streamlining access to microdata

Key decision points and trade-offs in determining Strategic Direction

In order to meet the forecast savings for the Statistics 2020 transformation programme Statistics NZ needs to prioritise resources and find efficiency savings. The rebalancing of the 2013/14 budget, rebaselining of the Statistics 2020 programme and regrouping of the organisation will enable us to make best use of our limited resources.

We prioritise investment in Tier One statistics towards the most important statistics. It is unlikely that the savings generated by this prioritisation will provide all of the funding needed for Tier One statistics. We provide advice to ensure statistics that inform government decision-making are available.

Purchase advice and Tier One Statistics

In 2012 Cabinet agreed a list of Tier One statistics that included a number of statistics that had development and ongoing costs that were unable to be covered from existing appropriations. Cabinet indicated that funding for these unfunded Tier One statistics would be found from the reprioritisation of lower priority statistical investment and these reprioritisations would be identified in the Government Statistician's annual purchase advice.

Purchase advice is provided to the Minister of Finance and Treasury as a contribution to the Budget process, to ensure the Government's investment in official statistics is effective and efficient.

Purchase advice for 2014 focuses on identifying funding sources for unfunded Tier One statistics. It recognised that it is unlikely that the resources needed for unfunded Tier One statistics - around \$6.2 million over the next 3 years - will come from reprioritising existing statistical spending. This is because of

the high level of reform, cross-government working and budget reprioritisation already occurring amongst agencies.

A medium-term approach to purchase advice is now being adopted and the focus is on:

- Exploring opportunities for shared statistical services across the OSS with a view to identify cost savings and efficiencies;
- Assessing the potential impacts and opportunities on OSS resources and capabilities from the major cross-government work streams (e.g. Better Public Services, Govt ICT Strategy) on OSS agencies; and
- Estimating the staff and resources employed, and the products produced by the OSS (e.g. surveys, administrative data) to better understand the potential for reducing duplication and increased joint working.

We plan to submit purchase advice for Budget 2014 before Christmas 2013.

Operating Model

Statistics 2020 enables Statistics NZ to meet customer needs, and reduce costs by streamlining and modernising our operating model.

The transformation programme focuses on our four strategic priority areas:

- leading the OSS to efficiently produce relevant, trustworthy, and accessible information
- obtaining more value from official statistics
- transforming the way Statistics NZ delivers its statistics
- creating a more responsive, customer-focused, influential, and sustainable organisation.

Leading the OSS so that it efficiently produces the information New Zealand needs

Since 2010 we have changed our strategic focus from focusing on producing and disseminating statistics, to focusing on ensuring that New Zealand has the statistical information it needs to make decisions and monitor progress. We do this through producing the most important statistics ourselves, and ensuring that Tier One statistics are produced by our OSS partners.

We are becoming more responsive to our customers. We are improving how we interact with the external environment.

We are working with OSS partners to get: collective ownership; performance improvements; the right statistical information required for decision making; and the most efficient and effective statistical production. We ensure that Tier One statistics remain relevant.

We participate actively in cross-government initiatives to achieve shared outcomes.

Our purchase advice guides investment across the OSS. It ensures critical statistics to inform government decision making are available and provide value for money.

Obtaining more value from official statistics

Statistics 2020 includes initiatives to increase the accessibility, use and reuse, and dissemination of data. We are raising awareness of the benefits of using statistics by improving how we present statistical information.

We are engaging with our customers to improve awareness and promote the value of the OSS.

We are reviewing the Statistics Act 1975 to ensure that we have an appropriate regulatory environment for 21st century technology, infrastructure and customer requirements.

Transforming the way Statistics NZ delivers its statistics

Statistics 2020 will ensure that the right statistics are produced at the right quality, in the most cost effective and efficient way. We are modernising collection, standardising production and increasing the use of administrative data.

We are reviewing our operating model as part of the rebaselining exercise. This will contribute to the review of the Strategic Plan. The revised operating model will ensure that activity in tranche two of the transformation programme is integrated within the organisation.

We have established statistical maintenance and classification review schedules. We have developed and implemented a number of common platforms, methods, processes and tools, for delivery of key statistical outputs.

Creating a responsive, customer-focused, influential, sustainable organisation

We are:

- building strong relationships with other government departments and national statistical offices sharing best practice within similar organisations
- using common platforms and shared tools, and having fewer unique systems and tools making us more efficient in the collection, production and dissemination of statistics
- managing assets to ensure they meet our requirements and align with our delivery approach
- ensuring business decisions are informed by the best information, including customer information
- implementing the people strategy that includes leadership, engagement, capability, change impact management, performance culture, and workforce planning.

Contribution to Government priorities

Statistics NZ contributes to:

- The Canterbury Rebuild
- Delivering BPS, including BPS results and functional leadership
- Building a more productive and competitive economy/the Business Growth Agenda
- Responsibly managing the Government's finances

The Canterbury Rebuild

The Statistics NZ Christchurch office was affected by the Canterbury earthquakes and was closed from February 2011 to July 2012. We moved into the refurbished building in July 2012. We took the opportunity of the refurbishment to ensure that our Christchurch premises are fit for purpose and able to meet our future needs.

Census 2011 was delayed until 2013 due to the earthquakes. In 2013 we ran a successful census. Results from this census were released from October 2013. These results will help informed decision-making through providing an accurate picture of the Canterbury population in 2013. This information will be used to determine the future needs of the region. The information will also be used to analyse changes in the region since the earthquakes.

We are working with other large government departments on the Christchurch Integrated Government Accommodation (CIGA) initiative. This initiative will provide better public services in Christchurch through co-location of major government agencies in the Christchurch CBD.

[7]

Expected funding requested	2014/15 [7] \$ m
Operating funding sought	
Capital funding sought	5.620
Total funding sought	5.620

[7]

Delivering Better Public Services

We are making a significant contribution to the delivery of BPS through:

- using statistical expertise and measures to establish targets and indicators that are robust, meaningful, and reliable for programme measurement and reporting
- supporting all-of-government processes, tools and infrastructure for IT, procurement and property.
- scoping and planning the business-facing services result area
- leading business-facing services information-sharing work stream.

In 2014-2018 we will continue our active leadership role in BPS. We will continue to support reporting across all the result areas. We will provide ongoing advice on service performance measurement and evaluation, and make resources available to meet government's expectations for the programme.

We are most active in Result Area 9 BPS for Business and Result Area 10, Citizen Centric Digital Services.

The Government Statistician is a member of the Result Area 9 BPS for Business Chief Executives group. We will continue to commit resources to the Secretariat for Result 9. We are aligning a number of statistical projects to meet the result 9 target of reducing business cost from dealing with government by 25% by 2017. We continue to identify opportunities that will reduce the costs it places on businesses. We are participating on a number to Result 9 working groups.

We are participating in the Result Area 10, Citizen Centric Digital Services work stream. We are involved in developing systems and processes to enable business data to be shared across agencies.

More productive and competitive economy

We are ensuring a more productive and competitive economy through:

- Encouraging decision makers to use statistics to inform policy formulation and evaluation
- Collecting information once and using existing data where possible
- Allowing access to microdata so that we do not need to be involved in translating the data
- The retirement of systems that perform one function and the establishment platforms which can deliver multiple products more efficiently

Managing the government's finances

We are managing the government's finances through efficiently managing our appropriations and meeting our long term efficiency targets. Although we are facing challenges regarding the funding of our transformation, we are addressing these challenges and keeping to our plans to deliver the transformation programme within budget and on time.

3.0 Strategic delivery

How we intend to deliver on our Strategic Direction

Key initiatives to deliver our strategic direction are:

Leading the OSS so that it efficiently produces the information New Zealand needs

- the development and production of Tier One statistics including identifying and securing funding to develop them

Obtaining more value from official statistics

- transitioning the Household Labour Force Survey to a stable and modern production platform, and migrating the Agriculture Survey and Annual Enterprise Survey to the standardised platform for economic outputs
- creating a standardised statistical environment that is easy to transform, yields both development and operational efficiencies while maintaining or enhancing information quality
- leverage value from the investment made in core geospatial infrastructure and capability

Transforming the way Statistics NZ delivers its statistics

- transforming collection functions to ensure a sustainable and efficient supply of data and implementing an administrative data approach for economic statistics, while also investigating the use of administrative data for household, income, and social statistics
- transforming the delivery of future censuses by developing new collection processes for the five-yearly census and investigating administrative data sources
- delivering outputs and post-censal surveys following the 2013 census

Creating a responsive, customer-focused, influential, sustainable organisation

- continuing to build a performance culture, growing the skills and capability needed in future, and positioning the organisation's people, practices, processes, and systems for an agile working environment
- continuing the IT legacy programme to systematically replace and update out-of-date technology, advancing shared services initiatives, using common capability, identifying options for coordinated multi-sourcing, and sharing of investments across the OSS, the public sector, and with other national statistical offices

How we will know we have achieved our strategic direction

Our 2010-20 Strategic Plan contains the following measures of success for our desired impact to “New Zealand increasingly gets the information it needs to grow and prosper”. We will know that we have achieved this strategic direction when:

Official statistics are relevant, trustworthy, and produced efficiently

- Producers of statistics comply with principles and protocols set by the Government Statistician for official statistics

The most important statistical information required is known within the Official Statistics System

- Clear progress in filling gaps in the approved Tier One statistics
- The number of domain plans that are current and applied

Uses trust official statistics

- High levels of reported trust in official statistics

Official statistics are accessible

- Customers are satisfied with accessibility, aware of official statistics and have direct contact with official statistics

Overview of outputs, services and delivery activity

We deliver our products and services through two appropriations, a multi-class appropriation for official statistics and a multi-year appropriation for the 2013 Census of Population and Dwellings. Our appropriations cover:

- co-ordinating government statistical activities
- providing population, social, and labour force statistical information services
- providing economic and business statistical information services
- delivering the 2013 Census of Population and Dwellings.

Official Statistics (Multi class appropriation) \$106.099 million in 2014/15

This appropriation covers coordination of statistical activity including:

- leading the OSS;
- facilitating awareness and use of statistical information; and
- providing policy advice and support to the Minister of Statistics.

The services we provide relate to population, social, labour force, economic and business statistical information including the release of key statistical results, data, metadata and databases for statistical research.

**2013 Census of Population and Dwellings (Multi-year appropriation)
\$1.778 million in 2014/15**

This appropriation covers the development and delivery of the 2013 Census of Population and Dwellings. The 2013 census was conducted on 5 March 2013. Data and information gathered from the 2013 census is being progressively released from October 2013.

In Budget 2014, we are seeking to establish a new appropriation to fund the development and delivery of a modernised Census in 2018 and ongoing investigations into census survey alternatives.

Any new activity that will be funded within current baselines

In 2014/15 we will continue to fund new activity in security and our leadership role in the public sector privacy initiative from within our existing baselines.

New activity in BPS areas will be funded within current baselines where possible. The main area where we expect to be doing more BPS work is assisting with the development of business cases for work supporting this initiative.

In 2013/14 Cabinet agreed to a new environmental reporting regime. Our ongoing work on the environmental reporting regime will be funded from within current baselines from 2014/15.

From 2014/15 we will continue to fund our work supporting our OSS partners and leading the development and implementation of Tier One statistics will be funded from within existing baselines.

Significant changes that will generate savings

Funding for the Statistics 2020 transformation programme is conditional on our ability to reduce the resources that Statistics NZ uses to deliver our products and services.

2014/15 is the beginning of the second tranche of the transformation, where the majority of the savings will eventuate. The timing of these savings is subject to the results of the rebaselining exercise. The rebaselining exercise may recommend rescheduling transformation activities to ensure that benefits are realised and savings are met.

The following savings have been included in our appropriation over the next four years:

	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m

[7]

**Significant other changes that have no baseline financial impact
(partnerships with other agencies)**

There are no significant other changes that have no baseline financial impact in Vote Statistics.

4.0 Risks to Implementation

Operational risks and mitigation

Statistics NZ has identified the following risks to the delivery of this four year plan and the sustainability of our strategy over the next ten years:

- increased demands on finances
- new demands on the business
- privacy and security of data
- delivery of the transformation programme

Annex 7 provides information on the mitigation strategies that Statistics NZ will employ over the next few years to decrease the impact of these operational risks on our organisation. Annex 7 also provides details of our strategic risks.

Organisational resilience in overcoming risks

Over the next four years, the pace of change for Statistics NZ will remain significant. Tranche two of the Statistics 2020 transformation programme will require strong and effective management and monitoring approach to ensure that benefits are realised within the agreed timeframe.

We will continue to take a staged approach to implementation of the transformation, with agreed review and decision points for each stage. The staged approach will include clear processes to support testing and refining assumptions and progressively updating and refining plans for future stages. It will be supported by effective programme management and monitoring, and a strong focus on benefit realisation. This includes the use of independent quality assurance processes and the SSC's Gateway programme.

We will continue to balance the resourcing and commitment to deliver both the change programme and ensure ongoing delivery of current business outputs to the required standards of quality and timeliness. Statistics NZ is actively managing this challenge and will continue to do so throughout the lifecycle of the Statistics 2020 programme.

We are also managing the risk of the expectation of increased involvement from Statistics NZ in all of government initiatives. We are managing these risks through influencing the implementation of all of government initiatives so that they align with the transformation programme where possible.

5.0 Organisational Capability and Workforce

Achieving Statistics NZ's vision will require changing the mix and number of people employed at the organisation. By 2020 the organisation's workforce will be smaller and differently formed, with a reduction of 17% compared to 2011. Leadership will be strong across the organisation and staff will be motivated, committed and resilient. The organisation will have more highly and differently skilled staff who respond actively to their changing environment and statistical needs using innovative processes, products and services that deliver high quality at a reduced cost. Terms and conditions and work practices will support a flexible workforce.

The increase in staffing over the past three years has now been completed. Statistics NZ is now embarking on the most critical years for staffing contraction when it is planned to reduce FTE by 135 over the next two years (2014/15 and 2015/16) as new processes and systems are implemented. This will result in the termination of those roles involved in systems development and legacy processing as well as efficiency gains as new platforms, processes, and systems are implemented. There is a further planned decrease of 49 FTE in 2016/17.

Underpinning the reduction in staffing is the need to maintain a consistent 1.5% efficiency saving on FTE, year-on-year. The efficiency savings have been incorporated in all planning assumptions and data in this report.

The overall reduction in FTE from 2011 to 2020 will be 17% but from the peak year of 2013, the cumulative reduction in FTE will be 32%.

Impact of rebalancing, rebaselining, and regrouping

Statistics NZ is anticipating the need to review and re-position the organisation's Remuneration Strategy and People Strategy (and its associated initiatives) together with the Workforce Transition Plan as the response to rebalancing; rebaselining; and regrouping is finalised.

Annex 1 contains more detail on how we are going to manage workforce capability and capacity.

6.0 Financial summary

New Zealand fiscal environment

Treasury is forecasting in its *Budget Economic and Fiscal Update* in May this year that the risks in the New Zealand economy will be more balanced than in the previous *Half Year Update* forecasts published in December 2012. However, significant global economic risks remain.¹ The Government continues to manage its finances to return to surplus by 2015/16. Statistics NZ faces a continuing challenge to manage Vote Statistics to maintain and improve outcomes while managing within our appropriations.

Rebaselining and regrouping

There are two significant events that will affect Statistics NZ in 2013/14 that are unable to be quantified in this four year plan due to timing, as follows:

- **Rebaselining Statistics 2020.** The rebaselining of Statistics 2020 may change the scheduling and phasing of the programme for both operating and capital expenditure. The details will not be known until early 2014. The rebaselining is expected to be cost neutral over the remaining life of the programme. Approximately \$50 million of Statistics 2020 operating funding may be affected over 2014-2018. The capital funding that may be affected over 2014-2018 is \$9.5 million.
- **Regrouping Statistics NZ.** Phase one of the regrouping proposal recommends fewer second and third tier managers. The final outcome of Phase One will be known by mid-December 2013. Phase two involves restructuring the corporate office function. Phase three involves aligning functions within the new structure. The regrouping exercise will be completed by June 2014. The effect of the regrouping on the four year plan is unquantifiable at the moment.

The next census

The business case for the next census is due to central agencies in February 2014. We are providing Cabinet with two papers, one seeking funding for the next census and the other on progressively using more administrative data to collect data from New Zealanders. [7]

The preferred option is to hold a modernised Census in 2018. As the census is a five year programme, the decision on whether or not to fund the census will impact on the four year plan.

Cross government initiatives

Statistics NZ is focusing on a number of cross government initiatives such as the Christchurch Integrated Government Accommodation (CIGA), and the implementation of that Information and Communications Technology (ICT) Strategy and Action Plan. Both these will have effects on our expenditure and have been factored into this four year plan. For CIGA, we are requesting additional funding for the colocation of government agencies in Christchurch.

¹ Source: The Treasury, Budget Economic and Fiscal Update 2013

For the implementation of the ICT Strategy and Action Plan this will involve re-scoping of capital versus operating funding as ICT moves from assets to services and any additional costs arising from our participation in cross government initiatives to implement the ICT strategy including enhancing the accessibility of public data.

Accommodation

Accommodation costs are the second biggest expense for Statistics NZ behind personnel costs. The leases for all three of our sites are due to expiry over the term of this four year plan. We expect that accommodation costs at all three sites will increase with the renegotiation of the leases.

Christchurch Accommodation

We are committed to participating in the CIGA initiative. This four year plan includes a request for one off capital funding in 2014/15 to allow us to fit out our new accommodation in Christchurch. [7]

These costings are indicative as negotiations with potential developers were underway at the time that this plan was written. Our request for funding will change once there is more certainty about the costs of moving into shared government accommodation.

Wellington Accommodation

We are committed to considering in any initiative involving colocation with other government agencies in Wellington. This four year plan does not include any financial impact on Statistics NZ from these accommodation changes, as these were not known at the time that this four year plan was prepared.

Auckland Accommodation

The lease in our Auckland office is due to expire in November 2016. Due to the rising cost of accommodation in Auckland we are not likely to be able to negotiate a similar lease in the Auckland region in the future.

[7]

Fiscally Neutral Technical Adjustments

In addition to the fiscal pressures above, the following have been identified as possible areas that will require Statistics NZ to realign our appropriations between financial years:

- One off costs relating to the regrouping exercise in 2013/14
- Adjustments to Statistics 2020 transformation programme funding resulting from the rebaselining exercise.
- Funding for the implementation of the all of Government ICT strategy when it does not align with the current Statistics NZ work programme for replacement of systems.

We will provide central agencies with information on the fiscal impact of the areas as soon as they have been quantified. We will seek to make any adjustments in the 2014 March or October Baseline Updates.

Appropriations for Vote Statistics – 2014 – 2018

Operating – Departmental⁽²⁾

	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Official Statistics Multi-Class Output Appropriation	109.369	106.099	106.402	107.867	108.350
Statistics 2020 Transition Costs Multi-Year Appropriation	0.000	0.000	1.189	1.070	2.966
2013 Census of Population and Dwellings Multi-Year Appropriation	10.647	1.778	0.000	0.000	0.000
Equals Total funding level for planning	120.016	107.877	107.591	108.937	111.316
Financial movements					
[7]					
Equals Total funding level for planning	120.016	107.877	107.591	108.937	111.316

The cost pressures included in the table above are outlined below and comprise removal of Kiwisaver contributions, increase in Kiwisaver employer contribution, impact of average salary increase, impact of annual wage increase, increased depreciation, rent increases and our contributions to all of government initiatives such as privacy, security and Better Public Services.

We are seeking additional funding to modernise the census in 2018 in addition to the costs recognised above.

⁽²⁾ To assist with the completion of the financial tables requested throughout the Four-year Plan a spreadsheet model has been provided. Further information on the use of the spreadsheet model is included on the spreadsheet, it is available alongside the guidance on CFISnet.

Capital - Departmental

	Increase (Decrease)				
	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Operating balance funding available	12.151	9.200	10.049	7.232	11.214
Add depreciation funding received	10.699	12.192	11.893	13.640	14.484
Add capital contributions	6.447	4.871	1.233	5.268	1.100
Equals total baseline funding available	29.297	26.264	23.174	26.140	26.798
Subtract capital investments funded from baselines	20.097	16.215	15.942	14.926	15.616
Equals closing baseline funding available	9.200	10.049	7.232	11.214	11.182

We are seeking additional funding to modernise the census in 2018 in addition to the costs recognised above

[11]

[11]

[11]

[11]

[11]

[11]

[11]

[11]

[11]

[11]

Annex 2: Supporting financial information

This section contains summaries of total financial impact derived from other sections of the plan.

New Activity where new funding is requested

These tables summarise the cumulative financial impact of new activity in the four-year plan on Vote Statistics.

[7]

Departmental - Capital

Intention Name and Brief Description	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Fit Out costs for new premises in Christchurch CBD	5.620	0.000	0.000	0.000
Total	5.620	0.000	0.000	0.000

Cost Pressures

This section identifies the operational cost pressures facing Vote Statistics over the four year plan. These tables summarise the cumulative financial impacts of cost pressures in the four-year plan on Vote Statistics.

Departmental

Summary Table of Total Operational Cost Pressures	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
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[7]

[7]

Includes funding for 2018 Modernised Census, requested as a budget new initiative.

These figures will be revised when we know our future staffing numbers resulting from the rebalancing, rebaselining and regrouping exercises.

Cost pressures arising from increased service demand

These tables show the cumulative effect of increased service demand in the four-year plan on Vote Statistics. Our increased service demands relate to the delivery of a modernised census in 2018.

[7]

Cost pressures arising from direct employment costs

This table shows the cumulative effect of the four-year plan on Vote Statistics' direct employment costs.

Cost Pressures arising from Direct Employment Costs	2013/14 \$0.000m	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m
Removal of Kiwisaver	[7]				

contributions					
Increase in Kiwisaver Employer Contribution	[7]				
Impact of average salary increase					
Impact of annual wage increase					
Total					

This table shows the percentage increase/(decrease) in direct employment costs in Vote Statistics:

% increase/(decrease) in Direct Employment Costs	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m
% increase/(decrease) in direct employment costs	[7]			

Operational cost pressures arising from capital planning

This table shows the cumulative effect of the four-year plan on Vote Statistics' capital costs.

Cost Pressures arising from Capital Planning	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Increased depreciation	[7]				
Total	0.943	0.943	0.943	0.943	0.943

Other cost pressures

This table shows the cumulative effect of the other cost pressures in the four-year plan on Vote Statistics, and not already outlined above.

Cost Pressures arising from Other	2013/14	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m	\$0.000m
Rent Increases	[7]				
Privacy					
Security					
Better Public Services					
Total					

Changes that will generate savings

This table summarises the changes that will generate savings to fund new activities and cost pressures.

[7]

Annex 3: 2014 Budget Initiatives

2018 Modernised Census

Initiative Name	Vote	Department	Contact Person
Census 2018 Programme	Statistics 2018 Census of Population and Dwellings – Multi Year Appropriation (new)	Statistics NZ	[3] Acting General Manager 2013 Census

Describe what this funding request is for and what the expected results from this spending are.

The census programme coordinates, directs and oversees a set of projects and other activities that deliver outcomes and benefits related to the five-yearly census of population and dwellings. The programme includes projects relating to collection, processing, communications, output and dissemination, as well as coverage evaluation. The census programme will include the census transformation programme which is investigating the feasibility of producing census information from administrative sources and a ten-year census.

Describe how the expected results will be measured.

The success of the census programme will be measured through a range of quality, timeliness, quantity and cost indicators, such as coverage and response rates, the time to release final outputs, the number of products produced and the cost. The achievement of the efficiencies expected from the modernisation of the census will be measured by comparing costs to the previous census.

Budget 2014

Funding Sought at Budget 2014	2014/15 \$0.000m	2015/16 \$0.000m	2016/17 \$0.000m	2017/18 \$0.000m	2018/19 \$0.000m
Operating					
Operating funding sought (indicative)	12.090	[7]			
Capital					
Capital funding sought (indicative)	0.550				
Total					
Total funding Sought (indicative)	12.640				

Describe how, if the funding sought represents the total amount required for the initiative - and if not, what the total is and where the additional funds are coming from:

This is an indicative total estimate and is subject to finalisation of the business case and cost model and submission of the business case to Cabinet for approval in February 2014.

Describe if this initiative might require additional funding in future years:

The initiative will require funding from 2014/15 to 2019/20.

Describe how this new funding request supports the Governments priorities:

New Zealand needs reliable information to prosper and grow. Statistics NZ is a major producer of official statistics and leads the official statistics system. Census is the cornerstone of official population and social statistics information. Transforming the census has clear linkages to key government initiatives particularly around 'information as an asset' and 'digital by default' which aims to improve how government interacts with citizens.

Describe how this new funding request aligns with your Strategic Direction and delivery thereof, as described in your 4YP:

Modernisation of the next census and investigation of alternative approaches to census are linked to all four Statistics NZ strategic priorities. More specifically the modernising the census programme will continue to push the boundaries of administrative data use and will leverage Statistics 2020 investment in platforms, removing duplication and increasing standardisation and utility of our collection, analysis and dissemination systems.

Describe why this new initiative cannot be funded within baselines:

The census programme is a core deliverable of Statistics NZ but is funded via a separate appropriation from other business activities.

The 2012 cabinet paper stated that we could be requesting funding for a 2018 Census.

Describe what other activities are already being undertaken, either within your agency or across the State sector, to address the issue this new funding will look to address:

There are close linkages to wider government initiatives such as the Analysis for Outcomes programme and there are key interdependencies with the Statistics NZ 2020 transformation programme.

Describe the implication if this funding is not approved:

A census will not be conducted in 2018 and customers will rely on population estimates until a census is run. Information on the characteristics of small areas and small population groups would not be available until another census is conducted. The lack of information will impact widely across many customers in both public and private sectors. Specific uses include the electoral system, resource allocation, forecasting the cost of Government expenditure, capital investment planning, policy making and monitoring, service planning, research and statistical benchmarking. The potential value from alternative approaches may not be identified if the transformation programme is not funded.

If partial funding of this initiative is an option, please describe how partial funding might work:

This funding is for an end-to-end census from design through to dissemination of outputs and while there are phases that occur in the programme it is not recommended to partially fund it. The transformation programme could be partially funded and linked to a further request for funding at one of the report back points.

Christchurch Integrated Government Accommodation

As part of the Christchurch Central Recovery Plan, Government has a strong focus on restoring the confidence in the Christchurch CBD. Government has committed to locating 20 participating central and local government offices into four new buildings developed within priority areas of the CBD by 2016. Statistics NZ (Christchurch office) is one of the agencies selected by Government to take part in this project. Government has recognised there will be financial implications for this project and at this stage individual agencies are expected to fund move related costs from existing budgets.

Although the final workforce strategy for Statistics NZ's Christchurch based office has not been finalised, there is expected to be an on-going staff presence in the area for the next four years and beyond. As part of the CIGA project, Statistics NZ's offices will be collocated with a number of other agencies in one of the four new buildings. This is likely to drive the opportunity for more effective and efficient shared services.

At this early stage we will need to put a bid in for the CIGA project. However, there is a lot of uncertainty and discussions are still taking place. In addition to the costings outlined below, there will be project costs. These remain unknown until our accommodation needs in Christchurch are firmed up.

The numbers below are derived from the CIGA business case. The financial assumptions can be found in the global financial assumptions workings document.

Initiative Name	Vote	Department	Contact Person
Christchurch Integrated Government Accommodation (CIGA)	Statistics Official Statistics Multi Class Output Appropriation (MCOA)	Statistics NZ	[3] Manager – Corporate Services

Describe what this funding request is for and what the expected results from this spending are.

This funding request is to fund the one off capital costs of the fit out of Statistics NZ assets in our new Christchurch leased property in 2014/15.[7]

Describe how the expected results will be measured.

We will measure the expected results through our ability to fund the one off [7] cost of moving from Dollan House to the Christchurch integrated accommodation.

Funding Sought at Budget 2014	2014/15	2015/16	2016/17	2017/18
	\$0.000m	\$0.000m	\$0.000m	\$0.000m
[7]				
Capital				
Capital funding sought (indicative)	5.620			
Total				
Total funding Sought (indicative)	5.620	[7]		

Describe how, if the funding sought represents the total amount required for the initiative - and if not, what the total is and where the additional funds are coming from:

This funding requests represents the total amount required for the initiative

Describe if this initiative might require additional funding in future years:

[7]

Describe how this new funding request supports the Governments priorities:

The new funding supports the government priority of rebuilding Christchurch.

Describe how this new funding request aligns with your Strategic Direction and delivery thereof, as described in your 4YP:

The new funding aligns with the Statistics NZ strategic direction to participate in all of government initiatives and the rebuild of Christchurch

Describe why this new initiative cannot be funded within baselines:

This initiative cannot be funded from within baselines. Statistics NZ has already undertaken to reduce its baselines for the Statistics 2020 transformation. [8]

Describe what other activities are already being undertaken, either within your agency or across the State sector, to address the issue this new funding will look to address:

The CIGA initiative.

Describe the implication if this funding is not approved:

Statistics NZ will not be able to participate in the CIGA.

If partial funding of this initiative is an option, please describe how partial funding might work:

[7]

[7]

[7]

[7]

Annex 4: Expected out-year funding requests

[7]

Annex 5: Capital strategy and future intentions

Current state

Statistics NZ is an information technology intensive agency. We are at the end of tranche one of the Statistics 2020 transformation programme. One of the key aims of the transformation programme is the removal of legacy IT systems to improve productivity, ensure consistency of output and minimise risks to statistical outputs. The legacy mitigation programme is underway to address meet this aim.

Our capital replacement for IT infrastructure is up to date.

There is a high disaster recovery and business continuity planning risk because Wellington is a single point of failure for the ICT infrastructure. We are in the process of mitigating this risk.

The amount of data and information that Statistics NZ collects, analysis and disseminates is growing exponentially.

We are working on new ways to create an IT environment that can be accessed wherever and whenever customers require it. This is known as the virtualisation strategy.

We have All of Government (AoG) procurement agreements in place for desktops, laptops, and printers.

Our long term IT investment is linked to strategic plan.

Key Issues

The key issues relating to capital management include:

- The Government ICT Strategy released in June 2013 which requires Statistics NZ to align with the strategy's initiatives. Infrastructure as a Service (IaaS) or Software as a Service (SaaS) arrangements will result in a move from capital to operating expenditure for the provision of assets.
- The legacy mitigation programme which is scheduled for completion in 2016. This programme supports suitable reuse and consolidation, and reduces complexity within our IT environment.
- Funding the CIGA Initiative
- Funding possible shared accommodation in Wellington.

The current performance of Statistics NZ in managing capital and areas for improvement:

- Statistics NZ has a self-assessed score of 45/100 on an Asset Maturity index based on international standards. Statistics NZ is working towards an intermediate maturity level score of 65 over the three years of the Asset Management Plan.

How Statistics NZ ensures capital resources (e.g. from accumulated depreciation) are allocated to highest priorities:

- The Asset Management Plan provides guidance on areas such as demand management, levels of service and life cycle management to ensure Statistics NZ has a sustainable organisation that meets current and future demands.
- The IT Advisory Board provides IT governance over three levels of control: strategic, outcome, and operational/output.
- Statistics NZ's IT Strategy 2012-16 guides IT investment, informs daily decision-making and help Statistics NZ make the most of the opportunities created by using technology.
- The IT Investment Programme is the mechanism used to sustain the relevance and currency of our technology environment.
- There is a prioritisation framework applied to all capital projects.

Capital Utilisation Trends

The key drivers of capital utilisation at Statistics NZ over the next 10 years:

- Technology convergence, with increasingly blurred lines between social and business uses of technology and its impacts within the workplace and for statistical collection and dissemination.
- Maintaining data and information security in a dynamic technology landscape.
- The exponential increase of available data sources and potential alternative information providers.
- ICT delivery through the transition to the post-legacy / standardised environment (2016+).
- AoG initiatives such as the ICT strategy, BPS, All of Government procurement and property strategies being developed by the Property Management Centre of Excellence.

Potential for private sector investment

Statistics NZ assets are consumed internally so no opportunities have been identified for private sector investment.

Existing balance sheet

The state of Statistics NZ balance sheet, including the amount of accumulated depreciation:

- At 30 June 2013 the Net Book Value of property, plant and equipment was \$14.787 million and software \$28.294 million. Computer hardware has a cost of \$22.274 million and accumulated depreciation of \$14.877 million while purchased and internally generated software had a cost of \$72.920 million and accumulated depreciation of \$44.626 million.

How well Statistics NZ uses its existing balance sheet, including whether it is actively prioritising capital to its highest value use:

- Assets funded through capital expenditure are limited by Statistics NZ's cash reserves, and the extent to which the resulting increases to depreciation can be funded by the annual operating expenditure appropriations.

Any opportunities to fund future capital pressures from the existing balance sheet:

- Current forecasts of Statistics NZ capital investment requirements show that there are sufficient retained funds over the next 10 years.

Major capital decisions/challenges

- The Government ICT Strategy released in June 2013 requires Statistics NZ to align with the strategies initiatives. Infrastructure as a Service (IaaS) or Software as a Service (SaaS) arrangements will result in a move from capital to operating expenditure for the provision of assets.
- The legacy mitigation programme which is scheduled for completion in 2016. This programme supports suitable reuse and consolidation, and reduces complexity within our IT environment.
- Increasing access and mobility – Our services will be accessed increasingly from mobile platforms, and customer expectations will grow as device capability and business intelligence techniques improve. In adapting to and taking advantage of these trends, we need to maintain our responsibilities and values in the area of confidentiality and data security.
- Uncertain future and funding for office space with the Christchurch CBD move, all of government initiatives for property (including shared premises in Wellington).

Strategy for managing capital

- Strategies for sustaining existing assets include IT desktop and server/SAN assets are purchased with a four-year warranty and Software is purchased under licence agreements allowing for software upgrades.
- Strategies for meeting growth in service demand for IT Hardware are achieved through a combination of planned new purchases and renewals which increase functionality and capacity. Growth in service demand for software will be planned and align with Statistics 2020.
- Strategies for replacing IT Hardware assets include renewals scheduled over the three to five year life cycles of the assets and budgeted for through depreciation. Major Software renewals are planned to replace with like software when the platform, or functionality, no longer meets our needs or is no longer supported.
- Renewal and replacement of systems by moving away from a large number of silo systems to a small number of platforms.

Annex 6: ICT strategy

Overview

We need a strong IT base to deliver our outputs. We are working towards consolidating and strengthening our IT assets to deliver our outputs more efficiently.

IT is the majority of our asset base. We have an active interest in aligning our IT strategies with all of government directions on IT.

Over the past three years we have re-engineered our ICT capability and platforms. This will contribute to a leaner, more agile organisation that maximises the use of our ICT investment in achieving our strategic objectives. We are ensuring that we have IT assets that support our business process through the implementation of our IT Investment Plan as part of the Statistics 2020 programme.

Implementation of the Government ICT Strategy and Action Plan 2017

Statistics NZ is an active participant in the implementation of the Government ICT Strategy and Action Plan to 2017.

As IT makes up the majority of our asset base, we have a keen interest in aligning our IT strategies with all of government directions on IT and obtaining value for money from our investment in IT assets, data and information.

Services are digital by default

We are involved in the initiative to provide information digitally by default through

- Being actively involved in BPS Results 9 and 10.
- The Transform Collections programme developing a long term solution to putting all business surveys online.
- Incorporating the introduction of the New Zealand Business Number (NZBN) into the Statistics NZ business register and business surveying.
- Contributing to ensuring identity management and authentication capability are fit for purpose.

Information managed as an asset

We are promoting information managed as an asset through:

- Leading the Analysis for Outcomes programme of work.

- Participating in the development and implementation of enhancing the accessibility of public data through providing access to more sources and leveraging existing services.
- Leading cross-government initiatives to improve privacy practice across the public sector including:
 - Establishing and running the Privacy Working Group and the Privacy Leadership Forum
 - Facilitating the development of a toolkit of privacy resources for the Public Sector
 - Facilitating the development of a vision statement for the Privacy Leadership Programme.
- Involvement in the governance group of the Strategic Information Management Project which is developing an all-of-government information management framework.

Investment and Capability are shared

We are contributing to sharing investment and capability through:

- Incorporating the Government Common Capabilities Roadmap into the Statistics Strategy 2012/2016 document.
- Initiating the Government ICT Alignment Project in response to the Government ICT Strategy and Action Plan 2017.
- Developing a Blueprint to drive long term IT investment. Contributing to driving uptake of Infrastructure as a Service (IaaS) by becoming an early adopter of IaaS.
- Completing a Request for Quote process with the selected IaaS vendors.
- Contributing Desktop as a Service (DaaS) and bring your own device (BYOD) by initiating a Desktop Futures Project.
- Investigating Office Productivity as a Service (OPaaS) and Enterprise Content Management as a Service (ECMS).
- Completing an options paper which will lead to a business case requesting funding to transition to One.govt. The transition is likely to take place within the next two to three years.
- Participating in the Agile Connect community of practice group to support government agencies that use or are adopting Agile methodologies.
- Developing a Skills Framework for the Information Age (SFIA) to support the development of technical skills for individual learning and development, to identify and build Statistics NZ's workforce capability, and to deliver career pathway/progression opportunities for IT professionals.
- Advising on common capability services as part of the ICT Blueprint.

Annex 7 Risks

Background

We are actively refining our risk management framework to ensure that it is fit for purpose, good practice, and effective. This is an ongoing activity undertaken by our dedicated risk advisor.

Operational Risks

Statistics NZ have identified the following operational risks that could lead to a fiscal impact or impede our ability to deliver on our strategy.

These risks have been distilled from available Statistics NZ risk registers. All of the risks included are significant and likely to occur if not mitigated. The mitigation strategies included in the table below are either already being applied to the risks, or will be applied over the next four years.

Risk	Mitigation
<p><u>Increased demands on finances</u> Increasing costs will put pressure on budget spend and may impact on levels of service delivery</p> <ul style="list-style-type: none"> • Insurance requirements post-Canterbury earthquakes • Rebuild of Statistics NZ's Christchurch premises (gap between insurance and rebuild cost) • Tranche one costs that may not produce a benefit • Budget does not allow us to retain and recruit staff with the skills and experience to lead Statistics NZ through the transformation programme and sustain our business as usual throughout the process • Increasing costs to achieve our household survey response rates • Cost pressure relating to the modernisation and delivery of future censuses • Infrastructure as a Service (IaaS) cost pressures as we are increasingly required to convert capital expenditure into operating expenditure • Accommodation costs 	<ul style="list-style-type: none"> • Established an enterprise programme office to monitor and track savings from the transformation programme • Embedding additional financial control systems • Centralise contingency funding • Regular monitoring of the financial position by the Executive Leadership Team • Increased expectations on managers to forecast spending • Implementation of the budgeting and forecasting tool • Implementation of the Asset Management Plan, Policy and Process • Amending the terms of reference of the Audit and Risk Management Committee to focus more strongly on financial management

Risk	Mitigation
<p><u>New demands on the business</u></p> <p>Pressure to expand the range and level of statistics and the speed at which this transformation is expected may put pressure on our ability to deliver to expectations</p> <ul style="list-style-type: none"> • The shift to more external and third party suppliers, and the potential for Statistics NZ to be a supplier of services for other agencies, which would be a new demand on the business • Taking on additional work at the margins of what is official statistics may result in increased costs and failure to deliver to expectations 	<ul style="list-style-type: none"> • Investigate new dissemination options to meet customer demands • Shared distribution channels • More active environmental scanning • Review existing data access strategies and investigate new ways that customers can access data • Identify new demands early and prioritise these
<p><u>Security of data</u></p> <ul style="list-style-type: none"> • Concerns over privacy and the security of data held by Government departments impacting on the willingness of respondents to provide information. 	<ul style="list-style-type: none"> • Continue to implement the findings of the Government Chief Information Officer review of publicly accessible information systems • Robust processes to prevent privacy and security breaches and ensure responses are timely and appropriate when breaches occur • Implement toolkits from privacy leadership programme • Maintain good practice in privacy and security management
<p><u>Transformation</u></p> <p>Pressures of managing the transformation process as well as business as usual could reduce efficiency gains and/or increase costs</p> <ul style="list-style-type: none"> • personnel costs increase beyond anticipated levels with the need to attract and retain key skills and experience to lead the transformation programme • modernisation and delivery of future censuses increase cost pressures • transition from setting the 	<ul style="list-style-type: none"> • Rebaselining of Statistics 2020 transformation programme • Monitoring the progress of the programme against deliverables • Continue with regular independent reviews of the transformation programme • Central Agency monitoring of the programme • Establish/strengthen focus on benefit realisation • Good practice project management office function,

Risk	Mitigation
<p>foundations of the transformation to realising benefits and efficiency targets may take longer than anticipated</p> <ul style="list-style-type: none"> • failure to reach investment potential and achieve a comprehensive transformation across the Official Statistics System • pressure on business as usual could lead to service delivery failure and increased costs to recover • failure of the transformation programme to build capability and capacity to sustain efficiency gains in out years • we lose awareness of changes in the external environment and adapt the transformation programme accordingly 	<p>backed up with suitable, tools, monitoring and governance</p>

Strategic Risks

Statistics NZ have identified the following strategic risks that have an impact or impede our ability to deliver on our strategy in the next four to ten years.

Risk	Mitigation
<p><u>Loss of credibility through service delivery failure</u></p> <p>The organisation is reliant on the goodwill of the public and national institutions for the data required to deliver services (long term). Significant and multiple service delivery failures (significant errors, delayed release, problems across the wider OSS), will result in a loss of credibility, which will compromise our ability to deliver business as usual or work with stakeholders to achieve the Statistics 2020 Te Kāpehu Whetū objectives.</p>	<p>Statistics 2020 addresses this risk with initiatives designed to stabilise and enhance the organisation's operations and activities</p> <p>The standardisation arising from Statistics 2020 will greatly reduce the likelihood of major errors occurring</p> <p>A critical component of the implementation plan is Statistics NZ's people strategy, which is designed to ensure the organisation has the right people, in the right place, at the right time</p> <p>Maintaining business as usual activity to continue to produce quality statistics during the Statistics 2020 programme development will ensure we maintain the goodwill and</p>

Risk	Mitigation
	trust of stakeholders
<p><u>Not achieving the comprehensive transformation promised</u></p> <p>If the department fails to achieve a comprehensive transformation across the Official Statistics System, the investment in Statistics 2020 Te Kāpehu Whetū will not reach its potential to deliver far reaching changes to how New Zealand receives information.</p>	<p>The rebaselining exercise will align Statistics 2020 transformation programme spending with the benefits to be realised in the programme.</p> <p>We will use the Official Statistics System Advisory Groups to ensure that our Official Statistics System partners are able to implement the changes made to the system through the Statistics 2020 transformation programme.</p>
<p><u>Long-term capability</u></p> <p>If the organisation fails to build its capability and capacity to deliver, and does not achieve the culture and systems changes that it is aiming for, it will not deliver transformation of the Official Statistical System, and New Zealand will miss out on the potential for progress that could come from full exploitation of such a national asset.</p>	<p>We will build our capability and capability in key areas through the regrouping exercise.</p> <p>Culture and systems changes will be progressively implemented throughout the organisation.</p> <p>We will use the Official Statistics System Advisory Groups to ensure that our Official Statistics System partners are able to implement the changes made to the system through the Statistics 2020 transformation programme.</p>
<p><u>Not responding to changes in external drivers</u></p> <p>If the organisation loses awareness of changes in the external environment that have a bearing on what Statistics 2020 Te Kāpehu Whetū can and should deliver, the organisation's efforts in implementing the programme, might take us in the wrong direction, and the investment in Statistics 2020 Te Kāpehu Whetū will deliver well under its potential</p>	<p>We will constantly scan the external environment to identify future trends.</p> <p>We will use the Official Statistics System Advisory Groups to inform us of the impacts of the Statistics 2020 transformation programme on our Official Statistics System partners.</p>

Risk	Mitigation
<p><u>Ineffective sector leadership</u></p> <p>If the department fails to obtain an accepted leadership role across the wider Official Statistics System, there will be sub-optimal allocation of resources and prioritisation across the system, leading to lower achievement than the potential that is possible.</p>	<p>To minimise this risk, the organisation has, for example, enhanced its relationship management strategy and activity and brought key agencies into Official Statistics System governance and mechanisms (at all levels)</p>

Resilience

Our resilience has been tested in recent years through the impacts of the Canterbury earthquakes, and the consequential decision to cancel the 2011 Census. At the same time, we need to make sure we are fit for future challenges, therefore we need to focus on increasing our resilience. The rebalancing, rebaselining and regrouping exercises will enable Statistics NZ to be more resilient. The main driver of this is a more robust risk management framework which will be embedded over the next year.

At this point, we are:

- Progressing a disaster recovery programme to ensure that we can recover from any IT system failure. We are developing plans for both short and long term scenarios.
- Regrouping our activities. This work has started but will continue for the remainder of the 2013/2014 year. That regroup activity will position us to better respond to change.
- Well placed to respond to any potential breach of security or privacy. Stakeholder relations and our reputation would be affected if there is a significant breach of confidentiality. Although continued vigilance on the part of all staff will be needed, we have systems and processes in place to reduce the likelihood of breaches.
- Responding to demands on our physical capability. This was tested during the Christchurch and Wellington earthquakes. We responded well to these events, and have used this response to further develop and refine our emergency management responses.

Annex 8: Government Priorities

Statistics NZ contributes to the following government priorities:

- Delivering Better Public Services (BPS)
- Canterbury rebuild

Delivering Better Public Services – Result Areas

We are actively involved with the governance and management of the BPS Result Area 9. We are a member of the Steering Committee and the Agency Management Team for this result area. A number of Statistics NZ staff are actively involved in a number of initiatives, including the implementation of the New Zealand business number and the Targets and Measures Reference Group. A number of Result Area 9 initiatives are currently being incorporated into Statistics 2020 Transformation projects especially the utilisation of the New Zealand business number.

We are also involved in Result Area 10: BPS for Citizens, although currently to a lesser extent.

We were asked by Central Agencies to assist in establishing metrics for measuring performance against the set targets in all the BPS results areas.

Resources committed to Better Public Services

We have seconded one Full Time Equivalent to the Better Public Services programme. We are meeting the cost of this secondment (\$230,000 per annum) within the Vote Statistics baseline.

Delivering Better Public Services – Analysis for Outcomes

In August 2013, Cabinet agreed that Statistics NZ would take the lead role in the implementation of the Analysis for Outcomes programme.

Analysis for Outcomes will enable improved analysis across the public service of the impact of government services and interventions from a person centred perspective.

Canterbury rebuild

Canterbury recovery is a government priority. We are addressing this priority as follows. In 2012/2013 our focus on the Canterbury rebuild was reoccupying our Christchurch Building, Dollan House and completing a successful 2013 Census of Population and Dwellings. We have reinstated our Christchurch operations and have been back in our original Christchurch location for over a year. Our Christchurch office continues to employ a significant percentage of our total workforce and is the main base for our Population Statistics, Business Financial and Trade and Business Indicators teams, as well as support staff in Information Technology; Statistical Methods; Standards; Solutions and Capability; and Quality Assurance.

Over the next four years, we expect to maintain a strong focus in and on Canterbury. In particular, we will continue to produce specific outputs where we have the data and where there is demand to do so (and where we can afford to do so). We will continue to be active in government groups in Christchurch, learning from others and sharing our experiences. We will actively lead the development of one of the new Government buildings as part of the Canterbury Integrated Government Accommodation (CIGA) proposal.

Specific outputs

We will continue to produce some Canterbury specific outputs where there is a demand for these and we can do so efficiently/within baseline. Such outputs include:

- retail trade
- building consents and the building activity survey
- population projections
- outputs from the 2013 Census of Population and Dwellings.

For the next four years, with 2013 census outputs coming on stream, we will produce specific and customised products about Christchurch and Canterbury. We will continue to work with Canterbury Earthquake Recovery Authority (CERA), Christchurch City Council and other agencies to shape these outputs to best support timely, relevant decisions.

Continued contribution

As a public sector agency with a significant Christchurch presence, we will continue to be actively involved in the Canterbury Government Leaders Group and the Public Sector Resilience and Organisation Team. We will also maintain a close relationship with the Christchurch City Council and CERA.

As an employer we will continue to support staff as they recover work through the personal challenges associated with earthquake recovery and continue to adjust to life in a changed Christchurch.

Effective Government Services

The CIGA proposal is the major new initiative that will shape our future presence in Canterbury. We work with other agencies on the CIGA proposal led by the Project Management Centre of Expertise (PMCoE) and the Effective Government Services initiative led by CERA. We are taking part in discussions with PMCOE, the Canterbury Government Leaders Group and the Public Sector Resilience and Organisation Team. We view the CIGA initiative as being about more than property and buildings - it is an opportunity to be part of a property campus that provides a service hub and aids relationships across government departments and with the Canterbury community. We are looking for efficiencies in shared space and services and collaborative opportunities. Over the next four years, there are two phases to CIGA activity:

- Firstly we will be organising building activity and as a lead tenant working with other agencies to make sure the building space works.
- Secondly we will work collaboratively with other agencies to take advantage of the opportunities provided by the location and design of the buildings.

Resources committed to Canterbury Rebuild

We estimate that we invest approximately one FTE in relationship management to contribute to the Canterbury rebuild. The FTEs directed to producing Canterbury-specific outputs have not been identified separately but are additional to this one FTE.